



EUROPEAN CENTRAL BANK

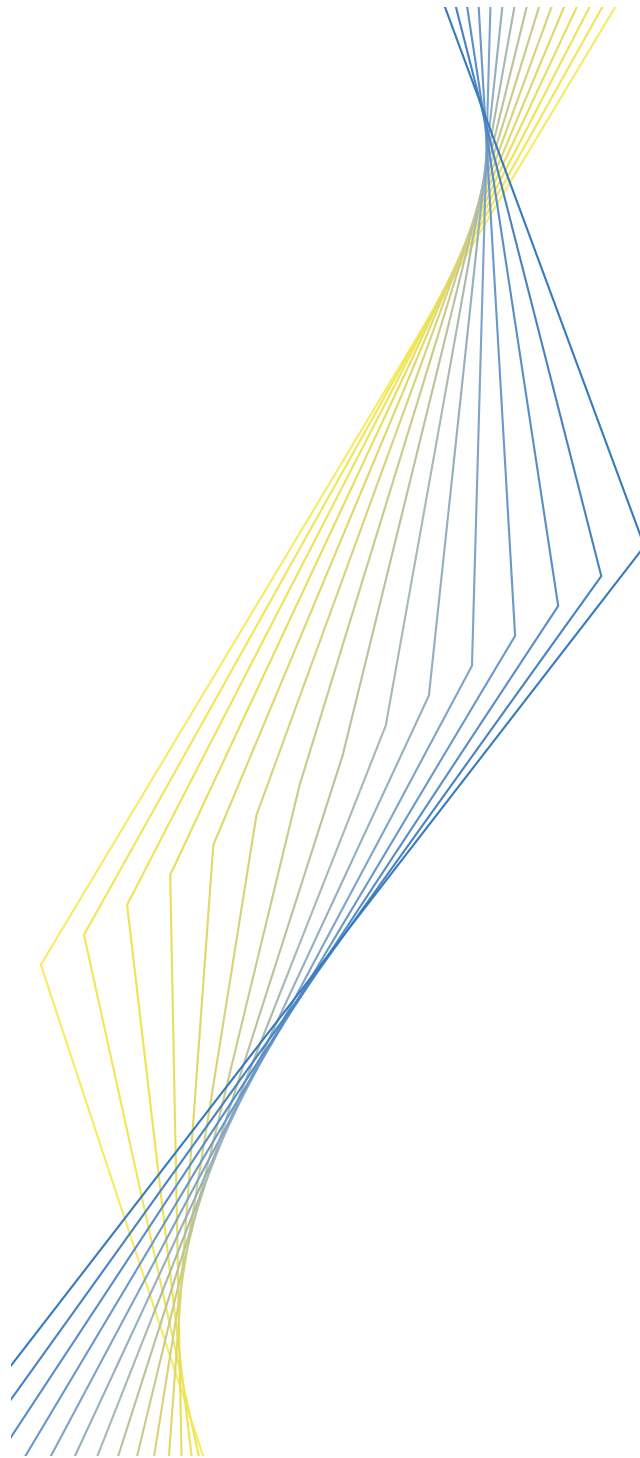
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**M O N T H L Y
B U L L E T I N**

August 2000



EUROPEAN CENTRAL BANK



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Abbreviations

Countries

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

Others

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

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

Editorial

At its meetings on 20 July and 3 August 2000 the Governing Council of the ECB decided to leave the main ECB interest rates unchanged. Thus, the minimum bid rate in the main refinancing operations of the Eurosystem was left at 4.25%, and the interest rates on the marginal lending facility and the deposit facility were kept unchanged at 5.25% and 3.25% respectively.

Risks to price stability in the medium term continue to be on the upside. Starting with the first pillar of the monetary policy strategy, i.e. the analysis of monetary and credit aggregates, the three-month average of annual M3 growth was 6.0% over the period covering the second quarter of 2000, compared with 6.4% in the previous three-month period, ending in May 2000. This decline in the three-month average was determined mainly by a drop in the annual rate of growth of M3 to 5.4% in June 2000, from 5.9% in May, primarily reflecting a significant moderation in the expansion of overnight deposits. It is important, however, that such short-term variations in M3 growth should not be overemphasised, as they might be affected by temporary factors. The growth of credit to the private sector in June was 9.8%, compared with 11.1% in May. On the whole, liquidity in the euro area remains ample, considering in particular that the growth in the broad monetary aggregate M3 stands around 1½ percentage points above the reference value of 4½% and that this upward deviation has lasted for a protracted period of time.

Indications of upward risks to price stability also come from the second pillar. Starting with economic activity, the very favourable prospects for economic growth in the euro area were confirmed. According to the latest estimate of Eurostat, quarter-on-quarter real GDP growth in the euro area was 0.9% in the first quarter of 2000, a rate as high as that recorded in the last quarter of 1999. Domestic demand continued to provide the main contribution to growth. Industrial production growth strengthened in May 2000, confirming that economic activity in the second quarter of 2000 also progressed at a

robust pace. Unemployment declined further in June. The favourable outlook for domestic demand in the euro area is supported by various survey results, including those on consumer and industrial confidence, which remained at high levels. The current positive prospects for growth at the global level should also contribute to supporting economic expansion in the euro area.

Concerning financial market developments, ten-year government bond yields in the euro area were little changed in July and early August 2000 and the differential with US bond yields with similar maturity remained stable. The current shape of the yield curve, which steepened somewhat from short to medium-term maturities, is consistent with market expectations of continued strong economic growth in the euro area. In spite of these favourable expectations, the exchange rate of the euro depreciated in nominal effective terms by 2½% between the end of June and early August. Given the extent of the accumulated depreciation of the euro, which in nominal effective terms was approximately 15% from the first quarter of 1999 to the beginning of August 2000, and the protracted period of time over which the depreciation has occurred, the recent decline in the exchange rate of the euro has reinforced concerns of possible future inflationary consequences, particularly in a phase of strong economic growth.

The pronounced increase in oil prices which occurred between April and June 2000 is the main factor underlying the increase in annual HICP inflation to 2.4% in June 2000, from 1.9% in May. The rise in unprocessed food price inflation was also a contributory factor to the increase in consumer price inflation in the euro area, while the increase in the services prices component was partly due to a temporary factor. By contrast, processed food and non-energy industrial goods prices so far have been almost unaffected by the increase in oil prices and the depreciation of the exchange rate of the euro, with annual rates of change in June of 1.0% and 0.6% respectively. These rates of change have

remained virtually unchanged throughout the first half of 2000. However, incipient signs of a pass-through to consumer goods prices are reflected in some components of the Producer Price Index (PPI). In particular, the annual rate of change in the consumer goods industry component of the PPI has risen to above 1% in recent months, from 0.5% at the end of 1999.

In general, annual HICP inflation rates in the coming months will be influenced by counteracting factors. On the one hand, if oil prices do not rise again, base effects should start gradually to reduce the strong positive contribution from energy prices to overall inflation. On the other hand, indirect effects associated with past oil price increases and the accumulated depreciation of the exchange rate of the euro are expected to give rise to higher prices for non-energy goods and services. On the basis of current information, the path of year-on-year consumer price inflation over the coming months could be somewhat higher than was generally anticipated, mainly as a consequence of the renewed increase in oil prices. While short-term movements in inflation rates should not be overemphasised, cost and price developments in the euro area need to be carefully monitored with a view to detecting the emergence of indirect and second round effects which could lead to more persistent upward pressures on consumer price inflation.

All in all, upward risks to price stability in the medium term continue to prevail. Liquidity in the euro area remains ample and further developments in monetary and credit aggregates require close monitoring and careful analysis. The further evolution of the exchange rate of the euro will also be an important factor affecting the outlook for consumer prices, especially as in a phase of robust economic growth the pass-through from import prices to overall consumer prices is facilitated. In this environment, it is of particular importance that wage increases remain subdued. This would also contribute to the continuation of the current reduction in unemployment and robust employment growth.

Two articles are contained in this issue of the ECB Monthly Bulletin. The first one is entitled "Price and cost indicators for the euro area: an overview" and analyses the role played by price and cost indicators in the context of the second pillar of the monetary policy strategy of the Eurosystem. The second one, entitled "The external trade of the euro area economy: stylised facts and recent trends", aims at providing an understanding of the importance of extra-area trade for the euro area economy, and analyses the major determinants of the current account of the balance of payments of the euro area.

Economic developments in the euro area

I Monetary and financial developments

Monetary policy decisions of the Governing Council of the ECB

At its meetings on 20 July and 3 August 2000 the Governing Council of the ECB decided to leave the minimum bid rate on the main refinancing operations (conducted as variable rate tenders applying the multiple rate auction procedure) at 4.25%. The interest rates on the deposit facility and the marginal lending facility were also kept unchanged, at 3.25% and 5.25% respectively (see Chart 1).

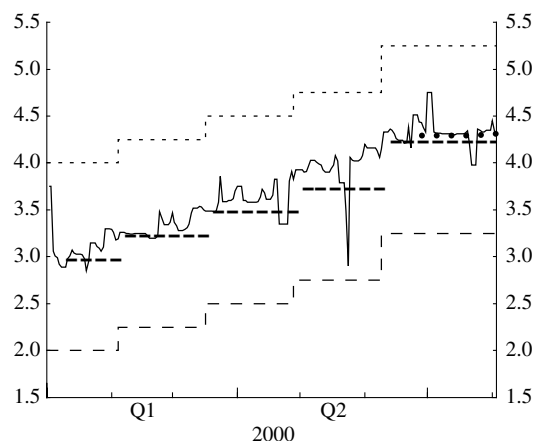
Slowdown in M3 growth in June 2000

In June 2000 the annual rate of increase in the broad monetary aggregate M3 fell to 5.4%, compared with 5.9% in May 2000. The three-month average of the annual growth rates of M3 declined to 6.0% over the period covering the second quarter of 2000, from 6.4% in the period from March to May (the latter figure was revised upwards from 6.3%), thus

Chart 1 ECB interest rates and money market rates

(percentages per annum; daily data)

- - - marginal lending rate
- - - deposit rate
- - - main refinancing/minimum bid rate
- overnight interest rate (EONIA)
- marginal rate in main refinancing operation



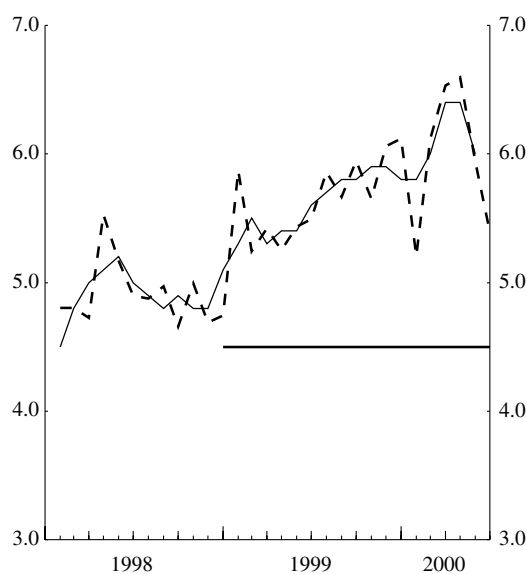
Sources: ECB and Reuters.

Chart 2

M3 growth and the reference value

(annual percentage changes)

- - M3
- M3 (three-month centred moving average rounded to the first decimal)
- reference value (4½%)



Source: ECB.

standing 1½ percentage points above the reference value of 4½% (see Chart 2).

Corrected on account of the estimated seasonal influences, M3 decreased by €15 billion, or 0.3%, compared with May 2000 (see Table 1) and the seasonally adjusted and annualised six-month growth rate slowed down to 5.3%, compared with 6.5% in May and 5.5% in December 1999. Hence, following a very significant rise in M3 in the first quarter of 2000, a slowdown in M3 developments appears to have taken place. However, the short-term decline in M3 needs to be viewed with caution owing to the high degree of volatility in M3 growth from month to month. Consequently, it will not be possible to make a proper assessment until the monetary data produced over the next few months are available. In any case, it should be borne in mind that in spite of the recent moderation in M3 growth, the liquidity situation was still ample in the euro area in June.

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

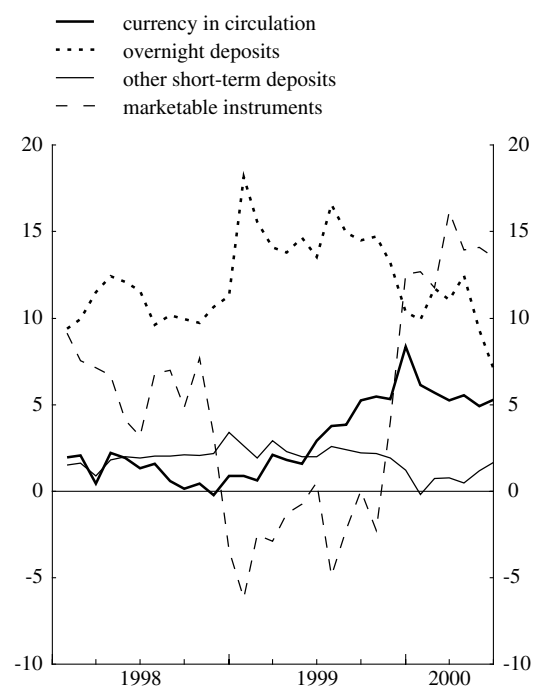
	June 2000 levels	Apr. 2000 change		May 2000 change		June 2000 change		Apr. 2000 to June 2000 average change	
	EUR billions	EUR billions	%	EUR billions	%	EUR billions	%	EUR billions	%
M3	4,929.2	14.5	0.3	19.1	0.4	-15.9	-0.3	5.9	0.1
Currency in circulation and overnight deposits (= M1)	2,004.3	14.0	0.7	0.3	0.0	-25.7	-1.3	-3.8	-0.2
Other short-term deposits (= M2 - M1)	2,146.3	1.6	0.1	13.1	0.6	5.3	0.2	6.7	0.3
Marketable instruments (= M3 - M2)	778.6	-1.1	-0.2	5.7	0.7	4.6	0.6	3.1	0.4

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

As regards the main components of M3, the slowdown in M3 growth in June 2000 was mainly driven by overnight deposits (see Chart 3), the annual rate of growth of which fell to 7.1%, from 9.3% in May. It is likely that the continued rise in short-term interest rates since autumn 1999 and the associated widening of the spread between these rates and the bank retail rates on overnight deposits has dampened the demand for these instruments. Moreover, the uncertainty in euro area stock markets as indicated by the implied volatility, which had been relatively high in the first five months of 2000, declined noticeably in June. This development may have led investors to decrease their holdings of overnight deposits for precautionary purposes. As a consequence of the slowdown in overnight deposits and despite a rise in the annual increase in currency in circulation (to 5.3%, from 4.9% in the previous month), the annual rate of growth of the narrow monetary aggregate M1 fell to 6.8%, compared with 8.6% in May.

The annual growth rate of short-term deposits other than overnight deposits increased to 1.7% in June 2000, from 1.2% in the previous month. This reflected an increase in the annual rate of growth of deposits with an agreed maturity of up to two years (to 7.5%, from 4.6% in the previous month). The buoyant demand for the former

instruments reflected the rise in bank retail rates paid on them, which tend to follow developments in money market rates quite closely. Conversely, the annual rate of change in deposits redeemable at a period of notice of up to three months fell further (to -2.2%, from -1.2% in May). The ongoing decline in

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

the demand for the latter deposits probably mirrored the widening spread between short-term market rates and retail rates on these instruments, which reduced the relative attractiveness of the latter. Mainly as a consequence of the decline in the annual growth of M1, the annual rate of change in the intermediate monetary aggregate M2 decreased to 4.1% in June, compared with 4.6% in the previous month.

The annual rate of growth of the marketable instruments included in M3 decreased to 13.5% in June 2000, from 14.1% in the previous month, but remained high. The slight decrease in the annual growth rate of the marketable instruments was the result of divergent developments in the individual components. While the annual increase in repurchase agreements fell significantly (to 1.5%, from 4.7% in May), the annual rate of increase in debt securities issued with a maturity of up to two years rose to 26.8%, from 25.8% in the previous month. In addition, the annual rate of growth of money market fund shares and money market paper remained practically stable, at 16.2%.

Slower growth of loans to the private sector

The annual growth rate of total credit granted to euro area residents declined further from 8.0% in May 2000 to 6.9% in June. This decrease reflected a decline in the growth of credit extended to the private sector (to 9.8%, from 11.1% in May) and a further reduction in the annual rate of change in credit extended to general government (to -1.4%, from -0.8% in the previous month).

The annual rate of growth of loans to the private sector slowed down significantly in June 2000 (to 9.2%, compared with 10.2% in May and 10.3% in April), remaining relatively high, however. The recent slight moderation in the pace of growth of loans could be related to the increase in lending rates since the autumn of last year. Between the end of September 1999 and the end of June 2000

the retail rates for loans to enterprises with a maturity of up to one year increased by 1.2 percentage points, the rates for loans to enterprises with a maturity of over one year by around 1 percentage point, the rate for housing loans by slightly more than $\frac{3}{4}$ percentage point and that for consumer credit by $\frac{1}{2}$ percentage point. Nevertheless, over the past few months the demand for loans by households and enterprises has remained sustained, reflecting the strength of current economic activity, the favourable prospects for euro area economic growth, strong merger and acquisition activity and the interplay between mortgage loans and significant rises in real estate prices in several euro area countries. As for the other components of credit to the private sector, the annual growth rate of MFI holdings of securities other than shares declined to 11.5%, from 13.9% in May, and that of holdings of shares and other equity fell to 16.9%, from 22.4% in May.

The further decline in the annual rate of change in credit to general government reflected both weaker growth of loans (the annual growth rate was -0.7% in June, compared with 0.5% in May), and a stronger annual rate of decline in MFIs holdings of securities issued by general government (-1.9%, compared with -1.6% in the previous month).

As regards the other counterparts of M3, the annual rate of increase in longer-term financial liabilities of the MFI sector decreased to 7.1% in June, from 7.5% in the previous month. The main contribution was the decline in the annual growth rate of deposits with an agreed maturity of over two years, to 3.6%, from 4.4% in May. The growth rate of debt securities issued with a maturity of over two years remained practically unchanged at 6.2% in June. The demand for deposits redeemable at a period of notice of over three months remained subdued; on an annual basis these deposits increased by 1.5%, compared with -0.6% in May. The annual growth rate of capital and reserves declined in June to 14.4%, compared with 15.5% in May.

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

	Amounts outstanding	12-month flows					
	2000 June	2000 Jan.	2000 Feb.	2000 Mar.	2000 Apr.	2000 May	2000 June
1. Credit to the private sector	6,502.7	529.8	585.1	618.4	647.9	646.0	576.9
2. Credit to general government	1,994.4	73.4	53.2	20.1	13.6	-15.3	-27.3
3. Net external assets	280.9	-188.3	-125.8	-195.4	-202.8	-176.6	-101.0
4. Longer-term financial liabilities	3,704.4	250.7	254.3	249.8	247.0	256.6	244.3
5. Other counterparts (net liabilities)	144.5	-71.0	-17.3	-102.0	-88.8	-75.4	-44.7
M3 (=1+2+3-4-5)	4,929.2	235.5	275.6	295.6	301.0	273.3	249.3

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

The annual rate of change in the amount outstanding of central government deposits held with the MFI sector, which fluctuates significantly from month to month, was strong in June (15.5%, compared with -5.7% in the previous month).

In June 2000 the net external asset position of the euro area MFI sector increased significantly. Net external assets went up by €94 billion, in absolute and non-seasonally adjusted terms, compared with an average monthly decline of €19 billion since the start of Stage Three of EMU.

Overall, in the 12 months up to June 2000 credit to the private sector rose by €577 billion, while credit to general government decreased by €27 billion (see Table 2). During the same period, the net external assets of the MFI sector declined by €101 billion. These developments were reflected on the liabilities side of the MFI consolidated balance sheet by increases in M3 and in longer-term financial liabilities of €249 billion and €244 billion respectively. Finally, the other counterparts of M3 (net liabilities) declined by €45 billion.

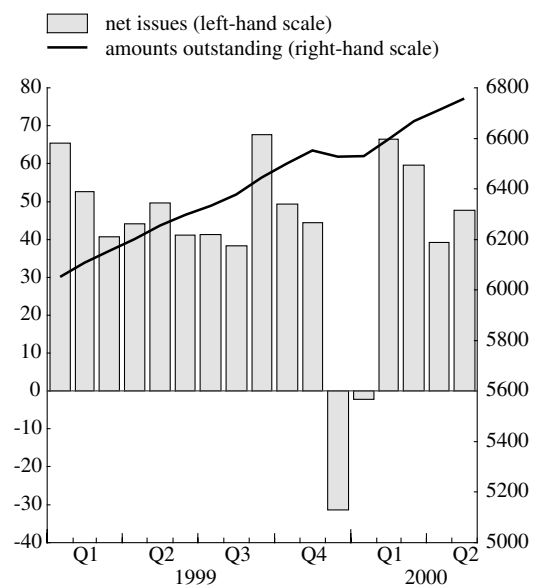
Net issuance of debt securities by the private sector was high in May

In May 2000 the gross issuance of debt securities by euro area residents totalled €390.3 billion, compared with an amount of

€301.0 billion in May 1999 and an average monthly gross issuance of €323.5 billion over the previous 12 months. As redemptions in May 2000 amounted to €342.6 billion, net issues in May totalled €47.7 billion (see Chart 4). This was lower than the net issuance of €49.6 billion in May 1999, but higher than the average monthly net issuance of €38.6 billion over the previous 12 months.

Chart 4

Debt securities issued by euro area residents

(EUR billions)*Source: ECB.**Note: Net issues differ from the change in amounts outstanding owing to valuation changes, reclassifications and other adjustments.*

Reflecting these developments, the amount outstanding of debt securities issued by euro area residents was €6,758.2 billion at the end of May 2000. This was 8.0% higher than a year earlier and compares with an annual rate of increase of 8.2% in April 2000.

The relatively high net issuance of total debt securities by euro area residents in May 2000 was largely the result of a pick-up in the issuance of short-term debt securities (with a maturity of less than one year), despite further increases in short-term interest rates in May. Reflecting this development, the annual growth rate of the amount outstanding of short-term debt securities issued by euro area residents increased from 9.7% in April 2000 to 12.7% in May. By contrast, the net issuance of long-term debt securities by euro area residents was relatively weak. The annual growth rate of the amount outstanding of long-term debt securities issued by euro area residents declined from 8.1% in April 2000 to 7.6% in May.

The sectoral breakdown shows that the MFI sector continues to contribute a significant proportion of new debt securities issuance in the euro area. The strength of issuance activity by MFIs may reflect an increasing recourse of this sector to the capital markets for finance in the face of strong credit demand. The annual rate of increase in the amount outstanding of euro-denominated debt securities issued by the MFI sector increased from 10.3% in April 2000 to 10.8% in May. At the same time, the issuance of debt securities by non-financial corporations was particularly high in May 2000. The annual growth rate of the amount outstanding of debt securities issued by this sector increased from 10.3% in April 2000 to 14.1% in May. Since much of this issuance activity was at shorter maturities, which is often used for working capital, the strong growth of debt securities issuance by this sector seems to be associated with the continued robust pace of activity in the euro area economy.

The annual rate of increase in the amount outstanding of debt securities issued by non-

monetary financial corporations decreased from 39.6% in April 2000 to 35.1% in May, but still remained high. As regards debt securities issuance by the public sector, the annual growth rate of the amount outstanding of debt securities issued by central government declined from 3.7% in April 2000 to 3.3% in May. In the case of other parts of the general government, this growth rate declined from 3.3% in April 2000 to 3.1% in May. The slowdown in issuance activity by the public sector is a reflection of the trend of decreasing public borrowing requirements resulting from ongoing fiscal consolidation and exceptional one-off public revenues.

Retail bank interest rates increased further in June

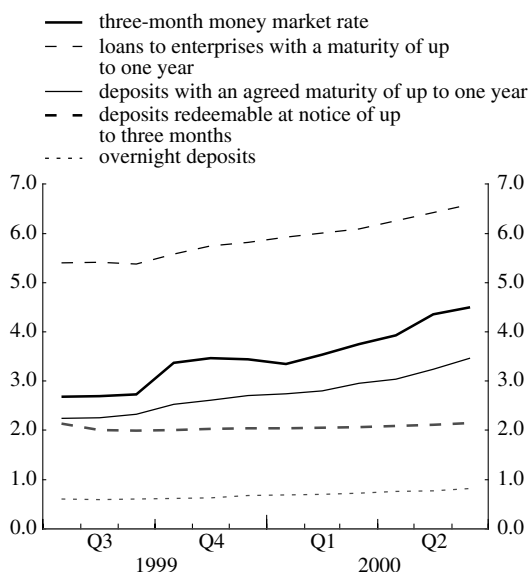
Short-term retail bank interest rates in the euro area edged higher in June 2000 (see Chart 5). This reflected increases in money market interest rates in recent months, as well as those associated with the increase in ECB interest rates on 8 June. The average interest rate on overnight deposits increased by 5 basis points in June to above 0.8%. A more noticeable increase of 23 basis points was observed in the average rate on deposits with an agreed maturity of up to one year, which stood at almost 3.5% in June. In addition, the average rate on loans to enterprises with a maturity of up to one year increased by 16 basis points to reach almost 6.6% in June. Over the 12-month period from June 1999 to June 2000, short-term retail bank interest rates rose significantly with the exception of the average interest rate on deposits redeemable at a period of notice of up to three months. For example, the average rate on deposits with an agreed maturity of up to one year increased by 125 basis points, while the average rate on loans to enterprises with a maturity of up to one year increased by 110 basis points. Nevertheless, partly reflecting lags in the transmission of short-term market interest rates to retail bank interest rates, these changes were smaller than the increase of almost 190 basis points in three-month money market interest rates

which occurred between June 1999 and June 2000.

At longer maturities, average retail bank interest rates also edged higher in June 2000 despite declines in longer-term capital market interest rates over the same period (see Chart 6). However, the increases were progressively smaller in size as the maturity of the instrument increased, which seemed partly to reflect the flattening of the market yield curve at longer maturities in recent months. The average interest rate on deposits with an agreed maturity of more than two years increased by 19 basis points to over 4.6%. The average interest rates on loans to households for house purchase and loans to enterprises over one year also increased slightly by 5 and 8 basis points respectively to almost 6.4% and 6.2%. Considering developments in longer-term retail interest rates over the 12-month period from June 1999 to June 2000, substantial increases occurred, reflecting developments

Chart 5
Short-term retail bank interest rates and a comparable market rate

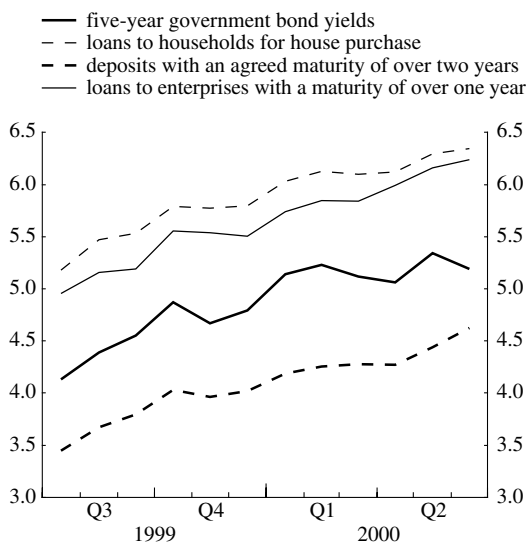
(percentages per annum; monthly averages)



Sources: ECB aggregation of individual country data and Reuters.

Chart 6
Long-term retail bank interest rates and a comparable market rate

(percentages per annum; monthly averages)



Sources: ECB aggregation of individual country data and Reuters.

in long-term capital market interest rates over the same period. For example, the average rate on loans to households for house purchase by June 2000 was almost 140 basis points above the level which prevailed in June 1999, while the average rate on loans to enterprises over one year increased by almost 150 basis points. Over the same period, the average monthly five-year government bond yield in the euro area increased by more than 140 basis points.

Money market interest rates broadly stable in July

The overnight interest rate, as measured by the EONIA, remained fairly stable in July 2000 at close to 4.30%. This pattern was interrupted only by a temporary fall in the EONIA towards the end of the reserve maintenance period ending on 23 July, reflecting temporary loose liquidity conditions, and on 31 July, when it rose to 4.45%, owing to an end-of-month calendar effect. On 2 August the EONIA stood at 4.33%.

Box

Monetary policy operations and liquidity conditions in the reserve maintenance period ending on 23 July 2000

Allotments in monetary policy operations

During the reserve maintenance period which lasted from 24 June to 23 July 2000, the Eurosystem settled four main refinancing operations and one longer-term refinancing operation.

The main refinancing operations were carried out as variable rate tenders with a minimum bid rate of 4.25%. The allotted volumes ranged between €53 billion and €99 billion. The amounts of bids submitted varied between €160.5 billion and €201.6 billion, with an average of €181.7 billion, which is a fraction of the €5,258 billion average bid amount in the previous reserve maintenance period, when fixed rate tenders were applied, reflecting the different nature of each tender procedure. The marginal rate was 4.29% in all four operations. The weighted average rate was 4.32% in the first operation, conducted on 27 June, and 4.30% in the following three operations. The allotment ratios at the marginal rate varied between 15.57% and 95.72%.

On 28 June 2000 the Eurosystem conducted a longer-term refinancing operation through a variable rate tender with a pre-announced allotment volume of €20 billion. 258 bidders participated in this operation and submitted a total amount of bids of €41.8 billion. The marginal rate of the operation was 4.49%, while the weighted average rate was 3 basis points higher, i.e. 4.52%.

As regards the development in the EONIA, the reserve maintenance period can broadly be divided into three periods. During the first week the EONIA moved between 4.33% and 4.75%. The latter figure, which represented the peak of the period, was reached on 30 June, i.e. the last day of the first six months of 2000, and can mainly be attributed to end-of-semester balance sheet activities. During the following two and a half weeks, i.e. from Monday, 3 July, until Wednesday, 19 July, the EONIA moved within the narrow range from 4.30% to 4.34%, while most days staying at 4.31%. On the last two business days of the reserve maintenance period, when the comfortable liquidity situation became apparent, the rate dropped to 4.22% and 3.98% respectively.

Compared with the previous reserve maintenance period, the average daily use of the marginal lending facility increased slightly from €0.3 billion to €0.4 billion, while the average use of the deposit facility decreased from €0.8 billion to €0.5 billion.

Contributions to the banking system's liquidity

(EUR billions)

Daily average during the reserve maintenance period from 24 June to 23 July 2000

	Liquidity providing	Liquidity absorbing	Net contribution
(a) Monetary policy operations of the Eurosystem	218.2	0.5	+ 217.7
Main refinancing operations	157.9	-	+ 157.9
Longer-term refinancing operations	59.9	-	+ 59.9
Standing facilities	0.4	0.5	- 0.1
Other operations	0.0	0.0	0.0
(b) Other factors affecting the banking system's liquidity	380.8	484.3	- 103.5
Banknotes in circulation	-	357.0	- 357.0
Government deposits with the Eurosystem	-	50.4	- 50.4
Net foreign assets (including gold)	380.8	-	+ 380.8
Other factors (net)	-	76.8	- 76.8
(c) Credit institutions' holdings on current accounts with the Eurosystem (a) + (b)			114.2
(d) Required reserves			113.3

Source: ECB.

Totals may not add up due to rounding.

Liquidity factors not related to monetary policy

The net, liquidity-absorbing impact of the autonomous factors (i.e. the factors not related to monetary policy operations) on the banking system's liquidity (item (b) in the table above) was €103.5 billion on average, i.e. €17.1 billion more than in the previous reserve maintenance period. This was mainly due to a substantial increase in government deposits and also to a higher volume of banknotes in circulation. This liquidity-absorbing effect was partly offset by slightly higher net foreign assets. On a daily basis, the sum of autonomous factors fluctuated between €95.2 billion and €113.1 billion.

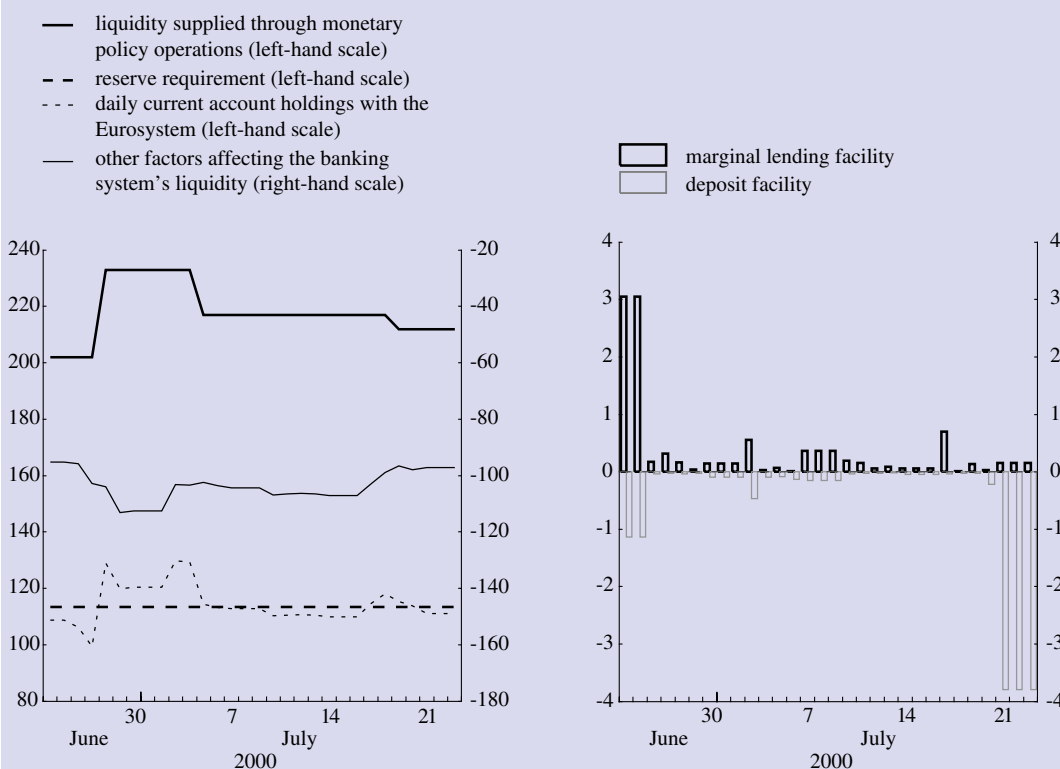
In the reserve maintenance period under review, the ECB started to publish estimated liquidity needs. The figures for estimated liquidity needs stemming from autonomous factors, published as a daily average, ranged from €107.5 billion to €98.6 billion. The ex post figures ranged from €106.7 billion to €98.3 billion. The published estimated figures differed from the actual results for an amount ranging from plus €0.8 billion to minus €1.0 billion.

Current account holdings of counterparties

The average current account holdings amounted to €114.2 billion, and reserve requirements to €113.3 billion. The difference between the two amounts therefore totalled €0.9 billion. Around €0.2 billion of this amount was due to current account holdings not contributing to the fulfilment of reserve requirements, and more than €0.6 billion was related to excess reserves.

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

(EUR billions; daily data)



Source: ECB.

The main refinancing operations in July continued to be conducted by the Eurosystem as variable rate tenders using the multiple rate allotment procedure, with a minimum bid rate of 4.25%. The marginal interest rates of allotment for the operations settled on 12 July, 19 July, 26 July and 2 August remained very close to the minimum bid rate and they were all in the range of 4.29% to 4.31%, with the average rate of allotment only 1 basis point higher for the first three operations and equal to the marginal rate for the operation settled on 2 August.

Other short-term money market interest rates also remained broadly stable between the end of June and 2 August. However, while the one-month EURIBOR was unchanged over this period and was equal to 4.42% on 2 August, the three-month EURIBOR rose by 9 basis points and was equal to 4.64% on 2 August, implying that the upward slope at the short end of the money market yield curve became slightly more pronounced (see Chart 7).

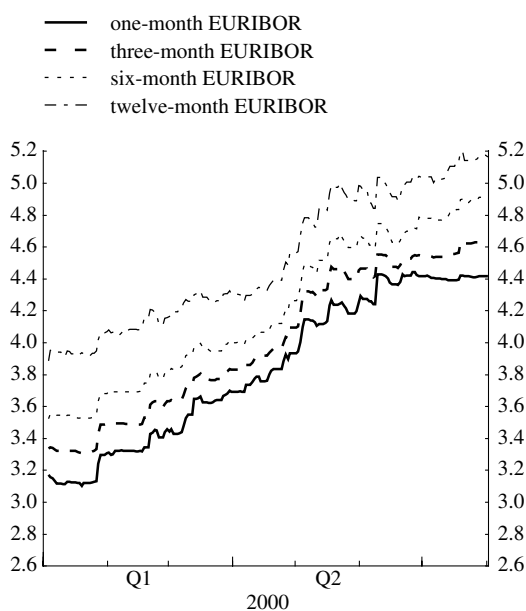
Financial market interest rate expectations, as reflected in the three-month EURIBOR implied in futures prices on contracts with delivery in the second half of 2000 and in 2001, rose moderately between the end of June and 2 August. On 2 August the three-month EURIBOR interest rates implied in contracts maturing in September and December 2000 and in March 2001 were equal to 4.89%, 5.22% and 5.26% respectively, 9, 8 and 5 basis points higher than at the end of June. This development may reflect a slight upward adjustment in July 2000 of financial market expectations of the future path of ECB interest rates in the remainder of 2000 and early 2001.

Money market interest rates with longer maturities rose slightly more than the three-month EURIBOR between the end of June and 2 August. The six-month and twelve-month EURIBOR rose by 14 and 12 basis points to stand at 4.92% and 5.16% respectively on 2 August.

In the longer-term refinancing operation of the Eurosystem settled on 27 July 2000, the

Chart 7
Short-term interest rates in the euro area

(percentages per annum; daily data)



Source: Reuters.

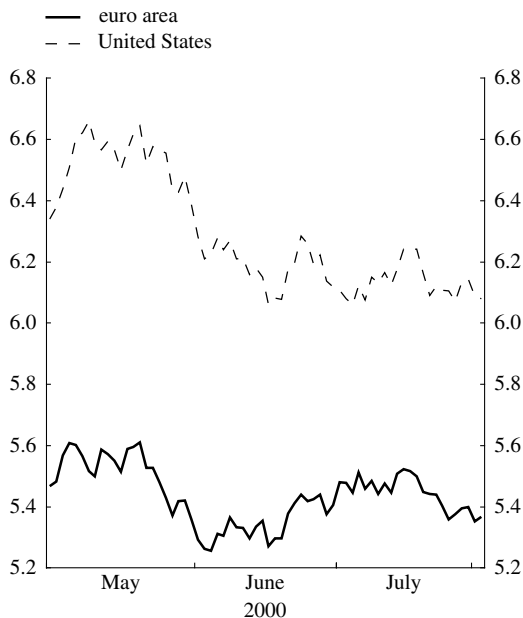
marginal and average interest rates of allotment were equal to 4.59% and 4.60% respectively. This was 4 and 3 basis points respectively below the three-month EURIBOR prevailing on the day on which the operation was conducted.

Long-term bond yields remained stable in July

Similar to the conditions prevailing in euro area bond markets in June 2000, long-term government bond yields in the euro area remained contained within a relatively narrow range and exhibited little discernible trend in July (see Chart 8). In comparison with the level prevailing at the end of June 2000, the average euro area ten-year bond yield had declined slightly by around 5 basis points, to 5.37%, by 2 August. Conditions in the US bond markets were also relatively calm in July. As ten-year government bond yields in the United States declined by a similar magnitude to those in the euro area in July, compared with end-June, the differential of US ten-year bond yields over comparable

Chart 8
Long-term government bond yields in the euro area and the United States

(percentages per annum; daily data)



Source: Reuters.

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

yields in the euro area was left broadly unchanged at just above 70 basis points by 2 August.

A relatively stable international environment for euro area bond markets was provided by calm conditions in the US bond market in July. By 2 August the level of US ten-year government bond yields stood at 6.08%, which was a touch lower than the level prevailing at end-June 2000, but around 80 basis points lower than the peaks seen in late January 2000. The lack of any discernible trend in the level of long-term yields in the United States in July reflected ongoing shifts in the balance of opinion of market participants on the prospects of the pace of US economic activity decelerating and of inflationary pressures remaining contained. While retail sales and GDP data for the second quarter of 2000 released during the month were stronger than market participants had expected and placed upward pressures on bond yields, other indicators such as real earnings and producer price data

were in line with or below initial expectations and countervailed the upward pressures.

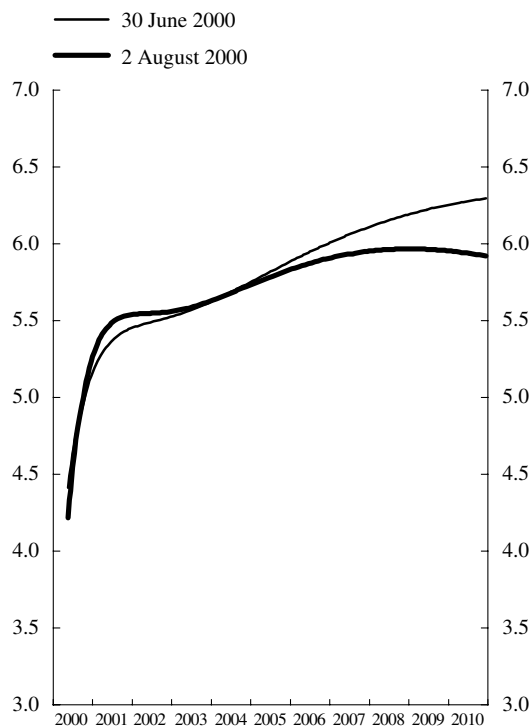
In Japan ten-year bond yields declined by around 10 basis points between the end of June 2000 and 2 August, to around 1.67%. This drop in long-term bond yields seemed to reflect the emergence of strains in the confidence of market participants regarding the prospects of economic recovery in Japan gathering momentum following the bankruptcy of a large Japanese firm in the retail sector and the decision of the Bank of Japan not to change interest rates. This, together with weaker earnings and employment data than market participants had expected resulted in an easing of short-term interest rate expectations in July. At the same time, the uncertainties concerning the economy also seemed to prompt a "flight to safety" from the Japanese equity market into the bond market, which amplified the downward tendency in long-term bond yields.

The limited overall change in the level of long-term bond yields in the euro area in July reflected a number of countervailing influences on bond markets. In the first half of July, bond yields edged up slightly as inflation data for individual euro countries were higher than market participants had expected, while there were indications that prospects for strong economic growth remained favourable. At times, the weakening of the euro also appeared to place upward pressures on long-term bond yields. Countervailing influences, however, resulted from declining oil prices throughout the month and a lower annual rate of increase in euro area M3 in June than markets had expected, as well as a deceleration in the pace of private sector credit growth. At the same time, the long end of the euro area yield curve continued to benefit from expectations of market participants of improvements in the fiscal deficits of individual euro area countries related to sales of mobile telephone licences.

The slope of the euro area yield curve, as measured by the difference between euro

Chart 9
Implied forward euro area overnight interest rates

(percentages per annum; daily data)



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

area ten-year government bond yields and the three-month EURIBOR, which has been levelling off since the beginning of 2000, flattened further and this spread reached lows in July which had not been seen since January 1999. Between the end of June and 2 August 2000 this measure of the yield curve slope declined by around 15 basis points to just below 75 basis points. A more marked decline of almost 20 basis points was seen in the spread between ten-year and two-year government bond yields to just 17 basis points by 2 August. This levelling-off of the slope of the yield curve was partly the result of the aforementioned increases in short-term money market interest rates which took place during this period. Nevertheless, the shift which occurred in the implied forward euro area overnight interest rate curve in

July shows that it also reflected lower market expectations of short-term interest rates at medium and long-term maturities than was the case before (see Chart 9).

In the French index-linked bond market, the ten-year real yield exhibited a high degree of stability between end-June and 2 August. At the same time, the ten-year “break-even” inflation rate, i.e. the differential between French nominal and real ten-year bond yields, also remained broadly stable over the same period standing at close to 1.65% on 2 August. In the light of developments in this indicator in the course of July, it does not appear that the recent pick-up in euro area inflation has led market participants to alter their views concerning the longer-term inflation outlook for the euro area. However, as mentioned in previous issues of the ECB Monthly Bulletin, any inference regarding inflation expectations based on developments in French index-linked bond markets warrants a high degree of caution, since a number of caveats apply.

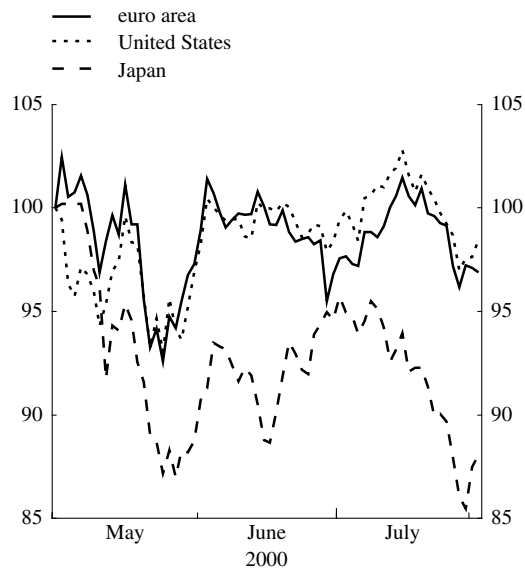
Stock market volatility declined further in the euro area in July

The downward trend in volatility on major stock markets, which began in June 2000, continued in the euro area in July. In these relatively calmer market conditions, euro area stock prices, as measured by the Dow Jones EURO STOXX index, remained broadly unchanged between end-June and 2 August, at a level which was around 2% above end-1999 levels. In the United States the Standard and Poor’s 500 index declined by about 1% between end-June and 2 August, reaching a level which was about 2% below end-1999 levels. In Japan the Nikkei 225 index declined by 7% between end-June and 2 August, to reach a level 14% below end-1999 levels (see Chart 10).

In the United States stock prices increased during the first two weeks of July and declined thereafter. In the first half of July a number of US firms, particularly in the technology sector, released corporate earnings data for

Chart 10
Stock price indices in the euro area, the United States and Japan

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



Source: Reuters.

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

the second quarter of 2000 which were better than market participants had expected. As long-term interest rates remained broadly stable, these favourable corporate earnings data contributed to pushing US stock prices higher in the first half of July. Later in July, stronger than expected US economic data and higher than expected rates of increase in US consumer prices seemed to rekindle uncertainty among stock market participants about the likelihood of inflationary risks being contained. This led US stock prices to fall lower, a development which more than offset the gains made in the first half of July. The degree of uncertainty perceived by US stock market participants seemed to remain broadly unchanged in July, with implied volatility on the Standard and Poor's 500 index remaining contained within a narrow range from 18% to 19% per annum throughout July. Implied volatility on the Nasdaq 100 index remained broadly unchanged in July, at a high level of around 50% per annum.

In Japan stock prices declined significantly in July. This reversal of the increases seen in June seemed to reflect a heightened perception of risks to the Japanese economic recovery following the bankruptcy of a large Japanese firm active in the retail sector. Reflecting reassessments of future corporate earnings prospects, Japanese financial stocks were particularly affected by this event and declined markedly between end-June and 2 August.

In the euro area, after having increased throughout the month, stock prices fell at the end of July, thereby offsetting the earlier increases. On the one hand, expectations of continued strong economic growth in the euro area over the coming months seemed to cause upward pressures on euro area stock prices in the first three weeks of July, as corporate earnings expectations increased. On the other hand, at the end of July and in early August stock prices fell in the euro area technology sector. Despite continued high volatility in the technology sector, overall stock market volatility continued to decline in the euro area in July. Towards the end of July, implied volatility on the Dow Jones EURO STOXX 50 index temporarily dropped to levels below 20% per annum which were close to the lowest levels seen since the introduction of options on this index in mid-1998.

In the euro area technology sector, implied volatility remained high in July, at around 34% per annum. Despite some declines in July, euro area technology stock prices showed an increase of around 16% between end-1999 and 2 August. These developments suggested that high stock price returns continued to be associated with above-average risks, reflecting the higher proportion of firms in the technology sector with uncertain business prospects. By contrast, telecommunications stock prices declined further in July as average corporate earnings expectations for this sector continued to be revised downwards in the euro area. Between end-June and 2 August euro area telecommunications stock prices declined by 10%, reaching a level which was 17% below end-1999 levels.

2 Price developments

HICP inflation rose to 2.4% in June 2000

In June 2000 the year-on-year increase in the overall Harmonised Index of Consumer Prices (HICP) rose by 0.5 percentage point to 2.4%, up from 1.9% in April and May 2000. The increase was mainly a result of higher energy prices and, to a lesser extent, developments in unprocessed food prices. Primarily reflecting a slight rise in the year-on-year increase in services prices, the annual rate of increase in the HICP excluding seasonal food and energy rose by 0.1 percentage point to 1.3% in June.

The annual rate of increase in the energy component rose significantly to 14.7% in June 2000, up from 12.2% in May (see Table 3).

This was mainly attributable to a rise in the euro price of oil from €30.4 in May to €31.5 in June, together with the lagged impact of the sharp rise in oil prices between April and May 2000. For July 2000, no further strong upward pressure on euro area HICP inflation from energy price developments can be expected owing to a combination of a slight decline in the euro price of oil from June to July 2000 and a negative base effect associated with the rising level of energy prices a year ago. However, unless oil prices fall strongly, there will be only a gradual decline in the contribution of energy prices to overall HICP inflation over the remaining months of 2000. Hence, with regard to the second half of this year, developments will be crucially dependent on the actual path of oil prices.

Table 3

Price and cost developments in the euro area

(annual percentage changes, unless otherwise indicated)

	1997	1998	1999	1999	1999	2000	2000	2000	2000	2000	2000	2000	2000
				Q3	Q4	Q1	Q2	Feb.	Mar.	Apr.	May	June	July
Harmonised Index of Consumer Prices (HICP) and its components													
Overall index	1.6	1.1	1.1	1.1	1.5	2.0	2.1	2.0	2.1	1.9	1.9	2.4	.
<i>of which:</i>													
Goods	1.2	0.6	0.8	0.9	1.5	2.3	2.4	2.3	2.6	2.0	2.3	2.8	.
Food	1.4	1.6	0.5	-0.2	0.4	0.4	0.9	0.6	0.4	0.6	0.8	1.2	.
Processed food	1.4	1.4	0.9	0.6	0.9	1.0	1.0	1.0	1.0	0.9	1.0	1.0	.
Unprocessed food	1.4	1.9	0.0	-1.4	-0.3	-0.3	0.8	0.0	-0.5	0.2	0.6	1.5	.
Industrial goods	1.0	0.1	1.0	1.5	2.1	3.4	3.2	3.2	3.7	2.7	3.1	3.7	.
Non-energy industrial goods	0.5	0.9	0.7	0.6	0.6	0.6	0.6	0.5	0.6	0.5	0.6	0.6	.
Energy	2.8	-2.6	2.2	4.6	7.8	13.6	12.5	13.5	15.3	10.5	12.2	14.7	.
Services	2.4	2.0	1.5	1.5	1.4	1.6	1.7	1.6	1.6	1.9	1.6	1.7	.
Other price and cost indicators													
Industrial producer prices ¹⁾	1.1	-0.8	0.0	0.7	3.1	5.8	.	5.8	6.3	5.8	6.6	.	.
Unit labour costs ²⁾	0.7	0.0	1.1	1.0	0.3	0.4	.	-	-	-	-	-	-
Labour productivity ²⁾	1.7	1.4	0.8	1.0	1.7	2.0	.	-	-	-	-	-	-
Compensation per employee ²⁾	2.4	1.4	1.9	2.0	2.0	2.5	.	-	-	-	-	-	-
Total hourly labour costs ³⁾	2.5	1.8	2.2	2.3	2.4	3.6	.	-	-	-	-	-	-
Oil prices (EUR per barrel) ⁴⁾	17.1	12.0	17.1	19.7	23.0	27.1	29.1	27.6	28.4	24.6	30.4	31.5	30.6
Commodity prices ⁵⁾	12.9	-12.5	-3.1	1.1	14.0	19.9	18.3	20.0	20.2	19.4	22.8	12.9	14.3

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

1) Excluding construction.

2) Whole economy.

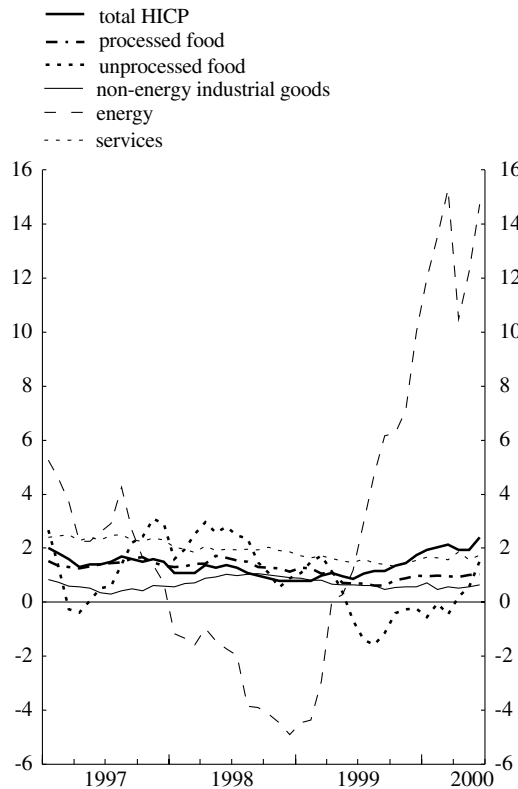
3) Whole economy (excluding agriculture, public administration, education, health and other services).

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

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

Chart 11
Breakdown of HICP inflation in the euro area by components

(annual percentage changes; monthly data)



Source: Eurostat.

In addition to energy prices, unprocessed food prices contributed to upward pressure on overall HICP inflation in June 2000, with their annual change rising to 1.5%, up by 0.9 percentage point compared with May (see Chart 11). The latest increase was mainly a result of price increases in all seasonal food components. In the coming months, even if unprocessed food prices remain unchanged, base effects associated with the decline in the level of unprocessed food prices which occurred in the third quarter of 1999 are expected to have a further upward impact on the year-on-year increase in this component.

By contrast with the developments in energy and unprocessed food prices, the year-on-year change in both processed food and non-energy industrial goods prices remained the

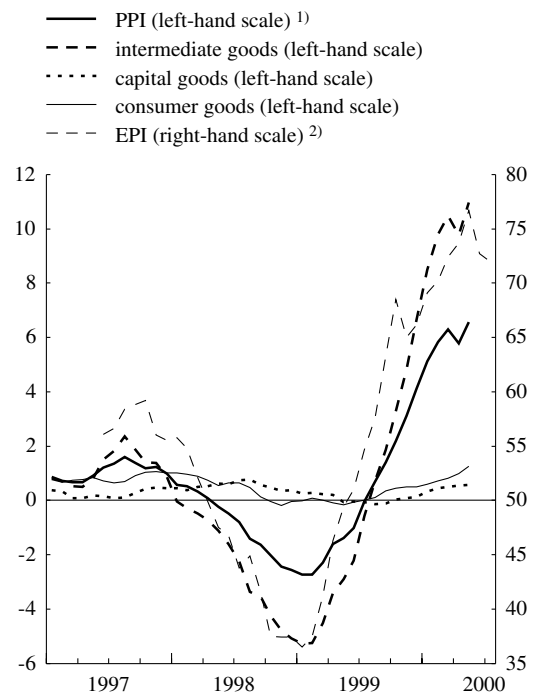
same, at 1.0% and 0.6% respectively, between May and June 2000. The annual change in services prices increased by 0.1 percentage point to 1.7% in June, partly as a result of developments in the volatile prices of package holidays. Overall, the continuation of the relatively subdued increases in these three HICP components suggests that the indirect effects of earlier oil price increases and exchange rate developments on prices at the consumer level have so far remained limited.

Recent producer price developments have mainly reflected higher oil prices

In May 2000 the annual rate of increase in euro area industrial producer prices rose to 6.6%, compared with an increase of 5.8% in April (see Chart 12) owing to the strong

Chart 12
Producer prices and manufacturing input prices for the euro area

(monthly data)



Sources: Eurostat and Reuters.

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

increase in oil prices between April and May 2000. This represents the highest rise observed since the beginning of the 1990s. As in previous months, intermediate goods price developments most clearly reflected oil price movements, with their annual change rising to 10.9% in May 2000, compared with 9.8% in April.

By contrast with developments in intermediate goods prices, the contributions from both capital and consumer goods prices to the overall increase in producer prices continued to be relatively small in May 2000. However, some upward movement in the annual change in prices for both categories has been observed over recent months. This can be seen as a sign of the gradual pass-through from higher intermediate goods prices to other goods prices which is taking time to develop its full strength.

Looking to the outcome for June 2000, oil price movements are likely to have exerted further upward pressure on producer price inflation. In this month, however, the euro appreciated somewhat by comparison with the low level observed in mid-May, and prices of non-energy commodities declined.

Unit labour cost growth remained moderate in the first quarter of 2000

The annual rate of change in total hourly labour costs in the first quarter of 2000 has recently been revised upwards to 3.6%, from an initial estimate of 3.5%. Compared with the fourth quarter of 1999, this represents a significant increase in nominal wage growth of 1.2 percentage points, which can mainly be traced back to one-off factors (i.e. bonus payments in some countries). In line with developments in total hourly labour costs, the year-on-year increase in compensation per employee in the first quarter of 2000 rose to 2.5%, from 2.0% in the fourth quarter of 1999. Reflecting a further cyclical rise in labour productivity growth to 2.0% year-on-year, overall unit labour cost growth in the euro area is at present estimated to have remained relatively subdued in the first quarter of 2000 (at 0.4% year-on-year).

In general, recent price developments in the euro area have been heavily influenced by oil price and exchange rate movements. Looking ahead, overall price developments will be influenced by counteracting factors. On the one hand, if oil prices do not rise further, base effects should start to gradually reduce the strong positive contribution from energy prices to overall inflation. On the other hand, indirect effects associated with past oil price increases and the overall depreciation of the euro are expected to give rise to higher prices for non-energy goods and services.

3 Output, demand and labour market developments

Estimate of real GDP growth for the first quarter of 2000 revised upwards

According to the latest estimate by Eurostat, euro area real GDP growth in the first quarter of 2000 was 0.9% quarter-on-quarter, revised upwards by 0.2 percentage point compared with the earlier estimate. This reflects a substantial upward revision of the estimated rate of growth in private consumption, from 0% to 0.7% quarter-on-quarter. Following an average rate

of quarter-on-quarter growth of just above 0.9% in the second half of 1999, the revised GDP estimate implies continued strong output growth (see Table 4). Compared with the same quarter of the previous year, real GDP is now estimated to have grown by 3.4% in the first quarter of 2000, up from a rate of growth of 3.1% in the fourth quarter of 1999. This underpins the projections for euro area economic growth of above 3% this year in the forecasts currently available.

Table 4
Composition of real GDP growth in the euro area

(percentage changes, unless otherwise indicated; seasonally adjusted)

	Annual rates ¹⁾									Quarterly rates ²⁾				
	1997	1998	1999	1999	1999	1999	1999	2000		1999	1999	1999	1999	2000
				Q1	Q2	Q3	Q4	Q1		Q1	Q2	Q3	Q4	Q1
Real gross domestic product of which:	2.3	2.7	2.4	1.8	2.0	2.5	3.1	3.4		0.7	0.6	1.0	0.9	0.9
Domestic demand	1.7	3.4	2.8	2.8	2.9	2.8	2.8	2.6		0.9	0.4	0.5	0.9	0.8
Private consumption	1.5	3.0	2.5	2.7	2.4	2.5	2.5	2.4		0.8	0.3	0.8	0.5	0.7
Government consumption	0.9	0.9	1.5	1.4	1.3	1.6	1.6	1.5		0.9	0.1	0.3	0.2	0.8
Gross fixed capital formation	2.1	4.3	4.8	4.0	5.4	4.9	4.8	4.9		1.8	1.0	1.5	0.5	1.9
Changes in inventories ³⁾⁴⁾	0.2	0.5	0.0	0.1	0.1	0.0	0.0	-0.1		-0.1	0.0	-0.3	0.4	-0.2
Net exports ³⁾	0.6	-0.6	-0.4	-0.9	-0.8	-0.2	0.4	0.8		-0.3	0.2	0.4	0.0	0.1
Exports ⁵⁾	10.3	6.9	4.3	0.6	1.9	5.4	9.0	11.8		0.1	2.8	3.6	2.2	2.7
Imports ⁵⁾	8.8	9.4	5.8	3.5	4.5	6.6	8.3	9.9		1.0	2.3	2.4	2.4	2.5

Sources: Eurostat and ECB calculations.

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

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

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

4) Including acquisitions less disposals of valuables.

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

The picture of unchanged quarter-on-quarter real GDP growth between the fourth quarter of 1999 and the first quarter of 2000 conceals some differences in the respective contributions to growth. Final domestic demand (i.e. excluding changes in inventories) contributed 1.0 percentage point to growth in the first quarter of 2000, compared with a contribution of 0.5 percentage point in the fourth quarter of 1999. This increase was more than offset by a decline in the contribution from changes in inventories. The pattern of inventory changes, with contributions to growth turning positive at the end of last year and turning negative again at the beginning of this year, would be consistent with a modest year 2000 (century date change) effect. However, given the nature of inventory changes in national accounts and the substantial revisions recorded in connection with past estimates, such evidence can only be tentative. Net exports contributed 0.1 percentage point to growth in the first quarter of 2000, following a zero contribution in the fourth quarter of last year. At the same time, reflecting the broadly based expansion in both the euro

area and the world economy, exports and imports (including intra-area trade) continued to grow at a high rate. Quarter-on-quarter, both exports and imports grew by more than 2½% in the first quarter of 2000, corresponding to year-on-year growth of almost 12% in the case of exports and almost 10% in the case of imports.

Industrial production growth strengthened further in May 2000

Industrial production growth in the euro area continued to strengthen in May 2000. Excluding construction, growth in the three-month period from March to May 2000 was 2.3% compared with the three-month period to February 2000, marking a further increase from the rates of growth of 1.2% and 1.8% recorded in the three-month periods to March and April 2000 respectively (see Table 5). Year-on-year, production growth rose to 7.7% in May 2000 for industry excluding construction and to 8.4% for manufacturing, thus approaching the highest rates of growth observed during the period of economic expansion in 1997 and 1998.

Table 5**Industrial production in the euro area***(annual percentage changes, unless otherwise indicated)*

	1998	1999	2000	2000	2000	2000	2000	2000	1999	2000	2000	2000	2000
			Mar.	Apr.	May	Mar.	Apr.	May	Dec.	Jan.	Feb.	Mar.	Apr.
	month-on-month						three-month moving averages						
Total industry excl. construct.	4.2	1.8	5.3	5.8	7.7	0.8	0.7	1.0	1.3	1.1	1.2	1.8	2.3
Manufacturing	4.8	1.9	5.9	5.6	8.4	0.3	-0.2	2.0	1.3	1.3	1.3	1.7	2.0
<i>by main industrial groupings:</i>													
Intermediate goods	3.9	2.2	5.8	5.6	7.8	0.4	-0.1	1.5	1.7	1.4	1.3	1.4	1.6
Capital goods	7.2	1.4	7.3	7.5	11.3	0.9	1.1	1.0	1.5	1.8	2.3	2.7	3.0
Consumer goods	2.4	1.9	2.0	4.8	4.3	0.1	1.2	0.8	-0.2	-0.8	-1.1	1.1	2.1
Durable consumer goods	5.6	2.6	10.0	10.9	11.5	0.4	0.9	1.6	1.7	2.7	2.6	3.6	3.4
Non-durable consumer goods	2.4	1.9	0.8	2.9	3.3	1.2	1.1	0.6	-0.3	-1.5	-2.2	0.2	1.9

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

The strengthening of manufacturing production growth has been supported by all industrial sectors. In particular, output growth in the capital goods sector continued to rise, reaching 3.0% in the three-month period from March to May 2000 as compared with the three-month period to February 2000. Production of consumer goods rose by 2.1% in the three-month period to May 2000, marking a further noticeable improvement following the declines registered in the first few months of this year. Looking at the most recent three-month period, this improvement reflects a recovery of output in the non-durable consumer goods industries, which is estimated to have risen by 1.9%, following growth of 0.2% in the previous three-month period. By contrast, production growth in durable consumer goods industries in the three-month period from March to May 2000 moderated slightly, but it remained at around 3½%. In the intermediate goods sector, production growth in the most recent three-month period rose slightly, but at 1.6% the rate of increase remained subdued in relation to that recorded in the capital goods and durable consumer goods industries.

Confidence at high overall levels in mid-2000

The results of the European Commission's Business and Consumer Surveys for July 2000

were only due to be released after the cut-off date for this issue of the ECB Monthly Bulletin. In June 2000 industrial confidence resumed its upward movement, after having remained unchanged in the previous month, to reach the highest level recorded since the start of the series in 1985 (see Table 6). Consumer confidence, which had increased to a new all-time high in May 2000, decreased somewhat in June, but remained at a high level, exceeding that of previous cyclical peaks. Meanwhile, both construction confidence and retail trade confidence improved in June 2000. By comparison with industrial and consumer confidence, these two series are characterised by somewhat higher month-on-month volatility, but the levels reached on average in the second quarter of this year are in each case close to the record highs observed in 1990. Taken together, the latest survey data point to a high overall level of confidence in the euro area.

The Purchasing Managers' Index (PMI) for the euro area manufacturing sector showed a further slight decline to 59.2 in July 2000, from 59.5 in the previous month. Taken together, the cumulative decline in the index from May through to July offset the substantial increase of 1½ index points observed in April 2000. At the same time, the level of the PMI remained significantly above the benchmark of 50 and thus

Table 6**Results from EC Business and Consumer Surveys for the euro area***(seasonally adjusted data)*

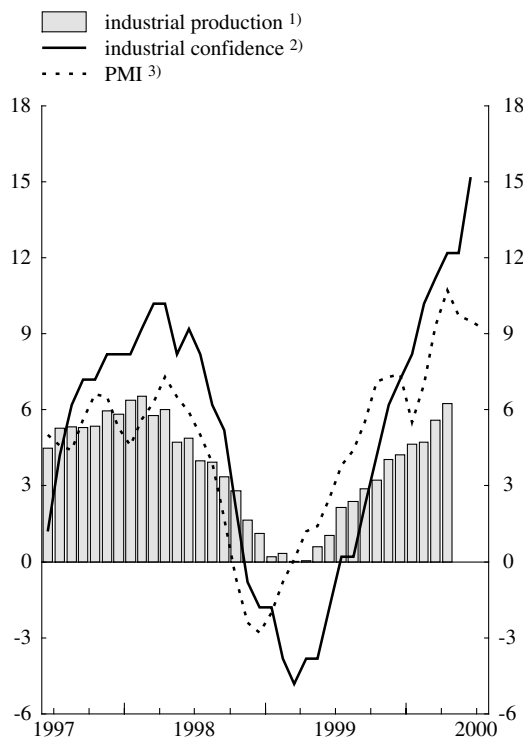
	1997	1998	1999	1999	1999	2000	2000	2000	2000	2000	2000	2000	2000
				Q3	Q4	Q1	Q2	Jan.	Feb.	Mar.	Apr.	May	June
Economic sentiment index ¹⁾	2.4	2.7	-0.2	0.1	1.0	1.0	0.2	0.4	0.3	0.2	0.0	0.0	0.0
Consumer confidence indicator ²⁾	-4	6	9	7	10	11	11	10	11	11	11	12	10
Industrial confidence indicator ²⁾	3	6	-0	1	6	10	13	8	10	11	12	12	15
Construction confidence indicator ²⁾	-12	2	14	14	18	21	23	23	19	21	23	22	24
Retail confidence indicator ²⁾	-4	2	-0	-2	-2	5	8	3	2	10	2	9	12
Capacity utilisation (%) ³⁾	81.4	82.9	82.0	81.8	82.5	83.4	.	83.0	-	-	83.7	-	-

Sources: European Commission Business and Consumer Surveys.

1) Percentage changes compared with the previous period.

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

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

Chart 13**Industrial production, industrial confidence and the PMI for the euro area**

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

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

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

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

continues to point to a strong expansion of industrial production (see Chart 13). The slight decline in the PMI in July 2000 reflects decreases in the components for output, employment and new orders, while stocks of purchased products grew and suppliers' delivery times lengthened.

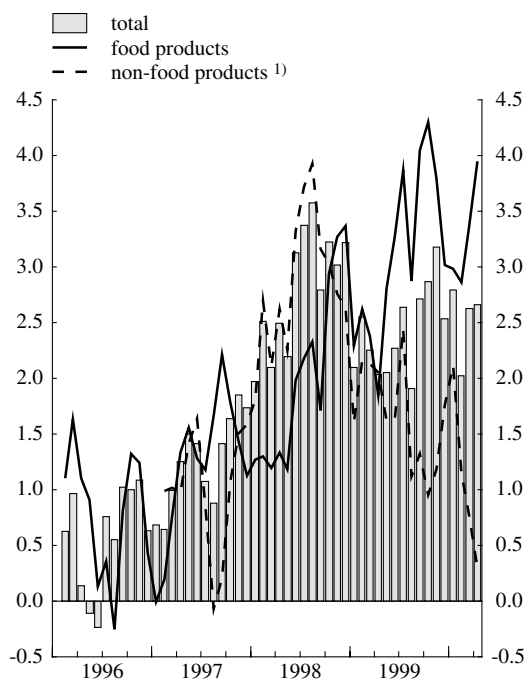
Retail sales growth remained robust in May 2000

Measured on a seasonally adjusted basis, retail sales volumes rose by 0.2% in May 2000 compared with the previous month, following an increase of 1.5% and a decline of 0.8% in April and March 2000 respectively. The month-on-month changes in the period from March to May 2000 may to some extent have been affected by the late timing of Easter at the end of April. Taking the three months from March to May 2000 together, retail sales volumes grew by 0.8% compared with the three-month period to February 2000, in line with the average three-month on three-month growth rate observed in the second half of last year and early this year. Compared with the same period of the previous year, growth in retail sales was 2.7% in the three-month period to May 2000, in line with the rates of growth observed at the end of last year and clearly above the average in the past

Chart 14

Retail sales in the euro area

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



Source: Eurostat.

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

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

few years (see Chart 14). Together with the partial recovery up to and including June 2000 of new passenger car registrations from the declines witnessed in the second half of last year, the latest developments in retail sales growth support expectations that growth in

domestic demand will have remained robust beyond the first quarter of this year.

The unemployment rate continued to fall in June 2000

In June 2000 the standardised rate of unemployment in the euro area declined to 9.1%, a fall of 0.1 percentage point compared with the level recorded in May (see Table 7). The decline in the number of unemployed in June was around 130,000 by comparison with the previous month and more than 1.1 million by comparison with the same month of the previous year. Although the reduction in the unemployment rate in June continued at broadly the same pace as that observed since the end of 1997 (see Chart 15), there was a slight acceleration in the second quarter of 2000 compared with the first quarter. The quarter-on-quarter fall was 0.3 percentage point in the second quarter, i.e. 0.1 percentage point more than in the first quarter. This continued improvement is in line with the ongoing expansion in economic activity.

With regard to the composition by age groups, there has been a reduction in the unemployment rate both for those below and for those above 25 years of age. In the case of those under 25, the unemployment rate reached 17.2% in June, which represents a decline of 0.2 percentage point compared with the previous month. The results for the second quarter indicate a decrease of 0.6 percentage point compared with the previous quarter, following a reduction of

Table 7

Unemployment in the euro area

(as a percentage of the labour force; seasonally adjusted)

	1997	1998	1999	1999	1999	2000	2000	2000	2000	2000	2000	2000	2000
				Q3	Q4	Q1	Q2	Jan.	Feb.	Mar.	Apr.	May	June
Total	11.6	10.9	10.0	9.9	9.7	9.5	9.2	9.6	9.5	9.4	9.3	9.2	9.1
Under 25 years ¹⁾	23.2	21.3	19.1	18.9	18.2	18.0	17.4	18.1	18.1	17.9	17.6	17.4	17.2
25 years and over ²⁾	9.9	9.4	8.7	8.6	8.5	8.3	8.1	8.4	8.3	8.2	8.1	8.1	8.0

Source: Eurostat.

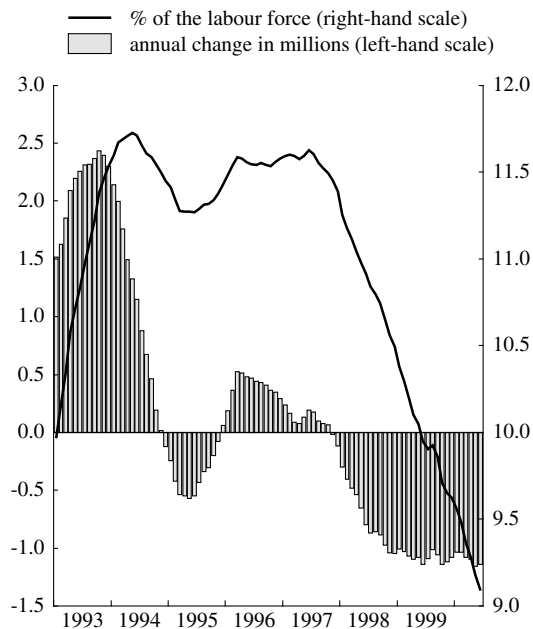
Note: According to ILO recommendations.

1) In 1999 this category represented 23.3% of total unemployment.

2) In 1999 this category represented 76.7% of total unemployment.

Chart 15 Unemployment in the euro area

(monthly data; seasonally adjusted)



Source: Eurostat.

0.2 percentage point in the first quarter of the year. The latest quarterly decline is more in line with the developments recorded in 1999. The unemployment rate for those over 25 reached 8.0% in June, i.e. around 0.1 percentage point below the rate recorded in May. A slight improvement in the second quarter of this year is also noticeable for this group. At the national level, most euro area countries displayed a pattern of declining unemployment during the second quarter of the year.

Strong employment growth likely to have continued in the second quarter of 2000

Employment growth is expected to have continued to be strong in the second quarter of 2000, as suggested by employment expectations in industry and the services sector and in line with the stronger reduction in unemployment. As indicated in the July 2000 issue of the ECB Monthly Bulletin, total employment in the euro area is estimated to have increased at a quarter-on-quarter growth rate of 0.5% in the first quarter of 2000, slightly above the rate recorded in the previous quarter (see Table 8). In annual terms, employment rose by 1.4% in the first quarter, similar to the average growth rate recorded in 1999 as a whole and higher than in the previous quarter. This increase in employment growth is consistent with the expansion in economic activity, although it has reacted with a lag of one year.

Since the last issue of the ECB Monthly Bulletin, sectoral employment data for the first quarter have been revised slightly. The overall picture has remained unchanged, pointing to an improvement both in the industrial sector and in the services sector in the first part of the year 2000. The rate of net job creation in total industry is currently estimated to have been 0.1% in the first quarter of 2000 as compared with the previous quarter, leading to a positive annual

Table 8 Employment growth in the euro area

(annual percentage changes, unless otherwise indicated)

	1998	1999	1999				2000				2000 Jan.	2000 Feb.	2000 Mar.
			Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1			
Quarterly rates ¹⁾													
Whole economy ²⁾	1.4	1.5	1.5	1.4	1.3	1.4	0.3	0.3	0.4	0.5	-	-	-
Total industry	0.3	0.2	0.3	0.1	0.0	0.2	0.1	0.0	0.1	0.1	0.2	0.3	0.2
Construction	0.3	3.0	3.4	3.6	2.1	1.9	0.1	0.6	0.5	0.6	2.1	2.3	1.4
Total industry excl. construct.	0.4	-0.5	-0.5	-0.7	-0.5	-0.2	-0.2	-0.1	0.0	0.0	-0.3	-0.2	-0.3
Manufacturing	0.8	-0.2	-0.4	-0.5	-0.3	0.1	-0.2	0.0	0.1	0.2	0.0	0.2	0.1

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

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

2) Excluding Belgium and Ireland; seasonally adjusted.

growth rate of 0.2%, after having remained constant in the fourth quarter of 1999. Employment in the construction sector has continued to be the more dynamic component in total industry, although an improvement in industry excluding construction has also been observed. Indeed, the quarter-on-quarter growth rate of employment in construction was 0.6%, slightly higher than in the fourth quarter of 1999, resulting in an annual increase of around 2%. At the same time, even though employment in industry excluding construction remained constant by comparison with the previous quarter, it displayed a slight improvement in annual terms. This can essentially be explained

by the recovery in job creation in the manufacturing sector, which is estimated to have increased by 0.2% in the first quarter of 2000 as compared with the last quarter of 1999. This implies the return to a positive year-on-year growth rate (0.1%) following the 0.2% fall, on average, observed in 1999. Employment growth in services is thus estimated to have increased slightly in the first quarter of 2000, in line with the expectations of the European Commission Business Survey for the retail sector for the period up to May 2000 and the expectations for the services sector of the Purchasing Managers' Survey for the period up to June 2000.

4 Exchange rate and balance of payments developments

Euro declined in late July and early August

After strengthening in May and early June 2000 and a period of broad stabilisation in early July, towards the end of the reporting period the euro tended to decline against most major currencies, particularly vis-à-vis the US dollar. In nominal effective terms, the euro depreciated from end-June to 2 August 2000 by around 2.5% vis-à-vis the currencies of the euro area's 13 main trading partners.

Turning to developments in foreign exchange markets in more detail, against the US dollar the euro declined in the second half of July to a level of around USD 0.93, after having fluctuated around an average rate of USD 0.95 in late June and early July. This stood in contrast to further evidence confirming the strengthening of the economic expansion in the euro area and to expectations and forecasts suggesting that the growth differential between the euro area and the United States could further narrow and possibly be eliminated during the course of next year. However, in late July in particular the better than expected estimates for US real GDP growth figures for the second quarter of 2000 provided renewed

support for the dollar. On 2 August the euro was quoted at USD 0.91 (see Chart 16).

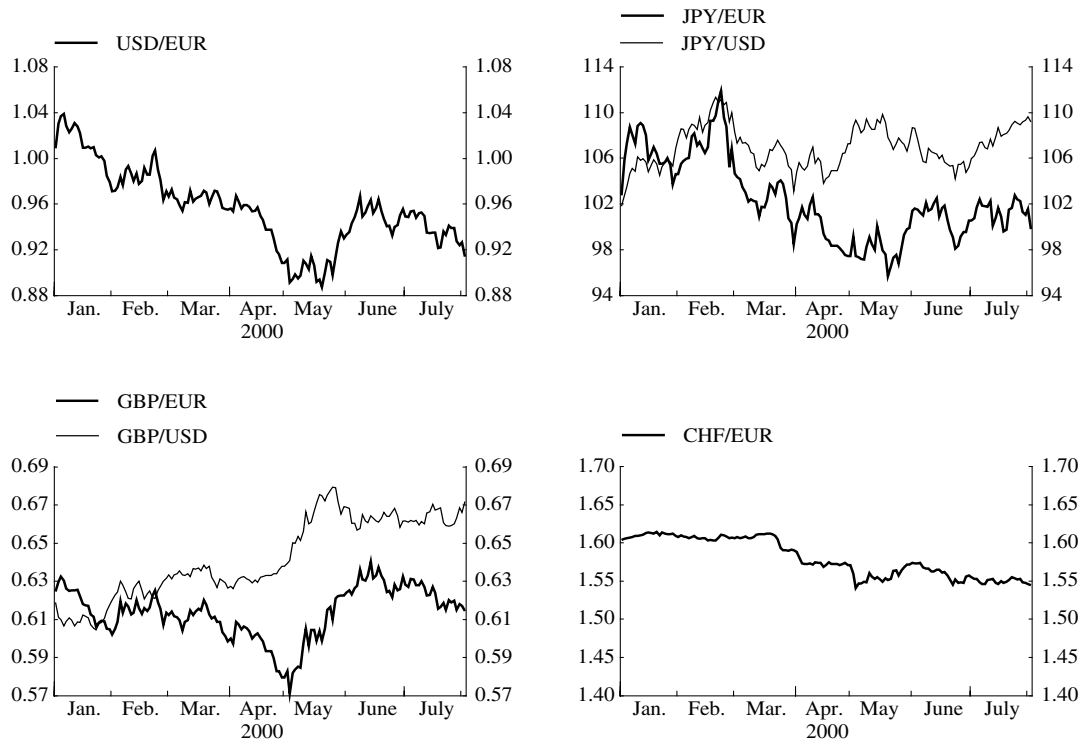
In July 2000 the Japanese yen weakened on average against most major currencies amid a decline in the Nikkei stock index and relatively mixed signals regarding the Japanese economic recovery, as improving business sentiment and increasing investment among large industrial companies were contrasted by faltering retail corporate sector performance. While having upgraded its view on the state of the Japanese economic recovery earlier in the month, the Bank of Japan decided not to depart from the zero interest rate policy in mid-July against the continuing background of a lack of signs of a clear upswing in private consumption. On 2 August the euro was quoted at JPY 99.8.

After a period of strengthening in May and early June 2000, the euro depreciated slightly against the pound sterling in July as recent data releases showed that the UK economy could be growing at a stronger pace than had initially been expected. The view that domestic demand continues to be robust was also supported by the latest UK trade deficit figures, which showed an increase in imports. Moreover, the foreign exchange market had

Chart 16

Patterns in exchange rates

(daily data)



Source: ECB.

focused on the announcement made in the UK Government Spending Review that public expenditure would increase over the next four years. On 2 August the euro stood at GBP 0.61.

Within ERM II the Greek drachma continued gradually to approach its central parity of GRD 341 vis-à-vis the euro and on 2 August 2000 it was quoted at GRD 337.2 against the euro (see Chart 17). The Danish krone remained relatively stable and on 2 August 2000 it was quoted at DKK 7.46 against the euro.

The euro remained practically unchanged against the Swedish krona and the Swiss franc in the period from end-June to 2 August 2000.

On 2 August 2000 the euro stood, in nominal effective terms, around 14.5% below the level recorded in the first quarter of 1999 and around 4.7% below that at the beginning of

this year. As the relative price and cost differentials between the euro area and its main trading partners have not changed to any significant extent since the launch of the euro, the real effective exchange rates of the euro – based on CPI, PPI and ULCM indices – follow very closely the development in the nominal exchange rate (see Chart 18).

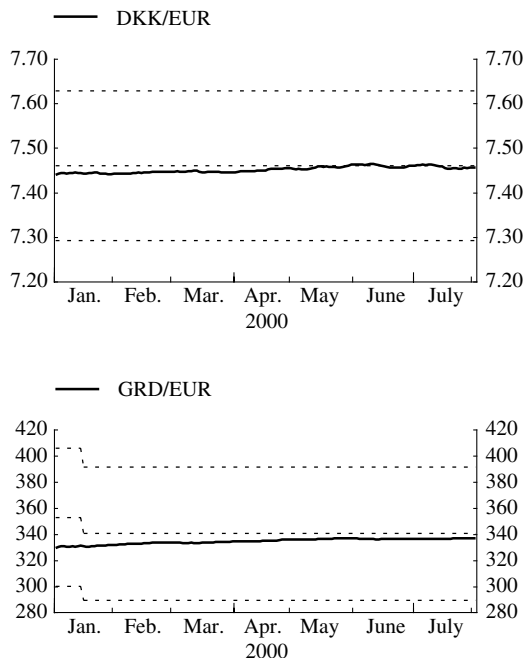
Revised data show a higher current account deficit in early 2000

In May 2000 the current account of the euro area recorded a deficit of €0.6 billion, which was smaller than the €1.5 billion deficit recorded in May 1999. In May 2000 the surplus on trade in goods was smaller than a year ago and the balance for services was in deficit compared with a small surplus in May 1999, while lower deficits were recorded in the income and current transfer accounts. In the first five months of 2000 the current

Chart 17

Patterns of exchange rates within ERM II

(daily data)



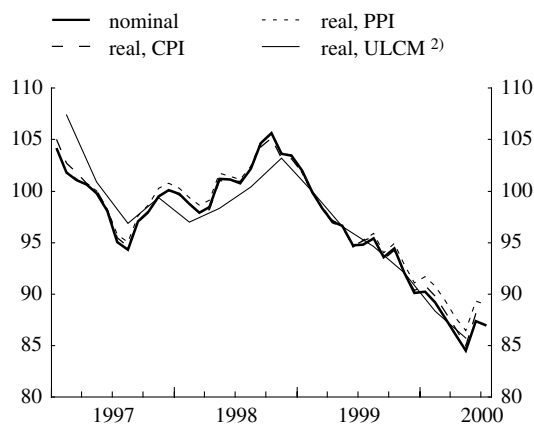
Source: ECB.

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

Chart 18

Nominal and real effective exchange rates¹⁾

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



Source: ECB.

1) Data are ECB calculations (see the article in the April 2000 issue of the Monthly Bulletin). An upward movement of the index represents an appreciation of the euro. The latest observations are for July 2000 and for the ULCM-based REER for Q2 2000.

2) Unit Labour Costs in Manufacturing.

account of the euro area recorded a deficit of €11.7 billion, compared with a surplus of €9.6 billion for the same period last year (see Table 9). This was primarily the result of a lower goods surplus (€20.2 billion, down from €35.3 billion) combined with a rise in the deficit on services (€6.7 billion, up from €2.9 billion), while the deficits on income and current transfers registered smaller increases of €1.9 billion and €0.4 billion respectively. These figures include data revisions for the first quarter of 2000, which resulted in a larger current account deficit over this period, primarily on account of a downward revision amounting to €6 billion of the goods surplus.

Although the value of exports of goods grew significantly over the first five months of this year, rising by €73.2 billion (or around 24%) compared with the corresponding period last year, the value of imports rose even more rapidly, increasing by €88.4 billion (or around 33%). The strong growth in the value of goods imports has been fostered by rising import prices, which reflect both higher oil prices and the depreciation of the euro, while the increase in the value of exports seems mainly to reflect rising export volumes related to robust foreign demand and gains in price competitiveness. The developments in exports and imports are discussed in greater detail in the article published in this issue of the ECB Monthly Bulletin entitled "The external trade of the euro area: stylised facts and recent trends".

May net direct and portfolio investment outflows in line with previous months

In the financial account, both direct and portfolio investment recorded net outflows in May 2000, adding up to a combined net outflow of €15.8 billion, close to the monthly average since January 1999. Net direct investment outflows accounted for €10.7 billion, resulting from higher direct investment abroad by euro area residents of €35.6 billion, compared with direct investment in the euro area of €24.9 billion.

Table 9**Balance of payments of the euro area***(EUR billions; not seasonally adjusted)*

	1999 Jan. - May	1999 May	2000 Jan. - May	2000 Mar.	2000 Apr.	2000 May
Current account balance	9.6	-1.5	-11.7	1.2	-3.2	-0.6
Credits	509.1	102.6	609.2	131.8	115.9	133.7
Debits	499.6	104.2	620.9	130.6	119.1	134.4
Goods balance	35.3	5.9	20.2	5.6	6.0	5.0
Exports	303.7	60.7	376.9	83.8	72.3	83.4
Imports	268.3	54.9	356.7	78.2	66.3	78.4
Services balance	-2.9	0.7	-6.7	-1.1	-1.2	-0.2
Exports	88.4	19.2	100.6	21.7	20.0	22.0
Imports	91.3	18.5	107.3	22.8	21.2	22.2
Income balance ¹⁾	-11.2	-4.9	-13.1	-0.3	-3.9	-2.8
Current transfers balance	-11.7	-3.2	-12.1	-3.0	-4.0	-2.6
Capital account balance	4.7	1.4	5.0	1.3	1.5	0.6
Financial account balance	-49.2	-11.0	59.8	30.5	5.0	7.0
Direct investment	-49.2	-19.1	131.1	1.1	-6.2	-10.7
Abroad	-87.9	-28.3	-117.4	-36.2	-18.6	-35.6
Equity capital and reinvested earnings	.	.	-56.7	-13.1	-8.5	-15.1
Other capital, mostly intercompany loans	.	.	-60.7	-23.1	-10.1	-20.5
In the euro area	38.7	9.1	248.5	37.3	12.4	24.9
Equity capital and reinvested earnings	.	.	206.4	24.8	6.3	8.9
Other capital, mostly intercompany loans	.	.	42.1	12.6	6.1	16.0
Portfolio investment	-69.6	-28.5	-205.6	-34.4	-7.9	-5.1
Assets	-125.5	-37.9	-209.3	-43.2	-25.8	-29.7
Equity	-49.1	-15.7	-153.1	-26.5	-18.2	-18.0
Debt instruments	-76.4	-22.2	-56.2	-16.7	-7.6	-11.7
Liabilities	55.9	9.4	3.8	8.7	17.9	24.6
Equity	13.6	10.8	-106.3	-20.4	-4.7	4.1
Debt instruments	42.3	-1.4	110.1	29.1	22.6	20.5
Financial derivatives	-1.9	-3.9	4.9	1.4	2.1	0.3
Other investment	60.7	37.0	129.3	61.8	16.8	21.2
Reserve assets	10.8	3.5	0.1	0.5	0.2	1.3
Errors and omissions	34.9	11.1	-53.2	-32.9	-3.4	-7.0

Source: ECB.

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

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

A more detailed breakdown of the direct investment account, available now for the first time (see Table 9), would indicate that direct investment outflows in May 2000 were largely influenced by short-term financial transactions between linked companies, which mostly comprise inter-company loans (€20.5 billion). Less than half of such flows were related to

investment in equity and reinvested earnings (€15.1 billion).

Portfolio investment showed net outflows of €5.1 billion in May. The main source of these net outflows was strong investment by euro area residents in foreign equities (€18 billion), while investment in euro area equities by

non-residents remained muted (€4.1 billion), resulting in total equity net outflows of €13.9 billion. The net outflows in equity were contrasted, yet not fully offset, by net inflows in debt instruments of €8.8 billion, both in bonds and notes (€6.8 billion) and money market instruments (€2.0 billion), reflecting the continuously strong demand for euro area debt securities since the launch of the euro.

In the first five months of 2000 combined net direct and portfolio investment outflows reached €74.5 billion, and were thus much lower than in the same period of 1999 (€118.8 billion). This resulted from net direct investment inflows amounting to €131.1 billion and net portfolio investment outflows of €205.6 billion; the magnitude of these figures being substantially influenced by a single large transaction.

Price and cost indicators for the euro area: an overview

The two pillars of the Eurosystem's monetary policy strategy represent, on the one hand, a prominent role for money, signalled by the announcement of a reference value for money growth and, on the other, the analysis of financial and other economic indicators in order to formulate a broadly based assessment of the outlook for price developments and the risks to price stability in the euro area as a whole. Price and cost indicators constitute one group of variables that enter this broadly based assessment. This article presents the interrelations between the euro area Harmonised Index of Consumer Prices (HICP) and its components and the price and cost indicators which are available for the euro area. These include variables such as import and commodity prices, producer prices, labour cost indicators and direct survey-based measures of expected price developments.

I Introduction

In its broadly based assessment of the outlook for future price developments and the risks to price stability under the second pillar of the monetary policy strategy of the Eurosystem, the Governing Council of the ECB thoroughly analyses a wide range of information on the economic and financial situation. This large information set includes indicators of demand and supply pressure, price and cost indicators, asset prices and other financial variables, as well as various forecasts of the macroeconomic outlook. Together with the analysis of the other indicators which underpin the second pillar, the analysis of price and cost developments complements the analysis of monetary developments which is undertaken under the first pillar of the monetary policy strategy.

A general discussion of the wider set of indicators which are taken into account under the second pillar has already been presented in an earlier article entitled "The role of short-term economic indicators in the analysis of price developments in the euro area", which was published in the April 1999 issue of the ECB Monthly Bulletin. However, since then a number of articles have taken a more detailed look at the role of particular indicators. Against this background, this article focuses on price and cost indicators. The following indicators are discussed: (i) import and world commodity prices, (ii) producer prices, (iii) labour cost indicators and (iv) survey-based indicators of expected price developments. This group of variables is regularly discussed in the "Price developments" section of the ECB Monthly

Bulletin. It represents a restricted but fairly homogenous class of closely interrelated indicators.

Although the euro area is a relatively closed economy compared with its constituent countries, import and commodity prices are helpful in explaining developments in the HICP, because they either affect consumer prices directly or enter the chain of production and thereby feed through to domestic producer prices for consumer goods. By contrast with commodities, which predominantly enter at the earliest stage of the chain of production, labour is a main input at every stage in the production process. Therefore, labour costs are a key determinant of price developments at all stages of production and thus have a major influence on consumer price developments. Owing to the fact that expectations of future price developments may affect the development in wages and profits and thus have an impact on future price developments, surveys of the private sector's expectations about future price developments are also a useful indicator for monetary policy.

The Governing Council has defined its primary objective of price stability with reference to the HICP in the euro area. This article identifies and explains the relationships, both direct and indirect, which exist between the various price and cost indicators and the euro area HICP and its main components. Such an analysis serves to help in understanding the overall price climate and also to distinguish purely short-term from

more underlying developments in prices. While in the medium to longer term inflation is ultimately a monetary phenomenon, in the short to medium term developments in production costs and import prices (cost push factors), as well as the development in economic activity (demand pull factors), can significantly affect price developments.

Much can be learned by considering the historical interaction between various indicators and consumer prices. In the remainder of this article, these historical interactions are presented using graphical analysis and correlations. This indicates the strength or weakness of the relationships which exist between the various indicators

Table I
Summary table: Price and cost indicators in the euro area

(annual percentage changes, unless otherwise indicated)

	Averages			Max.	Min.	Std. dev.	Relative std. dev. ¹⁾
	1990-2000	1990-95	1995-2000				
Overall HICP ²⁾	2.6	3.4	1.7	5.0	0.8	1.1	1.0
Goods	2.2	2.8	1.4	4.8	0.1	1.1	1.0
Food	2.2	2.9	1.5	4.6	-0.3	1.2	1.1
Unprocessed food	2.0	2.5	1.3	7.0	-1.9	2.2	2.0
Processed food ³⁾	2.4	3.2	1.6	4.5	0.6	1.0	1.0
Industrial goods	2.1	2.8	1.3	5.2	-0.4	1.2	1.1
Non-energy industrial goods	1.9	2.6	1.0	3.4	0.3	1.0	0.9
Energy	3.1	3.5	2.4	15.3	-4.9	4.0	3.7
Services	3.6	4.7	2.4	6.0	1.3	1.4	1.3
Oil prices (EUR per barrel) ⁴⁾	15.9	15.0	16.4	31.5	8.8	42.0	38.7
Non-oil commodity prices ⁵⁾	-0.2	-0.6	0.7	26.4	-23.5	12.6	11.7
Import unit values ⁵⁾	1.9	1.2	2.9	22.8	-12.2	6.3	5.8
Industrial producer prices ⁶⁾	1.4	1.9	1.2	6.5	-2.7	1.7	1.6
Intermediate goods	1.3	2.0	1.2	10.9	-5.3	3.1	2.9
Capital goods	0.8	1.0	0.7	2.6	-0.1	0.7	0.6
Consumer goods	2.3	3.3	1.4	5.6	-0.2	1.4	1.3
Unit labour costs ⁷⁾	2.2	3.1	1.1	5.3	-1.6	2.0	1.8
Compensation per employee ⁷⁾	3.7	4.7	2.4	6.7	1.1	1.8	1.7
Labour productivity ⁷⁾	1.5	1.7	1.4	2.8	-0.1	-	-
Total hourly labour costs ⁸⁾	.	.	2.5	3.6	1.7	0.7	1.3
Selling price expectations ⁹⁾	5.9	10.3	3.2	24.0	-11.0	-	-
Expected price trends ¹⁰⁾	25.0	32.0	17.5	51.0	7.0	-	-

Sources: Eurostat (HICP, import unit value, industrial producer prices and total hourly labour costs), International Petroleum Exchange (oil price), HWWA – Institut für Wirtschaftsforschung (Hamburg) (non-oil commodity prices), national data (unit labour costs, compensation per employee and labour productivity), European Commission Business and Consumer Surveys (selling price expectations and expected price trend) and ECB calculations.

- 1) Shows the standard deviation of the annual percentage change in each of the indicators relative to that in the overall HICP. Other than total hourly labour costs (see footnote 8 below) this is calculated for 1990 onwards.
- 2) Data before 1995 are estimates based on national definitions and are not fully comparable with HICPs starting in 1995.
- 3) Includes alcoholic beverages and tobacco.
- 4) Brent Blend (for one-month forward delivery). In ECU up to December 1998. The standard deviation measures are calculated using annual percentage changes.
- 5) In euro; in ECU up to December 1998.
- 6) Excluding construction.
- 7) Whole economy. Quarterly data.
- 8) Whole economy (excluding agriculture, public administration, education, health and other services). Quarterly data, the series starts in 1996Q1.
- 9) Months ahead. Percentage balances.
- 10) Next 12 months. Percentage balances.

and developments in final consumer prices in the short or the medium term.

At the outset, it should be emphasised that the implications for consumer prices of developments in particular indicators will often vary depending on the particular circumstances and the broader macroeconomic context in which such developments take place. Moreover, structural and behavioural changes in the economy, such as changes in the production process, technological innovation, deregulation or a significant change in the macroeconomic policy environment, could, over time, lead to gradual changes in the relationships between various indicators and future price developments. One example of such a change is the introduction of the single currency in January 1999 which, *inter alia*, is likely to have contributed to more intensified competition. These considerations have to be borne in mind when analysing price developments. In addition, changes in indirect taxation and administered prices are also factors which can have a significant effect on price developments.

Table I provides various summary statistics for the euro area HICP, its sub-components and the various price and cost indicators discussed in the remaining sections. The table shows that the downward movement in average HICP inflation which occurred over the course of the 1990s, from 3.4% on average in the period from 1990 to 1995 to

1.7% on average in the period from 1995 to 2000, was broadly matched by a downward movement in the year-on-year change in other price and cost indicators. For example, the year-on-year change in unit labour costs declined from an average of 3.1% in 1990-95 to 1.1% in 1995-2000 while, over the corresponding periods, the annual increase in industrial producer prices declined from an average of 1.9% to 1.2%. These developments represent the gradual move from a higher inflation environment to one consistent with price stability, largely reflecting the efforts among the Member States associated with the process of convergence prior to the establishment of Economic and Monetary Union.

From Table I it is also evident that, over the course of the 1990s, many of the available price and cost indicators, and especially import, oil and commodity prices, exhibited a degree of short-term variability which was significantly greater than that in the euro area HICP. This is partly explained by the fact that profit margins tend to function as a buffer, reducing fluctuations in consumer prices as compared with production costs. In this context, it should be noted that labour costs are a much more important cost component than import prices for the euro area, and that, therefore, the order in which the indicators are presented in this article does not reflect their importance for trends in HICP developments.

2 Import and world commodity prices

Although the euro area is a larger and relatively more closed economy than its constituent countries, developments in import and world commodity prices provide important information for understanding the outlook for domestic price developments. In particular, the analysis of import and world commodity prices is of help in arriving at an assessment of the extent to which global price developments, together with developments in the nominal exchange rate

of the euro, may influence consumer prices in the euro area.

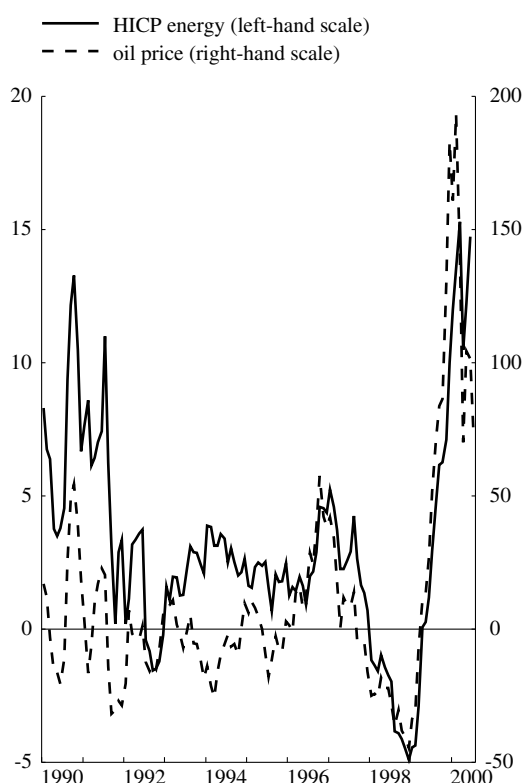
Import and commodity prices contain useful information on current and future consumer price inflation for a number of reasons, most notably because imports and commodities either feed directly into private consumption or are an important input in the production of domestic goods and services. In this regard, it is possible to distinguish between the direct,

indirect and second-round effects of import price developments on consumer prices. The *direct* effect occurs via commodities and other final goods imports, which are more or less directly consumed by households. By contrast, *indirect* effects arise as higher imported input costs are gradually passed along the chain of production via producer prices to consumer prices (producer prices are discussed in more detail in Section 3). While the variation in domestic profit margins can, to some extent, offset the effects on domestic prices of short-term changes in imported input costs, sustained changes in imported input costs are likely to be reflected in domestic prices. In addition, the realisation of such effects, or the prospect that they are likely to occur, can influence wage developments and thereby give rise to *second-round* effects on consumer prices. The role of wage developments and that of inflation expectations are addressed in Sections 4 and 5 respectively. The interplay between these three kinds of effects implies that the ultimate impact of developments in commodity and import prices on consumer prices can take place over quite an extended period of time (two to three years, or even longer if second-round effects have a chance to occur).

In the light of the above considerations, it is useful to distinguish between import prices for manufactured goods and prices for raw material imports, such as oil and non-oil commodities. Such a distinction is also of interest because changes in the exchange rate tend to have an immediate and one-to-one effect on the euro price of raw material imports, such as oil and non-oil commodities while, by contrast, the impact of exchange rate changes on the euro price of imports of manufactured goods – which include intermediate as well as final consumer and capital goods – is likely to be less than one-to-one. This reflects the fact that foreign producers exporting these goods to the euro area have to take into account the competition that they face from producers of similar products within the euro area. As a result, in the case of a depreciation of the

Chart 1
HICP energy and oil prices in the euro area

(annual percentage changes; monthly data)



Sources and data: See Table 1.

euro, for example – particularly if it is perceived to be transitory – firms may not find it optimal to increase the euro price of products sold to the euro area to reflect fully the exchange rate change (i.e. to keep the price unchanged in the foreign producer's domestic currency), as this could lead to a loss of market share. However, more protracted changes in the exchange rate do generally feed through to import prices at some point in time. In addition, there is a similar effect working in the opposite direction, since a fall in the import price can exert downward pressure on prices for similar competing goods produced in the euro area.

Direct oil price effects are most clearly seen in the HICP energy component

Oil prices have recently been the most prominent example of commodity prices

having a direct impact on consumer price developments (via energy prices). Although many factors other than oil prices also influence energy price developments (such as energy taxation and deregulation), at times of major movements in the euro price of oil, these dominate the developments in the energy component of the HICP (see Chart 1). The development in oil prices is thus the main explanatory factor behind the year-on-year decline in energy prices in 1998

and early 1999, as well as the strong rise in the annual rate of increase in energy prices since April 1999. A relatively quick pass-through of oil prices to energy prices is confirmed by the high correlation (0.7) between the annual rate of increase in the HICP energy component and the annual rate of increase in the oil price one month earlier (see Box I for a further discussion of the use of correlation coefficients in assessing the co-movement of different variables).

Box I

Interpreting historical correlations between price and cost indicators

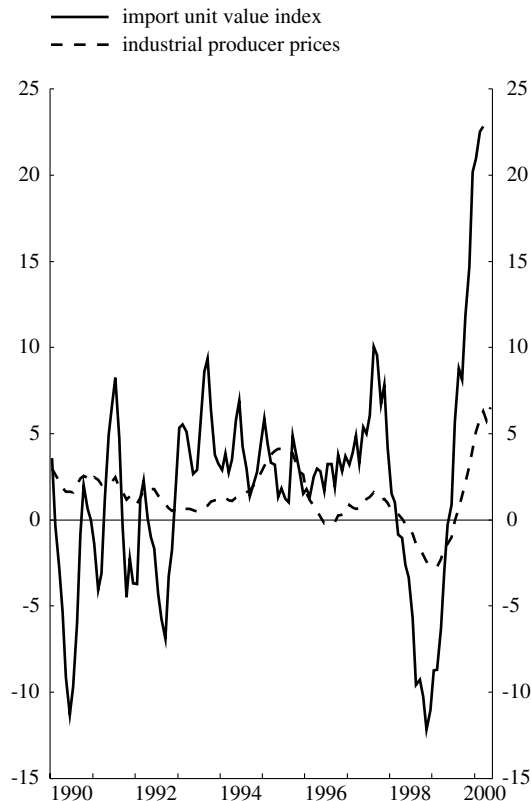
The correlation coefficient can be used to shed light on the relationship between various indicators. There are several examples where a high degree of correlation between economic variables confirms a close link that would be expected to exist between them. One example is the observation that changes in the price of oil (measured in euro) are almost immediately reflected in developments in the consumer price of energy. The link makes sense, given the extensive use of oil as a source of energy. This interdependence is also reflected in a high correlation of the annual rate of increase in the HICP energy component with the annual rate of increase in the oil price. Measured over the period from 1990 to 2000, this correlation reaches its maximum (0.7) when current energy price developments are compared with oil price developments in the preceding month.

While the correlation coefficient contains some useful summary information, it also has several shortcomings. First, correlation is simply a measure of the co-movement of two variables. A high value for a correlation coefficient is not, in itself, sufficient to infer that there is any causal link between the two variables. A high rate of correlation may be the result of other independent factors which can affect both the indicator and the HICP. In this connection, the progress towards convergence at low levels of inflation in the euro area countries in the 1990s implies that the developments in the annual rate of increase in most price and cost indicators for the euro area followed a broad downward trend in this period. As a result of this trend, the historical correlation over the whole of the 1990s may overstate the relationship, compared with an environment of price stability. Correlation coefficients may also change over time. This can happen as a consequence of structural changes in the economy, such as changes in production processes, technical innovation or a shift in the policy regime. Finally, correlation only analyses linear relationships, while there may be a non-linear relationship between the variables. It is, therefore, necessary to supplement the review of correlation coefficients with a broader economic analysis based on knowledge of the working of the economy (a priori hypotheses on causation inferred from economic theories, knowledge of production practices, etc.).

In addition to the complications which arise as a result of structural or behavioural changes, the interaction between monetary policy and inflation, on the one hand, and between inflation and inflation indicators, on the other, complicates the observed correlations between various indicators and future price developments. For example, a forward-looking monetary policy which takes pre-emptive action in response to inflationary risks will tend to offset the independent effects of various indicators on consumer prices. Under such circumstances, one might observe no leading indicator role for a particular variable and therefore no clear correlation when analysing developments in a historical set of data. Of course, this does not mean that the central bank should ignore such an indicator altogether. Instead, it is an indication that policy has reacted appropriately to the inflationary pressures in the economy in the past. Hence, the fact that a particular variable may have exhibited poor leading indicator properties for inflation in the past, does not imply that it contains no relevant information from the perspective of current or future monetary policy.

Chart 2
Import unit value index and industrial producer prices in the euro area

(annual percentage changes; monthly data)



Sources and data: See Table 1.

Indirect effects via producer prices

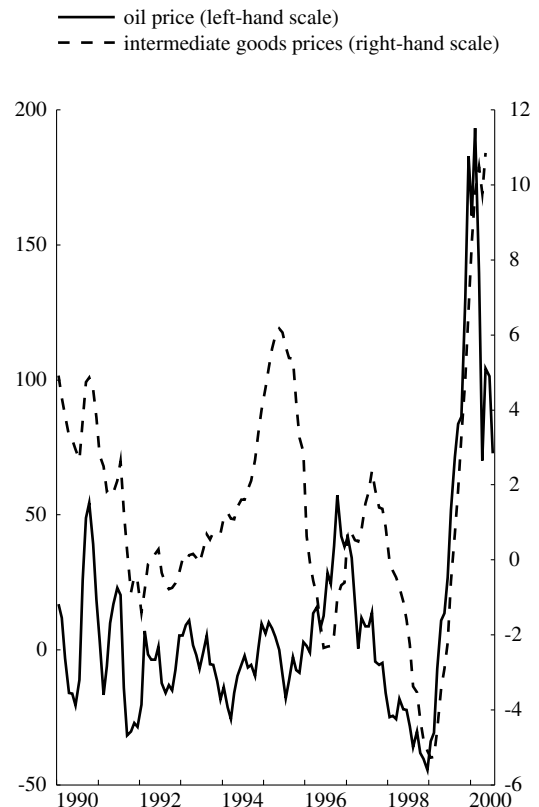
The indirect effects of commodity and other import prices on domestic prices in the euro area are illustrated by a relatively close relationship between overall domestic producer prices and overall import prices. The maximum correlation between euro area producer prices and import prices is 0.5, with a lag of one month. This correlation reflects the fact that price developments in imported raw materials and intermediate goods affect developments in the domestic producer price for intermediate and subsequently also final goods in the industrial sector. However, as measured by unit value indices, developments in euro area import prices tend to be more volatile than developments in industrial producer prices (see Chart 2). This relatively higher volatility is partly a result of the fact that domestic producer prices are also

affected by developments in domestic costs and profit margins, which may tend to offset the volatility coming from imported input prices. Moreover, statistical shortcomings of the unit value indices for the purpose of measuring price changes may explain much of their high short-term (month-to-month) volatility. They are, however, the only comprehensive import price indicator currently available for the euro area.

The co-movement in industrial producer prices and world commodity prices can be seen most clearly in the intermediate goods component of industrial producer prices, reflecting the high share of total inputs accounted for by raw material inputs in the intermediate goods sector. In particular, the development in both oil and non-oil commodity prices has contributed to the rise in the annual rate of increase in intermediate

Chart 3
Oil prices and intermediate goods prices in the euro area

(annual percentage changes; monthly data)

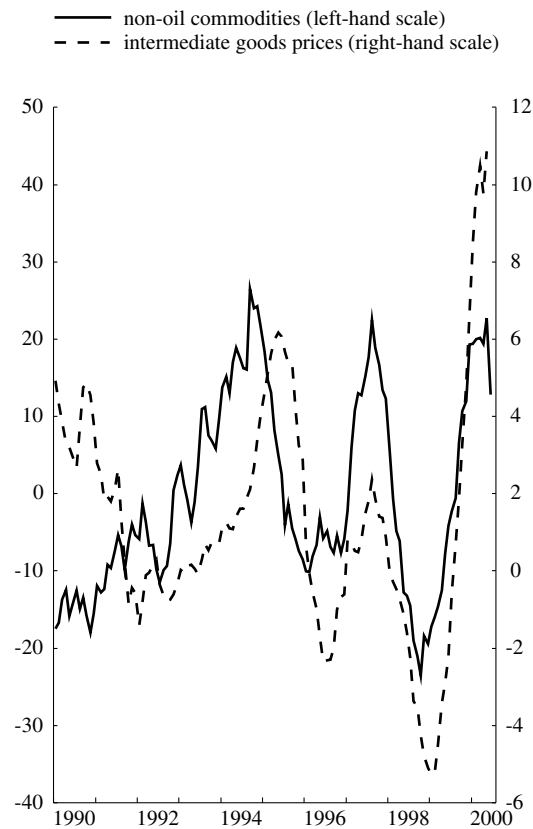


Sources and data: See Table 1.

Chart 4

Non-oil commodity prices and intermediate goods prices in the euro area

(annual percentage changes; monthly data)



Sources and data: See Table 1.

goods prices since early 1999 (see Charts 3 and 4). The effects of oil and non-oil world commodity prices on intermediate industrial goods prices in the euro area are also supported by an analysis of the relevant correlation coefficients over the 1990s. The maximum correlation between the annual

rate of increase in intermediate goods prices and the annual rate of increase in oil prices expressed in euro is 0.6, for the oil price with a two to three-month lag, while the maximum correlation between the annual increase in intermediate goods prices and that of non-oil commodity prices expressed in euro is 0.5, with a lag of three months.

Commodity prices also have a forward-looking dimension

Commodity prices also have explicitly forward-looking characteristics, which are underlined by the storability of commodities and the existence of actively traded commodity futures markets. In particular, the current spot price of a commodity will tend to be equal to the futures price, but with a deduction for the present value of storage costs. As a result, the spot price of a commodity will tend to rise if the commodity is expected to be more valuable in the future. In addition, the existence of futures markets on which quotations of prices for the future delivery of various commodities are given provides an indication of the market participants' expectations of likely future developments in commodity prices. However, there is a limit to the information contained in commodity futures prices, since commodity markets may be affected by market-specific influences or shocks, or macroeconomic developments which are difficult to foresee and are, therefore, not fully incorporated in the term structure of commodity futures prices.

3 Industrial producer prices

Developments in production costs tend to be passed along the chain of production to retailers and ultimately into the prices paid by consumers. Therefore, information on producer prices is useful for the analysis of prospects for consumer prices.

By contrast with import prices, producer prices refer to the prices of industrial goods produced in the euro area. Therefore, developments in producer prices also reflect a number of domestic factors in the euro area economy in addition to developments in import and world commodity prices (as discussed in Section 2). Such factors include developments in domestic labour costs and the cyclical situation in the industrial sector, i.e. the balance between the supply and demand of industrial goods, which may also have an impact on the development in profit margins. In addition, expectations about future activity and price developments are likely to influence pricing behaviour in the industrial sector.

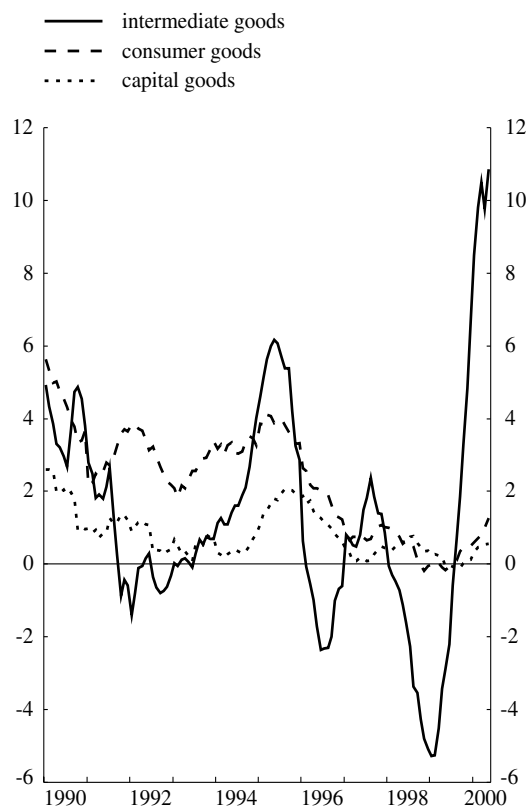
Producer prices for intermediate, consumer and capital goods

It is useful to break down the overall development of producer prices into three components: intermediate goods (including processed raw materials), consumer goods and capital goods prices. Developments in intermediate goods prices, which have a weight of around 47% in the total euro area Producer Price Index (PPI), tend to affect developments in final producer prices for consumer and capital goods with a time-lag (these goods have weights of approximately 38% and 15% respectively in the total PPI). Using this breakdown, an assessment can be made of the extent to which intermediate goods price developments (e.g. resulting from world commodity price developments) are passed along the production chain to final producer prices for consumer or capital goods and, subsequently, the effects of these developments on prices at the consumer level can be traced.

The relationship between intermediate goods prices and the price of other goods further along the chain of production is illustrated in Chart 5. Correlation coefficients indicate that the annual rate of increase in producer prices for consumer goods is highly correlated (0.6) with intermediate goods price developments half a year earlier, while developments in capital goods prices correlate even more closely (0.8) with intermediate goods prices around eight months earlier. Most recently, there has been some evidence that the large rise in the year-on-year change in intermediate goods prices observed since early 1999 has begun to have an upward impact on the annual changes in producer prices for both consumer and capital goods.

Chart 5
Industrial producer prices in the euro area

(annual percentage changes; monthly data)

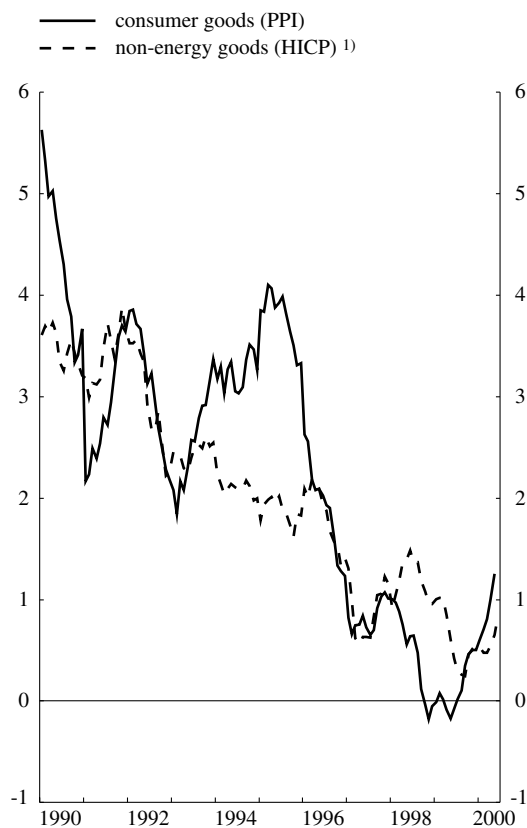


Sources and data: See Table 1.

Chart 6

Producer prices for consumer goods and HICP non-energy goods in the euro area

(annual percentage changes; monthly data)



Sources and data: See Table 1.

1) Comprises non-energy industrial goods and food prices.

Since final industrial goods are typically purchased by retailers and subsequently sold on to consumers there is a link between producer and consumer price developments,

4 Labour cost indicators

The preceding sections have focused on the analysis of price developments, both internal and external, at different stages in the production process and how such developments ultimately relate to developments in consumer prices. By contrast, this section focuses on the role of labour costs, which have an impact on prices at all stages of the production process. In turn, price developments can also have implications for future wage developments.

which is supported by a simple graphical analysis. There are, however, several factors which weaken the connection between producer and consumer prices. Variations in retail profit margins may smooth the effects of developments in producer prices on consumer prices, and variations in costs for transportation, storage and display, as well as indirect taxation, may also weaken the connection between producer and consumer prices. In addition, the three components of total producer prices will affect consumer price developments with different time-lags. As established above, intermediate goods prices feed into the producer price of both consumer and capital goods. While the producer price of consumer goods has a relatively swift impact on consumer price developments at the retail level, capital goods prices tend to affect consumer prices only very gradually, via their impact on the cost of producing consumer goods. Furthermore, differences in composition may reduce the correlation between the overall producer price index and the HICP. For example, services prices are included in the HICP but not in industrial producer prices. Reflecting this, the developments in non-energy goods prices in the HICP tend to follow movements in the producer price for consumer goods relatively closely, but with a lag (see Chart 6). It is also evident that developments in consumer prices, as mentioned above, tend to be less volatile than those in producer prices for consumer goods.

As a result, the processes of wage formation and price determination are very closely linked.

Inflation tends to reflect nominal wage growth in excess of labour productivity growth

The importance of labour costs in the analysis of price developments is underlined by the

significant share of labour income in total GDP. In line with the idea that prices are set as a mark-up over costs adjusted for productivity developments, nominal wage growth in excess of labour productivity growth will ultimately tend to be reflected in prices. Of course, over the business cycle not all developments in labour costs will necessarily be reflected in prices, as profit margins may tend to act as a buffer. Nonetheless, unless there is a permanent shift in profit margins associated with structural change or increased competition, growth in nominal wages in excess of labour productivity growth will tend to push up prices, albeit with a lag. This reasoning suggests that continued wage growth in excess of sustainable growth in labour productivity would signal a risk to medium-term price stability.

While labour cost developments can have important implications for prices, it is unlikely that this interaction takes place in one direction only; price developments are also likely to influence future wage developments to some extent. For example, in making their wage demands, workers may take into account past or expected changes in the cost of living. In this context, wage earners may also be influenced by developments in profits when deciding on wage claims. Under such circumstances, actual or expected price developments may give rise to increases in wages. An important implication of this is that a general perception that price stability will be maintained helps to reinforce wage moderation. Therefore, when monetary policy is oriented to the maintenance of price stability, this helps to prevent wage-price spirals, i.e. situations where excessive wage growth first gives rise to higher prices and then these feed through to further wage increases. The quantitative definition of price stability formulated by the Eurosystem should, therefore, provide a clear reference for expectations concerning future price developments in the euro area.

For the euro area, there are a number of different labour cost indicators which are

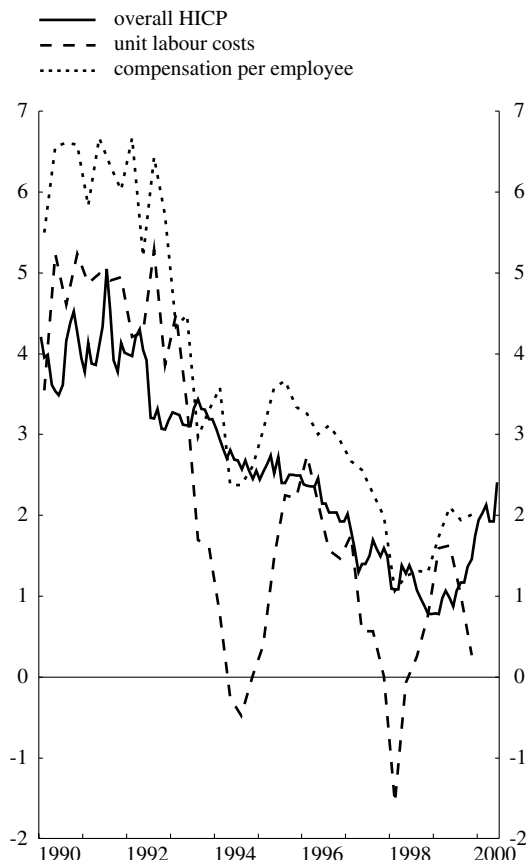
regularly analysed by the Eurosystem. The growth in compensation per employee, which is a quarterly indicator derived from the national accounts, provides information on developments in nominal wage and non-wage labour costs (such as social security contributions) for the economy as a whole. While the data for compensation per employee are influenced by changes in the total number of hours worked (which tend to vary with the time of year and over the business cycle), total hourly earnings provide a measure of labour cost developments which is adjusted for the number of hours worked by employees (see Box 2 for further information on the data available for price and cost developments in the euro area and the need for improvement). In general, the growth rates of total hourly labour costs and compensation per employee tend to move together, although some short-term divergence is common as a result of developments in hours worked or differences in the degree of coverage of the two indicators. Finally, unit labour costs measure the compensation of all employees per unit of real GDP. Hence, growth in unit labour costs provides an estimate of the extent to which increases in nominal labour costs differ from the growth rate of labour productivity.

Chart 7 plots the annual percentage change in the overall euro area HICP, together with that for unit labour costs and compensation per employee. As suggested by the arguments set out above, over the course of the 1990s there appears to have been a relationship between both labour cost indicators and price developments. The annual increase in each of the labour cost indicators is highly correlated with the year-on-year change in the HICP, although it is clear that, as a result of cyclical fluctuations in labour productivity, unit labour costs are subject to significant short-term fluctuations which are reflected in profits rather than in the HICP. This supports the proposition that it is nominal wage growth significantly in excess of trend – as opposed to merely cyclical – growth in labour productivity which would signal a threat to medium-term price stability.

Chart 7

Overall HICP, unit labour costs and compensation per employee in the euro area

(annual percentage changes)



Sources and data: See Table 1.

The services sector experiences a persistently higher rate of price increase than the goods sector

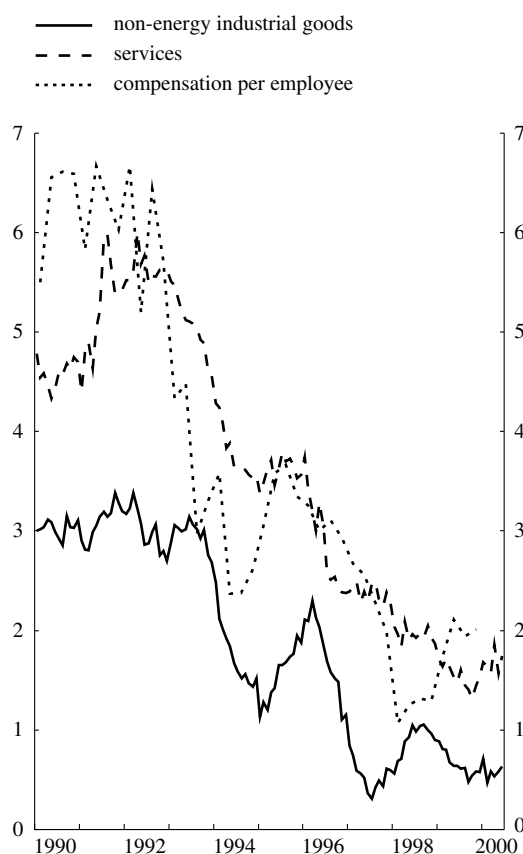
Economic considerations suggest that labour cost developments may have different effects on the different components of the HICP. For example, since the services sector tends to have a higher degree of labour intensity and a lower trend growth rate of productivity than the goods sector, services prices tend to be more closely linked to developments in nominal wage costs. To shed some light on the likely impact of labour cost developments on the different components of the HICP, Chart 8 plots the year-on-year increase in nominal compensation per employee along

with that for both non-energy industrial goods and services prices in the HICP. From the chart it is evident that while the rate of increase in services prices has closely matched the growth rate in compensation per employee, it has been significantly above the growth rate in non-energy industrial goods prices. This may reflect the fact that productivity growth in the relatively non-traded and more labour intensive services sector tends to be persistently lower than that in the goods sector. However, nominal wage increases tend to be broadly similar across both goods and services sectors. As a result, the services sector experiences a persistently higher rate of price increase than the goods sector.

Chart 8

HICP components and compensation per employee in the euro area

(annual percentage changes)



Sources and data: See Table 1.

In addition to the indicators of actual labour cost developments, information on wage bargaining agreements in individual euro area countries can also help in forming a broad assessment of the outlook for price stability. Depending on the extent of coverage of these agreements, i.e. the proportion of total workers to which they apply, information on bargained wages may help provide an assessment of any threats to price stability arising from labour cost developments. However, there is a need to exercise caution in drawing inferences about likely future wage

developments on the basis of bargained wages alone. In particular, over the course of the business cycle there may be scope for actual wages to drift away from bargained wages. Hence, in assessing the outlook for future developments in labour costs it is important to take account of the broader macroeconomic context, including any changes in the expected pace of economic activity which could give rise to a drift in actual wages away from those previously negotiated.

Box 2

Statistical information on price and cost developments in the euro area

In order to ensure that the Governing Council is adequately informed when making monetary policy decisions, the Eurosystem requires consistent, timely and reliable statistical information. In addition, for the purpose of studying historical relationships with a view to achieving a better understanding of the current situation, long historical time series are highly desirable. While the situation in the field of price and cost statistics is generally satisfactory, further progress is necessary, especially in the fields of import and labour cost statistics.

Consumer price statistics

The current HICP data broadly fulfil the statistical requirements of the ECB in terms of harmonisation, reliability and timeliness. Monthly data are available as from 1995; both the overall HICP and a breakdown into components, as presented in Table 1. Estimated backdata before 1995 are based on national CPIs and are not fully comparable with HICPs from 1995. The euro area data are released in a timely manner by Eurostat (17 to 22 calendar days after the end of the reporting month). The main item still excluded from the HICP is household expenditure on owner-occupied housing. Given the importance of housing in household expenditure, it is important to find an acceptable solution for this, admittedly, difficult item as soon as possible.

In addition to the HICP, consumer expenditure deflators from national accounts are available for the euro area. While being of interest for the analysis of price developments in the euro area, these data have the disadvantage of being less up to date and at a lower frequency (quarterly data) than the HICP.

Import and commodity prices

Import price indices for trade between the euro area and the rest of the world are not available. Instead, import price developments are measured by Unit Value Indices (UVIs), which are calculated by dividing the value of trade by its volume. However, these data cover trade in goods only, and not trade in services. While not being of the same quality as price indices, UVIs remain useful indicators of import price developments. The data are available from Eurostat on a monthly basis going back to 1989, but they are published with a considerable lag (around 90 to 95 calendar days after the end of the reporting month) and they are frequently subject to some revision. While in theory it is possible to aggregate national accounts import price deflators, these data are in practice not used for the assessment of developments in euro area import prices since they would include trade between euro area countries.

Oil price data measured in US dollars per barrel are available daily from a number of sources, including the International Petroleum Exchange. These data can easily be transformed into euro by using the exchange rate between the US dollar and the euro, while the exchange rate of the ECU is used for periods prior to 1999.

For non-oil commodity prices, daily data collected and compiled by the Institut für Wirtschaftsforschung in Hamburg (HWWA) are used. Commodity price data are available with a very short time-lag. The index is weighted according to the imports of OECD countries from 1989 to 1991, but excludes intra-EU trade. Therefore, the weights do not specifically reflect euro area trade with the rest of the world. Sub-indices for food, tropical beverages and industrial raw materials are available.

Producer prices

Eurostat provides monthly producer price data for the total industrial sector (excluding construction) and intermediate, capital, durable and non-durable consumer goods components. Even though the situation has improved over the past year, the country data underlying the euro area aggregates are not as comparable as the HICP data. In particular, the developments in the sub-sectors are not fully consistent with the data for the industrial sector as a whole, because the underlying main industrial groupings have not been fully harmonised. Data for total industrial producer prices are available from 1981 onwards. The release of the data (37 to 39 calendar days following the end of the reporting month) is also not as timely as for the HICP.

Labour costs

Eurostat provides quarterly total hourly labour cost data for both the whole economy (excluding, however, agriculture, public administration, education and health services) and sub-sectors, with a sub-division into wages and other labour costs. These data are derived from national sources but follow common broad definitions. Results are published with a delay of 90 to 100 days, leaving scope for improvements in the timeliness of the data. Unfortunately, the data are only available as from the first quarter of 1995. Further improvements are necessary to make the coverage of individual sectors more comparable and comprehensive.

Eurostat does not publish results for unit labour costs (ULC) derived from quarterly national accounts for the euro area. ULC data, which measure labour costs per produced unit of output for the whole economy, and its components (compensation per employee and labour productivity), are therefore calculated by the ECB based on national data. Owing to the release calendar for national accounts, these ULC data are even less timely than the total hourly labour costs provided by Eurostat. The data series have been compiled from 1985 onwards. In general, there is a high degree of resemblance between developments in the data for compensation per employee and the total hourly labour costs for the whole economy provided by Eurostat. Comparable and timely ULC data provided by Eurostat, preferably also calculated per hour worked in addition to series per person employed, are needed for economic analysis. Moreover, a breakdown into sectors (such as services and industry) as well as a breakdown of compensation into wages and other labour costs would be welcome.

Price expectations

The European Commission provides monthly data on selling price expectations for the months ahead in manufacturing industries and consumers' expectations for price trends over the next 12 months. These survey data are available as from 1985 and are released with a relatively short time-lag (around five days after the end of the reporting period). In addition, four times a year the ECB surveys expectations for euro area HICP developments among more than 80 professional forecasters.

5 Survey measures of expected price developments

All the indicators discussed so far relate to developments actually observed in various prices or costs. By contrast with the latter, this section considers direct measures of expected future price developments, which can be obtained from economic surveys. These direct measures of expectations have to be distinguished from indirect estimates which can be inferred from the prices of various assets traded on international financial markets. Such indirect measures of expectations, along with estimates of the degree of uncertainty surrounding such expectations, were discussed in the article entitled “The information content of interest rates and their derivatives for monetary policy” in the May 2000 issue of the ECB Monthly Bulletin.

Given the likely impact of price expectations on wage and price-setting behaviour, measures of expected price developments are a useful indicator for monetary policy purposes. Although such expectations can never be viewed as a substitute for a central bank’s own assessment of future economic developments, they can provide an indication of the private sector’s assessment of expected future price developments. As such, measures of price expectations may provide a timely signal of possible future upward pressure on prices before these become apparent in the recorded statistics.

A number of economic considerations suggest that inflation expectations can have a direct impact on actual future price developments. For example, in setting prices or the mark-up of prices over costs, individual firms may take account of the extent to which they expect industry-wide prices to change in the future. Expected price developments may also have an impact on production and investment decisions and hence affect the overall balance between supply and demand in the economy. Lastly, as discussed in Section 4, if workers base their wage claims on expected future changes in the cost of living, changes in inflation expectations may signal possible risks

to price stability associated with future labour cost developments.

There are various survey-based indicators of expected price developments available for the euro area, which are useful as indicators of likely future developments in prices as perceived by economic agents. On a monthly basis, the European Commission compiles Business and Consumer Surveys which are very broadly based in terms of the number of firms and households covered. Both are “tendency” surveys in the sense that they provide information on the likely future directional tendency for prices, but not on the expected quantitative change in prices.

Industrial selling price expectations

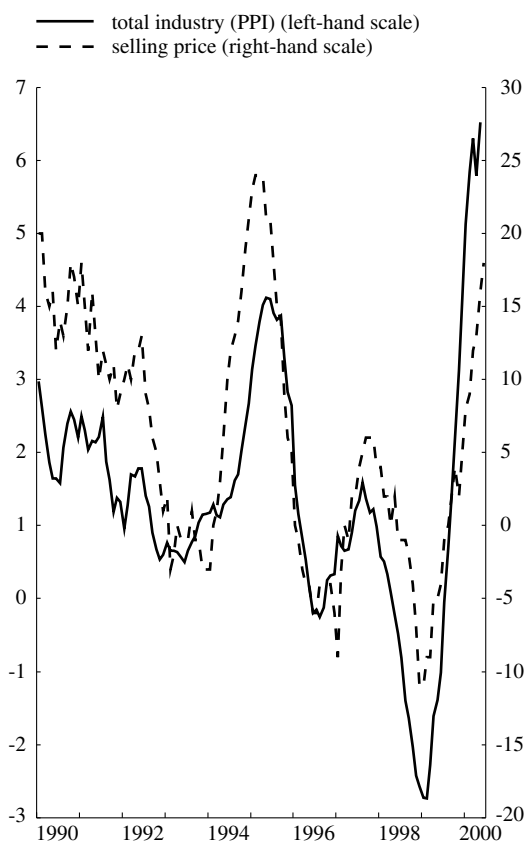
The Business Survey is a useful and timely source of information on likely developments in industrial producer prices in the very near future. Respondents to the survey are asked whether they expect their selling prices to rise, to remain unchanged or to fall “in the months ahead”. The balance statistic, i.e. the percentage of respondents expecting an increase minus the percentage of respondents expecting a decrease in selling prices, summarises the results of the survey. The balance statistic provides an indication of the likely future change in industrial producer prices in the months ahead. At the same time, the balance statistic does have some limitations and drawbacks. It excludes the information associated with those respondents indicating that they expect prices to remain unchanged. In addition, the size of the average expected increase in selling prices among those reporting an expected rise could differ from the size of the average expected decrease among those reporting an expected fall. In such a case, the percentage balance may give a biased indication of likely future developments in selling prices.

Chart 9 plots the annual percentage change in euro area producer prices over the 1990s,

Chart 9

Industrial producer prices and selling price expectations in the euro area

(annual percentage changes and percentage balances; monthly data)



Sources and data: See Table 1.

together with the percentage balance for expected selling prices taken from the European Commission's Business Survey. Over this period, the two series are highly correlated. Moreover, when the percentage balance is lagged by three months – a reasonable estimate of how respondents might interpret “the months ahead” – this correlation remains quite high. This suggests that the results from the Business Survey do contain useful information about likely developments in producer prices in the near future. Nevertheless, it is evident from Chart 9 that the balance has not always provided an early indication of turning-points in producer prices. For example, the most recent turning-points in the balance have often been coincident or have even lagged

those for the year-on-year change in producer prices. As discussed in Sections 2 and 3, these price developments have been mainly explained by sudden changes in the world market price for oil. Since these developments were largely unpredictable, it is reasonable that respondents would – in subsequent surveys – adjust their replies to reflect observed developments. Hence, even if the percentage balance has not always tended to lead actual developments in producer prices, this is not a reason to discard the results of the survey altogether.

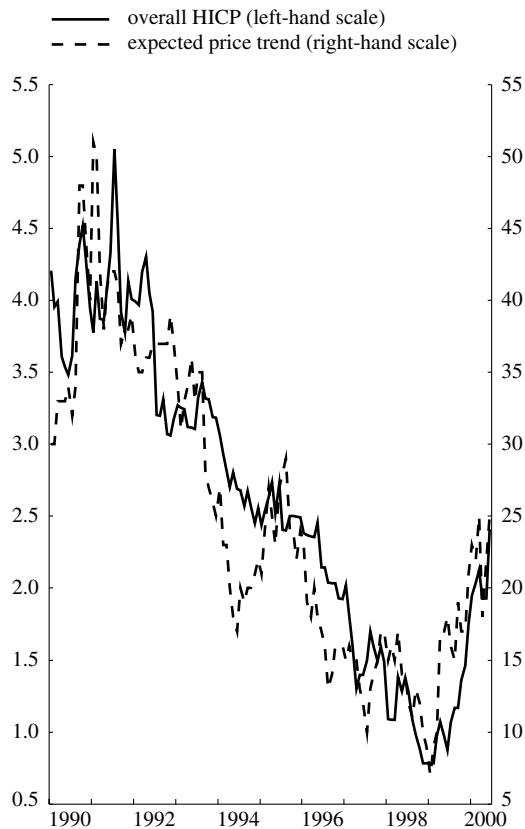
Price expectations from the Consumer Survey

The European Commission's Consumer Survey relates more directly to consumer price developments, although the question in the survey does not specifically relate to the HICP. In the Consumer Survey, respondents are asked to compare current developments in prices with their expectations for the next 12 months and to state whether they expect prices to increase more rapidly, or at the same or a slower rate. Alternatively, respondents can indicate that they expect prices to stay about the same or to fall slightly, or that they do not have a view regarding likely future developments in prices over the next 12 months. Given the larger number of alternative answers as compared with the industry survey, a somewhat more complex balance statistic is needed to summarise the results of the Consumer Survey.¹ This is plotted in Chart 10, along with the year-on-year change in the euro area HICP over the 1990s. From the chart, although the question in the Consumer Survey does not specifically relate to the euro area HICP, it is evident that actual year-on-year changes in the HICP and expected price trends over the next 12 months have been highly correlated. Moreover, when the survey

¹ See *European Economy (1997)*, “The Joint Harmonised EU Programme of Business and Consumer Surveys”, European Commission Directorate General for Economic and Financial Affairs, Reports and Studies No. 6.

Chart 10
Overall HICP and expected price trend
in the euro area

(annual percentage changes and percentage balances; monthly data)



Sources and data: See Table 1.

balance is lagged by 12 months, it retains a significantly high correlation, suggesting that the measure of expectations may provide an indication of likely future developments in the HICP.

The Survey of Professional Forecasters

While both the Business and Consumer Surveys described above provide only qualitative information on the likely future directional tendency in either industrial or consumer prices, and only over a relatively short time horizon, the ECB also compiles a survey – the Survey of Professional Forecasters (SPF) – which provides a quantitative estimate of the likely future

change in consumer prices in the euro area one and two years ahead. Once a year, respondents are also requested to submit their expectations for inflation five years ahead, i.e. over a significantly longer horizon than the surveys discussed above.

The inflation expectations obtained from the SPF are based on the responses to a quarterly questionnaire submitted to over 80 forecasters throughout the EU. The sample of respondents includes experts from both financial and non-financial institutions who form their expectations using a variety of approaches ranging from formal macroeconomic forecasting to the use of simple “rules of thumb” or subjective expectations. The result obtained by aggregating these individual replies is, therefore, not a forecast in the traditional sense, but rather should be seen as a quantitative estimate of private sector inflation expectations, thus complementing the qualitative information in the Business and Consumer Surveys.

An important feature of the SPF is that the question on inflation expectations relates specifically to the euro area HICP. The results of the SPF one and two years ahead represent a useful source of information on relatively short-term expectations of a broad cross-section of experts in both the financial and the non-financial community throughout the EU. To provide an example of the information that can be obtained from the SPF, consider the HICP inflation expectations for the year 2000 obtained from the four surveys conducted between August 1999 and May 2000. Over the course of this period, there was a gradual increase in the average expected inflation rate for 2000 from 1.5% in the August 1999 SPF to 1.9% in the May 2000 SPF. The quantitative expectations from the SPF can be compared or contrasted with those available from other surveys (e.g. from Consensus Economics). In making such comparisons, it is, however, important to be aware of any specific assumptions which may underlie the reported expectations or forecasts. For example, in the latest May 2000

SPF a significant proportion of respondents indicated that their outlook was based on an assumed further increase in short-term

interest rates and a significant appreciation of the euro exchange rate.

6 Summary and conclusion

Indicators of price and cost developments represent an important source of information for the broadly based assessment of the outlook for price stability which is undertaken under the second pillar of the Eurosystem's monetary policy strategy.

Of major relevance for the analysis of risks to price stability are labour costs. In particular, sustained nominal wage growth in excess of productivity growth will tend to exert upward pressure on prices, while over the short term variations in profit margins may smooth the effects on prices of labour cost changes. Conversely, wage developments are influenced by actual and also expected future price developments. A number of direct measures of the private sector's assessment of expected future price developments in the euro area over short horizons can be obtained from the Business and Consumer Surveys. In addition, the ECB also conducts a survey, the SPF, which provides a quantitative estimate of private sector expectations for future changes in the euro area HICP over longer horizons.

The analysis of import and world commodity prices is helpful for assessing the extent to which external factors, as well as developments in the nominal exchange rate of the euro, are likely to exert an influence on domestic prices in the euro area. By contrast, producer prices refer to the prices of industrial goods produced in the euro area. Therefore, although they are strongly influenced by import and world commodity price developments, the behaviour of producer prices also reflects a number of domestic factors, including labour cost developments, the business cycle and expectations concerning the future economic climate. The analysis of producer prices helps to assess how such factors are affecting prices at different stages in the

domestic production process and, therefore, may help to identify price pressures before they are observed in the HICP.

The indicators presented in this article provide information which is useful for understanding short-term developments in prices and which also helps assess the short and medium-term outlook for price stability. The monitoring of such indicators is an important part of understanding the current price climate and this is a necessary step in understanding likely future developments. However, some of the indicators which have been discussed also provide information about potential threats to price stability in the medium term, such as the build-up of wage pressures associated with second-round and indirect effects of commodity price changes. In addition, there is a risk that short-term developments in prices may become embedded in inflation expectations and, as a result, give rise to more protracted effects on inflation. It should be noted that the relationships between various indicators and future price developments may be subject to change over time. Therefore, the Eurosystem must be ready to reassess and re-examine the implications and significance of developments in particular indicators for the future outlook for prices.

Overall, the various price and cost indicators discussed above are useful for understanding the current price climate and help to identify any potential threats to price stability before they have fed through to consumer prices, as measured by the euro area HICP. The price and cost indicators currently available are generally sufficient to provide an analysis for the euro area as a whole. Nonetheless, urgent improvements are necessary in the field of import price and labour cost statistics for the euro area.

The external trade of the euro area economy: stylised facts and recent trends

This article aims to provide a clear understanding of the importance of extra-area trade for the euro area, as well as its composition in terms of direction and category, thereby highlighting how external factors may influence the economy of the euro area. Although relatively closed by comparison with the individual constituent countries, the euro area is somewhat more “open” than either the United States or Japan. Typical of an advanced industrialised economy, the euro area is a substantial importer of raw materials and energy, while specialising in the trade of manufactured goods. In terms of geographical breakdown, more than 40% of the euro area’s trade in goods is with four countries: the United Kingdom, the United States, Switzerland and Japan. For the euro area as a whole, extra and intra-area trade flows are roughly comparable in size, while the degree of external openness, and the importance of intra-area trade, differ markedly across the individual euro area countries. All of these data are useful in helping to understand how fluctuations in the trade of specific goods, or in trade with particular countries, might influence euro area trade. Finally, recent developments in the current account of the euro area are described – particularly the decline in the surplus for trade in goods – in terms of their main determinants and in the context of global current account imbalances.

I Stylised facts of the external sector of the euro area

By contrast with the individual euro area countries, the euro area is a relatively closed economy, with a degree of openness closer to that of the United States and Japan. Nevertheless, a clear understanding of the external trade sector of the euro area is important and necessary, especially in the context of a rapidly changing external environment characterised by increasing globalisation and market integration. Furthermore, given that many commentators tend to provide information on the individual, and usually more open, countries which comprise the euro area, such an analysis is crucial in order to understand how external shocks may influence the euro area economy as a whole, particularly as monetary policy is based on area-wide economic developments.

The external trade sector of the euro area can thus be characterised by the following “stylised facts” which will be discussed in more detail in the remainder of this section:

- the euro area is one of the world’s major economies, similar in size to the United States and considerably larger than Japan. However, the euro area is somewhat more open than either of the other two economies;
- typical of an advanced industrialised economy, the euro area is a substantial

importer of raw materials and energy, while specialising in the trade of manufactured goods;

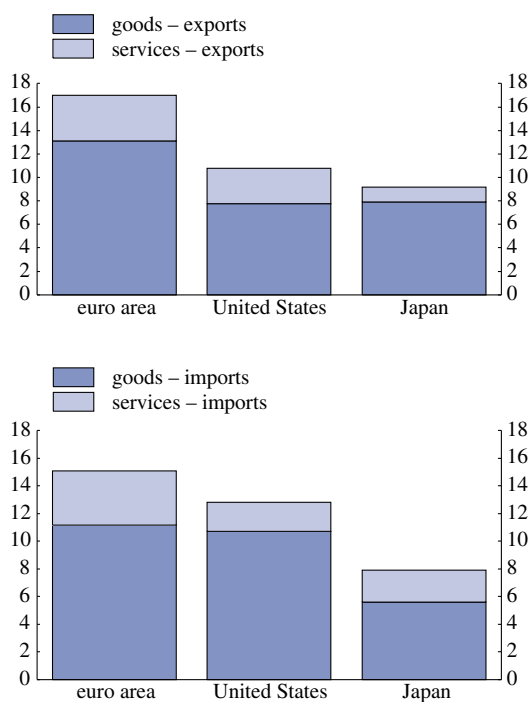
- in terms of geographical breakdown, slightly more than 40% of the euro area’s trade in goods is with four countries: the United Kingdom, the United States, Switzerland and Japan;
- for the euro area, extra and intra-euro area trade flows are roughly comparable in size; and
- the importance of external trade differs markedly across individual euro area countries, with extra-area exports ranging from around 7% to more than 40% when expressed as a percentage of GDP (although “transit trade” explains a large proportion of external trade in the case of some smaller countries).

Degree of openness

The area-wide characteristics of the external trade of the euro area are substantially different from the features of the countries participating in the euro area. The degree of openness of the euro area – as measured by extra-area trade flows as a proportion of GDP in nominal terms – is considerably

Chart 1
Relative openness of the euro area compared with the United States and Japan

(exports and imports as a percentage of GDP, average 1997-99)



Sources: ECB, Eurostat, BIS and the IMF.

smaller than that of the euro area countries, because internal cross-border trade does not count as part of the external transactions of the euro area.

Although the individual euro area countries are generally small or medium-sized economies, the euro area – consisting of a large internal market bound together by a single currency – is one of the major world economies, comparable to that of the United States or Japan and, like those economies, relatively closed. The euro area accounts for around 15.5% of world GDP, which is somewhat below that of the United States (20.75%), but approximately twice as large as that of Japan (7.5%). By contrast, the euro area has the highest share of world trade, accounting for around 19.5% of world exports, compared with 15% and 8.5% for the United States and Japan respectively.

Accordingly, the euro area is somewhat more open than either of the other two major economies, as its exports of goods and services represent around 17% of its GDP, compared with just over 11% for the United States and 9% for Japan, while its imports are equivalent to around 15% of its GDP, compared with around 13% and 8% for the United States and Japan respectively (see Chart 1). Hence, in terms of exports, one could say that the euro area is approximately 50% more “open” than the United States, while it is almost twice as “open” as Japan in terms of imports. A similar pattern holds for trade in goods. As a proportion of GDP, the euro area’s exports and imports of services amount to almost as much as those of Japan and the United States combined.

Although around half the trade of each of these three major economies is with industrialised countries, while the other half is vis-à-vis emerging market economies, there are considerable differences in terms of their trade relations with specific countries and regions. More than half of Japanese exports destined for industrialised countries go to the United States, while a quarter go to the euro area. Around one-quarter of euro area exports to industrialised countries are directed to the United States, with less than 8% going to Japan. Similarly, a quarter of US exports to industrialised countries go to the euro area, with around 17% going to Japan.

Around half of the emerging market economy trade of the euro area is concentrated among both Asian economies and the accession and transition countries of eastern Europe, while trade between eastern Europe and the United States and Japan is negligible, thereby highlighting the importance of geographical proximity in determining the degree of trade integration (see Chart 2). Similarly, Japan and the euro area have only limited trade links with the Latin American countries, whereas a significant part of US trade is with this region. As a proportion of GDP, Japanese exports to Asia are around three times as large as those of the United States and the euro area,

Table 1**Shares of euro area exports and imports of goods for the main trading partners***(in percentages; average 1995-98)*

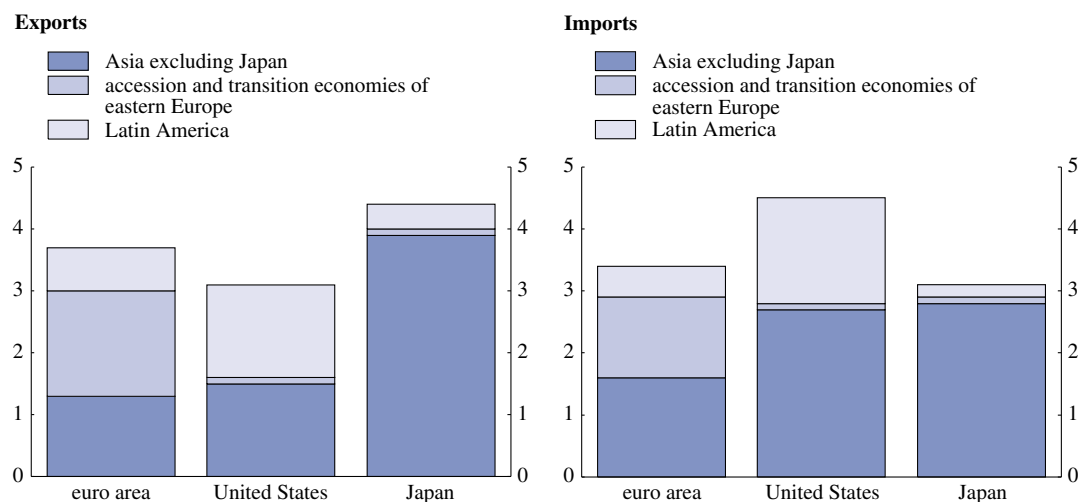
	Exports	Imports	Average of exports and imports
United Kingdom	18.27	17.22	17.77
United States	13.41	13.83	13.61
Switzerland	6.65	5.84	6.27
Japan	3.61	6.70	5.07
Sweden	3.93	4.28	4.09
China	1.88	4.00	2.88
Russia	2.49	3.22	2.83
Denmark	2.65	2.59	2.62
Poland	2.65	1.84	2.27
Norway	1.43	2.66	2.01
Turkey	2.25	1.48	1.89
Czech Republic	1.88	1.63	1.76
Brazil	1.61	1.57	1.59
Hungary	1.60	1.54	1.57
Taiwan	1.31	1.76	1.52
South Korea	1.43	1.41	1.42
Hong Kong SAR ¹⁾	1.82	0.87	1.37
Canada	1.24	1.33	1.28
Greece	1.80	0.64	1.26
Singapore	1.22	1.18	1.20
Total	73.13	75.59	74.28

*Sources: ECB calculations based on Eurostat trade data.**1) Special administrative region.*

whereas the trade links in terms of imports from this area are virtually the same for both the United States and Japan, but somewhat smaller for the euro area.

Characteristics of euro area trade**Trade in goods**

The euro area is a typical advanced industrialised economy, importing substantial quantities of raw materials and energy –

Chart 2**Exports and imports of goods vis-à-vis three major emerging market economy regions***(exports and imports as a percentage of GDP, average 1995-98)**Sources: ECB calculations based on preliminary data from Eurostat and the IMF.*

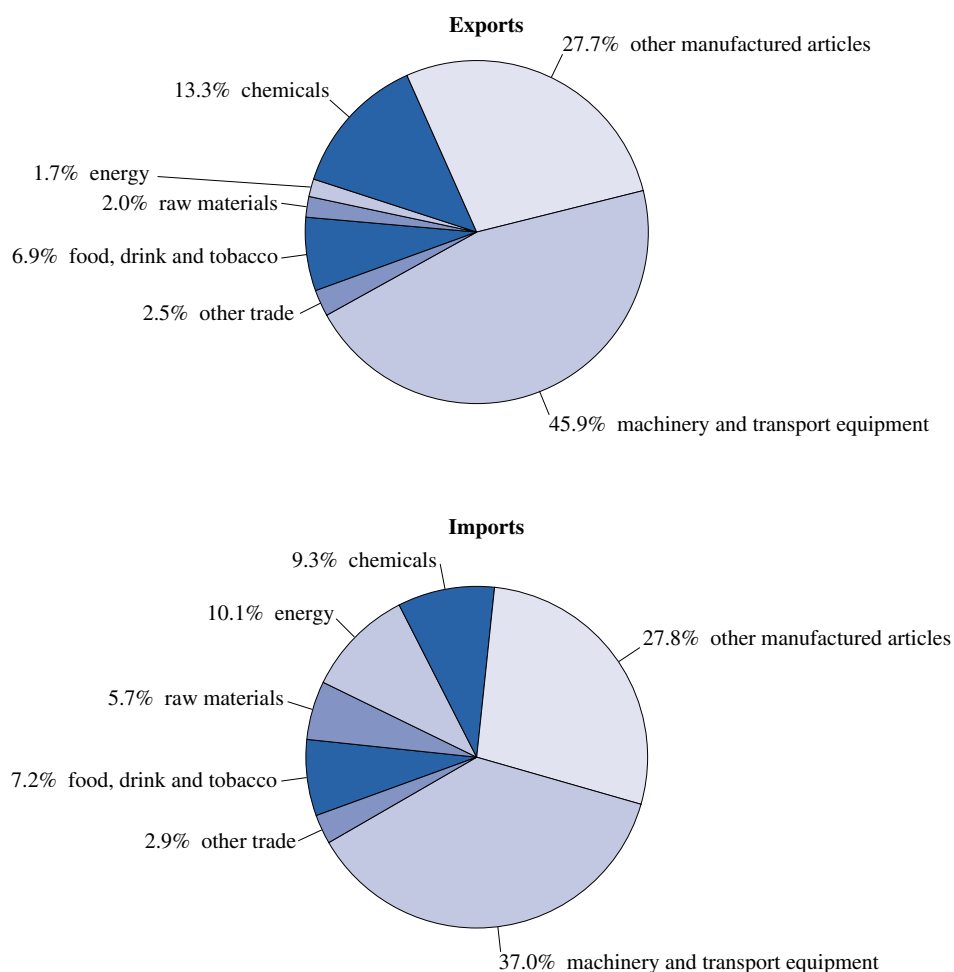
which account for around 16% of euro area imports (compared with around 4% of exports) – while specialising in the trade of manufactured articles (see Chart 3). The three major manufacturing categories – machinery and transport equipment, chemicals and other manufactured articles – account for almost 90% of exports and 75% of imports. Specific trade categories also vary in importance across the individual euro area countries; for example, the share of oil in Portuguese imports is almost three times as large as that for Austria, Germany plays a major role in euro area exports of machinery and transport, while the Netherlands is important in terms of exports of chemicals, food and energy.

As for geographical origin/destination, more than 40% of extra-euro area trade in goods is with four countries: the United Kingdom, the United States, Switzerland and Japan, while another 8% is accounted for by the remaining European Union countries which are not part of the euro area (see Table I and the Box). Russia and China also fall within the top ten trading partners of the euro area, each accounting for almost 3% of euro area trade, while Taiwan, South Korea, Hong Kong SAR and Singapore together account for almost 6% of the total. Notably, the transition economies of central and eastern Europe account for around 12.5% of the euro area's total trade.

Chart 3

Extra-euro area exports and imports by categories of goods

(average 1997-99)



Sources: ECB and Eurostat.

Box

Methodological issues regarding trade data

Data for the components of the current account of the euro area are derived by the ECB following balance of payments standards (see Charts 1 and 6 and Table 2 of this article). The remaining charts and tables are based on External Trade Statistics – see the description of “Extrastat” and “Intrastat” below – which are not fully comparable with the goods item in balance of payments statistics. Part of the difference between these series arises from the inclusion of insurance and freight services in the recording of goods imported.

External Trade Statistics for both the EU and the euro area are compiled by the European Commission (Eurostat) from Extrastat and Intrastat data transmitted by Member States. Extrastat data are derived from customs documentation relating to trade in goods between EU Member States and non-EU members. Intrastat data relate to transactions between EU Member States and originate from specific reporting systems which were first set up in January 1993, following the abolition of intra-EU customs controls. One deficiency of Intrastat data is that the value of dispatches is consistently higher than that of arrivals and is equivalent to around 5% of intra-EU gross trade flows; the impact on extra-euro area net trade in goods – i.e. the trade balance between the euro area and other EU countries – is an overestimation in the order of around €10 billion on an annual basis.

Other points to note regarding the External Trade Statistics used in this article are as follows:

- “transit trade” affects the trade data of some euro area countries. In these countries, primarily the Netherlands and Belgium, a large amount of trade is related to the transit of goods both within and outside the euro area;
- trade “price” data are not available for the euro area. Consequently, throughout this article, unit value indices are used as a proxy for trade prices.

Although this article makes use of a substantial amount of data, there is considerable scope for improvement regarding euro area trade data and, more generally, the statistical data relating to all areas of economic analysis for the euro area.

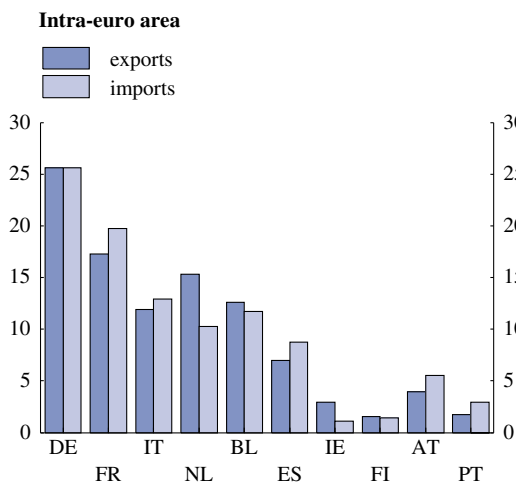
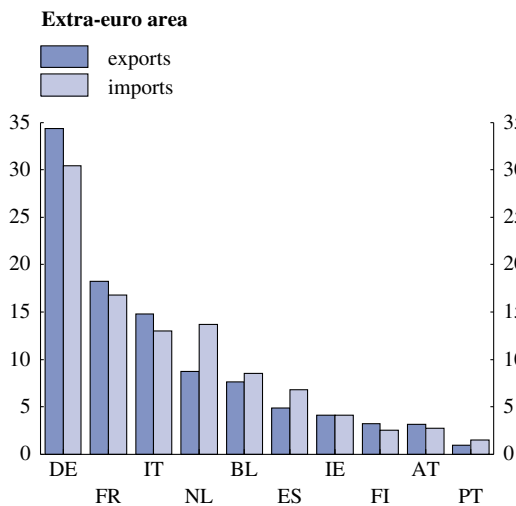
Exports and imports of euro area countries expressed as shares of the euro area’s exports and imports

In order to gain a rough understanding of the relative magnitudes of the trade flows of the individual euro area countries, Chart 4 shows the imports and exports of goods for each country, expressed as a proportion of the euro area’s exports and imports (the top panel of the chart shows extra-area trade, while the bottom panel displays intra-area trade). The larger countries, such as Germany, France and Italy, account for the largest shares of both intra and extra-area trade. Although some smaller euro area countries, such as Belgium/Luxembourg and

the Netherlands, account for a greater proportion of trade than some larger countries, this should be seen in the light of the importance of the “transit trade” activity for these smaller countries.

Also interesting are the differences between intra and extra-area shares. For example, Germany’s extra-area exports are almost twice as large as those of France, whereas they are more similar in size in the case of intra-area trade. Obviously, part of the explanation for these smaller differences between countries in terms of intra-area trade is that Germany, for example, is the largest euro area economy and cannot, by definition, export to itself.

Chart 4
Intra and extra-euro area exports and imports for each euro area country expressed as shares of the euro area total
(average 1997-99)



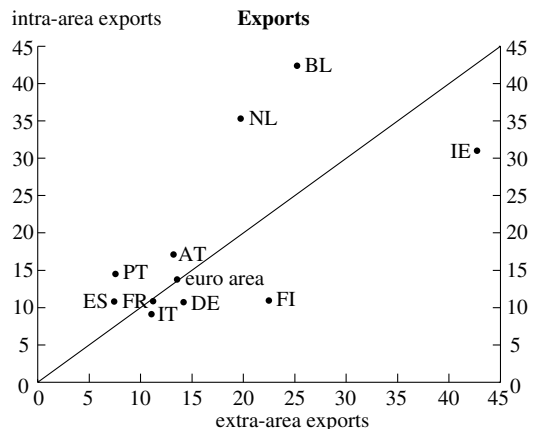
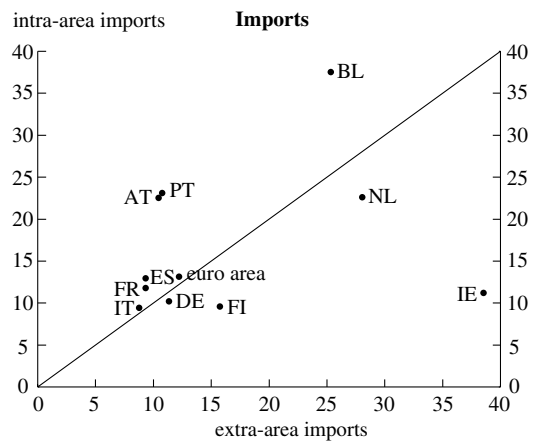
Source: Eurostat.
 Note: Separate data for Belgium and Luxembourg are not available for some years, hence data for these two countries are combined under the abbreviation "BL".

"Openness" of the euro area countries and relative magnitudes of intra and extra-area trade

After discussing the degree of "openness" of the euro area, the importance of external trade for the euro area can be put into perspective by comparing its magnitude

relative to intra-area trade. Accordingly, Chart 5 shows intra and extra-area imports and exports of goods as a percentage of GDP for both the euro area and the individual euro area countries. For both exports and imports, intra and extra-euro area trade are roughly the same size, with each corresponding to around 12-14% of euro area GDP. However, particularly in terms of extra-euro area trade, one can see that the degree of openness differs quite markedly across the individual euro area countries. For example, those countries plotted to the right of the euro area in Chart 5 have a higher degree of external openness than the average for the euro area, while those to the left embody a relatively lower degree of external openness.

Chart 5
Extra and intra-euro area exports and imports as a percentage of GDP for each euro area country
(average 1997-99)



Source: Eurostat.

It is clear that Belgium/Luxembourg, Ireland and the Netherlands are, in relative terms, more “open” than the countries clustered around the euro area in the chart, but one should bear in mind that, in some cases, “transit trade” activity accounts for a significant part of these differences.

These scatter diagrams also provide an interesting insight into the relative importance of intra and extra-area trade as a proportion of GDP, as these also differ quite substantially between the euro area countries. For example, extra-area imports are around three times the size of intra-area imports for Ireland, while intra-area imports are roughly

twice as large as extra-imports for both Austria and Portugal. On the export side, we see that intra-area exports are considerably larger than extra-area exports in the case of the Netherlands and Belgium/Luxembourg, while the opposite is true for Finland and, to a lesser extent, Ireland. Of course, these differences partly reflect the importance of specific trading partners for the euro area countries. For instance, extra-area trade is relatively more important than intra-area trade in the case of Ireland, partly because of the strong historical trade links with the United Kingdom – which again highlights the importance of geographical proximity in explaining the degree of trade integration.

2 Recent developments in euro area trade

Current account

Trade in goods tends to be the driving force behind developments in the current account, as goods account for almost 60% of total credits and debits, while both services and income each account for just under 20% and transfers amount to approximately 5%. Current account data for the euro area are only available from 1997 onwards and show a

declining current account surplus over this period, falling from ECU 76.2 billion in 1997 to €22.8 billion in 1999, equivalent to 0.4% of GDP last year, compared with 1.4% of GDP in 1997 (see Table 2). Almost half of this decline was attributable to a lower surplus for trade in goods, while deteriorations in the balances for both services and income account for most of the remainder.

Table 2
Euro area current account

	Current account ¹⁾					Current account as a percentage of GDP		
	Goods	Services	Income ²⁾	Current transfers	Total	Euro area ³⁾	United States ⁴⁾	Japan ⁴⁾
1997	124.8	7.1	-15.2	-40.5	76.2	1.4	-1.7	2.2
1998	118.8	-0.9	-28.8	-45.8	43.3	0.7	-2.5	3.2
1999	99.5	-7.5	-26.4	-42.8	22.8	0.4	-3.7	2.5
1999 Q1	21.5	-3.2	-6.4	-5.5	6.4	0.4	-3.0	2.7
1999 Q2	24.8	0.2	-7.1	-9.3	8.6	0.6	-3.5	2.6
1999 Q3	26.6	-1.1	-6.4	-14.6	4.5	0.3	-3.8	2.5
1999 Q4	26.5	-3.3	-6.5	-13.4	3.4	0.2	-4.0	2.2
2000 Q1	9.3	-5.3	-6.3	-5.5	-7.9	-0.5	-4.2	3.0

Sources: ECB, Eurostat, BIS and the IMF.

1) EUR billions (ECU billions to end-1998); not seasonally adjusted. Figures may not add up due to rounding.

2) Some earlier data have been partly estimated and may not be fully comparable with more recent observations.

3) ECB and Eurostat data. GDP data are seasonally adjusted, while the current account balance data are not seasonally adjusted.

4) For the United States and Japan, figures refer to seasonally adjusted data for both GDP and the current account.

It is informative to view this trend in the current account of the euro area in the context of global current account imbalances (see Table 2). By contrast with the small, but diminishing, surplus of the euro area, the United States is running a large, and growing, current account deficit greater than 4% of GDP, while the current account surplus for Japan amounts to around 3% of GDP. Of course, these quite different current account positions partly reflect differences in factors such as relative growth rates and cyclical positions. For example, exceptionally strong GDP growth rates for the United States in recent years, resulting in a significant rise in import penetration, partly explain the widening of the US deficit. By contrast, Japanese imports actually registered a significant decline on account of falls in expenditure and weak economic growth over this period. By comparison, the euro area has remained relatively stable, exhibiting a steady expansion of demand and, until very recently, a fairly “neutral” cyclical position.

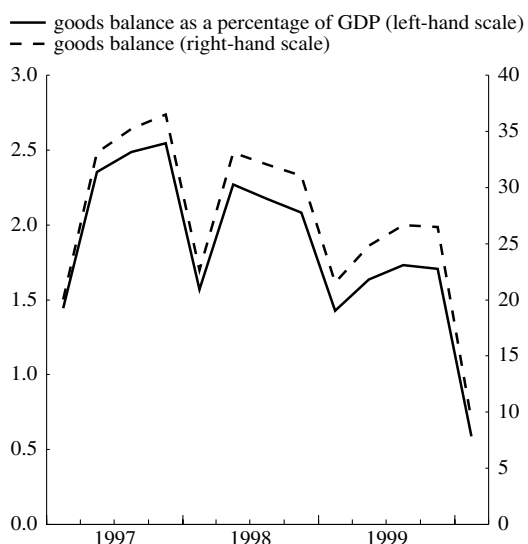
The counterpart to the worsening of the US current account balance is the rising gap between private sector saving and investment, which has increasingly offset the continued and considerable improvement in general government savings. In the case of Japan, by contrast, the emergence of a growing current account surplus in recent years coincided with a fall in investment as a proportion of GDP, while household savings have grown. These developments have therefore offset the impact of a large public sector deficit for Japan. The small current account surplus for the euro area over the past few years has been associated with steady output growth, along with an excess of savings over investment. An improvement in the government saving-investment balance, resulting from the fiscal consolidation efforts associated with the process of Economic and Monetary Union, has partly contributed to the latter.

The declining goods balance

By comparison with the previous year, the current account surplus declined by €20.5 billion in 1999, which is almost entirely explained by a €19.3 billion fall in the surplus for trade in goods over the same period (see Chart 6). Despite significant growth in the value of exports of goods, which rose by €23.6 billion (or around 3.1%) in 1999, imports increased by €42.9 billion (or around 6.5%). Two major factors underlie this decline in the goods surplus: first, the low level of export values during the first half of 1999, resulting from the steep decline in foreign demand in 1998, along with the appreciation of the ECU; and, second, the strong growth in import prices owing to the higher price of oil and the decline in the exchange rate of the euro during 1999.

After a strong increase in 1997, euro area export volumes fell as a result of a slowdown in external demand as well as a loss in price competitiveness associated with the appreciation of the ECU (see Chart 7) in the second half of 1998. Exports began to recover at the start of 1999, exceeding their previous peak in the third quarter of last year in

Chart 6
Euro area goods balance
(monthly/quarterly data; ECU/EUR billions; percentage of GDP)



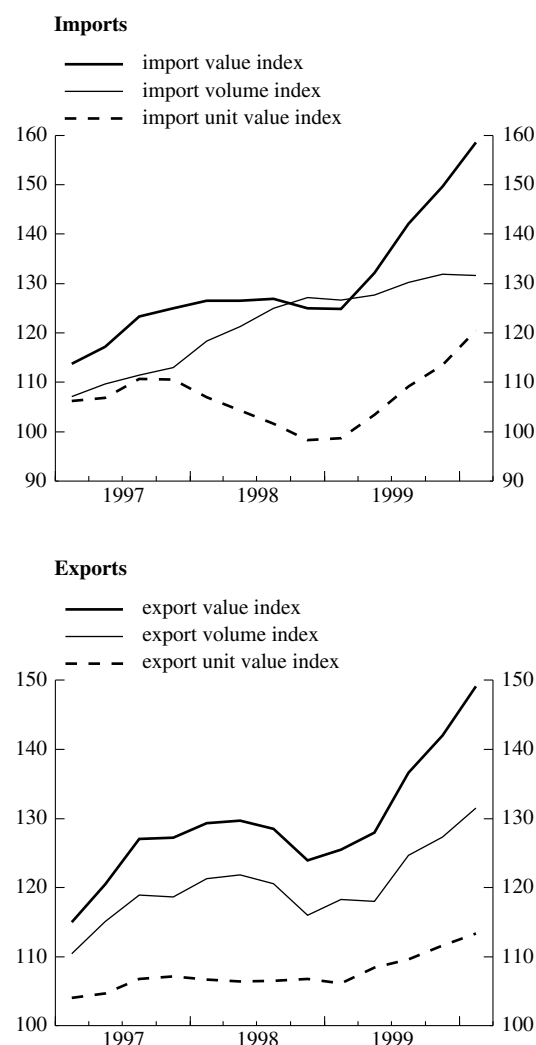
Sources: ECB and Eurostat.

response to renewed growth in foreign demand and gains in export price competitiveness resulting from the decline of the euro. Strong negative growth rates of import demand in Japan and the rest of Asia, together with a deceleration in import growth in the United Kingdom, the United States and central and eastern Europe, explain a large part of the decline in foreign demand in 1998. Similarly, the rebound in demand in most of these regions, particularly Asia (including Japan), as well as continued robust import growth in the United States, correspond with

the recovery in export values for the euro area in 1999. Chart 7 shows that the recovery in export values is primarily the result of strong growth in export volumes. However, the depreciation of the euro has also been associated with a significant rise in export prices – proxied by unit value indices – in excess of rising costs, suggesting that euro area exporters have increased their profit margins.

When calculating weights which capture the degree of competition exerted by different countries/regions vis-à-vis the euro area in world markets, one should also consider the importance of competition in third markets of both rival exporters and domestic producers (i.e. calculate weights for competitiveness which are based on “third market” effects). Such calculations – based on trade in manufactured goods – are carried out when deriving the individual country weights for the effective exchange rate of the euro (see the article entitled “The nominal and real effective exchange rate of the euro” in the April 2000 issue of the ECB Monthly Bulletin). Although trade weights including third market effects still show that the United Kingdom is the euro area’s most important competitor with a weight of 17.9%, followed by the United States (17.1%) and Japan (10%), when compared with the weights based on simple trade shares, these third market effects decrease the relative weights and importance of the United Kingdom and the United States, while increasing the weight of Japan and the “Asian tigers”.

Chart 7
Euro area import and export values, volumes and unit values in levels
(seasonally adjusted; index: 1995=100)



Source: Eurostat.

Chart 8 shows that the depreciation of the euro has resulted in improved price competitiveness as the real effective exchange rate of the euro has significantly declined since the end of 1998. The chart also shows a clear relationship between the real effective exchange rate of the euro and the euro area’s export market shares – where the latter is defined as euro area export volumes relative to a weighted average of the import volumes of the euro area’s main export markets. Export market shares declined during 1998 as the ECU appreciated – partly driven by

the large depreciation of the currencies of emerging market economies during the “Asian crisis” – while the decline of the euro helped to regain some of this loss in share last year. Given that export volumes have not yet fully responded to the improvement in competitiveness arising from the depreciation of the euro, one might expect a further rise in export market shares in the future. However, it should be noted that exchange rate-driven improvements in competitiveness may prove to be temporary, and more importance should be attached to the medium-term price competitiveness position of the euro area.

On the import side, a virtually constant level of imports (in value terms) during 1998 resulted from a combination of substantially higher import volumes and a large fall in import prices (see Chart 7). By contrast, during 1999 and in the first months of 2000, the sustained rise in import prices, which was attributable to higher oil prices and the decline of the euro, explains the steep rise in import values, given that import volumes remained fairly flat (Chart 8 suggests that the latter is partly related to improvements in price competitiveness). Preliminary estimates suggest that around half of the 20% rise in import prices during the 12-month period up to December 1999 was a result of the increase in the US dollar price of oil, while the weakening of the euro and other factors – such as increases in the producer prices of import suppliers – accounted for the other half.

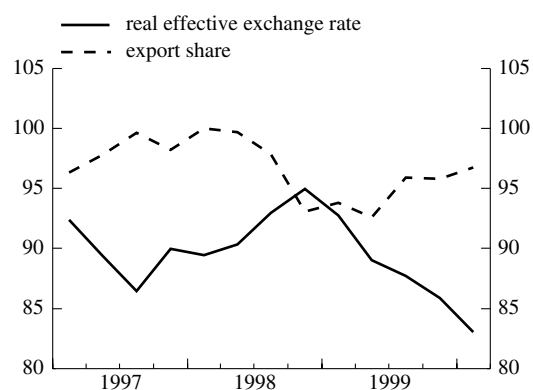
During the 12-month period up to December 1999, oil prices increased from €8.8 per barrel to €24.8 per barrel. This was associated with an increase in the oil trade deficit of the euro area from around ECU 34.8 billion in 1998 to approximately €50 billion in 1999, and it is projected to rise further this year. If the oil price moves in line with oil futures prices during the second half of this year, the rise in the oil trade deficit of the euro area may amount to between approximately ¾% and 1% of GDP when comparing 2000 with 1998.

Whether the past depreciation of the euro will eventually correspond to an overall improvement in the goods balance depends partly on the extent to which it offsets the impact of higher oil prices which, in turn, is dependent on the future path of both the euro and oil prices. However, the improvement in competitiveness arising from the depreciation of the euro is not the only

Chart 8

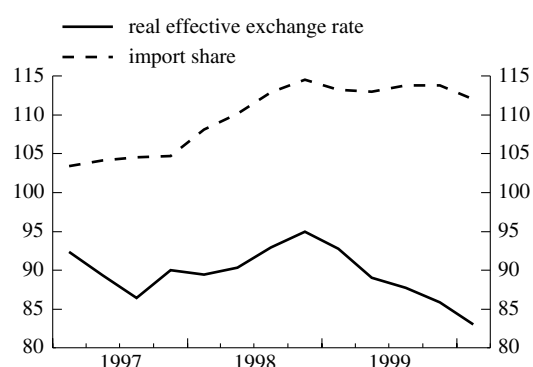
Euro area export market share and the real effective exchange rate

(index: 1995=100)



Euro area import volumes as a share of real total final expenditure and the real effective exchange rate

(index: 1995=100)



Sources: ECB and Eurostat.

Note: The euro area export market share is defined as the euro area export volume divided by export demand (both expressed as indices where 1995=100), where the latter is defined as a weighted average of the import volumes of the euro area's main export markets. The real effective exchange rate is the broad effective exchange rate index deflated by relative consumer price indices (see the article in the April 2000 issue of the ECB Monthly Bulletin entitled “The nominal and real effective exchange rates of the euro”).

reason behind the increase in the growth of net trade volumes for the euro area, as exports are also growing in response to more robust growth in major export markets. Furthermore, the current upturn in growth in the euro area seems to be a well-balanced recovery, with internal and external factors

reinforcing one another in terms of their contribution to growth. Finally, it should be noted that the contribution to GDP growth of net exports is fairly limited when compared with the impact of domestic demand, as the degree of openness of the euro area is relatively small.

3 Concluding remarks

The main objective of this article is to clarify the issue of how external factors may influence the economy of the euro area as a whole, particularly as monetary policy is based on area-wide developments. The importance of external trade for the euro area is put into perspective by showing that extra and intra-area trade are roughly comparable in size. This, in turn, implies that while the openness of the euro area is considerably smaller than that of the individual euro area countries, the extent of competition within the euro area is quite considerable. Given the relatively small degree of openness of the euro area, the economic activity of the euro area is

more dependent on domestic factors than external developments. Nevertheless, extra-area imports and exports, along with the exchange rate of the euro, are important factors, which can have a significant impact on growth. Within this context, one should note that the recent exchange rate-driven improvements in price competitiveness may prove to be transitory, resulting in only temporary positive impacts on net exports. More importantly, a depreciation which lasts longer carries dangers for price stability, primarily via higher import prices, which might in the longer run have a negative impact on price competitiveness and thereby adversely affect net exports.



Euro area statistics



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Conventions used in the tables

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

Euro area overview table

Summary table of economic indicators for the euro area

(annual percentage changes, unless otherwise indicated)

1. Monetary developments and interest rates

	M1 ¹⁾	M2 ¹⁾	M3 ¹⁾		MFI loans to euro area residents excluding MFIs and general government ¹⁾	Securities issued by non-financial and non-monetary financial corporations ¹⁾	3-month interest rate (EURIBOR, % per annum, period averages) ⁷⁾	10-year government bond yield (% per annum, period averages) ⁸⁾
	1	2	3	3-month moving average (centred) ⁴⁾				
1999	12.3	6.7	5.6	-	10.0	.	2.96	4.66
1999 Q1	12.6	6.9	5.4	-	9.9	.	3.09	4.00
Q2	11.7	6.4	5.4	-	9.9	.	2.63	4.26
Q3	13.0	7.1	5.7	-	10.1	.	2.70	5.05
Q4	12.0	6.4	5.9	-	9.9	.	3.43	5.32
2000 Q1	10.0	4.8	5.9	-	9.2	23.1	3.55	5.61
Q2	9.4	4.8	6.2	-	10.0	.	4.27	5.43
2000 Feb.	10.7	5.2	6.1	6.0	9.4	21.9	3.54	5.66
Mar.	10.0	5.0	6.5	6.4	9.8	21.1	3.75	5.49
Apr.	11.2	5.4	6.6	6.4	10.3	21.1	3.93	5.41
May	8.6	4.6	5.9	6.0	10.2	22.1	4.35	5.52
June	6.8	4.1	5.4	.	9.2	.	4.50	5.35
July	.	.	.	.	.	.	4.58	5.45

2. Price and real economy developments

	HICP	Industrial producer prices	Hourly labour costs (whole economy)	Real GDP	Industrial production (excluding construction)	Capacity utilisation in manufacturing (percentages)	Employment (whole economy)	Unemployment (% of labour force)
	9	10	11	12	13	14	15	16
1999	1.1	0.0	2.2	2.4	1.8	81.8	1.2	10.0
1999 Q1	0.8	-2.6	2.1	1.8	0.3	82.0	1.4	10.3
Q2	1.0	-1.3	2.0	2.0	0.6	81.8	1.3	10.0
Q3	1.1	0.7	2.3	2.5	2.4	81.6	1.0	9.9
Q4	1.5	3.1	2.4	3.1	4.0	81.9	1.0	9.7
2000 Q1	2.0	5.8	3.6	3.4	4.7	83.0	1.2	9.5
Q2	2.1	.	.	.	.	83.7	.	9.2
2000 Feb.	2.0	5.8	-	-	5.7	-	-	9.5
Mar.	2.1	6.3	-	-	5.3	-	-	9.4
Apr.	1.9	5.8	-	-	5.8	-	-	9.3
May	1.9	6.6	-	-	7.7	-	-	9.2
June	2.4	.	-	-	.	-	-	9.1
July	.	.	-	-	.	-	-	.

3. Balance of payments, reserve assets and exchange rates

(EUR billions, unless otherwise indicated)

	Balance of payments (net flows)				Reserve assets (end-of-period positions)	Effective exchange rate of the euro: broad group (1999 Q1 = 100)		US dollar/euro exchange rate
	Current and capital accounts	Of which goods	Direct investment	Portfolio investment		Nominal	Real (CPI)	
1999	36.1	99.5	-138.8	-28.9	372.4	96.6	95.8	1.066
1999 Q1	9.1	21.5	-15.6	-54.7	.	100.0	100.0	1.122
Q2	12.0	24.8	-52.6	-7.0	.	96.5	96.0	1.057
Q3	6.2	26.6	-23.3	29.8	.	95.5	94.6	1.049
Q4	8.8	26.5	-47.3	3.0	372.4	94.2	92.6	1.038
2000 Q1	-5.0	9.3	148.0	-192.6	385.4	91.1	89.5	0.986
Q2	.	.	.	.	385.7	88.4	86.6	0.933
2000 Feb.	0.1	4.2	146.0	-152.9	383.2	91.2	89.5	0.983
Mar.	2.5	5.6	1.1	-34.4	385.4	89.7	88.1	0.964
Apr.	-1.6	6.0	-6.2	-7.9	399.6	88.4	86.7	0.947
May	0.0	5.0	-10.7	-5.1	388.6	86.9	85.1	0.906
June	.	.	.	.	385.7	89.9	88.1	0.949
July	.	.	.	.	.	89.4	87.6	0.940

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

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

1) Monthly growth rates refer to the end of the period, whereas quarterly and annual growth rates are calculated as period averages.

I Monetary policy statistics

Table 1.1

Consolidated financial statement of the Eurosystem

(EUR millions)

1. Assets

		Gold and gold receivables	Claims on non-euro area residents in foreign currency	Claims on euro area residents in foreign currency	Claims on non-euro area residents in euro	Lending to financial sector counterparties in the euro area in euro	Main refinancing operations	Longer-term refinancing operations	Fine-tuning reverse operations
		1	2	3	4	5	6	7	8
2000	3 Mar.	115,945	254,584	16,076	4,658	218,321	152,003	64,998	0
	10	115,945	254,985	15,547	4,466	201,929	136,101	64,998	0
	17	115,945	256,714	15,276	4,632	197,820	132,022	64,996	0
	24	115,945	255,508	15,455	4,149	202,874	137,008	64,996	0
	31	115,676	267,136	16,938	4,131	201,733	140,871	60,000	0
	7 Apr.	115,677	267,192	16,746	4,616	197,546	136,770	60,000	0
	14	115,677	267,972	16,706	4,564	190,999	129,864	60,000	0
	21	115,677	267,366	17,335	4,829	201,782	140,115	60,000	0
	28	115,677	267,406	17,349	4,833	209,911	147,156	59,999	0
	5 May	115,677	266,475	17,500	4,834	214,169	152,812	59,999	0
	12	115,677	264,161	18,202	4,680	196,865	135,608	59,999	0
	19	115,677	270,555	17,825	4,988	198,601	137,533	59,999	0
	26	115,677	267,485	17,556	4,988	205,413	144,080	59,995	0
	2 June	115,677	265,353	19,344	4,850	201,957	140,340	59,905	0
	9	115,677	264,791	18,333	4,722	198,214	136,728	59,905	0
	16	115,677	264,177	18,138	4,717	204,375	142,783	59,905	0
	23	115,677	263,531	18,262	4,529	206,453	142,020	59,905	0
	30	121,188	263,926	18,325	4,130	234,528	172,961	59,907	0
	7 July	120,911	262,183	18,311	4,299	218,320	157,001	59,907	0
	14	120,911	261,515	18,115	4,425	217,434	157,002	59,907	0
	21	120,911	262,887	17,539	4,020	212,425	152,004	59,907	0
	28	120,911	264,105	16,676	3,776	226,277	170,999	54,911	0

2. Liabilities

		Banknotes in circulation	Liabilities to financial sector counterparties in the euro area in euro	Current accounts (covering the minimum reserve system)	Deposit facility	Fixed-term deposits	Fine-tuning reverse operations	Deposits related to margin calls	Debt certificates issued
		1	2	3	4	5	6	7	8
2000	3 Mar.	349,733	122,882	122,828	39	0	0	15	7,876
	10	349,984	105,429	105,367	46	0	0	16	7,876
	17	347,725	106,159	105,799	343	0	0	17	7,876
	24	345,861	103,195	102,997	182	0	0	16	7,876
	31	347,917	111,151	110,076	1,075	0	0	0	6,265
	7 Apr.	351,026	112,258	112,229	29	0	0	0	6,265
	14	351,012	101,179	101,157	22	0	0	0	6,265
	21	355,714	113,857	109,440	4,416	0	0	1	6,265
	28	354,266	111,871	101,478	10,371	0	0	22	6,265
	5 May	355,893	122,195	122,129	41	0	0	25	6,265
	12	354,655	104,640	104,335	291	0	0	14	6,265
	19	352,117	118,570	118,401	150	0	0	19	6,265
	26	350,858	115,949	115,908	26	0	0	15	6,265
	2 June	355,498	114,669	114,637	25	0	0	7	6,265
	9	357,130	109,696	109,665	25	0	0	6	6,265
	16	354,702	116,117	116,072	33	0	0	12	6,265
	23	353,587	109,841	108,429	1,400	0	0	12	6,265
	30	355,726	120,417	120,316	91	0	0	10	6,265
	7 July	359,442	112,936	112,782	151	0	0	3	6,265
	14	359,514	109,930	109,883	45	0	0	2	6,265
	21	357,627	114,910	111,113	3,794	0	0	3	6,265
	28	358,533	113,458	113,406	49	0	0	3	6,265

Source: ECB.

Structural reverse operations	Marginal lending facility	Credits related to margin calls	Other claims	Securities of euro area residents in euro	General government debt in euro	Other assets	Total		
							9	10	11	12	13	14	15	16
0	402	96	822	24,850	59,021	84,194	777,649	2000	3 Mar.
0	67	97	666	24,916	59,021	83,180	759,989		10
0	30	92	680	24,695	59,021	83,085	757,188		17
0	24	114	732	25,208	59,021	83,018	761,178		24
0	62	69	731	25,309	59,021	84,477	774,421		31
0	132	67	577	24,954	59,021	84,676	770,428		7 Apr.
0	289	76	770	25,034	59,021	85,629	765,602		14
0	430	60	1,177	24,944	59,021	86,251	777,205		21
0	1,573	29	1,154	24,937	59,021	83,828	782,962		28
0	144	32	1,182	25,347	59,032	83,446	786,480		5 May
0	92	35	1,131	25,225	59,032	84,232	768,074		12
0	135	30	904	25,103	59,026	84,128	775,903		19
0	193	41	1,104	25,191	59,026	83,886	779,222		26
0	330	81	1,301	25,030	59,026	83,657	774,894		2 June
0	163	56	1,362	25,163	59,026	84,056	769,982		9
0	80	49	1,558	24,852	58,986	83,897	774,819		16
0	3,050	53	1,425	25,171	58,986	84,159	776,768		23
0	145	89	1,426	25,086	58,986	86,299	812,468		30
0	362	86	964	25,149	58,986	85,321	793,480		7 July
0	61	15	449	25,083	58,986	84,710	791,179		14
0	156	9	349	25,310	58,986	84,613	786,691		21
0	1	25	341	25,435	58,986	84,559	800,725		28

Liabilities to other euro area residents in euro	Liabilities to non-euro area residents in euro	Liabilities to euro area residents in foreign currency	Liabilities to non-euro area residents in foreign currency	Counterpart of special drawing rights allocated by the IMF	Other liabilities	Revaluation accounts	Capital and reserves	Total		
								9	10	11	12	13	14	15	16	17
55,238	6,998	807	10,082	6,531	55,879	107,379	54,244	777,649	2000	3 Mar.
54,599	7,076	805	9,877	6,531	56,159	107,379	54,274	759,989		10
51,599	6,899	882	11,340	6,531	56,554	107,357	54,266	757,188		17
61,001	7,135	884	9,624	6,532	57,476	107,357	54,237	761,178		24
52,334	7,001	933	9,924	6,762	59,864	118,011	54,259	774,421		31
46,811	7,545	900	11,285	6,762	54,965	118,008	54,603	770,428		7 Apr.
51,133	7,086	884	13,039	6,763	55,630	118,007	54,604	765,602		14
45,684	7,323	958	13,035	6,763	54,995	118,007	54,604	777,205		21
53,831	7,694	816	13,523	6,763	55,321	118,007	54,605	782,962		28
45,523	7,357	805	13,271	6,763	55,739	118,007	54,662	786,480		5 May
46,144	7,120	915	12,361	6,763	56,541	118,007	54,663	768,074		12
37,673	7,158	921	17,910	6,763	55,540	118,007	54,979	775,903		19
47,699	7,269	840	14,723	6,763	55,869	118,007	54,980	779,222		26
40,153	7,242	842	14,362	6,763	56,112	118,007	54,981	774,894		2 June
39,480	7,842	817	13,204	6,763	55,664	118,007	55,114	769,982		9
41,339	7,081	815	12,578	6,763	56,037	118,007	55,115	774,819		16
50,836	7,131	819	12,281	6,763	56,123	118,007	55,115	776,768		23
65,224	7,305	814	13,272	6,691	60,749	120,893	55,112	812,468		30
53,038	7,353	821	11,701	6,691	59,208	120,895	55,130	793,480		7 July
54,117	7,206	812	11,300	6,691	59,319	120,895	55,130	791,179		14
45,923	7,364	812	11,181	6,691	59,892	120,895	55,131	786,691		21
60,120	7,296	814	11,784	6,691	59,738	120,895	55,131	800,725		28

Table 1.2**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			
	Level 1	Change 2	Fixed rate	Minimum bid rate		Level 6	Change 7
			Level 3	Level 4	Change 5		
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	...

Source: ECB.

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

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

Date of settlement	Bids (amount)	Allotment (amount)	Fixed rate tenders	Variable rate tenders			Running for (...) days
			Fixed rate	Minimum bid rate	Marginal rate	Weighted average rate	
	1	2	3	4	5	6	7
2000 2 Feb.	3,012,630	62,000	3.00	-	-	-	14
9	1,036,648	66,000	3.25	-	-	-	14
16	1,022,832	59,000	3.25	-	-	-	14
23	2,126,309	63,000	3.25	-	-	-	14
1 Mar.	2,901,133	89,000	3.25	-	-	-	14
8	1,627,522	47,000	3.25	-	-	-	14
15	4,165,993	85,000	3.25	-	-	-	14
22	1,661,995	52,000	3.50	-	-	-	14
29	3,022,435	89,000	3.50	-	-	-	14
5 Apr.	2,869,408	48,000	3.50	-	-	-	14
12	4,290,278	82,000	3.50	-	-	-	15
19	4,277,306	58,000	3.50	-	-	-	15
27	5,492,939	89,000	3.50	-	-	-	13
4 May	4,624,944	64,000	3.75	-	-	-	13
10	6,352,776	72,000	3.75	-	-	-	14
17	6,574,441	66,000	3.75	-	-	-	14
24	7,057,234	78,000	3.75	-	-	-	14
31	7,127,001	62,000	3.75	-	-	-	15
7 June	8,491,195	75,000	3.75	-	-	-	14
15	3,544,808	68,000	4.25	-	-	-	13
21	1,867,673	74,000	4.25	-	-	-	14
28 ²⁾	201,612	99,000	-	4.25	4.29	4.32	14
5 July	171,848	58,000	-	4.25	4.29	4.30	14
12	192,977	99,000	-	4.25	4.29	4.30	14
19	160,519	53,000	-	4.25	4.29	4.30	14
26	211,485	118,000	-	4.25	4.30	4.31	14
2 Aug.	172,252	45,000	-	4.25	4.31	4.31	14

Source: ECB.

- 1) The amounts shown may differ slightly from those in Table 1.1, columns 6 to 8, due to operations allotted but not settled.
- 2) See footnote 3 to Table 1.2. The marginal rate refers to the lowest rate at which funds were allotted.

2. Longer-term refinancing operations

Date of settlement	Bids (amount)	Allotment (amount)	Fixed rate tenders	Variable rate tenders		Running for (...) days
			Fixed rate	Marginal rate ³⁾	Weighted average rate	
	1	2	3	4	5	6
1999 14 Jan.	79,846	15,000	-	3.13	-	42
14	39,343	15,000	-	3.10	-	70
14	46,152	15,000	-	3.08	-	105
25 Feb.	77,300	15,000	-	3.04	-	91
25 Mar.	53,659	15,000	-	2.96	2.97	98
29 Apr.	66,911	15,000	-	2.53	2.54	91
27 May	72,294	15,000	-	2.53	2.54	91
1 July	76,284	15,000	-	2.63	2.64	91
29	64,973	15,000	-	2.65	2.66	91
26 Aug.	52,416	15,000	-	2.65	2.66	91
30 Sep.	41,443	15,000	-	2.66	2.67	84
28 Oct.	74,430	25,000	-	3.19	3.42	91
25 Nov.	74,988	25,000	-	3.18	3.27	98
23 Dec.	91,088	25,000	-	3.26	3.29	98
2000 27 Jan.	87,052	20,000	-	3.28	3.30	91
2 Mar.	72,960	20,000	-	3.60	3.61	91
30	74,929	20,000	-	3.78	3.80	91
27 Apr.	64,094	20,000	-	4.00	4.01	91
1 June	64,317	20,000	-	4.40	4.42	91
29	41,833	20,000	-	4.49	4.52	91
27 July	40,799	15,000	-	4.59	4.60	91

3. Other tender operations

Date of settlement	Type of operation	Bids (amount)	Allotment (amount)	Fixed rate tenders	Variable rate tenders		Running for (...) days
				Fixed rate	Marginal rate ³⁾	Weighted average rate	
	1	2	3	4	5	6	7
2000 5 Jan.	Collection of fixed-term deposits	14,420	14,420	-	3.00	3.00	7
21 June	Reverse transaction	18,845	7,000	-	4.26	4.28	1

3) See footnote 2.

Table 1.4**Minimum reserve statistics****1. Reserve base of credit institutions subject to reserve requirements ^{1) 2)}***(EUR billions; end of period)*

Reserve base as at:	Total	Liabilities to which a 2% reserve coefficient is applied			Liabilities to which a 0% reserve coefficient is applied		
		Deposits (overnight, up to 2 years' agreed maturity and notice period)	Debt securities up to 2 years' agreed maturity	Money market paper	Deposits (over 2 years' agreed maturity and notice period)	Repos	Debt securities over 2 years' agreed maturity
	1	2	3	4	5	6	7
1999 June	8,857.3	4,916.6	106.3	152.0	1,145.5	517.6	2,019.3
July	8,848.9	4,895.7	109.2	155.5	1,153.5	513.8	2,021.2
Aug.	8,856.3	4,893.0	113.2	165.4	1,164.9	484.8	2,035.0
Sep.	8,969.1	4,912.7	120.6	170.0	1,166.5	537.2	2,062.1
Oct.	9,083.7	4,967.3	129.0	178.5	1,180.3	554.2	2,074.5
Nov.	9,295.2	5,079.6	135.9	202.9	1,193.3	562.6	2,121.0
Dec.	9,187.4	5,123.4	113.5	169.3	1,204.9	503.5	2,072.8
2000 Jan.	9,265.7	5,164.6	108.0	156.8	1,210.3	547.9	2,078.2
Feb.	9,338.9	5,189.6	114.5	164.5	1,220.7	553.1	2,096.4
Mar.	9,490.8	5,306.7	117.1	174.9	1,231.3	543.8	2,116.9
Apr.	9,629.4	5,411.5	116.7	174.7	1,243.2	537.5	2,145.9
May	9,641.5	5,390.3	118.4	188.4	1,241.3	541.4	2,161.7
June ^(p)	9,525.8	5,302.9	120.3	184.7	1,252.4	506.4	2,159.1

Source: ECB.

- 1) Liabilities vis-à-vis other credit institutions subject to the ESCB's minimum reserve system, the ECB and participating national central banks, are excluded from the reserve base. If a credit institution cannot provide evidence of the amount of its issues of debt securities with a maturity of up to two years and of money market paper held by the institutions mentioned above, it may deduct a certain percentage of these liabilities from its reserve base. This percentage was 10% for calculating the reserve base until November 1999, and 30% thereafter.
- 2) Maintenance periods start on the 24th of the month and run to the 23rd of the following month; the required reserve is calculated from the reserve base as at the end of the preceding month.

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

Maintenance period ending in:	Required reserves ²⁾	Actual reserves ³⁾	Excess reserves ⁴⁾	Deficiencies ⁵⁾	Interest rate on minimum reserves ⁶⁾
	1	2	3	4	5
1999 Aug.	102.8	103.5	0.6	0.0	2.50
Sep.	102.6	103.0	0.5	0.0	2.50
Oct.	102.8	103.3	0.6	0.0	2.50
Nov.	103.4	104.0	0.5	0.0	2.73
Dec.	104.9	105.4	0.5	0.0	3.00
2000 Jan.	107.7	108.5	0.8	0.0	3.00
Feb.	107.5	107.9	0.4	0.0	3.12
Mar.	108.0	108.4	0.5	0.0	3.27
Apr.	108.7	109.5	0.8	0.0	3.50
May	111.3	111.8	0.5	0.0	3.67
June	113.4	113.9	0.5	0.0	3.90
July	113.3	114.0	0.7	0.0	4.28
Aug. ^(p)	111.5	-	-	-	-

Source: ECB.

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

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

Maintenance period ending in:	Liquidity-providing factors					Liquidity-absorbing factors					Credit institutions' current accounts ⁴⁾	Base money ⁵⁾
	Monetary policy operations of the Eurosystem					Deposit facility	Other liquidity-absorbing operations ²⁾	Banknotes in circulation	Central government deposits with the Eurosystem	Other factors (net) ³⁾		
	Eurosystem's net assets in gold and foreign currency ¹⁾	Main refinancing operations	Longer-term refinancing operations	Marginal lending facility	Other liquidity-providing operations ²⁾							
1	2	3	4	5	6	7	8	9	10	11	12	
1999 Feb.	328.2	104.6	34.2	3.8	30.2	1.3	0.2	329.3	41.0	28.9	100.3	430.9
Mar.	323.6	136.4	45.0	0.4	0.0	1.4	0.0	326.9	49.8	25.0	102.2	430.5
Apr.	338.4	130.1	45.0	0.7	0.0	0.3	0.0	331.0	42.9	39.0	101.1	432.3
May	342.5	121.6	45.0	0.8	0.0	0.4	0.0	333.9	36.3	38.0	101.2	435.5
June	339.8	132.0	45.0	0.4	0.0	0.6	0.0	337.0	40.4	37.2	101.9	439.6
July	342.4	143.1	45.0	0.4	0.0	0.5	0.0	342.1	45.7	39.5	102.9	445.6
Aug.	343.2	150.1	45.0	0.5	0.0	1.0	0.0	344.8	47.3	42.1	103.6	449.4
Sep.	343.5	150.4	45.0	0.2	0.0	0.7	0.0	342.1	51.4	41.6	103.2	446.0
Oct.	349.7	143.0	45.0	0.3	0.0	0.6	0.0	342.5	45.4	45.9	103.5	446.7
Nov.	351.8	140.5	53.7	0.3	0.0	0.4	0.0	343.1	51.5	47.3	104.2	447.6
Dec.	351.7	150.4	65.0	0.3	0.0	1.0	0.0	354.3	59.0	47.5	105.6	460.8
2000 Jan.	362.3	138.5	75.0	1.9	0.0	0.5	3.3	363.0	41.0	61.2	108.7	472.3
Feb.	367.8	130.9	70.5	0.1	0.0	0.2	0.0	347.6	49.2	64.2	108.1	455.9
Mar.	369.2	136.1	66.2	0.2	0.0	0.3	0.0	347.6	51.7	63.5	108.6	456.4
Apr.	377.1	136.7	61.0	0.2	0.0	0.9	0.0	349.7	45.6	69.1	109.7	460.3
May	378.8	142.6	60.0	0.4	0.0	2.3	0.0	353.8	41.9	71.8	112.0	468.2
June	378.1	140.9	59.9	0.3	0.2	0.8	0.0	354.1	38.3	72.1	114.2	469.1
July	380.8	157.9	59.9	0.4	0.0	0.5	0.0	357.0	50.4	76.8	114.2	471.7

Source: ECB.

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

2 Monetary developments in the euro area

Table 2.1
Aggregated balance sheet of the Eurosystem ¹⁾
(EUR billions (not seasonally adjusted; end of period))

1. Assets

	Loans to euro area residents			Other euro area residents	Holdings of securities other than shares issued by euro area residents			Holdings of shares/other equity issued by euro area residents			External assets ²⁾	Fixed assets	Re-maining assets	Total	
	1	MFIs	General government		MFIs	General government	Other euro area residents	MFIs	Other euro area residents	11					
1997	237.2	215.5	21.1	0.6	114.0	0.7	111.8	1.5	2.9	0.5	2.4	324.1	7.0	51.6	736.7
1998 Q2	293.4	272.1	21.1	0.2	105.4	4.8	99.7	0.8	3.2	0.6	2.6	337.2	7.8	47.9	794.9
Q3	302.8	281.5	21.1	0.2	82.7	1.0	81.0	0.7	4.8	2.0	2.8	329.4	8.0	50.0	777.6
Q4	225.2	204.6	20.4	0.1	87.8	1.1	86.2	0.5	5.5	1.8	3.7	322.3	7.9	49.3	698.0
1999 Q1	608.5	587.9	20.4	0.2	94.0	1.5	91.9	0.6	8.1	4.0	4.1	426.0	9.3	52.2	1,198.3
1999 June	788.8	768.3	20.4	0.2	92.4	1.5	90.0	0.9	8.7	4.4	4.3	499.4	9.7	47.1	1,446.1
July	755.2	734.7	20.4	0.2	92.3	1.5	89.9	0.9	8.7	4.4	4.3	452.0	9.8	51.6	1,369.8
Aug.	530.8	510.2	20.4	0.2	91.9	1.1	90.0	0.7	8.8	4.4	4.4	423.0	9.9	52.8	1,117.1
Sep.	456.9	436.3	20.4	0.2	92.4	1.4	89.9	1.1	8.7	4.3	4.4	427.9	9.8	47.9	1,043.7
Oct.	567.0	546.4	20.4	0.2	92.4	1.9	89.4	1.2	8.6	4.3	4.3	432.6	9.9	53.9	1,164.3
Nov.	508.4	487.8	20.4	0.2	92.6	2.1	89.4	1.1	8.8	4.2	4.6	410.3	9.9	56.0	1,086.1
Dec.	442.3	422.1	19.7	0.5	89.1	1.9	86.1	1.1	14.1	4.3	9.8	400.6	9.9	55.8	1,011.9
2000 Jan.	463.6	443.2	19.8	0.6	90.3	1.7	87.6	1.0	14.2	4.4	9.8	424.3	9.9	52.1	1,054.4
Feb.	382.2	361.8	19.8	0.6	93.2	1.8	90.4	1.0	14.2	4.3	9.8	417.5	9.8	52.2	969.0
Mar.	443.2	424.3	18.4	0.5	96.2	2.4	92.7	1.1	14.4	4.3	10.1	439.1	9.8	48.6	1,051.3
Apr.	465.5	446.6	18.4	0.5	96.7	2.6	93.0	1.1	14.4	4.3	10.1	438.0	9.9	51.1	1,075.5
May	469.2	450.3	18.4	0.5	97.1	2.8	93.2	1.2	14.4	4.4	10.1	441.8	10.0	51.6	1,084.2
June ^(p)	580.7	561.8	18.4	0.5	97.5	2.7	93.6	1.2	14.7	4.4	10.3	453.3	10.0	51.8	1,208.1

2. Liabilities

	Currency in circulation	Deposits of euro area residents	MFIs	Central government	Other general government/other euro area residents	Money market paper	Debt securities issued	Capital and reserves	External liabilities ²⁾	Remaining liabilities	Total
1997	354.9	147.0	91.9	51.7	3.4	13.4	14.8	106.0	33.4	67.2	736.7
1998 Q2	345.5	217.8	159.1	53.4	5.3	14.4	13.3	114.3	27.2	62.5	794.9
Q3	341.5	211.8	140.2	66.4	5.2	11.9	12.0	109.6	23.2	67.6	777.6
Q4	359.1	152.0	94.2	54.4	3.5	8.5	5.3	97.1	18.6	57.4	698.0
1999 Q1	348.3	549.5	486.6	54.4	8.5	4.9	5.3	138.0	97.9	54.5	1,198.3
1999 June	355.8	724.3	672.3	43.1	8.9	4.9	5.3	140.7	171.4	43.8	1,446.1
July	363.6	682.7	620.6	55.5	6.6	4.9	5.3	139.9	124.3	49.2	1,369.8
Aug.	358.6	463.7	403.2	53.8	6.6	4.9	5.3	139.9	93.9	50.9	1,117.1
Sep.	359.4	390.5	332.9	50.1	7.6	3.3	5.3	146.3	88.8	50.1	1,043.7
Oct.	361.2	500.6	440.8	50.2	9.5	3.3	5.3	150.6	93.8	49.4	1,164.3
Nov.	362.9	443.0	368.3	64.1	10.6	3.3	4.6	150.3	69.5	52.4	1,086.1
Dec.	393.0	339.3	277.1	53.4	8.8	3.3	4.6	175.1	49.8	46.9	1,011.9
2000 Jan.	365.9	387.5	332.0	47.1	8.4	3.3	4.6	174.6	72.6	45.9	1,054.4
Feb.	363.5	311.8	246.7	56.7	8.4	3.3	4.6	173.9	64.4	47.5	969.0
Mar.	365.9	372.0	319.6	43.3	9.1	1.7	4.6	185.7	75.1	46.5	1,051.3
Apr.	372.3	388.3	334.5	43.4	10.3	1.7	4.6	188.4	75.2	45.0	1,075.5
May	371.4	390.7	345.1	34.1	11.5	1.7	4.6	187.6	82.4	45.8	1,084.2
June ^(p)	373.9	498.4	432.8	53.1	12.5	1.7	4.6	192.5	92.0	45.0	1,208.1

Source: ECB.

- 1) The ECB was established on 1 June 1998. The data shown for the Eurosystem relate to the ECB (as from June 1998) and the national central banks of Member States in the euro area.
- 2) From January 1999 including temporary gross positions of the Eurosystem with the national central banks of Member States not participating in the euro area related to the operation of the TARGET system. These positions amounted to approximately EUR 46 billion at end-January 2000, EUR 40 billion at end-February, EUR 51 billion at end-March, EUR 47 billion at end-April, EUR 53 billion at end-May, EUR 65 billion at end-June and EUR 59 billion at end-July. For positions at end-months in 1999 see the corresponding footnote in the February 2000 issue.

Table 2.2
Aggregated balance sheet of the euro area MFIs, excluding the Eurosystem
(EUR billions (not seasonally adjusted; end of period))
1. Assets

	Loans to euro area residents				Holdings of securities other than shares issued by euro area residents	Holdings of securities other than shares issued by euro area residents			Money market paper	Holdings of shares/ other equity issued by euro area residents	MFIs		External assets	Fixed assets	Remaining assets	Total
	1	2	3	4		5	6	7			8	9					10	11	12
1997	8,436.1	2,905.6	821.4	4,709.1	1,868.4	635.5	1,050.6	182.3	99.7	329.8	94.2	235.6	1,594.8	238.9	796.9	13,364.7
1998 Q2	8,750.4	3,064.6	808.4	4,877.4	2,007.8	678.1	1,139.4	190.3	104.9	401.5	118.5	283.0	1,668.4	240.3	737.5	13,910.8
Q3	8,844.1	3,073.7	809.8	4,960.5	2,040.0	705.5	1,137.2	197.3	105.8	381.2	109.8	271.4	1,650.8	237.0	785.8	14,044.4
Q4	9,098.4	3,181.5	821.2	5,095.8	2,012.3	721.3	1,102.3	188.7	107.1	424.2	123.3	300.8	1,579.9	243.9	777.4	14,243.2
1999 Q1	9,252.2	3,277.4	816.8	5,158.0	2,087.6	761.1	1,131.7	194.8	99.1	469.2	126.0	343.2	1,627.6	244.6	876.2	14,656.5
1999 June	9,450.5	3,328.7	816.5	5,305.3	2,138.5	800.3	1,125.8	212.4	101.9	484.6	124.7	359.8	1,646.2	250.0	866.2	14,937.8
July	9,461.7	3,313.3	808.4	5,340.0	2,131.7	801.9	1,114.1	215.7	108.2	483.1	125.9	357.3	1,630.1	254.5	843.8	14,913.1
Aug.	9,489.6	3,350.1	804.4	5,335.1	2,152.9	810.4	1,118.3	224.1	110.5	482.9	126.8	356.1	1,633.0	255.4	824.4	14,948.4
Sep.	9,568.3	3,384.1	809.4	5,374.7	2,179.9	828.0	1,134.4	217.4	111.1	481.7	129.8	352.0	1,653.4	258.9	813.1	15,066.5
Oct.	9,697.3	3,457.5	818.7	5,421.2	2,202.9	840.6	1,147.2	215.2	115.1	484.6	131.2	353.4	1,686.3	261.1	850.9	15,298.2
Nov.	9,859.3	3,541.9	831.7	5,485.8	2,217.8	849.7	1,145.0	223.1	128.1	497.6	129.9	367.7	1,764.7	265.3	898.9	15,631.6
Dec.	9,764.2	3,420.2	827.5	5,516.6	2,175.4	827.2	1,121.6	226.6	129.9	521.4	138.0	383.4	1,702.4	281.2	917.7	15,492.3
2000 Jan.	9,832.8	3,450.8	819.5	5,562.5	2,193.2	834.5	1,131.1	227.6	121.1	528.7	141.5	387.1	1,723.9	282.5	935.9	15,618.1
Feb.	9,836.7	3,425.3	814.9	5,596.5	2,215.9	845.1	1,137.2	233.7	130.8	546.2	144.7	401.5	1,768.5	282.1	952.1	15,732.4
Mar.	10,002.6	3,515.3	820.3	5,667.0	2,221.0	868.5	1,124.8	227.7	131.9	594.3	155.1	439.1	1,804.5	287.5	976.0	16,017.6
Apr.	10,048.7	3,499.8	822.4	5,726.5	2,215.8	877.5	1,102.5	235.8	149.1	609.7	157.1	452.5	1,905.2	288.9	1,017.1	16,234.4
May	10,125.7	3,554.7	816.0	5,755.0	2,228.2	894.2	1,091.2	242.8	157.4	628.8	162.1	466.7	1,889.6	288.8	1,016.5	16,334.9
June ^(a)	10,107.1	3,477.8	812.5	5,816.9	2,205.6	894.5	1,070.0	241.1	153.4	590.1	157.3	432.7	1,875.1	271.8	1,028.3	16,231.5

2. Liabilities

	Currency in circulation	Deposits of euro area residents	MFIs	Central government	Other general government/ other euro area residents	Other general government/ other euro area residents				Money market fund shares/ units	Debt securities issued	Money market paper	Capital and reserves	External liabilities	Remaining liabilities	Total
						Over-night	With agreed maturity	Redeemable at notice	Repurchase agreements							
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
1997	0.4	7,773.9	3,009.3	102.1	4,662.5	1,229.6	1,901.2	1,326.3	205.4	252.0	1,924.8	138.8	687.5	1,373.5	1,213.9	13,364.7
1998 Q2	0.4	8,010.8	3,176.1	93.9	4,740.8	1,292.8	1,899.7	1,346.4	201.9	259.8	2,041.2	145.9	723.4	1,480.1	1,249.1	13,910.8
Q3	0.4	8,043.6	3,227.5	90.0	4,726.2	1,268.8	1,901.0	1,345.4	211.0	260.4	2,093.2	154.1	725.9	1,482.8	1,284.0	14,044.4
Q4	0.4	8,279.3	3,311.7	95.3	4,872.3	1,382.7	1,924.1	1,388.8	176.7	241.2	2,116.0	160.8	742.4	1,500.4	1,202.7	14,243.2
1999 Q1	0.5	8,330.3	3,390.5	78.9	4,860.8	1,387.1	1,984.9	1,310.6	178.3	279.8	2,194.0	180.5	759.3	1,618.0	1,294.1	14,656.5
1999 June	0.5	8,445.6	3,437.3	81.9	4,926.5	1,479.6	1,961.2	1,319.1	166.4	305.3	2,268.9	183.2	781.9	1,666.6	1,285.7	14,937.8
July	0.5	8,452.6	3,441.0	79.5	4,932.1	1,468.1	1,979.1	1,321.3	163.7	302.3	2,274.8	184.3	788.2	1,646.2	1,264.1	14,913.1
Aug.	0.6	8,452.2	3,458.1	84.0	4,910.0	1,439.1	1,988.1	1,320.2	162.6	307.3	2,291.0	195.0	788.0	1,683.1	1,231.4	14,948.4
Sep.	0.6	8,508.2	3,503.8	83.1	4,921.3	1,466.9	1,976.7	1,317.1	160.6	307.1	2,329.3	204.1	795.0	1,688.5	1,233.6	15,066.5
Oct.	0.6	8,605.0	3,584.7	84.8	4,935.5	1,467.4	1,996.7	1,314.0	157.5	307.6	2,355.7	214.6	801.2	1,753.8	1,259.7	15,298.2
Nov.	0.7	8,735.1	3,679.7	81.9	4,973.5	1,501.1	2,005.0	1,308.7	158.6	310.2	2,376.8	243.5	805.2	1,839.5	1,320.7	15,631.6
Dec.	0.7	8,709.4	3,579.8	88.6	5,041.0	1,532.3	2,037.4	1,327.1	144.2	309.8	2,364.3	242.1	836.3	1,774.7	1,255.0	15,492.3
2000 Jan.	0.7	8,709.1	3,555.9	86.5	5,066.7	1,561.7	2,023.0	1,327.1	154.9	326.3	2,370.3	221.6	856.6	1,837.0	1,296.5	15,618.1
Feb.	0.7	8,707.2	3,548.3	87.7	5,071.2	1,554.6	2,040.3	1,316.9	159.4	343.6	2,396.1	233.0	864.1	1,874.7	1,313.0	15,732.4
Mar.	0.7	8,785.3	3,604.6	86.9	5,093.8	1,562.7	2,047.0	1,307.0	177.1	343.1	2,423.1	248.8	878.9	1,991.2	1,346.6	16,017.6
Apr.	0.7	8,797.9	3,578.5	88.2	5,131.2	1,597.1	2,055.3	1,299.4	179.5	409.7	2,452.0	248.1	887.9	2,068.3	1,369.8	16,234.4
May	0.6	8,847.7	3,640.7	79.8	5,127.2	1,580.6	2,074.6	1,291.3	180.8	412.7	2,470.7	260.0	895.0	2,066.4	1,381.7	16,334.9
June ^(a)	0.6	8,818.1	3,611.9	91.4	5,114.8	1,587.7	2,072.1	1,285.8	169.2	412.1	2,475.7	262.0	896.5	1,955.5	1,411.0	16,231.5

Source: ECB.

Table 2.3

Consolidated balance sheet of the euro area MFIs, including the Eurosystem ¹⁾

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

1. Assets: levels outstanding

	Loans to euro area residents		Holdings of securities other than shares issued by euro area residents		Holdings of shares/ other equity issued by other euro area residents		External assets ³⁾	Fixed assets	Remaining assets	Total	
	1	2	3	4	5	6					7	8	9	10	11
1998 Nov.	5,882.8	841.5	5,041.3	1,418.3	1,221.6	196.7	288.8	2,008.4	249.3	821.1	10,668.7
Dec.	5,937.5	841.6	5,095.9	1,377.8	1,188.5	189.2	304.5	1,902.2	251.8	790.6	10,564.4
1999 Jan.	5,948.8	839.5	5,109.3	1,402.0	1,192.8	209.2	319.4	2,049.4	254.1	962.9	10,936.7
Feb.	5,951.0	839.7	5,111.3	1,409.9	1,207.8	202.1	326.7	1,958.9	252.7	978.6	10,877.8
Mar.	5,995.4	837.2	5,158.2	1,419.0	1,223.7	195.3	347.3	2,053.6	253.9	897.1	10,966.3
Apr.	6,009.5	830.0	5,179.5	1,421.9	1,219.3	202.5	359.9	2,058.6	255.9	863.7	10,969.5
May	6,042.1	830.2	5,211.9	1,444.9	1,236.1	208.8	372.9	2,009.4	257.1	849.7	10,976.1
June	6,142.3	836.9	5,305.5	1,429.1	1,215.8	213.3	364.1	2,145.6	259.7	880.6	11,221.3
July	6,169.0	828.8	5,340.2	1,420.7	1,204.0	216.7	361.6	2,082.1	264.4	862.9	11,160.6
Aug.	6,160.1	824.8	5,335.3	1,433.2	1,208.3	224.9	360.4	2,056.0	265.2	844.2	11,119.1
Sep.	6,204.8	829.8	5,374.9	1,442.8	1,224.3	218.5	356.4	2,081.3	268.7	828.1	11,182.1
Oct.	6,260.4	839.1	5,421.3	1,452.9	1,236.5	216.3	357.7	2,118.9	271.0	872.3	11,333.1
Nov.	6,338.0	852.1	5,486.0	1,458.6	1,234.4	224.2	372.2	2,175.0	275.3	921.2	11,540.3
Dec.	6,364.3	847.2	5,517.1	1,435.4	1,207.7	227.7	393.3	2,103.0	291.1	929.5	11,516.6
2000 Jan.	6,402.4	839.3	5,563.1	1,447.3	1,218.7	228.6	396.9	2,148.2	292.4	954.0	11,641.3
Feb.	6,431.8	834.7	5,597.1	1,462.2	1,227.5	234.7	411.4	2,186.1	291.9	971.0	11,754.3
Mar.	6,506.2	838.7	5,667.5	1,446.3	1,217.5	228.8	449.3	2,243.6	297.3	992.4	11,935.1
Apr.	6,567.8	840.8	5,727.0	1,432.3	1,195.4	236.9	462.6	2,343.1	298.8	1,032.7	12,137.3
May	6,589.9	834.4	5,755.5	1,428.3	1,184.3	244.0	476.7	2,331.4	298.7	1,033.2	12,158.3
June ⁴⁾	6,648.2	830.8	5,817.3	1,405.9	1,163.6	242.3	443.1	2,328.5	281.8	1,046.5	12,154.0

2. Liabilities: levels outstanding

	Currency in circulation		Deposits of other general government/ other euro area residents		Overnight		With agreed maturity		Redeemable at notice		Repurchase agreements		Money market fund shares/ units and money market paper		Debt securities issued		Capital and reserves		External liabilities ³⁾		Re-maining liabilities		Excess of inter-MFI liabilities		Total
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	
1998 Nov.	314.2	148.2	4,772.1	1,323.4	1,897.2	1,349.8	201.8	328.8	1,402.8	717.3	1,606.9	1,355.0	23.4	10,668.7											
Dec.	323.4	149.7	4,875.8	1,386.2	1,924.1	1,388.8	176.7	303.5	1,398.9	714.3	1,518.9	1,260.1	19.7	10,564.4											
1999 Jan.	313.2	132.3	4,883.8	1,415.8	1,984.1	1,312.5	171.4	340.0	1,417.3	755.5	1,682.6	1,433.7	-21.8	10,936.7											
Feb.	312.8	141.2	4,866.6	1,388.8	1,980.8	1,313.4	183.7	355.4	1,433.6	753.5	1,643.0	1,378.8	-7.2	10,877.8											
Mar.	317.4	133.4	4,869.3	1,395.6	1,984.9	1,310.6	178.3	366.1	1,436.6	767.2	1,715.9	1,348.6	11.7	10,966.3											
Apr.	319.5	115.8	4,883.7	1,411.1	1,986.9	1,314.0	171.7	387.6	1,453.4	778.0	1,731.0	1,300.1	0.4	10,969.5											
May	321.2	120.7	4,904.6	1,442.8	1,974.7	1,314.7	172.4	389.1	1,463.8	782.6	1,720.7	1,257.8	15.5	10,976.1											
June	323.7	125.0	4,935.3	1,488.5	1,961.2	1,319.1	166.4	391.5	1,472.4	793.3	1,837.9	1,329.5	12.6	11,221.3											
July	331.7	134.9	4,938.7	1,474.7	1,979.1	1,321.3	163.7	383.3	1,476.8	797.9	1,770.4	1,313.2	13.7	11,160.6											
Aug.	326.2	137.8	4,916.7	1,445.7	1,988.1	1,320.2	162.6	396.6	1,484.8	796.6	1,776.9	1,282.4	1.0	11,119.1											
Sep.	327.1	133.2	4,928.8	1,474.4	1,976.7	1,317.1	160.6	403.5	1,505.2	807.1	1,777.3	1,283.7	16.2	11,182.1											
Oct.	329.4	135.0	4,945.1	1,476.9	1,996.7	1,314.0	157.5	410.5	1,518.5	816.3	1,847.6	1,309.1	21.7	11,333.1											
Nov.	329.9	146.0	4,984.1	1,511.7	2,005.0	1,308.7	158.6	428.9	1,529.6	821.4	1,909.0	1,373.1	18.3	11,540.3											
Dec.	349.6	142.0	5,049.8	1,541.1	2,037.4	1,327.1	144.2	425.2	1,539.8	869.2	1,824.5	1,301.9	14.6	11,516.6											
2000 Jan.	332.7	133.6	5,075.1	1,570.1	2,023.0	1,327.1	154.9	430.1	1,538.6	885.2	1,909.6	1,342.4	-6.1	11,641.3											
Feb.	330.9	144.4	5,079.6	1,563.0	2,040.3	1,316.9	159.4	449.1	1,553.8	889.1	1,939.1	1,360.5	7.8	11,754.3											
Mar.	334.3	130.2	5,102.9	1,571.8	2,047.0	1,307.0	177.1	461.7	1,556.8	905.1	2,066.3	1,393.1	-15.4	11,935.1											
Apr.	337.4	131.6	5,141.6	1,607.4	2,055.3	1,299.4	179.5	510.4	1,576.5	914.9	2,143.6	1,414.8	-33.4	12,137.3											
May	337.2	113.9	5,138.8	1,592.1	2,074.6	1,291.3	180.8	517.1	1,578.3	916.1	2,148.8	1,427.5	-19.3	12,158.3											
June ⁴⁾	340.9	144.5	5,127.3	1,600.2	2,072.1	1,285.8	169.2	522.3	1,583.0	927.3	2,047.5	1,456.0	5.1	12,154.0											

Source: ECB.

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

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

3) See Table 2.1, footnote 2.

3. Assets: flows ²⁾

	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 ³⁾	Fixed assets	Remaining assets	Total
	General government	Other euro area residents		General government	Other euro area residents						
	1	2	3	4	5	6	7	8	9	10	11
1998 Dec.	64.3	0.2	64.1	-39.2	-32.0	-7.2	16.4	-103.5	2.7	-29.9	-89.1
1999 Jan.	74.6	-1.2	75.8	24.5	20.2	4.3	8.5	122.6	0.0	159.2	389.5
Feb.	-0.3	0.0	-0.3	16.5	24.6	-8.1	6.9	-116.1	-1.4	15.7	-78.6
Mar.	39.1	-3.2	42.3	35.9	34.0	1.9	18.9	51.8	1.2	-91.8	55.1
Apr.	12.7	-8.7	21.4	2.8	-4.4	7.2	11.9	-7.5	2.0	-33.4	-11.5
May	31.6	0.1	31.5	21.1	14.7	6.4	11.8	-60.3	1.1	-14.0	-8.7
June	101.3	6.6	94.8	-13.2	-17.7	4.5	-9.0	127.4	2.4	30.5	239.5
July	29.5	-8.0	37.5	-13.7	-16.7	3.1	-3.3	-36.2	4.7	-17.7	-36.6
Aug.	-9.9	-4.1	-5.8	17.8	9.8	7.9	-0.1	-44.0	0.8	-18.8	-54.1
Sep.	46.2	5.1	41.1	16.7	24.0	-7.3	-5.4	20.1	3.5	-9.2	72.0
Oct.	52.4	9.1	43.3	19.8	22.5	-2.7	1.2	20.9	2.0	44.2	140.6
Nov.	74.0	12.7	61.2	11.6	4.1	7.5	9.0	20.9	4.3	48.8	168.6
Dec.	29.9	-5.2	35.1	-28.7	-31.9	3.2	15.9	-77.4	16.0	4.8	-39.4
2000 Jan.	33.6	-8.0	41.6	15.1	13.9	1.2	3.4	23.0	1.4	24.6	101.1
Feb.	30.1	-4.6	34.7	15.3	9.1	6.2	12.9	32.8	-0.5	16.8	107.3
Mar.	71.5	5.0	66.6	-13.9	-7.2	-6.7	36.6	33.3	5.4	22.4	155.4
Apr.	54.3	1.7	52.5	-16.4	-21.4	5.0	12.6	13.6	1.5	33.3	98.9
May	21.0	-6.2	27.2	-0.4	-7.8	7.4	13.1	11.3	-0.1	0.5	45.4
June ^(p)	50.2	-3.4	53.6	-19.7	-19.8	0.0	-32.4	14.2	-16.9	13.0	8.3

4. Liabilities: flows ²⁾

	Currency in circulation	Deposits of central government	Deposits of other general government/ other euro area residents	Deposits of other general government/ other euro area residents				Money market fund shares/ units and money market paper	Debt securities issued	Capital and reserves	External liabilities ³⁾	Re-maining liabilities	Excess of inter-MFI liabilities	Total
				Over-night	With agreed maturity	Redeem-able at notice	Repur- chase agree-ments							
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
1998 Dec.	9.2	1.5	105.9	63.3	28.7	39.0	-25.1	-24.6	-2.3	-3.0	-81.6	-91.3	-3.1	-89.1
1999 Jan.	-9.2	-5.4	41.8	30.3	-1.5	14.2	-1.2	13.6	20.4	11.3	156.5	186.3	-25.8	389.5
Feb.	-0.4	8.9	-27.3	-28.1	-12.2	0.7	12.3	15.1	12.8	-0.7	-61.3	-47.1	21.4	-78.6
Mar.	4.7	-7.7	-0.5	5.4	2.4	-2.8	-5.4	6.4	5.0	14.1	55.4	-34.8	12.7	55.1
Apr.	2.1	-17.6	13.2	15.1	1.3	3.4	-6.6	20.9	15.6	11.5	6.7	-52.9	-11.0	-11.5
May	1.7	4.9	19.6	31.2	-13.0	0.6	0.8	1.3	9.1	5.2	-19.3	-46.3	15.1	-8.7
June	2.4	4.2	29.3	45.2	-14.4	4.5	-6.0	1.3	7.4	14.4	109.0	75.2	-3.8	239.5
July	8.0	10.0	6.6	-12.6	19.7	2.2	-2.7	-7.8	7.2	5.0	-45.6	-20.6	0.5	-36.6
Aug.	-5.5	2.9	-24.1	-29.8	7.8	-1.1	-1.1	13.1	4.7	0.8	-5.0	-28.9	-12.1	-54.1
Sep.	0.9	-4.7	13.0	29.2	-11.1	-3.1	-2.0	6.5	21.8	5.5	4.2	9.6	15.2	72.0
Oct.	2.2	1.8	13.8	1.6	18.5	-3.2	-3.2	6.6	10.8	7.5	54.6	39.1	4.1	140.6
Nov.	0.5	11.0	34.5	33.1	5.7	-5.3	1.1	17.8	6.3	4.1	32.3	65.5	-3.3	168.6
Dec.	19.5	-4.0	65.7	29.4	32.3	18.5	-14.4	-14.7	10.3	31.5	-87.8	-60.3	0.4	-39.4
2000 Jan.	-16.9	-8.4	22.9	28.1	-15.7	-0.2	10.7	0.8	-3.0	18.6	67.8	42.8	-23.5	101.1
Feb.	-1.8	10.8	4.1	-7.2	17.0	-10.2	4.5	19.0	14.9	5.3	25.1	16.1	13.9	107.3
Mar.	3.4	-14.3	20.2	7.5	5.0	-9.9	17.6	12.1	1.6	17.1	106.4	32.3	-23.3	155.4
Apr.	3.3	1.4	32.9	33.4	4.9	-7.7	2.3	2.2	14.4	9.5	35.2	15.3	-15.3	98.9
May	-0.2	-17.7	0.2	-11.9	19.9	-9.2	1.4	9.8	5.7	3.3	26.2	11.8	6.3	45.4
June ^(p)	3.7	30.6	-8.6	9.2	-0.8	-5.4	-11.6	0.9	10.2	7.6	-79.9	31.1	12.5	8.3

Table 2.4

Monetary aggregates ¹⁾

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

1. Levels outstanding at the end of the period

	M1								M2		Repurchase agreements	Money market fund shares/ units and money market paper	Debt securities up to 2 years
	Currency in circulation		Overnight deposits		Total	Index Dec. 98=100 ²⁾	Deposits with agreed maturity up to 2 years	Deposits redeemable at notice up to 3 months	Total	Index Dec. 98=100 ²⁾			
	1	2	3	4										5	6	7	8
1998 Nov.	314.2	1,387.9	1,702.0	95.76	877.1	1,196.1	3,775.2	96.62	201.8	328.8	79.7		
Dec.	323.4	1,453.5	1,776.9	100.00	894.5	1,234.4	3,905.8	100.00	176.7	303.5	69.7		
1999 Jan.	313.2	1,483.6	1,796.8	101.21	888.6	1,249.8	3,935.2	100.88	171.4	340.0	54.5		
Feb.	312.8	1,453.0	1,765.8	99.40	873.7	1,252.3	3,891.7	99.70	183.7	355.4	55.5		
Mar.	317.4	1,469.1	1,786.5	100.49	872.7	1,250.1	3,909.4	100.07	178.3	366.1	48.9		
Apr.	319.5	1,481.4	1,800.9	101.28	873.0	1,255.1	3,929.0	100.55	171.7	387.6	52.8		
May	321.2	1,510.6	1,831.9	102.99	863.3	1,259.9	3,955.1	101.19	172.4	389.1	57.6		
June	323.7	1,551.2	1,874.8	105.38	840.3	1,265.7	3,980.8	101.82	166.4	391.5	59.2		
July	331.7	1,543.6	1,875.3	105.47	853.2	1,270.4	3,998.8	102.34	163.7	383.3	61.7		
Aug.	326.2	1,513.6	1,839.8	103.43	856.1	1,270.3	3,966.2	101.47	162.6	396.6	63.0		
Sep.	327.1	1,537.5	1,864.6	104.85	842.5	1,267.3	3,974.5	101.70	160.6	403.5	75.5		
Oct.	329.4	1,542.0	1,871.4	105.18	857.4	1,265.5	3,994.3	102.11	157.5	410.5	74.0		
Nov.	329.9	1,575.9	1,905.8	107.02	856.8	1,260.4	4,023.0	102.75	158.6	428.9	75.6		
Dec.	349.6	1,609.4	1,959.0	109.99	877.5	1,282.9	4,119.5	105.21	144.2	425.2	88.0		
2000 Jan.	332.7	1,637.7	1,970.4	110.58	860.7	1,283.8	4,114.9	105.04	154.9	430.1	86.2		
Feb.	330.9	1,629.2	1,960.0	109.99	875.6	1,272.5	4,108.2	104.91	159.4	449.1	89.9		
Mar.	334.3	1,637.5	1,971.8	110.58	883.9	1,262.1	4,117.8	105.09	177.1	461.7	89.8		
Apr.	337.4	1,673.4	2,010.8	112.65	891.9	1,254.6	4,157.3	105.98	179.5	510.4	88.9		
May	337.2	1,655.2	1,992.4	111.80	909.6	1,246.1	4,148.1	105.83	180.8	517.1	86.7		
June ³⁾	340.9	1,663.4	2,004.3	112.54	907.2	1,239.0	4,150.6	105.97	169.2	522.3	87.1		

2. Flows ⁴⁾

	M1								M2		Repurchase agreements	Money market fund shares/ units and money market paper	Debt securities up to 2 years
	Currency in circulation		Overnight deposits		Total	Annual percentage change ³⁾	Deposits with agreed maturity up to 2 years	Deposits redeemable at notice up to 3 months	Total	Annual percentage change ³⁾			
	1	2	3	4										5	6	7	8
1998 Dec.	9.2	66.1	75.3	9.2	18.9	38.0	132.2	6.0	-25.1	-24.6	-10.3		
1999 Jan.	-9.2	30.8	21.6	14.7	-2.6	15.3	34.3	7.8	-1.2	13.6	-5.4		
Feb.	-0.4	-31.8	-32.2	12.6	-16.4	2.4	-46.1	6.5	12.3	15.1	0.5		
Mar.	4.7	14.7	19.4	11.7	-2.2	-2.4	14.8	6.8	-5.4	6.4	0.0		
Apr.	2.1	11.9	14.0	11.5	-0.3	5.0	18.6	6.3	-6.6	20.9	1.1		
May	1.7	28.8	30.5	12.1	-10.2	4.7	25.0	6.4	0.8	1.3	4.6		
June	2.4	40.0	42.5	11.5	-23.7	5.8	24.6	6.3	-6.0	1.3	1.4		
July	8.0	-6.5	1.5	14.1	14.2	4.8	20.5	7.7	-2.7	-7.8	2.9		
Aug.	-5.5	-30.8	-36.3	12.8	2.1	-0.1	-34.3	7.0	-1.1	13.1	1.0		
Sep.	0.9	24.5	25.4	12.8	-13.4	-3.0	9.0	6.9	-2.0	6.5	0.8		
Oct.	2.2	3.6	5.8	13.0	12.2	-1.9	16.1	7.0	-3.2	6.6	-1.9		
Nov.	0.5	32.2	32.7	11.8	-2.5	-5.2	25.1	6.3	1.1	17.8	0.7		
Dec.	19.5	33.4	52.9	10.0	20.8	22.6	96.3	5.2	-14.4	-14.7	12.8		
2000 Jan.	-16.9	27.4	10.4	9.3	-17.7	0.8	-6.5	4.1	10.7	0.8	-2.1		
Feb.	-1.8	-8.7	-10.5	10.7	16.4	-11.3	-5.4	5.2	4.5	19.0	3.7		
Mar.	3.4	7.0	10.5	10.0	7.0	-10.5	7.0	5.0	17.6	12.1	-0.9		
Apr.	3.3	33.7	36.9	11.2	5.6	-7.6	35.0	5.4	2.3	2.2	-0.1		
May	-0.2	-14.8	-15.0	8.6	18.9	-9.6	-5.7	4.6	1.4	9.8	-1.6		
June ³⁾	3.7	9.4	13.1	6.8	-0.8	-7.0	5.2	4.1	-11.6	0.9	2.8		

Source: ECB.

- 1) Monetary aggregates comprise monetary liabilities of MFIs and central government (Post Office, Treasury) vis-à-vis non-MFI euro area residents excluding central government.
- 2) Taking the December 1998 outstanding level (not seasonally adjusted) as 100, the index shows the cumulative product of changes from that date calculated from flows as described in footnote 4. The percentage change in the index between any two dates corresponds to the change in the aggregate excluding such reclassifications, etc.

M3			Main counterparts of M3									
Total	Index, Dec. 98=100 ²⁾		Longer-term MFI liabilities				Credit ³⁾				Net external assets	
			Deposits with agreed maturity over 2 years	Deposits redeem- able at notice over 3 months	Debt securities over 2 years	Capital and reserves	Credit to govern- ment	Credit to other euro area residents	Of which loans	Index Dec. 98 =100 ²⁾		
12	13	14	15	16	17	18	19	20	21	22	23	
4,385.5	98.38		1,020.5	209.6	1,323.1	717.3	2,063.1	5,526.9	5,041.3	98.74	401.5	1998 Nov.
4,455.6	100.00		1,030.2	214.8	1,329.2	714.3	2,030.1	5,589.6	5,095.9	100.00	383.3	Dec.
4,501.1	100.93		1,096.3	123.1	1,362.8	755.5	2,032.3	5,637.9	5,109.3	101.49	366.8	1999 Jan.
4,486.4	100.51		1,107.8	121.8	1,378.1	753.5	2,047.5	5,640.1	5,111.3	101.48	315.9	Feb.
4,502.6	100.87		1,112.9	120.9	1,387.7	767.2	2,060.9	5,700.8	5,158.2	102.32	337.7	Mar.
4,541.1	101.63		1,114.9	118.7	1,400.6	778.0	2,049.4	5,741.9	5,179.5	102.75	327.6	Apr.
4,574.2	102.34		1,112.3	115.1	1,406.2	782.6	2,066.3	5,793.6	5,211.9	103.37	288.8	May
4,598.0	102.81		1,121.9	114.2	1,413.2	793.3	2,052.7	5,882.8	5,305.5	105.25	307.7	June
4,607.4	103.10		1,126.6	111.9	1,415.1	797.9	2,032.7	5,918.5	5,340.2	105.99	311.7	July
4,588.5	102.63		1,132.6	111.0	1,421.7	796.6	2,033.1	5,920.6	5,335.3	105.88	279.0	Aug.
4,614.1	102.95		1,134.9	111.2	1,429.7	807.1	2,054.2	5,949.8	5,374.9	106.70	304.0	Sep.
4,636.2	103.34		1,139.7	110.6	1,444.5	816.3	2,075.6	5,995.3	5,421.3	107.55	271.3	Oct.
4,686.1	104.34		1,148.7	110.6	1,454.0	821.4	2,086.4	6,082.4	5,486.0	108.77	266.0	Nov.
4,776.9	106.12		1,160.3	112.8	1,451.8	869.2	2,054.9	6,138.1	5,517.1	109.46	278.5	Dec.
4,786.1	106.18		1,162.6	111.8	1,452.5	885.2	2,058.0	6,188.5	5,563.1	110.29	238.6	2000 Jan.
4,806.7	106.66		1,165.1	112.8	1,463.9	889.1	2,062.2	6,243.2	5,597.1	110.98	247.0	Feb.
4,846.4	107.46		1,163.6	113.6	1,467.1	905.1	2,056.3	6,345.5	5,667.5	112.30	177.3	Mar.
4,936.0	108.33		1,163.8	113.2	1,487.6	914.9	2,036.2	6,426.5	5,727.0	113.34	199.6	Apr.
4,932.6	108.42		1,165.4	114.4	1,491.6	916.1	2,018.7	6,476.2	5,755.5	113.88	182.6	May
4,929.2	108.36		1,165.3	115.9	1,495.9	927.3	1,994.4	6,502.7	5,817.3	114.94	280.9	June ⁴⁾

M3			Main counterparts of M3									
Total	Annual percentage change ⁴⁾	3-month moving average (centred)	Longer-term MFI liabilities				Credit ³⁾				Net external assets	
			Deposits with agreed maturity over 2 years	Deposits redeem- able at notice over 3 months	Debt securities over 2 years	Capital and reserves	Credit to govern- ment	Credit to other euro area residents	Of which loans	Annual percent- age change ⁴⁾		
12	13	14	15	16	17	18	19	20	21	22	23	
72.3	4.7	5.1	9.9	5.5	8.0	-3.0	-31.8	73.3	64.1	9.0	-21.9	1998 Dec.
41.2	5.9	5.3	1.3	-1.1	25.9	11.3	19.0	88.6	75.8	10.4	-33.8	1999 Jan.
-18.3	5.2	5.5	4.1	-1.3	12.4	-0.7	24.7	-1.5	-0.3	9.8	-54.8	Feb.
15.8	5.4	5.3	4.6	-0.8	4.9	14.1	30.8	63.1	42.3	10.0	-3.6	Mar.
34.0	5.3	5.4	1.8	-2.2	14.5	11.5	-13.1	40.5	21.4	9.6	-14.2	Apr.
31.6	5.4	5.4	-2.8	-3.6	4.5	5.2	14.8	49.7	31.5	9.9	-41.0	May
21.4	5.5	5.6	9.3	-1.0	6.0	14.4	-11.1	90.3	94.8	10.4	18.4	June
12.9	5.9	5.7	5.2	-2.3	4.3	5.0	-24.7	37.3	37.5	10.2	9.4	July
-21.3	5.7	5.8	5.7	-0.9	3.7	0.8	5.7	2.0	-5.8	10.0	-39.0	Aug.
14.3	5.9	5.8	2.3	0.2	21.0	5.5	29.1	28.5	41.1	9.9	15.9	Sep.
17.6	5.7	5.9	6.1	-0.6	12.7	7.5	31.6	41.8	43.3	10.0	-33.7	Oct.
44.7	6.1	5.9	8.1	0.1	5.6	4.1	16.8	77.8	61.2	10.2	-11.5	Nov.
79.9	6.1	5.8	11.5	2.1	-2.4	31.5	-37.0	54.2	35.1	9.5	10.5	Dec.
2.9	5.2	5.8	1.9	-0.9	-0.9	18.6	5.9	46.2	41.6	8.7	-44.8	2000 Jan.
21.8	6.1	6.0	0.7	1.0	11.2	5.3	4.4	53.8	34.7	9.4	-7.7	Feb.
35.8	6.5	6.4	-2.1	0.8	2.5	17.1	-2.3	96.4	66.6	9.8	-73.1	Mar.
39.4	6.6	6.4	-0.8	-0.4	14.6	9.5	-19.7	70.1	52.5	10.3	-21.6	Apr.
3.8	5.9	6.0	1.0	1.2	7.3	3.3	-14.1	47.7	27.2	10.2	-14.9	May
-2.6	5.4	-	0.0	1.5	7.4	7.6	-23.2	21.3	53.6	9.2	94.0	June ⁴⁾

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

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

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

	M3										Loans to other euro area residents (excluding government)	
	M2				Marketable instruments ⁴⁾				Total	Index ²⁾	Total	Index ²⁾
	M1		Other short-term deposits ³⁾		Total	Index ²⁾	Total	Index ²⁾				
	Total	Index ²⁾	Total	Index ²⁾					5	6	7	8
1998 Nov.	1,695.8	95.41	2,098.4	98.51	3,794.2	97.10	609.9	110.82	4,404.1	98.80	5,048.9	98.89
Dec.	1,719.6	96.78	2,110.2	99.12	3,829.9	98.06	574.6	104.51	4,404.5	98.85	5,066.2	99.42
1999 Jan.	1,784.0	100.49	2,111.2	99.32	3,895.2	99.85	579.8	103.74	4,475.0	100.34	5,089.5	101.09
Feb.	1,780.6	100.23	2,105.0	98.96	3,885.6	99.54	592.1	105.80	4,477.7	100.32	5,114.2	101.54
Mar.	1,800.5	101.28	2,114.6	99.34	3,915.2	100.22	587.6	105.40	4,502.8	100.87	5,161.4	102.38
Apr.	1,812.0	101.90	2,118.7	99.50	3,930.8	100.59	601.9	107.37	4,532.7	101.44	5,190.0	102.96
May	1,831.6	102.97	2,122.8	99.67	3,954.4	101.17	605.7	107.97	4,560.1	102.02	5,230.8	103.75
June	1,844.9	103.70	2,117.5	99.39	3,962.4	101.35	613.8	109.19	4,576.3	102.33	5,285.3	104.85
July	1,864.5	104.86	2,129.6	100.02	3,994.2	102.22	608.4	108.38	4,602.5	102.99	5,321.2	105.62
Aug.	1,872.1	105.24	2,132.4	100.11	4,004.5	102.45	615.5	109.55	4,620.0	103.33	5,355.2	106.27
Sep.	1,882.7	105.87	2,131.5	100.08	4,014.2	102.71	637.7	111.36	4,651.9	103.79	5,390.1	107.00
Oct.	1,891.6	106.31	2,139.4	100.32	4,031.0	103.05	646.5	112.74	4,677.5	104.26	5,435.4	107.83
Nov.	1,904.9	106.97	2,141.3	100.32	4,046.2	103.34	662.2	115.22	4,708.3	104.83	5,492.6	108.90
Dec.	1,906.8	107.06	2,139.0	100.21	4,045.8	103.33	684.6	117.19	4,730.5	105.09	5,486.4	108.86
2000 Jan.	1,950.0	109.43	2,122.2	99.38	4,072.2	103.95	690.1	117.33	4,762.3	105.65	5,538.1	109.80
Feb.	1,977.3	110.96	2,130.4	99.84	4,107.7	104.90	696.0	118.33	4,803.8	106.60	5,600.8	111.05
Mar.	1,990.5	111.62	2,134.9	99.99	4,125.4	105.28	721.6	122.45	4,847.0	107.47	5,670.7	112.36
Apr.	2,006.5	112.41	2,139.1	100.06	4,145.6	105.68	765.4	122.26	4,911.0	107.78	5,739.1	113.58
May	2,003.4	112.42	2,152.1	100.68	4,155.5	106.02	767.5	123.17	4,922.9	108.20	5,778.3	114.33
June ⁶⁾	1,976.6	110.98	2,155.7	100.92	4,132.3	105.50	773.9	123.90	4,906.2	107.85	5,795.5	114.50

4. Seasonally adjusted flows ⁵⁾

	M3										Loans to other euro area residents (excluding government)	
	M2				Marketable instruments ⁴⁾				Total	Change on previous month (%)	Total	Change on previous month (%)
	M1		Other short-term deposits ³⁾		Total	Change on previous month (%)	Total	Change on previous month (%)				
	Total	Change on previous month (%)	Total	Change on previous month (%)					5	6	7	8
1998 Nov.	16.6	1.0	9.3	0.4	25.9	0.7	-24.1	-3.8	1.8	0.0	44.4	0.9
Dec.	24.2	1.4	13.1	0.6	37.3	1.0	-34.7	-5.7	2.6	0.1	26.8	0.5
1999 Jan.	66.1	3.8	4.2	0.2	70.2	1.8	-4.3	-0.7	65.9	1.5	85.5	1.7
Feb.	-4.6	-0.3	-7.7	-0.4	-12.3	-0.3	11.5	2.0	-0.8	0.0	22.3	0.4
Mar.	18.6	1.0	8.1	0.4	26.7	0.7	-2.2	-0.4	24.5	0.5	42.7	0.8
Apr.	11.0	0.6	3.5	0.2	14.5	0.4	11.0	1.9	25.5	0.6	28.8	0.6
May	19.1	1.1	3.5	0.2	22.5	0.6	3.4	0.6	25.9	0.6	39.9	0.8
June	12.9	0.7	-5.9	-0.3	7.0	0.2	6.8	1.1	13.8	0.3	55.6	1.1
July	20.7	1.1	13.5	0.6	34.2	0.9	-4.5	-0.7	29.7	0.6	38.7	0.7
Aug.	6.8	0.4	1.9	0.1	8.6	0.2	6.5	1.1	15.2	0.3	33.1	0.6
Sep.	11.1	0.6	-0.7	0.0	10.4	0.3	10.2	1.7	20.6	0.4	36.4	0.7
Oct.	7.9	0.4	5.2	0.2	13.2	0.3	7.9	1.2	21.1	0.5	42.2	0.8
Nov.	11.6	0.6	-0.1	0.0	11.5	0.3	14.2	2.2	25.7	0.5	53.8	1.0
Dec.	1.7	0.1	-2.2	-0.1	-0.5	0.0	11.3	1.7	10.8	0.2	-2.3	0.0
2000 Jan.	42.2	2.2	-17.8	-0.8	24.4	0.6	0.9	0.1	25.3	0.5	47.4	0.9
Feb.	27.2	1.4	9.7	0.5	36.9	0.9	5.9	0.9	42.8	0.9	63.3	1.1
Mar.	11.8	0.6	3.2	0.2	15.1	0.4	24.2	3.5	39.3	0.8	66.1	1.2
Apr.	14.0	0.7	1.6	0.1	15.7	0.4	-1.1	-0.2	14.5	0.3	61.4	1.1
May	0.3	0.0	13.1	0.6	13.4	0.3	5.7	0.7	19.1	0.4	37.9	0.7
June ⁶⁾	-25.7	-1.3	5.3	0.2	-20.4	-0.5	4.6	0.6	-15.9	-0.3	8.9	0.2

Source: ECB.

1) See page 16%, footnote 1.

2) See page 16%, footnote 2. For the calculation of growth rates, see the technical notes.

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

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

5) See page 17%, footnote 4.

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

	Non-financial corporations ²⁾³⁾				Households ²⁾³⁾	Consumer credit ⁴⁾			Lending for house purchase ⁴⁾			Other lending			Non-profit institutions serving households ²⁾		
	1	Up to 1 year 2	Over 1 and up to 5 years 3	Over 5 years 4		5	Up to 1 year 6	Over 1 and up to 5 years 7	Over 5 years 8	Up to 1 year 9	Over 1 and up to 5 years 10	Over 5 years 11	Up to 1 year 12	Over 1 and up to 5 years 13		Over 5 years 14	15
1998 Q2	2,200.5	785.1	320.8	1,094.6	2,373.6	78.2	121.8	190.2	28.4	49.7	1,344.7	113.9	79.2	367.6	37.5		
Q3	2,223.6	775.1	324.3	1,124.3	2,420.4	80.2	126.0	195.1	28.9	48.6	1,379.3	111.8	86.6	364.0	36.8		
Q4	2,286.8	813.3	316.2	1,157.3	2,479.6	84.6	128.4	199.8	28.2	42.0	1,419.6	114.3	82.0	380.7	36.9		
1999 Q1	2,258.7	818.7	338.5	1,101.4	2,527.5	86.5	147.6	187.3	15.4	66.9	1,464.0	135.5	99.3	325.1	35.8		
Q2	2,330.1	844.0	352.6	1,133.5	2,593.0	84.6	152.8	192.9	18.7	63.7	1,513.6	138.3	99.2	329.1	35.8		
Q3	2,344.9	831.5	362.3	1,151.2	2,653.5	86.2	155.6	195.3	19.5	64.3	1,561.4	136.2	97.8	337.3	36.2		
Q4	2,417.7	857.9	372.8	1,186.9	2,718.2	88.7	154.5	194.2	19.9	60.4	1,619.2	142.1	100.2	339.0	37.4		
2000 Q1 ^(p)	2,491.1	892.3	389.6	1,209.2	2,768.0	90.2	160.9	197.9	20.2	59.5	1,654.0	140.6	100.8	344.0	39.1		

2. Loans to non-monetary financial corporations

	Non-monetary financial intermediaries except insurance corporations and pension funds ²⁾				Insurance corporations and pension funds ²⁾			
	16	Up to 1 year 17	Over 1 and up to 5 years 18	Over 5 years 19	20	Up to 1 year 21	Over 1 and up to 5 years 22	Over 5 years 23
1998 Q2	246.3	148.1	51.4	46.8	23.4	16.4	2.1	4.8
Q3	247.5	143.3	54.2	50.0	35.2	27.2	2.4	5.6
Q4	264.0	158.0	52.9	53.0	27.8	19.0	2.5	6.3
1999 Q1	300.3	183.6	54.8	61.8	35.9	27.0	3.0	5.9
Q2	306.0	192.0	52.3	61.7	40.3	28.8	2.7	8.8
Q3	298.7	181.1	53.3	64.3	41.7	32.9	2.8	6.0
Q4	314.8	190.4	54.6	69.7	29.2	20.6	2.7	5.9
2000 Q1 ^(p)	331.8	203.3	55.9	72.7	32.8	21.6	3.9	7.3

3. Loans to government

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

Source: ECB.

- 1) Outstanding amounts are not adjusted for reclassifications, other revaluations or exchange rate variations. Data are partially estimated. For further details, see the technical notes.
- 2) Corresponding ESA 95 sector codes: non-financial corporations, S11; households, S14; non-profit institutions serving households, S15; non-monetary financial intermediaries except insurance corporations and pension funds (corresponding to other financial intermediaries in the ESA 95), S123 (including financial auxiliaries, S124); insurance corporations and pension funds, S125; general government, S13.
- 3) As a result of the implementation of a new reporting scheme in January 1999, data prior to the first quarter of 1999 are not directly comparable with those referring to later periods.
- 4) The definitions of consumer credit and lending for house purchase are not fully consistent across the euro area.
- 5) A maturity breakdown is not available for loans to central government.

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

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

2. Deposits held by non-monetary financial corporations

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

3. Deposits held by government

	General government ²⁾																
	1	Central government		Other general government													
		2	State government					Local government				Social security funds					
			3	Overnight	With agreed maturity	Redeemable at notice	Repos	8	Overnight	With agreed maturity	Redeemable at notice	Repos	13	Overnight	With agreed maturity	Redeemable at notice	Repos
	4	5	6	7	9	10	11	12	14	15	16	17					
1998 Q2	285.5	147.3	51.1	7.4	43.5	0.1	0.1	45.7	21.8	19.3	3.4	1.2	41.3	15.0	23.8	1.3	1.2
Q3	297.0	156.4	52.7	7.8	44.6	0.1	0.2	47.2	21.7	20.3	3.5	1.6	40.8	14.3	23.7	1.3	1.5
Q4	299.4	149.7	53.7	10.1	43.5	0.1	0.1	52.8	25.7	22.3	3.5	1.2	43.1	12.9	28.3	1.1	0.8
1999 Q1	253.8	133.4	25.6	7.4	17.9	0.1	0.2	52.9	24.1	23.9	3.2	1.7	41.9	14.3	25.6	1.0	1.0
Q2	254.5	125.0	27.3	8.1	18.9	0.2	0.1	54.3	26.1	24.1	3.4	0.7	47.9	18.2	27.6	1.1	1.0
Q3	262.0	133.2	27.8	8.7	18.7	0.1	0.2	54.4	24.5	25.4	3.3	1.1	46.6	17.1	27.2	0.9	1.5
Q4	280.7	142.0	31.6	10.2	21.1	0.1	0.2	59.0	27.1	27.2	3.4	1.2	48.1	16.0	30.6	0.7	0.7
2000 Q1 ⁴⁾	269.3	130.2	28.7	8.3	20.2	0.1	0.1	58.5	25.6	27.5	3.3	2.1	51.9	18.3	31.9	0.7	1.1

Source: ECB.

1) Outstanding amounts are not adjusted for reclassifications, other revaluations or exchange rate variations. Data are partially estimated. For further details, see the technical notes.

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

3) As a result of the implementation of a new reporting scheme in January 1999, data prior to the first quarter of 1999 are not directly comparable with those referring to later periods.

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

	Loans to non-residents				Holdings of securities other than shares issued by non-residents				Holdings of shares and other equity issued by non-residents			Deposits held by non-residents			
	1	Banks ³⁾⁴⁾		Non-banks		5	Banks ³⁾		Non-banks		9	Banks ³⁾		Non-banks	
		2	General government ³⁾	Other	6		General government ³⁾	Other	7	8		10	Other	11	12	13	General government ^{3)}	Other
1998 Q2	93.7	77.3	12.9	3.4	91.6	9.3	80.9	1.5	1.0	0.3	0.8	14.4	9.1	5.0	0.3
Q3	78.7	70.4	4.4	3.9	94.0	3.0	89.8	1.2	0.6	0.1	0.5	10.3	9.5	0.4	0.4
Q4	84.4	71.6	11.6	1.1	120.8	2.3	116.2	2.3	0.6	0.1	0.5	12.8	12.1	0.4	0.4
1999 Q1	108.4	97.1	8.4	2.9	185.4	3.9	178.7	2.9	0.4	0.1	0.3	91.9	89.6	0.4	1.8
Q2	191.4	174.7	13.1	3.7	175.2	4.5	166.9	3.8	0.4	0.1	0.3	165.2	162.8	0.2	2.2
Q3	108.1	99.0	6.8	2.3	176.2	4.0	168.1	4.1	0.4	0.1	0.3	82.6	80.6	0.4	1.5
Q4	59.6	45.6	7.4	6.6	193.9	5.7	184.4	3.8	0.6	0.1	0.5	43.2	39.8	0.3	3.2
2000 Q1 ⁴⁾	92.9	81.8	8.9	2.2	199.7	4.8	189.2	5.7	0.5	0.1	0.4	68.3	66.7	0.2	1.4

2. MFIs excluding the Eurosystem

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

3. MFIs including the Eurosystem

	Loans to non-residents				Holdings of securities other than shares issued by non-residents				Holdings of shares and other equity issued by non-residents			Deposits held by non-residents			
	1	Banks ³⁾⁴⁾		Non-banks		5	Banks ³⁾		Non-banks		9	Banks ³⁾		Non-banks	
		2	General government ³⁾	Other	6		General government ³⁾	Other	7	8		10	Other	11	12	13	General government ^{3)}	Other
1998 Q2	1,430.2	1,040.6	78.8	310.8	373.6	90.4	172.9	110.3	57.7	17.2	40.5	1,501.6	1,132.3	66.5	302.8
Q3	1,402.3	1,020.2	73.1	309.0	365.1	69.7	173.8	121.6	58.2	23.0	35.1	1,496.2	1,168.8	34.3	293.1
Q4	1,337.4	961.5	82.3	293.6	393.2	66.8	205.6	120.8	55.8	22.0	33.8	1,514.7	1,151.7	39.6	323.4
1999 Q1	1,375.6	993.1	69.5	313.0	485.5	75.4	284.3	125.9	58.8	22.4	36.4	1,710.0	1,294.0	71.3	344.7
Q2	1,439.6	1,024.5	77.0	338.1	495.9	82.7	271.0	142.1	75.6	32.5	43.0	1,831.8	1,378.4	63.3	390.1
Q3	1,362.5	949.5	71.3	341.7	495.8	91.6	258.1	146.1	78.0	37.8	40.2	1,771.0	1,310.8	63.0	397.2
Q4	1,336.9	908.5	72.2	356.2	534.0	99.7	273.9	160.3	80.7	37.5	43.2	1,816.8	1,318.2	72.3	426.3
2000 Q1 ⁴⁾	1,423.5	972.0	75.1	376.4	570.3	108.2	288.1	174.0	99.6	45.5	54.1	2,054.4	1,504.6	71.3	478.5

Source: ECB.

1) Outstanding amounts are not adjusted for reclassifications, other revaluations or exchange rate variations. Data are partially estimated. For further details, see the technical notes.

2) New reporting rules as from January 1999 caused significant breaks in the first quarter of 1999.

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

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

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

	MFIs								Non-MFIs							
	All currencies 1	Euro ²⁾ 2	Other EU currencies 3	Other currencies 4	Other currencies				All currencies 9	Euro ²⁾ 10	Other EU currencies 11	Other currencies 12	Other currencies			
					USD 5	JPY 6	CHF 7	Other 8					USD 13	JPY 14	CHF 15	Other 16
1998 Q2	3,280.8	2,937.1	39.2	304.5	213.9	20.9	42.9	26.9	4,897.6	4,742.9	18.7	135.9	99.5	15.8	10.2	10.5
Q3	3,310.6	2,932.0	41.1	337.4	234.1	27.1	44.2	32.0	4,889.2	4,736.7	19.7	132.7	95.2	12.7	13.7	11.2
Q4	3,405.4	3,024.3	41.3	339.8	237.7	27.3	50.3	24.5	5,025.5	4,878.3	19.9	127.2	91.2	13.2	13.2	9.7
1999 Q1	3,877.1	3,453.3	49.1	374.6	263.6	27.1	54.5	29.4	5,002.5	4,850.6	23.7	128.1	89.2	14.2	14.5	10.2
Q2	4,109.5	3,710.4	44.0	355.0	252.8	27.0	51.5	23.6	5,059.6	4,899.3	25.7	134.6	96.6	15.0	12.5	10.5
Q3	3,836.7	3,430.1	46.0	360.6	253.4	30.0	56.1	21.0	5,061.5	4,901.1	25.8	134.6	95.9	16.3	11.9	10.4
Q4	3,856.9	3,448.2	42.4	366.4	258.1	33.9	54.1	20.2	5,191.3	5,027.2	24.0	140.1	100.8	17.3	11.5	10.5
2000 Q1 ⁴⁾	3,921.5	3,488.8	51.3	381.4	263.1	38.8	59.6	19.8	5,230.1	5,056.7	28.4	145.1	105.5	17.2	11.7	10.6

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

	Banks ³⁾								Non-banks							
	All currencies 1	Euro ²⁾ 2	Other EU currencies 3	Other currencies 4	Other currencies				All currencies 9	Euro ²⁾ 10	Other EU currencies 11	Other currencies 12	Other currencies			
					USD 5	JPY 6	CHF 7	Other 8					USD 13	JPY 14	CHF 15	Other 16
1998 Q2	1,132.3	460.7	121.4	550.3	425.7	40.9	49.9	33.7	372.7	147.8	32.6	192.3	140.3	18.9	11.6	21.5
Q3	1,168.8	464.3	127.3	577.2	443.6	47.5	54.1	32.0	330.8	143.1	28.8	158.9	122.3	13.8	11.2	11.6
Q4	1,151.7	455.3	123.5	572.9	438.1	56.1	52.6	26.1	366.4	154.5	33.2	178.6	131.3	22.8	12.1	12.5
1999 Q1	1,294.0	556.5	128.4	609.2	470.4	52.9	53.1	32.7	415.2	178.1	36.8	200.3	149.2	24.2	12.9	13.9
Q2	1,378.4	613.9	135.3	629.2	501.2	39.2	52.3	36.5	453.2	193.3	40.9	219.0	168.0	24.5	11.7	14.8
Q3	1,310.8	553.8	130.1	626.9	495.6	43.9	53.5	33.9	458.8	199.8	43.4	215.7	161.9	27.5	11.4	14.8
Q4	1,318.2	539.0	120.9	658.3	526.0	48.8	50.7	32.8	498.5	214.0	46.7	237.9	183.4	27.3	13.0	14.2
2000 Q1 ⁴⁾	1,504.6	597.4	155.5	751.6	588.7	63.9	64.4	34.7	549.8	236.8	54.3	258.7	198.3	32.6	12.5	15.3

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

	Debt securities								Money market paper							
	All currencies 1	Euro ²⁾ 2	Other EU currencies 3	Other currencies 4	Other currencies				All currencies 9	Euro ²⁾ 10	Other EU currencies 11	Other currencies 12	Other currencies			
					USD 5	JPY 6	CHF 7	Other 8					USD 13	JPY 14	CHF 15	Other 16
1998 Q2	2,053.9	1,833.8	22.5	197.6	112.7	37.6	30.6	16.7	160.2	144.2	0.7	15.3	10.9	1.8	1.2	1.3
Q3	2,105.7	1,891.4	26.0	188.3	105.3	33.9	33.4	15.8	166.1	147.9	0.6	17.6	15.5	1.0	0.7	0.3
Q4	2,121.3	1,903.5	27.7	190.1	106.6	35.4	33.2	15.0	169.4	155.4	0.6	13.4	11.3	0.9	1.1	0.1
1999 Q1	2,199.3	1,967.4	26.7	205.3	119.5	35.4	35.2	15.1	185.4	169.8	0.8	14.9	12.6	0.8	1.3	0.2
Q2	2,274.2	2,026.7	32.2	215.3	125.7	35.4	37.1	17.0	188.1	170.3	1.4	16.5	13.8	1.1	1.5	0.2
Q3	2,334.5	2,079.9	33.8	220.9	127.7	38.5	37.2	17.4	207.4	187.8	1.2	18.4	13.3	2.7	2.2	0.2
Q4	2,368.7	2,108.5	35.2	225.0	128.0	42.4	36.9	17.6	245.4	220.5	1.5	23.4	17.2	3.6	2.3	0.4
2000 Q1 ⁴⁾	2,428.5	2,146.9	37.5	244.1	136.1	49.2	36.7	22.2	250.4	226.0	1.7	22.7	15.8	4.2	2.0	0.7

Source: ECB.

1) Outstanding amounts are not adjusted for reclassifications, other revaluations or exchange rate variations. Data are partially estimated. For further details, see the technical notes.

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

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

Assets outstanding

4. Loans to euro area residents

	MFIs								Non-MFIs							
	All currencies 1	Euro ²⁾ 2	Other EU currencies 3	Other currencies 4					All currencies 9	Euro ²⁾ 10	Other EU currencies 11	Other currencies 12				
					USD 5	JPY 6	CHF 7	Other 8					USD 13	JPY 14	CHF 15	Other 16
1998 Q2	3,336.7	-	-	-	-	-	-	-	5,707.9	5,545.5	25.3	137.0	80.8	13.5	38.4	4.4
Q3	3,355.3	-	-	-	-	-	-	-	5,792.7	5,630.4	26.3	136.0	77.7	12.7	42.8	2.9
Q4	3,386.1	-	-	-	-	-	-	-	5,937.5	5,764.0	26.6	147.0	79.0	15.4	48.8	3.8
1999 Q1	3,865.3	-	-	-	-	-	-	-	5,995.4	5,798.8	20.2	176.4	99.9	18.3	53.7	4.5
Q2	4,097.0	-	-	-	-	-	-	-	6,142.3	5,931.4	21.3	189.6	108.9	19.5	57.9	3.2
Q3	3,820.5	-	-	-	-	-	-	-	6,204.7	5,984.9	23.3	196.6	106.9	23.9	61.6	4.2
Q4	3,842.3	-	-	-	-	-	-	-	6,364.3	6,132.0	22.3	210.0	114.7	28.3	62.4	4.6
2000 Q1 ^(p)	3,939.6	-	-	-	-	-	-	-	6,505.9	6,239.9	32.0	234.0	128.1	34.7	67.0	4.2

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

	Issued by MFIs								Issued by non-MFIs							
	All currencies 1	Euro ²⁾ 2	Other EU currencies 3	Other currencies 4					All currencies 9	Euro ²⁾ 10	Other EU currencies 11	Other currencies 12				
					USD 5	JPY 6	CHF 7	Other 8					USD 13	JPY 14	CHF 15	Other 16
1998 Q2	683.9	656.0	5.9	22.0	13.8	2.5	1.1	4.6	1,430.3	1,389.7	8.6	32.0	15.6	6.4	2.5	7.6
Q3	706.8	679.7	7.2	20.0	12.9	2.9	1.4	2.9	1,416.1	1,380.3	10.2	25.6	14.0	7.0	2.3	2.3
Q4	722.4	680.9	17.8	23.6	15.8	3.6	1.8	2.5	1,377.8	1,340.9	10.6	26.3	14.7	8.2	2.3	1.1
1999 Q1	762.7	727.0	7.8	27.9	18.3	5.6	1.3	2.7	1,419.0	1,386.5	3.9	28.5	15.4	10.2	2.0	0.9
Q2	801.8	767.7	6.5	27.6	18.3	5.2	1.1	3.0	1,429.1	1,398.9	3.2	26.9	13.6	10.2	2.1	1.1
Q3	829.4	795.4	6.8	27.2	17.8	5.1	1.7	2.6	1,442.8	1,412.6	3.1	27.1	13.0	10.4	2.2	1.6
Q4	829.1	794.5	7.3	27.3	18.2	4.8	2.3	2.0	1,435.4	1,402.9	5.4	27.1	12.7	10.3	1.9	2.2
2000 Q1 ^(p)	871.3	833.8	10.7	26.9	17.4	4.9	2.0	2.7	1,446.3	1,413.9	4.7	27.2	13.3	10.9	2.0	1.0

6. Loans to non-residents of the euro area

	Banks ³⁾								Non-banks							
	All currencies 1	Euro ²⁾ 2	Other EU currencies 3	Other currencies 4					All currencies 9	Euro ²⁾ 10	Other EU currencies 11	Other currencies 12				
					USD 5	JPY 6	CHF 7	Other 8					USD 13	JPY 14	CHF 15	Other 16
1998 Q2	1,040.6	417.6	84.9	538.1	409.3	62.8	28.7	37.3	386.3	181.5	20.9	183.9	162.9	4.6	11.1	5.3
Q3	1,020.2	419.3	98.3	502.6	365.2	67.5	26.7	43.2	378.8	174.7	24.5	179.6	156.5	5.3	11.9	5.9
Q4	961.5	371.7	74.1	515.7	375.8	74.7	27.0	38.1	372.6	148.1	26.8	197.8	171.6	8.3	13.3	4.5
1999 Q1	993.1	457.8	76.3	459.0	325.1	62.3	27.2	44.4	384.4	134.1	29.0	221.4	193.7	7.7	14.4	5.6
Q2	1,024.5	474.4	80.5	469.6	349.1	52.9	26.2	41.4	417.2	139.9	35.0	242.3	211.7	8.0	16.3	6.3
Q3	949.5	428.1	78.4	442.9	320.3	54.1	28.3	40.2	413.6	143.4	36.9	233.3	198.7	10.8	18.0	5.8
Q4	908.5	388.9	74.9	444.6	323.4	53.9	30.0	37.4	431.8	138.6	39.6	253.5	217.0	11.1	18.8	6.7
2000 Q1 ^(p)	972.0	426.8	90.5	454.7	322.7	58.1	33.2	40.7	455.4	145.7	40.0	269.7	229.7	13.7	20.0	6.3

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

	Issued by banks ³⁾								Issued by non-banks							
	All currencies 1	Euro ²⁾ 2	Other EU currencies 3	Other currencies 4					All currencies 9	Euro ²⁾ 10	Other EU currencies 11	Other currencies 12				
					USD 5	JPY 6	CHF 7	Other 8					USD 13	JPY 14	CHF 15	Other 16
1998 Q2	90.4	18.1	5.3	67.1	38.6	4.5	0.7	23.3	278.0	49.3	25.9	202.7	141.3	20.4	3.8	37.3
Q3	69.7	20.3	-4.3	53.7	39.7	5.2	1.0	7.8	290.2	41.5	31.5	217.2	161.1	30.1	4.4	21.6
Q4	66.8	19.6	5.6	41.5	28.1	4.9	0.8	7.6	321.2	48.1	31.0	242.1	182.2	35.7	4.2	19.8
1999 Q1	75.4	19.5	5.6	50.3	35.0	5.3	0.9	9.1	409.8	52.4	31.0	326.4	255.1	37.2	4.3	29.7
Q2	82.7	21.7	6.4	54.7	39.2	5.6	1.2	8.8	412.9	66.7	33.8	312.3	247.8	37.1	4.9	22.5
Q3	91.6	33.9	6.1	51.5	38.1	5.9	1.0	6.5	403.6	80.5	30.9	292.2	237.4	33.5	4.5	16.8
Q4	99.7	38.0	7.2	54.5	39.5	6.9	1.0	7.1	433.0	91.3	31.4	310.4	253.2	34.4	4.7	18.1
2000 Q1 ^(p)	108.2	39.7	7.0	61.6	45.8	6.5	1.0	8.2	460.2	85.7	34.5	340.0	274.0	39.2	6.1	20.7

3 Financial markets and interest rates in the euro area

Table 3.1

Money market interest rates ¹⁾

(percentages per annum)

	Euro area ⁴⁾					United States ⁶⁾	Japan ⁶⁾
	Overnight deposits ²⁾³⁾ 1	1-month deposits ⁵⁾ 2	3-month deposits ⁵⁾ 3	6-month deposits ⁵⁾ 4	12-month deposits ⁵⁾ 5	3-month deposits 6	3-month deposits 7
1995	5.62	6.51	6.59	6.68	6.86	6.04	1.23
1996	4.04	4.95	4.92	4.89	4.93	5.51	0.57
1997	3.98	4.23	4.24	4.25	4.28	5.76	0.62
1998	3.09	3.84	3.83	3.78	3.77	5.57	0.66
1999	2.74	2.86	2.96	3.06	3.19	5.42	0.22
1999 July	2.52	2.63	2.68	2.90	3.03	5.31	0.11
Aug.	2.44	2.61	2.70	3.05	3.24	5.45	0.09
Sep.	2.43	2.58	2.73	3.11	3.30	5.57	0.10
Oct.	2.50	2.76	3.38	3.46	3.68	6.18	0.25
Nov.	2.94	3.06	3.47	3.48	3.69	6.10	0.30
Dec.	3.04	3.49	3.44	3.51	3.83	6.13	0.33
2000 Jan.	3.04	3.15	3.34	3.56	3.95	6.04	0.15
Feb.	3.28	3.36	3.54	3.73	4.11	6.10	0.13
Mar.	3.51	3.59	3.75	3.94	4.27	6.20	0.14
Apr.	3.69	3.80	3.93	4.09	4.37	6.31	0.12
May	3.92	4.15	4.35	4.53	4.84	6.75	0.10
June	4.29	4.37	4.50	4.68	4.96	6.79	0.13
July	4.31	4.41	4.58	4.84	5.11	6.73	0.22
2000 7 July	4.31	4.40	4.54	4.77	5.03	6.74	0.24
14	4.31	4.39	4.56	4.81	5.11	6.73	0.26
21	3.98	4.42	4.62	4.88	5.14	6.72	0.20
28	4.35	4.42	4.64	4.91	5.17	6.71	0.20

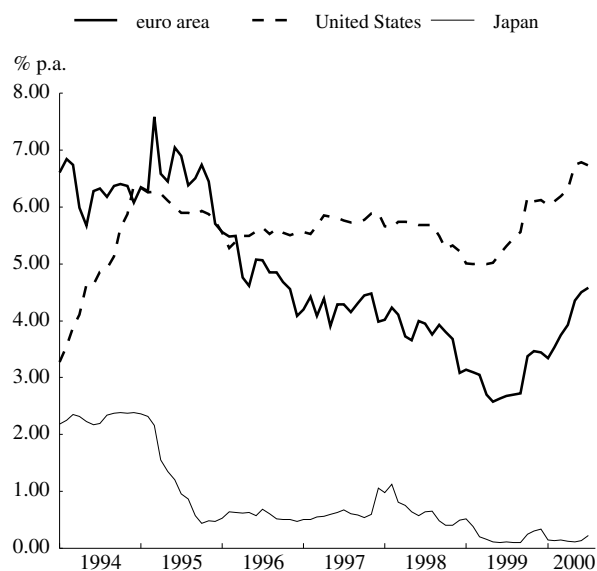
Euro area money market rates

(monthly)



3-month money market rates

(monthly)



Sources: Reuters and ECB.

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

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

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

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

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

6) London interbank offered rates (LIBOR).

Table 3.2

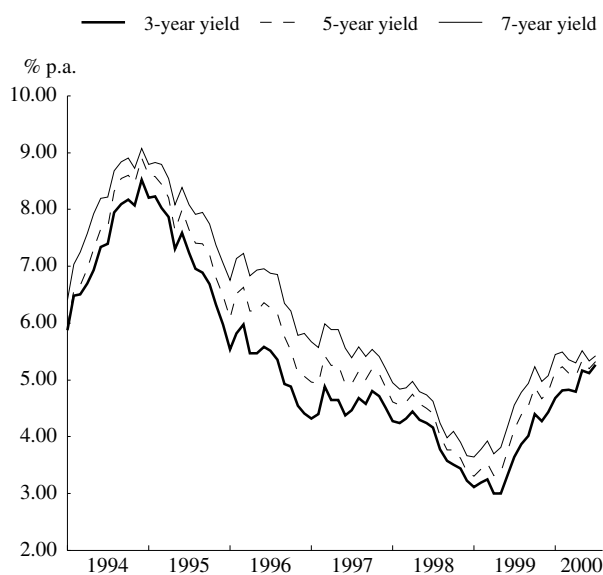
Government bond yields ¹⁾

(percentages per annum)

	Euro area ²⁾					United States	Japan
	2 years ¹	3 years ²	5 years ³	7 years ⁴	10 years ⁵	10 years ⁶	10 years ⁷
1995	5.69	5.97	6.48	7.06	8.73	6.69	3.32
1996	4.17	4.41	5.06	5.82	7.23	6.54	3.03
1997	4.33	4.51	4.87	5.20	5.99	6.45	2.15
1998	3.16	3.22	3.38	3.67	4.71	5.33	1.30
1999	3.38	3.63	4.01	4.38	4.66	5.64	1.75
1999 July	3.30	3.64	4.13	4.55	4.86	5.80	1.69
Aug.	3.56	3.87	4.39	4.78	5.06	5.94	1.89
Sep.	3.66	4.02	4.55	4.94	5.24	5.91	1.75
Oct.	4.07	4.40	4.87	5.23	5.47	6.10	1.78
Nov.	3.99	4.27	4.67	4.97	5.18	6.03	1.81
Dec.	4.18	4.43	4.79	5.07	5.30	6.26	1.73
2000 Jan.	4.38	4.68	5.14	5.44	5.70	6.66	1.71
Feb.	4.55	4.82	5.23	5.49	5.66	6.52	1.83
Mar.	4.59	4.83	5.12	5.35	5.49	6.26	1.81
Apr.	4.58	4.79	5.06	5.30	5.41	6.00	1.75
May	5.00	5.16	5.34	5.51	5.52	6.42	1.71
June	5.02	5.12	5.19	5.33	5.35	6.10	1.69
July	5.19	5.27	5.32	5.43	5.45	6.04	1.72
2000 7 July	5.11	5.20	5.29	5.42	5.46	5.99	1.75
14	5.25	5.33	5.38	5.49	5.51	6.08	1.71
21	5.23	5.31	5.34	5.42	5.44	6.00	1.71
28	5.22	5.29	5.30	5.37	5.40	6.04	1.66

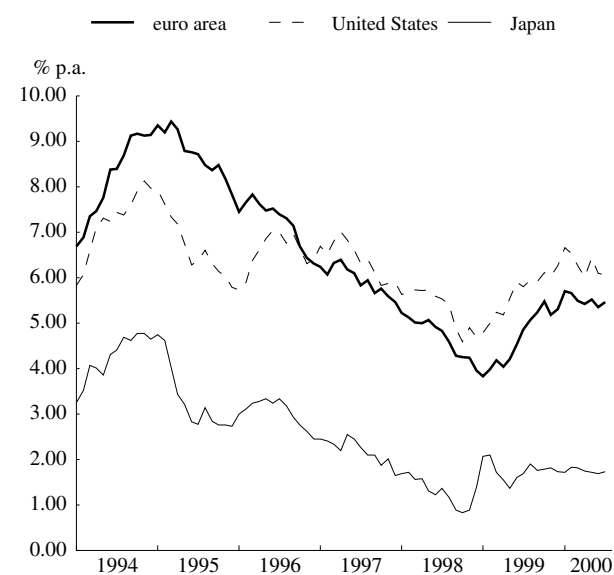
Euro area government bond yields

(monthly)



10-year government bond yields

(monthly)



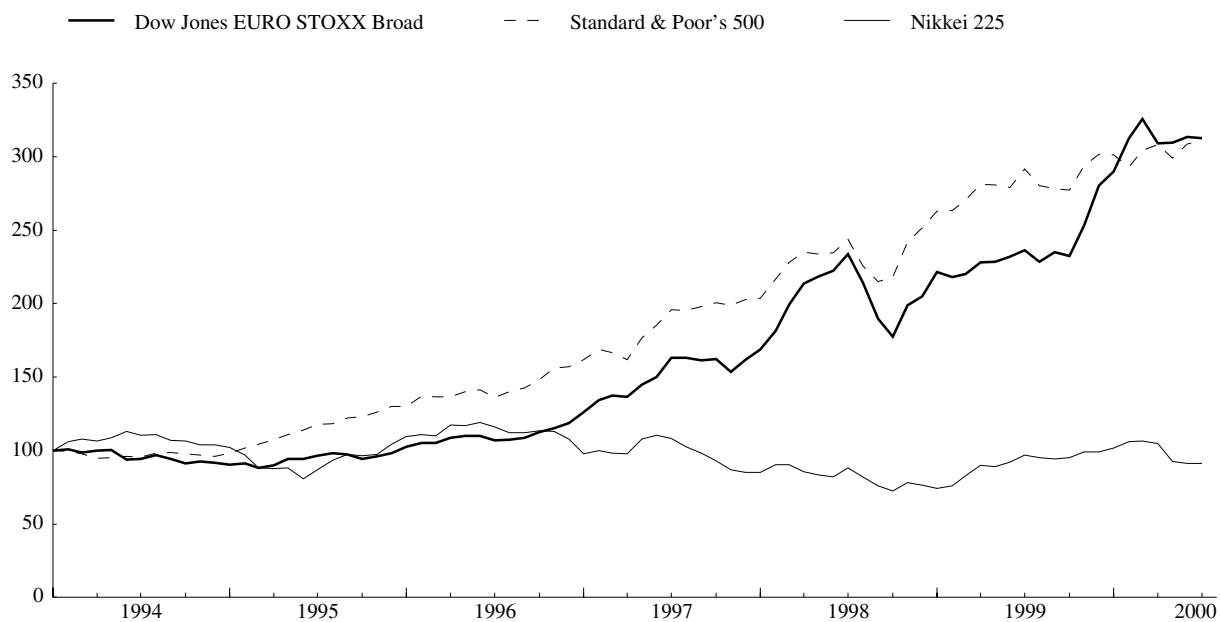
Sources: Reuters, ECB, Federal Reserve and Bank of Japan.

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

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

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

	Dow Jones EURO STOXX indices												United States	Japan
	Benchmark		Main economic sector indices											
	Broad	50	Basic materials	Consumer cyclical	Consumer non-cyclical	Energy	Financial	Industrial	Technology	Utilities	Telecommunications	Health-care	Standard & Poor's 500	Nikkei 225
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
1995	130.5	1,388.1	150.6	127.9	141.1	131.2	117.0	124.5	146.0	132.3	161.9	166.4	542.2	17,363.4
1996	151.6	1,657.5	181.1	146.8	180.6	159.5	129.9	134.7	150.0	166.3	202.4	230.2	671.2	21,061.7
1997	207.6	2,319.6	233.4	191.9	231.9	227.3	184.4	168.0	227.7	205.5	324.4	301.8	873.9	18,373.4
1998	280.5	3,076.3	257.9	245.0	295.5	249.3	281.3	218.4	333.6	282.1	487.7	348.6	1,085.3	15,338.4
1999	325.8	3,787.3	279.2	262.9	327.7	286.0	295.7	285.1	470.4	306.0	718.8	392.8	1,327.8	16,829.9
1999 July	328.1	3,846.2	294.7	265.5	330.4	316.0	289.6	294.5	481.6	302.3	687.0	392.9	1,381.0	18,008.6
Aug.	316.8	3,691.3	302.1	251.2	319.3	314.7	279.2	288.8	455.2	289.8	649.7	380.3	1,327.5	17,670.3
Sep.	325.9	3,772.8	294.3	257.5	328.7	312.3	289.8	297.8	480.8	296.1	683.3	383.3	1,318.2	17,532.8
Oct.	322.4	3,742.6	282.7	253.2	321.5	295.4	290.9	294.4	489.0	281.9	695.7	395.5	1,312.6	17,697.9
Nov.	351.2	4,160.0	294.9	265.0	333.2	305.7	310.3	314.7	589.9	297.4	836.2	427.1	1,391.6	18,440.3
Dec.	389.1	4,590.1	334.6	288.4	327.7	307.4	318.6	366.0	755.7	311.7	1,051.7	398.2	1,429.0	18,430.6
2000 Jan.	402.4	4,714.7	338.2	296.9	319.8	300.6	318.9	379.8	836.4	310.1	1,143.2	366.6	1,427.5	18,905.6
Feb.	433.8	5,090.6	309.3	308.1	307.6	299.7	313.6	396.4	989.4	346.4	1,423.7	371.3	1,388.4	19,700.9
Mar.	452.1	5,317.1	302.5	316.1	305.4	310.5	325.4	402.7	1,070.1	374.6	1,496.0	377.8	1,442.2	19,823.0
Apr.	428.6	5,149.1	306.8	293.7	313.3	329.1	339.0	382.2	957.4	353.9	1,236.7	411.1	1,459.7	19,517.7
May	429.4	5,174.7	304.2	294.5	322.3	353.1	340.0	388.0	1,004.4	356.4	1,135.1	435.5	1,416.7	17,222.5
June	434.7	5,274.2	274.6	294.8	326.1	349.8	350.0	385.4	1,052.1	349.7	1,149.7	456.4	1,462.0	16,969.3
July	433.8	5,227.8	283.1	297.8	328.2	345.7	360.4	384.3	1,044.6	333.9	1,083.0	502.2	1,472.1	16,961.1
2000 7 July	433.5	5,251.6	278.7	294.3	330.5	348.1	357.8	381.3	1,021.3	333.4	1,128.2	501.5	1,478.9	17,398.2
14	441.0	5,320.1	283.5	300.3	327.3	349.9	358.9	391.7	1,089.0	333.1	1,144.6	492.2	1,510.0	17,142.9
21	437.4	5,238.0	282.7	303.9	326.3	337.7	363.0	388.7	1,081.5	336.7	1,078.3	498.5	1,480.2	16,811.5
28	421.8	5,061.8	289.3	293.7	325.0	340.9	365.0	381.5	961.8	329.3	971.5	525.7	1,419.9	15,838.6

Dow Jones EURO STOXX Broad, Standard & Poor's 500 and Nikkei 225
(base month: January 1994 = 100; monthly)


Source: Reuters.

1) Monthly and yearly values are period averages.

Table 3.4

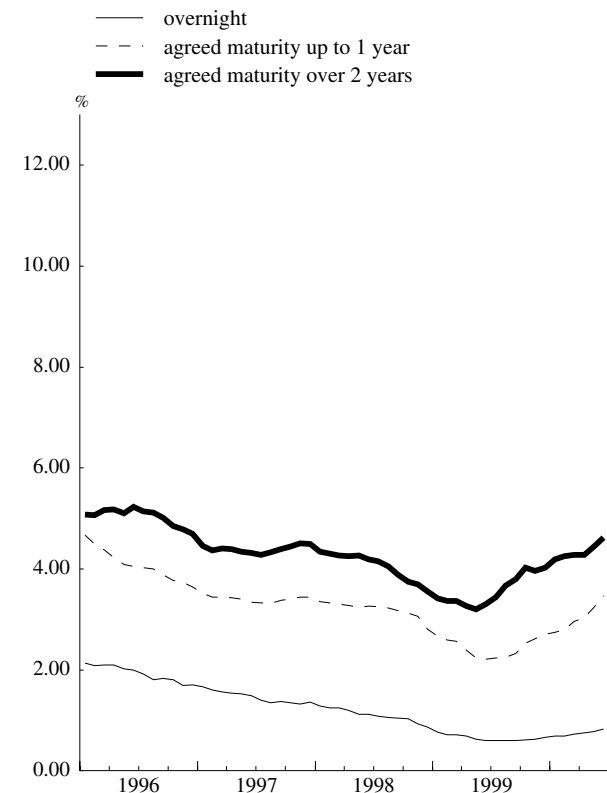
Retail bank interest rates

(percentages per annum; period averages)

	Deposit interest rates						Lending interest rates			
	Overnight 1	With agreed maturity			Redeemable at notice		To enterprises		To households	
		Up to 1 year 2	Up to 2 years 3	Over 2 years 4	Up to 3 months 5	Over 3 months 6	Up to 1 year 7	Over 1 year 8	Consumer lending 9	For house purchase 10
1997	1.46	3.41	3.63	4.40	2.80	3.09	7.58	6.64	10.61	6.63
1998	1.10	3.20	3.22	4.06	2.61	3.25	6.74	5.80	10.05	5.87
1999	0.65	2.44	2.45	3.57	2.15	2.76	5.66	5.10	9.38	5.29
1999 June	0.60	2.22	2.22	3.30	2.15	2.45	5.49	4.78	9.29	4.96
July	0.60	2.24	2.24	3.45	2.14	2.63	5.40	4.96	9.21	5.18
Aug.	0.60	2.25	2.26	3.67	2.00	2.73	5.42	5.16	9.31	5.47
Sep.	0.60	2.32	2.32	3.79	1.99	2.80	5.38	5.19	9.29	5.53
Oct.	0.61	2.52	2.52	4.03	2.00	2.93	5.58	5.55	9.36	5.79
Nov.	0.63	2.62	2.62	3.96	2.02	3.01	5.74	5.54	9.36	5.77
Dec.	0.67	2.70	2.71	4.02	2.04	3.05	5.82	5.51	9.37	5.80
2000 Jan.	0.69	2.74	2.74	4.19	2.05	3.18	5.92	5.74	9.51	6.03
Feb.	0.70	2.80	2.81	4.25	2.06	3.18	6.01	5.85	9.52	6.13
Mar.	0.72	2.96	2.96	4.28	2.07	3.33	6.09	5.84	9.54	6.10
Apr.	0.76	3.04	3.05	4.27	2.09	3.44	6.26	5.99	9.62	6.12
May	0.77	3.24	3.24	4.44	2.11	3.65	6.42	6.16	9.70	6.30
June	0.82	3.47	3.47	4.63	2.14	3.87	6.58	6.24	9.81	6.35

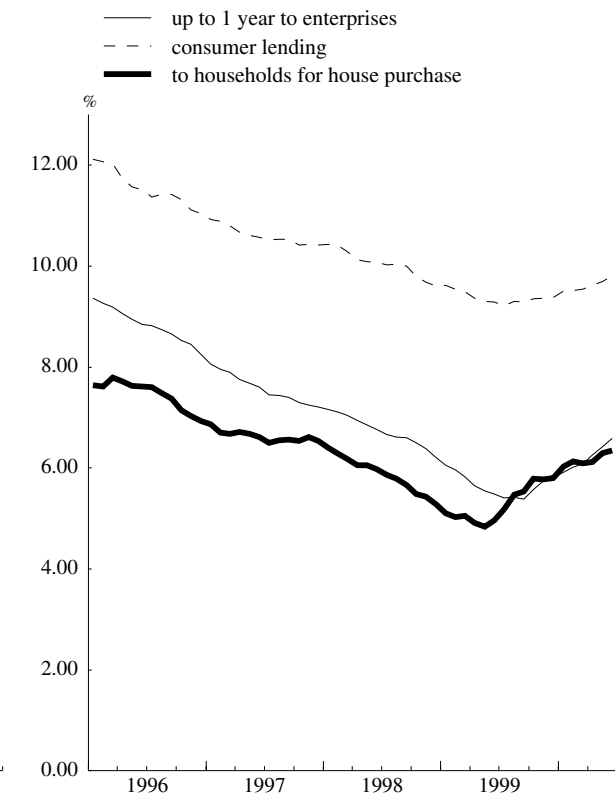
Deposit interest rates

(monthly)



Lending interest rates

(monthly)



Source: ECB.

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

Table 3.5**Securities issues other than shares by original maturity, residency of the issuer and currency denomination^{1) 2)}***(EUR billions; transactions during the period and end-of-period stocks; nominal values)***1. Short-term³⁾**

	By euro area residents									
					In euro ⁴⁾				In other	
	Issues	Redemptions	Net issues	Amounts outstanding	Issues	Redemptions	Net issues	Amounts outstanding	Issues	Redemptions
1	2	3	4	5	6	7	8	9	10	
1999 May	172.0	172.5	-0.5	579.0	165.4	167.7	-2.2	552.6	6.6	4.8
June	175.7	187.1	-11.4	567.4	169.8	182.4	-12.7	540.3	5.9	4.7
July	209.8	212.1	-2.3	563.5	203.3	205.9	-2.6	536.0	6.5	6.2
Aug.	181.8	164.7	17.2	581.7	175.0	159.0	16.0	552.1	6.8	5.6
Sep.	192.1	188.2	4.0	585.5	185.0	183.3	1.7	553.1	7.1	4.8
Oct.	198.3	189.9	8.4	596.1	192.3	182.9	9.4	563.1	6.0	7.0
Nov.	195.0	176.6	18.4	615.0	187.6	169.9	17.7	580.6	7.5	6.7
Dec.	171.4	169.2	2.2	618.2	162.6	163.5	-0.8	579.9	8.7	5.7
2000 Jan.	250.7	265.5	-14.9	599.3	239.3	255.2	-16.0	562.0	11.4	10.3
Feb.	252.5	239.1	13.5	613.6	239.9	230.0	9.9	572.0	12.6	9.0
Mar.	269.7	248.7	21.0	633.6	257.5	239.5	18.0	590.8	12.2	9.2
Apr.	251.6	249.7	1.9	635.3	239.5	238.5	1.0	590.7	12.1	11.1
May	276.6	261.2	15.5	652.5	266.3	250.7	15.6	608.8	10.3	10.4

2. Long-term³⁾

	By euro area residents									
					In euro ⁴⁾				In other	
	Issues	Redemptions	Net issues	Amounts outstanding	Issues	Redemptions	Net issues	Amounts outstanding	Issues	Redemptions
1	2	3	4	5	6	7	8	9	10	
1999 May	129.0	78.9	50.1	5,676.3	119.7	72.0	47.7	5,256.2	9.3	6.9
June	118.3	65.7	52.6	5,730.6	108.1	59.7	48.4	5,304.5	10.2	6.0
July	130.7	87.2	43.5	5,769.8	121.6	77.0	44.6	5,350.2	9.1	10.1
Aug.	70.7	49.6	21.1	5,796.8	62.3	43.9	18.4	5,369.3	8.4	5.7
Sep.	138.5	74.8	63.7	5,859.0	123.5	66.9	56.6	5,426.1	15.0	7.8
Oct.	116.0	75.0	40.9	5,905.7	107.3	69.4	37.9	5,465.2	8.7	5.7
Nov.	104.4	78.4	26.0	5,938.1	94.8	71.9	22.9	5,488.1	9.6	6.4
Dec.	76.6	110.2	-33.5	5,910.9	70.2	96.6	-26.4	5,459.6	6.4	13.6
2000 Jan.	109.9	97.2	12.7	5,930.9	101.4	89.6	11.7	5,475.2	8.5	7.5
Feb.	123.0	70.0	53.0	5,984.4	111.6	62.1	49.5	5,525.3	11.4	7.9
Mar.	131.6	93.0	38.6	6,035.9	113.8	83.5	30.3	5,557.6	17.9	9.5
Apr.	112.7	75.5	37.3	6,077.1	100.1	67.7	32.3	5,588.9	12.7	7.7
May	113.7	81.5	32.2	6,105.7	105.5	74.5	31.0	5,622.7	8.2	7.0

3. Total

	By euro area residents									
					In euro ⁴⁾				In other	
	Issues	Redemptions	Net issues	Amounts outstanding	Issues	Redemptions	Net issues	Amounts outstanding	Issues	Redemptions
1	2	3	4	5	6	7	8	9	10	
1999 May	301.0	251.4	49.6	6,255.3	285.2	239.7	45.5	5,808.9	15.9	11.7
June	294.0	252.8	41.2	6,298.0	277.8	242.1	35.7	5,844.8	16.1	10.7
July	340.5	299.3	41.3	6,333.3	325.0	282.9	42.0	5,886.1	15.6	16.3
Aug.	252.5	214.3	38.3	6,378.5	237.3	202.9	34.3	5,921.5	15.3	11.4
Sep.	330.6	262.9	67.7	6,444.5	308.5	250.2	58.3	5,979.2	22.1	12.7
Oct.	314.3	265.0	49.3	6,501.7	299.6	252.3	47.3	6,028.3	14.7	12.7
Nov.	299.5	255.0	44.5	6,553.1	282.4	241.9	40.5	6,068.7	17.1	13.1
Dec.	248.0	279.4	-31.4	6,529.0	232.9	260.1	-27.2	6,039.5	15.1	19.3
2000 Jan.	360.6	362.7	-2.2	6,530.2	340.6	344.9	-4.2	6,037.3	19.9	17.9
Feb.	375.5	309.1	66.5	6,598.1	351.5	292.1	59.3	6,097.4	24.1	16.9
Mar.	401.3	341.7	59.6	6,669.5	371.3	323.0	48.2	6,148.4	30.1	18.7
Apr.	364.3	325.1	39.2	6,712.5	339.6	306.3	33.3	6,179.6	24.8	18.9
May	390.3	342.6	47.7	6,758.2	371.8	325.2	46.6	6,231.4	18.5	17.4

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

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

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

currencies		By non-residents of the euro area ⁴⁾				Total in euro ⁴⁾				
		Net issues	Amounts outstanding	Issues (during quarter)	Redemptions (during quarter)	Net issues (during quarter)	Amounts outstanding (end-quarter)	Issues (during quarter)	Redemptions (during quarter)		Net issues (during quarter)	Amounts outstanding (end-quarter)
11	12	13	14	15	16	17	18	19	20	
1.7	26.4	.	.	.	.	.	.	.	.	1999 May
1.2	27.1	19.2	22.7	-3.5	22.8	566.4	568.8	-2.3	563.1	June
0.3	27.5	.	.	.	.	.	.	.	.	July
1.2	29.6	.	.	.	.	.	.	.	.	Aug.
2.3	32.3	28.0	18.6	9.4	31.7	591.3	566.8	24.5	584.8	Sep.
-1.0	33.0	.	.	.	.	.	.	.	.	Oct.
0.8	34.4	.	.	.	.	.	.	.	.	Nov.
3.0	38.2	21.8	20.0	1.8	34.6	564.4	536.3	28.0	614.5	Dec.
1.1	37.3	.	.	.	.	.	.	.	.	2000 Jan.
3.6	41.6	.	.	.	.	.	.	.	.	Feb.
3.0	42.8	34.3	32.0	2.3	38.7	771.0	756.8	14.2	629.5	Mar.
0.9	44.7	.	.	.	.	.	.	.	.	Apr.
-0.1	43.8	.	.	.	.	.	.	.	.	May

currencies		By non-residents of the euro area ⁴⁾				Total in euro ⁴⁾				
		Net issues	Amounts outstanding	Issues (during quarter)	Redemptions (during quarter)	Net issues (during quarter)	Amounts outstanding (end-quarter)	Issues (during quarter)	Redemptions (during quarter)		Net issues (during quarter)	Amounts outstanding (end-quarter)
11	12	13	14	15	16	17	18	19	20	
2.4	420.0	.	.	.	.	.	.	.	.	1999 May
4.2	426.2	55.4	11.8	43.6	514.9	399.8	237.9	161.9	5,819.4	June
-1.1	419.6	.	.	.	.	.	.	.	.	July
2.7	427.4	.	.	.	.	.	.	.	.	Aug.
7.2	432.9	63.5	12.4	51.1	566.3	370.9	200.3	170.7	5,992.3	Sep.
3.0	440.5	.	.	.	.	.	.	.	.	Oct.
3.2	450.0	.	.	.	.	.	.	.	.	Nov.
-7.1	451.3	49.2	21.3	27.9	594.5	321.6	259.3	62.3	6,054.1	Dec.
1.0	455.7	.	.	.	.	.	.	.	.	2000 Jan.
3.6	459.1	.	.	.	.	.	.	.	.	Feb.
8.3	478.3	67.7	21.0	46.7	657.0	394.4	256.3	138.1	6,214.6	Mar.
4.9	488.2	.	.	.	.	.	.	.	.	Apr.
1.2	483.0	.	.	.	.	.	.	.	.	May

currencies		By non-residents of the euro area ⁴⁾				Total in euro ⁴⁾				
		Net issues	Amounts outstanding	Issues (during quarter)	Redemptions (during quarter)	Net issues (during quarter)	Amounts outstanding (end-quarter)	Issues (during quarter)	Redemptions (during quarter)		Net issues (during quarter)	Amounts outstanding (end-quarter)
11	12	13	14	15	16	17	18	19	20	
4.2	446.4	.	.	.	.	.	.	.	.	1999 May
5.4	453.3	74.6	34.5	40.1	537.8	966.3	806.7	159.6	6,382.5	June
-0.8	447.1	.	.	.	.	.	.	.	.	July
3.9	457.0	.	.	.	.	.	.	.	.	Aug.
9.5	465.3	91.5	31.0	60.5	597.9	962.3	767.1	195.2	6,577.2	Sep.
2.0	473.5	.	.	.	.	.	.	.	.	Oct.
3.9	484.4	.	.	.	.	.	.	.	.	Nov.
-4.1	489.5	71.0	41.3	29.7	629.1	885.9	795.6	90.3	6,668.6	Dec.
2.1	493.0	.	.	.	.	.	.	.	.	2000 Jan.
7.2	500.7	.	.	.	.	.	.	.	.	Feb.
11.4	521.1	102.0	53.0	49.0	695.7	1,165.4	1,013.1	152.3	6,844.1	Mar.
5.9	532.9	.	.	.	.	.	.	.	.	Apr.
1.1	526.8	.	.	.	.	.	.	.	.	May

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

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

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

	By euro area residents						By non-residents			
	Total	MFIs (including Eurosystem)	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government	Total	Banks (including central banks) ⁵⁾	Non-monetary financial corporations	Non-financial corporations
	1	2	3	4	5	6	7	8	9	10
1999 May	552.6	179.8	8.5	59.7	301.7	2.9	.	.	.	.
June	540.3	174.0	8.3	58.6	296.5	2.9	22.8	8.3	8.7	5.0
July	536.0	178.8	6.8	60.9	286.5	3.0	.	.	.	.
Aug.	552.1	191.3	7.0	62.3	288.7	2.8	.	.	.	.
Sep.	553.1	200.6	6.8	64.6	278.6	2.5	31.7	11.2	12.0	7.3
Oct.	563.1	213.8	6.6	66.1	273.6	3.0	.	.	.	.
Nov.	580.6	237.2	6.4	67.5	266.0	3.5	.	.	.	.
Dec.	579.9	248.6	5.7	66.5	254.4	4.8	34.6	14.4	12.1	6.3
2000 Jan.	562.0	229.1	6.2	66.1	257.1	3.5	.	.	.	.
Feb.	572.0	240.2	6.2	65.8	256.7	3.0	.	.	.	.
Mar.	590.8	250.9	6.0	66.7	264.6	2.6	38.7	16.3	12.5	8.6
Apr.	590.7	245.7	5.8	72.2	264.1	2.8	.	.	.	.
May	608.8	259.8	5.1	76.0	265.7	2.2	.	.	.	.

2. Long-term ⁴⁾

	By euro area residents						By non-residents			
	Total	MFIs (including Eurosystem)	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government	Total	Banks (including central banks) ⁵⁾	Non-monetary financial corporations	Non-financial corporations
	1	2	3	4	5	6	7	8	9	10
1999 May	5,256.2	1,916.2	141.2	185.2	2,920.0	93.6	.	.	.	.
June	5,304.5	1,927.7	161.3	187.7	2,934.2	93.7	514.9	136.0	68.8	80.8
July	5,350.2	1,932.4	168.2	194.2	2,961.2	94.1	.	.	.	.
Aug.	5,369.3	1,938.2	169.5	194.3	2,973.3	94.0	.	.	.	.
Sep.	5,426.1	1,964.1	177.4	195.6	2,994.1	94.9	566.3	153.2	75.9	101.0
Oct.	5,465.2	1,983.5	180.2	198.9	3,008.9	93.7	.	.	.	.
Nov.	5,488.1	1,993.8	187.7	198.2	3,014.2	94.2	.	.	.	.
Dec.	5,459.6	1,976.6	189.7	196.9	3,002.2	94.1	594.5	159.1	81.8	113.7
2000 Jan.	5,475.2	1,984.1	190.2	191.7	3,015.0	94.3	.	.	.	.
Feb.	5,525.3	2,004.0	192.1	192.2	3,042.1	95.0	.	.	.	.
Mar.	5,557.6	2,022.0	193.9	195.5	3,050.3	95.9	657.0	182.1	91.9	133.1
Apr.	5,588.9	2,041.2	195.3	201.4	3,054.4	96.7	.	.	.	.
May	5,622.7	2,063.6	197.1	203.4	3,061.2	97.3	.	.	.	.

3. Total

	By euro area residents						By non-residents			
	Total	MFIs (including Eurosystem)	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government	Total	Banks (including central banks) ⁵⁾	Non-monetary financial corporations	Non-financial corporations
	1	2	3	4	5	6	7	8	9	10
1999 May	5,808.9	2,096.0	149.7	244.9	3,221.7	96.5	.	.	.	.
June	5,844.8	2,101.6	169.6	246.3	3,230.7	96.6	537.8	144.3	77.5	85.8
July	5,886.1	2,111.2	175.0	255.0	3,247.6	97.2	.	.	.	.
Aug.	5,921.5	2,129.5	176.5	256.6	3,262.0	96.8	.	.	.	.
Sep.	5,979.2	2,164.7	184.2	260.2	3,272.7	97.4	597.9	164.4	87.9	108.2
Oct.	6,028.3	2,197.4	186.8	264.9	3,282.5	96.6	.	.	.	.
Nov.	6,068.7	2,231.0	194.1	265.7	3,280.2	97.7	.	.	.	.
Dec.	6,039.5	2,225.2	195.4	263.4	3,256.6	99.0	629.1	173.5	93.9	120.0
2000 Jan.	6,037.3	2,213.2	196.4	257.8	3,272.2	97.7	.	.	.	.
Feb.	6,097.4	2,244.3	198.3	258.0	3,298.7	98.1	.	.	.	.
Mar.	6,148.4	2,272.9	199.9	262.2	3,314.9	98.5	695.7	198.4	104.4	141.6
Apr.	6,179.6	2,286.9	201.1	273.6	3,318.5	99.5	.	.	.	.
May	6,231.4	2,323.3	202.2	279.4	3,326.9	99.5	.	.	.	.

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

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

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

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

of the euro area			Total							
Central government	Other general government	International organisations ⁶⁾	Total	Banks (including central banks) ⁵⁾	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government	International organisations ⁶⁾	
11	12	13	14	15	16	17	18	19	20	
0.3	0.3	0.1	563.1	182.3	17.0	63.6	296.9	3.2	0.1	1999 May
.	.	.	.	.	.	.	.	.	.	June
.	.	.	.	.	.	.	.	.	.	July
0.3	0.6	0.3	584.8	211.8	18.8	71.9	279.0	3.1	0.3	Aug.
.	.	.	.	.	.	.	.	.	.	Sep.
.	.	.	.	.	.	.	.	.	.	Oct.
0.3	0.6	0.8	614.5	263.0	17.8	72.8	254.7	5.5	0.8	Nov.
.	.	.	.	.	.	.	.	.	.	Dec.
.	.	.	.	.	.	.	.	.	.	2000 Jan.
0.2	0.3	0.7	629.5	267.2	18.5	75.3	264.8	3.0	0.7	Feb.
.	.	.	.	.	.	.	.	.	.	Mar.
.	.	.	.	.	.	.	.	.	.	Apr.
.	.	.	.	.	.	.	.	.	.	May

of the euro area			Total							
Central government	Other general government	International organisations ⁶⁾	Total	Banks (including central banks) ⁵⁾	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government	International organisations ⁶⁾	
11	12	13	14	15	16	17	18	19	20	
78.1	27.5	123.7	5,819.4	2,063.7	230.0	268.5	3,012.3	121.2	123.7	1999 May
.	.	.	.	.	.	.	.	.	.	June
.	.	.	.	.	.	.	.	.	.	July
82.7	29.4	124.1	5,992.3	2,117.3	253.3	296.5	3,076.8	124.3	124.1	Aug.
.	.	.	.	.	.	.	.	.	.	Sep.
.	.	.	.	.	.	.	.	.	.	Oct.
86.6	29.3	124.0	6,054.1	2,135.7	271.5	310.6	3,088.8	123.4	124.0	Nov.
.	.	.	.	.	.	.	.	.	.	Dec.
.	.	.	.	.	.	.	.	.	.	2000 Jan.
96.0	30.6	123.4	6,214.6	2,204.0	285.8	328.5	3,146.3	126.5	123.4	Feb.
.	.	.	.	.	.	.	.	.	.	Mar.
.	.	.	.	.	.	.	.	.	.	Apr.
.	.	.	.	.	.	.	.	.	.	May

of the euro area			Total							
Central government	Other general government	International organisations ⁶⁾	Total	Banks (including central banks) ⁵⁾	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government	International organisations ⁶⁾	
11	12	13	14	15	16	17	18	19	20	
78.5	27.9	123.8	6,382.5	2,246.0	247.0	332.1	3,309.2	124.4	123.8	1999 May
.	.	.	.	.	.	.	.	.	.	June
.	.	.	.	.	.	.	.	.	.	July
83.1	30.0	124.3	6,577.2	2,329.1	272.1	368.4	3,355.8	127.4	124.3	Aug.
.	.	.	.	.	.	.	.	.	.	Sep.
.	.	.	.	.	.	.	.	.	.	Oct.
86.9	29.9	124.8	6,668.6	2,398.7	289.3	383.4	3,343.6	128.9	124.8	Nov.
.	.	.	.	.	.	.	.	.	.	Dec.
.	.	.	.	.	.	.	.	.	.	2000 Jan.
96.2	31.0	124.1	6,844.1	2,471.2	304.3	403.8	3,411.1	129.5	124.1	Feb.
.	.	.	.	.	.	.	.	.	.	Mar.
.	.	.	.	.	.	.	.	.	.	Apr.
.	.	.	.	.	.	.	.	.	.	May

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

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

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

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

	By euro area residents						By non-residents			
	Total	MFIs (including Eurosystem)	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government	Total	Banks (including central banks) ⁵⁾	Non-monetary financial corporations	Non-financial corporations
	1	2	3	4	5	6	7	8	9	10
1999 May	165.4	87.6	1.5	34.1	40.4	1.8	.	.	.	.
June	169.8	95.7	1.9	34.8	36.4	0.9	19.2	6.8	7.2	4.5
July	203.3	110.9	1.7	42.5	46.9	1.4	.	.	.	.
Aug.	175.0	92.3	2.0	35.8	43.8	1.1	.	.	.	.
Sep.	185.0	105.1	1.2	37.8	40.0	0.8	28.0	9.7	10.6	6.7
Oct.	192.3	107.3	1.5	41.3	40.7	1.5	.	.	.	.
Nov.	187.6	117.7	1.2	33.7	33.0	2.0	.	.	.	.
Dec.	162.6	117.9	0.9	23.0	18.5	2.3	21.8	9.6	6.9	4.2
2000 Jan.	239.3	154.7	2.1	40.0	41.2	1.3	.	.	.	.
Feb.	239.9	155.4	1.9	44.2	37.0	1.4	.	.	.	.
Mar.	257.5	169.9	1.7	45.0	40.0	0.9	34.3	14.7	10.7	7.9
Apr.	239.5	141.4	2.0	51.3	43.3	1.4	.	.	.	.
May	266.3	175.8	1.6	52.8	34.6	1.4	.	.	.	.

2. Long-term ⁴⁾

	By euro area residents						By non-residents			
	Total	MFIs (including Eurosystem)	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government	Total	Banks (including central banks) ⁵⁾	Non-monetary financial corporations	Non-financial corporations
	1	2	3	4	5	6	7	8	9	10
1999 May	119.7	46.5	7.5	0.9	63.7	1.1	.	.	.	.
June	108.1	39.9	21.0	5.3	40.9	0.9	55.4	15.4	11.9	16.4
July	121.6	35.5	9.1	8.8	67.2	1.0	.	.	.	.
Aug.	62.3	27.6	2.2	1.7	30.5	0.2	.	.	.	.
Sep.	123.5	55.7	9.5	3.9	53.0	1.4	63.5	21.2	9.8	22.2
Oct.	107.3	49.8	4.4	5.5	46.5	1.0	.	.	.	.
Nov.	94.8	45.3	9.1	3.0	36.1	1.3	.	.	.	.
Dec.	70.2	39.3	4.3	1.6	23.5	1.5	49.2	13.7	7.8	15.9
2000 Jan.	101.4	41.2	2.0	0.1	57.3	0.7	.	.	.	.
Feb.	111.6	50.5	3.5	3.9	51.7	2.0	.	.	.	.
Mar.	113.8	51.8	3.1	4.6	52.5	1.7	67.7	24.9	10.1	18.6
Apr.	100.1	46.1	3.5	7.1	41.6	1.8	.	.	.	.
May	105.5	53.1	3.4	3.5	44.6	0.9	.	.	.	.

3. Total

	By euro area residents						By non-residents			
	Total	MFIs (including Eurosystem)	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government	Total	Banks (including central banks) ⁵⁾	Non-monetary financial corporations	Non-financial corporations
	1	2	3	4	5	6	7	8	9	10
1999 May	285.2	134.1	9.0	35.0	104.1	2.9	.	.	.	.
June	277.8	135.6	23.0	40.2	77.2	1.9	74.6	22.3	19.1	20.9
July	325.0	146.4	10.8	51.3	114.1	2.4	.	.	.	.
Aug.	237.3	119.9	4.2	37.5	74.3	1.4	.	.	.	.
Sep.	308.5	160.9	10.7	41.8	93.0	2.2	91.5	30.9	20.4	28.9
Oct.	299.6	157.1	5.9	46.9	87.2	2.5	.	.	.	.
Nov.	282.4	163.0	10.3	36.6	69.2	3.3	.	.	.	.
Dec.	232.9	157.2	5.2	24.6	42.1	3.8	71.0	23.3	14.8	20.1
2000 Jan.	340.6	195.9	4.1	40.1	98.4	2.1	.	.	.	.
Feb.	351.5	206.0	5.4	48.1	88.6	3.4	.	.	.	.
Mar.	371.3	221.6	4.8	49.6	92.5	2.7	102.0	39.6	20.8	26.6
Apr.	339.6	187.6	5.4	58.4	84.9	3.3	.	.	.	.
May	371.8	228.9	5.1	56.3	79.2	2.2	.	.	.	.

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

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

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

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

of the euro area			Total							
Central government	Other general government	International organisations ⁶⁾	Total	Banks (including central banks) ⁵⁾	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government	International organisations ⁶⁾	
11	12	13	14	15	16	17	18	19	20	
0.3	0.2	0.1	566.4	302.5	12.1	114.2	133.1	4.3	0.1	1999 May
.	.	.	.	.	.	.	.	.	.	June
.	.	.	.	.	.	.	.	.	.	July
0.3	0.5	0.2	591.3	318.0	15.4	122.9	131.0	3.8	0.2	Aug.
.	.	.	.	.	.	.	.	.	.	Sep.
.	.	.	.	.	.	.	.	.	.	Oct.
0.2	0.2	0.7	564.4	352.6	10.6	102.2	92.4	5.8	0.7	Nov.
.	.	.	.	.	.	.	.	.	.	Dec.
.	.	.	.	.	.	.	.	.	.	2000 Jan.
0.2	0.2	0.6	771.0	494.7	16.3	137.1	118.3	3.9	0.6	Feb.
.	.	.	.	.	.	.	.	.	.	Mar.
.	.	.	.	.	.	.	.	.	.	Apr.
.	.	.	.	.	.	.	.	.	.	May

of the euro area			Total							
Central government	Other general government	International organisations ⁶⁾	Total	Banks (including central banks) ⁵⁾	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government	International organisations ⁶⁾	
11	12	13	14	15	16	17	18	19	20	
6.4	2.1	3.3	399.8	152.2	46.6	29.1	162.4	6.3	3.3	1999 May
.	.	.	.	.	.	.	.	.	.	June
.	.	.	.	.	.	.	.	.	.	July
5.0	2.1	3.2	370.9	140.0	30.6	36.7	155.7	4.7	3.2	Aug.
.	.	.	.	.	.	.	.	.	.	Sep.
.	.	.	.	.	.	.	.	.	.	Oct.
6.6	1.0	4.2	321.6	148.1	25.6	26.0	112.7	4.8	4.2	Nov.
.	.	.	.	.	.	.	.	.	.	Dec.
.	.	.	.	.	.	.	.	.	.	2000 Jan.
9.6	1.9	2.6	394.4	168.3	18.7	27.3	171.1	6.4	2.6	Feb.
.	.	.	.	.	.	.	.	.	.	Mar.
.	.	.	.	.	.	.	.	.	.	Apr.
.	.	.	.	.	.	.	.	.	.	May

of the euro area			Total							
Central government	Other general government	International organisations ⁶⁾	Total	Banks (including central banks) ⁵⁾	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government	International organisations ⁶⁾	
11	12	13	14	15	16	17	18	19	20	
6.7	2.3	3.4	966.3	454.8	58.7	143.3	295.5	10.6	3.4	1999 May
.	.	.	.	.	.	.	.	.	.	June
.	.	.	.	.	.	.	.	.	.	July
5.3	2.6	3.5	962.3	458.0	46.0	159.5	286.7	8.5	3.5	Aug.
.	.	.	.	.	.	.	.	.	.	Sep.
.	.	.	.	.	.	.	.	.	.	Oct.
6.8	1.1	5.0	885.9	500.7	36.2	128.2	205.1	10.7	5.0	Nov.
.	.	.	.	.	.	.	.	.	.	Dec.
.	.	.	.	.	.	.	.	.	.	2000 Jan.
9.8	2.1	3.2	1,165.4	663.1	35.1	164.4	289.4	10.2	3.2	Feb.
.	.	.	.	.	.	.	.	.	.	Mar.
.	.	.	.	.	.	.	.	.	.	Apr.
.	.	.	.	.	.	.	.	.	.	May

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

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

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

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

	By euro area residents						By non-residents			
	Total	MFI (including Eurosystem)	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government	Total	Banks (including central banks) ⁵⁾	Non-monetary financial corporations	Non-financial corporations
	1	2	3	4	5	6	7	8	9	10
1999 May	-2.2	-1.7	-0.2	-1.2	1.0	-0.1	.	.	.	.
June	-12.7	-6.2	-0.1	-1.2	-5.2	0.0	-3.5	-4.6	0.8	0.7
July	-2.6	5.2	-0.1	2.3	-10.1	0.1	.	.	.	.
Aug.	16.0	12.3	0.2	1.4	2.3	-0.3	.	.	.	.
Sep.	1.7	9.9	-0.1	2.3	-10.1	-0.3	9.4	3.1	3.5	2.4
Oct.	9.4	12.7	-0.2	1.5	-5.0	0.4	.	.	.	.
Nov.	17.7	23.5	-0.3	1.4	-7.6	0.6	.	.	.	.
Dec.	-0.8	10.9	-0.4	-0.9	-11.6	1.3	1.8	2.8	-0.3	-1.3
2000 Jan.	-16.0	-18.0	0.6	-0.4	2.0	-0.2	.	.	.	.
Feb.	9.9	11.0	0.0	-0.3	-0.5	-0.4	.	.	.	.
Mar.	18.0	9.9	-0.3	0.8	7.9	-0.4	2.3	1.2	-0.2	1.9
Apr.	1.0	-4.1	-0.1	5.5	-0.4	0.1	.	.	.	.
May	15.6	12.7	-0.7	3.7	0.4	-0.6	.	.	.	.

2. Long-term ⁴⁾

	By euro area residents						By non-residents			
	Total	MFI (including Eurosystem)	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government	Total	Banks (including central banks) ⁵⁾	Non-monetary financial corporations	Non-financial corporations
	1	2	3	4	5	6	7	8	9	10
1999 May	47.7	23.2	5.8	-1.8	20.1	0.4	.	.	.	.
June	48.4	11.7	20.0	2.5	14.2	0.0	43.6	10.7	10.9	15.2
July	44.6	5.0	5.7	6.6	26.9	0.5	.	.	.	.
Aug.	18.4	5.2	1.3	0.0	12.0	-0.1	.	.	.	.
Sep.	56.6	25.9	7.7	1.3	20.7	0.9	51.1	17.1	7.1	20.1
Oct.	37.9	18.3	2.7	3.4	14.8	-1.3	.	.	.	.
Nov.	22.9	9.6	7.5	0.0	5.3	0.5	.	.	.	.
Dec.	-26.4	-15.4	2.1	-1.1	-11.9	0.0	27.9	5.6	6.0	12.8
2000 Jan.	11.7	4.0	0.5	-5.4	12.6	0.1	.	.	.	.
Feb.	49.5	19.3	1.9	0.4	27.0	0.8	.	.	.	.
Mar.	30.3	16.6	1.6	2.9	8.3	0.9	46.7	18.5	7.6	15.4
Apr.	32.3	19.8	1.3	5.8	4.6	0.8	.	.	.	.
May	31.0	22.2	2.1	2.0	4.2	0.6	.	.	.	.

3. Total

	By euro area residents						By non-residents			
	Total	MFI (including Eurosystem)	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government	Total	Banks (including central banks) ⁵⁾	Non-monetary financial corporations	Non-financial corporations
	1	2	3	4	5	6	7	8	9	10
1999 May	45.5	21.5	5.6	-3.0	21.1	0.3	.	.	.	.
June	35.7	5.4	19.9	1.4	9.0	0.0	40.1	6.1	11.7	15.8
July	42.0	10.2	5.5	8.8	16.9	0.6	.	.	.	.
Aug.	34.3	17.5	1.5	1.4	14.3	-0.4	.	.	.	.
Sep.	58.3	35.8	7.6	3.6	10.6	0.6	60.5	20.2	10.6	22.5
Oct.	47.3	31.0	2.6	4.8	9.8	-0.8	.	.	.	.
Nov.	40.5	33.1	7.3	1.4	-2.3	1.1	.	.	.	.
Dec.	-27.2	-4.5	1.6	-2.0	-23.6	1.2	29.7	8.4	5.7	11.5
2000 Jan.	-4.2	-14.1	1.1	-5.8	14.6	-0.1	.	.	.	.
Feb.	59.3	30.4	1.9	0.1	26.6	0.4	.	.	.	.
Mar.	48.2	26.5	1.3	3.7	16.2	0.5	49.0	19.6	7.5	17.3
Apr.	33.3	15.7	1.2	11.3	4.1	1.0	.	.	.	.
May	46.6	34.9	1.4	5.7	4.7	0.0	.	.	.	.

Sources: ECB and BIS (for issues by non-residents of the euro area).
1) Data coverage for euro area residents is estimated at around 95% of total issues.
2) Including items expressed in the national denominations of the euro.
3) Corresponding ESA 95 sector codes: MFIs (including Eurosystem) comprises the ECB and the national central banks of Member States in the euro area (S121) and other monetary financial institutions (S122); non-monetary financial corporations comprises other financial intermediaries (S123), financial auxiliaries (S124) and insurance corporations and pension funds (S125); non-financial corporations (S11); central government (S131); other general government comprises state government (S1312), local government (S1313) and social security funds (S1314).

of the euro area			Total							
Central government	Other general government	International organisations ⁶⁾	Total	Banks (including central banks) ⁵⁾	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government	International organisations ⁶⁾	
11	12	13	14	15	16	17	18	19	20	
-0.1	-0.1	-0.1	-2.3	-3.3	0.4	1.3	-0.3	-0.3	-0.1	1999 May
.	.	.	.	.	.	.	.	.	.	June
.	.	.	.	.	.	.	.	.	.	July
0.0	0.3	0.1	24.5	30.5	3.4	8.4	-17.9	-0.1	0.1	Aug.
.	.	.	.	.	.	.	.	.	.	Sep.
.	.	.	.	.	.	.	.	.	.	Oct.
0.0	0.0	0.6	28.0	49.9	-1.2	0.6	-24.2	2.3	0.6	Nov.
.	.	.	.	.	.	.	.	.	.	Dec.
-0.1	-0.3	-0.2	14.2	4.1	0.2	2.1	9.3	-1.4	-0.2	2000 Jan.
.	.	.	.	.	.	.	.	.	.	Feb.
.	.	.	.	.	.	.	.	.	.	Mar.
.	.	.	.	.	.	.	.	.	.	Apr.
.	.	.	.	.	.	.	.	.	.	May

of the euro area			Total							
Central government	Other general government	International organisations ⁶⁾	Total	Banks (including central banks) ⁵⁾	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government	International organisations ⁶⁾	
11	12	13	14	15	16	17	18	19	20	
4.7	1.5	0.5	161.9	63.8	40.8	19.4	34.5	3.0	0.5	1999 May
.	.	.	.	.	.	.	.	.	.	June
.	.	.	.	.	.	.	.	.	.	July
4.6	1.8	0.4	170.7	53.2	21.8	28.0	64.2	3.1	0.4	Aug.
.	.	.	.	.	.	.	.	.	.	Sep.
.	.	.	.	.	.	.	.	.	.	Oct.
3.9	-0.1	-0.3	62.3	18.1	18.3	15.1	12.0	-0.9	-0.3	Nov.
.	.	.	.	.	.	.	.	.	.	Dec.
7.1	0.9	-2.8	138.1	58.4	11.5	13.3	55.0	2.7	-2.8	2000 Jan.
.	.	.	.	.	.	.	.	.	.	Feb.
.	.	.	.	.	.	.	.	.	.	Mar.
.	.	.	.	.	.	.	.	.	.	Apr.
.	.	.	.	.	.	.	.	.	.	May

of the euro area			Total							
Central government	Other general government	International organisations ⁶⁾	Total	Banks (including central banks) ⁵⁾	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government	International organisations ⁶⁾	
11	12	13	14	15	16	17	18	19	20	
4.6	1.4	0.4	159.6	60.5	41.2	20.6	34.2	2.7	0.4	1999 May
.	.	.	.	.	.	.	.	.	.	June
.	.	.	.	.	.	.	.	.	.	July
4.6	2.1	0.6	195.2	83.7	25.2	36.4	46.3	3.0	0.6	Aug.
.	.	.	.	.	.	.	.	.	.	Sep.
.	.	.	.	.	.	.	.	.	.	Oct.
3.9	-0.1	0.2	90.3	68.0	17.2	15.7	-12.2	1.4	0.2	Nov.
.	.	.	.	.	.	.	.	.	.	Dec.
7.0	0.5	-3.0	152.3	62.5	11.8	15.4	64.4	1.3	-3.0	2000 Jan.
.	.	.	.	.	.	.	.	.	.	Feb.
.	.	.	.	.	.	.	.	.	.	Mar.
.	.	.	.	.	.	.	.	.	.	Apr.
.	.	.	.	.	.	.	.	.	.	May

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

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

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

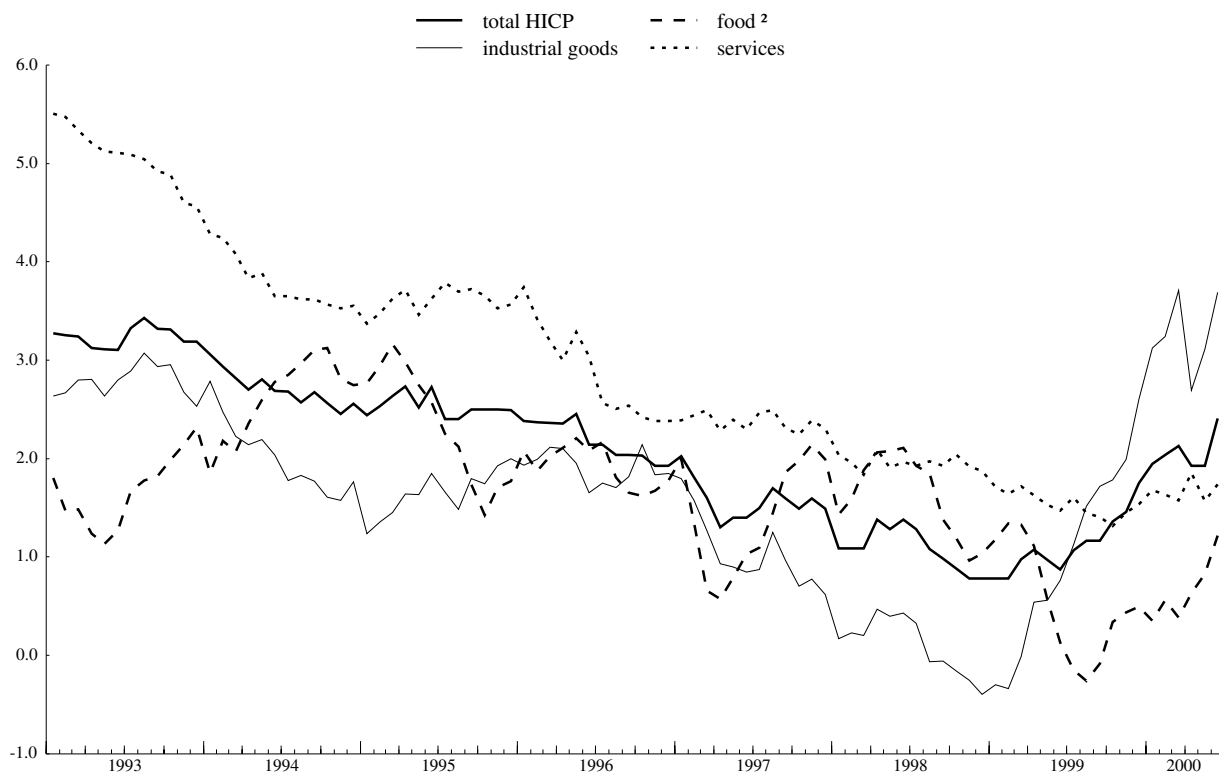
4 HICP and other prices in the euro area

Table 4.1

Harmonised Index of Consumer Prices ¹⁾

(annual percentage changes, unless otherwise indicated)

	Total (index, 1996 = 100)	Total								Services
		Goods	Food ²⁾		Industrial goods	Non-energy industrial goods	Energy			
			Processed food ²⁾	Unprocessed food						
Weight in the total (%) ³⁾	100.0	62.7	20.9	12.6	8.2	41.8	32.8	9.0	37.3	
	1	2	3	4	5	6	7	8	9	10
1995	97.9	2.5	2.0	2.3	2.5	2.1	1.6	1.6	1.9	3.6
1996	100.0	2.2	1.9	1.9	2.0	1.9	1.9	1.8	2.4	2.9
1997	101.6	1.6	1.2	1.4	1.4	1.4	1.0	0.5	2.8	2.4
1998	102.7	1.1	0.6	1.6	1.4	1.9	0.1	0.9	-2.6	2.0
1999	103.8	1.1	0.8	0.5	0.9	0.0	1.0	0.7	2.2	1.5
1999 Q2	103.8	1.0	0.6	0.6	0.8	0.3	0.6	0.6	0.5	1.5
Q3	104.1	1.1	0.9	-0.2	0.6	-1.4	1.5	0.6	4.6	1.5
Q4	104.4	1.5	1.5	0.4	0.9	-0.3	2.1	0.6	7.8	1.4
2000 Q1	105.2	2.0	2.3	0.4	1.0	-0.3	3.4	0.6	13.6	1.6
Q2	105.9	2.1	2.4	0.9	1.0	0.8	3.2	0.6	12.5	1.7
1999 June	103.8	0.9	0.5	0.1	0.7	-0.7	0.8	0.6	1.2	1.5
July	104.0	1.1	0.7	-0.1	0.7	-1.4	1.1	0.6	2.9	1.6
Aug.	104.1	1.2	0.9	-0.3	0.6	-1.6	1.5	0.6	4.7	1.4
Sep.	104.1	1.2	1.1	-0.1	0.6	-1.1	1.7	0.5	6.2	1.4
Oct.	104.2	1.4	1.3	0.3	0.8	-0.4	1.8	0.5	6.3	1.3
Nov.	104.3	1.5	1.5	0.4	0.9	-0.3	2.0	0.6	7.1	1.5
Dec.	104.7	1.7	1.9	0.5	1.0	-0.2	2.6	0.6	10.0	1.5
2000 Jan.	104.8	1.9	2.2	0.4	1.0	-0.5	3.1	0.7	12.0	1.7
Feb.	105.2	2.0	2.3	0.6	1.0	0.0	3.2	0.5	13.5	1.6
Mar.	105.6	2.1	2.6	0.4	1.0	-0.5	3.7	0.6	15.3	1.6
Apr.	105.7	1.9	2.0	0.6	0.9	0.2	2.7	0.5	10.5	1.9
May	105.8	1.9	2.3	0.8	1.0	0.6	3.1	0.6	12.2	1.6
June	106.3	2.4	2.8	1.2	1.0	1.5	3.7	0.6	14.7	1.7



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

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

2) Including alcoholic beverages and tobacco.

3) Referring to the index period 2000.

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

	Industrial producer prices									World market prices of raw materials ²⁾		Oil prices ³⁾ (EUR per barrel)
	Total excluding construction		Manufacturing						Construction ¹⁾	Total	Total excluding energy	
	Index, 1995 = 100			Intermediate goods	Capital goods	Consumer goods						
						Durable consumer goods	Non-durable consumer goods					
1	2	3	4	5	6	7	8	9	10	11	12	
1995	100.0	3.6	3.9	5.0	1.8	-	-	2.9	-	0.2	2.1	13.0
1996	100.4	0.4	0.8	-1.2	1.2	1.9	1.7	2.0	1.3	6.5	-6.9	15.9
1997	101.4	1.1	0.8	1.2	0.3	0.8	0.1	1.2	1.3	10.0	12.9	17.1
1998	100.6	-0.8	-0.6	-2.3	0.5	0.5	0.1	0.7	0.2	-21.2	-12.5	12.0
1999	100.5	0.0	0.3	-0.6	0.1	0.1	0.2	0.1	0.9	17.8	-3.1	17.1
1999 Q2	99.7	-1.3	-0.9	-2.8	0.0	-0.1	0.1	-0.2	0.8	5.9	-8.2	15.0
Q3	101.1	0.7	1.1	0.7	-0.1	0.2	0.2	0.2	1.2	31.0	1.1	19.7
Q4	102.6	3.1	3.2	4.9	0.1	0.5	0.4	0.5	0.9	61.5	14.0	23.0
2000 Q1	104.5	5.8	5.6	9.6	0.4	0.7	0.7	0.7	.	78.3	19.9	27.1
Q2	.	.	.	.	.	.	.	.	.	53.7	18.3	29.1
1999 July	100.6	0.0	0.3	-0.6	-0.1	0.0	0.1	0.0	-	22.7	-2.3	18.1
Aug.	101.0	0.7	1.2	0.7	-0.1	0.1	0.1	0.1	-	29.2	-0.5	19.2
Sep.	101.6	1.4	1.8	1.9	-0.1	0.3	0.4	0.3	-	41.4	6.6	21.8
Oct.	102.0	2.2	2.4	3.3	0.0	0.5	0.4	0.5	-	44.3	10.7	20.8
Nov.	102.5	3.1	3.2	4.8	0.1	0.5	0.4	0.6	-	60.4	11.9	23.5
Dec.	103.2	4.1	4.1	6.7	0.1	0.5	0.5	0.5	-	81.3	19.3	24.8
2000 Jan.	103.9	5.1	5.0	8.5	0.3	0.6	0.6	0.6	-	76.2	19.4	24.9
Feb.	104.5	5.8	5.7	9.8	0.5	0.7	0.7	0.7	-	87.6	20.0	27.6
Mar.	105.2	6.3	6.1	10.5	0.5	0.8	0.8	0.8	-	72.0	20.2	28.4
Apr.	105.3	5.8	5.4	9.8	0.5	1.0	0.7	1.1	-	43.9	19.4	24.6
May	106.2	6.6	6.1	11.0	0.6	1.3	0.9	1.4	-	61.9	22.8	30.4
June	.	.	.	.	.	.	.	.	-	55.2	12.9	31.5
July	.	.	.	.	.	.	.	.	-	42.0	14.3	30.6

2. Deflators of gross domestic product

	Deflators of GDP ⁴⁾ (s.a.)									
	GDP		Domestic demand	Private consumption	Government consumption	Gross fixed capital formation	Exports ⁵⁾	Imports ⁵⁾		
	Index, 1995 = 100									
	13	14	15	16	17	18	19	20		
1995	100.0	2.7	2.7	2.8	2.9	1.7	2.8	2.9		
1996	102.0	2.1	2.1	2.5	2.2	0.9	0.9	0.8		
1997	103.6	1.5	1.7	1.8	1.6	1.0	1.8	2.5		
1998	105.2	1.6	1.1	1.3	1.4	0.8	0.0	-1.5		
1999	106.5	1.2	1.4	1.4	2.3	0.7	-0.3	0.2		
1998 Q1	104.6	1.7	1.4	1.6	1.2	0.9	1.7	0.8		
Q2	105.1	1.7	1.4	1.5	1.2	1.0	0.5	-0.4		
Q3	105.4	1.6	1.0	1.2	1.6	0.8	-0.5	-2.5		
Q4	105.8	1.4	0.8	1.0	1.5	0.5	-1.8	-3.8		
1999 Q1	106.1	1.4	0.9	1.1	2.0	0.4	-2.2	-3.8		
Q2	106.3	1.2	1.2	1.3	2.3	0.4	-1.3	-1.3		
Q3	106.6	1.1	1.5	1.4	2.5	0.9	0.1	1.4		
Q4	106.9	1.0	1.9	1.6	2.3	1.2	2.1	4.8		
2000 Q1	107.2	1.0	2.3	1.9	1.9	1.9	3.8	7.8		

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

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

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

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

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

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

5 Real economy indicators in the euro area

Table 5.1

National accounts ¹⁾

GDP and expenditure components

1. Current prices

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

	GDP						External balance ³⁾		
	1	Domestic demand		Private consumption	Government consumption	Gross fixed capital formation ⁵⁾	Changes in inventories ²⁾	7	Exports ³⁾
2		3	4						
1995	5,309.0	5,209.7	2,997.2	1,093.7	1,092.4	26.4	99.3	1,569.5	1,470.2
1996	5,532.8	5,406.0	3,142.0	1,143.5	1,120.6	-0.1	126.7	1,658.6	1,531.9
1997	5,646.2	5,494.8	3,193.4	1,151.4	1,136.3	13.7	151.4	1,828.4	1,676.9
1998	5,868.7	5,724.1	3,318.4	1,174.5	1,192.1	39.2	144.7	1,942.9	1,798.2
1999	6,116.4	6,003.0	3,469.2	1,225.8	1,265.4	42.6	113.4	2,029.0	1,915.6
1998 Q4	1,490.7	1,458.3	844.8	298.2	303.7	11.6	32.4	481.6	449.2
1999 Q1	1,506.6	1,477.0	854.9	302.8	309.7	9.7	29.6	479.4	449.8
Q2	1,518.2	1,489.6	862.0	305.3	313.7	8.6	28.6	496.0	467.4
Q3	1,537.5	1,508.4	872.3	308.0	319.8	8.2	29.1	518.0	488.9
Q4	1,554.0	1,528.0	880.0	309.8	322.1	16.1	26.0	535.5	509.5
2000 Q1	1,573.5	1,550.1	891.9	312.9	331.0	14.2	23.4	556.4	533.0

2. Constant prices

(ECU billions at 1995 prices, seasonally adjusted)

	GDP						External balance ³⁾		
	10	Domestic demand		Private consumption	Government consumption	Gross fixed capital formation ¹⁴⁾	Changes in inventories ²⁾	16	Exports ³⁾
11		12	13								14	15
1995	5,309.0	5,209.7	2,997.2	1,093.7	1,092.4	26.4	99.3	1,569.5	1,470.2
1996	5,382.4	5,261.1	3,042.1	1,112.7	1,104.6	1.7	121.3	1,637.8	1,516.5
1997	5,504.4	5,348.6	3,086.9	1,122.3	1,128.0	11.4	155.8	1,806.4	1,650.6
1998	5,654.1	5,528.8	3,178.7	1,132.6	1,176.9	40.6	125.4	1,930.9	1,805.6
1999	5,787.9	5,684.3	3,258.8	1,149.3	1,233.2	43.0	103.7	2,013.1	1,909.5
1998 Q4	1,421.1	1,396.8	802.0	283.8	298.2	12.8	24.3	480.6	456.4
1999 Q1	1,430.5	1,410.1	808.4	286.4	303.4	11.8	20.5	481.3	460.9
Q2	1,438.9	1,415.5	810.8	286.8	306.3	11.5	23.5	494.9	471.5
Q3	1,453.0	1,423.1	817.7	287.7	311.0	6.8	29.9	512.7	482.8
Q4	1,465.5	1,435.7	821.9	288.3	312.5	13.0	29.8	524.1	494.3
2000 Q1	1,478.7	1,447.3	827.9	290.6	318.3	10.4	31.4	538.1	506.7

(annual percentage changes)

1995	2.2	2.0	1.8	0.6	2.3	-	-	7.9	7.4
1996	1.4	1.0	1.5	1.7	1.1	-	-	4.4	3.1
1997	2.3	1.7	1.5	0.9	2.1	-	-	10.3	8.8
1998	2.7	3.4	3.0	0.9	4.3	-	-	6.9	9.4
1999	2.4	2.8	2.5	1.5	4.8	-	-	4.3	5.8
1998 Q4	2.0	3.2	3.1	1.0	3.7	-	-	2.1	5.8
1999 Q1	1.8	2.8	2.7	1.4	4.0	-	-	0.6	3.5
Q2	2.0	2.9	2.4	1.3	5.4	-	-	1.9	4.5
Q3	2.5	2.8	2.5	1.6	4.9	-	-	5.4	6.6
Q4	3.1	2.8	2.5	1.6	4.8	-	-	9.0	8.3
2000 Q1	3.4	2.6	2.4	1.5	4.9	-	-	11.8	9.9

Source: Eurostat.

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

2) Including acquisitions less disposals of valuables.

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

Value added by activity ¹⁾

3. Current prices

(index: 1995 = 100, seasonally adjusted)

	Gross value added							Intermediate consumption of FISIM ²⁾	Taxes less subsidies on products
	Total	Agriculture, hunting, forestry and fishing activities	Manufacturing, energy and mining	Construction	Trade, repairs, hotels and restaurants, transport and communication	Financial, real estate, renting and business activities	Public administration, education, health and other services		
Share in the total (%) ³⁾	100	2.6	23.7	6.0	20.7	25.4	21.6		
	1	2	3	4	5	6	7	8	9
1995	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1996	104.0	105.7	102.2	99.7	102.9	106.9	104.7	101.4	105.0
1997	105.8	104.9	104.0	96.4	105.4	110.3	105.6	99.3	108.7
1998	109.6	105.7	107.6	96.2	110.2	115.2	108.8	99.0	115.0
1999	113.7	104.9	109.4	100.6	114.8	121.3	113.1	100.6	123.7
1998 Q4	111.2	105.2	107.7	97.5	112.1	117.9	110.8	99.8	118.0
1999 Q1	112.2	105.7	107.7	99.2	113.3	119.4	111.8	100.3	121.3
Q2	112.9	104.2	108.2	99.8	113.9	120.4	113.0	100.6	123.0
Q3	114.3	104.4	110.2	101.2	115.4	122.0	113.6	100.4	124.2
Q4	115.4	105.3	111.8	102.3	116.4	123.5	114.0	100.9	126.5
2000 Q1	117.0	106.2	113.5	104.0	117.7	125.4	115.1	102.0	126.9

4. Constant prices ⁴⁾

(index: 1995 = 100, seasonally adjusted)

	Gross value added							Intermediate consumption of FISIM ²⁾	Taxes less subsidies on products
	Total	Agriculture, hunting, forestry and fishing activities	Manufacturing, energy and mining	Construction	Trade, repairs, hotels and restaurants, transport and communication	Financial, real estate, renting and business activities	Public administration, education, health and other services		
Share in the total (%) ³⁾	100	2.6	23.7	6.0	20.7	25.4	21.6		
	10	11	12	13	14	15	16	17	18
1995	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1996	101.4	106.1	100.0	98.2	100.6	103.7	101.4	102.9	101.4
1997	103.8	107.1	103.3	96.2	104.1	107.0	102.0	106.2	103.6
1998	106.7	109.5	106.5	94.9	108.4	110.6	103.4	110.6	106.5
1999	109.2	111.8	108.4	96.9	112.1	113.9	104.7	115.6	110.3
1998 Q4	107.2	109.8	106.2	94.9	109.4	111.8	104.1	112.8	107.7
1999 Q1	107.8	111.0	106.4	96.1	110.7	112.4	104.3	113.2	109.2
Q2	108.6	111.0	107.5	96.6	111.3	113.4	104.5	114.5	109.5
Q3	109.7	112.7	109.1	97.3	112.8	114.4	104.8	116.6	110.3
Q4	110.5	112.6	110.3	97.9	113.6	115.6	105.1	118.1	112.3
2000 Q1	111.7	111.7	111.8	98.8	115.0	117.1	105.7	118.8	111.7

(annual percentage changes)

1995	2.3	0.9	3.0	-0.3	2.3	3.1	1.5	-0.1	0.6
1996	1.4	6.1	0.0	-1.8	0.6	3.7	1.4	2.9	1.4
1997	2.3	0.9	3.3	-2.1	3.5	3.1	0.6	3.3	2.2
1998	2.8	2.3	3.1	-1.3	4.2	3.4	1.4	4.1	2.8
1999	2.3	2.1	1.7	2.1	3.4	3.0	1.2	4.5	3.6
1998 Q4	1.9	0.7	0.8	-1.7	3.4	3.1	1.6	4.6	3.5
1999 Q1	1.7	1.1	0.1	0.1	2.9	2.9	1.5	4.2	3.8
Q2	2.0	1.6	0.8	2.7	3.1	2.8	1.2	4.5	3.1
Q3	2.5	3.3	2.0	2.7	3.5	3.1	1.1	4.7	3.4
Q4	3.1	2.5	3.9	3.2	3.9	3.4	1.0	4.7	4.3
2000 Q1	3.6	0.7	5.0	2.8	3.9	4.2	1.3	4.9	2.3

Source: ECB calculations based on Eurostat data.

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

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

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

4) Value added at 1995 prices.

Table 5.2

Selected other real economy indicators ¹⁾

1. Industrial production

(annual percentage changes, unless otherwise indicated)

	Total including construction		Total excluding construction		Manufacturing						Construction
	Index (s.a.) 1995 = 100		Index (s.a.) 1995 = 100		Intermediate goods	Capital goods	Consumer goods		Non-durable consumer goods		
	1	2	3	4			8	9			
1995	100.1	2.8	100.1	3.5	3.6	2.6	7.3	.	-1.2	1.8	0.5
1996	100.1	0.0	100.4	0.3	0.2	-0.2	1.6	-0.3	0.1	-0.2	-1.5
1997	103.8	3.8	104.7	4.3	5.0	5.5	4.9	2.9	4.2	2.4	0.3
1998	107.7	3.7	109.1	4.2	4.8	3.9	7.2	2.4	5.6	2.4	0.6
1999	109.9	2.0	111.0	1.8	1.9	2.2	1.4	1.9	2.6	1.9	2.9
1999 Q1	108.2	0.3	109.3	0.3	0.0	-0.1	0.5	0.8	0.5	0.9	0.3
Q2	108.6	1.0	110.0	0.6	0.7	0.4	0.8	0.5	1.5	0.4	3.3
Q3	110.7	2.5	111.6	2.4	2.3	3.2	1.6	2.3	3.1	2.1	2.9
Q4	112.0	4.1	113.3	4.0	4.6	5.3	2.6	3.7	5.4	4.0	4.8
2000 Q1	113.6	5.0	114.7	4.7	5.4	5.7	6.2	1.4	8.7	0.8	6.0
1999 June	109.4	2.1	110.6	1.9	1.8	1.8	2.4	1.6	2.9	1.5	3.9
July	110.0	1.6	111.1	1.3	1.0	2.3	-0.4	1.5	1.9	1.6	2.4
Aug.	111.3	3.4	111.6	3.6	3.5	3.8	3.5	4.2	6.9	2.7	3.1
Sep.	110.7	2.6	112.1	2.5	2.7	3.4	2.2	1.7	2.2	2.0	3.3
Oct.	111.1	2.8	112.9	2.7	3.0	3.6	2.0	2.5	2.9	3.1	2.7
Nov.	112.3	4.3	113.5	4.4	5.1	5.3	3.0	4.8	5.7	4.9	4.4
Dec.	112.7	5.4	113.6	5.1	5.8	7.2	2.8	3.9	8.1	4.1	7.6
2000 Jan.	112.0	2.9	113.8	3.1	3.2	4.6	4.1	-0.9	4.9	-0.5	3.3
Feb.	114.7	7.0	114.7	5.7	6.9	6.7	6.8	3.0	10.6	2.0	14.9
Mar.	114.0	5.0	115.7	5.3	5.9	5.8	7.3	2.0	10.0	0.8	0.8
Apr.	.	.	116.5	5.8	5.6	5.6	7.5	4.8	10.9	2.9	-1.7
May	.	.	117.6	7.7	8.4	7.8	11.3	4.3	11.5	3.3	.
June	.	.	.	.	.	.	.	.	.	.	.

2. Retail sales and car registrations

(annual percentage changes, unless otherwise indicated)

	Retail sales (s.a.)								New passenger car registrations	
	Current prices				Constant prices				Thousands ²⁾ (s.a.)	
	Total		Total		Food, beverages, tobacco	Non-food	Textiles, clothing, footwear	Household equipment		
	Index 1995 = 100		Index 1995 = 100							
12	13	14	15	16	17	18	19	20	21	
1995	100.0	.	100.0	.	.	.	.	.	777	0.8
1996	102.1	2.1	100.6	0.5	0.7	.	-1.0	0.0	826	6.2
1997	104.4	2.3	101.8	1.2	1.2	1.0	0.6	1.2	861	4.2
1998	108.1	3.5	104.6	2.8	2.0	2.8	2.0	4.0	923	7.2
1999	111.6	3.3	107.2	2.4	3.1	1.7	1.3	2.7	973	5.4
1999 Q2	110.7	2.8	106.5	2.2	2.9	1.9	2.0	2.5	982	8.5
Q3	111.8	2.7	107.3	2.0	3.0	1.4	-1.2	3.6	990	6.4
Q4	113.6	4.2	108.6	2.9	3.5	1.6	2.7	3.1	951	-0.1
2000 Q1	114.1	3.5	109.0	2.4	3.3	0.7	0.7	4.0	984	1.5
Q2	.	.	.	.	.	.	.	.	987	0.4
1999 June	111.6	3.9	107.2	3.1	5.0	2.2	3.3	2.8	979	8.0
July	111.8	2.7	107.3	2.0	2.6	1.5	0.3	3.5	1,044	10.4
Aug.	112.1	3.0	107.6	2.2	2.8	2.3	0.3	4.2	961	5.1
Sep.	111.5	2.5	107.2	1.8	3.5	0.4	-4.2	3.0	964	2.1
Oct.	113.6	4.9	108.7	3.7	4.9	2.0	4.0	3.1	970	2.9
Nov.	114.0	3.8	108.7	2.3	2.9	1.7	1.8	3.2	958	-1.2
Dec.	113.4	3.9	108.4	2.7	2.9	1.1	2.3	3.1	926	-2.6
2000 Jan.	113.7	3.8	108.8	2.6	3.7	3.2	-0.3	3.4	977	0.7
Feb.	114.9	5.0	109.5	3.5	3.6	2.9	5.6	5.2	998	5.4
Mar.	113.7	1.9	108.6	1.2	2.6	-3.9	-2.9	3.5	978	-0.8
Apr.	115.6	5.1	110.2	4.0	4.8	2.7	1.1	4.9	976	-2.1
May	115.9	5.0	110.4	3.7	5.1	2.1	2.3	3.7	990	1.9
June	.	.	.	.	.	.	.	.	996	1.7

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

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

2) Monthly averages.

Table 5.3

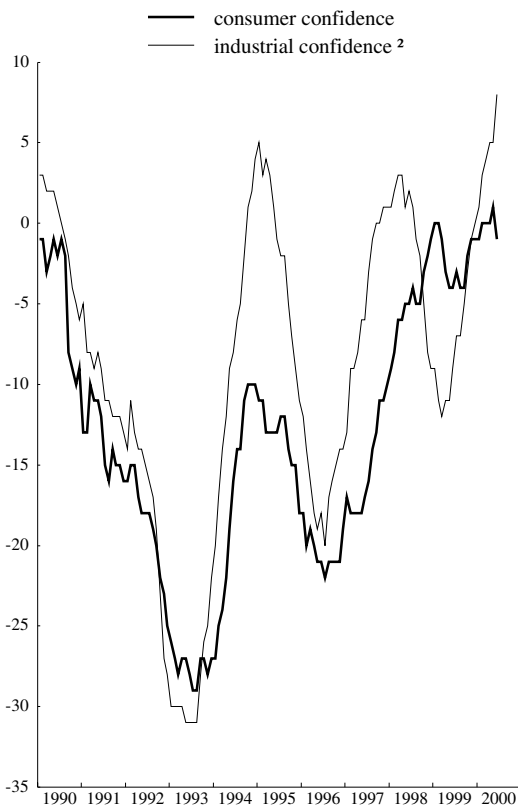
Business and consumer surveys

(percentage balances, seasonally adjusted, unless otherwise indicated)

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

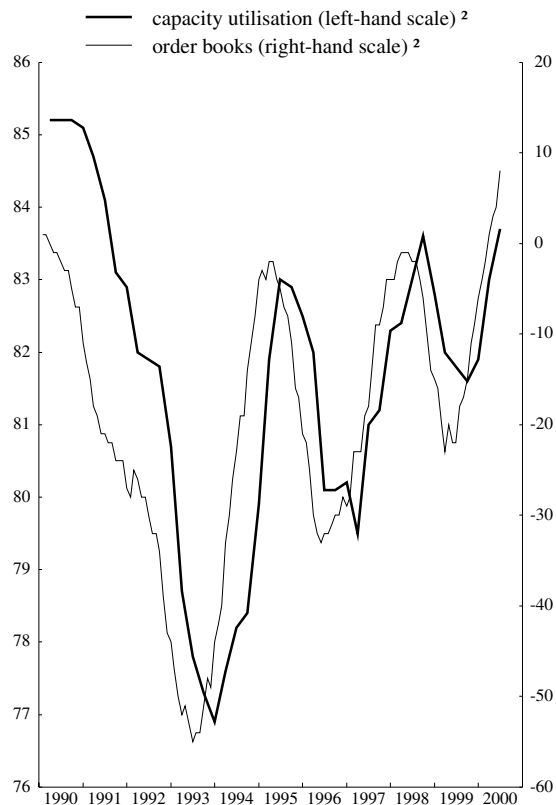
Consumer and industrial confidence indicators

(percentage balances; monthly, seasonally adjusted)



Capacity utilisation and order books

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



Source: European Commission Business and Consumer Surveys.

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

2) Manufacturing.

Table 5.4
Labour market indicators
1. Employment and unemployment ¹⁾
(annual percentage changes, unless otherwise indicated)

	Employment						Unemployment (s.a.)			
	Whole economy				Industry (excluding construction)	Services	Total		Adult ²⁾	Youth ²⁾
	Index, 1995 = 100	Employees	Self- employed				Millions	% of labour force	% of labour force	% of labour force
1	2	3	4	5	6	7	8	9	10	
1995	100.0	.	.	.	.	.	14.321	11.3	9.5	23.3
1996	100.3	0.3	0.3	0.5	-1.4	1.3	14.724	11.6	9.8	23.9
1997	100.8	0.5	0.7	0.2	-0.6	1.2	14.821	11.6	9.9	23.2
1998	102.1	1.3	1.5	0.7	1.0	1.7	14.084	10.9	9.4	21.3
1999	103.3	1.2	1.5	-0.1	0.2	2.0	13.008	10.0	8.7	19.1
1999 Q2	102.7	1.3	1.6	-0.1	0.1	2.1	13.091	10.0	8.8	19.3
Q3	102.8	1.0	1.4	-0.4	0.0	1.8	12.920	9.9	8.6	18.9
Q4	103.0	1.0	1.3	-0.4	0.0	1.7	12.612	9.7	8.5	18.2
2000 Q1	103.5	1.2	1.5	-0.2	0.1	1.9	12.358	9.5	8.3	18.0
Q2	.	.	.	.	.	.	11.959	9.2	8.1	17.4
1999 June	-	-	-	-	-	-	12.968	9.9	8.7	19.0
July	-	-	-	-	-	-	12.929	9.9	8.7	18.9
Aug.	-	-	-	-	-	-	12.965	9.9	8.7	19.0
Sep.	-	-	-	-	-	-	12.866	9.9	8.6	18.8
Oct.	-	-	-	-	-	-	12.682	9.7	8.5	18.4
Nov.	-	-	-	-	-	-	12.594	9.6	8.5	18.2
Dec.	-	-	-	-	-	-	12.558	9.6	8.5	18.1
2000 Jan.	-	-	-	-	-	-	12.488	9.6	8.4	18.1
Feb.	-	-	-	-	-	-	12.374	9.5	8.3	18.1
Mar.	-	-	-	-	-	-	12.211	9.4	8.2	17.9
Apr.	-	-	-	-	-	-	12.096	9.3	8.1	17.6
May	-	-	-	-	-	-	11.956	9.2	8.1	17.4
June	-	-	-	-	-	-	11.827	9.1	8.0	17.2

2. Labour costs and productivity
(annual percentage changes)

	Unit labour cost in the whole economy, and components (s.a.)			Labour cost indices ³⁾ and components					Earnings per employee in manufacturing
	Unit labour cost	Compensation per employee	Labour productivity	Total	Wages and salaries	Other	Industry excluding construction	Services	
							Total	Total	
11	12	13	14	15	16	17	18	19	
1995	1.5	3.4	1.9	-	-	-	-	-	3.9
1996	1.9	3.2	1.2	3.4	3.0	4.3	3.5	3.9	3.7
1997	0.7	2.4	1.7	2.5	2.4	2.8	2.3	2.6	2.6
1998	0.0	1.4	1.4	1.8	1.9	1.3	1.8	1.4	2.9
1999	1.1	1.9	0.8	2.2	2.4	1.6	2.2	1.8	2.4
1998 Q1	-1.6	1.0	2.7	1.8	2.0	1.1	1.5	1.5	2.4
Q2	-0.1	1.2	1.2	1.8	2.1	1.2	2.0	1.5	3.2
Q3	0.3	1.3	1.0	1.7	1.7	1.5	1.9	1.2	3.0
Q4	0.8	1.2	0.4	1.8	1.9	1.4	2.0	1.3	3.2
1999 Q1	1.6	1.8	0.1	2.1	2.1	1.7	2.1	1.6	2.8
Q2	1.6	2.1	0.5	2.0	2.2	1.4	1.9	2.0	2.5
Q3	1.0	2.0	1.0	2.3	2.5	1.8	2.3	2.0	2.3
Q4	0.3	2.0	1.7	2.4	2.6	1.7	2.5	1.7	1.9
2000 Q1	0.4	2.5	2.0	3.6	3.8	2.8	3.4	3.0	2.8

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

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

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

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

6 Saving, investment and financing in the euro area

Table 6

Saving, investment and financing

(as a percentage of GDP, unless otherwise indicated)

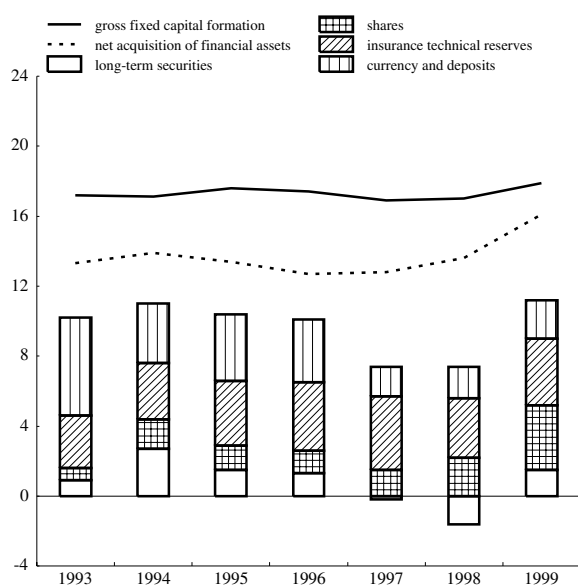
	Euro area saving and investment ¹⁾			Investment of private non-financial sectors ¹⁾²⁾							
	Gross saving	Gross fixed capital formation	Net lending to the rest of the world	Gross fixed capital formation	Non-financial corporations	Net acquisition of financial assets	Currency and deposits	Securities other than shares	Long-term securities	Shares	Insurance technical reserves
	1	2	3	4	5	6	7	8	9	10	11
1992	21.3	22.5	-0.9	18.8	11.8	13.5	4.0	1.6	0.4	1.4	2.9
1993	20.4	20.7	0.6	17.2	10.4	13.3	5.6	0.5	0.9	0.7	3.0
1994	20.8	20.3	0.3	17.1	10.2	13.9	3.4	2.5	2.7	1.7	3.2
1995	22.0	20.8	0.5	17.6	10.7	13.4	3.8	1.8	1.5	1.4	3.7
1996	21.7	20.6	1.0	17.4	10.6	12.7	3.6	0.2	1.3	1.3	3.9
1997	22.1	20.0	1.6	16.9	10.5	12.8	1.7	-0.6	-0.2	1.5	4.2
1998	22.1	20.0	1.2	17.0	10.7	13.6	1.8	-2.2	-1.6	2.2	3.4
1999	21.5	20.9	0.1	17.9	11.6	16.1	2.2	1.5	1.5	3.7	3.8

	Financing of private non-financial sectors ¹⁾²⁾									Net financial investment ³⁾	Financial investment as a % of gross investment ⁴⁾	Net incurrence of liabilities as a % of financing ⁵⁾
	Gross saving	Households	Net incurrence of liabilities	Securities other than shares	Long-term securities	Shares	Loans	Long-term loans				
	12	13	14	15	16	17	18	19				
1992	21.0	13.1	10.2	0.7	0.6	1.4	6.7	4.7	3.3	41.8	32.7	
1993	20.7	12.7	7.9	1.3	1.4	1.5	3.6	4.4	5.4	43.6	27.6	
1994	20.7	11.9	9.7	1.0	1.1	1.8	3.9	4.0	4.2	44.8	31.9	
1995	21.7	12.1	7.0	-1.8	-1.8	1.4	4.7	3.2	6.4	43.2	24.4	
1996	21.2	11.8	8.5	0.2	0.0	1.7	5.5	4.5	4.2	42.2	28.6	
1997	20.3	10.6	9.1	0.1	0.1	1.4	5.9	4.5	3.7	43.1	31.0	
1998	19.1	10.0	11.1	0.3	0.2	2.5	6.8	4.9	2.5	44.4	36.8	
1999	18.3	10.0	14.5	0.9	0.5	1.9	9.6	7.1	1.6	47.4	44.2	

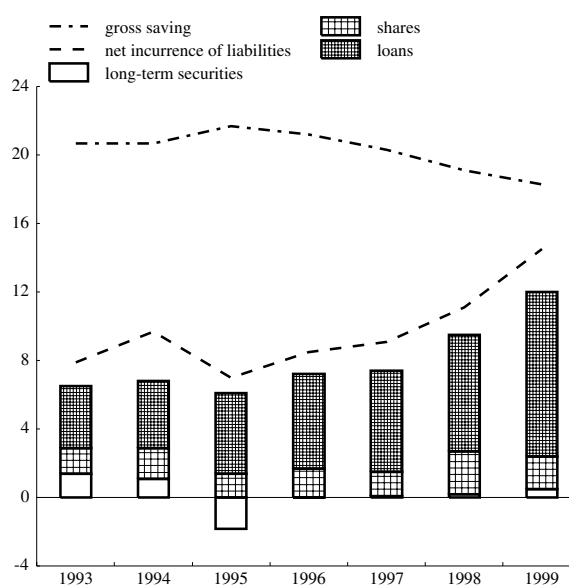
Investment and financing of private non-financial sectors ¹⁾²⁾

(as a percentage of GDP)

Investment



Financing



Source: ECB.

1) Selected items of investment and financing.

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

3) Column 6 - column 14.

4) Column 6 ÷ (column 4 + column 6).

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

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

Table 7

General government fiscal position

(as a percentage of GDP)

1. Euro area ¹⁾ – receipts and expenditure

	Receipts							Expenditure							
	Total	Current receipts				Capital receipts	Total	Current expenditure					Capital expenditure		
		Direct taxes	Indirect taxes	Social contributions	Sales			Compensation of employees	Intermediate consumption	Interest	Transfers to households	Investment			
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	
1991	46.4	46.0	11.8	13.0	16.7	2.3	0.3	50.8	45.9	11.2	5.4	5.1	20.4	4.8	3.3
1992	47.5	46.8	11.9	13.0	17.1	2.4	0.7	52.1	47.4	11.4	5.5	5.6	21.4	4.7	3.2
1993	48.3	47.8	12.1	13.3	17.5	2.4	0.5	53.8	49.1	11.6	5.7	5.8	22.3	4.7	3.1
1994	47.7	47.3	11.6	13.5	17.5	2.4	0.4	52.7	48.3	11.3	5.4	5.5	22.3	4.4	2.9
1995	47.2	46.7	11.6	13.3	17.3	2.5	0.5	52.2	47.7	11.2	5.3	5.7	22.3	4.5	2.7
1996	48.0	47.5	12.0	13.4	17.6	2.5	0.5	52.3	48.3	11.2	5.3	5.7	22.8	4.0	2.6
1997	48.3	47.6	12.2	13.6	17.5	2.5	0.7	50.9	47.1	11.0	5.3	5.1	22.6	3.7	2.4
1998	47.8	47.3	12.4	14.2	16.5	2.4	0.5	49.9	46.0	10.7	5.2	4.7	22.1	3.9	2.4
1999	48.5	48.0	12.9	14.4	16.5	2.4	0.5	49.7	45.7	10.7	5.2	4.3	22.1	4.0	2.5

2. Euro area ¹⁾ – saving, deficit and debt

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

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

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

4. Euro area countries – gross nominal consolidated debt

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

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

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

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

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

4) European Commission forecasts.

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

Table 8.1

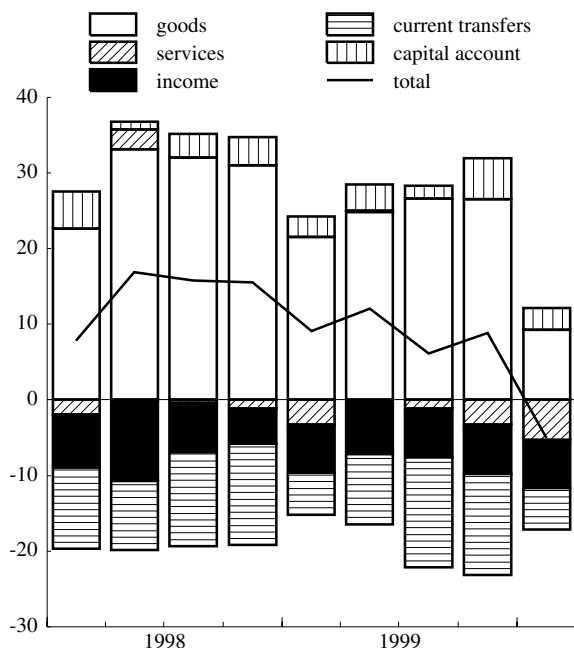
Summary balance of payments ^{1) 2)}

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

	Current account					Capital account	Financial account						Errors and omissions
	Total	Goods	Services	Income	Current transfers		Total	Direct investment	Portfolio investment	Financial derivatives	Other investment	Reserve assets	
	1	2	3	4	5	6	7	8	9	10	11	12	13
1997	76.2	124.8	7.1	-15.2	-40.5	13.1	.	-48.1	-22.8	.	.	.	.
1998	43.3	118.8	-0.9	-28.8	-45.8	12.7	-69.1	-102.6	-85.3	-8.2	118.5	8.5	13.1
1999	22.8	99.5	-7.5	-26.4	-42.8	13.3	-64.3	-138.8	-28.9	-1.0	90.8	13.7	28.2
1999 Q1	6.4	21.5	-3.2	-6.4	-5.5	2.8	-33.1	-15.6	-54.7	-1.4	33.0	5.5	24.0
Q2	8.6	24.8	0.2	-7.1	-9.3	3.4	-28.3	-52.6	-7.0	-0.6	25.3	6.6	16.2
Q3	4.5	26.6	-1.1	-6.4	-14.6	1.7	-6.7	-23.3	29.8	1.5	-16.1	1.4	0.5
Q4	3.4	26.5	-3.3	-6.5	-13.4	5.5	3.8	-47.3	3.0	-0.5	48.5	0.2	-12.6
2000 Q1	-7.9	9.3	-5.3	-6.3	-5.5	2.8	47.8	148.0	-192.6	2.5	91.3	-1.4	-42.7
1999 Mar.	6.4	9.8	-0.4	-1.6	-1.4	0.2	-40.3	-4.6	-37.1	0.9	-2.1	2.7	33.7
Apr.	4.8	8.0	-0.4	0.1	-2.9	0.5	-5.1	-14.6	13.6	3.5	-9.3	1.8	-0.2
May	-1.5	5.9	0.7	-4.9	-3.2	1.4	-11.0	-19.1	-28.5	-3.9	37.0	3.5	11.1
June	5.4	11.0	-0.1	-2.3	-3.2	1.4	-12.2	-18.9	7.9	-0.1	-2.3	1.3	5.4
July	6.4	14.6	-0.1	-3.6	-4.5	0.7	-24.4	-9.8	-3.2	0.8	-11.5	-0.8	17.3
Aug.	1.3	6.5	-0.5	0.1	-4.8	0.6	27.2	-7.2	12.0	1.9	20.0	0.5	-29.0
Sep.	-3.2	5.6	-0.6	-2.9	-5.2	0.4	-9.5	-6.3	20.9	-1.2	-24.6	1.7	12.3
Oct.	2.2	10.5	-0.2	-3.9	-4.1	1.5	14.7	-7.3	-13.5	-1.8	37.2	0.1	-18.4
Nov.	1.6	8.4	-1.8	-0.7	-4.3	1.1	-4.5	-19.4	13.6	1.6	-1.0	0.6	1.8
Dec.	-0.5	7.7	-1.3	-1.9	-5.0	2.8	-6.3	-20.6	2.9	-0.3	12.2	-0.5	3.9
2000 Jan.	-9.0	-0.5	-2.1	-5.0	-1.3	1.4	19.2	0.8	-5.3	-0.8	26.7	-2.2	-11.6
Feb.	0.0	4.2	-2.1	-1.0	-1.2	0.1	-1.9	146.0	-152.9	1.9	2.8	0.3	1.8
Mar.	1.2	5.6	-1.1	-0.3	-3.0	1.3	30.5	1.1	-34.4	1.4	61.8	0.5	-32.9
Apr.	-3.2	6.0	-1.2	-3.9	-4.0	1.5	5.0	-6.2	-7.9	2.1	16.8	0.2	-3.4
May	-0.6	5.0	-0.2	-2.8	-2.6	0.6	7.0	-10.7	-5.1	0.3	21.2	1.3	-7.0

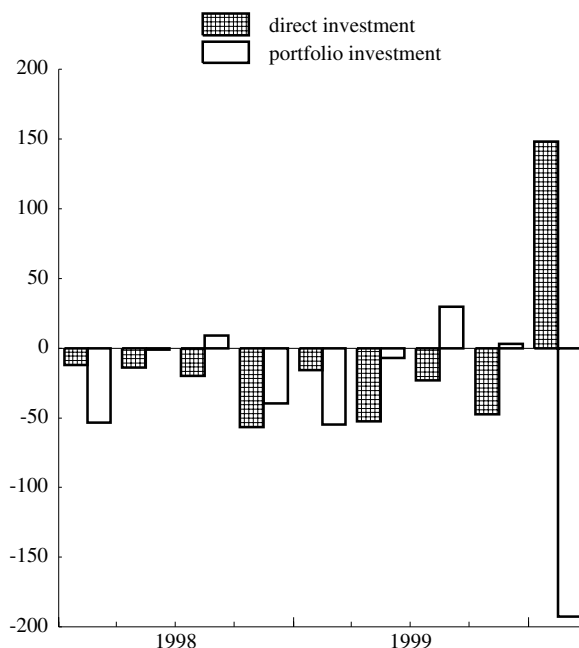
Current and capital accounts

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



Direct and portfolio investment

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



Source: ECB.

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

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

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

	Current account										Capital account	
	Total		Goods		Services		Income		Current transfers		Credit 11	Debit 12
	Credit 1	Debit 2	Credit 3	Debit 4	Credit 5	Debit 6	Credit 7	Debit 8	Credit 9	Debit 10		
1997	1,212.2	1,136.0	744.1	619.3	217.9	210.8	189.5	204.7	60.7	101.1	18.9	5.8
1998	1,264.0	1,220.6	772.4	653.6	232.0	232.8	198.5	227.3	61.1	106.9	17.8	5.1
1999	1,303.8	1,280.9	796.0	696.5	236.0	243.5	205.0	231.4	66.8	109.6	19.6	6.3
1999 Q1	300.8	294.4	179.7	158.2	50.7	53.9	46.6	53.0	23.8	29.3	4.4	1.7
Q2	325.2	316.6	193.1	168.2	59.3	59.1	58.0	65.1	14.8	24.2	4.6	1.2
Q3	323.2	318.7	199.9	173.2	62.5	63.6	47.9	54.4	12.9	27.5	3.1	1.5
Q4	354.7	351.3	223.4	196.9	63.6	66.8	52.5	59.0	15.3	28.6	7.5	2.0
2000 Q1	359.5	367.4	221.2	211.9	58.5	63.8	54.7	61.0	25.2	30.7	4.3	1.4
1999 Mar.	110.4	103.9	68.8	59.0	18.7	19.0	17.7	19.3	5.3	6.6	0.6	0.5
Apr.	105.8	101.0	63.3	55.3	18.5	18.9	19.1	19.1	4.9	7.8	1.0	0.4
May	102.6	104.2	60.7	54.9	19.2	18.5	17.3	22.2	5.4	8.6	1.8	0.3
June	116.8	111.4	69.1	58.1	21.6	21.7	21.6	23.8	4.6	7.8	1.9	0.5
July	115.9	109.4	72.8	58.2	22.7	22.8	15.7	19.3	4.6	9.1	1.3	0.6
Aug.	98.3	97.0	58.8	52.3	19.1	19.6	16.2	16.1	4.2	9.0	1.0	0.4
Sep.	109.0	112.2	68.2	62.7	20.6	21.2	16.1	19.0	4.1	9.4	0.8	0.5
Oct.	115.7	113.5	74.0	63.5	20.9	21.1	15.9	19.8	4.9	9.1	2.0	0.5
Nov.	117.6	116.0	75.3	66.9	20.5	22.3	17.1	17.8	4.7	9.0	1.8	0.7
Dec.	121.3	121.8	74.1	66.4	22.2	23.4	19.5	21.4	5.6	10.6	3.7	0.8
2000 Jan.	111.9	121.0	64.5	65.0	18.2	20.4	16.4	21.4	12.9	14.2	1.9	0.5
Feb.	115.8	115.8	72.9	68.7	18.6	20.7	17.4	18.4	6.8	8.0	0.5	0.4
Mar.	131.8	130.6	83.8	78.2	21.7	22.8	20.9	21.1	5.5	8.5	1.8	0.5
Apr.	115.9	119.1	72.3	66.3	20.0	21.2	18.7	22.6	4.8	8.9	2.1	0.5
May	133.7	134.4	83.4	78.4	22.0	22.2	21.9	24.7	6.5	9.0	1.1	0.5

Source: ECB.

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

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

	Total		Compensation of employees		Investment income							
	Credit 1	Debit 2	Credit 3	Debit 4	Total		Direct investment		Portfolio investment		Other investment	
					Credit 5	Debit 6	Credit 7	Debit 8	Credit 9	Debit 10	Credit 11	Debit 12
1999	205.0	231.4	9.6	4.9	195.4	226.5	42.4	38.4	61.9	98.5	91.1	89.7
1999 Q1	46.6	53.0	2.3	0.9	44.4	52.1	7.8	8.8	13.6	21.7	23.0	21.6
Q2	58.0	65.1	2.3	1.3	55.7	63.8	12.7	8.1	17.4	31.4	25.5	24.3
Q3	47.9	54.4	2.3	1.4	45.6	53.0	9.5	9.8	15.7	22.4	20.4	20.7
Q4	52.5	59.0	2.7	1.3	49.7	57.6	12.4	11.6	15.2	23.0	22.2	23.0
2000 Q1	54.7	61.0	3.1	1.1	51.5	59.9	13.3	13.5	13.5	21.7	24.8	24.7

	Income on direct investment				Income on portfolio investment							
	Equity		Debt		Equity		Debt instruments					
	Credit 13	Debit 14	Credit 15	Debit 16	Credit 17	Debit 18	Total		Bonds and notes		Money market instruments	
							Credit 19	Debit 20	Credit 21	Debit 22	Credit 23	Debit 24
1999	37.4	33.8	5.0	4.6	9.7	27.3	52.2	71.2	49.9	70.2	2.3	1.0
1999 Q1	6.9	8.0	0.9	0.9	1.6	3.7	12.0	18.0	11.6	17.3	0.5	0.7
Q2	11.5	7.0	1.2	1.1	3.3	12.8	14.1	18.6	13.5	18.1	0.6	0.5
Q3	8.2	8.6	1.3	1.2	2.4	4.9	13.3	17.5	12.7	17.7	0.6	-0.2
Q4	10.7	10.2	1.7	1.4	2.4	5.8	12.8	17.2	12.1	17.2	0.7	0.0
2000 Q1	11.0	12.0	2.3	1.5	1.9	5.8	11.6	15.9	11.0	16.0	0.6	-0.1

Source: ECB.

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

	Abroad			In the euro area		
	Total 1	Equity capital and reinvested earnings 2	Other capital, mostly intercompany loans 3	Total 4	Equity capital and reinvested earnings 5	Other capital, mostly intercompany loans 6
1997	-93.4	.	.	45.3	.	.
1998	-183.0	.	.	80.4	.	.
1999	-212.9	.	.	74.1	.	.
1999 Q1	-36.3	.	.	20.8	.	.
Q2	-76.9	.	.	24.3	.	.
Q3	-26.9	.	.	3.6	.	.
Q4	-72.7	-61.6	-11.2	25.4	8.0	17.4
2000 Q1	-63.3	-33.2	-30.1	211.3	191.3	20.0
1999 Mar.	-12.5	.	.	7.9	.	.
Apr.	-23.3	.	.	8.7	.	.
May	-28.3	.	.	9.1	.	.
June	-25.3	.	.	6.4	.	.
July	-3.6	.	.	-6.2	.	.
Aug.	-12.8	.	.	5.6	.	.
Sep.	-10.5	.	.	4.3	.	.
Oct.	-15.2	-14.9	-0.3	7.8	1.1	6.7
Nov.	-22.4	-10.5	-11.8	3.0	2.5	0.4
Dec.	-35.2	-36.1	1.0	14.6	4.4	10.2
2000 Jan.	-7.0	-6.4	-0.5	7.8	7.4	0.4
Feb.	-20.1	-13.6	-6.5	166.1	159.1	7.1
Mar.	-36.2	-13.1	-23.1	37.3	24.8	12.6
Apr.	-18.6	-8.5	-10.1	12.4	6.3	6.1
May	-35.6	-15.1	-20.5	24.9	8.9	16.0

Source: ECB.

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

Table 8.5**Balance of payments: portfolio investment account ¹⁾***(EUR billions (ECU billions to end-1998); net flows)***1. By instrument ²⁾**

	Total		Equity		Debt instruments					
	Assets	Liabilities	Assets	Liabilities	Assets			Liabilities		
					Total	Bonds and notes	Money market instruments	Total	Bonds and notes	Money market instruments
	1	2	3	4	5	6	7	8	9	10
1998	-302.1	216.8	-98.7	98.3	-203.3	-187.1	-16.3	118.5	102.7	15.8
1999	-316.5	287.5	-153.7	97.7	-162.7	-149.0	-13.8	189.8	119.2	70.6
1999 Q1	-65.3	10.7	-21.7	-5.4	-43.6	-43.8	0.1	16.1	2.9	13.2
Q2	-85.6	78.6	-40.9	31.3	-44.7	-52.5	7.8	47.3	33.7	13.7
Q3	-64.3	94.1	-37.2	27.1	-27.0	-21.0	-6.1	67.0	42.3	24.7
Q4	-101.2	104.2	-53.9	44.8	-47.3	-31.7	-15.7	59.4	40.4	19.1
2000 Q1	-153.9	-38.8	-116.9	-105.7	-37.0	-38.6	1.6	67.0	46.8	20.2
1999 Mar.	-30.0	-7.1	-11.0	-16.9	-19.0	-21.2	2.3	9.7	5.2	4.5
Apr.	-22.2	35.8	-11.7	8.2	-10.5	-14.8	4.3	27.6	27.7	-0.1
May	-37.9	9.4	-15.7	10.8	-22.2	-23.3	1.1	-1.4	-9.2	7.8
June	-25.5	33.4	-13.5	12.3	-12.0	-14.4	2.4	21.1	15.2	5.9
July	-22.0	18.8	-9.8	11.0	-12.2	-11.8	-0.3	7.8	0.4	7.4
Aug.	-22.8	34.8	-14.8	5.5	-8.0	-6.5	-1.5	29.3	21.8	7.5
Sep.	-19.5	40.4	-12.6	10.5	-6.9	-2.7	-4.2	29.9	20.1	9.8
Oct.	-24.2	10.8	-13.2	10.2	-11.1	-5.4	-5.6	0.6	1.5	-0.9
Nov.	-35.4	49.0	-18.3	16.1	-17.1	-12.2	-4.9	32.9	32.7	0.2
Dec.	-41.5	44.4	-22.4	18.5	-19.1	-14.0	-5.1	25.9	6.2	19.7
2000 Jan.	-23.5	18.2	-21.8	7.2	-1.7	-8.8	7.1	11.0	11.8	-0.9
Feb.	-87.2	-65.7	-68.7	-92.5	-18.6	-15.7	-2.8	26.9	12.8	14.1
Mar.	-43.2	8.7	-26.5	-20.4	-16.7	-14.1	-2.6	29.1	22.2	6.9
Apr.	-25.8	17.9	-18.2	-4.7	-7.6	-4.7	-2.8	22.6	13.9	8.7
May	-29.7	24.6	-18.0	4.1	-11.7	-8.6	-3.1	20.5	15.4	5.1

2. Assets by instrument and sector of holder

	Equity				Debt instruments							
	Euro-system	General government	MFIs (excl. the Euro-system)	Other sectors	Bonds and notes				Money market instruments			
					Euro-system	General government	MFIs (excl. the Euro-system)	Other sectors	Euro-system	General government	MFIs (excl. the Euro-system)	Other sectors
	1	2	3	4	5	6	7	8	9	10	11	12
1999	0.1	-2.0	3.3	-155.1	0.7	-1.6	-17.7	-130.4	0.6	-0.1	-8.0	-6.2
1999 Q1	0.1	-0.4	1.1	-22.5	0.1	-0.4	5.1	-48.6	1.4	-0.2	-1.1	0.0
Q2	0.0	-0.3	-3.0	-37.7	0.8	-0.3	-10.5	-42.5	0.5	-0.5	1.1	6.6
Q3	0.0	-0.5	6.1	-42.9	0.1	-0.6	-4.4	-16.1	-1.0	0.4	-1.0	-4.4
Q4	-0.1	-0.9	-1.0	-51.9	-0.3	-0.3	-7.8	-23.3	-0.3	0.1	-7.0	-8.4
2000 Q1	0.0	-0.7	1.7	-117.9	-1.2	-0.1	-15.5	-21.7	1.2	0.1	3.2	-2.8

Source: ECB.

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

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

Table 8.6**Balance of payments: other investment account and reserve assets***(EUR billions (ECU billions to end-1998); net flows)***1. Other investment by sector ^{1) 2)}**

	Total		Eurosystem		General government		MFIs (excluding the Eurosystem)						Other sectors	
	Assets 1	Liabilities 2	Assets 3	Liabilities 4	Assets 5	Liabilities 6	Total		Long-term		Short-term		Assets 13	Liabilities 14
							Assets 7	Liabilities 8	Assets 9	Liabilities 10	Assets 11	Liabilities 12		
1998	-67.5	186.0	-0.7	3.5	-1.4	-7.7	-22.6	178.1	-34.2	34.8	11.6	143.3	-42.8	12.1
1999	-58.0	148.8	9.4	0.0	-0.7	-13.4	-24.8	137.4	-50.4	39.7	25.6	97.7	-41.9	24.7
1999 Q1	-34.6	67.7	2.9	0.0	-3.3	-4.2	-13.4	58.6	-13.9	7.1	0.6	51.5	-20.9	13.3
Q2	1.0	24.4	4.4	0.0	3.9	-2.9	8.2	19.4	-15.6	13.2	23.9	6.2	-15.6	7.8
Q3	-28.1	12.0	-0.3	0.0	-1.6	-2.4	-8.6	10.3	-14.3	8.1	5.7	2.2	-17.7	4.1
Q4	3.8	44.7	2.3	0.0	0.3	-3.9	-11.1	49.1	-6.5	11.3	-4.5	37.8	12.2	-0.5
2000 Q1	-84.0	175.3	-5.1	0.0	-6.0	-2.7	-30.0	163.1	-11.2	20.0	-18.8	143.1	-42.8	14.9
1999 Mar.	-0.8	-1.3	-1.0	0.0	-1.1	1.2	3.2	-8.1	-7.1	6.8	10.3	-14.9	-1.8	5.6
Apr.	10.5	-19.8	0.4	0.0	-0.2	0.3	15.0	-20.8	-4.7	2.7	19.7	-23.5	-4.8	0.7
May	-10.7	47.6	3.1	0.0	1.0	-0.9	-13.4	50.4	-3.9	6.1	-9.5	44.3	-1.4	-1.9
June	1.1	-3.5	0.9	0.0	3.0	-2.3	6.6	-10.1	-7.1	4.5	13.7	-14.6	-9.4	9.0
July	-14.2	2.7	0.8	0.0	-1.7	-1.2	-8.2	0.4	-2.1	3.7	-6.0	-3.2	-5.1	3.5
Aug.	-5.1	25.1	-1.5	0.0	0.2	-0.1	-2.6	26.3	-5.4	0.1	2.8	26.2	-1.2	-1.1
Sep.	-8.8	-15.8	0.5	0.0	-0.1	-1.1	2.2	-16.4	-6.8	4.3	9.0	-20.7	-11.4	1.7
Oct.	-16.8	53.9	0.3	0.0	-1.1	-1.1	-20.8	51.1	-3.1	3.5	-17.7	47.5	4.9	4.0
Nov.	-71.8	70.8	-1.7	0.0	1.1	-1.8	-68.5	71.6	1.0	-0.4	-69.4	72.0	-2.7	1.0
Dec.	92.3	-80.1	3.8	0.0	0.3	-1.0	78.2	-73.6	-4.4	8.2	82.5	-81.8	10.0	-5.5
2000 Jan.	-21.0	47.7	0.1	0.0	-2.9	-1.0	-2.6	43.4	-3.9	6.2	1.4	37.2	-15.6	5.3
Feb.	-31.9	34.8	-1.8	0.0	-2.7	-0.3	-17.4	26.4	-4.9	7.7	-12.5	18.7	-10.0	8.6
Mar.	-31.0	92.9	-3.5	0.0	-0.4	-1.4	-10.0	93.3	-2.3	6.1	-7.7	87.2	-17.2	1.0
Apr.	-26.0	42.8	3.1	0.0	0.9	0.5	-27.9	41.8	-5.2	4.9	-22.7	36.9	-2.1	0.5
May	-12.2	33.4	-2.4	0.0	0.8	0.7	-7.0	25.7	0.5	-1.7	-7.5	27.4	-3.6	7.0

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

	Loans/currency and deposits			Other assets/liabilities			
	Assets 1	Liabilities 2	Balance 3	Assets 4	Liabilities 5	Balance 6	
1999		10.0	0.0	10.0	-0.7	0.0	-0.7
1999 Q1		3.6	0.0	3.6	-0.7	0.0	-0.7
Q2		4.3	0.0	4.3	0.1	0.0	0.1
Q3		-0.3	0.0	-0.3	0.0	0.0	0.0
Q4		2.4	0.0	2.4	0.0	0.0	0.0
2000 Q1		-5.1	0.0	-5.1	0.0	0.0	0.0

Source: ECB.

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

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

2.2. General government

	Trade credits			Loans/currency and deposits			Other assets/liabilities		
	Assets 7	Liabilities 8	Balance 9	Assets 10	Liabilities 11	Balance 12	Assets 13	Liabilities 14	Balance 15
1999	-0.3	0.0	-0.4	1.5	-13.1	-11.6	-1.9	-0.2	-2.1
1999 Q1	-0.2	0.0	-0.2	-2.9	-4.1	-7.0	-0.3	-0.1	-0.4
Q2	-0.1	0.0	-0.1	5.7	-2.7	3.0	-1.8	-0.2	-2.0
Q3	-0.1	0.0	-0.1	-1.2	-2.5	-3.7	-0.3	0.1	-0.2
Q4	-0.1	0.0	-0.1	-0.1	-3.9	-3.9	0.4	0.0	0.4
2000 Q1	0.0	0.0	0.0	-5.9	-2.3	-8.2	-0.1	-0.4	-0.5

2.3. MFIs (excluding the Eurosystem)

	Loans/currency and deposits			Other assets/liabilities		
	Assets 16	Liabilities 17	Balance 18	Assets 19	Liabilities 20	Balance 21
1999	-25.9	137.0	111.2	1.1	0.4	1.5
1999 Q1	-17.1	61.3	44.2	3.7	-2.7	1.0
Q2	9.1	18.4	27.4	-0.8	1.1	0.2
Q3	-6.8	9.8	3.0	-1.8	0.5	-1.3
Q4	-11.1	47.6	36.6	0.0	1.5	1.5
2000 Q1	-27.7	163.0	135.3	-2.2	0.1	-2.1

2.4. Other sectors

	Trade credits			Loans/currency and deposits			Other assets/liabilities		
	Assets 22	Liabilities 23	Balance 24	Assets 25	Liabilities 26	Balance 27	Assets 28	Liabilities 29	Balance 30
1999	-13.4	2.7	-10.8	-5.7	14.5	8.8	-22.8	7.5	-15.3
1999 Q1	-3.5	4.1	0.6	-11.8	3.4	-8.4	-5.5	5.8	0.2
Q2	-6.2	-2.9	-9.1	1.4	9.6	11.1	-10.8	1.0	-9.7
Q3	-2.9	-0.1	-3.0	-11.9	2.7	-9.2	-2.9	1.5	-1.4
Q4	-0.7	1.5	0.8	16.6	-1.2	15.4	-3.7	-0.8	-4.4
2000 Q1	-4.3	2.9	-1.4	-38.1	18.4	-19.8	-0.4	-6.4	-6.8

3. Reserve assets ¹⁾

	Total 1	Monetary gold 2	Special drawing rights 3	Reserve position in the IMF 4	Foreign exchange							Other claims 12
					Total 5	Currency and deposits		Securities			Financial derivatives 11	
						With monetary authorities and the BIS 6	With banks 7	Equity 8	Bonds and notes 9	Money market instruments 10		
1999	13.7	0.3	1.0	3.0	9.5	3.2	0.8	0.2	7.8	-2.4	-0.1	0.0
1999 Q1	5.5	0.0	2.5	0.0	3.3	1.5	3.0	0.0	1.3	-2.5	0.0	-0.3
Q2	6.6	0.0	-1.1	0.8	6.8	-4.6	-2.4	0.0	11.0	2.8	0.0	0.1
Q3	1.4	0.0	0.2	1.9	-0.9	5.3	-2.7	0.2	-3.2	-0.5	0.0	0.2
Q4	0.2	0.3	-0.7	0.3	0.4	0.9	3.0	0.0	-1.3	-2.2	-0.1	-0.1
2000 Q1	-1.4	0.7	0.2	0.2	-2.8	2.3	-4.5	0.0	2.6	-3.1	0.0	0.2

Source: ECB.

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

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

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

Source: ECB.

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

2. Reserves and related assets of the Eurosystem ¹⁾

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

Reserve assets													Memo: related assets	
Total	Monetary gold	In fine troy ounces (millions)	Special drawing rights	Reserve position in the IMF	Foreign exchange							Other claims	Claims on euro area residents denom- inated in foreign currency	
					Total	Currency and deposits		Securities			Financial deriva- tives			
						With monetary authorities and the BIS	With banks	Equity	Bonds and notes	Money market instru- ments				
1	2	3	4	5	6	7	8	9	10	11	12	13	14	
1998 Dec. ²⁾	329.4	99.6	404.131	5.1	23.4	199.8	12.5	18.3	0.0	116.7	52.4	0.0	1.5	7.6
1999 Dec.	372.4	116.4	402.758	4.5	24.2	225.2	-	-	-	-	-	0.0	2.0	14.4
2000 Jan. ³⁾	378.1	116.2	401.639	4.3	24.4	231.4	-	-	-	-	-	0.2	1.9	14.7
Feb. ³⁾	383.2	121.1	400.503	4.4	23.9	231.9	-	-	-	-	-	0.2	2.0	16.1
Mar.	385.4	116.0	400.503	4.4	24.8	238.9	-	-	-	-	-	0.2	1.2	17.0
Apr.	399.6	121.3	400.503	4.3	22.7	249.7	-	-	-	-	-	0.2	1.7	18.1
May	388.6	117.2	400.503	4.5	21.1	244.4	-	-	-	-	-	0.2	1.4	19.1
June	385.7	120.8	400.503	4.5	20.5	238.2	-	-	-	-	-	0.1	1.7	18.7

3. Reserves and related assets of the European Central Bank ⁴⁾

(EUR billions; end-of-period positions)

Reserve assets													Memo: related assets	
Total	Monetary gold	In fine troy ounces (millions)	Special drawing rights	Reserve position in the IMF	Foreign exchange							Other claims	Claims on euro area residents denom- inated in foreign currency	
					Total	Currency and deposits		Securities			Financial deriva- tives			
						With monetary authorities and the BIS	With banks	Equity	Bonds and notes	Money market instru- ments				
1	2	3	4	5	6	7	8	9	10	11	12	13	14	
1999 Dec.	49.3	6.9	24.030	0.0	0.0	41.0	-	-	-	-	-	0.0	1.4	2.6
2000 Jan.	50.0	7.0	24.030	0.0	0.0	41.7	-	-	-	-	-	0.0	1.3	3.2
Feb.	48.1	7.3	24.030	0.0	0.0	39.5	-	-	-	-	-	0.0	1.3	4.2
Mar.	49.8	7.0	24.030	0.0	0.0	42.0	-	-	-	-	-	0.0	0.9	4.3
Apr.	52.8	7.3	24.030	0.0	0.0	44.3	-	-	-	-	-	0.0	1.2	4.3
May	50.1	7.0	24.030	0.0	0.0	42.1	-	-	-	-	-	0.0	0.9	4.5
June	50.6	7.2	24.030	0.0	0.0	42.2	-	-	-	-	-	0.0	1.2	4.1

Source: ECB.

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

2) Position as at 1 January 1999.

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

4) Part of the Eurosystem's reserves.

9 External trade in goods of the euro area

Table 9

1. Exports ¹⁾

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

	Total	Food, drink, tobacco	Raw materials	Energy	Chemicals	Other manufactured articles	Machinery, transport equipment	Other	Export trade indices 1995 = 100		
									Value ²⁾	Volume ²⁾	Unit value
	1	2	3	4	5	6	7	8	9	10	11
1996	669.7	49.2	14.2	13.1	85.5	195.5	295.9	16.3	107.6	104.7	102.8
1997	762.8	52.8	16.3	14.4	99.0	216.6	342.8	20.9	122.5	115.9	105.7
1998	796.3	56.1	15.8	12.6	104.4	221.7	371.1	14.7	127.9	120.0	106.6
1999	829.7	55.2	16.3	13.5	113.6	224.2	383.0	23.8	133.3	122.3	109.0
1997 Q1	170.7	12.0	3.8	3.7	22.6	48.9	74.7	5.0	109.7	104.2	105.3
Q2	191.8	13.4	4.1	3.6	25.1	53.9	86.4	5.3	123.3	117.3	105.1
Q3	193.5	13.0	4.2	3.4	25.6	55.6	86.5	5.1	124.3	116.6	106.6
Q4	206.8	14.4	4.2	3.7	25.6	58.2	95.1	5.5	132.9	125.7	105.7
1998 Q1	194.5	13.8	4.2	3.4	26.7	54.7	88.0	3.7	125.0	115.9	107.8
Q2	204.5	14.6	3.9	3.3	27.0	56.6	95.5	3.7	131.4	123.1	106.8
Q3	195.9	13.5	3.9	3.0	25.8	55.3	91.0	3.6	125.9	118.2	106.5
Q4	201.4	14.2	3.8	2.9	25.0	55.1	96.7	3.7	129.4	122.8	105.4
1999 Q1	187.7	12.3	3.8	2.6	25.8	51.0	86.4	5.7	120.6	112.5	107.2
Q2	202.9	13.5	3.9	3.1	27.9	54.8	93.9	5.8	130.4	119.7	108.9
Q3	209.4	13.9	4.1	3.8	29.6	56.7	95.4	6.1	134.6	122.9	109.5
Q4	229.7	15.6	4.5	4.0	30.4	61.7	107.3	6.3	147.6	134.1	110.1
2000 Q1	227.4	13.5	4.8	4.7	32.2	61.9	104.0	6.3	146.1	127.6	114.5
1998 Jan.	58.6	4.3	1.3	1.2	8.4	16.3	26.0	1.2	112.9	104.8	107.7
Feb.	63.8	4.5	1.4	1.0	8.6	18.1	28.9	1.2	123.0	114.1	107.8
Mar.	72.1	5.0	1.5	1.2	9.6	20.3	33.1	1.3	139.0	128.7	108.0
Apr.	68.2	4.9	1.3	1.1	9.2	19.0	31.3	1.3	131.4	122.9	106.9
May	65.9	4.8	1.3	1.1	8.7	18.3	30.7	1.2	127.1	118.9	106.9
June	70.5	4.9	1.3	1.1	9.1	19.3	33.5	1.2	135.9	127.3	106.7
July	73.0	4.8	1.3	1.1	9.3	21.1	34.2	1.2	140.8	131.7	106.9
Aug.	56.7	4.2	1.2	1.0	7.7	15.6	25.9	1.1	109.3	103.2	105.9
Sep.	66.2	4.5	1.3	0.9	8.8	18.5	30.9	1.3	127.6	119.7	106.6
Oct.	69.0	4.8	1.3	1.0	8.6	19.6	32.5	1.2	133.1	125.8	105.8
Nov.	67.1	4.8	1.3	1.0	8.1	18.2	32.5	1.3	129.3	123.3	104.8
Dec.	65.3	4.6	1.2	0.9	8.2	17.3	31.7	1.2	125.8	119.3	105.5
1999 Jan.	54.4	3.7	1.1	0.8	7.7	14.7	24.9	1.5	104.9	98.2	106.8
Feb.	60.1	4.0	1.2	0.8	8.3	16.5	27.3	2.1	115.8	108.4	106.9
Mar.	73.2	4.7	1.4	1.0	9.8	19.9	34.3	2.1	141.0	130.7	107.9
Apr.	65.8	4.3	1.3	1.0	9.1	17.7	30.5	1.7	126.8	116.4	108.9
May	63.6	4.5	1.3	1.0	9.0	17.3	28.8	1.8	122.7	113.1	108.5
June	73.5	4.6	1.3	1.1	9.8	19.8	34.5	2.2	141.7	129.6	109.3
July	76.3	4.6	1.4	1.2	10.3	20.8	35.7	2.4	147.2	133.1	110.6
Aug.	60.9	4.2	1.3	1.1	9.2	16.1	27.2	1.8	117.4	106.7	110.0
Sep.	72.2	5.1	1.4	1.5	10.1	19.8	32.5	1.9	139.2	128.9	108.0
Oct.	77.0	5.2	1.4	1.4	10.1	20.8	36.1	2.1	148.4	135.1	109.9
Nov.	77.2	5.3	1.5	1.2	10.6	20.7	35.8	2.0	148.8	136.6	108.9
Dec.	75.5	5.0	1.6	1.4	9.6	20.1	35.5	2.2	145.6	130.7	111.4
2000 Jan.	65.7	4.0	1.4	1.5	9.3	17.5	30.1	2.0	126.7	111.4	113.7
Feb.	74.8	4.4	1.6	1.6	10.7	20.7	33.7	2.0	144.2	124.9	115.4
Mar.	86.9	5.1	1.8	1.6	12.2	23.6	40.2	2.3	167.5	146.6	114.3
Apr.	72.7	4.4	1.6	1.5	10.2	19.4	33.7	1.9	140.1	120.6	116.1
May	85.6	.	.	.	.	.	.	.	165.0	.	.

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

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

2) ECB calculations based on Eurostat data.

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

	Total	Food, drink, tobacco	Raw materials	Energy	Chemicals	Other manufactured articles	Machinery, transport equipment	Other	Import trade indices 1995 = 100		
									Value ²⁾	Volume ²⁾	Unit value
	1	2	3	4	5	6	7	8	9	10	11
1996	593.9	46.6	36.5	71.6	54.1	167.0	193.6	24.6	105.5	102.9	102.6
1997	674.2	49.7	41.3	81.2	62.0	188.1	228.8	23.1	119.8	110.3	108.6
1998	711.0	55.1	41.3	58.5	68.0	202.0	270.1	16.1	126.3	123.0	102.7
1999	775.8	51.7	39.2	77.5	70.6	209.3	304.0	23.5	137.9	129.7	106.3
1997 Q1	159.1	11.4	9.7	21.2	14.7	44.6	51.8	5.8	113.1	106.0	106.7
Q2	168.0	12.6	11.0	18.6	16.0	46.5	57.5	5.7	119.4	111.4	107.2
Q3	166.6	12.2	10.0	20.0	15.2	48.9	55.6	4.7	118.5	106.9	110.8
Q4	180.4	13.5	10.6	21.4	16.1	48.2	63.8	6.8	128.2	117.0	109.6
1998 Q1	179.9	13.7	10.9	16.4	17.7	51.6	65.3	4.3	127.9	119.2	107.3
Q2	179.2	13.7	11.1	15.1	17.3	50.4	67.2	4.3	127.4	121.6	104.7
Q3	171.1	13.4	9.7	13.8	16.4	50.8	63.4	3.6	121.6	119.5	101.8
Q4	180.8	14.3	9.6	13.2	16.5	49.2	74.1	3.9	128.5	131.9	97.4
1999 Q1	178.4	12.3	9.2	13.8	16.9	49.9	70.9	5.5	126.8	128.2	98.9
Q2	188.5	12.8	10.1	16.8	17.6	50.4	75.1	5.8	134.0	129.1	103.8
Q3	193.2	12.7	9.5	21.2	17.1	54.0	72.9	5.7	137.3	125.5	109.4
Q4	215.7	14.0	10.4	25.8	19.0	54.9	85.0	6.6	153.3	136.3	112.5
2000 Q1	229.4	12.4	11.3	32.2	19.9	60.1	86.1	7.4	163.0	135.0	120.8
1998 Jan.	57.7	4.5	3.5	5.7	5.6	16.6	20.4	1.4	123.0	114.3	107.6
Feb.	57.9	4.3	3.5	5.4	5.6	16.7	20.8	1.6	123.4	114.4	107.9
Mar.	64.3	4.9	3.8	5.3	6.5	18.3	24.1	1.3	137.1	128.6	106.6
Apr.	60.1	4.8	3.7	5.2	5.8	16.8	22.6	1.3	128.2	121.5	105.5
May	56.9	4.4	3.5	5.2	5.6	15.8	21.2	1.2	121.4	115.7	104.9
June	62.1	4.6	3.9	4.7	6.0	17.8	23.4	1.8	132.5	127.8	103.7
July	59.3	4.7	3.6	4.7	6.0	17.8	21.2	1.3	126.4	123.6	102.2
Aug.	50.1	4.1	2.8	4.4	4.7	15.0	18.1	1.0	106.9	105.7	101.1
Sep.	61.8	4.6	3.3	4.7	5.8	17.9	24.1	1.4	131.7	129.2	101.9
Oct.	62.5	4.8	3.3	4.7	5.8	17.4	25.1	1.4	133.2	133.9	99.5
Nov.	59.7	4.6	3.1	4.2	5.4	16.2	24.9	1.3	127.3	131.8	96.6
Dec.	58.6	5.0	3.1	4.3	5.3	15.7	24.2	1.2	125.0	130.2	96.0
1999 Jan.	54.8	3.8	3.0	4.6	5.1	15.4	21.3	1.7	116.9	119.1	98.2
Feb.	56.2	3.8	2.9	4.2	5.4	16.1	21.9	1.9	119.8	121.6	98.5
Mar.	67.4	4.6	3.3	5.0	6.4	18.5	27.8	1.9	143.8	144.0	99.9
Apr.	61.3	4.2	3.3	5.6	5.7	15.9	24.6	1.9	130.7	127.6	102.4
May	62.1	4.2	3.3	5.7	5.7	16.4	24.9	1.8	132.5	126.6	104.6
June	65.1	4.4	3.5	5.4	6.1	18.1	25.6	2.0	138.9	132.8	104.6
July	64.2	4.3	3.4	6.7	5.7	18.3	24.0	1.9	137.0	126.8	108.0
Aug.	58.3	4.0	2.7	7.0	5.1	16.2	21.6	1.7	124.4	113.1	110.0
Sep.	70.6	4.4	3.4	7.6	6.3	19.5	27.3	2.1	150.6	136.6	110.2
Oct.	69.7	4.5	3.3	7.9	6.3	18.5	27.0	2.2	148.7	133.6	111.3
Nov.	73.5	4.7	3.6	8.4	6.6	18.6	29.4	2.3	156.8	141.5	110.8
Dec.	72.4	4.8	3.4	9.5	6.1	17.9	28.6	2.1	154.5	133.8	115.4
2000 Jan.	70.7	4.0	3.5	10.5	5.8	18.4	26.2	2.3	150.8	126.9	118.8
Feb.	74.9	3.9	3.6	10.6	6.7	20.0	27.7	2.4	159.8	132.4	120.7
Mar.	83.7	4.5	4.2	11.0	7.5	21.8	32.2	2.6	178.5	145.5	122.7
Apr.	72.6	4.2	3.7	9.4	6.6	18.4	28.0	2.3	154.7	126.6	122.2
May	85.5	.	.	.	.	.	.	.	182.3	.	.

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

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

2) ECB calculations based on Eurostat data.

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

	Total	Food, drink, tobacco	Raw materials	Energy	Chemicals	Other manufactured articles	Machinery, transport equipment	Other
	1	2	3	4	5	6	7	8
1996	75.8	2.7	-22.3	-58.5	31.4	28.5	102.3	-8.3
1997	88.6	3.2	-25.0	-66.8	37.0	28.5	114.0	-2.2
1998	85.3	1.0	-25.5	-45.9	36.4	19.7	101.0	-1.4
1999	53.8	3.5	-22.9	-64.0	43.0	14.9	79.1	0.3
1997 Q1	11.6	0.6	-5.8	-17.5	7.9	4.3	22.8	-0.8
Q2	23.8	0.7	-6.9	-15.0	9.1	7.4	28.9	-0.4
Q3	26.8	0.9	-5.9	-16.6	10.4	6.8	30.9	0.3
Q4	26.3	1.0	-6.4	-17.7	9.5	10.0	31.3	-1.3
1998 Q1	14.6	0.1	-6.7	-13.0	9.0	3.2	22.7	-0.7
Q2	25.4	0.9	-7.2	-11.7	9.6	6.1	28.2	-0.6
Q3	24.8	0.1	-5.8	-10.9	9.3	4.5	27.6	0.0
Q4	20.6	-0.1	-5.7	-10.3	8.5	5.9	22.6	-0.2
1999 Q1	9.2	0.1	-5.4	-11.2	8.9	1.1	15.5	0.2
Q2	14.3	0.7	-6.2	-13.7	10.3	4.4	18.8	0.0
Q3	16.3	1.1	-5.4	-17.4	12.5	2.6	22.5	0.3
Q4	14.0	1.6	-5.9	-21.8	11.3	6.7	22.3	-0.3
2000 Q1	-2.0	1.1	-6.5	-27.5	12.3	1.7	17.9	-1.1
1998 Jan.	0.9	-0.2	-2.2	-4.6	2.8	-0.3	5.6	-0.2
Feb.	5.9	0.3	-2.2	-4.3	3.1	1.4	8.1	-0.4
Mar.	7.8	0.1	-2.3	-4.1	3.1	2.0	9.0	0.0
Apr.	8.0	0.1	-2.4	-4.1	3.4	2.2	8.7	0.0
May	9.0	0.4	-2.3	-4.1	3.1	2.4	9.5	-0.1
June	8.3	0.3	-2.6	-3.5	3.1	1.5	10.1	-0.5
July	13.8	0.0	-2.2	-3.6	3.3	3.3	13.0	0.0
Aug.	6.6	0.1	-1.6	-3.5	3.0	0.6	7.7	0.1
Sep.	4.4	-0.1	-2.0	-3.8	3.0	0.5	6.8	-0.1
Oct.	6.6	0.0	-2.0	-3.7	2.8	2.2	7.4	-0.2
Nov.	7.4	0.2	-1.9	-3.3	2.7	2.0	7.7	0.0
Dec.	6.6	-0.3	-1.9	-3.3	2.9	1.7	7.5	0.1
1999 Jan.	-0.4	-0.1	-1.8	-3.8	2.6	-0.7	3.6	-0.2
Feb.	3.9	0.1	-1.7	-3.3	2.9	0.4	5.4	0.2
Mar.	5.7	0.1	-1.9	-4.0	3.4	1.4	6.5	0.2
Apr.	4.5	0.2	-2.0	-4.6	3.4	1.8	5.9	-0.2
May	1.5	0.3	-2.1	-4.8	3.2	0.9	3.9	0.0
June	8.4	0.3	-2.1	-4.3	3.7	1.7	8.9	0.2
July	12.1	0.2	-2.0	-5.5	4.7	2.5	11.7	0.5
Aug.	2.6	0.2	-1.4	-5.8	4.0	-0.2	5.6	0.1
Sep.	1.6	0.7	-2.0	-6.1	3.8	0.3	5.1	-0.2
Oct.	7.3	0.8	-1.9	-6.5	3.8	2.3	9.0	-0.2
Nov.	3.7	0.6	-2.1	-7.2	4.1	2.2	6.4	-0.2
Dec.	3.1	0.2	-1.9	-8.0	3.5	2.3	6.8	0.1
2000 Jan.	-5.0	0.0	-2.1	-9.1	3.5	-0.9	3.9	-0.4
Feb.	-0.1	0.5	-2.0	-9.0	4.0	0.7	6.0	-0.4
Mar.	3.2	0.6	-2.3	-9.4	4.7	1.9	8.0	-0.3
Apr.	0.1	0.2	-2.1	-7.9	3.6	1.0	5.7	-0.4
May	0.1	.	.	.	.	.	.	.

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

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



10 Exchange rates

Table 10
Exchange rates

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

	Effective exchange rate of the euro ¹⁾						Bilateral ECU or euro exchange rates ²⁾			
	Narrow group				Broad group		US dollar	Japanese yen	Swiss franc	Pound sterling
	Nominal	Real CPI	Real PPI	Real ULCM	Nominal	Real CPI				
1	2	3	4	5	6	7	8	9	10	
1996	107.9	108.8	107.9	112.8	95.4	105.9	1.270	138.1	1.568	0.814
1997	99.1	99.4	99.5	101.1	90.4	96.6	1.134	137.1	1.644	0.692
1998	101.5	101.3	101.8	99.7	96.6	99.1	1.121	146.4	1.622	0.676
1999	95.7	95.7	96.0	95.8	96.6	95.8	1.066	121.3	1.600	0.659
1999 Q1	100.0	100.0	100.0	100.0	100.0	100.0	1.122	130.7	1.599	0.687
Q2	96.1	96.0	96.2	96.6	96.5	96.0	1.057	127.7	1.600	0.658
Q3	94.6	94.7	95.0	94.6	95.5	94.6	1.049	118.7	1.602	0.655
Q4	92.2	92.2	92.9	92.1	94.2	92.6	1.038	108.4	1.600	0.636
2000 Q1	89.0	89.7	90.6	88.3	91.1	89.5	0.986	105.5	1.607	0.614
Q2	86.0	86.6	87.8	85.7	88.4	86.6	0.933	99.6	1.563	0.610
1999 Jan.	102.0	101.8	101.8	-	101.4	101.4	1.161	131.3	1.605	0.703
Feb.	99.9	99.9	99.8	-	100.0	100.0	1.121	130.8	1.598	0.689
Mar.	98.3	98.3	98.5	-	98.7	98.6	1.088	130.2	1.595	0.671
Apr.	97.1	96.9	97.2	-	97.5	97.2	1.070	128.2	1.602	0.665
May	96.6	96.5	96.7	-	96.9	96.4	1.063	129.7	1.603	0.658
June	94.7	94.7	94.6	-	95.1	94.4	1.038	125.3	1.595	0.650
July	94.8	95.2	95.2	-	95.0	94.5	1.035	123.7	1.604	0.658
Aug.	95.4	95.6	95.9	-	96.3	95.5	1.060	120.1	1.600	0.660
Sep.	93.6	93.4	94.0	-	95.2	93.8	1.050	112.4	1.602	0.647
Oct.	94.4	94.2	94.9	-	96.3	94.7	1.071	113.5	1.594	0.646
Nov.	92.0	92.0	92.8	-	94.0	92.4	1.034	108.2	1.605	0.637
Dec.	90.1	90.4	91.1	-	92.2	90.7	1.011	103.7	1.601	0.627
2000 Jan.	90.2	90.8	91.7	-	92.4	90.8	1.014	106.5	1.610	0.618
Feb.	89.2	89.8	90.8	-	91.2	89.5	0.983	107.6	1.607	0.615
Mar.	87.7	88.3	89.4	-	89.7	88.1	0.964	102.6	1.604	0.611
Apr.	86.1	86.6	87.7	-	88.4	86.7	0.947	99.9	1.574	0.598
May	84.5	85.0	86.4	-	86.9	85.1	0.906	98.1	1.556	0.602
June	87.4	88.1	89.3	-	89.9	88.1	0.949	100.7	1.561	0.629
July	86.9	88.0	89.0	-	89.4	87.6	0.940	101.4	1.551	0.623
% ch. vs. ⁴⁾ prev. month										
2000 July	-0.5	-0.1	-0.4	-	-0.6	-0.6	-1.0	0.7	-0.7	-1.0
% ch. vs. ⁴⁾ prev. year										
2000 July	-8.3	-7.5	-6.6	-	-5.9	-7.3	-9.2	-18.0	-3.3	-5.3

Source: ECB.

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

Bilateral ECU or euro exchange rates ²⁾									
Swedish krona	Danish krona	Greek drachma	Norwegian krona	Canadian dollar	Australian dollar	Hong Kong dollar ⁵⁾	Korean won ³⁾	Singapore dollar ³⁾	
11	12	13	14	15	16	17	18	19	
8.51	7.36	305.5	8.20	1.731	1.623	9.68	1,007.9	1.765	1996
8.65	7.48	309.3	8.02	1.569	1.528	8.75	1,069.8	1.678	1997
8.92	7.50	330.7	8.47	1.665	1.787	8.69	1,568.9	1.876	1998
8.81	7.44	325.8	8.31	1.584	1.652	8.27	1,267.3	1.806	1999
8.98	7.44	322.7	8.60	1.696	1.770	8.69	1,342.6	1.911	1999 Q1
8.90	7.43	325.0	8.24	1.557	1.618	8.19	1,258.8	1.810	Q2
8.71	7.44	326.1	8.22	1.558	1.613	8.14	1,252.8	1.772	Q3
8.65	7.44	329.2	8.19	1.528	1.613	8.07	1,217.4	1.737	Q4
8.50	7.45	332.7	8.11	1.434	1.564	7.68	1,109.8	1.674	2000 Q1
8.28	7.46	336.2	8.20	1.381	1.585	7.27	1,042.0	1.608	Q2
9.08	7.44	323.6	8.65	1.765	1.839	8.99	1,362.4	1.950	1999 Jan.
8.91	7.44	322.0	8.65	1.679	1.751	8.68	1,330.2	1.905	Feb.
8.94	7.43	322.5	8.51	1.651	1.726	8.43	1,336.2	1.881	Mar.
8.91	7.43	325.5	8.32	1.594	1.668	8.30	1,292.2	1.834	Apr.
8.97	7.43	325.2	8.23	1.553	1.605	8.24	1,272.1	1.820	May
8.83	7.43	324.2	8.17	1.524	1.580	8.05	1,212.6	1.775	June
8.74	7.44	325.0	8.18	1.540	1.576	8.03	1,229.4	1.756	July
8.75	7.44	326.4	8.26	1.583	1.645	8.23	1,269.1	1.779	Aug.
8.63	7.43	327.0	8.23	1.552	1.619	8.15	1,260.1	1.781	Sep.
8.73	7.43	329.2	8.29	1.581	1.641	8.32	1,289.9	1.793	Oct.
8.63	7.44	328.7	8.19	1.516	1.618	8.04	1,215.9	1.727	Nov.
8.59	7.44	329.7	8.10	1.491	1.580	7.86	1,149.6	1.694	Dec.
8.60	7.44	331.1	8.12	1.469	1.542	7.89	1,145.9	1.697	2000 Jan.
8.51	7.45	333.2	8.10	1.427	1.564	7.65	1,110.8	1.674	Feb.
8.39	7.45	333.9	8.11	1.408	1.583	7.51	1,076.1	1.654	Mar.
8.27	7.45	335.2	8.15	1.389	1.588	7.38	1,051.4	1.620	Apr.
8.24	7.46	336.6	8.20	1.355	1.570	7.06	1,015.3	1.566	May
8.32	7.46	336.6	8.25	1.402	1.597	7.40	1,061.1	1.641	June
8.41	7.46	336.9	8.18	1.389	1.598	7.33	1,047.9	1.636	July
1.1	0.0	0.1	-0.9	-0.9	0.1	-1.0	-1.2	-0.3	% ch. vs. ⁴⁾ prev. month 2000 July
-3.9	0.3	3.7	-0.1	-9.8	1.4	-8.8	-14.8	-6.8	% ch. vs. ⁴⁾ prev. year 2000 July

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

Table 11

Economic and financial developments

(annual percentage changes, unless otherwise indicated)

	HICP	General government deficit (-)/surplus (+) as a % of GDP	General government gross debt as a % of GDP	Long-term government bond yield ¹⁾ as a % per annum	Exchange rate ²⁾ as national currency per ECU or euro	Current and new capital account as a % of GDP	Unit labour costs ³⁾	Real GDP	Industrial production index ⁴⁾	Standardised unemployment rate as a % of labour force (s.a.)	Broad money ⁵⁾	3-month interest rate ¹⁾ as a % per annum
	1	2	3	4	5	6	7	8	9	10	11	12
Denmark												
1997	1.9	0.5	61.3	6.26	7.48	0.6	1.4	3.1	5.6	5.6	4.7	3.73
1998	1.3	1.2	55.6	4.94	7.50	-1.1	2.6	2.5	2.3	5.2	4.6	4.27
1999	2.1	3.0	52.6	4.91	7.44	1.3	3.4	1.7	2.2	5.2	4.2	3.44
1999 Q2	1.8	-	-	4.50	7.43	1.6	3.8	2.3	5.7	5.4	4.9	3.13
Q3	2.3	-	-	5.35	7.44	1.5	3.2	1.4	-0.6	5.2	3.4	3.19
Q4	2.8	-	-	5.57	7.44	0.3	0.2	2.5	5.2	4.9	4.1	3.78
2000 Q1	2.8	-	-	5.79	7.45	0.7	4.0	1.7	4.5	4.9	2.2	3.95
Q2	2.9	-	-	5.67	7.46	.	.	.	.	.	.	4.73
2000 Jan.	2.8	-	-	5.87	7.44	-	-	-	5.5	5.0	0.8	3.72
Feb.	2.8	-	-	5.85	7.45	-	-	-	4.5	4.9	2.1	3.93
Mar.	3.0	-	-	5.65	7.45	-	-	-	3.6	4.8	3.9	4.18
Apr.	2.9	-	-	5.57	7.45	-	-	-	10.9	4.7	-0.9	4.32
May	2.8	-	-	5.77	7.46	-	-	-	9.6	4.8	1.5	4.70
June	2.9	-	-	5.67	7.46	-	-	-	.	.	.	5.14
July	.	-	-	.	7.46	-	-	-	.	.	.	5.78
Greece												
1997	5.4	-4.6	108.5	-	309.3	-4.1	8.4	3.4	1.6	7.9	11.8	12.48
1998	4.5	-3.1	105.4	8.48	330.7	-3.1	5.5	3.7	3.7	10.0	10.2	13.53
1999	2.1	-1.6	104.4	6.30	325.8	-4.1	2.5	3.5	0.1	.	7.6	10.08
1999 Q2	2.0	-	-	5.87	325.0	-	-	-	-0.4	.	7.3	9.80
Q3	1.4	-	-	6.56	326.1	-	-	-	1.0	.	6.6	9.86
Q4	2.0	-	-	6.68	329.2	-	-	-	0.5	.	6.4	10.13
2000 Q1	2.6	-	-	6.44	332.7	-	-	-	7.0	.	5.3	8.71
Q2	2.3	-	-	6.12	336.2	-	-	-	.	.	.	8.33
2000 Jan.	2.4	-	-	6.60	331.1	-	-	-	3.5	.	5.9	8.92
Feb.	2.6	-	-	6.48	333.2	-	-	-	6.8	.	4.7	8.51
Mar.	2.8	-	-	6.24	333.9	-	-	-	10.3	.	5.4	8.69
Apr.	2.1	-	-	6.09	335.2	-	-	-	5.4	.	9.4	8.48
May	2.6	-	-	6.19	336.6	-	-	-	.	.	8.2	8.30
June	2.2	-	-	6.06	336.6	-	-	-	.	.	.	8.22
July	.	-	-	6.08	336.9	-	-	-	.	.	.	8.02
Sweden												
1997	1.8	-2.0	75.0	6.62	8.65	-	0.4	2.0	7.2	9.9	4.2	4.43
1998	1.0	1.9	72.4	4.99	8.92	3.3	1.6	3.0	4.2	8.3	3.5	4.36
1999	0.6	1.9	65.5	4.98	8.81	1.6	0.1	3.8	1.1	7.2	6.8	3.32
1999 Q2	0.3	-	-	4.54	8.90	0.9	0.3	3.7	0.9	7.3	6.5	3.07
Q3	0.7	-	-	5.48	8.71	2.8	0.3	3.8	-0.7	7.1	6.1	3.22
Q4	1.0	-	-	5.69	8.65	0.8	-0.8	3.8	3.1	6.8	9.1	3.69
2000 Q1	1.2	-	-	5.79	8.50	3.4	7.2	3.9	6.3	6.5	8.7	3.99
Q2	1.2	-	-	5.30	8.28	.	.	.	.	6.0	.	4.09
2000 Jan.	1.0	-	-	5.95	8.60	-	-	-	5.8	6.6	8.6	3.70
Feb.	1.4	-	-	5.90	8.51	-	-	-	5.8	6.6	9.1	4.10
Mar.	1.4	-	-	5.51	8.39	-	-	-	7.3	6.4	8.4	4.16
Apr.	1.0	-	-	5.42	8.27	-	-	-	13.5	6.1	9.9	4.14
May	1.3	-	-	5.34	8.24	-	-	-	.	6.0	.	4.10
June	1.4	-	-	5.13	8.32	-	-	-	.	6.0	.	4.05
July	.	-	-	5.31	8.41	-	-	-	.	.	.	4.21
United Kingdom												
1997	1.8	-2.0	50.8	7.13	0.692	0.9	2.9	3.5	1.6	7.0	11.2	6.92
1998	1.6	0.3	48.4	5.60	0.676	0.0	3.7	2.6	0.5	6.3	9.7	7.42
1999	1.3	1.2	46.0	5.01	0.659	-1.3	4.0	2.1	0.1	6.1	5.2	5.54
1999 Q2	1.4	-2.1	46.5	4.82	0.658	-0.9	4.7	1.7	-1.8	6.1	6.7	5.30
Q3	1.2	1.4	45.7	5.39	0.655	-1.8	3.8	2.3	1.3	6.0	3.5	5.28
Q4	1.2	1.5	45.4	5.46	0.636	-0.7	3.2	2.8	2.4	5.9	3.5	5.98
2000 Q1	0.8	6.9	43.1	5.60	0.614	.	.	3.0	2.0	5.8	3.6	6.20
Q2	0.6	-2.2	43.3	5.31	0.610	.	.	.	.	.	.	6.28
2000 Jan.	0.8	17.4	43.4	5.83	0.618	-	-	-	0.0	5.9	2.9	6.14
Feb.	1.0	1.3	42.8	5.63	0.615	-	-	-	2.6	5.8	2.8	6.24
Mar.	0.7	2.2	43.1	5.34	0.611	-	-	-	3.1	5.7	5.1	6.23
Apr.	0.6	0.8	42.8	5.30	0.598	-	-	-	1.3	5.7	4.9	6.30
May	0.5	-3.6	42.0	5.41	0.602	-	-	-	2.7	.	.	6.30
June	0.8	-3.8	43.3	5.21	0.629	-	-	-	.	.	.	6.23
July	.	.	.	5.24	0.623	-	-	-	.	.	.	6.19

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

1) Average-of-period values.

2) For more information, see Table 10.

3) Whole economy; data for the United Kingdom

4) Manufacturing; adjusted for working days.

5) Average of end-month values;

M3; M4 for Greece and United Kingdom.

12 Economic and financial developments outside the EU

Table 12.1

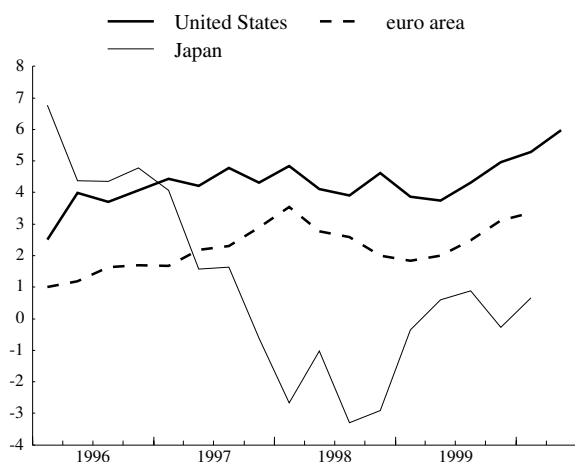
Economic and financial developments

(annual percentage changes, unless otherwise indicated)

	Consumer price index	Unit labour costs ¹⁾	Real GDP	Industrial production index ¹⁾	Unemployment rate as a % of labour force (s.a.)	M2 ²⁾	3-month interbank deposit rate ³⁾ as a % per annum	10-year government bond yield ³⁾ as a % per annum	Exchange rate ⁴⁾ as national currency per ECU or euro	Fiscal deficit (-)/surplus (+) ⁵⁾ as a % of GDP	Gross public debt ⁶⁾ as a % of GDP
	1	2	3	4	5	6	7	8	9	10	11
United States											
1996	2.9	-2.3	3.6	4.7	5.4	4.8	5.51	6.54	1.270	-2.2	58.8
1997	2.3	0.0	4.4	7.0	4.9	4.9	5.76	6.45	1.134	-0.9	56.4
1998	1.6	0.7	4.4	4.9	4.5	7.4	5.57	5.33	1.121	0.3	53.3
1999	2.2	-1.7	4.2	4.2	4.2	7.5	5.42	5.64	1.066	1.0	50.3
1999 Q1	1.7	-1.6	3.9	3.5	4.3	8.5	5.00	4.98	1.122	0.7	53.0
Q2	2.1	-1.4	3.8	4.1	4.3	8.0	5.07	5.54	1.057	0.9	51.2
Q3	2.3	-0.8	4.3	4.4	4.2	7.5	5.44	5.88	1.049	1.2	50.4
Q4	2.6	-3.1	5.0	4.8	4.1	6.1	6.14	6.13	1.038	1.3	50.3
2000 Q1	3.2	-3.7	5.3	5.9	4.1	5.8	6.11	6.48	0.986	2.0	49.3
Q2	3.2	.	6.0	6.4	4.0	5.7	6.63	6.18	0.933	.	.
2000 Feb.	3.2	-	-	5.7	4.1	5.5	6.10	6.52	0.983	-	-
Mar.	3.7	-	-	6.2	4.1	6.0	6.20	6.26	0.964	-	-
Apr.	3.0	-	-	6.5	3.9	6.3	6.31	6.00	0.947	-	-
May	3.1	-	-	6.4	4.1	5.5	6.75	6.42	0.906	-	-
June	3.7	-	-	6.4	4.0	5.3	6.79	6.10	0.949	-	-
July	.	-	-	.	.	.	6.73	6.04	0.940	-	-
Japan											
1996	0.1	-1.9	5.1	2.3	3.4	3.3	0.57	3.03	138.1	-2.9	-
1997	1.7	-2.2	1.6	3.6	3.4	3.1	0.62	2.15	137.1	-2.7	-
1998	0.6	6.3	-2.5	-7.1	4.1	4.4	0.66	1.30	146.4	-10.3	-
1999	-0.3	-2.5	0.2	0.8	4.7	3.7	0.22	1.75	121.3	-10.4	-
1999 Q1	-0.1	3.0	-0.4	-3.8	4.6	4.0	0.36	1.97	130.7	-	-
Q2	-0.3	-1.7	0.6	-0.6	4.7	4.1	0.12	1.53	127.7	-	-
Q3	0.0	-5.0	0.9	3.1	4.7	3.6	0.10	1.78	118.7	-	-
Q4	-1.0	-5.9	-0.3	4.8	4.6	3.0	0.29	1.77	108.4	-	-
2000 Q1	-0.7	-7.0	0.7	6.2	4.8	2.2	0.14	1.79	105.5	-	-
Q2	-0.7	.	.	7.0	4.7	2.3	0.12	1.72	99.6	-	-
2000 Feb.	-0.6	-8.6	-	8.2	4.9	2.1	0.13	1.83	107.6	-	-
Mar.	-0.5	-5.5	-	4.6	4.9	1.9	0.14	1.81	102.6	-	-
Apr.	-0.8	-6.5	-	6.4	4.8	2.9	0.12	1.75	99.9	-	-
May	-0.7	.	-	7.5	4.6	2.2	0.10	1.71	98.1	-	-
June	-0.7	.	-	7.1	4.7	1.9	0.13	1.69	100.7	-	-
July	.	.	-	.	.	.	0.22	1.72	101.4	-	-

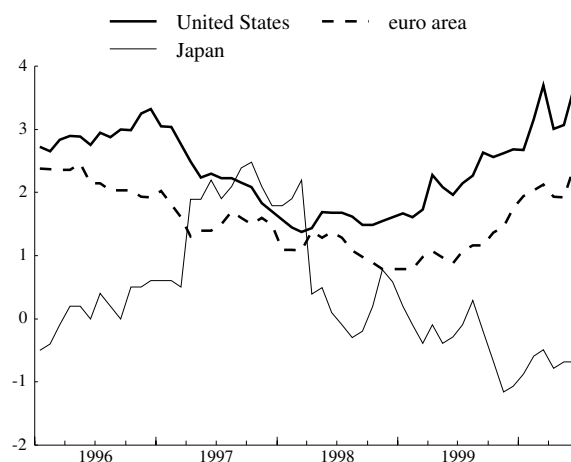
Real gross domestic product

(annual percentage changes; quarterly)



Consumer price indices

(annual percentage changes; monthly)



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

1) Manufacturing.

2) Average-of-period values; M2 and CDs for Japan.

3) For more information, see Tables 3.1 and 3.2.

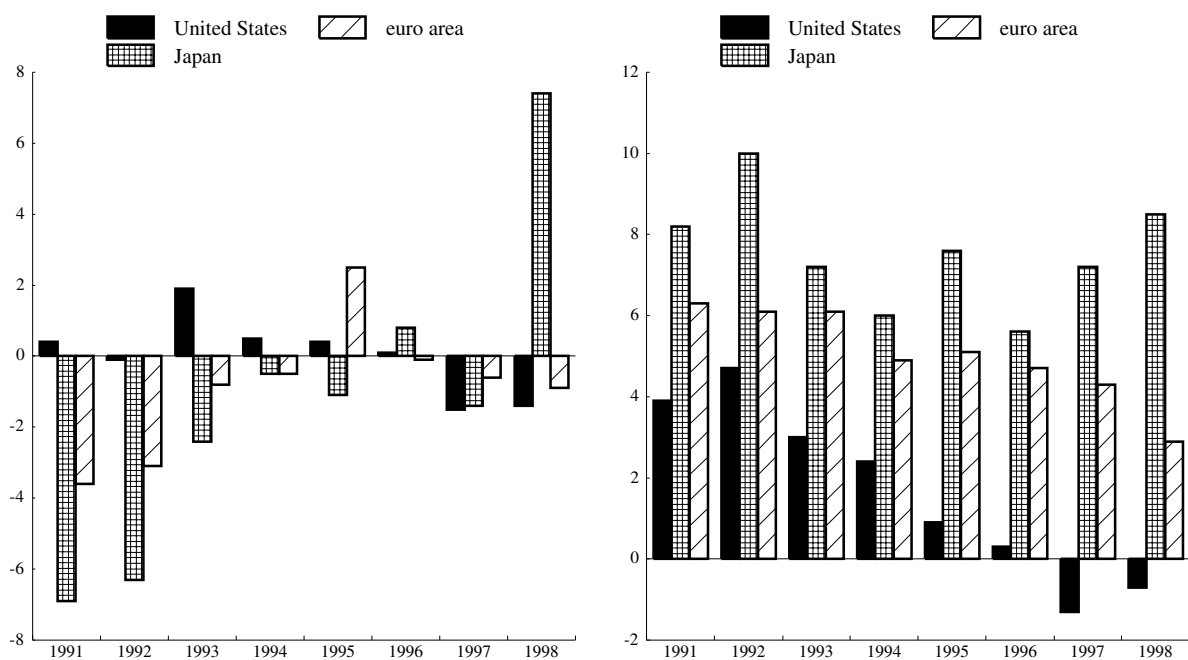
4) For more information, see Table 10.

5) Japan: the 1998 deficit includes a large debt assumption; financial accounts sources for 1999.

6) Gross consolidated debt for the general government (end of period).

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

	National saving and investment			Investment and financing of non-financial corporations						Investment and financing of households ¹⁾			
	Gross saving	Gross capital formation	Net lending to the rest of the world	Gross capital formation	Gross fixed capital formation	Net acquisition of financial assets	Gross saving	Net incurrence of liabilities	Securities and shares	Capital expenditure	Net acquisition of financial assets	Gross saving	Net incurrence of liabilities
	1	2	3	4	5	6	7	8	9	10	11	12	13
United States													
1996	17.3	19.1	-1.4	8.8	8.4	5.2	8.7	5.1	1.1	11.8	5.0	13.0	4.8
1997	18.3	19.8	-1.5	9.4	8.5	1.9	8.8	3.4	1.9	11.7	3.2	12.6	4.6
1998	18.8	20.5	-2.3	9.5	8.7	4.0	8.7	5.4	1.7	12.1	5.1	12.2	5.7
1999	18.7	20.7	-3.4	9.5	9.1	6.3	8.6	7.5	3.6	12.7	4.9	11.5	6.7
1998 Q2	18.6	20.3	-2.2	9.3	8.7	3.4	8.7	4.5	3.9	12.1	7.8	12.1	5.6
Q3	18.9	20.6	-2.6	9.6	8.7	4.4	8.6	5.8	0.6	12.1	3.7	12.0	5.3
Q4	18.8	20.7	-2.6	9.5	8.9	1.8	8.6	3.4	-0.9	12.4	4.5	12.2	6.1
1999 Q1	19.0	20.8	-2.8	9.4	8.9	8.2	8.7	9.2	6.4	12.6	3.2	11.9	6.4
Q2	18.7	20.5	-3.3	9.4	9.3	6.1	8.7	7.1	0.2	12.8	5.4	11.7	6.7
Q3	18.7	20.8	-3.6	9.5	9.1	6.6	8.6	7.9	3.7	12.7	4.4	11.3	6.6
Q4	18.3	20.9	-4.0	9.7	8.9	4.3	8.5	5.8	4.3	12.6	6.6	11.1	7.1
2000 Q1	18.1	21.0	-4.3	9.7	9.3	6.2	8.6	7.6	6.0	12.9	4.7	10.4	7.7
Japan													
1996	31.3	29.8	1.4	16.1	15.6	1.7	15.1	0.3	1.0	6.7	6.4	13.3	1.1
1997	31.2	28.7	2.6	16.6	16.1	3.3	13.7	1.2	0.1	5.4	7.1	13.4	0.7
1998	29.3	26.4	3.1	14.5	14.6	-6.4	15.1	-9.3	-1.3	5.0	6.0	13.7	-0.1
1999	.	25.9	.	.	.	1.6	.	-2.6	1.5	.	6.6	.	0.6
1998 Q2	.	24.8	.	.	.	-32.6	.	-14.2	0.4	.	12.9	.	-6.2
Q3	.	26.9	.	.	.	4.2	.	-2.6	1.5	.	4.2	.	2.0
Q4	.	26.9	.	.	.	12.6	.	-6.5	-6.4	.	12.7	.	-0.6
1999 Q1	.	26.9	.	.	.	0.6	.	-12.4	-2.4	.	-4.4	.	9.8
Q2	.	24.2	.	.	.	-18.2	.	-14.2	1.9	.	15.2	.	-7.2
Q3	.	26.4	.	.	.	7.6	.	-2.7	1.5	.	3.3	.	2.6
Q4	.	26.9	.	.	.	18.2	.	17.6	7.3	.	10.5	.	-3.7
2000 Q1	.	26.2	.	.	.	8.0	.	-5.8	-4.7	.	2.8	.	8.7

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


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

1) Households including non-profit institutions serving households.

Technical notes

Relating to Table 2.4

Seasonal adjustment of the euro area monetary aggregates

Multiplicative versions of X-12-ARIMA (version 0.2.2¹) and TRAMO/SEATS² (beta version, July 1998) are used. For technical reasons, the results of X-12-ARIMA are published as the official figures. Seasonal adjustment for monetary aggregates includes a day-of-the-week adjustment for some components of M2. The seasonal adjustment of M3 is carried out indirectly by aggregating the seasonally adjusted series of M1, M2 less M1, and M3 less M2 to fulfil the additivity constraint.

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

Calculation of growth rates

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

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

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

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

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

Relating to Tables 2.5 to 2.8

As far as possible, the data are harmonised and comparable. Nevertheless, as a result of the implementation of a new reporting scheme in January 1999, data for Tables 2.5 to 2.8 prior to the first quarter of 1999 are not directly comparable to those referring to later periods. In addition, quarterly flows cannot be calculated for any of the periods as, for the time being, reclassification and revaluation adjustments are not compiled. Tables 2.5 to 2.8 can be used for a structural analysis, while it is not advisable to perform a detailed analysis of the growth rates.

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



General notes

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

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

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

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

As a general rule, the cut-off date for the statistics included in the ECB Monthly Bulletin is the day preceding the first meeting in the month of the Governing Council of the ECB. For this issue, it was 2 August 2000.

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

Overview

A table summarising key developments in the euro area is shown for the first time in this issue.

Monetary policy and financial statistics

Tables 1.1 to 1.5 show the consolidated financial statement of the Eurosystem, data on Eurosystem operations, statistics relating to minimum reserves, and the banking system’s liquidity position. Tables 1.2 and 1.3 have been amended to reflect the switch to variable rate tenders in June 2000. Monetary data relating to Monetary Financial Institutions (MFIs), including the Eurosystem, are shown in Tables 2.1 to 2.3. Table 2.3 is consolidated; inter-MFI positions within the euro area are not shown, but any difference between the sum total of such claims and liabilities as recorded is shown in column 13. Table 2.4 sets out monetary aggregates drawn from the consolidated MFI balance sheet; they also include some (monetary) liabilities of central government. Table 2.5 shows a quarterly sectoral and maturity analysis of loans by MFIs to euro area residents. Table 2.6 shows a quarterly analysis of deposits held by euro area residents with MFIs. Table 2.7 provides a quarterly analysis of MFI claims on and liabilities to non-residents of the euro area. Table 2.8 shows a quarterly currency analysis of certain MFI balance sheet items. A complete list of MFIs is published on the ECB’s website. Details of the sector definitions are set out in the “Money and Banking Statistics Sector Manual: Guidance for the statistical classification of customers” (ECB, November 1999). The “Money and Banking Statistics Compilation Guide” (EMI, April 1998) explains recommended practices to be followed

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

by the NCBs. From 1 January 1999 the statistical information is collected and compiled on the basis of the ECB Regulation concerning the consolidated balance sheet of the Monetary Financial Institutions sector (ECB/1998/16).

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

Statistics on securities issues, redemptions and amounts outstanding are shown in Table 3.5, with a sectoral breakdown of issuers of euro-denominated securities, whether resident in the euro area or elsewhere, in Table 3.6. The totals (columns 1, 7 and 14) in Table 3.6 are identical to the data on amounts outstanding (columns 8, 16 and 20), gross issues (columns 5, 13 and 17) and net issues (columns 7, 15 and 19) of euro-denominated securities in Table 3.5. The amounts outstanding of securities issued by MFIs (column 2) in Table 3.6 are broadly comparable with money market paper and debt securities issued as shown on the liabilities side of the aggregated MFI balance sheet in Table 2.8.3 (columns 2 and 10), although the coverage of the securities issues statistics is at present somewhat narrower. Pages 17-18 of the November 1999 issue of the ECB Monthly Bulletin give more detail on these statistics.

Prices and real economy indicators

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

The Harmonised Index of Consumer Prices (HICP) for the euro area (Table 4.1) is available from 1995 onwards. Estimates for periods before 1995 based on national consumer price indices are not fully comparable. The index is based on national HICPs that follow the same methodology in all euro area countries. Data from January 2000 include the cost of health and educational services; earlier data on the extended basis are, in general, not available. The HICP from January 2000 also covers spending by non-residents which had previously been excluded from the HICP in certain Member States.

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

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

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

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

Financial accounts statistics

The "Implementation package" foresaw a need for detailed information covering the financial transactions and balance sheets for the euro

area in order to complement monetary analysis and policy research. The aim is to provide a fairly full, though not complete, set of financial accounts for the euro area based on money and banking, balance of payments, capital market, non-MFI financial corporation and government finance statistics, and drawing also on the ESA 95 national accounts. Table 6 shows euro area aggregates based on national capital and financial accounts.

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

General government fiscal position

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

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

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

The concepts and definitions used in balance of payments statistics (Tables 8.1 to 8.6) and international investment position (i.i.p.) statistics generally conform to the 5th edition of the IMF Balance of Payments Manual (October 1993), to the ECB Guideline of 1 December 1998 (ECB/1998/17) on the statistical reporting requirements of the European Central Bank, and to Eurostat's documentation.

The euro area balance of payments is compiled by the ECB. Data up to December 1998 are

expressed in ECU. The recent monthly figures for balance of payments statistics should be regarded as provisional. These data are revised with the publication of the detailed quarterly balance of payments data.

Some earlier data have been partly estimated and may not be fully comparable with more recent observations. That is the case for the b.o.p. financial account before end-1998, the services account before end-1997, the monthly pattern of income for the years 1997 to 1999 and the i.i.p. at end-1997. Table 8.4 shows detail of direct investment flows for the first time in this issue. Portfolio investment flows are recorded in Table 8.5. Table 8.5.2 provides a sectoral breakdown of euro area purchasers of securities issued by non-residents of the euro area. It is not possible to show a sectoral breakdown of euro area issuers of securities acquired by non-residents.

The euro area i.i.p. (Table 8.7.1) is compiled on a net basis by aggregating national data. The i.i.p. is valued at current market prices with the exception of direct investment stocks, where book values are used to a large extent.

The outstanding amounts of the Eurosystem's international reserves and related assets are shown in Table 8.7.2. The corresponding reserves and related assets held by the ECB are shown separately in Table 8.7.3. The data in Tables 8.7.2 and 8.7.3 are in line with the recommendations for the IMF/BIS template on international reserves and foreign currency liquidity. Reserve assets data before end-1999 are not fully comparable with later observations.

Table 9 gives data on euro area external trade in goods, and indices – value, volume and unit value – for total exports and imports. The value index is calculated by the ECB. The volume index is derived from the unit value index provided by Eurostat and the value index. Owing to differences in definitions, classification, coverage and time of recording, external trade data, in particular imports, are

not fully comparable with the goods item in the balance of payments statistics (Tables 8.1 and 8.2).

Table 10 shows nominal and real effective exchange rate indices for the euro. The bilateral rates shown are those against the 13 currencies used in the ECB's calculation of the "narrow" effective exchange rate of the euro. For all except the Hong Kong and Singapore dollars and the Korean won the bilateral rates are daily reference rates published by the ECB. Real indices (deflated by producer prices and unit labour costs in manufacturing respectively) for the group of 13 currencies are shown, together with one nominal and one real index (deflated by

consumer prices) for a broader group of 39 currencies.

Other statistics

Statistics on other EU Member States (Table 11) follow the same principles as those for data relating to the euro area. Data for the United States and Japan contained in Tables/Charts 12.1 and 12.2 are obtained from national sources. Saving, investment and financing data for the United States and Japan (Table/Chart 12.2) are structured in the same way as the capital and financial flows data shown for the euro area in Table/Chart 6.

Chronology of monetary policy measures of the Eurosystem¹

4 January 2000

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

5 January 2000

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

15 January 2000

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

20 January 2000

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

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

3 February 2000

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

17 February, 2 March 2000

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

16 March 2000

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

30 March, 13 April 2000

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

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

27 April 2000

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

11 May 2000

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

25 May 2000

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

8 June 2000

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

It also announces that, starting from the operation to be settled on 28 June 2000, the main refinancing operations of the Eurosystem

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

19 June 2000

In accordance with Article 122 (2) of the Treaty establishing the European Community, the ECOFIN Council decides that Greece fulfils the necessary conditions on the basis of the criteria set out in Article 121 (1) and abrogates the derogation of Greece with effect from 1 January 2001. The ECOFIN Council took its decision, taking account of the reports of the European Commission and the ECB on the progress made in the fulfilment by Sweden and Greece of their obligations regarding the achievement of Economic and Monetary Union, after consulting the European Parliament, and after a discussion in the EU Council meeting in the composition of Heads of State or Government.

The ECOFIN Council, acting with the unanimity of the Member States of the European Community without a derogation and the Member State concerned, upon a proposal from the European Commission and after consultation of the ECB, also adopts the irrevocable conversion rate between the Greek drachma and the euro, with effect from 1 January 2001. Following the determination of the euro conversion rate of the Greek drachma (which is equal to its prevailing central rate against the euro in the exchange rate mechanism, ERM II), the ECB and the Bank of Greece announce that they will monitor the convergence of the market exchange rate of the Greek drachma against the euro towards its euro conversion rate, which should be completed at the latest by 29 December 2000.

21 June 2000

The Governing Council of the ECB decides that the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 5.25% and 3.25% respectively. It reiterates that, as announced on 8 June 2000, the forthcoming main refinancing operations of the Eurosystem will be conducted as variable rate tenders, applying the multiple rate auction procedure, with a minimum bid rate of 4.25%.

The Governing Council also announces that, for the longer-term refinancing operations to be conducted in the second half of 2000, the Eurosystem intends to allot an amount of €15 billion per operation. This amount takes

into consideration the expected liquidity needs of the banking system of the euro area in the second half of 2000 and the desire of the Eurosystem to continue to provide the bulk of its refinancing of the financial sector through its main refinancing operations.

6 July, 20 July, 3 August 2000

The Governing Council of the ECB decides that the minimum bid rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 4.25%, 5.25% and 3.25% respectively.

Documents published by the European Central Bank (ECB)

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

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

Annual Report

"Annual Report 1998", April 1999.

"Annual Report 1999", April 2000.

Convergence Report

"Convergence Report 2000", May 2000.

Monthly Bulletin

Articles published from January 1999 onwards:

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

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

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

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

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

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

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

"Longer-term developments and cyclical variations in key economic indicators across euro area countries", July 1999.

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

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

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

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

"ESCB preparations for the year 2000", October 1999.

"Stability-oriented policies and developments in long-term real interest rates in the 1990s", November 1999.

“TARGET and payments in euro”, November 1999.

“Legal instruments of the European Central Bank”, November 1999.

“The euro area one year after the introduction of the euro: key characteristics and changes in the financial structure”, January 2000.

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

“The Eurosystem and the EU enlargement process”, February 2000.

“Consolidation in the securities settlement industry”, February 2000.

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

“EMU and banking supervision”, April 2000.

“The information content of interest rates and their derivatives for monetary policy”, May 2000.

“Developments in and structural features of the euro area labour markets”, May 2000.

“The switch to variable rate tenders in the main refinancing operations”, July 2000.

“Monetary policy transmission in the euro area”, July 2000.

“Population ageing and fiscal policy in the euro area”, July 2000.

“Price and cost indicators for the euro area: an overview”, August 2000.

“The external trade of the euro area economy: stylised facts and recent trends”, August 2000.

Occasional Paper Series

- 1 “The impact of the euro on money and bond markets” by Javier Santillán, Marc Bayle and Christian Thygesen, July 2000.
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Working Paper Series

- 1 “A global hazard index for the world foreign exchange markets” by V. Brousseau and F. Scacciavillani, May 1999.
- 2 “What does the single monetary policy do? A SVAR benchmark for the European Central Bank” by C. Monticelli and O. Tristani, May 1999.
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- 10 “On the effectiveness of sterilized foreign exchange intervention”, by R. Fatum, February 2000.
- 11 “Is the yield curve a useful information variable for the Eurosystem?” by J. M. Berk and P. van Bergeijk, February 2000.
- 12 “Indicator variables for optimal policy” by L. E. O. Svensson and M. Woodford, February 2000.
- 13 “Monetary policy with uncertain parameters” by U. Söderström, February 2000.
- 14 “Assessing nominal income rules for monetary policy with model and data uncertainty” by G. D. Rudebusch, February 2000.
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- 28 “Learning, uncertainty and central bank activism in an economy with strategic interactions”
by M. Ellison and N. Valla, August 2000.
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Other publications

- “The TARGET service level”, July 1998.
- “Report on electronic money”, August 1998.
- “Assessment of EU securities settlement systems against the standards for their use in ESCB credit operations”, September 1998.
- “Money and banking statistics compilation guide”, September 1998.
- “The single monetary policy in Stage Three: General documentation on ESCB monetary policy instruments and procedures”, September 1998.
- “Third progress report on the TARGET project”, November 1998.
- “Correspondent central banking model (CCBM)”, December 1998.
- “Payment systems in the European Union: Addendum incorporating 1997 figures”,
January 1999.
- “Possible effects of EMU on the EU banking systems in the medium to long term”,
February 1999.
- “Euro area monetary aggregates: conceptual reconciliation exercise”, July 1999.
- “The effects of technology on the EU banking systems”, July 1999.
- “Payment systems in countries that have applied for membership of the European Union”,
August 1999.
- “Improving cross-border retail payment services: the Eurosystem’s view”, September 1999.
- “Compendium: collection of legal instruments, June 1998 – May 1999”, October 1999.
- “European Union balance of payments/international investment position statistical methods”,
November 1999.
- “Money and Banking Statistics Compilation Guide, Addendum I: Money market paper”,
November 1999.
- “Money and Banking Statistics Sector Manual”, second edition, November 1999.
- “Report on the legal protection of banknotes in the European Union Member States”,
November 1999.
- “Correspondent central banking model (CCBM)”, November 1999.
- “Cross-border payments in TARGET: A users’ survey”, November 1999.
- “Money and Banking Statistics: Series keys for the exchange of balance sheet items time series”,
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“EU banks’ income structure”, April 2000.

“Statistical requirements of the European Central Bank in the field of general economic
statistics”, August 2000.

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“TARGET”, July 1998.

“The euro banknotes and coins”, July 1999.

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

“The European Central Bank”, June 2000.

