

Box 2

New securities issues statistics

In this issue of the Monthly Bulletin the ECB is publishing securities issues statistics for the first time (see Table 3.5 in the “Euro area statistics” section). Information about securities issues is an important element in monetary and financial analysis. For borrowers, securities issues are an alternative to bank finance. Holders of financial assets may view bank deposits, negotiable instruments issued by banks (included in M3 if issued for two years or less) and other securities as partial substitutes. Securities issues statistics therefore complement monetary statistics. Over time, any shifts between direct finance (through securities markets) and indirect finance (through the banking system) may affect the transmission mechanism of monetary policy, as these shifts will change the euro area financial structure. Data on the outstanding amount of securities indicate the depth of capital markets. Furthermore, information on securities issues in euro may be used to assess the role of the euro in international financial markets.

The main aggregates in Table 3.5 of the “Euro area statistics” section of this Bulletin are (i) securities issued by euro area residents in any currency and (ii) securities issued in euro and the national denominations of the Member States participating in the euro area, irrespective of the issuer (i.e. both residents and non-residents). The basic definitions used in the framework of the ECB’s securities issues statistics conform to the European standards as set out in the European System of Accounts 1995 (ESA 95) wherever possible and appropriate. The Eurosystem and the Bank for International Settlements (BIS) compile the data in accordance with these standards, drawing largely on existing sources. The Eurosystem provides the data on issues by euro area residents at a monthly frequency; the BIS, for the time being, supplies the statistics on non-residents at a quarterly frequency. In this respect, the concept of residency is interpreted as referring to the location of the unit issuing the security. Issues by foreign-owned entities located in the euro area are classified as issues by euro area residents. Issues by entities located outside the euro area but owned by residents of the euro area are treated as issues by non-residents of the euro area.

The series start with the amounts outstanding at end-December 1998 and cover securities other than shares (debt securities). The issuance is recorded when the issuer receives payment. The data therefore refer to completed and not to announced issues. Furthermore, the currency of issuance refers to the currency

denomination of the security. Prior to January 1999 issues in euro refer to items expressed in the national currencies of the 11 Member States participating in Monetary Union or in ECU; thereafter they refer to the euro and any remaining issues expressed in the national denominations of the euro. The instruments covered are usually negotiable and traded on secondary markets, and do not grant the holder any ownership rights in the issuing unit. Money market paper is also included. Private placements are, in principle, covered, although they are often difficult to trace. Financial derivatives, mutual fund shares, unquoted shares and other equity are not covered.

The following definitions apply. First, short-term securities generally have an original maturity of one year or less, even if they are issued under longer-term facilities. All other issues, including those with optional or indefinite maturity dates, are classified as being long-term. In addition, (gross) issues cover all issues against cash, redemptions comprise all repurchases by the issuer against cash, whether at maturity or earlier, and net issues are issues minus redemptions during the period. Furthermore, amounts outstanding indicate the stock of securities at the end of the period. Finally, the securities covered are valued, in principle, at nominal (face) value. In practice, certain national differences exist, especially in the valuation of deep-discounted securities; their effect on the euro area aggregates is, however, limited.

As regards the actual data, in July 1999 a total amount of €5,602.2 billion was outstanding in debt securities issued by euro area residents in various currencies, of which €545.8 billion (around 10% of the total) were short-term securities and €5,056.4 billion (around 90% of the total) were long-term securities. The share of euro-denominated debt securities in total outstanding debt securities issued by euro area residents in July was 97%. The total net amount of debt securities issued by euro area residents in euro and other currencies from January to July 1999 amounted to €423.2 billion (see the table below), of which 94% were long-term debt securities and 97% were denominated in euro. These data indicate that during the first seven months of 1999 there appeared to be a general tendency for euro area residents to issue, on a net basis, a greater proportion in the form of long-term securities than before 1999, while the proportion of instruments issued in euro remained broadly stable.

The total amount outstanding of euro-denominated debt securities issued worldwide was €5,901.1 billion at the end of June 1999, 91% of which was issued by residents of the euro area and 9% by non-residents. The vast majority (90%) of these outstanding debt securities had an original maturity of more than one year. Total net issuance of euro-denominated securities during the first six months of 1999 was €436.2 billion, 94% of which were securities with an original maturity of longer than one year, and euro area residents issued 94%. These data indicate that by mid-1999 the share of euro area residents in the total issuance of euro-denominated debt instruments was slightly larger than prior to 1999.

Securities issued by euro area residents

(EUR billions)

	Net issues in 1999				Outstanding amounts as at end-July 1999
	Q1	Q2	July	Jan.-July	
Total	211.0	151.1	61.1	423.2	5,602.2
- of which denominated in euro	204.5	145.0	60.7	410.2	5,410.2
Long-term	188.3	149.3	59.0	396.6	5,056.4
- of which denominated in euro	185.9	146.5	58.9	391.3	4,881.9
Short-term	22.7	1.9	2.2	26.8	545.8
- of which denominated in euro	18.5	-1.6	1.9	18.8	528.3
Memorandum item:					
Issues by non-residents denominated in euro	47.1	39.7	.	86.8 ¹⁾	528.0 ²⁾

Source: ECB.

1) January to June 1999.

2) As at end-June 1999.