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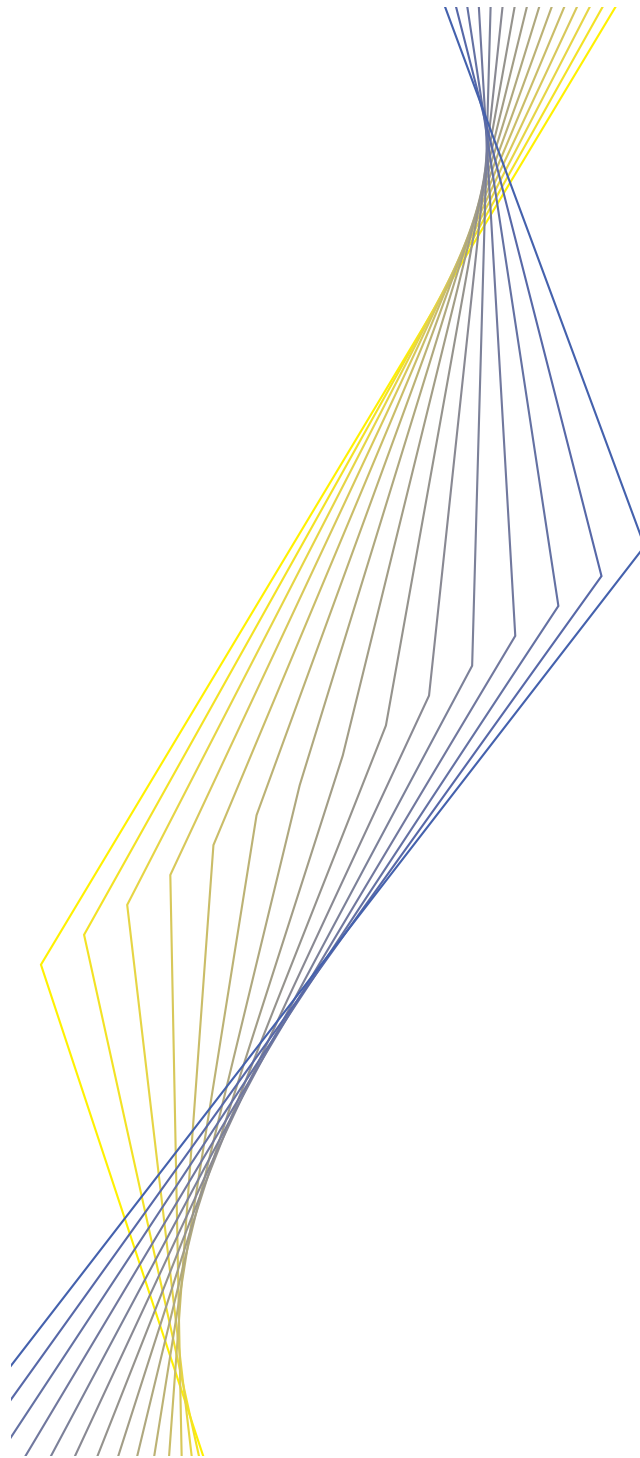
MONTHLY BULLETIN March 2000

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

March 2000



**EUROPEAN CENTRAL BANK**



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B U L L E T I N**

**March 2000**

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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 meeting held on 2 March 2000 the Governing Council of the ECB decided to keep the ECB interest rates unchanged. The interest rate on the Eurosystem's main refinancing operations was maintained at 3.25%, and the interest rates on the marginal lending and deposit facilities were kept at 4.25% and 2.25% respectively, i.e. at the levels determined on 3 February 2000. After a careful examination of monetary, financial and other economic developments in the context of the Eurosystem's monetary policy strategy, the Governing Council concluded that the balance of risks to price stability is on the upside. These risks will need to be monitored and assessed continuously.

In fact, both pillars of the monetary policy strategy signal that the balance of risks to price stability is on the upside. Starting with developments in the context of the first pillar, the three-month average of the annual growth rates of M3, covering the period from November 1999 to January 2000, declined to 5.7% from an average rate of 6.0% in the fourth quarter of 1999. This three-month average thus remained more than 1 percentage point above the reference value of 4½%. The recent decline in this average rate reflects a fall in the annual rate of M3 growth to 5.0% in January 2000 from 6.2% in December 1999. This, in turn, was mainly due to a base effect, i.e. the fact that the exceptionally strong seasonally adjusted increase in M3 in January 1999 dropped out of the calculation of the year-on-year growth rate in January 2000. The picture of generous liquidity conditions is confirmed by the continuously high annual growth of credit to the private sector, which stood at 9.5% in January 2000.

Looking at the various indicators covered by the second pillar, with regard to developments in financial markets, long-term nominal interest rates, as measured by ten-year government bond yields in the euro area, were hardly changed in February and bond futures prices displayed a low degree of volatility. The yield curve remained relatively steep, consistent with continued

expectations of strong economic growth in the euro area in the period ahead.

As regards activity in the euro area, the evidence available suggests that real economic growth remained strong beyond the third quarter of 1999, when there was a clear upturn in quarter-on-quarter real GDP growth. An estimate of euro area real GDP growth in the final quarter of last year was not due to be released until after the cut-off date for this issue of the ECB Monthly Bulletin, but available GDP data on individual Member States and short-term indicators indicate continued strong growth. Available survey data point to a very positive economic climate at the turn of the year as well, with industrial confidence increasing further in January 2000 and consumer confidence remaining at a high level. This positive climate is also confirmed by available forecasts, which point to real GDP growth of over 3% in 2000. As for 2001, the economic expansion is projected to continue at a similar pace.

Such projections partly reflect the favourable outlook for the external environment of the euro area. A key factor in the positive outlook for world economic growth and trade is the fact that the US economy is continuing to grow at a fast pace. The acceleration of growth and the strong recovery in most industrialised countries and in several emerging market economies add to this positive picture. In Asia uncertainties remain as to the pace of recovery in Japan, while several emerging market economies in the region have displayed a remarkably strong economic performance.

The depreciation of the exchange rate of the euro in recent months did not reflect economic fundamentals, such as the strengthening of economic growth in the euro area, and contributed to upward pressure on import and producer prices. Exchange rate developments have thus remained a cause for concern. At the beginning of March the nominal effective exchange rate of the euro was broadly unchanged from the level reached in early

February, but developments in the foreign exchange markets in the course of the month were rather volatile. In February the average nominal effective exchange rate was 1.2% below that in January 2000 and 10.8% below the level recorded for the first quarter of 1999.

As expected, consumer price inflation, as measured by increases in the Harmonised Index of Consumer Prices (HICP), rose further in January 2000, with annual HICP inflation rising to 2.0% from 1.7% in December 1999. The rise in January was largely the result of the ongoing increase in oil prices and its effect on energy prices in the HICP, reinforced by base effects from declining oil prices at the turn of the year 1998/99. Oil prices increased further in February and will thus continue to place upward pressure on consumer prices in the next few months. Excluding energy, price increases remained moderate in January 2000, but the slight acceleration in prices for non-energy industrial goods may be a first sign that higher import prices are starting to have an impact on consumer price inflation via producer prices.

Overall, the upward pressures on consumer price inflation have become larger and more protracted. While 12-month inflation rates can be expected to decline in the course of 2000, as a result of base effects related to oil price developments in 1999, monetary policy-makers need to look beyond developments over the next few months and take into account the risks to price stability in the medium term. Although most forecasts project that average inflation in 2000 and 2001 will be below 2%, the implied pattern points to upward tendencies following the decline in annual inflation rates to be expected in the course of 2000.

Against this background of upward risks to price stability in the medium term, the Governing Council emphasised that vigilance is required in order to ensure that timely action can be taken, if and when required. At the same time, it remains essential that wage settlements continue to be moderate and that they do not themselves contribute to inflation expectations. In this way, wage developments would not endanger the sustainability of the current upswing and the further reduction in the high level of unemployment. As regards fiscal policies, the current upswing provides a good opportunity to comply more quickly with the objectives of the Stability and Growth Pact and thereby to make a substantive contribution to the favourable economic conditions. At the end of 1999 and in early 2000 most euro area countries submitted updated stability programmes to the European Commission covering the period up to 2002/03. While practically all euro area countries have achieved their original budgetary targets for 1999, most of them did not pursue an active fiscal consolidation policy, but relied on the beneficial effects of relatively strong revenue growth and lower interest payments. A number of countries have not yet achieved sound budgetary positions "close to balance or in surplus" as required by the Stability and Growth Pact.

In conclusion, economic conditions and prospects for the euro area appear to be better at present than at any time in the past decade. Growth is strong, employment is expected to increase further and the still high level of unemployment should continue to fall. Remaining vigilant to counter upside risks to price stability and pursuing structural reform are the foundation for a sustained period of strong economic expansion and a lasting process of job creation.

# Economic developments in the euro area

## I Monetary and financial developments

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

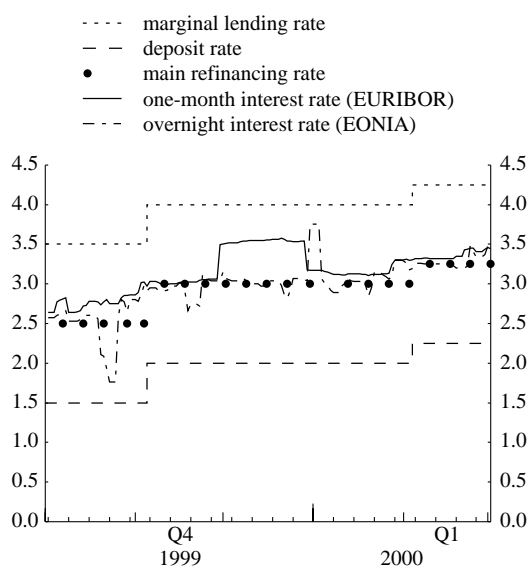
At its meetings on 17 February and 2 March 2000 the Governing Council of the ECB confirmed the prevailing levels of ECB interest rates. The interest rate on the main refinancing operations of the Eurosystem was left at 3.25%, and the interest rates on the marginal lending facility and on the deposit facility were maintained at 4.25% and 2.25% respectively (see Chart 1).

### Decline in the annual M3 growth rate in January 2000 caused by a base effect

In January 2000 the annual rate of growth of the broad monetary aggregate M3 fell to 5.0%, from 6.2% in December 1999 (the latter figure was revised downwards from 6.4%). The three-month average of the annual growth rates of M3 for the period from November 1999 to January 2000 declined to 5.7%, from 6.0% in the last quarter of 1999

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

(percentages per annum; daily data)

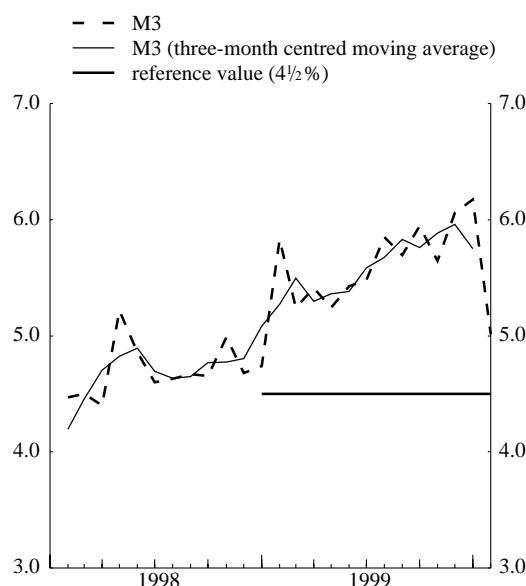


Source: ECB.

### Chart 2

#### M3 growth and the reference value

(annual percentage changes)



Source: ECB.

(the latter figure was revised downwards from 6.1%). This three-month average was still more than 1 percentage point above the reference value of 4½% (see Chart 2). In view of the prolonged deviation of M3 growth from the reference value, the provision of liquidity in the euro area must be regarded as being generous.

The annual growth rate of M3 increased in the fourth quarter of 1999, before falling back in January 2000. This pattern was largely expected, as it was mainly a consequence of base effects related to the special environment at the start of Stage Three of Economic and Monetary Union a year earlier (see Box 1 on page 8 of the February 2000 issue of the ECB Monthly Bulletin). In fact, the expansion of M3 in the last quarter of 1998, computed on the basis of seasonally adjusted data, was relatively weak; by contrast, the seasonally adjusted monthly increase was exceptionally strong in January 1999. In January 2000 the latter effect dropped out of the calculation of the year-on-year growth rate of M3.

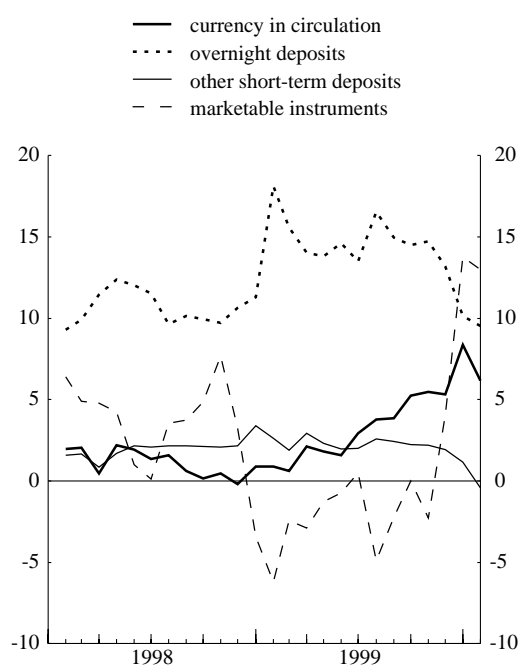


While M3 experienced relatively strong growth in the first part of 1999, later in the year the month-on-month rate of monetary expansion tended to slow somewhat. This is shown, for instance, by the fact that between July 1999 and January 2000 M3 increased at a seasonally adjusted and annualised rate of 4.5%. This slowdown may partly reflect the general rise in interest rates in the course of 1999, which tended to dampen the demand for the most liquid components of M3. Furthermore, there may have been portfolio shifts out of M3 in response to the steepening of the yield curve in 1999, which made financial investments with a longer maturity more attractive. Also within M3, a portfolio reallocation has been taking place in recent months, affecting the composition of this broad monetary aggregate, with a slowdown in the growth of short-term deposits on the one hand, and an increase in the growth rate of marketable instruments on the other (see Chart 3). As discussed in more detail below, this portfolio reallocation within M3 may have been influenced by the widening spread between short-term interest rates in the euro area and retail deposit rates in the fourth quarter of 1999.

Corrected for seasonal factors, M3 rose in January 2000 by €18 billion, or 0.4%, compared with the previous month (see Table 1). This monthly increase was significantly larger than that in December

**Chart 3**  
**Components of M3**

(annual percentage changes)



Source: ECB.

1999. The seasonally adjusted rise in M3 in January 2000 was the result of, on the one hand, a large increase in the components of M1 (currency in circulation and overnight deposits; in total €38 billion, or 2.0%) and, on the other, a decline in short-term deposits other than overnight deposits (€17 billion, or 0.8%) as well as in marketable instruments (€4 billion, or 0.5%).

**Table 1**  
**M3 and its main components**

(end-of-month levels and seasonally adjusted month-on-month changes)

	Jan. 2000	Nov. 1999		Dec. 1999		Jan. 2000		Nov. 1999 to Jan. 2000 average change	
	levels	change		change		change			
	EUR billions	EUR billions	%	EUR billions	%	EUR billions	%	EUR billions	%
<b>M3</b>	4,774.5	23.7	0.5	7.1	0.2	17.6	0.4	16.1	0.3
Currency in circulation and overnight deposits (= M1)	1,963.6	10.0	0.5	-0.3	0.0	38.3	2.0	16.0	0.8
Other short-term deposits (= M2 - M1)	2,138.6	-0.1	0.0	-5.5	-0.3	-17.1	-0.8	-7.6	-0.4
Marketable instruments (= M3 - M2)	672.3	13.8	2.1	13.0	2.0	-3.6	-0.5	7.7	1.2

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.

The annual increase in currency in circulation fell to 6.2% in January 2000, from 8.4% in the previous month. This decline mainly reflected the unwinding of the temporary effect of higher precautionary holdings of banknotes around the turn of the year. Taking a medium-term perspective, the annual growth rate of currency in circulation was on a rising trend in 1999 (see Chart 3). This may have partly reflected the recovery in economic activity in the euro area.

The seasonally adjusted monthly increase in overnight deposits in January 2000 was relatively strong. Overnight deposits probably benefited from substitution away from currency in circulation in January 2000, owing to the unwinding of the effect of the transition to the year 2000. However, the annual rate of growth of overnight deposits declined to 9.5% in January 2000, from 10.1% in December 1999, as the year-on-year growth rate was reduced by a base effect. In fact, the exceptionally strong pick-up in the demand for these instruments in January 1999, linked to the transition to Stage Three of EMU, dropped out of the calculation in January 2000. The short-term pattern observed in January interrupted the development of a gradual slowdown in the demand for overnight deposits which was observed in the second half of 1999, which presumably reflected the widening spread between market interest rates in the euro area and the retail rates on these instruments. As a consequence of the developments in currency in circulation and overnight deposits, the annual growth rate of M1 declined in January 2000 to 9.0%, from 9.8% in December 1999.

Reflecting the above-mentioned seasonally adjusted monthly decline in January 2000, the annual increase in short-term deposits other than overnight deposits turned negative in January 2000, falling to -0.4% from 1.1% in the previous month. The slowdown in the demand for these instruments in January reflected a decline in the annual rate of increase in deposits redeemable with a period of notice of up to three months (from 3.9%

to 2.4%) and a stronger rate of decline in deposits with an agreed maturity of up to two years (from 2.6% to 4.3%). The continued fall in the demand for both these instruments presumably reflected the widening in the spread between short-term market interest rates and bank retail rates on these deposits in the euro area since the end of September 1999. Owing to these developments, the annual rate of growth of the intermediate aggregate M2 fell significantly, to 3.9% in January, from 5.1% in December 1999. The annual rate of growth of M2 declined continuously in the second half of 1999.

The annual growth rate of the marketable instruments included in M3 declined somewhat in January, but remained high at 13.0% (it had been 13.8% in the previous month). As noted above, the monthly change in these instruments, if computed using seasonally adjusted figures, was negative in January 2000. This interrupted the significant rise in the demand for marketable instruments visible in the last months of 1999, which, in turn, may be linked to the rise in short-term interest rates in the euro area over the same period. However, caution must be exercised in evaluating the monthly behaviour of marketable instruments in January 2000, as seasonal factors are important and more difficult to compute around the end of the year. Turning to the sub-components, the fall in the annual rate of growth of marketable instruments in January 2000 was entirely due to that of money market fund shares and money market paper (to 21.3%, from 27.6% in the previous month). Conversely, the annual rate of decline in repurchase agreements decreased (to 9.2%, from 15.9% in December), and the annual rate of increase in debt securities issued with a maturity of up to two years rose (to 30.9% in January, from 26.4% in the previous month). As in the previous month, the high annual rate of growth in the latter debt securities in January 2000 continued to reflect a base effect, as the demand for these instruments had fallen significantly at the end of 1998.

### **Growth of credit to the private sector remained high**

With regard to the counterparts of M3 in the consolidated balance sheet of the MFI sector, the annual growth rate of total credit to euro area residents decreased from 8.2% in December 1999 to 7.4% in January 2000. This was mainly the result of a decrease in the annual growth rate of credit extended to the private sector from 10.5% in December to 9.5% in January. The annual growth rate of credit to the private sector nonetheless remained high. The growth of credit to general government decreased slightly, from 1.8% in December to 1.6% in January.

The decrease in the pace of growth of credit to the private sector reflected for the most part a slower annual growth in loans (8.7% in January, compared with 9.6% in the previous month). This moderation was essentially caused by a base effect, as the seasonally adjusted monthly increase in these loans had been particularly marked in January 1999, partly owing to country-specific fiscal measures. The recent trend reflected in seasonally adjusted data indicates that in January 2000 the monthly growth rate of loans to the private sector was around the average monthly increase observed in 1999. The sustained growth in loans in January 2000 occurred in spite of the increase in bank lending rates for loans of medium and long-term maturity since May and that for short-term loans since September. This strong growth in loans may reflect the favourable impact of accelerating economic growth in the euro area, as well as some specific factors, such as intense activity in mergers and acquisitions and the buoyant housing market in some euro area countries.

With regard to the other components of credit to the private sector, the annual increase in MFI holdings of securities issued by the private sector also decreased in January. The annual growth rate of shares and other equity was 21.4% in January, down from 24.4% in December. MFI holdings of securities other than shares also increased at

a lower rate (9.6% on an annual basis compared with 12.0% in December).

The annual growth rate of credit to general government was 1.6% in January, following 1.8% in December. While the growth rate of MFI holdings of government debt securities increased somewhat, from 3.2% to 3.5%, the rate of decline of loans to general government became slightly more pronounced (1.0%, compared with 0.2% in the previous month). Overall, the annual growth rate of credit to general government remained subdued from November 1999 to January 2000 (although at a somewhat higher level than in the three previous months). The structural shift from loans to debt securities within credit granted to general government also seems to have been enhanced in the past few months. This shift is in keeping with the general trend in the structure of general government financing, as observed in previous years.

The annual growth rate of longer-term MFI financial liabilities decreased from 7.8% in December to 7.2% in January. This was mainly the consequence of a reduction in the growth rate of debt securities issued with a maturity of over two years, from 8.2% in December to 5.9% in January. A base effect explained most of this decline, as the issued amounts of this type of paper increased markedly in January 1999, after several months of more subdued issuance activity in the last quarter of 1998 in the context of financial market turbulence. The annual growth rate of deposits with a maturity of over two years remained unchanged (at 5.4%). Deposits with an agreed maturity of over three months continued to decline, at an annual rate of 9.1% in January, following 8.8% in December. Capital and reserves increased by an annual rate of 14.7% in January, up from 13.7% in December (the strong annual increase for the last two months was, however, partly due to one-off revaluation effects following a merger operation in one country).

Overall, the annual growth rate of longer-term financial liabilities of the MFI

**Table 2****M3 and its main counterparts***(EUR billions)*

	Amounts outstanding	12-month flows					
		2000 Jan.	1999 Aug.	1999 Sep.	1999 Oct.	1999 Nov.	1999 Dec.
1 Credit to the private sector	6,181.5	593.1	572.1	576.7	602.6	581.8	534.5
2 Credit to general government	2,057.1	-3.2	21.6	30.8	39.3	36.4	33.1
3 Net external assets	230.5	-248.9	-233.2	-205.1	-195.9	-165.9	-180.9
4 Longer-term financial liabilities	3,606.5	175.2	180.4	224.0	236.7	259.1	240.5
5 Other counterparts (net liabilities)	88.0	-80.6	-77.4	-68.1	-56.7	-83.2	-80.3
<b>M3 (≡1+2+3-4-5)</b>	<b>4,774.5</b>	<b>246.5</b>	<b>257.6</b>	<b>246.4</b>	<b>266.1</b>	<b>276.3</b>	<b>226.5</b>

*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.*

sector underwent a steady increase from September to December 1999 (from around 5.5% to nearly 8%), and remained relatively high in January 2000. This may be related to the widening in the spread between retail rates on deposits of long-term and short-term maturity in the course of 1999. In addition, a base effect played a role, as the amount of long-term financial liabilities was subdued during the financial market turbulence in the autumn of 1998.

In January 2000 the net external asset position of the MFI sector declined by €51 billion in absolute and non-seasonally adjusted terms (following a decline of €10 billion in December). Over the 12 months up to January 2000 the net external assets of the MFI sector decreased by €181 billion. This annual reduction in the net external assets has become somewhat smaller since August 1999 (see Table 2).

The different changes in the main components of the consolidated balance sheet of the MFI sector can be summarised as follows (see Table 2). On the basis of 12-month flows, the outstanding amount of M3 rose by €226 billion in January 2000. The increase in credit to the private sector (at €534 billion) was more than double that amount, while the rise in credit granted to general government was €33 billion. These two counterparts of M3 were partially offset by an increase in longer-term MFI liabilities (amounting to €240 billion) and a reduction in the

net external assets of the MFI sector (€181 billion). The other counterparts of M3 (net liabilities) declined by €80 billion over the 12 months up to January 2000.

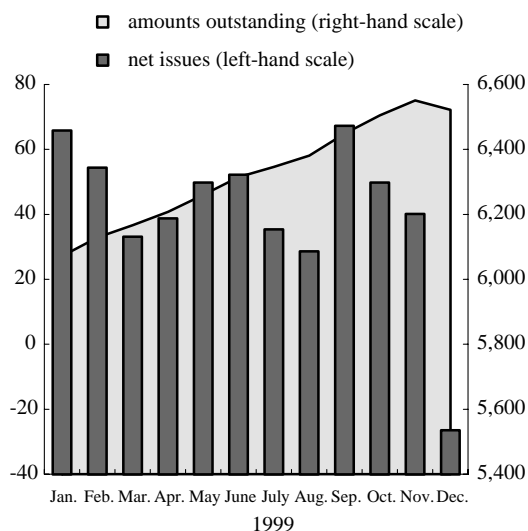
#### **Low volume of issuance of debt securities in December**

In December 1999 the gross issuance of debt securities by euro area residents was €242.7 billion, which was the lowest monthly figure recorded in 1999 and 24% lower than the average for the first 11 months of the year. This significant reduction in the gross issuance of debt securities by euro area residents seems most likely to have been caused by concerns related to the transition to the year 2000. Redemptions in December 1999 amounted to €269.2 billion, which was around the same as the average figure for the period from January to November of €270.4 billion. As a consequence there were net redemptions of €26.5 billion by euro area residents in December 1999. This compares with an average monthly net issuance of €46.8 billion for the previous months of 1999 (see Chart 4). The amount outstanding of debt securities issued by euro area residents was €6,521.9 billion at end-December 1999, which was an increase of 8.8% on the amount outstanding at end-December 1998.

The overall net redemption of debt securities by euro area residents in December was

## Chart 4 Debt securities issued by euro area residents in 1999

(EUR billions)



Source: ECB.

Note: Net issues differ from the change in amounts outstanding owing to valuation changes, reclassifications and other adjustments.

primarily the result of a relatively low level of gross issuance of long-term debt securities of €71.6 billion, compared with an average gross issuance of €125.2 billion in previous months in 1999. As redemptions of long-term debt securities amounted to €99.8 billion in December, the net redemption of long-term debt securities was €28.2 billion. The net issuance of short-term securities was also relatively low in December at €1.7 billion.

With regard to the currency breakdown in December, net issuance by euro area residents both in euro and in other currencies was negative.

The drop in the gross issuance of euro-denominated debt securities in December 1999 was mainly caused by lower gross issuance by non-financial corporations and central government. Gross issuance by these sectors in December 1999 was the lowest recorded that year. In the MFI sector, gross issuance remained relatively strong in December, and was above the average gross issuance level of this sector of €149.2 billion during the first 11 months of the year.

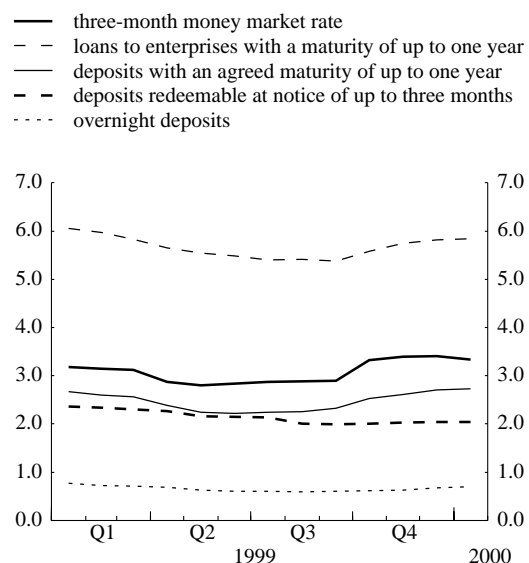
With regard to issuance by non-residents of the euro area, the issuance of euro-denominated debt securities during the fourth quarter of 1999 was also the lowest seen all year. Gross issuance by non-residents by issuing sector in the fourth quarter of 1999 was the lowest of the year for non-financial corporations (€133.7 billion) and central government (€203.2 billion), whereas total gross issuance by banks was the highest (€503.2 billion).

### Retail bank interest rates increased further in January

Short-term retail bank interest rates in the euro area increased slightly in January 2000, continuing a trend that started after the summer months of 1999 (see Chart 5). The increases in average short-term interest rates in January 2000 were very small, with changes in the region of 2 to 3 basis points. An exception was the average rate on deposits redeemable at a period of notice of up to three months, which remained unchanged. These trends seem to reflect a slow

## 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.

adjustment of the average short-term retail bank interest rates to changes in money market interest rates towards the end of 1999. Overall, having fallen in the first half of 1999, short-term retail bank interest rates were at broadly the same level in January 2000 as in January 1999.

At longer maturities average retail bank interest rates showed more substantial increases in January 2000, against the background of further increases in capital market interest rates observed in December 1999 and January 2000. The average rate on deposits with an agreed maturity of more than two years rose by 16 basis points in January to reach 4.2%. The average rate on loans to households for house purchase rose by 19 basis points to stand at just below 6% in January. In addition, the average rate on loans to enterprises rose by 15 basis points to stand at 5.7%. Overall, long-term retail bank interest rates have increased substantially since May 1999, and currently stand at levels well above those observed in January 1999 (see Chart 6).

### Money market interest rates continued on an upward trend in the second half of February

Following the upward movements seen in late 1999, money market rates in the euro area first rose again towards the end of January 2000 in anticipation of an increase in ECB interest rates. As the decision to raise ECB interest rates was almost fully anticipated by the time of its announcement on 3 February 2000, money market rates adjusted upwards only slightly the next day. On 4 February the one-month and three-month EURIBOR rates were equal to 3.32% and 3.49% respectively. The six-month and twelve-month EURIBOR interest rates also rose at the end of January and remained almost unchanged after the announcement of the increase in ECB interest rates. On 4 February they stood at 3.69% and 4.05% respectively.

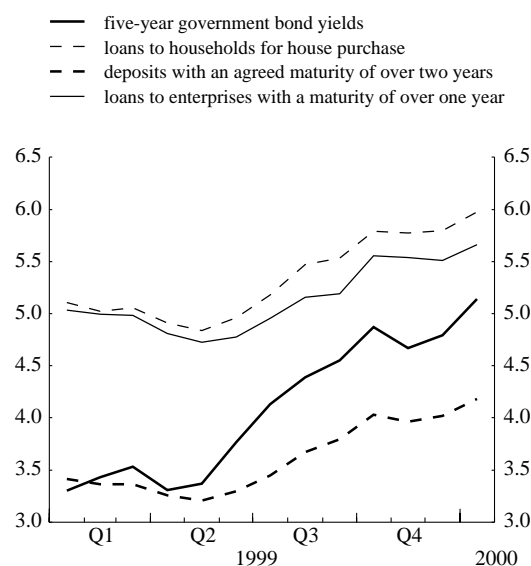
In the following weeks the overnight interest rate, as measured by the EONIA, showed very limited fluctuations around the rate of 3.25% which has been applied to main refinancing operations since the operation settled on 9 February (see Box 1). Towards the end of February, at the start of the new reserve maintenance period (running from 24 February to 23 March), the EONIA rate fluctuated between 3.3% and 3.5%, a pattern which presumably reflected both market expectations of a further increase in ECB interest rates in the course of that reserve maintenance period and a temporary situation of tight liquidity conditions.

Other money market interest rates also rose again in late February 2000, as financial markets appeared to revise upwards their expectations regarding the short-term evolution of ECB interest rates (see Chart 7). On 1 March the one-month and three-month EURIBOR interest rates were equal to 3.44% and 3.63% respectively, which was approximately 10-15 basis points higher than on 4 February. However, in February there were no significant changes in market expectations concerning the development of short-term interest rates in the second half

### 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.

**Box I****Monetary policy operations and liquidity conditions in the reserve maintenance period ending on 23 February 2000****Allotments in monetary policy operations**

During the reserve maintenance period from 24 January to 23 February 2000 the Eurosystem conducted five main refinancing operations and one longer-term refinancing operation. The first two main refinancing operations were carried out at a fixed interest rate of 3.00%, while the other three were conducted at an interest rate of 3.25% following the decision taken on 3 February 2000 to raise ECB interest rates. The allotted volume varied between €59 billion and €69 billion. The amounts of the bids submitted for the main refinancing operations ranged between €1,023 billion and €3,013 billion, while the average amount was €1,744 billion, compared with €849 billion in the previous reserve maintenance period. The highest amount of bids was observed on 1 February 2000, reflecting expectations of an increase in the main refinancing rate within the same maintenance period. As a result, the allotment ratio in that operation fell to 2.06%. On 8 February, following the increase in ECB interest rates, the amount of bids returned to a normal level. Throughout the reserve maintenance period the allotment ratios varied between 2.06% and 6.37%, compared with a range of between 3.83% and 14.41% in the previous reserve maintenance period.

The Eurosystem conducted a longer-term refinancing operation on 26 January through a variable rate tender with an allotment volume of €20 billion, i.e. €5 billion less than in the previous such operation, as already announced on 20 January 2000. A total of 354 bidders participated in the operation and bid a total amount of €87 billion, the highest level of participation observed to date in such operations. The high level of participation might have reflected the increased expectations of an interest rate change before 3 February. The marginal rate was calculated at 3.28% and the average rate at 3.30%, thus indicating that the spread between the two had come back to a normal level after having been higher in the three operations bridging the transition to the year 2000.

**Contributions to the banking system's liquidity***(EUR billions)*

Daily average during the reserve maintenance period from 24 January to 23 February 2000

	<i>Liquidity providing</i>	<i>Liquidity absorbing</i>	<i>Net contribution</i>
<b>(a) Monetary policy operations of the Eurosystem</b>	<b>201.5</b>	<b>0.2</b>	<b>+ 201.3</b>
Main refinancing operations	130.9	-	+ 130.9
Longer-term refinancing operations	70.5	-	+ 70.5
Standing facilities	0.1	0.2	-0.1
Other operations	0.0	0.0	0.0
<b>(b) Other factors affecting the banking system's liquidity</b>	<b>367.8</b>	<b>461.0</b>	<b>- 93.2</b>
Banknotes in circulation	-	347.6	- 347.6
Government deposits with the Eurosystem	-	49.2	-49.2
Net foreign assets (including gold)	367.8	-	+ 367.8
Other factors (net)	-	64.2	- 64.2
<b>(c) Credit institutions' holdings on current accounts with the Eurosystem (a) + (b)</b>			<b>108.1</b>
<b>(d) Required reserves</b>			<b>107.5</b>

*Source: ECB.**Totals may not add up due to rounding.*

The reserve maintenance period started with overnight interest rates, as measured by the EONIA, ranging from 3.06% to 3.11%. From 28 January 2000 the EONIA rate rose to 3.3%, reflecting increased expectations of a rate increase, but stabilised after the announcement of the ECB interest rate decision by the Governing Council on 3 February. From 4 to 16 February EONIA rates remained remarkably stable, not deviating by more than 1 basis point from the new main refinancing rate. Despite a relatively ample liquidity situation, the EONIA rate increased to 3.48% on the last day of the reserve maintenance period.

### Use of standing facilities

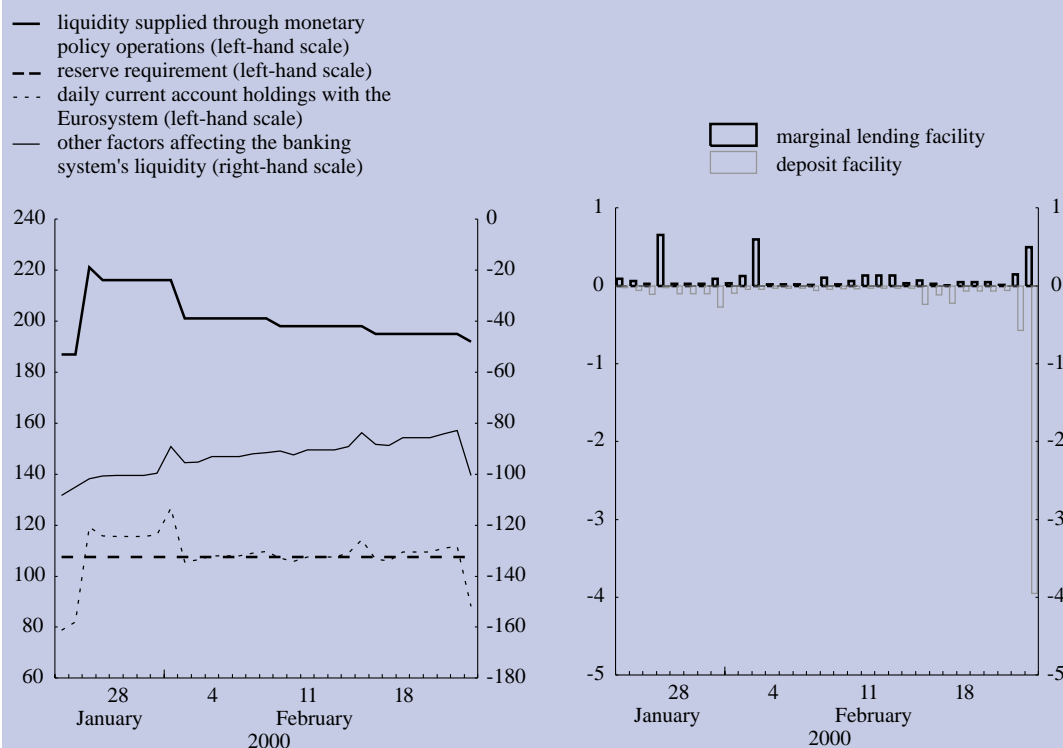
Recourse to the standing facilities was rather low in the period under review, with the exception of the last day. The average recourse to the marginal lending facility amounted to €0.1 billion, i.e. €1.8 billion less than in the previous reserve maintenance period. The average recourse to the deposit facility was €0.2 billion, i.e. €0.3 billion less than in the previous reserve maintenance period. On the last day of the period the use of the deposit facility amounted to €4.0 billion, while the use of the marginal lending facility amounted to €0.5 billion, reflecting the relatively ample liquidity conditions.

### 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) on the banking system's liquidity (item (b) in the table above) was €93.2 billion on average, i.e. €9.8 billion less than in the previous reserve maintenance period. This was mainly the result of increased government deposits (€8.2 billion) and a decrease in banknotes in circulation (€15.4 billion). The total value of the autonomous factors fluctuated between €78.7 billion and €126.7 billion.

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

(EUR billions; daily data)



Source: ECB.



### Current account holdings of counterparties

The average current account holdings amounted to €108.1 billion and the reserve requirements to €107.5 billion. The difference between the average current account holdings and the reserve requirements therefore decreased from €1.0 billion in the previous reserve maintenance period to €0.6 billion. Around €0.1 billion of this amount can be explained by current account holdings not contributing to the fulfilment of reserve requirements, while the remaining amount of €0.5 billion was related to excess reserves.

of 2000. On 1 March the three-month EURIBOR interest rates implied in futures contracts maturing in June, September and December 2000 were equal to 4.07%, 4.34% and 4.61% respectively, almost unchanged from 4 February. At the same time six-month and twelve-month EURIBOR interest rates were equal to 3.82% and 4.17% respectively on 1 March, which was slightly higher than on 4 February.

The marginal and average allotment interest rates on the longer-term refinancing operation of the Eurosystem which was conducted on 1 March for settlement on 2 March 2000 were equal to 3.60% and 3.61% respectively. This was just a few basis points

below the three-month EURIBOR interest rate prevailing on the day on which the operation was conducted.

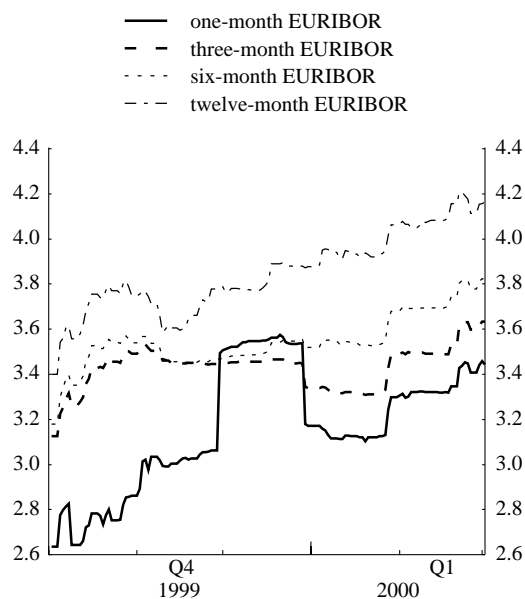
### Long-term bond yields displayed stability in February

By contrast with the clear upward trend that prevailed throughout much of 1999 and at the beginning of 2000, long-term nominal interest rates in the euro area were broadly stable during February 2000 (see Chart 8). Between end-January and 1 March 2000 the average level of ten-year bond yields in the euro area declined only slightly, by around 5 basis points, to 5.65%. Furthermore, continuing a trend that has been observed since the beginning of this year, the implied volatility in euro area bond futures prices declined further in February, which may be seen as an indication of reduced uncertainty regarding developments in euro area bond yields in the future (see Box 2). This decline in uncertainty in February, together with the relative stability of long-term bond yields in the euro area, was remarkable for several reasons. First, it took place amid a series of positive indications regarding economic activity in the euro area. In this respect, it appeared that the rise in ECB interest rates on 3 February was widely expected by market participants and was perceived as being necessary to maintain price stability in the euro area. Furthermore, it coincided with a period of sharp declines in bond yields in the United States and high volatility in US bond markets.

In the United States ten-year bond yields declined by around 35 basis points between end-January and 1 March 2000, to 6.48%. This significant decline represented a partial

**Chart 7**  
**Short-term interest rates in the euro area**

(percentages per annum; daily data)

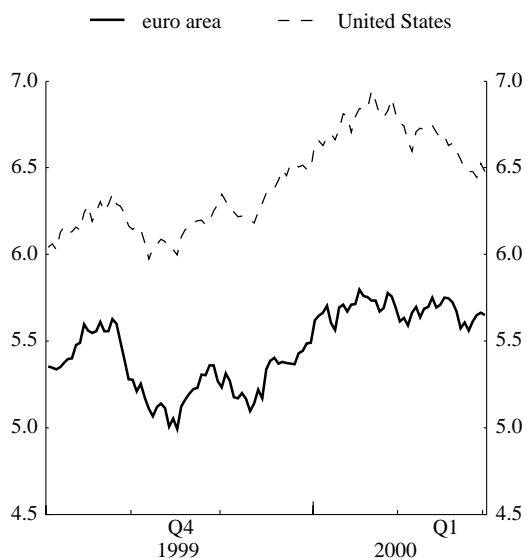


Source: Reuters.

### 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.

reversal of the substantial increases in long-term bond yields observed in 1999 and up to mid-January 2000. The decline in US long-term bond yields was, to a large extent, the result of an announcement by the US Treasury in early February that it intended to scale back significantly bond issuance at longer-term maturities and also to start buying back bonds prior to maturity. The effects of the announcement were particularly pronounced at very long maturities, with the level of 30-year bond yields declining by around 40 basis points compared with the end of January, thereby resulting in an inversion of the US yield curve at the very long end of the maturity spectrum. Another factor that may have contributed at times to placing downward pressure on US bond yields was increasing market expectations of further increases in short-term interest rates in the United States. These expectations, and continued indications of subdued price pressures despite robust economic growth, may have led market participants to revise long-term inflation expectations in the United States downwards, thereby contributing to

the downward pressure on bond yields. These declines in US bond yields, coupled with the aforementioned stability in euro area bond yields, translated into a narrowing of the spread between US and euro area ten-year bond yields of around 30 basis points during February, leaving the spread at 80 basis points on 1 March 2000.

In Japan ten-year bond yields continued to edge upwards, rising by around 10 basis points in February, to stand at 1.82% on 1 March. This increase in bond yields occurred against a background of mixed indications concerning the pace of economic recovery and future prospects in Japan, with some data releases during the period showing that the pace of economic recovery may have declined temporarily, while others pointed to an underlying potential for a gradual pick-up. Other factors that seemed to place upward pressure on Japanese bond yields were indications that some rating agencies were reconsidering the current credit rating of Japan's yen-denominated debt in the light of the uncertain fiscal outlook.

Reflecting the aforementioned slight decline in long-term bond yields in the euro area, the euro area implied forward interest rate curve flattened marginally in February (see Chart 9).

As described in Box 4 below, developments in the French index-linked bond market may be seen as providing some indications regarding changes in long-term real interest rates as well as in long-term inflation expectations, if appropriate assumptions are applied. In particular, the "break-even" inflation rate, which is the differential between nominal and real yields of comparable maturity, can be seen as conveying information regarding the market's expected average inflation rate over the remaining maturity of the bonds in question. A notable feature of developments in the break-even inflation rate has been its stability since mid-1999, notwithstanding an increasingly optimistic outlook for the euro area economy during this period. Continuing this trend, the break-even inflation rate

## Box 2

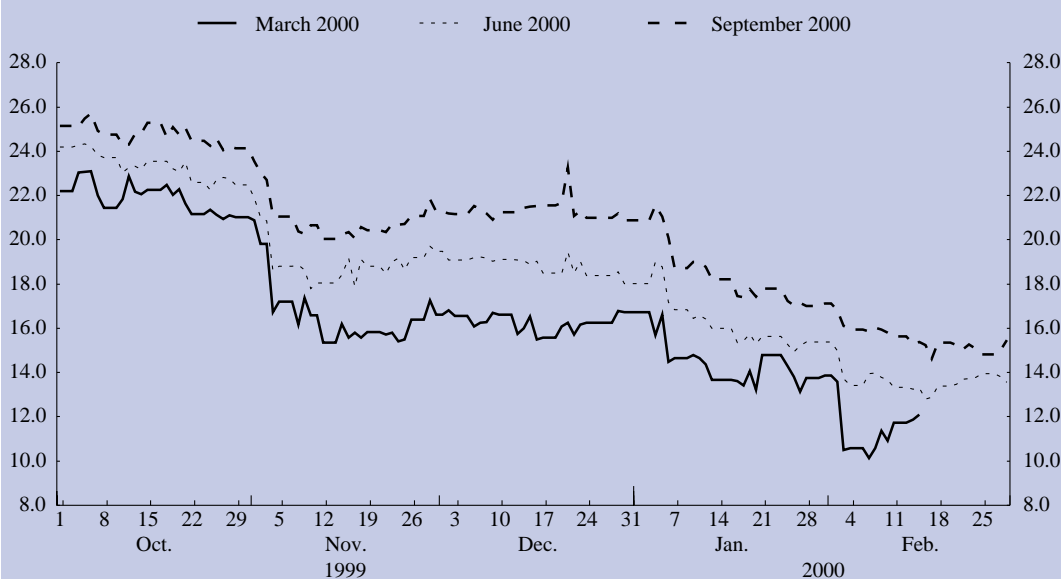
### Recent developments in implied interest rate volatility

Developments in the expected volatility of short-term and long-term interest rates, as measured by the implied volatility extracted from options prices, provide an indication of the evolution of the degree of uncertainty surrounding market expectations of future interest rate developments (see Box 4 on pages 23 to 25 of the December 1999 issue of the ECB Monthly Bulletin).

With regard to the recent evolution of short-term interest rate volatility, the three-month EURIBOR interest rate volatility implied by options maturing in December 1999 and in March and June 2000 declined sharply following the increase in ECB interest rates in November 1999. It subsequently remained almost stable until the beginning of 2000, even in the presence of mounting market expectations of increases in ECB interest rates in the year 2000. In the first week of January 2000 a downward trend developed in the implied volatility at all available maturities. This may have been due in part to the disappearance of market concerns regarding the impact of the transition to the year 2000. A second factor which could have affected the reduced dispersion of expectations was the declining uncertainty regarding the prospects for economic growth in the euro area. This, in turn, could have contributed to reducing the uncertainty surrounding market expectations regarding a future path of gradually rising short-term interest rates in the euro area.

#### Implied volatility from options on three-month EURIBOR futures

(traded on LIFFE)



Source: Bloomberg.

Following the increase in ECB interest rates on 3 February 2000 expected short-term interest rate volatility declined at all available maturities. However, in comparison with the evolution following the previous interest rate increase in November 1999, the decline in volatility implied by options was less marked, especially for options on futures at the shortest maturities. For example, while in November 1999 the volatility implied by options on futures maturing in December 1999 declined by around 10 percentage points, in February 2000 the decline observed in the volatility implied by options on futures maturing in March 2000 was approximately 3 percentage points. This difference could be attributed to the fact that the uncertainty prevailing prior to the decision of 3 February 2000 was lower than that prevailing at the beginning of November 1999. In addition, after the pronounced drop in volatility which occurred in November 1999, market uncertainty regarding the evolution of short-term interest rates, especially for maturities over one month, was higher at the end of 1999 than in the period following the interest rate increase on 3 February 2000.

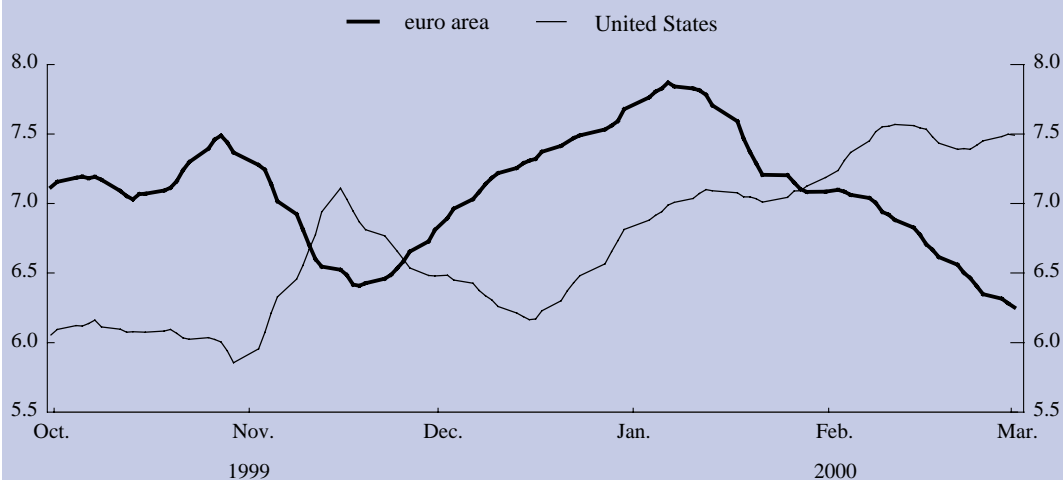
The implied volatility extracted from options contracts on long-term bonds typically provides an indication of the degree of uncertainty regarding the long-term real interest rate, the average inflation rate and risk premia perceived by market participants up to the expiry of the options contracts. With regard to developments since end-October 1999, it appears that three separate periods can be identified in respect of movements in the implied volatility of the ten-year German Bund contract (which appears to be the best proxy for the euro area in terms of liquidity). First, as illustrated in the chart below, between late October and mid-November 1999 implied volatility declined, initially following growing market expectations of an ECB interest rate increase, and subsequently after the announcement of the decision on 4 November.

In the second period, which started around mid-November 1999, the downward movement in the implied volatility of the German Bund contract was reversed, and an increasing trend in this direction was seen throughout the remainder of the year. This coincided with renewed upward pressure on euro area long-term bond yields, which seemed to be mainly a result of a combination of spillovers stemming from rising US bond yields and increasing optimism on the part of market participants with regard to euro area growth prospects. These revisions to expectations may have introduced increased market uncertainty regarding the future level of real interest rates and possibly also concerning future price developments and may therefore explain in part the increase in implied volatility during this period.

In the third period, covering the first two months of 2000, the implied volatility of the ten-year German Bund contract again displayed a broadly declining trend. It is notable that this development took place in an environment in which US implied volatility increased. One factor behind the decline in the expected volatility in the euro area may have been the disappearance of uncertainty relating to the transition to the year 2000, although developments in the United States would suggest that this may have had only a relatively limited impact. Seen in this light a factor that may have played a more important role was therefore probably the growing expectations in the markets that the Governing Council of the ECB would increase interest rates early in 2000, thereby reducing uncertainty about future price stability. In fact, developments after the decision on 3 February 2000 to increase ECB interest rates indicated a further reduction in the degree of uncertainty with regard to the evolution of long-term bond yields in the near future.

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

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

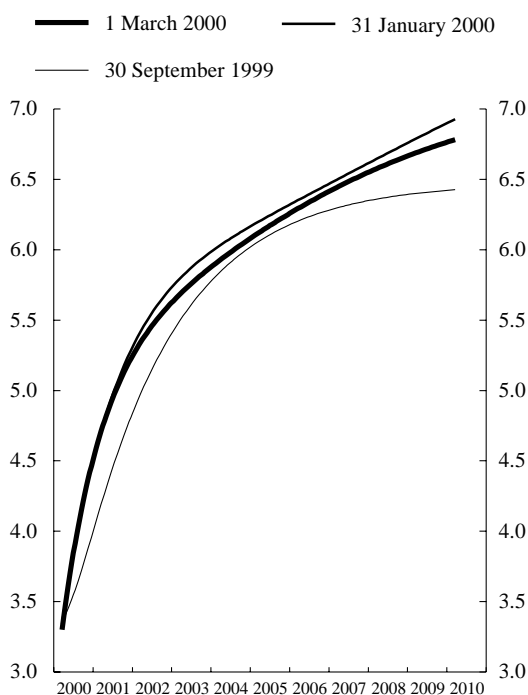


Source: Bloomberg.

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

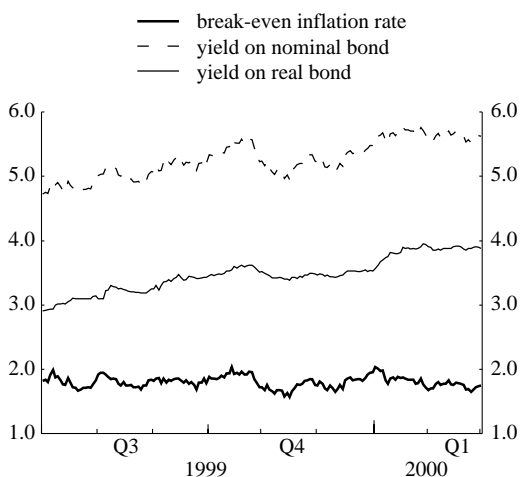
remained stable in February (see Chart 10). Overall, these developments seem to indicate that, while real interest rates have been rising since mid-1999 as a result of the increasingly optimistic outlook for the euro area economy, inflation expectations over the long term appear to have remained contained. As always, it should be borne in mind that any inference relating to euro area inflation expectations based on French index-linked bond yields warrants some degree of caution, since a number of caveats apply.

**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.

**Chart 10**  
**Break-even inflation rate calculated for the French CPI**  
*(in percentages; daily data)*



Sources: French Treasury, ISMA and Reuters.  
 Note: The real bond yields are derived from the market prices of French bonds which are indexed to the French CPI (excluding tobacco prices) and which mature in 2009. The nominal bond yields are derived from the market prices of French fixed income bonds which also mature in 2009.

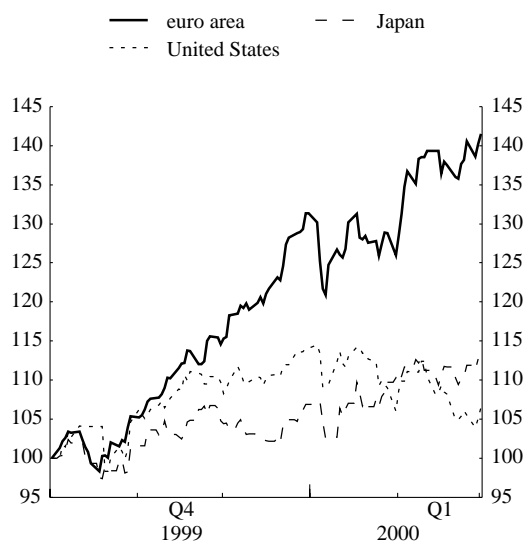
**Contrasting developments in international stock markets**

After a strong upturn in euro area stock prices in the latter months of 1999, and a partial correction in January 2000, stock prices in the euro area continued to rise significantly in February (see Chart 11). According to the broad Dow Jones EURO STOXX index, stock prices in the euro area increased by more than 12% between end-January and 1 March, which brought them to a level of around 8% above end-1999 levels. This rise in euro area stock prices was in stark contrast to the developments in stock prices in the United States, where there were declines within a volatile environment.

In the United States the Standard and Poor's 500 index declined by slightly more than 1% between end-January and 1 March, which left the index slightly more than 6% below end-1999 levels. Although there were continued indications of robust growth in the US economy, and despite the declines in long-term bond yields, expectations of rising

## Chart 11 Stock price indices in the euro area, the United States and Japan

(Index: 1 October 1999 = 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.

short-term interest rates linked to uncertainties regarding the degree of demand side pressure in the US economy and the implications for prices seemed to place downward pressures on US stock prices. However, these downward pressures on stock prices were not broadly based throughout the corporate sector. In particular, a notable feature of stock price

developments in the United States in recent months has been the difference between the performance of the stock prices of more traditional firms and those of firms in newer industries, mainly in the technology sector. Between end-January and 1 March the Nasdaq Composite index (which contains a high proportion of technology stocks) increased by more than 21%, to reach a level close to 18% above end-1999 levels. Among the factors that appeared to account for the different performances in these categories of stocks seemed to have been an apparently lower degree of sensitivity of stock prices in the Nasdaq indices to changes in short-term interest rate expectations. This lower level of sensitivity seems to arise from the profile of expected earnings for many of the firms listed on the Nasdaq stock exchange, whereby significant earnings are not expected to be delivered until much further into the future.

In Japan stock prices as measured by the Nikkei 225 index have been increasing gradually in recent months. Between end-January and 1 March they increased by more than 3%, which brought them to about 6% above end-1999 levels. This increase, which took place despite the rise in Japanese long-term interest rates, seemed to be due to shifts in market expectations with regard to the Japanese economic outlook.

**Table 3**  
**Price changes and historical volatility in the Dow Jones EURO STOXX economic sector indices**  
(in per cent)

	Basic materials	Consumer cyclical	Consumer non-cyclical	Energy	Financial	Conglomerates	Industrial	Technology	Utilities
<b>Price changes</b>									
end-1998 to end-1999	46.6	21.1	0.8	34.5	12.2	51.1	70.2	134.2	62.5
end-1999 to 1 Mar. 2000	-15.9	2.8	-8.0	-6.2	-5.9	-3.2	5.6	27.6	25.7
<b>Volatilities</b>									
end-1998 to end-1999	18.7	16.9	18.4	23.1	18.3	22.2	18.7	27.4	22.4
end-1999 to 1 Mar. 2000	25.2	27.1	21.2	29.4	16.4	28.4	24.6	42.5	39.7

Source: Dow Jones EURO STOXX index.

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

As mentioned above, in February developments in euro area stock prices decoupled from these global developments. Following the declines observed in January, the source of this recovery in euro area stock prices seemed to be related mainly to more optimistic expectations of future corporate profitability, linked in part to expectations of strong GDP growth in the euro area but also, perhaps more importantly, to merger and acquisition activity, notably in the telecommunications and technology sectors. In particular, recent merger and acquisition activity seemed to lead to a more optimistic assessment on the part of market participants of the ability of European corporations to restructure themselves in a more efficient and profitable manner.

Considering developments in individual sectors of the euro area stock market, trends that became established in the latter months of 1999 have continued in the first two months of 2000. The Dow Jones EURO STOXX telecommunication sub-index

of the utilities sector of the euro area showed an increase of more than 28% between end-1999 and 1 March, which followed an increase of 105% in 1999. This increase seems to have been due to optimistic assessments on the part of market participants of future profitability in this sector, arising from the aforementioned mergers and acquisitions as well as from other corporate restructuring activities. In the technology sector, stock prices increased by close to 28% between end-1999 and 1 March, after an increase of 134% in 1999. This development appears to have been due to continued optimism on the part of market participants concerning future corporate profitability, particularly in industries expected to benefit from the development of Internet-related businesses. Finally, following the sharp declines seen in January, financial sector stock prices recovered somewhat in February but, by 1 March, still remained close to 6% below end-1999 levels.

## 2 Price developments

### **HICP inflation increased further in January 2000**

In January 2000, in line with expectations, the increase in the rate of inflation observed during 1999 continued. The year-on-year increase in the euro area Harmonised Index of Consumer Prices (HICP) reached 2.0%, up from the rate of 1.7% recorded in December 1999 (see Table 4). As in previous months, the increase in January 2000 was almost entirely the result of both recent increases in oil prices and the base effect associated with the decline in oil prices a year ago. By contrast with energy price developments, the rate of increase in most other consumer prices in the euro area – both goods and services – has remained moderate. As described in Box 3 below, with its publication in January 2000, the euro area HICP has been extended and further harmonised. This change is not considered to have been a factor of any significance

behind the latest rise in the annual rate of inflation.

The rate of increase in energy prices rose further in January 2000 to 12%, up 2.0 percentage points from 10% in December 1999 (see Chart 12). Around 0.4 percentage point of this difference reflected the decline in the energy component observed between December 1998 and January 1999 (the base effect), while the remainder reflected recent increases in oil prices. In particular, the price of oil increased by an average of around 6% between November 1999 and January 2000, i.e. from €23.5 to €24.9 per barrel, and this was swiftly reflected in fuel prices for consumers. In February there was a further increase in oil prices, again as a result of higher world market prices, but also on account of the depreciation in the euro exchange rate vis-à-vis the US dollar. It is expected that these higher oil prices will place further upward pressure on overall energy

### Box 3

#### Extended and further harmonised coverage of the HICP

The publication of the Harmonised Index of Consumer Prices (HICP) for January 2000 marks another important step towards further harmonisation. This measure has not only improved the comparability of HICP calculation methods between countries, but has also extended the coverage of household consumption expenditure in the HICP. The changes are the result of the implementation of four Council Regulations approved in the past two years. The changes can be summarised as follows.

The **product coverage** of the HICPs has been extended in the areas of health, education, social protection services and insurance. For example, pharmaceutical products, dental services and private health insurance services have been added to the HICP coverage. The agreed concept for coverage of *all* HICP items is *household final monetary consumption expenditure*, which is consistent with the concept of final consumption expenditure in the European System of Accounts 1995 (ESA 95), but which limits the coverage to actual (“monetary”) transactions. Accordingly, the prices recorded in the HICP reflect the price development net of reimbursement or subsidies, i.e. the prices actually paid by the consumer. This is important in the context of the extension of product coverage, since for several of the added items, the consumer does not typically cover the full price. Based on the available information from national sources it can be estimated that the extended product coverage accounts for approximately 4% of the overall coverage of the HICP in 2000.

Furthermore, the **geographic and population coverage** of the HICPs has been harmonised. The geographic coverage of all national HICPs and, as a consequence, the euro area aggregates, refer to the consumption in the domestic territory of the respective Member State and the euro area. This implies that the expenditure of visitors (tourists) within the country in question or the euro area is covered by the HICP, and the expenditure of residents abroad is excluded. The introduction of the harmonised geographic concept has caused a change only in those countries which used to apply a different concept for the HICP before 2000. However, the HICPs for Germany, France and Italy – which together account for around three-quarters of the euro area index – are not affected by this change, because this concept had been applied previously. In addition, minor changes are a result of the introduction of the harmonised concept for population coverage (coverage of *all* households, irrespective of income or other socio-economic factors), where relevant. This change has been introduced in several national HICPs which account, however, for no more than approximately one-fifth of the euro area index. The harmonisation of the geographic and population coverage does not lead to any change in the *items* covered by the HICP. However, it may have an impact on the *weights* of individual items in the HICP.

Finally, the **sub-index classification** used for the HICPs has been revised in line with the new version of the international Classification of Individual Consumption by Purpose (COICOP). Except for differences due to rounding, this revision has had no impact on the development of the all-item HICPs since 1995.

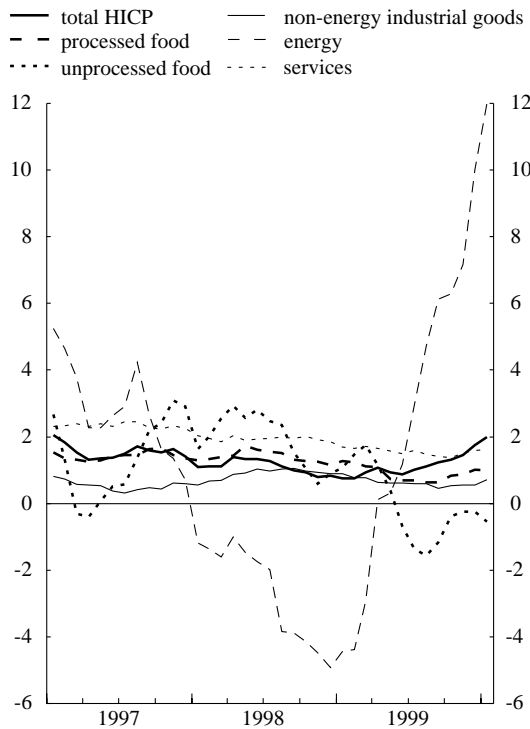
A further extension of coverage of the HICPs is scheduled for January 2001 and relates to the inclusion of hospital services and social protection services (e.g. those services provided by retirement homes). The treatment of owner-occupiers’ housing costs in the HICP, the only significant remaining item not covered by the HICP, is currently being discussed by Eurostat’s statistical working group.

Since the extended and further harmonised coverage of the HICPs has applied only since January 2000, in the course of 2000 the annual inflation rates will – to some extent – be distorted by the change in coverage. During this period, the distortion will arise because the annual rate of change will be derived from values of the old HICP and from values of the new extended and further harmonised HICP. However, the distortion of the annual changes resulting from this extended and further harmonised coverage is expected to be small and as from January 2001, when data based on the extended HICP will be available for a 12-month period, it will disappear completely.



**Chart 12**  
**Breakdown of HICP inflation in the euro area by components**

(annual percentage changes; monthly data)



Source: Eurostat.

prices in February and March 2000. However, as the effects of earlier price increases drop out of the year-on-year changes, a gradual decline in the annual change in energy prices is expected over the remainder of the year.

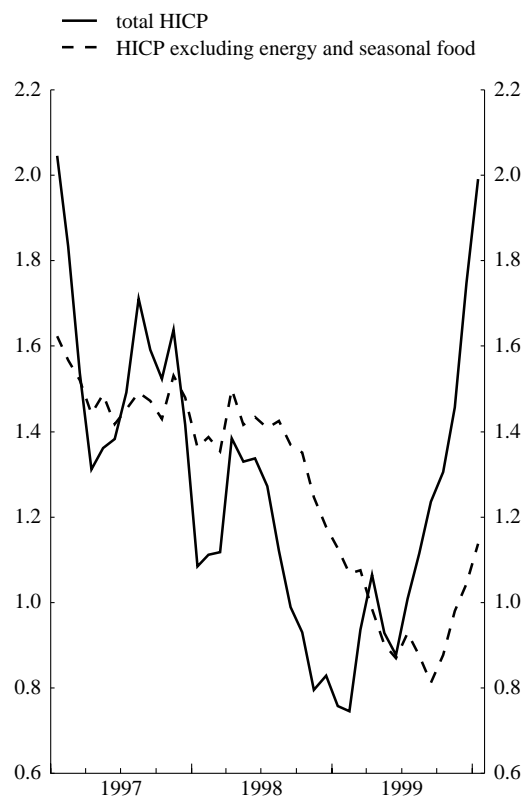
**Excluding the most volatile components, HICP increases still subdued**

By contrast with the upward pressure on the overall HICP as a result of recent energy price developments, unprocessed food prices – which also tend to be quite volatile – continued to make a negative contribution to overall HICP increases, and in January 2000 were 0.5% below their level in January 1999. When the more volatile elements are removed, the rate of increase in the HICP excluding energy and seasonal food rose by 0.1 percentage point to 1.1% in January 2000, indicating that the other main components of

the HICP remain more subdued for the time being. Processed food prices increased by 1.0% year-on-year in January 2000, which represented an unchanged rate of increase compared with December 1999. The annual change in services prices also remained stable in January at 1.6%, although the increase for December 1999 was revised upwards to 1.6% from a previous estimate of 1.5%. However, non-energy industrial goods prices increased by 0.7% year-on-year in January 2000, up 0.2 percentage point compared with the increase in December 1999. This upward movement may represent the first signs of the pass-through associated with rising intermediate goods prices (see below).

**Chart 13**  
**Measures of HICP inflation for the euro area**

(annual percentage changes; monthly data)



Source: Eurostat.

**Table 4****Price and cost developments in the euro area***(annual percentage changes, unless otherwise indicated)*

	1997	1998	1999	1999	1999	1999	1999	1999	1999	1999	1999	2000	2000
				Q1	Q2	Q3	Q4	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.
<b>Harmonised Index of Consumer Prices (HICP) and its components</b>													
Overall index	1.6	1.1	1.1	0.8	1.0	1.1	1.5	1.2	1.3	1.5	1.7	2.0	.
<i>of which:</i>													
Goods	1.2	0.6	0.8	0.3	0.6	0.9	1.5	1.1	1.3	1.5	1.9	2.2	.
Food	1.4	1.6	0.5	1.3	0.6	-0.2	0.4	-0.1	0.4	0.4	0.5	0.4	.
Processed food	1.4	1.4	0.9	1.2	0.8	0.7	0.9	0.6	0.8	0.9	1.0	1.0	.
Unprocessed food	1.4	1.9	0.0	1.4	0.3	-1.4	-0.3	-1.2	-0.4	-0.2	-0.2	-0.5	.
Industrial goods	1.0	0.1	1.0	-0.2	0.6	1.4	2.1	1.7	1.8	2.0	2.6	3.1	.
Non-energy industrial goods	0.5	0.9	0.6	0.8	0.6	0.5	0.5	0.5	0.5	0.6	0.5	0.7	.
Energy	2.8	-2.6	2.2	-3.9	0.5	4.6	7.8	6.1	6.3	7.2	10.0	12.0	.
Services	2.3	1.9	1.6	1.7	1.6	1.5	1.5	1.4	1.4	1.5	1.6	1.6	.
<b>Other price and cost indicators</b>													
Industrial producer prices <sup>1)</sup>	1.1	-0.8	0.0	-2.6	-1.3	0.7	3.1	1.4	2.2	3.1	4.1	.	.
Unit labour costs <sup>2)</sup>	0.7	0.0	.	1.7	1.6	0.8	.	-	-	-	-	-	-
Labour productivity <sup>2)</sup>	1.7	1.5	.	0.1	0.5	0.9	.	-	-	-	-	-	-
Compensation per employee <sup>2)</sup>	2.4	1.5	.	1.8	2.0	1.7	.	-	-	-	-	-	-
Total hourly labour costs <sup>3)</sup>	2.5	1.7	.	2.0	2.0	2.4	.	-	-	-	-	-	-
Oil prices (EUR per barrel) <sup>4)</sup>	17.1	12.0	17.1	10.3	15.0	19.7	23.0	21.8	20.8	23.5	24.8	24.9	27.6
Commodity prices <sup>5)</sup>	12.9	-12.5	-3.1	-16.0	-8.2	1.1	14.0	6.6	10.7	11.9	19.3	19.4	.

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.

### Producer prices rose further in December 1999 mainly owing to higher oil prices

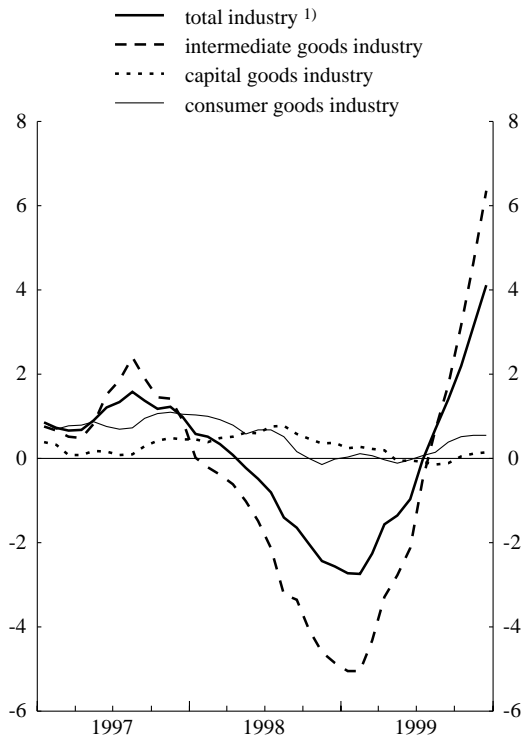
The annual rate of increase in industrial producer prices continued its upward movement in December 1999, rising to 4.1%, up from 3.1% in November (see Chart 14). As in previous months, this was primarily the result of developments in intermediate goods prices which, in turn, can be traced back to the rise in oil prices and, to a lesser extent, to that in non-oil commodity prices during the course of 1999. The annual increase in intermediate goods prices reached 6.3% in December 1999, up from its previous level of 4.6% in November. This represents the highest increase in intermediate goods prices observed over the course of the 1990s. Like

the energy component of the HICP, the intermediate goods price index also experienced a base effect associated with the fall in intermediate goods prices up to February 1999. These earlier price declines will continue to add to the year-on-year rate of increase in intermediate goods prices in the first two months of 2000.

By contrast with the strong increases in intermediate goods prices, the year-on-year increase in capital goods prices was unchanged from November to December 1999 at 0.1%. In the case of consumer goods prices, the annual increase declined to 0.5% in December 1999, from the 0.6% recorded in November. However, in the months ahead higher intermediate goods prices are expected gradually to have an upward effect

**Chart 14**  
**Industrial producer prices in the euro area**

(annual percentage changes; monthly data)



Source: Eurostat.  
 1) Excluding construction.

on both consumer and capital goods prices. Furthermore, overall producer prices are likely to exert upward pressure on the non-energy industrial goods component of the HICP. In the past, the annual change in this component of the HICP has tended to rise but with a lag as a result of higher overall increases in industrial producer prices, while services price developments appear to have been largely unaffected (see Chart 15).

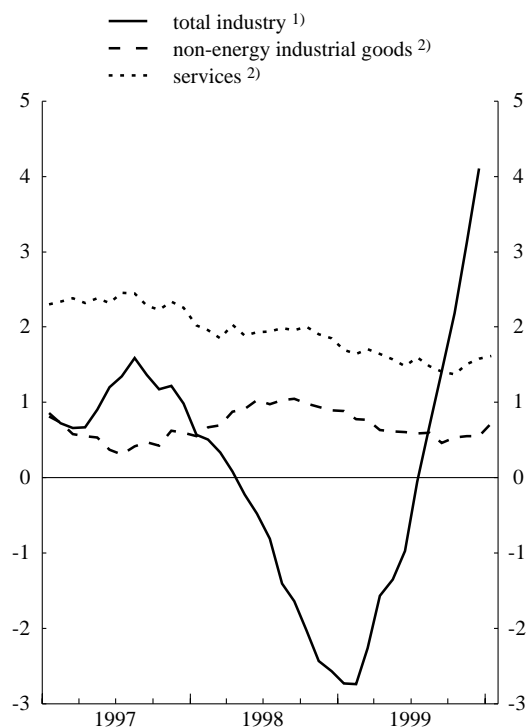
In addition to the above-mentioned developments in industrial producer prices up to December 1999, it is likely that the oil and non-oil commodity price increases observed in January and February 2000 will have some further upward effects on producer prices in the months ahead. This view is also supported by the latest indication of selling price expectations for producers in the euro area (as discussed in Box 4).

**Higher productivity reduced unit labour cost increases in the third quarter of 1999**

The latest available data on labour costs for autumn 1999, while showing no clear signs of significant upward pressure on prices owing to wage developments, provide somewhat conflicting evidence. On the one hand, indicating a slight pick-up in nominal wage pressures, the annual increase in total hourly labour costs for the whole economy (excluding the government sector, agriculture and fisheries) rose to 2.4% in the third quarter of 1999, up from 2.0% in the second quarter (see Table 4). This increase of 0.4 percentage point reflected a pick-up in the rate of increase in both wage and non-wage labour costs. On the other hand, the year-on-year increase in compensation per employee for the whole economy slowed to 1.7% in the third quarter of 1999, down

**Chart 15**  
**Industrial producer prices and measures of HICP inflation in the euro area**

(annual percentage changes; monthly data)



Source: Eurostat.  
 1) Industrial producer prices; excluding construction.  
 2) HICP.

## Box 4

### Measures of expected future price developments in the euro area

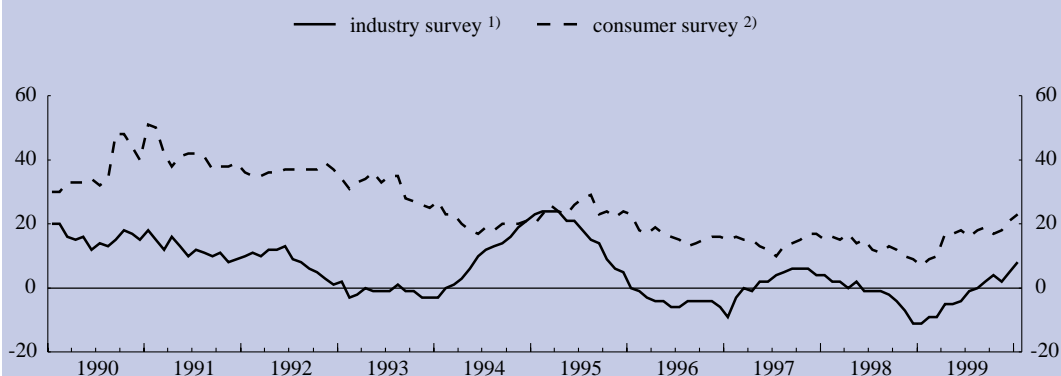
As part of its forward-looking assessment of the outlook for price stability, the ECB regularly monitors indicators that provide information about consumer, business and financial market expectations for future price developments. There are two main ways in which to obtain estimates of such expectations. First, economic agents can be surveyed directly regarding their views on the outlook for expected future price developments. Second, estimates of expected inflation can be extracted from the prices of various assets traded in financial markets. In general, the various measures of expectations may differ depending on the type of information extracted and the future time horizon to which they apply.

#### Survey-based indicators of expected price developments

There are various survey-based indicators of expected price developments available for the euro area. The European Commission includes a number of questions about expected price developments in its monthly Business and Consumer Surveys. In the manufacturing industry survey, the focus is on selling price expectations in the industrial sector. Respondents are asked whether they expect their selling price to remain unchanged, to rise or to fall “in the months ahead”. The responses are aggregated to form a balance (i.e. the difference between the percentage of respondents giving positive and those giving negative replies) and the variation in the resulting series provides an indication of how aggregate selling prices can be expected to develop in the near future. While the question is designed to measure expected short-term developments, this does not mean that it cannot be used to help form an assessment at a slightly longer horizon than just a few months ahead. In particular, this indicator has been useful as a signal of price increases in the industrial sector that may subsequently be passed through to prices at the consumer level (see also Chart 15 in the “Price developments” section of this issue of the ECB Monthly Bulletin). In the Consumer Survey respondents are asked to provide an assessment that relates directly to consumer prices. This indicator captures consumers’ expectations regarding price trends “in the next 12 months”. It is important to note that the question does not specify the exact manner in which prices are defined and, as a result, individual respondents may be taking account of factors that are excluded from common measures such as the Harmonised Index of Consumer Prices (HICP).

#### Producer and consumer price expectations in the euro area

(percentage balance of positive and negative replies; monthly data)



Source: European Commission Business and Consumer Surveys.

1) Selling price expectations for the months ahead.

2) Price trends in the next 12 months.

The chart above plots these survey-based indicators of expected price developments over the course of the 1990s. Although both short-term and trend movements in the two indicators appear to be correlated, it is evident from the chart that selling price expectations in the industrial sector exhibit greater volatility than

the expectations reported in the Consumer Survey. This perhaps reflects the greater influence of oil and non-oil commodity prices on actual producer price developments and, as a result, on selling price expectations in the industrial sector. In addition, the higher volatility of selling price expectations may reflect changes in demand conditions in the industrial sector that tend to be more variable than those for the whole economy. Selling price expectations also appear to have acted as a reasonable leading indicator of subsequent changes in price expectations reported in the Consumer Survey, in the sense that turning-points in the former have tended to precede turning-points in the latter. The most recent developments in both indicators show a gradual steady rise over the course of 1999. Both indicators are now above levels reached in late 1997, but are still below the levels reached in early or mid-1995.

As an alternative to the Business and Consumer Surveys carried out by the European Commission, it is possible to survey experts in both financial and non-financial institutions with regard to their expectations for inflation over various horizons. Since the beginning of 1999 the ECB has conducted a quarterly survey of inflation expectations in the euro area: the Survey of Professional Forecasters (SPF). The inflation expectations obtained from the SPF are based on the responses to a questionnaire submitted to a sample of 83 forecasters throughout the EU. Respondents are asked to provide estimates of the expected rate of change in the euro area HICP, looking one and two years ahead. Once a year, in February, the SPF also requests expectations for five years ahead. The SPF can be viewed as a useful source of supplementary information compared either with other survey-based indicators of future price developments (e.g. from Consensus Economics) or with the forecasts produced by the main international institutions (i.e. the Organisation for Economic Co-operation and Development, the International Monetary Fund and the European Commission). There are, however, important differences to be taken into account when making such comparisons. For example, for analytical purposes some forecasters often make the working assumption that interest or exchange rates – or both – are fixed over the forecast horizon. By contrast, in the case of the SPF, respondents may have made particular assumptions about future changes in these variables that may be a significant factor in explaining their outlook. This difference is particularly important in the case of the five-year outlook surveyed in the February 2000 SPF, which indicates that inflation is expected to be below 2% in 2004. Such factors are also likely to be relevant in the case of the expectations extracted from financial market prices (see below). The latest outlook for 2000 and 2001 from the February 2000 SPF is reported in Box 5 in the “Output, demand and labour market developments” section of this issue of the ECB Monthly Bulletin.

#### **Inflation expectations derived from financial market prices**

Apart from survey methods, an alternative approach to assessing inflation expectations is to extract this information from financial asset prices. In comparison with expectations obtained from surveys, asset prices have the advantage of being able to provide, in a very timely manner, information on expectations that reflect the aggregate opinion of all agents participating in the market. Government bond yields may be particularly useful in providing up-to-date information on market inflation expectations. The nominal yield on a government bond with a specific time to maturity can typically be decomposed into three elements: the real interest rate required by investors for holding the bond until it matures, compensation for the average expected inflation rate during the life of the bond, and a component associated with various premia. Variations in long-term bond yields could therefore, in principle, be interpreted in terms of changes in one or more of these factors. The challenge lies in disentangling the component corresponding to expected inflation from the other factors.

As shown in Box 2 on page 16 of the February 1999 issue of the ECB Monthly Bulletin, the pricing of index-linked bonds relative to nominal bonds can be of assistance in this decomposition. In particular, index-linked bonds provide a measure of the long-term real interest rate required by investors. Furthermore, the differential between a long-term nominal bond yield and the real yield available on an index-linked bond of the same maturity – the “break-even” inflation rate – may capture trends in inflation expectations.

However, it is important to point out that this measure disregards the impact of possible premia in yields, such as liquidity or inflation risk premia. For this reason, it may be more reliable to study changes in the break-even inflation rate rather than the level itself, although it should be borne in mind that this presupposes that these premia change relatively slowly over time.

The only index-linked bonds available in the euro area have been issued by the French Treasury at 10-year and 30-year maturities. The break-even inflation rate of these bonds refers to a specific measure of the French Consumer Price Index (CPI) (namely the CPI excluding tobacco), and does not refer to the euro area HICP. Hence, even if risk premia and liquidity premia were negligible, the break-even inflation rate obtained from French index-linked bonds would not, in general, give rise to the same measure of inflation expectations as provided by surveys, such as the SPF, which focus on expectations defined in terms of the HICP for the euro area. There are also other important differences. First, the horizons typically differ, with the break-even inflation rate reflecting inflation expectations over a 10-year or 30-year horizon, while the surveys generally provide measures of inflation expectations for shorter horizons. Furthermore, while inflation expectations obtained from surveys refer to expected inflation at some future point in time, the break-even inflation rate reflects the expected average inflation between the current date and the maturity of the bonds in question. With regard to actual observed developments in the break-even inflation rate obtained from French index-linked bonds, it is notable that this rate has remained broadly stable since the early part of the summer of 1999. Recent developments at the 10-year maturity are discussed further in the “Monetary and financial developments” section of this issue of the ECB Monthly Bulletin.

Overall, considering the information available from consumer, business and financial market expectations regarding the outlook for price stability, the survey-based indicators for price expectations of producers and consumers may be considered to point to some upward pressure on prices in the short term. However, the evidence available from financial markets suggests that market expectations regarding long-run inflation have not increased, as the break-even inflation rate has remained within a narrow range since mid-1999. This is also supported by the five-year outlook from the SPF. Overall, this suggests that, despite upward pressures on prices in the short term, the ECB has a high degree of credibility as regards the maintenance of price stability in the medium term.

from the 2.0% observed in the second quarter. While these two indicators generally tend to move in parallel, some shorter-term divergence is not unusual, and may, for example, reflect the wider statistical coverage of the compensation per employee data – in terms of both sectors and firms covered. In addition, the most recent developments in total hourly labour costs may have been influenced by a decline in average hours worked in a major euro area economy. At the same time, the latest data clearly point to a significant recovery in productivity growth in the euro area and, as a result, there was a slowdown in the annual increase in unit labour costs to 0.8%, down from the 1.6% observed in the second quarter of 1999. In the fourth quarter the increase in labour productivity is expected to have continued

and, as a result, growth in unit labour costs is likely to have been reasonably moderate for the year as a whole.

Looking ahead, wage prospects for 2000 and beyond will depend on the outcome of the wage bargaining round currently under way. Wage negotiations for 2000 have already been finalised in some countries and for some sectors. However, as a large number of negotiations are still under way, it is too early to assess the possible risks arising from the wage bargaining rounds in 2000. For a further analysis of the latest prospects for the euro area economy, including a discussion of prospective price developments, see Box 5 in the “Output, demand and labour market developments” section in this issue of the ECB Monthly Bulletin.

### 3 Output, demand and labour market developments

#### Indications of continued strong output growth in the fourth quarter of 1999

No new or revised national accounts estimates for the euro area as a whole were released prior to the cut-off date for the data contained in this issue of the ECB Monthly Bulletin. For the time being, available evidence on output developments in the final quarter of last year consists of data on short-term indicators and national accounts data on individual Member States. Taken together, these data point to continued strong growth in the fourth quarter of 1999, following the clear upturn in quarter-on-quarter real GDP growth from 0.5% in the first two quarters of the year to 0.9% in the third quarter. Assuming broadly unchanged growth in the fourth quarter of 1999, the rate of expansion in the year as a whole would reach just over 2%, as previously projected by international and private organisations (see Box 5 for a review of the current growth prospects).

Developments in GDP and its components up to the third quarter of 1999 suggest that the observed strengthening of growth is fairly broadly based, thereby improving the chances of a continuation of strong growth (see Table 5). As reported in the February issue of the ECB Monthly Bulletin, the contributions to quarter-on-quarter real GDP growth from both net exports and final domestic demand (i.e. domestic demand excluding changes in inventories) increased greatly in the third quarter of 1999. With regard to net exports, this was essentially a result of a further acceleration in export growth, while growth of final domestic demand rebounded from the temporary fall in the second quarter.

#### Industrial production growth likely to be revised upwards

Industrial production data from Eurostat, which now include December 1999, seem to point to slower growth in industrial activity at the end of last year. According to the data released so

**Table 5**  
**Composition of real GDP growth in the euro area**

(percentage changes, unless otherwise indicated; seasonally adjusted)

	Annual rates <sup>1)</sup>									Quarterly rates <sup>2)</sup>				
	1996	1997	1998	1998 Q3	1998 Q4	1999 Q1	1999 Q2	1999 Q3	1998 Q3	1998 Q4	1999 Q1	1999 Q2	1999 Q3	
Real gross domestic product of which:	1.3	2.2	2.7	2.6	1.9	1.7	1.7	2.2	0.4	0.2	0.5	0.5	0.9	
Domestic demand	0.9	1.7	3.3	3.5	3.0	2.7	2.6	2.4	0.7	0.6	0.8	0.4	0.6	
Private consumption	1.4	1.4	2.9	3.3	3.0	2.8	2.4	2.4	0.7	0.6	0.7	0.3	0.7	
Government consumption	1.9	0.6	1.4	1.2	1.2	1.5	1.2	1.6	0.0	-0.1	1.3	-0.1	0.5	
Gross fixed capital formation	0.9	2.1	4.3	4.8	3.5	3.4	4.9	4.2	2.2	0.3	1.8	0.4	1.5	
Changes in inventories <sup>3) 4)</sup>	-0.5	0.3	0.4	0.3	0.3	0.0	0.0	-0.2	-0.2	0.2	-0.3	0.2	-0.3	
Net exports <sup>5)</sup>	0.5	0.6	-0.5	-0.8	-1.0	-0.9	-0.8	-0.1	-0.2	-0.4	-0.2	0.1	0.4	
Exports <sup>5)</sup>	4.5	9.9	6.4	4.5	1.8	0.1	1.3	4.4	-0.1	-0.7	0.0	2.2	3.0	
Imports <sup>5)</sup>	3.1	8.7	8.6	7.6	5.2	2.9	3.9	5.2	0.6	0.6	0.7	1.9	1.9	

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.

**Table 6****Industrial production in the euro area***(annual percentage changes, unless otherwise indicated)*

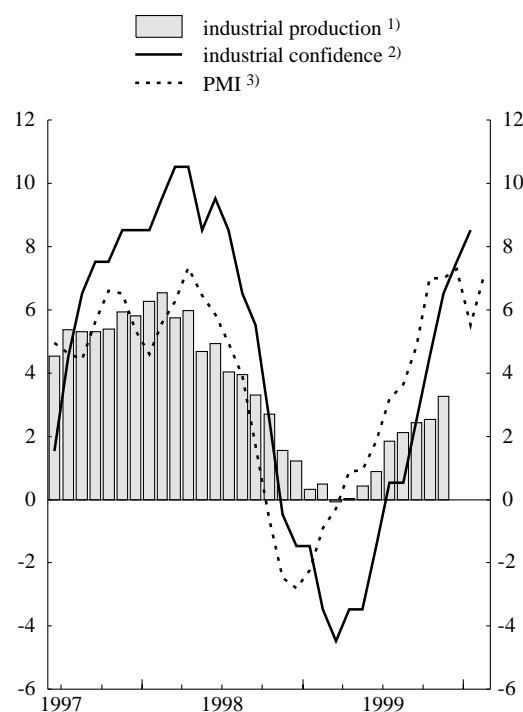
	1998	1999	1999			1999			1999			1999		
			Oct.	Nov.	Dec.	Oct.	Nov.	Dec.	July	Aug.	Sep.	Oct.	Nov.	
			month-on-month			three-month moving averages								
Total industry excl. construct.	4.1	1.6	2.0	3.4	4.5	0.2	0.9	0.0	1.3	1.4	1.2	1.2	1.1	
Manufacturing	4.6	1.6	2.2	3.8	5.1	0.2	0.8	0.3	1.6	1.8	1.5	0.8	0.8	
<i>by main industrial groupings:</i>														
Intermediate goods	3.7	1.5	1.9	3.5	5.5	-0.2	0.9	0.4	1.3	1.5	1.3	1.1	1.0	
Capital goods	6.8	1.5	2.5	3.5	5.0	0.1	0.6	0.7	1.1	1.5	1.6	1.5	1.3	
Consumer goods	3.1	1.7	1.4	2.9	3.3	0.6	0.6	-0.2	1.5	1.2	0.5	-0.4	0.0	
Durable consumer goods	6.4	2.3	0.0	2.2	5.8	1.3	0.3	1.3	2.5	1.6	1.1	-1.2	0.1	
Non-durable consumer goods	1.5	1.5	2.2	3.0	2.5	0.0	0.4	0.0	0.8	1.0	0.9	0.6	0.4	

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.

far, in the three-month period from October to December, i.e. the fourth quarter of 1999, industrial production (excluding construction) grew by 1.1% compared with the previous quarter, after a rate of growth of 1.4% was recorded in the third quarter. This pattern was even more pronounced for manufacturing, with production growth declining to 0.8% in the fourth quarter of 1999, down from 1.8% in the third quarter (see Table 6). However, it should be noted that the results for the most recent months are partly based on statistical information from limited samples which do not fully reflect the cyclical dynamics of production growth in the industrial sector as a whole. The results for the fourth quarter of 1999 are likely to be revised upwards once the additional information from wider but less frequent samples becomes available together with the data for January 2000.

At this juncture, survey data for the manufacturing sector in the final months of last year point to stronger production growth than would be apparent from the actual data. Both the European Commission industrial confidence indicator and the Purchasing Managers' Index (PMI) recorded large further increases in the fourth quarter of 1999 (see Chart 16). The latest results for capacity utilisation also support the notion of ongoing strong production growth

**Chart 16****Industrial production, industrial confidence and the PMI for the euro area**

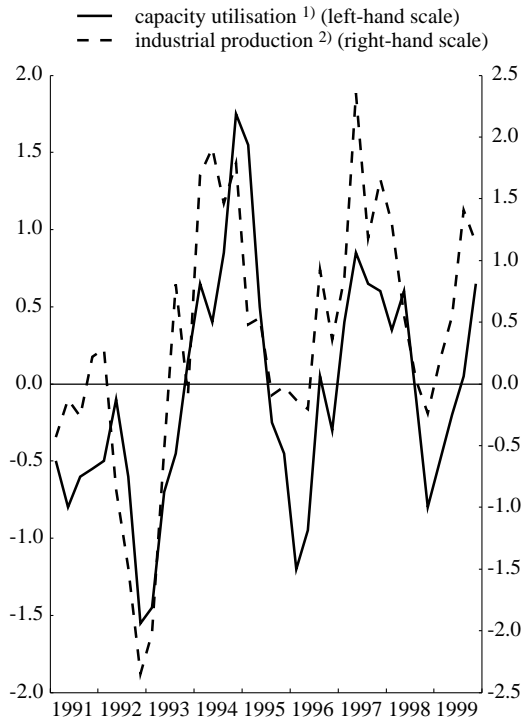
Sources: Eurostat, European Commission Business and Consumer Surveys, Reuters and ECB calculations.

- 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 in economic activity.



**Chart 17**  
**Capacity utilisation and industrial production in the euro area**

(in manufacturing; seasonally adjusted data; quarterly averages)



Sources: Eurostat and European Commission Business and Consumer Surveys.

- 1) Change compared with the previous period in percentage points.
- 2) Percentage change compared with the previous period.

in the fourth quarter of last year (see Chart 17). In January 2000 capacity utilisation in manufacturing stood at 82.9%, after 81.9% in October 1999, implying an average utilisation rate of 82.4% in the fourth quarter of 1999. This is up from the corresponding averages in the preceding two quarters, which were 81.8% and 81.7% respectively, and implies that capacity utilisation moved above its long-term average of 81.7%.

**Survey data point to a continuously positive economic climate at the turn of the year**

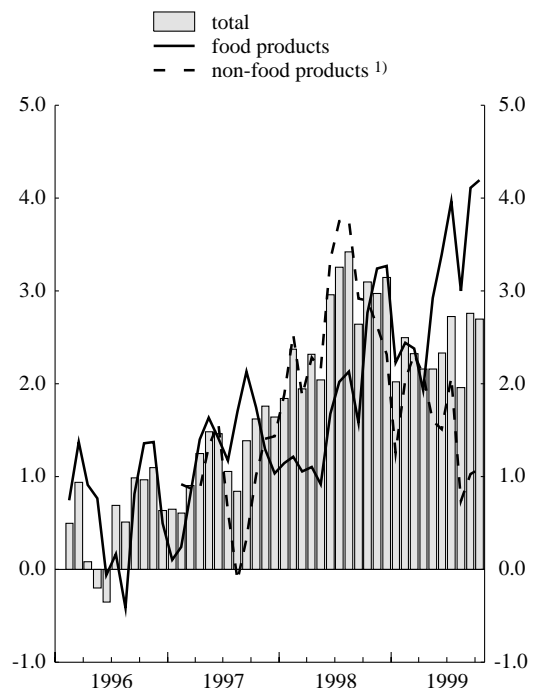
Results from the European Commission Business and Consumer Surveys in February did not become available in time for the cut-off date for this issue of the ECB Monthly Bulletin.

In January 2000 industrial confidence increased further and stood only slightly below the peak level it had reached in the spring of 1998 (see Table 7). The increase in January essentially reflects a more positive assessment of order books, while production expectations and the assessment of stocks of finished products remained unchanged compared with December 1999.

The PMI showed a somewhat uneven pattern at the beginning of this year. Following a steady improvement in the course of 1999, it fell slightly in January 2000, but rebounded in February (see Chart 16). The monthly pattern of the PMI around the turn of the year may have been influenced by uncertainties related to production and sales developments at the time of the century date change. For instance, this is suggested by a noticeable extension of

**Chart 18**  
**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.

**Table 7****Results from EC Business and Consumer Surveys for the euro area***(seasonally adjusted data)*

	1997	1998	1999	1999	1999	1999	1999	1999	1999	1999	1999	1999	2000
				Q1	Q2	Q3	Q4	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.
Economic sentiment index <sup>1)</sup>	2.4	3.1	0.2	0.5	-0.4	0.2	1.1	-0.5	0.2	0.6	0.7	0.3	0.4
Consumer confidence indicator <sup>2)</sup>	-4	6	9	11	7	7	10	7	7	9	10	10	10
Industrial confidence indicator <sup>2)</sup>	4	7	1	-3	-2	2	7	1	3	5	7	8	9
Construction confidence indicator <sup>2)</sup>	-11	3	15	13	15	15	19	13	14	16	22	18	24
Retail confidence indicator <sup>2)</sup>	-3	3	1	3	2	-1	-1	-1	-1	-3	-3	4	3
Capacity utilisation (%) <sup>3)</sup>	81.4	82.9	81.9	81.9	81.7	81.8	82.4	-	-	81.9	-	-	82.9

Source: European Commission Business and Consumer Surveys.

1) Percentage changes compared with the previous period; index 1985 = 100.

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.

suppliers' delivery times in the last few months of 1999 and a reversal of this development in January 2000. In February delivery times were reported to have become longer again and, together with the increase in new orders, accounted for most of the rise in the overall PMI.

According to the European Commission Consumer Survey, consumer confidence in January 2000 was unchanged for the second consecutive month. Consumer confidence thus remained at a level close to the all-time high it had reached in the first two months of 1999 (see Table 7). The stability in overall consumer confidence in recent months masks offsetting developments in some of its components. Confirming the positive outlook for the euro area economy, the assessment by households of the economic situation in the future improved further in January 2000, while their assessment of the economic situation in the past turned less positive and their willingness to make major purchases at present had declined somewhat.

A reluctance by consumers to make major purchases is reflected in developments in new passenger car registrations up to the end of last year, with registrations being almost 4% lower in the fourth quarter of 1999 than in

the third quarter. In January 2000 there was an increase in the number of registrations, but it is too early to say whether this is the first indication of a rebound. More recent developments in terms of a lower level of car registrations have to be seen against marked increases observed up to the middle of last year. Data on retail sales volumes, which do not include car sales, extend up to November 1999 and no further data have become available since the February 2000 issue of the ECB Monthly Bulletin. Measured in terms of three-month moving averages, the rate of increase compared with the previous year was close to 3% in the autumn of 1999, slightly up from the growth rate in the summer months (see Chart 18). Retail confidence was significantly higher at the turn of the year 1999-2000 than in the second half of last year. As this series is more volatile than industrial and consumer confidence, it is too early to say whether the latest developments are a reflection of a temporary boost in sales, possibly in connection with Christmas and the century date change, or of a more sustained upturn in expected retail sales growth.

Overall, available evidence suggests that the short-term outlook for growth remains positive.

## Box 5

### A review of economic prospects for the euro area up to 2001

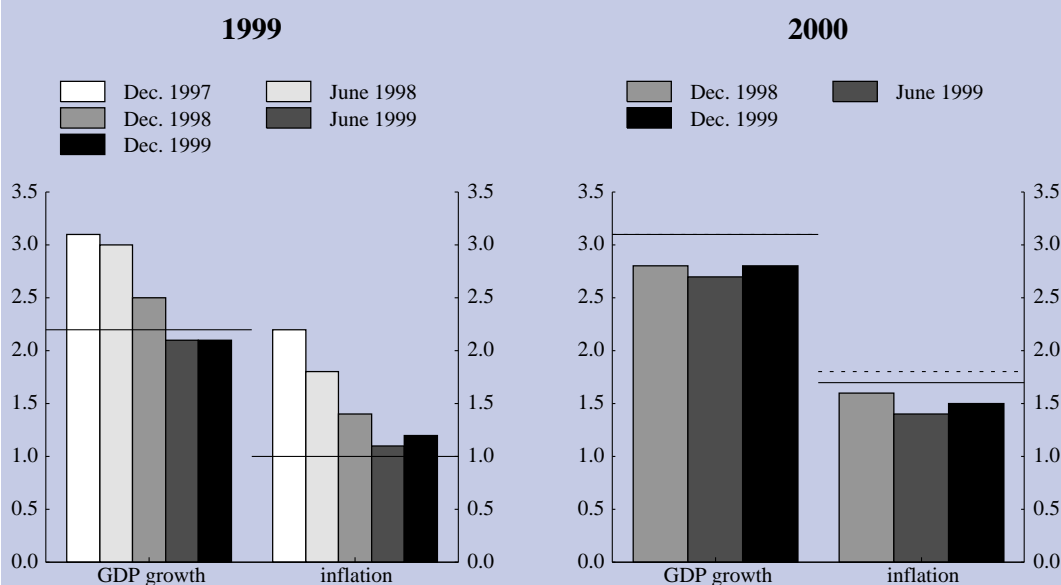
No new forecasts for the euro area have become available from the major international institutions since the end of last year (see Box 6 in the December 1999 issue of the ECB Monthly Bulletin). At that time, only the forecasts produced by the Organisation for Economic Co-operation and Development and the European Commission extended to 2001. To this can now be added the Consensus Economics forecasts and the Survey of Professional Forecasters (SPF).

#### Euro area real GDP growth is expected to rise significantly in 2000 and 2001

The latest estimates of economic growth in the euro area for 1999, which are currently based on data released for the first three quarters of 1999 and available information for the fourth quarter of 1999, indicate that real GDP increased by just over 2%. As shown in the chart below, the final outcome for euro area growth in 1999 is expected to have been significantly lower than was expected by major international institutions at the time the forecasts were first made for 1999, i.e. in late 1997. Forecasts for euro area growth in 1999 have been progressively revised downwards over time, primarily reflecting the impact of the crisis in emerging markets which occurred in 1997-98. Its consequences for economic growth in the euro area, and in particular for net exports, only gradually became clear.

#### Real GDP growth and inflation forecasts for the euro area

(annual percentage changes)



Sources: IMF, OECD, European Commission, Consensus Economics and the Survey of Professional Forecasters (SPF).

Note: The bars are averages of IMF, European Commission and OECD forecasts. December 1997 is an average of OECD and European Commission forecasts only. Horizontal solid lines represent the latest (February 2000) Consensus Economics forecast. Horizontal dotted lines represent the latest (February 2000) SPF forecast. Inflation is measured by the private consumption deflator, with the exception of Consensus Economics (CPI) and SPF (HICP).

An overview of available forecasts for the euro area up to 2001 is provided in the table below. The picture is now clearly indicating stronger growth. According to both the February 2000 Consensus Economics forecast and the SPF, real GDP growth in the euro area is now expected to grow at a rate of over 3% in 2000. For 2001 the economic expansion in the euro area is expected to continue at a similar pace to that in 2000. It should be noted that the forecasts presented here are not fully comparable as they are based on different assumptions regarding exchange rates and interest rates, and, reflecting the steep yield curve, they often assume that short-term interest rates will rise over the forecast period.

This stronger growth outlook for the euro area is based on favourable domestic and external conditions for growth. The prospects for domestic demand have improved, in line with increasing confirmation of an expansion in industrial activity and confidence indicators reaching higher levels. Monetary and financial conditions remain supportive for investment and consumption growth. Improvements in the labour market situation are expected to underpin increases in private consumption. This, together with stronger investment growth, underpins expectations that the contribution to overall growth from domestic demand will rise.

Growth is also generally expected to be supported by an improvement in the external environment, with net exports likely to make a positive contribution to growth this year. The external environment for the euro area for 1999 as a whole proved to be better than expected at the end of 1998 and early 1999, notably on account of stronger than expected growth in the United States. There has also been a significant improvement in other regions, in particular in Asia excluding Japan and in Latin American countries. Looking ahead, world growth and trade are seen to be gathering momentum and, overall, the external environment is now expected to be stronger over the period up to 2001 than previously foreseen.

The uncertainties surrounding the projections for real GDP growth in the euro area appear to have shifted to the upside in both 2000 and 2001. This relates to both domestic demand and net exports. Against the background of strong growth, rising capacity utilisation and higher business confidence, investment expenditure could rise more strongly than currently expected. Export growth could also be stronger than currently expected, owing to stronger global economic activity and/or a more rapid recovery in market shares than is currently forecast. The main downward risks to growth appear to be linked to the external environment.

The available forecasts indicate that the labour market situation in the euro area is expected to benefit from the increase in economic activity, with unemployment expected to fall to below 9% in 2001 from around 9.5% in 2000. As growth prospects improve, however, it is important that wage moderation is continued. This is necessary for the relatively favourable employment growth and the reduction in unemployment projected in recent forecasts to be achieved.

#### **Inflation forecasts for the euro area revised upwards**

The outturn for inflation for the euro area in 1999 of 1.1%, as measured by increases in the Harmonised Index of Consumer Prices (HICP), was lower than generally expected earlier on, as reflected in initial

#### **Comparison of forecasts for the euro area**

*(annual percentage changes, unless otherwise indicated)*

	2000					2001				
	IMF	OECD	EC <sup>1)</sup>	SPF <sup>2)</sup>	CE <sup>3)</sup>	IMF	OECD	EC <sup>1)</sup>	SPF <sup>2)</sup>	CE <sup>3)</sup>
Private consumption deflator	-	1.7	1.6	-	-	-	1.7	1.6	-	-
HICP <sup>4)</sup>	1.3	-	1.5	1.8	1.7	-	-	1.5	1.7	1.6
GDP growth	2.8	2.8	2.9	3.1	3.1	-	2.8	2.9	3.0	3.0
Unemployment rate <sup>5)</sup>	9.7	9.6	9.4	9.4	-	-	9.1	8.8	8.8	-

Sources: IMF World Economic Outlook (October 1999); OECD Economic Outlook (November 1999); European Commission (autumn 1999); Survey of Professional Forecasters (February 2000) and Consensus Economics forecasts (February 2000).

Note: The IMF does not provide forecasts for 2001.

1) European Commission.

2) On the basis of a questionnaire submitted to 83 professional forecasters across the EU, the Survey of Professional Forecasters provides quantitative information on inflation expectations in the euro area. To provide the appropriate background for these expectations, the survey also collects estimates for expected growth in area-wide real GDP and expected developments in the euro area unemployment rate. The sample of forecasters is based on recommendations from the respective national central banks in the EU. The forecasters are split fairly evenly between financial institutions (e.g. banks) and others (e.g. research institutes).

3) Consensus Economics forecasts.

4) For the IMF and Consensus Economics forecasts: CPI.

5) As a percentage of the labour force.

forecasts of close to 2% (using private consumption deflators). This was mainly caused by lower than forecast rates of increase in the price of food, non-energy goods and services in the course of 1999. As a result of the increase in oil prices, inflation forecasts for 2000 have been revised upwards since December 1999. Inflation in the euro area is generally expected to be higher in 2000 than in the previous year. The latest forecasts, from both Consensus Economics and the SPF, show that inflation in the euro area is expected to remain below 2% on average in 2000 and 2001. However, these annual averages do not show the inflation development over time. The pattern is characterised first by decreasing annual inflation rates in the course of this year followed by more fundamental upward tendencies later on. Furthermore, when assessing these forecasts, the assumptions upon which they are based should be borne in mind, in particular the assumption of rising short-term interest rates in the period ahead.

In addition, the forecasts concerning the outlook for prices are subject to considerable uncertainties. One source of uncertainty, particularly in the short term, is the behaviour of oil prices and the exchange rate, both of which have been relatively volatile and directly influence import price developments. While the direct effect of import prices on the rate of increase of consumer prices is largely temporary, the degree to which they may have an impact on domestic wage costs and price developments remains uncertain. Moreover, downward pressures on prices resulting from, inter alia, deregulation and increased competition (particularly in retail markets) are difficult to assess and could prove to be stronger than currently anticipated in available forecasts.

Overall, central forecasts, i.e. those considered most likely on the basis of the assumptions adopted, now point to inflation rates that are clearly closer to 2% on average in both 2000 and 2001, while there are significant uncertainties surrounding the outlook for prices. Clearly, depending on the development of the factors underlying these forecasts (including interest rates, exchange rates, oil prices and wages), projections will have to be adjusted, thus highlighting the conditional nature of such exercises.

### Employment growth expected to have remained constant in the fourth quarter of 1999

Preliminary estimates based on available national data suggest that employment continued to grow at a quarter-on-quarter rate of 0.3% in the fourth quarter of 1999, unchanged from

the previous two quarters (see Table 8). Employment growth in 1999 as a whole could therefore have been close to the level in 1998, i.e. 1.4%. However, the quarterly pattern was slightly different. By contrast with the gradual acceleration recorded in 1998, quarterly growth rates remained broadly unchanged at 0.3% during the course of 1999.

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

	1998		1999				1999				1999		
	1998	1999	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Oct.	Nov.	Dec.
	Quarterly rates <sup>1)</sup>												
Whole economy <sup>2)</sup>	1.4	.	1.7	1.5	1.4	.	0.4	0.3	0.3	.	-	-	-
Total industry	0.2	.	0.1	0.0	0.0	.	-0.1	-0.1	0.0	.	.	.	.
Construction	0.1	.	2.8	3.3	3.3	.	0.6	0.1	0.7	.	.	.	.
Total industry excl. construct.	0.4	-0.6	-0.2	-0.8	-0.8	-0.6	-0.2	-0.3	-0.1	0.0	-0.7	-0.6	-0.5
Manufacturing	0.8	-0.4	0.1	-0.6	-0.7	-0.4	-0.1	-0.3	0.0	0.0	-0.5	-0.4	-0.4

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

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

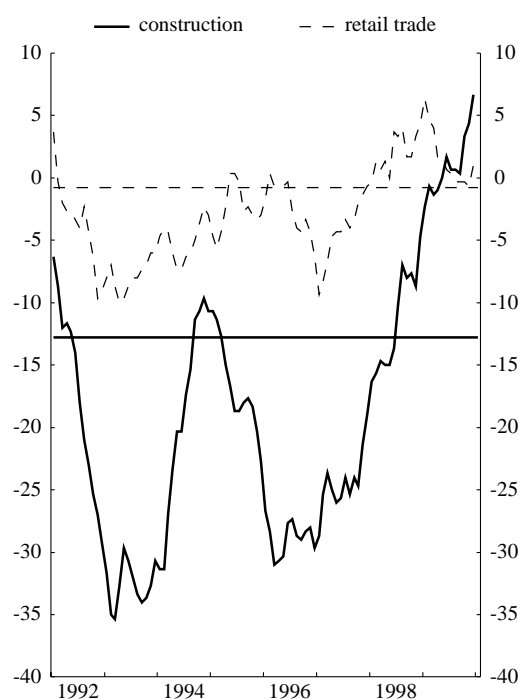
2) Excluding Belgium and Ireland; seasonally adjusted.

## Favourable employment expectations in industry

At a sectoral level, there are signs of a slow improvement in the industrial sector and stable growth of employment in the services sector. Employment in total industry excluding construction remained unchanged in the fourth quarter of 1999 after having fallen for more than a year. In addition, the continuous upward trend in employment expectations in the construction sector, as recorded in the European Commission Consumer and Business Surveys, suggests that employment growth increased further in that sector at the end of last year (see Chart 19). As a result, employment in total industry is likely to have started to increase again in the fourth quarter of 1999. On the basis of evidence from national data and employment expectations in the retail trade

### Chart 19 Employment expectations in the euro area

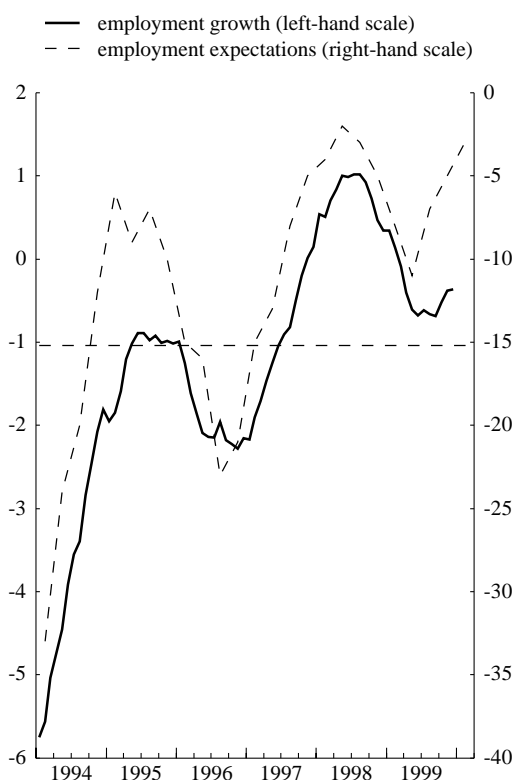
(percentage balances; three-month centred moving averages; seasonally adjusted)



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

### Chart 20 Employment growth and employment expectations in manufacturing in the euro area

(annual percentage changes; percentage balances for employment expectations)



Sources: Eurostat and European Commission Business and Consumer Surveys.

Note: The horizontal line is the average of employment expectations over the period from 1985.

sector as well as recent developments in private consumption, the pace of net job creation in the services sector is expected to have remained broadly unchanged in the fourth quarter of 1999.

The recent strengthening of economic activity is expected to result in an unchanged or even in a slightly higher pace of net job creation in 2000. In fact, both sectoral and country perspectives indicate a favourable outlook for job creation. Employment expectations in the manufacturing sector, which are a relatively reliable indicator of actual developments, have improved further and for the first quarter of 2000 stood close to the peak level reached at the beginning of 1998 (see Chart 20). Results from the

Purchasing Managers' Index (PMI) for February 2000 also point to higher employment growth in the manufacturing sector. At a country level, a positive contribution is expected, in particular, from those countries in which GDP growth is expected to increase significantly in 2000 after having been relatively weak in 1999.

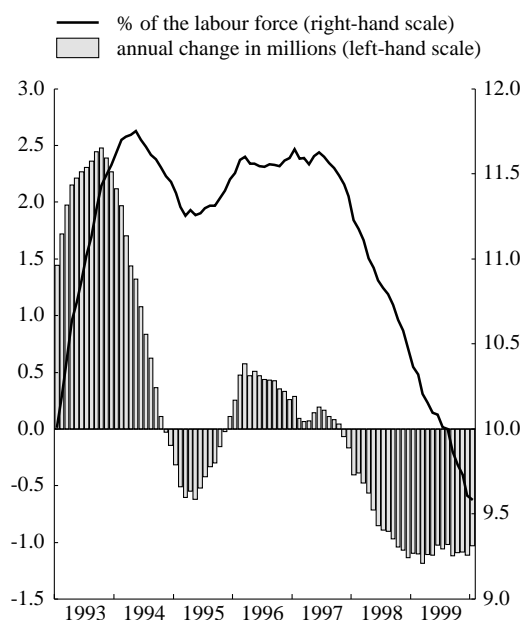
### Unemployment rate unchanged in January 2000

In January 2000 the standardised rate of unemployment in the euro area stood at 9.6%, i.e. unchanged from the rate recorded in December 1999 (see Table 9). However, the annual reduction in the number of unemployed remained above 1 million in January. This points to a continuation of the pattern of a moderate reduction in unemployment which was observed during the course of 1999.

The unchanged unemployment rate for January 2000 is the result of an increase in the unemployment rate of those under 25 years of age (from 18.0% to 18.2%), offset by a decline in the unemployment rate of those above 25 years of age (from 8.5% to 8.4%). The increase in youth unemployment is expected to be temporary, as it seems to be a reaction to the significant decline which occurred in the four months up to December 1999. In that period the unemployment rate of young people fell twice as much as in the same period in 1998. In January the rate of

**Chart 2 I**  
**Unemployment in the euro area**

(monthly data; seasonally adjusted)



Source: Eurostat.

youth unemployment was still below the level recorded in November 1999.

In short, employment is expected to maintain its growth pattern, or even strengthen somewhat, during 2000, mainly as a result of an improvement in the pace of net job creation in the industrial sector. This development, together with the assumption of steady growth in the labour force, implies that the unemployment rate should continue to fall gradually in the course of 2000.

**Table 9**  
**Unemployment in the euro area**

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

	1997	1998	1999	1999	1999	1999	1999	1999	1999	1999	1999	1999	2000
				Q1	Q2	Q3	Q4	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.
Total	11.6	10.9	10.0	10.3	10.1	10.0	9.7	10.0	9.9	9.8	9.7	9.6	9.6
Under 25 years <sup>1)</sup>	23.2	21.3	19.1	20.0	19.3	18.9	18.3	19.1	18.5	18.4	18.3	18.0	18.2
25 years and over <sup>2)</sup>	9.9	9.4	8.8	9.0	8.9	8.7	8.6	8.8	8.7	8.6	8.6	8.5	8.4

Source: Eurostat.

Note: According to ILO recommendations.

1) In 1999 this category represented 22.9% of total unemployment.

2) In 1999 this category represented 77.1% of total unemployment.

## 4 Fiscal developments

### **Budgetary developments in 1999 not based on active consolidation**

According to current information concerning fiscal developments in the euro area, the average general government deficit-to-GDP ratio amounted to 1½% in 1999, i.e. half a percentage point lower than in 1998, and the average general government gross debt ratio declined slightly. Moreover, all euro area Member States seem to have reached their original budgetary targets for 1999. At the same time, some governments are still registering deficits of 2% of GDP or more and debt ratios also remain very high in some countries. Finally, it should be emphasised that contrary to what was recommended in the Broad Economic Policy Guidelines for 1999, most Member States did not pursue an active fiscal consolidation policy in 1999, but relied on the beneficial effects of relatively strong revenue growth and lower interest payments.

### **Medium-term orientation of fiscal policies aimed at further consolidation**

At the end of 1999 and in early 2000 most euro area countries submitted updated stability programmes covering the period up to 2002-03 to the European Commission in accordance with the Stability and Growth Pact. At the time of publication of the present issue of the ECB Monthly Bulletin, the updated programme for Austria was not available. According to the Stability and Growth Pact, all EU Member States are committed “to adhere to the medium-term objective of budgetary positions close to balance or in surplus”. This objective is considered appropriate in order “to allow Member States to deal with normal cyclical fluctuations while keeping the government deficit within the 3% of GDP reference value”. In addition, the safety margin implied by the “close to balance or in surplus” requirement should also cover other burdens on public finances. These include unexpected

tax shortfalls and expenditure overruns, the need to ensure a fast decline in debt ratios in those countries in which they still stand above 60% and the necessity of coping with an increase in expenditure relating to the ageing of the population in the future. Moreover, the Broad Economic Policy Guidelines for 1999 urged Member States, “provided the economic outlook unfolds better than expected in their stability or convergence programmes, to frontload the budgetary adjustment efforts envisaged in their programmes as of the year 2000 and, where programmes target minimum adjustment, to aspire to more ambitious objectives and update stability/convergence programmes accordingly”.

According to the updated stability programmes, economic growth assumptions for 2000 and the next few years were often revised slightly upwards as compared with the original programmes (see Table 10). In this environment governments aim to further consolidate general government budgetary positions in the medium term and partly also to exceed previous consolidation targets. In this sense, some of the updated stability programmes clearly represent a step forwards compared with the original programmes, while others could be more ambitious. All in all, government plans would imply a further improvement in the average euro area deficit and debt-to-GDP ratio in 2000 and beyond.

A few countries already appear to comply fully with the requirements of the Stability and Growth Pact and are expected to do so throughout the forecasting horizon. Most countries are expected to achieve deficits of below 0.5% of GDP or fiscal surpluses and debt levels of below 60% of GDP by 2002-03. According to current plans, all euro area Member States are expected to be able to cope with normal cyclical fluctuations by that time. However, some governments envisage only very modest deficit cuts in 2000, while stronger efforts are planned for later years. Such a strategy implies that unforeseen developments



**Table 10****Member States' 1998-99 stability programmes and their 1999-2000 updates**

	Real GDP growth rate (%)				Budget balance ratio (% of GDP)				Debt ratio (% of GDP)			
	2000	2001	2002	2003	2000	2001	2002	2003	2000	2001	2002	2003
<b>Belgium</b>												
Stability programme	2.3	2.3	2.3	.	-1.0	-0.7	-0.3	.	112.2	109.6	106.8	.
Updated programme	2.5	2.5	2.3	2.3	-1.0	-0.5	0.0	0.2	112.4	108.8	105.0	101.3
<b>Germany</b>												
Stability programme		2½		.	-2	-1½	-1	.	61	60½	59½	.
Updated programme	2½		2		-1¼	-1	-1	-½	61	60½	59½	58½
Addendum to the updated programme	2½		2½		-1	-1½	-1	-½	61	60½	59½	58½
<b>Spain</b>												
Stability programme		3.3		.	-1.0	-0.4	0.1	.	64.3	61.9	59.3	.
Updated programme	3.7		3.3		-0.8	-0.4	0.1	0.2	62.8	60.6	58.1	55.8
<b>France</b>												
Stability programme		3.0		.	-	-	-0.8	.	.	.	57.1	.
Updated programme	3.0		3		-1.7	-1.3	-0.9	-0.3	59.4	59.0	58.1	57.2
<b>Ireland</b>												
Stability programme	6.4	5.8	.	.	1.4	1.6	.	.	47.0	43.0	.	.
Updated programme	7.4	6.5	5.7	.	1.2	2.5	2.6	.	46.0	40.0	36.0	.
<b>Italy</b>												
Stability programme	2.8	2.9	.	.	-1.5	-1.0	.	.	110.9	107.0	.	.
Updated programme	2.2	2.6	2.8	2.9	-1.5	-1.0	-0.6	-0.1	111.7	108.5	104.3	100.0
<b>Luxembourg</b>												
Stability programme		3.7		.	1.2	1.3	1.7	.	.	.	.	.
Updated programme	4.3	4.4	4.5	4.6	2.5	2.6	2.9	3.1	1)	1)	1)	1)
<b>The Netherlands</b>												
Stability programme		2¼		.	.	.	-1.1	.	.	.	64.5	.
Updated programme	2.5	2.0	2.0	.	-0.6	-1.3	-1.1	.	62.3	61.8	61.0	.
<b>Austria</b>												
Stability programme	2.6	2.1	2.2	.	-1.7	-1.5	-1.4	.	62.2	61.2	60.0	.
Updated programme	-	-	-	-	-	-	-	-	-	-	-	-
<b>Portugal</b>												
Stability programme	3.2	3.2	3.3	.	-1.5	-1.2	-0.8	.	55.8	54.7	53.2	.
Updated programme	3.3	3.6	3.6	3.5	-1.5	-1.1	-0.7	-0.3	57.1	55.2	53.3	51.0
<b>Finland</b>												
Stability programme	2.7	2.6	2.6	.	2.2	2.1	2.3	.	46.4	44.8	43.2	.
Updated programme	3.9	3.0	2.6	2.6	4.7	4.2	4.6	4.7	42.9	40.7	38.0	35.2

1) According to Luxembourg's updated stability programme, general government debt, which in total represented 4.3% of GDP in 1999, will remain relatively stable in the forecasting period.

might put fiscal targets at risk. Hence a frontloading of the required fiscal corrections would be preferable. Moreover, not all countries would create sufficient additional safety margins in order to avoid an excessive deficit even in the event of a future protracted decline in growth rates. In most programmes adjustments relating to the ageing of the population have yet to be taken sufficiently into account. Moreover, very high government debt levels would justify additional efforts in fiscal retrenchment.

A number of countries have based their programmes on cautious assumptions of economic growth rates for future years. It should be made clear by governments that higher than expected real GDP growth should contribute to speeding up fiscal consolidation. In the event of stronger growth performance, governments should resist increasing primary current expenditure above the targeted levels. Strict control over current primary expenditure growth is also required because many countries are planning

to introduce tax reforms over the coming years which are aimed at bringing down the tax burden and labour costs. This may contribute to promoting economic dynamism and to shifting economies onto a more favourable growth path. However, governments should closely monitor the implementation of their tax reform plans with regard to their impact on tax revenue in order to avoid putting budgetary targets in jeopardy. Increasing deficits would imply a budgetary risk in the event of an unexpected slowdown in economic growth.

Inflationary pressures have become visible in a number of countries. Against this background, it is not clear whether the actual fiscal policy stance in the respective countries is sufficiently stringent. Government authorities should consider tightening fiscal policies in order to counteract dangers of overheating and to support prospects for sustained, non-inflationary economic growth by further increasing budget surpluses or by achieving surplus positions where budgets are still in deficit.

Given the strong involvement of governments in euro area economies, consolidation strategies should prioritise expenditure reduction. In addition to fiscal consolidation, emphasis should be placed on structural measures. Reforms could be aimed at adjusting public transfer systems, reducing high public sector employment, lowering government subsidies, progressing with the privatisation of public enterprises and improving the functioning of labour markets. Such policies would contribute to making more efficient use of the economy's productive capacity.

Turning to the expected long-run strains on government budgets associated with the ageing of the population, some governments' commitments to channelling social security surpluses into a special reserve fund represent a move in the right direction. Lowering government debt ratios will facilitate management of the forthcoming budgetary burdens once the demographic change has fully materialised. In addition, further determined action in reforming pension systems will be required.

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

### **The global macroeconomic environment improves further**

The external environment of the euro area is continuing to improve compared with the situation prevailing when the last quarterly issue of this ECB Monthly Bulletin was published in December 1999, as most industrialised countries and emerging market economies are maintaining or accelerating their pace of growth and world trade is expanding. In the United States strong output growth has shown no signs of losing momentum, while the United Kingdom's expansion has accelerated significantly owing to buoyant domestic demand, and other developed economies in Europe and elsewhere are also experiencing strong

economic activity. In Japan, however, the economic recovery remains tentative, although private demand – in particular business investment – may be strengthening, as suggested by some leading indicators. Among the emerging market economies, the Asian region has displayed the strongest economic performance, with buoyant and broadly based recoveries promoted by still largely accommodating economic policies and growing intra-regional trade. In Latin American countries there has been a clear improvement in the situation with a pick-up in real activity and continued subdued inflation. Against the background of stronger global output, and given the increase in energy prices, inflation pressures are on the rise in some countries – although they remain

contained overall. As upward risks to price stability have been increasing, monetary conditions have been tightened in a number of these countries, including industrial and emerging market economies.

Following the constant improvements in the course of 1999 and thus far in 2000, the external outlook for the euro area at the beginning of this year appears to be significantly brighter than that for 1999 a year ago. At the same time, however, inflationary pressures outside the euro area – in both industrial and emerging market economies – are considered to be higher than a year ago. For example, in both the United States and the United Kingdom forecasts for inflation are around half a percentage point higher this year than they were for 1999, mostly on account of higher expected real growth and the rise in oil and commodity prices.

In the United States real GDP expanded by 1.7% in the fourth quarter of 1999 compared with the previous quarter. This brought the average real GDP growth rate for 1999 as a whole to 4.1%. Private consumption expenditure and stock building – the latter being spurred by year 2000 concerns – were the main reasons for the strong performance in the fourth quarter of 1999. Business investment moderated its pace significantly, while net foreign trade continued to make a negative contribution to GDP growth. The strength of domestic demand contributed to a further deterioration in the trade balance in December, resulting in the trade deficit rising from 1.9% of GDP in 1998 to around 3% of GDP in 1999.

Looking ahead, strong growth is likely to continue in the United States during the first half of 2000, sustained mainly by domestic demand. Consumer confidence, as measured by the US Conference Board, reached an all-time high in January 2000, retail sales had grown by an average annual rate of approximately 10% over the preceding three months and business confidence in January 2000 remained high for the 12th consecutive

month, backed in turn by strong gains in industrial production and new orders in December 1999 and January 2000. Employment growth remained vigorous in January and the unemployment rate declined further to a record 30-year low of 4.0%. Despite a tight labour market, current inflation rates remained broadly unchanged as non-farm productivity posted one of the largest quarterly gains for several years, rising by 1.2% in the fourth quarter of 1999 (quarter-on-quarter). CPI inflation was 2.7% (year-on-year) in January 2000, the same as in December 1999, while CPI inflation excluding energy and food prices increased from 1.9% in December 1999 to 2.0% in January 2000.

At its meeting on 2 February 2000 the Federal Open Market Committee raised the target for the federal funds rate by 25 basis points to 5.75% and also approved an increase in the discount rate of 25 basis points to 5.25%. This policy move was aimed at containing the risk of potential inflationary imbalances by bringing aggregate demand growth closer to growth in potential supply.

In Japan, after an unexpected contraction in real GDP (-1.0% quarter-on-quarter) in the third quarter of 1999, preliminary indicators appear to be pointing to a further fall in real GDP in the fourth quarter of last year as well. While the contraction in the third quarter of 1999 was mainly a result of declining private and public investment, it is private consumption that is expected to have been a drag on GDP growth in the fourth quarter. Both the sharp decline in household real income (-4.5% year-on-year) and slightly worsening labour market conditions, with unemployment rising to 4.6% in December 1999, contributed to a 4% (year-on-year) decline in household expenditure in the same month. Furthermore, the strength of the Japanese yen may have contributed to an expected negative net external trade contribution to GDP growth in the last quarter of 1999.

Nevertheless, prospects of a private sector recovery in Japan may be gradually improving in line with the recent positive outturns of some leading indicators for business investment. For example, corporate profits in 1999 grew by more than 10% compared with the previous year. Furthermore, domestic machinery orders grew by 14% in December 1999 on a year-on-year basis, compared with a decline of 1.8% in the previous month, thus adding to the upward trend in foreign orders which was already under way last summer.

In the United Kingdom the estimate of real GDP growth in the fourth quarter of 1999 shows a rise of 0.8% quarter-on-quarter and 2.9% year-on-year, bringing the annual average growth rate to 2.0% for 1999 (compared with 2.2% in 1998). In the fourth quarter growth was largely attributable to a marked rise in domestic demand. Household consumption expenditure was supported by rising real incomes, lower mortgage interest payments and wealth gains from rapidly rising prices for houses and other assets. The strength of domestic demand was to some extent offset by a deterioration in net trade. Exports showed some decline, partially reversing the significant rise in the third quarter, while imports continued to rise strongly.

Inflation in the United Kingdom, as measured by movements in the Retail Price Index excluding mortgage interest payments (RPIX), continues to remain below the official target of 2.5%. In January 2000 RPIX inflation slowed to 2.1% year-on-year compared with 2.2% in December 1999. However, in view of rising pressures on productive capacity as well as in the labour and housing markets, the Bank of England's Monetary Policy Committee raised interest rates by 25 basis points to 6.0% in February 2000.

In the Asian economies excluding Japan the breadth and size of the economic recovery is continuing to surprise on the upside. While GDP growth for 1999 is expected to be no less than 5.0% for the region as a whole, the

recovery appears to be more widespread than previously anticipated, as, inter alia, Hong Kong is now expected to have returned to positive growth in 1999. Furthermore, what was initially an export-led recovery, with substantial trade surpluses across the region fuelled by depreciating currencies, is gradually becoming more broadly based, as domestic demand is also catching up. The main risks to the outlook of the region remain the imbalance of public finances, possible inflationary pressures and the risk of a slowdown in corporate and financial structural reforms. In some countries, such as South Korea, the very strong performance of the economy – with real GDP growth in excess of 10% in 1999 – is already threatening to re-ignite inflation and to put upward pressure on long-term bond yields. As a consequence, two central banks in Asia – the Bank of Korea and Hong Kong's Monetary Authority – tightened monetary policy in February. Financial market confidence appears to have consolidated further, as witnessed by buoyant stock markets, stable exchange rates and decreasing bond spreads over US treasuries.

As for the largest EU accession countries, the economic outlook for Hungary and Poland has been quite favourable since around mid-1999, as reflected by most indicators on the real economy. In the Czech Republic the situation is somewhat different as the economic recovery has yet to gather momentum.

The Russian economy continues to be characterised by a rise in industrial production and a sizeable trade surplus, but the overall outlook still remains marked by political uncertainty. According to preliminary national accounts data, Russian GDP increased by around 3% in 1999, which is considerably more than previously anticipated. This rebound followed a contraction in real GDP of almost 5% in 1998.

Most Latin American economies are recovering on the strength of exports and

private capital inflows, particularly foreign direct investment. Market sentiment towards the region has improved significantly, as shown by the narrowing of international bond spreads to pre-crisis levels and buoyant stock markets. This sentiment has also been reinforced by the region's contained inflation, which is at its lowest level in 50 years. Economic activity in Mexico continues to grow at a fast pace amid a broadly stable exchange rate of the peso and high capital inflows. In Brazil growth has accelerated and the real has appreciated since the beginning of the year, reflecting an improvement in the trade balance, lower foreign debt payments and an improved level of international reserves. Finally, in Argentina the economy appears to be coming out of recession faster than expected, while market confidence may be reinstated by the recently agreed precautionary stand-by arrangement with the IMF.

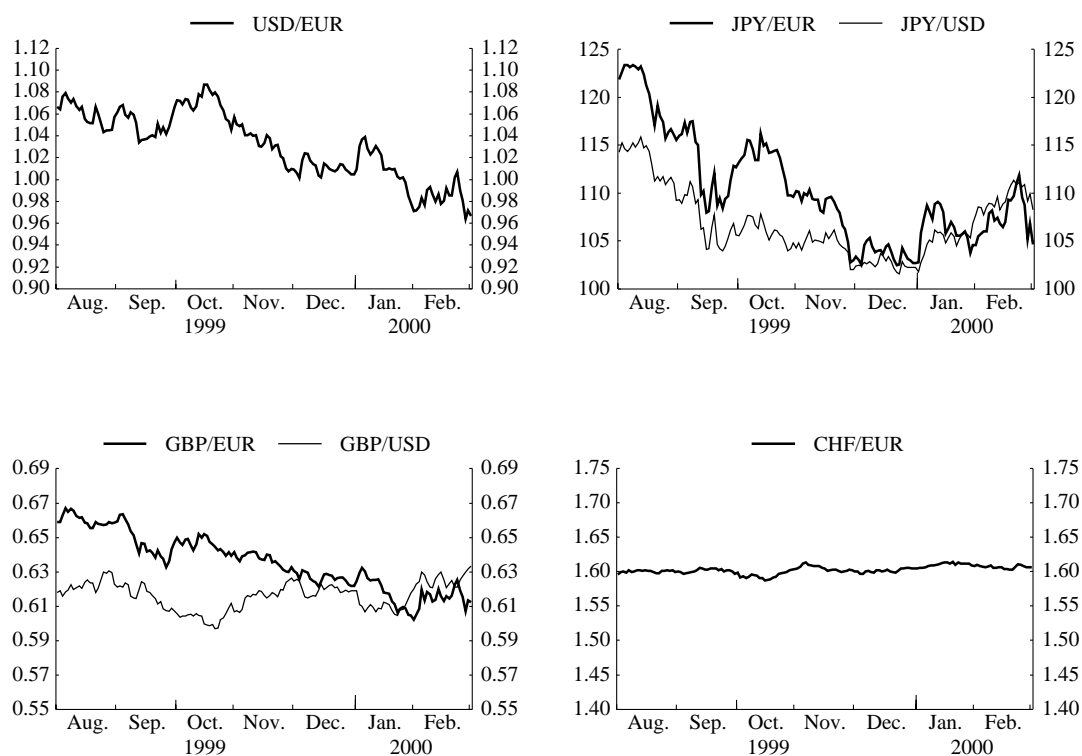
### Significant volatility in euro exchange rates in late February

Foreign exchange markets witnessed an appreciation of the euro up to 23 February 2000, followed by significant volatility in major exchange rates and a depreciation of the euro towards the end of the month. In the euro-yen exchange rate, in particular, technical market-related factors were reported to be the cause of relatively large intraday exchange rate changes that occurred in late February. Foreign exchange markets in emerging market economies were mostly calm during the month. In the context of significant volatility, the nominal effective exchange rate of the euro stood, on 1 March, around the same level as on 1 February.

Against the US dollar the euro was quoted in early March 2000 at a level broadly similar to that in early February (see Chart 22).

**Chart 22**  
Patterns in exchange rates

(daily data)



Source: ECB.

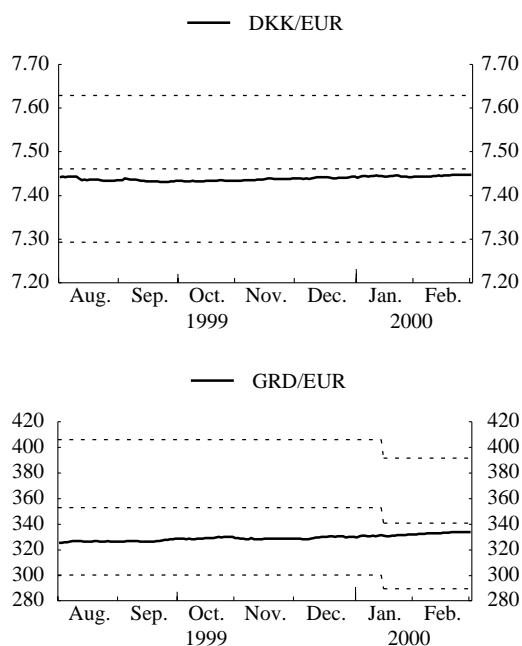
However, this masks significant movements that took place during the latter part of the month. Up to 23 February the euro rose by 3.7% against the US dollar, as data releases confirmed that an upswing in economic activity in the euro area was well under way. The increases in official interest rates in early February this year by the Federal Reserve System and by the Governing Council of the ECB – each amounting to 25 basis points – had little immediate effect on foreign exchange markets. In the earlier part of February the euro may have also benefited from relative movements in equity markets, as share prices in the euro area continued to show significant advances, while the US equity markets experienced relatively high volatility and corrections in selected sectors. In the last few days of February, however, the euro came under renewed pressure against the dollar amid upward revisions to GDP data in the United States and a renewed depreciation of the euro against the Japanese yen. On 1 March the euro was quoted at USD 0.967.

The Japanese yen displayed significant volatility in February. Over the first three weeks of February the yen weakened quite significantly against all major currencies, being around 6.5% weaker against the euro and around 3% weaker against the US dollar on 23 February compared with the beginning of the month. Indeed, the yen fell to its weakest level against the euro since October 1999 and, against the dollar, its lowest level since August 1999. The decline of the yen was mainly triggered by data releases pointing to a weak economic performance in Japan in the fourth quarter of 1999 and in early 2000. In late February, however, the yen appreciated abruptly against the euro, rising by as much as 6% over the course of three trading days and, by 1 March, returning to its levels of the beginning of February. Technical factors, partially related to “stop-loss” strategies in options markets, as well as the repatriation of funds by Japanese exporters, were quoted as the reasons for this movement. On 1 March the euro was quoted at JPY 104.65.

During February the euro also initially appreciated against the pound sterling, but depreciated thereafter, mainly in line with the euro’s movements against the US dollar. The interest rate increase by the Bank of England on 10 February, although following relatively closely the rise of 25 basis points in mid-January, was widely expected in financial markets and itself appeared to have little immediate impact on sterling’s exchange rate. Despite some weakening in February, the pound sterling remains close to its highs in effective terms. On 1 March the euro was quoted at GBP 0.612.

Within ERM II the Danish krone continued to be very stable vis-à-vis the euro at around DKK 7.45, with only minimal fluctuations (see Chart 23). The Greek drachma continued to depreciate slightly against the euro as interest rate differentials vis-à-vis the euro area narrowed somewhat in the course of February, although they stood still at around 520 basis points (for three-month rates) on average in the last week.

**Chart 23**  
**Patterns of exchange rates within ERM II**  
*(daily data)*



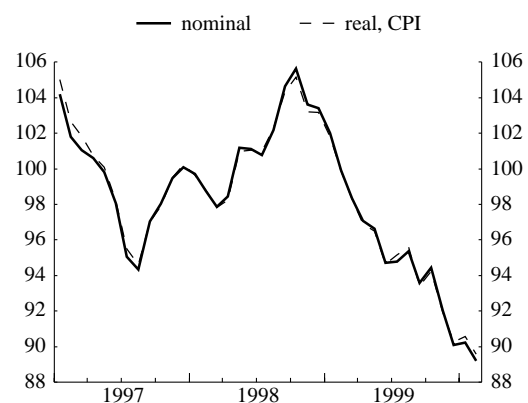
Source: ECB.  
 Note: The horizontal lines indicate the central parities (DKK 7.46; GRD 340.75, with the latter effective from 17 January 2000) and the respective fluctuation bands ( $\pm 2.25\%$  for DKK and  $\pm 15\%$  for GRD).

The Swiss franc continued to trade at a level close to CHF 1.61 vis-à-vis the euro during February. On 3 February the Swiss National Bank raised its target range for three-month interest rates by 50 basis points to 1.75%-2.75%. The decision, taken at the time of the increase in ECB interest rates, mainly reflected the acceleration of economic recovery in Switzerland.

In nominal effective terms – measured against the currencies of the euro area's 13 most important trading partners – the euro's appreciation by around 3.6% up to its peak on 23 February and its later depreciation of roughly the same magnitude were caused, in broadly equal proportions, by movements against the US dollar, the pound sterling and the Japanese yen. Although the weight of the yen is just over half that of the other two major currencies, its impact was broadly comparable owing to the stronger exchange rate changes against the euro. The average level of the effective exchange rate index in February was 1.2% below that in January 2000 and 10.8% below the level recorded for the first quarter of 1999 (see Chart 24).

**Chart 24**  
**Nominal and real effective exchange rates<sup>1)</sup>**

(monthly averages; index 1999 Q1 = 100)



Source: ECB.

1) Data are ECB calculations (see Box 5 in the October 1999 issue of the Monthly Bulletin). An upward movement of the index represents an appreciation of the euro. The latest observations relate to February 2000.

### Current account surplus declined in 1999

In December 1999 the current account surplus of the euro area was, at €2.6 billion, lower than in December 1998 (ECU 6.1 billion). As in previous months, the decline was caused by a fall in the goods surplus (to €8.4 billion, from ECU 10.3 billion in December 1998) combined with a larger deficit for current transfers and a shift from a small surplus to a deficit for services (see Table 11).

For 1999 as a whole the preliminary current account surplus was €43.2 billion, i.e. around 30% lower than in 1998 (when it was around 1% of GDP), primarily owing to both the shrinking goods surplus and, to a lesser extent, a higher deficit in services. By contrast, reductions in the annual deficits for both the income and current transfers balances (to €7.3 billion and €42.8 billion respectively, from ECU 11.9 billion and ECU 45.8 billion in 1998) contributed to restricting the decline in the current account surplus in 1999.

Although export values once again grew strongly in December 1999, rising by €9.1 billion (or 14.2%) compared with the same month a year earlier, the goods surplus continued to decline as imports grew by €11 billion (20.4%) compared with the level of December 1998. In 1999 as a whole, according to data currently available, the goods surplus fell by €18.9 billion compared with the previous year. This mainly reflected the sharp rise in import prices, owing to higher oil prices, as well as the decline in the exchange rate of the euro and, to a lesser extent, the low level of export values in the first half of the year resulting from the steep decline in foreign demand in 1998.

### Decline in net portfolio investment outflows overcompensated for increase in net direct investment outflows in 1999

In December 1999 net direct investment outflows were higher than in November

**Table I I****Balance of payments of the euro area <sup>1)</sup>***(EUR billions, compared with ECU billions for 1998 (not seasonally adjusted))*

	1998 Jan. - Dec.	1998 Dec.	1999 Jan. - Dec.	1999 Oct.	1999 Nov.	1999 Dec.
<b>Current account balance</b>	60.3	6.1	43.2	3.6	2.4	2.6
Credits	1,264.0	109.4	1,288.2	111.2	113.1	118.2
Debits	1,203.7	103.3	1,245.0	107.6	110.7	115.6
Goods balance	118.8	10.3	99.9	10.2	8.3	8.4
Exports	772.4	64.3	791.3	71.7	73.6	73.4
Imports	653.6	54.0	691.4	61.6	65.2	65.0
Services balance	-0.9	0.1	-6.6	-0.6	-1.1	-0.7
Exports	232.0	20.8	232.4	19.7	19.1	21.1
Imports	232.8	20.8	239.0	20.4	20.3	21.8
Income balance	-11.9	-0.3	-7.3	-1.9	-0.3	-0.3
Current transfers balance	-45.8	-3.9	-42.8	-4.0	-4.5	-4.8
<b>Capital account balance</b>	12.7	2.0	12.8	1.6	0.8	2.6
<b>Financial account balance<sup>2)</sup></b>	-69.1	-33.8	-62.7	12.0	-0.6	-6.1
Direct investment	-102.6	-3.2	-147.2	-11.6	-17.5	-26.6
Abroad	-183.0	-14.2	-212.5	-18.5	-19.9	-33.8
In the euro area	80.4	11.0	65.2	6.9	2.4	7.2
Portfolio investment <sup>2)</sup>	-85.3	-12.0	-21.3	-14.4	18.0	7.0
Assets	-302.1	-19.8	-280.5	-15.3	-31.1	-18.9
Liabilities	216.8	7.7	259.2	0.8	49.1	25.9
Financial derivatives <sup>2)</sup>	-8.2	-0.1	-0.8	-1.4	1.6	-0.4
Other investment <sup>2) 3)</sup>	118.5	-33.9	93.2	39.4	-3.2	14.7
Reserve assets <sup>2)</sup>	8.5	15.4	13.4	0.1	0.6	-0.8
<b>Errors and omissions<sup>2)</sup></b>	-3.8	25.7	6.7	-17.2	-2.6	0.9

*Source: ECB.**Note: 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 may be found in Section 8 of the "Euro area statistics" section of this Monthly Bulletin.**1) Figures may not add up due to rounding.**2) Data before end-1998 are not closely comparable with later observations.**3) Flows before January 1999 include estimates.*

(€26.6 billion as compared with €17.5 billion), while net portfolio investment inflows were lower (€7.0 billion in December as compared with €18.0 billion in November). The latter net inflows resulted from net foreign investments on euro area debt instruments amounting to €10.6 billion, which more than offset net outflows of €3.6 billion recorded for equities.

For 1999 as a whole the combined total of direct and portfolio investment net outflows declined to €168.5 billion (or around 2.8% of GDP), from ECU 187.9 billion a year ago, as lower net portfolio investment outflows more than offset the increase in net direct investment outflows.

Net direct investment outflows increased to €147.2 billion in 1999 (or around 2.4% of GDP) compared with ECU 102.6 billion in 1998. Higher net outflows resulted from higher investment abroad by euro area residents (€212.5 billion in 1999, compared with ECU 183.0 billion in 1998) and lower foreign direct investment in the euro area (€65.2 billion, compared with ECU 80.4 billion in 1998).

By contrast, net portfolio investment outflows declined to €21.3 billion in 1999, compared with ECU 85.3 billion in 1998. This was related to stronger demand on the part of foreign investors for euro area debt securities, in particular money market instruments, which contributed to a swing in



the balance of the debt instruments account (from net outflows of ECU 84.8 billion in 1998 to net inflows of €34.8 billion in 1999). On the other hand, net outflows of equities increased to €56.1 billion (from ECU 0.4 billion in 1998), mainly as a result of higher investment in foreign equities by euro area residents (which rose to €150.0 billion in 1999, from ECU 98.7 billion in 1998).

Elsewhere in the financial account, net outflows in financial derivatives reached €0.4 billion, and other investment showed net inflows of €14.7 billion in December 1999. Reserve assets increased by €0.8 billion in the same month.

Errors and omissions amounted to €0.9 billion in December and to €6.7 billion in 1999 as a whole.



## **Euro area statistics**



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# 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
1999	1 Oct.	114,988	240,223	13,357	5,066	192,534	146,988	44,994	0
	8	114,988	240,037	13,649	5,026	191,099	145,071	44,994	0
	15	114,988	239,967	13,748	5,084	185,829	140,104	44,994	0
	22	114,988	240,735	13,741	5,084	171,707	125,054	44,994	0
	29	114,988	240,177	13,684	5,670	205,293	149,004	54,995	0
	5 Nov.	114,988	240,305	13,702	5,832	195,860	140,104	54,995	0
	12	114,988	238,617	13,749	5,336	196,193	140,111	54,995	0
	19	114,988	240,349	13,229	5,313	198,821	143,029	54,995	0
	26	114,987	239,561	12,846	5,340	208,995	143,046	64,999	0
	3 Dec.	114,986	239,060	13,111	5,254	212,237	146,067	64,999	0
	10	114,955	240,344	13,728	4,395	230,117	164,018	64,999	0
	17	114,745	242,368	13,795	4,998	225,423	148,972	74,996	0
	24	114,745	242,368	13,795	4,998	225,423	148,972	74,996	0
	31	116,612	254,880	14,383	4,822	250,079	161,988	74,996	0
2000	7 Jan.	116,612	255,118	14,739	4,834	238,670	161,988	74,996	0
	14	116,512	255,640	14,086	4,993	181,388	105,036	74,996	0
	21	116,304	256,607	13,091	5,101	191,454	112,009	74,998	0
	28	116,295	256,333	14,754	4,772	216,714	146,035	69,996	0
	4 Feb.	116,248	257,465	15,278	4,505	202,290	131,113	69,996	0
	11	116,071	257,133	15,969	4,602	199,257	128,096	69,996	0
	18	116,000	256,516	15,419	4,801	196,077	125,052	69,996	0
	25	115,946	255,627	15,454	4,716	193,309	121,956	69,996	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
1999	1 Oct.	343,179	109,898	109,679	154	0	0	65	8,606
	8	345,322	102,086	101,938	85	0	0	63	8,606
	15	343,752	109,329	109,011	184	0	0	134	8,606
	22	340,852	98,656	92,529	6,027	0	0	100	8,606
	29	343,584	109,886	109,399	395	0	0	92	8,606
	5 Nov.	345,416	100,927	100,826	13	0	0	88	7,876
	12	344,556	98,280	98,208	21	0	0	51	7,876
	19	342,495	107,072	106,253	748	0	0	71	7,876
	26	343,342	106,785	106,570	57	0	0	158	7,876
	3 Dec.	353,009	114,651	114,352	143	0	0	156	7,876
	10	357,245	103,584	101,621	1,815	0	0	148	7,876
	17	370,789	105,444	105,317	111	0	0	16	7,876
	24	370,789	105,127	105,000	111	0	0	16	7,876
	31	374,953	117,427	114,799	2,618	0	0	10	7,876
2000	7 Jan.	364,659	137,689	123,060	135	14,420	0	74	7,876
	14	355,655	92,476	92,272	137	0	0	67	7,876
	21	349,981	102,388	101,964	406	0	0	18	7,876
	28	347,953	115,650	115,525	105	0	0	20	7,876
	4 Feb.	349,983	108,021	107,970	32	0	0	19	7,876
	11	348,690	107,672	107,624	29	0	0	19	7,876
	18	346,113	109,479	109,386	68	0	0	25	7,876
	25	345,046	95,549	95,429	97	0	0	23	7,876

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		
0	151	90	311	24,700	60,156	79,592	730,616	1999	1 Oct.
0	334	94	606	24,631	60,156	79,827	729,413		8
0	195	76	460	24,309	60,156	80,277	724,358		15
0	1,111	46	502	24,102	60,156	79,433	709,946		22
0	650	69	575	23,428	60,156	79,228	742,624		29
0	73	116	572	23,490	60,121	82,843	737,141		5 Nov.
0	302	95	690	23,856	60,121	80,988	733,848		12
0	72	43	682	24,123	60,121	78,054	734,998		19
0	44	206	700	23,896	60,121	77,749	743,495		26
0	523	58	590	23,931	60,121	78,464	747,164		3 Dec.
0	78	224	798	24,055	60,153	76,990	764,737		10
0	96	401	958	23,991	59,649	76,019	760,988		17
0	96	401	958	23,991	59,649	75,700	760,669		24
0	11,429	404	1,262	23,521	59,180	80,150	803,627		31
0	105	400	1,181	23,701	59,236	79,070	791,980	2000	7 Jan.
0	102	63	1,191	23,797	59,236	80,833	736,485		14
0	3,526	44	877	23,993	59,236	79,505	745,291		21
0	27	82	574	24,037	59,251	80,593	772,749		28
0	18	110	1,053	24,363	59,255	83,072	762,476		4 Feb.
0	135	76	954	24,205	59,255	82,933	759,425		11
0	48	30	951	24,071	59,255	83,715	755,854		18
0	21	84	1,252	24,576	59,255	83,324	752,207		25

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		
45,950	7,433	1,078	9,840	6,229	55,357	89,826	53,220	730,616	1999	1 Oct.
51,323	7,214	1,040	9,687	6,229	54,859	89,826	53,221	729,413		8
41,971	7,127	1,039	9,909	6,229	53,346	89,827	53,223	724,358		15
40,259	7,648	1,071	10,610	6,229	52,955	89,835	53,225	709,946		22
59,464	7,132	1,282	9,842	6,229	53,539	89,835	53,225	742,624		29
59,276	7,119	1,205	9,470	6,229	56,560	89,835	53,228	737,141		5 Nov.
61,257	7,143	986	8,363	6,229	56,092	89,835	53,231	733,848		12
56,974	7,339	874	9,504	6,229	53,568	89,835	53,232	734,998		19
65,713	7,269	965	8,653	6,229	53,592	89,835	53,236	743,495		26
54,635	6,874	914	8,279	6,229	51,625	89,835	53,237	747,164		3 Dec.
76,886	6,053	1,261	9,794	6,229	52,733	89,835	53,241	764,737		10
52,373	7,343	1,027	12,008	6,229	54,821	89,835	53,243	760,988		17
52,373	7,343	1,027	12,008	6,229	54,819	89,835	53,243	760,669		24
60,614	7,834	926	11,901	6,531	54,714	107,477	53,374	803,627		31
40,227	7,674	927	11,822	6,531	53,689	107,477	53,409	791,980	2000	7 Jan.
38,341	6,922	1,028	11,689	6,531	55,084	107,470	53,413	736,485		14
42,016	7,306	820	11,767	6,531	55,730	107,469	53,407	745,291		21
56,784	7,043	1,177	13,279	6,531	55,583	107,469	53,404	772,749		28
50,717	7,030	999	14,477	6,531	55,919	107,483	53,440	762,476		4 Feb.
50,813	6,912	1,046	13,138	6,531	55,150	107,379	54,218	759,425		11
48,627	7,062	823	11,923	6,531	55,822	107,379	54,219	755,854		18
60,837	7,792	770	10,520	6,531	55,663	107,379	54,244	752,207		25

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

With effect from	Deposit facility		Main refinancing operations <sup>1)</sup>		Marginal lending facility	
	Level 1	Change 2	Level 3	Change 4	Level 5	Change 6
1999 1 Jan.	2.00	-	3.00	-	4.50	-
4 <sup>2)</sup>	2.75	0.75	3.00	-	3.25	-1.25
22	2.00	-0.75	3.00	-	4.50	1.25
9 Apr.	1.50	-0.50	2.50	-0.50	3.50	-1.00
5 Nov.	2.00	0.50	3.00	0.50	4.00	0.50
2000 4 Feb.	2.25	0.25	3.25	0.25	4.25	0.25

Source: ECB.

- 1) The rate for main refinancing operations is the rate applicable to fixed rate tenders. Changes in the rate are effective from the date of settlement of the first main refinancing operation following announcement of the change. Dates of settlement and amounts are shown below in Table 1.3.
- 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.

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

Date of settlement	Bids (amount)	Allotment (amount)	Fixed rate tenders	Variable rate tenders		Running for (...) days
			Fixed rate	Marginal rate	Weighted average rate	
	1	2	3	4	5	6
1999 1 Sep.	1,490,635	66,000	2.50	-	-	14
8	1,334,847	82,000	2.50	-	-	14
15	1,051,251	61,000	2.50	-	-	14
22	660,532	92,000	2.50	-	-	14
29	926,416	55,000	2.50	-	-	14
6 Oct.	1,655,341	90,000	2.50	-	-	14
13	1,289,972	50,000	2.50	-	-	15
20	1,107,860	75,000	2.50	-	-	14
28	1,937,221	74,000	2.50	-	-	13
3 Nov.	2,344,082	66,000	2.50	-	-	14
10	404,857	74,000	3.00	-	-	14
17	484,348	69,000	3.00	-	-	14
24	687,973	74,000	3.00	-	-	14
1 Dec.	1,018,950	72,000	3.00	-	-	14
8	1,141,163	92,000	3.00	-	-	14
15	286,824	57,000	3.00	-	-	15
22	1,505,405	92,000	3.00	-	-	21
30	485,825	70,000	3.00	-	-	20
2000 12 Jan.	914,566	35,000	3.00	-	-	14
19	1,145,548	77,000	3.00	-	-	14
26	1,520,993	69,000	3.00	-	-	14
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

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 executed.

## 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	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

## 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	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	



**Table 1.4****Minimum reserve statistics****1. Reserve base of credit institutions subject to reserve requirements <sup>1)2)</sup>***(EUR billions; end of period)*

Reserve base as at:	Total	Liabilities to which a 2% reserve coefficient is applied			Liabilities to which a 0% reserve coefficient is applied		
		Deposits (overnight, up to 2 years' agreed maturity and notice period)	Debt securities up to 2 years' agreed maturity	Money market paper	Deposits (over 2 years' agreed maturity and notice period)	Repos	Debt securities over 2 years' agreed maturity
	1	2	3	4	5	6	7
1999 Jan.	8,607.7	4,838.6	83.1	146.0	1,105.5	510.6	1,923.9
Feb.	8,638.8	4,801.1	86.9	148.9	1,111.6	543.9	1,946.5
Mar.	8,684.9	4,803.1	88.8	151.2	1,125.6	549.8	1,966.4
Apr.	8,741.1	4,827.6	93.3	160.3	1,129.3	542.0	1,988.6
May	8,797.6	4,867.1	101.1	158.7	1,130.8	541.0	1,999.0
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. <sup>(p)</sup>	9,327.3	5,169.3	108.0	156.8	1,268.0	547.4	2,077.8

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 <sup>1)</sup>***(EUR billions; interest rates as annual percentages)*

Maintenance period ending in:	Required reserves <sup>2)</sup>	Actual reserves <sup>3)</sup>	Excess reserves <sup>4)</sup>	Deficiencies <sup>5)</sup>	Interest rate on minimum reserves <sup>6)</sup>
	1	2	3	4	5
1999 Feb.	98.3	99.3	1.1	0.1	3.00
Mar.	100.6	101.5	0.9	0.1	3.00
Apr.	100.1	100.7	0.6	0.0	2.84
May	100.2	101.0	0.8	0.0	2.50
June	100.9	101.5	0.6	0.0	2.50
July	102.0	102.7	0.8	0.0	2.50
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. <sup>(p)</sup>	108.1	-	-	-	-

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 <sup>1)</sup>**
*(EUR billions; period averages of daily positions)*

Maintenance period ending in:	Liquidity-providing factors					Liquidity-absorbing factors					Credit institutions' current accounts <sup>4)</sup>	Base money <sup>5)</sup>
	Monetary policy operations of the Eurosystem					Deposit facility	Other liquidity-absorbing operations <sup>2)</sup>	Banknotes in circulation	Central government deposits with the Eurosystem	Other factors (net) <sup>3)</sup>		
	Eurosystem's net assets in gold and foreign currency <sup>1)</sup>	Main refinancing operations	Longer-term refinancing operations	Marginal lending facility	Other liquidity-providing operations <sup>2)</sup>							
1	2	3	4	5	6	7	8	9	10	11	12	
1999 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

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 7), 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 <sup>1)</sup>

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

#### 1. Assets

												Total			
	Loans to euro area residents	MFI	General government	Other euro area residents	Holdings of securities other than shares issued by euro area residents	MFI	General government	Other euro area residents	Holdings of shares/ other equity issued by euro area residents	MFI	Other euro area residents	External assets <sup>2)</sup>	Fixed assets	Re-maining assets	
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
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 Q1	230.2	208.8	21.2	0.2	106.6	1.2	104.2	1.3	3.0	0.4	2.6	323.5	7.5	39.5	710.3
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 Jan.	524.2	503.6	20.4	0.2	89.2	1.3	87.3	0.6	8.2	4.1	4.1	416.8	9.3	57.1	1,104.7
Feb.	647.3	626.7	20.4	0.2	90.7	1.5	88.6	0.5	8.3	4.2	4.1	365.2	9.3	56.8	1,177.7
Mar.	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
Apr.	540.7	520.1	20.4	0.2	93.2	1.2	91.3	0.7	8.1	4.0	4.1	435.7	9.6	52.8	1,140.2
May	481.1	460.5	20.4	0.2	93.1	1.6	90.8	0.7	8.2	4.0	4.2	387.6	9.6	51.1	1,030.9
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	1,164.2
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	55.7	1,011.7
2000 Jan. <sup>①)</sup>	461.7	441.4	19.8	0.6	90.3	1.7	87.6	1.0	14.2	4.4	9.8	424.3	9.9	51.9	1,052.3

#### 2. Liabilities

											Total
	Currency in circulation	Deposits of euro area residents	MFI	Central government	Other general government/ other euro area residents	Money market paper	Debt securities issued	Capital and reserves	External liabilities <sup>2)</sup>	Remaining liabilities	
	1	2	3	4	5	6	7	8	9	10	11
1997	354.9	147.0	91.9	52.2	2.9	13.4	14.8	106.0	33.4	67.2	736.7
1998 Q1	340.5	137.9	88.4	46.8	2.7	14.0	14.5	107.4	31.7	64.3	710.3
Q2	345.5	217.8	159.1	54.2	4.5	14.4	13.3	114.3	27.2	62.5	794.9
Q3	341.5	211.8	140.2	67.1	4.5	11.9	12.0	109.6	23.2	67.6	777.6
Q4	359.1	152.0	94.2	55.0	2.9	8.5	5.3	97.1	18.6	57.4	698.0
1999 Jan.	343.8	467.5	410.9	50.3	6.2	6.3	5.3	125.8	99.3	56.7	1,104.7
Feb.	342.4	594.2	532.5	55.0	6.7	6.3	5.3	122.9	50.5	56.0	1,177.7
Mar.	348.3	549.5	486.6	55.1	7.9	4.9	5.3	138.0	97.9	54.5	1,198.3
Apr.	349.6	486.1	440.9	38.8	6.3	4.9	5.3	139.0	105.0	50.4	1,140.2
May	353.0	419.7	369.5	42.7	7.4	4.9	5.3	137.4	61.5	49.2	1,030.9
June	355.8	724.3	672.3	44.1	7.8	4.9	5.3	140.7	171.4	43.8	1,446.1
July	363.6	682.7	620.6	56.4	5.7	4.9	5.3	139.9	124.3	49.2	1,369.8
Aug.	358.6	463.7	403.2	54.5	5.9	4.9	5.3	139.9	93.9	50.9	1,117.1
Sep.	359.4	390.5	332.9	50.7	6.9	3.3	5.3	146.3	88.8	50.1	1,043.7
Oct.	361.2	500.6	440.8	50.9	8.8	3.3	5.3	150.6	93.8	49.4	1,164.2
Nov.	362.9	443.0	368.3	65.0	9.7	3.3	4.6	150.3	69.5	52.4	1,086.1
Dec.	393.0	339.3	277.1	54.3	7.9	3.3	4.6	175.1	49.8	46.7	1,011.7
2000 Jan. <sup>①)</sup>	365.9	387.3	331.9	47.9	7.5	3.3	4.6	174.6	72.6	44.0	1,052.3

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. 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) <sup>1)</sup>**

(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	Other euro area residents		External assets	Fixed assets	Remaining assets	Total
	1	2	3	4		5	6	7			8	9				
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 Q1	8,561.6	2,979.8	806.0	4,775.8	1,954.5	652.3	1,103.7	198.6	107.8	384.4	110.9	273.5	1,676.7	238.0	811.3	13,734.3
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 Jan.	9,346.0	3,417.1	819.0	5,109.9	2,044.3	732.1	1,103.1	209.2	108.0	433.1	117.2	315.9	1,631.0	244.8	936.2	14,743.5
Feb.	9,210.9	3,280.6	819.2	5,111.1	2,065.4	744.5	1,117.6	203.3	112.2	441.5	118.8	322.6	1,593.6	243.4	952.4	14,619.3
Mar.	9,252.2	3,277.3	816.8	5,158.1	2,087.4	760.8	1,130.0	196.6	99.1	469.0	126.1	342.9	1,627.6	244.6	877.0	14,656.9
Apr.	9,293.7	3,304.8	809.6	5,179.3	2,103.6	773.7	1,128.1	201.8	104.8	482.3	126.5	355.8	1,622.7	246.4	841.7	14,695.2
May	9,312.1	3,290.6	809.8	5,211.7	2,140.8	787.4	1,145.2	208.2	102.8	497.2	128.1	369.1	1,621.8	247.5	831.1	14,753.1
June	9,452.1	3,330.5	816.5	5,305.1	2,138.3	800.3	1,125.4	212.6	101.9	484.7	124.4	360.3	1,646.0	250.0	865.8	14,938.7
July	9,461.6	3,313.2	808.4	5,340.0	2,131.8	801.7	1,114.1	216.0	108.2	483.3	125.9	357.3	1,630.2	254.5	849.0	14,918.5
Aug.	9,489.5	3,350.1	804.4	5,335.1	2,152.8	810.4	1,118.2	224.3	110.5	482.7	126.7	356.1	1,632.9	255.3	828.6	14,952.4
Sep.	9,568.5	3,384.2	809.4	5,374.9	2,179.9	828.0	1,134.5	217.4	111.1	481.5	129.6	351.9	1,653.3	258.9	816.9	15,070.2
Oct.	9,697.4	3,457.5	818.7	5,421.2	2,202.9	840.3	1,147.2	215.4	115.1	484.4	130.9	353.5	1,686.5	261.1	842.6	15,290.0
Nov.	9,859.3	3,541.9	831.7	5,485.8	2,217.7	850.0	1,144.6	223.1	128.1	497.9	129.7	368.1	1,764.9	265.3	902.5	15,635.7
Dec.	9,791.3	3,447.3	822.4	5,521.5	2,180.7	831.8	1,128.0	220.9	129.9	520.7	138.7	382.0	1,702.9	283.0	937.5	15,546.1
2000 Jan. <sup>(p)</sup>	9,853.0	3,475.5	814.5	5,563.0	2,198.4	841.6	1,135.2	221.5	125.8	527.0	141.4	385.6	1,718.1	284.5	943.4	15,650.0

**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
						Overnight	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 Q1	0.4	7,845.7	3,086.2	92.8	4,666.7	1,210.8	1,897.2	1,346.4	212.2	255.5	1,987.2	149.5	710.3	1,512.0	1,273.7	13,734.3
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 Jan.	0.4	8,448.5	3,490.1	82.7	4,875.8	1,408.5	1,983.5	1,312.6	171.2	272.1	2,145.8	169.6	750.7	1,583.3	1,373.0	14,743.5
Feb.	0.4	8,313.4	3,367.5	86.7	4,859.2	1,381.6	1,980.1	1,313.6	183.9	286.6	2,174.6	174.7	753.7	1,592.3	1,323.5	14,619.3
Mar.	0.5	8,330.1	3,390.4	78.9	4,860.8	1,387.1	1,984.9	1,310.5	178.3	279.8	2,193.9	180.5	759.3	1,618.1	1,294.7	14,656.9
Apr.	0.5	8,338.8	3,384.6	77.8	4,876.4	1,404.0	1,986.8	1,314.0	171.7	297.5	2,223.0	190.1	769.5	1,626.0	1,249.7	14,695.2
May	0.5	8,372.2	3,397.1	78.9	4,896.3	1,434.5	1,974.7	1,314.7	172.4	296.8	2,247.5	190.3	777.6	1,659.2	1,209.0	14,753.1
June	0.5	8,447.1	3,438.9	81.9	4,926.3	1,479.6	1,961.1	1,319.1	166.4	305.3	2,269.0	183.2	781.9	1,666.6	1,285.0	14,938.7
July	0.5	8,452.7	3,441.0	79.5	4,932.3	1,468.2	1,979.2	1,321.3	163.6	302.3	2,274.8	184.3	788.2	1,646.1	1,269.5	14,918.5
Aug.	0.6	8,452.0	3,458.0	84.0	4,910.0	1,439.1	1,988.1	1,320.2	162.6	307.3	2,291.0	195.0	787.9	1,683.1	1,235.5	14,952.4
Sep.	0.6	8,508.2	3,503.8	83.1	4,921.3	1,466.9	1,976.3	1,317.5	160.6	307.1	2,329.3	204.1	795.0	1,688.5	1,237.4	15,070.2
Oct.	0.6	8,605.0	3,584.7	84.8	4,935.5	1,467.4	1,996.7	1,314.0	157.4	307.6	2,355.7	214.6	801.2	1,753.8	1,251.4	15,290.0
Nov.	0.7	8,735.1	3,679.8	81.9	4,973.5	1,501.1	2,005.0	1,308.7	158.6	310.2	2,376.9	243.5	805.2	1,839.5	1,324.6	15,635.7
Dec.	0.7	8,733.4	3,603.8	89.8	5,039.8	1,529.7	2,037.8	1,327.0	145.3	308.9	2,364.0	252.5	832.9	1,776.7	1,277.0	15,546.1
2000 Jan. <sup>(p)</sup>	0.7	8,727.1	3,583.9	85.7	5,057.6	1,556.4	2,022.3	1,323.2	155.6	327.1	2,367.7	231.4	853.6	1,839.3	1,303.1	15,650.0

Source: ECB.

1) Data have been revised in the light of new information.

**Table 2.3****Consolidated balance sheet of the euro area MFIs, including the Eurosystem <sup>1)</sup>***(EUR billions (not seasonally adjusted; end of period))***1. Assets: levels outstanding**

	Loans to euro area residents	General government	Other euro area residents	Holdings of securities other than shares issued by euro area residents	General government	Other euro area residents	Holdings of shares/ other equity issued by other euro area residents	External assets <sup>3)</sup>	Fixed assets	Remaining assets	Total
	1	2	3	4	5	6	7	8	9	10	11
1998 June	5,707.1	829.5	4,877.6	1,430.3	1,239.2	191.1	285.6	2,005.7	248.1	754.9	10,431.7
July	5,743.0	824.1	4,918.9	1,422.1	1,226.8	195.3	278.1	1,955.6	243.4	802.7	10,444.9
Aug.	5,747.3	826.4	4,920.9	1,422.4	1,226.9	195.6	271.7	1,973.9	244.3	794.3	10,453.9
Sep.	5,791.6	830.9	4,960.7	1,416.1	1,218.1	198.0	274.2	1,980.1	244.9	805.6	10,512.7
Oct.	5,829.0	835.2	4,993.8	1,429.7	1,226.7	203.0	274.3	1,968.6	247.1	799.5	10,548.1
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.	5,949.6	839.4	5,110.1	1,400.2	1,190.4	209.8	320.0	2,047.8	254.1	962.3	10,933.9
Feb.	5,950.9	839.6	5,111.3	1,410.1	1,206.2	203.9	326.8	1,958.8	252.7	979.1	10,878.4
Mar.	5,995.5	837.2	5,158.3	1,419.1	1,221.9	197.2	347.0	2,053.6	253.9	897.9	10,967.0
Apr.	6,009.5	830.0	5,179.5	1,421.9	1,219.4	202.6	359.9	2,058.4	255.9	864.0	10,969.7
May	6,042.1	830.2	5,211.8	1,444.9	1,236.0	208.9	373.3	2,009.4	257.1	850.0	10,976.7
June	6,142.1	836.9	5,305.2	1,429.0	1,215.5	213.5	364.5	2,145.4	259.6	880.2	11,220.8
July	6,168.9	828.8	5,340.2	1,421.0	1,204.0	216.9	361.7	2,082.2	264.4	868.2	11,166.3
Aug.	6,160.0	824.8	5,335.2	1,433.2	1,208.2	225.0	360.4	2,056.0	265.2	848.4	11,123.1
Sep.	6,204.9	829.8	5,375.1	1,442.9	1,224.4	218.5	356.3	2,081.2	268.7	831.9	11,186.1
Oct.	6,260.4	839.1	5,421.3	1,453.1	1,236.5	216.6	357.8	2,119.1	271.0	864.0	11,325.4
Nov.	6,338.0	852.1	5,486.0	1,458.2	1,234.0	224.2	372.7	2,175.2	275.3	924.8	11,544.2
Dec.	6,364.2	842.1	5,522.1	1,436.1	1,214.1	222.0	391.8	2,103.5	293.0	949.2	11,537.8
2000 Jan. <sup>4)</sup>	6,397.8	834.3	5,563.6	1,445.3	1,222.8	222.5	395.3	2,142.4	294.4	961.4	11,636.7

**2. Liabilities: levels outstanding**

	Currency in circulation	Deposits of central government	Deposits of other general government/ other euro area residents	Over-night	With agreed maturity	Redeemable at notice	Repurchase agreements	Money market fund shares/ units and money market paper	Debt securities issued	Capital and reserves	External liabilities <sup>3)</sup>	Remaining liabilities	Excess of inter-MFI liabilities	Total
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
1998 June	315.5	148.1	4,745.3	1,297.3	1,899.7	1,346.4	201.9	315.2	1,371.6	718.6	1,507.3	1,311.6	-1.5	10,431.7
July	320.7	156.6	4,721.8	1,255.2	1,907.1	1,345.4	214.1	322.5	1,380.5	717.3	1,479.3	1,338.3	7.8	10,444.9
Aug.	315.0	165.2	4,716.9	1,247.5	1,915.8	1,346.4	207.2	326.4	1,385.4	716.6	1,490.2	1,336.2	2.1	10,453.9
Sep.	311.8	157.0	4,730.7	1,273.3	1,901.0	1,345.4	211.0	320.7	1,398.8	723.7	1,505.9	1,351.6	12.4	10,512.7
Oct.	313.3	155.7	4,750.4	1,275.4	1,904.4	1,348.9	221.8	325.4	1,391.4	720.0	1,552.2	1,343.8	-4.0	10,548.1
Nov.	314.2	148.8	4,771.5	1,322.8	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	150.3	4,875.2	1,385.6	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	133.0	4,882.0	1,414.7	1,983.5	1,312.6	171.2	340.0	1,417.8	755.2	1,682.6	1,429.7	-19.7	10,933.9
Feb.	312.8	141.7	4,866.0	1,388.4	1,980.2	1,313.6	183.9	355.4	1,433.9	753.5	1,642.9	1,379.5	-7.3	10,878.4
Mar.	317.4	134.0	4,868.6	1,394.9	1,984.9	1,310.5	178.3	366.1	1,436.9	767.1	1,716.0	1,349.2	11.7	10,967.0
Apr.	319.5	116.6	4,882.8	1,410.3	1,986.8	1,314.0	171.7	387.6	1,453.5	778.0	1,731.0	1,300.2	0.6	10,969.7
May	321.2	121.6	4,903.7	1,441.9	1,974.7	1,314.7	172.4	389.1	1,463.8	783.0	1,720.7	1,258.1	15.4	10,976.7
June	323.7	126.0	4,934.1	1,487.4	1,961.1	1,319.1	166.4	391.5	1,472.5	793.6	1,838.0	1,328.8	12.5	11,220.8
July	331.7	135.8	4,938.0	1,473.9	1,979.2	1,321.3	163.6	383.3	1,477.0	797.8	1,770.4	1,318.6	13.7	11,166.3
Aug.	326.2	138.5	4,916.0	1,445.1	1,988.1	1,320.2	162.6	396.6	1,484.8	796.7	1,776.9	1,286.5	0.9	11,123.1
Sep.	327.1	133.9	4,928.2	1,473.8	1,976.3	1,317.5	160.6	403.5	1,505.2	807.3	1,777.3	1,287.4	16.2	11,186.1
Oct.	329.4	135.7	4,944.3	1,476.2	1,996.7	1,314.0	157.4	410.5	1,518.8	816.6	1,847.6	1,300.8	21.6	11,325.4
Nov.	329.8	146.8	4,983.2	1,510.8	2,005.0	1,308.7	158.6	428.9	1,529.3	821.6	1,909.0	1,377.1	18.4	11,544.2
Dec.	349.7	144.1	5,047.7	1,537.6	2,037.8	1,327.0	145.3	434.8	1,534.8	865.1	1,826.4	1,323.7	11.5	11,537.8
2000 Jan. <sup>4)</sup>	332.8	133.6	5,065.1	1,564.0	2,022.3	1,323.2	155.6	436.0	1,529.0	882.3	1,911.9	1,347.1	-1.1	11,636.7

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. Data have been revised in the light of new information.

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 <sup>2)</sup>

	Loans to euro area residents		Other euro area residents	Holdings of securities other than shares issued by euro area residents	General government		Holdings of shares/ other equity issued by other euro area residents	External assets <sup>3)</sup>	Fixed assets	Remaining assets	Total
	1	2			3	4					
1998 July	39.4	-5.3	44.7	-11.1	-15.5	4.4	-6.7	-34.8	-4.7	48.0	30.1
Aug.	3.8	2.2	1.6	0.1	-0.1	0.1	-6.3	11.5	0.9	-8.5	1.4
Sep.	51.1	4.8	46.3	-5.9	-8.8	2.9	2.7	55.7	0.6	-2.7	101.4
Oct.	37.3	4.2	33.1	12.2	7.5	4.7	0.1	-18.1	2.3	-6.1	27.7
Nov.	55.8	6.2	49.6	-11.7	-5.3	-6.4	14.5	20.8	2.3	21.4	103.2
Dec.	64.4	0.2	64.3	-39.6	-32.1	-7.6	15.6	-100.9	2.7	-30.1	-87.9
1999 Jan.	75.4	-1.3	76.7	17.7	12.6	5.1	9.4	120.7	-0.1	158.5	381.6
Feb.	-1.1	0.0	-1.2	9.5	15.7	-6.2	6.7	-114.2	-1.3	16.8	-83.7
Mar.	39.3	-3.2	42.4	25.2	24.1	1.1	19.9	53.9	1.2	-91.5	48.0
Apr.	12.5	-8.7	21.2	3.7	-1.6	5.3	12.9	-5.8	2.0	-33.9	-8.7
May	31.6	0.1	31.5	22.8	16.6	6.2	13.3	-57.4	1.2	-14.1	-2.5
June	101.2	6.6	94.6	-16.9	-21.4	4.4	-9.4	126.7	2.4	29.8	233.7
July	29.8	-8.0	37.8	-7.6	-11.2	3.6	-2.9	-37.6	4.7	-12.0	-25.5
Aug.	-9.8	-4.1	-5.7	11.6	3.8	7.8	-1.4	-40.9	0.8	-19.8	-59.5
Sep.	46.5	5.1	41.5	9.2	15.8	-6.5	-4.1	22.7	3.6	-9.6	68.3
Oct.	52.3	9.1	43.2	9.5	11.7	-2.2	1.5	20.8	2.0	32.1	118.2
Nov.	74.4	12.7	61.6	3.9	-3.2	7.1	14.8	23.6	4.3	60.8	181.8
Dec.	29.6	-9.7	39.3	-27.7	-25.1	-2.6	14.7	-76.4	17.9	20.9	-21.0
2000 Jan. <sup>(p)</sup>	32.4	-8.0	40.3	17.2	16.0	1.2	2.4	21.1	1.5	12.2	86.7

### 4. Liabilities: flows <sup>2)</sup>

	Currency in circulation	Deposits of central government	Deposits of other general government/ other euro area residents	Over-night	With agreed maturity	Redeemable at notice	Repurchase agreements	Money market fund shares/ units and money market paper	Debt securities issued	Capital and reserves	External liabilities <sup>3)</sup>	Re-maining liabilities	Excess of inter-MFI liabilities	Total
1998 July	5.2	8.5	-21.2	-41.3	8.8	-1.0	12.3	7.5	12.1	-2.0	-17.0	26.2	10.9	30.1
Aug.	-5.6	8.5	-6.0	-8.0	7.9	1.0	-7.0	3.8	3.3	0.2	5.3	-2.3	-5.7	1.4
Sep.	-3.3	-8.1	20.4	28.0	-10.7	-0.9	3.9	-5.0	6.2	8.2	53.0	20.0	10.2	101.4
Oct.	1.5	-1.3	18.9	1.7	3.0	3.5	10.8	4.7	-10.7	-3.3	43.8	-9.4	-16.6	27.7
Nov.	0.9	-6.9	18.7	46.5	-8.6	0.9	-20.0	3.1	9.9	-1.9	38.9	13.1	27.4	103.2
Dec.	9.2	1.5	106.1	63.4	28.9	39.0	-25.1	-24.7	-4.3	-3.5	-80.3	-88.8	-3.1	-87.9
1999 Jan.	-9.2	-5.3	40.5	29.8	-2.2	14.2	-1.4	13.6	20.3	10.3	156.5	178.7	-23.6	381.6
Feb.	-0.4	8.8	-26.1	-27.5	-12.2	0.9	12.6	15.1	12.2	-0.8	-61.5	-50.1	19.2	-83.7
Mar.	4.7	-7.6	-0.5	5.2	3.0	-3.1	-5.6	6.4	5.0	12.5	55.6	-40.7	12.8	48.0
Apr.	2.1	-17.4	12.9	15.0	1.1	3.4	-6.6	20.9	15.4	11.2	6.6	-49.6	-10.8	-8.7
May	1.7	5.0	19.7	31.2	-12.8	0.6	0.8	1.4	8.9	5.9	-18.2	-41.6	14.8	-2.5
June	2.4	4.4	28.9	45.0	-14.5	4.5	-6.0	1.3	7.0	13.1	108.0	72.3	-3.8	233.7
July	8.0	9.8	7.0	-12.4	20.0	2.2	-2.8	-7.8	7.4	5.0	-45.8	-9.8	0.6	-25.5
Aug.	-5.5	2.7	-24.1	-29.6	7.7	-1.1	-1.1	13.1	5.0	-0.3	-4.9	-33.5	-12.2	-59.5
Sep.	0.9	-4.7	13.0	29.2	-11.6	-2.7	-2.0	6.5	20.4	5.4	4.2	7.4	15.3	68.3
Oct.	2.2	1.8	13.7	1.6	19.0	-3.6	-3.2	6.6	10.8	6.9	54.7	17.4	4.1	118.2
Nov.	0.5	11.2	34.3	32.9	5.7	-5.3	1.1	17.8	7.0	4.0	32.5	77.8	-3.3	181.8
Dec.	19.6	-2.7	64.4	26.7	32.8	18.3	-13.4	-5.1	5.7	28.5	-85.9	-42.6	-2.8	-21.0
2000 Jan. <sup>(p)</sup>	-16.9	-10.5	15.6	25.6	-16.6	-3.8	10.3	-2.9	-7.6	20.3	71.9	29.7	-13.0	86.7

**Table 2.4**
**Monetary aggregates <sup>1)</sup>**
*(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 <sup>2)</sup>	Deposits with agreed maturity up to 2 years	Deposits redeemable at notice up to 3 months	Total				Index Dec. 98=100 <sup>2)</sup>
	1	2	3	4									
1998 June	315.5	1,364.6	1,680.1	94.47	877.9	1,188.9	3,747.0	95.80	201.9	315.2	85.1		
July	320.7	1,323.0	1,643.7	92.47	883.2	1,189.1	3,716.1	95.06	214.1	322.5	91.2		
Aug.	315.0	1,314.8	1,629.8	91.67	886.1	1,191.6	3,707.6	94.82	207.2	326.4	90.4		
Sep.	311.8	1,339.2	1,651.0	92.98	871.4	1,191.5	3,713.9	95.13	211.0	320.7	82.0		
Oct.	313.3	1,340.1	1,653.4	93.10	878.8	1,195.3	3,727.4	95.46	221.8	325.4	82.7		
Nov.	314.2	1,387.3	1,701.5	95.76	877.1	1,196.1	3,774.7	96.61	201.8	328.8	79.7		
Dec.	323.4	1,452.9	1,776.3	100.00	894.5	1,234.4	3,905.2	100.00	176.7	303.5	69.7		
1999 Jan.	313.2	1,482.5	1,795.7	101.18	887.9	1,249.8	3,933.4	100.85	171.2	340.0	54.5		
Feb.	312.8	1,452.5	1,765.3	99.40	873.1	1,252.5	3,890.9	99.69	183.9	355.4	56.1		
Mar.	317.4	1,468.4	1,785.9	100.49	872.7	1,250.1	3,908.7	100.07	178.3	366.1	49.1		
Apr.	319.5	1,480.6	1,800.1	101.26	872.9	1,255.1	3,928.2	100.54	171.7	387.6	53.0		
May	321.2	1,509.7	1,830.9	102.97	863.3	1,259.9	3,954.1	101.18	172.4	389.1	57.6		
June	323.7	1,550.1	1,873.8	105.35	840.2	1,265.7	3,979.7	101.80	166.4	391.5	59.2		
July	331.7	1,542.7	1,874.4	105.45	853.3	1,270.4	3,998.1	102.34	163.6	383.3	61.7		
Aug.	326.2	1,512.9	1,839.1	103.42	856.1	1,270.3	3,965.6	101.46	162.6	396.6	63.0		
Sep.	327.1	1,536.9	1,864.0	104.85	842.1	1,267.8	3,973.9	101.69	160.6	403.5	75.5		
Oct.	329.4	1,541.3	1,870.6	105.17	857.4	1,265.5	3,993.5	102.11	157.4	410.5	74.0		
Nov.	329.8	1,575.1	1,904.9	107.00	856.8	1,260.4	4,022.1	102.74	158.6	428.9	75.6		
Dec.	349.7	1,605.5	1,955.1	109.81	876.3	1,282.8	4,114.2	105.09	145.3	434.8	84.4		
2000 Jan. <sup>3)</sup>	332.8	1,630.8	1,963.6	110.24	858.7	1,279.9	4,102.2	104.74	155.6	436.0	80.7		

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

	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 <sup>4)</sup>	Deposits with agreed maturity up to 2 years	Deposits redeemable at notice up to 3 months	Total				Annual percentage change <sup>4)</sup>
	1	2	3	4									
1998 July	5.2	-40.8	-35.6	-	6.4	0.3	-29.0	-	12.3	7.5	6.5		
Aug.	-5.6	-8.6	-14.2	-	2.4	2.4	-9.4	-	-7.0	3.8	-1.0		
Sep.	-3.3	26.6	23.3	8.0	-11.6	0.1	11.9	4.6	3.9	-5.0	-7.6		
Oct.	1.5	0.6	2.1	7.8	7.1	3.8	12.9	4.5	10.8	4.7	0.5		
Nov.	0.9	46.3	47.2	8.5	-2.8	0.7	45.1	4.9	-20.0	3.1	-3.2		
Dec.	9.2	66.2	75.4	9.2	19.0	38.0	132.4	6.0	-25.1	-24.7	-10.2		
1999 Jan.	-9.2	30.3	21.0	14.7	-3.2	15.3	33.1	7.8	-1.4	13.6	-5.5		
Feb.	-0.4	-31.2	-31.6	12.6	-16.3	2.6	-45.3	6.5	12.6	15.1	1.1		
Mar.	4.7	14.5	19.2	11.7	-1.7	-2.6	14.9	6.8	-5.6	6.4	-0.4		
Apr.	2.1	11.7	13.8	11.5	-0.4	5.0	18.5	6.3	-6.6	20.9	1.1		
May	1.7	28.7	30.4	12.1	-10.2	4.7	25.0	6.4	0.8	1.4	4.4		
June	2.4	39.8	42.3	11.5	-23.8	5.8	24.3	6.3	-6.0	1.3	1.4		
July	8.0	-6.3	1.7	14.0	14.4	4.8	21.0	7.7	-2.8	-7.8	2.9		
Aug.	-5.5	-30.6	-36.1	12.8	2.0	-0.1	-34.3	7.0	-1.1	13.1	1.0		
Sep.	0.9	24.5	25.4	12.8	-13.9	-2.5	9.0	6.9	-2.0	6.5	0.8		
Oct.	2.2	3.5	5.8	13.0	12.7	-2.4	16.1	7.0	-3.2	6.6	-1.8		
Nov.	0.5	32.1	32.6	11.7	-2.5	-5.2	24.9	6.3	1.1	17.8	0.8		
Dec.	19.6	30.3	49.9	9.8	19.6	22.4	91.9	5.1	-13.4	-5.1	9.1		
2000 Jan. <sup>3)</sup>	-16.9	24.6	7.7	9.0	-18.4	-2.9	-13.5	3.9	10.3	-2.9	-3.9		

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. Data have been revised in the light of new information.

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 3. 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 <sup>2)</sup>		Longer-term MFI liabilities				Credit <sup>3)</sup>				Net external assets	
			Deposits with agreed maturity over 2 years	Deposits redeemable at notice over 3 months	Debt securities over 2 years	Capital and reserves	Credit to government	Credit to other euro area residents	Of which loans	Index Dec. 98 =100 <sup>2)</sup>		
12	13	14	15	16	17	18	19	20	21	22	23	
4,349.1	97.46		1,022.4	212.0	1,286.5	718.6	2,068.6	5,354.4	4,877.6	95.31	498.4	1998 June
4,343.9	97.40		1,024.4	210.9	1,289.3	717.3	2,050.9	5,392.3	4,918.9	96.19	476.3	July
4,331.5	97.10		1,030.1	210.1	1,295.0	716.6	2,053.3	5,388.1	4,920.9	96.22	483.7	Aug.
4,327.6	97.17		1,030.0	209.5	1,316.8	723.7	2,049.1	5,432.9	4,960.7	97.12	474.2	Sep.
4,357.3	97.82		1,026.1	209.3	1,308.7	720.0	2,061.9	5,471.1	4,993.8	97.77	416.4	Oct.
4,384.9	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	Nov.
4,455.1	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.
4,499.2	100.90		1,096.3	123.1	1,363.3	755.2	2,029.8	5,640.0	5,110.1	101.50	365.1	1999 Jan.
4,486.4	100.53		1,107.8	121.8	1,377.7	753.5	2,045.8	5,641.9	5,111.3	101.48	315.9	Feb.
4,502.2	100.87		1,112.9	120.9	1,387.8	767.1	2,059.1	5,702.5	5,158.3	102.32	337.6	Mar.
4,540.5	101.63		1,114.8	118.7	1,400.4	778.0	2,049.4	5,741.9	5,179.5	102.74	327.4	Apr.
4,573.2	102.33		1,112.3	115.1	1,406.3	783.0	2,066.2	5,794.0	5,211.8	103.37	288.7	May
4,596.8	102.80		1,121.9	114.2	1,413.3	793.6	2,052.3	5,883.3	5,305.2	105.25	307.4	June
4,606.7	103.10		1,126.6	111.9	1,415.3	797.8	2,032.8	5,918.8	5,340.2	106.00	311.8	July
4,587.8	102.63		1,132.6	111.0	1,421.8	796.7	2,033.0	5,920.7	5,335.2	105.88	279.0	Aug.
4,613.4	102.95		1,134.9	111.2	1,429.7	807.3	2,054.2	5,949.9	5,375.1	106.71	304.0	Sep.
4,635.5	103.34		1,139.7	110.6	1,444.7	816.6	2,075.6	5,995.7	5,421.3	107.56	271.5	Oct.
4,685.2	104.33		1,148.7	110.6	1,453.8	821.6	2,086.1	6,082.8	5,486.0	108.79	266.2	Nov.
4,778.6	106.17		1,162.0	112.8	1,450.4	865.1	2,056.2	6,135.9	5,522.1	109.57	277.1	Dec.
4,774.5	105.95		1,164.1	111.8	1,448.3	882.3	2,057.1	6,181.5	5,563.6	110.37	230.5	2000 Jan. <sup>(p)</sup>

M3			Main counterparts of M3									
Total	Annual percentage change <sup>4)</sup>	3-month moving average (centred)	Longer-term MFI liabilities				Credit <sup>3)</sup>				Net external assets	
			Deposits with agreed maturity over 2 years	Deposits redeemable at notice over 3 months	Debt securities over 2 years	Capital and reserves	Credit to government	Credit to other euro area residents	Of which loans	Annual percentage change <sup>4)</sup>		
12	13	14	15	16	17	18	19	20	21	22	23	
-2.7	-	-	2.3	-1.2	5.6	-2.0	-20.8	42.4	44.7	-	-17.8	1998 July
-13.5	-	-	5.5	-0.8	4.3	0.2	2.2	-4.6	1.6	-	6.1	Aug.
3.2	4.7	-	0.9	-0.6	13.8	8.2	-4.0	51.8	46.3	9.0	2.7	Sep.
28.8	5.0	4.8	-4.1	-0.2	-11.1	-3.3	11.7	37.9	33.1	8.9	-61.9	Oct.
25.0	4.7	4.8	-5.9	0.4	13.1	-1.9	1.0	57.7	49.6	9.3	-18.1	Nov.
72.3	4.7	5.1	9.9	5.5	6.0	-3.5	-31.9	72.3	64.3	9.0	-20.6	Dec.
39.9	5.8	5.3	1.3	-1.1	25.7	10.3	11.3	91.1	76.7	10.4	-35.8	1999 Jan.
-16.5	5.2	5.5	4.1	-1.3	11.0	-0.8	15.7	-0.6	-1.2	9.8	-52.7	Feb.
15.3	5.4	5.3	4.7	-0.8	5.3	12.5	20.9	63.5	42.4	10.0	-1.7	Mar.
33.8	5.2	5.4	1.7	-2.2	14.3	11.2	-10.3	39.4	21.2	9.6	-12.5	Apr.
31.5	5.4	5.4	-2.7	-3.6	4.5	5.9	16.7	51.1	31.5	9.9	-39.2	May
21.0	5.5	5.6	9.3	-1.0	5.6	13.1	-14.8	89.7	94.6	10.4	18.6	June
13.3	5.8	5.7	5.2	-2.3	4.5	5.0	-19.2	38.6	37.8	10.2	8.2	July
-21.2	5.7	5.8	5.7	-0.9	4.0	-0.3	-0.3	0.7	-5.7	10.0	-36.0	Aug.
14.3	5.9	5.8	2.3	0.2	19.6	5.4	20.9	30.8	41.5	9.9	18.4	Sep.
17.6	5.6	5.9	6.1	-0.6	12.6	6.9	20.8	42.5	43.2	10.0	-33.9	Oct.
44.6	6.1	6.0	8.1	0.1	6.2	4.0	9.5	83.6	61.6	10.2	-8.9	Nov.
82.5	6.2	5.7	13.2	2.1	-3.4	28.5	-34.8	51.4	39.3	9.6	9.4	Dec.
-9.9	5.0	-	1.8	-0.9	-3.7	20.3	8.1	43.9	40.3	8.7	-50.8	2000 Jan. <sup>(p)</sup>

3) Credit comprises loans and holdings of securities (including shares and other equity) 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 on page 52\*.



**Table 2.4 (cont.)****Monetary aggregates <sup>1)</sup>***(EUR billions and percentage changes, unless otherwise indicated)***3. Seasonally adjusted levels**

	M3														
	M2				Marketable instruments <sup>4)</sup>				Total	Index <sup>2)</sup>	Loans to other euro area residents (excluding government)				
	M1		Other short-term deposits <sup>3)</sup>		Total	Index <sup>2)</sup>	Total	Index <sup>2)</sup>			Total	Index <sup>3)</sup>			
	Total	Index <sup>2)</sup>	Total	Index <sup>2)</sup>					1	2			3	4	5
1998 June	1,648.3	92.68	2,079.9	97.52	3,728.1	95.32	599.6	108.79	4,327.7	96.98	4,858.9	94.95			
July	1,642.8	92.42	2,078.2	97.50	3,721.0	95.19	626.7	113.82	4,347.7	97.49	4,902.8	95.87			
Aug.	1,654.6	93.07	2,085.1	97.80	3,739.7	95.64	616.8	111.96	4,356.5	97.66	4,938.9	96.57			
Sep.	1,665.9	93.82	2,081.8	97.80	3,747.7	95.99	614.1	111.76	4,361.8	97.94	4,973.3	97.37			
Oct.	1,675.4	94.34	2,087.2	98.04	3,762.7	96.36	634.6	115.44	4,397.2	98.71	5,006.8	98.02			
Nov.	1,692.8	95.27	2,096.5	98.42	3,789.3	96.99	610.5	110.97	4,399.8	98.71	5,048.9	98.89			
Dec.	1,717.2	96.67	2,107.6	99.00	3,824.8	97.94	571.7	103.97	4,396.5	98.68	5,066.2	99.42			
1999 Jan.	1,782.3	100.43	2,110.7	99.30	3,893.0	99.81	577.5	103.34	4,470.6	100.25	5,090.3	101.11			
Feb.	1,784.6	100.49	2,106.9	99.05	3,891.5	99.70	592.1	105.79	4,483.6	100.47	5,114.2	101.54			
Mar.	1,804.0	101.51	2,115.0	99.36	3,919.0	100.33	589.4	105.73	4,508.4	101.01	5,161.5	102.39			
Apr.	1,815.9	102.15	2,119.1	99.52	3,935.0	100.72	602.7	107.50	4,537.7	101.57	5,190.0	102.95			
May	1,829.4	102.89	2,122.9	99.67	3,952.3	101.13	606.0	108.03	4,558.3	102.00	5,230.8	103.75			
June	1,843.4	103.64	2,117.7	99.40	3,961.1	101.33	614.3	109.28	4,575.4	102.32	5,285.0	104.85			
July	1,863.9	104.86	2,130.1	100.04	3,994.0	102.23	608.9	108.48	4,602.9	103.02	5,321.2	105.62			
Aug.	1,870.5	105.19	2,133.0	100.14	4,003.5	102.43	615.5	109.56	4,619.0	103.32	5,355.1	106.28			
Sep.	1,880.0	105.75	2,131.8	100.09	4,011.8	102.66	639.4	111.67	4,651.2	103.79	5,390.2	107.01			
Oct.	1,888.9	106.20	2,137.6	100.23	4,026.4	102.95	647.8	112.98	4,674.2	104.20	5,435.4	107.84			
Nov.	1,900.6	106.76	2,139.5	100.23	4,040.1	103.20	662.9	115.38	4,703.0	104.73	5,492.6	108.92			
Dec.	1,900.5	106.74	2,133.9	99.97	4,034.4	103.05	687.0	117.64	4,721.4	104.90	5,491.3	108.96			
2000 Jan. <sup>6)</sup>	1,939.6	108.89	2,117.5	99.17	4,057.1	103.59	687.8	117.03	4,744.9	105.29	5,538.7	109.87			

**4. Seasonally adjusted flows <sup>5)</sup>**

	M3														
	M2				Marketable instruments <sup>4)</sup>				Total	Change on previous month (%)	Loans to other euro area residents (excluding government)				
	M1		Other short-term deposits <sup>3)</sup>		Total	Change on previous month (%)	Total	Change on previous month (%)			Total	Change on previous month (%)			
	Total	Change on previous month (%)	Total	Change on previous month (%)					1	2			3	4	5
1998 June	12.6	0.8	-0.2	0.0	12.4	0.3	-0.6	-0.1	11.8	0.3	30.1	0.6			
July	-4.7	-0.3	-0.5	0.0	-5.2	-0.1	27.7	4.6	22.5	0.5	47.3	1.0			
Aug.	11.5	0.7	6.3	0.3	17.9	0.5	-10.2	-1.6	7.6	0.2	35.7	0.7			
Sep.	13.5	0.8	0.0	0.0	13.5	0.4	-1.1	-0.2	12.4	0.3	40.9	0.8			
Oct.	9.1	0.5	5.2	0.2	14.3	0.4	20.2	3.3	34.6	0.8	33.4	0.7			
Nov.	16.5	1.0	8.1	0.4	24.5	0.7	-24.6	-3.9	-0.1	0.0	44.2	0.9			
Dec.	25.0	1.5	12.3	0.6	37.3	1.0	-38.5	-6.3	-1.2	0.0	26.9	0.5			
1999 Jan.	66.8	3.9	6.3	0.3	73.1	1.9	-3.5	-0.6	69.6	1.6	86.3	1.7			
Feb.	1.0	0.1	-5.3	-0.3	-4.3	-0.1	13.7	2.4	9.4	0.2	21.5	0.4			
Mar.	18.1	1.0	6.6	0.3	24.7	0.6	-0.4	-0.1	24.3	0.5	42.8	0.8			
Apr.	11.4	0.6	3.5	0.2	14.9	0.4	9.9	1.7	24.8	0.6	28.6	0.6			
May	13.1	0.7	3.2	0.2	16.3	0.4	3.0	0.5	19.3	0.4	39.9	0.8			
June	13.4	0.7	-5.9	-0.3	7.6	0.2	7.0	1.1	14.5	0.3	55.5	1.1			
July	21.6	1.2	13.8	0.7	35.4	0.9	-4.5	-0.7	31.0	0.7	39.0	0.7			
Aug.	5.8	0.3	1.9	0.1	7.8	0.2	6.0	1.0	13.8	0.3	33.2	0.6			
Sep.	10.0	0.5	-0.9	0.0	9.0	0.2	11.9	1.9	20.9	0.5	36.7	0.7			
Oct.	8.0	0.4	3.0	0.1	11.0	0.3	7.5	1.2	18.5	0.4	42.2	0.8			
Nov.	10.0	0.5	-0.1	0.0	10.0	0.2	13.8	2.1	23.7	0.5	54.2	1.0			
Dec.	-0.3	0.0	-5.5	-0.3	-5.9	-0.1	13.0	2.0	7.1	0.2	1.9	0.0			
2000 Jan. <sup>6)</sup>	38.3	2.0	-17.1	-0.8	21.1	0.5	-3.6	-0.5	17.6	0.4	46.2	0.8			

Source: ECB.

1) See page 14\*, footnote 1.

2) See page 14\*, footnote 2. For the calculation of growth rates, see the technical notes on page 52\*.

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 14\*, footnote 3.

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

	Non-financial corporations <sup>2)</sup>				Households <sup>2)</sup>	Consumer credit <sup>3)</sup>			Lending for house purchase <sup>3)</sup>			Other lending			Non-profit institutions serving households <sup>2)</sup>		
	1	Up to 1 year	Over 1 and up to 5 years	Over 5 years		6	Up to 1 year	Over 1 and up to 5 years	Over 5 years	9	Up to 1 year	Over 1 and up to 5 years	Over 5 years	12		Over 1 and up to 5 years	Over 5 years
1998 Q1	2,163.1	770.9	319.8	1,072.5	2,318.2	75.0	119.0	185.9	28.0	49.0	1,320.7	108.2	76.6	355.8	37.7		
Q2	2,200.5	785.1	320.8	1,094.6	2,373.6	78.2	121.8	190.2	28.4	49.3	1,345.1	113.9	79.2	367.6	37.5		
Q3	2,223.8	775.0	324.4	1,124.4	2,420.3	80.2	126.0	195.1	28.9	48.6	1,379.2	111.8	86.6	364.0	36.8		
Q4	2,287.1	813.0	316.3	1,157.8	2,479.4	84.7	128.2	199.8	28.2	42.0	1,419.6	114.2	82.0	380.6	36.8		
1999 Q1	2,257.5	818.2	338.1	1,101.3	2,525.9	86.4	147.3	187.2	15.4	66.9	1,463.1	135.4	99.2	324.9	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 <sup>4)</sup>	2,416.6	860.8	372.6	1,183.2	2,713.4	87.4	153.0	192.8	19.9	61.4	1,616.2	141.8	98.9	342.0	37.2		

**2. Loans to non-monetary financial corporations**

	Other financial intermediaries <sup>2)</sup>				Insurance corporations and pension funds <sup>2)</sup>			
	16	Up to 1 year	Over 1 and up to 5 years	Over 5 years	20	Up to 1 year	Over 1 and up to 5 years	Over 5 years
1998 Q1	240.4	146.1	50.0	44.3	23.5	17.5	2.0	4.0
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	263.9	157.9	52.9	53.0	27.9	19.1	2.5	6.3
1999 Q1	302.0	185.3	54.9	61.9	37.0	28.0	3.1	6.0
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 <sup>4)</sup>	316.0	191.4	54.5	70.0	38.4	29.8	2.8	5.8

**3. Loans to government**

	General government <sup>2)</sup>										
	24	Central government <sup>4)</sup>	Other general government							Social security funds	
			State government			Local government					
			26	Up to 1 year	Over 1 and up to 5 years	Over 5 years	30	Up to 1 year	Over 1 and up to 5 years		Over 5 years
27	28	29	31	32	33	34					
1998 Q1	828.0	221.2	269.2	9.9	14.6	244.6	327.0	19.9	52.4	254.7	10.6
Q2	830.1	219.1	271.8	8.6	15.6	247.6	333.5	19.8	55.6	258.1	5.6
Q3	831.5	216.5	273.7	7.8	14.2	251.7	326.1	17.7	50.7	257.7	15.3
Q4	841.7	201.7	291.2	11.4	13.5	266.3	334.9	19.1	51.0	264.8	14.0
1999 Q1	837.2	221.2	276.7	12.1	20.9	243.7	325.8	19.3	12.5	294.0	13.6
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 <sup>4)</sup>	838.9	197.6	289.9	15.0	22.1	252.7	335.1	21.0	10.9	303.3	16.2

Source: ECB.

1) Data have been revised in the light of new information. Outstanding amounts are not adjusted for reclassifications, other revaluations or exchange rate variations. Data are partially estimated.

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

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

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

**Table 2.6****Currency analysis of certain liabilities and assets of the euro area MFIs <sup>1)</sup>***(EUR billions (not seasonally adjusted; end of period))***Liabilities outstanding****1. Deposits placed by euro area residents**

	MFIs								Non-MFIs							
	All currencies 1	Euro <sup>2)</sup> 2	Other EU currencies 3	Other currencies 4	Other currencies				All currencies 9	Euro <sup>2)</sup> 10	Other EU currencies 11	Other currencies 12	Other currencies			
					USD 5	JPY 6	CHF 7	Other 8					USD 13	JPY 14	CHF 15	Other 16
1998 Q1	3,178.4	2,807.2	43.5	327.7	234.5	27.0	44.9	21.3	4,816.8	4,658.3	21.1	137.3	103.3	15.1	10.3	8.6
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	3,877.0	3,453.2	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	4,111.3	3,712.2	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 <sup>3)</sup>	3,880.9	3,467.3	42.4	371.2	262.5	34.2	54.1	20.4	5,191.3	5,027.2	24.0	140.1	100.8	17.3	11.5	10.5

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

	Banks <sup>3)</sup>								Non-banks							
	All currencies 1	Euro <sup>2)</sup> 2	Other EU currencies 3	Other currencies 4	Other currencies				All currencies 9	Euro <sup>2)</sup> 10	Other EU currencies 11	Other currencies 12	Other currencies			
					USD 5	JPY 6	CHF 7	Other 8					USD 13	JPY 14	CHF 15	Other 16
1998 Q1	1,161.9	470.3	121.0	570.6	448.6	44.0	52.5	25.6	388.7	150.1	39.0	199.6	145.7	22.4	13.9	17.7
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 <sup>3)</sup>	1,319.8	539.5	121.1	659.2	526.7	49.0	50.7	32.8	498.9	214.1	46.7	238.1	183.5	27.3	13.0	14.2

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

	Debt securities								Money market paper							
	All currencies 1	Euro <sup>2)</sup> 2	Other EU currencies 3	Other currencies 4	Other currencies				All currencies 9	Euro <sup>2)</sup> 10	Other EU currencies 11	Other currencies 12	Other currencies			
					USD 5	JPY 6	CHF 7	Other 8					USD 13	JPY 14	CHF 15	Other 16
1998 Q1	2,001.2	1,784.0	20.7	196.6	110.7	38.9	31.2	15.8	163.5	151.0	0.3	12.2	10.6	0.9	0.4	0.4
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	2,199.2	1,967.3	25.3	206.7	111.5	32.8	31.7	30.7	185.4	169.8	0.8	14.9	12.6	0.8	1.3	0.2
Q2	2,274.3	2,026.8	30.1	217.3	114.4	31.8	32.2	39.0	188.1	170.3	1.4	16.5	13.8	1.1	1.5	0.2
Q3	2,334.5	2,079.9	31.2	223.5	113.4	33.8	31.2	45.0	207.4	187.8	1.2	18.4	13.3	2.7	2.2	0.2
Q4 <sup>3)</sup>	2,368.3	2,107.9	32.5	228.0	113.2	37.6	30.8	46.5	255.8	230.5	1.5	23.8	17.5	3.6	2.3	0.4

Source: ECB.

1) Data have been revised in the light of new information. Outstanding amounts are not adjusted for reclassifications, other revaluations or exchange rate variations. Data are partially estimated.

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 <sup>2)</sup> 2	Other EU currencies 3	Other currencies 4	Other currencies				All currencies 9	Euro <sup>2)</sup> 10	Other EU currencies 11	Other currencies 12	Other currencies			
					USD 5	JPY 6	CHF 7	Other 8					USD 13	JPY 14	CHF 15	Other 16
1998 Q1	3,188.6	-	-	-	-	-	-	-	5,604.5	5,437.2	26.5	140.8	86.0	15.3	36.9	2.6
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	3,865.2	-	-	-	-	-	-	-	5,995.5	5,798.9	20.2	176.4	99.9	18.3	53.7	4.5
Q2	4,098.8	-	-	-	-	-	-	-	6,142.1	5,931.2	21.3	189.6	108.9	19.5	57.9	3.2
Q3	3,820.5	-	-	-	-	-	-	-	6,204.9	5,985.0	23.3	196.6	106.9	23.9	61.6	4.2
Q4 <sup>4)</sup>	3,869.4	-	-	-	-	-	-	-	6,364.2	6,131.1	22.4	210.7	115.5	28.4	62.6	4.2

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

	MFIs								Non-MFIs							
	All currencies 1	Euro <sup>2)</sup> 2	Other EU currencies 3	Other currencies 4	Other currencies				All currencies 9	Euro <sup>2)</sup> 10	Other EU currencies 11	Other currencies 12	Other currencies			
					USD 5	JPY 6	CHF 7	Other 8					USD 13	JPY 14	CHF 15	Other 16
1998 Q1	654.7	625.7	6.7	22.2	14.6	2.7	1.2	3.8	1,407.7	1,366.7	8.2	32.8	16.8	6.9	2.6	6.5
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	762.3	726.7	7.8	27.9	18.3	5.6	1.3	2.7	1,419.1	1,386.6	3.9	28.5	15.4	10.2	2.0	0.9
Q2	801.7	767.6	6.5	27.6	18.3	5.2	1.1	3.0	1,429.0	1,398.8	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	1,442.9	1,412.7	3.1	27.1	13.0	10.4	2.2	1.6
Q4 <sup>4)</sup>	833.7	799.4	7.3	27.1	18.2	4.8	2.3	1.8	1,436.1	1,403.2	5.4	27.5	14.3	10.1	2.0	1.1

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

	Banks <sup>3)</sup>								Non-banks							
	All currencies 1	Euro <sup>2)</sup> 2	Other EU currencies 3	Other currencies 4	Other currencies				All currencies 9	Euro <sup>2)</sup> 10	Other EU currencies 11	Other currencies 12	Other currencies			
					USD 5	JPY 6	CHF 7	Other 8					USD 13	JPY 14	CHF 15	Other 16
1998 Q1	1,081.2	441.5	83.8	555.9	426.6	63.7	29.8	35.8	420.7	190.9	25.5	204.3	171.7	5.7	11.0	15.9
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	993.5	458.2	76.3	459.0	325.1	62.3	27.2	44.4	384.0	133.7	29.0	221.4	193.7	7.7	14.4	5.6
Q2	1,024.8	474.7	80.5	469.6	349.1	52.9	26.2	41.4	416.9	139.6	35.0	242.3	211.7	8.0	16.3	6.3
Q3	949.8	428.5	78.4	442.9	320.3	54.1	28.3	40.2	413.2	143.0	36.9	233.3	198.7	10.8	18.0	5.8
Q4 <sup>4)</sup>	909.0	389.1	75.0	444.9	323.6	53.9	30.0	37.4	431.9	138.6	39.6	253.6	217.1	11.1	18.8	6.7

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

	Banks <sup>3)</sup>								Non-banks							
	All currencies 1	Euro <sup>2)</sup> 2	Other EU currencies 3	Other currencies 4	Other currencies				All currencies 9	Euro <sup>2)</sup> 10	Other EU currencies 11	Other currencies 12	Other currencies			
					USD 5	JPY 6	CHF 7	Other 8					USD 13	JPY 14	CHF 15	Other 16
1998 Q1	71.5	15.9	4.5	51.1	38.2	3.7	0.6	8.6	262.9	38.8	29.6	194.6	148.1	23.9	3.9	18.8
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	78.2	20.3	4.2	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	41.6	28.1	4.9	0.8	7.7	321.2	48.1	31.0	242.2	182.1	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	29.8
Q2	82.7	21.7	6.4	54.7	39.2	5.6	1.2	8.8	412.9	66.7	33.8	312.4	247.8	37.1	4.9	22.6
Q3	91.6	33.9	6.1	51.5	38.1	5.9	1.0	6.5	403.6	80.5	30.9	292.3	237.4	33.5	4.5	16.9
Q4 <sup>4)</sup>	99.7	37.9	7.2	54.6	39.6	6.9	1.0	7.1	433.2	91.2	31.5	310.6	253.3	34.5	4.7	18.1

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

**Table 3.1**

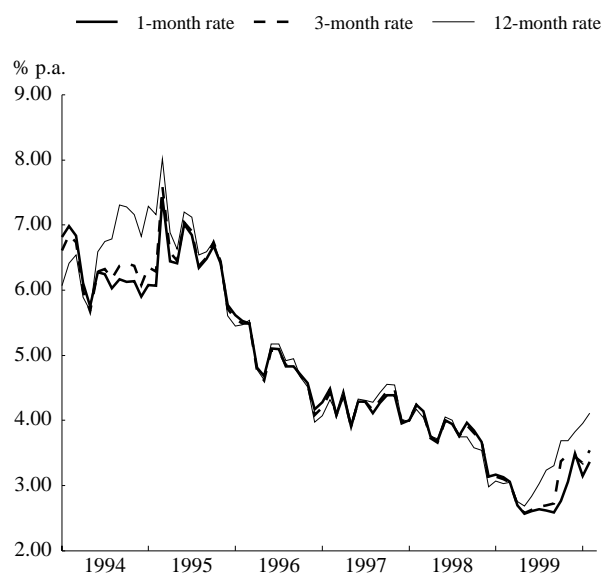
### Money market interest rates <sup>1)</sup>

(percentages per annum)

	Euro area <sup>4)</sup>					United States <sup>6)</sup>	Japan <sup>6)</sup>
	Overnight deposits <sup>2) 3)</sup> 1	1-month deposits <sup>5)</sup> 2	3-month deposits <sup>5)</sup> 3	6-month deposits <sup>5)</sup> 4	12-month deposits <sup>5)</sup> 5	3-month deposits <sup>6)</sup> 6	3-month deposits <sup>7)</sup> 7
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 Feb.	3.12	3.13	3.09	3.04	3.03	5.00	0.38
Mar.	2.93	3.05	3.05	3.02	3.05	5.01	0.20
Apr.	2.71	2.69	2.70	2.70	2.76	5.00	0.15
May	2.55	2.57	2.58	2.60	2.68	5.02	0.11
June	2.56	2.61	2.63	2.68	2.84	5.18	0.10
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
2000 4 Feb.	3.26	3.32	3.49	3.69	4.05	6.09	0.13
11	3.25	3.32	3.49	3.69	4.08	6.10	0.13
18	3.20	3.35	3.53	3.75	4.16	6.11	0.13
25	3.34	3.41	3.60	3.78	4.11	6.10	0.13

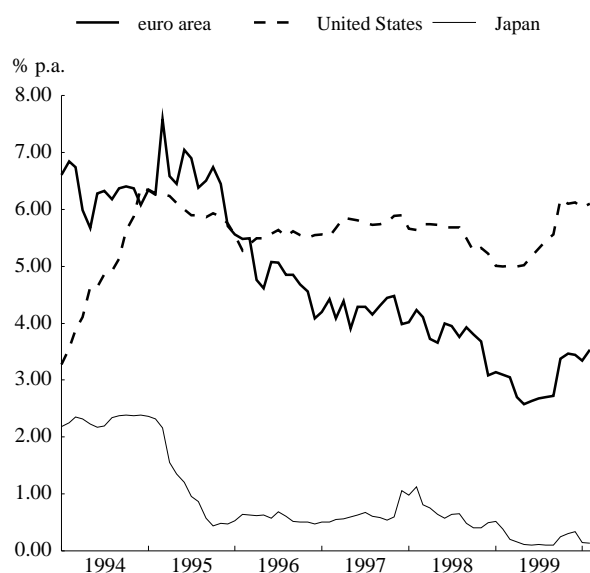
### Euro area money market rates

(monthly)



### 3-month money market rates

(monthly)



Sources: Reuters and ECB.

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

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

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

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

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

6) London interbank offered rates (LIBOR).

**Table 3.2**

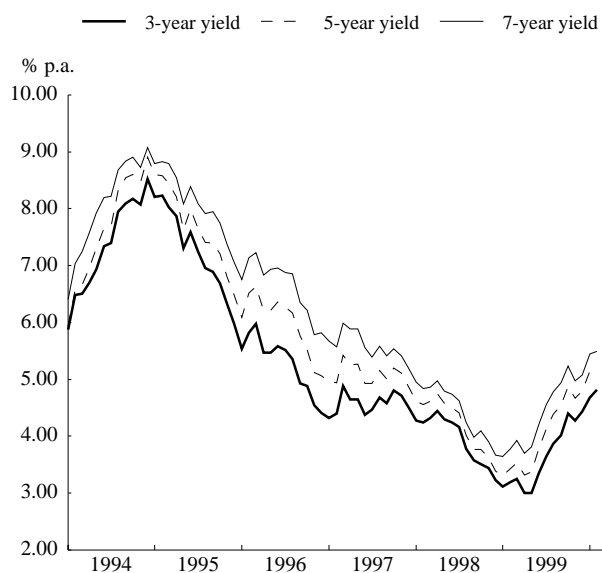
**Government bond yields <sup>1)</sup>**

(percentages per annum)

	Euro area <sup>2)</sup>					United States	Japan
	2 years <sup>1</sup>	3 years <sup>2</sup>	5 years <sup>3</sup>	7 years <sup>4</sup>	10 years <sup>5</sup>	10 years <sup>6</sup>	10 years <sup>7</sup>
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	3.39	3.63	4.01	4.38	4.66	5.64	1.75
1999 Feb.	3.05	3.19	3.43	3.78	3.98	4.99	2.09
Mar.	3.08	3.25	3.53	3.92	4.18	5.23	1.72
Apr.	2.83	3.00	3.31	3.70	4.04	5.18	1.55
May	2.82	3.00	3.37	3.81	4.21	5.54	1.36
June	3.09	3.34	3.77	4.20	4.53	5.90	1.60
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.	3.68	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
2000 4 Feb.	4.48	4.76	5.21	5.49	5.66	6.53	1.82
11	4.53	4.83	5.32	5.58	5.75	6.63	1.86
18	4.68	4.95	5.33	5.56	5.72	6.54	1.82
25	4.53	4.83	5.16	5.45	5.61	6.36	1.87

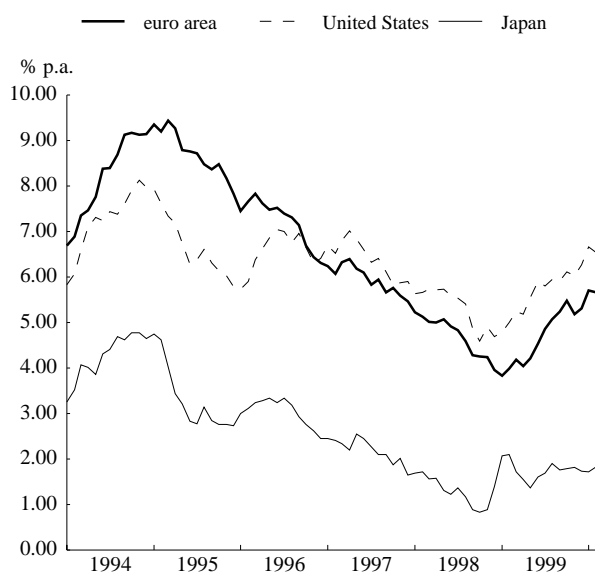
**Euro area government bond yields**

(monthly)



**10-year government bond yields**

(monthly)



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

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

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

**Table 3.3**

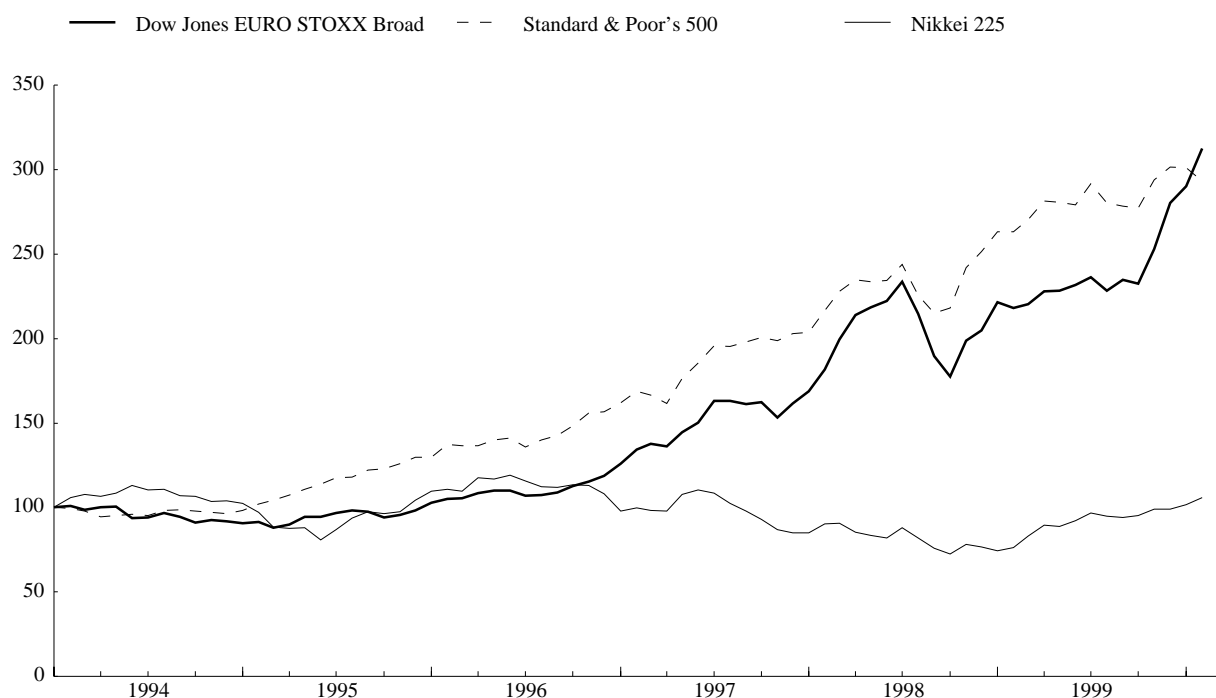
**Stock market indices**

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

	Dow Jones EURO STOXX indices											United States	Japan
	Benchmark		Main economic sector indices <sup>2)</sup>										
	Broad	50	Basic materials	Consumer cyclical	Consumer non-cyclical	Energy	Financial	Conglomerates	Industrial	Technology	Utilities	Standard & Poor's 500	Nikkei 225
	1	2	3	4	5	6	7	8	9	10	11	12	13
1995	130.54	1,388.06	150.65	127.86	141.06	131.15	116.97	126.01	124.51	145.99	140.12	542.18	17,363.36
1996	151.62	1,657.48	181.08	146.78	180.62	159.49	129.89	146.11	134.66	150.01	175.46	671.22	21,061.69
1997	207.62	2,319.61	233.35	191.87	231.88	227.26	184.42	181.00	167.97	227.74	251.65	873.86	18,373.41
1998	280.49	3,076.25	257.88	244.99	295.52	249.33	281.31	220.55	218.43	333.64	367.85	1,085.34	15,338.37
1999	325.78	3,787.35	279.23	262.90	327.73	286.05	295.66	260.28	285.07	470.38	484.11	1,327.79	16,829.89
1999 Feb.	302.69	3,450.87	235.51	259.06	331.75	225.35	288.70	229.59	247.78	366.92	473.00	1,246.96	14,168.83
Mar.	305.52	3,524.19	241.60	250.68	324.63	254.48	293.55	230.03	248.83	374.95	468.23	1,281.66	15,459.81
Apr.	316.39	3,671.80	272.40	266.31	326.99	276.69	299.91	238.46	264.26	404.01	460.33	1,332.56	16,689.65
May	317.05	3,669.07	275.94	267.89	323.27	291.29	293.23	257.12	271.64	413.34	451.97	1,329.66	16,533.26
June	321.66	3,749.45	279.81	265.94	327.34	299.00	288.48	268.06	284.44	440.22	470.02	1,322.55	17,135.96
July	328.07	3,846.24	294.65	265.52	330.38	316.01	289.64	277.97	294.47	481.62	467.63	1,380.99	18,008.63
Aug.	316.78	3,691.33	302.07	251.22	319.26	314.74	279.25	278.08	288.77	455.23	444.22	1,327.49	17,670.31
Sep.	325.88	3,772.79	294.33	257.51	328.66	312.33	289.78	273.47	297.78	480.77	462.82	1,318.21	17,532.78
Oct.	322.44	3,742.62	282.74	253.19	321.54	295.41	290.89	262.05	294.41	488.96	461.13	1,312.60	17,697.85
Nov.	351.17	4,159.97	294.91	264.98	333.23	305.69	310.34	275.80	314.73	589.93	533.31	1,391.61	18,440.35
Dec.	389.11	4,590.11	334.55	288.43	327.66	307.40	318.64	297.82	366.04	755.74	639.77	1,428.96	18,430.57
2000 Jan.	402.38	4,714.71	338.22	296.88	319.81	300.57	318.93	320.65	379.82	836.44	682.75	1,427.47	18,905.63
Feb.	433.82	5,090.59	309.26	308.15	307.57	299.65	313.58	314.55	396.45	989.39	832.36	1,388.44	19,700.88
2000 4 Feb.	433.31	5,119.79	314.61	311.07	314.11	295.21	311.54	309.51	383.67	985.72	834.03	1,424.37	19,763.13
11	441.47	5,195.67	308.04	312.00	300.78	305.25	313.12	312.26	409.94	1,017.51	865.69	1,387.12	19,710.02
18	435.79	5,079.59	312.45	306.20	308.72	307.35	317.29	318.26	404.89	974.19	837.52	1,346.09	19,789.03
25	445.47	5,208.87	299.08	315.37	307.01	292.71	316.37	320.30	409.74	1,050.61	872.46	1,333.36	19,817.88

**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. In previous issues, end-of-period values have been shown to December 1998.

2) More comprehensive and representative economic sector indices are shown than in previous issues, with different base periods.

**Table 3.4**

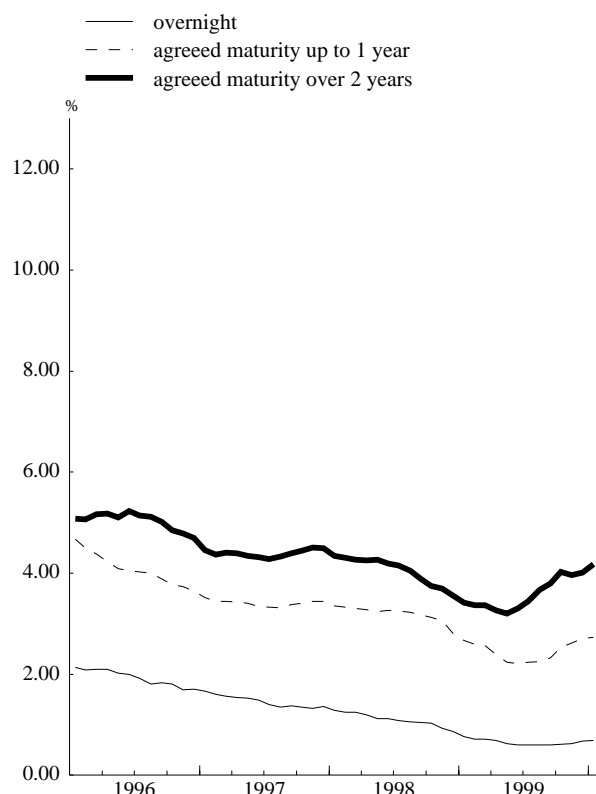
**Retail bank interest rates**

(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 Jan.	0.77	2.67	2.67	3.41	2.37	2.86	6.06	5.04	9.61	5.10
Feb.	0.72	2.60	2.59	3.37	2.34	2.78	5.97	5.00	9.55	5.02
Mar.	0.71	2.57	2.56	3.37	2.31	2.79	5.83	4.98	9.50	5.05
Apr.	0.68	2.38	2.39	3.26	2.27	2.61	5.66	4.81	9.37	4.91
May	0.63	2.24	2.24	3.21	2.16	2.48	5.55	4.72	9.31	4.84
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	5.75	5.54	9.36	5.77
Dec.	0.67	2.70	2.70	4.02	2.04	3.05	5.81	5.51	9.38	5.79
2000 Jan.	0.69	2.73	2.73	4.18	2.04	3.18	5.84	5.66	9.44	5.98

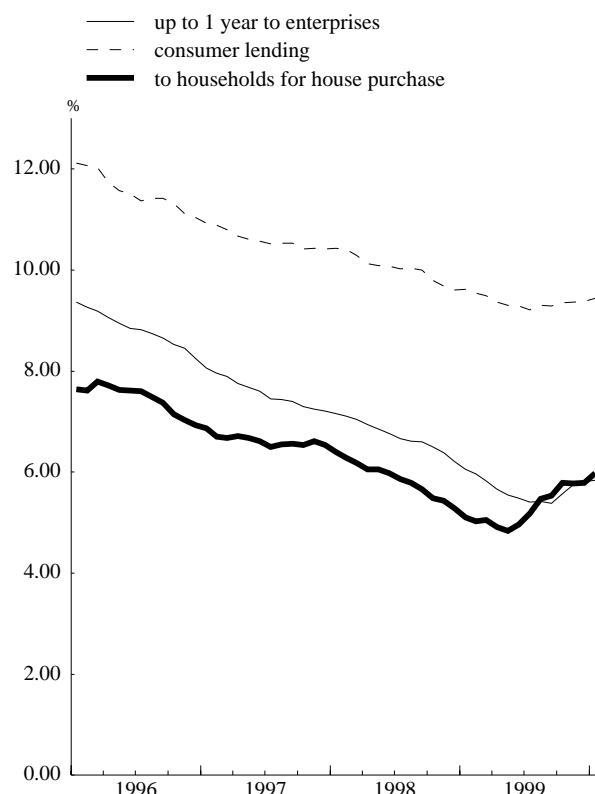
**Deposit interest rates**

(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 <sup>1)2)</sup>***(EUR billions; transactions during the period and end-of-period stocks; nominal values)***1. Short-term <sup>3)</sup>**

	By euro area residents									
					In euro <sup>4)</sup>				In other	
	Issues	Redemptions	Net issues	Amounts outstanding	Issues	Redemptions	Net issues	Amounts outstanding	Issues	Redemptions
1	2	3	4	5	6	7	8	9	10	
1998 Dec.	.	.	.	552.4	.	.	.	532.6	.	.
1999 Jan.	205.3	195.3	10.0	560.6	198.6	189.8	8.8	540.1	6.7	5.5
Feb.	174.9	176.8	-1.9	558.5	170.4	174.0	-3.6	536.1	4.5	2.8
Mar.	184.3	181.2	3.1	561.0	179.6	177.8	1.8	538.4	4.7	3.4
Apr.	218.3	200.2	18.1	578.9	213.3	196.0	17.2	554.7	5.0	4.1
May	172.2	172.5	-0.2	579.2	165.7	167.6	-1.9	552.8	6.5	4.8
June	175.4	187.3	-11.9	567.1	169.5	182.5	-13.0	540.2	5.8	4.7
July	210.5	211.8	-1.4	564.1	203.9	205.7	-1.9	536.6	6.6	6.1
Aug.	181.8	165.3	16.4	581.6	175.0	159.4	15.6	552.4	6.7	5.9
Sep.	192.1	187.9	4.1	585.5	184.9	183.2	1.8	553.5	7.1	4.8
Oct.	198.3	189.9	8.4	596.2	192.4	182.9	9.4	563.4	6.0	7.0
Nov.	200.3	176.7	23.6	620.2	192.9	170.0	22.8	586.1	7.4	6.6
Dec.	171.1	169.4	1.7	617.9	162.4	163.7	-1.3	580.0	8.7	5.7

**2. Long-term <sup>3)</sup>**

	By euro area residents									
					In euro <sup>4)</sup>				In other	
	Issues	Redemptions	Net issues	Amounts outstanding	Issues	Redemptions	Net issues	Amounts outstanding	Issues	Redemptions
1	2	3	4	5	6	7	8	9	10	
1998 Dec.	.	.	.	5,443.6	.	.	.	5,085.1	.	.
1999 Jan.	159.0	103.2	55.8	5,510.9	145.6	94.0	51.6	5,145.2	13.4	9.2
Feb.	132.9	76.6	56.3	5,570.6	120.3	74.0	46.2	5,190.8	12.6	2.6
Mar.	124.9	94.9	30.0	5,605.7	116.9	86.1	30.8	5,222.2	7.9	8.8
Apr.	123.5	102.8	20.7	5,628.9	116.0	97.3	18.7	5,241.1	7.5	5.5
May	136.9	86.9	50.0	5,681.1	118.7	71.2	47.5	5,289.3	18.2	15.7
June	129.2	65.1	64.1	5,747.4	118.4	60.1	58.4	5,347.8	10.8	5.1
July	127.8	91.0	36.8	5,782.6	119.4	81.1	38.2	5,387.5	8.4	9.9
Aug.	71.0	58.8	12.1	5,799.3	60.5	51.3	9.2	5,397.5	10.5	7.5
Sep.	155.4	92.2	63.2	5,863.0	118.8	59.3	59.5	5,457.0	36.5	32.9
Oct.	115.3	73.9	41.4	5,908.8	107.2	70.3	36.9	5,495.1	8.0	3.5
Nov.	101.1	84.6	16.6	5,930.8	93.4	73.2	20.2	5,516.0	7.7	11.4
Dec.	71.6	99.8	-28.2	5,903.9	68.0	91.6	-23.6	5,488.1	3.6	8.2

**3. Total**

	By euro area residents									
					In euro <sup>4)</sup>				In other	
	Issues	Redemptions	Net issues	Amounts outstanding	Issues	Redemptions	Net issues	Amounts outstanding	Issues	Redemptions
1	2	3	4	5	6	7	8	9	10	
1998 Dec.	.	.	.	5,996.0	.	.	.	5,617.7	.	.
1999 Jan.	364.3	298.5	65.8	6,071.5	344.2	283.8	60.5	5,685.3	20.1	14.7
Feb.	307.8	253.4	54.4	6,129.2	290.7	248.0	42.7	5,726.9	17.1	5.4
Mar.	309.2	276.1	33.1	6,166.7	296.5	263.9	32.6	5,760.6	12.6	12.2
Apr.	341.8	303.0	38.8	6,207.8	329.3	293.4	36.0	5,795.8	12.5	9.6
May	309.1	259.3	49.8	6,260.3	284.4	238.8	45.6	5,842.2	24.7	20.5
June	304.6	252.4	52.2	6,314.5	288.0	242.6	45.4	5,887.9	16.7	9.8
July	338.3	302.8	35.4	6,346.7	323.2	286.9	36.4	5,924.1	15.0	16.0
Aug.	252.7	224.2	28.6	6,380.9	235.5	210.8	24.8	5,949.9	17.2	13.4
Sep.	347.4	280.1	67.3	6,448.5	303.8	242.5	61.3	6,010.5	43.6	37.6
Oct.	313.6	263.8	49.8	6,505.0	299.6	253.2	46.3	6,058.5	14.0	10.5
Nov.	301.4	261.2	40.1	6,551.1	286.2	243.2	43.0	6,102.1	15.1	18.0
Dec.	242.7	269.2	-26.5	6,521.9	230.4	255.3	-24.9	6,068.1	12.3	13.9

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. Data will be revised as new information becomes available.

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 in euro <sup>4)</sup>				Total in euro <sup>4)</sup>				
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	
.	19.7	.	.	.	12.4	.	.	.	545.0	1998 Dec.
1.2	20.5	.	.	.	.	.	.	.	.	1999 Jan.
1.7	22.5	.	.	.	.	.	.	.	.	Feb.
1.3	22.6	23.3	11.1	12.2	25.4	571.9	552.7	19.2	563.8	Mar.
0.9	24.2	.	.	.	.	.	.	.	.	Apr.
1.7	26.3	.	.	.	.	.	.	.	.	May
1.1	26.9	19.2	22.7	-3.5	22.8	567.7	568.8	-1.1	563.0	June
0.5	27.5	.	.	.	.	.	.	.	.	July
0.8	29.2	.	.	.	.	.	.	.	.	Aug.
2.4	32.0	27.8	18.4	9.4	31.7	591.7	566.8	24.9	585.2	Sep.
-1.0	32.7	.	.	.	.	.	.	.	.	Oct.
0.8	34.1	.	.	.	.	.	.	.	.	Nov.
3.0	37.9	21.7	19.9	1.8	34.6	569.3	536.6	32.8	614.6	Dec.

currencies		By non-residents of the euro area in euro <sup>4)</sup>				Total in euro <sup>4)</sup>				
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	
.	358.6	.	.	.	426.7	.	.	.	5,511.8	1998 Dec.
4.2	365.7	.	.	.	.	.	.	.	.	1999 Jan.
10.0	379.8	.	.	.	.	.	.	.	.	Feb.
-0.8	383.5	53.4	16.8	36.5	462.6	436.2	271.0	165.2	5,684.8	Mar.
2.0	387.8	.	.	.	.	.	.	.	.	Apr.
2.5	391.8	.	.	.	.	.	.	.	.	May
5.8	399.7	56.1	11.4	44.7	506.9	409.2	240.0	169.3	5,854.7	June
-1.4	395.1	.	.	.	.	.	.	.	.	July
3.0	401.8	.	.	.	.	.	.	.	.	Aug.
3.7	406.0	62.5	8.3	54.2	561.5	361.2	200.1	161.0	6,018.5	Sep.
4.5	413.8	.	.	.	.	.	.	.	.	Oct.
-3.7	414.8	.	.	.	.	.	.	.	.	Nov.
-4.6	415.9	51.7	19.0	32.7	594.7	320.3	254.1	66.2	6,082.8	Dec.

currencies		By non-residents of the euro area in euro <sup>4)</sup>				Total in euro <sup>4)</sup>				
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	
.	378.3	.	.	.	439.1	.	.	.	6,056.8	1998 Dec.
5.4	386.2	.	.	.	.	.	.	.	.	1999 Jan.
11.7	402.3	.	.	.	.	.	.	.	.	Feb.
0.5	406.1	76.7	27.9	48.7	488.0	1,008.1	823.6	184.4	6,248.6	Mar.
2.9	411.9	.	.	.	.	.	.	.	.	Apr.
4.1	418.1	.	.	.	.	.	.	.	.	May
6.9	426.6	75.2	34.0	41.2	529.7	976.9	808.8	168.2	6,417.7	June
-0.9	422.6	.	.	.	.	.	.	.	.	July
3.8	431.0	.	.	.	.	.	.	.	.	Aug.
6.0	438.0	90.3	26.7	63.6	593.2	952.8	766.9	186.0	6,603.7	Sep.
3.5	446.5	.	.	.	.	.	.	.	.	Oct.
-2.9	448.9	.	.	.	.	.	.	.	.	Nov.
-1.6	453.8	73.4	38.9	34.4	629.3	889.6	790.7	98.9	6,697.4	Dec.

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** <sup>1)2)3)</sup>*(EUR billions; end of period; nominal values)***Amounts outstanding****1. Short-term** <sup>4)</sup>

	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) <sup>5)</sup>	Non-monetary financial corporations	Non-financial corporations
	1	2	3	4	5	6	7	8	9	10
1998 Dec.	532.6	164.9	8.6	46.5	309.0	3.6	12.4	2.7	6.2	2.5
1999 Jan.	540.1	171.0	8.7	51.6	305.4	3.4	.	.	.	.
Feb.	536.1	173.2	8.7	54.6	295.9	3.7	.	.	.	.
Mar.	538.4	171.6	8.7	58.1	296.7	3.3	25.4	12.5	7.7	4.2
Apr.	554.7	181.2	8.6	61.1	300.7	3.1	.	.	.	.
May	552.8	179.9	8.4	59.9	301.8	3.0	.	.	.	.
June	540.2	173.7	8.2	58.8	296.5	3.0	22.8	8.3	8.7	5.0
July	536.6	179.2	6.7	61.0	286.5	3.2	.	.	.	.
Aug.	552.4	191.3	6.9	62.4	288.8	2.9	.	.	.	.
Sep.	553.5	200.7	6.7	64.8	278.6	2.7	31.7	11.2	12.0	7.3
Oct.	563.4	213.9	6.6	66.2	273.6	3.1	.	.	.	.
Nov.	586.1	237.5	6.3	72.6	266.0	3.7	.	.	.	.
Dec.	580.0	248.5	5.6	66.6	254.4	4.8	34.6	14.4	12.1	6.3

**2. Long-term** <sup>4)</sup>

	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) <sup>5)</sup>	Non-monetary financial corporations	Non-financial corporations
	1	2	3	4	5	6	7	8	9	10
1998 Dec.	5,085.1	1,851.1	122.4	188.8	2,818.9	103.9	426.7	114.9	47.2	53.5
1999 Jan.	5,145.2	1,880.1	125.9	188.4	2,847.1	103.8	.	.	.	.
Feb.	5,190.8	1,889.6	128.6	193.4	2,874.3	104.9	.	.	.	.
Mar.	5,222.2	1,896.3	129.5	199.9	2,890.3	106.3	462.6	123.7	55.4	65.8
Apr.	5,241.1	1,910.8	133.0	204.2	2,884.2	108.9	.	.	.	.
May	5,289.3	1,933.7	138.5	203.6	2,904.3	109.3	.	.	.	.
June	5,347.8	1,956.0	157.8	206.1	2,918.6	109.3	506.9	134.6	66.2	82.3
July	5,387.5	1,958.9	163.9	209.4	2,945.5	109.7	.	.	.	.
Aug.	5,397.5	1,958.3	165.2	206.7	2,957.6	109.6	.	.	.	.
Sep.	5,457.0	1,990.6	172.9	204.5	2,978.4	110.6	561.5	153.0	75.1	102.6
Oct.	5,495.1	2,009.0	175.6	207.8	2,993.3	109.3	.	.	.	.
Nov.	5,516.0	2,018.0	182.5	207.2	2,998.0	110.3	.	.	.	.
Dec.	5,488.1	2,000.2	184.3	206.0	2,988.1	109.4	594.7	160.4	81.2	117.7

**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) <sup>5)</sup>	Non-monetary financial corporations	Non-financial corporations
	1	2	3	4	5	6	7	8	9	10
1998 Dec.	5,617.7	2,016.1	131.0	235.3	3,127.9	107.5	439.1	117.6	53.4	56.1
1999 Jan.	5,685.3	2,051.1	134.6	240.0	3,152.5	107.2	.	.	.	.
Feb.	5,726.9	2,062.8	137.3	248.0	3,170.3	108.5	.	.	.	.
Mar.	5,760.6	2,067.8	138.2	258.0	3,187.0	109.6	488.0	136.2	63.2	70.0
Apr.	5,795.8	2,092.0	141.6	265.4	3,184.9	111.9	.	.	.	.
May	5,842.2	2,113.6	146.8	263.5	3,206.1	112.2	.	.	.	.
June	5,887.9	2,129.7	166.0	264.9	3,215.1	112.3	529.7	143.0	74.9	87.3
July	5,924.1	2,138.1	170.6	270.4	3,232.0	112.9	.	.	.	.
Aug.	5,949.9	2,149.7	172.1	269.1	3,246.4	112.5	.	.	.	.
Sep.	6,010.5	2,191.3	179.5	269.3	3,257.1	113.3	593.2	164.2	87.1	109.9
Oct.	6,058.5	2,223.0	182.2	274.1	3,266.9	112.4	.	.	.	.
Nov.	6,102.1	2,255.5	188.8	279.8	3,264.0	114.0	.	.	.	.
Dec.	6,068.1	2,248.7	190.0	272.7	3,242.5	114.2	629.3	174.8	93.3	124.0

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. Data will be revised as new information becomes available.

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 (S1311); 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 <sup>6)</sup>	Total	Banks (including central banks) <sup>5)</sup>	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government	International organisations <sup>6)</sup>	
11	12	13	14	15	16	17	18	19	20	
0.4	0.5	0.0	545.0	167.7	14.8	49.0	309.4	4.1	0.0	1998 Dec.
.	.	.	.	.	.	.	.	.	.	1999 Jan.
0.4	0.4	0.2	563.8	184.1	16.4	62.3	297.2	3.6	0.2	Feb.
.	.	.	.	.	.	.	.	.	.	Mar.
0.3	0.3	0.1	563.0	182.0	16.9	63.8	296.9	3.3	0.1	Apr.
.	.	.	.	.	.	.	.	.	.	May
0.3	0.6	0.3	585.2	211.9	18.6	72.1	279.0	3.3	0.3	June
.	.	.	.	.	.	.	.	.	.	July
0.3	0.6	0.8	614.6	262.9	17.7	72.9	254.7	5.5	0.8	Aug.
.	.	.	.	.	.	.	.	.	.	Sep.
.	.	.	.	.	.	.	.	.	.	Oct.
.	.	.	.	.	.	.	.	.	.	Nov.
.	.	.	.	.	.	.	.	.	.	Dec.

of the euro area			Total							
Central government	Other general government	International organisations <sup>6)</sup>	Total	Banks (including central banks) <sup>5)</sup>	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government	International organisations <sup>6)</sup>	
11	12	13	14	15	16	17	18	19	20	
65.5	24.9	120.7	5,511.8	1,966.0	169.5	242.3	2,884.4	128.8	120.7	1998 Dec.
.	.	.	.	.	.	.	.	.	.	1999 Jan.
69.7	25.8	122.2	5,684.8	2,019.9	184.9	265.7	2,960.0	132.1	122.2	Feb.
.	.	.	.	.	.	.	.	.	.	Mar.
73.9	27.3	122.6	5,854.7	2,090.6	224.0	288.4	2,992.4	136.6	122.6	Apr.
.	.	.	.	.	.	.	.	.	.	May
78.6	29.1	123.1	6,018.5	2,143.6	248.0	307.1	3,057.0	139.7	123.1	June
.	.	.	.	.	.	.	.	.	.	July
82.6	29.1	123.7	6,082.8	2,160.6	265.6	323.7	3,070.7	138.5	123.7	Aug.
.	.	.	.	.	.	.	.	.	.	Sep.
.	.	.	.	.	.	.	.	.	.	Oct.
.	.	.	.	.	.	.	.	.	.	Nov.
.	.	.	.	.	.	.	.	.	.	Dec.

of the euro area			Total							
Central government	Other general government	International organisations <sup>6)</sup>	Total	Banks (including central banks) <sup>5)</sup>	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government	International organisations <sup>6)</sup>	
11	12	13	14	15	16	17	18	19	20	
65.9	25.5	120.7	6,056.8	2,133.7	184.4	291.3	3,193.8	133.0	120.7	1998 Dec.
.	.	.	.	.	.	.	.	.	.	1999 Jan.
70.1	26.1	122.5	6,248.6	2,204.0	201.3	328.0	3,257.1	135.7	122.5	Feb.
.	.	.	.	.	.	.	.	.	.	Mar.
74.2	27.6	122.8	6,417.7	2,272.6	240.9	352.2	3,289.3	139.9	122.8	Apr.
.	.	.	.	.	.	.	.	.	.	May
78.9	29.7	123.4	6,603.7	2,355.4	266.6	379.2	3,336.0	143.0	123.4	June
.	.	.	.	.	.	.	.	.	.	July
82.9	29.7	124.6	6,697.4	2,423.5	283.3	396.6	3,325.4	143.9	124.6	Aug.
.	.	.	.	.	.	.	.	.	.	Sep.
.	.	.	.	.	.	.	.	.	.	Oct.
.	.	.	.	.	.	.	.	.	.	Nov.
.	.	.	.	.	.	.	.	.	.	Dec.

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)**

**Euro-denominated securities other than shares by original maturity, residency and sector of the issuer <sup>1)2)3)</sup>**

(EUR billions; transactions during the month or quarter; nominal values)

**Gross issues**

**1. Short-term <sup>4)</sup>**

	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) <sup>5)</sup>	Non-monetary financial corporations	Non-financial corporations
	1	2	3	4	5	6	7	8	9	10
1998 Dec.	.	.	.	.	.	.	.	.	.	.
1999 Jan.	198.6	105.8	1.7	35.2	54.7	1.2	.	.	.	.
Feb.	170.4	96.5	1.2	31.6	39.8	1.3	.	.	.	.
Mar.	179.6	92.2	1.4	38.7	46.2	1.1	23.3	12.2	6.6	3.7
Apr.	213.3	113.7	1.5	40.8	56.0	1.3	.	.	.	.
May	165.7	87.9	1.5	34.1	40.4	1.8	.	.	.	.
June	169.5	95.5	1.9	34.9	36.4	0.9	19.2	6.8	7.2	4.5
July	203.9	111.4	1.7	42.5	46.9	1.4	.	.	.	.
Aug.	175.0	92.3	2.0	35.9	43.8	1.1	.	.	.	.
Sep.	184.9	105.0	1.2	37.9	40.0	0.9	27.8	9.5	10.5	6.7
Oct.	192.4	107.3	1.5	41.4	40.7	1.5	.	.	.	.
Nov.	192.9	118.0	1.2	38.7	33.1	2.0	.	.	.	.
Dec.	162.4	117.8	0.9	23.0	18.5	2.2	21.7	9.6	6.8	4.2

**2. Long-term <sup>4)</sup>**

	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) <sup>5)</sup>	Non-monetary financial corporations	Non-financial corporations
	1	2	3	4	5	6	7	8	9	10
1998 Dec.	.	.	.	.	.	.	.	.	.	.
1999 Jan.	145.6	61.0	4.9	5.0	74.3	0.6	.	.	.	.
Feb.	120.3	47.1	4.0	9.9	57.1	2.1	.	.	.	.
Mar.	116.9	50.3	2.6	9.1	52.9	2.1	53.4	16.3	9.9	14.3
Apr.	116.0	50.3	5.1	7.3	49.7	3.7	.	.	.	.
May	118.7	45.9	7.0	1.9	62.8	1.1	.	.	.	.
June	118.4	50.7	20.1	6.1	40.6	0.9	56.1	15.5	11.9	17.7
July	119.4	34.7	7.6	8.9	67.1	1.0	.	.	.	.
Aug.	60.5	27.3	1.7	0.9	30.5	0.2	.	.	.	.
Sep.	118.8	51.7	9.1	3.7	53.0	1.4	62.5	21.0	11.2	21.2
Oct.	107.2	50.7	3.7	5.4	46.5	1.0	.	.	.	.
Nov.	93.4	45.9	8.0	2.3	35.3	1.8	.	.	.	.
Dec.	68.0	39.7	3.4	1.5	22.5	0.9	51.7	14.3	7.9	17.2

**3. Total**

	By euro area residents						By non-residents			
	Total	MFIs (including Eurosystem)	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government	Total	Banks (including central banks) <sup>5)</sup>	Non-monetary financial corporations	Non-financial corporations
	1	2	3	4	5	6	7	8	9	10
1998 Dec.	.	.	.	.	.	.	.	.	.	.
1999 Jan.	344.2	166.8	6.5	40.2	129.0	1.8	.	.	.	.
Feb.	290.7	143.6	5.2	41.5	96.9	3.4	.	.	.	.
Mar.	296.5	142.5	4.0	47.8	99.1	3.1	76.7	28.6	16.5	18.0
Apr.	329.3	164.0	6.5	48.2	105.7	5.0	.	.	.	.
May	284.4	133.8	8.5	36.0	103.2	2.9	.	.	.	.
June	288.0	146.2	22.1	40.9	77.0	1.9	75.2	22.3	19.1	22.3
July	323.2	146.1	9.3	51.4	114.0	2.4	.	.	.	.
Aug.	235.5	119.5	3.6	36.7	74.3	1.4	.	.	.	.
Sep.	303.8	156.7	10.3	41.6	92.9	2.2	90.3	30.6	21.8	27.9
Oct.	299.6	158.0	5.2	46.8	87.1	2.5	.	.	.	.
Nov.	286.2	163.9	9.2	41.0	68.4	3.8	.	.	.	.
Dec.	230.4	157.5	4.3	24.5	41.0	3.1	73.4	23.9	14.7	21.4

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. Data will be revised as new information becomes available.

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 <sup>6)</sup>	Total	Banks (including central banks) <sup>5)</sup>	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government	International organisations <sup>6)</sup>	
11	12	13	14	15	16	17	18	19	20	
.	.	.	.	.	.	.	.	.	.	1998 Dec.
.	.	.	.	.	.	.	.	.	.	1999 Jan.
0.3	0.3	0.2	571.9	306.7	10.8	109.2	141.0	3.9	0.2	Feb.
.	.	.	.	.	.	.	.	.	.	Mar.
0.3	0.2	0.1	567.7	303.8	12.1	114.3	133.1	4.3	0.1	Apr.
.	.	.	.	.	.	.	.	.	.	May
0.3	0.5	0.2	591.7	318.3	15.4	123.0	131.0	3.8	0.2	June
.	.	.	.	.	.	.	.	.	.	July
0.2	0.2	0.7	569.3	352.7	10.5	107.2	92.4	5.7	0.7	Aug.
.	.	.	.	.	.	.	.	.	.	Sep.
.	.	.	.	.	.	.	.	.	.	Oct.
.	.	.	.	.	.	.	.	.	.	Nov.
.	.	.	.	.	.	.	.	.	.	Dec.

of the euro area			Total							
Central government	Other general government	International organisations <sup>6)</sup>	Total	Banks (including central banks) <sup>5)</sup>	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government	International organisations <sup>6)</sup>	
11	12	13	14	15	16	17	18	19	20	
.	.	.	.	.	.	.	.	.	.	1998 Dec.
.	.	.	.	.	.	.	.	.	.	1999 Jan.
5.3	1.6	5.9	436.2	174.7	21.3	38.3	189.6	6.3	5.9	Feb.
.	.	.	.	.	.	.	.	.	.	Mar.
5.9	2.1	3.1	409.2	162.4	44.0	33.1	158.9	7.8	3.1	Apr.
.	.	.	.	.	.	.	.	.	.	May
4.1	2.1	2.9	361.2	134.7	29.7	34.6	154.6	4.7	2.9	June
.	.	.	.	.	.	.	.	.	.	July
.	.	.	.	.	.	.	.	.	.	Aug.
6.5	1.0	4.8	320.3	150.5	23.0	26.4	110.8	4.7	4.8	Sep.
.	.	.	.	.	.	.	.	.	.	Oct.
.	.	.	.	.	.	.	.	.	.	Nov.
.	.	.	.	.	.	.	.	.	.	Dec.

of the euro area			Total							
Central government	Other general government	International organisations <sup>6)</sup>	Total	Banks (including central banks) <sup>5)</sup>	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government	International organisations <sup>6)</sup>	
11	12	13	14	15	16	17	18	19	20	
.	.	.	.	.	.	.	.	.	.	1998 Dec.
.	.	.	.	.	.	.	.	.	.	1999 Jan.
5.6	1.9	6.1	1,008.1	481.4	32.2	147.5	330.7	10.2	6.1	Feb.
.	.	.	.	.	.	.	.	.	.	Mar.
6.2	2.2	3.2	976.9	466.2	56.1	147.4	292.0	12.0	3.2	Apr.
.	.	.	.	.	.	.	.	.	.	May
4.4	2.5	3.2	952.8	453.0	45.0	157.6	285.6	8.5	3.2	June
.	.	.	.	.	.	.	.	.	.	July
.	.	.	.	.	.	.	.	.	.	Aug.
6.7	1.1	5.6	889.6	503.2	33.5	133.7	203.2	10.4	5.6	Sep.
.	.	.	.	.	.	.	.	.	.	Oct.
.	.	.	.	.	.	.	.	.	.	Nov.
.	.	.	.	.	.	.	.	.	.	Dec.

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.

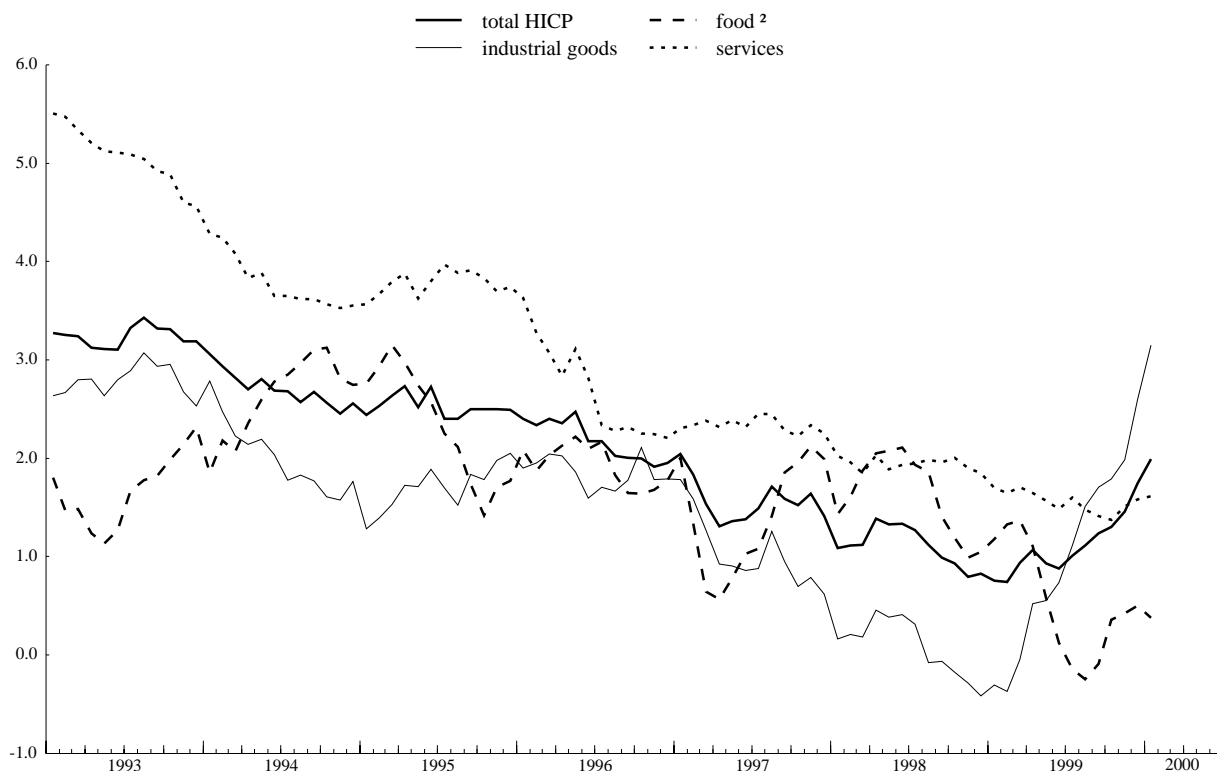
## 4 HICP and other prices in the euro area

**Table 4.1**

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

(annual percentage changes, unless otherwise indicated)

	Total (index, 1996 = 100)	Total	Goods							Services
			Goods	Food <sup>2)</sup>		Industrial goods	Non-energy industrial goods	Energy		
				Processed food <sup>2)</sup>	Unprocessed food					
Weight in the total (%) <sup>3)</sup>	100.0	100.0	62.3	20.8	12.6	8.2	41.6	32.6	9.0	37.4
	1	2	3	4	5	6	7	8	9	10
1995	97.9	2.5	2.0	2.3	2.5	2.1	1.7	1.6	2.0	3.8
1996	100.0	2.2	1.9	1.9	2.0	1.9	1.9	1.7	2.4	2.7
1997	101.6	1.6	1.2	1.4	1.4	1.4	1.0	0.5	2.8	2.3
1998	102.7	1.1	0.6	1.6	1.4	1.9	0.1	0.9	-2.6	1.9
1999	103.8	1.1	0.8	0.5	0.9	0.0	1.0	0.6	2.2	1.6
1998 Q4	102.9	0.9	0.2	1.1	1.2	0.9	-0.3	0.9	-4.5	1.9
1999 Q1	103.1	0.8	0.3	1.3	1.2	1.4	-0.2	0.8	-3.9	1.7
Q2	103.8	1.0	0.6	0.6	0.8	0.3	0.6	0.6	0.5	1.6
Q3	104.1	1.1	0.9	-0.2	0.7	-1.4	1.4	0.5	4.6	1.5
Q4	104.4	1.5	1.5	0.4	0.9	-0.3	2.1	0.5	7.8	1.5
1999 Jan.	102.8	0.8	0.2	1.2	1.3	1.1	-0.3	0.9	-4.4	1.7
Feb.	103.1	0.7	0.2	1.3	1.2	1.5	-0.4	0.8	-4.4	1.6
Mar.	103.4	0.9	0.4	1.4	1.1	1.8	0.0	0.8	-2.9	1.7
Apr.	103.7	1.1	0.7	1.1	1.1	1.2	0.5	0.6	0.1	1.6
May	103.8	0.9	0.6	0.6	0.7	0.4	0.6	0.6	0.3	1.6
June	103.8	0.9	0.5	0.1	0.7	-0.7	0.7	0.6	1.2	1.5
July	104.0	1.0	0.7	-0.1	0.7	-1.4	1.1	0.6	2.9	1.6
Aug.	104.1	1.1	0.9	-0.2	0.6	-1.6	1.5	0.6	4.7	1.5
Sep.	104.1	1.2	1.1	-0.1	0.6	-1.2	1.7	0.5	6.1	1.4
Oct.	104.2	1.3	1.3	0.4	0.8	-0.4	1.8	0.5	6.3	1.4
Nov.	104.3	1.5	1.5	0.4	0.9	-0.2	2.0	0.6	7.2	1.5
Dec.	104.7	1.7	1.9	0.5	1.0	-0.2	2.6	0.5	10.0	1.6
2000 Jan.	104.9	2.0	2.2	0.4	1.0	-0.5	3.1	0.7	12.0	1.6



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.

Components are not at present fully consistent with the total.

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 <sup>2)</sup>		Oil prices <sup>3)</sup> (EUR per barrel)
	Total excluding construction		Manufacturing						Construction <sup>1)</sup>	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	-	-	3.0	-	0.2	2.1	13.0
1996	100.4	0.4	1.0	-1.2	1.2	1.9	1.7	2.1	1.3	6.5	-6.9	15.9
1997	101.4	1.1	0.6	1.2	0.3	0.9	0.1	1.2	1.3	10.0	12.9	17.1
1998	100.6	-0.8	-0.6	-2.2	0.5	0.5	0.1	0.7	0.2	-21.2	-12.5	12.0
1999	100.5	0.0	0.1	-0.6	0.1	0.2	0.2	0.2	.	17.8	-3.1	17.1
1998 Q4	99.4	-2.3	-2.0	-4.5	0.4	-0.1	0.1	-0.1	0.1	-30.0	-20.5	10.1
1999 Q1	98.8	-2.6	-2.1	-4.8	0.2	0.1	0.2	0.0	0.8	-17.6	-16.0	10.3
Q2	99.7	-1.3	-1.1	-2.7	0.0	-0.1	0.1	-0.1	0.8	5.9	-8.2	15.0
Q3	101.1	0.7	0.8	0.6	-0.1	0.2	0.2	0.2	1.1	31.0	1.1	19.7
Q4	102.6	3.1	2.8	4.7	0.1	0.5	0.4	0.6	.	61.5	14.0	23.0
1999 Feb.	98.7	-2.7	-2.3	-5.0	0.3	0.1	0.2	0.1	-	-20.6	-16.0	9.4
Mar.	99.0	-2.3	-1.8	-4.3	0.2	0.1	0.2	0.0	-	-8.4	-14.6	11.8
Apr.	99.6	-1.6	-1.2	-3.3	0.2	0.0	0.2	-0.1	-	0.3	-12.5	14.4
May	99.7	-1.3	-1.0	-2.8	-0.1	-0.1	0.1	-0.2	-	5.1	-7.8	14.9
June	99.9	-1.0	-1.0	-2.1	0.0	0.0	0.0	0.0	-	12.8	-4.2	15.6
July	100.6	0.0	0.1	-0.5	-0.1	0.1	0.1	0.1	-	22.7	-2.3	18.1
Aug.	101.0	0.7	0.9	0.7	-0.1	0.1	0.1	0.2	-	29.2	-0.5	19.2
Sep.	101.6	1.4	1.5	1.7	-0.1	0.4	0.4	0.4	-	41.4	6.6	21.8
Oct.	102.0	2.2	2.0	3.2	0.0	0.5	0.4	0.6	-	44.3	10.7	20.8
Nov.	102.5	3.1	2.8	4.6	0.1	0.6	0.3	0.7	-	60.4	11.9	23.5
Dec.	103.2	4.1	3.5	6.4	0.1	0.5	0.5	0.6	-	81.3	19.3	24.8
2000 Jan.	.	.	.	.	.	.	.	.	-	76.2	19.4	24.9
Feb.	.	.	.	.	.	.	.	.	-	.	.	27.6

**2. Deflators of gross domestic product**

	Deflators of GDP <sup>4)</sup> (s.a.)								
	GDP		Domestic demand	Private consumption	Government consumption	Gross fixed capital formation	Exports <sup>5)</sup>	Imports <sup>5)</sup>	
	Index, 1995 = 100								
	13	14	15	16	17	18	19	20	
1995	100.0	2.6	2.5	2.7	2.9	1.5	2.7	2.4	
1996	102.0	2.0	2.0	2.5	2.2	0.9	0.9	0.8	
1997	103.6	1.6	1.7	1.9	1.7	1.1	2.2	2.8	
1998	105.3	1.6	1.2	1.4	1.4	0.7	0.0	-1.4	
1997 Q3	103.8	1.6	1.9	2.0	1.6	1.2	2.6	3.8	
Q4	104.2	1.6	1.6	1.9	1.8	1.1	2.6	2.9	
1998 Q1	104.8	1.7	1.5	1.6	1.2	0.8	1.6	1.0	
Q2	105.1	1.7	1.4	1.6	1.3	0.9	0.7	-0.2	
Q3	105.5	1.6	1.0	1.2	1.7	0.7	-0.5	-2.5	
Q4	105.8	1.5	0.8	1.0	1.5	0.4	-1.8	-4.0	
1999 Q1	106.2	1.4	0.8	1.1	1.7	0.3	-2.2	-4.0	
Q2	106.3	1.1	1.0	1.3	1.9	0.4	-1.3	-1.7	
Q3	106.5	1.0	1.4	1.3	1.9	0.8	-0.2	1.1	

Sources: Eurostat, except columns 10 and 11 (HWVA, 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 <sup>1)</sup>

#### 1. Current prices

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

	GDP	Domestic demand	Private consumption	Government consumption	Gross fixed capital formation	Changes in inventories <sup>2)</sup>	Exports <sup>3)</sup>	Imports <sup>3)</sup>
	1	2	3	4	5	6	7	8
1995	5,307.9	5,220.0	2,995.8	1,097.2	1,094.1	32.8	1,548.8	1,460.9
1996	5,527.7	5,411.8	3,138.4	1,147.7	1,119.9	5.9	1,636.4	1,520.5
1997	5,641.5	5,503.0	3,189.6	1,153.4	1,135.2	24.9	1,803.4	1,664.9
1998	5,864.6	5,729.9	3,313.7	1,181.0	1,189.0	46.1	1,910.2	1,775.5
1998 Q2	1,458.6	1,423.0	823.2	294.2	292.2	13.3	480.6	445.0
Q3	1,473.4	1,438.2	832.9	296.1	299.8	9.4	478.9	443.7
Q4	1,487.7	1,456.6	843.8	298.5	302.7	11.6	473.0	441.9
1999 Q1	1,501.9	1,474.0	852.0	304.1	308.6	9.3	471.1	443.2
Q2	1,511.6	1,486.5	859.4	305.6	311.1	10.3	483.5	458.4
Q3	1,528.8	1,503.6	868.1	308.4	317.6	9.5	500.1	475.0

#### 2. Constant prices

(ECU billions at 1995 prices, seasonally adjusted)

	GDP	Domestic demand	Private consumption	Government consumption	Gross fixed capital formation	Changes in inventories <sup>2)</sup>	Exports <sup>3)</sup>	Imports <sup>3)</sup>
	9	10	11	12	13	14	15	16
1995	5,307.9	5,220.0	2,995.8	1,097.2	1,094.1	32.8	1,548.8	1,460.9
1996	5,379.0	5,266.5	3,038.9	1,117.8	1,104.2	5.7	1,618.6	1,506.1
1997	5,498.6	5,356.0	3,081.2	1,125.0	1,127.4	22.4	1,779.4	1,636.8
1998	5,647.4	5,531.7	3,170.9	1,140.3	1,175.4	45.1	1,892.9	1,777.2
1998 Q2	1,409.7	1,377.7	790.0	285.2	289.7	12.8	475.3	443.3
Q3	1,415.9	1,387.2	795.6	285.3	296.0	10.2	474.9	446.1
Q4	1,419.0	1,396.0	800.7	285.1	297.0	13.2	471.7	448.7
1999 Q1	1,426.7	1,407.2	806.5	288.9	302.5	9.3	471.5	451.9
Q2	1,434.1	1,413.1	808.7	288.5	303.8	12.1	481.7	460.7
Q3	1,447.7	1,421.0	814.7	290.0	308.5	7.8	496.0	469.2

(annual percentage changes)

1995	2.2	2.2	1.8	1.0	2.5	—	6.5	6.8
1996	1.3	0.9	1.4	1.9	0.9	—	4.5	3.1
1997	2.2	1.7	1.4	0.6	2.1	—	9.9	8.7
1998	2.7	3.3	2.9	1.4	4.3	—	6.4	8.6
1998 Q2	2.8	3.0	2.7	1.5	2.9	—	8.4	9.6
Q3	2.6	3.5	3.3	1.2	4.8	—	4.5	7.6
Q4	1.9	3.0	3.0	1.2	3.5	—	1.8	5.2
1999 Q1	1.7	2.7	2.8	1.5	3.4	—	0.1	2.9
Q2	1.7	2.6	2.4	1.2	4.9	—	1.3	3.9
Q3	2.2	2.4	2.4	1.6	4.2	—	4.4	5.2

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.

Table 5.2

Selected other real economy indicators <sup>1)</sup>

## 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	Consumer goods			
	1	2	3	4				Durable consumer goods	Non-durable consumer goods		
					5	6	7	8	9	10	11
1995	100.1	2.8	100.1	3.4	3.5	.	.	0.8	.	.	-0.4
1996	100.1	-0.1	100.4	0.3	0.0	-0.2	1.4	-0.2	-0.2	-0.4	-2.0
1997	103.9	3.8	104.8	4.4	5.0	5.4	5.0	2.7	2.8	2.6	-0.4
1998	107.5	3.5	109.2	4.1	4.6	3.7	6.8	3.1	6.4	1.5	-0.5
1999	.	.	110.9	1.6	1.6	1.5	1.5	1.7	2.3	1.5	.
1998 Q4	107.3	1.0	109.1	1.6	1.4	0.3	4.3	1.3	4.6	-0.3	-2.3
1999 Q1	107.8	0.3	109.3	0.5	0.2	-0.1	1.1	1.1	1.9	0.8	-0.5
Q2	108.3	0.6	109.9	0.4	0.3	0.2	-0.3	1.2	2.8	0.1	1.7
Q3	109.3	1.8	111.5	2.1	2.1	2.7	1.3	2.0	2.3	2.3	1.4
Q4	.	.	112.8	3.3	3.6	3.6	3.6	2.5	2.4	2.6	.
1999 Jan.	108.2	1.5	109.3	1.4	1.4	0.2	3.5	2.4	4.7	1.3	1.8
Feb.	107.3	-0.7	108.9	-0.3	-0.9	-0.8	0.4	-0.1	0.9	-0.4	-4.0
Mar.	108.1	0.3	109.9	0.3	0.1	0.2	-0.3	1.1	0.6	1.7	0.5
Apr.	108.0	-0.1	109.2	-0.3	-0.3	-0.7	0.0	0.1	1.1	-0.3	1.6
May	108.2	0.2	110.0	0.1	-0.1	-0.2	-1.1	1.3	3.2	-0.2	1.0
June	108.8	1.6	110.7	1.5	1.3	1.3	0.3	2.1	3.9	0.8	2.4
July	109.1	1.4	111.0	1.1	0.9	1.8	-0.6	1.2	0.6	1.7	1.8
Aug.	108.9	1.6	111.5	3.3	3.3	3.4	1.8	4.6	9.7	3.6	1.4
Sep.	109.7	2.3	111.9	2.2	2.3	3.1	2.8	0.9	-0.2	1.7	1.1
Oct.	109.8	2.1	112.1	2.0	2.2	1.9	2.5	1.4	0.0	2.2	1.2
Nov.	.	.	113.1	3.4	3.8	3.5	3.5	2.9	2.2	3.0	.
Dec.	.	.	113.1	4.5	5.1	5.5	5.0	3.3	5.8	2.5	.
2000 Jan.	.	.	.	.	.	.	.	.	.	.	.

## 2. Retail sales and car registrations

(annual percentage changes, unless otherwise indicated)

	Retail sales								New passenger car registrations	
	Current prices				Constant prices				Thousands <sup>2)</sup> (s.a.)	
	Total		Total		Food, beverages, tobacco	Non-food	Textiles, clothing, footwear	Household equipment		
	Index (s.a.) 1995 = 100		Index (s.a.) 1995 = 100						16	17
12	13	14	15					20	21	
1995	100.0	.	100.0	.	.	.	.	.	777	0.8
1996	102.1	2.1	100.5	0.5	0.6	.	-1.0	0.0	826	6.2
1997	104.4	2.3	101.7	1.2	1.2	0.9	0.6	1.1	861	4.2
1998	108.1	3.5	104.4	2.7	1.9	2.8	1.8	3.8	924	7.2
1999	.	.	.	.	.	.	.	.	974	5.4
1998 Q4	109.1	3.4	105.3	3.0	3.2	2.6	0.4	2.9	951	6.3
1999 Q1	110.1	3.2	105.9	2.5	2.4	2.0	1.9	1.3	973	6.6
Q2	110.8	2.7	106.6	2.2	2.9	1.6	1.9	2.5	979	8.3
Q3	111.9	2.7	107.3	2.0	3.0	0.7	-2.2	3.4	989	6.3
Q4	.	.	.	.	.	.	.	.	952	0.0
1999 Jan.	109.5	2.5	105.7	2.2	1.5	0.8	1.7	2.7	972	7.0
Feb.	109.7	2.5	105.8	1.8	2.4	1.0	-2.2	0.4	961	5.2
Mar.	111.0	4.6	106.3	3.4	3.4	4.2	5.6	1.0	987	7.2
Apr.	110.2	2.3	106.2	1.7	1.4	1.7	2.6	3.4	991	11.2
May	110.5	1.6	106.5	1.4	1.1	0.5	-0.2	1.2	969	5.8
June	111.7	4.1	107.0	3.4	6.3	2.6	3.5	3.1	978	7.9
July	111.7	2.7	107.1	2.2	2.8	1.4	0.1	3.3	1,043	10.4
Aug.	112.2	3.2	107.4	2.5	2.8	2.2	0.9	4.0	961	5.2
Sep.	111.8	2.1	107.4	1.2	3.4	-1.2	-6.7	2.8	964	2.1
Oct.	113.5	5.3	108.3	4.5	6.0	2.2	5.0	2.8	970	2.8
Nov.	113.7	3.9	108.3	2.4	3.1	2.1	2.2	2.4	959	-1.1
Dec.	.	.	.	.	.	.	.	.	929	-2.4
2000 Jan.	.	.	.	.	.	.	.	.	976	0.6

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**

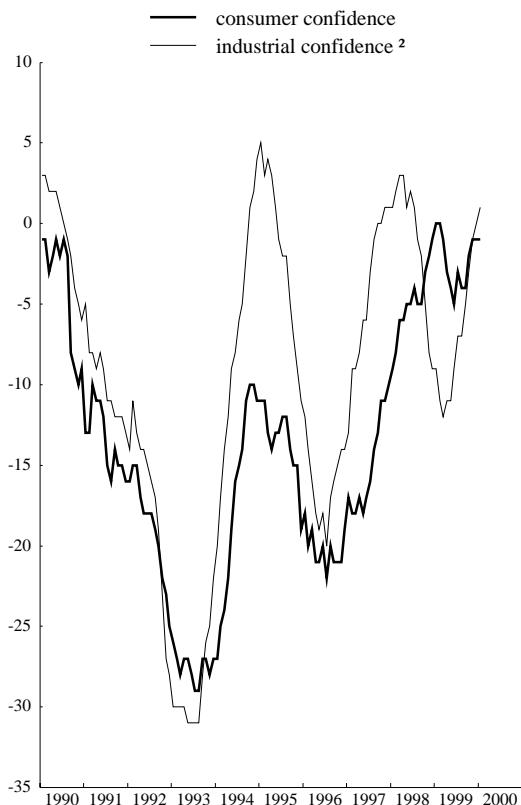
**Business and consumer surveys**

(percentage balances, seasonally adjusted, unless otherwise indicated)

	Manufacturing industry				Construction confidence indicator	Retail trade confidence indicator	Consumer confidence indicator
	Confidence indicator	Production expectations	Assessment of order books	Capacity utilisation <sup>1)</sup> (percentages)			
	1	2	3	4	5	6	7
1995	-2	10	-8	82.6	-27	-12	-14
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 Q1	-11	1	-20	82.0	-9	-3	0
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	.	.	.	82.9	.	.	.
1999 Jan.	-9	2	-16	-	-9	0	0
Feb.	-11	1	-20	-	-9	-4	0
Mar.	-12	0	-23	-	-9	-6	-1
Apr.	-11	2	-20	-	-7	-1	-3
May	-11	3	-22	-	-8	-3	-4
June	-9	5	-22	-	-6	-9	-5
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	-3	-1

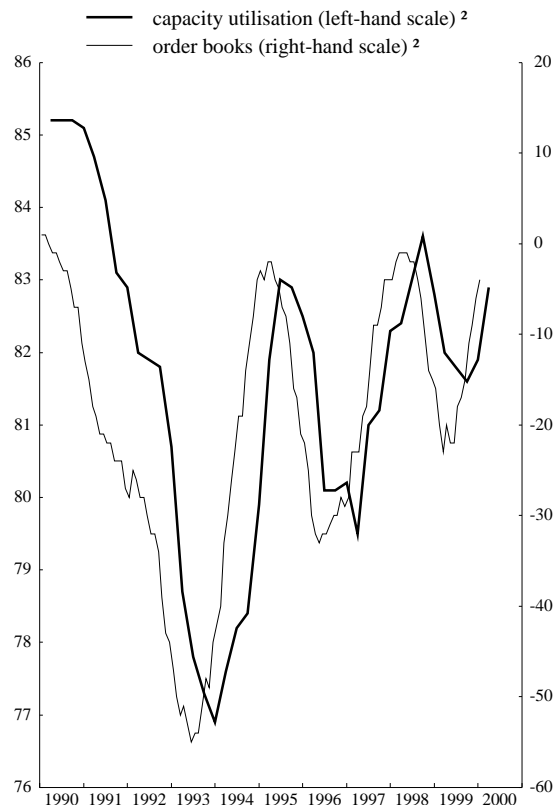
**Consumer and industrial confidence indicators**

(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 <sup>1)</sup>**
*(annual percentage changes, unless otherwise indicated)*

	Employment						Unemployment (s.a.)			
	Whole economy				Industry (excluding construction)	Services	Total		Adult <sup>2)</sup>	Youth <sup>2)</sup>
	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	.	.	.	.	.	14.287	11.3	9.5	23.2
1996	100.3	0.3	0.3	0.4	-1.2	1.3	14.702	11.6	9.8	23.9
1997	100.8	0.5	0.7	0.0	-0.4	1.1	14.787	11.6	9.9	23.2
1998	102.1	1.3	1.4	0.6	0.9	1.7	14.002	10.9	9.4	21.3
1999	.	.	.	.	.	.	12.909	10.0	8.8	19.1
1998 Q4	.	.	1.6	.	.	.	13.607	10.6	9.1	20.7
1999 Q1	.	.	1.6	.	.	.	13.265	10.3	9.0	20.0
Q2	.	.	1.7	.	.	.	13.025	10.1	8.9	19.3
Q3	.	.	1.5	.	.	.	12.834	10.0	8.7	18.9
Q4	.	.	.	.	.	.	12.511	9.7	8.6	18.3
1999 Jan.	-	-	-	-	-	-	13.363	10.4	9.0	20.3
Feb.	-	-	-	-	-	-	13.298	10.3	9.0	20.1
Mar.	-	-	-	-	-	-	13.134	10.2	8.9	19.7
Apr.	-	-	-	-	-	-	13.085	10.2	8.9	19.4
May	-	-	-	-	-	-	13.005	10.1	8.9	19.2
June	-	-	-	-	-	-	12.986	10.1	8.8	19.2
July	-	-	-	-	-	-	12.906	10.0	8.8	19.1
Aug.	-	-	-	-	-	-	12.894	10.0	8.8	19.1
Sep.	-	-	-	-	-	-	12.703	9.9	8.7	18.5
Oct.	-	-	-	-	-	-	12.623	9.8	8.6	18.4
Nov.	-	-	-	-	-	-	12.543	9.7	8.6	18.3
Dec.	-	-	-	-	-	-	12.368	9.6	8.5	18.0
2000 Jan.	-	-	-	-	-	-	12.333	9.6	8.4	18.2

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

	Unit labour cost in the whole economy, and components (s.a.)			Labour cost indices <sup>3)</sup> and components						Earnings per employee in manufacturing
	Unit labour cost	Compensation per employee	Labour productivity	Total	Wages and salaries	Other	Industry	Services		
							Total	Total		
							17	18		
11	12	13	14	15	16	17	18	19		
1995	1.5	3.4	1.9	-	-	-	-	-	3.7	
1996	2.0	3.2	1.2	3.4	3.1	4.5	3.6	3.9	3.7	
1997	0.7	2.4	1.7	2.5	2.4	3.0	2.3	2.6	2.8	
1998	0.0	1.5	1.5	1.7	1.9	3.3	1.8	1.2	2.4	
1997 Q3	0.4	2.2	1.8	2.1	2.1	2.4	2.2	1.9	2.6	
Q4	0.0	2.0	2.1	2.4	2.3	3.0	2.4	2.1	2.7	
1998 Q1	-1.5	1.2	2.8	1.7	1.9	3.0	1.5	1.3	2.0	
Q2	-0.1	1.4	1.4	1.8	2.0	3.5	2.0	1.3	2.5	
Q3	0.3	1.5	1.2	1.6	1.7	3.6	1.9	1.1	2.3	
Q4	0.8	1.4	0.5	1.8	1.9	3.1	2.0	1.2	2.6	
1999 Q1	1.7	1.8	0.1	2.0	2.1	2.0	2.1	1.4	2.4	
Q2	1.6	2.0	0.5	2.0	2.2	1.8	1.9	1.9	2.2	
Q3	0.8	1.7	0.9	2.4	2.5	2.1	2.3	2.0	.	

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. 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 <sup>1)</sup>			Investment of private non-financial sectors <sup>1)2)</sup>							
	Gross saving	Gross fixed capital formation	Net lending to the rest of the world	Gross fixed capital formation	Non-financial corporations	Net acquisition of financial assets	Currency and deposits	Securities other than shares	Long-term securities	Shares	Insurance technical reserves
	1	2	3	4	5	6	7	8	9	10	11
1991	21.9	23.0	-1.3	19.1	14.3	16.6	3.9	3.0	2.5	1.7	2.5
1992	20.9	22.2	-1.0	18.4	13.7	13.9	4.4	1.7	0.5	1.5	2.6
1993	20.0	20.2	0.5	16.6	12.3	13.1	5.4	0.5	1.0	0.8	2.9
1994	20.4	19.8	0.3	16.5	12.3	13.6	3.3	2.2	2.4	1.7	2.9
1995	21.5	20.2	0.5	16.9	12.7	13.4	4.5	2.0	1.8	1.4	3.4
1996	21.0	19.9	0.9	16.7	12.3	12.0	4.0	0.1	1.2	1.2	3.6
1997	21.7	19.4	1.5	16.3	12.1	12.8	2.3	-0.8	-0.3	1.4	3.9
1998	22.0	19.4	1.1	16.3	12.1	13.9	2.2	-1.9	-1.1	2.3	3.1

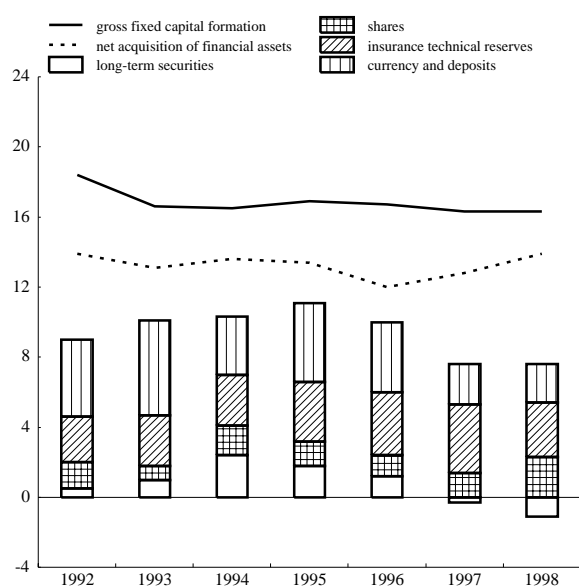
  

	Financing of private non-financial sectors <sup>1)2)</sup>									Net financial investment <sup>3)</sup>	Financial investment as a % of gross investment <sup>4)</sup>	Net incurrence of liabilities as a % of financing <sup>5)</sup>
	Gross saving	Households	Net incurrence of liabilities	Securities other than shares	Long-term securities	Shares	Loans	Long-term loans				
	12	13	14	15	16	17	18	19				
1991	21.0	12.1	13.2	0.4	0.4	1.6	9.1	5.0	3.4	46.5	38.6	
1992	20.7	12.1	10.3	0.7	0.6	1.4	6.8	4.7	3.6	43.0	33.2	
1993	20.4	11.5	7.6	1.3	1.4	1.6	3.6	4.3	5.5	44.1	27.1	
1994	20.3	10.6	9.5	1.0	1.1	1.8	3.6	3.5	4.1	45.2	31.9	
1995	21.2	10.8	7.1	-1.8	-1.8	1.4	5.4	3.6	6.3	44.2	25.1	
1996	20.4	10.7	8.2	0.2	0.0	1.7	5.4	4.4	3.8	41.8	28.7	
1997	19.9	9.4	9.4	0.1	0.0	1.5	6.6	4.8	3.4	44.0	32.1	
1998	18.9	8.8	12.0	0.5	0.2	2.6	7.6	5.6	1.9	46.0	38.8	

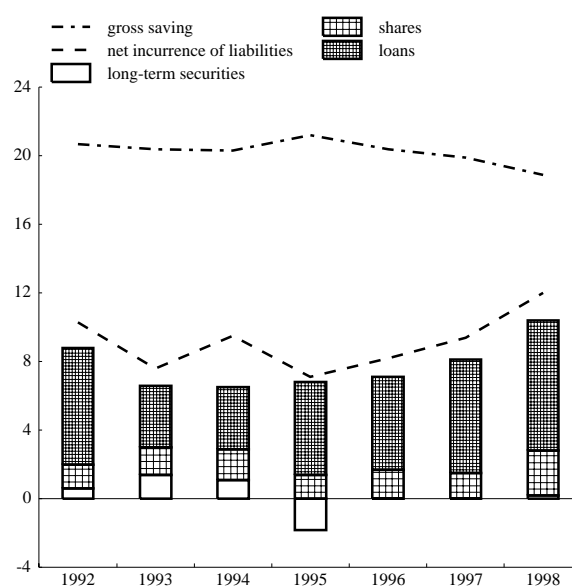
### Investment and financing of private non-financial sectors <sup>1)2)</sup>

(as a percentage of GDP)

#### Investment



#### Financing



Source: ECB.

1) Selected items of investment and financing.

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

3) Column 6 - column 14.

4) Column 6:(column 4 + column 6).

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

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

**Table 7**

## General government fiscal position

(as a percentage of GDP)

### 1. Euro area <sup>1)</sup> – 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			Inter-mediate consumption	Interest	Transfers to households	Investment			
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	
1991	46.4	46.1	11.9	12.9	16.8	2.2	0.4	50.9	46.1	11.2	5.4	5.0	20.5	4.8	3.1
1992	47.6	46.8	12.0	12.9	17.1	2.3	0.7	52.2	47.5	11.4	5.5	5.5	21.4	4.7	3.1
1993	48.3	47.8	12.1	13.2	17.6	2.4	0.5	53.9	49.2	11.6	5.7	5.8	22.3	4.7	2.9
1994	47.7	47.2	11.6	13.4	17.5	2.3	0.4	52.7	48.3	11.3	5.5	5.4	22.3	4.4	2.8
1995	47.4	46.8	11.7	13.3	17.4	2.4	0.5	52.4	48.0	11.2	5.3	5.7	22.3	4.5	2.6
1996	48.2	47.7	12.1	13.4	17.7	2.5	0.5	52.4	48.5	11.2	5.4	5.6	22.8	3.9	2.5
1997	48.5	47.8	12.3	13.5	17.6	2.4	0.7	51.0	47.3	11.0	5.3	5.1	22.6	3.7	2.3
1998	48.0	47.5	12.5	14.1	16.6	2.4	0.5	50.0	46.2	10.7	5.2	4.6	22.1	3.8	2.3

### 2. Euro area <sup>1)</sup> – saving, deficit and debt

	Gross saving	Deficit (-) / surplus (+)				Primary deficit/surplus	Deficit/debt adjustment <sup>2)</sup>	Change in debt <sup>3)</sup>				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	0.0	-4.4	-4.3	-0.4	0.3	0.5	0.7	5.1	1.3	0.0	3.9	58.1	18.5	8.5	31.2
1992	-0.7	-4.6	-4.1	-0.5	-0.1	0.8	2.1	6.7	1.7	0.8	4.2	61.7	19.2	8.9	33.6
1993	-1.4	-5.6	-4.9	-0.6	0.0	0.2	2.5	8.1	1.5	-0.3	6.9	68.2	20.2	8.3	39.7
1994	-1.1	-5.1	-4.4	-0.7	0.0	0.4	0.9	5.9	0.2	0.6	5.1	70.7	19.4	8.5	42.8
1995	-1.1	-5.1	-4.3	-0.5	-0.3	0.6	2.1	7.2	2.0	-0.2	5.4	74.7	20.5	7.9	46.3
1996	-0.8	-4.2	-3.6	-0.4	-0.2	1.4	-0.3	4.0	0.3	0.2	3.4	76.0	20.2	7.8	48.0
1997	0.5	-2.5	-2.3	-0.3	0.1	2.6	-0.3	2.2	-0.1	-1.0	3.2	75.3	19.3	6.5	49.4
1998	1.4	-2.0	-2.1	0.1	0.1	2.7	-0.5	1.5	-0.3	-0.7	2.5	73.5	18.1	5.6	49.8

### 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
1991	-6.3	-3.1	-4.4	-2.0	-2.3	-10.1	1.9	-2.9	-3.0	-6.0	-1.0
1992	-7.0	-2.6	-4.0	-3.8	-2.5	-9.6	0.7	-3.9	-2.0	-3.0	-5.9
1993	-7.3	-3.2	-6.8	-5.7	-2.2	-9.5	1.6	-3.2	-4.2	-6.1	-7.1
1994	-4.9	-2.4	-6.2	-5.8	-1.7	-9.2	2.7	-3.8	-5.0	-6.0	-6.4
1995	-3.8	-3.3	-7.1	-4.9	-2.1	-7.7	1.8	-4.1	-5.1	-5.7	-4.6
1996	-3.1	-3.4	-4.5	-4.1	-0.2	-6.6	2.8	-1.8	-3.7	-3.3	-3.1
1997	-1.6	-2.7	-2.5	-3.0	1.0	-2.7	3.8	-1.0	-1.8	-2.5	-1.2
1998	-0.9	-2.0	-1.7	-2.9	2.4	-2.7	2.5	-0.7	-2.2	-2.2	0.9

### 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
1991	128.5	41.4	44.6	35.7	94.3	101.5	4.0	79.0	57.9	62.9	23.1
1992	130.1	44.0	47.1	39.6	91.1	108.7	4.9	80.0	57.9	56.3	41.3
1993	136.8	48.0	59.0	45.7	92.6	119.1	5.9	81.2	62.7	61.0	57.6
1994	135.1	50.2	61.3	48.5	86.1	124.9	5.5	77.9	65.4	63.8	59.3
1995	132.0	58.3	64.2	52.8	78.4	125.3	5.8	77.9	69.4	65.9	58.1
1996	128.8	60.8	68.5	55.7	68.6	124.6	6.3	76.1	69.8	64.9	57.6
1997	123.4	61.5	67.1	58.1	59.9	122.4	6.4	70.8	64.1	61.7	55.0
1998	118.2	61.1	65.1	58.8	49.5	118.7	6.9	67.5	63.0	57.8	49.7

Sources: ECB for euro area aggregated data; for data relating to countries' deficit/surplus and debt, 1995-98: European Commission (Economic and Financial Affairs DG and Eurostat), 1991-94: ECB.

1) Receipts, expenditure and deficit aggregates based mainly on the ESA 95. Euro area excluding Luxembourg; 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  $[debt(t) - debt(t-1)] \div GDP(t)$ .

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

**Table 8.1**

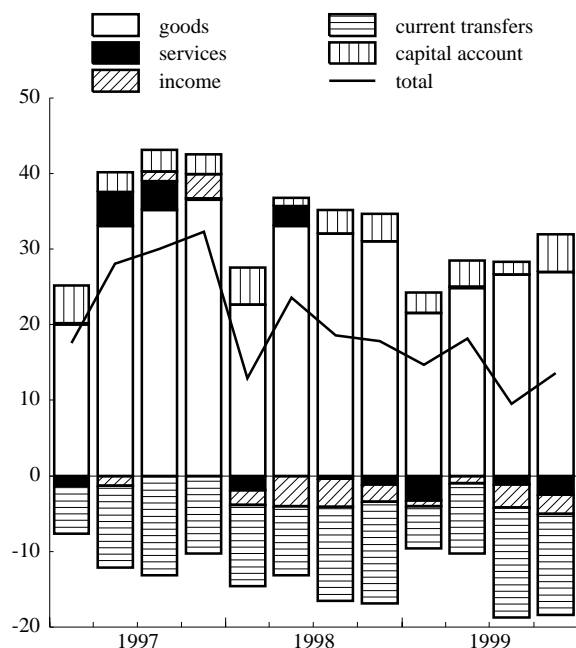
### Summary balance of payments

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

	Current account					Capital account	Financial account <sup>1)</sup>						Errors and omissions
	Total	Goods	Services	Income	Current transfers		Total	Direct investment	Portfolio investment	Financial derivatives	Other investment <sup>4)</sup>	Reserve assets	
	1	2	3	4	5	6	7	8	9	10	11	12	13
1997 <sup>2)</sup>	94.7	124.8	7.1	3.3	-40.5	13.1	.	-48.1	-22.8	.	.	.	.
1998 <sup>3)</sup>	60.3	118.8	-0.9	-11.9	-45.8	12.7	-69.1	-102.6	-85.3	-8.2	118.5	8.5	-3.8
1999	43.2	99.9	-6.6	-7.3	-42.8	12.8	-62.7	-147.2	-21.3	-0.8	93.2	13.4	6.7
1998 Q4	14.2	31.0	-1.2	-2.3	-13.4	3.7	-36.2	-56.5	-39.7	-5.3	58.7	6.7	18.3
1999 Q1	11.9	21.5	-3.2	-0.8	-5.5	2.8	-33.1	-15.6	-54.7	-1.4	33.0	5.5	18.4
Q2	14.8	24.8	0.2	-0.9	-9.3	3.4	-28.3	-52.6	-7.0	-0.6	25.3	6.6	10.1
Q3	7.9	26.6	-1.1	-3.0	-14.6	1.6	-6.7	-23.3	29.8	1.5	-16.1	1.4	-2.9
Q4	8.6	26.9	-2.5	-2.5	-13.3	5.0	5.4	-55.8	10.6	-0.2	50.9	-0.1	-19.0
1998 Oct.	3.7	10.6	-1.0	-1.0	-4.9	0.8	-9.7	-18.0	-30.7	-2.9	44.8	-2.9	5.3
Nov.	4.4	10.2	-0.3	-1.0	-4.6	0.9	7.4	-35.3	3.1	-2.3	47.8	-5.8	-12.6
Dec.	6.1	10.3	0.1	-0.3	-3.9	2.0	-33.8	-3.2	-12.0	-0.1	-33.9	15.4	25.7
1999 Jan.	-0.5	4.8	-2.9	-0.4	-2.0	2.7	0.4	-4.7	8.8	-1.9	0.3	-2.1	-2.6
Feb.	4.1	6.9	0.0	-0.6	-2.2	-0.1	6.8	-6.2	-26.4	-0.4	34.8	5.0	-10.8
Mar.	8.3	9.8	-0.4	0.2	-1.4	0.2	-40.3	-4.6	-37.1	0.9	-2.1	2.7	31.8
Apr.	6.8	8.0	-0.4	2.1	-2.9	0.5	-5.1	-14.6	13.6	3.5	-9.3	1.8	-2.3
May	0.5	5.9	0.7	-2.9	-3.2	1.4	-11.0	-19.1	-28.5	-3.9	37.0	3.5	9.1
June	7.4	11.0	-0.1	-0.2	-3.2	1.4	-12.2	-18.9	7.9	-0.1	-2.3	1.3	3.3
July	7.6	14.6	-0.1	-2.4	-4.5	0.7	-24.4	-9.8	-3.2	0.8	-11.5	-0.8	16.2
Aug.	2.4	6.5	-0.5	1.2	-4.8	0.6	27.2	-7.2	12.0	1.9	20.0	0.5	-30.2
Sep.	-2.0	5.6	-0.6	-1.8	-5.2	0.4	-9.5	-6.3	20.9	-1.2	-24.6	1.7	11.1
Oct.	3.6	10.2	-0.6	-1.9	-4.0	1.6	12.0	-11.6	-14.4	-1.4	39.4	0.1	-17.2
Nov.	2.4	8.3	-1.1	-0.3	-4.5	0.8	-0.6	-17.5	18.0	1.6	-3.2	0.6	-2.6
Dec.	2.6	8.4	-0.7	-0.3	-4.8	2.6	-6.1	-26.6	7.0	-0.4	14.7	-0.8	0.9

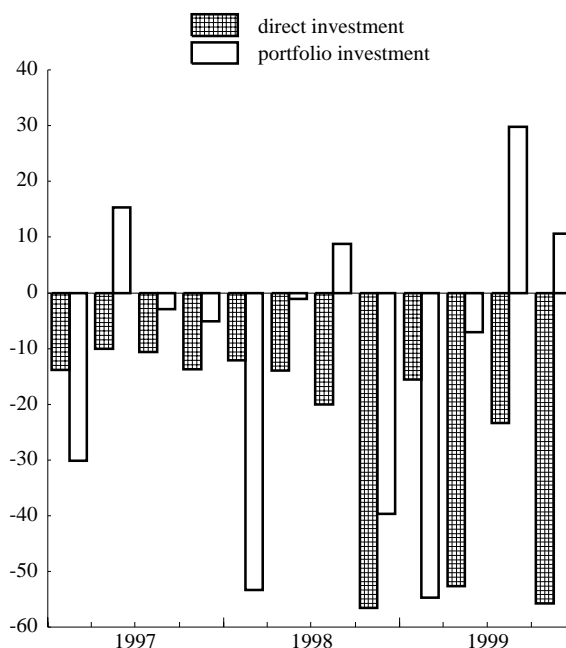
### Current and capital accounts

(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) Data on services and income are not closely comparable with later observations.

3) Data before end-1998 on portfolio investment, financial derivatives, other investment and reserve assets are not closely comparable with later observations.

4) Flows before January 1999 include estimates.

**Table 8.2****Balance of payments: current and capital accounts***(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 <sup>1)</sup>	1,212.2	1,117.5	744.1	619.3	217.9	210.8	189.5	186.2	60.7	101.1	18.9	5.8
1998	1,264.0	1,203.7	772.4	653.6	232.0	232.8	198.5	210.4	61.1	106.9	17.8	5.1
1999	1,288.2	1,245.0	791.3	691.4	232.4	239.0	199.1	206.4	65.4	108.2	19.1	6.3
1998 Q4	316.6	302.4	195.7	164.7	58.1	59.3	50.3	52.6	12.4	25.9	5.2	1.6
1999 Q1	299.7	287.7	179.7	158.2	50.7	53.9	45.5	46.3	23.8	29.3	4.4	1.7
Q2	324.0	309.2	193.1	168.2	59.3	59.1	56.8	57.8	14.8	24.2	4.6	1.2
Q3	322.0	314.1	199.9	173.2	62.5	63.6	46.8	49.8	12.9	27.5	3.1	1.5
Q4	342.5	333.9	218.7	191.8	59.9	62.4	50.0	52.5	13.9	27.2	6.9	2.0
1998 Oct.	105.7	101.9	67.1	56.5	19.4	20.4	15.7	16.7	3.4	8.4	1.2	0.4
Nov.	101.5	97.1	64.4	54.2	17.9	18.1	15.3	16.3	4.0	8.5	1.3	0.5
Dec.	109.4	103.3	64.3	54.0	20.8	20.8	19.3	19.6	5.0	9.0	2.7	0.6
1999 Jan.	95.0	95.5	53.5	48.7	14.9	17.8	14.4	14.8	12.3	14.3	3.1	0.4
Feb.	94.7	90.5	57.4	50.5	17.2	17.2	13.8	14.5	6.2	8.4	0.7	0.8
Mar.	110.0	101.7	68.8	59.0	18.7	19.0	17.3	17.1	5.3	6.6	0.6	0.5
Apr.	105.4	98.5	63.3	55.3	18.5	18.9	18.7	16.6	4.9	7.8	1.0	0.4
May	102.2	101.7	60.7	54.9	19.2	18.5	16.9	19.7	5.4	8.6	1.8	0.3
June	116.4	109.0	69.1	58.1	21.6	21.7	21.2	21.4	4.6	7.8	1.9	0.5
July	115.5	107.9	72.8	58.2	22.7	22.8	15.3	17.8	4.6	9.1	1.3	0.6
Aug.	97.9	95.5	58.8	52.3	19.1	19.6	15.8	14.6	4.2	9.0	1.0	0.4
Sep.	108.7	110.7	68.2	62.7	20.6	21.2	15.7	17.5	4.1	9.4	0.8	0.5
Oct.	111.2	107.6	71.7	61.6	19.7	20.4	15.1	17.1	4.6	8.6	2.1	0.5
Nov.	113.1	110.7	73.6	65.2	19.1	20.3	16.5	16.8	4.0	8.5	1.5	0.6
Dec.	118.2	115.6	73.4	65.0	21.1	21.8	18.4	18.7	5.3	10.2	3.4	0.8

Source: ECB.

1) Data on services and income are not closely comparable with later observations.



**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 Q1	45.5	46.3	2.3	0.9	43.2	45.4	7.8	8.8	12.5	15.0	23.0	21.6
Q2	56.8	57.8	2.3	1.3	54.5	56.5	12.7	8.1	16.2	24.1	25.5	24.3
Q3	46.8	49.8	2.3	1.4	44.5	48.4	9.5	9.8	14.6	17.9	20.4	20.7

	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 Q1	6.9	8.0	0.9	0.9	1.6	3.6	10.9	11.3	10.5	10.9	0.5	0.5
Q2	11.5	7.0	1.2	1.1	3.4	10.9	12.9	13.1	12.3	12.5	0.6	0.7
Q3	8.2	8.6	1.3	1.2	2.4	5.5	12.2	12.4	11.7	11.9	0.6	0.5

Source: ECB.

**Table 8.4**
**Balance of payments: direct and portfolio investment accounts <sup>1)</sup>**
*(EUR billions (ECU billions to end-1998); net flows)*
**1. Direct investment; portfolio investment by instrument**

	Direct investment		Portfolio investment <sup>2)</sup>										
	Abroad	In the euro area	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	11	12		
1997	-93.4	45.3	.	.	.	.	.	.	.	.	.	.	.
1998	-183.0	80.4	-302.1	216.8	-98.7	98.3	-203.3	-187.1	-16.3	118.5	102.7	15.8	
1999	-212.5	65.2	-280.5	259.2	-150.0	93.9	-130.5	-120.5	-10.0	165.3	82.9	82.4	
1998 Q4	-70.0	13.5	-61.4	21.7	-20.1	41.6	-41.2	-29.2	-12.0	-19.9	-18.0	-1.9	
1999 Q1	-36.3	20.8	-65.3	10.7	-21.7	-5.4	-43.6	-43.8	0.1	16.1	2.9	13.2	
Q2	-76.9	24.3	-85.6	78.6	-40.9	31.3	-44.7	-52.5	7.8	47.3	33.7	13.7	
Q3	-26.9	3.6	-64.3	94.1	-37.2	27.1	-27.0	-21.0	-6.1	67.0	42.3	24.7	
Q4	-72.3	16.6	-65.3	75.9	-50.2	41.0	-15.1	-3.2	-11.9	34.9	4.1	30.9	
1998 Oct.	-13.0	-5.0	-9.6	-21.1	-2.0	-2.0	-7.6	-6.7	-0.9	-19.1	-24.7	5.6	
Nov.	-42.7	7.4	-32.0	35.0	-10.0	36.4	-21.9	-13.8	-8.2	-1.4	-0.8	-0.6	
Dec.	-14.2	11.0	-19.8	7.7	-8.1	7.1	-11.7	-8.8	-2.9	0.6	7.5	-6.9	
1999 Jan.	-11.8	7.1	-19.1	27.9	-6.4	9.5	-12.7	-9.3	-3.4	18.4	15.7	2.7	
Feb.	-12.0	5.8	-16.2	-10.2	-4.3	1.9	-11.9	-13.2	1.3	-12.1	-18.0	6.0	
Mar.	-12.5	7.9	-30.0	-7.1	-11.0	-16.9	-19.0	-21.2	2.3	9.7	5.2	4.5	
Apr.	-23.3	8.7	-22.2	35.8	-11.7	8.2	-10.5	-14.8	4.3	27.6	27.7	-0.1	
May	-28.3	9.1	-37.9	9.4	-15.7	10.8	-22.2	-23.3	1.1	-1.4	-9.2	7.8	
June	-25.3	6.4	-25.5	33.4	-13.5	12.3	-12.0	-14.4	2.4	21.1	15.2	5.9	
July	-3.6	-6.2	-22.0	18.8	-9.8	11.0	-12.2	-11.8	-0.3	7.8	0.4	7.4	
Aug.	-12.8	5.6	-22.8	34.8	-14.8	5.5	-8.0	-6.5	-1.5	29.3	21.8	7.5	
Sep.	-10.5	4.3	-19.5	40.4	-12.6	10.5	-6.9	-2.7	-4.2	29.9	20.1	9.8	
Oct.	-18.5	6.9	-15.3	0.8	-12.2	9.2	-3.0	2.7	-5.7	-8.4	-13.3	4.9	
Nov.	-19.9	2.4	-31.1	49.1	-17.5	14.9	-13.7	-9.2	-4.5	34.3	15.7	18.6	
Dec.	-33.8	7.2	-18.9	25.9	-20.5	16.9	1.6	3.2	-1.6	9.0	1.6	7.4	

**2. Portfolio investment 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 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

*Source: ECB.*
*1) Inflows (+); outflows (-).*
*2) Data before end-1998 are not closely comparable with later observations and include estimates.*

**Table 8.5****Balance of payments: other investment account and reserve assets <sup>1)</sup>***(EUR billions (ECU billions to end-1998); net flows)***1. Other investment by sector <sup>2)</sup>**

	Total		Eurosystem		General government		MFIs (excluding the Eurosystem)						Other sectors	
	Assets 1	Liabilities 2	Assets 3	Liabilities 4	Assets 5	Liabilities 6	Total		Long-term		Short-term		Assets 13	Liabilities 14
							Assets 7	Liabilities 8	Assets 9	Liabilities 10	Assets 11	Liabilities 12		
1998	-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	-63.3	156.5	12.0	0.0	-1.2	-12.2	-27.9	138.8	-51.2	40.9	23.3	97.9	-46.3	29.9
1998 Q4	59.1	-0.4	-0.5	2.9	3.0	-2.5	53.7	-4.1	-3.7	14.2	57.4	-18.3	2.9	3.2
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	-1.6	52.5	4.9	0.0	-0.1	-2.7	-14.2	50.5	-7.4	12.6	-6.8	37.9	7.8	4.7
1998 Oct.	3.5	41.3	0.0	0.4	0.0	0.2	13.5	38.5	-1.3	2.8	14.8	35.7	-10.1	2.2
Nov.	6.7	41.1	-0.1	-2.6	1.2	2.2	1.6	39.8	-0.8	1.8	2.4	38.0	4.1	1.7
Dec.	49.0	-82.8	-0.4	5.2	1.9	-4.9	38.6	-82.4	-1.6	9.6	40.3	-92.0	8.9	-0.7
1999 Jan.	-64.7	65.1	8.4	0.0	0.0	-4.8	-65.0	65.2	-6.2	3.4	-58.8	61.7	-8.2	4.6
Feb.	30.9	3.9	-4.5	0.0	-2.2	-0.6	48.5	1.5	-0.6	-3.2	49.1	4.6	-10.9	3.1
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.	-20.0	59.4	-0.1	0.0	-1.1	-0.6	-22.9	54.7	-4.7	4.2	-18.1	50.4	4.1	5.4
Nov.	-66.1	62.9	2.6	0.0	1.0	-1.8	-66.3	61.8	2.4	-1.1	-68.7	62.9	-3.5	2.8
Dec.	84.5	-69.8	2.4	0.0	0.0	-0.4	74.9	-66.0	-5.0	9.4	79.9	-75.4	7.3	-3.5

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

	Loans/currency and deposits			Other assets/liabilities		
	Assets 1	Liabilities 2	Balance 3	Assets 4	Liabilities 5	Balance 6
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

Source: ECB.

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

2) Data before end-1998 are not closely comparable with later observations and include estimates.

## 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 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

## 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 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

## 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 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

## 3. Reserve assets <sup>1)</sup>

	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 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

Source: ECB.

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

**Table 8.6**
**International investment position**
**1. Net international investment position <sup>1)</sup>**
*(EUR billions (ECU billions in 1997); assets minus liabilities; end-of-period positions)*

	Total	Direct investment			Portfolio investment					Financial derivatives <sup>2)</sup>	Other investment				Reserve assets <sup>2)</sup>
		Total	Equity (including reinvested earnings)	Other capital	Total	Equity securities	Debt instruments <sup>2)</sup>				Total	Trade credits	Loans/currency and deposits <sup>2)</sup>	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

**2. Reserves and related assets of the Eurosystem <sup>3)</sup>**
*(EUR billions; end-of-period positions, unless otherwise indicated)*

	Reserve assets													Memo: related assets
	Total	Monetary gold		Special drawing rights	Reserve position in the IMF	Foreign exchange						Other claims	Claims on euro area residents denominated in foreign currency	
		In fine troy ounces (millions)	Total			Currency and deposits		Securities			Financial derivatives			
						With monetary authorities and the BIS	With banks	Equity	Bonds and notes	Money market instruments				
1	2	3	4	5	6	7	8	9	10	11	12	13	14	
1998 Dec. <sup>4)</sup>	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 Jan.	337.3	101.3	404.084	5.3	23.0	206.5	-	-	-	-	-	0.0	1.2	7.6
Feb.	339.6	105.3	404.084	2.3	23.0	208.7	-	-	-	-	-	0.0	0.2	9.6
Mar.	348.6	105.1	404.084	3.8	23.3	215.1	-	-	-	-	-	0.0	1.3	10.4
Apr.	352.0	109.3	404.084	5.4	23.8	212.4	-	-	-	-	-	0.0	1.2	11.7
May	344.3	103.8	404.083	4.9	23.9	210.4	-	-	-	-	-	0.0	1.2	12.7
June	346.8	102.0	403.730	3.9	25.1	214.8	-	-	-	-	-	0.0	1.1	12.6
July	339.4	96.5	403.730	3.6	24.3	213.8	-	-	-	-	-	0.0	1.2	12.7
Aug.	340.9	96.9	403.730	3.7	24.1	215.0	-	-	-	-	-	0.0	1.1	12.4
Sep.	353.5	113.2	403.730	3.7	23.6	212.2	-	-	-	-	-	0.0	0.9	12.9
Oct.	357.5	115.5	403.730	3.7	23.5	214.0	-	-	-	-	-	0.0	0.8	13.5
Nov.	362.5	116.5	403.730	3.8	23.5	217.9	-	-	-	-	-	0.0	0.9	12.5
Dec. <sup>5)</sup>	371.1	116.4	402.769	4.5	24.3	224.9	-	-	-	-	-	0.0	0.9	14.4
2000 Jan. <sup>5)</sup>	375.6	116.2	401.650	4.3	24.2	229.8	-	-	-	-	-	0.0	1.1	14.5

Source: ECB.

1) Obtained by aggregating national data.

2) Data for end-1997 are not closely comparable with those for end-1998.

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

4) Position as at 1 January 1999.

5) The change in the gold holdings of the Eurosystem is due to a sale of gold by a central bank within the terms of the Central Bank Gold Agreement of 26 September 1999.

## 9 External trade in goods of the euro area

**Table 9**

### 1. Exports <sup>1)</sup>

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

	Total	Food, drink, tobacco	Raw materials	Energy	Chemicals	Other manu- factured articles	Machinery, transport equipment	Other	Export trade indices 1995 = 100										
									1	2	3	4	5	6	7	8	Value <sup>2)</sup>	Volume <sup>2)</sup>	Unit value
																	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	825.1	.	.	.	.	.	.	.	132.6	.	.								
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	196.0	13.5	3.9	3.0	25.8	55.3	91.0	3.6	125.9	118.2	106.5								
Q4	201.3	14.2	3.8	2.9	25.0	55.1	96.7	3.7	129.4	122.8	105.4								
1999 Q1	187.9	12.3	3.8	2.6	25.8	51.0	86.6	5.7	120.7	112.5	107.3								
Q2	202.9	13.4	4.0	3.1	27.9	54.8	93.9	5.8	130.4	119.6	109.0								
Q3	209.1	13.8	4.1	3.8	29.6	56.5	95.4	6.0	134.4	122.7	109.5								
Q4	225.2	.	.	.	.	.	.	.	144.7	.	.								
1998 Jan.	58.6	4.3	1.3	1.2	8.4	16.3	26.0	1.2	112.9	104.9	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	103.3	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	32.4	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.	54.6	3.7	1.1	0.8	7.8	14.7	25.0	1.5	105.3	98.6	106.8								
Feb.	60.2	4.0	1.2	0.8	8.2	16.5	27.4	2.1	116.0	108.6	106.9								
Mar.	73.1	4.7	1.4	1.0	9.8	19.9	34.3	2.1	140.9	130.5	108.0								
Apr.	65.9	4.3	1.3	1.0	9.1	17.7	30.6	1.7	127.0	116.5	109.0								
May	63.7	4.5	1.3	1.0	9.0	17.3	28.8	1.8	122.7	113.0	108.6								
June	73.4	4.6	1.3	1.1	9.8	19.8	34.5	2.2	141.5	129.3	109.4								
July	76.2	4.5	1.4	1.2	10.3	20.8	35.7	2.4	147.0	133.0	110.5								
Aug.	60.9	4.2	1.3	1.1	9.2	16.0	27.4	1.8	117.5	106.9	109.9								
Sep.	72.0	5.0	1.4	1.5	10.1	19.7	32.3	1.9	138.7	128.5	108.0								
Oct.	75.6	5.2	1.5	1.4	10.1	20.6	34.9	2.0	145.8	132.9	109.7								
Nov.	76.2	5.2	1.5	1.2	10.4	20.4	35.5	1.9	146.8	.	.								
Dec.	73.4	.	.	.	.	.	.	.	141.5	.	.								

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 <sup>1)</sup>**
*(EUR billions (ECU billions to end-1998); c.i.f. value)*

	Total 1	Food, drink, tobacco 2	Raw materials 3	Energy 4	Chemicals 5	Other manu- factured articles 6	Machinery, transport equipment 7	Other 8	Import trade indices 1995 = 100		
									Value <sup>2)</sup> 9	Volume <sup>2)</sup> 10	Unit value 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	714.6	55.1	41.3	62.2	67.9	202.1	270.0	16.1	127.0	123.7	102.7
1999	767.1	.	.	.	.	.	.	.	136.3	.	.
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	181.0	13.7	10.9	17.5	17.7	51.6	65.3	4.3	128.7	119.9	107.3
Q2	180.1	13.7	11.1	16.0	17.3	50.4	67.2	4.3	128.0	122.3	104.7
Q3	172.1	13.4	9.7	14.7	16.4	50.8	63.4	3.6	122.3	120.1	101.8
Q4	181.4	14.3	9.6	13.9	16.5	49.3	74.0	3.8	129.0	132.4	97.4
1999 Q1	177.2	12.0	9.1	13.4	17.0	49.8	70.5	5.5	126.0	127.4	98.9
Q2	188.0	12.6	10.0	16.8	17.6	50.4	74.7	5.8	133.6	128.6	103.9
Q3	192.4	12.6	9.4	21.2	17.1	53.9	72.4	5.7	136.7	125.1	109.3
Q4	209.5	.	.	.	.	.	.	.	148.9	.	.
1998 Jan.	58.1	4.5	3.5	6.2	5.6	16.6	20.4	1.4	124.0	115.2	107.6
Feb.	58.3	4.3	3.5	5.7	5.6	16.7	20.8	1.6	124.3	115.2	107.9
Mar.	64.6	4.9	3.8	5.6	6.5	18.3	24.1	1.3	137.7	129.2	106.6
Apr.	60.4	4.7	3.7	5.5	5.8	16.8	22.6	1.3	128.9	122.2	105.5
May	57.3	4.4	3.5	5.5	5.6	15.8	21.2	1.2	122.1	116.4	104.9
June	62.4	4.6	3.9	4.9	6.0	17.8	23.4	1.8	133.1	128.3	103.7
July	59.5	4.7	3.6	5.0	6.0	17.8	21.2	1.3	126.9	124.2	102.2
Aug.	50.5	4.1	2.8	4.7	4.7	15.0	18.1	1.0	107.6	106.4	101.1
Sep.	62.1	4.6	3.3	5.0	5.8	17.9	24.1	1.4	132.4	129.9	101.9
Oct.	62.7	4.8	3.3	5.0	5.8	17.4	25.1	1.4	133.8	134.5	99.5
Nov.	59.9	4.6	3.2	4.4	5.4	16.2	24.8	1.3	127.8	132.3	96.6
Dec.	58.8	4.9	3.1	4.5	5.3	15.7	24.1	1.1	125.4	130.6	96.0
1999 Jan.	54.5	3.7	2.9	4.5	5.1	15.3	21.2	1.7	116.2	118.3	98.2
Feb.	55.8	3.7	2.9	4.1	5.5	16.0	21.8	1.9	119.1	121.0	98.4
Mar.	66.9	4.5	3.3	4.9	6.4	18.4	27.5	1.9	142.6	142.9	99.8
Apr.	61.0	4.1	3.3	5.6	5.7	15.9	24.4	1.9	130.1	127.1	102.4
May	61.9	4.2	3.3	5.7	5.7	16.4	24.7	1.8	132.0	126.3	104.5
June	65.0	4.4	3.5	5.4	6.2	18.1	25.6	2.0	138.7	132.3	104.8
July	64.1	4.3	3.3	6.7	5.7	18.3	23.9	1.9	136.6	126.3	108.2
Aug.	57.9	4.0	2.6	6.9	5.2	16.2	21.2	1.7	123.5	112.6	109.7
Sep.	70.4	4.4	3.4	7.6	6.3	19.4	27.2	2.1	150.1	136.5	109.9
Oct.	68.8	4.4	3.3	7.7	6.3	17.9	26.9	2.3	146.7	131.9	111.2
Nov.	72.1	4.7	3.6	8.1	6.6	18.6	28.3	2.2	153.7	.	.
Dec.	68.7	.	.	.	.	.	.	.	146.5	.	.

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 <sup>1)</sup>***(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	81.7	1.0	-25.5	-49.6	36.5	19.6	101.1	-1.4
1999	58.0	.	.	.	.	.	.	.
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	13.5	0.1	-6.7	-14.1	9.0	3.2	22.7	-0.7
Q2	24.4	0.9	-7.2	-12.6	9.6	6.1	28.2	-0.6
Q3	23.9	0.1	-5.8	-11.8	9.4	4.5	27.5	0.0
Q4	19.9	-0.1	-5.7	-11.1	8.5	5.8	22.6	-0.2
1999 Q1	10.7	0.4	-5.3	-10.8	8.9	1.2	16.2	0.2
Q2	14.9	0.8	-6.1	-13.7	10.3	4.5	19.2	0.0
Q3	16.8	1.2	-5.3	-17.4	12.4	2.5	23.0	0.3
Q4	15.6	.	.	.	.	.	.	.
1998 Jan.	0.5	-0.2	-2.2	-5.0	2.8	-0.3	5.6	-0.2
Feb.	5.5	0.3	-2.2	-4.7	3.1	1.4	8.1	-0.4
Mar.	7.5	0.1	-2.3	-4.4	3.1	2.0	9.0	0.0
Apr.	7.7	0.1	-2.4	-4.4	3.4	2.2	8.7	0.0
May	8.7	0.4	-2.3	-4.4	3.1	2.4	9.5	-0.1
June	8.1	0.3	-2.6	-3.8	3.1	1.5	10.1	-0.5
July	13.5	0.1	-2.2	-3.9	3.3	3.3	13.0	0.0
Aug.	6.3	0.1	-1.6	-3.8	3.0	0.6	7.7	0.1
Sep.	4.1	-0.1	-2.0	-4.1	3.0	0.5	6.8	-0.1
Oct.	6.3	0.0	-2.0	-4.0	2.8	2.2	7.4	-0.2
Nov.	7.1	0.2	-1.9	-3.5	2.7	2.0	7.7	0.0
Dec.	6.5	-0.3	-1.9	-3.6	2.9	1.7	7.6	0.1
1999 Jan.	0.1	0.0	-1.8	-3.7	2.7	-0.7	3.8	-0.2
Feb.	4.4	0.2	-1.7	-3.2	2.8	0.5	5.6	0.2
Mar.	6.2	0.1	-1.8	-3.9	3.4	1.4	6.8	0.2
Apr.	4.8	0.2	-1.9	-4.6	3.4	1.8	6.2	-0.2
May	1.8	0.3	-2.0	-4.8	3.2	1.0	4.0	0.0
June	8.3	0.3	-2.1	-4.3	3.7	1.8	8.9	0.2
July	12.2	0.3	-1.9	-5.5	4.7	2.5	11.7	0.5
Aug.	3.0	0.3	-1.3	-5.8	4.0	-0.2	6.1	0.0
Sep.	1.6	0.7	-2.0	-6.1	3.8	0.3	5.1	-0.2
Oct.	6.8	0.8	-1.8	-6.3	3.8	2.7	8.0	-0.2
Nov.	4.1	0.5	-2.1	-6.9	3.9	1.8	7.2	-0.2
Dec.	4.7	.	.	.	.	.	.	.

*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 <sup>1)</sup>		Bilateral ECU or euro exchange rates <sup>2)</sup>					
	Nominal 1	Real 2	US dollar 3	Japanese yen 4	Swiss franc 5	Pound sterling 6	Swedish krona 7	Danish krone 8
1996	107.9	108.8	1.270	138.1	1.568	0.814	8.51	7.36
1997	99.1	99.4	1.134	137.1	1.644	0.692	8.65	7.48
1998	101.5	101.3	1.121	146.4	1.622	0.676	8.92	7.50
1999	95.7	95.7	1.066	121.3	1.600	0.659	8.81	7.44
1998 Q4	104.2	103.8	1.177	140.6	1.600	0.702	9.38	7.44
1999 Q1	100.0	100.0	1.122	130.7	1.599	0.687	8.98	7.44
Q2	96.1	96.0	1.057	127.7	1.600	0.658	8.90	7.43
Q3	94.6	94.7	1.049	118.7	1.602	0.655	8.71	7.44
Q4	92.2	92.2	1.038	108.4	1.600	0.636	8.65	7.44
1999 Jan.	102.0	101.8	1.161	131.3	1.605	0.703	9.08	7.44
Feb.	99.9	99.9	1.121	130.8	1.598	0.689	8.91	7.44
Mar.	98.3	98.3	1.088	130.2	1.595	0.671	8.94	7.43
Apr.	97.1	96.9	1.070	128.2	1.602	0.665	8.91	7.43
May	96.6	96.5	1.063	129.7	1.603	0.658	8.97	7.43
June	94.7	94.6	1.038	125.3	1.595	0.650	8.83	7.43
July	94.8	95.2	1.035	123.7	1.604	0.658	8.74	7.44
Aug.	95.4	95.6	1.060	120.1	1.600	0.660	8.75	7.44
Sep.	93.6	93.4	1.050	112.4	1.602	0.647	8.63	7.43
Oct.	94.4	94.2	1.071	113.5	1.594	0.646	8.73	7.43
Nov.	92.0	92.0	1.034	108.2	1.605	0.637	8.63	7.44
Dec.	90.1	90.3	1.011	103.7	1.601	0.627	8.59	7.44
2000 Jan.	90.2	90.6	1.014	106.5	1.610	0.618	8.60	7.44
Feb.	89.2	89.6	0.983	107.6	1.607	0.615	8.51	7.45
% ch. vs. <sup>3)</sup> prev. month								
2000 Feb.	-1.2	-1.1	-3.0	1.0	-0.2	-0.6	-1.0	0.0
% ch. vs. <sup>3)</sup> prev. year								
2000 Feb.	-10.7	-10.3	-12.3	-17.7	0.6	-10.7	-4.4	0.1

	Bilateral ECU or euro exchange rates <sup>2)</sup>						
	Greek drachma 9	Norwegian krone 10	Canadian dollar 11	Australian dollar 12	Hong Kong dollar 13	Korean won 14	Singapore dollar 15
1996	305.5	8.20	1.731	1.623	9.68	1,007.9	1.765
1997	309.3	8.02	1.569	1.528	8.75	1,069.8	1.678
1998	330.7	8.47	1.665	1.787	8.69	1,568.9	1.876
1999	325.8	8.31	1.584	1.652	8.27	1,267.3	1.806
1998 Q4	331.5	8.82	1.814	1.887	9.16	1,516.6	1.942
1999 Q1	322.7	8.60	1.696	1.770	8.69	1,342.6	1.911
Q2	325.0	8.24	1.557	1.618	8.19	1,258.8	1.810
Q3	326.1	8.22	1.558	1.613	8.14	1,252.8	1.772
Q4	329.2	8.19	1.528	1.613	8.07	1,217.4	1.737
1999 Jan.	323.6	8.65	1.765	1.839	8.99	1,362.4	1.950
Feb.	322.0	8.65	1.679	1.751	8.68	1,330.2	1.905
Mar.	322.5	8.51	1.651	1.726	8.43	1,336.2	1.881
Apr.	325.5	8.32	1.594	1.668	8.30	1,292.2	1.834
May	325.2	8.23	1.553	1.605	8.24	1,272.1	1.820
June	324.2	8.17	1.524	1.580	8.05	1,212.6	1.775
July	325.0	8.18	1.540	1.576	8.03	1,229.4	1.756
Aug.	326.4	8.26	1.583	1.645	8.23	1,269.1	1.779
Sep.	327.0	8.23	1.552	1.619	8.15	1,260.1	1.781
Oct.	329.2	8.29	1.581	1.641	8.32	1,289.9	1.793
Nov.	328.7	8.19	1.516	1.618	8.04	1,215.9	1.727
Dec.	329.7	8.10	1.491	1.580	7.86	1,149.6	1.694
2000 Jan.	331.1	8.12	1.469	1.542	7.89	1,145.9	1.697
Feb.	333.2	8.10	1.427	1.564	7.65	1,110.8	1.674
% ch. vs. <sup>3)</sup> prev. month							
2000 Feb.	0.6	-0.3	-2.8	1.4	-3.0	-3.1	-1.4
% ch. vs. <sup>3)</sup> prev. year							
2000 Feb.	3.5	-6.4	-15.0	-10.7	-11.9	-16.5	-12.1

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 whose currencies are shown in the table, and capture third-market effects. Real rates are calculated using national CPIs (HICP for the euro area and the other EU Member States). Where CPI data 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) 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.

4) As the ECB does not provide official reference rates, indicative rates are shown.

# II Economic and financial developments in the other EU Member States

**Table 11**

## Economic and financial developments

(annual percentage changes, unless otherwise indicated)

	HICP	General government deficit (-)/surplus (+) as a % of GDP	General government gross debt as a % of GDP	Long-term government bond yield <sup>1)</sup> as a % per annum	Exchange rate <sup>2)</sup> as national currency per ECU or euro	Current and new capital account <sup>3)</sup> as a % of GDP	Unit labour costs <sup>4)</sup>	Real GDP	Industrial production index <sup>5)</sup>	Standardised unemployment rate as a % of labour force (s.a.) <sup>6)</sup>	Broad money <sup>6)</sup>	3-month interest rate <sup>1)</sup> as a % per annum
	1	2	3	4	5	6	7	8	9	10	11	12
<b>Denmark</b>												
1997	1.9	0.4	63.9	6.25	7.48	0.6	2.8	3.1	5.6	5.6	4.7	3.73
1998	1.3	1.0	58.0	4.94	7.50	-1.2	2.4	2.7	2.2	5.1	4.6	4.27
1999	2.1	.	.	4.91	7.44	.	.	.	2.4	4.5	4.2	3.44
1998 Q4	1.1	-	-	4.51	7.44	-4.0	3.5	2.5	-0.3	4.7	3.7	4.50
1999 Q1	1.4	-	-	4.22	7.44	1.7	6.3	0.5	-0.9	4.8	4.5	3.65
Q2	1.8	-	-	4.50	7.43	1.4	4.3	1.8	5.7	4.5	4.9	3.13
Q3	2.3	-	-	5.35	7.44	1.6	3.6	1.0	0.0	4.4	3.4	3.19
Q4	2.8	-	-	5.57	7.44	.	.	.	5.2	4.2	4.1	3.78
1999 Aug.	2.4	-	-	5.38	7.44	-	-	-	-1.8	4.4	4.9	3.21
Sep.	2.4	-	-	5.56	7.43	-	-	-	4.6	4.3	2.1	3.18
Oct.	2.6	-	-	5.76	7.43	-	-	-	1.8	4.2	2.0	3.69
Nov.	2.7	-	-	5.45	7.44	-	-	-	5.4	4.1	6.3	3.85
Dec.	3.1	-	-	5.50	7.44	-	-	-	8.4	4.1	4.2	3.80
2000 Jan.	2.8	-	-	5.87	7.44	-	-	-	.	.	.	3.72
Feb.	.	-	-	.	7.45	-	-	-	.	.	.	3.93
<b>Greece</b>												
1997	5.4	-4.0	109.5	9.92	309.3	-3.9	7.2	3.4	1.0	7.9	14.5	12.48
1998	4.5	-2.5	106.3	8.48	330.7	-3.1	5.5	3.7	3.4	10.0	4.0	13.53
1999	2.3	.	.	6.30	325.8	.	1.8	.	.	.	.	10.08
1998 Q4	4.0	-	-	7.76	331.5	-	-	-	0.8	9.8	5.7	11.94
1999 Q1	3.4	-	-	6.08	322.7	-	-	-	-0.8	.	.	10.56
Q2	2.2	-	-	5.87	325.0	-	-	-	0.5	.	.	9.80
Q3	1.7	-	-	6.56	326.1	-	-	-	1.5	.	.	9.86
Q4	2.2	-	-	6.68	329.2	-	-	-	.	.	.	10.13
1999 Aug.	1.6	-	-	6.66	326.4	-	-	-	4.7	.	.	9.90
Sep.	1.5	-	-	6.64	327.0	-	-	-	0.2	.	.	9.85
Oct.	1.9	-	-	7.03	329.2	-	-	-	1.9	.	.	10.11
Nov.	2.2	-	-	6.61	328.7	-	-	-	-2.2	.	.	10.71
Dec.	2.4	-	-	6.39	329.7	-	-	-	.	.	.	9.57
2000 Jan.	1.6	-	-	6.60	331.1	-	-	-	.	.	.	8.92
Feb.	.	-	-	.	333.2	-	-	-	.	.	.	8.51
<b>Sweden</b>												
1997	1.8	-0.7	76.1	6.62	8.65	-	0.4	2.0	7.2	9.9	4.2	4.43
1998	1.0	1.9	74.2	4.99	8.92	3.4	1.5	3.0	4.2	8.3	3.5	4.36
1999	0.6	.	.	4.98	8.81	.	.	.	1.3	7.0	6.8	3.32
1998 Q4	0.1	-	-	4.50	9.38	3.7	2.1	3.5	1.3	7.6	4.5	3.92
1999 Q1	0.2	-	-	4.21	8.98	2.5	0.3	3.6	1.3	7.5	5.4	3.31
Q2	0.3	-	-	4.54	8.90	1.1	0.3	3.2	1.0	7.0	6.5	3.07
Q3	0.7	-	-	5.48	8.71	3.3	-0.7	4.1	-0.6	6.9	6.1	3.22
Q4	1.0	-	-	5.69	8.65	.	.	.	3.3	6.6	9.1	3.69
1999 Aug.	0.8	-	-	5.49	8.75	-	-	-	-6.2	6.9	6.5	3.25
Sep.	1.1	-	-	5.69	8.63	-	-	-	4.3	6.8	7.3	3.20
Oct.	1.0	-	-	5.92	8.73	-	-	-	4.5	6.6	10.0	3.74
Nov.	0.8	-	-	5.56	8.63	-	-	-	4.2	6.6	7.4	3.72
Dec.	1.2	-	-	5.59	8.59	-	-	-	1.1	6.5	9.9	3.63
2000 Jan.	1.0	-	-	5.95	8.60	-	-	-	.	6.4	.	3.70
Feb.	.	-	-	5.90	8.51	-	-	-	.	.	.	4.10
<b>United Kingdom</b>												
1997	-	-1.9	51.5	7.13	0.692	0.9	2.9	3.5	1.3	7.0	11.2	6.92
1998	1.6	0.5	48.7	5.60	0.676	0.0	3.8	2.2	0.3	6.3	9.7	7.42
1999	1.3	.	.	5.01	0.659	.	.	.	.	.	.	5.54
1998 Q4	1.4	1.5	48.1	4.82	0.702	-0.2	4.3	1.5	-0.5	6.2	8.7	6.87
1999 Q1	1.6	4.0	46.6	4.39	0.687	-1.9	4.3	1.4	-1.2	6.3	7.4	5.61
Q2	1.4	-2.0	46.7	4.82	0.658	-1.0	4.0	1.6	-1.2	6.1	6.7	5.30
Q3	1.2	1.8	45.9	5.39	0.655	-1.5	3.4	1.9	0.2	5.9	3.5	5.28
Q4	1.2	-0.1	45.8	5.46	0.636	.	.	.	.	.	.	5.98
1999 Aug.	1.3	-1.5	45.9	5.31	0.660	-	-	-	0.3	5.9	4.2	5.25
Sep.	1.2	1.2	45.9	5.60	0.647	-	-	-	0.9	5.9	2.7	5.41
Oct.	1.2	8.6	44.8	5.78	0.646	-	-	-	1.3	5.9	3.0	6.02
Nov.	1.3	-4.2	44.9	5.23	0.637	-	-	-	.	5.9	3.1	5.87
Dec.	1.2	-4.9	45.8	5.36	0.627	-	-	-	.	.	.	6.06
2000 Jan.	0.8	.	.	5.80	0.618	-	-	-	.	.	.	6.14
Feb.	.	.	.	.	0.615	-	-	-	.	.	.	6.24

Sources: Eurostat (columns 1, 8 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, 10 (Greece) and 11); ECB calculation (column 6 and 7 (Sweden)).

1) Average-of-period values.

2) For more information, see Table 10.

3) BPM5; BPM4 for Greece.

4) Whole economy; data for the United Kingdom exclude employers' contribution to social security.

5) Manufacturing; adjusted for working days.

6) Average of end-month values; M3; M4 for United Kingdom.

# 12 Economic and financial developments outside the EU

**Table 12.1**

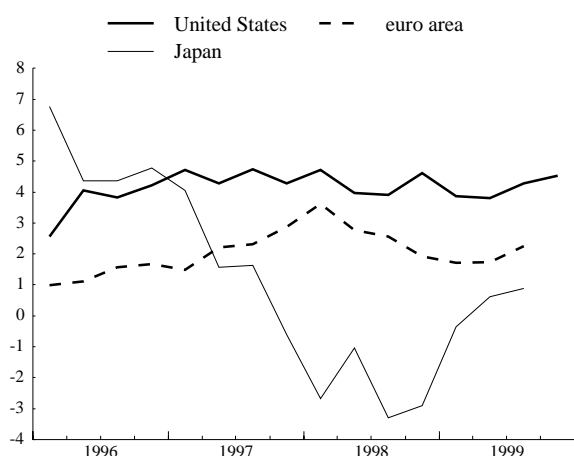
## Economic and financial developments

(annual percentage changes, unless otherwise indicated)

	Consumer price index	Unit labour costs <sup>1)</sup>	Real GDP	Industrial production index <sup>1)</sup>	Unemployment rate as a % of labour force (s.a.)	M2 <sup>2)</sup>	3-month interbank deposit rate <sup>3)</sup> as a % per annum	10-year government bond yield <sup>3)</sup> as a % per annum	Exchange rate <sup>3)</sup> as national currency per ECU or euro	Fiscal deficit (-)/surplus (+) as a % of GDP	Gross public debt <sup>3)</sup> as a % of GDP
	1	2	3	4	5	6	7	8	9	10	11
<b>United States</b>											
1996	2.9	-2.3	3.7	4.7	5.4	4.8	5.51	6.54	1.270	-2.2	58.8
1997	2.3	0.0	4.5	7.0	4.9	4.9	5.76	6.45	1.134	-0.9	56.5
1998	1.6	0.7	4.3	4.9	4.5	7.4	5.57	5.33	1.121	0.4	53.5
1999	2.2	-1.7	4.1	4.2	4.2	7.6	5.42	5.64	1.066	.	.
1998 Q3	1.6	1.4	3.9	4.2	4.5	7.3	5.62	5.27	1.118	0.6	53.7
Q4	1.5	-0.8	4.6	3.7	4.4	8.5	5.27	4.72	1.177	0.7	53.5
1999 Q1	1.7	-1.6	3.9	3.5	4.3	8.5	5.00	5.00	1.122	0.8	53.1
Q2	2.1	-1.4	3.8	4.1	4.3	8.0	5.07	5.54	1.057	1.0	51.4
Q3	2.3	-0.8	4.3	4.4	4.2	7.6	5.44	5.88	1.049	1.2	50.6
Q4	2.6	-3.1	4.5	4.7	4.1	6.3	6.14	6.13	1.038	.	.
1999 Sep.	2.6	-	-	4.1	4.2	7.1	5.57	5.91	1.050	-	-
Oct.	2.6	-	-	4.3	4.1	6.6	6.18	6.10	1.071	-	-
Nov.	2.6	-	-	4.8	4.1	6.1	6.10	6.03	1.034	-	-
Dec.	2.7	-	-	4.9	4.1	6.0	6.13	6.26	1.011	-	-
2000 Jan.	2.7	-	-	5.8	4.0	5.9	6.04	6.66	1.014	-	-
Feb.	.	-	-	.	.	.	6.10	6.52	0.983	-	-
<b>Japan</b>											
1996	0.1	-1.9	5.1	2.3	3.4	3.3	0.57	3.03	138.1	-4.2	-
1997	1.7	-2.2	1.6	3.6	3.4	3.1	0.62	2.15	137.1	-3.4	-
1998	0.6	6.3	-2.5	-7.1	4.1	4.4	0.66	1.30	146.4	-6.0	-
1999	-0.3	.	.	0.4	4.7	3.7	0.22	1.75	121.3	.	-
1998 Q3	-0.2	7.6	-3.3	-8.5	4.3	4.2	0.59	1.14	156.3	-	-
Q4	0.5	5.1	-2.9	-6.8	4.4	4.5	0.43	1.03	140.6	-	-
1999 Q1	-0.1	3.6	-0.4	-4.2	4.6	4.0	0.36	1.96	130.7	-	-
Q2	-0.3	-1.3	0.6	-1.0	4.8	4.1	0.12	1.50	127.7	-	-
Q3	0.0	-4.6	0.9	2.6	4.7	3.6	0.10	1.78	118.7	-	-
Q4	-1.0	.	.	4.4	4.6	3.0	0.29	1.78	108.4	-	-
1999 Sep.	-0.2	-4.0	-	2.7	4.6	3.3	0.10	1.75	112.4	-	-
Oct.	-0.7	-3.2	-	1.3	4.6	3.6	0.25	1.79	113.5	-	-
Nov.	-1.2	-7.3	-	6.7	4.5	2.9	0.30	1.81	108.2	-	-
Dec.	-1.1	.	-	5.3	4.6	2.6	0.33	1.73	103.7	-	-
2000 Jan.	-0.9	.	-	.	.	2.6	0.15	1.71	106.5	-	-
Feb.	.	.	-	.	.	.	0.13	1.83	107.6	-	-

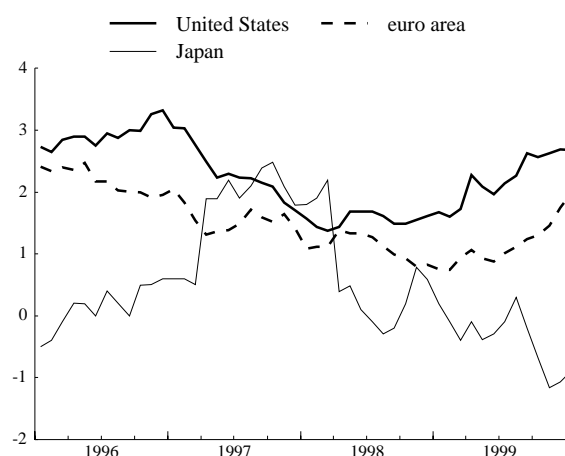
### Real gross domestic product

(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 (United States)); OECD (column 2 (Japan) and 10 (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 Table 3.1 and Table 3.2.

4) For more information, see Table 10.

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

**Table 12.2**

**Saving, investment and financing**

(as a percentage of GDP)

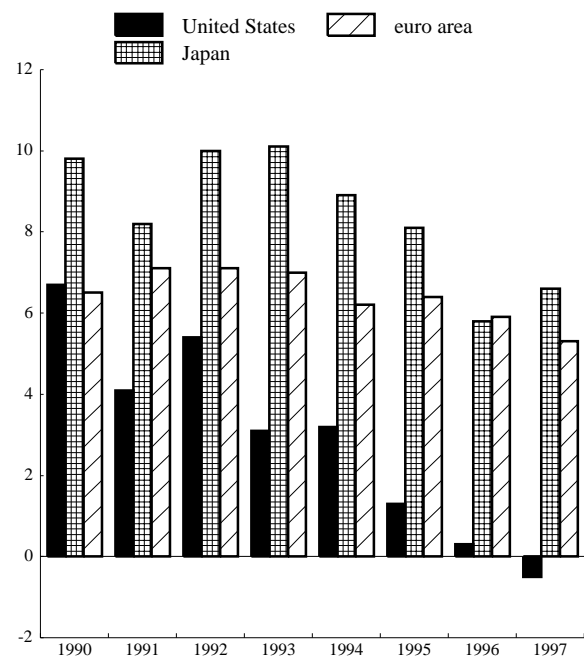
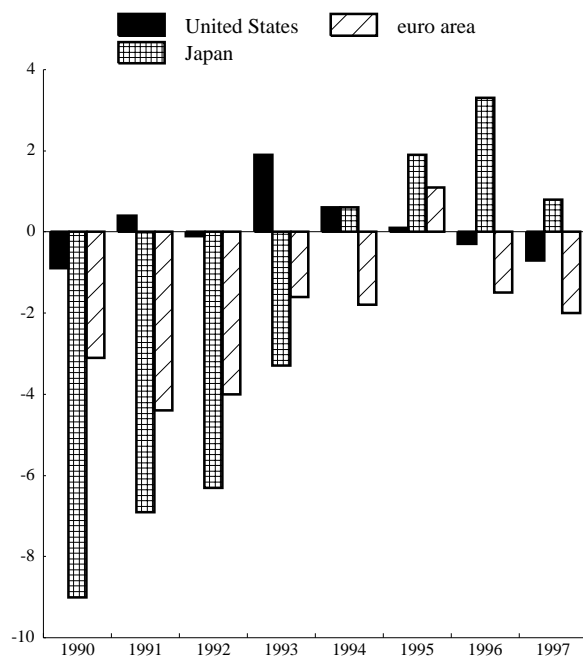
	National saving and investment			Investment and financing of non-financial corporations						Investment and financing of households <sup>1)</sup>			
	Gross saving	Gross capital formation	Net lending to the rest of the world	Gross capital formation	Gross fixed capital formation	Net acquisition of financial assets	Gross saving	Net incurrence of liabilities	Securities and shares	Capital expenditure	Net acquisition of financial assets	Gross saving	Net incurrence of liabilities
	1	2	3	4	5	6	7	8	9	10	11	12	13
United States													
1995	17.0	18.7	-1.3	8.6	7.9	5.4	8.4	5.3	2.5	11.7	6.3	13.6	4.9
1996	17.3	19.1	-1.4	8.7	8.3	4.8	8.7	5.1	1.2	11.8	5.2	12.9	4.9
1997	18.3	19.8	-1.5	9.1	8.3	3.5	8.8	4.2	2.2	11.6	4.0	12.5	4.5
1998	18.8	20.5	-2.3	9.5	8.7	3.1	8.7	4.2	1.7	12.1	5.4	12.1	5.7
1997 Q4	18.6	19.9	-1.7	8.9	8.1	2.7	8.8	3.3	3.3	11.6	3.5	12.5	4.1
1998 Q1	18.9	20.6	-1.8	9.8	8.6	4.1	8.8	5.8	3.3	11.9	3.8	12.3	5.8
Q2	18.6	20.3	-2.2	9.3	8.7	3.3	8.7	4.0	3.9	12.1	8.9	12.1	5.6
Q3	18.9	20.6	-2.6	9.4	8.5	4.1	8.7	4.4	0.7	12.0	5.1	12.0	5.4
Q4	18.8	20.7	-2.6	9.5	8.9	1.1	8.6	2.6	-0.9	12.3	3.6	12.2	6.1
1999 Q1	19.0	20.8	-2.8	9.4	8.9	6.3	8.7	7.8	6.0	12.5	3.0	11.8	6.5
Q2	18.7	20.5	-3.3	9.6	9.4	4.2	8.7	5.6	-0.5	12.8	6.9	11.6	6.7
Q3	18.7	20.8	-3.6	9.7	9.2	4.4	8.7	5.9	3.4	12.6	5.9	11.2	6.1
Japan													
1995	30.8	28.6	2.1	14.9	14.9	3.0	13.5	2.3	0.5	5.3	10.2	13.1	1.9
1996	31.5	30.0	1.4	14.6	15.3	1.7	15.2	0.3	1.0	6.7	6.4	12.7	1.1
1997	30.9	28.7	2.2	15.5	16.1	3.3	15.2	1.2	0.1	5.6	7.1	12.3	0.7
1998	.	.	.	.	.	-6.9	.	-8.8	-1.4	.	5.9	.	-0.3
1997 Q4	29.0	29.3	2.6	.	.	6.6	.	10.7	-0.3	.	19.8	.	1.5
1998 Q1	33.2	27.9	2.4	.	.	-16.0	.	-18.6	-0.7	.	-4.3	.	3.2
Q2	.	24.1	.	.	.	-25.6	.	-10.4	0.4	.	11.5	.	-6.3
Q3	.	26.7	.	.	.	2.6	.	-2.0	1.3	.	2.7	.	0.8
Q4	.	.	.	.	.	9.6	.	-4.4	-6.3	.	13.1	.	1.0
1999 Q1	.	.	.	.	.	3.6	.	-17.7	-3.3	.	-4.4	.	12.5
Q2	.	.	.	.	.	-13.4	.	-3.0	2.1	.	15.9	.	-3.5
Q3	.	.	.	.	.	9.7	.	-2.3	1.3	.	0.1	.	2.8

**Net lending of non-financial corporations**

(as a percentage of GDP)

**Net lending of households <sup>1)</sup>**

(as a percentage of GDP)



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

1) Households including non-profit institutions serving households. For Japan, saving of non-profit institutions serving households is included under saving of non-financial corporations.

# Technical notes

## Relating to Table 2.4

### Seasonal adjustment of the euro area monetary aggregates

Multiplicative versions of X-12-ARIMA (version 0.2.2<sup>1</sup>) and TRAMO/SEATS<sup>2</sup> (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 Web site (<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.

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.<sup>1</sup>

The focus of these statistics is the euro area as a whole. More detailed and longer runs of data, with further explanatory notes, are available on the ECB’s Web site (<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 2.6 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 1 March 2000.

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

### 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. 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 currency analysis of certain MFI balance sheet items. More quarterly detail will be available shortly. A complete list of MFIs is published on the ECB’s Web site. Details of the sector definitions are set out in the “Money and Banking Statistics Sector Manual: Guidance for the statistical classification of customers” (ECB, November 1999). The “Money and Banking Statistics Compilation Guide” (EMI, April 1998) explains recommended practices to be followed by the NCBs. From 1 February 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

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

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) and gross issues (columns 5, 13 and 17) 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 2.6.3 (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 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 8.5) 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 common methodology agreed between the ECB and the European Commission (Eurostat) and the aggregation method used for the euro area balance of payments statistics were explained on pages 26-27 of the May 1999 issue of the Monthly Bulletin.

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.

The euro area i.i.p. (Table 8.6) 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. Data for end-1997, especially for reserve assets, are not fully comparable with those for end-1998. The methodology used for the compilation of the i.i.p. was explained on page 56 of the December 1999 issue of the Monthly Bulletin.

The outstanding amounts of the Eurosystem's international reserves and related assets are shown in Table 8.6.2. Corresponding summary net flows are shown in Table 8.1, with quarterly detail in Table 8.5.3. Data before end-1998 are compiled by aggregating figures following national definitions and include instruments issued by other residents of the euro area; they are therefore not fully comparable with later data.

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 compiled by the ECB. The bilateral rates shown are those against the 13 currencies used in the calculation. For all except the Hong Kong and Singapore dollars and the Korean won the bilateral rates are daily reference rates published by the ECB. Box 5 on pages 29-31 of the October 1999 issue of the Monthly Bulletin gives more information about the new effective exchange rate index.

Detailed methodological notes on euro area balance of payments and i.i.p. statistics, external trade in goods of the euro area and



exchange rates are available on the ECB's Web site. In addition, a complete set of balance of payments, external trade in goods and exchange rate statistics, including the historical data at the highest frequencies available – which are not shown in the Monthly Bulletin – are available in a downloadable format (csv files) on the ECB's Web site.

### **Other statistics**

Statistics on other EU Member States (Table I I) 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.

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### **Conventions used in the tables**

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

# Chronology of monetary policy measures of the Eurosystem

## 22 December 1998

The Governing Council of the ECB decides that the first main refinancing operation of the Eurosystem will be a fixed rate tender offered at an interest rate of 3.0%, a level which it intends to maintain for the foreseeable future. This operation will be initiated on 4 January 1999, while the allotment decision will be taken on 5 January 1999 and settlement will take place on 7 January 1999. In addition, the first longer-term refinancing operation will be announced on 12 January 1999 (with a settlement date of 14 January 1999) and will be conducted through a variable rate tender using the single rate allotment procedure.

The Governing Council furthermore decides that the interest rate for the marginal lending facility will be set at a level of 4.5% and the interest rate for the deposit facility at a level of 2.0% for the start of Stage Three, i.e. 1 January 1999. As a transitional measure, between 4 and 21 January 1999, the interest rate for the marginal lending facility will be set at a level of 3.25% and the interest rate for the deposit facility at a level of 2.75%. The Governing Council intends to terminate this transitional measure following its meeting on 21 January 1999.

## 31 December 1998

In accordance with Article 109I (4) of the Treaty establishing the European Community, the EU Council, acting with the unanimity of the Member States of the European Community without a derogation, upon a proposal from the European Commission and after consultation of the ECB, adopts the irrevocable conversion rates for the euro, with effect from 1 January 1999, 0.00 a.m. (local time).

The ministers of the euro area Member States, the ECB and the ministers and central bank governors of Denmark and Greece decide, in a common procedure involving the European Commission and after consultation

of the Monetary Committee, to fix the central rates against the euro for the currencies participating in the exchange rate mechanism which comes into operation on 1 January 1999. Further to this decision on the euro central rates, the ECB, Denmark's Nationalbank and the Bank of Greece establish by common accord the compulsory intervention rates for the Danish krone and the Greek drachma. A fluctuation band of  $\pm 2.25\%$  will be observed around the euro central rate for the Danish krone. The standard fluctuation band of  $\pm 15\%$  will be observed around the euro central rate for the Greek drachma.

## 7 January 1999

The Governing Council of the ECB decides that for the two main refinancing operations to be announced on 11 and 18 January 1999 respectively the same conditions will apply as for the first such operation, which was settled on 7 January 1999, i.e. they will be fixed rate tenders conducted at an interest rate of 3.0%.

## 12 January 1999

Following the decision of the Governing Council of the ECB on 22 December 1998, the ECB announces that the first longer-term refinancing operations of the Eurosystem will be conducted as variable rate tenders using the single rate method of allotment. With a view to phasing in the longer-term refinancing operations, the first such operation is conducted through three parallel tenders with three different maturities, namely 25 February, 25 March and 29 April 1999. The ECB also announces that the intention is to allot an amount of €15 billion in each of these parallel tenders. For the subsequent longer-term refinancing operations in the first three months of 1999, the intention is to allot an unchanged amount of €15 billion per operation.

### **21 January 1999**

The Governing Council of the ECB decides to revert to the interest rates on the Eurosystem's two standing facilities which it had set for the start of Stage Three, i.e. to set the interest rate for the marginal lending facility at a level of 4.5% and that for the deposit facility at a level of 2.0% with effect from 22 January 1999. Furthermore, it decides that for the two main refinancing operations to be settled on 27 January and 3 February 1999 respectively the same conditions will apply as for the first three such operations settled earlier in January, i.e. they will be fixed rate tenders conducted at an interest rate of 3.0%.

### **4 February 1999**

The Governing Council of the ECB decides that for the main refinancing operations to be settled on 10 and 17 February 1999 the same conditions will apply as for the first such operations settled earlier in the year, i.e. they will be fixed rate tenders conducted at an interest rate of 3.0%. In addition, the interest rate on the marginal lending facility continues to be 4.5% and the interest rate on the deposit facility remains 2.0%.

### **18 February 1999**

The Governing Council of the ECB decides that for the main refinancing operations to be settled on 24 February and 3 March 1999 the same conditions will apply as for the previous such operations settled earlier in the year, i.e. they will be fixed rate tenders conducted at an interest rate of 3.0%. In addition, the interest rate on the marginal lending facility continues to be 4.5% and the interest rate on the deposit facility remains 2.0%.

### **4 March 1999**

The Governing Council of the ECB decides that for the main refinancing operations to be settled

on 10 and 17 March 1999 the same conditions will apply as for the previous such operations settled earlier in the year, i.e. they will be fixed rate tenders conducted at an interest rate of 3.0%. In addition, the interest rate on the marginal lending facility continues to be 4.5% and the interest rate on the deposit facility remains 2.0%. The Governing Council also decides that for forthcoming longer-term refinancing operations of the Eurosystem the multiple rate method of allotment will be applied (starting from the operation with a settlement date of 25 March 1999) until otherwise indicated.

### **18 March 1999**

The Governing Council of the ECB decides that for the main refinancing operations to be settled on 24 and 31 March and 7 April 1999 the same conditions will apply as for the previous such operations settled earlier in the year, i.e. they will be fixed rate tenders conducted at an interest rate of 3.0%. In addition, the interest rate on the marginal lending facility continues to be 4.5% and the interest rate on the deposit facility remains 2.0%.

### **8 April 1999**

The Governing Council of the ECB decides to reduce the interest rate on the main refinancing operations by 0.5 percentage point to 2.5%, starting with the operation to be settled on 14 April 1999. In addition, it decides to lower the interest rate on the marginal lending facility by 1 percentage point to 3.5% and the interest rate on the deposit facility by 0.5 percentage point to 1.5%, both with effect from 9 April 1999.

### **22 April 1999**

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 2.5%, 3.5% and 1.5% respectively. In addition, the

Governing Council announces that for the longer-term refinancing operations to be settled during the next six months, the intention is to continue to allot an amount of €15 billion per operation.

### **6 May 1999**

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 2.5%, 3.5% and 1.5% respectively.

### **20 May 1999**

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 2.5%, 3.5% and 1.5% respectively. The Governing Council also decides to change the maturity of the longer-term refinancing operation scheduled to be settled on 30 September 1999. The redemption date of this operation will be brought forward from 30 December to 23 December 1999. Correspondingly, the longer-term refinancing operation which was originally scheduled to be announced on 27 December 1999 and to be allotted and settled on 30 December 1999 will be announced on 21 December, allotted on 22 December and settled on 23 December 1999. The rescheduling of operations is intended to alleviate the working procedures for financial market participants at the turn of the year.

### **2 June, 17 June, 1 July, 15 July, 29 July, 26 August, 9 September 1999**

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 2.5%, 3.5% and 1.5% respectively.

### **23 September 1999**

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 2.5%, 3.5% and 1.5% respectively.

The ECB releases to the public the indicative calendar for the Eurosystem's tender operations in 2000. It also announces that no new main refinancing operation will be initiated in the first week of the year 2000, and that no such operation will mature during that week. For this reason the maturity of the main refinancing operation of 21 December 1999 will be lengthened exceptionally to three weeks. To avoid two main refinancing operations maturing on 12 January 2000, the maturity of the operation of 30 December 1999 will also be lengthened to three weeks. These steps are taken to minimise any potential problem for counterparties and for the financial market which could result from the conduct and settlement of a large operation directly after the transition to the new century.

### **7 October 1999**

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 2.5%, 3.5% and 1.5% respectively.

### **21 October 1999**

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 2.5%, 3.5% and 1.5% respectively.

It also decides that for the longer-term refinancing operations to be settled on 28 October 1999, 25 November 1999 and 23 December 1999, the intention is to allot an amount of €25 billion per operation. This amount is higher than the amount of €15 billion

allotted for all previous longer-term refinancing operations conducted in 1999. This decision takes into account the intention of the ECB to contribute to a smooth transition to the year 2000.

#### **4 November 1999**

The Governing Council of the ECB decides to raise the interest rate on the main refinancing operations of the Eurosystem by 0.5 percentage point to 3.0%, with effect from the operation to be settled on 10 November 1999. In addition, it decides to increase the interest rates on both the marginal lending facility and the deposit facility by 0.5 percentage point to 4.0% and 2.0% respectively, both with effect from 5 November 1999.

#### **18 November 1999**

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.

#### **2 December 1999**

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.

The Governing Council also decides to confirm the reference value for monetary growth, namely an annual growth rate of 4½% for the broad monetary aggregate M3. This decision is taken on the grounds that the components underlying the derivation of the reference value, namely the Eurosystem's definition of price stability (an annual increase in the HICP for the euro area of below 2%), the estimate for the trend of real GDP growth (2% to 2½% per annum) and that for the trend decline in M3

income velocity (½% to 1% per annum), have basically remained unchanged. As before, the Governing Council will assess monetary developments in relation to the reference value on the basis of a three-month moving average of annual growth rates. The Governing Council also decides to review the reference value henceforth on a regular annual basis. The next review will take place in December 2000.

With regard to the minimum reserve system of the Eurosystem, the Governing Council, after reviewing new statistical evidence, decides to increase from 10% to 30% the standardised deduction from the reserve base to be applied to debt securities issued with an agreed maturity of up to two years and to money market paper. This decision shall take effect as from the determination of the reserve requirement to be fulfilled in the maintenance period starting on 24 January 2000.

#### **15 December 1999**

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.

#### **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.



# The TARGET (Trans-European Automated Real-time Gross settlement Express Transfer) system

The TARGET system has now been operating for more than a year. During this period it has not only contributed to advancing the integration of the euro money market, but has also considerably improved the soundness and efficiency of intra-EU cross-border payments in euro.

In 1999 the daily average number of payments processed in the system as a whole, i.e. cross-border and domestic payments taken together, was 163,157, representing a value of EUR 925 billion. Cross-border activity in TARGET increased steadily over the whole period. Compared with the first quarter of 1999, the figures for the fourth quarter of 1999 show an increase of 28.6% in terms of volume and of 10.6% in terms of value. The share of cross-border payments processed in TARGET

in 1999 was 18% with regard to volume (a daily average of 28,777 payments) and 39% with regard to value (a daily average of EUR 360 billion). The positive trend in TARGET cross-border activity continued in January 2000, when a daily average of 33,936 payments, representing a value of EUR 388 billion, was processed. The peak days were 22 February 2000 as far as volume is concerned, when around 52,000 cross-border payments were processed, and 31 January 2000 as far as value is concerned, when the total value of payments processed amounted to EUR 522 billion.

The average value of individual transactions processed in TARGET and other large-value euro payment systems has decreased continuously to date. The main reason for this is the progressive shift of commercial payments

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

(number of payments)

	Q1	1999 Q2	Q3	Q4	2000 Jan.
<b>TARGET</b>					
All TARGET payments					
Total volume	9,756,845	10,289,259	10,759,496	11,452,184	3,535,001
Daily average	154,871	158,296	163,023	176,187	168,333
Cross-border TARGET payments					
Total volume	1,562,233	1,837,435	1,980,267	2,073,391	712,651
Daily average	24,797	28,268	30,004	31,898	33,936
Domestic TARGET payments					
Total volume	8,194,612	8,451,824	8,779,229	9,378,793	2,822,350
Daily average	130,073	130,028	133,019	144,289	134,398
<b>Other systems</b>					
Euro 1 (EBA)					
Total volume	3,306,689	4,250,282	4,726,750	5,362,563	1,719,422
Daily average	52,487	65,389	71,617	82,501	81,877
Euro Access Frankfurt (EAF)					
Total volume	2,996,555	2,948,742	3,037,469	3,114,109	989,715
Daily average	47,564	45,365	46,022	47,909	47,129
Paris Net Settlement (PNS) <sup>1)</sup>					
Total volume	1,370,755	1,318,159	1,248,698	1,259,603	391,497
Daily average	21,758	20,279	18,920	19,379	18,643
Servicio Español de Pagos Interbancarios (SEPI)					
Total volume	299,860	289,174	260,327	252,381	81,954
Daily average	4,760	4,449	3,944	3,883	3,903

1) The PNS replaced the *Système Net Protégé* (SNP) on 19 April 1999.



from correspondent banking into organised payment systems, such as TARGET. In January 2000 more than 30% of the cross-border payments processed through TARGET were customer payments; in January 1999 these accounted for only 15%. Using TARGET and other large-value systems for customer payments instead of correspondent banking allows corporate customers to improve their cash management.

With regard to the transition to the year 2000, the thorough preparations made in 1999 were well rewarded, as processes during the transition weekend and at the start of operations on 3 January 2000 went very smoothly. Furthermore, the leap year created no difficulties in TARGET; the system ran without any problems on 29 February 2000.

The Eurosystem continues to seek input and feedback from national TARGET user groups and, more generally, from the banking and financial community. In this connection a meeting with bankers was held at the European Central Bank (ECB) on 21 January 2000. The participants were invited to express their views on issues such as intraday cross-border liquidity flows in TARGET and the provision of timely information by the ECB and the national central banks on the status of TARGET components, as well as on the execution of individual payment orders.

Further information on the TARGET system is available in the TARGET section of the ECB's Web site (<http://www.ecb.int>).

**Table 2**

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

(EUR billions)

	Q1	1999			2000
		Q2	Q3	Q4	Jan.
<b>TARGET</b>					
All TARGET payments					
Total	60,704	58,861	58,346	61,561	20,313
Daily average	964	906	884	947	967
Cross-border TARGET payments					
Total	21,970	22,838	23,365	25,063	8,138
Daily average	349	351	354	386	388
Domestic TARGET payments					
Total	38,734	36,023	34,981	36,498	12,175
Daily average	615	554	530	562	580
<b>Other systems</b>					
Euro 1 (EBA)					
Total	11,000	10,777	11,056	11,382	3,469
Daily average	175	166	168	175	165
Euro Access Frankfurt (EAF)					
Total	10,823	9,587	9,331	9,300	3,059
Daily average	172	147	141	143	146
Paris Net Settlement (PNS) <sup>1)</sup>					
Total	5,767	6,125	5,869	6,280	1,900
Daily average	92	94	89	97	90
Servicio Español de Pagos Interbancarios (SEPI)					
Total	340	226	204	171	45
Daily average	5	3	3	3	2

1) The PNS replaced the *Système Net Protégé* (SNP) on 19 April 1999.

# Documents published by the European Central Bank (ECB)

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## Annual Report

"Annual Report 1998", April 1999.

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## Monthly Bulletin

Articles published from January 1999 onwards:

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

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

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

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

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

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

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"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.

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"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.

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### **Working Paper Series**

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  - 14 “Assessing nominal income rules for monetary policy with model and data uncertainty” by G. D. Rudebusch, February 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.

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“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”, November 1999.

“Money and Banking Statistics: Handbook for the compilation of flow statistics”, December 1999.

“Payment systems in the European Union: Addendum incorporating 1998 figures”, February 2000.

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### **Information brochures**

“TARGET”, July 1998.

“The euro banknotes and coins”, July 1999.

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



