



EUROPEAN CENTRAL BANK

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MONTHLY BULLETIN
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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
b.o.p.	balance of payments
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
EER	effective exchange rate
EMI	European Monetary Institute
EMU	Economic and Monetary Union
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
MFI	monetary financial institutions
NACE Rev. 1	Statistical classification of economic activities in the European Community
NCBs	national central banks
PPI	Producer Price Index
SITC Rev. 3	Standard International Trade Classification (revision 3)
ULCM	unit labour costs in manufacturing
ULCT	unit labour costs in the total economy

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 4 March 2004, the Governing Council of the ECB decided to leave the minimum bid rate on the main refinancing operations of the Eurosystem unchanged at 2.0%. The interest rates on the marginal lending facility and the deposit facility were also left unchanged at 3.0% and 1.0% respectively.

The decision to keep the key ECB interest rates at their low levels reflects the Governing Council's assessment that the outlook for price stability in the euro area over the medium term continues to be favourable. Against this background, the current stance of monetary policy remains appropriate. The stance provides support to the economic recovery in the euro area. The Governing Council will continue to monitor carefully all developments that could affect its assessment of risks to price stability over the medium term.

Starting with the details of the economic analysis, according to Eurostat's first estimate, in the fourth quarter of 2003 real GDP in the euro area grew by 0.3% quarter on quarter, following growth of 0.4% in the third quarter. These data confirm that a gradual recovery in economic activity in the euro area took place in the second half of 2003. More recent indicators, including those from business and consumer surveys, point to moderate economic growth also in early 2004. Both external and domestic factors give reason to expect a strengthening of the recovery through 2004 and beyond.

On the external side, all recent indications confirm that global economic growth in 2004 will be robust and broadly based across different regions of the world. This should support euro area exports, which, overall, are expected to grow significantly this year and next.

On the domestic side, the conditions for a recovery in private demand are in place. Over recent months there have been signs of a stabilisation in investment. Fixed capital investment grew again in the last quarter of 2003, after a prolonged period of decline.

Corporate earnings in the euro area have generally improved, following a protracted restructuring of corporate balance sheets over the last few years. The financing conditions faced by corporations in the euro area are very favourable at present. All of these factors should support a further recovery in investment.

There are also reasons to expect a gradual increase in consumption growth during 2004, following the subdued developments over the course of 2003. In the short term, growth in real disposable income is supported by lower import prices and further tax cuts. Later on, the gradual improvement in labour market conditions should become an additional factor supporting income growth and confidence. The financial situation of households in the euro area is sound, not least in comparison with a number of other industrial economies, and there is no financial impediment to a pick-up in private consumption.

For all these reasons, the main scenario of a continued gradual recovery in the course of 2004 and 2005 remains valid. This view is shared by available forecasts and projections, and is also broadly reflected in financial market developments. Risks to this scenario are considered to be broadly balanced. However, there are uncertainties related to euro area private consumption, as well as to the persistent imbalances in some regions of the world and their potential repercussions on the sustainability of global economic growth.

With regard to price developments, according to Eurostat's flash estimate, the annual HICP inflation rate declined to 1.6% in February 2004, from 1.9% in January. This fall was mainly due to base effects stemming from energy prices, as a sharp increase in oil prices which occurred in early 2003 dropped out of the calculation of the annual rate in February 2004. Over the coming months, volatility in annual inflation rates is likely to be observed, owing mainly to further base effects from energy prices as well as to increases in indirect taxes.

Related to this, annual inflation rates are likely to edge up again temporarily in the second quarter of 2004.

Looking beyond short-term fluctuations, inflation is expected to remain in line with price stability. At the current juncture, there is little upward pressure on inflation. Although world commodity prices have increased significantly over recent months, the past appreciation of the euro has largely offset the impact of this rise. Given the anticipated gradual nature of the recovery in economic activity and the high level of unemployment in the euro area, wage developments should remain moderate. The latest information on wages supports these expectations.

While the assessment of a favourable inflation outlook is in line with available forecasts and projections, the conditional nature of such exercises must be borne in mind. Hence, all indicators will be monitored closely. Inflation expectations, in particular, deserve close attention.

Turning to the monetary analysis, M3 growth has moderated over recent months. However, it appears that economic agents are rather cautiously shifting the structure of their portfolios towards longer-term assets. The generally low level of interest rates continues to support the demand for liquid assets. It also supports the growth of loans to the private sector, which has gradually moved upwards since the autumn of 2003.

There is still significantly more liquidity available in the euro area than needed to finance non-inflationary economic growth. This high degree of liquidity needs to be assessed with caution. Its effects on inflation over the medium term will greatly depend on the extent and pace of reversals of past portfolio shifts and on the future strength of economic growth. Should excess liquidity persist, it could lead to inflationary pressures over the medium term.

To sum up, the economic analysis continues to indicate that the main scenario for price developments in the coming years is in line with price stability. Cross-checking with the monetary analysis does not alter this picture for the time being.

With regard to fiscal policies, the Governing Council noted the progress in fiscal consolidation envisaged in countries' stability programmes. Nonetheless, there continues to be reason for concern. In some countries, adjustment efforts are still insufficient to eliminate the risk of excessive deficits. Moreover, several countries do not plan to attain sound budgetary positions by the end of their respective programme horizons, despite favourable growth prospects. This would risk a repetition of the policy errors of the previous economic upswing, when insufficient consolidation efforts and tax cuts without adequate expenditure restraint laid the foundations for the recent fiscal difficulties.

All countries would benefit from the strengthening of the sustainability of their public finances in the expected upward phase of the cycle by eliminating imbalances over the coming years and avoiding, or correcting as soon as possible, excessive deficits. Moreover, the determined implementation of comprehensive structural reforms, on both the expenditure side and the revenue side, will bring additional medium-term rewards in the form of higher growth and more sustainable public finances. Such consolidation and reform strategies are needed to ensure a sound macroeconomic environment in the euro area.

The euro area also requires further structural reforms in financial, product and labour markets. The Lisbon Strategy provides the appropriate blueprint for progress. The Governing Council welcomes the fact that the forthcoming spring meeting of the European Council is set to give renewed impetus to the Lisbon agenda, to speed up the pace of reforms, and to strengthen the effectiveness of the decision-making process. Structural reforms

will bring enormous benefits for the citizens of the euro area. These reforms are crucial for sustained non-inflationary growth and employment.

Confidence in the future is vital for a stronger economic recovery and sustained growth in the euro area. The Governing Council recognises that the still low level of consumer confidence is related to prevailing uncertainties, including the debate about the appropriate path for structural reforms in many countries of the euro area. It is also partly linked to the continued perception by euro area consumers of higher inflation than measured by official indices.

The Governing Council notes that inflation is at a level consistent with price stability. The European public can rest assured of the Governing Council's determination to preserve the purchasing power of the euro in the years to come and thus to make its contribution to enhance confidence in the future. Stable prices, together with further progress in the implementation of necessary structural reforms, are the key to stronger confidence and essential for fostering economic growth and job creation.

ECONOMIC AND MONETARY DEVELOPMENTS

1 THE EXTERNAL ENVIRONMENT OF THE EURO AREA

The pace of the global economic recovery has accelerated over recent months. Economic activity has been spurred by a strengthening in domestic demand worldwide and an improvement in consumer and business confidence. As a result, world trade has increased rapidly over the past few months. Meanwhile, oil and non-oil commodity prices have continued to rise.

1.1 DEVELOPMENTS IN THE WORLD ECONOMY

Several data releases over the past few months have confirmed a strengthening and broadening of the global economic recovery.

UNITED STATES

In the United States, economic activity has continued to expand rapidly. Preliminary data for the last quarter of 2003 indicate that real GDP growth remained high at 4.1% (annualised quarter on quarter), albeit lower than the exceptionally high rate of 8.2% recorded in the previous quarter. Growth in US economic activity has been fairly broadly based. The main contributors in the fourth quarter were personal consumption expenditure and private business investment in equipment and software, while net exports made a negative contribution to real GDP growth.

Looking ahead, growth in private business investment is expected to remain strong due to favourable financing conditions, the restoration of corporate profitability and an improvement in firms' balance sheets. Over the past few months, stock prices have increased significantly, corporate bonds spreads have remained at relatively low levels and flow of funds data indicated that firms' net cash flows have improved markedly. Moreover, survey data and data on new orders generally continue to give positive indications for future business spending.

Private consumption growth is expected to slow down from the relatively high growth rates observed in the second half of 2003. While fiscal stimulus has continued to contribute to disposable income growth in the context of more subdued wage growth, the still uncertain recovery in the labour market remains a downside risk to the sustainability of the general economic recovery, and most notably to private consumption growth. In particular, strong productivity may continue to be associated with relatively low employment growth. Furthermore, the diminishing returns from mortgage refinancing and the rather moderate pace of wage growth may have a negative impact on private consumption growth in the context of the historically low saving rate and relatively high levels of household debt.

Annual CPI inflation has stabilised over recent months and stood at 1.9% in January 2004, unchanged from December 2003. Excluding food and energy, CPI inflation, which has been on a downward trend since late 2001, has also stabilised more recently and stood at 1.1% in January. Available forecasts show that inflationary pressures are expected to remain subdued over the medium term, while the strengthening of the economic recovery has significantly reduced the risks of a further decline in inflation.

In February 2004, the US administration's budget proposal for the fiscal year 2005 was released. This budget proposal aims to reduce the federal government deficit by restraining spending outside the areas of defence and homeland security.

With regard to monetary policy, at its meeting on 27/28 January 2004, the Federal Open Market Committee (FOMC) maintained its target for the federal funds rate at 1%. In an accompanying

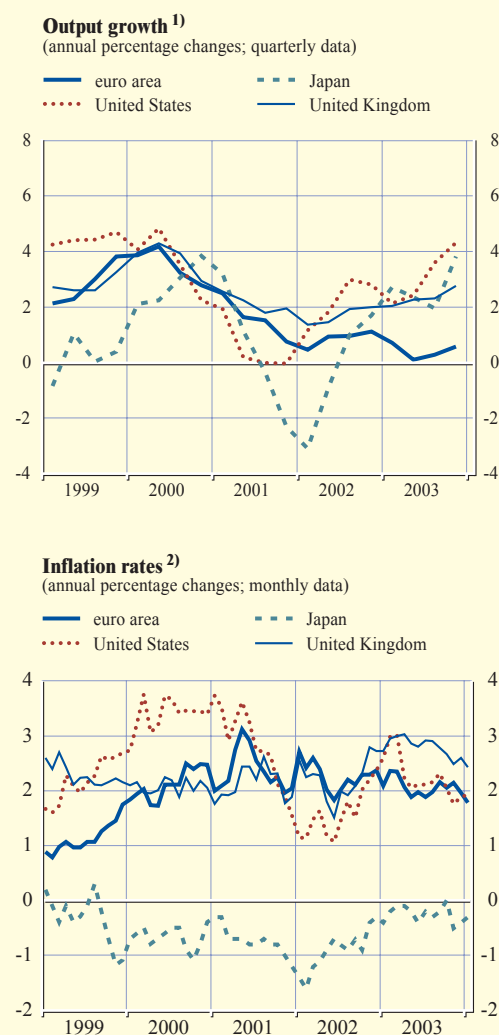
statement, the FOMC confirmed its previous assessment concerning the risks to sustainable economic growth and inflation, which were perceived to be in balance. Furthermore, the FOMC expressed that it can remain patient in removing its policy accommodation. Federal funds futures at the beginning of March 2004 indicated that markets expected the target for the federal funds rate to be raised by 25 basis points in August 2004.

JAPAN

In Japan, the economy has continued to improve. In the fourth quarter of 2003, quarter-on-quarter real GDP growth increased to 1.7%, the fastest rate of expansion since 1990. Most of this growth was due to domestic demand, which has been favourably affected by spillovers from strong external demand. Despite the appreciation of the Japanese yen, export growth increased to 4.2%, supported in particular by strong exports to China and the rest of Asia. The three major export sectors – electrical machinery, general machinery and transport equipment – contributed markedly to the significant increase in industrial production in the fourth quarter. The fourth quarter GDP figures suggest that this robust momentum in exports is increasingly feeding through to the domestic economy. Non-residential investment spending expanded strongly, supported by favourable profit developments and declining excess capacity. Private consumption expenditure has also grown robustly, despite continued weaknesses in the labour market and the income situation. The decline in public investment moderated noticeably to -0.2%, following quarterly declines of at least 3.0% in the previous three quarters.

The economic recovery in Japan is expected to continue, supported by further improvements in global activity. Spillover effects from export growth are expected to boost private demand. In particular, the labour market should gradually improve, eventually leading to a recovery in private consumption. Private investment is forecast to remain relatively strong, as suggested by solid growth in both machinery orders and corporate profits. However, despite some improvements in corporate balance sheets, the remaining structural problems may constitute a growth-constraining factor, while the need for fiscal consolidation is likely to limit public spending growth.

Chart 1 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. GDP figures have been seasonally adjusted.
2) Based on HICP.

With regard to price developments, deflationary pressures are gradually abating. The annual rate of change of the CPI and the CPI, excluding fresh food, stood at -0.3% and -0.1%, respectively, in January 2004. Temporary price increases in products such as food, tobacco and medical care are, however, currently exerting upward pressure on prices. The GDP deflator, which declined by 2.6% year on year in the fourth quarter, signalled more pronounced deflationary pressures.

Japanese authorities intervened in foreign exchange markets in January 2004, reflecting concerns about exchange rate developments. Moreover, at its policy meeting on 20 January 2004, the Bank of Japan decided to ease monetary policy conditions further by raising the target for the balance of current accounts to JPY 30-JPY 35 trillion, up from JPY 27-JPY 32 trillion.

UNITED KINGDOM

In the United Kingdom, the economy continued to pick up in the fourth quarter of 2003, with real GDP growth increasing to a quarterly rate of 0.9%, resulting in an annual growth rate of 2.8%. As in previous quarters, private consumption was the main driver of growth, rising by a quarterly rate of 1.1% in the fourth quarter. Gross fixed capital formation recovered during the fourth quarter, rising by a quarterly rate of 1.6% and supported by a pick-up in business investment in both manufacturing and services. Exports picked up to reach a quarterly rate of 1.8%, driven by trade in goods. Looking ahead, real GDP growth is likely to remain strong. The broad picture is one of steady growth in consumer spending, with robust growth in public expenditure, an improvement in the contribution of net trade and a pick-up in private investment.

HICP inflation was 1.4% in January 2004, 0.1 percentage point above the average rate in the fourth quarter of 2003. Despite a gradual tightening in the labour market, earnings growth has remained broadly stable. In December 2003, average earnings rose by 3.4% on an annual basis. In the third quarter of 2003, unit wage costs increased by 2.5% (year on year). Increases in import prices have remained subdued, despite the depreciation of the pound sterling in the first half of 2003.

On 5 February 2004, the Bank of England's Monetary Policy Committee (MPC) raised its repo rate by 0.25 percentage point to 4.0%. The MPC explained its decision by referring to the increasing strength of the recovery in the global economy and in the United Kingdom, where output growth was above trend in the second half of 2003, with a further pick-up being expected. Furthermore, household spending and borrowing had been resilient, and the housing market had also remained strong. The MPC expected the high output growth to gradually increase inflationary pressures over the coming years. Against this background, the MPC felt that an increase in the repo rate was necessary to keep inflation on track and to meet the 2% target in the medium term.

OTHER EUROPEAN COUNTRIES

In Denmark, quarter-on-quarter real GDP growth picked up to reach 0.3% in the fourth quarter, compared with -0.1% in the third quarter. The upturn was mainly due to significant growth in private consumption, which was driven by spending on durable goods and vehicles. Looking ahead, real GDP is expected to increase further, supported by strengthening investment and private consumption. The annual rate of HICP inflation declined to 1.0% in January 2004, compared with 1.3% in the fourth quarter of 2003.

In Sweden, quarter-on-quarter real GDP rose by 0.5% in the third quarter of 2003, 2.0% year on year, compared with 0.3% in the second quarter. Household consumption and net exports were the main contributors to output growth, while investment and changes in inventories had a negative impact on output growth. Annual HICP inflation stood at 1.3% in January 2004, down from an

average of 1.9% in the fourth quarter of 2003. This decline mainly reflected a base effect stemming from higher energy prices in early 2003. At its meeting on 5 February 2004, the Riksbank decided to lower the repo rate from 2.75% to 2.50%, reflecting new information indicating that both domestic and international cost pressures, and consequently inflation, would be somewhat lower during the forecast period. Looking ahead, real GDP is expected to strengthen owing to a recovery in investment against a background of low interest rates, higher capacity utilisation and growing confidence.

In Switzerland, the latest national account data showed positive GDP growth in the third quarter of 2003, following three consecutive quarters of declining activity. Recent surveys suggest that the economy has accelerated further in the fourth quarter. The third consecutive monthly decline in unemployment in January 2004 (on a seasonally adjusted basis), together with modest gains in the consumer confidence index, are likely to support private consumption growth, which has remained slow so far. Overall, available information point to a further improvement in the economic situation. With regard to price developments, CPI inflation was 0.2% (year on year) in January, compared with 0.6% in December.

In the EU acceding countries, recent data releases confirm a positive economic environment. The factors driving growth, however, are different across countries. In many acceding countries, growth is supported mainly by domestic demand, whereas in others, net exports are the main driving force. Looking ahead, the upturn in acceding countries is expected to continue, underpinned by a recovery in the euro area. Inflation, which in most countries stood below 5%, picked up somewhat around the turn of the year, generally reflecting country-specific factors such as increases in administered prices or indirect taxes.

At the country level, in the Czech Republic, real GDP growth increased to 3.4% (year on year) in the third quarter of 2003. Growth was driven by final consumption expenditure and capital formation, whereas net exports had a negative impact on growth. Inflation increased gradually to 2.3% (year on year) in January 2004. This was due to higher food and housing prices, but also to increases in VAT and excise duties as well as in regulated prices. In Hungary, according to preliminary data, annual output growth rose to 3.5% in the fourth quarter of 2003. Activity indicators suggest that the main driving force behind this growth was buoyant private consumption. CPI inflation was 6.6% (year on year) in January 2004, up from 5.4% in the fourth quarter of 2003. This development was, to a large extent, due to the rise in VAT and other indirect tax rates in January 2004. In Poland, the recovery in GDP growth has also continued. Preliminary figures suggest that real GDP increased by 4.7% in the fourth quarter of 2003 – mainly driven by strong performance in the export sector – compared with 3.9% in the third quarter. Short-term indicators point to a further strengthening of the recovery at the beginning of 2004. CPI inflation was 1.7% (year on year) in January 2004, against an average increase of 1.5% in the fourth quarter of 2003. This pick-up in inflation was mainly driven by an increase in food prices.

In Russia, the economy has continued to expand strongly. Real GDP rose by 5.7% (year on year) in the third quarter of 2003. The increase in industrial production by 7.4% (year on year) in the fourth quarter of 2003 signals a further strengthening of real GDP growth. In January 2004, consumer prices increased by 11.4% (year on year), compared with 12.4% and 12.0% in November and December, respectively. Russia had a significant trade surplus in 2003 (USD 60 billion), which largely reflected high oil prices.

NON-JAPAN ASIA

In non-Japan Asia, new data releases confirmed the ongoing robust expansion in economic activity. Benefiting from rising demand in the United States and growing intra-regional trade, exports from major Asian economies, particularly China, Korea, Malaysia and Thailand, surged in the second half of 2003. Meanwhile, domestic demand in China, India, Singapore, Thailand and Indonesia also rose strongly.

In China, annual GDP growth reached 9.1% in 2003, the fastest growth in seven years. Growth increased towards the end of 2003. This trend continued in early 2004, with industrial production rising by a seasonally adjusted 19.1% (year on year) in January, mainly driven by an increase in fixed asset investment. CPI inflation was 3.2% in January 2004, the same as in the previous month and the highest in seven years. In addition to surging food prices, the rapid expansion in industrial production has resulted in an electricity shortage and a rise in raw material prices. China's central bank has signalled its intention to tighten monetary policy, by aiming for a money supply growth rate of around 17% in 2004, down from 19.6% in 2003, and by committing to cap new domestic currency loans at a 7.1% lower level than 2003.

In South Korea, economic activity has continued to expand, with industrial production rising by 11.9% (year on year) in the fourth quarter of 2003. The economic recovery is, however, still not broadly based. While export growth has been very strong, largely as a result of the pick-up in global growth and in particular the unfolding of the information technology replacement cycle, consumer expenditure and business investment have remained subdued.

Turning to the outlook, economic prospects for non-Japan Asia are bright. World demand is expected to remain supportive, thereby contributing to sustaining the momentum of export growth. Furthermore, domestic demand is expected to continue to improve, driven by an overall stronger recovery in household expenditure and export-related investment activity. However, there are some downside risks to this positive outlook. In the short term, the ongoing bird flu epidemic has spread to ten economies in the region, but is currently not expected to have a wider impact on economic growth in the region. Risks also relate to a potential overheating of the Chinese economy and its consequence for growth in the region.

LATIN AMERICA

In Latin America, signs are firming that an economic recovery is under way. Mexico's real GDP expanded by 2% (year on year) in the fourth quarter of 2003, following growth of only 0.6% (year on year) in the previous quarter. Export growth, supported by a reinvigorated US economy, has been the main contributor to this performance. The manufacturing sector contracted once again in the fourth quarter of 2003, but at a much slower pace than earlier in 2003. The Brazilian economy contracted by 0.1% (year on year) in the last quarter of 2003, recording a third consecutive quarterly decline. While export growth has recently been rather strong, domestic demand has remained constrained by high, albeit declining, financing costs. Argentina has posted the strongest output growth in the region, following its severe economic downturn in recent years. The increase in industrial production by 12% (year on year) in January 2004 was rather broadly based. This recovery, however, remains uncertain due to the ongoing negotiations with private creditors over the country's large external debt.

1.2 COMMODITY MARKETS

Oil prices rose in February 2004 after the Organization of Petroleum Exporting Countries decided to restrict production in order to preempt an expected seasonal fall in demand in the second quarter of 2004. Oil prices have also been supported by relatively strong demand in the United States and Asia, low levels of commercial oil stocks in the United States, and concerns over the security of oil supplies from Venezuela. The price of Brent crude oil reached USD 33.3 (€27.4) on 3 March. Market participants expect oil prices to remain relatively high throughout the year, with futures prices declining only gradually to USD 29.8 by the end of 2004.

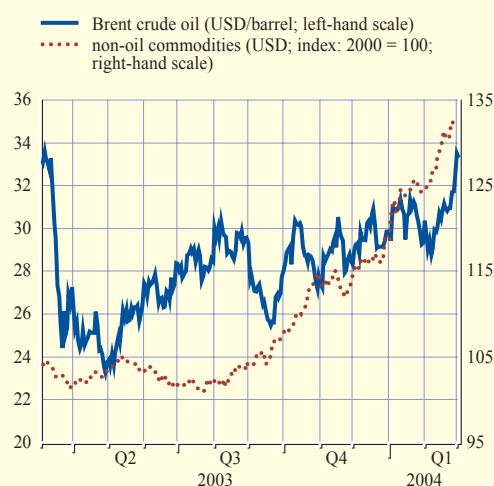
Moreover, the relatively sharp increase (in dollar terms) in other commodity prices observed since mid-2003 continued in early 2004 (see Chart 2). In US dollar terms, non-energy commodity prices in February 2004 were 26.0% higher than a year earlier. Several factors contributed to the strengthening of non-energy commodity prices. The main determinant was a pick-up in demand for raw materials following improved global economic conditions, while the global supply of some commodities has not yet adjusted to this rise in demand. In addition, the weakening of the US dollar and speculative behaviour in some commodities also contributed to recent price increases (see Box 4).

1.3 OUTLOOK FOR THE EXTERNAL ENVIRONMENT

The global outlook has improved significantly over recent months. The recovery of global economic activity and world trade has broadened and strengthened, supported by expansionary economic policies and favourable financing conditions. A revival in domestic demand worldwide is ongoing, while geopolitical tensions, far from having disappeared, have nonetheless declined.

Risks to the world economic outlook continue to be broadly balanced. Economic activity could be stronger than anticipated if productivity growth continues its upward trend. On the downside, the main risks relate to a sudden adjustment of imbalances and higher than expected inflationary pressures resulting from higher commodity prices.

Chart 2 Main developments in commodity markets



Sources: Datastream and Hamburg Institute of International Economics.

2 MONETARY AND FINANCIAL DEVELOPMENTS

2.1 MONEY AND MFI CREDIT

Annual M3 growth declined in January 2004, thereby continuing the downward trend that began in the summer months of 2003. It appears that euro area investors are gradually shifting the structure of their portfolios towards longer-term and riskier financial assets outside M3. At the same time, the low level of interest rates continued to fuel the demand for monetary assets. In this environment, the annual growth rate of MFI loans to the private sector increased gradually, mainly reflecting strong demand by households. By contrast, non-financial corporations' demand for MFI loans remained subdued. The recent moderation of M3 growth notwithstanding, there remains significantly more liquidity in the euro area than needed to finance non-inflationary economic growth.

THE BROAD MONETARY AGGREGATE M3

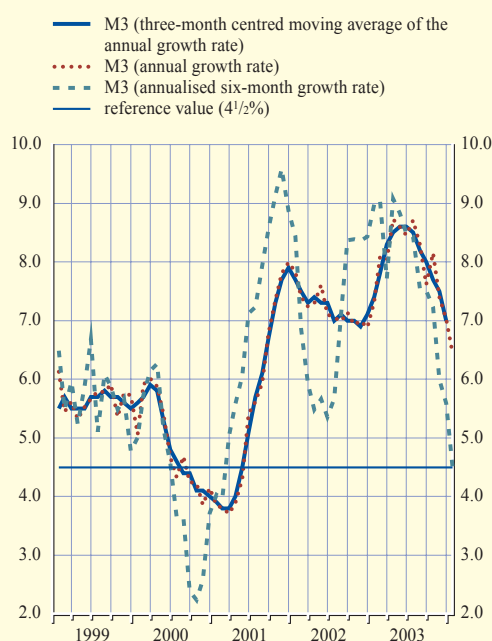
The annual growth rate of the broad monetary aggregate M3 declined to 6.4% in January 2004, from 7.0% in December and a peak of 8.7% in July 2003, thereby confirming earlier evidence of a gradual moderation of M3 growth since the summer months of 2003 (see Chart 3). Moreover, shorter-term growth rates suggest that the weakening of M3 growth is gaining momentum. The annualised six-month growth rate of M3 declined to 4.5%, a level not seen since early 2001. This continued moderation mainly reflected euro area economic agents gradually shifting the structure of their portfolios towards longer-term and riskier financial assets, following the significant improvement in financial market conditions since the spring of 2003. Overall, however, the restructuring of portfolios proceeded relatively slowly. The low level of interest rates and hence opportunity costs of holding money also continued to fuel the demand for, in particular, the most liquid monetary assets included in the narrow aggregate M1. In addition, the increasing growth in credit to euro area residents has contributed to faster money creation over the recent past.

In spite of the moderation of M3 dynamics since the summer of 2003, there is still significantly more liquidity in the euro area than needed to finance non-inflationary economic growth. This is illustrated by the development of the measures of the nominal and real money gaps, which show the cumulative deviations of M3 growth from its reference value since the beginning of 1999.¹ Both measures have

¹ The measure of the nominal money gap is the difference between the actual level of M3 and the level of M3 that would have resulted from constant M3 growth at its reference value of 4½% since December 1998 (taken as the base period). The measure of the real money gap is the difference between the actual level of M3 deflated by the HICP and the deflated level of M3 that would have resulted from constant nominal M3 growth at its reference value of 4½% and HICP inflation in line with the ECB's definition of price stability, again using December 1998 as the base period.

Chart 3 M3 growth and the reference value

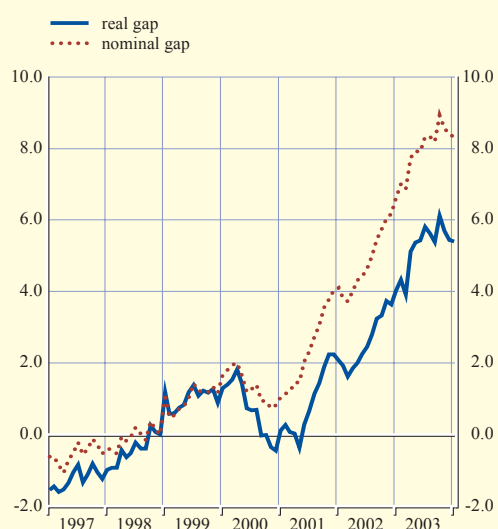
(annual percentage changes; adjusted for seasonal and calendar effects)



Source: ECB.

Chart 4 Estimates of the nominal and real money gaps

(as percentages of the stock of M3; adjusted for seasonal and calendar effects)



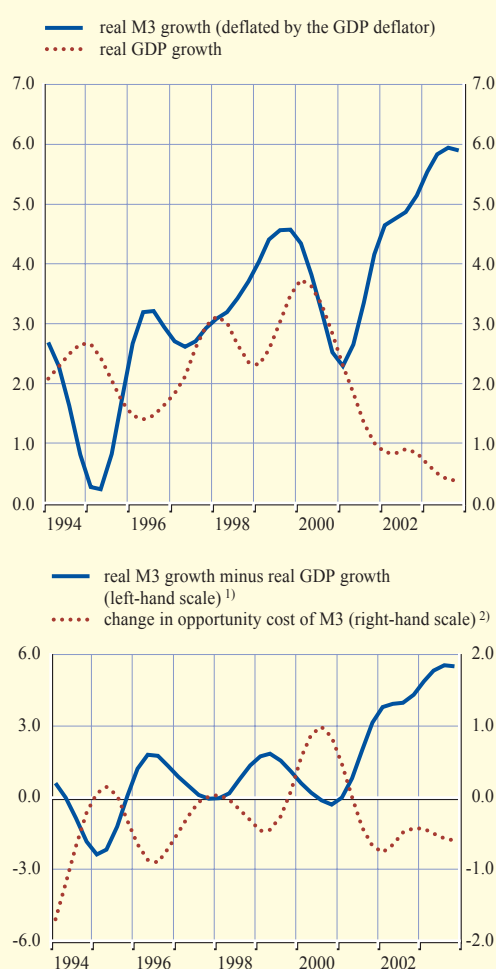
Source: ECB.
Note: For details see footnote 1 above.

levelled off at high levels over recent months (see Chart 4). While some caution is warranted when interpreting the exact level of these measures – mainly because the choice of the base period is to some extent arbitrary – this should not alter the conclusion that a large amount of excess liquidity has been accumulated in the euro area.

A substantial part of this excess liquidity is related to past portfolio shifts, most of which took place in the context of heightened stock market volatility and the continued fall in stock prices between mid-2001 and early 2003. The impact on M3 of exceptional factors also becomes evident when comparing M3 growth with the developments in its main traditional determinants, namely real GDP growth and changes in the opportunity cost of M3. The major part of the growing gap between M3 growth and GDP growth during the past two years cannot be explained by the decline in the opportunity cost (see Chart 5). This confirms that other factors, such as portfolio shifts and precautionary savings, fuelled M3 growth considerably during that period.

Chart 5 Real M3, real GDP and opportunity costs of M3

(four-quarter moving averages of annual percentage changes)



Source: ECB.
Note: Data for M3, GDP and the GDP deflator are seasonally adjusted.
1) Calculated as the difference between M3 growth deflated by the GDP deflator and real GDP growth.
2) The opportunity cost of M3 is defined as the difference between the three-month money market rate and the own rate of return on M3.

MAIN COMPONENTS OF M3

All main components have contributed to the gradual decline in annual M3 growth after the second quarter of 2003, with the exception of M1 (see Table 1). The annual growth rate of this narrow monetary aggregate stood at 11.2% in January, compared with 11.3% in the second quarter of 2003. The continued strong growth was partly related to the robust demand for euro banknotes from both inside and outside the euro area. The protracted period of high growth of currency holdings since the cash changeover in January 2002 has brought the stock of currency in circulation broadly back into line with the long-term trend observed before the introduction of the euro banknotes and coins. Nevertheless the rebuilding of currency is not yet showing any clear sign of a slowdown. Overnight deposits also expanded strongly, as the demand for these deposits continued to be fuelled by the low opportunity costs of holding such assets.

The annual growth rate of short-term deposits other than overnight deposits declined to 3.7% in January, from 4.6% in December and 5.5% in the second quarter of 2003. This weakening growth mirrored the development of both short-term time deposits (i.e. deposits with an agreed maturity of up to and including two years) and short-term savings deposits (i.e. deposits redeemable at a period of notice of up to and including three months). Euro area economic agents continued to reduce their holdings of short-term time deposits, reflecting their relatively low remuneration by comparison with more liquid kinds of deposit. The annual rate of growth of short-term savings deposits also declined further, albeit remaining relatively high. The reduced demand for short-term savings deposits could be related to somewhat weaker precautionary savings, which in turn may reflect the slight improvement in consumer confidence in the euro area.

Finally, the annual growth rate of marketable instruments included in M3 continued to decline, to 1.1% in January, from 4.2% in December and 9.8% in the second quarter of 2003. The decrease since the second quarter of 2003 has been partly driven by a slowing rate of expansion of money market fund shares/units (to 8.5% in January, compared with 17.5% in the second quarter of

Table 1 Summary table of monetary variables

(quarterly figures are averages; adjusted for seasonal and calendar effects)

	Outstanding amount as a percentage of M3 ¹⁾	Annual growth rates							
		2002 Q4	2003 Q1	2003 Q2	2003 Q3	2003 Q4	2003 Dec.	2004 Jan.	
M1	44.1	8.8	10.1	11.3	11.5	11.2	10.5	11.2	
Currency in circulation	6.4	12.9	39.1	35.7	29.6	26.2	25.0	25.0	
Overnight deposits	37.6	8.2	6.6	8.1	8.9	9.1	8.4	9.1	
M2 - M1 (= other short-term deposits)	41.4	4.8	4.3	5.5	5.7	4.7	4.6	3.7	
Deposits with agreed maturity of up to and including two years	16.7	1.5	0.4	0.0	-1.5	-3.2	-2.6	-3.7	
Deposits redeemable at notice of up to and including three months	24.6	7.6	7.5	9.9	11.4	10.9	10.2	9.4	
M2	85.4	6.7	7.1	8.3	8.5	7.9	7.5	7.4	
M3 - M2 (= marketable instruments)	14.6	8.5	10.5	9.8	7.4	6.0	4.2	1.1	
M3	100.0	7.0	7.6	8.5	8.3	7.6	7.0	6.4	
Credit to euro area residents	169.3	4.1	4.2	4.8	5.4	5.9	5.9	5.9	
Credit to general government	36.5	2.0	2.1	3.5	4.9	6.6	6.6	6.2	
Loans to general government	13.5	-1.2	-1.2	-0.4	1.0	1.5	1.9	1.4	
Credit to the private sector	132.8	4.7	4.8	5.1	5.5	5.7	5.8	5.8	
Loans to the private sector	115.6	4.8	5.0	4.6	4.9	5.3	5.5	5.5	
Longer-term financial liabilities (excluding capital and reserves)	51.3	5.2	5.1	5.2	5.6	6.4	6.6	7.1	

Source: ECB.

1) As at the end of the last month available. Figures may not add up due to rounding.

2003). The decline is even more visible in the shorter-term growth rates. The annualised six-month rate of growth of money market fund shares/units has declined very rapidly following the recovery in stock prices and the lower volatility in stock markets since early 2003 (see Chart 6). This is in line with euro area economic agents having started to unwind past portfolio shifts, since these instruments, in particular, were used to “park” funds in a safe and liquid form during the period of falling stock prices and heightened stock market volatility between mid-2001 and early 2003.

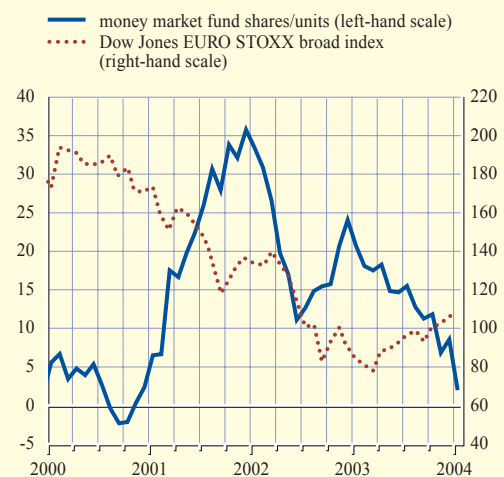
MAIN COUNTERPARTS OF M3

Turning to the main counterparts of M3 in the consolidated balance sheet of the MFI sector, the annual rate of growth of MFI loans to the private sector stood at 5.5% in January, compared with a low of 4.6% in the second quarter of 2003 (see Table 1). The gradual pick-up in the rate of expansion of MFI loans to the private sector was probably driven by the improving outlook for economic growth in combination with the continuing low level of bank lending rates in the euro area.

With the release of the January 2004 data, annual growth rates for the different breakdowns of MFI loans to the private sector are now available on a monthly basis. These data suggest that MFI loans to households continued to expand at a strong pace in January 2004 (see Table 2). In particular, the annual growth rate of MFI loans to households for house purchase continued its upward trend. The

Chart 6 Money market fund shares/units and stock prices

(annualised six-month growth rate; index: December 1997 = 100)



Sources: Reuters, ECB.

Note: Data for money market fund shares/units are adjusted for seasonal and calendar effects.

Table 2 MFI loans to the private sector

(end of period; not adjusted for seasonal and calendar effects)

	Outstanding amount as a percentage of total ¹⁾	Annual growth rates					
		2002 Q4	2003 Q1	2003 Q2	2003 Q3	2003 Q4	2004 Jan.
Non-financial corporations	42.8	3.4	3.7	3.6	3.6	3.5	3.1
Up to one year	31.5	-2.6	-1.0	0.5	-0.8	-0.9	-3.3
Over one and up to five years	17.4	6.3	5.8	2.4	4.5	3.7	5.5
Over five years	51.1	6.8	6.4	6.2	6.4	6.3	6.7
Households ²⁾	49.5	5.8	5.8	5.5	5.8	6.4	6.5
Consumer credit ³⁾	13.7	3.9	3.0	3.3	2.3	3.0	4.1
Lending for house purchase ³⁾	67.2	7.7	7.6	7.3	7.5	7.9	8.3
Other lending	19.1	1.2	2.4	1.2	2.7	3.7	2.3
Insurance corporations and pension funds	0.6	-11.1	7.2	4.7	10.4	14.2	2.3
Other non-monetary financial intermediaries	7.0	5.9	1.9	3.8	6.0	11.0	13.4

Source: ECB.

Note: For further details, see footnotes to Table 2.4 in the “Euro area statistics” section and the relevant technical notes.

1) As at the end of the last month available. Sector loans as a percentage of total MFI loans to the private sector; maturity breakdown and breakdown by purpose as a percentage of MFI loans to the respective sector. Figures may not add up due to rounding.

2) As defined in the ESA 95.

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

sustained buoyant expansion of these loans probably reflected the low mortgage interest rates in the euro area and the continuing house price increases in some euro area countries. Annual growth of consumer credit also increased further, to 4.1% in January (from a low of 2.3% in the third quarter of 2003). While this is partly due to a base effect, it might also reflect the slight improvement in consumer confidence in the euro area. Finally, the annual rate of growth of other lending to households dropped again, to 2.3% in January, compared with 2.7% in the third quarter of 2003.

The annual growth of MFI loans to non-financial corporations remained subdued. It declined to 3.1% in January 2004, having fluctuated between 3½% and 4% for one and a half years. By contrast, the growth in MFI loans to non-monetary financial intermediaries excluding insurance corporations and pension funds remained high. Part of these loans may be indirectly channelled to the non-financial corporations.

The annual growth rate of the broader aggregate MFI credit to the private sector (including both MFI loans and MFI holdings of securities issued by the private sector) was 5.8% in January. This rate showed an upward trend after a low of 4.7% in the last quarter of 2002. The annual growth rate of MFI credit to general government remained high in January 2004, after increasing further in the fourth quarter of 2003, probably reflecting the rise in borrowing needs.

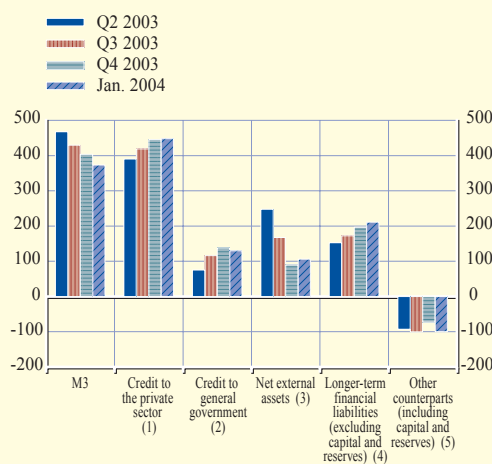
Among the other counterparts of M3, the annual rate of growth of MFI longer-term financial liabilities (excluding capital and reserves) rose further in January, thus continuing the upward trend which started in the summer of 2003. This development reflected economic agents' rising demand for longer-term deposits and bank bonds. This supports the hypothesis that investors have started more generally to shift the structure of their portfolios towards longer-term financial assets, in line with the rather steep yield curve and low bond market volatility.

Finally, the annual increase in MFI net external assets rose somewhat, owing to a large positive monthly flow of €53 billion in January, thereby interrupting the declining tendency seen over the past six months. However, monthly developments should not be overemphasised. Moreover, the annual increase remained below that observed over the twelve months up to November 2003. Changes in MFI net external assets reflect, to a large extent, transactions that take place between non-euro area residents and euro area agents other than MFIs and that are settled via the euro area MFI sector. Euro area balance of payments data (which are available up to December only) indicated that the trend decline in the annual increase in MFI net external assets after June 2003 was mainly due to larger financial outflows from the euro area. The larger outflows in turn reflected euro area investors' growing demand for foreign equity and bonds.

Summarising the information from the counterparts of M3, the continued moderation

Chart 7 Movements in M3 and its counterparts

(annual flows; end of period; EUR billions; adjusted for seasonal and calendar effects)



Source: ECB.
M3 = 1 + 2 + 3 - 4 + 5

in M3 growth has been accompanied by rising growth rates of MFI longer-term financial liabilities (excluding capital and reserves) and by declining annual increases in MFI net external assets (see Chart 7). Both factors support the hypothesis that euro area economic agents have started to change the structure of their portfolios in favour of longer-term and riskier financial assets outside M3. At the same time, the robust growth of MFI credit to euro area residents continued to fuel M3 growth.

OVERALL ASSESSMENT OF LIQUIDITY CONDITIONS IN THE EURO AREA

In spite of the moderation of M3 dynamics since the summer of 2003, there is still significantly more liquidity in the euro area than needed to finance non-inflationary economic growth. Whether or not this excess liquidity will translate into inflationary pressures over the medium to long term depends largely on the extent and speed of the future reversal of portfolio shifts and/or the prospective strength of economic growth in the euro area. Were euro area investors to change the structure of their portfolios only in a very gradual way and/or were the economic recovery to proceed more quickly than is currently expected, excess liquidity could translate into inflationary pressures over the medium term. It is therefore crucial to monitor carefully the future development of excess liquidity in conjunction with the incoming information on the strength of the economic recovery in the euro area.

2.2 SECURITIES ISSUANCE

In the fourth quarter of 2003 the annual rate of growth of debt securities issuance by euro area residents increased slightly. Corporate debt issuance remained buoyant, reflecting attractive issuance conditions. In contrast, issuance of quoted shares by euro area residents continued to grow modestly.

DEBT SECURITIES

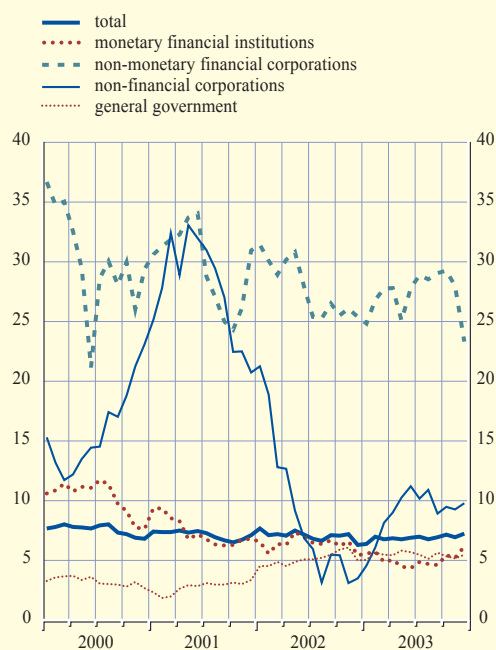
The annual rate of growth of debt securities issuance by euro area residents increased slightly to 7.1% in the last quarter of 2003, from 6.9% in the previous quarter (see Chart 8). Underlying this overall increase was a rise in long-term debt securities issuance and a fall in short-term debt securities issuance.

Looking at the sectoral breakdown, the annual growth rate of debt securities issuance by MFIs increased by 0.9 percentage point in the last quarter of 2003 to 5.6% (see Table 3). This may have been partly due to the downward trend in corporate bond spreads for financial issuers.

In the non-MFI corporate sector, which includes both non-monetary financial corporations and

Chart 8 Sectoral breakdown of debt securities issuance by euro area residents

(annual percentage changes)



Source: ECB.

Note: Growth rates are based on financial transactions and therefore do not include reclassifications, revaluations, exchange rate variations and other changes that do not arise from transactions.

Table 3 Securities issuance by euro area residents

Issuing sector	Amount outstanding, (EUR billions) 2003 Q4	Annual growth rates (annual percentage changes ¹⁾)				
		2002 Q4	2003 Q1	2003 Q2	2003 Q3	2003 Q4
Debt securities issuance:	8,692	6.9	6.7	6.9	6.9	7.1
MFIs	3,302	6.1	5.4	4.6	4.7	5.6
Non-monetary financial corporations	678	25.7	26.5	26.9	28.8	26.9
Non-financial corporations	580	4.0	6.3	10.2	10.0	9.5
General government	4,131	5.7	5.4	5.7	5.4	5.4
<i>of which:</i>						
Central government	3,913	4.8	4.4	4.7	4.7	4.6
Other general government	217	28.4	31.4	28.8	22.0	22.1
Quoted share issuance:	3,647	1.0	0.7	1.1	1.1	1.1
MFIs	569	0.8	0.6	0.7	1.0	1.4
Non-monetary financial corporations	348	0.5	0.3	2.0	2.1	2.5
Non-financial corporations	2,729	1.1	0.8	1.1	1.0	0.9

Source: ECB.

1) Quarterly average of monthly annual growth rates for quoted shares and debt securities.

non-financial corporations, the annual growth rate of debt securities issuance decreased by 0.7 percentage point in the last quarter of 2003 to 18.1%. This decrease was mainly due to a decline in the growth rate of debt securities issuance by non-monetary financial corporations. Nevertheless, the issuance in this sector remained particularly high, partly reflecting the widespread use of financial subsidiaries by non-financial corporations to issue debt securities. The annual growth rate of debt securities directly issued by non-financial corporations decreased slightly in the fourth quarter of 2003 to 9.5%. Despite this, however, direct issuance by non-financial corporations has remained strong, which might reflect, among other factors, the relatively low cost of bond issuance both in absolute terms and compared with other sources of external finance, in particular equity issuance.

Regarding the government sector, the annual growth rate of debt securities issuance by general government was 5.4% in the fourth quarter of 2003, unchanged from the previous quarter. While central government issuance remained broadly stable at a rate of around 4.6% in 2003, other parts of general government (such as state and local governments) continued to issue debt securities at a very high rate.

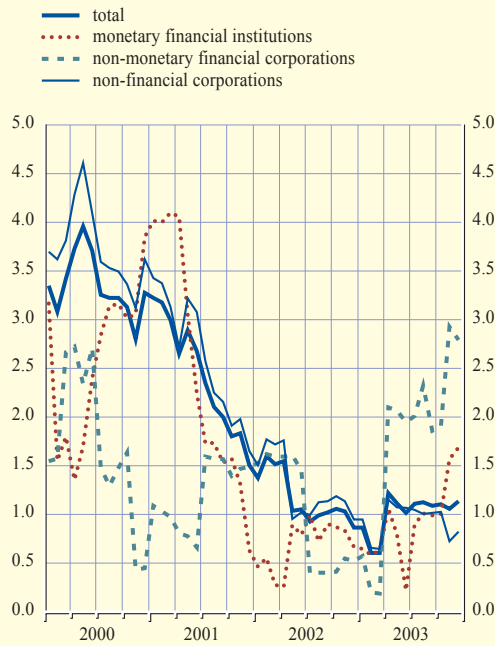
QUOTED SHARES

The annual growth rate of quoted share issuance by euro area residents stood at 1.1% in the fourth quarter of 2003. It has remained broadly stable at this relatively low level since the second quarter of 2003 (see Chart 9 and Table 3).

Turning to the sectoral breakdown, the annual growth rate of quoted share issuance by non-financial corporations, which accounted for almost three-quarters of total amounts outstanding, remained broadly unchanged. At the same time, the annual growth rate of quoted share issuance by MFIs and by non-monetary financial corporations increased slightly. Overall, equity market issuance remained subdued in 2003. The volume of initial public offerings (IPOs) in euro area stock markets was particularly low in the second half of 2003, while the volume of secondary offerings increased somewhat. However, data concerning planned IPOs provide some tentative evidence of a potential increase in equity issuance in 2004.

Chart 9 Sectoral breakdown of quoted share issuance by euro area residents

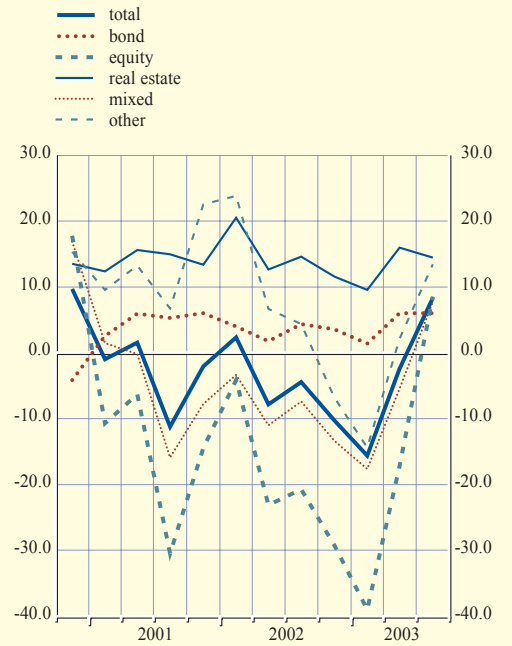
(annual percentage changes)



Source: ECB.
Note: Growth rates are based on financial transactions and therefore do not include revaluations and other changes that do not arise from transactions.

Chart 10 Total assets of investment funds (by investment policy)

(annual percentage changes)



Source: ECB.

2.3 INSTITUTIONAL INVESTORS

The annual rate of change in the value of the total assets of euro area investment funds increased strongly in the third quarter of 2003, driven in particular by a rise in equity prices. At the same time, the annual rate of growth of financing and investment of insurance corporations and pension funds remained robust.

INVESTMENT FUNDS

The annual rate of change in the value of the total assets of euro area investment funds increased strongly to 8.3% in the third quarter of 2003, from -2.5% in the previous quarter (see Chart 10). This increase was largely driven by financial asset price developments. In particular, the value of total assets held by equity funds, which represented one-fifth of total assets of all investment funds, rose significantly to 8.6% in the third quarter of 2003 (year on year), from -17.2% in the previous quarter. By way of comparison, the Dow Jones EURO STOXX index increased by 11.8% in the third quarter of 2003 (year on year). In contrast, annual growth in the balance sheet total of euro area bond funds, which accounted for two-fifths of total assets of all investment funds, stood at 6.0% in the third quarter of 2003, unchanged from the previous quarter.

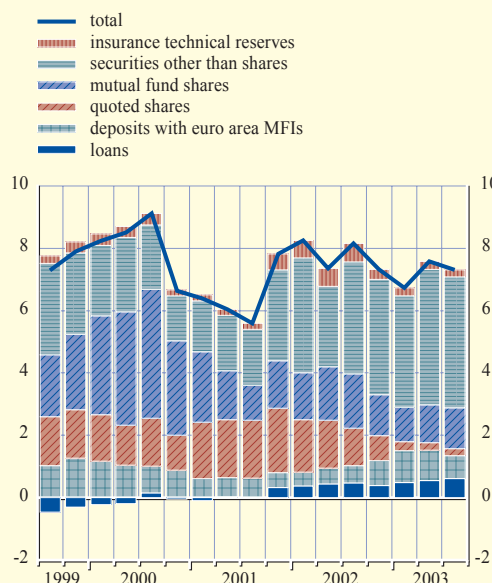
INSURANCE CORPORATIONS AND PENSION FUNDS

The annual growth rate in the financial investment of insurance corporations and pension funds (ICPFs) in the euro area decreased from 7.6% in the second quarter of 2003 to 7.3% in the third quarter (see Chart 11). This decrease reflected lower annual growth rates for the acquisition of debt securities (10.9% against 12.0% in the second quarter of 2003) and for holdings of deposits with euro area MFIs (4.9% against 6.7%). At the same time, the annual growth rates for most other financial investments by ICPFs increased, notably for the acquisition of mutual fund shares.

On the liability side of the ICPF sector, the annual growth rate of technical reserves (which account for around 95% of the liabilities of insurance corporations and pension funds and mainly reflect investment by households and corporations in insurance and pension products) was broadly unchanged in the third quarter of 2003 at 6.9%.

Chart 11 Financial investment of insurance corporations and pension funds

(annual growth rates; contributions in percentage points)



Source: ECB.

2.4 FINANCING AND FINANCIAL INVESTMENT OF THE NON-FINANCIAL SECTOR

Overall, financing developments in the fourth quarter of 2003 confirmed a general upward trend for households, while the financing of the non-financial corporate sector remained subdued. On the financial investment side, data available for the third quarter confirmed the picture of cautious portfolio shifts towards longer-term investment.

FINANCING OF THE NON-FINANCIAL SECTOR

The annual rate of growth of overall financing of the non-financial sector (i.e. households, non-financial corporations and general government) is estimated to have been stable in the fourth quarter of 2003, at 5%, after some recovery in the previous quarters (see Table 4). The debt financing of the non-financial sector continued to grow at a steady pace in the fourth quarter of 2003, at an annual rate of 5¼%, which was broadly similar to that for the third quarter. Debt financing continued to be supported by the low cost of financing, the dynamic housing markets in some euro area countries and general government borrowing needs. This contrasts with the continued subdued issuance of quoted shares in the fourth quarter of 2003.

The annual rate of growth of household debt financing is estimated to have risen to 7¼% in the fourth quarter of 2003, from 7.0% in the third quarter. This is entirely due to a further increase in the annual growth of long-term debt financing (with an original maturity of over one year), with the sustained demand for loans for house purchase being the main factor behind this development. As a consequence, the debt-to-GDP ratio of households is estimated to have increased slightly in the fourth quarter, reaching 53% (see Chart 12). Despite the rising trend in debt, the interest

Table 4 Financing of euro area non-financial sector

	Outstanding amount as a percentage of (sector) financing ¹⁾	Annual growth rates									
		2001 Q3	2001 Q4	2002 Q1	2002 Q2	2002 Q3	2002 Q4	2003 Q1	2003 Q2	2003 Q3	2003 Q4 ²⁾
Non-financial sector	100	5.0	4.5	4.5	4.2	4.1	3.9	4.3	4.7	5.0	5
<i>of which: long-term financing³⁾</i>	85.0	4.7	4.4	4.8	4.6	4.7	4.1	4.1	4.2	4.8	4 ¾
Debt financing ⁴⁾	84.7	6.2	5.6	5.4	5.2	4.8	4.7	5.3	5.6	5.8	5 ½
<i>of which: short-term debt financing</i>	15.0	7.0	5.4	2.6	1.6	0.8	2.1	5.2	7.1	6.5	5
<i>of which: long-term debt financing</i>	69.7	6.0	5.6	6.0	6.0	5.7	5.3	5.3	5.2	5.6	5 ½
Households^{4),5)}	23.2	5.8	5.7	5.7	6.2	6.4	6.6	6.6	6.3	7.0	7 ¼
<i>of which: short-term debt financing</i>	7.3	0.7	-0.7	-0.6	1.0	1.2	1.9	1.0	-1.0	-1.3	-1 ½
<i>of which: long-term debt financing</i>	92.7	6.3	6.3	6.3	6.7	6.9	7.0	7.1	7.0	7.7	8
Non-financial corporations	43.4	6.2	5.1	4.3	3.5	2.9	2.5	2.9	3.3	3.5	3 ¼
<i>of which: long-term financing</i>	80.7	5.8	5.2	5.1	4.9	4.5	3.5	3.4	3.2	3.7	3 ½
Debt financing ⁴⁾	64.8	11.4	8.8	6.7	5.8	4.2	3.9	4.9	5.1	4.9	4 ¼
<i>of which: short-term debt financing</i>	19.3	8.6	4.7	0.6	-3.0	-3.6	-2.5	0.4	3.9	3.0	3
<i>of which: long-term debt financing</i>	45.5	12.7	10.9	9.8	10.2	8.0	7.0	7.0	5.6	5.7	5 ½
<i>of which: loans</i>	52.4	9.9	7.1	5.5	5.3	3.7	3.8	4.4	4.1	4.2	4
<i>of which: securities other than shares</i>	8.4	26.7	24.5	16.3	9.7	7.2	4.3	8.0	11.5	9.2	9 ½
<i>of which: pension fund reserves</i>	3.9	5.1	4.6	4.7	4.7	4.9	5.2	5.1	5.1	5.1	5 ½
Quoted shares	35.2	1.7	1.5	1.7	0.9	1.2	0.7	0.4	0.8	1.0	¾
General government⁴⁾	33.4	2.3	2.8	4.1	4.0	4.3	4.1	4.8	5.5	5.7	5 ¼
<i>of which: short-term debt financing</i>	14.8	6.5	9.5	8.4	11.9	9.9	11.6	16.5	16.2	15.7	11 ¼
<i>of which: long-term debt financing</i>	85.2	1.6	1.8	3.5	2.8	3.4	2.9	3.0	3.7	4.0	4 ¼
<i>of which: loans</i>	16.0	-1.5	-0.5	0.4	-0.6	-0.8	-2.1	-2.2	-0.5	1.0	2 ¼
<i>of which: securities other than shares</i>	80.8	3.0	3.2	4.6	4.6	5.0	5.2	6.1	6.5	6.3	5 ½
<i>of which: central government deposit liabilities</i>	3.2	6.5	12.0	14.0	14.1	14.1	11.4	12.2	12.3	13.1	8 ½

Source: ECB.

Note: See also Table 3.2 in the "Euro area statistics" section of the Monthly Bulletin.

1) As at the end of the third quarter of 2003. Short-term and long-term (debt) financing and sector financing as a percentage of financing. Sector short-term and long-term (debt) financing and financing instruments as a percentage of sector financing. Figures may not add up due to rounding.

2) Figures for the most recent quarter shown in the table have been estimated on the basis of transactions reported in money and banking statistics and in securities issues statistics.

3) Long-term financing with an original maturity of over one year includes long-term loans, long-term debt securities issued, quoted shares issued and pension fund reserves of non-financial corporations.

4) Debt financing includes loans, debt securities issued, pension fund reserves of non-financial corporations and deposit liabilities of central government. Short-term debt financing with an original maturity of up to one year includes short-term loans, short-term debt securities issued and deposit liabilities of central government. Long-term debt financing equals long-term financing excluding quoted shares issued.

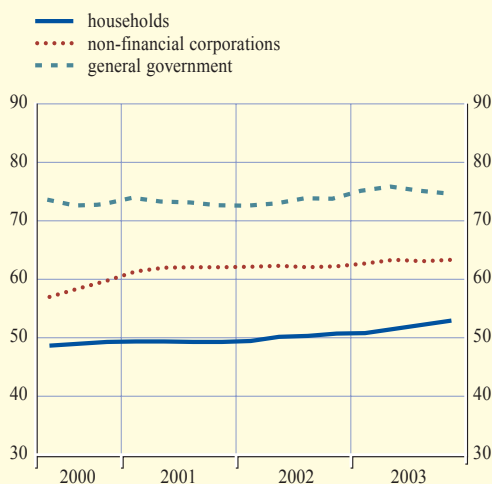
5) Including non-profit institutions serving households.

payments in relation to GDP of euro area households remained broadly comparable to those of the mid-1990s, reflecting the low level of interest rates. This could be one factor for arguing that the financial position of households in the euro area has remained robust on average, even though differences exist across euro area countries.

As regards non-financial corporations, the growth in overall debt financing remained broadly stable in the fourth quarter of 2003, at 4¾%. The relatively moderate growth in the debt of non-financial corporations in spite of the historically low cost of debt financing appears to reflect the gradual nature of the economic recovery and, possibly, a stronger reliance of corporations on internal funds in the early phase of an economic upswing. Moreover, in some sectors of the economy the process of balance sheet restructuring may be ongoing. Overall, the debt-to-GDP ratio of non-financial corporations is estimated to have remained stable at 63% in the fourth quarter of 2003.

Chart 12 Ratio of debt to GDP of the non-financial sector

(in percentages)



Source: ECB.

Note: For details, see Table 4. Compared with the annual financial accounts, the ratio of debt to GDP is somewhat lower on the basis of the quarterly financial accounts, mainly due to the fact that loans granted by non-financial sectors and by banks outside the euro area are not included. The debt-to-GDP ratio of general government differs somewhat from the public debt definition set out in the excessive deficit procedure, owing to differences in valuation, coverage and treatment of accrued interest.

The annual growth of debt financing of general government is estimated to have declined slightly, to 5¼% in the fourth quarter of 2003, down from 5.7% in the third quarter. In particular, short-term debt financing has grown at a very sustained pace in recent quarters. The steepening of the yield curve may have increased governments' preference for short-term borrowing.

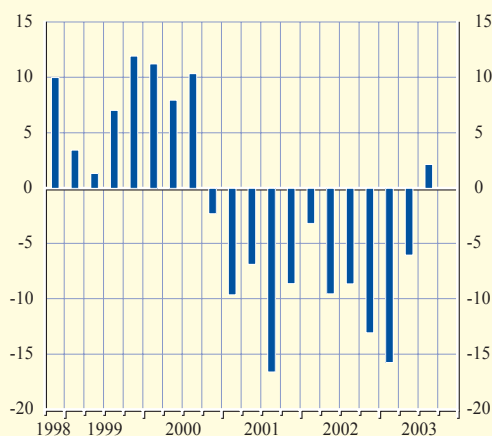
FINANCIAL INVESTMENT OF THE NON-FINANCIAL SECTOR

Data on financial investment are available only up to the third quarter of 2003. The annual growth rate of financial investment by the non-financial sector in the third quarter of 2003 remained broadly stable, at 5.1% (see Table 5). The stability of growth in total financial investment masked, however, a decline in the annual growth of short-term financial investment (from 5.9% in the second quarter of 2003 to 5.4% in the third quarter) and a rise in the annual growth of long-term financial investment (from 4.1% in the second quarter to 4.5% in the third quarter).

Financial account data thus confirm the assessment made earlier on the basis of monetary data, namely that, from the summer of 2003, economic agents began to cautiously shift their portfolios away from short-term assets towards longer-term and riskier assets. The recovery in the demand

Chart 13 Annual gains and losses in the holdings of securities by the non-financial sector

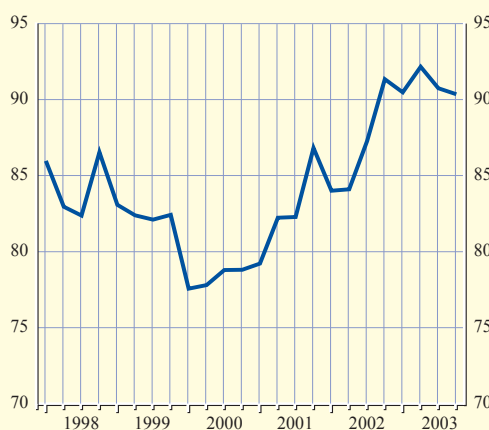
(in percentages of GDP)



Source: ECB.

Chart 14 Ratio of debt to financial assets of the non-financial sector

(in percentages)



Source: ECB.

Table 5 Financial investment of the euro area non-financial sector

	Outstanding amount as a percentage of financial investment ¹⁾	Annual growth rates									
		2001	2001	2002	2002	2002	2002	2003	2003	2003	2003
		Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Financial investment	100	5.7	4.6	4.7	4.5	4.8	4.4	4.5	5.0	5.1	.
<i>of which: short-term financial investment²⁾</i>	43.1	5.6	5.8	4.8	4.9	5.3	5.3	5.3	5.9	5.4	.
<i>of which: long-term financial investment³⁾</i>	55.7	6.0	4.3	4.6	4.5	4.6	4.0	4.0	4.1	4.5	.
Currency and deposits	37.9	4.3	4.6	4.7	4.7	4.6	4.9	5.9	6.5	6.7	.
Securities other than shares	13.3	9.0	7.7	5.3	4.7	5.6	4.2	0.7	-0.7	-1.8	.
<i>of which: short-term</i>	1.4	15.9	3.6	-7.7	-12.0	1.3	2.4	-13.1	-7.0	-16.6	.
<i>of which: long-term</i>	11.8	8.0	8.3	7.7	7.3	6.2	4.4	2.9	0.1	0.3	.
Mutual fund shares	12.2	6.3	5.6	5.3	5.6	5.8	4.3	5.3	6.8	6.7	.
<i>of which: mutual fund shares, excluding money market fund shares</i>	9.6	5.0	3.7	3.1	3.8	4.0	3.1	4.2	5.6	6.3	.
<i>of which: money market fund shares</i>	2.7	16.7	21.1	20.7	17.8	16.2	11.3	11.2	12.9	8.7	.
Quoted shares	12.2	4.1	-0.4	1.0	0.7	1.1	1.0	1.6	2.4	3.3	.
Insurance technical reserves	24.4	7.3	7.2	6.9	6.7	6.7	6.5	6.4	6.5	6.5	.
M3 ⁴⁾		6.8	8.0	7.2	7.1	7.1	6.9	8.0	8.5	7.6	7.0

Source: ECB.

Note: See also Table 3.1 in the "Euro area statistics" section of the Monthly Bulletin.

1) As at the end of the third quarter of 2003. Figures may not add up due to rounding.

2) Short-term financial investment includes currency and deposits (excluding central government deposits), short-term debt securities (with an original maturity of up to one year) and money market fund shares. Owing to the exclusion of central government deposits, short-term and long-term financial investment do not add up to 100%. When interpreting these figures, it should be kept in mind that both short-term and long-term deposits are included in short-term investment.

3) Long-term financial investment includes long-term debt securities (with an original maturity of over one year), mutual fund shares excluding money market fund shares, quoted shares and insurance and pension products.

4) End of quarter. The monetary aggregate M3 includes monetary instruments held by euro area non-MFIs (i.e. the non-financial sector and non-monetary financial institutions) with euro area MFIs and central government.

for mutual fund shares (excluding money market funds) provides evidence in this respect. Moreover, the direct acquisition by the non-financial sector of long-term debt securities remained subdued, which may be related to the still low, albeit rising, levels of long-term interest rates in the third quarter. This behaviour contrasted with the strong investment of insurance corporations and non-residents in long-term debt securities.

With the recovery in the equity market, the holding gains on securities held by the non-financial sector turned positive on an annual basis for the first time since the third quarter of 2000 (see Chart 13). The rise in equity prices led to a reduction in the debt-to-financial assets ratio of the non-financial sector (see Chart 14) and implies an improvement in its balance sheet structure.

2.5 MONEY MARKET INTEREST RATES

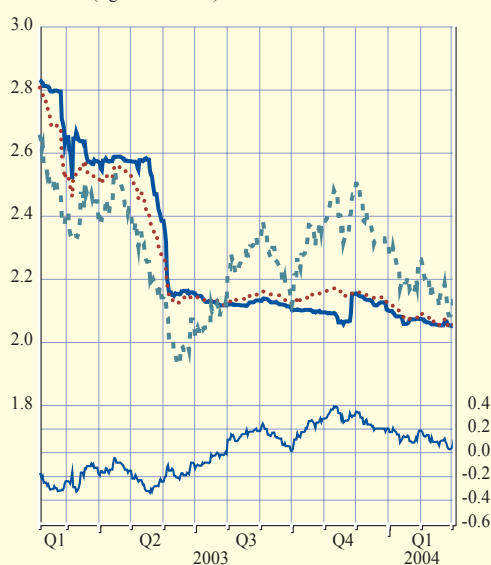
Following an overall increase in the second half of 2003, longer-term money market interest rates have declined since early December 2003. Consequently, the slope of the money market yield curve has flattened over the past three months.

While interest rates at the short end of the money market yield curve have remained broadly unchanged over the past few months in line with key ECB interest rates (see Chart 15), longer-term money market rates have declined after peaking in early December 2003. On 3 March 2004 the

Chart 15 Short-term market interest rates

(percentages per annum; percentage points; daily data)

- one-month EURIBOR (left-hand scale)
- ... three-month EURIBOR (left-hand scale)
- - - twelve-month EURIBOR (left-hand scale)
- spread between twelve-month and one-month EURIBOR (right-hand scale)

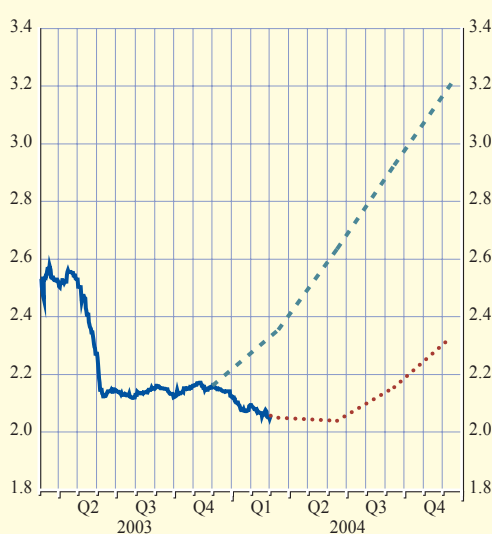


Source: Reuters.

Chart 16 Three-month interest rates and futures rates

(percentages per annum; daily data)

- three-month EURIBOR
- ... futures rates on 3 March 2004
- - - futures rates on 1 December 2003



Source: Reuters.

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

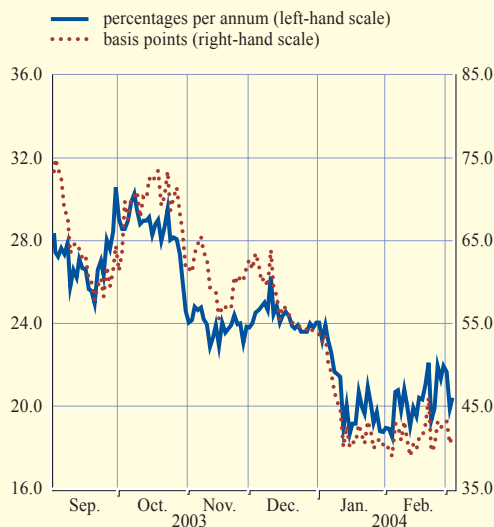
twelve-month EURIBOR stood at levels relatively close to the minimum bid rate in the Eurosystem's main refinancing operations of 2.0%. As a result, the slope of the money market yield curve flattened. The spread between the twelve-month and the one-month EURIBOR, which was 35 basis points on 1 December 2003, was only 11 basis points on 3 March 2004.

The drop in longer-term money market interest rates was generally mirrored in the development of the implied three-month EURIBOR futures rates (see Chart 16). For example, between early December 2003 and 3 March 2004 the implied futures rate for September 2004 fell by around 80 basis points, to stand at 2.15% on the latter date. The implied futures rate for June 2004 declined by a somewhat smaller amount, to stand only marginally above the 2.0% minimum bid rate in the Eurosystem's main refinancing operations on 3 March 2004. The developments in implied futures rates over the past three months suggest that market participants have dampened their expectations of increases in short-term interest rates during the course of 2004.

There appears to be relatively little uncertainty among market participants with regard to short-term interest rates in the coming months. This is suggested by the implied volatility of the three-month EURIBOR futures rates (see Chart 17). Between early December 2003 and 3 March 2004, the implied volatility of the three-month EURIBOR futures rates for June and September 2004 fell further from their already low levels.

Chart 17 Implied volatilities derived from options on three-month EURIBOR futures maturing in June 2004

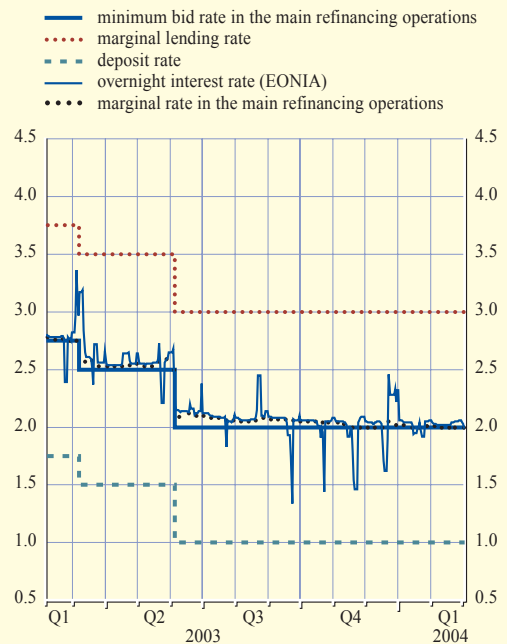
(percentages per annum; basis points; daily data)



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

Chart 18 ECB interest rates and the overnight interest rate

(percentages per annum; daily data)



Sources: ECB and Reuters.

The liquidity provision in the ECB's main refinancing operations has been conducted smoothly over the past three months. For most of the period between early December 2003 and 3 March 2004, the EONIA overnight interest rate hovered slightly above the 2.0% minimum bid rate in the Eurosystem's main refinancing operations (see Chart 18). The allotment rates in the Eurosystem's main refinancing operations were also very close to the minimum bid rate for most of the period. In the two Eurosystem longer-term refinancing operations settled in January and February 2004, the average allotment rate was somewhat below the then prevailing three-month EURIBOR, and also below the rates in the longer-term refinancing operations settled towards the end of 2003.

2.6 BOND MARKETS

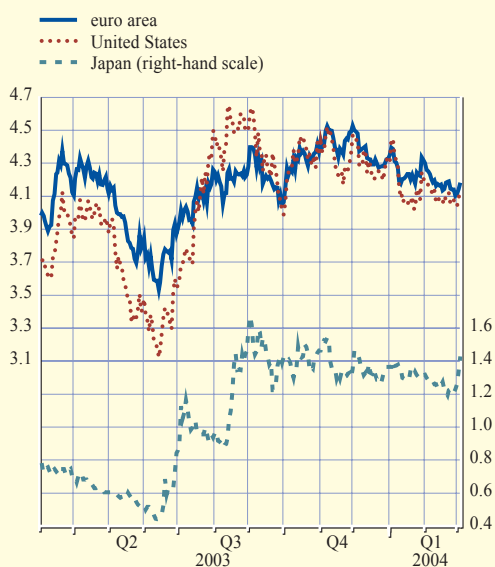
Long-term government bond yields in the euro area and the United States have declined over the last three months. Changes in the monetary policy expectations of market participants and a slightly less optimistic outlook for economic growth played a major role in this decline. Implied bond market volatility, an indicator of market participants' uncertainty about future bond yield developments, also declined.

UNITED STATES

In the United States, bond yields have declined overall since end-November 2003. The decline seems to reflect market participants' expectations that the Federal Reserve would keep monetary policy rates at the current low levels for longer than previously anticipated, as well as a possible

Chart 19 Long-term government bond yields

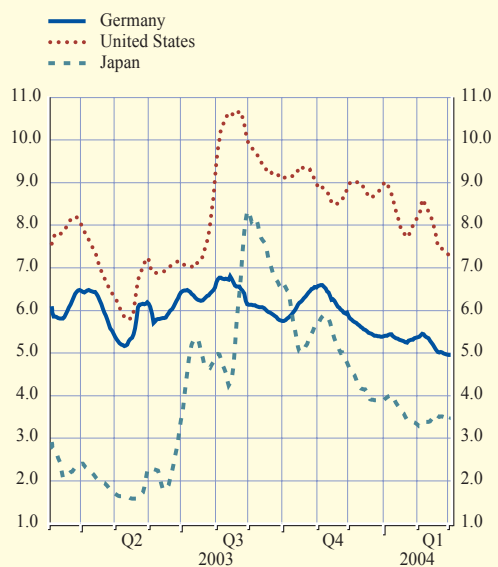
(percentages per annum; daily data)



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

Chart 20 Implied bond market volatility

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



Source: Bloomberg.
Note: The implied volatility series represents 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.

downward revision by market participants concerning the economic outlook. At the same time, other market factors – most notably large foreign purchases of US Treasury bonds, in particular by foreign central banks – contributed to keeping US long-term bond yields at low levels. More recently, ten-year government bond yields decreased by around 10 basis points between the end of January and 3 March to a level of 4.1% (see Chart 19).

Macroeconomic data releases, although still broadly supporting an optimistic outlook for economic growth, did not seem to fully meet market participants' expectations over the last three months. This perception seems to have exerted downward pressure on bond yields, especially on US real yields, which declined more markedly than nominal yields overall. At the same time, investors' long-term inflation expectations increased somewhat over the winter months, as suggested by the increase in the ten-year break-even inflation rate – measured as the yield differential between comparable nominal and inflation-indexed government bonds. Between the end of January and 3 March, the ten-year break-even inflation rate increased by around 25 basis points.

Implied bond market volatility decreased overall in the United States over the last three months and by the end of February it stood at a level in line with the average since 1999 (see Chart 20).

JAPAN

In Japan, long-term government bond yields have increased overall during the last three months, reflecting developments in early March. This overall development seems to reflect various factors offsetting each other. On the one hand, investors generally seemed to become more optimistic

about the economic outlook partly as a result of macroeconomic data releases broadly supporting the scenario of an ongoing recovery of the Japanese economy. On the other hand, global bond market trends and market participants' concerns about remaining deflationary pressures in the Japanese economy exerted downward pressure on Japanese bond yields. Between the end of January and 3 March, Japanese long-term bond yields rose by around 10 basis points to stand at 1.4% on 3 March.

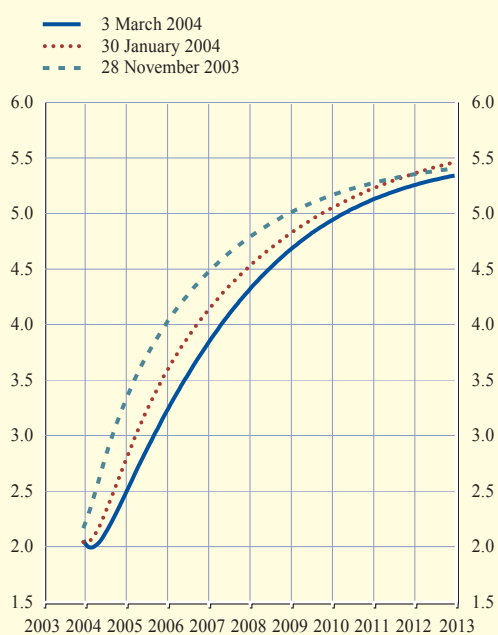
Market participants' uncertainty about future bond yield developments, as measured by implied bond market volatility, has decreased overall during the last three months and in early March 2004 stood at a level somewhat below the average implied volatility since January 1999.

EURO AREA

In the euro area, government bond yields have declined across the entire maturity spectrum over the last three months. This development seems to partly reflect expectations among market participants that short-term interest rates in the euro area would remain at the present low levels for longer than previously anticipated (see Chart 21). Mixed macroeconomic data releases as well as market participants' concerns about the impact of the appreciation of the euro on the international price competitiveness of euro area exporters contributed to the overall decline.

Chart 21 Implied forward euro area overnight interest rates

(percentages per annum; daily data)

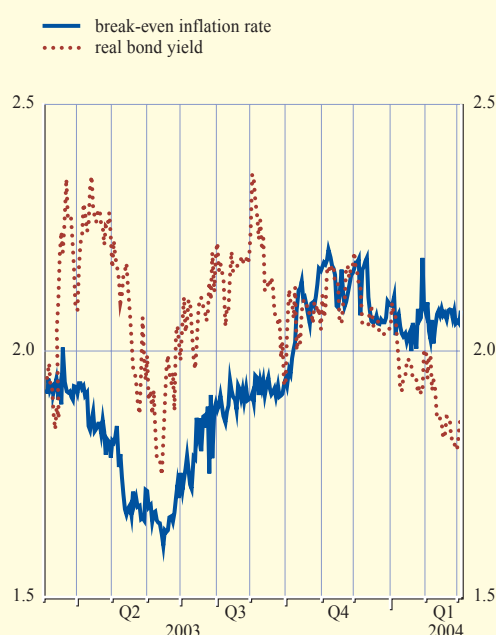


Source: ECB estimate.

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 calculate these implied forward yield curves was outlined on page 26 of the January 1999 issue of the Monthly Bulletin. The data used in the estimate are derived from swap contracts.

Chart 22 Euro area real bond yield and break-even inflation rate

(percentages per annum; daily data)



Source: Reuters.

Note: Real bond yields are derived from the market prices of French government bonds which are indexed to the euro area HICP (excluding tobacco prices) and which mature in 2012. The method used to calculate the break-even inflation rate was outlined on page 16 of the February 2002 issue of the Monthly Bulletin.

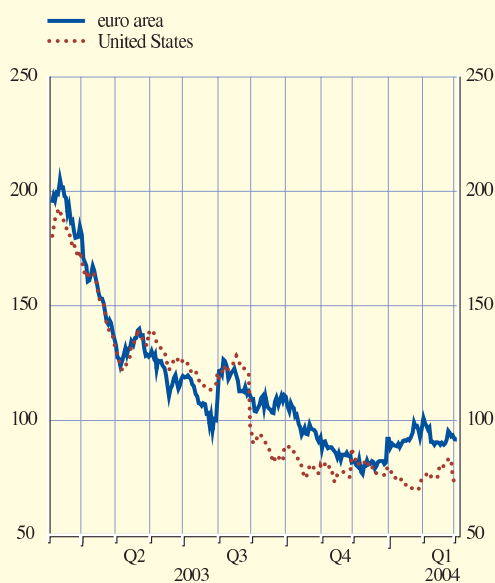
Over the same period, real yields on ten-year index-linked government bonds (indexed on the euro area HICP excluding tobacco) declined. More recently, these yields fell by around 15 basis points between the end of January and 3 March to a level of 1.9%. The ten-year break-even inflation rate – calculated as the difference between the yields on ten-year nominal and index-linked government bonds – remained broadly unchanged during the same period (see Chart 22).

The degree of uncertainty prevailing in the euro area bond markets (as measured by implied bond market volatility) has declined overall during the last three months, and in early March 2004 stood at a level slightly below the average since January 1999.

The financing conditions in the euro area corporate bond market have remained very favourable over the last three months. The default of a major euro area issuer did not lead to more widespread concerns in the market and had a relatively limited impact on corporate bond spreads of other companies (see Chart 23). More recently, the yields on bonds issued by BBB-rated corporations in the euro area decreased by around 20 basis points between the end of January and 3 March. Over the same period, the differential between the yields on bonds issued by BBB-rated corporations and on comparable government bonds in the euro area declined by 5 basis points to stand at around 90 basis points on 3 March.

Chart 23 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.

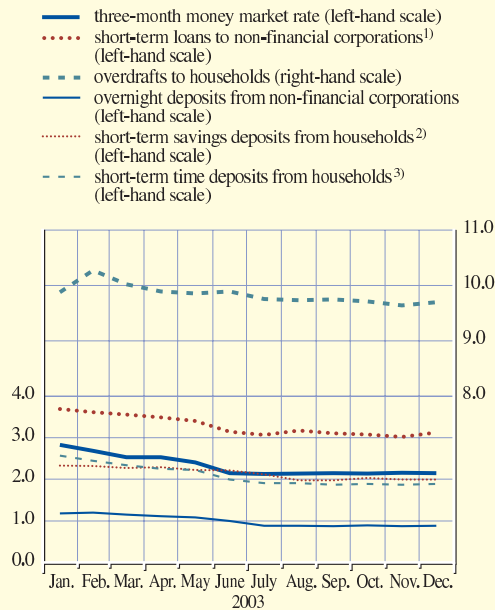
2.7 INTEREST RATES ON LOANS AND DEPOSITS

Between June and December 2003, short-term MFI interest rates on new business remained mostly unchanged, while developments in long-term MFI interest rates were mixed.

Most short-term MFI interest rates remained broadly unchanged in December, as in the previous five months, after declining during the first half of 2003 (see Chart 24). Overall, between January and December 2003 the rates on short-term savings deposits from households (i.e. redeemable at notice of up to three months) and on overnight deposits from non-financial corporations fell by around 30 basis points, while the rate on short-term time deposits from households (with an agreed maturity of up to one year) decreased by 70 basis points. Over the same period, the rate on loans to non-financial corporations over €1 million with a floating rate or with up to one year initial rate fixation and the rate on bank overdrafts to households declined by about 60 and 20 basis points, respectively. By way of comparison, the three-month money market rate fell by around 70 basis points overall during this period.

Chart 24 Short-term MFI interest rates and a short-term market rate

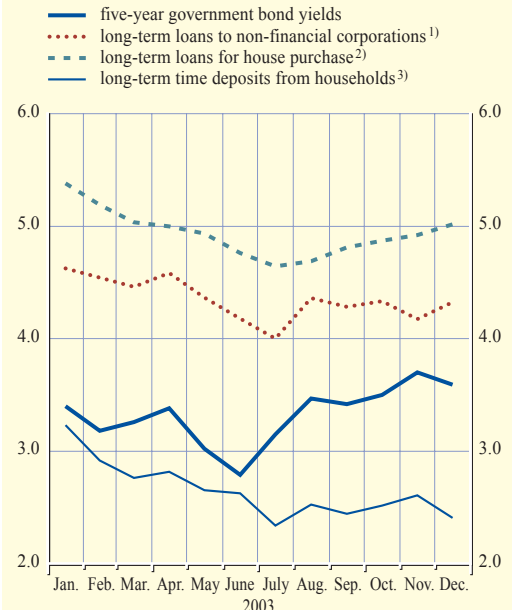
(percentages per annum; rates on new business)



Source: ECB.
 1) Include loans to non-financial corporations over €1 million with a floating rate or with up to one year initial rate fixation.
 2) Include deposits from households redeemable at notice of up to three months.
 3) Include deposits from households with an agreed maturity of up to one year.

Chart 25 Long-term MFI interest rates and a long-term market rate

(percentages per annum; rates on new business)



Source: ECB.
 1) Include loans to non-financial corporations over €1 million with over five years' initial rate fixation.
 2) Include loans to households with over five and up to ten years' initial rate fixation.
 3) Include deposits from households with an agreed maturity of over two years.

Developments in long-term MFI rates on new business were mixed in December 2003 (see Chart 25). In this month, the rates on long-term loans to non-financial corporations and to households for house purchase increased slightly, while rates on long-term time deposits from households decreased. Developments in most long-term rates have also been rather mixed since June when government bond yields started increasing. From June to December, the rate on loans to households for house purchase with over five and up to ten years' initial rate fixation increased by around 30 basis points, while the rate on loans to non-financial corporations over €1 million with over five years' initial rate fixation went up by 15 basis points. During the same period, the rate on time deposits from households with an agreed maturity of over two years declined by 20 basis points. In comparison, the five-year government bond yield increased by 80 basis points from June to December.

2.8 EQUITY MARKETS

Global stock prices have increased overall over the last three months. These increases reflected further indications of improved corporate profitability, the decline in long-term real interest rates and abating stock market uncertainty.

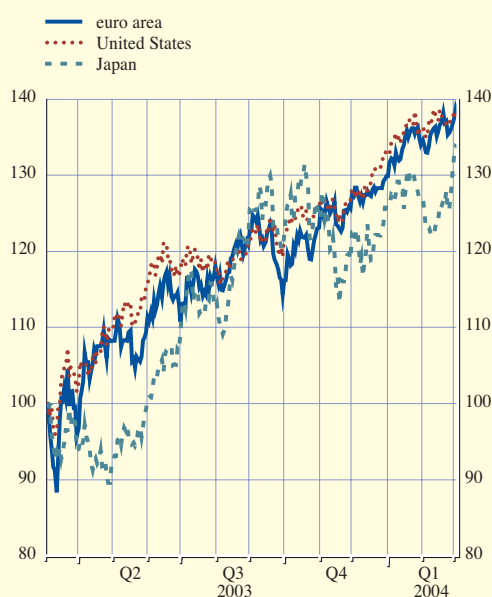
UNITED STATES

In the United States, stock prices have increased over the last three months (see Chart 26). To some extent, this increase reflected indications of improved corporate profitability, such as better than expected earnings releases by corporations for the fourth quarter of 2003 (see also Box 1 entitled “What is the information content of stock market earnings expectations held by analysts?”). The decline in long-term real interest rates supported stock prices, as did a further decrease in stock market uncertainty. By 3 March, stock market uncertainty, as measured by the implied volatility derived from options on the Standard & Poor’s 500 index, stood at 13% (see Chart 27), significantly below its average since 1999.

More recently, weaker than expected macroeconomic data releases may have occasionally exerted countervailing downward pressure on stock prices. The most significant impact was on technology share prices, as measured by the Nasdaq Composite index, which fell by 2% between the end of January and 3 March. Over the same period the Standard & Poor’s 500 index rose by around 2%.

Chart 26 Stock price indices

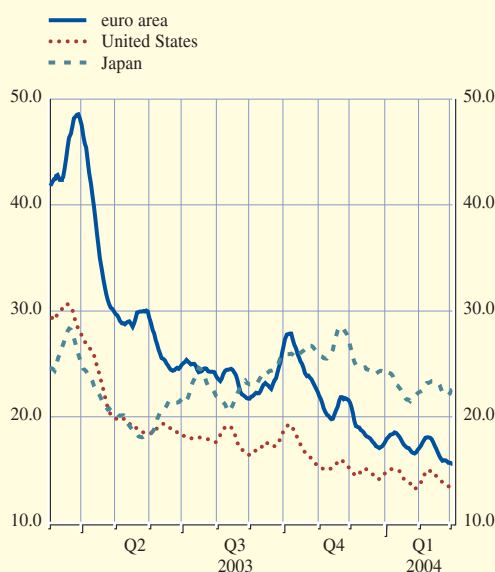
(index: 1 March 2003 = 100; daily data)



Source: Reuters.
 Note: The Dow Jones EURO STOXX broad index for the euro area, the Standard & Poor’s 500 index for the United States and the Nikkei 225 index for Japan.

Chart 27 Implied stock market volatility

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



Source: Bloomberg.
 Note: 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 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.

JAPAN

In Japan, stock prices have increased overall over the last three months in a rather volatile environment. Most of the fluctuations in Japanese stock prices seemed to be related to the uncertainty surrounding the future developments in the yen exchange rate, in particular against the US dollar. In this environment, market participants' perceptions of the earnings outlook, notably for the export sector, appear to have been constantly changing. The overall stock price increase seemed to result from the growing optimism of market participants about the economic outlook in Japan, which was recently substantiated by the release of the better than expected preliminary GDP figure for the fourth quarter of 2003. In addition, a decline in stock market uncertainty may have contributed to the increase in stock prices over the last three months. More recently, the implied volatility extracted from options on the Nikkei 225 index, a measure of uncertainty in the Japanese stock market, was stable between the end of January and 3 March and on the latter date stood at 23% (see Chart 27), a level somewhat lower than its average since 1999.

Box 1

WHAT IS THE INFORMATION CONTENT OF STOCK MARKET EARNINGS EXPECTATIONS HELD BY ANALYSTS?

In theory, the price of financial assets is determined by the present value of the future cash flow that investors expect to derive from holding the asset. Applied to the valuation of shares, the price of a share should equal the sum of expected future dividends discounted by a risk-free interest rate and the risk premium which investors require for holding the share. Earnings expectations can replace expected future dividends in the valuation, if it is assumed that a certain fraction of earnings will be paid out as dividends. While investors' true expectations are not observable, earnings expectations by analysts in financial markets are usually available, notably for the very large corporations included in broad-based stock price indices. This box tries to assess the information content of these expectations. For this purpose, analysts' earnings expectations are compared with the corresponding outcome in actual earnings for broad-based stock market indices in the euro area and in the United States.

Chart A Earnings expectations and actual outcome for the MSCI euro area stock market index

(annual percentage changes)



Chart B Earnings expectations and actual outcome for the Standard & Poor's 500 stock market index

(annual percentage changes)



Sources: Thomson Financial Datastream and ECB calculations.

Note: Actual earnings extracted from January 1989 to February 2004 and expected earnings extracted from January 1989 to February 2005 on a monthly data basis.

One of the main data providers of analysts' earnings expectations is the Institutional Brokers Estimate System (I/B/E/S) of Thomson Financial. This database contains analysts' earnings-per-share forecasts for more than 18,000 companies in 60 countries. It is possible to calculate forecasts of earnings for all major international stock market indices over various horizons by aggregating the I/B/E/S earnings expectations for individual firms.

Charts A and B show the twelve-month-ahead earnings growth expectations and twelve-month actual earnings growth for the broad-based Morgan Stanley Capital International (MSCI) euro area stock market index and the Standard & Poor's 500 index, respectively. The expected earnings growth has been shifted twelve months forward to enable a direct comparison with the realised earnings outcome.

Three features are evident from the charts over the sample period January 1989-February 2004:

- Actual earnings growth generally tends to exhibit a more volatile pattern compared with analysts' twelve-month-ahead earnings growth expectations.
- Actual and expected earnings growth figures broadly move in tandem, i.e. upward and downward movements in earnings expectations tend to be followed by similar movements in actual earnings. This suggests that analysts tend to correctly anticipate the future direction of changes in corporate earnings.
- On average, expected earnings growth has been somewhat above actual earnings growth. This would seem to suggest that on average over the last 15 years analysts have provided a somewhat overly optimistic outlook for corporate earnings.

Finally, both charts show an impressive rebound in actual earnings growth in the course of 2003, following a relatively long period of negative earnings growth. At the current juncture, analysts expect a continuation of positive earnings growth in the future, and at levels that are, for the euro area, relatively high by historical standards.

EURO AREA

In the euro area, stock prices have increased over the last three months. More recently, stock prices, as measured by the Dow Jones EURO STOXX index, rose by about 3% between the end of January and 3 March. The increase over the last three months might have partly reflected the continued improvement in actual and short-term expected earnings of euro area corporations and the decline in long-term real interest rates. The improvement in actual corporate earnings seemed to largely reflect cost-cutting measures, as revenues continued to grow at a lower rate than earnings. The increase in stock prices was also supported by lower stock market uncertainty in the euro area, as suggested by the decrease in the implied volatility extracted from options on the Dow Jones EURO STOXX 50 index (see Chart 27). On 3 March implied stock market volatility in the euro area was close to the lowest levels observed since the start of Stage Three of EMU.

Regarding recent sectoral developments within the euro area, stock prices in all ten economic sectors of the Dow Jones EURO STOXX index have increased over the last three months (see Table 6). The strongest increases have been recorded in the healthcare, technology, telecommunications and utilities sectors. The rise in prices of stocks of the technology sector,

Table 6 Price changes and historical volatility in the Dow Jones EURO STOXX economic sector indices

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

	Basic materials	Consumer cyclical	Consumer non-cyclical	Energy	Financial	Health-care	Industrial	Technology	Tele-communications	Utility	EURO STOXX
Share of sector in market capitalisation (end-of-period data)	4.8	12.0	7.4	11.0	28.8	4.1	8.5	7.9	8.8	6.6	100.0
Price changes (end-of-period data)											
2002 Q4	4.0	2.9	-1.2	3.8	13.6	-0.9	0.8	21.4	21.8	-3.4	7.6
2003 Q1	-19.6	-15.8	-16.0	-12.9	-14.9	-16.4	-9.0	-9.4	-4.1	-7.8	-12.9
2003 Q2	18.0	21.1	7.6	10.3	25.4	15.3	15.6	19.0	17.7	16.8	18.2
2003 Q3	4.4	4.4	5.1	-2.9	0.5	-2.1	6.2	5.9	-3.1	-3.6	1.1
2003 Q4	15.5	13.7	2.1	12.0	16.8	13.2	13.6	12.6	13.1	15.1	13.5
January	0.5	2.7	1.2	-4.4	3.3	9.0	3.1	12.1	7.4	1.9	3.2
February	-0.8	1.7	6.2	4.3	0.5	-0.1	0.8	1.9	0.9	6.4	1.9
End-November 2003 to 3 March 2004	5.2	7.7	8.2	12.0	7.9	16.1	8.3	13.3	13.1	17.7	9.9
Volatilities (period averages)											
2002 Q4	33.1	38.8	20.2	32.0	44.2	30.7	28.7	59.5	36.7	29.2	35.0
2003 Q1	36.1	37.2	29.2	31.2	38.8	35.4	24.8	43.0	34.1	32.5	32.5
2003 Q2	24.8	28.0	19.8	22.8	26.8	25.4	18.0	35.3	21.5	20.8	23.0
2003 Q3	23.3	19.9	12.1	18.3	18.6	17.8	15.1	33.4	14.7	13.5	16.6
2003 Q4	17.5	17.5	11.6	13.9	14.5	17.2	12.8	23.9	13.2	11.2	14.0
January	11.4	13.8	10.2	17.1	12.6	18.6	10.8	28.3	15.8	12.0	10.1
February	11.8	13.8	9.7	13.2	11.0	13.3	11.8	18.7	16.1	10.0	10.5
End-November 2003 to 3 March 2004	11.9	12.7	9.0	14.1	10.7	14.0	10.9	21.6	14.1	10.4	9.5

Sources: STOXX and ECB calculations.

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

which are generally perceived as riskier investments, may reflect an increased risk appetite on the part of investors. The financial sector has also performed well over the last three months, partly owing to the relatively sound financial position of banks and also to expectations of further consolidation in this sector (see also Box 2 entitled "Developments in banks' loan-loss provisions over recent years").

Box 2

DEVELOPMENTS IN BANKS' LOAN-LOSS PROVISIONS OVER RECENT YEARS

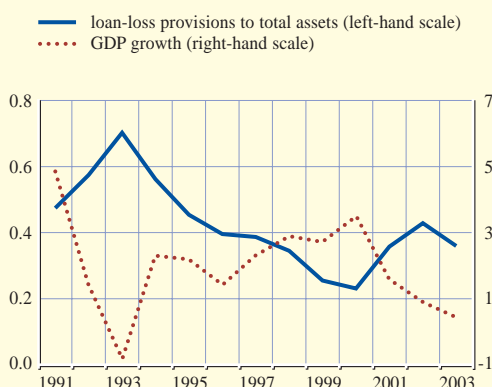
Banks play a key role in the monetary policy transmission process on account of their central position in the euro area financial system. This implies that changes in the financial situation of banks can have important implications for the smoothness of the monetary policy transmission process and can signal potential risks to financial stability.

The degree of loan-loss provisioning is an important quantitative indicator for assessing the health of the banking sector. Normally, banks should set aside loan-loss provisions to take account of the likelihood that some loans may not be repaid in full. In practice, in most euro area countries, accounting provisions are typically made once the loan has genuinely become impaired, for instance when interest payments have been missed. As a consequence, on a macroeconomic level, provisioning for most bad loans does not normally increase significantly until cyclical downturns have already set in. This in turn implies that provisioning often magnifies the impact of the economic cycle on banks' income and capital.

This box reviews loan-loss provisioning trends in the euro area since the early 1990s. It is important to bear in mind the diverse country regulations and management practices relating to the accounting of these provisions. Taking this into account, Chart A shows that the ratio of loan-loss provisions to total bank assets increased after 2000 against the background of the slowdown in economic activity in the euro area.

Chart A Loan-loss provisions to total banks' assets and GDP growth

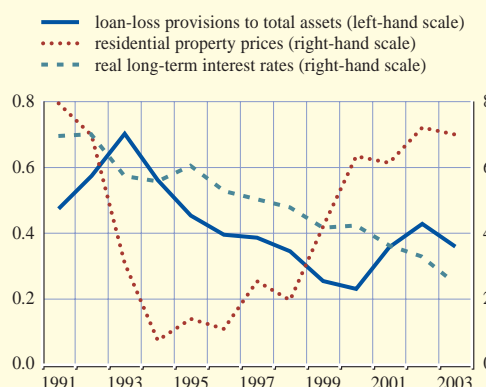
(percentages of total banks' assets; annual percentage changes)



Sources: Bankscope, Eurostat, OECD and ECB calculations. Note: Loan-loss provisions data for 2003 have been inferred from data of the largest 50 banks for the first half of 2003.

Chart B Loan-loss provisions to total banks' assets, residential property prices and real bank long-term interest rates

(percentages of total banks' assets; annual percentage changes; percentages per annum)



Sources: Bankscope, Eurostat, OECD and ECB calculations. Note: Euro area residential property prices calculations are based on non-harmonised data. Estimations for 2003 are calculated using available data for the first quarter of 2003. Real long-term interest rates data are retail bank interest rates on loans to households for house purchase available until September 2003 deflated by annual HICP inflation. Loan-loss provisions data for 2003 have been inferred from data of the largest 50 banks for the first half of 2003.

However, putting the recent upturn into a longer-term perspective, loan-loss provisions in recent years have remained significantly below the heights reached in the early 1990s. The recent economic slowdown has been milder than the previous slowdown in the early 1990s. This in turn has helped to contain loan-loss provisions. In addition, the household sector seems to have been much more resilient through the recent downturn than it was ten years ago, partly because labour market conditions have not deteriorated to the same extent as in the 1993 recession.

The pronounced rise of house prices in most euro area countries also contributed to containing loan-loss provisions (see Chart B). Recent developments in euro area residential property prices contrast with those in the early 1990s when house price increases were lower. By raising the value of the collateral of mortgage loans, increases in house prices supported household balance sheets in the latest cyclical downturn.

The low level of interest rates also helped to dampen loan-loss provisions (see Chart B). Despite increases in the financial leverage of households and corporations in recent years, the low level of interest rates has contained the interest rate burden of borrowers. As a result, borrowers have faced fewer difficulties servicing their debt than in the early 1990s. Consequently the needs of banks to provision against bad loans have been more modest.

Finally, several structural factors also seem to account for somewhat lower loan-loss provisioning than in the slowdown of the early 1990s. These include the use of better risk management techniques by banks and the availability of better opportunities for the largest banks to offload part of their credit risks, either via securitisation or by using credit derivatives.¹ As a consequence, the rather small increases in loan-loss provisions in the recent economic downturn seem to reflect a confluence of structural improvements in the banking sector as well as a combination of more favourable cyclical developments.

¹ See the Report entitled "EU Banking Sector Stability", prepared by the Banking Supervision Committee of the European System of Central Banks, ECB, November 2003.

3 PRICES AND COSTS

Base effects in energy prices were the main factor behind the declines in inflation in January and, as recorded by Eurostat's flash estimate, in February 2004. In January, aside from these base effects, increases in administered prices and tobacco taxes concealed some easing in other price components. This easing was driven by moderate producer price developments resulting mainly from exchange rate movements, which outweighed some upward impact from non-energy commodity prices. Labour cost indicators also show signs of having continued to moderate throughout 2003, although unit labour cost growth remained relatively high as a result of low productivity growth. Although some temporary upward movements may occur in the coming months, the overall outlook for inflation remains favourable.

3.1 CONSUMER PRICES

FLASH ESTIMATE FOR FEBRUARY 2004

Euro area HICP inflation declined to 1.6% in February 2004, according to Eurostat's flash estimate (see Table 7). Although a detailed breakdown is not yet available, a strong base effect in the energy component, resulting from a marked increase in oil prices early last year, could account for the decline. As usual, given the preliminary nature of the available information, a degree of uncertainty surrounds this estimate.

HICP INFLATION IN JANUARY 2004

Euro area inflation was 1.9% in January 2004, down 0.1 percentage point from December 2003 (see Chart 28). The January figure was slightly below Eurostat's flash estimate, published in early February. The annual rate of change in the HICP excluding unprocessed food and energy remained unchanged at 1.9%. Underlying the decline in overall inflation was the strong downward impact of base effects from energy and, to some extent, tobacco price developments in January 2003, partly offset by administered price changes in Germany and tobacco tax increases in France. Aside from these factors, there was also some general moderation in price developments.

The annual rates of change in both of the more volatile HICP sub-components (i.e. energy and unprocessed food prices) declined in January 2004. The sharp decline in the annual rate of change in energy prices was due entirely to a base effect from developments early last year. In fact, these

Table 7 Price developments

(annual percentage changes, unless otherwise indicated)

	2002	2003	2003 Sep.	2003 Oct.	2003 Nov.	2003 Dec.	2004 Jan.	2004 Feb.
HICP and its components								
Overall index ¹⁾	2.3	2.1	2.2	2.0	2.2	2.0	1.9	1.6
Energy	-0.6	3.0	1.6	0.7	2.2	1.8	-0.4	.
Unprocessed food	3.1	2.1	4.2	3.8	3.8	3.2	2.9	.
Processed food	3.1	3.3	3.2	3.5	4.0	3.8	3.3	.
Non-energy industrial goods	1.5	0.8	0.8	0.8	0.7	0.7	0.6	.
Services	3.1	2.5	2.5	2.5	2.4	2.3	2.5	.
Other price indicators								
Industrial producer prices	-0.1	1.6	1.1	0.9	1.4	1.0	0.3	.
Oil prices (EUR per barrel)	26.5	25.1	23.9	24.7	24.6	24.0	24.2	24.1
Non-energy commodity prices	-0.9	-4.5	-4.7	-3.7	0.2	-0.2	5.1	7.2

Sources: Eurostat, Thomson Financial Datastream and HWWA.

1) HICP inflation in February 2004 refers to Eurostat's flash estimate.

prices increased in January 2004 as a result of higher international oil prices. The annual rate of change in unprocessed food prices eased further as the effect of the unusually hot and dry weather in the summer of 2003 continued to unwind slowly. The annual rates of increase in fruit and vegetable prices declined to 4.1% and 6.2% in January 2004, down from their respective peaks of 6.6% and 8.6% in November 2003. These rates, which are still above historical averages, may decline further barring any further adverse weather conditions.

The annual rate of change in the HICP excluding unprocessed food and energy remained unchanged at 1.9% in January, although this concealed differing movements in the sub-components. Despite an increase in tobacco taxes, the annual rate of change in processed food prices declined. This development was due to a base effect from a larger increase in tobacco taxes in January 2003. A further increase in tobacco taxes is likely in March 2004. This should push the annual rate of increase in processed food prices up again. The annual rate of change in services prices rose from 2.3% in December to 2.5% in January, reflecting the impact of increases in administered health care services prices in Germany. Excluding this factor, the rate of change would have declined slightly further, continuing a broad downward movement observed since the second half of 2002.

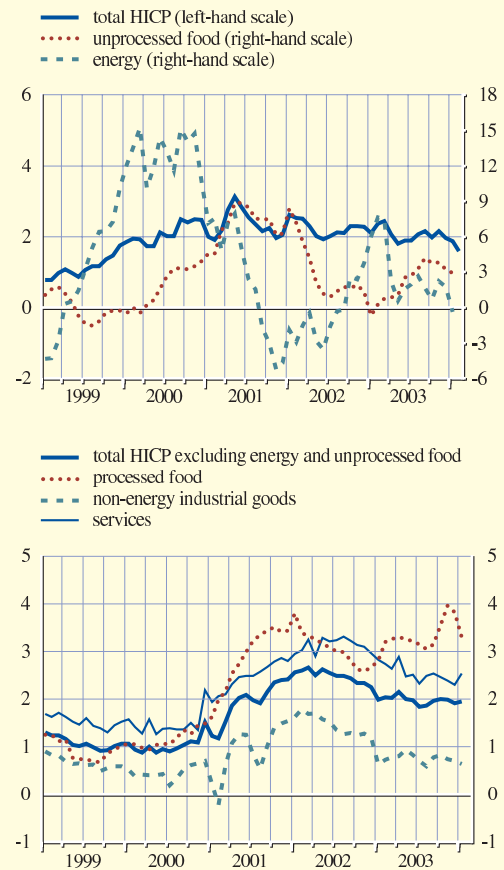
Although the annual rate of change in non-energy industrial goods prices declined slightly to 0.6% in January, this component was also affected by increases in administered health care goods prices in Germany. Excluding this impact, a larger decline would have occurred, driven mainly by developments in the clothing and footwear component.

As highlighted in the February 2004 issue of the Monthly Bulletin, short-term changes in the HICP (calculated as the change over three months, using seasonally adjusted data) showed a tendency to ease in the final quarter of 2003 (for seasonally adjusted month-on-month rates of change, see Table 5.1.1 in the “Euro area statistics” section). For January 2004, however, the impact of increases in administered prices and indirect taxation makes it difficult to interpret these short-term rates of change.

HICP data for January 2004 incorporate the annual updating of sector and country weights, which is carried out to ensure that the HICP continues to represent actual consumer expenditure patterns (see Box 3).

Chart 28 Breakdown of HICP inflation: main sub-components

(annual percentage changes; monthly data)



Source: Eurostat.

Box 3

UPDATE OF HICP WEIGHTS AND COVERAGE OF CONSUMER EXPENDITURE

Every year, with the publication of the January index, the product and country weights used for the euro area HICP are updated.¹ The regular revision of the weights is important in order to ensure that the HICP is representative as a measure of price changes in consumer expenditure.

Update of weights for 2004

The structure of consumer expenditure changes over time for several reasons. As relative prices change, expenditure shares alter concomitantly. However, consumers may react to these relative price changes by replacing products which have become relatively more expensive with products which have become relatively cheaper. Expenditure patterns may also evolve owing to the changing preferences of consumers, e.g. as a result of increasing income levels. In addition, new goods or services may gain market share, e.g. digital cameras, while other goods or services may lose their market share, e.g. record players. Similarly, country weights are updated in order to reflect consumer expenditure patterns across the euro area countries.

The two tables below show the product and country weights for 2003 and 2004. Since aggregate product and country weights usually change only slowly, the new weights show limited changes compared with the previous year. The changes are expected to have a very small effect on overall HICP growth rates in 2004.

Table A Euro area HICP product weights

(percentage of overall index)

	Total	Unprocessed food	Processed food including alcohol & tobacco	Industrial goods excluding energy	Energy	Housing services	Transport services	Communication services	Recreation & personal services	Miscellaneous services
2003	100.0	7.6	11.7	31.6	8.2	10.4	6.3	2.9	14.9	6.4
2004	100.0	7.7	11.8	31.0	8.1	10.4	6.4	2.9	15.0	6.6

Table B Euro area HICP country weights

(percentage of euro area total)

	BE	DE	GR	ES	FR	IE	IT	LU	NL	AT	PT	FI
2003	3.3	29.9	2.6	10.9	20.5	1.3	19.2	0.3	5.4	3.2	2.1	1.6
2004	3.3	29.3	2.7	11.1	20.7	1.3	19.3	0.3	5.3	3.1	2.1	1.6

Source: Eurostat.

Note: Weights may not add up to 100 due to rounding.

¹ For a discussion of the requirements as regards updates of product weights and the current practices in euro area countries, see Box 4 of the April 2003 issue of the Monthly Bulletin.

HICP coverage of consumer expenditure

The HICP covers not only the day-to-day expenditure of households (e.g. on bread) but also less frequent transactions such as paying rents, purchasing consumer durables (e.g. cars, household appliances) and buying insurance services. Given that day-to-day expenditure covers only about one-third of total consumer expenditure, only the broad basket of goods and services is appropriate for measuring overall consumer price inflation. However, consumers may base their perceptions of inflation predominantly on changes in the price of goods purchased on a daily or weekly basis, and without making an appropriate adjustment for changes in quality.² The fact that the HICP covers all household consumption expenditure and includes adjustments to account for quality improvements in the products purchased may be important in explaining diverging developments between the HICP and consumer perceptions of inflation.

The baskets and weights of goods and services covered by the HICPs reflect almost all household consumption expenditure. However, the housing expenditure of owner-occupiers is currently excluded from the HICP because of the technical and conceptual difficulties involved in its measurement. Homeowners obviously do not live free of charge and any increases in the price of the “dwelling service” they consume should be reflected in an overall price index such as the HICP. The exclusion also raises the issue of comparability, as the proportion of households that own their dwelling differs substantially across the euro area, ranging from 41% in Germany to 84% in Spain. Conversely, total national expenditure on housing rents is, in relative terms, much higher in Germany than in Spain, and the HICP weights for rents differ accordingly (11.1% and 2.3% respectively). Eurostat is currently investigating the inclusion of owner-occupier housing costs in the HICP, and a final decision is planned for 2007.

² In the HICP, actual prices paid are corrected for quality changes. For instance, if a car accessory which was previously available as an option is included as standard without increasing the car price, this would be recorded as a price reduction in the HICP.

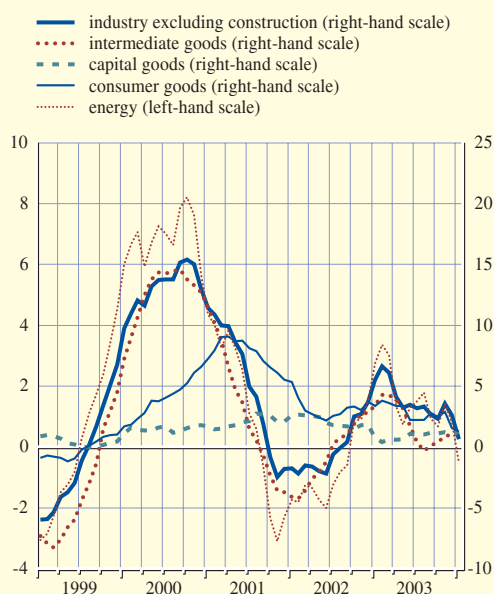
3.2 INDUSTRIAL PRODUCER PRICES

Looking at an earlier stage of the pricing chain, the picture remains one of relatively subdued producer price pressures (see Chart 29). The annual rate of change in the Producer Price Index (PPI) excluding construction declined to 0.3% in January 2004, from 1.0% in December 2003. This mainly reflects a strong base effect in the annual rate of change in the energy component, while the annual rate of increase in the PPI excluding energy continued to be moderate.

Intermediate producer prices have increased slightly in recent months but have on the whole remained subdued, with exchange rate developments exerting downward pressure, while non-energy commodity prices have exerted some upward pressure (see Box 4 for an analysis of recent movements in commodity prices and their impact on euro area producer prices). At 0.5%, the rate of increase in producer prices for capital goods also remained low in January 2004. It has hovered around this level since early 2003. The annual rate of growth in producer prices for consumer goods, which are the closest to the HICP in the pricing chain, continued to ease slightly, to 0.5% in January. In considering developments in producer prices for consumer goods it is important to remember that this component includes food and tobacco. Since the second half of 2003, developments in producer prices for consumer goods have to a large extent been driven by those in food prices, as well as by increases in tobacco taxation. The annual rate of increase in non-food consumer goods has therefore been lower than that of consumer goods as a whole.

Chart 29 Breakdown of industrial producer prices

(annual percentage changes; monthly data)



Source: Eurostat.

Looking forward, while the appreciation of the euro exchange rate should continue to exert downward pressure on euro area producer prices, there are also some countervailing factors. In particular, the increase in non-energy commodity prices has been cited as a source of cost pressures by respondents to the Purchasing Managers' Survey, which is used to construct the Eurozone Input Price Index (EPI) for manufacturing. In February the EPI increased further, to 59.4, from 54.6 in January. The index has been above the "no change" threshold (50) since October.

Box 4**NON-ENERGY COMMODITY PRICE DEVELOPMENTS AND THEIR IMPACT ON EURO AREA PRODUCER PRICES**

The increase in US dollar-denominated non-energy commodity prices over the past two years raises questions about the past and future impact of such developments on euro area prices. This box analyses first the factors behind the recent developments in non-energy commodity prices and second the impact of those developments on euro area producer prices.

Significant rise in non-energy commodity prices since end-2001

By the end of 2001, US dollar-denominated non-energy commodity prices had fallen to their lowest level in years, in part as a result of the slowdown in global economic activity. Downward pressure had also been exerted by the strengthening of the US dollar vis-à-vis the currencies of major commodity-consuming countries, which typically makes commodities more expensive in domestic terms and hence depresses demand. Since then, the non-energy commodity price index (in dollar terms) has increased significantly, reaching its highest level in almost seven years in early 2004. In February 2004 non-energy commodity prices stood 26.0% higher than a year earlier. Over the same period, food prices, non-food agricultural raw materials prices and metals prices increased by 17.0%, 15.8% and 42.9% respectively.

Several factors have contributed to the strengthening of non-energy commodity prices. The main determinant has been a pick-up in demand for raw materials following an improvement in global economic conditions. Demand for some commodities has been particularly strong in China. The global supply of some non-energy commodities, on the other hand, has not yet adjusted to this pick-up in demand. The weakening of the US dollar has also contributed to the rise in non-energy commodity prices. In addition, speculative interest in some commodities has supported price increases, as investment funds have added commodities – which traditionally perform well in the initial stages of an economic upswing – to their portfolios.

Chart A US dollar-denominated non-energy commodity prices

(index: 2000 = 100)

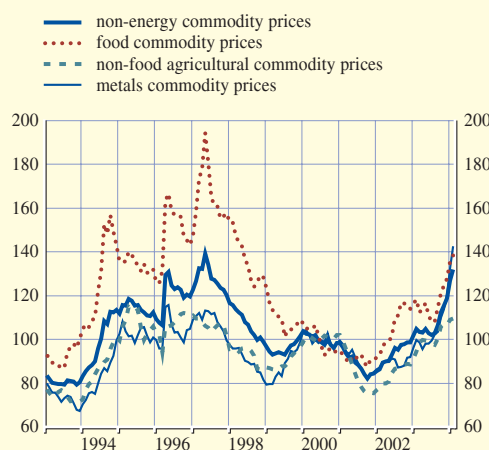
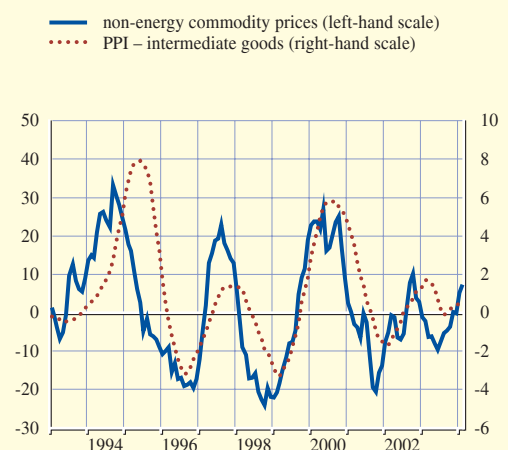


Chart B Euro-denominated non-energy commodity prices and producer prices for intermediate goods

(annual percentage changes)



Sources: HWWA, European Commission and ECB calculations.

The impact of non-energy commodity prices on euro area producer prices

Changes in non-energy commodity prices are passed on to euro area prices via increases in production costs, which may subsequently be passed through to consumer prices as measured by the HICP (see also Box 4 in the September 2001 issue of the Monthly Bulletin). However, the impact of the recent rise in US dollar-denominated non-energy commodity prices has to a large extent been offset by the appreciation of the euro. In euro terms, non-energy commodity prices were 7.2% higher in February 2004 than they had been a year earlier. Over the same period, metals prices increased by 21.7%, while food prices and non-food agricultural raw materials prices decreased by 0.4% and 1.4% respectively.

In the euro area, prices of intermediate goods, which account for approximately 30% of the Producer Price Index, appear to be the most affected by changes in commodity prices. As the amount of commodities produced in the euro area is small, the scope for substituting domestically supplied commodities for imported commodities is limited. This increases the exposure of euro area intermediate goods producers to sharp movements in the prices of imported commodities.

Chart B shows that there is a high degree of correlation between euro area intermediate goods prices and non-energy commodity prices in euro terms. Despite the dampening effect of the appreciation of the euro on non-energy commodity prices, some upward pressure has been apparent over recent months, which could in part be a result of the rise in non-energy commodity prices in euro terms. Overall, however, pressures arising from intermediate goods prices remain subdued.

The chart also shows that in previous periods of rising non-energy commodity prices, euro area intermediate goods prices have tended to react with a lag of several months. As a result, further upward pressure on producer prices can be expected in the coming months. This is also reflected in the most recent Eurozone Input Price Index (EPI), which is compiled as part of the Purchasing Managers' Survey. The EPI for manufactured goods has increased over the last seven months, with survey respondents citing the rise in non-energy commodity prices in euro terms as the main factor pushing up input prices.

3.3 LABOUR COST INDICATORS

Data for the fourth quarter of 2003 provide further evidence that labour cost growth moderated in the course of last year. The annual rate of growth in negotiated wages was 2.2% in the fourth quarter, down from 2.5% in the third quarter (see Table 8). This decline mostly reflects a temporary effect in Germany, while the annual rate of change in negotiated wages remained broadly unchanged in most countries. Considering 2003 as a whole, the average annual rate of increase in negotiated wages declined to 2.4%, from 2.7% in 2002.

For other labour cost indicators, the most recent available evidence still refers to the third quarter of 2003. These indicators suggest that although labour cost developments continued to be relatively moderate, the annual rate of growth in labour costs per unit of output (unit labour costs) remained quite high, reflecting low rates of productivity growth. Annual unit labour cost growth, although easing in the third quarter, remained relatively high at 2.4%. Annual growth rates in compensation per employee, gross monthly earnings and hourly labour costs also declined in the third quarter (see Chart 30).

Turning to sectoral developments in labour costs, data on compensation per employee show an annual growth rate of approximately 2.5% in all sectors in the third quarter of 2003 (see Chart 31).

Table 8 Labour cost indicators

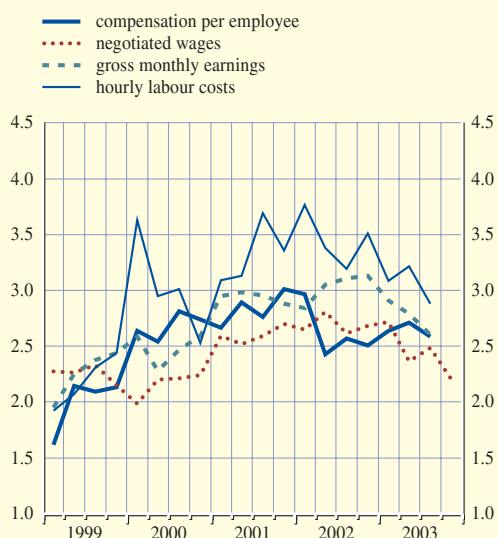
(annual percentage changes, unless otherwise indicated)

	2002	2003	2002 Q4	2003 Q1	2003 Q2	2003 Q3	2003 Q4
Negotiated wages	2.7	2.4	2.7	2.7	2.4	2.5	2.2
Total hourly labour costs	3.5	.	3.5	3.1	3.2	2.9	.
Gross monthly earnings	3.0	.	3.1	2.9	2.8	2.6	.
Compensation per employee	2.6	.	2.5	2.6	2.7	2.6	.
<i>Memo items:</i>							
Labour productivity	0.4	.	0.9	0.6	0.0	0.2	.
Unit labour costs	2.2	.	1.6	2.0	2.7	2.4	.

Sources: Eurostat, national data and ECB calculations.

Chart 30 Selected labour cost indicators

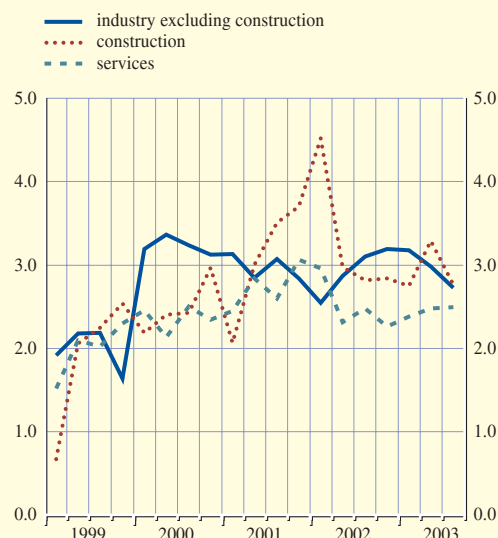
(annual percentage changes)



Sources: Eurostat, national data and ECB calculations.

Chart 31 Sectoral compensation per employee

(annual percentage changes)



Sources: Eurostat and ECB calculations.

Compared with the second quarter of 2003, the annual rate of growth declined in the industry and construction sectors, while it rose slightly in the services sector. However, the corresponding rate in the market-related services sector (not shown in the chart) decreased in the third quarter.

3.4 THE OUTLOOK FOR INFLATION

Taking account of the latest information, the overall outlook for price developments remains favourable. Assuming no further shocks to prices and taking into account exchange rate developments, euro area HICP inflation should be below 2% on average in 2004, although strong base effects from energy prices should have some upward impact on the headline inflation rate in the second quarter.

As far as short-term developments in 2004 are concerned, the upward impact of changes in administered prices and tobacco taxes is likely to hide some easing in more general price developments. This anticipated easing reflects the pass-through of exchange rate movements, some decline in unit labour cost growth and the gradual pick-up in economic activity.

At the current juncture the medium-term outlook is also favourable. This assessment is based on the assumption of moderate labour cost increases. It is assumed that unit labour cost growth will ease substantially as the recovery in economic activity enables labour productivity to increase. Despite the rise in non-energy commodity prices, external price pressures are also expected to remain moderate, reflecting lagged effects from exchange rate movements. At the present juncture little information is available on planned changes in indirect taxes and administered prices beyond 2004.

4 OUTPUT, DEMAND AND THE LABOUR MARKET

According to the first detailed estimate of national accounts, euro area real GDP rose in the fourth quarter of 2003, albeit at a slightly lower rate than in the previous quarter. The increase was the result of a strong expansion in inventories and gross fixed capital formation. In terms of sectors, growth in the fourth quarter was strong in the industrial sector but only moderate in the services sector. Short-term indicators remain supportive of an overall positive outlook for economic activity. However, household spending indicators still provide no clear evidence of a recovery in private consumption. At the same time, labour market conditions remain subdued. Looking ahead, both external and domestic factors give reason to expect a strengthening of the recovery.

4.1 OUTPUT AND DEMAND

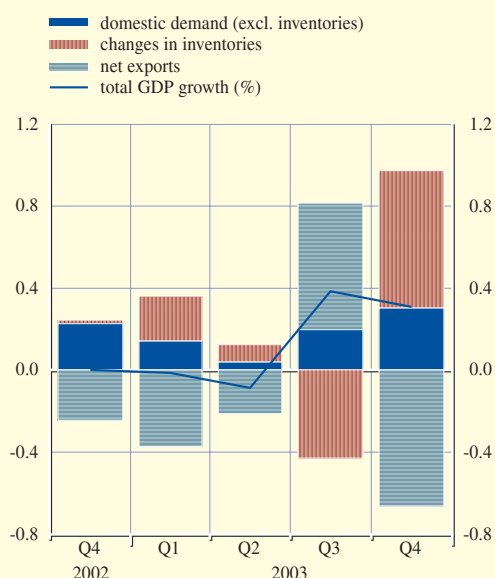
REAL GDP AND EXPENDITURE COMPONENTS

Euro area real GDP data for the fourth quarter of 2003 confirm that a recovery occurred in the second half of the year. According to the first detailed estimate of national accounts, euro area GDP increased by 0.3% quarter on quarter in the last quarter, after 0.4% in the third quarter (see Chart 32).

As regards the composition of GDP growth in the fourth quarter, the main factor explaining growth was the contribution of domestic demand (including inventories), whereas the contribution of net exports, which had been the driving force of growth in the previous quarter, turned negative. The higher contribution of domestic demand (including inventories) in the fourth quarter was due mainly to positive contributions from changes in inventories and gross fixed capital formation. At the same time, growth in private consumption remained subdued, possibly linked to still weak

Chart 32 Contributions to real GDP growth

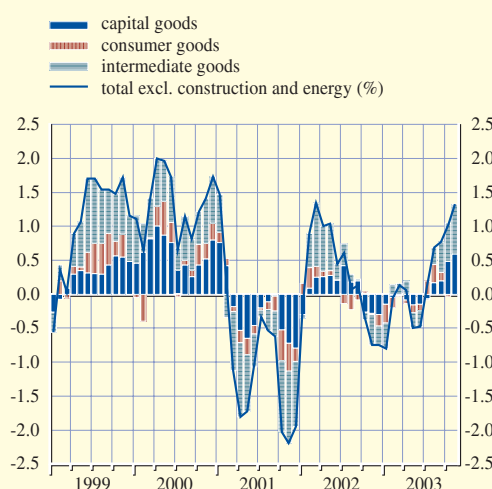
(quarterly percentage point contributions; seasonally adjusted)



Sources: Eurostat and ECB calculations.

Chart 33 Contributions to growth in industrial production

(percentage point contributions; seasonally adjusted)



Sources: Eurostat and ECB calculations.

Note: Data shown are calculated as three-month centred moving averages against the corresponding average three months earlier.

labour market conditions. The negative contribution of net exports reflects both lower growth in exports and higher growth in imports, most likely related to the appreciation of the euro and stronger domestic demand.

SECTORAL OUTPUT AND INDUSTRIAL PRODUCTION

Developments in the last quarter of 2003 differed across sectors. In terms of real value added, the industrial sector was the main source of growth. By contrast, in line with subdued developments in private consumption, the services sector provided only a limited contribution to GDP growth.

Euro area industrial production (excluding construction) expanded strongly in the fourth quarter. This increase was mainly the result of a sharp rise in October, while industrial production broadly stabilised at the October level in the following two months. In December it increased slightly, reflecting positive developments in the production of energy as well as intermediate and consumption goods. The production of capital goods remained unchanged. Over recent months, however, industries producing capital and intermediate goods have been the main contributors to industrial production growth (excluding construction and energy) (see Chart 33). Data on actual new orders available up to December suggest a continuation of the expansion in the industrial sector at the start of 2004.

SURVEY DATA FOR MANUFACTURING AND SERVICES SECTORS

Survey indicators in the manufacturing and services sectors available up to February 2004 remained broadly supportive of an overall positive outlook for economic activity.

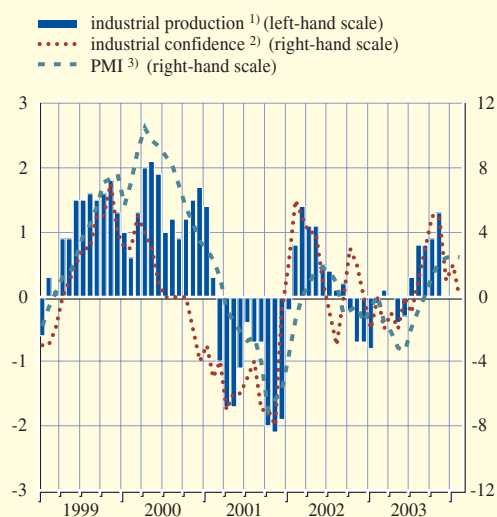
Starting with the manufacturing sector, the European Commission's industrial confidence indicator was flat in February. Following major improvements from mid-2003 onwards, industrial confidence appears to have stabilised since November, suggesting that industrial production growth is likely to have consolidated after the notable increase recorded in the fourth quarter. The unchanged level of industrial confidence in February conceals an improvement in production expectations that was offset by a deterioration in the assessment of both order books and stocks of finished goods. Regarding the main industrial groupings, developments in confidence were mixed. Confidence improved in the intermediate goods industries, declined in the consumer goods industries and remained unchanged in the capital goods industries.

In line with the European Commission's industrial confidence indicator, the Purchasing Managers' Index (PMI) for the manufacturing sector was unchanged in February at approximately the level that had been reached in November, following strong increases in the previous months (see Chart 34). The unchanged level of the PMI in February was the result of contrasting developments in its components. While the assessment of stocks and suppliers' delivery times improved, the indices for output, new orders and employment deteriorated. Recent developments in the PMI also point to a stabilisation in industrial production growth at the beginning of 2004.

Confidence indicators in the services sector followed a broadly similar pattern to those in the manufacturing sector. The European Commission's services confidence indicator, despite having improved in February, has remained broadly unchanged since November at a level which is still relatively low. In terms of the components, the increase in February reflects improvements in the business climate and the expectations for demand, while the assessment of demand over recent months deteriorated. Furthermore, the business activity index of the Purchasing Managers' Survey for the services sector, despite declining in February, has remained broadly flat since November. However, in contrast to the European Commission's services confidence indicator, the Purchasing Managers' Survey for the services sector is at a relatively high level. The components of the

Chart 34 Industrial production, industrial confidence and the PMI

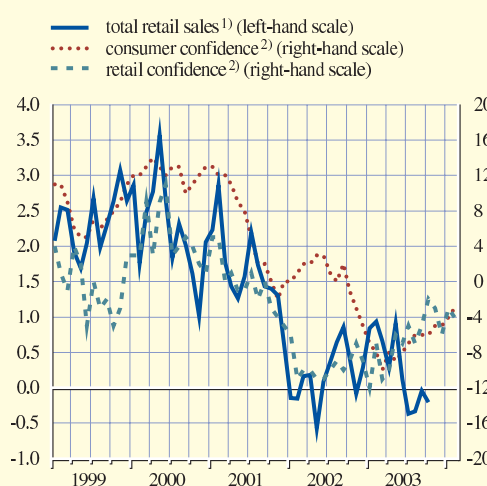
(monthly data; seasonally adjusted)



Sources: Eurostat, European Commission Business and Consumer Surveys, Reuters and ECB calculations.
1) Manufacturing; three-month on three-month percentage changes.
2) Percentage balances; changes compared with three months earlier.
3) Purchasing Managers' Index; deviations from an index value of 50.

Chart 35 Retail sales and confidence in the retail trade and household sectors

(monthly data)



Sources: European Commission Business and Consumer Surveys and Eurostat.
1) Annual percentage changes; three-month centred moving averages; working day adjusted.
2) Percentage balances; seasonally and mean adjusted.

survey that declined most strongly in February were expectations of future business activity and the index on incoming new businesses. In addition, the employment index decreased somewhat and the assessment of the amount of outstanding business remained unchanged. All in all, also in the services sector, growth appears to have continued at the start of 2004.

INDICATORS OF HOUSEHOLD SPENDING

In line with national accounts data, household spending indicators point to weak private consumption in the last quarter of 2003. Furthermore, short-term indicators do not yet provide clear indications of an improvement in private consumption at the start of 2004.

Euro area retail sales volumes declined significantly month on month in November 2003 and the available national data suggest that this weakness persisted in December. Overall, retail sales volumes, despite expanding strongly in October, seem to have contracted in the fourth quarter as a whole. Moreover, new passenger car registrations decreased over the same period and in January.

The European Commission's consumer confidence indicator rose in February 2004. At the same time, the January data were revised upwards, since data for France, which had been excluded from the euro area aggregates in January due to a structural break, were included in the series. Consequently, the euro area consumer confidence data from January 2004 onwards are not fully comparable with previous results. Taking into account the structural break, consumer confidence is still at a relatively low level, despite the increase in February. This increase was broadly shared across components, but reflects in particular the more positive outlook of consumers vis-à-vis the overall economy. By contrast, confidence in the retail trade sector deteriorated in February. However, given the significant

volatility of this indicator, this development remains in line with the broader picture of an upward movement observed since the start of 2003. The deterioration in February was driven by a decline in the expected business situation. At the same time, the assessment of the present business situation remained unchanged and a perceived decline in stocks contributed positively to the overall indicator.

4.2 LABOUR MARKET

UNEMPLOYMENT

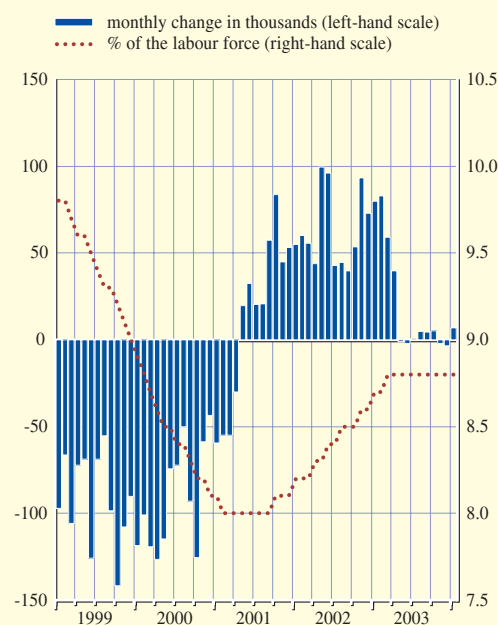
Labour market conditions were unchanged in January 2004. Indeed, the euro area unemployment rate has remained unchanged at 8.8% for almost a year now (see Chart 36). Moreover, in January there were no changes in the unemployment rates as regards gender and age groups. The seasonally adjusted number of unemployed people increased by approximately 7,000 in January 2004 month on month to stand at about 200,000 higher than a year ago.

EMPLOYMENT

Employment growth in the economy as a whole was zero in the third quarter of 2003 (see Table 9). However, employment continued to decline in the industrial sector (excluding construction) and to increase in the services sector. The impact of the past economic slowdown on employment seems to have been relatively limited, as there also appear to have been adjustments in the number of hours worked.

Chart 36 Unemployment

(monthly data; seasonally adjusted)



Source: Eurostat.

Table 9 Employment growth

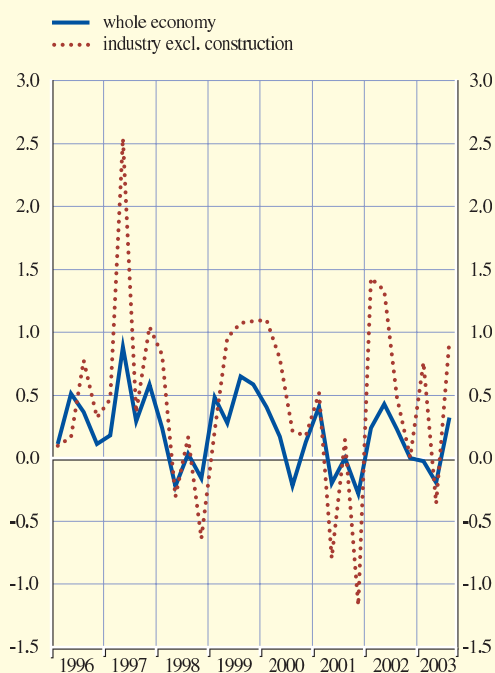
(percentage changes compared with the previous period; seasonally adjusted)

	Annual rates		Quarterly rates				
	2001	2002	2002 Q3	2002 Q4	2003 Q1	2003 Q2	2003 Q3
Whole economy	1.4	0.5	0.0	0.0	0.0	0.1	0.0
<i>of which:</i>							
Agriculture and fishing	-0.6	-2.0	-0.6	-0.5	-0.7	-0.1	-0.3
Industry	0.4	-1.2	-0.4	-0.5	-0.3	-0.2	-0.6
Excluding construction	0.3	-1.4	-0.4	-0.6	-0.4	-0.5	-0.5
Construction	0.5	-0.8	-0.4	-0.1	0.0	0.5	-0.7
Services	1.9	1.3	0.2	0.2	0.2	0.2	0.2
Trade and transport	1.5	0.4	0.0	0.0	0.2	0.2	0.4
Finance and business	3.8	2.4	0.3	0.4	0.2	0.2	0.3
Public administration	1.3	1.5	0.4	0.3	0.2	0.2	0.0

Sources: Eurostat and ECB calculations.

Chart 37 Labour productivity

(quarterly percentage changes; seasonally adjusted)



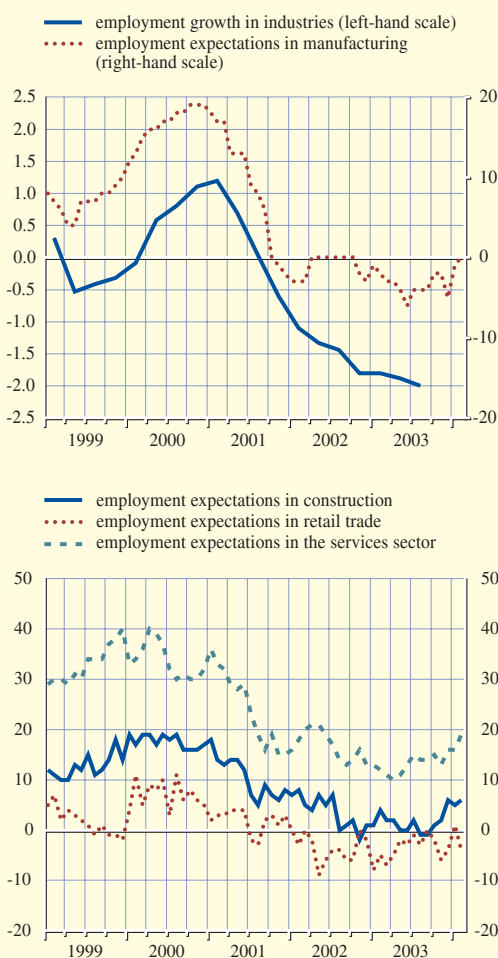
Source: Eurostat.

As a result of the pick-up in economic activity and the broadly constant level of employment, labour productivity improved in the third quarter of 2003 in both the economy as a whole and the industrial sector excluding construction (see Chart 37). Given the continuation of the recovery in the fourth quarter and the slow and lagging adjustment in employment, labour productivity is likely to have improved further towards the end of 2003.

Employment expectations continue to point to subdued labour market conditions (see Chart 38). As regards the manufacturing sector, in February 2004 the European Commission's indicator of employment expectations improved, while the employment index within the PMI deteriorated somewhat. Similarly, in the market services sector the European Commission's indicator of employment expectations rose in February and the employment index of the PMI declined. All in all, despite overall modest improvements since summer 2003, the relatively low level of the survey indicators still reflects restrained labour market conditions in both the industrial and the services sector.

Chart 38 Employment growth and employment expectations

(annual percentage changes; percentage balances)



Sources: Eurostat and European Commission Business and Consumer Surveys.
Note: Percentage balances are mean adjusted.

4.3 OUTLOOK FOR ECONOMIC ACTIVITY

Euro area real GDP data for the fourth quarter confirm that the recovery continued at the end of 2003. Furthermore, short-term indicators remain supportive of an overall positive outlook for economic activity at the start of 2004. In the course of 2004 the recovery is expected to be supported by both domestic demand and exports. Investment, which grew strongly in the fourth quarter of 2003, should continue to benefit from the low level of interest rates, the very favourable financing conditions and the recovery of the world economy. Moreover, the ongoing adjustment efforts of businesses to enhance profitability should foster the pick-up in investment. In addition, private consumption is expected to increase in view of rising real disposable income reflecting favourable terms-of-trade effects and improving labour market conditions. On the external side, strong foreign demand is expected to underpin growth in exports, despite the decline in the euro area's relative price competitiveness resulting from the appreciation of the euro.

5 FISCAL DEVELOPMENTS

After disappointing fiscal developments in 2003, the updated stability programmes envisage noticeable improvements in the average euro area fiscal balance over the programme horizon until 2006-07. The projected improvement is largely due to expenditure restraint. Nevertheless, the adjustment is too slow and uncertain to eliminate risks of new or persistent excessive deficits in a number of countries. Despite favourable growth prospects, fiscal plans will also leave some euro area countries with budgetary imbalances and high debt ratios at the end of the programme horizon. These prospects call for more ambitious targets and appropriate strategies to mitigate budgetary risks in conjunction with a comprehensive structural reform agenda in a number of countries.

FISCAL DEVELOPMENTS IN 2003

According to the updated stability programmes submitted by member countries at the end of 2003 and early in 2004, public finance developments in the euro area in 2003 were disappointing. The average government budget deficit ratio deteriorated significantly from 2.2% of GDP in 2002 to 2.7% in 2003 (see Table 10). These estimates have also broadly confirmed the Commission's autumn forecasts for the euro area in 2003 (see Table 12 in the December 2003 issue of the Monthly Bulletin). The average euro area budget deficit is expected to be nearly 1 percentage point of GDP higher than the deficit target envisaged on average in the previous updated stability programmes.

The developments at the euro area level reflect a worsening of budget positions in most countries. In 2003, Germany and France reached deficit ratios of around 4% of GDP, Portugal recorded a deficit slightly below 3%, and Italy posted a deficit ratio above 2%. Preliminary information from the Dutch Ministry of Finance indicate that the deficit in the Netherlands in 2003 was 3%.

The deterioration in public finances in the euro area as a whole in 2003 stemmed mainly from the budgetary impact of a less favourable than expected economic environment. Automatic fiscal stabilisers operated as planned with lower tax revenue and higher unemployment-related outlays supporting aggregate demand. In most cases, however, fiscal targets were based on overly optimistic macroeconomic assumptions. Moreover, member countries implemented, on average, very limited budget adjustments, in contrast to some tightening envisaged in the previous stability programmes.

Lower nominal growth and higher deficits have driven up the debt ratio in the euro area average from 69.0% of GDP in 2002 to 70.2% in 2003. This increase in the debt ratio interrupts a gradual downward trend which had begun in 1998. With France's public debt exceeding 60% of GDP for the first time in 2003, the number of countries with a public debt ratio above this reference value has increased to six.

FISCAL PLANS BETWEEN 2004 AND 2006-07

The stability programmes project a moderate improvement of fiscal balances in the euro area on average in 2004 against the background of stronger economic growth and renewed consolidation efforts. In the same year, the euro area deficit ratio is expected to decline by 0.3 percentage point to 2.4% of GDP and the debt ratio is projected to stabilise at 70.1%.

If fully implemented, budget plans would imply a moderately restrictive fiscal stance in 2004 in the euro area while the economic cycle will have only a limited effect on the evolution of budget balances. However, the planned fiscal consolidation varies significantly across countries, with much of the impact at the aggregate level coming from consolidation by the large countries in excessive deficit.

Table 10 Euro area countries' updated stability programmes

	Real GDP growth rate (%)					Budget balance ratio (% of GDP)					Debt ratio (% of GDP)				
	2003	2004	2005	2006	2007	2003	2004	2005	2006	2007	2003	2004	2005	2006	2007
Belgium															
Updated programme (Nov. 2002)	2.1	2.5	2.5			0.0	0.3	0.5			102.3	97.9	93.6		
Updated programme (Nov. 2003)	0.9	1.8	2.8	2.5	2.1	0.2	0.0	0.0	0.0	0.3	102.3	97.6	93.6	90.1	87.0
Germany															
Updated programme (Dec. 2002)	1.5	2¼	2¼	2¼		-2.75	-1.5	-1.0	0.0		61.5	60.5	59.5	57.5	
Updated programme (Jan. 2004) ¹⁾	-0.1	1.7	2¼	2¼	2¼	-4.0	-3¼	-2½	-2	-1½	64	65	65½	65½	65
Greece															
Updated programme (Dec. 2002)	3.8	4.0	3.7	3.6		-0.9	-0.4	0.2	0.6		100.2	96.1	92.1	87.9	
Updated programme (Dec. 2003)	4.0	4.2	4.0	3.8		-1.4	-1.2	-0.5	0.0		101.7	98.5	94.6	90.5	
Spain															
Updated programme (Dec. 2002)	3.0	3.0	3.0	3.0		0.0	0.0	0.1	0.2		53.1	51.0	49.0	46.9	
Updated programme (Jan. 2004)	2.3	3.0	3.0	3.0	3.0	0.5	0.0	0.1	0.2	0.3	51.8	49.6	47.7	45.7	43.8
France															
Updated programme (Dec. 2002)	2.5	2.5	2.5	2.5		-2.6	-2.1	-1.6	-1.0		59.1	58.9	58.3	57.0	
Updated programme (Dec. 2003)	0.5	1.7	2.5	2.5	2.5	-4.0	-3.6	-2.9	-2.2	-1.5	61.4	62.8	63.2	62.8	61.8
Ireland															
Updated programme (Dec. 2002)	3.5	4.1	5.0			-0.7	-1.2	-1.2			34.0	34.5	34.9		
Updated programme (Dec. 2003)	2.2	3.3	4.7	5.2		-0.4	-1.1	-1.4	-1.1		33.1	33.3	33.5	33.3	
Italy															
Updated programme (Nov. 2002)	2.3	2.9	3.0	3.0		-1.5	-0.6	-0.2	0.1		105.0	100.4	98.4	96.4	
Updated programme (Nov. 2003)	0.5	1.9	2.2	2.5	2.6	-2.5	-2.2	-1.5	-0.7	0.0	106.0	105.0	103.0	100.9	98.6
Luxembourg															
Updated programme (Jan. 2003)	1.2	2.4	3.1			-0.3	-0.7	-0.1			4.1	3.8	2.9		
Updated programme (Nov. 2003)	1.2	2.0	3.0	3.8		-0.6	-1.8	-2.3	-1.5		4.9	5.2	5.0	4.4	
Netherlands															
Updated programme (June 2003)	¾	1½	2	2½	2½	-1.6	-1.7	-1.2	-0.8	-0.5	52.5	52.2	52.5	52.6	52.6
Updated programme (Oct. 2003)	0	1	2½	2½	2½	-2.3	-2.3	-1.6	-0.9	-0.6	54.0	54.5	53.7	53.0	52.2
Austria															
Updated programme (Mar. 2003)	1.4	2.0	2.5	2.5		-1.3	-0.7	-1.5	-1.1		67.0	65.1	63.8	62.1	
Updated programme (Nov. 2003)	0.9	1.9	2.5	2.5	2.4	-1.3	-0.7	-1.5	-1.1	-0.4	66.4	65.8	64.1	62.3	59.9
Portugal															
Updated programme (Jan. 2003)	1.3	2.7	3.1	3.5		-2.4	-1.9	-1.1	-0.5		58.7	57.5	55.3	52.7	
Updated programme (Dec. 2003)	-0.8	1.0	2.5	2.8	3.0	-2.9	-2.8	-2.2	-1.6	-1.1	59.5	60.0	59.7	58.6	57.0
Finland															
Updated programme (Nov. 2002)	2.8	2.6	2.5	2.4		2.7	2.1	2.6	2.8		41.9	41.9	41.4	40.7	
Updated programme (Nov. 2003)	1.4	2.7	2.5	2.4	2.4	2.3	1.7	2.1	2.1	2.2	45.1	44.7	44.9	45.0	44.6
Euro area ²⁾															
2002-03 updated programmes	2.1	2.5	2.6	2.6		-1.8	-1.1	-0.8	-0.2		68.7	67.0	65.7	63.7	
2003-04 updated programmes	0.6	1.9	2.5	2.6	2.5	-2.7	-2.4	-1.8	-1.3	-0.8	70.2	70.1	69.5	68.5	67.6

Sources: 2002-03 and 2003-04 updated stability programmes and ECB calculations.

1) The updated stability programme was submitted in December 2003 and further updated in January 2004.

2) The euro area aggregate is calculated as a weighted average of individual countries' data where available.

The projected budgetary consolidation in 2004 is largely expenditure-based and most countries are planning to curb the growth of primary current expenditure. Savings focus, in particular, on the public wage bill and health care and pension expenditures, also with a view to fostering an environment of growth-friendly and sustainable public finances. Additional tax reductions and the lagged impact of previous tax reforms in some countries are likely to partly offset the consolidating effect of expenditure restraint. Furthermore, a few countries plan to increase their capital expenditure.

Despite these intended improvements, imbalances at the country and euro area levels are expected to remain significant in 2004. Deficits above 3% of GDP are anticipated in France and Germany, while Italy, the Netherlands and Portugal will also record sizeable deficits. Portugal might join the

group of countries that record debt ratios at 60% or above, while in Belgium and Greece, two of the countries with very high public debt, the debt ratio is projected to decline below 100%.

Beyond 2004, the programmes contemplate further moderate progress with fiscal consolidation. Fiscal tightening is expected to continue, particularly in countries with large fiscal imbalances, via expenditure restraint. Buoyant economic growth will also help to reduce fiscal deficits. The euro area deficit ratio is expected to decline on average by ½% of GDP per annum over the horizon of the stability programmes. Nonetheless, in 2006-07 and in spite of favourable growth expectations, the euro area will still record a deficit close to 1% on average as some countries project maintaining noticeable nominal imbalances. The debt ratio will resume its declining path in 2005, albeit at a very slow pace.

ASSESSMENT OF MEDIUM-TERM PLANS

The stability programmes need to be assessed against the requirements of the Treaty and the Stability and Growth Pact. The most important objective is to avoid – or correct in a timely manner – excessive deficits above 3% of GDP. Moreover, the Stability and Growth Pact requires that countries attain budgetary positions that are close to balance or in surplus over the medium term so as to create room for the safe operation of automatic fiscal stabilisers. These institutional constraints on deficits aim to safeguard confidence in the soundness of fiscal policies and, therefore, macroeconomic stability.

In order to clarify the implementation of EU fiscal rules, in October 2002 the Eurogroup agreed that countries that deviate from the objective of sound fiscal balances (but do not record excessive deficits) need to make a minimum annual consolidation effort of 0.5% of GDP. The ECOFIN Council confirmed this position in March 2003. In addition, macroeconomic assumptions underlying fiscal plans must be realistic and measures well-specified. The Broad Economic Policy Guidelines (BEPGs) for 2003-05 call for progress in structural reform towards more sustainable and growth-friendly public finances.

Against these benchmarks, the latest round of updated stability programmes represents progress, but there are still reasons for concern. Consolidation efforts and a favourable economic environment will result in an improvement of the average euro area deficit between 2004 and 2007. However, at the end of the programme horizon, the euro area as a whole will not have achieved a balanced budgetary position despite three years of strong growth. Moreover, the public debt ratio is expected to decline only very little. The risk therefore is that the expected good economic times will not be sufficiently used to bring the “fiscal house” in order, thus potentially repeating the mistakes from the past economic upswing.

Euro area figures disguise a very diverse picture of fiscal developments across countries (see Table 11 for an overview of country assessments as reflected in the ECOFIN Council opinions on stability programme updates). In some countries fiscal positions are expected to remain sound. In a number of other countries the underlying fiscal strategy is not ambitious enough and the implementation of budget plans bears considerable risks. Some countries base their plans on an optimistic growth outlook. Many countries have not yet spelled out in detail the measures planned to control expenditure. Countries where one-off budget measures have been extensively used in the past have not yet fully specified how they intend to consolidate them. Therefore, concerns about persistent severe imbalances continue, and the medium-term outlook remains worrisome in some Member States. This outlook could also have adverse repercussions on the credibility of the fiscal framework.

COUNTRIES' STRATEGIES AND RISKS

When looking at the three countries that were reported to be in excessive deficit in 2003, the updated stability programmes are a source of concern. On the positive side, they foresee a timely correction of the excessive deficit – albeit following the postponement of the deadline for Germany and France. However, in both these countries, the underlying consolidation effort is at best the bare minimum. Close to balance or in surplus positions will not be reached by the end of the programme horizon. This implies a further postponement of the deadline which was established in the previous round of updated stability programmes. Portugal appears to rely very strongly on temporary measures to correct the excessive deficit and does not comply in 2006 and 2007 with the Eurogroup agreement.

Furthermore, there is a high risk of persistent or renewed excessive deficits in the three countries mentioned above. This is due to insufficient ambition but also to strong risks on the expenditure side of budgets on account of unspecified measures and the experience of spending overruns in recent years. Certain growth assumptions may also turn out to be somewhat optimistic. The ECOFIN Council opinions of 10 February and 9 March 2004 have concluded therefore that there are risks that the deficit in France and Germany could remain above 3% in 2005 and that Portugal could miss its budgetary targets and, thereby, breach the deficit limit again. These countries must do everything necessary to prevent renegeing on their commitments as regards excessive deficits. Moreover, any windfall from higher growth or other favourable developments should be allocated to reducing deficits more rapidly.

The countries with moderate to significant deficits (Greece, Ireland, Italy, Luxembourg and the Netherlands) employ very diverse strategies over the programme horizon. The Netherlands plans to take significant expenditure-based adjustment measures to eliminate its imbalances, although this does not eliminate the risk of an excessive deficit in case of adverse economic circumstances. In the other four countries, however, the adjustment effort is limited and not sufficiently frontloaded. Clear risks stem from poorly specified expenditure measures. In Italy, the replacement of one-off measures by permanent consolidation is still uncertain. In Italy and Luxembourg, unfavourable economic developments could provoke a breach of the 3% limit in 2004 or 2005. Greece and Ireland will barely eliminate fiscal imbalances despite expected strong growth. Furthermore, uncertainties about growth and expenditure developments in these two countries remain. Overall, countries with moderate to significant deficits need an ambitious consolidation strategy on the basis of which automatic stabilisers can also operate safely and symmetrically.

The remaining countries, which are expected to be in a sound budgetary position in 2004, are projected to maintain such positions until the end of the programme horizon, with one temporary exception. In these countries, economic stability can be supported safely by automatic fiscal stabilisation. However, tax cuts without sufficient expenditure control would undermine the attainment of budget targets. Unfavourable experiences with uncompensated tax cuts in recent years suggest that new imbalances related to demand management or structural reform should be ruled out.

Finally, some progress is being made towards enhancing the efficiency of public expenditure, the employment-friendliness of tax benefit systems and the sustainability of social security systems. Pension and health reforms are still on the agenda in many countries. However, expenditure and revenue ratios as well as debt and contingent liabilities related to population ageing remain high throughout much of the euro area. Considerably more progress is therefore needed to enhance the euro area's growth potential and prepare for the fiscal implications of demographic changes in accordance with the Lisbon objectives and the BEPGs.

Table 11 Council opinions on euro area countries' updated stability programmes¹⁾

	Excessive deficit	Close to balance	Macroeconomic assumptions	Compliance with BEPGs and Eurogroup agreement	Risks of deficits exceeding 3% in 2004 or later	Long-term budgetary risks
Belgium	No	Yes, all years	Seem realistic, although possibly optimistic in 2005	Partly consistent with BEPGs	No, with normal cyclical fluctuations	Some risks of long-term imbalances
Germany	Target to correct it in 2005, within the deadline set by Council conclusions of 25 November 2003	Not until 2007	Appear realistic in 2004; optimistic afterwards	Partly consistent with BEPGs; consolidation rather less than ½ percentage point per annum in 2006 and 2007	Adjustment path may be insufficient to correct excessive deficit in 2005, under less favourable macroeconomic and budgetary assumptions	Risks of long-term imbalances cannot be ruled out
Greece	No	Not until 2006 (last projection year)	Seem optimistic	Not fully consistent with BEPGs; not fully consistent with the request to improve the cyclically adjusted balance by at least 0.5% of GDP each year	No, with normal cyclical fluctuations	Yes, risks of severe budget imbalances
Spain	No	Yes, all years	Seem realistic	Largely consistent with BEPGs	No	Current policies need to be supplemented by measures to prevent the emergence of unsustainable trends
France	Target to correct it in 2005, within the deadline set by Council conclusions of 25 November 2003	Not until 2007	2004 and the "cautious" scenario 2005-07 appear plausible	Partly consistent with BEPGs	Adjustment seems insufficient to eliminate the excessive deficits in 2005 under plausible macroeconomic and budgetary assumptions	Yes, risks cannot be ruled out
Ireland	No	Yes, targeted in 2006 (last projection year)	Seem realistic	Broadly consistent with BEPGs	No, with normal cyclical fluctuations	On the basis of current policies, some risks may emerge
Italy	No	Yes, in 2006 and 2007	Appears to be on the high side	Partly consistent with BEPGs; partly consistent with the request to improve the cyclically adjusted balance by at least 0.5% of GDP each year	Safety margins do not seem sufficient with normal macroeconomic fluctuations	Yes, on the basis of current policies risks cannot be ruled out

1) Opinions delivered by the ECOFIN Council on 20 January, 10 February and 9 March 2004 on programmes submitted by countries at the end of 2003 and in early 2004.

Table 11 (cont.)

	Excessive deficit	Close to balance	Macroeconomic assumptions	Compliance with BEPGs and Eurogroup agreement	Risks of deficits exceeding 3% in 2004 or later	Long-term budgetary risks
Luxembourg	No	Yes, all years	Plausible in 2004 and 2005. May be on the high side in 2006.	Broadly consistent with BEPGs	Under adverse economic circumstances, particularly in 2005	No
Netherlands	No	Yes, from 2005	Some downside risks to projection in 2004	Broadly consistent with BEPGs	Risks of breaching 3% under more adverse economic circumstances	Some risks of future budgetary imbalances cannot be ruled out
Austria	No	Yes, in 2004 and 2007	Appear realistic	Not fully consistent with BEPGs	No	Reduced, but to be confirmed by actual developments
Portugal	No	Not until 2007	Seem realistic	Broadly consistent with BEPGs, but less than ½% of GDP annual adjustment in 2006 and 2007	Budgetary targets subject to major risks	On the basis of current policies, risks of long-term imbalances cannot be ruled out
Finland	No	Yes, all years	Cautious in later years of the programme	Broadly consistent with the BEPGs	No, with normal cyclical fluctuations	No

6 EXCHANGE RATE AND BALANCE OF PAYMENTS DEVELOPMENTS

6.1 EXCHANGE RATES

In February 2004 developments in foreign exchange markets were characterised mainly by a rather broad-based weakening of the Japanese yen and a strengthening of the pound sterling against the euro and other major world currencies. In this period, the US dollar remained broadly unchanged against the euro, despite some fluctuations. In early March 2004, however, the US dollar strengthened against all major currencies. In the light of these movements in the major euro bilateral rates, the nominal effective euro exchange rate in early March was slightly below its end-January level.

US DOLLAR/EURO

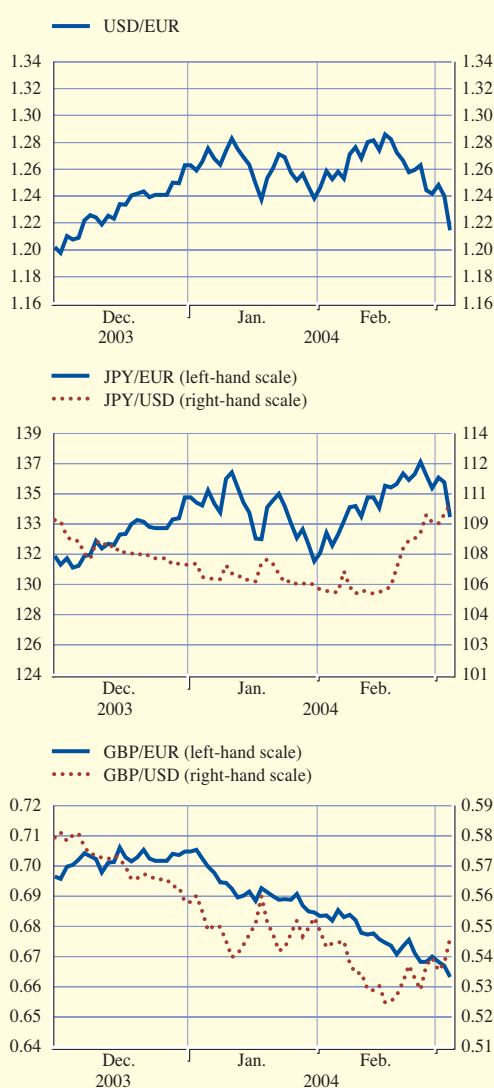
The euro appreciated against the US dollar in the first two weeks of February 2004 to, subsequently, witness a reversal of those gains by the end of the month (see Chart 39). The evolution in the euro-dollar exchange rate over this period seems to have been affected by a combination of factors pointing in different directions. These included market reactions to the communiqué by the Group of Seven (G7) on exchange rate movements in early February and the testimony by the Federal Reserve Chairman on 11 February. In addition, US data releases in February tended to paint a rather mixed picture concerning developments in the US current account and its financing. On the one hand, data on the US trade deficit in December 2003 showed a stronger increase than expected, thereby raising questions among market analysts on the effect, thus far, of the US dollar decline on US external trade. On the other hand, evidence of strong net portfolio inflows into the United States in December 2003 – for the second consecutive month – seem to have further eased concerns over possible financing constraints. Overall, the positive US economic outlook continued to be supportive of the US dollar, as evidenced by the advance estimate of robust US GDP growth for the last quarter of 2003. In early March the US dollar appreciated amid the release of a survey that was interpreted by the market as signalling an improvement in the US labour market. On 3 March the euro stood at USD 1.21, 1.9% weaker compared with its end-January 2004 level and 7.3% stronger than its 2003 average.

JAPANESE YEN/EURO

After having declined in January, the euro strengthened perceptibly vis-à-vis the Japanese

Chart 39 Patterns in exchange rates

(daily data)



Source: ECB.

yen in February (see Chart 39). This largely reflected the rather broad-based weakening of the Japanese yen against all major currencies over the same period, notwithstanding the strongest evidence yet that the Japanese economy appears to have overcome a period of sustained low economic growth. In particular, recent data releases indicated that Japan's GDP expanded at an annualised rate of 7% in the fourth quarter of 2003. Against this background, market speculation about interventions by the Japanese authorities' in foreign exchange markets might have weighed on the yen in February. In early March, however, the Japanese currency rebounded against the euro, thereby offsetting part of its earlier losses. On 3 March the euro was quoted at JPY 133.8, i.e. more than 2% stronger than both its end-January 2004 and its average 2003 levels.

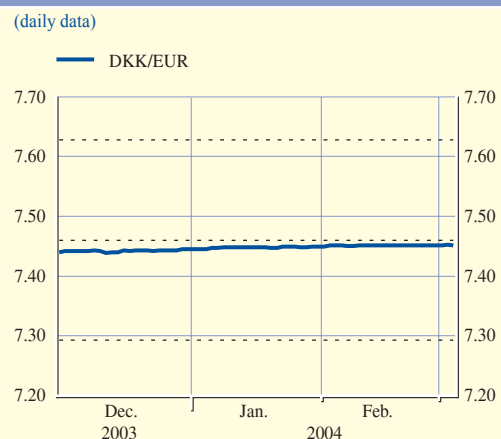
POUND STERLING/EURO

After weakening in January, the euro declined further vis-à-vis the pound sterling in February and early March (see Chart 39). The broad-based strengthening of the pound sterling was accompanied by further indications of robust economic growth in the United Kingdom. On 5 February the Bank of England's Monetary Policy Committee raised its key interest rate by 0.25 percentage point to 4%, underlining the resilience of household spending and borrowing, and the strength of the housing market. On 3 March the euro traded at GBP 0.66, i.e. 3.1% lower than at the end of January and 4.1% lower relative to its 2003 average.

OTHER EUROPEAN CURRENCIES

In ERM II, the Danish krone continued to fluctuate in a very narrow range close to its central parity (see Chart 40). Turning to other European currencies, the euro appreciated moderately against the Swedish krona and the Swiss franc, while it remained broadly unchanged against the Norwegian krone, as compared with their end-January 2004 levels.

Chart 40 Patterns in exchange rates within ERM II



Source: ECB.

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

EFFECTIVE EXCHANGE RATE OF THE EURO

On 3 March the nominal effective exchange rate of the euro – as measured against the currencies of 12 major euro area trading partners – was 1% below its end-January level, but 2.5% above its average level in 2003. The weakening of the euro in effective terms over this period largely reflected its depreciation against the pound sterling and the US dollar, which was only partly counterbalanced by its appreciation against the Japanese yen (see Chart 41).

Taking a longer-term perspective, the real effective exchange rates of the euro – based on trends in the CPI, PPI and ULCM – closely followed developments in the nominal index over the past five years (see Chart 42). The most recent data suggest that real indices stand somewhat above the nominal index, reflecting deflationary pressures faced by some Asian trading partners and subdued inflation in several other industrialised countries over this period. In February 2004 the real effective exchange rate of the euro was 4.9% above its average level in 2003, if based on developments in consumer prices, while it was 4.1% above this level if based on developments in producer prices.

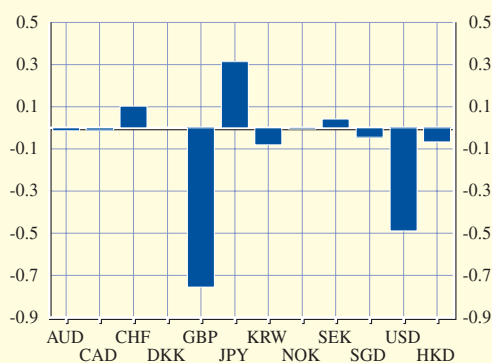
Chart 41 The effective euro exchange rate and its decomposition¹⁾

(daily data)



Contributions to EER changes²⁾

From 30 Jan. 2004 to 3 Mar. 2004
(in percentage points)



Source: ECB.

1) An upward movement of the index represents an appreciation of the euro against the currencies of 12 major trading partners.
2) Changes are calculated, using trade weights, against 12 major trading partners.

Chart 42 Nominal and real effective euro exchange rates¹⁾

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



Source: ECB.

1) An upward movement of the index represents an appreciation of the euro. The latest observations for monthly data are February 2004. In the case of the ULCM-based real EER, the latest observation is for Q3 2003 and is partly based on estimates.

6.2 BALANCE OF PAYMENTS

In the fourth quarter of 2003 euro area exports of goods continued to rise for the second consecutive quarter, predominantly driven by strong foreign demand. Given the decline in the first half of the year, however, goods exports for the whole of 2003 were lower (by just over 2%) than in the year before. As imports decreased only marginally in the same period, the trade surplus declined in 2003. These developments, together with an increase in the income deficit, contributed to a fall in the current account surplus from 0.9% of GDP in 2002 to 0.4% of GDP in 2003. In the financial account, combined direct and portfolio investment recorded small net outflows in 2003, compared with net inflows the year before. This was mainly the result of lower net inflows in portfolio investment.

CURRENT ACCOUNT AND TRADE

The seasonally adjusted current account of the euro area recorded a surplus of €2.5 billion in December 2003. This reflected surpluses in both the goods and the services accounts that were partly offset by deficits in income and current transfers (see Table 12). Compared with the revised data for November 2003, the seasonally adjusted current account surplus rose by €0.4 billion in December. This increase resulted from a decline in the current transfers deficit and a rise in the goods surplus that were only partly counterbalanced by a rise in the income deficit. The services surplus was unchanged compared with November.

In terms of quarterly figures, the recovery in extra-euro area exports of goods that began in the third quarter of 2003 continued in the fourth quarter. The value of goods exports rose by about 1.5% compared with the third quarter, mainly supported by stronger foreign demand. As imports of goods grew at a brisker pace than exports over the same period, the trade surplus was lower (see Table 12). The rise in the value of imports in the fourth quarter of 2003 may have been partly associated with the lagged impact of the appreciation of the euro, while a strengthening of demand

Table 12 Main items of the euro area balance of payments

(EUR billions; seasonally adjusted, unless otherwise indicated)

	2002	2003	2003 Q1	2003 Q2	2003 Q3	2003 Q4	2003 Nov.	2003 Dec.
Current account balance	67.1	28.1	4.2	2.1	9.3	12.5	2.1	2.5
Goods balance	130.9	110.3	25.0	25.2	33.2	26.9	7.5	8.2
Exports	1,059.2	1,036.2	258.2	256.1	259.0	262.9	86.7	88.1
Imports	928.3	925.9	233.3	230.9	225.8	236.0	79.1	79.8
Services balance	11.1	17.7	5.7	2.6	3.1	6.3	1.7	1.7
Income balance	-27.8	-43.8	-13.9	-10.5	-9.5	-9.9	-1.4	-4.1
Current transfers balance	-47.1	-56.1	-12.5	-15.3	-17.6	-10.8	-5.8	-3.4
Financial account balance¹⁾	-97.2	-72.2	-25.1	-33.0	-8.8	-5.3	-3.5	2.6
Combined net direct and portfolio investment	61.9	-9.3	6.2	60.9	-80.8	4.3	-1.4	-10.4
Direct investment	-41.5	-21.2	-0.9	3.5	-12.4	-11.5	0.9	-1.8
Portfolio investment	103.4	11.9	7.0	57.4	-68.4	15.8	-2.3	-8.6
Equities	50.6	39.3	14.5	-3.6	-2.2	30.6	8.9	8.4
Debt instruments	52.9	-27.4	-7.5	61.0	-66.2	-14.8	-11.3	-16.9

Source: ECB.

Notes: Figures may not add up due to rounding. For the financial account, a positive (negative) sign indicates a net inflow (outflow). A detailed set of tables of the euro area balance of payments data can be found on the ECB's website.

1) Not seasonally adjusted.

in the euro area seems also to have contributed to this development. In spite of the observed fall in the goods surplus, the surplus in the current account increased in the fourth quarter, mainly due to the overcompensating effect of a lower transfers deficit and a higher services surplus.

For 2003 as a whole, the euro area current account surplus fell to €28.1 billion (about 0.4% of GDP), from €67.1 billion in 2002 (0.9% of GDP). A decrease in the goods surplus (by €20.6 billion) and an increase in both the income deficit (by €16.0 billion) and the transfers deficit (by €9 billion) were the drivers behind the decline in the current account surplus over this period. These developments were only partly offset by a €6.6 billion rise in the services surplus. Against the background of broadly unchanged imports, the decline in the value of exports was the main factor behind the lower trade surplus in 2003 (see Table 12). The increase in the income deficit stemmed from a reduction in income credits. The appreciation of the euro in 2003 largely explains this development, as the value of income credits received in foreign currency is lower when expressed in euro.

External Trade Statistics data, which are available until December 2003, suggest that the decline in euro area exports in 2003 predominantly reflected weaker exports to the United States and the United Kingdom, particularly in the first half of the year. The fall in euro area exports to the United States in this period can be attributed mainly to relatively weak US domestic demand. This was compounded by the significant depreciation of the US dollar against the euro, which is likely to have triggered a substitution of US imports from the euro area with imports from other trading partners of the United States.

The fall in euro area exports to the United Kingdom in the first half of 2003 seems to be partly related to the overall sluggishness of UK imports which can, in turn, be linked to the weakness of some import-intensive categories of expenditure, such as business investment. Moreover, exchange rate developments may have contributed to the decline in euro area exports to the United Kingdom. In the second half of the year, however, these exports increased amid evidence of robust economic growth in the United Kingdom.

Euro area exports to central and eastern European countries – which accounted for nearly 14% of total euro area exports of goods in 2002 – increased by more than 6% in 2003 as compared with 2002, while euro area exports to Asia declined moderately over the same period. This reflected a fall in euro area exports to Japan, while exports to China increased strongly. However, this rise was insufficient to offset the fall in exports to other destinations in Asia, given the small share of exports to China in total euro area exports (less than 3% in 2002).

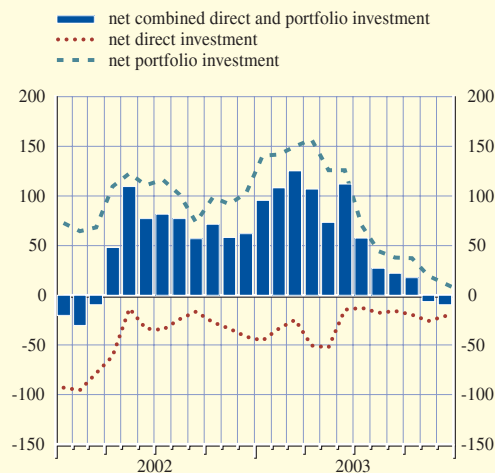
FINANCIAL ACCOUNT

In the financial account, combined direct and portfolio investment recorded net outflows of €10.4 billion in December 2003, reflecting net outflows in both portfolio investment (€8.6 billion) and, to a lesser extent, direct investment (€1.8 billion).

The developments in portfolio investment were mainly associated with net outflows in debt instruments (€16.9 billion), which were only partly offset by net inflows in equity portfolio investment (€8.4 billion). Both net sales of euro area money market instruments by non-resident investors and net purchases by euro area residents abroad accounted for most of the net outflows observed in debt instruments. By contrast, bonds and notes recorded net inflows which were, however, less than half the magnitude of the net outflows in money market instruments.

Chart 43 Net direct and portfolio investment flows

(EUR billions; 12-month cumulated data)



Source: ECB.
 Note: A positive (negative) number indicates a net inflow (outflow) into (out of) the euro area.

In December a more positive assessment among market participants of the short-term earnings outlook and a decline in uncertainty – as evidenced by the substantial drop in the implied volatility extracted from option contracts on the Dow Jones EUROSTOXX 50 index (see Chart 27 in Section 2) – seem to have influenced investment decisions in equity securities. Moreover, market expectations of an appreciation of the euro might also have played a role, as in previous months.

In 2003 as a whole, combined direct and portfolio investment showed net outflows of €9.3 billion, compared with net inflows of €61.9 billion in 2002. This development largely reflected lower net inflows in portfolio investment, which were only partly offset by declining net outflows in direct investment over the same period. Transactions in debt instruments dominated developments in portfolio investment.

In more detail, after recording net inflows of €52.8 billion in 2002, net investment in debt instruments turned negative in 2003 – showing net outflows of €27.4 billion. The fall in net portfolio investment flows was gradual, but seems to have accelerated in the second half of 2003 (see Chart 43). This reflected primarily a sizeable switch in money market instruments from net inflows to net outflows – owing to the sharp fall in foreign purchases of euro area securities – as foreign investors seem to have begun re-allocating their international portfolios in favour of riskier assets, particularly since June 2003. The improvement in the global economic outlook and its likely impact on the gradual picking-up of worldwide cross-border gross equity flows over this period may have been the main driving factors behind this development. At the same time, net inflows in bond and notes also declined somewhat in 2003, compared with a year earlier. However, much of this decline reflected the disinvestment by non-residents of euro area bonds and notes that took place in July and August of 2003.

EURO AREA STATISTICS



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1) For further information, please contact us at: statistics@ecb.int. See the ECB's website (www.ecb.int) for longer runs and more detailed data.

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Conventions used in the tables

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

EURO AREA OVERVIEW



Summary of economic indicators for the euro area

(annual percentage changes, unless otherwise indicated)

1. Monetary developments and interest rates

	M1 ¹⁾	M2 ¹⁾	M3 ^{1),2)}	M3 ^{1),2)} 3-month moving average (centred)	MFI loans to euro area residents excluding MFIs and general government ¹⁾	Securities other than shares issued in euro by non- financial and non- monetary financial corporations ¹⁾	3-month interest rate (EURIBOR, % per annum, period averages)	10-year government bond yield (% per annum, period averages)
	1	2	3	4	5	6	7	8
2002	7.6	6.6	7.2	-	5.3	21.2	3.32	4.92
2003	11.0	8.0	8.0	-	5.0	20.6	2.33	4.16
2003 Q1	10.1	7.1	7.6	-	5.0	17.4	2.69	4.16
Q2	11.3	8.3	8.5	-	4.6	20.7	2.37	3.96
Q3	11.5	8.5	8.3	-	4.9	22.5	2.14	4.16
Q4	11.2	7.9	7.6	-	5.3	21.6	2.15	4.36
2003 Sep.	11.2	8.2	7.6	8.0	4.9	22.0	2.15	4.23
Oct.	12.2	8.3	8.1	7.7	5.1	22.7	2.14	4.31
Nov.	10.6	7.6	7.4	7.5	5.6	21.7	2.16	4.44
Dec.	10.5	7.5	7.0	7.0	5.5	18.9	2.15	4.36
2004 Jan.	11.2	7.4	6.4	.	5.5	.	2.09	4.26
Feb.	.	.	.	.	.	.	2.07	4.18

2. Prices, output, demand and labour markets

	HICP	Industrial producer prices	Hourly labour costs	Real GDP	Industrial production excluding construction	Capacity utilisation in manufacturing (percentages)	Employment	Unemployment (% of labour force)
	1	2	3	4	5	6	7	8
2002	2.3	-0.1	3.5	0.9	-0.5	81.4	0.5	8.4
2003	2.1	1.6	.	0.4	0.4	80.9	.	8.8
2003 Q1	2.3	2.4	3.1	0.7	0.8	81.1	0.0	8.7
Q2	1.9	1.5	3.2	0.1	-0.8	80.8	0.1	8.8
Q3	2.0	1.2	2.9	0.3	-0.2	81.0	0.2	8.8
Q4	2.0	1.1	.	0.6	1.6	81.0	.	8.8
2003 Sep.	2.2	1.1	-	-	-1.1	-	-	8.8
Oct.	2.0	0.9	-	-	1.5	81.2	-	8.8
Nov.	2.2	1.4	-	-	1.1	-	-	8.8
Dec.	2.0	1.0	-	-	2.2	-	-	8.8
2004 Jan.	1.9	0.3	-	-	.	80.7	-	8.8
Feb.	1.6	.	-	-	.	-	-	.

3. Balance of payments, reserve assets and exchange rates

(EUR billions, unless otherwise indicated)

	Balance of payments (net transactions)				Reserve assets (end-of-period positions)	Effective exchange rate of the euro: narrow group (index, 1999 Q1 = 100)		USD/EUR exchange rate
	Current and capital accounts	Goods	Direct investment	Portfolio investment		Nominal	Real (CPI)	
2002	77.9	130.6	-41.5	103.4	366.1	89.7	92.3	0.9456
2003	39.0	109.8	-21.2	11.9	306.5	99.9	103.6	1.1312
2003 Q1	4.4	16.6	-0.9	7.0	339.1	96.6	99.8	1.0731
Q2	-5.4	23.4	3.5	57.4	326.1	101.0	104.7	1.1372
Q3	16.2	37.3	-12.4	-68.4	332.9	100.2	103.9	1.1248
Q4	23.8	32.4	-11.5	15.8	306.5	101.8	106.0	1.1890
2003 Sep.	6.9	11.5	-4.8	14.2	332.9	99.5	103.3	1.1222
Oct.	10.4	14.5	-10.6	26.7	332.4	101.0	104.8	1.1692
Nov.	6.0	8.9	0.9	-2.3	321.9	100.9	104.9	1.1702
Dec.	7.5	9.0	-1.8	-8.6	306.5	103.7	108.1	1.2286
2004 Jan.	.	.	.	.	309.7	104.7	109.0	1.2613
Feb.	.	.	.	.	.	104.4	108.6	1.2646

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

Note: For more information on the data, see the relevant tables later in this 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 outstanding amounts and transactions.
- 2) M3 and its components exclude holdings by non-euro area residents of money market fund shares/units and debt securities with a maturity of up to two years.



MONETARY POLICY STATISTICS

1.1 Consolidated financial statement of the Eurosystem

(EUR millions)

1. Assets

	2004 6 Feb.	2004 13 Feb.	2004 20 Feb.	2004 27 Feb.
Gold and gold receivables	130,344	130,343	130,343	130,343
Claims on non-euro area residents in foreign currency	177,537	173,821	171,198	168,559
Claims on euro area residents in foreign currency	17,620	17,254	17,551	18,023
Claims on non-euro area residents in euro	7,273	7,131	7,312	7,326
Lending to euro area credit institutions in euro	270,015	268,024	275,029	283,903
Main refinancing operations	214,999	213,000	220,002	218,659
Longer-term refinancing operations	55,000	55,000	55,000	64,999
Fine-tuning reverse operations	0	0	0	0
Structural reverse operations	0	0	0	0
Marginal lending facility	3	5	8	232
Credits related to margin calls	13	19	19	13
Other claims on euro area credit institutions in euro	1,055	1,461	1,434	1,284
Securities of euro area residents in euro	65,306	65,996	66,094	66,533
General government debt in euro	42,604	42,604	42,604	42,604
Other assets	105,260	106,526	105,366	105,449
Total assets	817,014	813,160	816,931	824,024

2. Liabilities

	2004 6 Feb.	2004 13 Feb.	2004 20 Feb.	2004 27 Feb.
Banknotes in circulation	418,796	418,520	417,506	418,924
Liabilities to euro area credit institutions in euro	133,155	135,426	131,030	128,932
Current accounts (covering the minimum reserve system)	133,111	135,285	130,992	128,802
Deposit facility	43	141	38	104
Fixed-term deposits	0	0	0	0
Fine-tuning reverse operations	0	0	0	0
Deposits related to margin calls	1	0	0	26
Other liabilities to euro area credit institutions in euro	256	256	256	256
Debt certificates issued	1,054	1,054	1,054	1,054
Liabilities to other euro area residents in euro	48,601	44,848	56,656	67,356
Liabilities to non-euro area residents in euro	9,535	9,520	9,325	9,281
Liabilities to euro area residents in foreign currency	413	414	422	434
Liabilities to non-euro area residents in foreign currency	15,025	12,343	10,560	8,705
Counterpart of special drawing rights allocated by the IMF	5,757	5,757	5,757	5,757
Other liabilities	53,249	53,379	52,457	52,079
Revaluation accounts	69,141	69,141	69,141	69,141
Capital and reserves	62,032	62,502	62,767	62,105
Total liabilities	817,014	813,160	816,931	824,024

Source: ECB.

1.2 Key ECB interest rates

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

With effect from ¹⁾	Deposit facility		Main refinancing operations			Marginal lending facility	
	Level	Change	Fixed rate tenders	Variable rate tenders	Change	Level	Change
			Fixed rate	Minimum bid rate			
	1	2	3	4	5	6	7
1999 1 Jan.	2.00	-	3.00	-	-	4.50	-
4 ²⁾	2.75	0.75	3.00	-	...	3.25	-1.25
22	2.00	-0.75	3.00	-	...	4.50	1.25
9 Apr.	1.50	-0.50	2.50	-	-0.50	3.50	-1.00
5 Nov.	2.00	0.50	3.00	-	0.50	4.00	0.50
2000 4 Feb.	2.25	0.25	3.25	-	0.25	4.25	0.25
17 Mar.	2.50	0.25	3.50	-	0.25	4.50	0.25
28 Apr.	2.75	0.25	3.75	-	0.25	4.75	0.25
9 June	3.25	0.50	4.25	-	0.50	5.25	0.50
28 ³⁾	3.25	...	-	4.25	...	5.25	...
1 Sep.	3.50	0.25	-	4.50	0.25	5.50	0.25
6 Oct.	3.75	0.25	-	4.75	0.25	5.75	0.25
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
2002 6 Dec.	1.75	-0.50	-	2.75	-0.50	3.75	-0.50
2003 7 Mar.	1.50	-0.25	-	2.50	-0.25	3.50	-0.25
6 June	1.00	-0.50	-	2.00	-0.50	3.00	-0.50

Source: ECB.

- 1) From 1 January 1999 to 9 March 2004, the date refers to the deposit and marginal lending facilities. For main refinancing operations, changes in the rate are effective from the first operation following the date indicated. The change on 18 September 2001 was effective on that same day. From 10 March 2004 onwards, the date will refer to the deposit and marginal lending facilities and to the main refinancing operations (changes effective from the main refinancing operation following the Governing Council discussion), unless otherwise indicated.
- 2) On 22 December 1998 the ECB announced that, as an exceptional measure between 4 and 21 January 1999, a narrow corridor of 50 basis points would be applied between the interest rates for the marginal lending facility and the deposit facility, aimed at facilitating the transition to the new monetary 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.

1.3 Eurosystem monetary policy operations allotted through tenders ^{1), 2)}

(EUR millions; interest rates in percentages per annum)

1. Main and longer-term refinancing operations ³⁾

Date of settlement	Bids (amount)	Allotment (amount)	Variable rate tenders			Running for (...) days
			Minimum bid rate	Marginal rate ⁴⁾	Weighted average rate	
	1	2	3	4	5	6
Main refinancing operations						
2003 5 Nov.	125,765	84,000	2.00	2.04	2.05	14
11	126,830	118,000	2.00	2.03	2.04	15
19	113,354	99,000	2.00	2.00	2.02	14
26	126,291	126,291	2.00	2.00	2.02	14
3 Dec.	137,154	121,000	2.00	2.00	2.03	14
10	129,319	116,000	2.00	2.00	2.01	13
17	128,410	123,000	2.00	2.00	2.02	13
23	154,382	108,000	2.00	2.05	2.08	14
30	166,862	145,000	2.00	2.02	2.09	15
2004 6 Jan.	118,344	80,000	2.00	2.02	2.04	15
14	166,033	144,000	2.00	2.00	2.02	14
21	101,083	85,000	2.00	2.00	2.01	14
28	165,044	139,000	2.00	2.01	2.02	14
4 Feb.	112,763	76,000	2.00	2.01	2.02	14
11	147,492	137,000	2.00	2.00	2.01	12
18	104,015	83,000	2.00	2.00	2.01	14
21	135,659	135,659	2.00	2.00	2.00	16
3 Mar.	100,586	85,000	2.00	2.00	2.01	14
Longer-term refinancing operations						
2003 27 Feb.	24,863	15,000	-	2.48	2.51	91
27 Mar.	33,367	15,000	-	2.49	2.51	91
30 Apr.	35,096	15,000	-	2.50	2.51	92
29 May	30,218	15,000	-	2.25	2.27	91
26 June	28,694	15,000	-	2.11	2.12	91
31 July	25,416	15,000	-	2.08	2.10	91
28 Aug.	35,940	15,000	-	2.12	2.13	91
25 Sep.	28,436	15,000	-	2.10	2.12	84
30 Oct.	32,384	15,000	-	2.13	2.14	91
27 Nov.	25,402	15,000	-	2.12	2.13	91
18 Dec.	24,988	15,000	-	2.12	2.14	105
2004 29 Jan.	47,117	25,000	-	2.03	2.04	91
26 Feb.	34,597	25,000	-	2.01	2.03	91

2. Other tender operations

Date of settlement	Type of operation	Bids (amount)	Allotment (amount)	Fixed rate tenders	Variable rate tenders			Running for (...) days
				Fixed rate	Minimum bid rate	Marginal rate ⁴⁾	Weighted average rate	
	1	2	3	4	5	6	7	8
2000 5 Jan. ⁵⁾	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
2001 30 Apr.	Reverse transaction	105,377	73,000	-	4.75	4.77	4.79	7
12 Sep.	Reverse transaction	69,281	69,281	4.25	-	-	-	1
13	Reverse transaction	40,495	40,495	4.25	-	-	-	1
28 Nov.	Reverse transaction	73,096	53,000	-	3.25	3.28	3.29	7
2002 4 Jan.	Reverse transaction	57,644	25,000	-	3.25	3.30	3.32	3
10	Reverse transaction	59,377	40,000	-	3.25	3.28	3.30	1
18 Dec.	Reverse transaction	28,480	10,000	-	2.75	2.80	2.82	6
2003 23 May	Collection of fixed-term deposits	3,850	3,850	2.50	-	-	-	3

Source: ECB.

- The amounts shown may differ slightly from those in Table 1.1 due to operations allotted but not settled.
- With effect from April 2002, split tender operations, i.e. operations with one-week maturity conducted as standard tenders in parallel with a main refinancing operation, are classified as main refinancing operations. For split tender operations conducted before this month, see Table 1.3.2.
- 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.
- In liquidity-providing (absorbing) operations, the marginal rate refers to the lowest (highest) rate at which bids were accepted.
- This operation was conducted with a maximum rate of 3.00%.

1.4 Minimum reserve and liquidity statistics

(EUR billions; period averages of daily positions, unless otherwise indicated; interest rates as percentages per annum)

1. Reserve base of credit institutions subject to reserve requirements

Reserve base as at ¹⁾ :	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	Deposits (over 2 years' agreed maturity and notice period)	Repos	Debt securities over 2 years' agreed maturity
	1	2	3	4	5	6
2001	10,910.1	6,226.1	389.7	1,315.2	605.1	2,374.0
2002	11,116.8	6,139.9	409.2	1,381.9	725.5	2,460.3
2003 Q1	11,229.9	6,117.2	427.4	1,404.1	782.7	2,498.5
Q2	11,381.7	6,217.9	415.4	1,421.4	781.0	2,545.9
2003 July	11,394.7	6,176.0	417.8	1,430.0	800.8	2,570.1
Aug.	11,408.0	6,184.3	404.3	1,442.5	787.6	2,589.3
Sep.	11,396.7	6,173.3	405.1	1,433.2	791.7	2,593.3
Oct.	11,497.0	6,194.8	420.2	1,445.3	814.0	2,622.7
Nov.	11,559.6	6,241.2	423.0	1,451.5	813.2	2,630.7
Dec.	11,538.7	6,283.8	412.9	1,459.1	759.5	2,623.5

2. Reserve maintenance

Maintenance period ending on:	Required reserves	Credit institutions current accounts	Excess reserves	Deficiencies	Interest rate on minimum reserves
	1	2	3	4	5
2001	126.4	127.4	1.0	0.0	3.30
2002	128.8	129.5	0.8	0.0	3.06
2003 Q1	128.9	129.6	0.7	0.0	2.67
Q2	131.2	131.9	0.6	0.0	2.34
Q3	131.3	132.0	0.6	0.0	2.07
2003 23 Oct.	131.2	131.9	0.6	0.0	2.05
23 Nov.	131.0	131.8	0.7	0.0	2.03
23 Dec.	131.8	132.6	0.8	0.0	2.00
2004 23 Jan.	132.8	133.6	0.9	0.0	2.02
9 Mar.	133.4	.	.	.	.

3. Liquidity

Maintenance period ending on:	Liquidity-providing factors					Liquidity-absorbing factors					Credit institutions current accounts	Base money			
	Eurosystem's net assets in gold and foreign currency	Monetary policy operations of the Eurosystem				Deposit facility	Other liquidity-absorbing operations	Banknotes in circulation	Central government deposits with the Eurosystem	Other factors (net)					
1		Main refinancing operations	Longer-term refinancing operations	Marginal lending facility	Other liquidity-providing operations						2	3	4	5	6	7	8	9	10	11	12
2001	383.7	122.5	60.0	0.5	12.4	0.8	0.0	298.0	43.5	109.3	127.4	426.2			
2002	371.5	168.1	45.0	1.1	2.0	0.2	0.0	350.7	51.7	55.5	129.5	480.5			
2003 Q1	352.5	179.5	45.0	0.2	0.0	0.1	0.0	347.8	59.1	40.6	129.6	477.5			
Q2	331.3	194.7	45.0	0.4	0.0	0.3	0.2	373.2	52.6	13.2	131.9	505.3			
Q3	315.0	214.0	45.0	0.1	0.0	0.6	0.0	391.7	54.4	-4.4	132.0	524.2			
2003 23 Oct.	321.3	208.4	45.0	0.1	0.0	0.2	0.0	395.5	48.3	-1.1	131.9	527.5			
23 Nov.	321.8	205.8	45.0	0.1	0.0	0.3	0.0	399.4	43.4	-2.2	131.8	531.4			
23 Dec.	320.1	235.5	45.0	0.6	0.0	0.1	0.0	416.1	57.0	-4.5	132.6	548.7			
2004 23 Jan.	309.2	232.6	45.0	0.3	0.0	0.1	0.0	427.6	37.0	-11.2	133.6	561.4			

Source: ECB.

1) End of period.



MONEY, BANKING AND INVESTMENT FUNDS

2.1 Aggregated balance sheet of euro area MFIs

(EUR billions; outstanding amounts at end of period)

1. Assets

	Total	Loans to euro area residents				Holdings of securities other than shares issued by euro area residents				Money market fund shares/units ¹⁾	Holdings of shares/other equity issued by euro area residents	External assets	Fixed assets	Remaining assets
		Total	General government	Other euro area residents	MFIs	Total	General government	Other euro area residents	MFIs					
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
Eurosystem														
2001	998.6	412.7	25.7	0.6	386.4	107.0	101.8	1.3	3.8	-	13.8	399.0	11.9	54.3
2002	1,042.8	416.2	24.2	0.6	391.3	94.5	86.0	0.8	7.6	-	13.2	374.1	11.9	132.9
2003 Q1	1,015.4	411.8	24.1	0.6	387.0	105.4	95.1	0.8	9.5	-	12.5	349.3	11.9	124.5
Q2	1,074.6	469.3	23.7	0.6	445.0	114.2	103.1	1.1	10.0	-	12.4	334.4	12.0	132.3
Q3	1,089.1	462.5	23.7	0.6	438.1	121.7	110.5	1.1	10.1	-	12.4	341.8	12.3	138.4
2003 Oct.	1,081.5	449.6	23.7	0.6	425.2	123.0	111.6	1.2	10.2	-	12.7	341.5	12.3	142.5
Nov.	1,078.5	452.2	23.7	0.6	427.8	124.2	112.7	1.2	10.4	-	12.9	332.4	12.3	144.4
Dec.	1,085.8	471.3	22.6	0.6	448.0	134.0	122.0	1.2	10.8	-	12.8	317.5	12.4	137.7
2004 Jan. ^(p)	1,090.0	469.7	22.6	0.7	446.4	136.9	124.4	1.3	11.2	-	12.9	321.2	13.0	136.3
MFIs excluding the Eurosystem														
2001	18,226.3	11,134.7	822.0	6,518.7	3,794.0	2,535.9	1,077.4	335.6	1,122.9	38.5	810.8	2,408.8	168.1	1,129.5
2002	18,857.9	11,611.4	812.6	6,781.0	4,017.8	2,671.5	1,135.0	366.2	1,170.4	62.4	827.6	2,465.5	167.6	1,051.8
2003 Q1	19,184.0	11,733.1	804.8	6,854.1	4,074.2	2,830.6	1,210.0	385.9	1,234.7	66.8	818.3	2,545.0	160.8	1,029.4
Q2	19,530.2	11,881.4	794.2	6,944.0	4,143.2	2,886.6	1,239.4	405.1	1,242.1	69.0	853.4	2,624.2	157.9	1,057.7
Q3	19,571.5	11,949.9	797.4	6,996.8	4,155.7	2,929.0	1,262.6	410.5	1,255.9	69.4	881.1	2,546.7	158.6	1,036.8
2003 Oct.	19,609.9	11,922.5	797.2	7,025.6	4,099.6	2,959.0	1,274.7	418.2	1,266.2	71.2	880.4	2,610.7	158.4	1,007.7
Nov.	19,806.5	12,048.2	806.8	7,070.5	4,170.9	2,987.9	1,291.9	423.0	1,273.1	71.6	890.1	2,622.3	158.5	1,028.0
Dec.	19,791.1	12,115.2	819.5	7,093.0	4,202.7	2,950.4	1,252.1	422.4	1,275.9	67.4	895.8	2,565.0	159.9	1,037.3
2004 Jan. ^(p)	20,039.3	12,128.4	816.8	7,108.6	4,203.0	2,998.0	1,277.5	421.3	1,299.1	76.5	910.7	2,701.4	159.5	1,064.9

2. Liabilities

	Total	Currency in circulation	Deposits of euro area residents				Money market fund shares/units ²⁾	Debt securities issued ²⁾	Capital and reserves	External liabilities	Remaining liabilities
			Total	Central government	Other general government/other euro area residents	MFIs					
	1	2	3	4	5	6	7	8	9	10	11
Eurosystem											
2001	998.6	285.9	391.9	35.1	14.4	342.4	-	4.6	209.8	35.6	70.8
2002	1,042.8	392.9	328.4	29.5	15.6	283.3	-	3.6	165.9	32.9	119.1
2003 Q1	1,015.4	365.4	345.8	50.7	16.2	279.0	-	2.7	149.5	28.7	123.3
Q2	1,074.6	391.4	379.4	52.6	18.9	307.9	-	2.6	143.1	29.8	128.3
Q3	1,089.1	406.4	362.1	55.0	17.4	289.8	-	2.6	151.2	32.4	134.4
2003 Oct.	1,081.5	412.3	345.6	35.0	18.5	292.1	-	2.6	150.6	32.0	138.4
Nov.	1,078.5	419.2	343.1	48.3	20.5	274.3	-	1.6	146.3	28.0	140.2
Dec.	1,085.8	450.5	324.0	21.3	16.9	285.8	-	1.6	139.9	27.5	142.2
2004 Jan. ^(p)	1,090.0	430.1	345.9	42.7	15.5	287.6	-	1.6	140.9	29.4	142.1
MFIs excluding the Eurosystem											
2001	18,226.3	0.0	9,696.6	103.9	5,763.1	3,829.6	436.5	2,882.9	1,041.9	2,687.4	1,480.9
2002	18,857.9	0.0	10,197.6	106.9	5,954.1	4,136.6	532.9	2,992.8	1,108.7	2,594.1	1,431.8
2003 Q1	19,184.0	0.0	10,317.0	125.5	5,995.1	4,196.3	617.6	3,045.7	1,115.8	2,665.5	1,422.4
Q2	19,530.2	0.0	10,540.6	147.6	6,096.1	4,296.9	640.0	3,083.3	1,126.3	2,641.8	1,498.1
Q3	19,571.5	0.0	10,565.6	128.9	6,128.0	4,308.7	646.2	3,128.5	1,142.5	2,606.6	1,482.1
2003 Oct.	19,609.9	0.0	10,532.0	130.8	6,158.6	4,242.5	653.4	3,172.3	1,142.9	2,656.5	1,452.9
Nov.	19,806.5	0.0	10,665.8	132.1	6,203.6	4,330.1	656.3	3,186.0	1,147.5	2,655.9	1,495.0
Dec.	19,791.1	0.0	10,768.0	132.4	6,272.0	4,363.7	649.0	3,159.6	1,147.9	2,612.5	1,454.1
2004 Jan. ^(p)	20,039.3	0.0	10,763.8	131.4	6,265.7	4,366.6	665.8	3,207.0	1,152.9	2,718.8	1,531.1

Source: ECB.

1) Amounts issued by euro area residents. Amounts issued by non-euro area residents are included in external assets.

2) Amounts held by euro area residents. Amounts of debt securities issued with maturity up to two years held by non-euro area residents are included in external liabilities.

2.2 Consolidated balance sheet of euro area MFIs

(EUR billions; outstanding amounts at end of period; transactions during period)

1. Assets

	Total	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 ¹⁾	Fixed assets	Remaining assets
		Total	General government	Other euro area residents	Total	General government	Other euro area residents				
	1	2	3	4	5	6	7	8	9	10	11
Outstanding amounts											
2001	13,576.7	7,367.0	847.7	6,519.3	1,516.1	1,179.2	336.9	568.1	2,807.8	180.0	1,137.6
2002	13,931.2	7,618.4	836.8	6,781.6	1,588.0	1,221.0	367.0	572.7	2,839.6	179.5	1,132.9
2003 Q1	14,124.7	7,683.6	828.9	6,854.8	1,691.8	1,305.1	386.7	566.6	2,894.2	172.7	1,115.7
Q2	14,383.3	7,762.5	817.9	6,944.6	1,748.7	1,342.5	406.2	594.1	2,958.5	169.9	1,149.6
Q3	14,412.8	7,818.6	821.1	6,997.5	1,784.7	1,373.1	411.6	616.6	2,888.5	170.8	1,133.6
2003 Oct.	14,498.7	7,847.2	821.0	7,026.3	1,805.7	1,386.3	419.4	613.8	2,952.1	170.7	1,109.2
Nov.	14,611.6	7,901.6	830.5	7,071.1	1,828.7	1,404.5	424.1	623.5	2,954.7	170.8	1,132.3
Dec.	14,535.9	7,935.8	842.2	7,093.6	1,797.7	1,374.1	423.7	624.9	2,882.5	172.3	1,122.6
2004 Jan. ^(p)	14,763.8	7,948.7	839.4	7,109.3	1,824.6	1,402.0	422.6	635.1	3,022.6	172.4	1,160.5
Transactions											
2001	906.6	365.6	-7.6	373.2	71.5	8.5	62.9	29.8	331.1	8.1	100.8
2002	601.3	299.2	-9.8	309.0	75.9	45.7	30.2	5.5	241.8	-1.3	-19.9
2003 Q1	221.0	87.2	-0.3	87.5	63.0	46.4	16.6	0.2	92.3	-3.6	-18.2
Q2	323.3	98.3	-8.6	107.0	52.0	37.9	14.1	21.2	122.2	-2.5	32.2
Q3	2.4	60.6	3.3	57.3	39.3	32.6	6.7	-4.5	-71.6	0.8	-22.3
2003 Oct.	80.7	29.3	-0.1	29.4	26.2	18.2	8.0	-4.2	51.2	0.0	-21.9
Nov.	154.8	60.7	9.8	50.9	19.2	13.7	5.5	9.0	44.2	-0.1	21.8
Dec.	-2.9	48.9	11.9	37.0	-28.8	-29.8	1.0	1.9	-14.6	1.6	-11.8
2004 Jan. ^(p)	185.2	22.9	-2.9	25.8	15.7	18.0	-2.2	9.1	109.2	0.0	28.3

2. Liabilities

	Total	Currency in circulation	Deposits of central government	Deposits of other general government/other euro area residents	Money market fund shares/units ²⁾	Debt securities issued ²⁾	Capital and reserves	External liabilities ¹⁾	Remaining liabilities	Excess of inter-MFI liabilities
Outstanding amounts										
2001	13,576.7	239.7	139.0	5,777.6	398.0	1,760.8	995.2	2,723.0	1,551.8	-8.5
2002	13,931.2	341.2	136.4	5,969.7	470.5	1,818.4	1,006.4	2,627.0	1,550.9	10.8
2003 Q1	14,124.7	327.2	176.2	6,011.3	550.8	1,804.3	1,001.0	2,694.2	1,545.7	14.1
Q2	14,383.3	351.0	200.3	6,115.0	571.0	1,833.7	997.7	2,671.6	1,626.4	16.5
Q3	14,412.8	364.8	183.9	6,145.4	576.8	1,865.1	1,016.6	2,639.0	1,616.5	4.6
2003 Oct.	14,498.7	371.3	165.8	6,177.2	582.3	1,898.6	1,014.1	2,688.5	1,591.2	9.8
Nov.	14,611.6	379.2	180.4	6,224.1	584.7	1,904.2	1,014.3	2,683.9	1,635.3	5.7
Dec.	14,535.9	398.1	153.7	6,288.8	581.6	1,874.4	1,004.1	2,640.0	1,596.3	-1.2
2004 Jan. ^(p)	14,763.8	389.3	174.1	6,281.3	589.3	1,898.4	1,005.2	2,748.3	1,673.2	4.9
Transactions										
2001	906.6	-116.4	-26.9	385.4	91.0	107.7	81.2	338.4	79.8	-33.5
2002	601.3	101.4	-5.8	221.7	70.1	105.1	39.2	75.8	-39.0	32.7
2003 Q1	221.0	7.7	32.8	50.8	35.8	24.9	2.7	59.6	-4.5	11.3
Q2	323.3	23.8	24.1	110.8	19.7	36.8	0.5	25.9	79.0	2.6
Q3	2.4	14.4	-13.7	-1.1	3.5	37.7	24.2	-20.9	-31.4	-10.3
2003 Oct.	80.7	6.4	-18.0	30.7	5.7	30.1	2.3	39.5	-23.4	7.3
Nov.	154.8	7.9	14.6	50.4	-4.3	15.1	4.1	26.6	42.9	-2.4
Dec.	-2.9	19.0	-26.7	72.1	-2.7	-13.8	-4.8	4.5	-38.5	-11.9
2004 Jan. ^(p)	185.2	-8.8	20.5	-9.0	7.3	20.2	2.8	81.9	63.6	6.7

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-of-month positions in 1999 and in 2000 (January to October), see the corresponding footnote in the February 2000 and December 2000 issues of the Monthly Bulletin.

2) Amounts held by euro area residents. Amounts of debt securities issued with maturity up to two years held by non-euro area residents are included in external liabilities.

2.3 Monetary statistics

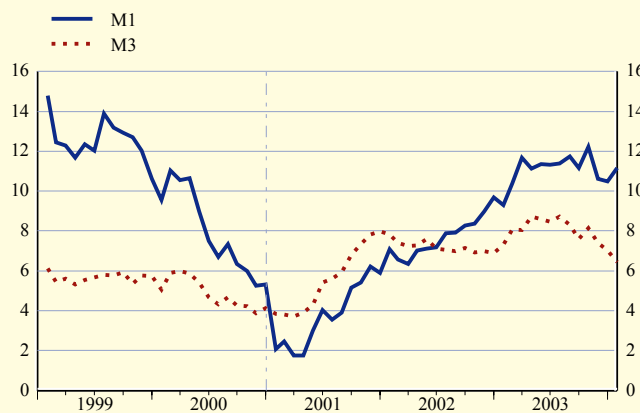
(EUR billions and annual growth rates; seasonally adjusted; outstanding amounts and growth rates at end of period, transactions during period)

1. Monetary aggregates¹⁾ and counterparts

	M1		M2	M3-M2	M3	M3 3-month moving average (centred)	Longer-term financial liabilities	Credit to general government	Credit to other euro area residents		Net external assets ²⁾
	1	2	3	4	5	6	7	8	Loans		11
									9	10	
Outstanding amounts											
2001	2,222.3	2,395.9	4,618.2	789.8	5,408.0	-	3,897.3	2,041.0	7,425.5	6,514.7	54.7
2002	2,439.3	2,474.3	4,913.6	854.5	5,768.1	-	3,994.1	2,073.3	7,724.3	6,781.0	184.6
2003 Q1	2,510.2	2,493.0	5,003.2	857.8	5,861.0	-	4,005.5	2,120.9	7,788.3	6,847.2	224.1
Q2	2,553.5	2,534.8	5,088.3	887.8	5,976.0	-	4,031.2	2,143.2	7,913.7	6,913.9	279.5
Q3	2,623.1	2,545.6	5,168.7	889.3	6,058.0	-	4,109.2	2,204.7	8,049.8	7,007.7	237.6
2003 Oct.	2,667.1	2,548.6	5,215.7	914.4	6,130.1	-	4,136.4	2,219.0	8,081.7	7,040.4	244.4
Nov.	2,658.1	2,556.7	5,214.8	917.5	6,132.4	-	4,160.2	2,235.4	8,148.9	7,086.0	241.7
Dec.	2,673.7	2,551.6	5,225.3	911.5	6,136.9	-	4,138.3	2,235.0	8,146.4	7,094.8	215.8
2004 Jan. ^(p)	2,712.7	2,546.5	5,259.1	896.5	6,155.6	-	4,153.9	2,248.2	8,172.8	7,114.5	273.5
Transactions											
2001	121.4	158.3	279.7	118.7	398.4	-	178.2	2.5	467.0	377.4	-6.7
2002	214.6	88.4	303.0	68.7	371.7	-	187.8	37.7	346.7	313.0	168.0
2003 Q1	69.3	46.2	115.5	-8.0	107.5	-	30.0	17.0	81.6	80.5	84.6
Q2	58.9	45.2	104.1	27.1	131.3	-	40.2	25.2	130.8	83.7	64.9
Q3	72.6	10.4	82.9	1.5	84.5	-	87.6	63.6	114.6	98.3	-55.1
2003 Oct.	43.6	2.4	46.0	25.2	71.2	-	28.8	19.3	31.4	33.3	4.4
Nov.	-7.2	10.3	3.2	-4.0	-0.9	-	37.2	12.1	73.2	51.7	7.7
Dec.	18.2	-2.2	16.0	-6.1	9.9	-	1.7	0.5	13.9	23.2	-16.7
2004 Jan. ^(p)	38.5	-6.7	31.8	-12.7	19.0	-	11.5	3.1	34.2	29.8	53.3
Growth rates											
2001 Dec.	5.9	7.1	6.5	17.6	8.0	7.9	4.8	0.1	6.7	6.1	-6.7
2002 Dec.	9.7	3.7	6.6	8.7	6.9	7.1	4.9	1.8	4.7	4.8	168.0
2003 Mar.	11.7	4.7	8.1	8.0	8.0	8.3	4.4	1.7	4.8	4.7	230.5
June	11.3	5.7	8.4	8.7	8.5	8.6	5.1	3.7	5.2	4.6	247.5
Sept.	11.2	5.2	8.2	4.5	7.6	8.0	5.4	5.6	5.5	4.9	167.3
2003 Oct.	12.2	4.4	8.3	7.6	8.1	7.7	5.8	6.7	5.5	5.1	147.0
Nov.	10.6	4.7	7.6	6.1	7.4	7.5	6.0	7.1	6.0	5.6	128.5
Dec.	10.5	4.6	7.5	4.2	7.0	7.0	5.7	6.6	5.8	5.5	89.8
2004 Jan. ^(p)	11.2	3.7	7.4	1.1	6.4	.	5.8	6.2	5.8	5.5	106.1

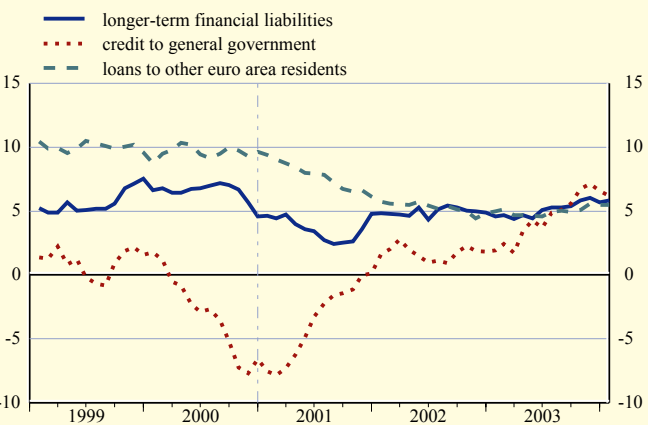
C1 Monetary aggregates

(annual growth rates; seasonally adjusted)



C2 Counterparts

(annual growth rates; seasonally adjusted)



Source: ECB.

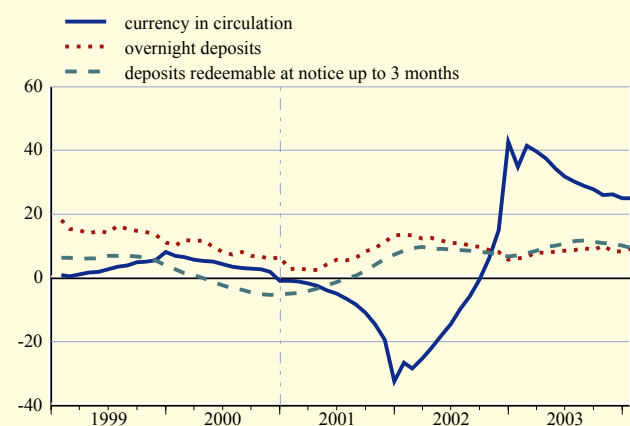
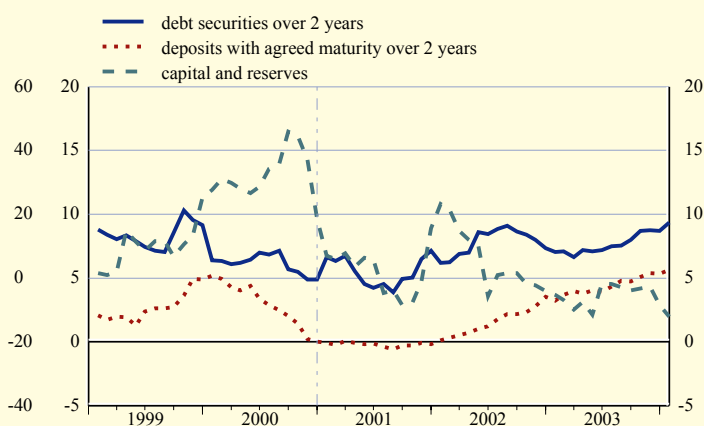
- 1) Monetary aggregates comprise monetary liabilities of MFIs and central government (post office, treasury) vis-à-vis non-MFI euro area residents excluding central government. M1 is the sum of currency in circulation and overnight deposits; M2 is the sum of M1, deposits with an agreed maturity of up to two years and deposits redeemable at notice of up to three months; and M3 is the sum of M2, repos, money market fund shares/units and debt securities up to two years.
- 2) Values in section 'growth rates' are sums of the transactions during the 12 months ending in the period indicated.

2.3 Monetary statistics

(EUR billions and annual growth rates; seasonally adjusted; outstanding amounts and growth rates at end of period, transactions during period)

2. Components of monetary aggregates and longer-term financial liabilities

	Currency in circulation	Overnight deposits	Deposits with agreed maturity up to 2 years	Deposits redeemable at notice up to 3 months	Repos	Money market fund shares/units	Debt securities up to 2 years	Debt securities over 2 years	Deposits redeemable at notice over 3 months	Deposits with agreed maturity over 2 years	Capital and reserves
	1	2	3	4	5	6	7	8	9	10	11
Outstanding amounts											
2001	233.4	1,988.9	1,089.9	1,306.0	231.5	412.4	145.9	1,621.4	113.7	1,166.8	995.3
2002	333.0	2,106.2	1,079.5	1,394.9	239.9	486.9	127.7	1,697.1	103.7	1,186.9	1,006.4
2003 Q1	331.9	2,178.3	1,071.5	1,421.4	209.4	549.1	99.4	1,702.8	100.2	1,203.3	999.2
Q2	347.1	2,206.4	1,074.1	1,460.7	220.9	569.2	97.6	1,730.8	96.2	1,211.1	993.1
Q3	366.9	2,256.2	1,051.4	1,494.2	215.6	582.0	91.7	1,773.3	90.9	1,231.1	1,014.0
2003 Oct.	371.7	2,295.4	1,047.0	1,501.6	225.4	587.5	101.6	1,794.6	91.1	1,236.6	1,014.1
Nov.	379.7	2,278.4	1,047.2	1,509.6	227.7	588.7	101.1	1,799.3	90.7	1,247.5	1,022.7
Dec.	388.7	2,285.0	1,042.5	1,509.1	219.8	601.8	89.9	1,791.7	90.5	1,252.5	1,003.6
2004 Jan. ^(a)	396.7	2,315.9	1,030.0	1,516.4	212.1	593.2	91.2	1,809.8	90.3	1,256.0	997.8
Transactions											
2001	-112.5	233.9	69.3	88.9	26.8	93.9	-2.1	110.0	-10.6	-2.4	81.3
2002	99.6	115.0	0.0	88.4	9.6	72.1	-13.0	117.9	-10.0	41.0	39.0
2003 Q1	20.9	48.3	-5.9	52.1	-21.7	17.4	-3.7	20.2	-3.5	12.4	0.9
Q2	15.2	43.7	5.8	39.5	11.6	19.7	-4.2	37.7	-4.0	8.7	-2.3
Q3	20.4	52.2	-23.1	33.5	-4.0	10.5	-4.9	47.8	-5.3	19.0	26.1
2003 Oct.	4.8	38.7	-4.9	7.3	9.8	5.7	9.7	18.2	0.2	5.4	5.0
Nov.	8.0	-15.1	2.2	8.1	1.3	-5.5	0.2	13.5	-0.4	11.5	12.6
Dec.	9.0	9.2	-1.9	-0.3	-7.8	13.4	-11.6	8.8	-0.2	6.8	-13.7
2004 Jan. ^(a)	8.0	30.4	-13.9	7.2	-6.7	-8.9	2.9	12.8	-0.1	3.1	-4.2
Growth rates											
2001 Dec.	-32.4	13.5	6.8	7.3	12.5	28.9	-1.5	7.2	-8.5	-0.2	8.9
2002 Dec.	42.7	5.8	0.0	6.8	4.2	17.4	-9.4	7.3	-8.8	3.5	4.0
2003 Mar.	39.7	8.1	0.0	8.5	0.9	16.5	-11.3	6.6	-8.2	4.0	2.5
June	31.9	8.5	-0.5	10.7	-0.9	19.3	-13.7	7.2	-10.7	3.9	4.6
Sep.	27.8	8.8	-2.5	11.4	-6.7	14.4	-15.5	8.0	-15.2	4.8	4.0
2003 Oct.	26.1	10.2	-3.9	11.0	-0.3	15.0	-8.4	8.7	-14.4	5.1	4.2
Nov.	26.3	8.4	-3.0	10.8	1.5	10.8	-6.3	8.7	-13.7	5.4	4.3
Dec.	25.0	8.4	-2.6	10.2	-4.8	11.6	-14.5	8.7	-12.7	5.4	2.9
2004 Jan. ^(a)	25.0	9.1	-3.7	9.4	-7.8	8.5	-16.4	9.3	-11.9	5.6	2.0

C3 Components of monetary aggregates
(annual growth rates; seasonally adjusted)C4 Components of longer-term financial liabilities
(annual growth rates; seasonally adjusted)

Source: ECB.

2.4 MFI loans, breakdown ¹⁾

(EUR billions and annual growth rates; outstanding amounts and growth rates at end of period, transactions during period)

1. Loans to financial intermediaries and non-financial corporations

	Insurance corporations and pension funds		Other financial intermediaries ²⁾		Non-financial corporations			
	Total		Total		Total	Up to 1 year	Over 1 year and up to 5 years	Over 5 years
	1	Up to 1 year 2	3	Up to 1 year 4	5	6	7	8
Outstanding amounts								
2001	34.9	24.8	434.4	276.0	2,903.3	1,019.0	489.8	1,394.5
2002	33.0	19.7	453.9	288.0	2,972.3	980.8	514.3	1,477.2
2003 Q1	42.4	30.0	470.6	301.0	2,990.9	991.6	512.4	1,486.9
Q2	44.8	31.3	478.2	304.4	3,016.5	1,000.2	508.4	1,507.9
Q3	44.3	28.3	478.2	295.0	3,017.4	973.2	518.8	1,525.3
2003 Oct.	49.8	33.8	480.0	294.2	3,020.1	962.5	522.6	1,535.0
Nov.	49.1	33.1	497.1	313.8	3,035.7	966.2	525.3	1,544.2
Dec.	35.9	22.4	503.4	314.3	3,042.7	959.7	528.6	1,554.4
2004 Jan. ^(p)	43.1	34.2	500.9	305.0	3,045.2	959.2	530.3	1,555.7
Transactions								
2001	3.6	3.0	46.4	27.7	167.7	18.4	55.6	93.6
2002	-4.4	-5.3	25.5	18.2	99.8	-25.9	31.0	94.7
2003 Q1	11.3	10.3	9.4	5.1	31.9	13.6	2.1	16.2
Q2	2.6	1.4	10.1	5.1	35.9	12.5	-2.7	26.1
Q3	-0.4	-3.0	1.2	-8.8	2.7	-26.0	10.2	18.6
2003 Oct.	5.5	5.5	1.6	-1.0	2.5	-10.7	3.7	9.6
Nov.	-0.9	-0.9	18.6	20.4	18.9	5.1	2.8	10.9
Dec.	-13.1	-10.6	10.4	3.2	13.2	-2.7	3.6	12.3
2004 Jan. ^(p)	7.2	11.8	4.0	-2.4	4.3	0.7	1.8	1.8
Growth rates								
2001 Dec.	11.3	13.6	11.8	11.0	6.2	2.0	12.8	7.2
2002 Dec.	-11.1	-21.2	5.9	6.6	3.4	-2.6	6.3	6.8
2003 Mar.	7.2	5.3	1.9	-2.3	3.7	-1.0	5.8	6.4
June	4.7	2.9	3.8	0.0	3.6	0.5	2.4	6.2
Sep.	10.4	-5.9	6.0	2.3	3.6	-0.8	4.5	6.4
2003 Dec.	14.2	14.2	11.0	8.0	3.5	-0.9	3.7	6.3
2004 Jan. ^(p)	2.3	15.6	13.4	10.8	3.1	-3.3	5.5	6.7

C5 Loans to financial intermediaries and non-financial corporations

(annual growth rates)



Source: ECB.

1) MFI sector excluding the Eurosystem; sectoral classification is based on ESA 95.

2) This category includes investment funds.

2.4 MFI loans, breakdown ¹⁾

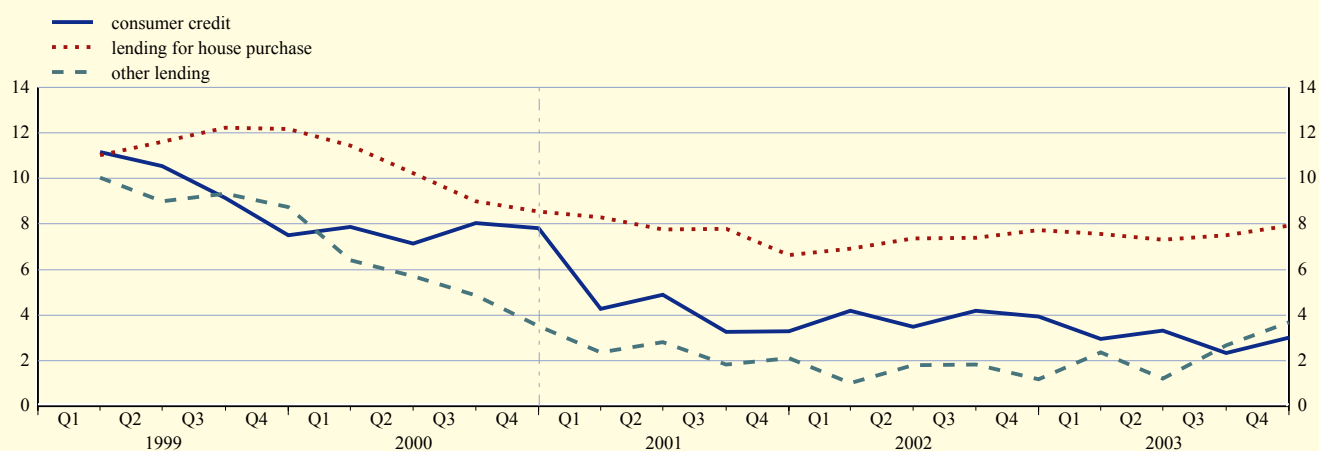
(EUR billions and annual growth rates; outstanding amounts and growth rates at end of period, transactions during period)

2. Loans to households ²⁾

	2. Loans to households ²⁾												
	Total	Consumer credit				Lending for house purchase				Other lending			
	Total	Up to 1 year	Over 1 year and up to 5 years	Over 5 years	Total	Up to 1 year	Over 1 year and up to 5 years	Over 5 years	Total	Up to 1 year	Over 1 year and up to 5 years	Over 5 years	
	1	2	3	4	5	6	7	8	9	10	11	12	13
Outstanding amounts													
2001	3,146.1	497.1	102.5	170.4	224.2	2,020.6	22.7	61.0	1,937.0	628.3	152.8	105.3	370.3
2002	3,321.7	517.0	105.1	178.3	233.6	2,181.9	23.3	65.8	2,092.8	622.8	153.9	99.7	369.2
2003 Q1	3,350.3	492.3	111.5	176.6	204.2	2,219.2	16.3	68.2	2,134.7	638.8	144.9	94.8	399.1
Q2	3,404.4	500.8	115.3	179.3	206.2	2,259.0	16.6	68.5	2,173.9	644.6	145.2	92.5	406.9
Q3	3,457.0	476.8	110.0	178.3	188.5	2,306.3	16.9	70.1	2,219.3	673.9	144.3	97.0	432.5
2003 Oct.	3,475.7	480.4	110.8	179.3	190.3	2,325.0	16.7	70.9	2,237.3	670.3	141.8	96.7	431.9
Nov.	3,488.5	479.0	107.9	180.5	190.6	2,333.9	15.9	70.8	2,247.2	675.7	144.3	96.3	435.1
Dec.	3,511.1	484.2	111.2	182.0	191.0	2,350.8	16.2	67.1	2,267.5	676.1	144.9	96.3	434.9
2004 Jan. ^(p)	3,519.3	481.4	109.7	180.4	191.3	2,365.5	15.9	66.1	2,283.5	672.4	142.2	95.6	434.6
Transactions													
2001	154.4	15.9	-0.3	3.6	12.6	125.2	0.3	-1.8	126.7	13.2	-2.0	3.0	12.3
2002	183.2	19.7	6.1	4.8	8.7	156.2	0.7	2.8	152.7	7.4	-1.8	1.8	7.4
2003 Q1	35.1	-5.7	6.0	-3.1	-8.6	37.6	-6.9	2.5	41.9	3.2	-6.5	-2.4	12.1
Q2	58.3	8.8	1.9	4.6	2.3	43.2	0.3	-0.2	43.2	6.4	2.8	-2.9	6.4
Q3	53.8	3.0	-1.1	2.1	1.9	48.2	0.5	1.6	46.1	2.7	-4.4	1.4	5.7
2003 Oct.	19.7	3.3	0.9	1.0	1.4	18.3	-0.2	0.9	17.7	-1.9	-2.6	-0.3	1.0
Nov.	14.4	-1.1	-2.9	1.3	0.4	9.5	-0.7	-0.2	10.4	6.1	2.8	-0.3	3.6
Dec.	26.5	7.2	3.8	1.5	1.8	17.6	0.4	-3.6	20.8	1.8	1.5	0.0	0.2
2004 Jan. ^(p)	10.2	-2.3	-1.3	-1.4	0.5	15.0	-0.2	-1.0	16.3	-2.6	-2.4	-0.6	0.4
Growth rates													
2001 Dec.	5.2	3.3	-0.6	2.2	6.0	6.6	1.5	-2.8	7.0	2.1	-1.3	2.9	3.4
2002 Dec.	5.8	3.9	5.9	2.8	3.9	7.7	2.9	4.6	7.9	1.2	-1.2	1.8	2.0
2003 Mar.	5.8	3.0	16.8	0.3	-0.9	7.6	-28.7	9.3	7.9	2.4	-4.3	-0.4	5.9
June	5.5	3.3	15.6	2.5	-1.4	7.3	-29.4	8.9	7.7	1.2	-6.9	-6.0	6.7
Sep.	5.8	2.3	12.5	2.6	-2.2	7.5	-30.1	11.3	7.8	2.7	-6.0	-1.5	7.2
2003 Dec.	6.4	3.0	8.4	4.2	-0.5	7.9	-34.7	1.3	8.7	3.7	-4.3	-4.5	9.0
2004 Jan. ^(p)	6.5	4.1	1.6	7.2	2.8	8.3	-0.6	-1.1	8.6	2.3	-2.9	-3.5	5.6

C6 Loans to households

(annual growth rates)



Source: ECB.

1) MFI sector excluding the Eurosystem; sectoral classification is based on ESA 95.

2) Including non-profit institutions serving households.

2.4 MFI loans, breakdown ¹⁾

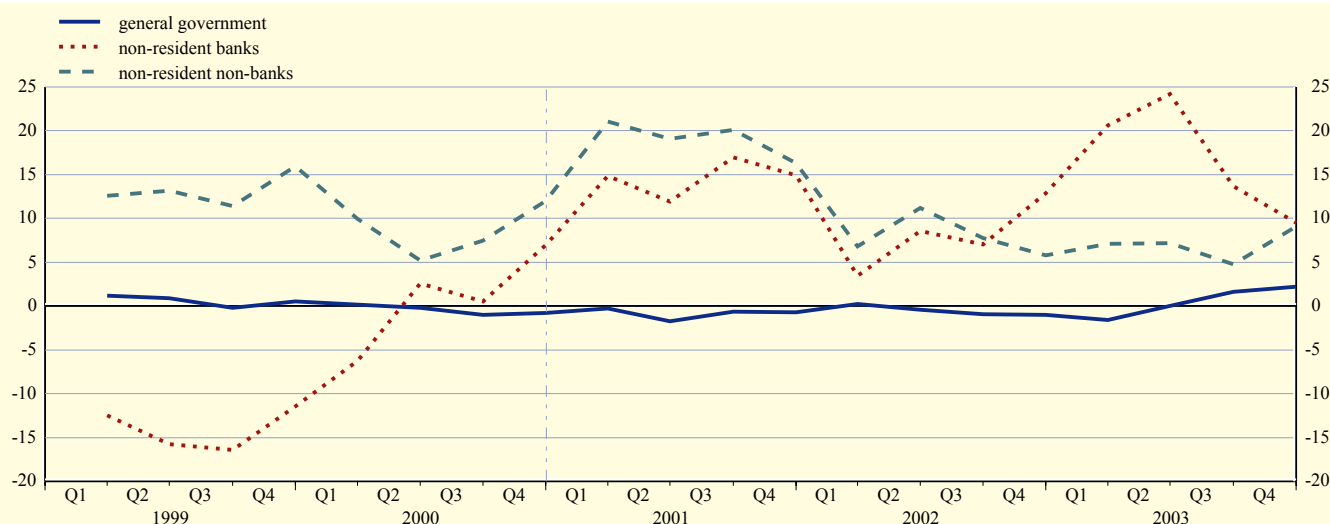
(EUR billions and annual growth rates; outstanding amounts and growth rates at end of period, transactions during period)

3. Loans to government and non-euro area residents

	General government					Non-euro area residents				
	Total	Central government	Other general government			Total	Banks ²⁾	Non-banks		
			State government	Local government	Social security funds			Total	General government	Other
	1	2	3	4	5	6	7	8	9	10
Outstanding amounts										
2001	822.0	146.0	298.3	362.9	14.8	1,704.3	1,095.6	608.7	69.9	538.8
2002	812.6	132.3	277.7	382.8	19.7	1,730.1	1,146.2	583.9	64.6	519.3
2003 Q1	804.8	134.8	267.2	379.0	23.9	1,767.0	1,173.0	594.0	59.0	535.0
Q2	794.2	126.9	263.5	375.4	28.3	1,833.1	1,242.2	590.9	59.2	531.7
Q3	797.4	128.4	262.5	376.0	30.6	1,741.2	1,157.4	583.7	59.8	523.9
Q4 ^(p)	819.5	128.5	265.2	392.6	32.6	1,761.2	1,181.3	579.9	58.9	521.0
Transactions										
2001	-6.2	-18.3	1.1	9.9	1.3	224.8	140.1	84.6	4.3	80.3
2002	-8.3	-12.0	-21.1	19.9	4.9	169.3	134.8	34.5	-1.2	35.7
2003 Q1	-0.2	1.0	-10.2	4.8	4.1	66.8	43.8	23.0	-5.5	28.5
Q2	-8.2	-7.4	-3.8	-1.6	4.5	105.9	93.1	12.8	0.3	12.5
Q3	3.3	1.5	-1.0	0.5	2.2	-86.8	-82.9	-3.9	0.6	-4.4
Q4 ^(p)	22.7	0.7	2.8	16.5	2.0	74.1	54.2	19.9	-0.9	20.7
Growth rates										
2001 Dec.	-0.8	-11.2	0.4	2.8	9.7	15.4	14.9	16.3	6.3	17.8
2002 Dec.	-1.0	-8.3	-7.1	5.5	33.2	10.4	12.9	5.7	-1.9	6.7
2003 Mar.	-1.6	-13.5	-9.2	7.1	60.3	15.7	20.6	7.1	-13.9	9.9
June	0.0	-8.8	-6.3	5.3	57.5	18.0	24.1	7.2	-8.3	9.1
Sep.	1.6	-3.4	-4.3	5.1	50.1	10.4	13.6	4.8	-10.5	6.7
Dec. ^(p)	2.2	-3.1	-4.4	5.4	64.9	9.3	9.5	9.1	-8.6	11.3

C7 Loans to government and non-euro area residents

(annual growth rates)



Source: ECB.

1) MFI sector excluding the Eurosystem; sectoral classification is based on ESA 95.

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

2.5 Deposits held with MFIs, breakdown ¹⁾

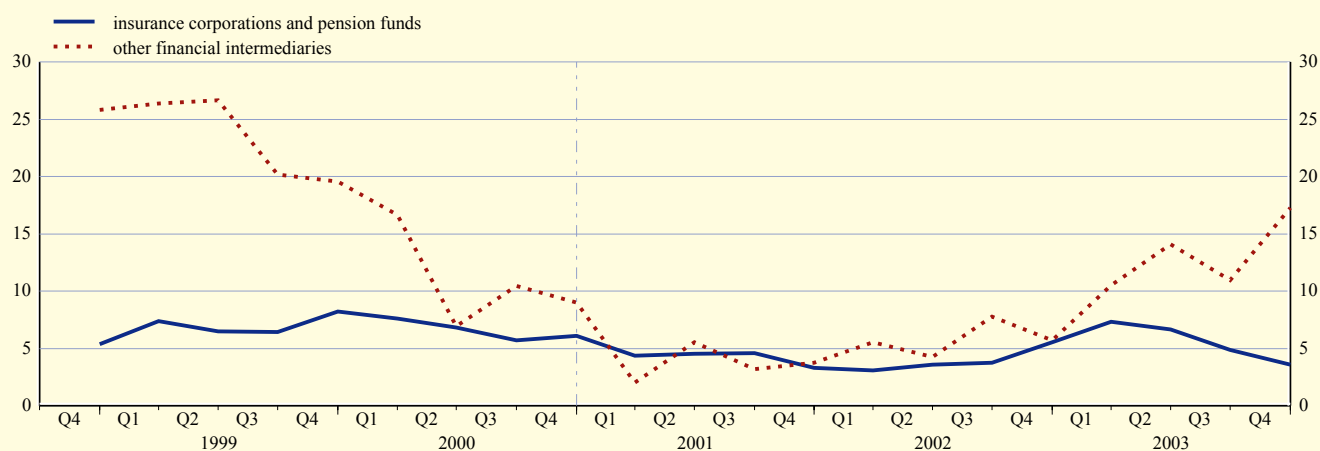
(EUR billions and annual growth rates; outstanding amounts and growth rates at end of period, transactions during period)

1. Deposits by financial intermediaries

	Insurance corporations and pension funds							Other financial intermediaries ²⁾						
	Total	Overnight	With agreed maturity		Redeemable at notice		Repos	Total	Overnight	With agreed maturity		Redeemable at notice		Repos
			Up to 2 years	Over 2 years	Up to 3 months	Over 3 months				Up to 2 years	Over 2 years	Up to 3 months	Over 3 months	
1	2	3	4	5	6	7	8	9	10	11	12	13	14	
Outstanding amounts														
2001	495.4	48.0	-	-	-	-	16.4	464.5	156.5	-	-	-	-	85.3
2002	522.8	55.8	-	-	-	-	17.9	493.6	152.7	-	-	-	-	97.1
2003 Q1	535.6	61.7	39.2	414.8	0.9	0.6	18.3	526.4	168.2	133.5	119.6	5.3	0.1	99.6
Q2	537.6	63.8	38.1	412.1	1.0	0.3	22.3	546.6	180.3	132.6	129.8	5.8	0.1	98.0
Q3	532.4	57.3	33.0	422.1	1.1	0.3	18.7	540.3	177.2	125.2	129.2	5.0	0.1	103.6
2003 Oct.	533.8	52.6	37.8	423.6	1.2	0.3	18.3	558.1	175.1	128.2	132.4	5.7	0.1	116.5
Nov.	533.3	51.9	36.7	423.8	1.3	0.3	19.3	565.7	176.1	129.5	137.6	5.7	0.1	116.6
Dec.	542.5	59.2	41.7	420.9	1.3	0.3	19.1	562.6	179.9	129.4	142.7	6.1	0.1	104.4
2004 Jan. ^(p)	554.5	65.4	43.2	422.6	1.3	0.3	21.7	566.3	177.9	130.6	140.1	6.9	0.1	110.8
Transactions														
2001	15.8	7.6	-	-	-	-	-1.1	16.2	3.6	-	-	-	-	10.3
2002	27.4	7.8	-	-	-	-	1.4	26.7	-4.7	-	-	-	-	12.8
2003 Q1	12.3	4.2	-6.7	14.5	-0.1	-0.1	0.5	42.1	12.8	2.4	13.7	2.3	0.0	11.0
Q2	2.3	2.2	-1.0	-2.9	0.0	0.0	3.9	22.6	13.2	-0.2	10.8	0.5	0.0	-1.6
Q3	-6.5	-6.6	-5.1	8.9	0.1	0.0	-3.8	-7.2	-3.1	-8.1	-0.8	-0.8	0.0	5.7
2003 Oct.	1.3	-4.8	4.8	1.6	0.2	0.0	-0.4	17.6	-2.2	2.9	3.1	0.8	0.0	13.0
Nov.	-0.2	-0.6	-1.0	0.2	0.1	0.0	1.1	9.1	1.7	1.6	5.7	-0.1	0.0	0.1
Dec.	9.5	7.4	5.2	-3.0	0.0	0.0	-0.2	0.0	4.7	0.5	6.5	0.5	0.0	-12.2
2004 Jan. ^(p)	11.8	6.2	1.4	1.7	0.0	0.0	2.6	4.5	-1.6	0.9	-2.9	0.8	0.0	7.3
Growth rates														
2001 Dec.	3.3	18.7	-	-	-	-	-5.1	3.7	2.3	-	-	-	-	14.0
2002 Dec.	5.5	16.3	-	-	-	-	8.5	5.7	-3.0	-	-	-	-	14.9
2003 Mar.	7.4	37.0	-	-	-	-	3.3	10.5	5.2	-	-	-	-	17.7
June	6.7	28.7	-	-	-	-	17.4	14.1	9.2	-	-	-	-	16.3
Sep.	4.9	11.5	-	-	-	-	28.2	10.9	11.6	-	-	-	-	8.8
2003 Dec.	3.6	3.4	-8.3	4.8	40.9	-12.5	6.0	17.3	17.5	-0.8	36.9	70.7	-	17.0
2004 Jan. ^(p)	4.4	15.2	5.4	3.0	50.0	-9.7	-0.3	13.4	11.2	3.9	23.6	58.1	-	15.1

C8 Deposits by financial intermediaries

(annual growth rates)



Source: ECB.

1) MFI sector excluding the Eurosystem; sectoral classification is based on ESA 95.

2) This category includes investment funds.

2.5 Deposits held with MFIs, breakdown ¹⁾

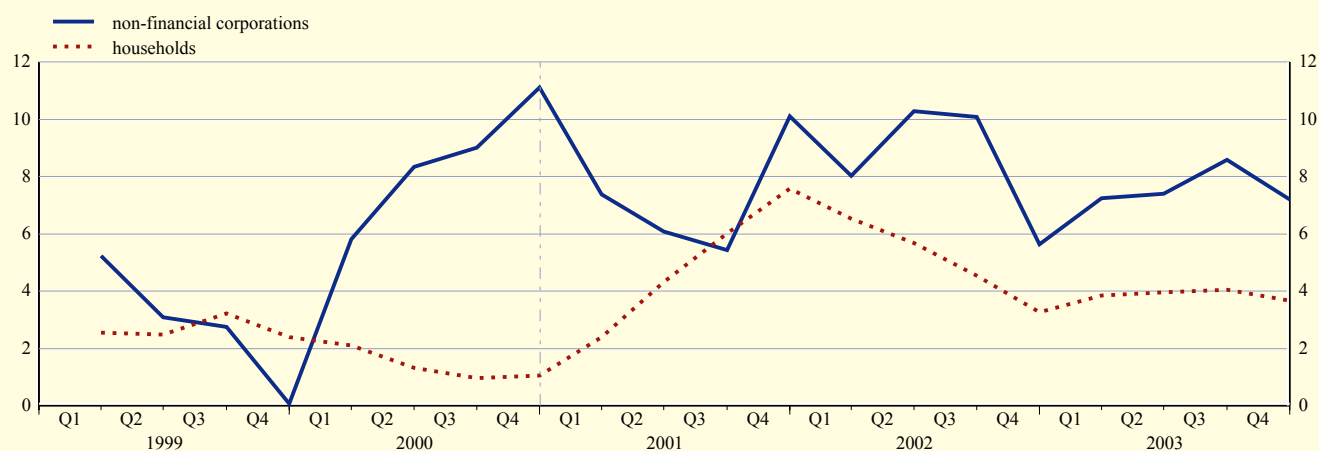
(EUR billions and annual growth rates; outstanding amounts and growth rates at end of period, transactions during period)

2. Deposits by non-financial corporations and households

	Non-financial corporations							Households ²⁾						
	Total	Overnight	With agreed maturity		Redeemable at notice		Repos	Total	Overnight	With agreed maturity		Redeemable at notice		Repos
			Up to 2 years	Over 2 years	Up to 3 months	Over 3 months				Up to 2 years	Over 2 years	Up to 3 months	Over 3 months	
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
Outstanding amounts														
2001	974.2	575.3	-	-	-	-	36.2	3,679.3	1,097.2	-	-	-	-	76.6
2002	989.6	595.5	-	-	-	-	34.7	3,806.1	1,173.0	-	-	-	-	74.7
2003 Q1	960.4	567.2	271.0	61.8	27.0	1.1	32.3	3,834.3	1,195.9	580.2	586.7	1,302.2	98.6	70.6
Q2	1,001.1	600.5	279.1	61.0	29.2	1.4	29.8	3,867.6	1,236.6	562.8	585.5	1,327.7	93.0	61.9
Q3	1,018.4	609.8	282.1	65.7	29.9	1.5	29.4	3,901.8	1,270.8	555.1	586.8	1,344.1	88.6	56.3
2003 Oct.	1,025.5	607.9	290.6	64.9	30.3	1.5	30.3	3,905.6	1,274.2	552.0	587.9	1,346.8	88.7	56.0
Nov.	1,040.5	623.0	289.1	66.7	30.9	1.5	29.3	3,928.6	1,297.2	547.6	587.8	1,351.5	88.9	55.6
Dec.	1,050.9	639.5	282.3	66.1	31.6	1.5	30.0	3,977.0	1,311.3	545.2	601.1	1,376.6	89.9	52.9
2004 Jan. ^(p)	1,012.5	612.9	271.4	67.8	33.4	1.5	25.4	3,994.3	1,315.3	540.2	604.5	1,391.4	88.8	54.1
Transactions														
2001	89.9	69.6	-	-	-	-	7.4	258.5	139.7	-	-	-	-	7.0
2002	53.9	28.9	-	-	-	-	-1.3	120.4	65.4	-	-	-	-	-1.9
2003 Q1	-27.5	-34.2	39.7	-35.2	4.4	0.3	-2.4	26.0	9.9	-38.4	22.3	41.2	-5.0	-4.1
Q2	43.4	34.6	9.2	-0.2	2.2	0.0	-2.4	35.0	41.0	-16.2	-1.2	25.6	-5.5	-8.7
Q3	19.4	9.5	3.6	4.6	0.7	0.1	1.1	2.0	2.8	-8.0	0.8	16.4	-4.4	-5.6
2003 Oct.	6.8	-2.0	8.3	-0.7	0.4	0.0	0.9	3.5	3.3	-3.4	1.1	2.7	0.1	-0.3
Nov.	15.6	16.0	-0.7	1.7	0.6	0.0	-2.1	24.0	23.2	-3.7	0.0	4.8	0.2	-0.4
Dec.	13.0	17.7	-5.7	-0.3	0.7	0.0	0.7	49.9	14.5	-1.4	13.4	25.1	1.0	-2.7
2004 Jan. ^(p)	-39.7	-27.2	-11.4	1.6	1.9	0.0	-4.6	16.5	3.7	-5.5	3.3	14.8	-1.1	1.2
Growth rates														
2001 Dec.	10.1	13.6	-	-	-	-	25.8	7.6	14.5	-	-	-	-	12.9
2002 Dec.	5.6	5.1	-	-	-	-	-3.5	3.3	6.0	-	-	-	-	-2.5
2003 Mar.	7.2	8.1	-	-	-	-	-3.5	3.9	7.3	-	-	-	-	-12.4
June	7.4	7.9	-	-	-	-	-18.0	4.0	7.2	-	-	-	-	-19.6
Sep.	8.6	8.5	-	-	-	-	-15.0	4.0	8.2	-	-	-	-	-28.2
2003 Dec.	7.2	6.8	23.4	-31.0	37.3	49.5	-12.4	3.7	7.9	-11.5	6.4	9.2	-13.2	-29.2
2004 Jan. ^(p)	7.2	9.5	2.9	12.4	37.3	38.3	-27.1	4.1	9.5	-8.9	3.6	8.7	-12.4	-28.5

C9 Deposits by non-financial corporations and households

(annual growth rates)



Source: ECB.

1) MFI sector excluding the Eurosystem; sectoral classification is based on ESA 95.

2) Including non-profit institutions serving households.

2.5 Deposits held with MFIs, breakdown ¹⁾

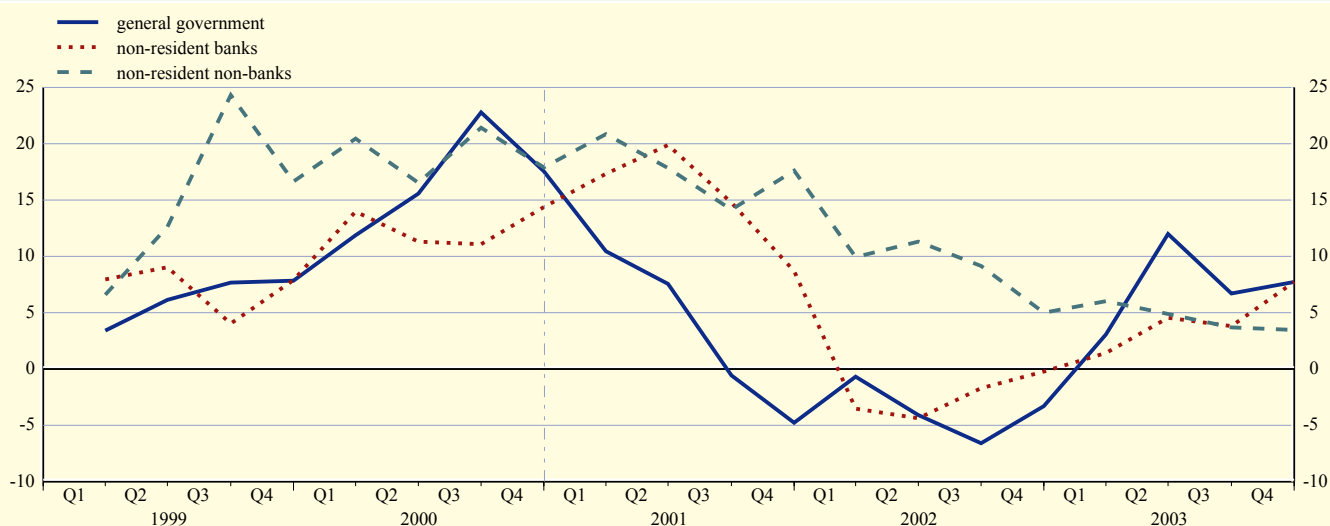
(EUR billions and annual growth rates; outstanding amounts and growth rates at end of period, transactions during period)

3. Deposits by government and non-euro area residents

	General government					Non-euro area residents				
	Total	Central government	Other general government			Total	Banks ²⁾	Non-banks		
			State government	Local government	Social security funds			Total	General government	Other
	1	2	3	4	5	6	7	8	9	10
Outstanding amounts										
2001	253.6	103.9	29.9	68.9	50.9	2,400.1	1,696.9	703.2	94.1	609.1
2002	248.4	106.9	31.6	69.2	40.7	2,271.0	1,585.3	685.7	97.4	588.3
2003 Q1	264.0	125.5	32.0	65.5	41.0	2,292.1	1,587.9	704.1	97.8	606.3
Q2	290.9	147.6	34.2	64.5	44.5	2,274.5	1,580.6	693.9	94.5	599.3
Q3	264.1	128.9	32.3	64.2	38.7	2,256.1	1,562.4	693.7	93.4	600.3
Q4 ^(p)	271.2	132.4	30.2	67.9	40.8	2,249.1	1,582.2	667.0	95.9	571.0
Transactions										
2001	-12.5	-14.1	-0.8	-0.2	2.6	234.5	130.6	103.9	10.2	93.6
2002	-8.4	-0.2	1.8	0.4	-10.3	30.3	-4.9	35.2	3.6	31.6
2003 Q1	8.6	11.6	0.4	-3.7	0.4	61.6	30.2	31.4	0.5	31.0
Q2	26.9	22.1	2.2	-0.9	3.5	30.1	27.2	2.9	-3.3	6.2
Q3	-23.4	-16.0	-1.9	-0.4	-5.0	-6.6	-7.9	1.3	-1.2	2.5
Q4 ^(p)	7.2	3.5	-2.0	3.7	2.1	57.4	69.0	-11.7	2.6	-14.2
Growth rates										
2001 Dec.	-4.8	-12.0	-2.6	-0.3	5.3	11.1	8.7	17.6	12.2	18.5
2002 Dec.	-3.3	-0.2	5.9	0.5	-20.2	1.3	-0.2	5.0	3.9	5.1
2003 Mar.	3.1	13.0	3.7	2.1	-16.9	2.8	1.4	6.0	-0.1	7.0
June	12.0	29.9	0.4	-1.6	-3.0	4.6	4.5	4.9	-0.6	5.8
Sep.	6.7	18.9	-5.7	0.7	-5.3	3.8	3.8	3.7	-7.8	5.7
Dec. ^(p)	7.7	19.4	-4.4	-2.0	2.4	6.4	7.7	3.4	-1.5	4.2

C10 Deposits by government and non-euro area residents

(annual growth rates)



Source: ECB.

1) MFI sector excluding the Eurosystem; sectoral classification is based on ESA 95.

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

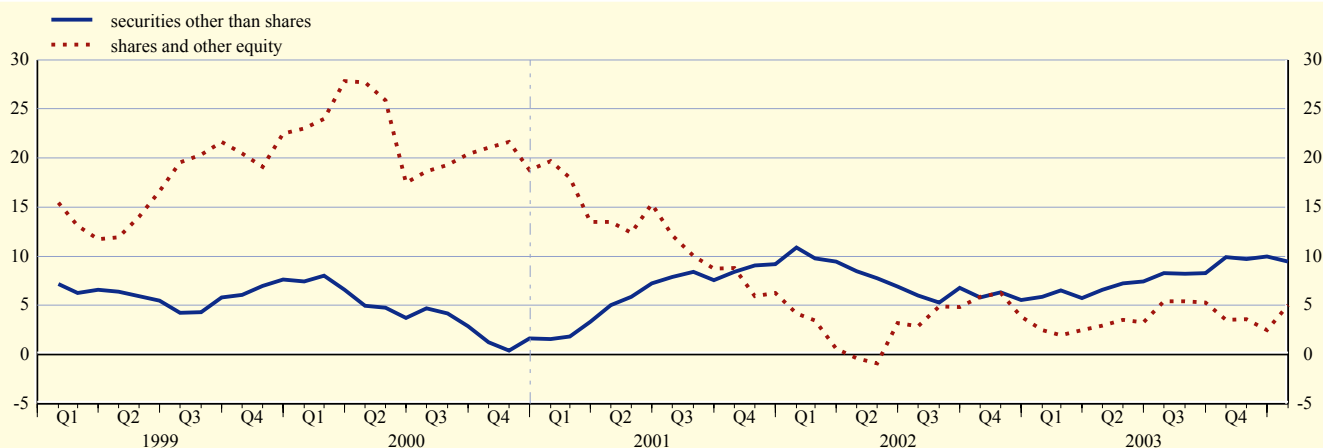
2.6 MFI holdings of securities, breakdown ¹⁾

(EUR billions and annual growth rates; outstanding amounts and growth rates at end of period, transactions during period)

	Securities other than shares								Shares and other equity			
	Total	MFIs		General government		Other euro area residents		Non-euro area residents	Total	MFIs	Non-MFIs	Non-euro area residents
		Euro	Non-euro	Euro	Non-euro	Euro	Non-euro					
	1	2	3	4	5	6	7	8	9	10	11	12
Outstanding amounts												
2001	3,076.9	1,068.7	54.2	1,059.8	17.6	319.8	15.8	541.0	972.4	251.9	559.0	161.6
2002	3,228.2	1,122.2	48.2	1,119.5	15.5	349.5	16.7	556.6	1,004.9	263.3	564.3	177.3
2003 Q1	3,426.4	1,173.3	61.4	1,192.3	17.7	366.9	19.0	595.8	999.4	259.2	559.1	181.0
Q2	3,501.5	1,182.6	59.5	1,223.2	16.1	386.8	18.3	614.8	1,028.2	267.3	586.1	174.8
Q3	3,553.7	1,198.2	57.7	1,245.9	16.7	391.3	19.2	624.7	1,060.7	272.6	608.6	179.6
2003 Oct.	3,595.4	1,207.1	59.0	1,258.4	16.2	398.9	19.2	636.4	1,062.6	274.9	605.5	182.1
Nov.	3,626.9	1,214.6	58.4	1,275.7	16.1	403.9	19.0	639.0	1,069.5	275.1	615.1	179.4
Dec.	3,579.1	1,218.8	57.1	1,236.5	15.6	403.6	18.8	628.7	1,069.8	279.3	616.5	174.0
2004 Jan. ^(p)	3,666.6	1,237.4	61.8	1,261.4	16.1	403.5	17.8	668.6	1,091.1	284.2	626.5	180.4
Transactions												
2001	258.2	82.4	-4.2	13.1	-4.9	63.0	-0.1	108.9	57.0	10.3	29.6	17.0
2002	171.0	48.0	-0.9	41.0	-0.8	27.3	3.2	53.1	37.2	13.7	4.8	18.7
2003 Q1	131.2	41.8	4.0	36.1	1.5	16.4	0.2	31.2	1.4	-3.0	0.7	3.8
Q2	87.7	16.5	-0.4	30.9	-0.7	14.0	0.2	27.2	19.7	5.8	21.0	-7.1
Q3	55.2	14.7	-1.9	24.0	0.4	5.8	0.9	11.3	1.2	1.9	-4.7	3.9
2003 Oct.	44.5	10.0	0.8	16.8	-0.6	7.9	0.0	9.5	-1.6	1.5	-4.3	1.2
Nov.	38.4	7.1	0.6	12.0	0.4	5.2	0.4	12.8	6.6	-0.5	9.0	-1.8
Dec.	-30.9	3.6	0.2	-38.8	-0.1	0.3	0.6	3.3	-2.5	1.9	1.9	-6.3
2004 Jan. ^(p)	64.8	15.7	3.4	15.6	0.1	-0.9	-1.4	32.3	18.4	3.2	9.1	6.1
Growth rates												
2001 Dec.	9.2	8.2	-7.3	1.2	-23.4	25.0	-0.4	25.4	6.3	4.2	5.7	12.0
2002 Dec.	5.6	4.5	-2.5	3.9	-4.3	8.5	21.9	10.0	3.8	5.4	0.9	11.6
2003 Mar.	5.7	4.3	-3.4	3.2	7.5	9.9	25.4	12.0	2.5	1.0	2.3	5.6
June	7.4	4.3	-9.4	4.9	7.2	15.3	15.9	16.3	3.2	-0.1	5.8	0.4
Sept.	8.3	6.0	-8.4	6.6	8.4	15.3	18.5	13.9	5.3	3.4	6.3	4.9
2003 Oct.	9.9	6.8	3.9	8.4	5.5	16.8	11.3	16.1	3.5	3.2	3.6	3.8
Nov.	9.7	5.9	0.8	9.0	8.9	17.1	12.9	15.4	3.6	2.8	4.7	1.2
Dec.	10.0	8.3	7.0	7.1	6.0	14.1	11.3	17.1	2.5	2.9	4.2	-3.5
2004 Jan. ^(p)	9.5	7.6	4.9	6.7	1.9	12.1	10.0	18.1	5.0	7.0	5.6	0.3

C11 MFI holdings of securities

(annual growth rates)



Source: ECB.

1) MFI sector excluding the Eurosystem; sectoral classification is based on ESA 95.

2.7 Revaluation of selected MFI balance sheet items ¹⁾

(EUR billions)

1. Write-offs/write-downs of loans to households ²⁾

	Consumer credit				Lending for house purchase				Other lending			
	Total	Up to 1 year	Over 1 year and up to 5 years	Over 5 years	Total	Up to 1 year	Over 1 year and up to 5 years	Over 5 years	Total	Up to 1 year	Over 1 year and up to 5 years	Over 5 years
	1	2	3	4	5	6	7	8	9	10	11	12
2001	0.0	-	-	-	0.0	-	-	-	0.0	-	-	-
2002	0.0	-	-	-	0.0	-	-	-	-1.0	-	-	-
2003 Q1	-1.2	-0.6	-0.1	-0.4	-1.1	-0.1	0.0	-1.0	-2.7	-1.2	-0.1	-1.5
Q2	-0.2	0.0	-0.1	-0.1	-0.2	0.0	0.0	-0.2	-1.2	-0.3	0.0	-0.9
Q3	-0.4	-0.1	-0.1	-0.2	-0.6	-0.1	0.0	-0.5	-1.3	-0.3	-0.1	-0.9
2003 Oct.	-0.1	0.0	0.0	-0.1	-0.2	0.0	0.0	-0.1	-0.4	-0.1	0.0	-0.3
Nov.	-0.2	-0.1	-0.1	-0.1	-0.2	0.0	0.0	-0.2	-0.5	-0.1	0.0	-0.4
Dec.	-0.6	-0.3	-0.1	-0.2	-0.9	-0.1	0.0	-0.8	-1.6	-0.8	-0.1	-0.7
2004 Jan. ^(p)	-0.6	-0.3	-0.1	-0.2	-0.6	0.0	0.0	-0.5	-1.3	-0.5	-0.1	-0.8

2. Write-offs/write-downs of loans to non-financial corporations and non-euro area residents

	Non-financial corporations				Non-euro area residents		
	Total	Up to 1 year	Over 1 year and up to 5 years	Over 5 years	Total	Up to 1 year	Over 1 year
	1	2	3	4	5	6	7
2001	-10.6	-0.8	-5.4	-4.4	-1.0	-	-
2002	-9.2	-1.8	-2.7	-4.7	-7.2	-	-
2003 Q1	-7.5	-4.1	-0.6	-2.8	-0.1	0.0	-0.1
Q2	-2.3	-1.2	-0.1	-1.1	-0.3	-0.3	-0.1
Q3	-2.3	-0.6	-0.3	-1.4	-0.2	-0.1	-0.1
2003 Oct.	-0.5	-0.1	0.0	-0.4	0.0	0.0	0.0
Nov.	-1.0	-0.5	-0.1	-0.5	-0.1	0.0	0.0
Dec.	-4.2	-2.5	-0.3	-1.4	-0.3	0.0	-0.3
2004 Jan. ^(p)	-3.5	-1.8	-0.4	-1.4	-0.4	0.0	-0.4

3. Revaluation of securities held by MFIs

	Securities other than shares								Shares and other equity			
	Total	MFIs		General government		Other euro area residents		Non-euro area residents	Total	MFIs	Non-MFIs	Non-euro area residents
		Euro	Non-euro	Euro	Non-euro	Euro	Non-euro					
	1	2	3	4	5	6	7	8	9	10	11	12
2001	14.1	-0.6	0.2	9.8	0.1	5.9	0.1	-1.5	7.3	1.1	7.6	-1.3
2002	35.1	9.8	0.6	11.0	-0.1	5.1	0.2	8.3	-6.8	-4.7	0.7	-2.7
2003 Q1	6.4	-1.8	-0.1	10.3	0.0	-1.4	0.2	-0.9	-8.3	-1.1	-7.2	0.0
Q2	-0.3	-1.3	-0.1	0.1	-0.1	0.3	-0.2	0.8	8.9	2.2	6.0	0.7
Q3	-2.1	0.1	0.0	-2.1	0.0	-0.1	-0.1	0.1	5.0	4.5	0.2	0.3
2003 Oct.	-3.5	-0.2	0.0	-3.0	0.0	-0.2	0.0	-0.1	3.5	0.7	1.4	1.4
Nov.	-1.6	0.4	-0.1	-0.8	0.0	0.0	0.0	-1.0	0.3	0.7	0.5	-0.9
Dec.	-1.1	0.2	-0.1	-0.4	0.1	-0.1	-0.1	-0.8	0.6	0.1	-0.4	0.9
2004 Jan. ^(p)	9.6	1.6	0.2	7.5	0.1	0.1	0.0	0.2	2.8	1.4	1.1	0.3

Source: ECB.

1) MFI sector excluding the Eurosystem; sectoral classification is based on ESA 95.

2) Including non-profit institutions serving households.

2.8 Currency breakdown of selected MFI balance sheet items ¹⁾

(percentages of total; outstanding amounts in EUR billions; end of period)

1. Deposits

	MFIs ²⁾							Non-MFIs						
	All currencies outstanding amount	Euro ³⁾	Non-euro currencies				All currencies outstanding amount	Euro ³⁾	Non-euro currencies					
			Total	USD	JPY	CHF			GBP	Total	USD	JPY	CHF	GBP
By euro area residents														
2001	3,829.6	87.7	12.3	8.0	0.9	1.8	1.0	5,867.1	96.6	3.4	2.2	0.4	0.2	0.3
2002	4,136.6	90.2	9.8	6.1	0.8	1.5	0.7	6,061.0	97.1	2.9	1.8	0.3	0.2	0.3
2003 Q1	4,196.3	90.5	9.5	6.1	0.7	1.5	0.8	6,120.7	97.1	2.9	1.8	0.3	0.2	0.3
Q2	4,296.9	91.0	9.0	5.8	0.6	1.4	0.8	6,243.3	97.0	3.0	1.8	0.3	0.2	0.4
Q3	4,308.7	91.0	9.0	5.6	0.5	1.5	0.9	6,256.9	97.1	2.9	1.7	0.4	0.1	0.3
Q4 ^(p)	4,363.7	91.2	8.8	5.5	0.5	1.5	0.9	6,404.3	97.3	2.7	1.7	0.3	0.1	0.3
By non-euro area residents														
2001	1,696.9	36.5	63.5	46.5	2.9	4.4	7.0	703.2	43.7	56.3	40.9	2.4	2.6	8.0
2002	1,585.3	43.7	56.3	39.2	2.1	4.3	7.8	685.7	48.3	51.7	35.0	2.3	1.9	9.8
2003 Q1	1,587.9	46.1	53.9	36.8	2.1	4.4	7.9	704.1	51.7	48.3	32.0	2.5	1.9	8.9
Q2	1,580.6	45.9	54.1	37.4	1.7	4.2	8.0	693.9	52.1	47.9	32.3	2.2	1.9	8.8
Q3	1,562.4	46.4	53.6	35.9	1.7	4.1	8.9	693.7	52.9	47.1	30.3	2.4	2.3	9.2
Q4 ^(p)	1,582.2	47.0	53.0	35.4	1.7	3.6	9.5	667.0	50.9	49.1	32.2	2.1	2.2	9.6

2. Debt securities issued by euro area MFIs

	All currencies outstanding amount	Euro ³⁾	Non-euro currencies				
			Total	USD	JPY	CHF	GBP
2001	3,030.2	85.1	14.9	8.2	2.2	1.4	2.2
2002	3,139.0	85.4	14.6	7.7	1.8	1.6	2.3
2003 Q1	3,197.3	85.2	14.8	8.1	1.6	1.6	2.3
Q2	3,228.8	85.6	14.4	8.1	1.4	1.6	2.1
Q3	3,263.9	85.3	14.7	8.2	1.5	1.7	2.1
Q4 ^(p)	3,304.0	85.4	14.6	7.9	1.5	1.7	2.2

Source: ECB.

1) MFI sector excluding the Eurosystem; sectoral classification is based on ESA 95.

2) For non-euro area residents, the term "MFIs" refers to institutions of a similar type to euro area MFIs.

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

2.8 Currency breakdown of selected MFI balance sheet items ¹⁾

(percentages of total; outstanding amounts in EUR billions; end of period)

3. Loans

	MFIs ²⁾							Non-MFIs						
	All currencies outstanding amount	Euro ³⁾	Non-euro currencies				All currencies outstanding amount	Euro ³⁾	Non-euro currencies					
			Total						Total					
			USD	JPY	CHF	GBP			USD	JPY	CHF	GBP		
1	2	3	4	5	6	7	8	9	10	11	12	13	14	
To euro area residents														
2001	3,794.0	-	-	-	-	-	7,340.7	95.4	4.6	2.5	0.7	1.1	0.4	
2002	4,017.8	-	-	-	-	-	7,593.6	96.2	3.8	1.8	0.5	1.1	0.3	
2003 Q1	4,074.2	-	-	-	-	-	7,658.9	96.2	3.8	1.8	0.5	1.1	0.3	
Q2	4,143.2	-	-	-	-	-	7,738.1	96.3	3.7	1.7	0.4	1.1	0.3	
Q3	4,155.7	-	-	-	-	-	7,794.3	96.4	3.6	1.7	0.4	1.2	0.3	
Q4 ^(p)	4,202.7	-	-	-	-	-	7,912.5	96.5	3.5	1.6	0.3	1.2	0.3	
To non-euro area residents														
2001	1,095.6	41.3	58.7	37.9	4.0	3.4	8.4	608.7	33.1	66.9	51.9	1.9	4.2	6.1
2002	1,146.2	48.3	51.7	32.4	4.5	2.6	9.1	583.9	36.2	63.8	47.6	2.3	4.7	5.6
2003 Q1	1,173.0	50.6	49.4	30.6	4.3	2.7	8.6	594.0	38.2	61.8	46.7	1.9	4.6	5.6
Q2	1,242.2	50.8	49.2	30.8	4.8	2.4	7.9	590.9	39.3	60.7	46.2	1.5	4.2	5.7
Q3	1,157.4	49.7	50.3	30.4	5.6	2.4	8.7	583.7	38.3	61.7	45.9	2.1	4.4	6.3
Q4 ^(p)	1,181.3	50.3	49.7	28.9	5.2	2.3	9.3	579.9	38.3	61.7	44.2	2.4	4.6	6.9

4. Holdings of securities other than shares

	Issued by MFIs ²⁾							Issued by non-MFIs						
	All currencies outstanding amount	Euro ³⁾	Non-euro currencies				All currencies outstanding amount	Euro ³⁾	Non-euro currencies					
			Total						Total					
			USD	JPY	CHF	GBP			USD	JPY	CHF	GBP		
1	2	3	4	5	6	7	8	9	10	11	12	13	14	
Issued by euro area residents														
2001	1,122.9	95.2	4.8	3.3	0.8	0.2	1.3	1,413.0	97.6	2.4	1.3	0.8	0.1	0.2
2002	1,170.4	95.9	4.1	2.1	0.6	0.2	2.0	1,501.2	97.9	2.1	1.0	0.7	0.1	0.4
2003 Q1	1,234.7	95.0	5.0	1.7	0.6	0.2	1.0	1,595.9	97.7	2.3	1.3	0.6	0.1	0.2
Q2	1,242.1	95.2	4.8	1.7	0.6	0.3	1.0	1,644.5	97.9	2.1	1.1	0.6	0.1	0.2
Q3	1,255.9	95.4	4.6	1.5	0.5	0.3	1.1	1,673.1	97.9	2.1	1.1	0.6	0.1	0.2
Q4 ^(p)	1,275.9	95.5	4.5	1.4	0.5	0.3	1.3	1,674.5	97.9	2.1	1.1	0.6	0.1	0.2
Issued by non-euro area residents														
2001	233.0	34.4	65.6	49.6	1.8	1.2	10.2	308.0	41.3	58.7	44.1	5.9	0.8	4.7
2002	239.6	36.9	63.1	45.5	1.7	0.6	13.2	317.1	41.5	58.5	42.0	5.8	0.9	5.6
2003 Q1	256.6	39.8	60.2	36.3	3.7	3.4	12.0	339.2	43.2	56.8	36.5	9.1	0.7	5.9
Q2	259.1	42.2	57.8	34.4	3.4	2.5	13.6	355.4	44.2	55.8	35.4	8.5	0.7	6.0
Q3	261.3	43.0	57.0	32.4	3.5	2.8	14.6	362.9	45.0	55.0	34.7	9.4	0.7	5.7
Q4 ^(p)	271.2	44.7	55.3	30.4	3.8	2.0	15.2	357.5	46.1	53.9	33.2	9.1	0.7	6.1

Source: ECB.

- 1) MFI sector excluding the Eurosystem; sectoral classification is based on ESA 95.
- 2) For non-euro area residents, the term "MFIs" refers to institutions of a similar type to euro area MFIs.
- 3) Including items expressed in the national denominations of the euro.

2.9 Aggregated balance sheet of euro area investment funds ¹⁾

(EUR billions; outstanding amounts at end of period)

1. Assets

	Total 1	Deposits 2	Holdings of securities other than shares			Holdings of shares/ other equity 6	Holdings of investment fund shares 7	Fixed assets 8	Other assets 9
			Total 3	Up to 1 year 4	Over 1 year 5				
2002 Q2	3,034.1	242.8	1,312.6	75.4	1,237.1	1,056.1	215.2	108.0	99.4
Q3	2,846.2	236.7	1,337.4	74.3	1,263.0	844.8	203.4	121.0	102.9
Q4	2,862.4	242.1	1,335.1	72.0	1,263.1	853.2	203.1	122.4	106.6
2003 Q1	2,748.8	217.1	1,331.8	70.6	1,261.2	767.3	205.8	118.6	108.2
Q2	2,959.5	232.5	1,382.7	67.1	1,315.6	880.9	224.5	120.7	118.3
Q3 ^(p)	3,083.0	248.3	1,404.8	65.2	1,339.6	931.3	234.3	125.3	138.9

2. Liabilities

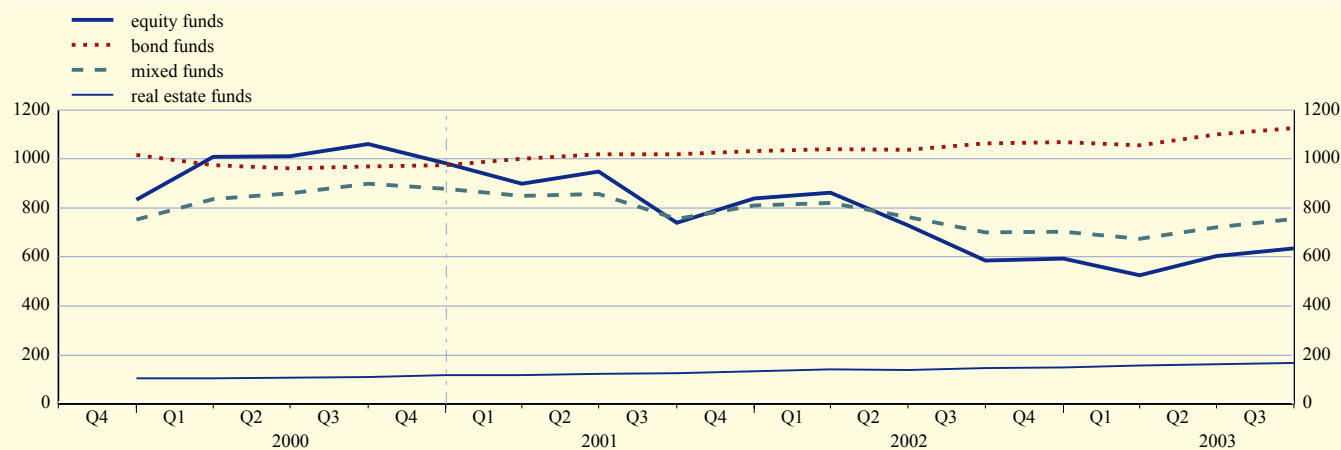
	Total 1	Deposits and loans taken 2	Investment fund shares 3	Other liabilities 4
2002 Q2	3,034.1	39.1	2,919.5	75.5
Q3	2,846.2	38.9	2,731.9	75.3
Q4	2,862.4	40.2	2,745.2	76.9
2003 Q1	2,748.8	41.1	2,629.3	78.5
Q2	2,959.5	41.8	2,825.8	91.9
Q3 ^(p)	3,083.0	43.2	2,915.1	124.7

3. Total assets/liabilities broken down by investment policy and type of investor

	Total 1	Funds by investment policy					Funds by type of investor		
		Equity funds 2	Bond funds 3	Mixed funds 4	Real estate funds 5	Other funds 6	General public funds 7	Special investors' funds 8	
2002 Q2	3,034.1	728.7	1,037.1	762.6	139.2	366.5	2,262.1	772.0	
Q3	2,846.2	585.2	1,063.3	699.9	145.6	352.2	2,092.0	754.2	
Q4	2,862.4	593.9	1,068.2	701.6	149.5	349.2	2,089.5	772.9	
2003 Q1	2,748.8	525.9	1,054.1	675.3	155.9	337.7	1,977.5	771.4	
Q2	2,959.5	603.3	1,099.5	720.8	161.5	374.4	2,140.4	819.1	
Q3 ^(p)	3,083.0	635.4	1,127.0	754.2	166.6	399.7	2,248.0	835.0	

C12 Total assets of investment funds

(EUR billions)



Source: ECB.

1) Other than money market funds. Data refer to euro area countries excluding Ireland. For further details, see the general notes.

2.10 Assets of euro area investment funds broken down by investment policy and type of investor

(EUR billions; outstanding amounts at end of period)

1. Funds by investment policy

	Total 1	Deposits 2	Holdings of securities other than shares			Holdings of shares/ other equity 6	Holdings of investment fund shares 7	Fixed assets 8	Other assets 9
			Total 3	Up to 1 year 4	Over 1 year 5				
Equity funds									
2002 Q2	728.7	34.0	27.4	4.0	23.4	630.0	22.2	-	15.0
Q3	585.2	29.0	26.5	3.7	22.8	496.5	19.1	-	14.1
Q4	593.9	26.6	28.0	3.1	24.9	506.0	18.4	-	14.9
2003 Q1	525.9	24.5	30.2	2.8	27.5	438.6	16.5	-	16.1
Q2	603.3	27.9	31.6	2.9	28.7	506.5	18.5	-	18.8
Q3 ^(p)	635.4	29.5	27.8	2.4	25.4	536.4	19.5	-	22.1
Bond funds									
2002 Q2	1,037.1	75.9	882.2	38.5	843.8	33.2	10.8	-	34.9
Q3	1,063.3	78.3	902.1	37.2	865.0	32.7	11.6	-	38.5
Q4	1,068.2	83.9	902.8	36.6	866.2	31.9	12.3	-	37.2
2003 Q1	1,054.1	77.5	899.8	35.8	864.0	26.6	18.6	-	31.5
Q2	1,099.5	82.4	927.8	33.0	894.8	31.1	20.9	-	37.3
Q3 ^(p)	1,127.0	93.6	934.6	30.7	904.0	29.2	21.7	-	47.9
Mixed funds									
2002 Q2	762.6	54.2	286.9	20.6	266.3	298.8	94.6	2.1	26.0
Q3	699.9	53.0	291.7	21.3	270.4	234.3	88.1	5.2	27.7
Q4	701.6	53.9	295.0	21.3	273.7	232.9	87.7	3.4	28.6
2003 Q1	675.3	50.4	300.8	21.8	278.9	209.9	83.7	0.7	29.9
Q2	720.8	49.4	311.9	20.9	291.0	237.0	91.9	0.3	30.3
Q3 ^(p)	754.2	50.5	324.0	22.2	301.8	248.4	95.4	0.3	35.6
Real estate funds									
2002 Q2	139.2	13.5	9.8	0.6	9.2	0.9	3.9	105.1	6.0
Q3	145.6	13.3	10.7	0.6	10.1	0.8	5.1	109.5	6.2
Q4	149.5	11.0	9.5	0.5	8.9	0.7	7.0	114.5	6.9
2003 Q1	155.9	14.7	8.3	0.5	7.7	0.7	8.6	117.1	6.6
Q2	161.5	16.5	9.0	0.6	8.5	0.7	9.1	119.8	6.3
Q3 ^(p)	166.6	16.1	8.9	0.6	8.4	0.8	9.5	124.3	6.9

2. Funds by type of investor

	Total 1	Deposits 2	Holdings of securities other than shares 3	Holdings of shares/ other equity 4	Holdings of investment fund shares 5	Fixed assets 6	Other assets 7
General public funds							
2002 Q2	2,262.1	199.2	915.7	818.4	166.7	96.1	66.0
Q3	2,092.0	187.9	917.6	654.4	156.0	107.9	68.2
Q4	2,089.5	190.9	904.8	663.2	153.1	107.7	69.8
2003 Q1	1,977.5	165.5	882.6	599.9	155.1	103.2	71.1
Q2	2,140.4	181.5	912.3	691.7	168.3	104.3	82.3
Q3 ^(p)	2,248.0	198.9	927.5	736.5	176.6	107.9	100.5
Special investors' funds							
2002 Q2	772.0	43.6	396.9	237.7	48.5	11.9	33.5
Q3	754.2	48.8	419.8	190.3	47.5	13.1	34.7
Q4	772.9	51.2	430.3	190.0	49.9	14.7	36.8
2003 Q1	771.4	51.6	449.2	167.4	50.7	15.4	37.1
Q2	819.1	51.0	470.4	189.2	56.1	16.5	36.0
Q3 ^(p)	835.0	49.4	477.3	194.8	57.7	17.4	38.4

Source: ECB.



FINANCIAL AND NON-FINANCIAL ACCOUNTS

3.1 Main financial assets of non-financial sectors

(EUR billions and annual growth rates; outstanding amounts at end of period, transactions during the period)

	Total		Currency and deposits							Memo: deposits of non-banks with banks outside the euro area	
	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 ¹⁾		
			Total	Overnight	With agreed maturity	Redeemable at notice	Repos				
	1	2	3	4	5	6	7	8	9	10	11
Outstanding amounts											
2002 Q2	14,798.9	5,438.1	261.2	4,827.6	1,759.9	1,593.8	1,356.2	117.6	155.0	194.3	278.1
Q3	14,344.4	5,448.4	278.4	4,827.5	1,757.3	1,585.8	1,365.7	118.8	146.3	196.1	289.0
Q4	14,636.2	5,607.9	309.2	4,951.7	1,846.7	1,581.4	1,411.7	111.9	136.4	210.7	293.2
2003 Q1	14,606.4	5,635.1	295.2	4,948.2	1,837.7	1,572.4	1,432.0	106.1	176.2	215.4	323.7
Q2	15,071.3	5,753.8	319.1	5,029.8	1,919.8	1,560.8	1,454.5	94.7	200.3	204.7	329.6
Q3	15,208.8	5,762.8	332.9	5,071.6	1,958.4	1,556.6	1,467.3	89.3	183.9	174.4	.
Transactions											
2002 Q2	170.2	97.3	24.5	73.2	73.7	0.9	0.2	-1.7	-2.5	2.1	-10.0
Q3	156.9	7.2	17.2	0.6	-3.1	-7.3	9.4	1.7	-12.5	1.8	9.1
Q4	184.4	169.3	30.8	133.9	82.6	11.8	46.4	-6.9	-9.9	14.5	10.1
2003 Q1	175.5	41.9	7.7	-3.3	-28.0	-10.6	41.0	-5.7	32.8	4.8	32.1
Q2	222.2	136.4	23.8	86.0	83.7	-8.6	22.3	-11.4	24.1	2.5	11.4
Q3	143.1	16.7	14.4	12.6	7.2	-3.6	12.8	-3.9	-13.7	3.4	.
Growth rates											
2002 Q2	4.5	4.7	-18.1	6.4	12.3	0.6	6.7	1.8	-6.0	13.8	3.3
Q3	4.8	4.6	-6.4	5.3	10.3	0.0	6.4	-2.6	-3.2	14.0	5.3
Q4	4.4	4.9	33.8	3.5	5.7	0.1	5.3	-3.9	-4.2	11.3	4.0
2003 Q1	4.5	5.9	33.9	4.3	7.4	-0.3	7.1	-10.6	5.1	12.1	13.7
Q2	5.0	6.5	30.4	4.5	7.7	-0.9	8.8	-19.0	22.3	12.1	22.5
Q3	5.1	6.7	27.5	4.7	8.3	-0.7	9.0	-23.5	22.8	12.8	.
Securities other than shares											
			Shares ²⁾				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	
12	13	14	15	16	17	18	19	20	21		
Outstanding amounts											
2002 Q2	1,928.4	224.7	1,703.7	4,010.4	2,249.5	1,760.9	297.2	3,422.0	3,086.7	335.3	
Q3	2,021.5	251.2	1,770.3	3,426.5	1,701.1	1,725.4	313.4	3,448.0	3,109.9	338.1	
Q4	2,021.5	244.9	1,776.6	3,487.7	1,779.0	1,708.7	308.2	3,519.1	3,174.7	344.4	
2003 Q1	2,035.8	243.5	1,792.2	3,359.2	1,621.1	1,738.0	392.0	3,576.4	3,226.4	350.0	
Q2	2,001.0	220.4	1,780.6	3,667.9	1,835.7	1,832.2	398.1	3,648.6	3,295.4	353.1	
Q3	2,020.6	220.5	1,800.1	3,718.4	1,856.7	1,861.7	403.2	3,707.0	3,351.3	355.7	
Transactions											
2002 Q2	-12.2	-42.4	30.1	35.1	21.3	13.7	-1.8	50.0	46.0	4.0	
Q3	46.6	27.5	19.1	55.4	31.3	24.1	13.6	47.7	43.7	4.0	
Q4	-20.1	-15.6	-4.5	-23.1	-22.8	-0.3	-8.5	58.2	56.6	1.6	
2003 Q1	-1.7	-4.6	2.9	72.4	10.8	61.6	29.6	62.9	56.0	6.8	
Q2	-38.4	-23.1	-15.2	70.6	35.6	34.9	3.5	53.6	48.8	4.9	
Q3	23.4	1.6	21.8	52.5	32.7	19.8	2.7	50.5	47.1	3.4	
Growth rates											
2002 Q2	4.7	-12.0	7.3	2.7	0.7	5.6	17.8	6.7	6.7	6.4	
Q3	5.6	1.3	6.2	3.1	1.1	5.8	16.2	6.7	6.7	6.0	
Q4	4.2	2.4	4.4	2.4	1.0	4.3	11.3	6.5	6.6	5.7	
2003 Q1	0.7	-13.1	2.9	3.2	1.6	5.3	11.2	6.4	6.6	5.0	
Q2	-0.7	-7.0	0.1	4.4	2.4	6.8	12.9	6.5	6.6	5.1	
Q3	-1.8	-16.6	0.3	5.0	3.3	6.7	8.7	6.5	6.7	4.9	

Source: ECB.

- 1) Covering deposits with euro area central government (S.1311 in ESA 95), other financial intermediaries (S.123 in ESA 95) and insurance corporations and pension funds (S.125 in ESA 95).
- 2) Excluding unquoted shares.

3.2 Main liabilities of non-financial sectors

(EUR billions and annual growth rates; outstanding amounts at end of period, transactions during the period)

	Loans taken from euro area MFIs and other financial corporations by												Memo: loans taken from banks outside the euro area by non-banks
	Total	General government			Non-financial corporations			Households ¹⁾					
		Taken from euro area MFIs	Total	Short-term	Long-term	Total	Short-term	Long-term	Total	Short-term	Long-term		
1	2	3	4	5	6	7	8	9	10	11	12	13	
Outstanding amounts													
2002 Q2	15,919.7	7,904.2	7,017.6	874.7	53.4	821.3	3,546.5	1,206.7	2,339.8	3,483.0	287.7	3,195.2	247.3
Q3	15,361.6	7,949.2	7,053.0	867.0	54.7	812.3	3,553.7	1,188.7	2,365.0	3,528.4	283.8	3,244.6	241.7
Q4	15,592.5	8,061.3	7,131.4	880.0	60.6	819.4	3,593.9	1,172.5	2,421.3	3,587.4	286.5	3,300.9	242.6
2003 Q1	15,543.1	8,113.2	7,170.8	872.3	68.3	804.0	3,622.2	1,188.7	2,433.5	3,618.7	276.6	3,342.1	256.9
Q2	16,092.5	8,214.8	7,239.4	859.7	69.6	790.1	3,669.4	1,212.6	2,456.8	3,685.7	281.0	3,404.7	254.1
Q3	16,180.7	8,303.5	7,296.1	865.4	70.6	794.8	3,679.8	1,188.9	2,491.0	3,758.3	275.4	3,482.9	.
Transactions													
2002 Q2	186.8	112.6	82.3	-25.3	0.1	-25.4	63.8	-3.8	67.5	74.1	10.7	63.4	-18.0
Q3	111.0	42.9	34.3	-8.0	1.3	-9.2	2.3	-17.7	20.0	48.5	-3.9	52.4	-7.1
Q4	145.2	122.3	95.6	13.6	5.9	7.7	46.1	-11.2	57.4	62.6	3.6	59.0	7.5
2003 Q1	247.4	81.2	66.7	0.1	8.0	-7.9	42.1	15.7	26.3	39.0	-7.6	46.7	6.6
Q2	238.3	116.3	85.5	-10.4	3.3	-13.7	56.2	29.6	26.6	70.5	5.0	65.4	2.4
Q3	144.1	85.8	59.9	5.7	1.0	4.7	6.2	-20.7	26.9	73.9	-4.8	78.7	.
Growth rates													
2002 Q2	4.2	5.0	4.3	-0.6	26.7	-2.0	5.3	-3.7	10.6	6.2	1.0	6.7	-9.1
Q3	4.1	4.4	4.0	-0.8	20.9	-2.0	3.7	-3.9	8.0	6.4	1.2	6.9	-4.5
Q4	3.9	4.3	4.0	-2.1	21.2	-3.5	3.8	-3.3	7.6	6.6	1.9	7.0	-2.9
2003 Q1	4.3	4.6	4.0	-2.2	28.6	-4.1	4.4	-1.4	7.5	6.6	1.0	7.1	-3.9
Q2	4.7	4.6	4.0	-0.5	34.6	-2.8	4.1	1.4	5.6	6.3	-1.0	7.0	3.8
Q3	5.0	5.1	4.4	1.0	33.3	-1.1	4.2	1.1	5.8	7.0	-1.3	7.7	.
Securities other than shares issued by													
	Total	General government			Non-financial corporations			Quoted shares issued by non-financial corporations	Deposit liabilities of central government	Pension fund reserves of non- financial corporations			
		Total	Short-term	Long-term	Total	Short-term	Long-term						
	14	15	16	17	18	19	20	21	22	23			
Outstanding amounts													
2002 Q2	4,530.1	4,008.3	481.6	3,526.7	521.8	130.3	391.5	3,034.8	191.3	259.3			
Q3	4,667.1	4,130.1	479.8	3,650.2	537.1	137.7	399.4	2,289.2	193.0	263.1			
Q4	4,678.3	4,134.3	480.0	3,654.3	544.0	144.7	399.3	2,379.9	207.5	265.7			
2003 Q1	4,836.9	4,265.7	529.7	3,736.0	571.3	167.1	404.2	2,111.5	212.4	269.1			
Q2	4,956.1	4,365.4	563.4	3,802.0	590.6	165.5	425.1	2,447.6	201.6	272.5			
Q3	4,958.1	4,369.0	557.5	3,811.5	589.1	164.5	424.7	2,471.4	171.3	276.5			
Transactions													
2002 Q2	61.0	62.0	33.9	28.1	-1.0	-14.5	13.6	7.8	2.1	3.3			
Q3	56.9	46.5	-0.9	47.4	10.4	7.5	2.9	5.8	1.7	3.8			
Q4	3.6	-0.3	-8.3	8.1	3.8	6.9	-3.1	2.4	14.5	2.5			
2003 Q1	158.1	129.1	50.8	78.3	29.0	22.3	6.7	-0.2	4.9	3.4			
Q2	100.7	83.8	33.9	49.9	16.9	-1.5	18.4	15.5	2.4	3.4			
Q3	46.4	46.7	-5.2	52.0	-0.3	-1.0	0.7	4.5	3.4	3.9			
Growth rates													
2002 Q2	5.2	4.6	9.6	4.0	9.7	3.8	11.8	0.9	14.1	4.7			
Q3	5.2	5.0	7.3	4.7	7.2	-1.6	10.7	1.2	14.1	4.9			
Q4	5.1	5.2	10.6	4.5	4.3	3.8	4.5	0.7	11.4	5.2			
2003 Q1	6.3	6.1	16.9	4.7	8.0	15.3	5.3	0.4	12.2	5.1			
Q2	7.0	6.5	15.6	5.2	11.5	27.0	6.3	0.8	12.3	5.1			
Q3	6.6	6.3	14.8	5.2	9.2	19.4	5.7	1.0	13.1	5.1			

Source: ECB.

1) Including non-profit institutions serving households.

3.3 Main financial assets and liabilities of insurance corporations and pension funds

(EUR billions and annual growth rates; outstanding amounts at end of period, transactions during the period)

	Main financial assets											
	Total	Deposits with euro area MFIs					Loans			Securities other than shares		
		Total	Overnight	With agreed maturity	Redeemable at notice	Repos	Total	Short-term	Long-term	Total	Short-term	Long-term
1	2	3	4	5	6	7	8	9	10	11	12	
	Outstanding amounts											
2002 Q2	3,458.0	503.9	48.4	432.9	3.7	19.0	331.7	65.2	266.5	1,248.2	40.5	1,207.7
Q3	3,385.5	506.3	50.1	437.9	3.9	14.4	334.3	69.2	265.1	1,309.8	51.5	1,258.3
Q4	3,480.6	522.8	55.9	445.6	3.5	17.9	336.9	70.5	266.4	1,356.5	54.1	1,302.4
2003 Q1	3,496.3	535.6	61.7	454.0	1.6	18.3	341.4	71.7	269.7	1,410.4	63.7	1,346.7
Q2	3,638.2	537.6	63.8	450.3	1.3	22.3	345.4	73.5	271.9	1,438.3	58.9	1,379.4
Q3	3,700.5	532.4	57.3	455.1	1.4	18.7	345.3	73.0	272.3	1,472.0	61.7	1,410.3
	Transactions											
2002 Q2	25.7	5.3	4.5	-0.1	-0.3	1.2	5.5	4.3	1.3	-6.2	-12.3	6.2
Q3	56.8	2.5	1.7	5.1	0.3	-4.6	1.1	2.5	-1.4	40.8	9.7	31.1
Q4	65.6	16.5	5.8	7.7	-0.4	3.5	3.1	1.5	1.6	35.0	2.2	32.7
2003 Q1	92.2	12.3	4.2	7.8	-0.2	0.5	7.6	3.8	3.9	58.0	10.5	47.5
Q2	47.4	2.3	2.2	-3.9	0.0	3.9	7.1	4.3	2.8	16.4	-5.0	21.4
Q3	42.4	-6.5	-6.6	3.7	0.1	-3.8	3.1	2.1	1.0	33.0	2.8	30.1
	Growth rates											
2002 Q2	7.4	3.6	17.0	2.0	-5.0	12.2	4.6	19.0	1.8	7.6	-28.6	9.4
Q3	8.2	3.8	27.6	2.6	4.5	-19.6	4.8	21.8	1.4	10.1	-2.6	10.6
Q4	7.3	5.5	16.3	4.2	1.9	8.5	4.1	16.7	1.3	10.6	17.4	10.4
2003 Q1	6.7	7.4	37.0	4.7	-17.1	3.3	5.4	20.2	2.0	10.2	19.2	9.8
Q2	7.6	6.7	28.8	3.9	-9.1	17.4	5.7	18.5	2.6	12.0	43.1	11.0
Q3	7.3	4.9	11.3	3.5	-12.1	28.2	6.3	16.8	3.5	10.9	20.5	10.5

	Main financial assets					Main liabilities									
	Shares ¹⁾				Prepayments of insurance premiums and reserves for outstanding claims	Total	Loans taken from euro area MFIs and other financial corporations		Securities other than shares	Quoted shares	Insurance technical reserves				
	Total	Quoted shares	Mutual fund shares	Money market fund shares			Total	Taken from euro area MFIs			Total	Net equity of households in life insurance reserves and pension fund reserves	Prepayments of insurance premiums and reserves for outstanding claims		
														13	14	15	16	17	18	19	20	21	22	23	24	25
	Outstanding amounts														
2002 Q2	1,266.6	673.7	593.0	51.3	107.6	3,550.2	56.0	42.5	10.7	226.5	3,257.0	2,758.8	498.2		
Q3	1,124.9	564.5	560.3	50.4	110.3	3,477.6	56.5	42.1	10.8	127.2	3,283.2	2,778.4	504.8		
Q4	1,152.7	584.8	567.9	57.3	111.6	3,514.1	43.5	33.0	10.9	113.3	3,346.4	2,839.5	506.9		
2003 Q1	1,094.7	535.5	559.2	60.9	114.2	3,577.8	55.5	42.4	11.1	103.3	3,408.0	2,892.4	515.5		
Q2	1,200.9	605.9	594.9	65.3	116.1	3,685.4	58.1	44.8	11.2	136.5	3,479.5	2,958.4	521.1		
Q3	1,233.2	628.3	604.9	61.5	117.6	3,745.2	59.8	44.3	11.6	135.8	3,538.0	3,012.7	525.3		
	Transactions														
2002 Q2	18.8	7.0	11.8	2.6	2.3	51.1	2.9	3.3	0.4	0.1	47.8	41.9	6.0		
Q3	9.7	7.0	2.7	-1.4	2.6	43.7	-2.0	-2.5	0.0	0.0	45.7	39.3	6.4		
Q4	9.5	-3.6	13.1	7.1	1.4	44.4	-11.5	-9.2	0.0	0.4	55.4	53.4	2.1		
2003 Q1	11.6	-0.1	11.7	2.0	2.6	79.1	13.8	11.3	-0.1	-0.1	65.5	55.5	9.9		
Q2	19.6	5.3	14.3	4.6	2.0	61.1	2.8	2.6	0.1	4.5	53.7	46.4	7.3		
Q3	11.4	6.2	5.2	-4.3	1.5	54.2	1.8	-0.4	0.5	1.3	50.7	45.6	5.0		
	Growth rates														
2002 Q2	8.2	7.1	9.6	7.8	22.4	7.0	9.4	17.3	13.3	2.3	7.4	7.0	9.8		
Q3	8.0	6.1	10.2	6.3	21.6	6.8	2.3	5.9	13.0	0.3	7.3	6.9	9.5		
Q4	5.5	3.9	7.4	20.7	11.3	6.0	-14.4	-12.6	6.1	0.3	6.7	6.8	6.2		
2003 Q1	3.6	1.3	6.4	21.0	8.5	6.1	5.9	7.5	3.1	0.2	6.6	6.9	5.0		
Q2	4.0	1.3	7.0	23.9	8.1	6.4	5.4	5.0	0.9	2.1	6.8	7.1	5.2		
Q3	4.6	1.4	7.9	18.5	6.8	6.9	12.1	10.2	4.8	4.8	6.9	7.2	4.8		

Source: ECB.

1) Excluding unquoted shares.

3.4 Annual saving, investment and financing

(EUR billions, unless otherwise indicated)

1. All sectors in the euro area

	Net acquisition of non-financial assets					Net acquisition of financial assets							
	Total	Gross fixed capital formation	Consumption of fixed capital (-)	Changes in inventories ¹⁾	Non-produced assets	Total	Monetary gold and SDRs	Currency and deposits	Securities other than shares ²⁾	Loans	Shares and other equity	Insurance technical reserves	Other investment (net) ³⁾
	1	2	3	4	5	6	7	8	9	10	11	12	13
1996	340.4	1,122.4	-783.9	1.6	0.4	1,730.1	-3.0	395.3	397.7	383.7	313.2	193.6	49.7
1997	353.0	1,139.3	-797.1	10.7	0.0	1,912.7	-0.2	394.4	332.2	449.8	485.7	222.0	28.7
1998	412.4	1,203.5	-823.6	32.3	0.2	2,398.9	11.0	422.7	357.5	522.9	844.7	215.9	24.2
1999	449.6	1,292.4	-863.7	20.8	0.2	3,062.0	1.3	557.7	427.3	881.5	905.1	261.1	28.0
2000	487.8	1,391.2	-913.1	26.4	-16.6	2,801.6	1.3	349.6	267.7	809.1	1,126.4	252.9	-5.4
2001	465.8	1,444.8	-973.6	-7.3	1.9	2,581.3	-0.5	575.8	430.5	730.3	630.8	243.1	-28.7
2002	406.2	1,429.3	-1,014.4	-10.1	1.4	2,156.4	0.9	581.3	325.3	519.1	485.1	228.6	16.0

	Changes in net worth ⁴⁾				Net incurrence of liabilities					
	Total	Gross saving	Consumption of fixed capital (-)	Net capital transfers receivable	Total	Currency and deposits	Securities other than shares ²⁾	Loans	Shares and other equity	Insurance technical reserves
	14	15	16	17	18	19	20	21	22	23
1996	410.7	1,190.0	-783.9	4.6	1,659.8	472.4	383.4	334.9	272.9	196.3
1997	455.7	1,241.8	-797.1	11.0	1,809.9	511.6	317.7	378.5	372.2	229.9
1998	486.5	1,299.1	-823.6	11.1	2,324.7	648.4	323.0	482.4	649.3	221.5
1999	498.0	1,352.0	-863.7	9.7	3,013.7	929.1	502.9	759.7	557.5	264.5
2000	514.6	1,419.4	-913.1	8.3	2,774.8	532.3	416.1	851.1	722.3	253.0
2001	484.3	1,449.4	-973.6	8.4	2,562.8	661.4	492.4	608.3	550.1	250.7
2002	495.5	1,498.3	-1,014.4	11.6	2,067.1	528.9	452.8	467.8	376.4	241.1

2. Non-financial corporations

	Net acquisition of non-financial assets			Net acquisition of financial assets					Changes in net worth ⁴⁾		Net incurrence of liabilities			
	Total	Gross fixed capital formation	Consumption of fixed capital (-)	Total	Currency and deposits	Securities other than shares ²⁾	Loans	Shares and other equity	Total	Gross saving	Total	Securities other than shares ²⁾	Loans	Shares and other equity
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
1996	131.4	567.3	-438.0	258.5	54.1	-13.9	55.1	87.5	119.5	514.5	270.5	7.0	143.5	112.4
1997	150.4	592.0	-453.3	239.7	25.3	-13.0	46.3	97.0	105.2	521.5	285.0	12.1	153.7	109.7
1998	193.8	635.2	-470.6	424.7	45.7	-9.9	96.3	203.1	147.8	569.2	470.7	22.8	252.8	184.4
1999	212.0	684.5	-490.9	604.7	26.9	88.9	169.1	299.1	107.7	548.7	709.0	47.2	423.3	222.0
2000	308.4	749.2	-523.2	830.7	71.8	89.0	193.0	457.7	84.4	561.4	1,054.7	61.6	559.6	425.5
2001	217.6	773.1	-555.2	626.7	101.2	39.7	142.1	246.5	86.7	584.0	757.6	102.5	324.0	319.6
2002	171.0	756.8	-579.7	371.0	19.2	14.8	46.7	264.7	115.6	634.0	426.4	22.3	204.9	185.4

3. Households⁵⁾

	Net acquisition of non-financial assets			Net acquisition of financial assets					Changes in net worth ⁴⁾		Net incurrence of liabilities		Memo:	
	Total	Gross fixed capital formation	Consumption of fixed capital (-)	Total	Currency and deposits	Securities other than shares ²⁾	Shares and other equity	Insurance technical reserves	Total	Gross saving	Total	Loans	Disposable income	Gross saving ratio ⁶⁾
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
1996	168.8	384.7	-216.8	437.8	146.2	25.1	93.0	189.0	445.3	646.9	161.3	160.1	3,789.8	17.1
1997	167.2	377.9	-211.8	425.6	70.4	-19.0	193.7	215.8	424.3	617.3	168.5	167.1	3,818.0	16.2
1998	177.5	389.8	-216.4	443.4	96.3	-118.8	288.0	210.7	408.2	594.6	212.6	211.3	3,925.4	15.1
1999	189.5	418.7	-231.6	471.1	119.2	-24.0	189.7	247.6	392.9	581.9	267.6	266.1	4,088.4	14.2
2000	197.7	442.3	-241.1	419.9	65.6	41.7	114.1	247.0	395.7	597.3	221.8	220.1	4,277.8	14.0
2001	188.5	456.3	-263.4	405.2	175.3	86.8	59.4	223.6	424.2	651.7	169.4	167.5	4,574.3	14.2
2002	186.2	463.8	-274.8	489.3	219.7	63.0	-4.2	215.7	464.7	703.9	210.8	208.6	4,738.8	14.9

Source: ECB.

- 1) Including net acquisition of valuables.
- 2) Excluding financial derivatives.
- 3) Financial derivatives, other accounts receivable/payable and statistical discrepancies.
- 4) Arising from saving and net capital transfers receivable, after allowance for consumption of fixed capital (-).
- 5) Including non-profit institutions serving households.
- 6) Gross saving as a percentage of disposable income.

FINANCIAL MARKETS

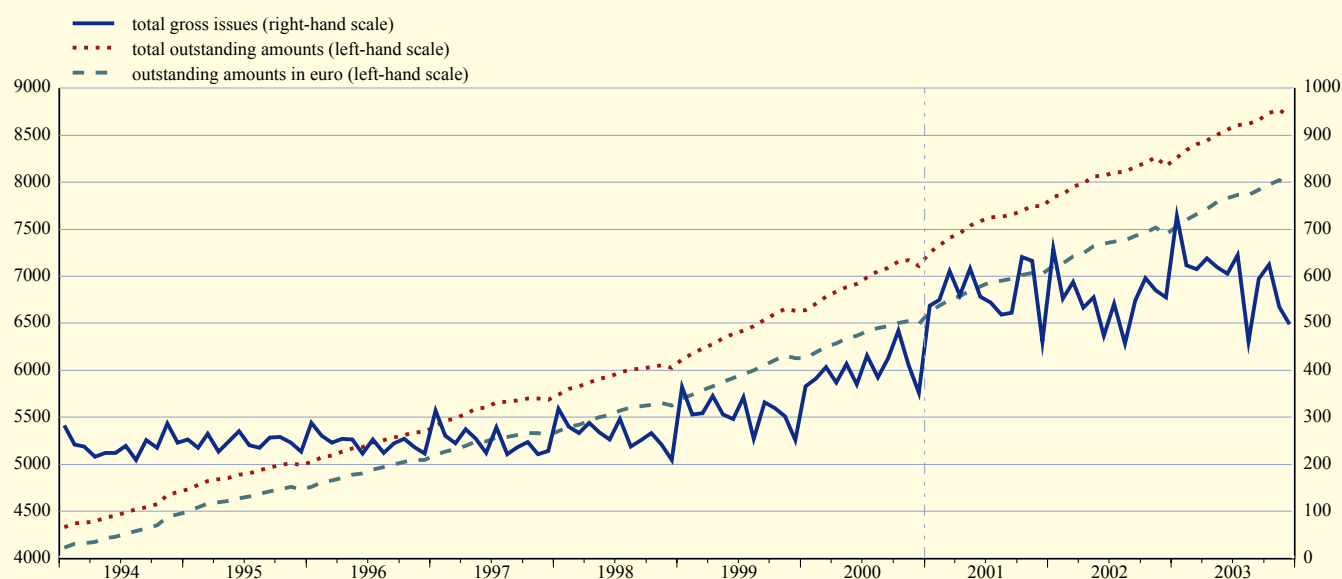
4.1 Securities issues other than shares by original maturity, residency of the issuer and currency

(EUR billions unless otherwise indicated, transactions during the month and end-of-period outstanding amounts; nominal values)

	Total in euro ¹⁾				By euro area residents							
	Outstanding amounts	Gross issues	Redemptions	Net issues	Total				Of which in euro			
					Outstanding amounts	Gross issues	Redemptions	Net issues	Outstanding amounts (%)	Gross issues (%)	Redemptions (%)	Net issues
	1	2	3	4	5	6	7	8	9	10	11	12
Total												
2002 Dec.	8,495.0	566.2	614.6	-48.4	8,168.0	555.4	631.6	-76.2	91.1	94.4	93.9	-68.7
2003 Jan.	8,581.2	718.5	631.9	86.6	8,259.3	728.2	624.4	103.8	91.2	93.2	94.5	88.2
Feb.	8,664.4	627.5	544.5	83.0	8,339.8	622.5	541.5	81.0	91.1	93.3	94.7	68.2
Mar.	8,767.8	641.8	538.6	103.2	8,401.5	614.7	547.2	67.5	91.2	94.3	94.9	60.5
Apr.	8,809.8	635.9	593.7	42.2	8,443.7	637.5	582.2	55.3	91.3	94.4	94.2	53.2
May	8,904.5	624.5	529.1	95.4	8,502.9	618.8	536.3	82.5	91.6	93.4	93.6	75.8
June	8,986.8	636.8	554.7	82.0	8,557.9	606.1	563.3	42.8	91.5	93.8	94.0	39.0
July	9,019.2	648.6	616.7	31.9	8,605.5	644.7	601.8	42.9	91.3	93.1	94.4	32.5
Aug.	9,024.7	470.6	465.7	5.0	8,618.6	461.7	463.8	-2.2	91.3	93.9	92.7	4.0
Sep.	9,114.9	615.1	524.0	91.1	8,663.2	594.0	530.0	64.1	91.4	93.4	94.3	55.3
Oct.	9,169.0	631.3	578.2	53.0	8,732.9	623.9	560.1	63.8	91.3	93.9	94.8	54.4
Nov.	9,234.9	555.4	492.2	63.2	8,769.3	535.1	490.5	44.5	91.5	93.3	92.5	45.7
Dec.	9,197.8	516.5	549.9	-33.4	8,692.8	497.5	552.7	-55.2	91.6	93.9	94.7	-56.2
Long-term												
2002 Dec.	7,730.8	155.2	173.6	-18.4	7,381.6	148.6	179.4	-30.9	91.4	92.2	90.7	-25.8
2003 Jan.	7,780.6	181.9	132.7	49.2	7,415.8	181.4	135.0	46.4	91.4	87.2	93.0	32.6
Feb.	7,832.9	172.5	120.9	51.6	7,471.0	164.8	111.9	52.9	91.3	88.6	92.2	42.8
Mar.	7,903.3	175.2	105.2	70.1	7,523.3	162.4	105.9	56.4	91.4	90.2	90.3	50.9
Apr.	7,944.0	165.3	125.1	40.2	7,548.8	159.7	125.0	34.7	91.4	91.3	92.6	30.1
May	8,031.9	186.7	98.7	88.0	7,602.6	174.7	99.7	75.0	91.7	92.2	90.5	70.8
June	8,103.3	185.2	114.4	70.8	7,677.6	170.7	108.0	62.7	91.6	91.0	92.2	55.7
July	8,155.2	197.7	146.4	51.2	7,726.0	184.9	140.8	44.1	91.4	88.1	95.0	29.2
Aug.	8,167.6	86.6	75.6	10.9	7,752.4	79.1	69.9	9.2	91.2	88.1	90.1	6.7
Sep.	8,244.0	179.1	102.0	77.1	7,804.1	172.6	101.9	70.7	91.4	91.6	90.2	66.2
Oct.	8,295.4	174.6	124.6	50.1	7,852.6	162.6	119.0	43.6	91.3	92.1	94.4	37.4
Nov.	8,346.2	143.0	93.6	49.4	7,887.1	135.3	90.7	44.6	91.5	90.1	87.3	42.6
Dec.	8,339.5	116.0	117.7	-1.7	7,861.5	107.8	111.5	-3.8	91.7	91.0	93.1	-5.7

C13 Total outstanding amounts and gross issues of securities other than shares issued by euro area residents

(EUR billions)



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

1) Total euro-denominated securities other than shares issued by euro area residents and non-euro area residents.

4.2 Securities other than shares issued by euro area residents by original maturity and sector of the issuer

(EUR billions unless otherwise indicated; nominal values)

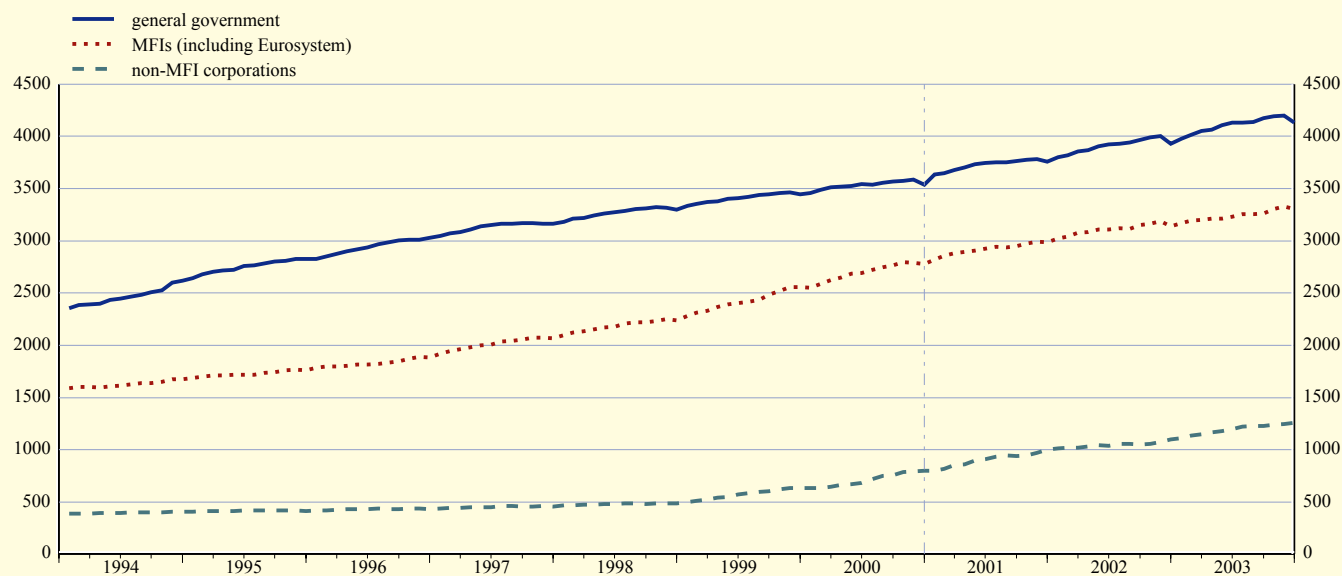
1. Outstanding amounts

(end of period)

	Total						Of which in euro (%)					
	Total	MFIs (including Eurosystem)	Non-MFI corporations		General government		Total	MFIs (including Eurosystem)	Non-MFI corporations		General government	
			Non-monetary financial corporations	Non-financial corporations	Central government	Other general government			Non-monetary financial corporations	Non-financial corporations	Central government	Other general government
1	2	3	4	5	6	7	8	9	10	11	12	
	Total											
2002 Dec.	8,168.0	3,139.7	561.4	536.0	3,751.9	179.0	91.1	85.6	83.2	87.3	97.3	95.8
2003 Jan.	8,259.3	3,171.7	561.9	548.7	3,794.4	182.6	91.2	85.6	83.8	87.7	97.2	95.8
Feb.	8,339.8	3,192.1	575.6	557.2	3,826.1	188.9	91.1	85.5	83.7	87.8	97.1	95.9
Mar.	8,401.5	3,201.8	584.4	566.2	3,857.4	191.7	91.2	85.5	84.2	88.3	97.2	96.0
Apr.	8,443.7	3,212.5	597.3	571.0	3,867.2	195.7	91.3	85.7	84.8	88.4	97.3	95.7
May	8,502.9	3,215.1	599.2	579.2	3,910.7	198.6	91.6	85.9	85.5	88.8	97.4	95.7
June	8,557.9	3,229.1	616.8	581.0	3,928.0	203.0	91.5	85.7	85.6	88.8	97.3	95.7
July	8,605.5	3,257.0	635.5	583.4	3,925.1	204.5	91.3	85.6	85.4	88.6	97.3	95.5
Aug.	8,618.6	3,257.7	639.6	586.4	3,930.6	204.3	91.3	85.5	85.2	88.5	97.2	95.4
Sep.	8,663.2	3,263.4	647.8	578.0	3,965.0	209.0	91.4	85.4	86.2	88.7	97.4	95.5
Oct.	8,732.9	3,304.1	658.2	581.3	3,976.8	212.6	91.3	85.2	86.5	88.6	97.4	95.5
Nov.	8,769.3	3,325.7	666.0	581.1	3,979.4	217.1	91.5	85.4	86.9	88.9	97.5	95.6
Dec.	8,692.8	3,302.7	678.1	580.6	3,913.9	217.5	91.6	85.4	87.7	89.0	97.7	95.7
	Long-term											
2002 Dec.	7,381.6	2,778.9	554.1	445.8	3,427.6	175.3	91.4	86.6	83.0	85.8	97.1	96.0
2003 Jan.	7,415.8	2,778.6	554.6	451.3	3,451.9	179.4	91.4	86.4	83.6	86.2	97.1	96.1
Feb.	7,471.0	2,794.5	566.8	455.7	3,468.8	185.2	91.3	86.3	83.5	86.2	97.0	96.0
Mar.	7,523.3	2,808.3	575.3	462.7	3,488.9	188.1	91.4	86.2	83.9	86.8	97.0	96.1
Apr.	7,548.8	2,816.9	588.6	466.7	3,484.7	192.0	91.4	86.2	84.6	87.0	97.2	95.8
May	7,602.6	2,823.5	590.8	472.5	3,521.2	194.6	91.7	86.6	85.3	87.3	97.3	95.9
June	7,677.6	2,849.4	608.1	480.1	3,540.9	199.0	91.6	86.2	85.4	87.5	97.2	95.9
July	7,726.0	2,879.8	626.8	482.4	3,537.0	200.0	91.4	86.0	85.2	87.3	97.2	95.7
Aug.	7,752.4	2,895.6	630.9	485.2	3,540.2	200.4	91.2	85.7	85.0	87.2	97.1	95.5
Sep.	7,804.1	2,906.7	639.8	480.6	3,571.5	205.5	91.4	85.8	86.1	87.5	97.2	95.7
Oct.	7,852.6	2,938.4	650.2	481.6	3,573.2	209.2	91.3	85.6	86.4	87.4	97.3	95.6
Nov.	7,887.1	2,952.2	657.8	484.2	3,579.2	213.7	91.5	85.7	86.8	87.8	97.4	95.8
Dec.	7,861.5	2,942.2	669.2	488.7	3,547.4	214.0	91.7	85.9	87.6	88.0	97.5	95.8

C14 Outstanding amounts of securities other than shares by sector

(EUR billions, end-of-period outstanding amounts, nominal values)



Source: ECB.

4.2 Securities other than shares issued by euro area residents by original maturity and sector of the issuer

(EUR billions unless otherwise indicated; nominal values)

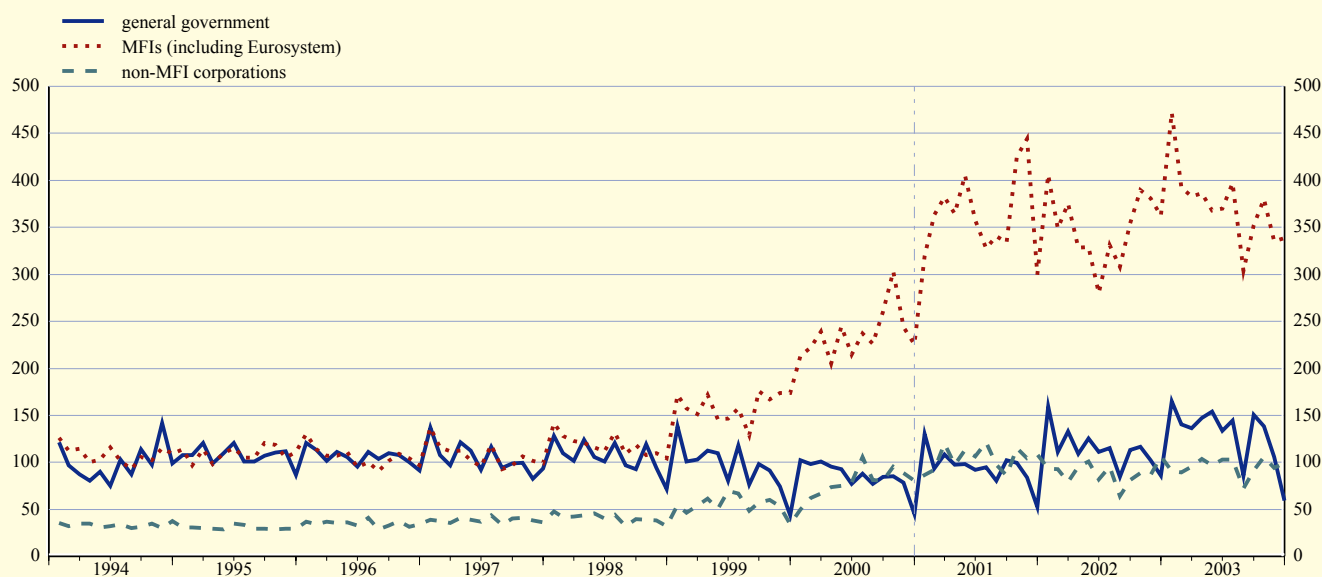
2. Gross issues

(transactions during the month)

	Total						Of which in euro (%)					
	Total	MFIs (including Eurosystem)	Non-MFI corporations		General government		Total	MFIs (including Eurosystem)	Non-MFI corporations		General government	
			Non-monetary financial corporations	Non-financial corporations	Central government	Other general government			Non-monetary financial corporations	Non-financial corporations	Central government	Other general government
1	2	3	4	5	6	7	8	9	10	11	12	
	Total											
2002 Dec.	555.4	362.5	50.2	56.5	79.4	6.7	94.4	92.9	95.9	96.1	99.1	94.4
2003 Jan.	728.2	472.2	13.1	77.7	156.3	8.9	93.2	91.9	91.6	96.4	95.5	92.7
Feb.	622.5	392.3	20.9	68.7	131.8	8.8	93.3	92.6	81.5	95.5	95.9	95.4
Mar.	614.7	382.7	20.8	74.8	129.9	6.4	94.3	92.8	87.6	98.0	97.6	99.1
Apr.	637.5	386.5	22.7	81.0	140.9	6.5	94.4	92.9	94.9	96.4	97.5	86.3
May	618.8	367.6	14.8	82.0	148.5	5.9	93.4	92.2	84.3	94.6	96.8	90.5
June	606.1	370.0	23.6	79.1	125.2	8.2	93.8	91.9	96.1	97.0	96.8	94.9
July	644.7	397.1	26.6	76.6	138.6	5.8	93.1	92.2	83.2	94.5	96.9	91.2
Aug.	461.7	303.6	8.7	63.7	82.3	3.4	93.9	92.4	91.8	96.6	97.7	93.1
Sep.	594.0	351.9	22.1	69.5	140.7	9.9	93.4	90.4	98.7	96.5	98.5	96.5
Oct.	623.9	379.8	20.3	85.6	130.1	8.0	93.9	91.7	95.6	96.8	98.1	94.0
Nov.	535.1	335.0	20.5	73.8	98.0	7.8	93.3	92.0	85.7	96.8	96.2	98.2
Dec.	497.5	338.7	25.9	73.5	54.7	4.8	93.9	92.7	96.8	94.7	99.3	93.4
	Long-term											
2002 Dec.	148.6	54.3	47.3	8.5	34.4	4.1	92.2	84.0	95.6	93.1	100.0	91.8
2003 Jan.	181.4	75.0	9.4	10.0	80.2	6.8	87.2	77.8	88.3	89.1	95.1	93.0
Feb.	164.8	65.7	17.5	9.3	65.7	6.6	88.6	84.3	77.9	93.1	94.2	96.5
Mar.	162.4	65.4	18.2	10.6	64.4	3.8	90.2	82.1	85.8	98.3	97.9	99.0
Apr.	159.7	61.3	19.9	8.4	65.7	4.5	91.3	82.6	94.2	85.2	100.0	81.9
May	174.7	61.6	11.8	12.9	85.0	3.5	92.2	87.8	80.3	84.6	98.2	91.8
June	170.7	68.7	20.2	12.8	63.0	5.9	91.0	81.8	95.5	99.0	97.5	95.2
July	184.9	74.2	24.1	9.9	73.5	3.2	88.1	82.6	81.5	79.7	97.0	87.5
Aug.	79.1	44.7	6.2	3.6	23.0	1.6	88.1	82.3	88.5	98.8	97.2	91.3
Sep.	172.6	64.9	19.0	2.8	78.8	7.1	91.6	79.6	98.6	97.3	99.0	98.8
Oct.	162.6	74.0	16.5	8.4	58.3	5.5	92.1	84.8	95.9	92.6	100.0	94.5
Nov.	135.3	62.2	16.8	8.9	41.5	5.8	90.1	87.3	84.1	97.9	93.6	99.6
Dec.	107.8	61.7	22.6	10.0	11.1	2.4	91.0	88.7	97.3	82.8	98.6	91.3

C15 Gross issues of securities other than shares by sector

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



Source: ECB.

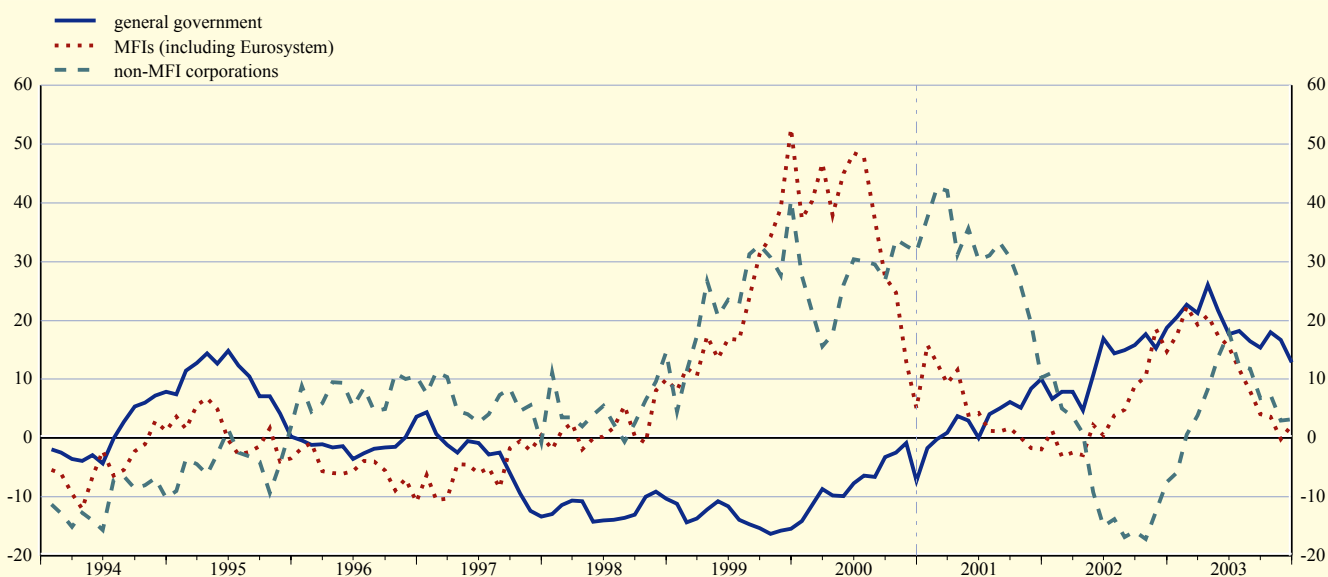
4.3 Annual growth rates of securities other than shares issued by euro area residents ¹⁾

(percentage changes)

	Total													
	Total		MFIs (including Eurosystem)	Non-MFI corporations			General government			Total		MFIs (including Eurosystem)	Non-MFI	
	Total	Index Dec. 01 = 100		Total	Non-monetary financial corporations	Non-financial corporations	Total	Central gov.	Other general gov.	Total	Index Dec. 01 = 100		Total	Non-monetary financial corporations
1	2	3	4	5	6	7	8	9	10	11	12	13	14	
In all currencies combined														
2002 Dec.	6.3	106.3	5.4	13.8	25.4	3.5	5.0	4.1	28.0	12.9	112.9	14.7	-7.4	52.1
2003 Jan.	6.4	107.6	5.6	14.1	24.9	4.6	5.0	4.1	28.6	15.2	121.2	17.6	-5.9	16.0
Feb.	7.0	108.7	5.8	15.8	26.8	6.1	5.7	4.6	33.7	19.2	125.2	22.4	0.6	29.8
Mar.	6.8	109.6	4.9	17.4	27.8	8.2	5.5	4.5	31.8	17.9	126.8	19.4	3.8	28.3
Apr.	6.9	110.3	5.1	18.0	27.8	9.0	5.5	4.4	30.6	21.2	129.8	20.9	8.3	20.0
May	6.8	111.4	4.5	17.4	25.1	10.3	5.8	4.9	27.5	18.8	130.9	17.4	13.7	31.0
June	6.9	111.9	4.4	19.3	27.8	11.2	5.7	4.7	28.3	16.8	128.0	15.5	18.0	29.0
July	7.0	112.5	4.9	19.2	28.9	10.2	5.5	4.7	21.9	14.6	127.8	11.7	12.3	22.9
Aug.	6.8	112.5	4.7	19.5	28.6	10.9	5.1	4.4	21.0	12.2	126.2	8.0	11.8	18.6
Sep.	6.9	113.3	4.6	18.7	29.1	8.9	5.7	4.9	23.2	9.4	125.2	4.0	6.8	17.0
Oct.	7.2	114.1	5.4	19.2	29.3	9.5	5.4	4.6	21.4	10.3	128.1	3.6	7.3	14.0
Nov.	6.9	114.7	5.2	18.5	28.0	9.3	5.2	4.4	23.0	7.3	128.1	-0.2	3.0	9.9
Dec.	7.3	114.0	6.2	16.7	23.3	9.8	5.5	4.7	21.9	6.8	120.7	2.2	3.2	20.9
In euro														
2002 Dec.	6.0	106.0	4.2	16.1	31.0	4.1	5.0	4.1	27.7	13.8	113.8	16.6	-8.4	50.0
2003 Jan.	6.0	107.2	4.4	16.4	30.7	5.0	4.9	4.0	28.0	16.0	122.9	20.5	-6.7	14.3
Feb.	6.5	108.2	4.4	17.9	32.1	6.4	5.4	4.3	33.1	20.0	127.0	25.8	-0.5	28.2
Mar.	6.3	109.1	3.5	19.7	32.9	9.0	5.3	4.3	31.0	18.4	128.6	21.5	2.7	26.6
Apr.	6.5	109.8	3.8	20.6	33.5	9.8	5.3	4.4	29.3	23.1	132.4	26.1	7.3	18.4
May	6.5	110.9	3.4	20.2	30.8	11.2	5.6	4.7	26.3	20.3	133.2	20.9	13.7	29.1
June	6.6	111.5	3.1	22.7	34.5	12.5	5.4	4.5	27.0	18.2	130.5	18.7	17.5	29.2
July	6.7	111.9	3.8	22.4	35.3	11.2	5.2	4.5	20.4	16.8	131.0	16.1	12.1	23.0
Aug.	6.5	112.0	3.7	22.7	35.2	11.9	4.9	4.2	19.5	14.9	130.6	13.7	11.0	18.6
Sep.	6.7	112.8	3.3	22.0	36.0	9.8	5.5	4.8	21.7	11.5	128.8	8.7	6.0	16.9
Oct.	6.9	113.5	4.1	22.7	36.7	10.2	5.3	4.6	20.8	12.6	131.5	7.9	6.9	14.3
Nov.	6.8	114.2	4.2	21.7	34.5	10.1	5.1	4.3	22.3	9.3	132.0	3.0	2.3	9.6
Dec.	7.0	113.4	5.0	18.9	27.4	10.5	5.5	4.7	21.4	8.7	123.8	5.5	2.8	19.3

C16 Short-term debt securities by sector of the issuer in all currencies combined

(annual percentage changes based on nominal end-of-period outstanding amounts)



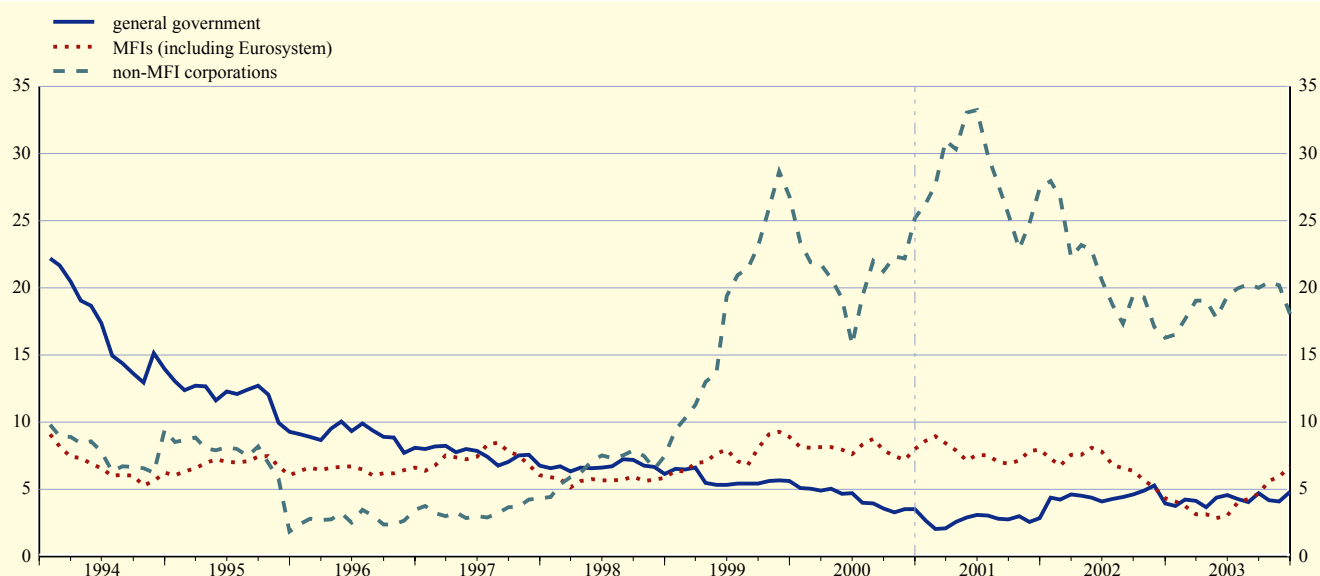
Source: ECB.

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

4.3 Annual growth rates of securities other than shares issued by euro area residents ¹⁾
(percentage changes)

Short-term				Long-term									
corporations	General government			Total		MFIs (including Eurosystem)	Non-MFI corporations			General government			
	Non-financial corporations	Total	Central gov.	Other general gov.	Total		Index Dec. 01 = 100	Total	Non-monetary financial corporations	Non-financial corporations	Total	Central gov.	
15	16	17	18	19	20	21	22	23	24	25	26	27	
In all currencies combined													
-10.4	18.7	19.3	-14.3	5.6	105.6	4.4	16.3	25.1	6.8	3.9	2.9	29.4	2002 Dec.
-7.2	20.6	21.1	-15.2	5.5	106.3	4.1	16.6	25.0	7.5	3.8	2.7	29.8	2003 Jan.
-1.3	22.7	23.0	0.6	5.7	107.1	3.7	17.7	26.8	7.9	4.2	3.0	34.6	Feb.
2.1	21.2	21.4	5.7	5.6	107.9	3.1	19.0	27.8	9.6	4.1	3.0	32.4	Mar.
7.4	26.0	26.1	18.1	5.4	108.4	3.1	19.1	27.9	9.4	3.7	2.5	30.9	Apr.
12.5	21.7	21.7	22.5	5.5	109.4	2.9	17.8	25.0	9.7	4.4	3.3	27.7	May
17.1	17.7	17.7	18.7	5.9	110.3	3.0	19.4	27.8	10.1	4.6	3.5	28.5	June
11.5	18.2	18.2	18.9	6.2	111.0	4.0	20.0	29.0	9.9	4.3	3.4	22.0	July
11.2	16.5	16.6	2.5	6.2	111.1	4.3	20.3	28.7	10.9	4.1	3.2	21.4	Aug.
6.0	15.4	15.4	14.5	6.7	112.1	4.7	20.0	29.2	9.5	4.7	3.8	23.4	Sep.
6.8	18.0	18.2	-2.9	6.8	112.8	5.6	20.5	29.5	10.1	4.2	3.3	21.9	Oct.
2.5	16.7	16.9	-3.7	6.9	113.4	6.0	20.2	28.3	10.7	4.1	3.1	23.5	Nov.
1.8	12.9	13.1	-5.0	7.3	113.3	6.7	18.0	23.3	11.5	4.8	3.9	22.5	Dec.
In euro													
-11.4	19.6	20.3	-23.4	5.2	105.2	2.9	19.6	30.8	8.3	3.8	2.8	29.3	2002 Dec.
-8.1	20.5	21.1	-27.0	5.0	105.7	2.6	19.9	31.0	8.7	3.6	2.5	29.5	2003 Jan.
-2.5	22.3	22.7	-9.0	5.1	106.4	2.1	20.6	32.2	8.9	4.0	2.7	34.2	Feb.
0.9	21.0	21.3	-2.7	5.1	107.2	1.5	22.2	33.0	11.1	3.9	2.8	31.8	Mar.
6.4	25.8	26.0	8.9	4.9	107.7	1.4	22.4	33.8	10.6	3.5	2.4	29.7	Apr.
12.6	21.8	21.9	17.6	5.1	108.8	1.5	21.0	30.9	10.8	4.1	3.1	26.5	May
16.5	17.9	18.0	14.4	5.4	109.6	1.4	23.3	34.6	11.6	4.3	3.2	27.3	June
11.2	18.7	18.7	14.4	5.7	110.1	2.4	23.6	35.5	11.2	4.0	3.2	20.5	July
10.4	16.8	17.0	1.1	5.7	110.2	2.5	24.2	35.5	12.3	3.7	3.0	19.9	Aug.
5.1	15.4	15.4	14.5	6.1	111.2	2.7	24.0	36.3	10.8	4.5	3.7	21.9	Sep.
6.3	18.1	18.3	-5.1	6.3	111.8	3.7	24.6	37.1	11.1	4.0	3.2	21.2	Oct.
1.7	16.9	17.1	-7.0	6.5	112.5	4.3	24.1	34.9	12.0	4.0	3.1	22.9	Nov.
1.4	13.2	13.4	-3.9	6.8	112.4	5.0	20.7	27.5	12.5	4.7	3.9	21.8	Dec.

C17 Long-term debt securities by sector of the issuer in all currencies combined
(annual percentage changes based on nominal end-of-period outstanding amounts)



Source: ECB.

4.4 Quoted shares issued by euro area residents ¹⁾

(EUR billions unless otherwise indicated; market values)

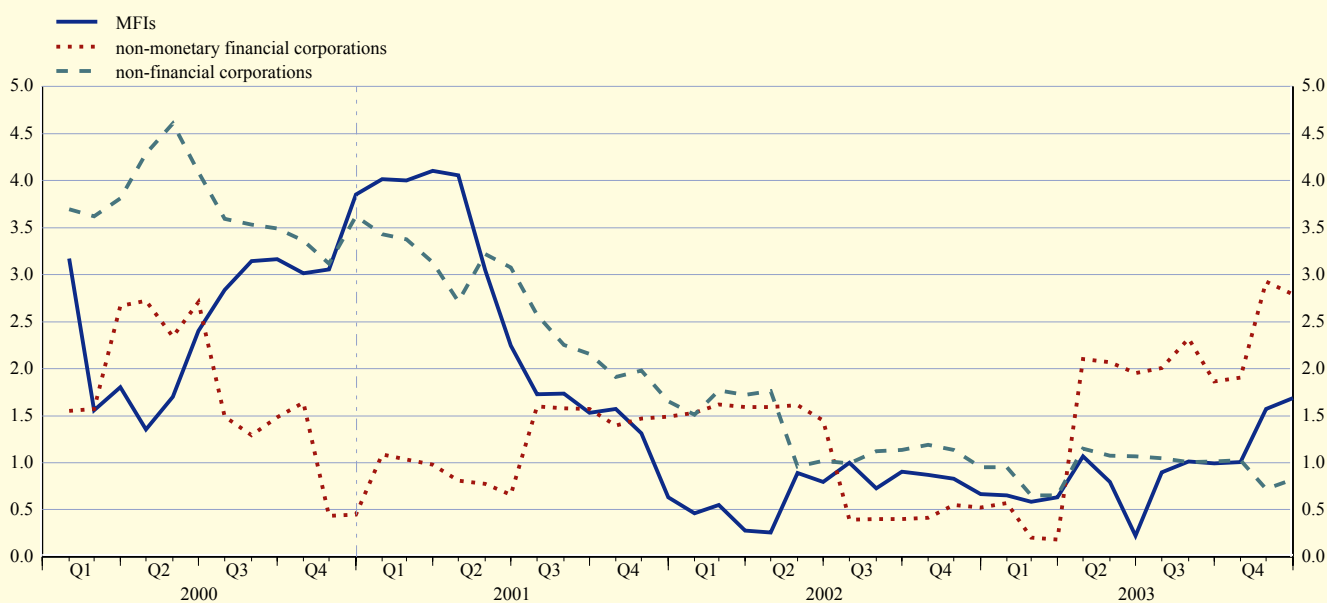
1. Outstanding amounts and annual growth rates

(outstanding amounts as end-of-period)

	Total			MFIs		Non-monetary financial corporations		Non-financial corporations	
	Total	Index Dec. 01 = 100 (%)	Annual growth rates (%)	Total	Annual growth rates (%)	Total	Annual growth rates (%)	Total	Annual growth rates (%)
	1	2	3	4	5	6	7	8	9
2001 Dec.	4,656.4	100.0	1.5	617.3	0.6	511.1	1.5	3,528.0	1.7
2002 Jan.	4,575.2	100.0	1.4	623.9	0.5	518.8	1.5	3,432.5	1.5
Feb.	4,545.6	100.2	1.6	622.5	0.6	509.8	1.6	3,413.4	1.8
Mar.	4,753.9	100.3	1.5	665.3	0.3	536.6	1.6	3,551.9	1.7
Apr.	4,570.2	100.3	1.5	678.1	0.3	517.4	1.6	3,374.7	1.8
May	4,432.4	100.4	1.0	666.3	0.9	484.8	1.6	3,281.3	1.0
June	4,118.3	100.5	1.1	614.9	0.8	463.4	1.5	3,040.1	1.0
July	3,710.7	100.6	0.9	515.7	1.0	395.4	0.4	2,799.6	1.0
Aug.	3,520.2	100.6	1.0	521.7	0.7	371.0	0.4	2,627.5	1.1
Sep.	2,981.8	100.7	1.0	412.6	0.9	276.3	0.4	2,292.9	1.1
Oct.	3,251.6	100.7	1.1	446.9	0.9	321.2	0.4	2,483.4	1.2
Nov.	3,435.5	100.8	1.0	487.4	0.8	346.0	0.5	2,602.1	1.1
Dec.	3,118.3	100.9	0.9	450.7	0.7	283.6	0.5	2,384.0	1.0
2003 Jan.	2,978.5	100.8	0.9	425.8	0.6	261.1	0.6	2,291.5	0.9
Feb.	2,885.0	100.8	0.6	425.3	0.6	270.8	0.2	2,188.9	0.7
Mar.	2,763.5	100.9	0.6	413.0	0.6	236.2	0.2	2,114.3	0.6
Apr.	3,113.0	101.5	1.2	471.4	1.1	291.8	2.1	2,349.8	1.2
May	3,145.7	101.5	1.1	476.7	0.8	291.3	2.1	2,377.6	1.1
June	3,256.2	101.5	1.0	504.2	0.2	300.6	2.0	2,451.4	1.1
July	3,366.5	101.7	1.1	528.0	0.9	330.9	2.0	2,507.6	1.0
Aug.	3,413.4	101.8	1.1	506.5	1.0	325.5	2.3	2,581.4	1.0
Sep.	3,276.7	101.8	1.1	494.8	1.0	307.1	1.9	2,474.7	1.0
Oct.	3,484.0	101.8	1.1	535.2	1.0	333.2	1.9	2,615.6	1.0
Nov.	3,546.9	101.9	1.1	549.5	1.6	337.9	2.9	2,659.6	0.7
Dec.	3,647.6	102.0	1.1	569.5	1.7	348.6	2.8	2,729.5	0.8

C18 Annual growth rates for quoted shares issued by euro area residents

(annual percentage changes)



Source: ECB.

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

4.4 Quoted shares issued by euro area residents

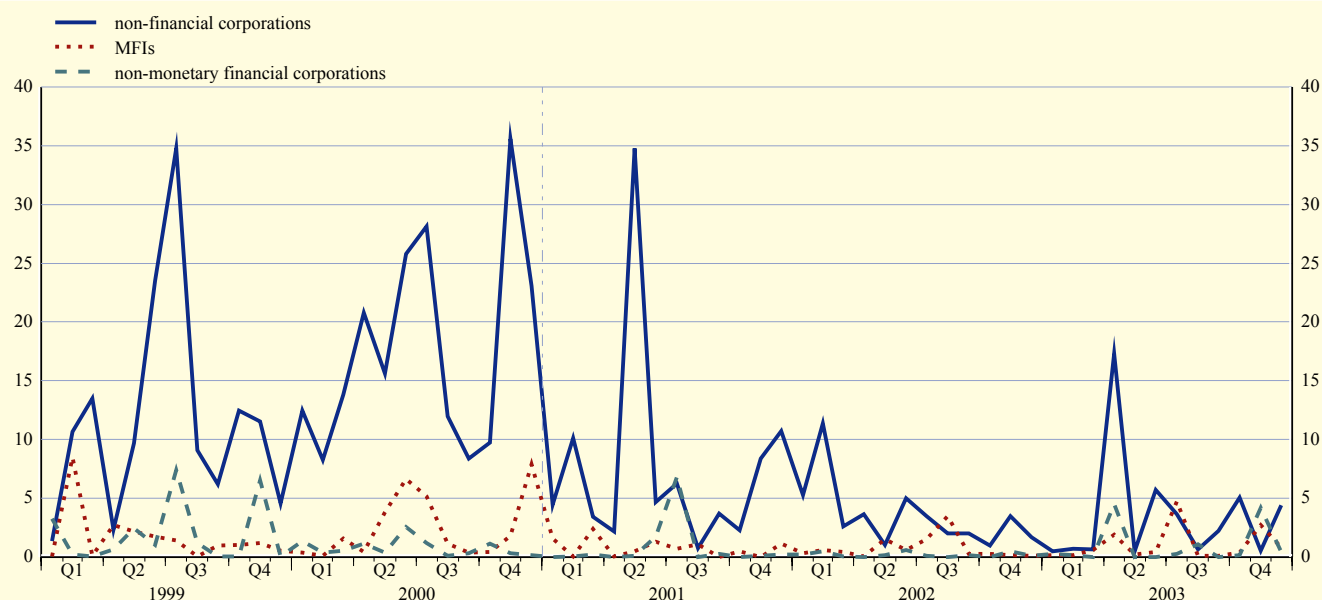
(EUR billions; market values)

2. Transactions during the month

	Total			MFIs			Non-monetary financial corporations			Non-financial corporations		
	Gross issues	Redemptions	Net issues	Gross issues	Redemptions	Net issues	Gross issues	Redemptions	Net issues	Gross issues	Redemptions	Net issues
	1	2	3	4	5	6	7	8	9	10	11	12
2001 Dec.	12.0	2.8	9.2	1.1	0.0	1.1	0.2	0.0	0.2	10.7	2.7	8.0
2002 Jan.	5.8	6.6	-0.8	0.3	0.0	0.3	0.2	0.0	0.2	5.3	6.6	-1.3
Feb.	12.4	1.0	11.4	0.6	0.0	0.6	0.5	0.0	0.5	11.3	1.0	10.3
Mar.	3.1	2.2	0.8	0.4	0.0	0.4	0.0	0.0	0.0	2.6	2.2	0.4
Apr.	3.7	0.4	3.3	0.0	0.1	-0.1	0.0	0.0	0.0	3.7	0.3	3.4
May	2.7	0.2	2.5	1.5	0.0	1.5	0.2	0.0	0.2	1.0	0.2	0.9
June	6.1	0.4	5.7	0.6	0.0	0.6	0.6	0.0	0.6	5.0	0.4	4.6
July	5.0	0.3	4.7	1.5	0.1	1.4	0.1	0.0	0.1	3.5	0.2	3.2
Aug.	5.5	5.3	0.2	3.5	4.0	-0.5	0.0	0.0	0.0	2.0	1.2	0.8
Sep.	2.4	0.4	2.0	0.3	0.1	0.1	0.2	0.0	0.2	2.0	0.3	1.7
Oct.	1.2	0.1	1.1	0.3	0.0	0.2	0.0	0.0	0.0	0.9	0.1	0.9
Nov.	4.1	0.7	3.4	0.2	0.4	-0.2	0.5	0.0	0.5	3.5	0.3	3.1
Dec.	1.9	0.5	1.4	0.1	0.0	0.1	0.1	0.1	0.0	1.7	0.4	1.3
2003 Jan.	0.9	1.4	-0.5	0.1	0.0	0.1	0.3	0.0	0.3	0.5	1.4	-0.9
Feb.	1.0	1.3	-0.4	0.1	0.0	0.1	0.1	0.8	-0.7	0.7	0.5	0.2
Mar.	1.2	0.7	0.5	0.6	0.1	0.5	0.0	0.0	0.0	0.6	0.5	0.1
Apr.	23.7	4.8	18.8	1.9	0.1	1.7	4.5	0.0	4.5	17.3	4.7	12.6
May	0.7	2.2	-1.5	0.2	0.4	-0.2	0.0	0.0	0.0	0.5	1.7	-1.3
June	6.1	5.2	1.0	0.4	2.8	-2.3	0.0	0.0	0.0	5.7	2.4	3.3
July	8.6	1.8	6.8	4.7	0.2	4.5	0.2	0.0	0.2	3.6	1.6	2.0
Aug.	1.8	1.0	0.8	0.1	0.0	0.1	1.1	0.1	1.0	0.6	0.9	-0.3
Sep.	2.3	1.7	0.6	0.1	0.1	0.0	0.0	1.3	-1.3	2.2	0.3	1.9
Oct.	5.5	3.8	1.7	0.4	0.0	0.4	0.1	0.0	0.1	5.0	3.8	1.2
Nov.	7.5	5.5	2.0	2.7	0.0	2.7	4.2	0.3	3.9	0.6	5.1	-4.5
Dec.	5.6	1.4	4.2	0.8	0.1	0.8	0.4	0.8	-0.4	4.4	0.5	3.9

C19 Gross issues of quoted shares by sector of the issuer

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



Source: ECB.

4.5 MFI interest rates on euro-denominated deposits and loans by euro area residents

(percentages per annum; outstanding amounts as end-of-period, new business as period average unless otherwise indicated)

1. Interest rates on deposits (new business)

	Deposits from households						Deposits from non-financial corporations				Repos
	Overnight ¹⁾	With agreed maturity			Redeemable at notice ^{1),2)}		Overnight ¹⁾	With agreed maturity			
		Up to 1 year	Over 1 and up to 2 years	Over 2 years	Up to 3 months	Over 3 months		Up to 1 year	Over 1 and up to 2 years	Over 2 years	
	1	2	3	4	5	6	7	8	9	10	11
2003 Jan.	0.89	2.57	2.80	3.23	2.33	3.27	1.18	2.71	3.45	4.30	2.69
Feb.	0.91	2.44	2.67	2.92	2.32	3.23	1.20	2.63	2.91	3.73	2.68
Mar.	0.87	2.34	2.55	2.76	2.28	3.19	1.15	2.50	2.49	3.41	2.57
Apr.	0.84	2.25	2.56	2.82	2.29	3.14	1.12	2.43	2.37	3.29	2.48
May	0.84	2.23	2.39	2.65	2.23	3.10	1.08	2.43	2.31	2.94	2.46
June	0.76	2.00	2.22	2.62	2.21	3.01	1.00	2.10	2.18	3.04	2.14
July	0.68	1.91	2.11	2.34	2.12	2.93	0.88	2.02	2.14	2.73	2.03
Aug.	0.68	1.91	2.13	2.53	1.97	2.88	0.89	2.03	2.28	3.55	1.97
Sep.	0.69	1.87	2.13	2.44	1.98	2.85	0.87	2.00	2.30	3.64	2.00
Oct.	0.70	1.89	2.16	2.51	2.03	2.73	0.89	1.98	2.23	3.71	1.99
Nov.	0.70	1.87	2.24	2.61	2.00	2.70	0.87	1.97	2.33	2.77	1.97
Dec.	0.69	1.89	2.40	2.41	2.00	2.68	0.89	2.08	2.41	3.37	1.99

2. Interest rates on loans to households (new business)

	Bank overdraft ¹⁾	Consumer credit				Lending for house purchase					Other lending by initial rate fixation		
		By initial rate fixation			Annual percentage rate of charge ³⁾	By initial rate fixation				Annual percentage rate of charge ³⁾	Floating rate and up to 1 year	Over 1 and up to 5 years	Over 5 years
		Floating rate and up to 1 year	Over 1 and up to 5 years	Over 5 years		Floating rate and up to 1 year	Over 1 and up to 5 years	Over 5 and up to 10 years	Over 10 years				
	1	2	3	4	5	6	7	8	9	10	11	12	13
2003 Jan.	9.88	7.23	7.37	8.36	8.22	4.44	4.77	5.38	5.27	4.98	4.94	5.60	5.51
Feb.	10.27	7.64	7.15	8.37	8.22	4.27	4.59	5.19	5.10	4.88	4.63	5.62	5.42
Mar.	10.02	7.27	7.00	8.28	8.05	4.13	4.41	5.04	5.05	4.70	4.73	5.31	5.37
Apr.	9.89	7.44	6.99	8.32	8.15	4.07	4.32	5.00	5.03	4.67	4.71	5.30	5.33
May	9.86	7.63	6.98	8.34	8.16	3.93	4.29	4.94	4.91	4.56	4.44	5.35	5.32
June	9.89	7.10	6.94	8.28	8.02	3.80	4.16	4.76	4.78	4.42	4.12	4.97	4.91
July	9.76	7.24	7.04	8.20	7.92	3.68	3.92	4.64	4.68	4.33	4.11	4.95	4.98
Aug.	9.74	7.69	6.84	8.28	8.04	3.64	3.96	4.69	4.69	4.41	4.13	5.00	4.98
Sep.	9.75	7.40	6.89	8.04	8.01	3.63	4.10	4.81	4.75	4.41	3.98	5.00	5.11
Oct.	9.72	7.18	6.74	8.07	7.91	3.62	4.02	4.87	4.78	4.40	4.05	5.09	5.21
Nov.	9.64	7.56	6.59	7.93	7.84	3.59	4.09	4.92	4.84	4.42	4.15	5.25	5.17
Dec.	9.70	7.63	6.43	7.63	7.70	3.63	4.16	5.02	4.95	4.46	3.83	5.00	5.08

3. Interest rates on loans to non-financial corporations (new business)

	Bank overdraft ¹⁾	Other loans up to EUR 1 million by initial rate fixation			Other loans over EUR 1 million by initial rate fixation			
		Floating rate and up to 1 year	Over 1 and up to 5 years	Over 5 years	Floating rate and up to 1 year	Over 1 and up to 5 years	Over 5 years	
								1	2	3	4	5	6	7
2003 Jan.		6.20	4.88	5.26	5.06	3.70	3.80	4.63
Feb.		6.14	4.74	5.07	5.10	3.62	4.02	4.55
Mar.		6.05	4.54	5.03	5.11	3.56	3.86	4.46
Apr.		5.85	4.57	4.89	5.04	3.49	3.69	4.58
May		5.82	4.47	4.86	4.96	3.40	3.57	4.36
June		5.68	4.20	4.60	4.89	3.14	3.39	4.18
July		5.56	4.15	4.59	4.73	3.07	3.14	4.00
Aug.		5.47	4.17	4.65	4.77	3.18	3.41	4.36
Sep.		5.46	4.08	4.79	4.76	3.11	3.32	4.28
Oct.		5.46	4.14	4.76	4.83	3.08	3.26	4.33
Nov.		5.41	4.10	4.94	4.71	3.02	3.30	4.17
Dec.		5.58	4.03	4.85	4.81	3.12	3.42	4.33

Source: ECB.

- 1) For this instrument category, new business and outstanding amounts coincide. End-of-period.
- 2) For this instrument category, households and non-financial corporations are merged and allocated to the household sector, since the outstanding amounts of non-financial corporations are negligible compared with those of the household sector in all participating Member States combined.
- 3) The annual percentage rate of charge is the weighted average rate across all maturities and equals the total cost of the loans. These total costs comprise an interest rate component and a component of other (related) charges, such as the cost of inquiries, administration, preparation of documents, guarantees, etc.

4.5 MFI interest rates on euro-denominated deposits and loans by euro area residents

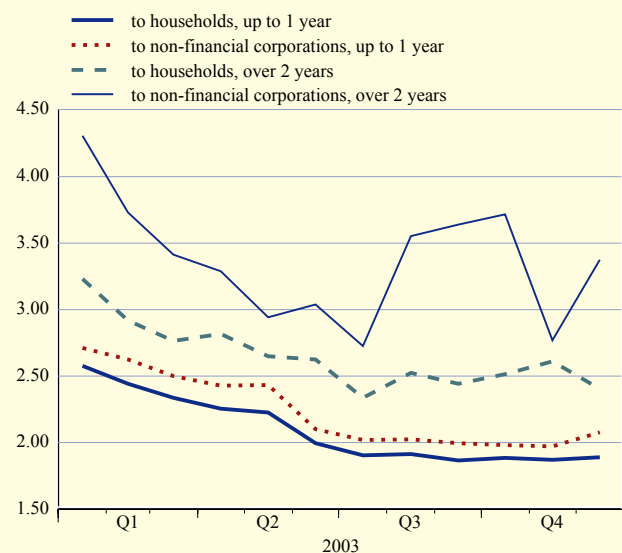
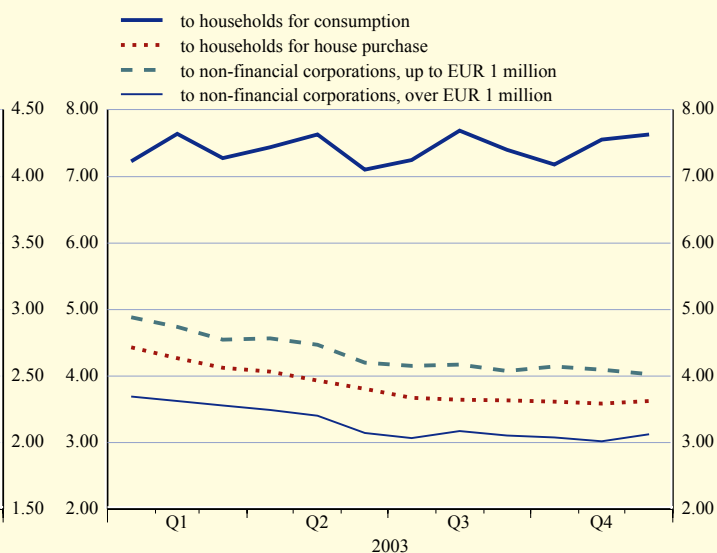
(percentages per annum; outstanding amounts as end-of-period, new business as period average unless otherwise indicated)

4. Interest rates on deposits (outstanding amounts)

	Deposits from households					Deposits from non-financial corporations			Repos
	Overnight ¹⁾	With agreed maturity		Redeemable at notice ^{1),2)}		Overnight ¹⁾	With agreed maturity		
		Up to 2 years	Over 2 years	Up to 3 months	Over 3 months		Up to 2 years	Over 2 years	
	1	2	3	4	5	6	7	8	9
2003 Jan.	0.89	2.65	3.60	2.33	3.27	1.18	2.82	4.64	2.77
Feb.	0.91	2.56	3.68	2.32	3.23	1.20	2.73	4.73	2.69
Mar.	0.87	2.45	3.54	2.28	3.19	1.15	2.61	4.66	2.52
Apr.	0.84	2.39	3.54	2.29	3.14	1.12	2.53	4.62	2.44
May	0.84	2.34	3.47	2.23	3.10	1.08	2.50	4.50	2.42
June	0.76	2.18	3.47	2.21	3.01	1.00	2.26	4.45	2.19
July	0.68	2.08	3.43	2.12	2.93	0.88	2.24	4.40	2.08
Aug.	0.68	2.04	3.42	1.97	2.88	0.89	2.20	4.26	2.05
Sep.	0.69	2.01	3.44	1.98	2.85	0.87	2.23	4.32	2.04
Oct.	0.70	1.97	3.47	2.03	2.73	0.89	2.12	4.28	2.03
Nov.	0.70	1.98	3.44	2.00	2.70	0.87	2.13	4.34	1.98
Dec.	0.69	1.98	3.53	2.00	2.68	0.89	2.15	4.15	1.98

5. Interest rates on loans (outstanding amounts)

	Loans to households						Loans to non-financial corporations		
	Lending for house purchase, with maturity			Consumer credit and other loans, with maturity			With maturity		
	Up to 1 year	Over 1 and up to 5 years	Over 5 years	Up to 1 year	Over 1 and up to 5 years	Over 5 years	Up to 1 year	Over 1 and up to 5 years	Over 5 years
	1	2	3	4	5	6	7	8	9
2003 Jan.	5.52	5.41	5.58	8.59	7.51	6.24	5.25	4.83	5.19
Feb.	5.48	5.43	5.62	8.69	7.53	6.23	5.18	4.82	5.25
Mar.	5.46	5.36	5.55	8.64	7.42	6.17	5.00	4.68	5.11
Apr.	5.40	5.26	5.49	8.53	7.45	6.11	4.89	4.61	5.03
May	5.33	5.22	5.44	8.52	7.34	6.09	4.83	4.56	4.94
June	5.30	5.13	5.39	8.47	7.37	6.03	4.72	4.46	4.90
July	5.21	5.07	5.31	8.36	7.27	5.96	4.60	4.32	4.80
Aug.	5.11	4.99	5.25	8.31	7.23	6.07	4.53	4.21	4.74
Sep.	5.05	4.95	5.24	8.34	7.26	6.00	4.55	4.19	4.75
Oct.	5.04	4.92	5.20	8.17	7.12	5.85	4.55	4.12	4.70
Nov.	4.96	4.90	5.17	7.98	7.09	5.82	4.51	4.17	4.67
Dec.	4.96	4.88	5.14	8.04	7.05	6.00	4.53	4.23	4.66

C20 New deposits with agreed maturity
(percentages per annum excluding charges; period averages)C21 New loans at floating rate and up to 1 year initial rate fixation
(percentages per annum excluding charges; period averages)

Source: ECB.

4.6 Money market interest rates

(percentages per annum; period averages)

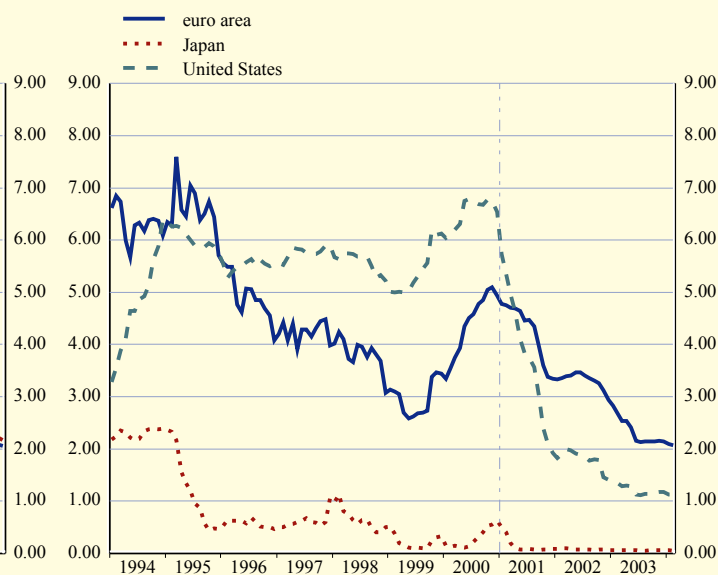
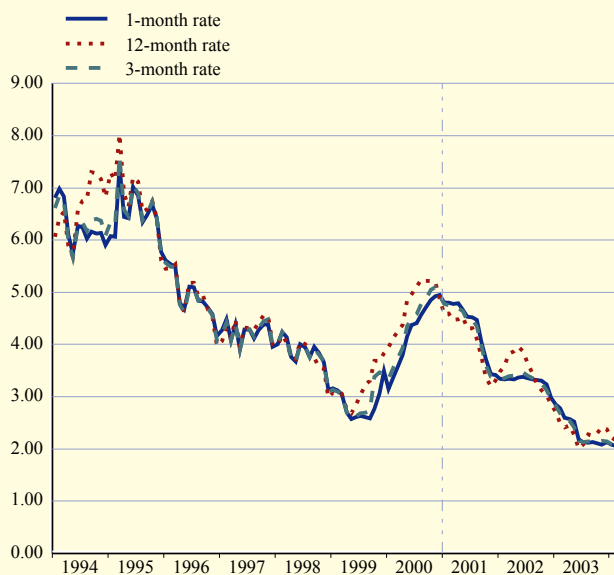
	Euro area ¹⁾					United States	Japan
	Overnight deposits (EONIA)	1-month deposits (EURIBOR)	3-month deposits (EURIBOR)	6-month deposits (EURIBOR)	12-month deposits (EURIBOR)	3-month deposits (LIBOR)	3-month deposits (LIBOR)
	1	2	3	4	5	6	7
2001	4.39	4.33	4.26	4.16	4.09	3.78	0.15
2002	3.29	3.30	3.32	3.35	3.49	1.80	0.08
2003	2.32	2.35	2.33	2.31	2.34	1.22	0.06
2002 Q4	3.24	3.17	3.11	3.03	3.01	1.55	0.07
2003 Q1	2.77	2.75	2.69	2.60	2.55	1.33	0.06
Q2	2.44	2.43	2.37	2.29	2.25	1.24	0.06
Q3	2.07	2.13	2.14	2.15	2.20	1.13	0.05
Q4	2.02	2.11	2.15	2.20	2.36	1.17	0.06
2003 Feb.	2.76	2.77	2.69	2.58	2.50	1.34	0.06
Mar.	2.75	2.60	2.53	2.45	2.41	1.29	0.06
Apr.	2.56	2.58	2.54	2.47	2.45	1.30	0.06
May	2.56	2.52	2.41	2.32	2.26	1.28	0.06
June	2.21	2.18	2.15	2.08	2.01	1.12	0.06
July	2.08	2.13	2.13	2.09	2.08	1.11	0.05
Aug.	2.10	2.12	2.14	2.17	2.28	1.14	0.05
Sep.	2.02	2.13	2.15	2.18	2.26	1.14	0.05
Oct.	2.01	2.10	2.14	2.17	2.30	1.16	0.06
Nov.	1.97	2.09	2.16	2.22	2.41	1.17	0.06
Dec.	2.06	2.13	2.15	2.20	2.38	1.17	0.06
2004 Jan.	2.02	2.08	2.09	2.12	2.22	1.13	0.06
Feb.	2.03	2.06	2.07	2.09	2.16	1.12	0.05

C22 Euro area money market rates

(monthly; percentages per annum)

C23 3-month money market rates

(monthly; percentages per annum)



Source: ECB.

1) Before January 1999 synthetic euro area rates were calculated on the basis of national rates weighted by GDP. For further information, see general notes.

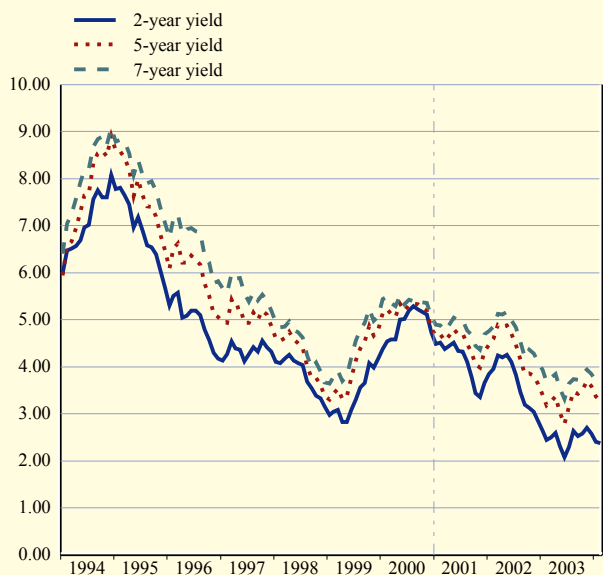
4.7 Government bond yields

(percentages per annum; period averages)

	Euro area ¹⁾					United States	Japan
	2 years	3 years	5 years	7 years	10 years	10 years	10 years
	1	2	3	4	5	6	7
2001	4.11	4.23	4.49	4.78	5.03	5.01	1.34
2002	3.67	3.94	4.35	4.70	4.92	4.59	1.27
2003	2.49	2.74	3.32	3.74	4.16	4.00	1.00
2002 Q4	3.00	3.27	3.77	4.25	4.54	3.99	1.02
2003 Q1	2.53	2.71	3.29	3.80	4.16	3.91	0.80
Q2	2.33	2.54	3.07	3.57	3.96	3.61	0.60
Q3	2.48	2.77	3.34	3.70	4.16	4.21	1.19
Q4	2.62	2.91	3.59	3.88	4.36	4.27	1.38
2003 Feb.	2.45	2.61	3.18	3.68	4.06	3.90	0.83
Mar.	2.50	2.66	3.26	3.76	4.13	3.79	0.74
Apr.	2.59	2.81	3.38	3.85	4.23	3.94	0.66
May	2.31	2.53	3.02	3.54	3.92	3.56	0.57
June	2.08	2.29	2.79	3.32	3.72	3.32	0.56
July	2.30	2.56	3.15	3.65	4.06	3.93	0.99
Aug.	2.63	2.91	3.47	3.74	4.20	4.44	1.15
Sep.	2.53	2.87	3.42	3.72	4.23	4.29	1.45
Oct.	2.59	2.88	3.50	3.85	4.31	4.27	1.40
Nov.	2.70	2.99	3.70	3.94	4.44	4.29	1.38
Dec.	2.58	2.88	3.59	3.85	4.36	4.26	1.35
2004 Jan.	2.41	2.71	3.37	3.70	4.26	4.13	1.33
Feb.	2.38	2.71	3.28	3.69	4.18	4.06	1.25

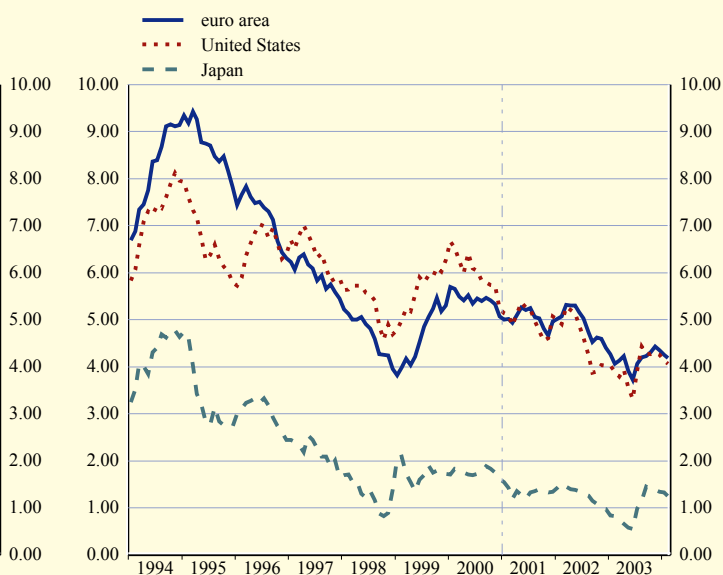
C24 Euro area government bond yields

(monthly; percentages per annum)



C25 10-year government bond yields

(monthly; percentages per annum)



Source: ECB.

1) 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.

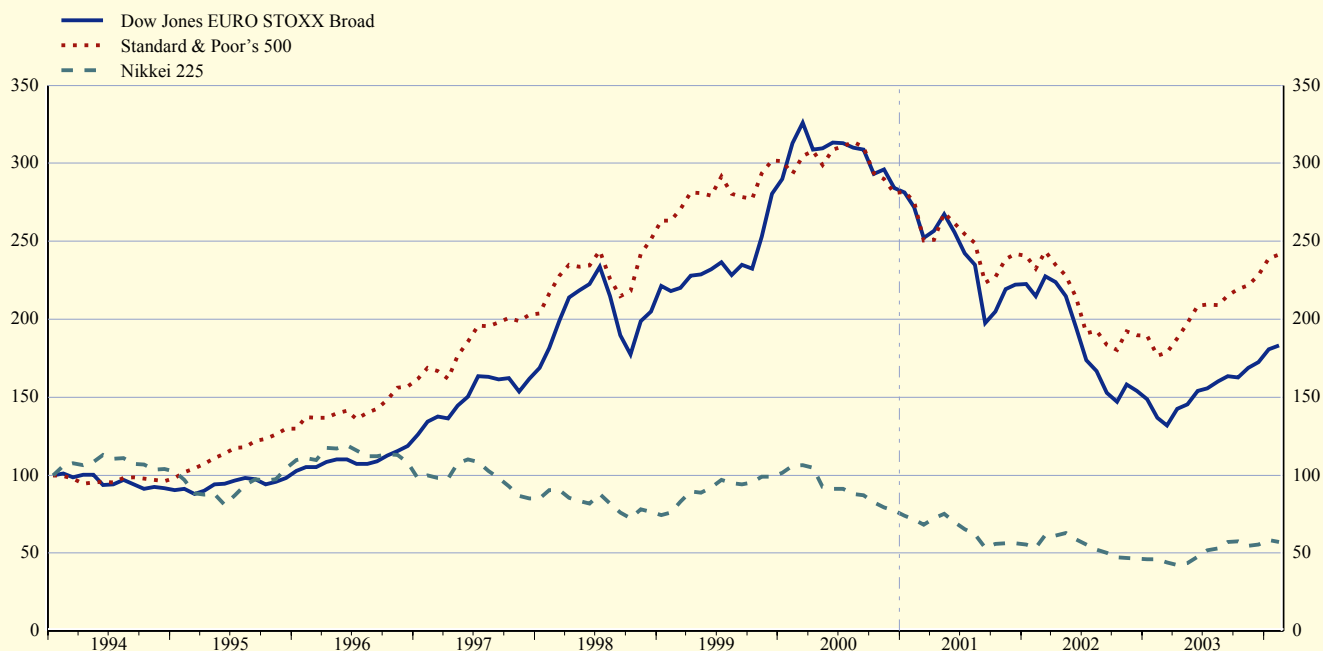
4.8 Stock market indices

(index levels in points; period averages)

	Dow Jones EURO STOXX indices												United States	Japan
	Benchmark		Main economic sector indices										Standard & Poor's 500	Nikkei 225
	Broad	50	Basic materials	Consumer cyclical	Consumer non-cyclical	Energy	Financial	Industrial	Technology	Utilities	Telecom.	Healthcare		
1	2	3	4	5	6	7	8	9	10	11	12	13	14	
2001	336.3	4,049.4	296.0	228.2	303.3	341.4	321.6	310.0	530.5	309.6	541.2	540.1	1,193.8	12,114.8
2002	259.9	3,023.4	267.5	175.0	266.5	308.9	243.3	252.4	345.1	255.5	349.2	411.8	995.4	10,119.3
2003	213.3	2,404.5	212.5	137.5	209.7	259.5	199.3	213.5	275.1	210.7	337.5	304.4	964.8	9,312.9
2002 Q4	212.4	2,472.9	221.3	140.0	232.6	271.1	189.7	202.6	265.3	210.7	311.3	339.0	887.9	8,718.5
2003 Q1	193.0	2,211.6	191.7	122.6	201.7	249.5	174.4	188.6	235.0	197.9	310.7	287.8	859.7	8,424.7
Q2	204.4	2,341.5	198.3	126.8	204.2	255.2	189.9	199.3	260.5	208.7	330.1	303.9	937.8	8,304.5
Q3	221.8	2,512.4	225.2	144.6	212.9	265.9	210.0	225.0	286.0	216.1	347.6	304.4	1,000.3	10,066.4
Q4	233.0	2,613.9	233.7	155.2	219.1	266.5	221.9	240.2	317.8	219.5	360.4	320.0	1,056.7	10,413.8
2003 Feb.	189.8	2,170.9	185.8	121.5	196.5	245.1	172.2	186.0	226.5	198.1	309.4	274.3	836.6	8,535.8
Mar.	183.0	2,086.5	176.1	115.4	188.4	241.1	164.5	181.2	228.2	185.6	292.8	275.2	846.6	8,171.0
Apr.	197.9	2,278.2	193.4	122.5	203.9	250.0	181.0	192.0	251.6	201.0	324.8	288.7	889.6	7,895.7
May	202.0	2,303.0	196.4	124.9	202.3	249.6	187.4	198.5	258.2	208.3	324.9	304.2	935.8	8,122.1
June	213.5	2,443.3	205.0	133.0	206.5	266.1	201.2	207.4	271.5	216.7	340.7	318.9	988.0	8,895.7
July	216.1	2,459.8	218.8	138.1	205.5	260.1	206.1	216.0	274.2	214.6	340.9	306.8	992.6	9,669.8
Aug.	222.3	2,524.1	227.2	144.6	211.9	268.6	211.6	227.0	281.7	217.0	352.4	293.2	989.5	9,884.6
Sep.	226.8	2,553.3	229.5	151.2	221.4	269.0	212.1	232.0	302.1	216.6	349.6	313.2	1,018.9	10,644.8
Oct.	225.5	2,523.3	222.0	150.1	218.9	263.0	212.9	231.5	308.0	210.8	348.4	309.7	1,038.7	10,720.1
Nov.	233.9	2,618.1	237.5	156.8	222.1	262.0	223.0	241.5	325.4	217.0	358.7	319.3	1,050.1	10,205.4
Dec.	239.4	2,700.3	241.5	158.8	216.3	274.6	229.9	247.8	319.8	230.7	374.1	331.1	1,081.2	10,315.9
2004 Jan.	250.6	2,839.1	250.3	164.8	222.0	277.2	242.0	257.5	349.2	239.6	405.1	350.3	1,131.6	10,876.4
Feb.	253.9	2,874.8	244.7	165.1	229.5	275.6	243.7	260.1	359.0	252.1	412.3	370.0	1,143.8	10,618.6

C26 Dow Jones EURO STOXX Broad, Standard & Poor's 500 and Nikkei 225

(January 1994 = 100; monthly averages)



Source: ECB.

PRICES, OUTPUT, DEMAND AND LABOUR MARKETS



5.1 HICP, other prices and costs

(annual percentage changes, unless otherwise indicated)

1. Harmonised Index of Consumer Prices ¹⁾

	Total				Total (s.a., percentage change on previous period)					
	Index 1996 = 100	Total	Goods	Services	Total	Processed food	Unprocessed food	Non-energy industrial goods	Energy (n.s.a.)	Services
% of total ²⁾	100.0	100.0	58.7	41.3	100.0	11.8	7.7	31.0	8.1	41.3
	1	2	3	4	5	6	7	8	9	10
2000	106.0	2.1	2.5	1.5	-	-	-	-	-	-
2001	108.5	2.3	2.3	2.5	-	-	-	-	-	-
2002	110.9	2.3	1.7	3.1	-	-	-	-	-	-
2003	113.2	2.1	1.8	2.5	-	-	-	-	-	-
2002 Q4	111.7	2.3	1.8	3.1	0.5	0.5	0.6	0.3	0.3	0.7
2003 Q1	112.5	2.3	2.0	2.7	0.8	1.2	0.7	0.1	4.4	0.6
Q2	113.2	1.9	1.5	2.6	0.2	0.8	0.3	0.3	-2.9	0.6
Q3	113.4	2.0	1.7	2.4	0.5	0.6	1.7	0.1	0.5	0.6
Q4	114.0	2.0	1.8	2.4	0.5	1.1	0.8	0.3	-0.2	0.6
2003 Sep.	113.7	2.2	1.8	2.5	0.3	0.2	1.4	0.2	-0.1	0.2
Oct.	113.8	2.0	1.7	2.5	0.1	0.5	-0.3	0.1	-0.4	0.2
Nov.	113.9	2.2	2.0	2.4	0.1	0.5	0.1	0.0	-0.2	0.2
Dec.	114.2	2.0	1.8	2.3	0.0	0.2	-0.6	0.0	-0.2	0.2
2004 Jan.	114.0	1.9	1.3	2.5	0.2	0.2	0.0	0.0	0.9	0.4
Feb. ³⁾	.	1.6	.	.	.	.	.	.	.	.

	Goods						Services					
	Food (incl. alcoholic beverages and tobacco)			Industrial goods			Housing		Transport	Communication	Recreation and personal	Miscellaneous
	Total	Processed food	Unprocessed food	Total	Non-energy industrial goods	Energy		Rents				
% of total ²⁾	19.5	11.8	7.7	39.1	31.0	8.1	10.4	6.4	6.4	2.9	15.0	6.6
	11	12	13	14	15	16	17	18	19	20	21	22
2000	1.4	1.2	1.8	3.0	0.5	13.0	1.5	1.3	2.5	-7.1	2.4	2.5
2001	4.5	2.9	7.0	1.2	0.9	2.2	1.8	1.4	3.6	-4.1	3.6	2.7
2002	3.1	3.1	3.1	1.0	1.5	-0.6	2.4	2.0	3.2	-0.3	4.2	3.4
2003	2.8	3.3	2.1	1.2	0.8	3.0	2.3	2.0	2.9	-0.6	2.7	3.4
2002 Q4	2.2	2.6	1.6	1.6	1.2	2.9	2.5	2.1	3.0	-0.2	4.0	3.4
2003 Q1	1.9	3.1	0.1	2.0	0.7	7.0	2.4	2.1	3.2	-0.8	3.0	3.7
Q2	2.5	3.3	1.5	1.0	0.9	1.5	2.4	2.1	3.0	-0.5	2.9	3.5
Q3	3.2	3.1	3.4	1.0	0.7	2.1	2.4	1.9	2.8	-0.4	2.6	3.2
Q4	3.7	3.8	3.6	0.9	0.8	1.6	2.3	1.9	2.8	-0.7	2.5	3.3
2003 Sep.	3.6	3.2	4.2	1.0	0.8	1.6	2.4	2.0	3.1	-0.3	2.7	3.2
Oct.	3.6	3.5	3.8	0.8	0.8	0.7	2.3	1.9	2.9	-0.8	2.7	3.4
Nov.	3.9	4.0	3.8	1.1	0.7	2.2	2.2	1.9	2.8	-0.5	2.5	3.2
Dec.	3.6	3.8	3.2	0.9	0.7	1.8	2.3	1.9	2.7	-0.7	2.3	3.2
2004 Jan.	3.1	3.3	2.9	0.4	0.6	-0.4	2.3	1.9	2.3	-0.8	2.4	5.0
Feb.	.	.	.	.	.	.	.	.	.	.	.	.

Sources: Eurostat and ECB calculations.

1) Data prior to 2001 refer to the Euro 11.

2) Referring to the index period 2004. Due to rounding, component weights might not add up to the total.

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.

5.1 HICP, other prices and costs

(annual percentage changes, unless otherwise indicated)

2. Industry and commodity prices

	Industrial producer prices										World market prices of raw materials ¹⁾	Oil prices ²⁾ (EUR per barrel)		
	Industry excluding construction									Construction ³⁾			Manufacturing	
	Total (index 2000 = 100)	Total	Industry excluding construction and energy						Energy		Total			
			Total	Intermediate goods	Capital goods	Consumer goods								
						Total	Durable	Non-durable						
% of total ⁴⁾	100.0	100.0	82.5	31.6	21.3	29.5	4.0	25.5	17.5	89.5	100.0	32.8		
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
2000	100.0	5.3	2.6	5.0	0.6	1.6	1.4	1.6	17.2	2.5	4.8	51.9	20.4	31.0
2001	102.1	2.1	1.7	1.2	0.8	3.0	1.9	3.2	2.7	2.2	1.2	-8.3	-8.1	27.8
2002	102.0	-0.1	0.4	-0.3	0.8	1.3	1.5	1.2	-2.0	2.7	0.3	-4.1	-0.9	26.5
2003	103.6	1.6	0.8	0.8	0.4	1.1	0.5	1.2	4.1	.	1.0	-4.0	-4.5	25.1
2002 Q4	102.5	1.2	0.9	1.0	0.7	1.3	1.2	1.4	2.8	3.0	1.4	12.6	5.6	26.5
2003 Q1	103.9	2.4	1.1	1.6	0.2	1.4	0.8	1.5	7.6	2.2	2.2	9.1	-3.2	28.4
Q2	103.4	1.5	0.9	1.2	0.3	1.2	0.5	1.3	2.8	2.6	0.7	-13.7	-7.9	22.7
Q3	103.4	1.2	0.6	0.0	0.4	1.0	0.4	1.0	3.5	2.1	0.5	-6.5	-5.8	25.1
Q4	103.6	1.1	0.7	0.3	0.4	0.9	0.3	1.0	2.4	.	0.5	-4.2	-1.2	24.5
2003 Sep.	103.5	1.1	0.6	0.0	0.5	1.1	0.4	1.2	2.3	-	0.3	-11.8	-4.7	23.9
Oct.	103.6	0.9	0.6	0.2	0.4	1.0	0.4	1.1	1.7	-	0.3	-8.2	-3.7	24.7
Nov.	103.7	1.4	0.8	0.4	0.5	1.1	0.3	1.3	3.6	-	0.8	1.1	0.2	24.6
Dec.	103.6	1.0	0.6	0.4	0.4	0.6	0.3	0.7	2.1	-	0.4	-5.0	-0.2	24.0
2004 Jan.	103.8	0.3	0.6	0.5	0.5	0.5	0.1	0.5	-1.3	-	0.1	-5.5	5.1	24.2
Feb.	.	.	.	.	.	.	.	.	.	-	.	-8.4	7.2	24.1

3. Hourly labour costs⁵⁾

	Total (s.a. index 2000 = 100)	Total	By component		By selected economic activity			Memo item: indicator of negotiated wages
			Wages and salaries	Employers' social contributions	Mining, manufacturing and energy	Construction	Services	
2000	100.0	3.0	3.3	2.2	3.3	3.3	2.8	2.2
2001	103.3	3.3	3.5	2.9	3.1	3.6	3.6	2.6
2002	106.9	3.5	3.3	3.8	3.2	3.5	3.6	2.7
2003	.	.	.	.	.	.	.	2.4
2002 Q4	108.2	3.5	3.4	3.9	3.5	3.1	3.4	2.7
2003 Q1	108.9	3.1	2.9	3.7	3.1	3.0	2.6	2.7
Q2	109.7	3.2	3.1	3.7	3.8	3.9	3.2	2.4
Q3	110.5	2.9	2.8	3.1	3.2	3.2	2.7	2.5
Q4	.	.	.	.	.	.	.	2.2

Sources: Eurostat, except columns 12 and 13 (HWWA - Hamburg Institute of International Economics), column 14 (Thomson Financial Datastream) in table 5.1.2, and column 7 (ECB calculations based on Eurostat data) and column 8 in table 5.1.3 (ECB calculations).

- 1) Refers to the prices expressed in euro.
- 2) Brent Blend (for one-month forward delivery).
- 3) Residential buildings, based on non-harmonised data.
- 4) In 2000.
- 5) Hourly labour costs for the whole economy, excluding agriculture, public administration, education, health and services not elsewhere classified. Owing to differences in coverage, components are not consistent with the total.

5.1 HICP, other prices and costs

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

4. Unit labour costs, compensation per employee and labour productivity

	Total (index 2000 = 100)	Total	By economic activity						
			Agriculture, hunting, forestry and fishing	Mining, manufacturing, and energy	Construction	Trade, repairs, hotels and restaurants, transport and communication	Financial, real estate, renting and business services		
	1	2	3	4	5	6	7	8	
Unit labour costs ¹⁾									
1999	98.7	1.0	-3.1	0.7	1.3	-0.4	3.7	2.2	
2000	100.0	1.4	1.7	-0.2	1.9	-0.4	4.6	1.7	
2001	102.6	2.6	3.0	2.8	4.1	1.0	2.6	2.8	
2002	104.8	2.2	0.2	1.2	3.4	2.0	3.2	2.3	
2002 Q3	105.0	1.9	-2.6	1.0	3.1	1.7	3.2	2.3	
Q4	105.6	1.6	4.3	-0.1	3.4	1.4	3.2	1.5	
2003 Q1	106.5	2.0	4.3	0.6	4.1	1.9	2.9	2.0	
Q2	107.2	2.7	9.2	2.1	3.8	2.9	3.1	2.2	
Q3	107.5	2.4	7.7	1.3	3.0	2.0	1.7	3.1	
Compensation per employee									
1999	97.4	2.0	2.0	2.0	1.9	1.8	1.5	2.3	
2000	100.0	2.7	3.2	3.2	2.5	1.6	3.1	2.6	
2001	102.8	2.8	2.5	3.0	3.1	2.8	1.6	3.2	
2002	105.5	2.6	3.0	2.9	3.3	2.6	2.0	2.7	
2002 Q3	105.9	2.6	-0.1	3.1	2.8	2.5	2.0	2.7	
Q4	106.5	2.5	4.0	3.2	2.8	2.7	2.2	2.0	
2003 Q1	107.3	2.6	3.8	3.2	2.8	2.5	2.4	2.3	
Q2	107.9	2.7	7.2	3.0	3.3	2.8	2.6	2.2	
Q3	108.6	2.6	4.7	2.7	2.8	1.9	1.6	3.3	
Labour productivity ²⁾									
1999	98.7	1.0	5.3	1.3	0.6	2.2	-2.1	0.1	
2000	100.0	1.3	1.4	3.5	0.6	2.0	-1.5	0.9	
2001	100.2	0.2	-0.4	0.1	-1.0	1.8	-1.0	0.4	
2002	100.6	0.4	2.8	1.7	-0.2	0.6	-1.2	0.4	
2002 Q3	100.9	0.6	2.6	2.1	-0.2	0.9	-1.2	0.4	
Q4	100.9	0.9	-0.3	3.3	-0.5	1.3	-1.0	0.4	
2003 Q1	100.8	0.6	-0.5	2.6	-1.3	0.6	-0.4	0.2	
Q2	100.7	0.0	-1.9	0.9	-0.5	-0.1	-0.6	0.0	
Q3	101.1	0.2	-2.8	1.4	-0.2	0.0	-0.1	0.2	

5. Gross Domestic Product deflators

	Total (index 2000 = 100)	Total	Domestic demand			Exports ³⁾	Imports ³⁾	
			Total	Private consumption	Government consumption			Gross fixed capital formation
	1	2	3	4	5	6	7	8
2000	100.0	1.4	2.6	2.2	2.7	2.7	4.9	8.5
2001	102.4	2.4	2.3	2.4	2.4	2.0	1.4	0.8
2002	105.0	2.5	2.1	2.8	2.2	1.9	-0.3	-1.4
2003	107.2	2.1	1.9	1.9	2.2	1.5	-0.5	-1.2
2002 Q4	105.7	2.2	2.2	2.7	2.2	2.0	0.1	0.1
2003 Q1	106.3	1.9	2.0	2.3	2.1	1.5	0.3	0.5
Q2	106.8	2.1	1.8	1.8	2.2	1.5	-0.7	-1.6
Q3	107.6	2.2	2.1	1.7	2.7	1.5	-0.8	-1.5
Q4	108.1	2.2	1.8	1.8	1.8	1.5	-0.8	-2.0

Sources: ECB calculations based on Eurostat data.

- 1) Compensation (at current prices) per employee divided by value added (at constant prices) per person employed.
- 2) Value added (at constant prices) per person employed.
- 3) Deflators for exports and imports refer to goods and services and include cross-border trade within the euro area.

5.2 Output and demand

1. GDP and expenditure components

	GDP								
	Total	Domestic demand					External balance ²⁾		
		Total	Private consumption	Government consumption	Gross fixed capital formation	Changes in inventories ¹⁾	Total	Exports ²⁾	Imports ²⁾
1	2	3	4	5	6	7	8	9	
<i>Current prices (EUR billions, seasonally adjusted)</i>									
2000	6,576.1	6,519.5	3,765.3	1,306.9	1,420.2	27.0	56.6	2,448.7	2,392.1
2001	6,842.6	6,729.1	3,921.5	1,371.3	1,443.7	-7.4	113.5	2,564.6	2,451.2
2002	7,073.3	6,891.6	4,032.9	1,441.0	1,430.5	-12.8	181.7	2,595.4	2,413.7
2003	7,254.0	7,093.7	4,149.4	1,501.3	1,434.9	8.1	160.4	2,582.4	2,422.0
2002 Q4	1,785.3	1,741.4	1,020.4	365.3	359.6	-3.9	43.9	656.4	612.5
2003 Q1	1,794.3	1,760.1	1,031.3	368.8	357.4	2.6	34.2	646.5	612.4
Q2	1,802.2	1,765.9	1,032.7	373.1	357.5	2.7	36.2	635.1	598.8
Q3	1,822.3	1,773.1	1,039.5	379.1	358.0	-3.5	49.2	648.8	599.6
Q4	1,835.3	1,794.5	1,045.9	380.3	362.0	6.3	40.7	652.0	611.2
<i>percentage of GDP</i>									
2003	100.0	97.8	57.2	20.7	19.8	0.1	2.2	-	-
<i>Constant prices (ECU billions at 1995 prices, seasonally adjusted)</i>									
<i>quarter-on-quarter percentage changes</i>									
2002 Q4	0.0	0.3	0.3	0.1	0.3	-	-	-0.4	0.3
2003 Q1	0.0	0.4	0.4	0.5	-0.9	-	-	-1.5	-0.6
Q2	-0.1	0.1	0.0	0.6	-0.4	-	-	-0.9	-0.4
Q3	0.4	-0.2	0.2	0.6	-0.2	-	-	2.3	0.8
Q4	0.3	1.0	0.1	0.6	0.6	-	-	0.2	2.1
<i>annual percentage changes</i>									
2000	3.5	2.9	2.7	2.1	4.9	-	-	12.3	11.0
2001	1.6	1.0	1.7	2.5	-0.3	-	-	3.4	1.7
2002	0.9	0.3	0.1	2.9	-2.8	-	-	1.5	-0.1
2003	0.4	1.0	1.0	1.9	-1.2	-	-	0.0	1.5
2002 Q4	1.1	0.9	0.6	2.2	-1.6	-	-	3.6	3.3
2003 Q1	0.7	1.3	1.3	1.9	-1.9	-	-	1.9	3.6
Q2	0.1	1.0	1.0	1.7	-0.8	-	-	-1.5	0.8
Q3	0.3	0.5	0.9	1.8	-1.2	-	-	-0.5	0.0
Q4	0.6	1.3	0.7	2.3	-0.8	-	-	0.1	1.8
<i>contributions to annual percentage changes of GDP in percentage points</i>									
2000	3.5	2.9	1.5	0.4	1.1	-0.1	0.6	-	-
2001	1.6	0.9	1.0	0.5	-0.1	-0.5	0.7	-	-
2002	0.9	0.3	0.0	0.6	-0.6	0.2	0.6	-	-
2003	0.4	1.0	0.5	0.4	-0.2	0.3	-0.6	-	-
2002 Q4	1.1	0.9	0.3	0.4	-0.3	0.5	0.2	-	-
2003 Q1	0.7	1.2	0.7	0.4	-0.4	0.5	-0.5	-	-
Q2	0.1	1.0	0.5	0.3	-0.2	0.2	-0.8	-	-
Q3	0.3	0.5	0.5	0.4	-0.2	-0.1	-0.2	-	-
Q4	0.6	1.2	0.4	0.5	-0.2	0.5	-0.6	-	-

Source: Eurostat.

1) Including acquisitions less disposals of valuables.

2) Exports and imports cover goods and services and include cross-border intra-euro area trade. They are not fully consistent with Table 7.3.1

5.2 Output and demand

2. Value added by economic activity

	Gross value added (basic prices)							Intermediate consumption of FISIM ¹⁾	Taxes less subsidies on products
	Total	Agriculture, hunting, forestry and fishing activities	Mining, manufacturing and energy	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
<i>Current prices (EUR billions, seasonally adjusted)</i>									
2000	6,087.6	145.8	1,369.1	337.0	1,281.2	1,655.0	1,299.6	212.6	701.1
2001	6,351.7	151.2	1,409.0	351.3	1,350.7	1,729.9	1,359.6	222.1	712.9
2002	6,561.7	149.4	1,425.7	362.7	1,386.6	1,810.2	1,427.0	226.5	738.1
2003	6,724.1	152.6	1,437.0	373.4	1,413.1	1,866.5	1,481.5	231.8	761.7
2002 Q4	1,654.9	37.2	357.1	91.5	349.9	457.3	361.9	57.3	187.7
2003 Q1	1,663.1	37.4	359.4	91.7	348.9	460.5	365.3	57.4	188.6
Q2	1,670.4	37.9	355.1	92.7	352.4	464.1	368.2	58.0	189.8
Q3	1,691.3	38.6	360.0	93.7	355.7	469.5	373.9	58.3	189.2
Q4	1,699.3	38.8	362.6	95.3	356.2	472.5	374.0	58.1	194.0
<i>percentage of value added</i>									
2003	100.0	2.3	21.4	5.6	21.0	27.8	22.0	-	-
<i>Constant prices (ECU billions at 1995 prices, seasonally adjusted)</i>									
<i>quarter-on-quarter percentage changes</i>									
2002 Q4	0.0	-1.4	-0.6	0.0	0.1	0.2	0.3	0.7	0.5
2003 Q1	0.0	-1.2	0.3	-0.6	-0.3	0.1	0.2	-0.2	-0.4
Q2	-0.1	-1.0	-0.8	0.1	0.1	0.1	0.2	0.2	0.2
Q3	0.5	-0.7	0.5	0.0	0.8	0.6	0.3	1.7	0.1
Q4	0.3	1.1	0.7	0.1	-0.3	0.1	0.5	-0.5	0.5
<i>annual percentage changes</i>									
2000	3.8	-0.3	4.0	2.5	5.2	4.3	2.5	7.1	1.8
2001	1.9	-1.2	0.5	-0.6	3.3	2.8	1.7	4.6	0.2
2002	0.9	0.6	0.2	-1.1	1.0	1.2	2.0	0.1	-0.2
2003	0.4	-3.1	-0.1	-0.8	0.5	0.8	1.2	1.7	0.8
2002 Q4	1.1	-2.4	1.4	-1.5	1.3	0.9	1.9	0.5	0.8
2003 Q1	0.7	-2.7	0.7	-2.0	0.7	1.0	1.4	1.4	1.1
Q2	0.1	-3.7	-1.0	-0.4	0.3	0.5	1.1	1.9	1.5
Q3	0.4	-4.3	-0.6	-0.4	0.7	1.0	1.0	2.4	0.4
Q4	0.6	-1.9	0.7	-0.4	0.3	0.9	1.2	1.2	0.4
<i>contributions to annual percentage changes of value added in percentage points</i>									
2000	3.8	0.0	0.9	0.1	1.1	1.1	0.5	-	-
2001	1.9	0.0	0.1	0.0	0.7	0.7	0.4	-	-
2002	0.9	0.0	0.1	-0.1	0.2	0.3	0.4	-	-
2003	0.4	-0.1	0.0	0.0	0.1	0.2	0.2	-	-
2002 Q4	1.1	-0.1	0.3	-0.1	0.3	0.2	0.4	-	-
2003 Q1	0.7	-0.1	0.2	-0.1	0.2	0.3	0.3	-	-
Q2	0.1	-0.1	-0.2	0.0	0.1	0.1	0.2	-	-
Q3	0.4	-0.1	-0.1	0.0	0.2	0.3	0.2	-	-
Q4	0.6	0.0	0.2	0.0	0.1	0.2	0.2	-	-

Source: Eurostat.

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

5.2 Output and demand

(annual percentage changes, unless otherwise indicated)

3. Industrial production

	Total		Industry excluding construction							Construction	Manufacturing	
	Total (s.a. index 2000 = 100)	Total	Industry excluding construction and energy					Energy				
			Total	Intermediate goods	Capital goods	Consumer goods						
						Total	Durable		Non-durable			
% of total ¹⁾	100.0	82.9	82.9	74.0	30.0	22.4	21.5	3.6	17.9	8.9	17.1	75.0
	1	2	3	4	5	6	7	8	9	10	11	12
2000	4.8	100.1	5.2	5.4	6.2	8.1	1.8	6.1	0.9	1.9	2.4	5.5
2001	0.4	100.5	0.4	0.1	-0.5	1.6	0.2	-2.1	0.8	1.4	0.7	0.3
2002	-0.5	99.9	-0.5	-0.8	0.0	-1.5	-0.6	-5.7	0.5	1.0	0.6	-0.7
2003	.	100.3	0.4	0.0	0.5	0.1	-0.7	-4.9	0.0	3.2	.	0.1
2002 Q4	0.8	99.9	1.3	1.4	2.8	1.2	0.6	-4.3	1.4	-0.5	-1.0	1.5
2003 Q1	0.5	100.0	0.8	0.3	1.1	0.8	-1.1	-6.0	-0.3	4.6	-1.9	0.5
Q2	-0.6	99.7	-0.8	-1.4	-0.6	-1.8	-1.9	-6.8	-0.8	2.1	0.8	-1.3
Q3	-0.3	100.3	-0.2	-0.7	-0.4	-1.2	0.0	-4.6	0.8	2.3	0.4	-0.5
Q4	.	101.3	1.6	1.6	1.9	2.2	0.1	-2.2	0.3	3.4	.	1.7
2003 July	0.7	100.8	0.9	0.3	0.2	1.1	1.0	-2.7	1.8	1.8	2.2	0.7
Aug.	-0.6	100.3	-0.2	-1.2	0.8	-3.4	-0.2	-6.0	0.6	3.9	-0.1	-1.0
Sep.	-1.1	99.8	-1.1	-1.3	-2.0	-1.6	-0.7	-5.4	-0.1	1.3	-0.9	-1.2
Oct.	0.8	101.3	1.5	1.2	1.7	1.7	-0.6	-2.3	-0.1	4.0	-1.7	1.4
Nov.	0.8	101.3	1.1	1.4	1.3	2.1	-0.1	-3.5	0.0	3.5	-2.6	1.3
Dec.	.	101.4	2.2	2.3	2.8	2.9	1.1	-0.5	0.9	2.9	.	2.5
<i>month-on-month percentage changes (s.a.)</i>												
2003 July	1.3	-	1.4	1.7	1.1	2.8	1.4	3.0	1.0	-0.2	1.4	1.7
Aug.	-0.8	-	-0.5	-0.7	0.3	-1.7	-0.7	-3.2	-0.4	1.0	-2.4	-0.7
Sep.	-0.3	-	-0.4	-0.3	-1.1	0.4	-0.4	1.1	-0.6	-2.6	-1.2	-0.3
Oct.	1.1	-	1.5	1.6	1.7	2.0	0.3	1.1	0.2	3.4	-1.3	1.5
Nov.	0.0	-	0.0	0.4	0.4	0.5	0.3	-0.6	0.3	-2.8	-0.2	0.3
Dec.	.	-	0.1	-0.2	0.3	0.0	0.1	-0.2	0.0	0.7	.	0.1

4. Retail sales and passenger car registrations

	Retail sales (s.a.)								New passenger car registrations	
	Current prices		Constant prices						Total (s.a. thousands ²⁾)	Total
	Total (index 2000 = 100)	Total	Total (index 2000 = 100)	Total	Food, beverages, tobacco	Non-food				
						Textiles, clothing, footwear	Household equipment			
% of total ¹⁾	100.0	100.0	100.0	100.0	43.7	56.3	10.6	14.8		
	1	2	3	4	5	6	7	8	9	10
2000	99.9	4.1	100.0	2.2	1.7	1.9	1.2	4.2	976	-1.8
2001	104.0	4.2	101.8	1.8	1.8	1.5	0.7	-0.3	968	-0.8
2002	106.0	1.9	101.8	0.0	0.9	-0.4	-2.1	-1.8	926	-4.4
2003	.	.	.	.	.	.	.	.	912	-1.4
2002 Q4	106.8	1.8	102.1	0.2	1.7	-0.6	-1.7	-2.2	949	0.2
2003 Q1	107.9	2.7	102.2	0.8	2.3	0.3	-2.0	0.2	898	-2.6
Q2	107.5	1.7	102.2	0.9	1.6	-0.2	-1.9	0.2	898	-1.9
Q3	107.6	1.0	102.0	-0.3	1.2	-1.7	-5.2	-1.0	928	1.6
Q4	.	.	.	.	.	.	.	.	925	-2.5
2003 Aug.	107.2	0.2	101.6	-1.2	0.8	-2.8	-8.0	-1.7	921	-0.4
Sep.	107.8	1.2	102.0	0.2	1.8	-1.1	-4.4	0.1	939	1.9
Oct.	108.4	1.2	102.9	0.6	0.9	-0.2	-1.2	0.2	927	-0.2
Nov.	107.5	0.9	101.1	-1.4	-1.4	-1.4	-5.6	-1.2	932	-0.1
Dec.	.	.	.	.	.	.	.	.	916	-7.5
2004 Jan.	.	.	.	.	.	.	.	.	902	1.1

Sources: Eurostat, except columns 9 and 10 in table 5.2.4 (ECB calculations based on data from the ACEA, European Automobile Manufacturers' Association).

1) In 2000.

2) Annual and quarterly figures are averages of monthly figures in the period concerned.

5.2 Output and demand

(percentage balances, ¹⁾ unless otherwise indicated; seasonally adjusted)

5. Business and Consumer Surveys

	Economic sentiment indicator ²⁾ (index 2000 = 100)	Manufacturing industry					Consumer confidence indicator ³⁾				
		Industrial confidence indicator				Capacity utilisation ³⁾ (percentages)	Total ⁵⁾	Financial situation over next 12 months	Economic situation over next 12 months	Unemployment situation over next 12 months	Savings over next 12 months
		Total ⁵⁾	Order books	Stocks of finished products	Production expectations						
	1	2	3	4	5	6	7	8	9	10	11
2000	100.0	5	2	4	16	84.5	1	4	1	1	2
2001	97.0	-9	-15	14	1	82.9	-5	2	-10	14	2
2002	95.6	-11	-25	11	3	81.4	-11	-1	-12	26	-3
2003	95.1	-10	-25	10	3	80.9	-18	-5	-21	38	-9
2002 Q4	95.3	-10	-23	10	4	81.5	-14	-3	-15	30	-8
2003 Q1	94.9	-11	-24	10	0	81.1	-19	-5	-23	39	-9
Q2	94.7	-12	-27	9	0	80.8	-19	-4	-22	41	-9
Q3	95.0	-11	-26	11	4	81.0	-17	-4	-20	38	-8
Q4	95.7	-7	-21	9	8	81.0	-16	-5	-17	34	-9
2003 Sep.	95.3	-9	-26	10	9	-	-17	-4	-18	37	-8
Oct.	95.6	-8	-22	10	8	81.2	-17	-5	-18	36	-9
Nov.	96.0	-6	-21	8	10	-	-16	-4	-16	34	-8
Dec.	95.6	-8	-21	10	7	-	-16	-5	-16	32	-10
2004 Jan.	96.0	-6	-20	9	10	80.7	-15	-5	-14	31	-9
Feb.	96.0	-6	-21	10	12	-	-14	-4	-12	30	-9
	Construction confidence indicator			Retail trade confidence indicator				Services confidence indicator			
	Total ⁵⁾	Order books	Employment expectations	Total ⁵⁾	Present business situation	Volume of stocks	Expected business situation	Total ⁵⁾	Business climate	Demand in recent months	Demand in the months ahead
	12	13	14	15	16	17	18	19	20	21	22
2000	-5	-13	3	-2	1	17	9	30	36	23	33
2001	-11	-16	-4	-7	-7	17	2	15	16	8	20
2002	-19	-26	-11	-16	-23	18	-9	1	-4	-6	13
2003	-21	-28	-14	-14	-20	16	-5	2	-6	1	11
2002 Q4	-22	-29	-15	-15	-21	17	-8	-4	-13	-4	4
2003 Q1	-20	-27	-13	-17	-24	17	-10	-6	-16	-11	11
Q2	-21	-27	-14	-15	-20	18	-6	-2	-12	0	6
Q3	-22	-29	-15	-13	-19	16	-3	5	-1	4	13
Q4	-20	-28	-12	-11	-15	15	-2	10	5	11	15
2003 Sep.	-23	-29	-16	-12	-19	14	-4	7	1	4	16
Oct.	-22	-29	-14	-9	-16	12	0	9	3	9	15
Nov.	-20	-27	-13	-10	-13	16	-1	11	6	11	16
Dec.	-19	-28	-9	-13	-17	16	-5	11	7	12	15
2004 Jan.	-19	-28	-10	-10	-16	16	1	10	5	8	18
Feb.	-21	-32	-9	-11	-16	14	-3	11	7	6	21

Source: European Commission (Economic and Financial Affairs DG).

- 1) Difference between the percentages of respondents giving positive and negative replies.
- 2) The economic sentiment indicator is composed of the industrial, consumer, construction and retail trade confidence indicators; the industrial confidence indicator has a weight of 40% and the three other indicators have a weight of 20% each.
- 3) Owing to changes in the questionnaire used for the French survey, euro area results from January 2004 onwards are not fully comparable with previous results.
- 4) Data are collected in January, April, July and October each year. The quarterly figures shown are averages of two successive surveys. Annual data are derived from quarterly averages. The results for January 2004 do not cover France on account of changes to the French questionnaire and are therefore not fully comparable with previous results.
- 5) The confidence indicators are calculated as simple averages of the components shown; the assessment of stocks (columns 4 and 17) and unemployment (column 10) are used with inverted signs for the calculation of confidence indicators.

5.3 Labour markets ¹⁾

(annual percentage changes, unless otherwise indicated)

1. Employment

	Whole economy		By employment status		By economic activity					
	Millions (s.a.)		Employees	Self-employed	Agriculture, hunting, forestry and fishing	Mining, manufacturing, and energy	Construction	Trade, repairs, hotels and restaurants, transport and communication	Financial, real estate, renting and business services	Public administration, education, health and other services
% of total ²⁾	100.0	100.0	84.2	15.8	4.7	19.2	7.1	25.1	14.4	29.5
	1	2	3	4	5	6	7	8	9	10
1999	128.608	1.8	2.3	-0.8	-2.3	-0.3	1.9	2.2	5.6	1.9
2000	131.409	2.2	2.5	0.7	-1.6	0.5	2.0	3.1	5.9	1.6
2001	133.223	1.4	1.6	0.2	-0.6	0.3	0.5	1.5	3.8	1.3
2002	133.823	0.5	0.6	-0.2	-2.0	-1.4	-0.8	0.4	2.4	1.5
2002 Q3	133.748	0.3	0.4	-0.6	-1.9	-1.5	-1.0	0.0	2.0	1.6
Q4	133.740	0.1	0.1	0.2	-2.0	-1.8	-0.9	-0.2	1.8	1.5
2003 Q1	133.782	0.0	-0.1	0.4	-2.2	-1.9	-0.8	-0.1	1.4	1.2
Q2	133.892	0.1	0.1	0.5	-1.7	-1.9	0.3	0.4	1.0	1.1
Q3	133.885	0.2	0.1	0.3	-1.6	-2.0	0.0	0.9	1.0	0.8
	<i>quarter-on-quarter changes (s.a.)</i>									
2002 Q3	0.014	0.0	0.0	0.0	-0.6	-0.4	-0.4	0.0	0.3	0.4
Q4	-0.008	0.0	-0.1	0.4	-0.5	-0.6	-0.1	0.0	0.4	0.3
2003 Q1	0.042	0.0	0.0	0.3	-0.7	-0.4	0.0	0.2	0.2	0.2
Q2	0.110	0.1	0.1	-0.1	-0.1	-0.5	0.5	0.2	0.2	0.2
Q3	-0.007	0.0	0.0	-0.1	-0.3	-0.5	-0.7	0.4	0.3	0.0

2. Unemployment

(seasonally adjusted)

	Total		By age ³⁾				By gender ⁴⁾			
	Millions	% of labour force	Adult		Youth		Male		Female	
			Millions	% of labour force	Millions	% of labour force	Millions	% of labour force	Millions	% of labour force
% of total ²⁾	100.0		78.4		21.6		49.9		50.1	
	1	2	3	4	5	6	7	8	9	10
2000	11.604	8.5	8.897	7.4	2.707	16.7	5.481	7.0	6.123	10.5
2001	11.071	8.0	8.541	7.0	2.530	15.7	5.317	6.8	5.754	9.7
2002	11.688	8.4	9.094	7.4	2.594	16.2	5.763	7.3	5.925	9.9
2003	12.283	8.8	9.624	7.7	2.659	16.8	6.134	7.7	6.149	10.1
2002 Q4	11.966	8.6	9.343	7.6	2.623	16.4	5.943	7.5	6.023	10.0
2003 Q1	12.201	8.7	9.525	7.7	2.676	16.8	6.079	7.7	6.122	10.1
Q2	12.306	8.8	9.635	7.8	2.672	16.8	6.137	7.7	6.170	10.2
Q3	12.310	8.8	9.662	7.8	2.648	16.7	6.148	7.7	6.162	10.1
Q4	12.317	8.8	9.697	7.8	2.620	16.7	6.170	7.8	6.148	10.1
2003 Aug.	12.310	8.8	9.662	7.8	2.648	16.7	6.147	7.7	6.163	10.1
Sep.	12.315	8.8	9.677	7.8	2.637	16.7	6.161	7.7	6.154	10.1
Oct.	12.320	8.8	9.694	7.8	2.626	16.7	6.171	7.8	6.149	10.1
Nov.	12.318	8.8	9.700	7.8	2.618	16.7	6.170	7.8	6.148	10.1
Dec.	12.314	8.8	9.698	7.8	2.617	16.7	6.167	7.8	6.147	10.1
2004 Jan.	12.321	8.8	9.704	7.8	2.618	16.7	6.171	7.8	6.151	10.1

Sources: ECB calculations based on Eurostat data (in table 5.3.1) and Eurostat (table 5.3.2).

- 1) Data for employment refer to persons and are based on the ESA 95. Data for unemployment refer to persons and follow ILO recommendations.
- 2) Employment: in 2002; unemployment: in 2003.
- 3) Adult: 25 years of age and over; youth: below 25 years of age; rates are expressed as a percentage of the labour force for the relevant age group.
- 4) Rates are expressed as a percentage of the labour force for the relevant gender.

GOVERNMENT FINANCE

6.1 Revenue, expenditure and deficit/surplus ¹⁾ (as a percentage of GDP)

1. Euro area ²⁾ – revenue

	Total		Current revenue									Capital revenue		Memo: fiscal burden ³⁾
			Direct taxes	Households	Corporations	Indirect taxes	Received by EU institutions	Social contributions		Sales	Capital taxes			
	Employers	Employees												
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
1994	47.5	47.1	11.6	9.2	2.0	13.4	0.8	17.5	8.5	5.7	2.4	0.4	0.2	42.8
1995	47.1	46.6	11.6	9.2	2.0	13.3	0.9	17.3	8.4	5.6	2.4	0.5	0.3	42.6
1996	47.9	47.4	12.0	9.3	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	9.3	2.6	13.5	0.7	17.6	8.8	5.6	2.4	0.6	0.4	43.7
1998	47.6	47.2	12.5	9.6	2.5	14.1	0.7	16.5	8.5	5.0	2.4	0.4	0.3	43.4
1999	48.1	47.6	12.8	9.9	2.5	14.3	0.6	16.4	8.5	5.0	2.4	0.5	0.3	43.9
2000	47.8	47.3	13.0	10.0	2.7	14.2	0.6	16.2	8.4	4.9	2.3	0.5	0.3	43.7
2001	47.0	46.6	12.6	9.8	2.5	13.9	0.6	16.0	8.4	4.8	2.2	0.5	0.3	42.8
2002	46.4	45.9	12.1	9.5	2.4	13.9	0.5	16.0	8.4	4.7	2.2	0.5	0.3	42.3

2. Euro area ²⁾ – expenditure

	Total		Current expenditure							Capital expenditure			Memo: primary expenditure ⁴⁾	
			Total	Compensation of employees	Intermediate consumption	Interest	Current transfers	Social payments	Subsidies	Paid by EU institutions	Investment	Capital transfers		Paid by EU institutions
	1	2													3	4	5	6	7	8	9	10	11	12	13	14
1994	52.7	48.3	11.3	4.9	5.5	26.5	23.0	2.4	0.6	4.3	2.9	1.5	0.0	47.1
1995	52.2	47.7	11.2	4.8	5.7	26.1	22.9	2.2	0.6	4.5	2.7	1.8	0.1	46.5
1996	52.2	48.2	11.2	4.8	5.7	26.5	23.3	2.2	0.6	4.0	2.6	1.4	0.0	46.5
1997	50.8	47.1	11.0	4.7	5.1	26.2	23.2	2.1	0.6	3.7	2.4	1.3	0.1	45.7
1998	49.9	46.0	10.7	4.6	4.7	25.9	22.7	2.0	0.5	3.9	2.4	1.5	0.1	45.1
1999	49.4	45.3	10.7	4.7	4.2	25.8	22.6	2.0	0.5	4.0	2.5	1.5	0.1	45.2
2000	48.7	44.7	10.5	4.7	4.0	25.5	22.3	1.9	0.5	4.0	2.5	1.5	0.1	44.6
2001	48.7	44.5	10.5	4.7	4.0	25.3	22.3	1.9	0.5	4.2	2.5	1.6	0.0	44.8
2002	48.7	44.8	10.6	4.8	3.7	25.6	22.8	1.8	0.5	4.0	2.4	1.6	0.0	45.0

3. Euro area ²⁾ – deficit/surplus, primary deficit/surplus and government consumption

	Deficit (-)/surplus (+)					Primary deficit (-)/surplus (+)	Government consumption ⁵⁾							
	Total	Central gov.	State gov.	Local gov.	Social security funds		Total	Compensation of employees	Intermediate consumption	Transfers in kind via market producers	Consumption of fixed capital	Sales (minus)	Collective consumption	Individual consumption
1994	-5.1	-4.4	-0.5	-0.2	0.0	0.4	20.9	11.3	4.9	5.1	1.9	-2.4	8.7	12.1
1995	-5.1	-4.2	-0.5	-0.1	-0.3	0.6	20.6	11.2	4.8	5.1	1.9	-2.4	8.6	11.9
1996	-4.3	-3.6	-0.4	0.0	-0.2	1.4	20.7	11.2	4.8	5.2	1.9	-2.5	8.6	12.0
1997	-2.6	-2.3	-0.4	0.1	0.0	2.5	20.4	11.0	4.7	5.1	1.9	-2.4	8.4	11.9
1998	-2.3	-2.2	-0.2	0.1	0.0	2.4	20.1	10.7	4.6	5.1	1.8	-2.4	8.2	11.8
1999	-1.3	-1.6	-0.1	0.1	0.4	2.9	20.1	10.7	4.7	5.1	1.8	-2.4	8.2	11.8
2000	-0.9	-1.3	-0.1	0.1	0.4	3.1	20.0	10.5	4.7	5.2	1.8	-2.3	8.1	11.9
2001	-1.7	-1.6	-0.4	0.0	0.3	2.3	20.1	10.5	4.7	5.2	1.8	-2.2	8.1	11.9
2002	-2.3	-1.9	-0.5	-0.1	0.2	1.4	20.4	10.6	4.8	5.3	1.8	-2.2	8.2	12.1

4. Euro area countries – deficit (-)/surplus (+) ⁶⁾

	BE ¹	DE ²	GR ³	ES ⁴	FR ⁵	IE ⁶	IT ⁷	LU ⁸	NL ⁹	AT ¹⁰	PT ¹¹	FI ¹²
1999	-0.4	-1.5	-1.8	-1.2	-1.8	2.4	-1.7	3.5	0.7	-2.3	-2.8	2.2
2000	0.2	1.3	-1.9	-0.8	-1.4	4.4	-0.6	6.4	2.2	-1.5	-2.8	7.1
2001	0.6	-2.8	-1.5	-0.3	-1.5	0.9	-2.6	6.1	0.0	0.3	-4.2	5.2
2002	0.1	-3.5	-1.2	0.1	-3.1	-0.2	-2.3	2.5	-1.6	-0.2	-2.7	4.2

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

- Revenue, expenditure and deficit/surplus based on the ESA 95, but the figures exclude proceeds from the sale of UMTS licences in 2000 (the euro area deficit/surplus including those proceeds is equal to 0.2). Transactions between countries and EU institutions are included and consolidated. Transactions among governments are not consolidated.
- Data prior to 2001 refer to the Euro 11.
- The fiscal burden comprises taxes and social contributions.
- Comprises total expenditure minus interest expenditure.
- Corresponds to final consumption expenditure (P.3) of general government in the ESA 95.
- Including proceeds from the sale of UMTS licences.

6.2 Debt ¹⁾

(as a percentage of GDP)

1. Euro area ²⁾ – 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 ³⁾				Other creditors ⁴⁾
						Total	MFIs	Other financial corporations	Other sectors	
1	2	3	4	5	6	7	8	9	10	
1993	67.3	2.7	17.0	10.0	37.6	52.5	27.6	8.7	16.2	14.8
1994	70.0	2.9	16.1	10.3	40.6	55.8	29.8	10.0	15.9	14.2
1995	74.2	2.9	17.7	9.9	43.8	58.3	30.5	11.0	16.8	15.9
1996	75.4	2.9	17.2	9.9	45.5	58.9	30.3	13.2	15.4	16.5
1997	74.9	2.8	16.3	8.9	46.8	56.9	29.1	14.5	13.4	17.9
1998	73.2	2.8	15.1	7.9	47.3	53.4	27.0	16.2	10.2	19.8
1999	72.1	2.9	14.2	6.9	48.1	49.8	25.2	14.9	9.7	22.2
2000	69.6	2.7	13.0	6.2	47.6	46.0	22.8	13.3	9.9	23.6
2001	69.2	2.6	12.5	6.3	47.8	44.7	22.5	12.5	9.7	24.5
2002	69.0	2.5	11.7	6.7	48.0	43.0	21.3	12.1	9.6	26.0

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

	Total	Issued by ⁵⁾				Original maturity			Residual maturity			Currency		
		Central gov.	State gov.	Local gov.	Social security funds	Up to 1 year	Over 1 year	Variable interest rate	Up to 1 year	Over 1 year and up to 5 years	Over 5 years	Euro or participating currency ⁶⁾	Non-domestic currency	Other currencies
1993	67.3	55.2	5.2	6.3	0.6	11.9	55.4	6.6	18.4	24.4	24.4	65.6	2.9	1.7
1994	70.0	57.9	5.4	6.1	0.5	11.2	58.8	7.4	16.5	26.8	26.7	68.1	3.0	1.9
1995	74.2	61.7	5.7	6.0	0.8	10.6	63.6	6.8	17.6	26.4	30.2	72.5	2.9	1.7
1996	75.4	62.9	6.1	5.9	0.5	10.2	65.2	6.3	19.2	25.4	30.8	73.7	2.7	1.8
1997	74.9	62.3	6.3	5.6	0.6	8.8	66.0	6.0	18.6	25.4	30.8	73.0	2.8	1.9
1998	73.2	61.1	6.3	5.4	0.4	7.7	65.4	5.5	16.4	26.1	30.7	71.6	3.2	1.5
1999	72.1	60.2	6.2	5.3	0.3	6.4	65.6	4.8	14.4	26.9	30.7	70.3	-	1.7
2000	69.6	58.0	6.1	5.1	0.3	5.7	63.8	4.3	14.3	27.6	27.7	67.8	-	1.7
2001	69.2	57.8	6.2	4.9	0.3	6.0	63.2	2.9	14.6	26.3	28.3	67.6	-	1.6
2002	69.0	57.5	6.4	4.9	0.3	6.2	62.8	3.1	15.4	25.1	28.5	67.6	-	1.4

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
1999	114.9	61.2	105.2	63.1	58.5	48.6	114.9	5.9	63.1	67.5	54.3	47.0
2000	109.6	60.2	106.2	60.5	57.2	38.4	110.6	5.5	55.9	66.8	53.3	44.6
2001	108.5	59.5	106.9	56.8	56.8	36.1	109.5	5.5	52.9	67.3	55.5	44.0
2002	105.8	60.8	104.7	53.8	59.0	32.4	106.7	5.7	52.4	67.3	58.1	42.7

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) Data prior to 2001 refer to the Euro 11.
- 3) Holders resident in the country whose government has issued the debt.
- 4) Includes residents of euro area countries other than the country whose government has issued the debt.
- 5) Excludes debt held by general government in the country whose government has issued it.
- 6) Before 1999, this comprises debt in ECU, in domestic currency and in the currencies of other Member States which have adopted the euro.

6.3 Change in debt ¹⁾

(as a percentage of GDP)

1. Euro area ²⁾ – change in government debt by source, financial instrument and sector of the holder

	Total	Source of change				Financial instrument				Holder			Other creditors ⁸⁾
		Borrowing requirement ³⁾	Valuation effects ⁴⁾	Other changes in volume ⁵⁾	Aggregation effect ⁶⁾	Coins and deposits	Loans	Short-term securities	Long-term securities	Domestic creditors ⁷⁾	MFIs	Other financial corporations	
	1	2	3	4	5	6	7	8	9	10	11	12	13
1993	8.0	7.5	0.4	0.1	0.1	0.2	1.2	0.1	6.5	3.6	2.0	1.3	4.4
1994	6.0	5.2	0.2	0.7	0.0	0.4	-0.1	0.9	4.9	5.9	3.6	1.7	0.2
1995	7.8	5.5	0.2	2.3	-0.2	0.2	2.3	0.0	5.2	5.3	2.2	1.5	2.4
1996	3.8	4.2	-0.2	0.1	-0.3	0.1	0.1	0.4	3.2	2.6	0.8	2.6	1.2
1997	2.3	2.4	0.2	-0.2	0.0	0.0	-0.2	-0.6	3.1	0.2	-0.1	1.8	2.0
1998	1.7	1.9	-0.2	0.0	0.0	0.1	-0.4	-0.6	2.6	-1.0	-0.8	2.4	2.6
1999	1.7	1.4	0.3	0.1	0.0	0.2	-0.4	-0.7	2.6	-1.5	-0.7	-0.7	3.2
2000	0.9	0.8	0.1	-0.1	0.0	0.0	-0.5	-0.3	1.7	-1.5	-1.3	-0.9	2.4
2001	1.7	1.7	0.0	0.0	0.0	0.0	-0.2	0.4	1.4	0.3	0.1	0.0	1.4
2002	2.0	2.5	-0.5	0.0	0.0	0.0	-0.3	0.6	1.7	-0.3	-0.5	0.0	2.3

2. Euro area ²⁾ – deficit-debt adjustment

	Change in debt	Deficit (-) / surplus (+) ⁹⁾	Deficit-debt adjustment ¹⁰⁾											Other ¹²⁾
			Total	Transactions in main financial assets held by general government							Valuation effects	Exchange rate effects	Other changes in volume	
				Total	Currency and deposits	Securities ¹¹⁾	Loans	Shares and other equity	Privatisations	Equity injections				
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
1993	8.0	-5.7	2.3	1.5	1.3	0.2	0.3	-0.2	-0.3	0.1	0.4	0.3	0.1	0.3
1994	6.0	-5.1	0.9	0.0	-0.2	0.1	0.3	-0.1	-0.4	0.2	0.2	0.0	0.7	0.1
1995	7.8	-5.1	2.7	0.6	0.1	-0.1	0.5	0.1	-0.4	0.2	0.2	-0.1	2.3	-0.3
1996	3.8	-4.3	-0.5	-0.2	-0.1	0.0	-0.1	-0.1	-0.3	0.2	-0.2	-0.1	0.1	-0.2
1997	2.3	-2.6	-0.3	-0.5	0.2	-0.1	0.0	-0.5	-0.8	0.3	0.2	0.2	-0.2	0.2
1998	1.7	-2.3	-0.6	-0.5	0.1	0.0	-0.1	-0.6	-0.8	0.3	-0.2	0.0	0.0	0.1
1999	1.7	-1.3	0.4	-0.1	0.5	0.1	0.0	-0.7	-0.9	0.1	0.3	0.2	0.1	0.1
2000	0.9	0.2	1.1	0.9	0.7	0.1	0.2	-0.2	-0.4	0.1	0.1	0.0	-0.1	0.2
2001	1.7	-1.6	0.1	-0.5	-0.6	0.1	0.2	-0.1	-0.4	0.2	0.0	0.0	0.0	0.5
2002	2.0	-2.3	-0.2	0.2	0.1	0.1	0.1	-0.1	-0.3	0.1	-0.5	-0.1	0.0	0.0

Source: ECB.

- 1) Data are partially estimated. Annual change in gross nominal consolidated debt expressed as a percentage of GDP, i.e. $[\text{debt}(t) - \text{debt}(t-1)] \div \text{GDP}(t)$.
- 2) Data prior to 2001 refer to the Euro 11.
- 3) The borrowing requirement is by definition equal to transactions in government debt.
- 4) 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).
- 5) Includes, in particular, the impact of the reclassification of units and certain types of debt assumption.
- 6) 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.
- 7) Holders resident in the country whose government has issued the debt.
- 8) Includes residents of euro area countries other than the country whose government has issued the debt.
- 9) Including proceeds from sales of UMTS licences.
- 10) The difference between the annual change in gross nominal consolidated debt and the deficit as a percentage of GDP.
- 11) Excluding financial derivatives.
- 12) Mainly composed of transactions in other assets and liabilities (trade credit, other receivables/payables and financial derivatives).



EXTERNAL TRANSACTIONS AND POSITIONS

7.1 Balance of payments

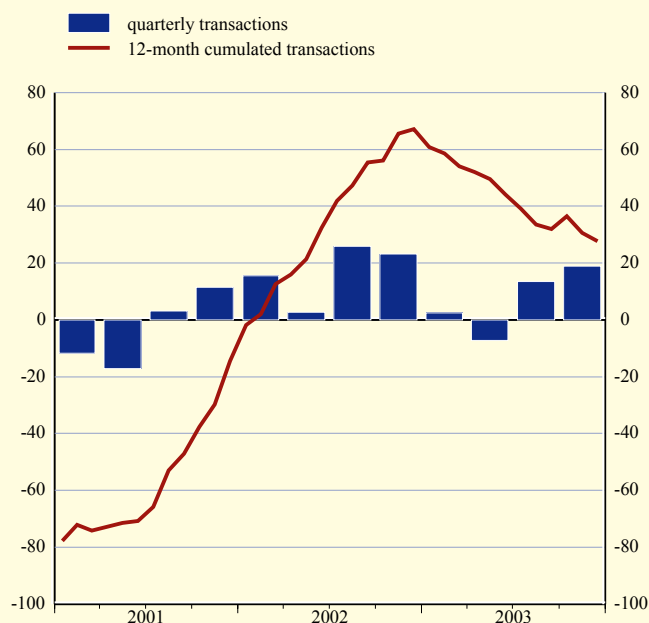
(EUR billions; net transactions)

1. Summary balance of payments

	Current account					Capital account	Net lending/borrowing to/from the world (columns 1+6)	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	14
2001	-14.5	73.6	-1.1	-35.7	-51.3	6.7	-7.8	-24.4	-102.4	68.1	-1.5	-6.4	17.8	32.2
2002	67.0	130.6	11.3	-28.2	-46.7	10.9	77.9	-97.2	-41.5	103.4	-10.2	-146.6	-2.3	19.3
2003	27.7	109.8	17.4	-44.8	-54.7	11.3	39.0	-72.2	-21.2	11.9	-13.1	-78.5	28.7	33.2
2002 Q4	23.1	34.5	3.4	-0.7	-14.0	2.4	25.6	-48.5	-6.0	42.0	-2.9	-80.3	-1.3	22.9
2003 Q1	2.4	16.6	1.6	-12.7	-3.1	2.0	4.4	-25.1	-0.9	7.0	-2.5	-40.7	11.9	20.7
Q2	-7.3	23.4	4.9	-15.9	-19.7	1.9	-5.4	-33.0	3.5	57.4	-1.5	-94.3	1.9	38.4
Q3	13.6	37.3	4.7	-9.8	-18.6	2.6	16.2	-8.8	-12.4	-68.4	-4.5	74.5	1.9	-7.3
Q4	19.0	32.4	6.1	-6.3	-13.3	4.8	23.8	-5.3	-11.5	15.8	-4.6	-18.1	13.1	-18.5
2002 Dec.	7.9	9.6	1.2	1.0	-3.8	0.8	8.7	-15.7	-6.4	-0.7	-2.5	-5.0	-1.1	7.0
2003 Jan.	-5.2	1.5	-0.5	-9.4	3.2	2.1	-3.1	-12.2	-2.2	-0.6	-1.5	-9.4	1.5	15.3
Feb.	3.4	8.7	0.4	-2.6	-3.2	-0.9	2.4	-19.6	2.9	-6.6	-0.1	-21.2	5.3	17.2
Mar.	4.3	6.5	1.7	-0.8	-3.1	0.8	5.1	6.7	-1.5	14.2	-0.9	-10.1	5.0	-11.8
Apr.	-7.6	6.3	0.7	-8.1	-6.6	0.1	-7.6	16.0	-16.1	26.8	-3.5	8.2	0.7	-8.5
May	-1.7	7.2	1.5	-4.8	-5.7	0.2	-1.4	-27.0	0.0	9.5	1.4	-38.2	0.4	28.5
June	2.0	9.9	2.7	-3.1	-7.4	1.6	3.6	-21.9	19.7	21.1	0.6	-64.2	0.8	18.3
July	3.1	15.5	2.6	-8.7	-6.2	0.8	3.9	-11.0	-4.2	-47.3	-2.4	41.0	1.8	7.1
Aug.	3.7	10.4	0.3	-1.3	-5.7	1.7	5.4	7.5	-3.4	-35.3	-2.3	48.3	0.3	-12.9
Sep.	6.8	11.5	1.9	0.1	-6.7	0.1	6.9	-5.4	-4.8	14.2	0.2	-14.7	-0.2	-1.5
Oct.	9.3	14.5	2.6	-4.7	-3.2	1.1	10.4	-4.4	-10.6	26.7	1.9	-22.7	0.2	-6.0
Nov.	4.7	8.9	1.5	0.6	-6.3	1.3	6.0	-3.5	0.9	-2.3	0.5	-8.0	5.5	-2.5
Dec.	5.0	9.0	2.0	-2.2	-3.8	2.5	7.5	2.6	-1.8	-8.6	-7.0	12.6	7.3	-10.1
	<i>12-month cumulated transactions</i>													
2003 Dec.	27.7	109.8	17.4	-44.8	-54.7	11.3	39.0	-72.2	-21.2	11.9	-13.1	-78.5	28.7	33.2

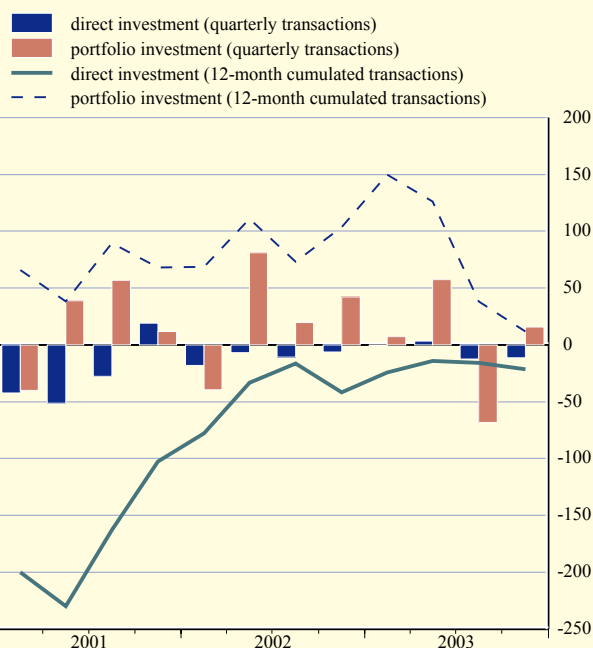
C27 B.o.p. current account balance

(EUR billions)



C28 B.o.p. net direct and portfolio investment

(EUR billions)



Source: ECB.

7.1 Balance of payments

(EUR billions; transactions)

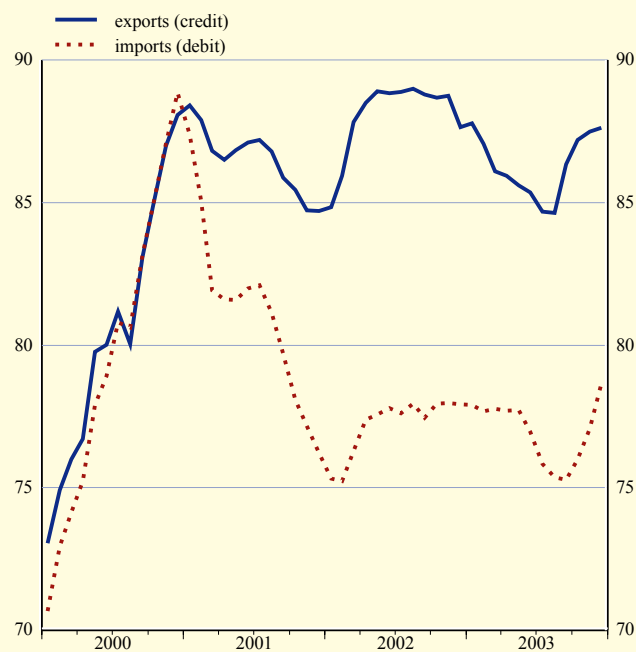
2. Current account

(seasonally adjusted)

	Total			Goods		Services		Income		Current transfers	
	Credit 1	Debit 2	Net 3	Credit 4	Debit 5	Credit 6	Debit 7	Credit 8	Debit 9	Credit 10	Debit 11
2002 Q4	431.4	414.5	16.9	262.9	233.8	82.9	79.3	62.5	67.4	23.1	34.1
2003 Q1	419.0	414.8	4.2	258.2	233.3	83.6	77.9	55.9	69.9	21.1	33.7
Q2	413.1	411.0	2.1	256.1	230.9	79.2	76.6	58.7	69.2	19.1	34.4
Q3	415.1	405.8	9.3	259.0	225.8	79.6	76.5	57.5	67.0	18.9	36.5
Q4	419.6	407.1	12.5	262.9	236.0	81.0	74.7	55.2	65.1	20.6	31.3
2002 Dec.	140.2	134.9	5.3	86.1	77.4	27.2	26.4	19.3	20.1	7.6	11.0
2003 Jan.	143.3	140.9	2.4	88.1	78.4	28.7	26.4	19.4	24.7	7.2	11.4
Feb.	139.6	137.9	1.8	87.0	77.3	27.5	25.9	18.5	23.4	6.7	11.3
Mar.	136.0	136.0	0.0	83.2	77.7	27.5	25.6	18.1	21.8	7.2	10.9
Apr.	141.6	140.3	1.3	87.7	78.2	26.8	25.7	21.1	25.1	6.0	11.3
May	137.3	136.0	1.4	85.9	77.3	26.1	25.6	19.0	21.8	6.3	11.3
June	134.2	134.8	-0.6	82.5	75.4	26.3	25.3	18.6	22.3	6.8	11.8
July	137.5	135.4	2.1	85.6	74.9	26.2	25.4	19.4	23.1	6.3	12.1
Aug.	138.4	136.5	1.8	85.8	75.9	26.2	25.7	19.9	22.8	6.5	12.2
Sep.	139.2	133.8	5.4	87.6	75.1	27.2	25.4	18.2	21.1	6.1	12.2
Oct.	139.8	131.9	8.0	88.1	77.0	27.5	24.6	17.8	22.2	6.4	8.1
Nov.	139.1	137.0	2.1	86.7	79.1	27.0	25.3	18.8	20.2	6.6	12.3
Dec.	140.7	138.2	2.5	88.1	79.8	26.5	24.8	18.5	22.6	7.6	10.9

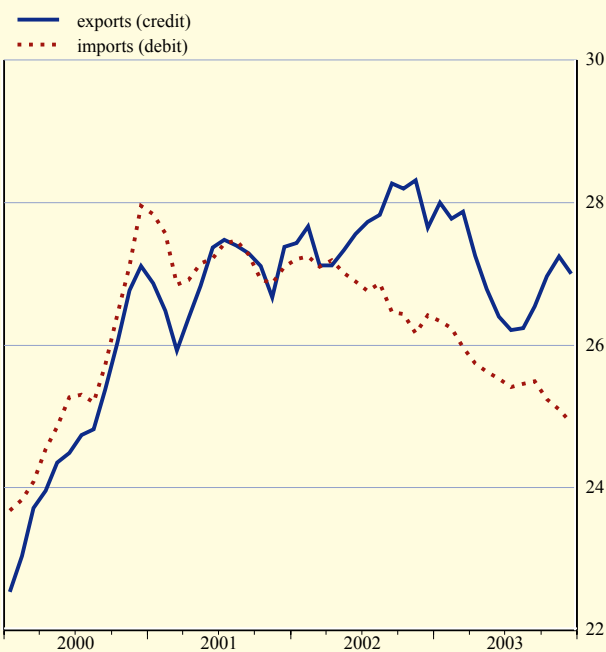
C29 B.o.p. goods

(EUR billions, seasonally adjusted; three-month moving average)



C30 B.o.p. services

(EUR billions, seasonally adjusted; three-month moving average)



Source: ECB.

7.1 Balance of payments

(EUR billions; transactions)

3. Current and capital accounts

	Current account										Capital account		
	Total			Goods		Services		Income		Current transfers		Credit	Debit
	Credit	Debit	Net	Credit	Debit	Credit	Debit	Credit	Debit	Credit	Debit		
1	2	3	4	5	6	7	8	9	10	11	12	13	
2001	1,714.4	1,728.9	-14.5	1,033.8	960.3	324.5	325.6	277.3	313.0	78.8	130.0	17.4	10.7
2002	1,728.8	1,661.8	67.0	1,059.6	929.0	332.2	320.8	251.3	279.6	85.7	132.4	18.9	8.0
2003	1,668.3	1,640.5	27.7	1,036.7	926.9	323.3	305.9	227.2	272.0	81.1	135.8	20.4	9.2
2002 Q4	443.3	420.1	23.1	273.6	239.2	84.4	81.0	64.9	65.6	20.4	34.4	5.2	2.7
2003 Q1	414.3	411.8	2.4	252.6	236.0	75.7	74.1	53.4	66.1	32.6	35.7	5.3	3.4
Q2	410.0	417.2	-7.3	254.4	231.0	79.2	74.3	61.6	77.6	14.7	34.4	4.5	2.6
Q3	412.1	398.5	13.6	256.3	219.0	85.8	81.1	54.5	64.4	15.4	34.0	3.9	1.4
Q4	432.0	413.0	19.0	273.3	240.9	82.5	76.4	57.7	64.0	18.4	31.7	6.7	1.9
2002 Dec.	145.1	137.2	7.9	83.9	74.3	29.0	27.8	24.1	23.2	8.1	11.9	2.1	1.3
2003 Jan.	144.0	149.2	-5.2	82.2	80.7	25.6	26.1	18.4	27.7	17.8	14.6	2.6	0.5
Feb.	131.4	128.0	3.4	83.1	74.4	23.6	23.2	16.9	19.5	7.8	10.9	1.5	2.5
Mar.	138.9	134.6	4.3	87.3	80.9	26.4	24.7	18.1	18.9	7.0	10.1	1.2	0.4
Apr.	137.3	144.9	-7.6	85.6	79.3	25.8	25.1	21.3	29.3	4.7	11.3	0.5	0.4
May	134.8	136.5	-1.7	84.2	76.9	25.9	24.4	19.7	24.5	5.0	10.6	1.4	1.2
June	137.9	135.8	2.0	84.7	74.8	27.5	24.8	20.7	23.8	5.0	12.4	2.6	1.0
July	146.9	143.8	3.1	91.3	75.8	30.7	28.1	19.6	28.2	5.3	11.6	1.3	0.5
Aug.	125.5	121.8	3.7	76.4	66.0	26.9	26.6	17.2	18.5	5.0	10.7	2.1	0.4
Sep.	139.7	132.9	6.8	88.7	77.2	28.2	26.3	17.8	17.7	5.0	11.8	0.6	0.5
Oct.	148.6	139.3	9.3	98.1	83.6	28.7	26.0	17.1	21.8	4.7	7.9	1.6	0.5
Nov.	135.0	130.3	4.7	87.3	78.4	25.0	23.5	17.1	16.4	5.7	12.0	1.8	0.5
Dec.	148.3	143.3	5.0	88.0	78.9	28.8	26.8	23.5	25.7	8.0	11.8	3.4	0.9

4. Income account

	Total		Compensation of employees		Investment income							
	Credit	Debit	Credit	Debit	Total		Direct investment					
					Credit	Debit	Total		Equity		Debt	
							Credit	Debit	Credit	Debit	Credit	Debit
1	2	3	4	5	6	7	8	9	10	11	12	
2001	277.3	313.0	14.7	5.9	262.6	307.1	60.6	59.0	50.4	49.8	10.2	9.2
2002	251.3	279.6	14.7	6.0	236.7	273.6	67.0	57.1	59.1	51.2	7.9	5.9
2002 Q3	58.5	66.7	3.7	1.6	54.9	65.1	13.4	12.5	12.0	11.1	1.4	1.4
Q4	64.9	65.6	3.9	1.6	61.0	64.0	19.5	15.2	17.1	13.3	2.4	1.9
2003 Q1	53.4	66.1	3.6	1.2	49.8	64.9	10.1	13.0	8.4	11.1	1.7	1.9
Q2	61.6	77.6	3.6	1.4	58.0	76.1	16.0	17.5	13.1	15.2	3.0	2.3
Q3	54.5	64.4	3.6	1.5	50.9	62.9	12.9	13.8	10.7	12.4	2.1	1.4

	Investment income									
	Portfolio investment						Other investment			
	Total		Equity		Debt		Credit	Debit	Credit	Debit
	Credit	Debit	Credit	Debit	Credit	Debit				
13	14	15	16	17	18	19	20			
2001	85.0	116.8	17.9	44.7	67.0	72.1	117.0	131.2		
2002	86.4	123.9	20.4	52.7	65.9	71.2	83.3	92.6		
2002 Q3	21.0	30.6	4.5	10.6	16.5	20.0	20.4	22.0		
Q4	21.1	26.2	4.5	9.1	16.6	17.1	20.4	22.6		
2003 Q1	19.0	31.8	3.7	8.4	15.4	23.4	20.7	20.1		
Q2	23.5	37.6	7.9	21.1	15.6	16.6	18.5	21.0		
Q3	21.5	31.0	4.8	10.3	16.7	20.7	16.6	18.1		

Source: ECB.

7.1 Balance of payments

(EUR billions; transactions)

5. Direct investment

	By resident units abroad							By non-resident units in the euro area						
	Total	Equity capital and reinvested earnings			Other capital (mostly inter-company loans)			Total	Equity capital and reinvested earnings			Other capital (mostly inter-company loans)		
		Total	MFIs excluding Eurosystem	Non-MFIs	Total	MFIs excluding Eurosystem	Non-MFIs		Total	MFIs excluding Eurosystem	Non-MFIs	Total	MFIs excluding Eurosystem	Non-MFIs
1	2	3	4	5	6	7	8	9	10	11	12	13	14	
2001	-305.0	-234.7	-19.9	-214.8	-70.3	-0.1	-70.2	202.6	148.8	4.4	144.4	53.8	0.9	52.9
2002	-183.5	-156.7	-17.3	-139.3	-26.8	0.0	-26.8	142.0	95.7	3.1	92.6	46.3	0.5	45.8
2003	-129.5	-96.4	2.1	-98.5	-33.2	-0.3	-32.9	108.3	99.6	2.8	96.8	8.8	-0.6	9.4
2002 Q4	-41.2	-34.2	-5.7	-28.6	-6.9	0.0	-6.9	35.1	34.2	0.7	33.5	0.9	0.0	1.0
2003 Q1	-36.5	-19.3	-1.9	-17.4	-17.2	-0.1	-17.1	35.6	25.6	0.8	24.8	10.0	-0.1	10.1
Q2	-36.9	-23.8	5.3	-29.1	-13.1	0.0	-13.1	40.4	30.1	1.9	28.2	10.3	0.0	10.3
Q3	-29.5	-32.7	-1.1	-31.6	3.2	-0.2	3.4	17.1	18.7	0.5	18.2	-1.6	-0.4	-1.2
Q4	-26.7	-20.6	-0.2	-20.4	-6.1	0.0	-6.1	15.2	25.2	-0.5	25.7	-10.0	-0.1	-9.9
2002 Dec.	-11.3	-18.4	-3.6	-14.7	7.1	0.0	7.1	4.8	11.6	0.4	11.1	-6.7	0.0	-6.7
2003 Jan.	-14.7	-8.5	-0.7	-7.8	-6.2	0.0	-6.2	12.5	10.9	0.2	10.6	1.7	0.0	1.7
Feb.	-7.1	-5.3	-0.4	-4.9	-1.8	0.0	-1.8	10.0	6.2	0.8	5.4	3.7	-0.1	3.8
Mar.	-14.7	-5.4	-0.7	-4.7	-9.3	-0.1	-9.2	13.1	8.5	-0.2	8.7	4.6	0.0	4.7
Apr.	-26.6	-8.3	-1.3	-7.0	-18.3	0.0	-18.4	10.5	7.7	0.2	7.5	2.8	0.0	2.8
May	-16.5	-16.4	-0.7	-15.7	-0.2	0.0	-0.1	16.5	15.5	0.2	15.3	1.0	-0.1	1.0
June	6.3	0.9	7.3	-6.4	5.4	0.0	5.4	13.5	6.9	1.5	5.5	6.5	0.1	6.4
July	-9.0	-7.8	-1.0	-6.8	-1.2	-0.1	-1.1	4.8	4.3	0.1	4.2	0.5	-0.6	1.1
Aug.	-2.5	-10.6	-0.4	-10.1	8.0	-0.1	8.1	-0.9	1.2	0.2	0.9	-2.0	0.1	-2.1
Sep.	-17.9	-14.3	0.3	-14.7	-3.6	0.0	-3.6	13.1	13.2	0.2	13.0	-0.1	0.1	-0.1
Oct.	-11.8	-6.7	2.0	-8.8	-5.1	0.0	-5.1	1.3	5.3	0.0	5.3	-4.0	0.1	-4.1
Nov.	-3.7	1.3	-4.0	5.3	-5.0	0.0	-4.9	4.6	5.2	0.0	5.2	-0.6	-0.1	-0.5
Dec.	-11.2	-15.2	1.7	-16.9	4.0	0.0	4.0	9.4	14.7	-0.4	15.1	-5.3	-0.1	-5.3

6. Portfolio investment by instrument

	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	
2001	-288.2	356.3	-104.8	233.2	-183.5	-155.8	-27.6	123.1	114.0	9.1
2002	-173.9	277.3	-40.2	90.8	-133.7	-88.9	-44.8	186.6	127.7	58.9
2003	-295.7	307.6	-75.6	114.9	-220.1	-171.9	-48.2	192.7	195.3	-2.6
2002 Q4	-32.8	74.8	-8.4	13.5	-24.4	-20.0	-4.4	61.3	46.7	14.7
2003 Q1	-47.3	54.3	10.8	3.7	-58.0	-49.9	-8.1	50.6	47.9	2.7
Q2	-102.9	160.3	-32.9	29.3	-70.0	-59.7	-10.3	130.9	117.2	13.7
Q3	-67.5	-0.9	-23.6	21.4	-43.9	-39.1	-4.9	-22.2	-10.5	-11.8
Q4	-78.0	93.9	-29.8	60.4	-48.2	-23.2	-25.0	33.4	40.7	-7.3
2002 Dec.	-22.3	21.5	-8.0	-1.2	-14.3	-9.9	-4.4	22.7	21.6	1.2
2003 Jan.	-18.7	18.1	2.3	13.5	-21.0	-15.1	-6.0	4.6	5.5	-0.9
Feb.	-21.5	14.9	0.8	2.1	-22.2	-20.3	-2.0	12.8	4.3	8.5
Mar.	-7.1	21.3	7.7	-11.8	-14.8	-14.6	-0.2	33.1	38.1	-4.9
Apr.	-21.1	47.9	-10.4	14.1	-10.8	-15.5	4.7	33.8	17.1	16.7
May	-35.0	44.5	-7.8	-5.9	-27.2	-19.6	-7.6	50.4	48.3	2.1
June	-46.7	67.9	-14.7	21.2	-32.0	-24.6	-7.4	46.7	51.8	-5.1
July	-31.0	-16.3	-12.0	9.7	-19.0	-22.8	3.8	-26.0	-22.6	-3.4
Aug.	-14.4	-20.9	-6.0	0.8	-8.4	-7.0	-1.4	-21.7	-7.9	-13.9
Sep.	-22.2	36.3	-5.6	10.9	-16.5	-9.3	-7.2	25.5	20.0	5.5
Oct.	-34.2	60.9	-14.4	27.6	-19.8	-10.4	-9.4	33.3	17.8	15.5
Nov.	-26.5	24.2	-5.5	14.4	-21.0	-15.0	-6.0	9.7	9.6	0.1
Dec.	-17.3	8.8	-10.0	18.4	-7.3	2.2	-9.5	-9.6	13.3	-22.9

Source: ECB.

7.1 Balance of payments

(EUR billions; transactions)

7. Portfolio investment assets by instrument and sector of holder

	Equity					Debt instruments									
						Bonds and notes					Money market instruments				
	Eurosysteem	MFIs excluding Eurosysteem	Non-MFIs			Eurosysteem	MFIs excluding Eurosysteem	Non-MFIs			Eurosysteem	MFIs excluding Eurosysteem	Non-MFIs		
			Total	General gov.	Other sectors			Total	General gov.	Other sectors			Total	General gov.	Other sectors
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	
2001	-0.4	4.0	-108.4	-2.1	-106.4	0.2	-67.1	-89.0	-1.2	-87.8	-2.4	-40.7	15.4	-0.1	15.5
2002	-0.4	-7.8	-32.0	-4.4	-27.6	-0.6	-14.6	-73.8	-1.0	-72.7	2.1	-33.0	-13.9	-1.0	-12.9
2003	-0.3	-14.0	-61.2	.	.	-1.9	-65.0	-105.0	.	.	-0.2	-25.3	-22.7	.	.
2002 Q4	-0.2	-2.7	-5.6	-1.2	-4.4	0.0	-1.9	-18.1	-0.4	-17.7	0.4	-4.8	0.0	0.1	-0.2
2003 Q1	-0.1	-3.7	14.6	-0.6	15.2	-0.4	-22.9	-26.6	0.2	-26.9	-1.4	-7.3	0.6	-1.6	2.2
Q2	-0.2	0.7	-33.5	-0.8	-32.7	-0.2	-25.6	-33.8	0.0	-33.8	1.1	-1.4	-10.0	1.0	-11.0
Q3	-0.1	-6.2	-17.3	-0.8	-16.5	-1.4	-8.8	-28.9	-0.3	-28.6	0.1	-1.0	-4.0	-0.1	-3.9
Q4	0.0	-4.8	-25.0	.	.	0.1	-7.8	-15.6	.	.	-0.1	-15.6	-9.3	.	.
2002 Dec.	0.0	-0.2	-7.8	-	-	-0.3	5.2	-14.7	-	-	0.1	0.2	-4.8	-	-
2003 Jan.	0.1	1.5	0.7	-	-	-0.4	-11.9	-2.8	-	-	-0.3	-12.8	7.2	-	-
Feb.	-0.1	-1.5	2.4	-	-	0.4	-9.7	-10.9	-	-	-0.8	-0.8	-0.3	-	-
Mar.	0.0	-3.8	11.6	-	-	-0.4	-1.3	-12.9	-	-	-0.2	6.2	-6.2	-	-
Apr.	-0.1	0.6	-10.9	-	-	-0.1	-8.0	-7.4	-	-	0.5	3.2	1.0	-	-
May	0.0	0.3	-8.0	-	-	-0.2	-2.7	-16.6	-	-	0.9	-6.2	-2.3	-	-
June	0.0	-0.2	-14.5	-	-	0.1	-14.8	-9.8	-	-	-0.4	1.6	-8.6	-	-
July	0.0	-2.0	-9.9	-	-	-0.1	-1.8	-20.9	-	-	0.2	-3.3	6.9	-	-
Aug.	0.0	-1.0	-5.0	-	-	-0.6	-2.3	-4.1	-	-	0.1	4.0	-5.4	-	-
Sep.	0.0	-3.2	-2.4	-	-	-0.7	-4.7	-3.9	-	-	-0.1	-1.7	-5.4	-	-
Oct.	0.0	-4.9	-9.5	-	-	0.1	-2.4	-8.1	-	-	0.0	-5.3	-4.1	-	-
Nov.	0.0	1.4	-6.9	-	-	0.0	-8.9	-6.1	-	-	-0.1	-2.7	-3.2	-	-
Dec.	0.0	-1.3	-8.7	-	-	0.0	3.5	-1.4	-	-	0.0	-7.6	-1.9	-	-

8. Other investment by sector

	Total		Eurosysteem		General government		MFIs (excluding Eurosysteem)						Other sectors	
							Total		Long-term		Short-term			
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
2001	-267.6	261.2	0.6	4.4	3.0	-0.4	-229.1	232.4	-46.1	21.8	-183.0	210.5	-42.1	24.8
2002	-205.4	58.8	-1.2	19.3	0.0	-8.2	-164.8	28.4	-31.4	52.5	-133.4	-24.1	-39.5	19.3
2003	-228.2	149.7	-0.7	-3.1	-1.2	-4.0	-151.8	134.7	-62.7	69.3	-89.1	65.4	-74.5	22.1
2002 Q4	-99.2	18.9	-0.4	6.2	0.3	-1.0	-88.1	0.8	-19.2	16.3	-68.8	-15.6	-11.0	12.9
2003 Q1	-114.7	74.0	-0.6	-4.4	-1.8	-8.4	-65.4	60.2	-15.1	10.1	-50.4	50.0	-46.9	26.6
Q2	-123.5	29.2	0.2	2.3	-2.0	3.9	-103.1	27.0	-11.5	12.1	-91.7	14.9	-18.5	-3.9
Q3	84.7	-10.2	0.4	3.0	-0.3	4.8	87.6	-7.4	-13.2	16.6	100.8	-24.0	-3.0	-10.6
Q4	-74.9	56.8	-0.8	-4.0	2.9	-4.3	-70.9	55.0	-23.0	30.5	-47.8	24.5	-6.1	10.0
2002 Dec.	47.6	-52.6	-1.3	3.3	2.3	-2.0	33.2	-57.0	-5.4	14.2	38.6	-71.2	13.3	3.1
2003 Jan.	-9.8	0.4	0.5	-2.4	-2.4	-6.2	3.1	1.6	-3.7	1.3	6.8	0.3	-11.0	7.4
Feb.	-83.3	62.1	-0.5	-2.0	-3.8	-2.2	-54.9	54.1	-6.3	4.5	-48.6	49.6	-24.1	12.2
Mar.	-21.6	11.5	-0.5	0.0	4.4	0.1	-13.7	4.4	-5.1	4.2	-8.6	0.2	-11.8	7.0
Apr.	-46.0	54.2	0.0	-0.3	0.7	2.8	-32.7	52.1	-3.6	2.0	-29.1	50.1	-14.1	-0.4
May	-46.5	8.2	0.7	0.9	-3.7	1.3	-35.1	3.8	-1.7	2.7	-33.5	1.0	-8.3	2.3
June	-31.0	-33.2	-0.5	1.6	0.9	-0.2	-35.3	-28.9	-6.2	7.3	-29.1	-36.2	3.9	-5.8
July	38.5	2.5	0.1	1.7	-2.5	1.9	42.3	2.6	-4.6	8.6	47.0	-6.0	-1.4	-3.6
Aug.	77.9	-29.7	0.3	0.5	0.5	0.4	73.3	-30.3	-2.6	2.7	75.9	-33.0	3.8	-0.3
Sep.	-31.7	17.0	0.0	0.8	1.7	2.5	-28.0	20.3	-5.9	5.3	-22.1	15.0	-5.3	-6.6
Oct.	-47.9	25.3	-0.3	-0.3	1.7	-1.8	-39.8	24.6	-8.4	7.0	-31.4	17.6	-9.5	2.8
Nov.	-36.5	28.5	0.4	-3.9	0.9	1.6	-36.2	29.9	-7.1	8.2	-29.1	21.7	-1.6	0.9
Dec.	9.6	3.1	-0.9	0.2	0.3	-4.0	5.1	0.5	-7.5	15.3	12.7	-14.9	4.9	6.3

Source: ECB.

7.1 Balance of payments

(EUR billions; transactions)

9. Other investment by instrument

	Eurosystem						General government								
	Loans/currency and deposits			Other assets/liabilities			Trade credits			Loans/currency and deposits			Other assets/liabilities		
	Assets	Liabilities	Balance	Assets	Liabilities	Balance	Assets	Liabilities	Balance	Assets	Liabilities	Balance	Assets	Liabilities	Balance
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
2001	0.6	4.5	5.0	0.0	0.0	0.0	-0.1	0.0	-0.1	4.4	-0.5	3.9	-1.3	0.1	-1.3
2002	-1.2	19.3	18.2	0.0	0.0	0.0	1.5	0.0	1.4	-0.6	-8.0	-8.6	-0.9	-0.2	-1.1
2002 Q3	0.3	3.6	3.9	0.0	0.0	0.0	0.0	0.0	0.0	-0.3	-2.7	-3.0	-0.2	0.0	-0.3
Q4	-0.4	6.3	5.8	0.0	0.0	0.0	0.0	0.0	0.0	0.2	-0.9	-0.6	0.1	-0.1	-0.1
2003 Q1	-0.6	-4.4	-4.9	0.0	0.0	0.0	0.0	0.0	0.0	-1.2	-8.3	-9.6	-0.5	-0.1	-0.6
Q2	0.2	2.3	2.4	0.0	0.0	0.0	0.0	0.0	0.0	-1.7	3.6	1.9	-0.3	0.3	0.0
Q3	0.4	3.0	3.4	0.0	0.0	0.0	0.0	0.0	0.0	-0.1	4.7	4.6	-0.2	0.1	-0.1

	MFIs (excluding Eurosystem)						Other sectors								
	Loans/currency and deposits			Other assets/liabilities			Trade credits			Loans/currency and deposits			Other assets/liabilities		
	Assets	Liabilities	Balance	Assets	Liabilities	Balance	Assets	Liabilities	Balance	Assets	Liabilities	Balance	Assets	Liabilities	Balance
	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30
2001	-215.1	222.2	7.1	-14.0	10.2	-3.9	-3.5	1.3	-2.2	-29.6	18.3	-11.3	-8.9	5.2	-3.8
2002	-161.0	31.2	-129.8	-3.8	-2.8	-6.6	-3.5	-3.0	-6.4	-34.1	16.0	-18.1	-1.9	6.3	4.3
2002 Q3	-31.0	11.8	-19.2	-2.3	2.1	-0.3	-1.8	1.9	0.1	-24.6	-8.0	-32.6	0.1	2.2	2.3
Q4	-93.1	10.4	-82.7	5.1	-9.6	-4.6	0.2	-3.0	-2.8	-10.6	14.2	3.6	-0.5	1.7	1.2
2003 Q1	-63.5	59.7	-3.8	-1.9	0.5	-1.5	-1.3	5.1	3.8	-39.8	18.2	-21.6	-5.8	3.2	-2.6
Q2	-103.8	28.6	-75.2	0.7	-1.6	-1.0	-1.1	-0.4	-1.5	-9.9	-9.8	-19.6	-7.5	6.2	-1.2
Q3	87.9	-6.1	81.8	-0.3	-1.3	-1.6	-1.4	0.5	-0.9	-2.7	-8.4	-11.1	1.1	-2.7	-1.5

10. Reserve assets

	Total	Monetary gold	Special drawing rights	Reserve position in the IMF	Foreign exchange							Financial derivatives	Other claims
					Total	Currency and deposits		Securities			Equity		
						With monetary authorities and the BIS	With banks	Bonds and notes	Money market instruments				
										6				7	8	9	10
1	2	3	4	5	6	7	8	9	10	11	12		
2001	17.8	0.6	-1.0	-4.2	22.5	10.0	-5.3	-1.1	20.4	-1.6	0.0	0.0	
2002	-2.3	0.7	0.2	-2.0	-1.2	-2.3	-15.3	0.0	8.1	8.5	-0.2	0.0	
2002 Q3	-4.6	-0.1	-0.2	0.2	-4.6	-2.4	-3.0	0.0	1.9	-1.2	0.0	0.0	
Q4	-1.3	0.4	-0.1	0.3	-1.9	2.3	-1.2	0.0	-2.3	-0.9	0.0	0.0	
2003 Q1	11.9	0.5	0.0	-0.2	11.5	0.8	-0.6	0.0	9.6	1.7	0.0	0.0	
Q2	1.9	0.0	0.0	-2.6	4.4	-0.5	0.0	-0.1	4.8	0.2	0.0	0.0	
Q3	1.9	0.1	0.0	-0.7	2.5	-1.1	4.1	0.0	-4.7	4.1	0.0	0.0	

Source: ECB.

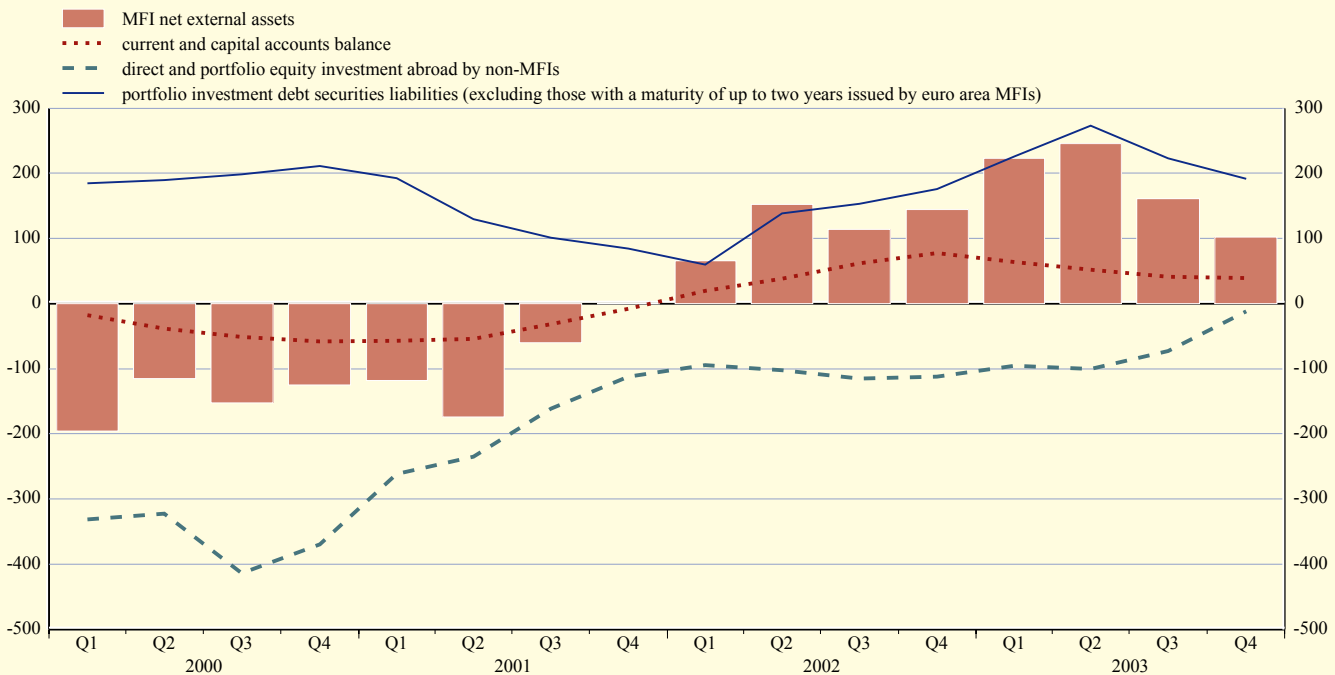
7.2 Monetary presentation of the balance of payments

(EUR billions; transactions)

	B.o.p. items balancing transactions in the external counterpart of M3											Memo: Transactions in the external counterpart of M3
	Current and capital accounts balance	Direct investment		Portfolio investment			Other investment		Financial derivatives	Errors and omissions	Total of columns 1 to 10	
		By resident units abroad (non-MFIs)	By non- resident units in the euro area	Assets	Liabilities		Assets	Liabilities				
					Non-MFIs	Equity ¹⁾						
1	2	3		5	6	7	8	9	10	11	12	
2001	-7.8	-285.0	201.7	-182.0	172.9	84.3	-39.1	24.4	-1.5	32.2	0.1	-7.3
2002	77.9	-166.2	141.6	-119.7	53.9	176.1	-39.5	11.0	-10.2	19.3	144.3	166.0
2003	39.0	-131.3	109.0	-188.9	119.7	191.7	-75.7	18.1	-13.1	33.2	101.7	88.5
2002 Q4	25.6	-35.5	35.2	-23.8	4.0	51.5	-10.7	11.9	-2.9	22.9	78.4	86.0
2003 Q1	4.4	-34.5	35.7	-11.4	6.7	45.7	-48.7	18.2	-2.5	20.7	34.4	32.7
Q2	-5.4	-42.1	40.4	-77.3	32.9	133.2	-20.5	0.0	-1.5	38.4	98.1	96.3
Q3	16.2	-28.2	17.5	-50.3	23.5	-7.3	-3.3	-5.8	-4.5	-7.3	-49.4	-50.7
Q4	23.8	-26.5	15.3	-49.9	56.5	20.1	-3.3	5.8	-4.6	-18.5	18.7	10.2

C31 Main b.o.p. transactions underlying the developments in MFI net external assets

(EUR billions; 12-month cumulated transactions)



Source: ECB.

1) Excluding money market fund shares/units.

2) Excluding debt securities with a maturity of up to two years issued by euro area MFIs.

7.3 Trade in goods

(seasonally adjusted, unless otherwise indicated)

1. Values, volumes and unit values by product group

	Total (n.s.a.)		Exports (f.o.b.)					Imports (c.i.f.)					
	Exports	Imports	Total			Memo: Manufactures	Total			Memo:			
			Intermediate	Capital	Consumption		Intermediate	Capital	Consumption	Manufactures	Oil		
	1	2	3	4	5	6	7	8	9	10	11	12	13
Values (EUR billions; annual percentage changes for columns 1 and 2)													
2000	21.7	29.4	1,001.0	480.2	217.5	261.4	874.8	1,023.9	589.5	183.0	220.8	744.8	122.6
2001	6.1	-0.9	1,063.6	492.7	236.5	287.8	932.0	1,012.5	576.0	178.4	226.5	738.5	107.8
2002	2.1	-2.7	1,085.7	512.2	228.1	309.9	948.9	985.3	559.7	163.6	234.6	717.4	105.2
2003	-2.9	-0.5	1,054.5	494.9	218.2	296.4	914.6	981.8	546.4	159.7	236.8	706.9	107.8
2002 Q3	3.8	-1.4	271.9	127.4	57.3	78.4	237.8	245.7	139.4	41.8	58.2	180.4	26.5
2002 Q4	2.3	2.4	269.7	127.7	56.7	76.9	235.2	247.4	140.0	40.8	59.5	178.2	27.8
2003 Q1	-1.1	3.3	266.3	125.4	55.0	75.2	230.4	250.0	142.6	40.9	58.5	177.5	29.7
2003 Q2	-5.9	-3.1	259.6	122.5	53.1	72.7	225.4	243.9	134.3	39.3	59.5	176.7	25.4
2003 Q3	-2.6	-2.0	264.5	124.0	55.7	74.4	229.8	241.2	134.3	38.7	58.9	174.6	26.4
2003 Q4	-1.8	-0.2	264.1	122.9	54.4	74.0	228.9	246.7	135.1	40.8	59.9	178.0	26.3
2003 July	-3.6	-2.9	87.2	40.5	18.7	24.4	75.4	79.8	44.0	13.1	19.6	58.7	8.7
2003 Aug.	-6.0	-5.4	88.4	42.0	17.8	24.9	76.8	81.0	45.0	12.9	19.7	57.4	8.8
2003 Sep.	1.4	1.8	88.9	41.5	19.2	25.1	77.6	80.4	45.4	12.7	19.7	58.5	8.9
2003 Oct.	-2.0	-2.8	88.7	40.9	18.2	25.2	76.5	81.0	44.0	13.2	20.1	59.1	8.3
2003 Nov.	-6.0	-1.9	87.7	40.8	18.0	24.6	76.2	83.5	45.6	14.1	20.0	59.5	8.8
2003 Dec.	2.9	4.6	87.8	41.2	18.2	24.3	76.2	82.2	45.5	13.5	19.8	59.4	9.2
Volume indices (2000 = 100; annual percentage changes for columns 1 and 2)													
2000	12.4	6.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
2001	5.1	-1.0	105.3	102.0	108.5	108.1	105.6	98.8	99.1	96.0	99.9	97.6	98.9
2002	3.0	-0.2	108.4	107.7	105.3	116.1	108.4	98.6	99.4	90.3	104.6	96.6	100.8
2003	.	2.6	.	107.1	104.6	.	108.0	101.4	99.3	93.6	108.9	99.1	.
2002 Q3	6.0	2.3	109.3	107.8	106.5	118.4	109.3	99.0	99.4	93.3	104.7	98.0	102.5
2002 Q4	3.5	2.0	108.4	107.6	105.5	116.0	108.3	99.1	98.8	91.8	107.1	97.2	101.9
2003 Q1	1.6	3.6	108.2	107.1	104.1	115.2	107.5	100.4	99.5	94.8	106.6	98.1	96.5
2003 Q2	-2.4	2.0	107.1	106.1	102.2	112.2	106.4	102.0	99.6	92.6	109.5	99.2	103.1
2003 Q3	0.3	1.3	109.6	108.0	107.4	114.9	109.0	100.5	99.2	90.8	108.1	98.1	107.3
2003 Q4	.	3.6	.	107.0	104.6	.	109.0	102.7	99.0	96.4	111.4	100.9	.
2003 July	-0.7	1.5	108.4	106.1	107.2	113.1	107.2	100.6	98.3	92.9	108.5	99.5	108.6
2003 Aug.	-2.9	-2.4	110.1	109.6	103.5	115.6	109.5	101.3	99.4	90.9	108.6	97.0	104.4
2003 Sep.	4.4	4.3	110.2	108.4	111.4	116.0	110.4	99.5	99.8	88.6	107.2	97.9	108.9
2003 Oct.	1.5	0.9	110.5	106.7	105.0	116.7	109.5	101.1	97.5	92.8	110.7	99.7	97.8
2003 Nov.	-3.1	1.2	108.9	106.5	104.5	113.9	108.9	103.7	99.4	99.5	110.9	100.7	102.1
2003 Dec.	.	9.4	.	108.0	104.2	.	108.8	103.3	100.1	96.8	112.5	102.1	.
Unit value indices (2000 = 100; annual percentage changes for columns 1 and 2)													
2000	8.3	22.0	99.9	99.9	99.9	100.0	99.9	100.0	100.0	99.9	100.0	100.0	99.9
2001	1.0	0.2	100.9	100.7	100.2	101.9	100.9	100.2	98.7	101.5	102.7	101.6	89.1
2002	-0.9	-2.5	100.1	99.1	99.7	102.1	100.0	97.6	95.7	99.0	101.6	99.8	85.2
2003	.	-3.1	.	96.3	95.9	.	96.8	94.7	93.4	93.2	98.5	95.9	.
2002 Q3	-2.0	-3.6	99.5	98.5	99.0	101.4	99.5	97.1	95.3	97.9	100.7	98.9	84.5
2002 Q4	-1.1	0.4	99.5	98.9	98.8	101.5	99.3	97.6	96.3	97.3	100.7	98.5	89.0
2003 Q1	-2.7	-0.2	98.3	97.6	97.2	99.9	98.0	97.4	97.3	94.3	99.3	97.2	100.5
2003 Q2	-3.6	-5.0	96.9	96.3	95.5	99.2	96.9	93.5	91.7	92.8	98.5	95.7	80.5
2003 Q3	-3.0	-3.3	96.5	95.7	95.4	99.1	96.4	93.9	92.0	93.2	98.8	95.6	80.3
2003 Q4	.	-3.7	.	95.7	95.7	.	96.0	93.9	92.8	92.7	97.4	94.9	.
2003 July	-3.0	-4.3	96.4	95.4	96.3	99.2	96.5	93.1	91.1	92.6	98.3	95.1	78.4
2003 Aug.	-3.1	-3.1	96.3	95.8	94.9	98.9	96.2	93.9	92.2	92.9	98.4	95.4	82.3
2003 Sep.	-2.8	-2.4	96.7	95.8	95.1	99.3	96.4	94.7	92.6	94.1	99.7	96.3	80.1
2003 Oct.	-3.4	-3.7	96.2	95.9	95.6	99.0	95.9	94.0	92.1	93.2	98.9	95.6	82.8
2003 Nov.	-3.0	-3.1	96.5	95.7	95.0	99.2	96.0	94.5	93.5	93.1	97.9	95.2	84.4
2003 Dec.	.	-4.4	.	95.5	96.3	.	96.1	93.3	92.7	91.7	95.5	93.8	.

Sources: Eurostat and ECB calculations based on Eurostat data (volume indices and seasonal adjustment of unit value indices).

7.3 Trade in goods

(EUR billions, unless otherwise indicated; seasonally adjusted)

2. Geographical breakdown

	Total	United Kingdom	Sweden	Denmark	Acceding countries	Switzerland	United States	Japan	Asia excl. Japan	Africa	Latin America	Other countries
	1	2	3	4	5	6	7	8	9	10	11	12
<i>Exports (f.o.b.)</i>												
2000	1,001.0	189.2	39.2	23.6	97.1	63.9	173.2	34.3	153.8	56.5	47.1	126.4
2001	1,063.6	202.1	36.9	24.3	105.8	66.4	180.1	34.5	165.5	60.3	49.9	135.5
2002	1,085.7	205.8	37.1	25.3	112.0	64.0	184.2	33.1	170.4	59.4	43.4	148.6
2003	1,054.5											
2002 Q3	271.9	51.3	9.2	6.3	28.3	16.3	46.1	8.4	43.3	15.0	10.5	37.5
Q4	269.7	49.9	9.4	6.4	28.1	15.7	45.4	8.3	42.5	14.4	10.4	37.5
2003 Q1	266.3	48.8	9.5	6.4	28.5	16.5	43.2	7.8	42.3	14.5	10.4	38.2
Q2	259.6	46.9	9.5	6.1	29.2	15.6	41.3	7.6	41.7	14.5	9.6	37.9
Q3	264.5	47.9	9.6	6.3	30.3	15.3	41.6	7.8	43.6	15.2	9.1	39.1
Q4	264.1											
2003 July	87.2	16.0	3.2	2.0	9.9	5.3	13.3	2.6	13.8	5.1	2.9	13.0
Aug.	88.4	15.9	3.2	2.2	10.3	5.1	13.9	2.5	14.7	4.8	2.9	13.0
Sep.	88.9	16.1	3.2	2.1	10.0	5.0	14.3	2.6	15.1	5.2	3.2	13.1
Oct.	88.7	16.0	3.2	2.0	9.8	5.2	13.6	2.7	14.4	5.2	2.9	
Nov.	87.7	15.8	3.2	2.0	9.5	5.3	13.5	2.6	14.2	4.8	3.1	
Dec.	87.8											
<i>% share of total exports</i>												
2002	100.0	19.0	3.4	2.3	10.3	5.9	17.0	3.1	15.7	5.5	4.0	13.7
<i>Imports (c.i.f.)</i>												
2000	1,023.9	159.4	38.9	22.2	78.8	50.8	143.6	67.5	217.3	73.7	40.3	133.6
2001	1,012.5	154.3	34.4	21.3	88.8	53.0	138.0	58.6	208.3	74.0	40.9	140.3
2002	985.3	149.7	35.6	22.9	93.5	52.1	125.7	52.7	204.7	67.8	39.4	140.1
2003	981.8											
2002 Q3	245.7	37.1	9.0	5.8	23.6	13.2	31.0	13.4	51.6	16.4	9.9	34.8
Q4	247.4	35.8	9.1	5.9	23.9	12.8	30.5	13.4	52.7	16.8	9.8	36.2
2003 Q1	250.0	35.2	9.1	5.9	24.7	13.3	27.9	13.5	53.1	18.4	9.7	37.8
Q2	243.9	33.8	9.0	5.7	25.1	12.6	28.1	13.1	53.7	16.9	9.6	36.3
Q3	241.2	33.6	9.0	5.6	25.1	12.5	27.7	12.5	53.7	16.8	9.7	36.1
Q4	246.7											
2003 July	79.8	11.2	2.9	1.8	8.6	4.2	9.3	4.2	17.8	5.7	3.2	11.8
Aug.	81.0	11.5	3.0	1.9	8.0	4.2	9.1	4.1	17.6	5.3	3.3	12.3
Sep.	80.4	10.9	3.0	1.9	8.6	4.1	9.3	4.1	18.3	5.7	3.2	12.0
Oct.	81.0	11.2	3.0	1.9	8.9	4.1	8.9	4.3	18.2	5.5	3.3	
Nov.	83.5	11.2	3.0	1.9	9.1	4.1	9.2	4.2	18.2	5.6	3.5	
Dec.	82.2											
<i>% share of total imports</i>												
2002	100.0	15.2	3.6	2.3	9.5	5.3	12.8	5.4	20.8	6.9	4.0	14.2
<i>Balance</i>												
2000	-22.8	29.8	0.3	1.5	18.3	13.2	29.6	-33.2	-63.6	-17.2	6.8	-7.3
2001	51.1	47.8	2.6	3.0	17.0	13.4	42.1	-24.1	-42.8	-13.7	9.0	-4.8
2002	100.4	56.1	1.5	2.3	18.6	12.0	58.5	-19.7	-34.2	-8.4	4.0	8.5
2003	72.7											
2002 Q3	26.2	14.3	0.2	0.5	4.8	3.1	15.0	-4.9	-8.3	-1.4	0.7	2.7
Q4	22.3	14.1	0.3	0.5	4.2	2.9	14.9	-5.1	-10.2	-2.4	0.6	1.3
2003 Q1	16.2	13.6	0.5	0.6	3.8	3.2	15.3	-5.7	-10.8	-3.9	0.7	0.4
Q2	15.7	13.0	0.4	0.4	4.1	3.0	13.2	-5.6	-12.0	-2.3	-0.1	1.6
Q3	23.3	14.4	0.6	0.7	5.2	2.8	13.9	-4.7	-10.2	-1.6	-0.5	3.0
Q4	17.5											
2003 July	7.4	4.8	0.2	0.2	1.3	1.0	4.0	-1.6	-4.0	-0.6	-0.2	1.2
Aug.	7.4	4.4	0.2	0.3	2.3	0.9	4.8	-1.6	-3.0	-0.5	-0.3	0.7
Sep.	8.5	5.1	0.2	0.2	1.5	0.9	5.1	-1.5	-3.2	-0.5	0.0	1.1
Oct.	7.7	4.8	0.2	0.1	0.9	1.1	4.8	-1.6	-3.8	-0.3	-0.4	
Nov.	4.1	4.6	0.2	0.1	0.4	1.3	4.3	-1.6	-4.0	-0.8	-0.4	
Dec.	5.6											

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

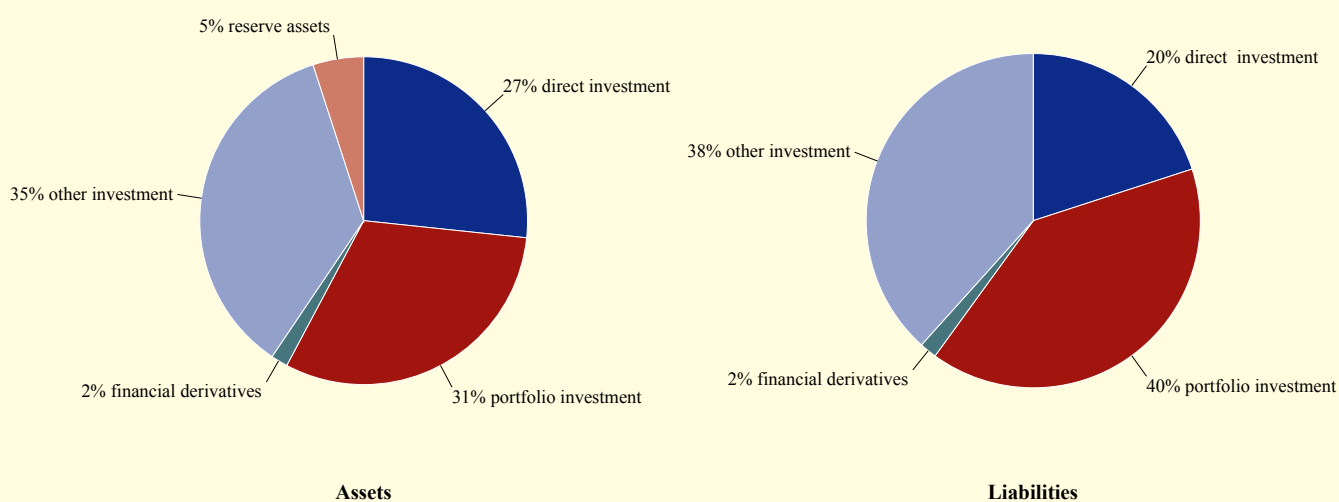
7.4 International investment position

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

1. Summary international investment position

	Total 1	Total as a % of GDP 2	Direct investment 3	Portfolio investment 4	Financial derivatives 5	Other investment 6	Reserve assets 7
Net international investment position							
1999	-318.5	-5.1	369.6	-892.8	16.0	-193.5	382.2
2000	-386.8	-5.9	452.7	-786.4	2.0	-446.3	391.2
2001	-189.6	-2.8	496.4	-691.4	1.5	-388.8	392.7
2002	-289.6	-4.1	425.1	-756.3	-8.1	-316.4	366.1
Outstanding assets							
1999	5,796.6	92.5	1,174.5	2,058.0	111.1	2,070.8	382.2
2000	6,751.2	102.7	1,626.7	2,351.1	105.8	2,276.4	391.2
2001	7,537.2	110.2	1,897.0	2,521.3	108.4	2,617.9	392.7
2002	7,277.9	102.9	1,937.5	2,270.4	122.6	2,581.3	366.1
Outstanding liabilities							
1999	6,115.1	97.6	804.9	2,950.8	95.1	2,264.3	-
2000	7,138.0	108.5	1,174.0	3,137.5	103.7	2,722.7	-
2001	7,726.8	112.9	1,400.6	3,212.7	106.9	3,006.7	-
2002	7,567.5	107.0	1,512.5	3,026.7	130.7	2,897.6	-

C32 International investment position by item at end-2002



Source: ECB.

7.4 International investment position

(EUR billions; end-of-period outstanding amounts)

2. Direct investment

	By resident units abroad						By non-resident units in the euro area					
	Equity capital and reinvested earnings			Other capital (mostly inter-company loans)			Equity capital and reinvested earnings			Other capital (mostly inter-company loans)		
	Total	MFI excluding Eurosystem	Non- MFIs	Total	MFI excluding Eurosystem	Non- MFIs	Total	MFI excluding Eurosystem	Non- MFIs	Total	MFI excluding Eurosystem	Non- MFIs
1	2	3	4	5	6	7	8	9	10	11	12	
1999	938.7	85.7	853.0	235.8	1.8	234.0	606.3	24.3	582.0	198.6	1.7	196.9
2000	1,273.4	115.2	1,158.2	353.3	1.7	351.6	869.2	32.1	837.1	304.8	1.8	303.0
2001	1,513.2	129.3	1,383.9	383.8	1.4	382.4	1,043.3	42.3	1,001.1	357.3	2.5	354.8
2002	1,554.4	137.5	1,416.9	383.1	1.4	381.7	1,107.7	43.1	1,064.6	404.8	2.7	402.1

3. Portfolio investment by instrument

	Equity		Debt instruments					
	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	
1999	1,013.7	1,698.9	1,044.4	937.1	107.2	1,251.9	1,146.5	105.4
2000	1,183.7	1,606.7	1,167.4	1,045.3	122.2	1,530.8	1,365.5	165.4
2001	1,122.4	1,582.0	1,399.0	1,222.0	176.9	1,630.7	1,460.8	169.9
2002	862.2	1,328.3	1,408.3	1,168.7	239.6	1,698.5	1,518.5	179.9

4. Portfolio investment assets by instrument and sector of holder

	Equity					Debt instruments									
	Euro-system	MFI excluding Eurosystem	Non-MFIs			Bonds and notes					Money market instruments				
			Total	General gov.	Other sectors	Euro-system	MFI excluding Eurosystem	Non-MFIs			Euro-system	MFI excluding Eurosystem	Non-MFIs		
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	
1999	0.4	25.9	987.3	4.1	983.2	4.5	257.2	675.4	6.2	669.2	2.6	68.5	36.1	0.2	35.9
2000	0.9	42.7	1,140.1	5.7	1,134.4	3.4	328.5	713.4	5.7	707.7	0.5	85.6	36.1	0.1	35.9
2001	1.3	38.1	1,082.9	6.7	1,076.3	2.2	418.7	801.1	8.3	792.8	2.8	131.9	42.2	0.2	42.0
2002	1.4	38.0	822.8	8.4	814.4	5.0	379.0	784.8	8.8	776.0	1.2	190.1	48.2	1.1	47.1

5. Other investment

	Eurosystem						General government							
	Total		Loans/currency and deposits		Other assets/liabilities		Total		Trade credits		Loans/currency and deposits		Other assets/liabilities	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
1	2	3	4	5	6	7	8	9	10	11	12	13	14	
1999	3.1	37.0	3.0	36.6	0.1	0.3	125.5	57.3	2.5	0.1	72.4	45.4	50.6	11.8
2000	3.0	41.8	2.9	41.4	0.1	0.3	133.9	59.5	2.8	0.2	77.5	47.2	53.5	12.1
2001	3.1	40.7	3.0	40.5	0.1	0.2	127.3	61.6	3.1	0.2	68.4	49.1	55.8	12.4
2002	3.4	58.1	3.4	57.9	0.1	0.2	120.6	61.0	1.3	0.1	64.9	45.8	54.3	15.1

	MFIs (excluding Eurosystem)						Other sectors							
	Total		Loans/currency and deposits		Other assets/liabilities		Total		Trade credits		Loans/currency and deposits		Other assets/liabilities	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
15	16	17	18	19	20	21	22	23	24	25	26	27	28	
1999	1,317.7	1,823.5	1,291.8	1,798.1	25.9	25.5	624.5	346.5	158.9	91.8	396.3	224.6	69.3	30.1
2000	1,458.5	2,169.0	1,421.4	2,127.1	37.1	42.0	681.1	452.4	173.9	110.9	422.9	311.8	84.2	29.6
2001	1,715.8	2,413.1	1,668.3	2,364.1	47.5	49.0	771.7	491.3	176.6	109.5	507.4	346.8	87.6	35.1
2002	1,717.0	2,274.6	1,660.1	2,227.2	56.9	47.4	740.3	503.9	176.5	105.2	485.4	354.6	78.4	44.0

Source: ECB.

7.5 International reserves

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

	Reserve assets													Memo		
	Total	Monetary gold		Special drawing rights	Reserve position in the IMF	Foreign exchange							Other claims	Assets	Liabilities	
		In EUR billions	In fine troy ounces (millions)			Total	Currency and deposits		Securities			Financial derivatives		Claims on euro area residents in foreign currency	Predetermined short-term net drains in foreign currency	
							With monetary authorities and the BIS	With banks	Total	Equity	Bonds and notes					Money market instruments
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	
Eurosysteem																
2000 Dec.	391.2	119.2	404.157	4.3	21.2	246.5	16.8	20.5	208.5	0.0	155.3	53.2	0.7	0.0	16.3	-21.7
2001 Dec.	392.7	126.1	401.876	5.5	25.3	235.8	8.0	25.9	201.5	1.2	144.4	55.9	0.4	0.0	24.7	-28.5
2002 Dec.	366.1	130.4	399.022	4.8	25.0	205.8	10.3	35.3	159.8	1.0	117.1	41.7	0.4	0.0	22.4	-26.3
2003 Jan.	363.4	135.5	398.728	4.7	24.4	198.8	13.1	38.5	146.6	-	-	-	0.6	0.0	20.4	-22.0
Feb.	352.2	128.2	397.765	4.8	24.3	194.9	10.4	38.4	145.6	-	-	-	0.5	0.0	19.3	-19.4
Mar.	339.1	122.3	397.765	4.7	24.4	187.7	7.9	36.4	142.8	-	-	-	0.6	0.0	18.9	-20.5
Apr.	332.4	119.9	396.324	4.5	25.0	183.1	7.6	33.6	141.0	-	-	-	0.9	0.0	18.4	-22.8
May	323.1	121.1	396.233	4.5	24.2	173.3	6.9	33.6	131.6	-	-	-	1.1	0.0	18.7	-23.1
June	326.1	120.0	396.229	4.6	25.5	176.1	8.3	34.8	132.2	-	-	-	0.8	0.0	18.2	-25.8
July	328.9	124.2	396.277	4.5	25.5	174.7	8.4	33.2	132.3	-	-	-	0.8	0.0	18.1	-27.2
Aug.	346.8	136.0	395.632	4.7	26.6	179.5	10.3	31.5	137.3	-	-	-	0.4	0.0	18.1	-27.6
Sep.	332.9	131.7	395.444	4.6	26.1	170.5	9.5	30.3	130.4	-	-	-	0.3	0.0	17.1	-25.5
Oct.	332.4	131.4	395.284	4.6	26.2	170.2	9.4	31.5	128.6	-	-	-	0.8	0.0	17.8	-24.9
Nov.	321.9	131.0	394.294	4.6	25.4	160.9	11.2	26.9	121.8	-	-	-	1.0	0.0	15.8	-17.5
Dec.	306.5	130.0	393.543	4.4	23.3	148.9	10.0	30.4	107.8	-	-	-	0.7	0.0	20.3	-16.3
2004 Jan.	309.7	127.0	393.542	4.5	23.5	154.7	10.2	32.5	111.7	-	-	-	0.3	0.0	19.3	-17.1
of which held by the European Central Bank																
2001 Dec.	49.3	7.8	24.656	0.1	0.0	41.4	0.8	7.0	33.6	0.0	23.5	10.1	0.0	0.0	3.6	-5.9
2002 Dec.	45.5	8.1	24.656	0.2	0.0	37.3	1.2	9.9	26.1	0.0	19.5	6.7	0.0	0.0	3.0	-5.2
2003 Jan.	42.9	8.4	24.656	0.2	0.0	34.4	0.8	9.5	24.1	-	-	-	0.0	0.0	2.9	-3.2
Feb.	42.0	7.9	24.656	0.2	0.0	33.9	1.3	8.8	23.8	-	-	-	0.0	0.0	2.6	-2.1
Mar.	40.5	7.6	24.656	0.2	0.0	32.8	0.9	9.3	22.6	-	-	-	0.0	0.0	3.0	-1.8
Apr.	40.7	7.5	24.656	0.2	0.0	33.1	0.9	6.8	25.4	-	-	-	0.0	0.0	2.5	-2.4
May	39.2	7.5	24.656	0.2	0.0	31.4	0.8	8.0	22.6	-	-	-	0.0	0.0	2.4	-2.2
June	39.3	7.5	24.656	0.2	0.0	31.6	0.9	7.1	23.6	-	-	-	0.0	0.0	2.8	-1.8
July	41.3	7.7	24.656	0.2	0.0	33.4	0.8	6.7	25.9	-	-	-	0.0	0.0	2.3	-2.9
Aug.	42.7	8.5	24.656	0.2	0.0	34.0	0.9	5.7	27.4	-	-	-	0.0	0.0	2.7	-2.6
Sep.	40.7	8.2	24.656	0.2	0.0	32.3	0.9	4.5	26.9	-	-	-	0.0	0.0	2.4	-2.3
Oct.	40.4	8.2	24.656	0.2	0.0	32.0	1.0	4.7	26.3	-	-	-	0.0	0.0	2.7	-2.3
Nov.	39.6	8.2	24.656	0.2	0.0	31.2	1.0	5.2	25.0	-	-	-	0.0	0.0	2.6	-2.4
Dec.	36.9	8.1	24.656	0.2	0.0	28.6	1.4	5.0	22.2	-	-	-	0.0	0.0	2.8	-1.5
2004 Jan.	38.3	8.0	24.656	0.2	0.0	30.1	1.3	6.9	21.9	-	-	-	0.0	0.0	2.5	-2.0

Source: ECB.



EXCHANGE RATES

8.1 Effective exchange rates

(period averages; index 1999 Q1=100)

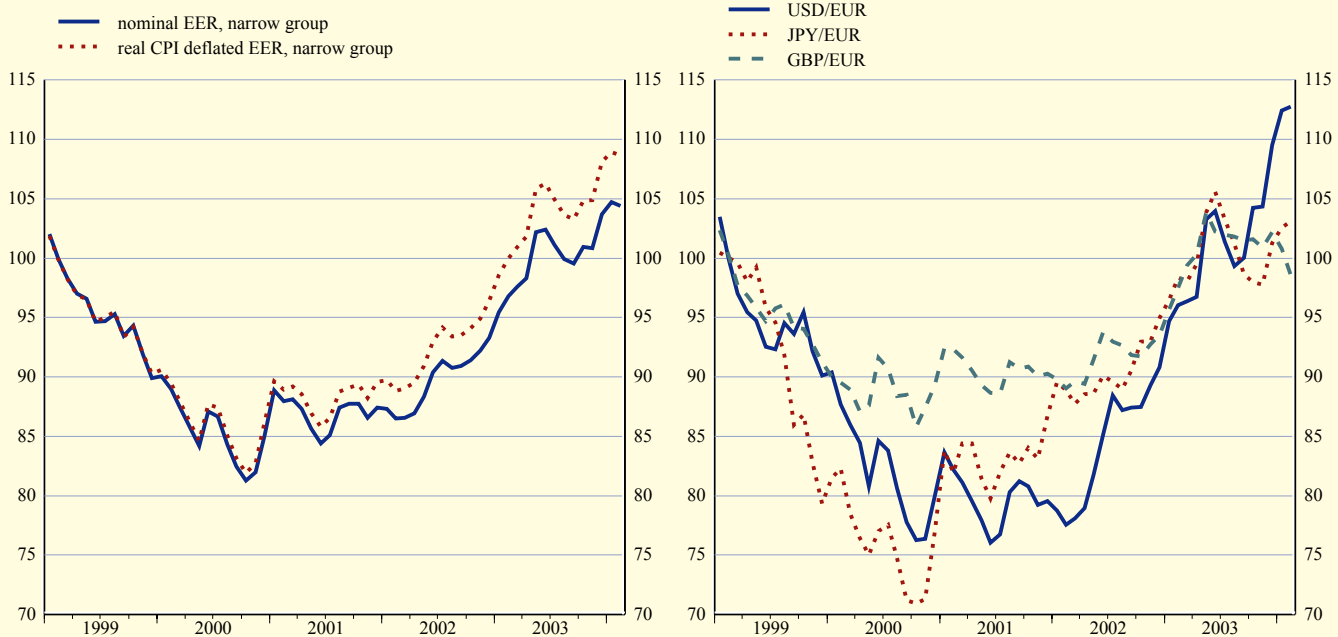
	Narrow group						Broad group	
	Nominal	Real CPI	Real PPI	Real GDP deflator	Real ULCM	Real ULCT	Nominal	Real CPI
	1	2	3	4	5	6	7	8
2001	87.0	88.4	89.6	88.2	88.4	87.1	90.8	87.7
2002	89.7	92.3	93.1	92.2	91.1	91.2	95.4	91.6
2003	99.9	103.6	103.3	102.7	101.9	102.2	106.8	102.0
2002 Q4	92.3	95.2	95.9	95.3	93.7	94.2	99.1	95.0
2003 Q1	96.6	99.8	100.3	99.6	98.2	99.1	103.9	99.1
Q2	101.0	104.7	104.5	104.6	103.9	103.9	107.6	102.8
Q3	100.2	103.9	103.4	103.9	103.7	103.6	106.7	101.9
Q4	101.8	106.0	105.1	-	-	-	109.1	104.3
2003 Feb.	96.8	100.0	100.6	-	-	-	104.1	99.2
Mar.	97.6	100.9	101.0	-	-	-	104.8	100.1
Apr.	98.3	101.8	101.7	-	-	-	105.0	100.3
May	102.2	105.8	105.7	-	-	-	108.8	103.9
June	102.4	106.3	105.9	-	-	-	109.1	104.3
July	101.1	104.9	104.5	-	-	-	107.5	102.7
Aug.	99.9	103.6	103.1	-	-	-	106.4	101.5
Sep.	99.5	103.3	102.6	-	-	-	106.1	101.4
Oct.	101.0	104.8	104.0	-	-	-	108.0	103.3
Nov.	100.9	104.9	104.2	-	-	-	108.1	103.2
Dec.	103.7	108.1	107.0	-	-	-	111.2	106.3
2004 Jan.	104.7	109.0	107.9	-	-	-	112.3	106.7
Feb.	104.4	108.6	107.6	-	-	-	112.1	106.3
	<i>% change versus previous month</i>							
2004 Feb.	-0.3	-0.3	-0.3	-	-	-	-0.2	-0.3
	<i>% change versus previous year</i>							
2004 Feb.	7.9	8.7	6.9	-	-	-	7.7	7.2

C33 Effective exchange rates

(monthly averages; index 1999 Q1=100)

C34 Bilateral exchange rates

(monthly averages; index 1999 Q1=100)



Source: ECB.

8.2 Bilateral exchange rates

(period averages; units of national currency per euro)

	US dollar	Pound sterling	Japanese yen	Swiss franc	Swedish krona	South Korean won	Hong Kong dollar	Danish kroner	Singapore dollar	Canadian dollar	Norwegian kroner	Australian dollar	Icelandic krona	New Zealand dollar	South African rand		
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15		
2001	0.8956	0.62187	108.68	1.5105	9.2551	1,154.83	6.9855	7.4521	1.6039	1.3864	8.0484	1.7319	87.42	2.1300	7.6873		
2002	0.9456	0.62883	118.06	1.4670	9.1611	1,175.50	7.3750	7.4305	1.6912	1.4838	7.5086	1.7376	86.18	2.0366	9.9072		
2003	1.1312	0.69199	130.97	1.5212	9.1242	1,346.90	8.8079	7.4307	1.9703	1.5817	8.0033	1.7379	86.65	1.9438	8.5317		
2002 Q4	0.9994	0.63611	122.42	1.4667	9.0946	1,215.37	7.7941	7.4281	1.7671	1.5687	7.3192	1.7913	85.75	2.0171	9.6491		
2003 Q1	1.0731	0.66961	127.59	1.4662	9.1822	1,288.92	8.3695	7.4305	1.8724	1.6203	7.5706	1.8095	84.16	1.9537	8.9600		
Q2	1.1372	0.70169	134.74	1.5180	9.1425	1,373.83	8.8692	7.4250	1.9872	1.5889	7.9570	1.7742	84.71	1.9955	8.8217		
Q3	1.1248	0.69888	132.14	1.5451	9.1631	1,321.05	8.7674	7.4309	1.9699	1.5533	8.2472	1.7089	88.40	1.9254	8.3505		
Q4	1.1890	0.69753	129.45	1.5537	9.0093	1,404.56	9.2219	7.4361	2.0507	1.5659	8.2227	1.6622	89.16	1.9032	8.0159		
2003 Feb.	1.0773	0.66977	128.60	1.4674	9.1455	1,282.82	8.4022	7.4317	1.8803	1.6299	7.5439	1.8112	83.70	1.9457	8.9347		
Mar.	1.0807	0.68255	128.16	1.4695	9.2265	1,335.44	8.4279	7.4274	1.8954	1.5943	7.8450	1.7950	84.31	1.9497	8.6966		
Apr.	1.0848	0.68902	130.12	1.4964	9.1541	1,337.38	8.4605	7.4255	1.9282	1.5851	7.8317	1.7813	83.38	1.9700	8.3192		
May	1.1582	0.71322	135.83	1.5155	9.1559	1,390.03	9.0321	7.4246	2.0074	1.6016	7.8715	1.7866	84.44	2.0083	8.9060		
June	1.1663	0.70224	138.05	1.5411	9.1182	1,392.33	9.0955	7.4250	2.0233	1.5798	8.1619	1.7552	86.25	2.0069	9.2160		
July	1.1372	0.70045	134.99	1.5476	9.1856	1,342.27	8.8689	7.4332	1.9956	1.5694	8.2893	1.7184	87.66	1.9386	8.5842		
Aug.	1.1139	0.69919	132.38	1.5400	9.2378	1,312.67	8.6873	7.4322	1.9531	1.5570	8.2558	1.7114	88.79	1.9137	8.2375		
Sep.	1.1222	0.69693	128.94	1.5474	9.0682	1,306.88	8.7377	7.4273	1.9591	1.5330	8.1952	1.6967	88.81	1.9227	8.2141		
Oct.	1.1692	0.69763	128.12	1.5485	9.0105	1,364.70	9.0530	7.4301	2.0282	1.5489	8.2274	1.6867	89.17	1.9446	8.1540		
Nov.	1.1702	0.69278	127.84	1.5590	8.9939	1,388.09	9.0836	7.4370	2.0233	1.5361	8.1969	1.6337	88.60	1.8608	7.8806		
Dec.	1.2286	0.70196	132.43	1.5544	9.0228	1,463.90	9.5386	7.4419	2.1016	1.6131	8.2421	1.6626	89.68	1.8982	7.9934		
2004 Jan.	1.2613	0.69215	134.13	1.5657	9.1368	1,492.23	9.7951	7.4481	2.1415	1.6346	8.5925	1.6374	87.69	1.8751	8.7788		
Feb.	1.2646	0.67690	134.78	1.5734	9.1763	1,474.74	9.8314	7.4511	2.1323	1.6817	8.7752	1.6260	86.72	1.8262	8.5555		
					<i>% change versus previous month</i>												
2004 Feb.	0.3	-2.2	0.5	0.5	0.4	-1.2	0.4	0.0	-0.4	2.9	2.1	-0.7	-1.1	-2.6	-2.5		
						<i>% change versus previous year</i>											
2004 Feb.	17.4	1.0	4.8	7.2	0.3	14.8	17.0	0.3	13.4	3.3	16.2	-10.2	3.6	-6.1	-4.2		
	Cyprus pound	Czech koruna	Estonian kroon	Hungarian forint	Lithuanian litas	Latvian lats	Maltese lira	Polish zloty	Slovenian tolar	Slovak koruna	Bulgarian lev	Romanian leu	Turkish lira				
	16	17	18	19	20	21	22	23	24	25	26	27	28				
2001	0.57589	34.068	15.6466	256.59	3.5823	0.5601	0.4030	3.6721	217.9797	43.300	1.9482	26.004	1,102,425				
2002	0.57530	30.804	15.6466	242.96	3.4594	0.5810	0.4089	3.8574	225.9772	42.694	1.9492	31.270	1,439,680				
2003	0.58409	31.846	15.6466	253.62	3.4527	0.6407	0.4261	4.3996	233.8493	41.489	1.9490	37.551	1,694,851				
2002 Q4	0.57249	30.857	15.6466	239.47	3.4526	0.6002	0.4145	3.9970	229.3740	41.696	1.9493	33.444	1,617,344				
2003 Q1	0.58001	31.624	15.6466	243.63	3.4527	0.6226	0.4214	4.1892	231.2825	41.786	1.9535	35.593	1,777,952				
Q2	0.58653	31.470	15.6466	250.95	3.4528	0.6452	0.4274	4.3560	232.9990	41.226	1.9467	37.434	1,716,532				
Q3	0.58574	32.168	15.6466	259.65	3.4528	0.6419	0.4268	4.4244	234.8763	41.747	1.9466	37.410	1,569,762				
Q4	0.58404	32.096	15.6466	259.82	3.4526	0.6528	0.4287	4.6232	236.1407	41.184	1.9494	39.735	1,721,043				
2003 Feb.	0.58038	31.641	15.6466	245.12	3.4524	0.6231	0.4217	4.1656	231.3664	41.987	1.9540	35.403	1,762,350				
Mar.	0.58292	31.751	15.6466	245.60	3.4528	0.6253	0.4234	4.3363	231.8070	41.749	1.9510	35.831	1,804,143				
Apr.	0.58657	31.618	15.6466	245.59	3.4530	0.6286	0.4240	4.2971	232.3136	41.038	1.9473	36.569	1,767,550				
May	0.58694	31.387	15.6466	245.78	3.4528	0.6513	0.4295	4.3343	232.9908	41.125	1.9464	37.632	1,720,476				
June	0.58607	31.412	15.6466	261.21	3.4527	0.6549	0.4285	4.4339	233.6600	41.507	1.9463	38.059	1,664,000				
July	0.58730	31.880	15.6466	263.73	3.4528	0.6473	0.4274	4.4368	234.4369	41.804	1.9465	37.148	1,596,957				
Aug.	0.58616	32.287	15.6466	259.56	3.4527	0.6397	0.4264	4.3699	234.9962	41.955	1.9463	37.166	1,564,214				
Sep.	0.58370	32.355	15.6466	255.46	3.4530	0.6383	0.4265	4.4635	235.2211	41.489	1.9469	37.918	1,546,627				
Oct.	0.58418	31.989	15.6466	255.77	3.4525	0.6483	0.4281	4.5952	235.6663	41.304	1.9473	38.803	1,679,067				
Nov.	0.58328	31.974	15.6466	259.31	3.4528	0.6471	0.4275	4.6174	236.1345	41.102	1.9476	39.927	1,726,781				
Dec.	0.58459	32.329	15.6466	264.74	3.4525	0.6631	0.4304	4.6595	236.6662	41.132	1.9533	40.573	1,761,551				
2004 Jan.	0.58647	32.724	15.6466	264.32	3.4531	0.6707	0.4301	4.7128	237.3167	40.731	1.9557	41.107	1,698,262				
Feb.	0.58601	32.857	15.6466	263.15	3.4532	0.6698	0.4284	4.8569	237.5123	40.551	1.9535	40.563	1,682,658				
					<i>% change versus previous month</i>												
2004 Feb.	-0.1	0.4	0.0	-0.4	0.0	-0.1	-0.4	3.1	0.1	-0.4	-0.1	-1.3	-0.9				
						<i>% change versus previous year</i>											
2004 Feb.	1.0	3.8	0.0	7.4	0.0	7.5	1.6	16.6	2.7	-3.4	0.0	14.6	-4.5				

Source: ECB.



DEVELOPMENTS OUTSIDE THE EURO AREA

9.1 In other European countries

(annual percentage changes, unless otherwise indicated)

1. Economic and financial developments

	Other EU Member States			Acceding countries									
	Denmark	Sweden	United Kingdom	Czech Republic	Estonia	Cyprus	Latvia	Lithuania	Hungary	Malta	Poland	Slovenia	Slovakia
	1	2	3	4	5	6	7	8	9	10	11	12	13
HICP													
2002	2.4	2.0	1.3	1.4	3.6	2.8	2.0	0.4	5.2	.	1.9	7.5	3.3
2003	2.0	2.3	1.4	-0.1	1.4	4.0	2.9	-1.1	4.7	.	0.7	5.7	8.8
2003 Q2	2.2	2.1	1.3	-0.2	0.8	4.7	2.9	-0.6	3.9	.	0.3	5.7	8.1
Q3	1.6	2.3	1.4	-0.2	1.3	2.7	3.5	-0.8	4.7	.	0.7	5.6	9.4
Q4	1.3	1.9	1.3	0.8	1.2	3.2	3.5	-1.2	5.4	.	1.4	5.0	9.9
2003 Aug.	1.5	2.2	1.4	-0.2	1.4	2.4	3.4	-0.9	4.7	.	0.6	5.7	9.5
Sep.	1.7	2.3	1.4	0.0	1.5	3.3	3.2	-0.8	4.6	.	0.7	5.1	9.8
Oct.	1.1	2.0	1.4	0.5	1.2	3.7	3.3	-1.3	4.8	.	1.0	4.9	9.9
Nov.	1.4	2.0	1.3	0.9	1.2	3.8	3.7	-0.9	5.6	.	1.5	5.3	10.2
Dec.	1.2	1.8	1.3	1.0	1.2	2.2	3.5	-1.3	5.6	.	1.6	4.7	9.5
2004 Jan.	1.0	1.3	1.4	2.0	0.6	1.6	4.0	-1.2	6.7	.	1.6	4.0	8.2
General government deficit (-)/surplus (+) as a % of GDP													
2000	2.6	3.4	1.5	-	-	-	-	-	-	-	-	-	-
2001	3.1	4.5	0.8	-	-	-	-	-	-	-	-	-	-
2002	2.1	1.3	-1.5	-	-	-	-	-	-	-	-	-	-
General government gross debt as a % of GDP													
2000	47.3	52.8	42.1	-	-	-	-	-	-	-	-	-	-
2001	45.4	54.4	38.9	-	-	-	-	-	-	-	-	-	-
2002	45.5	52.7	38.5	-	-	-	-	-	-	-	-	-	-
Long-term government bond yield as a % per annum, period average													
2003 Sep.	4.40	4.73	4.76	-	-	-	-	-	-	-	-	-	-
Oct.	4.44	4.85	4.96	-	-	-	-	-	-	-	-	-	-
Nov.	4.57	4.98	5.10	-	-	-	-	-	-	-	-	-	-
Dec.	4.52	4.86	4.94	-	-	-	-	-	-	-	-	-	-
2004 Jan.	4.35	4.66	4.84	-	-	-	-	-	-	-	-	-	-
Feb.	4.30	4.55	4.88	-	-	-	-	-	-	-	-	-	-
Real GDP													
2002	1.0	1.9	1.7	2.0	6.0	2.0	6.1	6.8	3.5	1.7	1.3	2.9	4.4
2003	0.0	.	2.3	.	.	.	.	.	.	.	.	.	.
2003 Q2	-1.2	0.5	2.3	2.4	3.5	0.7	6.2	6.7	2.4	0.7	3.8	2.1	3.8
Q3	-0.4	2.0	2.3	3.4	4.6	2.2	7.3	8.8	2.9	1.9	3.9	2.3	4.2
Q4	0.3	.	2.8	.	.	.	.	.	.	.	.	.	.
Current and capital accounts as a % of GDP													
2002	2.6	4.3	-1.6	-6.0	-11.9	-5.4	-7.4	-4.9	-3.7	-1.2	-2.6	1.4	-7.6
2003	2.8	.	.	.	.	.	.	.	.	.	.	0.1	.
2003 Q2	2.8	5.3	-3.5	-7.2	-12.4	-3.9	-10.2	-7.3	-8.4	-6.2	-2.0	-0.4	-0.8
Q3	4.5	6.2	-2.6	-7.8	-12.5	11.4	-10.0	-5.3	-6.0	3.2	-1.0	1.9	2.1
Q4	1.7	.	.	.	.	.	.	.	.	.	.	.	.
Unit labour costs													
2002	2.0	0.4	2.7	-	2.0	-	0.0	-9.4	8.2	-	-	-	4.4
2003	2.2	.	.	-	.	-	.	.	.	-	-	.	.
2003 Q2	2.2	-	3.0	-	7.4	-	-	-	-	-	-	-	-
Q3	2.7	-	.	-	5.8	-	-	-	-	-	-	-	-
Q4	2.8	-	.	-	.	-	-	-	-	-	-	-	-
Standardised unemployment rate as a % of labour force (s.a.)													
2002	4.6	4.9	5.1	7.3	9.5	3.9	12.5	13.6	5.6	7.5	19.8	6.1	18.7
2003	5.6	5.6	.	7.8	10.1	4.5	10.5	12.7	5.8	8.2	19.2	6.5	17.1
2003 Q2	5.6	5.5	5.0	7.8	10.4	4.5	10.4	12.9	5.8	8.1	19.2	6.5	17.2
Q3	5.8	5.6	4.9	7.9	10.1	4.6	10.4	12.5	5.7	8.4	19.2	6.6	16.8
Q4	6.0	6.0	.	8.0	9.7	4.6	10.5	12.1	5.8	8.6	19.1	6.5	16.6
2003 Aug.	5.8	5.6	4.9	7.9	10.1	4.6	10.3	12.5	5.7	8.5	19.2	6.6	16.8
Sep.	5.8	5.6	4.9	7.9	10.0	4.6	10.4	12.4	5.8	8.5	19.2	6.7	16.7
Oct.	5.9	5.9	4.9	8.0	9.9	4.6	10.4	12.2	5.8	8.6	19.1	6.6	16.6
Nov.	6.0	6.0	4.9	8.0	9.7	4.6	10.5	12.1	5.8	8.7	19.1	6.5	16.5
Dec.	6.1	6.0	.	8.0	9.6	4.7	10.5	11.9	5.9	8.7	19.1	6.4	16.6
2004 Jan.	6.1	6.0	.	8.0	9.5	4.7	10.5	11.7	5.9	8.8	19.1	6.4	16.6

Sources: European Commission (Economic and Financial Affairs DG and Eurostat); national data and ECB calculations.

9.2 In the United States and Japan

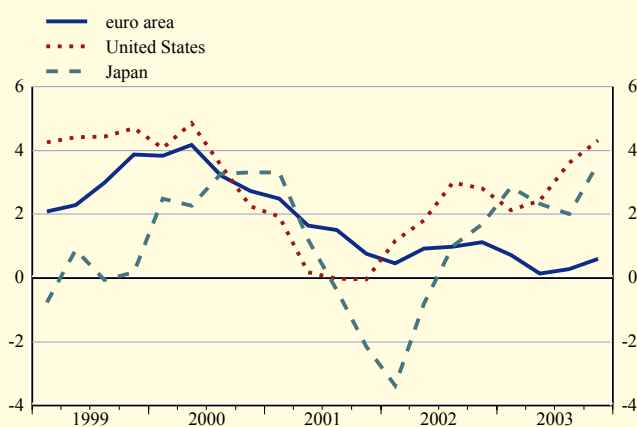
(annual percentage changes, unless otherwise indicated)

1. Economic and financial developments

	Consumer price index	Unit labour costs (manufacturing)	Real GDP	Industrial production index (manufacturing)	Unemployment rate as a % of labour force (s.a.)	Broad money ¹⁾	3-month interbank deposit rate ²⁾ as a % per annum	10-year government bond yield ²⁾ as a % per annum	Exchange rate ³⁾ as national currency per euro	Fiscal deficit (-)/surplus (+) as a % of GDP	Gross public debt ⁴⁾ as a % of GDP
	1	2	3	4	5	6	7	8	9	10	11
United States											
2000	3.4	4.2	3.7	4.8	4.0	9.4	6.53	6.03	0.9236	1.4	44.2
2001	2.8	0.1	0.5	-3.9	4.8	11.4	3.78	5.01	0.8956	-0.5	43.6
2002	1.6	-3.0	2.2	-0.5	5.8	8.0	1.80	4.60	0.9456	-3.4	45.7
2003	2.3	0.3	3.1	0.1	6.0	6.5	1.22	4.00	1.1312	.	.
2002 Q4	2.2	-1.4	2.8	1.2	5.9	6.4	1.55	3.99	0.9994	-3.9	45.7
2003 Q1	2.9	0.4	2.1	0.7	5.8	6.4	1.33	3.90	1.0731	-4.2	46.2
Q2	2.1	1.1	2.4	-1.3	6.1	6.9	1.24	3.61	1.1372	-4.7	47.1
Q3	2.2	0.5	3.6	-0.6	6.1	7.8	1.13	4.22	1.1248	-5.2	47.7
Q4	1.9	-0.9	4.3	1.7	5.9	4.8	1.17	4.27	1.1890	.	.
2003 Oct.	2.0	-	-	0.8	6.0	6.5	1.16	4.27	1.1692	-	-
Nov.	1.8	-	-	1.7	5.9	4.6	1.17	4.29	1.1702	-	-
Dec.	1.9	-	-	2.5	5.7	3.5	1.17	4.26	1.2286	-	-
2004 Jan.	1.9	-	-	2.2	5.6	4.3	1.13	4.13	1.2613	-	-
Feb.	.	-	-	.	.	.	1.12	4.06	1.2646	-	-
Japan											
2000	-0.7	-6.0	2.8	5.7	4.7	2.1	0.28	1.76	99.47	-7.4	126.1
2001	-0.7	5.1	0.4	-6.8	5.0	2.8	0.15	1.34	108.68	-6.1	134.6
2002	-0.9	-3.2	-0.4	-1.2	5.4	3.3	0.08	1.27	118.06	.	.
2003	-0.3	.	2.7	3.2	.	1.7	0.06	0.99	130.97	.	.
2002 Q4	-0.5	-8.5	1.7	6.0	5.4	2.9	0.07	1.01	122.42	.	.
2003 Q1	-0.2	-6.8	2.8	5.5	5.4	1.9	0.06	0.80	127.59	.	.
Q2	-0.2	-3.2	2.3	2.2	5.4	1.6	0.06	0.60	134.74	.	.
Q3	-0.2	-1.8	2.0	0.9	5.2	1.8	0.05	1.20	132.14	.	.
Q4	-0.3	.	3.6	4.1	.	1.5	0.06	1.38	129.45	.	.
2003 Oct.	0.0	-4.3	-	3.8	5.2	1.5	0.06	1.40	128.12	-	-
Nov.	-0.5	-3.1	-	2.6	5.2	1.6	0.06	1.38	127.84	-	-
Dec.	-0.4	-	-	5.8	.	1.5	0.06	1.35	132.43	-	-
2004 Jan.	-0.3	-	-	5.0	.	1.6	0.06	1.33	134.13	-	-
Feb.	.	-	-	.	.	.	0.05	1.25	134.78	-	-

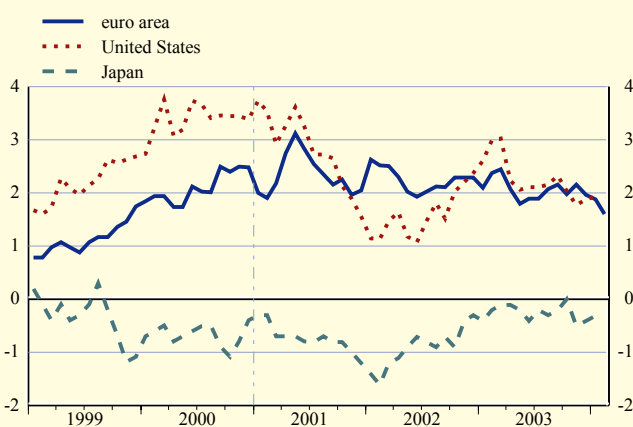
C35 Real gross domestic product

(annual percentage changes; quarterly)



C36 Consumer price indices

(annual percentage changes; monthly)



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

1) Average-of-period values; M3 for US, M2+CDs for Japan.

2) For more information, see Sections 4.6 and 4.7.

3) For more information, see Section 8.2.

4) Gross consolidated general government debt (end of period).

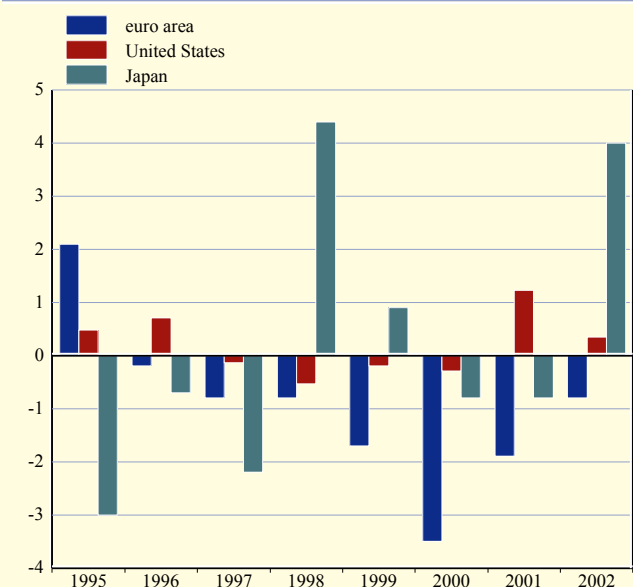
9.2 In the United States and Japan

(as a percentage of GDP)

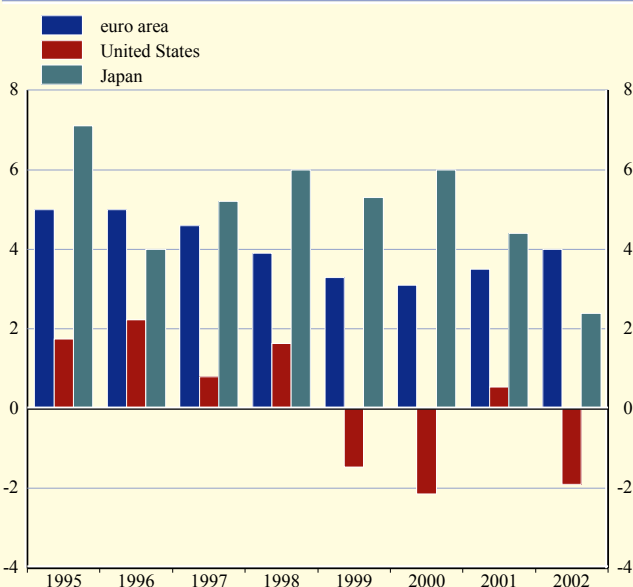
2. Saving, investment and financing

	National saving and investment			Investment and financing of non-financial corporations					Investment and financing of households ¹⁾				
	Gross saving	Gross capital formation	Net lending to the rest of the world	Gross capital formation	Gross fixed capital formation	Net acquisition of financial assets	Gross saving	Net incurrence of liabilities	Securities and shares	Capital expenditures ²⁾	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													
1999	18.1	20.7	-3.0	9.4	8.6	10.5	8.0	10.7	2.9	12.6	4.7	11.0	6.2
2000	18.0	20.8	-4.0	9.4	8.9	12.3	7.5	12.6	2.6	12.7	3.7	11.1	5.9
2001	16.4	19.1	-3.8	7.9	8.3	1.9	7.6	0.6	1.8	13.2	6.5	11.1	6.0
2002	14.7	18.4	-4.4	7.5	7.4	2.3	8.2	1.9	0.2	13.0	5.1	11.3	7.0
2001 Q4	16.2	18.1	-3.2	7.1	7.7	0.7	8.5	-1.3	2.1	13.5	3.9	11.0	4.2
2002 Q1	15.4	18.3	-4.0	7.3	7.6	1.6	8.2	1.3	0.4	12.9	6.0	11.4	7.0
Q2	15.1	18.4	-4.6	7.4	7.4	2.5	8.2	1.8	0.7	12.9	5.1	11.6	5.8
Q3	14.5	18.5	-4.5	7.6	7.3	2.2	8.1	2.0	-1.5	13.2	4.9	11.3	6.4
Q4	13.8	18.4	-4.7	7.5	7.2	2.8	8.3	2.5	1.1	12.9	4.4	10.8	8.6
2003 Q1	12.9	18.1	-4.9	7.2	7.2	5.7	7.9	5.4	0.6	12.8	6.1	10.6	8.4
Q2	13.2	18.2	-5.0	7.2	7.2	5.5	8.5	4.6	1.7	13.1	13.0	11.3	12.9
Q3	13.2	18.4	-4.7	7.2	7.3	5.6	8.9	4.1	0.2	13.5	5.2	11.4	7.4
Japan													
1999	27.9	26.0	2.2	14.3	14.7	0.5	14.0	-5.0	0.6	5.3	5.7	11.3	0.3
2000	27.8	26.3	2.3	15.4	15.5	0.9	14.5	-1.0	0.2	5.2	3.9	10.5	-0.1
2001	26.4	25.8	2.0	15.3	15.3	-2.8	14.3	-6.3	0.2	4.9	2.8	8.5	0.2
2002	25.7	23.9	2.8	13.7	14.0	-2.9	15.7	-7.0	-0.9	4.8	0.7	8.4	-2.1
2001 Q4	25.5	25.7	2.0	.	.	4.3	.	5.7	-0.4	.	9.9	.	-0.6
2002 Q1	30.5	23.0	3.4	.	.	9.1	.	-4.9	-3.1	.	-6.6	.	2.5
Q2	24.1	23.4	2.8	.	.	-27.9	.	-23.7	0.8	.	5.8	.	-8.5
Q3	24.5	23.9	2.7	.	.	1.2	.	-9.7	-2.4	.	-6.8	.	-0.6
Q4	24.2	25.2	2.2	.	.	5.9	.	9.2	0.7	.	9.5	.	-1.5
2003 Q1	28.2	23.4	2.8	.	.	16.0	.	-4.6	0.3	.	-11.2	.	2.9
Q2	.	23.3	.	.	.	-25.1	.	-21.4	-0.9	.	4.1	.	-5.5
Q3	.	24.1	.	.	.	-2.7	.	-13.6	-2.9	.	-5.1	.	-3.7

C37 Net lending of non-financial corporations
(as a percentage of GDP)



C38 Net lending of households¹⁾
(as a percentage of GDP)



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

1) Including non-profit institutions serving households.

2) Gross capital formation in Japan. Capital expenditures in the United States include purchases of consumer durable goods.

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TECHNICAL NOTES

RELATING TO THE EURO AREA OVERVIEW (1. MONETARY DEVELOPMENTS AND INTEREST RATES)

The average growth rate for the quarter ending in month t is calculated as:

$$a) \left(\frac{0.5I_t + \sum_{i=1}^2 I_{t-i} + 0.5I_{t-3}}{0.5I_{t-12} + \sum_{i=1}^2 I_{t-i-12} + 0.5I_{t-15}} - 1 \right) \times 100$$

where I_t is the index of adjusted outstanding amounts as at month t (see also below). Likewise, for the year ending in month t , the average growth rate is calculated as:

$$b) \left(\frac{0.5I_t + \sum_{i=1}^{11} I_{t-i} + 0.5I_{t-12}}{0.5I_{t-12} + \sum_{i=1}^{11} I_{t-i-12} + 0.5I_{t-24}} - 1 \right) \times 100$$

RELATING TO SECTIONS 2.1 TO 2.6

CALCULATION OF TRANSACTIONS

Monthly transactions are calculated from monthly differences in outstanding amounts adjusted for reclassifications, other revaluations, exchange rate variations and any other changes which do not arise from transactions.

If L_t represents the outstanding amount at the end of month t , C_t^M the reclassification adjustment in month t , E_t^M the exchange rate adjustment and V_t^M the other revaluation adjustments, the transactions F_t^M in month t are defined as:

$$c) F_t^M = (L_t - L_{t-1}) - C_t^M - E_t^M - V_t^M$$

Similarly, the quarterly transactions F_t^Q for the quarter ending in month t are defined as:

$$d) F_t^Q = (L_t - L_{t-3}) - C_t^Q - E_t^Q - V_t^Q$$

where L_{t-3} is the amount outstanding at the end of month $t-3$ (the end of the previous quarter)

and, for example, C_t^Q is the reclassification adjustment in the quarter ending in month t .

For those quarterly series for which monthly observations are now available (see below), the quarterly transactions can be derived as the sum of the three monthly transactions in the quarter.

CALCULATION OF GROWTH RATES FOR MONTHLY SERIES

Growth rates may be calculated from transactions or from the index of adjusted outstanding amounts. If F_t^M and L_t are defined as above, the index I_t of adjusted outstanding amounts in month t is defined as:

$$e) I_t = I_{t-1} \times \left(1 + \frac{F_t^M}{L_{t-1}} \right)$$

The base of the index (of the non-seasonally adjusted series) is currently set as December 2001 = 100. Time series of the index of adjusted outstanding amounts are available on the ECB's website (www.ecb.int) under the "Monetary statistics" sub-section of the "Statistics" section.

The annual growth rate a_t for month t – i.e. the change in the 12 months ending in month t – may be calculated using either of the following two formulae:

$$f) a_t = \left[\prod_{i=0}^{11} \left(1 + \frac{F_{t-i}^M}{L_{t-i-1}} \right) - 1 \right] \times 100$$

$$g) a_t = \left(\frac{I_t}{I_{t-12}} - 1 \right) \times 100$$

Unless otherwise indicated, the annual growth rates refer to the end of the indicated period. For example, the annual percentage change for the year 2002 is calculated in g) by dividing the index of December 2002 by the index of December 2001.

Growth rates for intra-annual periods may be derived by adapting formula g). For example, the month-on-month growth rate a_t^M may be calculated as:

$$h) a_t^M = \left(\frac{I_t}{I_{t-1}} - 1 \right) \times 100$$

Finally, the three-month moving average for the annual growth rate of M3 is obtained as $(a_t + a_{t-1} + a_{t-2})/3$, where a_t is defined as in f) or g) above.

CALCULATION OF GROWTH RATES FOR QUARTERLY SERIES

Following the entry into force on 1 January 2003 of ECB Regulation ECB/2001/13, a number of breakdowns of MFI balance-sheet data, previously reported at a quarterly frequency, are now available monthly – thus providing monthly data on, for example, loans to households. However, for the time being and until at least a full year of monthly data becomes available, growth rates will continue to be calculated on the basis of the quarterly data.

If F_t^Q and L_{t-3} are defined as above, the index I_t of adjusted outstanding amounts for the quarter ending in month t is defined as:

$$i) I_t = I_{t-3} \times \left(1 + \frac{F_t^Q}{L_{t-3}} \right)$$

The annual growth rate in the four quarters ending in month t , i.e. a_t , may be calculated using formula g).

SEASONAL ADJUSTMENT OF THE EURO AREA MONETARY STATISTICS¹

The approach used relies on a multiplicative decomposition through X-12-ARIMA.² The seasonal adjustment may include a day-of-the-week adjustment, and for some series is carried out indirectly by means of a linear combination of components. In particular, this is the case for

M3, derived by aggregating the seasonally adjusted series for M1, M2 less M1, and M3 less M2.

The seasonal adjustment procedures are first applied to the index of adjusted outstanding amounts.³ The resulting estimates of the seasonal factors are then applied to the levels and to the adjustments arising from reclassifications and revaluations, in turn yielding seasonally adjusted transactions. Seasonal (and trading day) factors are revised at annual intervals or as required.

RELATING TO SECTIONS 3.1 TO 3.3

CALCULATION OF GROWTH RATES

Growth rates are calculated on the basis of financial transactions and therefore exclude reclassifications, revaluations, exchange rate variations and any other changes which do not arise from transactions.

If T_t represents the transactions in quarter t and L_t represents the outstanding amount at the end of quarter t , then the growth rate for the quarter t is calculated as:

$$j) \frac{\sum_{i=0}^3 T_{t-i}}{L_{t-4}} \times 100$$

¹ For details, see “Seasonal adjustment of monetary aggregates and HICP for the euro area”, ECB (August 2000) and the “Statistics” section of the ECB’s website (www.ecb.int), under the “Monetary statistics” sub-section.

² For details, see Findley, D., Monsell, B., Bell, W., Otto, M., and Chen, B. C. (1998), “New Capabilities and Methods of the X-12-ARIMA Seasonal Adjustment Program”, *Journal of Business and Economic Statistics*, 16, 2, pp.127-152, or “X-12-ARIMA Reference Manual”, Time Series Staff, Bureau of the Census, Washington, D.C.

For internal purposes, the model-based approach of TRAMO-SEATS is also used. For details on TRAMO-SEATS, see Gomez, V. and Maravall, A. (1996), “Programs TRAMO and SEATS: Instructions for the User”, Banco de España, Working Paper No. 9628, Madrid.

³ It follows that for the seasonally adjusted series, the level of the index for the base period, i.e. December 2001, generally differs from 100, reflecting the seasonality of that month.

RELATING TO SECTION 4.3 AND 4.4**CALCULATION OF GROWTH RATES FOR DEBT SECURITIES AND QUOTED SHARES**

Growth rates are calculated on the basis of financial transactions and therefore exclude reclassifications, revaluations, exchange rate variations and any other changes which do not arise from transactions. They may be calculated from transactions or from the index of adjusted outstanding amounts. If N_t^M represents the transactions (net issues) in month t and L_t the level outstanding at the end of the month t , the index I_t of adjusted outstanding amounts in month t is defined as:

$$k) \quad I_t = I_{t-1} \times \left(1 + \frac{N_t^M}{L_{t-1}} \right)$$

As a base, the index is set equal to 100 on December 2001. The growth rate a_t for month t corresponding to the change in the 12 months ending in month t , may be calculated using either of the following two formulae:

$$l) \quad a_t = \left[\prod_{i=0}^{11} \left(1 + \frac{N_{t-i}^M}{L_{t-i-1}} \right) - 1 \right] \times 100$$

$$m) \quad a_t = \left(\frac{I_t}{I_{t-12}} - 1 \right) \times 100$$

The method used to calculate the growth rates for securities other than shares is the same as that used for the monetary aggregates, the only difference being that an “N” is used rather than an “F”. The reason for this is to distinguish between the different ways of obtaining “net issues” for securities issues statistics, where the ECB collects information on gross issues and redemptions separately, and “transactions” used for the monetary aggregates.

The calculation formula used for Section 4.3 is also used for Section 4.4 and is likewise based on that used for the monetary aggregates. Section 4.4 is based on market values and the basis for the calculation are financial transactions, which exclude reclassifications,

revaluations or any other changes that do not arise from transactions. Exchange rate variations are not included as all quoted shares covered are denominated in euro.

RELATING TO TABLE 1 IN SECTION 5.1**SEASONAL ADJUSTMENT OF THE HICP⁴**

The approach used relies on multiplicative decomposition through X-12-ARIMA (see footnote 2 on page S74). The seasonal adjustment of the overall 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 2 IN SECTION 7.1**SEASONAL ADJUSTMENT OF THE BALANCE OF PAYMENTS CURRENT ACCOUNT**

The approach relies on multiplicative decomposition through X-12-ARIMA (see footnote 2 on page S74). The raw data for goods and services are pre-adjusted to take “working day” and “Easter” effects into account. Data on income credits are subject to a “working day” pre-adjustment. The seasonal adjustment for these items is carried out using these pre-adjusted series. Income debits and current transfers are not pre-adjusted. 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 semi-annual intervals or as required.

⁴ For details, see “Seasonal adjustment of monetary aggregates and HICP for the euro area”, ECB (August 2000) and the “Statistics” section of the ECB’s website (www.ecb.int), under the “Monetary statistics” sub-section.



GENERAL NOTES

The “Euro area statistics” section of the Monthly Bulletin focuses on statistics for the euro area as a whole. More detailed and longer runs of data, with further explanatory notes, are available in the “Statistics” section of the ECB’s website (www.ecb.int). Services available under the “Statistics on-line” subsection include a browser interface with search facilities, subscription to different datasets and a facility for downloading data directly as compressed Comma Separated Value (CSV) files. For further information, please contact us at: statistics@ecb.int.

In general, the cut-off date for the statistics included in the Monthly Bulletin is the day preceding the first meeting in the month of the Governing Council. For this issue, the cut-off date was 3 March 2004.

All data relate to the Euro 12, unless otherwise indicated. For the monetary data, the Harmonised Index of Consumer Prices (HICP), investment fund and financial market statistics, the statistical series relating to the euro area cover the EU Member States that had adopted the euro at the time to which the statistics relate. Where applicable, this is shown in the tables by means of a footnote; in the charts, the break is indicated by a dotted line. In these cases, where underlying data are available, absolute and percentage changes for 2001, calculated from a base in 2000, use a series which takes into account the impact of Greece’s entry into the euro area.

Given that the composition of the ECU does not coincide with the former currencies of the countries 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 EU Member States which have not adopted the euro. To avoid this effect on the monetary statistics, the pre-1999 data in Sections 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 otherwise indicated, price and cost statistics before 1999 are based on data expressed in national currency terms.

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

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

The group “acceding countries” comprises the Czech Republic, Estonia, Cyprus, Latvia, Lithuania, Hungary, Malta, Poland, Slovenia and Slovakia.

In most cases, the terminology used within the tables follows international standards, such as those contained in the European System of Accounts 1995 (ESA 95) and the IMF Balance of Payments Manual. Transactions refer to voluntary exchanges (measured directly or derived), while flows also encompass changes in outstanding amounts owing to price and exchange rate changes, write-offs, and other changes.

In the tables, the term “up to (x) years” means “up to *and including* (x) years”.

OVERVIEW

Developments in key indicators for the euro area are summarised in an overview table.

MONETARY POLICY STATISTICS

Section 1.4 shows statistics on minimum reserve and liquidity factors. Annual and quarterly observations refer to averages of the last reserve maintenance period of the year/quarter. Until December 2003, the maintenance periods started on the 24th calendar day of a month and ran to the 23rd of the following month. On 23 January 2003 the

ECB announced changes to the operational framework, which will be implemented on 10 March 2004. As a result of these changes, maintenance periods will start on the settlement day of the main refinancing operation (MRO) following the Governing Council meeting at which the monthly assessment of the monetary policy stance is scheduled. A transitional maintenance period has been defined to cover the period from 24 January to 9 March 2004.

Table 1 in Section 1.4 shows the components of the reserve base of credit institutions subject to reserve requirements. The 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. When a credit institution cannot provide evidence of the amount of its issues of debt securities with a maturity of up to two years held by the institutions mentioned above, it may deduct a certain percentage of these liabilities from its reserve base. The percentage for calculating the reserve base was 10% until November 1999 and 30% thereafter.

Table 2 in Section 1.4 contains average data for completed maintenance periods. The amount of the 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 from the end of each calendar month. Subsequently, each credit institution deducts from this figure a lump-sum allowance of €100,000. The resulting required reserves are then aggregated at the euro area level (column 1). The current account holdings (column 2) are the aggregate average daily current account holdings of credit institutions, including those that serve the fulfilment of reserve requirements. The excess reserves (column 3) are the average current account holdings over the maintenance period in excess of the required reserves. The deficiencies (column 4) are defined as the average shortfalls of current account holdings from required reserves over the maintenance period, computed

on the basis of those credit institutions that have not fulfilled their reserve requirement. The interest rate on minimum reserves (column 5) is equal to 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 Section 1.3).

Table 3 in Section 1.4 shows the banking system's liquidity position, which is defined as the current account holdings in euro of credit institutions in the euro area with the Eurosystem. All amounts are derived from the consolidated financial statement of the Eurosystem. The other liquidity-absorbing operations (column 7) exclude the issuance of debt certificates initiated by national central banks in Stage Two of EMU. The net other factors (column 10) represent the netted remaining items in the consolidated financial statement of the Eurosystem. The credit institutions' current accounts (column 11) are equal to the difference between the sum of liquidity-providing factors (columns 1 to 5) and the sum of liquidity-absorbing factors (columns 6 to 10). The base money (column 12) is calculated as the sum of the deposit facility (column 6), the banknotes in circulation (column 8) and the credit institutions' current account holdings (column 11).

MONEY, BANKING AND INVESTMENT FUNDS

Section 2.1 shows the aggregated balance sheet of the monetary financial institution (MFI) sector, i.e. the sum of the harmonised balance sheets of all MFIs resident in the euro area. MFIs are central banks, credit institutions as defined under Community law, money market funds and other institutions whose business it is to receive deposits and/or close substitutes for deposits from entities other than MFIs and, for their own account (at least in economic terms), to grant credits and/or make investments in securities. A complete list of MFIs is published on the ECB's website.

Section 2.2 shows the consolidated balance sheet of the MFI sector, which is obtained by netting the aggregated balance sheet positions between MFIs in the euro area. Due to limited heterogeneity in recording practices, the sum of the inter-MFI positions is not necessarily zero; the balance is shown in column 10 of the liabilities side of Section 2.2. Section 2.3 sets out the euro area monetary aggregates and counterparts. These are derived from the consolidated MFI balance sheet; they also take account of some monetary assets/liabilities of central government. Statistics on monetary aggregates and counterparts are adjusted for seasonal and trading-day effects. The external liabilities item of Sections 2.1 and 2.2 shows the holdings by non-euro area residents of i) shares/units issued by money market funds located in the euro area and ii) debt securities issued with a maturity of up to two years by MFIs located in the euro area. In Section 2.3, however, these holdings are excluded from the monetary aggregates and contribute to the item “net external assets”.

Section 2.4 provides an analysis by sector, type and original maturity of loans granted by MFIs other than the Eurosystem (the banking system) resident in the euro area. Section 2.5 shows a sectoral and instrument analysis of deposits held with the euro area banking system. Section 2.6 shows the securities held by the euro area banking system, by type of issuer.

Sections 2.2 to 2.6 include transactions, which are derived as differences in outstanding amounts adjusted for reclassifications, revaluations, exchange rate variations and any other changes which do not arise from transactions. Section 2.7 shows selected revaluations which are used in the derivation of transactions. Sections 2.2 to 2.6 also provide growth rates in terms of annual percentage changes based on the transactions. Section 2.8 shows a quarterly currency breakdown of selected MFI balance sheet items.

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 “Guidance Notes to the Regulation ECB/2001/13 on the MFI Balance Sheet Statistics” (ECB, November 2002) explains practices recommended to be followed by the NCBs. Since 1 January 1999 the statistical information has been collected and compiled on the basis of Regulation ECB/1998/16 of 1 December 1998 concerning the consolidated balance sheet of the Monetary Financial Institutions sector¹, as last amended by Regulation ECB/2003/10².

In line with this Regulation, the balance sheet item “money market paper” has been merged with the item “debt securities” on both the assets and liabilities side of the MFI balance sheet.

Section 2.9 shows end-of-quarter outstanding amounts for the balance sheet of the euro area investment funds (other than money market funds). The balance sheet is aggregated and therefore includes, among the liabilities, holdings by investment funds of shares/units issued by other investment funds. Total assets/liabilities are also broken down by investment policy (equity funds, bond funds, mixed funds, real estate funds and other funds) and by type of investor (general public funds and special investors’ funds). Section 2.10 shows the aggregated balance sheet for each investment fund sector as identified by investment policy and type of investor.

FINANCIAL AND NON-FINANCIAL ACCOUNTS

Sections 3.1 and 3.2 show quarterly data on financial accounts for non-financial sectors in the euro area, comprising general government (S.13 in the ESA 95), non-financial corporations (S.11 in the ESA 95), and households (S.14 in the ESA 95) including non-profit institutions serving households (S.15 in

1 OJL 356, 30.12.1998, p. 7.

2 OJL 250, 2.10.2003, p. 19.

the ESA 95). The data cover non-seasonally adjusted amounts 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 (“short-term” refers to an original maturity of up to one year; “long-term” refers to an original maturity of over one year). Whenever possible, the financing taken from MFIs is presented separately. The information on financial investment (assets) is currently less detailed than that on financing, especially since a breakdown by sector is not possible.

Section 3.3 shows quarterly data on financial accounts for insurance corporations and pension funds (S.125 in the ESA 95) in the euro area. As in Sections 3.1 and 3.2, the data cover non-seasonally adjusted amounts outstanding and financial transactions, and show the main financial investment and financing activities of this sector.

The quarterly data in these three sections are based on quarterly national financial accounts data and MFI balance sheet and securities issues statistics. Sections 3.1 and 3.2 also refer to data taken from the BIS international banking statistics. Although all euro area countries contribute to the MFI balance sheet and securities issues statistics, Ireland and Luxembourg do not yet provide quarterly national financial accounts data.

Section 3.4 shows annual data on saving, investment (financial and non-financial) and financing for the euro area as a whole, and separately for non-financial corporations and households. These annual data provide, in particular, fuller sectoral information on the acquisition of financial assets and are consistent with the quarterly data in the two previous sections.

FINANCIAL MARKETS

The series on financial market statistics for the euro area cover the EU Member States that had adopted the euro at the time to which the statistics relate.

Statistics on securities other than shares and quoted shares (Sections 4.1 to 4.4) are produced by the ECB using data from the ESCB and the BIS. Section 4.5 presents MFI interest rates on euro-denominated deposits and loans by euro area residents. Statistics on money market interest rates, long-term government bond yields and stock market indices (Sections 4.6 to 4.8) are produced by the ECB using data from wire services.

Statistics on securities issues cover securities other than shares (debt securities), which are presented in Sections 4.1, 4.2 and 4.3, and quoted shares, which are presented in Section 4.4. Debt securities are broken down into short-term and long-term securities. “Short-term” means securities with an original maturity of one year or less (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 debt securities are estimated to cover approximately 95% of total issues by euro area residents. Euro-denominated securities indicated in Sections 4.1, 4.2 and 4.3 also include items expressed in national denominations of the euro.

Section 4.1 shows securities issued, redemptions, net issues and outstanding amounts for all maturities, with an additional breakdown of long-term maturities. Net issues differ from the change in outstanding amounts owing to valuation changes, reclassifications and other adjustments.

Columns 1 to 4 show the outstanding amounts, gross issues, redemptions and net issues for all euro-denominated issues. Columns 5 to 8 show the outstanding amounts, gross issues,

redemptions and net issues for all securities other than shares (debt securities) issued by euro residents. Columns 9 to 11 show the percentage share of the outstanding amounts, gross issues and redemptions of securities that have been issued in euro by euro area residents. Column 12 shows euro-denominated net issues by euro area residents.

Section 4.2 contains a sectoral breakdown of outstanding amounts and gross issues for euro area resident issuers which is in line with the ESA 95³. The ECB is included in the Eurosystem.

The total outstanding amounts in column 1 of Section 4.2 are identical to the data on outstanding amounts of Section 4.1, column 5. The outstanding amounts of securities issued by MFIs in Section 4.2, column 2, are broadly comparable with debt securities issued as shown on the liabilities side of the aggregated MFI balance sheet in Section 2.1, column 8.

Section 4.3 shows annual growth rates for debt securities issued by euro area residents (broken down by maturity and by sector of the issuer), which are based on financial transactions that occur when an institutional unit acquires or disposes of financial assets and incurs or repays liabilities. The annual growth rates therefore exclude reclassifications, revaluations, exchange rate variations and any other changes which do not arise from transactions.

Section 4.4, columns 1, 4, 6 and 8, show the outstanding amounts of quoted shares issued by euro area residents broken down by issuing sector. The monthly data for quoted shares issued by non-financial corporations correspond to the quarterly series shown in Section 3.2 (main liabilities, column 21).

Section 4.4, columns 3, 5, 7 and 9, show annual growth rates for quoted shares issued by euro area residents (broken down by the sector of the issuer), which are based on financial transactions that occur when an issuer sells or

redeems shares for cash excluding investments in the issuers' own shares. Transactions include the quotation of an issuer on a stock exchange for the first time and the creation or deletion of new instruments. The calculation of annual growth rates excludes reclassifications, revaluations and any other changes which do not arise from transactions.

Section 4.5 presents statistics on all the interest rates that MFIs resident in the euro area apply to euro-denominated deposits and loans vis-à-vis households and non-financial corporations resident in the euro area. Euro area MFI interest rates are calculated as a weighted average (by corresponding business volume) of the euro area countries' interest rates for each category.

MFI interest rate statistics are broken down by type of business coverage, sector, instrument category and maturity, period of notice or initial period of interest rate fixation. The new MFI interest rate statistics replace the ten transitional statistical series on euro area retail interest rates that have been published in the ECB's Monthly Bulletin since January 1999.

Section 4.6 presents money market interest rates for the euro area, the United States and Japan. For the euro area, a broad spectrum of money market interest rates is covered spanning from interest rates on overnight deposits to those on twelve-month deposits. Before January 1999 synthetic euro area interest rates were calculated on the basis of national rates weighted by GDP. With the exception of the overnight rate to December 1998, monthly, quarterly and yearly values are period averages. Overnight deposits are represented by interbank deposit bid rates up to December 1998. From January 1999 column 1 of Section 4.6 shows

3 The code numbers in the ESA 95 for the sectors shown in tables in the Monthly Bulletin are: MFIs (including the Eurosystem), which comprises the ECB, the NCBs of the euro area countries (S.121) and other monetary financial institutions (S.122); non-monetary financial corporations, which comprises other financial intermediaries (S.123), financial auxiliaries (S.124) and insurance corporations and pension funds (S.125); non-financial corporations (S.11); central government (S.1311); and other general government, which comprises state government (S.1312), local government (S.1313) and social security funds (S.1314).

the euro overnight index average (EONIA). These are end-of-period rates up to December 1998 and period averages thereafter. From January 1999 interest rates on one-, three-, six- and twelve-month deposits are euro interbank offered rates (EURIBOR); until December 1998, London interbank offered rates (LIBOR) where available. For the United States and Japan, interest rates on three-month deposits are represented by LIBOR.

Section 4.7 presents government bond yields for the euro area, the United States and Japan. Until December 1998, two-, three-, five- and seven-year euro area yields were end-of-period values and ten-year yields period averages. Thereafter, all yields are period averages. Until December 1998, euro area yields were 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 the United States and Japan, ten-year yields are period averages.

Section 4.8 shows stock market indices for the euro area, the United States and Japan.

PRICES, OUTPUT, DEMAND AND LABOUR MARKETS

Most of the data described in this section are 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. Statistics on GDP and expenditure components, value added by economic activity, industrial production, retail sales and passenger car registrations are adjusted for the variations in the number of working days.

The Harmonised Index of Consumer Prices (HICP) for the euro area (Section 5.1) is available from 1995 onwards. It is based on national HICPs, which 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/HICP). The HICP covers monetary expenditure on final consumption by households on the economic territory of the euro area. The table includes seasonally adjusted HICP data which are compiled by the ECB.

Industrial producer prices (Table 2 in Section 5.1), industrial production and retail sales (Section 5.2) are covered by Council Regulation (EC) No 1165/98 of 19 May 1998 concerning short-term statistics⁴. The breakdown by end-use of products for industrial producer prices and industrial production is the harmonised sub-division of industry excluding construction (NACE sections C to E) into Main Industrial Groupings (MIGs) as defined by Commission Regulation (EC) No 586/2001 of 26 March 2001⁵. Industrial producer prices reflect the ex-factory gate prices of producers. They include indirect taxes except VAT and other deductible taxes. Industrial production reflects the value added of the industries concerned.

World market prices of raw materials (Table 2 in Section 5.1) measures price changes of euro-denominated euro area imports compared with the base period.

The Labour Cost Indices (Table 3 in Section 5.1) measure the average labour cost per hour worked. They do not, however, cover agriculture, fishing, public administration, education, health and services not elsewhere classified. The ECB calculates the indicator of negotiated wages (memo item in Table 3 of Section 5.1) on the basis of non-harmonised national definition data.

Unit labour cost components (Table 4 in Section 5.1), GDP and its components (Tables 1 and 2 in Section 5.2), GDP deflators (Table 5 in Section 5.1) and employment statistics (Table 1 in Section 5.3) are results of the ESA 95 quarterly national accounts.

⁴ OJ L 162, 5.6.1998, p. 1.

⁵ OJ L 86, 27.3.2001, p. 11.

Retail sales (Table 4 in Section 5.2) measures the turnover, including all duties and taxes with the exception of VAT, of all retail trade excluding sales of motor vehicles and motorcycles, and except repairs. New passenger car registrations covers registrations of both private and commercial passenger cars.

Qualitative business and consumer survey data (Table 5 in Section 5.2) draw on the European Commission Business and Consumer Surveys.

Unemployment rates (Table 2 in Section 5.3) conform to International Labour Organisation (ILO) guidelines. They refer to persons actively seeking work as a share of the labour force, using harmonised criteria and definitions. The labour force estimates underlying the unemployment rate are different from the sum of the employment and unemployment levels published in Section 5.3.

GOVERNMENT FINANCE

Sections 6.1 to 6.3 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. The deficit and debt data for the euro area countries may therefore differ from those used by the European Commission within the excessive deficit procedure.

Section 6.1 shows general government revenue and expenditure on the basis of definitions laid down in Commission Regulation (EC) No 1500/2000 of 10 July 2000⁶ amending the ESA 95. Section 6.2 shows details of general government gross consolidated debt at nominal value in line with the Treaty provisions on the excessive deficit procedure. Sections 6.1 and 6.2 include summary data for the individual euro area countries owing to their importance in the framework of the Stability and Growth Pact.

Section 6.3 presents changes in general government debt. The difference between the change in the government debt and the government deficit – the deficit-debt adjustment – is mainly explained by government transactions in financial assets and by foreign exchange valuation effects.

EXTERNAL TRANSACTIONS AND POSITIONS

The concepts and definitions used in balance of payments (b.o.p.) and international investment position (i.i.p.) statistics (Sections 7.1, 7.2, 7.4 and 7.5) are generally in line with the IMF Balance of Payments Manual (fifth edition, October 1993), the ECB Guideline of 2 May 2003 on the statistical reporting requirements of the ECB (ECB/2003/7)⁷, and Eurostat documents. Additional references about the methodologies and sources used in the euro area b.o.p. and i.i.p. statistics can be found in the ECB publication entitled “European Union balance of payments/international investment position statistical methods” (November 2003), which can be downloaded from the ECB’s website.

The presentation of net transactions in the financial account follows the sign convention of the IMF Balance of Payments Manual: an increase of assets appears with a minus sign, while an increase of liabilities appears with a plus sign. In the current account and capital account, both credit and debit transactions are presented with a plus sign.

The euro area b.o.p. is compiled by the ECB. The recent monthly figures should be regarded as provisional. Data are revised when figures for the following month and/or the detailed quarterly b.o.p. are published. Earlier data are revised periodically or as a result of methodological changes in the compilation of the source data.

⁶ OJL 172, 12.7.2000, p. 3.

⁷ OJL 131, 28.5.2003, p. 20.

Table 2 in Section 7.1 contains seasonally adjusted data for the current account. Where appropriate, the adjustment covers also working-day, leap year and/or Easter effects.

Table 7 in Section 7.1 provides a sectoral breakdown of euro area purchasers of securities issued by non-euro area residents. It is not yet possible to show a sectoral breakdown of euro area issuers of securities acquired by non-residents.

Section 7.2 contains a monetary presentation of the b.o.p.: the b.o.p. transactions mirroring the transactions in the external counterpart of M3. The data follow the sign conventions of the b.o.p., except for the transactions in the external counterpart of M3 taken from money and banking statistics (column 12), where a positive sign denotes an increase of assets or a decrease of liabilities. In the liabilities of portfolio investment, the b.o.p. transactions include sales and purchases of equity and debt securities issued by MFIs, apart from shares of money market funds and debt securities issued by MFIs with a maturity of up to two years. A specific methodological note on the monetary presentation of the euro area b.o.p. is available in the "Statistics" section of the ECB's website. See also Box 1 in the June 2003 issue of the Monthly Bulletin.

Section 7.3 shows data on euro area external trade in goods. The main source 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 breakdown by product group in columns 4 to 6 and 9 to 11 of Table 7.3.1 is in line with the classification by Broad Economic Categories. Manufactured goods (columns 7 and 12) and oil (column 13) are in line with the SITC Rev. 3 definition. The geographical breakdown shows main trading partners individually or in regional groups.

Owing to differences in definitions, classification, coverage and time of recording, external trade data, in particular for imports, are not fully comparable with the goods item in the balance of payments statistics (Sections 7.1 and 7.2). Part of the difference arises from the inclusion of insurance and freight services in the recording of goods imported, which accounted for about 5% of the value of imports (c.i.f.) in 2001 (ECB estimate).

The data on the euro area i.i.p. in Section 7.4 are based on positions vis-à-vis non-euro area residents, considering the euro area as a single economy (see also Box 9 in the December 2002 issue of the Monthly Bulletin). The i.i.p. is valued at current market prices, with the exception of direct investment, where book values are used to a large extent.

The outstanding amounts of the Eurosystem's international reserves and related assets and liabilities are shown in Section 7.5, together with the part held by the ECB. These figures are not fully comparable with those of the Eurosystem's weekly financial statement owing to differences in coverage and valuation. The data in Section 7.5 are in line with the recommendations for the IMF/BIS template on international reserves and foreign currency liquidity. Changes in the gold holdings of the Eurosystem (column 3) are due to transactions in gold within the terms of the Central Bank Gold Agreement of 26 September 1999. More information on the statistical treatment of the Eurosystem's international reserves can be found in a publication entitled "Statistical treatment of the Eurosystem's international reserves" (October 2000), which can be downloaded from the ECB's website. The website also contains more comprehensive data in accordance with the template on international reserves and foreign currency liquidity.

EXCHANGE RATES

Section 8.1 shows ECB calculations of nominal and real effective exchange rate indices for the

euro, based on weighted averages of bilateral euro exchange rates. A positive change denotes an appreciation of the euro. Weights are based on 1995-97 manufactured goods trade with the trading partners and capture third-market effects. The narrow group is composed of the United States, the United Kingdom, Japan, Switzerland, Sweden, South Korea, Hong Kong, Denmark, Singapore, Canada, Norway and Australia. In addition, the broad group includes the following countries: Algeria, Argentina, Brazil, China, Croatia, Cyprus, the Czech Republic, Estonia, Hungary, India, Indonesia, Israel, Malaysia, Mexico, Morocco, New Zealand, the Philippines, Poland, Romania, Russia, Slovakia, Slovenia, South Africa, Taiwan, Thailand and Turkey. Real rates are calculated using consumer prices (CPI), producer prices (PPI), gross domestic product (GDP deflator), unit labour costs in manufacturing (ULCM) and unit labour costs in the total economy (ULCT). For more detailed information on the calculation of effective exchange rates, see the article entitled "Developments in the euro area's international cost and price competitiveness" in the August 2003 issue of the Monthly Bulletin and the ECB's Occasional Paper No. 2 ("The effective exchange rates of the euro", Luca Buldorini, Stelios Makrydakis and Christian Thimann, February 2002), which can be downloaded from the ECB's website.

The bilateral rates shown in Section 8.2 are monthly averages of those published daily as reference rates for these currencies.

DEVELOPMENTS OUTSIDE THE EURO AREA

Statistics on other EU Member States and the acceding countries (Section 9.1) follow the same principles as those for data relating to the euro area. Data for the United States and Japan contained in Section 9.2 are obtained from national sources.



CHRONOLOGY OF MONETARY POLICY MEASURES OF THE EUROSYSTEM¹

3 JANUARY 2002

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

The Governing Council also decides on an allotment amount of E20 billion per operation for the longer-term refinancing operations to be conducted in 2002. This amount takes into consideration the expected liquidity needs of the euro area banking system in 2002 and the desire of the Eurosystem to continue to provide the bulk of refinancing of the financial sector through its main refinancing operations. The Governing Council may adjust the allotment amount in the course of the year in the event of unexpected developments in liquidity needs.

7 FEBRUARY, 7 MARCH, 4 APRIL, 2 MAY, 6 JUNE, 4 JULY 2002

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

10 JULY 2002

The Governing Council of the ECB decides to reduce the allotment amount for each of the longer-term refinancing operations to be conducted in the second half of 2002 from E20 billion to E15 billion. This latter amount takes into consideration the expected liquidity needs of the euro area banking system in the second half of 2002 and reflects the desire of the Eurosystem to continue to provide the bulk of liquidity through its main refinancing operations.

1 AUGUST, 12 SEPTEMBER, 10 OCTOBER, 7 NOVEMBER 2002

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

5 DECEMBER 2002

The Governing Council of the ECB decides to lower the minimum bid rate on the main refinancing operations by 0.50 percentage point to 2.75%, starting from the operation to be settled on 11 December 2002. It also decides to lower the interest rates on both the marginal lending facility and the deposit facility by 0.50 percentage point, to 3.75% and 1.75% respectively, both with effect from 6 December 2002.

In addition, it decides that the reference value for the annual growth rate of the broad monetary aggregate M3 will remain at 4½%.

9 JANUARY 2003

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 2.75%, 3.75% and 1.75% respectively.

23 JANUARY 2003

The Governing Council of the ECB decides to implement the following two measures to

¹ The chronology of monetary policy measures of the Eurosystem taken in 1999 to 2001 can be found on pages 176 to 179 of the ECB Annual report 1999, on pages 205 to 208 of the ECB Annual report 2000 and on pages 219 to 220 of the ECB Annual report 2001 respectively.

improve the operational framework for monetary policy:

Firstly, the timing of the reserve maintenance period will be changed so that it will always start on the settlement day of the main refinancing operation (MRO) following the Governing Council meeting at which the monthly assessment of the monetary policy stance is pre-scheduled. Furthermore, as a rule, the implementation of changes to the standing facility rates will be aligned with the start of the new reserve maintenance period.

Secondly, the maturity of the MROs will be shortened from two weeks to one week.

These measures are scheduled to come into effect during the first quarter of 2004.

Further to the press release of 10 July 2002, the Governing Council also decides to maintain at E15 billion the allotment amount for each of the longer-term refinancing operations to be conducted in the year 2003. This amount takes into consideration the expected liquidity needs of the euro area banking system in 2003 and reflects the desire of the Eurosystem to continue to provide the bulk of liquidity through its main refinancing operations.

6 FEBRUARY 2003

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 2.75%, 3.75% and 1.75% respectively.

6 MARCH 2003

The Governing Council of the ECB decides to lower the minimum bid rate on the main refinancing operations by 0.25 percentage

point to 2.50%, starting from the operation to be settled on 12 March 2003. It also decides to lower the interest rates on both the marginal lending facility and the deposit facility by 0.25 percentage point, to 3.50% and 1.50% respectively, both with effect from 7 March 2003.

3 APRIL 2003

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 2.50%, 3.50% and 1.50% respectively.

8 MAY 2003

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 2.50%, 3.50% and 1.50% respectively.

It also announces the results of its evaluation of the ECB's monetary policy strategy. This strategy, which was announced on 13 October 1998, consists of three main elements: a quantitative definition of price stability, a prominent role for money in the assessment of risks to price stability, and a broadly based assessment of the outlook for price developments.

The Governing Council confirms the definition of price stability formulated in October 1998, namely that "price stability is defined as a year-on-year increase in the Harmonised Index of Consumer Prices (HICP) for the euro area of below 2%. Price stability is to be maintained over the medium term". At the same time, the Governing Council agrees that in the pursuit of price stability it will aim to maintain

inflation rates close to 2% over the medium term.

The Governing Council confirms that its monetary policy decisions will continue to be based on a comprehensive analysis of the risks to price stability. At the same time, the Governing Council decides to clarify in its communication the respective roles played by economic and monetary analysis in the process of coming to the Council's overall assessment of risks to price stability.

To underscore the longer-term nature of the reference value for monetary growth as a benchmark for the assessment of monetary developments, the Governing Council also decides that it will no longer conduct a review of the reference value on an annual basis. However, it will continue to assess the underlying conditions and assumptions.

5 JUNE 2003

The Governing Council of the ECB decides to lower the minimum bid rate on the main refinancing operations by 0.50 percentage point to 2.0%, starting from the operation to be settled on 9 June 2003. It also decides to lower the interest rates on both the marginal lending facility and the deposit facility by 0.50 percentage point, to 3.0% and 1.0% respectively, both with effect from 6 June 2003.

10 JULY, 31 JULY, 4 SEPTEMBER, 2 OCTOBER, 6 NOVEMBER, 4 DECEMBER 2003 AND 8 JANUARY 2004

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 2.0%, 3.0% and 1.0% respectively.

12 JANUARY 2004

The Governing Council of the ECB decides to increase the allotment amount for each of the longer-term refinancing operations to be conducted in the year 2004 from EUR 15 billion to EUR 25 billion. This increased amount takes into consideration the higher liquidity needs of the euro area banking system anticipated for the year 2004. The Eurosystem will, however, continue to provide the bulk of liquidity through its main refinancing operations. The Governing Council may decide to adjust the allotment amount again at the beginning of 2005.

5 FEBRUARY, 4 MARCH 2004

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 2.0%, 3.0% and 1.0% respectively.



THE TARGET (TRANS-EUROPEAN AUTOMATED REAL-TIME GROSS SETTLEMENT EXPRESS TRANSFER) SYSTEM



PAYMENT FLOWS IN TARGET

In the fourth quarter TARGET processed a daily average of 271,939 payments with a value of €1,604 billion. Compared with the previous quarter, this represents an increase of 8% in terms of volume and 1% in terms of value. TARGET intra-Member State traffic increased in volume and remained unchanged in terms of value, whereas inter-Member State traffic grew in terms of both volume and value. TARGET's overall market share remained at the high level of 87.0% in value terms and increased to 58.2% in volume terms.

TARGET INTRA-MEMBER STATE

TARGET processed a daily average of 209,078 intra-Member State payments with a value of €1,071 billion representing an increase of 7% in volume and no change in value as compared with the previous quarter. Compared with the corresponding period in 2002, the volume grew by 2% and the value decreased by 5%.

TARGET intra-Member State accounted for 66.8% and 76.9% of the total value and volume of TARGET respectively. The average value of an intra-Member State payment, at €5.1 million, continued to decrease and was €0.4 million lower than in the previous quarter.

The highest intra-Member State volume was processed on 29 December 2003 with 282,285 payments. At €1,349 billion, the highest value was recorded on 28 November 2003, the day after a US public holiday.

66% of all intra-Member State TARGET payments were less than or equal to €50,000, while 11% were higher than €1 million. On average there were around 110 TARGET intra-Member State payments per day with a value above €1 billion.

TARGET INTER-MEMBER STATE

At the inter-Member State level, TARGET processed a daily average of 62,861 payments with a value of €533 billion. Compared with the third quarter of 2003, this equals a growth of 9% and 2% respectively. The inter-Member State figures went up by 15% in volume terms and 4% in value terms as compared with the fourth quarter of last year.

Interbank payments remained unchanged in volume and increased slightly by 1% in terms of value as compared with the previous quarter. Customer payments grew by 11% in value terms and 15% in volume terms.

The ratio of interbank payments to the average number of daily TARGET inter-Member State payments accounted for 95.0% in terms of value and 49.0% in terms of volume. The average value of interbank payments decreased from €16.7 million to €16.4 million and that of customer payments from €857,000 to €832,000 as compared with the third quarter of 2003.

In the fourth quarter the highest value on a single day in TARGET inter-Member State was recorded on 22 December 2003, on which date €702 billion was processed. In terms of volume, the payments peak day was 28 November 2003, the first business day following a US holiday, when 87,900 inter-Member State payments were processed in TARGET.

62% of the inter-Member State payments in TARGET had a value less than or equal to €50,000. 15% had a value above €1 million. On average there were 40 TARGET inter-Member State payments per day with a value above €1 billion.

TARGET AVAILABILITY AND BUSINESS PERFORMANCE

TARGET overall availability was 99.82% in the fourth quarter of 2003. The adjacent table shows the respective figures for each national TARGET component and the ECB payment mechanism. In the fourth quarter, 95.86% of the TARGET inter-Member State payments were processed smoothly in less than 5 minutes. 3.50% needed between 5 minutes and less than 15 minutes; 0.42% required between 15 minutes and 30 minutes. Owing to incidents in TARGET, the processing time exceeded 15 minutes on average for 44 payments out of the 62,861 inter-Member State payments processed per day.

Table 1 TARGET availability for each national component and the ECB payment mechanism

National TARGET component	Availability Q4 2003
Belgium	99.41%
Denmark	99.56%
Germany	99.96%
Greece	99.75%
Spain	99.84%
France	99.84%
Ireland	100.00%
Italy	99.86%
Luxembourg	99.82%
The Netherlands	99.95%
Austria	99.57%
Portugal	100.00%
Finland	100.00%
Sweden	99.83%
United Kingdom	100.00%
ECB payment mechanism	99.70%
Overall TARGET availability	99.82%

Table 2 Payment instructions processed by TARGET and other selected interbank funds transfer systems: volume of transactions

(number of payments)

	2002 Q4	2003 Q1	2003 Q2	2003 Q3	2003 Q4
TARGET					
All TARGET payments					
Total volume	16,581,446	15,932,658	16,606,135	16,665,036	17,404,115
Daily average	259,085	252,899	267,841	252,501	271,939
Inter-Member State TARGET payments					
Total volume	3,548,455	3,626,612	3,790,098	3,813,244	4,023,122
Daily average	55,445	57,565	61,131	57,776	62,861
Intra-Member State TARGET payments					
Total volume	13,032,991	12,306,046	12,816,037	12,851,792	13,380,993
Daily average	203,640	195,334	206,710	194,724	209,078
Other systems					
Euro 1 (EBA)					
Total volume	9,193,222	9,175,565	9,752,646	9,835,244	10,088,174
Daily average	143,644	145,664	157,301	149,019	157,628
Paris Net Settlement (PNS)					
Total volume	1,907,487	1,848,463	1,860,345	1,790,113	1,833,104
Daily average	29,804	29,341	30,006	27,123	28,642
Servicio Español de Pagos Interbancarios (SPI)					
Total volume	462,054	475,698	461,878	419,123	423,513
Daily average	7,220	7,551	7,450	6,350	6,617
Pankkien On-line Pikasiirrot ja Sekit järjestelmä (POPS)					
Total volume	138,552	134,248	191,101	151,666	134,620
Daily average	2,165	2,131	3,082	2,298	2,103

Table 3 Payment instructions processed by TARGET and other selected interbank funds transfer systems: value of transactions

(EUR billions)					
	2002 Q4	2003 Q1	2003 Q2	2003 Q3	2003 Q4
TARGET					
All TARGET payments					
Total value	105,008	106,869	105,978	105,216	102,686
Daily average	1,641	1,696	1,709	1,594	1,604
Inter-Member State TARGET payments					
Total value	32,899	34,636	33,545	34,570	34,128
Daily average	514	550	541	524	533
Intra-Member State TARGET payments					
Total value	72,110	72,233	72,433	70,646	68,558
Daily average	1,127	1,147	1,168	1,070	1,071
Other systems					
Euro 1 (EBA)					
Total value	11,711	11,431	11,074	11,331	10,898
Daily average	183	181	179	172	170
Paris Net Settlement (PNS)					
Total value	4,995	4,896	4,698	4,203	4,180
Daily average	78	78	76	64	65
Servicio Español de Pagos Interbancarios (SPI)					
Total value	72	79	78	75	74
Daily average	1	1	1	1	1
Pankkien On-line Pikasiirrot ja Sekit-järjestelmä (POPS)					
Total value	102	115	111	96	104
Daily average	2	2	2	1	2

DOCUMENTS PUBLISHED BY THE EUROPEAN CENTRAL BANK SINCE 2003



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ANNUAL REPORT

“Annual Report 2002”, April 2003.

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“CLS – purpose, concept and implications”, January 2003.

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“Recent developments in the euro area banking sector”, August 2003.

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- “Portfolio investment income: Task force report”, August 2003.
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GLOSSARY

Autonomous liquidity factors: liquidity factors which normally do not stem from the use of monetary policy instruments. They include, for example, banknotes in circulation, government deposits with the central bank, and net foreign assets of the central bank.

Central parity: the exchange rate of ERM II member currencies vis-à-vis the euro around which the ERM II fluctuation margins are defined.

Compensation per employee: compensation is defined as the total remuneration, in cash or in kind, payable by employers to employees. Compensation includes gross wages and salaries, as well as bonuses, overtime payments and employers' social security contributions. Compensation per employee is defined as total compensation divided by the total number of employees.

Consolidated balance sheet of the MFI sector: obtained by netting out inter-MFI positions (mainly loans granted by one MFI to another) on the aggregated MFI balance sheet.

Debt (financial accounts): includes loans, debt securities issued, and pension fund reserves of non-financial corporations, valued at market value at the end of the period. In the quarterly financial accounts, debt does not include loans granted by non-financial sectors (for example inter-company loans) or by banks outside the euro area, whereas these components are included in the annual financial accounts.

Debt ratio (general government): general government debt is defined as total gross debt at nominal value outstanding at the end of the year and consolidated between and within the sectors of general government. The government debt-to-GDP ratio is defined as the ratio of general government debt to gross domestic product at current market prices and is the subject of one of the fiscal convergence criteria laid down in Article 104 (2) of the Treaty establishing the European Community.

Debt securities: represent a promise on the part of the issuer (i.e. the borrower) to make one or more payment(s) to the holder (the lender) at a specified future date or dates. They usually carry a specific rate of interest (the coupon) and/or are sold at a discount to the amount that will be repaid at maturity. Debt securities issued with an original maturity of more than one year are classified as long-term.

Deficit ratio (general government): the general government deficit is defined as net borrowing and corresponds to the difference between total government revenue and total government expenditure. The deficit ratio is defined as the ratio of the general government deficit to gross domestic product at current market prices and is the subject of one of the fiscal convergence criteria laid down in Article 104 (2) of the Treaty establishing the European Community. It is also referred to as the budget deficit ratio or the fiscal deficit ratio.

Deposit facility: a standing facility of the Eurosystem which counterparties may use to make overnight deposits, remunerated at a pre-specified interest rate, at a national central bank.

Direct investment: cross-border investment that reflects the objective of obtaining a lasting interest in an enterprise resident in another economy (in practice assumed for ownership equivalent to at least 10% of the voting rights). The direct investment account records net acquisitions of assets abroad by euro area residents (as "direct investment

abroad”) and net acquisitions of euro area assets by non-residents (as “direct investment in the euro area”). Direct investment includes equity capital, reinvested earnings and other capital associated with inter-company operations.

EC surveys: qualitative business and consumer surveys conducted for the European Commission. Questions are addressed to managers in manufacturing, construction, retail and services as well as to consumers. The confidence indicators are composite indicators calculated as the arithmetic average of the percentage balances of several components (see Table 5.2.5 in the “Euro area statistics” section for details).

EONIA (euro overnight index average): a measure of the interest rate prevailing in the euro interbank overnight market based on transactions.

Equity securities: represent ownership of a stake in a corporation. Comprise shares traded on stock exchanges (quoted shares), unquoted shares and other forms of equity. Equities usually produce income in the form of dividends.

ERM II (exchange rate mechanism II): the exchange rate arrangement which provides the framework for exchange rate policy cooperation between the euro area countries and the EU Member States not participating in Stage Three of EMU.

EURIBOR (euro interbank offered rate): the rate at which a prime bank is willing to lend funds in euro to another prime bank, computed daily for interbank deposits with different maturities of up to 12 months.

Euro effective exchange rates (EERs, nominal/real): nominal euro EERs are weighted averages of bilateral euro exchange rates against the currencies of euro area’s trading partners. The ECB publishes nominal EER indices for the euro against the currencies of a narrow and a broad group of trading partners. The weights used reflect the share of each partner country in euro area trade. Real EERs are nominal EERs deflated by a weighted average of foreign, relative to domestic, prices or costs. They are, thus, measures of price and cost competitiveness.

Eurozone Manufacturing Input Prices Index (EPI): a weighted average of the manufacturing input price data derived from surveys of manufacturing business conditions conducted in a number of euro area countries.

Eurozone purchasing managers’ surveys: surveys of manufacturing and service sector business conditions conducted for a number of countries in the euro area and used to compile indices. The Eurozone Manufacturing Purchasing Managers’ Index (PMI) is a weighted indicator calculated from indices of output, new orders, employment, suppliers’ delivery times and stocks of purchases. The service sector survey asks questions on business activity, expectations of future business activity, amount of business outstanding, incoming new business, employment, input prices and prices charged. The Eurozone Composite Index is calculated combining the results from the manufacturing and service sector surveys.

External trade in goods: intra- and extra-euro area exports and imports of goods, measured in terms of value and as volume and unit value indices. Intra-euro area trade records the arrival and dispatch of goods flowing between the euro area countries, while extra-euro area trade records

the external trade of the euro area. External trade statistics are not directly comparable with exports and imports recorded in the National Accounts, as the latter include both intra- and extra-euro area transactions and also combine goods and services.

Fixed rate tender: a tender procedure where the interest rate is specified in advance by the central bank and participating counterparties bid the amount of money they wish to transact at the fixed interest rate.

General government: comprises central, state and local government and social security funds. Publicly-owned units carrying out commercial operations, such as public enterprises, are in principle excluded from general government.

Gross domestic product (GDP): the final result of production activity. It corresponds to the economy's output of goods and services less intermediate consumption, plus net taxes on products and imports. GDP can be broken down by output, expenditure or income components. The main expenditure aggregates which make up GDP are household final consumption, government final consumption, gross fixed capital formation, changes in inventories, and exports and imports of goods and services (including intra-euro area trade).

Gross monthly earnings: a measure of gross monthly wages and salaries of employees, including employees' social security contributions.

Harmonised Index of Consumer Prices (HICP): a measure of consumer prices which is compiled by Eurostat and harmonised for all EU countries.

Hourly labour cost index: a measure of labour costs, including gross wages and salaries (including bonuses of all kinds), employers' social security contributions and other labour costs (such as vocational training costs, recruitment costs and employment-related taxes) and net of subsidies, per hour actually worked. Hourly costs are obtained by dividing the total of these costs for all employees by all hours worked by them (including overtime).

Implied volatility: a measure of expected volatility (standard deviation in terms of annualised percentage changes) in the prices of, for example, bonds and stocks (or of corresponding futures contracts), which can be extracted from option prices.

Index of negotiated wages: a measure of the direct outcome of collective bargaining in terms of basic pay (i.e. excluding bonuses) at the euro area level. It refers to the implied average change in monthly wages and salaries.

Industrial producer prices: a measure of the factory-gate prices (transportation costs are not included) of all products sold by industry excluding construction on the domestic markets of the euro area countries, excluding imports.

Industrial production: a measure of the gross value added created by industry at constant prices.

Inflation-indexed government bonds: debt securities whose coupon payments and principal are linked to a specific consumer price index.

International investment position (i.i.p.): the value and composition of an economy's outstanding net financial claims on (or financial liabilities to) the rest of the world. Also referred to as the net external asset position.

Job vacancies: a measure of newly created jobs, unoccupied jobs or jobs about to become vacant in the near future, for which the employer has taken recent active steps to find a suitable candidate.

Key ECB interest rates: the interest rates, set by the Governing Council, which reflect the monetary policy stance of the ECB. They are the minimum bid rate on the main refinancing operations, the interest rate on the marginal lending facility and the interest rate on the deposit facility.

Labour force: the sum of persons in employment and the number of unemployed.

Labour productivity: a measure of the output that can be produced with a given input of labour. Labour productivity can be measured in several ways. It is commonly measured as GDP at constant prices divided by either total employment or total hours worked.

Longer-term refinancing operation: a monthly open market operation, conducted by the Eurosystem, with a usual maturity of three months. The operations are conducted as variable rate tenders with pre-announced allotment volumes.

M1: narrow monetary aggregate. Comprises currency in circulation plus overnight deposits held with MFIs and central government (e.g. at the post office or treasury).

M2: intermediate monetary aggregate. Comprises M1 and deposits redeemable at a period of notice of up to and including three months (i.e. short-term savings deposits) and deposits with an agreed maturity of up to and including two years (i.e. short-term time deposits) held with MFIs and central government.

M3: broad monetary aggregate. Comprises M2 and marketable instruments, i.e. repurchase agreements, money market fund shares and units, and debt securities with a maturity of up to and including two years issued by MFIs.

Marginal lending facility: a standing facility of the Eurosystem which counterparties may use to receive credit from a national central bank at a pre-specified interest rate against eligible assets.

Main refinancing operation: a weekly open market operation conducted by the Eurosystem. In 2003 the Governing Council decided that as of March 2004 the maturity of these operations would be reduced from two weeks to one. The operations are conducted as variable rate tenders with a pre-announced minimum bid rate.

MFIs (monetary financial institutions): financial institutions forming the money-issuing sector of the euro area. They include the ECB, the national central banks of the euro area countries, and credit institutions and money market funds located in the euro area.

MFI credit to euro area residents: comprises MFI loans to euro area residents and MFI holdings of securities issued by euro area residents. Securities comprise shares, other equity and debt securities.

MFI longer-term financial liabilities: comprise deposits with an agreed maturity of over two years, deposits redeemable at a period of notice of over three months, debt securities issued with an original maturity of more than two years and the capital and reserves of the euro area MFI sector.

MFI net external assets: comprise external assets of euro area MFIs (such as gold, non-euro banknotes, securities issued by non-euro area residents and loans granted to non-euro area residents) minus external liabilities of the euro area MFI sector (such as non-euro area residents' holdings of deposits, repurchase agreements, money market fund shares and units, and debt securities with a maturity of up to and including two years issued by MFIs).

Portfolio investment: a record of net acquisitions by euro area residents of securities issued by non-residents of the euro area ("assets") and net acquisitions by non-residents of the euro area of securities issued by euro area residents ("liabilities"). Includes equity securities, debt securities in the form of bonds and notes, and money market instruments. Transactions are recorded at the effective price paid or received, less commissions and expenses. To be regarded as a portfolio asset, ownership in an enterprise must be equivalent to less than 10% of the voting rights.

Price stability: the maintenance of price stability is the primary objective of the Eurosystem. The Governing Council defines price stability as a year-on-year increase in the Harmonised Index of Consumer Prices (HICP) for the euro area of below 2%. The Governing Council has also made it clear that, in the pursuit of price stability, it aims to maintain inflation rates below, but close to, 2% over the medium term.

Reference value for M3 growth: the annual growth rate of M3 over the medium term consistent with the maintenance of price stability. At present, the reference value for annual M3 growth is 4½%.

Reserve requirement: the minimum amount of reserves a credit institution is required to hold with the Eurosystem. Compliance is determined on the basis of the average of the daily balances over a maintenance period of around one month.

Unit labour costs: a measure of total labour costs per unit of output calculated for the euro area as the ratio of total compensation of employees to gross domestic product at constant prices.

Variable rate tender: a tender procedure where the counterparties bid both the amount of money they wish to transact with the central bank and the interest rate at which they wish to enter into the transaction.

Wage drift: a measure of the gap between the rate of increase of wages and salaries actually paid and that of basic negotiated wages (e.g. due to additional elements such as bonuses and promotion premia and clauses covering unexpected inflation).

Yield curve: describes the relationship between interest rates at different maturities at a given point in time. The slope of the yield curve can be measured as the difference between interest rates at two selected maturities.

