



EUROPEAN CENTRAL BANK

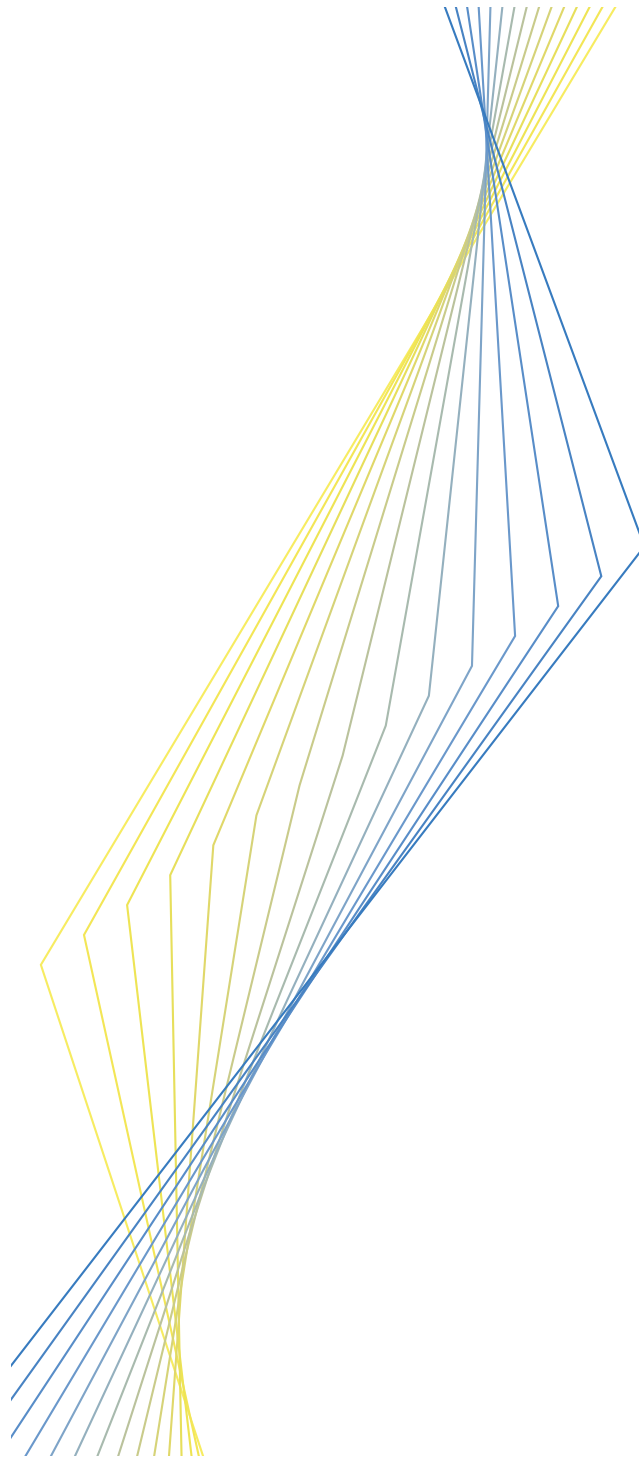
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**M O N T H L Y  
B U L L E T I N**

December 2001



EUROPEAN CENTRAL BANK



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## Abbreviations

### Countries

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

### Others

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

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

## Editorial

At its meeting on 6 December 2001 the Governing Council of the ECB decided to leave the minimum bid rate on the main refinancing operations of the Eurosystem unchanged at 3.25%. The interest rates on the marginal lending facility and the deposit facility were also left unchanged at 4.25% and 2.25% respectively.

The current level of key ECB interest rates is considered appropriate to maintain price stability in the euro area over the medium term. This assessment is based on the analysis of the information provided under the two pillars of the ECB's monetary policy strategy. Overall, the information which has become available since the meeting of the Governing Council on 8 November 2001 confirmed earlier expectations and thereby also the forward-looking decisions taken over the past few months by the Governing Council.

Starting with the analysis under the first pillar of the ECB's monetary policy strategy, the three-month average of the annual growth rates of M3 rose to 6.8% in the period from August to October 2001 from 6.2% in the period from July to September. This was significantly above the medium-term reference value for annual M3 growth of 4½%.

The Governing Council confirmed the reference value of 4½% at its meeting on 6 December. This decision was taken on the grounds that the evidence continues to support the medium-term assumptions underlying the derivation of the reference value, namely those for trend potential output growth of 2-2½% per annum and for a trend decline in M3 income velocity of ½-1% per annum in the euro area. Box I of this issue of the Monthly Bulletin elaborates further on the review of the reference value.

When comparing current monetary developments with the reference value for the rate of growth of M3, it should be kept in mind that the reference value is a medium-term concept. In particular, temporary deviations of M3 from levels in line with its

long-term determinants are not unusual and might even be expected in the context of extraordinary economic developments. Such temporary deviations do not necessarily have implications for future price developments. For this reason the Governing Council has made clear from the beginning that the announcement of a reference value for M3 growth does not entail a commitment on the part of the ECB to correct mechanically temporary deviations from the reference value. Rather, developments of M3 are continuously and thoroughly analysed by the ECB in the broader context of other monetary indicators and information from the second pillar to assess their implications for the risks to price stability over the medium term.

The recent strong growth in M3 confirmed the earlier assessment that the environment of relatively high financial market uncertainty in the aftermath of the 11 September terrorist attacks in the United States has induced portfolio shifts into liquid and relatively safe short-term assets included in M3. Such shifts should be temporary and should not be seen as indicating future inflationary pressures. This assessment of current monetary developments is also supported by the fact that credit growth to the private sector has been continuously falling over recent months. However, developments in M3 will continue to be analysed closely. Should the current economic and financial market uncertainties subside, any persisting excess liquidity in the economy should be carefully reassessed with respect to whether it signals risks for price stability.

As regards the second pillar, a first estimate by Eurostat shows that quarter-on-quarter real GDP growth was close to zero in the third quarter of 2001. Economic activity seems to have remained very subdued in the fourth quarter of 2001 as a result of the continued weakness in domestic and external demand and the still high level of overall uncertainty. This view is underpinned by the continuation of low business and consumer confidence in November following the strong

declines seen in October. In early 2002, real GDP growth is likely to remain weak. However, the conditions exist for economic growth to improve in the course of 2002. First and foremost, the economic fundamentals of the euro area are sound and there are no major imbalances that would require a lengthy process of adjustment. In addition, financing conditions are very favourable in the euro area. Furthermore, the recent fall in oil prices and the expected further decline in consumer price inflation will lead to higher growth in real disposable income and should thereby support domestic demand. Developments in financial markets over the past few weeks signal a more optimistic assessment by market participants of the economic growth prospects for the euro area and the international environment.

The expectation of a strengthening of growth in the euro area economy during the course of 2002 is reflected in all available forecasts of international institutions and also in the projections produced by Eurosystem staff (which are published in this issue of the *Monthly Bulletin*). The staff projections are based upon a set of technical assumptions, including unchanged short-term interest rates and exchange rates. The staff projections envisage real GDP growth in 2001 in the range of 1.3% to 1.7%. Annual average real GDP growth in 2002 is projected to remain in the range of 0.7% to 1.7%. However, these projected annual average growth rates must not be misinterpreted since they mask the expected recovery in the course of 2002 and reflect the fact that the contribution to average growth in 2002 from the so-called “carry-over” effect is expected to be very limited (see also Box 6 on “Carry-over effects on annual average growth rates of real GDP” in this issue of the *Monthly Bulletin*). Real GDP growth is projected to strengthen further in 2003, with an annual average in the range of 2.0% to 3.0%. Overall, given that the staff projections exercise was undertaken in a period characterised by exceptional developments in the global environment, the outlook for growth is surrounded by a particularly high degree of uncertainty.

With regard to price developments, the annual rate of increase in the euro area Harmonised Index of Consumer Prices (HICP) was 2.4% in October, having been 2.5% in the previous month. Eurostat’s flash estimate points to a further decline in HICP inflation to 2.1% in November. These developments continued to primarily reflect the base effects from previous increases in energy prices, as well as recent declines in energy prices. Looking ahead, several considerations support the view that HICP inflation should fall safely below 2% in 2002. First, the current economic environment gives us no reason to expect upward pressures on inflation from aggregate demand. Second, the unwinding of previous increases in import prices should continue to support the current declining trend in inflation. At the same time, this downward trend may turn out to be slightly uneven around the turn of the year on account of base effects from volatile price increases one year earlier. Recent forecasts and the Eurosystem staff projections are in line with the assessment of a trend decline in inflation. Staff projections, which put average HICP inflation in a range from 2.6% to 2.8% in 2001, see HICP inflation falling back to between 1.1% and 2.1% in 2002. In 2003, it is projected to remain between 0.9% and 2.1%. These ranges reflect the uncertainties implied in the projections which rely, *inter alia*, on the assumption of continued wage moderation. Indeed, continued wage moderation will be necessary to sustain employment growth in an environment of price stability.

As regards recent developments in fiscal policy, the Governing Council reconfirmed its position in respect of the importance of maintaining a medium-term perspective in the euro area countries’ fiscal policies. Such a medium-term orientation is a crucial element to support the overall credibility of the Stability and Growth Pact and thereby strengthen the confidence of consumers and investors, particularly in the current context of weaker economic growth. Owing to the macroeconomic slowdown and insufficient expenditure restraint, together with the

impact of the sizeable tax cuts implemented in some countries, government budget balances in 2001 are, for the euro area as a whole, expected to worsen for the first time since 1993. For countries which have not yet attained budgetary positions close to balance or in surplus or which have very high public debt-to-GDP ratios, the current slowdown should not change the scope for meeting the medium-term commitments made in the context of national stability programmes within the framework of the Stability and Growth Pact. Countries with an initial fiscal position close to balance or in surplus can benefit from the full operation of the automatic stabilisers. However, there is no case for fiscal activism, as this has often proved to be ineffective in the past and risks introducing imbalances in public finances.

Turning to long-term prospects, the potential impact on trend output growth from further and more comprehensive structural reforms is likely to be very large. Structural reforms aimed at providing the proper incentives for economic agents and at fostering an environment more conducive to innovation should pave the way towards achieving a permanent and significant increase in potential output growth in the euro area. However, while some progress has been made in the field of structural reform, major further steps need to be taken, particularly as regards the labour and goods markets. Furthermore, in the fiscal area, governments should pursue determined structural expenditure reform in order to create room for further tax cuts and for absorbing the fiscal costs from the

ageing of populations. Such reforms would enhance the effectiveness of fiscal policies in supporting employment, investment and economic dynamism.

Finally, at its meeting on 6 December the Governing Council also reviewed the progress in the preparations for the forthcoming euro cash changeover. First of all, the cash changeover is well on track. In economic terms, the cash changeover should not, in the short term, have significant direct effects on the price level in the euro area. This is largely due to the strong competition in the retail sector and the vigilance of consumers, but also reflects the commitment of governments not to increase the average level of administered prices in the context of the cash changeover. In addition, the effect of the cash changeover on M3 growth should remain very limited. Although there has been a significant decline in currency in circulation over recent months, currency only represents a small proportion of M3 and a large part of its decline has been reflected in higher holdings of short-term deposits with banks. As regards liquidity in the euro area money market, the Eurosystem's operational framework will facilitate a successful cash changeover, as it ensures maximum flexibility in the implementation of monetary policy. Lastly, the model chosen by the Eurosystem to debit the banks for the frontloaded euro cash will help to smooth this process. All in all, the euro cash changeover is expected to run smoothly, thereby making for a good start to the relationship between European citizens and their new currency.





# Economic developments in the euro area

## I Monetary and financial developments

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

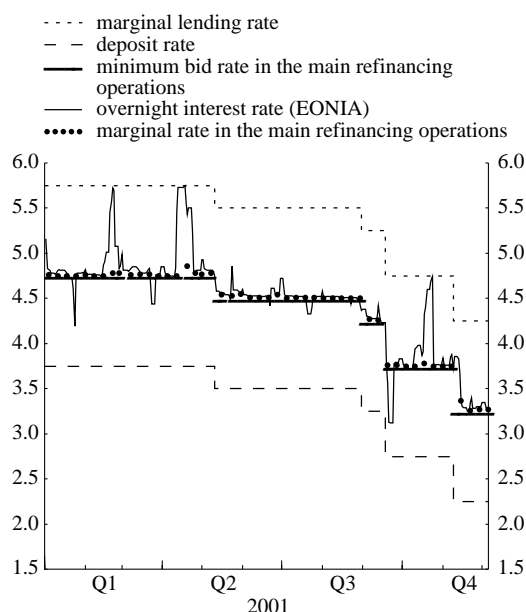
At its meeting on 6 December 2001 the Governing Council of the ECB decided to leave the minimum bid rate in the main refinancing operations, conducted as variable rate tenders, at 3.25%. The interest rates on the marginal lending facility and the deposit facility were also kept unchanged, at 4.25% and 2.25% respectively (see Chart 1).

### Ongoing dynamic growth of M3

In the period from August to October 2001, the three-month average of the annual growth rates of M3 (which are corrected for holdings by non-residents of the euro area of money market paper and debt securities with a maturity of up to two years)<sup>1</sup> increased to 6.8%, from 6.2% in the period from July to September 2001. The annual growth rate of M3 stood at 7.4%, up from 6.9% in

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

(percentages per annum; daily data)

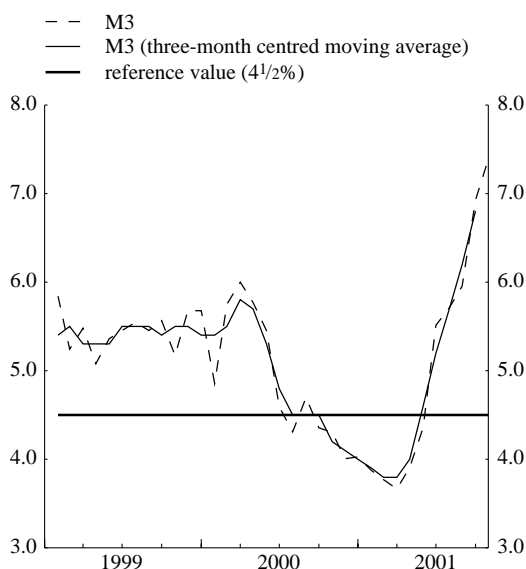


Sources: ECB and Reuters.

### Chart 2

#### M3 growth and the reference value

(annual percentage changes; seasonally and calendar effect adjusted)



Source: ECB.

Note: Series adjusted for non-euro area resident holdings of all negotiable instruments.

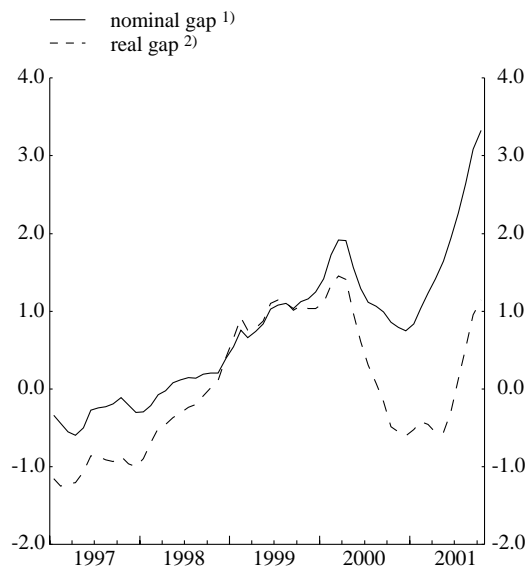
September, which was significantly above the ECB's medium-term reference value for M3 growth (see Box I and Chart 2).

Having shown a decline in 2000 and early 2001, to levels well below the reference value (3.8% in the first quarter of 2001), the annual growth rate of M3 increased significantly in the course of this year. This acceleration of M3 following a period of subdued growth can to some extent be seen as a normalisation process through which economic agents brought money holdings back into line with

<sup>1</sup> From now on, data on M3 and its components exclude holdings by non-residents of the euro area of money market paper and debt securities with a maturity of up to two years. With their exclusion, the measurement of M3 has been brought closer to its conceptual definition, according to which only monetary holdings by euro area residents have to be included as they alone are closely related to medium-term euro area price developments. For more details see Box I, entitled "Adjustment of M3 for holdings of negotiable instruments by non-residents of the euro area", of the November 2001 issue of the ECB Monthly Bulletin. The effect of the exclusion of holdings of money market paper and debt securities by non-residents of the euro area on annual M3 growth was -0.7 percentage point in September 2001 and -0.6 percentage point in October 2001.

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

(as a percentage of the stock of M3, three-month moving averages)



Source: ECB.

Note: Series adjusted for non-euro area resident holdings of all negotiable instruments.

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

desired levels. In addition, the higher price level reached as a consequence of increases in energy and food prices observed in 2000 and early 2001 fuelled the demand for transaction balances in 2001.

The development of the money gaps supports these hypotheses. The nominal money gap shown in Chart 3 refers to the difference between the actual level of M3 and the level of M3 which would have been implied by growth according to the reference value since December 1998 (taken as the base period). The real money gap refers to the difference between the actual level of M3 deflated by the Harmonised Index of Consumer Prices (HICP) and the level of M3 in real terms which would have been implied by inflation according to the definition of price stability. When interpreting the nominal and the real money gaps, it has to be taken into account

that the choice of the base period is somewhat arbitrary.

As shown in Chart 3, the evolution of the real and nominal money gaps between the beginning of 2000 and the second quarter of 2001 was characterised by a widening discrepancy between the two measures. This discrepancy supports the assessment that a significant part of the rise in M3 was caused by an increase in the demand for transaction balances, as the real money gap does not refer to a rise in money demand resulting from shocks to the price level. Moreover, the low level of the real money gap reached in late 2000 and early 2001 indicates a shortfall of M3 which was then followed by a strong rebound.

Another factor underlying M3 growth in the recent past is the decrease in the opportunity costs of holding money (see Chart 4). From the second to the third quarter of 2001, the spread between the three-month money market rate and the average rate of return of the components included in M3 (own rate of return of M3) declined by around half a percentage point and hence made it comparatively more attractive to invest in instruments included in M3.

Against the background of the factors just mentioned, the rise in M3 growth over the recent past had to some extent been expected. However, the acceleration in monetary dynamics has been more pronounced than the increase suggested on the basis of its fundamental determinants. This is indicated, for example, by the fact that the annual growth rate of real M3 increased in the course of 2001, while annual real GDP growth continued to decline during the same period (see Chart 4). At the same time, monetary shocks leading to temporary deviations of M3 from levels in line with its fundamental determinants are not unusual. Periods in which developments in M3 and real GDP were misaligned have also occurred in the past. Thus, recent developments do not call into question the long-term stability of money demand.

## Box I

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

At its meeting on 6 December 2001 the Governing Council of the ECB reconfirmed the reference value for monetary growth of 4½% per annum for the broad monetary aggregate M3. This box provides some background information on this decision.

In the ECB's monetary policy strategy, money is assigned a prominent role. To signal the prominent role of money to the public, the Governing Council decided in October 1998 to announce a quantitative reference value for the growth rate of the broad monetary aggregate M3. Several studies have provided empirical evidence in support of this role and confirm that the conditions for announcing a reference value are satisfied for the euro area. The official series of M3 (which is now adjusted for all non-euro area residents' holdings of negotiable instruments) exhibits all the desired properties: M3 continues to have a stable relationship with key macroeconomic variables like prices, income and interest rates, and good leading indicator properties for future price developments at medium-term horizons.

The reference value refers to the rate of monetary growth which is consistent with – and serves the achievement of – price stability over the medium term. The derivation of the reference value is therefore based on the ECB's definition of price stability as a year-on-year increase in the Harmonised Index of Consumer Prices (HICP) for the euro area of below 2%. In addition, to be consistent with the medium-term relationship between money and prices, the reference value is derived using assumptions for the medium-term trends in M3 income velocity and potential output growth. On 6 December the Governing Council reviewed the estimates of the medium-term assumptions for M3 income velocity and potential output growth underlying the reference value on the basis of additional data that had become available since the last review of the reference value in December 2000. The Governing Council confirmed the medium-term assumptions that M3 income velocity declines at a trend rate in the range from ½% to 1% per annum and potential output grows at a trend rate of between 2% and 2½% per annum.

Taking account of the definition of price stability and these two assumptions, the Governing Council decided to reconfirm the existing reference value for monetary growth, namely an annual growth rate of 4½% for M3. Furthermore, the Governing Council announced that it would continue to monitor monetary developments in relation to the reference value on the basis of a three-month moving average of annual growth rates.

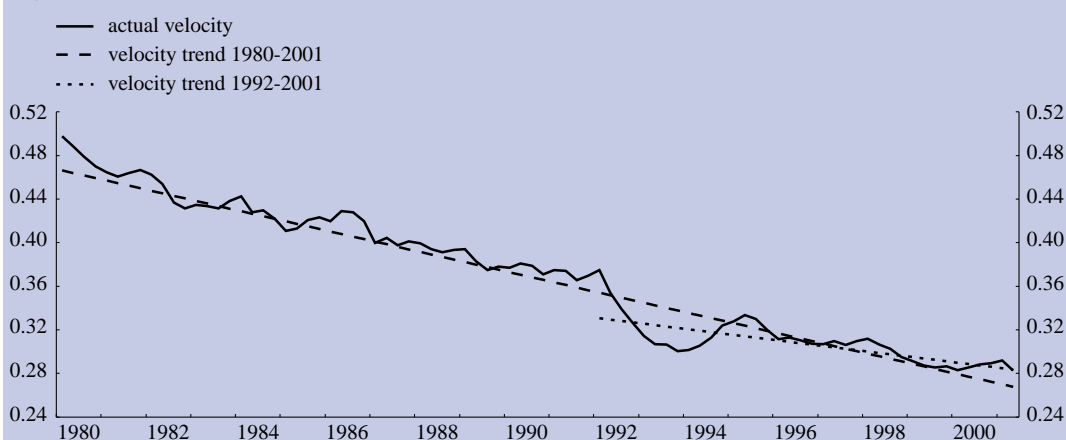
With regard to the assumption of trend potential output growth, the Governing Council considers that there is still no decisive evidence of measurable and lasting increases in productivity growth in the euro area that would warrant an upward revision to this assumption. The Governing Council believes that the potential upward impact on trend output growth from structural reforms and technological innovation could be large. However, while some progress has been made in the field of structural reforms, significant further steps, especially in the labour and goods markets, need to be taken in order to achieve a permanent and significant increase in potential output growth in the euro area. Against this background, the Governing Council will continue to monitor the evidence with regard to developments in productivity growth in the euro area, and the ECB's monetary policy will take such evidence into account as appropriate.

As regards the empirical evidence for M3 income velocity, the Governing Council confirmed the validity of the assumption of a trend decline in M3 income velocity over the medium term within a range of ½% to 1% per annum. This was based on the following considerations. A simple trend estimate over the sample period from 1980 to 2001 suggests that the historical decline is at or close to 1% per annum on average. However, over a shorter and more recent time span the trend decline in velocity in the last decade turns out to be closer to ½% (see chart below). Still, a simple trend estimate may not represent the best estimate of a medium-term trend in velocity in the future, since it may to some extent fail to take account of the fact that the decline in inflation and nominal interest rates throughout the sample period may have contributed to the past decline in

velocity. Thus, the process of disinflation should have contributed to making the holding of liquid assets more attractive. In contrast to this, in an environment of price stability, where inflation and interest rates no longer exhibit a medium-term downward trend, the trend decline in velocity is likely to be less pronounced than over a period dominated by disinflation and falling nominal interest rates. Using money demand models<sup>1</sup> which incorporate additional information on the evolution of the opportunity costs of holding money (interest rates and/or inflation) it is possible to isolate the effect that the disinflation process over the 1980s and 1990s had on the historical trend decline. In the context of these models, in an environment of price stability, the trend decline is around the middle of the range of ½% to 1%. This result is fairly robust across different models and across different methods for aggregating euro area data.

### M3 velocity trends for the euro area

(log levels)



Sources: ECB (M3) and ECB calculations based on Eurostat data (GDP).

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

It should be recalled that the reference value for monetary growth is a medium-term concept. Short-run movements in M3 may stem from a number of temporary factors and do not necessarily have implications for future price developments. For this reason the Governing Council already made it clear in 1998 that the announcement of the reference value does not imply a commitment on the part of the ECB to mechanically correcting deviations of monetary growth from the reference value. Rather, developments in M3 are thoroughly analysed by the ECB, in conjunction with other indicators, in order to ascertain their implications for the risks to price stability over the medium term.

The analysis of the deviations of annual M3 growth from the reference value represents an important element in the evaluation of monetary developments and the implications for future price stability. However, monetary analysis is not limited to this evaluation. First, other monetary indicators (such as components and counterparts of M3, in particular loans to the private sector) also contain significant information. Second, it is important to take into account past deviations from the reference value which have dropped out of annual growth rates, in order to come to a broadly based assessment of the liquidity conditions in the euro area. Third, developments in M3 need to be analysed in conjunction with other indicators (e.g. real GDP, prices, interest rates and other financial market indicators) in order to understand the nature of the shocks affecting monetary developments and to best extract the indications for future price developments.

<sup>1</sup> See, for instance, Coenen and Vega (1999), "The demand for M3 in the euro area", ECB Working Paper No. 6; Brand and Cassola (2000), "A money demand system for euro area M3", ECB Working Paper No. 39; and Calza, Gerdesmeier and Levy (2001), "Euro area money demand: measuring the opportunity costs appropriately", IMF Working Paper 01/179.

Looking back at the experience since the start of Stage Three of Economic and Monetary Union, the analysis of developments in M3 has constituted a very useful input into monetary policy decisions. Generally, monetary data have provided signals pointing to increased upside risks to price stability from mid-1999 onwards. Up to the first half of 2000 developments in M3 indicated relatively generous or sufficient liquidity conditions. In late 2000 and early 2001, however, monetary developments started to signal a clear easing of inflationary pressures over the medium term.

The relatively high growth rate of M3 observed over the recent past should be assessed in the light of the above considerations. The recent pick-up in the rate of growth of M3 can be explained partly as an adjustment of M3 following a sharp increase in the price level resulting from the oil and food price shocks observed in 2000 and early 2001 in the euro area and partly as a consequence of the effects of portfolio shifts. These shifts were initially triggered by a relatively flat yield curve and developments in stock markets, and, more recently, by a surge in financial market uncertainty in the aftermath of the events of 11 September. Taking into account also the continuing decline in the growth of credit to the private sector, the Governing Council has made it clear that it does not see any risks to price stability in the medium term arising from recent monetary developments.

Owing to the current economic and financial market uncertainty, the interpretation of monetary developments in the near future is likely to be more difficult than under normal circumstances – as is true for other indicators – and these developments should therefore be assessed with caution. Should, however, the current economic and financial market uncertainties subside, any persisting excess liquidity in the economy should be carefully re-assessed with respect to whether it signals risks to future price stability.

It should be borne in mind that the ECB's monetary policy strategy uses two pillars in order to assess the risks to future price stability.<sup>2</sup> The monetary analysis always has to be seen in conjunction with the second pillar of the ECB's monetary policy strategy, which uses other economic and financial indicators for the evaluation of the risks to price stability. This diversified approach to the analysis stimulates the cross-checking of information and takes into account various interpretations of this information, thereby reducing the risks of policy-related mistakes in an uncertain environment.

The next annual review of the reference value is scheduled for December 2002.

<sup>2</sup> See the article entitled "The two pillars of the ECB's monetary policy strategy" in the November 2000 issue of the ECB Monthly Bulletin.

There is a variety of evidence to suggest that the strong short-term dynamics of M3 were mainly the result of the confluence of a number of developments which have given rise to substantial portfolio shifts from various financial instruments towards money holdings. The basis for this assessment is a combination of information from the evolution of prices and quantities in different financial markets and from the behaviour of various M3 components and counterparts. In particular, three developments seem to have been key in driving the strong upward trend exhibited by M3 in the course of 2001: the persistent weakness in global stock markets after March 2000; the high uncertainty

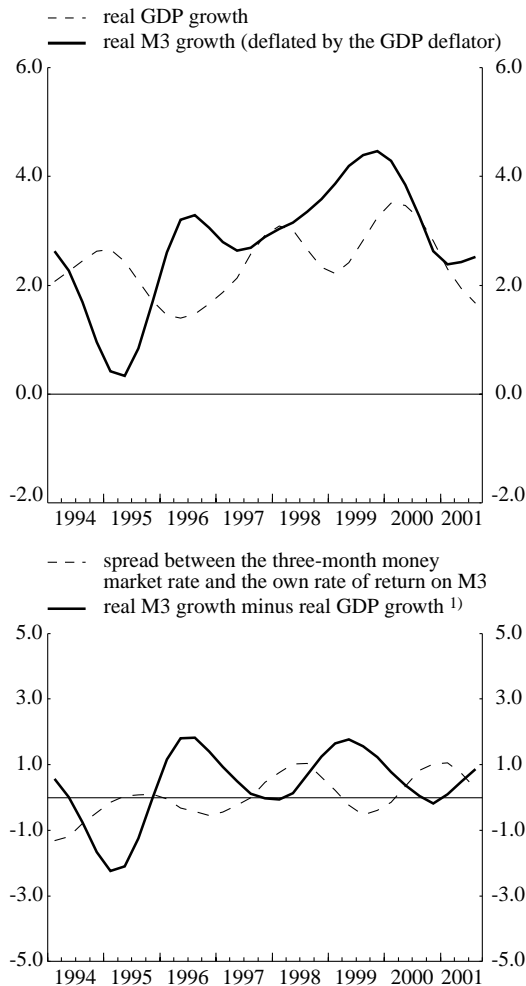
prevailing in financial markets, particularly after the terrorist attacks on 11 September 2001; and the relatively flat yield curve for most of 2001.

As can be seen from Chart 5, investment in short-term marketable instruments and in short-term deposits other than overnight deposits (i.e. in all components of M3 except those included in M1) has increased strongly in recent quarters, in line with the persistent weakness of global stock markets as reflected, for example, in the pronounced decline in the EURO STOXX broad index since March 2000. During the period from March 2000 to October 2001, the Dow Jones EURO STOXX

**Chart 4**

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

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



Source: ECB.

Note: Series adjusted for non-euro area resident holdings of all negotiable instruments. For the third quarter of 2001, the annual growth rate of the GDP deflator is assumed to be equal to that in the second quarter of 2001.

1) Calculated as the difference between M3 growth deflated by the GDP deflator and real GDP growth. This can be interpreted as an approximate measure of the part of the demand for M3 which is explained by opportunity cost variables.

broad index declined by 37%. Over the same time period, the annual rate of growth of M3 - M1 increased markedly, from 3.1% in March 2000 to 8.8% in October 2001.

Moreover, in the wake of the terrorist attacks on 11 September, financial market uncertainty increased significantly. The implied stock market volatility in the euro area increased

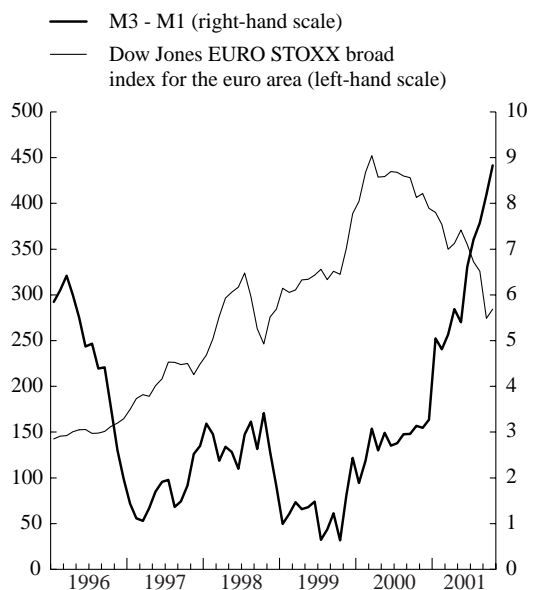
to around 39% on average in September and declined only modestly, to around 36%, by the end of October 2001, compared with an average of around 23% during the first eight months of 2001 (see Chart 25). In reaction to this, euro area non-MFI investors seem to have further reallocated their portfolios, with the share of equity and equity funds declining in favour of shorter-term low-risk assets. The recovery of global stock markets during October, to levels prevailing at the beginning of September, obviously did not induce equity investments on a larger scale, as stock market volatility remained high by historical standards. The uncertain prospects regarding the length and economic consequences of the military conflict in Afghanistan during this period may have been a reason for many investors to adopt a cautious attitude and to continue to prefer short-term less risky assets.

Evidence from the quarterly financial accounts for the first quarter of 2001, as discussed in Box 2, suggests that the euro area non-

**Chart 5**

**M3 - M1<sup>1)</sup> and stock market developments**

(annual growth rate in percentages and monthly average index)



Sources: ECB and Dow Jones.

1) (M3 - M1) includes marketable instruments and short-term deposits other than overnight deposits.

financial sectors have reduced their investments in both (probably mainly equity-related) mutual fund shares (excluding money market fund shares) and quoted shares in favour of more secure assets. Further support for this hypothesis can be derived indirectly from a combination of different sources of information. Euro area balance of payments data indicate net inflows in combined direct and portfolio investment in recent months, mainly as a result of the fact that euro area residents have been buying fewer foreign equities. In addition, in September 2001, euro area residents repatriated net funds previously invested in equities abroad, as reflected on the assets side of equity portfolio investment in the euro area balance of payments, which switched to significant net inflows.

An additional reason underlying the increased liquidity preference of the euro area non-MFI investors is the yield spread, i.e. the difference between the ten-year government bond yield and the three-month market interest rate. In 2000 the yield spread decreased considerably. Despite rising somewhat in recent months, it has been still comparatively low by historical standards for most of 2001. As a

consequence, the relative attractiveness, as compared with longer-term assets, of shorter-term assets that are remunerated close to money market interest rates remained high during most of 2001. Moreover, the drop in long-term bond yields in October 2001 to low levels by historical standards on account of worsening expectations regarding global economic growth prospects might explain why investors appear to have preferred to hold monetary assets in spite of a steepening yield curve.

The effect of the pronounced preference of investors for short-term liquid assets included in M3 is also visible in recent developments of the nominal and real money gap (see Chart 3). In the third quarter of 2001, both the nominal and the real money gap increased as a result of the strong rise in M3 growth. The nominal money gap rose to the highest level seen in the past few years, while the real money gap became positive. To the extent that the recent rise in M3 growth was due to exceptional and temporary factors, the increase in the real money gap should not be seen as indicative of risks to price stability in the medium term.

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

(annual percentage changes; quarterly averages)

	2000 Q3	2000 Q4	2001 Q1	2001 Q2	2001 Q3	2001 Oct.
<i>Seasonally and calendar effect adjusted</i>						
<b>M1</b>	6.8	5.7	2.6	2.4	3.9	5.3
<i>of which: currency in circulation</i>	3.6	1.9	-1.2	-3.2	-7.5	-14.6
<i>of which: overnight deposits</i>	7.5	6.4	3.4	3.5	6.3	9.4
M2 - M1 (= other short-term deposits)	1.6	2.2	3.4	4.4	5.0	5.4
<b>M2</b>	4.0	3.8	3.0	3.5	4.5	5.4
M3 - M2 (= marketable instruments)	7.7	6.5	9.2	9.8	15.7	20.8
<b>M3</b> <sup>1)</sup>	4.5	4.2	3.8	4.3	6.0	7.4
<i>Unadjusted for seasonal and calendar effects</i>						
Currency in circulation	3.7	1.8	-1.3	-3.3	-7.4	-14.4
Overnight deposits	7.6	6.4	3.3	3.9	6.2	9.2
Deposits with an agreed maturity of up to 2 years	8.8	12.6	15.2	14.0	11.2	7.4
Deposits redeemable at notice of up to 3 months	-3.3	-4.9	-4.7	-2.6	0.5	4.0
Repurchase agreements	4.1	10.3	20.7	15.6	20.7	24.8
Money market fund shares/units	2.8	1.8	5.4	11.2	20.5	29.7
Money market paper and debt securities issued with a maturity of up to 2 years	24.8	11.9	5.2	-0.7	-1.2	-3.1

Source: ECB.

1) Series adjusted for non-euro area resident holdings of all negotiable instruments.



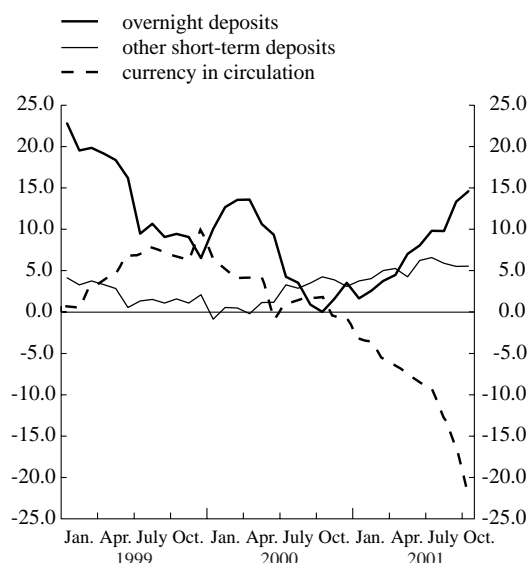
### Accelerating impact of the cash changeover on currency in circulation

The annual growth rate of M1 has recovered significantly during recent months, reaching 5.3% in October, up from 3.9% on average in the third quarter of 2001 (see Table I). This is solely attributable to the marked increase in overnight deposits, as currency in circulation has decreased, in line with the trend observed throughout the year, in connection with the cash changeover at the beginning of 2002. The month-on-month decline in currency in circulation has accelerated since July 2001, bringing the seasonally adjusted and six-month annualised rate of change to -22.0% in October (see Chart 6).

The annual rate of growth of overnight deposits rose to 9.4% in October. The dynamic increase in overnight deposits is particularly evident in the seasonally adjusted and six-month annualised growth rate, which rose from 1.7% in January 2001 to 14.6% in October. There are indications that holdings of currency may to a large extent have been

### Chart 6 Currency in circulation and short-term deposits

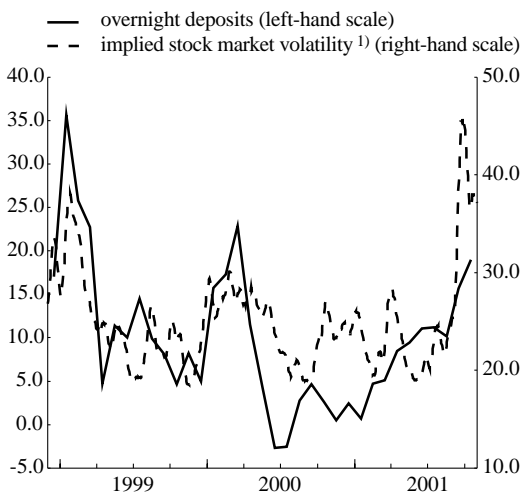
(seasonally adjusted and annualised six-month percentage changes)



Source: ECB.

### Chart 7 Implied stock market volatility and overnight deposits in the euro area

(three-month annualised growth; ten-day moving average)



Sources: ECB and Bloomberg.

1) The implied volatility series reflects the expected standard deviation of percentage stock price changes over a period of up to three months, as implied in the prices of options on the Dow Jones EURO STOXX 50.

shifted into overnight deposits. In addition, the steep increase is likely to be related to the most recent period of high stock market volatility, as overnight deposits seem to have been used by investors as an instrument for “parking” money for a limited period of time. As can be seen from Chart 7, in the past overnight deposits seem to have increased strongly in periods of pronounced stock market volatility. Finally, the recent rise in overnight deposits could in part be a normalisation after the earlier weak growth of this instrument.

The annual growth rate of short-term deposits other than overnight deposits has remained relatively stable during recent months (5.4% in October and 5.0% on average in the third quarter of 2001). However, this development hides pronounced changes between deposits redeemable at a period of notice of up to three months (hereinafter “short-term savings deposits”) and deposits with an agreed maturity of up to two years (hereinafter “short-term time deposits”). The annual rate of growth of these short-term savings deposits increased to 4.0% in

October, from 0.5% on average in the third quarter of 2001. By contrast, the annual rate of growth of short-term time deposits declined to 7.4% in October, from 11.2% in the third quarter. This is in line with recent developments in the retail interest rate spreads between long-term savings deposits (i.e. deposits redeemable at a period of notice of over three months) and short-term savings deposits as well as between long-term time deposits (i.e. deposits with a maturity of over two years) and short-term time deposits. Since its peak in September 2000, the spread between the retail interest rates on long-term and short-term savings deposits has fallen by 1.1 percentage points to 0.7 percentage point in October 2001. This resulted from a pronounced decline in the retail interest rate on long-term savings deposits, while the retail interest rate on short-term savings deposits remained broadly unchanged during this period (see Charts 14 and 15). Accordingly, short-term savings deposits became more attractive in relative

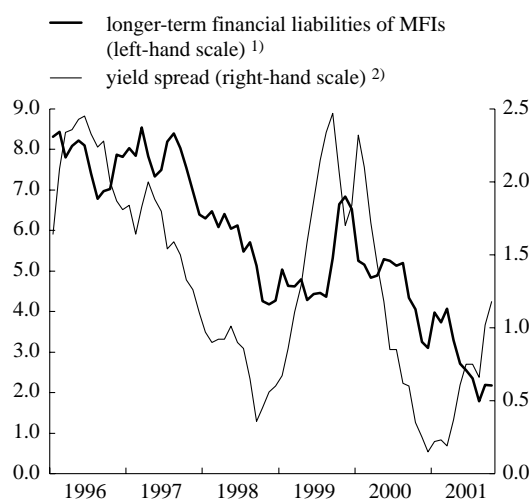
terms. By contrast, the spread between the retail interest rate on long-term and short-term time deposits increased somewhat in September and October, having been relatively stable since the end of 2000.

The annual growth rate of marketable instruments has increased markedly over recent quarters, to 20.8% in October. The strong increase of negotiable instruments included in M3 during recent quarters has mainly resulted from portfolio reallocations on account of both the persistent weakness of global stock markets and the relatively flat yield curve in the euro area during most of 2001, as mentioned above.

Evidence of portfolio reallocations is also provided by the subdued development of longer-term financial liabilities (excluding capital and reserves) of MFIs. The annual growth rate of longer-term financial liabilities (excluding capital and reserves) was 2.2% in October, which is exceptionally low by historical standards. As can be seen from Chart 8, the annual growth rate of longer-term financial liabilities of MFIs has developed broadly in line with the yield curve in recent years. Both the fact that the yield curve was relatively flat by historical standards in most of 2001, as well as the uncertainty regarding financial market developments in the more recent past, probably contributed to the annual growth rate of longer-term financial liabilities remaining weak until October 2001.

### Chart 8 MFIs' longer-term financial liabilities and the yield spread

(annual percentage changes and percentage points)



Source: ECB.

1) Capital and reserves are excluded. Annual rates of growth before September 1998 are estimated on the basis of longer-term financial liabilities excluding capital and reserves for MFIs resident in Germany, Spain, France, the Netherlands, Portugal and Finland.

2) Defined as the spread between the ten-year euro area government bond yield and the three-month EURIBOR.

### Further decline in the growth of credit to the private sector

On average, the annual growth rate of total credit granted by MFIs to residents of the euro area remained broadly stable between the first and the third quarter of 2001 (see Table 2). Only in more recent months has it decreased slightly, to 5.1% in September and October. However, the overall development masks differing developments in the general government and in the private sector (see Chart 9).

**Box 2****Financing and financial investment of the non-financial sectors in the euro area during the first quarter of 2001**

The release of quarterly financial accounts data for the non-financial sectors of the euro area for the period up to the first quarter of 2001<sup>1</sup> permits an analysis of the financing and financial investment decisions of the non-financial sectors. An overview of these developments is contained in Tables A and B.

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

	Financing						Financing of non-financial corporations					Financing of households <sup>3)</sup>	
		Financing of general government			Securities other than shares		Loans	Taken from euro area MFIs	Securities other than shares	Quoted shares		Loans taken from euro area MFIs <sup>3)</sup>	
		Loans	Taken from euro area MFIs	Held by euro area MFIs									
<b>Annual growth rates (end of period)<sup>2)</sup></b>													
1998 Q4	6.0	3.3	-1.1	-0.4	4.5	3.2	7.0	8.8	8.5	8.6	5.0	8.9	9.1
1999 Q1	5.9	3.5	-0.1	0.9	4.4	3.2	5.6	6.8	7.4	9.4	4.0	10.5	10.9
Q2	5.9	3.0	0.0	0.7	3.8	-0.8	6.1	8.3	8.1	11.3	3.6	10.5	10.9
Q3	6.0	2.1	-1.9	-0.3	3.1	1.8	7.0	7.9	7.5	14.3	5.3	11.0	11.2
Q4	6.0	2.4	-1.2	0.4	3.1	2.4	6.8	8.2	7.0	14.7	4.7	10.4	10.7
2000 Q1	5.9	2.2	-1.3	0.0	3.1	-0.9	7.0	11.4	9.4	10.0	2.8	9.6	9.7
Q2	5.7	2.2	-1.6	-0.3	2.9	-4.6	6.9	11.5	9.3	12.8	2.4	8.6	8.7
Q3	6.3	2.0	-1.8	-1.2	2.7	-7.9	8.6	14.2	11.1	14.1	3.5	7.8	8.0
Q4	6.1	1.9	-1.4	-0.9	2.7	-10.6	8.2	14.4	10.8	19.4	3.0	7.3	7.4
2001 Q1	6.0	1.4	-1.1	-0.4	1.8	-11.9	8.7	13.0	10.0	25.3	4.6	6.4	6.6
<b>Ratio to total financing as at Q1 2001 (amounts outstanding)</b>	100%	31%	6%	5%	24%	8%	48%	21%	18%	3%	22%	21%	19%

Source: ECB.

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

This box reviews the development in total indebtedness of the non-financial sectors up to the first quarter of 2001. In addition, it focuses on the evidence of a rise in the growth of investment in securities other than shares by non-financial sectors and possible shifts from non-monetary mutual fund shares to liquid financial assets in the first quarter of 2001.

**Developments in total debt of the euro area non-financial sectors**

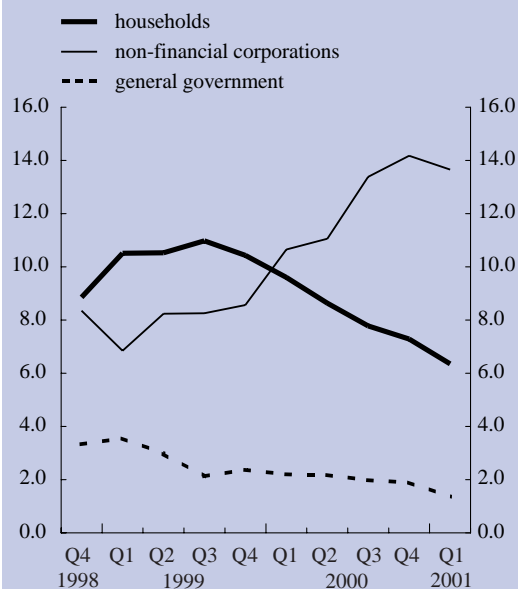
In the first quarter of 2001, the annual growth rate of total financing of the euro area non-financial sectors remained broadly stable, at 6.0%, after 6.1% in the previous quarter (see Table A). At the same time, the total indebtedness of the non-financial sector (deducting from total financing the issuance of quoted shares) continued its declining trend, with an annual growth rate of 6.6% in the first quarter of 2001, down from 7.2% in the fourth quarter of 2000. In particular, the annual rate of growth of total debt of households fell further, to 6.4%, down from 7.3% in the fourth quarter of 2000 (see chart overleaf). The annual growth of total debt of non-financial corporations, while remaining high, declined slightly from 14.2% in the fourth quarter of 2000 to 13.7% in the first quarter of 2001.

The build-up of debt by non-financial corporations over recent years has been associated with the intense merger and acquisition activity observed over the past few years and the financing of UMTS licences in 2000. In addition, non-financial corporations may have been inclined to increase their indebtedness against the background of favourable financing conditions and very optimistic expectations about future profits in some sectors of the economy. The financing of the exceptional transactions referred to above has probably been the main cause of the very strong annual rate of growth of short-term debt of non-financial corporations (the stock

<sup>1</sup> For more details, see Table 6.1 in the "Euro area statistics" section of this issue of the Monthly Bulletin.

## Debt of euro area non-financial sectors

(annual percentage changes)



Source: ECB.

Note: Debt includes loans granted by euro area MFIs and other financial intermediaries, securities other than shares, pension fund reserves of non-financial corporations and deposit liabilities of central government.

of which accounted for 33% of total debt of non-financial corporations in the first quarter of 2001) in the second half of 2000 and in the first quarter of 2001. Finally, growth of total debt of general government remained relatively subdued. The annual rate of growth fell to 1.4% in the first quarter of 2001, from 1.9% in the fourth quarter of 2000. Provisional data for the period up to the third quarter of 2001 suggest that the annual rate of growth of total debt of the non-financial sector continued to decline in the course of 2001, driven by a moderation in the growth of debt of non-financial corporations and of households.

### Financial investment of the non-financial sectors

The annual growth rate of financial investment by the euro area non-financial sectors increased to 8.1% in the first quarter of 2001, up from 7.1% in the fourth quarter of 2000 (see Table B). In relation to GDP, total financial investment increased to 17.9% in the first quarter of 2001, from 10.4% a year earlier.

In the first quarter of 2001, euro area non-financial sectors considerably increased their investment in securities other than shares. The annual growth rate of the investment in securities other than shares by the non-financial sectors broadly doubled, to 14.2% in the first quarter of 2001, from 7.0% in the fourth quarter of 2000. Investment by the non-financial sectors both in short-term securities and in long-term securities other than shares increased considerably. The rise in the acquisition of debt securities by the non-financial sectors

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

	Financial investment										Memo item: M3
	Currency, deposits and short-term marketable instruments	Currency and deposits <sup>3)</sup>	Short-term securities other than shares	Money market fund shares	Long-term marketable instruments and insurance technical reserves	Long-term securities other than shares	Quoted shares	Mutual fund shares other than money market fund shares	Insurance technical reserves		
<b>Annual growth rates (end of period)<sup>2)</sup></b>											
1998 Q4	5.6	1.9	3.2	-22.7	-4.2	8.6	-4.9	6.3	31.2	8.7	4.9
1999 Q1	5.9	1.6	3.2	-26.0	-8.0	9.0	-0.8	5.6	27.7	8.6	5.5
1999 Q2	6.2	1.9	2.8	-21.7	1.0	9.2	0.6	6.9	23.6	8.7	5.3
1999 Q3	6.7	2.5	3.5	-22.5	-0.7	9.7	0.5	10.5	19.8	9.0	5.5
1999 Q4	6.3	2.6	2.8	-5.4	3.1	8.8	3.3	7.8	14.1	9.7	5.5
2000 Q1	5.2	3.5	3.3	6.1	5.4	6.2	-1.1	5.1	8.2	9.9	5.5
2000 Q2	5.2	3.1	3.4	14.7	-9.5	6.5	4.2	5.3	4.8	9.7	5.5
2000 Q3	6.1	3.5	3.2	38.8	-8.0	7.6	7.6	8.8	2.9	9.3	4.5
2000 Q4	7.1	3.1	2.9	18.8	-4.1	9.4	5.7	12.7	8.3	8.5	4.2
2001 Q1	8.1	4.4	3.1	48.0	4.1	10.1	10.7	13.7	8.1	7.6	3.8
<b>Ratio to total financial investment as at Q1 2001 (amounts outstanding)</b>											
	100%	37%	34%	1%	2%	62%	11%	19%	11%	22%	34%

Source: ECB.

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

may have been fuelled by a reallocation of portfolios from shares (mainly equity-linked mutual fund shares) to securities other than shares or liquid assets, owing to the continuing weakness in global stock markets at that time. In addition, over the past few quarters, large non-financial corporations may have used short-term securities as a way of temporarily holding liquidity with a view to financing large transactions (mergers and acquisitions or the acquisition of UMTS licences).

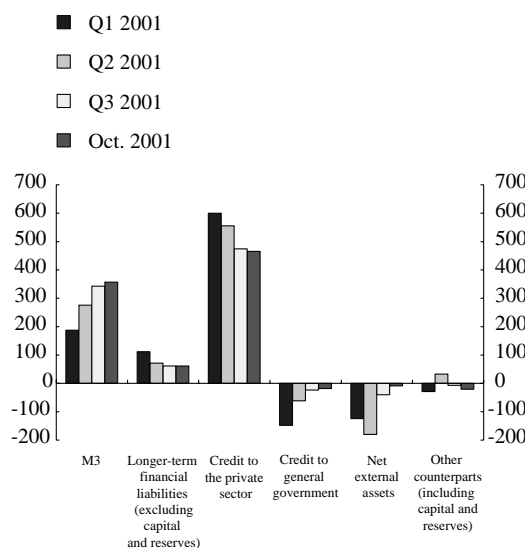
The annual growth rate of investment by non-financial sectors in mutual fund shares excluding money market fund shares dropped slightly, to 8.1% in the first quarter of 2001, from 8.3% in the previous quarter. It is likely that in particular investment in equity-linked mutual fund shares declined strongly owing to the weakness of global stock markets. Compared with the high annual growth rates up to the end of 1999, in a favourable stock market environment, investment in mutual fund shares excluding money market fund shares was much lower following the weakening of stock markets from the end of the first quarter of 2000 onwards.

The decline in growth of investment in mutual fund shares excluding money market fund shares was, however, accompanied by a continuously strong increase in the annual rate of growth of investment in quoted shares, to 13.7% in the first quarter of 2001, from 12.7% in the previous quarter. This high annual growth rate over the past few quarters mainly reflects the effect of the considerable increase in the holdings of quoted shares by non-financial corporations owing to strong merger and acquisition activity. In addition, the slight rise in the annual growth rate of quoted shares in the first quarter of 2001 partly reflects base effects resulting from a reduction of the holdings of quoted shares in the first quarter of 2000. At the same time, households seem to have moderated their investment in quoted shares and non-monetary mutual fund shares in favour of more secure and liquid financial assets during the first quarter of 2001.

In line with an increased preference of the euro area non-financial sectors for secure and liquid assets, the annual growth rate of investment in money market fund shares by non-financial sectors rose to 4.1% in the first quarter of 2001, from -4.1% in the fourth quarter of 2000.

### Chart 9 Movements in M3 and its counterparts

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



Source: ECB.

Note: Series adjusted for non-euro area residents' holdings of all negotiable instruments.

The annual rate of change in credit to the general government has increased over recent quarters, to -0.9% in October. This has mainly been related to a moderation in the annual rate of decline in MFI holdings of general government debt securities since the first quarter of 2001.

By contrast, the annual rate of growth of credit granted by MFIs to the private sector has declined in the course of 2001, to 6.8% in October. The main reason for this decline has been the significant fall in the annual growth rate of loans to the private sector, to 6.4% in October, from 9.1% in the first quarter of 2001. By contrast, the annual growth rate of MFI holdings of securities other than shares issued by the private non-MFI sector has remained at a high level in recent months (24.1% in October 2001).

A breakdown of the development of loans granted by euro area MFIs to non-financial

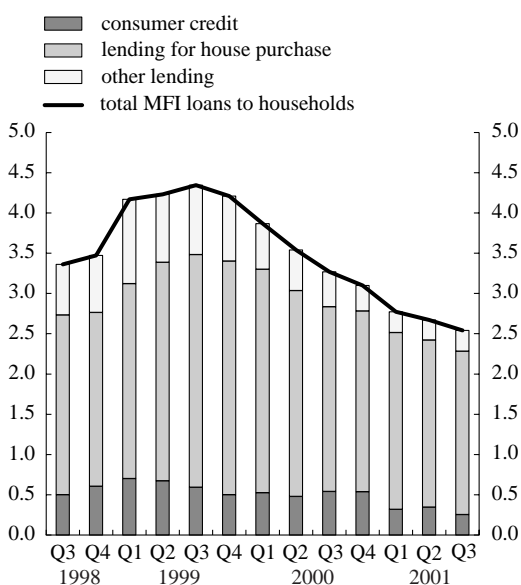
**Table 2****Counterparts of M3***(annual percentage changes; quarterly averages; unadjusted for seasonal and calendar effects)*

	2000 Q3	2000 Q4	2001 Q1	2001 Q2	2001 Q3	2001 Oct.
<b>Longer-term financial liabilities (excluding capital and reserves)</b>	5.0	3.7	3.8	3.1	2.2	2.2
Deposits with an agreed maturity of over 2 years	2.7	0.9	-0.1	-0.1	-0.4	-0.4
Deposits redeemable at notice of over 3 months	5.8	10.9	12.2	8.2	1.2	-4.8
Debt securities issued with a maturity of over 2 years	6.9	5.3	6.2	5.2	4.2	4.6
<b>Credit to euro area residents</b>	6.7	6.1	5.6	5.4	5.5	5.1
<b>Credit to general government</b>	-3.4	-7.0	-7.4	-5.3	-1.9	-0.9
Securities other than shares	-5.7	-10.5	-12.3	-8.2	-2.4	-0.8
Loans	-0.1	-1.9	-0.1	-1.3	-1.4	-1.2
<b>Credit to other euro area residents</b>	10.2	10.5	9.8	8.8	7.8	6.8
Securities other than shares	12.7	17.9	18.7	23.4	24.2	24.1
Shares and other equities	17.6	17.5	13.6	7.9	4.1	2.2
Loans	9.5	9.6	9.1	8.3	7.4	6.4
<i>Memo item: Sectoral breakdown for loans (end of quarter)<sup>1)</sup></i>						
To non-financial corporations	11.1	10.8	10.0	9.1	7.5	.
To households	8.0	7.4	6.6	6.3	5.9	.
Consumer credit <sup>2)</sup>	8.0	8.0	4.6	5.0	3.6	.
Lending for house purchase <sup>2)</sup>	9.0	8.6	8.3	7.7	7.5	.
Other lending	5.0	3.6	3.0	2.9	3.0	.

Source: ECB.

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

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

**Chart 10****Loans to households in the euro area***(annual transactions, in relation to GDP in percentages)*

Source: ECB.

Note: For the third quarter of 2001, nominal GDP has been calculated assuming that the annual rate of change in the GDP deflator is equal to that in the second quarter of 2001.

corporations and to households in the euro area is available for the period up to the third quarter of 2001 (see Table 2).

In the third quarter of 2001, the annual growth rate of MFI loans to households continued to decline, to 5.9%, from 6.3% in the previous quarter. This was attributable, in particular, to the pronounced fall in the annual rate of growth of consumer credit. In relation to GDP, the annual financing of households via consumer credit granted by MFIs has decreased during recent quarters (see Chart 10). This decline is likely to be related to the weakening of economic activity and consumer confidence in the course of the year. The annual growth rate of lending for house purchase was 7.5% in the third quarter of 2001, having been 7.7% in the previous quarter. The relatively pronounced fall in retail interest rates for house purchase from 6.5% on average in the fourth quarter of 2000 to 5.9% at the end of the third quarter of 2001, a level which is low by

historical standards, may have supported the continuous relatively strong annual growth rate of lending for house purchase.

The demand for loans by non-financial corporations has declined considerably in the course of 2001, having reached exceptionally high levels in the second half of 2000. The annual growth rate of loans to non-financial corporations declined to 7.5% in the third quarter of 2001, from 9.1% in the previous quarter (see Table 2). This resulted in part from base effects related to the financing of the UMTS licences one year ago. In relation to GDP, the financing of non-financial corporations (annual transactions) via loans granted by euro area MFIs fell to 3.0%, from 3.5% in the second quarter of 2001 and 4.0% at the end of last year (see Chart 11). This fall was related to the weakening of economic growth and the decline in merger and acquisition activities. Moreover, part of the financing via MFI loans may have been substituted by the issuance of corporate debt securities during 2001, as the net issuance of

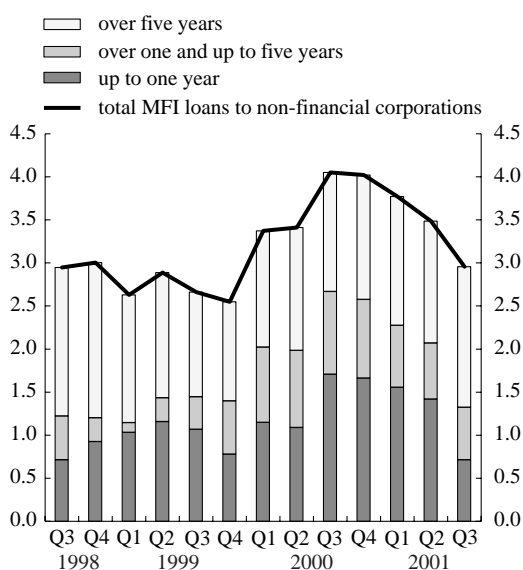
debt securities by euro area non-financial corporations has remained relatively high during most of 2001.

Finally, the net external asset position of the MFI sector in the euro area continued to improve in October, by €16.8 billion, compared with €41.9 billion in September. In the 12-month period up to October 2001, net external assets of euro area MFIs declined by €8.4 billion, following a decrease of €39.9 billion in the 12 months up to September. This is in line with a combined net direct investment and portfolio investment inflow from June to September 2001 (data for October are not yet available), as reported in the balance of payments. The improvement mainly resulted from net equity inflows into the euro area, in particular in September, when, in addition to the acquisition of equity by non-residents, euro area residents repatriated equity investments from outside the euro area.

**Chart 11**

### Loans to non-financial corporations in the euro area

(annual transactions, in relation to GDP in percentages)



Source: ECB.

Note: For the third quarter of 2001, nominal GDP has been calculated assuming that the annual rate of change in the GDP deflator is equal to that in the second quarter of 2001.

### Dynamic growth of M3 should not imply risks to price stability

Overall, the strong increase of the annual growth rate of M3 over recent months seems mainly to be related to transitory factors and should not therefore imply upward risks to price stability in the medium term. This assessment is further supported by the continuing decrease in the annual growth rate of credit extended to the private sector in the euro area. In particular, the lack of parallelism between money and credit developments supports the assessment that recent M3 developments are likely to have resulted mainly from the developments in global stock markets, the pronounced uncertainty prevailing in financial markets after the terrorist attacks on 11 September, and the relatively flat yield curve during most of 2001. However, monetary developments will have to be analysed closely in the coming months, in particular in order to check the assessment of the transitory nature of the pronounced dynamics of M3 growth.

## Debt securities issuance declined in the third quarter of 2001

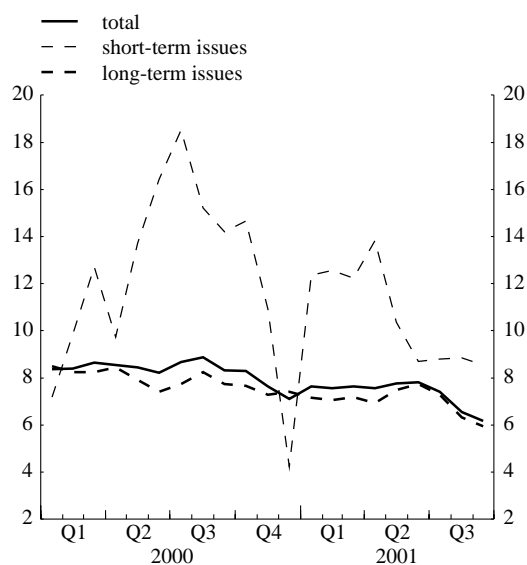
The average annual growth of the amount outstanding of debt securities issued by euro area residents declined from 7.7% in the second quarter of 2001 to 6.7% in the third quarter. This was due to weaker annual growth of the amounts outstanding both of long-term debt securities, which declined from 7.4% in the second quarter of 2001 to 6.5% in the third quarter, and of short-term debt securities, which declined from 11.0% to 8.7% in the same period (see Chart 12).

The breakdown by currency shows that the annual growth of the amount outstanding of euro-denominated debt securities issued by euro area residents was stable at 6.2% in the third quarter of 2001. At the end of the third quarter, 91.4% of the amount outstanding of debt securities issued by euro area residents was denominated in euro, which compares with a share of 91.0% at the end of the second quarter.

## Chart 12

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

(annual percentage changes)



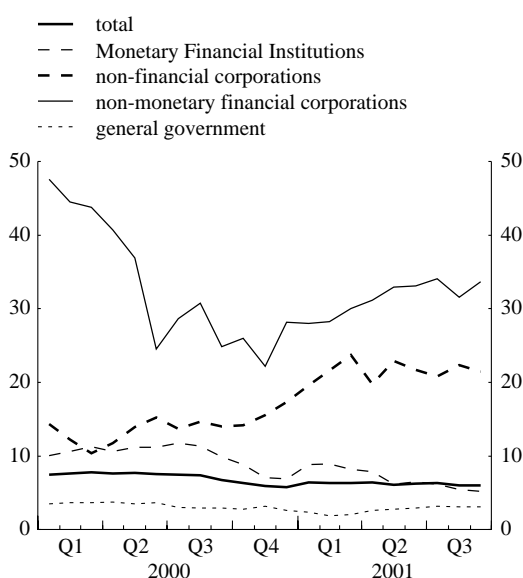
Source: ECB.

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

## Chart 13

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

(annual percentage changes)



Source: ECB.

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

The issuance of euro-denominated debt securities by non-residents of the euro area represented 11.3% of the total amount outstanding of euro-denominated debt securities at the end of the third quarter of 2001. This was broadly stable compared with the end of the second quarter, when the share was 11.5%.

As regards the breakdown by issuing sector, the average annual growth of the amount outstanding of euro-denominated debt securities issued by MFIs fell from 6.9% in the second quarter of 2001 to 5.6% in the third quarter (see Chart 13). The average annual growth of the amount outstanding of euro-denominated debt securities issued by non-financial corporations was stable at around 21.5% between the second and third quarters. At the same time, the average annual growth in the amounts outstanding of euro-denominated debt securities issued by non-monetary financial corporations increased to 33.1% in the third quarter, from 32.4% in



the second quarter. The weaker issuance activity of MFIs may be partly explained by lower demand from the corporate sector for credits and loans, against a background of slower economic activity. Moreover, relatively strong growth of M3 in recent months may have reduced the need of MFIs for alternative sources of finance. Added to this were the difficult issuing conditions in securities markets following the terrorist attacks in the United States, which may have acted as a constraint on securities issuance in late September.

The issuance of euro-denominated debt securities by the public sector increased in the third quarter of 2001, continuing the tendency observed in the second quarter. The average annual growth of the amount outstanding of euro-denominated debt securities issued by the public sector was 2.7% in the third quarter, compared with 2.4% in the second quarter. This development reflects the slight deterioration in government fiscal balances in 2001 (see the "Fiscal developments" section).

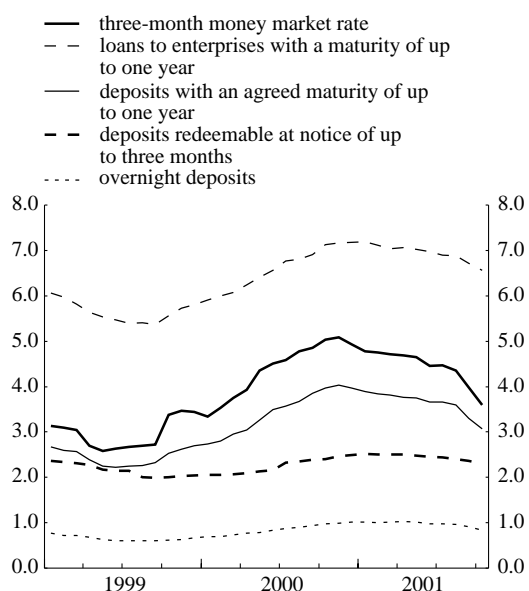
### Retail bank interest rates continued to decline in the autumn

Short-term retail bank interest rates continued to fall during the third quarter and in October 2001 in line with developments observed since late 2000 (see Chart 14). The average interest rate on deposits with an agreed maturity of up to one year declined by about 60 basis points from June to October 2001. During the same period, the average interest rate on loans to enterprises with a maturity of up to one year dropped by about 40 basis points. These declines in short-term retail bank interest rates compared with a fall in the average three-month money market interest rate of 85 basis points between June and October 2001. The differences in the developments in retail bank and market rates observed over recent

months are in line with the usual sluggishness with which retail bank rates follow market rates, but may also have reflected increased credit risk in the economy.

Long-term retail bank interest rates have also continued to decline in recent months. From June to October 2001 the average interest rate on deposits with a maturity of over two years, the average rate on loans to enterprises with a maturity of over one year and the rate on loans to households for house purchase declined by about 40 basis points. Over the same period, the average five-year government bond yield declined by around 90 basis points. One explanation for the somewhat lower than usual pass-through from market rates to bank retail rates could be that banks were uncertain about the persistence of the fall in market rates following the terrorist attacks in September.

**Chart 14**  
**Short-term retail bank interest rates and a comparable market rate**  
*(percentages per annum; monthly averages)*

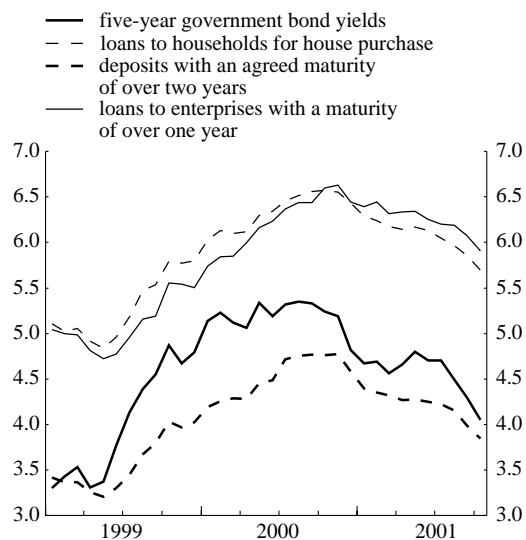


Sources: ECB aggregation of individual country data and Reuters.  
 Note: From 1 January 2001 onwards, Greek data are also included.

### Chart 15

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

(percentages per annum; monthly averages)



Sources: ECB aggregation of individual country data and Reuters.

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

#### Money market rates declined over the autumn

Money market interest rates, especially at shorter maturities, declined over the autumn of 2001, continuing the downward trend seen since autumn 2000 (see Chart 16). This downward movement in 2001 reflected strengthening expectations among market participants of declining medium-term inflationary pressures in the euro area which were expected to be associated with reductions in the key ECB interest rates. In the course of November and early December money market rates decreased further, notably at the short end. As a consequence, the downward slope of the money market yield curve flattened in November. In addition, rates implied in EURIBOR contracts maturing in 2002 rose somewhat.

The overnight interest rate, as measured by the EONIA, remained broadly in line with the minimum bid rate in the Eurosystem's main refinancing operations over the autumn of 2001, with few exceptions, which were

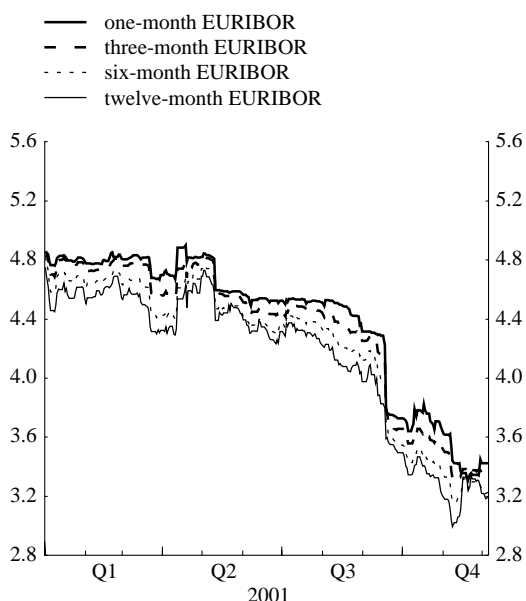
related, in part, to episodes of insufficient bidding by the Eurosystem's counterparties in the main refinancing operations. The two-week interest rates declined somewhat at the beginning of November, to levels below the then prevailing minimum bid rate of 3.75%, as market participants increasingly expected a reduction in the key ECB interest rates on 8 November. After the ECB lowered the minimum bid rate to 3.25%, the two-week rates stabilised slightly above this rate.

In all except one of the main refinancing operations settled in November and early December 2001, the marginal and average rates of allotment exceeded the minimum bid rate by no more than 4 basis points, thus following a pattern which has broadly prevailed over the course of 2001. In the main refinancing operations settled on 14 November the marginal and average rates were 3.37% and 3.40% respectively, which was 12 and 15 basis points above the minimum bid rate. This relatively large deviation of the marginal and average rates from the minimum bid rate followed insufficient bidding by the Eurosystem's counterparties in the previous tender (see Box 3).

### Chart 16

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

(percentages per annum; daily data)



Source: Reuters.

**Box 3****Monetary policy operations and liquidity conditions in the reserve maintenance period ending on 23 November 2001**

During the reserve maintenance period under review, the Eurosystem settled five main refinancing operations (MROs) and one longer-term refinancing operation (LTRO), the outcomes of which are summarised in the table below.

**Regular monetary policy operations**

(EUR billions; interest rates in percentages per annum)

Operation	Date of settlement	Date of maturity	Bids (amount)	Allotment (amount)	Bid-cover ratio	Number of participants	Minimum bid rate	Marginal rate	Weighted average rate
MRO	24/10/2001	07/11/2001	73.9	61.0	1.21	333	3.75	3.75	3.76
MRO	31/10/2001	14/11/2001	99.6	66.0	1.51	254	3.75	3.75	3.76
MRO	07/11/2001	21/11/2001	38.4	38.4	1.00	201	3.75	3.75	3.75
MRO	14/11/2001	28/11/2001	174.7	116.0	1.51	401	3.25	3.37	3.40
MRO	21/11/2001	05/12/2001	63.2	17.0	3.72	286	3.25	3.26	3.27
LTRO	25/10/2001	31/01/2002	42.3	20.0	2.12	200	-	3.50	3.52

Source: ECB.

In the operation settled on 7 November, bids submitted by counterparties totalled €38.4 billion, which was significantly below the amount that would have resulted in a smooth fulfilment of the reserve requirement. Despite this underbidding, allotment amounts and other liquidity factors led to a situation in the remainder of the reserve maintenance period in which banks did not have to have recourse to the marginal lending facility in order to fulfil their reserve requirements. However, the maintenance period ended with two outstanding tenders of very different sizes (€116 and €17 billion), which required the conduct of an operation in the subsequent maintenance period to equalise the volume of the two tenders.

The EONIA was mostly stable at a level slightly above the minimum bid rate of 3.75% in the first two weeks of the maintenance period. However, it increased temporarily to 3.84% on 31 October owing to the end-of-month effect. Following the underbidding in the MRO settled on 7 November, the EONIA increased to levels

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

(EUR billions)

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

	Liquidity providing	Liquidity absorbing	Net contribution
<b>(a) Monetary policy operations of the Eurosystem</b>	<b>192.5</b>	<b>0.3</b>	<b>+ 192.2</b>
Main refinancing operations	132.3	-	+ 132.3
Longer-term refinancing operations	60.0	-	+ 60.0
Standing facilities	0.2	0.3	- 0.1
Other operations	-	-	-
<b>(b) Other factors affecting the banking system's liquidity</b>	<b>385.0</b>	<b>450.5</b>	<b>- 65.5</b>
Banknotes in circulation	-	311.3	- 311.3
Government deposits with the Eurosystem	-	46.1	- 46.1
Net foreign assets (including gold)	385.0	-	+ 385.0
Other factors (net)	-	93.1	- 93.1
<b>(c) Credit institutions' holdings on current accounts with the Eurosystem (a) + (b)</b>			<b>126.7</b>
<b>(d) Required reserves</b>			<b>126.1</b>

Source: ECB.

Totals may not add up due to rounding.

close to 3.85%, reflecting the expectation of market participants of possible tight liquidity conditions at the end of the maintenance period. On 8 November, the day the Governing Council decided to lower the key ECB interest rates by 50 basis points, the EONIA decreased temporarily to 3.73%. Following the MRO conducted on 13 November, the EONIA decreased to a level close to the new minimum bid rate of 3.25%, reflecting market perceptions that the likelihood of recourse to the marginal lending facility at the end of the maintenance period had declined significantly. The EONIA remained broadly at this level for the remainder of the maintenance period. The maintenance period ended with a very small net recourse to the deposit facility of around €0.4 billion. The difference between average current accounts (€126.7 billion) and minimum reserve requirements (€126.1 billion) amounted to €0.60 billion.

The net liquidity-absorbing impact of the autonomous factors, i.e. the factors not related to monetary policy, on the banking system's liquidity (item (b)) was €65.5 billion, on average. The daily sum of autonomous factors fluctuated between €55.9 billion and €77.8 billion. The estimates of average liquidity needs stemming from autonomous factors, published for the maintenance period under review, ranged between €63.1 billion and €76.8 billion. The actual figures turned out to be lower than the estimates in four out of five cases, with a difference between the two of up to €3.2 billion.

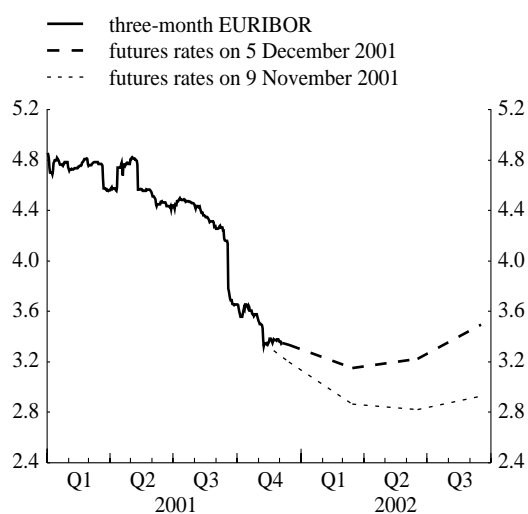
The one-month and three-month EURIBOR declined by 22 and 17 basis points respectively between the end of October and 5 December, to stand at 3.42% and 3.35% on 5 December. On 29 November the one-month rate increased by around 10 basis points as a result of the usual "end-of-year" effect. In 2000 this effect accounted for an increase of around 15 basis points.

The marginal and average interest rates in the longer-term refinancing operations of the Eurosystem settled in October and November 2001 were, as usual, broadly in line with the then prevailing three-month money market interest rates. In the operation settled on 29 November 2001, the marginal and average rates were 3.32% and 3.34% respectively, both 18 basis points lower than the corresponding rates in the longer-term refinancing operation settled on 25 October.

At the longer end of the money market yield curve, the six-month and the twelve-month EURIBOR decreased at the beginning of November. However, in the period which followed the decision to lower the key ECB interest rates on 8 November 2001, the six-month and twelve-month rates tended to increase somewhat, to stand at 3.23% and 3.19% respectively on 5 December. This was 12 and 1 basis points respectively lower than on 31 October.

The expected path of the three-month EURIBOR, as implied in the futures prices on contracts with delivery dates in 2002, continued to decrease until mid-November. However, in mid-November the implied futures rates started to increase amid pronounced volatility. The increases were most pronounced at longer maturities. Overall, in the period between end-October

**Chart 17**  
**Three-month interest rates and futures in the euro area**  
(percentages per annum; daily data)



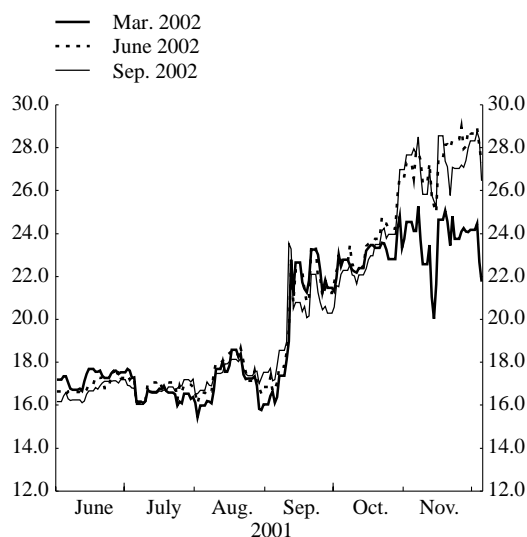
Source: Reuters.  
Note: Three-month futures contracts for delivery at the end of the current and next three quarters as quoted on Liffe.

and 5 December, the rate implied in futures prices on contracts with delivery dates in March and June 2002 increased by 13 and 28 basis points respectively, to stand at 3.15% and 3.22% on 5 December (see Chart 17).

The volatility of the three-month EURIBOR implied in options on futures contracts maturing in December 2001 and March and June 2002 may be interpreted as an indicator of the degree of uncertainty that market participants attach to the expected future path of the three-month EURIBOR over the period up to the delivery date. The implied volatility of these rates has increased significantly since last summer, mainly in the wake of the terrorist attacks in the United States on 11 September, reflecting the increased uncertainty surrounding the outlook for global economic growth following these events (see Chart 18). Following the announcement of the decision to reduce the key ECB interest rates on 8 November, the implied volatility of the futures contract maturing in December 2001 declined significantly. However, the implied volatility on the March and June 2002 contracts remained at high levels in the course of November and early December.

**Chart 18**  
**Implied volatilities from options on three-month EURIBOR futures**

(percentages per annum; daily data)



Source: Bloomberg.

### Long-term government bond yields reversed their declining trend in November

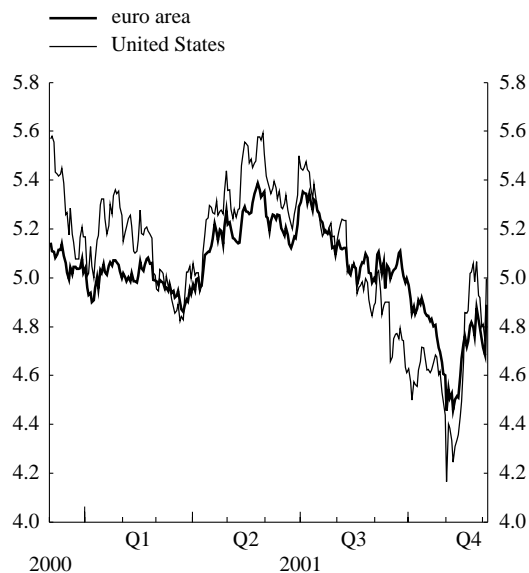
After a period of more or less continuous decline between July and October 2001, ten-year government bond yields in the euro area rose sharply in November. On 5 December the average euro area ten-year government bond yield stood at close to 4.9%, which was around 30 basis points higher than at the end of October and close to the levels prevailing at the end of 2000 (see Chart 19). In the United States, long-term government bond yields have shown broadly similar movements to those in the euro area over recent months. However, the upturn observed in the United States in the course of November was more pronounced. As a result, the differential between ten-year government bond yields in the United States and in the euro area, which had been negative since late July, turned positive, increasing from around -15 basis points at the end of October to +10 basis points on 5 December. The recent increase in long-term interest rates in the euro area and in the United States seemed to reflect diminishing uncertainty and perceptions of lower downside risks concerning global growth prospects and the outlook for the two economies. Indeed, a significant part of the increase in bond yields seemed to have been due to a reversal of flight-to-safety portfolio flows from stocks into bonds caused by the September terrorist attacks. This is also suggested by the recent strong increases in stock prices worldwide, indicating that investors may have reduced the risk premium required for holding stocks.

In the United States, ten-year government bond yields stood at about 5% on 5 December, showing an overall increase of almost 55 basis points compared with end-October, thus reversing the decline that started in July. This increase in ten-year bond yields seemed to result from a confluence of factors, notably market participants' expectations of a quicker rebound in economic activity in the course of 2002 than previously anticipated, following the release

## Chart 19

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

(percentages per annum; daily data)



Source: Reuters.

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

of better than expected economic data. In line with this view, the real yield of US ten-year index-linked bonds picked up by around 45 basis points between end-October and 5 December. On the latter date, this yield stood at around 3.5%, which was only 25 basis points below the level at the end of 2000. The planned fiscal stimulus package might also entail larger than previously expected government bond issuance, thus placing upward pressure on bond yields. As mentioned earlier, the reversal of the flight-to-safety flows from stock to bond markets may have contributed significantly to the recent increase. Hence, the rise in the break-even inflation rate derived from the difference between ten-year nominal yields and ten-year index-linked yields between end-October and 5 December seemed to reflect more the differential impact of flight-to-safety flows on real and nominal yields, owing to differences in liquidity in the aforementioned markets, rather than a change in inflation expectations.

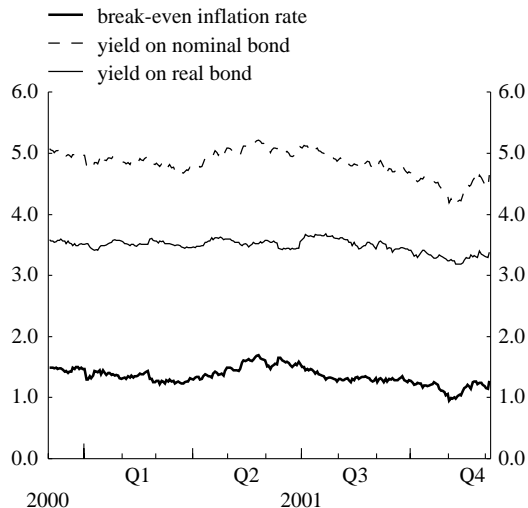
In Japan, ten-year government bond yields, which have oscillated within a range of 1.3% to 1.4% in recent months, rose by around 5 basis points between end-October and 5 December to stand at around 1.4% on the latter date. This increase took place despite a further deterioration in the outlook for economic activity and strengthened deflationary tendencies in the Japanese economy. Apparently, the downward pressure emanating from these cyclical factors was more than offset by market participants' reactions to the upward pressure on bond yields generated by the current fiscal and monetary policy stance, as well as to rating agencies' recent downgrading of Japanese long-term debt.

In the euro area the recent increase in long-term interest rates also seemed to mainly reflect the reversal of the flight-to-safety effects. As investors usually prefer the most liquid nominal bonds as a safe haven in times of turbulence, nominal bond yields tend to rebound more strongly than comparable real yields when investors unwind their safe-haven positions. Hence, the increase of close to 20 basis points in the ten-year break-even inflation rate – the difference between French nominal and index-linked ten-year bond yields – between the end of October and 5 December is unlikely to reflect changes in inflation expectations (see Chart 20). By contrast, the increase in the real yield on the French ten-year index-linked government bond by 15 basis points between the end of October and 5 December suggested that, in addition to safe-haven effects, changes in growth expectations might have also played a role in euro area bond market developments. In this respect, more than usual care should, however, be taken in interpreting recent developments in these bond yields. This is because the French Treasury recently issued a new bond linked to euro area HICP excluding tobacco. Part of the new issuance was an exchange for existing bonds, which may have altered the liquidity of the latter instrument.

### Chart 20

#### 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 government 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 government fixed income bonds which also mature in 2009.

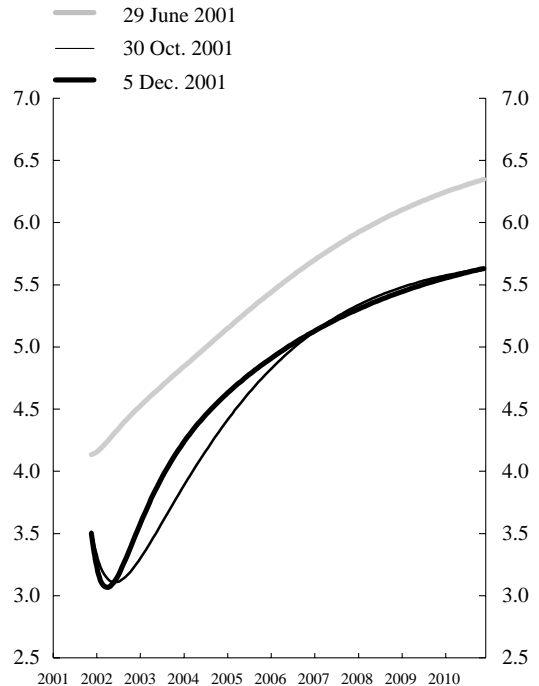
As short-term interest rates declined and long-term bond yields increased, the spread between ten-year government bond yields and the three-month EURIBOR widened by more than 45 basis points to a level of 155 basis points between end-October and 5 December. Moreover, the spread between two-year bond yields and the three-month EURIBOR turned positive (to 30 basis points) for the first time since the end of November 2000. These developments in the yield curve suggested that market participants do not expect short-term interest rates to remain as low for as long as they had anticipated previously. As a consequence, the implied forward overnight interest rate changed shape at short to medium-term maturities between end-October and 5 December (see Chart 21).

Developments in spreads between BBB-rated long-term corporate bonds and comparable government bonds also suggested that there was a decline in risk aversion among investors in November. Notably, these spreads declined

### Chart 21

#### Implied forward euro area overnight interest rates

(percentages per annum; daily data)



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

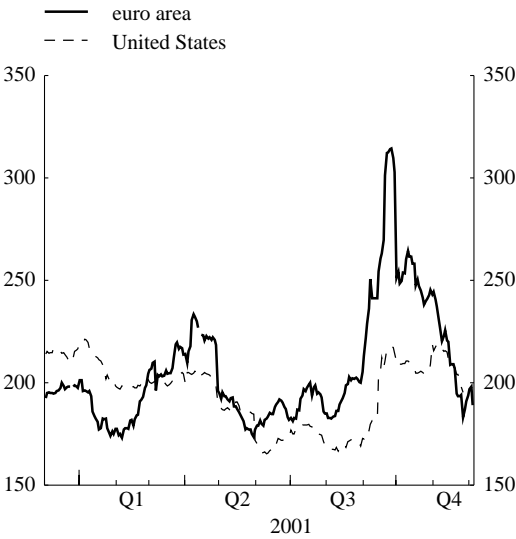
by around 55 basis points between end-October and 5 December, to levels lower than those prevailing in the days before the terrorist attacks on 11 September (see Chart 22). However, this spread remained at higher levels than observed in recent years, possibly reflecting the general rise in the level of corporate indebtedness (see Box 2).

The perceived degree of uncertainty among market participants with regard to euro area long-term government bond yields has increased slightly in recent months. This was visible in the development of implied volatility of ten-year German government bonds derived from the prices of options on Bund futures contracts (see Chart 23). On 5 December, this indicator of market

**Chart 22**

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

(in basis points; daily data; BBB rating)

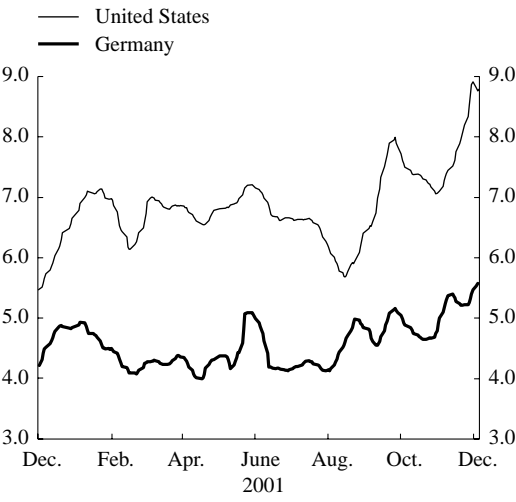


Sources: Bloomberg and ECB calculations.  
 Note: Corporate bond spreads are calculated as the difference between seven to ten-year corporate bond yields and seven to ten-year government bond yields.

**Chart 23**

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

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



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

participants' uncertainty about likely bond yield developments in the short term stood at around 5.7%, which compares with an average level of about 5.4% for 2000 as a whole.

**Stock markets recovered amid declining volatility in November**

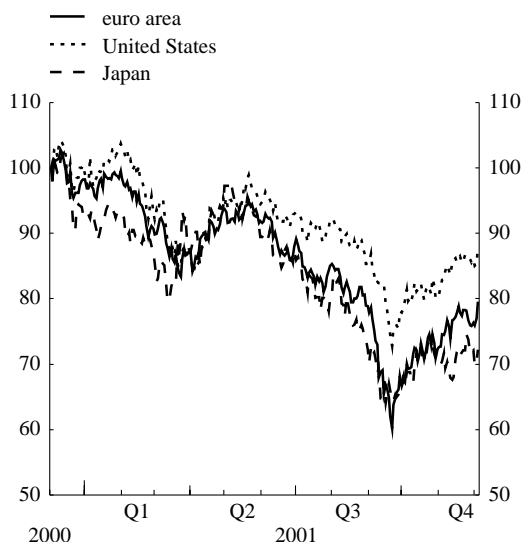
Developments in global stock markets in the autumn of 2001 were dominated by the turbulence caused by the terrorist attacks in the United States on 11 September. After these events, stock prices and implied volatility moved in opposite directions. Sharp declines in stock prices and a surge in implied volatility immediately following the events were quickly reversed by a rebound in stock prices, which started in late September and continued until early December, and a settling down of implied volatility at levels more consistent with historical experience. The worldwide recovery in stock markets seemed, to a large extent, to stem from the dissipation of the uncertainty which had manifested itself after 11 September. The latter developments seemed to indicate that market participants increasingly expected the longer-lasting effects of the terrorist attacks to be rather limited.

In the United States, the Standard & Poor's 500 index increased by 10% between end-October and 5 December, reducing the overall decline since the end of 2000 to 11%. The Nasdaq Composite index, which has a large share of companies in the technology sector, increased by 21% between end-October and 5 December, reducing the cumulative decline in this index since the end of 2000 to 17% by 5 December. The rise in stock prices from late September onwards seemed mainly to be due to the decline in uncertainty about future economic prospects, suggesting that there was a growing expectation among market participants that there would be little lasting effect of the events of 11 September on the earnings of the corporate sector. This was indicated by trends in implied volatility derived from



**Chart 24**  
**Stock price indices in the euro area, the United States and Japan**

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



Source: Reuters.

Notes: Dow Jones EURO STOXX broad (stock price) index for the euro area, Standard & Poor's 500 for the United States and Nikkei 225 for Japan. From 1 January 2001 onwards, euro area data include Greek data.

options on the Standard & Poor's 500 index, which declined by 7 percentage points between end-October and 5 December to stand at 21% on the latter date. This was slightly lower than the average level over the past two years. The interest rate reductions by the Federal Reserve after mid-September and the fiscal packages announced in the United States may have contributed to this decrease in uncertainty about prospects for future economic activity.

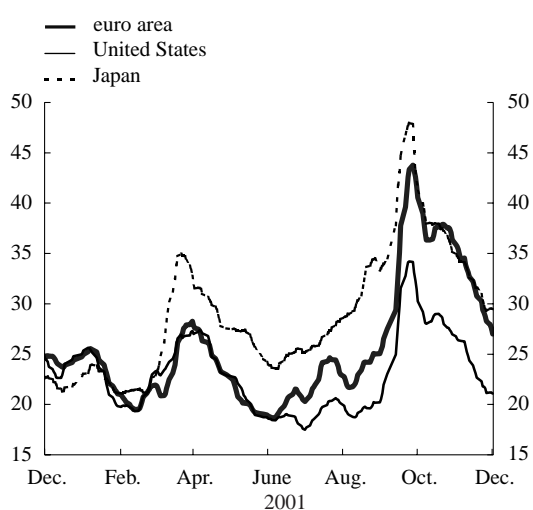
In Japan, the Nikkei 225 index increased by 3% between the end of October and 5 December, bringing the decline since the end of 2000 to 22%. As macroeconomic data released over recent months have, in general, been weak, the increase in stock prices over recent months appears to have been driven mainly by spillovers of rising stock prices in the United States and the euro area as well as the decline in uncertainty. Implied volatility, derived from options on the Nikkei 225 index, declined by around 5 percentage points

between end-October and 5 December, to stand at 30% on the latter date. This level was, however, still somewhat above the average level that has prevailed over the past two years.

In the euro area, the Dow Jones EURO STOXX index increased by 10% between end-October and 5 December, implying that the overall decline since the end of 2000 was 19% by the latter date. Similar to developments in the United States and Japan, stock market developments in the euro area between end-October and 5 December seemed to be very much related to the decline in uncertainty. Implied volatility, derived from options on the Dow Jones EURO STOXX 50 index, declined by 12 percentage points to stand at 24% on the latter date, which was broadly in line with the average level of the past two years. The interpretation that market participants increasingly expected that the longer-lasting

**Chart 25**  
**Implied stock market volatility in the euro area, United States and Japan**

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



Source: Bloomberg.

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

**Table 3****Price changes and historical volatility in the Dow Jones EURO STOXX economic sector indices***(price changes in percentages against end-of-period prices; historical volatility as percentages per annum)*

	Basic materials	Consumer cyclical	Consumer non-cyclical	Energy	Financial	Healthcare	Industrial	Technology	Telecommunications	Utility	EURO STOXX
<b>Price changes (end-of-period data)</b>											
2000 Q3	-1.2	-0.2	0.6	3.0	5.0	17.5	-3.9	-8.8	-21.7	-1.4	-3.1
2000 Q4	22.5	-10.6	-0.3	-3.8	0.0	1.7	-0.7	-10.7	-20.8	-0.4	-4.7
2001 Q1	-8.8	-7.5	-8.3	-0.4	-9.4	-6.7	-7.4	-32.7	-9.5	-8.3	-11.2
2001 Q2	2.2	1.0	6.2	5.9	1.5	11.7	-3.5	-5.0	-11.5	6.7	0.9
2001 Q3	-19.2	-29.0	-13.3	-14.2	-22.7	-12.0	-23.5	-37.9	-26.5	-7.4	-22.4
October	4.9	9.1	-0.4	3.6	2.7	-1.3	7.2	25.8	10.5	-0.6	5.8
November	8.9	11.0	1.9	-5.9	4.8	0.0	6.2	15.1	7.3	-1.5	4.9
End-September to 5 December 2001	18.6	28.6	4.0	2.7	11.1	0.1	20.6	62.6	27.9	-3.7	16.5
<b>Volatilities (period averages)</b>											
2000 Q3	14.4	13.8	14.2	22.1	10.3	21.3	13.2	38.1	34.2	10.1	13.4
2000 Q4	21.3	24.8	13.6	25.1	18.6	23.1	18.5	56.6	41.4	16.2	22.5
2001 Q1	58.1	43.0	38.6	55.4	50.3	43.2	47.9	71.5	65.1	51.8	21.9
2001 Q2	17.3	22.2	12.5	18.8	15.6	18.3	19.3	56.6	29.5	12.2	18.3
2001 Q3	31.3	34.3	22.0	33.3	35.5	29.1	25.5	53.6	40.0	24.6	29.7
October	23.5	37.8	19.8	36.7	32.9	20.2	26.8	64.6	42.3	19.0	30.6
November	22.9	31.9	17.8	41.9	24.9	21.5	21.7	49.1	38.8	13.4	24.8
End-September to 5 December 2001	23.3	34.7	18.2	38.1	29.0	21.3	24.5	57.3	40.3	16.1	26.3

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

economic effects of the terrorist attacks would be limited was supported by sectoral stock market developments (see Table 3 and

Box 4 for a further discussion of recent developments in sectoral stock market indices).

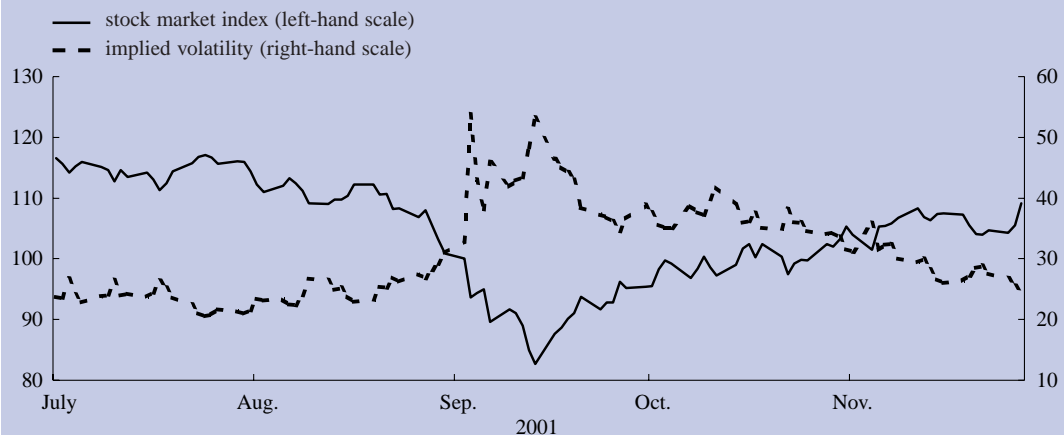
**Box 4****Recent developments in sectoral stock price indices in the euro area and the United States**

The terrorist attacks in the United States on 11 September had a significant immediate negative impact on world stock markets. This seemed to be related both to the direct negative effect on earnings expectations in certain sectors, such as the airline and the insurance industries, and to a substantial increase in uncertainty about future economic growth. Broad indices in the euro area (Dow Jones EURO STOXX) and the United States (Dow Jones, aggregate index) lost 17% and 12% respectively between 10 and 21 September, when these markets reached their lowest levels since the attacks. However, stock markets recovered fairly quickly and, by early November, broad indices in the euro area and the United States had returned to levels similar to those prevailing on 10 September. This increase in stock prices coincided with a decline in implied volatility (see Chart A). One interpretation of these developments is that the increased uncertainty in the period immediately after the terrorist attacks contributed to a significant rise in equity risk premia, hence putting downward pressure on stock prices. As uncertainty gradually declined from late September onwards, equity risk premia also seemed gradually to return to levels similar to those prevailing before the terrorist attacks.

With regard to sectoral developments, considerable variation was observed after 10 September (see Charts B and C). Some sectors showed substantially larger declines than the broad indices, such as the consumer cyclical sector, which includes, for example, airlines and hotels. The consumer cyclical sector declined by 23% in the euro area and by 18% in the United States between 10 and 21 September, when the lowest levels were reached. In addition to the direct effects on the earnings expectations of companies in this sector, the decline seemed to reflect expectations of lower consumer expenditure, owing, partly, to a decline in consumer

### Chart A: Stock price index and stock market implied volatility in the euro area

(stock market index: 10 September 2001=100; daily data)



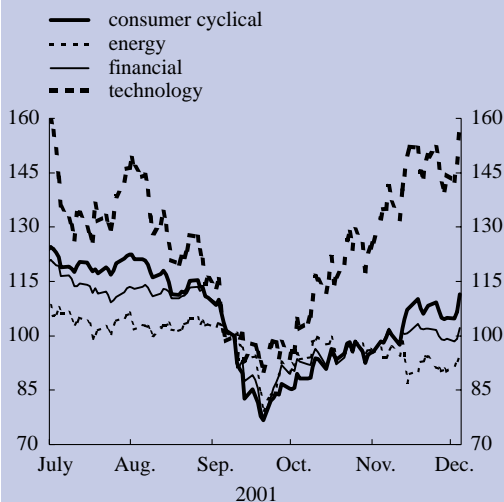
Sources: Reuters and Bloomberg.

Note: Dow Jones EURO STOXX broad is the stock price index used for the euro area. The implied volatility series reflects the expected standard deviation of percentage stock price changes over a period of up to three months, as implied in the prices of options on stock price indices. The equity indices to which the implied volatility refers is the Dow Jones EURO STOXX 50 for the euro area.

confidence. The financial sector, including the insurance sector, which was faced with substantial claims from insured companies, was also significantly affected. Between 10 and 21 September the financial sector declined by 23% in the euro area and by 11% in the United States over the same period. The consumer cyclical sector and the financial sector were also among the sectors where historical volatility, as measured by the annualised standard deviations of daily changes in the indices, showed the largest increase in September relative to the levels seen in previous months.

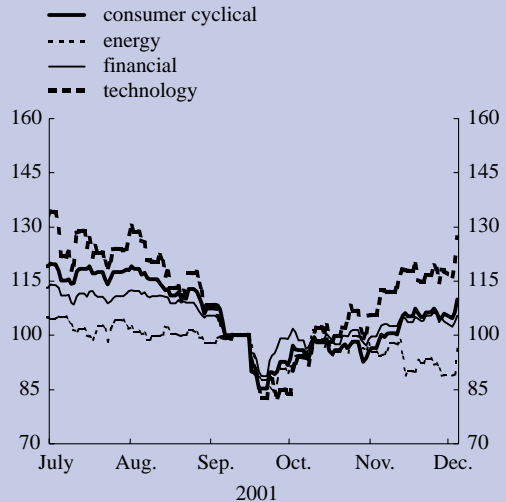
The subsequent stock market recovery was relatively broadly based, and most sectors in both the euro area and the United States were, by 5 December, close to or above the levels at 10 September. In the euro area, the consumer cyclical sector index was 12% higher on 5 December than on 10 September, while the corresponding index increased by 10% in the United States over this period, suggesting that the events in the United States on

### Chart B: Recent stock market developments in selected sectors in the euro area



Source: STOXX and Dow Jones indexes.

### Chart C: Recent stock market developments in selected sectors in the United States



11 September did not have a significant lasting impact on expectations about the profitability of companies in this sector. Similarly, stock prices in the financial sector in both the euro area and the United States had more than recovered the declines in September by 5 December. By contrast, stock prices in the energy sector had not, by 5 December, recovered the losses which followed the terrorist attacks. Indeed, by this date stock prices in this sector remained around 5% below the levels of 10 September in both the euro area and the United States. This seemed mainly to reflect the declines in the price of oil over recent months.

A comparison of sectoral stock price developments in the euro area and the United States shows that they were remarkably similar, which may partly reflect the global nature of the current economic slowdown. The main difference over the period from 10 September to 5 December is that the technology and telecommunications sectors showed a stronger recovery in the euro area than in the United States. Between 10 September and 5 December stock prices in these sectors increased by 59% and 37% respectively in the euro area, whereas in the United States stock prices in the technology sector increased by 27%, and stock prices in the telecommunications sector even declined by 4%. This may be partly related to the global lowering of short-term interest rates, which tends to benefit the stock prices of companies with a high leverage, since it reduces the costs of debt service and refinancing. Debt growth among euro area telecommunications companies has been particularly high in recent years in order to finance the acquisition of UMTS licences and the investments necessary to build the infrastructure for third generation mobile phones.

Overall, recent developments in stock prices suggest that uncertainty, and linked to this equity risk premia, have played an important role in driving stock price developments. After an initial surge, implied volatility has returned to levels more typical of historical experience. This decline in uncertainty was partly related to the various measures taken to fight terrorism worldwide, and the economic policy responses in several countries. All this appears to have contributed to dispelling pessimism among market participants about downside risks to corporate earnings and global growth prospects. Overall, except for the weakness of stock prices in the resource sector, developments in stock prices in most sectors of the economy over recent months suggest that market participants came to expect that the longer-lasting effects of the terrorist attacks on corporate profitability would be rather limited.

## 2 Price developments

### Overall inflation continued its downward movement in October and November 2001

According to Eurostat's flash or preliminary estimate, annual HICP inflation in the euro area declined to 2.1% in November. No detailed breakdown is available for that month until the final data are released. In October, HICP inflation was 2.4%, down from 2.5% in September. This latter decline was brought about by a fall in energy prices, as the year-on-year rate of change in the other main sub-components either rose or remained unchanged (see Table 4). Thus, the year-on-year rate of change in the HICP

excluding unprocessed food and energy continued to edge up to 2.5% in October from 2.4% in September. The annual rate of change in the HICP excluding unprocessed food and energy has increased slowly since October 1999, mainly as a result of the indirect effects of previous oil price and exchange rate movements and the impact of BSE and foot-and-mouth disease. Although the indirect effects of these past shocks are likely to unwind during the course of 2002, they are slower to moderate than the direct effects. As a result, in October 2001 the year-on-year rate of change in the HICP excluding unprocessed food and energy was above the overall HICP inflation rate for the

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

(annual percentage changes, unless otherwise indicated)

	1998	1999	2000	2000 Q4	2001 Q1	2001 Q2	2001 Q3	2001 June	2001 July	2001 Aug.	2001 Sep.	2001 Oct.	2001 Nov.
<b>Harmonised Index of Consumer Prices (HICP) and its components</b>													
Overall index	1.2	1.1	2.4	2.7	2.6	3.2	2.7	3.1	2.8	2.8	2.5	2.4	.
<i>of which:</i>													
Goods	0.7	0.9	2.7	3.3	2.8	3.5	2.7	3.4	3.1	2.8	2.3	2.1	.
Food	1.7	0.6	1.4	2.2	3.2	5.0	5.3	5.4	5.5	5.2	5.2	5.2	.
Processed food	1.5	1.0	1.2	1.4	2.0	2.8	3.4	3.1	3.3	3.4	3.5	3.6	.
Unprocessed food	2.1	0.1	1.7	3.4	5.2	8.4	8.1	9.1	8.8	7.8	7.8	7.8	.
Industrial goods	0.2	1.0	3.4	3.8	2.6	2.8	1.5	2.4	1.9	1.7	0.9	0.6	.
Non-energy industrial goods	1.0	0.7	0.7	1.1	1.2	1.5	1.6	1.5	1.6	1.5	1.6	1.6	.
Energy	-2.6	2.3	13.4	13.8	7.3	7.3	1.2	5.4	2.9	2.1	-1.3	-2.7	.
Services	2.0	1.6	1.7	1.9	2.3	2.5	2.6	2.6	2.6	2.6	2.7	2.8	.
<b>Other price and cost indicators</b>													
Industrial producer prices <sup>1)</sup>	-0.7	-0.4	5.5	6.2	4.6	3.7	1.5	3.2	2.1	1.7	0.7	-0.6	.
Unit labour costs <sup>2)</sup>	0.3	1.3	1.1	1.7	2.1	2.3	.	-	-	-	-	-	-
Labour productivity <sup>2)</sup>	1.2	0.9	1.4	0.4	0.2	0.0	.	-	-	-	-	-	-
Compensation per employee <sup>2)</sup>	1.5	2.3	2.5	2.1	2.2	2.4	.	-	-	-	-	-	-
Total hourly labour costs <sup>3)</sup>	1.7	2.2	3.4	3.1	3.1	2.8	.	-	-	-	-	-	-
Oil prices (EUR per barrel) <sup>4)</sup>	12.0	17.1	31.0	34.5	28.4	31.7	29.0	32.5	29.4	28.7	28.8	23.8	21.7
Commodity prices <sup>5)</sup>	-12.5	-3.1	18.1	16.4	1.4	-0.9	-9.4	2.5	-1.0	-10.1	-16.7	-17.8	-15.6

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

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

1) Excluding construction.

2) Whole economy.

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

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

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

first time since July 1999. This pattern is likely to remain for some time to come, although it is envisaged that the annual rate of change in the HICP excluding unprocessed food and energy will decline during the course of 2002.

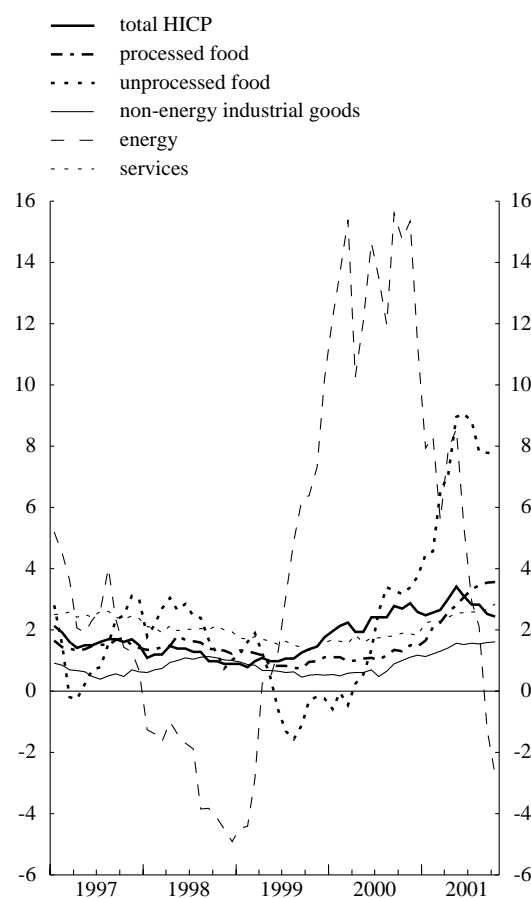
In October 2001 energy prices fell, in year-on-year terms, for the second consecutive month, by 2.7%, compared with 1.3% in September (see Chart 26). This increased negative contribution to overall inflation from energy prices was driven by the weakness in oil prices observed since mid-September. Euro-denominated crude oil prices declined to €21.7 in November from €23.8 in

October, or by 8.9%, which should give rise to further downward pressure on energy prices over the coming months. However, volatility in oil prices still represents a considerable source of uncertainty in relation to the outlook for future price developments.

The year-on-year rate of change in unprocessed food prices remained unchanged in October at 7.8%. The unchanged annual rate of increase was brought about by contrasting movements in meat and vegetable prices. There was a small decline in meat prices, possibly reflecting a gradual unwinding of the effects of BSE and foot-and-mouth disease; this, however, was offset by an increase in vegetable prices, which tend to be quite volatile. Looking forward, assuming that there is no further upward impact from animal diseases, the year-on-year rate of change in unprocessed food prices should continue to ease into the first half of 2002, due primarily to base effects. In contrast to developments in unprocessed food prices, the annual rate of change in processed food prices continued to rise in October to 3.6%, up from 3.5% in September. The increase in the annual rate of change in processed food prices, which was broadly based among its sub-components, has been driven by a combination of indirect effects from previous exchange rate and energy price movements as well as spillovers from the impact of animal diseases on unprocessed food prices. Examining short-run movements in processed food prices, it appears that these effects are beginning to abate, although some announced indirect tax changes may delay the decline in the year-on-year rate of change by a few months.

The year-on-year rate of change in non-energy industrial goods prices, which stood at 1.6% in October, has remained broadly unchanged since May. Consideration of previous dynamics between oil price and exchange rate movements and non-energy industrial goods prices suggests that the year-on-year rate of change in the latter will decline slowly over the coming months.

**Chart 26**  
**Breakdown of HICP inflation in the euro area by component**  
*(annual percentage changes; monthly data)*



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

The year-on-year rate of increase in services prices continued to edge up in October 2001 to 2.8%, up from 2.7% in September. Similar to the profile of non-energy industrial goods, the year-on-year rate of change in services prices has been driven mainly by indirect effects from previous exchange rate and oil price movements that should start to unwind during the course of 2002.

Most recent price movements in terms of short-run dynamics showed some increase in September and October 2001, which most likely reflects temporary factors rather than any increase in underlying price pressures. The three-month annualised rate of change in the seasonally-adjusted HICP increased to 1.8% in October, up from 0.8% in August. However, this upturn most likely reflects factors including base effects and shifting seasonal patterns generating some volatility.

In the coming months, the decline in oil prices observed since mid-September should be reflected in a continued unwinding of the direct effects of previous oil price increases. Oil prices in euro-denominated terms have declined by over 40% since their peak in November 2000. Furthermore, the moderate appreciation of the euro area effective exchange rate since October 2000 should also be reflected in some reduction of price pressures during 2002. Base effects and announced indirect tax changes may result in a temporary pause over the coming months in the downward movement in annual inflation, however, further downward movements may be expected later in the first half of 2002. These downward movements, which up to now have been driven primarily by the direct effects of lower oil prices, should be supported in 2002 by an unwinding of the indirect effects of previous shocks. Assuming that no upward pressures will develop from the demand side and that wage moderation will continue, HICP inflation should therefore return to below 2% in the first half of 2002 and remain there for the foreseeable future.

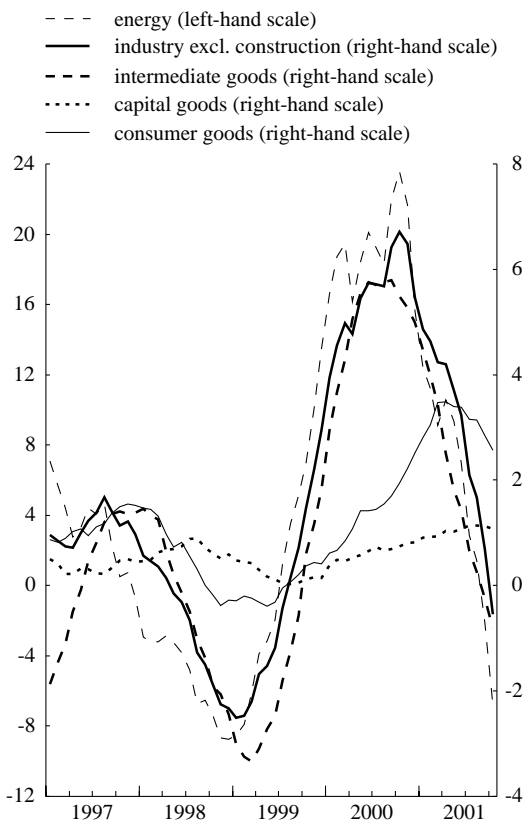
### Broadly based decline in producer price pressures in October 2001

Mainly reflecting developments in the energy sector, but also to a lesser extent developments in other sectors, euro area producer prices fell 0.6% in the year to October 2001, compared with a year-on-year increase of 0.7% in September. From January 2001, the declining producer price pressures observed reflect an easing of the indirect effects, in addition to the continued unwinding of the direct effects from past energy price movements. Highlighting this, the year-on-year rate of change in producer prices for industry excluding construction and energy fell further to 1.0% in October, down from 1.3% in September.

### Chart 27

#### Breakdown of industrial producer prices for the euro area

(annual percentage changes; monthly data)



Source: Eurostat.

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

The decline in the annual rate of change in overall producer prices was brought about by a decline in the year-on-year rate in all of its sub-components, with the exception of capital goods prices, which remained essentially unchanged in year-on-year terms (see Chart 27). Reflecting oil price movements since mid-September, energy goods prices declined by 2.6% in October, and fell 6.8% year-on-year. Intermediate goods prices fell 0.8% year-on-year in October, compared with an annual decline of 0.2% in September. The annual rate of change in consumer goods prices declined to 2.6% in October, down from 2.9% in September. The fall in the year-on-year rate of change in intermediate and

consumer goods prices points to an easing of price pressures in the price chain.

In terms of developments since October, the Eurozone Purchasing Managers' Index shows that the input price indicator fell slightly further in November (see Chart 28). Euro-denominated oil prices declined further in November, although non-oil commodity prices increased in November by 2.5% month-on-month. Taken together, these developments suggest that a further easing of producer price pressures may be envisaged.

### Wage developments remained moderate

Most recent data for the second quarter of 2001 show that wage developments remained moderate, while the slowdown in economic activity has put upward pressure on unit labour cost growth via cyclically lower productivity growth. Available data on wage negotiations indicate that wage moderation was likely to have been maintained into the third quarter. Looking forward, the decline in the rate of inflation, combined with the slowdown in economic activity, should ensure continued wage moderation.

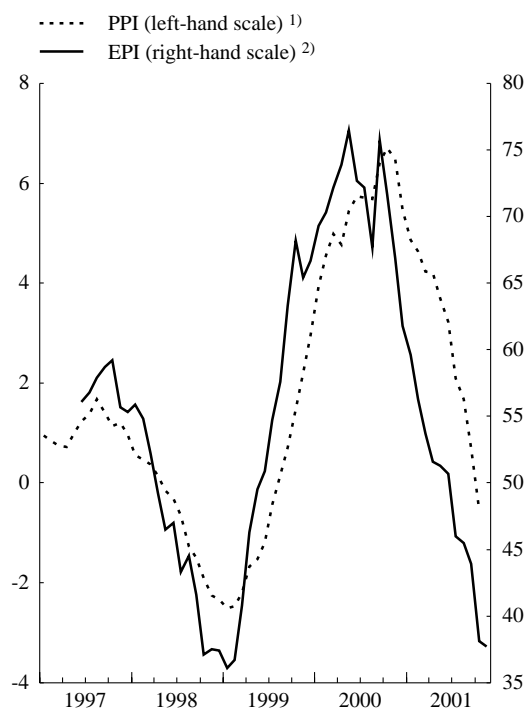
### Downward movement in inflation expected to continue

Looking ahead and abstracting from short-term volatility in overall inflation rates over the next few months, due mainly to base effects, the decline in oil prices observed since mid-September should, if maintained, contribute to a continuing diminution of the direct contribution from energy prices. Furthermore, the reduction in oil prices and other non-energy commodity prices should underpin the gradual unwinding of the indirect effects of previous shocks. The decline in producer price pressures indicates that the indirect effects are already easing earlier in the pricing chain. Therefore, the information currently available suggests that inflation rates should return to a level consistent with price

## Chart 28

### Overall producer prices and manufacturing input prices for the euro area

(monthly data)



Sources: Eurostat and Reuters.

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

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

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



stability some time in the first half of 2002 and remain there for the foreseeable future. Furthermore, combined with the unwinding of previous shocks, the outlook for lower demand in the short-term should attenuate further upward inflationary pressures. This view is also consistent with external forecasts

from various international institutions, as well as with the available survey measures of inflation expectations (see Box 8). For a further discussion on the outlook for future price developments, see the section entitled "Eurosysteem staff macroeconomic projections for the euro area".

### 3 Output, demand and labour market developments

#### **Economic activity remained weak in the third quarter**

Eurostat's first estimate of real GDP growth in the third quarter of 2001 confirmed that economic activity remained weak in the euro area. Real GDP is estimated to have risen by 0.1% quarter-on-quarter in this period, unchanged from the second quarter (see Table 5). The year-on-year growth rate declined from 1.7% in the second quarter to 1.3% in the third quarter. Final domestic demand weakened further in the third quarter, contributing 0.1 percentage point to quarter-on-quarter growth in real GDP, after 0.5 and 0.3 percentage point respectively in the first and second quarters of 2001. This reflects the gradual weakening in real private consumption growth after the rebound in the first quarter. The volume of private consumption increased by 0.2% quarter-on-quarter in the third quarter, after 0.8% and 0.5% respectively in the first and second quarters. Real investment continued to be weak, decreasing by 0.3% in the third quarter, a similar pace to that recorded in the first half of the year. The contribution of net exports (including intra-euro area trade) to quarter-on-quarter real GDP growth was 0.5 percentage point in the third quarter of 2001, following a negative contribution of 0.2 percentage point in the second quarter. A drop in the volume of imports (-1.9% quarter-on-quarter) outweighed a decline in the volume of exports by 0.6%. The decline in imports is consistent with the weakness in domestic demand and with the changes in inventories, which contributed -0.5 percentage point to real GDP growth in the third

quarter. However, this first release must be interpreted cautiously, given the fact that the first estimate of GDP components, in particular, may be subject to significant revisions.

The pattern of export and import growth is largely determined by trade in goods, which accounts for around four-fifths of the total exports and imports. Data from the trade statistics on the trade in goods, discussed in "Exchange rate and balance of payments developments" in the Monthly Bulletin, suggest that over the summer months extra-euro area export volumes stabilised somewhat, while signals for the volumes of intra-euro area exports are more mixed. Box 5 provides an assessment of the extent to which the analysis of total exports and imports of goods, according to national accounts, can be supported by the breakdown available in the trade statistics of total trade in goods into intra-euro area and extra-euro area trade.

Euro area industrial production (excluding construction) decreased in September 2001 by 0.6% month-on-month, after increasing by 1.5% in August (see Table 6). On a quarter-on-quarter basis, industrial production fell by 0.4% in the third quarter compared with a decrease of 0.8% in the second quarter of 2001. The same pattern can be seen in manufacturing production, which decreased by 0.5% in the third quarter, compared with a decline of 1.2% in the second quarter. Turning to sectoral developments, production growth in the capital and the non-durable consumer goods sectors was positive at 0.1% and 0.3% respectively in the third quarter of

**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>				
	1998	1999	2000	2000 Q3	2000 Q4	2001 Q1	2001 Q2	2001 Q3	2000 Q3	2000 Q4	2001 Q1	2001 Q2	2001 Q3
Real gross domestic product <i>of which:</i>	2.9	2.6	3.4	3.2	2.8	2.5	1.7	1.3	0.5	0.6	0.5	0.1	0.1
Domestic demand	3.6	3.2	2.8	2.8	2.2	1.7	1.0	0.4	0.2	0.4	0.1	0.3	-0.4
Private consumption	3.0	3.2	2.6	2.5	1.9	2.0	1.7	1.8	0.2	0.2	0.8	0.5	0.2
Government consumption	1.2	2.1	1.9	1.7	1.7	1.9	1.8	1.8	0.1	0.7	0.6	0.4	0.1
Gross fixed capital formation	5.2	5.4	4.4	4.2	2.9	1.0	-0.2	-1.4	1.0	-0.4	-0.3	-0.5	-0.3
Changes in inventories <sup>3) 4)</sup>	0.4	-0.2	0.0	0.1	0.1	-0.1	-0.3	-0.6	-0.2	0.3	-0.4	0.0	-0.5
Net exports <sup>3)</sup>	-0.6	-0.5	0.6	0.4	0.7	0.8	0.7	0.9	0.3	0.1	0.4	-0.2	0.5
Exports <sup>5)</sup>	7.3	5.2	11.9	12.3	12.0	8.8	5.6	1.4	3.5	2.4	-0.2	-0.2	-0.6
<i>of which goods</i>	7.4	4.9	12.2	12.2	12.4	9.7	4.8	.	3.3	2.5	0.0	-1.1	.
Imports <sup>5)</sup>	10.0	7.2	10.7	11.5	10.6	6.8	3.9	-0.9	2.8	2.1	-1.4	0.3	-1.9
<i>of which goods</i>	10.4	7.0	11.1	12.2	12.2	7.6	4.1	.	3.3	2.3	-1.7	0.3	.
Real gross value added:													
Agriculture and fishing <sup>6)</sup>	1.5	2.1	0.2	0.6	-0.3	0.3	0.2	0.1	1.4	-0.1	-1.1	-0.1	1.3
Industry	2.6	1.1	4.1	3.9	3.6	2.7	1.0	-0.1	0.7	0.4	0.9	-1.0	-0.4
Services	3.1	3.1	3.5	3.3	3.3	2.9	2.4	2.4	0.6	0.8	0.7	0.4	0.5

Sources: Eurostat and ECB calculations.

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

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

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

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

4) Including acquisitions less disposals of valuables.

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

6) Also includes hunting and forestry.

**Box 5****Euro area exports and imports of goods according to national accounts and external trade statistics**

National accounts data on the composition of euro area real GDP growth, as reported in "Output, demand and labour market developments" of the ECB Monthly Bulletin, now include a breakdown of exports and imports into goods and services. At the same time, these data continue to refer to total external trade, i.e. the sum of intra-euro area and extra-euro area trade. However, as a result of the new breakdown it is now possible to compare developments in total exports and imports of goods in the national accounts with those in the external trade statistics. The trade statistics, as reported in "Exchange rate and balance of payments developments" of the Monthly Bulletin, only record external trade in goods but provide a breakdown of total trade into intra-euro area and extra-euro area trade. This box explains the methodological differences between the two types of statistics and assesses whether the two data sources provide a consistent picture on the external side. If a consistent picture emerges, developments in intra-euro area and extra-euro area trade reported in the external trade statistics can be used to improve our understanding of developments in total exports and imports based on national accounts data. It should be noted that the balance of payments statistics provide another source of data for trade, both in goods and services, but these statistics refer to values only and do not provide volume and price measures.

### National accounts and external trade statistics subject to methodological differences

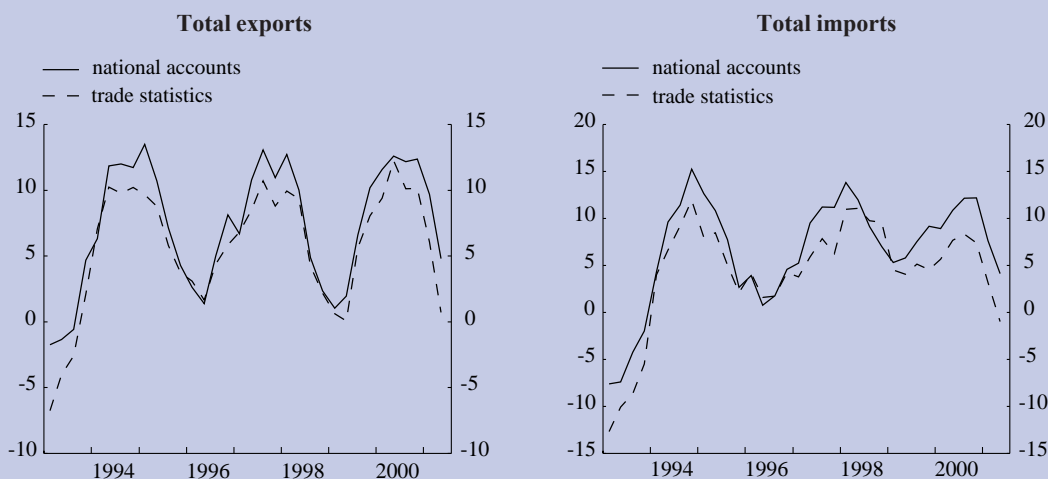
External trade statistics are an important input to the compilation of national accounts. However, when comparing the developments in exports and imports of goods in the national accounts with those in the external trade statistics, it should be noted that there are methodological differences between the two sets of statistics. Some of these differences are explained in this section. One difference lies in the valuation of exports and imports. In national accounts, both exports and imports of goods are valued free on board (f.o.b.), i.e. the value of the goods when they leave the exporting country including transport costs up to the border of that country. By contrast, in the external trade statistics only exports are measured on an f.o.b. basis, while imports are reported on a cost insurance freight (c.i.f.) basis, essentially the value of imported goods at the first port of arrival in the importing country before the payment of any import duties or other taxes on imports. Another difference relates to the fact that the data in euro area-wide national accounts and trade statistics are subject to different underlying methods of adjustment for seasonal and working day effects. This might account for some differences in the quarter-on-quarter changes in the respective series in the national accounts and those in the external trade statistics, and also for small differences in the year-on-year changes if they are calculated from seasonally and/or working day adjusted data. Importantly, as trade statistics data are published monthly, while national accounts data are published quarterly, the data in the two sets of statistics also differ with regard to the times of the updating and revising of data. This might in particular account for some differences for the most recent observations. In addition, the respective volume series in the two statistics reflect differences between the deflators used in the national accounts and those used in the external trade statistics.

### Pattern of growth in exports and imports of goods similar in national accounts and external trade statistics

Against the background of the methodological differences, the growth in exports and imports of goods in national accounts cannot be expected to display a pattern which is fully congruent with that of the corresponding growth rates obtained from the external trade statistics. However, there is a high degree of similarity between the actual pattern of export and import growth in both sets of statistics. The main point of interest in this comparison is the volume series, as these data are used in the context of the analysis of euro area real GDP

#### Chart A: Euro area total exports and imports of goods <sup>1)</sup>

(volumes, annual percentage changes, quarterly data)



Sources: Eurostat and ECB calculations.

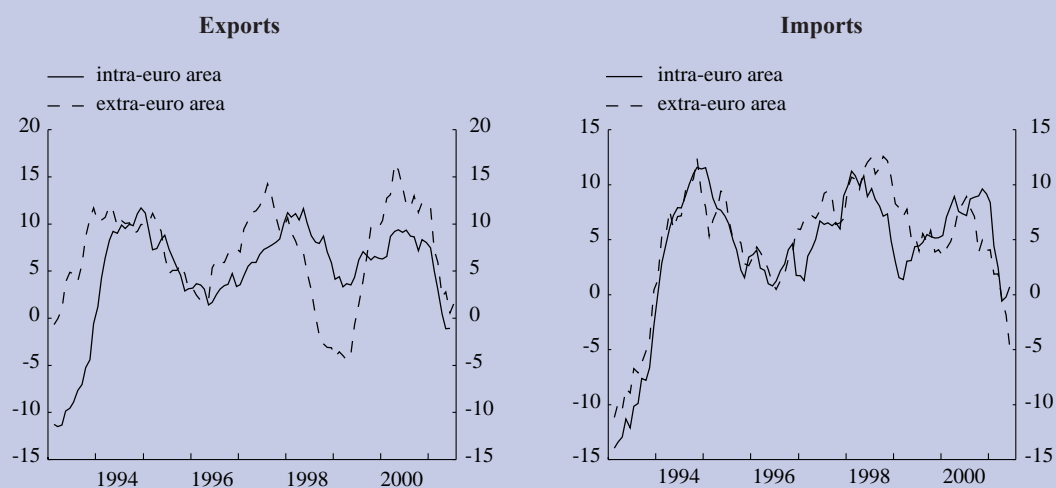
Note: All data are seasonally adjusted.

1) Total trade includes intra-euro area trade.

growth. For the period from 1993 to 2000 a high degree of co-movement can be observed between the year-on-year growth rates in national accounts and trade statistics (both including intra-euro area trade flows), for export and import volumes of goods (see Chart A). In particular, the turning points occur at approximately the same time, although this is more strongly the case for exports than for imports. The two series tend to move in the same *direction* over the economic cycle, but there are clear differences in the *magnitudes* of the respective rates of growth, which tend to be higher around turning points. These differences in magnitude in the volume series can essentially be explained by differences in the movements of the deflators in national accounts and trade statistics, while developments in the respective values series are very similar, even at turning points. Overall, given the similarities in the growth pattern of total trade in national accounts and the external trade statistics, data from the trade statistics can shed light on the contributions from intra-euro area and extra-euro area trade flows to the growth of total export and import volumes of goods in national accounts.

### Chart B: Euro area exports and imports of goods in the trade statistics

(volumes, annual percentage changes, three-month centred moving averages)



Sources: Eurostat and ECB calculations.

Note: All data are seasonally adjusted.

Looking at the developments of extra-euro area and intra-euro area export growth since 1999, the increase and subsequent decline in the year-on-year rate of growth of extra-euro area export volumes has been higher than that of intra-euro area export volumes (see Chart B). This reflects the different underlying determinants of extra-euro area and intra-euro area trade. The strong increase in growth in extra-euro area exports up to the first half of 2000 was primarily due to the positive impact of strong foreign demand and the increased price competitiveness in connection with the depreciation of the euro. At the same time, growth in intra-euro area exports increased to a lesser extent as the high euro price of oil led to a loss in real income in the euro area and thus dampened the expansion of internal demand. In the second half of 2000, the growth of both extra-euro area and intra-euro area exports started to slow due to the deceleration in foreign and euro area demand. On the import side, intra-euro area and extra-euro area import volumes tend to move more closely together as both are primarily determined by demand in the euro area.

Overall, while data on exports and imports (including intra-euro area trade) differ between national accounts and trade statistics for methodological reasons and temporarily display noticeable differences in the respective rates of growth, there is a high degree of similarity in the general pattern of growth in total exports and imports. This implies that a better understanding of euro area trade developments can be achieved by complementing the analysis of total exports and imports in “Output, demand and labour market developments” of the Monthly Bulletin with the analysis of intra-euro area and extra-euro area trade according to the external trade statistics in “Exchange rate and balance of payments developments”.

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

(annual percentage changes, unless otherwise indicated)

	1999	2000	2001 July	2001 Aug.	2001 Sep.	2001			2001				
						July	Aug.	Sep.	Apr.	May	June	July	Aug.
						month-on-month			three-month moving averages				
Total industry excluding construction by main industrial groupings:	2.0	5.5	-1.6	0.9	-0.9	-1.7	1.5	-0.6	-1.1	-0.8	-1.0	-0.2	-0.4
Total indus. excl. construction and energy <sup>1)</sup>	1.8	5.7	-1.8	0.5	-1.3	-1.5	2.4	-1.8	-1.7	-1.3	-1.1	0.2	0.1
Intermediate goods	1.5	5.9	-2.1	-1.6	-2.5	-1.1	0.5	-1.1	-2.1	-1.5	-1.1	-0.3	-0.7
Capital goods	2.4	8.6	-2.1	2.6	-0.2	-1.7	2.3	-1.1	-1.3	-1.3	-0.9	0.2	0.1
Consumer goods	1.7	2.4	-0.8	1.5	-0.5	-0.5	0.7	-0.5	-0.4	-0.4	-0.5	-0.1	-0.1
Durable consumer goods	1.3	5.9	-6.6	0.7	-4.4	-2.5	3.1	-3.0	-2.1	-1.8	-2.3	-1.5	-1.6
Non-durable consumer goods	1.8	1.6	0.4	1.7	0.4	-0.1	0.2	0.0	-0.1	-0.1	-0.1	0.2	0.3
Energy	1.6	1.6	0.1	1.1	0.6	0.1	-0.3	0.2	0.8	1.6	1.2	0.7	0.0
Manufacturing	2.0	5.9	-1.9	0.8	-1.1	-2.1	1.6	-0.6	-1.4	-1.2	-1.4	-0.4	-0.5

Sources: Eurostat and ECB calculations.

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

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

2001, after declines of respectively 1.3% and 0.1% in the second quarter. In the third quarter, production was still declining in the intermediate and durable consumer goods sectors, by 0.7% and 1.6% respectively, but these were somewhat slower rates than in the second quarter, when production declined by 1.5% and 1.8% respectively.

### Confidence indicators declined further, pointing to weakness in the fourth quarter

Available survey indicators suggest that industrial production remained weak in the first two months of the fourth quarter. According to the European Commission's

**Table 7**  
**Results from European Commission Business and Consumer Surveys for the euro area**

(seasonally adjusted data)

	1998	1999	2000	2000				2001					
				Q4	Q1	Q2	Q3	June	July	Aug.	Sep.	Oct.	Nov.
Economic sentiment index <sup>1)</sup>	2.4	-0.2	2.6	-0.4	-0.6	-1.4	-1.3	-0.5	-0.4	-0.6	0.0	-1.0	-0.5
Consumer confidence indicator <sup>2)</sup>	6	7	12	12	12	9	3	8	5	3	2	1	-1
Industrial confidence indicator <sup>2)</sup>	6	0	12	12	8	2	-3	0	-2	-3	-4	-9	-11
Construction confidence indicator <sup>2)</sup>	2	14	21	20	19	17	13	15	13	12	15	12	10
Retail confidence indicator <sup>2)</sup>	3	0	5	2	3	-1	-1	-2	1	-3	-1	-4	-5
Business climate indicator <sup>3)</sup>	0.7	-0.1	1.3	1.3	0.9	0.1	-0.5	0.0	-0.4	-0.5	-0.6	-1.1	-1.2
Capacity utilisation (%) <sup>4)</sup>	82.9	81.9	83.9	84.5	84.0	83.3	82.5	-	83.0	-	-	82.0	-

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

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

1) Percentage changes compared with the previous period.

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

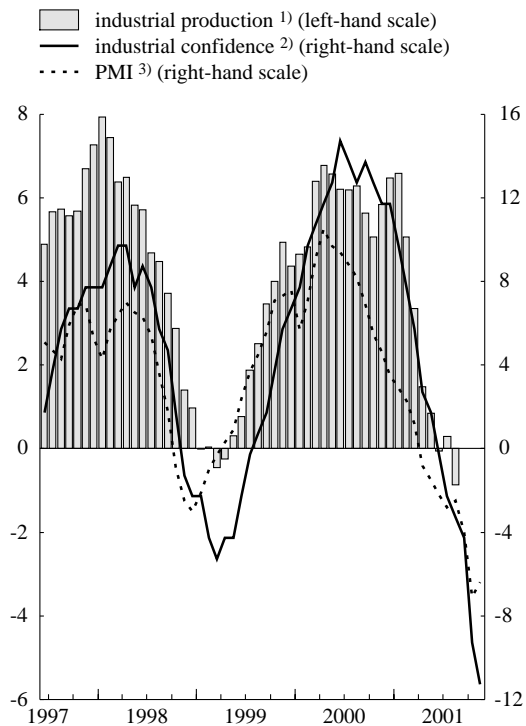
3) Units are defined as points of standard deviation.

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

### Chart 29

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

(monthly data)



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

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

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

Business Survey, industrial confidence declined further in November 2001, by 2 points, after the sharp, 5-point decline in October which followed the terrorist attacks on 11 September in the United States (see Table 7). As in October, the assessment of stocks of finished products deteriorated only slightly. The balance on production expectations declined in November 2001 after the sizeable fall in the previous month. There was a significant further decline in the assessment of order books. The Purchasing Managers' Index (PMI) for the euro area manufacturing sector, however, increased by 0.7 point to 43.6 in November 2001 after a

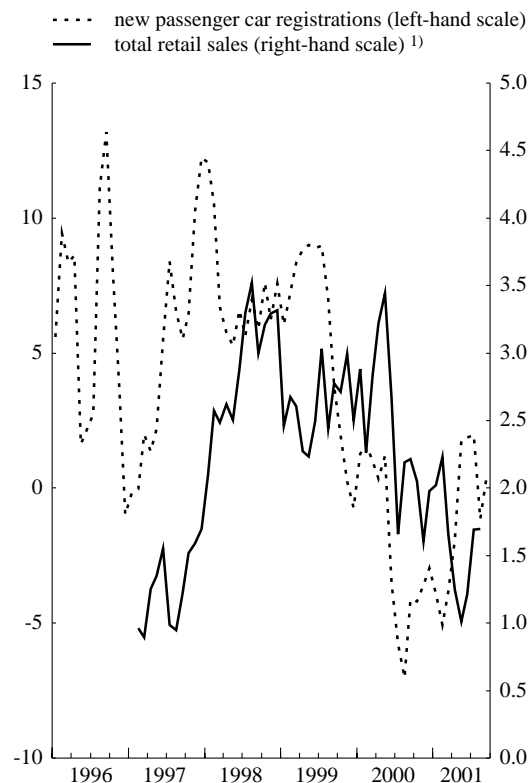
fall of 3.1 points in October (see Chart 29). Despite the increase in November, the PMI thus remained well below the theoretical break-even point of 50, signalling no change in manufacturing production. The increase in the PMI reflected improvements in the indices for changes in output and new orders, which had both fallen sharply in the previous month.

As regards the more volatile construction and retail confidence indicators, developments may best be observed on a three-month average basis. Confidence in the construction sector was somewhat lower in the three-month period up to November 2001 than in the period up to August, reflecting a deterioration both in the assessment of order books and in

### Chart 30

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

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



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

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

- 1) Calculated using seasonally adjusted data.

employment expectations. In the retail trade sector, confidence was also lower in the three-month period up to November than in the period up to August, due to a deterioration in the assessment of present and expected business activity.

Consumer confidence declined further in November, by 2 points, after a decline of 1 point in October. The somewhat larger decline in November could be a reaction to the decline in business confidence, a phenomenon which has also been evident in the past. In November, the largest deterioration was recorded in the balance on expected unemployment in the economy as a whole. The balances on households' expectations of their financial situation and ability to save deteriorated, reversing the increases recorded in these balances in October 2001. The balance on the expected general economic situation was unchanged in November, after a fall in October 2001.

In the third quarter of 2001, growth in the volume of retail sales increased by 0.6% quarter-on-quarter, compared with 0.5% and 0.1% respectively in the first and second quarters of the year. In year-on-year terms the volume of retail sales increased by 1.7% in the third quarter, compared with 2.3% in the first quarter and 1.0% in the second quarter (see Chart 30). New passenger car registrations increased by 0.3% in October 2001 after a decline of 0.2% in September, giving no clear indication of an impact of the terrorist attacks so far on private consumption growth.

#### **Recovery of economic growth expected in the course of 2002**

Quarter-on-quarter euro area real GDP growth is now expected to remain weak in the fourth quarter of 2001, before increasing gradually in 2002. This expectation underlies both the forecasts of various institutions and the projections of Eurosystem staff (see the "Eurosystem staff macroeconomic projections for the euro area" section in this

Monthly Bulletin). Due account should be taken of the fact that the annual average growth rate for a given year is not only the result of growth developments in the course of that year but also of the dynamics of growth in the course of the previous year, i.e. of the so-called "carry-over" effects (see also Box 6 "Carry-over effects on annual average growth rates of real GDP"). The carry-over effect for growth in 2002 is expected to be very limited, implying that the annual average rate of real GDP growth for the year is likely to be relatively low, despite the recovery projected to take place in the course of 2002.

The economic fundamentals of the euro area are sound and there are no major imbalances which would require a prolonged period of adjustment. Against this background, the recovery is expected to take place on the basis of the increase in real disposable income due to the expected further decline in inflation, of very favourable financing conditions, and of an assumed continuation of moderate wage developments. Moreover, the negative factors which have affected the global economy in recent months are expected to fade away, allowing for exports to recover and investment and consumption to strengthen. Nevertheless, a significant degree of uncertainty still remains, especially as regards the timing and the pace of the turnaround. Downward risks to euro area growth arise from a more prolonged slowdown in world growth, in particular. Conversely, the expected recovery will be faster if the international economy recovers more quickly.

#### **Employment growth likely to have remained broadly unchanged in the third quarter**

According to information available at the national level, quarter-on-quarter employment growth in the euro area is likely to have remained broadly unchanged in the third quarter. National accounts data on employment growth in the euro area for the third quarter of 2001 are not yet available. As reported in the last issue of the ECB

Monthly Bulletin, following the weakening in economic activity, employment growth fell to 0.2% quarter-on-quarter in the second quarter of 2001 (see Table 8). This was the lowest figure since the first quarter of 1997.

The annual growth rate fell to 1.6% in the second quarter of this year, well below the average growth rate of 2.1% year-on-year recorded between the beginning of 2000 and the first quarter of 2001.

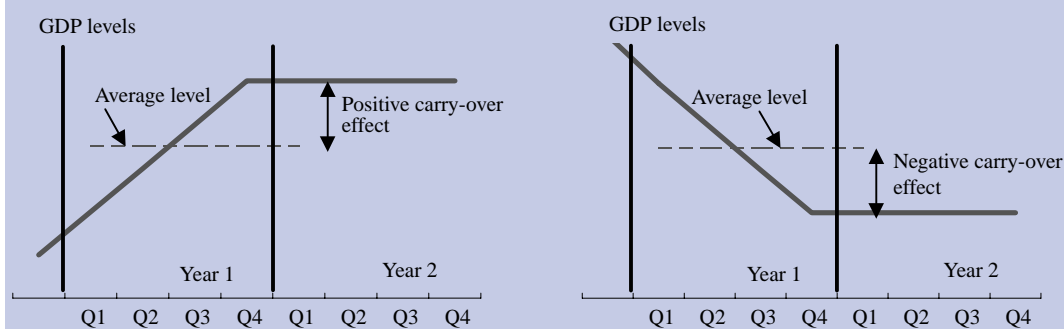
## Box 6

### Carry-over effects on annual average growth rates of real GDP

Forecasts and projections of real GDP are often presented in terms of annual average growth rates. When interpreting these figures, it should be borne in mind that the annual average growth rate for a given year is not only determined by the quarter-on-quarter growth rates observed in the course of that year but also by the dynamics of growth in the course of the previous year. This latter impact can be summarised in terms of “carry-over” effects, as explained in this box.

Carry-over effects denote the annual average rate of growth that would result if the level of GDP reached in the fourth quarter of a given year (“year 1”) remained constant throughout the following year (“year 2”) (see Chart A). This is equivalent to the percentage difference between the level of GDP in the fourth quarter of year 1 and the average level for that year. The calculation of carry-over effects is therefore based on GDP developments in year 1 only. When the level of GDP in the fourth quarter of year 1 is above its average level for that year, the carry-over effect on annual average growth in year 2 is positive (see left-hand side of Chart A). Conversely, the carry-over effect is negative when the level of GDP at the end of year 1 is below its average level for that year (see right-hand side of Chart A). Given that GDP growth is most often positive, carry-over effects may be interpreted as the minimum annual average growth rate which will be observed in year 2 on the basis of developments in year 1. The actual annual average growth rate observed in year 2 will then be the combination of the carry-over effect and growth developments in the course of year 2.

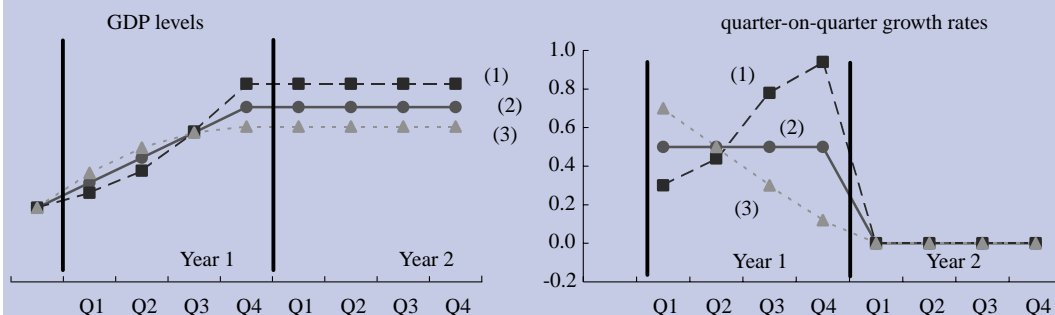
Chart A: Calculation of carry-over effects



The stronger the quarter-on-quarter GDP growth is at the end of year 1, the higher the carry-over effect is and, everything else being equal, the higher the actual annual average growth rate is in year 2. Charts B and C illustrate the importance of growth dynamics in the course of year 1 on carry-over effects for growth in year 2. Three different paths for GDP in the course of year 1 are shown in terms of levels and growth rates. In Chart B, they result in the same annual average growth rate (2% as represented by the darker-shaded bars in Chart C). In case (1), quarter-on-quarter growth in GDP rises during the year, in case (2) it is constant and in case (3) it declines. The size of the carry-over effect is very different, ranging between 1.2% in case (1), i.e. when GDP growth is assumed to increase during year 1, and 0.4% in case (3), i.e. when GDP growth is assumed to flatten out in the course of year 1.

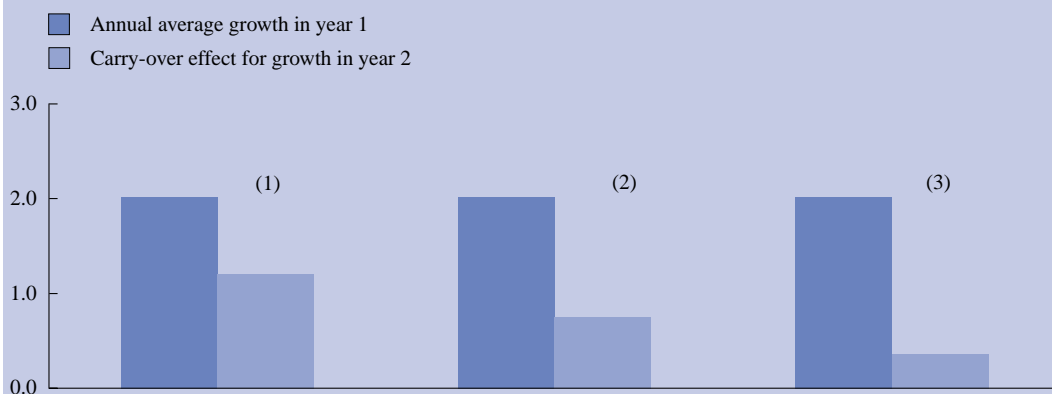


**Chart B: Examples of path for GDP in the course of year 1**



**Chart C: Implications for annual average growth rates**

(percentages)



Carry-over effects for the euro area since 1991 have ranged between -0.5% for growth in 1993 and 1.4% for growth in 1998 and in 2000. At the current juncture, it is important to bear these effects in mind, since a straight comparison of the annual average growth rates in 2001 and 2002 forecast by most institutions would give a misleading picture of growth developments observed in the course of this year and those expected in the course of next year. Euro area GDP growth is likely to have remained very subdued in the second half of 2001. As a result, the carry-over effect on annual average growth in 2002 will be very limited, much lower than the 0.9% recorded for 2001. Moreover, when looking only at the relatively modest annual average growth rates projected for next year by most institutions, carry-over effects conceal the fact that quarter-on-quarter GDP growth is expected to strengthen in the course of next year.

The current slowdown in employment growth is broadly based across sectors. However, as reported earlier, this is mainly explained by a sharp reduction in employment growth in market-related services. While the average annual employment growth in services during the last three years has been 2.5%, year-on-year it fell to 2.0% in the second quarter of 2001. This fall is likely to reflect generally weaker growth in private consumption since the second half of 2000.

While employment growth has fallen in all sub-sectors, the sector including trade, transport and communication accounted for most of the reduction in employment growth in services since the last quarter of 2000.

Employment growth in construction remained positive in the second quarter and increased slightly compared with the first quarter. As a result of a reduction in employment growth in industry excluding

construction, employment growth in industry turned slightly negative in the second quarter, falling to -0.1% quarter-on-quarter.

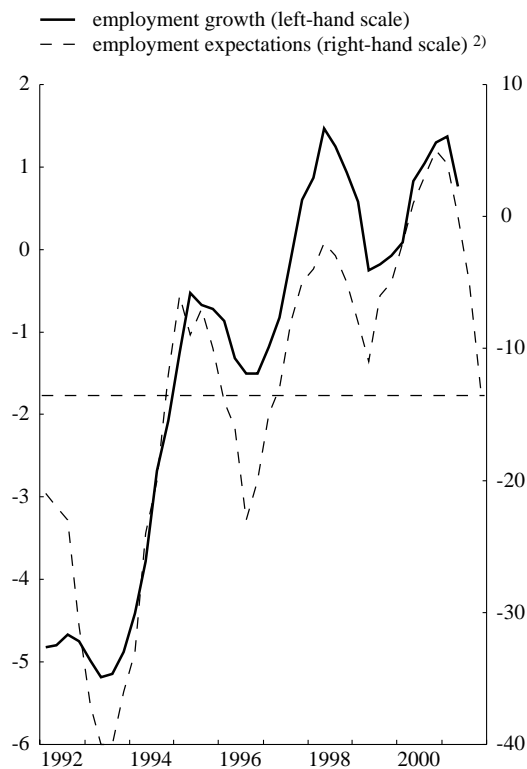
### Further slowdown in employment growth expected for second half of 2001

Consistent with a lagged effect of activity on employment growth, employment expectations derived from recent surveys point to a further slowdown in employment growth in the second half of 2001. The latest results from the European Commission Business Surveys indicate that employment expectations in manufacturing fell further in the fourth quarter (see Chart 31). Despite

#### Chart 31

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

(annual percentage changes; percentage balances)



Sources: Eurostat and European Commission Business and Consumer Surveys.

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

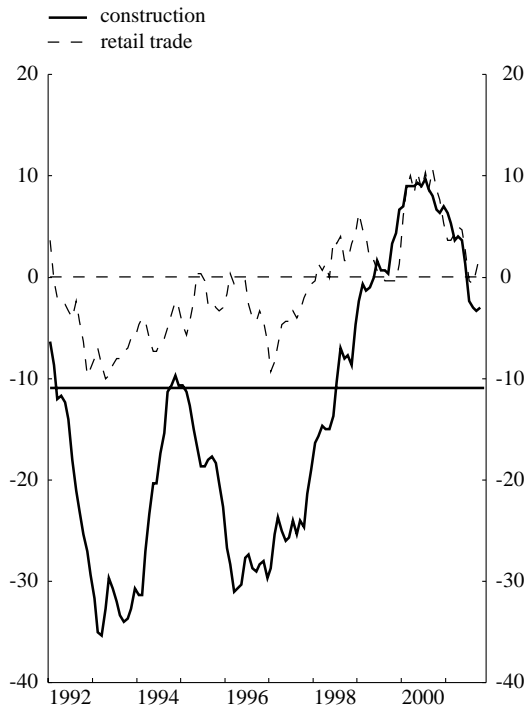
1) Excluding construction.

2) Employment expectations refer to manufacturing only.

#### Chart 32

### Employment expectations in the euro area

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



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

the strong fall since the last quarter of 2000, employment expectations in manufacturing remain above the average level observed since 1985. November data from the Purchasing Managers' Survey for manufacturing confirms that employment growth in industry excluding construction is likely to continue to fall.

Employment expectations in construction continued to decline in November. Following a decrease in employment expectations during the summer, the results from the European Commission Business Surveys for retail trade show a small increase in employment expectations at the end of the second quarter and the beginning of the third quarter (see Chart 32). The Purchasing Managers' Survey results for services show a continuous decline in employment in the services sector since July.

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

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

Sources: Eurostat and ECB calculations.

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

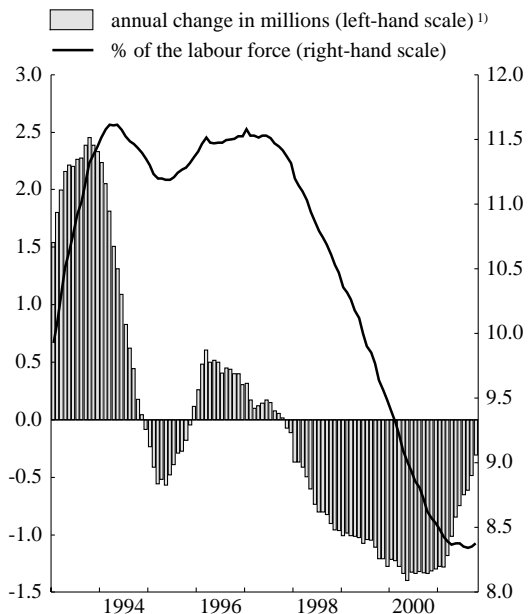
1) Quarterly rates: percentage change compared with the previous quarter.

2) Also includes hunting and forestry.

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

4) Also includes real estate and renting services.

5) Also includes education, health and other services.

**Chart 33****Unemployment in the euro area***(monthly data)*

Source: Eurostat.

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

1) Annual changes are not seasonally adjusted.

**Unemployment rate stood at 8.4% in October 2001**

The standardised rate of unemployment in the euro area was estimated to be 8.4% in October 2001 (see Chart 33). At the same time, the unemployment rate for September was revised upwards from 8.3% to 8.4%. The number of unemployed increased by 43,500 in October, significantly more than in September (revised upwards from just below 4,000 to 13,000). The increase in October is the largest increase in the number of unemployed since January 1997. While unemployment continued to decline significantly in the first quarter of 2001, on average by 66,000 per month, the decline diminished in the second and third quarters, when the number of unemployed fell by an average of only 6,500 per month.

The age composition of those unemployed remained broadly stable during the first three quarters of 2001 and the breakdown of the unemployment rate by age shows no change

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

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

*Source: Eurostat.**Notes: According to ILO recommendations. Data refer to the Euro 12 (including periods prior to 2001).**1) In 2000 this category represented 23.6% of total unemployment.*

in October. The rate for those under the age of 25 remained at 16.4% and for those aged 25 and above at 7.3% (see Table 9). However, the absolute number of unemployed increased in both age categories in October. The number of unemployed under the age of 25 increased by 11,500, while the number of unemployed aged 25 and above increased by 32,000.

The increase in the unemployment rate in September followed a sustained decline from 11.6% in January 1997. The decline occurred in almost all euro area countries, falling the most in countries with high unemployment, resulting in a significant decrease in the dispersion of unemployment rates across euro area countries. The decline in the overall unemployment rate for the euro area over this period also coincided with a significant reduction in youth unemployment from 24.1% in January 1997.

**Short-term labour market outlook remains subdued**

The short-term outlook for the euro area labour market remains subdued as the lagged impact of the slowdown in economic activity is likely to result in a further reduction in employment growth and, as already evident in recent data, a temporary increase in the unemployment rate.

Looking ahead, total employment growth is expected to decline significantly in 2002 compared with 2001. Following a limited, temporary increase, the unemployment rate is expected to remain broadly unchanged in the course of 2002 (see also the "Eurosystem staff macroeconomic projections for the euro area" section in this Monthly Bulletin). As the economy recovers, however, progress made so far in structural reforms in euro area labour markets is likely to support job creation. Nevertheless, the momentum for further labour market reform should increase to reduce structural unemployment and to foster labour market participation in the euro area.

## 4 Fiscal developments

### Budget balances to deteriorate in 2001 and 2002

Current estimates of fiscal developments in the euro area confirm the view held in early autumn of a deterioration in the budgetary situation in 2001 and 2002. The average general government deficit-to-GDP ratio in the euro area, net of proceeds from the sales of UMTS licences, is expected to amount to 1.1% in 2001, i.e. 0.3 percentage point higher than in 2000, according to the most recent economic forecasts by the European Commission (see Table 10). This figure is also 0.3 percentage point higher than the deficit ratio of 0.8% forecast in the spring by the same institution (see the June 2001 issue of the Monthly Bulletin). The euro area primary surplus ratio (net of UMTS receipts) is expected to decline significantly from 3.2% of GDP in 2000 to 2.7% in 2001, instead of the 3.1% projected in the spring.

According to the latest Commission forecasts, budgets in the euro area will, on average, miss by 0.5% of GDP the targets set

for 2001 in the stability programmes which were updated at the end of 2000 or the beginning of 2001. However, this average results from the aggregation of noticeably different budgetary positions across countries. In general terms, the deterioration in public finances stems mainly from the operation of automatic stabilisers in a macroeconomic environment that is significantly less favourable than expected in the above-mentioned stability programmes. Nevertheless, a setback in fiscal consolidation is also manifest in a number of countries and in the euro area average. The cyclically adjusted overall balance ratio for 2001 is unchanged with respect to 2000, as declining interest expenditure compensates for a slight loosening of the fiscal stance for the average of the euro area, as measured by the change in the cyclically adjusted primary balance ratio (see Chart 34).

The decline in the euro area government debt-to-GDP ratio is projected to be substantially less than planned in the updated stability programmes 2000-2001. The ratio

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

(as a percentage of GDP)

		2000	2001	2002
<b>Budget balance</b> (excluding UMTS revenue)	European Commission <sup>1)</sup>	-0.8	-1.1	-1.4
	OECD <sup>2)</sup>	-	-	-
	Stability programmes <sup>3)</sup>	-0.7	-0.6	-0.3
<b>Budget balance</b> (including UMTS revenue)	European Commission <sup>1)</sup>	0.3	-1.1	-1.4
	OECD <sup>2)</sup>	0.2	-1.1	-1.3
	Stability programmes <sup>3)</sup>	-	-	-
<b>Cyclically adjusted budget balance</b> (excluding UMTS revenue)	European Commission <sup>1)</sup>	-1.3	-1.3	-1.1
	OECD <sup>2) 4)</sup>	-0.9	-0.9	-0.6
	Stability programmes <sup>3)</sup>	-	-	-
<b>Primary budget balance</b> (excluding UMTS revenue)	European Commission <sup>1)</sup>	3.2	2.7	2.4
	OECD <sup>2)</sup>	-	-	-
	Stability programmes <sup>3)</sup>	3.4	3.3	3.5
<b>Gross debt</b>	European Commission <sup>1)</sup>	70.2	68.8	68.4
	OECD <sup>2)</sup>	-	-	-
	Stability programmes <sup>3)</sup>	70.6	67.7	65.8

1) *European Economy, Supplement A, October/November 2001.*

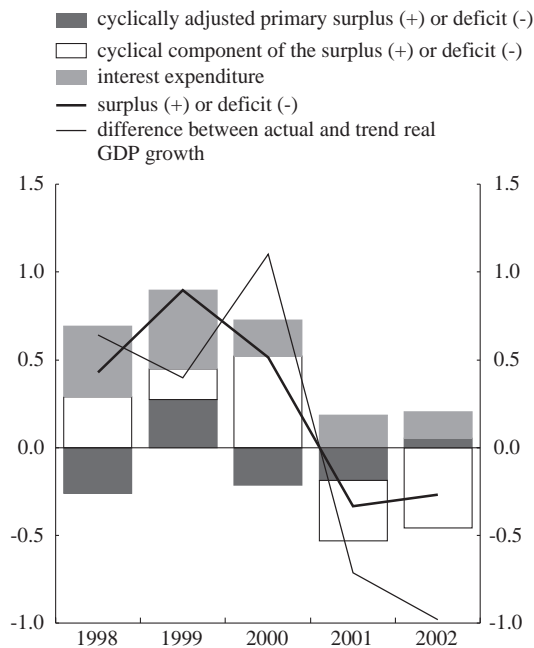
2) *Economic Outlook, preliminary edition, November 2001.*

3) *European Commission figures on the basis of Member States' updated stability programmes, late 2000 and early 2001.*

4) *Excluding Luxembourg.*

**Chart 34**  
**Annual changes in the average euro area budgetary position and underlying factors**

(in percentage points of GDP)



Sources: European Commission, autumn 2001, and ECB calculations.

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

will decline by 1.4 percentage points to 68.8% in 2001 (instead of the 67.7% projected in the stability programmes) as both higher deficits and lower nominal GDP boost the debt ratio to a higher level than initially planned. Moreover, in some countries sizeable privatisation receipts have been used to undertake other financial transactions (including equity injections for public enterprises), preventing a faster decline in the debt ratio.

For 2002, the Commission anticipates a further deterioration in the euro area-wide budgetary position. The average deficit-to-GDP ratio is expected to increase by 0.3 percentage point to 1.4%, 1 percentage point higher than projected in the spring forecasts and in the updated stability programmes 2000-2001. The overall balance is estimated to deteriorate by slightly less

than the primary surplus, owing to decreasing interest expenditure. The latter is also almost fully responsible for the improvement in the cyclically adjusted balance. Overall, a broadly neutral stance in the orientation of fiscal policies is expected for 2002, as shown by a broadly unchanged cyclically adjusted primary balance (Chart 34). The average government debt ratio for the euro area is expected to decrease marginally, by 0.4 percentage point to 68.4%.

Overall, the Commission's forecasts suggest that the worsening of fiscal balances over 2001-2002 will to a large extent be due to cyclical factors, as output growth falls significantly below trend and countries let their automatic stabilisers operate (Chart 34). Nonetheless, looser fiscal policies than in the past are being pursued in about half of the euro area countries.

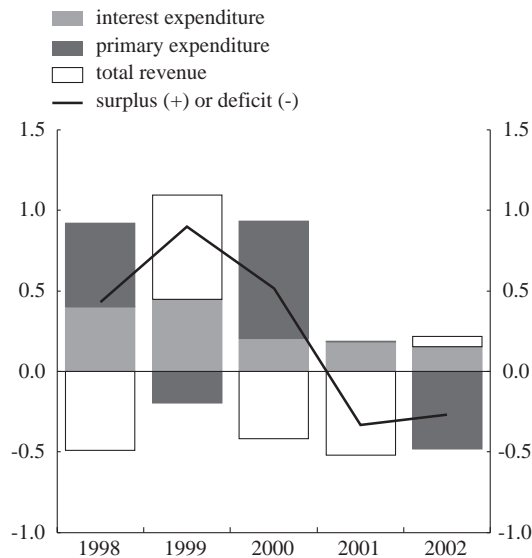
According to the Commission forecasts, the euro area deficit ratio will increase as a result of a declining revenue ratio in 2001 and of an increasing primary expenditure ratio in 2002 (see Chart 35), both changing by some 0.5 percentage point of GDP. The negative impact of these changes on the budgetary position will be partially dampened by additional savings in interest expenditure of some 0.2 percentage point each year.

The continued implementation of tax reforms is driving down the revenue ratio in most euro area countries. Moreover, the significant decline in economic growth over 2001-2002, coupled with increasing unemployment and lower stock prices, is expected to dampen revenue from labour income, enterprises and capital gains. However, the lagged effects of strong GDP growth in 2000 have continued to boost tax revenue in 2001, particularly in the corporate sector. These are likely to vanish in 2002. The composition of GDP growth has also supported revenue growth in 2001, since weaker external demand and gross capital formation have only limited effects on tax bases. On the expenditure side, the economic environment is boosting unemployment-related spending.

**Chart 35**

**Annual changes in the average euro area budgetary position: contributions of revenue, primary expenditure and interest expenditure**

(in percentage points of GDP)



Sources: European Commission, autumn 2001, and ECB calculations.

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

Healthcare-related expenditure overruns have also been responsible for higher than planned expenditure growth in some countries in 2001. It should be stressed that, in 2002, expenditure growth in many countries is expected to be well above the figures underlying the updated stability programmes 2000-2001.

According to the Commission's forecasts for the whole 1998-2002 period, no additional efforts will have been made with regard to fiscal consolidation, as the cyclically adjusted primary surplus will have declined somewhat over that period. The overall decline in the deficit ratio in the euro area over 1998-2002 (1.2 percentage points) will be smaller than the reduction of the interest expenditure ratio (1.4 percentage points). Government efforts to reduce the primary expenditure ratio will have contributed less than half of the decline in the deficit (0.6 percentage

point). Falling debt service costs will have helped to finance the remaining deficit reduction and cuts in the revenue ratio.

**Some countries to maintain very high public finance imbalances**

Forecasts for the budgetary position of the euro area reflect the much less favourable economic environment, which affects fiscal balances adversely via the functioning of automatic stabilisers. However, the developments in the average budgetary position of the euro area do not reveal the very different situations of two groups of countries. Eight of the countries project, at worst, small deficits in 2001 and 2002, and their debt ratios are expected to decline further, in some cases significantly. By contrast, four countries are expected to have too high deficit-to-GDP ratios, and their debt ratios will barely fall or will even, in the case of one country, rise again above the 60% reference value.

The countries in the first group have already achieved broadly balanced fiscal positions or are expected to do so in 2002. In the current environment, none of these countries is expected to reintroduce imbalances, although some are significantly reducing their nominal and cyclically adjusted surpluses. However, the two high-debt countries in this group are not planning to attain the significant surpluses required for a more rapid debt reduction.

The opportunity to put public finances on a sounder footing in the more prosperous years from 1998 to 2000 has been forgone by the four countries with sizeable remaining deficits. The transition to sound budgetary positions "close to balance or in surplus" is thus not yet complete. Nevertheless, according to Commission forecasts, only one of these countries will achieve some progress in fiscal consolidation, and one country will maintain a broadly neutral fiscal stance over 2001-2002. Moreover, new corrective fiscal measures will, in some instances, be temporary and will not have any major impact

on longer-term fiscal sustainability. In other instances, measures are defined rather broadly (as in the case of fighting tax evasion).

Unexpected budgetary risks could bring these countries close to or even beyond the 3% reference value for the deficit limit. First, the effectiveness of some of the planned consolidation measures is uncertain. Second, the current economic slowdown could become more pronounced, and some countries have based their budget plans on rather optimistic economic scenarios. Finally, expenditure overruns could recur. Should such adverse events materialise, countries' budgetary safety margins may prove insufficient to keep the deficit ratio below the reference value. This would trigger the preparation by the Commission of a report on the existence of an excessive deficit.

### **Progress needed towards sound budgetary positions and fiscal structural reform**

A lack of determination to address remaining budgetary imbalances in an environment of lower economic growth is putting to the test both the credibility of some countries' consolidation efforts and the validity of the Stability and Growth Pact itself. A delay in achieving sound fiscal positions would put the consolidation process at risk, not only for the countries concerned but also for the euro area as a whole, as the credibility of the Pact in general would be undermined. Countries with remaining imbalances should therefore maintain their deadlines of 2003/04 for achieving balanced budgets as specified in the updated stability programmes 2000-2001.

Countries that have already achieved sound budgetary positions can cushion the current economic slowdown via the full operation of automatic stabilisers. However, they must not risk creating new imbalances through fiscal activism. This has often proven counter-productive in the past as implementation lags and difficulties in reversing such measures have made fiscal

policies pro-cyclical and contributed to the general upward drift in public spending and taxation ratios of recent decades.

As expenditure overruns have often thwarted countries' consolidation efforts in the past, effective mechanisms to monitor and contain spending at all levels of government would improve the credibility of budget targets. Moreover, determined structural expenditure reforms are needed. The revision of expenditure commitments would first help to achieve the medium-term targets of the Pact, and would subsequently facilitate further tax cuts. Comprehensive structural reforms of tax and expenditure systems should also help to create a fiscal environment that is conducive to job creation and growth.

In addition, fiscal consolidation induced by expenditure restraint would facilitate a rapid decline in the debt ratio. This, in turn, would ease the absorption of fiscal pressures from the ageing of the population. Lack of progress in this area is of particular concern since there is an increasing risk that rising social security spending will require higher (rather than lower) taxes, or will lead to higher deficits and debt.

The economic slowdown and the difficulties of some countries in meeting fiscal targets have also given rise to a debate on the appropriateness of EU fiscal rules. There is, however, no need for a re-interpretation of the Stability and Growth Pact. The Pact requires the prioritisation of fiscal consolidation not only in periods of strong growth. Moreover, there has been a debate about the appropriate fiscal targets for countries to focus on. In this context, it is important to reiterate that the Pact clearly focuses on the nominal targets for budget balance ratios included in the stability programmes, while cyclical developments are taken into account in the assessment of those budgetary targets and the outcomes.

In summary, fiscal targets must be sufficiently ambitious, in particular in countries with remaining imbalances, where balanced



budgets need to be achieved by 2003/04. In the forthcoming updated stability programmes, governments should take full account of these considerations, which are also in line with the 2001 Broad Economic Policy Guidelines. This will strengthen the credibility of countries' consolidation plans and the Stability and Growth Pact. In addition,

when designing their medium-term budgetary strategies, governments should follow the 2001 Broad Economic Policy Guidelines' call for comprehensive structural reform towards employment-friendly tax and benefit systems, low debt and sustainable pension and health systems.

## 5 Eurosystem staff macroeconomic projections for the euro area

On the basis of the information available up to mid-November 2001, Eurosystem staff have prepared projections for macroeconomic developments in the euro area. These projections were produced in line with the established procedures, jointly by experts from both the ECB and the euro area national central banks<sup>1</sup>. They form part of a biannual input into the Governing Council's assessment of economic developments and the risks to price stability under the second pillar of the ECB's monetary policy strategy.

The staff projections are based on a series of assumptions with regard to, inter alia, interest rates, exchange rates, oil prices and world trade outside the euro area. In particular, the technical assumption is made that short-term market interest rates will remain unchanged over the projection horizon. This assumption is made in order to facilitate discussion in the Governing Council by identifying the possible consequences for future price developments of leaving the key ECB interest rates unchanged over the projection horizon. For this reason, the staff economic projections are not intended to be the best unconditional predictor of future outcomes, particularly over longer horizons, since monetary policy will always act to maintain price stability. In addition to the assumption for short-term interest rates, the technical assumption is made that bilateral euro exchange rates will remain unchanged. The technical assumptions with regard to long-term interest rates are based on market expectations, which present a broadly

unchanged profile over the projection horizon.

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

### Assumptions with regard to the international environment

Broadly in line with forecasts from other international institutions, the assumptions made with regard to the international environment imply that after weak world economic growth in the second half of 2001, a gradual recovery will take place in the course of 2002, leading to the resumption of

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

stronger annual growth rates in 2003. Uncertainty is unusually high at this juncture, for a number of reasons. First, the uncertainty surrounding economic prospects is always comparatively high around turning points in economic activity. Second, following the terrorist attacks of 11 September in the United States uncertainty has increased further. In particular, the overall impact of these events on the evolution of business and consumer behaviour remains unclear. However, it has been assumed in this projection that the factors that have adversely affected world growth in 2001 will fade over the projection horizon. It can nevertheless not be excluded that the international environment will develop less favourably than assumed or that recovery would be faster in the event that international tensions quickly subside.

The projections are based on the assumption that *world real GDP growth outside the euro area* will decline from 5% on average in 2000 to about 2% in 2001 and 1.5% in 2002, and rebound to some 4% in 2003. In the United States, the downturn is assumed to be deeper and more persistent than anticipated in June, followed by a recovery in the course of 2002. In Japan, growth is assumed to remain very weak in 2002 and recover mildly in 2003. Economic activity in other parts of the world, which has generally decelerated more strongly than previously expected, is assumed to recover in the course of 2002, with the transition economies being less affected than other emerging markets by the developments in the United States and Japan.

Reflecting the assumptions for world real GDP growth, the growth of *the euro area's external export markets* is projected to have declined substantially, from 12% last year to 1.5% in 2001, and to pick up relatively quickly in the course of 2002. Weak export market growth in the second half of 2001 and the first half of 2002 result in an average annual growth rate for external export markets of around 0.5% in 2002, recovering to some 6.5% in 2003.

Based on the path implied by futures markets, *world oil prices* are assumed to fall back substantially before rebounding somewhat over the projection horizon. In US dollar terms, the average oil price for the year is assumed to decline by 24% in 2002 and to increase by 3% in 2003. The average decline in 2002 reflects mostly the drop in oil prices in recent months, which will affect next year's price level as well. It is assumed in addition that *non-energy commodity prices* will decline in both 2001 and 2002, before slightly increasing in 2003.

After having risen in 2000, as a result of strong economic activity and higher oil prices, *inflation rates* have stabilised in most industrialised countries in the course of 2001. In 2002 and 2003, global inflation pressures from outside the euro area are assumed to diminish as a result of weaker economic activity and lower oil prices.

### **Real GDP growth projections**

*Real GDP growth* in the euro area is projected to have declined substantially, from 3.4% in 2000 to a range from 1.3 to 1.7% in 2001. Despite a projected recovery in the course of 2002, average real GDP growth for the year is projected to remain in a range from 0.7 to 1.7%. For 2003, real GDP is projected to recover further, with annual average growth in a range from 2.0 to 3.0%. Weaker euro area growth in 2001 and 2002 reflects to a large extent the marked slowdown in the world economy and its impact on euro area exports, investment and inventory accumulation. By contrast, and despite some adverse confidence effects, private consumption is projected to remain more robust, partly as a result of tax reductions at the start of 2001 in a number of countries. Real GDP growth rates are projected to be higher once exports start to recover and uncertainty fades away. Overall, annual euro area domestic demand is projected to decelerate in 2001 and 2002 from the high growth rate of 2000 but to recover in 2003.

The annual contribution of net external trade to GDP growth is projected to be slightly negative in 2002 after having been strongly positive in 2001, with a moderate recovery in 2003.

The 11 September events and the resulting increase in uncertainty are assumed to have only a temporary impact on euro area domestic demand, specifically resulting in a postponement of investment and, to a lesser extent, of consumption expenditures, and thereby dampening GDP growth in both 2001 and 2002. While part of these effects is assumed to have occurred in the second half of 2001, some delayed impact is also assumed to be felt in the course of 2002.

Among the domestic expenditure components, *private consumption* growth is projected to have declined from 2.6% in 2000 to 1.7-2.1% in 2001, and to be 1.2-2.2% in 2002. A recovery to 1.5-3.1% is projected for 2003. Consumption expenditure is projected to provide the most sizeable and stable contribution to real GDP growth over the projection period, reflecting still relatively robust growth of real disposable income. The latter is projected to be supported by tax reductions in 2001 and 2002 in a number of countries, and by the projected decline in inflation in 2002. These two factors are projected to dampen the impact of the slowdown in activity on households' income. The saving ratio, however, is projected to have increased in 2001 and to remain broadly unchanged thereafter. The initial increase is caused mainly by a delayed adjustment of consumer spending to the tax reductions in late 2000 and early 2001. Thereafter, the protracted impacts of increased uncertainty as well as the less buoyant employment prospects are projected to prevent the saving ratio from returning to lower levels.

On the basis of current budget plans it is assumed that *government consumption* growth will decrease somewhat over the projection horizon, from 1.8% in 2000. The number of public sector employees in the euro area is assumed to remain broadly unchanged over

the projection horizon. Consequently, the rise in real government spending is assumed to mainly reflect purchases of goods and services.

*Total investment* growth is projected to have declined substantially to -0.6-0.4% in 2001, after 4.5% in 2000, and to remain weak at -1.0-2.0% in 2002. A rebound to 1.2-4.4% is projected for 2003. The deceleration of investment in 2001 results mainly from the deterioration of the economic environment and from the increased uncertainty. Business investment growth is projected to have remained very weak throughout 2001. Some recovery is projected to take place in the course of 2002 and further in 2003, triggered by the recovery in exports, favourable financing conditions and assumed continued moderation in labour cost growth. Housing investment growth is projected to be weak until 2003, because of reductions in fiscal incentives and the excess supply of dwellings in some countries. Public investment growth is projected to decrease from last year's rate of around 2% as a consequence of the worsening financial position of local governments in some countries.

The contribution of *net trade* to GDP growth is projected to have remained positive in 2001, as the decline in import growth, largely reflecting lower domestic demand growth, is projected to more than offset lower export growth. The net trade contribution is projected to be slightly negative in 2002 and to mildly rebound in 2003. Export growth – including intra-euro area trade – is projected to drop from 12.4% in 2000 to 2.4-5.2% in 2001 and 0.3-3.5% in 2002, before recovering to 4.0-7.2% in 2003. This projection reflects the assumption of a marked decrease in external export market growth, the euro area's market share being projected to remain roughly unchanged over the projection horizon. Import growth – including intra-euro area trade – is projected to slow from 10.9% in 2000 to 1.1-3.7% in 2001 and 0.6-4.0% in 2002, but to increase to 3.7-7.1% in 2003, broadly reflecting the profile of total final expenditure in the euro area.

*Total employment growth* is projected to decline markedly, from a particularly strong 2.0% in 2000 to low positive values in 2002, with a moderate rebound in 2003. This pattern mostly reflects, with a lag, the projected cyclical developments in economic activity. Moreover, subdued labour cost growth and a continued increase in the proportion of part-time employment are projected to support employment growth over the projection horizon. Labour supply is projected to rise as a result of increasing participation rates, although at a slower pace in comparison with recent trends. The unemployment rate is projected to decline no further, remaining broadly unchanged over the projection horizon, with small increases in both employment and labour supply.

### Price and cost prospects

On the basis of the projection assumptions, the average rate of increase in the *overall Harmonised Index of Consumer Prices (HICP)* is projected to have been in a range from 2.6 to 2.8% in 2001, falling back to 1.1-2.1% in 2002. In 2003, it is projected to remain in a range from 0.9 to 2.1%. The projected decline in 2002 and 2003 is explained by a sharp deceleration in import prices and more moderate increases in domestic prices than in 2001. Past increases in import prices, in particular oil prices, and special factors which have affected food prices are projected to cease having an upward impact on HICP inflation. This explains, to a large extent, the

projected decrease in inflation up to mid-2002. In addition, pressures on domestic costs are projected to be reduced by the rather modest growth of real GDP over the whole projection horizon, while profit margins are projected to be restrained.

Reflecting the technical assumptions made for oil prices and the euro exchange rate, and the expected moderate world inflation, inflationary pressure from *euro area import prices* is projected to ease significantly over the horizon. The annual rate of change in import prices is projected to have declined from 8.5% in 2000 to around 1.5% in 2001 and possibly turn negative in 2002, before recording a moderate increase in 2003.

The rate of increase in the *GDP deflator at market prices* – which reflects the behaviour of unit labour costs, profit margins and indirect taxes – is projected to have increased from 1.4% in 2000 to a range of 2.2 to 2.5% in 2001, declining to 1.4-2.1% in 2002 and further to 1.0-1.9% in 2003. The decline in GDP deflator inflation over the horizon largely reflects a similar pattern for unit labour costs since variations in profit margins remain limited. The GDP deflator pattern is no longer influenced by increases in food producer prices. In addition, the relatively weak projected real GDP growth contributes to restraining profit margins over the horizon.

It has been assumed that the generally moderate *wage growth* experienced in recent

**Table I I**

### Macroeconomic projections

(average annual percentage changes <sup>1)</sup>)

	2000	2001	2002	2003
HICP	2.4	2.6 - 2.8	1.1 - 2.1	0.9 - 2.1
Real GDP	3.4	1.3 - 1.7	0.7 - 1.7	2.0 - 3.0
Private consumption	2.6	1.7 - 2.1	1.2 - 2.2	1.5 - 3.1
Government consumption	1.8	1.1 - 2.3	0.8 - 1.8	0.8 - 1.8
Gross fixed capital formation	4.5	-0.6 - 0.4	-1.0 - 2.0	1.2 - 4.4
Exports (goods and services)	12.4	2.4 - 5.2	0.3 - 3.5	4.0 - 7.2
Imports (goods and services)	10.9	1.1 - 3.7	0.6 - 4.0	3.7 - 7.1

<sup>1</sup> For each variable and horizon, ranges are based on the average absolute difference between actual outcomes and past projections by euro area central banks.

years will broadly continue over the projection horizon. On the basis of available evidence from wage developments in 2001 and from existing contracts, the response of wage growth to the past rise in inflation so far appears to have been limited. The projected weakening of labour demand, associated with weaker economic activity, is expected to contribute to limiting wage growth over the horizon. However, the

relatively broad coverage and long duration of existing wage contracts are likely to dampen this effect. Overall, wage growth is projected to remain roughly stable in 2002, and to pick up only slightly in 2003 once the economy recovers.

After having been very low in 2000, *unit labour cost growth* is projected to have picked up sharply in 2001 as a result of a cyclically

## Box 7

### Comparison with June 2001 Projections

The major change to the projection assumptions compared with the Eurosystem staff macroeconomic projections published in the Monthly Bulletin in June 2001 is the sharp downward revision of the world growth outlook. The growth of the euro area's external export markets has consequently been revised downwards by around 5 percentage points for both 2001 and 2002, namely to 1.5% in 2001 and to 0.5% in 2002. It should be noted that this revision is relatively large in comparison with those made in past projections. Other changes in the assumptions are that oil prices are now lower in 2001 than had previously been assumed, and both short-term and long-term interest rates are now lower over the whole projection horizon.

The ranges for real GDP growth have now been shifted significantly downwards for both 2001 and 2002, with the ranges for both years now below the lower bounds of those previously projected. The revision, which amounts to slightly more than one percentage point, is principally a result of the downward revision to exports, resulting in turn from the unusually large revision to the world growth outlook. However, all components of domestic demand have also been subject to sizeable downward revisions. Investment and inventories have been revised downwards due to the impact which new data that have become available for 2000 and the first half of 2001 will have on annual average figures for 2001 and 2002. In addition, in the current projection, the high uncertainty has also been assumed to have some adverse effect on investment and, to a lesser extent, on consumption in both 2001 and 2002.

The ranges projected for inflation in 2001 and 2002 are very close to those presented in the previous exercise. The range for HICP inflation in 2001 is quite similar to that projected in June, although shifted slightly upwards. This indicates that the contributions of special factors, oil prices and nominal wage developments were quite accurately projected. The HICP range for 2002 is also close to that given in June, albeit somewhat lower. This mirrors unchanged assumptions for wage contracts, reflecting substantial nominal inertia, and for the fading out of the special factors underlying the projection for that year, but an assumption of lower oil prices.

### Comparison of macroeconomic projections

(average annual percentage changes)

#### Ranges based on average absolute errors of previous projections

	2001	2002	2003
HICP - December 2001	2.6 - 2.8	1.1 - 2.1	0.9 - 2.1
HICP - June 2001	2.3 - 2.7	1.2 - 2.4	na na
Real GDP - December 2001	1.3 - 1.7	0.7 - 1.7	2.0 - 3.0
Real GDP - June 2001	2.2 - 2.8	2.1 - 3.1	na na

**Box 8****Forecasts by other institutions**

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

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

(annual percentage changes)

	Date of release	2001	2002	2003
European Commission	November 2001	1.6	1.3	2.9
IMF	November 2001	1.6	1.3	-
OECD	November 2001	1.6	1.4	3.0
Consensus Economics Forecasts	November 2001	1.5	1.5	-
Survey of Professional Forecasters	November 2001	1.5	1.5	2.5

Sources: European Commission Economic Forecasts Autumn 2001; IMF, 13 November 2001; OECD Economic Outlook; Consensus Economics Forecasts and the ECB's Survey of Professional Forecasters.

Despite different assumptions, there is a clear consensus among forecasts currently available from other institutions that, following expected real GDP growth of around 1.5% this year (a marked slowdown from the strong 3.4% recorded in 2000), activity is likely to remain weak in 2002. The European Commission and the IMF both forecast a further weakening of the real GDP growth rate to 1.3% for that year, while according to the Survey of Professional Forecasters and the Consensus Economics Forecasts, growth in 2002 could reach 1.5%. The pattern of quarterly growth rates, published by some institutions, indicates that the weak annual real GDP growth for 2002 is mainly due to the impact of the weak economic activity expected for the second half of 2001. A moderate recovery is expected in the course of 2002. This reflects a gradual improvement in prospects for both domestic demand and world activity. Nonetheless, the exact timing of the recovery may differ across forecasts, which has an impact on resulting annual growth numbers for 2002. For 2003, forecasts indicate a marked increase in real GDP growth – to 2.5% according to the Survey of Professional Forecasters, and even to 3.0% according to the OECD.

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

(annual percentage changes)

	Date of release	2001	2002	2003
European Commission	November 2001	2.8	1.8	1.8
IMF	November 2001	2.7	1.5	-
OECD	November 2001	2.5	1.6	1.7
Consensus Economics Forecasts	November 2001	2.6	1.7	-
Survey of Professional Forecasters	November 2001	2.6	1.7	1.8

Sources: European Commission Economic Forecasts Autumn 2001; IMF, 6 November 2001; OECD Economic Outlook; Consensus Economics Forecasts and the ECB's Survey of Professional Forecasters.

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

As regards inflation prospects, all forecasts show a gradual decrease next year, with average annual inflation falling from between 2.5% for the OECD and 2.8% for the European Commission in 2001 to 1.5% for the IMF and 1.8% for the European Commission in 2002. In 2003, inflation is expected to be broadly unchanged, at 1.7% for the OECD and 1.8% according to both the Survey of Professional Forecasters and the European Commission. Effects of temporary shocks that have affected price developments in 2001 are expected to subside, and both external and domestic factors are expected to further alleviate price pressures.

induced slowdown in labour productivity growth. This increase is expected to be only temporary, and unit labour cost growth is projected to decline to rates around 1.5% over the projection horizon, as labour productivity growth moves towards long-term average levels and nominal wages do not substantially accelerate. *Indirect taxes* – taking the euro area as a whole – will have some small upward impact on prices both in 2002 and 2003. The *euro cash changeover* has been assessed not to have any significant upward impact on prices in 2001 and 2002, given the strong competition in euro area retail markets and extensive public scrutiny.

Developments in the non-energy and non-food components of the HICP are projected to broadly reflect the overall pattern of the GDP deflator. Inflation in non-energy industrial goods prices is projected to have risen gradually in 2001 but to decline modestly over the remainder of the projection horizon, due to lower rates of capacity utilisation and lower import prices.

Inflation in services prices is projected to have increased in 2001, owing to a rise in administered prices and indirect taxes, and higher unit labour cost growth. In the subsequent years, as labour costs start to decelerate, some easing of service price inflation is projected.

The unwinding of past increases in energy prices is a major factor in the projected decline in overall annual HICP inflation. In line with the assumptions for the euro exchange rate and oil prices, the contribution of energy prices to the overall inflation rate is projected to have declined significantly, by around 1 percentage point, between 2000 and 2001. However, the downward impact of energy prices on HICP inflation this year has been offset by an upward movement in food prices which arose with the outbreaks of livestock diseases. In 2002, energy prices are projected to contribute, albeit to a limited extent, to the decrease in overall HICP inflation, while food prices are not projected to have an upward impact on inflation.

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

### **Marked slowdown in world economic growth**

The global economy is currently experiencing a marked slowdown in growth which, after originating in the United States, is also affecting, with differing intensity, most other regions of the world. Important determinants of this slowdown were originally a decline in demand for ICT (information and communication technology) products and the lagged impact of the increase in oil prices.

The 11 September terrorist attacks added to the uncertainty and weighed on economic activity in September and October in the United States. The general expectation at the current juncture is that world economic growth in 2001 and the first half of 2002 will remain weak and that there will be a gradual recovery in the second half of 2002. Stronger annual growth rates may resume in 2003. An important feature of this outlook, however, is the high degree of uncertainty to which growth appears to be subjected. Possible

downside risks would arise in particular from longer lasting uncertainty at a global level as a direct or indirect consequence of the terrorist attacks, and from a more protracted downturn than currently expected in private business investment, particularly in the United States. However, recovery of world growth could be faster in the event that international tensions quickly subside.

As expected, recently published growth projections for all major economic regions have been revised downwards by all major international organisations. For the United States, real GDP growth estimates for 2002 range from 0.5% (European Commission) to 0.7% (IMF and OECD). Generally, stronger growth is expected to resume from mid-2002 onwards. A recession is widely expected in Japan for 2002, with real GDP growth forecasted to contract by 0.9% (European Commission), 1% (OECD) and 1.3% (IMF). A rebound of growth in Japan is generally not expected before 2003. Overall, the US slowdown and the recession in Japan, together with the sluggish growth in emerging markets, are expected to dampen the demand for euro area exports as well as export and import prices in the coming months.

An important feature of the current growth slowdown is that it is taking place across the main regions of the world. On the one hand, this may reflect the absence of strong regional shocks and the presence of common shocks, such as the oil price increase in 1999/2000. On the other hand, it also partly reflects close links between the various regions through trade channels – either directly or indirectly via third market effects – as well as through financial market and, possibly, confidence channels. For example, private, corporate and institutional investors have greatly increased the cross-border diversification of their assets and liabilities over the last couple of years. Specifically, firms have considerably diversified their operations internationally – particularly through mergers and acquisitions – and sales revenue from operations of foreign affiliates generally account for an increasing share of

total sales revenue. Consequently, firms, as well as households, may have been more directly exposed to developments abroad. Moreover, and possibly as a reflection of increased cross-border investment, financial markets have become more closely correlated in recent years, in particular with regard to equity returns. Thus, the widespread decline in equity prices may have contributed to the synchronisation of business cycles.

Turning to developments in major economic regions, economic activity in the United States continued to contract in the third quarter of 2001, when real GDP growth turned negative. The Business Cycles Dating Committee of the National Bureau of Economic Research, which officially announced on 26 November that the US economy is in a recession, declared that the terrorist attacks had been an important factor that deepened the contraction. In the aftermath of the attacks, consumers significantly reduced spending in the following weeks, while some sectors particularly affected by these events sharply adjusted the workforce employed. At the same time, business and especially consumer confidence dipped substantially in October amid concerns related to the state of the economy and the duration of the military response. As the terrorist attacks occurred at a time when the economy was already weakening, economic activity is expected to remain subdued in the short term. A gradual recovery is generally expected around mid-2002.

A preliminary estimate shows that real GDP growth in the third quarter of 2001 stood at -0.4% in quarter-on-quarter, annualised terms. As expected, the main drag on real GDP growth was private business investment. In addition, inventories posted a third consecutive quarterly decline. The negative contribution of these components was largely offset by private consumption growth and public spending. Furthermore, despite a significant decline in both exports and imports, the contribution of net exports to real GDP growth was positive in the third



quarter of 2001, compared with a slightly negative contribution in the second.

In the short term, and also considering the still high degree of uncertainty surrounding future developments, real GDP growth is expected to remain muted, as the persistent contraction of business investment spending is likely to coincide with lower consumption growth, which has been the main supportive factor throughout 2001. The contraction of industrial production since November 2000 has been continuously accelerating throughout 2001. The annual decline in October stood at 6.3%, thus bringing this contraction in the first ten months of 2001 to 2.4% relative to the same period in the previous year. In addition, capacity utilisation stood at its lowest level in more than 18 years, while manufacturing orders contracted by 11% in the third quarter of 2001 compared with the same quarter of the previous year. The slackness on the supply side contrasts with private consumption, which has been supported by the improved financing conditions and the tax rebate implemented in the United States since July 2001. However, the sharp increase in unemployment (from 4.9% in September to 5.4% in October), combined with deteriorating confidence, may dampen disposable income growth and, for precautionary reasons, increase households' propensity to save. However, the fundamentals underpinning long-term growth in the United States remain favourable. This is evidenced by recent developments in annual productivity growth, which recovered to 2.8% in the third quarter of 2001.

Inflation in the United States remains quiescent. Lower oil and commodity prices and a deceleration in unit labour costs (from a quarter-on-quarter, annualised rate of 6.3% in the last quarter of 2000 to 2% in the third quarter of 2001), combined with the weakness in demand, have already had an impact on inflation. In October 2001, headline consumer and, most noticeably, producer price indices contracted significantly (by 0.3% and 1.6%, respectively, month on month). Consequently, annual growth of the headline

consumer and producer price indices stood at 2.1% and 0.9%, respectively, in October (after 2.7% and 1.6% in September). Looking forward, despite some upward risks on oil prices arising from possible cuts in oil production, the downward pressure exerted by weakening demand is generally expected to contain inflationary pressure.

In the last few months, the Federal Open Market Committee (FOMC) has continued to lower its target for the federal funds rate, which has been reduced from 6.5% at the end of 2000 to 2.0% on 6 November 2001. In its 6 November 2001 statement, the FOMC quoted the heightened uncertainty and concerns about a deterioration in business conditions both in the United States and abroad as the main factors dampening economic activity.

In Japan, deflationary trends are strengthening, as the economic downturn spreads beyond the manufacturing sector. Following negative growth in the second quarter, economic conditions have continued to deteriorate in the second half of 2001. Industrial production declined further – especially in the ICT-intensive electrical machinery sector – with tertiary sector activity also starting to show clearer signs of weakening. As a consequence, labour market conditions are deteriorating, with large declines in overtime hours worked and a further increase in the unemployment rate. These developments are also reflected in a deterioration of business and consumer confidence indicators.

Looking forward, the strength and timing of an eventual recovery is largely seen as depending on developments in external demand and on the implementation of the envisaged structural reforms. The continued downward trend of private machinery orders, in combination with weak profit conditions and the need for further adjustments in corporate balance sheets, suggest that private investment spending is likely to remain sluggish. Likewise, the labour market deterioration may put downward pressure

on private consumption spending, which has so far provided crucial support to the economy during the current downturn.

Against this background, downward pressures on prices are likely to persist in the short to medium term. Reflecting this outlook, the Bank of Japan has continued to provide ample liquidity to the money market by aiming to maintain the outstanding balance on the current accounts held at the Bank of Japan at above JPY 6 trillion. On 18 September the Bank of Japan decided to lower the official discount rate by 0.15 percentage point to 0.1% and to increase the maximum number of days on which the official discount rate can be applied for use of its Lombard-type lending facility. On the fiscal side, the Parliament passed a JPY 3 trillion supplementary budget, which emphasises structural reform and measures to strengthen the social security net. In addition, a second supplementary package is currently under discussion.

In the United Kingdom, the economic picture has remained relatively favourable. Real output growth declined in the third quarter of 2001 to an annual rate of 2.1%, down from 2.3% in the second quarter (see Chart 36). The impact of a worsening international environment was partly offset by continued strong growth in private consumption. As in the second quarter, public consumption also supported GDP growth, reflecting budgeted increases in government spending. However, business investment and exports fell in the third quarter by 2.7% and 2.3%, respectively, compared with a year earlier.

Inflation in the United Kingdom, measured on the basis of the Retail Price Index excluding mortgage interest payments (RPIX), stood at 2.3% in October, unchanged from September. Inflation has been tempered by recent developments in commodity prices, as well as those in producer prices, which continued to point to subdued inflationary pressures. The labour market showed some signs of easing, as the unemployment rate increased slightly to 5.1% in the third quarter of 2001.

The short-term outlook for the UK economy partly depends on the future course of private consumption. A gradual slowdown in real income growth, weakening consumer confidence and falling financial wealth suggest that consumer spending could decelerate. Furthermore, the international environment remains a major source of uncertainty for exports and investment. Against a background of projected moderating price pressures emanating from the global slowdown, the Bank of England's Monetary Policy Committee has reduced its key policy interest rate on three occasions since September by a total of 100 basis points to 4.0%.

In the emerging economies of Asia, the events of 11 September have led to a further deterioration of the trade and growth outlook. The small open economies in the region reeling from strong declines in ICT production appear to be particularly affected, while increasing insurance and security-related freight costs may further reduce trade flows. In addition, spillovers from a slowdown in the tourism sector have put further downward pressure on economic activity in the region. As a result, some of the smaller open economies may experience negative growth in 2001. In contrast, the economies of China and India continue to prove rather resilient to these events as they are being supported by strong domestic demand, and in China also by buoyant net capital inflows. Looking ahead, as domestic demand in the small open economies continues to be relatively weak, recovery prospects appear to be closely tied to a gradual improvement in the global economy. In China and India, the economic outlook in the coming year seems more favourable than for its regional neighbours despite a mild negative impact from weaker trade.

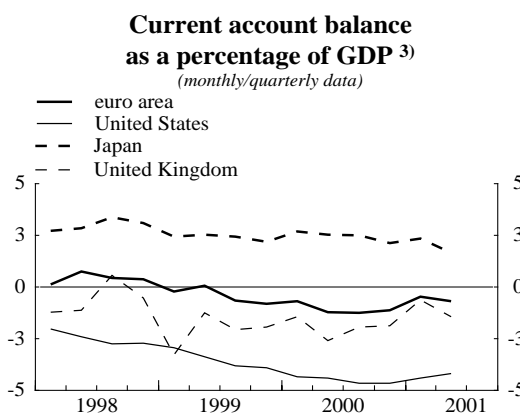
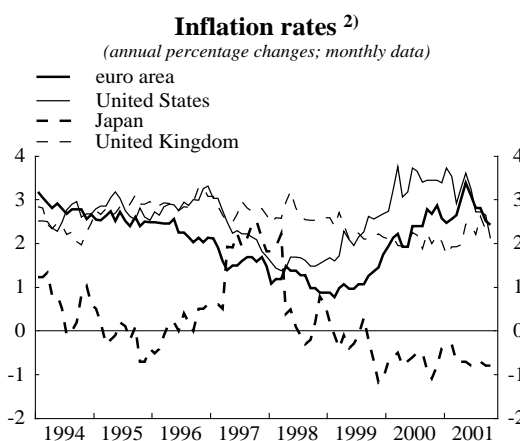
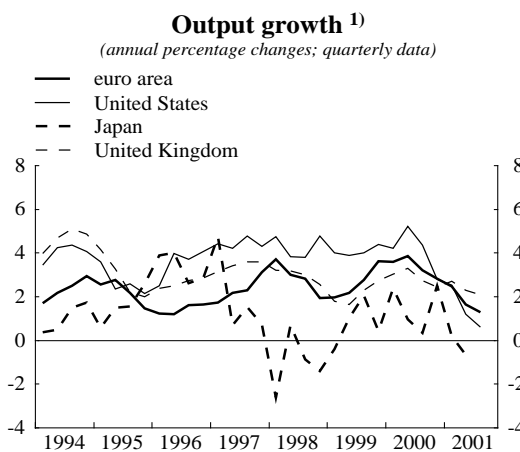
Although relatively robust in comparison with other regions, growth prospects in the larger EU accession countries have gradually deteriorated. Reflecting both cyclical factors and monetary policy, inflation in these countries has generally resumed a downward

trend. Fiscal accounts, on the other hand, have deteriorated, which can only be partly attributed to the worsening economic outlook. In Poland, the weak domestic economic environment is generally expected to be aggravated by weaker export demand. The outlook in the Czech Republic and Hungary remains relatively benign, although a moderate deceleration of growth appears to be forthcoming. The economic situation remains particularly difficult in Turkey on account of high inflation coupled with strong recessionary pressures mainly owing to the sharp contraction in both consumption and investment demand.

Russia's economic outlook remains positive, as the impact of favourable terms of trade and the improved competitiveness experienced over the past few years has been stronger than expected. However, considering the recent decline in oil prices and the worsened global environment, there could be some negative effects on growth over the short to medium term.

Economic developments in Latin America are characterised by a deterioration in the overall outlook, mainly owing to the continued global slowdown and the persistence of financial tensions in Argentina. With the aim of reducing interest payments, the Argentinian government has recently launched a massive debt restructuring programme. Spillovers from Argentina's economic difficulties, which have been compounded by the drought-triggered energy crisis, have contributed to a further deceleration in Brazilian output growth in the third quarter of 2001. This deceleration has been the result of weak domestic demand in a context of high financing costs, which has counteracted the dynamism of the export sector induced by the depreciation of the real. More recently, however, the Brazilian economy has showed some positive signs, namely a decoupling from Argentina's financial distress and the expected relaxation of power rationing. The economic outlook for the Mexican economy has recently turned less favourable, with output growth slipping into negative territory

**Chart 36**  
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. The RPIX index is used for the United Kingdom.  
3) ECB and Eurostat data are used for the euro area and the United Kingdom; for the United States and Japan national data are used. For the euro area, the United States and Japan, figures refer to seasonally adjusted data for both GDP and the current account, for the United Kingdom GDP data are seasonally adjusted, while the current account balance data are not seasonally adjusted.

in the third quarter of 2001 (-1.6% year on year). This negative development reflects partly the continued fall in exports to the United States, Mexico's main trading partner.

### Euro broadly stable in November 2001

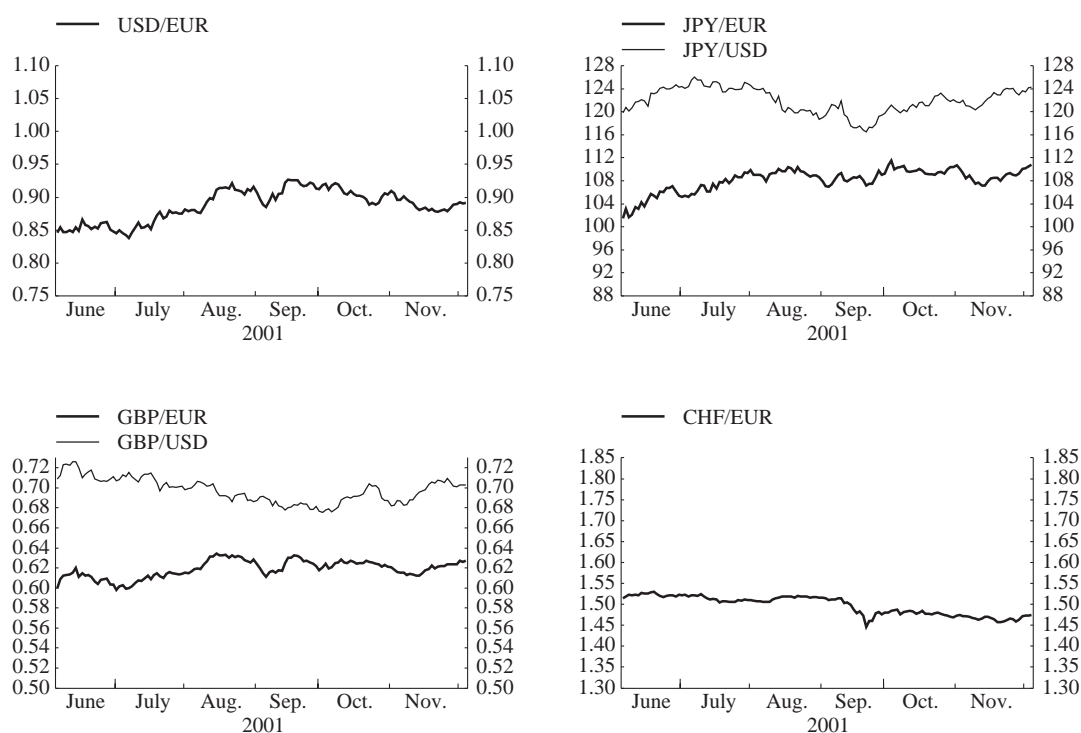
In the first half of November, foreign exchange markets appeared to be driven by renewed market confidence in the outlook for economic recovery in the United States. Against this background, the US dollar appreciated against all major currencies. Towards the end of the month, however, the US dollar gains were partially reversed in response to a series of negative data releases in the United States. The euro remained broadly unchanged in November 2001 against the Japanese yen, the pound sterling and the Swiss franc, while it depreciated vis-à-vis the US dollar.

The US dollar strengthened against all major currencies in November, seemingly in response to a resurgence of market expectations of a rapid recovery of the US economy next year. Such expectations, also reflected in long-term US bond yields rising significantly in the course of the month, contrasted nevertheless with the substantial downward revisions of global economic growth projections by all major international organisations. Towards the end of November, however, the dollar stabilised amid weaker than expected consumer confidence data in the United States and indications that the recovery may be slower than previously expected. On 5 December, the euro was quoted at USD 0.89 (see Chart 37), more than 1% lower than at the end of October and more than 3% below its average value in 2000.

## Chart 37

### Patterns in exchange rates

(daily data)



Source: ECB.

The yen continued to be resilient in the first part of November. Subsequently, however, it depreciated against the background of the overall negative assessment of business and economic conditions in Japan, including a downgrading of the public long-term debt, signals of continued weakness in the banking sector and rising unemployment. On 5 December, the yen was quoted at JPY 124.3 against the US dollar, almost 2% below its level at the end of October. The exchange rate of the euro was roughly unchanged vis-à-vis the yen compared with the end of October, standing on 5 December at JPY 110.8, which is more than 11% above its average level in 2000.

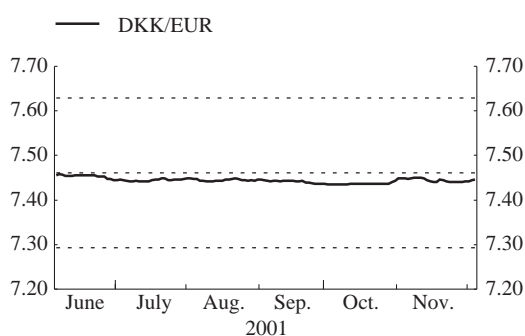
The pound sterling remained broadly stable vis-à-vis the euro for most of the month, while it was subject to downward pressure against the US dollar in November against the background of a slowdown in the UK service sector and of a contraction in manufacturing production and exports. On 5 December, the euro was quoted against the pound sterling at roughly the same level as at the end of October, trading at GBP 0.63, i.e. almost 3% above its 2000 average.

As regards other European currencies, the Danish krone continued to fluctuate in a narrow range below its central parity in ERM II (see Chart 38). The euro has

depreciated by almost 2% vis-à-vis the Swedish krona since the end of October, but on 5 December it was still trading against the Swedish currency at a level almost 12% above its average in 2000. The euro remained broadly unchanged vis-à-vis the Swiss franc, trading on 5 December at CHF 1.47, that is more than 5% below the average level in 2000.

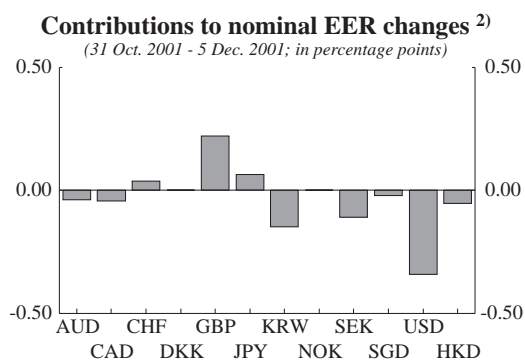
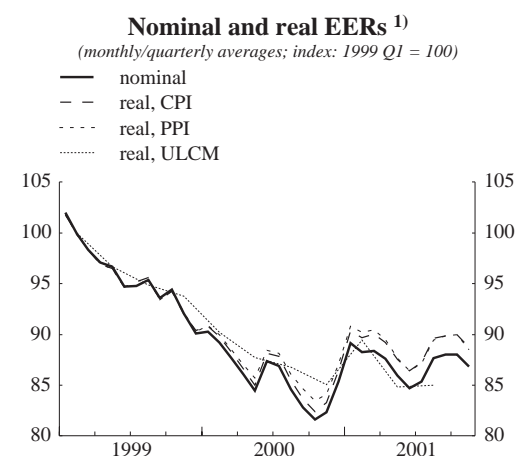
The nominal effective exchange rate of the euro, as measured against the currencies of the 12 most important trading partners of the euro area, stood broadly unchanged on

**Chart 38**  
Patterns of exchange rates within ERM II  
(daily data)



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

**Chart 39**  
Effective euro exchange rates



Source: ECB.  
1) An upward movement of the index represents an appreciation of the euro. The latest observations for monthly data are for November 2001. In the case of the ULCM-based real EER, the latest observation is for Q3 2001 and is partly based on estimates.  
2) Changes are calculated using trade weights against 12 major partner currencies.

5 December with respect to the end of October, and more than 2% above its average level in 2000. In real terms, movements in CPI, PPI and ULCM-deflated effective exchange rates continued to follow the trend of the nominal index fairly closely (see Chart 39).

### Current account deficit declined in September 2001

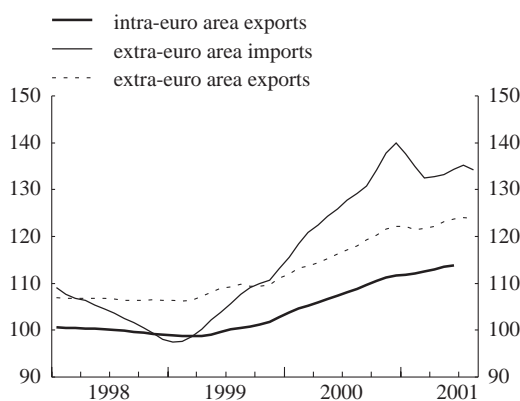
The current account registered a small deficit of €1.3 billion in September 2001 compared with a deficit of €3.4 billion in September 2000. This decline was mainly due to an increase in the goods surplus (from €0.7 billion to €5.0 billion) combined with a decrease in the income deficit (from €1.8 billion to €0.7 billion), while the services item shifted from a surplus to a deficit and the current transfers deficit widened.

During the first three quarters of 2001, the cumulative current account deficit declined to €23.1 billion compared with a deficit of €49.0 billion for the same period last year. This largely reflects a €31.4 billion increase in the cumulative goods surplus, along with a shift in the services item from a €1.8 billion deficit to a €2.0 billion surplus. This was only partially offset by a €9.6 billion increase in the income deficit. Meanwhile, the deficit for current transfers remained virtually unchanged.

Seasonally adjusted data show that the extra-euro area goods surplus has been increasing since the end of last year owing primarily to a decline in import values, while export values remained virtually flat over this period (see Table 8.2 of the “Euro area statistics” section). Charts 41 and 42 show that the decline in import values is due to both a fall in extra-euro area import volumes, reflecting a deceleration in euro area demand, and lower import prices (proxied by unit value indices) resulting primarily from the fall in oil prices. Intra-euro area export volumes – which are, by definition, equal to intra-euro area import volumes – also declined at about

**Chart 40**  
Intra-euro area and extra-euro area trade unit value indices<sup>1)</sup>

(1995 = 100, seasonally adjusted, 3-month moving average)

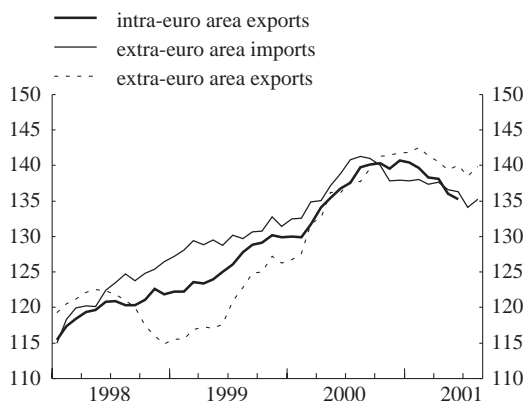


Sources: Eurostat and ECB calculations based on Eurostat data.  
1) All data refer to the Euro 11; latest extra-euro area observations are for August 2001; latest intra-euro area observations are for June 2001.

the same pace as extra-euro area import volumes. Meanwhile, extra-euro area export values have been sustained by rising export prices, which have offset the decline in extra-euro area export volumes evident since the start of 2001. The latter decline is explained by the marked slowdown in foreign demand and shows up in particular in the fall in export

**Chart 41**  
Intra-euro area and extra-euro area trade volumes<sup>1)</sup>

(1995 = 100, seasonally adjusted, 3-month moving average)

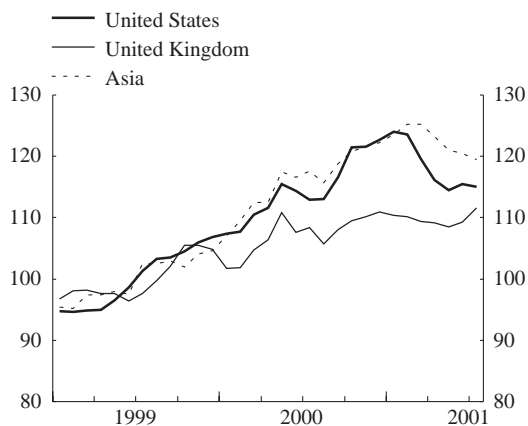


Sources: Eurostat and ECB calculations based on Eurostat data.  
1) All data refer to the Euro 12 (estimated using Euro 11 unit value indices); latest extra-euro area observations are for August 2001; latest intra-euro area observations are for June 2001.

## Chart 42

### Euro area export volumes to the United States, the United Kingdom and Asia<sup>1)</sup>

(1999 = 100, seasonally adjusted, 3-month moving average)



Source: Eurostat and ECB calculations based on Eurostat data.  
1) All data refer to the Euro 12; latest observations are for July 2001.

volumes to the United States and Asia, while exports to the United Kingdom have, on average, been fairly flat since the end of last year (see Chart 42). However, in recent months it seems that extra-euro area export volumes have stabilised somewhat, while signs of stabilisation for intra-euro area export volumes are mixed. Further details of recent movements in intra and extra-euro area trade volumes are given in Box 5.

### Large net inflows of portfolio investment in September 2001

Combined direct and portfolio investment recorded large net inflows of €29.9 billion in September 2001, the second highest net inflows since 1999. These inflows were due to large net inflows of portfolio investment (€43.0 billion), which more than offset net outflows of direct investment (€13.1 billion).

The net outflows of direct investment were in line with those in previous months and were mostly accounted for by net outflows of other capital, mostly intercompany loans,

which totalled €11.7 billion. By contrast, equity direct investment registered modest net outflows of €1.4 billion. The large net portfolio investment inflows in September were mainly attributable to net equity portfolio investment inflows of €28.3 billion. Investment in euro area debt instruments also registered net inflows, amounting to €14.7 billion.

Combined net outflows of direct and portfolio investment were lower in the first nine months of 2001 (€51.3 billion) than for the same period in 2000 (€87.5 billion). For the first time since the start of Stage Three of Economic and Monetary Union (EMU), euro area residents made net sales of foreign securities in September 2001, possibly influenced by the events of 11 September in the United States. These inflows were accounted for by net inflows on the asset sides of equity portfolio investment (€13.8 billion) and of investment in debt instruments (€13.2 billion). There was no significant change in non-resident investment in the euro area, as the liability sides of direct investment and portfolio investment continued to register net inflows of €6.0 billion and €15.9 billion, respectively, in September 2001.

### Euro area international investment position as at end-2000

The euro area international investment position as at end-2000 (calculated for the Euro 12, see Table 8.7 in the “Euro area statistics” section) recorded net liabilities of €152.1 billion, compared with €116.7 billion at the end of 1999. This €35.4 billion increase is primarily explained by the €187.3 billion increase in net liabilities under other investment, which was only partially offset by a €68.4 billion increase in the positive net direct investment position and a €77.4 billion improvement in the net portfolio debtor position.

**Table 12****Balance of payments of the euro area***(EUR billions; not seasonally adjusted)*

	2000 Jan. - Sep.	2000 Sep.	2001 Jan. - Sep.	2001 July	2001 Aug.	2001 Sep.
<b>Current account balance</b>	-49.0	-3.4	-23.1	-4.1	4.2	-1.3
Credits	1165.9	141.1	1270.1	147.9	133.4	132.8
Debits	1214.9	144.5	1293.3	152.0	129.2	134.1
Goods balance	8.5	0.7	39.9	8.5	6.0	5.0
Exports	704.4	85.3	769.3	90.0	80.9	82.7
Imports	695.9	84.6	729.4	81.6	74.9	77.8
Services balance	-1.8	0.3	2.0	0.9	0.8	-0.9
Exports	215.3	26.6	231.5	28.6	27.7	24.3
Imports	217.1	26.3	229.5	27.7	26.9	25.1
Income balance	-23.5	-1.8	-33.1	-8.1	0.3	-0.7
Current transfers balance	-32.2	-2.6	-32.0	-5.4	-2.9	-4.7
<b>Capital account balance</b>	8.1	0.8	7.6	0.4	0.6	0.0
<b>Financial account balance</b>	71.6	-8.2	-20.9	-12.0	0.3	-29.5
Direct investment	29.3	-32.5	-103.0	7.2	-6.0	-13.1
Abroad	-291.0	-47.0	-180.9	-6.0	-12.2	-19.1
Equity capital and reinvested earnings	-217.7	-26.4	-108.9	-11.8	-5.6	-5.1
Other capital, mostly inter-company loans	-73.2	-20.6	-72.0	5.8	-6.6	-14.0
In the euro area	320.3	14.5	77.9	13.2	6.2	6.0
Equity capital and reinvested earnings	263.7	5.6	59.6	5.4	4.5	3.7
Other capital, mostly inter-company loans	56.5	9.0	18.2	7.8	1.7	2.3
Portfolio investment	-116.7	-3.1	51.7	1.6	17.8	43.0
Equities	-220.6	-2.7	107.2	4.4	12.7	28.3
Assets	-229.0	-11.1	-63.1	-8.4	-2.6	13.8
Liabilities	8.4	8.4	170.3	12.8	15.3	14.5
Debt instruments	103.9	-0.3	-55.5	-2.8	5.1	14.7
Assets	-95.7	-23.1	-94.7	-4.0	-15.4	13.2
Liabilities	199.6	22.8	39.2	1.2	20.5	1.4
Memo item:						
Combined net direct and portfolio investment	-87.5	-35.6	-51.3	8.8	11.9	29.9
Financial derivatives	7.1	1.9	-10.9	-4.8	-3.1	-1.0
Other investment	144.9	21.8	26.9	-16.0	-12.6	-56.7
Reserve assets	7.0	3.7	14.5	-0.0	4.1	-1.6
<b>Errors and omissions</b>	-30.7	10.8	36.5	15.7	-5.1	30.8

Source: ECB.

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







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

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

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

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

#### Conventions used in the tables

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

# Euro area overview table

## Summary table of economic indicators for the euro area

(annual percentage changes, unless otherwise indicated)

### 1. Monetary developments and interest rates

	M1 <sup>1)</sup>	M2 <sup>1)</sup>	M3 <sup>1)2)</sup>		MFI loans to euro area residents excluding MFIs and general government <sup>1)</sup>	Securities issued by non-financial and non-monetary financial corporations <sup>1)</sup>	3-month interest rate (EURIBOR, % per annum, period averages) <sup>7)</sup>	10-year government bond yield (% per annum, period averages) <sup>8)</sup>
	1	2	3	3-month moving average (centred) <sup>4)</sup>				
2000	8.0	4.4	4.9	-	9.6	20.9	4.40	5.44
<i>Euro area enlargement</i>								
2001	.	.	.	-	.	.	.	.
2001 Q1	2.6	3.0	3.8	-	9.1	23.7	4.75	4.99
Q2	2.4	3.5	4.3	-	8.2	25.8	4.60	5.19
Q3	3.9	4.5	6.0	-	7.4	26.1	4.28	5.12
Q4	.	.	.	-	.	.	.	.
2001 June	4.0	4.3	5.5	5.2	7.9	26.2	4.45	5.21
July	3.6	4.4	5.7	5.7	7.8	26.1	4.47	5.25
Aug.	3.7	4.4	6.0	6.2	7.2	26.0	4.35	5.06
Sep.	5.1	5.2	6.9	6.8	6.7	26.3	3.98	5.04
Oct.	5.3	5.4	7.4	.	6.4	.	3.60	4.82
Nov.	.	.	.	.	.	.	3.39	4.67

### 2. Price and real economy developments

	HICP <sup>9)</sup>	Industrial producer prices <sup>10)</sup>	Hourly labour costs (whole economy) <sup>11)</sup>	Real GDP <sup>12)</sup>	Industrial production (excluding construction) <sup>13)</sup>	Capacity utilisation in manufacturing (percentages) <sup>14)</sup>	Employment (whole economy) <sup>15)</sup>	Unemployment (% of labour force) <sup>16)</sup>
2000	2.3	5.5	3.4	3.4	5.5	83.8	2.1	8.8
<i>Euro area enlargement</i>								
2001	.	.	.	.	.	83.2	.	.
2001 Q1	2.5	4.6	3.0	2.5	4.2	84.3	2.0	8.4
Q2	3.1	3.7	2.8	1.7	0.9	83.6	1.6	8.4
Q3	2.7	1.5	.	1.3	-0.6	83.0	.	8.3
Q4	.	.	.	.	.	82.0	.	.
2001 June	3.0	3.2	-	-	1.8	-	-	8.4
July	2.8	2.1	-	-	-1.6	-	-	8.4
Aug.	2.7	1.7	-	-	0.9	-	-	8.3
Sep.	2.5	0.7	-	-	-0.9	-	-	8.4
Oct.	2.4	-0.6	-	-	.	-	-	8.4
Nov.	2.1	.	-	-	.	-	-	.

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

(EUR billions, unless otherwise indicated)

	Balance of payments (net flows)				Reserve assets (end-of-period positions) <sup>21)</sup>	Effective exchange rate of the euro: broad group (1999 Q1 = 100)		USD/EUR exchange rate <sup>24)</sup>
	Current and capital accounts <sup>17)</sup>	Goods <sup>18)</sup>	Direct investment <sup>19)</sup>	Portfolio investment <sup>20)</sup>		Nominal <sup>22)</sup>	Real (CPI) <sup>23)</sup>	
2000	-50.2	35.6	17.6	-111.5	378.0	88.2	86.3	0.924
<i>Euro area enlargement</i>								
2001	.	.	.	.	.	.	.	.
2001 Q1	-7.6	5.5	-40.6	-38.5	393.0	91.4	89.0	0.923
Q2	-7.8	15.1	-50.5	27.8	410.0	89.5	86.9	0.873
Q3	-0.2	19.4	-11.9	62.5	393.4	91.2	88.2	0.890
Q4	.	.	.	.	.	.	.	.
2001 June	-0.8	8.1	-10.4	32.2	410.0	88.1	85.5	0.853
July	-3.7	8.5	7.2	1.6	397.1	89.1	86.4	0.861
Aug.	4.8	6.0	-6.0	17.8	381.8	91.8	88.9	0.900
Sep.	-1.2	5.0	-13.1	43.0	393.4	92.6	89.5	0.911
Oct.	.	.	.	.	393.6	92.8	89.4	0.906
Nov.	.	.	.	.	.	91.3	87.8	0.888

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

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

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

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

# I Monetary policy statistics

**Table 1.1**

## Consolidated financial statement of the Eurosystem

(EUR millions)

### 1. Assets

		Gold and gold receivables	Claims on non-euro area residents in foreign currency	Claims on euro area residents in foreign currency	Claims on non-euro area residents in euro	Lending to euro area credit institutions in euro	Main refinancing operations	Longer-term refinancing operations	Fine-tuning reverse operations
		1	2	3	4	5	6	7	8
2001	6 July	128,512	280,463	22,357	5,362	226,190	166,000	59,999	0
	13	128,512	280,417	23,247	5,687	214,057	154,000	59,999	0
	20	128,492	280,794	23,804	5,688	212,051	152,000	59,999	0
	27	128,405	279,768	24,046	5,626	233,033	172,999	60,001	0
	3 Aug.	128,381	278,055	23,792	5,618	225,035	164,998	60,001	0
	10	128,352	275,989	23,543	5,547	222,363	162,001	60,001	0
	17	128,312	277,745	22,700	5,401	221,065	160,998	60,001	0
	24	128,312	277,546	21,909	5,369	213,062	153,001	60,001	0
	31	128,302	275,419	24,783	5,289	213,483	152,999	60,001	0
	7 Sep.	128,268	274,275	24,166	5,419	212,066	152,000	60,001	0
	14	128,229	274,508	21,487	5,316	206,078	142,999	60,001	0
	21	128,229	272,731	22,101	5,264	192,542	132,000	60,001	0
	28	128,236	262,282	22,121	5,171	213,410	151,999	60,002	0
	5 Oct.	128,236	260,738	21,750	5,134	197,093	136,999	60,002	0
	12	128,235	263,821	21,573	5,353	176,542	116,509	60,004	0
	19	128,235	264,640	22,147	5,539	203,189	142,510	60,004	0
	26	128,234	264,955	21,503	5,582	203,107	143,000	60,001	0
	2 Nov.	128,233	264,162	21,770	5,728	187,030	127,001	60,001	0
	9	128,233	262,142	21,932	5,895	164,621	104,368	60,001	0
	16	128,233	262,623	21,311	5,942	214,783	154,369	60,001	0
	23	128,233	264,958	20,997	5,980	193,762	133,002	60,001	0
	30	128,233	264,230	21,900	5,956	201,288	88,001	60,001	0

### 2. Liabilities

		Banknotes in circulation	Liabilities to euro area credit institutions in euro	Current accounts (covering the minimum reserve system)	Deposit facility	Fixed-term deposits	Fine-tuning reverse operations	Deposits related to margin calls	Other liabilities to euro area credit institutions in euro	Debt certificates issued
		1	2	3	4	5	6	7	8	9
2001	6 July	353,648	132,775	132,595	126	0	0	54	4,324	3,784
	13	352,516	127,995	127,199	791	0	0	5	4,393	3,784
	20	349,789	131,736	130,396	1,337	0	0	3	4,219	3,784
	27	348,282	128,542	128,516	24	0	0	2	4,116	3,784
	3 Aug.	351,627	125,212	125,179	31	0	0	2	4,164	3,784
	10	349,258	127,305	126,241	1,062	0	0	2	4,343	3,784
	17	345,581	129,735	129,687	46	0	0	2	4,162	3,784
	24	338,873	125,018	124,998	18	0	0	2	4,119	3,784
	31	337,682	118,781	118,722	55	0	0	4	4,164	3,784
	7 Sep.	338,188	127,999	127,948	34	0	0	17	4,843	3,784
	14	334,283	114,049	113,892	143	0	0	14	4,922	3,784
	21	329,229	118,922	115,501	3,405	0	0	16	4,934	3,784
	28	327,899	131,745	131,705	39	0	0	1	4,802	3,784
	5 Oct.	329,095	120,574	120,452	109	0	0	13	5,160	3,784
	12	325,194	104,993	104,828	153	0	0	12	5,470	3,784
	19	319,984	143,582	143,444	126	0	0	12	5,512	3,784
	26	315,159	129,632	129,591	29	0	0	12	5,680	3,784
	2 Nov.	316,956	124,952	124,830	110	0	0	12	5,829	2,939
	9	312,642	103,687	103,581	94	0	0	12	9,165	2,939
	16	306,770	150,156	149,826	311	0	0	19	12,969	2,939
	23	300,526	115,953	114,745	1,152	0	0	56	16,850	2,939
	30	300,093	131,734	131,577	152	0	0	5	21,096	2,939

Source: ECB.

Structural reverse operations	Marginal lending facility	Credits related to margin calls	Other claims on euro area credit institutions in euro	Securities of euro area residents in euro	General government debt in euro	Other assets	Total		
							9	10	11
0	173	18	339	28,085	70,158	91,424	852,890	2001	6 July
0	25	33	412	27,967	70,157	91,914	842,370		13
0	11	41	374	28,040	70,157	92,545	841,946		20
0	11	22	252	28,100	70,157	92,673	862,061		27
0	8	28	305	28,136	70,157	92,625	852,105		3 Aug.
0	305	56	281	28,141	70,157	86,614	840,988		10
0	9	57	249	28,280	70,157	86,693	840,603		17
0	25	35	260	28,325	70,157	87,419	832,360		24
0	437	46	252	28,371	70,160	87,329	833,389		31
0	43	22	320	28,286	70,160	85,090	828,051		7 Sep.
0	3,060	18	380	28,349	70,160	86,182	820,690		14
0	519	22	387	28,303	70,160	86,387	806,105		21
0	1,373	36	446	28,715	70,163	86,819	817,364		28
0	10	82	294	28,734	70,163	86,708	798,851		5 Oct.
0	12	17	793	28,293	70,166	87,307	782,084		12
0	632	43	830	28,123	70,166	87,569	810,439		19
0	72	34	418	28,371	70,171	87,654	809,996		26
0	3	25	397	28,498	70,171	89,664	795,654		2 Nov.
0	228	24	458	28,464	70,085	90,152	771,984		9
0	393	20	399	28,203	70,085	89,923	821,504		16
0	741	18	525	28,178	70,075	89,781	802,491		23
53,000	276	10	499	28,273	70,088	90,221	810,690		30

Liabilities to other euro area residents in euro	Liabilities to non-euro area residents in euro	Liabilities to euro area residents in foreign currency	Liabilities to non-euro area residents in foreign currency	Counterpart of special drawing rights allocated by the IMF	Other liabilities	Revaluation accounts	Capital and reserves	Total		
								10	11	12
44,537	8,692	3,928	18,044	7,183	74,177	141,340	60,458	852,890	2001	6 July
38,900	8,722	4,099	18,460	7,183	74,520	141,340	60,458	842,370		13
37,574	8,530	4,221	18,534	7,183	74,578	141,340	60,458	841,946		20
62,784	8,570	3,995	18,575	7,183	74,432	141,340	60,458	862,061		27
53,989	8,523	3,966	17,014	7,183	74,845	141,340	60,458	852,105		3 Aug.
51,402	8,727	4,011	15,204	7,183	67,972	141,340	60,459	840,988		10
51,485	8,466	4,138	15,369	7,183	68,901	141,340	60,459	840,603		17
54,847	8,543	3,986	14,679	7,183	69,528	141,340	60,460	832,360		24
62,840	8,459	3,982	15,649	7,183	69,065	141,340	60,460	833,389		31
47,863	8,489	3,978	14,669	7,183	69,255	141,340	60,460	828,051		7 Sep.
49,858	18,713	3,904	12,407	7,183	69,787	141,340	60,460	820,690		14
45,858	9,040	3,941	11,289	7,183	70,123	141,340	60,462	806,105		21
55,876	8,507	2,485	16,349	6,889	73,585	124,991	60,452	817,364		28
49,116	8,225	2,497	14,560	6,889	73,508	124,991	60,452	798,851		5 Oct.
48,132	8,835	2,440	17,391	6,889	73,513	124,991	60,452	782,084		12
40,613	8,495	2,444	19,392	6,889	74,301	124,991	60,452	810,439		19
58,830	8,642	2,475	19,623	6,889	73,839	124,991	60,452	809,996		26
48,019	8,651	2,432	19,477	6,889	74,067	124,991	60,452	795,654		2 Nov.
47,322	8,711	2,433	18,355	6,889	74,397	124,991	60,453	771,984		9
51,757	8,676	2,429	18,082	6,889	75,393	124,991	60,453	821,504		16
67,049	8,460	2,427	20,730	6,889	75,224	124,991	60,453	802,491		23
54,422	8,580	2,524	21,215	6,889	75,754	124,991	60,453	810,690		30



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

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

Source: ECB.

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

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

Date of settlement	Bids (amount)	Allotment (amount)	Fixed rate tenders	Variable rate tenders			Running for (...) days
			Fixed rate	Minimum bid rate	Marginal rate <sup>3)</sup>	Weighted average rate	
	1	2	3	4	5	6	7
2001 6 June	120,631	88,000	-	4.50	4.51	4.53	14
13	135,442	67,000	-	4.50	4.51	4.52	14
20	148,877	91,000	-	4.50	4.51	4.52	14
27	155,894	85,000	-	4.50	4.54	4.55	14
4 July	104,399	81,000	-	4.50	4.50	4.51	14
11	141,842	73,000	-	4.50	4.51	4.52	14
18	136,104	79,000	-	4.50	4.51	4.52	14
25	126,040	94,000	-	4.50	4.51	4.52	14
1 Aug.	100,746	71,000	-	4.50	4.50	4.51	14
8	132,809	91,000	-	4.50	4.50	4.51	14
15	111,157	70,000	-	4.50	4.50	4.51	14
22	142,012	83,000	-	4.50	4.50	4.51	14
29	72,907	70,000	-	4.50	4.50	4.50	14
5 Sep.	132,696	82,000	-	4.25	4.27	4.28	14
12	118,708	61,000	-	4.25	4.26	4.27	14
19	110,778	71,000	-	3.75	3.76	3.77	14
26	111,927	81,000	-	3.75	3.76	3.77	14
3 Oct.	76,444	56,000	-	3.75	3.75	3.76	14
10	60,510	60,510	-	3.75	3.75	3.75	14
17	143,828	82,000	-	3.75	3.78	3.79	14
24	73,932	61,000	-	3.75	3.75	3.76	14
31	99,611	66,000	-	3.75	3.75	3.76	14
7 Nov.	38,368	38,368	-	3.75	3.75	3.75	14
14	174,732	116,000	-	3.25	3.37	3.40	14
21	63,173	17,000	-	3.25	3.26	3.27	14
28	95,578	71,000	-	3.25	3.27	3.29	14
5 Dec.	106,643	68,000	-	3.25	3.27	3.27	14

## 2. Longer-term refinancing operations

Date of settlement	Bids (amount)	Allotment (amount)	Fixed rate tenders		Variable rate tenders		Running for (...) days
			Fixed rate	Marginal rate <sup>3)</sup>	Weighted average rate		
	1	2	3	4	5	6	
1999 14 Jan.	79,846	15,000	-	3.13	-	42	
14	39,343	15,000	-	3.10	-	70	
14	46,152	15,000	-	3.08	-	105	
25 Feb.	77,300	15,000	-	3.04	-	91	
25 Mar.	53,659	15,000	-	2.96	2.97	98	
29 Apr.	66,911	15,000	-	2.53	2.54	91	
27 May	72,294	15,000	-	2.53	2.54	91	
1 July	76,284	15,000	-	2.63	2.64	91	
29	64,973	15,000	-	2.65	2.66	91	
26 Aug.	52,416	15,000	-	2.65	2.66	91	
30 Sep.	41,443	15,000	-	2.66	2.67	84	
28 Oct.	74,430	25,000	-	3.19	3.42	91	
25 Nov.	74,988	25,000	-	3.18	3.27	98	
23 Dec.	91,088	25,000	-	3.26	3.29	98	
2000 27 Jan.	87,052	20,000	-	3.28	3.30	91	
2 Mar.	72,960	20,000	-	3.60	3.61	91	
30	74,929	20,000	-	3.78	3.80	91	
27 Apr.	64,094	20,000	-	4.00	4.01	91	
1 June	64,317	20,000	-	4.40	4.42	91	
29	41,833	20,000	-	4.49	4.52	91	
27 July	40,799	15,000	-	4.59	4.60	91	
31 Aug.	35,417	15,000	-	4.84	4.87	91	
28 Sep.	34,043	15,000	-	4.84	4.86	92	
26 Oct.	43,085	15,000	-	5.06	5.07	91	
30 Nov.	31,999	15,000	-	5.03	5.05	91	
29 Dec.	15,869	15,000	-	4.75	4.81	90	
<i>Euro area enlargement</i>							
2001 25 Jan.	31,905	20,000	-	4.66	4.69	90	
1 Mar.	45,755	20,000	-	4.69	4.72	91	
29	38,169	19,101	-	4.47	4.50	91	
25 Apr.	43,416	20,000	-	4.67	4.70	92	
31 May	46,448	20,000	-	4.49	4.51	91	
28 June	44,243	20,000	-	4.36	4.39	91	
26 July	39,369	20,000	-	4.39	4.42	91	
30 Aug.	37,855	20,000	-	4.20	4.23	91	
27 Sep.	28,269	20,000	-	3.55	3.58	85	
25 Oct.	42,308	20,000	-	3.50	3.52	98	
29 Nov.	49,135	20,000	-	3.32	3.34	91	

## 3. Other tender operations

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

Source: ECB.

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

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

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

**Table 1.4**
**Minimum reserve statistics**
**1. Reserve base of credit institutions subject to reserve requirements <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
2000 Oct.	9,931.2	5,531.9	127.6	201.1	1,283.2	534.2	2,253.2
Nov. <sup>3)</sup>	10,074.5	5,653.4	130.0	199.9	1,282.2	561.5	2,247.6
Dec. <sup>3)</sup>	10,071.5	5,711.3	136.7	187.2	1,273.6	528.3	2,234.3
<i>Euro area enlargement</i>							
2001 Jan.	10,164.2	5,712.6	139.2	196.7	1,275.6	574.6	2,265.6
Feb.	10,247.4	5,724.4	145.3	201.2	1,284.7	597.8	2,294.0
Mar.	10,503.6	5,883.5	151.1	203.4	1,292.6	654.7	2,318.3
Apr.	10,554.6	5,924.3	154.5	202.8	1,292.1	657.7	2,323.2
May	10,687.3	5,984.7	166.6	198.9	1,307.5	693.2	2,336.4
June	10,705.3	6,015.6	175.7	198.7	1,314.2	656.6	2,344.5
July	10,590.4	5,912.2	183.4	199.1	1,312.5	636.2	2,346.9
Aug.	10,551.6	5,872.7	187.8	190.2	1,309.3	654.1	2,337.6
Sep.	10,627.3	5,956.0	188.2	191.3	1,315.7	631.6	2,344.6
Oct. <sup>4)</sup>	10,682.7	5,962.3	190.7	196.3	1,313.2	668.2	2,351.9

Source: ECB.

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

**2. Reserve maintenance <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
2000 Dec.	116.6	117.2	0.6	0.0	4.78
<i>Euro area enlargement</i>					
2001 Jan. <sup>7)</sup>	118.5	119.0	0.5	0.0	4.77
Feb.	120.1	120.6	0.5	0.0	4.76
Mar.	120.4	120.9	0.5	0.0	4.77
Apr.	120.8	121.3	0.5	0.0	4.77
May	124.2	124.8	0.7	0.0	4.71
June	125.0	125.6	0.6	0.0	4.52
July	126.4	127.0	0.6	0.0	4.51
Aug.	127.2	127.7	0.5	0.0	4.50
Sep.	125.3	126.0	0.7	0.0	4.27
Oct.	124.4	125.0	0.6	0.0	3.76
Nov.	126.1	126.6	0.5	0.0	3.62
Dec. <sup>4)</sup>	126.4	.	.	.	.

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).
- 7) Owing to the adoption of the euro by Greece on 1 January 2001, the reserve requirement is an average, weighted by the number of calendar days, of the reserve requirements for the Euro 11 from 24 to 31 December 2000 and the reserve requirements for the Euro 12 from 1 to 23 January 2001 (i.e.  $8/31 * EUR 116.9 \text{ billion} + 23/31 * EUR 119.1 \text{ billion}$ ).

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

Maintenance period ending in:	Liquidity-providing factors					Liquidity-absorbing factors					Credit institutions' current accounts <sup>4)</sup>	Base money <sup>5)</sup>
	Monetary policy operations of the Eurosystem					Deposit facility	Other liquidity-absorbing operations <sup>2)</sup>	Banknotes in circulation	Central government deposits with the Eurosystem	Other factors (net) <sup>3)</sup>		
	Eurosystem's net assets in gold and foreign currency <sup>1)</sup>	Main refinancing operations	Longer-term refinancing operations	Marginal lending facility	Other liquidity-providing operations <sup>2)</sup>							
1	2	3	4	5	6	7	8	9	10	11	12	
1999 Oct.	349.7	143.0	45.0	0.3	0.0	0.6	0.0	342.5	45.4	45.9	103.5	446.7
Nov.	351.8	140.5	53.7	0.3	0.0	0.4	0.0	343.1	51.5	47.3	104.2	447.6
Dec.	351.7	150.4	65.0	0.3	0.0	1.0	0.0	354.3	59.0	47.5	105.6	460.8
2000 Jan.	362.3	138.5	75.0	1.9	0.0	0.5	3.3	363.0	41.0	61.2	108.7	472.3
Feb.	367.8	130.9	70.5	0.1	0.0	0.2	0.0	347.6	49.2	64.2	108.1	455.9
Mar.	369.2	136.1	66.2	0.2	0.0	0.3	0.0	347.6	51.7	63.5	108.6	456.4
Apr.	377.1	136.7	61.0	0.2	0.0	0.9	0.0	349.7	45.6	69.1	109.7	460.3
May	378.8	142.6	60.0	0.4	0.0	2.3	0.0	353.8	41.9	71.8	112.0	468.2
June	378.1	140.9	59.9	0.3	0.2	0.8	0.0	354.1	38.3	72.1	114.2	469.1
July	380.8	157.9	59.9	0.4	0.0	0.5	0.0	357.0	50.4	76.8	114.1	471.7
Aug.	382.0	163.1	55.4	0.1	0.0	0.3	0.0	359.2	48.8	80.0	112.4	471.9
Sep.	381.6	173.1	51.1	0.3	0.0	0.2	0.0	354.8	56.6	81.2	113.3	468.3
Oct.	396.3	176.5	45.7	0.5	0.0	0.2	0.0	354.5	47.4	102.5	114.4	469.1
Nov.	398.6	183.7	45.0	0.2	0.0	0.2	0.0	352.7	49.8	109.2	115.7	468.6
Dec.	394.4	210.4	45.0	0.4	0.0	0.2	0.0	360.4	61.1	111.1	117.4	478.0
<i>Euro area enlargement</i>												
2001 Jan.	383.7	205.3	45.0	0.5	0.0	0.6	0.0	368.3	52.2	94.2	119.1	488.0
Feb.	377.9	188.9	49.8	2.6	0.0	0.4	0.0	354.8	57.0	86.3	120.7	476.0
Mar.	375.6	185.2	54.1	0.4	0.0	0.5	0.0	353.0	53.0	87.7	121.0	474.5
Apr.	382.1	172.4	58.4	2.2	0.0	0.5	0.0	354.6	49.5	89.1	121.4	476.4
May	384.4	144.0	59.1	0.4	17.0	0.6	0.0	352.7	39.4	87.5	124.8	478.1
June	385.0	161.7	59.1	0.2	0.0	0.4	0.0	351.1	41.3	87.5	125.7	477.3
July	397.6	161.9	59.9	0.2	0.0	0.4	0.0	350.8	42.5	98.8	127.1	478.3
Aug.	402.1	164.0	60.0	0.1	0.0	0.2	0.0	347.6	48.8	101.8	127.8	475.6
Sep.	401.3	147.1	60.0	0.5	3.5	0.4	0.0	335.4	45.2	105.4	126.1	461.9
Oct.	389.9	136.7	60.0	1.1	0.0	0.1	0.0	325.2	43.6	93.6	125.1	450.4
Nov.	385.0	132.3	60.0	0.2	0.0	0.3	0.0	311.3	46.1	93.1	126.7	438.3

Source: ECB.

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

## 2 Monetary developments in the euro area

**Table 2.1**

### Aggregated balance sheet of the Eurosystem

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

#### 1. Assets

	Loans to euro area residents		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>1)</sup>	Fixed assets	Re-maining assets	Total			
	1	2				MFI <sup>1)</sup>	General government	Other euro area residents					MFI <sup>1)</sup>	Other euro area residents	
1998	225.2	204.6	20.4	0.1	87.8	1.1	86.2	0.5	5.5	1.8	3.7	322.3	7.9	49.4	698.1
1999 Q4	444.6	424.3	19.7	0.5	89.1	1.9	86.1	1.1	14.1	4.3	9.8	400.6	9.9	56.2	1,014.5
2000 Q1	443.4	424.5	18.4	0.5	96.2	2.4	92.7	1.1	14.4	4.3	10.1	439.1	9.8	48.9	1,051.9
Q2	580.7	561.8	18.4	0.5	97.4	2.6	93.6	1.2	14.7	4.4	10.4	454.8	10.0	51.8	1,209.3
Q3	493.1	474.4	18.2	0.5	98.5	2.9	94.6	1.0	14.6	4.4	10.2	459.1	10.2	54.4	1,129.8
2000 Oct.	478.8	460.1	18.2	0.5	98.7	2.6	94.9	1.2	15.0	4.4	10.7	454.7	10.5	53.9	1,111.7
Nov.	431.5	412.8	18.2	0.5	98.8	2.6	94.9	1.4	15.4	4.4	11.1	402.8	10.3	54.3	1,013.0
Dec.	445.0	427.4	17.1	0.5	97.4	2.5	93.6	1.3	15.3	4.3	11.0	380.7	11.2	56.1	1,005.8
<i>Euro area enlargement</i>															
2001 1 Jan.	457.0	429.3	27.1	0.6	105.3	2.5	101.4	1.3	15.3	4.3	11.0	394.2	11.3	57.4	1,040.4
2001 Jan.	401.5	373.7	27.2	0.6	104.5	2.6	100.8	1.0	15.5	4.7	10.8	390.4	11.4	54.0	977.4
Feb.	398.8	371.0	27.2	0.6	105.2	2.5	101.5	1.2	14.9	4.6	10.3	386.2	11.3	53.7	970.1
Mar.	401.7	373.9	27.2	0.6	105.0	2.7	101.2	1.1	14.7	4.6	10.1	396.8	11.3	54.4	983.9
Apr.	376.1	348.3	27.2	0.6	106.5	2.6	102.7	1.3	14.7	4.6	10.1	390.3	11.7	53.6	953.0
May	398.5	370.7	27.2	0.6	106.4	2.9	102.3	1.3	14.3	4.6	9.7	398.9	11.8	53.2	983.2
June	426.0	398.2	27.2	0.6	105.8	3.1	101.5	1.2	14.2	4.6	9.6	414.7	11.9	54.5	1,027.2
July	424.4	396.6	27.2	0.6	106.9	3.3	102.4	1.2	14.3	4.7	9.7	404.9	12.0	57.3	1,019.9
Aug.	391.1	363.3	27.2	0.6	107.6	3.5	102.9	1.2	14.0	4.6	9.4	396.9	12.0	54.6	976.0
Sep.	388.2	360.4	27.2	0.6	106.6	3.7	101.9	1.1	13.1	4.8	8.3	397.1	11.9	54.9	971.8
Oct. <sup>(p)</sup>	356.7	328.9	27.2	0.6	107.9	3.9	102.9	1.2	13.4	4.8	8.7	400.0	12.0	55.4	945.5

#### 2. Liabilities

	Currency in circulation	Deposits of euro area residents	MFI <sup>1)</sup>	Central government	Other general government/other euro area residents	Money market paper and debt securities issued	Capital and reserves	External liabilities <sup>1)</sup>	Remaining liabilities	Total
1998	359.1	152.0	94.2	54.4	3.5	13.8	97.1	18.6	57.4	698.1
1999 Q4	393.4	341.5	279.3	53.4	8.8	7.9	174.3	49.8	47.6	1,014.5
2000 Q1	366.2	372.1	319.8	43.1	9.1	6.3	186.5	75.1	45.7	1,051.9
Q2	374.4	497.9	432.8	52.6	12.5	6.3	193.4	92.0	45.4	1,209.3
Q3	373.5	404.2	346.1	45.6	12.5	4.6	221.2	75.0	51.4	1,129.8
2000 Oct.	372.7	388.1	323.3	51.1	13.7	4.6	225.3	69.5	51.6	1,111.7
Nov.	372.3	334.6	265.6	54.9	14.0	3.8	221.4	29.3	51.7	1,013.0
Dec.	390.3	327.3	270.4	47.1	9.8	3.8	197.5	29.9	57.0	1,005.8
<i>Euro area enlargement</i>										
2001 1 Jan.	399.4	346.2	288.0	47.9	10.4	5.6	199.2	30.9	59.1	1,040.4
2001 Jan.	373.2	313.3	250.9	51.5	10.9	5.5	196.8	30.6	58.0	977.4
Feb.	370.6	313.1	249.7	52.0	11.4	5.5	194.8	27.9	58.3	970.1
Mar.	370.6	312.6	253.4	46.8	12.4	5.5	204.6	26.8	63.8	983.9
Apr.	372.6	289.9	234.8	41.2	13.8	5.5	205.6	25.3	54.1	953.0
May	369.6	317.5	266.5	36.0	15.1	5.5	212.1	27.6	50.9	983.2
June	368.9	342.2	274.1	51.8	16.3	5.6	223.7	32.6	54.2	1,027.2
July	366.9	343.5	282.7	46.9	14.0	5.6	214.7	31.9	57.3	1,019.9
Aug.	356.1	320.4	259.2	46.6	14.7	5.6	211.6	28.4	53.9	976.0
Sep.	346.2	323.6	269.4	37.6	16.6	5.5	209.2	30.0	57.3	971.8
Oct. <sup>(p)</sup>	334.0	302.8	244.7	40.0	18.1	5.5	210.4	34.3	58.5	945.5

Source: ECB.

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

Table 2.2

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

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

## 1. Assets

	Loans to euro area residents				Holdings of securities other than shares issued by euro area residents				Money market paper	Holdings of shares/other equity issued by euro area residents		External assets	Fixed assets	Remaining assets	Total	
	MFIs	General government	Other euro area residents		MFIs	General government	Other euro area residents			MFIs	Other euro area residents					
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
1998	9,088.3	3,154.5	822.0	5,111.8	2,021.0	720.8	1,112.0	188.1	107.3	521.0	168.5	352.6	1,591.7	150.6	776.8	14,256.7
1999 Q4	9,779.2	3,413.9	828.3	5,537.0	2,179.3	828.8	1,123.7	226.7	129.9	650.6	211.5	439.1	1,719.4	154.0	919.3	15,531.7
2000 Q1	10,020.5	3,511.1	821.4	5,688.1	2,225.3	869.5	1,128.0	227.8	131.9	729.6	230.2	499.4	1,822.5	152.0	977.5	16,059.2
Q2	10,127.1	3,464.0	817.3	5,845.8	2,211.1	894.9	1,073.2	243.0	151.4	704.0	210.0	494.0	1,892.1	154.2	1,021.2	16,261.1
Q3	10,238.5	3,460.7	799.8	5,978.0	2,231.5	940.5	1,033.8	257.2	142.0	707.6	204.1	503.6	2,003.5	155.8	1,030.3	16,509.4
2000 Oct.	10,303.5	3,480.8	801.8	6,021.0	2,222.9	939.1	1,020.6	263.1	148.3	709.4	206.0	503.3	2,060.3	157.5	1,100.9	16,702.8
Nov.	10,387.3	3,522.3	808.8	6,056.2	2,216.7	937.0	1,017.3	262.3	154.4	732.0	227.2	504.8	2,085.1	157.5	1,049.1	16,782.0
Dec.	10,419.3	3,510.3	818.7	6,090.2	2,192.4	932.7	995.8	263.8	142.8	750.9	240.1	510.7	2,025.7	158.7	1,015.3	16,705.0
<i>Euro area enlargement</i>																
2001 1 Jan.	10,527.3	3,547.2	826.8	6,153.4	2,254.9	934.1	1,054.6	266.3	142.8	762.2	242.8	519.5	2,008.5	161.6	1,039.5	16,896.9
2001 Jan.	10,598.7	3,583.4	830.9	6,184.4	2,249.7	935.3	1,044.8	269.5	152.4	779.2	247.2	532.0	2,072.5	160.4	1,066.9	17,079.7
Feb.	10,668.2	3,639.9	822.7	6,205.6	2,287.3	954.3	1,054.7	278.4	154.5	788.0	248.5	539.5	2,097.2	161.0	1,054.6	17,210.9
Mar.	10,805.1	3,707.2	825.3	6,272.5	2,318.9	968.4	1,064.0	286.5	158.1	812.5	255.3	557.2	2,239.8	160.8	1,097.1	17,592.2
Apr.	10,775.5	3,646.5	817.2	6,311.8	2,336.6	975.4	1,068.7	292.6	163.0	836.3	259.3	577.0	2,223.2	161.5	1,110.8	17,607.0
May	10,799.5	3,655.3	812.1	6,332.1	2,379.0	991.2	1,089.0	298.8	163.4	836.2	258.4	577.8	2,275.4	162.8	1,131.7	17,748.1
June	10,886.2	3,691.0	809.1	6,386.1	2,393.8	990.3	1,103.7	299.8	166.6	799.1	253.2	545.9	2,287.8	163.6	1,128.3	17,825.3
July	10,845.6	3,647.1	806.3	6,392.3	2,414.7	1,003.8	1,098.0	312.9	171.5	795.0	254.4	540.6	2,210.9	164.6	1,073.8	17,676.0
Aug.	10,820.8	3,651.0	802.2	6,367.6	2,413.2	1,004.5	1,087.3	321.4	165.4	783.2	249.5	533.7	2,223.5	165.0	1,064.9	17,635.9
Sep.	10,947.1	3,725.6	803.3	6,418.2	2,414.9	997.7	1,093.3	323.9	163.8	769.3	247.7	521.7	2,299.7	165.9	1,123.6	17,884.3
Oct. <sup>(p)</sup>	10,967.6	3,722.3	800.3	6,444.9	2,423.0	1,006.5	1,085.7	330.8	167.5	776.8	246.8	530.0	2,333.7	166.6	1,152.5	17,987.7

## 2. Liabilities

	Currency in circulation	Deposits of euro area residents	MFIs				Central government				Other general government/other euro area residents	Money market				Capital and reserves	External liabilities	Remaining liabilities	Total
			MFIs	Central government			Over-night	With agreed maturity	Redeemable at notice	Repurchase agreements		Money market fund shares/units <sup>1)</sup>	Money market paper and debt securities issued <sup>1)</sup>						
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15				
1998	0.4	8,286.4	3,305.2	95.4	4,885.8	1,387.1	1,929.0	1,393.2	176.5	241.4	2,261.3	754.6	1,507.0	1,205.5	14,256.7				
1999 Q4	0.7	8,734.7	3,590.3	88.6	5,055.8	1,537.4	2,043.1	1,331.4	143.9	293.4	2,531.0	849.6	1,870.1	1,252.3	15,531.7				
2000 Q1	0.7	8,809.3	3,612.4	87.0	5,109.9	1,568.0	2,052.6	1,312.0	177.3	325.1	2,589.9	890.7	2,099.0	1,344.6	16,059.2				
Q2	0.6	8,849.4	3,623.2	93.3	5,132.9	1,596.2	2,078.2	1,291.3	167.3	344.7	2,652.2	898.5	2,120.2	1,395.5	16,261.1				
Q3	0.0	8,858.0	3,599.6	113.7	5,144.7	1,577.0	2,124.0	1,272.3	171.4	334.8	2,720.3	913.5	2,294.7	1,388.0	16,509.4				
2000 Oct.	0.0	8,903.7	3,630.1	121.3	5,152.2	1,577.0	2,141.1	1,263.5	170.6	336.9	2,746.5	917.9	2,367.7	1,430.1	16,702.8				
Nov.	0.0	8,956.8	3,669.8	113.9	5,173.1	1,594.8	2,148.6	1,256.2	173.5	342.9	2,735.6	930.8	2,390.5	1,425.3	16,782.0				
Dec.	0.0	9,057.0	3,679.2	117.4	5,260.4	1,648.9	2,159.7	1,276.8	174.9	323.3	2,712.9	941.3	2,299.3	1,371.2	16,705.0				
<i>Euro area enlargement</i>																			
2001 1 Jan.	0.0	9,203.7	3,700.5	118.3	5,384.9	1,663.4	2,198.0	1,328.2	195.2	323.3	2,713.1	959.8	2,301.0	1,396.1	16,896.9				
2001 Jan.	0.0	9,191.4	3,727.3	95.6	5,368.4	1,613.2	2,211.7	1,329.7	213.8	337.2	2,756.6	964.1	2,414.9	1,415.6	17,079.7				
Feb.	0.0	9,222.5	3,742.1	103.6	5,376.8	1,614.5	2,223.1	1,323.4	215.8	347.0	2,791.6	969.7	2,447.2	1,432.9	17,210.9				
Mar.	0.0	9,325.0	3,806.1	103.6	5,415.4	1,624.1	2,242.6	1,322.8	225.9	358.8	2,817.3	982.2	2,636.0	1,472.8	17,592.2				
Apr.	0.0	9,302.4	3,747.8	111.3	5,443.3	1,653.5	2,241.2	1,323.8	224.9	367.1	2,829.9	986.4	2,650.8	1,470.4	17,607.0				
May	0.0	9,336.8	3,746.3	110.9	5,479.6	1,677.0	2,242.9	1,322.4	237.3	378.2	2,845.5	990.9	2,727.1	1,469.6	17,748.1				
June	0.0	9,423.7	3,798.3	112.5	5,513.0	1,716.0	2,240.6	1,330.7	225.8	382.2	2,861.2	998.0	2,710.4	1,449.9	17,825.3				
July	0.0	9,364.8	3,755.3	108.7	5,500.8	1,699.0	2,241.9	1,333.5	226.4	393.7	2,872.3	997.7	2,610.3	1,437.3	17,676.0				
Aug.	0.0	9,344.5	3,746.4	105.8	5,492.2	1,666.9	2,254.2	1,337.2	233.9	405.1	2,859.6	1,000.5	2,591.0	1,435.3	17,635.9				
Sep.	0.0	9,485.6	3,825.1	116.0	5,544.5	1,735.5	2,237.5	1,342.2	229.3	410.2	2,870.8	1,005.5	2,610.7	1,501.5	17,884.3				
Oct. <sup>(p)</sup>	0.0	9,483.4	3,807.3	112.8	5,563.3	1,735.7	2,239.7	1,350.4	237.5	423.9	2,895.7	1,013.2	2,626.8	1,544.8	17,987.7				

Source: ECB.

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

Table 2.3

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

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

## 1. Assets: levels

	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>2)</sup>	Fixed assets	Remaining assets	Total
	1	2	3	4	5	6					
2000 Apr.	6,591.4	842.4	5,749.0	1,435.6	1,198.6	237.0	522.2	2,367.2	162.6	1,034.5	12,113.5
May	6,615.0	835.9	5,779.1	1,432.0	1,187.9	244.1	535.9	2,355.1	163.0	1,035.6	12,136.6
June	6,681.9	835.6	5,846.3	1,411.0	1,166.8	244.2	504.4	2,346.9	164.2	1,039.2	12,147.5
July	6,708.5	833.9	5,874.6	1,393.1	1,140.7	252.4	509.0	2,374.1	164.9	1,086.5	12,236.1
Aug.	6,715.1	822.0	5,893.1	1,385.2	1,128.6	256.6	510.7	2,419.6	165.2	1,125.2	12,321.1
Sep.	6,796.6	818.1	5,978.5	1,386.6	1,128.4	258.2	513.8	2,462.5	166.0	1,050.2	12,375.7
Oct.	6,841.4	820.0	6,021.4	1,379.8	1,115.5	264.3	514.0	2,515.0	168.0	1,119.0	12,537.3
Nov.	6,883.7	827.0	6,056.7	1,375.9	1,112.2	263.7	515.8	2,487.9	167.7	1,068.0	12,499.1
Dec.	6,926.6	835.9	6,090.7	1,354.6	1,089.4	265.1	521.7	2,406.4	169.9	1,028.8	12,408.0
<i>Euro area enlargement</i>											
2001 1 Jan.	7,007.9	853.9	6,154.0	1,423.6	1,156.0	267.6	530.4	2,402.7	172.9	1,008.9	12,533.7
2001 Jan.	7,043.1	858.1	6,185.0	1,416.2	1,145.6	270.6	542.8	2,462.9	171.8	1,083.0	12,719.8
Feb.	7,056.1	849.9	6,206.2	1,435.7	1,156.1	279.6	549.8	2,483.5	172.3	1,072.0	12,769.3
Mar.	7,125.7	852.6	6,273.1	1,452.7	1,165.2	287.6	567.3	2,636.6	172.0	1,116.5	13,070.8
Apr.	7,156.8	844.4	6,312.4	1,465.2	1,171.4	293.8	587.1	2,613.5	173.3	1,127.3	13,123.1
May	7,172.0	839.3	6,332.7	1,491.4	1,191.3	300.1	587.5	2,674.4	174.6	1,147.5	13,247.4
June	7,223.0	836.3	6,386.7	1,506.3	1,205.2	301.0	555.5	2,702.5	175.5	1,146.2	13,308.9
July	7,226.4	833.5	6,392.9	1,514.5	1,200.4	314.1	550.2	2,615.8	176.6	1,091.4	13,174.9
Aug.	7,197.6	829.4	6,368.2	1,512.7	1,190.2	322.6	543.1	2,620.3	176.9	1,081.8	13,132.5
Sep.	7,249.3	830.5	6,418.8	1,520.1	1,195.2	324.9	530.0	2,696.9	177.8	1,141.0	13,315.1
Oct. <sup>(p)</sup>	7,273.1	827.5	6,445.6	1,520.5	1,188.5	332.0	538.6	2,733.8	178.7	1,168.6	13,413.2

## 2. Liabilities: levels

	Currency in circulation	Deposits of central government	Deposits of other general government/ other euro area residents	Deposits of other general government/ other euro area residents				Repurchase agreements	Money market fund shares/ units <sup>3)</sup>	Money market paper and debt securities issued <sup>3)</sup>	Capital and reserves	External liabilities <sup>2)</sup>	Re-maining liabilities	Excess of inter-MFI liabilities	Total
				Over-night	With agreed maturity	Redeemable at notice	Repurchase agreements								
2000 Apr.	337.8	131.7	5,157.9	1,612.6	2,061.1	1,304.4	179.8	328.5	1,619.0	852.5	2,295.4	1,411.6	-20.9	12,113.5	
May	337.6	113.9	5,156.5	1,598.0	2,080.7	1,296.6	181.2	326.4	1,627.4	853.6	2,303.6	1,424.8	-7.1	12,136.6	
June	341.2	146.0	5,145.4	1,608.7	2,078.2	1,291.3	167.3	319.3	1,634.8	877.6	2,212.2	1,440.9	30.1	12,147.5	
July	343.1	134.6	5,150.3	1,605.0	2,088.6	1,284.6	172.0	316.8	1,639.7	893.9	2,256.0	1,475.9	25.9	12,236.1	
Aug.	338.0	140.5	5,146.7	1,577.6	2,120.1	1,279.6	169.4	320.4	1,658.0	898.2	2,310.0	1,500.2	9.1	12,321.1	
Sep.	339.0	159.2	5,157.2	1,589.5	2,124.0	1,272.3	171.4	310.5	1,663.8	926.3	2,369.7	1,439.4	10.6	12,375.7	
Oct.	336.8	172.4	5,165.9	1,590.7	2,141.1	1,263.5	170.6	313.6	1,684.4	932.8	2,437.2	1,481.7	12.5	12,537.3	
Nov.	336.9	168.7	5,187.2	1,608.9	2,148.6	1,256.2	173.5	319.9	1,668.5	920.7	2,419.8	1,477.0	0.4	12,499.1	
Dec.	347.6	164.5	5,270.2	1,658.7	2,159.7	1,276.8	174.9	300.1	1,661.9	894.4	2,329.2	1,428.2	11.9	12,408.0	
<i>Euro area enlargement</i>															
2001 1 Jan.	355.3	166.2	5,395.2	1,673.4	2,198.4	1,328.2	195.2	300.1	1,663.7	911.9	2,219.4	1,455.2	12.1	12,533.7	
2001 Jan.	335.3	147.1	5,379.3	1,623.7	2,212.1	1,329.7	213.8	313.3	1,695.6	909.0	2,445.5	1,473.6	21.1	12,719.8	
Feb.	334.3	155.6	5,388.2	1,625.5	2,223.5	1,323.4	215.8	322.3	1,710.4	911.3	2,475.1	1,491.2	-19.2	12,769.3	
Mar.	335.5	150.3	5,427.8	1,636.2	2,242.9	1,322.8	225.9	333.2	1,719.2	926.9	2,662.8	1,536.7	-21.6	13,070.8	
Apr.	335.4	152.5	5,457.1	1,666.9	2,241.6	1,323.8	224.9	341.8	1,719.7	928.1	2,676.2	1,524.4	-12.2	13,123.1	
May	332.1	146.9	5,494.7	1,691.7	2,243.2	1,322.4	237.3	351.3	1,720.5	940.0	2,754.7	1,520.4	-13.2	13,247.4	
June	332.2	164.3	5,529.3	1,731.9	2,241.0	1,330.7	225.8	349.3	1,739.7	963.9	2,743.0	1,504.1	-16.8	13,308.9	
July	327.3	155.5	5,514.8	1,712.6	2,242.3	1,333.5	226.4	358.4	1,734.5	953.3	2,642.1	1,494.6	-5.7	13,174.9	
Aug.	318.5	152.4	5,506.9	1,681.2	2,254.6	1,337.2	233.9	369.9	1,726.9	958.0	2,619.4	1,489.2	-8.6	13,132.5	
Sep.	308.8	153.7	5,561.2	1,751.8	2,237.9	1,342.2	229.3	374.7	1,746.7	962.2	2,640.7	1,558.8	8.4	13,315.1	
Oct. <sup>(p)</sup>	294.7	152.8	5,581.4	1,753.5	2,240.1	1,350.4	237.5	387.0	1,760.2	972.0	2,661.1	1,603.3	0.8	13,413.2	

Source: ECB.

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

2) See Table 2.1, footnote 1.

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

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

											Total
	Loans to euro area residents	General government	Other euro area residents	Holdings of securities other than shares issued by euro area residents	General government	Other euro area residents	Holdings of shares/ other equity issued by other euro area residents	External assets <sup>2)</sup>	Fixed assets	Remaining assets	
	1	2	3	4	5	6	7	8	9	10	11
2000 May	22.5	-6.3	28.8	-1.3	-8.5	7.2	12.4	11.2	0.5	1.0	46.3
June	60.6	-0.5	61.1	-21.5	-22.4	0.9	-31.8	7.8	1.4	4.4	20.9
July	22.2	-1.3	23.5	-18.9	-26.2	7.3	3.1	-3.5	0.7	47.0	50.7
Aug.	7.1	-8.6	15.7	-7.1	-10.5	3.5	1.0	4.1	0.3	38.5	43.9
Sep.	66.9	-4.1	71.0	-0.2	-3.5	3.3	2.4	17.6	0.7	-75.8	11.5
Oct.	40.6	1.9	38.6	-10.2	-17.0	6.8	1.6	10.1	3.2	68.9	114.1
Nov.	49.2	7.2	42.1	-6.3	-5.3	-1.0	0.5	8.0	-0.3	-51.0	0.1
Dec.	60.9	9.8	51.1	-15.6	-19.0	3.4	4.8	6.9	1.2	-29.4	28.9
<i>Euro area enlargement</i>											
2001 Jan.	34.5	2.9	31.6	-12.2	-15.7	3.4	12.5	60.5	-1.0	29.5	123.8
Feb.	14.0	-8.2	22.2	13.4	4.5	8.9	7.4	16.3	0.5	-11.9	39.7
Mar.	61.8	2.3	59.4	11.9	4.2	7.7	17.5	102.4	0.1	46.0	239.7
Apr.	33.2	-8.2	41.4	12.5	6.7	5.8	18.4	-18.5	1.2	9.9	56.8
May	5.1	-5.6	10.7	25.8	21.3	4.5	1.0	4.6	1.4	18.7	56.5
June	55.8	-2.9	58.7	14.3	13.7	0.7	-34.6	26.5	0.9	-1.4	61.6
July	12.2	-2.5	14.6	9.6	-3.2	12.8	-8.5	-45.3	1.1	-50.5	-81.3
Aug.	-19.4	-3.7	-15.6	2.8	-6.1	8.9	-6.1	52.3	0.3	-10.6	19.4
Sep.	50.0	1.0	49.0	-0.1	-1.7	1.6	-7.6	63.4	0.8	56.8	163.3
Oct. <sup>(p)</sup>	22.2	-3.0	25.3	0.4	-7.0	7.3	5.6	23.9	0.9	27.1	80.1

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

														Total
	Currency in circulation	Deposits of central government	Deposits of other general government/ other euro area residents	Over-night	With agreed maturity	Redeemable at notice	Repurchase agreements	Money market fund shares/ units <sup>3)</sup>	Money market paper and debt securities issued <sup>3)</sup>	Capital and reserves	External liabilities <sup>2)</sup>	Re-maining liabilities	Excess of inter-MFI liabilities	
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
2000 May	-0.2	-17.9	1.5	-11.3	20.3	-8.9	1.4	0.6	12.3	2.6	30.4	11.0	5.9	46.3
June	3.6	32.1	-7.9	12.0	-0.7	-5.3	-13.9	-8.6	14.6	18.8	-73.0	15.3	26.1	20.9
July	1.9	-11.3	1.2	-5.0	7.5	-6.1	4.7	-3.0	2.5	15.4	13.2	37.8	-6.9	50.7
Aug.	-5.1	5.9	-8.1	-29.4	29.1	-5.1	-2.7	3.3	10.7	4.9	15.2	31.8	-14.8	43.9
Sep.	1.0	18.7	4.5	10.8	-1.0	-7.4	2.0	-8.9	0.4	18.8	44.0	-66.2	-0.8	11.5
Oct.	-2.2	13.2	3.4	-0.8	13.8	-8.8	-0.8	2.5	12.8	5.0	24.9	45.0	9.7	114.1
Nov.	0.1	-3.6	25.9	20.0	10.1	-7.2	3.0	6.1	-8.6	-11.9	17.5	-12.2	-13.2	0.1
Dec.	10.7	-4.3	96.1	53.8	20.0	20.9	1.5	-9.4	-3.0	-22.0	-11.8	-32.9	5.4	28.9
<i>Euro area enlargement</i>														
2001 Jan.	-20.1	-19.0	-15.5	-49.5	13.9	1.5	18.6	14.6	27.6	-4.2	115.7	18.0	6.6	123.8
Feb.	-1.0	8.7	8.3	1.5	11.2	-6.3	1.9	9.3	14.2	2.8	25.9	11.3	-39.8	39.7
Mar.	1.3	-5.2	33.4	8.7	15.3	-0.8	10.1	12.4	4.3	16.5	139.9	45.3	-8.2	239.7
Apr.	-0.1	2.2	29.6	30.6	-1.0	1.1	-1.1	9.4	-2.6	1.5	18.3	-11.7	10.3	56.8
May	-3.3	-5.6	29.7	21.9	-3.0	-1.7	12.4	10.4	-11.6	8.7	19.5	10.2	-1.3	56.5
June	0.1	17.4	35.7	40.5	-1.5	8.3	-11.6	-0.9	20.7	16.9	-7.3	-17.6	-3.5	61.6
July	-5.0	-8.8	-10.0	-17.7	4.1	3.0	0.7	9.5	0.8	-6.5	-62.5	-10.5	11.5	-81.3
Aug.	-8.8	-3.1	-2.4	-29.7	16.0	3.9	7.5	10.8	-0.6	7.0	25.7	-6.2	-2.9	19.4
Sep.	-9.7	1.2	53.7	70.4	-17.2	5.0	-4.6	4.4	13.0	3.7	21.5	58.4	17.1	163.3
Oct. <sup>(p)</sup>	-14.1	-0.8	20.0	2.2	1.5	8.1	8.2	12.4	13.0	6.4	7.2	44.2	-8.3	80.1



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

	M2							
	M1				Deposits with agreed maturity up to 2 years	Deposits redeemable at notice up to 3 months	Total	Index Dec. 98=100 <sup>3)</sup>
	Currency in circulation <sup>1)</sup>	Overnight deposits <sup>2)</sup>	Total	Index Dec. 98=100 <sup>3)</sup>				
					1	2	3	4
2000 Apr.	337.8	1,680.9	2,018.7	112.77	897.4	1,260.1	4,176.1	106.12
May	337.6	1,662.8	2,000.4	111.94	915.2	1,251.9	4,167.5	105.99
June	341.2	1,674.1	2,015.3	112.85	913.9	1,244.6	4,173.8	106.23
July	343.1	1,672.3	2,015.4	112.77	924.0	1,236.8	4,176.2	106.21
Aug.	338.0	1,643.0	1,981.0	110.74	954.3	1,230.4	4,165.8	105.86
Sep.	339.0	1,654.4	1,993.4	111.38	957.1	1,220.3	4,170.8	105.93
Oct.	336.8	1,656.8	1,993.6	111.28	973.1	1,211.1	4,177.7	105.99
Nov.	336.9	1,675.2	2,012.1	112.41	986.3	1,202.0	4,200.4	106.66
Dec.	347.6	1,728.8	2,076.4	116.23	991.8	1,221.0	4,289.2	109.17
<i>Euro area enlargement</i>								
2001 1 Jan.	355.3	1,743.5	2,098.9	-	1,028.6	1,271.1	4,398.6	-
2001 Jan.	335.3	1,692.7	2,028.0	112.31	1,042.1	1,275.0	4,345.1	107.85
Feb.	334.3	1,692.9	2,027.2	112.25	1,054.6	1,269.6	4,351.4	107.99
Mar.	335.5	1,703.3	2,038.8	112.79	1,070.7	1,269.7	4,379.2	108.57
Apr.	335.4	1,735.8	2,071.2	114.58	1,072.0	1,273.3	4,416.6	109.50
May	332.1	1,759.1	2,091.2	115.52	1,072.9	1,273.1	4,437.2	109.83
June	332.2	1,798.4	2,130.7	117.72	1,070.3	1,282.9	4,483.9	111.01
July	327.3	1,780.2	2,107.5	116.52	1,077.2	1,287.1	4,471.8	110.81
Aug.	318.5	1,747.4	2,065.9	114.32	1,092.7	1,292.8	4,451.4	110.41
Sep.	308.8	1,817.8	2,126.6	117.67	1,075.2	1,299.3	4,501.1	111.63
Oct. <sup>4)</sup>	294.7	1,819.3	2,114.0	117.00	1,077.6	1,310.3	4,501.9	111.65

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

	M2							
	M1				Deposits with agreed maturity up to 2 years	Deposits redeemable at notice up to 3 months	Total	Annual growth rate <sup>3)</sup> (%)
	Currency in circulation <sup>1)</sup>	Overnight deposits <sup>2)</sup>	Total	Annual growth rate <sup>3)</sup> (%)				
					1	2	3	4
2000 May	-0.2	-14.7	-14.9	8.7	19.1	-9.2	-5.1	4.7
June	3.6	12.6	16.2	7.1	0.3	-7.3	9.2	4.3
July	1.9	-3.2	-1.3	6.9	8.3	-7.5	-0.5	3.7
Aug.	-5.1	-31.1	-36.3	7.1	28.7	-6.5	-14.1	4.3
Sep.	1.0	10.3	11.4	6.2	1.6	-10.1	2.8	4.1
Oct.	-2.2	0.4	-1.8	5.8	13.7	-9.3	2.6	3.7
Nov.	0.1	20.2	20.4	5.0	15.1	-9.0	26.5	3.8
Dec.	10.7	57.6	68.3	5.7	11.0	19.3	98.5	3.7
<i>Euro area enlargement</i>								
2001 Jan.	-20.1	-50.6	-70.7	1.6	13.7	3.9	-53.1	2.6
Feb.	-1.0	-0.1	-1.1	2.1	12.3	-5.4	5.8	2.9
Mar.	1.3	8.4	9.7	2.0	13.7	-0.1	23.4	3.2
Apr.	-0.1	32.5	32.4	1.6	1.6	3.7	37.6	3.2
May	-3.3	20.4	17.1	3.2	-3.3	-0.5	13.3	3.6
June	0.1	39.7	39.8	4.3	-1.9	9.8	47.7	4.5
July	-5.0	-16.7	-21.7	3.3	8.9	4.4	-8.4	4.3
Aug.	-8.8	-31.1	-39.9	3.2	18.1	5.9	-15.9	4.3
Sep.	-9.7	70.2	60.5	5.6	-17.7	6.5	49.2	5.4
Oct. <sup>4)</sup>	-14.1	2.0	-12.1	5.1	1.9	11.0	0.8	5.3

Source: ECB.

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

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

M3 <sup>2)</sup>						Holdings of money market paper and debt securities up to 2 years by non-residents of the euro area		
Repurchase agreements	Money market fund shares/units	Money market paper and debt securities up to 2 years	Total	Index Dec. 98=100 <sup>3)</sup>		Total		
9	10	11	12	13	14	15	16	
179.8	328.5	135.1	4,819.5	107.61		82.2		2000 Apr.
181.2	326.4	139.0	4,814.1	107.63		82.8		May
167.3	319.3	136.5	4,796.9	107.35		87.0		June
172.0	316.8	132.4	4,797.4	107.35		94.7		July
169.4	320.4	135.0	4,790.5	107.10		100.0		Aug.
171.4	310.5	133.9	4,786.6	106.96		102.2		Sep.
170.6	313.6	135.8	4,797.7	107.10		108.8		Oct.
173.5	319.9	131.3	4,825.2	107.81		113.1		Nov.
174.9	300.1	136.6	4,900.9	109.86		112.5		Dec.
<i>Euro area enlargement</i>								
195.2	300.1	136.8	5,030.7	-		112.5		2001 1 Jan.
213.8	313.3	140.3	5,012.5	109.50		113.0		2001 Jan.
215.8	322.3	146.2	5,035.7	109.99		119.1		Feb.
225.9	333.2	142.3	5,080.7	110.88		123.3		Mar.
224.9	341.8	142.0	5,125.3	111.83		123.5		Apr.
237.3	351.3	136.0	5,161.9	112.45		132.4		May
225.8	349.3	146.5	5,205.4	113.42		139.9		June
226.4	358.4	142.0	5,198.6	113.37		141.5		July
233.9	369.9	142.2	5,197.4	113.45		138.8		Aug.
229.3	374.7	147.6	5,252.6	114.50		135.3		Sep.
237.5	387.0	147.8	5,274.1	114.95		135.6		Oct. <sup>(p)</sup>

M3 <sup>2)</sup>						Holdings of money market paper and debt securities up to 2 years by non-residents of the euro area		
Repurchase agreements	Money market fund shares/units	Money market paper and debt securities up to 2 years	Total	Annual growth rate <sup>3)</sup> (%)		Total	Annual growth rate <sup>5)</sup> (%)	
9	10	11	12	13	14	15	16	
1.4	0.6	4.1	1.0	5.4		1.5	0.5	2000 May
-13.9	-8.6	0.7	-12.5	4.6		4.9	0.7	June
4.7	-3.0	-1.4	-0.1	4.3		4.4	0.8	July
-2.7	3.3	2.5	-11.0	4.7		3.3	0.7	Aug.
2.0	-8.9	-2.2	-6.3	4.4		1.5	0.6	Sep.
-0.8	2.5	2.0	6.2	4.2		4.6	0.7	Oct.
3.0	6.1	-3.9	31.7	3.9		6.2	0.7	Nov.
1.5	-9.4	1.0	91.6	4.1		4.1	0.7	Dec.
<i>Euro area enlargement</i>								
18.6	14.6	3.5	-16.3	3.6		0.5	0.8	2001 Jan.
1.9	9.3	5.7	22.7	3.7		6.0	0.9	Feb.
10.1	12.4	-5.2	40.7	3.9		1.9	0.7	Mar.
-1.1	9.4	-2.6	43.4	3.9		0.5	0.7	Apr.
12.4	10.4	-7.7	28.3	4.5		5.3	0.8	May
-11.6	-0.9	9.4	44.7	5.7		8.0	0.8	June
0.7	9.5	-4.4	-2.6	5.6		3.9	0.8	July
7.5	10.8	1.3	3.7	5.9		-0.2	0.7	Aug.
-4.6	4.4	-0.7	48.3	7.0		1.8	0.7	Sep.
8.2	12.4	-0.8	20.6	7.3		0.0	0.6	Oct. <sup>(p)</sup>

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

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

5) Difference in percentage points vis-à-vis the annual rate of growth of M3.

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

	M2								
	M1				Other short-term deposits <sup>5)</sup>			Total	Index Dec. 98=100 <sup>4)</sup>
	Currency in circulation 1	Overnight deposits 2	Total	Index	Total	Index	Total		
			3	Dec. 98=100 <sup>4)</sup>				Dec. 98=100 <sup>4)</sup>	Dec. 98=100 <sup>4)</sup>
2000 Apr.	337.1	1,675.3	2,012.3	112.42	2,149.9	100.21	4,162.2	105.77	
May	338.5	1,662.7	2,001.2	111.99	2,165.3	100.94	4,166.5	105.97	
June	338.7	1,647.6	1,986.3	111.22	2,166.6	101.08	4,152.9	105.69	
July	338.9	1,661.3	2,000.2	111.92	2,171.2	101.22	4,171.4	106.09	
Aug.	339.2	1,676.2	2,015.5	112.67	2,183.6	101.72	4,199.1	106.70	
Sep.	339.5	1,670.9	2,010.4	112.33	2,190.4	101.98	4,200.8	106.69	
Oct.	339.8	1,677.3	2,017.1	112.59	2,200.2	102.33	4,217.3	107.00	
Nov.	337.8	1,679.5	2,017.3	112.70	2,209.9	102.87	4,227.3	107.34	
Dec.	337.1	1,677.2	2,014.4	112.75	2,198.9	102.63	4,213.3	107.23	
<i>Euro area enlargement</i>									
2001 1 Jan.	342.3	1,692.6	2,034.9	-	2,285.6	-	4,320.5	-	
2001 Jan.	341.0	1,688.4	2,029.4	112.39	2,295.7	103.11	4,325.1	107.35	
Feb.	340.0	1,709.5	2,049.5	113.49	2,310.5	103.76	4,360.1	108.21	
Mar.	337.5	1,714.8	2,052.3	113.53	2,329.7	104.51	4,382.0	108.64	
Apr.	336.2	1,725.4	2,061.5	114.04	2,340.0	104.98	4,401.5	109.13	
May	332.4	1,753.4	2,085.8	115.22	2,345.6	105.04	4,431.4	109.69	
June	329.7	1,763.0	2,092.7	115.62	2,361.4	105.78	4,454.1	110.28	
July	324.4	1,772.7	2,097.1	115.95	2,374.1	106.44	4,471.3	110.79	
Aug.	318.0	1,792.8	2,110.8	116.80	2,378.6	106.77	4,489.4	111.35	
Sep.	309.0	1,825.3	2,134.2	118.09	2,391.9	107.35	4,526.1	112.25	
Oct. <sup>6)</sup>	296.8	1,845.9	2,142.7	118.59	2,403.7	107.86	4,546.4	112.76	

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

	M2										
	M1					Other short-term deposits <sup>5)</sup>			Total	Monthly growth rate <sup>4)</sup> (%)	Annual growth rate <sup>4)</sup> (%)
	Currency in circulation 1	Overnight deposits 2	Total	Monthly growth rate <sup>4)</sup> (%)	Annual growth rate <sup>4)</sup> (%)	Total	Monthly growth rate <sup>4)</sup> (%)	Annual growth rate <sup>4)</sup> (%)			
			3	4	5		6	7	8		
2000 May	1.5	-9.2	-7.7	-0.4	9.0	15.6	0.7	1.1	7.8	0.2	4.8
June	0.2	-13.9	-13.7	-0.7	7.3	3.1	0.1	1.6	-10.7	-0.3	4.3
July	0.2	12.4	12.6	0.6	6.5	3.0	0.1	1.2	15.6	0.4	3.7
Aug.	0.3	13.0	13.3	0.7	7.2	10.7	0.5	1.7	24.0	0.6	4.3
Sep.	0.3	-6.5	-6.1	-0.3	6.3	5.6	0.3	2.0	-0.6	0.0	4.0
Oct.	0.3	4.4	4.7	0.2	6.0	7.4	0.3	2.0	12.1	0.3	3.9
Nov.	-2.0	4.1	2.1	0.1	5.3	11.7	0.5	2.5	13.8	0.3	3.8
Dec.	-0.7	1.6	0.9	0.0	5.1	-5.3	-0.2	2.1	-4.4	-0.1	3.5
<i>Euro area enlargement</i>											
2001 Jan.	-4.0	-3.2	-7.3	-0.3	2.2	10.9	0.5	3.5	3.7	0.1	2.9
Feb.	-1.0	20.8	19.9	1.0	2.3	14.6	0.6	3.5	34.5	0.8	2.9
Mar.	-2.5	3.3	0.8	0.0	1.6	16.7	0.7	4.3	17.5	0.4	3.0
Apr.	-1.4	10.5	9.1	0.4	1.4	10.5	0.4	4.8	19.6	0.4	3.2
May	-3.8	25.2	21.4	1.0	2.9	1.3	0.1	4.1	22.7	0.5	3.5
June	-2.7	10.0	7.3	0.3	4.0	16.4	0.7	4.6	23.7	0.5	4.3
July	-5.3	11.2	5.9	0.3	3.6	14.9	0.6	5.2	20.8	0.5	4.4
Aug.	-6.4	21.8	15.4	0.7	3.7	7.3	0.3	5.0	22.6	0.5	4.4
Sep.	-9.1	32.3	23.2	1.1	5.1	13.0	0.5	5.3	36.2	0.8	5.2
Oct. <sup>6)</sup>	-12.1	21.2	9.1	0.4	5.3	11.3	0.5	5.4	20.4	0.5	5.4

*Source: ECB.*

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

M3 <sup>2)</sup>				Loans to other euro area residents (excluding government) <sup>3)</sup>			
Marketable instruments <sup>6)</sup>			Total	Index Dec. 98=100 <sup>4)</sup>	Total	Index Dec. 98=100 <sup>4)</sup>	
Total	Index Dec. 98=100 <sup>4)</sup>						
9	10		11	12	13	14	
628.1	115.94		4,790.3	106.96	5,743.5	113.32	2000 Apr.
628.1	116.44		4,794.6	107.20	5,787.8	114.17	May
618.1	114.90		4,771.0	106.77	5,823.3	114.75	June
621.7	115.99		4,793.1	107.25	5,858.5	115.35	July
622.7	116.08		4,821.8	107.80	5,917.8	116.46	Aug.
622.4	116.01		4,823.2	107.78	5,991.1	117.62	Sep.
630.1	117.36		4,847.4	108.21	6,035.7	118.41	Oct.
631.0	117.60		4,858.2	108.55	6,067.5	119.17	Nov.
639.1	120.32		4,852.4	108.77	6,075.3	119.66	Dec.
<i>Euro area enlargement</i>							
659.6	-		4,980.1	-	6,130.0	-	2001 1 Jan.
676.4	123.50		5,001.5	109.26	6,179.7	120.47	2001 Jan.
677.9	123.77		5,038.0	110.05	6,212.7	121.13	Feb.
687.1	125.47		5,069.1	110.63	6,263.5	121.98	Mar.
692.1	126.13		5,093.6	111.14	6,303.8	122.80	Apr.
703.6	128.05		5,135.0	111.86	6,340.7	123.34	May
716.2	130.36		5,170.3	112.66	6,361.4	123.83	June
727.9	132.60		5,199.2	113.38	6,377.3	124.30	July
743.3	135.47		5,232.7	114.22	6,396.0	124.84	Aug.
760.5	137.43		5,286.6	115.24	6,430.7	125.49	Sep.
785.3	141.74		5,331.7	116.21	6,460.7	126.05	Oct. <sup>6)</sup>

M3 <sup>2)</sup>							Loans to other euro area residents (excluding government) <sup>3)</sup>			
Marketable instruments <sup>6)</sup>			Total	Monthly growth rate <sup>4)</sup> (%)	Annual growth rate <sup>4)</sup> (%)	3-month moving average (centred) (%)	Total	Monthly growth rate <sup>4)</sup> (%)	Annual growth rate <sup>4)</sup> (%)	
Total	Monthly growth rate <sup>4)</sup> (%)	Annual growth rate <sup>4)</sup> (%)								
12	13	14	15	16	17	18	19	20	21	
2.7	0.4	10.2	10.6	0.2	5.5	5.3	44.4	0.7	10.3	2000 May
-8.3	-1.3	6.8	-19.0	-0.4	4.6	4.8	35.6	0.5	9.4	June
5.9	1.0	8.8	21.5	0.4	4.3	4.5	35.0	0.5	9.1	July
0.5	0.1	7.7	24.5	0.5	4.7	4.5	59.1	1.0	9.5	Aug.
-0.4	-0.1	6.6	-1.0	0.0	4.4	4.5	73.3	1.0	10.0	Sep.
7.3	1.2	7.3	19.4	0.4	4.3	4.2	44.5	0.7	9.8	Oct.
1.3	0.2	5.2	15.1	0.3	4.0	4.1	31.9	0.6	9.3	Nov.
14.6	2.3	7.4	10.2	0.2	4.0	4.0	8.1	0.4	9.6	Dec.
<i>Euro area enlargement</i>										
18.1	2.6	10.4	21.7	0.4	3.9	3.9	104.4	0.7	9.3	2001 Jan.
1.5	0.2	9.5	35.9	0.7	3.8	3.8	32.9	0.6	9.0	Feb.
9.3	1.4	8.0	26.8	0.5	3.7	3.8	50.7	0.7	8.7	Mar.
3.6	0.5	8.8	23.2	0.5	3.9	4.0	40.4	0.7	8.4	Apr.
10.5	1.5	10.0	33.2	0.7	4.4	4.6	36.7	0.4	8.0	May
12.7	1.8	13.5	36.4	0.7	5.5	5.2	20.7	0.4	7.9	June
12.3	1.7	14.3	33.1	0.6	5.7	5.7	16.0	0.4	7.8	July
15.8	2.2	16.7	38.4	0.7	6.0	6.2	18.7	0.4	7.2	Aug.
10.7	1.4	18.5	47.0	0.9	6.9	6.8	34.7	0.5	6.7	Sep.
23.9	3.1	20.8	44.3	0.8	7.4	.	30.0	0.4	6.4	Oct. <sup>6)</sup>

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

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

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

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

	Longer-term MFI liabilities				Credit <sup>2)</sup>				Net external assets	Fixed assets
	Deposits with agreed maturity over 2 years	Deposits redeemable at notice over 3 months	Debt securities over 2 years	Capital and reserves	Credit to government	Credit to other euro area residents	Of which loans	Index Dec. 98 =100 <sup>3)</sup>		
	1	2	3	4	5	6	7	8	9	10
2000 Apr.	1,164.1	112.8	1,483.9	852.5	2,041.0	6,508.2	5,749.0	113.43	71.8	162.6
May	1,165.9	114.0	1,488.4	853.6	2,023.7	6,559.2	5,779.1	114.00	51.5	163.0
June	1,164.7	115.5	1,498.3	877.6	2,002.4	6,594.9	5,846.3	115.21	134.7	164.2
July	1,165.1	116.6	1,507.2	893.9	1,974.6	6,636.0	5,874.6	115.67	118.1	164.9
Aug.	1,166.1	118.2	1,523.0	898.2	1,950.6	6,660.4	5,893.1	115.98	109.6	165.2
Sep.	1,167.3	120.5	1,529.9	926.3	1,946.4	6,750.5	5,978.5	117.37	92.9	166.0
Oct.	1,168.4	121.3	1,548.6	932.8	1,935.5	6,799.7	6,021.4	118.13	77.8	168.0
Nov.	1,162.6	122.9	1,537.2	920.7	1,939.2	6,836.2	6,056.7	118.96	68.1	167.7
Dec.	1,168.2	125.4	1,525.2	894.4	1,925.3	6,877.6	6,090.7	119.96	77.1	169.9
<i>Euro area enlargement</i>										
2001 1 Jan.	1,170.0	126.7	1,526.9	911.9	2,009.9	6,952.0	6,154.0	-	183.3	172.9
2001 Jan.	1,170.2	126.8	1,555.3	909.0	2,003.7	6,998.4	6,185.0	120.58	17.4	171.8
Feb.	1,169.2	126.9	1,564.2	911.3	2,006.0	7,035.5	6,206.2	121.01	8.4	172.3
Mar.	1,172.5	126.4	1,576.9	926.9	2,017.7	7,128.0	6,273.1	122.17	-26.2	172.0
Apr.	1,169.7	124.6	1,577.8	928.1	2,015.7	7,193.3	6,312.4	122.97	-62.7	173.3
May	1,170.5	123.2	1,584.5	940.0	2,030.6	7,220.3	6,332.7	123.18	-80.3	174.6
June	1,170.8	122.0	1,593.2	963.9	2,041.5	7,243.2	6,386.7	124.32	-40.5	175.5
July	1,165.2	120.7	1,592.5	953.3	2,033.9	7,257.2	6,392.9	124.61	-26.3	176.6
Aug.	1,161.9	119.5	1,584.7	958.0	2,019.6	7,233.9	6,368.2	124.30	1.0	176.9
Sep.	1,162.7	118.6	1,599.1	962.2	2,025.7	7,273.7	6,418.8	125.26	56.2	177.8
Oct. <sup>(p)</sup>	1,162.5	116.7	1,612.4	972.0	2,016.1	7,316.1	6,445.6	125.75	72.7	178.7

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

	Longer-term MFI liabilities				Credit <sup>2)</sup>				Net external assets	Fixed assets
	Deposits with agreed maturity over 2 years	Deposits redeemable at notice over 3 months	Debt securities over 2 years	Capital and reserves	Credit to government	Credit to other euro area residents	Of which loans	Annual growth rate <sup>3)</sup> (%)		
	1	2	3	4	5	6	7	8	9	10
2000 May	1.2	1.2	8.2	2.6	-14.8	48.4	28.8	10.3	-19.2	0.5
June	-1.0	1.5	13.9	18.8	-22.8	30.1	61.1	9.4	80.8	1.4
July	-0.8	1.4	3.9	15.4	-27.4	33.9	23.5	9.1	-16.7	0.7
Aug.	0.3	1.7	8.2	4.9	-19.1	20.1	15.7	9.5	-11.1	0.3
Sep.	-2.6	2.2	2.6	18.8	-7.6	76.6	71.0	10.0	-26.5	0.7
Oct.	0.1	0.8	10.8	5.0	-15.0	47.0	38.6	9.8	-14.8	3.2
Nov.	-5.0	1.6	-4.7	-11.9	1.8	41.6	42.1	9.3	-9.5	-0.3
Dec.	9.0	2.5	-3.9	-22.0	-9.2	59.3	51.1	9.5	18.8	1.2
<i>Euro area enlargement</i>										
2001 Jan.	0.1	0.2	24.1	-4.2	-12.8	47.5	31.6	9.3	-55.1	-1.0
Feb.	-1.1	0.1	8.5	2.8	-3.7	38.5	22.2	9.0	-9.7	0.5
Mar.	1.6	-0.5	9.5	16.5	6.6	84.6	59.4	8.7	-37.5	0.1
Apr.	-2.6	-1.9	-0.1	1.5	-1.4	65.6	41.4	8.4	-36.8	1.2
May	0.3	-1.4	-3.9	8.7	15.7	16.2	10.7	8.1	-14.9	1.4
June	0.4	-1.1	11.3	16.9	10.8	24.7	58.7	7.9	33.9	0.9
July	-4.8	-1.4	5.2	-6.5	-5.7	19.0	14.6	7.7	17.2	1.1
Aug.	-2.2	-1.2	-1.9	7.0	-9.8	-12.8	-15.6	7.2	26.6	0.3
Sep.	0.6	-0.9	13.7	3.7	-0.7	42.9	49.0	6.7	41.9	0.8
Oct. <sup>(p)</sup>	-0.4	-1.9	13.8	6.4	-10.0	38.2	25.3	6.4	16.8	0.9

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

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

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

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

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

	Non-monetary financial intermediaries except insurance corporations and pension funds			Insurance corporations and pension funds			General government								
	Total		Index Dec.98 =100 <sup>2)</sup>	Total		Index Dec.98 =100 <sup>2)</sup>	Central government <sup>3)</sup>	Other general government					Total	Index Dec.98 =100 <sup>2)</sup>	
	1	Up to 1 year		2	Up to 1 year			3	4	5	6	State government			Local government
			8			Over 5 years	9					Over 5 years	10	11	12
2000 Q1	335.4	207.2	127.9	37.1	25.7	135.1	193.8	291.9	251.3	338.1	306.1	16.0	839.7	99.5	
Q2	381.5	246.1	135.7	38.8	29.1	141.3	186.8	290.0	252.1	339.0	306.0	19.7	835.6	99.0	
Q3	385.4	247.2	138.8	33.0	25.3	120.4	173.3	288.4	252.4	337.8	305.3	18.5	818.1	97.3	
Q4	394.8	252.9	142.8	31.5	21.8	114.8	173.1	297.3	255.4	350.9	315.8	14.6	835.9	99.5	
<i>Euro area enlargement</i>															
2001 1 Jan.	395.4	253.4	-	31.6	21.8	-	185.6	297.3	255.4	351.5	316.4	15.2	849.6	-	
2001 Q1	418.0	273.0	153.0	35.9	26.8	130.5	189.3	295.3	255.3	352.4	314.0	15.6	852.6	99.1	
Q2	425.3	280.7	155.7	35.8	26.7	130.2	175.0	294.0	254.9	350.1	312.1	17.2	836.3	97.2	
Q3 <sup>4)</sup>	408.7	258.3	149.5	35.6	26.3	130.5	168.2	293.9	254.1	350.7	313.4	17.7	830.5	96.6	

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

	Non-monetary financial intermediaries except insurance corporations and pension funds			Insurance corporations and pension funds			General government								
	Total		Annual growth rate <sup>2)</sup> (%)	Total		Annual growth rate <sup>2)</sup> (%)	Central government <sup>3)</sup>	Other general government					Total	Annual growth rate <sup>2)</sup> (%)	
	1	Up to 1 year		2	Up to 1 year			3	4	5	6	7			State government
			8			Over 5 years	9						Over 5 years	10	11
2000 Q2	20.6	13.8	18.6	1.7	3.5	-4.1	-7.3	-1.8	1.3	0.9	-0.1	3.7	-4.6	-0.3	
Q3	8.6	1.1	24.5	-5.7	-3.8	-21.2	-9.9	-2.3	-0.3	-0.5	0.0	-1.2	-13.9	-1.1	
Q4	11.2	6.8	18.2	-1.5	-3.5	6.6	0.2	8.8	3.0	12.8	10.3	-3.9	18.0	-0.9	
<i>Euro area enlargement</i>															
2001 Q1	28.1	22.7	19.6	4.3	5.0	-3.4	-0.6	-2.0	-0.1	-0.7	-3.7	0.4	-2.9	-0.4	
Q2	7.5	7.6	14.7	-0.1	-0.1	-7.9	-14.7	-1.3	-0.4	-2.2	-1.9	1.6	-16.7	-1.8	
Q3 <sup>4)</sup>	-16.9	-22.4	7.7	0.1	-0.4	8.4	-6.3	0.0	-0.7	0.5	1.3	0.6	-5.2	-0.8	

Source: ECB.

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

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

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

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

**Table 2.5 (cont'd)**

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

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

**3. Loans to non-financial sectors other than government: levels at the end of the period**

	Non-financial corporations					Consumer credit <sup>3)</sup>				
	Up to 1 year	Over 1 and up to 5 years	Over 5 years	Total	Index Dec.98 =100 <sup>2)</sup>	Up to 1 year	Over 1 and up to 5 years	Over 5 years	Total	Index Dec.98 =100 <sup>2)</sup>
	1	2	3	4	5	6	7	8	9	10
2000 Q1	900.8	392.8	1,207.8	2,501.4	109.9	89.0	162.5	200.6	452.1	110.0
Q2	918.2	407.1	1,236.9	2,562.1	113.0	93.5	161.5	201.9	456.9	111.7
Q3	953.5	423.6	1,256.9	2,634.0	115.8	96.4	164.9	208.3	469.7	114.4
Q4	967.3	429.3	1,287.8	2,684.4	118.6	98.1	165.4	212.9	476.5	116.1
<i>Euro area enlargement</i>										
2001 1 Jan.	996.0	436.6	1,293.6	2,726.2	-	102.7	166.3	213.0	482.0	-
2001 Q1	1,033.6	445.4	1,313.5	2,792.5	120.9	99.3	168.5	212.7	480.6	115.1
Q2	1,051.2	455.8	1,343.4	2,850.4	123.2	100.6	171.2	217.6	489.4	117.3
Q3 <sup>4)</sup>	1,028.1	466.6	1,370.2	2,864.9	124.5	101.8	171.6	220.8	494.3	118.5

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

	Non-financial corporations					Consumer credit <sup>3)</sup>				
	Up to 1 year	Over 1 and up to 5 years	Over 5 years	Total	Annual growth rate <sup>2)</sup> (%)	Up to 1 year	Over 1 and up to 5 years	Over 5 years	Total	Annual growth rate <sup>2)</sup> (%)
	1	2	3	4	5	6	7	8	9	10
2000 Q2	22.1	16.3	31.1	69.5	9.3	4.5	-0.4	2.8	6.9	7.1
Q3	28.8	16.4	18.1	63.2	11.1	2.1	3.2	5.8	11.1	8.0
Q4	19.3	9.6	36.3	65.2	10.8	1.8	0.5	4.6	6.9	8.0
<i>Euro area enlargement</i>										
2001 Q1	32.8	5.4	13.6	51.8	10.0	-4.4	0.1	0.4	-3.9	4.6
Q2	14.1	12.2	26.6	52.9	9.1	1.2	3.0	4.9	9.1	5.0
Q3 <sup>4)</sup>	-18.0	14.0	33.6	29.7	7.5	1.5	0.1	3.2	4.9	3.6

Source: ECB.

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

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

Households											Non-profit institutions serving households			
Lending for house purchase <sup>3)</sup>					Other lending					Total	Index Dec.98 =100 <sup>2)</sup>	Total	Index Dec.98 =100 <sup>2)</sup>	
Up to 1 year	Over 1 and up to 5 years	Over 5 years	Total	Index Dec.98 =100 <sup>2)</sup>	Up to 1 year	Over 1 and up to 5 years	Over 5 years	Total	Index Dec.98 =100 <sup>2)</sup>					
11	12	13	14	15	16	17	18	19	20	21	22	23	24	
20.2	58.8	1,660.4	1,739.4	114.1	140.9	100.4	342.8	584.2	110.7	2,775.6	112.7	39.0	111.8	2000 Q1
21.2	60.6	1,699.2	1,781.0	116.7	144.8	102.1	341.3	588.3	111.9	2,826.2	114.8	37.6	107.8	Q2
22.8	62.9	1,747.7	1,833.5	118.9	142.4	100.8	342.1	585.3	111.7	2,888.4	116.6	37.6	107.7	Q3
23.1	62.3	1,791.6	1,876.9	121.7	146.6	101.8	340.1	588.4	113.1	2,941.8	118.9	38.2	109.3	Q4
<i>Euro area enlargement</i>														
23.1	62.7	1,802.4	1,888.2	-	146.7	101.8	340.1	588.6	-	2,958.8	-	38.2	-	2001 1 Jan.
22.8	61.7	1,832.2	1,916.8	123.6	145.9	104.4	341.9	592.2	114.0	2,989.5	120.1	37.3	106.5	2001 Q1
23.4	62.3	1,868.4	1,954.1	125.7	147.7	100.6	342.7	591.0	115.1	3,034.6	122.1	40.7	116.5	Q2
23.0	61.2	1,901.6	1,985.9	127.8	144.4	100.7	345.2	590.3	115.1	3,070.5	123.6	39.2	112.0	Q3 <sup>(p)</sup>

Households											Non-profit institutions serving households			
Lending for house purchase <sup>3)</sup>					Other lending					Total	Annual growth rate <sup>2)</sup> (%)	Total	Annual growth rate <sup>2)</sup> (%)	
Up to 1 year	Over 1 and up to 5 years	Over 5 years	Total	Annual growth rate <sup>2)</sup> (%)	Up to 1 year	Over 1 and up to 5 years	Over 5 years	Total	Annual growth rate <sup>2)</sup> (%)					
11	12	13	14	15	16	17	18	19	20	21	22	23	24	
1.1	1.6	37.2	40.0	10.2	3.9	2.5	-0.2	6.2	5.8	53.0	8.7	-1.4	5.2	2000 Q2
0.0	0.7	32.9	33.6	9.0	-1.7	-0.9	2.0	-0.6	5.0	44.0	8.0	0.0	3.9	Q3
0.2	-0.6	42.5	42.1	8.6	4.5	2.1	0.5	7.0	3.6	56.0	7.4	0.6	2.0	Q4
<i>Euro area enlargement</i>														
-0.4	-0.9	31.2	29.9	8.3	0.2	2.6	1.8	4.5	3.0	30.6	6.6	-1.0	-4.8	2001 Q1
0.6	0.5	32.1	33.2	7.7	1.9	-2.0	5.9	5.8	2.9	48.1	6.3	3.5	8.1	Q2
-0.4	-1.1	33.3	31.8	7.5	-3.3	0.3	3.2	0.1	3.0	36.8	5.9	-1.6	4.0	Q3 <sup>(p)</sup>

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

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



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

	Non-monetary financial intermediaries except insurance corporations and pension funds					Insurance corporations and pension funds					General government					
	Total <sup>2)</sup>				Index Dec.98 =100 <sup>3)</sup>	Total <sup>2)</sup>				Index Dec.98 =100 <sup>3)</sup>	Central government	Other general government			Total	Index Dec.98 =100 <sup>3)</sup>
	Over-night	With agreed maturity	Repos			Over-night	With agreed maturity	Repos				State government	Local government	Social security funds		
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	
2000 Q1	438.2	162.2	183.0	87.4	131.0	458.8	35.4	407.1	13.1	110.9	130.2	28.1	58.6	52.7	269.6	102.6
Q2	428.2	164.5	181.6	76.8	129.9	460.7	34.6	411.0	11.6	111.4	146.0	31.7	62.7	59.3	299.6	114.0
Q3	427.3	158.6	187.0	76.6	129.8	464.4	34.1	413.7	12.9	111.6	159.2	30.3	63.2	57.8	310.5	117.8
Q4	431.1	153.6	198.9	74.0	131.0	477.6	40.6	418.5	15.3	114.8	164.5	30.6	68.2	53.2	316.5	120.1
<i>Euro area enlargement</i>																
2001 1 Jan.	433.0	153.0	200.2	75.2	-	479.9	40.7	418.5	17.5	-	166.2	30.6	69.1	55.1	321.0	-
2001 Q1	441.9	151.8	194.2	91.2	133.4	483.5	38.2	423.0	18.8	115.7	150.3	30.9	65.0	57.2	303.5	113.4
Q2	455.4	164.3	195.9	89.3	136.3	486.1	41.4	424.0	16.9	116.3	164.3	31.5	66.8	60.8	323.4	120.9
Q3 <sup>4)</sup>	456.2	163.0	202.0	86.0	134.1	487.6	39.4	426.7	17.7	116.7	153.7	33.3	67.6	60.6	315.1	117.8

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

	Non-monetary financial intermediaries except insurance corporations and pension funds					Insurance corporations and pension funds					General government					
	Total <sup>2)</sup>				Annual growth rate <sup>3)</sup> (%)	Total <sup>2)</sup>				Annual growth rate <sup>3)</sup> (%)	Central government	Other general government			Total	Annual growth rate <sup>3)</sup> (%)
	Over-night	With agreed maturity	Repos			Over-night	With agreed maturity	Repos				State government	Local government	Social security funds		
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	
2000 Q2	-3.8	2.3	4.9	-10.6	7.2	1.9	0.3	2.8	-1.5	6.9	15.8	3.6	4.1	6.5	30.0	17.7
Q3	-0.1	-5.8	6.1	-0.2	10.1	1.0	-0.7	0.3	1.3	5.7	13.3	-1.4	-0.4	-1.5	10.0	18.2
Q4	3.9	-4.9	11.9	-2.6	8.9	13.2	6.5	4.8	2.4	6.1	5.3	0.4	5.0	-4.6	6.1	12.5
<i>Euro area enlargement</i>																
2001 Q1	7.7	-2.5	-5.9	16.0	1.8	3.7	-2.5	4.5	1.3	4.3	-15.6	0.1	-4.1	2.1	-17.5	10.6
Q2	9.6	12.4	-2.1	-1.8	4.9	2.8	3.4	1.0	-1.9	4.5	13.9	0.5	1.9	3.6	19.9	6.1
Q3 <sup>4)</sup>	-7.2	-1.3	-1.9	-3.3	3.3	1.5	-1.9	2.7	0.9	4.6	-10.6	1.9	0.7	-0.3	-8.3	0.0

Source: ECB.

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

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

	Non-financial corporations						Households <sup>2)</sup>					
	Overnight	With agreed maturity	Redeemable at notice	Repos	Total	Index Dec.98 =100 <sup>3)</sup>	Overnight	With agreed maturity	Redeemable at notice	Repos	Total	Index Dec.98 =100 <sup>3)</sup>
	1	2	3	4	5	6	7	8	9	10	11	12
2000 Q1	440.2	291.9	24.4	31.1	787.7	101.4	887.1	1,090.7	1,274.7	42.4	3,294.9	102.2
Q2	459.7	307.7	24.1	26.9	818.4	104.6	888.2	1,095.1	1,254.6	46.6	3,284.5	101.8
Q3	464.2	329.5	24.7	25.0	843.4	106.4	874.4	1,109.7	1,235.3	51.6	3,270.9	101.4
Q4	497.4	324.6	24.1	26.3	872.4	111.5	907.1	1,131.5	1,241.4	57.1	3,337.0	103.5
<i>Euro area enlargement</i>												
2001 1 Jan.	504.5	337.9	24.2	30.5	897.2	-	910.6	1,154.0	1,292.3	69.6	3,426.6	-
2001 Q1	478.9	349.2	24.1	32.4	884.6	108.9	906.2	1,192.3	1,287.0	78.9	3,464.5	104.6
Q2	514.5	335.7	24.4	32.1	906.7	111.3	947.4	1,198.7	1,293.5	82.5	3,522.0	106.4
Q3 <sup>4)</sup>	515.1	322.1	25.4	35.5	898.1	112.5	964.8	1,203.7	1,304.9	84.5	3,557.8	107.5

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

	Non-financial corporations						Households <sup>2)</sup>					
	Overnight	With agreed maturity	Redeemable at notice	Repos	Total	Annual growth rate <sup>3)</sup> (%)	Overnight	With agreed maturity	Redeemable at notice	Repos	Total	Annual growth rate <sup>3)</sup> (%)
	1	2	3	4	5	6	7	8	9	10	11	12
2000 Q2	19.8	9.5	-0.3	-4.3	24.8	8.2	2.2	4.4	-21.2	4.2	-10.3	1.2
Q3	0.3	14.1	1.3	-2.0	13.7	8.9	-13.8	14.6	-19.6	5.0	-13.8	1.0
Q4	36.8	2.8	-0.6	1.3	40.3	11.1	32.8	22.5	6.4	5.5	67.1	1.1
<i>Euro area enlargement</i>												
2001 Q1	-28.3	6.9	-0.1	1.8	-19.8	7.4	-4.6	37.8	-5.8	9.3	36.7	2.4
Q2	32.9	-13.4	0.3	-0.4	19.4	6.4	41.1	6.4	6.2	3.6	57.4	4.4
Q3 <sup>4)</sup>	4.1	0.5	1.0	3.5	9.1	5.7	17.3	5.0	11.7	2.0	36.0	6.0

Source: ECB.

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

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

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

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

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

	Loans to non-residents								Holdings of securities other than shares issued by non-residents							
	Banks <sup>1)2)</sup>		Non-banks				Total	Index Dec.98 =100 <sup>3)</sup>	Banks <sup>1)</sup>		Non-banks				Total	Index Dec.98 =100 <sup>3)</sup>
	Total	Index Dec.98 =100 <sup>3)</sup>	General government	Other	Total	Index Dec.98 =100 <sup>3)</sup>			Total	Index Dec.98 =100 <sup>3)</sup>	General government	Other	Total	Index Dec.98 =100 <sup>3)</sup>		
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	
2000 Q1	943.8	94.0	79.4	405.7	485.1	119.2	1,428.8	101.2	129.4	147.5	291.7	152.1	443.7	106.4	573.2	114.0
Q2	977.7	97.1	81.0	399.0	480.0	118.7	1,457.7	103.3	153.0	152.8	302.8	161.3	464.1	107.8	617.1	116.0
Q3	979.4	94.4	79.3	441.4	520.7	123.3	1,500.0	102.7	168.2	160.9	321.5	175.4	496.9	110.1	665.1	119.5
Q4	945.4	93.4	78.9	445.6	524.5	127.9	1,469.8	103.3	171.1	172.5	290.6	183.7	474.3	109.2	645.4	120.9
<i>Euro area enlargement</i>																
2001 1 Jan.	964.1	-	78.9	449.3	528.2	-	1,492.2	-	171.3	-	296.2	184.0	480.2	-	651.5	-
2001 Q1	1,051.5	100.5	76.3	517.9	594.2	143.1	1,645.7	112.7	188.8	188.1	285.7	204.8	490.4	113.2	679.3	127.1
Q2	1,071.3	100.7	78.9	519.3	598.2	141.1	1,669.5	112.3	205.1	200.5	294.3	208.0	502.3	114.0	707.4	130.0
Q3 <sup>4)</sup>	1,082.0	104.5	75.4	527.5	602.9	147.0	1,684.9	116.7	204.1	205.5	275.4	209.6	485.0	113.8	689.1	130.8

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

	Loans to non-residents								Holdings of securities other than shares issued by non-residents							
	Banks <sup>1)2)</sup>		Non-banks				Total	Annual growth rate <sup>3)</sup> (%)	Banks <sup>1)</sup>		Non-banks				Total	Annual growth rate <sup>3)</sup> (%)
	Total	Annual growth rate <sup>3)</sup> (%)	General government	Other	Total	Annual growth rate <sup>3)</sup> (%)			Total	Annual growth rate <sup>3)</sup> (%)	General government	Other	Total	Annual growth rate <sup>3)</sup> (%)		
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	
2000 Q2	31.0	-6.4	2.2	-4.1	-2.0	4.3	29.0	-3.1	4.7	9.6	10.1	-4.3	5.8	12.7	10.5	12.1
Q3	-27.3	-2.6	-1.7	20.5	18.8	8.3	-8.6	0.9	8.1	23.2	17.1	-6.9	10.2	13.0	18.3	15.3
Q4	-9.9	3.7	-0.7	19.9	19.2	10.4	9.3	6.0	12.2	26.7	-31.5	27.3	-4.2	7.2	8.0	11.7
<i>Euro area enlargement</i>																
2001 Q1	70.9	6.8	3.7	58.9	62.6	20.1	133.5	11.3	15.4	27.5	5.3	12.1	17.3	6.4	32.8	11.5
Q2	3.0	3.7	2.6	-11.2	-8.6	18.9	-5.6	8.7	12.4	31.2	9.1	-5.6	3.5	5.8	15.9	12.1
Q3 <sup>4)</sup>	40.1	10.7	-3.5	28.6	25.2	19.2	65.3	13.7	5.2	27.7	-19.5	18.5	-1.0	3.3	4.2	9.5

Source: ECB.

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

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

**Table 2.7 (cont'd)**

Holdings of shares and other equity issued by non-residents						Deposits held by non-residents								
Banks <sup>1)</sup>		Other		Total	Index Dec.98 =100 <sup>3)</sup>	Banks <sup>1)</sup>		Non-banks				Total	Index Dec.98 =100 <sup>3)</sup>	
Total	Index Dec.98 =100 <sup>3)</sup>	Total	Index Dec.98 =100 <sup>3)</sup>			Total	Index Dec.98 =100 <sup>3)</sup>	General government	Other	Total	Index Dec.98 =100 <sup>3)</sup>			
17	18	19	20	21	22	23	24	25	26	27	28	29	30	
47.4	198.5	64.4	154.9	111.8	170.5	1,534.6	124.7	71.4	463.4	534.8	127.6	2,069.4	125.5	2000 Q1
50.8	205.0	67.5	160.7	118.3	176.5	1,505.6	122.4	77.2	470.1	547.3	130.7	2,052.9	124.5	Q2
58.0	226.4	81.4	191.2	139.4	203.5	1,578.2	123.5	81.7	526.3	608.0	140.2	2,186.2	127.8	Q3
61.6	241.8	80.0	193.9	141.6	210.9	1,550.8	125.1	84.6	504.0	588.6	139.1	2,139.4	128.7	Q4
<i>Euro area enlargement</i>														
62.3	-	80.2	-	142.5	-	1,553.8	-	85.6	506.6	592.2	-	2,146.0	-	2001 1 Jan.
65.1	252.2	93.9	227.9	159.1	235.8	1,781.6	140.8	89.3	577.1	666.4	154.1	2,448.0	144.2	2001 Q1
61.1	236.5	97.2	234.4	158.3	233.8	1,817.3	140.8	94.8	587.0	681.9	155.0	2,499.2	144.5	Q2
63.5	245.4	90.4	217.3	153.9	226.7	1,717.7	137.6	93.7	581.9	675.6	158.0	2,393.3	142.8	Q3 <sup>4)</sup>

Holdings of shares and other equity issued by non-residents						Deposits held by non-residents								
Banks <sup>1)</sup>		Other		Total	Annual growth rate <sup>3)</sup> (%)	Banks <sup>1)</sup>		Non-banks				Total	Annual growth rate <sup>3)</sup> (%)	
Total	Annual growth rate <sup>3)</sup> (%)	Total	Annual growth rate <sup>3)</sup> (%)			Total	Annual growth rate <sup>3)</sup> (%)	General government	Other	Total	Annual growth rate <sup>3)</sup> (%)			
17	18	19	20	21	22	23	24	25	26	27	28	29	30	
1.6	41.6	2.4	29.2	4.0	34.0	-29.2	4.3	5.8	7.3	13.1	16.7	-16.2	7.3	2000 Q2
5.3	31.1	12.8	64.4	18.1	49.1	14.5	9.7	4.4	35.5	40.0	22.2	54.4	12.9	Q3
4.0	47.8	1.2	47.1	5.1	47.4	20.1	12.4	3.0	-7.9	-4.9	17.7	15.2	13.8	Q4
<i>Euro area enlargement</i>														
2.7	27.1	14.0	47.1	16.7	38.3	194.9	12.9	3.5	60.1	63.5	20.8	258.4	14.9	2001 Q1
-4.1	15.3	2.7	45.9	-1.4	32.4	0.2	15.1	5.6	-1.5	4.1	18.6	4.3	16.1	Q2
2.3	8.4	-7.1	13.7	-4.8	11.4	-42.0	11.4	-1.1	14.2	13.1	12.7	-28.9	11.7	Q3 <sup>4)</sup>

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

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

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

	MFIs								Non-MFIs							
	All currencies 1	Euro <sup>2)</sup> 2	Other EU currencies 3	Other currencies 4	Other currencies				All currencies 9	Euro <sup>2)</sup> 10	Other EU currencies 11	Other currencies 12	Other currencies			
					USD 5	JPY 6	CHF 7	Other 8					USD 13	JPY 14	CHF 15	Other 16
2000 Q1	3,932.0	3,496.3	55.0	380.8	265.7	32.4	60.5	22.2	5,249.2	5,074.6	30.5	144.1	105.1	17.6	11.9	9.5
Q2	4,055.9	3,620.9	52.8	382.2	265.1	34.7	62.2	20.1	5,291.3	5,111.2	27.9	152.3	113.0	17.1	13.2	9.0
Q3	3,945.3	3,485.3	57.9	402.1	279.2	38.1	64.9	19.9	5,316.4	5,127.4	29.1	160.0	121.0	16.5	12.5	10.1
Q4	3,949.6	3,526.2	47.5	376.0	265.0	34.4	61.0	15.6	5,434.6	5,256.4	27.3	150.9	115.1	14.6	11.3	9.9
<i>Euro area enlargement</i>																
2001 Q1	4,059.5	3,558.8	55.4	445.3	316.6	40.2	67.8	20.7	5,578.1	5,367.8	31.2	179.2	130.8	23.8	12.3	12.2
Q2	4,072.3	3,585.9	52.8	433.6	309.0	40.3	65.4	19.0	5,693.6	5,480.6	30.7	182.2	133.5	24.0	11.6	13.2
Q3 <sup>3)</sup>	4,092.2	3,613.9	47.7	430.6	302.8	38.7	70.8	18.4	5,714.6	5,515.8	28.1	170.8	125.0	22.6	11.0	12.2

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

	Banks <sup>3)</sup>								Non-banks							
	All currencies 1	Euro <sup>2)</sup> 2	Other EU currencies 3	Other currencies 4	Other currencies				All currencies 9	Euro <sup>2)</sup> 10	Other EU currencies 11	Other currencies 12	Other currencies			
					USD 5	JPY 6	CHF 7	Other 8					USD 13	JPY 14	CHF 15	Other 16
2000 Q1	1,534.6	605.0	151.1	778.5	615.6	66.4	65.9	30.6	534.8	244.3	51.4	239.1	195.4	21.6	11.4	10.8
Q2	1,505.6	598.2	134.1	773.2	614.1	61.0	63.2	34.9	547.3	243.5	52.1	251.7	203.8	22.0	15.1	10.7
Q3	1,578.2	611.6	145.6	821.0	661.9	63.3	63.4	32.4	608.0	252.8	61.0	294.2	245.5	23.1	13.8	11.8
Q4	1,550.8	590.9	126.8	833.2	684.3	53.1	65.7	30.1	588.6	254.1	64.0	270.5	225.5	20.5	12.3	12.2
<i>Euro area enlargement</i>																
2001 Q1	1,781.6	698.5	142.6	940.5	776.8	66.4	65.8	31.5	666.4	295.7	70.6	300.1	255.9	17.6	14.2	12.4
Q2	1,817.3	690.0	133.8	993.5	815.3	72.9	73.1	32.2	681.9	286.7	73.2	322.0	274.1	19.3	13.6	14.9
Q3 <sup>3)</sup>	1,717.7	667.7	136.5	913.2	748.3	59.2	76.2	29.5	675.6	294.4	68.9	312.3	263.0	18.4	15.9	15.0

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

	Debt securities								Money market paper							
	All currencies 1	Euro <sup>2)</sup> 2	Other EU currencies 3	Other currencies 4	Other currencies				All currencies 9	Euro <sup>2)</sup> 10	Other EU currencies 11	Other currencies 12	Other currencies			
					USD 5	JPY 6	CHF 7	Other 8					USD 13	JPY 14	CHF 15	Other 16
2000 Q1	2,425.6	2,139.7	43.1	242.8	136.3	53.8	33.8	18.8	250.5	226.0	1.8	22.7	14.5	4.6	2.0	1.7
Q2	2,482.6	2,185.5	40.6	256.6	145.5	58.9	33.6	18.6	262.8	234.9	1.4	26.4	17.2	5.4	2.5	1.4
Q3	2,554.8	2,226.6	47.7	280.5	158.2	65.3	37.4	19.7	272.2	233.6	2.2	36.4	26.6	5.7	2.8	1.3
Q4	2,566.9	2,246.0	46.5	274.4	157.3	62.1	35.4	19.7	262.2	215.8	2.4	44.1	34.0	5.6	2.9	1.5
<i>Euro area enlargement</i>																
2001 Q1	2,667.6	2,327.9	48.3	291.4	172.0	61.5	37.5	20.5	278.5	227.8	2.1	48.6	41.6	3.0	2.6	1.5
Q2	2,731.2	2,358.2	53.9	319.1	189.2	69.4	39.6	20.8	275.5	227.0	4.3	44.2	35.8	4.7	2.5	1.1
Q3 <sup>3)</sup>	2,746.5	2,380.3	54.0	312.2	184.4	67.4	39.3	21.1	265.1	217.9	4.3	42.9	34.9	4.5	2.4	1.1

Source: ECB.

- 1) Outstanding amounts are not adjusted for reclassifications, other revaluations or exchange rate variations. Data are partially estimated. For further details, see the technical notes.
- 2) Including items expressed in the national denominations of the euro.
- 3) The term "banks" is used in this table to indicate institutions of a similar type to MFIs resident outside the euro area.

**Table 2.8 (cont'd)**
**Currency analysis of certain liabilities and assets of the euro area MFIs <sup>1)</sup>**
*(EUR billions (not seasonally adjusted; end of period))*
**Assets outstanding**
**4. Loans to euro area residents**

	MFIs								Non-MFIs							
	All currencies	Euro <sup>2)</sup>	Other EU currencies	Other currencies					All currencies	Euro <sup>2)</sup>	Other EU currencies	Other currencies				
					USD	JPY	CHF	Other					USD	JPY	CHF	Other
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	
2000 Q1	3,935.1	-	-	-	-	-	-	-	6,528.3	6,261.4	33.9	233.0	128.2	35.1	65.9	3.7
Q2	4,025.6	-	-	-	-	-	-	-	6,681.9	6,388.6	35.4	257.9	144.7	38.4	70.5	4.3
Q3	3,935.6	-	-	-	-	-	-	-	6,796.5	6,485.5	34.8	276.3	155.8	44.4	72.1	4.0
Q4	3,938.0	-	-	-	-	-	-	-	6,926.6	6,622.4	32.4	271.8	151.6	41.2	74.3	4.7
<i>Euro area enlargement</i>																
2001 Q1	4,081.4	-	-	-	-	-	-	-	7,125.6	6,782.4	35.1	308.1	182.3	45.4	74.9	5.6
Q2	4,089.3	-	-	-	-	-	-	-	7,223.0	6,856.8	29.4	336.9	204.6	51.7	74.0	6.5
Q3 <sup>3)</sup>	4,086.7	-	-	-	-	-	-	-	7,249.3	6,905.6	29.6	314.2	180.9	51.7	75.6	5.9

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

	Issued by MFIs								Issued by non-MFIs							
	All currencies	Euro <sup>2)</sup>	Other EU currencies	Other currencies					All currencies	Euro <sup>2)</sup>	Other EU currencies	Other currencies				
					USD	JPY	CHF	Other					USD	JPY	CHF	Other
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	
2000 Q1	871.9	834.7	11.6	25.5	16.4	5.0	2.4	1.7	1,449.6	1,417.1	4.8	27.6	14.2	11.3	1.2	0.8
Q2	897.5	858.2	12.5	26.9	17.8	4.9	2.6	1.7	1,411.0	1,377.3	6.0	27.6	14.7	10.5	1.6	0.9
Q3	943.4	898.7	10.6	34.1	24.5	5.3	2.5	1.9	1,386.6	1,353.3	3.6	29.7	16.6	11.0	1.2	0.9
Q4	935.3	895.0	10.8	29.5	19.7	5.9	2.1	1.7	1,354.6	1,320.7	5.6	28.2	16.7	9.7	1.0	0.9
<i>Euro area enlargement</i>																
2001 Q1	971.2	931.2	9.5	30.4	20.6	6.3	1.7	1.8	1,452.7	1,413.1	3.6	36.0	21.2	13.1	1.1	0.6
Q2	993.4	950.7	10.7	32.0	22.1	6.5	1.6	1.8	1,506.3	1,464.7	4.7	36.9	21.7	13.3	1.1	0.8
Q3 <sup>3)</sup>	1,000.9	961.1	9.9	30.0	20.6	6.2	1.6	1.6	1,517.7	1,478.8	4.2	34.7	20.3	12.5	1.2	0.7

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

	Banks <sup>3)</sup>								Non-banks							
	All currencies	Euro <sup>2)</sup>	Other EU currencies	Other currencies					All currencies	Euro <sup>2)</sup>	Other EU currencies	Other currencies				
					USD	JPY	CHF	Other					USD	JPY	CHF	Other
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	
2000 Q1	943.8	422.9	95.5	425.4	306.9	49.3	33.0	36.2	485.1	154.7	40.8	289.6	248.9	13.9	20.4	6.3
Q2	977.7	462.7	92.2	422.8	308.2	44.9	33.2	36.4	480.0	149.6	41.6	288.8	246.6	14.1	21.4	6.8
Q3	979.4	445.9	90.9	442.6	331.9	42.1	33.8	34.8	520.7	156.0	46.1	318.5	273.9	14.5	23.3	6.9
Q4	945.4	410.0	89.2	446.2	337.8	44.1	32.6	31.7	524.5	163.3	45.3	315.8	271.2	11.5	25.9	7.2
<i>Euro area enlargement</i>																
2001 Q1	1,051.5	468.3	98.6	484.5	365.8	46.3	34.5	37.0	594.2	198.2	48.6	347.4	301.2	11.9	26.2	8.0
Q2	1,071.3	473.2	103.0	495.2	376.1	47.3	36.7	35.0	598.2	184.4	47.7	366.0	318.4	12.1	26.9	8.6
Q3 <sup>3)</sup>	1,082.0	485.9	102.8	493.2	377.2	42.7	39.8	33.5	602.9	201.9	46.8	354.2	306.7	12.6	26.0	8.9

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

	Issued by banks <sup>3)</sup>								Issued by non-banks							
	All currencies	Euro <sup>2)</sup>	Other EU currencies	Other currencies					All currencies	Euro <sup>2)</sup>	Other EU currencies	Other currencies				
					USD	JPY	CHF	Other					USD	JPY	CHF	Other
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	
2000 Q1	129.4	53.2	8.6	67.6	51.7	7.8	3.0	5.1	443.7	94.9	27.8	321.1	279.3	27.1	5.6	9.1
Q2	153.0	64.8	8.3	79.8	63.7	7.9	2.7	5.5	464.1	95.7	28.3	340.1	299.4	26.9	4.5	9.3
Q3	168.2	62.4	15.3	90.4	75.1	8.2	2.7	4.4	496.9	109.1	32.2	355.6	312.0	30.3	4.2	9.0
Q4	171.1	61.1	19.7	90.3	75.6	7.7	2.4	4.6	474.3	111.5	31.7	331.0	290.6	27.1	3.6	9.7
<i>Euro area enlargement</i>																
2001 Q1	188.8	64.8	22.7	101.3	87.1	7.3	2.3	4.6	490.4	120.8	24.4	345.3	306.8	25.7	2.7	10.1
Q2	205.1	71.9	25.1	108.1	94.1	6.8	2.5	4.8	502.3	121.0	25.7	355.7	315.8	26.9	3.0	9.9
Q3 <sup>3)</sup>	204.1	77.9	24.7	101.5	89.5	5.9	2.3	3.7	485.0	127.2	26.0	331.6	293.9	26.1	3.8	7.7

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

**Table 3.1**

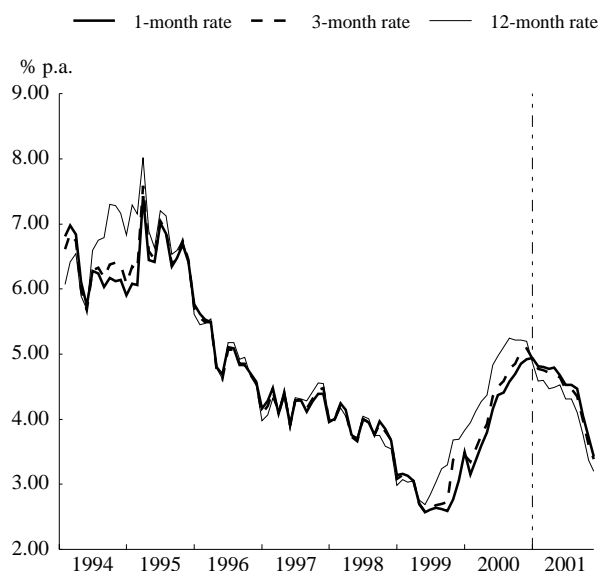
**Money market interest rates <sup>1)</sup>**

(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
1996	4.04	4.95	4.92	4.89	4.93	5.51	0.57
1997	3.98	4.23	4.24	4.25	4.28	5.76	0.62
1998	3.09	3.84	3.83	3.78	3.77	5.57	0.66
1999	2.74	2.86	2.96	3.06	3.19	5.42	0.22
2000	4.12	4.24	4.40	4.55	4.78	6.53	0.28
2000 Nov.	4.83	4.92	5.09	5.13	5.19	6.75	0.55
Dec.	4.83	4.94	4.93	4.91	4.87	6.54	0.62
<i>Euro area enlargement</i>							
2001 Jan.	4.75	4.81	4.77	4.68	4.58	5.73	0.50
Feb.	4.99	4.80	4.76	4.67	4.59	5.35	0.41
Mar.	4.78	4.78	4.71	4.58	4.47	4.96	0.19
Apr.	5.06	4.79	4.69	4.57	4.49	4.63	0.10
May	4.65	4.67	4.64	4.57	4.53	4.11	0.07
June	4.54	4.53	4.45	4.35	4.31	3.83	0.07
July	4.51	4.52	4.47	4.39	4.31	3.75	0.08
Aug.	4.49	4.46	4.35	4.22	4.11	3.56	0.08
Sep.	3.99	4.05	3.98	3.88	3.77	3.03	0.06
Oct.	3.97	3.72	3.60	3.46	3.37	2.40	0.08
Nov.	3.51	3.43	3.39	3.26	3.20	2.10	0.08
2001 2 Nov.	3.76	3.62	3.50	3.33	3.18	2.20	0.08
9	3.86	3.42	3.34	3.17	3.02	2.02	0.08
16	3.29	3.36	3.38	3.32	3.33	2.14	0.08
23	3.28	3.35	3.38	3.30	3.32	2.16	0.08
30	3.35	3.43	3.36	3.24	3.22	2.03	0.08

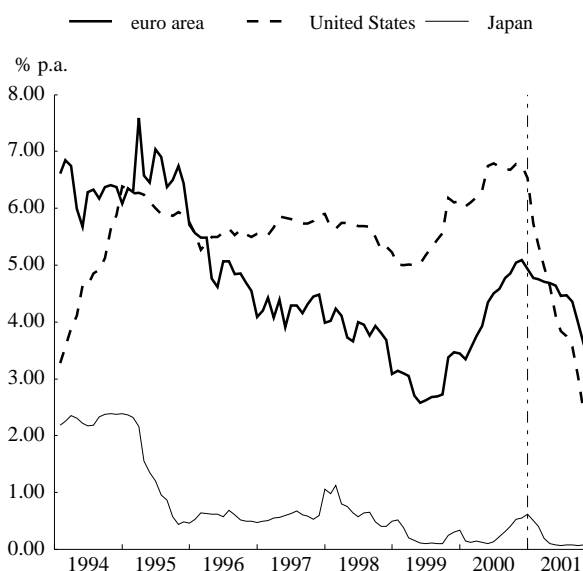
**Euro area money market rates**

(monthly)



**3-month money market rates**

(monthly)



Sources: Reuters and ECB.

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

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

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

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

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

6) London interbank offered rates (LIBOR).

**Table 3.2**

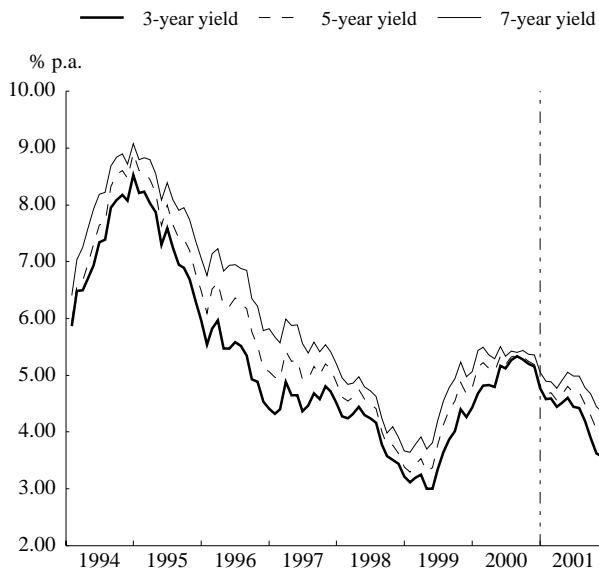
**Government bond yields <sup>1)</sup>**

(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>
1996	4.17	4.41	5.06	5.82	7.23	6.54	3.03
1997	4.33	4.51	4.87	5.20	5.99	6.45	2.15
1998	3.16	3.22	3.38	3.67	4.71	5.33	1.30
1999	3.38	3.63	4.01	4.38	4.66	5.64	1.75
2000	4.90	5.03	5.19	5.37	5.44	6.03	1.76
2000 Nov.	5.12	5.15	5.19	5.35	5.34	5.72	1.75
Dec.	4.74	4.77	4.82	5.05	5.07	5.23	1.62
<i>Euro area enlargement</i>							
2001 Jan.	4.55	4.57	4.67	4.90	5.01	5.14	1.54
Feb.	4.56	4.59	4.69	4.88	5.02	5.10	1.43
Mar.	4.44	4.44	4.56	4.78	4.94	4.89	1.19
Apr.	4.49	4.51	4.66	4.90	5.10	5.13	1.36
May	4.56	4.60	4.80	5.05	5.26	5.37	1.28
June	4.39	4.44	4.70	4.99	5.21	5.26	1.19
July	4.33	4.42	4.70	4.99	5.25	5.23	1.33
Aug.	4.11	4.19	4.49	4.78	5.06	4.97	1.36
Sep.	3.77	3.89	4.29	4.67	5.04	4.76	1.40
Oct.	3.44	3.63	4.05	4.44	4.82	4.55	1.36
Nov.	3.36	3.58	3.98	4.37	4.67	4.61	1.33
2001 2 Nov.	3.18	3.37	3.79	4.19	4.54	4.35	1.31
9	3.15	3.38	3.77	4.19	4.52	4.29	1.32
16	3.50	3.72	4.10	4.47	4.76	4.80	1.36
23	3.57	3.81	4.20	4.54	4.80	5.00	1.32
30	3.48	3.70	4.09	4.47	4.75	4.74	1.36

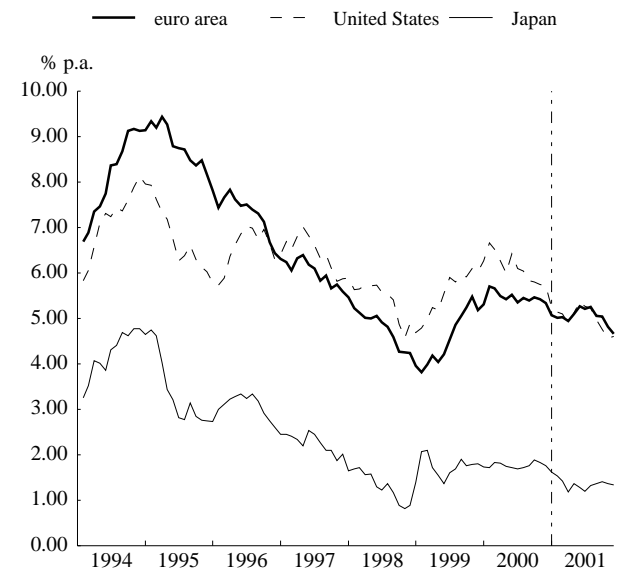
**Euro area government bond yields**

(monthly)



**10-year government bond yields**

(monthly)



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

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

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



**Table 3.3**

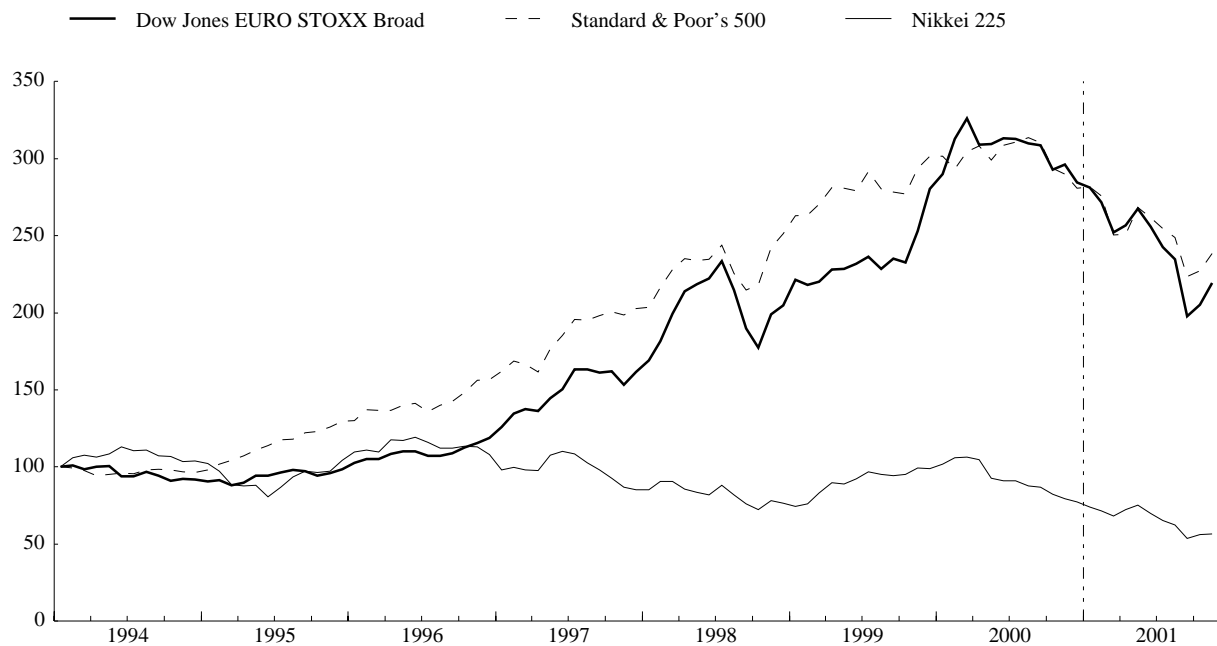
**Stock market indices**

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

	Dow Jones EURO STOXX indices												United States	Japan
	Benchmark		Main economic sector indices											
	Broad	50	Basic materials	Consumer cyclical	Consumer non-cyclical	Energy	Financial	Industrial	Technology	Utilities	Telecommunications	Health-care		
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
1996	151.6	1,657.5	181.1	146.8	180.6	159.5	129.9	134.7	150.0	166.3	202.3	230.1	671.2	21,061.7
1997	207.6	2,319.6	233.4	191.9	231.9	227.3	184.4	168.0	227.7	205.5	324.1	301.7	873.9	18,373.4
1998	280.5	3,076.3	257.9	245.0	295.5	249.3	281.3	218.4	333.6	282.4	488.1	348.9	1,085.3	15,338.4
1999	325.8	3,787.3	279.2	262.9	327.7	286.0	295.7	285.1	470.4	306.2	717.7	392.6	1,327.8	16,829.9
2000	423.9	5,075.5	299.1	292.9	324.3	342.3	350.7	378.0	963.1	341.7	1,072.5	476.0	1,426.7	17,162.7
2000 Nov.	410.8	4,962.5	302.9	274.9	346.0	365.0	379.7	359.6	864.7	339.6	796.2	571.6	1,373.8	14,743.5
2000 Dec.	394.5	4,787.1	319.1	257.4	330.2	337.9	365.9	354.3	865.0	326.7	715.4	554.6	1,329.7	14,409.7
<i>Euro area enlargement</i>														
2001 Jan.	390.2	4,729.7	317.3	261.6	314.4	339.7	371.9	354.0	792.1	318.7	727.8	524.3	1,334.2	13,739.7
Feb.	377.1	4,525.9	320.2	260.4	319.0	349.5	364.5	355.7	656.6	317.8	654.4	549.5	1,305.5	13,274.1
Mar.	349.9	4,199.2	311.0	241.7	305.7	340.6	334.5	334.5	567.8	300.6	602.9	524.7	1,186.8	12,684.9
Apr.	356.3	4,305.2	308.4	242.6	304.8	352.5	339.4	329.9	587.4	311.5	635.0	534.6	1,189.2	13,436.7
May	370.8	4,481.8	316.5	258.9	312.0	371.8	345.9	345.9	662.4	311.0	623.9	553.2	1,270.7	14,014.3
June	355.1	4,289.7	306.4	241.8	316.9	379.2	341.0	328.6	553.5	320.9	538.3	580.1	1,238.7	12,974.9
July	336.2	4,037.8	302.7	233.8	316.6	349.9	328.2	306.5	449.5	324.2	512.0	565.7	1,205.9	12,140.1
Aug.	325.8	3,884.7	287.9	226.3	309.0	346.6	322.4	303.6	426.5	324.2	453.6	549.3	1,178.3	11,576.2
Sep.	274.3	3,277.0	253.2	176.7	284.2	315.8	265.9	253.2	325.4	298.7	366.5	509.2	1,058.7	9,974.7
Oct.	284.4	3,440.9	260.5	180.4	281.1	322.5	269.9	253.7	373.4	302.7	418.9	539.7	1,076.6	10,428.8
Nov.	304.2	3,674.4	281.3	202.1	286.7	313.7	287.5	270.6	464.5	297.0	473.2	528.8	1,130.3	10,519.7
2001 2 Nov.	289.8	3,503.3	262.0	186.7	278.2	320.8	275.0	256.6	413.2	297.0	429.0	532.6	1,087.2	10,383.8
9	302.2	3,665.8	275.9	195.8	283.7	326.4	287.9	264.4	448.4	294.8	469.6	530.1	1,120.3	10,215.7
16	310.3	3,743.4	289.2	210.6	286.9	301.4	290.8	279.1	499.5	298.3	501.2	518.6	1,138.7	10,649.1
23	312.3	3,772.2	291.8	211.3	291.3	316.9	293.1	278.1	490.8	301.8	486.5	528.4	1,150.3	10,696.8
30	304.3	3,658.3	288.3	204.9	290.2	303.5	285.1	275.8	474.0	293.4	473.6	526.3	1,139.5	10,697.4

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

(base month: January 1994 = 100; monthly)



Source: Reuters.

1) Monthly and yearly values are period averages.

**Table 3.4**

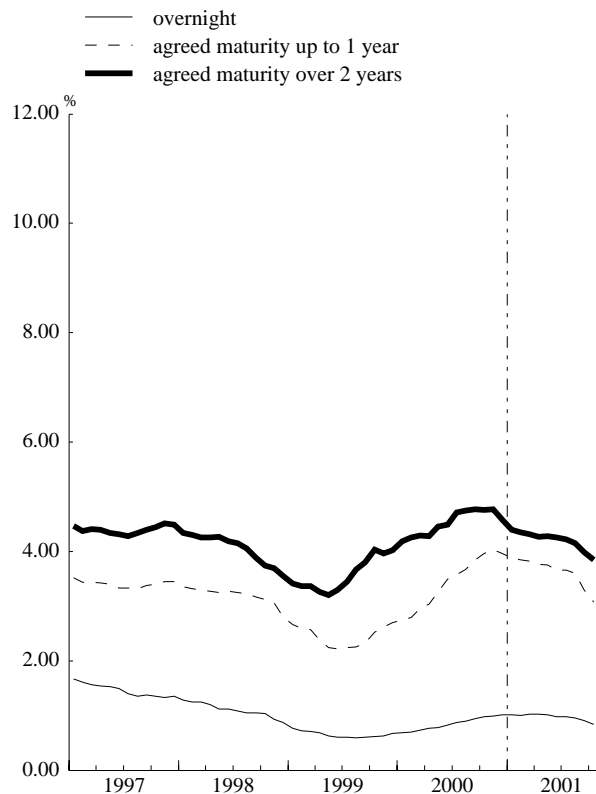
**Retail bank interest rates**

(percentages per annum; period averages)

	Deposit interest rates						Lending interest rates			
	Overnight 1	With agreed maturity			Redeemable at notice		To enterprises		To households	
		Up to 1 year 2	Up to 2 years 3	Over 2 years 4	Up to 3 months 5	Over 3 months 6	Up to 1 year 7	Over 1 year 8	Consumer lending 9	For house purchase 10
1998	1.10	3.20	3.22	4.06	2.61	3.25	6.73	5.80	10.05	5.87
1999	0.65	2.44	2.45	3.57	2.15	2.76	5.65	5.10	9.40	5.29
2000	0.85	3.45	3.45	4.52	2.25	3.79	6.60	6.23	9.86	6.34
2000 Oct.	0.97	3.96	3.96	4.76	2.40	4.14	7.13	6.60	10.15	6.57
Nov.	0.99	4.04	4.03	4.77	2.47	4.25	7.16	6.63	10.20	6.56
Dec.	1.01	3.96	3.96	4.58	2.49	4.21	7.18	6.45	10.19	6.43
<i>Euro area enlargement</i>										
2001 Jan.	1.01	3.89	3.88	4.40	2.52	4.01	7.19	6.40	10.32	6.29
Feb.	1.01	3.84	3.84	4.35	2.50	3.99	7.11	6.44	10.26	6.24
Mar.	1.02	3.82	3.82	4.32	2.50	3.99	7.04	6.32	10.22	6.18
Apr.	1.03	3.77	3.76	4.27	2.50	3.91	7.07	6.34	10.24	6.14
May	1.01	3.75	3.74	4.28	2.48	3.91	7.03	6.34	10.22	6.17
June	0.98	3.66	3.65	4.25	2.46	3.85	6.98	6.25	10.17	6.13
July	0.97	3.66	3.65	4.22	2.44	3.80	6.90	6.20	10.10	6.05
Aug.	0.96	3.60	3.60	4.15	2.41	3.68	6.89	6.19	10.16	5.96
Sep.	0.91	3.29	3.29	3.99	2.36	3.33	6.71	6.07	10.08	5.86
Oct.	0.83	3.07	3.07	3.84	2.30	3.01	6.56	5.90	10.02	5.69

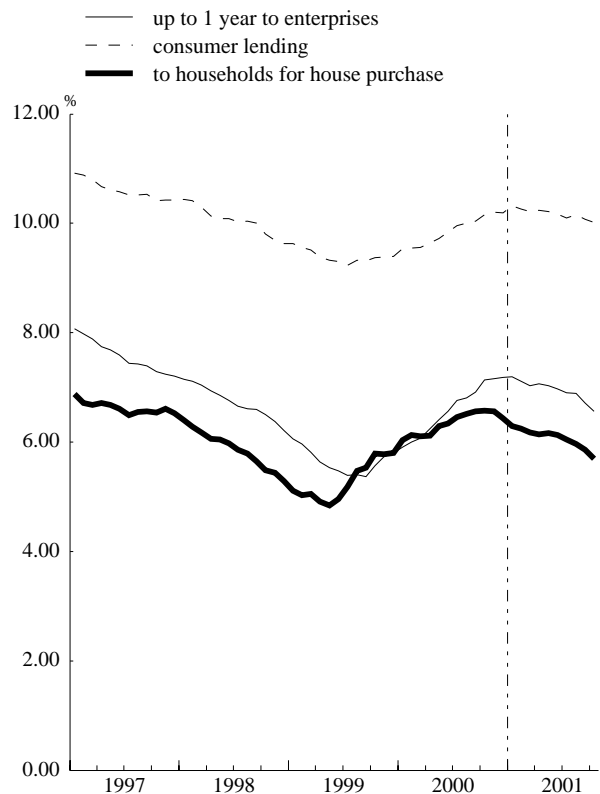
**Deposit interest rates**

(monthly)



**Lending interest rates**

(monthly)



Source: ECB.

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

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

	By euro area residents									
					In euro <sup>1)</sup>				In other	
	Issues	Redemptions	Net issues	Amounts outstanding	Issues	Redemptions	Net issues	Amounts outstanding	Issues	Redemptions
	1	2	3	4	5	6	7	8	9	10
2000 Sep.	311.5	315.2	-3.7	670.8	293.4	298.7	-5.3	611.4	18.1	16.5
Oct.	355.2	342.5	12.7	685.9	338.2	330.3	7.9	618.8	17.0	12.1
Nov.	302.1	302.4	-0.3	686.4	283.7	290.1	-6.4	612.7	18.4	12.2
Dec.	246.0	278.6	-32.6	653.5	229.7	264.5	-34.8	578.7	16.3	14.1
	<i>Euro area enlargement</i>									
2001 Jan.	376.3	346.8	29.5	687.4	358.6	326.2	32.4	615.9	17.7	20.6
Feb.	404.8	390.8	13.9	702.6	384.1	373.7	10.4	626.0	20.7	17.2
Mar.	452.7	436.4	16.3	722.8	432.6	417.7	14.9	643.3	20.1	18.7
Apr.	441.9	431.8	10.1	733.8	424.2	412.7	11.5	654.5	17.6	19.0
May	477.8	480.8	-3.0	735.4	456.7	460.4	-3.7	652.1	21.2	20.5
June	410.7	418.7	-8.0	726.6	388.0	395.6	-7.5	642.9	22.7	23.2
July	393.1	385.6	7.5	734.6	370.0	365.2	4.8	649.3	23.2	20.5
Aug.	423.0	418.1	4.9	737.9	404.6	400.0	4.6	654.7	18.4	18.1
Sep.	396.4	400.0	-3.5	734.3	374.2	376.4	-2.3	652.8	22.3	23.5

**2. Long-term**

	By euro area residents									
					In euro <sup>1)</sup>				In other	
	Issues	Redemptions	Net issues	Amounts outstanding	Issues	Redemptions	Net issues	Amounts outstanding	Issues	Redemptions
	1	2	3	4	5	6	7	8	9	10
2000 Sep.	112.0	77.0	35.0	6,398.2	91.3	66.8	24.5	5,846.4	20.7	10.3
Oct.	126.9	89.4	37.5	6,448.4	102.4	77.0	25.4	5,873.0	24.4	12.4
Nov.	106.8	78.2	28.6	6,464.9	92.4	66.0	26.4	5,898.7	14.4	12.2
Dec.	100.7	103.0	-2.3	6,441.1	88.2	87.4	0.7	5,902.1	12.5	15.6
	<i>Euro area enlargement</i>									
2001 Jan.	153.4	144.5	8.9	6,539.3	136.1	132.1	4.0	5,997.1	17.2	12.3
Feb.	138.3	85.6	52.6	6,592.8	116.3	70.5	45.8	6,045.0	21.9	15.1
Mar.	155.4	101.7	53.7	6,656.9	127.3	86.7	40.6	6,087.7	28.1	15.0
Apr.	115.0	74.1	40.8	6,696.6	98.3	64.6	33.7	6,120.9	16.7	9.5
May	132.4	79.3	53.0	6,766.8	116.0	67.6	48.4	6,169.6	16.4	11.7
June	134.7	76.5	58.2	6,820.4	115.5	58.4	57.2	6,225.2	19.1	18.1
July	139.1	97.0	42.1	6,853.2	123.8	85.2	38.7	6,264.2	15.3	11.8
Aug.	86.5	70.9	15.5	6,856.8	74.5	61.2	13.3	6,276.0	12.0	9.8
Sep.	125.0	108.3	16.7	6,875.3	113.2	91.6	21.6	6,298.1	11.8	16.6

**3. Total**

	By euro area residents									
					In euro <sup>1)</sup>				In other	
	Issues	Redemptions	Net issues	Amounts outstanding	Issues	Redemptions	Net issues	Amounts outstanding	Issues	Redemptions
	1	2	3	4	5	6	7	8	9	10
2000 Sep.	423.5	392.3	31.2	7,069.0	384.7	365.5	19.2	6,457.8	38.8	26.8
Oct.	482.0	431.9	50.2	7,134.3	440.6	407.4	33.2	6,491.8	41.4	24.5
Nov.	408.9	380.6	28.4	7,151.3	376.1	356.1	20.0	6,511.3	32.8	24.5
Dec.	346.7	381.6	-34.9	7,094.6	317.8	351.9	-34.1	6,480.9	28.8	29.7
	<i>Euro area enlargement</i>									
2001 Jan.	529.7	491.2	38.4	7,226.8	494.7	458.3	36.3	6,613.0	35.0	32.9
Feb.	543.0	476.5	66.5	7,295.5	500.4	444.2	56.2	6,671.0	42.6	32.3
Mar.	608.1	538.1	70.0	7,379.8	560.0	504.4	55.6	6,731.0	48.2	33.7
Apr.	556.8	505.9	51.0	7,430.3	522.5	477.4	45.1	6,775.4	34.3	28.5
May	610.2	560.2	50.0	7,502.2	572.6	528.0	44.7	6,821.7	37.5	32.2
June	545.4	495.2	50.2	7,546.9	503.6	454.0	49.6	6,868.2	41.8	41.2
July	532.3	482.6	49.7	7,587.9	493.8	450.3	43.5	6,913.5	38.5	32.3
Aug.	509.5	489.0	20.4	7,594.8	479.0	461.1	17.9	6,930.7	30.4	27.9
Sep.	521.4	508.2	13.2	7,609.5	487.4	468.0	19.3	6,950.9	34.1	40.2

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

currencies		By non-residents of the euro area in euro <sup>1)</sup>				Total in euro <sup>1)</sup>				
		Net issues	Amounts outstanding	Issues	Redemptions	Net issues	Amounts outstanding	Issues	Redemptions	
11	12	13	14	15	16	17	18	19	20	
1.6	59.4	29.1	9.1	20.0	63.5	322.5	307.8	14.7	674.9	2000 Sep.
4.8	67.1	12.0	22.7	-10.8	52.7	350.2	353.1	-2.9	671.4	Oct.
6.1	73.7	16.6	8.5	8.1	60.8	300.3	298.6	1.7	673.5	Nov.
2.2	74.8	21.1	7.0	14.0	74.8	250.7	271.5	-20.8	653.5	Dec.
<i>Euro area enlargement</i>										
-2.8	71.5	12.9	29.3	-16.4	58.5	371.5	355.5	16.0	674.4	2001 Jan.
3.5	76.7	12.5	13.1	-0.5	57.9	396.6	386.7	9.9	683.9	Feb.
1.4	79.6	26.3	6.3	20.0	78.0	459.0	424.0	34.9	721.2	Mar.
-1.4	79.3	7.2	29.2	-22.0	55.9	431.4	441.9	-10.5	710.4	Apr.
0.7	83.3	11.8	13.5	-1.7	54.2	468.5	473.9	-5.4	706.3	May
-0.5	83.6	25.1	9.8	15.2	69.5	413.1	405.4	7.7	712.4	June
2.7	85.4	6.2	25.5	-19.3	50.2	376.2	390.6	-14.4	699.5	July
0.3	83.3	9.9	14.7	-4.8	45.4	414.5	414.7	-0.3	700.1	Aug.
-1.2	81.4	22.0	12.0	10.0	55.4	396.2	388.4	7.8	708.3	Sep.

currencies		By non-residents of the euro area in euro <sup>1)</sup>				Total in euro <sup>1)</sup>				
		Net issues	Amounts outstanding	Issues	Redemptions	Net issues	Amounts outstanding	Issues	Redemptions	
11	12	13	14	15	16	17	18	19	20	
10.4	551.8	27.4	12.6	14.8	677.3	118.6	79.3	39.3	6,523.7	2000 Sep.
12.1	575.4	23.2	4.7	18.4	695.8	125.6	81.8	43.8	6,568.8	Oct.
2.2	566.2	17.2	6.8	10.4	706.2	109.6	72.8	36.8	6,604.8	Nov.
-3.1	539.0	17.0	7.1	10.0	716.1	105.2	94.5	10.7	6,618.3	Dec.
<i>Euro area enlargement</i>										
4.9	542.3	16.3	6.7	9.6	713.0	152.5	138.8	13.6	6,710.0	2001 Jan.
6.8	547.8	36.3	13.0	23.2	736.0	152.6	83.6	69.1	6,781.0	Feb.
13.0	569.2	37.0	8.1	29.0	764.9	164.3	94.7	69.6	6,852.7	Mar.
7.2	575.7	20.0	6.7	13.3	778.1	118.3	71.3	47.0	6,899.0	Apr.
4.6	597.2	27.0	10.4	16.6	794.5	142.9	78.0	65.0	6,964.1	May
1.0	595.2	33.6	8.7	24.8	819.5	149.1	67.1	82.0	7,044.8	June
3.5	589.0	14.8	5.8	9.0	828.8	138.6	91.0	47.7	7,093.0	July
2.2	580.8	12.9	6.0	6.9	835.9	87.4	67.1	20.2	7,111.9	Aug.
-4.9	577.2	8.4	9.0	-0.6	835.3	121.6	100.6	21.0	7,133.4	Sep.

currencies		By non-residents of the euro area in euro <sup>1)</sup>				Total in euro <sup>1)</sup>				
		Net issues	Amounts outstanding	Issues	Redemptions	Net issues	Amounts outstanding	Issues	Redemptions	
11	12	13	14	15	16	17	18	19	20	
12.0	611.2	56.5	21.7	34.8	740.8	441.2	387.2	54.0	7,198.5	2000 Sep.
16.9	642.5	35.1	27.5	7.6	748.5	475.8	434.9	40.9	7,240.2	Oct.
8.3	639.9	33.8	15.3	18.5	766.9	409.9	371.4	38.5	7,278.3	Nov.
-0.9	613.7	38.1	14.1	24.0	790.9	355.9	366.0	-10.1	7,271.8	Dec.
<i>Euro area enlargement</i>										
2.1	613.8	29.3	36.0	-6.7	771.4	524.0	494.3	29.6	7,384.4	2001 Jan.
10.3	624.5	48.8	26.1	22.7	793.9	549.2	470.3	78.9	7,464.8	Feb.
14.4	648.8	63.4	14.4	49.0	842.9	623.3	518.8	104.5	7,573.9	Mar.
5.8	654.9	27.2	35.9	-8.7	834.0	549.7	513.3	36.4	7,609.4	Apr.
5.3	680.5	38.8	23.9	14.9	848.8	611.4	551.8	59.6	7,670.4	May
0.5	678.8	58.6	18.5	40.1	889.0	562.2	472.5	89.7	7,757.2	June
6.2	674.4	21.0	31.3	-10.2	879.0	514.8	481.6	33.2	7,792.5	July
2.6	664.1	22.8	20.7	2.1	881.3	501.8	481.9	20.0	7,812.0	Aug.
-6.1	658.6	30.4	21.0	9.4	890.7	517.8	489.0	28.8	7,841.6	Sep.

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

	By euro area residents						By non-residents			
	Total	MFIs (including Eurosystem)	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government	Total	Banks (including central banks)	Non-monetary financial corporations	Non-financial corporations
	1	2	3	4	5	6	7	8	9	10
2000 Sep.	611.4	256.4	4.1	81.1	267.1	2.8	63.5	24.8	22.8	13.7
Oct.	618.8	259.7	4.5	86.3	265.6	2.7	52.7	24.0	16.7	10.0
Nov.	612.7	254.4	4.6	86.9	263.9	3.0	60.8	28.1	20.3	11.0
Dec.	578.7	244.0	4.5	86.0	241.4	2.9	74.8	34.9	23.7	14.2
<i>Euro area enlargement</i>										
2001 Jan.	615.9	257.1	5.0	89.4	261.5	2.9	58.5	30.0	17.0	10.1
Feb.	626.0	260.3	4.9	93.1	265.4	2.2	57.9	30.6	16.0	10.0
Mar.	643.3	265.0	5.1	94.5	276.5	2.2	78.0	37.9	25.8	12.6
Apr.	654.5	269.2	5.5	92.4	285.3	2.2	55.9	26.8	18.5	9.7
May	652.1	261.0	5.5	99.1	284.1	2.4	54.2	26.5	18.0	8.8
June	642.9	261.6	5.2	97.2	276.9	2.0	69.5	32.1	24.7	11.5
July	649.3	259.3	5.1	100.5	280.8	3.6	50.2	25.3	17.3	6.7
Aug.	654.7	254.8	4.4	106.0	285.8	3.6	45.4	23.1	15.7	5.8
Sep.	652.8	252.0	4.1	105.5	287.5	3.7	55.4	27.1	22.2	5.5

**2. Long-term**

	By euro area residents						By non-residents			
	Total	MFIs (including Eurosystem)	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government	Total	Banks (including central banks)	Non-monetary financial corporations	Non-financial corporations
	1	2	3	4	5	6	7	8	9	10
2000 Sep.	5,846.4	2,162.4	233.8	276.4	3,072.0	101.8	677.3	159.9	204.0	63.7
Oct.	5,873.0	2,173.3	239.0	280.8	3,076.1	103.9	695.8	167.7	210.9	63.8
Nov.	5,898.7	2,175.3	242.7	285.4	3,089.7	105.5	706.2	169.1	220.4	64.6
Dec.	5,902.1	2,175.7	255.9	288.3	3,075.8	106.5	716.1	171.3	221.9	67.2
<i>Euro area enlargement</i>										
2001 Jan.	5,997.1	2,199.8	254.7	285.1	3,150.3	107.1	713.0	172.4	227.8	65.9
Feb.	6,045.0	2,229.9	260.1	289.2	3,157.1	108.8	736.0	183.5	233.3	75.4
Mar.	6,087.7	2,241.0	267.8	299.8	3,168.7	110.5	764.9	195.9	238.6	80.5
Apr.	6,120.9	2,247.7	273.6	303.8	3,183.2	112.7	778.1	198.7	246.1	82.8
May	6,169.6	2,255.7	282.5	312.7	3,205.0	113.6	794.5	204.6	252.3	88.5
June	6,225.2	2,270.7	290.0	319.7	3,231.2	113.6	819.5	212.9	259.0	90.7
July	6,264.2	2,289.7	307.5	322.3	3,229.2	115.6	828.8	215.5	264.5	92.7
Aug.	6,276.0	2,289.3	309.5	328.7	3,230.1	118.4	835.9	216.6	271.4	93.4
Sep.	6,298.1	2,295.4	313.7	328.8	3,237.6	122.6	835.3	217.4	272.2	92.8

**3. Total**

	By euro area residents						By non-residents			
	Total	MFIs (including Eurosystem)	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government	Total	Banks (including central banks)	Non-monetary financial corporations	Non-financial corporations
	1	2	3	4	5	6	7	8	9	10
2000 Sep.	6,457.8	2,418.8	237.9	357.5	3,339.1	104.6	740.8	184.8	226.8	77.4
Oct.	6,491.8	2,433.0	243.4	367.1	3,341.7	106.6	748.5	191.7	227.6	73.9
Nov.	6,511.3	2,429.7	247.2	372.3	3,353.6	108.5	766.9	197.2	240.7	75.6
Dec.	6,480.9	2,419.6	260.4	374.3	3,317.2	109.4	790.9	206.2	245.6	81.4
<i>Euro area enlargement</i>										
2001 Jan.	6,613.0	2,457.0	259.7	374.6	3,411.8	110.0	771.4	202.4	244.9	76.0
Feb.	6,671.0	2,490.2	265.0	382.3	3,422.5	111.0	793.9	214.2	249.3	85.4
Mar.	6,731.0	2,506.0	272.9	394.2	3,445.2	112.7	842.9	233.8	264.4	93.1
Apr.	6,775.4	2,516.9	279.1	396.2	3,468.4	114.9	834.0	225.5	264.6	92.5
May	6,821.7	2,516.7	288.0	411.8	3,489.2	115.9	848.8	231.0	270.3	97.3
June	6,868.2	2,532.3	295.3	416.9	3,508.1	115.6	889.0	245.0	283.6	102.2
July	6,913.5	2,549.0	312.5	422.7	3,510.0	119.2	879.0	240.8	281.7	99.4
Aug.	6,930.7	2,544.1	313.9	434.8	3,516.0	122.0	881.3	239.7	287.1	99.2
Sep.	6,950.9	2,547.4	317.9	434.3	3,525.1	126.3	890.7	244.5	294.3	98.3

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

of the euro area			Total							
Central government	Other general government	International organisations	Total	Banks (including central banks)	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government	International organisations	
11	12	13	14	15	16	17	18	19	20	
0.2	1.1	0.8	674.9	281.2	26.9	94.8	267.3	3.9	0.8	2000 Sep.
0.2	1.1	0.6	671.4	283.7	21.1	96.4	265.9	3.8	0.6	Oct.
0.2	0.9	0.3	673.5	282.5	24.9	97.9	264.1	3.9	0.3	Nov.
0.1	1.1	0.8	653.5	278.9	28.2	100.2	241.5	4.0	0.8	Dec.
<i>Euro area enlargement</i>										
0.1	1.0	0.2	674.4	287.2	22.1	99.5	261.6	3.9	0.2	2001 Jan.
0.1	1.1	0.1	683.9	290.9	20.9	103.1	265.5	3.3	0.1	Feb.
0.2	1.0	0.4	721.2	303.0	30.9	107.1	276.7	3.2	0.4	Mar.
0.1	0.8	0.1	710.4	296.0	23.9	102.1	285.3	2.9	0.1	Apr.
0.1	0.8	0.1	706.3	287.4	23.5	107.9	284.2	3.2	0.1	May
0.2	0.8	0.2	712.4	293.7	29.9	108.8	277.1	2.8	0.2	June
0.2	0.7	0.0	699.5	284.6	22.3	107.2	281.0	4.3	0.0	July
0.1	0.6	0.0	700.1	277.9	20.1	111.8	286.0	4.2	0.0	Aug.
0.1	0.5	0.1	708.3	279.1	26.3	111.0	287.7	4.2	0.1	Sep.
<i>Euro area enlargement</i>										
99.9	32.5	117.3	6,523.7	2,322.3	437.7	340.1	3,171.9	134.3	117.3	2000 Sep.
100.6	33.2	119.5	6,568.8	2,341.0	449.9	344.6	3,176.7	137.1	119.5	Oct.
100.9	32.9	118.3	6,604.8	2,344.4	463.0	350.0	3,190.6	138.4	118.3	Nov.
100.5	37.9	117.2	6,618.3	2,347.0	477.8	355.5	3,176.3	144.4	117.2	Dec.
<i>Euro area enlargement</i>										
90.2	35.6	121.1	6,710.0	2,372.2	482.5	351.0	3,240.5	142.7	121.1	2001 Jan.
88.3	36.5	118.9	6,781.0	2,413.4	493.4	364.6	3,245.3	145.3	118.9	Feb.
90.8	41.7	117.5	6,852.7	2,436.9	506.4	380.2	3,259.4	152.3	117.5	Mar.
91.6	41.9	116.9	6,899.0	2,446.4	519.7	386.6	3,274.8	154.6	116.9	Apr.
92.6	40.9	115.7	6,964.1	2,460.3	534.8	401.2	3,297.6	154.4	115.7	May
94.5	47.4	115.1	7,044.8	2,483.6	549.0	410.3	3,325.7	161.0	115.1	June
94.0	47.4	114.7	7,093.0	2,505.1	572.0	414.9	3,323.2	163.0	114.7	July
93.8	47.3	113.4	7,111.9	2,505.9	580.8	422.1	3,323.9	165.7	113.4	Aug.
92.0	47.3	113.6	7,133.4	2,512.8	585.9	421.6	3,329.6	169.9	113.6	Sep.
<i>Euro area enlargement</i>										
100.1	33.6	118.1	7,198.5	2,603.5	464.6	434.9	3,439.2	138.2	118.1	2000 Sep.
100.8	34.3	120.1	7,240.2	2,624.7	471.0	441.0	3,442.5	140.9	120.1	Oct.
101.1	33.8	118.6	7,278.3	2,626.9	487.9	447.9	3,454.7	142.3	118.6	Nov.
100.7	39.0	118.0	7,271.8	2,625.9	506.0	455.7	3,417.8	148.4	118.0	Dec.
<i>Euro area enlargement</i>										
90.4	36.6	121.3	7,384.4	2,659.4	504.6	450.5	3,502.1	146.6	121.3	2001 Jan.
88.4	37.6	119.1	7,464.8	2,704.4	514.3	467.7	3,510.9	148.6	119.1	Feb.
90.9	42.7	117.9	7,573.9	2,739.8	537.3	487.3	3,536.1	155.4	117.9	Mar.
91.7	42.7	117.0	7,609.4	2,742.4	543.7	488.7	3,560.1	157.5	117.0	Apr.
92.6	41.7	115.8	7,670.4	2,747.7	558.3	509.1	3,581.8	157.6	115.8	May
94.7	48.2	115.3	7,757.2	2,777.3	578.9	519.1	3,602.8	163.8	115.3	June
94.2	48.2	114.8	7,792.5	2,789.8	594.3	522.1	3,604.2	167.4	114.8	July
93.9	47.9	113.5	7,812.0	2,783.8	600.9	534.0	3,609.8	169.9	113.5	Aug.
92.1	47.8	113.7	7,841.6	2,791.8	612.2	532.6	3,617.3	174.1	113.7	Sep.

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

	By euro area residents						By non-residents			
	Total	MFIs (including Eurosystem)	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government	Total	Banks (including central banks)	Non-monetary financial corporations	Non-financial corporations
	1	2	3	4	5	6	7	8	9	10
2000 Sep.	293.4	196.7	2.8	55.6	36.3	2.0	29.1	8.0	12.0	8.3
Oct.	338.2	237.8	2.6	60.3	35.5	1.9	12.0	5.6	4.7	1.3
Nov.	283.7	189.7	3.0	55.9	33.6	1.5	16.6	7.4	7.1	1.9
Dec.	229.7	162.1	2.1	45.9	18.0	1.6	21.1	9.3	6.9	4.2
<i>Euro area enlargement</i>										
2001 Jan.	358.6	238.7	3.4	66.9	47.7	1.9	12.9	6.7	4.7	1.2
Feb.	384.1	275.9	2.2	63.1	41.4	1.5	12.5	6.1	4.5	1.7
Mar.	432.6	312.8	3.1	67.0	48.1	1.6	26.3	10.1	12.3	3.5
Apr.	424.2	301.7	3.2	69.4	48.5	1.4	7.2	2.7	3.3	1.1
May	456.7	341.6	2.8	71.1	39.2	1.9	11.8	5.7	5.0	0.8
June	388.0	282.1	2.7	64.6	37.4	1.1	25.1	9.8	11.5	3.3
July	370.0	245.0	2.3	75.2	44.9	2.6	6.2	2.8	2.8	0.6
Aug.	404.6	287.5	1.6	68.6	45.3	1.5	9.9	4.8	4.1	0.9
Sep.	374.2	269.8	2.1	66.2	34.3	1.8	22.0	8.0	11.4	2.2

**2. Long-term**

	By euro area residents						By non-residents			
	Total	MFIs (including Eurosystem)	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government	Total	Banks (including central banks)	Non-monetary financial corporations	Non-financial corporations
	1	2	3	4	5	6	7	8	9	10
2000 Sep.	91.3	40.8	5.0	3.6	40.8	1.0	27.4	6.3	10.3	3.5
Oct.	102.4	43.3	7.6	5.7	43.3	2.5	23.2	9.2	8.2	0.2
Nov.	92.4	34.2	8.1	8.1	39.0	3.0	17.2	3.7	10.1	1.0
Dec.	88.2	38.8	19.7	4.5	23.1	2.0	17.0	5.1	3.2	3.3
<i>Euro area enlargement</i>										
2001 Jan.	136.1	56.4	4.0	0.8	72.1	2.8	16.3	3.8	7.5	0.4
Feb.	116.3	57.6	9.2	5.0	42.1	2.4	36.3	12.7	8.8	10.0
Mar.	127.3	45.2	11.5	14.4	53.3	2.8	37.0	14.3	7.3	5.6
Apr.	98.3	41.0	8.5	7.1	39.1	2.6	20.0	5.3	9.1	2.5
May	116.0	38.7	11.8	11.7	52.9	0.9	27.0	8.9	9.7	6.5
June	115.5	44.5	10.5	10.5	49.6	0.5	33.6	11.7	8.7	3.8
July	123.8	51.9	20.7	6.1	42.6	2.5	14.8	4.8	7.1	2.2
Aug.	74.5	29.1	5.1	7.6	29.6	3.0	12.9	3.4	8.5	0.8
Sep.	113.2	34.6	7.0	3.8	63.2	4.6	8.4	4.8	3.0	0.2

**3. Total**

	By euro area residents						By non-residents			
	Total	MFIs (including Eurosystem)	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government	Total	Banks (including central banks)	Non-monetary financial corporations	Non-financial corporations
	1	2	3	4	5	6	7	8	9	10
2000 Sep.	384.7	237.6	7.8	59.2	77.0	3.1	56.5	14.3	22.3	11.8
Oct.	440.6	281.1	10.2	66.0	78.8	4.5	35.1	14.8	12.9	1.5
Nov.	376.1	223.9	11.1	64.0	72.6	4.5	33.8	11.2	17.3	2.9
Dec.	317.8	200.9	21.8	50.4	41.1	3.7	38.1	14.4	10.1	7.5
<i>Euro area enlargement</i>										
2001 Jan.	494.7	295.0	7.4	67.7	119.8	4.7	29.3	10.5	12.2	1.6
Feb.	500.4	333.5	11.4	68.1	83.5	3.9	48.8	18.9	13.4	11.7
Mar.	560.0	358.0	14.6	81.4	101.5	4.4	63.4	24.4	19.6	9.1
Apr.	522.5	342.6	11.7	76.5	87.6	4.0	27.2	7.9	12.4	3.7
May	572.6	380.3	14.6	82.8	92.1	2.9	38.8	14.7	14.8	7.3
June	503.6	326.6	13.2	75.1	87.0	1.6	58.6	21.6	20.2	7.0
July	493.8	296.9	23.0	81.3	87.5	5.1	21.0	7.6	9.9	2.9
Aug.	479.0	316.7	6.7	76.2	74.9	4.6	22.8	8.2	12.6	1.7
Sep.	487.4	304.4	9.2	70.0	97.5	6.4	30.4	12.7	14.4	2.4

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

of the euro area			Total							
Central government	Other general government	International organisations	Total	Banks (including central banks)	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government	International organisations	
11	12	13	14	15	16	17	18	19	20	
0.1	0.5	0.2	322.5	204.7	14.8	63.9	36.4	2.5	0.2	2000 Sep.
0.0	0.1	0.2	350.2	243.4	7.3	61.7	35.5	2.0	0.2	Oct.
0.1	0.0	0.0	300.3	197.1	10.1	57.9	33.6	1.5	0.0	Nov.
0.0	0.2	0.4	250.7	171.4	9.0	50.1	18.0	1.8	0.4	Dec.
<i>Euro area enlargement</i>										
0.1	0.0	0.1	371.5	245.4	8.1	68.1	47.8	1.9	0.1	2001 Jan.
0.0	0.1	0.0	396.6	282.0	6.7	64.8	41.4	1.6	0.0	Feb.
0.1	0.1	0.3	459.0	322.9	15.4	70.5	48.2	1.7	0.3	Mar.
0.0	0.1	0.0	431.4	304.3	6.5	70.6	48.5	1.5	0.0	Apr.
0.0	0.2	0.0	468.5	347.3	7.9	71.9	39.3	2.1	0.0	May
0.1	0.1	0.2	413.1	291.9	14.3	67.9	37.5	1.2	0.2	June
0.0	0.0	0.0	376.2	247.8	5.1	75.8	44.9	2.6	0.0	July
0.1	0.0	0.0	414.5	292.3	5.7	69.5	45.4	1.5	0.0	Aug.
0.1	0.4	0.0	396.2	277.7	13.5	68.4	34.3	2.1	0.0	Sep.

of the euro area			Total							
Central government	Other general government	International organisations	Total	Banks (including central banks)	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government	International organisations	
11	12	13	14	15	16	17	18	19	20	
1.8	5.2	0.3	118.6	47.2	15.3	7.1	42.6	6.2	0.3	2000 Sep.
1.3	1.0	3.4	125.6	52.4	15.8	5.9	44.6	3.5	3.4	Oct.
1.7	0.1	0.6	109.6	37.9	18.2	9.1	40.8	3.1	0.6	Nov.
0.2	5.0	0.1	105.2	43.9	23.0	7.8	23.3	7.1	0.1	Dec.
<i>Euro area enlargement</i>										
1.2	0.3	3.1	152.5	60.2	11.5	1.2	73.4	3.1	3.1	2001 Jan.
2.8	1.7	0.2	152.6	70.4	18.1	15.0	44.9	4.1	0.2	Feb.
3.2	5.5	1.1	164.3	59.5	18.8	20.0	56.6	8.3	1.1	Mar.
1.3	0.6	1.2	118.3	46.3	17.6	9.7	40.4	3.2	1.2	Apr.
1.7	0.0	0.1	142.9	47.6	21.5	18.2	54.6	1.0	0.1	May
2.0	6.7	0.8	149.1	56.3	19.1	14.2	51.6	7.2	0.8	June
0.5	0.1	0.0	138.6	56.8	27.8	8.3	43.1	2.6	0.0	July
0.1	0.0	0.0	87.4	32.6	13.5	8.5	29.7	3.1	0.0	Aug.
0.1	0.0	0.4	121.6	39.3	10.0	4.0	63.3	4.6	0.4	Sep.

of the euro area			Total							
Central government	Other general government	International organisations	Total	Banks (including central banks)	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government	International organisations	
11	12	13	14	15	16	17	18	19	20	
1.9	5.6	0.5	441.2	251.9	30.1	71.0	79.0	8.7	0.5	2000 Sep.
1.3	1.0	3.6	475.8	295.9	23.1	67.6	80.1	5.5	3.6	Oct.
1.8	0.1	0.6	409.9	235.0	28.4	66.9	74.4	4.6	0.6	Nov.
0.2	5.3	0.6	355.9	215.3	31.9	57.9	41.3	8.9	0.6	Dec.
<i>Euro area enlargement</i>										
1.3	0.3	3.3	524.0	305.6	19.6	69.3	121.1	5.1	3.3	2001 Jan.
2.8	1.9	0.2	549.2	352.4	24.8	79.7	86.3	5.7	0.2	Feb.
3.3	5.6	1.5	623.3	382.4	34.2	90.5	104.8	10.0	1.5	Mar.
1.3	0.6	1.2	549.7	350.6	24.1	80.2	88.9	4.6	1.2	Apr.
1.7	0.2	0.1	611.4	395.0	29.4	90.1	93.8	3.1	0.1	May
2.1	6.8	1.0	562.2	348.2	33.4	82.2	89.1	8.4	1.0	June
0.6	0.1	0.1	514.8	304.6	32.9	84.1	88.0	5.2	0.1	July
0.2	0.0	0.1	501.8	324.9	19.3	78.0	75.1	4.6	0.1	Aug.
0.2	0.4	0.4	517.8	317.1	23.5	72.4	97.6	6.7	0.4	Sep.



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

	By euro area residents						By non-residents			
	Total	MFIs (including Eurosystem)	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government	Total	Banks (including central banks)	Non-monetary financial corporations	Non-financial corporations
	1	2	3	4	5	6	7	8	9	10
2000 Sep.	-5.3	-8.0	-0.3	1.7	0.7	0.4	20.0	3.6	8.4	7.4
Oct.	7.9	3.8	0.4	5.2	-1.5	-0.1	-10.8	-0.8	-6.1	-3.6
Nov.	-6.4	-5.6	0.1	0.6	-1.8	0.3	8.1	4.0	3.6	0.9
Dec.	-34.8	-11.1	-0.1	-1.1	-22.5	0.0	14.0	6.9	3.4	3.2
<i>Euro area enlargement</i>										
2001 Jan.	32.4	13.1	0.6	3.4	14.9	0.5	-16.4	-4.9	-6.6	-4.2
Feb.	10.4	3.6	-0.1	3.6	3.9	-0.7	-0.5	0.6	-1.1	-0.1
Mar.	14.9	2.7	0.2	1.0	11.1	-0.1	20.0	7.3	9.8	2.6
Apr.	11.5	4.3	0.4	-2.0	8.8	0.0	-22.0	-11.1	-7.3	-3.0
May	-3.7	-9.4	0.1	6.6	-1.1	0.2	-1.7	-0.4	-0.5	-0.9
June	-7.5	2.1	-0.3	-1.7	-7.3	-0.4	15.2	5.6	6.7	2.7
July	4.8	-3.7	-0.2	3.1	4.0	1.6	-19.3	-6.7	-7.4	-4.8
Aug.	4.6	-5.3	-0.7	5.6	5.0	0.0	-4.8	-2.2	-1.6	-0.9
Sep.	-2.3	-3.3	-0.3	-0.5	1.7	0.1	10.0	4.0	6.5	-0.3

**2. Long-term**

	By euro area residents						By non-residents			
	Total	MFIs (including Eurosystem)	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government	Total	Banks (including central banks)	Non-monetary financial corporations	Non-financial corporations
	1	2	3	4	5	6	7	8	9	10
2000 Sep.	24.5	11.4	2.8	0.4	9.7	0.3	14.8	3.5	5.3	1.9
Oct.	25.4	9.5	5.3	4.4	4.1	2.1	18.4	7.8	7.0	0.1
Nov.	26.4	2.8	3.8	4.6	13.6	1.6	10.4	1.5	9.3	0.8
Dec.	0.7	-2.5	13.2	2.9	-13.9	0.9	10.0	2.2	1.6	2.6
<i>Euro area enlargement</i>										
2001 Jan.	4.0	22.4	-1.2	-3.2	-14.8	0.8	9.6	0.8	6.4	0.1
Feb.	45.8	28.1	5.4	3.9	6.8	1.7	23.2	11.2	5.5	9.8
Mar.	40.6	9.5	7.2	10.6	11.7	1.8	29.0	12.3	5.3	5.1
Apr.	33.7	7.5	5.5	4.0	14.5	2.2	13.3	2.9	7.6	2.4
May	48.4	7.8	8.9	8.9	21.9	0.9	16.6	5.9	6.2	5.7
June	57.2	16.5	7.5	6.9	26.2	0.0	24.8	8.3	6.6	2.2
July	38.7	18.9	17.5	2.6	-2.3	2.0	9.0	2.5	5.4	2.0
Aug.	13.3	1.2	2.0	6.5	0.9	2.8	6.9	1.1	6.8	0.7
Sep.	21.6	5.6	4.3	0.0	7.5	4.2	-0.6	0.8	0.8	-0.6

**3. Total**

	By euro area residents						By non-residents			
	Total	MFIs (including Eurosystem)	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government	Total	Banks (including central banks)	Non-monetary financial corporations	Non-financial corporations
	1	2	3	4	5	6	7	8	9	10
2000 Sep.	19.2	3.4	2.6	2.1	10.4	0.7	34.8	7.1	13.7	9.4
Oct.	33.2	13.3	5.7	9.6	2.6	2.0	7.6	6.9	0.8	-3.5
Nov.	20.0	-2.8	3.9	5.2	11.9	1.9	18.5	5.6	13.0	1.7
Dec.	-34.1	-13.6	13.1	1.9	-36.4	0.9	24.0	9.1	5.0	5.8
<i>Euro area enlargement</i>										
2001 Jan.	36.3	35.4	-0.6	0.2	0.1	1.2	-6.7	-4.1	-0.3	-4.1
Feb.	56.2	31.7	5.3	7.4	10.7	1.0	22.7	11.8	4.4	9.7
Mar.	55.6	12.2	7.3	11.6	22.8	1.7	49.0	19.6	15.1	7.7
Apr.	45.1	11.8	5.9	2.1	23.2	2.2	-8.7	-8.2	0.3	-0.6
May	44.7	-1.6	9.0	15.5	20.7	1.1	14.9	5.5	5.7	4.8
June	49.6	18.6	7.2	5.2	18.9	-0.3	40.1	13.9	13.2	4.9
July	43.5	15.2	17.3	5.7	1.7	3.6	-10.2	-4.2	-2.0	-2.8
Aug.	17.9	-4.2	1.3	12.1	5.9	2.7	2.1	-1.1	5.2	-0.2
Sep.	19.3	2.3	4.0	-0.5	9.2	4.3	9.4	4.7	7.3	-0.9

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

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

of the euro area			Total							
Central government	Other general government	International organisations	Total	Banks (including central banks)	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government	International organisations	
11	12	13	14	15	16	17	18	19	20	
0.0	0.4	0.2	14.7	-4.3	8.1	9.1	0.8	0.8	0.2	2000 Sep.
0.0	0.0	-0.2	-2.9	3.0	-5.8	1.6	-1.5	-0.1	-0.2	Oct.
0.0	-0.2	-0.3	1.7	-1.6	3.8	1.5	-1.8	0.1	-0.3	Nov.
-0.1	0.2	0.4	-20.8	-4.3	3.3	2.2	-22.6	0.1	0.4	Dec.
<i>Euro area enlargement</i>										
0.0	-0.1	-0.6	16.0	8.1	-6.1	-0.8	14.9	0.3	-0.6	2001 Jan.
0.0	0.1	-0.1	9.9	4.2	-1.2	3.5	3.9	-0.5	-0.1	Feb.
0.1	-0.1	0.3	34.9	10.0	10.0	3.6	11.2	-0.1	0.3	Mar.
-0.1	-0.2	-0.3	-10.5	-6.8	-7.0	-4.9	8.6	-0.2	-0.3	Apr.
0.0	0.0	0.0	-5.4	-9.8	-0.4	5.7	-1.1	0.2	0.0	May
0.1	0.0	0.1	7.7	7.7	6.4	1.0	-7.2	-0.3	0.1	June
0.0	-0.1	-0.2	-14.4	-10.4	-7.6	-1.7	3.9	1.5	-0.2	July
0.0	-0.1	0.0	-0.3	-7.5	-2.2	4.7	5.0	-0.2	0.0	Aug.
0.0	-0.1	0.0	7.8	0.7	6.2	-0.8	1.7	0.0	0.0	Sep.

of the euro area			Total							
Central government	Other general government	International organisations	Total	Banks (including central banks)	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government	International organisations	
11	12	13	14	15	16	17	18	19	20	
0.5	4.1	-0.6	39.3	14.9	8.2	2.3	10.2	4.3	-0.6	2000 Sep.
0.7	0.7	2.2	43.8	17.2	12.3	4.5	4.8	2.8	2.2	Oct.
0.3	-0.3	-1.2	36.8	4.3	13.1	5.4	14.0	1.3	-1.2	Nov.
-0.4	5.0	-1.0	10.7	-0.2	14.8	5.5	-14.3	5.9	-1.0	Dec.
<i>Euro area enlargement</i>										
1.0	0.0	1.4	13.6	23.2	5.2	-3.1	-13.8	0.8	1.4	2001 Jan.
-2.0	0.9	-2.2	69.1	39.3	10.9	13.6	4.8	2.6	-2.2	Feb.
2.5	5.2	-1.5	69.6	21.8	12.4	15.7	14.2	7.0	-1.5	Mar.
0.9	0.2	-0.6	47.0	10.3	13.1	6.4	15.3	2.3	-0.6	Apr.
1.0	-1.0	-1.1	65.0	13.7	15.1	14.7	22.8	-0.1	-1.1	May
1.9	6.5	-0.6	82.0	24.8	14.1	9.1	28.1	6.5	-0.6	June
-0.5	0.0	-0.4	47.7	21.4	22.8	4.6	-2.8	2.0	-0.4	July
-0.2	-0.1	-1.3	20.2	2.3	8.7	7.2	0.7	2.7	-1.3	Aug.
-1.8	0.0	0.2	21.0	6.4	5.1	-0.6	5.7	4.2	0.2	Sep.

of the euro area			Total							
Central government	Other general government	International organisations	Total	Banks (including central banks)	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government	International organisations	
11	12	13	14	15	16	17	18	19	20	
0.6	4.4	-0.4	54.0	10.5	16.3	11.4	11.0	5.2	-0.4	2000 Sep.
0.7	0.7	2.0	40.9	20.2	6.5	6.1	3.3	2.7	2.0	Oct.
0.3	-0.5	-1.5	38.5	2.8	16.9	6.9	12.2	1.4	-1.5	Nov.
-0.5	5.2	-0.6	-10.1	-4.5	18.1	7.7	-36.9	6.1	-0.6	Dec.
<i>Euro area enlargement</i>										
1.0	-0.1	0.8	29.6	31.3	-0.9	-3.9	1.1	1.2	0.8	2001 Jan.
-2.0	1.0	-2.2	78.9	43.5	9.7	17.1	8.8	2.0	-2.2	Feb.
2.6	5.2	-1.1	104.5	31.8	22.4	19.3	25.3	6.9	-1.1	Mar.
0.7	-0.1	-0.9	36.4	3.6	6.2	1.5	24.0	2.1	-0.9	Apr.
1.0	-1.0	-1.1	59.6	3.9	14.7	20.4	21.7	0.1	-1.1	May
2.0	6.5	-0.5	89.7	32.5	20.5	10.2	20.9	6.2	-0.5	June
-0.6	0.0	-0.6	33.2	11.0	15.2	2.9	1.1	3.6	-0.6	July
-0.3	-0.2	-1.3	20.0	-5.3	6.5	11.9	5.6	2.5	-1.3	Aug.
-1.8	-0.1	0.2	28.8	7.0	11.3	-1.4	7.4	4.2	0.2	Sep.

## 4 HICP and other prices in the euro area

**Table 4.1**

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

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

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

	Total		Goods		Services		Total (s.a.)		Goods (s.a.)	Services (s.a.)
	Index 1996 = 100		Index 1996 = 100		Index 1996 = 100		Index 1996 = 100	% change on previous period	Index 1996 = 100	Index 1996 = 100
Weight in the total (%) <sup>2)</sup>	100.0	100.0	61.9	61.9	38.1	38.1	100.0	100.0	61.9	38.1
	1	2	3	4	5	6	7	8	9	10
1998	102.7	1.1	101.8	0.7	104.4	1.9	-	-	-	-
1999	103.8	1.1	102.7	0.9	106.0	1.5	-	-	-	-
2000	106.3	2.3	105.4	2.7	107.8	1.7	-	-	-	-
2000 Q3	106.6	2.5	105.7	2.9	108.5	1.8	106.6	0.8	105.9	108.0
Q4	107.2	2.7	106.7	3.2	108.3	1.8	107.3	0.7	106.8	108.6
2000 Dec.	107.4	2.6	106.8	3.0	108.5	1.8	107.4	0.0	106.8	108.7
<i>Euro area enlargement</i>										
2001 Q1	107.8	2.5	107.1	2.7	109.3	2.2	107.8	0.5	107.1	109.4
Q2	109.2	3.1	108.8	3.5	110.1	2.5	109.1	1.1	108.5	110.2
Q3	109.5	2.7	108.5	2.7	111.3	2.6	109.4	0.3	108.7	110.8
2001 Jan.	107.3	2.4	106.5	2.6	109.0	2.2	107.5	0.1	106.7	109.2
Feb.	107.9	2.6	107.0	2.8	109.5	2.2	107.8	0.3	107.1	109.3
Mar.	108.3	2.6	107.7	2.8	109.5	2.2	108.1	0.3	107.5	109.5
Apr.	108.8	2.9	108.3	3.4	109.9	2.4	108.7	0.5	108.0	110.2
May	109.4	3.4	109.1	3.8	110.0	2.5	109.2	0.4	108.8	110.2
June	109.5	3.0	109.1	3.4	110.4	2.5	109.3	0.1	108.8	110.4
July	109.4	2.8	108.3	3.0	111.3	2.5	109.2	-0.1	108.5	110.6
Aug.	109.4	2.7	108.3	2.7	111.4	2.5	109.3	0.1	108.6	110.8
Sep.	109.7	2.5	108.8	2.3	111.1	2.6	109.6	0.3	109.0	111.0
Oct.	109.6	2.4	108.7	2.1	111.1	2.8	109.7	0.0	108.8	111.4
Nov. <sup>3)</sup>	.	2.1	.	.	.	.	.	.	.	.

#### 2. Breakdown of goods and services

	Goods						Services				
	Food <sup>4)</sup>			Industrial goods			Housing	Transport	Communi- cation	Recreation and personal	Miscellan- eous
	Total	Processed food <sup>4)</sup>	Unprocessed food	Total	Non-energy industrial goods	Energy					
Weight in the total (%) <sup>2)</sup>	20.3	12.3	8.0	41.6	32.1	9.5	10.0	6.2	2.4	13.9	5.6
	11	12	13	14	15	16	17	18	19	20	21
1998	1.6	1.4	2.0	0.1	0.9	-2.6	2.3	1.7	-1.0	2.2	1.8
1999	0.6	0.9	0.0	1.0	0.6	2.4	1.8	2.1	-4.4	2.0	1.8
2000	1.4	1.1	1.7	3.4	0.7	13.3	1.6	2.6	-4.2	2.3	2.4
2000 Q3	1.9	1.2	3.0	3.4	0.7	13.7	1.6	2.6	-4.2	2.5	2.5
Q4	2.2	1.3	3.5	3.8	1.1	13.7	1.8	2.8	-4.6	2.4	2.1
2000 Dec.	2.4	1.4	3.9	3.3	1.1	11.3	1.8	2.9	-4.5	2.2	2.1
<i>Euro area enlargement</i>											
2001 Q1	3.2	1.9	5.3	2.5	1.1	7.2	1.9	3.2	-4.2	3.1	2.4
Q2	5.0	2.8	8.5	2.8	1.5	7.3	1.8	3.6	-2.8	3.3	2.6
Q3	5.2	3.4	8.1	1.4	1.5	1.2	1.8	3.7	-2.5	3.3	2.8
2001 Jan.	2.7	1.6	4.5	2.5	1.0	7.8	1.9	3.3	-4.5	3.0	2.3
Feb.	3.1	2.0	4.7	2.6	1.1	8.2	1.9	3.2	-4.2	3.1	2.4
Mar.	3.9	2.2	6.7	2.2	1.3	5.6	1.8	3.1	-4.0	3.1	2.5
Apr.	4.4	2.5	7.3	2.8	1.4	7.8	1.8	3.6	-2.8	3.1	2.5
May	5.3	2.8	9.2	3.1	1.5	8.6	1.8	3.6	-2.8	3.5	2.5
June	5.4	3.0	9.0	2.4	1.5	5.5	1.8	3.5	-2.7	3.4	2.6
July	5.4	3.3	8.7	1.8	1.4	2.9	1.8	3.8	-2.4	3.2	2.8
Aug.	5.1	3.4	7.7	1.6	1.4	2.1	1.8	3.7	-2.7	3.3	2.8
Sep.	5.2	3.5	7.7	0.9	1.6	-1.3	1.8	3.6	-2.3	3.5	2.9
Oct.	5.2	3.6	7.7	0.6	1.6	-2.7	1.9	3.8	-1.8	3.7	3.1
Nov.	.	.	.	.	.	.	.	.	.	.	.

Sources: Eurostat and ECB calculations.

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

2) Referring to the index period 2001.

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

4) Including alcoholic beverages and tobacco.

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

	Industrial producer prices											World market prices of raw materials <sup>1)</sup>		Oil prices <sup>2)</sup> (EUR per barrel)
	Industry excluding construction <sup>3)</sup>									Construc- tion <sup>4)</sup>	Manu- facturing	Total excluding energy		
	Total		Industry excluding construction and energy						Energy					
	Index 1995 = 100		Total	Inter- mediate goods	Capital goods	Consumer goods								
						Total	Durable consumer goods	Non-durable consumer goods						
1	2	3	4	5	6	7	8	9	10	11	12	13	14	
1996	100.3	0.3	0.3	-1.8	1.4	1.7	2.0	1.7	0.9	1.4	0.9	6.5	-6.9	16.0
1997	101.4	1.1	0.6	0.2	0.3	1.1	0.6	1.2	3.2	1.2	0.8	10.0	12.9	17.0
1998	100.6	-0.8	0.2	-0.4	0.6	0.5	0.7	0.5	-5.2	0.3	-0.6	-21.2	-12.5	12.0
1999	100.2	-0.4	-0.6	-1.5	0.2	-0.1	0.7	-0.2	0.5	1.1	0.2	17.8	-3.1	17.1
2000	105.7	5.5	2.5	5.0	0.6	1.4	1.4	1.5	19.0	2.3	5.2	51.7	18.1	31.0
2000 Q3	106.5	5.9	2.9	5.8	0.7	1.6	1.5	1.6	19.7	2.0	5.5	46.7	18.0	33.7
Q4	108.0	6.2	3.0	5.2	0.8	2.2	1.7	2.3	20.1	3.0	5.4	37.7	16.4	34.5
2000 Nov.	108.3	6.5	3.0	5.3	0.8	2.2	1.7	2.3	21.5	-	5.6	45.6	18.2	37.7
Dec.	107.7	5.5	3.0	5.0	0.8	2.5	1.6	2.6	15.6	-	4.5	13.7	8.6	28.8
<i>Euro area enlargement</i>														
2001 Q1	108.3	4.6	2.9	4.0	0.9	3.1	2.0	3.3	10.9	2.2	3.2	4.8	1.4	28.4
Q2	108.9	3.7	2.3	1.9	1.0	3.4	2.2	3.6	8.9	2.1	2.6	5.2	-0.9	31.7
Q3	108.3	1.5	1.5	0.2	1.1	3.1	2.1	3.2	0.7	.	0.7	-11.1	-9.4	29.0
2001 Jan.	108.0	4.9	3.0	4.5	0.9	2.8	1.9	2.9	12.4	-	3.6	8.4	3.3	27.3
Feb.	108.3	4.6	2.9	4.0	0.9	3.1	2.0	3.2	11.2	-	3.3	6.5	1.7	29.9
Mar.	108.5	4.2	2.8	3.4	0.9	3.5	2.2	3.6	9.1	-	2.8	-0.2	-0.8	28.1
Apr.	108.7	4.2	2.6	2.5	1.0	3.5	2.2	3.7	10.6	-	3.0	11.1	-1.1	29.8
May	109.0	3.7	2.3	1.8	1.0	3.4	2.2	3.6	9.3	-	2.7	1.9	-4.0	32.7
June	109.0	3.2	2.1	1.4	1.1	3.4	2.2	3.5	7.0	-	2.1	3.4	2.5	32.5
July	108.3	2.1	1.7	0.6	1.1	3.2	2.1	3.3	2.8	-	1.2	-1.1	-1.0	29.4
Aug.	108.2	1.7	1.6	0.3	1.1	3.1	2.1	3.3	1.4	-	0.9	-10.3	-10.1	28.7
Sep.	108.3	0.7	1.3	-0.2	1.1	2.9	1.9	3.0	-2.1	-	-0.1	-20.4	-16.7	28.8
Oct.	107.7	-0.6	1.0	-0.8	1.1	2.6	1.8	2.7	-6.8	-	-1.1	-29.8	-17.8	23.8
Nov.	.	.	.	.	.	.	.	.	.	-	.	-34.4	-15.6	21.7

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

	Total		Domestic demand	Private consumption	Government consumption	Gross fixed capital formation	Exports <sup>6)</sup>	Imports <sup>6)</sup>
	Index 1995 = 100							
	15	16	17	18	19	20	21	22
1996	102.0	2.0	2.1	2.4	2.2	0.9	0.8	0.8
1997	103.6	1.5	1.7	2.0	1.3	1.0	1.8	2.6
1998	105.3	1.7	1.3	1.4	1.4	0.9	-0.1	-1.5
1999	106.4	1.1	1.2	1.1	1.8	1.0	-0.5	-0.1
2000	107.8	1.3	2.5	2.1	1.9	2.6	4.8	8.3
1999 Q2	106.4	1.1	1.0	1.0	1.7	0.8	-1.3	-1.7
Q3	106.5	0.9	1.3	1.0	2.0	1.0	-0.2	0.9
Q4	106.8	0.9	1.6	1.5	2.0	1.4	1.8	4.3
2000 Q1	107.3	1.1	2.4	2.0	2.1	2.2	3.8	8.0
Q2	107.6	1.2	2.3	1.8	1.8	2.5	4.8	8.2
Q3	108.1	1.5	2.6	2.3	1.9	2.6	5.1	8.4
Q4	108.5	1.6	2.7	2.4	2.0	3.1	5.3	8.5
<i>Euro area enlargement</i>								
2001 Q1	109.8	2.0	2.4	2.4	1.9	2.6	3.5	4.5
Q2	110.6	2.4	2.6	2.7	2.2	2.3	2.8	3.2

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

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

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

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

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

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

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

## 5 Real economy indicators in the euro area

**Table 5.1**

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

#### GDP and expenditure components

##### 1. Current prices

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

	GDP								
	Total	Domestic demand					External balance <sup>3)</sup>		
		Total	Private consumption	Government consumption	Gross fixed capital formation <sup>5)</sup>	Changes in inventories <sup>2)</sup>	Total	Exports <sup>3)</sup>	Imports <sup>3)</sup>
1	2	3	4	5	6	7	8	9	
1996	5,534.9	5,409.3	3,143.5	1,142.4	1,121.8	1.6	125.7	1,655.2	1,529.5
1997	5,649.4	5,500.8	3,201.1	1,150.7	1,138.4	10.6	148.5	1,827.2	1,678.7
1998	5,882.9	5,743.6	3,330.8	1,176.9	1,202.3	33.5	139.3	1,948.8	1,809.5
1999	6,139.7	6,035.5	3,495.4	1,230.7	1,286.8	22.6	104.1	2,053.0	1,948.9
2000	6,430.0	6,358.5	3,661.9	1,278.2	1,376.9	41.5	71.5	2,408.3	2,336.8
2000 Q2	1,601.3	1,584.4	912.5	318.1	342.6	11.1	16.9	589.1	572.2
Q3	1,615.5	1,598.0	920.2	320.2	347.6	9.9	17.6	615.8	598.2
Q4	1,630.7	1,614.6	927.5	324.2	349.1	13.8	16.1	637.9	621.8
<i>Euro area enlargement</i>									
2001 Q1	1,685.4	1,659.3	962.5	332.5	357.1	7.1	26.1	644.3	618.2
Q2	1,698.5	1,675.6	975.6	335.8	357.3	7.0	22.9	647.2	624.2
Q3	.	.	.	.	.	.	.	.	.

##### 2. Constant prices

(ECU billions at 1995 prices, seasonally adjusted)

	GDP								
	Total	Domestic demand					External balance <sup>3)</sup>		
		Total	Private consumption	Government consumption	Gross fixed capital formation <sup>5)</sup>	Changes in inventories <sup>2)</sup>	Total	Exports <sup>3)</sup>	Imports <sup>3)</sup>
10	11	12	13	14	15	16	17	18	
1996	5,384.3	5,263.4	3,045.7	1,112.0	1,106.1	-0.4	120.9	1,635.7	1,514.9
1997	5,509.4	5,354.4	3,093.0	1,126.1	1,132.0	3.3	155.0	1,806.3	1,651.2
1998	5,667.3	5,544.2	3,186.3	1,140.0	1,190.3	27.6	123.0	1,938.6	1,815.6
1999	5,816.4	5,723.7	3,288.1	1,164.6	1,254.4	16.5	92.8	2,039.5	1,946.7
2000	6,011.9	5,883.9	3,372.5	1,186.5	1,308.4	16.4	128.0	2,283.0	2,155.0
2000 Q2	1,500.5	1,471.7	843.7	296.2	326.4	5.3	28.9	561.3	532.5
Q3	1,507.5	1,473.9	845.0	296.6	329.6	2.7	33.5	581.0	547.5
Q4	1,516.3	1,480.5	846.6	298.8	328.4	6.7	35.9	594.8	559.0
<i>Euro area enlargement</i>									
2001 Q1	1,551.1	1,511.2	872.9	304.3	333.7	0.2	39.9	599.9	560.0
Q2	1,552.2	1,515.3	877.4	305.4	332.1	0.4	36.8	598.7	561.9
Q3	1,553.7	1,509.4	879.4	305.7	331.3	-7.0	44.3	595.3	551.0

(annual percentage changes)

1996	1.4	1.0	1.6	1.7	1.2	-	-	4.5	3.2
1997	2.3	1.7	1.6	1.3	2.3	-	-	10.4	9.0
1998	2.9	3.5	3.0	1.2	5.1	-	-	7.3	10.0
1999	2.6	3.2	3.2	2.2	5.4	-	-	5.2	7.2
2000	3.4	2.8	2.6	1.9	4.3	-	-	11.9	10.7
2000 Q2	3.9	3.5	3.3	2.2	4.9	-	-	11.7	11.0
Q3	3.2	2.8	2.5	1.7	4.1	-	-	12.3	11.6
Q4	2.8	2.2	1.9	1.7	2.9	-	-	12.0	10.6
<i>Euro area enlargement</i>									
2001 Q1	2.5	1.7	2.0	1.9	1.0	-	-	8.8	6.8
Q2	1.7	1.0	1.7	1.8	-0.2	-	-	5.6	3.9
Q3	1.3	0.4	1.8	1.8	-1.4	-	-	1.4	-0.9

Source: Eurostat.

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

2) Including acquisitions less disposals of valuables.

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

## Value added by activity

### 3. Current prices

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

	Gross value added							Intermediate consumption of FISIM <sup>1)</sup>	Taxes less subsidies on products
	Total	Agriculture, hunting, forestry and fishing activities	Manufacturing, energy and mining	Construction	Trade, repairs, hotels and restaurants, transport and communication	Financial, real estate, renting and business activities	Public administration, education, health and other services		
	1	2	3	4	5	6	7	8	9
1996	5,173.4	139.7	1,207.3	300.7	1,059.3	1,334.5	1,131.9	200.5	562.1
1997	5,266.5	138.6	1,227.1	291.8	1,086.9	1,377.7	1,144.4	199.4	582.2
1998	5,467.1	138.7	1,273.5	295.0	1,139.5	1,441.2	1,179.3	199.8	615.5
1999	5,675.7	135.4	1,295.0	311.3	1,183.4	1,526.0	1,224.7	201.0	665.0
2000	5,950.3	136.9	1,374.0	325.9	1,235.8	1,612.5	1,265.2	212.4	692.1
2000 Q2	1,480.9	34.0	342.3	81.2	307.8	400.4	315.3	53.3	173.7
Q3	1,496.5	34.7	346.3	81.3	310.2	406.3	317.7	53.4	172.5
Q4	1,509.2	34.6	349.4	82.2	313.9	409.7	319.4	53.3	174.8
<i>Euro area enlargement</i>									
2001 Q1	1,561.1	37.0	360.8	85.9	327.0	420.9	329.5	54.6	178.9
Q2	1,572.2	37.6	360.0	85.7	330.6	426.0	332.3	55.0	181.4
Q3	.	.	.	.	.	.	.	.	.

### 4. Constant prices

(ECU billions at 1995 prices, seasonally adjusted)

	Gross value added							Intermediate consumption of FISIM <sup>1)</sup>	Taxes less subsidies on products
	Total	Agriculture, hunting, forestry and fishing activities	Manufacturing, energy and mining	Construction	Trade, repairs, hotels and restaurants, transport and communication	Financial, real estate, renting and business activities	Public administration, education, health and other services		
	10	11	12	13	14	15	16	17	18
1996	5,041.2	139.6	1,178.3	295.5	1,039.4	1,289.5	1,098.9	200.0	543.1
1997	5,160.6	140.2	1,216.9	290.2	1,072.1	1,331.2	1,110.0	207.1	556.0
1998	5,309.4	142.2	1,253.6	292.0	1,113.7	1,381.9	1,126.0	213.8	571.8
1999	5,443.0	145.1	1,263.7	298.9	1,162.6	1,432.6	1,140.1	221.8	595.2
2000	5,636.4	145.2	1,321.9	304.4	1,210.9	1,495.4	1,158.5	232.4	607.9
2000 Q2	1,405.2	36.1	329.5	75.9	301.8	372.3	289.6	57.8	153.1
Q3	1,413.9	36.6	332.3	75.9	303.5	375.8	289.9	58.5	152.0
Q4	1,423.1	36.5	334.1	75.8	307.0	378.5	291.1	59.2	152.4
<i>Euro area enlargement</i>									
2001 Q1	1,457.5	38.3	341.7	77.7	316.6	386.6	296.7	60.5	154.0
Q2	1,457.4	38.2	338.6	76.6	317.3	389.3	297.2	60.8	155.6
Q3	1,460.7	38.7	336.7	76.7	318.5	391.9	298.2	61.6	154.5
<i>(annual percentage changes)</i>									
1996	1.5	5.5	-0.3	-1.8	1.0	3.7	1.7	2.5	1.4
1997	2.4	0.4	3.3	-1.8	3.1	3.2	1.0	3.5	2.4
1998	2.9	1.4	3.0	0.6	3.9	3.8	1.4	3.2	2.8
1999	2.5	2.1	0.8	2.4	4.4	3.7	1.3	3.7	4.1
2000	3.6	0.1	4.6	1.8	4.2	4.4	1.6	4.8	2.1
2000 Q2	3.9	-0.1	4.9	2.4	4.6	4.5	1.9	5.3	4.5
Q3	3.4	0.5	4.6	1.0	3.7	4.4	1.6	4.5	1.8
Q4	3.3	-0.3	4.3	0.5	4.1	3.9	1.5	4.9	-0.3
<i>Euro area enlargement</i>									
2001 Q1	2.8	0.3	3.7	-1.2	3.7	3.5	1.4	5.0	0.3
Q2	2.0	0.2	1.6	-1.5	2.8	3.2	1.1	3.8	-0.5
Q3	1.6	0.1	0.2	-1.5	2.6	2.9	1.3	4.0	-0.4

Source: Eurostat.

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

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

	Total		Industry excluding construction <sup>2)</sup>							Construction	Manufacturing	
	Total		Industry excluding construction and energy					Energy				
	Index (s.a.) 1995 = 100		Total	Inter- mediate goods	Capital goods	Consumer goods						
						Total	Durable consumer goods		Non-durable consumer goods			
1	2	3	4	5	6	7	8	9	10	11	12	
1997	3.6	104.8	4.3	4.7	6.2	4.9	2.5	1.9	2.6	0.1	0.2	4.9
1998	3.5	109.3	4.3	4.5	3.5	7.5	2.8	4.6	2.5	1.2	0.3	4.7
1999	1.9	111.4	2.0	1.8	1.5	2.4	1.7	1.3	1.8	1.4	2.9	2.0
2000	5.0	117.5	5.5	5.7	5.9	8.6	2.3	5.9	1.5	1.8	2.1	5.9
2000 Q3	5.2	118.5	5.9	6.2	6.0	9.7	2.5	5.2	2.0	2.5	0.9	6.3
Q4	4.4	119.7	5.2	5.5	5.2	8.8	2.1	4.4	1.7	0.0	1.1	5.8
2000 Dec.	6.4	120.8	7.1	8.2	7.2	12.3	4.5	9.3	3.6	-2.1	3.3	8.4
<i>Euro area enlargement</i>												
2001 Q1	3.1	119.4	4.2	4.4	2.8	8.1	3.0	2.9	3.1	-1.7	-2.0	5.1
Q2	0.3	118.4	0.9	0.5	-0.2	1.8	0.3	-1.9	0.8	1.1	-2.6	0.8
Q3	-1.6	118.0	-0.6	-1.0	-2.1	-0.1	0.0	-3.9	0.8	0.6	-3.3	-0.9
2001 Jan.	4.3	118.9	5.0	5.4	4.0	10.0	2.8	3.7	2.7	-1.2	-0.6	6.1
Feb.	3.4	119.8	4.6	4.6	2.9	8.3	3.4	1.9	3.8	-1.5	-0.8	5.4
Mar.	1.9	119.4	3.1	3.3	1.6	6.3	2.8	3.1	2.8	-2.4	-4.2	3.9
Apr.	0.1	118.4	0.9	0.4	-0.2	1.4	0.2	-2.1	0.7	0.8	-3.8	0.9
May	-0.4	117.9	-0.1	-0.4	-1.1	0.8	-0.5	-3.8	0.2	1.9	-3.1	-0.4
June	1.3	119.0	1.8	1.6	0.7	3.1	1.3	0.2	1.6	0.5	-0.9	2.0
July	-1.5	117.0	-1.6	-1.8	-2.1	-2.1	-0.8	-6.6	0.4	0.1	-1.5	-1.9
Aug.	-1.4	118.8	0.9	0.5	-1.6	2.6	1.5	0.7	1.7	1.1	-3.2	0.8
Sep.	-1.7	118.1	-0.9	-1.3	-2.5	-0.2	-0.5	-4.4	0.4	0.6	-5.1	-1.1
Oct.	.	.	.	.	.	.	.	.	.	.	.	.

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

	Retail sales (s.a.)									New passenger car registrations		
	Current prices			Constant prices						Thousands <sup>3)</sup> (s.a.)		
	Total		Index 1995 = 100	Total		Food, beverages, tobacco	Non-food					
	Index 1995 = 100			Index 1995 = 100			Textiles, clothing, footwear	Household equipment				
13	14	15	16	17	18	19	20		21	22		
1997	104.1	2.2	101.5	1.2	1.1	1.3	0.7	1.4	861	4.2		
1998	107.9	3.6	104.5	3.0	2.1	3.6	2.1	4.5	923	7.2		
1999	111.5	3.4	107.2	2.6	3.1	2.5	1.4	3.0	973	5.4		
2000	116.1	4.1	109.7	2.3	2.0	2.2	1.6	4.7	953	-2.2		
2000 Q3	116.6	4.3	109.9	2.1	1.3	2.3	3.0	3.9	934	-7.7		
Q4	117.9	3.8	110.3	1.6	1.3	1.4	0.5	3.6	925	-3.5		
2000 Dec.	118.0	3.8	110.3	1.7	1.6	1.5	0.4	3.6	936	1.7		
<i>Euro area enlargement</i>												
2001 Q1	119.5	4.4	111.1	2.2	1.7	2.6	2.3	0.9	949	-5.1		
Q2	120.7	3.9	111.2	1.0	0.8	1.0	0.9	-0.7	1,007	1.8		
Q3	122.1	4.3	111.9	1.7	1.8	1.6	2.5	-0.8	953	-1.2		
2001 Jan.	119.6	5.2	111.2	2.8	2.3	3.3	4.9	3.1	943	-5.6		
Feb.	119.3	3.4	111.0	1.5	1.4	1.5	-0.1	-0.2	953	-6.2		
Mar.	119.6	4.8	110.9	2.4	1.3	3.0	2.2	0.0	952	-3.7		
Apr.	120.4	3.9	111.2	1.1	0.9	1.2	1.0	-0.6	969	-1.8		
May	120.6	2.8	111.1	0.2	0.1	0.0	0.0	-1.8	995	0.0		
June	121.2	5.0	111.2	1.7	1.3	1.9	1.7	0.5	1,056	7.3		
July	121.7	4.4	111.6	1.7	2.5	1.4	1.3	-2.0	938	-1.5		
Aug.	122.2	4.6	111.8	1.7	1.8	1.3	0.8	0.8	962	-0.5		
Sep.	122.5	4.0	112.2	1.7	1.1	2.1	5.5	-1.2	960	-1.3		
Oct.	.	.	.	.	.	.	.	.	963	2.9		

*Sources: Eurostat, except columns 21 and 22 (ECB calculation based on data from the ACEA/A.A.A., European Automobile Manufacturers' Association).*
*1) Adjusted for variations in the number of working days.*
*2) Breakdown in accordance with the harmonised definition of Main Industrial Groupings.*
*3) Monthly averages.*

**Table 5.3**

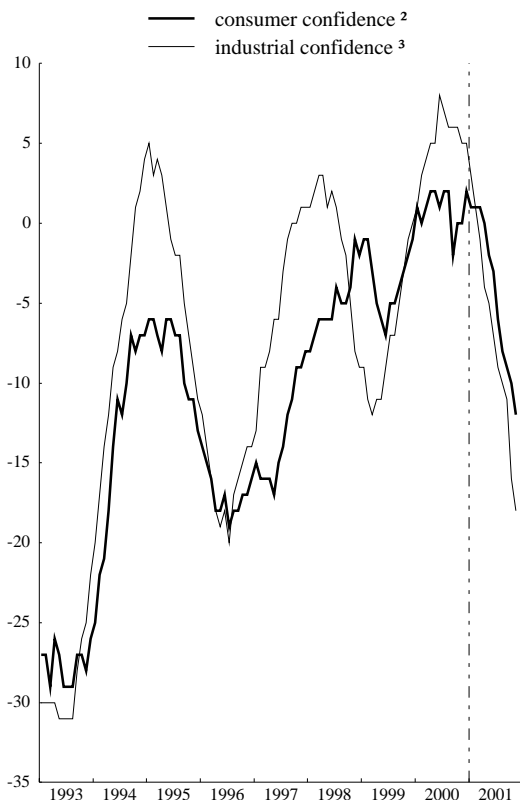
**Business and consumer surveys**

(percentage balances, seasonally adjusted, unless otherwise indicated)

	Manufacturing industry				Construction confidence indicator	Retail trade confidence indicator	Consumer confidence indicator <sup>2)</sup>
	Confidence indicator	Production expectations	Assessment of order books	Capacity utilisation <sup>1)</sup> (percentages)			
	1	2	3	4	5	6	7
1998	-1	11	-5	83.0	-19	-3	-5
1999	-7	7	-17	81.8	-7	-5	-4
2000	5	17	3	83.8	1	-1	1
2000 Q4	5	18	4	84.7	0	-3	1
2000 Dec.	5	18	4	-	-2	-4	2
<i>Euro area enlargement</i>							
2001	.	.	.	83.2	.	.	.
2001 Q1	1	12	-1	84.3	-1	-2	1
Q2	-5	5	-8	83.6	-3	-6	-2
Q3	-10	2	-17	83.0	-7	-6	-8
Q4	.	.	.	82.0	.	.	.
2001 Jan.	3	14	0	-	1	0	1
Feb.	1	12	0	-	-2	0	1
Mar.	-1	9	-3	-	-2	-5	1
Apr.	-4	6	-6	-	-2	-4	0
May	-5	6	-9	-	-2	-7	-2
June	-7	3	-10	-	-5	-7	-3
July	-9	5	-16	-	-7	-4	-6
Aug.	-10	2	-16	-	-8	-8	-8
Sep.	-11	-1	-18	-	-5	-6	-9
Oct.	-16	-8	-25	-	-8	-9	-10
Nov.	-18	-9	-28	-	-10	-10	-12

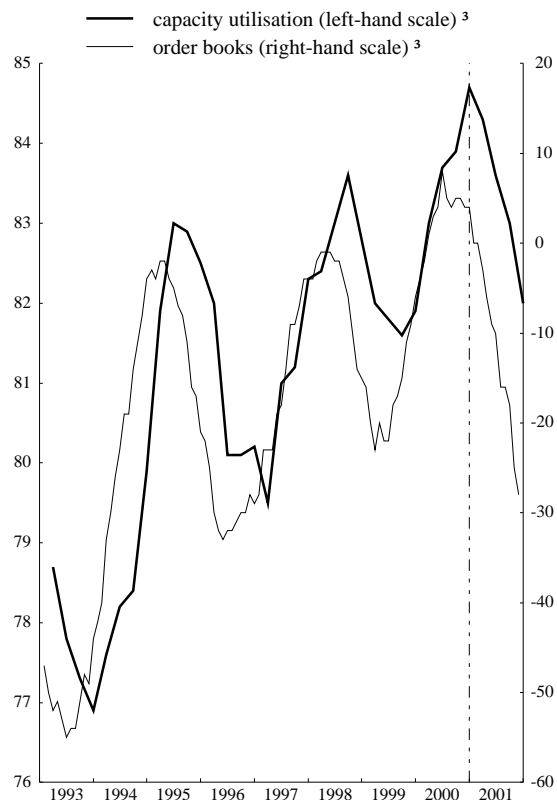
**Consumer and industrial confidence indicators**

(percentage balances; monthly, seasonally adjusted)



**Capacity utilisation and order books**

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



Source: European Commission Business and Consumer Surveys.

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

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

3) Manufacturing.



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

	Employment						Unemployment			
	Total		By employment status		By selected sector		Total		Adult <sup>2)</sup>	Youth <sup>2)</sup>
	Index 1995 = 100		Employees	Self- employed	Industry excluding construction	Services	Millions	% of labour force	% of labour force	% of labour force
	1	2	3	4	5	6	7	8	9	10
1996	100.5	0.5	0.4	0.4	-1.3	1.6	14.729	11.5	9.8	23.9
1997	101.3	0.8	0.9	0.1	-0.4	1.5	14.817	11.5	9.9	23.2
1998	102.9	1.6	1.8	0.4	1.1	2.2	14.064	10.8	9.4	21.2
1999	104.6	1.7	2.2	-0.5	0.0	2.6	12.965	9.9	8.6	19.1
2000	106.8	2.1	2.4	0.3	0.8	2.8	11.661	8.8	7.7	17.1
2000 Q3	107.1	2.1	2.4	0.4	1.0	2.8	11.491	8.7	7.6	16.9
Q4	107.7	2.2	2.4	1.2	1.3	2.8	11.200	8.5	7.4	16.3
2000 Oct.	-	-	-	-	-	-	11.267	8.5	7.5	16.5
Nov.	-	-	-	-	-	-	11.195	8.5	7.4	16.3
Dec.	-	-	-	-	-	-	11.139	8.5	7.4	16.2
<i>Euro area enlargement</i>										
2001 Q1	108.0	2.0	2.2	0.8	1.4	2.5	11.495	8.4	7.3	16.5
Q2	108.2	1.6	1.7	0.6	0.8	2.0	11.408	8.4	7.3	16.5
Q3	.	.	.	.	.	.	11.389	8.3	7.3	16.4
2001 Jan.	-	-	-	-	-	-	11.566	8.5	7.4	16.6
Feb.	-	-	-	-	-	-	11.487	8.4	7.3	16.5
Mar.	-	-	-	-	-	-	11.432	8.4	7.3	16.4
Apr.	-	-	-	-	-	-	11.402	8.4	7.3	16.5
May	-	-	-	-	-	-	11.411	8.4	7.3	16.5
June	-	-	-	-	-	-	11.409	8.4	7.3	16.5
July	-	-	-	-	-	-	11.396	8.4	7.3	16.4
Aug.	-	-	-	-	-	-	11.380	8.3	7.3	16.4
Sep.	-	-	-	-	-	-	11.392	8.4	7.3	16.4
Oct.	-	-	-	-	-	-	11.436	8.4	7.3	16.4

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

	Unit labour cost in the whole economy, and components (s.a.)			Labour cost indices <sup>3)</sup>						Earnings per employee in manufacturing
	Unit labour cost	Compensation per employee	Labour productivity	Total	By component		By selected sector			
					Wages and salaries	Employers' social contributions and other costs	Industry excluding construction	Services		
	11	12	13	14	15	16	17	18	19	
1996	1.9	3.0	1.1	3.4	3.0	4.4	3.6	4.0	3.6	
1997	0.7	2.2	1.6	2.6	2.6	2.6	2.1	2.8	2.3	
1998	0.2	1.4	1.3	1.7	2.1	0.9	1.6	1.5	2.2	
1999	1.3	2.2	0.9	2.3	2.5	1.5	2.6	1.9	2.7	
2000	1.1	2.5	1.4	3.4	3.7	2.4	3.3	3.0	2.6	
1999 Q2	1.8	2.3	0.5	2.1	2.4	1.4	2.4	2.1	2.9	
Q3	1.2	2.1	0.9	2.5	2.7	1.7	2.8	2.2	2.9	
Q4	0.4	2.2	1.8	2.7	3.0	1.8	3.0	1.9	2.5	
2000 Q1	0.4	2.5	2.1	3.3	3.5	2.5	3.5	3.2	2.9	
Q2	0.6	2.2	1.6	3.4	3.6	2.5	3.3	3.0	2.8	
Q3	1.4	2.4	1.0	3.4	3.8	2.3	3.3	2.9	2.5	
Q4	1.7	2.1	0.4	3.3	3.7	2.1	3.0	3.0	2.3	
<i>Euro area enlargement</i>										
2001 Q1	2.1	2.2	0.2	3.0	3.5	1.7	2.9	2.8	3.2	
Q2	2.3	2.4	0.0	2.8	3.3	1.5	2.9	2.2	2.8	

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

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

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

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

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

**Table 6.1**

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

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

#### Amounts outstanding

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

	Currency and deposits									Memo: deposits of non-banks with banks outside the euro area <sup>3)</sup>
	Total	Currency	Deposits of non-financial sectors other than central government with euro area MFIs					Deposits of central government with euro area MFIs	Deposits with non-MFIs <sup>4)</sup>	
			Total	Overnight	With agreed maturity	Redeemable at notice	Repurchase agreements			
	1	2	3	4	5	6	7	8	9	10
1997 Q4	4,685.3	320.6	4,072.2	1,158.1	1,466.3	1,322.5	125.3	153.9	138.7	215.8
1998 Q1	4,642.4	311.8	4,050.9	1,133.2	1,457.0	1,342.7	118.0	139.4	140.2	247.2
Q2	4,699.1	315.5	4,100.3	1,204.9	1,452.7	1,341.9	100.8	147.4	135.8	239.7
Q3	4,677.5	311.8	4,074.2	1,184.2	1,451.1	1,341.4	97.4	156.4	135.1	237.6
Q4	4,826.0	323.4	4,211.1	1,282.9	1,463.3	1,386.3	78.6	149.8	141.6	213.0
1999 Q1	4,675.3	317.8	4,075.8	1,239.1	1,464.5	1,306.2	66.0	133.4	148.4	243.9
Q2	4,701.5	324.0	4,114.1	1,321.8	1,418.3	1,315.6	58.4	125.0	138.4	242.7
Q3	4,712.8	327.5	4,112.6	1,324.5	1,416.4	1,313.0	58.7	133.3	139.4	238.6
Q4	4,858.9	350.0	4,214.8	1,370.8	1,457.6	1,323.4	63.0	142.0	152.1	229.7
2000 Q1	4,836.8	334.7	4,222.0	1,379.5	1,462.5	1,303.2	76.8	130.2	150.0	260.6
Q2	4,893.7	341.2	4,256.5	1,409.6	1,485.6	1,282.5	78.9	146.0	150.1	247.2
Q3	4,913.4	339.0	4,265.5	1,396.7	1,523.4	1,263.5	81.9	159.2	149.7	254.1
Q4	5,030.2	347.6	4,361.5	1,464.5	1,542.4	1,269.1	85.6	164.5	156.6	230.9
<i>Euro area enlargement</i>										
2001 Q1	5,145.3	335.5	4,502.3	1,446.2	1,625.7	1,314.5	115.9	150.3	157.1	259.1
Q2	.	332.2	4,587.8	1,526.2	1,621.1	1,321.0	119.6	164.3	.	.
Q3	.	308.8	4,617.4	1,549.4	1,609.2	1,333.3	125.5	153.7	.	.

	Securities other than shares			Shares <sup>5)</sup>				Insurance technical reserves		
	Total	Short-term	Long-term	Total	Quoted shares	Mutual fund shares	Money market fund shares	Total	Net equity of households in life insurance reserves and pension fund reserves	Prepayments of insurance premiums and reserves for outstanding claims
1997 Q4	1,580.9	202.9	1,378.0	2,735.9	1,573.4	1,162.4	184.9	2,384.1	2,129.4	254.7
1998 Q1	1,599.3	194.5	1,404.8	3,260.9	1,937.6	1,323.3	186.5	2,463.8	2,199.6	264.2
Q2	1,549.4	169.2	1,380.2	3,487.4	2,058.5	1,428.9	186.7	2,522.3	2,255.9	266.4
Q3	1,537.3	158.1	1,379.2	3,187.4	1,744.2	1,443.2	187.9	2,567.8	2,298.7	269.1
Q4	1,533.9	157.5	1,376.4	3,513.3	1,991.3	1,522.0	172.8	2,631.5	2,362.4	269.1
1999 Q1	1,574.3	136.7	1,437.5	3,734.8	2,096.4	1,638.4	194.8	2,706.9	2,428.2	278.7
Q2	1,506.5	127.6	1,378.9	3,980.3	2,238.9	1,741.4	211.5	2,774.8	2,494.1	280.7
Q3	1,506.9	116.5	1,390.4	4,068.7	2,317.3	1,751.4	209.2	2,841.0	2,557.5	283.4
Q4	1,550.3	146.5	1,403.8	4,589.6	2,751.4	1,838.2	199.9	2,956.0	2,669.1	286.9
2000 Q1	1,544.6	147.0	1,397.6	4,862.3	2,928.4	1,934.0	209.8	3,086.9	2,786.5	300.3
Q2	1,583.7	147.2	1,436.6	4,796.7	2,884.3	1,912.5	199.0	3,137.7	2,834.7	303.0
Q3	1,643.3	163.1	1,480.2	4,922.5	2,989.6	1,932.9	203.5	3,196.7	2,890.5	306.2
Q4	1,710.9	178.4	1,532.5	5,011.4	3,089.5	1,921.9	205.8	3,208.8	2,900.1	308.7
<i>Euro area enlargement</i>										
2001 Q1	1,767.8	217.6	1,550.1	4,743.8	2,875.3	1,868.6	228.3	3,254.3	2,932.6	321.7
Q2	.	.	.	.	.	.	.	.	.	.
Q3	.	.	.	.	.	.	.	.	.	.

Source: ECB.

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

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

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

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

5) Excluding unquoted shares.

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

	Loans taken from euro area MFIs and other financial corporations by											Memo: loans taken from banks outside the euro area by non-banks <sup>3)</sup>		
	Total	Taken from euro area MFIs	General government			Non-financial corporations			Households <sup>4)</sup>					
			Total	Short-term	Long-term <sup>5)</sup>	Total	Short-term	Long-term	Total	Short-term	Long-term			
	1	2	3	4	5	6	7	8	9	10	11	12		
1997 Q4	5,834.8	5,315.1	923.5	54.2	869.3	2,404.9	837.2	1,567.7	2,506.4	224.2	2,282.2	141.6		
1998 Q1	5,893.7	5,357.3	907.2	35.5	871.7	2,450.3	853.8	1,596.5	2,536.2	223.5	2,312.7	146.9		
Q2	6,005.4	5,453.0	902.0	31.8	870.2	2,504.8	878.0	1,626.8	2,598.6	233.1	2,365.5	151.3		
Q3	6,080.3	5,524.1	903.1	33.3	869.9	2,528.8	865.0	1,663.7	2,648.4	233.7	2,414.7	147.4		
Q4	6,226.8	5,663.4	911.3	36.0	875.2	2,601.1	903.0	1,698.1	2,714.4	240.5	2,473.9	150.8		
1999 Q1	6,261.9	5,682.7	903.1	36.1	867.0	2,594.4	920.0	1,674.4	2,764.4	251.5	2,512.9	156.8		
Q2	6,424.9	5,817.3	900.5	38.7	861.8	2,686.6	962.4	1,724.2	2,837.7	255.1	2,582.6	183.3		
Q3	6,491.0	5,886.3	885.9	37.7	848.2	2,701.3	941.7	1,759.6	2,903.8	255.0	2,648.8	191.4		
Q4	6,668.2	6,039.1	900.7	42.1	858.7	2,796.4	980.0	1,816.4	2,971.1	263.8	2,707.3	201.4		
2000 Q1	6,813.2	6,155.8	891.3	41.1	850.3	2,895.2	1,037.8	1,857.4	3,026.6	265.3	2,761.2	221.1		
Q2	6,961.5	6,261.6	885.6	42.0	843.6	2,997.9	1,090.2	1,907.6	3,078.1	273.9	2,804.2	219.7		
Q3	7,098.5	6,378.1	865.7	39.9	825.9	3,101.1	1,145.8	1,955.2	3,131.7	275.7	2,856.0	252.2		
Q4	7,270.3	6,500.3	883.0	42.0	841.0	3,198.6	1,160.2	2,038.4	3,188.7	281.6	2,907.1	257.5		
	<i>Euro area enlargement</i>													
2001 Q1	7,445.8	6,671.8	896.0	41.6	854.4	3,315.5	1,238.7	2,076.7	3,234.3	279.7	2,954.6	282.4		
Q2	.	6,762.0	.	.	.	.	.	.	.	.	.	.		
Q3	.	6,805.0	.	.	.	.	.	.	.	.	.	.		
	Securities other than shares issued by											Quoted shares issued by non-financial corporations	Deposit liabilities of central government	Pension fund reserves of non- financial corporations
	Total	General government			Non-financial corporations									
		Total	Short-term	Long-term	Total	Short-term	Long-term							
	13	14	15	16	17	18	19	20	21	22				
1997 Q4	3,638.0	3,335.1	499.0	2,836.0	302.9	45.8	257.1	1,997.7	135.2	236.2				
1998 Q1	3,762.1	3,442.3	492.5	2,949.8	319.8	55.8	263.9	2,465.0	136.3	239.1				
Q2	3,826.3	3,504.1	491.7	3,012.3	322.2	54.0	268.2	2,705.7	134.2	242.1				
Q3	3,920.1	3,587.1	494.5	3,092.6	333.0	55.6	277.4	2,317.1	133.8	245.1				
Q4	3,927.6	3,594.0	466.5	3,127.5	333.6	55.1	278.5	2,641.8	140.3	248.2				
1999 Q1	3,981.0	3,633.3	462.3	3,171.0	347.7	66.0	281.7	2,734.6	146.9	251.2				
Q2	3,964.6	3,609.6	451.8	3,157.8	355.0	67.1	287.9	2,975.3	136.6	254.3				
Q3	3,950.8	3,581.5	444.8	3,136.7	369.3	75.3	294.0	3,081.5	137.6	257.4				
Q4	3,914.7	3,534.6	419.9	3,114.7	380.1	78.5	301.6	3,947.8	149.8	260.8				
2000 Q1	3,980.8	3,600.9	425.2	3,175.8	379.8	79.2	300.6	4,414.5	147.6	263.6				
Q2	4,019.5	3,621.7	425.4	3,196.4	397.8	89.0	308.8	4,165.7	147.6	266.6				
Q3	4,057.7	3,638.7	421.8	3,216.9	419.0	95.9	323.1	4,044.3	147.2	269.0				
Q4	4,113.6	3,666.1	401.8	3,264.3	447.5	102.4	345.0	3,830.1	153.7	271.4				
	<i>Euro area enlargement</i>													
2001 Q1	4,262.3	3,797.4	429.8	3,367.6	464.9	112.2	352.7	3,441.4	154.7	273.8				
Q2	.	.	.	.	.	.	.	.	.	.				
Q3	.	.	.	.	.	.	.	.	.	.				

Source: ECB.

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

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

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

4) Including non-profit institutions serving households.

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

## Transactions

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

	Currency and deposits									Memo: deposits of non-banks with banks outside the euro area <sup>2)</sup>
	Total	Currency	Deposits of non-financial sectors <sup>3)</sup> other than central government with euro area MFIs					Deposits of central government with euro area MFIs	Deposits with non-MFIs <sup>4)</sup>	
			Total	Overnight	With agreed maturity	Redeemable at notice	Repurchase agreements			
	1	2	3	4	5	6	7	8	9	10
1997 Q4	130.5	9.4	111.5	73.9	5.1	37.6	-5.1	3.2	6.4	-13.3
1998 Q1	-45.7	-8.8	-24.1	-25.7	-11.1	20.1	-7.3	-14.5	1.6	29.0
Q2	52.1	3.6	44.8	68.0	-5.9	-0.5	-16.7	8.0	-4.4	-4.9
Q3	-14.7	-3.7	-19.2	-18.0	2.3	-0.3	-3.3	9.0	-0.7	4.0
Q4	148.1	11.6	136.6	98.0	12.7	44.8	-18.9	-6.6	6.5	-23.6
1999 Q1	-39.4	-5.2	-36.8	-19.2	-15.1	10.2	-12.7	-4.2	6.8	21.5
Q2	22.3	6.3	34.4	81.3	-48.7	9.3	-7.6	-8.4	-9.9	-4.4
Q3	13.2	3.4	0.4	3.6	-0.9	-2.6	0.3	8.3	1.0	-1.9
Q4	139.4	22.2	95.8	44.4	36.9	10.3	4.2	8.7	12.7	-14.1
2000 Q1	-28.2	-15.3	1.1	6.4	1.4	-20.4	13.7	-11.9	-2.1	25.4
Q2	51.2	6.7	28.6	31.5	16.9	-21.8	2.1	15.8	0.0	-13.1
Q3	7.3	-2.2	-3.4	-17.0	29.2	-18.5	2.9	13.3	-0.4	-2.0
Q4	129.0	8.6	108.2	71.4	27.3	5.8	3.8	5.3	6.9	-17.4
<i>Euro area enlargement</i>										
2001 Q1	-19.8	-19.8	15.0	-34.3	41.9	-6.1	13.4	-15.6	0.6	11.4
Q2	.	-3.3	82.7	77.3	-4.4	6.3	3.6	13.9	.	.
Q3	.	-23.5	47.5	26.5	2.3	12.7	6.0	-10.6	.	.

	Securities other than shares			Shares <sup>5)</sup>				Insurance technical reserves		
	Total	Short-term	Long-term	Total	Quoted shares	Mutual fund shares	Money market fund shares	Total	Net equity of households in life insurance reserves and pension fund reserves	Prepayments of insurance premiums and reserves for outstanding claims
1997 Q4	5.8	-7.7	13.5	68.7	51.7	17.0	-12.3	53.6	51.8	1.8
1998 Q1	-27.8	-8.4	-19.5	92.7	-6.1	98.9	7.3	66.9	54.6	12.4
Q2	-70.2	-25.0	-45.2	117.4	24.2	93.2	0.0	46.9	44.9	2.0
Q3	-6.0	-11.0	5.0	97.9	12.0	85.8	1.0	43.2	40.6	2.6
Q4	-9.9	-1.6	-8.2	87.4	68.5	18.9	-16.1	50.2	48.2	1.9
1999 Q1	23.8	-13.0	36.7	105.0	3.3	101.7	0.2	70.5	58.1	12.5
Q2	-35.8	-11.2	-24.6	146.6	58.3	88.4	16.7	54.3	51.7	2.7
Q3	-6.2	-9.9	3.6	91.7	53.1	38.6	-2.1	56.6	53.4	3.2
Q4	55.6	25.4	30.2	6.7	39.8	-33.1	-9.4	74.1	71.8	2.4
2000 Q1	-20.4	3.9	-24.3	-8.9	-43.3	34.4	5.4	83.7	70.9	12.8
Q2	47.7	-0.8	48.5	82.6	68.9	13.7	-14.0	53.6	50.9	2.7
Q3	67.7	16.6	51.1	151.8	139.2	12.6	1.2	52.6	49.4	3.2
Q4	13.2	7.8	5.4	253.0	185.9	67.1	-0.8	61.5	59.0	2.5
<i>Euro area enlargement</i>										
2001 Q1	91.0	47.0	44.0	61.6	6.7	54.9	22.1	66.4	53.3	13.1
Q2	.	.	.	.	.	.	.	.	.	.
Q3	.	.	.	.	.	.	.	.	.	.

Source: ECB.

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

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

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

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

5) Excluding unquoted shares.

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

	Loans taken from euro area MFIs and other financial corporations by											Memo: loans taken from banks outside the euro area by non-banks <sup>3)</sup>
	Total	Taken from euro area MFIs	General government			Non-financial corporations			Households <sup>4)</sup>			
			Total	Short-term	Long-term <sup>5)</sup>	Total	Short-term	Long-term	Total	Short-term	Long-term	
	1	2	3	4	5	6	7	8	9	10	11	12
1997 Q4	155.8	146.2	21.1	4.4	16.7	68.4	27.7	40.8	66.2	6.7	59.5	-16.4
1998 Q1	67.2	43.9	-15.7	-18.5	2.8	55.0	27.1	27.9	27.9	-0.7	28.7	3.9
Q2	116.8	110.6	-5.5	-3.7	-1.9	54.5	22.1	32.3	67.9	9.5	58.4	6.4
Q3	77.4	81.0	2.6	1.4	1.2	24.8	-15.9	40.7	50.0	0.6	49.5	-0.4
Q4	161.5	150.8	8.8	2.8	6.1	76.3	37.5	38.8	76.4	6.8	69.5	-2.1
1999 Q1	85.1	77.0	-7.0	0.1	-7.1	19.6	22.3	-2.8	72.5	9.1	63.4	1.0
Q2	159.7	133.2	-4.3	2.6	-6.9	89.2	40.4	48.8	74.8	3.6	71.2	23.6
Q3	69.9	71.7	-14.7	-1.0	-13.7	17.6	-16.9	34.5	67.1	-0.2	67.3	8.5
Q4	169.3	147.3	15.0	4.3	10.8	87.9	35.8	52.1	66.3	8.9	57.5	-6.8
2000 Q1	140.2	109.6	-8.0	-0.9	-7.1	90.8	55.1	35.7	57.4	1.6	55.7	14.8
Q2	157.2	116.6	-6.3	0.8	-7.1	109.6	57.4	52.1	53.9	8.5	45.4	-0.9
Q3	123.3	93.3	-16.2	-2.1	-14.1	91.3	48.2	43.1	48.3	0.2	48.1	22.3
Q4	187.7	139.8	17.7	2.1	15.6	110.4	18.9	91.5	59.6	6.1	53.5	11.7
	<i>Euro area enlargement</i>											
2001 Q1	92.6	78.6	-4.9	-0.5	-4.4	66.1	45.9	20.2	31.3	-5.4	36.7	8.7
Q2	.	87.9	.	.	.	.	.	.	.	.	.	.
Q3	.	59.7	.	.	.	.	.	.	.	.	.	.
	Securities other than shares issued by								Quoted shares issued by non-financial corporations	Deposit liabilities of central government	Pension fund reserves of non- financial corporations	
	Total	General government			Non-financial corporations							
	13	Total	Short-term	Long-term	Total	Short-term	Long-term	19	20	21	22	
1997 Q4	-8.8	-4.6	-33.5	28.9	-4.2	-7.5	3.3	44.1	6.9	2.3		
1998 Q1	70.4	59.8	-4.9	64.7	10.5	9.7	0.9	11.0	1.1	2.4		
Q2	54.1	51.2	-0.6	51.7	2.9	-1.8	4.7	37.3	-2.1	2.4		
Q3	62.3	55.1	3.1	51.9	7.3	1.4	5.8	10.7	-0.4	2.4		
Q4	-9.4	-14.8	-30.4	15.6	5.4	0.8	4.7	40.6	6.4	2.2		
1999 Q1	72.8	58.3	1.3	57.1	14.5	10.7	3.8	10.8	6.6	2.5		
Q2	43.5	34.4	-7.7	42.1	9.1	0.9	8.3	36.0	-10.3	2.5		
Q3	52.5	33.9	-10.0	43.9	18.5	8.1	10.4	34.4	1.0	2.5		
Q4	-8.0	-14.9	-27.9	13.0	6.9	3.1	3.8	41.9	12.1	2.6		
2000 Q1	61.2	60.9	11.1	49.8	0.3	0.5	-0.2	-34.9	-2.2	2.4		
Q2	44.0	24.2	-1.2	25.4	19.8	10.1	9.7	29.9	0.0	2.4		
Q3	52.2	27.2	-2.2	29.4	25.0	7.2	17.8	72.4	-0.4	2.4		
Q4	12.1	-16.5	-26.2	9.6	28.6	6.8	21.8	51.9	6.4	2.4		
	<i>Euro area enlargement</i>											
2001 Q1	53.2	30.6	31.9	-1.4	22.6	9.7	12.9	51.0	1.1	2.5		
Q2	.	.	.	.	.	.	.	.	.	.		
Q3	.	.	.	.	.	.	.	.	.	.		

Source: ECB.

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

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

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

4) Including non-profit institutions serving households.

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

**Table 6.2**

**Saving, investment and financing**

(as a percentage of GDP, unless otherwise indicated)

	Euro area saving and investment <sup>1)</sup>			Investment of private non-financial sectors <sup>1)2)</sup>							
	Gross saving	Gross fixed capital formation	Net lending to the rest of the world	Gross fixed capital formation	Non-financial corporations	Net acquisition of financial assets	Currency and deposits	Securities other than shares	Long-term securities	Shares	Insurance technical reserves
1993	20.2	20.3	0.5	16.8	10.6	13.0	5.5	0.4	0.9	0.5	3.0
1994	20.6	20.1	0.2	16.9	10.3	13.8	3.3	2.4	2.6	1.6	3.2
1995	21.5	20.6	0.2	17.3	10.5	13.9	4.3	1.8	1.5	1.4	3.7
1996	21.2	20.2	0.6	17.1	10.5	12.9	3.7	0.2	1.3	2.0	3.7
1997	21.8	20.1	1.2	17.1	10.5	13.4	1.8	-0.6	0.0	3.3	4.1
1998	21.8	20.3	0.6	17.3	10.8	15.5	2.3	-2.0	-1.2	6.0	3.7
1999	21.8	20.8	-0.1	17.7	11.1	20.2	2.3	0.8	0.6	5.8	4.3
2000	21.9	21.2	-0.5	18.5	11.8	21.1	2.0	2.0	1.3	5.9	4.2

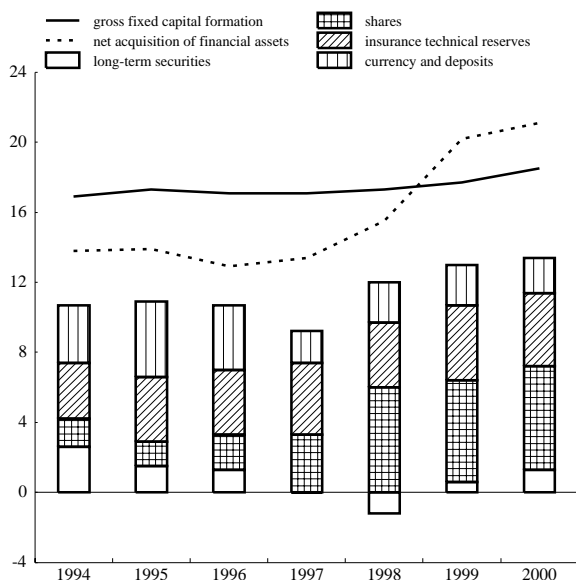
  

	Financing of private non-financial sectors <sup>1)2)</sup>								Net financial investment <sup>3)</sup>	Financial investment as a % of gross investment <sup>4)</sup>	Net incurrence of liabilities as a % of financing <sup>5)</sup>
	Gross saving	Households	Net incurrence of liabilities	Securities other than shares	Long-term securities	Shares	Loans	Long-term loans			
1993	20.8	12.8	7.7	1.2	1.4	1.4	3.7	4.5	5.3	43.6	27.0
1994	20.7	11.8	9.6	1.0	1.1	1.6	3.7	3.8	4.2	45.0	31.7
1995	21.9	12.0	7.4	-1.8	-1.7	1.4	4.8	3.6	6.5	44.6	25.3
1996	21.4	11.8	8.8	0.2	0.0	1.6	5.7	4.8	4.1	43.0	29.1
1997	20.6	11.3	9.5	0.1	0.1	1.3	5.9	4.7	3.9	43.9	31.6
1998	20.2	10.5	12.5	0.4	0.3	2.4	7.6	5.9	3.0	47.3	38.2
1999	19.2	10.0	17.5	0.8	0.4	3.1	9.9	7.6	2.7	53.3	47.7
2000	18.8	9.5	21.1	1.3	0.8	3.7	10.8	7.0	0.0	53.3	52.9

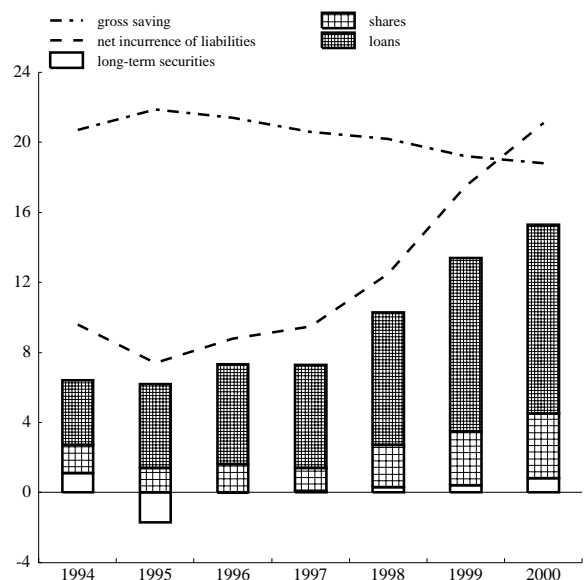
**Investment and financing of private non-financial sectors <sup>1)2)</sup>**

(as a percentage of GDP)

**Investment**



**Financing**



Source: ECB.

1) Selected items of investment and financing.

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

3) Column 6 - column 14.

4) Column 6 ÷ (column 4 + column 6).

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

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

**Table 7.1**

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

(as a percentage of GDP)

### 1. Euro area – revenue

	Total	Current revenue					Indirect taxes	Received by EU institutions	Social contributions			Sales	Capital revenue	Capital taxes	Memo: fiscal burden <sup>2)</sup>
		Direct taxes	Households	Corporations	Employers	Employees									
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	
1991	46.4	46.0	11.8	9.5	2.2	13.0	0.9	16.7	8.5	5.1	2.3	0.4	0.2	41.6	
1992	47.4	46.7	11.9	9.8	2.0	13.0	0.9	17.1	8.6	5.2	2.4	0.7	0.6	42.5	
1993	48.0	47.5	12.1	10.0	2.1	13.2	0.8	17.4	8.6	5.3	2.5	0.5	0.3	43.0	
1994	47.5	47.1	11.6	9.5	2.0	13.5	0.8	17.5	8.5	5.4	2.5	0.4	0.2	42.7	
1995	47.2	46.6	11.6	9.5	2.0	13.3	0.9	17.3	8.4	5.6	2.5	0.5	0.3	42.6	
1996	48.0	47.5	12.0	9.6	2.3	13.4	0.8	17.6	8.7	5.6	2.5	0.5	0.3	43.3	
1997	48.2	47.6	12.2	9.6	2.6	13.5	0.7	17.6	8.8	5.5	2.5	0.7	0.4	43.7	
1998	47.7	47.2	12.4	9.9	2.5	14.1	0.7	16.5	8.5	4.9	2.5	0.5	0.3	43.3	
1999	48.3	47.7	12.8	10.1	2.6	14.4	0.6	16.5	8.5	5.0	2.4	0.6	0.3	43.9	
2000	47.9	47.4	13.0	10.1	2.7	14.2	0.6	16.2	8.5	4.9	2.4	0.5	0.3	43.7	

### 2. Euro area – expenditure

	Total	Current expenditure							Capital expenditure	Investment	Capital transfers	Paid by EU institutions	Memo: primary expenditure <sup>4)</sup>	
		Compensation of employees	Intermediate consumption	Interest	Current transfers	Social payments <sup>3)</sup>	Subsidies	Paid by EU institutions						
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
1991	51.1	46.3	11.2	5.0	5.3	24.9	21.0	2.4	0.6	4.8	3.2	1.6	0.0	45.8
1992	52.2	47.5	11.4	5.0	5.6	25.5	21.9	2.3	0.5	4.7	3.2	1.5	0.0	46.6
1993	53.6	49.0	11.6	5.2	5.8	26.5	22.8	2.4	0.6	4.6	3.1	1.6	0.1	47.8
1994	52.6	48.3	11.3	5.0	5.5	26.5	22.9	2.3	0.5	4.4	2.9	1.5	0.1	47.1
1995	52.2	47.7	11.2	4.8	5.7	26.1	22.8	2.2	0.6	4.5	2.7	1.8	0.1	46.5
1996	52.2	48.3	11.2	4.8	5.7	26.6	23.2	2.2	0.6	4.0	2.6	1.4	0.0	46.6
1997	50.8	47.1	11.0	4.8	5.1	26.2	23.1	2.1	0.5	3.7	2.4	1.3	0.1	45.8
1998	49.9	46.0	10.7	4.7	4.7	25.9	22.6	2.0	0.5	3.9	2.4	1.5	0.1	45.2
1999	49.6	45.5	10.7	4.7	4.2	25.9	22.6	2.0	0.5	4.1	2.5	1.6	0.1	45.4
2000	48.7	44.7	10.5	4.7	4.0	25.5	22.2	1.9	0.5	3.9	2.5	1.4	0.1	44.6

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

	Deficit (-) / surplus (+)					Primary deficit (-) / surplus (+)	Government consumption <sup>5)</sup>							
	Total	Central government	State government	Local government	Social security funds		Total	Compensation of employees	Intermediate consumption	Transfers in kind via market producers	Consumption of fixed capital	Sales (minus)	Government collective consumption	Government individual consumption
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
1991	-4.7	-4.6	-0.3	-0.1	0.3	0.6	20.3	11.2	5.0	4.8	1.8	-2.3	8.6	11.7
1992	-4.8	-4.2	-0.3	-0.2	0.0	0.8	20.7	11.4	5.0	4.9	1.8	-2.4	8.7	12.0
1993	-5.7	-5.0	-0.4	-0.2	-0.1	0.2	21.1	11.6	5.2	5.0	1.9	-2.5	8.9	12.2
1994	-5.1	-4.4	-0.5	-0.2	0.0	0.4	20.8	11.3	5.0	5.1	1.8	-2.5	8.6	12.1
1995	-5.0	-4.2	-0.5	-0.1	-0.3	0.7	20.5	11.2	4.8	5.1	1.8	-2.5	8.4	12.0
1996	-4.3	-3.6	-0.4	-0.1	-0.2	1.4	20.6	11.2	4.8	5.2	1.8	-2.5	8.5	12.1
1997	-2.6	-2.3	-0.4	0.1	0.0	2.5	20.3	11.0	4.8	5.1	1.8	-2.5	8.4	12.0
1998	-2.2	-2.2	-0.2	0.2	0.0	2.5	20.0	10.7	4.7	5.1	1.7	-2.5	8.1	11.8
1999	-1.3	-1.6	-0.1	0.1	0.4	2.9	20.0	10.7	4.7	5.1	1.7	-2.4	8.2	11.8
2000	-0.8	-1.3	-0.1	0.2	0.5	3.2	19.8	10.5	4.7	5.1	1.7	-2.4	8.1	11.8

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

	BE	DE	GR	ES	FR	IE	IT	LU	NL	AT	PT	FI
	1	2	3	4	5	6	7	8	9	10	11	12
1997	-2.0	-2.7	-4.0	-3.2	-3.0	1.2	-2.7	3.4	-1.1	-1.9	-2.7	-1.5
1998	-0.8	-2.2	-2.4	-2.6	-2.7	2.3	-2.8	3.5	-0.8	-2.4	-2.4	1.3
1999	-0.6	-1.6	-1.8	-1.1	-1.6	2.3	-1.8	3.7	0.4	-2.2	-2.1	1.9
2000	0.1	1.2	-1.1	-0.3	-1.3	4.5	-0.3	6.1	2.2	-1.1	-1.5	6.9

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

- 1) Revenue, expenditure and deficit / surplus based on the ESA 95, but the figures exclude proceeds from sales of UMTS licences in 2000 (the euro area deficit / surplus including those proceeds is equal to 0.4). Data before 1995 are partially estimated. Transactions between countries and EU institutions are included and consolidated. Transactions among governments are not consolidated.
- 2) The fiscal burden comprises taxes and social contributions.
- 3) Comprises social benefits, social transfers in kind via market producers and transfers to non-profit institutions serving households.
- 4) Comprises total expenditure minus interest expenditure.
- 5) Corresponds to final consumption expenditure (P.3) of the general government in the ESA 95.

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

	Total	Financial instrument				Holder				
		Coins and deposits	Loans	Short-term securities	Long-term securities	Domestic creditors <sup>2)</sup>				Other creditors <sup>3)</sup>
						Total	MFI	Other financial corporations	Other sectors	
1	2	3	4	5	6	7	8	9	10	
1991	57.4	2.6	16.1	9.6	29.1	48.1	24.7	7.4	16.1	9.2
1992	60.9	2.6	16.8	10.1	31.5	50.2	26.4	7.6	16.2	10.7
1993	67.2	2.7	17.6	9.9	37.0	52.5	27.6	8.7	16.2	14.8
1994	69.9	2.9	16.8	10.3	40.0	56.2	29.8	9.9	16.4	13.8
1995	74.2	2.9	18.3	9.8	43.1	58.6	30.5	10.9	17.2	15.6
1996	75.4	2.9	17.8	9.9	44.8	59.2	30.3	13.2	15.8	16.2
1997	74.8	2.8	17.0	8.9	46.1	57.2	29.0	14.4	13.7	17.7
1998	73.1	2.8	15.8	7.9	46.6	53.5	27.0	16.2	10.4	19.6
1999	72.0	2.9	14.8	6.9	47.5	50.1	25.3	14.9	9.9	22.0
2000	69.5	2.7	13.6	6.3	47.0	46.3	22.9	13.4	10.0	23.2

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

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

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

	BE	DE	GR	ES	FR	IE	IT	LU	NL	AT	PT	FI
	1	2	3	4	5	6	7	8	9	10	11	12
1997	125.3	61.0	108.2	66.7	59.3	65.1	120.2	6.1	69.9	64.7	58.9	54.1
1998	119.7	60.9	105.0	64.7	59.5	54.8	116.4	6.4	66.8	63.9	54.7	48.8
1999	115.9	61.3	103.9	63.4	58.5	49.3	114.6	6.0	63.1	64.7	54.5	47.3
2000	110.3	60.3	102.7	60.7	57.6	38.6	110.5	5.3	56.1	63.1	53.7	44.0

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

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

Holdings by other governments are not consolidated.

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

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

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

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



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

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

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

Change in debt	Deficit (-) / surplus (+) <sup>8)</sup>	Deficit-debt adjustment <sup>9)</sup>												
		Total	Transactions in main financial assets held by general government								Valuation effects	Exchange rate effects	Other changes in volume	Other <sup>11)</sup>
			Total	Currency and deposits	Securities <sup>10)</sup>	Loans	Shares and other equity	Privatisations	Equity injections					
1	2	3	4	5	6	7	8	9	10	11	12	13	14	
1991	5.2	-4.7	0.5	1.1	0.3	0.1	0.4	0.2	-0.1	0.2	0.0	0.1	0.2	-0.8
1992	6.8	-4.8	2.0	0.8	0.2	0.1	0.3	0.2	-0.1	0.2	0.4	0.3	0.7	0.1
1993	8.1	-5.7	2.4	1.3	1.0	0.2	0.3	-0.2	-0.3	0.1	0.3	0.3	0.1	0.6
1994	6.1	-5.1	1.0	0.2	0.0	0.1	0.3	-0.1	-0.4	0.2	0.2	0.0	0.7	-0.1
1995	7.7	-5.0	2.7	0.6	0.0	-0.1	0.5	0.1	-0.4	0.2	0.2	0.0	2.2	-0.3
1996	3.8	-4.3	-0.4	-0.1	-0.1	0.0	0.0	-0.1	-0.3	0.2	-0.2	-0.1	0.1	-0.3
1997	2.3	-2.6	-0.3	-0.5	0.2	-0.1	-0.1	-0.5	-0.8	0.3	0.2	0.2	-0.2	0.3
1998	1.6	-2.2	-0.6	-0.6	0.2	0.0	-0.2	-0.6	-0.8	0.1	-0.2	0.0	0.0	0.3
1999	1.6	-1.3	0.3	0.0	0.4	0.2	0.1	-0.7	-0.8	0.1	0.3	0.2	0.0	0.0
2000	0.8	0.3	1.1	1.0	0.9	0.2	0.1	-0.2	-0.4	0.1	0.1	0.0	-0.1	0.1

Source: ECB.

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

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

Table 8.1

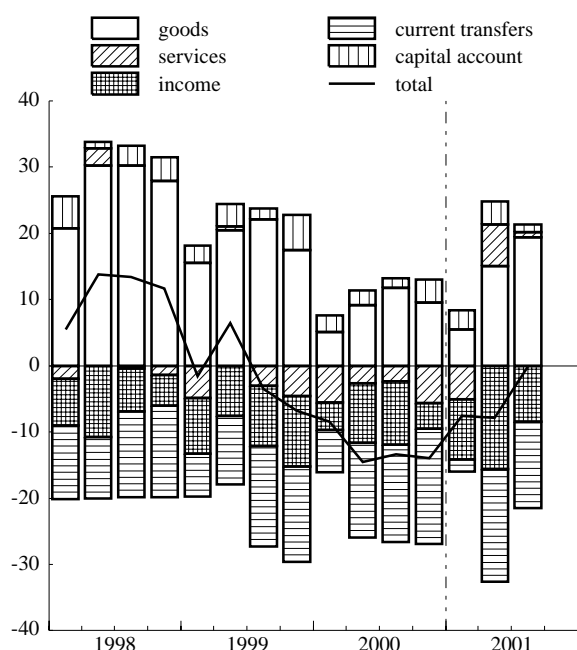
### Summary balance of payments <sup>1) 2)</sup>

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

	Current account					Capital account	Financial account						Errors and omissions
	Total	Goods	Services	Income	Current transfers		Total	Direct investment	Portfolio investment	Financial derivatives	Other investment	Reserve assets	
	1	2	3	4	5	6	7	8	9	10	11	12	13
1997	62.1	116.4	3.1	-15.2	-42.2	13.0	.	-44.5	-24.3	.	.	.	.
1998	31.9	109.0	-1.1	-28.8	-47.2	12.4	-68.4	-81.3	-110.0	-8.2	123.0	8.2	24.1
1999	-18.3	75.6	-11.9	-35.7	-46.3	12.9	10.9	-118.1	-45.7	4.5	160.1	10.1	-5.5
2000	-59.9	35.6	-16.1	-26.7	-52.6	9.7	93.4	17.6	-111.5	-1.7	171.5	17.6	-43.2
2000 Q3	-14.8	11.8	-2.3	-9.6	-14.6	1.5	-5.3	-87.2	0.3	-0.3	77.2	4.7	18.6
Q4	-17.4	9.5	-5.6	-3.9	-17.4	3.5	25.7	-13.5	12.7	-8.5	24.4	10.7	-11.8
2000 July	-5.1	7.1	0.1	-6.4	-5.8	0.4	-4.7	-19.1	-9.7	-1.8	26.4	-0.4	9.3
Aug.	-6.7	1.8	-1.2	-1.4	-6.0	0.2	7.0	-35.4	14.0	-0.4	27.9	1.1	-0.6
Sep.	-3.0	2.8	-1.2	-1.8	-2.8	0.8	-7.6	-32.6	-4.0	1.9	23.0	4.0	9.8
Oct.	-5.4	4.3	-1.6	-2.0	-6.2	0.3	0.8	-18.4	0.5	-2.1	19.9	0.7	4.4
Nov.	-5.0	1.9	-0.8	-0.8	-5.2	1.4	3.7	1.4	2.2	-2.5	-5.1	7.7	-0.2
Dec.	-7.0	3.3	-3.2	-1.1	-5.9	1.8	21.2	3.4	9.9	-4.0	9.6	2.3	-16.0
<i>Euro area enlargement</i>													
2001 Q1	-10.5	5.5	-5.0	-9.1	-1.9	2.9	30.6	-40.6	-38.5	-2.0	102.2	9.5	-23.0
Q2	-11.3	15.1	6.2	-15.6	-17.0	3.5	-10.2	-50.5	27.8	0.0	10.0	2.5	18.0
Q3	-1.3	19.4	0.8	-8.4	-13.1	1.1	-41.3	-11.9	62.5	-8.9	-85.3	2.4	41.4
2001 Jan.	-11.1	-3.9	-2.4	-7.5	2.7	1.3	2.3	-9.9	-42.8	-4.6	57.2	2.4	7.5
Feb.	1.2	3.3	-1.1	-0.6	-0.5	1.5	7.7	2.4	-2.3	-0.7	3.8	4.5	-10.4
Mar.	-0.6	6.0	-1.5	-1.0	-4.0	0.1	20.6	-33.2	6.6	3.3	41.2	2.7	-20.1
Apr.	-6.7	2.9	1.6	-6.8	-4.5	2.2	12.5	0.7	-20.5	1.6	23.7	7.0	-8.0
May	-3.0	4.1	2.7	-4.4	-5.3	0.5	-8.7	-40.9	16.0	3.4	16.3	-3.6	11.2
June	-1.6	8.1	1.9	-4.4	-7.3	0.9	-14.0	-10.4	32.2	-5.0	-29.9	-0.8	14.8
July	-4.1	8.5	0.9	-8.1	-5.4	0.4	-12.0	7.2	1.6	-4.8	-16.0	0.0	15.7
Aug.	4.2	6.0	0.8	0.3	-2.9	0.6	0.3	-6.0	17.8	-3.1	-12.6	4.1	-5.1
Sep.	-1.3	5.0	-0.9	-0.7	-4.7	0.0	-29.5	-13.1	43.0	-1.0	-56.7	-1.6	30.8

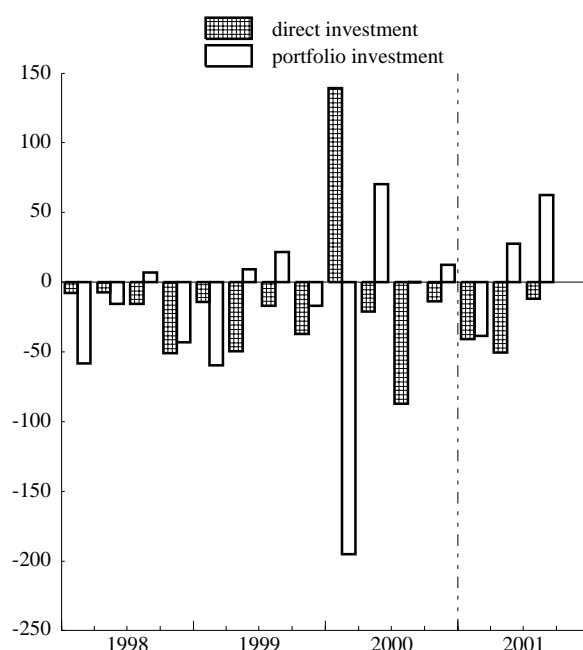
### Current and capital accounts

(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))***1. Main items**

	Current account											Capital account	
	Total			Goods		Services		Income		Current transfers		Credit <sub>12</sub>	Debit <sub>13</sub>
	Credit <sub>1</sub>	Debit <sub>2</sub>	Net <sub>3</sub>	Credit <sub>4</sub>	Debit <sub>5</sub>	Credit <sub>6</sub>	Debit <sub>7</sub>	Credit <sub>8</sub>	Debit <sub>9</sub>	Credit <sub>10</sub>	Debit <sub>11</sub>		
1997	1,218.5	1,156.3	62.1	754.6	638.3	214.2	211.0	189.5	204.7	60.1	102.3	18.9	5.9
1998	1,277.7	1,245.8	31.9	784.4	675.4	231.9	233.0	198.5	227.3	63.0	110.1	17.7	5.3
1999	1,334.5	1,352.7	-18.3	818.1	742.5	244.5	256.4	207.0	242.7	64.8	111.1	19.1	6.3
2000	1,597.6	1,657.5	-59.9	986.8	951.3	279.5	295.7	264.0	290.7	67.2	119.9	18.3	8.7
2000 Q3	400.2	415.0	-14.8	246.6	234.8	75.5	77.9	65.7	75.3	12.3	27.0	4.4	2.9
Q4	437.4	454.8	-17.4	274.6	265.1	75.1	80.8	72.7	76.6	14.9	32.3	5.9	2.5
2000 July	133.9	139.0	-5.1	83.0	75.9	25.6	25.6	21.2	27.6	4.1	9.9	1.1	0.6
Aug.	126.1	132.8	-6.7	77.4	75.6	24.9	26.1	20.0	21.4	3.8	9.8	1.5	1.3
Sep.	140.1	143.1	-3.0	86.1	83.3	25.0	26.2	24.5	26.2	4.5	7.3	1.7	0.9
Oct.	146.0	151.5	-5.4	94.2	89.8	25.3	26.9	22.9	24.9	3.6	9.8	0.9	0.6
Nov.	145.2	150.2	-5.0	93.9	92.0	24.3	25.1	21.9	22.7	5.1	10.3	2.2	0.8
Dec.	146.2	153.1	-7.0	86.6	83.3	25.5	28.7	27.9	29.0	6.2	12.2	2.9	1.1
<i>Euro area enlargement</i>													
2001 Q1	423.3	433.9	-10.5	254.5	249.0	68.7	73.7	70.6	79.6	29.6	31.5	4.4	1.5
Q2	432.8	444.1	-11.3	261.2	246.1	82.2	76.0	74.4	90.0	14.9	31.9	5.3	1.8
Q3	414.0	415.3	-1.3	253.7	234.3	80.5	79.7	66.1	74.6	13.7	26.8	2.7	1.6
2001 Jan.	140.4	151.5	-11.1	79.8	83.7	22.4	24.8	22.6	30.1	15.6	12.9	1.8	0.5
Feb.	135.1	133.9	1.2	82.3	78.9	22.4	23.5	22.5	23.1	7.9	8.4	1.9	0.4
Mar.	147.8	148.5	-0.6	92.4	86.4	23.9	25.4	25.4	26.4	6.1	10.2	0.7	0.5
Apr.	138.4	145.1	-6.7	83.2	80.3	26.1	24.5	23.3	30.1	5.8	10.3	2.6	0.4
May	147.1	150.1	-3.0	88.5	84.4	28.1	25.4	25.7	30.1	4.9	10.2	1.4	1.0
June	147.3	148.9	-1.6	89.5	81.4	28.1	26.2	25.5	29.8	4.2	11.5	1.3	0.4
July	147.9	152.0	-4.1	90.0	81.6	28.6	27.7	24.5	32.6	4.8	10.1	1.0	0.6
Aug.	133.4	129.2	4.2	80.9	74.9	27.7	26.9	20.4	20.1	4.4	7.3	1.1	0.5
Sep.	132.8	134.1	-1.3	82.7	77.8	24.3	25.1	21.2	21.9	4.6	9.3	0.6	0.5

**2. Main current account items (seasonally adjusted)**

	Current account										
	Total			Goods		Services		Income		Current transfers	
	Credit <sub>1</sub>	Debit <sub>2</sub>	Net <sub>3</sub>	Credit <sub>4</sub>	Debit <sub>5</sub>	Credit <sub>6</sub>	Debit <sub>7</sub>	Credit <sub>8</sub>	Debit <sub>9</sub>	Credit <sub>10</sub>	Debit <sub>11</sub>
1999 Q3	334.8	340.7	-6.0	209.0	190.0	61.1	64.3	48.7	57.6	15.9	28.8
Q4	353.1	365.0	-11.9	217.5	203.7	64.0	68.3	53.9	64.1	17.8	28.9
2000 Q1	371.1	378.7	-7.6	229.3	217.2	65.6	68.7	59.8	65.4	16.4	27.4
Q2	387.3	407.2	-19.8	241.5	231.8	67.3	72.6	60.9	70.0	17.7	32.7
Q3	410.5	426.4	-16.0	252.9	245.0	71.6	74.2	70.2	79.0	15.8	28.2
Q4	431.7	449.5	-17.8	264.8	259.8	75.5	80.9	73.8	76.8	17.5	32.1
2000 July	131.1	140.3	-9.3	80.9	80.1	23.4	24.0	21.8	25.8	5.0	10.4
Aug.	137.2	142.8	-5.6	85.1	81.6	23.4	24.3	23.4	26.8	5.2	10.0
Sep.	142.2	143.3	-1.1	86.9	83.3	24.8	25.9	24.9	26.4	5.6	7.7
Oct.	141.8	146.8	-5.0	87.1	84.8	24.7	26.3	24.7	25.4	5.3	10.3
Nov.	144.6	149.7	-5.0	88.4	86.8	25.4	26.3	24.7	25.8	6.1	10.8
Dec.	145.3	153.1	-7.8	89.4	88.2	25.4	28.3	24.5	25.6	6.1	11.0
<i>Euro area enlargement</i>											
2001 Q1	428.6	436.1	-7.5	260.8	247.6	76.4	77.0	72.1	82.0	19.2	29.4
Q2	429.0	440.6	-11.6	262.1	246.7	80.1	77.6	69.1	82.5	17.7	33.7
Q3	422.6	427.9	-5.3	258.9	244.8	75.4	76.7	70.6	77.7	17.6	28.7
2001 Jan.	144.1	147.1	-3.0	87.5	83.1	25.4	25.4	24.6	29.6	6.5	9.0
Feb.	143.4	143.5	0.0	87.2	82.7	26.0	25.8	24.0	25.4	6.3	9.5
Mar.	141.1	145.6	-4.5	86.1	81.9	25.0	25.8	23.6	26.9	6.3	10.9
Apr.	143.4	147.7	-4.3	86.5	82.6	27.1	25.8	23.1	28.4	6.7	11.0
May	144.4	145.8	-1.5	87.9	81.7	26.8	25.6	24.1	27.5	5.6	11.0
June	141.2	147.0	-5.8	87.7	82.5	26.1	26.2	22.0	26.6	5.5	11.7
July	141.5	149.4	-7.9	85.2	83.1	25.4	25.7	25.0	30.0	5.9	10.5
Aug.	143.5	141.1	2.4	87.8	81.7	25.7	25.9	24.1	25.5	5.9	7.9
Sep.	137.6	137.5	0.2	86.0	79.9	24.3	25.2	21.5	22.2	5.9	10.2

Source: ECB.

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

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

	Total		Compensation of employees		Investment income							
	Credit 1	Debit 2	Credit 3	Debit 4	Total		Direct investment		Portfolio investment		Other investment	
					Credit 5	Debit 6	Credit 7	Debit 8	Credit 9	Debit 10	Credit 11	Debit 12
1999	207.0	242.7	12.6	5.0	194.4	237.7	42.7	50.3	64.1	101.5	87.7	85.9
2000	264.0	290.7	13.2	5.4	250.8	285.2	57.4	59.3	74.6	106.9	118.7	119.0
2000 Q2	66.7	75.7	3.3	1.5	63.4	74.2	16.2	13.8	19.7	32.2	27.5	28.2
Q3	65.7	75.3	3.3	1.5	62.4	73.8	14.3	15.2	18.9	28.7	29.3	29.8
Q4	72.7	76.6	3.4	1.3	69.3	75.3	16.7	17.0	18.9	24.2	33.7	34.1
<i>Euro area enlargement</i>												
2001 Q1	70.6	79.6	3.3	1.1	67.2	78.5	15.6	15.4	17.8	26.3	33.8	36.8
Q2	74.4	90.0	3.6	1.5	70.9	88.5	19.3	15.5	20.8	39.4	30.8	33.7

	Income on direct investment				Income on portfolio investment							
	Equity		Debt		Equity		Debt instruments					
	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	36.2	46.1	6.4	4.2	9.5	34.0	54.6	67.5	.	.	.	.
2000	47.4	52.2	10.0	7.1	14.2	30.6	60.5	76.3	.	.	.	.
2000 Q2	13.5	12.1	2.7	1.7	5.9	12.8	13.8	19.4	.	.	.	.
Q3	11.9	13.2	2.4	2.0	3.4	7.6	15.5	21.1	.	.	.	.
Q4	13.3	14.8	3.3	2.3	3.0	5.5	16.0	18.7	.	.	.	.
<i>Euro area enlargement</i>												
2001 Q1	13.1	13.0	2.5	2.4	2.4	7.0	15.4	19.4	.	.	.	.
Q2	16.7	13.1	2.6	2.4	4.2	16.8	16.6	22.6	.	.	.	.

Source: ECB.

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

	Abroad			In the euro area		
	Total 1	Equity capital and reinvested earnings 2	Other capital, mostly inter-company loans 3	Total 4	Equity capital and reinvested earnings 5	Other capital, mostly inter-company loans 6
1997	-93.1	.	.	48.6	.	.
1998	-172.8	.	.	91.5	.	.
1999	-315.6	-234.7	-81.0	197.5	144.2	53.3
2000	-382.4	-283.6	-98.7	400.0	296.4	103.6
2000 Q3	-124.8	-117.8	-7.0	37.6	28.6	9.0
Q4	-93.3	-67.9	-25.4	79.7	32.7	47.1
2000 July	-27.3	-35.3	7.9	8.2	18.3	-10.1
Aug.	-50.4	-56.1	5.7	15.0	4.8	10.2
Sep.	-47.1	-26.4	-20.6	14.4	5.5	8.9
Oct.	-35.9	-31.7	-4.2	17.5	11.1	6.4
Nov.	-35.6	-25.7	-9.9	37.0	24.4	12.6
Dec.	-21.8	-10.5	-11.3	25.2	-2.8	28.0
	<i>Euro area enlargement</i>					
2001 Q1	-65.4	-26.5	-38.9	24.7	28.7	-4.0
Q2	-78.2	-59.9	-18.3	27.7	17.3	10.4
Q3	-37.3	-22.5	-14.8	25.4	13.6	11.8
2001 Jan.	-17.4	-11.6	-5.8	7.5	5.1	2.4
Feb.	-15.0	-1.9	-13.1	17.4	15.3	2.1
Mar.	-33.0	-13.0	-20.0	-0.2	8.4	-8.5
Apr.	-6.7	-9.6	2.9	7.5	3.6	3.9
May	-51.2	-41.1	-10.1	10.3	10.3	0.0
June	-20.3	-9.3	-11.1	10.0	3.4	6.5
July	-6.0	-11.8	5.8	13.2	5.4	7.8
Aug.	-12.2	-5.6	-6.6	6.2	4.5	1.7
Sep.	-19.1	-5.1	-14.0	6.0	3.7	2.3

Source: ECB.

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

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

	Total		Equity		Debt instruments					
	Assets	Liabilities	Assets	Liabilities	Assets			Liabilities		
					Total	Bonds and notes	Money market instruments	Total	Bonds and notes	Money market instruments
1	2	3	4	5	6	7	8	9	10	
1998	-363.3	253.3	-116.2	104.0	-247.1	-238.9	-8.2	149.3	121.6	27.7
1999	-311.4	265.7	-156.3	92.4	-155.1	-154.4	-0.7	173.4	117.4	55.9
2000	-412.8	301.2	-288.5	44.9	-124.3	-102.7	-21.6	256.3	229.6	26.7
2000 Q3	-98.4	98.7	-56.9	37.3	-41.4	-34.8	-6.6	61.4	71.8	-10.4
Q4	-78.4	91.1	-59.9	38.4	-18.5	-15.6	-2.9	52.7	59.4	-6.7
2000 July	-36.5	26.8	-25.2	7.0	-11.3	-7.9	-3.4	19.8	26.2	-6.4
Aug.	-26.0	39.9	-20.7	22.4	-5.3	-4.0	-1.4	17.6	18.5	-0.9
Sep.	-35.9	31.9	-11.1	7.9	-24.8	-23.0	-1.8	24.0	27.1	-3.1
Oct.	-19.5	20.0	-9.1	2.7	-10.4	-10.4	0.0	17.4	25.0	-7.6
Nov.	-25.9	28.1	-16.4	7.6	-9.5	-7.5	-2.0	20.6	23.8	-3.2
Dec.	-33.0	42.9	-34.4	28.2	1.4	2.3	-0.9	14.7	10.6	4.1
<i>Euro area enlargement</i>										
2001 Q1	-82.9	44.4	-29.1	18.7	-53.8	-37.2	-16.6	25.7	24.5	1.2
Q2	-71.6	99.3	-36.8	108.9	-34.7	-44.6	9.9	-9.6	-0.4	-9.2
Q3	-3.4	65.8	2.8	42.7	-6.2	-14.7	8.5	23.1	29.4	-6.3
2001 Jan.	-36.9	-5.9	-20.7	-0.4	-16.2	-6.9	-9.3	-5.5	-9.1	3.6
Feb.	-29.2	26.9	-12.6	12.5	-16.6	-16.4	-0.2	14.4	16.2	-1.8
Mar.	-16.7	23.3	4.3	6.5	-21.0	-13.9	-7.1	16.8	17.4	-0.6
Apr.	-19.9	-0.6	-14.0	9.9	-5.9	-11.8	5.9	-10.5	-3.2	-7.2
May	-25.9	41.9	-12.0	58.1	-13.9	-15.8	1.9	-16.2	-12.5	-3.7
June	-25.8	58.0	-10.8	40.9	-15.0	-17.0	2.1	17.1	15.4	1.7
July	-12.4	14.0	-8.4	12.8	-4.0	-7.9	3.9	1.2	3.0	-1.8
Aug.	-18.0	35.9	-2.6	15.3	-15.4	-16.3	0.9	20.5	19.4	1.1
Sep.	27.1	15.9	13.8	14.5	13.2	9.5	3.7	1.4	7.1	-5.7

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

	Equity				Debt instruments							
	Euro-system	General government	MFIs (excl. the Euro-system)	Other sectors	Bonds and notes				Money market instruments			
					Euro-system	General government	MFIs (excl. the Euro-system)	Other sectors	Euro-system	General government	MFIs (excl. the Euro-system)	Other sectors
1	2	3	4	5	6	7	8	9	10	11	12	
1999	0.1	-2.1	-1.5	-152.8	0.1	-1.7	-15.4	-137.4	0.9	-0.1	-8.1	6.7
2000	0.0	-2.5	-4.4	-281.6	-1.7	-1.2	-72.7	-27.2	2.2	-0.7	-11.5	-11.5
2000 Q2	0.0	-0.7	1.4	-57.0	0.6	-0.7	-11.5	-13.3	0.0	-0.1	-5.5	-0.3
Q3	-0.1	-0.4	-2.4	-54.1	-2.3	-0.4	-14.8	-17.4	0.5	-1.4	-7.5	1.8
Q4	0.0	-0.6	-5.0	-54.3	0.9	0.0	2.7	-19.2	0.6	0.9	0.8	-5.1
<i>Euro area enlargement</i>												
2001 Q1	-0.1	-0.4	-11.0	-17.6	1.0	-0.6	-16.3	-21.4	-1.3	-1.2	-18.0	4.0
Q2	0.0	-0.7	6.2	-42.3	0.6	0.0	-22.4	-22.9	-0.7	0.0	2.1	8.5

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

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

	Total		Eurosystem		General government		MFIs (excluding the Eurosystem)						Other sectors	
	Assets 1	Liabilities 2	Assets 3	Liabilities 4	Assets 5	Liabilities 6	Total		Long-term		Short-term		Assets 13	Liabilities 14
							Assets 7	Liabilities 8	Assets 9	Liabilities 10	Assets 11	Liabilities 12		
1998	-81.9	204.9	-0.7	3.5	-1.0	-6.1	-22.6	192.4	-37.6	40.4	15.0	152.0	-57.6	15.2
1999	-32.5	192.6	-2.0	6.6	3.3	-13.0	18.1	161.1	-47.2	53.8	65.3	107.3	-51.8	37.8
2000	-178.9	350.5	-1.1	0.9	-2.5	1.0	-131.3	289.6	-49.3	53.0	-82.0	236.6	-44.0	58.9
2000 Q3	-31.7	108.9	0.2	-2.0	-5.4	2.7	-17.2	74.9	-12.0	8.4	-5.2	66.5	-9.3	33.3
Q4	-49.5	74.0	-0.9	2.9	5.7	3.4	-63.9	59.5	-22.7	11.8	-41.1	47.6	9.6	8.3
2000 July	5.2	21.2	-0.2	-1.4	2.4	1.4	10.6	16.3	-7.3	7.0	17.9	9.3	-7.7	5.0
Aug.	-29.9	57.7	0.4	-2.2	-2.1	1.9	-22.5	25.6	-2.0	-1.0	-20.6	26.6	-5.6	32.4
Sep.	-7.0	30.0	0.0	1.7	-5.6	-0.7	-5.3	33.0	-2.8	2.4	-2.5	30.6	3.9	-4.0
Oct.	-8.5	28.4	-0.4	0.7	8.1	1.7	-18.4	25.0	-3.2	6.3	-15.2	18.7	2.1	1.1
Nov.	-51.0	45.9	-0.3	0.9	-2.9	0.6	-50.6	48.0	-6.4	8.1	-44.2	39.9	2.8	-3.7
Dec.	10.0	-0.4	-0.2	1.2	0.4	1.2	5.1	-13.5	-13.2	-2.5	18.3	-11.0	4.6	10.8
<i>Euro area enlargement</i>														
2001 Q1	-136.1	238.3	0.8	-2.6	2.4	-8.2	-135.0	261.7	-7.4	1.8	-127.6	259.9	-4.3	-12.6
Q2	6.6	3.4	-0.8	4.3	-0.3	2.7	12.4	-8.5	-10.1	16.9	22.6	-25.4	-4.7	4.9
Q3	-66.0	-19.3	1.0	-0.9	-1.2	0.2	-59.1	-24.2	-7.8	6.1	-51.3	-30.3	-6.7	5.6
2001 Jan.	-45.2	102.4	0.5	1.3	3.6	-6.4	-51.4	108.2	-3.9	-1.9	-47.5	110.1	2.1	-0.7
Feb.	-6.6	10.4	0.3	-2.1	0.1	-3.8	-4.8	16.8	-2.8	4.7	-2.0	12.1	-2.2	-0.5
Mar.	-84.3	125.5	0.0	-1.8	-1.3	2.0	-78.7	136.7	-0.7	-1.0	-78.0	137.7	-4.3	-11.3
Apr.	9.6	14.1	-0.3	-1.6	-0.2	-0.8	14.6	16.3	-0.3	5.5	14.9	10.8	-4.5	0.1
May	1.7	14.6	-0.3	1.6	1.2	2.4	4.8	4.8	-7.3	3.9	12.1	0.9	-4.1	5.8
June	-4.6	-25.3	-0.3	4.2	-1.3	1.2	-7.0	-29.5	-2.5	7.5	-4.4	-37.0	3.9	-1.1
July	45.2	-61.2	0.7	-0.4	-1.5	0.9	48.7	-63.8	-0.6	0.1	49.3	-63.9	-2.7	2.1
Aug.	-35.2	22.6	0.1	-2.4	0.7	-2.6	-34.0	26.6	-3.8	2.9	-30.2	23.7	-2.0	1.0
Sep.	-76.0	19.3	0.1	1.9	-0.4	1.9	-73.8	13.0	-3.4	3.1	-70.3	9.9	-1.9	2.6

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

	Loans/currency and deposits			Other assets/liabilities		
	Assets 1	Liabilities 2	Balance 3	Assets 4	Liabilities 5	Balance 6
1999	-1.2	6.7	5.5	-0.8	-0.1	-0.9
2000	-1.1	0.9	-0.2	0.0	0.0	0.0
2000 Q2	-0.3	2.9	2.6	0.0	0.0	0.0
Q3	0.2	-2.0	-1.8	0.0	0.0	0.0
Q4	-0.9	2.9	2.0	0.0	0.0	0.0
<i>Euro area enlargement</i>						
2001 Q1	0.8	-2.7	-1.9	0.0	0.0	0.0
Q2	-0.8	4.3	3.5	0.0	0.0	0.0

Source: ECB.

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

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

## 2.2. General government

	Trade credits			Loans/currency and deposits			Other assets/liabilities		
	Assets 7	Liabilities 8	Balance 9	Assets 10	Liabilities 11	Balance 12	Assets 13	Liabilities 14	Balance 15
1999	0.0	0.0	0.0	4.4	-13.1	-8.7	-1.2	0.2	-1.0
2000	0.1	0.0	0.1	-1.8	1.0	-0.8	-0.8	0.0	-0.8
2000 Q2	0.0	0.0	0.0	1.4	0.6	2.0	-0.5	0.1	-0.3
Q3	0.0	0.0	0.0	-5.1	2.6	-2.5	-0.3	0.1	-0.2
Q4	0.1	0.0	0.1	5.3	3.2	8.6	0.3	0.2	0.4
<i>Euro area enlargement</i>									
2001 Q1	0.0	0.0	0.0	2.9	-8.0	-5.1	-0.5	-0.2	-0.7
Q2	0.0	0.0	0.0	0.1	2.6	2.7	-0.4	0.1	-0.3

## 2.3. MFIs (excluding the Eurosystem)

	Loans/currency and deposits			Other assets/liabilities		
	Assets 16	Liabilities 17	Balance 18	Assets 19	Liabilities 20	Balance 21
1999	17.3	160.4	177.7	0.8	0.7	1.5
2000	-127.3	284.3	157.0	-4.1	5.3	1.3
2000 Q2	-24.8	-17.3	-42.1	0.9	0.8	1.7
Q3	-15.8	74.9	59.1	-1.4	0.0	-1.4
Q4	-62.4	55.1	-7.4	-1.4	4.4	2.9
<i>Euro area enlargement</i>						
2001 Q1	-130.5	257.8	127.3	-4.5	3.9	-0.6
Q2	15.9	-11.3	4.6	-3.4	2.8	-0.6

## 2.4. Other sectors

	Trade credits			Loans/currency and deposits			Other assets/liabilities		
	Assets 22	Liabilities 23	Balance 24	Assets 25	Liabilities 26	Balance 27	Assets 28	Liabilities 29	Balance 30
1999	-7.5	4.8	-2.7	-21.3	20.4	-1.0	-23.0	12.7	-10.3
2000	-14.9	10.4	-4.5	-23.8	53.6	29.8	-5.4	-5.0	-10.4
2000 Q2	-3.1	1.9	-1.2	0.1	2.7	2.8	-0.1	-1.1	-1.2
Q3	-4.3	3.0	-1.3	-4.0	30.3	26.3	-1.0	0.0	-1.0
Q4	-4.3	1.3	-2.9	17.7	4.5	22.3	-3.9	2.4	-1.5
<i>Euro area enlargement</i>									
2001 Q1	-4.8	4.2	-0.6	3.0	-16.3	-13.3	-2.5	-0.4	-3.0
Q2	-3.6	1.8	-1.8	0.2	3.8	4.0	-1.3	-0.8	-2.1

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

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

Source: ECB.

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



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

	Total	Direct investment			Portfolio investment					Financial derivatives	Other investment				Reserve assets
		Total	Equity (including reinvested earnings)	Other capital	Total	Equity securities	Debt instruments				Total	Trade credits	Loans/currency and deposits	Other assets/liabilities	
							Total	Bonds and notes	Money market instruments						
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	
1997	32.7	177.6	148.6	29.1	-724.7	-358.7	-366.0	-339.8	-26.2	-5.9	222.4	79.8	51.3	91.4	363.3
1998	-147.9	152.2	124.2	28.0	-713.5	-462.0	-251.5	-229.0	-22.5	2.3	81.7	100.0	-107.1	88.8	329.4
1999	-75.0	402.4	318.9	83.5	-752.8	-591.3	-161.4	-108.4	-53.0	10.1	-107.3	111.9	-338.2	119.0	372.6
2000	-101.4	466.6	395.0	71.6	-666.8	-366.9	-299.9	-263.1	-36.7	7.0	-286.2	115.7	-530.4	128.5	378.0
<i>Euro area enlargement</i>															
2001 1 Jan.	-152.1	459.3	388.5	70.8	-721.5	-375.8	-345.7	-308.6	-37.1	7.0	-288.2	114.9	-531.6	128.5	391.2

Source: ECB.

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

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

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

	Reserve assets													Memo: related assets	
	Total	Monetary gold	In fine troy ounces (millions)	Special drawing rights	Reserve position in the IMF	Foreign exchange							Other claims	Claims on euro area residents denominated in foreign currency	
						Total	Currency and deposits		Securities			Financial derivatives			
							With monetary authorities and the BIS	With banks	Total	Equities	Bonds and notes				Money market instruments
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	
<b>Eurosystem <sup>2)</sup></b>															
1998 Dec. <sup>3)</sup>	329.4	99.6	404.131	5.2	23.4	199.9	12.6	18.3	169.0	0.0	116.6	52.4	0.0	1.3	7.6
1999 Dec.	372.6	116.4	402.762	4.5	24.3	225.1	12.8	21.4	191.1	0.0	134.3	56.7	-0.2	2.4	14.6
2000 Dec.	378.0	117.8	399.537	4.3	20.8	234.2	9.2	20.2	204.2	0.0	153.9	50.3	0.7	0.7	15.8
<i>Euro area enlargement</i>															
2001 1 Jan. <sup>3)</sup>	391.2	119.2	404.119	4.3	21.2	245.7	9.2	27.6	208.2	0.0	157.9	50.3	0.7	0.7	16.3
2001 Jan.	385.8	115.0	404.119	4.5	22.3	243.2	11.8	19.9	210.7	-	-	-	0.8	0.8	20.9
Feb.	383.8	116.5	404.119	4.8	21.3	240.5	10.4	21.7	207.8	-	-	-	0.6	0.6	21.2
Mar. <sup>4)</sup>	393.0	117.6	403.153	4.9	21.4	246.9	9.7	27.3	209.5	-	-	-	0.5	2.1	20.2
Apr.	386.3	119.5	403.153	4.9	21.1	240.2	11.5	23.7	204.6	-	-	-	0.4	0.6	23.4
May	408.4	127.2	403.153	5.6	22.3	251.5	10.6	25.7	215.0	-	-	-	0.2	1.8	22.9
June <sup>4)</sup>	410.0	128.6	403.089	5.7	22.9	249.6	9.8	28.4	211.2	-	-	-	0.2	3.2	22.7
July <sup>4)</sup>	397.1	122.3	402.639	5.5	22.7	242.7	8.5	32.7	201.2	-	-	-	0.4	3.9	23.8
Aug. <sup>4)</sup>	381.8	120.0	402.430	5.5	21.9	232.4	8.3	26.3	197.3	-	-	-	0.5	2.0	23.7
Sep. <sup>4)</sup>	393.4	129.0	401.904	5.4	25.8	232.0	10.2	24.7	196.7	-	-	-	0.4	1.2	21.9
Oct. <sup>4)</sup>	393.6	123.9	401.902	5.4	24.9	237.4	8.6	31.2	197.1	-	-	-	0.5	2.1	22.0
<b>European Central Bank <sup>5)</sup></b>															
1999 Dec.	49.3	7.0	24.030	0.0	0.0	40.6	0.3	6.0	34.3	0.0	27.7	6.5	0.0	1.7	2.6
2000 Dec.	44.7	7.0	24.030	0.0	0.0	36.9	0.6	6.1	30.0	0.0	19.8	10.2	0.3	0.7	3.8
<i>Euro area enlargement</i>															
2001 Jan.	45.7	7.0	24.656	0.0	0.0	37.9	0.7	2.6	34.3	-	-	-	0.3	0.7	3.5
Feb.	46.2	7.1	24.656	0.0	0.0	38.4	0.6	3.9	33.9	-	-	-	0.1	0.6	3.0
Mar.	46.3	7.2	24.656	0.0	0.0	37.0	0.6	5.2	31.1	-	-	-	0.0	2.1	3.9
Apr.	44.8	7.3	24.656	0.0	0.0	37.0	0.8	5.2	31.0	-	-	-	0.0	0.5	3.6
May	49.6	7.8	24.656	0.0	0.0	40.0	0.8	5.2	34.0	-	-	-	0.0	1.8	2.7
June	50.7	7.9	24.656	0.1	0.0	40.0	0.9	6.8	32.3	-	-	-	0.0	2.8	3.1
July	49.8	7.5	24.656	0.1	0.0	38.4	1.0	7.8	29.6	-	-	-	0.0	3.9	2.9
Aug.	45.5	7.3	24.656	0.1	0.0	36.1	1.1	4.2	30.8	-	-	-	0.0	2.0	3.5
Sep.	44.5	7.9	24.656	0.1	0.0	35.4	1.4	3.4	30.6	-	-	-	0.0	1.1	3.9
Oct.	47.9	7.6	24.656	0.1	0.0	38.5	0.9	5.5	32.1	-	-	-	0.0	1.8	2.8

Source: ECB.

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

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

3) Position as at 1 January 1999.

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

5) Part of the Eurosystem's reserves.

## 9 External trade in goods of the euro area

Table 9

### 1. Values, volumes and unit values by commodity <sup>1) 2)</sup>

(not seasonally adjusted, unless otherwise indicated)

	Exports of goods (f.o.b.)					Imports of goods (c.i.f.)					Total (s.a.) (1995=100)		
	Total				Memo: Manufac- tures 5	Total				Memo: Oil 11	Exports 12	Imports 13	
	1	Inter- mediate 2	Capital 3	Consump- tion 4		6	Inter- mediate 7	Capital 8	Consump- tion 9				Manufac- tures 10
Values (EUR billions (ECU billions to end-1998); 1995=100 for columns 12 and 13)													
1997	762.8	357.3	168.3	202.3	661.0	674.2	389.3	104.8	161.4	481.9	62.6	122.5	119.8
1998	797.1	369.6	179.8	213.6	697.8	711.4	393.3	122.9	175.8	540.3	41.6	128.1	126.4
1999	832.8	386.5	183.2	224.2	725.0	781.2	423.2	143.6	192.1	590.6	61.5	133.8	138.8
2000	1,010.1	480.7	221.3	264.7	880.0	1,003.0	576.7	178.4	217.0	725.8	118.5	162.3	178.2
2000 Q2	248.4	118.7	55.2	63.7	216.4	244.5	140.5	43.9	52.7	178.9	26.3	157.7	172.8
Q3	251.0	120.8	53.7	65.8	218.6	246.4	143.0	41.9	54.2	176.6	31.8	165.8	184.2
Q4	279.8	130.9	63.9	73.3	243.8	278.8	159.7	52.0	57.8	199.4	34.3	173.8	195.5
<i>Euro area enlargement</i>													
2001 Q1	258.7	121.7	56.2	67.9	226.6	260.5	148.5	47.4	54.4	190.5	27.0	173.0	182.3
Q2	265.7	121.8	58.5	68.3	232.6	257.9	145.4	44.1	54.0	186.9	28.0	173.0	182.7
Q3	258.4	.	.	.	.	241.1	.	.	.	.	.	174.2	180.0
2001 Apr.	83.3	38.0	18.7	20.9	72.7	83.7	46.6	14.9	17.3	60.6	8.7	170.3	182.9
May	90.8	42.1	19.7	23.4	79.3	87.9	50.0	14.9	18.2	63.7	9.3	172.7	179.6
June	91.5	41.7	20.2	24.0	80.6	86.3	48.7	14.4	18.6	62.6	10.0	175.8	185.7
July	91.6	41.8	19.5	24.7	80.8	83.1	46.4	12.9	18.8	60.2	9.4	169.8	180.4
Aug.	81.6	36.6	18.3	21.3	70.2	76.6	41.7	11.6	18.1	53.8	9.4	177.9	180.6
Sep.	85.2	.	.	.	.	81.4	.	.	.	.	.	174.9	179.0
Volumes (annual percentage changes; 1995=100 for columns 12 and 13) <sup>3)</sup>													
1997	10.8	9.1	12.0	10.6	12.0	7.2	8.3	13.1	6.7	10.7	2.4	115.9	110.3
1998	3.6	4.2	5.9	3.6	4.0	11.6	8.1	21.8	7.6	13.4	-4.5	120.1	123.1
1999	2.2	2.9	-0.8	3.5	1.4	6.1	3.5	13.0	7.8	7.1	6.0	122.7	130.6
2000	12.0	12.1	12.5	12.4	13.2	5.3	6.2	11.1	3.9	8.2	4.3	137.6	137.6
2000 Q2	14.5	13.8	13.4	14.2	15.5	6.2	6.8	12.9	4.4	10.0	0.2	135.6	137.3
Q3	9.8	9.3	10.2	12.1	10.8	5.9	7.0	10.6	3.2	8.1	5.5	139.1	140.9
Q4	9.7	11.0	13.9	8.2	11.2	3.1	3.8	10.5	0.8	4.4	6.3	142.3	139.7
<i>Euro area enlargement</i>													
2001 Q1	6.0	4.1	11.4	5.7	6.9	1.0	0.4	5.0	-4.6	0.3	-3.1	142.3	137.6
Q2	2.0	-2.1	3.6	1.9	2.6	-2.3	-4.3	-6.0	-5.9	-3.3	-3.1	139.8	136.1
Q3	.	.	.	.	.	.	.	.	.	.	.	.	.
2001 Apr.	7.8	2.3	12.8	4.8	8.3	4.7	2.3	5.2	-2.4	2.9	5.9	138.3	137.8
May	-3.5	-6.3	-5.3	-2.1	-3.0	-7.8	-8.9	-13.8	-10.8	-8.3	-11.0	139.7	133.6
June	2.8	-1.5	5.1	3.5	3.7	-3.0	-5.4	-8.1	-3.9	-3.5	-2.5	141.4	136.8
July	4.0	1.6	0.4	2.3	5.2	-1.7	-3.8	-9.9	-2.2	-1.7	-2.7	137.1	133.3
Aug.	1.4	-6.4	11.9	0.9	0.9	-4.6	-8.3	-17.1	-3.7	-8.8	-2.4	144.1	137.2
Sep.	.	.	.	.	.	.	.	.	.	.	.	.	.
Unit values (annual percentage changes; 1995=100 for columns 12 and 13) <sup>3)</sup>													
1997	2.8	2.6	3.5	3.5	2.7	5.8	5.4	5.5	4.8	4.9	4.2	105.7	108.6
1998	0.9	-0.7	0.8	2.0	1.5	-5.4	-6.5	-3.6	1.2	-1.1	-30.4	106.6	102.8
1999	2.3	1.7	2.7	1.4	2.4	3.5	3.9	3.4	1.4	2.0	39.4	108.9	106.2
2000	8.3	11.0	7.4	5.1	7.2	21.9	28.3	11.8	8.7	13.5	84.8	117.8	129.4
2000 Q2	6.8	9.5	8.3	3.9	5.7	21.5	28.7	10.9	8.1	12.5	101.4	116.3	125.9
Q3	9.1	12.7	7.5	4.4	8.5	20.0	26.6	10.4	7.9	12.5	71.0	119.2	130.8
Q4	10.0	11.4	7.7	7.4	8.8	23.9	28.3	15.1	12.6	18.1	53.1	122.1	140.0
<i>Euro area enlargement</i>													
2001 Q1	6.9	6.5	5.8	5.6	6.8	9.3	9.5	9.1	8.3	10.0	3.2	121.6	132.5
Q2	6.4	5.7	4.7	7.1	6.4	6.6	6.6	5.7	7.8	6.9	4.2	123.7	134.3
Q3	.	.	.	.	.	.	.	.	.	.	.	.	.
2001 Apr.	6.4	6.7	5.4	5.3	6.1	7.8	8.0	6.2	8.5	8.4	5.8	123.1	132.8
May	6.2	4.9	5.1	7.1	6.2	6.4	6.4	5.4	7.1	6.0	6.9	123.6	134.4
June	6.5	5.5	3.8	8.7	6.7	5.9	5.5	6.1	7.7	6.6	0.9	124.4	135.7
July	4.8	1.7	6.8	8.8	4.2	5.3	3.6	7.9	8.0	7.1	-4.6	123.8	135.3
Aug.	3.9	2.3	1.8	7.9	3.9	0.8	-1.2	2.6	6.4	3.7	-11.3	123.5	131.6
Sep.	.	.	.	.	.	.	.	.	.	.	.	.	.

Sources: Eurostat and ECB calculations based on Eurostat data (volume calculations and seasonal adjustment of unit values).

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

2) The commodity breakdown in columns 2 to 4 and 7 to 9 is in accordance with the Classification by Broad Economic Categories. Manufactured goods (columns 5 and 10) and oil (column 11) are in accordance with the SITC Rev.3.

3) For 2001, unit value indices, which are also used for the estimation of volumes, refer to the euro area excluding Greece.

## 2. Geographical breakdown <sup>1)</sup>

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

	Total 1	Total (s.a.) 2	United Kingdom 3	Sweden 4	Denmark 5	Candidate countries 6	Switzer- land 7	United States 8	Japan 9	Asia excl. Japan 10	Africa 11	Latin America 12	Other countries 13
Exports (f.o.b.)													
1997	762.8	-	141.7	29.2	19.4	90.2	46.8	102.6	26.5	132.7	43.1	38.1	92.4
1998	797.1	-	150.2	31.5	20.5	101.5	51.1	119.9	23.9	114.9	49.7	42.4	91.5
1999	832.8	-	161.4	33.1	21.1	102.9	56.1	135.1	26.8	119.2	48.4	39.1	89.6
2000	1,010.1	-	188.9	38.6	23.1	130.7	63.2	171.0	34.1	150.8	55.9	46.5	107.2
2000 Q2	248.4	244.7	46.6	9.7	5.7	32.4	15.5	41.0	7.9	36.8	14.6	11.0	27.1
Q3	251.0	257.2	46.2	9.1	5.5	32.7	15.5	43.1	8.7	37.8	13.6	12.1	26.8
Q4	279.8	269.6	50.8	10.5	6.3	36.9	17.0	48.0	9.3	43.3	15.4	13.4	29.0
Euro area enlargement													
2001 Q1	258.7	265.3	49.3	9.6	6.1	33.3	17.0	45.1	9.2	39.8	14.3	12.1	22.9
Q2	265.7	265.2	50.7	9.0	7.2	34.0	16.6	45.1	8.4	40.4	15.3	12.7	26.4
Q3	258.4	267.1	.	.	.	.	.	.	.	.	.	.	.
2001 Apr.	83.3	87.1	15.9	3.0	2.0	10.3	5.3	14.4	2.6	12.5	4.9	4.0	8.4
May	90.8	88.3	16.8	3.0	3.2	11.9	5.8	15.2	2.8	13.9	5.2	4.3	8.7
June	91.5	89.9	18.0	3.0	2.0	11.7	5.5	15.5	3.0	14.0	5.1	4.5	9.3
July	91.6	86.8	17.1	2.4	1.9	11.3	5.6	16.6	2.8	14.5	5.1	4.7	.
Aug.	81.6	90.9	.	.	.	10.1	5.1	13.6	2.6	13.2	4.7	4.0	.
Sep.	85.2	89.4	.	.	.	.	.	.	.	.	.	.	.
% change versus previous year													
2001 Sep.	-1.7	-	.	.	.	.	.	.	.	.	.	.	.
Imports (c.i.f.)													
1997	674.2	-	117.7	27.1	16.9	60.2	36.9	94.3	43.3	124.8	49.7	28.4	74.8
1998	711.4	-	122.3	30.8	17.3	71.6	40.9	104.8	48.5	132.0	45.8	29.3	68.0
1999	781.2	-	131.0	33.2	18.6	80.4	43.2	113.2	53.9	151.8	49.0	30.4	76.5
2000	1,003.0	-	155.5	37.5	21.7	100.8	49.8	139.7	64.6	211.0	72.1	39.5	110.9
2000 Q2	244.5	242.0	37.4	9.6	5.2	24.6	12.2	35.2	16.7	49.9	16.7	10.6	26.4
Q3	246.4	257.9	36.6	8.6	5.2	25.0	11.9	33.8	15.1	54.6	17.8	10.0	27.9
Q4	278.8	273.8	43.8	10.2	6.1	27.7	13.2	38.8	17.0	59.4	20.9	10.2	31.5
Euro area enlargement													
2001 Q1	260.5	257.2	38.7	8.9	5.2	29.0	13.5	37.5	16.1	53.8	19.8	9.8	28.3
Q2	257.9	257.9	38.9	8.5	5.1	29.3	13.1	35.9	15.7	51.9	18.9	11.1	29.5
Q3	241.1	254.0	.	.	.	.	.	.	.	.	.	.	.
2001 Apr.	83.7	86.0	12.6	2.8	1.7	9.3	4.3	11.8	5.5	16.8	6.1	3.4	9.4
May	87.9	84.5	13.4	2.9	1.7	9.9	4.5	12.1	5.4	17.6	6.3	3.9	10.2
June	86.3	87.3	13.0	2.8	1.7	10.1	4.3	12.1	4.8	17.5	6.4	3.8	9.9
July	83.1	84.8	11.6	2.4	1.7	9.9	4.5	10.7	4.6	16.8	6.4	3.5	.
Aug.	76.6	85.0	.	.	.	8.6	3.4	10.6	4.1	16.6	5.6	3.2	.
Sep.	81.4	84.2	.	.	.	.	.	.	.	.	.	.	.
% change versus previous year													
2001 Sep.	-8.7	-	.	.	.	.	.	.	.	.	.	.	.
Balance													
1997	88.6	-	23.9	2.1	2.5	30.0	9.9	8.3	-16.9	8.0	-6.5	9.7	17.5
1998	85.7	-	27.8	0.7	3.2	29.9	10.2	15.1	-24.6	-17.2	3.9	13.1	23.5
1999	51.6	-	30.4	-0.1	2.6	22.5	12.9	21.9	-27.1	-32.6	-0.6	8.7	13.1
2000	7.2	-	33.4	1.1	1.4	29.9	13.4	31.3	-30.5	-60.1	-16.1	7.1	-3.6
2000 Q2	3.9	2.7	9.2	0.1	0.5	7.8	3.3	5.9	-8.8	-13.1	-2.1	0.4	0.7
Q3	4.6	-0.7	9.6	0.5	0.3	7.7	3.5	9.3	-6.3	-16.8	-4.2	2.1	-1.1
Q4	1.0	-4.2	7.0	0.3	0.2	9.1	3.8	9.2	-7.7	-16.1	-5.5	3.1	-2.5
Euro area enlargement													
2001 Q1	-1.8	8.1	10.6	0.8	0.9	4.4	3.5	7.6	-7.0	-14.0	-5.5	2.3	-5.4
Q2	7.8	7.3	11.7	0.5	2.1	4.7	3.4	9.2	-7.3	-11.5	-3.6	1.6	-3.1
Q3	17.3	13.1	.	.	.	.	.	.	.	.	.	.	.
2001 Apr.	-0.4	1.0	3.3	0.2	0.3	1.1	1.0	2.6	-2.9	-4.3	-1.2	0.6	-1.0
May	2.9	3.8	3.4	0.2	1.5	2.0	1.3	3.1	-2.6	-3.7	-1.1	0.4	-1.5
June	5.2	2.5	5.0	0.2	0.4	1.6	1.2	3.4	-1.8	-3.5	-1.3	0.7	-0.6
July	8.5	1.9	5.5	0.0	0.2	1.5	1.1	5.8	-1.7	-2.3	-1.3	1.3	.
Aug.	5.1	6.0	.	.	.	1.5	1.6	2.9	-1.5	-3.4	-0.8	0.7	.
Sep.	3.8	5.2	.	.	.	.	.	.	.	.	.	.	.

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

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

# 10 Exchange rates

**Table 10**

## Exchange rates

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

	Effective exchange rate of the euro <sup>1)</sup>						Bilateral ECU or euro exchange rates <sup>2)</sup>			
	Narrow group				Broad group		US dollar	Japanese yen	Swiss franc	Pound sterling
	Nominal	Real CPI	Real PPI	Real ULCM	Nominal	Real CPI				
1	2	3	4	5	6	7	8	9	10	
1996	107.9	108.8	107.5	111.4	95.4	105.9	1.270	138.1	1.568	0.814
1997	99.1	99.4	99.3	100.4	90.4	96.6	1.134	137.1	1.644	0.692
1998	101.5	101.3	101.6	99.7	96.6	99.1	1.121	146.4	1.622	0.676
1999	95.7	95.7	95.7	96.3	96.6	95.8	1.066	121.3	1.600	0.659
2000	85.7	86.5	87.0	87.4	88.2	86.3	0.924	99.5	1.558	0.609
1999 Q1	100.0	100.0	100.0	100.0	100.0	100.0	1.122	130.7	1.599	0.687
Q2	96.1	96.0	96.0	96.7	96.5	96.0	1.057	127.7	1.600	0.658
Q3	94.6	94.7	94.6	94.9	95.5	94.6	1.049	118.7	1.602	0.655
Q4	92.2	92.2	92.2	93.8	94.2	92.6	1.038	108.4	1.600	0.636
2000 Q1	89.0	89.6	89.8	90.2	91.1	89.5	0.986	105.5	1.607	0.614
Q2	86.0	86.6	87.0	87.7	88.4	86.6	0.933	99.6	1.563	0.610
Q3	84.7	85.7	86.3	86.8	87.3	85.3	0.905	97.4	1.544	0.612
Q4	83.0	84.0	84.9	85.0	85.9	83.6	0.868	95.3	1.516	0.600
1999 Jan.	102.0	101.8	101.8	-	101.4	101.4	1.161	131.3	1.605	0.703
Feb.	99.9	99.9	99.8	-	100.0	100.1	1.121	130.8	1.598	0.689
Mar.	98.3	98.3	98.4	-	98.7	98.6	1.088	130.2	1.595	0.671
Apr.	97.1	96.9	97.0	-	97.5	97.2	1.070	128.2	1.602	0.665
May	96.6	96.5	96.4	-	96.9	96.4	1.063	129.7	1.603	0.658
June	94.7	94.7	94.7	-	95.1	94.5	1.038	125.3	1.595	0.650
July	94.8	95.2	94.8	-	95.0	94.4	1.035	123.7	1.604	0.658
Aug.	95.4	95.6	95.4	-	96.3	95.5	1.060	120.1	1.600	0.660
Sep.	93.6	93.4	93.4	-	95.2	93.8	1.050	112.4	1.602	0.647
Oct.	94.4	94.2	94.3	-	96.3	94.7	1.071	113.5	1.594	0.646
Nov.	92.0	92.0	92.1	-	94.0	92.4	1.034	108.2	1.605	0.637
Dec.	90.1	90.4	90.3	-	92.2	90.7	1.011	103.7	1.601	0.627
2000 Jan.	90.2	90.8	90.9	-	92.4	90.7	1.014	106.5	1.610	0.618
Feb.	89.2	89.8	90.0	-	91.2	89.6	0.983	107.6	1.607	0.615
Mar.	87.7	88.3	88.5	-	89.7	88.1	0.964	102.6	1.604	0.611
Apr.	86.1	86.6	87.0	-	88.4	86.7	0.947	99.9	1.574	0.598
May	84.5	85.0	85.7	-	86.9	85.1	0.906	98.1	1.556	0.602
June	87.4	88.1	88.4	-	89.9	88.1	0.949	100.7	1.561	0.629
July	86.9	87.9	88.1	-	89.4	87.5	0.940	101.4	1.551	0.623
Aug.	84.6	85.5	86.1	-	87.0	85.1	0.904	97.8	1.551	0.607
Sep.	82.8	83.6	84.6	-	85.3	83.3	0.872	93.1	1.531	0.608
Oct.	81.6	82.4	83.5	-	84.4	82.2	0.855	92.7	1.513	0.589
Nov.	82.3	83.3	84.1	-	85.1	82.9	0.856	93.3	1.522	0.600
Dec.	85.4	86.4	87.1	-	88.1	85.8	0.897	100.6	1.514	0.613
<i>Euro area enlargement</i>										
2001 Q1	88.6	90.0	90.5	89.5	91.4	89.0	0.923	109.1	1.533	0.633
Q2	86.0	87.7	87.9	84.8	89.5	86.9	0.873	106.9	1.528	0.614
Q3	87.0	88.9	88.8	85.0	91.2	88.2	0.890	108.3	1.507	0.619
2001 Jan.	89.2	90.3	90.8	-	91.7	89.2	0.938	109.6	1.529	0.635
Feb.	88.3	89.7	90.2	-	91.0	88.7	0.922	107.1	1.536	0.634
Mar.	88.4	90.0	90.4	-	91.4	89.1	0.910	110.3	1.535	0.629
Apr.	87.6	89.2	89.5	-	91.0	88.6	0.892	110.4	1.529	0.622
May	85.9	87.6	87.7	-	89.3	86.8	0.874	106.5	1.533	0.613
June	84.7	86.4	86.4	-	88.1	85.5	0.853	104.3	1.522	0.609
July	85.4	87.3	87.1	-	89.1	86.4	0.861	107.2	1.514	0.609
Aug.	87.7	89.6	89.5	-	91.8	88.9	0.900	109.3	1.514	0.627
Sep.	88.0	89.8	89.9	-	92.6	89.5	0.911	108.2	1.491	0.623
Oct.	88.0	90.0	90.0	-	92.8	89.4	0.906	109.9	1.479	0.624
Nov.	86.8	88.7	88.5	-	91.3	87.8	0.888	108.7	1.466	0.618
% ch. vs. <sup>4)</sup> prev. month										
2001 Nov.	-1.4	-1.4	-1.7	-	-1.6	-1.8	-1.9	-1.1	-0.9	-0.9
% ch. vs. <sup>4)</sup> prev. year										
2001 Nov.	-	-	-	-	-	-	3.7	16.5	-3.6	3.0

Source: ECB.

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

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

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

Bilateral ECU or euro exchange rates <sup>2)</sup>								
Swedish krona	Danish krone	Norwegian krone	Canadian dollar	Australian dollar	Hong Kong dollar <sup>3)</sup>	Korean won <sup>3)</sup>	Singapore dollar <sup>3)</sup>	
11	12	13	14	15	16	17	18	
8.51	7.36	8.20	1.731	1.623	9.68	1,007.9	1.765	1996
8.65	7.48	8.02	1.569	1.528	8.75	1,069.8	1.678	1997
8.92	7.50	8.47	1.665	1.787	8.69	1,568.9	1.876	1998
8.81	7.44	8.31	1.584	1.652	8.27	1,267.3	1.806	1999
8.45	7.45	8.11	1.371	1.589	7.20	1,043.5	1.592	2000
8.98	7.44	8.60	1.696	1.770	8.69	1,342.6	1.911	1999 Q1
8.90	7.43	8.24	1.557	1.618	8.19	1,258.8	1.810	Q2
8.71	7.44	8.22	1.558	1.613	8.14	1,252.8	1.772	Q3
8.65	7.44	8.19	1.528	1.613	8.07	1,217.4	1.737	Q4
8.50	7.45	8.11	1.434	1.564	7.68	1,109.8	1.674	2000 Q1
8.28	7.46	8.20	1.381	1.585	7.27	1,042.0	1.608	Q2
8.40	7.46	8.10	1.341	1.576	7.06	1,009.5	1.569	Q3
8.60	7.45	8.04	1.325	1.632	6.77	1,011.6	1.516	Q4
9.08	7.44	8.65	1.765	1.839	8.99	1,362.4	1.950	1999 Jan.
8.91	7.44	8.65	1.679	1.751	8.68	1,330.2	1.905	Feb.
8.94	7.43	8.51	1.651	1.726	8.43	1,336.2	1.881	Mar.
8.91	7.43	8.32	1.594	1.668	8.30	1,292.2	1.834	Apr.
8.97	7.43	8.23	1.553	1.605	8.24	1,272.1	1.820	May
8.83	7.43	8.17	1.524	1.580	8.05	1,212.6	1.775	June
8.74	7.44	8.18	1.540	1.576	8.03	1,229.4	1.756	July
8.75	7.44	8.26	1.583	1.645	8.23	1,269.1	1.779	Aug.
8.63	7.43	8.23	1.552	1.619	8.15	1,260.1	1.781	Sep.
8.73	7.43	8.29	1.581	1.641	8.32	1,289.9	1.793	Oct.
8.63	7.44	8.19	1.516	1.618	8.04	1,215.9	1.727	Nov.
8.59	7.44	8.10	1.491	1.580	7.86	1,149.6	1.694	Dec.
8.60	7.44	8.12	1.469	1.542	7.89	1,145.9	1.697	2000 Jan.
8.51	7.45	8.10	1.427	1.564	7.65	1,110.8	1.674	Feb.
8.39	7.45	8.11	1.408	1.583	7.51	1,076.1	1.654	Mar.
8.27	7.45	8.15	1.389	1.588	7.38	1,051.4	1.620	Apr.
8.24	7.46	8.20	1.355	1.570	7.06	1,015.3	1.566	May
8.32	7.46	8.25	1.402	1.597	7.40	1,061.1	1.641	June
8.41	7.46	8.18	1.389	1.598	7.33	1,047.9	1.636	July
8.39	7.46	8.10	1.341	1.557	7.05	1,007.6	1.556	Aug.
8.41	7.46	8.03	1.295	1.575	6.80	973.2	1.517	Sep.
8.52	7.45	8.00	1.292	1.618	6.67	965.1	1.498	Oct.
8.63	7.46	8.00	1.320	1.639	6.68	990.6	1.497	Nov.
8.66	7.46	8.13	1.368	1.642	7.00	1,089.6	1.558	Dec.
<i>Euro area enlargement</i>								
9.00	7.46	8.20	1.410	1.741	7.20	1,174.7	1.616	2001 Q1
9.13	7.46	8.01	1.345	1.701	6.81	1,138.9	1.583	Q2
9.41	7.44	8.01	1.374	1.734	6.94	1,150.1	1.582	Q3
8.91	7.46	8.24	1.410	1.689	7.32	1,194.9	1.630	2001 Jan.
8.98	7.46	8.21	1.403	1.724	7.19	1,153.8	1.607	Feb.
9.13	7.46	8.16	1.417	1.807	7.09	1,173.4	1.611	Mar.
9.11	7.46	8.11	1.390	1.785	6.96	1,183.5	1.617	Apr.
9.06	7.46	7.99	1.347	1.681	6.82	1,133.7	1.586	May
9.21	7.45	7.94	1.302	1.647	6.65	1,104.1	1.550	June
9.26	7.44	7.97	1.315	1.689	6.71	1,120.3	1.569	July
9.31	7.45	8.06	1.386	1.717	7.02	1,154.0	1.586	Aug.
9.67	7.44	8.00	1.426	1.804	7.11	1,178.3	1.593	Sep.
9.58	7.44	8.00	1.422	1.796	7.07	1,178.6	1.640	Oct.
9.42	7.45	7.92	1.415	1.717	6.93	1,137.5	1.625	Nov.
-1.7	0.1	-0.9	-0.5	-4.4	-1.9	-3.5	-0.9	% ch. vs. <sup>4)</sup> prev. month 2001 Nov.
9.1	-0.2	-0.9	7.2	4.8	3.7	14.8	8.6	% ch. vs. <sup>4)</sup> prev. year 2001 Nov.

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

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

**Table 11**

### Economic and financial developments

(annual percentage changes, unless otherwise indicated)

	HICP	General government deficit (-)/surplus (+) as a % of GDP	General government gross debt as a % of GDP	Long-term government bond yield <sup>1)</sup> as a % per annum	Exchange rate <sup>2)</sup> as national currency per ECU or euro	Current and new capital account as a % of GDP	Unit labour costs <sup>3)</sup>	Real GDP	Industrial production index <sup>4)</sup>	Standardised unemployment rate as a % of labour force (s.a.)	Broad money <sup>5)</sup>	3-month interest rate <sup>1)</sup> as a % per annum
	1	2	3	4	5	6	7	8	9	10	11	12
<b>Denmark</b>												
1997	1.9	0.3	61.2	6.25	7.48	0.6	1.9	3.0	5.3	5.6	8.3	3.73
1998	1.3	1.1	55.6	4.94	7.50	-0.9	2.3	2.8	2.2	5.2	6.2	4.27
1999	2.1	3.1	52.0	4.91	7.44	1.7	3.0	2.1	1.8	5.2	3.8	3.44
2000	2.7	2.8	46.1	5.64	7.45	1.6	1.4	3.2	6.3	4.7	2.1	5.00
2000 Q2	2.9	-	-	5.67	7.46	0.9	2.1	3.7	7.7	4.7	2.3	4.73
Q3	2.6	-	-	5.69	7.46	3.6	0.4	3.5	8.0	4.7	1.8	5.84
Q4	2.6	-	-	5.42	7.45	1.3	1.1	2.9	6.1	4.7	0.6	5.48
2001 Q1	2.3	-	-	5.03	7.46	4.6	2.4	1.8	5.1	4.6	4.6	5.26
Q2	2.5	-	-	5.27	7.46	2.4	3.1	0.8	0.9	4.6	5.0	5.06
Q3	2.3	-	-	5.18	7.44	4.4	.	1.4	0.7	4.5	6.5	4.73
2001 June	2.2	-	-	5.33	7.45	-	-	-	5.2	4.6	3.5	4.96
July	2.3	-	-	5.32	7.44	-	-	-	5.5	4.5	6.2	4.93
Aug.	2.5	-	-	5.12	7.45	-	-	-	1.4	4.4	5.7	4.81
Sep.	2.1	-	-	5.11	7.44	-	-	-	-3.2	4.4	7.7	4.43
Oct.	2.0	-	-	4.86	7.44	-	-	-	.	4.4	.	3.96
Nov.	.	-	-	4.66	7.45	-	-	-	.	.	.	3.70
<b>Sweden</b>												
1997	1.8	-1.5	73.1	6.62	8.65	-	0.6	2.1	6.5	9.9	4.2	4.43
1998	1.0	1.9	71.8	4.99	8.92	3.7	0.9	3.6	3.8	8.3	3.5	4.36
1999	0.6	1.8	65.2	4.98	8.81	2.7	-1.0	4.1	1.8	7.2	6.8	3.32
2000	1.3	4.1	55.6	5.37	8.45	3.2	5.5	3.6	7.8	5.9	6.2	4.07
2000 Q2	1.2	-	-	5.30	8.28	2.4	4.5	4.1	9.1	6.1	8.9	4.09
Q3	1.3	-	-	5.30	8.40	2.7	5.3	3.7	9.2	5.7	5.1	4.14
Q4	1.5	-	-	5.09	8.60	4.3	6.7	2.3	8.1	5.4	2.2	4.06
2001 Q1	1.6	-	-	4.83	9.00	3.4	2.4	2.3	5.6	5.2	0.2	4.10
Q2	3.0	-	-	5.20	9.13	2.3	4.4	1.0	-2.4	5.0	1.1	4.15
Q3	3.1	-	-	5.28	9.41	.	.	.	-1.8	4.9	2.6	4.34
2001 June	3.0	-	-	5.39	9.21	-	-	-	-3.2	4.9	5.0	4.32
July	2.9	-	-	5.42	9.26	-	-	-	-2.8	4.9	2.2	4.44
Aug.	3.0	-	-	5.16	9.31	-	-	-	-1.2	4.9	2.5	4.40
Sep.	3.3	-	-	5.26	9.67	-	-	-	-1.7	5.0	3.1	4.14
Oct.	2.9	-	-	5.17	9.58	-	-	-	.	5.1	.	3.86
Nov.	.	-	-	4.96	9.42	-	-	-	.	.	.	3.81
<b>United Kingdom</b>												
1997	1.8	-2.0	51.1	7.13	0.692	-0.1	3.1	3.4	1.5	7.0	11.2	6.92
1998	1.6	0.4	48.1	5.60	0.676	-0.5	2.8	3.0	0.9	6.3	9.7	7.42
1999	1.3	1.3	45.7	5.01	0.659	-2.0	3.8	2.1	0.8	6.1	5.4	5.54
2000	0.8	1.9	42.8	5.33	0.609	-1.7	1.9	2.9	1.7	5.5	6.6	6.19
2000 Q2	0.6	-0.9	43.3	5.31	0.610	-2.3	1.2	3.3	2.8	5.6	5.8	6.28
Q3	0.8	2.1	42.0	5.31	0.612	-1.7	1.6	2.7	1.0	5.4	8.3	6.21
Q4	0.9	0.3	42.2	5.09	0.600	-1.6	2.0	2.4	1.3	5.3	8.5	6.07
2001 Q1	0.9	6.5	39.9	4.90	0.633	-0.5	2.6	2.7	1.3	5.1	9.0	5.72
Q2	1.5	-2.1	39.9	5.18	0.614	-1.0	3.5	2.3	-1.8	5.0	7.4	5.30
Q3	1.5	1.5	38.9	5.13	0.619	.	.	2.1	-3.2	.	7.5	5.00
2001 June	1.7	-3.4	39.9	5.30	0.609	-	-	-	-1.9	5.1	7.4	5.26
July	1.4	5.5	39.3	5.30	0.609	-	-	-	-2.7	5.1	7.5	5.25
Aug.	1.8	-0.4	39.1	5.07	0.627	-	-	-	-2.3	5.2	7.0	5.00
Sep.	1.3	-0.5	38.9	5.02	0.623	-	-	-	-4.4	.	8.0	4.73
Oct.	1.2	5.3	38.6	4.86	0.624	-	-	-	.	.	.	4.43
Nov.	.	.	.	4.67	0.618	-	-	-	.	.	.	4.00

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

1) Average-of-period values.

2) For more information, see Table 10.

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

4) Total excluding construction; adjusted for working days.

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

## 12 Economic and financial developments outside the EU

**Table 12.1**

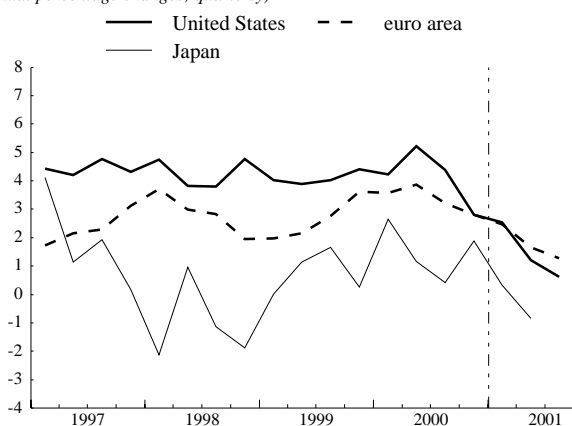
### Economic and financial developments

(annual percentage changes, unless otherwise indicated)

	Consumer price index 1	Unit labour costs <sup>1)</sup> 2	Real GDP 3	Industrial production index <sup>1)</sup> 4	Unemployment rate as a % of labour force (s.a.) 5	M2 <sup>2)</sup> 6	3-month interbank deposit rate <sup>3)</sup> as a % per annum 7	10-year government bond yield <sup>3)</sup> as a % per annum 8	Exchange rate <sup>4)</sup> as national currency per ECU or euro 9	Fiscal deficit (-)/surplus (+) <sup>5)</sup> as a % of GDP 10	Gross public debt <sup>6)</sup> as a % of GDP 11
United States											
1997	2.3	0.0	4.4	7.9	5.0	4.9	5.76	6.45	1.134	-0.9	56.4
1998	1.6	0.7	4.3	5.9	4.5	7.3	5.57	5.33	1.121	0.3	53.4
1999	2.2	-1.7	4.1	4.2	4.2	7.6	5.42	5.64	1.066	0.8	50.5
2000	3.4	-3.8	4.1	4.7	4.0	6.1	6.53	6.03	0.924	1.7	44.9
2000 Q2	3.3	-4.4	5.2	6.2	4.0	6.2	6.63	6.18	0.933	1.7	46.8
Q3	3.5	-5.4	4.4	5.1	4.0	6.1	6.70	5.89	0.905	1.9	45.6
Q4	3.4	-1.5	2.8	2.3	4.0	6.2	6.69	5.56	0.868	1.7	45.0
2001 Q1	3.4	1.8	2.5	-1.0	4.2	7.5	5.35	5.04	0.923	1.5	45.1
Q2	3.4	8.3	1.2	-4.2	4.5	8.5	4.19	5.25	0.873	1.1	43.6
Q3	2.7	9.6	0.6	-5.6	4.8	9.8	3.46	4.98	0.890	.	.
2001 June	3.2	-	-	-5.4	4.5	9.0	3.83	5.26	0.853	-	-
July	2.7	-	-	-4.9	4.5	9.2	3.75	5.23	0.861	-	-
Aug.	2.7	-	-	-5.4	4.9	9.3	3.56	4.97	0.900	-	-
Sep.	2.6	-	-	-6.5	4.9	10.9	3.03	4.76	0.911	-	-
Oct.	2.1	-	-	-7.2	5.4	10.3	2.40	4.55	0.906	-	-
Nov.	.	-	-	.	.	.	2.10	4.61	0.888	-	-
Japan											
1997	1.7	-2.2	1.8	3.6	3.4	3.1	0.62	2.15	137.1	-2.7	.
1998	0.7	6.3	-1.1	-7.1	4.1	4.4	0.66	1.30	146.4	-10.3	.
1999	-0.3	-2.5	0.8	0.8	4.7	3.7	0.22	1.75	121.3	-10.4	.
2000	-0.7	-6.5	1.5	5.9	4.7	2.1	0.28	1.76	99.5	.	.
2000 Q2	-0.7	-7.3	1.2	7.1	4.7	2.3	0.12	1.72	99.6	.	.
Q3	-0.6	-6.1	0.4	5.5	4.6	1.9	0.32	1.79	97.4	.	.
Q4	-0.8	-5.3	1.9	4.9	4.8	2.1	0.56	1.73	95.3	.	.
2001 Q1	-0.4	-0.2	0.3	-1.1	4.8	2.6	0.37	1.38	109.1	.	.
Q2	-0.7	3.7	-0.8	-5.7	4.9	2.8	0.08	1.28	106.9	.	.
Q3	-0.8	.	.	-11.1	5.1	3.5	0.07	1.36	108.3	.	.
2001 June	-0.8	7.2	-	-8.8	4.9	3.1	0.07	1.19	104.3	-	-
July	-0.8	6.8	-	-8.8	5.0	3.3	0.08	1.33	107.2	-	-
Aug.	-0.7	10.4	-	-11.7	5.0	3.4	0.08	1.36	109.3	-	-
Sep.	-0.8	.	-	-12.8	5.3	3.7	0.06	1.40	108.2	-	-
Oct.	-0.8	.	-	-11.8	5.4	3.6	0.08	1.36	109.9	-	-
Nov.	.	.	-	.	.	.	0.08	1.33	108.7	-	-

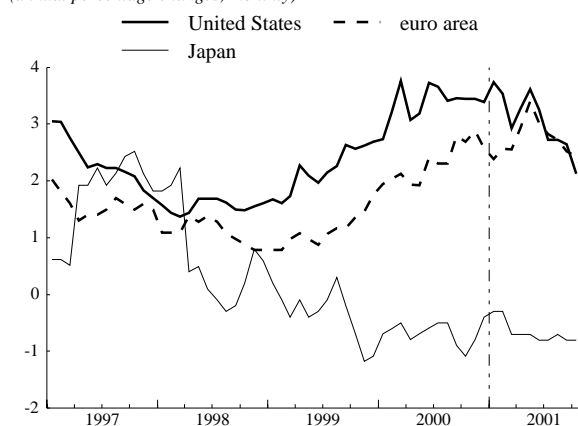
#### Real gross domestic product

(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.

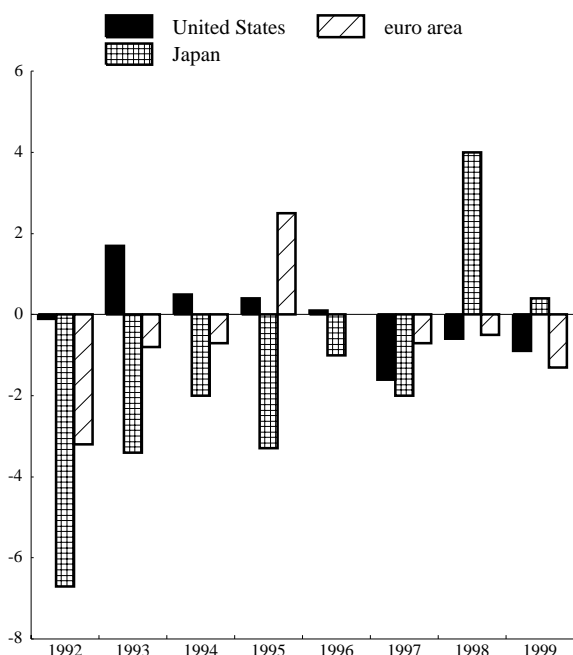
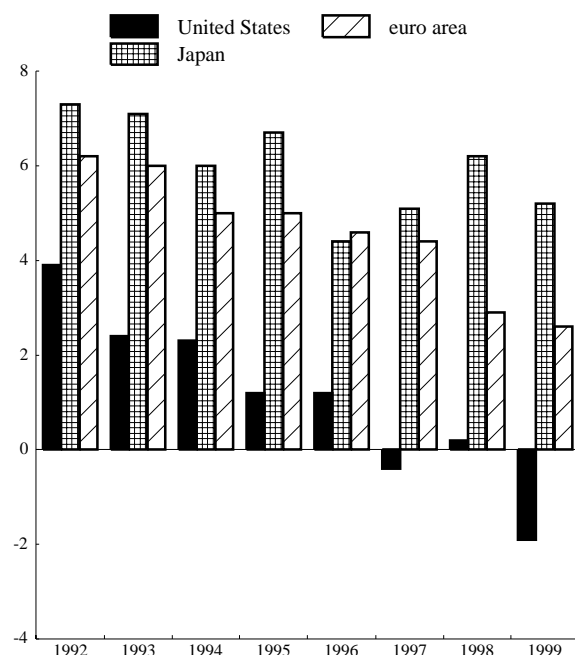
5) Japan: the 1998 deficit includes a large debt assumption; financial accounts sources for 1999.

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													
1997	18.1	19.9	-1.5	9.4	8.6	1.8	8.7	3.4	2.2	11.8	4.0	12.1	4.4
1998	18.8	20.7	-2.3	9.6	8.8	6.5	8.1	7.1	1.5	12.3	5.7	12.8	5.5
1999	18.4	20.9	-3.3	10.1	9.4	6.9	8.1	7.8	3.3	12.6	4.5	11.2	6.4
2000	18.1	21.1	-4.4	10.2	9.7	5.8	8.0	7.1	2.7	12.7	3.1	10.3	5.6
1999 Q3	18.2	20.8	-3.6	10.0	9.5	7.6	7.9	8.5	3.8	12.6	4.1	11.0	6.1
Q4	18.0	21.2	-3.7	10.2	9.4	5.6	8.1	7.0	3.5	12.6	4.6	10.5	6.5
2000 Q1	18.0	21.0	-4.1	10.0	9.6	8.8	8.0	9.8	5.7	13.0	3.4	10.3	7.6
Q2	18.3	21.4	-4.2	10.3	9.5	6.8	8.1	8.0	3.1	12.7	4.0	10.4	5.7
Q3	18.2	21.2	-4.5	10.4	9.8	5.4	8.2	6.9	2.4	12.6	3.7	10.1	5.7
Q4	17.9	21.0	-4.5	10.0	9.6	2.4	7.9	3.8	-0.1	12.5	1.3	10.2	3.5
2001 Q1	17.3	20.2	-4.1	9.3	9.6	2.0	7.5	3.5	1.9	12.7	3.9	10.3	4.0
Q2	17.1	19.7	-4.1	8.8	9.1	1.7	7.3	2.9	3.1	12.8	5.6	10.5	6.5
Japan													
1997	30.2	28.7	2.2	16.6	16.1	3.2	13.8	1.2	0.1	6.0	6.9	11.3	0.7
1998	29.1	26.9	2.6	15.6	15.6	-6.0	13.3	-8.3	-0.3	5.3	6.1	11.7	-1.0
1999	27.8	26.0	2.2	14.5	14.7	3.3	13.7	-2.0	1.8	5.3	5.9	11.3	-0.3
2000	.	26.0	.	.	.	2.6	.	1.0	1.0	.	4.3	.	-0.4
1999 Q3	.	26.4	.	.	.	9.4	.	0.1	2.7	.	4.2	.	2.3
Q4	.	26.9	.	.	.	19.1	.	13.7	4.0	.	12.7	.	1.4
2000 Q1	.	26.3	.	.	.	15.5	.	4.4	-1.2	.	-0.7	.	5.3
Q2	.	24.8	.	.	.	-25.0	.	-17.2	2.5	.	8.8	.	-7.5
Q3	.	27.1	.	.	.	12.7	.	1.8	-0.2	.	0.6	.	1.4
Q4	.	27.1	.	.	.	6.8	.	13.7	2.7	.	7.9	.	-0.5
2001 Q1	.	27.5	.	.	.	8.9	.	-3.3	0.2	.	-4.8	.	2.7
Q2	.	23.5	.	.	.	-29.5	.	-17.3	4.8	.	14.3	.	-6.4

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

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


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

1) Households including non-profit institutions serving households.

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

## A. Main monetary and financial markets statistics

### A.1 Monetary aggregates and counterparts

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

	M1		M2		M3 <sup>2)</sup>		Credit <sup>3)</sup>		MFI loans to residents of the euro area plus Greece excluding MFIs and general government	
	Amount <sub>1</sub>	% change <sub>2</sub>	Amount <sub>3</sub>	% change <sub>4</sub>	Amount <sub>5</sub>	% change <sub>6</sub>	Amount <sub>7</sub>	% change <sub>8</sub>	Amount <sub>9</sub>	% change <sub>10</sub>
1999 Jan.	1,818.2	.	4,046.7	.	4,569.5	.	7,856.9	.	5,169.0	.
Feb.	1,787.5	.	4,005.4	.	4,551.9	.	7,877.0	.	5,171.3	.
Mar.	1,809.6	.	4,024.4	.	4,564.0	.	7,952.1	.	5,219.0	.
Apr.	1,824.0	.	4,044.8	.	4,601.4	.	7,985.0	.	5,240.7	.
May	1,856.2	.	4,073.7	.	4,635.2	.	8,062.1	.	5,278.0	.
June	1,900.3	.	4,101.0	.	4,661.9	.	8,141.4	.	5,371.5	.
July	1,901.1	.	4,118.4	.	4,670.9	.	8,161.5	.	5,407.9	.
Aug.	1,866.0	.	4,085.3	.	4,646.4	.	8,164.4	.	5,402.9	.
Sep.	1,892.1	.	4,094.7	.	4,666.8	.	8,215.6	.	5,442.7	.
Oct.	1,897.6	.	4,111.2	.	4,683.8	.	8,286.6	.	5,490.4	.
Nov.	1,933.9	.	4,141.3	.	4,733.3	.	8,387.8	.	5,556.3	.
Dec.	1,989.0	.	4,241.1	.	4,822.5	.	8,409.2	.	5,589.3	.
2000 Jan.	1,997.2	9.4	4,234.6	4.2	4,833.8	4.8	8,467.4	7.6	5,633.8	8.8
Feb.	1,986.8	10.8	4,228.0	5.2	4,849.7	5.6	8,529.2	8.1	5,670.2	9.5
Mar.	1,998.2	10.1	4,237.7	4.9	4,882.4	6.0	8,627.2	8.0	5,741.4	9.9
Apr.	2,039.8	11.4	4,281.7	5.4	4,939.4	6.2	8,693.1	8.3	5,803.8	10.5
May	2,021.0	8.7	4,273.0	4.6	4,933.8	5.4	8,728.7	7.8	5,834.5	10.3
June	2,038.1	7.1	4,283.3	4.2	4,922.3	4.7	8,745.2	6.8	5,902.5	9.5
July	2,037.9	6.9	4,282.3	3.6	4,921.1	4.4	8,760.1	6.8	5,931.9	9.2
Aug.	2,002.5	7.0	4,270.6	4.1	4,915.8	4.8	8,763.2	6.8	5,952.0	9.6
Sep.	2,014.6	6.1	4,276.5	4.0	4,913.5	4.5	8,852.2	7.0	6,038.9	10.1
Oct.	2,013.8	5.7	4,283.6	3.7	4,925.9	4.4	8,892.8	6.4	6,082.8	9.9
Nov.	2,032.5	4.8	4,305.9	3.7	4,954.0	4.1	8,934.3	5.7	6,118.9	9.4
Dec.	2,098.9	5.5	4,398.6	3.7	5,030.7	4.3	8,961.9	6.2	6,154.0	9.6

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

(percentages per annum and EUR billions)

	Money market rates		Government bond yields		Euro-denominated securities issued by residents of the euro area plus Greece					
	3-month deposits <sub>11</sub>	12-month deposits <sub>12</sub>	2 years <sub>13</sub>	10 years <sub>14</sub>	Gross issues				Net issues <sub>19</sub>	Amounts outstanding <sub>20</sub>
					Total <sub>15</sub>	By MFIs <sup>4)</sup> <sub>16</sub>	By general government <sup>4)</sup> <sub>17</sub>	By non-financial and non-monetary financial corporations <sup>4)</sup> <sub>18</sub>		
1999 Jan.	3.33	3.24	3.11	3.87	348.3	47.1	39.4	13.5	64.0	5,787.0
Feb.	3.27	3.19	3.17	4.02	292.0	49.1	35.6	15.3	49.4	5,835.6
Mar.	3.21	3.19	3.19	4.22	297.2	47.8	35.4	16.8	43.6	5,879.7
Apr.	2.87	2.91	2.93	4.09	333.8	48.8	34.4	16.9	42.3	5,921.9
May	2.75	2.83	2.89	4.24	290.8	46.4	37.7	15.9	51.0	5,973.9
June	2.80	2.98	3.16	4.56	279.3	48.6	28.7	22.7	38.2	6,012.3
July	2.84	3.17	3.38	4.89	328.1	44.5	36.4	19.1	42.1	6,052.9
Aug.	2.86	3.37	3.65	5.10	239.1	50.2	32.3	17.5	35.4	6,088.8
Sep.	2.89	3.43	3.75	5.27	311.6	51.7	31.2	17.1	59.8	6,147.2
Oct.	3.53	3.81	4.16	5.51	305.5	51.6	30.2	18.3	52.9	6,201.3
Nov.	3.64	3.82	4.07	5.22	286.2	56.9	26.1	17.0	43.5	6,246.1
Dec.	3.58	3.94	4.24	5.32	236.0	66.7	20.1	13.2	-32.8	6,218.2
2000 Jan.	3.47	4.04	4.43	5.72	347.8	56.6	30.5	12.9	1.5	6,213.8
Feb.	3.65	4.18	4.59	5.68	355.1	57.7	26.4	15.9	61.5	6,274.1
Mar.	3.86	4.33	4.62	5.51	380.4	58.4	26.3	15.3	55.4	6,331.4
Apr.	4.03	4.42	4.61	5.43	346.0	54.1	26.2	19.7	38.5	6,367.9
May	4.44	4.88	5.04	5.53	384.1	59.9	22.7	17.4	52.1	6,428.8
June	4.59	5.01	5.05	5.36	335.4	57.8	21.7	20.5	32.0	6,462.5
July	4.66	5.14	5.21	5.47	377.3	56.3	21.8	21.9	37.7	6,500.5
Aug.	4.85	5.28	5.30	5.41	346.3	59.6	21.5	18.9	34.5	6,536.5
Sep.	4.91	5.24	5.24	5.48	386.9	61.4	21.3	17.3	20.1	6,557.6
Oct.	5.08	5.23	5.16	5.42	442.8	63.5	19.3	17.2	34.3	6,592.5
Nov.	5.12	5.20	5.12	5.34	378.0	59.2	20.9	19.9	21.0	6,612.8
Dec.	4.94	4.87	4.75	5.07	319.6	62.8	14.6	22.6	-39.9	6,576.5

Sources: ECB, Reuters for columns 11 and 12.

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

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

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

4) As a percentage of the total.

## B. Price, real economy and fiscal developments

### B.1 Price developments

(annual percentage changes)

	HICP					Industrial producer prices (excluding construction)	Deflators of GDP				
	Total	Goods			Services		GDP	Private consumption	Government consumption	Gross fixed capital formation	
		Total	Food	Non-energy industrial goods							Energy
	1	2	3	4	5	6	7	8	9	10	11
1996	2.3	1.9	2.0	1.6	3.1	2.9	0.4	2.1	2.5	2.2	1.0
1997	1.7	1.2	1.5	0.6	2.6	2.5	1.1	1.6	2.1	1.4	1.1
1998	1.2	0.7	1.7	1.0	-2.6	2.0	-0.7	1.7	1.5	1.5	1.0
1999	1.1	0.9	0.6	0.7	2.3	1.6	-0.4	1.1	1.1	1.8	1.0
2000	2.4	2.7	1.4	0.7	13.4	1.7	5.5	1.4	2.2	2.0	2.6
1999 Q4	1.5	1.5	0.5	0.5	8.0	1.5	2.2	0.9	1.5	2.1	1.5
2000 Q1	2.1	2.3	0.5	0.5	13.7	1.6	4.5	1.1	2.0	2.2	2.2
Q2	2.1	2.3	0.9	0.6	12.3	1.7	5.3	1.2	1.9	1.9	2.6
Q3	2.5	2.9	1.9	0.7	13.7	1.8	5.9	1.5	2.3	2.0	2.6
Q4	2.7	3.3	2.2	1.1	13.8	1.9	6.2	1.6	2.5	2.1	3.1
1999 Dec.	1.7	1.8	0.6	0.5	10.2	1.6	3.0	-	-	-	-
2000 Jan.	1.9	2.0	0.4	0.5	12.2	1.7	3.9	-	-	-	-
Feb.	2.1	2.3	0.6	0.5	13.7	1.6	4.6	-	-	-	-
Mar.	2.2	2.5	0.4	0.6	15.4	1.6	5.0	-	-	-	-
Apr.	1.9	1.9	0.7	0.6	10.3	1.8	4.8	-	-	-	-
May	1.9	2.2	0.8	0.6	12.1	1.6	5.4	-	-	-	-
June	2.4	2.8	1.2	0.7	14.6	1.7	5.7	-	-	-	-
July	2.4	2.7	1.6	0.5	13.5	1.7	5.7	-	-	-	-
Aug.	2.4	2.7	2.0	0.6	12.0	1.8	5.7	-	-	-	-
Sep.	2.8	3.4	2.1	0.9	15.6	1.8	6.4	-	-	-	-
Oct.	2.7	3.3	2.0	1.0	14.8	1.9	6.7	-	-	-	-
Nov.	2.9	3.5	2.2	1.1	15.4	1.9	6.5	-	-	-	-
Dec.	2.6	3.0	2.3	1.2	11.4	1.8	5.5	-	-	-	-

### B.2 Real economy and fiscal developments

(annual percentage changes, unless otherwise indicated)

	Real GDP				Industrial production (excluding construction)	Retail sales (constant prices)	Employment (whole economy)	Unemployment (% of labour force)	Trade balance (EUR billions; ECU billions to end-1998)	Government deficit (-) / surplus (+) (% of GDP)	Government debt (% of GDP)
	Private consumption	Government consumption	Gross fixed capital formation								
	12	13	14	15	16	17	18	19	20	21	22
1996	1.4	1.6	1.7	1.4	0.4	0.5	0.5	11.5	62.4	-4.3	76.0
1997	2.3	1.6	1.3	2.5	4.2	1.2	0.8	11.5	74.5	-2.6	75.4
1998	2.9	3.0	1.2	5.2	4.3	3.0	1.6	10.8	68.7	-2.2	73.7
1999	2.6	3.2	2.1	5.4	2.0	2.6	1.7	10.0	33.4	-1.3	72.6
2000	3.4	2.6	1.9	4.4	5.5	2.4	2.1	8.9	-15.3	-0.8	70.1
1999 Q4	3.6	3.0	2.5	6.0	4.5	3.0	1.6	9.6	8.2	-	-
2000 Q1	3.6	2.6	1.9	5.5	4.7	2.3	1.8	9.3	-7.6	-	-
Q2	3.9	3.3	2.2	4.9	6.2	3.4	2.1	9.0	-2.8	-	-
Q3	3.2	2.5	1.7	4.2	5.9	2.2	2.1	8.8	-0.7	-	-
Q4	2.8	1.9	1.7	2.9	5.2	1.6	2.2	8.6	-4.2	-	-
1999 Dec.	-	-	-	-	5.2	2.7	-	9.5	1.4	-	-
2000 Jan.	-	-	-	-	2.6	2.2	-	9.4	-7.1	-	-
Feb.	-	-	-	-	5.4	3.7	-	9.3	-2.1	-	-
Mar.	-	-	-	-	6.0	0.9	-	9.2	1.6	-	-
Apr.	-	-	-	-	6.6	4.0	-	9.1	-1.5	-	-
May	-	-	-	-	6.8	4.9	-	9.0	-0.9	-	-
June	-	-	-	-	5.1	1.5	-	8.9	-0.4	-	-
July	-	-	-	-	5.7	1.6	-	8.9	3.8	-	-
Aug.	-	-	-	-	6.7	1.8	-	8.8	-2.0	-	-
Sep.	-	-	-	-	5.4	3.1	-	8.7	-2.4	-	-
Oct.	-	-	-	-	4.0	1.7	-	8.6	0.0	-	-
Nov.	-	-	-	-	4.6	1.3	-	8.6	-2.0	-	-
Dec.	-	-	-	-	7.1	1.8	-	8.5	-2.2	-	-

Sources: European Commission (Eurostat) and ECB calculations.

## C. Summary balance of payments <sup>1)</sup>

(EUR billions; net flows)

	Current account					Capital account	Financial account						Errors and omissions
	Total	Goods	Services	Income	Current transfers		Total	Direct investment	Portfolio investment	Financial derivatives	Other investment	Reserve assets	
	1	2	3	4	5	6	7	8	9	10	11	12	13
1997	55.2	100.6	9.4	-16.8	-38.0	15.0	.	.	.	.	.	.	.
1998	24.4	92.5	5.3	-30.1	-43.4	14.9	.	.	.	.	.	.	.
1999	-26.3	56.3	-3.6	-36.2	-42.7	14.9	15.7	-118.2	-40.3	4.9	161.5	7.9	-4.3
2000	-70.1	11.7	-5.2	-27.5	-49.0	11.9	98.0	15.2	-102.8	-1.4	172.5	14.5	-39.8
1999 Q4	-15.2	11.7	-2.8	-10.9	-13.2	5.8	-0.5	-37.5	-16.9	-2.4	57.0	-0.7	9.9
2000 Q1	-14.6	-1.1	-4.1	-4.5	-5.0	3.6	55.8	138.9	-192.8	4.3	105.8	-0.3	-44.8
Q2	-19.2	3.4	0.1	-9.2	-13.5	3.0	21.9	-20.8	71.6	3.1	-35.9	3.9	-5.7
Q3	-15.2	6.2	2.2	-9.8	-13.7	1.5	-6.2	-88.8	4.5	-0.3	75.0	3.4	19.8
Q4	-21.1	3.2	-3.4	-4.0	-16.8	3.7	26.5	-14.1	13.9	-8.5	27.6	7.5	-9.1
1999 Dec.	-6.3	3.3	-1.2	-3.6	-4.9	2.9	-8.3	-17.8	-5.5	-1.8	17.8	-1.0	11.7
2000 Jan.	-11.6	-4.1	-2.3	-4.0	-1.1	1.3	26.8	-1.3	-2.5	0.2	32.3	-1.9	-16.5
Feb.	-3.5	0.3	-1.8	-1.2	-0.9	0.8	2.3	142.2	-152.7	2.5	9.3	0.9	0.4
Mar.	0.5	2.7	0.0	0.7	-2.9	1.4	26.7	-2.0	-37.6	1.6	64.1	0.7	-28.7
Apr.	-10.4	0.6	-1.1	-4.9	-5.0	2.3	20.3	0.9	3.3	1.5	15.3	-0.8	-12.2
May	-5.6	0.4	0.4	-3.3	-3.1	0.6	8.3	-13.3	1.4	-0.1	18.8	1.5	-3.4
June	-3.3	2.3	0.7	-1.0	-5.4	0.0	-6.7	-8.5	66.9	1.8	-70.0	3.3	9.9
July	-5.4	5.3	1.5	-6.6	-5.6	0.4	-4.1	-19.2	-9.9	-1.8	27.8	-1.1	9.1
Aug.	-6.3	0.2	0.5	-1.5	-5.5	0.3	6.2	-37.1	17.4	-0.4	25.4	0.9	-0.1
Sep.	-3.4	0.7	0.3	-1.8	-2.6	0.8	-8.2	-32.5	-3.1	1.9	21.8	3.7	10.8
Oct.	-6.4	2.3	-0.6	-2.1	-6.0	0.4	2.4	-18.4	1.0	-2.1	21.2	0.7	3.6
Nov.	-6.5	-0.5	-0.1	-0.8	-5.0	1.5	3.9	1.5	3.3	-2.4	-6.3	7.8	1.1
Dec.	-8.2	1.4	-2.7	-1.1	-5.8	1.9	20.2	2.8	9.6	-4.0	12.7	-1.0	-13.9

## D. Effective exchange rates

(period averages; index 1999 Q1=100)

	Narrow group				Broad group	
	Nominal	Real CPI	Real PPI	Real ULCM	Nominal	Real CPI
	1	2	3	4	5	6
1996	108.1	108.7	107.5	111.5	95.4	105.8
1997	99.1	99.4	99.2	100.4	90.3	96.5
1998	101.5	101.3	101.6	99.6	96.5	99.1
1999	95.6	95.7	95.7	96.3	96.5	95.8
2000	85.4	86.3	86.9	87.3	88.0	86.1
1999 Q4	92.0	92.1	92.2	93.7	94.1	92.6
2000 Q1	88.8	89.5	89.7	90.1	90.9	89.3
Q2	85.7	86.4	86.9	87.6	88.2	86.5
Q3	84.5	85.4	86.1	86.7	87.1	85.1
Q4	82.7	83.8	84.7	84.9	85.7	83.4
1999 Dec.	89.9	90.3	90.2	-	92.1	90.7
2000 Jan.	90.1	90.7	90.8	-	92.3	90.6
Feb.	89.0	89.7	89.9	-	91.0	89.4
Mar.	87.4	88.1	88.4	-	89.5	88.0
Apr.	85.8	86.4	86.9	-	88.2	86.6
May	84.2	84.8	85.5	-	86.7	84.9
June	87.1	87.9	88.3	-	89.8	88.0
July	86.7	87.6	88.0	-	89.2	87.3
Aug.	84.3	85.3	85.9	-	86.8	84.9
Sep.	82.5	83.4	84.5	-	85.1	83.1
Oct.	81.3	82.1	83.3	-	84.2	82.0
Nov.	82.0	83.0	84.0	-	84.9	82.7
Dec.	85.1	86.2	87.0	-	87.9	85.7

Source: ECB.

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



# Technical notes

## Relating to Table 2.4<sup>1</sup>

### Seasonal adjustment of the euro area monetary aggregates

The approach used relies on multiplicative decomposition through X-12-ARIMA (version 0.2.2).<sup>2</sup> Seasonal adjustment for monetary aggregates includes a day-of-the-week adjustment for some components of M2. The seasonal adjustment of M3 is carried out indirectly by aggregating the seasonally adjusted series of M1, M2 less M1, and M3 less M2 to fulfil the additivity constraint.

Seasonal factors are estimated for the index of adjusted stocks. They are then applied to the levels expressed in EUR billions and to the adjustments due to reclassifications, other revaluations, etc., yielding seasonally adjusted values for the levels, the adjustments and thus for the flows. Seasonal factors are revised at annual intervals or as required.

### Calculation of growth rates

Growth rates may be calculated from flows or the index of adjusted stocks.

If  $F_t^M$  represents the flow in month  $t$ ,  $L_t$  the level outstanding at the end of the month  $t$ ,  $X_t^M$  the rate of change in month  $t$  (augmented by one) defined as

$$(a) \quad X_t^M = \left( \frac{F_t^M}{L_{t-1}} + 1 \right)$$

and  $I_t$  the index of adjusted stocks in month  $t$ , defined as

$$I_t = I_{t-1} \times \left( 1 + \frac{F_t}{L_{t-1}} \right)$$

where the base  $I_{\text{DEC}1998} = 100$  is used, the annual percentage change  $a_t$  for month  $t$  – i.e. the change in the 12 months ending in month  $t$  – may be calculated as follows:

$$(b) \quad a_t = \left( \prod_{i=0}^{11} X_{t-i}^M - 1 \right) \times 100$$

$$(c) \quad a_t = \left( \frac{I_t}{I_{t-12}} - 1 \right) \times 100$$

Similarly, the monthly change, as shown in Table 2.4.4, may be calculated as  $(I_t/I_{t-1} - 1) \times 100$ . Finally, the three-month moving average for M3 is obtained as  $(a_t + a_{t-1} + a_{t-2})/3$ .

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

## Relating to Tables 2.5 to 2.8

As far as possible, the data have been harmonised and are comparable. Nevertheless, as a result of the implementation of a new reporting scheme in January 1999, outstanding levels for Tables 2.5 to 2.8 prior to the first quarter of 1999 are not directly comparable with those referring to later periods, although they are sufficiently comparable for structural analysis. A detailed analysis of the growth rates can be performed for Tables 2.5 to 2.7 where quarterly flows are shown.

Finally, since the values reported for Tables 2.5 to 2.8 are revised on a quarterly basis (in the March, June, September and December issues), minor discrepancies may occur between these tables and those reporting monthly data.

### Calculation of growth rates

Growth rates may be calculated from flows or the index of adjusted stocks.

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

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

For internal purposes, multiplicative models of TRAMO-SEATS also are used. For details on TRAMO-SEATS, see Gomez, V. and Maravall, A. (1996), "Programs TRAMO and SEATS: Instructions for the User", Bank of Spain, Working Paper No. 9628, Madrid.

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

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

and  $I_t$  and  $L_t$  are defined as above, the annual percentage change  $a_t$  referring to the quarter ending in month  $t$  may be calculated as follows:

$$(e) \quad a_t = \left( \prod_{i=0}^3 X_{t-3i}^Q - 1 \right) \times 100$$

$$(f) \quad a_t = \left( \frac{I_t}{I_{t-12}} - 1 \right) \times 100.$$

Similarly, the quarterly change may be calculated as  $(I_t/I_{t-3} - 1) \times 100$ .

Roundings may give rise to differences from the annual percentage changes shown in Tables 2.5 to 2.7. The index of adjusted stocks is available with a higher level of precision on the ECB's website ([www.ecb.int](http://www.ecb.int)) on the "Euro area statistics – download" page (in csv file format), from which the exact percentage changes in Tables 2.5 to 2.7 may be calculated.

## Relating to Table 4.1

### Seasonal adjustment of the HICP <sup>1</sup>

The approach used relies on multiplicative decomposition through X-12-ARIMA (version 0.2.2) (see footnote 2 on the previous page). The seasonal adjustment of the total HICP for the euro area is carried out indirectly by aggregating the seasonally adjusted euro area series for processed food, unprocessed food, industrial goods excluding energy and services. Energy is added without adjustment since there is no statistical evidence of seasonality. Seasonal factors are revised at annual intervals or as required.

## Relating to Table 8.2

### Seasonal adjustment of the balance of payments current account

The approach relies on multiplicative decomposition through X-12-ARIMA (version 0.2.2) (see footnote 2 on the previous page). The seasonal adjustment for goods includes a working day and an Easter adjustment, whereas that for services includes only a working day adjustment. The seasonal adjustment of the total current account is carried out by aggregating the seasonally adjusted euro area series for goods, services, income and current transfers. Seasonal factors are revised at annual intervals or as required.

<sup>1</sup> See footnote 1 on the previous page.

# General notes

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

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

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

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

As a general rule, the cut-off date for the statistics included in the ECB Monthly Bulletin is the day preceding the first meeting in the month of the Governing Council of the ECB. For this issue it was 5 December 2001.

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

## Overview

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

## Monetary policy and financial statistics

Tables 1.1 to 1.5 show the consolidated financial statement of the Eurosystem, data on Eurosystem operations, statistics relating to minimum reserves, and the banking system's liquidity position. Tables 1.2 and 1.3 reflect the switch to variable rate tenders in June 2000. Monetary data relating to Monetary Financial Institutions (MFIs), including the Eurosystem, are shown in Tables 2.1 to 2.3. Table 2.3 is consolidated; inter-MFI positions within the euro area are not shown, but any difference between the sum total of such claims and liabilities as recorded is shown in column 13. Table 2.4 sets out monetary aggregates drawn from the consolidated MFI balance sheet; they also include some (monetary) liabilities of central government. The M3 data shown in Table 2.4 exclude holdings by non-residents of the euro area of i) shares/units issued by

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



money market funds located in the euro area and ii) money market paper and debt securities issued with a maturity of up to two years by MFIs located in the euro area. Accordingly, these holdings are included in the item external liabilities shown in Table 2.3, and as a result have an impact on the item net external assets shown in Table 2.4. Table 2.5 shows a quarterly sectoral and maturity analysis of loans by MFIs to euro area residents. Table 2.6 shows a quarterly analysis of deposits held by euro area residents with MFIs. Table 2.7 provides a quarterly analysis of MFI claims on and liabilities to non-residents of the euro area. Table 2.8 shows a quarterly currency analysis of certain MFI balance sheet items. Tables 2.5 to 2.7 show flows adjusted for reclassifications, other revaluations, exchange rate variations and any other changes which do not arise from transactions, and annual percentage changes. A complete list of MFIs is published on the ECB's website. Details of the sector definitions are set out in the "Money and Banking Statistics Sector Manual: Guidance for the statistical classification of customers" (ECB, November 1999). The "Money and Banking Statistics Compilation Guide" (EMI, April 1998) explains recommended practices to be followed by the NCBs. From 1 January 1999 the statistical information is collected and compiled on the basis of the ECB Regulation concerning the consolidated balance sheet of the Monetary Financial Institutions sector (ECB/1998/16).

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

Statistics on securities issues are presented in Tables 3.5 and 3.6. They are broken down into short-term and long-term securities. "Short-term" means securities with an original maturity of one year or less (in accordance with the ESA 95, in exceptional

cases two years or less). Securities with a longer maturity, or with optional maturity dates, the latest of which is more than one year away, or with indefinite maturity dates, are classified as long-term. The statistics on securities issues are estimated to cover approximately 95% of total issues by euro area residents. Table 3.5 shows securities issued, redemptions and amounts outstanding, broken down into short-term securities and long-term securities. Net issues differ from the change in amounts outstanding owing to valuation changes, reclassifications and other adjustments. Table 3.6 contains a sectoral breakdown of issuers of euro-denominated securities, whether resident in the euro area or elsewhere. For euro area residents, the sectoral breakdown is in line with the European System of Accounts 1995 (ESA 95).<sup>2</sup> For non-euro area residents, the term "banks (including central banks)" is used to indicate institutions of a similar type to MFIs (including the Eurosystem) resident outside the euro area. The term "international organisations" includes the European Investment Bank. (The ECB is included in the Eurosystem.)

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

2 The code numbers in the ESA 95 for the sectors shown in tables in the Monthly Bulletin are: MFIs (including Eurosystem) comprises the ECB and the national central banks of Member States in the euro area (S.121) and other monetary financial institutions (S.122); non-monetary financial corporations comprises other financial intermediaries (S.123), financial auxiliaries (S.124) and insurance corporations and pension funds (S.125); non-financial corporations (S.11); central government (S.1311); other general government comprises state government (S.1312), local government (S.1313) and social security funds (S.1314).

## Prices and real economy indicators

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

The Harmonised Index of Consumer Prices (HICP) for the euro area (Table 4.1) is available from 1995 onwards. The index is based on national HICPs that follow the same methodology in all euro area countries. The breakdown by goods and services components is derived from the Classification of individual consumption by purpose (Coicop) used for the HICP. Data from January 2000 include the cost of health and educational services; data from January 2001 also cover hospital services and social services provided to people living at home, in retirement homes and in residences for the disabled; earlier data on the extended basis are, in general, not available. The HICP from January 2000 also covers spending by non-residents which had previously been excluded from the HICP in certain Member States. The table includes seasonally adjusted HICP data which are compiled by the ECB.

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

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

the range of available euro area data. The breakdown by end-use of the products applied in Tables 4.2.1 and 5.2.1 represents the harmonised sub-division of industry excluding construction (NACE sections C to E) into Main Industrial Groupings as defined in the Commission Regulation (EC) No. 586/2001 of 26 March 2001.

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

Employment data (Table 5.4) are based on the ESA 95. Whenever coverage of the euro area is incomplete, some data are estimated by the ECB on the basis of the information available. Unemployment rates conform to International Labour Organization (ILO) guidelines.

## Financial accounts statistics

Table 6.1 shows quarterly data on financial accounts for non-financial sectors in the euro area, comprising general government (S.13), non-financial corporations (S.11), and households (S.14) including non-profit institutions serving households (S.15). The data (not seasonally adjusted) cover levels outstanding and financial transactions classified according to the ESA 95 and show the main financial investment and financing activities of the non-financial sectors. On the financing side (liabilities) the data are presented by ESA 95 sector and original maturity. Whenever possible the financing taken from MFIs is separately presented. The information on financial investment (assets) is currently less detailed than that on financing, especially since a breakdown by sector is not possible. While both levels and transactions may throw light on economic developments, the latter are more likely to be the focus of attention.

The quarterly data are based on euro area MFI and securities issues statistics, government finance statistics, quarterly national financial accounts, and BIS

international banking statistics. While all euro area countries contribute to the euro area statistics, Ireland and Luxembourg, as yet, do not provide quarterly national financial accounts data.

Table 6.2 shows annual data on saving, (financial and non-financial) investment and financing in the euro area. These data cannot yet be reconciled with the quarterly data presented in Table 6.1.

### **General government fiscal position**

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

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

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

The concepts and definitions used in balance of payments statistics (Tables 8.1 to 8.6) and international investment position (i.i.p.) statistics generally conform to the 5th edition of the IMF Balance of Payments Manual (October 1993), to the ECB Guideline of May 2000 (ECB/2000/04) on the statistical reporting requirements of the ECB, and to Eurostat's documentation.

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

Some earlier data have been partially estimated and may not be fully comparable with more recent observations. That is the case for the b.o.p. financial account before end-1998, the services account before end-1997, the monthly pattern of income for the years 1997 to 1999 and the i.i.p. at end-1997. Table 8.5.2 provides a sectoral breakdown of euro area purchasers of securities issued by non-residents of the euro area. It is not possible to show a sectoral breakdown of euro area issuers of securities acquired by non-residents.

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

The outstanding amounts of the Eurosystem's international reserves and related assets are shown in Table 8.7.2 with the corresponding reserves and related assets held by the ECB. The data in Table 8.7.2 are in line with the recommendations for the IMF/BIS template

on international reserves and foreign currency liquidity. Earlier data are revised on an ongoing basis. Reserve assets data before end-1999 are not fully comparable with later observations. A publication on the statistical treatment of the Eurosystem's international reserves is available on the ECB's website.

Table 9 shows data on euro area external trade in goods. The main source for the data is Eurostat. The ECB derives volume indices from Eurostat value and unit value indices, and performs seasonal adjustment of unit value indices, while value data are seasonally and working day adjusted by Eurostat.

The commodity breakdown is in accordance with the classification by Broad Economic Categories (based on the SITC Rev. 3 definition) for intermediate, capital and consumption goods, and with the SITC Rev. 3 for manufactured goods and oil. The geographical breakdown shows main trading partners, individually or in regional groups. The 13 EU candidate countries are Bulgaria, Cyprus, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Romania, the Slovak Republic, Slovenia and Turkey.

Owing to differences in definitions, classification, coverage and time of recording, external trade data, in particular imports, are not fully comparable with the goods item in the balance of payments statistics (Tables 8.1 and 8.2). Part of the difference arises from the inclusion of insurance and freight services in the recording of goods imported, which accounted for about 3.8% of the value of imports (c.i.f.) in 1998 (ECB estimates).

Table 10 shows ECB calculations of nominal and real effective exchange rate indices for the euro based on weighted averages of bilateral euro exchange rates. Weights are based on 1995-97 manufactured goods trade with the trading partners and capture third-market effects. Up to December 2000, the narrow group is composed of the countries whose currencies are shown in the table plus the Greek drachma. On adopting the euro in

January 2001, Greece ceased to be a partner country in the effective exchange rate of the euro and the weighting scheme has been adjusted accordingly. In addition, the broad group includes the following countries: Algeria, Argentina, Brazil, China, Croatia, Cyprus, the Czech Republic, Estonia, Hungary, India, Indonesia, Israel, Malaysia, Mexico, Morocco, New Zealand, the Philippines, Poland, Romania, Russia, the Slovak Republic, Slovenia, South Africa, Taiwan, Thailand and Turkey. Real rates are calculated using consumer prices (CPI), producer prices in manufacturing (PPI) and unit labour costs in manufacturing (ULCM). Where deflators are not yet available, estimates are used. The bilateral rates shown are those against the 12 currencies used in the ECB's calculation of the "narrow" effective exchange rate of the euro. The ECB publishes daily reference rates for these and some other currencies.

#### **Other statistics**

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

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

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

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

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

Table A.2 shows financial market interest rates and securities other than shares statistics. Before January 1999 synthetic euro area money market rates were calculated on the basis of national rates weighted by GDP. From January 1999 to December 2000 euro interbank offered rates (EURIBOR) and ATHIBOR are weighted by GDP. Up to August 2000, euro area yields are calculated on the basis of harmonised national government bond yields weighted by GDP. Thereafter, the weights are the nominal outstanding amounts of government bonds in each maturity band.

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

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

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

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

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

## 4 January 2000

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

## 5 January 2000

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

## 15 January 2000

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

## 20 January 2000

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

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

## 3 February 2000

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

## 17 February, 2 March 2000

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

## 16 March 2000

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

## 30 March, 13 April 2000

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

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

### **27 April 2000**

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

### **11 May 2000**

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

### **25 May 2000**

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

### **8 June 2000**

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

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

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

### **19 June 2000**

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

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

## **21 June 2000**

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

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

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

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

## **31 August 2000**

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

## **14 September 2000**

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

## **5 October 2000**

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

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

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

## **14 December 2000**

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

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



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

## **2 January 2001**

On 1 January 2001 the euro was introduced in Greece. Greece thus became the twelfth EU Member State to adopt the single currency and the first to do so since the start of Stage Three of Economic and Monetary Union (EMU) on 1 January 1999. As a result, the Bank of Greece is now a full member of the Eurosystem, with the same rights and obligations as the 11 national central banks of the EU Member States which previously adopted the euro. In accordance with Article 49 of the Statute of the European System of Central Banks and of the European Central Bank, the Bank of Greece pays up the remainder of its contribution to the capital of the ECB, as well as its share of the ECB's reserves, and also transfers to the ECB its contribution to the foreign reserve assets of the ECB.

Further to the announcement on 29 December 2000, the first main refinancing operation of 2001, in which the Greek counterparties of the Eurosystem participate for the first time, is successfully conducted. The allotment volume of €101 billion takes into account the additional liquidity needs of the euro area banking system resulting from the integration of the Greek Monetary Financial Institutions.

## **4 January 2001**

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

In addition, it decides on an allotment amount of €20 billion per operation for the longer-term refinancing operations to be conducted in 2001. This amount takes into consideration the expected liquidity needs of the euro area banking system in 2001 and the desire of the Eurosystem to continue to provide the bulk of refinancing of the financial sector through its main refinancing operations. The Governing Council may adjust the allotment amount in the course of the year in the event of unexpected developments in liquidity needs.

## **18 January, 1 February, 15 February, 1 March, 15 March, 29 March, 11 April, 26 April 2001**

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

## **10 May 2001**

The Governing Council of the ECB decides to lower the minimum bid rate on the main refinancing operations by 0.25 percentage point to 4.50%, with effect from the operation to be settled on 15 May 2001. In addition, it decides to lower the interest rates on both the marginal lending facility and the deposit facility by 0.25 percentage point, to 5.50% and 3.50% respectively, both with effect from 11 May 2001.

## **23 May, 7 June, 21 June, 5 July, 19 July, 2 August 2001**

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

### **30 August 2001**

The Governing Council of the ECB decides to lower the minimum bid rate on the main refinancing operations by 0.25 percentage point to 4.25%, with effect from the operation to be settled on 5 September 2001. In addition, it decides to lower the interest rates on both the marginal lending facility and the deposit facility by 0.25 percentage point, to 5.25% and 3.25% respectively, both with effect from 31 August 2001.

### **13 September 2001**

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

### **17 September 2001**

The Governing Council of the ECB decides to lower the minimum bid rate on the main refinancing operations by 0.50 percentage point to 3.75%, with effect from the operation to be settled on 19 September 2001. In addition, it decides to lower the interest rates on both the marginal lending facility and the deposit facility by 0.50 percentage point, to 4.75% and 2.75% respectively, both with effect from 18 September 2001.

### **27 September, 11 October, 25 October 2001**

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

### **8 November 2001**

The Governing Council of the ECB decides to lower the minimum bid rate on the main refinancing operations by 0.50 percentage point to 3.25%, starting from the operation to be settled on 14 November 2001. In addition, it decides to lower the interest rates on both the marginal lending facility and the deposit facility by 0.50 percentage point, to 4.25% and 2.25% respectively, both with effect from 9 November 2001.

### **6 December 2001**

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

In addition, it decides that the reference value for the annual growth rate of the broad monetary aggregate M3 will remain at 4½%.



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

## Payment flows in TARGET

In the third quarter of 2001 the average daily TARGET traffic decreased compared with the second quarter, both in terms of volume and value. This corresponds to the seasonal payment patterns of previous years. The number of payments processed in TARGET as a whole, i.e. cross-border and domestic payments taken together, decreased by 4%, while the value of such payments decreased by 7%. The total number of TARGET payments reached 199,888 as a daily average, representing a value of around €1.2 trillion. The number of cross-border payments processed decreased by 2% (averaging 43,920 payments a day), while their value declined by 3% (average daily value of €490 billion). However, compared with the third quarter of 2000, the number of payments processed in TARGET as a whole grew by 9%

and the respective value by 20%. As far as cross-border payments are concerned, the payment volumes increased by 11% and the values by 15%. Furthermore, in the third quarter of 2001 the ratio of customer payments to the average number of daily TARGET cross-border payments stood at around 39% in terms of volume, while, in terms of value, the ratio was 3.5%. In the same quarter the average value of customer payments remained at €1 million; the average value of interbank payments decreased slightly and stood at €17.7 million.

## Compliance of TARGET with oversight standards

At the request of the ECB, the IMF prepared Reports on the Observance of Standards and Codes (ROSCs) for the euro area in the context

**Table I**

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

(number of payments)

	2000 Q3	2000 Q4	2001 Q1	2001 Q2	2001 Q3
<b>TARGET</b>					
All TARGET payments					
Total volume	11,876,872	12,536,026	12,699,321	12,957,667	12,992,738
Daily average	182,721	198,985	198,427	208,995	199,888
Cross-border TARGET payments					
Total volume	2,561,044	2,630,202	2,810,046	2,789,449	2,854,823
Daily average	39,401	41,749	43,907	44,991	43,920
Domestic TARGET payments					
Total volume	9,315,828	9,905,824	9,889,275	10,168,218	10,137,915
Daily average	143,320	157,235	154,520	164,004	155,968
<b>Other systems</b>					
Euro 1 (EBA)					
Total volume	6,123,837	6,502,684	6,959,929	7,074,610	6,990,816
Daily average	94,213	103,217	108,749	114,107	107,551
Euro Access Frankfurt (EAF)					
Total volume	3,208,671	3,302,144	3,329,975	3,243,631	3,230,911
Daily average	49,364	52,415	52,031	52,317	49,706
Paris Net Settlement (PNS)					
Total volume	1,258,003	1,758,207	2,021,258	2,025,034	1,959,480
Daily average	19,354	27,908	31,582	32,662	30,146
Servicio de Pagos Interbancarios (SPI)					
Total volume	238,434	234,306	253,240	329,963	360,296
Daily average	3,668	3,719	3,957	5,322	5,543

of its Financial Sector Assessment Program (FSAP). The participation of the ECB in the preparation of these ROSCs reflects its commitment to meet international standards and codes and to “lead by example” in their implementation. In one of the ROSCs the IMF assessed the compliance of TARGET with the Core Principles for Systemically Important Payment Systems (Core Principles). The Core Principles were elaborated by the G10 Committee on Payment and Settlement Systems (CPSS) and are an integral part of the set of minimum standards which the Eurosystem uses for its common oversight policy on payment systems. The IMF published the assessment of TARGET in October 2001. It is recognised that TARGET has successfully met the policy goals for which it was set up and that it is almost fully in line with the applicable Core Principles.

### Impact on TARGET of the 11 September attacks in the United States

While the number and value of TARGET cross-border payments processed remained nearly unchanged after the attacks in the United States, the intraday distribution of TARGET traffic deviated from its normal pattern after 11 September. On 12 September the traffic decreased significantly between 7 a.m. and 11 a.m. owing to the fact that banks released payment orders later in the day. On the following days, however, TARGET cross-border traffic resumed its normal intraday patterns. The ECB's announcement of the provision of liquidity to the banking system increased market confidence and thus contributed to ensuring financial stability.

**Table 2**  
**Payment instructions processed by TARGET and other selected interbank funds transfer systems: value of transactions**  
*(EUR billions)*

	2000 Q3	2000 Q4	2001 Q1	2001 Q2	2001 Q3
<b>TARGET</b>					
All TARGET payments					
Total value	65,015	66,782	79,180	80,019	78,040
Daily average	1000	1,060	1,237	1,291	1,201
Cross-border TARGET payments					
Total value	27,635	27,394	33,170	31,439	31,818
Daily average	425	435	518	507	490
Domestic TARGET payments					
Total value	37,380	39,388	46,010	48,580	46,222
Daily average	575	625	719	784	711
<b>Other systems</b>					
<b>Euro 1 (EBA)</b>					
Total value	12,421	12,306	13,892	13,164	12,533
Daily average	191	195	217	212	193
<b>Euro Access Frankfurt (EAF)</b>					
Total value	9,918	10,240	10,904	10,380	10,082
Daily average	153	163	170	167	155
<b>Paris Net Settlement (PNS)</b>					
Total value	5,111	5,736	5,832	5,700	5,393
Daily average	79	91	91	92	83
<b>Servicio de Pagos Interbancarios (SPI)</b>					
Total value	92	84	96	94	98
Daily average	1	1	2	2	2

**Consolidation of the euro area large-value payment systems infrastructure**

On 5 November 2001 the Deutsche Bundesbank successfully launched its RTGS<sup>plus</sup> system which, since such date, has represented the German component of TARGET. RTGS<sup>plus</sup> is based on an innovative concept which integrates real-time gross settlement and

liquidity saving elements into one system. Consequently, as a step towards consolidating the large-value payment systems infrastructure within the euro area, the old hybrid system Euro Access Frankfurt (EAF) was shut down when RTGS<sup>plus</sup> was launched.

Further information on the TARGET system is available in the "TARGET" section of the ECB's website.



# 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.

"Annual Report 2000", May 2001.

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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.

"Longer-term developments and cyclical variations in key economic indicators across euro area countries", July 1999.

"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.

"ESCB preparations for the year 2000", October 1999.



“Stability-oriented policies and developments in long-term real interest rates in the 1990s”, November 1999.

“TARGET and payments in euro”, November 1999.

“Legal instruments of the European Central Bank”, November 1999.

“The euro area one year after the introduction of the euro: key characteristics and changes in the financial structure”, January 2000.

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

“The Eurosystem and the EU enlargement process”, February 2000.

“Consolidation in the securities settlement industry”, February 2000.

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

“EMU and banking supervision”, April 2000.

“The information content of interest rates and their derivatives for monetary policy”, May 2000.

“Developments in and structural features of the euro area labour markets”, May 2000.

“The switch to variable rate tenders in the main refinancing operations”, July 2000.

“Monetary policy transmission in the euro area”, July 2000.

“Population ageing and fiscal policy in the euro area”, July 2000.

“Price and cost indicators for the euro area: an overview”, August 2000.

“The external trade of the euro area economy: stylised facts and recent trends”, August 2000.

“Potential output growth and output gaps: concept, uses and estimates”, October 2000.

“The ECB’s relations with institutions and bodies of the European Community”, October 2000.

“The two pillars of the ECB’s monetary policy strategy”, November 2000.

“Issues arising from the emergence of electronic money”, November 2000.

“The euro area after the entry of Greece”, January 2001.

“Monetary policy-making under uncertainty”, January 2001.

“The ECB’s relations with international organisations and fora”, January 2001.

“Characteristics of corporate finance in the euro area”, February 2001.

“Towards a uniform service level for retail payments in the euro area”, February 2001.

“The external communication of the European Central Bank”, February 2001.

“Assessment of general economic statistics for the euro area”, April 2001.

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