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EUROPEAN CENTRAL BANK

MONTHLY BULLETIN
JULY

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In 2004 all ECB publications will feature a motif taken from the €100 banknote.

MONTHLY BULLETIN
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This Bulletin was produced under the responsibility of the Executive Board of the ECB. Translations are prepared and published by the national central banks.

The cut-off date for the statistics included in this issue was 30 June 2004.

ISSN 1561-0136 (print)
ISSN 1725-2822 (online)

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ABBREVIATIONS

COUNTRIES

BE	Belgium	HU	Hungary
CZ	Czech Republic	MT	Malta
DK	Denmark	NL	Netherlands
DE	Germany	AT	Austria
EE	Estonia	PL	Poland
GR	Greece	PT	Portugal
ES	Spain	SI	Slovenia
FR	France	SK	Slovakia
IE	Ireland	FI	Finland
IT	Italy	SE	Sweden
CY	Cyprus	UK	United Kingdom
LV	Latvia	JP	Japan
LT	Lithuania	US	United States
LU	Luxembourg		

OTHERS

BIS	Bank for International Settlements
b.o.p.	balance of payments
BPM5	IMF Balance of Payments Manual (5th edition)
CD	certificate 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
HWWA	Hamburg Institute of International Economics
ILO	International Labour Organization
IMF	International Monetary Fund
MFI	monetary financial institution
NACE Rev. 1	Statistical classification of economic activities in the European Community
NCB	national central bank
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 1 July 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.

On the basis of the regular economic and monetary analyses, the Governing Council confirmed its previous assessment that, while somewhat stronger inflationary pressure is likely to persist over the short term, the outlook still remains in line with price stability over the medium term. Accordingly, the Governing Council decided to retain its monetary policy stance and left the key ECB interest rates unchanged. The level of interest rates is low by historical standards, both in nominal and in real terms, lending support to economic activity. The Governing Council will remain vigilant with regard to all developments which could affect the risks to price stability over the medium term.

As regards the economic analysis underlying the Governing Council's assessment, the latest data releases confirm that the economic recovery in the euro area is continuing, following quarter-on-quarter real GDP growth of 0.6% in the first quarter of this year. All in all, the latest indicators of output and expenditure, as well as the most recent survey data, remain consistent with ongoing growth in real activity during the second quarter.

Looking ahead, the Governing Council remains confident that the recovery of economic activity will continue. The conditions for a broadening and strengthening of the recovery are in place. On the external side, economic growth outside the euro area remains strong, which should promote euro area exports. On the domestic side, investment should benefit from the positive external environment and the favourable financing conditions within the euro area. As corporate restructuring gathers pace and business efficiency advances, improvements in profits should underpin business investment. Moreover, the recovery of private consumption should proceed in line with increases in real disposable income and the anticipated subsequent strengthening of employment growth. Available forecasts from international and private organisations paint a broadly similar picture of the outlook for the euro area. The expectation of a continued economic recovery is also in line with recent developments in financial markets.

This scenario of an ongoing economic recovery may be influenced by a number of factors working in opposing directions. On the one hand, euro area economic growth in the first quarter was stronger than anticipated and this momentum may strengthen shorter-term dynamics. Ongoing robust growth in the global economy could also lead to stronger than expected activity in the euro area. On the other hand, despite having declined somewhat, oil prices remain at high levels and may, largely through their impact on the euro area's terms of trade, dampen growth. Furthermore, over longer horizons, concerns remain with regard to the persistence of global imbalances.

Turning to price developments, there is a need to distinguish between short-term developments and the medium-term trend when assessing risks to price stability. Over the short term, oil prices continue to exert upward pressure on the general price level. According to Eurostat's flash estimate, annual HICP inflation was 2.4% in June, having stood at 2.5% in May. Although oil prices have fallen over the past few weeks, markets expect them to remain high for some time. Were this to occur, inflation rates would most likely remain above 2% for longer than was expected earlier this year.

Looking beyond the short term, however, the outlook remains consistent with price stability, provided that wages develop moderately, in line with the latest evidence available. Nevertheless, there are some upside risks to price stability. The strength of global economic dynamism may continue to exert upward pressure on commodity prices, including oil prices.

Moreover, following rather strong increases in the past, the further evolution of indirect taxes and administered prices is difficult to incorporate into any forward-looking assessment at this point in time as such information usually becomes available only later in the year. Against this background, the potential risk of second-round effects via wage and pricing behaviour needs to be monitored closely. Social partners can make an important contribution to facilitating the maintenance of price stability by focusing on the medium-term outlook for price developments rather than on currently observed rates of inflation. This would also be conducive to fostering employment growth. Finally, measures of long-term inflation expectations derived from financial market indicators remain relatively high. While these indicators should be interpreted with caution, their development calls for particular vigilance.

Moving to the monetary analysis, the overall picture has remained unchanged from the previous assessment. Annual M3 growth rates have fallen over recent months. While this decline partly reflects base effects, the portfolio decisions of firms and households are also returning to normal as financial uncertainties have receded. Indeed, there are signs that savings are increasingly being allocated to long-term assets outside M3 rather than to liquid monetary assets. However, despite the recent moderation of annual M3 growth, there remains substantially more liquidity in the euro area than is needed to finance non-inflationary growth. While a significant part of the excess liquidity has accumulated as a result of past portfolio shifts, low interest rates have also fuelled the build-up of liquid assets. The low level of interest rates also supports credit growth. The stock of excess liquidity, if it persists, may pose an upside risk to price stability over the medium term.

In summary, the economic analysis indicates that the medium-term outlook for price developments remains in line with price stability. However, close monitoring continues to be necessary. Cross-checking with the monetary analysis highlights the case for continued vigilance with regard to the materialisation of upside risks to price stability.

As regards fiscal policies, it is now of the highest priority that all countries concerned re-establish their commitment to consolidation in order to avoid past mistakes of unbalanced policies in a recovery period. Indeed, the economic recovery offers the opportunity to put public finances on a sounder track. This requires a strict control of expenditure in the implementation of this year's budgets and a comprehensive reform strategy as a basis for next year's fiscal planning. Credible expenditure-based reforms are needed to sustain budgetary consolidation and to promote the soundness of social security systems, thereby strengthening confidence in the short term and economic growth prospects in the medium term. Maintaining the existing institutional framework and implementing it consistently is essential to safeguard the soundness of public finances and the macroeconomic environment. In the view of the Governing Council, the Stability and Growth Pact should not be changed, even though its implementation within the current framework could be improved further.

The Governing Council recognised the urgent need for further structural reforms in the labour and product markets. It is of concern that growth in euro area labour productivity has been on a downward trend since the mid-1990s. While this partly reflects higher employment, it is mainly the consequence of sub-optimal progress in fostering overall economic efficiency. Reaping the benefits of the technological advances and efficiency gains associated with producing and using new information and communication technologies requires, in particular, the removal of structural rigidities. In this respect, stimulating further product market competition, particularly in the services sectors, and facilitating industrial restructuring could speed up innovation and the adoption of the new technologies. At the same time, strengthening and spreading technological advances across the individual sectors of the euro area economy must go hand in hand with increased efforts to enhance human capital and adjust educational systems to the changing needs of the labour market.

Since the mid-1990s, somewhat stronger average employment growth has partly compensated for the negative impact of lower productivity gains on overall output growth. By international comparison, however, the proportion of the working-age population participating in the labour market is relatively low. In addition, a substantial proportion of the labour force is unemployed and those who are employed work, on average, fewer hours per year than in other economic areas. There is a need for further policy changes in the euro area that underpin the labour supply and its utilisation and thereby raise the medium-term growth prospects. Such measures are essential to preserve average living standards in the face of an ageing population.

This issue of the Monthly Bulletin contains two articles. The first reviews the trends in aggregate labour productivity in the euro area since the early 1980s and explains them in terms of underlying sectoral developments. The second article investigates the performance of the EU banking sector since 2000 and identifies the most important factors that appear to account for the resilience of the sector. Moreover, Box 4 discusses the recent inclusion of the currencies of Estonia, Lithuania and Slovenia in the EU's exchange rate mechanism II (ERM II).

ECONOMIC AND MONETARY DEVELOPMENTS

I THE EXTERNAL ENVIRONMENT OF THE EURO AREA

Growth in the global economy continues to be strong, with some upward pressure on prices more recently. Following rather sharp increases earlier in 2004, oil prices stabilised in June, albeit at a rather high level.

DEVELOPMENTS IN THE WORLD ECONOMY

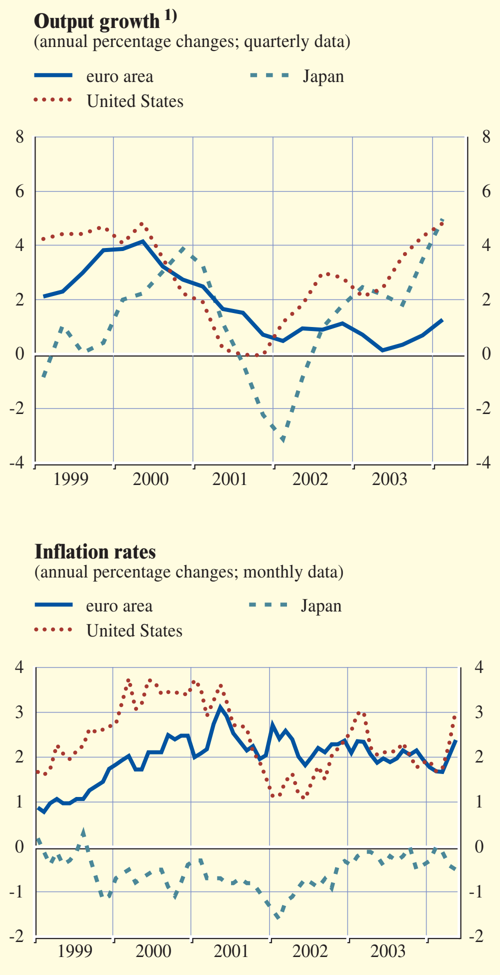
Global economic growth continues to be strong and has shown robustness despite the rise in commodity prices and the geopolitical uncertainty. While current data releases of consumer price indices continue to indicate relatively contained inflation rates, some indicators and survey-based measures are now suggesting increases in input prices. These developments mostly reflect the rise in commodity prices – notably oil – and transportation costs (see Chart 1).

In the United States, the final estimates for the first quarter of 2004 show a 0.5 percentage point downward revision of real GDP growth, to 3.9% (quarter on quarter, annualised). This reduction mainly reflects an upward revision of the trade deficit as well as small declines in the revised data for business investment and consumer spending on services. The increase in real GDP remained quite broadly based reflecting primarily the contributions from personal consumption expenditures, followed by equipment and software investment, exports and private inventory investment, and federal government spending.

Recent data releases indicate that growth has also been robust in the second quarter of 2004. In May industrial production rose by 1.1% (6.3% year on year). At the same time, industrial capacity utilisation edged up to 77.8% but remained significantly below its long-term average. Revised data for the first quarter of 2004 indicate that productivity in the non-farm business sector (output per hour of all persons employed) grew by 5.5% year on year, while unit labour costs declined by 0.8%.

In May annual CPI inflation rose by 3.1%, from 2.3% in April. This increase stemmed primarily from soaring energy and food prices as well as the influence of some base effects. However, excluding food and energy, annual consumer price inflation declined to 1.7%, 0.1 percentage point less than in April. At its meeting on 30 June, the Federal Open Market Committee raised its target for the federal funds rate by 25 basis points to 1.25%.

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; for the United States and Japan national data are used. For all countries, GDP figures have been seasonally adjusted.

In Japan, robust economic activity continued in the first quarter of 2004, with real GDP, supported by domestic demand and a cyclical build-up of inventories, growing by 1.5% quarter on quarter. On the external side, export growth slowed to 3.9%, while import growth increased somewhat to 2.8%. Turning to price developments, most measures indicate that deflationary pressures still persist. In May the annual rate of change in the overall CPI and the CPI adjusted for fresh food fell to -0.5% and -0.3% respectively, while the GDP deflator declined by 2.6% year on year in the first quarter. However, the Corporate Goods Price Index (formerly the Wholesale Price Index) has returned to positive territory, registering an annual rate of change of 1.1% in May, partly due to the strong rise in commodity prices. Looking ahead, price changes are expected to remain muted, although a gradual increase in domestic demand is expected to contribute to increasing upward price pressures. On 25 June the Bank of Japan decided to keep its monetary stance unchanged.

In the United Kingdom, real GDP rose by a quarterly rate of 0.7% in the first quarter of 2004, compared with 1% in the previous quarter. Growth continued to be driven by domestic demand, in particular household spending and investment (with quarter-on-quarter increases of 0.6% and 1.7% respectively). Consumption was sustained by solid income growth and strong labour market conditions. Furthermore, house prices have continued to rise in the course of 2004 and indicators of housing market activity point to continuing buoyancy in the near term. Positive growth was also recorded in government spending, while net exports continued to contribute negatively to GDP growth. Annual HICP inflation stood at 1.5% in May (up from 1.2% in April), with the largest upward effect coming from the recent increase in oil prices.

Growth also remained positive in the other non-euro area EU Member States. In Sweden and Denmark, real GDP grew at a quarterly rate of 0.6% in the first quarter of 2004, broadly unchanged from the previous quarter. At the same time, growth in GDP continued to be strong in the Czech Republic, Hungary and Poland, while inflation picked up further.

In non-Japan Asia, robust economic expansion continues. In China, policy measures geared towards cooling down the economy appear to have had an effect. Growth in fixed asset investment slowed markedly in May falling to 18.3% year on year, down from 47.8% in the first quarter of the year. Annual growth in industrial production, imports, money supply and bank lending also declined compared with the first quarter. Growth in retail sales, however, continued to rise. Driven mainly by surging food prices, CPI inflation increased to 4.4% year on year. In South Korea, industrial production expanded in May 2004 driven by very strong export activity, while consumption and investment remained relatively sluggish.

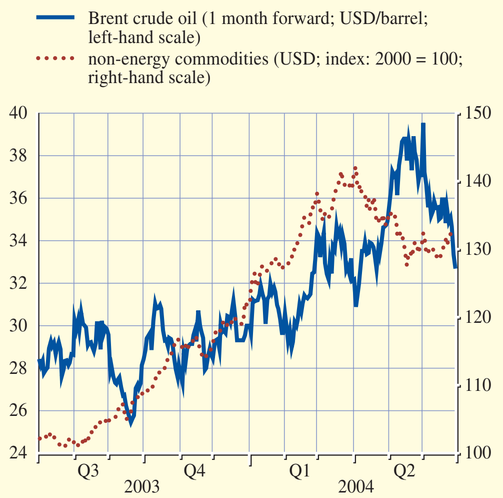
The latest economic indicators for Latin America confirm the strength of the ongoing recovery. On a year-on-year basis, Mexican industrial production grew in March for the fourth consecutive month, supported by exports to the United States as well as strong construction activity. In Brazil, industrial production continues to grow healthily, expanding by 6% (year on year) in both March and April. In Argentina, real GDP grew by 10.7% (year on year) in the first quarter, while industrial production data for May show that the expansion remains unabated.

COMMODITY MARKETS

Oil prices in June fell from their peak levels of May amid signs of increasing supplies and rising inventories. Despite the fall, the price of oil remains relatively high, as stronger than previously expected demand and continued concerns over the security of supplies prevented prices from falling further. The price of Brent crude oil stood at USD 33.5 (€27.5) on June 30 (see Chart 2). Market participants expect oil prices to remain high throughout the remainder of the year.

After reaching their highest levels in many years at the beginning of April 2004, the prices of non-energy commodities have eased over recent months amid some uncertainty over the future demand for raw materials. Nevertheless, in US dollar terms, non-energy commodity prices in June 2004 were 25.6% higher than a year earlier.

Chart 2 Main developments in commodity markets



Sources: Datastream and HWWA.

OUTLOOK FOR THE EXTERNAL ENVIRONMENT

Recent data releases suggest a continuation of the current strong growth in the world economy, albeit at less buoyant rates. This notwithstanding, inflation rates may pick up due to the effects of the oil and non-energy commodity price increases in recent months. The risks to the global economy continue to appear rather balanced. On the upside, productivity growth, international trade and investment may be stronger than currently anticipated. However, further rises in oil prices appear to be the most relevant downside risk.

2 MONETARY AND FINANCIAL DEVELOPMENTS

2.1 MONEY AND MFI CREDIT

In May 2004 the moderation in M3 growth, which began in the summer of 2003, continued, reflecting euro area investors' ongoing portfolio reallocation towards longer-term assets. At the same time, the slowdown in M3 growth notwithstanding, there remains significantly more liquidity in the euro area than is needed to finance non-inflationary economic growth.

The rate of growth of MFI loans to the private sector remained robust amid a gradually improving economic environment and favourable financing conditions. This mainly reflected the continued strong expansion in loans to households, especially for house purchases. The growth rate of MFI loans to non-financial corporations has increased in recent months, but remains at low levels.

THE BROAD MONETARY AGGREGATE M3

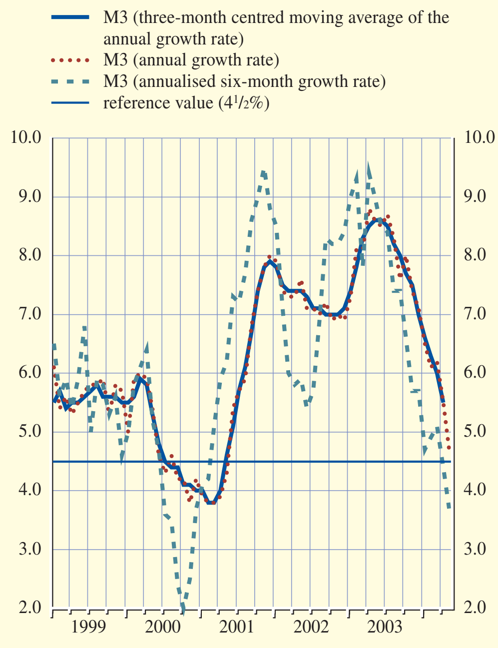
The annual rate of growth of M3 declined significantly in May 2004, to 4.7%, from 5.5% in the previous month (see Chart 3). This primarily reflected a month-on-month contraction of 0.2% in that month. The moderation in the annual rate of growth of M3 seen in recent months has partly been due to base effects. The contraction in May was also due to a number of special factors, such as the reversal of the temporary strong investment in repurchase agreements witnessed in previous months. The three-month average of the annual growth rates of M3 was 5.5% in the period between March and May 2004, down from 6.0% in the period between February and April.

The moderation in M3 growth suggests that households and firms have gradually been reverting to more normal portfolio allocation behaviour since the summer of 2003, after the extraordinary portfolio shifts experienced between 2001 and mid-2003 (see Box 1). This assessment is confirmed by the slowdown in the rate of growth of all the main components of M3, including the narrow aggregate M1. Moreover, the annual rate of growth of the marketable instruments included in M3 – such as money market fund shares/units, which are often used to park funds in times of high uncertainty – has declined significantly in recent months. At the same time, while the moderation in M3 growth appears to be gaining momentum, only a prolonged period of low M3 growth would lead to the large amount of excess liquidity accumulated between 2001 and mid-2003 unwinding fully.

The question of whether the accumulated liquidity will translate into inflationary pressures over the medium to long term will depend largely on the extent to which euro area investors continue to adjust their portfolios, the pace of such adjustment and the strength of the

Chart 3 M3 growth and the reference value

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



Source: ECB.

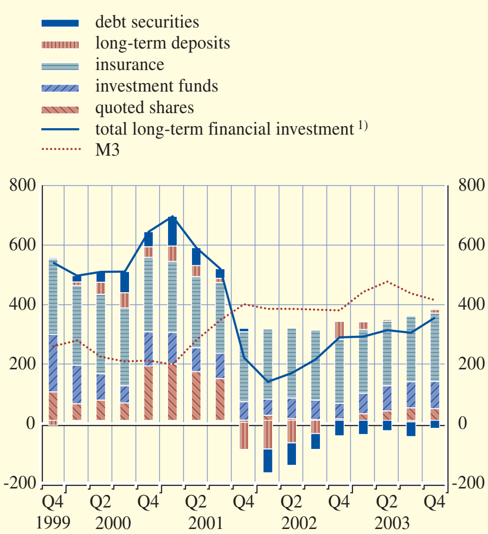
Box 1

RECENT TRENDS IN PORTFOLIO ALLOCATION BETWEEN MONETARY AND LONGER-TERM FINANCIAL ASSETS

Over recent years, developments in euro area monetary aggregates have been driven by portfolio shifts between money and longer-term financial assets. Amid heightened geopolitical uncertainties and the significant downturn in equity prices between 2001 and mid-2003, economic agents appear to have shifted funds out of riskier, longer-term assets and into safer, more liquid monetary holdings, thereby strengthening monetary growth. With the reduction in economic and financial uncertainty since the summer of 2003, some correction of these portfolio shifts has taken place. In the context of a gradual economic recovery in the euro area, monetary growth has thus moderated since the second half of 2003. Against this background, this box analyses which instruments have played the most important role in the move from longer-term financial assets into money.

Chart A Long-term financial investment of the non-financial sectors and M3

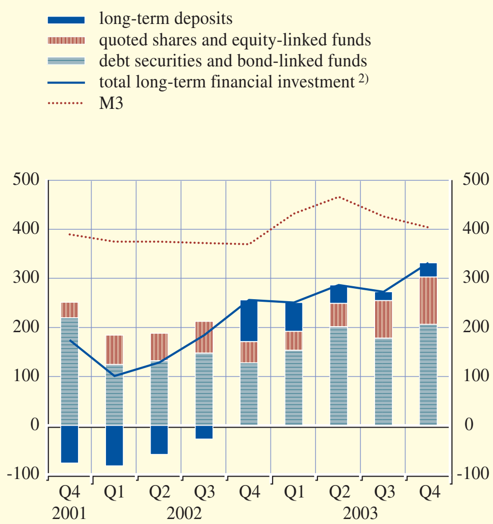
(annual flows in EUR billions)



Source: ECB.
1) Includes deposits with MFIs not included in M3 (long-term deposits), debt securities with a maturity of over one year, quoted shares, mutual fund shares excluding money market fund shares, and insurance technical reserves.

Chart B Long-term financial investment of the money-holding sector[1)] and M3

(annual flows in EUR billions)



Source: ECB, FEFSI.
1) The money-holding sector comprises essentially the non-financial sector, insurance corporations and pension funds, and investment funds.
2) Includes long-term financial investment of the non-financial sector (defined as in Chart A) excluding insurance technical reserves plus the long-term financial investment of insurance corporations.

One way to address this issue is simply to compare developments in money holdings with the long-term financial investment of the non-financial sector (essentially households and non-financial corporations),[1] as reported in the quarterly financial accounts. This exercise shows how the strong increase in money holdings from 2001 onwards was accompanied by a reduction in the long-term financial investment of the non-financial sector (see Chart A). In

1 Deposits of central government are not included in M3 (see the article entitled “Euro area monetary aggregates and their role in the Eurosystem’s monetary policy strategy” in the February 1999 issue of the ECB’s Monthly Bulletin).

particular, it suggests that stronger inflows into monetary assets were linked to a reduction in the purchase of shares, which was closely related to both the sharp decline in financial acquisitions abroad by euro area residents from late 2001 and the reduction in the net issuance of equity by domestic sectors. Purchases of debt securities also fell. Since early 2003, by contrast, purchases of quoted shares by the non-financial sector have increased, while inflows to monetary assets have moderated. Finally, during both periods households and firms have continued to invest steadily in insurance products and investment funds.

Given the importance of insurance and investment funds in the financial investment of the non-financial sector, a more complete approach to analysing portfolio shifts would be to consider the allocation of the funds invested by insurance and investment funds across equities, debt securities, long-term deposits and money. By consolidating the accounts of the non-financial sector and insurance corporations, and disaggregating investment funds into equity-linked and bond-linked funds,[2] it is possible to construct a proxy for the investment of the money-holding sector.

Chart B thus compares (albeit for a shorter period than Chart A owing to data constraints) the long-term financial investment of the money-holding sector as a whole with developments in money holdings. Focusing on the period since summer 2003, Chart B also shows that the moderation in monetary growth during that period is linked to an increase in purchases of equity instruments (quoted shares and equity-linked funds) by the money-holding sector. All of this can be regarded as evidence of a gradual normalisation of the portfolio behaviour of the money-holding sector over recent quarters.

2 The consolidation of the non-financial sector with investment funds excluding money market funds is currently not possible owing to the absence of data concerning financial investment by investment funds excluding money market funds.

economic recovery. It is therefore essential that future developments in excess liquidity be monitored carefully, together with the incoming information on economic activity in the euro area.

MAIN COMPONENTS OF M3

In May 2004 the annual rate of growth of the narrow monetary aggregate M1 declined to 9.3%, from 11.0% in the previous month (see Table 1). This mainly reflected the fall in the annual rate of growth of overnight deposits (to 7.3%, from 9.4% in April). The annual rate of expansion in currency in circulation remained almost unchanged at very high levels. The fact that the rate of growth of the liquid instruments included in M1 remains high reflects the low opportunity costs of holding them and, in the case of currency in circulation, the strong demand for euro area banknotes both inside and outside the euro area.

The annual rate of growth of short-term deposits other than overnight deposits was 1.4% in May, down from 1.5% in the previous month. The low annual rate of growth of these deposits mainly reflected the year-on-year contraction in deposits with an agreed maturity of up to and including two years, while the annual rate of growth of deposits redeemable at a period of notice of up to and including three months remained buoyant.

The annual rate of growth of marketable instruments included in M3 was 1.0% in May, down from 1.4% in April. This decline was due to the lower annual rate of growth of repurchase agreements and money market fund shares/units, while the annual rate of decline in debt securities issued with an agreed maturity of up to two years fell somewhat. Overall, the weaker demand for marketable

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					
		2003 Q2	2003 Q3	2003 Q4	2004 Q1	2004 Apr.	2004 May
M1	**44.3**	**11.3**	**11.4**	**11.0**	**11.1**	**11.0**	**9.3**
Currency in circulation	6.7	35.7	29.6	26.5	24.0	21.1	21.8
Overnight deposits	37.7	8.1	8.8	8.7	9.1	9.4	7.3
M2 - M1 (= other short-term deposits)	41.3	5.6	5.8	4.8	3.3	1.5	1.4
Deposits with agreed maturity of up to and including two years	16.1	0.0	-1.4	-3.0	-4.5	-7.3	-7.5
Deposits redeemable at notice of up to and including three months	25.2	10.1	11.6	11.0	9.2	8.1	8.1
M2	**85.6**	**8.3**	**8.5**	**7.9**	**7.2**	**6.3**	**5.4**
M3 - M2 (= marketable instruments)	14.4	9.8	7.4	5.8	2.4	1.4	1.0
M3	**100.0**	**8.6**	**8.3**	**7.6**	**6.4**	**5.5**	**4.7**
Credit to euro area residents	**170.2**	**4.7**	**5.3**	**5.9**	**5.8**	**6.0**	**5.9**
Credit to general government	36.7	3.5	4.9	6.6	6.0	6.2	6.0
Loans to general government	13.4	-0.4	1.0	1.5	1.2	2.2	1.9
Credit to the private sector	133.5	5.1	5.5	5.7	5.8	5.9	5.8
Loans to the private sector	116.2	4.6	4.9	5.3	5.4	5.5	5.6
Longer-term financial liabilities (excluding capital and reserves)	**52.4**	**5.3**	**5.6**	**6.4**	**7.2**	**8.4**	**8.3**

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

instruments on the part of euro area households and firms confirms the gradual reversal of past portfolio shifts into these instruments seen during periods of high financial market uncertainty.

MAIN COUNTERPARTS OF M3

Turning to the main counterparts of M3 in the consolidated balance sheet of the MFI sector, the annual growth rate of MFI loans to the private sector increased to 5.6% in May, from 5.5% in April. The relatively strong annual rate of growth of loans to the private sector continued to mask some heterogeneity across the main sub-sectors. In fact, while MFI loans to households continued to expand at a relatively fast pace, the growth of MFI loans to non-financial corporations remained rather sluggish (see Table 2).

In May the annual rate of growth of MFI loans to households continued to be supported by the robust growth of loans for house purchases, reflecting low mortgage lending rates and the strong house price increases seen in some euro area countries. The annual rates of growth of consumer credit and other lending to households declined marginally in May.

The annual rate of growth of MFI loans to non-financial corporations remained relatively low in May, although it increased for the third consecutive month. When looking at subdued developments in this indicator, it should be borne in mind that internal funds are more readily available during an economic recovery and that there has been a structural shift towards alternative sources of external finance in recent years.[1] The annual rate of growth of MFI loans to other non-monetary financial intermediaries (excluding insurance corporations and pension funds) declined somewhat in May, but remained relatively high.

The annual rate of expansion of the broader aggregate MFI credit to the private sector (which includes, in addition to MFI loans, MFI holdings of securities issued by the private sector) stood

1 See the box entitled “Recent developments in loans to non-financial corporations” in the June 2004 issue of the ECB’s Monthly Bulletin.

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					
		2003 Q2	2003 Q3	2003 Q4	2004 Q1	2004 Apr.	2004 May
Non-financial corporations	**42.5**	**3.6**	**3.6**	**3.4**	**3.2**	**3.5**	**3.7**
Up to one year	31.0	0.5	-1.0	-0.8	-2.1	-1.9	-1.7
Over one and up to five years	17.4	2.4	4.4	3.0	3.4	3.8	5.5
Over five years	51.6	6.2	6.4	6.4	6.7	6.9	6.8
Households [2]	**49.7**	**5.5**	**5.8**	**6.4**	**6.7**	**6.8**	**6.9**
Consumer credit [3]	13.5	3.5	3.0	2.9	4.5	4.8	4.4
Lending for house purchase [3]	67.6	7.2	7.4	8.1	8.4	8.7	8.8
Other lending	18.9	1.4	2.5	3.3	2.5	2.2	2.1
Insurance corporations and pension funds	**0.8**	**5.0**	**10.4**	**12.8**	**9.5**	**10.3**	**21.3**
Other non-monetary financial intermediaries	**7.1**	**3.3**	**5.7**	**11.7**	**9.0**	**8.2**	**7.5**

Source: ECB.
Notes: MFI sector including Eurosystem; sectoral classification based on the ESA 95. For further details, see footnote 2 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.

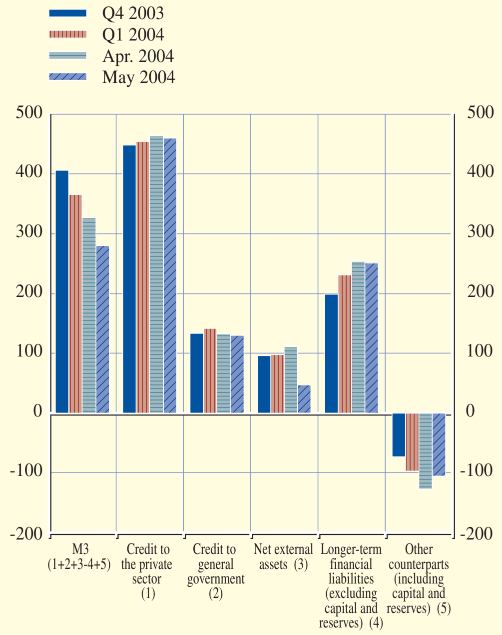
at 5.8% in May, almost unchanged compared with the previous month. The annual rate of growth of MFI credit to general government continued to be relatively high, and stood at 6.0% in May, reflecting the weak budgetary positions in some euro area countries.

Among the other counterparts of M3, the annual rate of growth of MFI longer-term financial liabilities (excluding capital and reserves) remained practically unchanged in May, at 8.3%. The robust demand for these instruments is a further indication of portfolio shifts towards longer-term assets, owing to the relatively steep yield curve and low bond market volatility. Finally, the annual flow of the net external assets of the euro area MFI sector fell significantly in May (see Chart 4).

Summing up the information from the counterparts of M3, the more moderate annual M3 growth observed over recent quarters has been accompanied by a stronger expansion in MFI longer-term financial liabilities (excluding capital and reserves) and by lower annual increases in MFI net external assets. At the same time, the robust annual growth of MFI credit to euro area residents has continued to make a positive contribution to M3 growth.

Chart 4 Movements in M3 and its counterparts

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



Source: ECB.

2.2 SECURITIES ISSUANCE

The annual rate of growth of debt securities issued by euro area residents declined slightly in April 2004. This was due to a moderation in bond issuance by non-financial corporations and non-monetary financial corporations. The annual growth rate of quoted shares issued by euro area residents also decreased in April. In general, primary equity issuance activity in the euro area remained low.

DEBT SECURITIES

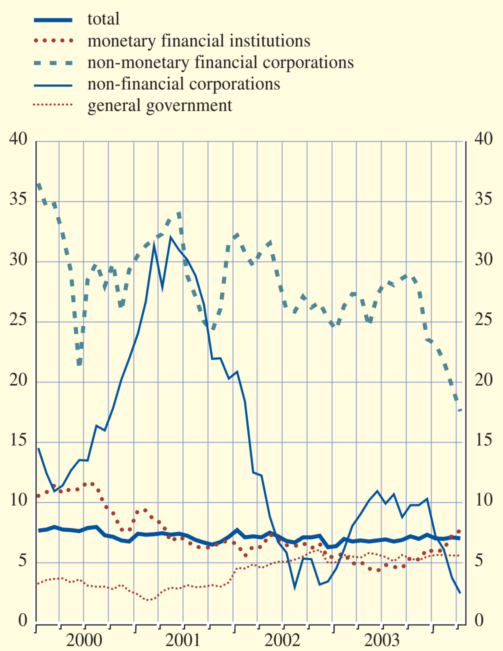
The annual rate of growth of debt securities issued by euro area residents decreased slightly to 7.0% in April 2004, from 7.1% in March (see Chart 5). This decrease was related to a continued decline in the annual rate of growth of short-term debt securities, while the annual growth of long-term debt securities issued was unchanged compared with the previous month.

With regard to the sectoral breakdown, the annual growth rate of debt securities issued by MFIs increased by 0.4 percentage point to 7.7% in April (see Table 3). In the non-MFI corporate sector, which includes both non-monetary financial corporations and non-financial corporations, the annual growth rate of debt securities decreased by 1.6 percentage points between March and April, to 10.2%. Underlying this development was a continued slowdown in the annual growth rate of debt securities issued by non-financial corporations (to 2.5% in April 2004 compared with an average rate of around 9% in 2003) and also a decrease in the annual growth rate of debt securities issued by non-monetary financial corporations (to 17.6% in April 2004 compared with an average rate of 27% in 2003).

The reduction in non-MFI corporate bond issuance observed in recent months may be related to improved corporate earnings, which have bolstered internal savings and, in turn, decreased the external financing needs of firms. Moreover, in the light of the still relatively high level of corporate debt, firms may have spent part of their improved cash balances to pay off some of their outstanding debt. In addition, funding required by firms for the current year may to some extent have been "pre-funded" in 2003, when firms took advantage of the historically low long-term interest rates prevailing at that time.[2] It is also possible that the slowdown in non-financial corporate net debt securities issuance may to some extent reflect the high debt redemption figures observed in recent months.

Chart 5 Sectoral breakdown of debt securities issued by euro area residents

(annual growth rates)



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.

2 See the box entitled "Recent developments in loans to non-financial corporations" in the June 2004 issue of the Monthly Bulletin.

Table 3 Securities issued by euro area residents

Issuing sector	Amount outstanding, (EUR billions) 2004 Q1	Annual growth rates [1] 2003 Q2	2003 Q3	2003 Q4	2004 Q1	2004 Mar.	2004 Apr.
Debt securities:	**8,955**	**6.8**	**6.9**	**7.1**	**7.1**	**7.1**	**7.0**
MFIs	3,398	4.7	4.7	5.4	6.2	7.3	7.7
Non-monetary financial corporations	696	26.4	28.2	27.6	22.2	19.7	17.6
Non-financial corporations	589	9.6	10.2	9.7	6.8	3.8	2.5
General government	4,271	5.6	5.4	5.4	5.6	5.6	5.6
of which:							
Central government	4,041	4.7	4.7	4.6	4.9	4.9	5.0
Other general government	230	29.4	22.8	22.4	21.4	20.6	18.7
Quoted shares:	**3,766**	**1.0**	**1.1**	**1.1**	**1.3**	**1.6**	**1.0**
MFIs	571	0.8	0.8	1.3	1.8	2.1	2.2
Non-monetary financial corporations	354	1.6	2.0	2.4	3.0	3.2	1.4
Non-financial corporations	2,839	1.0	1.0	0.9	1.0	1.3	0.7

Source: ECB.
1) For details, see the technical notes for Tables 4.3 and 4.4 of the "Euro area statistics" section.

The annual growth rate of debt securities issued by the general government sector remained unchanged at 5.6% in April 2004. Underlying this development was a slight increase in the annual growth rate of debt securities issued by the central government sector, coupled with a still high but slightly decreasing growth rate of debt securities issued by the other general government sector, which is composed mainly of local governments.

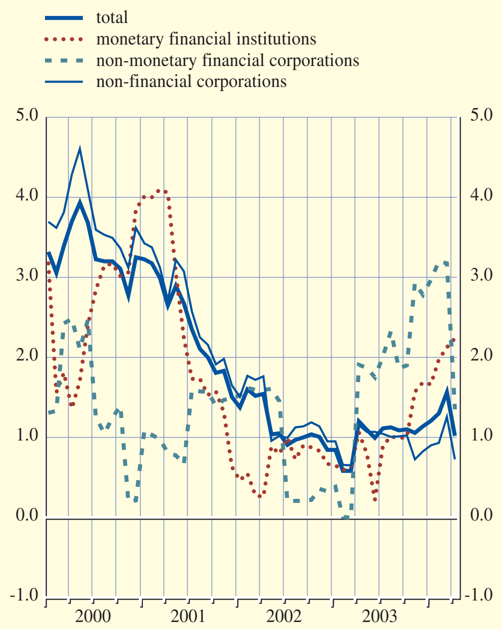
QUOTED SHARES

Activity in the primary equity market in the euro area has remained subdued so far in 2004. The annual growth rate of quoted shares issued by euro area residents decreased by 0.6 percentage point to 1.0% in April (see Chart 6 and Table 3). This growth rate corresponds to the average in 2003.

Turning to the sectoral breakdown, the annual growth rate of quoted shares issued by non-financial corporations, which account for roughly three-quarters of the total amount outstanding, declined to 0.7% in April 2004, from 1.3% in the previous month. However, it should be noted that this decline is, at least in part, due to a base effect. Likewise, the annual growth rate of quoted shares issued by non-monetary financial corporations (including insurance companies) declined by

Chart 6 Sectoral breakdown of quoted shares issued by euro area residents

(annual growth rates)



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

1.8 percentage points to 1.4% in April, also partly owing to base effects. By contrast, the annual growth rate of quoted shares issued by MFIs increased slightly to 2.2%.

2.3 MONEY MARKET INTEREST RATES

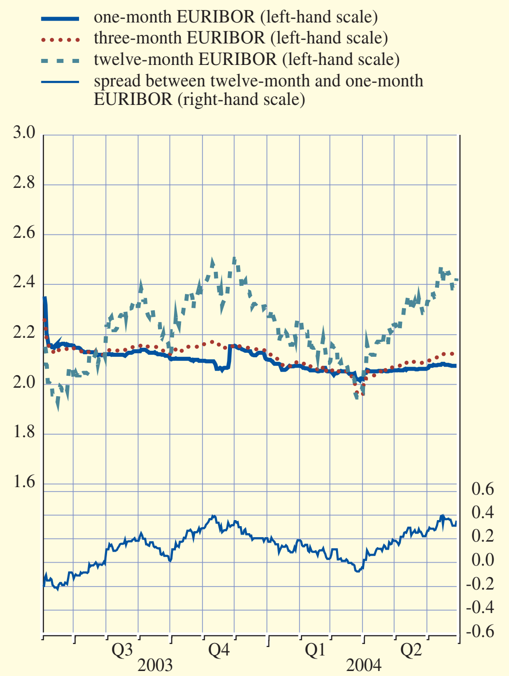
The upward movement in longer-term money market interest rates, which started in early April, continued in June. As short-term money market interest rates were relatively stable in June, the money market yield curve steepened further.

Longer-term money market rates continued to increase in June after reaching a trough at the end of March 2004 (see Chart 7). At the same time, interest rates at the very short end of the money market yield curve remained stable, in line with key ECB interest rates (see Chart 8). As a result, the slope of the money market yield curve steepened further in June. The spread between the twelve-month and the one-month EURIBOR was 35 basis points on 30 June.

The gradual increase in longer-term money market rates in June was also reflected in developments in the three-month EURIBOR futures rates. For example, the futures rate for the contract maturing in March 2005 rose by 5 basis points between end-May and 30 June, while the futures rates for September and December 2004 increased by a smaller amount. The changes in the slope of the money market yield curve and the increase in three-month EURIBOR futures rates suggest that, in

Chart 7 Money market interest rates

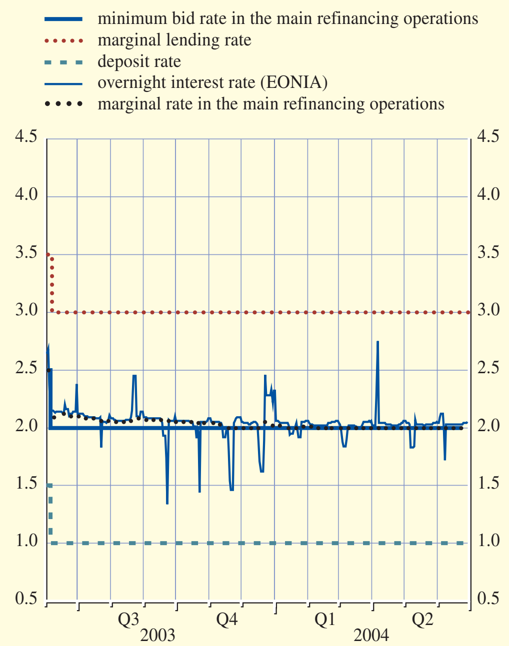
(percentages per annum; percentage points; daily data)



Source: Reuters.

Chart 8 ECB interest rates and the overnight interest rate

(percentages per annum; daily data)



Sources: ECB and Reuters.

the course of June, market participants revised slightly upwards their expectations for short-term interest rates for the remainder of 2004 and early 2005.

Liquidity and interest rate conditions at the shortest maturity were very stable throughout most of June. The allotment rates in the Eurosystem's main refinancing operations have been remarkably stable for several months. The marginal and weighted average rates were 2.00% and 2.01% respectively for most of June, similar to the levels seen over recent months. The EONIA (euro overnight index average) stood at 2.03% for most of June. The exception was the last few days of the reserve maintenance period ending on 8 June, with the EONIA declining to 1.72% on 8 June as the reserve maintenance period ended with a small amount of excess liquidity on account of unexpected changes to autonomous factors (see Chart 8). In the Eurosystem's longer-term refinancing operation allotted on 30 June, the allotment rates were marginally lower than the three-month EURIBOR interest rate prevailing at that time.

2.4 BOND MARKETS

Overall, long-term government bond yields in the euro area and the United States changed only moderately in June 2004. At the same time, in Japan bond yields increased significantly. Implied bond market volatility, an indicator of market participants' uncertainty about future bond yield developments, rose in Japan and remained broadly unchanged in the euro area and the United States.

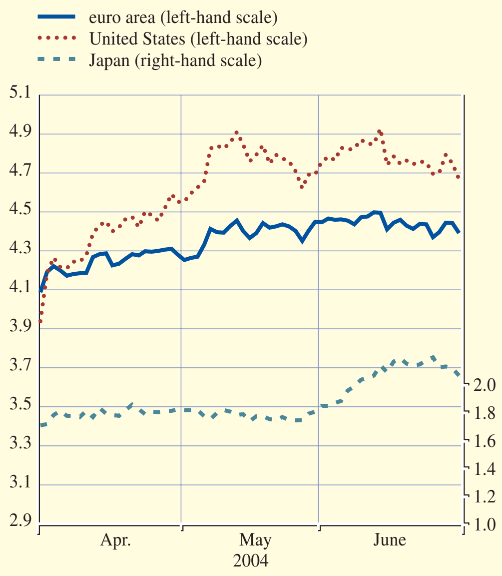
UNITED STATES

In the United States, long-term government bond yields were virtually unchanged in June, after experiencing a sharp upward trend in the two previous months. Government bond yields stood at 4.7% on 30 June (see Chart 9). Opposing factors affected bond yields: on the one hand, market optimism on the strength of the US economy pushed them higher. On the other hand, the fact that market participants appeared to perceive inflationary risks as weaker than previously expected put some downward pressure on bond yields.

Consistently with this, the break-even inflation rate, measured as the difference between nominal and index-linked bond yields, declined slightly in June, after having increased significantly in previous months. At the same time, real bond yields, as measured by yields on ten-year index-linked government bonds, remained broadly unchanged in June. Market participants' uncertainty about future developments in long-term US bond yields, as

Chart 9 Long-term government bond yields

(percentages per annum; daily data)



Sources: Reuters and Thomson Financial Datastream.
Note: Long-term government bond yields refer to ten-year bonds or to the closest available bond maturity.

measured by implied bond market volatility, declined slightly in June. On 30 June it stood below its average level since January 1999 (see Chart 10).

JAPAN

In Japan, long-term government bond yields increased by around 30 basis points between the end of May and 30 June, reaching levels which had previously been attained in late 2000. This increase was supported by the release of macroeconomic data that were interpreted by market participants as confirmation of the ongoing recovery of the Japanese economy and of the weakening of deflationary pressures. Long-term bond yields stood at 1.8% on 30 June.

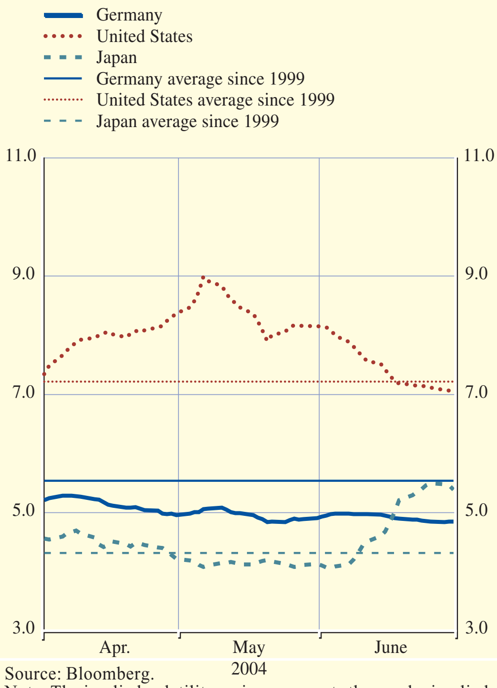
Market participants' uncertainty about future bond yield developments, as measured by implied bond market volatility, increased by 1 percentage point and by 30 June stood at a level somewhat above its average since January 1999.

EURO AREA

In the euro area, long-term government bond yields remained almost unchanged between end-May and 30 June. On the latter date, they stood at 4.4%. The differential between euro area and US long-term bond yields stood at around 30 basis points on 30 June. Although some macroeconomic

Chart 10 Implied bond market volatility

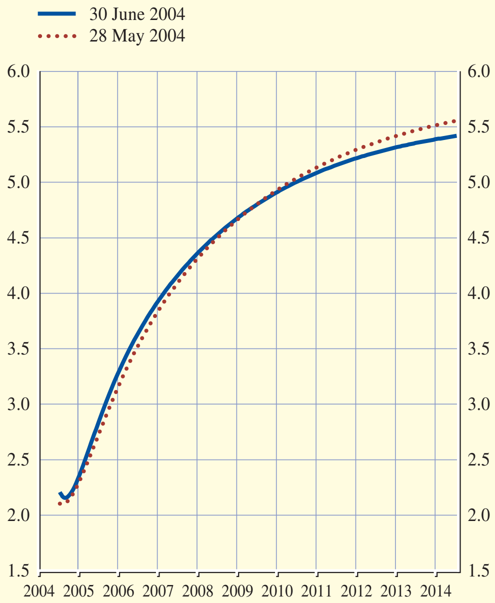
(percentages per annum; ten-day moving average of daily data)



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.

Chart 11 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.

data released in June had an upward effect on bond yields, slightly improved expectations among market participants regarding inflationary pressures had a countervailing effect. Indeed, the ten-year break-even inflation rate derived from the difference between the yields on ten-year nominal and index-linked government bonds (indexed to the euro area HICP excluding tobacco) declined somewhat. However, the break-even inflation rate remained at high levels by historical standards in June, standing on 30 June at around 2.2%. As noted in previous Monthly Bulletins, this indicator should be treated with some caution owing to the presence of various premia that may distort its interpretation. In this regard, it cannot be excluded that the high level of oil prices may have raised inflation uncertainty among market participants in recent months, leading to higher risk premia being embedded in the break-even inflation rates.

The degree of uncertainty prevailing in the euro area bond markets – as measured by implied bond market volatility – remained broadly unchanged throughout the period and on 30 June stood somewhat below its average level since January 1999. Moreover, spreads between corporate and government bond yields remained low in June (see also Box 2).

Box 2

THE DEVELOPMENT OF A HIGH-YIELD BOND MARKET IN THE EURO AREA

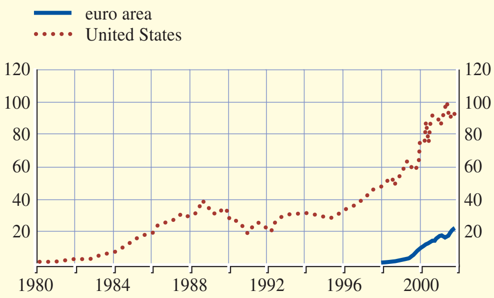
A mature corporate bond market working alongside a sound banking system is an important feature of a well-developed financial system. Within the corporate bond market, the existence of a deep and efficient high-yield bond market (i.e. a market for bonds rated below investment grade by credit rating agencies)[1] can help to smooth the financing of a greater number of corporations by providing a source of external funding in addition to bank loans and equity financing. This is particularly useful for small and medium-sized enterprises and new, fast-growing sectors with increasing financing needs. In addition, from a macroeconomic perspective, the high-yield segment of the corporate bond market can be a useful source of information on future economic activity and current credit conditions. This is because the spreads of high-yield bonds over higher-rated financial instruments (such as government bonds) are often valuable indicators of market participants' perceptions about future corporate defaults.

Chart A shows the amounts outstanding on the euro and dollar-denominated high-yield bond markets. In the United States the high-yield bond market started to develop in the early 1980s and declined in the early 1990s. It then picked up again after 1993, reflecting a strengthened business cycle and improving stock market developments. The high-yield bond market in the euro area, by contrast, has only grown substantially since the start of Stage Three of Economic and Monetary Union (EMU). This development seems to have been related to expectations of an intensified degree of integration in the euro area financial markets, and thus higher liquidity, triggered by the introduction of the euro. Chart A also suggests that while in the United States the high-yield bond market took some time to take off, in the euro area the market grew relatively quickly after its inception. In the first quarter of 2004, high-yield bond issuance in the euro area was around 3.0% of total gross investment grade corporate bond issuance (see Chart B).

1 Investment grade bonds are those rated at least Baa by Moody's or BBB by Standard and Poor's.

Chart A Amounts outstanding of high-yield bonds in the United States and the euro area

(EUR billions; monthly data)



Source: Merrill Lynch.
Note: Includes public issues in domestic markets denominated in local currency.

One possible further explanation for the faster development of the high-yield bond market in the euro area compared with the United States is that financial innovations tend to develop more quickly in other regions of the world if they have already proved their utility in a pioneer country.[2] In this respect, the United States had to perform the function of a pioneer, whereas economic agents in the euro area had much of the information they needed on the high-yield bond market from the outset.

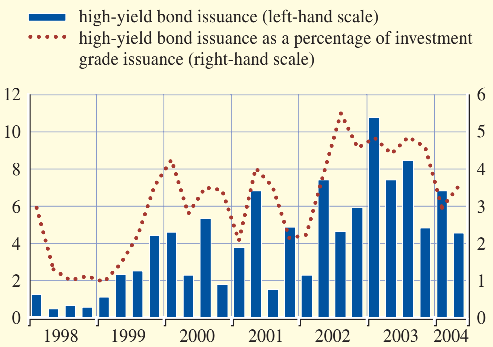
Recent developments in the euro area indicate that high-yield bond issuance remains strong. However, there were some declines in issuance volumes during the first six months of 2004 compared with the same periods in 2003 (see Chart B), as in the corporate bond market as a whole. It is likely that corporations' improved earnings in the first half of 2004 have partly reduced their need for external financing.

In the first half of 2004 the spreads of euro-denominated high-yield bonds over government bonds reached their lowest level since the euro area high-yield bond market started up in around 1998, reflecting a marked decline in spreads in 2003 (see Chart C). This suggests that credit risk as perceived by market participants has declined to low levels in the euro area, which is in line with credit rating agencies' tendency in recent quarters to reduce the number of corporate downgrades relative to upgrades. Overall, the cost of financing in the euro area high-yield bond market is presently very favourable.

2 See De Bondt, G. and D. Marqués (2004), "The high-yield segment of the corporate bond market: a diffusion modelling approach for the United States, the United Kingdom and the euro area", ECB Working Paper No 313.

Chart B Gross high-yield bond issuance in the euro area

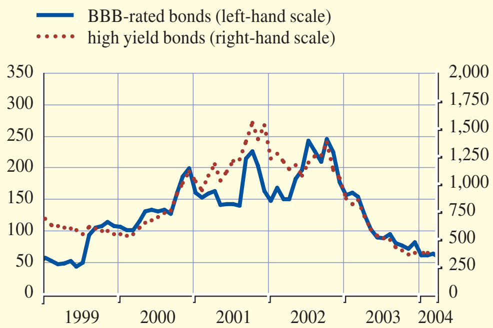
(EUR billions; percentages of total investment grade issuance)



Source: Dealogic Bondware.
Note: Includes high-yield bonds issued in euro and euro legacy currencies by euro area corporations.

Chart C High-yield and BBB-rated corporate bond spreads in the euro area

(basis points; monthly average of daily observations)



Source: Bloomberg and Merrill Lynch.
Note: Spreads are calculated as the difference between the euro high-yield corporate bond yield (and the BBB-rated corporate bond index) and the yield of the euro area AAA government bond index Merrill Lynch.

2.5 INTEREST RATES ON LOANS AND DEPOSITS

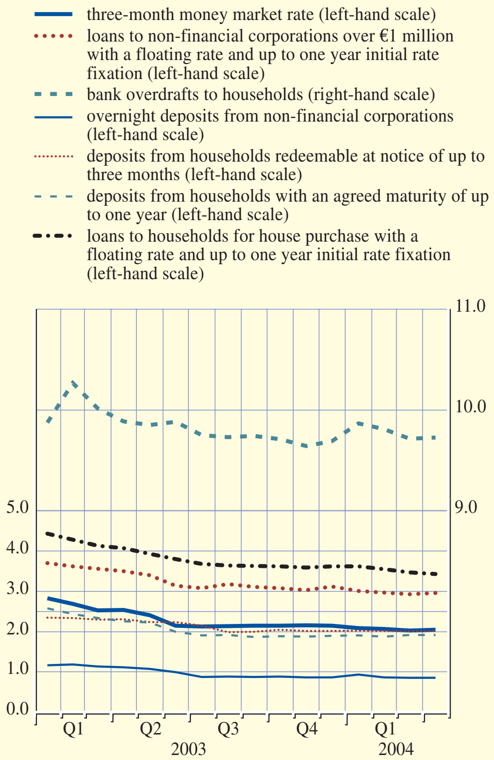
MFI interest rates changed only slightly in April 2004. In a longer-term perspective, short-term MFI interest rates on new business have declined since June 2003, while long-term MFI interest rates on new business have generally increased.

Short-term MFI interest rates on new business did not change substantially in April 2004 (see Chart 12). Taking a longer perspective, however, they have declined somewhat since June 2003 when the ECB lowered the minimum bid rate on its main refinancing operations by 50 basis points to 2.0%. For example, the rate on loans to households for house purchase with a floating rate and up to one-year initial rate fixation decreased by around 40 basis points between June 2003 and April 2004. Meanwhile, both the rate on loans to non-financial corporations over €1 million with a floating rate and up to one year initial rate fixation and the rate on short-term savings deposits from households (i.e. redeemable at notice of up to three months) declined by around 20 basis points. The rates on overnight deposits from non-financial corporations and on bank overdrafts to households both decreased by around 15 basis points, while the rate on short-term time deposits from households (i.e. with an agreed maturity of up to one year) fell by less than 10 basis points.

Most long-term MFI interest rates on new business were broadly unchanged in April 2004 (see Chart 13). Over longer horizons, long-term MFI interest rates developed broadly in line with

Chart 12 Short-term MFI interest rates and a short-term market rate

(percentages per annum; rates on new business)



Source: ECB.

Chart 13 Long-term MFI interest rates and a long-term market rate

(percentages per annum; rates on new business)

Source: ECB.

comparable market rates, although the former were less volatile than the latter, partly reflecting the usual sluggish adjustment of MFI interest rates. Overall, between June 2003 and April 2004, the rate on loans to non-financial corporations over €1 million with over five years' initial rate fixation increased by almost 30 basis points, while the rate on loans to households for house purchase with over five and up to ten years' initial rate fixation rose by only a few basis points. In comparison, during the same period five-year government bond yields increased by more than 50 basis points – after having recorded an exceptionally low level in June 2003.

2.6 EQUITY MARKETS

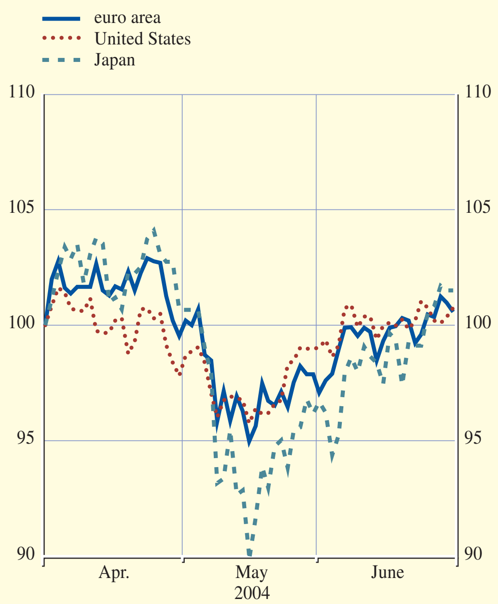
Stock prices in the major economies rose in June, benefiting from market participants' upward revisions of corporate profitability expectations. In addition, implied stock market volatility continued to decline in June.

UNITED STATES

Stock prices in the United States increased slightly in June (see Chart 14) and stood on 30 June at levels close to those at the beginning of the year. The slight decline in oil prices recorded in June

Chart 14 Stock price indices

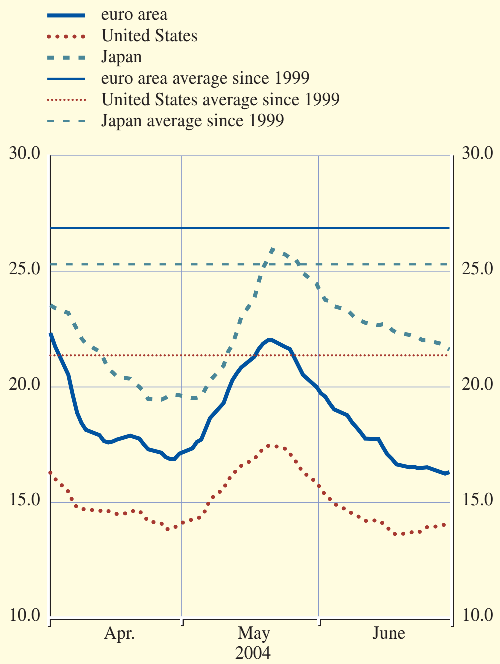
(index: 1 April 2004 = 100; daily data)



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 15 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.

and upward revisions of market participants' expectations for corporate earnings exerted upward pressure on stock prices. Overall, between the end of May and 30 June, the broad-based Standard & Poor's 500 index increased by 2%, whereas the technology-dominated Nasdaq Composite index increased by 3%.

Uncertainty in the US stock market, as measured by the ten-day moving average of implied volatility extracted from options on the Standard & Poor's 500 index, declined somewhat between the end of May and 30 June, and stood at a level below its historical average since 1999 on the latter date (see Chart 15).

JAPAN

In Japan, stock prices in the Nikkei 225 index increased by 6% between end-May and 30 June. The overall stock price increase in June seemed to result from an improvement in the prospects for the Japanese economy as perceived by market participants. In addition, stock prices may have been supported by reduced uncertainty about future stock price developments. The ten-day moving average of implied volatility extracted from options on the Nikkei 225 index declined in June and on 30 June stood at a level below its historical average since 1999.

EURO AREA

In the euro area, stock prices in the broad-based Dow Jones EURO STOXX index increased by 3% in June. As in the United States, the slight decline in oil prices and continued upward revisions of market participants' corporate earnings expectations contributed to the upward pressure on euro area stock prices. Stock market uncertainty in the euro area declined between the end of May and 30 June, as indicated by the ten-day moving average of implied stock market volatility extracted from options on the Dow Jones EURO STOXX 50 index. On 30 June this measure stood at around 16%, which was well below its historical average since 1999. As regards recent sectoral developments within the euro area, stock prices in most of the economic sectors covered by the Dow Jones EURO STOXX index increased in June.

3 PRICES AND COSTS

Euro area HICP inflation increased to 2.5% in May 2004, from 2.0% in April, mainly on account of developments in energy prices caused by the rise in oil prices. Inflation in June is estimated to have fallen slightly to 2.4%. Oil prices are also the main factor behind the recent increases in euro area producer prices. Regarding labour cost indicators, recent data releases for the first quarter of 2004 confirmed that annual wage growth in the euro area has stabilised after having declined since 2002. Looking ahead, the recent oil price increases may continue to exert upward pressure on inflation in the short term, with inflation rates likely to remain above 2% for longer than was expected just a few months ago. In the longer term, however, the outlook should remain consistent with price stability, provided that wages develop moderately, in line with the latest evidence available. The risks to this outlook relate to further upward pressure on commodity prices, including oil, the evolution of indirect taxes and administered prices and, against this background, potential second-round effects.

3.1 CONSUMER PRICES

FLASH ESTIMATE FOR JUNE 2004

According to Eurostat's flash estimate, euro area inflation fell slightly to 2.4% in June 2004, from 2.5% in May (see Table 4). Although no detailed breakdown is available as yet, the annual rates of change of most components are expected to have remained broadly unchanged. Given the preliminary nature of the information, however, this estimate is surrounded by the usual uncertainty.

HICP INFLATION IN MAY 2004

Euro area inflation rose to 2.5% in May 2004, up from 2.0% in April, mainly on account of developments in energy prices (see Chart 16). The annual rate of change in energy prices rose to 6.7% in May, from 2.0% in April. This increase results from a base effect stemming from the decline in oil prices one year earlier, in the aftermath of the Iraq war. In addition, the upward impact was reinforced by a rise in euro-denominated oil prices (by almost 30% between January and May 2004). The higher oil prices this year and the base effect from lower oil prices in 2003 mainly influenced liquid fuel and petrol prices, which increased by 16.5% and 11.1% respectively year on year in May 2004 (see also Box 3 on the impact of oil prices on euro area prices). In

Table 4 Price developments

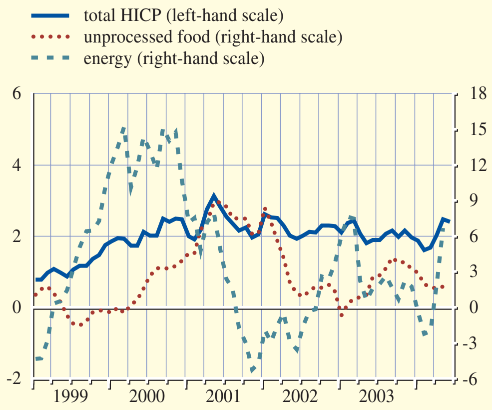
(annual percentage changes, unless otherwise indicated)

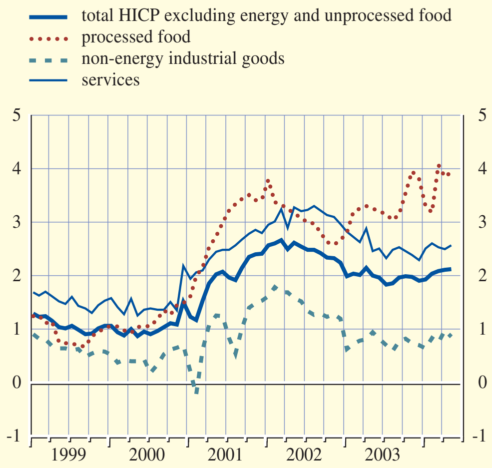
	2002	2003	2004 Jan.	2004 Feb.	2004 Mar.	2004 Apr.	2004 May	2004 June
HICP and its components								
Overall index [1]	2.3	2.1	1.9	1.6	1.7	2.0	2.5	*2.4*
Energy	-0.6	3.0	-0.4	-2.2	-2.0	2.0	6.7	.
Unprocessed food	3.1	2.1	2.9	1.9	1.7	1.6	1.7	.
Processed food	3.1	3.3	3.3	3.2	4.1	3.9	3.9	.
Non-energy industrial goods	1.5	0.8	0.6	0.8	0.7	1.0	0.9	.
Services	3.1	2.5	2.5	2.6	2.5	2.5	2.6	.
Other price indicators								
Industrial producer prices	-0.1	1.4	0.2	0.0	0.4	1.4	.	.
Oil prices (EUR per barrel)	26.5	25.1	24.2	24.1	26.7	27.6	30.9	29.4
Non-energy commodity prices	-0.9	-4.5	5.1	7.2	17.2	19.7	21.1	.

Sources: Eurostat, Thomson Financial Datastream and HWWA.
1) HICP inflation in June 2004 refers to Eurostat's flash estimate.

Chart 16 Breakdown of HICP inflation: main sub-components

(annual percentage changes; monthly data)





Source: Eurostat.

contrast to the strong upward movement of energy prices, the annual rate of change in unprocessed food prices – the other main volatile item in the HICP – increased only marginally in May 2004.

Reflecting relatively stable price developments in each of its main sub-components, the annual rate of change in the HICP excluding unprocessed food and energy remained unchanged at 2.1% in May 2004. The annual rate of change in processed food prices was unchanged at 3.9%, while the annual rate of change in non-energy industrial goods prices declined by 0.1 percentage point, to 0.9%. Pharmaceutical products and motor vehicles contributed most to this somewhat lower rate of change. Finally, services prices increased slightly in May, to 2.6%, reflecting a seasonal rise in package holiday prices. Overall, these developments suggest that there is not as yet any evidence of a significant pass-through from energy prices to the price of non-energy goods and services at the consumer level.

3.2 INDUSTRIAL PRODUCER PRICES

Looking at an earlier stage of the pricing chain, producer price pressures increased in April and May, mainly on account of higher oil prices (see Chart 17). In April the annual rate of change in the producer price index excluding construction rose to 1.4% from 0.4% in March. Available country data confirm that there is likely to have been further upward pressure stemming from higher energy and, albeit to a lesser extent, intermediate goods prices in May.

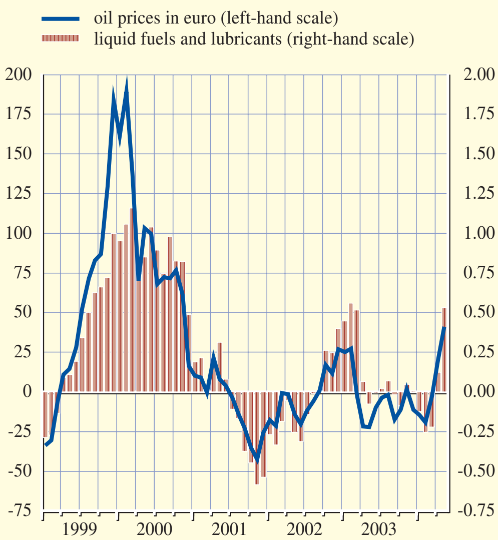
Box 3

RECENT OIL PRICE DEVELOPMENTS AND THEIR IMPACT ON EURO AREA PRICES

Euro-denominated oil prices have increased by almost 16% since the beginning of 2004, reaching €27.5 per barrel on 30 June, as a result of oil price increases in US dollar terms and the moderate depreciation of the euro during this period. This increase in oil prices has already led to some upward pressure on euro area producer and consumer prices. This box briefly reviews the factors behind this rise in oil prices and stresses its impact on euro area prices, distinguishing between direct, indirect and second-round effects.

Chart A Oil prices and contribution of energy components to HICP inflation

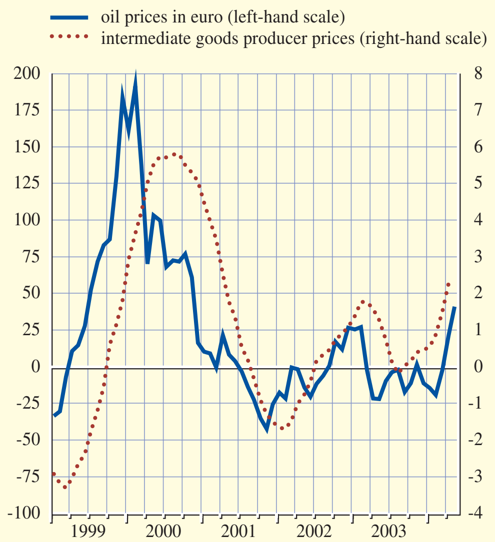
(annual percentage changes, percentage point contribution to HICP inflation)



Sources: Eurostat, Thomson Financial Datastream and ECB calculations.

Chart B Oil prices and intermediate goods producer prices

(annual percentage changes)



Sources: Eurostat, Thomson Financial Datastream and ECB calculations.

Several factors have contributed to the rise in oil prices in 2004. Demand for oil has been buoyant on the back of improving global economic conditions, led by China and the United States. The International Energy Agency now expects demand for oil in 2004 to grow at its fastest pace in 23 years. Statements from the Organisation of Petroleum Exporting Countries (OPEC) during the first three months of 2004 also supported prices, as the organisation announced on several occasions that it would rein in production above its quota and reduce its quota in the second quarter of 2004. Even though these cutbacks in the quota were never followed up with reductions in actual production, it fuelled speculation since market participants thought that production cutbacks were imminent. OPEC has recently announced an increase in its production quota during the summer, but this reversal of previous announcements was a mere realignment of the quota with actual production levels. In addition, the situation in Iraq, as well as threats to Saudi Arabia's oil infrastructure, have heightened concerns about the security of oil supplies and added to the pressure on prices.

Turning to the impact of the oil price increase on euro area prices, it is helpful to distinguish between direct, indirect and second-round effects. First, *direct effects* refer to the impact of an oil price change on the overall HICP through its immediate effect on consumer prices of energy. Chart A shows that oil price movements have an almost immediate effect on oil-related components of energy prices, in particular liquid fuels and lubricants for personal transport equipment. The effect appears, however, to be more muted than that of the much stronger oil price increase in 1999/2000. According to a commonly used rule of thumb, an increase in euro-denominated oil prices by 10% leads to an immediate rise in the annual rate of change in consumer prices of energy by 1 percentage point. As the weight of energy in the total HICP amounts to 8.1%, this translates into an increase in total consumer price inflation of roughly 0.1

percentage point during the quarter of the oil price shock. As a result, the direct effect of the recent increase in oil prices has been to push up energy price inflation by roughly 1.6 percentage points and overall inflation by 0.2 percentage point since January 2004. It should be noted that the increase in the annual rate of change in energy prices since January was larger than the pure direct effect from the oil price increase. This is to a large extent related to base effects, whereby declines in energy prices in the first half of 2003 have pushed up the annual rates of change in the first half of 2004.

Second, *indirect effects* refer to the possibility that, in addition to direct effects, an oil price shock may have an impact on the prices of other goods and services through the effect of higher energy input costs and can give rise to a more generalised change in prices. Since energy is an important input in the production of goods and services, an oil price increase can lead to an increase in producer prices. Chart B shows the co-movement between oil prices and intermediate goods producer prices and illustrates that the impact of oil prices on producer prices seems to materialise with a lag of several months. However, producers might dampen the indirect effect of oil price changes through changes in their profit margins, so that only part of the higher costs are passed on to consumers. As a result, the indirect effect on consumer prices takes time to materialise. The chart also shows that intermediate goods producer prices have already risen considerably in reaction to the oil price increase observed since the beginning of this year, which however also partly reflects increases in non-energy commodity prices.

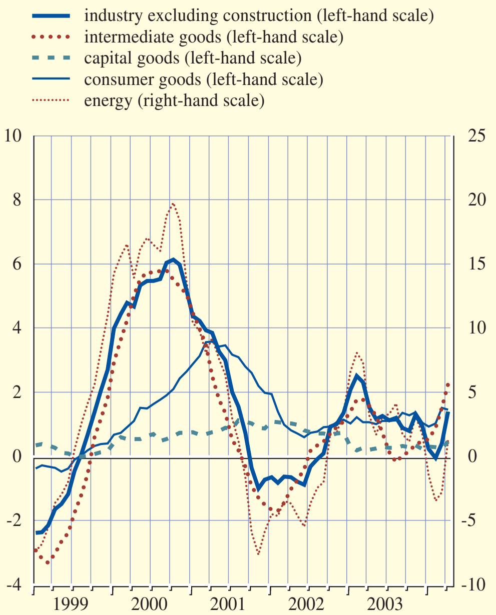
Finally, *second-round effects* refer to the possibility that, in addition to the direct and indirect effects mentioned above, an oil price shock may have a further impact on inflation because it influences wage and price-setting behaviour. A rise in inflation due to the direct and indirect effects of an oil price increase may lead to stronger wage growth if wage earners try to re-establish their purchasing power at the level prevailing before the shock. This could imply higher unit labour costs and consequently upward pressure on inflation if producers pass on the higher wage costs to consumers. Similarly, even firms not affected by the cost shocks could try to re-establish the real value of their profit margins by increasing their prices. Oil price increases imply a terms-of-trade loss for the euro area economy, and thus reduced real income. This loss cannot be avoided for the economy as a whole. Second-round effects can be contained if wage bargaining and price-setting behaviour are mainly based on inflation expectations over the medium term rather than on currently observed inflation. As a result, in the context of a price stability-oriented monetary policy, this channel should be far less important than the direct and indirect channels. Moreover, the occurrence of second-round effects also depends on whether the economic context, in particular the labour market situation, encourages higher wage claims, which is not the case at the current juncture. However, the ECB remains vigilant against possible second-round effects arising from the recent increase in oil prices.

3.3 LABOUR COST INDICATORS

Labour cost indicators confirm that wage growth stabilised in the first quarter of 2004 (see Table 5), after having declined since early 2002 (see Chart 18). Hourly labour costs in the non-agricultural business sector grew by 2.3% year on year in the first quarter of 2004, after an increase of 2.2% in the previous quarter. This is in line with developments in negotiated wages which also suggest a stabilisation in labour cost growth. First indications at the country level

Chart 17 Breakdown of industrial producer prices

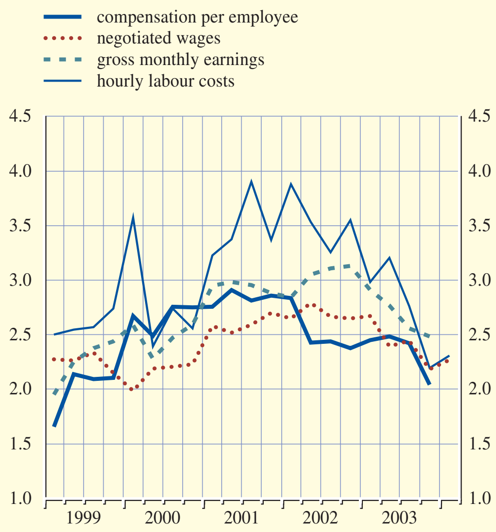
(annual percentage changes; monthly data)



Sources: Eurostat and ECB calculations.

Chart 18 Selected labour cost indicators

(annual percentage changes)



Sources: Eurostat, national data and ECB calculations.

would suggest that annual growth in compensation per employee in the euro area also rose somewhat at the beginning of 2004. However, unit labour cost growth is expected to have declined in the first quarter of 2004, as a result of a further notable increase in labour productivity.

Looking ahead, stable labour cost growth, together with an expected continuation of the cyclical recovery in labour productivity growth, should lead to some further moderation of annual growth rates in unit labour costs over the course of 2004.

Table 5 Labour cost indicators

(annual percentage changes, unless otherwise indicated)

	2002	2003	2003 Q1	2003 Q2	2003 Q3	2003 Q4	2004 Q1
Negotiated wages	2.7	2.4	2.7	2.4	2.4	2.2	2.3
Total hourly labour costs	3.6	2.8	3.0	3.2	2.8	2.2	2.3
Gross monthly earnings	3.0	2.7	2.9	2.8	2.6	2.5	.
Compensation per employee	2.5	2.3	2.4	2.5	2.4	2.0	.
Memo items:							
Labour productivity	0.3	0.3	0.6	0.0	0.2	0.5	1.0
Unit labour costs	2.2	2.0	1.8	2.5	2.2	1.6	.

Sources: Eurostat, national data and ECB calculations.

3.4 THE OUTLOOK FOR INFLATION

The recent increases in energy prices combined with rises in non-energy commodity prices will continue to exert some upward pressure on euro area prices over the coming months. However, oil prices in euro terms stabilised in June at somewhat below the level observed in May. Overall, on account of the increase in oil prices until May, inflation rates are expected to remain above 2% for longer than was expected a few months ago. Looking further ahead, however, the outlook should remain consistent with price stability, provided that wages develop moderately, in line with the latest evidence available. The risks to this outlook relate to further upward pressure on commodity prices, including oil, stemming from the strength of global economic growth, as well as to the evolution of indirect taxes and administered prices and, against this background, potential second-round effects.

4 OUTPUT, DEMAND AND THE LABOUR MARKET

The latest information on activity in the euro area indicates that the recovery continued in the second quarter of this year. In particular, survey data suggest that both the industrial and the services sector are likely to have contributed to growth in the second quarter. Labour market developments remained subdued, however. Looking ahead, both external and domestic factors should contribute to sustaining further growth.

4.1 OUTPUT AND DEMAND DEVELOPMENTS

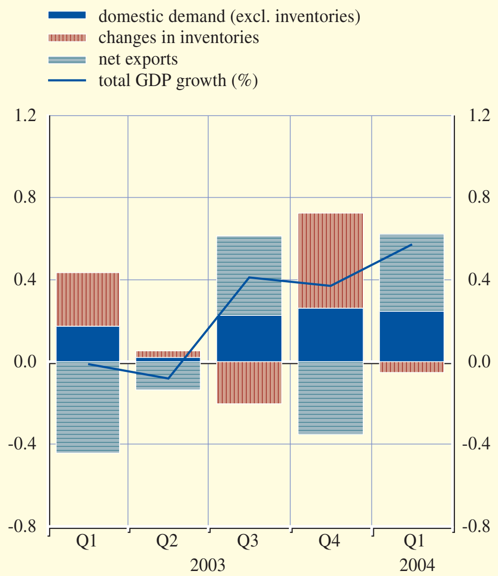
REAL GDP AND EXPENDITURE COMPONENTS

As reported last month, euro area real GDP growth was robust in the first quarter of 2004, at 0.6% quarter on quarter, according to Eurostat's first estimate (see Chart 19). The rise in real GDP growth between the second half of 2003 and the first quarter of 2004 was mainly accounted for by a rebound in consumption and exports.

Since this first release, additional national accounts data have become available at the country level. These data confirm the estimate of headline GDP. At the same time, some revisions to the expenditure composition of growth are likely when Eurostat publishes its second estimate of euro area national accounts. In particular, investment now seems to have been stronger than initially estimated by Eurostat. In addition, it should be recalled that euro area total investment was dampened by particularly weak construction investment in Germany in the first quarter. Excluding this component, investment growth seems to have risen at the beginning of this year compared with the end of 2003. Together with the rebound in consumption and exports, this assessment of developments in investment indicates that real GDP growth was broadly based in the first quarter, which is a positive sign for future developments in activity in the euro area.

Chart 19 Contributions to real GDP growth

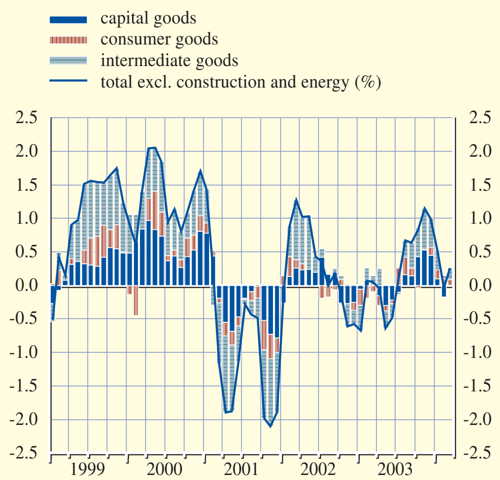
(quarterly percentage point contributions; seasonally adjusted)



Sources: Eurostat and ECB calculations.

Chart 20 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.

SECTORAL OUTPUT AND INDUSTRIAL PRODUCTION

In the first quarter of 2004 activity was broadly based across sectors of activity, with equal contributions to growth in total value added from industry and services, at around ¼ percentage point each. The pick-up in growth in services was accounted for by market activities and, within this sub-sector, by financial and business services and trade and transport activities. As regards industry, currently available country data point to slightly weaker growth in value added in the first quarter than the figures published by Eurostat on 1 June 2004. A downward revision in the forthcoming estimates would partly close the gap between value added for industry and industrial production data in the first quarter. However, possible revisions do not affect the assessment of activity in this sector. Taking into account other indicators such as survey data and exports, industrial activity seems to have continued to rise in the first quarter of this year, at a stronger pace than shown by the industrial production data.

Available information on developments in industry up to April points to a continuation of growth in this sector in the second quarter, albeit at a moderate pace (see Chart 20). After some volatility around the turn of the year, the monthly growth rate of industrial production (excluding construction) was broadly stable and slightly positive from February to April 2004. On a three-month moving average basis, industrial production growth stood at 0.4% in April. Robust growth in order books in recent months suggests that industrial production could strengthen.

SURVEY DATA FOR MANUFACTURING AND SERVICES SECTORS

Survey data for the second quarter of 2004 support the view of ongoing growth in industry and services.

Starting with the industrial sector, both the European Commission's industrial confidence indicator and the Purchasing Managers' Index (PMI) for the manufacturing sector rose in the second quarter of 2004 compared with the previous quarter (see Chart 21). As regards the Commission's indicator, the increase in overall confidence was largely accounted for by a strong improvement in businesses' assessment of order books. In June 2004 this indicator reached its highest level since mid-2001. The assessment of stocks of finished products also improved slightly, while production expectations remained broadly unchanged after marked increases from mid-2003 to the beginning of this year. The PMI conveyed information which is consistent with the Commission's survey, with improving orders and lower stocks of finished goods in the second quarter compared with the first quarter of 2004. Higher stocks of purchases and lower supplier delivery times – two areas not covered in the Commission's survey – also contributed to the rise in the PMI.

Survey results for the services sector in the second quarter were more mixed. According to

Chart 21 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.

the Commission's survey, services confidence declined in June 2004. Looking back, services confidence has remained broadly unchanged since November 2003, after a strong increase in the course of last year. Notwithstanding differences in month-on-month developments, on the basis of data available up to May 2004 the PMI for the services sector shows a broadly similar pattern to that of the Commission's survey. After a strong increase starting in the second half of last year, the PMI has fallen back slightly in recent months. Despite the latest decreases, current readings of both services surveys are still consistent with ongoing growth in the sector.

Overall, survey data suggest that both the industrial and the services sector are likely to have contributed to sustaining activity in the second quarter. For industry in particular, survey results are consistent with further improvements in this sector. The results for services are more mixed but still consistent with a continuation of growth in the sector.

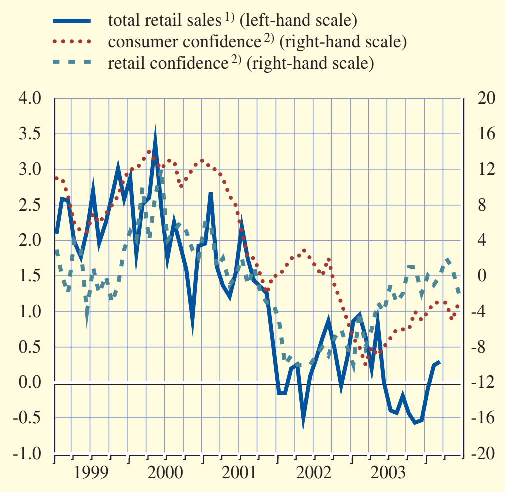
INDICATORS OF HOUSEHOLD SPENDING

Available data on consumer spending in the second quarter of 2004 provide positive signals. However, some degree of uncertainty remains since monthly data are only available for some components of consumer spending.

Data available up to May for new passenger car registrations and up to April for retail sales indicate robust growth in these components of consumer spending at the beginning of the second quarter. Although car registrations declined slightly in May after a strong increase in April, on average for these two months, the level of new passenger car registrations was 1.7% higher than the average level for the first quarter of 2004. According to Eurostat's flash estimate, retail sales volumes increased markedly in April (see Chart 22).

Chart 22 Retail sales and confidence in the retail trade and household sectors

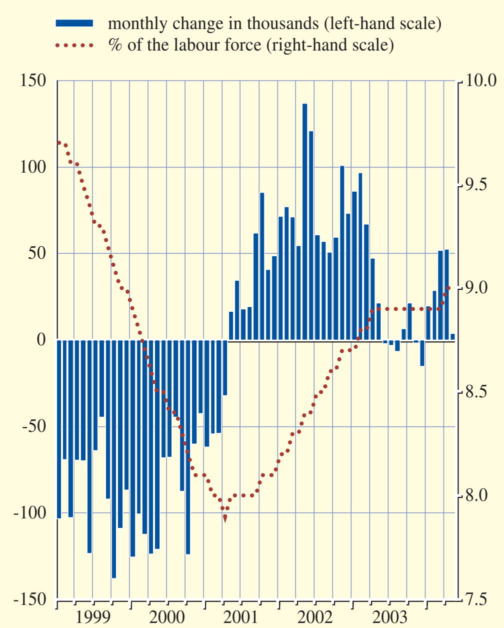
(monthly data)



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. For consumer confidence, euro area results from January 2004 onwards are not fully comparable with previous figures due to changes in the questionnaire used for the French survey.

Chart 23 Unemployment

(monthly data; seasonally adjusted)



Source: Eurostat.

When interpreting the results of these two indicators, their volatility and only partial coverage of total consumption should be borne in mind. No monthly data on the other components of consumption, which account for slightly more than half of the total, are available for the euro area. According to the Commission's survey, consumer confidence remains low, despite a slight increase in June 2004 (see Chart 22). The survey shows a relatively pessimistic assessment of both general and personal prospects by households. Against the background of all these factors, developments in overall consumer spending in the second quarter are still uncertain.

4.2 LABOUR MARKET

UNEMPLOYMENT

In May 2004 the unemployment rate was unchanged compared with the previous month, standing at 9.0% (see Chart 23). The stable unemployment rate conceals significantly lower increases in the number of unemployed in May than in the first four months of 2004. At the beginning of this year, the number of unemployed in the euro area rose more strongly than in the second half of last year, essentially due to country-specific developments. Notwithstanding these country factors, and together with more positive recent developments in the euro area as a whole, the latest data provide tentative signals of a possible trough having been reached in euro area unemployment.

EMPLOYMENT

Growth in employment was around zero in the first quarter of this year, as compared with the previous quarter (see Table 6). Looking back, the level of employment has been broadly unchanged since mid-2002. The aggregate results for employment in the first quarter of this year reflect ongoing declines in employment in industry, while net job creation remained positive in the services sector.

Survey data suggest that this pattern is likely to have continued in the second quarter, probably resulting in subdued net job creation. According to the Commission's indicator, employment expectations in the manufacturing sector improved, while they remained broadly unchanged in the PMI survey. While the two indicators differ in terms of short-term developments, they both continue to show low levels of employment expectations. For the services sector, both the

Table 6 Employment growth

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

	Annual rates		Quarterly rates				
	2002	2003	2003 Q1	2003 Q2	2003 Q3	2003 Q4	2004 Q1
Whole economy	0.5	0.1	0.0	0.1	0.0	0.1	0.0
of which:							
Agriculture and fishing	-1.9	-1.5	-0.7	-0.1	0.2	0.0	-0.8
Industry	-1.2	-1.5	-0.3	-0.2	-0.5	-0.5	-0.4
Excluding construction	-1.4	-1.9	-0.4	-0.5	-0.5	-0.6	-0.5
Construction	-0.6	-0.3	-0.1	0.4	-0.4	-0.3	-0.1
Services	1.4	0.9	0.2	0.3	0.2	0.3	0.2
Trade and transport	0.3	0.6	0.2	0.3	0.4	0.2	0.2
Finance and business	2.4	1.2	0.1	0.2	0.3	0.6	0.4
Public administration	1.8	0.9	0.3	0.2	-0.1	0.2	0.2

Sources: Eurostat and ECB calculations.

Commission's indicator and, on the basis of data up to May 2004, the PMI show improving employment expectations in the second quarter.

4.3 THE OUTLOOK FOR ECONOMIC ACTIVITY

The latest information on developments in activity in the euro area supports the earlier assessment that growth is likely to have been sustained in the second quarter of this year. Looking ahead, the recovery is expected to continue, sustained by favourable factors on both the external and the domestic side. These factors include a strong expansion in most economic regions of the world, which will benefit euro area exports and should encourage companies to step up investment plans. The investment environment is also made favourable by current financing conditions. Private consumption growth should proceed in line with increases in real disposable income, which, with the usual lag, should also be supported by a strengthening in employment growth. This scenario of an ongoing economic recovery may be influenced by a number of factors. On the upside, euro area growth in the first quarter was stronger than anticipated and this momentum may strengthen short-term dynamics. Ongoing robust growth in the global economy could also lead to stronger than expected activity in the euro area. On the downside, although oil prices have declined somewhat, they remain at high levels and may dampen growth, largely through their impact on the euro area terms of trade. Furthermore, over long horizons there are concerns relating to the persistence of global imbalances.

5 EXCHANGE RATE AND BALANCE OF PAYMENTS DEVELOPMENTS

5.1 EXCHANGE RATES

The euro remained unchanged in June, despite some fluctuations in most major currency pairs. Foreign exchange markets were mainly dominated by developments in the Japanese yen, which was supported by further evidence of a strengthening Japanese economic recovery. On 27 June it was decided, by mutual agreement and following the prescribed procedure, to include the currencies of Estonia, Lithuania and Slovenia in ERM II. Their respective central parities against the euro were set at EEK/EUR 15.6466, LTL/EUR 3.45280 and SIT/EUR 239.640, with effect from 28 June. Regarding the currencies of the other EU Member States, the most notable development was the appreciation of the Polish zloty against the euro.

US DOLLAR/EURO

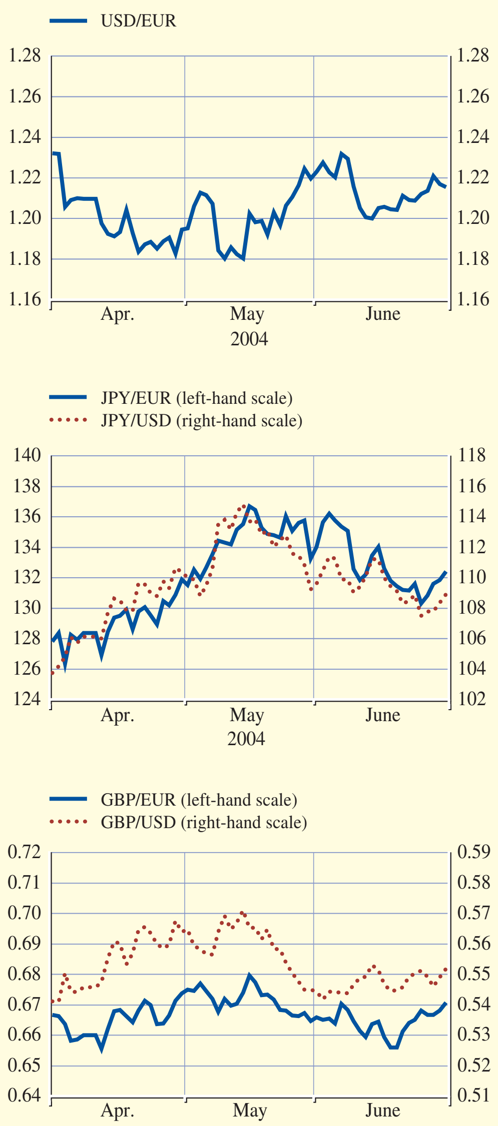
After depreciating against the US dollar in the first half of June, the euro rebounded in the second half of the month (see Chart 24). These fluctuations could have been associated with mixed data releases on economic activity in the euro area and the United States and their impact on market participants' expectations on prospective yield differentials between the two economic areas. The strengthening of the dollar against the euro and other major currencies in the first half of June seemed to relate to market reactions to a very positive US employment report. Later in the month, however, news of a further widening of the US current account deficit in the first quarter of 2004 and a rather benign market interpretation of US inflation data for May 2004 weighed on the US dollar. The decision of the Federal Open Market Committee on 30 June to raise its target for the federal funds rate by 25 basis points to 1.25% was anticipated by market participants and had no apparent effect on exchange rates. On 30 June the euro stood at USD 1.22, which was around its end-May level and 7.5% higher than its 2003 average.

JAPANESE YEN/EURO

The Japanese yen appreciated against the euro through most of the reference period (see Chart 24). Developments in the yen exchange rates appear to have been mostly linked to Japanese data releases pointing to strong domestic demand in Japan. This positive

Chart 24 Patterns in exchange rates

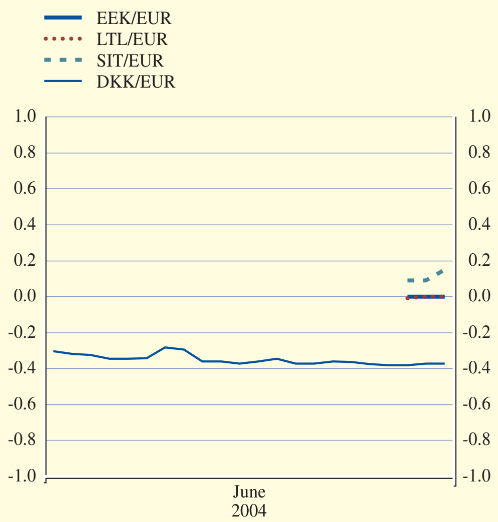
(daily data)



Source: ECB.

Chart 25 Patterns in exchange rates within ERM II

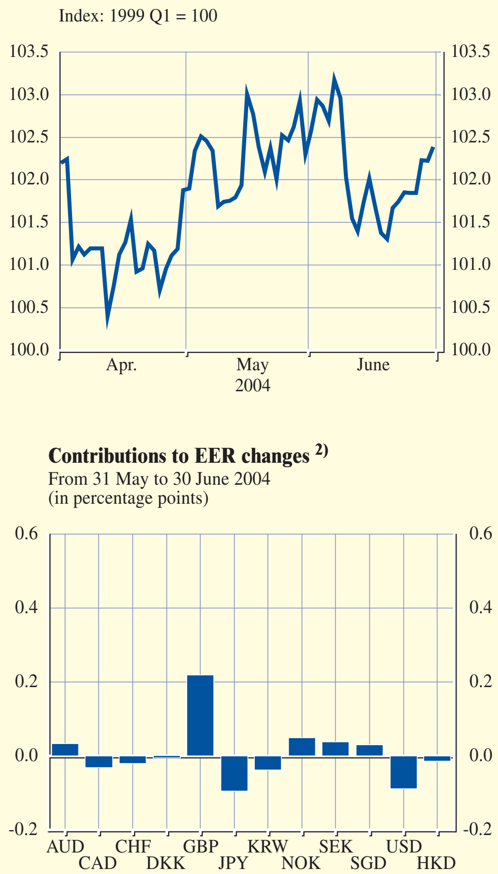
(daily data; deviation from central parity in percentage points)



Source: ECB.
Note: A positive/negative deviation from the central parity implies that the currency is at the weak/strong side of the band. For the Danish krone the fluctuation band is ± 2.25%, for all other currencies the standard fluctuation band of ± 15% applies.

Chart 26 The euro effective exchange rate and its decomposition [1)]

(daily data)



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.

outlook was also reflected in higher returns on Japanese assets. On 30 June the euro was quoted at JPY 132.4, 0.6% lower than its end-May level and about 1% above its 2003 average.

EU MEMBER STATES' CURRENCIES

In ERM II, the Danish krone continued to fluctuate in a very narrow range close to its central parity (see Chart 25). On 27 June it was decided that the Estonian kroon, the Lithuanian litas and the Slovenian tolar would become part of ERM II (see Box 4). Box 5 reviews the conventions and procedures for ERM II.

Regarding the currencies of other EU Member States, the pound sterling depreciated moderately against the euro in June, amid relatively wide fluctuations (see Chart 24). The Bank of England's Monetary Policy Committee's decision of 10 June to raise the Bank's repo rate by 0.25 percentage point to 4.50% did not have any significant effect on the markets. On 30 June the euro traded against the pound sterling at GBP 0.67, which was less than 1% above its level at the end of May and 3.1% lower than its 2003 average. In the reference period, the Swedish krona depreciated moderately against the euro, whereas the Polish zloty appreciated by 2.6% against the euro. The decision of Česká národní banka on 24 June to raise its key interest rate by 0.25 percentage point to 2.25% did not have a lasting effect on the Czech koruna, which remained broadly stable vis-à-vis the euro in the reference period. The Slovak koruna, Latvian lats, Cyprus pound and Maltese lira also remained broadly unchanged vis-à-vis the euro.

OTHER CURRENCIES

Turning to other currencies, the Swiss franc remained broadly stable vis-à-vis the euro, and the decision of the Swiss National Bank on 17 June to increase the interest target range by 0.25 percentage point to 0.0% to 1.0% appeared to affect exchange rate markets only in the very short term. The Norwegian krone depreciated by 2.9% against the euro. Other notable developments in euro exchange rates were the Australian dollar depreciation (by 3.1%) and the Canadian dollar appreciation (by 1.6%).

EFFECTIVE EXCHANGE RATE OF THE EURO

On 30 June, in nominal effective terms – as measured against the currencies of 12 of the euro area's important trading partners – the euro stood broadly at its end-May level and 2.1% higher than its average level in 2003 (see Chart 26).

Box 4

ENTRY OF THE CURRENCIES OF ESTONIA, LITHUANIA AND SLOVENIA INTO THE EXCHANGE RATE MECHANISM II (ERM II)

Following requests by the Estonian, the Lithuanian and the Slovenian authorities, the ministers of the euro area Member States of the European Union, the President of the European Central Bank and the ministers and the central bank governors of Denmark and of each of the above countries decided on 27 June 2004, by mutual agreement, following a common procedure involving the European Commission and after consultation of the Economic and Financial Committee, to include the currencies of Estonia, Lithuania and Slovenia in the exchange rate mechanism II (see communiqués of the European Union of the same date).

The central rates have been set for the Estonian kroon at EEK/EUR 15.6466, for the Lithuanian litas at LTL/EUR 3.45280 and for the Slovenian tolar at SIT/EUR 239.640. For all three currencies the standard fluctuation band of ±15% will be observed around these central rates. Accordingly, the compulsory intervention rates for these currencies have been established with effect from 28 June 2004 as set out in the Table below. The euro central rate and compulsory intervention rates for the Danish krone remain unchanged, reflecting a 2.25% fluctuation band.

Euro central rates and compulsory intervention rates for the currencies of the Member States participating in ERM II, in force as of 28 June 2004 (EUR 1 =)

	Danish krone (DKK)	Estonian kroon (EEK)	Lithuanian litas (LTL)	Slovenian tolar (SIT)
Upper rate	7.62824	17.9936	3.97072	275.586
Central rate	7.46038	15.6466	3.45280	239.640
Lower rate	7.29252	13.2996	2.93488	203.694

Following a careful assessment of the appropriateness and sustainability of the currency board arrangements (CBAs) of Estonia and Lithuania on a case-by-case basis, it was accepted that both countries are joining ERM II with their existing CBAs in place, as unilateral commitments, thus placing no additional obligations on the ECB.

The agreements on the participation of the Estonian kroon, the Lithuanian litas and the Slovenian tolar are based on a firm commitment by the authorities in these countries in various economic policy areas.

The agreement on the participation of the Estonian kroon in ERM II is based on a firm commitment by the Estonian authorities to continue with sound fiscal policies, which are essential for preserving macroeconomic stability, for supporting an orderly and substantial reduction of the current account deficit, and for ensuring the sustainability of the convergence process. The authorities will closely monitor macroeconomic developments together with the responsible EU bodies, and they will strengthen the fiscal stance if warranted. To help reduce the external imbalance and contain it at a sustainable level, they will take the necessary measures to contain domestic credit growth and ensure effective financial supervision, and they will promote wage moderation. Structural reforms aimed at further enhancing the economy's flexibility and adaptability will be implemented in a timely fashion so as to strengthen domestic adjustment mechanisms and maintain the overall competitiveness of the economy.

The agreement on the participation of the Lithuanian litas in ERM II is based on a firm commitment by the Lithuanian authorities to pursue sound fiscal policies which are essential for preserving macroeconomic stability and ensuring the sustainability of the convergence process. The authorities, together with the responsible EU bodies, will closely monitor macroeconomic developments. The Lithuanian government's aim to secure a balanced budget over the medium term needs to be underpinned by a credible medium-term strategy with ambitious budgetary targets. Sound fiscal policy and a determination to contain domestic credit growth, assisted by effective financial supervision, will contribute to ensuring the sustainability of the current account position. Structural reforms aimed at further enhancing the economy's flexibility and adaptability will be implemented in a timely fashion so as to strengthen domestic adjustment mechanisms and to maintain the overall competitiveness of the economy.

The agreement on the participation of the Slovenian tolar in ERM II is based on a firm commitment by the Slovenian authorities to continue to take the necessary measures to lower inflation in a sustainable way: these include most notably measures aimed at further liberalising administered prices and advancing further with de-indexation, in particular of the wage and certain social transfer setting mechanisms. Continued vigilance will be needed so that domestic cost developments, in particular wages, are in line with productivity growth. The authorities, together with the responsible EU bodies, will closely monitor macroeconomic developments. Fiscal policy will have to play a central role in controlling demand-induced inflationary pressures and financial supervision will assist in containing domestic credit growth. Structural reforms aimed at further enhancing the economy's flexibility and adaptability will be implemented in a timely fashion so as to strengthen domestic adjustment mechanisms and to maintain the overall competitiveness of the economy.

Box 5

CONVENTIONS AND PROCEDURES FOR THE EXCHANGE RATE MECHANISM II (ERM II)

The exchange rate mechanism II (ERM II) was introduced at the start of Stage Three of EMU, on 1 January 1999. This mechanism links the currencies of non-euro area Member States to the euro. By helping to ensure that the non-euro area Member States participating in the mechanism orient their policies towards stability, ERM II fosters convergence and thereby helps them in their efforts to adopt the euro. Participation in the exchange rate mechanism is voluntary for all non-euro area Member States. However, as ERM II membership is one of the convergence criteria for the eventual adoption of the euro, new Member States are expected to join the mechanism at some stage. The operating procedures for ERM II have been laid down in an agreement between the ECB and the non-euro area NCBs.

For the currency of each Member State participating in the mechanism, a central rate against the euro and a standard fluctuation band of ±15% are defined, in principle supported by automatic unlimited intervention at the margins, with very short-term financing available. However, the ECB and the participating non-euro area NCBs could suspend automatic intervention if this were to conflict with their primary objective of maintaining price stability. Exchange rate policy cooperation may be further strengthened, for example by allowing closer exchange rate links between the euro and other currencies in ERM II where, and to the extent that, these are appropriate in the light of progress towards convergence.

The following operating features of the mechanism are applied:

– For all the currencies of the non-euro area Member States participating in ERM II, the exchange rate for the bilateral central rate against the euro is quoted using the euro as the base currency. This means that for all currencies the exchange rate is expressed as the value of one euro using six significant digits. The same convention is applied for quoting the upper and lower intervention rates against the euro of the currencies of the non-euro area Member States participating in ERM II. The intervention rates are determined by adding or subtracting the agreed bandwidth, expressed as a percentage, to or from the bilateral central rates. The resulting rates are rounded to six significant digits;

– In order to reduce the settlement risk inherent in unlimited intervention at the margins, a payment after payment procedure is applied by both the ECB and the euro area NCBs involved in the intervention and may be applied by the non-euro area NCBs participating in ERM II;

– Under normal circumstances, both the ECB and the euro area NCBs will only conduct ERM II interventions between 9 a.m. and 5 p.m. Central European Time. Also, both the ECB and the euro area NCBs will not, under normal circumstances, intervene on the so-called TARGET holidays (i.e. 1 January, Good Friday, Easter Monday, 1 May, 25 and 26 December). Euro area NCBs may, in addition, observe other national holidays, while non-euro area NCBs may follow their own separate national holiday calendars.

5.2 BALANCE OF PAYMENTS

The recovery – led by foreign demand – in euro area exports observed since the second half of 2003 continued in April 2004. As imports also rose, albeit less than exports, the goods surplus also increased in April. This contributed to the recovery in the 12-month cumulated current account surplus of the euro area which, after reaching a trough around the end of last year, has been rising since the beginning of 2004. In the financial account, 12-month cumulated combined direct and portfolio investment switched to net outflows in April 2004 from net inflows in the same period a year earlier. This mainly reflected a sizeable increase in net purchases of foreign portfolio securities by euro area residents as well as a decline in euro area direct investment activities by non-residents.

CURRENT ACCOUNT AND TRADE

The seasonally adjusted current account of the euro area recorded a surplus of €9.0 billion in April 2004 (a surplus of €0.4 billion in non-seasonally adjusted terms). This reflected surpluses in both goods and services, which were partly offset by deficits in income and current transfers (see Table 7.1 in the "Euro area statistics" section).

In comparison with the previous month, the seasonally adjusted current account surplus increased by €3.7 billion in April 2004. This mainly reflected a €1.3 billion increase in the surplus of goods and a €2.6 billion decrease in the deficits of income and current transfers. The higher goods surplus during this period was the result of the value of exports rising faster than that of imports. Export growth was particularly robust (6.7% month on month), confirming that the recovery – led by foreign demand – in extra-euro area exports experienced since the second half of 2003 continued in April. The rise in the value of oil imports, against the background of higher oil prices, might partly account for the increase in the value of goods imports in April (6.1% month on month). A more in-depth account of extra-euro area trade developments can be obtained by looking at the decomposition of export and import values of goods into volumes and prices, which is now available up to the first quarter of 2004 (see Box 6).

Box 6

RECENT DEVELOPMENTS IN EXTRA-EURO AREA TRADE VOLUMES AND PRICES

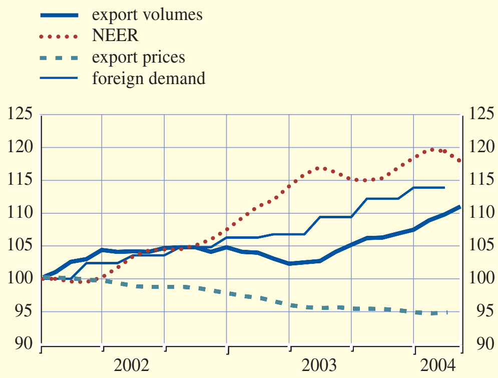
According to Eurostat's external trade statistics, extra-euro area export volumes have grown significantly since the second half of 2003, despite the loss in price competitiveness arising from the past appreciation of the euro. Exports have benefited from strong foreign demand, originating in particular from Asia, while the lagged impact of the past euro appreciation appears to be diminishing gradually. Meanwhile, euro area import volumes grew robustly in the last quarter of 2003, while abating somewhat in the first quarter of 2004. Inflationary pressures from import prices have remained contained in the past three quarters owing to the past appreciation of the euro, which lowered import prices of manufactured goods and partly offset the rise, in US dollar terms, in oil and non-oil commodity prices.

Export volumes recovered, having declined in the last quarter of 2002 and the first two quarters of 2003, growing by more than 6% between the second quarter of 2003 and the first quarter of 2004 (see Chart A). The initial fall can be attributed to the effects of the euro appreciation beginning in the second quarter of 2002, as well as weak foreign demand in the second half of 2002 and in the first half of 2003. Conversely, the subsequent recovery in export volumes can mostly be explained by the pick-up in euro area foreign demand from the second half of 2003 (6.6% between the third quarter of 2003 and the first quarter of 2004).[1] Furthermore, euro area export prices (in euro) – proxied by unit value indices – have fallen by more than 5.5% since the second quarter of 2002, as euro area exporters have cut their profit margins in an effort to offset the resulting loss in price competitiveness. Nevertheless, the slower growth of export volumes compared with foreign demand in 2003 suggests that the euro area lost some export market shares over this period.

1 Foreign demand figures for the first quarter of 2004 are preliminary and subject to revisions.

Chart A Extra-euro area exports

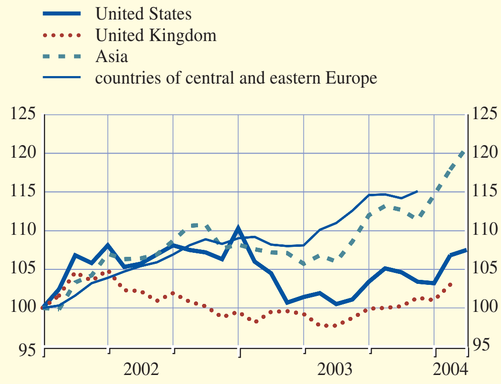
(indices; January 2002 = 100; 3-month moving averages except for foreign demand)



Sources: ECB and Eurostat.
Note: Latest observations relate to April 2004. Foreign demand data for the first quarter of 2004 are preliminary and subject to revisions.

Chart B Extra-euro area export volumes: geographical breakdown

(indices; January 2002 = 100; 3-month moving averages)



Source: Eurostat.
Note: Latest observations relate to March 2004 (except for the United Kingdom – January 2004 – and the countries of central and eastern Europe – December 2003).

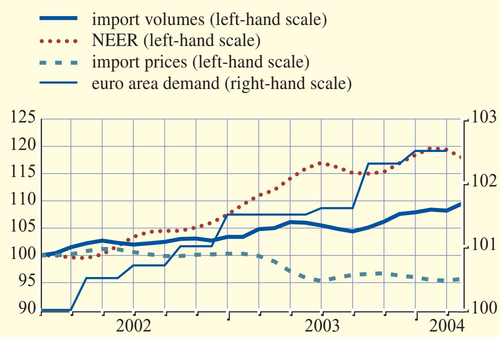
The upturn in export volumes was mostly the result of strong exports to Asia and central and eastern European countries in the second half of 2003 (see Chart B), while exports to the United States picked up significantly in the first quarter of 2004. Turning to the breakdown of euro area export volumes by product group, exports of capital, intermediate and consumer goods have all increased since the second half of 2003. However, the rise in exports of intermediate and especially capital goods was more pronounced, consistent with the recovery in investment expenditure recorded in most euro area trading partners.

For most of 2002 and in the first three quarters of 2003, growth in import volumes has been somewhat sluggish (see Chart C), owing in particular to weak domestic demand over this period, particularly in the import intensive categories of expenditure such as investment. By contrast, import volumes accelerated in the last quarter of 2003 (by roughly 3% compared with the previous quarter) in line with the recovery in domestic demand over this period. This increase was driven by import volumes of consumer and especially capital goods. A smaller increase in import volumes was recorded in the first quarter of 2004, resulting mainly from a substantial decrease in import volumes of capital goods in the same quarter.

Meanwhile, total import prices fell by 3.2% in 2003 compared with 2002 and by 1% quarter on quarter in the first quarter of 2004 (see Chart C). These developments resulted mostly from the downward effect of the euro

Chart C Extra-euro area imports

(indices; January 2002 = 100; 3-month moving averages except for euro area demand)



Sources: ECB and Eurostat.
Note: Latest observations relate to April 2004 (except for euro area demand in the first quarter of 2004).

appreciation on import prices of manufactured goods, this category accounting for roughly 72% of total imports of goods. In addition, the past appreciation of the euro against the US dollar played an important role in offsetting the significant rise, in US dollar terms, in the price of oil and non-oil commodities.

Taking a longer-term perspective, the 12-month cumulated current account surplus of the euro area increased steadily from a trough of €26.1 billion in December 2003 to €44.3 billion (about 0.6% of GDP) in April 2004, which is close to levels seen a year earlier (see Chart 27). This development is mainly accounted for by the progression of the goods surplus over the same period, given the robust export performance recorded since the third quarter of 2003.

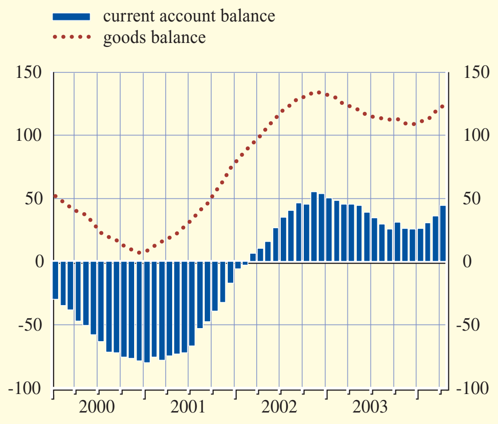
FINANCIAL ACCOUNT

Euro area combined direct and portfolio investment recorded net outflows of €6.3 billion in April, reflecting net outflows in both direct (€3.3 billion) and equity portfolio investment (€15.3 billion) which more than offset net inflows in debt instruments (€12.4 billion).

The developments in direct investment were accounted for by net outflows both in equity capital and reinvested earnings and in other capital (mostly intercompany loans). With regard to equity portfolio investment, in April there were net purchases of foreign equity securities by euro area residents along with net sales of euro area equity securities by non-residents. Net outflows in equity securities in that month might partly be the result of a strengthening of demand by international investors for Japanese equities.

Chart 27 The euro area current account and goods balances

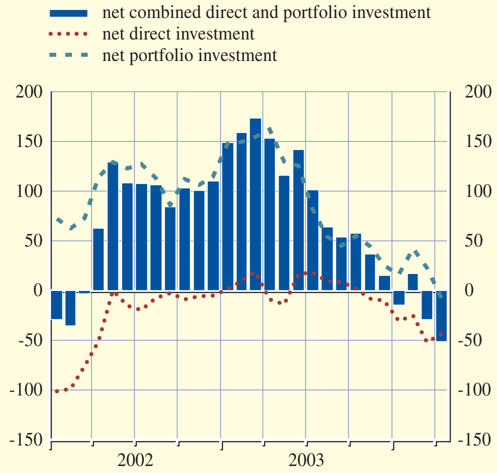
(EUR billions; monthly data; seasonally adjusted; 12-month cumulated data)



Source: ECB.

Chart 28 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.

From a longer-term perspective, in the 12-month period up to April 2004, combined direct and portfolio investment of the euro area recorded cumulated net outflows of €51 billion, compared with cumulated net inflows of €153.4 billion over the same period a year earlier. This resulted from an increase in net direct investment outflows and a switch in net portfolio investment from net inflows to net outflows (see Chart 28). With regard to direct investment, the decline observed in foreign activity in the euro area could be related to the stronger global economic outlook over this period. Developments in portfolio investment stemmed mainly from a switch in money market instruments (from net inflows of €60.2 billion to net outflows of €56.6 billion) and a decline in net inflows in equity securities (from €58.5 billion to €1.5 billion). 12-month cumulated figures show that net inflows in this investment category have declined gradually since the second quarter of 2002. This may have been caused by international investment decisions against the background of improving prospects for the global economy and corporate profitability.

ARTICLES

LABOUR PRODUCTIVITY DEVELOPMENTS IN THE EURO AREA: AGGREGATE TRENDS AND SECTORAL PATTERNS

This article reviews the trends in aggregate labour productivity in the euro area since the early 1980s and explains them in terms of underlying sectoral developments. Understanding these trends is important in the context of growth comparisons with the United States and the growth objectives stated in the Lisbon agenda. The available data suggest that the decline in average labour productivity growth in the euro area between the 1980s and 1990s reflects lower growth in both capital deepening and total factor productivity. From a sectoral perspective, the decline was to a large extent due to lower productivity growth in the sector comprising financial intermediation and business services. Overall, the results suggest that the productivity performance of the euro area could be improved by removing structural impediments in the form of rigidities in labour and product markets.

1 INTRODUCTION

In recent years, the analysis of developments in euro area labour productivity has received increased interest. This reflects to a large extent the impressive productivity performance of the US economy since the second half of the 1990s and the ensuing question why the developments in the euro area have been less favourable. In developed economies, growth in labour productivity is typically the single most important determinant of longer-term improvements in potential output and living standards. Achieving higher productivity growth is thus an important condition for meeting the objective stated in the March 2000 Lisbon agenda to make Europe the most competitive and dynamic knowledge-based economy in the world in the decade up to 2010. Europe's population is ageing and sustained higher growth per capita will be needed to finance expenditure on pensions and health care, and to preserve average living standards.

This article reviews the trends in euro area labour productivity since the early 1980s. The reason for choosing this period is twofold. First, harmonised national accounts data for the individual euro area countries are mostly available for the period since 1980. Second, the oil shocks of the 1970s coincided with a general setback in productivity growth, and the productivity performance in more recent years is thus better compared with developments since the early 1980s rather than those before. The article reviews both aggregate trends and sectoral patterns of labour productivity growth, as the aggregate performance can be the result of changing developments at the sectoral level. For instance, factors such as globalisation, technological innovation and structural change may have had very different consequences for productivity growth across sectors.

Labour productivity describes the relationship between real output and the labour input used in its production. Labour input is typically measured in terms of persons employed or hours worked. In this respect, the analysis of productivity developments in the euro area is hampered by the fact that official euro area-wide data on hours worked in the total economy are not yet available. The same holds for data on important productivity determinants such as the capital stock. Against this background, the productivity data used in this article are compiled from various sources, including official Eurostat data, data from the European Commission, the Organisation for Economic Co-operation and Development and the Groningen Growth and Development Centre, as well as ECB estimates.

The analysis proceeds as follows. Section 2 discusses the trends in aggregate productivity growth in the period since the early 1980s and relevant sub-periods. Section 3 considers the dynamics of productivity in the main industrial and services sectors of the economy and relates them to the aggregate trends. Section 4 concludes, pointing to some policy issues that arise from the discussion.

2 STYLISED FACTS OF AGGREGATE PRODUCTIVITY GROWTH IN THE EURO AREA SINCE THE EARLY 1980s

Recent international comparisons of productivity growth have mostly focused on the period since 1996, as the mid-1990s appear to reflect a change in trend productivity growth in the United States. However, productivity developments display considerable volatility over the economic cycle and changes in underlying trends are therefore difficult to discern (see Chart 1). As separating trends and cycles using statistical methods is often affected by measurement uncertainties, this article corrects for cyclical effects by focusing on average developments in pre-defined, longer-term economic cycles. Measured on the basis of real GDP growth, there have been two longer-term cycles in the euro area in the period since 1980, extending respectively from a trough in 1981 to a trough in 1993 and from there to another in 2003. For simplicity, these two periods will henceforth be referred to as the 1980s and the 1990s.

Table 1 shows that productivity growth in the euro area declined between the 1980s and the 1990s, irrespective of whether productivity is measured per person employed or on the basis of the number of hours worked. However, as the number of average hours worked per year has progressively declined since 1980, productivity growth has generally been higher when measured per hour worked than per person employed. The stylised fact of a decline in euro area productivity growth between the 1980s and 1990s also holds irrespective of whether productivity is measured for the total economy or for a narrower aggregate such as the non-agricultural business sector. However, productivity growth in the business sector has been generally higher than in the overall economy.

Chart 1 Labour productivity in the euro area

(annual percentage changes)

Sources: ECB calculations based on data from Eurostat and the European Commission.
Data for hours worked are compiled from national data in the Groningen Growth and Development Centre and the Conference Board's Total Economy Database (February 2004) (http://www.ggdc.net).

Table 1 Labour productivity in the euro area

(percentage changes per annum)

Economic cycle	Total economy (based on real GDP)		Non-agricultural business sector [1] (based on real gross value added)	
	Per person employed	Per hour worked	Per person employed	Per hour worked
1980s	1.7	2.3	1.9	2.5
1990s	1.1	1.4	1.3	1.6
Memo item				
1996-2003	0.8	1.2	0.9	1.2

Sources: ECB calculations based on data from Eurostat and the European Commission. Data for hours worked are compiled from national data in the Groningen Growth and Development Centre and the Conference Board's Total Economy Database (February 2004), and those in the Groningen Growth and Development Centre's 60-Industry Database (October 2003) (http://www.ggdc.net).
Note: The economic cycles are taken to run trough-to-trough from 1981 to 1993 and from 1993 to 2003.
1) Excludes agriculture, fishing and forestry, as well as services that are not purely market-related.

The different concepts of productivity need to be borne in mind when comparing the euro area with other economies, and notably that of the United States. In the case of the United States, productivity developments are typically discussed in terms of productivity per hour worked in the non-farm business sector, while official figures for the euro area refer to productivity per person employed for the total economy. Such a comparison would necessarily imply an upward bias in the productivity growth gap between the United States and the euro area. Given that the delimitation between publicly provided services and purely market-related services differs across countries and changes over time, comparisons for the total economy may be more adequate. At the same time, the finding that in the period since the mid-1990s productivity growth continued to decline in the euro area while it increased in the United States is independent of the concept used. Box 1 shows that this divergence carries over to developments in real GDP per capita as a measure of living standards.

Box 1

THE RELATIONSHIP BETWEEN GROWTH IN LABOUR PRODUCTIVITY AND GDP PER CAPITA

Developments in an economy's average living standards are often measured in terms of real GDP per capita[1] and thus depend on how many persons have claims on what is produced rather than on how many persons or hours it takes to produce a certain amount of output. At the same time, the measures of GDP per capita (i.e. per head of the population) and GDP per hour worked are conceptually linked. The difference between them – reflecting hours worked per head of the population – denotes the degree to which potentially available labour is utilised in the production process. This box discusses the contributions of productivity and labour utilisation to growth in real GDP per capita in the euro area and compares them with those in the United States.

Decomposition of real GDP per capita in the euro area and the United States

(percentage changes per annum)

Economic cycle	Real GDP per capita a=b+c	Real GDP per hour worked b	Labour utilisation c=d+e	Hours worked per person employed d	Persons employed in total population e
1980s					
Euro area	1.8	2.3	-0.4	-0.6	0.2
United States	2.5	1.6	1.0	0.0	0.9
1990s					
Euro area	1.7	1.4	0.3	-0.3	0.6
United States	2.1	1.4	0.7	0.4	0.3
Memo item					
1996-2003					
Euro area	1.6	1.2	0.5	-0.4	0.8
United States	2.2	1.9	0.3	0.2	0.1

Sources: ECB calculations based on data from Eurostat, the European Commission, the Bureau of Labor Statistics and the Bureau of Economic Analysis. Data for hours worked are compiled from national data in the Groningen Growth and Development Centre and the Conference Board's Total Economy Database (February 2004) (http://www.ggdc.net).
Notes: Figures may not add up due to rounding. The cycles for the euro area are taken to run trough-to-trough from 1981 to 1993 and from 1993 to 2003, and those for the United States from 1982 to 1991 and from 1991 to 2001.

1 Gross National Income (GNI) might be a better indicator of living standards as it takes into account net primary incomes from abroad. However, for the euro area as a whole the difference in growth rates of GDP and GNI is very small and does not affect the main findings based on real GDP.

Decomposing growth in real GDP per capita

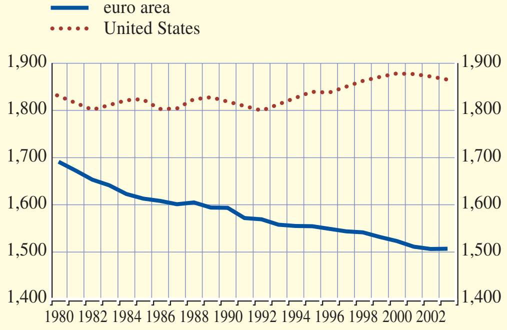
The previous table compares the contributions to growth in real GDP per capita in the euro area and the United States for the respective economic cycles in the 1980s and the 1990s as measured by real GDP. However, it should be noted that the variables referred to in the table may display somewhat different longer-term cycles to those in real GDP. The data show that since the early 1980s per capita growth in the euro area has on average been lower than in the United States. In the 1980s the gap was accounted for by diverging developments in the degree of labour utilisation, which were positive in the United States and negative in the euro area, while productivity growth per hour worked was higher in the euro area and strongly contributed towards a narrowing of the gap. This picture changed in the 1990s when the gap between the euro area and the United States in respect of growth in labour utilisation was much smaller, while at the same time the euro area's lead in productivity growth vanished. The developments in more recent years suggest that these relative shifts in the contributions to per capita growth have continued. In the period 1996-2003 productivity growth in the euro area fell behind that in the United States while growth in labour utilisation on average became stronger.

Decomposing labour utilisation

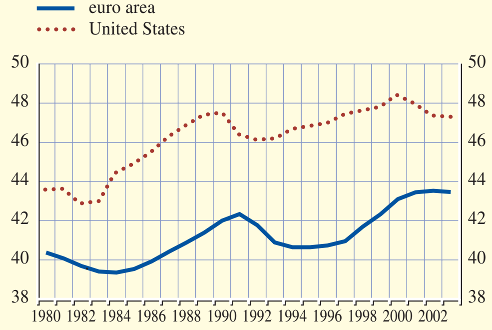
In the context of this accounting exercise, labour utilisation is measured as hours worked per head of the population. This can be further decomposed into hours worked per person employed and the share of employed persons in the total population. The data in the table show that growth in euro area labour utilisation has been dampened by declines in average hours worked but has been supported by the fact that an increasing part of the population is employed. The much lower level of working hours vis-à-vis the United States shown in the chart below is partly explained by fewer actual working days per year, while the widening of the gap reflects the shortening of statutory full-time working weeks and the rising share of part-time employment. In the United States these latter determinants have remained broadly stable. Despite some relative improvement in the euro area, the share of employed persons in the total population has

Components of labour utilisation in the euro area and the United States

Hours worked per person employed per year



Persons employed as a percentage of total population



Sources: ECB calculations based on data from Eurostat, the European Commission, the Bureau of Labor Statistics and the Bureau of Economic Analysis. Data for hours worked are compiled from national data in the Groningen Growth and Development Centre and the Conference Board's Total Economy Database (February 2004) (http://www.ggdc.net).

remained well below that in the United States. This reflects the fact that the unemployment rate is still around 3 percentage points higher than in the United States and that the labour force participation rate is still around 8 percentage points lower, the latter reflecting in particular lower participation of women and older persons.

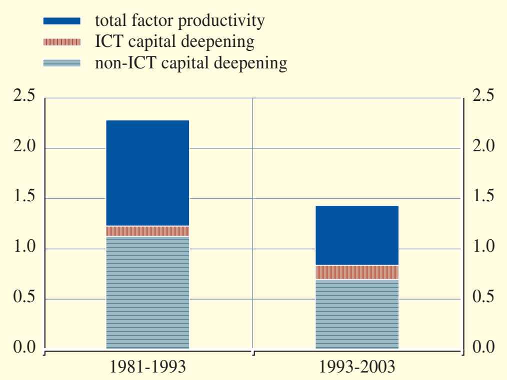
Overall, the previous decompositions show that in the period since the mid-1990s the gap in per capita GDP growth vis-à-vis the United States reflects lower productivity growth. However, even with unchanged productivity growth the gap could be narrowed if labour utilisation in the euro area were to continue to increase faster than in the United States, as has been the case since the mid-1990s. The potential for catching up in this regard is large, as participation rates and average hours worked are relatively low and unemployment rates are relatively high. However, in view of the interlinkages between the individual components of labour utilisation, policy conclusions based on mechanical decompositions should be drawn with caution.

In the context of standard growth accounting frameworks, labour productivity growth can be explained in terms of the contributions from capital deepening and total factor productivity. Capital deepening denotes the increase in the use of physical capital per worker in the production process, while growth in total factor productivity measures the efficiency with which both capital and labour are used. The measurement of these two components is surrounded by considerable uncertainty, reflecting for instance the fact that no official euro area-wide data are available for hours worked, the capital stock, and the quality of labour and capital inputs. Moreover, assumptions are needed with regard to the underlying aggregate production technology and thus the shares that labour and capital have in total output. Chart 2 shows ECB estimates for the contributions to euro area labour productivity growth based on data for hours worked, capital-output ratios and factor shares from the Groningen Growth and Development Centre.

The chart shows that the decline in aggregate productivity growth of 0.9 percentage point between the 1980s and the 1990s stems from broadly similar declines in the contributions from capital deepening and total factor productivity. The higher rate of capital deepening in the 1980s followed a period of relatively strong real wage growth, which fostered the substitution of capital for labour. In the 1990s real wages grew on average relatively moderately, slowing the substitution of capital for labour and allowing for higher employment growth. This was inter alia associated with an increase in lower-skilled employment, re-integrated from unemployment, which had a dampening impact on aggregate productivity growth. Against this background, it would appear that measured productivity growth is not exogenous to economic growth,

Chart 2 Contributions to growth in labour productivity per hour in the euro area

(annual average percentage points)



Sources: ECB calculations and estimates based on data from Eurostat and the European Commission. Data for hours worked are compiled from national data in the Groningen Growth and Development Centre and the Conference Board's Total Economy Database (February 2004) (http://www.ggdc.net). Capital-output ratios and ICT-to-capital ratios are taken from M.P. Timmer, G. Ypma and B. van Ark, "IT in the European Union: Driving Productivity Divergence?", GGDC Research Memorandum GD-67, October 2003, University of Groningen.

but rather is influenced by changes in the relative prices of labour and capital.

Real GDP growth was only slightly lower in the 1990s than in the 1980s, at 2.0% per annum compared with 2.2%, implying that the decline in productivity growth in the 1990s was almost fully compensated for by higher growth in employment and total hours worked. On the one hand, the data thus suggest that there has simply been a change in the employment content of growth. On the other hand, the data may be taken as suggesting that the euro area only achieved higher employment growth at the expense of lower productivity growth. This implies a clear difference compared with the United States where the second half of the 1990s saw both higher productivity growth and continued strong employment growth.

In this respect, a widely shared view is that the different productivity performances in the euro area and the United States reflect the different impact of new information and communication technologies (ICT).[1] Chart 2 shows that the contribution to euro area productivity growth associated with the pure accumulation of ICT capital rose slightly in the 1990s while that associated with the accumulation of other types of capital (referred to as non-ICT capital) declined considerably. At the same time, the stronger ICT capital deepening did not prevent growth in total factor productivity from declining. The likely positive impact from the technological advances associated with the production of ICT goods and from the improvements in overall efficiency associated with the use of ICT has thus not been strong enough to offset the downward impact of other factors.

This may simply reflect the fact that the scale of ICT-producing and using industries in the euro area is still too small to have a sizeable impact on growth in total factor productivity. In addition, both the innovation related to producing ICT and the use of ICT depend on the regulatory practices that affect the general functioning of the economy. Rigidities in euro area product and labour markets may have inhibited businesses from fully exploiting the opportunities provided by ICT. This would also help to explain why euro area countries have benefited in an uneven way from ICT capital. In this respect, the differences in productivity growth developments across sectors discussed in the following section may reflect a different impact from technological innovation and structural rigidities.

3 SECTORAL PATTERNS OF PRODUCTIVITY GROWTH

This section examines sectoral productivity trends in order to help understand whether the decline in aggregate labour productivity growth in the euro area between the 1980s and 1990s was broadly based or whether it largely reflects developments in individual sectors and might thus be the result of specific factors.

The sectoral analysis is based on the available breakdown of euro area national accounts for the total economy. On the industry side, the breakdown includes construction and industry excluding construction (including mining, quarrying, manufacturing, and electricity, gas and water supply). The latter will henceforth be referred to as “industry”. On the services side, euro area-wide data are available for wholesale and retail trade and transport (which also includes repairs, hotels and restaurants and communication), finance and business services (which also includes real estate and renting services) and public administration (which also includes education, health and other community services). The first category will henceforth be referred to as “trade and transport”. The focus will be on those sectors that correspond to the non-agricultural business sector, but it should be noted that there are differences across countries and time in the extent to which some of the services subsumed under public

1 This issue was for instance discussed in a recent workshop on “Divergences in productivity growth between Europe and the United States”, co-organised by the Banque de France, CEPII and Ifo and held at Royaumont Abbey, France, on 22-23 March 2004.

Table 2 Labour productivity per person employed by sector in the euro area

(percentage changes per annum)

Economic cycle	Non-agricultural business sector (based on real gross value added)				
	Total	Industry [1]	Construction	Trade and transport [2]	Finance and business services [3]
1980s	1.9	2.4	1.3	1.3	0.2
1990s	1.3	2.6	-0.2	1.5	-0.9
Memo item					
1996-2003	0.9	1.9	-0.4	1.4	-1.1

Source: ECB calculations based on data from Eurostat and the European Commission.
Note: The cycles are taken to run trough-to-trough from 1981 to 1993 and from 1993 to 2003.
1) Includes mining, quarrying, manufacturing, electricity, gas and water supply.
2) Includes repairs, hotels and restaurants, communication.
3) Includes real estate and renting services.

administration are provided by private rather than public enterprises.

Table 2 provides a breakdown of productivity growth per person employed in the non-agricultural business sector, comparing the developments in the 1980s and the 1990s. The data suggest that the decline in productivity growth in the total economy is not broadly based at the sectoral level. While productivity growth per person employed declined markedly in the construction and the finance and business services sectors, reaching negative growth rates in the 1990s, it increased slightly in industry and in the trade and transport sector.

As was shown in Table 1, moving from productivity per person employed to productivity per hour worked has an upward impact on average labour productivity growth but does not alter the fact that productivity growth declined in the 1990s. At the sectoral level, this upward revision affects all sectors, but as expected particularly services (not shown in Table 2). For instance, in the 1990s average productivity growth in the trade and transport sector of 1.5% per person employed would increase by more than one-third when measured per hour worked, while in industry the upward effect from 2.6% would be around one-ninth. This is mainly due to the much stronger increase in part-time employment in the services sectors. Indeed, the data available on part-time employment for the period since the mid-1990s suggest that the share of part-time employment in the total economy increased by 3 percentage points to around 16.5% in 2003. This reflects an increase by around 1 percentage point to 6.7% in industry and by 3 percentage points to 17.8% in market-related services.

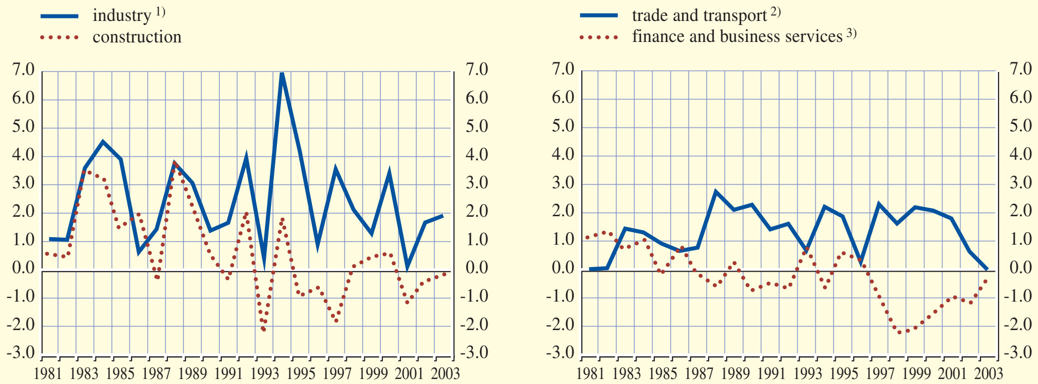
Chart 3 shows the pattern of productivity growth per person employed over time for the individual sectors of the non-agricultural business sector. Trend developments are difficult to discern, in particular for the sectors, such as industry, which show a relatively high variability in productivity growth. However, the data seem to confirm that the two sectors showing a clear downward trend in productivity growth are the finance and business services sector and the construction sector, while industry and the trade and transport sector show a relatively stable mean over time.

The different patterns of productivity growth per person employed raise two types of question. The first is the question to what extent the productivity growth performance reflects developments in output or employment. The second question relates to the extent to which developments in overall productivity can be attributed to compositional changes across sectors.

Starting with the first question, the increase in productivity growth in industry and in the trade and transport sector between the 1980s and

Chart 3 Labour productivity per person employed by sector in the euro area

(annual percentage changes)



Source: ECB calculations based on data from Eurostat and the European Commission.
1) Includes mining, quarrying, manufacturing, electricity, gas and water supply.
2) Includes repairs, hotels and restaurants, communication.
3) Includes real estate and renting services.

1990s essentially reflects a rise in average output growth. Employment growth continued to decline in industry, although to a lesser extent, and was unchanged in the trade and transport sector. By contrast, the decline in productivity growth in the construction sector and in the finance and business services sector – to a negative rate of growth in the 1990s – is mainly attributable to a decline in average output growth, while at the same time employment growth increased. In construction the divergence between activity and employment developments probably reflects to some extent country-specific developments that affect the comparison between longer-term cycles. One example could be the strong impact of German unification on developments in the construction sector, another the fiscal consolidation efforts in the run-up to Monetary Union, which in some euro area countries were associated with lower public expenditure on construction investment.

In the case of finance and business services the decline in productivity growth between the 1980s and the 1990s and the negative rate of growth appear to reflect to a large extent the productivity performance in services related to real estate activities and in "other" business services. By contrast, for services related to financial intermediation productivity growth seems to have declined to a much lesser extent and it has remained clearly positive. Productivity developments in services related to real estate activities and in "other" business services should be assessed with some caution as real estate activities reflect primarily developments in actual and imputed rents and because productivity in "other" business services may be partly affected by the outsourcing of low-productivity jobs from industry.

The question of the impact of compositional changes examines the extent to which the rising employment share of the services sector, which has shown lower productivity growth than industry, is responsible for the decline in overall productivity growth. A rough estimate indicates that almost half of the decline in labour productivity growth in the non-agricultural business sector is explained by the falling employment share of industry and, at the same time, the gain in the share of employment in finance and business services. By contrast, the increasing share of employment in trade and transport offsets part of this effect. As regards the productivity effect within sectors, which accounts for the other half of the decline in overall productivity growth, this is driven by the fall in productivity both in construction and in finance and business services, which is partly counterbalanced by a stronger increase in industry and in trade and transport.

The results of this accounting exercise cannot be taken as implying that a trend decline in euro area productivity growth is unavoidable. On the one hand, the services sector in the euro area is still in a catching-up process as regards the share in total employment reached for instance in the United States. In that sense, the secular shift in production from industry to services implies a continued high employment content of economic growth in the medium term. On the other hand, the euro area has not benefited to the same extent as the United States from the gains in productivity associated with the production and diffusion of ICT goods. Therefore, there is room to increase productivity growth in ICT-producing and using sectors. The latter aspect is elaborated upon in Box 2, which refers to the widening of the productivity growth gap between the euro area and the United States that characterised the second half of the 1990s.

Box 2

SECTORAL LABOUR PRODUCTIVITY DEVELOPMENTS IN THE EURO AREA AND THE UNITED STATES

While the aggregate productivity performance in the euro area has weakened over the more recent period, a more detailed analysis shows remarkable cross-sector differences in labour productivity growth. These differences in sectoral productivity growth may also explain the aggregate divergence between the euro area and the United States starting in the mid-1990s. Making use of the OECD Structural Analysis Database (STAN), these sectoral differences are described below. However, only the period 1985-2000 is covered. Due to differences in the data source, the results may not be fully comparable with those in the tables of the main text.

The rise in productivity growth in the United States in the second half of the 1990s can be shown to reflect to some extent productivity improvements in high-technology manufacturing sectors, especially those that produce ICT goods. These improvements were not visible to the same extent in the euro area, where productivity growth in the high-technology industries increased less than in the United States (see Table A).

Table A Labour productivity by sector in the euro area and the United States

(per person employed; percentage change per annum)

	euro area		United States	
	1986-1995	1996-2000	1986-1995	1996-2000
Manufacturing	**2.8**	**2.7**	**3.2**	**5.6**
of which:				
High-technology industries	3.1	3.6	5.1	11.1
Utilities	**3.3**	**6.9**	**3.0**	**2.4**
Business sector services	**1.4**	**0.9**	**1.1**	**4.2**
of which:				
Wholesale and retail trade	1.8	0.5	1.3	7.6
Telecommunication	5.2	13.8	3.9	4.6
Finance and insurance	1.6	3.7	1.2	6.5

Sources: OECD and ECB calculations.

It is noteworthy that while the euro area experienced decreasing labour productivity growth in both manufacturing and business sector services, at a more disaggregated level, movements in the opposite direction appear. This is particularly true for ICT-producing manufacturing sectors (mainly high-technology industries) and some ICT-using business sector services (telecommunication, finance and insurance) but also for the utilities sector where labour productivity growth has increased in recent years.

However, the better labour productivity performance of the US economy reflects particularly strong improvements in specific (ICT-using) business sector services, and in particular those related to retail and wholesale trade and to financial intermediation, which also have a much higher share of total gross value added and employment than in the euro area. Despite the improvements in productivity growth in some of these services sectors – such as telecommunication – in the euro area during the second half of the 1990s, their performance did not match that of the United States.

In addition to a weaker productivity performance in high-technology, ICT-related manufacturing and services sectors, part of the lower aggregate productivity growth in the euro area can also be attributed to a lower specialisation in these industries (see Table B).

While some industrial restructuring in favour of high productivity growth sectors seems to have taken place in the euro area, the significantly higher employment share of ICT sectors in the United States points to a stronger contribution from US ICT sectors to aggregate productivity growth. Consequently, a reallocation of resources in the euro area towards ICT-producing and using sectors would allow the euro area to close some of the gap with the United States. Facilitating industrial restructuring therefore bears the potential to contribute to stronger labour productivity growth in the euro area, in particular in ICT-using services sectors such as wholesale and retail trade.

Table B Employment shares by sector in the euro area and the United States

(as a percentage of total economy employment)

	euro area		United States	
	1986-1995	1996-2000	1986-1995	1996-2000
Manufacturing	**22.4**	**19.5**	**15.2**	**13.4**
of which:				
High-technology industries	8.3	7.0	6.1	5.3
Utilities	**0.9**	**0.7**	**0.7**	**0.6**
Business sector services	**34.6**	**37.8**	**43.9**	**45.7**
of which:				
Wholesale and retail trade	14.7	15.1	23.7	23.5
Telecommunication	1.6	1.4	1.8	1.7
Finance and insurance	3.1	3.0	4.5	4.3

Sources: OECD and ECB calculations.

4 CONCLUSION

This article discussed the trends in labour productivity growth in the euro area in the period since the early 1980s. A stylised fact seems to be the continuation of the secular decline in productivity growth in the euro area in the 1990s, by contrast with the improved productivity performance in the United States since the mid-1990s. The continued decline in euro area productivity growth is a feature that results independently of the measure of labour input used, i.e. persons employed or hours worked, and of the economic aggregate chosen, i.e. the total economy or the non-agricultural business sector. Overall, the decline in aggregate productivity growth between the 1980s and the 1990s appears to be accounted for by a lower contribution from both capital deepening and total factor productivity.

The sectoral results show that the decline in aggregate productivity growth is not broadly based across sectors. In particular, labour productivity per person employed remained broadly stable in manufacturing and in trade and transport in the 1990s compared with the 1980s, while it declined to negative rates of growth in construction and in the finance and business services sector.

While the long-term average of labour productivity growth for the euro area has been similar to that of international competitors, there has been some divergence vis-à-vis the US economy in the period since the second half of the 1990s. The continued slowdown of productivity growth in the euro area can be partly explained by a stronger increase in employment compared with earlier periods, reflecting rising labour force participation and the re-integration into the labour market of unemployed persons. However, unlike in the United States, the downward pressure on productivity growth associated with strong employment growth has not been compensated for by an increase in total factor productivity growth. One reason for a decline rather than an increase of total factor productivity growth in the euro area seems to have been that the impact from the production and use of ICT capital has thus far been relatively subdued. This can be partly related to the fact that the ICT-using services sectors, which have contributed significantly to aggregate productivity growth in the United States, are still relatively small in the euro area.

These past trends in euro area productivity growth make a rapid and forceful implementation of the Lisbon agenda even more urgent. Only if the euro area can manage to reap the benefits of innovation and the widespread diffusion of new technologies will it be able to improve its long-term prospects for productivity growth. In this respect, stimulating further product market competition, for instance by reducing existing barriers to market entry, in particular in services industries, could provide incentives to speed up innovation and productivity growth. In addition, more forceful reforms of labour markets and the educational system will help to improve and increase the supply of qualified employees, which represents an important additional factor in fostering firm productivity growth.

ACCOUNTING FOR THE RESILIENCE OF THE EU BANKING SECTOR SINCE 2000

From 2000 to 2003 the EU banking sector endured a sequence of adverse shocks that came in rapid succession in an environment marked by slow economic growth. In spite of this challenging business environment, banks remained relatively robust and, by mid-2004, no major banking problems had surfaced in the European Union. This article investigates more closely the performance of the EU banking sector from 2000 onwards and identifies the most important factors that appear to account for the overall resilience of the sector. A distinction is made between cyclical and structural factors, with particular emphasis on the latter. In addition, comparisons are made between the current situation and some past stressful episodes for the banking sectors of some European countries.

1 A TURBULENT PERIOD FOR EU BANKS

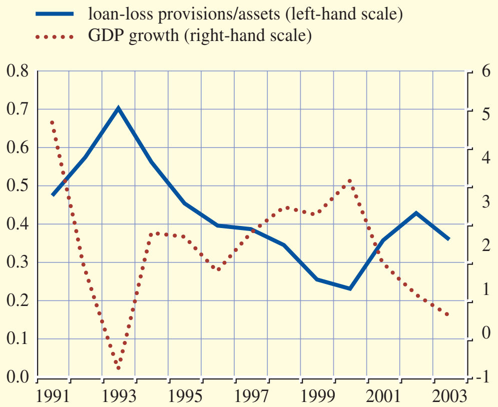
In the period from 2000 to 2003 EU[1] banks were confronted with a slowdown of the global economy and a set of adverse shocks that crystallised over a relatively short time span. A significant stock market correction began in early 2000, correcting a bubble that had been building up since 1995. The stock market decline was amplified by revelations of alleged financial malfeasance by some major firms. Not only did this serve to heighten volatility in financial markets as confidence in the reliability of financial results disclosed by corporations was shaken, but it also raised questions about the role that banks had played in sustaining such practices. In addition, the Argentinian and Turkish economies were shaken by severe currency and banking crises, once again bringing the issue of country risk to the fore. Finally, the terrorist attacks in September 2001 in the United States not only proved to be a severe test for financial infrastructure and the markets, but also shook investor and consumer confidence.

AN ECONOMY IN SLOWDOWN

The constellation of adverse events occurred against the backdrop of a slowdown in the pace of economic growth in the euro area. From the late 1990s, a large build-up of corporate debt had occurred which made firms vulnerable to weakening economic conditions. The debt of non-financial firms in the euro area reached almost 65% of GDP in 2003, compared with somewhat more than 50% only five years earlier. Economic growth reached a peak in mid-2000 (see Chart 1).

Chart 1 Euro area GDP growth and loan-loss provisions of banks

(percentages; annual percentage changes)



Source: ESCB Banking Supervision Committee (see also Box 2 in the March 2004 issue of the Monthly Bulletin) and ECB.

In the following years, weak economic conditions prevailed given vulnerability in the international environment, geopolitical uncertainties and adverse developments in financial markets. The sluggish pace of economic activity led to slower bank lending growth, particularly for lending to the corporate sector. To some extent, this was compensated for by a robust increase in mortgage lending activity, spurred by the environment of historically low interest rates. The worsening economic conditions had a negative effect on the financial positions of firms and this in turn led to a deterioration in the asset quality of banks through an increase in loan-loss provisions (see Chart 1).

1 In the absence of appropriate data, reference will sometimes be made to the euro area rather than to the European Union. The EU figures do not include the new Member States that joined on 1 May 2004.

A SEVERE STOCK MARKET CORRECTION

After 1995 equity prices showed an almost uninterrupted rise, but from March 2000 onwards they fell for three consecutive years (see Chart 2). By the end of 2002, stock prices had dropped to levels that were last seen in the aftermath of the financial crisis of autumn 1998. It was not until March 2003 that a gradual recovery set in. A major factor behind the fall in stock prices was a gradual realisation among market participants that profits might not live up to the optimistic expectations that had been discounted into equity prices. As optimism gave way to pessimism, an unwinding of the excesses that had built up in the late 1990s was set in motion, lowering stock prices and widening corporate bond spreads.

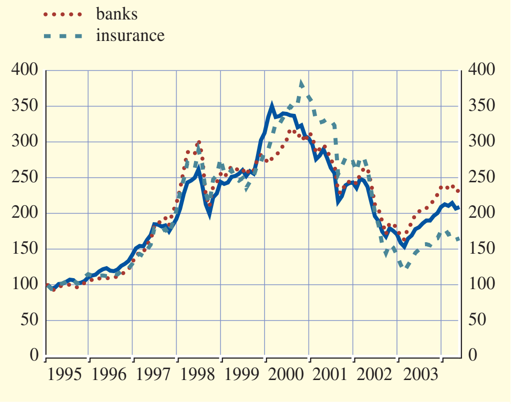
The stock market correction had several implications for EU banks. In particular, the growing importance of investment banking and asset management business, which had significantly boosted the fee income obtained by EU banks until 2000, came to an abrupt halt as the stock market slide impacted adversely on activity in the capital markets (see Chart 3). Falling equity and corporate bond issuance depressed investment banking income, and the boom in the asset management business came to an end, at least temporarily. Investors tended to retreat from risk, showing greater appetite for highly liquid instruments with relatively low risk, such as money market funds, bond funds and deposits. The stock market decline also had a severe impact on EU insurance companies and this in turn affected those banks with close links to the insurance sector.

EPISODES OF ALLEGED CORPORATE MALFEASANCE

Amplifying the stock market correction, a number of corporate scandals shook investor confidence further. Some major companies, which had been considered star performers only shortly before, collapsed under huge debt that was often hidden behind complex financial transactions. Accounting irregularities were a common thread and these failures in corporate governance undermined market confidence in the reliability of corporate disclosures at a time when profits were already under severe pressure. Although some of the main abuses took place in the United States, as in the case of Enron and WorldCom, Europe too had a growing list of cases of alleged corporate malfeasance, including Ahold, Parmalat and Vivendi Universal.

Chart 2 Equity prices in the euro area

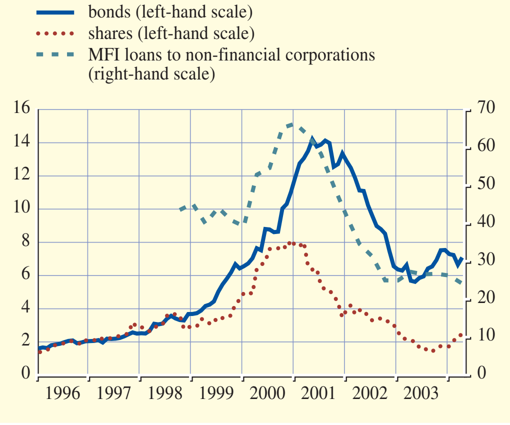
(index: 1995 = 100)



Source: Datastream (EMU indices).

Chart 3 Bond, equity and loan issuance in the euro area

(EUR billions)



Source: ECB.

The direct impact of these events on banks came mainly through their lending exposures. All in all, the exposures of European banks were not only fairly limited, but also well diversified, so that losses were absorbed without too many difficulties. However, general issues – including counterparty risk management, banks' ability to consolidate and control exposures when use is made of complex corporate structures, and the effectiveness of certain credit risk mitigation techniques – were raised. Apart from direct credit losses, some of these events also had an adverse impact on the way the market perceived the banks' legal and reputational risk. In particular, the conflicts of interest resulting from the different roles that a bank may assume in its relationship with a firm came under intense scrutiny. In some cases, banks were found to have underwritten and distributed securities, or to have provided favourable investment advice, knowing the parlous financial condition of their customers. Moreover, in certain cases, banks appeared to have aided some firms in concealing their underlying financial situation by engaging in intricate off-balance-sheet financing. Hence, banks may have suffered more from episodes of alleged corporate malfeasance than their direct credit exposures to the affected firms would suggest.

THE FALL-OUT FROM THE TERRORIST ATTACKS IN THE UNITED STATES

The immediate effects of the tragic terrorist attacks of 11 September 2001 in the United States were visible in the functioning of market infrastructures, such as payment and securities settlement systems, and of financial markets. The downward trend in stock prices was also temporarily reinforced (see Chart 2). However, no major disturbances occurred in the EU financial system. It may well be that the contingency plans that banks had in place for the millennium changeover contributed to their preparedness for a crisis situation. In the days immediately following the attacks, the authorities responded quickly and effectively to alleviate any liquidity strains that emerged in the system.

The more lasting impact of the terrorist attacks on the EU banking industry came mainly through the non-interest income and credit exposures of banks. In particular, the events reinforced the negative effects of the global decline in primary capital market activity that was already under way (see Chart 3). Banks that relied heavily on investment banking activity, or had credit exposures to economic sectors or regions that were significantly affected by the events, were vulnerable. More generally, the EU banking industry was faced with a deterioration of macroeconomic conditions that resulted from a fall in business and consumer confidence.

THE RE-EMERGENCE OF COUNTRY RISK PROBLEMS

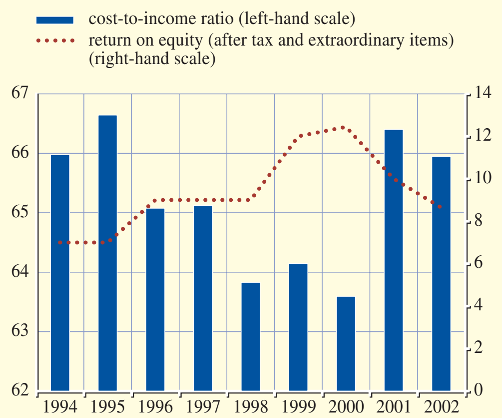
In the period from 2000 to 2001, Turkey and Argentina were caught up in currency and banking crises, which even developed into a full-blown sovereign default in the case of Argentina. Over time, EU banks had increased their claims on these two countries. At the end of 2000, the consolidated gross international claims of EU banks were estimated at around €50 billion for Argentina and €35 billion for Turkey. In the case of Argentina, some major EU banks also had a large presence through local establishments, thus providing an additional spillover channel for the crisis. The crises had a limited economic effect on the EU banking sector as a whole, and only a few internationally active banks with cross-border exposures or local establishments incurred limited losses.

2 OVERALL RESILIENCE DESPITE ISOLATED WEAKNESSES

In spite of the challenging environment, the EU banking sector as a whole remained robust. The weak economic and financial market conditions translated into a reduction in the profitability of EU banks (see Chart 4). After reaching a peak of more than 12% in 2000, their return on equity declined for two consecutive

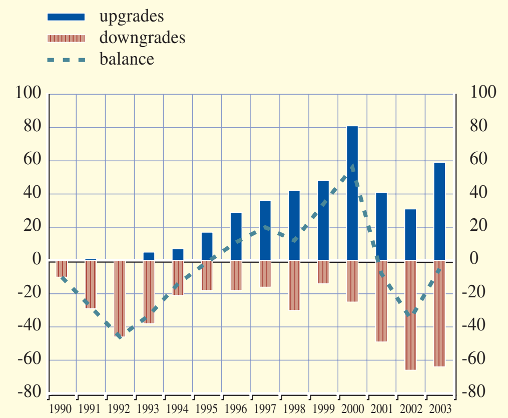
Chart 4 Profitability and operating efficiency of EU banks

(percentages)



Source: EU Banking Sector Stability Report (November 2003).

Chart 5 Rating changes of western European banks



Source: Moody's.

years. Increased loan-loss provisions for corporate loans, together with reduced commissions and trading income from capital market-related business, were the main factors behind this. Net interest income developments were also sluggish as growth in corporate loans declined.

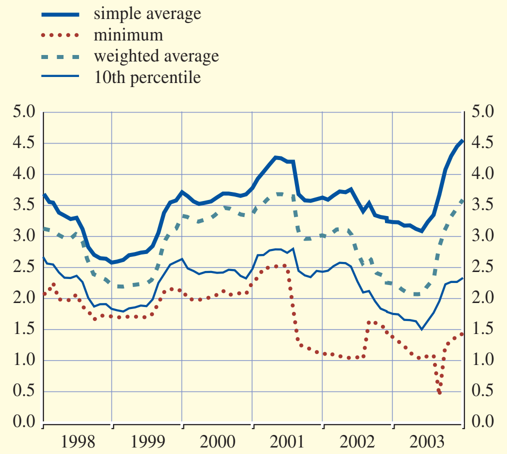
Although the decline in bank profitability was substantial, it still remained well above the levels reached in the mid-1990s. In response to the profitability pressures, banks started to implement cost-cutting measures by reducing the number of branches and employees. Some banks also reduced capacity in securities-related activities. At the same time, banks tightened their credit standards by increasing margins on new lending, particularly in lending activities with firms in higher-risk industries such as technology and construction. Some banks managed to boost their profitability significantly by selling non-core assets. Meanwhile, the ratio of loan-loss provisions to assets increased to 0.43% in 2002, compared with 0.23% in 2000, but declined again in 2003 (see Chart 1). As a result, the profits of banks began to recover from 2003 onwards.

The regulatory solvency ratios of EU banks remained relatively unaffected by the deteriorating business environment, so that their capacity to absorb shocks remained intact. The aggregated total regulatory capital ratio hovered around 12%, well above the required minimum ratio of 8% for individual institutions. From 2002 onwards, there was even a slight improvement in the solvency position of banks, although this mainly reflected a reduction of risk positions rather than new equity issuance. The composition of the own funds of banks remained sound, with extensive reliance on stable and high-quality capital components.

Notwithstanding the ability of the banking sector as a whole to withstand shocks, some individual institutions did experience serious difficulties, mostly because of problem loans in certain sectors such as real estate. Other banks experienced less severe stress, but were nevertheless confronted with a reduction of their credit lines with other banks, thus reflecting increased credit risk concerns. More generally, the trend towards more secured transactions (such as repos) continued, which points to more careful counterparty risk management by banks.

The increased stress experienced by the banking system is also evident from the rating changes (see Chart 5). While the number of

Chart 6 The distance to default of 50 major EU banks



Sources: Datastream and Bankscope, ECB calculations.
Note: An increase in the distance to default reflects an improving assessment.

upgrades almost continuously outpaced the number of downgrades in the period from 1992 to 2000, a strong reversal took place afterwards, and there were no signs of improvement until 2003.

In addition, forward-looking market measures, such as the distance to default (see Chart 6),[2] and the conditions placed on banks' credit default swaps and subordinated debt pointed towards growing market concerns about banks' financial condition in the period from mid-2001 to mid-2003. Since mid-2003, however, these measures have indicated a significant improvement.

3 THREATS TO BANKING STABILITY IN THE PAST

On several occasions in the past, EU banks were exposed to challenging circumstances which affected their soundness and in some cases resulted in banking crises (see Box 1). A distinction can be made between isolated cases of bank failure and disruptions of the banking system as a whole. The former are often rooted in management and internal control failures. The latter tend to be closely linked to macroeconomic factors, which can be either cyclical (e.g. recession) or structural (e.g. a weak regulatory environment) in character. Interestingly, as can be seen from Box 1, the frequency of crises has been very limited since 1997. In the following analysis, the focus will be on crises in banking systems resulting from macroeconomic factors, which serves to put the current performance of the banking sector into a historical perspective.

Available literature shows that macroeconomic instability has been an important underlying factor in most systemic banking crises. Stable macroeconomic conditions, in particular price stability, are an important precondition for banking and, more generally, financial stability. Overly expansionary monetary and fiscal policies can lead to lending booms, debt accumulation and spiralling asset prices. Since such policies are not sustainable in the long run, the subsequent corrections may lead to declining economic growth, lower asset values, debt-servicing problems and, ultimately, corporate defaults that affect the banking sector's financial health. External macroeconomic conditions, such as adverse terms of trade or real exchange rate swings, may contribute further to the development of a banking crisis.

Structural developments can be an important additional factor in explaining banking crises. Robust legal and supervisory frameworks are preconditions for a stable banking system. The liberalisation of entry conditions to local banking markets may lead to the emergence of new intermediaries, thus challenging the position of incumbent banks. Financial innovation can lead to the rapid growth of new financial products, such as financial derivatives, outpacing the experience of the banks in dealing with them.

2 The distance to default represents the number of asset value standard deviations from a bank's default point. It can be calculated using option pricing theory. The default point is defined as the point at which the value of the bank is precisely equal to the value of its liabilities, i.e. equity is zero (see also the box on pages 60-61 of the August 2002 issue of the ECB's Monthly Bulletin).

Box 1

A CHRONOLOGY OF BANKING CRISES IN EUROPE

Over recent decades, Europe has experienced several banking crises, at the level of both individual institutions and banking systems. The list below provides a fairly comprehensive selection of the most significant cases, starting in the early 1970s. The gravity of the problems, in terms of risk to the financial system or estimated costs, varied extensively. Some of the problems were solved exclusively through the use of private money, while others led to a recapitalisation of the entire banking sector by the government, with costs sometimes exceeding 10% of GDP. In a number of cases, external support was examined by the European Commission in order to ensure compliance with the Community rules on competition and state aid.

1974	Bankhaus Herstatt (Germany)
1975-76	secondary bank crisis (United Kingdom)
Late 1970s	Giro institutions faced problems in Germany
1978-83	banking crisis in Spain
1982	Banco Ambrosiano (Italy)
1984	Johnson Matthey Bankers (United Kingdom)
1986-89	significant banking problems in Portugal
1987-92	significant banking problems in Denmark
1988-93	banking crisis in Norway
Early 1990s	small banks' crisis in the United Kingdom, banking crisis in Sweden
1990-95	banking crisis in southern Italy
1991	Bank of Credit and Commerce International (United Kingdom and Luxembourg)
1991-94	banking crisis in Finland, affecting especially savings banks
1991-95	banking crisis in Greece
1993	Banco Español de Credit – Banesto (Spain), Comptoir des Entrepreneurs (France) and Société Marseillaise de Crédit (France)
1994-95	Crédit Lyonnais (France)
1995	Barings (United Kingdom)
1996	Banco di Napoli (Italy), GAN-CIC (France) and Crédit Foncier de France (France)
1997	Banco di Sicilia – Sicilcassa (Italy)
2001	Bankgesellschaft Berlin (Germany)

Sources: Basel Committee on Banking Supervision (2004), Caprio and Klingebiel (World Bank, 2003), Glick and Hutchison (Federal Reserve Bank of San Francisco, 1999), Pesaresi and La Rochefordière (European Commission, 2000).

Finally, it has been observed that banking crises often coincide with sudden structural or cyclical regime changes. Such changes require economic agents, and banks in particular, to adapt to the new environment. This involves a learning process that can lead to estimation errors that ultimately result in the mispricing of risks. How the combination of cyclical and structural elements, together with a sudden regime change, can lead to the emergence of a banking crisis is well illustrated in the case of the Nordic banking crisis (see Box 2).

Box 2

THE NORDIC BANKING CRISIS

In the late 1980s and early 1990s, the banking systems of Finland, Norway and Sweden experienced serious problems. Although experiences differed, they culminated in the first systemic crisis seen in Europe since the 1930s.

In response to growing international competition, the Nordic banking systems were rapidly liberalised in the late 1980s. Liberalisation measures included the easing of lending guidelines, as well as the withdrawal of restrictions on foreign exchange transactions and interest rates. This deregulation coincided with a period of strong economic growth. In order to match the rapidly increasing demand for bank lending, also spurred by tax incentives and low interest rates, banks accessed foreign funding. In this way, substantial foreign exchange risk positions were built up. Furthermore, banks shifted their loan portfolios towards both more cyclically sensitive sectors and loans denominated in foreign currency. The lending boom contributed to the development of an asset price bubble, in particular in the real estate sector, which in turn fuelled lending through higher collateral values. The situation was aggravated by poor banking practices, such as the underpricing of loans and poor risk management. Finally, the regulatory and supervisory framework also showed a number of deficiencies.

When the economies of the Nordic countries moved into recession and asset prices fell, the banking problems became manifest. External shocks, such as the collapse of the Soviet Union and the evolution of oil prices, further contributed to the crisis. The combination of high leverage ratios, a high floating interest rate and foreign currency debt, together with a shift towards a tighter monetary policy which led to rapidly increasing interest rates, augmented debt service problems for borrowers and gave rise to an unprecedented number of bankruptcies. At the same time, falling asset prices eroded the value of the collateral held by banks. Substantial government intervention and funds were used to recapitalise the local banking systems. In some cases, the government was subsequently able to recover part of its support.

Source: Drees and Pazarbaşioğlu (IMF, 1998).

4 POSSIBLE REASONS FOR THE BANKING SECTOR'S RESILIENCE

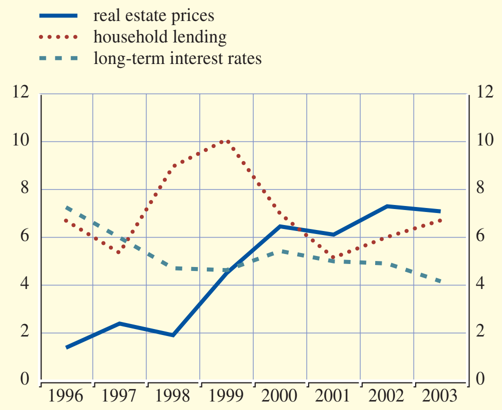
Compared with earlier episodes of stress, the EU banking sector fared better over the period from 2000 to 2003 due to a combination of cyclical and structural factors. The economic downturn was relatively mild and, given a low inflation environment, interest rates declined, thereby easing strains on the banking sector. An improved regulatory and supervisory framework, better risk management, and deeper and more liquid financial markets all contributed positively to the resilience of the banking sector. Although the period from 2000 to 2003 was immediately preceded by the introduction of the single currency in 1999, which can be qualified as a major regime change, the euro area banking sector adapted relatively smoothly thanks to elaborate preparations undertaken in the years before the introduction. The single currency also set the framework for macroeconomic stability.

CYCLICAL FACTORS

Although the euro area economy began to slow down as from 2000, this followed a period in which the financial markets had boomed and in which growth had been relatively strong. This

Chart 7 Household lending, real estate prices and long-term interest rates in the euro area

(annual percentage changes; percentages per annum)



Source: ECB.

expansive period laid the foundation for banks to build up financial buffers to withstand the downturn that followed (see Chart 4). Moreover, the deterioration in economic conditions was relatively mild: macroeconomic instability and the absence of price stability, which so often coincide with a banking crisis, were not seen in the European Union during the period under review. Stage Three of Economic and Monetary Union, a major structural factor, contributed significantly to this as the exchange rates between the legacy currencies disappeared and a common policy framework – based on price stability, fiscal discipline and commitments to implement structural reforms – was adopted.

Declining interest rates, as well as sustained real estate prices, were supportive of some lines of the banks' business (see Chart 7). Retail business fared well and mortgage lending, which represented about two-thirds of total bank lending to households in the euro area in 2003, boomed as households took on more debt in the face of declining financing costs and increasing collateral values. As a result, household indebtedness in the euro area rose significantly. Their ratio of debt to disposable income in 2003 was more than 80% compared with less than 60% ten years earlier.

IMPROVED REGULATORY AND SUPERVISORY FRAMEWORK

Over the past decades, the regulatory and supervisory framework for banks has been greatly reinforced, both at a national and at an international level. In part, this enhancement was a reaction to previous problems. In order to meet the challenges of financial business that is increasingly being performed on a cross-border and cross-sectoral basis, the authorities have substantially enhanced their cooperation and their exchange of information, both on a bilateral basis and in multilateral forums. At the European level, the committee structure has recently been reviewed with the aim of increasing the efficiency of the European regulatory and supervisory system and of reducing the burden caused by national divergences.

The crises in the financial markets in the late 1990s also led to an enhancement of the exchange of information and international cooperation in the field of financial stability, as is evident, for example, from the establishment of the Financial Stability Forum (FSF) in 1999 and the increasing involvement of the Economic and Financial Committee (EFC), the Eurosystem and the ESCB's Banking Supervision Committee (BSC) in this area.

The Basel Capital Accord of 1988, agreed by the Basel Committee on Banking Supervision (BCBS), undoubtedly played an important role in fostering the resilience of the banking sector to adverse shocks. The BCBS's work has strongly influenced the regulatory framework for banks that is in place in the European Union, both at the level of the Community and at that of the individual Member States. At the Community level, the important regulatory pillars are the Consolidated Banking Directive[3] and the Capital Adequacy Directive (CAD)[4]. These Directives have greatly improved the regulatory framework by laying down requirements for access to banking activities as well as principles and instruments

3 Directive 2000/12/EC of 20 March 2000.
4 Directive 93/6/EEC of 15 March 1993.

for prudential supervision. Areas where minimum standards have been established include, for example, the conditions regarding the use of the term "bank", administrative and accounting procedures, the "fit and proper" character of a bank's management and shareholders, solvency requirements, limits on large exposures and shareholdings, and group-wide supervision.

Further progress in the regulatory and supervisory framework for banks is under way. At the Community level there is, foremost, the work conducted by the European Commission, in parallel with the BCBS's review of capital requirements for banks – the so-called "New Capital Accord" or "Basel II". The review aims to make capital requirements more risk-sensitive, thus better matching economic reality. Another important step was the adoption of the Financial Conglomerates Directive[5] which the Member States are presently transposing into national law. This Directive introduces an additional supervisory layer for financial groups that combine, for example, banking and insurance, a quite common phenomenon in the European Union.

Furthermore, the authorities have taken several steps at a national level. Risk-based supervision has become more widespread. Under this approach, banks are treated differently according to their risk profile, so that scarce supervisory resources are allocated to the highest risk areas. This will gain even more prominence as, under the New Capital Accord, supervisors will have to ensure that banks have adequate capital in relation to their risk profile. Another trend has been towards an integrated financial supervisor in response to the growing role of financial conglomerates and the blurring of the borders between financial sectors. At the national level, the objective of financial stability has gained equally in importance, as demonstrated by the large number of central banks that have started to publish regular financial stability reviews. The need for increased surveillance of national financial sectors is also evident from the expansion of the IMF's macroeconomic surveillance to the financial sector under its Financial Sector Assessment Programs (FSAPs).

IMPROVED RISK MANAGEMENT PRACTICES BY BANKS AND MARKET DEVELOPMENTS

In recent years banks have significantly improved their risk management practices, frequently as a reaction to previous stressful periods. In this respect, events such as the sovereign debt crisis of the 1980s, the turbulence experienced in equity markets (1987) and bond markets (1994), and past banking crises (see Boxes 1 and 2) had a beneficial and lasting effect on banks' risk management. In addition, market developments, including the availability of new types of financial instruments, banks' growing involvement in off-balance-sheet transactions and breakthroughs in the quantification of risks were important driving forces. Regulatory developments played an equally positive role. These improvements are visible both at the level of banks' organisation and in their use of specific risk management techniques.

To create shareholder value, banks have become increasingly aware of the need to integrate risk management into their overall decision-making processes. Risk management has frequently been centralised under a chief risk officer (CRO) at the board or management committee level and heading a separate risk department. This set-up separates the risk-taking business lines from the risk department, thus making it more difficult to sidestep sound risk management practices because of business considerations. A consistent and group-wide perspective has become more necessary as a result of the growing importance of financial conglomerates and the need to integrate acquired institutions. An asset/liability committee (ALCO) in charge of managing the bank's interest rate, liquidity and foreign exchange risks often preceded the creation of a separate risk department.

5 Directive 2002/87/EC of 16 December 2002.

As far as risk management techniques are concerned, important progress has been made as a result of innovation in financial markets and advances in the quantification of risk. One such area is the development of risk models based on the "Value-at-Risk" (VaR) concept.[6] The quantification of risk, already well developed in the area of market risk, is now becoming more important for other risk categories, such as credit risk and operational risk. In addition, the development of various types of financial derivatives has facilitated banks' risk management. Following the introduction of the single currency, a number of highly liquid exchange-traded contracts emerged. The euro also led to an almost completely integrated money market that allows liquidity to be shifted quickly and efficiently from one part of the banking system to another.

As regards "over-the-counter" (OTC) derivatives, the most significant innovation has been the growth in credit risk transfer instruments such as credit derivatives. These instruments facilitate the trading and transfer of credit risk. Due to their role as loan originators, banks have been major users of this market in shedding risk, while insurance companies are seen to be important risk-takers. In this way, credit risk is spread more evenly over the financial system, thus making it easier for the system to absorb large corporate defaults. However, this new market has also raised a number of concerns related, for example, to transparency or to the risks incurred by "naïve" market players. Securitisation is another technique increasingly used by EU banks to transfer credit risk to other market participants.

More recently, banks have been observed to be focusing on non-traditional risks such as strategic, reputational and legal risk, and have stepped up efforts to control and possibly quantify them. In most cases, these risks have not been addressed individually, but rather as part of a more comprehensive strategy intended to improve management systems. For example, the compliance function, the purpose of which is to assist the bank in managing its compliance risk,[7] has become an important vehicle to achieve good corporate governance.

Finally, there are signs that banks have already started to improve their risk management in anticipation of the New Capital Accord. They have been doing this by developing data based on credit risk and operational risk, credit scoring techniques, credit risk models, integrated risk management and capital allocation models. As many of the smaller banks are unlikely to have the necessary resources and skills, banking sector federations have been working on joint projects to develop the systems and know-how. In this way, advanced risk management tools should also become available to smaller institutions.

EFFORTS BY BANKS TO INCREASE THE EFFICIENCY AND DIVERSIFICATION OF THEIR BUSINESS

Several EU Member States suffer from excess banking capacity, albeit to varying degrees. Under the influence of increased competition, the single currency, technological change and internationalisation, excess capacity has gradually been reduced. For instance, over the period from 1997 to 2003, the number of banks in the European Union fell from approximately 9,100 to slightly less than 7,500, a reduction of 18%. It is likely that the least efficient institutions were the first to disappear, with many being absorbed by stronger national rivals. But this decline did not affect the overall importance of the banking sector in the economy. On the contrary, the growth of banking assets continued to outpace that of GDP. Hence, banks' average balance sheets continued to grow which, ceteris paribus, increased their loss-absorbing capacity as capital positions of banks remained robust.

6 "Value-at-Risk" is a statistical measure that indicates the potential loss in the value of a portfolio of financial instruments that is due to a specific risk factor (e.g. market risk) and that is likely to occur with a certain degree of probability (e.g. 99%) within a certain period of time (e.g. 10 trading days).

7 Compliance risk is the risk of legal or regulatory sanctions, financial loss or damage to reputation as a result of a failure to comply with applicable laws, regulations, codes of conduct and standards of good practice.

As noted earlier, banks reacted to the pressure on profitability by taking corrective measures, including more risk-based pricing, the shedding of non-core assets and a reduction of the number of branches and employees. This was particularly evident in the national banking systems that were in need of further substantial restructuring.

In some EU countries, cooperative and public banks have been transformed into public limited companies through "demutualisation" and privatisation, and this was sometimes followed by a flotation on the stock exchange. This structural change had an impact on the incentives of those institutions as they became subject to the pressures of private shareholders. More generally, it seems that over time the markets have become a more important factor in bank behaviour. This is evident from the pressure from the (often institutional) shareholders of banks to create "shareholder value" and from the trend towards more transparency and market disclosure.

Over time, EU banks have diversified their activities across business lines and geographical areas, so that idiosyncratic shocks are more easily absorbed. Non-interest income has been the most dynamic component of bank income contributing significantly to the overall rise in profitability. In 2002 this income source represented around 40% of the total operating income of EU banks, compared with only 30% in 1995. Non-interest income is not strongly correlated with interest income, thus offering diversification benefits. Such income consists of heterogeneous elements, the most important being fees and commissions. Until recently, fees and commissions from the investment banking, asset management and insurance businesses were on the increase. Financial market activity, and the related fee business, was spurred by the introduction of the single currency which, more generally, also led to improved access for the economy at large to an alternative source of funding to the traditional bank channel. But the decline following the market downturn illustrates that this source of income also has attendant risks. Moreover, some banks diversified into the new business areas during a period of general expansion and at too high a price, without having the required expertise or resources to withstand a prolonged market downturn.

In addition, EU banks have diversified on a geographical basis. When activities are more internationally spread, banks are better able to withstand local economic shocks. The Single Market and the single currency are strong drivers of pan-European diversification. Cross-border bank mergers continue to be relatively rare in the European Union, although there have been a number of important deals leading to the creation of regional groups like Dexia, Fortis and Nordea. Banks have also significantly increased their interbank loans and diversified their securities portfolios in the euro area. For example, in the period from 1998 to 2003, the share of cross-border securities issued by non-banks and held by euro area banks increased from 30% of the domestic holdings of those banks to around 80%. For cross-border interbank loans, the proportion increased from around 30% to somewhat less than 40%. Cross-border business in loans to non-banks is less impressive, with overall activity remaining low. The potential benefits of geographical diversification are illustrated by the fact that, despite poor conditions in their home markets, several EU banks were able to boost their profitability thanks to their activities in the new Member States.

5 CONCLUSION

Experience shows that widespread banking difficulties typically occur against the background of macroeconomic instability and structural weaknesses. In these circumstances a regime change, such as a change in regulation, may trigger the difficulties. The EU banking sector experienced a fundamental regime change with the introduction of the euro in 1999. In the period after 2000, in an environment of relatively slow economic growth, the EU banking sector was exposed to a sequence of adverse shocks. Compared with earlier episodes of stress, which led to full-blown banking crises in some EU countries, the EU banking sector was able to withstand the strains without significant difficulty.

The reasons for the resilience of the banking sector to the challenges it faced as from 2000 are manifold and include both cyclical and structural factors. First, the adoption of the euro was very well prepared, both by the authorities and the banks. Second, although economic growth was weak in the period from 2000 to 2003, the overall macroeconomic environment in which banks were operating was stable, not least due to a stability-oriented macroeconomic policy framework. And, third, structural factors, such as an improved regulatory and supervisory framework, better risk management practices and developments in financial markets and the banking business, contributed as well.

Looking ahead, the stability of the banking sector is likely to be influenced by many factors. On the regulatory and supervisory side, the implementation of the New Capital Accord and the International Accounting Standards (IAS) are the main developments to monitor. On the market side, future consolidation can be expected, also in light of the recent enlargement of the European Union.

EURO AREA STATISTICS

CONTENTS[1]

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.

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	7.7	6.6	7.3	-	5.3	21.0	3.32	4.92
2003	10.9	8.0	8.0	-	4.9	20.4	2.33	4.16
2003 Q3	11.4	8.5	8.3	-	4.9	22.1	2.14	4.16
Q4	11.0	7.9	7.6	-	5.3	21.7	2.15	4.36
2004 Q1	11.1	7.2	6.4	-	5.4	16.5	2.06	4.15
Q2	.	.	.	-	.	.	2.08	4.36
2004 Jan.	11.5	7.5	6.5	6.6	5.5	17.1	2.09	4.26
Feb.	10.7	6.8	6.1	6.3	5.4	16.1	2.07	4.18
Mar.	11.5	6.8	6.2	6.0	5.4	13.4	2.03	4.02
Apr.	11.0	6.3	5.5	5.5	5.5	11.6	2.05	4.24
May	9.3	5.4	4.7	.	5.6	.	2.09	4.39
June	.	.	.	.	.	.	2.11	4.44

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	3.6	0.9	-0.5	81.5	0.5	8.4
2003	2.1	1.4	2.8	0.5	0.4	81.0	0.1	8.9
2003 Q3	2.0	1.1	2.8	0.4	-0.1	81.1	0.1	8.9
Q4	2.0	1.0	2.2	0.7	1.4	81.1	0.2	8.9
2004 Q1	1.7	0.2	2.3	1.3	1.2	80.6	0.1	8.9
Q2	.	.	.	.	.	.	.	.
2004 Jan.	1.9	0.2	-	-	0.7	80.7	-	8.9
Feb.	1.6	0.0	-	-	0.9	-	-	8.9
Mar.	1.7	0.4	-	-	1.9	-	-	8.9
Apr.	2.0	1.4	-	-	1.6	80.5	-	9.0
May	2.5	.	-	-	.	-	-	9.0
June	2.4	.	-	-	.	-	-	.

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)	
	1	2	3	4	5	6	7	8
2002	65.4	133.6	-4.7	114.6	366.1	89.7	92.3	0.9456
2003	39.3	107.7	-9.9	25.3	306.5	99.9	103.6	1.1312
2003 Q3	14.3	36.8	-19.1	-59.1	332.9	100.2	103.9	1.1248
Q4	25.8	29.9	-6.4	18.2	306.5	101.8	105.9	1.1890
2004 Q1	16.9	28.2	-28.7	1.8	308.4	103.9	108.2	1.2497
Q2	.	.	.	.	.	101.6	106.1	1.2046
2004 Jan.	-4.1	4.2	-11.9	-14.9	309.7	104.7	108.9	1.2613
Feb.	7.7	9.4	7.3	20.4	298.5	104.4	108.6	1.2646
Mar.	13.2	14.5	-24.1	-3.7	308.4	102.8	107.1	1.2262
Apr.	1.0	10.9	-3.3	-3.0	303.9	100.9	105.5	1.1985
May	.	.	.	.	298.9	102.0	106.5	1.2007
June	.	.	.	.	.	101.8	106.4	1.2138

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) Annual percentage changes of monthly data refer to the end of the month, whereas those of quarterly and yearly data refer to the annual change in the period average of the series. See the technical notes for details.
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 4 June	2004 11 June	2004 18 June	2004 25 June
Gold and gold receivables	136,160	136,131	136,131	136,131
Claims on non-euro area residents in foreign currency	173,315	174,731	174,750	173,935
Claims on euro area residents in foreign currency	16,223	15,961	15,973	16,509
Claims on non-euro area residents in euro	7,668	7,222	6,959	7,129
Lending to euro area credit institutions in euro	311,147	308,588	307,006	335,169
Main refinancing operations	235,999	233,501	232,000	259,999
Longer-term refinancing operations	75,000	75,000	75,000	75,000
Fine-tuning reverse operations	0	0	0	0
Structural reverse operations	0	0	0	0
Marginal lending facility	132	83	1	159
Credits related to margin calls	16	4	5	11
Other claims on euro area credit institutions in euro	737	919	1,018	801
Securities of euro area residents in euro	72,923	73,590	73,796	73,748
General government debt in euro	42,557	42,557	42,557	42,558
Other assets	109,384	109,354	109,605	109,858
Total assets	870,114	869,053	867,795	895,838

2. Liabilities

	2004 4 June	2004 11 June	2004 18 June	2004 25 June
Banknotes in circulation	447,414	448,379	447,625	448,111
Liabilities to euro area credit institutions in euro	139,274	141,079	140,372	136,783
Current accounts (covering the minimum reserve system)	139,139	141,019	140,338	136,740
Deposit facility	129	52	29	39
Fixed-term deposits	0	0	0	0
Fine-tuning reverse operations	0	0	0	0
Deposits related to margin calls	6	8	5	4
Other liabilities to euro area credit institutions in euro	302	302	303	303
Debt certificates issued	1,054	1,054	1,054	1,054
Liabilities to other euro area residents in euro	63,574	58,983	57,676	88,000
Liabilities to non-euro area residents in euro	7,829	7,858	7,810	7,954
Liabilities to euro area residents in foreign currency	278	272	256	210
Liabilities to non-euro area residents in foreign currency	8,174	9,265	9,874	10,322
Counterpart of special drawing rights allocated by the IMF	5,924	5,924	5,924	5,924
Other liabilities	55,897	55,567	56,531	56,806
Revaluation accounts	80,604	80,604	80,604	80,604
Capital and reserves	59,790	59,766	59,766	59,767
Total liabilities	870,114	869,053	867,795	895,838

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	
			Fixed rate tenders	Variable rate tenders			
			Fixed rate	Minimum bid rate			
	Level	Change	Level	Level	Change	Level	Change
	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 refers to the deposit and marginal lending facilities and to the main refinancing operations (changes effective from the first 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)	Number of participants	Allotment (amount)	Variable rate tenders			Running for (...) days
				Minimum bid rate	Marginal rate [4)]	Weighted average rate	
	1	2	3	4	5	6	7
			Main refinancing operations				
2004 3 Mar.	100,586	253	85,000	2.00	2.00	2.01	14
10	147,204	267	127,500	2.00	2.00	2.01	7
17	224,149	330	216,500	2.00	2.00	2.01	7
24	224,531	333	224,531	2.00	2.00	2.00	7
31	257,167	335	218,000	2.00	2.00	2.01	7
7 Apr.	255,399	317	218,500	2.00	2.00	2.01	7
14	265,103	341	205,500	2.00	2.00	2.01	7
21	267,511	371	211,000	2.00	2.00	2.01	7
28	270,499	366	220,000	2.00	2.00	2.01	7
5 May	267,916	349	211,000	2.00	2.00	2.01	7
12	273,449	344	207,000	2.00	2.00	2.01	7
19	275,403	371	223,500	2.00	2.00	2.01	7
26	280,155	371	232,500	2.00	2.00	2.01	7
2 June	269,747	337	236,000	2.00	2.00	2.01	7
9	278,440	344	233,500	2.00	2.00	2.01	7
16	305,245	376	232,000	2.00	2.00	2.01	7
23	331,013	406	260,000	2.00	2.00	2.01	7
30	315,078	385	256,000	2.00	2.01	2.02	7
			Longer-term refinancing operations				
2003 26 June	28,694	124	15,000	-	2.11	2.12	91
31 July	25,416	134	15,000	-	2.08	2.10	91
28 Aug.	35,940	143	15,000	-	2.12	2.13	91
25 Sep.	28,436	106	15,000	-	2.10	2.12	84
30 Oct.	32,384	150	15,000	-	2.13	2.14	91
27 Nov.	25,402	128	15,000	-	2.12	2.13	91
18 Dec.	24,988	114	15,000	-	2.12	2.14	105
2004 29 Jan.	47,117	145	25,000	-	2.03	2.04	91
26 Feb.	34,597	139	25,000	-	2.01	2.03	91
1 Apr.	44,153	141	25,000	-	1.85	1.90	91
29	54,243	180	25,000	-	2.01	2.03	91
27 May	45,594	178	25,000	-	2.04	2.05	91
1 July	37,698	147	25,000	-	2.06	2.08	91

2. Other tender operations

Date of settlement	Type of operation	Bids (amount)	Number of participants	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	9
2000 5 Jan. [5)]	Collection of fixed-term deposits	14,420	43	14,420	-	-	3.00	3.00	7
21 June	Reverse transaction	18,845	38	7,000	-	-	4.26	4.28	1
2001 30 Apr.	Reverse transaction	105,377	329	73,000	-	4.75	4.77	4.79	7
12 Sep.	Reverse transaction	69,281	63	69,281	4.25	-	-	-	1
13	Reverse transaction	40,495	45	40,495	4.25	-	-	-	1
28 Nov.	Reverse transaction	73,096	166	53,000	-	3.25	3.28	3.29	7
2002 4 Jan.	Reverse transaction	57,644	61	25,000	-	3.25	3.30	3.32	3
10	Reverse transaction	59,377	63	40,000	-	3.25	3.28	3.30	1
18 Dec.	Reverse transaction	28,480	50	10,000	-	2.75	2.80	2.82	6
2003 23 May	Collection of fixed-term deposits	3,850	12	3,850	2.50	-	-	-	3
2004 11 May	Collection of fixed-term deposits	16,200	24	13,000	2.00	-	-	-	1

Source: ECB.

1) The amounts shown may differ slightly from those in Table 1.1 due to operations allotted but not settled.
2) 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.
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.
4) In liquidity-providing (absorbing) operations, the marginal rate refers to the lowest (highest) rate at which bids were accepted.
5) 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
2002	11,116.8	6,139.9	409.2	1,381.9	725.5	2,460.3
2003	11,538.7	6,283.8	412.9	1,459.1	759.5	2,623.5
2004 Jan.	11,691.2	6,328.2	428.0	1,461.4	825.3	2,648.3
Feb.	11,775.2	6,315.9	431.3	1,470.0	882.0	2,676.0
Mar.	11,926.7	6,404.7	442.5	1,483.2	867.7	2,728.6
Apr.	12,088.2	6,474.0	451.3	1,492.1	911.8	2,759.0

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
2002	128.8	129.5	0.8	0.0	3.06
2003	131.8	132.6	0.8	0.0	2.00
2004 Q1	133.4	134.1	0.7	0.0	2.00
2004 6 Apr.	134.6	135.3	0.7	0.0	2.00
11 May	134.4	135.0	0.6	0.0	2.00
8 June	136.4	137.1	0.7	0.0	2.00
6 July	138.0	.	.	.	.

3. Liquidity

Maintenance period ending on:	Liquidity-providing factors					Liquidity-absorbing factors					Credit institutions current accounts	Base money
		Monetary policy operations of the Eurosystem										
	Eurosystem's net assets in gold and foreign currency	Main refinancing operations	Longer-term refinancing operations	Marginal lending facility	Other liquidity-providing operations	Deposit facility	Other liquidity-absorbing operations	Banknotes in circulation	Central government deposits with the Eurosystem	Other factors (net)		
	1	2	3	4	5	6	7	8	9	10	11	12
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	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 Q1	303.3	219.4	56.7	0.4	0.0	0.2	0.0	418.0	48.6	-21.1	134.1	552.3
2004 6 Apr.	301.4	217.9	67.1	0.4	0.0	0.4	0.0	425.3	51.5	-25.7	135.3	561.0
11 May	310.7	213.2	75.0	0.1	0.0	0.1	0.4	436.4	46.0	-18.9	135.0	571.5
8 June	311.3	224.7	75.0	0.1	0.0	0.5	0.0	442.5	52.2	-21.1	137.1	580.1

Source: ECB.
1) End of period.

2 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													
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	1,087.1	471.6	22.6	0.6	448.3	133.5	121.5	1.2	10.8	-	12.8	318.0	12.4	138.8
2004 Jan.	1,090.0	469.7	22.6	0.7	446.4	136.3	123.9	1.3	11.2	-	12.9	321.7	13.0	136.3
Feb.	1,091.3	474.4	22.6	0.6	451.1	140.4	127.1	1.3	11.9	-	13.1	309.1	13.9	140.4
Mar.	1,102.7	467.6	22.6	0.7	444.3	143.3	128.9	1.5	13.0	-	13.1	320.8	14.0	143.9
Apr.	1,130.8	493.6	22.6	0.6	470.3	145.8	131.4	1.6	12.7	-	13.3	314.7	13.9	149.4
May (p)	1,128.1	493.4	22.6	0.6	470.1	146.8	132.9	1.6	12.3	-	13.0	310.2	14.0	150.7
	MFIs excluding the Eurosystem													
2002	18,857.9	11,611.4	813.0	6,780.6	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	19,799.1	12,114.1	819.0	7,101.5	4,193.6	2,947.5	1,246.0	425.6	1,275.9	67.3	894.9	2,567.0	162.1	1,046.2
2004 Jan.	20,040.9	12,138.1	816.8	7,117.0	4,204.3	2,992.3	1,271.4	425.0	1,295.9	76.2	909.6	2,694.6	159.3	1,070.7
Feb.	20,159.4	12,153.3	808.2	7,138.6	4,206.5	3,038.6	1,292.7	430.5	1,315.4	77.3	908.1	2,724.1	159.5	1,098.4
Mar.	20,423.1	12,227.9	823.1	7,171.7	4,233.1	3,080.5	1,304.1	431.6	1,344.8	77.8	928.2	2,829.8	160.0	1,118.9
Apr.	20,717.5	12,396.1	817.4	7,228.1	4,350.7	3,103.8	1,313.0	435.3	1,355.5	79.8	955.3	2,914.3	160.6	1,107.5
May (p)	20,683.8	12,352.8	811.5	7,265.6	4,275.7	3,146.5	1,339.8	439.4	1,367.3	77.4	955.1	2,886.4	159.2	1,106.5

2. Liabilities

	Total	Currency in circulation	Deposits of euro area residents				Money market fund shares/units [2]	Debt securities issued [3]	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										
2002	1,042.8	392.9	328.4	29.5	15.6	283.3	-	3.6	165.9	32.9	119.1
2003	1,087.1	450.5	324.0	21.3	16.9	285.8	-	1.6	143.8	27.5	139.7
2004 Jan.	1,090.0	430.0	345.9	42.7	15.5	287.6	-	1.6	140.8	29.4	142.2
Feb.	1,091.3	433.4	349.4	48.9	16.5	283.9	-	1.6	142.3	24.3	140.2
Mar.	1,102.7	439.9	336.6	43.1	15.8	277.7	-	1.6	155.5	23.6	145.3
Apr.	1,130.8	450.2	358.3	43.6	16.7	297.9	-	1.6	149.4	25.1	146.2
May (p)	1,128.1	459.2	350.2	46.0	18.3	285.8	-	1.6	146.5	22.2	148.3
	MFIs excluding the Eurosystem										
2002	18,857.9	0.0	10,197.8	106.9	5,954.3	4,136.6	532.8	2,992.6	1,108.7	2,594.2	1,431.7
2003	19,799.1	0.0	10,772.6	132.3	6,277.6	4,362.6	649.1	3,158.8	1,151.1	2,609.6	1,457.9
2004 Jan.	20,040.9	0.0	10,767.0	131.3	6,270.2	4,365.5	667.8	3,206.0	1,153.7	2,720.1	1,526.3
Feb.	20,159.4	0.0	10,807.9	144.1	6,283.9	4,380.0	676.5	3,234.9	1,153.8	2,741.0	1,545.4
Mar.	20,423.1	0.0	10,857.9	140.7	6,307.8	4,409.4	678.4	3,303.8	1,160.3	2,836.4	1,586.4
Apr.	20,717.5	0.0	11,010.2	136.0	6,350.8	4,523.5	691.3	3,338.8	1,166.3	2,912.7	1,598.2
May (p)	20,683.8	0.0	10,986.0	147.6	6,372.4	4,466.0	686.9	3,359.4	1,170.4	2,908.9	1,572.2

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.
3) Amounts 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										
2002	13,931.2	7,618.5	837.2	6,781.2	1,588.0	1,221.0	367.0	572.7	2,839.6	179.5	1,132.9
2003	14,553.6	7,943.8	841.7	7,102.1	1,794.3	1,367.4	426.9	623.6	2,885.0	174.5	1,132.4
2004 Jan.	14,766.3	7,957.1	839.4	7,117.7	1,821.6	1,395.3	426.3	632.9	3,016.3	172.3	1,166.1
Feb.	14,860.5	7,970.1	830.8	7,139.2	1,851.7	1,419.9	431.8	633.3	3,033.2	173.4	1,198.8
Mar.	15,080.1	8,018.2	845.7	7,172.5	1,866.0	1,433.0	433.0	649.0	3,150.5	174.0	1,222.4
Apr.	15,241.8	8,068.7	840.0	7,228.7	1,881.3	1,444.4	436.9	672.2	3,229.1	174.6	1,216.0
May (p)	15,263.7	8,100.3	834.1	7,266.2	1,913.8	1,472.8	441.0	665.5	3,196.5	173.2	1,214.4
	Transactions										
2002	601.1	299.2	-9.4	308.6	75.8	45.7	30.2	5.5	241.8	-1.3	-19.9
2003	796.6	385.7	13.6	372.1	171.9	117.4	54.5	21.7	227.7	-3.5	-7.0
2004 Jan.	177.6	21.1	-2.4	23.5	15.5	17.4	-1.9	7.6	111.4	-2.4	24.3
Feb.	97.0	17.7	-8.5	26.2	26.8	22.2	4.6	1.6	22.8	1.2	26.9
Mar.	173.5	47.0	16.1	30.9	13.4	12.7	0.7	15.8	76.3	0.5	20.4
Apr.	148.9	49.9	-6.9	56.8	16.7	12.3	4.4	22.1	70.9	0.6	-11.2
May (p)	51.1	35.2	-5.8	41.0	34.8	30.7	4.1	-4.2	-11.6	0.3	-3.4

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 [3]	Capital and reserves	External liabilities [1]	Remaining liabilities	Excess of inter-MFI liabilities
	1	2	3	4	5	6	7	8	9	10
	Outstanding amounts									
2002	13,931.2	341.2	136.4	5,969.9	470.5	1,818.1	1,006.4	2,627.0	1,550.9	10.8
2003	14,553.6	397.9	153.6	6,294.5	581.8	1,873.7	1,010.8	2,637.2	1,597.6	6.5
2004 Jan.	14,766.3	389.1	174.1	6,285.7	591.6	1,900.5	1,004.8	2,749.6	1,668.4	2.5
Feb.	14,860.5	393.5	193.0	6,300.4	599.2	1,909.3	1,008.0	2,765.3	1,685.7	6.3
Mar.	15,080.1	399.5	183.9	6,323.5	600.6	1,947.7	1,023.5	2,860.0	1,731.7	9.8
Apr.	15,241.8	409.3	179.6	6,367.5	611.5	1,972.1	1,019.3	2,937.8	1,744.4	0.3
May (p)	15,263.7	416.5	193.6	6,390.7	609.6	1,981.4	1,014.3	2,931.1	1,720.5	6.0
	Transactions									
2002	601.1	101.4	-5.8	222.0	70.0	104.5	39.1	75.9	-92.6	86.5
2003	796.6	79.0	12.9	315.8	57.8	131.9	35.7	132.4	-27.0	58.2
2004 Jan.	177.6	-8.8	20.5	-12.4	9.2	22.6	-3.9	86.0	72.4	-8.1
Feb.	97.0	4.3	18.9	15.4	7.5	9.6	2.2	15.5	17.8	5.8
Mar.	173.5	6.0	-9.1	19.8	3.4	29.2	6.5	74.2	45.7	-2.0
Apr.	148.9	9.8	-4.7	42.3	10.6	21.7	2.1	60.0	19.7	-12.3
May (p)	51.1	7.2	14.0	25.3	-2.1	13.8	-1.3	8.2	-24.3	10.4

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

2.3 Monetary statistics

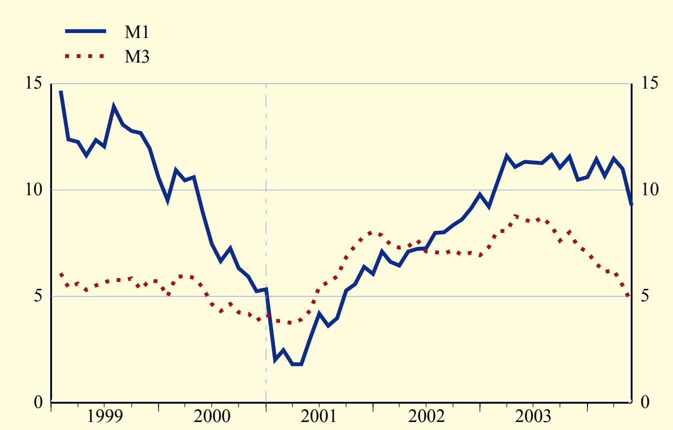
(EUR billions and annual growth rates; seasonally adjusted; outstanding amounts and growth rates at end of period, transactions during period)

1. Monetary aggregates [1] and counterparts

	M1	M2-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	Loans	Net external assets [2]
	1	2	3	4	5	6	7	8	9	10	11
Outstanding amounts											
2002	2,441.7	2,475.9	4,917.6	852.9	5,770.6	-	3,989.2	2,071.8	7,723.2	6,778.9	184.4
2003	2,676.3	2,559.6	5,235.9	907.6	6,143.5	-	4,142.9	2,225.3	8,155.4	7,100.6	220.7
2004 Jan.	2,712.0	2,554.0	5,266.1	899.0	6,165.1	-	4,162.2	2,235.8	8,182.9	7,122.9	268.2
Feb.	2,721.0	2,558.0	5,279.0	912.2	6,191.2	-	4,184.5	2,246.3	8,212.9	7,151.3	277.2
Mar.	2,770.7	2,551.6	5,322.3	891.8	6,214.1	-	4,239.4	2,263.5	8,240.2	7,166.6	315.9
Apr.	2,783.5	2,555.9	5,339.4	914.8	6,254.1	-	4,277.2	2,277.8	8,297.0	7,209.1	332.0
May (p)	2,765.9	2,575.7	5,341.6	898.8	6,240.4	-	4,288.1	2,289.2	8,331.8	7,251.9	289.9
Transactions											
2002	217.3	89.3	306.5	67.8	374.3	-	187.7	37.4	346.4	311.9	167.7
2003	258.3	114.6	372.8	33.2	406.0	-	234.5	133.3	448.7	373.0	96.3
2004 Jan.	35.3	-9.3	26.0	-6.4	19.5	-	15.1	-0.2	32.5	30.3	54.0
Feb.	10.2	3.4	13.6	14.1	27.6	-	21.2	8.2	35.0	33.1	15.2
Mar.	48.3	-8.0	40.3	-18.6	21.7	-	36.4	18.0	24.6	13.0	18.3
Apr.	11.9	4.1	16.0	22.6	38.6	-	40.8	14.0	56.9	43.1	26.3
May (p)	-16.8	20.8	4.0	-16.0	-12.0	-	19.2	13.8	40.7	46.3	-36.1
Growth rates											
2002 Dec.	9.8	3.7	6.6	8.6	6.9	7.1	4.9	1.8	4.7	4.8	167.7
2003 Dec.	10.6	4.7	7.6	3.9	7.1	7.0	5.9	6.4	5.8	5.5	96.3
2004 Jan.	11.5	3.6	7.5	1.3	6.5	6.6	5.9	5.8	5.8	5.5	112.4
Feb.	10.7	3.0	6.8	2.5	6.1	6.3	6.1	5.7	5.7	5.4	110.1
Mar.	11.5	2.1	6.8	3.3	6.2	6.0	6.8	6.7	5.8	5.4	97.3
Apr.	11.0	1.5	6.3	1.4	5.5	5.5	7.3	6.2	5.9	5.5	111.2
May (p)	9.3	1.4	5.4	1.0	4.7	.	7.4	6.0	5.8	5.6	47.0

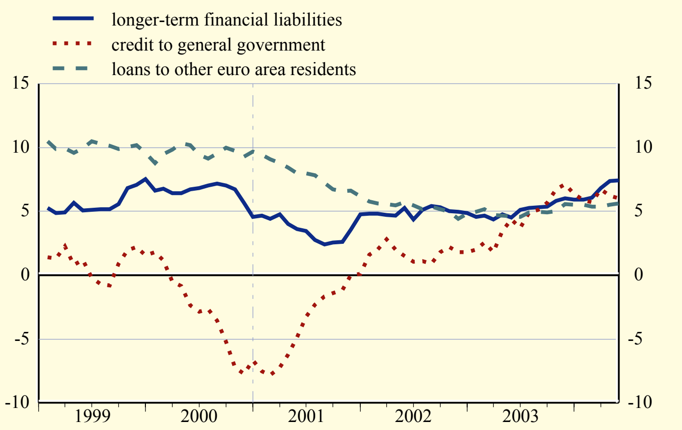
C1 Monetary aggregates

(annual growth rates; seasonally adjusted)



C2 Counterparts

(annual growth rates; seasonally adjusted)



Source: ECB.

1) Monetary liabilities of MFIs and central government (post office, treasury) vis-à-vis non-MFI euro area residents excluding central government (M1, M2, M3: see glossary).

2) Values in section 'growth rates' are sums of the transactions during the 12 months ending in the period indicated.

2.3 Monetary statistics

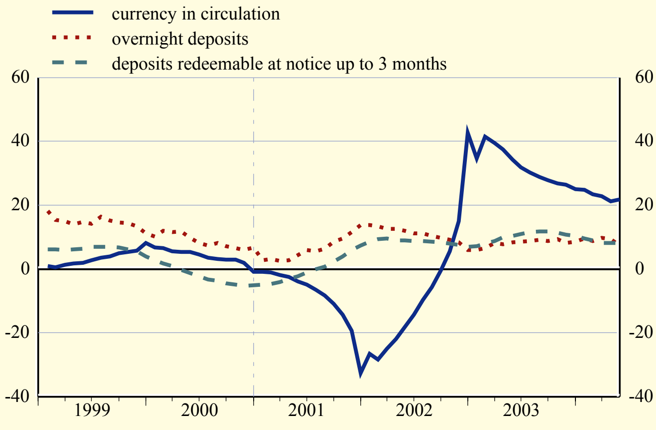
(EUR billions and annual growth rates; seasonally adjusted; outstanding amounts and growth rates at end of period, transactions during period)

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						
2002	332.3	2,109.4	1,077.0	1,399.0	239.4	485.9	127.7	1,694.0	103.8	1,186.6	1,004.8
2003	387.6	2,288.7	1,037.0	1,522.6	220.4	599.5	87.7	1,790.4	90.6	1,253.1	1,008.8
2004 Jan.	395.0	2,317.0	1,026.9	1,527.1	212.9	595.1	91.0	1,814.4	90.3	1,257.4	1,000.1
Feb.	399.0	2,322.0	1,019.8	1,538.2	226.8	594.2	91.2	1,821.5	90.1	1,264.1	1,008.9
Mar.	406.1	2,364.7	1,003.3	1,548.3	204.8	597.7	89.3	1,857.2	90.1	1,267.9	1,024.2
Apr.	409.5	2,374.0	995.5	1,560.3	219.8	600.6	94.3	1,879.5	90.0	1,283.8	1,023.9
May (p)	416.2	2,349.7	1,003.6	1,572.1	212.4	598.1	88.3	1,890.3	89.4	1,287.3	1,021.1
					Transactions						
2002	99.3	118.0	-1.1	90.3	10.2	70.8	-13.2	117.9	-10.0	41.0	38.8
2003	77.8	180.5	-28.8	143.4	-9.7	59.8	-17.0	149.8	-13.2	62.6	35.3
2004 Jan.	7.5	27.8	-13.8	4.5	-6.5	-5.1	5.1	18.1	-0.3	3.9	-6.6
Feb.	3.9	6.2	-7.7	11.1	13.9	-0.9	1.1	7.0	-0.2	6.7	7.7
Mar.	7.1	41.2	-17.9	10.0	-22.0	5.4	-2.0	26.5	0.0	3.5	6.3
Apr.	3.4	8.5	-8.0	12.0	14.7	2.6	5.4	19.2	-0.1	15.7	6.0
May (p)	6.7	-23.5	9.0	11.8	-7.4	-2.7	-6.0	15.2	-0.6	3.7	0.9
					Growth rates						
2002 Dec.	42.6	5.9	-0.1	6.9	4.4	17.1	-9.5	7.3	-8.8	3.5	3.9
2003 Dec.	24.9	8.5	-2.7	10.4	-4.3	11.4	-16.8	9.0	-12.7	5.3	3.6
2004 Jan.	24.8	9.5	-4.1	9.5	-7.7	8.8	-16.6	9.6	-11.9	5.6	2.1
Feb.	23.3	8.8	-4.8	8.9	-1.3	7.8	-15.3	9.5	-11.2	5.6	2.6
Mar.	22.7	9.8	-6.2	8.2	-2.5	7.6	-8.4	10.4	-9.9	5.4	4.0
Apr.	21.1	9.4	-7.3	8.1	-1.5	7.2	-19.3	10.7	-8.6	6.6	4.0
May (p)	21.8	7.3	-7.5	8.1	-3.9	5.3	-11.9	10.6	-8.3	6.4	4.6

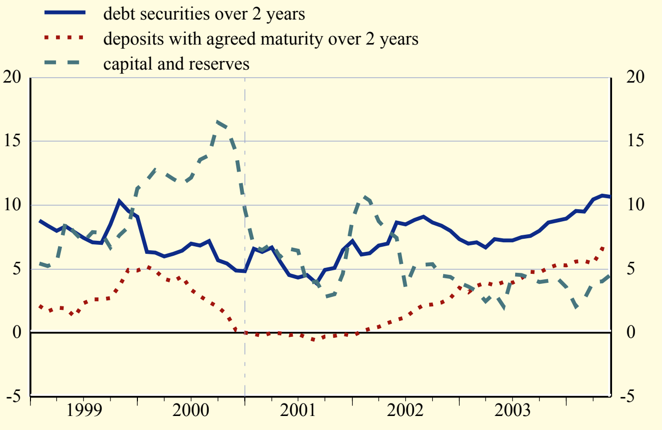
C3 Components of monetary aggregates

(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]

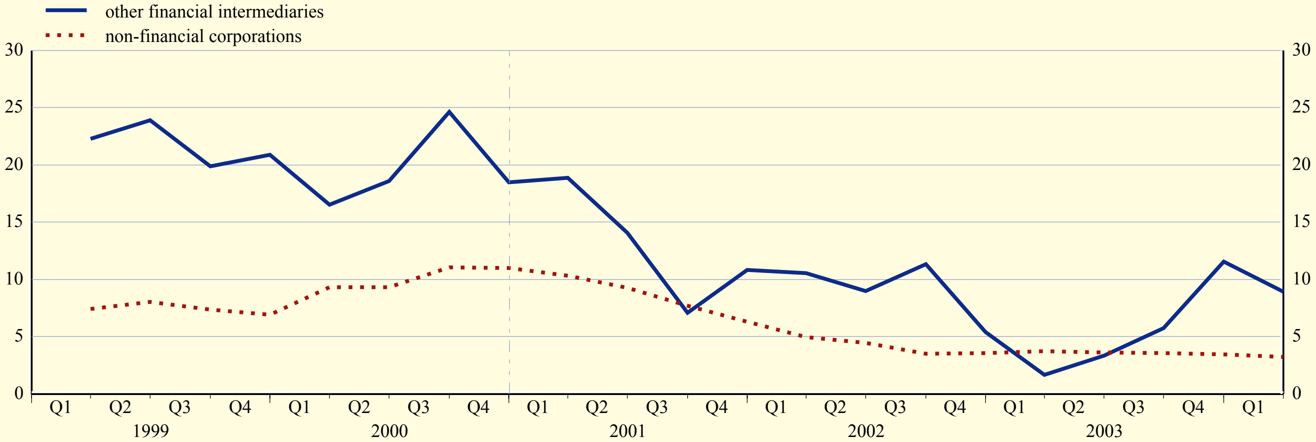
(EUR billions and annual growth rates; outstanding amounts and growth rates at end of period, transactions during period)

1. Loans to financial intermediaries and non-financial corporations

	Insurance corporations and pension funds		Other financial intermediaries [2]		Non-financial corporations			
	Total	Up to 1 year	Total	Up to 1 year	Total	Up to 1 year	Over 1 year and up to 5 years	Over 5 years
	1	2	3	4	5	6	7	8
	Outstanding amounts							
2002	33.0	19.7	455.2	289.3	2,965.6	980.1	514.8	1,470.6
2003	35.6	22.1	514.6	324.6	3,030.6	956.8	526.5	1,547.3
2004 Jan.	47.5	34.2	505.2	313.5	3,040.0	960.1	530.2	1,549.7
Feb.	47.0	33.2	513.6	318.6	3,038.4	952.5	529.2	1,556.7
Mar.	46.3	32.1	508.0	306.6	3,051.7	957.2	524.7	1,569.8
Apr.	51.4	37.6	512.3	314.8	3,075.1	962.7	529.3	1,583.1
May (p)	56.5	42.5	515.3	317.3	3,084.6	956.7	535.3	1,592.7
	Transactions							
2002	-4.0	-7.3	23.6	16.2	104.0	-24.5	32.0	96.6
2003	4.5	2.5	53.5	25.7	101.7	-7.9	15.4	94.2
2004 Jan.	11.9	12.1	-3.0	-4.3	9.0	2.3	3.8	2.9
Feb.	-0.6	-1.0	8.1	6.4	1.1	-6.9	-0.7	8.7
Mar.	-0.7	-1.1	-7.0	-12.5	12.2	4.7	-0.1	7.6
Apr.	4.7	5.1	8.4	11.5	21.2	4.6	4.6	11.9
May (p)	5.1	4.9	3.6	2.8	12.0	-4.2	5.7	10.5
	Growth rates							
2002 Dec.	-10.2	-26.4	5.4	5.9	3.6	-2.4	6.5	6.9
2003 Dec.	12.9	12.7	11.6	8.6	3.5	-0.8	3.1	6.5
2004 Jan.	12.6	15.5	12.4	10.8	3.3	-3.1	5.2	6.9
Feb.	6.7	5.4	13.1	11.1	3.1	-3.4	4.2	7.1
Mar.	9.5	7.0	8.9	3.3	3.2	-2.1	3.4	6.7
Apr.	10.3	10.9	8.2	4.7	3.5	-1.9	3.8	6.9
May (p)	21.3	25.7	7.5	4.4	3.7	-1.7	5.5	6.8

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.

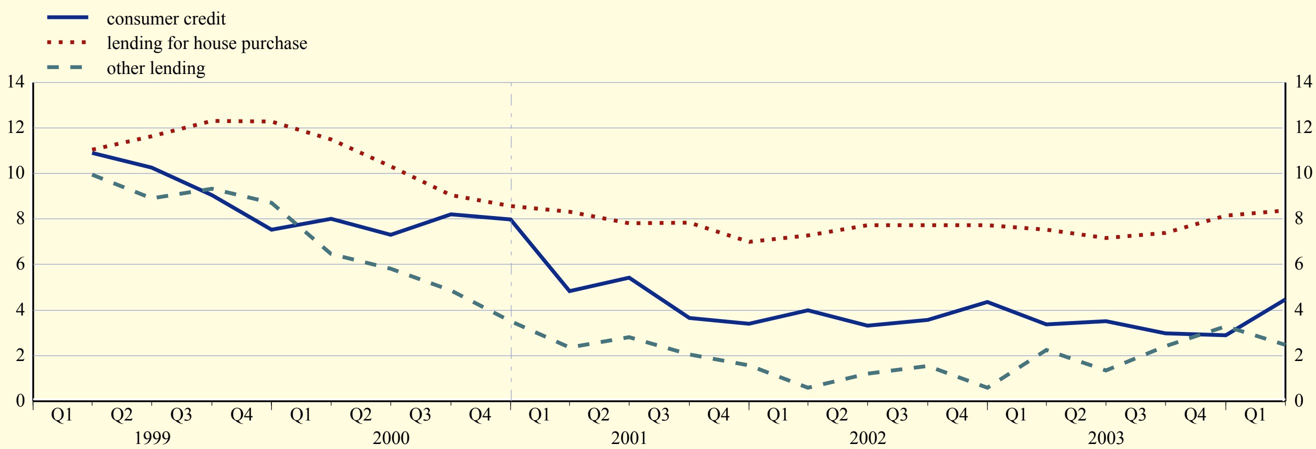
2) This category includes investment funds.

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]

	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												
2002	3,326.9	518.8	105.9	178.3	234.6	2,188.4	22.3	65.1	2,101.1	619.7	153.9	99.7	366.0
2003	3,520.7	484.4	112.0	181.0	191.5	2,360.4	16.1	71.7	2,272.7	675.8	144.8	95.9	435.2
2004 Jan.	3,526.1	481.2	110.3	179.3	191.6	2,372.6	15.8	66.3	2,290.5	672.4	142.5	95.0	434.8
Feb.	3,539.6	481.4	109.3	180.1	191.9	2,384.9	15.6	66.3	2,303.0	673.4	140.4	95.2	437.7
Mar.	3,565.7	484.8	110.2	181.8	192.7	2,400.1	15.9	65.8	2,318.4	680.8	141.6	94.5	444.7
Apr.	3,589.3	488.5	110.7	183.0	194.8	2,419.2	15.9	66.2	2,337.1	681.7	141.2	95.2	445.3
May (p)	3,609.1	487.9	110.2	182.7	195.0	2,439.0	14.2	62.5	2,362.3	682.2	139.9	95.3	447.1
	Transactions												
2002	181.7	21.8	7.1	5.4	9.3	156.2	-0.3	2.5	154.1	3.7	-3.0	2.2	4.4
2003	212.4	13.8	8.7	6.5	-1.3	177.8	-5.8	6.3	177.3	20.8	-6.8	-4.9	32.5
2004 Jan.	7.5	-2.8	-1.4	-1.7	0.3	12.5	-0.3	-5.3	18.1	-2.3	-1.9	-0.8	0.4
Feb.	15.8	0.7	-0.8	1.0	0.5	13.0	-0.1	0.0	13.1	2.1	-1.7	0.2	3.5
Mar.	26.3	4.4	0.9	2.0	1.5	19.3	0.3	0.5	18.5	2.6	1.3	0.0	1.3
Apr.	22.6	2.8	0.5	1.0	1.4	19.0	0.0	0.4	18.6	0.8	-0.4	0.5	0.7
May (p)	20.3	-0.3	-0.5	-0.1	0.4	20.0	-1.7	-3.8	25.5	0.6	-1.2	0.0	1.7
	Growth rates												
2002 Dec.	5.8	4.4	6.9	3.1	4.2	7.7	-1.4	4.1	8.0	0.6	-1.9	2.2	1.2
2003 Dec.	6.4	2.9	8.3	3.6	-0.2	8.1	-26.0	9.5	8.5	3.3	-4.5	-5.0	8.6
2004 Jan.	6.4	3.6	0.7	6.2	2.9	8.3	3.4	-0.7	8.6	2.2	-1.9	-3.8	5.1
Feb.	6.4	4.6	-0.8	7.3	5.5	8.2	1.6	-1.4	8.6	1.3	-2.4	-5.6	4.2
Mar.	6.7	4.5	0.4	6.0	5.5	8.4	5.2	-2.7	8.7	2.5	-1.3	-2.8	5.0
Apr.	6.8	4.8	0.5	5.8	6.3	8.7	6.8	-2.8	9.0	2.2	-1.0	-2.6	4.4
May (p)	6.9	4.4	0.9	4.7	6.1	8.8	-5.4	-8.8	9.5	2.1	-0.5	-2.4	4.0

C6 Loans to households
(annual growth rates)



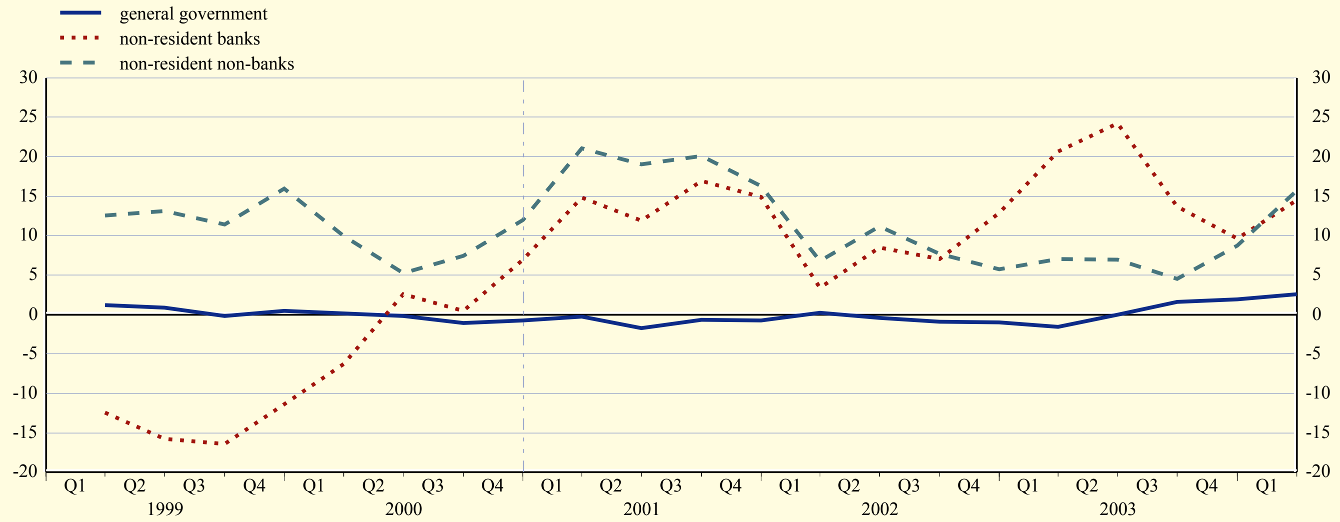
Source: ECB.
1) MFI sector excluding the Eurosystem; sectoral classification is based on ESA 95.
2) Including non-profit institutions serving households.

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	145.6	298.3	362.9	15.2	1,704.3	1,095.6	608.7	69.9	538.8
2002	813.0	132.7	277.7	382.8	19.7	1,730.1	1,146.2	583.9	64.6	519.3
2003 Q1	805.0	134.7	267.2	379.2	23.9	1,767.0	1,173.0	594.0	59.0	535.0
Q2	794.3	127.1	263.5	375.3	28.3	1,833.2	1,242.2	590.9	59.2	531.7
Q3	797.7	128.6	262.7	375.9	30.6	1,741.1	1,157.4	583.7	59.8	523.9
Q4	819.0	130.6	265.1	388.3	35.0	1,762.9	1,182.3	580.6	59.3	521.2
2004 Q1 (p)	823.1	135.5	261.3	392.1	34.3	1,953.6	1,300.6	653.0	62.4	590.6
	Transactions									
2001	-6.2	-18.7	1.1	9.9	1.7	225.2	140.0	84.6	4.3	80.3
2002	-7.9	-11.3	-21.1	19.9	4.6	169.1	135.2	34.5	-1.2	35.7
2003 Q1	-0.4	0.7	-10.2	4.9	4.1	66.3	43.8	22.4	-5.5	28.0
Q2	-8.3	-7.2	-3.8	-1.9	4.5	105.3	93.1	11.8	0.3	11.5
Q3	3.4	1.5	-0.7	0.5	2.2	-86.9	-82.9	-4.0	0.6	-4.5
Q4	20.4	1.2	2.4	12.3	4.5	75.0	55.4	19.6	-0.2	19.8
2004 Q1 (p)	5.2	5.9	-3.9	3.9	-0.8	161.3	100.0	61.1	3.1	58.0
	Growth rates									
2001 Dec.	-0.8	-11.4	0.4	2.8	12.4	15.4	14.9	16.3	6.3	17.8
2002 Dec.	-1.0	-7.8	-7.1	5.5	30.0	10.3	12.9	5.7	-1.9	6.7
2003 Mar.	-1.6	-13.2	-9.2	7.2	56.3	15.6	20.7	7.0	-13.9	9.8
June	0.0	-8.4	-6.3	5.2	54.3	18.0	24.2	6.9	-8.3	8.8
Sep.	1.6	-3.1	-4.2	5.1	50.1	10.4	13.7	4.5	-10.5	6.4
Dec.	1.9	-2.8	-4.4	4.2	77.5	9.3	9.6	8.7	-7.5	10.8
2004 Mar. (p)	2.6	1.1	-2.2	3.9	43.7	14.9	14.5	15.7	6.4	16.8

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)]

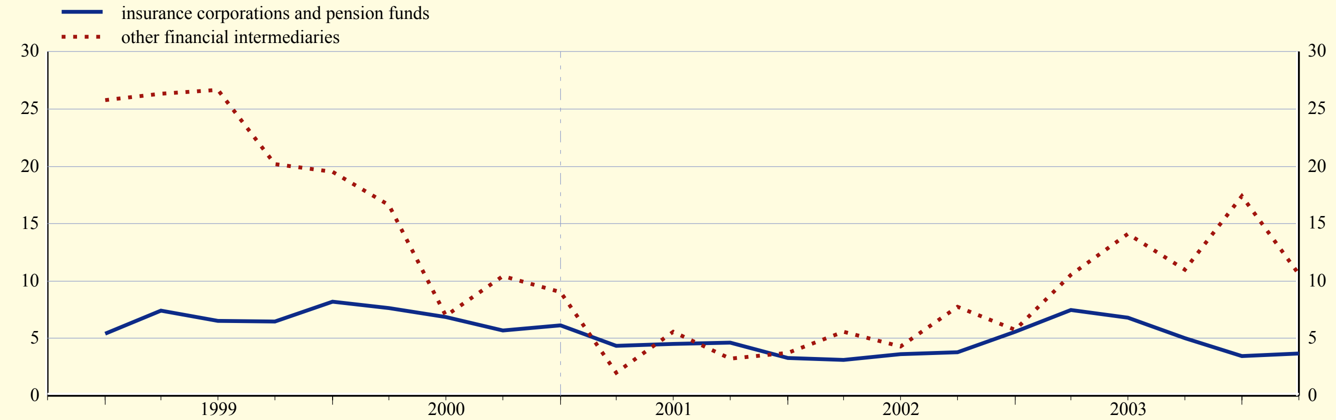
(EUR billions and annual growth rates; outstanding amounts and growth rates at end of period, transactions during period)

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													
2002	523.1	55.8	-	-	-	-	17.9	493.6	152.7	-	-	-	-	97.1
2003	541.9	58.9	41.7	420.5	1.3	0.3	19.1	568.9	183.1	130.6	144.5	6.1	0.1	104.4
2004 Jan.	554.2	65.4	43.2	422.2	1.3	0.3	21.7	571.5	181.7	130.7	141.3	6.9	0.1	110.8
Feb.	556.2	62.8	42.3	424.3	1.3	0.3	25.1	578.9	184.1	122.8	143.5	8.4	0.1	120.1
Mar.	556.5	64.6	42.2	426.1	1.3	0.3	22.0	585.5	196.5	119.8	146.7	7.8	0.1	114.7
Apr.	562.2	62.2	41.7	431.3	1.4	0.4	25.2	600.3	194.6	129.2	149.6	8.3	0.1	118.5
May [(p)]	563.0	57.1	45.8	435.7	1.5	0.4	22.7	592.7	191.5	125.7	148.6	7.9	0.1	119.1
	Transactions													
2002	27.6	7.8	-	-	-	-	1.4	26.7	-4.7	-	-	-	-	12.8
2003	18.1	1.6	-3.9	19.1	0.3	-0.1	1.1	84.8	27.5	-1.1	39.1	3.2	0.0	16.0
2004 Jan.	12.1	6.5	1.4	1.6	0.0	0.0	2.6	1.3	-1.0	-2.4	-3.4	0.8	0.0	7.4
Feb.	2.0	-2.6	-0.9	2.2	0.0	0.0	3.4	6.6	2.5	-8.8	2.2	1.5	0.0	9.3
Mar.	0.2	1.8	-0.3	1.8	0.0	0.0	-3.1	5.1	12.0	-3.3	2.6	-0.7	0.0	-5.4
Apr.	5.5	-2.4	-0.5	5.2	0.1	0.0	3.1	14.0	-2.2	9.2	2.7	0.5	0.0	3.6
May [(p)]	0.8	-5.2	4.1	4.4	0.0	0.0	-2.5	-7.0	-2.9	-3.3	-0.9	-0.4	0.0	0.5
	Growth rates													
2002 Dec.	5.6	16.3	-	-	-	-	8.5	5.7	-3.0	-	-	-	-	14.9
2003 Dec.	3.4	2.8	-8.4	4.8	40.8	-12.6	6.0	17.4	17.8	-0.9	37.2	70.8	-	17.1
2004 Jan.	4.3	15.2	5.4	2.8	50.0	-9.7	-0.3	12.9	12.0	1.5	23.1	58.0	-	15.3
Feb.	4.8	15.3	5.9	2.7	57.7	-7.7	15.2	13.3	16.6	-9.4	25.0	76.4	-	21.5
Mar.	3.7	5.0	8.0	2.4	40.3	1.8	18.6	10.6	16.8	-13.1	22.2	47.6	-	16.4
Apr.	4.4	8.3	-3.8	3.9	48.8	6.2	17.0	10.1	15.0	-13.3	24.6	64.5	-	15.1
May [(p)]	4.0	-1.0	0.3	5.2	9.7	6.6	1.8	4.6	6.8	-16.9	15.3	38.9	-	16.4

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]

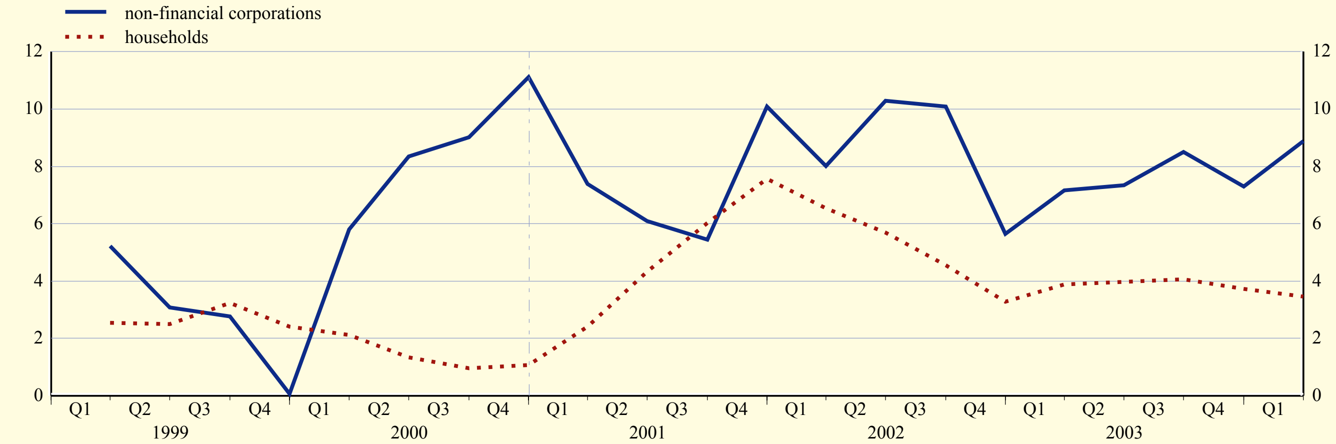
(EUR billions and annual growth rates; outstanding amounts and growth rates at end of period, transactions during period)

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													
2002	989.6	595.5	-	-	-	-	34.7	3,806.1	1,173.0	-	-	-	-	74.7
2003	1,049.5	633.4	280.2	66.4	38.1	1.5	30.0	3,978.5	1,311.8	544.0	600.8	1,379.2	89.9	52.9
2004 Jan.	1,011.1	610.9	266.3	68.0	39.0	1.5	25.4	3,995.2	1,315.7	538.9	604.7	1,393.0	88.8	54.1
Feb.	1,016.4	603.2	277.1	69.1	39.3	1.6	26.0	3,995.8	1,317.7	531.4	607.0	1,397.1	88.4	54.2
Mar.	1,035.7	625.0	275.4	68.4	39.9	1.7	25.3	3,998.0	1,320.8	527.2	608.8	1,401.2	88.2	51.9
Apr.	1,038.3	628.7	271.3	69.7	40.5	1.7	26.4	4,015.1	1,335.9	523.1	610.3	1,406.5	87.1	52.3
May (p)	1,051.4	633.7	278.8	70.3	41.0	1.7	26.0	4,027.9	1,349.9	518.8	611.1	1,411.4	86.2	50.5
	Transactions													
2002	53.9	28.9	-	-	-	-	-1.3	120.4	65.4	-	-	-	-	-1.9
2003	71.7	41.0	58.5	-34.1	10.2	0.4	-4.2	141.9	95.2	-75.1	39.8	117.4	-13.7	-21.8
2004 Jan.	-39.6	-23.1	-14.5	1.5	1.0	0.0	-4.6	15.9	3.7	-5.6	3.9	13.8	-1.1	1.2
Feb.	6.4	-6.7	10.9	1.2	0.3	0.1	0.6	0.8	2.1	-7.3	2.3	4.1	-0.4	0.1
Mar.	18.5	21.1	-2.3	-0.3	0.6	0.0	-0.7	1.3	2.8	-4.7	1.8	4.1	-0.2	-2.3
Apr.	2.2	3.4	-4.0	1.2	0.6	0.0	1.1	16.9	15.1	-4.2	1.5	5.3	-1.1	0.4
May (p)	14.1	5.4	7.9	0.7	0.4	0.0	-0.4	13.3	14.2	-3.9	0.9	4.9	-0.9	-1.8
	Growth rates													
2002 Dec.	5.6	5.1	-	-	-	-	-3.5	3.3	6.0	-	-	-	-	-2.5
2003 Dec.	7.3	6.8	25.7	-33.7	41.7	44.2	-12.4	3.7	7.9	-12.1	7.1	9.3	-13.2	-29.2
2004 Jan.	7.4	10.4	1.7	12.7	33.0	38.3	-27.1	4.1	9.6	-9.0	3.7	8.7	-12.4	-28.5
Feb.	8.3	10.0	4.6	14.6	26.7	17.2	-19.3	3.7	8.7	-8.8	3.3	8.0	-11.6	-28.4
Mar.	8.9	12.0	3.2	12.8	23.1	21.6	-20.4	3.5	7.7	-8.7	3.7	7.4	-10.5	-26.5
Apr.	8.0	11.1	1.0	15.7	22.2	20.3	-16.1	3.5	7.7	-8.9	4.1	7.2	-9.3	-25.5
May (p)	7.1	10.5	-0.3	18.7	20.5	22.2	-23.5	3.6	8.1	-9.1	4.3	7.1	-8.8	-26.5

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]

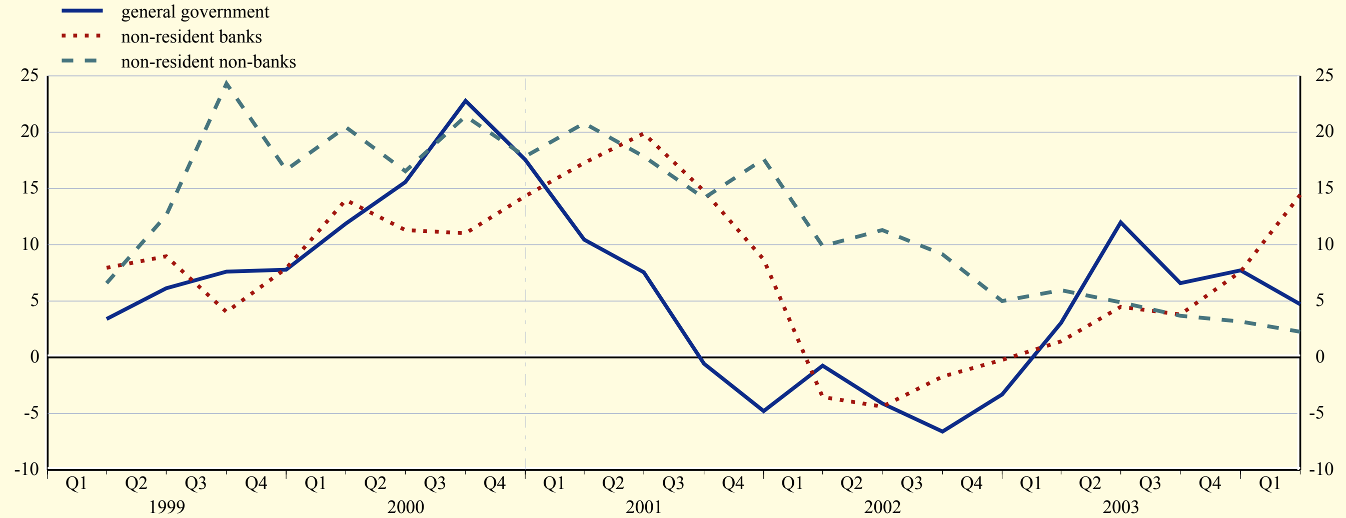
(EUR billions and annual growth rates; outstanding amounts and growth rates at end of period, transactions during period)

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	2,292.0	1,588.0	704.0	97.8	606.2
Q2	290.9	147.6	34.2	64.5	44.5	2,274.5	1,580.6	693.9	94.6	599.3
Q3	263.9	128.9	32.3	64.2	38.5	2,256.3	1,562.4	693.8	93.4	600.5
Q4	271.2	132.3	31.1	66.9	40.9	2,246.3	1,580.9	665.4	96.1	569.3
2004 Q1 (p)	272.8	140.7	30.0	62.4	39.6	2,446.6	1,745.3	701.3	100.8	600.5
					Transactions					
2001	-12.5	-14.1	-0.8	-0.2	2.6	234.7	130.6	103.9	10.2	93.6
2002	-8.3	-0.2	1.8	0.4	-10.3	30.2	-4.9	35.2	3.6	31.6
2003 Q1	8.7	11.6	0.4	-3.7	0.3	61.5	30.2	31.4	0.5	30.8
Q2	26.9	22.1	2.2	-0.9	3.5	30.2	27.2	3.0	-3.3	6.3
Q3	-23.5	-16.0	-1.9	-0.4	-5.2	-6.5	-7.9	1.4	-1.2	2.6
Q4	7.3	3.4	-1.1	2.7	2.3	54.4	68.0	-13.5	2.7	-16.2
2004 Q1 (p)	1.6	8.4	-1.1	-4.4	-1.3	156.8	132.3	24.5	4.8	19.7
					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	0.0	6.9
June	12.0	29.9	0.4	-1.6	-3.0	4.6	4.5	4.9	-0.5	5.8
Sep.	6.6	18.9	-5.7	0.8	-5.7	3.8	3.8	3.7	-7.7	5.7
Dec.	7.7	19.3	-1.5	-3.4	2.6	6.3	7.6	3.2	-1.3	3.9
2004 Mar. (p)	4.7	14.5	-6.1	-4.6	-1.5	10.7	14.4	2.3	3.1	2.2

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.

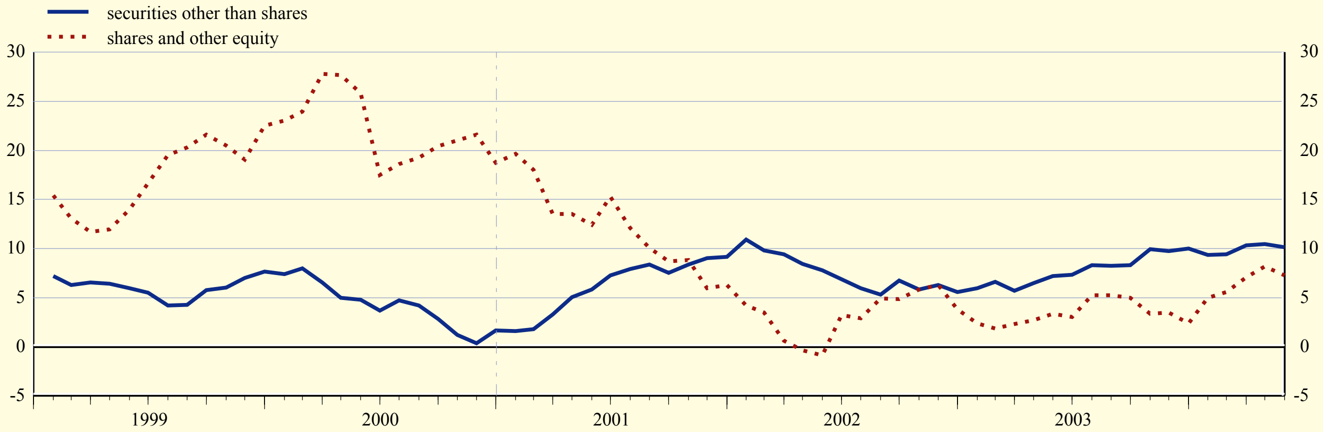
2.6 MFI holdings of securities, breakdown [1)]

(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											
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	3,576.8	1,218.5	57.4	1,230.4	15.6	407.1	18.6	629.3	1,068.6	279.7	615.2	173.7
2004 Jan.	3,661.7	1,235.0	60.9	1,255.3	16.1	407.3	17.7	669.4	1,089.7	285.4	624.3	180.1
Feb.	3,712.7	1,257.7	57.7	1,276.8	15.9	412.5	18.0	674.1	1,092.9	283.6	624.6	184.8
Mar.	3,766.1	1,284.0	60.8	1,286.4	17.7	413.4	18.2	685.6	1,117.6	287.9	640.3	189.4
Apr.	3,811.0	1,293.5	62.0	1,295.7	17.3	416.7	18.6	707.2	1,146.6	292.1	663.3	191.3
May (p)	3,849.7	1,305.9	61.4	1,322.7	17.2	421.7	17.6	703.2	1,148.3	298.2	656.9	193.2
	Transactions											
2002	171.3	48.0	-0.6	40.9	-0.8	27.3	3.2	53.1	37.2	13.7	4.8	18.7
2003	327.1	91.8	3.4	79.9	1.0	52.4	2.0	96.6	24.0	8.0	21.8	-5.8
2004 Jan.	61.6	14.0	2.3	15.1	0.1	-0.7	-1.3	32.1	17.9	3.9	7.6	6.4
Feb.	48.2	22.1	-3.2	19.6	0.0	4.0	0.5	5.2	5.9	-0.1	1.6	4.4
Mar.	44.8	26.3	2.1	10.0	1.2	0.9	-0.3	4.6	24.7	4.7	15.8	4.3
Apr.	41.9	9.7	0.9	9.3	-0.4	4.0	0.3	18.3	28.4	4.6	22.1	1.8
May (p)	46.8	12.1	-0.3	28.7	0.1	4.8	-0.7	2.1	4.2	6.1	-4.1	2.2
	Growth rates											
2002 Dec.	5.6	4.5	-2.0	3.9	-4.3	8.5	21.9	10.0	3.8	5.4	0.9	11.6
2003 Dec.	10.0	8.1	7.3	7.0	5.8	14.9	10.1	17.3	2.4	3.0	3.8	-3.2
2004 Jan.	9.3	7.2	4.2	6.4	1.7	12.9	9.2	18.2	5.0	7.6	4.9	1.2
Feb.	9.4	8.2	-0.7	6.8	-4.2	12.0	10.1	16.9	5.6	7.7	5.6	2.6
Mar.	10.3	9.7	2.2	7.4	5.3	10.8	3.1	18.5	7.1	7.4	8.1	3.4
Apr.	10.5	10.7	9.9	6.6	3.1	8.1	7.9	20.1	8.2	9.4	8.9	3.9
May (p)	10.1	10.5	8.8	6.5	6.3	9.0	-7.5	18.7	7.3	9.9	6.2	7.0

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
2002	-0.9	-	-	-	-1.3	-	-	-	-5.3	-	-	-
2003	-2.7	-1.1	-0.5	-1.0	-3.2	-0.3	-0.1	-2.8	-7.6	-2.8	-0.3	-4.6
2004 Jan.	-0.5	-0.3	-0.1	-0.2	-0.6	0.0	0.0	-0.5	-1.3	-0.5	-0.1	-0.8
Feb.	-0.4	-0.1	-0.1	-0.2	-0.5	0.0	0.0	-0.4	-0.9	-0.2	0.0	-0.6
Mar.	-0.2	-0.1	0.0	-0.1	-0.2	0.0	0.0	-0.2	-0.6	-0.2	0.0	-0.4
Apr.	-0.1	0.0	0.0	0.0	-0.1	0.0	0.0	-0.1	-0.2	-0.1	0.0	-0.1
May (p)	-0.1	0.0	0.0	-0.1	-0.1	0.0	0.0	-0.1	-0.3	-0.1	0.0	-0.2

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
2002	-9.7	-2.1	-2.7	-4.9	-7.2	-	-
2003	-17.7	-8.8	-1.3	-7.6	-1.0	-0.4	-0.6
2004 Jan.	-3.6	-1.8	-0.4	-1.5	-0.5	-0.2	-0.2
Feb.	-1.6	-0.5	-0.1	-0.9	-0.2	-0.1	-0.1
Mar.	-1.2	-0.7	-0.1	-0.5	-0.2	0.0	-0.2
Apr.	-0.3	-0.2	0.0	-0.1	0.3	0.1	0.2
May (p)	-0.7	-0.7	0.3	-0.3	0.2	0.1	0.2

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
2002	35.2	9.8	0.6	11.1	-0.1	5.1	0.2	8.4	-6.8	-4.7	0.7	-2.7
2003	-3.1	-0.9	-0.4	3.4	0.0	-1.7	-0.1	-3.4	11.1	7.1	2.5	1.5
2004 Jan.	9.8	1.5	0.2	7.9	0.1	0.0	0.0	0.2	3.2	1.6	1.7	0.0
Feb.	3.7	0.6	0.0	1.7	0.0	1.1	0.0	0.2	-2.7	-1.6	-1.3	0.3
Mar.	2.4	0.2	0.1	1.2	0.1	0.2	0.0	0.6	-0.1	-0.3	-0.1	0.3
Apr.	-5.1	-0.3	0.0	-4.1	0.0	-0.4	0.0	-0.3	0.6	-0.5	0.9	0.2
May (p)	-3.3	0.1	0.0	-1.7	0.0	0.2	0.0	-1.9	-2.1	0.2	-2.0	-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							Total				
				USD	JPY	CHF	GBP				USD	JPY	CHF	GBP
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
	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	6,061.2	97.1	2.9	1.8	0.3	0.2	0.3
2003 Q1	4,196.4	90.5	9.5	6.1	0.7	1.5	0.8	6,120.8	97.1	2.9	1.8	0.3	0.2	0.3
Q2	4,296.7	91.0	9.0	5.8	0.6	1.4	0.8	6,244.1	97.0	3.0	1.8	0.3	0.2	0.4
Q3	4,309.4	91.0	9.0	5.6	0.5	1.5	0.9	6,257.1	97.1	2.9	1.7	0.4	0.1	0.3
Q4	4,362.6	91.2	8.8	5.4	0.5	1.5	0.9	6,409.9	97.3	2.7	1.7	0.3	0.1	0.3
2004 Q1 (p)	4,409.4	90.5	9.5	5.8	0.5	1.5	1.1	6,448.5	97.1	2.9	1.8	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	1,588.0	46.1	53.9	36.8	2.1	4.4	7.9	704.0	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	693.8	52.9	47.1	30.3	2.4	2.3	9.2
Q4	1,580.9	46.9	53.1	35.6	1.8	3.6	9.4	665.4	51.1	48.9	32.0	2.1	2.2	9.6
2004 Q1 (p)	1,745.3	46.3	53.7	35.4	1.7	3.4	10.5	701.3	53.3	46.7	30.0	2.1	1.9	9.6

2. Debt securities issued by euro area MFIs

	All currencies outstanding amount	**Euro [3]**	**Non-euro currencies**				
			Total				
				USD	JPY	CHF	GBP
	1	2	3	4	5	6	7
2001	3,030.2	85.1	14.9	8.2	2.2	1.4	2.2
2002	3,138.7	85.4	14.6	7.7	1.8	1.6	2.3
2003 Q1	3,197.1	85.2	14.8	8.1	1.6	1.6	2.3
Q2	3,226.5	85.6	14.4	8.1	1.4	1.6	2.1
Q3	3,261.6	85.3	14.7	8.2	1.5	1.7	2.1
Q4	3,303.2	85.4	14.6	7.9	1.5	1.7	2.3
2004 Q1 (p)	3,458.4	84.6	15.4	7.7	1.8	2.0	2.5

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	USD	JPY	CHF	GBP			Total	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	4,143.3	-	-	-	-	-	-	7,736.1	96.3	3.7	1.7	0.4	1.1	0.3
Q3	4,155.6	-	-	-	-	-	-	7,793.0	96.4	3.6	1.7	0.4	1.2	0.3
Q4	4,193.6	-	-	-	-	-	-	7,920.5	96.5	3.5	1.6	0.3	1.2	0.3
2004 Q1 (p)	4,233.1	-	-	-	-	-	-	7,994.8	96.4	3.6	1.6	0.3	1.2	0.4
	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	1,182.3	50.2	49.8	29.3	5.0	2.3	9.2	580.6	38.7	61.3	43.9	2.4	4.6	7.0
2004 Q1 (p)	1,300.6	49.1	50.9	31.1	4.7	2.3	9.2	653.0	40.0	60.0	42.0	2.5	4.3	8.1

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	USD	JPY	CHF	GBP			Total	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	2.7	0.6	0.1	0.7	1,413.0	97.6	2.4	1.3	0.8	0.1	0.2
2002	1,170.4	95.9	4.1	1.7	0.4	0.2	0.9	1,501.2	97.9	2.1	1.0	0.7	0.1	0.4
2003 Q1	1,234.7	95.1	4.9	1.7	0.6	0.2	1.0	1,595.9	97.7	2.3	1.3	0.6	0.1	0.2
Q2	1,242.2	95.2	4.8	1.7	0.6	0.3	1.0	1,644.3	97.9	2.1	1.1	0.6	0.1	0.2
Q3	1,256.4	95.4	4.6	1.5	0.5	0.3	1.1	1,670.1	97.9	2.1	1.1	0.6	0.1	0.2
Q4	1,275.9	95.5	4.5	1.5	0.5	0.3	1.3	1,671.6	98.0	2.0	1.1	0.6	0.1	0.2
2004 Q1 (p)	1,344.8	95.5	4.5	2.1	0.3	0.4	1.4	1,735.7	97.9	2.1	1.2	0.5	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	256.5	39.8	60.2	36.3	3.7	3.3	12.0	339.2	43.2	56.8	36.5	9.1	0.8	5.9
Q2	259.0	42.3	57.7	34.4	3.4	2.4	13.6	355.6	44.2	55.8	35.4	8.5	0.7	6.0
Q3	261.4	43.1	56.9	32.4	3.5	2.7	14.5	363.3	45.0	55.0	34.7	9.4	0.7	5.7
Q4	275.5	44.9	55.1	30.5	3.8	1.9	15.1	353.8	45.8	54.2	33.3	9.2	0.8	6.3
2004 Q1 (p)	308.2	43.9	56.1	35.1	1.1	0.6	17.2	377.4	44.7	55.3	34.8	6.7	0.9	7.6

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	Deposits	Holdings of securities other than shares			Holdings of shares/ other equity	Holdings of investment fund shares	Fixed assets	Other assets
			Total	Up to 1 year	Over 1 year				
	1	2	3	4	5	6	7	8	9
2002 Q3	2,846.2	236.7	1,337.4	74.3	1,263.0	844.8	203.4	121.0	102.9
Q4	2,860.6	242.2	1,335.0	72.0	1,263.1	853.4	203.1	120.5	106.4
2003 Q1	2,746.9	217.2	1,331.8	70.6	1,261.2	767.3	205.8	116.7	108.1
Q2	2,959.5	232.6	1,382.7	67.1	1,315.6	880.9	224.5	120.7	118.1
Q3	3,085.6	248.3	1,405.3	65.3	1,340.0	932.3	234.6	126.3	138.8
Q4 (p)	3,174.3	234.9	1,389.0	67.4	1,321.6	1,033.9	243.6	133.9	139.0

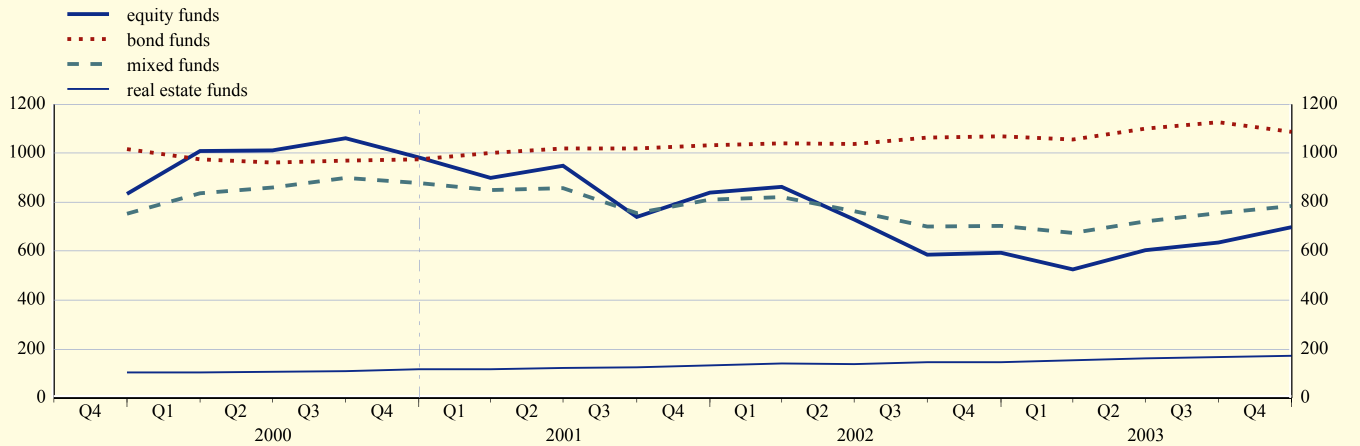
2. Liabilities

	Total	Deposits and loans taken	Investment fund shares	Other liabilities
	1	2	3	4
2002 Q3	2,846.2	38.9	2,731.9	75.3
Q4	2,860.6	39.3	2,744.3	76.9
2003 Q1	2,746.9	40.2	2,628.3	78.4
Q2	2,959.5	41.8	2,825.8	91.9
Q3	3,085.6	43.2	2,917.7	124.8
Q4 (p)	3,174.3	44.2	3,010.9	119.1

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

	Total	Funds by investment policy					Funds by type of investor	
		Equity funds	Bond funds	Mixed funds	Real estate funds	Other funds	General public funds	Special investors' funds
	1	2	3	4	5	6	7	8
2002 Q3	2,846.2	585.2	1,063.3	699.9	145.6	352.2	2,092.0	754.2
Q4	2,860.6	594.1	1,068.2	701.6	147.5	349.2	2,087.7	772.9
2003 Q1	2,746.9	525.9	1,054.1	675.3	153.9	337.7	1,975.5	771.4
Q2	2,959.5	603.3	1,099.5	720.8	161.4	374.4	2,140.4	819.1
Q3	3,085.6	635.4	1,127.0	754.2	167.7	401.4	2,249.0	836.6
Q4 (p)	3,174.3	697.8	1,086.2	783.3	171.9	435.1	2,318.1	856.2

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	Deposits	Holdings of securities other than shares			Holdings of shares/ other equity	Holdings of investment fund shares	Fixed assets	Other assets
			Total	Up to 1 year	Over 1 year				
	1	2	3	4	5	6	7	8	9
	Equity funds								
2002 Q3	585.2	29.0	26.5	3.7	22.8	496.5	19.1	-	14.1
Q4	594.1	26.6	28.0	3.1	24.9	506.1	18.4	-	14.9
2003 Q1	525.9	24.5	30.2	2.8	27.5	438.5	16.5	-	16.1
Q2	603.3	27.9	31.6	2.9	28.7	506.5	18.5	-	18.8
Q3	635.4	29.5	27.8	2.4	25.4	536.4	19.5	-	22.1
Q4 (p)	697.8	29.3	31.3	2.9	28.4	593.9	20.8	-	22.5
	Bond funds								
2002 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	1,127.0	93.6	934.7	30.7	904.1	29.1	21.7	-	47.9
Q4 (p)	1,086.2	82.5	905.6	31.6	874.0	31.0	21.6	-	45.5
	Mixed funds								
2002 Q3	699.9	53.0	291.7	21.3	270.4	234.3	88.1	5.2	27.7
Q4	701.6	53.9	294.9	21.3	273.6	233.0	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	754.2	50.5	324.0	22.2	301.8	248.4	95.4	0.3	35.6
Q4 (p)	783.3	49.5	323.9	22.1	301.9	272.4	100.4	0.3	36.7
	Real estate funds								
2002 Q3	145.6	13.3	10.7	0.6	10.1	0.8	5.1	109.5	6.2
Q4	147.5	10.9	9.5	0.5	8.9	0.7	7.0	112.6	6.8
2003 Q1	153.9	14.7	8.3	0.5	7.7	0.7	8.6	115.1	6.5
Q2	161.4	16.5	9.0	0.6	8.5	0.7	9.1	119.8	6.3
Q3	167.7	16.1	9.0	0.6	8.4	0.8	9.5	125.3	6.9
Q4 (p)	171.9	13.2	9.3	0.6	8.7	0.8	8.5	132.9	7.4

2. Funds by type of investor

	Total	Deposits	Holdings of securities other than shares	Holdings of shares/ other equity	Holdings of investment fund shares	Fixed assets	Other assets
	1	2	3	4	5	6	7
	General public funds						
2002 Q3	2,092.0	187.9	917.6	654.4	156.0	107.9	68.2
Q4	2,087.7	191.0	904.8	663.5	153.2	105.8	69.6
2003 Q1	1,975.5	165.6	882.6	599.9	155.1	101.3	71.0
Q2	2,140.4	181.6	912.3	691.7	168.3	104.2	82.2
Q3	2,249.0	199.0	927.6	736.5	176.6	108.9	100.4
Q4 (p)	2,318.1	191.6	913.3	816.1	183.4	115.6	98.0
	Special investors' funds						
2002 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	836.6	49.3	477.7	195.8	58.0	17.4	38.4
Q4 (p)	856.2	43.2	475.7	217.8	60.1	18.3	41.0

Source: ECB.

3 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 Q3	14,308.9	5,450.9	278.4	4,827.5	1,757.3	1,585.8	1,365.7	118.8	146.3	198.6	289.0
Q4	14,598.0	5,610.3	309.2	4,951.7	1,846.7	1,581.4	1,411.7	111.9	136.4	213.1	293.2
2003 Q1	14,552.9	5,635.8	288.9	4,948.2	1,836.2	1,571.9	1,434.1	106.1	176.2	222.5	323.9
Q2	15,011.4	5,749.7	310.1	5,029.7	1,918.4	1,560.2	1,456.4	94.7	200.3	209.6	329.8
Q3	15,108.3	5,754.4	320.9	5,071.2	1,956.6	1,555.8	1,469.5	89.3	183.9	178.4	345.4
Q4	15,377.2	5,872.1	350.7	5,182.5	2,027.5	1,558.0	1,511.9	85.2	153.6	185.3	348.1
	Transactions										
2002 Q3	142.9	8.0	17.2	0.6	-3.1	-7.3	9.4	1.7	-12.5	2.7	9.1
Q4	168.5	169.3	30.8	133.9	82.6	11.8	46.4	-6.9	-9.9	14.5	10.1
2003 Q1	154.4	40.2	1.3	-3.3	-29.5	-11.1	43.0	-5.7	32.8	9.4	32.2
Q2	208.0	131.6	21.2	85.9	83.8	-8.7	22.2	-11.4	24.1	0.3	11.4
Q3	126.2	12.4	11.4	12.2	6.8	-3.8	13.0	-3.9	-13.7	2.5	17.2
Q4	149.1	125.2	29.8	118.8	79.0	8.6	36.3	-5.2	-30.3	6.8	11.1
	Growth rates										
2002 Q3	4.3	4.7	-6.4	5.3	10.3	0.0	6.4	-2.6	-3.2	15.7	5.3
Q4	3.9	4.9	33.8	3.5	5.7	0.1	5.3	-3.9	-4.2	12.2	4.0
2003 Q1	4.2	5.9	31.2	4.3	7.3	-0.4	7.3	-10.6	5.1	14.5	13.7
Q2	4.6	6.4	27.0	4.5	7.6	-1.0	8.9	-19.0	22.3	13.7	22.6
Q3	4.6	6.5	23.3	4.7	8.2	-0.7	9.1	-23.5	22.8	13.4	24.5
Q4	4.4	5.5	20.6	4.3	7.6	-0.9	8.1	-23.4	9.5	9.0	24.5

	Securities other than shares			Shares [2]				Insurance technical reserves		
	Total	Short-term	Long-term	Total	Quoted shares	Mutual fund shares		Total	Net equity of households in life insurance reserves and pension fund reserves	Prepayments of insurance premiums and reserves for outstanding claims
							Money market fund shares			
	12	13	14	15	16	17	18	19	20	21
	Outstanding amounts									
2002 Q3	1,966.1	200.9	1,765.2	3,427.5	1,696.7	1,730.9	313.9	3,464.5	3,125.0	339.4
Q4	1,972.2	196.5	1,775.6	3,483.2	1,771.2	1,712.0	309.2	3,532.3	3,189.7	342.6
2003 Q1	1,967.4	179.3	1,788.0	3,350.3	1,609.9	1,740.4	395.7	3,599.4	3,251.2	348.2
Q2	1,933.0	162.9	1,770.1	3,655.4	1,818.5	1,836.8	401.9	3,673.3	3,322.2	351.1
Q3	1,927.1	164.7	1,762.4	3,689.3	1,828.1	1,861.1	405.9	3,737.5	3,383.8	353.7
Q4	1,921.1	172.3	1,748.8	3,818.5	1,942.9	1,875.6	404.4	3,765.5	3,410.0	355.5
	Transactions									
2002 Q3	33.9	17.0	16.9	48.9	24.1	24.8	13.9	52.0	47.8	4.2
Q4	-13.3	-15.9	2.6	-24.9	-24.3	-0.6	-7.4	37.5	39.0	-1.6
2003 Q1	-21.8	-20.4	-1.3	66.3	4.3	62.0	29.9	69.7	62.8	6.9
Q2	-46.4	-16.1	-30.3	65.3	27.4	37.9	3.7	57.5	52.9	4.6
Q3	7.2	2.5	4.7	51.5	34.2	17.3	2.6	55.1	51.7	3.4
Q4	3.7	6.6	-2.8	-26.7	-26.8	0.1	-10.3	46.9	43.6	3.4
	Growth rates									
2002 Q3	1.6	-21.0	5.1	2.8	0.1	6.3	16.6	7.1	7.2	6.2
Q4	0.6	-21.9	3.9	2.0	0.2	4.7	12.1	6.4	6.5	4.9
2003 Q1	-0.7	-22.9	2.1	2.8	0.8	5.6	11.8	6.3	6.5	4.2
Q2	-2.5	-19.3	-0.7	3.9	1.4	7.0	13.5	6.3	6.5	4.2
Q3	-3.8	-24.9	-1.4	4.6	2.5	6.7	9.2	6.3	6.6	3.9
Q4	-2.9	-14.0	-1.7	4.5	2.2	6.9	8.4	6.5	6.6	5.3

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)

	Total	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 Q3	15,348.9	7,926.2	7,053.0	867.3	54.7	812.6	3,527.1	1,173.9	2,353.2	3,531.8	283.5	3,248.2	241.7
Q4	15,582.2	8,047.5	7,130.3	881.9	60.6	821.3	3,561.0	1,158.0	2,403.0	3,604.6	286.0	3,318.6	241.6
2003 Q1	15,543.2	8,098.8	7,169.1	874.1	68.4	805.7	3,582.5	1,173.2	2,409.3	3,642.2	276.5	3,365.7	256.4
Q2	16,091.7	8,196.1	7,236.3	861.3	69.6	791.8	3,627.1	1,196.2	2,430.9	3,707.7	280.7	3,426.9	253.8
Q3	16,187.2	8,279.1	7,292.9	867.3	70.7	796.5	3,634.3	1,170.4	2,463.8	3,777.5	275.1	3,502.4	275.6
Q4	16,460.8	8,359.5	7,393.6	887.6	80.5	807.1	3,632.0	1,145.6	2,486.4	3,839.9	277.5	3,562.4	266.5
	Transactions												
2002 Q3	107.2	38.5	34.6	-8.4	1.3	-9.6	-1.2	-18.3	17.0	48.1	-4.2	52.2	-7.1
Q4	159.9	136.3	95.8	15.0	5.9	9.1	53.5	-9.8	63.4	67.7	3.3	64.4	6.4
2003 Q1	257.3	86.4	66.3	-0.2	8.0	-8.2	42.0	20.6	21.5	44.5	-7.3	51.9	7.1
Q2	228.8	108.8	84.0	-10.3	3.2	-13.5	49.5	22.3	27.1	69.6	4.9	64.7	2.6
Q3	135.3	80.7	59.0	5.9	1.1	4.8	3.7	-23.3	27.0	71.1	-4.8	75.9	22.9
Q4	82.4	106.4	118.4	19.7	9.8	9.9	13.9	-19.2	33.1	72.8	4.2	68.7	-1.3
	Growth rates												
2002 Q3	4.0	4.1	4.0	-0.9	20.9	-2.1	3.0	-5.0	7.5	6.5	0.6	7.0	-4.5
Q4	3.8	4.3	4.0	-2.0	21.3	-3.4	3.5	-4.3	7.8	6.9	1.4	7.4	-3.3
2003 Q1	4.3	4.7	4.0	-2.1	28.6	-4.0	4.4	-0.9	7.3	6.9	0.4	7.4	-4.1
Q2	4.7	4.7	4.0	-0.4	34.4	-2.7	4.1	1.2	5.5	6.6	-1.2	7.3	3.6
Q3	5.1	5.2	4.3	1.2	33.4	-1.0	4.2	0.8	5.9	7.2	-1.4	7.9	16.1
Q4	4.5	4.7	4.6	1.7	36.6	-0.9	3.1	0.0	4.5	7.2	-1.1	7.9	12.9

	Securities other than shares issued by							Quoted shares issued by non-financial corporations	Deposit liabilities of central government	Pension fund reserves of non-financial corporations
	Total	General government			Non-financial corporations					
		Total	Short-term	Long-term	Total	Short-term	Long-term			
	14	15	16	17	18	19	20	21	22	23
	Outstanding amounts									
2002 Q3	4,667.3	4,139.5	479.8	3,659.7	527.8	137.7	390.1	2,293.9	195.5	266.1
Q4	4,671.8	4,137.3	480.0	3,657.4	534.5	144.7	389.8	2,383.9	209.9	269.1
2003 Q1	4,838.2	4,273.4	529.7	3,743.7	564.9	167.1	397.8	2,114.2	219.4	272.6
Q2	4,962.7	4,378.6	563.4	3,815.2	584.0	165.5	418.6	2,451.2	205.7	276.1
Q3	4,979.2	4,396.4	557.5	3,838.9	582.8	164.5	418.3	2,474.6	174.3	280.1
Q4	4,907.7	4,319.4	538.7	3,780.7	588.3	163.4	424.9	2,729.2	181.8	282.7
	Transactions									
2002 Q3	56.6	46.5	-0.9	47.4	10.2	7.3	2.8	5.6	2.6	3.9
Q4	3.8	-0.1	-8.3	8.2	3.9	6.9	-3.1	2.2	14.4	3.2
2003 Q1	157.5	128.9	49.9	78.9	28.6	22.3	6.3	-0.2	9.5	4.2
Q2	100.7	84.4	33.9	50.5	16.3	-1.5	17.8	15.8	-0.6	4.2
Q3	43.5	44.0	-5.3	49.2	-0.5	-1.0	0.5	4.5	2.4	4.2
Q4	-36.4	-44.2	-18.4	-25.8	7.8	-1.1	8.9	0.8	7.4	4.1
	Growth rates									
2002 Q3	5.2	5.0	7.3	4.7	6.8	-1.7	10.2	1.2	15.8	4.9
Q4	5.1	5.2	10.6	4.5	4.1	3.7	4.2	0.7	12.3	5.3
2003 Q1	6.3	6.1	16.7	4.7	8.0	15.2	5.1	0.4	14.7	5.6
Q2	7.0	6.5	15.5	5.3	11.5	26.9	6.2	0.8	13.4	5.9
Q3	6.5	6.2	14.6	5.1	9.2	19.4	5.5	1.0	13.2	6.0
Q4	5.7	5.1	12.5	4.2	9.8	12.9	8.6	0.9	8.9	6.2

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 Q3	3,290.1	506.3	50.1	437.9	3.9	14.4	335.2	69.1	266.1	1,326.9	45.9	1,281.0
Q4	3,374.7	523.1	55.9	445.9	3.5	17.9	346.8	70.5	276.4	1,363.4	48.7	1,314.7
2003 Q1	3,402.0	535.8	61.7	454.2	1.6	18.3	351.6	72.0	279.6	1,423.6	53.8	1,369.8
Q2	3,534.5	537.8	63.8	450.5	1.3	22.3	355.5	73.5	282.0	1,455.8	50.9	1,404.9
Q3	3,590.3	532.9	57.5	455.3	1.4	18.7	354.9	72.6	282.2	1,485.3	52.5	1,432.7
Q4	3,705.4	541.9	58.9	462.3	1.6	19.1	341.0	72.6	268.4	1,520.9	53.1	1,467.7
	Transactions											
2002 Q3	50.7	2.5	1.7	5.1	0.3	-4.6	0.2	2.4	-2.2	40.9	8.1	32.8
Q4	73.4	16.8	5.8	8.0	-0.4	3.5	12.1	1.5	10.6	35.4	2.2	33.2
2003 Q1	86.7	12.6	4.3	7.8	0.1	0.5	7.9	4.1	3.8	55.7	5.9	49.7
Q2	50.7	2.3	2.2	-3.9	0.0	3.9	7.0	4.0	3.0	23.6	-3.1	26.7
Q3	40.2	-6.3	-6.4	3.8	0.1	-3.8	2.5	1.7	0.8	28.3	1.7	26.6
Q4	66.1	9.4	1.5	7.2	0.2	0.5	-10.7	2.6	-13.2	40.4	0.7	39.8
	Growth rates											
2002 Q3	7.8	3.8	27.6	2.6	4.5	-19.6	4.6	21.7	1.1	9.7	-13.5	10.8
Q4	7.2	5.6	16.3	4.3	1.9	8.5	6.7	16.7	4.6	10.0	4.5	10.2
2003 Q1	6.8	7.5	37.1	4.8	-10.5	3.3	7.8	20.5	4.9	10.3	14.0	10.2
Q2	7.8	6.8	28.9	3.9	-1.9	17.4	8.1	18.5	5.6	12.4	36.0	11.6
Q3	7.6	5.0	11.7	3.6	-5.4	28.2	8.8	16.4	6.8	10.8	14.7	10.6
Q4	7.2	3.5	2.9	3.3	12.6	6.0	2.0	17.6	-2.0	10.9	10.7	10.9

	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				Total				Total	Net equity of households in life insurance reserves and pension fund reserves	Prepayments of insurance premiums and reserves for outstanding claims
				Money market fund shares				Taken from euro area MFIs					
	13	14	15	16	17	18	19	20	21	22	23	24	25
	Outstanding amounts												
2002 Q3	1,011.4	456.1	555.3	50.0	110.3	3,490.1	56.5	42.1	10.9	125.7	3,297.0	2,790.6	506.4
Q4	1,032.1	467.1	565.0	56.4	109.4	3,521.5	43.5	33.0	11.2	111.4	3,355.4	2,851.0	504.3
2003 Q1	979.0	421.9	557.0	60.1	111.9	3,571.4	55.4	42.4	11.4	101.5	3,403.1	2,890.1	513.0
Q2	1,071.6	481.7	589.9	64.4	113.9	3,677.8	58.1	44.8	11.6	134.3	3,473.9	2,955.6	518.2
Q3	1,101.9	497.4	604.6	60.7	115.3	3,739.6	59.3	44.3	12.1	133.5	3,534.6	3,012.2	522.4
Q4	1,185.0	548.8	636.2	64.4	116.6	3,793.3	49.5	35.6	12.4	153.8	3,577.6	3,051.9	525.7
	Transactions												
2002 Q3	4.5	2.4	2.1	-1.6	2.6	48.0	-2.0	-2.5	0.0	0.0	49.9	43.2	6.7
Q4	10.0	-4.3	14.3	6.7	-0.8	21.6	-11.5	-9.1	0.2	0.4	32.5	34.6	-2.1
2003 Q1	7.9	-2.6	10.5	2.0	2.6	80.4	13.8	11.2	-0.1	-0.9	67.6	57.6	9.9
Q2	15.8	5.1	10.7	4.6	2.0	62.5	2.8	2.6	0.1	4.5	55.1	48.1	7.0
Q3	14.3	5.3	9.0	-4.2	1.5	53.6	1.2	-0.5	0.5	0.0	51.9	46.9	5.0
Q4	25.5	10.5	15.0	4.3	1.4	36.2	-9.9	-8.8	0.4	3.9	41.8	36.9	4.9
	Growth rates												
2002 Q3	7.3	5.4	9.0	4.5	21.5	7.2	3.0	6.8	9.0	0.3	7.8	7.5	9.4
Q4	4.8	3.1	6.5	18.2	9.0	5.8	-13.6	-11.5	7.9	0.3	6.5	6.6	5.5
2003 Q1	2.9	0.1	5.7	19.5	6.3	5.8	6.6	8.5	4.9	-0.2	6.3	6.6	4.2
Q2	3.3	0.1	6.4	23.0	6.0	6.0	5.5	5.2	2.8	1.8	6.3	6.6	4.3
Q3	4.7	0.8	8.0	18.2	4.8	6.2	11.2	10.1	6.6	3.2	6.3	6.7	3.9
Q4	6.1	3.9	8.0	12.0	6.9	6.6	18.1	13.8	8.5	6.7	6.4	6.6	5.3

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	341.7	1,122.4	-783.9	2.9	0.4	1,728.9	-3.0	395.3	397.7	383.7	313.2	193.6	48.5
1997	354.1	1,139.3	-797.1	11.9	0.0	1,911.5	-0.2	394.4	332.2	449.9	485.7	222.0	27.5
1998	415.1	1,203.5	-823.6	35.0	0.2	2,396.0	11.0	422.7	357.3	523.4	844.8	215.4	21.4
1999	451.7	1,292.4	-863.7	22.8	0.2	3,057.5	1.3	557.7	427.6	881.6	903.3	261.5	24.6
2000	490.7	1,391.2	-913.1	29.3	-16.7	2,796.2	1.3	349.7	260.8	808.7	1,122.7	252.6	0.3
2001	467.6	1,443.7	-973.6	-4.5	1.9	2,577.6	-0.5	577.4	432.2	727.8	630.1	249.2	-38.6
2002	413.0	1,430.5	-1,014.5	-4.3	1.4	2,166.1	0.9	580.4	258.3	516.4	502.9	222.8	84.3

	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	1,659.9	472.5	383.4	334.9	272.8	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	2,324.6	648.4	323.0	482.5	649.4	221.2
1999	498.0	1,352.0	-863.7	9.7	3,011.2	929.3	503.8	759.9	555.7	262.6
2000	514.9	1,419.4	-913.1	8.6	2,772.0	532.1	414.6	850.0	722.3	253.0
2001	485.4	1,449.4	-973.6	9.6	2,559.8	663.2	490.3	605.6	549.6	251.2
2002	496.6	1,499.6	-1,014.5	11.5	2,082.5	527.0	455.7	460.1	396.1	243.6

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	258.6	54.1	-13.7	55.1	87.4	119.5	514.5	270.5	7.0	143.6	112.4
1997	150.4	592.0	-453.3	239.8	25.3	-11.8	46.3	97.8	105.2	521.5	285.1	12.1	153.8	109.7
1998	193.8	635.2	-470.6	425.2	45.7	-12.0	96.3	203.4	147.8	569.2	471.2	22.8	252.9	184.5
1999	212.0	684.5	-490.9	604.8	26.9	91.3	169.1	302.2	107.7	548.7	709.2	47.3	423.2	222.1
2000	309.7	750.3	-522.9	825.7	71.8	83.8	193.0	448.6	84.4	560.4	1,051.0	58.8	558.2	425.5
2001	219.2	774.3	-554.8	621.6	101.3	34.8	142.1	250.8	88.2	583.5	752.6	99.7	322.2	319.2
2002	172.9	758.3	-579.3	383.5	20.4	-32.9	45.2	285.5	115.3	634.3	441.1	20.7	199.5	206.4

3. Households [5]

	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	170.0	384.6	-216.8	436.5	146.2	24.8	92.0	189.0	445.2	646.9	161.3	160.0	3,788.1	17.1
1997	168.3	377.5	-211.7	424.4	70.4	-19.8	192.7	215.8	424.2	617.3	168.4	167.0	3,816.2	16.2
1998	180.2	389.7	-216.4	440.6	96.3	-120.4	288.9	210.6	408.1	594.6	212.6	211.2	3,923.5	15.2
1999	191.4	418.5	-231.5	470.4	119.2	-24.0	189.2	247.4	392.9	582.0	268.9	267.4	4,086.5	14.2
2000	198.6	440.9	-241.7	420.4	65.6	35.2	120.2	246.5	396.1	598.3	222.9	221.2	4,276.1	14.0
2001	188.3	453.9	-264.1	405.1	175.1	90.7	61.3	229.3	425.3	653.0	168.2	166.3	4,571.6	14.3
2002	188.5	462.1	-275.5	488.1	218.5	48.2	-3.7	210.7	466.9	706.8	209.7	207.6	4,738.6	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.

4

FINANCIAL MARKETS

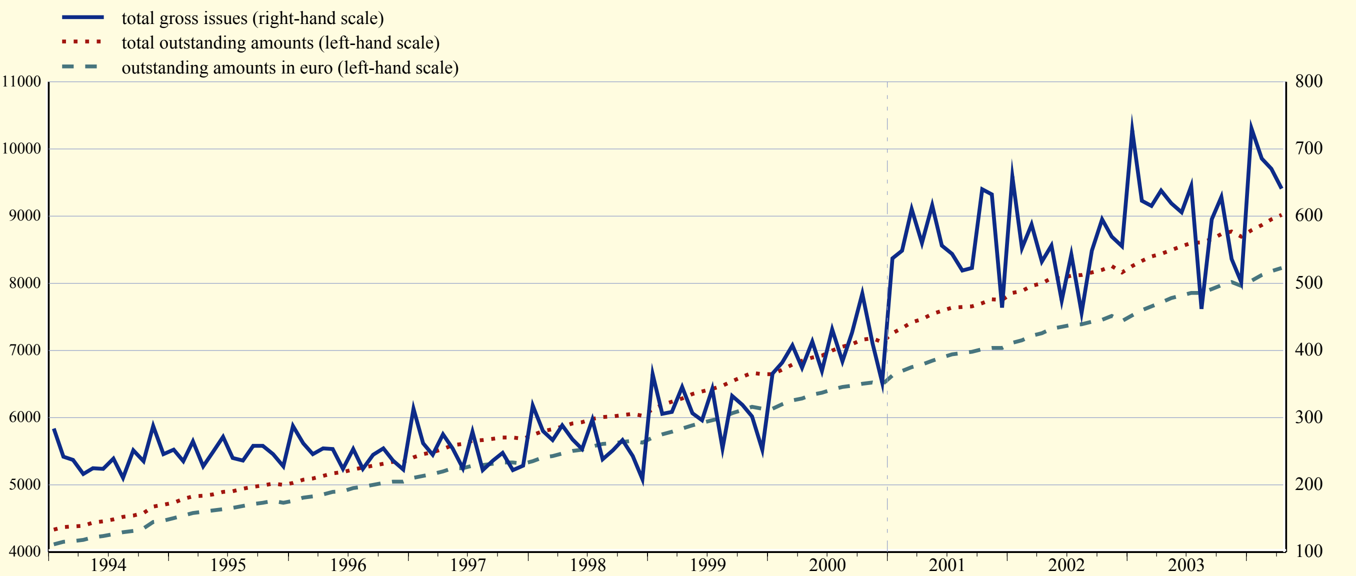
4.1 Securities issues other than shares by original maturity, residency of the issuer and currency

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

	Total in euro [1]				By euro area residents							
					Total				Of which in euro			
	Outstanding amounts	Gross issues	Redemptions	Net issues	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											
2003 Apr.	8,806.7	636.6	593.6	43.0	8,438.8	638.1	582.2	56.0	91.4	94.4	94.2	54.0
May	8,901.4	624.9	529.4	95.5	8,498.2	619.2	536.6	82.5	91.6	93.4	93.6	75.8
June	8,981.9	636.5	556.3	80.2	8,550.2	606.1	566.1	40.0	91.5	93.7	93.9	36.2
July	9,015.3	648.8	615.9	32.9	8,598.6	645.1	601.4	43.8	91.4	93.1	94.3	33.4
Aug.	9,020.8	470.3	465.5	4.8	8,611.9	461.6	463.8	-2.2	91.3	93.9	92.6	3.8
Sep.	9,111.7	615.7	523.9	91.8	8,657.3	595.0	530.3	64.7	91.4	93.4	94.2	55.7
Oct.	9,169.2	635.5	578.8	56.7	8,731.1	628.9	561.0	67.9	91.3	93.8	94.8	58.1
Nov.	9,236.8	556.0	491.4	64.6	8,769.7	536.6	490.1	46.6	91.5	93.1	92.4	46.7
Dec.	9,200.6	519.4	551.9	-32.5	8,694.2	501.4	555.5	-54.1	91.6	93.7	94.6	-55.5
2004 Jan.	9,273.0	738.4	663.8	74.6	8,786.8	730.6	643.2	87.4	91.5	94.3	94.7	79.2
Feb.	9,348.9	698.5	622.8	75.7	8,863.4	685.6	605.5	80.2	91.6	94.6	94.2	78.0
Mar.	9,462.9	715.3	601.1	114.2	8,955.4	670.2	588.0	82.2	91.3	92.8	95.3	61.4
Apr.	.	.	.	.	9,015.7	640.5	587.0	53.5	91.2	93.7	94.9	42.9
	Long-term											
2003 Apr.	7,940.5	166.0	125.0	41.0	7,543.5	160.3	125.0	35.3	91.5	91.4	92.5	30.9
May	8,028.4	187.1	99.1	88.0	7,597.5	175.0	100.1	74.9	91.7	92.2	90.5	70.8
June	8,098.9	185.3	115.4	69.9	7,669.6	170.7	110.7	60.0	91.6	91.0	91.7	53.8
July	8,151.7	198.0	145.9	52.1	7,718.7	185.2	140.3	44.9	91.4	88.1	94.9	30.0
Aug.	8,163.9	86.4	75.8	10.7	7,745.2	79.0	69.9	9.1	91.2	88.0	90.4	6.4
Sep.	8,241.2	179.9	101.9	78.0	7,797.9	173.4	102.0	71.4	91.4	91.6	90.2	66.9
Oct.	8,296.1	179.1	125.5	53.6	7,850.5	167.6	119.9	47.8	91.4	92.0	94.5	41.0
Nov.	8,347.5	143.5	93.6	49.9	7,887.0	136.7	90.3	46.4	91.5	89.4	88.0	42.7
Dec.	8,341.3	118.2	119.5	-1.3	7,862.5	110.9	113.5	-2.6	91.6	90.3	93.0	-5.4
2004 Jan.	8,400.6	195.8	136.1	59.8	7,911.3	178.2	137.6	40.6	91.6	93.0	90.8	40.8
Feb.	8,486.0	193.6	109.3	84.4	7,994.5	182.8	98.6	84.3	91.7	92.2	87.9	81.9
Mar.	8,553.7	211.9	143.5	68.4	8,066.6	187.6	124.1	63.5	91.4	86.7	93.8	46.3
Apr.	.	.	.	.	8,110.4	147.9	110.2	37.7	91.3	90.1	94.1	29.5

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

(EUR billions)



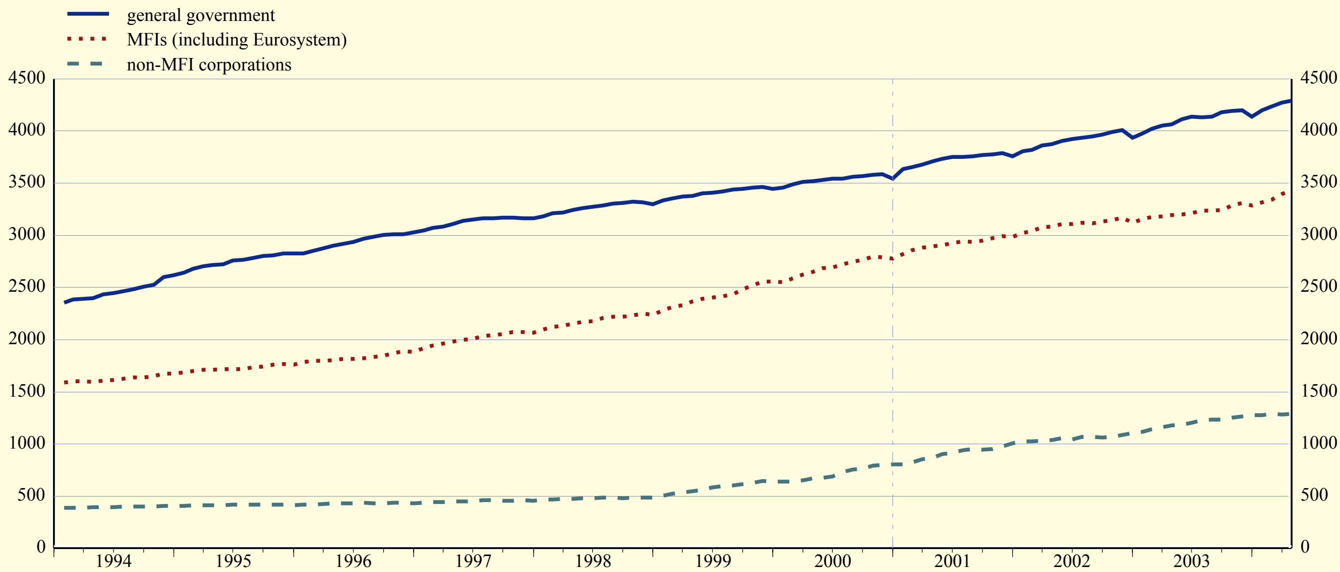
Sources: ECB and BIS (for issues by non-euro area residents).
1) Total euro-denominated securities other than shares issued by euro area residents and non-euro area residents.

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						
2003 Apr.	8,438.8	3,195.8	600.1	576.7	3,870.5	195.7	91.4	85.8	84.9	87.8	97.3	95.7
May	8,498.2	3,198.6	602.0	584.3	3,914.7	198.6	91.6	86.0	85.5	88.2	97.4	95.7
June	8,550.2	3,209.8	619.5	586.0	3,931.9	203.0	91.5	85.8	85.6	88.2	97.3	95.7
July	8,598.6	3,237.7	638.8	588.6	3,929.1	204.4	91.4	85.7	85.5	88.0	97.3	95.5
Aug.	8,611.9	3,238.2	643.0	591.9	3,934.6	204.3	91.3	85.6	85.2	87.8	97.2	95.4
Sep.	8,657.3	3,244.1	651.3	584.1	3,968.9	209.0	91.4	85.5	86.3	88.1	97.4	95.5
Oct.	8,731.1	3,285.6	662.7	589.6	3,980.7	212.6	91.3	85.3	86.6	87.9	97.4	95.5
Nov.	8,769.7	3,307.7	670.5	591.1	3,983.3	217.1	91.5	85.5	86.9	88.2	97.5	95.6
Dec.	8,694.2	3,283.3	684.9	589.8	3,918.1	218.1	91.6	85.5	87.8	88.3	97.7	95.4
2004 Jan.	8,786.8	3,315.6	686.1	588.9	3,974.4	221.8	91.5	85.4	87.7	88.0	97.6	95.5
Feb.	8,863.4	3,343.0	694.7	591.9	4,005.8	227.9	91.6	85.6	88.0	87.9	97.6	95.6
Mar.	8,955.4	3,398.2	696.0	589.4	4,041.0	230.8	91.3	85.2	87.9	87.7	97.4	95.5
Apr.	9,015.7	3,435.4	701.9	588.5	4,057.9	232.0	91.2	85.0	87.9	87.6	97.4	95.4
						Long-term						
2003 Apr.	7,543.5	2,800.3	591.4	471.9	3,487.9	192.0	91.5	86.4	84.7	86.2	97.2	95.8
May	7,597.5	2,807.0	593.5	477.2	3,525.2	194.6	91.7	86.7	85.3	86.6	97.3	95.9
June	7,669.6	2,830.0	610.8	484.9	3,544.9	199.0	91.6	86.4	85.4	86.8	97.2	95.9
July	7,718.7	2,860.5	630.0	487.3	3,540.9	200.0	91.4	86.1	85.3	86.6	97.2	95.7
Aug.	7,745.2	2,876.1	634.3	490.3	3,544.1	200.4	91.2	85.8	85.1	86.4	97.1	95.5
Sep.	7,797.9	2,887.3	643.2	486.4	3,575.4	205.5	91.4	85.9	86.1	86.8	97.2	95.7
Oct.	7,850.5	2,919.8	654.6	489.7	3,577.2	209.2	91.4	85.7	86.4	86.6	97.3	95.6
Nov.	7,887.0	2,934.2	662.2	493.8	3,583.1	213.7	91.5	85.8	86.8	87.0	97.4	95.8
Dec.	7,862.5	2,923.1	676.0	497.5	3,551.2	214.6	91.6	86.0	87.7	87.3	97.5	95.5
2004 Jan.	7,911.3	2,937.8	677.6	492.6	3,585.6	217.7	91.6	85.9	87.5	86.7	97.5	95.6
Feb.	7,994.5	2,973.1	686.6	495.2	3,616.1	223.5	91.7	86.0	87.9	86.7	97.5	95.7
Mar.	8,066.6	3,024.1	688.3	489.0	3,638.4	226.8	91.4	85.7	87.7	86.3	97.3	95.7
Apr.	8,110.4	3,051.8	693.9	481.7	3,655.6	227.5	91.3	85.4	87.8	86.0	97.3	95.6

C14 Outstanding amounts of securities other than shares by sector
(EUR billions, end-of-period outstanding amounts, nominal values)



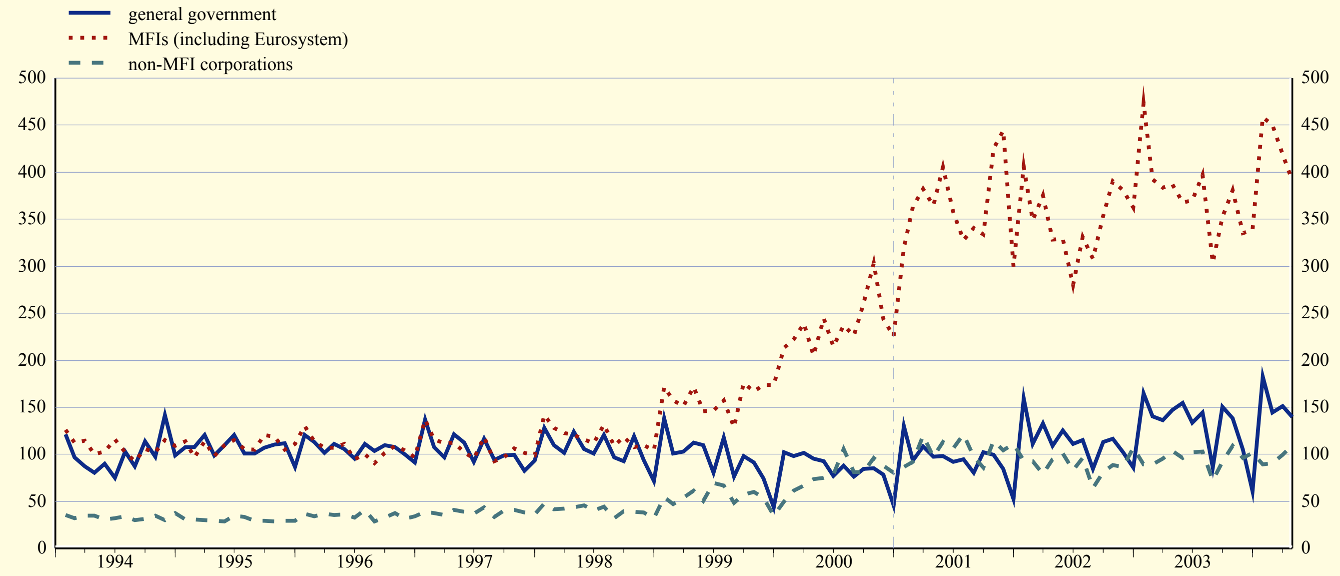
Source: ECB.

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											
2003 Apr.	638.1	387.1	22.7	81.0	140.9	6.5	94.4	92.9	94.9	96.4	97.5	86.3
May	619.2	367.7	14.8	81.6	149.2	5.9	93.4	92.2	84.4	94.6	96.8	90.5
June	606.1	370.2	23.5	79.2	125.2	8.2	93.7	91.8	96.1	97.0	96.8	94.9
July	645.1	397.4	26.6	76.7	138.6	5.8	93.1	92.1	83.2	94.5	96.9	91.2
Aug.	461.6	303.6	8.7	63.6	82.3	3.4	93.9	92.3	91.8	96.6	97.7	93.1
Sep.	595.0	352.0	22.1	70.3	140.7	9.9	93.4	90.3	98.7	96.5	98.5	96.5
Oct.	628.9	380.9	21.4	87.9	130.7	8.0	93.8	91.6	95.8	96.3	98.1	94.0
Nov.	536.6	335.2	20.5	75.7	97.4	7.8	93.1	91.9	85.7	95.9	96.2	98.2
Dec.	501.4	338.8	28.3	73.2	55.5	5.6	93.7	92.6	97.1	94.6	99.3	79.8
2004 Jan.	730.6	458.5	8.5	80.7	173.6	9.2	94.3	92.9	90.8	95.8	97.1	97.4
Feb.	685.6	450.0	18.4	72.7	136.1	8.5	94.6	93.3	95.8	96.1	97.5	97.8
Mar.	670.2	419.2	10.0	89.5	143.5	8.0	92.8	90.9	88.6	97.2	95.5	94.1
Apr.	640.5	390.8	18.9	90.9	134.6	5.3	93.7	91.3	92.5	97.5	98.0	97.2
	Long-term											
2003 Apr.	160.3	61.9	19.9	8.4	65.7	4.5	91.4	82.8	94.2	85.3	100.0	81.9
May	175.0	61.7	11.8	12.4	85.6	3.5	92.2	87.9	80.4	84.0	98.2	91.8
June	170.7	68.9	20.1	12.8	63.0	5.9	91.0	81.8	95.4	99.0	97.5	95.2
July	185.2	74.5	24.1	9.9	73.5	3.2	88.1	82.6	81.5	80.1	97.0	87.5
Aug.	79.0	44.8	6.2	3.4	23.0	1.6	88.0	82.3	88.5	98.7	97.2	91.3
Sep.	173.4	65.0	19.0	3.6	78.8	7.1	91.6	79.6	98.6	96.6	99.0	98.8
Oct.	167.6	75.1	17.6	10.7	58.9	5.5	92.0	85.0	96.1	89.4	100.0	94.5
Nov.	136.7	62.3	16.8	10.7	40.9	5.8	89.4	86.9	84.1	91.2	93.5	99.6
Dec.	110.9	61.8	25.0	9.6	11.4	3.2	90.3	88.3	97.6	81.5	98.6	68.1
2004 Jan.	178.2	72.5	5.0	7.4	86.9	6.3	93.0	87.8	88.7	80.6	98.2	99.4
Feb.	182.8	85.9	15.1	5.7	70.2	6.0	92.2	86.5	96.0	87.5	98.2	99.0
Mar.	187.6	97.5	7.2	5.0	72.3	5.6	86.7	79.5	86.7	92.7	95.4	95.7
Apr.	147.9	65.8	15.0	1.7	62.8	2.5	90.1	81.5	93.4	83.0	98.1	100.0

C15 Gross issues of securities other than shares by sector
(EUR billions, transactions during the month, nominal values)

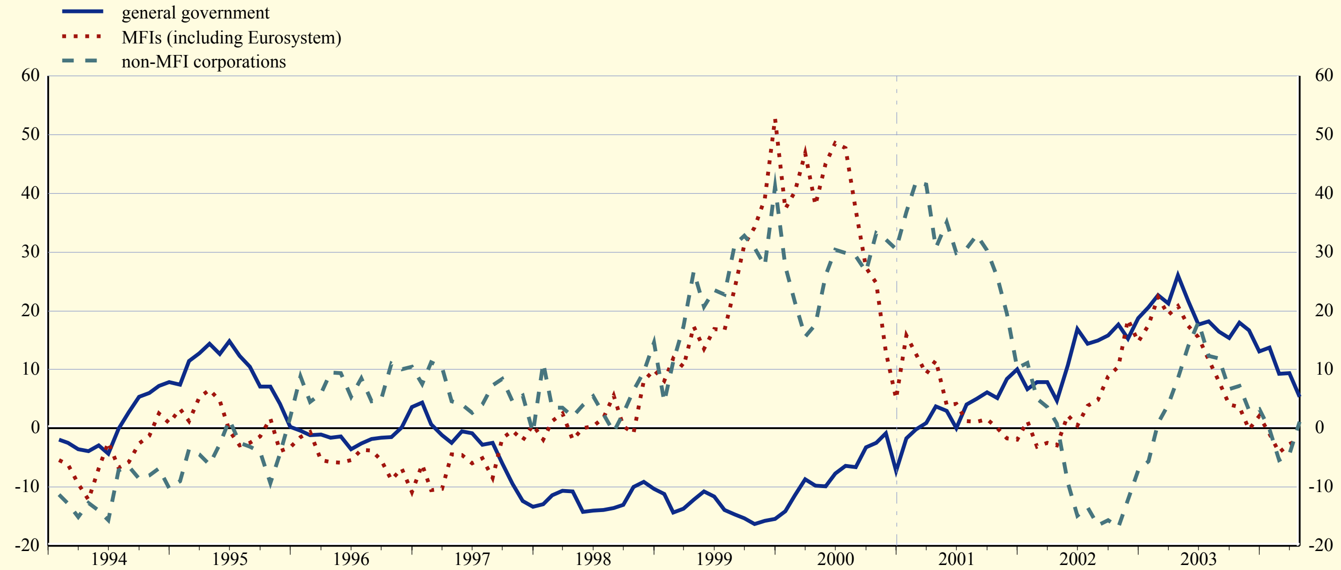


Source: ECB.

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 Euro-system)	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													
2003 Apr.	6.9	110.3	5.1	17.7	27.3	9.0	5.5	4.4	30.6	21.3	129.8	20.9	8.5	20.1
May	6.8	111.4	4.5	17.1	24.6	10.2	5.8	4.9	27.6	18.8	130.9	17.4	14.0	31.0
June	6.9	111.9	4.3	18.8	27.3	11.0	5.7	4.7	28.3	16.8	128.0	15.5	18.1	29.0
July	7.0	112.5	4.8	18.9	28.4	9.9	5.5	4.7	21.9	14.6	127.9	11.7	12.4	22.9
Aug.	6.8	112.4	4.7	19.1	28.1	10.7	5.1	4.4	21.0	12.2	126.2	8.0	11.9	18.6
Sep.	6.9	113.3	4.6	18.4	28.6	8.8	5.7	4.9	23.3	9.3	125.2	4.0	6.7	17.0
Oct.	7.2	114.2	5.4	19.2	29.1	9.8	5.4	4.6	21.4	10.3	128.2	3.6	7.2	14.0
Nov.	7.0	114.8	5.3	18.7	27.9	9.8	5.2	4.4	23.0	7.3	128.2	-0.2	3.1	9.9
Dec.	7.3	114.1	6.1	17.1	23.6	10.3	5.5	4.7	22.2	6.9	120.7	2.1	3.3	20.8
2004 Jan.	7.0	115.2	5.9	15.3	23.2	7.2	5.7	4.9	21.8	5.2	127.5	-1.0	-0.2	16.8
Feb.	7.0	116.3	6.1	14.0	21.8	6.1	5.6	4.9	21.0	1.3	126.9	-4.1	-5.4	-8.1
Mar.	7.1	117.4	7.3	11.8	19.7	3.8	5.6	4.9	20.6	2.2	129.7	-2.7	-4.5	-15.1
Apr.	7.0	118.1	7.7	10.2	17.6	2.5	5.6	5.0	18.7	1.6	132.0	-1.8	1.1	-8.3
	In euro													
2003 Apr.	6.5	109.8	3.8	20.3	32.7	9.8	5.3	4.4	29.3	23.2	132.4	26.1	7.5	18.4
May	6.5	110.9	3.4	19.9	30.1	11.0	5.6	4.7	26.3	20.4	133.3	20.9	14.0	29.1
June	6.5	111.4	3.0	22.2	33.7	12.4	5.5	4.6	27.0	18.1	130.4	18.4	17.6	29.2
July	6.7	111.9	3.7	22.0	34.6	11.1	5.2	4.5	20.4	16.7	130.9	15.9	12.2	23.0
Aug.	6.5	111.9	3.6	22.4	34.4	11.8	4.9	4.2	19.5	14.8	130.5	13.5	11.2	18.6
Sep.	6.6	112.7	3.2	21.7	35.3	9.7	5.5	4.8	21.8	11.4	128.7	8.4	5.9	16.9
Oct.	6.9	113.5	4.1	22.7	36.3	10.6	5.3	4.6	20.8	12.5	131.5	7.6	6.8	14.3
Nov.	6.8	114.2	4.1	21.9	34.2	10.5	5.1	4.3	22.3	9.3	132.1	3.0	2.3	9.6
Dec.	7.0	113.4	4.9	19.4	27.7	11.1	5.5	4.7	21.2	8.8	123.9	5.5	2.9	19.2
2004 Jan.	6.9	114.5	4.8	17.1	27.2	7.3	5.7	5.0	21.1	5.9	130.2	-0.6	-0.9	16.5
Feb.	6.9	115.7	5.3	16.1	26.2	6.1	5.8	5.1	20.4	1.9	129.6	-3.8	-5.8	-8.6
Mar.	6.9	116.5	6.3	13.4	23.7	3.2	5.6	4.9	19.8	2.6	132.1	-2.3	-4.8	-16.2
Apr.	6.7	117.1	6.5	11.6	21.2	1.9	5.6	5.0	18.2	1.4	134.3	-2.9	0.9	-10.7

C16 Short-term debt securities by sector of the issuer in all currencies combined
(annual percentage changes)



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

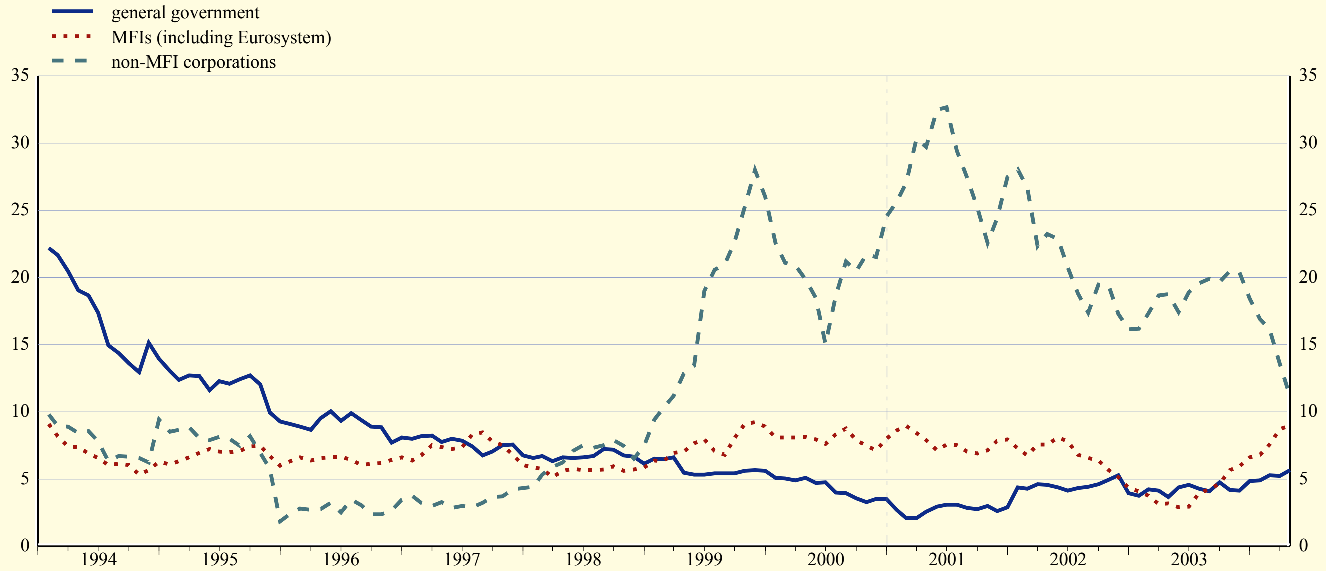
4.3 Annual growth rates of securities other than shares issued by euro area residents [1)]

(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.	Other general gov.	
15	16	17	18	19	20	21	22	23	24	25	26	27	
In all currencies combined													
7.6	26.0	26.1	18.1	5.4	108.4	3.2	18.8	27.4	9.3	3.7	2.5	30.9	2003 Apr.
12.8	21.7	21.7	22.5	5.5	109.4	2.9	17.4	24.5	9.6	4.4	3.4	27.7	May
17.2	17.7	17.7	18.7	5.8	110.3	3.0	18.9	27.2	9.8	4.6	3.5	28.5	June
11.5	18.2	18.2	18.9	6.1	110.9	4.0	19.6	28.5	9.6	4.3	3.5	22.0	July
11.3	16.5	16.6	2.5	6.2	111.1	4.2	19.9	28.2	10.6	4.1	3.2	21.4	Aug.
5.9	15.4	15.4	14.5	6.6	112.1	4.6	19.7	28.8	9.4	4.7	3.8	23.4	Sep.
6.7	18.0	18.2	-2.9	6.9	112.8	5.6	20.5	29.3	10.4	4.2	3.3	21.9	Oct.
2.5	16.7	16.9	-3.7	6.9	113.4	6.0	20.4	28.1	11.3	4.1	3.2	23.5	Nov.
1.8	13.1	13.3	-5.6	7.4	113.4	6.6	18.5	23.6	12.1	4.8	3.9	22.8	Dec.
-1.5	13.8	13.6	31.3	7.3	114.0	6.8	16.9	23.3	9.1	4.9	4.0	21.6	2004 Jan.
-5.2	9.3	9.2	21.1	7.6	115.2	7.6	16.1	22.2	8.6	5.3	4.4	21.0	Feb.
-3.5	9.4	9.4	9.6	7.7	116.1	8.7	13.6	20.2	5.4	5.2	4.4	20.8	Mar.
1.9	5.3	5.2	21.7	7.7	116.7	9.0	11.2	18.0	2.6	5.6	4.9	18.6	Apr.
In euro													
6.7	25.8	26.0	8.9	4.9	107.6	1.4	22.0	33.0	10.6	3.5	2.4	29.7	2003 Apr.
12.9	21.8	21.9	17.6	5.1	108.7	1.5	20.6	30.1	10.6	4.1	3.1	26.5	May
16.6	17.9	18.0	14.4	5.4	109.6	1.3	22.8	33.7	11.4	4.3	3.3	27.3	June
11.3	18.7	18.7	14.4	5.6	110.0	2.3	23.2	34.8	11.1	4.0	3.2	20.5	July
10.5	16.8	17.0	1.1	5.6	110.1	2.5	23.8	34.7	12.1	3.8	3.0	19.9	Aug.
5.0	15.4	15.4	14.5	6.1	111.2	2.6	23.6	35.6	10.8	4.6	3.7	21.9	Sep.
6.2	18.1	18.3	-5.1	6.3	111.8	3.7	24.6	36.6	11.6	4.0	3.2	21.2	Oct.
1.7	16.9	17.1	-7.0	6.5	112.5	4.3	24.2	34.6	12.6	4.0	3.1	22.9	Nov.
1.5	13.3	13.5	-4.7	6.8	112.4	4.8	21.2	27.8	13.2	4.7	3.9	21.7	Dec.
-2.3	13.9	13.7	40.2	7.0	113.0	5.5	19.3	27.3	9.6	4.9	4.1	20.8	2004 Jan.
-5.5	9.3	9.2	23.3	7.5	114.3	6.5	18.7	26.8	9.0	5.4	4.6	20.3	Feb.
-3.7	9.0	9.1	4.1	7.4	115.0	7.5	15.6	24.4	4.9	5.3	4.5	20.0	Mar.
1.9	5.1	5.0	17.5	7.3	115.5	7.7	12.9	21.7	1.9	5.6	5.0	18.2	Apr.

C17 Long-term debt securities by sector of the issuer in all currencies combined

(annual percentage changes)



Source: ECB.

4.4 Quoted shares issued by euro area residents [1]

(EUR billions unless otherwise indicated; market values)

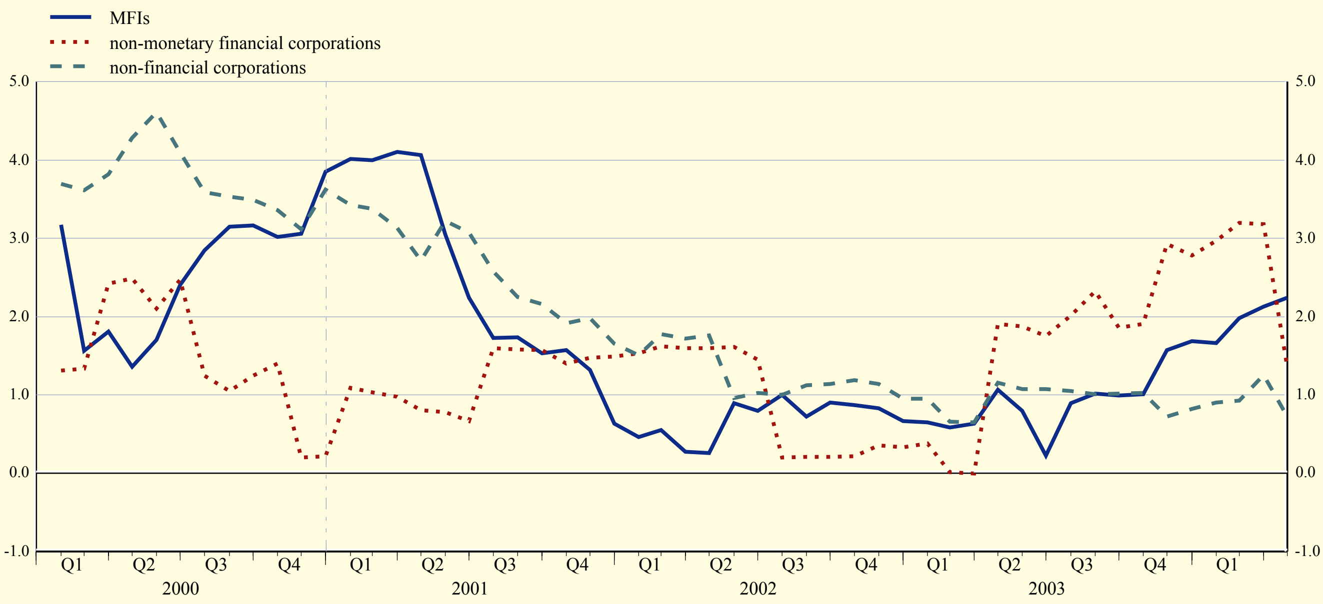
1. Outstanding amounts and annual growth rates

(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
2002 Apr.	4,571.1	100.3	1.5	678.1	0.3	517.4	1.6	3,375.5	1.8
May	4,433.2	100.4	1.0	666.3	0.9	484.8	1.6	3,282.1	1.0
June	4,119.4	100.5	1.1	614.9	0.8	463.4	1.5	3,041.2	1.0
July	3,710.9	100.6	0.9	515.7	1.0	394.6	0.2	2,800.7	1.0
Aug.	3,521.3	100.6	1.0	521.7	0.7	371.1	0.2	2,628.6	1.1
Sep.	2,982.8	100.7	1.0	412.6	0.9	276.3	0.2	2,293.9	1.1
Oct.	3,252.7	100.7	1.0	446.9	0.9	321.2	0.2	2,484.5	1.2
Nov.	3,436.6	100.8	1.0	487.4	0.8	345.9	0.4	2,603.3	1.1
Dec.	3,118.2	100.8	0.8	450.7	0.7	283.6	0.3	2,383.9	1.0
2003 Jan.	2,978.3	100.8	0.8	425.8	0.6	261.1	0.4	2,291.4	1.0
Feb.	2,884.9	100.8	0.6	425.3	0.6	270.8	0.0	2,188.8	0.7
Mar.	2,763.4	100.8	0.6	413.0	0.6	236.2	0.0	2,114.2	0.7
Apr.	3,112.9	101.5	1.2	471.4	1.1	291.8	1.9	2,349.7	1.2
May	3,145.6	101.5	1.1	476.7	0.8	291.3	1.9	2,377.5	1.1
June	3,256.1	101.5	1.0	504.2	0.2	300.6	1.8	2,451.3	1.1
July	3,366.4	101.7	1.1	528.0	0.9	330.9	2.0	2,507.5	1.0
Aug.	3,413.3	101.7	1.1	506.5	1.0	325.5	2.3	2,581.3	1.0
Sep.	3,276.6	101.8	1.1	494.8	1.0	307.1	1.9	2,474.6	1.0
Oct.	3,483.9	101.8	1.1	535.2	1.0	333.2	1.9	2,615.5	1.0
Nov.	3,546.8	101.9	1.1	549.5	1.6	337.9	2.9	2,659.5	0.7
Dec.	3,647.3	102.0	1.1	569.5	1.7	348.6	2.8	2,729.2	0.8
2004 Jan.	3,788.5	102.0	1.2	584.1	1.7	372.3	3.0	2,832.0	0.9
Feb.	3,851.9	102.1	1.3	587.9	2.0	374.3	3.2	2,889.7	0.9
Mar.	3,766.4	102.4	1.6	571.9	2.1	355.0	3.2	2,839.5	1.3
Apr.	3,748.3	102.6	1.0	579.4	2.2	361.1	1.4	2,807.9	0.7

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

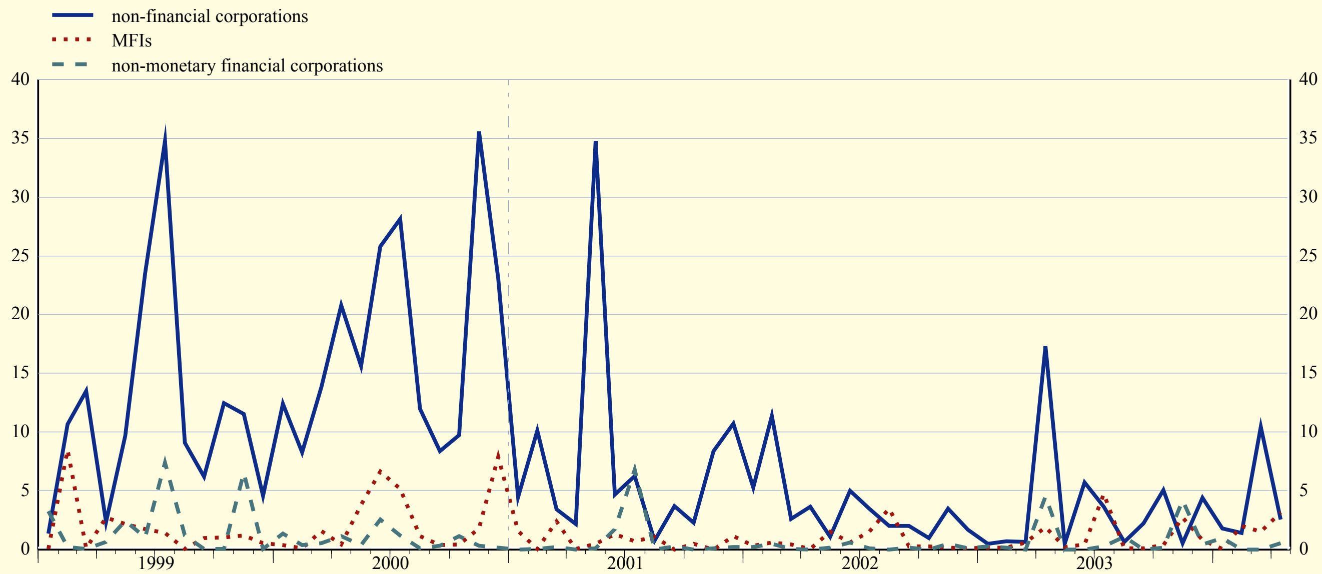
(EUR billions; market values)

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
2002 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	1.1	0.2	0.9
June	6.2	0.4	5.7	0.6	0.0	0.6	0.6	0.0	0.6	5.0	0.4	4.6
July	5.1	1.2	3.8	1.5	0.1	1.4	0.1	0.9	-0.8	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	4.3	0.8	0.1	0.8	0.4	0.9	-0.4	4.4	0.5	3.9
2004 Jan.	2.8	0.9	1.9	0.0	0.0	0.0	0.9	0.0	0.9	1.8	0.8	1.0
Feb.	3.5	0.5	3.0	2.0	0.0	2.0	0.0	0.2	-0.2	1.4	0.3	1.1
Mar.	12.0	1.1	10.8	1.5	0.0	1.5	0.0	0.1	-0.1	10.5	1.0	9.5
Apr.	6.2	0.7	5.4	3.1	0.1	3.1	0.5	0.1	0.4	2.5	0.5	2.0

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 May	0.84	2.23	2.38	2.65	2.24	3.10	1.08	2.43	2.31	2.94	2.46
June	0.76	2.00	2.21	2.61	2.23	3.01	0.99	2.10	2.18	3.05	2.14
July	0.68	1.91	2.10	2.32	2.14	2.93	0.88	2.02	2.14	2.80	2.03
Aug.	0.68	1.91	2.12	2.51	1.99	2.88	0.88	2.03	2.27	3.56	1.98
Sep.	0.69	1.87	2.12	2.43	2.00	2.85	0.87	2.00	2.29	3.63	2.00
Oct.	0.69	1.89	2.16	2.51	2.05	2.73	0.88	1.98	2.23	3.89	1.99
Nov.	0.70	1.87	2.24	2.61	2.01	2.70	0.87	1.97	2.33	2.70	1.97
Dec.	0.69	1.89	2.40	2.41	2.01	2.68	0.87	2.00	2.42	3.35	1.99
2004 Jan.	0.69	1.91	2.37	2.74	2.02	2.65	0.93	1.99	2.07	3.12	1.95
Feb.	0.69	1.88	2.16	2.45	2.02	2.63	0.87	1.98	2.21	3.59	1.98
Mar.	0.70	1.92	2.15	2.34	2.00	2.59	0.86	1.96	2.11	3.35	1.98
Apr.	0.70	1.92	2.14	2.44	2.02	2.57	0.85	1.97	2.00	3.50	1.95

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 and up to 10 years	Over 10 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	8	9	10	11	12	13
2003 May	9.85	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	9.88	7.11	6.94	8.28	8.02	3.80	4.16	4.76	4.78	4.42	4.12	4.97	4.91
July	9.75	7.24	7.04	8.20	7.92	3.68	3.92	4.64	4.68	4.33	4.10	4.95	4.98
Aug.	9.73	7.70	6.84	8.27	8.04	3.64	3.96	4.69	4.69	4.41	4.13	5.00	4.98
Sep.	9.74	7.44	6.89	8.04	8.02	3.63	4.10	4.81	4.75	4.41	3.98	5.00	5.11
Oct.	9.71	7.20	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	7.57	6.59	7.93	7.84	3.59	4.09	4.92	4.84	4.42	4.15	5.25	5.17
Dec.	9.69	7.66	6.43	7.63	7.71	3.63	4.17	5.02	4.95	4.46	3.85	5.00	5.08
2004 Jan.	9.87	7.62	7.04	8.49	8.32	3.63	4.28	5.02	4.92	4.49	4.06	5.12	5.16
Feb.	9.81	7.43	6.91	8.44	8.16	3.55	4.21	4.97	4.84	4.34	4.10	5.07	5.05
Mar.	9.71	7.34	6.80	8.28	8.01	3.47	4.12	4.86	4.78	4.29	3.94	5.06	4.97
Apr.	9.73	7.30	6.60	8.22	7.81	3.43	4.03	4.78	4.67	4.27	3.86	4.89	4.92

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 May	5.82	4.47	4.86	4.96	3.40	3.57	4.39
June	5.68	4.20	4.60	4.89	3.14	3.39	4.18
July	5.56	4.16	4.58	4.73	3.08	3.15	4.01
Aug.	5.47	4.17	4.65	4.77	3.18	3.35	4.36
Sep.	5.46	4.08	4.79	4.76	3.11	3.32	4.29
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	4.23
Dec.	5.57	4.04	4.84	4.81	3.12	3.41	4.32
2004 Jan.	5.66	4.06	4.86	4.81	3.01	3.37	4.29
Feb.	5.62	4.02	4.94	4.78	2.97	3.19	4.30
Mar.	5.56	3.89	4.79	4.77	2.92	3.25	4.41
Apr.	5.52	3.87	4.71	4.64	2.96	3.27	4.45

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 covers the total cost of a loan. The total cost comprises 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)

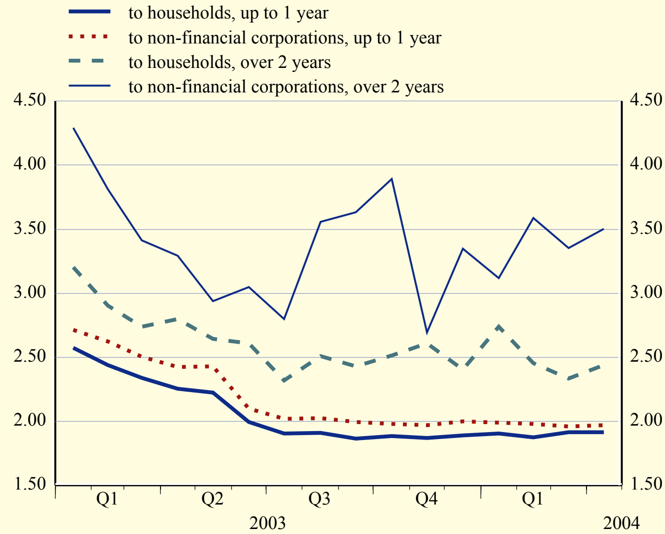
	Deposits from households					Deposits from non-financial corporations			Repos
	Overnight [1]	With agreed maturity		Redeemable at notice [1,2]		Overnight [1]	With agreed maturity		
		Up to 2 years	Over 2 years	Up to 3 months	Over 3 months		Up to 2 years	Over 2 years	
	1	2	3	4	5	6	7	8	9
2003 May	0.84	2.34	3.47	2.24	3.10	1.08	2.50	4.50	2.42
June	0.76	2.18	3.48	2.23	3.01	0.99	2.26	4.45	2.19
July	0.68	2.08	3.43	2.14	2.93	0.88	2.24	4.40	2.08
Aug.	0.68	2.04	3.43	1.99	2.88	0.88	2.20	4.26	2.05
Sep.	0.69	2.01	3.44	2.00	2.85	0.87	2.23	4.32	2.04
Oct.	0.69	1.97	3.47	2.05	2.73	0.88	2.12	4.33	2.03
Nov.	0.70	1.98	3.44	2.01	2.70	0.87	2.13	4.43	1.98
Dec.	0.69	1.97	3.54	2.01	2.68	0.87	2.14	4.25	1.98
2004 Jan.	0.69	1.94	3.36	2.02	2.65	0.93	2.09	4.25	1.95
Feb.	0.69	1.94	3.42	2.02	2.63	0.87	2.09	4.20	1.97
Mar.	0.70	1.92	3.32	2.00	2.59	0.86	2.07	4.17	1.93
Apr.	0.70	1.90	3.35	2.02	2.57	0.85	2.09	4.17	1.92

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 May	5.26	5.23	5.44	8.50	7.34	6.09	4.83	4.56	4.94
June	5.22	5.13	5.40	8.40	7.37	6.03	4.72	4.47	4.90
July	5.13	5.07	5.31	8.33	7.28	5.96	4.60	4.32	4.80
Aug.	5.03	4.99	5.25	8.29	7.23	6.07	4.54	4.21	4.74
Sep.	4.96	4.95	5.24	8.31	7.27	6.00	4.55	4.20	4.75
Oct.	4.96	4.92	5.20	8.13	7.13	5.85	4.56	4.12	4.71
Nov.	4.97	4.90	5.17	7.98	7.09	5.82	4.52	4.18	4.67
Dec.	4.96	4.88	5.14	8.04	7.05	6.00	4.55	4.23	4.66
2004 Jan.	4.90	4.89	5.11	8.15	7.02	5.92	4.57	4.07	4.56
Feb.	4.87	4.90	5.11	8.13	7.16	5.95	4.62	4.06	4.58
Mar.	4.84	4.82	5.04	8.05	7.16	5.89	4.56	3.96	4.61
Apr.	4.76	4.75	5.01	8.03	7.07	5.85	4.51	3.91	4.59

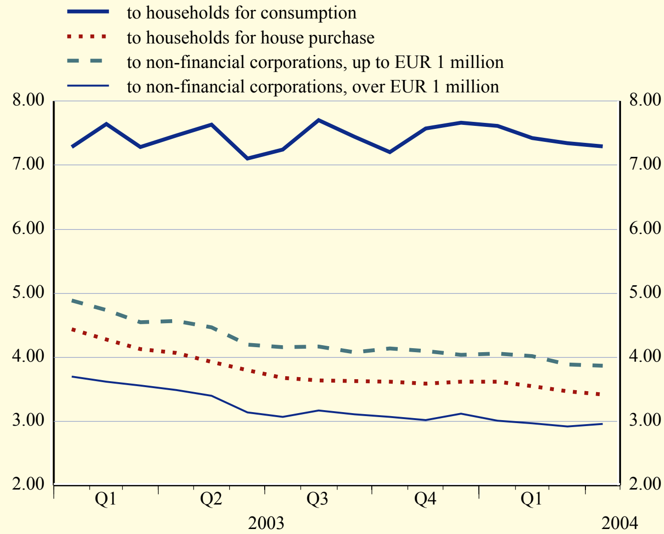
C20 New deposits with agreed maturity

(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)

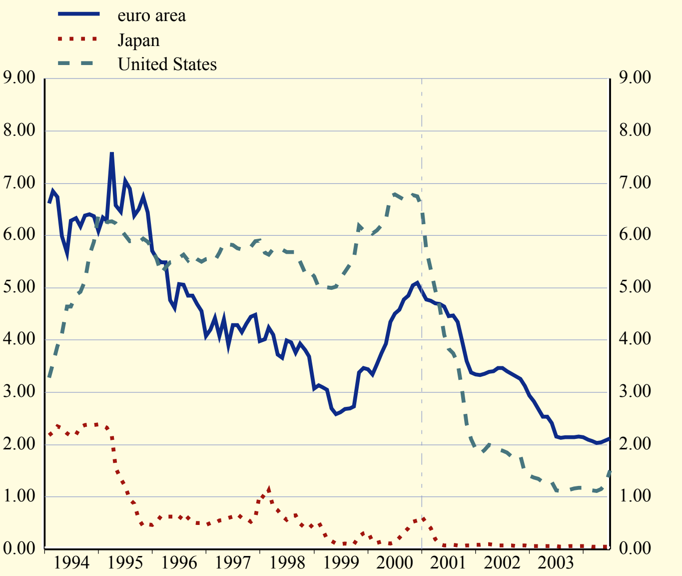
	Euro area[1]					United States	Japan
	Overnight deposits (EONIA)	1-month deposits (EURIBOR)	3-month deposits (EURIBOR)	6-month deposits (EURIBOR)	12-month deposits (EURIBOR)	3-month deposits (LIBOR)	3-month deposits (LIBOR)
	1	2	3	4	5	6	7
2001	4.39	4.33	4.26	4.15	4.08	3.78	0.15
2002	3.29	3.30	3.32	3.35	3.49	1.80	0.08
2003	2.32	2.35	2.33	2.31	2.34	1.22	0.06
2003 Q2	2.44	2.43	2.37	2.29	2.24	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
2004 Q1	2.02	2.06	2.06	2.07	2.15	1.12	0.05
Q2	2.04	2.06	2.08	2.13	2.29	1.30	0.05
2003 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
Mar.	2.01	2.04	2.03	2.02	2.06	1.11	0.05
Apr.	2.08	2.05	2.05	2.06	2.16	1.15	0.05
May	2.02	2.06	2.09	2.14	2.30	1.25	0.05
June	2.02	2.08	2.11	2.19	2.40	1.50	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.

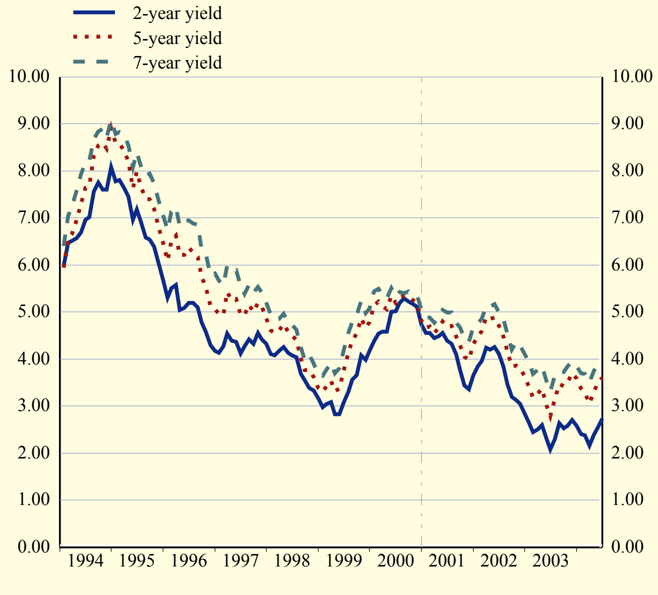
4.7 Government bond yields

(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	4.79	5.03	5.01	1.34
2002	3.68	3.94	4.35	4.70	4.92	4.60	1.27
2003	2.49	2.74	3.32	3.74	4.16	4.00	0.99
2003 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
2004 Q1	2.31	2.63	3.23	3.63	4.15	4.00	1.31
Q2	2.56	2.92	3.47	3.84	4.36	4.58	1.59
2003 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
Mar.	2.16	2.48	3.06	3.51	4.02	3.81	1.35
Apr.	2.39	2.75	3.31	3.75	4.24	4.32	1.51
May	2.55	2.94	3.50	3.87	4.39	4.70	1.49
June	2.74	3.06	3.60	3.89	4.44	4.73	1.77

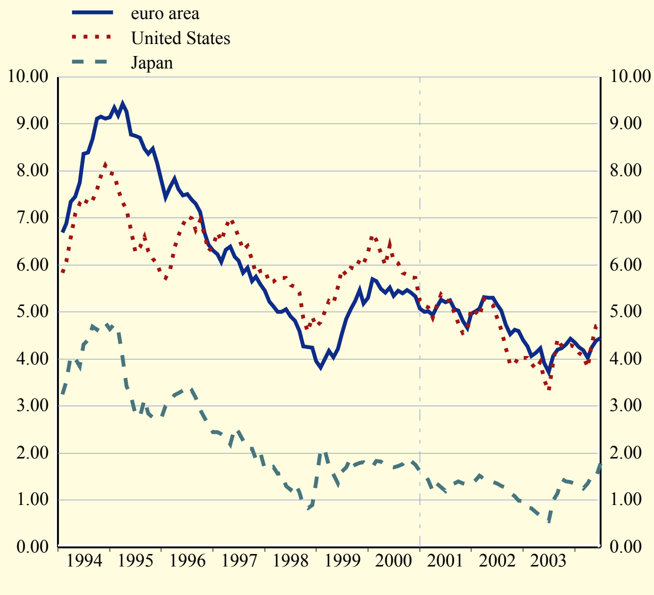
C24 Euro area government bond yields

(monthly; percentages per annum)



C25 10-year government bond yields

(monthly; percentages per annum)



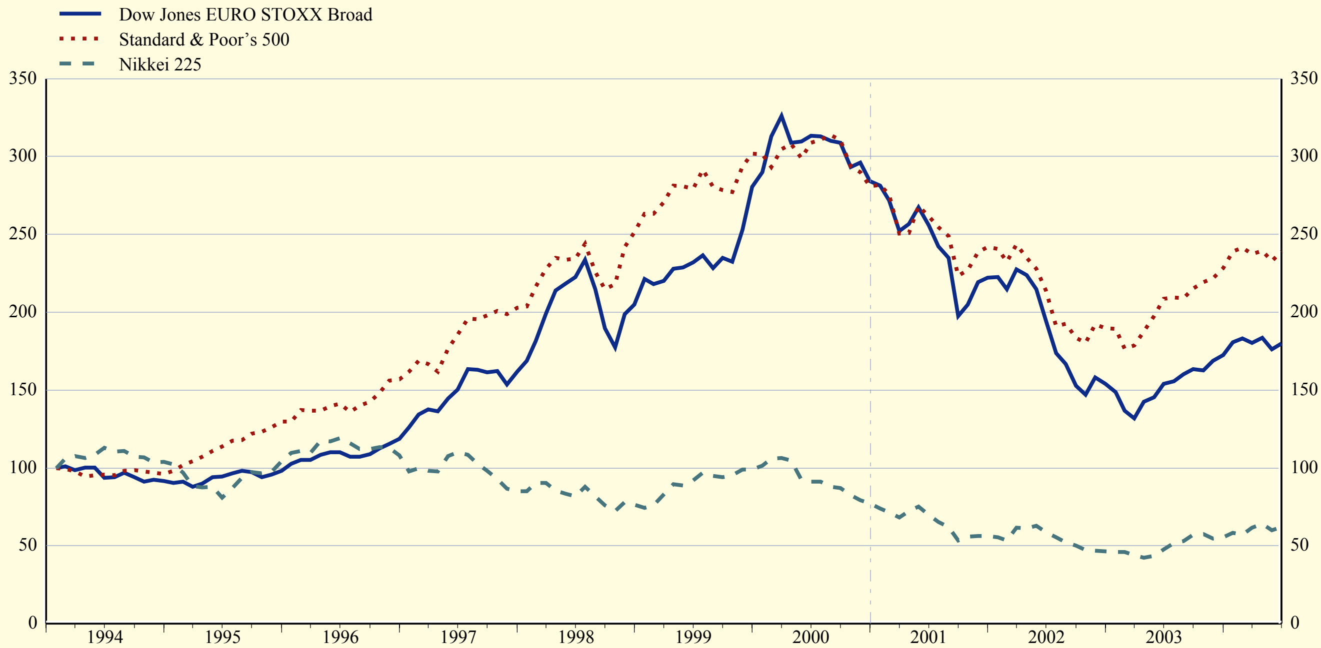
Source: ECB.

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											
	Broad	50	Basic materials	Consumer cyclical	Consumer non-cyclical	Energy	Financial	Industrial	Technology	Utilities	Telecom.	Healthcare	Standard & Poor's 500	Nikkei 225
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
2001	336.3	4,049.2	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	3,051.9	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	2,422.5	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
2003 Q2	204.3	2,339.9	198.2	126.7	204.2	255.1	189.7	199.2	260.3	208.5	329.9	303.7	937.0	8,295.4
Q3	221.7	2,511.5	225.1	144.5	212.8	265.8	209.9	224.9	285.9	216.0	347.4	304.6	1,000.4	10,063.2
Q4	232.9	2,613.7	233.5	155.2	219.0	266.7	221.9	240.2	317.4	219.6	360.5	320.0	1,057.0	10,423.3
2004 Q1	251.5	2,845.3	244.9	163.8	226.7	279.9	240.3	257.0	352.9	248.6	405.1	366.5	1,132.6	10,995.7
Q2	249.8	2,794.5	244.7	164.7	229.4	300.8	234.6	256.1	299.3	262.1	388.2	394.9	1,123.5	11,550.0
2003 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
Mar.	250.2	2,825.6	240.0	161.6	228.9	286.2	235.8	253.8	351.0	254.2	398.8	379.0	1,124.0	11,437.8
Apr.	254.9	2,860.2	247.6	167.2	231.0	300.0	241.0	262.5	321.0	264.5	401.8	389.3	1,133.4	11,962.8
May	244.4	2,728.0	240.2	161.4	225.8	297.7	228.7	250.9	284.8	256.6	378.0	395.3	1,103.7	11,141.0
June	249.8	2,792.2	246.1	165.2	231.2	304.7	233.9	254.5	291.4	264.9	384.3	400.0	1,132.7	11,527.7

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	-	-	-	-	-	-
2003 Q1	112.5	2.3	2.0	2.7	0.8	1.2	0.9	0.1	4.4	0.5
Q2	113.2	1.9	1.5	2.6	0.2	0.8	0.5	0.2	-2.9	0.6
Q3	113.4	2.0	1.7	2.5	0.5	0.6	1.5	0.1	0.5	0.6
Q4	114.0	2.0	1.8	2.4	0.5	1.1	0.6	0.2	-0.2	0.6
2004 Q1	114.4	1.7	1.1	2.6	0.5	0.9	-0.5	0.2	1.2	0.7
2004 Jan.	114.0	1.9	1.3	2.5	0.2	0.2	0.0	0.0	0.9	0.3
Feb.	114.2	1.6	1.0	2.6	0.1	0.1	-0.4	0.1	-0.1	0.3
Mar.	115.0	1.7	1.1	2.5	0.3	1.2	0.0	0.0	1.3	0.2
Apr.	115.5	2.0	1.8	2.5	0.3	0.1	-0.2	0.3	1.1	0.2
May	115.9	2.5	2.4	2.6	0.3	0.3	0.2	0.0	2.5	0.2
June [3)]	.	2.4	.	.	.	.	.	.	.	.

	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
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
2004 Q1	3.0	3.5	2.2	0.2	0.7	-1.5	2.3	1.9	2.5	-1.0	2.4	4.9
2004 Jan.	3.1	3.3	2.9	0.4	0.6	-0.4	2.3	1.9	2.3	-0.8	2.4	4.8
Feb.	2.7	3.2	1.9	0.2	0.8	-2.2	2.4	1.9	2.4	-1.0	2.5	4.9
Mar.	3.1	4.1	1.7	0.1	0.7	-2.0	2.3	1.9	2.7	-1.3	2.4	4.8
Apr.	2.9	3.9	1.6	1.2	1.0	2.0	2.3	1.8	3.0	-1.7	2.2	4.8
May	3.1	3.9	1.7	2.1	0.9	6.7	2.3	1.8	2.9	-1.9	2.5	4.8

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 excluding energy	
						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	2.5	5.0	0.6	1.6	1.4	1.6	16.4	2.5	4.8	51.9	20.4	31.0
2001	102.0	2.0	1.7	1.2	0.9	3.0	1.9	3.1	2.6	2.2	1.2	-8.3	-8.1	27.8
2002	101.9	-0.1	0.5	-0.3	0.9	1.0	1.3	1.0	-2.3	2.7	0.3	-4.1	-0.9	26.5
2003	103.4	1.4	0.8	0.8	0.3	1.1	0.6	1.2	3.8	2.0	0.9	-4.0	-4.5	25.1
2003 Q2	103.2	1.3	0.9	1.2	0.3	1.0	0.5	1.1	2.7	2.5	0.7	-13.7	-7.9	22.7
Q3	103.2	1.1	0.5	0.0	0.3	1.2	0.6	1.3	3.0	1.9	0.4	-6.5	-5.8	25.1
Q4	103.4	1.0	0.6	0.3	0.3	1.2	0.5	1.3	2.0	1.6	0.5	-4.2	-1.2	24.5
2004 Q1	103.9	0.2	0.8	1.0	0.3	1.1	0.4	1.3	-2.6	.	0.2	-2.5	9.8	25.0
Q2	.	.	.	.	.	.	.	.	.	.	.	.	.	29.3
2004 Jan.	103.6	0.2	0.6	0.5	0.3	0.9	0.3	1.0	-1.5	-	0.2	-5.5	5.1	24.2
Feb.	103.8	0.0	0.7	0.9	0.3	1.0	0.3	1.1	-3.5	-	0.0	-8.4	7.2	24.1
Mar.	104.4	0.4	1.2	1.5	0.2	1.5	0.5	1.6	-2.8	-	0.5	6.8	17.2	26.7
Apr.	104.9	1.4	1.5	2.3	0.5	1.4	0.6	1.6	1.3	-	1.7	23.1	19.7	27.6
May	.	.	.	.	.	.	.	.	.	-	.	35.9	21.1	30.9
June	.	.	.	.	.	.	.	.	.	-	.	.	.	29.4

3. Hourly labour costs [5]

	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	
	1	2	3	4	5	6	7	8
2000	100.0	2.8	3.1	1.8	3.0	3.6	3.3	2.2
2001	103.5	3.5	3.7	2.9	3.4	3.9	3.1	2.6
2002	107.1	3.6	3.5	3.8	3.7	3.7	3.3	2.7
2003	110.1	2.8	2.7	3.1	3.0	3.4	2.7	2.4
2003 Q1	109.1	3.0	2.9	3.3	3.0	3.9	2.6	2.7
Q2	109.9	3.2	3.1	3.7	3.8	3.8	3.1	2.4
Q3	110.5	2.8	2.6	3.0	3.0	3.0	2.8	2.4
Q4	111.0	2.2	2.1	2.4	2.2	2.8	2.3	2.2
2004 Q1	111.7	2.3	2.4	2.2	2.6	2.9	2.4	2.3

Sources: Eurostat, HWWA (columns 12 and 13), Thomson Financial Datastream (column 14), ECB calculations based on Eurostat data (column 6 in table 5.1.2 and column 7 in table 5.1.3) and ECB calculations (column 8 in table 5.1.3).

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	Public administration, education, health and other services
	1	2	3	4	5	6	7	8
	Unit labour costs [1]							
2000	100.0	1.4	0.9	0.0	1.8	-0.2	3.9	1.8
2001	102.6	2.6	2.8	2.6	4.2	0.8	3.4	2.7
2002	104.8	2.2	-0.4	0.9	3.1	2.0	3.3	2.5
2003	107.0	2.0	4.2	1.5	3.2	1.7	1.9	2.1
2002 Q4	105.5	1.5	2.8	-0.3	2.9	1.2	3.1	1.7
2003 Q1	106.3	1.8	1.3	0.7	3.4	1.5	2.6	2.1
Q2	107.0	2.5	6.3	2.6	3.6	2.2	2.5	2.0
Q3	107.3	2.2	5.3	2.1	3.2	1.2	1.0	2.9
Q4	107.1	1.6	4.0	0.6	2.7	2.1	1.6	1.3
	Compensation per employee							
2000	100.0	2.7	2.2	3.4	2.5	1.8	2.2	2.7
2001	102.8	2.8	2.3	2.7	3.1	2.6	2.4	3.1
2002	105.4	2.5	2.5	2.6	2.9	2.6	2.1	2.7
2003	107.9	2.3	2.2	3.5	3.1	1.8	1.8	2.2
2002 Q4	106.3	2.4	2.5	3.1	2.7	2.5	2.1	1.9
2003 Q1	107.1	2.4	1.1	3.5	2.6	2.1	2.1	2.2
Q2	107.6	2.5	3.7	3.6	3.8	2.3	2.3	1.8
Q3	108.4	2.4	1.6	3.5	3.3	1.3	1.3	3.1
Q4	108.5	2.0	2.5	3.3	2.9	1.5	1.6	1.7
	Labour productivity [2]							
2000	100.0	1.3	1.2	3.4	0.7	2.1	-1.6	0.9
2001	100.2	0.2	-0.5	0.1	-1.0	1.8	-1.0	0.4
2002	100.6	0.3	2.9	1.7	-0.2	0.6	-1.2	0.2
2003	100.9	0.3	-1.9	1.9	-0.1	0.0	-0.1	0.1
2003 Q1	100.7	0.6	-0.2	2.8	-0.8	0.6	-0.5	0.1
Q2	100.6	0.0	-2.5	0.9	0.2	0.1	-0.2	-0.2
Q3	101.0	0.2	-3.6	1.4	0.0	0.1	0.3	0.2
Q4	101.2	0.5	-1.4	2.7	0.2	-0.6	0.0	0.4
2004 Q1	101.8	1.0	2.3	3.4	0.1	0.0	0.1	0.5

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	2.3	2.4	2.0	1.4	0.8
2002	105.1	2.6	2.2	2.4	2.1	1.9	-0.3	-1.6
2003	106.9	1.7	1.5	2.0	2.2	1.4	-0.5	-1.2
2003 Q1	106.1	1.7	1.7	2.3	2.1	1.7	0.0	0.1
Q2	106.6	1.7	1.4	1.9	2.1	1.5	-0.7	-1.8
Q3	107.2	1.7	1.5	1.9	2.8	1.4	-0.8	-1.5
Q4	107.7	1.8	1.5	1.9	1.6	1.1	-0.6	-1.4
2004 Q1	108.2	1.9	1.4	1.9	1.7	1.4	-0.3	-1.9

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
	Current prices (EUR billions, seasonally adjusted)								
2000	6,576.1	6,519.5	3,762.6	1,306.9	1,420.2	29.7	56.6	2,448.9	2,392.2
2001	6,842.6	6,729.1	3,918.6	1,371.3	1,443.7	-4.5	113.4	2,564.6	2,451.2
2002	7,079.4	6,900.4	4,031.8	1,442.5	1,430.5	-4.3	179.0	2,596.5	2,417.5
2003	7,236.4	7,087.1	4,152.8	1,502.5	1,439.8	-8.0	149.3	2,585.2	2,435.9
2003 Q1	1,791.6	1,759.8	1,032.0	369.4	358.9	-0.5	31.8	646.2	614.4
Q2	1,798.4	1,762.7	1,033.7	373.5	358.7	-3.3	35.6	636.5	600.8
Q3	1,816.0	1,772.6	1,040.2	380.1	359.7	-7.4	43.5	649.6	606.2
Q4	1,830.4	1,792.0	1,046.8	379.5	362.5	3.2	38.4	652.9	614.5
2004 Q1	1,849.9	1,803.4	1,059.3	381.1	364.7	-1.6	46.4	664.9	618.5
	percentage of GDP								
2003	100.0	97.9	57.4	20.8	19.9	-0.1	2.1	-	-
	Constant prices (ECU billions at 1995 prices, seasonally adjusted)								
	quarter-on-quarter percentage changes								
2003 Q1	0.0	0.4	0.4	0.4	-0.7	-	-	-1.4	-0.2
Q2	-0.1	0.1	-0.1	0.6	-0.3	-	-	-0.9	-0.5
Q3	0.4	0.0	0.1	0.7	0.0	-	-	2.3	1.3
Q4	0.4	0.7	0.1	0.4	0.6	-	-	0.1	1.1
2004 Q1	0.6	0.2	0.6	-0.2	-0.1	-	-	1.7	0.8
	annual percentage changes								
2000	3.5	2.9	2.7	2.1	4.9	-	-	12.3	11.0
2001	1.6	1.0	1.8	2.5	-0.3	-	-	3.4	1.7
2002	0.9	0.4	0.5	3.0	-2.8	-	-	1.5	0.3
2003	0.5	1.2	1.0	2.0	-0.8	-	-	0.1	1.9
2003 Q1	0.7	1.5	1.6	2.0	-1.7	-	-	1.7	3.9
Q2	0.1	1.0	1.0	1.8	-0.5	-	-	-1.2	1.0
Q3	0.4	0.9	0.8	1.9	-0.6	-	-	-0.1	1.3
Q4	0.7	1.3	0.6	2.1	-0.4	-	-	0.1	1.7
2004 Q1	1.3	1.0	0.7	1.4	0.2	-	-	3.2	2.7
	contributions to annual percentage changes of GDP in percentage points								
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	0.4	0.3	0.6	-0.6	0.1	0.5	-	-
2003	0.5	1.1	0.6	0.4	-0.2	0.3	-0.7	-	-
2003 Q1	0.7	1.4	0.9	0.4	-0.3	0.5	-0.7	-	-
Q2	0.1	1.0	0.6	0.4	-0.1	0.2	-0.8	-	-
Q3	0.4	0.9	0.4	0.4	-0.1	0.1	-0.5	-	-
Q4	0.7	1.2	0.3	0.4	-0.1	0.6	-0.5	-	-
2004 Q1	1.3	1.0	0.4	0.3	0.0	0.2	0.3	-	-

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): 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	Intermediate consumption of FISIM [1]	Taxes less subsidies on products
	1	2	3	4	5	6	7	8	9
	Current prices (EUR billions, seasonally adjusted)								
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	351.4	1,350.6	1,729.9	1,359.7	222.1	712.9
2002	6,561.3	149.5	1,425.8	362.7	1,385.9	1,810.2	1,427.2	227.6	745.8
2003	6,733.3	152.4	1,439.9	373.9	1,413.9	1,873.5	1,479.7	234.1	737.2
2003 Q1	1,664.4	37.5	360.4	92.0	348.3	461.1	365.1	57.7	185.0
Q2	1,673.4	37.5	356.0	93.0	352.9	466.3	367.9	58.7	183.6
Q3	1,693.2	38.4	360.5	93.7	355.9	470.9	373.8	59.0	181.8
Q4	1,702.3	39.2	362.9	95.2	356.8	475.2	372.9	58.7	186.9
2004 Q1	1,718.6	38.3	366.9	96.2	358.3	481.7	377.1	58.5	189.8
	percentage of value added								
2003	100.0	2.3	21.4	5.6	21.0	27.8	22.0	-	-
	Constant prices (ECU billions at 1995 prices, seasonally adjusted)								
	quarter-on-quarter percentage changes								
2003 Q1	0.0	-1.2	0.4	-0.4	-0.3	0.1	0.1	-0.4	-0.7
Q2	-0.1	-2.2	-0.9	0.1	0.3	0.3	0.2	0.8	0.1
Q3	0.5	-0.3	0.7	-0.1	0.7	0.6	0.3	1.4	-0.2
Q4	0.3	1.6	0.5	0.2	-0.3	0.3	0.5	-0.6	0.9
2004 Q1	0.5	2.4	1.0	-0.5	0.4	0.5	0.1	-0.8	0.5
	annual percentage changes								
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	1.0	0.8	0.3	-1.0	0.9	1.2	2.1	0.0	-0.6
2003	0.6	-3.4	0.0	-0.5	0.6	1.1	1.1	1.9	0.3
2003 Q1	0.8	-2.4	1.0	-1.7	0.7	1.1	1.4	1.6	0.3
Q2	0.2	-4.5	-1.0	-0.1	0.5	0.8	0.9	2.4	0.8
Q3	0.5	-4.7	-0.6	-0.2	0.9	1.3	1.0	2.6	0.0
Q4	0.8	-2.1	0.7	-0.1	0.5	1.3	1.1	1.1	0.1
2004 Q1	1.2	1.5	1.3	-0.2	1.1	1.6	1.1	0.7	1.3
	contributions to annual percentage changes of value added in percentage points								
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	1.0	0.0	0.1	-0.1	0.2	0.3	0.4	-	-
2003	0.6	-0.1	0.0	0.0	0.1	0.3	0.2	-	-
2003 Q1	0.8	-0.1	0.2	-0.1	0.1	0.3	0.3	-	-
Q2	0.2	-0.1	-0.2	0.0	0.1	0.2	0.2	-	-
Q3	0.5	-0.1	-0.1	0.0	0.2	0.3	0.2	-	-
Q4	0.8	-0.1	0.2	0.0	0.1	0.3	0.2	-	-
2004 Q1	1.2	0.0	0.3	0.0	0.3	0.4	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	8.2	1.7	6.1	0.8	1.9	2.5	5.6
2001	0.4	100.5	0.4	0.1	-0.6	1.6	0.3	-2.1	0.8	1.4	0.8	0.3
2002	-0.5	100.0	-0.5	-0.7	0.1	-1.5	-0.5	-5.7	0.5	1.0	0.6	-0.7
2003	0.2	100.3	0.4	0.0	0.4	0.0	-0.7	-4.1	-0.1	3.0	-0.1	0.1
2003 Q1	0.6	100.2	0.9	0.5	1.1	1.0	-1.2	-5.7	-0.3	4.6	-2.2	0.6
Q2	-0.5	99.6	-0.8	-1.3	-0.7	-1.8	-1.7	-6.1	-0.8	2.1	0.7	-1.2
Q3	-0.3	100.3	-0.1	-0.6	-0.6	-1.1	0.0	-3.3	0.6	2.3	0.3	-0.4
Q4	1.0	101.2	1.4	1.4	1.7	2.0	-0.1	-1.3	0.1	2.7	0.6	1.5
2004 Q1	1.2	101.3	1.2	1.2	1.3	0.7	1.0	0.9	1.0	2.2	1.1	1.2
2003 Nov.	0.5	101.1	0.7	1.0	0.9	1.8	-0.6	-2.8	-0.2	2.6	-0.9	1.0
Dec.	1.9	101.4	2.2	2.2	2.8	2.9	1.1	0.6	1.1	1.9	3.3	2.5
2004 Jan.	1.1	101.0	0.7	0.7	1.1	0.1	0.3	0.8	0.2	1.6	3.2	0.6
Feb.	1.6	101.4	0.9	1.5	2.3	0.0	0.6	0.4	0.7	0.3	5.9	1.4
Mar.	0.9	101.6	1.9	1.2	0.4	1.8	2.0	1.5	2.0	4.8	-4.3	1.4
Apr.	.	101.8	1.6	1.6	2.0	2.1	0.6	2.0	0.4	2.4	.	1.7
	month-on-month percentage changes (s.a.)											
2003 Nov.	0.0	-	-0.1	0.3	0.3	0.5	0.2	-0.6	0.4	-3.4	0.1	0.2
Dec.	0.4	-	0.3	0.0	0.5	0.2	0.1	0.2	0.1	0.6	2.5	0.2
2004 Jan.	-0.1	-	-0.4	-0.4	-0.5	-1.2	0.0	0.8	-0.1	1.5	-0.2	-0.7
Feb.	0.3	-	0.3	0.5	0.5	0.0	0.1	-0.5	0.2	2.3	0.9	0.4
Mar.	-0.4	-	0.3	-0.1	-0.9	0.8	0.3	0.0	0.3	0.1	-5.7	0.1
Apr.	.	-	0.2	0.4	1.2	0.6	-0.2	0.6	-0.3	-1.4	.	0.4

4. Retail sales and passenger car registrations

	Retail sales (s.a.)								New passenger car registrations	
	Current prices		Constant prices							
	Total (index 2000 = 100)	Total	Total (index 2000 = 100)	Total	Food, beverages, tobacco	Non-food			Total (s.a. thousands [2])	Total
							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	4.0	100.0	2.1	1.7	2.1	0.9	4.1	977	-1.8
2001	104.0	4.1	101.7	1.7	1.7	1.6	0.8	-0.1	968	-0.8
2002	106.0	1.9	101.7	0.0	0.9	-0.5	-2.0	-1.9	925	-4.4
2003	107.6	1.5	101.9	0.2	1.3	-0.7	-3.1	-0.3	912	-1.4
2003 Q1	107.8	2.7	102.2	0.9	2.5	0.2	-1.8	-0.1	899	-2.6
Q2	107.4	1.6	102.0	0.8	1.5	-0.4	-2.0	0.0	899	-1.8
Q3	107.6	0.9	101.9	-0.4	1.2	-1.8	-4.9	-0.9	927	1.4
Q4	107.8	0.9	101.6	-0.4	-0.1	-0.7	-3.6	0.0	924	-2.4
2004 Q1	108.4	0.6	102.4	0.2	0.1	-0.3	-2.2	1.8	910	0.9
2003 Dec.	107.5	0.7	101.3	-0.1	0.3	-0.3	-3.8	0.5	915	-7.4
2004 Jan.	108.9	1.3	103.3	0.4	0.8	-0.1	-1.6	2.2	903	1.1
Feb.	107.9	-0.2	102.0	-0.6	-1.1	-0.9	-1.5	1.3	917	2.5
Mar.	108.3	0.7	101.9	0.6	0.5	0.1	-3.4	1.8	911	-0.6
Apr.	109.0	1.4	103.2	0.7	0.7	0.4	0.2	1.0	927	4.6
May	.	.	.	.	.	.	.	.	923	4.1

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] (long-term average = 100)	Manufacturing industry: Industrial confidence indicator: Total [5]	Order books	Stocks of finished products	Production expectations	Capacity utilisation [3),4] (percentages)	Consumer confidence indicator [3]: 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
	1	2	3	4	5	6	7	8	9	10	11
2000	114.2	4	2	4	16	84.5	1	4	1	1	2
2001	100.8	-9	-15	14	1	83.0	-5	2	-10	14	2
2002	94.4	-11	-25	11	3	81.5	-11	-1	-12	26	-3
2003	93.5	-10	-25	10	3	81.0	-18	-5	-21	38	-9
2003 Q2	91.3	-12	-28	9	0	80.8	-19	-4	-22	41	-9
Q3	94.2	-11	-27	11	4	81.1	-17	-4	-20	38	-8
Q4	97.8	-7	-22	9	8	81.1	-16	-5	-17	33	-9
2004 Q1	98.8	-7	-21	10	11	80.6	-14	-4	-13	30	-9
Q2	100.0	-5	-16	8	10	.	-15	-3	-15	32	-8
2004 Jan.	98.5	-6	-20	9	10	80.7	-15	-5	-14	31	-9
Feb.	98.9	-7	-21	10	11	-	-14	-4	-12	30	-9
Mar.	98.8	-7	-21	10	11	-	-14	-4	-13	30	-9
Apr.	100.1	-5	-16	9	11	80.5	-14	-3	-14	31	-7
May	100.1	-5	-18	7	10	-	-16	-4	-16	33	-9
June	99.8	-4	-15	8	10	-	-14	-3	-14	31	-8

	Construction confidence indicator: Total [5]	Order books	Employment expectations	Retail trade confidence indicator: Total [5]	Present business situation	Volume of stocks	Expected business situation	Services confidence indicator: 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	11	30	36	23	33
2001	-11	-16	-4	-7	-5	17	-1	15	16	8	20
2002	-19	-27	-11	-16	-20	18	-12	1	-4	-6	13
2003	-20	-27	-13	-11	-15	17	-2	2	-6	1	11
2003 Q2	-21	-27	-14	-12	-14	18	-5	-2	-12	0	6
Q3	-21	-28	-15	-10	-15	17	1	5	-1	4	13
Q4	-20	-27	-11	-8	-12	15	3	10	6	11	15
2004 Q1	-19	-28	-9	-8	-12	15	1	11	6	6	20
Q2	-16	-23	-8	-8	-10	15	3	11	5	11	17
2004 Jan.	-19	-27	-10	-8	-12	16	3	10	5	8	18
Feb.	-20	-32	-8	-9	-11	14	-1	11	7	6	21
Mar.	-18	-26	-10	-8	-12	14	1	11	5	5	22
Apr.	-17	-24	-9	-6	-7	15	4	11	6	11	16
May	-17	-22	-11	-7	-10	15	3	13	6	12	20
June	-15	-24	-5	-10	-14	16	1	10	4	11	16

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, services, consumer, construction and retail trade confidence indicators; the industrial confidence indicator has a weight of 40%, the services confidence indicator has a weight of 30%, the consumer confidence indicator has a weight of 20% and the two other indicators have a weight of 5% each. Values of the economic sentiment indicator above (below) 100 indicate above (below) average economic sentiment.
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.
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	18.8	7.1	25.2	14.5	29.8
	1	2	3	4	5	6	7	8	9	10
2000	131.426	2.2	2.5	0.7	-1.4	0.6	1.9	3.0	6.0	1.6
2001	133.240	1.4	1.6	0.2	-0.6	0.3	0.5	1.5	3.8	1.4
2002	133.958	0.5	0.7	-0.2	-1.9	-1.4	-0.6	0.3	2.4	1.8
2003	134.136	0.1	0.1	0.3	-1.5	-1.9	-0.3	0.6	1.2	0.9
2003 Q1	133.918	0.1	0.1	0.1	-2.3	-1.8	-0.6	-0.2	1.6	1.3
Q2	134.062	0.2	0.1	0.5	-1.8	-1.9	0.2	0.4	1.1	1.2
Q3	134.089	0.1	0.1	0.3	-1.3	-1.9	-0.2	0.9	1.0	0.8
Q4	134.192	0.2	0.2	0.2	-0.6	-2.0	-0.4	1.1	1.0	0.6
2004 Q1	134.245	0.1	0.3	-0.9	-0.7	-2.1	0.0	0.7	1.2	0.6
	quarter-on-quarter changes (s.a.)									
2003 Q1	0.035	0.0	0.0	-0.1	-0.7	-0.4	-0.1	0.2	0.1	0.3
Q2	0.144	0.1	0.1	0.3	-0.1	-0.5	0.4	0.3	0.2	0.2
Q3	0.027	0.0	0.0	0.3	0.2	-0.5	-0.4	0.4	0.3	-0.1
Q4	0.103	0.1	0.1	0.1	0.0	-0.6	-0.3	0.2	0.6	0.2
2004 Q1	0.053	0.0	0.2	-0.7	-0.8	-0.5	-0.1	0.2	0.4	0.2

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		78.3		21.7		50.0		50.0	
	1	2	3	4	5	6	7	8	9	10
2000	11.605	8.5	8.897	7.4	2.707	16.7	5.481	7.0	6.124	10.5
2001	11.072	8.0	8.541	7.0	2.531	15.7	5.317	6.8	5.755	9.7
2002	11.733	8.4	9.128	7.4	2.606	16.3	5.788	7.3	5.945	9.9
2003	12.474	8.9	9.768	7.8	2.706	17.1	6.239	7.8	6.235	10.2
2003 Q1	12.403	8.8	9.666	7.7	2.737	17.1	6.220	7.8	6.183	10.1
Q2	12.541	8.9	9.800	7.8	2.741	17.2	6.305	7.9	6.236	10.2
Q3	12.541	8.9	9.824	7.8	2.717	17.1	6.309	7.9	6.232	10.2
Q4	12.558	8.9	9.857	7.8	2.702	17.2	6.326	7.9	6.233	10.1
2004 Q1	12.604	8.9	9.876	7.8	2.728	17.3	6.351	7.9	6.252	10.2
2003 Dec.	12.548	8.9	9.849	7.8	2.699	17.1	6.317	7.9	6.230	10.1
2004 Jan.	12.567	8.9	9.851	7.8	2.716	17.2	6.330	7.9	6.237	10.1
Feb.	12.596	8.9	9.869	7.8	2.727	17.3	6.345	7.9	6.251	10.2
Mar.	12.648	8.9	9.907	7.9	2.741	17.4	6.379	8.0	6.269	10.2
Apr.	12.700	9.0	9.947	7.9	2.753	17.4	6.407	8.0	6.294	10.2
May	12.704	9.0	9.955	7.9	2.749	17.4	6.406	8.0	6.298	10.2

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) 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	Employers	Employees	Sales		Capital taxes	
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
1995	47.2	46.7	11.6	9.2	2.0	13.3	0.9	17.4	8.4	5.6	2.4	0.5	0.3	42.6
1996	48.0	47.5	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	9.8	2.3	14.1	0.7	16.5	8.5	5.0	2.4	0.4	0.3	43.4
1999	48.1	47.7	12.8	9.9	2.5	14.4	0.6	16.4	8.5	5.0	2.4	0.4	0.3	43.9
2000	47.8	47.4	13.0	10.0	2.7	14.2	0.6	16.2	8.4	4.9	2.3	0.4	0.3	43.7
2001	47.1	46.7	12.6	9.8	2.5	13.9	0.6	16.0	8.4	4.8	2.2	0.4	0.3	42.8
2002	46.5	46.1	12.2	9.6	2.3	13.8	0.4	16.0	8.4	4.7	2.3	0.4	0.3	42.3
2003	46.6	45.8	11.8	9.3	2.2	13.8	0.4	16.2	8.5	4.8	2.3	0.8	0.5	42.4

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
1995	52.3	47.8	11.2	4.8	5.7	26.2	22.9	2.2	0.6	4.5	2.7	1.8	0.1	46.6
1996	52.3	48.3	11.2	4.8	5.7	26.7	23.4	2.2	0.6	4.0	2.6	1.4	0.0	46.6
1997	50.9	47.2	11.0	4.7	5.1	26.3	23.3	2.1	0.6	3.7	2.4	1.3	0.1	45.8
1998	49.9	46.0	10.7	4.6	4.7	26.0	22.8	2.0	0.5	3.9	2.4	1.5	0.1	45.2
1999	49.4	45.4	10.7	4.7	4.2	25.9	22.7	2.0	0.5	4.0	2.5	1.5	0.1	45.2
2000	48.7	44.8	10.5	4.7	4.0	25.6	22.3	1.9	0.5	3.9	2.5	1.4	0.1	44.7
2001	48.8	44.7	10.5	4.7	4.0	25.4	22.3	2.0	0.5	4.1	2.5	1.6	0.0	44.8
2002	48.8	44.9	10.6	4.9	3.7	25.7	22.8	1.9	0.5	3.9	2.4	1.5	0.0	45.1
2003	49.4	45.3	10.7	4.9	3.5	26.2	23.2	1.9	0.5	4.0	2.6	1.5	0.1	45.9

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
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
1995	-5.1	-4.2	-0.5	-0.1	-0.3	0.6	20.5	11.2	4.8	5.1	1.9	2.4	8.6	11.9
1996	-4.3	-3.6	-0.4	-0.1	-0.2	1.4	20.6	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	20.3	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	20.0	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	20.0	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	19.9	10.5	4.7	5.2	1.8	2.3	8.1	11.8
2001	-1.7	-1.5	-0.4	0.0	0.3	2.3	20.0	10.5	4.7	5.2	1.8	2.2	8.2	11.9
2002	-2.3	-1.9	-0.5	-0.2	0.2	1.4	20.4	10.6	4.9	5.3	1.8	2.3	8.3	12.1
2003	-2.7	-2.2	-0.5	-0.1	0.0	0.8	20.7	10.7	4.9	5.4	1.8	2.3	8.4	12.3

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

	BE	DE	GR	ES	FR	IE	IT	LU	NL	AT	PT	FI
	1	2	3	4	5	6	7	8	9	10	11	12
2000	0.2	1.3	-2.0	-0.9	-1.4	4.4	-0.6	6.3	2.2	-1.5	-2.8	7.1
2001	0.5	-2.8	-1.4	-0.4	-1.5	1.1	-2.6	6.3	0.0	0.2	-4.4	5.2
2002	0.1	-3.5	-1.4	0.0	-3.2	-0.2	-2.3	2.7	-1.9	-0.2	-2.7	4.3
2003	0.3	-3.9	-3.2	0.3	-4.1	0.2	-2.4	-0.1	-3.2	-1.3	-2.8	2.3

Sources: ECB for euro area aggregated data; European Commission for data relating to countries' deficit/surplus.
1) Revenue, expenditure and deficit/surplus are 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% of GDP). Transactions between countries and EU institutions are included and consolidated. Transactions among Member States' governments are not consolidated.
2) Data prior to 2001 refer to the Euro 11 aggregate.
3) The fiscal burden comprises taxes and social contributions.
4) Comprises total expenditure minus interest expenditure.
5) Corresponds to final consumption expenditure (P.3) of general government in the ESA 95.
6) Including proceeds from the sale of UMTS licences.

6.2 Debt [1]

(as a percentage of GDP)

1. Euro area [2] – by financial instrument and sector of the holder

	Total	Financial instruments				Holders				
		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
1994	70.0	2.9	16.1	10.3	40.7	55.9	29.9	9.8	16.3	14.1
1995	74.3	2.8	17.9	9.9	43.8	58.3	32.6	8.9	16.8	16.1
1996	75.5	2.9	17.4	9.9	45.4	58.6	32.5	10.4	15.7	17.0
1997	74.9	2.8	16.4	8.9	46.9	56.3	30.9	12.0	13.4	18.6
1998	73.2	2.8	15.1	7.9	47.4	52.8	28.4	13.0	11.3	20.5
1999	72.1	2.9	14.2	6.9	48.2	48.1	26.8	9.9	11.4	24.1
2000	69.7	2.7	13.1	6.2	47.7	43.9	23.0	9.4	11.6	25.8
2001	69.4	2.7	12.5	6.3	47.9	42.1	22.1	8.4	11.6	27.3
2002	69.2	2.7	11.8	6.7	47.9	39.0	20.5	7.0	11.4	30.2
2003	70.6	2.1	11.9	7.4	49.2	38.7	20.8	7.5	10.5	31.9

2. Euro area [2] – by issuer, maturity and currency denomination

	Total	Issued by [5]				Original maturity			Residual maturity			Currencies		
		Central gov.	State gov.	Local gov.	Social security funds	Up to 1 year	Over 1 year		Up to 1 year	Over 1 year and up to 5 years	Over 5 years	Euro or participating currencies [6]		Other currencies
								Variable interest rate					Non-domestic currencies	
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
1994	70.0	58.0	5.4	6.1	0.5	12.0	58.0	7.4	17.4	26.8	25.9	68.2	3.0	1.9
1995	74.3	61.8	5.7	6.0	0.8	12.6	61.7	5.7	18.5	26.5	29.3	72.6	2.9	1.7
1996	75.5	63.0	6.1	5.9	0.5	11.9	63.6	5.4	20.1	25.5	29.9	73.8	2.7	1.8
1997	74.9	62.4	6.3	5.6	0.6	11.1	63.8	4.7	19.6	25.4	29.9	73.1	2.8	1.9
1998	73.2	61.2	6.3	5.4	0.4	9.4	63.9	4.9	17.4	26.1	29.7	71.7	3.2	1.5
1999	72.1	60.3	6.2	5.3	0.3	9.3	62.8	3.3	15.6	26.9	29.6	70.4	-	1.7
2000	69.7	58.2	6.1	5.1	0.3	8.4	61.3	2.8	15.5	27.6	26.6	68.0	-	1.7
2001	69.4	58.0	6.2	4.9	0.3	8.8	60.6	1.5	16.0	26.3	27.1	67.9	-	1.5
2002	69.2	57.7	6.4	4.8	0.3	9.1	60.1	1.7	16.8	25.2	27.3	67.8	-	1.4
2003	70.6	58.2	6.7	5.2	0.6	9.2	61.4	1.5	15.5	26.3	28.7	69.6	-	1.0

3. Euro area countries

	BE	DE	GR	ES	FR	IE	IT	LU	NL	AT	PT	FI
	1	2	3	4	5	6	7	8	9	10	11	12
2000	109.1	60.2	106.2	61.2	57.2	38.4	111.2	5.5	55.9	67.0	53.3	44.6
2001	108.1	59.4	106.9	57.5	56.8	36.1	110.6	5.5	52.9	67.1	55.6	43.9
2002	105.8	60.8	104.7	54.6	58.6	32.3	108.0	5.7	52.6	66.6	58.1	42.6
2003	100.5	64.2	103.0	50.8	63.0	32.0	106.2	4.9	54.8	65.0	59.4	45.3

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

1) Gross general government debt at nominal value and consolidated between sub-sectors of government. Holdings by non-resident governments are not consolidated. Data are partially estimated.
2) Data prior to 2001 refer to the Euro 11 aggregate.
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)] – by source, financial instrument and sector of the holder

	Total	Source of change				Financial instrument				Holder			
		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	Other creditors [8)]
	1	2	3	4	5	6	7	8	9	10	11	12	13
1995	7.8	5.1	0.4	2.4	-0.2	0.1	2.6	0.0	5.1	5.1	4.2	-0.4	2.6
1996	3.8	4.2	-0.2	0.1	-0.3	0.1	0.1	0.4	3.2	2.3	1.0	1.8	1.5
1997	2.3	2.2	0.5	-0.4	0.0	0.0	-0.4	-0.6	3.2	0.0	-0.4	2.1	2.3
1998	1.7	1.9	-0.2	0.0	0.0	0.1	-0.5	-0.6	2.7	-1.0	-1.0	1.5	2.7
1999	1.7	1.4	0.3	0.0	0.0	0.2	-0.4	-0.7	2.5	-2.7	-0.6	-2.6	4.4
2000	0.9	0.9	0.1	0.0	0.0	0.0	-0.4	-0.4	1.8	-2.0	-2.6	-0.1	2.9
2001	1.8	1.7	0.1	0.0	0.0	0.1	-0.2	0.4	1.4	-0.4	-0.4	-0.5	2.1
2002	2.1	2.4	-0.4	0.1	0.0	0.1	-0.3	0.7	1.6	-1.7	-0.8	-1.0	3.8
2003	3.1	2.9	0.3	0.0	0.0	-0.5	0.4	0.8	2.4	0.7	0.7	0.6	2.4

2. Euro area [2)] – deficit-debt adjustment

	Change in debt	Deficit (-) / surplus (+) [9)]	Deficit-debt adjustment [10)]											
			Total	Transactions in main financial assets held by general government							Valuation effects		Other changes in volume	Other [12)]
				Total	Currency and deposits	Securities [11)]	Loans	Shares and other equity	Privatisations	Equity injections		Exchange rate effects		
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
1995	7.8	-5.1	2.7	0.3	0.1	-0.1	0.4	-0.2	-0.4	0.2	0.4	-0.1	2.4	-0.5
1996	3.8	-4.3	-0.5	-0.2	0.0	0.0	-0.1	-0.1	-0.3	0.2	-0.2	-0.2	0.1	-0.2
1997	2.3	-2.6	-0.4	-0.4	0.2	0.0	0.0	-0.5	-0.7	0.2	0.5	0.2	-0.4	-0.1
1998	1.7	-2.3	-0.6	-0.5	0.1	0.0	-0.1	-0.6	-0.8	0.2	-0.2	0.0	0.0	0.1
1999	1.7	-1.3	0.4	-0.2	0.5	0.1	0.0	-0.8	-0.8	0.1	0.3	0.2	0.0	0.3
2000	0.9	0.2	1.1	0.6	0.8	0.1	0.2	-0.6	-0.4	0.1	0.1	0.0	0.0	0.5
2001	1.8	-1.6	0.1	-0.4	-0.6	0.0	0.2	0.0	-0.3	0.2	0.1	0.0	0.0	0.4
2002	2.1	-2.3	-0.2	-0.3	0.0	0.1	0.1	-0.5	-0.3	0.2	-0.4	0.0	0.1	0.4
2003	3.1	-2.7	0.4	-0.3	-0.1	0.0	0.0	-0.2	-0.4	0.1	0.3	-0.1	0.0	0.4

Source: ECB.
1) Data are partially estimated. Annual change in gross nominal consolidated debt is expressed as a percentage of GDP, i.e. [debt(t) - debt(t-1)] ÷ GDP(t).
2) Data prior to 2001 refer to the Euro 11 aggregate.
3) The borrowing requirement is by definition equal to transactions in 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 is 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 credits, other receivables/payables and financial derivatives).

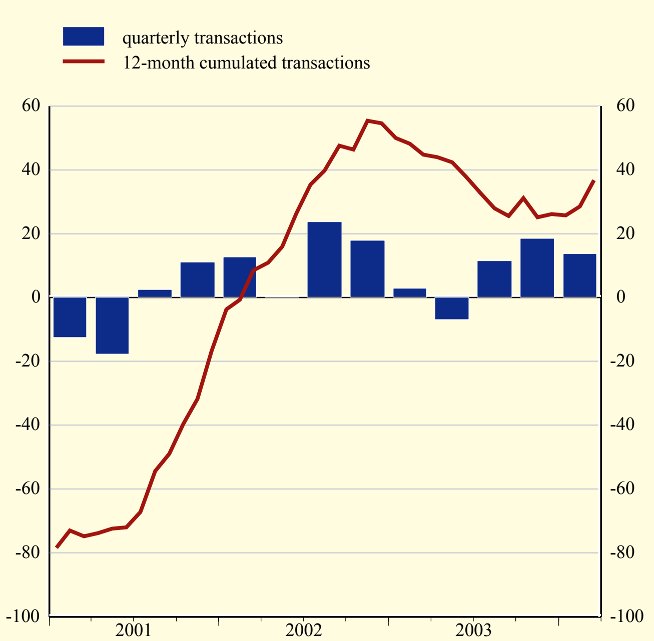
7 EXTERNAL TRANSACTIONS AND POSITIONS

7.1 Balance of payments
(EUR billions; net transactions)

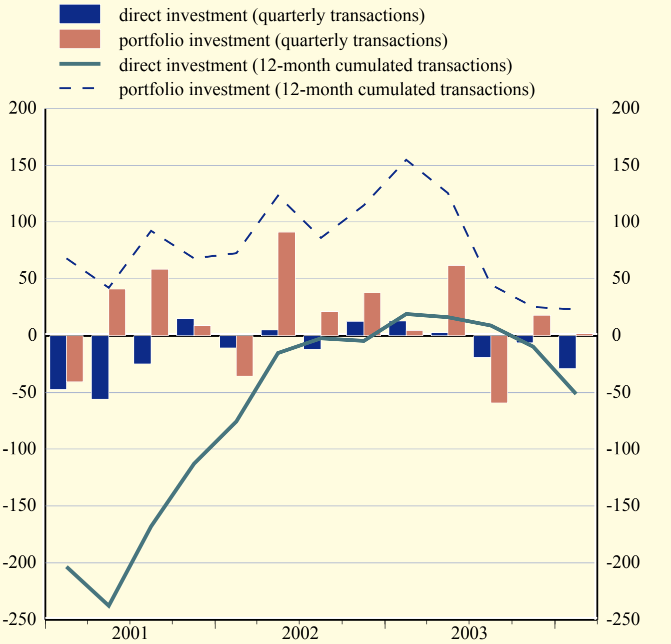
1. Summary balance of payments

	Current account					Capital account	Net lending/ borrowing to/from rest of 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	-16.7	73.6	-0.4	-38.6	-51.4	6.6	-10.1	-34.2	-112.4	67.9	-0.9	-6.6	17.8	44.3
2002	54.5	133.6	13.1	-44.1	-48.1	11.0	65.4	-65.8	-4.7	114.6	-10.8	-162.7	-2.3	0.4
2003	26.1	107.7	17.3	-43.2	-55.8	13.3	39.3	-43.4	-9.9	25.3	-13.7	-75.0	29.8	4.1
2003 Q1	2.9	16.8	1.9	-12.0	-3.8	1.4	4.3	-14.3	13.0	4.2	-3.1	-40.3	11.9	10.0
Q2	-6.9	24.2	5.7	-17.0	-19.7	1.9	-5.0	-32.0	2.7	62.0	-1.4	-97.6	2.3	37.0
Q3	11.5	36.8	3.7	-9.4	-19.6	2.8	14.3	-0.6	-19.1	-59.1	-4.6	80.1	2.0	-13.6
Q4	18.5	29.9	6.0	-4.7	-12.6	7.2	25.8	3.5	-6.4	18.2	-4.7	-17.2	13.6	-29.2
2004 Q1	13.6	28.2	-0.4	-7.4	-6.6	3.2	16.9	-24.9	-28.7	1.8	1.3	-8.9	9.7	8.0
2003 Apr.	-7.4	6.6	1.4	-8.7	-6.7	0.1	-7.3	17.5	-11.6	27.6	-2.8	3.0	1.2	-10.1
May	-1.6	7.4	1.8	-5.0	-5.8	0.3	-1.4	-23.0	0.6	9.4	1.7	-35.1	0.4	24.4
June	2.1	10.1	2.5	-3.3	-7.2	1.6	3.7	-26.4	13.6	25.0	-0.2	-65.6	0.8	22.8
July	2.8	15.5	2.6	-8.8	-6.4	0.8	3.6	0.3	-4.0	-33.7	-2.4	38.6	1.8	-4.0
Aug.	3.0	10.5	-0.1	-1.4	-6.0	1.7	4.8	5.9	-5.6	-36.2	-2.6	50.0	0.3	-10.7
Sep.	5.6	10.9	1.2	0.7	-7.2	0.2	5.9	-6.9	-9.5	10.8	0.4	-8.5	-0.1	1.0
Oct.	8.1	13.1	2.3	-3.8	-3.5	1.1	9.3	7.8	-10.0	38.5	1.7	-23.1	0.7	-17.1
Nov.	3.9	8.5	1.3	0.6	-6.4	1.1	5.0	6.2	4.6	4.6	0.5	-9.0	5.5	-11.2
Dec.	6.5	8.3	2.4	-1.5	-2.8	5.0	11.5	-10.5	-0.9	-24.9	-6.9	14.9	7.3	-1.0
2004 Jan.	-4.4	4.2	-0.6	-9.4	1.3	0.4	-4.1	-25.6	-11.9	-14.9	0.6	3.8	-3.2	29.6
Feb.	5.6	9.4	0.1	0.7	-4.6	2.1	7.7	24.3	7.3	20.4	-0.2	-12.2	9.0	-32.0
Mar.	12.5	14.5	0.0	1.3	-3.3	0.7	13.2	-23.6	-24.1	-3.7	0.9	-0.6	3.9	10.4
Apr.	0.4	10.9	0.3	-6.7	-4.1	0.7	1.0	-8.4	-3.3	-3.0	0.7	-0.2	-2.7	7.4
	12-month cumulated transactions													
2004 Apr.	44.5	123.4	13.8	-36.6	-56.0	15.7	60.2	-79.9	-43.3	-7.7	-5.8	-46.8	23.7	19.7

C27 B.o.p. current account balance
(EUR billions)



C28 B.o.p. net direct and portfolio investment
(EUR billions)



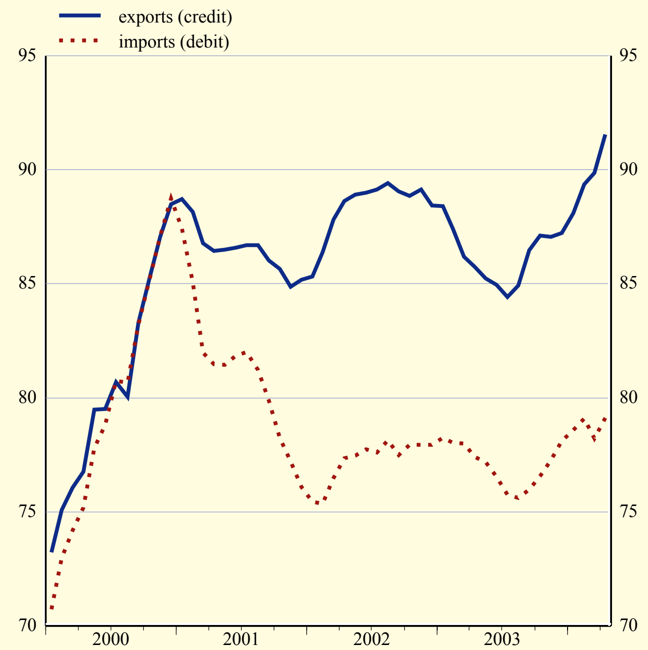
Source: ECB.

7.1 Balance of payments
(EUR billions; transactions)

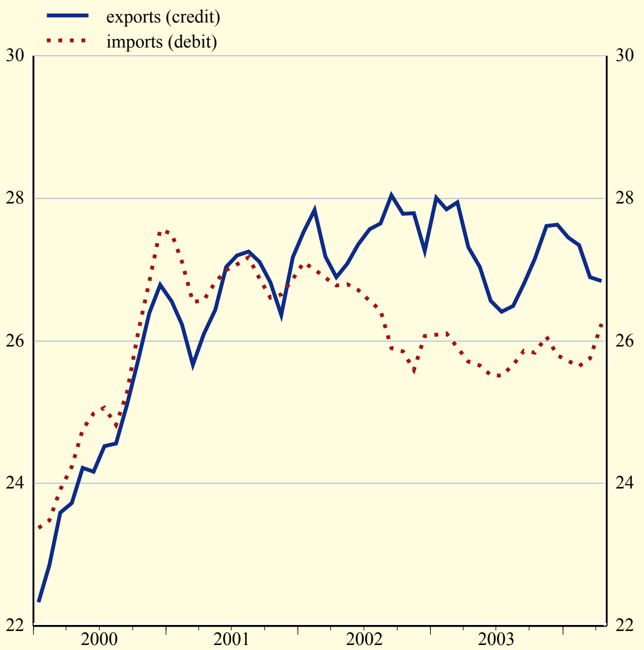
2. Current account
(seasonally adjusted)

	Total			Goods		Services		Income		Current transfers	
	Credit	Debit	Net	Credit	Debit	Credit	Debit	Credit	Debit	Credit	Debit
	1	2	3	4	5	6	7	8	9	10	11
2003 Q1	417.2	413.1	4.1	258.5	234.0	83.8	77.7	54.0	67.9	20.9	33.4
Q2	409.6	408.7	0.9	254.8	229.6	79.7	76.6	56.4	68.0	18.7	34.5
Q3	414.7	408.1	6.6	259.4	228.0	80.4	77.6	56.2	65.7	18.7	36.9
Q4	419.2	404.8	14.4	261.7	234.3	82.9	77.4	53.8	61.5	20.8	31.5
2004 Q1	427.4	413.2	14.2	269.6	234.7	80.7	77.3	56.9	65.9	20.2	35.3
2003 Apr.	139.9	139.1	0.8	86.9	77.6	27.1	25.7	20.1	24.4	5.8	11.4
May	136.2	134.9	1.3	85.4	76.6	26.3	25.5	18.4	21.5	6.1	11.4
June	133.5	134.6	-1.1	82.5	75.4	26.2	25.4	17.9	22.1	6.9	11.7
July	137.0	135.7	1.3	85.3	75.3	26.7	25.6	18.6	22.5	6.4	12.3
Aug.	139.4	136.6	2.8	86.9	76.2	26.6	26.0	19.6	22.2	6.3	12.3
Sep.	138.3	135.8	2.5	87.1	76.5	27.2	26.0	18.0	21.0	6.0	12.3
Oct.	138.6	131.4	7.2	87.3	77.0	27.7	25.6	17.3	20.8	6.3	8.0
Nov.	139.5	136.3	3.2	86.8	78.3	27.9	26.6	18.3	19.2	6.5	12.2
Dec.	141.1	137.0	4.0	87.6	79.0	27.3	25.2	18.2	21.5	8.0	11.4
2004 Jan.	142.2	138.5	3.7	89.9	78.5	27.2	25.3	18.1	22.4	7.0	12.3
Feb.	143.4	138.2	5.2	90.6	79.8	27.6	26.4	19.0	20.2	6.2	11.8
Mar.	141.8	136.5	5.3	89.1	76.4	25.9	25.5	19.8	23.3	7.0	11.2
Apr.	148.6	139.7	9.0	95.0	81.1	27.0	26.8	20.8	22.9	5.9	8.8

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	Net	Credit	Debit	Credit	Debit	Credit	Debit	Credit	Debit	Credit	Debit
	1	2	3	4	5	6	7	8	9	10	11	12	13
2001	1,710.2	1,726.9	-16.7	1,033.9	960.2	321.7	322.0	275.9	314.4	78.8	130.2	17.4	10.8
2002	1,714.5	1,660.1	54.5	1,063.2	929.7	329.8	316.7	236.1	280.3	85.3	133.4	19.0	8.1
2003	1,662.4	1,636.3	26.1	1,034.6	926.9	326.7	309.4	220.7	263.9	80.3	136.1	23.2	10.0
2003 Q1	412.3	409.3	2.9	253.3	236.4	75.7	73.7	51.4	63.5	31.9	35.7	5.4	4.0
Q2	407.6	414.5	-6.9	254.5	230.3	79.4	73.7	59.3	76.3	14.5	34.2	4.5	2.6
Q3	412.6	401.1	11.5	257.1	220.2	86.5	82.8	53.9	63.4	15.1	34.7	4.1	1.4
Q4	429.9	411.4	18.5	269.8	239.9	85.1	79.1	56.1	60.8	19.0	31.6	9.2	2.0
2004 Q1	424.8	411.1	13.6	266.2	238.1	72.9	73.4	54.4	61.8	31.2	37.9	5.2	2.0
2003 Apr.	136.5	143.9	-7.4	85.6	79.0	26.2	24.8	20.2	29.0	4.6	11.2	0.5	0.4
May	133.7	135.3	-1.6	84.0	76.6	25.9	24.1	19.0	24.0	4.8	10.6	1.4	1.1
June	137.4	135.3	2.1	84.9	74.8	27.3	24.9	20.1	23.3	5.1	12.3	2.6	1.0
July	147.3	144.5	2.8	91.5	76.1	31.0	28.5	19.2	28.0	5.5	11.9	1.3	0.5
Aug.	125.4	122.3	3.0	76.4	65.9	27.5	27.6	16.6	18.0	4.8	10.8	2.1	0.4
Sep.	139.9	134.3	5.6	89.1	78.2	28.0	26.8	18.1	17.4	4.7	11.9	0.7	0.5
Oct.	147.1	138.9	8.1	96.6	83.5	29.0	26.7	16.9	20.7	4.4	7.9	1.6	0.5
Nov.	134.3	130.4	3.9	86.3	77.8	26.4	25.1	16.0	15.4	5.7	12.0	1.7	0.6
Dec.	148.5	142.0	6.5	86.8	78.5	29.7	27.3	23.1	24.6	8.9	11.6	5.9	0.9
2004 Jan.	139.9	144.4	-4.4	81.8	77.6	23.7	24.2	16.8	26.3	17.6	16.2	0.8	0.5
Feb.	132.4	126.8	5.6	85.1	75.7	23.5	23.5	17.0	16.2	6.8	11.4	2.6	0.4
Mar.	152.5	140.0	12.5	99.3	84.8	25.7	25.7	20.6	19.3	6.9	10.2	1.8	1.1
Apr.	145.2	144.8	0.4	93.6	82.7	26.1	25.8	20.9	27.7	4.6	8.7	1.1	0.4

4. Income account

	Total		Compensation of employees		Investment income							
					Total		Direct investment					
							Total		Equity		Debt	
	Credit	Debit	Credit	Debit	Credit	Debit	Credit	Debit	Credit	Debit	Credit	Debit
	1	2	3	4	5	6	7	8	9	10	11	12
2001	275.9	314.4	14.7	5.9	261.2	308.5	59.2	60.3	48.8	50.2	10.3	10.1
2002	236.1	280.3	14.7	6.0	221.5	274.3	52.5	57.9	44.4	50.7	8.1	7.2
2003	220.7	263.9	14.7	5.6	206.0	258.3	51.1	54.0	41.5	45.3	9.6	8.7
2002 Q4	61.8	68.1	3.9	1.6	58.0	66.5	16.3	17.4	13.8	14.6	2.5	2.8
2003 Q1	51.4	63.5	3.6	1.2	47.8	62.2	8.9	10.9	7.2	8.9	1.8	2.1
Q2	59.3	76.3	3.6	1.4	55.6	74.9	14.3	16.5	11.4	14.2	2.9	2.4
Q3	53.9	63.4	3.7	1.5	50.2	61.9	12.6	13.4	10.5	11.9	2.1	1.5
Q4	56.1	60.8	3.8	1.4	52.3	59.4	15.3	13.1	12.5	10.3	2.8	2.8

	Investment income							
	Portfolio investment						Other investment	
	Total		Equity		Debt			
	Credit	Debit	Credit	Debit	Credit	Debit	Credit	Debit
	13	14	15	16	17	18	19	20
2001	85.0	116.9	18.0	44.8	67.0	72.1	117.0	131.3
2002	85.7	123.3	19.7	52.4	66.0	70.9	83.2	93.1
2003	85.4	125.8	20.9	49.7	64.5	76.1	69.5	78.6
2002 Q4	21.2	26.3	4.5	9.2	16.7	17.1	20.5	22.7
2003 Q1	19.0	31.4	3.6	8.4	15.4	23.0	19.9	19.9
Q2	23.4	37.7	7.8	21.3	15.6	16.3	17.9	20.7
Q3	21.6	30.7	4.8	10.3	16.8	20.4	16.1	17.8
Q4	21.4	26.0	4.7	9.7	16.7	16.3	15.6	20.2

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	-316.5	-237.9	-19.6	-218.3	-78.6	-0.1	-78.4	204.1	146.5	5.5	141.0	57.6	0.9	56.7
2002	-151.3	-136.4	-14.9	-121.4	-15.0	0.0	-14.9	146.6	111.9	3.1	108.8	34.7	0.5	34.3
2003	-115.5	-92.2	3.4	-95.6	-23.3	-0.1	-23.2	105.7	105.1	2.7	102.3	0.6	0.0	0.6
2003 Q1	-29.4	-18.0	-2.1	-15.9	-11.4	-0.1	-11.2	42.3	29.4	0.9	28.5	13.0	-0.1	13.1
Q2	-29.8	-22.4	5.1	-27.5	-7.4	0.0	-7.4	32.5	30.2	1.9	28.3	2.3	0.0	2.3
Q3	-32.2	-34.4	-1.2	-33.2	2.2	-0.1	2.4	13.1	15.9	-0.4	16.2	-2.8	-0.4	-2.4
Q4	-24.2	-17.4	1.6	-19.0	-6.8	0.2	-7.0	17.8	29.7	0.4	29.3	-11.9	0.5	-12.4
2004 Q1	-22.8	-18.1	-6.5	-11.6	-4.7	-0.2	-4.6	-5.9	6.9	-1.0	8.0	-12.8	0.0	-12.8
2003 Apr.	-17.1	-8.3	-1.4	-6.9	-8.8	0.0	-8.8	5.5	7.9	0.2	7.7	-2.4	0.0	-2.4
May	-15.1	-15.7	-0.8	-14.9	0.6	0.0	0.6	15.8	15.4	0.2	15.2	0.3	-0.1	0.4
June	2.4	1.6	7.2	-5.6	0.8	0.0	0.9	11.2	6.9	1.5	5.4	4.3	0.1	4.3
July	-9.4	-8.5	-0.9	-7.7	-0.9	-0.1	-0.8	5.4	4.3	-0.8	5.2	1.0	-0.6	1.6
Aug.	-4.9	-10.3	-0.5	-9.7	5.3	-0.1	5.4	-0.6	-0.9	0.2	-1.2	0.3	0.1	0.2
Sep.	-17.9	-15.6	0.2	-15.8	-2.3	0.0	-2.2	8.3	12.4	0.2	12.2	-4.1	0.1	-4.2
Oct.	-10.6	-6.6	1.8	-8.4	-4.0	0.0	-4.1	0.5	5.9	0.1	5.8	-5.4	0.3	-5.7
Nov.	1.8	3.9	-1.3	5.2	-2.2	0.1	-2.2	2.8	5.0	0.4	4.6	-2.1	0.1	-2.2
Dec.	-15.4	-14.7	1.1	-15.8	-0.6	0.1	-0.7	14.4	18.8	-0.1	18.9	-4.4	0.1	-4.5
2004 Jan.	-8.4	-3.8	-0.8	-3.0	-4.6	0.0	-4.6	-3.5	6.3	0.1	6.2	-9.8	0.0	-9.9
Feb.	-5.6	-3.7	-1.1	-2.6	-1.9	0.0	-1.8	12.9	2.8	0.2	2.6	10.1	0.0	10.1
Mar.	-8.9	-10.6	-4.6	-6.0	1.7	-0.1	1.8	-15.3	-2.2	-1.3	-0.9	-13.0	0.0	-13.0
Apr.	-8.1	-3.5	-0.4	-3.2	-4.5	0.1	-4.6	4.7	1.5	0.2	1.4	3.2	0.0	3.1

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	-281.9	349.8	-101.6	232.6	-180.3	-155.9	-24.4	117.3	113.1	4.1
2002	-175.8	290.4	-40.4	88.9	-135.4	-89.6	-45.8	201.5	133.7	67.9
2003	-280.5	305.8	-65.6	105.5	-214.9	-172.0	-42.8	200.3	195.3	5.0
2003 Q1	-48.9	53.1	11.2	2.2	-60.0	-50.9	-9.1	50.8	40.4	10.4
Q2	-107.3	169.3	-33.2	30.5	-74.1	-59.3	-14.8	138.8	124.6	14.2
Q3	-63.3	4.2	-19.4	25.1	-43.9	-37.2	-6.8	-20.9	-7.8	-13.1
Q4	-61.0	79.2	-24.2	47.7	-36.8	-24.7	-12.1	31.6	38.1	-6.6
2004 Q1	-88.0	89.8	-29.8	23.4	-58.2	-42.3	-15.8	66.4	42.7	23.7
2003 Apr.	-23.2	50.8	-10.7	13.9	-12.5	-15.6	3.1	36.9	21.8	15.1
May	-36.7	46.1	-7.9	-6.2	-28.9	-19.6	-9.3	52.3	49.8	2.5
June	-47.4	72.4	-14.7	22.8	-32.7	-24.1	-8.6	49.6	53.0	-3.5
July	-27.1	-6.7	-8.6	10.9	-18.5	-22.0	3.5	-17.5	-13.3	-4.3
Aug.	-14.5	-21.7	-5.3	3.4	-9.2	-6.3	-2.9	-25.1	-8.8	-16.3
Sep.	-21.8	32.6	-5.6	10.8	-16.2	-8.8	-7.4	21.8	14.3	7.5
Oct.	-30.8	69.3	-13.5	22.4	-17.3	-11.3	-6.0	46.9	29.1	17.8
Nov.	-20.6	25.1	-3.3	11.8	-17.2	-15.1	-2.1	13.3	14.0	-0.6
Dec.	-9.7	-15.2	-7.4	13.4	-2.3	1.8	-4.1	-28.7	-5.0	-23.7
2004 Jan.	-49.1	34.2	-14.5	0.4	-34.6	-17.2	-17.4	33.8	21.4	12.3
Feb.	-13.2	33.6	-5.7	19.6	-7.6	-1.8	-5.8	14.0	14.7	-0.7
Mar.	-25.7	22.0	-9.6	3.3	-16.0	-23.4	7.3	18.6	6.6	12.1
Apr.	-28.7	25.7	-2.5	-12.8	-26.2	-7.9	-18.3	38.6	27.5	11.1

Source: ECB.

(EUR billions; transactions)

7. Portfolio investment assets by instrument and sector of holder

	Equity					Debt instruments									
						Bonds and notes					Money market instruments				
	Eurosystem	MFIs excluding Eurosystem	Non-MFIs			Eurosystem	MFIs excluding Eurosystem	Non-MFIs			Eurosystem	MFIs excluding Eurosystem	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	-105.2	-2.1	-103.2	0.2	-67.1	-89.0	-1.2	-87.8	-2.4	-40.7	18.6	-0.1	18.7
2002	-0.4	-7.6	-32.4	-4.4	-28.0	-0.6	-15.0	-74.1	-0.9	-73.2	2.0	-32.8	-15.0	-1.1	-14.0
2003	-0.3	-12.7	-52.6	-2.6	-50.0	-2.2	-45.5	-124.3	-0.2	-124.1	0.2	-42.4	-0.6	0.6	-1.2
2003 Q1	-0.1	-3.7	14.9	-0.6	15.6	-0.3	-4.4	-46.2	0.2	-46.5	-0.8	-26.9	18.6	-1.6	20.2
Q2	-0.2	0.7	-33.8	-0.8	-33.0	-0.2	-25.6	-33.5	0.0	-33.5	1.0	-1.6	-14.3	1.0	-15.3
Q3	-0.1	-6.2	-13.1	-0.8	-12.3	-1.4	-8.5	-27.3	-0.3	-27.0	0.1	-1.0	-5.9	-0.1	-5.8
Q4	0.0	-3.6	-20.6	-0.4	-20.2	-0.3	-7.0	-17.3	-0.1	-17.2	-0.2	-13.0	1.0	1.3	-0.3
2004 Q1	0.0	-2.6	-27.2	.	.	-0.4	-22.1	-19.8	.	.	-0.1	-13.8	-1.9	.	.
2003 Apr.	-0.1	0.6	-11.2	-	-	-0.1	-8.1	-7.4	-	-	0.5	3.2	-0.7	-	-
May	0.0	0.2	-8.1	-	-	-0.2	-2.7	-16.7	-	-	0.9	-6.4	-3.8	-	-
June	0.0	-0.1	-14.5	-	-	0.1	-14.9	-9.3	-	-	-0.4	1.6	-9.8	-	-
July	0.0	-2.0	-6.5	-	-	-0.1	-1.7	-20.2	-	-	0.2	-3.3	6.6	-	-
Aug.	0.0	-1.0	-4.2	-	-	-0.6	-2.3	-3.5	-	-	0.1	4.0	-7.0	-	-
Sep.	0.0	-3.2	-2.4	-	-	-0.7	-4.5	-3.6	-	-	-0.1	-1.7	-5.6	-	-
Oct.	0.0	-4.7	-8.8	-	-	-0.4	-1.5	-9.4	-	-	-0.1	-4.0	-2.0	-	-
Nov.	0.0	1.4	-4.7	-	-	0.0	-8.5	-6.6	-	-	-0.1	-2.6	0.6	-	-
Dec.	0.0	-0.3	-7.1	-	-	0.1	3.0	-1.3	-	-	0.0	-6.4	2.4	-	-
2004 Jan.	0.0	-1.4	-13.1	-	-	0.0	-11.4	-5.8	-	-	0.1	-16.7	-0.8	-	-
Feb.	0.1	-3.1	-2.6	-	-	0.0	0.4	-2.2	-	-	-0.2	-6.3	0.8	-	-
Mar.	0.0	1.8	-11.4	-	-	-0.4	-11.1	-11.9	-	-	0.0	9.3	-1.9	-	-
Apr.	0.0	-1.1	-1.4	-	-	0.2	-3.0	-5.1	-	-	0.0	-15.6	-2.7	-	-

8. Other investment by sector

	Total		Eurosystem		General government		MFIs (excluding Eurosystem)						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	-268.2	261.6	0.6	4.4	3.0	-0.4	-229.1	232.4	-46.9	22.7	-182.3	209.7	-42.6	25.2
2002	-230.4	67.8	-1.2	19.3	0.1	-8.2	-166.0	27.8	-32.2	51.7	-133.8	-23.9	-63.4	28.8
2003	-240.7	165.7	-0.8	11.9	-1.3	-3.6	-152.9	133.7	-57.7	69.4	-95.2	64.2	-85.6	23.8
2003 Q1	-123.1	82.9	-0.6	2.0	-1.8	-8.3	-65.7	60.1	-14.9	10.5	-50.8	49.7	-55.1	29.0
Q2	-132.2	34.6	0.2	4.9	-2.0	3.9	-103.2	26.9	-11.5	11.8	-91.7	15.1	-27.2	-1.1
Q3	92.0	-11.9	0.3	5.8	-0.3	5.3	87.6	-7.1	-12.5	16.4	100.2	-23.4	4.4	-16.0
Q4	-77.4	60.2	-0.7	-0.8	2.7	-4.6	-71.6	53.7	-18.7	30.7	-52.9	23.0	-7.8	11.8
2004 Q1	-170.6	161.7	-0.4	-2.4	0.2	-6.9	-156.7	158.4	-18.1	-1.4	-138.6	159.8	-13.7	12.6
2003 Apr.	-56.6	59.6	0.0	0.8	0.8	2.8	-32.7	52.1	-3.6	2.0	-29.1	50.1	-24.6	4.0
May	-46.1	11.0	0.7	1.9	-3.7	1.3	-35.1	3.7	-1.7	2.4	-33.4	1.3	-7.9	4.1
June	-29.5	-36.0	-0.5	2.1	0.9	-0.2	-35.3	-28.9	-6.2	7.4	-29.1	-36.3	5.4	-9.1
July	41.3	-2.7	0.1	2.6	-2.5	2.1	42.4	2.6	-4.6	8.3	47.0	-5.7	1.3	-9.9
Aug.	79.8	-29.8	0.3	1.5	0.5	0.5	73.4	-30.2	-2.0	2.7	75.4	-33.0	5.6	-1.6
Sep.	-29.1	20.6	-0.1	1.8	1.7	2.7	-28.1	20.6	-5.9	5.4	-22.2	15.2	-2.5	-4.4
Oct.	-53.1	29.9	-0.2	0.7	1.1	-2.0	-40.5	25.4	-8.2	7.7	-32.3	17.7	-13.4	5.9
Nov.	-36.4	27.4	0.4	-2.7	1.0	1.5	-34.8	27.4	-5.6	7.5	-29.1	20.0	-3.0	1.2
Dec.	12.1	2.8	-0.9	1.2	0.6	-4.0	3.7	0.9	-4.9	15.6	8.6	-14.7	8.7	4.8
2004 Jan.	-64.6	68.5	-0.2	1.4	-1.4	-4.6	-61.8	75.4	-3.3	-2.2	-58.5	77.6	-1.2	-3.8
Feb.	-26.5	14.4	-0.1	-4.3	1.8	-0.8	-25.4	18.0	-8.0	-0.2	-17.4	18.3	-2.8	1.4
Mar.	-79.5	78.9	-0.1	0.5	-0.3	-1.6	-69.4	65.0	-6.8	1.1	-62.6	63.9	-9.7	15.0
Apr.	-55.1	55.0	0.6	0.6	-1.0	-0.5	-52.5	55.3	-8.3	-2.1	-44.2	57.4	-2.2	-0.4

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	-0.4	-8.0	-8.4	-1.0	-0.2	-1.2
2003	-0.8	11.9	11.1	0.0	0.0	0.0	-0.1	0.0	0.0	-0.3	-3.9	-4.3	-0.9	0.3	-0.6
2002 Q4	-0.4	6.3	5.8	0.0	0.0	0.0	0.0	0.0	0.0	0.4	-0.8	-0.4	0.1	-0.1	-0.1
2003 Q1	-0.6	2.0	1.5	0.0	0.0	0.0	0.0	0.0	0.0	-1.2	-8.2	-9.5	-0.5	-0.1	-0.6
Q2	0.2	4.9	5.0	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	0.3	5.8	6.1	0.0	0.0	0.0	0.0	0.0	0.0	-0.1	4.8	4.7	-0.2	0.5	0.4
Q4	-0.7	-0.8	-1.5	0.0	0.0	0.0	0.0	0.0	0.0	2.7	-4.1	-1.4	0.1	-0.4	-0.4

	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	-30.2	18.7	-11.5	-8.9	5.2	-3.8
2002	-162.2	30.6	-131.6	-3.8	-2.8	-6.6	-3.5	-3.0	-6.4	-58.4	25.9	-32.4	-1.5	5.9	4.4
2003	-150.8	136.4	-14.4	-2.1	-2.7	-4.8	-5.5	8.2	2.7	-64.2	14.4	-49.9	-15.9	1.2	-14.7
2002 Q4	-94.3	9.9	-84.5	5.0	-9.6	-4.6	0.2	-3.0	-2.8	-19.2	15.9	-3.4	-0.4	1.6	1.2
2003 Q1	-63.8	59.7	-4.1	-1.9	0.5	-1.5	-1.3	5.1	3.8	-47.9	22.7	-25.2	-5.8	1.2	-4.7
Q2	-103.9	28.5	-75.3	0.7	-1.6	-1.0	-1.1	-0.2	-1.4	-18.5	-7.2	-25.7	-7.5	6.4	-1.2
Q3	87.9	-5.7	82.1	-0.2	-1.3	-1.6	-1.3	0.9	-0.3	4.7	-11.5	-6.8	0.9	-5.4	-4.5
Q4	-71.0	53.9	-17.1	-0.6	-0.2	-0.8	-1.7	2.3	0.6	-2.6	10.4	7.8	-3.5	-0.9	-4.4

10. Reserve assets

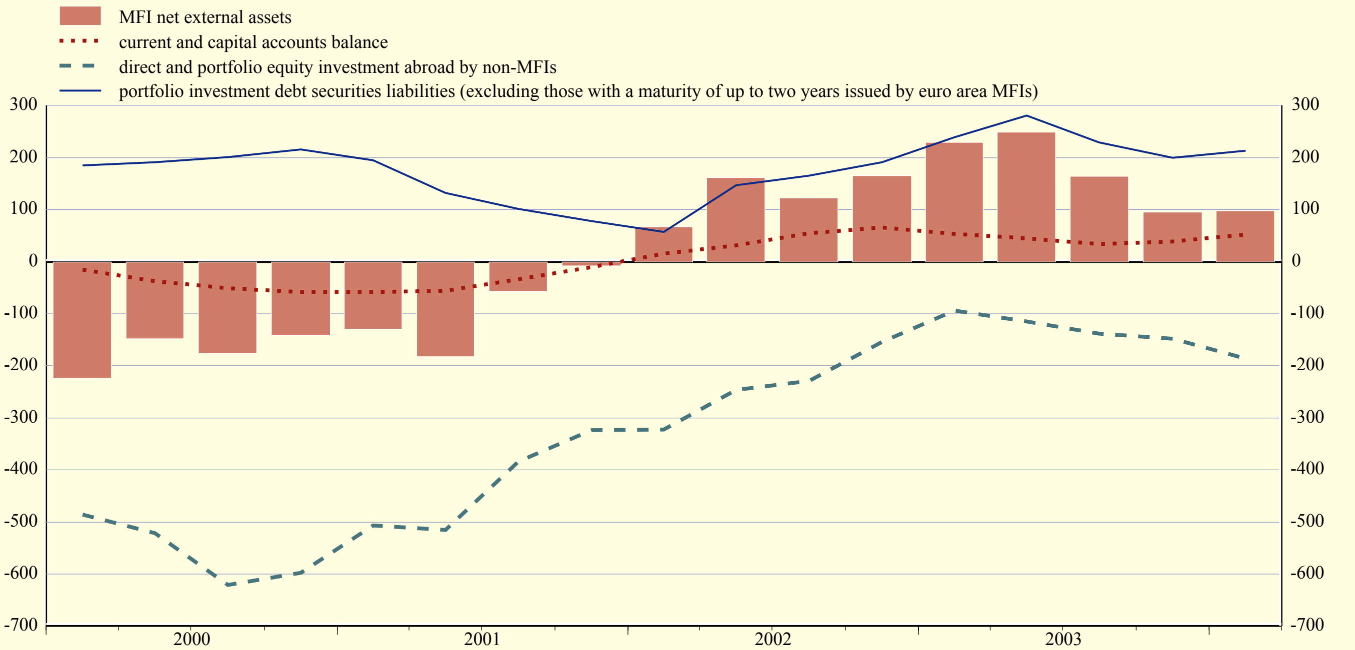
	Total	Monetary gold	Special drawing rights	Reserve position in the IMF	Foreign exchange							Other claims
					Total	Currency and deposits		Securities			Financial derivatives	
						With monetary authorities and the BIS	With banks	Equity	Bonds and notes	Money market instruments		
	1	2	3	4	5	6	7	8	9	10	11	12
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
2003	29.8	1.7	0.0	-1.6	29.7	-1.8	1.6	0.0	21.1	8.8	0.1	0.0
2002 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	2.3	0.5	0.0	-2.6	4.4	-0.5	0.0	-0.1	4.8	0.2	0.0	0.0
Q3	2.0	0.1	0.0	-0.7	2.6	-1.1	4.1	0.0	-4.7	4.3	0.0	0.0
Q4	13.6	0.6	0.0	1.8	11.1	-1.0	-1.9	0.0	11.5	2.6	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]	Debt instruments [2]	Non-MFIs	Non-MFIs				
	1	2	3	4	5	6	7	8	9	10	11	12
2001	-10.1	-296.8	203.2	-175.6	172.3	78.4	-39.7	24.7	-0.9	44.3	-0.1	-7.3
2002	65.4	-136.4	146.2	-121.5	52.0	191.1	-63.3	20.6	-10.8	0.4	143.7	166.0
2003	39.3	-118.8	105.7	-177.5	110.4	199.3	-87.0	20.2	-13.7	4.1	82.0	95.3
2003 Q1	4.3	-27.2	42.4	-12.7	5.3	46.0	-56.8	20.7	-3.1	10.0	28.9	32.0
Q2	-5.0	-34.9	32.5	-81.5	34.2	140.4	-29.2	2.8	-1.4	37.0	94.9	97.4
Q3	14.3	-30.8	13.5	-46.3	27.2	-5.9	4.1	-10.7	-4.6	-13.6	-52.9	-50.4
Q4	25.8	-25.9	17.3	-36.9	43.8	18.9	-5.1	7.3	-4.7	-29.2	11.1	16.3
2004 Q1	16.9	-16.2	-5.9	-48.9	7.1	59.7	-13.6	5.7	1.3	8.0	14.0	35.0
2003 Apr.	-7.3	-15.7	5.5	-19.3	21.0	39.2	-23.9	6.8	-2.8	-10.1	-6.7	-2.5
May	-1.4	-14.4	15.8	-28.6	2.8	48.1	-11.6	5.4	1.7	24.4	42.2	41.9
June	3.7	-4.8	11.1	-33.6	10.4	53.1	6.3	-9.3	-0.2	22.8	59.4	58.1
July	3.6	-8.5	5.9	-20.1	9.9	-14.6	-1.2	-7.8	-2.4	-4.0	-39.1	-37.9
Aug.	4.8	-4.3	-0.8	-14.7	-1.1	-11.4	6.1	-1.1	-2.6	-10.7	-35.7	-31.6
Sep.	5.9	-18.1	8.3	-11.5	18.5	20.1	-0.8	-1.7	0.4	1.0	21.9	19.1
Oct.	9.3	-12.4	0.3	-20.2	17.6	39.3	-12.3	3.8	1.7	-17.1	10.0	9.9
Nov.	5.0	3.0	2.7	-10.7	11.3	11.5	-2.0	2.7	0.5	-11.2	12.8	18.1
Dec.	11.5	-16.5	14.3	-6.0	14.8	-32.0	9.3	0.8	-6.9	-1.0	-11.7	-11.8
2004 Jan.	-4.1	-7.6	-3.5	-19.7	-7.4	31.7	-2.6	-8.4	0.6	29.6	8.6	25.4
Feb.	7.7	-4.5	12.9	-4.0	19.6	9.5	-1.0	0.6	-0.2	-32.0	8.7	7.4
Mar.	13.2	-4.1	-15.2	-25.2	-5.1	18.5	-10.0	13.4	0.9	10.4	-3.3	2.2
Apr.	1.0	-7.8	4.7	-9.2	-14.8	31.4	-3.2	-0.9	0.7	7.4	9.3	10.9
	12-month cumulated transactions											
2004 Apr.	60.2	-99.9	56.5	-203.6	76.4	205.3	-23.1	-2.6	-5.8	19.7	83.2	111.7

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.)					
			Total				Memo:	Total				Memo:	
	Exports	Imports		Intermediate	Capital	Consumption	Manufactures		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	1,001.1	480.3	217.3	261.6	874.8	1,023.9	589.4	182.9	220.9	744.8	122.6
2001	6.1	-0.9	1,063.6	492.7	236.6	287.8	932.1	1,012.2	576.1	178.4	226.5	738.5	107.8
2002	2.1	-2.7	1,085.8	513.3	228.2	309.9	949.1	985.4	559.6	163.7	234.5	717.4	105.2
2003	-2.6	-0.1	1,058.5	497.7	220.4	298.0	917.0	985.7	549.1	161.0	238.4	709.8	108.0
2002 Q4	2.3	2.5	270.1	128.1	56.8	76.8	235.8	247.1	139.7	40.8	59.4	178.2	27.7
2003 Q1	-1.0	3.6	266.6	125.7	54.8	75.7	230.2	251.4	143.5	40.9	58.7	178.1	29.9
Q2	-5.9	-2.9	258.8	122.1	53.2	72.7	224.8	243.9	134.5	39.6	59.5	176.9	25.4
Q3	-2.6	-1.8	264.8	125.1	56.0	74.5	230.5	241.7	134.5	38.9	59.2	175.2	26.4
Q4	-0.8	0.7	268.2	124.8	56.3	75.1	231.5	248.7	136.6	41.6	61.0	179.6	26.3
2004 Q1	4.5	-0.3	273.8	128.2	58.4	74.4	241.2	247.7	135.4	39.9	61.0	180.2	26.6
2003 Nov.	-5.2	-1.9	88.9	41.7	18.6	25.0	77.0	83.7	45.5	14.3	20.3	59.7	8.7
Dec.	4.7	5.6	90.0	42.3	19.2	24.6	77.2	83.0	46.3	13.3	20.3	59.6	9.3
2004 Jan.	-2.9	-6.6	90.4	42.3	19.1	24.4	79.0	82.1	44.8	13.2	20.4	59.9	8.4
Feb.	2.9	0.8	91.5	42.7	20.2	24.7	80.6	83.5	44.9	13.9	20.3	61.3	8.5
Mar.	12.9	4.8	91.9	43.1	19.1	25.4	81.6	82.1	45.7	12.8	20.3	59.0	9.7
Apr.	8.1	4.4	93.6	44.3	20.4	25.6	82.2	86.0	47.5	14.7	20.9	61.8	9.1
	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	99.9	99.9	100.0	100.0	99.9	100.1
2001	5.1	-1.0	105.2	101.9	108.7	108.0	105.6	98.7	99.0	96.1	99.8	97.6	99.0
2002	3.0	-0.2	108.4	107.9	105.4	116.1	108.5	98.6	99.3	90.4	104.5	96.6	100.9
2003	0.7	3.2	109.2	107.7	106.0	115.1	108.5	101.9	100.0	94.6	109.6	99.6	103.2
2002 Q4	3.5	2.0	108.6	108.2	105.9	116.0	108.7	99.0	98.6	92.0	106.5	97.1	101.1
2003 Q1	1.9	3.9	108.5	107.2	103.7	115.9	107.4	101.0	100.2	94.7	107.5	98.5	99.4
Q2	-2.2	2.4	106.9	105.7	102.6	112.4	106.3	102.1	100.0	93.6	109.5	99.5	103.8
Q3	0.6	1.7	109.7	108.9	108.4	115.4	109.6	100.6	99.3	91.7	108.7	98.7	106.1
Q4	2.5	4.8	111.5	109.1	109.3	116.6	110.7	103.7	100.5	98.3	112.9	101.6	103.3
2004 Q1	7.4	4.4	114.6	112.6	114.3	116.0	115.9	104.3	99.9	96.5	114.6	102.9	104.4
2003 Nov.	-2.0	1.7	110.6	109.5	108.8	116.3	110.5	104.3	100.0	101.1	112.6	101.2	102.5
Dec.	7.8	10.1	112.3	111.0	112.2	114.9	110.7	104.0	102.0	95.0	113.7	101.8	106.3
2004 Jan.	-0.1	-1.4	113.3	111.6	111.4	114.3	113.8	103.7	99.7	95.5	114.6	102.7	96.6
Feb.	6.3	5.9	115.2	112.8	118.8	115.5	116.5	105.7	99.5	100.9	114.8	105.1	101.8
Mar.	15.5	8.6	115.2	113.4	112.7	118.2	117.3	103.4	100.5	93.1	114.3	100.9	114.7
Apr.	9.6	5.5	116.9	116.6	119.1	119.1	118.1	107.4	103.1	105.9	117.9	105.3	.
	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	101.8	100.9	100.2	98.7	101.5	102.7	101.6	88.9
2002	-0.9	-2.5	100.1	99.1	99.6	102.1	100.0	97.7	95.7	99.0	101.6	99.8	85.2
2003	-3.2	-3.2	96.9	96.2	95.7	99.0	96.6	94.5	93.2	93.0	98.5	95.7	85.6
2002 Q4	-1.1	0.4	99.4	98.6	98.8	101.3	99.2	97.5	96.2	97.0	101.0	98.5	89.5
2003 Q1	-2.8	-0.3	98.2	97.6	97.4	99.9	97.9	97.2	97.2	94.4	98.9	97.1	98.2
Q2	-3.7	-5.2	96.7	96.2	95.4	98.9	96.7	93.3	91.2	92.5	98.5	95.5	79.9
Q3	-3.1	-3.4	96.4	95.6	95.2	98.8	96.2	93.9	91.9	92.8	98.6	95.4	81.1
Q4	-3.3	-3.9	96.1	95.3	94.9	98.6	95.6	93.7	92.2	92.4	98.0	94.9	83.1
2004 Q1	-2.8	-4.5	95.5	94.8	94.1	98.1	95.2	92.8	92.0	90.5	96.4	94.0	83.2
2003 Nov.	-3.2	-3.5	96.3	95.2	94.5	98.7	95.7	94.0	92.7	92.5	97.9	95.1	83.3
Dec.	-2.8	-4.0	96.0	95.2	94.7	98.5	95.6	93.5	92.3	92.1	97.2	94.3	85.4
2004 Jan.	-2.8	-5.3	95.6	94.8	94.5	97.9	95.2	92.8	91.5	90.5	96.6	93.9	84.8
Feb.	-3.2	-4.8	95.2	94.6	94.1	98.0	94.9	92.6	91.8	90.5	96.3	94.0	82.1
Mar.	-2.2	-3.5	95.6	95.0	93.7	98.4	95.4	93.0	92.6	90.4	96.4	94.2	82.6
Apr.	-1.4	-1.0	95.9	94.9	94.5	98.7	95.5	93.9	93.8	90.8	96.1	94.6	.

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	Other EU Member States				Switzerland	United States	Japan	Asia excl. Japan	Africa	Latin America	Other countries
		United Kingdom	Sweden	Denmark	Others							
	1	2	3	4	5	6	7	8	9	10	11	12
	Exports (f.o.b.)											
2000	1,001.1	189.2	39.2	23.6	97.2	63.9	173.2	34.3	153.7	56.8	47.1	126.4
2001	1,063.6	202.1	37.0	24.3	105.9	66.4	180.1	34.5	165.5	60.4	49.9	135.6
2002	1,085.8	205.9	37.1	25.3	112.1	64.0	184.2	33.1	170.4	59.5	43.4	148.7
2003	1,058.5	193.1	38.4	24.9	117.3	63.2	167.1	31.1	170.5	59.4	37.8	154.3
2002 Q4	270.1	49.8	9.4	6.4	28.3	15.6	45.5	8.3	42.6	14.4	10.4	37.8
2003 Q1	266.6	49.1	9.6	6.4	28.6	16.5	43.3	7.8	42.2	14.5	10.3	38.1
Q2	258.8	47.0	9.5	6.1	28.9	15.5	41.2	7.5	41.6	14.6	9.5	37.7
Q3	264.8	48.1	9.6	6.3	30.2	15.3	41.7	7.8	43.6	15.3	9.1	39.3
Q4	268.2	48.9	9.7	6.1	29.6	15.9	40.9	8.1	43.0	15.0	8.9	39.2
2004 Q1	273.8	48.9	9.9	6.2	31.4	15.5	42.2	8.5	45.9	14.9	9.5	.
2003 Nov.	88.9	16.0	3.3	2.0	9.7	5.4	13.4	2.6	14.4	4.9	3.1	12.9
Dec.	90.0	16.8	3.2	2.0	10.1	5.2	13.8	2.7	14.2	5.0	2.9	13.0
2004 Jan.	90.4	16.0	3.3	2.1	10.3	5.2	13.3	2.8	15.3	5.1	3.3	14.9
Feb.	91.5	16.9	3.3	2.0	10.5	5.1	14.8	2.8	15.4	4.8	3.1	.
Mar.	91.9	16.0	3.3	2.1	10.6	5.2	14.1	2.9	15.2	4.9	3.2	.
Apr.	93.6	.	.	.	.	.	.	.	.	.	.	.
	% share of total exports											
2003	100.0	18.2	3.6	2.3	11.1	6.0	15.8	2.9	16.1	5.6	3.6	14.6
	Imports (c.i.f.)											
2000	1,023.9	159.3	39.0	22.2	78.8	50.8	143.6	67.5	217.4	73.7	40.3	133.1
2001	1,012.2	154.3	34.4	21.3	88.9	53.0	138.0	58.6	208.3	74.0	40.9	140.4
2002	985.4	149.7	35.6	23.0	93.5	52.1	125.7	52.7	204.6	67.8	39.4	140.4
2003	985.7	137.2	36.5	22.9	102.0	50.7	110.7	52.2	216.0	68.5	39.5	148.4
2002 Q4	247.1	35.8	9.1	5.9	23.9	12.8	30.4	13.4	52.6	16.8	9.8	36.0
2003 Q1	251.4	35.6	9.1	5.9	24.9	13.3	28.2	13.4	53.4	18.4	9.8	38.2
Q2	243.9	34.0	9.1	5.6	24.9	12.5	28.1	13.1	53.5	16.9	9.6	36.5
Q3	241.7	33.8	9.1	5.6	25.1	12.5	27.6	12.5	53.8	16.8	9.7	36.3
Q4	248.7	33.9	9.2	5.7	27.1	12.4	26.8	13.0	55.3	16.5	10.4	37.4
2004 Q1	247.7	33.3	9.2	5.9	27.4	12.7	25.9	13.4	55.3	16.3	10.4	.
2003 Nov.	83.7	11.3	3.1	1.9	9.1	4.1	9.0	4.3	18.3	5.5	3.5	11.9
Dec.	83.0	11.4	3.0	1.9	9.2	4.1	8.6	4.5	18.5	5.4	3.5	13.5
2004 Jan.	82.1	11.1	3.0	1.9	9.1	4.3	8.9	4.5	18.2	5.5	3.4	12.1
Feb.	83.5	11.3	3.1	2.0	9.2	4.3	8.8	4.5	18.4	5.2	3.5	.
Mar.	82.1	10.8	3.1	2.1	9.1	4.1	8.2	4.5	18.6	5.6	3.5	.
Apr.	86.0	.	.	.	.	.	.	.	.	.	.	.
	% share of total imports											
2003	100.0	13.9	3.7	2.3	10.4	5.1	11.2	5.3	21.9	6.9	4.0	15.1
	Balance											
2000	-22.7	29.8	0.2	1.5	18.4	13.2	29.7	-33.2	-63.6	-16.9	6.8	-6.7
2001	51.3	47.8	2.6	3.1	17.0	13.4	42.1	-24.1	-42.8	-13.6	9.0	-4.9
2002	100.4	56.1	1.5	2.3	18.6	11.9	58.5	-19.7	-34.2	-8.3	4.0	8.3
2003	72.7	55.9	1.8	2.0	15.3	12.5	56.4	-21.0	-45.5	-9.1	-1.7	5.8
2002 Q4	23.0	14.0	0.3	0.5	4.4	2.8	15.1	-5.1	-10.0	-2.4	0.7	1.8
2003 Q1	15.2	13.5	0.5	0.5	3.7	3.2	15.1	-5.7	-11.2	-3.9	0.6	-0.1
Q2	15.0	13.0	0.4	0.5	4.0	3.0	13.1	-5.6	-11.9	-2.2	-0.1	1.2
Q3	23.1	14.4	0.4	0.7	5.1	2.8	14.0	-4.8	-10.2	-1.5	-0.6	3.0
Q4	19.4	15.0	0.5	0.4	2.5	3.5	14.2	-4.9	-12.2	-1.5	-1.5	1.8
2004 Q1	26.1	15.6	0.8	0.3	4.0	2.8	16.3	-5.0	-9.4	-1.4	-0.8	.
2003 Nov.	5.2	4.7	0.2	0.1	0.6	1.4	4.4	-1.7	-3.8	-0.7	-0.5	1.0
Dec.	7.0	5.4	0.2	0.2	0.9	1.1	5.2	-1.8	-4.3	-0.5	-0.6	-0.5
2004 Jan.	8.3	4.9	0.3	0.2	1.2	0.9	4.4	-1.7	-3.0	-0.3	-0.1	2.9
Feb.	8.0	5.6	0.2	0.1	1.2	0.8	6.0	-1.7	-3.0	-0.4	-0.4	.
Mar.	9.8	5.2	0.3	0.0	1.6	1.1	5.9	-1.6	-3.5	-0.7	-0.4	.
Apr.	7.5	.	.	.	.	.	.	.	.	.	.	.

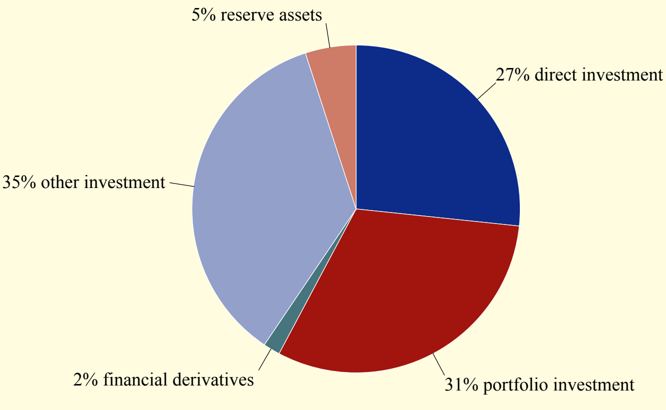
Sources: Eurostat and ECB calculations based on Eurostat data (balance and columns 5 and 12).

7.4 International investment position
(EUR billions, unless otherwise indicated; end-of-period outstanding amounts)

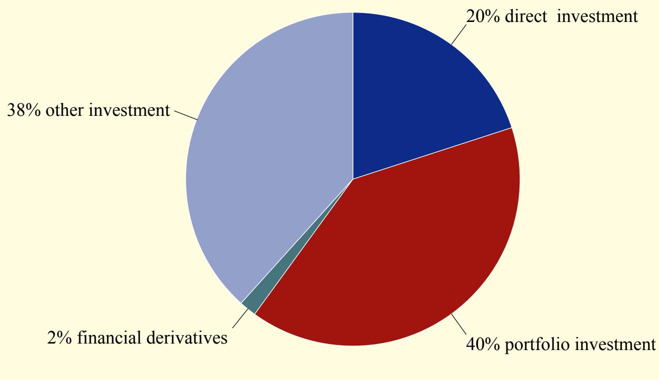
1. Summary international investment position

	Total	Total as a % of GDP	Direct investment	Portfolio investment	Financial derivatives	Other investment	Reserve assets
	1	2	3	4	5	6	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	102.8	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	106.9	1,512.5	3,026.7	130.7	2,897.6	-

C32 International investment position by item at end-2002



Assets



Liabilities

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	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
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									
						Bonds and notes					Money market instruments				
	Eurosystem	MFIs excluding Eurosystem	Non-MFIs			Eurosystem	MFIs excluding Eurosystem	Non-MFIs			Eurosystem	MFIs excluding Eurosystem	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
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	
															Assets	Liabilities
	Total	Monetary gold		Special drawing rights	Reserve position in the IMF	Foreign exchange								Other claims	Claims on euro area residents in foreign currency	Predetermined short-term net drains in foreign currency
		In EUR billions	In fine troy ounces (millions)			Total	Currency and deposits		Securities				Financial derivatives			
							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
	Eurosystem															
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 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
Feb.	298.5	125.4	393.540	4.5	23.3	145.2	10.1	32.6	102.4	-	-	-	0.1	0.0	20.8	-10.9
Mar.	308.4	136.4	393.539	4.6	23.2	144.2	9.7	29.3	105.5	-	-	-	-0.2	0.0	20.4	-10.5
Apr.	303.9	128.0	393.536	4.7	23.7	147.5	10.5	26.5	110.8	-	-	-	-0.2	0.0	20.4	-12.7
May	298.9	126.5	392.415	4.7	23.3	144.4	10.6	25.8	108.0	-	-	-	0.1	0.0	18.8	-9.3
	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 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
Feb.	36.1	7.9	24.656	0.2	0.0	28.0	1.1	7.7	19.2	-	-	-	0.0	0.0	2.8	-0.4
Mar.	37.9	8.5	24.656	0.2	0.0	29.1	1.0	5.4	22.8	-	-	-	0.0	0.0	2.5	-0.4
Apr.	37.7	8.0	24.656	0.2	0.0	29.5	1.0	4.7	23.8	-	-	-	0.0	0.0	2.6	-0.5
May	37.4	7.9	24.656	0.2	0.0	29.2	1.4	5.5	22.3	-	-	-	0.0	0.0	2.4	-0.6

Source: ECB.

8 EXCHANGE RATES

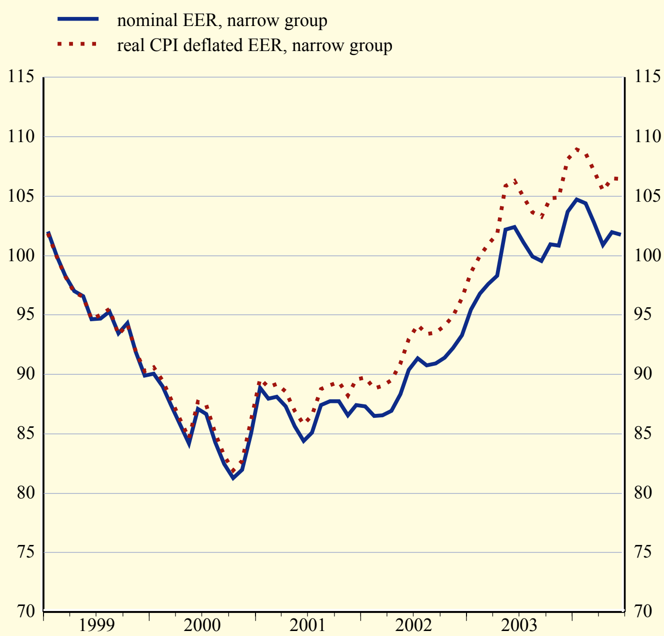
8.1 Effective exchange rates

(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	88.3	88.6	87.2	90.8	87.7
2002	89.7	92.3	93.1	92.2	92.0	91.6	95.4	91.6
2003	99.9	103.6	103.2	103.3	103.8	103.0	106.8	102.0
2003 Q2	101.0	104.7	104.4	104.3	105.1	104.1	107.6	102.8
Q3	100.2	103.9	103.3	103.7	104.3	103.7	106.7	101.9
Q4	101.8	105.9	104.9	105.8	106.3	104.8	109.1	104.3
2004 Q1	103.9	108.2	107.3	107.9	108.1	107.1	111.5	106.1
Q2	101.6	106.1	105.1	.	.	.	109.1	104.1
2003 June	102.4	106.3	105.9	-	-	-	109.1	104.3
July	101.1	104.9	104.4	-	-	-	107.5	102.7
Aug.	99.9	103.6	103.0	-	-	-	106.4	101.5
Sep.	99.5	103.3	102.5	-	-	-	106.1	101.4
Oct.	101.0	104.8	103.9	-	-	-	108.0	103.2
Nov.	100.9	104.9	104.1	-	-	-	108.1	103.2
Dec.	103.7	108.1	106.8	-	-	-	111.2	106.4
2004 Jan.	104.7	108.9	107.9	-	-	-	112.3	106.7
Feb.	104.4	108.6	107.7	-	-	-	112.1	106.5
Mar.	102.8	107.1	106.3	-	-	-	110.1	104.9
Apr.	100.9	105.5	104.5	-	-	-	108.2	103.3
May	102.0	106.5	105.5	-	-	-	109.6	104.5
June	101.8	106.4	105.4	-	-	-	109.6	104.5
	% change versus previous month							
2004 June	-0.2	-0.1	-0.1	-	-	-	0.0	0.0
	% change versus previous year							
2004 June	-0.6	0.1	-0.5	-	-	-	0.5	0.2

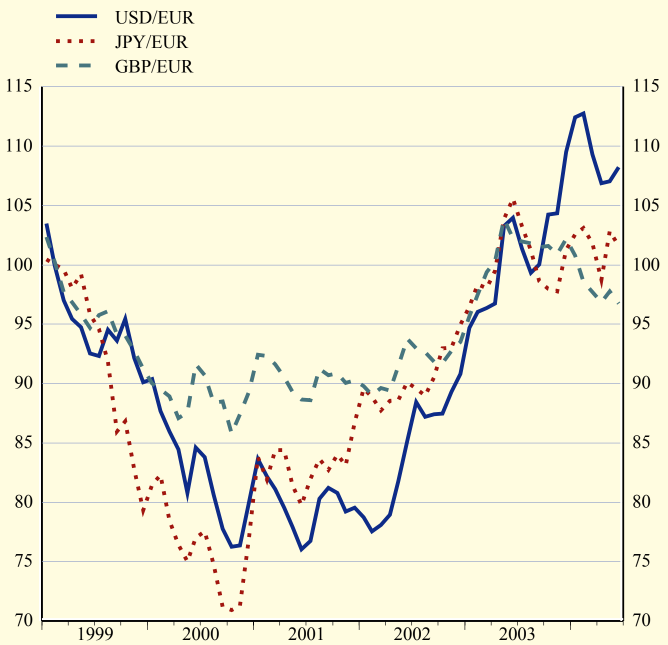
C33 Effective exchange rates

(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 krone	Singapore dollar	Canadian dollar	Norwegian krone	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
2003 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
2004 Q1	1.2497	0.67987	133.97	1.5686	9.1843	1,464.18	9.7201	7.4495	2.1179	1.6482	8.6310	1.6337	87.22	1.8532	8.4768
Q2	1.2046	0.66704	132.20	1.5374	9.1450	1,400.41	9.3925	7.4393	2.0518	1.6374	8.2634	1.6907	87.70	1.9180	7.9465
2003 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
Mar.	1.2262	0.67124	133.13	1.5670	9.2346	1,429.40	9.5547	7.4493	2.0838	1.6314	8.5407	1.6370	87.23	1.8566	8.1326
Apr.	1.1985	0.66533	129.08	1.5547	9.1653	1,381.58	9.3451	7.4436	2.0193	1.6068	8.2976	1.6142	87.59	1.8727	7.8890
May	1.2007	0.67157	134.48	1.5400	9.1277	1,412.29	9.3618	7.4405	2.0541	1.6541	8.2074	1.7033	87.97	1.9484	8.1432
June	1.2138	0.66428	132.86	1.5192	9.1430	1,406.18	9.4648	7.4342	2.0791	1.6492	8.2856	1.7483	87.55	1.9301	7.8110
	% change versus previous month														
2004 June	1.1	-1.1	-1.2	-1.4	0.2	-0.4	1.1	-0.1	1.2	-0.3	1.0	2.6	-0.5	-0.9	-4.1
	% change versus previous year														
2004 June	4.1	-5.4	-3.8	-1.4	0.3	1.0	4.1	0.1	2.8	4.4	1.5	-0.4	1.5	-3.8	-15.2

	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
2003 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
2004 Q1	0.58615	32.860	15.6466	260.00	3.4530	0.6664	0.4283	4.7763	237.6479	40.556	1.9517	40,550	1,665,395
Q2	0.58480	32.022	15.6466	252.16	3.4528	0.6542	0.4255	4.6877	238.8648	40.076	1.9493	40,664	1,759,532
2003 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
Mar.	0.58598	32.985	15.6466	253.33	3.4528	0.6596	0.4266	4.7642	238.0683	40.400	1.9465	40,029	1,620,374
Apr.	0.58630	32.519	15.6466	250.41	3.4529	0.6502	0.4251	4.7597	238.4520	40.151	1.9465	40,683	1,637,423
May	0.58589	31.976	15.6466	252.91	3.4528	0.6557	0.4259	4.7209	238.7400	40.164	1.9464	40,554	1,818,487
June	0.58239	31.614	15.6466	253.02	3.4528	0.6565	0.4254	4.5906	239.3591	39.923	1.9547	40,753	1,814,266
	% change versus previous month												
2004 June	-0.6	-1.1	0.0	0.0	0.0	0.1	-0.1	-2.8	0.3	-0.6	0.4	0.5	-0.2
	% change versus previous year												
2004 June	-0.6	0.6	0.0	-3.1	0.0	0.2	-0.7	3.5	2.4	-3.8	0.4	7.1	9.0

Source: ECB.

9 DEVELOPMENTS OUTSIDE THE EURO AREA

9.1 In other EU Member States

(annual percentage changes, unless otherwise indicated)

1. Economic and financial developments

	Czech Republic	Denmark	Estonia	Cyprus	Latvia	Lithuania	Hungary	Malta	Poland	Slovenia	Slovakia	Sweden	United Kingdom
	1	2	3	4	5	6	7	8	9	10	11	12	13
HICP													
2002	1.4	2.4	3.6	2.8	2.0	0.4	5.2	3.1	1.9	7.5	3.5	2.0	1.3
2003	-0.1	2.0	1.4	4.0	2.9	-1.1	4.7	2.6	0.7	5.7	8.5	2.3	1.4
2003 Q3	-0.2	1.6	1.3	2.7	3.5	-0.8	4.7	2.4	0.7	5.6	8.9	2.3	1.4
Q4	0.8	1.3	1.2	3.2	3.5	-1.2	5.4	1.1	1.4	5.0	9.4	1.9	1.3
2004 Q1	2.0	0.7	0.6	1.0	4.3	-1.1	6.8	0.9	1.8	3.7	8.2	0.6	1.3
2004 Jan.	2.0	1.0	0.6	1.6	4.0	-1.2	6.7	1.2	1.8	4.0	8.2	1.3	1.4
Feb.	2.0	0.7	0.6	1.4	4.3	-1.2	7.0	0.9	1.8	3.6	8.4	0.2	1.3
Mar.	2.1	0.4	0.7	0.1	4.7	-0.9	6.6	0.5	1.8	3.5	7.9	0.4	1.1
Apr.	2.0	0.5	1.5	0.1	5.0	-0.7	7.0	3.6	2.3	3.6	7.8	1.1	1.2
May	2.6	1.1	3.7	1.2	6.1	1.0	7.8	3.0	3.5	3.9	8.2	1.5	1.5
General government deficit (-)/surplus (+) as a % of GDP													
2001	-6.4	3.1	0.3	-2.4	-1.6	-2.1	-4.4	-6.4	-3.5	-2.7	-6.0	2.8	0.7
2002	-6.4	1.7	1.8	-4.6	-2.7	-1.4	-9.3	-5.7	-3.6	-1.9	-5.7	0.0	-1.6
2003	-12.9	1.5	2.6	-6.3	-1.8	-1.7	-5.9	-9.7	-4.1	-1.8	-3.6	0.7	-3.2
General government gross debt as a % of GDP													
2001	25.2	47.8	4.7	64.4	16.2	23.4	53.5	61.8	36.7	26.9	48.7	54.4	38.9
2002	28.9	47.2	5.7	67.1	15.5	22.8	57.1	61.7	41.2	27.8	43.3	52.6	38.5
2003	37.6	45.0	5.8	72.2	15.6	21.9	59.0	72.0	45.4	27.1	42.8	51.8	39.8
Long-term government bond yield as a % per annum, period average													
2003 Nov.	4.75	4.57	-	4.75	5.01	4.81	7.82	4.70	6.90	5.54	5.36	4.98	5.10
Dec.	4.82	4.52	-	4.75	5.07	4.81	8.24	4.71	6.76	5.27	5.42	4.86	4.94
2004 Jan.	4.68	4.35	-	4.75	5.06	4.81	8.36	4.71	6.67	5.14	5.16	4.65	4.84
Feb.	4.80	4.30	-	4.79	5.05	4.81	8.65	4.70	6.82	5.01	5.11	4.55	4.88
Mar.	4.50	4.10	-	5.17	4.98	4.64	8.04	4.70	6.65	4.99	5.09	4.31	4.76
Apr.	4.60	4.30	-	5.17	4.89	4.55	7.89	4.65	7.02	4.83	5.06	4.55	4.99
3-month interest rate as a % per annum, period average													
2003 Nov.	2.07	2.21	2.61	3.81	3.99	2.50	10.59	2.95	5.68	6.22	6.00	2.85	3.98
Dec.	2.08	2.22	2.61	3.81	4.21	2.68	13.15	2.94	5.69	6.11	5.98	2.82	4.02
2004 Jan.	2.07	2.19	2.61	3.81	4.20	2.66	12.57	2.94	5.37	6.01	5.78	2.73	4.06
Feb.	2.06	2.18	2.61	3.84	4.18	2.66	12.58	2.95	5.46	5.80	5.79	2.55	4.17
Mar.	2.05	2.14	2.62	3.83	4.33	2.67	12.25	2.93	5.49	5.62	5.71	2.37	4.30
Apr.	2.06	2.17	2.62	3.94	4.49	2.69	-	2.90	5.69	4.99	5.35	2.13	4.39
Real GDP													
2002	2.0	1.0	7.2	2.0	6.4	6.8	3.5	1.7	1.3	3.4	4.4	2.1	1.6
2003	2.9	0.4	5.1	2.0	7.5	9.0	2.9	.	.	2.3	4.2	1.6	2.2
2003 Q3	3.4	0.1	5.2	1.8	7.3	8.8	2.9	1.9	3.9	2.3	4.2	1.7	2.2
Q4	3.1	1.1	6.2	2.9	7.5	10.6	3.6	.	.	2.5	4.7	2.3	2.7
2004 Q1	4.1	1.1	.	3.4	.	.	.	.	.	3.7	5.5	.	3.0
Current and capital accounts balance as a % of GDP													
2002	-5.7	2.1	-9.9	-5.4	-6.8	-4.8	-6.8	-1.2	-2.6	1.4	-7.6	4.7	-1.6
2003	-6.5	2.8	-12.7	-2.1	-8.3	-6.5	-9.0	-5.1	-2.0	0.1	-0.5	6.3	-1.6
2003 Q2	-5.7	3.2	-10.4	-3.8	-9.3	-7.8	-9.9	-6.2	-2.0	-0.4	-1.2	5.8	-2.9
Q3	-7.5	4.3	-9.8	11.0	-9.5	-4.6	-7.7	3.2	-1.1	1.9	0.8	6.6	-1.9
Q4	-10.0	1.5	-15.9	-2.2	-9.0	-9.7	-9.1	.	-1.3	-0.7	-0.6	6.5	-1.7
Unit labour costs													
2002	-	1.8	4.1	-	-0.4	-12.5	9.0	-	-	6.5	4.1	0.8	2.8
2003	-	1.9	4.6	-	.	0.2	.	-	-	.	7.2	0.5	.
2003 Q3	-	2.5	4.8	-	-	.	-	-	-	-	-	-	.
Q4	-	0.7	2.7	-	-	.	-	-	-	-	-	-	.
2004 Q1	-	2.4	.	-	-	.	-	-	-	-	-	-	.
Standardised unemployment rate as a % of labour force (s.a.)													
2002	7.3	4.6	9.5	3.9	12.5	13.6	5.6	7.5	19.8	6.1	18.7	4.9	5.1
2003	7.8	5.6	10.1	4.5	10.5	12.7	5.8	8.2	19.2	6.5	17.1	5.6	5.0
2003 Q3	8.0	5.8	10.1	4.6	10.4	12.5	5.7	8.5	19.2	6.6	16.8	5.6	4.9
Q4	8.1	5.9	9.7	4.6	10.5	12.0	5.8	8.6	19.1	6.5	16.6	6.0	4.9
2004 Q1	8.3	6.0	9.4	4.7	10.6	11.6	5.9	8.9	19.1	6.4	16.6	6.3	4.7
2004 Jan.	8.2	6.0	9.5	4.7	10.6	11.7	5.9	8.8	19.1	6.4	16.6	6.1	4.7
Feb.	8.2	6.0	9.4	4.7	10.6	11.6	5.9	9.0	19.1	6.4	16.6	6.4	4.7
Mar.	8.4	5.9	9.3	4.7	10.6	11.5	5.9	9.0	19.0	6.4	16.5	6.4	4.7
Apr.	8.4	6.0	9.2	4.4	10.7	11.5	5.9	8.9	18.9	6.4	16.4	6.4	.
May	8.4	.	9.1	4.2	10.6	11.5	.	8.9	18.9	6.4	16.4	6.7	.

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

9.2 In the United States and Japan

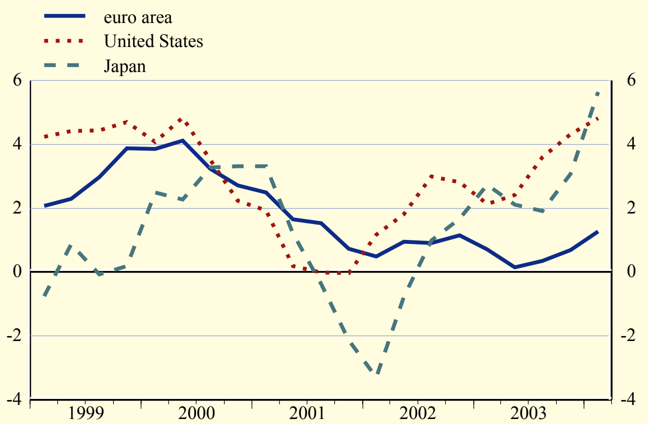
(annual percentage changes, unless otherwise indicated)

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	4.3	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	0.7	3.1	0.1	6.0	6.2	1.22	4.00	1.1312	.	.
2003 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	0.6	3.6	-0.6	6.1	7.2	1.13	4.21	1.1248	-5.2	47.7
Q4	1.9	0.5	4.3	1.7	5.9	4.5	1.17	4.27	1.1890	.	.
2004 Q1	1.8	0.8	4.8	3.2	5.6	4.0	1.12	4.00	1.2497	.	.
Q2	.	.	.	.	.	.	1.30	4.58	1.2046	.	.
2004 Feb.	1.7	-	-	3.4	5.6	4.0	1.12	4.06	1.2646	-	-
Mar.	1.7	-	-	4.1	5.7	4.4	1.11	3.81	1.2262	-	-
Apr.	2.3	-	-	5.4	5.6	4.8	1.15	4.32	1.1985	-	-
May	3.1	-	-	6.4	5.6	5.4	1.25	4.70	1.2007	-	-
June	.	-	-	.	.	.	1.50	4.73	1.2138	-	-
					Japan						
2000	-0.7	-6.7	2.8	5.7	4.7	2.1	0.28	1.76	99.47	-7.4	126.1
2001	-0.7	4.4	0.4	-6.8	5.0	2.8	0.15	1.34	108.68	-6.1	134.6
2002	-0.9	-3.2	-0.3	-1.2	5.4	3.3	0.08	1.27	118.06	.	.
2003	-0.3	-3.8	2.5	3.2	5.3	1.7	0.06	0.99	130.97	.	.
2003 Q2	-0.2	-3.0	2.1	2.2	5.4	1.6	0.06	0.60	134.74	.	.
Q3	-0.2	-1.5	1.9	1.0	5.2	1.8	0.05	1.19	132.14	.	.
Q4	-0.3	-4.3	3.1	4.2	5.1	1.5	0.06	1.38	129.45	.	.
2004 Q1	-0.1	-6.5	5.6	6.8	4.9	1.7	0.05	1.31	133.97	.	.
Q2	.	.	.	.	.	.	0.05	1.59	132.20	.	.
2004 Feb.	0.0	-6.5	-	6.6	5.0	1.7	0.05	1.25	134.78	-	-
Mar.	-0.1	-7.8	-	8.3	4.7	1.7	0.05	1.35	133.13	-	-
Apr.	-0.4	.	-	8.7	4.7	2.0	0.05	1.51	129.08	-	-
May	-0.5	.	-	4.2	4.6	2.0	0.05	1.49	134.48	-	-
June	.	.	-	.	.	.	0.05	1.77	132.86	-	-

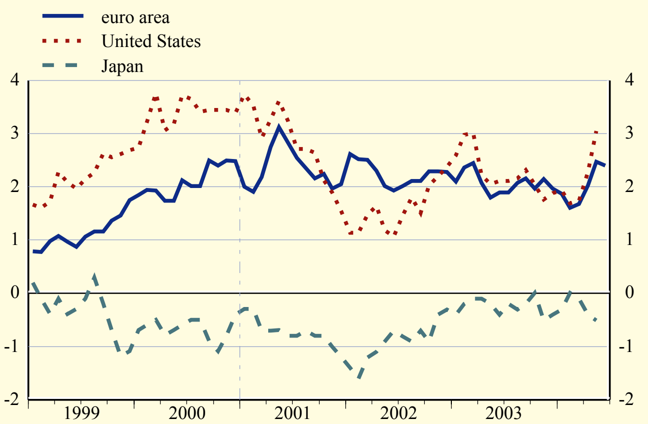
C35 Real gross domestic product

(annual percentage changes; quarterly)



C36 Consumer price indices

(annual percentage changes; monthly)



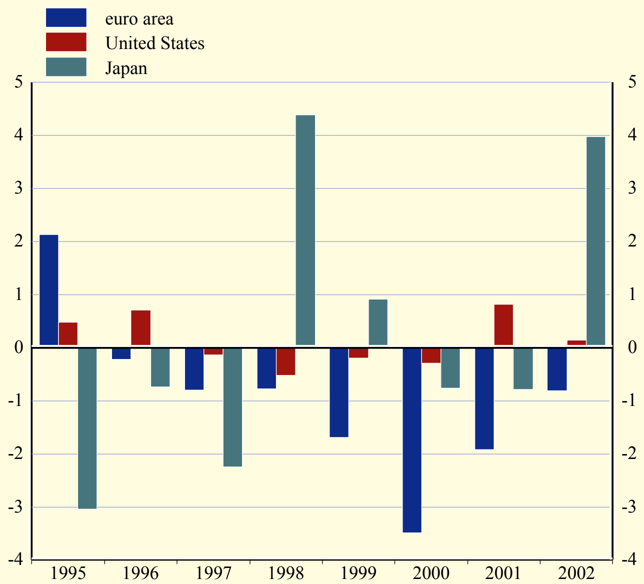
Sources: National data (columns 1, 2 (United States), 3, 4, 5, 6, 9 and 10); OECD (column 2 (Japan)); Eurostat (euro area chart data); Reuters (columns 7 and 8); ECB calculations (column 11).
1) Average-of-period values; M3 for US, M2+CDs for Japan.
2) For more information, see Sections 4.6 and 4.7.
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)

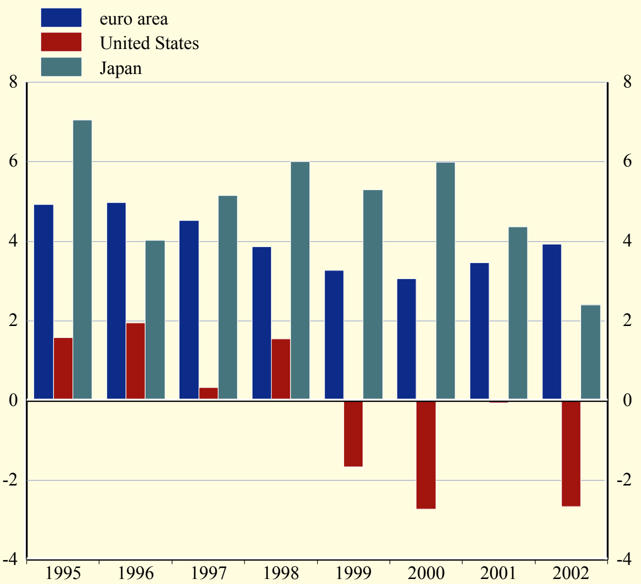
2. Saving, investment and financing

	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 expend-itures[2]	Net acquisition of financial assets	Gross saving[3]	Net incurrence of liabilities
	1	2	3	4	5	6	7	8	9	10	11	12	13
	United States												
2000	18.0	20.8	-4.0	9.5	9.0	12.3	7.5	12.6	2.4	12.6	3.1	11.0	5.9
2001	16.4	19.1	-3.8	8.0	8.4	1.8	7.6	0.9	1.8	12.7	5.9	10.6	5.9
2002	14.7	18.4	-4.4	7.4	7.4	1.2	8.2	1.0	0.0	12.8	4.0	11.1	6.7
2003	13.5	18.4	-4.7	7.1	7.2	5.0	8.7	3.2	0.9	13.0	7.0	10.9	8.3
2002 Q2	15.1	18.4	-4.6	7.3	7.4	2.3	8.2	2.1	0.4	12.8	3.5	11.6	5.7
Q3	14.5	18.5	-4.5	7.5	7.3	0.9	8.1	1.2	-1.6	12.8	2.7	10.9	5.8
Q4	13.8	18.4	-4.7	7.3	7.2	4.1	8.4	3.6	0.7	12.8	3.7	10.6	8.1
2003 Q1	12.9	18.1	-4.9	7.0	7.1	4.2	7.9	3.2	0.9	12.7	5.8	10.5	9.0
Q2	13.2	18.2	-5.0	7.0	7.1	5.7	8.6	3.9	2.1	12.9	11.4	11.1	12.6
Q3	13.4	18.4	-4.7	7.0	7.2	4.9	8.9	2.8	0.2	13.2	6.5	11.3	7.5
Q4	14.5	18.8	-4.3	7.3	7.3	5.0	9.4	2.9	0.3	13.1	4.4	10.7	4.3
2004 Q1	14.2	19.0	-4.8	7.5	7.3	5.3	9.1	3.4	0.7	12.9	7.1	10.7	9.5
	Japan												
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	8.6	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	8.5	-2.1
2003	.	24.0	.	.	.	2.9	.	-5.0	-0.6	.	-0.7	.	-0.6
2002 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	.	.	.	9.3	.	-2.9	-3.0	.	-5.4	.	1.6
Q4	.	24.9	.	.	.	11.6	.	8.3	1.2	.	8.4	.	-1.3
2004 Q1	.	23.8	.	.	.	10.6	.	-1.4	-0.6	.	-8.6	.	0.7

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



C38 Net lending of households[1]
(as a percentage of GDP)



Sources: ECB, Federal Reserve Board, Bank of Japan and Economic and Social Research Institute.
1) Including non-profit institutions serving households.
2) Gross capital formation in Japan. Capital expenditures in the United States include purchases of consumer durable goods.
3) Gross saving in the United States is increased by expenditures on consumer durable goods.

LIST OF CHARTS

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:

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

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:

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

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:

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

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

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

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:

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

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:

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

$$\text{g)}\quad a_t = \left(I_t\Big/I_{t-12}-1\right)\times 100$$

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:

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

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

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:

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

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 STATISTICS[1]

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:

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

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

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.

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:

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

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:

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

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

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 HICP [4]

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" sub-section 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 30 June 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 "Other EU Member States" comprises the Czech Republic, Denmark, Estonia, Cyprus, Latvia, Lithuania, Hungary, Malta, Poland, Slovenia, Slovakia, Sweden and United Kingdom.

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 were implemented on 10 March 2004. As a result of these changes, maintenance periods 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 was 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 sector[1], as last amended by Regulation ECB/2003/10[2].

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-

1 OJ L 356, 30.12.1998, p. 7.
2 OJ L 250, 2.10.2003, p. 19.

profit institutions serving households (S.15 in 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 95[3]. 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.

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).

Overnight deposits are represented by interbank deposit bid rates up to December 1998. From January 1999 column 1 of Section 4.6 shows 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 statistics[4]. 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 2001[5]. 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

4 OJ L 162, 5.6.1998, p. 1.
5 OJ L 86, 27.3.2001, p. 11.

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.

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 2000[6] 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

6 OJ L 172, 12.7.2000, p. 3.
7 OJ L 131, 28.5.2003, p. 20.

methodological changes in the compilation of the source data.

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). The difference for imports accounted for around 5% in the recent years (ECB estimate), a significant part of which relates to the inclusion of insurance and freight services in the external trade data (c.i.f. basis).

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, updated on 8 March 2004. 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 (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 EUROSYSTEM[1]

3 JANUARY 2002

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

The Governing Council also decides on an allotment amount of €20 billion per operation for the longer-term refinancing operations to be conducted in 2002. This amount takes into consideration the expected liquidity needs of the euro area banking system in 2002 and the desire of the Eurosystem to continue to provide the bulk of refinancing of the financial sector through its main refinancing operations. The Governing Council may adjust the allotment amount in the course of the year in the event of unexpected developments in liquidity needs.

7 FEBRUARY, 7 MARCH, 4 APRIL, 2 MAY, 6 JUNE, 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 €20 billion to €15 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 between 1999 and 2001 can be found on pages 176 to 180 of the ECB's Annual Report 1999, on pages 205 to 208 of the ECB's Annual Report 2000 and on pages 219 to 220 of the ECB's Annual Report 2001.

improve the operational framework for monetary policy:

First, 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.

Second, 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 €15 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 €15 billion to €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.

10 MARCH 2004

In accordance with the Governing Council's decision of 23 January 2003, the maturity of the Eurosystem's main refinancing operations is reduced from two weeks to one week and the maintenance period for the Eurosystem's required reserve system is redefined to start on the settlement day of the main refinancing operation following the Governing Council meeting at which the monthly assessment of the monetary policy stance is pre-scheduled, rather than on the 24th day of the month.

1 APRIL, 6 MAY, 3 JUNE, 1 JULY 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.

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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.