















In 2005 all ECB publications will feature a motif taken from the €50 banknote.



# MONTHLY BULLETIN JUNE 2005

#### © European Central Bank, 2005

#### Address

Kaiserstrasse 29 60311 Frankfurt am Main Germany

#### Postal address

Postfach 16 03 19 60066 Frankfurt am Main Germany

#### Telephone

+49 69 1344 0

Website http://www.ecb.int

#### +49 69 1344 6000

#### Telex

411 144 ecb d

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

All rights reserved. Reproduction for educational and non-commercial purposes is permitted provided that the source is acknowledged.

 $The \ cut-off \ date for \ the \ statistics \ included$ in this issue was 1 June 2005.

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



SI

1

٧

IX

XV

## CONTENTS

| ED               | ITORIAL   | 5  | EURO AREA STATISTICS                                     |
|------------------|---|----|--|
| EC               | DNOMIC AND MONETARY   |    | Chronology of monetary policy measures of the Eurosystem |
|                  | VELOPMENTS  | 7  | The TARGET (Trans-European Automated                     |
| Th               | e external environment of the euro area   | 7  | Real-time Gross settlement                               |
| M                | onetary and financial developments  | 13 | Express Transfer) system                                 |
| Prices and costs |   |    | Documents published by the                               |
| Οι               | itput, demand and the labour market   | 50 | European Central Bank since 2004                         |
| Fis              | scal developments   | 60 | GLOSSARY   |
|                  | rosystem staff macroeconomic ojections for the euro area  | 65 | GLOSSART   |
|                  | change rate and balance of payments velopments  | 69 |  |
|                  | oxes:   |    |  |
| 1                | The intermediation role of insurance corporations and pension funds and its impact on monetary developments | 17 |  |
| 2                | Liquidity conditions and monetary policy operations from 8 February to 10 May 2005                          | 25 |  |
| 3                | Recent increase in corporate bond spreads   | 29 |  |
| 4                | The recovery in the growth of short-term MFI loans to non-financial corporations in recent quarters         | 36 |  |
| 5                | Developments in consumer goods producer prices  | 46 |  |
| 6                | Major changes in euro area and<br>Member States' national accounts  | 50 |  |
| 7                | Assessing the recent impulse from the external sector to euro area activity                                 | 53 |  |
| 8                | Comparison with the ECB staff<br>macroeconomic projections of<br>March 2005                                 | 67 |  |
| 9                | Forecasts by other institutions   | 68 |  |
|                  | Indicators of euro area cost and price competitiveness: similarities and                                    |    |  |
|                  | differences   | 71 |  |

#### **ABBREVIATIONS**

#### **COUNTRIES**

BE Belgium HU Hungary Czech Republic Malta CZMT Denmark Netherlands DK NL Austria DE Germany AT EE Poland Estonia PL GR Greece PT Portugal ES Slovenia Spain SI FR France SK Slovakia ΙE Ireland FΙ Finland IT Italy SE Sweden CY Cyprus UK United Kingdom

Latvia JP LV Japan

LT Lithuania US **United States** 

LU Luxembourg

#### **OTHERS**

BIS Bank for International Settlements

b.o.p. balance of payments

BPM5 IMF Balance of Payments Manual (5th edition)

CDcertificate of deposit

cost, insurance and freight at the importer's border c.i.f.

CPI Consumer Price Index **ECB** European Central Bank **EER** effective exchange rate **EMI** European Monetary Institute **EMU** Economic and Monetary Union **ESA 95** European System of Accounts 1995 **ESCB** European System of Central Banks

EU European Union

**EUR** euro

f.o.b. free on board at the exporter's border

GDP gross domestic product

HICP Harmonised Index of Consumer Prices **HWWA** Hamburg Institute of International Economics

International Labour Organization ILO **IMF** International Monetary Fund MFI monetary financial institution

NACE Rev. 1 Statistical classification of economic activities in the European Community

national central bank **NCB** PPI **Producer Price Index** 

SITC Rev. 3 Standard International Trade Classification (revision 3)

**ULCM** unit labour costs in manufacturing **ULCT** unit labour costs in the total economy

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



#### **EDITORIAL**

At its meeting on 2 June 2005, the Governing Council of the ECB decided to leave the minimum bid rate on the main refinancing operations of the Eurosystem unchanged at 2.0%. The interest rates on the marginal lending facility and the deposit facility were also left unchanged at 3.0% and 1.0% respectively.

Overall, on the basis of its regular economic and monetary analyses, the Governing Council expects euro area underlying inflationary pressures to remain contained in the medium term. Accordingly, it decided to leave the key ECB interest rates unchanged. The exceptionally low level of interest rates across the entire maturity spectrum continues to provide considerable support to economic growth in the euro area, which currently shows only moderate dynamics. At the same time, the Governing Council will remain vigilant with regard to upside risks to price stability.

As regards the economic analysis underlying the Governing Council's assessment, real GDP grew by 0.5% quarter on quarter in the first quarter of 2005, according to first estimates, compared with 0.2% in the previous quarter. However, figures for real GDP growth over the last two quarters partly reflect statistical effects related to working-day adjustments to the data. This has led to some understatement of growth dynamics in the last quarter of 2004 and to some overstatement in the first quarter of 2005. Most recent indicators for economic activity remain, on balance, on the downside.

The moderation in economic activity observed since mid-2004 is partly related to the rise in oil prices. Looking ahead, there is scope for positive fundamental factors to again shape the outlook, assuming that the effects from adverse developments gradually diminish. Notably, global economic activity is expected to remain strong, despite some moderation from the record levels observed last year. This continues to support euro area exports and should also have a positive impact on investment. Investment is expected to benefit from robust earnings, improvements in business efficiency

and the very favourable financing conditions. At the same time, consumption growth is expected to develop in line with real disposable income growth.

This assessment is broadly consistent with the June 2005 Eurosystem staff projections. Euro area real GDP is projected to grow at rates of between 1.1% and 1.7% in 2005, and between 1.5% and 2.5% in 2006. Recent forecasts from international and private sector organisations give similar indications. In comparison with the March 2005 ECB staff projections, the ranges projected for real GDP growth in 2005 and 2006 have been adjusted slightly downwards.

All in all, in the judgement of the Governing Council real economic growth should gradually improve over the period ahead. At the same time, recent data have heightened the uncertainties surrounding the short-term evolution of domestic demand, and persistently high oil prices and global imbalances may pose downside risks to the projections for economic growth.

Turning to price developments in the euro area, according to Eurostat's flash estimate annual HICP inflation was 2.0% in May, compared with 2.1% in April. Over the coming months, annual HICP inflation rates are expected to remain broadly around current levels. On the one hand, energy prices are exerting upward pressure on HICP inflation. On the other hand, underlying inflationary pressure has been rather contained and, on average, wage increases have remained moderate over recent quarters.

In the June 2005 Eurosystem staff projections, average annual HICP inflation is seen to lie between 1.8% and 2.2% in 2005, and between 0.9% and 2.1% in 2006. Compared with the ECB staff projections published in March 2005, the inflation projections for 2005 have been revised slightly upwards and for 2006 slightly downwards. In 2006, this largely reflects the expected statistical effect of a planned health care reform in one euro area country, the Netherlands, which is estimated to imply a

one-off reduction of 0.2 percentage point in the euro area inflation rate for 2006. This effect should be excluded from the assessment of the medium-term outlook for price stability.

Taking into account the assumptions underlying the projections, upside risks to the inflation projections prevail. These risks relate notably to future oil price developments, indirect taxes and administered prices. Furthermore, ongoing vigilance is required in order to ensure that past price increases do not lead to second-round effects in wage and price-setting throughout the economy. In this respect, continued responsibility on the part of social partners is very important.

The monetary analysis provides further insight into the risks to price stability over the medium to longer term. Over the past few months, money and credit have continued to grow robustly in the euro area. These developments mainly reflect the stimulative effect of the low level of interest rates in the euro area. The monetary dynamics are driven by the strong growth of the most liquid components of broad money contained in the narrow aggregate M1. At the same time, the euro area private sector's demand for MFI loans, in particular for house purchase, has remained strong.

The assessment of ample liquidity in the euro area is confirmed by all indicators. In the light of, among other things, the increasingly liquid nature of monetary expansion, the accumulated stock of the broad monetary aggregate M3 may entail upside risks to price stability over the medium to longer term.

To sum up, the economic analysis suggests that underlying domestic inflationary pressures remain contained in the medium term. At the same time, it is necessary to underline the conditionality of this assessment and the related upside risks to price stability. Cross-checking with the monetary analysis supports the case for ongoing vigilance.

As regards fiscal policies, developments in the euro area remain of concern. While a few countries are succeeding in maintaining sound budgetary positions, in several countries it is essential that fiscal consolidation is given the highest priority in view of the budgetary situation. Moreover, the revised rules and procedures for the Stability and Growth Pact, expected to take effect soon, need to be implemented in a strict manner to ensure credibility and to promote a timely return to sound budgetary positions.

With respect to structural reforms, the "Integrated Guidelines" for 2005-08, covering both the new Broad Economic Policy Guidelines and the new Employment Guidelines, are soon to be adopted. These guidelines for economic and employment policies will, in turn, serve as the basis for action at the EU level and for Member States to draw up national reform programmes by the autumn of this year. The new governance structure of the Lisbon agenda should provide fresh impetus to structural reforms in Europe. These reforms are vital for Europe's ability to respond to the challenges arising from an ongoing deepening in the global division of labour, the fast process of technological change and the ageing of the population. A determined approach in addressing these challenges and successful communication that convinces the public of the benefits of the reforms hold the key to both improving the economic outlook in the short run and sustaining the prosperity of European citizens in the longer term.

# ECONOMIC AND MONETARY DEVELOPMENTS

The external environment of the euro area

# ECONOMIC AND MONETARY DEVELOPMENTS

# I THE EXTERNAL ENVIRONMENT OF THE EURO AREA

The global economy continues to expand at a fairly robust pace. In particular, growth in the United States and China continues to support global activity, while the Japanese economy also rebounded in the first quarter. At the same time, global inflationary pressures remain contained overall. The outlook for the global economy and for euro area foreign demand remains fairly favourable. Risks to this outlook are associated with the impact of high oil prices and the persistence of global imbalances.

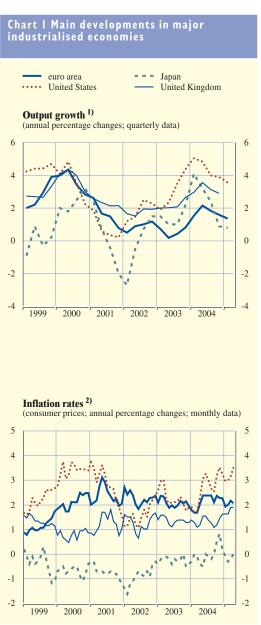
#### I.I DEVELOPMENTS IN THE WORLD ECONOMY

The global economy continues to expand at a fairly robust pace. In particular, growth in the United States and China continues to support global activity. Furthermore, the rebound in the Japanese economy in early 2005 was confirmed by first-quarter GDP figures. Global growth appears to have been particularly bolstered by the service sector, while manufacturing activity has been less strong in some countries. Largely reflecting past developments in oil prices, annual consumer price inflation increased recently in a number of countries. The annual rate of change of the CPI excluding food and energy stood at 2% on average for the OECD countries in March.

#### **UNITED STATES**

In the United States, economic activity slowed slightly in early 2005. According to "preliminary estimates", real GDP grew at a quarterly annualised rate of 3.5% in the first quarter of 2005. The growth in private consumption and fixed investment decreased somewhat from the robust rates of the last quarter of 2004, whereas inventory investment grew more than in the previous quarter. The export growth rate increased, but the contribution of net trade to GDP remained negative, as imports continued to increase rapidly.

Recent data releases suggest that the economy has continued to expand in recent months, albeit at a slower rate than in the second half of 2004. Household spending has decelerated somewhat according to data available through April. At the same time, industrial production in April was virtually unchanged from the first quarter average. Business sentiment in the



Sources: National data, BIS, Eurostat and ECB calculations.
1) Eurostat data are used for the euro area and the United Kingdom; for the United States and Japan, national data are used. GDP figures have been seasonally adjusted.
2) HICP for the euro area and the United Kingdom; CPI for

manufacturing sector has deteriorated slightly as suggested, for example, by the ISM index, but remains consistent with continued expansion overall. The weakness in orders for non-defence capital goods excluding aircraft points to a possible moderation in business fixed investment spending in recent months. High energy prices and the expiry of tax incentives for equipment spending may be behind this development.

The gradual absorption of accumulated slack in the labour market has continued. During the first four months of 2005, the average monthly increase in non-farm payroll employment was 211 000, against 162 000 in the second half of 2004. The annualised quarter-on-quarter increase in unit labour costs in the non-farm business sector rose to 2.2% in the first quarter of 2005.

Looking ahead, output growth is likely to remain fairly robust in the near future. Despite the recent weakening in orders, strong corporate profits and relatively favourable financing conditions should continue to support investment spending. Thus, business fixed investment is expected to continue growing, albeit at a more moderate rate than at the end of 2004. Given the historically low personal saving rate and significant household indebtedness, consumption spending growth is likely to depend increasingly on developments in disposable income rather than possible further reductions in savings. Growth in household income is expected to benefit from the continued improvement in labour market conditions, which also seem to be slowly leading to increases in real wages and salaries.

Annual consumer price inflation continued to increase, predominantly reflecting developments in the prices of food and energy. The annual rate of change of the headline CPI was 3.5% in April, against 3.1% in March. By contrast, annual consumer price inflation excluding food and energy declined slightly to 2.2% in April, despite continued signs of price pressures from producer prices, unit labour costs and anecdotal survey evidence.

#### JAPAN

In Japan, the first estimate of national accounts for the first quarter of 2005 showed a surprisingly strong rebound in output growth, with real GDP rising by 1.3% on a quarterly basis, following zero growth in the last quarter of 2004. This rebound was entirely driven by strong private domestic demand, in particular private consumption and non-residential investment. According to various household surveys, favourable developments in labour markets have recently been reported as the main factors supporting consumer activity. The contribution from public spending was nil, while that of net trade was slightly negative, mainly reflecting weak export activity.

Looking ahead, the Japanese economy is likely to recover gradually, albeit at a less robust rate than in the first quarter. The strong first-quarter rebound may be interpreted to some extent as a "correction" following weak growth performance during most of 2004.

With regard to price developments, the annual rate of change in the CPI was 0.0% in April, while that of the CPI excluding fresh food stood at -0.2%. By contrast, producer prices – as measured by the domestic corporate goods price index – rose by 1.8% in April, reflecting increases in the prices of oil products and raw materials.

At its meeting on 20 May, the Bank of Japan decided to maintain its target for the outstanding balance of current accounts unchanged at around JPY 30-35 trillion. At the same time, it stated in the associated press release that when the demand for liquidity is exceptionally weak due to technical factors, the balance may be allowed to fall below the lower threshold of the target.

# ECONOMIC AND MONETARY DEVELOPMENTS

The external environment of the euro area

#### **UNITED KINGDOM**

In the United Kingdom, output growth moderated somewhat in the first quarter of 2005, but remained fairly robust overall. Real GDP growth slowed to a quarterly rate of 0.5% in the first quarter (corresponding to 2.7% year on year). The moderation in economic growth mainly stemmed from subdued private consumption growth. In addition, gross fixed capital formation growth came to a halt and exports declined. However, as imports fell more strongly, the contribution of net exports to quarterly GDP growth was positive in the first quarter. Looking ahead, the prospects for economic activity remain positive, although growth in 2005 may prove somewhat weaker than last year, largely reflecting the slowdown in private consumption growth.

In April 2005 annual HICP inflation stood at 1.9%, unchanged from March but up from the 1.6% registered in each of the three preceding months. Inflation in April and March was primarily driven by prices for transport and food. The annual rate of producer price inflation continued to increase, mainly due to higher energy prices, reaching 10.7% in April. Growth in average earnings abated somewhat in March compared with February, although it remained fairly strong. The housing market seems to have stabilised and increases in house prices continued to slow in March. At its meeting on 9 May, the Bank of England's Monetary Policy Committee decided to leave the policy rate unchanged at 4.75%.

#### OTHER EUROPEAN COUNTRIES

Economic activity in the other non-euro area EU countries continues to be dynamic, although it may have slowed in some countries in the first quarter of 2005. Nonetheless, demand from this region still has a significant positive impact on foreign demand in the euro area. Inflationary pressures remained muted in most of these economies, although the previous decline in inflation in some countries seems to have come to an end, partly owing to recent increases in energy prices.

In Denmark, preliminary estimates for the first quarter show that real GDP slowed to 0.8% compared with a year earlier, whereas short-term indicators for Sweden suggest that output growth may have been robust in the first quarter. The decline in Danish growth in the first quarter was mainly due to weaker domestic demand. The short-term outlook is, however, still positive in both countries. Inflation developments have remained subdued in both economies, although developments in recent months went in different directions. In Denmark, HICP inflation rose to 1.7% in April, whereas in Sweden it fell to 0.4%. In Denmark, the recent increase in inflation was mainly driven by higher energy prices. In Sweden, the subdued inflation rate is associated with strong competition in food retailing, lower prices of clothing and moderate wage increases combined with strong productivity growth.

In the three largest new EU Member States (Poland, the Czech Republic and Hungary), output growth continued to be strong, although it seems to have moderated in the first quarter. In Hungary and Poland, preliminary estimates suggest that real GDP growth declined in the first quarter of 2005. There are indications that growth may also have slowed in the Czech Republic, following the relatively strong rates in the fourth quarter of 2004. In some countries, the decline in annual growth rates of economic activity in the first quarter reflects base effects associated with the increase in growth that occurred a year before EU accession. Looking ahead, output growth is likely to remain strong in these economies, driven by increases in domestic demand. The decline in inflation that started in the course of 2004 seems to have come to an end in recent months, mostly owing to higher energy prices. In Hungary and the Czech Republic, HICP inflation picked up in April to 3.8% and 1.4% respectively, whereas it fell to 3.1% in Poland. Against the

background of an improved inflation outlook, on 23 May the Monetary Council of Magyar Nemzeti Bank decided to reduce its policy rate by 25 basis points to 7.25%.

In the remaining non-euro area EU countries, economic activity generally continued to expand rapidly in the fourth quarter of 2004 and early 2005. The strongest increases in economic activity were recorded in the Baltic States. Inflation has continued to fluctuate at relatively high rates in some of the faster-growing economies. On 20 May the Central Bank of Cyprus lowered its key interest rate by 50 basis points to 4.75%.

In Switzerland, the economy lost momentum in the fourth quarter of 2004, and recent data releases indicate ongoing weakness in activity at the beginning of this year. In particular, exports weakened in the first quarter of 2005, especially those to the main European trading partners. Annual CPI inflation was 1.4% in April 2005, unchanged from March.

In Russia, the pace of economic expansion appears to have slowed somewhat in early 2005. Year-on-year growth in industrial production declined to 3.6% in the first quarter of 2005. Overall activity continued to be supported by household spending, as retail sales remained relatively robust in early 2005. At the same time, the annual inflation rate for consumer prices increased to 13.4% in April 2005, up from 11.7% in 2004.

#### **NON-JAPAN ASIA**

Following a slowdown in the first quarter of 2005 in some major countries in non-Japan Asia, economic growth has recently regained momentum in the region. Export growth has recovered somewhat, after declining for a number of quarters. At the same time, domestic demand has remained robust in most economies in the region. Meanwhile, inflationary pressures eased in April 2005, after increasing in the first quarter.

In China, the economy continues to expand strongly, with annual growth in the first quarter standing at 9.4%. Both surging exports and robust domestic demand contributed to the growth performance. Subsequently, exports continued to expand rapidly, growing 31.9% year on year in April 2005. In that month, year-on-year growth in industrial production and urban fixed asset investment increased to 16.0% and 26.4% respectively. Annual CPI inflation declined noticeably, from 2.7% in March to 1.8% in April, mainly owing to a moderation of the rise in food prices.

In Korea, economic activity decelerated at the beginning of 2005, with real GDP expanding by 2.7% year on year in the first quarter of 2005. Growth in industrial production also slowed to 3.8% in April (year on year). The slowdown was largely due to the decline in export growth, while some domestic demand indicators improved. In May merchandise export growth recovered somewhat, rising by 11.9% (year on year) despite the significant strengthening of the Korean won.

Economic prospects for the non-Japan Asia region remain favourable, supported by the continuous improvement in domestic demand, particularly private consumption, although high oil prices remain a major risk to the region. Looking further ahead, however, there are indications that Chinese exports may slow, reflecting rising cost pressures, uncertainties surrounding China's exchange rate regime and growing trade friction.

#### **LATIN AMERICA**

The latest data releases for Latin America indicate that, in general, real output growth is continuing to expand robustly, albeit at a slower pace than in 2004. In Brazil and Mexico, the

The external environment of the euro area

region's two largest countries, there are signs of a deceleration, in part reflecting a slowdown in foreign demand, which has thus far been the main engine of growth in both countries. Annual real GDP growth fell from 4.7% and 4.9% in the last quarter of 2004 to 2.9% and 2.4% in the first quarter of 2005, respectively. In contrast, in Argentina, both exports and domestic demand have recently grown at robust rates, with the country's industrial production increasing by 10.2% (year on year) in April. Looking ahead, economic activity conditions are expected to remain favourable for the countries in the region, supported by both domestic and external demand. Inflationary pressures remain one of the downward risks to the economic outlook in the region. In addition, despite Argentina's successful debt restructuring deal, there is continued uncertainty relating to the prospects for multilateral financial support for the country.

#### 1.2 COMMODITY MARKETS

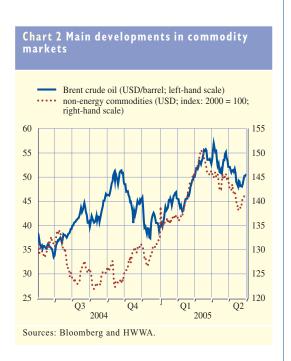
Following a new all-time high in early April, when the price of Brent crude oil reached USD 57, oil prices fell throughout most of May amid persistent and significant volatility. The recent decline followed data releases showing lower oil demand growth in China, rising OPEC production and rising inventories of oil in the United States. The recent decline notwithstanding, oil prices remain at high levels and continue to be subject to upward pressures due to the strong global demand for oil expected in the second half of this year, combined with supply-side constraints and concerns over the security of oil supplies. On 1 June 2005 the price of Brent crude oil stood at USD 50.4, 11% below the historical high, but still 25% above the level at the beginning of this year. Market participants expect oil prices to remain close to current levels for some time. On 1 June 2005 the end-2007 futures price for Brent crude stood at USD 51.5.

Similar to oil price developments, non-energy commodity prices, expressed in USD, also eased in May, after reaching a new all-time high in March 2005. In particular, this decline reflected developments in the price of industrial raw materials, while food prices remained relatively

stable. Despite the recent decline, non-energy commodity prices were, in US dollar terms, still approximately 7% higher in May than one year ago.

## 1.3 OUTLOOK FOR THE EXTERNAL ENVIRONMENT

The outlook for the external environment and for euro area external demand remains fairly favourable. However, further gradual deceleration in global economic activity, as suggested by some available leading indicators, cannot be ruled out. The six-month rate of change of the OECD composite leading indicator declined for the second month in a row in March, following a temporary rebound that started in October of last year. Growth should, however, continue to be bolstered by the robust profit situation and overall



favourable financing conditions, despite some widening of credit spreads on corporate and emerging market debt. Nevertheless, this rather positive outlook is associated with some important risks, with oil prices continuing to be the main source of risk. The persistence of global external imbalances is an additional factor for concern.

#### 2 MONETARY AND FINANCIAL DEVELOPMENTS

#### 2.1 MONEY AND MFI CREDIT

The annual rate of growth of M3 remained robust in the first few months of 2005. At the same time, the strengthening observed during the second half of 2004 seems to have levelled off. While the normalisation of portfolio allocation behaviour by euro area residents has continued, albeit at a gradual pace, monetary dynamics continue to be predominantly driven by the stimulative impact of the low level of interest rates. The low level of interest rates also contributed to a further strengthening of credit growth in the first quarter of 2005. Overall, all the available evidence suggests that the stock of liquidity remains ample, which could pose upside risks to price stability over the medium to longer term.

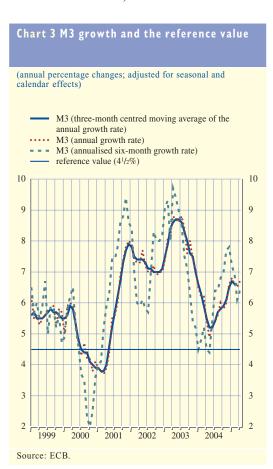
#### THE BROAD MONETARY AGGREGATE M3

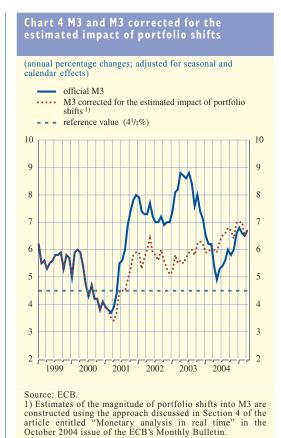
The annual rate of growth of M3 remained robust in the first few months of 2005, but the strengthening observed during the second half of 2004 seems to have levelled off. The annual growth rate of M3 stood at 6.7% in April 2005, having been 6.7% in the first quarter of 2005 and 6.0% in the fourth quarter of 2004. The three-month moving average of the annual growth rates of M3 remained at 6.6% over the period February-April 2005, unchanged from the period January-March 2005 (see Chart 3). The short-term dynamics of M3, as measured by the annualised sixmonth rate of growth of M3, have moderated compared with the end of 2004, and in April 2005 that growth rate stood at 6.4% (after a peak of 7.8% in December 2004).

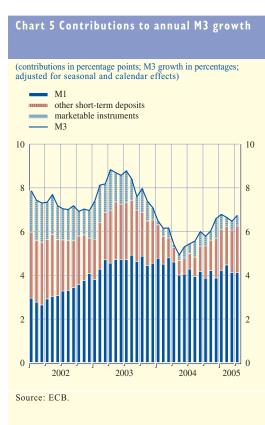
Monetary developments continue to be driven by two opposing forces. On the one hand, the ongoing normalisation of portfolio allocation behaviour following the exceptional preference for liquidity observed between 2001 and mid-2003 has tended to dampen monetary growth. The subdued growth of money market fund shares/units and the continued strong inflows into MFI longer-term financial liabilities both indicate that the normalisation of financial investment patterns has continued.

On the other hand, the low level of interest rates, which implies a low opportunity cost of holding money, has remained the dominant force behind monetary dynamics, exerting an upward impact in particular via the most liquid components of M3. This stimulative effect may be especially strong at low levels of interest rates, owing to transaction costs associated with shifts from liquid to less liquid assets.

The difference between the annual rates of growth of a measure of M3 corrected for the estimated impact of portfolio shifts and official M3 narrowed further during the first quarter of 2005 as a result of the only gradual pace of the







normalisation of portfolio allocation behaviour by euro area residents. In April 2005 the annual growth rate of the corrected measure stood at 6.7%, the same as the official M3 annual growth rate (see Chart 4). However, it should be noted that, given the inevitable uncertainties surrounding estimates of the magnitude of portfolio shifts, some caution is required in interpreting the corrected measure.

#### MAIN COMPONENTS OF M3

Over the period under review, strong annual M1 growth continued to be the main contributor to M3 dynamics (see Chart 5), supporting the view that the low level of interest rates is currently the main driving force behind M3 growth. The annual rate of growth of M1 increased in the first quarter of 2005, to 9.6%, from 9.3% in the fourth quarter of 2004 (see Table 1). The increase in the annual growth rate of M1 masks divergent developments in the two components. While the annual growth rate of currency in circulation moderated to stand at 18.0% in the first quarter of 2005, compared with 19.1% in the fourth quarter of 2004, the growth rate of overnight deposits increased to 8.2%, from 7.7% in the previous quarter. In April 2005 the annual growth rate of M1 remained unchanged from the previous month, at 9.3%.

Since mid-2004 short-term deposits other than overnight deposits have played an increasingly important role in monetary developments. The annual growth rate of these deposits picked up

<sup>1</sup> For further details, see the article entitled "Monetary analysis in real time" in the October 2004 issue of the ECB's Monthly Bulletin.

| Table | I Summary | table of | monetary | variables |
|-------|-----------|----------|----------|-----------|

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

|   | Outstanding amount          |            | Annual growth rates |            |            |              |              |  |  |
|---|-----------------------------|------------|---------------------|------------|------------|--------------|--------------|--|--|
|   | as a percentage<br>of M3 1) | 2004<br>Q2 | 2004<br>Q3          | 2004<br>Q4 | 2005<br>Q1 | 2005<br>Mar. | 2005<br>Apr. |  |  |
| M1  | 45.3                        | 10.2       | 9.6                 | 9.3        | 9.6        | 9.3          | 9.3          |  |  |
| Currency in circulation                   | 7.2                         | 21.6       | 20.3                | 19.1       | 18.0       | 17.8         | 17.5         |  |  |
| Overnight deposits                        | 38.1                        | 8.5        | 7.9                 | 7.7        | 8.2        | 7.8          | 7.9          |  |  |
| M2 - M1 (= other short-term deposits)     | 40.3                        | 1.7        | 2.0                 | 3.5        | 4.4        | 4.8          | 5.2          |  |  |
| Deposits with an agreed maturity of up to |                             |            |                     |            |            |              |              |  |  |
| and including two years                   | 15.4                        | -6.9       | -5.8                | -2.4       | 0.5        | 1.6          | 3.2          |  |  |
| Deposits redeemable at notice of up to    |                             |            |                     |            |            |              |              |  |  |
| and including three months                | 24.9                        | 8.1        | 7.6                 | 7.4        | 7.0        | 6.8          | 6.5          |  |  |
| M2  | 85.7                        | 6.0        | 5.8                 | 6.4        | 7.1        | 7.1          | 7.3          |  |  |
| M3 - M2 (= marketable instruments)        | 14.3                        | 2.0        | 4.0                 | 3.8        | 4.0        | 2.8          | 3.2          |  |  |
| M3  | 100.0                       | 5.4        | 5.6                 | 6.0        | 6.7        | 6.5          | 6.7          |  |  |
| Credit to euro area residents             |                             | 6.0        | 6.2                 | 6.0        | 6.5        | 6.4          | 6.7          |  |  |
| Credit to general government              |                             | 6.3        | 6.3                 | 3.7        | 3.4        | 2.3          | 2.9          |  |  |
| Loans to general government               |                             | 2.3        | 2.3                 | 0.7        | -0.4       | -2.2         | -0.7         |  |  |
| Credit to the private sector              |                             | 5.9        | 6.2                 | 6.6        | 7.3        | 7.5          | 7.7          |  |  |
| Loans to the private sector               |                             | 5.6        | 6.2                 | 6.8        | 7.3        | 7.6          | 7.4          |  |  |
| Longer-term financial liabilities         |                             |            |                     |            |            |              |              |  |  |
| (excluding capital and reserves)          |                             | 8.3        | 8.6                 | 8.9        | 9.5        | 9.8          | 9.5          |  |  |

Source: ECB.

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

further during the first quarter of 2005, reaching 4.4%, from 3.5% in the previous quarter. This upward movement continued in April, with the annual growth rate increasing to 5.2%, from 4.8% in the previous month. This reflected considerably stronger demand for deposits with an agreed maturity of up to and including two years (time deposits), while the growth of deposits redeemable at notice of up to and including three months (savings deposits) remained robust.

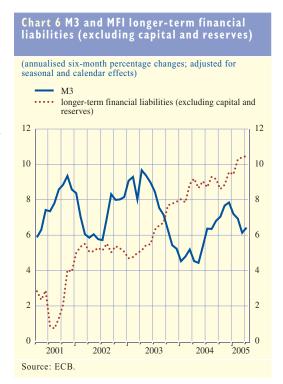
The annual rate of growth of marketable instruments stood at 3.2% in April, having edged up to 4.0% in the first quarter of 2005, from 3.8% in the last quarter of 2004. On the one hand, the annual rate of growth of money market fund shares/units has tended to decline, with economic agents even reducing their holdings of money market fund shares/units over the last six months. This supports the view that the normalisation of portfolio allocation behaviour by euro area households and firms, albeit gradual, is continuing. On the other hand, demand for debt securities with a maturity of up to two years has tended to strengthen in recent months, although this has also been characterised by considerable volatility.

The sectoral breakdown of short-term deposits and repurchase agreements indicates that in the first four months of 2005 non-financial corporations made a higher contribution to overall short-term deposit growth than in the last quarter of 2004, particularly as regards time deposits. The contribution of non-monetary financial intermediaries has remained broadly unchanged since the last quarter of 2004, masking, however, a shift of funds from overnight deposits and repurchase agreements into time deposits. Households were the main contributors to the strengthening in the growth rate of short-term deposits and repurchase agreements in April 2005, particularly as a result of their increased demand for overnight deposits and time deposits.

#### MAIN COUNTERPARTS OF M3

On the counterpart side, the annual growth rate of total MFI credit to euro area residents strengthened further in the first quarter of 2005 to stand at 6.5%, up from 6.0% in the previous quarter, broadly confirming the dynamics observed over the course of 2004. This masked a continuous upward trend in the growth of credit to the private sector, while the dynamics of credit to general government tended to moderate.

The further strengthening of the rate of growth of credit to the private sector in the first quarter of 2005 (reaching 7.3% on an annual basis, compared with 6.6% in the previous quarter) reflects both the low level of interest rates and improved credit supply conditions as reported in the April 2005 bank lending survey.<sup>2</sup> That strengthening continued in April, with the annual growth rate of credit to the private sector increasing to 7.7%, from 7.5% in March (see Sections 2.6 and 2.7 for sectoral developments in loans to the private sector).



The annual growth rate of credit to general government fell to 3.4% in the first quarter of 2005, from 3.7% in the previous quarter. This moderation was attributable to a reduction in the annual growth rate of loans to general government, which turned negative in the first quarter of 2005, while the growth rate of the direct purchase of government debt securities was unchanged compared with the last quarter of 2004.

Among the other counterparts of M3, the dynamics of longer-term financial liabilities (excluding capital and reserves) strengthened further in the first quarter of this year, continuing the trend observed from 2003 onwards (see Chart 6). The annual rate of growth of investment by the moneyholding sector in MFIs' longer-term financial liabilities (excluding capital and reserves) rose further to stand at 9.5% in the first quarter of 2005, up from 8.9% in the fourth quarter of 2004. The increased demand for these longer-term instruments on the part of euro area investors supports the view of an ongoing normalisation of the portfolio allocation behaviour of the money-holding sector, with a gradual shift towards greater demand for longer-term assets. This might partly reflect stronger investment by households in the products of insurance corporations and pension funds, which typically hold a large part of their assets in longer-term assets (for details, see Box 1, entitled "The intermediation role of insurance corporations and pension funds and its impact on monetary developments"). Indeed, one of the major contributors to the increase in the growth rate of longer-term deposits observed in recent quarters has been insurance corporations and pension funds.

<sup>2</sup> See Box 2, entitled "The results of the April 2005 bank lending survey for the euro area", in the May 2005 issue of the ECB's Monthly Bulletin.

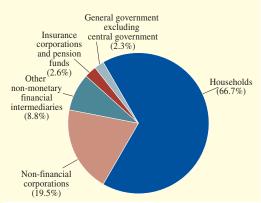
#### Box I

# THE INTERMEDIATION ROLE OF INSURANCE CORPORATIONS AND PENSION FUNDS AND ITS IMPACT ON MONETARY DEVELOPMENTS

Insurance corporations and pension funds (ICPFs)1 hold between 15% and 20% of their assets in deposits, most of which are longerterm deposits not included in M3. In April 2005 ICPFs accounted for less than 3% of the holdings of short-term deposits and repurchase agreements included in the broad monetary aggregate (see Chart A), close to 80% of which is made up of deposits. The short-term deposits held by ICPFs thus constitute only a modest share of total M3. However, owing to the ICPF sector's role as an intermediary, primarily for the household sector, this share probably understates considerably the part played by ICPFs in shaping monetary dynamics over recent years. This box examines the nature of ICPFs' deposit holdings and the intermediation role they play through asset allocation.

## Chart A Sectoral shares in total holdings of short-term deposits

(percentages of total short-term deposits and repurchase agreements; April 2005)



Source: ECB.

Note: The reporting sector comprises MFIs excluding the Eurosystem. Figures may not add up due to rounding.

#### The degree of "moneyness" of ICPFs' short-term deposit holdings

It should be noted that short-term deposits held by ICPFs may not lend themselves to an economically meaningful interpretation in terms of "moneyness". This is because they may be linked to off-balance sheet transactions that affect their economic character. ICPFs may use complex, structured products or derivatives in order to hedge positions or improve the risk/return profile of their portfolio. At the same time, they hold funds in the form of deposits as collateral. These deposits are held neither for transaction nor for saving purposes but in order to hedge the exposure or to cover possible margin calls. Although statistically treated as part of the money stock, they do not correspond to money in the usual economic sense but exhibit hybrid properties between those of money and longer-term securities.

#### The intermediation role of ICPFs

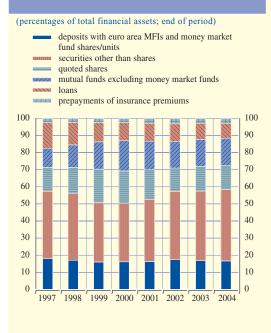
ICPFs are financed predominantly by the household sector. ICPF liabilities, mainly in the form of insurance technical reserves, therefore form part of the stock of household financial wealth. The importance of ICPFs to households has grown in recent years, with the share of insurance technical reserves in total household sector financial assets increasing from 21.3% in 1995 to 26.4% in 2003. A considerable variation in this percentage can be observed across countries, related to the extent of coverage offered by public pension systems and the depth of national

<sup>1</sup> The ICPF sector is heterogeneous in its composition, comprising very different types of entities: life and non-life insurance corporations, reinsurance corporations and pension funds.

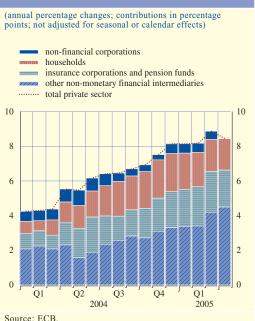
financial markets. Given that ICPFs are mainly financed by households, the asset allocation of ICPFs "replaces" household investment decisions. While households' direct holdings of deposits are concentrated in shorter maturities, which are included in M3, a large share of ICPFs' assets are deposits with an agreed maturity, particularly with a maturity of over two years, which lie outside M3. Changes in households' portfolio allocation towards a greater investment in ICPFs can thus have an important impact on monetary developments. For instance, ICPFs tend to actively manage their funds in response to capital market developments, shifting more often between deposits and other asset categories than households. These changes in households' portfolio allocation and the consequences of ICPFs' liquidity management could make monetary developments more volatile.

In general, the professional risk management pursued by ICPFs allows them to invest in riskier and longer-term assets than households. ICPFs, in particular life insurers and pension funds, traditionally invest their funds in fixed-income assets and are important players in the euro area long-term bond market. They also purchase significant volumes of equities, to a large degree outside the euro area. To the extent that such transactions involve international capital flows settled through the euro area MFI sector, this impacts on the net external assets of the MFI sector and the deposit holdings of euro area residents, in turn affecting monetary developments. However, ICPFs' investment behaviour is also governed by, among other things, regulatory mechanisms set up to safeguard the financial system and limit associated risks. In certain circumstances, such as a phase of declining stock market prices, these mechanisms can hinder ICPFs from taking a view that differs strongly from the market consensus. In Chart B, this is clearly visible for the period 2000 to 2002: ICPFs reduced their holdings of quoted shares while substantially increasing their holdings of securities other than

#### Chart B Asset allocation of insurance corporations and pension funds



#### Chart C Longer-term deposits



Source: ECB. Note: The reporting sector comprises MFIs excluding the

Source: ECB.

shares, which are primarily long-term in nature, thus matching the behaviour of the non-financial sector. ICPFs held a significant share (31.2%) of MFI longer-term deposits in 2004 (those deposits falling outside M3) and have contributed to their rapid expansion since the second quarter of 2004 (see Chart C). To an important extent, the marked increases in ICPFs' holdings of longer-term deposits have been determined by two effects: first, the asset allocation behaviour of the ICPFs, and second, households' significant shift into insurance contracts in an environment of increased uncertainty related to the ageing of the population.

Overall, the intermediation role of ICPFs has increased in recent years and can be expected to gain further importance as changes to public pension systems are implemented and households' awareness of a need for private provision rises. Analysing the asset allocation behaviour of ICPFs and its impact on monetary developments in real time is thus an important issue for monetary analysis, which would benefit from the provision of more timely and detailed data on ICPFs' transactions and balance sheets.

By contrast with longer-term financial liabilities, the annual flow in the net external asset position of the euro area MFI sector continued to contribute positively to M3 growth in the first quarter of 2005. This signals, among other things, that euro area residents remain fairly reluctant to invest in foreign assets, which is dampening the speed of the normalisation of portfolio allocation behaviour. However, the annual flow in the net external asset position of the euro area MFI sector was lower than in the previous quarter. In fact, in the year to April 2005 it rose by €88 billion, compared with €161 billion in the year to December 2004 (see Chart 7). This implies a reversal of

the strong upward trend observed in these flows in the second half of 2004, coinciding with the decline observed in recent months in the euro exchange rate.

Summing up, developments in the counterparts of M3 in the first four months of 2005 were in line with previous trends. On the one hand, the strong demand for MFI longer-term financial liabilities points to a continued normalisation of portfolio allocation behaviour by euro area residents. On the other hand, the strong growth in credit to the private sector, driven largely by the low level of interest rates, continued to fuel monetary growth over that period.

# GENERAL ASSESSMENT OF LIQUIDITY CONDITIONS IN THE EURO AREA

In the first quarter of 2005 the short-term dynamics of M3 implied a broad stabilisation of the estimates of the nominal and real money gaps.

The nominal money gaps constructed on the basis of the official M3 series and the M3 series corrected for the estimated impact of portfolio

#### Chart 7 Counterparts of M3 (annual flows; EUR billions; adjusted for seasonal and calendar effects) credit to the private sector (1) credit to general government (2) net external assets (3) longer-term financial liabilities (excluding capital and other counterparts (including capital and reserves) (5) M3 1,000 1,000 800 800 600 600 400 400 200 200 -200 200 -400 400 2002 2003 2005 2004 Source: ECB.

Source: ECB.

Note: M3 is shown for reference only (M3 = 1+2+3-4+5).

Longer-term financial liabilities (excluding capital and reserves) are shown with an inverted sign, since they are liabilities of the MFI sector.

## Chart 8 Estimates of the nominal money gap<sup>1)</sup>

(as a percentage of the stock of M3; adjusted for seasonal and calendar effects: December 1998 = 0)

nominal money gap based on official M3
nominal money gap based on M3 corrected for the estimated impact of portfolio shifts <sup>2)</sup>



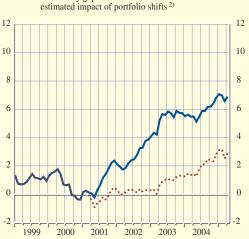
Source: ECB.

- 1) The measure of the nominal money gap is defined as the difference between the actual level of M3 and the level of M3 that would have resulted from constant M3 growth at its reference value of 4½% since December 1998 (taken as the base period).
- 2) Estimates of the magnitude of portfolio shifts into M3 are constructed using the approach discussed in Section 4 of the article entitled "Monetary analysis in real time" in the October 2004 issue of the ECB's Monthly Bulletin.

#### Chart 9 Estimates of the real money gap<sup>1)</sup>

(as a percentage of the stock of real M3; adjusted for seasonal and calendar effects; December 1998 = 0)

real money gap based on official M3
real money gap based on M3 corrected for the estimated impact of portfolio shifts <sup>2)</sup>



Source: ECB

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

2) Estimates of the magnitude of portfolio shifts into M3 are constructed using the approach discussed in Section 4 of the article entitled "Monetary analysis in real time" in the October 2004 issue of the ECB's Monthly Bulletin.

shifts increased in April 2005 on account of strong month-on-month growth above the high levels reached at the end of 2004. The two gaps remained at very different levels, with the money gap constructed using the corrected M3 series being substantially lower (see Chart 8).

The real money gaps take account of the fact that part of the accumulated liquidity has been absorbed by higher prices, reflecting upward deviations in inflation rates from the ECB's definition of price stability. While the real money gaps constructed using the official M3 series and a measure of M3 corrected for the estimated impact of portfolio shifts both increased in April, these nevertheless remained below their respective peaks observed at the turn of the year.

While these measures are merely estimates, which are surrounded by considerable uncertainty and should thus be treated with caution, they nonetheless point to the presence of ample liquidity in the euro area. Any normalisation of liquidity conditions will depend crucially on a further normalisation of the portfolio allocation behaviour of the euro area money-holding sector. Viewed from a medium-term perspective, ample liquidity poses risks to price stability, especially if liquid holdings were to be transformed into transaction balances at a time when confidence and economic activity were strengthening. Moreover, the combination of ample liquidity and strong credit growth could become a source of strong asset price increases.

#### 2.2 FINANCIAL INVESTMENT OF THE NON-FINANCIAL SECTOR AND INSTITUTIONAL INVESTORS

In the fourth quarter of 2004, the most recent quarter for which data on the financial investment of the non-financial sector are available, the annual growth rates of currency and deposits increased, while the annual rate of growth of purchases of securities declined, particularly with regard to quoted shares.

#### **NON-FINANCIAL SECTOR**

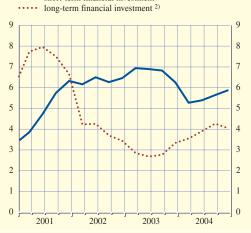
In the fourth quarter of 2004, the most recent quarter for which data on financial investment are available, the annual rate of growth of financial investment by the non-financial sector remained broadly stable at 4.7% (see Table 2). The pick-up in the growth rate of short-term financial investment continued, while long-term investment grew slightly more slowly than in the previous quarter (see Chart 10). These data are consistent with the strengthening of M3 growth seen in the second half of 2004 and reflect in part the prevailing low level of interest rates in the euro area. Moreover, they also suggest a moderation in the pace of the ongoing normalisation of portfolio allocation behaviour by euro area residents, following the exceptional preference for liquidity observed between 2001 and mid-2003.

The upturn in the short-term financial investment of the non-financial sector observed in the fourth quarter of 2004 was driven, in particular, by increases in the growth rates of short-term deposits. By contrast, there was a withdrawal of investment from money market funds over the same period. The slight decrease in the annual rate of growth of long-term financial investment was the result of diminished investor appetite for quoted shares and mutual fund shares, while investment in long-term debt securities expanded more strongly than in the previous quarter.

#### **INSTITUTIONAL INVESTORS**

Data provided by EFAMA<sup>3</sup> suggest that the decline in the net annual flows into mutual fund shares over the course of 2004 was mainly due to lower demand for equity funds, although flows into these funds remained higher than for any other investment fund type (see Chart 11). The net annual purchase of bond funds increased in the fourth quarter of 2004, reversing the downward trend observed from the third quarter of 2003.

# Chart 10 Financial investment of the non-financial sector (annual percentage changes) — short-term financial investment 1) ..... long-term financial investment 2)



Source: ECB.

1) Includes currency, short-term deposits, short-term debt securities and money market fund shares/units. It excludes holdings of central government.

2) Includes longer-term deposits, long-term debt securities, mutual fund shares excluding money market fund shares/ units, quoted shares and insurance technical reserves. It excludes holdings of central government.

While the annual flows into euro area investment funds declined slightly in the fourth quarter of 2004 as compared with the third quarter, the annual rate of change in the value of total assets in such funds edged up marginally (from 10.0% in the third quarter to 10.6% in the fourth quarter of 2004). To a certain extent, this reflects the higher valuation of equity and bond holdings in the fourth quarter of 2004.

<sup>3</sup> The European Fund and Asset Management Association (EFAMA) provides information on net sales (or net inflows) of publicly offered openended equity and bond funds for Germany, Greece, Spain, France, Italy, Luxembourg, Austria, Portugal and Finland. See the box entitled "Recent developments in the net flows into euro area equity and bond funds" in the June 2004 issue of the ECB's Monthly Bulletin for further information.

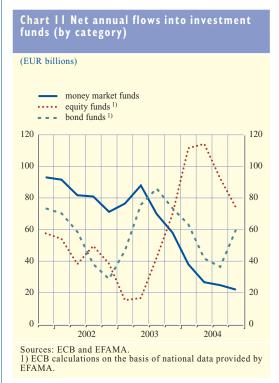
|   | Outstanding<br>amount as a<br>percentage of<br>financial assets <sup>1)</sup> | 9          |            |            |            |            |            |            |            |            |           |  |
|---|---|------------|------------|------------|------------|------------|------------|------------|------------|------------|-----------|--|
|   |   | 2002<br>Q3 | 2002<br>Q4 | 2003<br>Q1 | 2003<br>Q2 | 2003<br>Q3 | 2003<br>Q4 | 2004<br>Q1 | 2004<br>Q2 | 2004<br>Q3 | 2004<br>Q |  |
| Financial investment                              | 100   | 4.4        | 4.0        | 4.2        | 4.5        | 4.9        | 4.6        | 4.5        | 4.8        | 4.8        | 4.        |  |
| Currency and deposits                             | 38  | 4.7        | 4.9        | 5.9        | 6.4        | 6.5        | 5.5        | 5.3        | 5.3        | 5.6        | 6.3       |  |
| Securities other than shares                      | 12  | 3.7        | 2.4        | -0.1       | -2.3       | -1.7       | -1.1       | -0.8       | 2.9        | 3.2        | 2.        |  |
| of which: short-term                              | 1   | -2.7       | 2.8        | -7.4       | -12.9      | -9.1       | -4.7       | -0.6       | 18.2       | 17.7       | 6.        |  |
| of which: long-term                               | 11  | 4.6        | 2.4        | 0.8        | -0.9       | -0.7       | -0.7       | -0.8       | 1.3        | 1.7        | 2.        |  |
| Mutual fund shares  of which: mutual fund shares, | 12  | 6.2        | 4.5        | 5.5        | 7.0        | 7.2        | 7.1        | 5.1        | 2.9        | 1.8        | 1.        |  |
| excluding money market fund share                 | s/units 9   | 4.4        | 3.2        | 4.3        | 5.7        | 6.8        | 6.8        | 5.8        | 3.2        | 2.2        | 1.        |  |
| of which: money market fund share                 | s/units 2   | 16.5       | 12.0       | 12.0       | 13.6       | 9.3        | 8.5        | 2.8        | 1.7        | 0.5        | -1.       |  |
| Quoted shares                                     | 13  | -1.2       | 0.0        | 0.2        | 0.6        | 1.6        | 1.2        | 2.2        | 4.1        | 3.3        | 2.        |  |
| nsurance technical reserves                       | 25  | 7.1        | 6.3        | 6.2        | 6.2        | 6.3        | 6.8        | 6.7        | 6.4        | 6.4        | 6.        |  |
| v(3 <sup>2)</sup>                                 |   | 7.2        | 7.0        | 8.2        | 8.6        | 7.6        | 7.1        | 6.2        | 5.3        | 6.0        | 6.        |  |

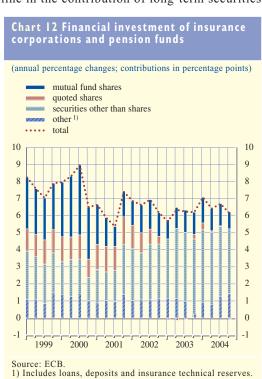
Source: ECB

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

- 1) As at the end of the last quarter available. Figures may not add up due to rounding.
- 2) End of quarter. The monetary aggregate M3 includes monetary instruments held by euro area non-MFIs (i.e. the non-financial sector and non-monetary financial institutions) with euro area MFIs and central government.

The annual growth rate of the total financial investment of insurance corporations and pension funds in the euro area declined to 6.2% in the fourth quarter of 2004, from 6.7% in the previous quarter (see Chart 12). This reflects a slight decline in the contribution of long-term securities



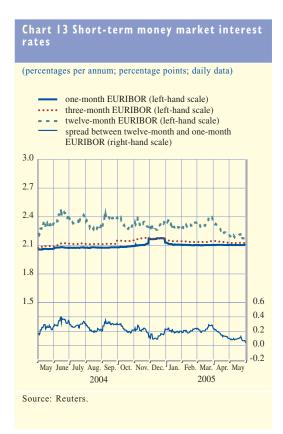


other than shares, which nevertheless continued to grow robustly at an annual rate of 9.6%. At the same time, the contribution from quoted shares turned negative, as the annual growth rate declined from 0.3% in the third quarter to -0.4% in the fourth quarter of 2004. This supports the view that insurance corporations and pension funds remained cautious about holding equity (see also the box entitled "The intermediation role of insurance corporations and pension funds and its impact on monetary developments"). This cautious behaviour may be linked to the relatively moderate valuation gains recorded earlier in 2004.

#### 2.3 MONEY MARKET INTEREST RATES

On 1 June longer-term money market interest rates were significantly below the levels observed at the beginning of March. With short-term interest rates remaining broadly stable, the slope of the money market yield curve has flattened over the past three months.

After rising modestly during March 2005, longer-term money market interest rates declined to levels significantly below those observed at the beginning of March. Short-term interest rates have remained broadly stable over the last three months. Consequently, the slope of the money market yield curve has flattened compared with the beginning of the quarter. Notably, the spread between the twelve-month and the one-month EURIBOR interest rates stood at 4 basis points on 1 June 2005, 20 basis points lower than at the beginning of March (see Chart 13).

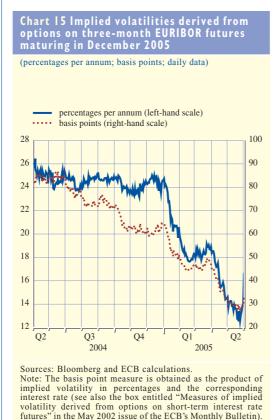


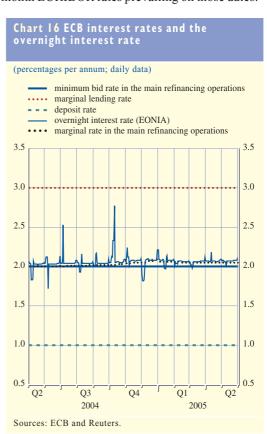


Since the beginning of March market participants have revised their expectations considerably as regards the course of short-term interest rates during 2005. Currently, markets do not expect a rise in short-term interest rates until the second quarter of 2006, as illustrated by developments in three-month EURIBOR futures. The interest rates implied by three-month EURIBOR futures contracts maturing in September and December 2005 and March 2006 stood at 2.04%, 2.03% and 2.06% respectively on 1 June, 35, 53 and 65 basis points lower than at the beginning of March (see Chart 14).

The implied volatilities derived from options on the three-month EURIBOR futures rates have decreased over the past three months. These implied volatilities now stand at levels which are very low by historical standards (see Chart 15). This suggests that, at the current juncture, there is relatively little uncertainty among market participants with regard to developments in short-term interest rates over the coming months.

For most of the period between 3 March and 1 June 2005 interest rate conditions in the money market were relatively stable (see Chart 16). The marginal and weighted average rates in the Eurosystem's main refinancing operations stood at 2.05% for most of this period. The EONIA remained stable at 2.07% for most of this period, with a few exceptions owing to the usual end-of-month and end-of-quarter effects and the spikes at the end of the maintenance periods. In the maintenance period ending on 12 April 2005 the EONIA climbed to 2.18% on the last day as a result of market participants' expectations of a tight end to the maintenance period (see Box 2). In the three longer-term refinancing operations of the Eurosystem settled on 31 March, 28 April, and 26 May the marginal rates were 6, 5 and 5 basis points respectively below the three-month EURIBOR rates prevailing on those dates.





#### Box 2

# LIQUIDITY CONDITIONS AND MONETARY POLICY OPERATIONS FROM 8 FEBRUARY TO 10 MAY 2005

This box reviews the ECB's liquidity management during the three reserve maintenance periods ending on 8 March, 12 April and 10 May 2005.

#### Liquidity needs of the banking system

Banks' liquidity needs increased moderately over the period under review, mainly as a result of the increase in the stock of banknotes in circulation (see Chart A). Banknotes, which are the largest "autonomous factor" (i.e. a factor which does not normally stem from the use of monetary policy instruments), reached a historic high of €512.7 billion on 6 May. On average, autonomous factors absorbed €221.1 billion of liquidity in the period under review, which is more than in any other period since the introduction of the euro. Reserve requirements, which are the other major source of banks' liquidity needs, increased to €142.1 billion. Daily average excess reserves (i.e. the daily average of current account holdings in excess of reserve requirements) remained at relatively high levels (€0.83 billion in the first reserve maintenance period, €0.64 billion in the second and €0.93 billion in the third; see Chart B). The unusually high value observed for the period ending on 10 May was in part due to relatively large excess reserve holdings concentrated around banking holidays.

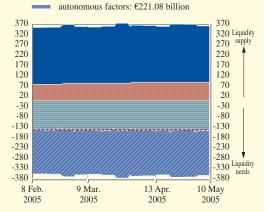
#### Liquidity supply and interest rates

In parallel with the growing demand for liquidity, the volume of open market operations increased (see Chart A). This growth was partly accommodated by the €5 billion increase in the size of the first two longer-term refinancing operations (LTROs) allotted during the period under review. This increase, decided by the Governing Council on 14 January 2005, was aimed at reaching a volume of €30 billion for LTROs conducted

# Chart A Liquidity needs of the banking system and liquidity supply

(EUR billions; daily averages for the whole period are shown next to each item)

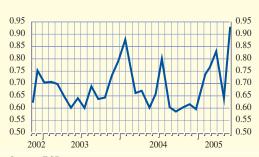
main refinancing operations: €277.60 billion
longer-term refinancing operations: €86.32 billion
current account holdings: €142.85 billion
reserve requirement level
(reserve requirements: €142.10 billion;
excess reserves: €0.82 billion)



Source: ECB.

#### Chart B Excess reserves<sup>1)</sup>

(EUR billions; average level in each maintenance period)



Source: ECB.

1) Banks' current account holdings in excess of reserve requirements.

during 2005. The liquidity allotted in the main refinancing operation (MRO) settled on 23 March was €291.0 billion, the highest since the introduction of the euro. Nevertheless, the ratio between bids submitted by counterparties and satisfied bids (the bid-cover ratio) remained stable at a level of around 1.18 during the period under review. This was only slightly lower than the levels observed around Christmas, when participation is usually higher.

During the first of the three reserve maintenance periods under review, the ECB phased out its policy — introduced in October 2004 — of slightly loose MRO allotments. This policy was undertaken to prevent the occurrence of episodes of increased volatility in the overnight rate at the end of reserve maintenance periods, with a view to smoothing conditions in the money market ahead of the Christmas period. In line with this policy, the ECB allotted €0.5 billion more than the benchmark amount in the first three MROs of the reserve maintenance period that ended on 8 March, while in the last two MROs of the period, the benchmark amount was allotted. In the next two maintenance periods, the ECB provided the benchmark amount in all MROs. The difference between the marginal and weighted average rates was either zero or one basis point in all the weekly tenders, with the marginal rate at 2.05%.

Generally, the EONIA (euro overnight index average) was fairly stable during most of the period under review, although its spread versus the minimum bid rate remained at a slightly high level (see Chart C). As usual, the EONIA increased at month-end and in the days between the last MRO and the end of the maintenance period, when the EONIA also exhibited somewhat higher levels of volatility. However, the end-of-period fine-tuning operations carried out since November 2004 have brought about a noticeable reduction in the level of volatility at the end of the maintenance period and have reinforced market expectations of neutral liquidity conditions at the end of the maintenance period.

After the last MRO allotment of the maintenance period ending on 8 March, the EONIA initially declined to levels slightly below the minimum bid rate of 2%, as market participants perceived liquidity conditions to be loose. On 8 March, the last day of the maintenance period, the ECB absorbed €3.5 billion in a fine-tuning operation. The period ended with a net recourse to the marginal lending facility of €1 billion and the EONIA at 2.01%.

In the following maintenance period, liquidity conditions gradually tightened after the last MRO allotment on 5 April. However, this had a muted impact on the overnight rate owing to widespread expectations that the ECB would restore neutral liquidity conditions on the last day. The EONIA thus stood at 2.06% and 2.09% on 8 and 11 April respectively. However, on 12 April, the last day of that maintenance period, the

### Chart C The EONIA and the ECB interest rates

(daily interest rates in percentages)

MRO marginal rate

MRO minimum bid rate

EONIA

corridor set by the interest rates on the marginal lending and deposit facilities

3.25
3.00
2.75
2.50

3.25

3.00 2.75 2.50 2.25 2.25 三角 三角 三角 ,第15年,1957年(1967年),第15年 三年,7月 三 2.00 2.00 1.75 1.75 1.50 1.50 1.25 1.25 1.00 1.00 0.75 0.75 8 Feb 9 Mar. 13 Apr 10 May 2005 2005 2005 2005

Source: ECB.

# ECONOMIC AND MONETARY DEVELOPMENTS

Monetary and financial developments

Eurosystem's updated forecasts indicated that the expected imbalance was too small to warrant a fine-tuning operation. The net recourse to the marginal lending facility on that last day was ultimately €0.9 billion, with the EONIA finishing the day at 2.18%.

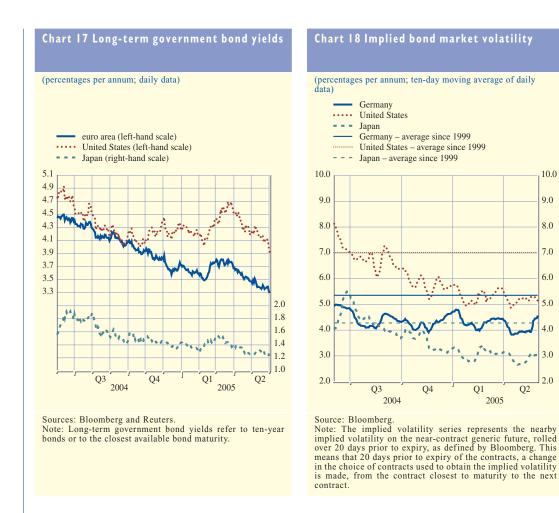
The EONIA remained stable after the last MRO allotment of the maintenance period ending on  $10\,\mathrm{May}$ . The ECB decided not to conduct a fine-tuning operation after the revision in the average excess reserves on the last day of the maintenance period, which gave rise to very balanced liquidity conditions. The net recourse to the marginal lending facility on that last day amounted to  $0.3\,\mathrm{min}$  billion, with the EONIA standing at 1.99%.

#### 2.4 BOND MARKETS

Long-term government bond yields in the major markets have declined markedly over the past few months. In the euro area, the declines probably reflect a less favourable perception of the domestic growth outlook on the part of market participants, whereas the lower US bond yields seem to have emanated mainly from abating inflation concerns. Despite the significant movements in bond yields in most major markets over the period, market participants' uncertainty about near-term bond market developments, as indicated by implied bond market volatility, have remained fairly low.

Developments in nominal long-term interest rates have been broadly similar across the major global markets over the past three months. Ten-year government bond yields in the euro area and the United States declined by around 45 and 50 basis points respectively between the end of February and 1 June (see Chart 17). As a result, the differential between US and euro area ten-year government bond yields narrowed somewhat and stood at around 65 basis points on 1 June. Ten-year government bond yields in Japan also declined, by around 25 basis points, over the same period. Although the trend was common to all markets, the general downturn in euro area long-term bond yields seemed mainly to reflect heightened concern among market participants about the outlook for economic growth, while the decline in US long-term bond yields was mainly related to lower inflation expectations among market participants. At the same time, there was little decline in market participants' uncertainty about near-term bond market developments, as indicated by implied bond market volatility, which remained fairly low in most major markets (see Chart 18).

In the United States the yield curve has flattened over the past three months, reflecting a larger decline in longer-term bond yields than in shorter-term bond yields. Yields on shorter maturity bonds were supported by the decisions of the Federal Reserve to raise the federal funds rate by 25 basis points at the meetings of 22 March and 3 May respectively. After increasing in the early part of the review period, from mid-March onwards long-term bond yields again began to follow a downward trend against a backdrop of data releases on economic activity that temporarily suggested a slowdown in the US growth outlook. In addition, safe-haven portfolio shifts – from stocks to bonds – may also have contributed to the lower level of US bond yields overall.



10.0

9.0

8.0

7.0

6.0

5.0

3.0

2.0

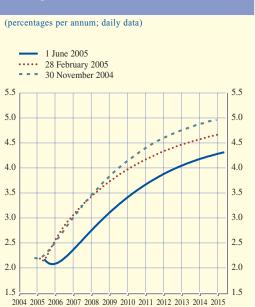
Over the period as a whole, weaker than expected data releases, as perceived by the markets, seem to have helped to contain inflation concerns, as evidenced by the decrease in break-even inflation rates across all horizons. The declines were more pronounced for shorter maturities, which were probably also affected by lower oil prices during the latter part of the review period. Real yields on long-term index-linked bonds declined slightly over the review period and remained at very low levels, while real yields over shorter maturities rebounded somewhat.

In the euro area, long-term government bond yields have declined to very low levels by historical standards over the past three months. The recent downturn in long-term interest rates mainly reflects market reactions to data releases on economic activity and business sentiment, which investors have interpreted as pointing to lower growth prospects for the euro area economy. One of the measures available in financial markets to gauge market participants' perceptions of future economic activity are the real yields offered on index-linked bonds. This indicator suggests that investors seem to have become concerned about the short to medium-term growth outlook. Reflecting this, the real yield on the index-linked Italian government bond (linked to the euro area HICP excluding tobacco) maturing in 2008 declined by around 50 basis points, whereas the real yield on the index-linked French government bond maturing in 2015 declined to a lesser extent, by around 35 basis points, between the end of February and 1 June (see Chart 19). In addition, the implied forward overnight interest rate curve for the euro area shifted downwards across all maturities over the review period (see Chart 20). At the same time, corporate bond spreads



Sources: Reuters and ECB calculations.
Note: Real bond yields are derived from the market prices of French government bonds which are indexed to the euro area HICP (excluding tobacco prices). The method used to calculate the break-even inflation rate was outlined in Box 2 of the February 2002 issue of the Monthly Bulletin.

# Chart 20 Implied forward euro area overnight interest rates



Source: ECB estimate.

Note: The implied forward yield curve, which is derived from the term structure of interest rates observed in the market, reflects the market expectation of future levels for short-term interest rates. The method used to calculate these implied forward yield curves was outlined in Box 4 of the January 1999 issue of the Monthly Bulletin. The data used in the estimate are derived from swap contracts.

increased significantly owing to a variety of factors (see also the box entitled "Recent increase in corporate bond spreads").

Measures of long-term inflation expectations, such as the break-even inflation rate, also declined between the end of February and 1 June. The ten-year euro area break-even inflation rate, as derived from the difference between the yields on nominal and index-linked French government bonds maturing in 2015, stood at 1.98% on 1 June.

Box 3

#### RECENT INCREASE IN CORPORATE BOND SPREADS

After reaching very low levels by historical standards in early 2005, corporate bond spreads across the globe have increased sharply over the past few months. Thus, by late May, BBB-corporate bond spreads in the euro area stood at levels not observed since mid-2003. This box discusses the factors behind this development.

The importance of the corporate bond market as a source of finance for firms in the euro area is growing, although it still has a limited weight as compared with loans and the issuance of shares. Nevertheless, close monitoring of this segment is warranted from a monetary policy perspective. First, inasmuch as corporate bond spreads give an indication of how the market

assesses the credit risk premium faced by corporations when raising external funding, they can provide some insight into future growth prospects for the economy and on the balance sheet situation and soundness of the corporate sector. Second, it is possible to gauge changes in market sentiment from the developments in BBB spreads. For instance, periods of financial turmoil usually coincide with high corporate bond spreads, triggered by portfolio shifts away from risky assets to safer and less volatile instruments. For these reasons, it is important to cross-check developments in corporate bond markets with other sources that may provide information on the background to changes in corporate bond spreads.

Focusing on the euro area, the difference between the yields on BBB corporate bonds and those on comparable risk-free government bonds more than doubled between the beginning of March 2005 and late May (see Chart), following several years of declining spreads. The strong upturn over recent months may have originated from several different factors, of which changing fundamentals, firm-specific news and factors related to market dynamics can probably be deemed the most important.

First, at the macro level, there has been an increase in the rate of growth of debt in the course of 2005, indicating that the improvements in corporate balance sheets in the euro area observed over the past few years may have come to a halt (see also Section 2.6). In addition, while earnings growth has so far been very robust, data on analysts' twelvemonth-ahead earnings growth expectations for euro area corporations have followed a downward trend since early 2004 (see Chart 23). This may indicate that earnings growth among euro area corporations, while expected to remain relatively strong, has reached its peak. At the same time, implied stock market volatility - an indicator which is in theory closely related to corporate bond spreads - increased concurrently with the upturn in the BBB spreads in April, but subsequently returned to very low levels by historical standards.2

#### Chart BBB-rated euro-denominated corporate bond spreads and implied stock market volatility in the euro area

(corporate bond spreads: basis points; implied stock market volatility: percentages per annum, ten-day moving average of daily data)

- overall BBB index (left-hand scale)
- overall BBB index average since 1999 (left-hand scale)
- index excluding GM and ISS (left-hand scale) implied EURO STOXX market volatility
  - (right-hand scale)



Source: Merrill Lynch, Bloomberg and ECB calculations.

Second, at the micro level, the increase in euro area corporate bond spreads seems to have been triggered by concerns about the credit quality of certain firms. In this respect, market reactions to General Motors' profit warning announcement in March 2005 triggered the rebound in corporate bond spreads. Standard & Poor's subsequent decision to downgrade General Motors' bonds to "junk" status on 5 May fuelled a further increase in the spreads. In addition, a

- 1 The rise in corporate bond spreads in recent months has not been isolated to the BBB-rated segment (although in terms of percentage changes it showed the largest increase). In particular in the high yield segment (i.e. the bonds with the lowest credit rating) corporate bond spreads have also increased considerably since mid-March 2005.
- 2 For a more detailed explanation on the linkage between corporate bond spreads and implied stock market volatility, see the box entitled "Determinants of the fall of corporate bond spreads in recent years" in the January 2005 issue of the Monthly Bulletin.

significant widening of the spreads on bonds issued by a Danish company specialising in industrial cleaning, ISS, has also contributed to the increase in the average spreads of the bonds included in the BBB index. All in all, from the beginning of March to end-May more than one-third of the overall increase in the euro-denominated BBB corporate bond index was due to the combined effect of these two companies. The large drop in the BBB spreads on 31 May can largely be explained by the exclusion of General Motors and ISS from the overall index (see Chart). Overall, between the end of February and 1 June BBB corporate bond spreads increased by 33 basis points, a level which was relatively low by historical standards.

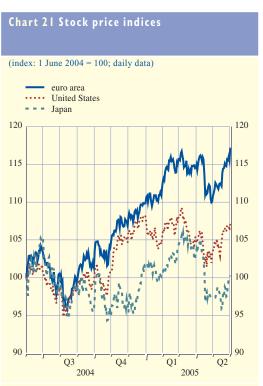
Third, it cannot be ruled out that the recent increase in corporate bond spreads may also partly represent a normalisation of the pricing of corporate default risk. Over the past couple of years investors may, in their "search for yield" in a low interest rate environment, have driven up corporate bond prices to a level above sustainable values.<sup>3</sup> An unwinding of some of those positions may have contributed to the recent upturn in corporate bond spreads. Market factors in a phase of re-adjustment may have amplified movements. However, it is worth stressing that the corporate segment of the bond market is very volatile and that short-term movements in prices should therefore be treated with some caution.

3 See Box 9 entitled "Corporate bond spreads and default expectations in the euro area" in the June 2005 issue of the ECB's Financial Stability Review and Section 2.6 of the March 2005 issue of the Monthly Bulletin.

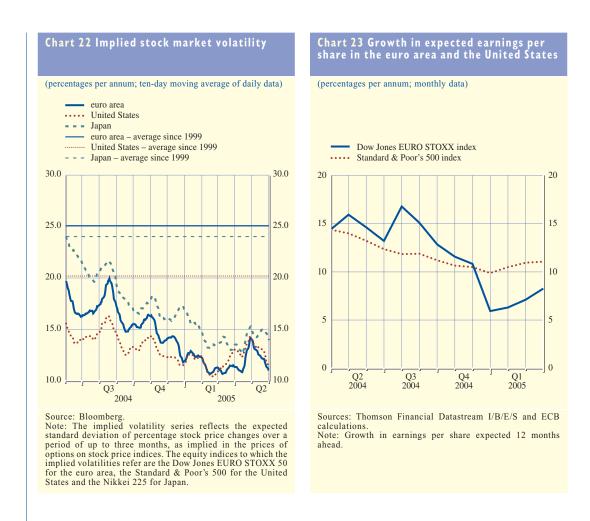
#### 2.5 EQUITY MARKETS

Overall, global stock markets have moved sideways over the past few months, reflecting a confluence of factors. Stock prices, particularly in the euro area, have remained resilient to the more subdued economic outlook, probably owing to continued strong profitability among firms. At the same time, global stock market uncertainty has remained fairly low.

Between the end of February and 1 June, stock prices, despite undergoing large swings, remained broadly unchanged in the euro area and the United States overall (see Chart 21). In Japan, the Nikkei 225 index fell by around 3.5% over the same period, inter alia as a result of heightened political tensions. At the same time, stock market uncertainty, as measured by the implied volatility extracted from stock options, changed little overall in the major markets, and still remained well below the average over the period since 1999 (see Chart 22).



Sources: Reuters and Thomson Financial Datastream. Note: The Dow Jones EURO STOXX broad index for the euro area, the Standard & Poor's 500 index for the United States and the Nikkei 225 index for Japan.



Two discernible trends can be observed in US stock prices over the past three months. Between the end of February and mid-April US stock prices declined to levels not observed since late 2004. Mixed data releases regarding the US economic outlook may partly explain the more negative sentiment in the US stock markets during this period. The downward movement may also have been amplified by temporarily higher equity risk premia demanded by investors, which seemed to trigger portfolio shifts from the stock markets to the bond markets. This interpretation is also in line with an increase in perceived uncertainty, as reflected in the implied volatility extracted from stock options and the increase in corporate bond spreads. From mid-April onwards, US stock prices recovered and uncertainty declined, mainly supported by continued relatively strong reported earnings and lower long-term bond yields, implying a lower discount factor for expected future cash flows.

Overall, the movements in euro area stock markets were broadly similar to those in the United States. On the one hand, data releases on euro area economic activity, business sentiment and consumer confidence were perceived among market participants as less favourable, which probably weighed on stock prices. On the other hand, lower bond yields and ongoing strong profitability probably worked in the opposite direction. By mid-May analysts expected euro area corporations' earnings (included in the Dow Jones EURO STOXX index) to grow at an annual rate

of around 8%, indicating a slowdown from the expected growth rates observed in the latter part of 2004. The prevailing expected earnings growth rates for euro area corporations were slightly below those for corporations included in the Standard & Poor's 500 index (see Chart 23).

Viewed across sectors, performance was mixed, with the health care sector strongly outperforming the broad-based Dow Jones EURO STOXX index (see Table 3). This suggests that over the past three months investors may have become somewhat more inclined to invest in stocks which in general are less influenced by the state of the business cycle. At the same time, the stock prices of corporations in both the basic materials sector, which includes chemical companies, and the volatile telecommunications sector underperformed vis-à-vis the overall index. This possibly reflects concern among investors that final demand for the goods and services provided by firms in these sectors will be weaker than previously anticipated.

Table 3 Price changes and historical volatility in the Dow Jones EURO STOXX economic

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

|                       | Basic<br>materials | Consumer services | Consumer<br>goods | Oil and gas | Financial | Health- | Industrial | Techno-<br>logy | Tele-<br>communi-<br>cations | Utility | EURO<br>STOXX |
|-----------------------|--------------------|-------------------|-------------------|-------------|-----------|---------|------------|-----------------|------------------------------|---------|---------------|
| Share of sector in    |                    |                   |                   |             |           |         |            |                 |                              |         |               |
| market capitalisation | n 4.8              | 7.0               | 11.1              | 11.7        | 30.2      | 4.2     | 9.3        | 5.7             | 8.1                          | 7.8     | 100.0         |
| (end-of-period data)  | )                  |                   |                   |             |           |         |            |                 |                              |         |               |
| Price changes         |                    |                   |                   |             |           |         |            |                 |                              |         |               |
| (end-of-period data)  | )                  |                   |                   |             |           |         |            |                 |                              |         |               |
| 2004 Q1               | -4.7               | 2.0               | 1.0               | 0.4         | -0.9      | 11.6    | 1.3        | 10.1            | 4.0                          | 7.2     | 1.9           |
| 2004 Q2               | 6.7                | 2.4               | 5.1               | 5.2         | 1.5       | 4.2     | 2.5        | -13.6           | -0.6                         | 5.1     | 1.7           |
| 2004 Q3               | 1.5                | -6.4              | -9.0              | 3.3         | -0.8      | 6.0     | 0.1        | -13.0           | -1.4                         | 0.8     | -2.1          |
| 2004 Q4               | 9.9                | 6.3               | 5.0               | 1.6         | 11.2      | 1.8     | 6.6        | 6.6             | 17.0                         | 11.1    | 8.3           |
| 2005 Q1               | 6.0                | 7.5               | 6.3               | 9.7         | 4.7       | 0.1     | 5.3        | -1.2            | -4.0                         | 3.7     | 4.3           |
| April                 | -6.3               | -4.9              | -6.5              | -2.9        | -4.3      | 4.4     | -4.9       | -3.5            | -4.7                         | -0.3    | -3.9          |
| May                   | 4.7                | 4.3               | 7.0               | 4.9         | 4.1       | 5.8     | 6.0        | 10.2            | 2.0                          | 4.3     | 5.0           |
| End-February 2005     |                    |                   |                   |             |           |         |            |                 |                              |         |               |
| to 1 June 2005        | -1.1               | -0.2              | 3.5               | 3.2         | 0.5       | 13.9    | 1.1        | 6.0             | -4.0                         | 5.9     | 1.9           |
| Volatilities          |                    |                   |                   |             |           |         |            |                 |                              |         |               |
| (period averages)     |                    |                   |                   |             |           |         |            |                 |                              |         |               |
| 2004 Q1               | 15.2               | 17.2              | 15.0              | 16.6        | 15.6      | 16.4    | 15.3       | 26.9            | 18.3                         | 14.3    | 14.3          |
| 2004 Q2               | 16.1               | 14.7              | 14.4              | 14.5        | 15.6      | 15.8    | 15.8       | 30.3            | 15.0                         | 13.4    | 14.1          |
| 2004 Q3               | 13.1               | 13.6              | 12.7              | 12.8        | 11.6      | 12.4    | 11.7       | 25.3            | 11.7                         | 8.6     | 11.2          |
| 2004 Q4               | 12.8               | 10.4              | 11.5              | 10.9        | 10.1      | 15.5    | 9.8        | 19.2            | 12.9                         | 9.8     | 10.1          |
| 2005 Q1               | 10.6               | 8.4               | 8.5               | 11.6        | 8.8       | 16.5    | 9.3        | 14.7            | 9.9                          | 13.0    | 8.2           |
| April                 | 15.3               | 13.1              | 11.7              | 15.6        | 13.1      | 17.2    | 14.9       | 20.1            | 13.4                         | 14.1    | 12.6          |
| May                   | 11.2               | 6.5               | 7.1               | 11.2        | 8.8       | 11.2    | 8.1        | 13.7            | 9.5                          | 10.2    | 7.6           |
| End-February 2005     |                    |                   |                   |             |           |         |            |                 |                              |         |               |
| to 1 June 2005        | 12.7               | 9.8               | 9.7               | 13.6        | 10.8      | 17.4    | 11.1       | 15.3            | 11.3                         | 12.5    | 10.1          |

Sources: Thomson Financial Datastream and ECB calculations.

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

#### 2.6 FINANCING AND FINANCIAL POSITION OF NON-FINANCIAL CORPORATIONS

Despite some increase in corporate bond spreads, the overall cost of debt financing faced by non-financial corporations remained low in the first quarter of 2005. In addition, over the same period, the conditions for access to bank credit improved further, supporting the favourable financing conditions for non-financial corporations in the euro area. The low cost of debt financing translated into a significant pick-up in debt financing flows to non-financial corporations in the first quarter of 2005, mainly driven by bank loans, whereas equity financing remained low. In consequence, the debt ratios of the euro area corporate sector increased over the same period.

#### FINANCING CONDITIONS

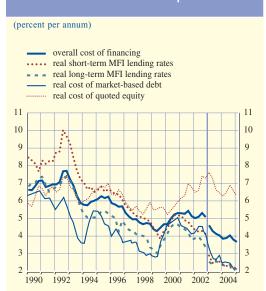
In the first quarter of 2005, the marginal real cost of external financing of non-financial corporations in the euro area, calculated by weighting the cost of different financing sources on the basis of outstanding amounts, continued to decline (see Chart 24; a detailed description of the measure of the real cost of external financing of euro area non-financial corporations can be found in Box 4 in the March 2005 issue of the ECB's Monthly Bulletin). The further decline in the real cost of external financing was driven predominantly by a decline in the cost of equity financing and the fact that the weighting based on the amounts outstanding gives a large weight to the cost of equity. At the same time, both the real cost of market-based debt and the real cost of MFI loans remained at the very low levels seen at the end of 2004.

Regarding the components, the most important debt financing source of non-financial corporations is MFI loans. In the first quarter of 2005, the real cost of bank financing remained at the very low levels seen at the end of 2004. Indeed, MFI interest rates on most new loans to non-financial corporations have remained unchanged or declined slightly (see Table 4).

Regarding the maturity breakdown, most MFI interest rates on short-term loans remained unchanged or declined somewhat over the three-month period to March 2005, thereby reflecting developments in money market rates with comparable maturities. For example, both the MFI interest rate on bank overdrafts and the rate on loans of up to €1 million with a floating rate and an initial rate fixation of up to one year declined by a few basis points. By comparison, the three-month EURIBOR also declined by around 5 basis points during this period.

Over the three-month period up to March, most long-term MFI interest rates on loans to non-financial corporations declined slightly. For example, MFI interest rates on loans (of both

## Chart 24 Real cost of the external financing of euro area non-financial corporations



Sources: ECB, Thomson Financial Datastream, Merrill Lynch and Consensus Economics forecast.

Notes: The real cost of the external financing of non-financial corporations is calculated as a weighted average of the cost of bank lending, the cost of debt securities and the cost of equity, based on their respective amounts outstanding and deflated by inflation expectations (see Box 1 in this issue of the Monthly Bulletin). The introduction of the harmonised MFI lending rates at the beginning of 2003 led to a statistical break in the series.

| (percentages per annum; basis points; weight-adjusted 1)   |              |              |              |      |              |              |            | Change in basis points up to March 2005 |              |          |  |
|--|--------------|--------------|--------------|------|--------------|--------------|------------|---|--------------|----------|--|
|  |              | 2004<br>Nov. | 2004<br>Dec. |      | 2005<br>Feb. |              |            | 2003<br>Dec.                            | 2004<br>Dec. |          |  |
| MFI interest rates on loans  |              |              |              |      |              |              |            |   |              |          |  |
| Bank overdrafts to non-financial corporations  | 5.40         | 5.37         | 5.27         | 5.36 | 5.30         | 5.26         | -81        | -21                                     | -1           | -4       |  |
| Loans to non-financial corporations of up to €1 million with a floating rate and an initial rate fixation of up to one year with an initial rate fixation of over five years | 4.01<br>4.65 |              | 3.98<br>4.44 |      | 3.94<br>4.36 |              | -96<br>-82 | -14<br>-48                              | -6<br>-11    | -2<br>-3 |  |
| Loans to non-financial corporations of over €1 million   |              |              |              |      |              |              |            |   |              |          |  |
| with a floating rate and an initial rate fixation of up to one year<br>with an initial rate fixation of over five years  | 2.99<br>4.19 |              |              |      | 3.03<br>3.79 | 3.02<br>4.02 | -70<br>-53 | -8<br>-32                               | -2<br>-5     | -1<br>23 |  |
| Memo items   |              |              |              |      | ,,           | 2            |            |   |              |          |  |
| Three-month money market interest rate   | 2.15         |              | 2.17         | 2.15 |              | 2.14         | -70        | -1                                      | -4           | (        |  |
| Two-year government bond yield   | 2.47         | 2.41         | 2.36         | 2.39 | 2.45         | 2.49         | -14        | -9                                      | 13           |          |  |

Source: ECB

1) For the period from December 2003 onwards, the weight-adjusted MFI interest rates are calculated using country weights constructed from a 12-month moving average of new business volumes. For the preceding period, from January to November 2003, the weight-adjusted MFI interest rates are calculated using country weights constructed from the average of new business volumes in 2003. For further information, see the box entitled "Analysing MFI interest rates at the euro area level" in the August 2004 issue of the Monthly Bulletin.

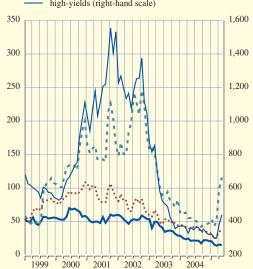
up to €1 million and over €1 million) with an initial rate fixation of over five years, decreased by up to 10 basis points, whereas market interest rates for comparable maturities increased somewhat. For example, the ten-year government bond yield increased by 15 basis points over the same period. The different development in long-term bank interest rates and market rates for comparable maturities is possibly related to the temporary increase in yields on long-term bonds in February and early March and the fact that bank rates do not react to market rates immediately. Overall, bank interest rate margins on short-term loans remained broadly unchanged, whereas margins long-term loans tended to decline somewhat.

In the first quarter of 2005, the real cost of market-based debt issued by non-financial corporations remained at the low levels observed at the end of 2004, although corporate bond spreads already picked up in March. More recently there has been a further increase in corporate bond spreads. In particular, the spread on bonds rated BBB and below over

# Chart 25 Corporate bond spreads of non-financial corporations

(basis points; monthly averages)

euro-denominated non-financial AA (left-hand scale)
 euro-denominated non-financial A (left-hand scale)
 euro-denominated non-financial BBB (left-hand scale)
 high-yields (right-hand scale)



Sources: Thomson Financial Datastream and ECB calculations. Note: Non-financial bond spreads are calculated against the AAA government bond yields.

benchmark bonds has increased significantly (see Box 3). This development might indicate a slight recent tightening of the financing conditions of non-financial corporations, although corporate bond spreads are still low by historical standards. In addition, the increase in the spreads on bonds rated A or above was significantly lower than that on relatively risky BBB-rated bonds (see Chart 25). It is also worth mentioning that the decline in government bond yields throughout the maturity spectrum dampened the upward pressure on the cost of financing resulting from the increase in spreads (see Section 2.4).

The real cost of quoted equity, driven by the more favourable developments in euro area stock markets, declined somewhat in the first quarter of 2005. The level of the real cost of quoted equity was in line with its average value since 1990, although still above the low values reached in the period 1999-2000.

### FINANCING FLOWS

At the beginning of 2005 financing flows to non-financial corporations continued to accelerate. The real annual rate of growth of financing to non-financial corporations reached its highest level for more than three years in the first quarter of 2005. In addition, the internal financing capacity of non-financial corporations as indicated by corporate earnings stabilised at a high level. For example, actual earnings growth for major companies in the Dow Jones EURO STOXX index has remained robust in recent months (see Section 2.5 on equity markets). At the same time, some adjustments in earnings growth expectations seemed to occur in the first few months of 2005, as analysts revised their forecasts downwards to some extent (see Chart 23). Overall, non-financial corporations seem to have been adequately equipped with internal financing resources in recent months.

Taking the relatively moderate growth of real investments in the euro area into consideration, the acceleration in the recourse to external financing of non-financial corporations might in part be related to ongoing financial investments and, possibly, to pre-funding of forthcoming M&A activities and other investments in the future. Evidence in this respect is provided by the robust growth of deposits and other instruments included in M3 held by non-financial corporations (see Section 2.1) and the high overall growth in financial investment of the non-financial sector, even though current euro area statistics are not able to identify the financial investments of non-financial corporations precisely (see Section 2.2). In addition, an increased demand for working capital and the need for financing inventories might have supported this development (see Box 4).

# Box 4

# THE RECOVERY IN THE GROWTH OF SHORT-TERM MFI LOANS TO NON-FINANCIAL CORPORATIONS IN RECENT QUARTERS

Monitoring of the different components of MFI loans to non-financial corporations according to their maturity structure could shed light on the purposes of the different financing demands of corporations. While loans with a longer maturity tend to be used to finance long-term real and financial investment plans, developments in short-term loans are usually more volatile, as they mostly serve to finance the working capital needs of corporations.

It has been argued that developments in short-term loans to non-financial corporations could offer useful insights into expected short-term economic developments and, more specifically, into detecting business cycle turning points. This argument is based on the conventional view

Monetary and financial developments

that at the early stages of an economic pick-up corporate demand for short-term funding rises, as corporations want to increase their working capital to finance the purchase of goods. At the same time, it could also be argued that the increased demand for short-term funding could be used to finance "undesired" inventory accumulation.

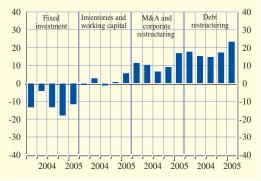
In the period between 1999 and 2000 short-term credit growth was very strong in the euro area, buttressed by strong economic activity. In addition, loan demand was also supported by an increase in M&A activity, as short-term loans were used to bridge gaps in financing in periods of strong demand for funds. In the following period, however, loan growth became negative and largely declined until early 2004. Since then, there has been a marked positive turnaround in the annual growth rate of short-term loans to non-financial corporations (see Chart A). In this respect, the pick-up in short-term loans took place in a period of stronger industrial confidence and an increase in inventory changes in 2004 (see Section 4.1 of this Monthly Bulletin). More recently, however, industrial confidence has declined somewhat and inventory accumulation has decreased. The results of the April 2005 bank lending survey¹ show that two major factors behind the acceleration in short-term loans to non-financial corporations were the financing of M&A activities and the financing of inventories and working capital (see Chart B). It is, however, difficult to disentangle to what extent the recent increase in short-term loans is due to short-term financing needs related to an optimistic assessment of future demand rather than to treasury developments linked to an undesired build-up of inventories.

# Chart A Short and long-term MFI loans to non-financial corporations



Chart B Factors affecting demand for loans and credit lines to enterprises

(net percentages of banks reporting a positive (negative) contribution to demand)



Source: Eurosystem.

The latest European Commission survey on corporations' perceptions with regard to the level of stocks of finished goods for the manufacturing sector suggests that there has been a net increase in the perception of above normal inventory accumulation since the third quarter of 2004. In absolute terms, however, this survey finds that the level of stocks of finished goods has recently been above but close to its long-term average, tentatively suggesting that it is unlikely that excessive inventory accumulation alone has accounted for the increase in the growth of short-term loans to non-financial corporations in recent months.

<sup>1</sup> A comprehensive assessment of the results of the April 2005 Bank Lending Survey for the euro area was released on 6 May 2005 and can be found on the ECB's website (www.ecb.int/stats/money/lend/html/index.en.html).

|         | Financing of         | ' nan_tinancia | COMMONATIONS   |
|---------|----------------------|----------------|----------------|
| Iable 3 | I III A II CIII E VI | HUH-HHAHCIA    | l corporations |
|         |                      |                |                |

|  | Outstanding amount at the end of the last | Aı         | nnual growth | rates (perce | ntage chang | es)        |
|--|---|------------|--------------|--------------|-------------|------------|
|  | quarter available<br>(EUR billions)       | 2004<br>Q1 | 2004<br>Q2   | 2004<br>Q3   | 2004<br>Q4  | 2005<br>Q1 |
| MFI loans  | 3,193                                     | 3.2        | 4.0          | 4.5          | 5.5         | 6.0        |
| up to 1 year                                       | 987                                       | -2.6       | -2.1         | -0.6         | 2.5         | 4.2        |
| over 1 and up to 5 years                           | 555                                       | 3.7        | 6.5          | 6.1          | 6.1         | 6.8        |
| over 5 years                                       | 1,651                                     | 6.9        | 7.2          | 7.2          | 7.1         | 6.8        |
| Debt securities issued                             | 612                                       | 5.9        | 2.2          | 3.6          | 3.0         | 3.3        |
| short-term   | 105                                       | -1.8       | 2.1          | 4.0          | -1.0        | 3.1        |
| long-term, of which:1)                             | 507                                       | 7.6        | 2.2          | 3.5          | 3.8         | 3.3        |
| fixed rate   | 413                                       | 8.5        | 2.5          | 1.1          | 0.7         | -0.8       |
| variable rate                                      | 80  | -8.8       | -2.3         | 18.4         | 29.5        | 29.9       |
| Quoted shares issued                               | 3,143                                     | 0.9        | 0.8          | 0.7          | 0.8         | 0.8        |
| Memo items <sup>2)</sup>                           |   |            |              |              |             |            |
| Total financing                                    | 7,667                                     | 2.1        | 1.9          | 1.8          | 2.3         | 3          |
| Loans to non-financial corporations                | 3,751                                     | 1.9        | 2.3          | 2.1          | 3.4         | 41/2       |
| Pension fund reserves of non-financial corporation | s 299                                     | 4.8        | 4.7          | 4.7          | 4.5         | 43/4       |

Source: ECB

Note: Data shown in this table (with the exception of the memo items) are reported in money and banking statistics and securities issues statistics. Small differences with data reported in financial accounts statistics may arise mainly as a result of differences in valuation methods.

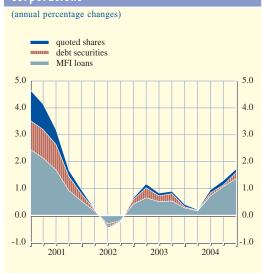
- 1) The sum of fixed rate and variable rate may not add up to total long-term debt securities because zero-coupon long-term debt securities, which include valuation effects, are not shown separately in this table.
- 2) Data are reported from financial accounts statistics. Total financing of non-financial corporations includes loans, debt securities issued, quoted shares issued and pension fund reserves. Loans to non-financial corporations comprise loans granted by MFIs and other financial corporations. The latest quarter is estimated using data from money and banking statistics and securities issues statistics.

The acceleration of external financing of non-financial corporations in the first quarter of 2005 was driven by an increase in the demand for MFI loans (see Table 5). In fact, the annual growth rate of MFI loans to non-financial corporations increased from 5.5% in the last quarter of 2004 to 6.0% in the first quarter of 2005. More recently, the annual growth rate of MFI loans to non-financial corporations reached 6.2% in April 2005.

With respect to the maturity breakdown, growth in short-term loans to non-financial corporations increased considerably in the first quarter and in April of 2005.

In addition to the low MFI interest rates, the overall increase in loans to non-financial corporations was also supported by the recent net improvement in the conditions for access to bank credit. Indeed, the April 2005 bank lending survey (see Box 2 in the May 2005)

Chart 26 Breakdown of the real annual rate of growth of financing to non-financial corporations<sup>1)</sup>



Source: ECB.

1) The real annual growth rate is defined as the difference between the actual annual growth rate and the growth rate of the GDP deflator.

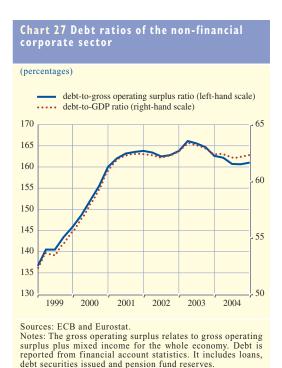
Monetary and financial developments

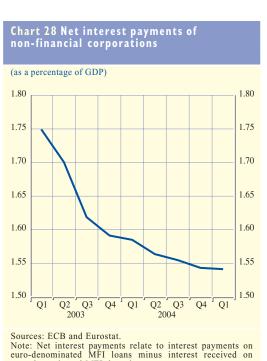
issue of the Monthly Bulletin) reported a further net easing of credit standards for loans and credit lines to enterprises in the first quarter of 2005, which was significantly more pronounced than in the previous quarters.

Regarding debt securities, the annual growth rate of debt securities issued by non-financial corporations increased slightly to 3.3% in the first quarter of 2005 and reached 5.1% in March 2005. The difference, until recently, in the level of recourse to the various forms of debt financing may to some extent reflect relatively high redemptions in debt securities, in particular in several euro area countries, after the strong issuance activity seen over previous years. Nevertheless, anecdotal evidence suggests an increase in M&A activity in the course of 2005, which might accelerate the growth of debt securities issuance. Traditionally M&A activities are, after a period of pre-financing via retained earnings or bank loans, financed via debt securities.

As regards equity financing, at the beginning of 2005 net equity issuance by non-financial corporations in the euro area remained subdued at the very low level observed over the past two years. The annual growth rate of quoted shares issued by non-financial corporations remained unchanged at 0.8% in the first quarter of 2005. The low recourse to equity financing is a consequence of the very low cost of other sources of finance and the availability of internal sources.

Overall, the annual growth rate of total financing of non-financial corporations is estimated to have increased to 3% in the first quarter of 2005, from 2.3% in the last quarter of 2004 (see Table 5).





euro-denominated MFI deposits.

#### FINANCIAL POSITION

In the first quarter of 2005, the reduction in the debt ratios of the non-financial corporate sector seen over the last two years came to a halt (see Chart 27). This development, driven by the increase in the recourse to debt financing, was supported by the very low cost of debt financing. In fact, at the beginning of 2005 the net interest payments of non-financial corporations remained at very low levels (see Chart 28) and thereby tempered the pressure to reduce the indebtedness of that sector. On the one hand, the increase in debt ratios should not be seen as a sign of weakness of the corporate sector, as it was triggered by the very low cost of debt and, in general, by a favourable lending attitude on the part of banks. On the other hand, the relatively high debt ratios combined with the recent pick-up in debt financing could have increased the risk exposure of non-financial corporations.

### 2.7 FINANCING AND FINANCIAL POSITION OF THE HOUSEHOLD SECTOR

Household borrowing remained buoyant in the first quarter of 2005, underpinned by favourable financing conditions. In particular, loans for house purchase continued to grow at robust rates, with dynamics showing some signs of stabilisation. As a result of the continued robust loan growth, the debt-to-GDP ratio of the household sector rose further.

## FINANCING CONDITIONS

In the first quarter of 2005 financing conditions for the euro area household sector remained favourable. Interest rates are low by historical standards and rates on some types of loans to households edged down further in that quarter. Overall, developments in MFI interest rates mirrored those in comparable market interest rates across the maturity spectrum, leaving the respective spreads broadly stable.

Long-term MFI interest rates on lending for house purchase declined further in the first quarter of 2005. For example, the interest rate on housing loans with an initial rate fixation of over five and up to ten years fell by almost 50 basis points between September 2004 and March 2005 (see Chart 29). A similar pattern can be observed for the interest rate on housing loans with an initial rate fixation of over ten years. By contrast, the rate on housing loans with a floating rate and an initial rate fixation of up to one year, which continues to provide the bulk of new business as regards housing loans, has remained broadly unchanged for more than a year at rates just below 3.5% per annum. MFI interest rates on newly extended consumer credit are characterised by a greater

# Chart 29 MFI interest rates on loans to households

(percentages per annum; rates on new business; weight-adjusted<sup>1)</sup>)

- loans for consumption with a floating
- rate and an initial rate fixation of up to one year

  loans for house purchase with a floating
  rate and an initial rate fixation of up to one year

  loans for house purchase with an initial
  - loans for house purchase with an initial rate fixation of over five and up to ten years



Source: ECB.

1) For the period from December 2003 onwards, the weight-adjusted MFI interest rates are calculated using country weights constructed from a 12-month moving average of new business volumes. For the preceding period, from January to November 2003, the weight-adjusted MFI interest rates are calculated using country weights constructed from the average of new business volumes in 2003. For further information, see the box entitled "Analysing MFI interest rates at the euro area level" in the August 2004 issue of the ECB's Monthly Bulletin.

Monetary and financial developments

degree of volatility. In particular, the interest rate on loans for consumption with a floating rate and an initial rate fixation of up to one year rebounded in March 2005 after a substantial decline in the previous month.

#### **FINANCING FLOWS**

The most recent information on total loans granted to the household sector by all financial institutions is available from the quarterly financial accounts for the fourth quarter of 2004, when total household financing grew at an annual rate of 8.2% (unchanged from the previous quarter). Total loans to households are estimated, on the basis of information from money and banking statistics, to have grown at a similar pace in the first quarter of 2005. The continued robust growth of household financing in that quarter was mainly driven by developments in loans by MFIs, which grew at an annual rate of 8.0%. The contribution of loans by other financial institutions (OFIs) has diminished in recent quarters (see Chart 30).

The annual growth of MFI loans to households continued to be driven by buoyant MFI loans for house purchase in the first quarter of 2005, with some signs that the past strengthening had levelled off at a robust rate (a growth rate of 10.0% was recorded in March and April 2005, more or less unchanged from November 2004). The robust growth in household loans reflects favourable financing conditions and dynamic housing markets in a number of euro area countries. However, according to the results of the April 2005 bank lending survey, net demand for housing loans recorded, for the first time since the inception of the survey, a slight decline in the first quarter of 2005. This was reported to be primarily linked to weakening consumer confidence,

# Chart 30 Total loans granted to households (annual growth rates in percentages; contributions in MFI loans for consumer credit MFI loans for house purchase other MFI loans total MFI loans total loans (MFIs + OFIs) 9 8 7 6 5 4 3 2 2001 2002 2003 2004 Source: ECB and ECB estimates. Note: Total loans (MFIs + OFIs) for the first quarter of 2005 have been estimated on the basis of transactions reported in

money and banking statistics.



while borrowers' assessment of housing market prospects continued to be seen as providing a positive contribution to loan demand. Credit standards on loans for house purchase registered a slight further net easing.

The annual growth rate of consumer credit stood at 6.7% in March and April 2005 (yielding an average rate of 6.4% in the first quarter of 2005, compared with 6.2% in the final quarter of 2004), thus continuing the modest upward trend observed during 2004. The April bank lending survey points to broadly unchanged net demand for consumer credit as reported by banks in the first quarter of 2005. The annual growth rate of other MFI lending to households has remained broadly stable over recent quarters at around 2%.

# **FINANCIAL POSITION**

Reflecting the strong dynamics in household borrowing over recent years, the ratio of household debt to GDP has risen continuously since 2002 and recorded a further rise, to around 55½%, in the first quarter of 2005 (see Chart 31). Despite this upward trend, the euro area household debt-to-GDP ratio remains considerably below those of other developed economies such as the United States or the United Kingdom. Moreover, the total debt service burden of the household sector (interest payments plus repayments of principal) as a percentage of disposable income has remained relatively stable in recent years, owing to the prevailing low levels of interest rates.

# 3 PRICES AND COSTS

Annual HICP inflation in the euro area remained at 2.1% in April 2005, for a third consecutive month. Inflationary pressures coming from energy prices were counterbalanced by weaker developments in unprocessed food and services prices. According to Eurostat's flash estimate, annual HICP inflation was slightly lower in May, at 2.0%. The upward pressure from oil price increases is also reflected in recent producer price developments. In the three months up to March 2005, producer price inflation rose year on year by 0.7 percentage point to 4.2%. Labour cost indicators for 2004 suggest that wage pressures have been moderate and the first indicators available for the first quarter of 2005 are consistent with this picture. In the coming months, annual HICP inflation is expected to remain broadly at recent levels, although some degree of volatility cannot be excluded in face of developments in oil prices. Looking ahead, underlying inflationary pressures are expected to remain contained in the euro area, but upside risks to price stability exist.

# 3.1 CONSUMER PRICES

# FLASH ESTIMATE FOR MAY 2005

According to Eurostat's flash estimate, euro area HICP inflation declined to 2.0% in May 2005, from 2.1% in the three previous months (see Table 6). Uncertainty surrounding this estimate remains significant given the preliminary nature of the data, but provisional information suggests that the slight fall in the headline index reflects developments in energy prices, although their annual rate of change remained at a high level.

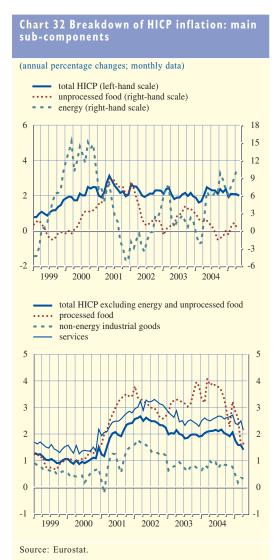
# HICP INFLATION UP TO APRIL 2005

Euro area HICP inflation remained unchanged at 2.1% for the three months up to April 2005 (see Chart 32). The April HICP inflation figure was in line with Eurostat's flash estimate, released in late April. This stability in the annual rates of change for the overall HICP reflected counterbalancing forces. On the one hand, annual rates of change of the HICP excluding energy and unprocessed food eased to an average of 1.5%, compared with 1.9% in the three months prior to February. On the other hand, stronger oil price increases offset this downward pressure.

| (annual percentage changes, unless otherwise | indicated) |      |              |              |              |              |              |            |
|--|------------|------|--------------|--------------|--------------|--------------|--------------|------------|
|  | 2003       | 2004 | 2004<br>Dec. | 2005<br>Jan. | 2005<br>Feb. | 2005<br>Mar. | 2005<br>Apr. | 200:<br>Ma |
| HICP and its components                      |            |      |              |              |              |              |              |            |
| Overall index 1)                             | 2.1        | 2.1  | 2.4          | 1.9          | 2.1          | 2.1          | 2.1          | 2.         |
| Energy                                       | 3.0        | 4.5  | 6.9          | 6.2          | 7.7          | 8.8          | 10.2         |            |
| Unprocessed food                             | 2.1        | 0.6  | 0.0          | -0.6         | 0.7          | 1.3          | 0.8          |            |
| Processed food                               | 3.3        | 3.4  | 3.2          | 2.8          | 2.6          | 1.6          | 1.6          |            |
| Non-energy industrial goods                  | 0.8        | 0.8  | 0.8          | 0.5          | 0.2          | 0.3          | 0.3          |            |
| Services                                     | 2.5        | 2.6  | 2.7          | 2.4          | 2.4          | 2.5          | 2.2          |            |
| Other price indicators                       |            |      |              |              |              |              |              |            |
| Industrial producer prices                   | 1.4        | 2.3  | 3.5          | 4.0          | 4.2          | 4.2          |              |            |
| Oil prices (EUR per barrel)                  | 25.1       | 30.5 | 30.0         | 33.6         | 35.2         | 40.4         | 41.4         | 39         |
| Non-energy commodity prices                  | -4.5       | 10.8 | -0.2         | 3.1          | 3.1          | -0.4         | -1.9         | 0          |

In April, the annual growth rate of energy prices continued to rise for a third consecutive month, reaching 10.2% compared with 6.2% in January. This reflected the dynamics of oil prices up to April. In contrast, the annual rate of increase in unprocessed food prices was 0.5 percentage point lower in April than in March, when unfavourable weather conditions had sparked strong price increases. This effect helped to offset the upward effects of energy prices on the overall index.

The annual rate of change in the HICP excluding energy and unprocessed food fell to 1.4% in April from 1.6% in the two previous months. This decline was driven by services prices, while the annual growth rates of non-energy industrial goods prices as well as processed food prices were broadly unchanged compared with the previous month. A closer look at the services components reveals, however, that sharp drops in the prices of volatile items (primarily package holidays and air transport) are behind this latest decline. Given the seasonal volatility of holiday-related items combined with the effect of the changing timing of the Easter holidays in different years, this downward impact on services prices and the HICP excluding energy and unprocessed food is expected to be largely reversed in the coming months. The dynamics of non-energy industrial goods prices continued to be subdued in April. To some extent, this was due to the dropping-out of the effects of last year's healthcare reform in Germany, which had pushed



up the prices of pharmaceutical products. Notwithstanding the temporary nature of the further weakening in April, the moderate developments in HICP inflation excluding energy and unprocessed food continue to suggest that underlying inflationary pressures in the euro area remain subdued.

### 3.2 PRODUCER PRICES

The annual rate of change in producer prices excluding construction continued to increase in the first three months of 2005, from 3.5% in December 2004 to 4.2% in February and March 2005. This development mainly reflected the pass-through of higher energy prices. The latest available data continue to indicate strong growth in the producer prices of energy goods. The year-on-year growth rate of energy producer prices rose to 11.8% in March from 10.0% in February as a result of oil price developments.





Looking at the other main components of producer prices, the annual rate of increase in intermediate goods producer prices declined for two consecutive months, reaching 4.5% in March 2005. While this rate remains relatively high, probably reflecting the dynamics of some raw material prices in recent months, the latest developments might suggest some reversal towards lower rates in the future. The annual rate of change in consumer goods producer prices eased in the first three months of 2005. In March consumer goods producer prices increased by 0.9% year on year, compared with 1.5% in December 2004. In this respect, manufacturing firms appear to have so far absorbed higher energy costs in their profit margins. As regards capital goods producer prices, their annual rate of growth was unchanged in March, at 1.7% (see Chart 33). Overall, while there are signs of some pass-through of higher energy costs to producer prices for capital and intermediate goods, evidence of any transmission to producer prices for consumer goods has thus far been very limited (see Box 5 entitled "Developments in consumer goods producer prices").

Looking ahead, survey data for May 2005 continue to point to a possible decline in the annual growth rate of producer prices. In the manufacturing sector, the Eurozone Input Price Index from the Purchasing Managers' Survey declined significantly in May, suggesting only small increases in input prices (see Chart 34). The index for prices charged by manufacturers (or output prices) fell below 50, the level which in theory implies unchanged prices. This evidence indicates that inflationary pressures at the producer level may be moderating to a larger extent than visible in the producer price data. However, survey data have to be interpreted with some caution. As regards the services sector, for which at the cut-off date for this publication data were only available up to April 2005, the index of input prices continues to point to a relatively strong expansion of input costs. By contrast, the index for prices charged remained very close to the level

indicating no change in output prices. On the whole, recent indicators have pointed to more muted increases in prices charged than in input prices, which might suggest that firms have absorbed part of the rising costs by squeezing profits, especially in the manufacturing sector.

# Box 5

### **DEVELOPMENTS IN CONSUMER GOODS PRODUCER PRICES**

This box considers the pass-through of commodity prices to producer price developments at the later stages of the production chain and the implications for consumer price developments. The impact of the increases in (both oil and non-energy) commodity prices since late 2003 is clearly evident in the earlier stages of the production chain but less so in the later stages. The annual rate of change in producer prices for intermediate goods increased from below 1% at the end of 2003 to above 5% at the beginning of 2005, and for energy goods it has risen to above 10%. By contrast, the annual rate of change in consumer goods producer prices has remained at around 1%. This relatively subdued profile, however, conceals differences between price developments in the food and tobacco industry and developments in other consumer goods producer prices.

Thus, to analyse producer prices at the later stages of the production chain, a new measure of producer prices for consumer goods excluding food and tobacco has been constructed. These excluded items have a large weight in consumer goods producer prices, accounting for approximately 50% of the total. Besides durable consumer goods, the new aggregate also includes the prices of some non-durable items, e.g. apparel and leather goods, publishing and printing as well as pharmaceutical and medicinal chemical goods. It may provide a new perspective when analysing the impact of producer prices on consumer price inflation. While overall consumer goods producer prices can be loosely associated with developments in HICP inflation excluding energy, producer prices for consumer goods excluding food and tobacco may better capture producer prices impacting on developments in the HICP non-energy industrial goods index. Nevertheless, any analysis should also take account of the statistical differences between the producer price index and the HICP.

As may be seen in Chart A, producer prices for tobacco and food have evolved in a very different manner from producer prices for other consumer goods. Producer prices for tobacco products have been heavily affected by increases in tobacco taxation, particularly since 2002. Unlike VAT, these excise duties are reflected in producer price statistics. Producer prices for food products and beverages also rose significantly in 2000 and 2001, largely due to BSE and foot-and-mouth disease in livestock, and between 2002 and 2004, due mainly to adverse weather conditions. This latter increase, however, has been partly reversed since the second half of 2004, bringing the annual rate of change in producer prices for food products and beverages to its current low rate.

- 1 All EU countries provide data on producer prices for domestic sales at the broad Main Industrial Grouping level i.e. energy, intermediate, capital and durable and non-durable consumer goods. On the basis of durable consumer goods and specific detailed sub-indices of non-durable consumer goods available for most countries, Eurostat has started to compile a measure of producer prices for consumer goods excluding food and tobacco for the euro area. Some countries have provided data beyond their legal requirements, which has ensured high country coverage for this new aggregate.
- 2 In particular, consumer goods producer prices do not cover some important goods that are covered by the HICP (e.g. cars, televisions and computers, as well as imported goods). Moreover, the HICP prices also include value added tax (VAT).

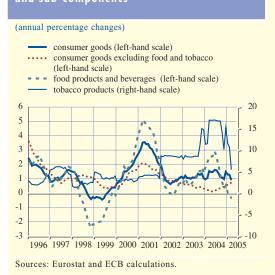
With regard to producer prices for consumer goods excluding food and tobacco, the development has been quite different. The annual rate of increase gradually eased from above 2% at the beginning of 2001 to close to 0% at the beginning of 2004 but has started to edge up somewhat since then. The easing observed between 2001 and early 2004 reflects two main developments. First, there was the unwinding of the indirect effects of commodity price increases and the exchange rate depreciation prior to 2001. Second, the euro's appreciation and weak demand since 2001 have exerted downward pressures.

The recent upswing in producer prices for consumer goods excluding food and tobacco, which is broadly based, suggests that past increases in oil and non-energy commodity prices are feeding through further along the production chain to producer prices for consumer goods. However, weak consumer demand, the past appreciation of the euro and external competition have moderated these pressures. As noted before, despite the increase, the annual rate of change in producer prices for consumer goods has remained relatively moderate at slightly below 1%. Looking ahead, some further upward pressures are expected given the persistence of high commodity prices and the lags involved in the pass-through.

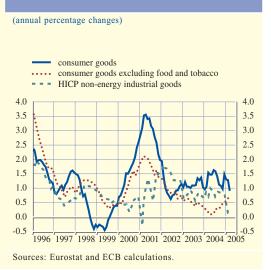
Turning to the implications for consumer price developments in the HICP, the upswing in producer prices for consumer goods excluding food and tobacco has not yet materialised in the HICP non-energy industrial goods index. Chart B shows that the annual rate of change in this component of the HICP has continued to edge down and is currently at around 0.3%.

Looking ahead, some upward pressure may therefore come from the upswing observed in producer prices. Indeed, there has been a strong lagged co-movement between the two series in the past, even though it has not always been one for one. In this respect, factors such as weak consumer demand, moderate wage growth and the potential impact on clothing and footwear prices of the removal of import quotas may serve to dampen the upward pressure coming from the indirect effects of past commodity price increases.

# Chart A Producer prices for consumer goods and sub-components



# Chart B Producer prices for consumer goods and HICP non-energy industrial goods



In summary, the stripping-out of industry-specific factors from producer prices for consumer goods provides additional insights into producer price developments at the later stages of the production chain. These indicate that although there are some signs of indirect effects from commodity price increases, they have thus far been relatively subdued and have not yet been passed through to consumer prices.

# 3.3 LABOUR COST INDICATORS

Negotiated wages in the euro area provide an initial indication of labour cost developments in the first quarter of 2005. On a year-on-year basis, they grew slightly more strongly than in the last quarter of 2004, and this picture was common across most euro area countries. A higher growth rate of negotiated wages was particularly visible in Italy, but this increase was probably of a temporary nature, caused by the renewal and phasing in of Italian wage agreements. Nonetheless, at 2.2%, the euro area annual growth rate remained similar to the average for 2004 (see Table 7).

Most indicators of labour cost growth declined in the second half of 2004, with the third quarter registering the smallest increases in all available indicators in 2004. In the final quarter of the year, the annual growth rate in hourly labour costs was 2.4%, up from the previous quarter but still below the average that prevailed in 2003. The annual rate of change in euro area compensation per employee also rose



slightly to 1.9% in the fourth quarter (see Chart 35). At the current juncture, it is too early to judge whether wage growth has reached a turning point or is just levelling off at current levels.

| (annual percentage changes, unless other |      |      |            | ••••       |            |            |            |
|--|------|------|------------|------------|------------|------------|------------|
|  | 2003 | 2004 | 2004<br>Q1 | 2004<br>Q2 | 2004<br>Q3 | 2004<br>Q4 | 2005<br>Q1 |
| Negotiated wages                         | 2.4  | 2.2  | 2.3        | 2.2        | 2.0        | 2.1        | 2.2        |
| Total hourly labour costs                | 2.7  | 2.3  | 3.0        | 2.2        | 1.9        | 2.4        |            |
| Compensation per employee                | 2.3  | 2.1  | 2.4        | 2.4        | 1.7        | 1.9        |            |
| Memo items:                              |      |      |            |            |            |            |            |
| Labour productivity                      | 0.4  | 1.2  | 1.2        | 1.6        | 1.2        | 0.7        |            |
| Unit labour costs                        | 1.8  | 0.9  | 1.2        | 0.8        | 0.5        | 1.2        |            |

Prices and costs

Turning to unit labour costs, the slowdown in productivity in the second half of 2004 implied a rise in unit labour cost growth towards the end of the year, from 0.5% year on year in the third quarter to 1.2% in the fourth. As productivity growth is expected to recover only slowly, unit labour cost growth is not expected to ease further in the short term. Nonetheless, its current rate is broadly in line with the assessment of only moderate inflationary pressures emanating from the labour market.

### 3.4 THE OUTLOOK FOR INFLATION

In the coming months, HICP inflation is expected to remain around current levels. Looking further ahead, there is thus far no significant evidence of underlying inflationary pressures building up. In the context of moderate economic growth and high unemployment, wage growth should remain moderate.

The new Eurosystem staff macroeconomic projections (see the "Eurosystem staff macroeconomic projections for the euro area" section) foresee HICP inflation to lie between 1.8% and 2.2% in 2005 and between 0.9% and 2.1% in 2006. However, there are upside risks to these projections, which relate notably to future oil price developments. In addition, indirect taxes and administered prices could have stronger upward effects on inflation than currently assumed. Furthermore, ongoing vigilance is needed to ensure that past price increases do not lead to second-round effects in wage and price-setting throughout the economy.

# 4 OUTPUT, DEMAND AND THE LABOUR MARKET

Euro area real GDP increased by 0.5% in the first quarter of 2005, following weaker growth in the second half of last year. However, the composition of demand showed a loss of momentum in private consumption and a decline in investment. The latest indications from survey data point to relatively subdued economic growth in the second quarter of 2005. The moderation of economic activity observed since mid-2004 can be attributed in part to the rise in oil prices. Looking ahead, however, there is scope for more positive fundamental factors to shape the environment again, assuming that the effects of adverse developments gradually diminish.

# 4.1 OUTPUT AND DEMAND DEVELOPMENTS

## **REAL GDP AND EXPENDITURE COMPONENTS**

First estimates of the euro area national accounts for the first quarter of 2005 indicate a pick-up in real GDP growth compared with the second half of last year. Quarter-on-quarter real GDP growth is estimated at 0.5% in the first quarter, compared with 0.2% in the fourth quarter of 2004 (see Chart 36). However, real GDP figures over these two quarters partly reflect statistical effects related to working-day adjustments to the data. This may have led to some understatement of growth dynamics in the last quarter of 2004 and some overstatement in the first quarter of 2005. Major statistical changes affecting national account data, which have started to be implemented in some countries, are explained in Box 6.

# Box 6

# MAJOR CHANGES IN EURO AREA AND MEMBER STATES' NATIONAL ACCOUNTS

In the course of 2005 and 2006 euro area and EU Member States' ESA 95 national accounts data will undergo major changes as a result of the introduction of (i) chain-linking of annual and quarterly series at constant prices, (ii) a new treatment of financial services indirectly measured (FISIM) and (iii) new methods for compiling government output, as well as benchmark revisions. This box discusses these changes, which will improve the quality of the national accounts. It also explains the timetable for revising the euro area national accounts and gives a preliminary assessment of the possible impact of these changes. <sup>1</sup>

The move to chain-linked annual accounts is required by EU rules<sup>2</sup> aimed at improving the accuracy and comparability of GDP volume measures between countries. Almost all EU countries have decided to implement chain-linking for quarterly national accounts for reasons of consistency. In order to measure the volume growth of GDP and its components, the effect of price changes has to be eliminated. For this purpose, most EU countries have been using a fixed weighting structure which is updated every five years. From 2005 onwards, the weights will be updated annually, using values at the prices of the previous year, and the results obtained using those weights will subsequently be (chain-)linked. The introduction of chain-linking improves the accuracy of volume growth measures. If fixed weights are used for a prolonged period, they become less and less relevant over time (for example, the 1995 share of computers in

<sup>1</sup> For further information see Eurostat's website.

<sup>2</sup> Commission Decision of 30 November 1998 (98/715/EC) clarifying Annex A to Council Regulation (EC) No 2223/96 on the European system of national and regional accounts in the Community as concerns the principles for measuring prices and volumes.

Output, demand and the labour market

investment is out of date when the growth of fixed capital formation is computed for 2004). Chain-linking also improves comparability with US statistics, which have used a similar practice since the late 1990s. The same is true for comparability within the EU, since some EU countries have been using chain-linking for some time.

Furthermore, in the course of 2005 national statistical institutes (NSIs) are required to change the way in which the output of financial intermediaries is calculated and allocated.<sup>3</sup> To a large extent, the output of financial intermediaries is determined by an imputed output, FISIM. In the current treatment, the output of FISIM is calculated as the difference between interest received and interest paid and recorded as intermediate consumption by a nominal (sector or) branch of activity. FISIM therefore does not affect the level of GDP. Under the new treatment of FISIM, value added by branch of economic activity will change through the allocation of part of FISIM to intermediate input, and GDP will change through the allocation of part of FISIM to final consumption and exports.

NSIs are also required to start implementing new methods for compiling government output, for example in the field of education, by replacing the current output estimates, derived by deflating the sum of the costs of producing government services, with direct measures of the volume growth of the output generated. In addition, the NSIs of most Member States plan to carry out a benchmark revision to their national accounts in the course of 2005 or 2006. Such benchmark revisions are necessary to align national accounts data with the latest available data sources, some of which are available only at intervals of several years (generally every five years).

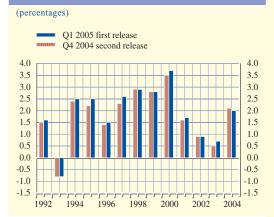
These changes will be introduced in Member States' national accounts on a staggered basis up to the end of 2006. This will reduce the comparability between countries during an interim period. Eurostat plans to begin presenting chain-linked volume measures for the annual and quarterly European aggregates with the first regular release for the third quarter of 2005 on 30 November 2005, when it will have sufficient coverage of Member States' annual and quarterly national accounts. With the same release, Eurostat plans to implement the allocation of FISIM in both annual and quarterly European aggregates. Before this date, there will be no allocation of FISIM in the European aggregates. As a result, European aggregates will not be fully consistent with the data published for the Member States (which in several cases already include allocated FISIM).

However, euro area releases prior to 30 November 2005 will already include the effect of revisions due to the introduction of chain-linking in some Member States' national accounts, as well as the effect of benchmark revisions and other changes made. For example, Eurostat's first regular release for the first quarter of 2005 (on 1 June 2005) includes the effect of introducing chain-linking and new government output measures in the annual and quarterly national accounts of Germany and Spain. It also includes the effect of the benchmark revisions in Germany, France and Spain.

<sup>3</sup> Commission Regulation (EC) No 1889/2002 of 23 October 2002 on the implementation of Council Regulation (EC) No 448/98 completing and amending Regulation (EC) No 2223/96 with respect to the allocation of financial intermediation services indirectly measured (FISIM) within the European System of national and regional Accounts (ESA).

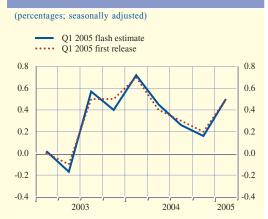
<sup>4</sup> Commission Decision of 17 December 2002 (2002/990/EC) further clarifying Annex A to Council Regulation (EC) No 2223/96 as concerns the principles for measuring prices and volumes in national accounts.

# Chart A Annual euro area GDP volume growth



Sources: Eurostat and ECB calculations

# Chart B Quarter-on-quarter euro area GDP volume growth



Sources: Eurostat and ECB calculations.

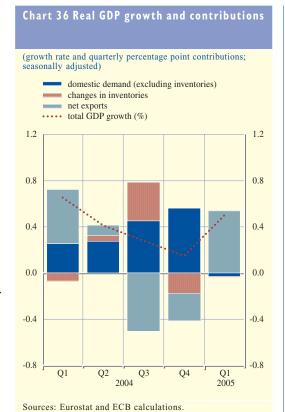
Chart A shows the revisions to annual euro area GDP volume growth compared with the second release for the fourth quarter of 2004. These revisions range from -0.1 percentage point for 2004 to +0.3 percentage point for 1997, while the average revision for the period 1992-2004 is +0.1 percentage point. The average revision of annual GDP volume growth for Germany and France is 0.2 percentage point, and for Spain 0.5 percentage point (for the latter, revised data have been published only for 2000 onwards). The profile of quarterly seasonally and working-day-adjusted GDP growth is only slightly revised, with the figures for the last three quarters remaining unchanged (see Chart B).

Revisions to the annual volume growth of the components of GDP vary significantly. For the period 2001-2004, they are most pronounced in government consumption growth (-0.3 percentage point) and gross fixed capital formation growth (+0.3 percentage point). Among the components of value added, revisions for the period 2001-2004 are most significant for construction growth (+0.7 percentage point), growth in trade, repairs, hotels and restaurants, transport and communication services (-0.4 percentage point) and growth in financial, real estate, renting and business services (+0.3 percentage point).

The euro area national accounts will be subject to further revisions as other Member States will also introduce similar improvements to their national accounts in the next months.

Output, demand and the labour market

Regarding the expenditure breakdown, the contribution of domestic demand declined in the first quarter of 2005 compared with the previous quarter, owing mainly to a slowdown in private consumption growth and a decline in investment. However, consumer spending growth remains at a similar level to that recorded in the third quarter of 2004, after being almost stagnant in the second quarter. As regards investment, the decline may have been partly driven by temporary factors affecting construction, while growth in investment in machinery is estimated to have remained positive. Export growth remained subdued. However, since there was also a significant decline in imports, net trade made a substantial positive contribution, after having dampened growth significantly in the second half of 2004 (see Box 7). Finally, in line with the weakening in imports, inventories made a zero contribution to growth. This follows a negative contribution in the last quarter of 2004 after an increase in the third quarter.



Overall, the composition of real GDP growth in the first quarter does not indicate a broadening

of economic growth. A sustained strengthening would require a stronger contribution from domestic demand.

# Box 7

## ASSESSING THE RECENT IMPULSE FROM THE EXTERNAL SECTOR TO EURO AREA ACTIVITY

When assessing the strength of the external impulse to an economy, two measures are commonly used: exports and net trade (i.e. the difference between exports and imports). This box shows that these two concepts provide different information, which at times can give conflicting pictures. While net trade has the advantage of reflecting the income available in the domestic economy from trade flows, it may understate the extent to which external developments generate activity in the economy, through the creation of additional income. This is particularly relevant for the analysis of developments in the euro area at the current juncture. For 2004, considering net trade alone would understate the stimulus to activity from the external sector.

Exports and net trade feature in the accounting identity which equates total supply (GDP plus imports) and total demand (consumption, both household and government; investment, fixed and in inventories; and exports):

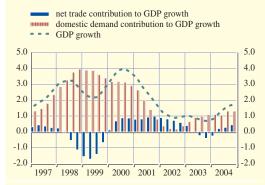
From this identity, GDP is obtained as:

Identity (2) provides an accounting decomposition of the sources of income (GDP) ultimately available in the domestic economy, the net trade component being a measure of the income obtained from external trade. For the euro area, since export and import data in the national accounts include intra-euro area trade, the net trade measure has the advantage of reflecting only transactions with the rest of the world. However, identity (2) is not well suited to providing an economic representation of how income and activity are generated. In this respect, identity (1) is more useful, since it separates demand and supply aspects. For instance, a parallel increase in exports and imports would leave both the right and left-hand sides of the second identity unchanged, while the first identity would record an increase in both total demand and total supply. In identity (2), the net trade contribution would not suggest that additional value added had been generated by the rise in exports. By contrast, in identity (1), the rise in the share of exports in total demand would clearly appear, suggesting that the external sector was providing a positive contribution to total demand.

When considering net income generated in the economy by the external sector, the export measure has the drawback of not reflecting imports induced by higher exports, which – by themselves – reduce net income. This is an important limitation, as the internationalisation of production processes is likely to have led to an increase in the import content of euro area exports. For a given rise in exports, the related increase in imports is therefore larger than in the past, which reduces net income left in the euro area. The net trade measure does not suffer from this drawback since it takes into account the rise in the import content of exports. However, this measure has the disadvantage that it also includes imports which are triggered by autonomous shocks to domestic demand.

# Chart A Euro area net trade and domestic demand contributions to GDP growth

(four-quarter moving average growth rates and percentage point contributions; seasonally adjusted)

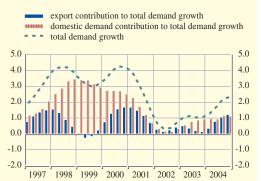


Sources: Eurostat and ECB calculations. Note: Trade flows refer to extra-euro area trade in goods only. Goods account for around 80% of extra-euro area trade.

# Chart B Euro area export and domestic demand contributions to total demand growth

(2)

(four-quarter moving average growth rates and percentage point contributions; seasonally adjusted)



Sources: Eurostat and ECB calculations.
Note: Trade flows refer to extra-euro area trade in goods only.
Goods account for around 80% of extra-euro area trade.

Output, demand and the labour market

These considerations are particularly relevant in the analysis of recent developments. The contribution of net trade to euro area real GDP growth in 2004 was positive but not particularly large, at 0.4 percentage point for the year as a whole (see Chart A). According to identity (2), real GDP growth appears to have been driven by domestic demand over this period. However, the decomposition of euro area total demand into domestic and external demand shows that exports were a major component of total demand last year (Chart B). The contribution of extraeuro area exports of goods to total demand was 1 percentage point, significantly larger than the 0.3 and 0.1 percentage point contributions recorded in 2002 and 2003 respectively. Extra-euro area exports of goods thus contributed about the same amount as the rest of demand, despite a much smaller weight in overall demand. Considering developments along the lines of identity (1) thus makes the significant contribution of the external impulse to activity in 2004 more apparent.

Both identities are subject to the caveats affecting all static accounting representations. In particular, they do not allow a quantification of how much domestic demand has been induced by the rise in exports. Simulations using macroeconomic models are generally employed for this purpose. They typically show that induced domestic demand is significant and rising over time, possibly becoming larger than the net trade effect.

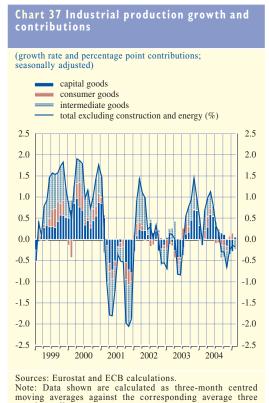
Overall, while both net trade and exports are useful measures of activity, it should be borne in mind that the former may in some circumstances give an understated picture of the impulse from the external sector. In addition, both measures do not allow the identification of spillovers from the external to the domestic sector of the economy, which, according to macroeconomic models, are significant. This is particularly relevant for the analysis of current developments, which suggests that the external sector has significantly contributed to the recovery which started in mid-2003.

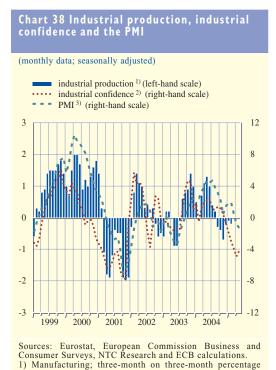
# SECTORAL OUTPUT AND INDUSTRIAL PRODUCTION

In terms of the sectoral composition of growth, the increase in total value added in the first quarter of 2005 is the result of positive developments in value added in industry excluding construction and of further growth in market services. By contrast, value added fell markedly in construction and to a lesser extent in non-market services.

Euro area industrial production (excluding construction) fell in March compared with the previous month, following a decline in February. In the first quarter as a whole it recorded a slight decline with respect to the last quarter of the previous year. This result contrasts with the developments in value added in industry, which show a positive picture for industrial activity. It is difficult to reconcile this discrepancy, as the industrial production data seem to be supported by survey data and developments in investment and imports, while data on value added in industry is in line with the moderate increase in exports.

The decline in industrial production in the first quarter was concentrated in the intermediate goods sector, while the production of capital goods increased and the production of consumer goods was unchanged (see Chart 37). The increase in capital goods production, although moderate, follows a decline in the last quarter of 2004. As regards the production of consumer goods, the zero growth in the first quarter contrasts with the decline recorded on average in the second half of 2004. This slight improvement appears to have been shared by industries producing both durable and non-durable consumer goods.





moving averages against the corresponding average three months earlier.

changes 2) Percentage balances; changes compared with three months 3) Purchasing Managers' Index; deviations from an index

The lack of dynamism in industrial production is confirmed by the latest developments in the value of new orders in manufacturing, which declined further in March, albeit to a lesser extent than in the previous two months. The largest order declines in the first quarter were in the textile and leather products industries as well as in the transport equipment sector.

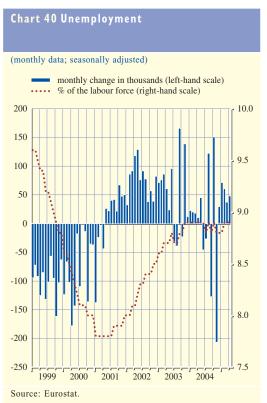
# SURVEY DATA FOR THE MANUFACTURING AND SERVICES SECTORS

Survey data for the industry and services sectors point to ongoing but moderate growth at the start of the second quarter of 2005. As regards the industry sector, the Purchasing Manager' Index (PMI) and the European Commission's confidence indicator suggest that conditions may have deteriorated in the second quarter compared with the first (see Chart 38). Indeed, in April, the PMI fell below the level of 50 for the first time since August 2003 and declined further in May, which would indicate a decline in industrial activity. In line with this, the European Commission's industrial confidence indicator declined for the sixth consecutive month in May to levels not seen since mid-2003.

Turning to the services sector, confidence indicators are mixed but also point overall to a slight weakening in the pace of activity at the start of the second quarter of 2005, although to a lesser extent than in industry. On the one hand, the European Commission's services confidence indicator was lower on average in April and May 2005 than on average in the first quarter. On the other hand, the PMI for the services sector was broadly unchanged in April compared with the first quarter, pointing to ongoing growth.

Output, demand and the labour market





Overall, given that the services sector has a larger relative weight than the industrial sector in the euro area economy, indications from survey data are consistent with moderate but ongoing growth in the short term.

# INDICATORS OF HOUSEHOLD SPENDING

Indicators of household spending suggest that private consumption is likely to continue to grow moderately in the second quarter of 2005. Retail sales volumes increased slightly more rapidly between January and March than on average in the fourth quarter of 2004 (see Chart 39). This pace of growth is expected to continue in the second quarter. New passenger car registrations, which grew by around 1.0% in April, are expected to contribute positively to private consumption growth in the second quarter.

By contrast, the European Commission's consumer confidence indicator declined in May, after having been broadly stable since the last quarter of 2004 at a level somewhat below its long-term average. This development could reflect ongoing weak labour market conditions and uncertainties related to the reform of public health and pension systems.

# 4.2 LABOUR MARKET

Available employment data point to unchanged net job creation in the first quarter of 2005 compared with the second half of 2004. The latest unemployment and survey data confirm indications of broadly unchanged labour market conditions in the second quarter of 2005.

### UNEMPLOYMENT

The euro area standardised unemployment rate is estimated to have been 8.9% in April 2005, unchanged compared with the previous month (see Chart 40). However, the number of unemployed increased by around 48,000 persons in April, slightly more than in the previous month. This rise in the number of unemployed, which is in line with that recorded on average in the first quarter, seems to confirm that the moderate improvement recorded in the second half of 2004 came to a halt at the start of 2005.

#### **EMPLOYMENT**

Employment increased by 0.2% quarter on quarter in the fourth quarter of 2004, unchanged from the previous quarter. This reflects positive developments in services, especially in the finance and business subsector, while developments in the industrial sector remained relatively subdued (see Table 8). Available national data suggest unchanged growth in the first quarter of 2005. Employment growth developments in the last few quarters point to a stabilisation of labour market conditions after the gradual improvement recorded in the first half of 2004. This partly reflects the slow pace of economic activity.

Looking ahead, employment expectations have remained broadly stable in recent months and continue to suggest ongoing but modest employment growth (see Chart 41). In the industry sector, the PMI employment index and the European Commission survey employment

# Chart 41 Employment growth and employment expectations

(annual percentage changes; percentage balances;

seasonally adjusted) employment growth in industry (left-hand scale)

employment expectations in manufacturing (right-hand scale)



employment expectations in construction employment expectations in the retail trade employment expectations in the services sector



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

expectations declined in May 2005, compared with both the previous month and the first quarter on average. The Commission surveys indicate a small decline in employment expectations in the services sector and a slight improvement for retail trade. The PMI index for employment in services, available up to April, points to stable conditions.

Overall, available information would suggest no further improvement in labour market conditions in the first half of 2005.

Table 8 Employment growth (percentage changes compared with the previous period; seasonally adjusted) **Quarterly rates Annual rates** 2003 2004 2004 2004 2004 2004 2003 Q4 Q1 Q2 Q3 Q4 0.3 0.2 Whole economy 0.6 0.0 0.1 0.2 0.2 of which. Agriculture and fishing -1.9 -0.4 -0.3-0.4 0.00.5 0.1Industry -1.0 -0.6 -0.4 -0.5 0.3 -0.1 0.0 Excluding construction -1.5 -1.6 -0.6 -0.7 0.1 -0.5 0.2 1.0 Construction 0.2 17 0.1 0.0 0.7 -0.5Services 0.9 1.1 0.2 0.4 0.2 0.3 0.3 Trade and transport 0.3 0.7 0.1 0.1 0.3 0.3 0.1 Finance and business 1.3 2.5 0.4 1.0 0.3 0.6 0.5 Public administration 0.8 0.2 0.3 0.1 0.3 Sources: Eurostat and ECB calculations.

# 4.3 THE OUTLOOK FOR ECONOMIC ACTIVITY

The moderation of economic activity observed since mid-2004 can be attributed in part to the rise in oil prices. While real GDP growth rose again in the first quarter of 2005 following the subdued second half of 2004, this was partly due to statistical effects related to working-day adjustments. In addition, recent surveys point to a renewed slowdown in activity in the second quarter of 2005.

Over longer horizons, however, there is scope for more positive fundamental factors to shape the environment again, assuming that the effects from past adverse developments gradually diminish. Indeed, conditions remain in place for a moderate strengthening of economic activity in the second half of this year (see the "Eurosystem staff macroeconomic projections for the euro area" section). On the external side, world trade growth is expected to remain dynamic, thereby supporting euro area exports. On the domestic side, very favourable financing conditions and strong corporate earnings growth should support investment, and private consumption should increase broadly in line with real disposable income growth. However, persistently high oil prices and global imbalances may pose downside risks to the outlook for economic growth.

# 5 FISCAL DEVELOPMENTS

The spring 2005 European Commission forecasts suggest that there will be little progress in reducing fiscal imbalances in 2005 and 2006. Broadly unchanged average deficits reflect a slightly tightening fiscal stance at the euro area level as economic growth is expected to recover to near trend in 2006. Continued expenditure restraint will more than offset further tax cuts, while one-off adjustment measures will continue to play a significant, albeit declining, role. The forecasts indicate that five euro area countries will report deficits above 3% of GDP in 2005 and/or 2006 and that there are shortfalls in fiscal adjustment. Consolidation efforts, especially in countries near or above the 3% deficit threshold, need to be stepped up as part of a comprehensive reform agenda.

# FISCAL DEVELOPMENTS IN 2005 AND 2006

Prospects for public finances in the euro area remain a matter for concern. According to the spring 2005 forecasts published by the European Commission, the average general government deficit ratio in the euro area will be broadly unchanged in 2005 and 2006, at 2.6% and 2.7% of GDP, respectively (see Table 9). In a number of countries severe fiscal imbalances are expected to persist or even grow. Germany, Greece, Italy and Portugal are forecast to report deficit ratios above 3% of GDP in 2005 while, for 2006, deficits above 3% of GDP are expected in Greece, France, Italy and Portugal. Less than half of the euro area countries are likely to report budgetary positions that are close to balance or in surplus at the end of the forecasting period.

The European Commission's fiscal forecasts depart significantly from the more optimistic targets set in the latest stability programmes, which were submitted by Member States at the end of 2004 and the beginning of 2005. The 2005 and 2006 deficit ratios forecast by the Commission for the

| (as a percentage of GDP)   |                  |                |            |              |             |      |
|--|------------------|----------------|------------|--------------|-------------|------|
|  | 2001             | 2002           | 2003       | 2004         | 2005        | 2000 |
| Economic forecasts, European Commission, spring 2005                               |                  |                |            |              |             |      |
| a. Total revenue   | 46.5             | 46.1           | 46.3       | 45.7         | 45.6        | 45.4 |
| b. Total expenditure of which:   | 48.3             | 48.6           | 49.1       | 48.5         | 48.2        | 48.0 |
| c. interest expenditure  | 4.0              | 3.7            | 3.5        | 3.3          | 3.3         | 3.   |
| d. primary expenditure (b - c)   | 44.3             | 44.9           | 45.6       | 45.2         | 45.0        | 44.  |
| Budget balance (a - b)   | -1.8             | -2.5           | -2.8       | -2.7         | -2.6        | -2.  |
| Primary budget balance (a - d)   | 2.2              | 1.2            | 0.6        | 0.6          | 0.6         | 0.   |
| Cyclically adjusted budget balance   | -2.4             | -2.6           | -2.4       | -2.4         | -2.1        | -2.  |
| Gross debt   | 69.6             | 69.5           | 70.8       | 71.3         | 71.7        | 71.  |
| Memo item: real GDP (annual percentage change)                                     | 1.6              | 0.9            | 0.6        | 2.0          | 1.6         | 2.   |
| Stability programmes, ECB calculations based on memberigures, May 2005 $^{\rm 1)}$ | er countries' up | dated stabilit | y programm | es and Europ | ean Commiss | sion |
| Budget balance   |                  |                | -2.7       | -2.8         | -2.3        | -1.  |
| Primary budget balance   |                  |                | 0.7        | 0.6          | 1.0         | 1.   |
| Cyclically adjusted budget balance   |                  |                |            | -2.2         | -1.8        | -1.  |
| Gross debt   |                  |                | 70.7       | 71.1         | 70.6        | 69   |
| Memo item: real GDP (annual percentage change)                                     |                  |                | 0.6        | 2.1          | 2.3         | 2    |

Sources: European Commission, updated stability programmes 2004-05 and ECB calculations. Note: Figures exclude proceeds from the sale of UMTS licences and may not add up due to rounding. 1) Data for Portugal is taken from the updated stability programme of December 2004.

Fiscal developments

euro area are, respectively, 0.3 and 0.9 percentage point of GDP higher than the average of the target ratios set in the latest stability programmes. The figures deviate from the targets in the case of most countries and, in particular, some countries with severe fiscal imbalances. For two countries the Commission forecasts expect a looser stance rather than progress with consolidation. These less favourable budgetary forecasts are not only explained by more cautious macroeconomic assumptions, they also reflect a lack of ambition and specificity in the budget measures that aim to attain consolidation objectives and to replace temporary measures.

Several risks surround the Commission forecasts and could lead to worse than expected fiscal outcomes. Government accounts for 2004 have not yet been validated by Eurostat for some countries, namely Greece, Portugal and Italy. In the case of Italy, the deficit ratio has been revised above the 3% reference value for 2001, 2003 and 2004 following decisions by Eurostat and the Italian National Institute of Statistics on some outstanding statistical issues. For all three countries, upward revisions of 2004 deficits may have a possible negative base effect on 2005 developments. More recent information from national governments is also adding to the overall uncertainty about fiscal developments. The Portuguese government has just presented to the parliament a revised stability programme which points to significantly less favourable fiscal developments in 2005 and the following years than initially projected. In the context of the revised programme and without additional measures, Portugal's deficit ratio is expected to go below the 3% reference value only in 2008. Furthermore, the new Italian budget estimates for 2005 suggest that the position will be much worse than initially planned, partly due to lower economic growth.

The government debt ratio for the euro area as a whole is forecast to increase both in 2005 and 2006. National debt ratios will be above 60% of GDP in seven countries over the forecasting horizon, with several reporting a continuing upward trend. Only Belgium's debt ratio is expected to follow a clear downward path.

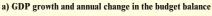
# FACTORS UNDERLYING BUDGETARY DEVELOPMENTS

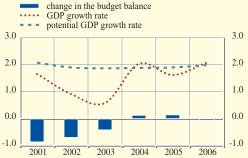
The fiscal policies of the euro area member countries are expected to result in a broadly unchanged budget balance at the euro area level over the forecasting horizon. This reflects the expectation of virtually no change in interest expenditure and in the primary balance (see Charts 42a and b). Against a background of growth somewhat below potential in 2005 and near potential in 2006, the fiscal stance in the euro area is forecast to tighten slightly in 2005 before turning broadly neutral in 2006. For the two-year forecast period, consolidation efforts, as measured by the change in the cyclically adjusted primary balance, will broadly offset a small, negative impact of cyclical factors (see Chart 42c).

The tightening of the fiscal stance in 2005 is expected to result from savings in primary expenditure, as shown by the change in cyclically adjusted primary expenditure (see Chart 42d), while cyclically adjusted revenue will remain unchanged. As for 2006, tax and expenditure cuts of similar size underlie the forecast of a broadly neutral fiscal stance.

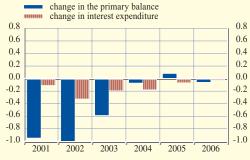
At the euro area level, the average revenue ratio, adjusted for the effects of the cycle, is forecast to decrease by 0.3 percentage point over the period 2005-2006, mainly due to declining revenue from capital taxes which, in previous years, has been boosted by significant one-off receipts, particularly in some countries. Further measures to reduce direct taxes and social security contributions are expected to be partly compensated by increases in indirect taxes, a broadening of the tax base and various administrative measures to prevent tax evasion and avoidance, so that



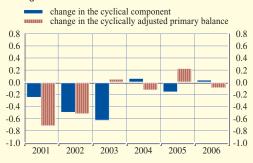




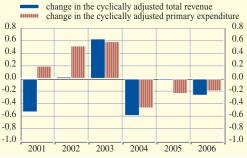
#### b) Annual changes in the determinants of the budget balance



# c) Annual changes in the determinants of the primary budget balance



# d) Annual changes in the determinants of the cyclically adjusted primary budget balance



Sources: European Commission, spring 2005 and ECB calculations.

current revenue will decline only marginally in the euro area as a whole. However, at the country level, the picture is more heterogeneous, and a few countries are even expected to increase their revenue ratio.

The average primary expenditure ratio, net of cyclical effects and of interest expenditure, is forecast to decline by 0.4 percentage point over the period 2005-2006. Most of the reduction will stem from public consumption (namely, wage moderation and reduced public sector employment) and social benefits (reflecting the expected impact of pensions and social security reforms in some Member States). Moreover, social payments, particularly unemployment-related outlays, are expected to grow at lower rates in 2005 and 2006 than observed in the recent past.

## **KEY CHALLENGES TO FISCAL POLICIES**

The main challenge for public finances remains the need to make determined progress in fiscal consolidation so as to attain sound and sustainable public finances in the euro area as a whole and in all its member countries. From a euro area perspective, the forecast of a broadly unchanged aggregate deficit that hovers close to 3% of GDP and precludes a satisfactory reduction in the average public debt ratio in a period of near-trend growth is a cause for concern.

Euro area developments point to significant shortcomings in member countries' strategies. Not only do the forecasts show the greatest deviation from stability programmes to be in countries with severe imbalances, as mentioned above, but they also point to a clear divergence in fiscal policy stance between countries.

In the light of these facts, it is important to recall the principles for sound fiscal strategies in all euro area countries. Countries in excessive deficit have to pursue fiscal plans that bring deficits below 3% of GDP as soon as possible, in compliance with their commitments, while new breaches of this

Fiscal developments

threshold must be avoided. By contrast, the Commission forecasts suggest insufficient (if any) progress will be made in reducing fiscal imbalances in all those countries. Forecasts indicate that only France is expected to undertake sufficient adjustments to bring its deficit below 3% in 2005. However, fiscal loosening is forecast to result in a renewed breach in 2006. Germany is forecast to report continued adjustment but insufficient progress to comply with the deadline of 2005 for the correction of its excessive deficit. In these two countries temporary adjustment measures feature prominently in 2005. Greece is committed to bringing its deficit below 3% of GDP by 2006 at the latest. When adjusted for the impact of new measures already adopted by Greece in 2005, the Commission forecast of fiscal developments shows significant consolidation. However, measures taken are still insufficient to achieve a deficit safely below the threshold in 2006. The other two countries that reported deficits above or near 3% of GDP in 2004 (Italy and Portugal, respectively) are forecast to loosen their fiscal policies and record deficits well above 3% over the forecasting period, as planned fiscal consoldation is insufficient to compensate for the unwinding of temporary measures and other adverse budgetary developments.

There are also a few euro area countries that are not yet in sound fiscal positions but do not face an imminent risk of breaching the 3% deficit threshold. These countries should undertake sufficiently ambitious measures to achieve an annual adjustment of no less than 0.5% of GDP in cyclically adjusted terms, excluding temporary and one-off measures, so as to attain sound positions in the medium term. If the underlying fiscal strategy is appropriate, automatic stabilisers should be allowed to operate, provided that excessive deficits are avoided.

A number of euro area countries are expected to remain in sound fiscal positions. In the case of the Netherlands, such a position will be achieved only shortly after being in excessive deficit. Leaving aside long-term challenges to the sustainability of their public finances – which should be tackled without delay – these countries should maintain a neutral fiscal stance by allowing automatic stabilisers to operate. There is no convincing argument for expansionary fiscal policies.

Severe imbalances are much harder to eliminate in a sluggish economic environment with a low rate of trend growth. This difficulty is not unconnected with the existence of structural features in tax/benefit systems that discourage investment and labour supply in several euro area countries. At the same time, in some euro area countries growth-friendly spending is being squeezed while pressure for less productive spending is hard to control.

Fiscal consolidation should be part of a comprehensive and determined agenda that tackles, in particular, expenditure trends that undermine governments' ability to honour their commitments in the long run. Adjustments in expenditure policies and tax/benefit systems need to be assessed not only against criteria of saving money in the next budget exercise or obtaining additional revenue from the tax structure at the present juncture, but with a medium-term horizon aimed at providing the appropriate incentives to foster productivity, employment and growth. Higher primary surpluses coupled with stronger growth would also imply lower debt ratios and would put public finances on a more sustainable footing to cope with the future impact of ageing populations. A combined strategy of fiscal and structural reforms would also enhance expectations of sound public finances and confidence in the growth prospects of all Member States. The resulting positive effects on confidence would mitigate adverse effects on demand in the short run.

At the same time, it is essential to implement the revised Stability and Growth Pact procedures in a strict and timely manner. The Stability and Growth Pact is an appropriate framework for maintaining fiscal discipline that safeguards confidence in the sustainability of public finances while allowing appropriate room for the stabilisation of output. The main elements of this framework are (i) statistical reporting and surveillance procedures that generate transparency, (ii) the definition of sound, medium-term, fiscal policy objectives and the adjustment path towards them which form the basis for benchmarking and peer pressure, (iii) the deterring of excessive deficits and, if need be, the inducing of their prompt correction through a gradual stepping-up of procedural pressure and the ultimate threat of sanctions, and (iv) the provision of clear "signals" of fiscal soundness to the public and markets, via reference values of 3% of GDP for the deficit and 60% of GDP for public debt. Despite criticisms about relaxed standards, increased discretion and loss of simplicity, Member States and the Commission have expressed their commitment to maintaining fiscal discipline via increased "ownership" of the rules. This will be needed to induce countries to pursue the strategies outlined above and to restore the credibility of the rules as a framework that fosters fiscal discipline and effective policy coordination.

Eurosystem staff macroeconomic projections for the euro area

# 6 EUROSYSTEM STAFF MACROECONOMIC PROJECTIONS FOR THE EURO AREA

On the basis of the information available up to 20 May 2005, Eurosystem staff have prepared projections for macroeconomic developments in the euro area. Average annual real GDP growth is projected to be between 1.1% and 1.7% in 2005, and between 1.5% and 2.5% in 2006. The average rate of increase in the overall Harmonised Index of Consumer Prices (HICP) is projected to amount to between 1.8% and 2.2% in 2005, and between 0.9% and 2.1% in 2006.

The Eurosystem staff projections are based on a series of assumptions about interest rates, exchange rates, oil prices, world trade outside the euro area and fiscal policies. In particular, the technical assumption is made that short-term market interest rates and bilateral exchange rates will remain unchanged over the projection horizon at the levels prevailing in the two-week period up to 17 May. The technical assumptions about long-term interest rates and both oil and non-energy commodity prices are based on market expectations until 17 May.<sup>2</sup> Fiscal policy assumptions are based on national budget plans in the individual euro area member countries. They include all policy measures that have already been approved by parliament or that have been specified in detail and are likely to pass the legislative process.

To express the uncertainty surrounding the projections, ranges are used to present the results for each variable. The ranges are based on the differences between actual outcomes and previous projections carried out over a number of years. The width of the ranges is twice the average absolute value of these differences.

## THE INTERNATIONAL ENVIRONMENT

The external environment of the euro area is expected to remain favourable in 2005 and 2006. Real GDP growth in the United States should remain robust, although at somewhat lower rates than in 2004. Real GDP growth in non-Japan Asia is expected to remain well above the global average, but lower than in recent years. Growth in most large economies is projected to remain dynamic. In addition, the countries that joined the European Union on 1 May 2004 are expected to continue to record strong growth rates.

Annual growth in world real GDP outside the euro area is estimated to average about 4.8% in 2005 and 4.6% in 2006. Growth in the euro area 's external export markets is projected to be about 8.3% in 2005 and 7.3% in 2006. At the same time, inflation outside the euro area is projected to increase slightly with the continuation of global expansion and as a result of higher commodity prices.

# REAL GDP GROWTH PROJECTIONS

Eurostat's flash estimate for euro area real GDP in the first quarter of this year indicates quarteron-quarter growth of 0.5%, following a rate of 0.2% in the fourth quarter of 2004. This improvement is however judged to be partly due to statistical effects related to working-day

<sup>1</sup> The Eurosystem staff projections are produced jointly by experts from both the ECB and the euro area NCBs. They are a biannual input into the Governing Council's assessment of economic developments and the risks to price stability. More information on the procedures and techniques used is given in "A guide to Eurosystem staff macroeconomic projection exercises", ECB, June 2001.

<sup>2</sup> Short-term interest rates as measured by the three-month EURIBOR are therefore assumed to remain constant at 2.13% over the projection horizon. The technical assumption of constant exchange rates implies that the EUR/USD exchange rate stays at 1.29 over the horizon and that the effective exchange rate of the euro is 1.4% higher than the average for 2004. Market expectations for euro area ten-year nominal government bond yields imply a small increase from an average of 3.6% in 2005 to an average of 3.8% in 2006. The increase in annual average non-energy commodity prices in US dollars is assumed to be 5.4% in 2005 and 1.3% in 2006. Based on the path implied by futures markets, annual average oil prices are assumed to be USD 50.6 per barrel in 2005 and USD 50.7 per barrel in 2006.

adjustments, and the quarter-on-quarter growth rate is expected to decline again in the second quarter. The projection rests on the view that the slowdown, observed since late 2004, has been mainly due to the lagged effects of the appreciation of the euro and the rise in oil prices. Looking ahead, as these effects are assumed to fade out, quarter-on-quarter growth rates are projected to return gradually to levels close to 0.5%. As a result, average annual real GDP growth is projected to range between 1.1% and 1.7% in 2005, and between 1.5% and 2.5% in 2006. Export growth, on the back of the assumed continued strength in foreign demand, is, over the horizon, expected to continue to support economic activity, while domestic demand should gradually strengthen.

Among the domestic expenditure components of GDP, average annual growth in *private consumption* is estimated to range between 1.2% and 1.6% in 2005, as restrained income growth and high energy prices have a dampening impact on household purchasing power. In 2006 consumption is projected to grow at a rate of between 1.0% and 2.2%. Households' real disposable income will be supported by stronger growth in employment, lower inflation and a positive contribution from capital income. The saving ratio is expected to rise slightly over the horizon, partly reflecting consumption smoothing and on-going concerns about the development of public finances and the longer-term prospects for public health care and pension systems.

The average annual rate of growth in *total fixed investment* is estimated to be between 0.5% and 2.7% in 2005, and between 1.9% and 5.1% in 2006. The recovery is expected to be stronger in *business investment*, which should benefit from favourable credit conditions and robust corporate profits. *Residential private investment* is projected to continue to grow at moderate rates over the projection horizon.

The average annual rate of change in *total exports*, which includes intra-euro area trade, is estimated to range between 3.1% and 5.9% in 2005, and between 4.5% and 7.7% in 2006. Extra-euro area export market shares are expected to decline somewhat, owing to lagged effects from the past euro appreciation and, more generally, to increased global competition. The average annual rate of growth in *total imports* is expected to be slightly below that in exports in 2005 and broadly in line with it in 2006. On balance, net trade is expected to make a small positive contribution to GDP growth over the projection horizon.

Total employment is projected to strengthen slightly over the horizon. At the same time, labour supply is expected to increase as a result of improved job prospects and structural labour market reforms in a number of euro area countries. Overall, the unemployment rate is projected to start to decline in 2006.

# PRICE AND COST PROJECTIONS

The average rate of increase in the overall HICP is estimated to be between 1.8% and 2.2% in 2005, and between 0.9% and 2.1% in 2006. The decline in HICP inflation in 2006 is partly the result of the statistical treatment of a proposed health care reform in the Netherlands. The contribution from this factor to overall euro area HICP inflation is estimated to be -0.2 percentage point.

The price projections are conditional also on a number of other factors. First, the assumptions for oil prices imply a significant positive contribution from the energy component to HICP inflation in 2005. However, in line with the technical assumption of stabilising oil prices, this contribution is expected to fade out towards the end of 2006. Second, the growth in nominal compensation per employee is assumed to remain moderate over the horizon. This projection not only takes into

Eurosystem staff macroeconomic projections for the euro area

| Table 10 Macroeconomic projections    |      |         |         |
|---------------------------------------|------|---------|---------|
| (average annual percentage changes)1) |      |         |         |
|                                       | 2004 | 2005    | 2006    |
| HICP                                  | 2.1  | 1.8-2.2 | 0.9-2.1 |
| Real GDP                              | 1.8  | 1.1-1.7 | 1.5-2.5 |
| Private consumption                   | 1.1  | 1.2-1.6 | 1.0-2.2 |
| Government consumption                | 1.3  | 0.4-1.4 | 1.1-2.1 |
| Gross fixed capital formation         | 1.7  | 0.5-2.7 | 1.9-5.1 |
| Exports (goods and services)          | 6.1  | 3.1-5.9 | 4.5-7.7 |
| Imports (goods and services)          | 6.1  | 2.6-6.0 | 4.4-7.8 |

<sup>1)</sup> For each variable and horizon, ranges are based on the average absolute difference between the actual outcomes and past projections by euro area central banks. The projections for real GDP and its components refer to working-day-adjusted data. The projections for exports and imports include intra-euro area trade.

account current wage settlements and the projected, only modest, improvement in labour market conditions, but also embodies the assumption of no second-round effects of past price rises on nominal compensation per employee. Third, the projections for real GDP growth and employment imply that labour productivity growth will slowly pick up. As a result of the developments in wages and productivity, unit labour cost growth is expected to remain relatively contained in both 2005 and 2006. Fourth, the contribution to inflation from administered prices and indirect taxes is assumed to be lower than in previous years.

# Box 8

# COMPARISON WITH THE ECB STAFF MACROECONOMIC PROJECTIONS OF MARCH 2005

In comparison with the March 2005 macroeconomic projections, the ranges projected for real GDP growth in 2005 and 2006 have been adjusted slightly downwards.

With regard to the HICP, the range projected for 2005 is within the range of the March 2005 projections. For 2006 the range projected has been adjusted slightly downwards, reflecting in particular the impact of the above-mentioned proposed Dutch health care reform. The revisions to the projections for unit labour costs are small.

#### Comparison of macroeconomic projections (average annual percentage changes) 2004 2005 2006 HICP - March 2005 2.1 1.6-2.2 1.0-2.2 HICP - June 2005 0.9-2.1 2.1 1.8-2.2 Real GDP - March 2005 1.8 1.2-2.0 1.6-2.6 Real GDP - June 2005 1 1-1 7 1 5-2 5 1 8

### FORECASTS BY OTHER INSTITUTIONS

A number of forecasts for the euro area are available from both international organisations and private sector institutions. However, these forecasts are not strictly comparable with one another or with the Eurosystem staff macroeconomic projections, as they were finalised at different points in time and use different methods to derive assumptions for fiscal, financial and external variables, including oil prices. The forecasts covered by the Consensus Economics Forecasts and the ECB Survey of Professional Forecasters use a variety of unspecified assumptions. In contrast to the Eurosystem staff projections, the other forecasts are typically not conditioned on the assumption that short-term interest rates will remain unchanged over the projection horizon.

Despite different assumptions, the forecasts for euro area annual GDP growth in 2005 and 2006 are quite similar. In the forecasts currently available from other institutions, there is a consensus that euro area annual GDP growth will average between 1.2% and 1.6% in 2005, and between 1.9% and 2.3% in 2006.

It should be borne in mind that the Eurosystem staff macroeconomic projections and the OECD forecasts both report working-day-adjusted annual growth rates, whereas the European Commission and the IMF report annual growth rates that are not adjusted for the number of working days per annum. Other forecasts do not specify whether they report working-day-adjusted or non-working-day-adjusted data. For 2004, the non-working-day-adjusted average annual growth rate of euro area GDP was around ½ percentage point higher than the working-day-adjusted growth rate, owing to the greater number of working days that year.

| Table A Comparison of forecasts     | for euro area real GI | OP growth |      |      |
|-------------------------------------|-----------------------|-----------|------|------|
| (average annual percentage changes) |                       |           |      |      |
|                                     | Date of release       | 2004      | 2005 | 2006 |
| European Commission                 | Apr. 2005             | 2.0       | 1.6  | 2.1  |
| IMF                                 | Apr. 2005             | 2.0       | 1.6  | 2.3  |
| OECD                                | May 2005              | 1.8       | 1.2  | 2.0  |
| Consensus Economics Forecasts       | May 2005              | 1.8       | 1.5  | 1.9  |
| Survey of Professional Forecasters  | Apr. 2005             | 1.8       | 1.6  | 2.0  |

Sources: European Commission Economic Forecasts, Spring 2005; IMF World Economic Outlook, April 2005; OECD Economic Outlook No 77, Preliminary Edition; Consensus Economics Forecasts; and the ECB's Survey of Professional Forecasters. The European Commission Forecasts and the IMF World Economic Outlook both report growth rates that are not working-day-adjusted.

The forecasts anticipate annual average HICP inflation to be between 1.8% and 1.9% in 2005, and between 1.3% and 1.8% in 2006.

| Table B Comparison of forecasts     | for euro area overal | l HICP inflatio |      |      |
|-------------------------------------|----------------------|-----------------|------|------|
| (average annual percentage changes) |                      |                 |      |      |
|                                     | Date of release      | 2004            | 2005 | 2006 |
| European Commission                 | Apr. 2005            | 2.1             | 1.9  | 1.5  |
| IMF                                 | Apr. 2005            | 2.2             | 1.9  | 1.7  |
| OECD                                | May 2005             | 2.1             | 1.8  | 1.3  |
| Consensus Economics Forecasts       | May 2005             | 2.1             | 1.8  | 1.7  |
| Survey of Professional Forecasters  | Apr. 2005            | 2.1             | 1.9  | 1.8  |

Sources: European Commission Economic Forecasts, Spring 2005; IMF World Economic Outlook, April 2005; OECD Economic Outlook No 77, Preliminary Edition; Consensus Economics Forecasts; and the ECB's Survey of Professional Forecasters.

Exchange rate and balance of payments developments

# 7 EXCHANGE RATE AND BALANCE OF PAYMENTS DEVELOPMENTS

# 7.1 EXCHANGE RATES

In May and early June the euro depreciated in an environment characterised by an across-theboard strengthening of the US currency.

### US DOLLAR/EURO

At the beginning of May the euro fluctuated in relation to the US dollar but with no clear trend. However, after the release of better than expected data on the US trade balance on 11 May,

the dollar started to appreciate rather sharply. This appreciation of the US currency gained further momentum later in the month amid data indicating solid economic activity in the United States which contrasted with rather mixed economic news on the euro area. According to market reports, the dollar appreciation may have also been intensified by technical factors. Finally, the rejection of the EU constitutional Treaty in France may have added to the negative sentiment towards the euro. In response to these developments, the euro reached a seven-month low against the US dollar. On 1 June 2005, the euro stood at USD 1.22, i.e. 5.6% below its level at the end of April and 1.7% below its 2004 average.

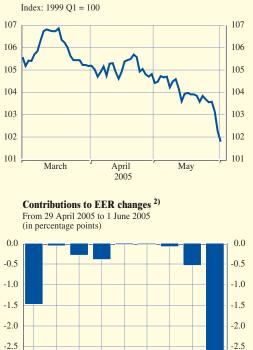
## JAPANESE YEN/EURO

After having appreciated rather strongly against both the euro and the US dollar towards the end of April, the Japanese yen depreciated against the US dollar in May, while it appreciated against the euro. This development appears to have been associated partly with expectations subsiding among exchange market participants of a very near-term increase in exchange rate flexibility in the Asian region and partly with the broadbased rebound of the US currency. Much better than expected data on GDP growth for the first quarter of 2005 in Japan do not appear to have influenced the yen exchange rate. Towards the end of the period under review, the yen/euro exchange rate might have been influenced by market reactions to the outcome of the French referendum. On 1 June 2005 the euro was quoted at JPY 132.8, 2.5% below its end-April level and 1.2% lower than its 2004 average.





Chart 45 Euro effective exchange rate and its decomposition ()



Source: ECB

USD

GBP

(daily data)

1) An upward movement of the index represents an appreciation of the euro against the currencies of the most important trading partners of the euro area and all non-euro area EU Member States.

CHF

CNY

-3.0

EER-23

**NMS** 

Other

SEK

2) Contributions to EER-23 changes are displayed individually for the currencies of the six main trading partners of the euro area. The category "NMS" refers to the aggregate contribution of the currencies of the ten new Member States which joined the EU on 1 May 2004. The category "Other" refers to the aggregate contribution of the remaining seven trading partners of the euro area in the EER-23 index. Changes are calculated using the corresponding overall trade weights in the EER-23 index.

# **EU MEMBER STATES' CURRENCIES**

In ERM II, in May and early June the Danish krone and the Slovenian tolar moved in very narrow ranges close to their respective central rates, while the Estonian kroon, the Maltese lira and the Lithuanian litas remained unchanged relative to their central rates. The Latvian lats was stable in the upper side of its fluctuation band, while the Cyprus pound appreciated, before eventually stabilising at a level around 1.7% higher than its central rate.

With regard to the currencies of other EU Member States, the euro appreciated against the pound sterling in May and then depreciated rather sharply at the beginning of June, trading on 1 June at GBP 0.68, which is almost unchanged from its end-April level and 0.5% below its 2004 average. During the reference period, the euro depreciated against the Polish zloty (by 2.6%) and to a lesser extent against the Slovak koruna (by 0.6%). At the same time, the euro remained broadly stable

Exchange rate and balance of payments developments

against the Czech koruna and the Swedish krona, while it appreciated moderately against the Hungarian forint (by 0.6%).

### **OTHER CURRENCIES**

As far as other currencies are concerned, the euro was broadly unchanged vis-à-vis the Swiss franc in May and early June compared with end-April. Other developments over the period under consideration include the depreciation of the euro vis-à-vis the Canadian dollar, the Korean won, the Singapore dollar and the Norwegian kroner (by 5.2%, 4.3%, 3.3% and 2.8% respectively).

# **EFFECTIVE EXCHANGE RATE OF THE EURO**

On 1 June 2005 the nominal effective exchange rate of the euro – as measured against the currencies of 23 of the euro area's important trading partners – was 2.9% below its end-April level and 2% below its average level in 2004 (see Chart 45). The depreciation of the euro in effective terms was broadly based and primarily driven by its weakening against the US dollar, some of the major Asian currencies and some of the currencies of the new EU Member States.

Regarding developments in the international cost and price competitiveness of the euro area as measured by real effective exchange rate indices, Box 10 provides a detailed account of the similarities and differences between developments in the various indicators over a longer-term perspective.

# Box 10

# INDICATORS OF EURO AREA COST AND PRICE COMPETITIVENESS: SIMILARITIES AND DIFFERENCES

Effective exchange rates (EERs) in real terms are commonly used measures of international cost and price competitiveness. Euro real EERs are obtained by deflating the nominal EER with various cost and price measures and using different sets of partner countries, thereby providing a broad range of real EER indicators. As all the available real EER indices have conceptual merits and drawbacks – and could even diverge over time, thus giving rise to conflicting interpretations – this box analyses the developments in euro EER indices based on a broad set of indicators and examines potential similarities and discrepancies among them. A general note of caution applies, nonetheless, with regard to the interpretation of EER indicators as measures of competitiveness. Such indicators only encompass movements in relative prices and disregard changes in the non-price characteristics of goods, thereby ignoring important parameters relevant for international competition. The reference periods chosen for this box – the first quarter of 1999 and the average over the period 1995-2004 – are arbitrary and should not be seen as indicative of the "appropriate" level of the euro. All the relevant EER indices are available for the period from the first quarter of 1995 to the fourth quarter of 2004.

1 The ECB computes nominal and CPI-based real EERs against three groups of trading partners, consisting of 12, 23 and 42 trading partners, and real EERs based on producer price indices, GDP deflators, unit labour costs in manufacturing and unit labour costs in the total economy against 12 and 23 trading partners. See the box entitled "Update of the overall trade weights for the effective exchange rates of the euro and computation of a new set of euro indicators" in the September 2004 issue of the ECB's Monthly Bulletin. For a comprehensive discussion of the merits and drawbacks of the concepts, see the article entitled "Developments in the euro area's international cost and price competitiveness" in the August 2003 issue of the ECB's Monthly Bulletin.

| Table Deviation of the nominal and real euro EERs from average                               |  |                                       |                                       |  |   |                          |   |  |  |  |
|--|--|---------------------------------------|---------------------------------------|--|---|--------------------------|---|--|--|--|
| (percentages)    Nominal   |  |                                       |                                       |  |   |                          | Memo item:  |  |  |  |
| Against the currencies of  |  | Consumer<br>price<br>indices<br>(CPI) | Producer<br>price<br>indices<br>(PPI) | Unit labour<br>costs in<br>manufacturing<br>(ULCM) | Unit labour<br>costs in<br>the total<br>economy<br>(ULCT) | GDP<br>deflator<br>(GDP) | Real CPI-<br>based EER<br>compared<br>with 25-year<br>average |  |  |  |
| Four   | th quarter of 2  | 2004 compared                         | with the av                           | erage over the pe                                  | riod 1995-2004  |                          |   |  |  |  |
| 12 trading partners (EER-12)<br>23 trading partners (EER-23)<br>42 trading partners (EER-42) | 9.1<br>8.5<br>17.4   | 12.2<br>9.3<br>9.7                    | 10.3<br>8.2                           | 9.2<br>6.5   | 9.5<br>5.4  | 13.1<br>9.9              | 9.3   |  |  |  |
|  | Fourth quarter of 2004 compared with the first quarter of 1999 |                                       |                                       |  |   |                          |   |  |  |  |
| 12 trading partners (EER-12)<br>23 trading partners (EER-23)<br>42 trading partners (EER-42) | 6.5<br>5.7<br>13.0   | 11.2<br>7.8<br>7.1                    | 9.1<br>6.8                            | 7.4<br>4.2   | 9.3<br>4.2  | 11.5<br>7.7              |   |  |  |  |

Note: The EER-12 covers Australia, Canada, Denmark, Hong Kong, Japan, Norway, Singapore, South Korea, Sweden, Switzerland, the United Kingdom and the United States. In addition to this group, the EER-23 covers the ten new EU Member States and China. The EER-42 adds other transition economies and emerging markets to this list.

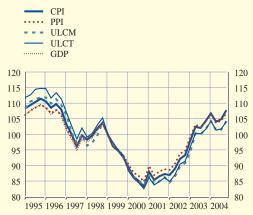
Following its launch, the euro's evolution in nominal and real effective terms was initially characterised by a strong decline in the period 1999-2000. The rebound of the euro as from 2002, which continued at a more moderate pace over the following two years, more than offset this initial decline. In more detail, a comparison of indicators in *nominal* effective terms suggests that, if measured against the broad group of 42 trading partners (EER-42), the euro in the fourth quarter of 2004 had increased more compared with the first quarter of 1999 and stood further above its ten-year average level than vis-à-vis other groups

of trading partners (EER-12 and EER-23 – see Table). This discrepancy, however, merely reflects on average higher inflation rates in the partner countries included in the broader index.

Turning to *real* EER indicators, Chart A illustrates that the different indicators have been highly correlated over the past ten years. A closer look suggests, however, that the deviation of these indicators in the fourth quarter of 2004 from their ten-year averages ranges from 5.4%, if the real EER vis-à-vis 23 trading partners and based on developments in unit labour costs (ULC) for the total economy is used, to 13.1%, if the real EER against 12 trading partners and based on developments in relative GDP deflators is used (see Table). Likewise, the rate of change for the same indicators since the first quarter of

## Chart A Real euro EER-23 indices based on various cost and price deflators

(indices: 1999 Q1 = 100; quarterly data, against 23 trading partners)



Source: ECB. Note: The last observation is for the fourth quarter of 2004.

# ECONOMIC AND MONETARY DEVELOPMENTS

Exchange rate and balance of payments developments

1999 ranges from 4.2% to 11.5%. These similarities and differences across indicators are examined below in terms of the time horizon underlying the analysis, the coverage of trading partners and the use of different deflators.

As regards the *time horizon*, the real EER based on CPI indices, for which longer time series are available, was in the fourth quarter of 2004 somewhat higher with respect to its 10-year average (+12.2%) than to its 25-year average (+9.3%), mainly reflecting the fact that the longer period includes the episode of US dollar strength in the mid-1980s.

In terms of coverage of *trading partners*, the real EER indicators against 23 trading partners (EER-23) are closer to their ten-year averages and have increased less since the first quarter of 1999 than those vis-à-vis 12 trading partners (EER-12). This mainly reflects the fact that the EER-23 includes – in addition to the countries included in the EER-12 – the Member States which joined the EU on 1 May 2004 and China. Several of the new Member States in central and eastern Europe, in particular, have experienced a strong real appreciation of their currencies in recent years partly associated with the convergence and catching-up of their economies in the transition process. Accordingly, for longer-term comparisons it would seem more appropriate to consider the narrow EER-12 index, which includes only countries where such effects are likely to be small.

With regard to the use of different deflators, most of the real EER indices based on relative ULC have risen somewhat less since the first quarter of 1999 than the indices based on price indices (particularly consumer prices and GDP deflators). Chart B shows the evolution of relative costs and prices against 12 trading partners, thereby eliminating the impact of the nominal exchange rate – which dominates the fluctuations of the real indicators shown in Chart A – from the real EER. While the development of these indicators does not permit an assessment of individual relative cost and price indicators over time – particularly if there are significant differences in inflation between the euro area and its trading partners – it does

allow a comparison of the evolution across indicators. The chart shows that relative ULC indicators (total economy and manufacturing) have been fluctuating without following a specific trend over the past ten years. The relative ULC-based indicators seem to have temporarily fallen in the second half of the 1990s, but this was not reflected by corresponding movements in prices. Thereafter, all indicators tended to rise again, albeit more moderately in the case of those based on relative ULC developments.

This difference in the evolution of relative cost and price indices may be due to several factors. One element could be that wage increases have been more moderate and in line with productivity developments in the euro area economy (relative to major trading partners) in recent years, particularly in the

Chart B Developments in euro area costs and prices relative to euro area trading partners

(index: 1999 Q1=100; quarterly data, against 12 trading partners)





Source: ECB. Note: The last observation is for the fourth quarter of 2004 manufacturing sector. However, the discrepancy may also reflect the different properties of the available cost and price measures. More specifically, indicators based on ULC are less comparable across countries – particularly for countries outside the EU – and, more importantly, represent only a fraction of the total costs of a firm. As well as omitting, for example, R&D expenditure, capital costs and distribution costs, these indicators do not take into account the costs of imported inputs in production. Accordingly, the strong rise since the late-1990s in commodity prices, which constitute a significant share of companies' input costs, is not directly reflected in the evolution of these indicators. Moreover, the deviation in the evolution of the relative producer prices from that of the other price measures suggests that developments in the services sector may have had an effect.

Overall, measured against both their ten-year average levels and the levels prevailing in the first quarter of 1999, all real EER indicators were higher in the fourth quarter of 2004, suggesting that euro area price competitiveness has declined. However, indicators based on unit labour costs display a more moderate gap than most indicators based on price deflators. This discrepancy may be partly associated with more moderate wage increases in the euro area compared with major trading partners in recent years, but it may also reflect the different statistical properties of the available cost and price measures.

#### 7.2 BALANCE OF PAYMENTS

Compared with the last quarter of 2004, the value of extra-euro area exports of goods and services rose by 1.1% in the first quarter of 2005, while the value of extra-euro area imports of goods and services fell by 0.2%. This tends to confirm the trend of an acceleration in exports and a deceleration in imports since the third quarter of 2004. Combined direct and portfolio investment recorded net inflows of  $\in$ 9.2 billion in March 2005 on a 12-month cumulated basis. This follows a gradual decline in net capital outflows since the second half of 2004, which in turn was mostly related to higher net inflows in equity portfolio investment.

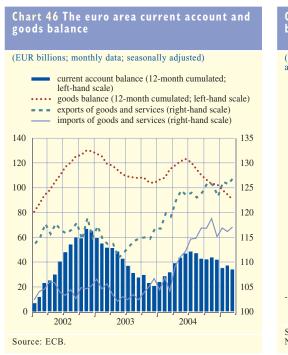
#### **CURRENT ACCOUNT AND TRADE**

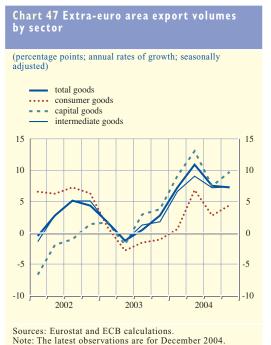
The seasonally adjusted current account of the euro area showed a surplus of  $\in 2.3$  billion in March 2005. This reflected surpluses in goods ( $\in 9.2$  billion) and services ( $\in 1.0$  billion), which were partly offset by deficits in current transfers ( $\in 4.7$  billion) and income ( $\in 3.2$  billion).

Compared with the last quarter of 2004, the seasonally adjusted current account surplus remained stable in the first quarter of 2005 (at 6.5 billion). This was the result of rises in the income deficit (3.0 billion) and in the current transfer deficit (2.4 billion), which were counterbalanced by an increase in the surplus for goods and services (4.6 billion). The latter was accounted for by the rise in the value of extra-euro area exports of goods and services (by 1.1%) and the decline in the value of extra-euro area imports (by 0.2%).

A closer look at extra-euro area export volumes of goods shows that the recovery in exports which started in the second half of 2003 has been broadly based across the various categories of goods, although it has been particularly strong for capital goods and somewhat more subdued for consumer goods (see Chart 47). This may be the result of consumer goods being more price elastic than capital goods, so that exports of consumer goods may be more affected by the appreciation of the euro. It may also be related to the strength of world trade in capital goods. This stems in

Exchange rate and balance of payments developments





particular from China and, to a lesser extent, the new EU Member States, which – in relative terms – import more capital goods and have become increasingly important as euro area trade partners in recent years.

The 12-month cumulated surplus of the euro area current account up to March 2005 amounted to €34.3 billion, i.e. around 0.5% of GDP, compared with €32.1 billion a year earlier. This slight increase resulted from lower deficits in income and current transfers and a higher surplus in services, partly counterbalanced by a lower goods surplus (see Chart 46).

#### FINANCIAL ACCOUNT

In March 2005 combined direct and portfolio investment recorded net outflows of  $\in 11.5$  billion. This was accounted for by net outflows in direct investment ( $\in 8.8$  billion) and debt instruments ( $\in 12.4$  billion), while equity portfolio investment recorded net inflows.

Looking at developments over the 12-month period to March 2005, combined direct and portfolio investment recorded net inflows of  $\[ \in \]$ 9.2 billion in March, after recording persistent net outflows throughout 2004 (see Chart 48). These developments stem mainly from net inflows in equity securities since the third quarter of 2004. Over the same period, net outflows in direct investment stabilised at around  $\[ \in \]$ 50 billion, while developments in debt instruments were rather volatile, fluctuating between net inflows and outflows.

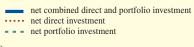
The net outflows in direct investment emanated from a decline in foreign direct investment inflows into the euro area. This decline might be partly related to stronger growth in the global economy relative to the euro area in 2004 and early 2005.

The higher net inflows in portfolio investment resulted from an increase in net purchases of euro area equity securities by non-residents as well as a decrease in net purchases of foreign equity securities by euro area residents. As mentioned in previous issues of the Monthly Bulletin, market surveys reported increased interest on the part of international investors in euro area equity securities, which were perceived to be more attractively priced in relative terms.

As regards debt instruments, their rather volatile pattern seems to be at least partly related to the fact that bonds were generally perceived to be overvalued worldwide. The low bond yield environment and the possibility of capital losses seem to have hindered the formulation by portfolio managers of stable long-term strategies in favour of or against euro area debt securities.

# Chart 48 Net direct and portfolio investment flows

(EUR billions; 12-month cumulated data)





Source: ECB.

## **EURO AREA STATISTICS**



## **CONTENTS**<sup>1</sup>

|   |      | Mary of economic indicators for the euro area   | \$5        |
|---|------|---|------------|
| ı | MON  | ETARY POLICY STATISTICS   |            |
|   |      | Consolidated financial statement of the Eurosystem  | \$6        |
|   |      | Key ECB interest rates  | <b>S7</b>  |
|   |      | Eurosystem monetary policy operations allotted through tenders  | \$8        |
|   |      | Minimum reserve and liquidity statistics  | <b>S9</b>  |
| 2 | MON  | EY, BANKING AND INVESTMENT FUNDS  |            |
|   | 2.1  | Aggregated balance sheet of euro area MFIs  | \$10       |
|   | 2.2  | Consolidated balance sheet of euro area MFIs  | \$11       |
|   | 2.3  | Monetary statistics   | \$12       |
|   | 2.4  | MFI loans, breakdown  | \$14       |
|   | 2.5  | Deposits held with MFIs, breakdown  | \$17       |
|   | 2.6  | MFI holdings of securities, breakdown   | <b>S20</b> |
|   | 2.7  | Revaluation of selected MFI balance sheet items   | <b>S21</b> |
|   | 2.8  | Currency breakdown of selected MFI balance sheet items  | <b>S22</b> |
|   | 2.9  | Aggregated balance sheet of euro area investment funds  | <b>S24</b> |
|   | 2.10 | Assets of euro area investment funds broken down by investment policy and type of investor                | \$25       |
| 3 | FINA | NCIAL AND NON-FINANCIAL ACCOUNTS  |            |
|   | 3.1  | Main financial assets of non-financial sectors  | <b>S26</b> |
|   | 3.2  | Main liabilities of non-financial sectors   | <b>S27</b> |
|   | 3.3  | Main financial assets and liabilities of insurance corporations and pension funds                         | <b>S28</b> |
|   | 3.4  | Annual saving, investment and financing   | <b>S29</b> |
| 4 | FINA | NCIAL MARKETS   |            |
|   | 4.1  | Securities, other than shares, by original maturity, residency of the issuer and currency                 | \$30       |
|   | 4.2  | Securities, other than shares, issued by euro area residents, by sector of the issuer and instrument type | <b>S31</b> |
|   | 4.3  | Annual growth rates of securities, other than shares, issued by euro area residents                       | \$33       |
|   | 4.4  | Quoted shares issued by euro area residents   | \$35       |
|   | 4.5  | MFI interest rates on euro-denominated deposits and loans by euro area residents                          | <b>S37</b> |
|   | 4.6  | •   | \$39       |
|   | 4.7  | Government bond yields  | \$40       |
|   | 4.8  | Stock market indices  | \$41       |
| 5 | PRIC | ES, OUTPUT, DEMAND AND LABOUR MARKETS   |            |
|   |      | HICP, other prices and costs  | <b>S42</b> |
|   |      | Output and demand   | \$45       |
|   | 5.3  | Labour markets  | <b>S49</b> |

| 6      | GOV    | ERNMENT FINANCE   |      |
|--------|--------|---|------|
|        | 6.1    | Revenue, expenditure and deficit/surplus  | \$50 |
|        | 6.2    | Debt  | \$51 |
|        | 6.3    | Change in debt  | \$52 |
|        | 6.4    | Quarterly revenue, expenditure and deficit/surplus                                      | \$53 |
| 7      | EXT    | ERNAL TRANSACTIONS AND POSITIONS  |      |
|        | 7.1    | Balance of payments   | \$54 |
|        | 7.2    | Monetary presentation of the balance of payments  | \$59 |
|        | 7.3    | Geographical breakdown of the balance of payments and international investment position | \$60 |
|        | 7.4    | International investment position (including international reserves)                    | \$62 |
|        | 7.5    | Trade in goods  | \$64 |
| 8      | EXC    | HANGE RATES   |      |
|        | 8.1    | Effective exchange rates  | \$66 |
|        | 8.2    | Bilateral exchange rates  | \$67 |
| 9      | DEV    | ELOPMENTS OUTSIDE THE EURO AREA   |      |
|        | 9.1    | In other EU Member States   | \$68 |
|        | 9.2    | In the United States and Japan  | \$69 |
| LIST 0 | F CHA  | RTS   | \$71 |
| TECHN  | IICAL  | NOTES   | \$73 |
| GENER  | RAL NO | DTES  | \$77 |

### **WHAT'S NEW**

From now on, residential property price statistics for the euro area are included in Table 2 of Section 5.1.

#### Conventions used in the tables

- "-" data do not exist/data are not applicable
- "." data are not yet available
- ".." nil or negligible
- "billion" 109
- (p) provisional
- s.a. seasonally adjusted
- n.s.a. non-seasonally adjusted





## **EURO AREA OVERVIEW**

## Summary of economic indicators for the euro area

#### 1. Monetary developments and interest rates

|           | M1 <sup>1)</sup> | M2 <sup>1)</sup> | M3 <sup>1), 2)</sup> | M3 <sup>1), 2)</sup> 3-month moving average (centred) | MFI loans to<br>euro area<br>residents<br>excluding MFIs<br>and general<br>government 1) | Securities other<br>than shares issued<br>in euro by non-<br>financial and non-<br>monetary financial<br>corporations <sup>1)</sup> | 3-month<br>interest rate<br>(EURIBOR,<br>% per annum,<br>period<br>averages) | 10-year<br>government<br>bond yield<br>(% per annum,<br>period<br>averages) |
|-----------|------------------|------------------|----------------------|---|--|---|--|---|
|           | 1                | 2                | 3                    | 4   | 5  | 6   | 7  | 8   |
| 2003      | 10.9             | 8.0              | 8.1                  | -   | 4.9  | 19.2  | 2.33   | 4.16  |
| 2004      | 10.0             | 6.3              | 5.8                  | -   | 6.0  | 10.4  | 2.11   | 4.14  |
| 2004 Q2   | 10.2             | 6.0              | 5.4                  | -   | 5.6  | 9.6   | 2.08   | 4.36  |
| Q3        | 9.6              | 5.8              | 5.6                  | -   | 6.2  | 9.4   | 2.12   | 4.21  |
| Q4        | 9.3              | 6.4              | 6.0                  | -   | 6.8  | 8.3   | 2.16   | 3.84  |
| 2005 Q1   | 9.6              | 7.1              | 6.7                  | -   | 7.3  | 9.4   | 2.14   | 3.67  |
| 2004 Dec. | 8.9              | 6.7              | 6.6                  | 6.5   | 7.1  | 8.3   | 2.17   | 3.69  |
| 2005 Jan. | 9.6              | 7.1              | 6.8                  | 6.7   | 7.3  | 9.2   | 2.15   | 3.63  |
| Feb.      | 10.2             | 7.3              | 6.6                  | 6.6   | 7.3  | 9.0   | 2.14   | 3.62  |
| Mar.      | 9.3              | 7.1              | 6.5                  | 6.6   | 7.6  | 12.0  | 2.14   | 3.76  |
| Apr.      | 9.3              | 7.3              | 6.7                  |   | 7.4  |   | 2.14   | 3.57  |
| May       |                  |                  |                      |   |  |   | 2.13   | 3.41  |

#### 2. Prices, output, demand and labour markets

|           | HICP | Industrial producer prices | Hourly labour costs | Real GDP | Industrial<br>production<br>excluding<br>construction | Capacity<br>utilisation in<br>manufacturing<br>(percentages) | Employment | Unemployment<br>(% of labour<br>force) |
|-----------|------|----------------------------|---------------------|----------|---|--|------------|--|
|           | 1    | 2                          | 3                   | 4        | 5   | 6  | 7          | 8                                      |
| 2003      | 2.1  | 1.4                        | 2.7                 | 0.7      | 0.3   | 81.1   | 0.3        | 8.7                                    |
| 2004      | 2.1  | 2.3                        | 2.3                 | 2.0      | 1.9   | 81.7   | 0.6        | 8.9                                    |
| 2004 Q2   | 2.3  | 2.0                        | 2.2                 | 2.1      | 3.0   | 81.6   | 0.5        | 8.9                                    |
| Q3        | 2.2  | 3.1                        | 1.9                 | 1.8      | 2.8   | 82.1   | 0.6        | 8.9                                    |
| Q4        | 2.3  | 3.8                        | 2.4                 | 1.5      | 1.1   | 82.0   | 0.9        | 8.8                                    |
| 2005 Q1   | 2.0  | 4.1                        |                     | 1.3      | 0.8   | 81.4   |            | 8.9                                    |
| 2004 Dec. | 2.4  | 3.5                        | -                   | -        | 1.2   | -  | -          | 8.8                                    |
| 2005 Jan. | 1.9  | 4.0                        | -                   | -        | 2.1   | 81.9   | -          | 8.8                                    |
| Feb.      | 2.1  | 4.2                        | -                   | -        | 0.4   | -  | -          | 8.9                                    |
| Mar.      | 2.1  | 4.2                        | _                   | -        | 0.0   | -  | -          | 8.9                                    |
| Apr.      | 2.1  |                            | -                   | -        |   | 80.9   | -          | 8.9                                    |
| May       | 2.0  |                            | -                   | -        |   | -  | -          |  |

#### 3. Balance of payments, reserve assets and exchange rates

(EUR billions, unless otherwise indicated)

|           | Bala                      | nce of payments (r | net transactions) |            | Reserve assets<br>(end-of-period | Effective exchar<br>the euro: EE | USD/EUR exchange rate |        |
|-----------|---------------------------|--------------------|-------------------|------------|----------------------------------|----------------------------------|-----------------------|--------|
|           | Current and capital Goods |                    | Direct            | Portfolio  | positions)                       | (index, 1999 Q                   |                       |        |
|           | accounts                  | Goods              | investment        | investment |                                  | Nominal                          | Real (CPI)            |        |
|           | 1                         | 2                  | 3                 | 4          | 5                                | 6                                | 7                     | 8      |
| 2003      | 33.5                      | 102.7              | 5.4               | 43.4       | 306.5                            | 99.9                             | 101.7                 | 1.1312 |
| 2004      | 62.5                      | 103.4              | -47.9             | 68.6       | 280.6                            | 103.8                            | 105.9                 | 1.2439 |
| 2004 Q2   | 7.4                       | 31.4               | -12.1             | 27.0       | 302.2                            | 102.1                            | 104.1                 | 1.2046 |
| Q3        | 15.5                      | 23.5               | 1.1               | 7.2        | 298.5                            | 102.8                            | 104.9                 | 1.2220 |
| Q4        | 20.0                      | 20.8               | -14.0             | 23.1       | 280.6                            | 105.7                            | 107.7                 | 1.2977 |
| 2005 Q1   | 5.5                       | 14.8               | -25.0             | 1.9        | 284.9                            | 105.7                            | 107.9                 | 1.3113 |
| 2004 Dec. | 9.6                       | 7.3                | 5.1               | 38.3       | 280.6                            | 107.1                            | 109.2                 | 1.3408 |
| 2005 Jan. | -8.0                      | 0.2                | -11.4             | -17.1      | 289.0                            | 105.8                            | 108.0                 | 1.3119 |
| Feb.      | 9.9                       | 6.1                | -4.9              | 21.7       | 283.2                            | 105.1                            | 107.2                 | 1.3014 |
| Mar.      | 3.6                       | 8.5                | -8.8              | -2.8       | 284.9                            | 106.0                            | 108.3                 | 1.3201 |
| Apr.      |                           |                    |                   |            | 288.9                            | 105.1                            | 107.3                 | 1.2938 |
| May       |                           | •                  |                   |            |                                  | 104.0                            | 106.2                 | 1.2694 |

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

Note: For more information on the data, see the relevant tables later in this section.

<sup>1)</sup> Annual percentage changes of monthly data refer to the end of the month, whereas those of quarterly and yearly data refer to the annual change in the period average of the series. See the technical notes for details.

2) M3 and its components exclude holdings by non-euro area residents of money market fund shares/units and debt securities with a maturity of up to two years.

3) For the definition of the trading partner groups and other information, please refer to the General notes.



## **MONETARY POLICY STATISTICS**

# 1.1 Consolidated financial statement of the Eurosystem (EUR millions)

### 1. Assets

|   | 2005 6 May | 2005 13 May | 2005 20 May | 2005 27 May |
|---|------------|-------------|-------------|-------------|
| Gold and gold receivables                             | 127,404    | 127,377     | 127,344     | 127,257     |
| Claims on non-euro area residents in foreign currency | 155,050    | 155,699     | 156,202     | 155,083     |
| Claims on euro area residents in foreign currency     | 21,321     | 20,278      | 20,065      | 20,212      |
| Claims on non-euro area residents in euro             | 8,946      | 8,883       | 8,806       | 8,989       |
| Lending to euro area credit institutions in euro      | 363,206    | 357,527     | 362,506     | 361,203     |
| Main refinancing operations                           | 273,000    | 267,500     | 272,503     | 271,001     |
| Longer-term refinancing operations                    | 90,000     | 90,000      | 90,000      | 90,002      |
| Fine-tuning reverse operations                        | 0          | 0           | 0           | 0           |
| Structural reverse operations                         | 0          | 0           | 0           | 0           |
| Marginal lending facility                             | 205        | 9           | 1           | 196         |
| Credits related to margin calls                       | 1          | 18          | 2           | 4           |
| Other claims on euro area credit institutions in euro | 2,985      | 2,760       | 2,956       | 2,774       |
| Securities of euro area residents in euro             | 80,140     | 81,107      | 82,433      | 82,946      |
| General government debt in euro                       | 41,184     | 41,184      | 41,184      | 41,181      |
| Other assets  | 126,877    | 128,127     | 128,308     | 128,136     |
| Total assets  | 927,113    | 922,942     | 929,804     | 927,781     |

#### 2. Liabilities

|  | 2005 6 May | 2005 13 May | 2005 20 May | 2005 27 May |
|--|------------|-------------|-------------|-------------|
| Banknotes in circulation                                   | 512,680    | 513,484     | 510,949     | 511,911     |
| Liabilities to euro area credit institutions in euro       | 146,473    | 141,847     | 147,973     | 144,308     |
| Current accounts (covering the minimum reserve system)     | 146,125    | 141,820     | 147,939     | 144,238     |
| Deposit facility   | 348        | 27          | 33          | 69          |
| Fixed-term deposits  | 0          | 0           | 0           | 0           |
| Fine-tuning reverse operations                             | 0          | 0           | 0           | 0           |
| Deposits related to margin calls                           | 0          | 0           | 1           | 1           |
| Other liabilities to euro area credit institutions in euro | 140        | 140         | 140         | 141         |
| Debt certificates issued                                   | 0          | 0           | 0           | 0           |
| Liabilities to other euro area residents in euro           | 56,578     | 57,205      | 59,325      | 60,958      |
| Liabilities to non-euro area residents in euro             | 9,438      | 9,278       | 9,479       | 10,388      |
| Liabilities to euro area residents in foreign currency     | 365        | 303         | 259         | 233         |
| Liabilities to non-euro area residents in foreign currency | 10,908     | 10,438      | 10,723      | 9,841       |
| Counterpart of special drawing rights allocated by the IMF | 5,701      | 5,701       | 5,701       | 5,701       |
| Other liabilities  | 54,663     | 54,343      | 55,051      | 54,013      |
| Revaluation accounts                                       | 71,961     | 71,961      | 71,961      | 71,961      |
| Capital and reserves                                       | 58,206     | 58,242      | 58,243      | 58,326      |
| Total liabilities  | 927,113    | 922,942     | 929,804     | 927,781     |

| With effect from 1) | Deposit fac | cility | Ma                 | ain refinancing operatio | ns     | Marginal lend | ling facility |
|---------------------|-------------|--------|--------------------|--------------------------|--------|---------------|---------------|
|                     |             |        | Fixed rate tenders | Variable rate tenders    |        |               |               |
|                     |             |        | Fixed rate         | Minimum bid rate         |        |               |               |
|                     | Level       | Change | Level              | Level                    | Change | Level         | Change        |
|                     | 1           | 2      | 3                  | 4                        | 5      | 6             | 7             |
| 1999 1 Jan.         | 2.00        | -      | 3.00               | -                        | -      | 4.50          | -             |
| 4 2)                | 2.75        | 0.75   | 3.00               | -                        |        | 3.25          | -1.25         |
| 22                  | 2.00        | -0.75  | 3.00               | -                        |        | 4.50          | 1.25          |
| 9 Apr.              | 1.50        | -0.50  | 2.50               | -                        | -0.50  | 3.50          | -1.00         |
| 5 Nov.              | 2.00        | 0.50   | 3.00               | -                        | 0.50   | 4.00          | 0.50          |
| 2000 4 Feb.         | 2.25        | 0.25   | 3.25               | -                        | 0.25   | 4.25          | 0.25          |
| 17 Mar.             | 2.50        | 0.25   | 3.50               | -                        | 0.25   | 4.50          | 0.25          |
| 28 Apr.             | 2.75        | 0.25   | 3.75               | -                        | 0.25   | 4.75          | 0.25          |
| 9 June              | 3.25        | 0.50   | 4.25               | -                        | 0.50   | 5.25          | 0.50          |
| 28 3)               | 3.25        |        | -                  | 4.25                     |        | 5.25          |               |
| 1 Sep.              | 3.50        | 0.25   | -                  | 4.50                     | 0.25   | 5.50          | 0.25          |
| 6 Oct.              | 3.75        | 0.25   | -                  | 4.75                     | 0.25   | 5.75          | 0.25          |
| 2001 11 May         | 3.50        | -0.25  | _                  | 4.50                     | -0.25  | 5.50          | -0.25         |
| 31 Aug.             | 3.25        | -0.25  | -                  | 4.25                     | -0.25  | 5.25          | -0.25         |
| 18 Sep.             | 2.75        | -0.50  | _                  | 3.75                     | -0.50  | 4.75          | -0.50         |
| 9 Nov.              | 2.25        | -0.50  | -                  | 3.25                     | -0.50  | 4.25          | -0.50         |
| 2002 6 Dec.         | 1.75        | -0.50  | -                  | 2.75                     | -0.50  | 3.75          | -0.50         |
| 2003 7 Mar.         | 1.50        | -0.25  | -                  | 2.50                     | -0.25  | 3.50          | -0.25         |
| 6 June              | 1.00        | -0.50  | -                  | 2.00                     | -0.50  | 3.00          | -0.50         |

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

  On 8 June 2000 the ECB announced that, starting from the operation to be settled on 28 June 2000, the main refinancing operations of the Eurosystem would be conducted as variable rate tenders. The minimum bid rate refers to the minimum interest rate at which counterparties may place their bids.

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

## 1. Main and longer-term refinancing operations 3)

| Date of settlement | Bids (amount)      | Number of participants (amour |                    | V                   |                             | Running for () days   |           |  |  |
|--------------------|--------------------|-------------------------------|--------------------|---------------------|-----------------------------|-----------------------|-----------|--|--|
|                    | ()                 | Para and Para and             | (4)                | Minimum bid rate    | Marginal rate <sup>4)</sup> | Weighted average rate | (11) 11,1 |  |  |
|                    | 1                  | 2                             | 3                  | 4                   | 5                           | 6                     | 7         |  |  |
|                    |                    | Main refinancing operations   |                    |                     |                             |                       |           |  |  |
| 2005 2 Feb.        | 332,198            | 329                           | 277,500            | 2.00                | 2.06                        | 2.06                  | 6         |  |  |
| 8                  | 327,172            | 305                           | 275,500            | 2.00                | 2.06                        | 2.06                  | 8 7       |  |  |
| 16                 | 352,917            | 341                           | 276,500            | 2.00                | 2.05                        | 2.06                  |           |  |  |
| 23                 | 349,248            | 352                           | 284,500            | 2.00                | 2.05                        | 2.06                  | 7         |  |  |
| 2 Mar.             | 329,036            | 325                           | 275,000            | 2.00                | 2.05                        | 2.06                  | 7         |  |  |
| 9                  | 320,545            | 335                           | 272,500            | 2.00                | 2.05                        | 2.05                  | 7         |  |  |
| 16                 | 317,574            | 350                           | 276,500            | 2.00                | 2.05                        | 2.05                  | 7         |  |  |
| 23                 | 346,871            | 370                           | 291,000            | 2.00                | 2.05                        | 2.05                  | 7         |  |  |
| 30                 | 312,429            | 337                           | 276,000            | 2.00                | 2.05                        | 2.06                  | 7         |  |  |
| 6 Apr.             | 292,103            | 350                           | 275,000            | 2.00                | 2.05                        | 2.05                  | 7         |  |  |
| 13                 | 313,575            | 348                           | 270,500            | 2.00                | 2.05                        | 2.05                  | 7         |  |  |
| 20<br>27           | 328,593            | 370                           | 282,000            | 2.00                | 2.05                        | 2.05                  | 7         |  |  |
|                    | 329,984            | 351                           | 280,500            | 2.00                | 2.05                        | 2.05                  | 7<br>7    |  |  |
| 4 May              | 339,182            | 301                           | 273,000            | 2.00                | 2.05                        | 2.05                  | 7         |  |  |
| 11<br>18           | 349,569            | 325<br>342                    | 267,500            | 2.00<br>2.00        | 2.05<br>2.05                | 2.05<br>2.05          | 7         |  |  |
| 25                 | 358,949<br>376,920 | 342<br>351                    | 272,500<br>271,000 | 2.00                | 2.05                        | 2.05                  | 7         |  |  |
| 1 June             | 369,397            | 337                           | 281,500            | 2.00                | 2.05                        | 2.06                  | 7         |  |  |
| 1 June             | 309,397            | 337                           |                    |                     | 2.05                        | 2.06                  |           |  |  |
|                    |                    |                               |                    | inancing operations |                             |                       |           |  |  |
| 2004 27 May        | 45,594             | 178                           | 25,000             | -                   | 2.04                        | 2.05                  | 91        |  |  |
| 1 July             | 37,698             | 147                           | 25,000             | -                   | 2.06                        | 2.08                  | 91        |  |  |
| 29                 | 40,354             | 167                           | 25,000             | -                   | 2.07                        | 2.08                  | 91        |  |  |
| 26 Aug.            | 37,957             | 152                           | 25,000             | -                   | 2.06                        | 2.08                  | 91        |  |  |
| 30 Sep.            | 37,414             | 138                           | 25,000             | -                   | 2.06                        | 2.08                  | 84        |  |  |
| 28 Oct.            | 46,646             | 187                           | 25,000             | -                   | 2.10                        | 2.11                  | 91        |  |  |
| 25 Nov.            | 51,095             | 174                           | 25,000             | -                   | 2.13                        | 2.14                  | 91        |  |  |
| 23 Dec.            | 34,466             | 155                           | 25,000             | -                   | 2.12                        | 2.14                  | 98        |  |  |
| 2005 27 Jan.       | 58,133             | 164                           | 30,000             | -                   | 2.09                        | 2.10                  | 91        |  |  |
| 24 Feb.            | 40,340             | 145                           | 30,000             | -                   | 2.08                        | 2.09                  | 91        |  |  |
| 31 Mar.            | 38,462             | 148                           | 30,000             | -                   | 2.09                        | 2.10                  | 91        |  |  |
| 28 Apr.            | 47,958             | 148                           | 30,000             | -                   | 2.08                        | 2.09                  | 91        |  |  |
| 26 May             | 48,282             | 140                           | 30,000             | -                   | 2.08                        | 2.08                  | 98        |  |  |

#### 2. Other tender operations

| Date of settlement | Type of operation                 | Bids<br>(amount) | Number of participants | Allotment (amount) | Fixed rate tenders | Variable rate tenders |          | Running for () days |   |
|--------------------|-----------------------------------|------------------|------------------------|--------------------|--------------------|-----------------------|----------|---------------------|---|
|                    |                                   |                  |                        |                    | Fixed rate         | Minimum               | Marginal | Weighted            |   |
|                    |                                   |                  |                        |                    |                    | bid rate              | rate 4)  | average rate        |   |
|                    | ,                                 | 2                | 2                      |                    | ۔                  |                       | -        | 0                   |   |
|                    | 1                                 | 2                | 3                      | 4                  | 51                 | 6                     | /        | 8                   | 9 |
| 2000 5 Jan. 5)     | Collection of fixed-term deposits | 14,420           | 43                     | 14,420             | -                  | -                     | 3.00     | 3.00                | 7 |
| 21 June            | Reverse transaction               | 18,845           | 38                     | 7,000              | -                  | -                     | 4.26     | 4.28                | 1 |
| 2001 30 Apr.       | Reverse transaction               | 105,377          | 329                    | 73,000             | -                  | 4.75                  | 4.77     | 4.79                | 7 |
| 12 Sep.            | Reverse transaction               | 69,281           | 63                     | 69,281             | 4.25               | -                     | -        | -                   | 1 |
| 13                 | Reverse transaction               | 40,495           | 45                     | 40,495             | 4.25               | -                     | -        | _                   | 1 |
| 28 Nov.            | Reverse transaction               | 73,096           | 166                    | 53,000             | -                  | 3.25                  | 3.28     | 3.29                | 7 |
| 2002 4 Jan.        | Reverse transaction               | 57,644           | 61                     | 25,000             | -                  | 3.25                  | 3.30     | 3.32                | 3 |
| 10                 | Reverse transaction               | 59,377           | 63                     | 40,000             | -                  | 3.25                  | 3.28     | 3.30                | 1 |
| 18 Dec.            | Reverse transaction               | 28,480           | 50                     | 10,000             | -                  | 2.75                  | 2.80     | 2.82                | 6 |
| 2003 23 May        | Collection of fixed-term deposits | 3,850            | 12                     | 3,850              | 2.50               | -                     | -        | -                   | 3 |
| 2004 11 May        | Collection of fixed-term deposits | 16,200           | 24                     | 13,000             | 2.00               | -                     | -        | -                   | 1 |
| 8 Nov.             | Reverse transaction               | 33,175           | 42                     | 6,500              | _                  | 2.00                  | 2.06     | 2.07                | 1 |
| 7 Dec.             | Collection of fixed-term deposits | 18,185           | 16                     | 15,000             | 2.00               | -                     | -        | -                   | 1 |
| 2005 18 Jan.       | Reverse transaction               | 33,065           | 28                     | 8,000              | -                  | 2.00                  | 2.05     | 2.05                | 1 |
| 7 Feb.             | Reverse transaction               | 17,715           | 24                     | 2,500              | -                  | 2.00                  | 2.05     | 2.05                | 1 |
| 8 Mar.             | Collection of fixed-term deposits | 4,300            | 5                      | 3,500              | 2.00               | -                     | -        | -                   | 1 |

- The amounts shown may differ slightly from those in Section 1.1 due to operations allotted but not settled.
- With effect from April 2002, split tender operations, i.e. operations awited out not settled. With effect from April 2002, split tender operations, i.e. operations with one-week maturity conducted as standard tenders in parallel with a main refinancing operation, are classified as main refinancing operations. For split tender operations conducted before this month, see Table 2 in Section 1.3.

  On 8 June 2000 the ECB announced that, starting from the operation to be settled on 28 June 2000, the main refinancing operations of the Eurosystem would be conducted as variable rate tenders. The minimum bid rate refers to the minimum interest rate at which counterparties may place their bids.
- In liquidity-providing (absorbing) operations, the marginal rate refers to the lowest (highest) rate at which bids were accepted. This operation was conducted with a maximum rate of 3.00%.

# 1.4 Minimum reserve and liquidity statistics (EUR billions; period averages of daily positions, unless otherwise indicated; interest rates as percentages per annum)

### 1. Reserve base of credit institutions subject to reserve requirements

| Reserve<br>base           | Total                            | Liabilities to which a 2% res  | erve coefficient is applied                          | Liabilities to whi  | ch a 0% reserve coeffic   | cient is applied                                    |
|---------------------------|----------------------------------|--|--|---|---------------------------|---|
| as at 1):                 |                                  | Deposits<br>(overnight,<br>up to 2 years'<br>agreed maturity<br>and notice period) | Debt securities<br>up to 2 years'<br>agreed maturity | Deposits<br>(over 2 years'<br>agreed maturity<br>and notice period) | Repos                     | Debt securities<br>over 2 years'<br>agreed maturity |
|                           | 1                                | 2  | 3  | 4   | 5                         | 6   |
| 2002<br>2003              | 11,116.8<br>11,538.7             | 6,139.9<br>6,283.8   | 409.2<br>412.9                                       | 1,381.9<br>1,459.1  | 725.5<br>759.5            | 2,460.3<br>2,623.5                                  |
| 2004 Q1                   | 11,926.7<br>12,148.5             | 6,404.7<br>6,524.1   | 442.5<br>439.1                                       | 1,483.2<br>1,515.1  | 867.7<br>859.0            | 2,728.6<br>2,811.2                                  |
| Q2<br>Q3<br>Q4            | 12,209.6<br>12,415.9             | 6,488.0<br>6,593.7   | 435.3<br>458.1                                       | 1,535.3<br>1,565.2  | 880.8<br>913.7            | 2,870.3<br>2,885.3                                  |
| 2005 Jan.<br>Feb.<br>Mar. | 12,596.6<br>12,720.4<br>12,866.9 | 6,697.7<br>6,709.0<br>6,783.3  | 460.1<br>471.2<br>472.3                              | 1,577.8<br>1,583.5<br>1,599.3                                       | 943.1<br>999.2<br>1,010.8 | 2,918.0<br>2,957.5<br>3,001.1                       |

#### 2. Reserve maintenance

| Maintenance<br>period<br>ending on: | Required reserves | Credit institutions current accounts | Excess reserves | Deficiencies | Interest rate on minimum reserves |
|-------------------------------------|-------------------|--------------------------------------|-----------------|--------------|-----------------------------------|
|                                     | 1                 | 2                                    | 3               | 4            | 5                                 |
| 2003                                | 131.8             | 132.6                                | 0.8             | 0.0          | 2.00                              |
| 2004                                | 137.9             | 138.5                                | 0.6             | 0.0          | 2.05                              |
| 2005 18 Jan.                        | 138.4             | 139.1                                | 0.7             | 0.0          | 2.07                              |
| 7 Feb.                              | 139.3             | 140.0                                | 0.8             | 0.0          | 2.06                              |
| 8 Mar.                              | 140.5             | 141.3                                | 0.8             | 0.0          | 2.05                              |
| 12 Apr.                             | 142.6             | 143.3                                | 0.6             | 0.0          | 2.05                              |
| 10 May                              | 143.1             | 144.0                                | 0.9             | 0.0          | 2.05                              |
| 7 June                              | 144 6             |                                      |                 |              |                                   |

### 3. Liquidity

| Maintenance<br>period<br>ending on:                   |  | Liquidity                                 | Monetary po                          |                                 | ns of the Euro                                 | •                               |  |   |   |   | Credit<br>institutions<br>current<br>accounts | Base<br>money                             |
|---|--|---|--------------------------------------|---------------------------------|--|---------------------------------|--|---|---|---|---|---|
|   | Eurosystem's<br>net assets<br>in gold<br>and foreign<br>currency | Main refinancing operations               | Longer-term refinancing operations   | Marginal<br>lending<br>facility | Other<br>liquidity-<br>providing<br>operations | Deposit<br>facility             | Other<br>liquidity-<br>absorbing<br>operations | Banknotes<br>in<br>circulation            | Central<br>government<br>deposits<br>with the<br>Eurosystem | Other<br>factors<br>(net)                 |   |   |
|   | 1  | 2   | 3                                    | 4                               | 5  | 6                               | 7  | 8   | 9   | 10  | 11  | 12  |
| 2003<br>2004  | 320.1<br>298.0   | 235.5<br>265.7                            | 45.0<br>75.0                         | 0.6<br>0.1                      | 0.0<br>0.0                                     | 0.1<br>0.1                      | 0.0<br>0.5                                     | 416.1<br>475.4                            | 57.0<br>60.2  | -4.5<br>-36.0                             | 132.6<br>138.5                                | 548.7<br>614.1                            |
| 2005 18 Jan.<br>7 Feb.<br>8 Mar.<br>12 Apr.<br>10 May | 290.3<br>280.6<br>280.2<br>282.1<br>287.0                        | 272.9<br>276.6<br>277.8<br>278.2<br>276.5 | 75.0<br>78.0<br>82.2<br>86.9<br>90.0 | 0.2<br>0.1<br>0.1<br>0.2<br>0.1 | 0.2<br>0.1<br>0.0<br>0.0<br>0.0                | 0.1<br>0.1<br>0.1<br>0.1<br>0.1 | 0.0<br>0.0<br>0.1<br>0.0<br>0.0                | 496.0<br>487.1<br>489.5<br>498.6<br>505.5 | 45.3<br>63.8<br>68.5<br>67.4<br>62.9                        | -41.9<br>-55.5<br>-59.2<br>-62.1<br>-58.9 | 139.1<br>140.0<br>141.3<br>143.3<br>144.0     | 635.2<br>627.2<br>630.9<br>642.0<br>649.7 |

Source: ECB.
1) End of period.



## MONEY, BANKING AND INVESTMENT FUNDS

# 2.1 Aggregated balance sheet of euro area MFIs (EUR billions; outstanding amounts at end of period)

#### 1. Assets

|           | Total    | Lo       | ans to euro a         | rea resident                    | ts      |          | ings of secur<br>issued by eu |           |         | Money<br>market<br>fund | Holdings<br>of shares/<br>other equity | External assets | Fixed assets | Remaining assets |
|-----------|----------|----------|-----------------------|---------------------------------|---------|----------|-------------------------------|-----------|---------|-------------------------|--|-----------------|--------------|------------------|
|           |          | Total    | General<br>government | Other<br>euro area<br>residents | MFIs    | Total    | General<br>government         |           | MFIs    | shares/<br>units 1)     | issued by<br>euro area<br>residents    |                 |              |                  |
|           | 1        | 2        | 3                     | 4                               | 5       | 6        | 7                             | 8         | 9       | 10                      | 11                                     | 12              | 13           | 14               |
|           |          |          |                       |                                 |         |          | Eurosystem                    |           |         |                         |  |                 |              |                  |
| 2003      | 1,086.8  | 471.3    | 22.6                  | 0.6                             | 448.0   | 133.6    | 121.5                         | 1.3       | 10.8    | _                       | 12.8                                   | 317.9           | 12.4         | 138.8            |
| 2004      | 1,197.3  | 546.5    | 21.5                  | 0.6                             | 524.3   | 154.8    | 140.0                         | 1.7       | 13.1    | -                       | 14.2                                   | 291.6           | 14.0         | 176.2            |
| 2005 Jan. | 1,240.6  | 581.9    | 21.5                  | 0.6                             | 559.8   | 159.3    | 143.6                         | 1.7       | 14.0    | -                       | 13.8                                   | 298.2           | 14.7         | 172.8            |
| Feb.      | 1,275.4  | 614.5    | 21.5                  | 0.6                             | 592.4   | 162.5    | 146.6                         | 1.6       | 14.4    | -                       | 13.9                                   | 294.2           | 12.5         | 177.7            |
| Mar.      | 1,274.5  | 599.9    | 21.5                  | 0.6                             | 577.8   | 167.8    | 151.9                         | 1.6       | 14.4    | -                       | 14.0                                   | 296.6           | 12.5         | 183.7            |
| Apr. (p)  | 1,286.3  | 602.9    | 21.5                  | 0.6                             | 580.8   | 169.3    | 153.1                         | 1.6       | 14.7    | -                       | 13.7                                   | 300.7           | 13.1         | 186.7            |
|           |          |          |                       |                                 |         | MFIs exc | luding the Eu                 | ırosystem |         |                         |  |                 |              |                  |
| 2003      | 19,800.8 | 12,114.7 | 819.1                 | 7,101.8                         | 4,193.8 | 2,944.0  | 1,242.6                       | 427.7     | 1,273.6 | 67.3                    | 894.9                                  | 2,572.7         | 161.8        | 1,045.5          |
| 2004      | 21,357.3 | 12,826.3 | 812.7                 | 7,556.8                         | 4,456.8 | 3,187.8  | 1,299.9                       | 465.3     | 1,422.5 | 72.5                    | 943.1                                  | 2,947.5         | 159.6        | 1,220.4          |
| 2005 Jan. | 21,664.4 | 12,909.2 | 817.8                 | 7,596.0                         | 4,495.3 | 3,236.9  | 1,339.9                       | 468.0     | 1,429.0 | 75.7                    | 961.7                                  | 3,075.1         | 157.4        | 1,248.4          |
| Feb.      | 21,830.2 | 12,967.3 | 808.1                 | 7,622.5                         | 4,536.7 | 3,288.0  | 1,367.8                       | 478.3     | 1,441.9 | 75.4                    | 965.5                                  | 3,127.2         | 157.6        | 1,249.1          |
| Mar.      | 22,051.6 | 13,054.7 | 805.7                 | 7,674.4                         | 4,574.6 | 3,294.4  | 1,357.3                       | 481.0     | 1,456.1 | 72.5                    | 974.7                                  | 3,194.0         | 156.7        | 1,304.6          |
| Apr. (p)  | 22,483.5 | 13,231.3 | 811.3                 | 7,723.2                         | 4,696.8 | 3,340.0  | 1,372.0                       | 490.1     | 1,477.9 | 76.0                    | 1,043.8                                | 3,303.7         | 156.5        | 1,332.1          |

#### 2. Liabilities

|  | Total  | Currency                 | I  | Deposits of euro                 | area residents   |  | Money<br>market                  | Debt<br>securities                       | Capital<br>and                           | External liabilities                     | Remaining liabilities                    |
|--|--|--------------------------|--|----------------------------------|--|--|----------------------------------|--|--|--|--|
|  |  | circulation              | Total  | Central<br>government            | Other general<br>government/<br>other euro<br>area residents | MFIs                                     | fund<br>shares/<br>units 2)      | issued 3)                                | reserves                                 |  |  |
|  | 1  | 2                        | 3  | 4                                | 5  | 6  | 7                                | 8  | 9  | 10                                       | 11                                       |
|  |  |                          |  |                                  | Eurosystem   |  |                                  |  |  |  |  |
| 2003<br>2004                                     | 1,086.8<br>1,197.3                           | 450.5<br>517.3           | 324.0<br>346.6                               | 21.3<br>24.7                     | 16.9<br>15.0   | 285.8<br>306.8                           | -                                | 1.6<br>0.5                               | 143.8<br>138.4                           | 27.5<br>27.2                             | 139.4<br>167.4                           |
| 2005 Jan.<br>Feb.                                | 1,240.6<br>1,275.4                           | 502.4<br>504.9           | 402.0<br>435.7<br>411.5                      | 57.6<br>71.4<br>61.1             | 16.0<br>18.4   | 328.4<br>345.9<br>332.7                  | -                                | 0.5<br>0.5<br>0.5                        | 145.7<br>145.8                           | 25.8<br>21.8                             | 164.1<br>166.6                           |
| Mar.<br>Apr. <sup>(p)</sup>                      | 1,274.5<br>1,286.3                           | 516.4<br>523.2           | 411.5  | 59.3                             | 17.6<br>15.8   | 335.5                                    | -                                | 0.5                                      | 149.9<br>152.5                           | 24.9<br>25.9                             | 171.3<br>173.5                           |
|  |  |                          |  | MFIs                             | excluding the Eur  | osystem                                  |                                  |  |  |  |  |
| 2003<br>2004                                     | 19,800.8<br>21,357.3                         | 0.0<br>0.0               | 10,774.7<br>11,487.4                         | 132.3<br>137.7                   | 6,277.6<br>6,641.6   | 4,364.9<br>4,708.2                       | 648.8<br>677.4                   | 3,161.4<br>3,496.9                       | 1,151.0<br>1,206.2                       | 2,606.5<br>2,814.9                       | 1,458.4<br>1,674.3                       |
| 2005 Jan.<br>Feb.<br>Mar.<br>Apr. <sup>(p)</sup> | 21,664.4<br>21,830.2<br>22,051.6<br>22,483.5 | 0.0<br>0.0<br>0.0<br>0.0 | 11,534.4<br>11,602.6<br>11,659.3<br>11,842.5 | 122.9<br>138.7<br>125.0<br>120.4 | 6,656.2<br>6,659.9<br>6,707.6<br>6,761.1                     | 4,755.2<br>4,804.1<br>4,826.7<br>4,961.1 | 692.1<br>691.0<br>687.7<br>703.9 | 3,527.3<br>3,579.8<br>3,614.7<br>3,667.3 | 1,206.9<br>1,211.5<br>1,218.3<br>1,230.9 | 2,968.6<br>3,008.0<br>3,084.4<br>3,197.3 | 1,735.1<br>1,737.3<br>1,787.2<br>1,841.5 |

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

# 2.2 Consolidated balance sheet of euro area MFIs (EUR billions; outstanding amounts at end of period; transactions during period)

#### 1. Assets

|                             | Total                | Loans to           | o euro area re        | sidents                         |                    | ecurities other<br>y euro area re |                                 | Holdings<br>of shares/<br>other equity | External assets    | Fixed assets   | Remaining assets   |
|-----------------------------|----------------------|--------------------|-----------------------|---------------------------------|--------------------|-----------------------------------|---------------------------------|--|--------------------|----------------|--------------------|
|                             |                      | Total              | General<br>government | Other<br>euro area<br>residents |                    | General<br>government             | Other<br>euro area<br>residents | issued by other euro area              |                    |                |                    |
|                             | 1                    | 2                  | 3                     | 4                               | 5                  | 6                                 | 7                               | 8                                      | 9                  | 10             | 11                 |
|                             |                      |                    |                       |                                 | Outstand           | ing amounts                       |                                 |  |                    |                |                    |
| 2003                        | 14,557.3             | 7,944.2            | 841.7                 | 7,102.4                         | 1,793.1            | 1,364.1                           | 429.0                           | 623.6                                  | 2,890.6            | 174.1          | 1,131.7            |
| 2004                        | 15,725.6             | 8,391.7            | 834.2                 | 7,557.5                         | 1,906.9            | 1,439.9                           | 467.0                           | 666.4                                  | 3,239.2            | 173.6          | 1,347.8            |
| 2005 Jan.                   | 15,991.4             | 8,436.0            | 839.3                 | 7,596.7                         | 1,953.2            | 1,483.4                           | 469.8                           | 678.0                                  | 3,373.3            | 172.2          | 1,378.7            |
| Feb.<br>Mar.                | 16,105.5<br>16,284.0 | 8,452.8<br>8,502.3 | 829.6<br>827.2        | 7,623.2<br>7,675.0              | 1,994.3<br>1,991.8 | 1,514.4<br>1,509.2                | 479.9<br>482.6                  | 681.5<br>686.6                         | 3,421.5<br>3,490.6 | 170.1<br>169.2 | 1,385.5<br>1,443.6 |
| Apr. (p)                    | 16,564.8             | 8,556.6            | 832.7                 | 7,723.9                         | 2,016.8            | 1,525.1                           | 491.7                           | 740.8                                  | 3,604.5            | 169.6          | 1,476.5            |
|                             |                      | <u> </u>           |                       |                                 | Tran               | sactions                          |                                 |  |                    |                |                    |
| 2003                        | 767.4                | 385.9              | 13.7                  | 372.2                           | 170.4              | 116.3                             | 54.1                            | 19.3                                   | 224.8              | -3.6           | -29.5              |
| 2004                        | 1,266.8              | 498.2              | -5.4                  | 503.6                           | 93.2               | 58.1                              | 35.1                            | 34.5                                   | 434.0              | 2.7            | 204.3              |
| 2005 Jan.                   | 199.7                | 42.4               | 4.1                   | 38.3                            | 40.7               | 38.2                              | 2.4                             | 10.9                                   | 82.2               | -1.3           | 24.9               |
| Feb.                        | 133.8                | 17.5               | -9.1                  | 26.6                            | 43.1               | 32.5                              | 10.7                            | 1.5                                    | 66.1               | -2.1           | 7.5                |
| Mar.<br>Apr. <sup>(p)</sup> | 136.8<br>266.4       | 49.7<br>54.3       | -2.2<br>5.5           | 51.9<br>48.8                    | -3.1<br>21.1       | -5.8<br>12.8                      | 2.6<br>8.3                      | 5.9<br>56.1                            | 43.7<br>104.4      | -0.9<br>-0.1   | 41.6<br>30.5       |
| Apr. *                      | 200.4                | 34.3               | 3.3                   | 40.0                            | 21.1               | 12.0                              | 0.5                             | 30.1                                   | 104.4              | -0.1           | 30.3               |

#### 2. Liabilities

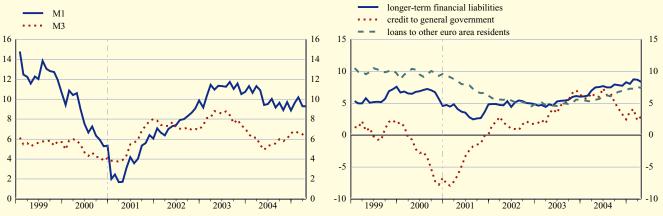
|           | Total    | Currency in circulation | Deposits of<br>central<br>government | Deposits of<br>other general<br>government/<br>other euro area<br>residents | Money market<br>fund shares/<br>units 1) | Debt<br>securities<br>issued 2) | Capital<br>and<br>reserves | External liabilities | Remaining liabilities | Excess<br>of inter-<br>MFI<br>liabilities |
|-----------|----------|-------------------------|--------------------------------------|---|--|---------------------------------|----------------------------|----------------------|-----------------------|---|
|           |          |                         |                                      | O   | utstanding amour                         | nts                             |                            |                      |                       |   |
| 2003      | 14,557.3 | 397.9                   | 153.6                                | 6,294.4   | 581.5                                    | 1,878.5                         | 1,010.6                    | 2,634.0              | 1,597.8               | 8.9                                       |
| 2004      | 15,725.6 | 468.4                   | 162.4                                | 6,656.6   | 604.9                                    | 2,061.8                         | 1,053.7                    | 2,842.1              | 1,841.7               | 33.9                                      |
| 2005 Jan. | 15,991.4 | 459.9                   | 180.6                                | 6,672.2   | 616.5                                    | 2,084.8                         | 1,055.2                    | 2,994.4              | 1,899.3               | 28.6                                      |
| Feb.      | 16,105.5 | 463.6                   | 210.1                                | 6,678.3   | 615.6                                    | 2,124.1                         | 1,059.3                    | 3,029.8              | 1,903.8               | 20.9                                      |
| Mar.      | 16,284.0 | 471.7                   | 186.1                                | 6,725.2   | 615.2                                    | 2,144.8                         | 1,066.0                    | 3,109.3              | 1,958.6               | 7.1                                       |
| Apr. (p)  | 16,564.8 | 480.9                   | 179.7                                | 6,776.9   | 627.9                                    | 2,175.3                         | 1,066.8                    | 3,223.2              | 2,015.0               | 19.0                                      |
|           |          |                         |                                      |   | Transactions                             |                                 |                            |                      |                       |   |
| 2003      | 767.4    | 79.0                    | 12.9                                 | 315.8   | 56.7                                     | 133.5                           | 40.1                       | 130.8                | -61.2                 | 59.8                                      |
| 2004      | 1,266.8  | 70.5                    | 8.3                                  | 374.9   | 22.3                                     | 198.3                           | 51.1                       | 275.5                | 228.7                 | 37.2                                      |
| 2005 Jan. | 199.7    | -8.5                    | 18.2                                 | 9.2   | 12.5                                     | 4.8                             | -1.7                       | 104.7                | 74.8                  | -14.3                                     |
| Feb.      | 133.8    | 3.7                     | 29.5                                 | 4.7   | -1.8                                     | 43.7                            | 5.7                        | 52.2                 | -0.7                  | -3.1                                      |
| Mar.      | 136.8    | 8.2                     | -23.9                                | 44.1  | -0.3                                     | 15.9                            | 5.3                        | 57.6                 | 49.5                  | -19.4                                     |
| Apr. (p)  | 266.4    | 9.2                     | -6.4                                 | 50.7  | 13.2                                     | 28.3                            | -2.7                       | 107.4                | 56.5                  | 10.1                                      |

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

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

#### 1. Monetary aggregates 1) and counterparts

|                                       | M1                        | M2-M1                    | M2                       | M3-M2                    | M3                       | M3<br>3-month<br>moving<br>average<br>(centred) | Longer-term<br>financial<br>liabilities | Credit to<br>general<br>government | Credit to c              | Loans                    | Net<br>external<br>assets 2)   |
|---------------------------------------|---------------------------|--------------------------|--------------------------|--------------------------|--------------------------|---|---|------------------------------------|--------------------------|--------------------------|--------------------------------|
|                                       | 1                         | 2                        | 3                        | 4                        | Outstanding              | 6]  | 7                                       | 8                                  | 9                        | 10                       | 11                             |
| 2003                                  | 2,682.6                   | 2,553.3                  | 5,236.0                  | 908.5                    | 6,144.5                  |   | 4,139.3                                 | 2,227.6                            | 8,156.0                  | 7,097.8                  | 235.4                          |
| 2004                                  | 2,912.6                   | 2,662.8                  | 5,575.3                  | 963.1                    | 6,538.4                  |   | 4,459.5                                 | 2,298.4                            | 8,691.8                  | 7,552.3                  | 378.1                          |
| 2005 Jan.                             | 2,961.1                   | 2,665.2                  | 5,626.3                  | 949.4                    | 6,575.7                  | -   | 4,497.6                                 | 2,328.9                            | 8,750.2                  | 7,599.9                  | 378.7                          |
| Feb.                                  | 2,993.0                   | 2,666.6                  | 5,659.6                  | 949.3                    | 6,608.9                  | -   | 4,534.6                                 | 2,342.6                            | 8,792.5                  | 7,633.4                  | 397.2                          |
| Mar.                                  | 3,007.3                   | 2,675.7                  | 5,683.0                  | 942.7                    | 6,625.7                  | -   | 4,580.2                                 | 2,326.4                            | 8,835.0                  | 7,675.3                  | 396.1                          |
| Apr. (p)                              | 3,025.8                   | 2,693.7                  | 5,719.5                  | 956.4                    | 6,675.9                  | -   | 4,612.7                                 | 2,352.3                            | 8,912.9                  | 7,707.6                  | 414.1                          |
|                                       |                           |                          |                          |                          | Transact                 | ions  |   |                                    |                          |                          |                                |
| 2003                                  | 261.5                     | 113.5                    | 375.0                    | 32.6                     | 407.5                    | -   | 237.6                                   | 133.5                              | 445.9                    | 372.3                    | 95.9                           |
| 2004                                  | 238.3                     | 111.9                    | 350.2                    | 55.5                     | 405.7                    |   | 343.1                                   | 55.1                               | 573.1                    | 503.1                    | 160.7                          |
| 2005 Jan.                             | 46.1                      | -0.4                     | 45.6                     | -13.3                    | 32.3                     | -   | 16.3                                    | 24.2                               | 56.4                     | 46.6                     | -3.7                           |
| Feb.                                  | 32.2                      | -0.6                     | 31.6                     | -6.8                     | 24.8                     | -   | 49.2                                    | 15.9                               | 41.0                     | 33.5                     | 19.7                           |
| Mar.                                  | 13.8                      | 7.7                      | 21.4                     | -6.3                     | 15.1                     | -   | 38.3                                    | -16.6                              | 43.2                     | 42.0                     | -4.7                           |
| Apr. <sup>(p)</sup>                   | 18.1                      | 17.6                     | 35.6                     | 13.9                     | 49.6                     | -   | 26.9                                    | 22.7                               | 78.9                     | 32.3                     | 15.1                           |
|                                       |                           |                          |                          |                          | Growth 1                 | rates   |   |                                    |                          |                          |                                |
| 2003 Dec.                             | 10.7                      | 4.6                      | 7.7                      | 3.8                      | 7.1                      | 7.0   | 6.0                                     | 6.4                                | 5.8                      | 5.5                      | 95.9                           |
| 2004 Dec.                             | 8.9                       | 4.4                      | 6.7                      | 6.1                      | 6.6                      | 6.5   | 8.3                                     | 2.5                                | 7.0                      | 7.1                      | 160.7                          |
| 2005 Jan.<br>Feb.<br>Mar.<br>Apr. (p) | 9.6<br>10.2<br>9.3<br>9.3 | 4.5<br>4.3<br>4.8<br>5.2 | 7.1<br>7.3<br>7.1<br>7.3 | 4.7<br>2.7<br>2.8<br>3.2 | 6.8<br>6.6<br>6.5<br>6.7 | 6.7<br>6.6<br>6.6                               | 8.0<br>8.7<br>8.7<br>8.4                | 3.7<br>4.1<br>2.3<br>2.9           | 7.3<br>7.3<br>7.5<br>7.7 | 7.3<br>7.3<br>7.6<br>7.4 | 115.3<br>120.4<br>98.3<br>88.3 |



#### Source: ECB.

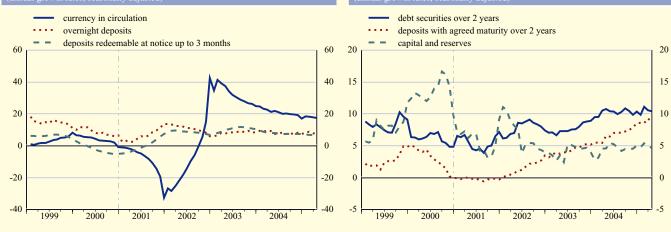
Monetary liabilities of MFIs and central government (post office, treasury) vis-à-vis non-MFI euro area residents excluding central government (M1, M2, M3: see glossary). Values in section 'growth rates' are sums of the transactions during the 12 months ending in the period indicated.

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

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

|                     | Currency in circulation | Overnight deposits |         | Deposits redeemable at notice up to 3 months | Repos         | Money<br>market<br>fund<br>shares/units | Debt<br>securities<br>up to<br>2 years | Debt<br>securities<br>over<br>2 years | Deposits<br>redeemable<br>at notice<br>over 3 months | Deposits<br>with agreed<br>maturity<br>over 2 years | Capital<br>and<br>reserves |
|---------------------|-------------------------|--------------------|---------|--|---------------|---|--|---------------------------------------|--|---|----------------------------|
|                     | 1                       | 2                  | 3       | 4  | 5             | 6                                       | 7                                      | 8                                     | 9  | 10  | 11                         |
|                     |                         |                    |         |  | Outstanding a | mounts                                  |  |                                       |  |   |                            |
| 2003                | 386.9                   | 2,295.7            | 1,031.0 | 1,522.3                                      | 218.6         | 597.3                                   | 92.7                                   | 1,789.6                               | 90.7   | 1,250.0   | 1,009.0                    |
| 2004                | 452.7                   | 2,459.9            | 1,028.1 | 1,634.7                                      | 240.4         | 620.3                                   | 102.3                                  | 1,962.7                               | 89.6   | 1,355.6   | 1,051.6                    |
| 2005 Jan.           | 466.7                   | 2,494.4            | 1,025.6 | 1,639.5                                      | 230.5         | 619.7                                   | 99.2                                   | 1,991.6                               | 90.0   | 1,364.5   | 1,051.6                    |
| Feb.                | 471.6                   | 2,521.4            | 1,021.0 | 1,645.6                                      | 220.8         | 612.3                                   | 116.2                                  | 2,012.1                               | 90.4   | 1,370.4   | 1,061.7                    |
| Mar.                | 477.5                   | 2,529.8            | 1,019.7 | 1,656.0                                      | 224.5         | 610.3                                   | 107.9                                  | 2,036.2                               | 90.9   | 1,387.3   | 1,065.9                    |
| Apr. (p)            | 481.4                   | 2,544.4            | 1,030.8 | 1,662.9                                      | 217.5         | 617.9                                   | 121.1                                  | 2,055.0                               | 91.3   | 1,395.2   | 1,071.2                    |
|                     |                         |                    |         |  | Transactio    | ons                                     |  |                                       |  |   |                            |
| 2003                | 77.5                    | 184.0              | -29.7   | 143.1  | -10.3         | 58.0                                    | -15.1                                  | 149.2                                 | -13.2  | 61.9  | 39.6                       |
| 2004                | 65.7                    | 172.5              | -0.8    | 112.6  | 22.7          | 21.9                                    | 10.8                                   | 186.9                                 | -1.1   | 106.6   | 50.7                       |
| 2005 Jan.           | 14.0                    | 32.1               | -5.1    | 4.7  | -10.1         | 0.3                                     | -3.6                                   | 11.2                                  | 0.4  | 8.0   | -3.3                       |
| Feb.                | 4.9                     | 27.3               | -7.5    | 6.9  | -9.6          | -8.3                                    | 11.1                                   | 30.8                                  | 0.4  | 6.3   | 11.7                       |
| Mar.                | 5.9                     | 7.8                | -1.8    | 9.5  | 3.6           | -1.9                                    | -8.1                                   | 19.0                                  | 0.0  | 16.5  | 2.8                        |
| Apr. <sup>(p)</sup> | 3.9                     | 14.2               | 10.7    | 6.9  | -7.0          | 8.0                                     | 12.9                                   | 16.9                                  | 0.5  | 7.8   | 1.8                        |
|                     |                         |                    |         |  | Growth ra     | ites                                    |  |                                       |  |   |                            |
| 2003 Dec.           | 24.9                    | 8.7                | -2.8    | 10.4   | -4.6          | 11.1                                    | -14.9                                  | 8.9                                   | -12.7  | 5.2   | 4.0                        |
| 2004 Dec.           | 17.0                    | 7.5                | -0.1    | 7.4  | 10.5          | 3.7                                     | 11.8                                   | 10.4                                  | -1.2   | 8.5   | 5.0                        |
| 2005 Jan.           | 18.5                    | 8.1                | 0.5     | 7.1  | 6.8           | 4.3                                     | 2.7                                    | 9,9                                   | -0.4   | 8.6   | 4.8                        |
| Feb.                | 18.3                    | 8.8                | 0.3     | 6.9  | -0.9          | 2.6                                     | 11.5                                   | 11.1                                  | 0.4  | 8.5   | 5.4                        |
| Mar.                | 17.8                    | 7.8                | 1.6     | 6.8  | 4.0           | 1.8                                     | 6.6                                    | 10.6                                  | 0.5  | 9.3   | 5.2                        |
| Apr. <sup>(p)</sup> | 17.5                    | 7.9                | 3.2     | 6.5  | 0.4           | 2.6                                     | 13.0                                   | 10.4                                  | 1.2  | 8.8   | 4.6                        |

## C4 Components of longer-term financial liabilities

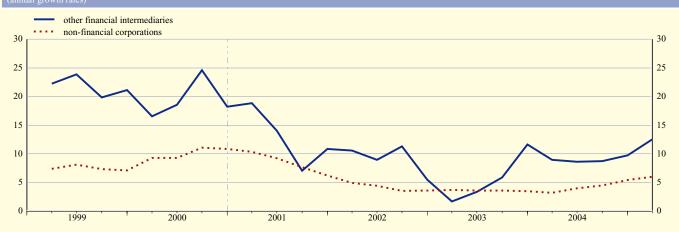


2.4 MFI loans, breakdown 1)
(EUR billions and annual growth rates; outstanding amounts and growth rates at end of period, transactions during period)

### 1. Loans to financial intermediaries and non-financial corporations

|                     | Insurance co<br>and pension |        | Other f | inancial<br>diaries <sup>2)</sup> |         | Non-financia    | l corporations                      |                 |
|---------------------|-----------------------------|--------|---------|-----------------------------------|---------|-----------------|-------------------------------------|-----------------|
|                     | Total                       | Up to  | Total   | Up to                             | Total   | Up to<br>1 year | Over 1 year<br>and up to<br>5 years | Over<br>5 years |
|                     | 1                           | l year | 3       | 1 year                            | 5       | 6               | years 7                             | 8               |
|                     | -                           |        | -       | utstanding amounts                | 51      | O <sub>1</sub>  | ,                                   | 0               |
| 2003                | 35.4                        | 22.1   | 511.4   | 325.0                             | 3,034.3 | 961.5           | 524.1                               | 1,548.8         |
| 2004                | 48.6                        | 31.4   | 546.2   | 334.5                             | 3,156.2 | 974.4           | 547.1                               | 1,634.8         |
| 2005 Jan.           | 55.5                        | 38.6   | 546.5   | 338.5                             | 3,173.3 | 981.0           | 555.4                               | 1,636.9         |
| Feb.                | 59.1                        | 41.3   | 550.8   | 344.9                             | 3,174.7 | 982.3           | 551.0                               | 1,641.4         |
| Mar.                | 58.2                        | 40.1   | 561.2   | 351.2                             | 3,193.6 | 987.5           | 555.5                               | 1,650.6         |
| Apr. <sup>(p)</sup> | 59.3                        | 41.1   | 556.7   | 343.5                             | 3,219.5 | 996.9           | 560.1                               | 1,662.5         |
|                     |                             |        |         | Transactions                      |         |                 |                                     |                 |
| 2003                | 4.2                         | 2.2    | 53.8    | 26.2                              | 102.4   | -7.9            | 15.5                                | 94.9            |
| 2004                | 13.1                        | 9.1    | 48.6    | 26.0                              | 164.8   | 24.2            | 31.4                                | 109.2           |
| 2005 Jan.           | 6.6                         | 7.0    | -1.7    | 2.7                               | 16.9    | 6.7             | 8.3                                 | 2.0             |
| Feb.                | 3.0                         | 2.0    | 4.4     | 6.2                               | 2.4     | -1.0            | -4.1                                | 7.5             |
| Mar.                | -1.0                        | -1.1   | 8.6     | 5.7                               | 20.0    | 5.6             | 4.8                                 | 9.5             |
| Apr. <sup>(p)</sup> | 1.1                         | 1.0    | -4.9    | -7.9                              | 27.4    | 9.6             | 5.9                                 | 11.9            |
|                     |                             |        |         | Growth rates                      |         |                 |                                     |                 |
| 2003 Dec.           | 11.8                        | 11.6   | 11.7    | 8.8                               | 3.5     | -0.8            | 3.0                                 | 6.5             |
| 2004 Dec.           | 36.9                        | 41.5   | 9.7     | 8.4                               | 5.5     | 2.5             | 6.1                                 | 7.1             |
| 2005 Jan.           | 16.3                        | 11.9   | 10.0    | 10.6                              | 5.8     | 3.0             | 7.3                                 | 7.0             |
| Feb.                | 24.2                        | 21.5   | 9.1     | 10.6                              | 5.8     | 3.7             | 6.3                                 | 6.9             |
| Mar.                | 23.6                        | 21.8   | 12.5    | 17.2                              | 6.0     | 4.2             | 6.9                                 | 6.8             |
| Apr. <sup>(p)</sup> | 14.3                        | 7.8    | 9.6     | 10.4                              | 6.2     | 4.8             | 6.8                                 | 6.7             |

## C5 Loans to financial intermediaries and non-financial corporations



- Source: ECB.

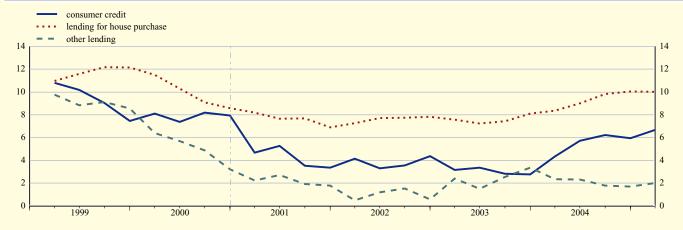
  1) MFI sector excluding the Eurosystem; sectoral classification is based on ESA 95.

  2) This category includes investment funds.

2.4 MFI loans, breakdown 1)
(EUR billions and annual growth rates; outstanding amounts and growth rates at end of period, transactions during period)

#### 2. Loans to households 2)

|                     | Total   |       |                 |                                     |                 | L            | ending for h    | ouse purchas                        | e               |       | Other l         | ending                              |                 |
|---------------------|---------|-------|-----------------|-------------------------------------|-----------------|--------------|-----------------|-------------------------------------|-----------------|-------|-----------------|-------------------------------------|-----------------|
|                     |         | Total | Up to<br>1 year | Over 1 year<br>and up to<br>5 years | Over<br>5 years | Total        | Up to<br>1 year | Over 1 year<br>and up to<br>5 years | Over<br>5 years | Total | Up to<br>1 year | Over 1 year<br>and up to<br>5 years | Over<br>5 years |
|                     | 1       | 2     | 3               | 4                                   | 5               | 6            | 7               | 8                                   | 9               | 10    | 11              | 12                                  | 13              |
|                     |         |       |                 |                                     | 0               | utstanding a | mounts          |                                     |                 |       |                 |                                     |                 |
| 2003                | 3,520.6 | 484.5 | 112.0           | 181.0                               | 191.5           | 2,360.4      | 14.4            | 63.3                                | 2,282.7         | 675.6 | 145.0           | 95.5                                | 435.1           |
| 2004                | 3,805.8 | 514.5 | 118.3           | 190.5                               | 205.7           | 2,592.7      | 15.5            | 65.8                                | 2,511.4         | 698.7 | 144.4           | 99.6                                | 454.8           |
| 2005 Jan.           | 3,820.7 | 514.1 | 119.2           | 189.3                               | 205.6           | 2,607.3      | 15.0            | 65.5                                | 2,526.8         | 699.2 | 143.4           | 98.5                                | 457.3           |
| Feb.                | 3,837.9 | 513.8 | 119.0           | 188.9                               | 206.0           | 2,622.1      | 14.9            | 65.6                                | 2,541.6         | 702.0 | 143.6           | 98.4                                | 460.0           |
| Mar.                | 3,861.4 | 519.7 | 120.2           | 191.5                               | 208.0           | 2,640.3      | 14.9            | 67.0                                | 2,558.3         | 701.4 | 144.1           | 99.0                                | 458.3           |
| Apr. <sup>(p)</sup> | 3,887.8 | 523.5 | 120.4           | 192.8                               | 210.2           | 2,662.1      | 14.2            | 66.3                                | 2,581.6         | 702.2 | 142.4           | 100.2                               | 459.6           |
|                     |         |       |                 |                                     |                 | Transactio   | ons             |                                     |                 |       |                 |                                     |                 |
| 2003                | 211.7   | 13.0  | 8.4             | 6.1                                 | -1.4            | 177.3        | -5.9            | 1.7                                 | 181.4           | 21.4  | -6.2            | -4.7                                | 32.3            |
| 2004                | 277.1   | 28.8  | 6.9             | 8.6                                 | 13.3            | 236.8        | 0.9             | 2.9                                 | 232.9           | 11.6  | -0.9            | 2.0                                 | 10.5            |
| 2005 Jan.           | 16.4    | -0.1  | 0.4             | -0.9                                | 0.4             | 14.7         | -0.4            | -0.3                                | 15.4            | 1.8   | -0.5            | -1.1                                | 3.4             |
| Feb.                | 16.7    | 0.1   | 0.1             | -0.7                                | 0.7             | 15.3         | -0.1            | 0.1                                 | 15.3            | 1.3   | 0.1             | 0.2                                 | 1.0             |
| Mar.                | 24.4    | 5.8   | 1.3             | 2.6                                 | 1.9             | 18.3         | 0.1             | 1.4                                 | 16.9            | 0.2   | 0.8             | 0.6                                 | -1.1            |
| Apr. (p)            | 25.2    | 4.3   | 0.3             | 1.4                                 | 2.6             | 21.4         | -0.8            | -0.7                                | 22.9            | -0.5  | -1.6            | -0.2                                | 1.3             |
|                     |         |       |                 |                                     |                 | Growth ra    | tes             |                                     |                 |       |                 |                                     |                 |
| 2003 Dec.           | 6.4     | 2.8   | 8.0             | 3.4                                 | -0.2            | 8.1          | -26.3           | 2.6                                 | 8.6             | 3.4   | -4.1            | -4.8                                | 8.5             |
| 2004 Dec.           | 7.9     | 6.0   | 6.1             | 4.8                                 | 7.0             | 10.0         | 6.4             | 4.7                                 | 10.2            | 1.7   | -0.6            | 2.1                                 | 2.4             |
| 2005 Jan.           | 8.1     | 6.5   | 7.8             | 5.3                                 | 7.0             | 10.1         | 5.9             | 5.9                                 | 10.2            | 2.4   | 0.4             | 1.9                                 | 3.1             |
| Feb.                | 8.1     | 6.4   | 8.7             | 4.3                                 | 7.0             | 10.1         | 6.0             | 6.1                                 | 10.3            | 2.2   | 1.7             | 1.7                                 | 2.5             |
| Mar.                | 8.0     | 6.7   | 9.3             | 4.3                                 | 7.4             | 10.0         | 4.2             | 7.9                                 | 10.1            | 2.0   | 1.3             | 1.4                                 | 2.4             |
| Apr. (p)            | 8.0     | 6.7   | 8.8             | 4.2                                 | 7.8             | 10.0         | -1.0            | 6.2                                 | 10.2            | 1.8   | 0.6             | 0.4                                 | 2.5             |



- Source: ECB.

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

  2) Including non-profit institutions serving households.

### 2.4 MFI loans, breakdown 1)

#### 3. Loans to government and non-euro area residents

|   |                                    | G                                 | eneral governme                      | nt                                |                                     |  | Non-                                     | euro area reside                     | ents                             |                                      |
|---|------------------------------------|-----------------------------------|--------------------------------------|-----------------------------------|-------------------------------------|--|--|--------------------------------------|----------------------------------|--------------------------------------|
|   | Total                              | Central<br>government             | Other                                | general governme                  | ent                                 | Total                                    | Banks 2)                                 |                                      | Non-banks                        |                                      |
|   |                                    | 8                                 | State<br>government                  | Local<br>government               | Social<br>security<br>funds         |  |  | Total                                | General<br>government            | Other                                |
|   | 1                                  | 2                                 | 3                                    | 4                                 | 5                                   | 6  | 7  | 8                                    | 9                                | 10                                   |
|   |                                    |                                   |                                      | Outstar                           | nding amounts                       |  |  |                                      |                                  |                                      |
| 2002<br>2003  | 813.0<br>819.1                     | 132.7<br>130.0                    | 277.7<br>265.1                       | 382.8<br>388.9                    | 19.7<br>35.0                        | 1,730.1<br>1,762.7                       | 1,146.2<br>1,182.2                       | 583.9<br>580.6                       | 64.6<br>59.3                     | 519.3<br>521.2                       |
| 2004 Q1<br>Q2<br>Q3<br>Q4<br>2005 Q1 <sup>(p)</sup> | 823.3<br>817.9<br>812.2<br>812.7   | 134.6<br>129.4<br>126.5<br>130.6  | 261.3<br>253.4<br>252.3<br>252.3     | 388.5<br>391.4<br>394.6<br>405.9  | 38.9<br>43.7<br>38.8<br>23.8        | 1,955.5<br>1,965.2<br>1,965.9<br>1,979.3 | 1,308.6<br>1,322.6<br>1,317.3<br>1,342.2 | 646.9<br>642.6<br>648.6<br>637.1     | 61.1<br>60.8<br>60.9<br>61.3     | 585.8<br>581.8<br>587.7<br>575.8     |
| 2005 Q1 <sup>(p)</sup>                              | 805.7                              | 132.0                             | 248.1                                | 404.1                             | 21.6                                | 2,141.5                                  | 1,468.7                                  | 672.8                                | 62.9                             | 610.0                                |
|   |                                    |                                   |                                      | Tra                               | ansactions                          |  |  |                                      |                                  |                                      |
| 2002<br>2003  | -7.9<br>15.3                       | -11.3<br>-4.3                     | -21.1<br>-12.2                       | 19.9<br>16.6                      | 4.6<br>15.3                         | 169.1<br>159.6                           | 135.3<br>109.2                           | 34.5<br>50.3                         | -1.2<br>-5.0                     | 35.7<br>55.3                         |
| 2004 Q1<br>Q2<br>Q3<br>Q4<br>2005 Q1 <sup>(p)</sup> | 5.7<br>-7.0<br>-5.4<br>2.4<br>-7.1 | 5.7<br>-6.2<br>-2.7<br>6.5<br>1.1 | -3.9<br>-8.5<br>-1.0<br>-0.5<br>-3.7 | 0.0<br>2.8<br>3.3<br>11.3<br>-2.3 | 3.9<br>4.8<br>-5.0<br>-14.9<br>-2.2 | 164.1<br>6.1<br>22.5<br>81.9<br>124.8    | 107.4<br>11.3<br>7.8<br>67.3<br>103.2    | 56.6<br>-5.3<br>14.8<br>14.5<br>21.5 | 1.8<br>-0.5<br>0.1<br>0.4<br>1.5 | 54.8<br>-4.8<br>14.7<br>14.1<br>20.0 |
|   |                                    | -                                 |                                      |                                   | owth rates                          |  |  |                                      |                                  |                                      |
| 2002 Dec.<br>2003 Dec.                              | -1.0<br>1.9                        | -7.8<br>-3.2                      | -7.1<br>-4.4                         | 5.5<br>4.4                        | 30.0<br>77.5                        | 10.3<br>9.3                              | 12.9<br>9.6                              | 5.7<br>8.8                           | -1.9<br>-7.7                     | 6.7<br>10.9                          |
| 2004 Mar.<br>June<br>Sep.<br>Dec.                   | 2.7<br>2.9<br>1.8<br>-0.5          | 0.8<br>1.8<br>-1.4<br>2.5         | -2.2<br>-4.0<br>-4.1<br>-5.2         | 3.0<br>4.2<br>4.9<br>4.5          | 63.2<br>54.4<br>26.9<br>-32.0       | 15.1<br>9.0<br>15.7<br>15.5              | 15.1<br>7.6<br>16.0<br>16.3              | 15.0<br>11.9<br>15.1<br>13.8         | 4.0<br>2.9<br>1.9<br>3.0         | 16.3<br>12.9<br>16.6<br>15.1         |
| 2005 Mar. (p)                                       | -2.1                               | -1.0                              | -5.2                                 | 3.9                               | -44.5                               | 12.3                                     | 14.8                                     | 7.2                                  | 2.6                              | 7.7                                  |

## C7 Loans to government and non-euro area residents



- MFI sector excluding the Eurosystem; sectoral classification is based on ESA 95.
   The term "banks" is used in this table to indicate institutions of a similar type to MFIs resident outside the euro area.

2.5 Deposits held with MFIs, breakdown 1)
(EUR billions and annual growth rates; outstanding amounts and growth rates at end of period, transactions during period)

### 1. Deposits by financial intermediaries

|                                       |                                  | Insu                         | rance corpo                  | rations an                       | d pension fu               | inds                            |                                |                                  |                                  | Other finan                      | cial intern                      | nediaries 2)                 |                          |                                  |
|---------------------------------------|----------------------------------|------------------------------|------------------------------|----------------------------------|----------------------------|---------------------------------|--------------------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|------------------------------|--------------------------|----------------------------------|
|                                       | Total                            | Overnight                    | With agreed                  | l maturity                       | Redeemabl                  | e at notice                     | Repos                          | Total                            | Overnight                        | With agree                       | d maturity                       | Redeemabl                    | e at notice              | Repos                            |
|                                       |                                  |                              | Up to 2 years                | Over 2<br>years                  | Up to 3 months             | Over<br>3 months                |                                |                                  |                                  | Up to 2 years                    | Over<br>2 years                  | Up to 3 months               | Over<br>3 months         |                                  |
|                                       | 1                                | 2                            | 3                            | 4                                | 5                          | 6                               | 7                              | 8                                | 9                                | 10                               | 11                               | 12                           | 13                       | 14                               |
|                                       |                                  |                              |                              |                                  |                            | Outstand                        | ling amounts                   | 3                                |                                  |                                  |                                  |                              |                          |                                  |
| 2003<br>2004                          | 542.4<br>583.2                   | 58.9<br>59.2                 | 41.7<br>51.4                 | 420.5<br>449.4                   | 1.3<br>1.2                 | 0.8<br>1.3                      | 19.1<br>20.8                   | 567.7<br>637.3                   | 183.0<br>180.3                   | 130.8<br>138.9                   | 143.3<br>187.3                   | 6.1<br>10.1                  | 0.1<br>0.1               | 104.4<br>120.5                   |
| 2005 Jan.<br>Feb.<br>Mar.<br>Apr. (p) | 595.7<br>590.4<br>597.0<br>602.4 | 67.3<br>60.6<br>65.7<br>65.5 | 50.9<br>48.9<br>48.6<br>50.7 | 451.2<br>456.0<br>460.2<br>462.5 | 1.4<br>1.3<br>1.3<br>1.3   | 1.3<br>1.3<br>1.3<br>1.3        | 23.6<br>22.3<br>19.8<br>21.1   | 662.4<br>673.2<br>689.1<br>703.4 | 209.9<br>212.9<br>212.0<br>207.2 | 129.6<br>132.5<br>133.0<br>143.6 | 186.4<br>188.9<br>202.9<br>210.4 | 11.6<br>11.5<br>11.5<br>13.1 | 0.1<br>0.1<br>0.1<br>0.1 | 124.8<br>127.4<br>129.6<br>128.9 |
|                                       |                                  |                              |                              |                                  |                            | Trar                            | sactions                       |                                  |                                  |                                  |                                  |                              |                          |                                  |
| 2003<br>2004                          | 19.0<br>39.9                     | 1.6<br>0.7                   | -3.1<br>10.3                 | 18.8<br>27.7                     | 0.3<br>-0.1                | 0.4<br>-0.1                     | 1.1<br>1.5                     | 85.0<br>72.7                     | 27.4<br>1.8                      | -0.5<br>5.8                      | 38.9<br>43.7                     | 3.2<br>4.1                   | 0.0<br>0.0               | 16.0<br>17.2                     |
| 2005 Jan.<br>Feb.<br>Mar.<br>Apr. (p) | 12.2<br>-5.2<br>5.6<br>5.4       | 8.0<br>-6.7<br>5.1<br>-0.2   | -0.7<br>-1.9<br>-0.4<br>2.1  | 1.8<br>4.8<br>3.3<br>2.3         | 0.2<br>-0.1<br>0.1<br>0.0  | 0.0<br>0.0<br>0.0<br>0.0        | 2.8<br>-1.3<br>-2.5<br>1.3     | 22.0<br>7.8<br>14.5<br>13.9      | 28.8<br>3.3<br>-1.2<br>-4.9      | -10.0<br>-0.8<br>0.2<br>10.5     | -2.3<br>2.6<br>13.4<br>7.4       | 1.4<br>-0.1<br>-0.1<br>1.6   | 0.0<br>0.0<br>0.0<br>0.0 | 4.2<br>2.6<br>2.1<br>-0.6        |
|                                       |                                  |                              |                              |                                  |                            | Gro                             | wth rates                      |                                  |                                  |                                  |                                  |                              |                          |                                  |
| 2003 Dec.<br>2004 Dec.                | 3.6<br>7.4                       | 2.8<br>1.2                   | -6.7<br>24.6                 | 4.7<br>6.6                       | 40.9<br>-8.0               | 60.8<br>-43.1                   | 6.0<br>7.9                     | 17.5<br>12.8                     | 17.7<br>0.9                      | -0.5<br>4.3                      | 36.8<br>30.4                     | 70.6<br>67.6                 |                          | 17.1<br>16.5                     |
| 2005 Jan.<br>Feb.<br>Mar.<br>Apr. (p) | 7.3<br>5.8<br>6.8<br>6.7         | 3.5<br>-2.9<br>2.2<br>5.8    | 18.9<br>16.9<br>16.7<br>23.2 | 6.6<br>7.2<br>7.5<br>6.7         | 5.1<br>-2.8<br>1.9<br>-9.2 | 36.2<br>-51.5<br>-51.5<br>-52.2 | 8.2<br>-11.6<br>-10.4<br>-16.2 | 16.4<br>16.4<br>17.4<br>17.3     | 17.7<br>17.8<br>9.6<br>8.2       | -1.4<br>5.1<br>8.3<br>8.5        | 32.0<br>31.8<br>38.6<br>41.0     | 69.0<br>38.2<br>50.0<br>60.1 | -<br>-<br>-<br>-         | 12.6<br>6.1<br>11.5<br>8.9       |

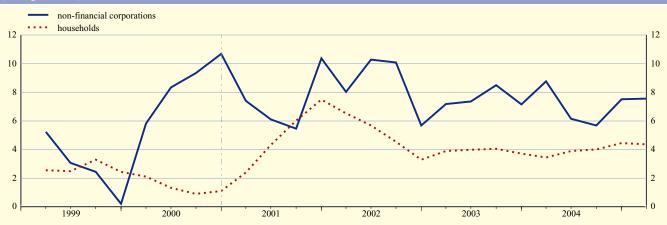


- MFI sector excluding the Eurosystem; sectoral classification is based on ESA 95.
   This category includes investment funds.

#### 2. Deposits by non-financial corporations and households

|                                       |  |                                  | Non-fina                         | ncial corp                   | orations                     |                              |                                |  |  | H                                | ouseholds 2                      | )  |                              |                              |
|---------------------------------------|--|----------------------------------|----------------------------------|------------------------------|------------------------------|------------------------------|--------------------------------|--|--|----------------------------------|----------------------------------|--|------------------------------|------------------------------|
|                                       | Total                                    | Overnight                        | With agreed                      | l maturity                   | Redeemabl                    | e at notice                  | Repos                          | Total                                    | Overnight                                | With agree                       | d maturity                       | Redeemabl                                | e at notice                  | Repos                        |
|                                       |  |                                  | Up to 2 years                    | Over 2<br>years              | Up to 3 months               | Over<br>3 months             |                                |  |  | Up to 2 years                    | Over<br>2 years                  |  | Over<br>3 months             |                              |
|                                       | 1  | 2                                | 3                                | 4                            | 5                            | 6                            | 7                              | 8  | 9  | 10                               | 11                               | 12                                       | 13                           | 14                           |
|                                       |  |                                  |                                  |                              |                              | Outstand                     | ling amount                    | S  |  |                                  |                                  |  |                              |                              |
| 2003<br>2004                          | 1,050.1<br>1,116.2                       | 633.3<br>674.6                   | 280.2<br>293.6                   | 67.6<br>73.5                 | 38.1<br>43.7                 | 1.0<br>1.1                   | 30.0<br>29.7                   | 3,978.5<br>4,160.4                       | 1,311.8<br>1,403.1                       | 544.0<br>514.2                   | 600.8<br>632.8                   | 1,379.2<br>1,466.7                       | 89.9<br>88.0                 | 52.9<br>55.6                 |
| 2005 Jan.<br>Feb.<br>Mar.<br>Apr. (p) | 1,080.5<br>1,073.2<br>1,102.5<br>1,103.2 | 659.0<br>656.3<br>675.8<br>679.4 | 279.5<br>275.6<br>283.8<br>285.4 | 73.7<br>73.7<br>74.4<br>69.4 | 42.5<br>43.7<br>44.0<br>44.7 | 1.1<br>1.1<br>1.1<br>1.1     | 24.9<br>22.8<br>23.4<br>23.1   | 4,166.9<br>4,175.1<br>4,175.4<br>4,206.6 | 1,400.5<br>1,406.5<br>1,409.7<br>1,434.4 | 514.5<br>515.4<br>511.0<br>514.7 | 634.6<br>634.6<br>633.0<br>633.6 | 1,477.3<br>1,478.7<br>1,481.8<br>1,485.0 | 87.7<br>88.3<br>88.7<br>88.2 | 52.2<br>51.6<br>51.2<br>50.8 |
|                                       |  |                                  |                                  |                              |                              | Tran                         | sactions                       |  |  |                                  |                                  |  |                              |                              |
| 2003<br>2004                          | 70.4<br>78.3                             | 40.8<br>45.8                     | 53.5<br>17.2                     | -29.8<br>6.7                 | 10.2<br>8.1                  | 0.0<br>0.7                   | -4.2<br>-0.2                   | 141.8<br>177.5                           | 95.2<br>90.1                             | -71.2<br>-29.6                   | 35.9<br>31.0                     | 117.4<br>85.1                            | -13.7<br>-1.9                | -21.8<br>2.8                 |
| 2005 Jan.<br>Feb.<br>Mar.<br>Apr. (p) | -37.2<br>-6.4<br>28.3<br>0.4             | -16.7<br>-2.1<br>19.0<br>3.5     | -15.2<br>-3.5<br>7.8<br>1.5      | 0.8<br>0.1<br>0.6<br>-5.0    | -1.2<br>1.2<br>0.3<br>0.7    | 0.0<br>0.0<br>0.0<br>0.0     | -4.8<br>-2.1<br>0.6<br>-0.3    | 5.1<br>8.8<br>0.9<br>31.1                | -2.9<br>5.4<br>3.6<br>24.6               | -0.5<br>1.3<br>-4.2<br>3.5       | 1.7<br>0.0<br>-0.3<br>0.6        | 10.5<br>2.2<br>2.3<br>3.2                | -0.3<br>0.6<br>-0.1<br>-0.4  | -3.5<br>-0.6<br>-0.4<br>-0.4 |
|                                       |  |                                  |                                  |                              |                              | Gro                          | wth rates                      |  |  |                                  |                                  |  |                              |                              |
| 2003 Dec.<br>2004 Dec.                | 7.2<br>7.5                               | 6.7<br>7.3                       | 23.0<br>6.2                      | -30.7<br>10.0                | 41.5<br>21.8                 | -3.5<br>72.2                 | -12.4<br>-0.8                  | 3.7<br>4.5                               | 7.9<br>6.9                               | -11.5<br>-5.4                    | 6.4<br>5.2                       | 9.3<br>6.2                               | -13.2<br>-2.1                | -29.2<br>5.2                 |
| 2005 Jan.<br>Feb.<br>Mar.<br>Apr. (p) | 8.0<br>6.9<br>7.6<br>7.4                 | 8.6<br>9.5<br>9.0<br>8.9         | 6.2<br>0.7<br>4.2<br>6.4         | 10.2<br>9.1<br>8.2<br>-0.6   | 15.4<br>18.0<br>16.9<br>17.1 | 14.4<br>71.1<br>68.0<br>66.5 | -2.0<br>-12.2<br>-9.2<br>-12.5 | 4.2<br>4.4<br>4.4<br>4.7                 | 6.3<br>6.6<br>6.6<br>7.3                 | -4.6<br>-3.0<br>-3.0<br>-1.5     | 4.8<br>4.4<br>4.1<br>3.9         | 5.9<br>5.7<br>5.6<br>5.4                 | -1.2<br>-0.1<br>0.1<br>0.9   | -3.5<br>-4.7<br>-1.3<br>-2.9 |

## C9 Deposits by non-financial corporations and households



- Source: ECB.

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

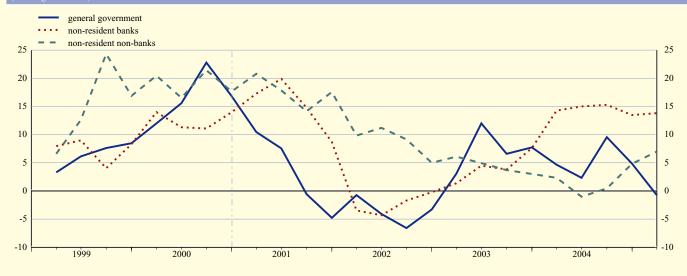
  2) Including non-profit institutions serving households.

2.5 Deposits held with MFIs, breakdown 1)
(EUR billions and annual growth rates; outstanding amounts and growth rates at end of period, transactions during period)

#### 3. Deposits by government and non-euro area residents

|                                   |                                  | Ge                               | neral governmer              | nt                           |                              |  | Non-                                     | euro area reside                 | ents                             |                                  |
|-----------------------------------|----------------------------------|----------------------------------|------------------------------|------------------------------|------------------------------|--|--|----------------------------------|----------------------------------|----------------------------------|
|                                   | Total                            | Central                          | Other                        | general governr              | nent                         | Total                                    | Banks <sup>2)</sup>                      |                                  | Non-banks                        |                                  |
|                                   |                                  | government                       | State<br>government          | Local<br>government          | Social<br>security<br>funds  |  |  | Total                            | General<br>government            | Other                            |
|                                   | 1                                | 2                                | 3                            | 4                            | 5                            | 6  | 7  | 8                                | 9                                | 10                               |
|                                   |                                  |                                  |                              | Out                          | standing amount              | S  |  |                                  |                                  |                                  |
| 2002<br>2003                      | 248.4<br>271.2                   | 106.9<br>132.3                   | 31.6<br>31.1                 | 69.2<br>66.9                 | 40.7<br>40.9                 | 2,271.0<br>2,245.1                       | 1,585.3<br>1,580.9                       | 685.7<br>664.3                   | 97.4<br>96.1                     | 588.3<br>568.2                   |
| 2004 Q1<br>Q2<br>Q3<br>Q4         | 272.7<br>294.4<br>288.3<br>282.2 | 140.7<br>156.6<br>146.3<br>137.7 | 30.0<br>31.6<br>33.0<br>30.5 | 62.4<br>64.5<br>66.3<br>69.7 | 39.6<br>41.7<br>42.6<br>44.3 | 2,444.2<br>2,471.5<br>2,452.1<br>2,428.9 | 1,742.7<br>1,788.9<br>1,764.8<br>1,748.0 | 701.5<br>682.6<br>687.4<br>680.9 | 100.8<br>102.0<br>105.1<br>103.4 | 600.7<br>580.6<br>582.3<br>577.5 |
| 2005 Q1 <sup>(p)</sup>            | 268.6                            | 125.0                            | 33.4                         | 67.3                         | 42.9                         | 2,667.7                                  | 1,934.5                                  | 733.3                            | 105.1                            | 628.1                            |
|                                   |                                  |                                  |                              |                              | Transactions                 |  |  |                                  |                                  |                                  |
| 2002<br>2003                      | -8.3<br>19.3                     | -0.2<br>21.1                     | 1.8<br>-0.5                  | 0.4<br>-2.3                  | -10.3<br>1.0                 | 30.2<br>138.7                            | -4.9<br>117.6                            | 35.2<br>21.1                     | 3.6<br>-1.3                      | 31.6<br>22.4                     |
| 2004 Q1<br>Q2<br>Q3<br>Q4         | 1.5<br>21.2<br>-4.8<br>-4.7      | 8.4<br>15.4<br>-10.3<br>-8.7     | -1.1<br>1.6<br>2.3<br>-1.0   | -4.5<br>2.1<br>1.9<br>3.4    | -1.3<br>2.1<br>1.3<br>1.7    | 155.3<br>21.3<br>6.8<br>62.4             | 129.6<br>41.3<br>-4.6<br>47.2            | 25.8<br>-20.1<br>11.5<br>14.9    | 4.8<br>1.2<br>3.1<br>-2.1        | 21.0<br>-21.3<br>8.4<br>17.0     |
| 2005 Q1 <sup>(p)</sup>            | -13.6                            | -12.7                            | 2.8                          | -2.3                         | -1.4                         | 190.5                                    | 149.5                                    | 41.0                             | 1.7                              | 39.3                             |
|                                   |                                  |                                  |                              |                              | Growth rates                 |  |  |                                  |                                  |                                  |
| 2002 Dec.<br>2003 Dec.            | -3.3<br>7.7                      | -0.2<br>19.3                     | 5.9<br>-1.5                  | 0.5<br>-3.4                  | -20.2<br>2.6                 | 1.3<br>6.2                               | -0.2<br>7.6                              | 5.0<br>3.0                       | 3.9<br>-1.3                      | 5.1<br>3.7                       |
| 2004 Mar.<br>June<br>Sep.<br>Dec. | 4.7<br>2.4<br>9.5<br>4.9         | 14.4<br>7.9<br>13.2<br>3.7       | -6.2<br>-7.6<br>5.1          | -4.7<br>-0.2<br>3.3<br>4.2   | -1.4<br>-4.4<br>11.5<br>9.2  | 10.6<br>10.1<br>10.7<br>10.9             | 14.3<br>15.0<br>15.3                     | 2.3<br>-1.0<br>0.4               | 3.1<br>7.9<br>12.5<br>7.2        | 2.2<br>-2.4<br>-1.5<br>4.4       |
| 2005 Mar. (p)                     | -0.7                             | -11.4                            | 5.6<br>19.5                  | 4.2<br>8.0                   | 9.2                          | 11.9                                     | 13.4<br>13.8                             | 4.8<br>7.0                       | 3.9                              | 7.6                              |

## C10 Deposits by government and non-euro area residents

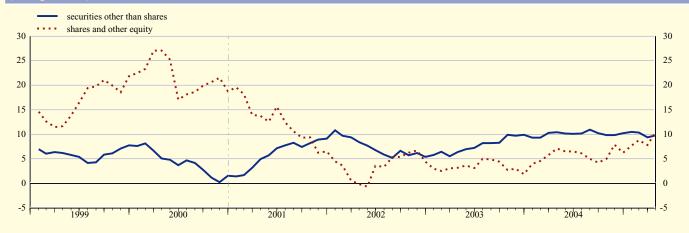


- MFI sector excluding the Eurosystem; sectoral classification is based on ESA 95.
   The term "banks" is used in this table to indicate institutions of a similar type to MFIs resident outside the euro area.

2.6 MFI holdings of securities, breakdown 1)
(EUR billions and annual growth rates; outstanding amounts and growth rates at end of period, transactions during period)

|  |  |  | 5                            | Securities o                             | ther than sh                 | ares                             |                              |                                  |  | Shares and                       | d other equity                   | y                                |
|--|--|--|------------------------------|--|------------------------------|----------------------------------|------------------------------|----------------------------------|--|----------------------------------|----------------------------------|----------------------------------|
|  | Total                                    | MI                                       | FIs                          | Gen<br>gover                             | eral<br>nment                | Other<br>area res                |                              | Non-euro area<br>residents       | Total                                    | MFIs                             | Non-MFIs                         | Non-euro area residents          |
|  |  | Euro                                     | Non-euro                     | Euro                                     | Non-euro                     | Euro                             | Non-euro                     |                                  |  |                                  |                                  |                                  |
|  | 1  | 2  | 3                            | 4  | 5                            | 6                                | 7                            | 8                                | 9  | 10                               | 11                               | 12                               |
|  |  |  |                              |  | Out                          | tstanding am                     | ounts                        |                                  |  |                                  |                                  |                                  |
| 2003<br>2004                                     | 3,576.3<br>3,939.5                       | 1,216.2<br>1,362.6                       | 57.4<br>59.9                 | 1,227.1<br>1,284.1                       | 15.6<br>15.8                 | 409.1<br>449.1                   | 18.6<br>16.3                 | 632.3<br>751.7                   | 1,071.4<br>1,158.3                       | 279.7<br>286.5                   | 615.3<br>656.6                   | 176.4<br>215.2                   |
| 2005 Jan.<br>Feb.<br>Mar.<br>Apr. <sup>(p)</sup> | 4,032.2<br>4,069.9<br>4,096.9<br>4,161.5 | 1,363.4<br>1,377.2<br>1,389.7<br>1,412.8 | 65.6<br>64.7<br>66.4<br>65.1 | 1,321.0<br>1,349.9<br>1,341.5<br>1,354.1 | 18.9<br>17.9<br>15.8<br>17.9 | 451.5<br>462.3<br>464.8<br>472.5 | 16.5<br>16.0<br>16.1<br>17.6 | 795.3<br>781.9<br>802.5<br>821.5 | 1,190.0<br>1,211.6<br>1,223.4<br>1,281.7 | 293.0<br>293.5<br>297.7<br>312.2 | 668.7<br>672.0<br>677.0<br>731.6 | 228.3<br>246.1<br>248.6<br>238.0 |
|  |  |  |                              |  |                              | Transaction                      | ıs                           |                                  |  |                                  |                                  |                                  |
| 2003<br>2004                                     | 324.6<br>368.5                           | 90.8<br>146.8                            | 4.1<br>5.0                   | 79.0<br>40.3                             | 0.8<br>1.3                   | 52.3<br>36.0                     | 1.7<br>-1.3                  | 95.9<br>140.4                    | 18.8<br>67.4                             | 7.2<br>2.2                       | 19.3<br>34.4                     | -7.8<br>30.8                     |
| 2005 Jan.<br>Feb.<br>Mar.<br>Apr. <sup>(p)</sup> | 79.0<br>44.6<br>17.5<br>58.4             | 4.6<br>13.7<br>11.7<br>23.3              | 3.9<br>-0.4<br>1.1<br>-1.8   | 33.4<br>29.5<br>-8.8<br>10.4             | 2.5<br>-0.7<br>-2.3<br>1.9   | 2.8<br>11.1<br>2.7<br>7.0        | -0.4<br>-0.3<br>-0.1<br>1.3  | 32.3<br>-8.3<br>13.2<br>16.3     | 31.0<br>18.7<br>13.4<br>61.5             | 6.1<br>0.0<br>4.6<br>15.2        | 11.5<br>1.5<br>5.8<br>56.1       | 13.4<br>17.3<br>3.0<br>-9.8      |
|  |  |  |                              |  |                              | Growth rate                      | es                           |                                  |  |                                  |                                  |                                  |
| 2003 Dec.<br>2004 Dec.                           | 9.9<br>10.2                              | 8.1<br>12.1                              | 8.7<br>8.5                   | 6.9<br>3.3                               | 5.0<br>7.7                   | 14.8<br>8.7                      | 8.2<br>-7.3                  | 17.2<br>22.0                     | 1.9<br>6.3                               | 2.7<br>0.8                       | 3.4<br>5.6                       | -4.2<br>17.2                     |
| 2005 Jan.<br>Feb.<br>Mar.<br>Apr. <sup>(p)</sup> | 10.5<br>10.3<br>9.4<br>9.8               | 11.2<br>10.4<br>9.0<br>10.0              | 10.8<br>16.3<br>14.0<br>9.0  | 4.7<br>5.5<br>3.9<br>4.0                 | 23.7<br>18.7<br>-3.9<br>10.5 | 9.5<br>11.0<br>11.3<br>11.9      | -3.2<br>-7.2<br>-5.8<br>-1.1 | 20.9<br>18.8<br>19.8<br>19.1     | 7.7<br>8.8<br>7.9<br>10.4                | 1.6<br>1.6<br>2.4<br>5.5         | 6.2<br>6.1<br>4.4<br>9.4         | 22.3<br>28.6<br>27.5<br>21.3     |

### C11 MFI holdings of securities



Source: ECB.

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

# 2.7 Revaluation of selected MFI balance sheet items <sup>1)</sup> (EUR billions)

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

|                                       |                              | Consum                       | er credit                    |                              | L                            | ending for h              | ouse purchase                       | ,                            |                              | Other l                      | ending                              |                              |
|---------------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|---------------------------|-------------------------------------|------------------------------|------------------------------|------------------------------|-------------------------------------|------------------------------|
|                                       |                              |                              |                              | Over<br>5 years              | Total                        | Up to<br>1 year           | Over 1 year<br>and up to<br>5 years | Over<br>5 years              | Total                        | Up to<br>1 year              | Over 1 year<br>and up to<br>5 years | Over<br>5 years              |
|                                       | 1                            | 2                            | 3                            | 4                            | 5                            | 6                         | 7                                   | 8                            | 9                            | 10                           | 11                                  | 12                           |
| 2003<br>2004                          | -2.7<br>-3.2                 | -1.1<br>-1.3                 | -0.5<br>-0.7                 | -1.1<br>-1.3                 | -3.2<br>-3.4                 | -0.3<br>-0.3              | -0.1<br>-0.1                        | -2.8<br>-3.0                 | -7.4<br>-6.6                 | -2.8<br>-2.3                 | -0.3<br>-0.3                        | -4.3<br>-4.0                 |
| 2005 Jan.<br>Feb.<br>Mar.<br>Apr. (p) | -0.6<br>-0.4<br>-0.3<br>-0.3 | -0.3<br>-0.2<br>-0.1<br>-0.1 | -0.1<br>-0.1<br>-0.1<br>-0.1 | -0.2<br>-0.1<br>-0.1<br>-0.1 | -0.6<br>-0.4<br>-0.2<br>-0.1 | -0.1<br>0.0<br>0.0<br>0.0 | 0.0<br>0.0<br>0.0<br>0.0            | -0.5<br>-0.4<br>-0.2<br>-0.1 | -1.2<br>-0.8<br>-0.8<br>-0.3 | -0.5<br>-0.4<br>-0.2<br>-0.1 | -0.1<br>0.0<br>0.0<br>0.0           | -0.6<br>-0.4<br>-0.5<br>-0.2 |

### ${\bf 2.\ Write-offs/write-downs\ of\ loans\ to\ non-financial\ corporations\ and\ non-euro\ area\ residents}$

|                                       |                              | Non-financial corpo          | orations                            |                              | Non-euro                    | area residents           |                            |
|---------------------------------------|------------------------------|------------------------------|-------------------------------------|------------------------------|-----------------------------|--------------------------|----------------------------|
|                                       | Total                        | Up to<br>1 year              | Over 1 year<br>and up to<br>5 years | Over<br>5 years              | Total                       | Up to<br>1 year          | Over 1<br>year             |
|                                       | 1                            | 2                            | 4                                   | 5                            | 6                           | 7                        |                            |
| 2003<br>2004                          | -17.7<br>-16.1               | -8.8<br>-8.8                 | -1.3<br>-0.8                        | -7.6<br>-6.4                 | -1.1<br>-1.6                | -0.3<br>-0.5             | -0.7<br>-1.1               |
| 2005 Jan.<br>Feb.<br>Mar.<br>Apr. (p) | -2.6<br>-1.2<br>-1.3<br>-0.8 | -1.3<br>-0.6<br>-0.7<br>-0.5 | -0.3<br>-0.2<br>-0.2<br>0.0         | -1.0<br>-0.5<br>-0.4<br>-0.3 | -0.2<br>-0.1<br>-0.1<br>0.0 | 0.0<br>0.0<br>0.0<br>0.0 | -0.1<br>-0.1<br>0.0<br>0.0 |

### 3. Revaluation of securities held by MFIs

|  |                           |                          | Se                       | curities ot               | her than sh              | ares                        |                          |                            |                            | Shares and                 | d other equity             | y                          |
|--|---------------------------|--------------------------|--------------------------|---------------------------|--------------------------|-----------------------------|--------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
|  | Total                     | MF                       | Is                       | Gen-<br>govern            |                          | Other<br>area res           |                          | Non-euro area<br>residents | Total                      | MFIs                       | Non-MFIs                   | Non-euro area residents    |
|  |                           | Euro Non-euro 1 2 3      |                          | Euro                      | Non-euro                 | Euro                        | Non-euro                 |                            |                            |                            |                            |                            |
|  | 1                         | 2                        | 3                        | 4                         | 5                        | 6                           | 7                        | 8                          | 9                          | 10                         | 11                         | 12                         |
| 2003<br>2004                                     | -1.2<br>13.4              | -0.8<br>1.5              | -0.3<br>-0.1             | 3.0<br>10.8               | 0.0<br>-0.2              | -1.1<br>0.8                 | -0.1<br>-0.1             | -1.9<br>0.6                | 19.4<br>8.4                | 8.0<br>1.3                 | 5.0<br>3.6                 | 6.4<br>3.5                 |
| 2005 Jan.<br>Feb.<br>Mar.<br>Apr. <sup>(p)</sup> | 5.5<br>-2.0<br>2.4<br>3.6 | 0.0<br>0.3<br>0.7<br>0.4 | 0.1<br>0.0<br>0.0<br>0.0 | 4.2<br>-1.4<br>1.0<br>2.2 | 0.1<br>0.0<br>0.0<br>0.0 | -0.2<br>-0.3<br>-0.2<br>0.7 | 0.1<br>0.0<br>0.0<br>0.0 | 1.3<br>-0.4<br>0.8<br>0.3  | 2.9<br>2.8<br>-1.1<br>-3.2 | 0.4<br>0.5<br>-0.4<br>-0.8 | 1.1<br>1.8<br>-0.2<br>-1.5 | 1.4<br>0.5<br>-0.5<br>-0.8 |

MFI sector excluding the Eurosystem; sectoral classification is based on ESA 95.
 Including non-profit institutions serving households.

# 2.8 Currency breakdown of selected MFI balance sheet items 1) (percentages of total; outstanding amounts in EUR billions; end of period)

### 1. Deposits

|                        |                       |         | MF    | [s <sup>2)</sup> |             |            |           |                       |         | Non-  | MFIs    |              |     |     |
|------------------------|-----------------------|---------|-------|------------------|-------------|------------|-----------|-----------------------|---------|-------|---------|--------------|-----|-----|
|                        | All<br>currencies     | Euro 3) |       | Non-eur          | o currencie | es         |           | All<br>currencies     | Euro 3) |       | Non-eur | o currencies | 3   |     |
|                        | outstanding<br>amount |         | Total |                  |             |            |           | outstanding<br>amount |         | Total |         |              |     |     |
|                        |                       |         |       | USD              | JPY         | CHF        | GBP       |                       |         |       | USD     | JPY          | CHF | GBP |
|                        | 1                     | 2       | 3     | 4                | 5           | 6          | 7         | 8                     | 9       | 10    | 11      | 12           | 13  | 14  |
|                        |                       |         |       |                  |             | By euro ar | ea reside | nts                   |         |       |         |              |     |     |
| 2002                   | 4,136.6               | 90.2    | 9.8   | 6.1              | 0.8         | 1.5        | 0.7       | 6,061.2               | 97.1    | 2.9   | 1.8     | 0.3          | 0.2 | 0.3 |
| 2003                   | 4,364.9               | 91.3    | 8.7   | 5.4              | 0.5         | 1.5        | 0.9       | 6,409.8               | 97.3    | 2.7   | 1.7     | 0.3          | 0.1 | 0.3 |
| 2004 Q1                | 4,412.5               | 90.4    | 9.6   | 5.7              | 0.5         | 1.5        | 1.2       | 6,451.0               | 97.1    | 2.9   | 1.7     | 0.3          | 0.1 | 0.4 |
| Q2                     | 4,522.7               | 90.3    | 9.7   | 5.7              | 0.5         | 1.5        | 1.3       | 6,565.2               | 97.1    | 2.9   | 1.8     | 0.3          | 0.1 | 0.4 |
| Q3<br>Q4               | 4,586.6               | 90.5    | 9.5   | 5.7              | 0.5         | 1.5        | 1.3       | 6,587.6               | 97.1    | 2.9   | 1.8     | 0.3          | 0.1 | 0.4 |
| Q4                     | 4,708.2               | 91.4    | 8.6   | 5.0              | 0.5         | 1.5        | 1.1       | 6,779.3               | 97.2    | 2.8   | 1.7     | 0.3          | 0.1 | 0.4 |
| 2005 Q1 <sup>(p)</sup> | 4,826.7               | 91.0    | 9.0   | 5.5              | 0.4         | 1.4        | 1.1       | 6,832.6               | 97.0    | 3.0   | 1.8     | 0.3          | 0.1 | 0.4 |
|                        |                       |         |       |                  | В           | y non-euro | area resi | dents                 |         |       |         |              |     |     |
| 2002                   | 1,585.3               | 43.7    | 56.3  | 39.2             | 2.1         | 4.3        | 7.8       | 685.7                 | 48.3    | 51.7  | 35.0    | 2.3          | 1.9 | 9.8 |
| 2003                   | 1,580.9               | 46.9    | 53.1  | 35.6             | 1.8         | 3.6        | 9.4       | 664.3                 | 51.0    | 49.0  | 32.1    | 2.1          | 2.2 | 9.6 |
| 2004 Q1                | 1,742.7               | 46.3    | 53.7  | 35.1             | 2.0         | 3.3        | 10.4      | 701.5                 | 53.2    | 46.8  | 30.0    | 2.1          | 1.8 | 9.7 |
| Q2                     | 1,788.9               | 45.1    | 54.9  | 36.8             | 1.7         | 3.3        | 10.4      | 682.6                 | 52.5    | 47.5  | 30.5    | 1.9          | 2.0 | 9.9 |
| Q3                     | 1,764.8               | 46.7    | 53.3  | 35.5             | 1.8         | 3.1        | 9.7       | 687.4                 | 53.1    | 46.9  | 29.8    | 1.8          | 2.0 | 9.8 |
| Q4                     | 1,748.0               | 46.7    | 53.3  | 35.8             | 2.1         | 3.2        | 9.5       | 680.9                 | 55.4    | 44.6  | 28.9    | 1.5          | 2.2 | 9.3 |
| 2005 Q1 (p)            | 1,934.5               | 46.9    | 53.1  | 36.1             | 2.1         | 2.9        | 9.0       | 733.3                 | 54.9    | 45.1  | 29.1    | 1.5          | 2.1 | 9.2 |

### 2. Debt securities issued by euro area MFIs

|                        | All                   | Euro 3) |       | Non-er | uro currencies |     |     |
|------------------------|-----------------------|---------|-------|--------|----------------|-----|-----|
|                        | outstanding<br>amount |         | Total |        |                |     |     |
|                        | amount                |         |       | USD    | JPY            | CHF | GBP |
|                        | 1                     | 2       | 3     | 4      | 5              | 6   | 7_  |
| 2002                   | 3,138.7               | 85.4    | 14.6  | 7.7    | 1.8            | 1.6 | 2.3 |
| 2003                   | 3,304.0               | 85.4    | 14.6  | 7.9    | 1.5            | 1.7 | 2.3 |
| 2004 Q1                | 3,458.0               | 84.6    | 15.4  | 7.7    | 1.7            | 2.0 | 2.6 |
| Q2                     | 3,533.8               | 84.0    | 16.0  | 8.2    | 1.7            | 2.0 | 2.6 |
| Q3                     | 3,597.2               | 84.2    | 15.8  | 8.0    | 1.8            | 2.0 | 2.6 |
| Õ4                     | 3,653.9               | 84.6    | 15.4  | 7.6    | 1.7            | 1.9 | 2.7 |
| 2005 Q1 <sup>(p)</sup> | 3,795.1               | 83.4    | 16.6  | 8.2    | 1.7            | 1.9 | 2.9 |

Source: ECB.

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

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

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

Money, banking and investment funds

# 2.8 Currency breakdown of selected MFI balance sheet items 1) (percentages of total; outstanding amounts in EUR billions; end of period)

#### 3. Loans

|                        |                       |         | MF    | Is 2)  |              |             |           |                       |         | Non-  | MFIs   |              |     |     |
|------------------------|-----------------------|---------|-------|--------|--------------|-------------|-----------|-----------------------|---------|-------|--------|--------------|-----|-----|
|                        | All<br>currencies     | Euro 3) |       | Non-eu | ro currencie | es          |           | All<br>currencies     | Euro 3) |       | Non-eu | ro currencie | s   |     |
|                        | outstanding<br>amount |         | Total |        |              |             |           | outstanding<br>amount |         | Total |        |              |     |     |
|                        |                       |         |       | USD    | JPY          | CHF         | GBP       |                       |         |       | USD    | JPY          | CHF | GBP |
|                        | 1                     | 2       | 3     | 4      | 5            | 6           | 7         | 8                     | 9       | 10    | 11     | 12           | 13  | 14  |
|                        |                       |         |       |        |              | To euro ar  | ea reside | nts                   |         |       |        |              |     |     |
| 2002                   | 4,017.8               | -       | -     | -      | -            | -           | -         | 7,593.6               | 96.2    | 3.8   | 1.8    | 0.5          | 1.1 | 0.3 |
| 2003                   | 4,193.8               | -       | -     | -      | -            | -           | -         | 7,920.9               | 96.5    | 3.5   | 1.6    | 0.3          | 1.2 | 0.3 |
| 2004 Q1                | 4,224.9               | -       | -     | -      | -            | -           | -         | 7,993.4               | 96.4    | 3.6   | 1.6    | 0.3          | 1.2 | 0.4 |
| Q2                     | 4,296.3               | -       | -     | -      | -            | -           | -         | 8,138.0               | 96.4    | 3.6   | 1.6    | 0.2          | 1.3 | 0.4 |
| Q3<br>Q4               | 4,356.4               | -       | -     | -      | -            | -           | -         | 8,213.5               | 96.5    | 3.5   | 1.5    | 0.2          | 1.3 | 0.4 |
| Q4                     | 4,456.8               | -       | -     | -      | -            | -           | -         | 8,369.5               | 96.6    | 3.4   | 1.4    | 0.2          | 1.3 | 0.4 |
| 2005 Q1 <sup>(p)</sup> | 4,574.6               | -       | -     | -      | -            | -           | -         | 8,480.1               | 96.5    | 3.5   | 1.5    | 0.2          | 1.3 | 0.4 |
|                        |                       |         |       |        | Т            | To non-euro | area resi | dents                 |         |       |        |              |     |     |
| 2002                   | 1,146.2               | 48.3    | 51.7  | 32.4   | 4.5          | 2.6         | 9.1       | 583.9                 | 36.2    | 63.8  | 47.6   | 2.3          | 4.7 | 5.6 |
| 2003                   | 1,182.2               | 50.2    | 49.8  | 29.3   | 4.7          | 2.5         | 9.2       | 580.6                 | 38.7    | 61.3  | 43.9   | 2.4          | 4.6 | 7.0 |
| 2004 Q1                | 1,308.6               | 49.1    | 50.9  | 30.4   | 4.7          | 2.7         | 9.4       | 646.9                 | 40.0    | 60.0  | 41.9   | 2.5          | 4.4 | 8.0 |
| Q2                     | 1,322.6               | 49.2    | 50.8  | 30.8   | 4.7          | 2.4         | 9.2       | 642.6                 | 38.6    | 61.4  | 42.6   | 2.4          | 4.4 | 8.8 |
| Q3                     | 1,317.3               | 51.2    | 48.8  | 30.0   | 3.7          | 2.2         | 9.0       | 648.6                 | 40.2    | 59.8  | 42.2   | 2.5          | 4.4 | 7.4 |
| Q4                     | 1,342.2               | 51.4    | 48.6  | 29.9   | 3.7          | 2.2         | 8.7       | 637.1                 | 42.1    | 57.9  | 40.4   | 2.6          | 4.4 | 7.1 |
| 2005 Q1 (p)            | 1,468.7               | 51.9    | 48.1  | 29.5   | 3.5          | 2.0         | 8.9       | 672.8                 | 41.4    | 58.6  | 42.7   | 1.4          | 4.3 | 7.0 |

### 4. Holdings of securities other than shares

|                        |                       |         | Issued by | MFIs 2)  |           |              |            |                       |         | Issued by | non-MFIs |              |     |     |
|------------------------|-----------------------|---------|-----------|----------|-----------|--------------|------------|-----------------------|---------|-----------|----------|--------------|-----|-----|
|                        | All<br>currencies     | Euro 3) |           | Non-euro | currencie | es .         |            | All<br>currencies     | Euro 3) |           | Non-eur  | o currencies | S   |     |
|                        | outstanding<br>amount |         | Total     |          |           |              |            | outstanding<br>amount |         | Total     |          |              |     |     |
|                        |                       |         |           | USD      | JPY       | CHF          | GBP        |                       |         |           | USD      | JPY          | CHF | GBP |
|                        | 1                     | 2       | 3         | 4        | 5         | 6            | 7          | 8                     | 9       | 10        | 11       | 12           | 13  | 14  |
|                        |                       |         |           |          | Iss       | sued by euro | area res   | idents                |         |           |          |              |     |     |
| 2002                   | 1,170.4               | 95.9    | 4.1       | 1.7      | 0.4       | 0.2          | 0.9        | 1,501.2               | 97.9    | 2.1       | 1.0      | 0.7          | 0.1 | 0.4 |
| 2003                   | 1,273.6               | 95.5    | 4.5       | 1.7      | 0.3       | 0.9          | 1.3        | 1,670.3               | 98.0    | 2.0       | 1.0      | 0.5          | 0.3 | 0.2 |
| 2004 Q1                | 1,341.8               | 95.5    | 4.5       | 1.6      | 0.3       | 0.9          | 1.4        | 1,735.8               | 97.9    | 2.1       | 1.0      | 0.5          | 0.2 | 0.2 |
| Q2                     | 1,359.4               | 95.4    | 4.6       | 2.2      | 0.4       | 0.4          | 1.4        | 1,794.2               | 98.0    | 2.0       | 1.1      | 0.5          | 0.1 | 0.2 |
| Q3<br>Q4               | 1,385.9               | 95.5    | 4.5       | 2.1      | 0.3       | 0.5          | 1.3        | 1,793.3               | 98.1    | 1.9       | 1.0      | 0.5          | 0.1 | 0.2 |
|                        | 1,422.5               | 95.8    | 4.2       | 1.8      | 0.3       | 0.5          | 1.3        | 1,765.2               | 98.2    | 1.8       | 0.9      | 0.5          | 0.1 | 0.3 |
| 2005 Q1 <sup>(p)</sup> | 1,456.1               | 95.4    | 4.6       | 2.0      | 0.4       | 0.4          | 1.5        | 1,838.3               | 98.3    | 1.7       | 0.9      | 0.4          | 0.1 | 0.3 |
|                        |                       |         |           |          | Issue     | ed by non-er | uro area r | esidents              |         |           |          |              |     |     |
| 2002                   | 239.6                 | 36.9    | 63.1      | 45.5     | 1.7       | 0.6          | 13.2       | 317.1                 | 41.5    | 58.5      | 42.0     | 5.8          | 0.9 | 5.6 |
| 2003                   | 276.9                 | 45.1    | 54.9      | 30.6     | 1.2       | 4.9          | 15.4       | 355.5                 | 45.8    | 54.2      | 31.1     | 5.8          | 5.8 | 6.4 |
| 2004 Q1                | 309.2                 | 44.7    | 55.3      | 29.6     | 1.2       | 5.0          | 16.6       | 380.8                 | 44.4    | 55.6      | 31.1     | 6.1          | 5.4 | 7.1 |
| Q2                     | 312.7                 | 46.3    | 53.7      | 32.8     | 1.1       | 0.6          | 16.8       | 388.4                 | 45.2    | 54.8      | 33.6     | 6.7          | 1.0 | 7.4 |
| Q3                     | 322.3                 | 47.7    | 52.3      | 32.2     | 1.0       | 0.5          | 16.2       | 411.1                 | 44.2    | 55.8      | 32.3     | 7.6          | 0.8 | 8.4 |
| Q4                     | 341.3                 | 50.3    | 49.7      | 28.6     | 1.0       | 0.5          | 17.0       | 410.4                 | 44.8    | 55.2      | 30.5     | 8.6          | 0.7 | 9.2 |
| 2005 Q1 <sup>(p)</sup> | 361.8                 | 49.2    | 50.8      | 30.2     | 1.0       | 0.5          | 16.4       | 440.6                 | 44.1    | 55.9      | 32.1     | 7.3          | 0.7 | 9.0 |

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

# 2.9 Aggregated balance sheet of euro area investment funds 1) (EUR billions; outstanding amounts at end of period)

#### 1. Assets

|                   | Total              | Deposits       |                    | gs of securities<br>r than shares |                    | Holdings<br>of shares/<br>other | Holdings of investment fund shares | Fixed assets   | Other assets   |
|-------------------|--------------------|----------------|--------------------|-----------------------------------|--------------------|---------------------------------|------------------------------------|----------------|----------------|
|                   |                    |                | Total              | Up to<br>1 year                   | Over<br>1 year     | equity                          |                                    |                |                |
|                   | 1                  | 2              | 3                  | 4                                 | 5                  | 6                               | 7                                  | 8              | 9              |
| 2003 Q3<br>Q4     | 3,085.0<br>3,174.3 | 248.2<br>235.1 | 1,404.9<br>1,389.0 | 65.3<br>67.4                      | 1,339.6<br>1,321.6 | 932.2<br>1,033.6                | 234.6<br>243.9                     | 126.3<br>133.7 | 138.8<br>139.1 |
| 2004 Q1           | 3,356.2            | 266.5          | 1,434.5            | 70.4                              | 1,364.1            | 1,103.9                         | 263.2                              | 136.9          | 151.2          |
| Q2                | 3,373.2            | 244.9          | 1,430.8            | 69.4                              | 1,361.5            | 1,121.1                         | 278.5                              | 140.3          | 157.6          |
| Q3                | 3,392.8            | 246.7          | 1,472.9            | 72.1                              | 1,400.8            | 1,095.2                         | 281.0                              | 144.4          | 152.6          |
| Q4 <sup>(p)</sup> | 3,510.7            | 240.3          | 1,497.8            | 72.0                              | 1,425.9            | 1,157.4                         | 293.7                              | 147.0          | 174.5          |

#### 2. Liabilities

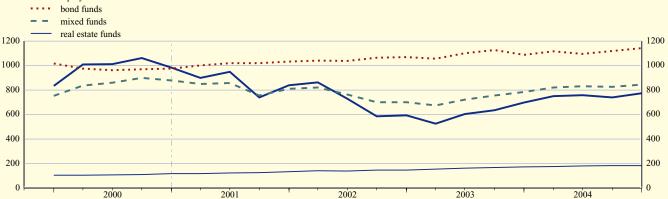
|                   | Total   | Deposits and loans taken | Investment fund shares | Other liabilities |
|-------------------|---------|--------------------------|------------------------|-------------------|
|                   | 1       | 2                        | 3                      | 4                 |
| 2003 Q3           | 3,085.0 | 43.2                     | 2,917.0                | 124.8             |
| Q4                | 3,174.3 | 44.2                     | 3,011.0                | 119.1             |
| 2004 Q1           | 3,356.2 | 49.6                     | 3,173.8                | 132.9             |
| Q2                | 3,373.2 | 50.4                     | 3,196.2                | 126.6             |
| Q3                | 3,392.8 | 49.5                     | 3,216.6                | 126.7             |
| Q4 <sup>(p)</sup> | 3,510.7 | 48.6                     | 3,322.5                | 139.6             |

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

|  | Total                                    |                                  | Func                                     |                                  | Funds by type of investor        |                                  |  |                                  |
|--|--|----------------------------------|--|----------------------------------|----------------------------------|----------------------------------|--|----------------------------------|
|  |  | Equity<br>funds                  | Bond<br>funds                            | Mixed<br>funds                   | Real estate<br>funds             | Other<br>funds                   | General<br>public<br>funds               | Special<br>investors'<br>funds   |
|  | 1  | 2                                | 3  | 4                                | 5                                | 6                                | 7  | 8                                |
| 2003 Q3<br>Q4                            | 3,085.0<br>3,174.3                       | 635.4<br>697.8                   | 1,126.7<br>1,086.3                       | 753.8<br>783.0                   | 167.7<br>171.7                   | 401.4<br>435.5                   | 2,248.5<br>2,317.7                       | 836.5<br>856.6                   |
| 2004 Q1<br>Q2<br>Q3<br>Q4 <sup>(p)</sup> | 3,356.2<br>3,373.2<br>3,392.8<br>3,510.7 | 750.4<br>756.5<br>740.1<br>772.0 | 1,116.3<br>1,094.2<br>1,119.0<br>1,142.4 | 820.6<br>830.0<br>825.8<br>844.6 | 176.2<br>179.7<br>182.4<br>182.7 | 492.8<br>512.7<br>525.5<br>569.0 | 2,469.8<br>2,479.5<br>2,495.4<br>2,594.1 | 886.4<br>893.7<br>897.4<br>916.6 |

# C12 Total assets of investment funds (EUR billions)





<sup>1)</sup> Other than money market funds. Data refer to euro area countries excluding Ireland. For further details, see the General notes.

# 2.10 Assets of euro area investment funds broken down by investment policy and type of investor (EUR billions; outstanding amounts at end of period)

### 1. Funds by investment policy

|                         | Total          | Deposits     |                | ngs of securities<br>r than shares |                | Holdings<br>of shares/<br>other | Holdings of investment fund shares | Fixed assets | Other assets |
|-------------------------|----------------|--------------|----------------|------------------------------------|----------------|---------------------------------|------------------------------------|--------------|--------------|
|                         |                |              | Total          | Up to<br>1 year                    | Over<br>1 year | equity                          |                                    |              |              |
|                         | 1              | 2            | 3              | 4                                  | 5              | 6                               | 7                                  | 8            | 9            |
|                         |                |              |                | Equity funds                       |                |                                 |                                    |              |              |
| 2003 Q3                 | 635.4          | 29.5         | 27.8           | 2.4                                | 25.4           | 536.4                           | 19.5                               | -            | 22.1         |
| Q4                      | 697.8          | 29.3         | 31.3           | 2.9                                | 28.4           | 593.6                           | 21.1                               | -            | 22.5         |
| 2004 Q1                 | 750.4          | 32.8         | 32.2           | 3.0                                | 29.2           | 635.6                           | 23.4                               | -            | 26.5         |
| Q2                      | 756.5          | 31.5         | 31.6<br>33.1   | 3.2<br>3.7                         | 28.3           | 642.8                           | 25.3                               | -            | 25.3<br>25.1 |
| Q3<br>Q4 <sup>(p)</sup> | 740.1<br>772.0 | 31.5<br>28.5 | 34.1           | 3.7                                | 29.4<br>30.4   | 625.2<br>652.8                  | 25.1<br>28.0                       | -            | 28.6         |
|                         |                |              |                | Bond funds                         |                |                                 |                                    |              |              |
| 2003 Q3                 | 1,126.7        | 93.6         | 934.5          | 30.7                               | 903.8          | 29.1                            | 21.7                               | -            | 47.9         |
| Q4                      | 1,086.3        | 82.5         | 905.7          | 31.6                               | 874.1          | 31.0                            | 21.6                               | -            | 45.5         |
| 2004 Q1                 | 1,116.3        | 97.3         | 918.4          | 35.3                               | 883.1          | 32.6                            | 21.4                               | -            | 46.6         |
| Q2<br>Q3                | 1,094.2        | 79.1         | 910.0          | 36.3                               | 873.7          | 33.0                            | 21.8                               | -            | 50.3         |
| Q3                      | 1,119.0        | 80.8         | 932.4          | 38.8                               | 893.6          | 31.9                            | 23.4                               | -            | 50.5         |
| Q4 <sup>(p)</sup>       | 1,142.4        | 77.5         | 943.7          | 39.9                               | 903.8          | 36.9                            | 23.4                               | -            | 60.9         |
|                         |                |              |                | Mixed funds                        |                |                                 |                                    |              |              |
| 2003 Q3                 | 753.8          | 50.4         | 323.8          | 22.2                               | 301.6          | 248.3                           | 95.4                               | 0.3          | 35.6         |
| Q4                      | 783.0          | 49.4         | 323.8          | 22.1                               | 301.7          | 272.3                           | 100.5                              | 0.3          | 36.7         |
| 2004 Q1                 | 820.6          | 52.9         | 333.7          | 21.2                               | 312.5          | 286.6                           | 107.2                              | 0.3          | 39.9         |
| Q2                      | 830.0          | 52.3         | 340.1          | 22.3                               | 317.7          | 278.9                           | 114.9                              | 0.3          | 43.5         |
| Q3<br>Q4 <sup>(p)</sup> | 825.8<br>844.6 | 52.3<br>50.4 | 347.8<br>346.9 | 22.0<br>20.1                       | 325.9<br>326.8 | 270.5<br>281.9                  | 115.6<br>121.3                     | 0.3<br>0.2   | 39.4<br>43.9 |
| - Q4                    | 044.0          | 30.4         | 340.9          | Real estate funds                  |                | 201.9                           | 121.3                              | 0.2          | 43.9         |
| 2003 Q3                 | 167.7          | 16.1         | 9.0            | 0.6                                | 8.4            | 0.8                             | 9.5                                | 125.3        | 6.9          |
| Q4                      | 171.7          | 13.2         | 9.3            | 0.6                                | 8.7            | 0.8                             | 8.5                                | 132.7        | 7.4          |
| 2004 Q1                 | 176.2          | 14.7         | 9.1            | 0.6                                | 8.5            | 0.7                             | 7.7                                | 135.9        | 8.0          |
| O2                      | 179.7          | 15.0         | 8.6            | 0.6                                | 7.9            | 0.7                             | 7.7                                | 139.2        | 8.7          |
| Q3                      | 182.4          | 14.4         | 8.5            | 0.6                                | 7.9            | 0.7                             | 7.5                                | 143.1        | 8.0          |
| Q4 <sup>(p)</sup>       | 182.7          | 14.7         | 7.1            | 0.7                                | 6.4            | 0.9                             | 6.9                                | 144.9        | 8.1          |

### 2. Funds by type of investor

|                         | Total   | Deposits | Holdings of<br>securities<br>other than<br>shares | Holdings of<br>shares/<br>other<br>equity | Holdings of investment fund shares | Fixed assets | <b>Other</b> assets |
|-------------------------|---------|----------|---|---|------------------------------------|--------------|---------------------|
|                         | 1       | 2        | 3   | 4   | 5                                  | 6            | 7                   |
|                         |         |          | General pub                                       | olic funds                                |                                    |              |                     |
| 2003 Q3                 | 2,248.5 | 198.9    | 927.3   | 736.4                                     | 176.6                              | 108.9        | 100.4               |
| Q4                      | 2,317.7 | 191.6    | 913.2   | 815.7                                     | 183.8                              | 115.5        | 98.0                |
| 2004 Q1                 | 2,469.8 | 219.2    | 948.7   | 877.3                                     | 198.8                              | 117.8        | 107.9               |
| Q2<br>Q3                | 2,479.5 | 202.1    | 945.8   | 890.2                                     | 211.0                              | 120.5        | 109.8               |
| Q3                      | 2,495.4 | 205.7    | 974.5   | 872.5                                     | 213.2                              | 124.0        | 105.5               |
| Q4 <sup>(p)</sup>       | 2,594.1 | 201.5    | 997.2   | 927.2                                     | 222.8                              | 127.5        | 117.9               |
|                         |         |          | Special inves                                     | tors' funds                               |                                    |              |                     |
| 2003 Q3                 | 836.5   | 49.3     | 477.6   | 195.8                                     | 58.0                               | 17.4         | 38.4                |
| Q4                      | 856.6   | 43.4     | 475.8   | 217.9                                     | 60.0                               | 18.3         | 41.2                |
| 2004 Q1                 | 886.4   | 47.3     | 485.8   | 226.5                                     | 64.4                               | 19.1         | 43.3                |
| Q2                      | 893.7   | 42.8     | 485.0   | 230.8                                     | 67.5                               | 19.8         | 47.8                |
| Q3<br>Q4 <sup>(p)</sup> | 897.4   | 41.0     | 498.4   | 222.7                                     | 67.7                               | 20.4         | 47.2                |
| Q4 (p)                  | 916.6   | 38.7     | 500.6   | 230.2                                     | 70.9                               | 19.5         | 56.7                |



## FINANCIAL AND NON-FINANCIAL ACCOUNTS

3.1 Main financial assets of non-financial sectors
(EUR billions and annual growth rates; outstanding amounts at end of period, transactions during the period)

|   | Total  |   |   |  | Cui                                 | rency and dep  | oosits  |   |  |  | Memo:   |
|---|--|---|---|--|-------------------------------------|--|---|---|--|--|---|
|   |  | Total   | Currency  | Deposits of no   |                                     | sectors other the euro area MF   |   | ernment   | Deposits of central government   | non-MFIs 1)  | deposits of<br>non-banks<br>with banks<br>outside the   |
|   |  |   |   | Total C  | vernight                            | With agreed maturity   | Redeemable at notice  | Repos   | with euro<br>area MFIs   | ,  | euro area   |
|   | 1  | 2   | 3   | 4  | 5<br>Outstand                       | 6 ling amounts   | 7   | 8   | ç  | 10   | 11  |
|   |  |   |   |  |                                     |  |   |   |  |  |   |
| 2003 Q3<br>Q4   | 15,183.4<br>15,595.5   | 5,762.1<br>5,881.9  | 322.7<br>352.4  | 5,070.8<br>5,183.1   | 1,956.6<br>2,027.4                  | 1,555.8<br>1,559.2   | 1,469.0<br>1,511.4  | 89.3<br>85.2  | 183.9<br>153.6   | 192.8  | 348.0   |
| 2004 Q1<br>Q2   | 15,810.8<br>16,078.3   | 5,915.0<br>6,052.5  | 350.8<br>372.0  | 5,180.6<br>5,264.1   | 2,020.6<br>2,101.2                  | 1,545.0<br>1,529.7   | 1,533.9<br>1,553.9  | 81.2<br>79.4  | 183.8<br>223.7   |  | 394.6<br>396.0  |
| Q3  | 16,158.8   | 6,077.1   | 383.5   | 5,284.4  | 2,104.2                             | 1,532.3  | 1,565.1   | 82.8  | 204.1  | 205.1  | 390.8   |
| Q4  | 16,567.4   | 6,290.7   | 468.4   | 5,435.0  | 2,165.1                             | 1,577.8  | 1,603.8   | 88.2  | 162.4  | 224.9  |   |
|   |  |   |   |  |                                     | nsactions  |   |   |  |  |   |
| 2003 Q3<br>Q4   | 128.3<br>165.5   | 12.5<br>125.3   | 11.4<br>29.7  | 12.0<br>117.9  | 6.8<br>78.9                         | -3.8<br>7.9  | 12.9<br>36.3  | -3.9<br>-5.2  | -13.7<br>-30.3   |  |   |
| 2004 Q1   | 149.9  | 30.7  | -1.6  | -4.9   | -7.5                                | -15.8  | 22.4  | -3.9  | 30.2   |  |   |
| Q2<br>Q3  | 283.6  | 136.7   | 21.2  | 83.1   | 78.9                                | -14.5  | 20.7  | -1.9  | 39.4   | -7.1   | 0.8   |
| Q3<br>O4  | 122.8<br>175.9   | 28.9<br>167.8   | 11.5<br>30.4  | 24.7<br>159.4  | 4.6<br>65.2                         | 5.4<br>49.9  | 11.3<br>38.9  | 3.4<br>5.4  | -19.7<br>-41.7   |  |   |
|   | 170.5  | 107.0   | 30  | 107.1.   |                                     | wth rates  | 50.5  |   | ,  | 17.0   | <u> </u>  |
| 2003 Q3   | 4.9  | 6.5   | 23.9  | 4.7  | 8.2                                 | -0.7   | 9.1   | -23.5   | 22.8   | 12.9   |   |
| Q4  | 4.6  | 5.5   | 21.2  | 4.3  | 7.6                                 | -1.0   | 8.1   | -23.4   | 9.5  |  |   |
| 2004 Q1<br>Q2   | 4.5<br>4.8   | 5.3<br>5.3  | 20.9<br>19.5  | 4.3<br>4.1   | 8.8<br>8.2                          | -1.3<br>-1.7   | 6.5<br>6.3  | -23.0<br>-15.7  | 5.9<br>12.8  |  |   |
| O3  | 4.8  | 5.6   | 18.8  | 4.4  | 7.9                                 | -1.1   | 6.2   | -8.5  | 10.7   | 11.0   |   |
| Q4  | 4.7  | 6.2   | 17.4  | 5.1  | 7.0                                 | 1.6  | 6.2   | 3.6   | 5.4  | 16.7   |   |
|   |  |   |   |  |                                     |  |   |   |  |  |   |
|   | Securit  | ties other than s   | shares  |  |                                     | Shares 2)  |   |   | Insuran  | ce technical rese  | erves   |
|   | Securit<br>Total   | Short-term  | shares  Long-term   | Total  |                                     | Quoted Mutu  | ıal fund  |   | Total  | Net equity of  | Prepayments   |
|   |  |   |   | Total  |                                     |  | shares  | Money<br>market   | Total  | Net equity of households in life insurance   | Prepayments<br>of insurance<br>premiums   |
|   |  |   |   | Total  |                                     | Quoted Mutu  | shares  |   | Total  | Net equity of households in  | Prepayments of insurance  |
|   |  |   |   | Total  |                                     | Quoted Mutu<br>shares  | shares  | market  | Total  | Net equity of<br>households in<br>life insurance<br>reserves and<br>pension fund   | Prepayments<br>of insurance<br>premiums<br>and reserves<br>for outstanding  |
|   | Total  | Short-term  | Long-term   | 15   | Outstand                            | Quoted Mutu<br>shares 16   | shares fu   | market<br>nd shares   | Total  | Net equity of<br>households in<br>life insurance<br>reserves and<br>pension fund<br>reserves<br>20   | Prepayments<br>of insurance<br>premiums<br>and reserves<br>for outstanding<br>claims  |
| 2003 Q3<br>Q4   | Total  | 13<br>186.5<br>191.2  | 1,764.6<br>1,721.8  | 3,638.0<br>3,924.6   | Outstance 1. 2                      | Quoted Mutushares  16  ling amounts ,769.9 ,028.9  | 17 1,868.1 1,895.7  | 18<br>408.7<br>406.6  | Total 19 3,832.2 3,875.9   | Net equity of households in life insurance reserves and pension fund reserves 20   | Prepayments of insurance premiums and reserves for outstanding claims  21  371.5 371.6  |
| Q4<br>2004 Q1   | Total  12  1,951.1 1,913.1 1,927.8   | 13<br>186.5<br>191.2<br>198.3   | 14<br>1,764.6<br>1,721.8<br>1,729.5   | 3,638.0<br>3,924.6<br>4,028.0  | Outstand 1 2 2                      | Quoted Mutushares  16  ling amounts ,769.9 ,028.9 ,077.5   | 1,868.1<br>1,895.7<br>1,950.5   | 18<br>408.7<br>406.6<br>420.9   | Total  19  3,832.2 3,875.9 3,939.9   | Net equity of households in life insurance reserves and pension fund reserves 20 3,460.8 3,504.3 3,559.4   | Prepayments of insurance premiums and reserves for outstanding claims  21  371.5 371.6 380.5  |
| 2004 Q1<br>Q2   | Total  12  1,951.1 1,913.1 1,927.8 1,958.0   | 13<br>186.5<br>191.2<br>198.3<br>214.6  | 14<br>1,764.6<br>1,721.8<br>1,729.5<br>1,743.4  | 3,638.0<br>3,924.6<br>4,028.0<br>4,076.1   | Outstand 1 2 2 2 2                  | Quoted Mutushares  16  ding amounts ,769.9 ,028.9 ,077.5 ,133.7  | 17<br>1,868.1<br>1,895.7<br>1,950.5<br>1,942.4  | 18<br>408.7<br>406.6<br>420.9<br>424.3  | Total  19  3,832.2 3,875.9 3,939.9 3,991.6   | Net equity of households in life insurance reserves and pension fund reserves 20  3,460.8 3,504.3 3,559.4 3,607.6  | Prepayments of insurance premiums and reserves for outstanding claims  21  371.5 371.6 380.5 384.0  |
| Q4<br>2004 Q1   | Total  12  1,951.1 1,913.1 1,927.8   | 13<br>186.5<br>191.2<br>198.3   | 14<br>1,764.6<br>1,721.8<br>1,729.5   | 3,638.0<br>3,924.6<br>4,028.0  | Outstand 1 2 2 2 2 2 2 2 2          | 16 Mutushares Mutushares 769.9 028.9 077.5 1133.7 1107.2   | 1,868.1<br>1,895.7<br>1,950.5   | 18<br>408.7<br>406.6<br>420.9   | Total  19  3,832.2 3,875.9 3,939.9   | Net equity of households in life insurance reserves and pension fund reserves 20 3,460.8 3,504.3 3,559.4   | Prepayments of insurance premiums and reserves for outstanding claims  21  371.5 371.6 380.5  |
| Q4<br>2004 Q1<br>Q2<br>Q3<br>Q4   | Total  1,951.1 1,913.1 1,927.8 1,958.0 1,980.5   | 13<br>186.5<br>191.2<br>198.3<br>214.6<br>216.0   | 14<br>1,764.6<br>1,721.8<br>1,729.5<br>1,743.4<br>1,764.5   | 3,638.0<br>3,924.6<br>4,028.0<br>4,076.1<br>4,044.8  | Outstanc 1. 2. 2. 2. 2. 2. 2. 2. 2. | 16 Mutushares Mutushares 769.9 028.9 077.5 1133.7 1107.2   | fu<br>17<br>1,868.1<br>1,895.7<br>1,950.5<br>1,942.4<br>1,947.6   | 18<br>408.7<br>406.6<br>420.9<br>424.3<br>424.6   | 3,832.2<br>3,875.9<br>3,939.9<br>3,991.6<br>4,056.5  | Net equity of households in life insurance reserves and pension fund reserves 20  3,460.8 3,504.3 3,559.4 3,607.6 3,669.6  | Prepayments of insurance premiums and reserves for outstanding claims  21  371.5 371.6 380.5 384.0 386.9 389.7  |
| Q4<br>2004 Q1<br>Q2<br>Q3<br>Q4<br>2003 Q3  | Total  1,951.1 1,913.1 1,927.8 1,958.0 1,980.5 1,979.9   | 13<br>186.5<br>191.2<br>198.3<br>214.6<br>216.0<br>207.0  | 14<br>1,764.6<br>1,721.8<br>1,729.5<br>1,743.4<br>1,764.5<br>1,772.9  | 3,638.0<br>3,924.6<br>4,028.0<br>4,076.1<br>4,044.8<br>4,180.0   | Outstanc 1. 2. 2. 2. 2. 2. 2. 2. 2. | Quoted Shares Mutus 16 Mutus 16 Mutus 16 Mutus 16 Mutus 16 Mutus 17 Mutus 1 | 17 1,868.1 1,895.7 1,950.5 1,942.4 1,937.6 1,951.5  | 18<br>408.7<br>406.6<br>420.9<br>424.3<br>424.6<br>406.7  | 3,832.2<br>3,875.9<br>3,939.9<br>3,991.6<br>4,056.5<br>4,116.7   | Net equity of households in life insurance reserves and pension fund reserves 20  3,460.8 3,504.3 3,559.4 3,607.6 3,669.6 3,727.1                                | Prepayments of insurance premiums and reserves for outstanding claims  21  371.5 371.6 380.5 384.0 386.9 389.7  |
| Q4<br>2004 Q1<br>Q2<br>Q3<br>Q4<br>2003 Q3<br>Q4  | Total  12  1,951.1 1,913.1 1,927.8 1,958.0 1,980.5 1,979.9  11.9 2.0   | 13<br>186.5<br>191.2<br>198.3<br>214.6<br>216.0<br>207.0  | 14  1,764.6 1,721.8 1,729.5 1,743.4 1,764.5 1,772.9  9.5 -8.0   | 3,638.0<br>3,924.6<br>4,028.0<br>4,076.1<br>4,044.8<br>4,180.0<br>45.6<br>-18.6                                  | Outstanc 1. 2. 2. 2. 2. 2. 2. 2. 2. | Quoted Shares  16  16  1ing amounts 7,769.9 7,028.9 7,077.5 7,133.7 7,107.2 7,107.2 7,228.5 88actions 23.6 -18.5   | 1,868.1<br>1,895.7<br>1,950.5<br>1,942.4<br>1,937.6<br>1,951.5  | 18 408.7 406.6 420.9 424.3 424.6 406.7  | 3,832.2<br>3,875.9<br>3,939.9<br>3,991.6<br>4,056.5<br>4,116.7   | Net equity of households in life insurance reserves and pension fund reserves  20  3,460.8 3,504.3 3,559.4 3,607.6 3,669.6 3,727.1                               | Prepayments of insurance premiums and reserves for outstanding claims  21  371.5 371.6 380.5 384.0 386.9 389.7  |
| 2004 Q1<br>Q2<br>Q3<br>Q4<br>2003 Q3<br>Q4<br>2004 Q1<br>Q2   | Total  1,951.1 1,913.1 1,927.8 1,958.0 1,980.5 1,979.9  11.9 2.0 9.4 33.6  | 13<br>186.5<br>191.2<br>198.3<br>214.6<br>216.0<br>207.0  | 14<br>1,764.6<br>1,721.8<br>1,729.5<br>1,743.4<br>1,764.5<br>1,772.9  | 3,638.0<br>3,924.6<br>4,028.0<br>4,076.1<br>4,044.8<br>4,180.0<br>45.6<br>-18.6<br>37.9<br>58.6                  | Outstand 1 2 2 2 2 2 2 2 Tran       | Quoted Shares Mutus 16 Mutus 16 Mutus 16 Mutus 16 Mutus 16 Mutus 17 Mutus 1 | 17 1,868.1 1,895.7 1,950.5 1,942.4 1,937.6 1,951.5  | 18  408.7 406.6 420.9 424.3 424.6 406.7  2.7 -10.2 15.1 -0.6  | 3,832.2<br>3,875.9<br>3,939.9<br>3,991.6<br>4,056.5<br>4,116.7   | Net equity of households in life insurance reserves and pension fund reserves 20  3,460.8 3,504.3 3,559.4 3,607.6 3,669.6 3,727.1  54.9 57.3 62.0 50.1           | Prepayments of insurance premiums and reserves for outstanding claims  21  371.5 371.6 380.5 384.0 386.9 389.7  3.4 -0.5 9.9 4.5                      |
| 2004 Q1<br>Q2<br>Q3<br>Q4<br>2003 Q3<br>Q4<br>2004 Q1<br>Q2<br>Q3                                   | Total  1,951.1 1,913.1 1,927.8 1,958.0 1,980.5 1,979.9  11.9 2.0 9.4 33.6 17.2                                     | 13<br>186.5<br>191.2<br>198.3<br>214.6<br>216.0<br>207.0<br>2.4<br>9.9<br>6.5<br>15.0<br>1.6          | 14  1,764.6 1,721.8 1,729.5 1,743.4 1,764.5 1,772.9  9.5 -8.0 2.9 18.6 15.5                                       | 3,638.0<br>3,924.6<br>4,028.0<br>4,076.1<br>4,044.8<br>4,180.0<br>45.6<br>-18.6<br>37.9<br>58.6<br>14.5          | Outstand 1 2 2 2 2 2 2 2 Tran       | Quoted Shares  16  ding amounts  769.9  7028.9  777.5  7133.7  7107.2  7228.5  88actions  23.6  -18.5  7.9  58.2  11.5   | 1,868.1<br>1,895.7<br>1,950.5<br>1,942.4<br>1,937.6<br>1,951.5<br>22.1<br>-0.1<br>30.0<br>0.4<br>3.0          | 18  408.7 406.6 420.9 424.3 424.6 406.7  2.7 -10.2 15.1 -0.6 -2.3   | 3,832.2<br>3,875.9<br>3,939.9<br>3,991.6<br>4,056.5<br>4,116.7<br>58.3<br>56.8<br>71.9<br>54.6<br>62.1         | Net equity of households in life insurance reserves and pension fund reserves 20  3,460.8 3,504.3 3,559.4 3,607.6 3,669.6 3,727.1  54.9 57.3 62.0 50.1 58.2      | Prepayments of insurance premiums and reserves for outstanding claims  21  371.5 371.6 380.5 384.0 386.9 389.7  3.4 -0.5 9.9 4.5 3.9                  |
| 2004 Q1<br>Q2<br>Q3<br>Q4<br>2003 Q3<br>Q4<br>2004 Q1<br>Q2   | Total  1,951.1 1,913.1 1,927.8 1,958.0 1,980.5 1,979.9  11.9 2.0 9.4 33.6  | 13<br>186.5<br>191.2<br>198.3<br>214.6<br>216.0<br>207.0<br>2.4<br>9.9<br>6.5<br>15.0                 | 14<br>1,764.6<br>1,721.8<br>1,729.5<br>1,743.4<br>1,764.5<br>1,772.9<br>9.5<br>-8.0<br>2.9<br>18.6                | 3,638.0<br>3,924.6<br>4,028.0<br>4,076.1<br>4,044.8<br>4,180.0<br>45.6<br>-18.6<br>37.9<br>58.6                  | Outstand 1 2 2 2 2 2 2 Tran         | Quoted shares  16  16  16  17  19  19  19  10  10  10  10  10  10  10  | 1,868.1<br>1,895.7<br>1,950.5<br>1,942.4<br>1,937.6<br>1,951.5<br>22.1<br>-0.1<br>30.0<br>0.4                 | 18  408.7 406.6 420.9 424.3 424.6 406.7  2.7 -10.2 15.1 -0.6  | 3,832.2<br>3,875.9<br>3,939.9<br>3,991.6<br>4,056.5<br>4,116.7<br>58.3<br>56.8<br>71.9<br>54.6                 | Net equity of households in life insurance reserves and pension fund reserves 20  3,460.8 3,504.3 3,559.4 3,607.6 3,669.6 3,727.1  54.9 57.3 62.0 50.1           | Prepayments of insurance premiums and reserves for outstanding claims  21  371.5 371.6 380.5 384.0 386.9 389.7  3.4 -0.5 9.9 4.5                      |
| 2004 Q1<br>Q2<br>Q3<br>Q4<br>2003 Q3<br>Q4<br>2004 Q1<br>Q2<br>Q3                                   | Total  1,951.1 1,913.1 1,927.8 1,958.0 1,980.5 1,979.9  11.9 2.0 9.4 33.6 17.2                                     | 13<br>186.5<br>191.2<br>198.3<br>214.6<br>216.0<br>207.0<br>2.4<br>9.9<br>6.5<br>15.0<br>1.6          | 14  1,764.6 1,721.8 1,729.5 1,743.4 1,764.5 1,772.9  9.5 -8.0 2.9 18.6 15.5                                       | 3,638.0<br>3,924.6<br>4,028.0<br>4,076.1<br>4,044.8<br>4,180.0<br>45.6<br>-18.6<br>37.9<br>58.6<br>14.5          | Outstand 1 2 2 2 2 2 2 Tran         | Quoted Shares  16  ding amounts  769.9  7028.9  777.5  7133.7  7107.2  7228.5  88actions  23.6  -18.5  7.9  58.2  11.5   | 1,868.1<br>1,895.7<br>1,950.5<br>1,942.4<br>1,937.6<br>1,951.5<br>22.1<br>-0.1<br>30.0<br>0.4<br>3.0          | 18  408.7 406.6 420.9 424.3 424.6 406.7  2.7 -10.2 15.1 -0.6 -2.3   | 3,832.2<br>3,875.9<br>3,939.9<br>3,991.6<br>4,056.5<br>4,116.7<br>58.3<br>56.8<br>71.9<br>54.6<br>62.1         | Net equity of households in life insurance reserves and pension fund reserves 20  3,460.8 3,504.3 3,559.4 3,607.6 3,669.6 3,727.1  54.9 57.3 62.0 50.1 58.2      | Prepayments of insurance premiums and reserves for outstanding claims  21  371.5 371.6 380.5 384.0 386.9 389.7  3.4 -0.5 9.9 4.5 3.9 3.8 3.8          |
| 2004 Q1<br>Q2<br>Q3<br>Q4<br>2003 Q3<br>Q4<br>2004 Q1<br>Q2<br>Q3<br>Q4<br>2003 Q3<br>Q4            | 12<br>1,951.1<br>1,913.1<br>1,927.8<br>1,980.5<br>1,980.5<br>1,979.9<br>11.9<br>2.0<br>9.4<br>33.6<br>17.2<br>-9.8 | 13<br>186.5<br>191.2<br>198.3<br>214.6<br>216.0<br>207.0<br>2.4<br>9.9<br>6.5<br>15.0<br>1.6<br>-10.7 | 14<br>1,764.6<br>1,721.8<br>1,729.5<br>1,743.4<br>1,764.5<br>1,772.9<br>9.5<br>-8.0<br>2.9<br>18.6<br>15.5<br>0.9 | 3,638.0<br>3,924.6<br>4,028.0<br>4,076.1<br>4,044.8<br>4,180.0<br>45.6<br>-18.6<br>37.9<br>58.6<br>14.5<br>-49.0 | Outstand 1 2 2 2 2 2 2 Tran         | Mutushares   Mut   | fu 17 1,868.1 1,895.7 1,995.5 1,942.4 1,937.6 1,951.5 22.1 -0.1 30.0 0.4 3.0 -11.0 7.2 7.1                    | market<br>nd shares  18  408.7 406.6 420.9 424.3 424.6 406.7  2.7 -10.2 15.1 -0.6 -2.3 -16.5              | 3,832.2<br>3,875.9<br>3,939.9<br>3,991.6<br>4,056.5<br>4,116.7<br>58.3<br>56.8<br>71.9<br>54.6<br>62.1<br>66.9 | Net equity of households in life insurance reserves and pension fund reserves 20  3,460.8 3,504.3 3,559.4 3,607.6 3,669.6 3,727.1  54.9 57.3 62.0 50.1 58.2 63.1 | Prepayments of insurance premiums and reserves for outstanding claims  21  371.5 371.6 380.5 384.0 386.9 389.7  3.4 -0.5 9.9 4.5 3.9 3.8 3.5 3.9      |
| 2004 Q1<br>Q2<br>Q3<br>Q4<br>2003 Q3<br>Q4<br>2004 Q1<br>Q2<br>Q3<br>Q4<br>2003 Q3<br>Q4<br>2004 Q1 | Total  1,951.1 1,913.1 1,927.8 1,958.0 1,980.5 1,979.9  11.9 2.0 9.4 33.6 17.2 -9.8                                | 13<br>186.5<br>191.2<br>198.3<br>214.6<br>216.0<br>207.0<br>2.4<br>9.9<br>6.5<br>15.0<br>1.6<br>-10.7 | 14<br>1,764.6<br>1,721.8<br>1,729.5<br>1,743.4<br>1,764.5<br>1,772.9<br>9.5<br>-8.0<br>2.9<br>18.6<br>15.5<br>0.9 | 3,638.0<br>3,924.6<br>4,028.0<br>4,076.1<br>4,044.8<br>4,180.0<br>45.6<br>-18.6<br>37.9<br>58.6<br>14.5<br>-49.0 | Outstand 1 2 2 2 2 2 2 Tran         | Mutushares   Mutushares   Mutushares   | \$\text{fu}\$  17  1,868.1 1,895.7 1,950.5 1,942.4 1,937.6 1,951.5  22.1 -0.1 30.0 0.4 3.0 -11.0  7.2 7.1 5.1 | market<br>nd shares  18  408.7 406.6 420.9 424.3 424.6 406.7  2.7 -10.2 15.1 -0.6 -2.3 -16.5  9.3 8.5 2.8 | 3,832.2<br>3,875.9<br>3,939.9<br>3,991.6<br>4,056.5<br>4,116.7<br>58.3<br>56.8<br>71.9<br>54.6<br>62.1<br>66.9 | Net equity of households in life insurance reserves and pension fund reserves 20  3,460.8 3,504.3 3,559.4 3,607.6 3,669.6 3,727.1  54.9 57.3 62.0 50.1 58.2 63.1 | Prepayments of insurance premiums and reserves for outstanding claims  21  371.5 371.6 380.5 384.0 386.9 389.7  3.4 -0.5 9.9 4.5 3.9 3.8  3.5 3.9 4.8 |
| 2004 Q1<br>Q2<br>Q3<br>Q4<br>2003 Q3<br>Q4<br>2004 Q1<br>Q2<br>Q3<br>Q4<br>2003 Q3<br>Q4            | 12<br>1,951.1<br>1,913.1<br>1,927.8<br>1,980.5<br>1,980.5<br>1,979.9<br>11.9<br>2.0<br>9.4<br>33.6<br>17.2<br>-9.8 | 13<br>186.5<br>191.2<br>198.3<br>214.6<br>216.0<br>207.0<br>2.4<br>9.9<br>6.5<br>15.0<br>1.6<br>-10.7 | 14<br>1,764.6<br>1,721.8<br>1,729.5<br>1,743.4<br>1,764.5<br>1,772.9<br>9.5<br>-8.0<br>2.9<br>18.6<br>15.5<br>0.9 | 3,638.0<br>3,924.6<br>4,028.0<br>4,076.1<br>4,044.8<br>4,180.0<br>45.6<br>-18.6<br>37.9<br>58.6<br>14.5<br>-49.0 | Outstand 1 2 2 2 2 2 2 Tran         | Mutushares   Mut   | fu 17 1,868.1 1,895.7 1,995.5 1,942.4 1,937.6 1,951.5 22.1 -0.1 30.0 0.4 3.0 -11.0 7.2 7.1                    | market<br>nd shares  18  408.7 406.6 420.9 424.3 424.6 406.7  2.7 -10.2 15.1 -0.6 -2.3 -16.5              | 3,832.2<br>3,875.9<br>3,939.9<br>3,991.6<br>4,056.5<br>4,116.7<br>58.3<br>56.8<br>71.9<br>54.6<br>62.1<br>66.9 | Net equity of households in life insurance reserves and pension fund reserves 20  3,460.8 3,504.3 3,559.4 3,607.6 3,669.6 3,727.1  54.9 57.3 62.0 50.1 58.2 63.1 | Prepayments of insurance premiums and reserves for outstanding claims  21  371.5 371.6 380.5 384.0 386.9 389.7  3.4 -0.5 9.9 4.5 3.9 3.8 3.5 3.9      |

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

Excluding unquoted shares.

### 3.2 Main liabilities of non-financial sectors

| (EU                       | R billions and a                             | annuai grov                              | vtn rates; out                           | standing ai                      | nounts at end                | of period, trar                  | isactions dur                            | ing the period                           | 1)                                       |  |                                  |  |  |
|---------------------------|--|--|--|----------------------------------|------------------------------|----------------------------------|--|--|--|--|----------------------------------|--|--|
|                           | Total  |  |  | Lo                               | oans taken fro               | m euro area                      | MFIs and o                               | ther financia                            | al corporation                           | s by                                     |                                  |  | Memo:<br>loans                           |
|                           |  | Total                                    |  | G                                | eneral governi               | nent                             | Non-fi                                   | nancial corpo                            | orations                                 | ]  | Households 1)                    |  | taken from<br>banks                      |
|                           |  |  | Taken from<br>euro area<br>MFIs          | Total                            | Short-term                   | Long-term                        | Total                                    | Short-term                               | Long-term                                | Total                                    | Short-term                       | Long-term                                | outside the<br>euro area by<br>non-banks |
|                           | 1  | 2  | 3  | 4                                | 5                            | 6<br>Outstan                     | 7  | 8  | 9  | 10                                       | 11                               | 12                                       | 13                                       |
| 2003 Q3                   | 16,294.9                                     | 8,334.2                                  | 7,293.7                                  | 887.0                            | 71.1                         | 815.9                            | ding amounts<br>3,659.1                  | 1,185.0                                  | 2,474.1                                  | 3,788.2                                  | 283.8                            | 3,504.4                                  | 275.5                                    |
| Q4                        | 16,641.0                                     | 8,481.0                                  | 7,397.3                                  | 958.6                            | 81.0                         | 877.6                            | 3,663.0                                  | 1,167.8                                  | 2,495.2                                  | 3,859.4                                  | 284.6                            | 3,574.8                                  | 266.4                                    |
| 2004 Q1<br>Q2<br>Q3<br>Q4 | 16,989.8<br>17,189.5<br>17,293.9<br>17,662.8 | 8,530.4<br>8,677.7<br>8,755.3<br>8,887.7 | 7,466.3<br>7,597.2<br>7,674.7<br>7,796.9 | 964.3<br>956.7<br>952.4<br>952.5 | 84.9<br>90.4<br>89.0<br>79.7 | 879.4<br>866.2<br>863.4<br>872.9 | 3,654.4<br>3,699.1<br>3,700.6<br>3,751.6 | 1,163.2<br>1,171.5<br>1,153.2<br>1,174.2 | 2,491.2<br>2,527.6<br>2,547.4<br>2,577.3 | 3,911.7<br>4,021.9<br>4,102.3<br>4,183.6 | 278.6<br>290.7<br>287.7<br>292.1 | 3,633.1<br>3,731.2<br>3,814.6<br>3,891.5 | 305.5<br>304.4<br>279.8                  |
|                           |  |  |  |                                  |                              |                                  | nsactions                                |  |  |  |                                  |  |  |
| 2003 Q3<br>Q4             | 145.0<br>133.2                               | 87.6<br>117.2                            | 58.8<br>118.4                            | 8.9<br>23.3                      | 1.1<br>9.9                   | 7.8<br>13.5                      | 8.1<br>16.1                              | -25.8<br>-16.4                           | 33.9<br>32.4                             | 70.7<br>77.8                             | -5.7<br>3.8                      | 76.4<br>74.1                             | 22.8<br>-1.4                             |
| 2004 Q1<br>Q2<br>Q3<br>Q4 | 203.8<br>270.3<br>148.5<br>123.3             | 54.4<br>155.3<br>79.5<br>147.5           | 76.1<br>134.6<br>85.9<br>139.9           | 7.3<br>-9.3<br>-3.9<br>1.9       | 4.0<br>5.4<br>-1.4<br>-9.4   | 3.3<br>-14.7<br>-2.5<br>11.3     | -10.5<br>70.9<br>0.6<br>63.0             | -4.8<br>15.4<br>-15.9<br>21.0            | -5.6<br>55.5<br>16.5<br>42.0             | 57.7<br>93.8<br>82.8<br>82.6             | -4.5<br>8.8<br>-2.6<br>5.9       | 62.2<br>84.9<br>85.4<br>76.7             | 34.5<br>-1.3<br>-21.4                    |
|                           |  |  |  |                                  |                              |                                  | wth rates                                |  |  |  |                                  |  |  |
| 2003 Q3<br>Q4             | 5.3<br>4.9                                   | 5.5<br>5.1                               | 4.3<br>4.6                               | 2.9<br>3.7                       | 33.1<br>36.5                 | 0.8<br>1.3                       | 4.6<br>3.4                               | 1.1<br>0.2                               | 6.4<br>5.0                               | 7.1<br>7.2                               | -2.3<br>-1.9                     | 7.9<br>8.0                               | 16.1<br>12.9                             |
| 2004 Q1<br>Q2<br>Q3<br>Q4 | 4.6<br>4.6<br>4.6<br>4.5                     | 4.6<br>5.0<br>4.9<br>5.2                 | 4.7<br>5.4<br>5.7<br>5.9                 | 3.9<br>3.4<br>2.0<br>-0.4        | 26.5<br>29.1<br>25.1<br>-1.7 | 2.0<br>1.2<br>-0.1<br>-0.3       | 1.9<br>2.3<br>2.1<br>3.4                 | -1.8<br>-2.6<br>-1.8<br>1.3              | 3.6<br>4.8<br>4.0<br>4.3                 | 7.5<br>8.1<br>8.2<br>8.2                 | -0.7<br>0.8<br>1.9<br>2.7        | 8.2<br>8.7<br>8.7<br>8.7                 | 22.8<br>21.5<br>3.8                      |
|                           |  |  |  | Securities                       | other than sh                | ares issued l                    | ру                                       |  |  |  | ıoted<br>hares li                | Deposit abilities of                     | Pension<br>fund                          |
|                           | Tota   | al                                       | Genera                                   | al governm                       | ent                          |                                  | Non-finan                                | cial corporati                           | ons                                      | issue<br>non-fina                        | ed by<br>incial go               | central                                  | reserves of<br>non-                      |
|                           | ,  |  | Total                                    | Short-term                       |                              |                                  |  | Short-term                               | Long-term                                | corpora                                  | tions                            |  | financial<br>corporations                |
|                           | 1  | 4  | 15                                       | 10                               | 0                            | Outstand                         | 18 ling amounts                          | 19                                       | 20                                       |  | 21                               | 22                                       | 23                                       |
| 2003 Q3<br>Q4             | 5,021.<br>4,959.                             |  | 4,410.4<br>4,336.5                       | 561.0<br>548.4                   |                              | 9.3                              | 611.1<br>623.0                           | 192.0<br>196.7                           | 419.2<br>426.4                           |  | 473.0<br>726.3                   | 174.3<br>181.7                           | 291.9<br>292.5                           |
| 2004 Q1<br>Q2<br>Q3<br>Q4 | 5,139.<br>5,186.<br>5,276.<br>5,281.         | 7<br>3<br>1                              | 4,520.7<br>4,555.1<br>4,638.5<br>4,645.4 | 590.8<br>616.3<br>614.2<br>581.9 | 3,92<br>3,93<br>4,02         | 9.9<br>8.7<br>4.3                | 619.0<br>631.2<br>637.6<br>635.8         | 208.9<br>218.7<br>216.7<br>213.9         | 410.1<br>412.5<br>421.0<br>421.8         | 2,8<br>2,8<br>2,7                        | 334.1<br>343.0<br>763.5<br>980.9 | 189.0<br>181.9<br>194.0<br>213.5         | 296.5<br>300.7<br>305.0<br>299.5         |
|                           |  |  |  |                                  |                              |                                  | nsactions                                |  |  |  |                                  |  |  |
| 2003 Q3<br>Q4             | 48.<br>4.                                    |  | 39.0<br>-5.6                             | -8.8<br>-15.6                    |                              | 7.8<br>0.0                       | 9.0<br>9.6                               | 5.5<br>0.8                               | 3.5<br>8.8                               |  | 3.9<br>0.2                       | 2.4<br>7.4                               | 3.1<br>4.4                               |
| 2004 Q1<br>O2             | 137.<br>114.                                 |  | 143.7<br>100.3                           | 42.1<br>25.4                     |                              | 1.6<br>4.9                       | -6.7<br>14.3                             | 12.2<br>10.5                             | -18.8<br>3.8                             |  | 2.1<br>4.4                       | 7.3<br>-7.1                              | 2.9<br>3.1                               |
| Q2<br>Q3<br>Q4            | 47.<br>-50.                                  | 8  | 39.4<br>-48.0                            | -0.8<br>-32.6                    | 4                            | 0.1<br>5.4                       | 8.4<br>-2.7                              | -1.0<br>-3.9                             | 9.5<br>1.2                               |  | 5.9<br>3.2                       | 12.1<br>19.4                             | 3.2 3.8                                  |
| 2003 Q3                   | 6.   |  | 6.0                                      | 13.8                             |                              | 5.0                              | 12.1                                     | 27.7                                     | 6.1                                      |  | 0.7                              | 13.2                                     | 4.4                                      |
| Q4<br>2004 Q1             | 6.<br>6.                                     |  | 5.7<br>6.1                               | 12.3<br>9.9                      |                              | 5.6                              | 13.0                                     | 22.2<br>13.8                             | 9.1<br>2.5                               |  | 0.8<br>1.0                       | 7.5<br>4.8                               | 4.9<br>4.8<br>4.7                        |
| Q2<br>Q3<br>Q4            | 6.<br>6.<br>5.                               | 0  | 6.3<br>6.3<br>5.4                        | 7.6<br>9.1<br>6.2                | •                            | 6.1<br>5.9<br>5.3                | 4.3<br>4.2<br>2.1                        | 15.6<br>11.7<br>9.1                      | 2.5<br>-0.7<br>0.8<br>-1.0               |  | 0.4<br>0.5<br>0.6                | 4.8<br>11.3<br>17.5                      | 4.7<br>4.7<br>4.5                        |

Source: ECB.
1) Including non-profit institutions serving households.

# 3.3 Main financial assets and liabilities of insurance corporations and pension funds (EUR billions and annual growth rates; outstanding amounts at end of period, transactions during the period)

|                           |  |                                  |                              |                                  |                               | Main financi                 | al assets                        |                              |                                  |  |                              |  |
|---------------------------|--|----------------------------------|------------------------------|----------------------------------|-------------------------------|------------------------------|----------------------------------|------------------------------|----------------------------------|--|------------------------------|--|
|                           | Total                                    |                                  | Deposit                      | s with euro are                  | a MFIs                        |                              |                                  | Loans                        |                                  | Securitie                                | es other than s              | shares                                   |
|                           |  | Total                            | Overnight                    | With agreed maturity             | Redeemable at notice          | Repos                        | Total                            | Short-term                   | Long-term                        | Total                                    | Short-term                   | Long-term                                |
|                           | 1  | 2                                | 3                            | 4                                | 5                             | 6                            | 7                                | 8                            | 9                                | 10                                       | 11                           | 12                                       |
|                           |  |                                  |                              |                                  | Outs                          | tanding amou                 | nts                              |                              |                                  |  |                              |  |
| 2003 Q3<br>Q4             | 3,504.5<br>3,598.1                       | 533.3<br>542.4                   | 57.5<br>58.9                 | 455.3<br>462.3                   | 1.8<br>2.1                    | 18.7<br>19.1                 | 341.5<br>336.6                   | 61.3<br>61.6                 | 280.2<br>275.0                   | 1,422.4<br>1,459.4                       | 59.7<br>59.1                 | 1,362.7<br>1,400.3                       |
| 2004 Q1<br>Q2<br>Q3<br>Q4 | 3,736.0<br>3,757.4<br>3,814.5<br>3,901.5 | 557.3<br>565.4<br>573.6<br>583.2 | 64.7<br>59.9<br>61.5<br>59.2 | 468.3<br>482.0<br>489.8<br>500.8 | 2.3<br>2.3<br>2.3<br>2.5      | 22.0<br>21.2<br>20.0<br>20.8 | 346.4<br>343.6<br>345.4<br>340.1 | 64.0<br>65.5<br>66.1<br>68.4 | 282.4<br>278.1<br>279.3<br>271.6 | 1,522.8<br>1,529.2<br>1,574.0<br>1,622.5 | 61.5<br>63.0<br>62.8<br>61.2 | 1,461.3<br>1,466.2<br>1,511.2<br>1,561.3 |
|                           | -,,,,,,,,                                |                                  |                              |                                  |                               | Transactions                 |                                  |                              |                                  | -,                                       |                              | -,                                       |
| 2003 Q3<br>Q4             | 33.1<br>67.8                             | -6.2<br>10.2                     | -6.4<br>1.5                  | 3.8<br>7.9                       | 0.3<br>0.3                    | -3.8<br>0.5                  | 0.9<br>-5.3                      | -0.6<br>0.0                  | 1.5<br>-5.4                      | 27.4<br>48.9                             | 2.9<br>-1.4                  | 24.5<br>50.3                             |
| 2004 Q1<br>Q2<br>Q3<br>Q4 | 90.5<br>30.2<br>46.2<br>54.5             | 14.6<br>7.2<br>8.2<br>9.9        | 5.7<br>-4.9<br>1.6<br>-1.7   | 5.9<br>13.7<br>7.8<br>10.6       | 0.2<br>-0.6<br>-0.1<br>0.2    | 2.8<br>-0.9<br>-1.1<br>0.7   | 9.8<br>-2.7<br>1.8<br>-5.6       | 2.6<br>1.6<br>0.7<br>2.2     | 7.2<br>-4.3<br>1.2<br>-7.8       | 45.9<br>24.5<br>25.1<br>41.0             | 2.1<br>1.0<br>-0.6<br>-0.8   | 43.8<br>23.5<br>25.7<br>41.8             |
|                           |  |                                  |                              |                                  |                               | Growth rates                 |                                  |                              |                                  |  |                              |  |
| 2003 Q3<br>Q4             | 6.2<br>6.2                               | 5.0<br>3.6                       | 11.7<br>2.9                  | 3.6<br>3.5                       | -1.6<br>17.9                  | 28.2<br>6.1                  | 0.2<br>-3.2                      | -17.4<br>-11.3               | 5.2<br>-1.2                      | 10.2<br>11.1                             | 25.8<br>14.1                 | 9.6<br>11.0                              |
| 2004 Q1<br>Q2<br>Q3<br>Q4 | 7.1<br>6.4<br>6.7<br>6.2                 | 3.9<br>4.8<br>7.5<br>7.4         | 5.0<br>-6.4<br>6.8<br>1.2    | 3.0<br>6.9<br>7.7<br>8.2         | 38.5<br>6.5<br>-12.8<br>-12.0 | 18.7<br>-6.3<br>6.7<br>7.8   | 2.6<br>0.8<br>1.1<br>1.0         | 3.4<br>5.8<br>8.0<br>11.5    | 2.4<br>-0.3<br>-0.4<br>-1.3      | 10.4<br>10.5<br>10.1<br>9.4              | 10.8<br>8.1<br>1.8<br>2.9    | 10.4<br>10.6<br>10.5<br>9.6              |

|          | Main financial assets |                                   |                |  |                             | Main liabilities   |                                 |                       |                       |                  |   |   |                |
|----------|-----------------------|-----------------------------------|----------------|--|-----------------------------|--------------------|---------------------------------|-----------------------|-----------------------|------------------|---|---|----------------|
|          |                       | Share                             | es 1)          |  | Prepayments<br>of insurance | Total              |                                 | aken from<br>rea MFIs | Securities other than | Quoted<br>shares | Insu  | rance technical r   | eserves        |
|          | Total                 | shares fund Money a shares market |                | premiums<br>and reserves<br>for<br>outstanding<br>claims |                             | and other          | Taken from<br>euro area<br>MFIs | shares                |                       | Total            | Net equity<br>of households<br>in life<br>insurance<br>reserves<br>and pension<br>fund reserves | Prepayments<br>of insurance<br>premiums<br>and reserves<br>for<br>outstanding<br>claims |                |
|          | 13                    | 14                                | 15             | 16   | 17                          | 18                 | 19                              | 20                    | 21                    | 22               | 23  | 24  | 25             |
|          |                       |                                   |                |  |                             | Outstandin         | g amounts                       | 8                     |                       |                  |   |   |                |
| 2003 Q3  | 1,092.1               | 483.9                             | 608.2          | 60.6   | 115.2                       | 3,794.9            | 62.7                            | 44.3                  | 19.0                  | 164.8            | 3,548.4   | 3,022.8   | 525.7          |
| Q4       | 1,151.9               | 520.6                             | 631.3          | 64.1   | 107.8                       | 3,851.0            | 51.9                            | 35.4                  | 21.0                  | 189.9            | 3,588.1   | 3,061.6   | 526.5          |
| 2004 Q1  | 1,198.2               | 537.0                             | 661.2          | 63.4   | 111.3                       | 3,936.5            | 61.6                            | 46.3                  | 21.5                  | 190.9            | 3,662.5   | 3,123.6   | 538.9          |
| Q2<br>Q3 | 1,207.0<br>1,207.6    | 535.8<br>528.3                    | 671.2<br>679.2 | 63.6<br>63.1   | 112.2<br>114.0              | 3,993.4<br>4,038.1 | 69.6<br>69.5                    | 53.7<br>52.5          | 22.0<br>20.4          | 193.3<br>185.7   | 3,708.6<br>3,762.5  | 3,165.5<br>3,214.7  | 543.1<br>547.7 |
| Q3<br>Q4 | 1,240.7               | 550.8                             | 689.9          | 68.3   | 115.0                       | 4,106.7            | 64.1                            | 48.6                  | 21.3                  | 207.1            | 3,814.2   | 3,264.0   | 550.2          |
|          |                       |                                   |                |  |                             | Transa             | ctions                          |                       |                       |                  |   | <u> </u>  |                |
| 2003 Q3  | 9.6                   | 4.6                               | 5.0            | -4.3   | 1.4                         | 57.2               | 2.0                             | -0.5                  | 0.5                   | 0.0              | 54.7  | 49.9  | 4.8            |
| Q4       | 21.3                  | 5.9                               | 15.4           | 4.1  | -7.2                        | 45.9               | -10.8                           | -8.9                  | 1.9                   | 5.0              | 49.8  | 49.5  | 0.2            |
| 2004 Q1  | 16.6                  | -0.4                              | 17.0           | -0.8   | 3.6                         | 80.6               | 9.6                             | 10.8                  | 0.4                   | 0.8              | 69.8  | 56.4  | 13.4           |
| Q2       | 0.0                   | -7.4                              | 7.4            | -0.1   | 1.1                         | 58.7               | 7.6                             | 7.0                   | 0.5                   | 0.1              | 50.5  | 45.3  | 5.2            |
| Q3<br>Q4 | 9.0<br>7.6            | 3.4<br>2.1                        | 5.6<br>5.5     | -0.5<br>5.3  | 2.0<br>1.5                  | 59.3<br>49.9       | -0.1<br>-5.1                    | -1.1<br>-3.6          | -1.3<br>0.6           | 2.1<br>0.1       | 58.6<br>54.3  | 52.9<br>50.8  | 5.7<br>3.5     |
| <u> </u> | 7.0                   | 2.1                               |                | 0.0  |                             | Growt              |                                 | 5.0                   | 0.0                   | 0.1              | 0   | 20.0  |                |
| 2003 Q3  | 4.0                   | -0.6                              | 7.6            | 17.7   | 4.6                         | 6.2                | 6.7                             | 9.4                   | 2.8                   | 2.8              | 6.4   | 6.9   | 3.6            |
| Q4       | 5.1                   | 1.9                               | 7.6            | 11.3   | -1.0                        | 6.9                | 12.9                            | 12.7                  | 13.4                  | 6.2              | 6.8   | 7.3   | 4.2            |
| 2004 Q1  | 6.5                   | 3.2                               | 8.8            | 5.9  | -0.1                        | 6.7                | 0.9                             | 8.5                   | 16.3                  | 8.3              | 6.7   | 7.1   | 4.9            |
| Q2       | 4.5                   | 0.6                               | 7.5            | -1.7   | -0.9                        | 6.5                | 14.0                            | 18.8                  | 18.4                  | 3.5              | 6.4   | 6.8   | 4.5            |
| Q3<br>Q4 | 4.3<br>2.9            | 0.3<br>-0.4                       | 7.5<br>5.6     | 4.6<br>6.2   | -0.4<br>7.6                 | 6.4<br>6.5         | 10.2<br>23.3                    | 17.5<br>36.9          | 8.4<br>1.5            | 4.8<br>1.6       | 6.4<br>6.5  | 6.8<br>6.7  | 4.7<br>5.3     |
| Q+       | 2.9                   | -0.4                              | 5.0            | 0.2  | 7.0                         | 0.5                | 25.5                            | 30.9                  | 1.5                   | 1.0              | 0.5   | 0.7   | 5.5            |

Source: ECB.
1) Excluding unquoted shares.

# 3.4 Annual saving, investment and financing (EUR billions, unless otherwise indicated)

#### 1. All sectors in the euro area

|      |       | Net acquisition of non-financial assets |                         |                        |                    |         | Net acquisition of financial assets |          |                         |       |                     |                       |                                   |  |
|------|-------|---|-------------------------|------------------------|--------------------|---------|-------------------------------------|----------|-------------------------|-------|---------------------|-----------------------|-----------------------------------|--|
|      | Total | Gross fixed                             | Consumption             | Changes                | Non-               | Total   |                                     | Currency | Securities              | Loans | Shares              | Insurance             | Other                             |  |
|      |       | capital<br>formation                    | of fixed<br>capital (-) | in inven-<br>tories 1) | produced<br>assets |         | gold and<br>SDRs                    | deposits | other than<br>shares 2) |       | and other<br>equity | technical<br>reserves | investment<br>(net) <sup>3)</sup> |  |
|      | 1     | 2                                       | 3                       | 4                      | 5                  | 6       | 7                                   | 8        | 9                       | 10    | 11                  | 12                    | 13                                |  |
| 1997 | 351.8 | 1,136.1                                 | -797.1                  | 12.8                   | 0.0                | 1,937.6 | -0.2                                | 390.9    | 330.7                   | 464.6 | 491.4               | 224.1                 | 36.0                              |  |
| 1998 | 417.0 | 1,201.3                                 | -823.6                  | 39.2                   | 0.2                | 2,407.0 | 11.0                                | 419.6    | 360.1                   | 515.3 | 845.0               | 213.7                 | 42.3                              |  |
| 1999 | 451.2 | 1,290.9                                 | -863.7                  | 23.8                   | 0.2                | 3,111.1 | 1.3                                 | 559.2    | 429.1                   | 878.8 | 942.2               | 259.2                 | 41.3                              |  |
| 2000 | 500.0 | 1,394.2                                 | -913.1                  | 35.6                   | -16.7              | 2,897.2 | 1.3                                 | 350.9    | 264.6                   | 829.9 | 1,189.1             | 251.3                 | 10.0                              |  |
| 2001 | 482.1 | 1,449.3                                 | -973.6                  | 4.4                    | 2.0                | 2,574.7 | -0.5                                | 579.0    | 449.1                   | 731.2 | 602.3               | 248.8                 | -35.3                             |  |
| 2002 | 395.8 | 1,439.7                                 | -1,035.0                | -10.0                  | 1.1                | 2,295.6 | 0.9                                 | 656.6    | 279.7                   | 632.8 | 468.4               | 220.8                 | 36.4                              |  |
| 2003 | 409.6 | 1,464.9                                 | -1,064.6                | 8.9                    | 0.5                | 2,394.9 | 1.7                                 | 678.6    | 426.8                   | 578.8 | 456.6               | 240.7                 | 11.7                              |  |

|      |       | Changes in n                        | et worth 4) |  | Net incurrence of liabilities |                       |                                       |       |                         |                                    |  |  |
|------|-------|-------------------------------------|-------------|--|-------------------------------|-----------------------|---------------------------------------|-------|-------------------------|------------------------------------|--|--|
|      | Total | saving of fixed transfer receivable |             | Net capital<br>transfers<br>receivable | Total                         | Currency and deposits | Securities<br>other than<br>shares 2) | Loans | Shares and other equity | Insurance<br>technical<br>reserves |  |  |
|      | 14    | 15                                  | 16          | 17                                     | 18                            | 19                    | 20                                    | 21    | 22                      | 23                                 |  |  |
| 1997 | 455.7 | 1,241.8                             | -797.1      | 11.0                                   | 1,833.7                       | 509.7                 | 318.0                                 | 393.1 | 382.5                   | 230.3                              |  |  |
| 1998 | 486.5 | 1,299.1                             | -823.6      | 11.1                                   | 2,337.4                       | 648.8                 | 323.2                                 | 484.6 | 659.8                   | 221.0                              |  |  |
| 1999 | 498.0 | 1,352.0                             | -863.7      | 9.7                                    | 3,064.3                       | 934.9                 | 503.4                                 | 765.2 | 597.1                   | 263.7                              |  |  |
| 2000 | 515.1 | 1,419.4                             | -913.1      | 8.8                                    | 2,882.2                       | 539.5                 | 416.9                                 | 882.9 | 788.7                   | 254.1                              |  |  |
| 2001 | 486.0 | 1,449.4                             | -973.6      | 10.2                                   | 2,570.8                       | 668.9                 | 489.9                                 | 634.3 | 521.6                   | 256.0                              |  |  |
| 2002 | 457.7 | 1,482.8                             | -1,035.0    | 9.9                                    | 2,233.7                       | 572.9                 | 442.0                                 | 618.0 | 376.2                   | 224.7                              |  |  |
| 2003 | 411.8 | 1,471.4                             | -1,064.6    | 5.1                                    | 2,392.7                       | 676.2                 | 514.0                                 | 539.3 | 420.3                   | 242.8                              |  |  |

#### 2. Non-financial corporations

|      | Net acquisit | ion of non-fir | nancial assets | 1         |                       |            |       |           | Changes in | net worth 4) |         |            |       | ies       |
|------|--------------|----------------|----------------|-----------|-----------------------|------------|-------|-----------|------------|--------------|---------|------------|-------|-----------|
|      | Total        |                |                | Total     |                       |            |       |           | Total      |              | Total   |            |       |           |
|      |              | Gross fixed    |                |           | Currency              | Securities | Loans | Shares    |            | Gross        |         | Securities | Loans | Shares    |
|      |              | capital        | of fixed       |           | and                   | other than |       | and other |            | saving       |         | other than |       | and other |
|      |              | formation      | capital (-)    |           | deposits shares 2) ec |            |       |           |            |              |         | shares 2)  |       | equity    |
|      | 1            | 2              | 3              | 4         |                       |            |       |           |            | 10           | 11      | 12         | 13    | 14        |
|      | 1            |                |                | 3 4 5 6 7 |                       |            |       | 1000      | 1010       |              |         | 12         |       |           |
| 1997 | 150.3        | 591.9          | -453.2         | 272.3     | 26.0                  | -12.1      | 65.8  | 100.8     | 104.8      | 521.3        | 317.8   | 12.1       | 175.9 | 120.1     |
| 1998 | 193.7        | 635.1          | -470.6         | 439.8     | 45.7                  | -11.5      | 110.9 | 204.5     | 147.6      | 569.1        | 485.9   | 22.8       | 257.2 | 194.9     |
| 1999 | 212.0        | 683.1          | -490.7         | 654.0     | 24.5                  | 93.6       | 186.0 | 336.3     | 106.7      | 547.6        | 759.3   | 47.5       | 434.1 | 261.1     |
| 2000 | 306.1        | 751.6          | -522.4         | 921.0     | 74.2                  | 87.4       | 230.4 | 511.4     | 79.9       | 554.9        | 1,147.2 | 61.0       | 597.1 | 480.7     |
| 2001 | 215.7        | 778.9          | -558.8         | 638.2     | 101.6                 | 44.6       | 169.2 | 232.1     | 91.3       | 590.5        | 762.6   | 99.7       | 355.5 | 295.9     |
| 2002 | 171.9        | 757.6          | -581.0         | 515.7     | 31.8                  | -55.7      | 174.2 | 253.1     | 108.6      | 633.2        | 579.0   | 21.0       | 352.0 | 190.8     |
| 2003 | 156.9        | 746.4          | -597.8         |           |                       |            | 191.3 |           |            |              | 55.0    | 174.1      | 194.9 |           |

### 3. Households 5)

|      | Net acquisit | ion of non-fir | nancial assets | Net acquisition of financial assets |          |            |           |           | Changes in net worth 4) Net incurrence of liabilities |        |       | ce of liabilities | Memo:      |          |
|------|--------------|----------------|----------------|-------------------------------------|----------|------------|-----------|-----------|---|--------|-------|-------------------|------------|----------|
|      | Total        |                |                | Total                               |          |            |           |           | Total   |        | Total |                   | Disposable | Gross    |
|      |              |                | Consumption    |                                     | Currency | Securities | Shares    |           |   | Gross  | 1     | Loans             | income     | saving   |
|      |              | capital        | of fixed       |                                     | and      | other than | and other | technical |   | saving |       |                   |            | ratio 6) |
|      |              | formation      | capital (-)    |                                     | deposits | shares 2)  | equity    | reserves  |   |        |       |                   | l l        |          |
|      | 1            | 2              | 3              | 4                                   | 5        | 6          | 7         | 8         | Q   | 10     | 11    | 12                | 13         | 14       |
|      | 1            | 2              | 3              |                                     | 5        |            | ,         | 0         | ,   |        | •     | 12                | 13         | 17       |
| 1997 | 167.8        | 374.7          | -210.3         | 427.7                               | 69.3     | -20.8      | 192.5     | 217.6     | 425.7   | 615.5  | 169.7 | 168.3             | 3,852.4    | 16.0     |
| 1998 | 183.6        | 387.8          | -215.1         | 440.7                               | 92.9     | -119.0     | 287.4     | 209.3     | 409.7   | 593.4  | 214.6 | 213.3             | 3,954.9    | 15.0     |
| 1999 | 192.2        | 418.2          | -230.2         | 472.2                               | 122.6    | -28.5      | 195.8     | 245.2     | 395.9   | 580.1  | 268.4 | 266.9             | 4,105.3    | 14.1     |
| 2000 | 213.0        | 442.2          | -240.3         | 420.3                               | 66.2     | 35.3       | 122.6     | 245.9     | 406.9   | 607.5  | 226.4 | 224.7             | 4,329.8    | 14.0     |
| 2001 | 206.9        | 452.3          | -257.6         | 398.2                               | 180.7    | 82.7       | 45.4      | 229.1     | 429.0   | 650.1  | 176.2 | 174.3             | 4,619.4    | 14.1     |
| 2002 | 167.9        | 464.2          | -291.3         | 472.6                               | 220.6    | 83.1       | -1.0      | 211.3     | 427.3   | 675.8  | 213.2 | 211.1             | 4,762.5    | 14.2     |
| 2003 | 184.6        | 485.0          | -299.9         | 508.1                               | 224.2    | 16.6       | 83.6      | 229.8     | 432.4   | 696.2  | 260.2 | 257.9             | 4,902.6    | 14.2     |

- Source: ECB.

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

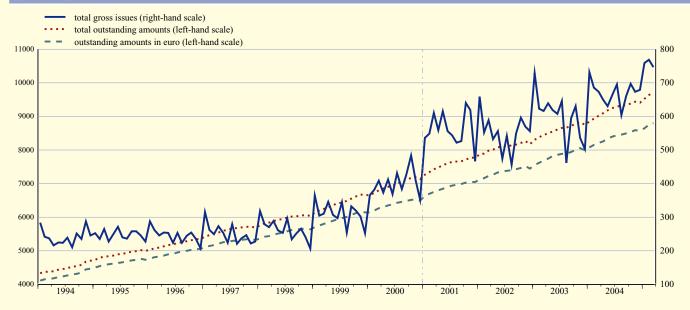


## FINANCIAL MARKETS

# Securities, other than shares, by original maturity, residency of the issuer and currency (EUR billions, unless otherwise indicated; transactions during the month and end-of-period outstanding amounts; nominal values)

|                                  | Total in euro <sup>1)</sup>                |                                  |                                  |                                | By euro area residents                   |                                  |                                  |                              |                               |                              |                              |                              |  |
|----------------------------------|--|----------------------------------|----------------------------------|--------------------------------|--|----------------------------------|----------------------------------|------------------------------|-------------------------------|------------------------------|------------------------------|------------------------------|--|
|                                  |  |                                  |                                  |                                |  | То                               | tal                              |                              | Of which in euro              |                              |                              |                              |  |
|                                  | Outstanding<br>amounts                     | Gross issues                     | Redemptions                      | Net issues                     | Outstanding<br>amounts                   | Gross issues                     | Redemptions                      | Net issues                   | Outstanding<br>amounts<br>(%) | Gross issues<br>(%)          | Redemptions (%)              | Net issues                   |  |
|                                  | 1  | 2                                | 3                                | 4                              | 5  | 6                                | 7                                | 8                            | 9                             | 10                           | 11                           | 12                           |  |
|                                  | Total                                      |                                  |                                  |                                |  |                                  |                                  |                              |                               |                              |                              |                              |  |
| 2004 Mar.<br>Apr.<br>May         | 9,495.0<br>9,523.9<br>9,626.1              | 717.8<br>649.5<br>649.2          | 612.1<br>624.4<br>549.6          | 105.8<br>25.1<br>99.6          | 9,022.4<br>9,095.7<br>9,179.9            | 673.1<br>649.4<br>630.8          | 600.3<br>586.9<br>543.6          | 72.8<br>62.5<br>87.3         | 91.0<br>90.8<br>90.9          | 92.7<br>93.2<br>93.9         | 95.3<br>95.0<br>94.9         | 51.9<br>47.8<br>76.4         |  |
| June<br>July<br>Aug.             | 9,737.0<br>9,759.7<br>9,792.5<br>9,905.4   | 711.3<br>707.8<br>619.8<br>725.1 | 602.1<br>686.3<br>590.5<br>616.4 | 109.2<br>21.6<br>29.3<br>108.7 | 9,250.0<br>9,295.0<br>9,310.6<br>9,343.4 | 664.7<br>695.2<br>603.7<br>661.2 | 597.9<br>653.9<br>590.2<br>621.5 | 66.8<br>41.3<br>13.5<br>39.7 | 90.8<br>90.8<br>90.8<br>91.0  | 94.3<br>94.1<br>94.7<br>94.9 | 94.7<br>94.6<br>94.8<br>94.5 | 60.3<br>35.6<br>12.8<br>40.3 |  |
| Sep.<br>Oct.<br>Nov.<br>Dec.     | 9,903.4<br>9,931.2<br>10,021.4<br>10,025.0 | 712.2<br>703.3<br>705.7          | 690.1<br>618.7<br>701.2          | 22.0<br>84.6<br>4.5            | 9,343.4<br>9,380.5<br>9,436.0<br>9,408.4 | 696.7<br>673.5<br>679.5          | 621.3<br>656.0<br>615.1<br>702.3 | 40.8<br>58.4<br>-22.8        | 91.0<br>91.0<br>91.1<br>91.1  | 94.9<br>93.7<br>94.3<br>95.2 | 94.3<br>94.9<br>94.3<br>95.2 | 30.5<br>55.5<br>-21.5        |  |
| 2005 Jan.<br>Feb.<br>Mar.        | 10,091.0<br>10,211.1<br>10,319.1           | 763.2<br>792.4<br>795.0          | 709.3<br>675.4<br>687.3          | 53.9<br>117.0<br>107.7         | 9,522.6<br>9,636.0<br>9,702.0            | 759.5<br>768.4<br>746.6          | 675.8<br>654.2<br>691.8          | 83.7<br>114.2<br>54.8        | 90.8<br>90.9<br>90.7          | 93.8<br>94.5<br>93.9         | 95.6<br>95.1<br>94.9         | 66.1<br>103.8<br>44.7        |  |
|                                  | Long-term                                  |                                  |                                  |                                |  |                                  |                                  |                              |                               |                              |                              |                              |  |
| 2004 Mar.<br>Apr.<br>May<br>June | 8,569.6<br>8,613.9<br>8,719.3<br>8,806.9   | 213.5<br>163.8<br>174.7<br>204.2 | 154.0<br>123.8<br>72.0<br>120.3  | 59.5<br>39.9<br>102.8<br>84.0  | 8,091.2<br>8,145.5<br>8,235.4<br>8,309.7 | 189.6<br>155.6<br>156.5<br>181.2 | 135.8<br>110.0<br>67.6<br>112.5  | 53.8<br>45.5<br>88.9<br>68.6 | 91.3<br>91.2<br>91.1<br>91.2  | 86.8<br>88.5<br>89.3<br>92.9 | 94.2<br>94.7<br>90.8<br>92.2 | 36.5<br>33.5<br>78.3<br>64.5 |  |
| July<br>Aug.<br>Sep.<br>Oct.     | 8,846.4<br>8,873.7<br>8,968.2<br>9,005.2   | 190.3<br>87.2<br>191.4<br>174.0  | 153.1<br>61.9<br>101.8<br>139.9  | 37.2<br>25.3<br>89.5<br>34.1   | 8,349.2<br>8,364.8<br>8,414.5<br>8.435.9 | 173.4<br>75.3<br>156.7<br>158.1  | 139.0<br>59.8<br>104.5<br>131.9  | 34.4<br>15.5<br>52.2<br>26.2 | 91.1<br>91.1<br>91.2<br>91.2  | 91.8<br>86.9<br>91.6<br>88.0 | 93.7<br>91.6<br>89.0<br>93.7 | 28.9<br>10.6<br>50.4<br>15.6 |  |
| Nov.<br>Dec.<br>2005 Jan.        | 9,080.0<br>9,104.6                         | 174.0<br>168.3<br>147.6          | 98.3<br>123.0                    | 69.9<br>24.5                   | 8,489.0<br>8,496.2                       | 154.7<br>135.1                   | 95.3<br>119.2                    | 59.3<br>16.0                 | 91.2<br>91.2<br>91.4<br>91.1  | 89.1<br>91.6<br>89.7         | 92.2<br>90.4<br>93.8         | 49.9<br>16.0                 |  |
| 2005 Jan.<br>Feb.<br>Mar.        | 9,175.0<br>9,290.8<br>9,366.9              | 220.3<br>200.9                   | 137.6<br>106.9<br>125.1          | 60.8<br>113.3<br>75.7          | 8,585.5<br>8,688.2<br>8,754.3            | 195.0<br>198.7<br>181.3          | 130.7<br>95.5<br>122.7           | 64.3<br>103.1<br>58.6        | 91.1<br>91.2<br>91.1          | 89.7<br>90.4<br>89.0         | 93.8<br>89.5<br>90.0         | 52.2<br>94.2<br>50.9         |  |

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



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

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

# 4.2 Securities, other than shares, issued by euro area residents, by sector of the issuer and instrument type (EUR billions unless otherwise indicated; nominal values)

#### 1. Outstanding amounts

 $(end\ of\ period)$ 

|   | Total          |                    |   |                            |                       |                                |              | Of which in euro (%) |   |                            |                       |                                |  |  |
|---|----------------|--------------------|---|----------------------------|-----------------------|--------------------------------|--------------|----------------------|---|----------------------------|-----------------------|--------------------------------|--|--|
|   | Total          | MFIs<br>(including | Non-MFI c                                 | orporations                | General go            | overnment                      | Total        | MFIs<br>(including   |   |                            | General go            | vernment                       |  |  |
|   |                | Eurosystem)        | Non-monetary<br>financial<br>corporations | Non-financial corporations | Central<br>government | Other<br>general<br>government |              |                      | Non-monetary<br>financial<br>corporations | Non-financial corporations | Central<br>government | Other<br>general<br>government |  |  |
|   | 1              | 2                  | 3   | 4                          | 5                     | 6                              | 7            | 8                    | 9   | 10                         | 11                    | 12                             |  |  |
| Total   |                |                    |   |                            |                       |                                |              |                      |   |                            |                       |                                |  |  |
| 2003<br>2004  | 8,749<br>9,408 | 3,353<br>3,710     | 665<br>742                                | 589<br>593                 | 3,923<br>4,114        | 219<br>250                     | 91.4<br>91.1 | 85.0<br>84.1         | 87.5<br>90.5                              | 88.3<br>87.6               | 97.7<br>97.7          | 95.4<br>95.6                   |  |  |
| 2004 Q1   | 9,022          | 3,491              | 666<br>694                                | 587<br>604                 | 4,045<br>4,139        | 232<br>239                     | 91.0<br>90.8 | 84.5<br>84.0         | 87.4                                      | 87.6                       | 97.4<br>97.4          | 95.5                           |  |  |
| Q2<br>Q3  | 9,250<br>9,343 | 3,574<br>3,641     | 696                                       | 600                        | 4,163                 | 242                            | 91.0         | 84.0                 | 88.3<br>89.1                              | 87.4<br>87.3               | 97.6                  | 95.5<br>95.7                   |  |  |
| Q4<br>2004 Dec.   | 9,408<br>9,408 | 3,710<br>3,710     | 742<br>742                                | 593<br>593                 | 4,114<br>4,114        | 250<br>250                     | 91.1         | 84.1<br>84.1         | 90.5                                      | 87.6<br>87.6               | 97.7<br>97.7          | 95.6<br>95.6                   |  |  |
| 2004 Dec.<br>2005 Jan.  | 9,408          | 3,742              | 742                                       | 601                        | 4,114                 | 256                            | 90.8         | 83.6                 | 90.3                                      | 87.6                       | 97.7                  | 95.6                           |  |  |
| Feb.  | 9,636          | 3,800<br>3,842     | 749<br>762                                | 606<br>612                 | 4,223<br>4,227        | 258<br>259                     | 90.9<br>90.7 | 83.6<br>83.3         | 90.7<br>90.8                              | 87.7<br>87.8               | 97.6<br>97.6          | 95.7<br>95.7                   |  |  |
| Mar.  | 9,702          | 3,042              | 702                                       | 012                        | 4,227                 | Short-term                     | 90.7         | 63.3                 | 90.8                                      | 67.6                       | 97.0                  | 95.1                           |  |  |
| 2003  | 861            | 390                | 6   | 94                         | 367                   | 3                              | 89.3         | 78.4                 | 100.0                                     | 94.1                       | 99.6                  | 88.0                           |  |  |
| 2004  | 912            | 447                | 7   | 90                         | 362                   | 5                              | 88.7         | 78.5                 | 94.1                                      | 95.5                       | 99.5                  | 87.3                           |  |  |
| 2004 Q1<br>Q2   | 931<br>940     | 417<br>420         | 5<br>5                                    | 102<br>108                 | 403<br>402            | 4 5                            | 88.3<br>88.0 | 76.9<br>76.3         | 100.0<br>100.0                            | 94.7<br>95.2               | 98.3<br>98.2          | 84.4<br>83.7                   |  |  |
| Q3<br>Q4  | 929<br>912     | 412<br>447         | 6<br>7                                    | 100<br>90                  | 405<br>362            | 6<br>5                         | 88.9<br>88.7 | 77.8<br>78.5         | 96.2<br>94.1                              | 95.5<br>95.5               | 98.5<br>99.5          | 85.8<br>87.3                   |  |  |
| 2004 Dec.   | 912            | 447                | 7   | 90                         | 362                   | 5                              | 88.7         | 78.5                 | 94.1                                      | 95.5                       | 99.5                  | 87.3                           |  |  |
| 2005 Jan.   | 937            | 453                | 7   | 99                         | 373                   | 5                              | 88.1         | 77.2                 | 95.2                                      | 96.2                       | 99.1                  | 86.2                           |  |  |
| Feb.<br>Mar.  | 948<br>948     | 456<br>455         | 8   | 106<br>105                 | 372<br>374            | 6<br>5                         | 88.2<br>87.5 | 77.5<br>76.2         | 96.8<br>96.7                              | 96.4<br>96.7               | 98.8<br>98.6          | 87.4<br>86.4                   |  |  |
|   |                |                    |   |                            | Т                     | Total long-tern                | n 1)         |                      |   |                            |                       |                                |  |  |
| 2003<br>2004  | 7,888<br>8,496 | 2,963<br>3,263     | 659<br>734                                | 495<br>503                 | 3,556<br>3,751        | 216<br>245                     | 91.6<br>91.4 | 85.9<br>84.9         | 87.4<br>90.5                              | 87.2<br>86.2               | 97.5<br>97.6          | 95.5<br>95.8                   |  |  |
| 2004 Q1   | 8,091          | 3.074              | 661                                       | 485                        | 3,643                 |                                | 91.3         |                      | 87.3                                      |                            | 97.3                  | 95.7                           |  |  |
| Q2<br>Q3  | 8,310<br>8,415 | 3,154<br>3,229     | 689<br>690                                | 495<br>500                 | 3,737<br>3,758        | 228<br>234<br>236              | 91.2<br>91.2 | 85.5<br>85.0<br>84.8 | 88.2<br>89.1                              | 86.2<br>85.7<br>85.7       | 97.3<br>97.5          | 95.8<br>95.9                   |  |  |
| Q3<br>Q4  | 8,496          | 3,263              | 734                                       | 503                        | 3,751                 | 245                            | 91.4         | 84.9                 | 90.5                                      | 86.2                       | 97.5                  | 95.8                           |  |  |
| 2004 Dec.   | 8,496          | 3,263              | 734                                       | 503                        | 3,751                 | 245                            | 91.4         | 84.9                 | 90.5                                      | 86.2                       | 97.6                  | 95.8                           |  |  |
| 2005 Jan.<br>Feb.   | 8,586<br>8,688 | 3,290<br>3,344     | 738<br>741                                | 502<br>500                 | 3,805<br>3,851        | 250<br>252                     | 91.1<br>91.2 | 84.5<br>84.4         | 90.3<br>90.6                              | 85.9<br>85.8               | 97.4<br>97.5          | 95.8<br>95.9                   |  |  |
| Mar.  | 8,754          | 3,387              | 754                                       | 507                        | 3,853                 | 254                            | 91.1         | 84.2                 | 90.7                                      | 86.0                       | 97.5                  | 95.9                           |  |  |
|   |                |                    | ***                                       |                            |                       | ch long-term f                 |              |                      |   |                            |                       |                                |  |  |
| 2003<br>2004  | 6,115<br>6,377 | 1,885<br>1,928     | 406<br>422                                | 419<br>411                 | 3,240<br>3,430        | 165<br>185                     | 91.8<br>91.7 | 85.4<br>84.0         | 80.4<br>84.2                              | 86.7<br>85.5               | 97.4<br>97.5          | 95.4<br>95.5                   |  |  |
| 2004 Q1   | 6,246          | 1,926              | 412                                       | 411                        | 3,324                 | 173                            | 91.5         | 84.9                 | 80.4                                      | 85.6                       | 97.3                  | 95.5                           |  |  |
| Q2<br>Q3  | 6,363<br>6,389 | 1,943<br>1,951     | 418<br>413                                | 416<br>414                 | 3,409<br>3,431        | 177<br>180                     | 91.5<br>91.6 | 84.6<br>84.1         | 81.3<br>82.4                              | 84.9<br>85.2               | 97.3<br>97.4          | 95.6<br>95.8                   |  |  |
| Q4  | 6,377          | 1,928              | 422                                       | 411                        | 3,430                 | 185                            | 91.7         | 84.0                 | 84.2                                      | 85.5                       | 97.5                  | 95.5                           |  |  |
| 2004 Dec.   | 6,377          | 1,928              | 422                                       | 411                        | 3,430                 | 185                            | 91.7         | 84.0                 | 84.2                                      | 85.5                       | 97.5                  | 95.5                           |  |  |
| 2005 Jan.<br>Feb.   | 6,440<br>6,493 | 1,943<br>1,957     | 424<br>424                                | 410<br>407                 | 3,472<br>3,513        | 191<br>193                     | 91.5<br>91.6 | 83.6<br>83.6         | 83.9<br>84.3                              | 85.1<br>85.0               | 97.4<br>97.4          | 95.6<br>95.8                   |  |  |
| Mar.  | 6,521          | 1,972              | 432                                       | 413                        | 3,508                 | 196                            | 91.5         | 83.4                 | 84.6                                      | 85.2                       | 97.4                  | 95.8                           |  |  |
| Of which long-term variable rate           2003         1,580         959         249         59         262         51         91.3         87.5         98.7         89.5         97.5         95.8 |                |                    |   |                            |                       |                                |              |                      |   |                            |                       |                                |  |  |
| 2003<br>2004  | 1,580<br>1,867 | 1,146              | 309                                       | 59<br>78                   | 262<br>275            | 51<br>59                       | 91.3<br>90.9 | 87.5<br>86.9         | 98.7<br>99.0                              | 89.5<br>89.0               | 97.5<br>97.7          | 95.8<br>96.6                   |  |  |
| 2004 Q1   | 1,636          | 1,008<br>1,048     | 246                                       | 62                         | 265                   | 55                             | 91.1         | 87.5                 | 98.7                                      | 89.2                       | 97.5                  | 96.0                           |  |  |
| Q2<br>Q3  | 1,715<br>1,770 | 1,100              | 268<br>274                                | 65<br>73                   | 277<br>268            | 57<br>56                       | 90.8<br>90.6 | 86.7<br>86.7         | 98.8<br>98.9                              | 89.7<br>87.5               | 97.5<br>97.5          | 96.2<br>96.3                   |  |  |
| Q4  | 1,867          | 1,146              | 309                                       | 78                         | 275                   | 59                             | 90.9         | 86.9                 | 99.0                                      | 89.0                       | 97.7                  | 96.6                           |  |  |
| 2004 Dec.<br>2005 Jan.  | 1,867<br>1,878 | 1,146<br>1,148     | 309<br>311                                | 78<br>79                   | 275<br>282            | 59<br>59                       | 90.9         | 86.9<br>86.6         | 99.0<br>99.0                              | 89.0<br>89.1               | 97.7<br>97.7          | 96.6<br>96.5                   |  |  |
| Feb.  | 1,919          | 1,180              | 314                                       | 79                         | 286<br>290            | 59                             | 90.6         | 86.5                 | 99.0                                      | 89.1                       | 97.7                  | 96.5                           |  |  |
| Mar.  | 1,950          | 1,204              | 319                                       | 80                         | 290                   | 58                             | 90.5         | 86.3                 | 99.0                                      | 89.2                       | 97.9                  | 96.3                           |  |  |

Source: ECB.

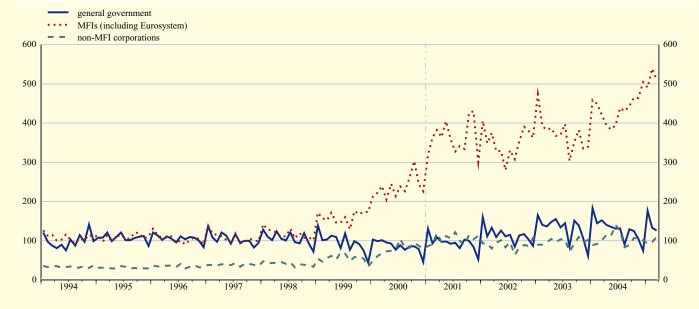
1) The residual difference between total long-term debt securities and fixed and variable rate long-term debt securities consists of zero coupon bonds and revaluation effects.

# 4.2 Securities, other than shares, issued by euro area residents, by sector of the issuer and instrument type

### 2. Gross issues

(transactions during the period)

|           |                                     |                    | T               | otal                       |                       |                                | Long-term 1) |                    |   |                 |                       |                                |
|-----------|-------------------------------------|--------------------|-----------------|----------------------------|-----------------------|--------------------------------|--------------|--------------------|---|-----------------|-----------------------|--------------------------------|
|           | Total                               | MFIs<br>(including |                 | orporations                | General ge            | overnment                      | Total        | MFIs<br>(including |   | orporations     | General go            | vernment                       |
|           |                                     |                    |                 | Non-financial corporations | Central<br>government | Other<br>general<br>government |              |                    | Non-monetary<br>financial<br>corporations |                 | Central<br>government | Other<br>general<br>government |
|           | 1                                   | 2                  | 3               | 4                          | 5                     | 6                              | 7            | 8                  | 9   | 10              | 11                    | 12                             |
|           |                                     |                    | Total           |                            |                       |                                |              |                    | Long-                                     | term fixed rate | ;                     |                                |
| 2003      | 7,206.3 4,485.6 244.7 909.7 1,478.8 |                    |                 |                            |                       |                                |              | 414.2              | 113.7                                     | 89.0            | 626.4                 | 41.4                           |
| 2004      | 8,044.9                             | 5,249.8            | 227.8           | 1,027.9                    | 1,457.1               | 82.4                           | 1,192.1      | 406.7              | 75.6                                      | 60.4            | 614.0                 | 35.5                           |
| 2004 Q1   | 2,090.1                             | 1,329.0            | 38.1            | 243.5                      | 453.0                 | 26.5                           | 377.4        | 136.1              | 16.8                                      | 11.7            | 199.7                 | 13.2                           |
| Q2        | 1,945.0                             | 1,173.3            | 64.0            | 300.5                      | 387.5                 | 19.6                           | 307.8        | 91.3               | 21.8                                      | 19.7            | 166.8                 | 8.1                            |
| Q3        | 1,960.1                             | 1,313.3            | 41.7            | 255.5                      | 333.2                 | 16.3                           | 248.1        | 86.6               | 10.3                                      | 14.3            | 130.9                 | 6.1                            |
| Q4        | 2,049.8                             | 1,434.1            | 83.9            | 228.4                      | 283.4                 | 20.0                           | 258.8        | 92.7               | 26.7                                      | 14.7            | 116.6                 | 8.1                            |
| 2004 Dec. | 679.5                               | 505.0              | 32.6            | 67.7                       | 68.9                  | 5.3                            | 70.7         | 31.4               | 6.8                                       | 3.3             | 27.3                  | 1.9                            |
| 2005 Jan. | 759.5                               | 490.8              | 9.8             | 82.3                       | 166.2                 | 10.4                           | 142.2        | 44.7               | 4.0                                       | 3.6             | 82.9                  | 6.9                            |
| Feb.      | 768.4                               | 539.0              | 15.0            | 81.1                       | 125.8                 | 7.6                            | 127.4        | 50.9               | 5.1                                       | 3.3             | 63.6                  | 4.6                            |
| Mar.      | 746.6                               | 511.1              | 24.9            | 84.6                       | 119.1                 | 7.0                            | 117.6        | 43.0               | 11.0                                      | 8.3             | 51.9                  | 3.4                            |
|           |                                     |                    | Of which short- | term                       |                       |                                |              |                    | Long-te                                   | erm variable ra | te                    |                                |
| 2003      | 5,332.7                             | 3,698.2            | 41.3            | 796.1                      | 767.6                 | 29.4                           | 507.8        | 336.8              | 89.5                                      | 11.7            | 53.3                  | 16.5                           |
| 2004      | 6,147.2                             | 4,383.4            | 43.9            | 930.9                      | 755.6                 | 33.4                           | 615.7        | 402.5              | 108.2                                     | 31.8            | 59.7                  | 13.5                           |
| 2004 Q1   | 1,539.0                             | 1,072.1            | 10.0            | 224.7                      | 223.7                 | 8.4                            | 146.4        | 105.3              | 11.3                                      | 6.6             | 18.4                  | 4.9                            |
| Q2        | 1,451.7                             | 969.5              | 11.1            | 271.1                      | 191.3                 | 8.8                            | 159.7        | 97.0               | 31.1                                      | 7.8             | 21.1                  | 2.7                            |
| Q3        | 1,554.7                             | 1,118.9            | 10.8            | 230.4                      | 185.9                 | 8.7                            | 136.0        | 95.2               | 20.6                                      | 10.0            | 8.6                   | 1.6                            |
| Q4        | 1,601.9                             | 1,222.9            | 12.0            | 204.7                      | 154.7                 | 7.5                            | 173.7        | 105.0              | 45.2                                      | 7.4             | 11.7                  | 4.4                            |
| 2004 Dec. | 544.4                               | 435.9              | 3.5             | 61.4                       | 41.2                  | 2.4                            | 58.1         | 31.9               | 22.3                                      | 2.9             | 0.0                   | 1.0                            |
| 2005 Jan. | 564.5                               | 408.3              | 4.2             | 77.3                       | 72.1                  | 2.5                            | 44.8         | 33.3               | 1.6                                       | 1.3             | 7.5                   | 1.0                            |
| Feb.      | 569.7                               | 429.4              | 4.6             | 76.7                       | 56.1                  | 2.9                            | 64.5         | 53.9               | 5.3                                       | 0.7             | 4.5                   | 0.1                            |
| Mar.      | 565.3                               | 423.7              | 3.5             | 74.7                       | 60.2                  | 3.2                            | 54.7         | 38.8               | 10.2                                      | 1.4             | 4.0                   | 0.3                            |

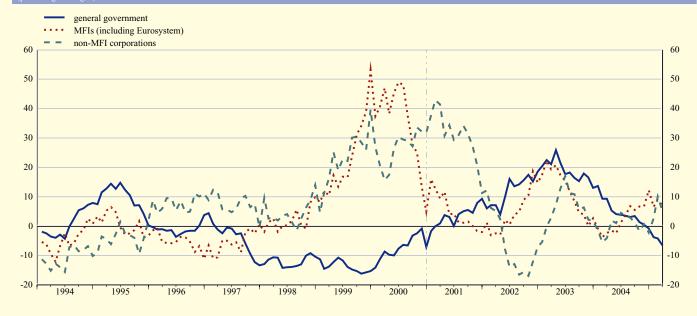


The residual difference between total long-term debt securities and fixed and variable rate long-term debt securities consists of zero coupon bonds and revaluation effects.

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

|                   |            |                    | To  | otal                       |                       |                                | Short-term  |                    |   |                            |                       |                                |
|-------------------|------------|--------------------|---|----------------------------|-----------------------|--------------------------------|-------------|--------------------|---|----------------------------|-----------------------|--------------------------------|
|                   | Total      | MFIs<br>(including | Non-MFI co                                | orporations                | General go            | overnment                      | Total       | MFIs<br>(including | Non-MFI co                                | orporations                | General go            | overnment                      |
|                   |            | Eurosystem)        | Non-monetary<br>financial<br>corporations | Non-financial corporations | Central<br>government | Other<br>general<br>government |             | Eurosystem)        | Non-monetary<br>financial<br>corporations | Non-financial corporations | Central<br>government | Other<br>general<br>government |
|                   | 1          | 2                  | 3   | 4                          | 5                     | 6                              | 7           | 8                  | 9   | 10                         | 11                    | 12                             |
|                   |            |                    |   |                            | In all                | currencies cor                 | nbined      |                    |   |                            |                       |                                |
| 2003<br>2004      | 6.7<br>6.9 | 5.1<br>7.8         | 25.1<br>14.3                              | 8.6<br>3.7                 | 4.5<br>4.9            | 26.0<br>17.6                   | 14.0<br>3.2 | 12.2<br>2.2        | 1.1<br>-9.6                               | 5.7<br>0.9                 | 19.2<br>4.9           | -2.2<br>29.9                   |
| 2004 Q1<br>Q2     | 6.8<br>6.9 | 6.2<br>7.9         | 19.8<br>14.6                              | 5.9<br>2.2                 | 4.8<br>5.0            | 21.4<br>18.5                   | 3.5<br>1.7  | -1.5<br>-1.5       | -17.9<br>-16.6                            | -1.8<br>2.1                | 11.4<br>5.2           | 7.7<br>16.9                    |
| Q3<br>Q4          | 7.1<br>6.8 | 8.5<br>8.8         | 12.4<br>10.9                              | 3.6<br>3.0                 | 5.2<br>4.6            | 16.4<br>14.5                   | 3.9<br>3.7  | 4.6<br>7.4         | -10.7<br>8.9                              | 4.0<br>-1.0                | 3.1<br>0.5            | 32.4<br>66.9                   |
| 2004 Oct.<br>Nov. | 6.6<br>6.7 | 8.7<br>8.5         | 10.2<br>11.4                              | 3.2<br>3.3                 | 4.4<br>4.5            | 14.3<br>14.3                   | 3.4<br>3.2  | 6.7<br>6.7         | 4.5<br>7.7                                | -2.0<br>0.3                | 0.9<br>-0.2           | 64.3<br>77.9                   |
| Dec.              | 7.1        | 9.3                | 12.1                                      | 1.6                        | 4.9                   | 14.2                           | 5.0         | 12.3               | 22.3                                      | -3.9                       | -1.3                  | 51.2                           |
| 2005 Jan.<br>Feb. | 7.0<br>7.3 | 8.7<br>9.3         | 11.9<br>11.2                              | 3.1<br>3.4                 | 5.0<br>5.3            | 14.9<br>12.8                   | 1.7<br>3.3  | 6.6<br>8.9         | 23.3<br>45.7                              | 1.4<br>8.2                 | -4.1<br>-4.6          | 32.7<br>31.5                   |
| Mar.              | 7.1        | 8.7                | 14.6                                      | 5.1                        | 4.5                   | 11.8                           | 0.8         | 7.0                | 47.6                                      | 2.8                        | -7.0                  | 36.2                           |
|                   |            |                    |   |                            |                       | In euro                        |             |                    |   |                            |                       |                                |
| 2003<br>2004      | 6.4<br>6.6 | 3.8<br>6.6         | 30.6<br>17.8                              | 9.4<br>2.8                 | 4.4<br>5.0            | 25.0<br>17.3                   | 15.6<br>3.1 | 15.8<br>1.7        | 0.9<br>-11.1                              | 4.8<br>0.9                 | 19.3<br>4.8           | -8.2<br>29.5                   |
| 2004 Q1           | 6.7        | 5.3                | 23.7                                      | 5.9                        | 4.9                   | 20.6                           | 4.3         | -0.9               | -17.9                                     | -2.5                       | 11.3                  | 8.4                            |
| Q2<br>Q3          | 6.5<br>6.7 | 6.6<br>7.0         | 18.1<br>16.2                              | 1.4<br>2.4                 | 5.0<br>5.3            | 18.1<br>16.3                   | 1.5<br>3.0  | -2.4<br>2.5        | -15.5<br>-13.3                            | 1.7<br>4.4                 | 5.0<br>3.0            | 14.6<br>28.8                   |
| Q4                | 6.4        | 7.6                | 14.3                                      | 1.9                        | 4.6                   | 14.5                           | 3.6         | 7.7                | 3.9                                       | 0.0                        | 0.6                   | 72.7                           |
| 2004 Oct.         | 6.2        | 7.5                | 13.3                                      | 2.1                        | 4.4                   | 14.4                           | 3.1         | 6.5                | 0.3                                       | -1.2                       | 1.1                   | 69.3                           |
| Nov.<br>Dec.      | 6.3<br>6.8 | 7.3<br>8.4         | 15.0<br>15.3                              | 2.1<br>0.4                 | 4.5<br>4.8            | 14.2<br>14.4                   | 3.3<br>5.1  | 7.3<br>14.5        | 2.6<br>15.1                               | 1.3<br>-2.5                | -0.1<br>-1.4          | 91.5<br>49.7                   |
| 2005 Jan.         | 6.6        | 7.3                | 15.3                                      | 2.4                        | 4.8                   | 15.0                           | 1.8         | 7.8                | 17.4                                      | 3.3                        | -4.0                  | 28.6                           |
| Feb.              | 6.8        | 7.8                | 14.4                                      | 2.8                        | 5.2                   | 12.9                           | 3.5         | 10.3               | 41.2                                      | 10.5                       | -4.5                  | 28.6                           |
| Mar.              | 6.7        | 7.3                | 18.2                                      | 4.8                        | 4.5                   | 12.0                           | 0.8         | 7.9                | 42.8                                      | 5.0                        | -6.8                  | 39.2                           |

C15 Annual growth rates of short-term debt securities, by sector of the issuer, in all currencies combined (percentage changes)



Source: ECB.

1) For the calculation of the growth rates, see the Technical notes.

# 4.3 Annual growth rates of securities, other than shares, issued by euro area residents 1) (cont'd) (percentage changes)

|                     |                   |                    | Long-tern                                 | n fixed rate               |                       |                                | Long-term variable rate |                      |   |                      |                       |                                |
|---------------------|-------------------|--------------------|---|----------------------------|-----------------------|--------------------------------|-------------------------|----------------------|---|----------------------|-----------------------|--------------------------------|
|                     | Total             | MFIs<br>(including | Non-MFI co                                | orporations                | General go            | overnment                      | Total                   | MFIs<br>(including   | Non-MFI co                                | orporations          | General go            | vernment                       |
|                     |                   | Eurosystem)        | Non-monetary<br>financial<br>corporations | Non-financial corporations | Central<br>government | Other<br>general<br>government |                         |                      | Non-monetary<br>financial<br>corporations |                      | Central<br>government | Other<br>general<br>government |
|                     | 13                | 14                 | 15  | 16                         | 17<br>In all          | 18<br>currencies cor           | nbined                  | 20                   | 21  | 22                   | 23                    | 24                             |
|                     |                   |                    |   |                            |                       |                                |                         |                      |   |                      |                       |                                |
| 2003<br>2004        | 5.2<br>5.0        | 2.1<br>3.1         | 15.3<br>7.6                               | 11.9<br>3.1                | 4.4<br>5.7            | 22.6<br>14.7                   | 8.5<br>16.2             | 8.3<br>18.3          | 51.4<br>27.7                              | -13.4<br>8.3         | -9.2<br>0.3           | 43.4<br>26.5                   |
| 2004 Q1<br>Q2<br>Q3 | 5.6<br>5.4<br>4.9 | 3.1<br>3.9<br>3.0  | 12.5<br>9.4<br>4.8                        | 8.5<br>2.5<br>1.1          | 5.3<br>5.8<br>6.1     | 18.4<br>15.2<br>13.5           | 13.5<br>15.8<br>17.5    | 15.3<br>18.8<br>19.0 | 35.9<br>25.7<br>27.6                      | -8.8<br>-2.3<br>18.4 | -4.4<br>0.8<br>3.0    | 33.6<br>30.2<br>25.2           |
| Õ4                  | 4.3               | 2.3                | 4.0                                       | 0.7                        | 5.6                   | 12.2                           | 17.7                    | 20.0                 | 22.9                                      | 29.5                 | 2.0                   | 18.8                           |
| 2004 Oct.<br>Nov.   | 4.2<br>4.1        | 2.3<br>1.8         | 3.3<br>4.8                                | 1.7<br>0.4                 | 5.4<br>5.5            | 12.0<br>11.7                   | 17.3<br>18.3            | 20.4<br>20.4         | 22.3<br>22.9                              | 26.9<br>32.6         | 0.1<br>3.5            | 18.6<br>19.1                   |
| Dec.                | 4.5               | 2.6                | 4.7                                       | -1.1                       | 5.9                   | 12.6                           | 17.9                    | 19.1                 | 23.9                                      | 33.1                 | 4.8                   | 17.2                           |
| 2005 Jan.<br>Feb.   | 4.8<br>4.9        | 3.0<br>2.8         | 5.2<br>4.1                                | -0.7<br>-1.8               | 6.0<br>6.7            | 14.7<br>12.7                   | 17.9<br>18.2            | 18.4<br>20.2         | 22.6<br>22.1                              | 30.2<br>28.1         | 9.1<br>6.5            | 14.4<br>11.9                   |
| Mar.                | 4.9               | 2.6                | 6.0                                       | 1.4                        | 5.6                   | 13.4                           | 18.6                    | 18.9                 | 28.2                                      | 29.6                 | 9.0                   | 5.1                            |
|                     |                   |                    |   |                            |                       | In euro                        |                         |                      |   |                      |                       |                                |
| 2003                | 4.6               | 0.1                | 20.5                                      | 12.2                       | 4.2                   | 21.3                           | 8.6                     | 7.7                  | 51.3                                      | -8.9                 | -9.3                  | 43.8                           |
| 2004                | 4.8               | 1.3                | 11.8                                      | 1.8                        | 5.8                   | 14.7                           | 15.6                    | 17.6                 | 27.8                                      | 8.6                  | 0.3                   | 25.4                           |
| 2004 Q1             | 5.4               | 1.6                | 17.1                                      | 8.1                        | 5.4                   | 17.7                           | 13.1                    | 14.4                 | 35.7                                      | -6.0                 | -4.6                  | 32.1                           |
| Q2                  | 5.1               | 2.0                | 13.8                                      | 1.0                        | 5.8                   | 15.0                           | 15.3                    | 18.1                 | 25.7                                      | -0.3                 | 0.8                   | 28.9                           |
| Q3                  | 4.7<br>4.0        | 1.2<br>0.4         | 9.1<br>8.1                                | -0.5<br>-0.9               | 6.2<br>5.6            | 13.8<br>12.4                   | 16.8<br>17.1            | 18.1<br>19.4         | 27.8<br>23.2                              | 15.9<br>27.0         | 3.0                   | 24.1                           |
| Q4                  |                   |                    |   |                            |                       |                                |                         |                      |   |                      | 2.0                   | 18.1                           |
| 2004 Oct.           | 3.9               | 0.3                | 7.1                                       | 0.3                        | 5.5                   | 12.4                           | 16.7                    | 19.9                 | 22.6                                      | 24.1                 | 0.1                   | 17.8                           |
| Nov.<br>Dec.        | 3.7<br>4.2        | -0.3<br>0.7        | 9.3<br>8.7                                | -1.2<br>-3.0               | 5.4<br>5.8            | 11.7<br>12.7                   | 17.7<br>17.4            | 19.7<br>18.2         | 23.3<br>24.2                              | 29.9<br>32.1         | 3.6<br>4.8            | 18.2<br>18.0                   |
| 2005 Jan.           | 4.4               | 0.7                | 9.5                                       | -2.3                       | 5.9                   | 14.7                           | 17.4                    | 17.4                 | 22.9                                      | 29.4                 | 9.2                   | 15.1                           |
| Feb.                | 4.4               | 0.8                | 9.5<br>8.0                                | -2.3<br>-3.5               | 6.6                   | 14.7                           | 17.3                    | 17.4                 | 22.4                                      | 29.4<br>27.4         | 6.6                   | 12.4                           |
| Mar.                | 4.3               | 0.6                | 10.4                                      | 0.3                        | 5.5                   | 13.6                           | 17.7                    | 17.2                 | 28.5                                      | 29.2                 | 9.4                   | 5.3                            |

C16 Annual growth rates of long-term debt securities, by sector of the issuer, in all currencies combined (percentage changes)



Source: ECB.

1) For the calculation of the growth rates, see the Technical notes.

## 1. Outstanding amounts and annual growth rates

(outstanding amounts as end-of-period)

|           |         | Total                         |                               | MF    | Is                            | Non-monetary finance | cial corporations             | Non-financial | corporations                  |
|-----------|---------|-------------------------------|-------------------------------|-------|-------------------------------|----------------------|-------------------------------|---------------|-------------------------------|
|           | Total   | Index<br>Dec. 01 =<br>100 (%) | Annual<br>growth<br>rates (%) | Total | Annual<br>growth<br>rates (%) | Total                | Annual<br>growth<br>rates (%) | Total         | Annual<br>growth<br>rates (%) |
|           | 1       | 2                             | 3                             | 4     | 5                             | 6                    | 7                             | 8             | 9                             |
| 2003 Mar. | 2,763.5 | 100.3                         | 0.5                           | 413.0 | 0.6                           | 236.2                | 0.2                           | 2,114.3       | 0.5                           |
| Apr.      | 3,113.0 | 100.9                         | 1.1                           | 471.4 | 1.1                           | 291.8                | 2.2                           | 2,349.8       | 1.0                           |
| May       | 3,145.7 | 100.9                         | 1.0                           | 476.7 | 0.8                           | 291.3                | 2.1                           | 2,377.7       | 0.9                           |
| June      | 3,256.2 | 100.9                         | 0.9                           | 504.2 | 0.2                           | 300.6                | 1.9                           | 2,451.4       | 1.0                           |
| July      | 3,366.5 | 101.1                         | 1.1                           | 528.0 | 0.9                           | 330.9                | 2.1                           | 2,507.6       | 1.0                           |
| Aug.      | 3,413.4 | 101.1                         | 1.1                           | 506.5 | 1.0                           | 325.5                | 2.4                           | 2,581.5       | 0.9                           |
| Sep.      | 3,276.7 | 101.1                         | 1.0                           | 494.8 | 1.0                           | 307.1                | 1.9                           | 2,474.7       | 0.9                           |
| Oct.      | 3,484.0 | 101.2                         | 1.0                           | 535.2 | 1.0                           | 333.2                | 2.0                           | 2,615.6       | 0.9                           |
| Nov.      | 3,546.9 | 101.3                         | 1.0                           | 549.5 | 1.6                           | 337.9                | 3.0                           | 2,659.6       | 0.6                           |
| Dec.      | 3,647.4 | 101.4                         | 1.1                           | 569.5 | 1.7                           | 348.6                | 2.8                           | 2,729.3       | 0.7                           |
| 2004 Jan. | 3,788.6 | 101.4                         | 1.1                           | 584.1 | 1.7                           | 372.3                | 3.0                           | 2,832.2       | 0.8                           |
| Feb.      | 3,852.1 | 101.5                         | 1.2                           | 587.9 | 2.0                           | 374.3                | 3.2                           | 2,889.9       | 0.8                           |
| Mar.      | 3,766.5 | 101.8                         | 1.5                           | 571.9 | 2.1                           | 355.0                | 3.1                           | 2,839.6       | 1.2                           |
| Apr.      | 3,748.5 | 101.9                         | 1.0                           | 579.4 | 2.3                           | 361.1                | 1.3                           | 2,808.0       | 0.7                           |
| May       | 3,687.9 | 101.9                         | 1.0                           | 568.1 | 2.4                           | 350.6                | 1.3                           | 2,769.2       | 0.7                           |
| June      | 3,790.1 | 102.0                         | 1.0                           | 582.5 | 2.7                           | 362.0                | 1.4                           | 2,845.7       | 0.7                           |
| July      | 3,679.8 | 102.0                         | 0.9                           | 562.3 | 1.8                           | 354.0                | 1.9                           | 2,763.5       | 0.6                           |
| Aug.      | 3,621.2 | 102.0                         | 0.9                           | 562.5 | 1.4                           | 353.1                | 1.6                           | 2,705.6       | 0.7                           |
| Sep.      | 3,707.9 | 102.1                         | 0.9                           | 579.6 | 1.3                           | 362.3                | 2.1                           | 2,766.1       | 0.7                           |
| Oct.      | 3,787.6 | 102.2                         | 1.0                           | 598.0 | 1.2                           | 372.6                | 2.0                           | 2,817.0       | 0.8                           |
| Nov.      | 3,906.5 | 102.5                         | 1.2                           | 623.9 | 2.8                           | 386.5                | 0.9                           | 2,896.2       | 0.9                           |
| Dec.      | 4,034.6 | 102.6                         | 1.2                           | 643.7 | 2.9                           | 405.6                | 1.1                           | 2,985.3       | 0.9                           |
| 2005 Jan. | 4,138.0 | 102.6                         | 1.1                           | 662.6 | 2.9                           | 412.2                | 0.9                           | 3,063.3       | 0.8                           |
| Feb.      | 4,254.5 | 102.6                         | 1.1                           | 681.1 | 2.5                           | 431.8                | 0.9                           | 3,141.5       | 0.8                           |
| Mar.      | 4,242.4 | 102.4                         | 0.6                           | 677.7 | 2.6                           | 421.8                | -2.9                          | 3,142.9       | 0.6                           |

# C17 Annual growth rates for quoted shares issued by euro area residents



MFIs



Source: ECB.

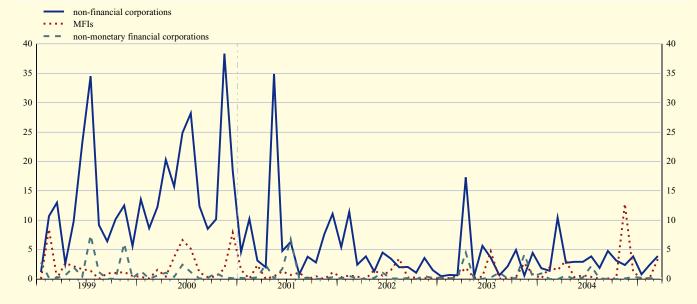
1) For the calculation of the index and the growth rates, see the Technical notes.

# 4.4 Quoted shares issued by euro area residents 1) (EUR billions; market values)

# 2. Transactions during the month

|           | Total        |             | MFIs       |              |             | Non-monetary financial corporations |              |             | <u> </u>   |              |             |            |
|-----------|--------------|-------------|------------|--------------|-------------|-------------------------------------|--------------|-------------|------------|--------------|-------------|------------|
|           | Gross issues | Redemptions | Net issues | Gross issues | Redemptions | Net issues                          | Gross issues | Redemptions | Net issues | Gross issues | Redemptions | Net issues |
|           | 1            | 2           | 3          | 4            | 5           | 6                                   | 7            | 8           | 9          | 10           | 11          | 12         |
| 2003 Mar. | 1.4          | 1.5         | -0.1       | 0.6          | 0.1         | 0.5                                 | 0.2          | 0.0         | 0.1        | 0.6          | 1.3         | -0.7       |
| Apr.      | 23.7         | 4.9         | 18.8       | 1.9          | 0.1         | 1.7                                 | 4.5          | 0.0         | 4.5        | 17.3         | 4.8         | 12.5       |
| May       | 0.7          | 2.2         | -1.6       | 0.2          | 0.4         | -0.2                                | 0.0          | 0.0         | 0.0        | 0.5          | 1.8         | -1.3       |
| June      | 6.1          | 5.2         | 0.9        | 0.4          | 2.8         | -2.3                                | 0.0          | 0.0         | 0.0        | 5.7          | 2.4         | 3.2        |
| July      | 8.6          | 2.0         | 6.6        | 4.7          | 0.2         | 4.5                                 | 0.2          | 0.0         | 0.2        | 3.6          | 1.8         | 1.8        |
| Aug.      | 1.8          | 1.4         | 0.4        | 0.1          | 0.0         | 0.1                                 | 1.1          | 0.1         | 1.0        | 0.6          | 1.3         | -0.7       |
| Sep.      | 2.3          | 2.1         | 0.3        | 0.1          | 0.1         | 0.0                                 | 0.1          | 1.6         | -1.5       | 2.2          | 0.4         | 1.8        |
| Oct.      | 5.4          | 3.9         | 1.6        | 0.4          | 0.0         | 0.4                                 | 0.2          | 0.0         | 0.1        | 4.9          | 3.8         | 1.1        |
| Nov.      | 7.5          | 5.5         | 2.1        | 2.7          | 0.0         | 2.7                                 | 4.2          | 0.3         | 3.9        | 0.6          | 5.1         | -4.5       |
| Dec.      | 5.7          | 1.6         | 4.0        | 0.8          | 0.1         | 0.8                                 | 0.4          | 0.9         | -0.5       | 4.4          | 0.6         | 3.8        |
| 2004 Jan. | 2.9          | 1.0         | 1.9        | 0.1          | 0.0         | 0.1                                 | 0.9          | 0.0         | 0.9        | 1.8          | 1.0         | 0.8        |
| Feb.      | 3.5          | 0.7         | 2.8        | 2.0          | 0.0         | 2.0                                 | 0.0          | 0.2         | -0.2       | 1.4          | 0.5         | 1.0        |
| Mar.      | 12.0         | 1.3         | 10.7       | 1.5          | 0.0         | 1.5                                 | 0.0          | 0.1         | -0.1       | 10.5         | 1.1         | 9.3        |
| Apr.      | 6.5          | 0.6         | 5.8        | 3.1          | 0.1         | 3.1                                 | 0.6          | 0.1         | 0.5        | 2.8          | 0.5         | 2.3        |
| May       | 3.3          | 3.6         | -0.4       | 0.3          | 0.0         | 0.3                                 | 0.0          | 0.0         | 0.0        | 2.9          | 3.6         | -0.6       |
| June      | 3.8          | 2.2         | 1.6        | 0.7          | 1.6         | -1.0                                | 0.3          | 0.0         | 0.2        | 2.9          | 0.5         | 2.4        |
| July      | 6.4          | 3.6         | 2.8        | 0.4          | 0.0         | 0.4                                 | 2.2          | 0.0         | 2.2        | 3.8          | 3.6         | 0.2        |
| Aug.      | 2.0          | 2.9         | -0.9       | 0.1          | 2.2         | -2.2                                | 0.0          | 0.0         | 0.0        | 1.9          | 0.7         | 1.2        |
| Sep.      | 4.9          | 2.2         | 2.7        | 0.1          | 0.9         | -0.8                                | 0.0          | 0.0         | 0.0        | 4.8          | 1.3         | 3.5        |
| Oct.      | 3.2          | 0.5         | 2.7        | 0.1          | 0.0         | 0.1                                 | 0.0          | 0.0         | 0.0        | 3.1          | 0.5         | 2.7        |
| Nov.      | 15.2         | 3.3         | 11.9       | 12.8         | 0.3         | 12.4                                | 0.1          | 0.0         | 0.1        | 2.4          | 3.0         | -0.6       |
| Dec.      | 5.5          | 1.6         | 3.9        | 1.2          | 0.0         | 1.2                                 | 0.4          | 0.1         | 0.3        | 3.9          | 1.4         | 2.4        |
| 2005 Jan. | 1.1          | 1.8         | -0.7       | 0.1          | 0.0         | 0.1                                 | 0.2          | 0.0         | 0.2        | 0.8          | 1.8         | -1.0       |
| Feb.      | 2.6          | 0.6         | 2.0        | 0.1          | 0.0         | 0.1                                 | 0.2          | 0.1         | 0.1        | 2.4          | 0.5         | 1.9        |
| Mar.      | 7.5          | 18.5        | -11.0      | 3.4          | 0.9         | 2.6                                 | 0.1          | 16.8        | -16.7      | 3.9          | 0.8         | 3.1        |

# C18 Gross issues of quoted shares by sector of the issuer (EUR billions; transactions during the month; market values)



<sup>1)</sup> For the calculation of the index and the growth rates, see the Technical notes.

# 1. Interest rates on deposits (new business)

|           |              |              | Deposits fr              | om household | s              |                 | Depos        | ations       | Repos                    |              |      |
|-----------|--------------|--------------|--------------------------|--------------|----------------|-----------------|--------------|--------------|--------------------------|--------------|------|
|           | Overnight 1) | Wit          | th agreed matur          | ity          | Redeemable a   | at notice 1),2) | Overnight 1) | Wit          | h agreed matur           | ity          |      |
|           |              | Up to 1 year | Over 1 and up to 2 years | Over 2 years | Up to 3 months | Over 3 months   |              | Up to 1 year | Over 1 and up to 2 years | Over 2 years |      |
|           | 1            | 2            | 3                        | 4            | 5              | 6               | 7            | 8            | 9                        | 10           | 11   |
| 2004 Apr. | 0.70         | 1.96         | 2.13                     | 2.41         | 1.96           | 2.57            | 0.87         | 1.97         | 2.04                     | 3.46         | 1.95 |
| May       | 0.71         | 1.86         | 2.15                     | 2.43         | 1.94           | 2.56            | 0.86         | 1.96         | 2.07                     | 3.74         | 1.95 |
| June      | 0.70         | 1.87         | 2.21                     | 2.42         | 1.96           | 2.55            | 0.87         | 1.99         | 2.32                     | 3.76         | 1.97 |
| July      | 0.70         | 1.90         | 2.21                     | 2.54         | 1.94           | 2.55            | 0.86         | 1.99         | 2.60                     | 4.00         | 1.98 |
| Aug.      | 0.72         | 1.91         | 2.18                     | 2.67         | 1.95           | 2.53            | 0.87         | 1.98         | 2.37                     | 3.99         | 1.98 |
| Sep.      | 0.72         | 1.90         | 2.20                     | 2.48         | 2.00           | 2.52            | 0.90         | 2.00         | 2.32                     | 3.68         | 1.99 |
| Oct.      | 0.72         | 1.92         | 2.29                     | 2.48         | 2.00           | 2.52            | 0.89         | 2.04         | 2.34                     | 3.56         | 2.00 |
| Nov.      | 0.73         | 1.94         | 2.20                     | 2.50         | 2.01           | 2.51            | 0.90         | 2.04         | 2.23                     | 3.39         | 2.02 |
| Dec.      | 0.73         | 1.95         | 2.19                     | 2.31         | 2.00           | 2.52            | 0.90         | 2.08         | 2.70                     | 3.51         | 2.02 |
| 2005 Jan. | 0.73         | 1.95         | 2.29                     | 2.54         | 1.98           | 2.49            | 0.92         | 2.04         | 2.25                     | 3.26         | 2.05 |
| Feb.      | 0.74         | 1.95         | 2.19                     | 2.32         | 1.97           | 2.49            | 0.92         | 2.03         | 2.25                     | 3.47         | 2.03 |
| Mar.      | 0.74         | 1.94         | 2.16                     | 2.40         | 1.97           | 2.47            | 0.93         | 2.00         | 2.35                     | 3.17         | 1.99 |

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

|           | Bank<br>overdraft 1) |                     |                      |         |                   | Lending for house purchase  al By initial rate fixation Ar |                      |                       |          |                      | Other lending by initial rate fixation |                      |         |
|-----------|----------------------|---------------------|----------------------|---------|-------------------|--|----------------------|-----------------------|----------|----------------------|--|----------------------|---------|
|           |                      | By initi            | al rate fixation     | on      | Annual percentage | I  | By initial rate      | efixation             |          | Annual<br>percentage |  |                      |         |
|           |                      | Floating rate       | Over 1               | Over    | rate of           | Floating rate  | Over 1               | Over 5                | Over     | rate of              | Floating rate                          | Over 1               | Over    |
|           |                      | and up to<br>1 year | and up to<br>5 years | 5 years | charge 3)         | and up to<br>1 year  | and up to<br>5 years | and up to<br>10 years | 10 years | charge 3)            | and up to<br>1 year                    | and up to<br>5 years | 5 years |
|           |                      | ,                   | ·                    |         | _                 | ·  | 7                    |                       |          |                      | - ,                                    | · 1                  |         |
|           | 1                    | 2                   | 3                    | 4       | 5                 | 6  | 7                    | 8                     | 9        | 10                   | 11                                     | 12                   | 13      |
| 2004 Apr. | 9.91                 | 6.84                | 6.61                 | 8.30    | 7.74              | 3.42   | 4.06                 | 4.77                  | 4.69     | 4.24                 | 3.89                                   | 4.97                 | 4.95    |
| May       | 9.81                 | 6.72                | 6.73                 | 8.28    | 7.83              | 3.40   | 4.05                 | 4.75                  | 4.61     | 4.17                 | 4.14                                   | 4.87                 | 4.94    |
| June      | 9.79                 | 6.59                | 6.74                 | 8.42    | 7.87              | 3.42   | 4.12                 | 4.82                  | 4.69     | 4.17                 | 3.93                                   | 4.97                 | 5.01    |
| July      | 9.79                 | 6.64                | 6.86                 | 8.52    | 7.97              | 3.47   | 4.16                 | 4.81                  | 4.69     | 4.20                 | 4.04                                   | 4.94                 | 5.01    |
| Aug.      | 9.86                 | 7.08                | 6.89                 | 8.58    | 8.15              | 3.50   | 4.19                 | 4.87                  | 4.65     | 4.29                 | 3.91                                   | 5.07                 | 5.02    |
| Sep.      | 9.60                 | 6.92                | 6.96                 | 8.45    | 8.07              | 3.49   | 4.14                 | 4.82                  | 4.66     | 4.24                 | 3.90                                   | 4.98                 | 5.00    |
| Oct.      | 9.53                 | 6.80                | 6.87                 | 8.34    | 7.87              | 3.50   | 4.12                 | 4.77                  | 4.64     | 4.18                 | 4.08                                   | 4.87                 | 4.92    |
| Nov.      | 9.48                 | 6.89                | 6.84                 | 8.23    | 7.85              | 3.45   | 4.07                 | 4.66                  | 4.58     | 4.09                 | 3.96                                   | 4.89                 | 4.82    |
| Dec.      | 9.53                 | 6.73                | 6.60                 | 7.67    | 7.59              | 3.43   | 3.95                 | 4.49                  | 4.41     | 4.07                 | 3.82                                   | 4.59                 | 4.65    |
| 2005 Jan. | 9.61                 | 6.97                | 6.81                 | 8.32    | 8.01              | 3.44   | 3.97                 | 4.43                  | 4.45     | 4.07                 | 3.96                                   | 4.64                 | 4.62    |
| Feb.      | 9.66                 | 6.20                | 6.83                 | 8.18    | 7.77              | 3.40   | 3.94                 | 4.39                  | 4.33     | 3.98                 | 3.99                                   | 4.73                 | 4.49    |
| Mar.      | 9.61                 | 6.62                | 6.72                 | 8.11    | 7.82              | 3.39   | 3.89                 | 4.34                  | 4.27     | 3.97                 | 3.83                                   | 4.58                 | 4.52    |

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

|           | Bank<br>overdraft 1) |                                | ns up to EUR 1 millio<br>itial rate fixation | n            | Other loans over EUR 1 million<br>by initial rate fixation |                          |              |  |  |
|-----------|----------------------|--------------------------------|--|--------------|--|--------------------------|--------------|--|--|
|           |                      | Floating rate and up to 1 year | Over 1 and up to 5 years                     | Over 5 years | Floating rate and up to 1 year                             | Over 1 and up to 5 years | Over 5 years |  |  |
|           | 1                    | 2                              | 3  | 4            | 5  | 6                        | 7            |  |  |
| 2004 Apr. | 5.44                 | 3.88                           | 4.75   | 4.70         | 2.99   | 3.29                     | 4.21         |  |  |
| May       | 5.41                 | 4.00                           | 4.62   | 4.59         | 3.00   | 3.31                     | 4.21         |  |  |
| June      | 5.40                 | 3.97                           | 4.81   | 4.71         | 2.99   | 3.29                     | 4.08         |  |  |
| July      | 5.42                 | 4.02                           | 4.85   | 4.65         | 3.02   | 3.29                     | 4.27         |  |  |
| Aug.      | 5.44                 | 4.06                           | 4.89   | 4.73         | 2.98   | 3.12                     | 4.30         |  |  |
| Sep.      | 5.37                 | 4.00                           | 4.85   | 4.68         | 2.99   | 3.41                     | 4.46         |  |  |
| Oct.      | 5.39                 | 4.02                           | 4.87   | 4.64         | 2.99   | 3.30                     | 4.27         |  |  |
| Nov.      | 5.37                 | 4.02                           | 4.79   | 4.55         | 2.95   | 3.41                     | 4.31         |  |  |
| Dec.      | 5.26                 | 3.97                           | 4.67   | 4.46         | 3.05   | 3.55                     | 4.10         |  |  |
| 2005 Jan. | 5.40                 | 3.97                           | 4.69   | 4.47         | 3.02   | 3.30                     | 4.08         |  |  |
| Feb.      | 5.32                 | 3.91                           | 4.76   | 4.36         | 3.02   | 3.34                     | 3.82         |  |  |
| Mar.      | 5.28                 | 3.88                           | 4.51   | 4.32         | 3.03   | 3.52                     | 4.07         |  |  |

- For this instrument category, new business and outstanding amounts coincide. End-of-period.
   For this instrument category, households and non-financial corporations are merged and allocated to the household sector, since the outstanding amounts of non-financial corporations are negligible compared with those of the household sector in all participating Member States combined.
   The annual percentage rate of charge covers the total cost of a loan. The total cost comprises an interest rate component and a component of other (related) charges, such as the
- cost of inquiries, administration, preparation of documents, guarantees, etc.

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

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

## 4. Interest rates on deposits (outstanding amounts)

|           |              | Depos         | its from househo | olds           |                 | Deposits from | porations     | Repos        |      |
|-----------|--------------|---------------|------------------|----------------|-----------------|---------------|---------------|--------------|------|
|           | Overnight 1) | With agreed   | maturity         | Redeemable a   | nt notice 1),2) | Overnight 1)  | With agreed   | maturity     |      |
|           |              | Up to 2 years | Over 2 years     | Up to 3 months | Over 3 months   |               | Up to 2 years | Over 2 years |      |
|           | 1            | 2             | 3                | 4              | 5               | 6             | 7             | 8            | 9    |
| 2004 Apr. | 0.70         | 1.90          | 3.31             | 1.96           | 2.57            | 0.87          | 2.07          | 4.03         | 1.94 |
| May       | 0.71         | 1.89          | 3.27             | 1.94           | 2.56            | 0.86          | 2.07          | 4.04         | 1.95 |
| June      | 0.70         | 1.88          | 3.28             | 1.96           | 2.55            | 0.87          | 2.09          | 4.03         | 1.96 |
| July      | 0.70         | 1.89          | 3.26             | 1.94           | 2.55            | 0.86          | 2.09          | 4.03         | 1.97 |
| Aug.      | 0.72         | 1.90          | 3.24             | 1.95           | 2.53            | 0.87          | 2.10          | 3.99         | 1.98 |
| Sep.      | 0.72         | 1.90          | 3.22             | 2.00           | 2.52            | 0.90          | 2.12          | 3.97         | 1.97 |
| Oct.      | 0.72         | 1.90          | 3.27             | 2.00           | 2.52            | 0.89          | 2.10          | 3.89         | 1.98 |
| Nov.      | 0.73         | 1.90          | 3.26             | 2.01           | 2.51            | 0.90          | 2.12          | 3.86         | 2.00 |
| Dec.      | 0.73         | 1.92          | 3.24             | 2.00           | 2.52            | 0.90          | 2.16          | 3.77         | 2.02 |
| 2005 Jan. | 0.73         | 1.90          | 3.23             | 1.98           | 2.49            | 0.92          | 2.13          | 3.68         | 2.01 |
| Feb.      | 0.74         | 1.91          | 3.25             | 1.97           | 2.49            | 0.92          | 2.13          | 3.65         | 2.00 |
| Mar.      | 0.74         | 1.90          | 3.22             | 1.97           | 2.47            | 0.93          | 2.09          | 3.69         | 1.99 |

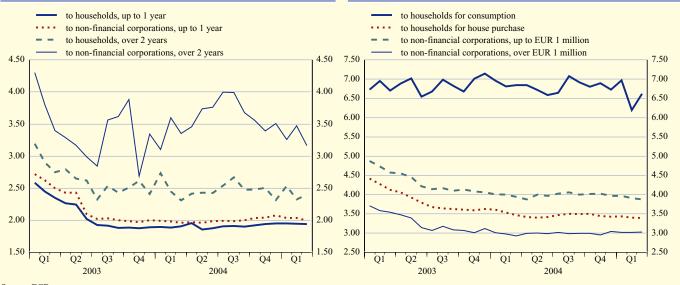
### 5. Interest rates on loans (outstanding amounts)

|           |  |                                      | Loans to h |              | Loans to non-financial corporations  |              |              |                          |              |
|-----------|--|--------------------------------------|------------|--------------|--------------------------------------|--------------|--------------|--------------------------|--------------|
|           | Lendi  | ng for house purcha<br>with maturity | ise,       | Consum       | er credit and other<br>with maturity | loans,       |              | With maturity            |              |
|           | Up to 1 year Over 1 and up to 5 years  1 2 3 |                                      |            | Up to 1 year | Over 1 and<br>up to 5 years          | Over 5 years | Up to 1 year | Over 1 and up to 5 years | Over 5 years |
|           | 1  | 2                                    | 3          | 4            | 5                                    | 6            | 7            | 8                        | 9            |
| 2004 Apr. | 4.86   | 4.75                                 | 5.02       | 8.27         | 7.20                                 | 5.87         | 4.43         | 4.01                     | 4.58         |
| May       | 4.87   | 4.73                                 | 4.99       | 8.22         | 7.14                                 | 5.83         | 4.41         | 3.99                     | 4.54         |
| June      | 4.83   | 4.72                                 | 4.97       | 8.14         | 7.15                                 | 5.90         | 4.43         | 4.00                     | 4.54         |
| July      | 4.84   | 4.64                                 | 4.94       | 8.16         | 7.10                                 | 5.85         | 4.43         | 4.00                     | 4.52         |
| Aug.      | 4.81   | 4.61                                 | 4.91       | 8.17         | 7.06                                 | 5.86         | 4.42         | 3.97                     | 4.51         |
| Sep.      | 4.82   | 4.58                                 | 4.90       | 8.06         | 7.13                                 | 5.85         | 4.45         | 3.99                     | 4.52         |
| Oct.      | 4.69   | 4.54                                 | 4.88       | 8.05         | 7.07                                 | 5.80         | 4.41         | 3.97                     | 4.48         |
| Nov.      | 4.67   | 4.52                                 | 4.86       | 7.94         | 6.98                                 | 5.82         | 4.40         | 3.96                     | 4.48         |
| Dec.      | 4.72   | 4.50                                 | 4.83       | 7.95         | 7.01                                 | 5.80         | 4.34         | 3.97                     | 4.44         |
| 2005 Jan. | 4.66   | 4.45                                 | 4.79       | 8.08         | 6.96                                 | 5.77         | 4.42         | 3.90                     | 4.41         |
| Feb.      | 4.62   | 4.45                                 | 4.76       | 8.07         | 7.02                                 | 5.76         | 4.40         | 3.92                     | 4.46         |
| Mar.      | 4.68   | 4.38                                 | 4.78       | 8.10         | 6.97                                 | 5.77         | 4.38         | 3.91                     | 4.40         |

#### C19 New deposits with agreed maturity

percentages per annum excluding charges; period averages

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

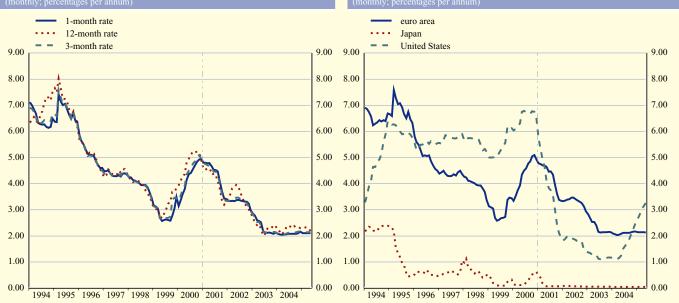


# 4.6 Money market interest rates

|  |  |  | Euro area 1)   |  |  | <b>United States</b>   | Japan  |
|--|--|--|--|--|--|--|--|
|  | Overnight<br>deposits<br>(EONIA)                             | 1-month<br>deposits<br>(EURIBOR)                             | 3-month<br>deposits<br>(EURIBOR)                     | 6-month<br>deposits<br>(EURIBOR)                             | 12-month<br>deposits<br>(EURIBOR)                            | 3-month<br>deposits<br>(LIBOR)                               | 3-month<br>deposits<br>(LIBOR)                               |
|  | 1  | 2  | 3  | 4  | 5  | 6  | 7  |
| 2002<br>2003<br>2004   | 3.29<br>2.32<br>2.05   | 3.30<br>2.35<br>2.08   | 3.32<br>2.33<br>2.11                                 | 3.35<br>2.31<br>2.15   | 3.49<br>2.34<br>2.27   | 1.80<br>1.22<br>1.62   | 0.08<br>0.06<br>0.05   |
| 2004 Q1<br>Q2<br>Q3<br>Q4<br>2005 Q1                             | 2.02<br>2.04<br>2.05<br>2.08<br>2.06                         | 2.06<br>2.06<br>2.08<br>2.12<br>2.11                         | 2.06<br>2.08<br>2.12<br>2.16<br>2.14                 | 2.07<br>2.13<br>2.19<br>2.20<br>2.19                         | 2.15<br>2.29<br>2.35<br>2.32<br>2.32                         | 1.12<br>1.30<br>1.75<br>2.30<br>2.84                         | 0.05<br>0.05<br>0.05<br>0.05<br>0.05                         |
| 2004 May<br>June<br>July<br>Aug.<br>Sep.<br>Oct.<br>Nov.<br>Dec. | 2.02<br>2.03<br>2.07<br>2.04<br>2.05<br>2.11<br>2.09<br>2.05 | 2.06<br>2.08<br>2.08<br>2.08<br>2.08<br>2.09<br>2.11<br>2.17 | 2.09<br>2.11<br>2.12<br>2.11<br>2.12<br>2.15<br>2.17 | 2.14<br>2.19<br>2.19<br>2.17<br>2.20<br>2.19<br>2.22<br>2.21 | 2.30<br>2.40<br>2.36<br>2.30<br>2.38<br>2.32<br>2.33<br>2.33 | 1.25<br>1.50<br>1.63<br>1.73<br>1.90<br>2.08<br>2.31<br>2.50 | 0.05<br>0.05<br>0.05<br>0.05<br>0.05<br>0.05<br>0.05<br>0.05 |
| 2005 Jan.<br>Feb.<br>Mar.<br>Apr.<br>May                         | 2.08<br>2.06<br>2.06<br>2.08<br>2.07                         | 2.11<br>2.10<br>2.10<br>2.10<br>2.10                         | 2.15<br>2.14<br>2.14<br>2.14<br>2.13                 | 2.19<br>2.18<br>2.19<br>2.17<br>2.14                         | 2.31<br>2.31<br>2.34<br>2.27<br>2.19                         | 2.66<br>2.82<br>3.03<br>3.15<br>3.27                         | 0.05<br>0.05<br>0.05<br>0.05<br>0.05<br>0.05                 |

# C21 Euro area money market rates

# C22 3-month money market rates



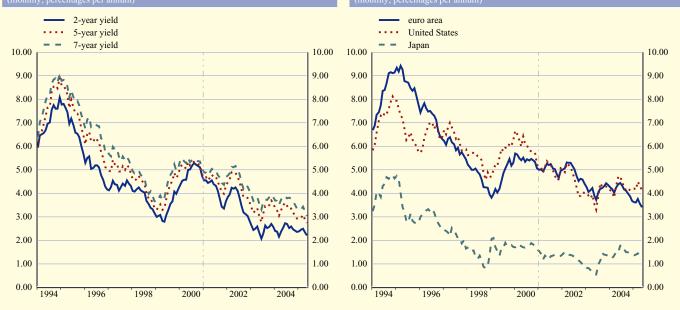
<sup>1)</sup> Before January 1999 synthetic euro area rates were calculated on the basis of national rates weighted by GDP. For further information, see the General notes.

# 4.7 Government bond yields

|                     |         | E       |         | United States | Japan    |          |          |
|---------------------|---------|---------|---------|---------------|----------|----------|----------|
|                     | 2 years | 3 years | 5 years | 7 years       | 10 years | 10 years | 10 years |
|                     | 1       | 2       | 3       | 4             | 5        | 6        | 7        |
| 2002                | 3.67    | 3.94    | 4.35    | 4.69          | 4.92     | 4.60     | 1.27     |
| 2003                | 2.49    | 2.74    | 3.32    | 3.74          | 4.16     | 4.00     | 0.99     |
| 2004                | 2.47    | 2.77    | 3.29    | 3.70          | 4.14     | 4.26     | 1.50     |
| 2004 Q1             | 2.31    | 2.63    | 3.23    | 3.63          | 4.15     | 4.00     | 1.31     |
| O2                  | 2.56    | 2.92    | 3.47    | 3.84          | 4.36     | 4.58     | 1.59     |
| Ò3                  | 2.61    | 2.89    | 3.39    | 3.80          | 4.21     | 4.29     | 1.64     |
| Ò4                  | 2.41    | 2.62    | 3.06    | 3.51          | 3.84     | 4.17     | 1.45     |
| Q3<br>Q4<br>2005 Q1 | 2.45    | 2.66    | 2.99    | 3.36          | 3.67     | 4.30     | 1.41     |
| 2004 May            | 2.55    | 2.94    | 3.50    | 3.87          | 4.39     | 4.70     | 1.49     |
| June                | 2.74    | 3.06    | 3.60    | 3.89          | 4.44     | 4.73     | 1.77     |
| July                | 2.70    | 2.97    | 3.49    | 3.80          | 4.34     | 4.48     | 1.79     |
| Aug.                | 2.53    | 2.83    | 3.33    | 3.82          | 4.17     | 4.27     | 1.63     |
| Sep.                | 2.60    | 2.87    | 3.35    | 3.79          | 4.11     | 4.13     | 1.50     |
| Oct.                | 2.47    | 2.71    | 3.18    | 3.66          | 3.98     | 4.08     | 1.49     |
| Nov.                | 2.41    | 2.62    | 3.08    | 3.53          | 3.87     | 4.19     | 1.46     |
| Dec.                | 2.36    | 2.53    | 2.93    | 3.35          | 3.69     | 4.23     | 1.40     |
| 2005 Jan.           | 2.39    | 2.57    | 2.92    | 3.31          | 3.63     | 4.21     | 1.37     |
| Feb.                | 2.45    | 2.67    | 2.97    | 3.32          | 3.62     | 4.16     | 1.40     |
| Mar.                | 2.49    | 2.74    | 3.08    | 3.44          | 3.76     | 4.49     | 1.45     |
| Apr.                | 2.34    | 2.55    | 2.89    | 3.25          | 3.57     | 4.34     | 1.32     |
| May                 | 2.22    | 2.41    | 2.74    | 3.05          | 3.41     | 4.14     | 1.27     |

# C23 Euro area government bond yields

# C24 10-year government bond yields



Source: ECE

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

# 4.8 Stock market indices (index levels in points; period averages)

|                          |                         |                               |                         | United<br>States        | Japan                   |                         |                         |                         |                         |                         |                         |                         |                               |                                  |
|--------------------------|-------------------------|-------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------------|----------------------------------|
|                          | Bench                   | ımark                         |                         |                         |                         |                         | Main indus              | stry indices            |                         |                         |                         |                         |                               |                                  |
|                          | Broad                   | 50                            | Basic<br>materials      | Consumer<br>services    | Consumer<br>goods       | Oil &<br>gas            | Financials              | Industrials             | Technology              | Utilities               | Telecom.                | Health care             | Standard<br>& Poor's<br>500   | Nikkei<br>225                    |
|                          | 1                       | 2                             | 3                       | 4                       | 5                       | 6                       | 7                       | 8                       | 9                       | 10                      | 11                      | 12                      | 13                            | 14                               |
| 2002<br>2003             | 260.0<br>213.3          | 3,052.5<br>2,422.7            | 267.5<br>212.5          | 194.8<br>144.9          | 239.0<br>193.8          | 309.0<br>259.5          | 243.4<br>199.3          | 252.4<br>213.5          | 345.2<br>275.2          | 255.5<br>210.7          | 349.2<br>337.5          | 411.9<br>304.5          | 995.3<br>964.9                | 10,119.3<br>9,312.9              |
| 2004                     | 251.1                   | 2,804.8                       | 251.4                   | 163.4                   | 219.9                   | 300.5                   | 238.2                   | 258.6                   | 298.3                   | 266.3                   | 399.2                   | 395.9                   | 1,131.1                       | 11,180.9                         |
| 2004 Q1<br>Q2            | 251.6<br>249.8          | 2,846.5<br>2,794.7            | 245.0<br>244.7          | 166.9<br>164.7          | 222.1<br>226.3          | 279.9<br>300.9          | 240.5<br>234.6          | 257.1<br>256.1          | 353.0<br>299.4          | 248.7<br>262.1          | 405.3<br>388.3          | 366.6<br>394.9          | 1,132.7<br>1,123.6            | 10,996.9<br>11,550.0             |
| Q3<br>Q4                 | 244.0<br>259.2          | 2,708.7<br>2,869.7            | 246.8<br>268.9          | 159.3<br>162.7          | 216.4<br>215.0          | 305.0<br>315.7          | 228.7<br>249.1          | 253.1<br>268.0          | 259.9<br>281.8          | 266.8<br>287.3          | 379.8<br>423.5          | 402.6<br>419.1          | 1,104.4<br>1,163.7            | 11,152.3<br>11,027.1             |
| 2005 Q1                  | 276.2                   | 3,025.3                       | 290.4                   | 177.0                   | 227.9                   | 335.8                   | 269.0                   | 290.9                   | 274.8                   | 309.6                   | 446.5                   | 427.0                   | 1,191.7                       | 11,594.1                         |
| 2004 May<br>June<br>July | 244.4<br>249.8<br>245.2 | 2,728.0<br>2,792.2<br>2,730.4 | 240.2<br>246.1<br>245.5 | 160.8<br>164.9<br>162.1 | 223.0<br>227.9<br>221.6 | 297.7<br>304.7<br>302.8 | 228.7<br>233.9<br>227.8 | 250.9<br>254.5<br>251.4 | 284.8<br>291.4<br>272.3 | 256.6<br>264.9<br>267.5 | 378.0<br>384.3<br>382.1 | 395.3<br>400.0<br>397.7 | 1,103.6<br>1,132.9<br>1,106.7 | 11,141.0<br>11,527.7<br>11,390.8 |
| Aug.                     | 238.9                   | 2,646.9                       | 243.7                   | 155.7                   | 212.5                   | 300.2                   | 223.9                   | 248.1                   | 245.3                   | 262.6                   | 372.8                   | 396.4                   | 1,088.9                       | 10,989.3                         |
| Sep.                     | 248.0                   | 2,748.6                       | 251.1                   | 160.0                   | 215.1                   | 311.8                   | 234.6                   | 259.9                   | 261.9                   | 270.1                   | 384.4                   | 413.7                   | 1,117.5                       | 11,076.8                         |
| Oct.                     | 252.1                   | 2,794.4                       | 259.1                   | 157.4                   | 211.5                   | 315.5                   | 240.4                   | 262.5                   | 273.3                   | 278.8                   | 401.2                   | 415.1                   | 1,118.1                       | 11,028.9                         |
| Nov.                     | 260.0                   | 2,882.7                       | 269.5                   | 163.8                   | 215.6                   | 317.3                   | 249.4                   | 267.7                   | 290.3                   | 287.4                   | 421.1                   | 422.3                   | 1,169.5                       | 10,963.5                         |
| Dec.                     | 264.8                   | 2,926.0                       | 277.2                   | 166.5                   | 217.7                   | 314.4                   | 256.8                   | 273.2                   | 281.3                   | 295.0                   | 446.2                   | 419.6                   | 1,199.7                       | 11,086.3                         |
| 2005 Jan.                | 269.4                   | 2,957.0                       | 277.0                   | 172.0                   | 221.6                   | 318.1                   | 262.8                   | 284.2                   | 270.4                   | 302.9                   | 450.6                   | 423.8                   | 1,181.6                       | 11,401.2                         |
| Feb.                     | 279.0                   | 3,050.4                       | 294.2                   | 179.5                   | 230.0                   | 338.5                   | 270.1                   | 295.1                   | 277.4                   | 317.5                   | 453.8                   | 428.7                   | 1,199.7                       | 11,545.7                         |
| Mar.                     | 279.8                   | 3,065.8                       | 299.4                   | 179.3                   | 232.0                   | 349.5                   | 273.7                   | 293.5                   | 276.5                   | 308.7                   | 436.3                   | 428.6                   | 1,193.9                       | 11,812.5                         |
| Apr.<br>May              | 275.9<br>276.1          | 3,013.7<br>3,023.5            | 290.0<br>285.7          | 176.7<br>175.4          | 227.9<br>228.7          | 345.5<br>344.1          | 269.0<br>267.1          | 287.6<br>285.2          | 268.5<br>283.8          | 314.2<br>319.4          | 426.1<br>421.3          | 443.1<br>460.5          | 1,164.4<br>1,179.2            | 11,377.2<br>11,071.4             |

# C25 Dow Jones EURO STOXX Broad, Standard & Poor's 500 and Nikkei 225







# PRICES, OUTPUT, DEMAND AND LABOUR MARKETS

# 5.1 HICP, other prices and costs (annual percentage changes, unless otherwise indicated)

# 1. Harmonised Index of Consumer Prices

|  |   |                                 | Total   |                                 |                                 |                                 | Total (s.a., p                  | ercentage chang                    | ge on previous p                  | eriod)                          |                                 |
|--|---|---------------------------------|---|---------------------------------|---------------------------------|---------------------------------|---------------------------------|------------------------------------|-----------------------------------|---------------------------------|---------------------------------|
|  | Index<br>1996 = 100                       |                                 | Total excl.<br>unprocessed<br>food and energy | Goods                           | Services                        | Total                           | Processed food                  | Unprocessed food                   | Non-energy<br>industrial<br>goods | Energy<br>(n.s.a.)              | Services                        |
| % of total 1)  | 100.0                                     | 100.0                           | 83.8  | 59.0                            | 41.0                            | 100.0                           | 12.0                            | 7.6                                | 30.8                              | 8.6                             | 41.0                            |
|  | 1   | 2                               | 3   | 4                               | 5                               | 6                               | 7                               | 8                                  | 9                                 | 10                              | 11                              |
| 2001<br>2002<br>2003<br>2004                           | 108.5<br>110.9<br>113.2<br>115.7          | 2.3<br>2.3<br>2.1<br>2.1        | 1.9<br>2.5<br>2.0<br>2.1                      | 2.3<br>1.7<br>1.8<br>1.8        | 2.5<br>3.1<br>2.5<br>2.6        | -<br>-<br>-                     | -<br>-<br>-                     | -<br>-<br>-                        | -<br>-<br>-                       |                                 | -                               |
| 2004 Q1<br>Q2<br>Q3<br>Q4<br>2005 Q1                   | 114.4<br>115.8<br>115.9<br>116.6<br>116.7 | 1.7<br>2.3<br>2.2<br>2.3<br>2.0 | 2.0<br>2.1<br>2.1<br>2.0<br>1.6               | 1.1<br>2.1<br>2.0<br>2.1<br>1.8 | 2.6<br>2.6<br>2.6<br>2.7<br>2.4 | 0.6<br>0.7<br>0.5<br>0.5<br>0.3 | 1.0<br>1.1<br>0.3<br>0.3<br>0.6 | -0.6<br>-0.1<br>-0.2<br>0.1<br>0.7 | 0.3<br>0.2<br>0.1<br>0.1<br>-0.1  | 1.2<br>3.3<br>1.9<br>1.8<br>0.3 | 0.7<br>0.6<br>0.7<br>0.6<br>0.5 |
| 2004 Dec.  | 116.9                                     | 2.4                             | 2.1   | 2.0                             | 2.7                             | 0.1                             | 1.1                             | 0.6                                | 0.0                               | -1.8                            | 0.2                             |
| 2005 Jan.<br>Feb.<br>Mar.<br>Apr.<br>May <sup>2)</sup> | 116.2<br>116.6<br>117.4<br>117.9          | 1.9<br>2.1<br>2.1<br>2.1<br>2.0 | 1.7<br>1.6<br>1.6<br>1.4                      | 1.6<br>1.8<br>1.9<br>2.0        | 2.4<br>2.4<br>2.5<br>2.2        | 0.0<br>0.2<br>0.4<br>0.2        | -0.1<br>-0.1<br>0.1<br>0.2      | -0.5<br>0.7<br>0.5<br>-0.4         | -0.1<br>-0.1<br>0.1<br>0.0        | 0.3<br>1.4<br>2.4<br>2.3        | 0.1<br>0.2<br>0.3<br>-0.1       |

|               |                 |                   | Goods            |       |                                   |        | Services |       |           |               |                   |               |
|---------------|-----------------|-------------------|------------------|-------|-----------------------------------|--------|----------|-------|-----------|---------------|-------------------|---------------|
|               | Food (incl. alc | oholic beverage   | es and tobacco)  |       | Industrial good                   | s      | Hous     | ing   | Transport | Communication | Recreation<br>and | Miscellaneous |
|               | Total           | Processed<br>food | Unprocessed food | Total | Non-energy<br>industrial<br>goods | Energy |          | Rents |           |               | personal          |               |
| % of total 1) | 19.6            | 12.0              | 7.6              | 39.4  | 30.8                              | 8.6    | 10.4     | 6.4   | 6.4       | 2.8           | 14.8              | 6.6           |
|               | 12              | 13                | 14               | 15    | 16                                | 17     | 18       | 19    | 20        | 21            | 22                | 23            |
| 2001          | 4.5             | 2.9               | 7.0              | 1.2   | 0.9                               | 2.2    | 1.8      | 1.4   | 3.6       | -4.1          | 3.6               | 2.7           |
| 2002          | 3.1             | 3.1               | 3.1              | 1.0   | 1.5                               | -0.6   | 2.4      | 2.0   | 3.2       | -0.3          | 4.2               | 3.4           |
| 2003          | 2.8             | 3.3               | 2.1              | 1.2   | 0.8                               | 3.0    | 2.3      | 2.0   | 2.9       | -0.6          | 2.7               | 3.4           |
| 2004          | 2.3             | 3.4               | 0.6              | 1.6   | 0.8                               | 4.5    | 2.4      | 1.9   | 2.8       | -2.0          | 2.4               | 5.1           |
| 2004 Q1       | 3.0             | 3.5               | 2.2              | 0.2   | 0.7                               | -1.5   | 2.3      | 1.9   | 2.5       | -1.0          | 2.4               | 4.9           |
| Q2            | 2.9             | 3.9               | 1.5              | 1.7   | 0.9                               | 4.8    | 2.3      | 1.8   | 3.0       | -1.9          | 2.4               | 4.9           |
| Q3            | 2.0             | 3.6               | -0.3             | 2.0   | 0.8                               | 6.3    | 2.5      | 2.0   | 2.8       | -2.6          | 2.5               | 5.3           |
| Q4            | 1.4             | 2.8               | -0.7             | 2.4   | 0.8                               | 8.5    | 2.6      | 2.1   | 3.0       | -2.6          | 2.4               | 5.3           |
| 2005 Q1       | 1.6             | 2.3               | 0.5              | 1.9   | 0.3                               | 7.6    | 2.6      | 2.1   | 3.1       | -1.9          | 2.4               | 3.4           |
| 2004 Dec.     | 2.0             | 3.2               | 0.0              | 2.0   | 0.8                               | 6.9    | 2.7      | 2.1   | 3.3       | -2.6          | 2.4               | 5.4           |
| 2005 Jan.     | 1.5             | 2.8               | -0.6             | 1.7   | 0.5                               | 6.2    | 2.6      | 2.1   | 3.2       | -2.4          | 2.3               | 3.5           |
| Feb.          | 1.9             | 2.6               | 0.7              | 1.8   | 0.2                               | 7.7    | 2.5      | 2.0   | 2.9       | -1.8          | 2.3               | 3.5           |
| Mar.          | 1.5             | 1.6               | 1.3              | 2.1   | 0.3                               | 8.8    | 2.6      | 2.1   | 3.1       | -1.5          | 2.5               | 3.4           |
| Apr.          | 1.3             | 1.6               | 0.8              | 2.4   | 0.3                               | 10.2   | 2.6      | 2.1   | 2.3       | -1.7          | 1.9               | 3.5           |
| May           |                 |                   |                  |       |                                   |        |          |       |           |               |                   |               |

Sources: Eurostat and ECB calculations.

1) Referring to the index period 2005.

2) Estimate based on first releases by Germany, Spain and Italy (and, when available, by other Member States), as well as on early information on energy prices.

Prices, output, demand and labour markets

### 2. Industry, construction, residential property and commodity prices

|               | ion 1) property prices of raw |       |                    |       |                                      |           |           |            |             |        |     | Oil prices 4)<br>(EUR per |       |                              |         |
|---------------|-------------------------------|-------|--------------------|-------|--------------------------------------|-----------|-----------|------------|-------------|--------|-----|---------------------------|-------|------------------------------|---------|
|               | Total<br>(index               | Т     | otal               |       | Industry exc                         | luding co | nstructio | on and ene | rgy         | Energy |     | prices 2)                 | mat   | erials 3)                    | barrel) |
|               | 2000 = 100)                   |       | Manu-<br>facturing | Total | Total Intermediate Gapita goods good |           |           | Consumer   | goods       |        |     |                           | 7     | Γotal                        |         |
|               |                               |       | J                  |       | J                                    |           | Total     | Durable    | Non-durable |        |     |                           |       | Total<br>excluding<br>energy |         |
| % of total 5) | 100.0                         | 100.0 | 89.5               | 82.5  | 31.6                                 | 21.3      | 29.5      | 4.0        | 25.5        | 17.5   |     |                           | 100.0 | 32.8                         |         |
|               | 1                             | 2     | 3                  | 4     | 5                                    | 6         | 7         | 8          | 9           | 10     | 11  | 12                        | 13    | 14                           | 15      |
| 2001          | 102.0                         | 2.0   | 1.2                | 1.7   | 1.2                                  | 0.9       | 3.0       | 1.9        | 3.1         | 2.6    | 2.4 | 6.0                       | -8.3  | -8.1                         | 27.8    |
| 2002          | 101.9                         | -0.1  | 0.3                | 0.5   | -0.3                                 | 0.9       | 1.0       | 1.3        | 1.0         | -2.3   | 2.8 | 6.8                       | -4.1  | -0.9                         | 26.5    |
| 2003          | 103.4                         | 1.4   | 0.9                | 0.8   | 0.8                                  | 0.3       | 1.1       | 0.6        | 1.2         | 3.8    | 2.2 | 7.0                       | -4.0  | -4.5                         | 25.1    |
| 2004          | 105.7                         | 2.3   | 2.5                | 2.0   | 3.5                                  | 0.7       | 1.3       | 0.7        | 1.4         | 3.9    | 2.7 | 7.2                       | 18.4  | 10.8                         | 30.5    |
| 2004 Q1       | 103.9                         | 0.2   | 0.2                | 0.9   | 1.0                                  | 0.3       | 1.2       | 0.4        | 1.3         | -2.6   | 1.8 | _                         | -2.5  | 9.8                          | 25.0    |
| Q2            | 105.3                         | 2.0   | 2.5                | 1.7   | 2.8                                  | 0.6       | 1.5       | 0.6        | 1.7         | 3.7    | 2.1 | 6.8 °                     | 28.8  | 20.9                         | 29.3    |
| Q3            | 106.4                         | 3.1   | 3.5                | 2.5   | 4.7                                  | 0.9       | 1.4       | 0.8        | 1.5         | 6.1    | 2.8 | - ,                       | 26.9  | 11.9                         | 33.3    |
| Q4            | 107.2                         | 3.8   | 4.0                | 2.8   | 5.5                                  | 1.2       | 1.2       | 1.1        | 1.2         | 8.5    | 3.7 | 7.3                       |       | 1.3                          | 34.5    |
| 2005 Q1       | 108.2                         | 4.1   | 3.8                | 2.8   | 5.0                                  | 1.6       | 1.2       | 1.4        | 1.1         | 10.1   |     | -                         | 22.9  | 1.9                          | 36.6    |
| 2004 Dec.     | 107.0                         | 3.5   | 3.8                | 2.9   | 5.4                                  | 1.3       | 1.5       | 1.1        | 1.5         | 7.0    | -   | -                         | 12.8  | -0.2                         | 30.0    |
| 2005 Jan.     | 107.7                         | 4.0   | 3.7                | 3.0   | 5.5                                  | 1.6       | 1.3       | 1.3        | 1.3         | 8.4    | -   | -                         | 20.7  | 3.1                          | 33.6    |
| Feb.          | 108.1                         | 4.2   | 3.9                | 2.9   | 5.2                                  | 1.7       | 1.3       | 1.5        | 1.3         | 10.0   | -   | -                         | 23.7  | 3.1                          | 35.2    |
| Mar.          | 108.9                         | 4.2   | 3.9                | 2.5   | 4.5                                  | 1.7       | 0.9       | 1.4        | 0.8         | 11.8   | -   | -                         | 24.1  | -0.4                         | 40.4    |
| Apr.          |                               |       |                    |       |                                      |           |           |            |             |        | -   | -                         | 22.2  | -1.9                         | 41.4    |
| May           |                               |       |                    |       |                                      |           |           |            |             |        | -   | -                         | 12.8  | 0.9                          | 39.4    |

## 3. Hourly labour costs 7)

|                                      | Total<br>(s.a. index             | Total                    | Ву                       | component                       | By sele                                | Memo item:<br>indicator  |                          |                                 |
|--------------------------------------|----------------------------------|--------------------------|--------------------------|---------------------------------|--|--------------------------|--------------------------|---------------------------------|
|                                      | 2000 = 100)                      |                          | Wages and salaries       | Employers' social contributions | Mining,<br>manufacturing<br>and energy |                          | Services                 | of<br>negotiated<br>wages       |
|                                      | 1                                | 2                        | 3                        | 4                               | 5                                      | 6                        | 7                        | 8                               |
| 2001<br>2002<br>2003<br>2004         | 103.6<br>107.1<br>110.2<br>112.7 | 3.7<br>3.4<br>2.7<br>2.3 | 3.9<br>3.4<br>2.6<br>2.4 | 3.0<br>3.4<br>3.2<br>2.2        | 3.5<br>3.4<br>2.6<br>2.6               | 4.0<br>3.7<br>3.4<br>2.4 | 3.3<br>3.2<br>2.9<br>2.2 | 2.6<br>2.7<br>2.4<br>2.2        |
| 2004 Q1<br>Q2<br>Q3<br>Q4<br>2005 Q1 | 111.8<br>112.4<br>113.0<br>113.6 | 3.0<br>2.2<br>1.9<br>2.4 | 3.1<br>2.3<br>1.9<br>2.3 | 2.6<br>1.9<br>1.7<br>2.5        | 3.5<br>2.4<br>1.9<br>2.7               | 2.8<br>2.0<br>2.3<br>2.5 | 2.6<br>2.2<br>1.9<br>2.1 | 2.3<br>2.2<br>2.0<br>2.1<br>2.2 |

Sources: Eurostat, HWWA (columns 13 and 14), Thomson Financial Datastream (column 15), ECB calculations based on Eurostat data (column 6 in Table 2 in Section 5.1 and column 7 in Table 3 in Section 5.1) and ECB calculations (column 12 in Table 2 in Section 5.1 and column 8 in Table 3 in Section 5.1).

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

2) Residential property price indicator for the euro area, based on non-harmonised sources.

3) Refers to the prices expressed in euro.

- Brent Blend (for one-month forward delivery).
- In 2000.
- The quarterly data for the second (fourth) quarter refer to semi-annual averages of the first (second) half of the year, respectively. Since some national data are only available at annual frequency, the semi-annual estimate is partially derived from annual results; therefore, the accuracy of semi-annual data is lower than the accuracy of annual data.
   Hourly labour costs for the whole economy, excluding agriculture, public administration, education, health and services not elsewhere classified. Owing to differences in
- coverage, the estimates for the components may not be consistent with the total.

# 5.1 HICP, other prices and costs

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

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

|          | Total<br>(index | Total By economic activity  Agriculture hunting Mining Construction Trade repairs hotels and Financial real actate Public admi |  |   |                   |   |   |   |  |  |
|----------|-----------------|--|--|---|-------------------|---|---|---|--|--|
|          | 2000 = 100)     | -  | Agriculture, hunting, forestry and fishing | Mining,<br>manufacturing,<br>and energy | Construction      | Trade, repairs, hotels and restaurants, transport and communication | Financial, real estate,<br>renting and business<br>services | Public administration,<br>education, health<br>and other services |  |  |
|          | 1               | 2  | 3  | 4                                       | 5                 | 6   | 7   | 8   |  |  |
|          |                 |  |  | Ţ                                       | Init labour costs | 1)  |   |   |  |  |
| 2001     | 102.3           | 2.3  | 2.3  | 1.3                                     | 2.8               | 1.6   | 3.2   | 2.6   |  |  |
| 2002     | 104.7           | 2.3  | 1.2  | 1.2                                     | 3.4               | 1.9   | 3.3   | 2.6   |  |  |
| 2003     | 106.6           | 1.8  | 4.6  | 1.3                                     | 3.3               | 2.1   | 1.3   | 2.1   |  |  |
| 2004     | 107.6           | 0.9  | -6.3                                       | -0.9                                    | 2.6               | 0.9   | 1.2   | 2.6   |  |  |
| 2003 Q4  | 106.8           | 1.4  | 1.1  | 0.6                                     | 2.9               | 2.8   | 1.2   | 1.1   |  |  |
| 2004 Q1  | 107.2           | 1.2  | -6.6                                       | 0.3                                     | 1.5               | 1.5   | 1.0   | 2.8   |  |  |
| Q2<br>Q3 | 107.6           | 0.8  | -9.1                                       | -2.2                                    | 1.0               | 0.2   | 0.7   | 3.6   |  |  |
| Q3       | 107.6           | 0.5  | -5.1                                       | -2.0                                    | 4.4               | 1.2   | 1.8   | 1.6   |  |  |
| Q4       | 108.0           | 1.2  | -4.4                                       | 0.2                                     | 3.4               | 0.6   | 1.2   | 2.6   |  |  |
|          |                 |  |  | -                                       | ensation per emp  |   |   |   |  |  |
| 2001     | 102.7           | 2.7  | 1.8  | 2.4                                     | 3.2               | 2.6   | 2.3   | 2.9   |  |  |
| 2002     | 105.3           | 2.6  | 2.7  | 2.7                                     | 3.2               | 2.5   | 2.1   | 2.9   |  |  |
| 2003     | 107.7           | 2.3  | 2.7  | 2.8                                     | 3.6               | 2.3   | 1.5   | 2.1   |  |  |
| 2004     | 109.9           | 2.1  | 0.0  | 2.3                                     | 2.6               | 1.8   | 1.2   | 2.9   |  |  |
| 2003 Q4  | 108.4           | 2.1  | 1.5  | 2.7                                     | 3.5               | 2.0   | 1.4   | 2.0   |  |  |
| 2004 Q1  | 109.3           | 2.4  | -2.4                                       | 3.3                                     | 3.1               | 1.9   | 0.9   | 3.1   |  |  |
| Q2       | 110.0           | 2.4  | -1.2                                       | 2.3                                     | 2.1               | 1.6   | 1.1   | 4.1   |  |  |
| Q3       | 110.1           | 1.7  | 2.6  | 1.7                                     | 2.9               | 1.9   | 1.6   | 1.8<br>2.5  |  |  |
| Q4       | 110.4           | 1.9  | 0.9  | 1.8                                     | 2.4               | 1.8   | 1.0   | 2.5   |  |  |
|          |                 |  |  | La                                      | bour productivity | y <sup>2)</sup>   |   |   |  |  |
| 2001     | 100.3           | 0.3  | -0.5                                       | 1.1                                     | 0.4               | 1.0   | -0.8  | 0.3   |  |  |
| 2002     | 100.6           | 0.2  | 1.5  | 1.5                                     | -0.3              | 0.6   | -1.2  | 0.3   |  |  |
| 2003     | 101.0           | 0.4  | -1.8                                       | 1.4                                     | 0.3               | 0.2   | 0.3   | 0.0   |  |  |
| 2004     | 102.2           | 1.2  | 6.7  | 3.2                                     | 0.1               | 0.9   | 0.0   | 0.2   |  |  |
| 2003 Q4  | 101.5           | 0.7  | 0.4  | 2.1                                     | 0.6               | -0.7  | 0.2   | 0.9   |  |  |
| 2004 Q1  | 102.0           | 1.2  | 4.5  | 2.9                                     | 1.6               | 0.4   | -0.1  | 0.3   |  |  |
| Q2       | 102.2           | 1.6  | 8.8  | 4.7                                     | 1.1               | 1.3   | 0.4   | 0.5   |  |  |
| Q3       | 102.3           | 1.2  | 8.2  | 3.7                                     | -1.5              | 0.8   | -0.2  | 0.1   |  |  |
| Q4       | 102.2           | 0.7  | 5.6  | 1.6                                     | -0.9              | 1.2   | -0.2  | -0.1  |  |  |

## 5. Gross Domestic Product deflators

|         | Total<br>(index | Total |       | Domest              | ic demand              |                               | Exports 3) | Imports 3) |
|---------|-----------------|-------|-------|---------------------|------------------------|-------------------------------|------------|------------|
|         | 2000 = 100)     |       | Total | Private consumption | Government consumption | Gross fixed capital formation |            |            |
|         | 1               | 2     | 3     | 4                   | 5                      | 6                             | 7          | 8          |
| 2001    | 102.4           | 2.4   | 2.3   | 2.4                 | 2.6                    | 1.8                           | 1.1        | 0.6        |
| 2002    | 105.0           | 2.5   | 2.2   | 2.1                 | 2.6                    | 1.8                           | -0.6       | -1.8       |
| 2003    | 107.1           | 2.0   | 1.7   | 1.8                 | 2.6                    | 1.3                           | -0.8       | -1.6       |
| 2004    | 109.1           | 1.8   | 2.0   | 2.1                 | 0.7                    | 2.7                           | 1.3        | 1.5        |
| 2004 Q1 | 108.3           | 1.9   | 1.4   | 1.7                 | 1.1                    | 1.9                           | -0.6       | -2.5       |
| Q2      | 109.0           | 2.1   | 2.1   | 2.3                 | 1.1                    | 2.6                           | 1.4        | 1.4        |
| Q3      | 109.3           | 1.6   | 2.0   | 2.2                 | -0.5                   | 3.1                           | 2.1        | 3.3        |
| Q4      | 109.7           | 1.8   | 2.3   | 2.2                 | 1.0                    | 3.2                           | 2.3        | 4.0        |
| 2005 Q1 | 110.4           | 1.9   | 2.4   | 1.9                 | 1.5                    | 3.2                           | 2.0        | 3.3        |

Sources: ECB calculations based on Eurostat data.

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

Prices, output, demand and labour markets

# 5.2 Output and demand

# 1. GDP and expenditure components

|                                      |   |   |   |   | GDP                                       |                                   |                                      |   |   |
|--------------------------------------|---|---|---|---|---|-----------------------------------|--------------------------------------|---|---|
|                                      | Total   |   | D   | omestic demand                            |   | Exter                             | rnal balance 1)                      |   |   |
|                                      |   | Total   | Private consumption                                 | Government consumption                    | Gross fixed capital formation             | Changes in inventories 2)         | Total                                | Exports 1)                                | Imports 1)                                |
|                                      | 1   | 2   | 3   | 4   | 5   | 6                                 | 7                                    | 8   | 9   |
|                                      |   |   | Curre   | nt prices (EUR billi                      | ions, seasonally adj                      | justed)                           |                                      |   |   |
| 2001<br>2002<br>2003<br>2004         | 6,898.4<br>7,139.2<br>7,334.0<br>7,598.1            | 6,795.9<br>6,965.6<br>7,187.9<br>7,450.5            | 3,970.4<br>4,088.3<br>4,207.5<br>4,347.8            | 1,373.8<br>1,445.8<br>1,501.8<br>1,551.2  | 1,450.3<br>1,442.3<br>1,466.6<br>1,527.8  | 1.5<br>-10.8<br>12.0<br>23.6      | 102.5<br>173.6<br>146.2<br>147.6     | 2,560.0<br>2,597.3<br>2,591.5<br>2,774.6  | 2,457.5<br>2,423.7<br>2,445.3<br>2,627.0  |
| 2004 Q1<br>Q2<br>Q3<br>Q4<br>2005 Q1 | 1,876.3<br>1,897.1<br>1,907.7<br>1,916.9<br>1,938.2 | 1,830.0<br>1,853.6<br>1,875.7<br>1,891.1<br>1,901.9 | 1,073.3<br>1,081.6<br>1,090.9<br>1,102.0<br>1,108.0 | 382.8<br>388.6<br>389.2<br>390.6<br>394.7 | 372.9<br>380.2<br>385.0<br>389.7<br>388.4 | 1.0<br>3.2<br>10.6<br>8.8<br>10.8 | 46.3<br>43.5<br>32.0<br>25.8<br>36.3 | 667.5<br>693.0<br>704.9<br>709.1<br>709.3 | 621.2<br>649.5<br>673.0<br>683.2<br>672.9 |
|                                      |   |   |   | percentag                                 | ge of GDP                                 |                                   |                                      |   |   |
| 2004                                 | 100.0   | 98.1  | 57.2  | 20.4                                      | 20.1                                      | 0.3                               | 1.9                                  | -   |   |
|                                      |   |   | Constant pric                                       | es (ECU billions at                       | 1995 prices, season                       | nally adjusted)                   |                                      |   |   |
|                                      |   |   |   | quarter-on-quarter                        | percentage change                         | es                                |                                      |   |   |
| 2004 Q1<br>Q2<br>Q3<br>Q4<br>2005 Q1 | 0.7<br>0.4<br>0.3<br>0.2<br>0.5                     | 0.2<br>0.3<br>0.8<br>0.4<br>0.0                     | 0.5<br>0.1<br>0.3<br>0.6<br>0.3                     | 0.3<br>0.7<br>0.9<br>0.2<br>-0.2          | -0.5<br>0.4<br>0.5<br>0.8<br>-0.7         | -<br>-<br>-<br>-                  | -<br>-<br>-<br>-                     | 1.5<br>2.7<br>1.0<br>0.3<br>0.2           | 0.3<br>2.7<br>2.4<br>0.9<br>-1.1          |
| 2003 Q1                              | 0.5   | 0.0   | 0.5   |   | ntage changes                             | <del>_</del>                      | <del>_</del>                         | 0.2                                       | -1.1                                      |
| 2001                                 | 1.7   | 1.0   | 1.9   | 2.2                                       | 0.1                                       |                                   |                                      | 3.6                                       | 1.9                                       |
| 2002<br>2003<br>2004                 | 0.9<br>0.7<br>2.0                                   | 0.3<br>1.4<br>2.0                                   | 0.9<br>1.1<br>1.3                                   | 2.6<br>1.3<br>1.4                         | -2.4<br>0.4<br>1.9                        | -<br>-<br>-                       | -<br>-<br>-                          | 2.1<br>0.6<br>6.1                         | 0.5<br>2.5<br>6.3                         |
| 2004 Q1<br>Q2<br>Q3<br>Q4<br>2005 Q1 | 1.5<br>2.1<br>1.8<br>1.5                            | 1.3<br>1.4<br>2.3<br>1.7<br>1.5                     | 1.2<br>1.1<br>1.0<br>1.6<br>1.3                     | 2.7<br>2.7<br>2.9<br>2.1<br>1.6           | 1.0<br>1.6<br>1.8<br>1.2                  | -<br>-<br>-<br>-                  | -<br>-<br>-<br>-                     | 3.3<br>7.8<br>6.2<br>5.5<br>4.2           | 2.7<br>6.3<br>7.8<br>6.4<br>4.8           |
| 2000 Q1                              | 1.5   | 1.0   |   | annual percentage                         |   | percentage points                 |                                      | 2   |   |
| 2001<br>2002<br>2003<br>2004         | 1.7<br>0.9<br>0.7<br>2.0                            | 1.0<br>0.3<br>1.3<br>1.9                            | 1.1<br>0.5<br>0.6<br>0.8                            | 0.4<br>0.5<br>0.3<br>0.3                  | 0.0<br>-0.5<br>0.1<br>0.4                 | -0.5<br>-0.2<br>0.4<br>0.5        | 0.7<br>0.6<br>-0.7<br>0.1            | -<br>-<br>-<br>-                          | -<br>-<br>-                               |
| 2004 Q1<br>Q2<br>Q3<br>Q4<br>2005 Q1 | 1.5<br>2.1<br>1.8<br>1.5<br>1.3                     | 1.2<br>1.4<br>2.2<br>1.7<br>1.5                     | 0.7<br>0.6<br>0.6<br>0.9<br>0.7                     | 0.5<br>0.5<br>0.6<br>0.4<br>0.3           | 0.2<br>0.3<br>0.4<br>0.3<br>0.2           | -0.2<br>-0.2<br>0.7<br>0.1<br>0.2 | 0.3<br>0.7<br>-0.4<br>-0.2<br>-0.1   | -<br>-<br>-<br>-                          | -<br>-<br>-<br>-                          |

Source: Eurostat.

1) Exports and imports cover goods and services and include cross-border intra-euro area trade. They are not fully consistent with Table 1 in Section 7.3.

2) Including acquisitions less disposals of valuables.

# 5.2 Output and demand

# 2. Value added by economic activity

|                                      |   |   |   | Intermediate consumption of               | Taxes less<br>subsidies on  |  |   |                                      |   |
|--------------------------------------|---|---|---|---|---|--|---|--------------------------------------|---|
|                                      | Total   | Agriculture,<br>hunting,<br>forestry<br>and fishing<br>activities | Mining,<br>manufacturing<br>and energy    | Construction                              | Trade, repairs,<br>hotels and<br>restaurants,<br>transport and<br>communication | Financial, real<br>estate, renting<br>and business<br>activities | Public<br>administration,<br>education,<br>health and<br>other services | FISIM <sup>1)</sup>                  | products                                  |
|                                      | 1   | 2   | 3   | 4   | 5   | 6  | 7   | 8                                    | 9   |
|                                      |   |   | Curren                                    | t prices (EUR billi                       | ions, seasonally adj  | usted)   |   |                                      |   |
| 2001<br>2002<br>2003<br>2004         | 6,366.1<br>6,595.5<br>6,776.8<br>7,009.7            | 159.7<br>155.0<br>155.1<br>157.1                                  | 1,383.4<br>1,398.5<br>1,411.0<br>1,453.0  | 360.5<br>373.9<br>389.2<br>411.6          | 1,341.7<br>1,392.3<br>1,423.8<br>1,465.2  | 1,718.9<br>1,803.4<br>1,867.9<br>1,951.4                         | 1,401.8<br>1,472.4<br>1,529.7<br>1,571.4                                | 184.8<br>197.0<br>208.6<br>213.4     | 717.1<br>740.8<br>765.8<br>801.8          |
| 2004 Q1<br>Q2<br>Q3<br>Q4<br>2005 Q1 | 1,731.1<br>1,754.1<br>1,758.3<br>1,766.2<br>1,783.8 | 39.2<br>39.5<br>38.8<br>39.5<br>39.6                              | 358.7<br>364.6<br>365.2<br>364.4<br>369.4 | 100.4<br>102.5<br>103.2<br>105.5<br>105.6 | 361.6<br>366.3<br>368.5<br>368.8<br>374.4                                       | 480.4<br>486.9<br>490.8<br>493.3<br>496.0                        | 390.7<br>394.3<br>391.7<br>394.7<br>398.9                               | 53.6<br>54.8<br>52.1<br>52.9<br>53.3 | 198.8<br>197.8<br>201.6<br>203.6<br>207.7 |
|                                      |   |   |   |   | f value added   |  |   |                                      |   |
| 2004                                 | 100.0   | 2.2   | 20.7                                      | 5.9                                       | 20.9  | 27.8   | 22.4  | -                                    |   |
|                                      |   |   |   |   | 1995 prices, season   |  |   |                                      |   |
| *****                                |   |   |   | •   | percentage change   |  |   |                                      |   |
| 2004 Q1<br>Q2<br>Q3<br>Q4<br>2005 Q1 | 0.7<br>0.8<br>-0.1<br>0.1<br>0.4                    | 2.9<br>2.4<br>-0.9<br>1.2<br>-1.9                                 | 0.5<br>1.0<br>-0.2<br>-0.5<br>0.7         | 0.5<br>0.6<br>-1.1<br>0.4<br>-2.2         | 1.0<br>0.9<br>0.1<br>0.0<br>1.4   | 1.0<br>0.9<br>0.1<br>0.2<br>0.5                                  | -0.2<br>0.3<br>0.1<br>0.6<br>-0.1                                       | 2.8<br>2.3<br>-6.2<br>2.2<br>0.2     | 1.4<br>-2.8<br>1.2<br>1.1                 |
| 2003 Q1                              | 0.4   | -1.9  | 0.7                                       |   | ntage changes   | 0.3  | -0.1  | 0.2                                  | 1.1                                       |
| 2001                                 | 2.0   | -1.3  | 1.3                                       | 0.9                                       | 2.5   | 2.8  | 1.8   | 5.5                                  | 0.9                                       |
| 2001<br>2002<br>2003<br>2004         | 1.0<br>0.7<br>2.1                                   | -0.2<br>-3.9<br>6.1   | -0.2<br>-0.1<br>2.4                       | -0.4<br>0.5<br>1.4                        | 1.2<br>0.5<br>2.0   | 1.4<br>1.7<br>2.1  | 2.2<br>1.3<br>1.6   | 2.6<br>3.3<br>2.9                    | 0.9<br>0.5<br>1.0<br>1.3                  |
| 2004 Q1<br>Q2<br>Q3<br>Q4<br>2005 Q1 | 1.4<br>2.5<br>1.8<br>1.6<br>1.3                     | 3.0<br>7.6<br>7.8<br>5.7<br>0.7                                   | 0.8<br>3.0<br>2.1<br>0.8<br>1.0           | 1.7<br>1.7<br>0.4<br>0.4<br>-2.3          | 1.2<br>2.2<br>1.6<br>2.1<br>2.5   | 2.1<br>2.9<br>2.2<br>2.2<br>1.7                                  | 1.2<br>1.2<br>0.9<br>0.8<br>0.9   | 4.6<br>7.4<br>-0.7<br>0.7<br>-1.8    | 3.7<br>0.1<br>1.2<br>0.8<br>0.5           |
|                                      |   | co  | ntributions to annu                       | al percentage cha                         | nges of value addea   | l in percentage poi  | ints  |                                      |   |
| 2001<br>2002<br>2003<br>2004         | 2.0<br>1.0<br>0.7<br>2.1                            | 0.0<br>0.0<br>-0.1<br>0.1   | 0.3<br>0.0<br>0.0<br>0.5                  | 0.1<br>0.0<br>0.0<br>0.0<br>0.1           | 0.5<br>0.3<br>0.1<br>0.4  | 0.7<br>0.4<br>0.4<br>0.6   | 0.4<br>0.5<br>0.3<br>0.3  | -<br>-<br>-<br>-                     | -<br>-<br>-                               |
| 2004 Q1<br>Q2<br>Q3<br>Q4<br>2005 Q1 | 1.4<br>2.5<br>1.8<br>1.6<br>1.3                     | 0.1<br>0.2<br>0.2<br>0.1<br>0.0                                   | 0.2<br>0.7<br>0.5<br>0.2<br>0.2           | 0.1<br>0.1<br>0.0<br>0.0<br>-0.1          | 0.3<br>0.5<br>0.3<br>0.4<br>0.5   | 0.6<br>0.8<br>0.6<br>0.6<br>0.5                                  | 0.3<br>0.3<br>0.2<br>0.2<br>0.2   | :<br>:<br>:                          | -<br>-<br>-<br>-                          |

Source: Eurostat.

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

Prices, output, demand and labour markets

### 3. Industrial production

|                                | Total               | Industry excluding construction   Continuation   Total   Industry excluding construction and energy   Energy |                          |                          |                          |                          |                          |                            |                             |                          |                          |                      |  |
|--------------------------------|---------------------|--|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|----------------------------|-----------------------------|--------------------------|--------------------------|----------------------|--|
|                                |                     | Total<br>(s.a. index   | Т                        | otal                     |                          | Industry e               | xcluding con             | struction a                | nd energy                   |                          | Energy                   |                      |  |
|                                |                     | 2000 = 100)  | 2000 = 100)              | Manu-<br>facturing       | Total                    | Intermediate<br>goods    | Capital<br>goods         | (                          | Consumer go                 | oods                     |                          |                      |  |
|                                |                     |  |                          | iuetuiing                |                          | goods                    | g00 <b>u</b> 5           | Total                      | Durable                     | Non-durable              |                          |                      |  |
| % of total 1)                  | 100.0               | 82.9   | 82.9                     | 75.0                     | 74.0                     | 30.0                     | 22.4                     | 21.5                       | 3.6                         | 17.9                     | 8.9                      | 17.1                 |  |
|                                | 1                   | 2  | 3                        | 4                        | 5                        | 6                        | 7                        | 8                          | 9                           | 10                       | 11                       | 12                   |  |
| 2002<br>2003<br>2004           | -0.3<br>0.2<br>2.1  | 99.9<br>100.2<br>102.2   | -0.5<br>0.3<br>1.9       | -0.8<br>0.0<br>2.0       | -0.7<br>0.0<br>1.9       | -0.1<br>0.4<br>1.8       | -1.7<br>-0.2<br>2.9      | -0.3<br>-0.5<br>0.5        | -5.5<br>-4.6<br>-0.1        | 0.7<br>0.3<br>0.7        | 1.1<br>3.0<br>2.5        | 0.8<br>0.0<br>0.2    |  |
| 2004 Q2<br>Q3<br>Q4<br>2005 Q1 | 3.2<br>2.9<br>1.2   | 102.4<br>102.6<br>102.3<br>102.2   | 3.0<br>2.8<br>1.1<br>0.8 | 3.2<br>3.0<br>0.8<br>0.5 | 3.1<br>2.8<br>0.5<br>0.4 | 2.6<br>2.8<br>1.1<br>0.9 | 4.7<br>5.0<br>1.7<br>1.8 | 1.5<br>0.4<br>-0.2<br>-0.3 | 2.9<br>-0.6<br>-3.5<br>-3.6 | 1.2<br>0.5<br>0.4<br>0.3 | 2.7<br>2.5<br>2.7<br>1.4 | -0.2<br>-0.2<br>-0.1 |  |
| 2004 Oct.<br>Nov.<br>Dec.      | 1.4<br>-0.4<br>2.8  | 102.4<br>102.1<br>102.4  | 1.3<br>0.8<br>1.2        | 1.3<br>0.2<br>0.8        | 1.1<br>0.0<br>0.5        | 1.4<br>0.8<br>1.1        | 4.8<br>0.7<br>-0.5       | -0.8<br>-0.6<br>1.0        | -2.5<br>-4.3<br>-3.9        | -0.5<br>0.0<br>1.9       | -0.7<br>3.9<br>4.7       | -1.1<br>0.0<br>1.0   |  |
| 2005 Jan.<br>Feb.<br>Mar.      |                     | 102.7<br>102.1<br>101.9  | 2.1<br>0.4<br>0.0        | 2.6<br>0.1<br>-0.9       | 2.5<br>-0.2<br>-1.0      | 3.3<br>0.1<br>-0.4       | 2.8<br>1.3<br>1.4        | 1.3<br>-0.6<br>-1.5        | -2.7<br>-4.0<br>-3.9        | 2.0<br>0.0<br>-1.1       | 0.1<br>2.1<br>2.0        |                      |  |
|                                |                     |  |                          | month-                   | on-month p               | ercentage chang          | es (s.a.)                |                            |                             |                          |                          |                      |  |
| 2004 Oct.<br>Nov.<br>Dec.      | -0.4<br>-0.8<br>1.5 | -  | -0.5<br>-0.3<br>0.3      | -0.6<br>-0.6<br>0.5      | -0.6<br>-0.6<br>0.4      | -0.4<br>-0.1<br>0.4      | 0.2<br>-1.8<br>-0.4      | -0.5<br>-0.3<br>1.0        | -0.4<br>-1.3<br>0.1         | -0.5<br>-0.1<br>1.2      | -1.0<br>0.6<br>1.4       | -0.6<br>0.7<br>1.9   |  |
| 2005 Jan.<br>Feb.<br>Mar.      |                     | -<br>-<br>-  | 0.3<br>-0.6<br>-0.1      | 0.6<br>-1.2<br>-0.5      | 0.8<br>-1.2<br>-0.5      | 0.8<br>-1.5<br>-0.8      | 1.2<br>-0.6<br>1.0       | 0.1<br>-1.0<br>-0.3        | 0.6<br>-0.4<br>-0.5         | 0.0<br>-1.1<br>-0.3      | -2.5<br>3.9<br>1.4       | :<br>:               |  |

# 4. Industrial new orders and turnover, retail sales and passenger car registrations

|                      | Industrial new orders   Industrial turnover   Retail sales |                    |                         |                     |                   |                         |                   | New passen<br>registrat |                     |                                    |                        |   |                     |
|----------------------|--|--------------------|-------------------------|---------------------|-------------------|-------------------------|-------------------|-------------------------|---------------------|------------------------------------|------------------------|---|---------------------|
|                      | Manufacti<br>(current p                                    |                    | Manufac<br>(current p   |                     | Current prices    |                         |                   | Constan                 | t prices            |                                    |                        |   |                     |
|                      | Total<br>(s.a. index                                       | Total              | Total<br>(s.a. index    | Total               | Total             | Total<br>(s.a. index    | Total             | Food,<br>beverages,     |                     | Non-food                           |                        | Total (s.a.)<br>thousands <sup>3)</sup> | Total               |
|                      | 2000 = 100)  |                    | 2000 = 100)             |                     |                   | 2000 = 100)             |                   | tobacco                 |                     | Textiles,<br>clothing,<br>footwear | Household<br>equipment |   |                     |
| % of total 1)        | 100.0  | 100.0              | 100.0                   | 100.0               | 100.0             | 100.0                   | 100.0             | 43.7                    | 56.3                | 10.6                               | 14.8                   |   |                     |
|                      | 1  | 2                  | 3                       | 4                   | 5                 | 6                       | 7                 | 8                       | 9                   | 10                                 | 11                     | 12                                      | 13                  |
| 2002<br>2003<br>2004 | 98.0<br>98.2<br>106.1                                      | -0.5<br>0.3<br>8.4 | 101.4<br>101.0<br>105.9 | -0.6<br>-0.3<br>4.9 | 1.9<br>1.8<br>1.0 | 101.7<br>102.1<br>102.2 | 0.1<br>0.3<br>0.1 | 0.9<br>1.1<br>-0.2      | -0.5<br>-0.3<br>0.2 | -1.7<br>-2.8<br>-0.3               | -1.9<br>0.2<br>1.7     | 925<br>911<br>922                       | -4.4<br>-1.5<br>1.1 |
|                      |  |                    |                         |                     |                   |                         |                   |                         |                     |                                    |                        |   |                     |
| 2004 Q2              | 107.5<br>105.4   | 12.0<br>7.5        | 106.0<br>106.5          | 6.3<br>5.7          | 1.1<br>0.9        | 102.2<br>102.1          | 0.0<br>0.0        | -0.4<br>-0.8            | 0.2<br>0.6          | -0.3<br>0.7                        | 2.3<br>1.8             | 928<br>904                              | 3.1<br>-3.4         |
| Q3<br>O4             | 110.1  | 10.0               | 100.3                   | 5.2                 | 0.9               | 102.1                   | 0.0               | 0.1                     | -0.1                | 0.7                                | 0.7                    | 942                                     | 3.6                 |
| 2005 Q1              | 106.3  | 2.8                | 106.7                   | 2.6                 | 1.4               | 102.8                   | 0.5               | 0.4                     | 0.8                 | 0.3                                | 0.2                    | 920                                     | 0.4                 |
| 2004 Nov.<br>Dec.    | 107.8<br>116.3   | 13.3<br>17.0       | 108.3<br>108.6          | 8.4<br>5.7          | 1.3<br>1.1        | 102.2<br>102.2          | 0.6<br>0.5        | 0.3<br>0.8              | 0.5<br>0.0          | 2.5<br>0.3                         | 0.9<br>1.1             | 953<br>926                              | 4.8<br>1.9          |
| 2005 Jan.            | 108.2  | 6.7                | 106.3                   | 5.5                 | 0.7               | 102.6                   | -0.6              | -1.0                    | 0.2                 | -1.8                               | -1.0                   | 921                                     | 1.5                 |
| Feb.                 | 105.7  | 3.2                | 107.0                   | 3.5                 | 2.0               | 102.8                   | 0.8               | 1.5                     | 0.6                 | -0.6                               | 0.6                    | 908                                     | -2.3                |
| Mar.                 | 105.1  | -0.8               | 106.9                   | -0.6                | 1.8               | 103.0                   | 1.3               | 0.4                     | 0.8                 | 3.4                                | 0.7                    | 930                                     | 1.7                 |
| Apr.                 | •  | •                  | •                       | •                   |                   | •                       |                   |                         | •                   | •                                  | •                      | 939                                     | 1.0                 |
|                      |  |                    |                         |                     |                   | onth percentag          | e changes (       |                         |                     |                                    |                        |   |                     |
| 2004 Nov.            | -  | 1.6                | -                       | 3.6                 | 0.5               | -                       | 0.0               | 0.5                     | -0.2                | -0.2                               | -0.6                   | -                                       | 0.5                 |
| Dec.                 | -  | 7.8                | -                       | 0.2                 | -0.2              | -                       | 0.0               | 0.0                     | 0.1                 | -0.4                               | 0.5                    | -                                       | -2.8                |
| 2005 Jan.            | -  | -6.9               | -                       | -2.1                | 0.5               | -                       | 0.4               | -0.1                    | 0.9                 | 1.0                                | 0.0                    | -                                       | -0.5                |
| Feb.<br>Mar.         | -  | -2.4<br>-0.6       | -                       | 0.6<br>0.0          | 0.2<br>0.0        | -                       | 0.2<br>0.2        | 0.5<br>-0.7             | -0.4<br>0.2         | -0.5<br>1.2                        | 0.5<br>0.2             | -                                       | -1.4<br>2.4         |
| Apr.                 | _  | -0.0               | -                       | 0.0                 | 0.0               | -                       | 0.2               | -0.7                    | 0.2                 | 1.2                                | 0.2                    |   | 0.9                 |

Sources: Eurostat, except columns 12 and 13 in Table 4 in Section 5.2 (ECB calculations based on data from the ACEA, European Automobile Manufacturers' Association).

1) In 2000.
2) Includes manufacturing industries working mainly on the basis of orders, representing 62.6% of total manufacturing in 2000.
3) Annual and quarterly figures are averages of monthly figures in the period concerned.

### 5. Business and Consumer Surveys

|              | Economic sentiment                    |           | Manu            | ifacturing ind                    | lustry                  |                            |           | Consumo                | er confidence i        | ndicator3)             |                      |
|--------------|---------------------------------------|-----------|-----------------|-----------------------------------|-------------------------|----------------------------|-----------|------------------------|------------------------|------------------------|----------------------|
|              | indicator <sup>2)</sup><br>(long-term | Ind       | lustrial confid | ence indicator                    |                         | Capacity<br>utilisation 4) | Total 5)  | Financial situation    | Economic situation     | Unemployment situation | Savings<br>over next |
|              | average<br>= 100)                     | Total 5)  | Order<br>books  | Stocks of<br>finished<br>products | Production expectations | (percentages)              |           | over next<br>12 months | over next<br>12 months | over next<br>12 months | 12 months            |
|              | 1                                     | 2         | 3               | 4                                 | 5                       | 6                          | 7         | 8                      | 9                      | 10                     | 11                   |
| 2001<br>2002 | 100.9<br>94.4                         | -9<br>-11 | -15<br>-25      | 13<br>11                          | 1 2                     | 82.8<br>81.3               | -5<br>-11 | 2                      | -9<br>-12              | 14<br>26               | 2<br>-3              |
| 2002         | 93.5                                  | -10       | -25<br>-25      | 10                                | 3                       | 81.1                       | -18       | -1<br>-5               | -21                    | 38                     | -9                   |
| 2004         | 100.0                                 | -5        | -15             | 8                                 | 10                      | 81.7                       | -14       | -4                     | -14                    | 30                     | -8                   |
| 2004 Q1      | 98.6                                  | -7        | -21             | 10                                | 10                      | 81.1                       | -14       | -4                     | -13                    | 30                     | -9                   |
| Q2           | 99.9                                  | -5        | -17             | 8                                 | 10                      | 81.6                       | -14       | -3                     | -15                    | 32                     | -8                   |
| Q3           | 100.6                                 | -4        | -12             | 7                                 | 9                       | 82.1                       | -14       | -4                     | -14                    | 29                     | -8                   |
| Q4           | 100.9                                 | -3        | -12             | 8                                 | 10                      | 82.0                       | -13       | -3                     | -13                    | 29                     | -6                   |
| 2005 Q1      | 99.0                                  | -6        | -15             | 11                                | 6                       | 81.4                       | -13       | -3                     | -13                    | 29                     | -8                   |
| 2004 Dec.    | 100.2                                 | -4        | -12             | 9                                 | 9                       | -                          | -13       | -3                     | -13                    | 29                     | -6                   |
| 2005 Jan.    | 100.8                                 | -5        | -11             | 9                                 | 7                       | 81.9                       | -13       | -3                     | -13                    | 28                     | -7                   |
| Feb.         | 98.8                                  | -6        | -15             | 10                                | 6                       | -                          | -13       | -2                     | -13                    | 30                     | -8                   |
| Mar.         | 97.5                                  | -8        | -17             | 12                                | 6                       | -                          | -14       | -3                     | -13                    | 31                     | -9                   |
| Apr.         | 96.5                                  | -9        | -19             | 13                                | 4                       | 80.9                       | -13       | -3                     | -14                    | 29                     | -8                   |
| May          | 96.1                                  | -11       | -21             | 14                                | 2                       | -                          | -15       | -4                     | -17                    | 31                     | -7                   |

|           | Constructi          | on confidenc   | e indicator             | Ret      | ail trade confid                 | lence indicator  |                             | Ser      | vices confide       | nce indicator           |                                  |
|-----------|---------------------|----------------|-------------------------|----------|----------------------------------|------------------|-----------------------------|----------|---------------------|-------------------------|----------------------------------|
|           | Total <sup>5)</sup> | Order<br>books | Employment expectations | Total 5) | Present<br>business<br>situation | Volume of stocks | Expected business situation | Total 5) | Business<br>climate | Demand in recent months | Demand in<br>the months<br>ahead |
|           | 12                  | 13             | 14                      | 15       | 16                               | 17               | 18                          | 19       | 20                  | 21                      | 22                               |
| 2001      | -10                 | -16            | -4                      | -8       | -5                               | 17               | -1                          | 15       | 16                  | 8                       | 20                               |
| 2002      | -19                 | -26            | -11                     | -16      | -20                              | 18               | -12                         | 1        | -4                  | -6                      | 13                               |
| 2003      | -20                 | -27            | -13                     | -11      | -15                              | 17               | -2                          | 2        | -6                  | 1                       | 12                               |
| 2004      | -16                 | -24            | -8                      | -8       | -12                              | 14               | 2                           | 12       | 7                   | 10                      | 18                               |
| 2004 Q1   | -19                 | -28            | -9                      | -8       | -12                              | 15               | 1                           | 11       | 8                   | 6                       | 20                               |
| Q2        | -16                 | -23            | -9                      | -8       | -10                              | 15               | 2                           | 11       | 6                   | 12                      | 17                               |
| Q3        | -15                 | -24            | -7                      | -8       | -10                              | 14               | 0                           | 12       | 8                   | 11                      | 17                               |
| Q4        | -14                 | -21            | -6                      | -8       | -14                              | 13               | 3                           | 11       | 8                   | 9                       | 16                               |
| 2005 Q1   | -13                 | -18            | -9                      | -8       | -12                              | 12               | 1                           | 11       | 6                   | 7                       | 18                               |
| 2004 Dec. | -13                 | -21            | -6                      | -7       | -12                              | 12               | 2                           | 10       | 8                   | 8                       | 14                               |
| 2005 Jan. | -13                 | -19            | -7                      | -6       | -8                               | 11               | 1                           | 13       | 12                  | 9                       | 18                               |
| Feb.      | -14                 | -18            | -10                     | -8       | -14                              | 13               | 2                           | 10       | 6                   | 5                       | 18                               |
| Mar.      | -13                 | -17            | -9                      | -10      | -15                              | 13               | -1                          | 9        | 1                   | 7                       | 19                               |
| Apr.      | -14                 | -21            | -7                      | -8       | -12                              | 14               | 1                           | 8        | 1                   | 6                       | 18                               |
| May       | -13                 | -19            | -8                      | -8       | -13                              | 11               | 1                           | 10       | 1                   | 11                      | 16                               |

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

- Difference between the percentages of respondents giving positive and negative replies.

  The economic sentiment indicator is composed of the industrial, services, consumer, construction and retail trade confidence indicators; the industrial confidence indicator has a weight of 40%, the services confidence indicator a weight of 30%, the consumer confidence indicator a weight of 20% and the two other indicators a weight of 5% each.
- Values of the economic sentiment indicator above (below) 100 indicate above-average (below-average) economic sentiment, calculated for the period from January 1985. Owing to changes in the questionnaire used for the French survey, euro area results from January 2004 onwards are not fully comparable with previous results. Data are collected in January, April, July and October each year. The quarterly figures shown are averages of two successive surveys. Annual data are derived from quarterly averages
- The confidence indicators are calculated as simple averages of the components shown; the assessment of stocks (columns 4 and 17) and unemployment (column 10) are used with inverted signs for the calculation of confidence indicators.

Prices, output, demand and labour markets

## 1. Employment

|                                      | Whole eco   | onomy                           | By employ                       | ment status                      |   |   | By ec                            | onomic activity   |  |  |
|--------------------------------------|---|---------------------------------|---------------------------------|----------------------------------|---|---|----------------------------------|---|--|--|
|                                      | Millions (s.a.)                                     |                                 | Employees                       | Self-<br>employed                | Agriculture,<br>hunting,<br>forestry<br>and fishing | Mining,<br>manufacturing,<br>and energy | Construction                     | Trade, repairs,<br>hotels and<br>restaurants,<br>transport and<br>communication | Financial, real<br>estate, renting<br>and business<br>services | Public<br>administration,<br>education, health<br>and other services |
| % of total 2)                        | 100.0   | 100.0                           | 84.4                            | 15.6                             | 4.5   | 18.2                                    | 7.3                              | 24.9  | 15.1   | 29.9   |
|                                      | 1   | 2                               | 3                               | 4                                | 5   | 6                                       | 7                                | 8   | 9  | 10   |
| 2001<br>2002<br>2003<br>2004         | 134.506<br>135.460<br>135.832<br>136.654            | 1.5<br>0.7<br>0.3<br>0.6        | 1.7<br>0.8<br>0.3<br>0.5        | 0.4<br>0.1<br>0.3<br>1.4         | -0.7<br>-1.5<br>-1.9<br>-0.4                        | 0.3<br>-1.5<br>-1.5<br>-1.6             | 0.9<br>0.1<br>0.2<br>1.7         | 1.6<br>0.5<br>0.3<br>0.7  | 3.8<br>2.7<br>1.3<br>2.5                                       | 1.5<br>1.9<br>1.2<br>0.8   |
| 2003 Q4<br>2004 Q1<br>Q2<br>Q3<br>Q4 | 135.827<br>136.010<br>136.346<br>136.640<br>136.916 | 0.2<br>0.3<br>0.5<br>0.6<br>0.9 | 0.2<br>0.2<br>0.4<br>0.4<br>0.8 | 0.5<br>0.7<br>1.3<br>1.8<br>1.6  | -1.4<br>-1.4<br>-0.9<br>0.1<br>0.7                  | -1.6<br>-2.2<br>-1.6<br>-1.7<br>-0.8    | 0.0<br>0.0<br>0.7<br>2.8<br>3.2  | 0.7<br>0.7<br>0.9<br>0.6<br>0.8   | 1.1<br>2.4<br>2.6<br>2.4<br>2.4                                | 0.9<br>0.8<br>0.7<br>0.8<br>0.9                                      |
|                                      |   |                                 |                                 | q                                | uarter-on-quar                                      | ter changes (s.a.)                      |                                  |   |  |  |
| 2003 Q4<br>2004 Q1<br>Q2<br>Q3<br>Q4 | 0.031<br>0.183<br>0.336<br>0.294<br>0.276           | 0.0<br>0.1<br>0.2<br>0.2<br>0.2 | 0.0<br>0.3<br>0.2<br>0.0<br>0.2 | 0.1<br>-0.5<br>0.8<br>1.4<br>0.2 | -0.3<br>-0.4<br>0.0<br>0.5<br>0.1                   | -0.6<br>-0.7<br>0.1<br>-0.5<br>0.2      | 0.1<br>0.0<br>0.7<br>1.0<br>-0.5 | 0.1<br>0.1<br>0.3<br>0.3<br>0.1   | 0.4<br>1.0<br>0.3<br>0.6<br>0.5                                | 0.2<br>0.3<br>0.2<br>0.1<br>0.3                                      |

# 2. Unemployment (seasonally adjusted)

|                          | Tot      | al                |          | В                 | y age <sup>3)</sup> |                   |          | By                | gender 4) |                   |
|--------------------------|----------|-------------------|----------|-------------------|---------------------|-------------------|----------|-------------------|-----------|-------------------|
|                          | Millions | % of labour force | Ad       | dult              | Y                   | outh              | ]        | Male              | F         | emale             |
|                          |          |                   | Millions | % of labour force | Millions            | % of labour force | Millions | % of labour force | Millions  | % of labour force |
| % of total <sup>2)</sup> | 100.0    |                   | 75.6     |                   | 24.4                |                   | 47.9     |                   | 52.1      |                   |
|                          | 1        | 2                 | 3        | 4                 | 5                   | 6                 | 7        | 8                 | 9         | 10                |
| 2001                     | 11.011   | 7.8               | 8.087    | 6.6               | 2.924               | 16.1              | 5.034    | 6.3               | 5.977     | 9.9               |
| 2002                     | 11.737   | 8.3               | 8.720    | 7.0               | 3.017               | 16.8              | 5.509    | 6.9               | 6.228     | 10.1              |
| 2003                     | 12.515   | 8.7               | 9.397    | 7.5               | 3.117               | 17.6              | 5.963    | 7.4               | 6.552     | 10.5              |
| 2004                     | 12.849   | 8.9               | 9.714    | 7.6               | 3.135               | 18.0              | 6.153    | 7.6               | 6.696     | 10.5              |
| 2004 Q1                  | 12.821   | 8.9               | 9.638    | 7.6               | 3.182               | 18.1              | 6.125    | 7.5               | 6.696     | 10.6              |
| Q2<br>Q3<br>Q4           | 12.865   | 8.9               | 9.682    | 7.6               | 3.183               | 18.2              | 6.134    | 7.5               | 6.730     | 10.6              |
| Q3                       | 12.862   | 8.9               | 9.752    | 7.6               | 3.110               | 17.9              | 6.124    | 7.5               | 6.737     | 10.6              |
| Q4                       | 12.841   | 8.8               | 9.758    | 7.6               | 3.082               | 17.8              | 6.242    | 7.6               | 6.598     | 10.4              |
| 2005 Q1                  | 12.916   | 8.9               | 9.592    | 7.5               | 3.323               | 18.9              | 6.209    | 7.6               | 6.706     | 10.5              |
| 2004 Nov.                | 12.762   | 8.8               | 9.767    | 7.6               | 2,995               | 17.4              | 6.277    | 7.7               | 6.485     | 10.2              |
| Dec.                     | 12.791   | 8.8               | 9.649    | 7.5               | 3.143               | 18.1              | 6.125    | 7.5               | 6.666     | 10.4              |
| 2005 Jan.                | 12.863   | 8.8               | 9.565    | 7.5               | 3.298               | 18.8              | 6.233    | 7.6               | 6.630     | 10.4              |
| Feb.                     | 12.923   | 8.9               | 9.639    | 7.5               | 3.284               | 18.7              | 6.147    | 7.5               | 6.777     | 10.6              |
| Mar.                     | 12.961   | 8.9               | 9.573    | 7.5               | 3.388               | 19.2              | 6.249    | 7.6               | 6.711     | 10.5              |
| Apr.                     | 13.009   | 8.9               | 9.675    | 7.5               | 3.334               | 18.9              | 6.269    | 7.7               | 6.740     | 10.5              |

- Sources: ECB calculations based on Eurostat data (in Table 1 in Section 5.3) and Eurostat (Table 2 in Section 5.3).

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

  4) Rates are expressed as a percentage of the labour force for the relevant gender.



# **GOVERNMENT FINANCE**

# 6.1 Revenue, expenditure and deficit/surplus 1)

# 1. Euro area – revenue

|      | Total |      |          |                |           | Current r | revenue      |                 |              |          |       | Capital 1 | revenue | Memo:<br>fiscal |
|------|-------|------|----------|----------------|-----------|-----------|--------------|-----------------|--------------|----------|-------|-----------|---------|-----------------|
|      |       |      | Direct_  |                |           | Indirect  |              | Social          |              |          | Sales |           | Capital | burden 2)       |
|      |       |      | taxes Ho | ouseholds Corp | porations | taxes Rec | eived by EU  | contributions 1 | Employers Er | nployees |       |           | taxes   |                 |
|      |       |      |          |                |           |           | institutions |                 |              |          |       |           |         |                 |
|      | 1     | 2    | 3        | 4              | 5         | 6         | 7            | 8               | 9            | 10       | 11    | 12        | 13      | 14              |
| 1996 | 47.3  | 46.9 | 11.8     | 9.1            | 2.3       | 13.3      | 0.8          | 17.4            | 8.6          | 5.5      | 2.4   | 0.4       | 0.3     | 42.8            |
| 1997 | 47.6  | 47.1 | 12.0     | 9.1            | 2.6       | 13.5      | 0.7          | 17.4            | 8.6          | 5.5      | 2.4   | 0.5       | 0.4     | 43.2            |
| 1998 | 47.1  | 46.8 | 12.3     | 9.6            | 2.3       | 14.1      | 0.7          | 16.3            | 8.4          | 4.9      | 2.3   | 0.3       | 0.3     | 43.0            |
| 1999 | 47.6  | 47.3 | 12.7     | 9.8            | 2.6       | 14.3      | 0.6          | 16.3            | 8.4          | 4.9      | 2.3   | 0.3       | 0.3     | 43.6            |
| 2000 | 47.2  | 46.9 | 12.9     | 9.9            | 2.7       | 14.1      | 0.6          | 16.0            | 8.3          | 4.9      | 2.3   | 0.3       | 0.3     | 43.3            |
| 2001 | 46.4  | 46.2 | 12.5     | 9.7            | 2.5       | 13.7      | 0.6          | 15.9            | 8.3          | 4.7      | 2.2   | 0.3       | 0.3     | 42.4            |
| 2002 | 45.8  | 45.5 | 12.0     | 9.5            | 2.2       | 13.7      | 0.4          | 15.8            | 8.3          | 4.7      | 2.2   | 0.3       | 0.3     | 41.9            |
| 2003 | 45.9  | 45.2 | 11.7     | 9.3            | 2.1       | 13.7      | 0.4          | 16.0            | 8.4          | 4.7      | 2.3   | 0.7       | 0.6     | 41.9            |
| 2004 | 45.4  | 44.9 | 11.6     | 9.0            | 2.3       | 13.8      | 0.4          | 15.9            | 8.3          | 4.7      | 2.2   | 0.5       | 0.4     | 41.6            |

## 2. Euro area - expenditure

|      | Total |       |              |             | Current e | expenditure | •        |           |                            |     | Capital ex | penditure |              | Memo:<br>primary |
|------|-------|-------|--------------|-------------|-----------|-------------|----------|-----------|----------------------------|-----|------------|-----------|--------------|------------------|
|      |       | Total | Compensation |             | Interest  | Current     | ~        | ~         |                            |     | Investment | Capital   |              | expenditure 3)   |
|      |       |       |              | consumption |           | transfers   |          | Subsidies | D 111 EV                   |     |            | transfers | Paid by EU   |                  |
|      |       |       | employees    |             |           |             | payments |           | Paid by EU<br>institutions |     |            |           | institutions |                  |
|      | 1     | 2     | 3            | 4           | 5         | 6           | 7        | 8         | 9                          | 10  | 11         | 12        | 13           | 14               |
| 1996 | 51.6  | 47.8  | 11.1         | 4.8         | 5.7       | 26.1        | 23.0     | 2.2       | 0.6                        | 3.8 | 2.6        | 1.3       | 0.0          | 45.9             |
| 1997 | 50.2  | 46.6  | 11.0         | 4.8         | 5.1       | 25.8        | 22.9     | 2.2       | 0.6                        | 3.6 | 2.4        | 1.3       | 0.0          | 45.1             |
| 1998 | 49.3  | 45.6  | 10.7         | 4.7         | 4.7       | 25.5        | 22.5     | 2.1       | 0.5                        | 3.8 | 2.4        | 1.3       | 0.1          | 44.6             |
| 1999 | 48.9  | 45.0  | 10.6         | 4.8         | 4.1       | 25.4        | 22.4     | 2.0       | 0.5                        | 3.9 | 2.5        | 1.4       | 0.1          | 44.7             |
| 2000 | 48.1  | 44.3  | 10.5         | 4.8         | 4.0       | 25.0        | 22.0     | 1.9       | 0.5                        | 3.8 | 2.5        | 1.3       | 0.1          | 44.1             |
| 2001 | 48.2  | 44.2  | 10.4         | 4.8         | 3.9       | 25.1        | 22.1     | 1.9       | 0.5                        | 4.0 | 2.6        | 1.4       | 0.0          | 44.3             |
| 2002 | 48.3  | 44.4  | 10.6         | 4.9         | 3.6       | 25.4        | 22.5     | 1.9       | 0.5                        | 3.9 | 2.5        | 1.4       | 0.0          | 44.7             |
| 2003 | 48.8  | 44.8  | 10.6         | 4.9         | 3.4       | 25.8        | 22.9     | 1.8       | 0.5                        | 4.0 | 2.6        | 1.4       | 0.1          | 45.3             |
| 2004 | 48.2  | 44.2  | 10.5         | 4.9         | 3.3       | 25.5        | 22.8     | 1.8       | 0.5                        | 3.9 | 2.5        | 1.4       | 0.0          | 44.9             |

### 3. Euro area - deficit/surplus, primary deficit/surplus and government consumption

|      |       | Deficit ( | -)/surplu | ıs (+) |          | Primary<br>deficit (-)/ |       |              | •           | Government o | consumption 4) |         |             |             |
|------|-------|-----------|-----------|--------|----------|-------------------------|-------|--------------|-------------|--------------|----------------|---------|-------------|-------------|
|      | Total | Central   | State     | Local  | Social   | surplus (+)             | Total |              |             |              |                |         | Collective  | Individual  |
|      |       | gov.      | gov.      | gov.   | security | . ` '                   |       | Compensation |             |              | Consumption    | Sales   | consumption | consumption |
|      |       |           |           |        | funds    |                         |       | of employees | consumption | in kind      | of fixed       | (minus) |             |             |
|      |       |           |           |        |          |                         |       |              |             | via market   | capital        |         |             |             |
|      |       |           |           |        | _        |                         | _     |              |             | producers    |                |         |             |             |
|      | 1     | 2         | 3         | 4      | 5        | 6                       | 7     | 8            | 9           | 10           | 11             | 12      | 13          | 14          |
| 1996 | -4.3  | -3.7      | -0.4      | 0.0    | -0.1     | 1.4                     | 20.4  | 11.1         | 4.8         | 5.0          | 1.9            | 2.4     | 8.6         | 11.8        |
| 1997 | -2.6  | -2.4      | -0.4      | 0.1    | 0.1      | 2.4                     | 20.2  | 11.0         | 4.8         | 5.0          | 1.8            | 2.4     | 8.5         | 11.7        |
| 1998 | -2.3  | -2.2      | -0.2      | 0.1    | 0.1      | 2.4                     | 19.9  | 10.7         | 4.7         | 5.0          | 1.8            | 2.3     | 8.3         | 11.6        |
| 1999 | -1.3  | -1.7      | -0.1      | 0.1    | 0.4      | 2.8                     | 19.9  | 10.6         | 4.8         | 5.0          | 1.8            | 2.3     | 8.3         | 11.6        |
| 2000 | -0.9  | -1.4      | -0.1      | 0.1    | 0.5      | 3.0                     | 19.8  | 10.5         | 4.8         | 5.0          | 1.8            | 2.3     | 8.2         | 11.6        |
| 2001 | -1.8  | -1.6      | -0.4      | 0.0    | 0.3      | 2.1                     | 20.0  | 10.4         | 4.8         | 5.1          | 1.8            | 2.2     | 8.2         | 11.7        |
| 2002 | -2.5  | -2.0      | -0.5      | -0.2   | 0.2      | 1.1                     | 20.3  | 10.6         | 4.9         | 5.2          | 1.8            | 2.2     | 8.3         | 12.0        |
| 2003 | -2.8  | -2.3      | -0.4      | -0.1   | 0.0      | 0.6                     | 20.6  | 10.6         | 4.9         | 5.3          | 1.8            | 2.3     | 8.4         | 12.2        |
| 2004 | -2.7  | -2.4      | -0.4      | -0.2   | 0.2      | 0.5                     | 20.4  | 10.5         | 4.9         | 5.3          | 1.8            | 2.2     | 8.3         | 12.2        |

## 4. Euro area countries - deficit (-)/surplus (+) 5)

|      | <b>BE</b> 1 | <b>DE</b> 2 | <b>GR</b> 3 | ES 4 | <b>FR</b> 5 | <b>IE</b> 6 | <b>IT</b> 7 | LU<br>8 | NL<br>9 | <b>AT</b> 10 | <b>PT</b> 11 | <b>FI</b> 12 |
|------|-------------|-------------|-------------|------|-------------|-------------|-------------|---------|---------|--------------|--------------|--------------|
| 2001 | 0.6         | -2.8        | -3.6        | -0.5 | -1.5        | 0.9         | -3.2        | 6.2     | -0.1    | 0.3          | -4.4         | 5.2          |
| 2002 | 0.1         | -3.6        | -4.1        | -0.3 | -3.1        | -0.4        | -2.7        | 2.3     | -1.9    | -0.2         | -2.7         | 4.3          |
| 2003 | 0.4         | -3.8        | -5.2        | 0.3  | -4.2        | 0.2         | -3.2        | 0.5     | -3.2    | -1.1         | -2.9         | 2.5          |
| 2004 | 0.1         | -3.6        | -6.1        | -0.3 | -3.6        | 1.3         | -3.2        | -1.1    | -2.5    | -1.3         | -2.9         | 2.1          |

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

  1) Revenue, expenditure and deficit/surplus are based on the ESA 95, but the figures exclude proceeds from the sale of UMTS licences in 2000 (the euro area deficit/surplus including those proceeds is equal to 0.1% of GDP). Transactions involving the EU budget are included and consolidated. Transactions among Member States' governments are not
- The fiscal burden comprises taxes and social contributions.
- Comprises total expenditure minus interest expenditure.
- Corresponds to final consumption expenditure (P.3) of general government in the ESA 95.

  Includes proceeds from the sale of UMTS licences and settlements under swaps and forward rate agreements.

# 6.2 Debt 1)

(as a percentage of GDP)

## 1. Euro area - by financial instrument and sector of the holder

|      | Total |              | Financial in | struments             |                      |       |            | Holders                      |               |                    |
|------|-------|--------------|--------------|-----------------------|----------------------|-------|------------|------------------------------|---------------|--------------------|
|      |       | Coins<br>and | Loans        | Short-term securities | Long-term securities |       | Domestic c | reditors 2)                  |               | Other creditors 3) |
|      |       | deposits     |              |                       |                      | Total | MFIs       | Other financial corporations | Other sectors |                    |
|      | 1     | 2            | 3            | 4                     | 5                    | 6     | 7          | 8                            | 9             | 10                 |
| 1995 | 74.5  | 2.8          | 17.7         | 8.0                   | 46.0                 | 58.9  | 30.9       | 10.8                         | 17.2          | 15.5               |
| 1996 | 75.8  | 2.8          | 17.2         | 8.0                   | 47.8                 | 59.4  | 30.6       | 12.6                         | 16.2          | 16.4               |
| 1997 | 74.9  | 2.8          | 16.2         | 6.6                   | 49.4                 | 57.1  | 28.9       | 14.1                         | 14.1          | 17.9               |
| 1998 | 73.4  | 2.7          | 15.0         | 5.7                   | 49.9                 | 53.5  | 26.9       | 15.0                         | 11.5          | 19.9               |
| 1999 | 72.5  | 2.9          | 14.2         | 4.3                   | 51.2                 | 49.5  | 26.4       | 11.4                         | 11.7          | 23.1               |
| 2000 | 70.0  | 2.7          | 13.1         | 3.7                   | 50.5                 | 44.8  | 23.3       | 10.3                         | 11.2          | 25.2               |
| 2001 | 68.9  | 2.7          | 12.4         | 3.9                   | 49.9                 | 42.8  | 21.9       | 9.7                          | 11.2          | 26.2               |
| 2002 | 68.8  | 2.7          | 11.8         | 4.6                   | 49.8                 | 40.2  | 20.4       | 8.6                          | 11.2          | 28.6               |
| 2003 | 70.1  | 2.0          | 12.4         | 4.9                   | 50.9                 | 39.7  | 20.9       | 9.3                          | 9.6           | 30.4               |
| 2004 | 70.6  | 2.1          | 11.9         | 4.8                   | 51.7                 | 39.2  | 20.1       | 9.6                          | 9.5           | 31.4               |

## 2. Euro area - by issuer, maturity and currency denomination

|      | Total |              | Issued        | by 4)         |                             | Or              | iginal matu    | rity                   | R               | esidual maturit                     | <b>y</b>        | Currenc                                   | ies              |
|------|-------|--------------|---------------|---------------|-----------------------------|-----------------|----------------|------------------------|-----------------|-------------------------------------|-----------------|---|------------------|
|      |       | Central gov. | State<br>gov. | Local<br>gov. | Social<br>security<br>funds | Up to<br>1 year | Over<br>1 year | Variable interest rate | Up to<br>1 year | Over 1 year<br>and up to 5<br>years | Over<br>5 years | Euro or<br>participating<br>currencies 5) | Other currencies |
|      | 1     | 2            | 3             | 4             | 5                           | 6               | 7              | 8                      | 9               | 10                                  | 11              | 12  | 13               |
| 1995 | 74.5  | 62.2         | 5.6           | 5.9           | 0.8                         | 13.0            | 61.5           | 6.2                    | 18.7            | 26.8                                | 28.9            | 72.2                                      | 2.2              |
| 1996 | 75.8  | 63.5         | 5.9           | 5.8           | 0.5                         | 12.4            | 63.4           | 5.9                    | 20.2            | 26.2                                | 29.4            | 73.6                                      | 2.2              |
| 1997 | 74.9  | 62.8         | 6.1           | 5.4           | 0.6                         | 11.1            | 63.9           | 5.5                    | 19.5            | 26.0                                | 29.4            | 72.7                                      | 2.2              |
| 1998 | 73.4  | 61.6         | 6.1           | 5.3           | 0.4                         | 9.3             | 64.1           | 5.8                    | 16.8            | 27.1                                | 29.5            | 71.3                                      | 2.1              |
| 1999 | 72.5  | 61.0         | 6.1           | 5.2           | 0.3                         | 9.1             | 63.4           | 4.0                    | 15.2            | 28.0                                | 29.4            | 70.6                                      | 2.0              |
| 2000 | 70.0  | 58.8         | 6.0           | 5.0           | 0.3                         | 8.1             | 61.9           | 3.4                    | 15.0            | 28.5                                | 26.5            | 68.3                                      | 1.8              |
| 2001 | 68.9  | 57.6         | 6.2           | 4.8           | 0.3                         | 8.6             | 60.3           | 2.1                    | 15.6            | 26.6                                | 26.7            | 67.4                                      | 1.5              |
| 2002 | 68.8  | 57.3         | 6.4           | 4.8           | 0.3                         | 8.9             | 60.0           | 1.9                    | 16.5            | 25.4                                | 27.0            | 67.5                                      | 1.3              |
| 2003 | 70.1  | 57.7         | 6.7           | 5.2           | 0.6                         | 8.9             | 61.2           | 1.8                    | 15.3            | 26.5                                | 28.3            | 69.1                                      | 1.0              |
| 2004 | 70.6  | 58.1         | 6.8           | 5.2           | 0.4                         | 9.8             | 60.8           | 0.8                    | 15.5            | 27.1                                | 28.0            | 69.6                                      | 1.0              |

### 3. Euro area countries

|      | BE    | DE   | GR    | ES   | FR   | IE   | IT    | LU  | NL   | AT   | PT   | FI   |
|------|-------|------|-------|------|------|------|-------|-----|------|------|------|------|
|      | 1     | 2    | 3     | 4    | 5    | 6    | 7     | 8   | 9    | 10   | 11   | 12   |
| 2001 | 108.0 | 58.3 | 114.8 | 55.6 | 56.2 | 35.8 | 110.9 | 7.2 | 52.9 | 67.1 | 55.9 | 43.8 |
| 2002 | 105.4 | 59.7 | 112.2 | 52.7 | 58.2 | 32.6 | 108.3 | 7.5 | 52.6 | 66.7 | 58.5 | 42.5 |
| 2003 | 100.0 | 63.1 | 109.3 | 49.0 | 62.8 | 32.0 | 106.8 | 7.1 | 54.3 | 65.4 | 60.1 | 45.3 |
| 2004 | 95.6  | 65.1 | 110.5 | 46.6 | 64.6 | 29.9 | 106.6 | 7.5 | 55.7 | 65.2 | 61.9 | 45.1 |

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

  1) Gross general government debt at nominal value and consolidated between sub-sectors of government. Holdings by non-resident governments are not consolidated.

  Data are partially estimated.
- Holders resident in the country whose government has issued the debt.
- 3) Includes residents of euro area countries other than the country whose government has issued the debt.
- Excludes debt held by general government in the country whose government has issued it.

  Excludes debt held by general government in the country whose government has issued it.

  Before 1999, this comprises debt in ECU, in domestic currency and in the currencies of other Member States which have adopted the euro.

# 6.3 Change in debt 1)

### 1. Euro area - by source, financial instrument and sector of the holder

|      | Total |                          | Source of cl            | nange                               |                          |                          | Financial | instruments           | •                    |                          | Hol  | lders                        |                    |
|------|-------|--------------------------|-------------------------|-------------------------------------|--------------------------|--------------------------|-----------|-----------------------|----------------------|--------------------------|------|------------------------------|--------------------|
|      |       | Borrowing requirement 2) | Valuation<br>effects 3) | Other<br>changes<br>in<br>volume 4) | Aggregation<br>effect 5) | Coins<br>and<br>deposits | Loans     | Short-term securities | Long-term securities | Domestic<br>creditors 6) | MFIs | Other financial corporations | Other creditors 7) |
|      | 1     | 2                        | 3                       | 4                                   | 5                        | 6                        | 7         | 8                     | 9                    | 10                       | 11   | 12                           | 13                 |
| 1996 | 3.9   | 4.4                      | -0.2                    | 0.0                                 | -0.4                     | 0.1                      | 0.1       | 0.2                   | 3.4                  | 2.5                      | 0.7  | 2.1                          | 1.4                |
| 1997 | 2.0   | 2.4                      | 0.2                     | -0.4                                | -0.2                     | 0.0                      | -0.3      | -1.1                  | 3.4                  | -0.1                     | -0.6 | 1.9                          | 2.1                |
| 1998 | 1.7   | 2.0                      | -0.2                    | 0.0                                 | -0.1                     | 0.1                      | -0.5      | -0.6                  | 2.7                  | -1.1                     | -0.7 | 1.6                          | 2.8                |
| 1999 | 1.9   | 1.5                      | 0.4                     | 0.0                                 | -0.1                     | 0.2                      | -0.3      | -1.2                  | 3.2                  | -2.0                     | 0.5  | -3.1                         | 3.9                |
| 2000 | 1.1   | 1.0                      | 0.1                     | 0.0                                 | 0.0                      | 0.0                      | -0.3      | -0.4                  | 1.9                  | -2.2                     | -1.8 | -0.5                         | 3.3                |
| 2001 | 1.8   | 1.7                      | 0.0                     | 0.1                                 | 0.0                      | 0.1                      | -0.1      | 0.4                   | 1.4                  | -0.2                     | -0.5 | -0.2                         | 2.0                |
| 2002 | 2.2   | 2.5                      | -0.4                    | 0.1                                 | 0.0                      | 0.1                      | -0.2      | 0.8                   | 1.6                  | -1.1                     | -0.8 | -0.7                         | 3.3                |
| 2003 | 3.0   | 3.2                      | -0.1                    | 0.0                                 | 0.0                      | -0.6                     | 0.9       | 0.5                   | 2.3                  | 0.5                      | 1.0  | 0.9                          | 2.5                |
| 2004 | 3.1   | 3.3                      | 0.0                     | -0.1                                | 0.0                      | 0.3                      | 0.0       | 0.1                   | 2.8                  | 0.9                      | 0.0  | 0.7                          | 2.2                |

#### 2. Euro area – deficit-debt adjustment

|      | Change in debt | Deficit (-) /<br>surplus (+) 8) |       |       |  |                 |             | Deficit-de      | bt adjustment%  | )                 |                      |          |                  |           |  |
|------|----------------|---------------------------------|-------|-------|--|-----------------|-------------|-----------------|-----------------|-------------------|----------------------|----------|------------------|-----------|--|
|      |                |                                 | Total |       | Transacti  | ons in main fin | ancial asse | ets held by gen | neral governmen | t                 | Valuation<br>effects | Exchange | Other changes in | Other 10) |  |
|      |                |                                 |       | Total | Total Currency Securities 11 Loans Shares and rate |                 |             |                 |                 |                   |                      |          |                  |           |  |
|      |                |                                 |       |       | and deposits                                       |                 |             | other equity    | Privatisations  | Equity injections |                      | effects  |                  |           |  |
|      | 1              | 2                               | 3     | 4     | 5  | 6               | 7           | 8               | 9               | 10                | 11                   | 12       | 13               | 14        |  |
| 1996 | 3.9            | -4.3                            | -0.4  | -0.1  | 0.0  | 0.0             | -0.1        | -0.1            | -0.2            | 0.2               | -0.2                 | -0.2     | 0.0              | -0.2      |  |
| 1997 | 2.0            | -2.6                            | -0.6  | -0.5  | 0.1  | -0.1            | 0.0         | -0.5            | -0.7            | 0.2               | 0.2                  | 0.2      | -0.4             | 0.0       |  |
| 1998 | 1.7            | -2.3                            | -0.6  | -0.5  | 0.1  | 0.0             | -0.1        | -0.6            | -0.8            | 0.3               | -0.2                 | 0.0      | 0.0              | 0.0       |  |
| 1999 | 1.9            | -1.3                            | 0.6   | -0.1  | 0.5  | 0.0             | 0.1         | -0.7            | -0.8            | 0.1               | 0.4                  | 0.3      | 0.0              | 0.3       |  |
| 2000 | 1.1            | 0.1                             | 1.2   | 1.0   | 0.7  | 0.1             | 0.2         | 0.0             | -0.4            | 0.2               | 0.1                  | 0.1      | 0.0              | 0.0       |  |
| 2001 | 1.8            | -1.7                            | 0.0   | -0.5  | -0.6   | 0.1             | 0.1         | -0.1            | -0.3            | 0.2               | 0.0                  | 0.0      | 0.1              | 0.4       |  |
| 2002 | 2.2            | -2.5                            | -0.3  | 0.0   | 0.0  | 0.0             | 0.0         | 0.0             | -0.4            | 0.2               | -0.4                 | 0.0      | 0.1              | 0.0       |  |
| 2003 | 3.0            | -2.8                            | 0.2   | 0.1   | 0.1  | 0.0             | 0.0         | 0.1             | -0.4            | 0.1               | -0.1                 | -0.1     | 0.0              | 0.2       |  |
| 2004 | 3.1            | -2.7                            | 0.4   | 0.2   | 0.2  | 0.1             | 0.0         | -0.1            | -0.2            | 0.1               | 0.0                  | 0.0      | -0.1             | 0.4       |  |

- 1) Data are partially estimated. Annual change in gross nominal consolidated debt is expressed as a percentage of GDP, i.e. [debt(t) debt(t-1)] + GDP(t).
- The borrowing requirement is by definition equal to transactions in debt.
- Includes, in addition to the impact of foreign exchange movements, effects arising from measurement at nominal value (e.g. premia or discounts on securities issued).
- Includes, in particular, the impact of the reclassification of units and certain types of debt assumption.

  The difference between the changes in the aggregated debt, resulting from the aggregation of countries' debt, and the aggregation of countries' change in debt is due to variations in the exchange rates used for aggregation before 1999.
- Holders resident in the country whose government has issued the debt.
- Includes residents of euro area countries other than the country whose government has issued the debt.
- Including proceeds from sales of UMTS licences.
- The difference between the annual change in gross nominal consolidated debt and the deficit as a percentage of GDP.
   Mainly composed of transactions in other assets and liabilities (trade credits, other receivables/payables and financial derivatives).
- 11) Excluding financial derivatives.

# 6.4 Quarterly revenue, expenditure and deficit/surplus 1) (as a percentage of GDP)

## 1. Euro area - quarterly revenue

|         | Total |      |              | Current rever  | nue                  |       |                 | Capital re | evenue           | Memo:<br>fiscal      |
|---------|-------|------|--------------|----------------|----------------------|-------|-----------------|------------|------------------|----------------------|
|         |       |      | Direct taxes | Indirect taxes | Social contributions | Sales | Property income |            | Capital<br>taxes | burden <sup>2)</sup> |
|         | 1     | 2    | 3            | 4              | 5                    | 6     | 7               | 8          | 9                | 10                   |
| 1999 Q1 | 44.1  | 43.6 | 10.8         | 13.3           | 16.0                 | 2.0   | 0.7             | 0.5        | 0.3              | 40.3                 |
| Q2      | 48.2  | 47.7 | 13.6         | 13.6           | 16.2                 | 2.2   | 1.3             | 0.5        | 0.3              | 43.7                 |
| Q3      | 45.3  | 44.8 | 11.9         | 13.1           | 16.1                 | 2.1   | 0.7             | 0.5        | 0.3              | 41.4                 |
| Q4      | 51.5  | 50.9 | 14.4         | 14.7           | 16.9                 | 3.0   | 0.8             | 0.7        | 0.3              | 46.4                 |
| 2000 Q1 | 43.9  | 43.4 | 11.2         | 13.2           | 15.6                 | 1.9   | 0.7             | 0.5        | 0.3              | 40.3                 |
| Q2      | 48.1  | 47.5 | 14.0         | 13.5           | 15.9                 | 2.1   | 1.1             | 0.6        | 0.3              | 43.8                 |
| Q3      | 44.8  | 44.3 | 12.1         | 12.7           | 15.9                 | 2.0   | 0.7             | 0.4        | 0.3              | 41.0                 |
| Q4      | 50.6  | 50.1 | 14.1         | 14.3           | 16.8                 | 3.1   | 0.9             | 0.5        | 0.3              | 45.5                 |
| 2001 Q1 | 42.8  | 42.4 | 10.6         | 12.9           | 15.4                 | 1.8   | 0.8             | 0.4        | 0.2              | 39.2                 |
| Q2      | 47.4  | 47.0 | 13.7         | 13.1           | 15.8                 | 2.0   | 1.5             | 0.4        | 0.2              | 42.8                 |
| Q3      | 44.2  | 43.8 | 11.9         | 12.5           | 15.8                 | 1.9   | 0.8             | 0.4        | 0.3              | 40.4                 |
| Q4      | 50.0  | 49.5 | 13.8         | 14.1           | 16.5                 | 3.1   | 0.9             | 0.5        | 0.3              | 44.7                 |
| 2002 Q1 | 42.4  | 42.0 | 10.3         | 12.9           | 15.6                 | 1.7   | 0.7             | 0.4        | 0.2              | 39.1                 |
| Q2      | 46.2  | 45.6 | 12.8         | 12.8           | 15.7                 | 2.0   | 1.4             | 0.6        | 0.4              | 41.7                 |
| Q3      | 44.3  | 43.8 | 11.4         | 12.9           | 15.7                 | 2.0   | 0.7             | 0.4        | 0.3              | 40.4                 |
| Q4      | 50.0  | 49.4 | 13.6         | 14.4           | 16.5                 | 3.1   | 0.8             | 0.6        | 0.3              | 44.8                 |
| 2003 Q1 | 42.4  | 42.0 | 10.0         | 13.0           | 15.8                 | 1.7   | 0.7             | 0.4        | 0.2              | 39.0                 |
| Q2      | 46.7  | 45.1 | 12.3         | 12.8           | 16.0                 | 2.1   | 1.2             | 1.6        | 1.3              | 42.4                 |
| Q3      | 43.6  | 43.1 | 11.1         | 12.9           | 15.8                 | 2.0   | 0.6             | 0.5        | 0.3              | 40.0                 |
| Q4      | 50.5  | 49.3 | 13.3         | 14.6           | 16.5                 | 3.1   | 0.7             | 1.2        | 0.4              | 44.8                 |
| 2004 Q1 | 42.4  | 41.9 | 9.8          | 13.1           | 15.6                 | 1.7   | 0.6             | 0.5        | 0.3              | 38.8                 |
| Q2      | 45.9  | 45.0 | 12.3         | 13.1           | 15.6                 | 2.1   | 0.8             | 0.9        | 0.7              | 41.7                 |
| Q3      | 43.7  | 43.2 | 10.9         | 12.9           | 15.7                 | 2.0   | 0.6             | 0.5        | 0.3              | 39.7                 |
| Q4      | 50.8  | 49.7 | 13.3         | 14.8           | 16.5                 | 3.1   | 0.7             | 1.1        | 0.5              | 45.2                 |

# 2. Euro area - quarterly expenditure and deficit/surplus

|         | Total |       |                           | Curren                   | ıt expendi | ture                 |                    |           | Capi | tal expenditu | re                   | Deficit (-)/<br>surplus (+) | Primary<br>deficit (-)/ |
|---------|-------|-------|---------------------------|--------------------------|------------|----------------------|--------------------|-----------|------|---------------|----------------------|-----------------------------|-------------------------|
|         |       | Total | Compensation of employees | Intermediate consumption | Interest   | Current<br>transfers | Social<br>benefits | Subsidies |      | Investment    | Capital<br>transfers | 222 <b>F</b> 222 ( )        | surplus (+)             |
|         | 1     | 2     | 3                         | 4                        | 5          | 6                    | 7                  | 8         | 9    | 10            | 11                   | 12                          | 13                      |
| 1999 Q1 | 47.7  | 44.5  | 10.5                      | 4.3                      | 4.7        | 24.9                 | 21.8               | 1.3       | 3.3  | 1.9           | 1.3                  | -3.6                        | 1.0                     |
| Q2      | 47.8  | 44.2  | 10.6                      | 4.5                      | 4.3        | 24.7                 | 21.6               | 1.5       | 3.6  | 2.4           | 1.2                  | 0.4                         | 4.7                     |
| Q3      | 47.8  | 44.1  | 10.3                      | 4.5                      | 4.2        | 25.1                 | 21.6               | 1.6       | 3.7  | 2.5           | 1.1                  | -2.6                        | 1.6                     |
| Q4      | 51.2  | 46.4  | 11.1                      | 5.2                      | 3.8        | 26.2                 | 22.7               | 1.6       | 4.8  | 3.1           | 1.6                  | 0.3                         | 4.2                     |
| 2000 Q1 | 46.5  | 43.1  | 10.3                      | 4.4                      | 4.3        | 24.2                 | 21.2               | 1.2       | 3.3  | 2.0           | 1.3                  | -2.6                        | 1.7                     |
| Q2      | 46.9  | 43.4  | 10.4                      | 4.6                      | 4.0        | 24.4                 | 21.2               | 1.4       | 3.4  | 2.4           | 1.1                  | 1.2                         | 5.2                     |
| Q3      | 43.6  | 43.3  | 10.2                      | 4.5                      | 4.1        | 24.5                 | 21.3               | 1.5       | 0.3  | 2.5           | 1.1                  | 1.2                         | 5.3                     |
| Q4      | 50.2  | 46.3  | 11.1                      | 5.3                      | 3.8        | 26.1                 | 22.4               | 1.6       | 3.8  | 3.1           | 1.5                  | 0.4                         | 4.3                     |
| 2001 Q1 | 45.8  | 42.4  | 10.2                      | 4.1                      | 4.1        | 24.0                 | 21.1               | 1.2       | 3.4  | 2.0           | 1.5                  | -2.9                        | 1.2                     |
| Q2      | 46.9  | 43.4  | 10.4                      | 4.6                      | 4.0        | 24.4                 | 21.2               | 1.4       | 3.5  | 2.4           | 1.1                  | 0.5                         | 4.5                     |
| Q3      | 46.9  | 43.1  | 10.1                      | 4.6                      | 4.0        | 24.5                 | 21.4               | 1.4       | 3.8  | 2.5           | 1.2                  | -2.7                        | 1.3                     |
| Q4      | 51.8  | 46.8  | 11.1                      | 5.6                      | 3.7        | 26.4                 | 22.7               | 1.6       | 5.0  | 3.2           | 1.8                  | -1.8                        | 1.9                     |
| 2002 Q1 | 46.3  | 42.8  | 10.4                      | 4.1                      | 3.8        | 24.4                 | 21.4               | 1.2       | 3.5  | 2.0           | 1.5                  | -3.9                        | 0.0                     |
| Q2      | 47.3  | 43.8  | 10.4                      | 4.9                      | 3.7        | 24.8                 | 21.6               | 1.3       | 3.5  | 2.4           | 1.1                  | -1.1                        | 2.6                     |
| Q3      | 47.5  | 43.8  | 10.2                      | 4.7                      | 3.7        | 25.3                 | 21.9               | 1.4       | 3.7  | 2.5           | 1.2                  | -3.3                        | 0.4                     |
| Q4      | 51.6  | 47.2  | 11.2                      | 5.6                      | 3.5        | 26.8                 | 23.2               | 1.5       | 4.5  | 2.8           | 1.6                  | -1.7                        | 1.8                     |
| 2003 Q1 | 46.8  | 43.3  | 10.4                      | 4.3                      | 3.6        | 25.0                 | 21.9               | 1.1       | 3.5  | 2.0           | 1.5                  | -4.4                        | -0.8                    |
| Q2      | 48.0  | 44.5  | 10.6                      | 4.7                      | 3.5        | 25.6                 | 22.2               | 1.4       | 3.5  | 2.4           | 1.1                  | -1.3                        | 2.3                     |
| Q3      | 47.7  | 44.0  | 10.3                      | 4.7                      | 3.4        | 25.5                 | 22.1               | 1.4       | 3.7  | 2.6           | 1.1                  | -4.1                        | -0.7                    |
| Q4      | 52.2  | 47.3  | 11.2                      | 5.7                      | 3.2        | 27.2                 | 23.5               | 1.5       | 4.9  | 3.2           | 1.6                  | -1.7                        | 1.6                     |
| 2004 Q1 | 47.0  | 43.6  | 10.5                      | 4.4                      | 3.4        | 25.4                 | 21.9               | 1.0       | 3.4  | 2.0           | 1.4                  | -4.6                        | -1.2                    |
| Q2      | 47.6  | 44.2  | 10.6                      | 4.8                      | 3.3        | 25.5                 | 22.0               | 1.3       | 3.4  | 2.4           | 1.0                  | -1.7                        | 1.6                     |
| Q3      | 47.2  | 43.7  | 10.1                      | 4.5                      | 3.3        | 25.7                 | 22.1               | 1.3       | 3.5  | 2.5           | 0.9                  | -3.5                        | -0.2                    |
| Q4      | 52.1  | 47.0  | 11.0                      | 5.7                      | 3.2        | 27.1                 | 23.3               | 1.4       | 5.1  | 3.2           | 1.9                  | -1.3                        | 1.9                     |

Source: ECB calculations based on Eurostat and national data.

1) Revenue, expenditure and deficit/surplus are based on the ESA 95. Transactions involving the EU budget are not included. Including these transactions would increase both revenue and expenditure by, on average, about 0.2% of GDP. Otherwise, and except for different data transmission deadlines, the quarterly data are consistent with the annual data. The data are not seasonally adjusted.

<sup>2)</sup> The fiscal burden comprises taxes and social contributions.



# **EXTERNAL TRANSACTIONS AND POSITIONS**

# 7.1 Balance of payments (EUR billions; net transactions)

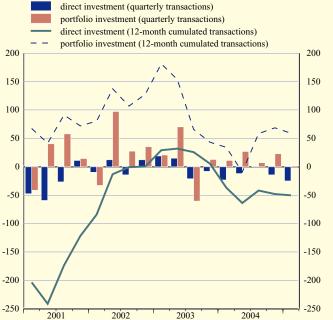
### 1. Summary balance of payments

|           |       | Cu    | rrent accou | unt    |                      | Capital | Net<br>lending/  |             |                      | Financial | account                  |                     |                   | Errors and |
|-----------|-------|-------|-------------|--------|----------------------|---------|--|-------------|----------------------|-----------|--------------------------|---------------------|-------------------|------------|
|           | Total | Goods | Services    | Income | Current<br>transfers | account | borrowing<br>to/from<br>rest of<br>the world<br>(columns<br>1+6) | Total       | Direct<br>investment |           | Financial<br>derivatives | Other<br>investment | Reserve<br>assets | omissions  |
|           | 1     | 2     | 3           | 4      | 5                    | 6       | 7  | 8           | 9                    | 10        | 11                       | 12                  | 13                | 14         |
| 2002      | 64.5  | 128.5 | 16.4        | -31.9  | -48.6                | 10.2    | 74.6   | -43.9       | 0.6                  | 127.8     | -11.0                    | -159.1              | -2.3              | -30.7      |
| 2003      | 20.4  | 102.7 | 19.7        | -45.8  | -56.1                | 13.1    | 33.5   | -5.9        | 5.4                  | 43.4      | -12.2                    | -72.5               | 30.0              | -27.6      |
| 2004      | 45.2  | 103.4 | 27.2        | -29.8  | -55.6                | 17.2    | 62.5   | 24.5        | -47.9                | 68.6      | -2.0                     | -6.6                | 12.4              | -86.9      |
| 2004 Q1   | 16.2  | 27.7  | 1.8         | -6.4   | -7.0                 | 3.4     | 19.6   | 5.5         | -23.0                | 11.3      | 5.3                      | 2.6                 | 9.3               | -25.1      |
| Q2        | 3.4   | 31.4  | 10.4        | -21.7  | -16.7                | 4.0     | 7.4  | 11.3        | -12.1                | 27.0      | -1.2                     | 0.4                 | -2.8              | -18.6      |
| Q3        | 11.4  | 23.5  | 8.8         | -3.0   | -18.0                | 4.1     | 15.5   | 3.1         | 1.1                  | 7.2       | -1.0                     | -7.7                | 3.5               | -18.6      |
| Q4        | 14.3  | 20.8  | 6.2         | 1.2    | -13.9                | 5.7     | 20.0   | 4.6         | -14.0                | 23.1      | -5.1                     | -2.0                | 2.5               | -24.6      |
| 2005 Q1   | 4.5   | 14.8  | 1.7         | -2.6   | -9.4                 | 1.0     | 5.5  | 37.8        | -25.0                | 1.9       | -9.6                     | 65.6                | 4.9               | -43.3      |
| 2004 Mar. | 7.9   | 13.4  | 1.4         | -2.9   | -4.0                 | 1.1     | 9.1  | -3.5        | -22.4                | -1.0      | 2.3                      | 13.9                | 3.7               | -5.6       |
| Apr.      | -1.8  | 9.7   | 2.2         | -9.6   | -4.1                 | 0.8     | -1.0   | -15.6       | -2.0                 | -5.8      | -2.7                     | -2.4                | -2.6              | 16.6       |
| May       | 0.5   | 10.2  | 4.2         | -7.9   | -6.0                 | 2.3     | 2.9  | 15.7        | 0.0                  | 1.2       | -0.3                     | 14.2                | 0.7               | -18.6      |
| June      | 4.7   | 11.5  | 3.9         | -4.2   | -6.6                 | 0.9     | 5.5  | 11.1        | -10.1                | 31.6      | 1.8                      | -11.3               | -0.8              | -16.7      |
| July      | 8.3   | 13.5  | 3.7         | -2.5   | -6.4                 | 1.3     | 9.6  | -17.6       | -7.2                 | -40.6     | 0.6                      | 29.4                | 0.2               | 8.0        |
| Aug.      | 3.3   | 5.2   | 2.6         | 0.8    | -5.3                 | 1.6     | 4.9  | 6.3         | 5.1                  | 2.5       | -4.2                     | -0.9                | 3.8               | -11.2      |
| Sep.      | -0.1  | 4.9   | 2.5         | -1.2   | -6.3                 | 1.1     | 1.0  | 14.4        | 3.3                  | 45.3      | 2.5                      | -36.2               | -0.5              | -15.4      |
| Oct.      | 3.5   | 8.9   | 3.8         | -3.6   | -5.6                 | 0.6     | 4.2  | -30.1       | -12.6                | -2.2      | -4.1                     | -12.1               | 0.9               | 25.9       |
| Nov.      | 5.3   | 4.6   | 1.6         | 3.5    | -4.4                 | 1.0     | 6.3  | 25.2        | -6.4                 | -13.0     | 1.4                      | 43.2                | -0.1              | -31.5      |
| Dec.      | 5.5   | 7.3   | 0.8         | 1.4    | -4.0                 | 4.1     | 9.6  | 9.4         | 5.1                  | 38.3      | -2.4                     | -33.1               | 1.6               | -19.0      |
| 2005 Jan. | -7.2  | 0.2   | 0.5         | -4.7   | -3.2                 | -0.8    | -8.0   | 25.9        | -11.4                | -17.1     | -3.8                     | 59.7                | -1.6              | -17.8      |
| Feb.      | 8.8   | 6.1   | 1.2         | 3.7    | -2.2                 | 1.1     | 9.9  | 21.9        | -4.9                 | 21.7      | -0.3                     | 0.3                 | 5.0               | -31.8      |
| Mar.      | 3.0   | 8.5   | 0.1         | -1.6   | -4.0                 | 0.7     | 3.6  | -10.0       | -8.8                 | -2.8      | -5.5                     | 5.6                 | 1.5               | 6.3        |
|           |       |       |             |        |                      | 12-mo   | nth cumulated  | transaction | S                    |           |                          |                     |                   |            |
| 2005 Mar. | 33.6  | 90.5  | 27.1        | -26.0  | -58.0                | 14.8    | 48.4   | 56.7        | -50.0                | 59.2      | -16.9                    | 56.4                | 8.0               | -105.1     |

# C26 B.o.p. current account balance



# C27 B.o.p. net direct and portfolio investment



External transactions and positions

# 7.1 Balance of payments (EUR billions; transactions)

# 2. Current and capital accounts

|   |  |  |  |  | Cı   | urrent accoun                                | ıt   |  |  |  |  | Capital ac                      | count                           |
|---|--|--|--|--|--|--|--|--|--|--|--|---------------------------------|---------------------------------|
|   |  | Total  |  | Goods  | ,  | Service                                      | es   | Income                                       | e  | Current trai                           | nsfers                                       |                                 |                                 |
|   | Credit   | Debit  | Net                                    | Credit                                       | Debit  | Credit                                       | Debit  | Credit                                       | Debit  | Credit                                 | Debit  | Credit                          | Debit                           |
|   | 1  | 2  | 3                                      | 4  | 5  | 6  | 7  | 8  | 9  | 10                                     | 11   | 12                              | 13                              |
| 2002<br>2003<br>2004                              | 1,726.9<br>1,675.4<br>1,818.1                      | 1,662.4<br>1,655.0<br>1,772.8                      | 64.5<br>20.4<br>45.2                   | 1,062.1<br>1,039.7<br>1,130.0                | 933.6<br>937.0<br>1,026.6                    | 332.1<br>329.3<br>355.1                      | 315.7<br>309.6<br>327.9                      | 247.3<br>225.6<br>252.8                      | 279.2<br>271.5<br>282.6                      | 85.4<br>80.8<br>80.2                   | 133.9<br>137.0<br>135.8                      | 19.2<br>23.3<br>23.3            | 9.0<br>10.1<br>6.1              |
| 2004 Q1<br>Q2<br>Q3<br>Q4<br>2005 Q1              | 431.0<br>455.9<br>451.7<br>479.5<br>457.9          | 414.8<br>452.5<br>440.3<br>465.2<br>453.4          | 16.2<br>3.4<br>11.4<br>14.3<br>4.5     | 266.1<br>285.0<br>279.6<br>299.2<br>279.7    | 238.4<br>253.6<br>256.1<br>278.4<br>264.9    | 77.2<br>89.8<br>96.4<br>91.7<br>80.0         | 75.4<br>79.4<br>87.5<br>85.6<br>78.3         | 56.1<br>66.0<br>60.3<br>70.3<br>66.1         | 62.5<br>87.7<br>63.3<br>69.1<br>68.7         | 31.5<br>15.0<br>15.4<br>18.2<br>32.1   | 38.5<br>31.7<br>33.4<br>32.2<br>41.5         | 5.0<br>5.3<br>5.6<br>7.3<br>4.3 | 1.6<br>1.3<br>1.6<br>1.6<br>3.3 |
| 2005 Jan.<br>Feb.<br>Mar.                         | 150.2<br>147.2<br>160.4                            | 157.5<br>138.4<br>157.5                            | -7.2<br>8.8<br>3.0                     | 87.3<br>90.8<br>101.7                        | 87.0<br>84.7<br>93.2                         | 26.5<br>25.8<br>27.8                         | 26.0<br>24.6<br>27.7                         | 18.9<br>23.0<br>24.2                         | 23.6<br>19.3<br>25.7                         | 17.6<br>7.7<br>6.9                     | 20.8<br>9.8<br>10.9                          | 1.6<br>1.5<br>1.3               | 2.4<br>0.4<br>0.6               |
|   |  |  |  |  | S  | easonally adju                               | sted   |  |  |  |  |                                 |                                 |
| 2004 Q1<br>Q2<br>Q3<br>Q4<br>2005 Q1              | 435.5<br>452.4<br>454.6<br>463.4<br>469.9          | 421.1<br>435.7<br>450.7<br>456.2<br>463.4          | 14.4<br>16.7<br>3.9<br>7.2<br>6.5      | 271.1<br>281.9<br>282.0<br>286.3<br>289.6    | 235.8<br>250.3<br>264.4<br>267.9<br>266.7    | 85.4<br>89.1<br>89.7<br>89.2<br>90.0         | 79.6<br>81.8<br>82.0<br>82.9<br>83.4         | 59.4<br>61.4<br>63.3<br>68.0<br>69.9         | 69.9<br>71.2<br>69.5<br>71.7<br>76.7         | 19.7<br>20.0<br>19.6<br>19.9<br>20.4   | 35.8<br>32.4<br>34.9<br>33.7<br>36.6         |                                 |                                 |
| 2004 July<br>Aug.<br>Sep.<br>Oct.<br>Nov.<br>Dec. | 151.0<br>151.0<br>152.6<br>154.8<br>156.6<br>152.0 | 148.5<br>149.8<br>152.3<br>151.0<br>154.1<br>151.0 | 2.5<br>1.2<br>0.3<br>3.8<br>2.5<br>0.9 | 94.8<br>93.4<br>93.7<br>95.6<br>95.9<br>94.7 | 87.5<br>88.2<br>88.6<br>89.5<br>91.1<br>87.3 | 29.4<br>29.8<br>30.6<br>30.5<br>29.9<br>28.8 | 27.2<br>26.6<br>28.2<br>27.4<br>27.7<br>27.8 | 20.7<br>20.9<br>21.7<br>22.1<br>24.1<br>21.7 | 22.5<br>22.9<br>24.0<br>23.6<br>24.3<br>23.8 | 6.0<br>6.9<br>6.6<br>6.5<br>6.6<br>6.8 | 11.3<br>12.1<br>11.5<br>10.6<br>11.0<br>12.1 |                                 | :<br>:<br>:<br>:                |
| 2005 Jan.<br>Feb.<br>Mar.                         | 155.6<br>156.7<br>157.7                            | 157.3<br>150.7<br>155.4                            | -1.8<br>6.0<br>2.3                     | 96.2<br>95.7<br>97.7                         | 89.4<br>88.8<br>88.5                         | 30.3<br>30.2<br>29.5                         | 27.5<br>27.4<br>28.5                         | 22.2<br>23.9<br>23.8                         | 26.0<br>23.7<br>27.0                         | 6.9<br>6.9<br>6.6                      | 14.4<br>10.8<br>11.3                         | :<br>:                          |                                 |

# C28 B.o.p. goods (EUR billions, seasonally adjusted; three-month moving average)



C29 B.o.p. services
(EUR billions, seasonally adjusted; three-month moving average)



# 7.1 Balance of payments (EUR billions)

# 3. Income account

(transactions)

|                          |                                     |  |  |  |  |  | Investr  | nent income  |  |  |  |  |  |
|--------------------------|-------------------------------------|--|--|--|--|--|--|--|--|--|--|--|--|
|                          |                                     | Tota   | ıl   |  | Direct inv   | estment  |  |  | Portfolio ii   | nvestment  |  | Other inve   | estment  |
|                          |                                     |  |  | Equit  | у  | Debt   | :  | Equit  | у  | Debt   |  |  |  |
| Credit                   | Debit                               | Credit   | Debit  | Credit   | Debit  | Credit   | Debit  | Credit   | Debit  | Credit   | Debit  | Credit   | Debit  |
| 1                        | 2                                   | 3  | 4  | 5  | 6  | 7  | 8  | 9  | 10   | 11   | 12   | 13   | 14   |
| 14.9<br>14.5             | 6.2<br>6.3                          | 232.4<br>211.1   | 273.0<br>265.2   | 56.4<br>47.9   | 51.8<br>53.7   | 7.6<br>10.3  | 7.1<br>9.6   | 19.8<br>19.0   | 52.3<br>50.0   | 65.6<br>64.6   | 71.0<br>76.7   | 83.0<br>69.3   | 90.8<br>75.2   |
| 15.1                     | 6.3                                 | 237.8  | 276.3  | 65.7   | 57.4   | 11.8   | 11.4   | 23.8   | 56.6   | 73.9   | 79.3   | 62.6   | 71.6   |
| 3.8<br>3.7<br>3.7<br>3.8 | 1.8                                 | 56.6   | 65.2<br>61.2<br>86.1<br>61.5   | 14.8<br>11.7<br>18.2<br>14.0   | 13.3<br>13.3<br>17.0<br>13.8   | 3.0<br>3.2<br>3.0<br>2.4   | 2.6<br>2.5<br>2.7<br>2.6   | 4.7<br>4.6<br>8.1<br>5.7   | 9.7<br>9.3<br>26.0<br>11.1   | 16.5<br>17.8<br>17.6<br>19.0   | 20.8<br>18.7<br>22.8<br>16.5   | 15.9<br>15.1<br>15.4<br>15.4   | 18.8<br>17.3<br>17.6<br>17.6<br>19.2   |
|                          | Credit 1 14.9 14.5 15.1 3.8 3.7 3.7 | 1 2 14.9 6.2 14.5 6.3 15.1 6.3 3.8 1.6 3.7 1.3 3.7 1.6 3.8 1.8 | Credit         Debit         Credit           1         2         3           14.9         6.2         232.4           14.5         6.3         211.1           15.1         6.3         237.8           3.8         1.6         54.9           3.7         1.3         52.5           3.7         1.6         62.4           3.8         1.8         56.6 | Total           Credit         Debit         Credit         Debit           1         2         3         4           14.9         6.2         232.4         273.0           14.5         6.3         211.1         265.2           15.1         6.3         237.8         276.3           3.8         1.6         54.9         65.2           3.7         1.3         52.5         61.2           3.7         1.6         62.4         86.1           3.8         1.8         56.6         61.5 | Total         Equit           Credit         Debit         Credit         Debit         Credit         Credit | Total         Direct inv           Credit         Debit         Credit         Debit         Credit         Debit           1         2         3         4         5         6           14.9         6.2         232.4         273.0         56.4         51.8           14.5         6.3         211.1         265.2         47.9         53.7           15.1         6.3         237.8         276.3         65.7         57.4           3.8         1.6         54.9         65.2         14.8         13.3           3.7         1.3         52.5         61.2         11.7         13.3           3.7         1.6         62.4         86.1         18.2         17.0           3.8         1.8         56.6         61.5         14.0         13.8 | Total         Direct investment           Credit         Debit         Credit         Debit | Total   Direct investment   Equity   Debt   Credit   Debit   Credit   De | Total   Direct investment   Equity   Debt   Credit   Debit   Debit   Debit   Credit   Debit   Debi | Total   Direct investment   Direct investment   Debit   Equity   Debit   Credit   Debit | Total   Direct investment   Debt   Equity   Debt   Credit   Debit   Credit   Debit   Credit   Debit   Credit   Debt   Credit | Total   Direct investment   Debt   Equity   Debt   Equity   Debt   Credit   Debit   Credi | Total   Direct investment   Direct investment   Debt   Equity   Debt   Credit   Debit   C |

# **4. Direct investment** (net transactions)

|              |                |                | By resid                          | ent units a   | ibroad       |                                 |              |              | 1          | By non-resider                  | nt units in  | the euro a | rea                             |              |
|--------------|----------------|----------------|-----------------------------------|---------------|--------------|---------------------------------|--------------|--------------|------------|---------------------------------|--------------|------------|---------------------------------|--------------|
|              | Total          |                | Equity capital<br>einvested earni | ngs           | (mostly      | Other capital inter-company     | loans)       | Total        |            | Equity capital einvested earni  | ngs          | (mostly    | Other capital inter-company     | loans)       |
|              |                | Total          | MFIs<br>excluding<br>Eurosystem   | Non-<br>MFIs  | Total        | MFIs<br>excluding<br>Eurosystem | Non-<br>MFIs |              | Total      | MFIs<br>excluding<br>Eurosystem | Non-<br>MFIs | Total      | MFIs<br>excluding<br>Eurosystem | Non-<br>MFIs |
|              | 1              | 2              | 3                                 | 4             | 5            | 6                               | 7            | 8            | 9          | 10                              | 11           | 12         | 13                              | 14           |
| 2002         | -179.9         | -179.3         | -22.3                             | -157.0        | -0.6         | 0.0                             | -0.7         | 180.6        | 124.9      | 1.9                             | 123.0        | 55.6       | 0.5                             | 55.2         |
| 2003         | -136.0         | -112.7         | -1.7                              | -111.0        | -23.3        | -0.1                            | -23.3        | 141.4        | 124.2      | 3.0                             | 121.2        | 17.2       | 0.1                             | 17.1         |
| 2004         | -116.9         | -124.1         | -18.2                             | -105.9        | 7.2          | 0.1                             | 7.1          | 69.0         | 69.7       | 2.4                             | 67.3         | -0.7       | 0.8                             | -1.5         |
| 2004 Q1      | -28.4          | -22.5          | -4.9                              | -17.6         | -5.9         | -0.1                            | -5.8         | 5.4          | 13.5       | -0.7                            | 14.2         | -8.1       | -0.3                            | -7.8         |
| Q2           | -27.9          | -24.8          | -3.6                              | -21.2         | -3.1         | 0.0                             | -3.1         | 15.8         | 10.6       | 0.6                             | 10.0         | 5.2        | 0.8                             | 4.5          |
| Q3           | -16.4          | -27.5          | -1.1                              | -26.4         | 11.1         | 0.0                             | 11.1         | 17.6         | 17.7       | 1.5                             | 16.3         | -0.1       | 0.4                             | -0.6         |
| Q4           | -44.2          | -49.2          | -8.5                              | -40.7         | 5.0          | 0.1                             | 5.0          | 30.2         | 27.9       | 1.0                             | 26.8         | 2.3        | -0.1                            | 2.4          |
| 2005 Q1      | -31.7          | -16.2          | -3.2                              | -13.0         | -15.5        | 0.0                             | -15.5        | 6.7          | 9.9        | 0.5                             | 9.4          | -3.2       | 0.0                             | -3.3         |
| 2004 Mar.    | -11.3          | -13.0          | -4.1                              | -8.9          | 1.8          | 0.0                             | 1.8          | -11.1        | 1.5        | -1.2                            | 2.7          | -12.6      | -0.1                            | -12.5        |
| Apr.         | -15.4          | -7.6           | -0.4                              | -7.2          | -7.8         | 0.1                             | -7.9         | 13.4         | 8.6        | 0.2                             | 8.4          | 4.8        | 0.0                             | 4.8          |
| May          | -2.8           | -5.6           | 0.0                               | -5.6          | 2.8          | 0.0                             | 2.8          | 2.9          | 3.1        | 0.3                             | 2.8          | -0.3       | 0.3                             | -0.6         |
| June         | -9.7           | -11.6          | -3.2                              | -8.5          | 2.0          | 0.0                             | 2.0          | -0.5         | -1.1       | 0.0                             | -1.2         | 0.7        | 0.4                             | 0.3          |
| July         | -18.7          | -16.4          | 0.1                               | -16.4         | -2.3         | 0.0                             | -2.3         | 11.4         | 11.4       | 0.2                             | 11.2         | 0.0        | -0.1                            | 0.1          |
| Aug.         | 9.1            | -7.3           | 0.2                               | -7.5          | 16.4         | 0.0                             | 16.4         | -4.0         | -1.9       | 0.3                             | -2.3         | -2.1       | 0.0                             | -2.0         |
| Sep.         | -6.8           | -3.9           | -1.3                              | -2.5          | -3.0         | 0.0                             | -3.0         | 10.2         | 8.3        | 0.9<br>0.2                      | 7.3          | 1.9<br>7.7 | 0.5                             | 1.4          |
| Oct.<br>Nov. | -29.6<br>-21.5 | -22.6<br>-20.3 | 0.0<br>-13.3                      | -22.5<br>-7.0 | -7.0<br>-1.3 | 0.0<br>0.1                      | -7.0<br>-1.4 | 16.9<br>15.1 | 9.3<br>8.0 | 0.2                             | 9.0<br>7.7   | 7.1        | 0.0<br>0.0                      | 7.7<br>7.1   |
| Dec.         | 6.9            | -20.3<br>-6.4  | -13.3<br>4.8                      | -11.2         | 13.4         | 0.1                             | 13.3         | -1.8         | 10.6       | 0.5                             | 10.1         | -12.4      | 0.0                             | -12.4        |
| 2005 Jan.    | -11.2          | -7.0           | -0.9                              | -6.1          | -4.2         | 0.0                             | -4.2         | -0.2         | 3.4        | 0.2                             | 3.2          | -3.6       | 0.0                             | -3.6         |
| Feb.         | -11.2<br>-6.5  | -3.8           | -1.5                              | -2.3          | -2.7         | 0.0                             | -2.7         | 1.7          | 3.4        | 0.2                             | 2.9          | -1.4       | -0.1                            | -1.3         |
| Mar.         | -14.0          | -5.4           | -0.8                              | -4.6          | -8.6         | 0.0                             | -8.6         | 5.2          | 3.5        | 0.2                             | 3.4          | 1.7        | 0.0                             | 1.6          |

# EURO AREA STATISTICS

External transactions and positions

# 7.1 Balance of payments (EUR billions; transactions)

# 5. Portfolio investment by instrument and sector of holder

|                           |                     | E                               | quity                   |                      |                        |                     |                                 |                          |                      | Debt ins                | struments            |                                 |                        |                      |                      |
|---------------------------|---------------------|---------------------------------|-------------------------|----------------------|------------------------|---------------------|---------------------------------|--------------------------|----------------------|-------------------------|----------------------|---------------------------------|------------------------|----------------------|----------------------|
|                           |                     |                                 |                         |                      |                        |                     | Bonds                           | and notes                | S                    |                         |                      | Money ma                        | rket instru            | iments               |                      |
|                           |                     | Assets                          |                         |                      | Liabilities            |                     | Assets                          |                          |                      | Liabilities             |                      | Assets                          | ;                      |                      | Liabilities          |
|                           | Eurosystem          | MFIs<br>excluding<br>Eurosystem | Non-N                   | AFIs General gov.    |                        | Eurosystem          | MFIs<br>excluding<br>Eurosystem | Non-N                    | MFIs General gov.    |                         | Eurosystem           | MFIs<br>excluding<br>Eurosystem | Non-                   | MFIs  General gov.   |                      |
|                           | 1                   | 2                               | 3                       | 4                    | 5                      | 6                   | 7                               | 8                        | 9                    | 10                      | 11                   | 12                              | 13                     | 14                   | 15                   |
| 2002<br>2003<br>2004      | -0.4<br>-0.3<br>0.0 | -7.4<br>-12.8<br>-21.8          | -31.0<br>-53.8<br>-51.8 | -4.4<br>-2.6<br>-2.1 | 86.2<br>117.2<br>121.6 | -0.7<br>-2.4<br>1.2 | -17.4<br>-45.1<br>-80.7         | -70.6<br>-134.8<br>-70.1 | -0.9<br>-0.2<br>-1.1 | 157.9<br>170.4<br>211.3 | 2.0<br>0.2<br>-0.1   | -31.9<br>-41.3<br>-43.1         | -18.8<br>13.7<br>-15.8 | -1.1<br>0.6<br>0.2   | 59.8<br>32.4<br>18.0 |
| 2004 Q1<br>Q2<br>Q3       | 0.0<br>0.0<br>0.0   | -6.0<br>-12.4<br>-2.5           | -24.6<br>-3.8<br>-3.9   | -0.9<br>-0.7<br>-0.6 | 20.6<br>-4.1<br>38.5   | -0.4<br>0.3<br>0.7  | -26.3<br>-10.7<br>-23.0         | -17.5<br>-17.6<br>-15.0  | -0.5<br>-0.1<br>-0.1 | 54.1<br>85.4<br>39.9    | -0.1<br>0.1<br>0.0   | -10.6<br>-5.0<br>-14.7          | -10.1<br>-3.5<br>-5.8  | -1.0<br>-2.4<br>-0.7 | 32.3<br>-1.7<br>-6.9 |
| Q4<br>2005 Q1             | 0.0<br>0.0          | -0.9<br>-25.1                   | -19.4<br>-20.3          | 0.1                  | 66.6<br>37.6           | 0.6<br>-0.6         | -20.6<br>-34.7                  | -20.0<br>-37.6           | -0.3                 | 31.9<br>45.3            | -0.1<br>0.4          | -12.8<br>6.2                    | 3.5<br>-6.1            | 4.3                  | -5.6<br>36.7         |
| 2004 Mar.<br>Apr.<br>May  | 0.0                 | 0.5<br>-1.0<br>-1.8             | -11.0<br>2.6<br>0.4     | -                    | 1.9<br>-19.8<br>1.2    | -0.4<br>0.2<br>0.1  | -11.6<br>-2.8<br>-7.3           | -11.0<br>-5.3<br>-7.3    | -                    | 9.8<br>38.8<br>17.6     | 0.0<br>0.0<br>-0.2   | 10.4<br>-15.3<br>2.6            | -3.6<br>-3.7<br>0.6    | -                    | 14.1<br>0.6<br>-4.7  |
| June<br>July              | 0.0                 | -9.7<br>-8.9                    | -6.8<br>-0.5            | -                    | 14.5<br>10.2           | 0.0<br>-0.3         | -0.5<br>-12.9                   | -5.0<br>0.7              | -                    | 29.1<br>-9.1            | 0.3<br>0.3           | 7.6<br>-19.1                    | -0.3<br>1.4            | -                    | 2.4<br>-2.4          |
| Aug<br>Sep.<br>Oct.       | 0.0<br>0.0<br>0.0   | -4.2<br>10.6<br>-3.7            | -7.5<br>4.0<br>-10.5    | -                    | 15.8<br>12.6<br>14.8   | 0.4<br>0.6<br>0.3   | -12.0<br>1.9<br>-13.7           | -0.7<br>-15.0<br>-4.4    | -                    | 9.8<br>39.2<br>11.9     | -0.1<br>-0.1<br>-0.1 | -3.5<br>7.9<br>0.6              | -2.2<br>-5.0<br>-0.5   | -                    | 6.8<br>-11.3<br>3.2  |
| Nov<br>Dec.               | 0.0                 | -9.1<br>11.9                    | -5.5<br>-3.5            | -<br>-               | 23.0<br>28.8           | 0.4<br>-0.1         | -6.0<br>-1.0                    | -9.6<br>-6.0             | -                    | 5.9<br>14.2             | 0.2<br>-0.1          | -14.7<br>1.3                    | 4.9<br>-0.8            | -                    | -2.5<br>-6.3         |
| 2005 Jan.<br>Feb.<br>Mar. | 0.0<br>0.0<br>0.0   | -7.1<br>-16.3<br>-1.7           | -8.8<br>-3.1<br>-8.3    | -                    | 10.0<br>7.9<br>19.7    | -0.4<br>-0.2<br>0.0 | -26.0<br>-3.5<br>-5.2           | -2.8<br>-16.4<br>-18.3   | -                    | 5.5<br>36.7<br>3.1      | 0.2<br>0.1<br>0.1    | -3.1<br>17.1<br>-7.8            | -5.0<br>-2.1<br>1.0    | -                    | 20.5<br>1.5<br>14.7  |

# 6. Other investment by sector

|           | T              | otal         | Euro        | osystem     |             | General<br>governme         |             |               | MFIs        | (exclud      | ing Eurosys | tem)           |              |             | Other sect                  | ors          |
|-----------|----------------|--------------|-------------|-------------|-------------|-----------------------------|-------------|---------------|-------------|--------------|-------------|----------------|--------------|-------------|-----------------------------|--------------|
|           |                |              |             |             |             |                             |             | Т             | otal        | Lon          | g-term      | Shor           | rt-term      |             |                             |              |
|           | Assets         | Liabilities  | Assets      | Liabilities | Assets      |                             | Liabilities | Assets        | Liabilities | Assets       | Liabilities | Assets         | Liabilities  | Assets      |                             | Liabilities  |
|           |                |              |             |             |             | Currency<br>and<br>deposits |             |               |             |              |             |                |              |             | Currency<br>and<br>deposits |              |
|           | 1              | 2            | 3           | 4           | 5           | 6                           | 7           | 8             | 9           | 10           | 11          | 12             | 13           | 14          | 15                          | 16           |
| 2002      | -225.1         | 66.0         | -0.9        | 19.3        | 0.1         | -                           | -8.3        | -168.0        | 25.8        | -35.0        | 52.1        | -133.0         | -26.3        | -56.3       | -                           | 29.2         |
| 2003      | -240.1         | 167.6        | -0.8        | 10.0        | -0.6        | 1.0                         | -3.9        | -154.7        | 136.2       | -59.9        | 64.4        | -94.9          | 71.8         | -84.0       |                             | 25.3         |
| 2004      | -289.6         | 283.0        | 0.4         | 7.3         | -1.8        | -1.9                        | -2.8        | -259.9        | 246.5       | -19.8        | 0.6         | -240.0         | 245.9        | -28.3       | -5.8                        | 31.9         |
| 2004 Q1   | -178.9         | 181.5        | -0.6        | -1.3        | -0.6        | -0.5                        | -6.3        | -156.0        | 158.4       | -10.4        | 0.3         | -145.6         | 158.1        | -21.7       | -16.0                       | 30.7         |
| Q2        | -18.6<br>-17.9 | 19.0<br>10.2 | 0.9<br>-1.5 | 1.7<br>3.2  | -4.9<br>0.2 | -4.9<br>-0.2                | 3.1<br>2.2  | -5.3<br>-24.2 | 22.2<br>6.5 | -2.3<br>-7.8 | 6.7<br>-5.7 | -3.0<br>-16.5  | 15.5<br>12.2 | -9.3<br>7.6 | 10.1<br>-7.4                | -7.9<br>-1.7 |
| Q3<br>Q4  | -17.9<br>-74.1 | 72.2         | 1.7         | 3.2         | 3.4         | 3.7                         | -1.7        | -74.3         | 59.3        | 0.7          | -0.8        | -16.3<br>-75.0 | 60.0         | -5.0        | 7.4                         | 10.9         |
| 2005 Q1   | -163.4         | 229.0        | 0.8         | 4.7         | 3.0         | 3.5                         | 0.6         | -126.1        | 199.3       | -30.1        | 11.4        | -96.0          | 187.9        | -41.1       | -14.1                       | 24.5         |
| 2004 Mar. | -83.5          | 97.4         | 0.2         | 0.4         | -0.7        | -0.5                        | -1.5        | -69.7         | 65.5        | -3.7         | -3.2        | -65.9          | 68.8         | -13.3       | -9.5                        | 33.0         |
| Apr.      | -51.1          | 48.7         | 0.6         | 0.6         | -1.5        | -1.2                        | -0.3        | -50.4         | 54.3        | -6.3         | 0.5         | -44.1          | 53.8         | 0.2         | 5.0                         | -6.0         |
| May       | 12.2           | 2.0          | -0.1        | -0.2        | -0.2        | -0.1                        | 0.5         | 17.6          | 10.3        | 3.6          | 3.5         | 14.0           | 6.8          | -5.1        | 6.3                         | -8.6         |
| June      | 20.3           | -31.6        | 0.5         | 1.3         | -3.3        | -3.6                        | 2.9         | 27.4          | -42.4       | 0.4          | 2.7         | 27.1           | -45.2        | -4.4        | -1.2                        | 6.7          |
| July      | 57.3           | -27.8        | -0.3        | 1.5         | -0.3        | -0.5                        | -0.4        | 46.1          | -12.7       | 3.1          | -7.8        | 43.0           | -4.9         | 11.8        | 2.7                         | -16.2        |
| Aug.      | -31.8          | 30.9         | -0.2        | 0.2         | -0.2        | -0.3                        | 0.1         | -31.3         | 18.8        | -5.7         | 2.3         | -25.5          | 16.5         | -0.1        | -1.2                        | 11.8         |
| Sep.      | -43.4          | 7.2          | -1.0        | 1.5         | 0.7         | 0.7                         | 2.6         | -39.0         | 0.4         | -5.2         | -0.2        | -33.9          | 0.6          | -4.0        | -8.9                        | 2.7          |
| Oct.      | -15.7          | 3.6          | 0.1         | 1.3         | 2.0         | 2.2                         | 0.2         | -9.8          | -0.2        | 8.3          | 5.3         | -18.1          | -5.5         | -8.1        | -0.7                        | 2.4          |
| Nov.      | -67.1          | 110.3        | 0.5         | 2.0         | -0.4        | -0.8                        | 1.0         | -60.1         | 97.2        | -0.3         | 3.3         | -59.7          | 93.9         | -7.1        | -1.8                        | 10.0         |
| Dec.      | 8.7            | -41.7        | 1.1         | 0.4         | 1.8         | 2.2                         | -2.9        | -4.4          | -37.7       | -7.3         | -9.4        | 2.9            | -28.3        | 10.2        | 9.9                         | -1.6         |
| 2005 Jan. | -50.9          | 110.5        | 0.7         | 3.9         | -1.3        | -1.0                        | 2.6         | -33.9         | 97.7        | -15.1        | 16.6        | -18.8          | 81.1         | -16.4       | -13.4                       | 6.3          |
| Feb.      | -60.6          | 61.0         | 0.2         | -3.5        | -1.5        | 0.6                         | -4.2        | -58.4         | 59.9        | -10.6        | 2.7         | -47.8          | 57.2         | -1.0        | 5.0                         | 8.7          |
| Mar.      | -51.9          | 57.4         | 0.0         | 4.2         | 5.8         | 3.9                         | 2.2         | -33.8         | 41.6        | -4.4         | -7.9        | -29.4          | 49.5         | -23.8       | -5.7                        | 9.4          |

# 7.1 Balance of payments (EUR billions; transactions)

# 7. Other investment by sector and instrument

|          |                       | Eur          | rosystem              |                   |                  |       |            | General                  | governme     | nt               |             |                   |
|----------|-----------------------|--------------|-----------------------|-------------------|------------------|-------|------------|--------------------------|--------------|------------------|-------------|-------------------|
|          | Assets                |              | Liabilitie            | es                |                  |       | Assets     |                          |              |                  | Liabilities |                   |
|          | Loans/currency<br>and | Other assets | Loans/currency<br>and | Other liabilities | Trade<br>credits | Loans | currency a | nd deposits              | Other assets | Trade<br>credits | Loans       | Other liabilities |
|          | deposits              |              | deposits              |                   |                  | Total | Loans      | Currency<br>and deposits |              |                  |             |                   |
|          | 1                     | 2            | 3                     | 4                 | 5                | 6     | 7          | 8                        | 9            | 10               | 11          | 12                |
| 2002     | -0.9                  | 0.0          | 19.3                  | 0.0               | 1.5              | -0.4  | -          | -                        | -1.0         | 0.0              | -8.0        | -0.3              |
| 2003     | -0.8                  | 0.0          | 10.0                  | 0.0               | -0.1             | 0.4   | -          | -                        | -0.9         | 0.0              | -4.2        | 0.3               |
| 2004     | 0.4                   | 0.0          | 7.1                   | 0.2               | 0.0              | 0.1   | 2.0        | -1.9                     | -1.9         | 0.0              | -2.7        | 0.0               |
| 2003 Q4  | -0.7                  | 0.0          | -0.9                  | 0.0               | 0.0              | 3.1   | -          | _                        | 0.1          | 0.0              | -4.2        | -0.4              |
| 2004 Ò1  | -0.6                  | 0.0          | -1.3                  | 0.0               | 0.0              | 0.2   | 0.7        | -0.5                     | -0.8         | 0.0              | -6.0        | -0.3              |
| Q2       | 0.9                   | 0.0          | 1.5                   | 0.2               | 0.0              | -4.5  | 0.4        | -4.9                     | -0.4         | 0.0              | 2.8         | 0.2               |
| Q3<br>Q4 | -1.5                  | 0.0          | 3.3                   | -0.1              | 0.0              | 0.5   | 0.7        | -0.2                     | -0.3         | 0.0              | 2.1         | 0.1               |
| Õ4       | 1.7                   | 0.0          | 3.5                   | 0.2               | 0.0              | 3.9   | 0.2        | 3.7                      | -0.4         | 0.0              | -1.6        | -0.1              |

|         | MI                    | FIs (exclu   | ding Eurosystem)      |                   |               |       |             | Othe                  | er sectors   |                  |             |                   |
|---------|-----------------------|--------------|-----------------------|-------------------|---------------|-------|-------------|-----------------------|--------------|------------------|-------------|-------------------|
|         | Assets                |              | Liabiliti             | es                |               |       | Assets      | 3                     |              |                  | Liabilities |                   |
|         | Loans/currency<br>and | Other assets | Loans/currency<br>and | Other liabilities | Trade credits | Loans | /currency a | nd deposits           | Other assets | Trade<br>credits | Loans       | Other liabilities |
|         | deposits              |              | deposits              |                   |               | Total | Loans       | Currency and deposits |              |                  |             |                   |
|         | 13                    | 14           | 15                    | 16                | 17            | 18    | 19          | 20                    | 21           | 22               | 23          | 24                |
| 2002    | -163.0                | -5.0         | 27.9                  | -2.1              | -1.9          | -50.7 | -           | _                     | -3.7         | -3.7             | 26.2        | 6.6               |
| 2003    | -154.2                | -0.5         | 136.3                 | -0.1              | 0.2           | -81.2 | -           | -                     | -3.0         | 3.4              | 22.7        | -0.7              |
| 2004    | -256.8                | -3.1         | 243.6                 | 2.9               | -4.8          | -18.3 | -12.5       | -5.8                  | -5.2         | 8.8              | 22.7        | 0.4               |
| 2003 Q4 | -70.7                 | -0.6         | 52.1                  | 0.2               | -1.0          | -8.3  | -           | -                     | -0.7         | 2.4              | 11.7        | -1.1              |
| 2004 Q1 | -153.5                | -2.6         | 156.8                 | 1.6               | -2.8          | -17.2 | -1.2        | -16.0                 | -1.6         | 4.8              | 25.3        | 0.5               |
| Q2      | -4.7                  | -0.6         | 22.2                  | 0.0               | -3.2          | -5.1  | -15.3       | 10.1                  | -1.0         | 1.6              | -7.4        | -2.1              |
| Q3      | -22.5                 | -1.7         | 5.0                   | 1.5               | 1.9           | 6.6   | 14.0        | -7.4                  | -0.9         | -0.2             | -4.1        | 2.7               |
| Q4      | -76.1                 | 1.8          | 59.6                  | -0.3              | -0.7          | -2.6  | -10.0       | 7.4                   | -1.7         | 2.7              | 8.9         | -0.7              |

# 8. Reserve assets

|         | Total | Monetary<br>gold | Special drawing | Reserve<br>position in |       |   | For           | eign exchang | e               |                                |                       | Other claims |
|---------|-------|------------------|-----------------|------------------------|-------|---|---------------|--------------|-----------------|--------------------------------|-----------------------|--------------|
|         |       | 8                | rights          | the IMF                | Total | Currency and                                | deposits      |              | Securities      |                                | Financial derivatives |              |
|         |       |                  |                 |                        |       | With monetary<br>authorities<br>and the BIS | With<br>banks |              | Bonds and notes | Money<br>market<br>instruments |                       |              |
|         | 1     | 2                | 3               | 4                      | 5     | 6   | 7             | 8            | 9               | 10                             | 11                    | 12           |
| 2002    | -2.3  | 0.7              | 0.2             | -2.0                   | -1.2  | -2.3  | -15.3         | 0.0          | 8.1             | 8.5                            | -0.2                  | 0.0          |
| 2003    | 30.0  | 1.7              | 0.0             | -1.6                   | 29.9  | -1.8  | 1.6           | 0.0          | 23.2            | 6.9                            | 0.1                   | 0.0          |
| 2004    | 12.4  | 1.2              | 0.5             | 4.0                    | 6.8   | -3.8  | 3.7           | 0.5          | 17.8            | -11.4                          | 0.0                   | 0.0          |
| 2003 Q4 | 13.6  | 0.6              | 0.0             | 1.8                    | 11.2  | -1.0  | -1.9          | 0.0          | 13.0            | 1.1                            | 0.0                   | 0.0          |
| 2004 Q1 | 9.3   | -0.1             | -0.1            | 0.7                    | 8.7   | 0.8   | 1.8           | 0.5          | 8.1             | -2.4                           | -0.1                  | 0.0          |
| Q2      | -2.8  | 0.5              | 0.1             | 0.6                    | -4.0  | -3.3  | 2.2           | 0.0          | 5.4             | -8.4                           | 0.1                   | 0.0          |
| Q3      | 3.5   | 0.0              | -0.1            | 1.5                    | 2.1   | 2.6   | -3.6          | 0.0          | 1.0             | 2.1                            | 0.0                   | 0.0          |
| Q4      | 2.5   | 0.8              | 0.5             | 1.1                    | 0.0   | -3.9  | 3.4           | 0.0          | 3.3             | -2.8                           | 0.0                   | 0.0          |

External transactions positions

# 7.2 Monetary presentation of the balance of payments (EUR billions; transactions)

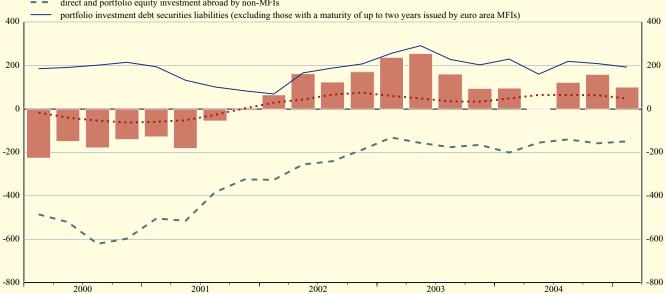
|                 |                     |                               | В.                           | o.p. items bal   | ancing trans   | actions in the ex   | ternal coun    | terpart of M3 |                          |                |                    | Memo:<br>Transactions |
|-----------------|---------------------|-------------------------------|------------------------------|------------------|----------------|---------------------|----------------|---------------|--------------------------|----------------|--------------------|-----------------------|
|                 | Current and capital | Direct inv                    | estment                      | Po               | ortfolio inves | tment               | Other in       | nvestment     | Financial<br>derivatives | Errors<br>and  | Total<br>of        | in the external       |
|                 | accounts<br>balance | By<br>resident                | By non-<br>resident          | Assets           | Lia            | bilities            | Assets         | Liabilities   |                          | omissions      | columns<br>1 to 10 | counterpart<br>of M3  |
|                 | Summer              | units<br>abroad<br>(non-MFIs) | units<br>in the<br>euro area | Non-MFIs         | Equity 1)      | Debt instruments 2) | Non-MFIs       | Non-MFIs      |                          |                | 1 10 10            | 01.110                |
|                 | 1                   | 2                             | 3                            | 4                | 5              | 6                   | 7              | 8             | 9                        | 10             | 11                 | 12                    |
| 2002            | 74.6                | -157.7                        | 180.1                        | -120.5           | 49.9           | 208.0               | -56.2          | 20.9          | -11.0                    | -30.7          | 157.5              | 170.7                 |
| 2003<br>2004    | 33.5<br>62.5        | -134.2<br>-98.8               | 141.3<br>68.2                | -174.9<br>-137.7 | 121.5<br>111.5 | 203.1<br>209.4      | -84.6<br>-30.1 | 21.5<br>29.2  | -12.2<br>-2.0            | -27.6<br>-86.9 | 87.4<br>125.1      | 94.0<br>158.5         |
| 2004<br>2004 O1 | 19.6                | -23.4                         | 5.7                          | -52.1            | 4.3            | 79.1                | -22.2          | 24.3          | 5.3                      | -25.1          | 15.4               | 36.4                  |
|                 | 7.4                 | -24.3                         | 15.0                         | -24.9            | -4.3           | 72.7                | -14.2          | -4.9          | -1.2                     | -18.6          | 2.8                | 0.0                   |
| Q2<br>Q3        | 15.5                | -15.4                         | 17.2                         | -24.8            | 37.6           | 44.6                | 7.9            | 0.5           | -1.0                     | -18.6          | 63.4               | 64.8                  |
| Q4              | 20.0                | -35.7                         | 30.3                         | -35.9            | 74.0           | 12.9                | -1.5           | 9.2           | -5.1                     | -24.6          | 43.5               | 57.2                  |
| 2005 Q1         | 5.5                 | -28.5                         | 6.7                          | -63.9            | 30.5           | 62.6                | -38.1          | 25.0          | -9.6                     | -43.3          | -53.0              | -22.4                 |
| 2004 Mar.       | 9.1                 | -7.1                          | -11.0                        | -25.5            | -6.4           | 23.8                | -14.0          | 31.5          | 2.3                      | -5.6           | -3.1               | 6.8                   |
| Apr.            | -1.0                | -15.1                         | 13.3                         | -6.4             | -22.7          | 32.2                | -1.3           | -6.3          | -2.7                     | 16.6           | 6.8                | 7.1                   |
| May             | 2.9                 | -2.7                          | 2.5                          | -6.4             | 4.5            | 10.1                | -5.3           | -8.2          | -0.3                     | -18.6          | -21.5              | -21.2                 |
| June            | 5.5<br>9.6          | -6.5<br>-18.8                 | -0.8<br>11.5                 | -12.1<br>1.6     | 13.9<br>5.9    | 30.4<br>-10.3       | -7.7<br>11.4   | 9.6<br>-16.6  | 1.8<br>0.6               | -16.7<br>8.0   | 17.5<br>3.0        | 14.2<br>-0.5          |
| July<br>Aug.    | 4.9                 | -18.8<br>8.9                  | -4.0                         | -10.3            | 15.5           | 17.9                | -0.3           | 11.9          | -4.2                     | -11.2          | 29.1               | 30.3                  |
| Sep.            | 1.0                 | -5.5                          | 9.7                          | -16.0            | 16.1           | 37.0                | -3.3           | 5.3           | 2.5                      | -15.4          | 31.3               | 35.0                  |
| Oct.            | 4.2                 | -29.5                         | 17.0                         | -15.4            | 13.4           | 12.3                | -6.1           | 2.6           | -4.1                     | 25.9           | 20.2               | 20.3                  |
| Nov.            | 6.3                 | -8.3                          | 15.2                         | -10.2            | 26.9           | 0.7                 | -7.4           | 11.0          | 1.4                      | -31.5          | 4.0                | 10.1                  |
| Dec.            | 9.6                 | 2.2                           | -1.8                         | -10.3            | 33.7           | 0.0                 | 12.0           | -4.4          | -2.4                     | -19.0          | 19.3               | 26.8                  |
| 2005 Jan.       | -8.0                | -10.3                         | -0.2                         | -16.7            | 7.0            | 20.7                | -17.6          | 8.9           | -3.8                     | -17.8          | -37.8              | -22.5                 |
| Feb.            | 9.9                 | -5.0                          | 1.7                          | -21.6            | 15.0           | 34.8                | -2.5           | 4.5           | -0.3                     | -31.8          | 4.8                | 14.0                  |
| Mar.            | 3.6                 | -13.2                         | 5.2                          | -25.6            | 8.6            | 7.0                 | -18.0          | 11.6          | -5.5                     | 6.3            | -20.0              | -13.9                 |
|                 |                     |                               |                              |                  | 12-mont        | h cumulated trai    | sactions       |               |                          |                |                    |                       |
| 2005 Mar.       | 48.4                | -103.9                        | 69.1                         | -149.5           | 137.8          | 192.9               | -46.0          | 29.9          | -16.9                    | -105.1         | 56.6               | 99.7                  |

# C30 Main b.o.p. transactions underlying the developments in MFI net external assets (EUR billions; 12-month cumulated transactions)



current and capital accounts balance

direct and portfolio equity investment abroad by non-MFIs



Source: ECB.

Excluding money market fund shares/units.

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

# 7.3 Geographical breakdown of the balance of payments and international investment position (EUR billions)

# ${\bf 1. \ Balance \ of \ payments: \ current \ and \ capital \ accounts} \ ({\it Cumulated \ transactions})$

|                             | Total   |       | Europ   | ean Union ( | outside the | euro area) |              | Canada | Japan | Switzerland | United<br>States | Other |
|-----------------------------|---------|-------|---------|-------------|-------------|------------|--------------|--------|-------|-------------|------------------|-------|
|                             |         | Total | Denmark | Sweden      | United      | Other EU   | EU           |        |       |             |                  |       |
|                             |         |       |         |             | Kingdom     | countries  | institutions |        |       |             |                  |       |
|                             |         |       |         |             | 8           |            |              |        |       |             |                  |       |
| 2004 Q1 to 2004 Q4          | 1       | 2     | 3       | 4           | 5           | 6          | 7            | 8      | 9     | 10          | 11               | 12    |
|                             | ·       |       |         |             | •           | Credits    |              |        |       |             |                  |       |
| Current account             | 1,818.1 | 673.0 | 35.9    | 59.1        | 366.6       | 154.1      | 57.3         | 24.0   | 48.2  | 125.5       | 311.8            | 635.7 |
| Goods                       | 1,130.0 | 395.5 | 25.1    | 41.3        | 202.5       | 126.2      | 0.3          | 14.6   | 33.0  | 64.6        | 171.9            | 450.4 |
| Services                    | 355.1   | 130.5 | 7.3     | 10.0        | 92.6        | 16.5       | 4.1          | 4.6    | 10.2  | 35.8        | 73.3             | 100.7 |
| Income                      | 252.8   | 88.0  | 3.1     | 7.3         | 62.3        | 10.1       | 5.3          | 4.2    | 4.7   | 18.9        | 59.6             | 77.4  |
| of which: investment income | 237.8   | 83.2  | 3.0     | 7.1         | 60.8        | 9.9        | 2.4          | 4.2    | 4.6   | 12.7        | 57.9             | 75.2  |
| Current transfers           | 80.2    | 59.0  | 0.4     | 0.5         | 9.2         | 1.3        | 47.6         | 0.6    | 0.3   | 6.3         | 7.0              | 7.1   |
| Capital account             | 23.3    | 20.9  | 0.0     | 0.0         | 0.6         | 0.1        | 20.2         | 0.0    | 0.0   | 0.3         | 1.2              | 0.9   |
|                             |         |       |         |             |             | Debits     |              |        |       |             |                  |       |
| Current account             | 1,772.8 | 597.3 | 34.3    | 57.0        | 293.4       | 130.4      | 82.2         | 18.3   | 84.3  | 119.8       | 265.2            | 688.0 |
| Goods                       | 1,026.6 | 309.9 | 24.3    | 38.5        | 141.9       | 105.3      | 0.0          | 8.6    | 52.2  | 52.3        | 111.4            | 492.1 |
| Services                    | 327.9   | 101.6 | 6.1     | 7.7         | 68.5        | 19.1       | 0.2          | 4.8    | 6.8   | 30.2        | 74.4             | 110.0 |
| Income                      | 282.6   | 96.8  | 3.5     | 10.0        | 75.1        | 4.3        | 3.8          | 3.3    | 24.9  | 32.0        | 69.2             | 56.5  |
| of which: investment income | 276.3   | 93.6  | 3.5     | 9.9         | 74.1        | 2.3        | 3.8          | 3.2    | 24.7  | 31.5        | 68.4             | 55.0  |
| Current transfers           | 135.8   | 89.0  | 0.3     | 0.8         | 7.9         | 1.6        | 78.3         | 1.7    | 0.4   | 5.3         | 10.1             | 29.5  |
| Capital account             | 6.1     | 0.9   | 0.0     | 0.0         | 0.3         | 0.2        | 0.4          | 0.1    | 0.0   | 0.2         | 0.4              | 4.5   |
|                             |         |       |         |             |             | Net        |              |        |       |             |                  |       |
| Current account             | 45.2    | 75.7  | 1.6     | 2.1         | 73.2        | 23.7       | -24.9        | 5.7    | -36.1 | 5.7         | 46.6             | -52.3 |
| Goods                       | 103.4   | 85.5  | 0.8     | 2.8         | 60.7        | 20.9       | 0.3          | 6.0    | -19.2 | 12.3        | 60.5             | -41.6 |
| Services                    | 27.2    | 28.9  | 1.2     | 2.3         | 24.1        | -2.6       | 4.0          | -0.2   | 3.3   | 5.5         | -1.2             | -9.2  |
| Income                      | -29.8   | -8.8  | -0.5    | -2.8        | -12.8       | 5.7        | 1.5          | 1.0    | -20.2 | -13.1       | -9.6             | 20.9  |
| of which: investment income | -38.6   | -10.3 | -0.5    | -2.8        | -13.3       | 7.7        | -1.4         | 1.0    | -20.1 | -18.8       | -10.6            | 20.3  |
| Current transfers           | -55.6   | -30.0 | 0.1     | -0.3        | 1.3         | -0.4       | -30.7        | -1.1   | -0.1  | 1.0         | -3.1             | -22.3 |
| Capital account             | 17.2    | 20.0  | 0.0     | 0.0         | 0.3         | -0.1       | 19.8         | 0.0    | 0.0   | 0.1         | 0.8              | -3.6  |

## 2. Balance of payments: direct investment

(Cumulated transactions)

|                            | Total  |       | Europ   | ean Union | (outside the | euro area) |              | Canada | Japan | Switzerland |       | Offshore financial | Other |
|----------------------------|--------|-------|---------|-----------|--------------|------------|--------------|--------|-------|-------------|-------|--------------------|-------|
|                            |        | Total | Denmark | Sweden    | United       | Other EU   | EU           |        |       |             |       | centres            |       |
|                            |        |       |         |           | Kingdom      | countries  | institutions |        |       |             |       |                    |       |
| 2004 Q1 to 2004 Q4         | 1      | 2     | 3       | 4         | 5            | 6          | 7            | 8      | 9     | 10          | 11    | 12                 | 13    |
| Direct investment          | -47.9  | -20.4 | 2.9     | -3.1      | -18.3        | -2.0       | 0.1          | -0.2   | -10.0 | 10.6        | 20.3  | -23.2              | -24.9 |
| Abroad                     | -116.9 | -56.3 | 1.4     | -6.2      | -43.7        | -7.8       | 0.0          | 1.8    | -14.0 | 3.6         | 6.3   | -28.1              | -30.2 |
| Equity/reinvested earnings | -124.1 | -54.3 | -0.9    | -6.2      | -33.4        | -13.7      | 0.0          | 1.9    | -11.4 | 1.0         | -18.1 | -21.8              | -21.5 |
| Other capital              | 7.2    | -2.0  | 2.4     | 0.0       | -10.3        | 5.9        | 0.0          | -0.2   | -2.7  | 2.6         | 24.4  | -6.3               | -8.7  |
| In the euro area           | 69.0   | 35.8  | 1.4     | 3.1       | 25.4         | 5.8        | 0.1          | -1.9   | 4.0   | 7.0         | 14.0  | 4.9                | 5.2   |
| Equity/reinvested earnings | 69.7   | 40.7  | 1.1     | 2.5       | 36.0         | 1.0        | 0.1          | -2.4   | 1.8   | 3.9         | 15.9  | 8.5                | 1.2   |
| Other capital              | -0.7   | -4.8  | 0.3     | 0.6       | -10.5        | 4.8        | 0.0          | 0.5    | 2.2   | 3.0         | -1.9  | -3.6               | 4.0   |

External transactions and positions

# 7.3 Geographical breakdown of the balance of payments and international investment position (EUR billions)

## 3. Balance of payments: portfolio investment assets by instrument

(Cumulated transactions)

|                             | Total  |        | Europe      | ean Union | outside the | euro area) |              | Canada | Japan | Switzerland |       | Offshore financial | Other |
|-----------------------------|--------|--------|-------------|-----------|-------------|------------|--------------|--------|-------|-------------|-------|--------------------|-------|
|                             |        | Total  | Denmark     | Sweden    | United      | Other EU   | EU           |        |       |             |       | centres            |       |
|                             |        |        |             |           | Kingdom     | countries  | institutions |        |       |             |       |                    |       |
|                             |        |        |             |           | _           |            | _            |        |       |             |       |                    |       |
| 2004 Q1 to 2004 Q4          | 1      | 2      | 2 3 4 5 6 7 |           |             |            |              |        | 9     | 10          | 11    | 12                 | 13    |
| Portfolio investment assets | -282.2 | -108.8 | 0.9         | -8.2      | -81.6       | -14.6      | -5.2         | -4.6   | -42.9 | 1.5         | -55.0 | -34.5              | -37.8 |
| Equity                      | -73.6  | -8.6   | 3.1         | -0.5      | -9.9        | -1.2       | -0.1         | -2.4   | -17.4 | 2.0         | -20.4 | -13.7              | -13.1 |
| Debt securities             | -208.6 | -100.2 | -2.3        | -7.7      | -71.8       | -13.4      | -5.1         | -2.2   | -25.6 | -0.5        | -34.6 | -20.8              | -24.7 |
| Bonds and notes             | -149.5 | -76.1  | -0.3        | -6.6      | -52.2       | -11.4      | -5.6         | -2.5   | -8.9  | -0.9        | -34.2 | 0.5                | -27.3 |
| Money market instruments    | -59.1  | -24.1  | -1.9        | -1.1      | -19.6       | -2.1       | 0.6          | 0.3    | -16.7 | 0.4         | -0.4  | -21.3              | 2.7   |

### 4. Balance of payments: other investment by sector

(Cumulated transactions)

|                    | Total  |        | Europea | an Union | (outside the | e euro area | )            | Canada | Japan | Switzerland | United<br>States | Offshore financial | Internat.<br>organisa- | Other |
|--------------------|--------|--------|---------|----------|--------------|-------------|--------------|--------|-------|-------------|------------------|--------------------|------------------------|-------|
|                    |        | Total  | Denmark | Sweden   | United       | Other EU    | EU           |        |       |             |                  | centres            | tions                  |       |
|                    |        |        |         |          | Kingdom      | countries   | institutions |        |       |             |                  |                    |                        |       |
| 2004 Q1 to 2004 Q4 | 1      | 2      | 3       | 4        | 5            | 6           | 7            | 8      | 9     | 10          | 11               | 12                 | 13                     | 14    |
| Other investment   | -6.6   | -101.7 | 6.9     | -18.3    | -90.1        | -5.2        | 5.0          | -0.1   | 10.0  | 19.7        | 61.1             | -26.7              | 5.1                    | 26.0  |
| Assets             | -289.6 | -247.4 | 3.5     | -26.0    | -206.3       | -18.5       | -0.2         | -1.8   | 6.0   | -5.1        | -3.4             | -25.7              | -3.3                   | -8.8  |
| General government | -1.8   | -1.7   | -1.0    | 0.0      | -0.3         | 0.2         | -0.6         | 0.0    | 0.0   | 0.0         | 0.0              | 0.0                | -1.9                   | 1.8   |
| MFIs               | -259.5 | -224.8 | 5.1     | -23.6    | -189.2       | -17.6       | 0.5          | -0.8   | 5.4   | -4.8        | -5.5             | -13.5              | -1.2                   | -14.2 |
| Other sectors      | -28.3  | -20.9  | -0.5    | -2.4     | -16.9        | -1.0        | -0.1         | -1.0   | 0.6   | -0.3        | 2.0              | -12.1              | -0.2                   | 3.7   |
| Liabilities        | 283.0  | 145.7  | 3.4     | 7.7      | 116.2        | 13.3        | 5.2          | 1.7    | 4.0   | 24.8        | 64.6             | -1.0               | 8.4                    | 34.8  |
| General government | -2.8   | -1.7   | 0.0     | 0.1      | 1.0          | 0.0         | -2.8         | 0.0    | -0.6  | -0.5        | -0.5             | 0.0                | 0.2                    | 0.5   |
| MFIs               | 253.8  | 137.2  | 3.1     | 6.5      | 110.0        | 11.7        | 5.9          | 1.1    | 2.1   | 20.4        | 53.9             | -3.5               | 8.5                    | 33.9  |
| Other sectors      | 31.9   | 10.2   | 0.2     | 1.1      | 5.2          | 1.6         | 2.0          | 0.5    | 2.5   | 4.9         | 11.2             | 2.5                | -0.2                   | 0.4   |

# 5. International investment position

(End-of-period outstanding amounts)

|                             | Total   |         | Europe  | an Union | (outside the | e euro area | )            | Canada | Japan | Switzerland | United<br>States | Offshore financial | Internat.<br>organisa- | Other |
|-----------------------------|---------|---------|---------|----------|--------------|-------------|--------------|--------|-------|-------------|------------------|--------------------|------------------------|-------|
|                             |         | Total   | Denmark | Sweden   | United       | Other EU    | EU           |        |       |             | States           | centres            | tions                  |       |
|                             |         |         |         |          | Kingdom      | countries   | institutions |        |       |             |                  |                    |                        |       |
|                             |         |         |         |          |              |             |              |        |       |             |                  |                    |                        |       |
| 2003                        | 1       | 2       | 3       | 4        | 5            | 6           | 7            | 8      | 9     | 10          | 11               | 12                 | 13                     | 14    |
| Direct investment           | 79.7    | -250.1  | 1.8     | -11.1    | -346.3       | 105.6       | -0.1         | 33.0   | 5.0   | 71.2        | -3.3             | -40.2              | -0.1                   | 264.2 |
| Abroad                      | 2,110.4 | 683.3   | 25.9    | 63.5     | 485.0        | 108.8       | 0.0          | 73.0   | 53.6  | 231.6       | 492.8            | 218.5              | 0.0                    | 357.6 |
| Equity/reinvested earnings  | 1,647.3 | 524.9   | 22.6    | 40.3     | 377.0        | 85.0        | 0.0          | 59.5   | 45.4  | 171.4       | 350.5            | 206.0              | 0.0                    | 289.5 |
| Other capital               | 463.1   | 158.3   | 3.4     | 23.2     | 107.9        | 23.8        | 0.0          | 13.5   | 8.2   | 60.1        | 142.3            | 12.5               | 0.0                    | 68.0  |
| In the euro area            | 2,030.7 | 933.4   | 24.2    | 74.6     | 831.2        | 3.2         | 0.1          | 39.9   | 48.7  | 160.4       | 496.2            | 258.7              | 0.1                    | 93.4  |
| Equity/reinvested earnings  | 1,474.4 | 732.2   | 18.9    | 60.2     | 650.8        | 2.3         | 0.0          | 37.5   | 38.4  | 109.7       | 347.0            | 135.1              | 0.1                    | 74.2  |
| Other capital               | 556.4   | 201.1   | 5.2     | 14.4     | 180.5        | 1.0         | 0.1          | 2.4    | 10.2  | 50.7        | 149.1            | 123.6              | 0.0                    | 19.1  |
| Portfolio investment assets | 2,607.4 | 799.4   | 48.3    | 91.7     | 568.3        | 45.0        | 46.1         | 57.0   | 117.5 | 84.7        | 960.3            | 284.5              | 27.8                   | 276.2 |
| Equity                      | 1,054.6 | 267.4   | 8.3     | 26.0     | 223.5        | 9.6         | 0.0          | 6.8    | 80.7  | 75.7        | 441.6            | 74.9               | 0.5                    | 107.0 |
| Debt securities             | 1,552.8 | 532.0   | 40.0    | 65.7     | 344.8        | 35.5        | 46.1         | 50.2   | 36.8  | 9.0         | 518.7            | 209.6              | 27.3                   | 169.2 |
| Bonds and notes             | 1,317.0 | 433.8   | 37.5    | 53.6     | 262.3        | 34.9        | 45.5         | 49.0   | 35.2  | 7.9         | 423.6            | 197.0              | 26.2                   | 144.2 |
| Money market instruments    | 235.8   | 98.2    | 2.5     | 12.0     | 82.4         | 0.6         | 0.6          | 1.2    | 1.6   | 1.2         | 95.0             | 12.5               | 1.1                    | 25.0  |
| Other investment            | -314.8  | -76.5   | 33.5    | 18.1     | 23.4         | 12.2        | -163.8       | 2.1    | 14.1  | -52.5       | -71.8            | -239.6             | -6.8                   | 116.1 |
| Assets                      | 2,587.3 | 1,240.7 | 49.9    | 49.1     | 1,064.8      | 72.5        | 4.5          | 14.2   | 86.4  | 170.6       | 368.4            | 229.7              | 38.9                   | 438.4 |
| General government          | 92.7    | 9.4     | 0.0     | 0.0      | 4.2          | 2.4         | 2.8          | 0.0    | 0.3   | 0.1         | 2.8              | 1.1                | 33.2                   | 45.8  |
| MFIs                        | 1,768.1 | 961.8   | 42.2    | 33.1     | 834.2        | 51.7        | 0.7          | 6.8    | 70.3  | 109.0       | 233.9            | 153.0              | 5.1                    | 228.1 |
| Other sectors               | 726.4   | 269.5   | 7.7     | 16.0     | 226.4        | 18.4        | 1.0          | 7.3    | 15.8  | 61.5        | 131.7            | 75.6               | 0.5                    | 164.5 |
| Liabilities                 | 2,902.1 | 1,317.2 | 16.3    | 31.0     | 1,041.4      | 60.3        | 168.2        | 12.1   | 72.3  | 223.1       | 440.1            | 469.3              | 45.6                   | 322.3 |
| General government          | 43.5    | 25.6    | 0.0     | 0.1      | 4.1          | 0.2         | 21.1         | 0.0    | 1.6   | 0.3         | 5.2              | 0.3                | 3.0                    | 7.6   |
| MFIs                        | 2,333.1 | 1,012.1 | 13.2    | 15.5     | 816.6        | 48.3        | 118.5        | 6.7    | 50.6  | 192.0       | 350.7            | 436.2              | 41.3                   | 243.5 |
| Other sectors               | 525.5   | 279.5   | 3.2     | 15.3     | 220.7        | 11.8        | 28.6         | 5.4    | 20.1  | 30.8        | 84.3             | 32.8               | 1.4                    | 71.2  |
| Source: ECB.                |         |         |         |          |              |             |              |        |       |             |                  |                    |                        |       |

Monthly Bulletin June 2005

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

# 1. Summary international investment position

|         | Total   | Total as a % of GDP | Direct<br>investment   | Portfolio investment | Financial derivatives | Other investment | Reserve assets |
|---------|---------|---------------------|------------------------|----------------------|-----------------------|------------------|----------------|
|         | 1       | 2                   | 3                      | 4                    | 5                     | 6                | 7              |
|         |         |                     | Net international inve | estment position     |                       |                  |                |
| 2001    | -398.8  | -5.8                | 410.2                  | -820.8               | 2.5                   | -383.4           | 392.7          |
| 2002    | -618.0  | -8.7                | 204.2                  | -879.0               | -12.0                 | -297.2           | 366.1          |
| 2003    | -759.6  | -10.4               | 79.7                   | -823.5               | -7.5                  | -314.8           | 306.5          |
| 2004 Q1 | -693.6  | -9.1                | 130.3                  | -858.1               | -9.0                  | -265.2           | 308.4          |
| Q2      | -706.4  | -9.3                | 134.4                  | -842.3               | -10.2                 | -290.5           | 302.2          |
| Q3      | -714.1  | -9.4                | 112.1                  | -865.8               | -6.5                  | -252.4           | 298.5          |
| Q4      | -815.8  | -10.7               | 74.2                   | -910.6               | -13.6                 | -246.4           | 280.6          |
|         |         |                     | Outstanding            | assets               |                       |                  |                |
| 2001    | 7,628.1 | 110.6               | 1,951.4                | 2,515.0              | 129.9                 | 2,639.2          | 392.7          |
| 2002    | 7,260.6 | 101.8               | 1,877.4                | 2,302.6              | 135.9                 | 2,578.6          | 366.1          |
| 2003    | 7,768.2 | 106.0               | 2,110.4                | 2,607.4              | 156.6                 | 2,587.3          | 306.5          |
| 2004 Q1 | 8,285.6 | 108.9               | 2,158.1                | 2,796.4              | 170.0                 | 2,852.7          | 308.4          |
| Q2      | 8,317.6 | 109.3               | 2,188.7                | 2,821.9              | 150.6                 | 2,854.2          | 302.2          |
| Q3      | 8,429.8 | 110.8               | 2,202.0                | 2,869.5              | 167.7                 | 2,892.0          | 298.5          |
| Q4      | 8,461.1 | 111.2               | 2,199.5                | 2,931.5              | 165.7                 | 2,883.8          | 280.6          |
|         |         |                     | Outstanding li         | abilities            |                       |                  |                |
| 2001    | 8,026.9 | 116.4               | 1,541.2                | 3,335.8              | 127.4                 | 3,022.6          | -              |
| 2002    | 7,878.6 | 110.4               | 1,673.2                | 3,181.6              | 147.9                 | 2,875.9          | -              |
| 2003    | 8,527.8 | 116.4               | 2,030.7                | 3,430.9              | 164.1                 | 2,902.1          | -              |
| 2004 Q1 | 8,979.2 | 118.0               | 2,027.8                | 3,654.5              | 179.0                 | 3,117.9          | -              |
| Q2      | 9,024.0 | 118.6               | 2,054.3                | 3,664.2              | 160.8                 | 3,144.7          |                |
| Q3      | 9,143.9 | 120.1               | 2,090.0                | 3,735.3              | 174.2                 | 3,144.4          |                |
| Q4      | 9,276.9 | 121.9               | 2,125.3                | 3,842.1              | 179.3                 | 3,130.2          |                |

## 2. Direct investment

|                           |  | 1                                | By resident u                            | ınits abroad                     |                                 |                                  |  | By nor                          | ı-resident un                            | its in the eur                   | o area                          |                                  |
|---------------------------|--|----------------------------------|--|----------------------------------|---------------------------------|----------------------------------|--|---------------------------------|--|----------------------------------|---------------------------------|----------------------------------|
|                           |  | Equity capital einvested earning | igs                                      | (mostly                          | Other capital inter-company     | loans)                           |  | Equity capital reinvested earni | ngs                                      | (mostly                          | Other capital inter-compan      |                                  |
|                           | Total                                    | MFIs<br>excluding<br>Eurosystem  | Non-<br>MFIs                             | Total                            | MFIs<br>excluding<br>Eurosystem | Non-<br>MFIs                     | Total                                    | MFIs<br>excluding<br>Eurosystem | Non-<br>MFIs                             | Total                            | MFIs<br>excluding<br>Eurosystem | Non-<br>MFIs                     |
|                           | 1  | 2                                | 3  | 3 4 5                            |                                 |                                  | 7  | 8                               | 9  | 10                               | 11                              | 12                               |
| 2001<br>2002<br>2003      | 1,555.8<br>1,544.1<br>1,647.3            | 124.6<br>127.7<br>114.8          | 1,431.2<br>1,416.4<br>1,532.5            | 395.6<br>333.3<br>463.1          | 0.8<br>0.3<br>0.4               | 394.8<br>333.0<br>462.7          | 1,175.1<br>1,264.6<br>1,474.4            | 32.5<br>37.1<br>47.6            | 1,142.6<br>1,227.5<br>1,426.8            | 366.1<br>408.6<br>556.4          | 2.8<br>2.9<br>2.9               | 363.3<br>405.7<br>553.5          |
| 2004 Q1<br>Q2<br>Q3<br>Q4 | 1,683.3<br>1,709.1<br>1,757.4<br>1,764.3 | 123.6<br>124.9<br>124.3<br>128.5 | 1,559.8<br>1,584.1<br>1,633.1<br>1,635.8 | 474.7<br>479.6<br>444.6<br>435.2 | 1.7<br>1.5<br>1.5<br>1.7        | 473.0<br>478.1<br>443.1<br>433.5 | 1,479.0<br>1,494.5<br>1,515.4<br>1,550.0 | 37.6<br>38.3<br>42.1<br>41.3    | 1,441.4<br>1,456.3<br>1,473.2<br>1,508.7 | 548.8<br>559.8<br>574.6<br>575.3 | 2.8<br>3.6<br>4.0<br>3.8        | 546.0<br>556.2<br>570.7<br>571.5 |

## 3. Portfolio investment assets by instrument and sector of holder

|               |                   | 1              | Equity       |                    |                    |            |                |              |                | Debt ins           | truments   |                |              |               |                |
|---------------|-------------------|----------------|--------------|--------------------|--------------------|------------|----------------|--------------|----------------|--------------------|------------|----------------|--------------|---------------|----------------|
|               |                   |                |              |                    |                    |            | Bonds          | s and notes  | S              |                    |            | Money ma       | rket instru  | ments         |                |
|               |                   | Assets         |              |                    | Liabilities        |            | Assets         |              |                | Liabilities        |            | Asset          | s            |               | Liabilities    |
|               | Eurosystem        | MFIs excluding | Non-l        | MFIs               |                    | Eurosystem | MFIs excluding | Non-N        | MFIs           |                    | Eurosystem | MFIs excluding | Non-         | MFIs          |                |
|               |                   | Eurosystem     | General gov. | Other sectors      |                    |            | Eurosystem     | General gov. | Other sectors  |                    |            | Eurosystem     | General gov. | Other sectors |                |
|               | 1                 | 2              | 3            | 4                  | 5                  | 6          | 7              | 8            | 9              | 10                 | 11         | 12             | 13           | 14            | 15             |
| 2001<br>2002  | 0.6<br>0.7        | 38.5<br>43.8   | 6.7<br>8.3   | 1,070.9<br>800.5   | 1,640.5<br>1,366.1 | 2.0<br>6.4 | 424.8<br>404.8 | 8.2<br>8.0   | 783.6<br>787.2 | 1,514.8<br>1,628.8 | 2.8<br>1.2 | 135.1<br>193.8 | 0.2<br>1.3   | 41.6<br>46.7  | 180.5<br>186.7 |
| 2002          | 1.8               | 52.6           | 11.5         | 988.8              | 1,516.2            | 8.3        | 463.7          | 8.0          | 837.1          | 1,701.3            | 1.1        | 184.8          | 0.6          | 49.2          | 213.4          |
| 2004 Q1<br>Q2 | 1.9<br>1.8        | 60.7<br>73.7   |              | 1,073.1<br>1,075.5 | 1,643.1<br>1,620.0 | 7.6<br>6.9 | 513.2<br>515.8 | 8.5<br>8.5   | 869.9<br>866.4 | 1,783.0<br>1,819.2 | 1.2<br>1.1 | 195.0<br>198.4 | 1.7<br>4.0   | 50.6<br>55.7  | 228.4<br>225.1 |
| Q3<br>Q4      | 1.8<br>1.8<br>1.8 | 75.3<br>76.3   | 14.4         | 1,063.8<br>1,105.3 | 1,632.3<br>1,754.2 | 6.5<br>6.1 | 539.6<br>547.6 | 8.6<br>8.9   | 884.1<br>896.1 | 1,891.1<br>1,893.5 | 0.9<br>1.0 | 212.0<br>217.1 | 4.7<br>0.4   | 57.8<br>56.4  | 211.9<br>194.3 |

## **EURO AREA** STATISTICS

 ${\sf External}$ transactionsand positions

# 7.4 International investment position (including international reserves) (EUR billions, unless stated otherwise; end-of-period outstanding amounts)

# 4. Other investment by instrument

|          |                       | Eur          | rosystem              |                   |               |        |             | General               | governme     | nt            |             |                   |
|----------|-----------------------|--------------|-----------------------|-------------------|---------------|--------|-------------|-----------------------|--------------|---------------|-------------|-------------------|
|          | Assets                |              | Liabilities           |                   |               |        | Assets      |                       |              |               | Liabilities |                   |
|          | Loans/currency<br>and | Other assets | Loans/currency<br>and | Other liabilities | Trade credits | Loans/ | currency an | d deposits            | Other assets | Trade credits | Loans       | Other liabilities |
|          | deposits              |              | deposits              |                   |               | Total  | Loans       | Currency and deposits |              |               |             |                   |
|          | 1                     | 2            | 3                     | 4                 | 5             | 6      | 7           | 8                     | 9            | 10            | 11          | 12                |
| 2001     | 3.0                   | 0.1          | 40.5                  | 0.2               | 3.1           | 68.6   | -           | -                     | 55.8         | 0.2           | 44.8        | 12.3              |
| 2002     | 3.4                   | 0.1          | 57.2                  | 0.2               | 1.3           | 58.7   | 40.1        | - 4.1                 | 54.4         | 0.1           | 42.8        | 13.5              |
| 2003     | 4.2                   | 0.6          | 65.3                  | 0.2               | 1.4           | 53.2   | 49.1        | 4.1                   | 38.1         | 0.0           | 39.7        | 3.8               |
| 2004 Q1  | 5.4                   | 0.6          | 64.6                  | 0.2               | 1.4           | 56.0   | 50.5        | 5.5                   | 39.0         | 0.0           | 36.0        | 2.8               |
| Q2       | 4.3                   | 0.6          | 66.0                  | 0.2               | 1.4           | 60.6   | 50.2        | 10.5                  | 39.5         | 0.0           | 39.0        | 3.5               |
| Q3<br>Q4 | 5.6                   | 0.6          | 69.5                  | 0.2               | 1.4           | 60.1   | 49.4        | 10.7                  | 38.9         | 0.0           | 40.8        | 3.3               |
| Q4       | 4.5                   | 0.6          | 71.3                  | 0.2               | 1.4           | 61.1   | 53.7        | 7.4                   | 38.9         | 0.0           | 41.0        | 3.5               |

|         | MI                 | Is (exclu    | ding Eurosystem)      |                   |               |       |             | Othe                     | er sectors      |                  |             |                   |
|---------|--------------------|--------------|-----------------------|-------------------|---------------|-------|-------------|--------------------------|-----------------|------------------|-------------|-------------------|
|         | Assets             |              | Liabilitie            | es                |               |       | Assets      |                          |                 | I                | Liabilities |                   |
|         | Loans/currency and | Other assets | Loans/currency<br>and | Other liabilities | Trade credits | Loans | currency an | d deposits               | Other<br>assets | Trade<br>credits | Loans       | Other liabilities |
|         | deposits           |              | deposits              |                   |               | Total | Loans       | Currency<br>and deposits |                 |                  |             |                   |
|         | 13                 | 14           | 15                    | 16                | 17            | 18    | 19          | 20                       | 21              | 22               | 23          | 24                |
| 2001    | 1,666.6            | 48.8         | 2,364.6               | 49.3              | 176.3         | 515.8 | -           | -                        | 101.2           | 109.6            | 360.2       | 40.9              |
| 2002    | 1,631.3            | 55.3         | 2,197.7               | 42.9              | 183.6         | 496.7 | 140.7       | 321.6                    | 93.9            | 102.6            | 369.3       | 49.6              |
| 2003    | 1,731.1            | 32.3         | 2,238.8               | 28.8              | 176.4         | 470.4 | 148.7       | 321.0                    | 79.6            | 103.0            | 377.6       | 44.9              |
| 2004 Q1 | 1,938.3            | 27.7         | 2,429.4               | 34.7              | 165.8         | 519.8 | 190.4       | 329.5                    | 98.8            | 108.5            | 393.2       | 48.4              |
| Q2      | 1,943.5            | 25.1         | 2,458.8               | 32.8              | 169.9         | 509.0 | 189.2       | 319.8                    | 100.4           | 111.0            | 385.7       | 47.5              |
| Q3      | 1,946.2            | 29.1         | 2,437.5               | 38.3              | 169.7         | 538.3 | 198.9       | 339.4                    | 102.1           | 111.4            | 393.4       | 50.0              |
| Q4      | 1,955.4            | 27.6         | 2,426.9               | 37.3              | 165.4         | 526.3 | 199.6       | 326.7                    | 102.7           | 107.5            | 395.5       | 47.0              |

## 5. International reserves

|                           |                      |                                       |                            |                   |                     |                      | Reserve  | assets            |                      |            |                       |                                |                          |                   | N                       | Memo                        |
|---------------------------|----------------------|---------------------------------------|----------------------------|-------------------|---------------------|----------------------|--|-------------------|----------------------|------------|-----------------------|--------------------------------|--------------------------|-------------------|-------------------------|-----------------------------|
|                           |                      |                                       |                            |                   |                     |                      |  |                   |                      |            |                       |                                |                          |                   | Assets                  | Liabilities                 |
|                           | Total                | Monet                                 | ary gold                   | Special drawing   | Reserve<br>position |                      |  |                   | Foreign              | exchang    | ge                    |                                |                          | Other claims      | Claims<br>on euro       | Predetermined<br>short-term |
|                           |                      | In<br>EUR<br>billions                 | In fine<br>troy<br>ounces  | rights            | in the<br>IMF       | Total                | Currency<br>deposi                             |                   |                      | Sec        | urities               |                                | Financial<br>derivatives |                   | area<br>residents<br>in | net<br>drains<br>in         |
|                           |                      |                                       | (millions)                 |                   |                     |                      | With<br>monetary<br>authorities<br>and the BIS | With<br>banks     | Total                | Equity     | Bonds<br>and<br>notes | Money<br>market<br>instruments |                          |                   | foreign<br>currency     | foreign<br>currency         |
|                           | 1                    | 1 2 3 4 5 6 7 8 9 10 11 12 Eurosystem |                            |                   |                     |                      |  |                   |                      |            |                       |                                |                          | 14                | 15                      | 16                          |
|                           |                      |                                       |                            |                   |                     |                      | Eı   | urosysten         | 1                    |            |                       |                                |                          |                   |                         |                             |
| 2002<br>2003              | 366.1<br>306.5       | 130.4<br>130.0                        | 399.022<br>393.543         | 4.8<br>4.4        | 25.0<br>23.3        | 205.8<br>148.9       | 10.3<br>10.0                                   | 35.3<br>30.4      | 159.8<br>107.8       | 1.0<br>0.9 | 120.2<br>80.5         | 38.5<br>26.5                   | 0.4<br>0.7               | $0.0 \\ 0.0$      | 22.4<br>20.3            | -26.3<br>-16.3              |
| 2004 Q3<br>Q4             | 298.5<br>280.6       | 131.4<br>125.4                        | 392.200<br>389.998         | 4.6<br>3.9        | 20.5<br>18.6        | 142.1<br>132.7       | 8.4<br>12.5                                    | 31.2<br>25.5      | 102.5<br>94.6        | 0.4<br>0.4 | 66.2<br>58.2          | 35.9<br>35.9                   | 0.1<br>0.1               | 0.0               | 19.1<br>19.1            | -8.5<br>-12.8               |
| 2005 Feb.<br>Mar.         | 283.2<br>284.9       | 127.6<br>127.7                        | 388.411<br>387.359         | 4.0<br>4.0        | 18.3<br>17.4        | 133.4<br>135.7       | 9.2<br>7.6                                     | 26.7<br>27.8      | 97.4<br>100.3        | -          | -                     | -                              | 0.0<br>-0.1              | 0.0               | 20.5<br>21.4            | -11.5<br>-15.1              |
| Apr.                      | 288.9                | 129.6                                 | 385.428                    | 4.0               | 17.1                | 138.1                | 9.4  | 29.8              | 99.0                 | -          | -                     | -                              | -0.1                     | 0.0               | 22.6                    | -18.9                       |
|                           |                      |                                       |                            |                   |                     | of w                 | hich held by the                               | he Europ          | ean Cent             | ral Bank   |                       |                                |                          |                   |                         |                             |
| 2002<br>2003              | 45.5<br>36.9         | 8.1<br>8.1                            | 24.656<br>24.656           | 0.2<br>0.2        | 0.0<br>0.0          | 37.3<br>28.6         | 1.2<br>1.4                                     | 9.9<br>5.0        | 26.1<br>22.2         | 0.0<br>0.0 | 19.5<br>14.9          | 6.7<br>7.3                     | 0.0<br>0.0               | 0.0<br>0.0        | 3.0<br>2.8              | -5.2<br>-1.5                |
| 2004 Q3<br>Q4             | 38.0<br>35.1         | 8.2<br>7.9                            | 24.656<br>24.656           | 0.2<br>0.2        | 0.0<br>0.0          | 29.6<br>27.0         | 0.9<br>2.7                                     | 6.8<br>3.3        | 21.9<br>21.1         | 0.0<br>0.0 | 11.0<br>9.7           | 10.9<br>11.3                   | 0.0<br>0.0               | 0.0<br>0.0        | 2.0<br>2.6              | -1.0<br>-1.3                |
| 2005 Feb.<br>Mar.<br>Apr. | 34.9<br>36.2<br>36.5 | 8.1<br>8.1<br>7.8                     | 24.656<br>24.656<br>23.145 | 0.2<br>0.2<br>0.2 | 0.0<br>0.0<br>0.0   | 26.6<br>27.9<br>28.6 | 1.6<br>1.1<br>2.2                              | 3.7<br>4.2<br>4.2 | 21.3<br>22.6<br>22.2 | -          | -<br>-<br>-           | -<br>-<br>-                    | 0.0<br>0.0<br>0.0        | 0.0<br>0.0<br>0.0 | 2.8<br>2.7<br>2.8       | -0.4<br>-0.9<br>-1.1        |

7.5 Trade in goods (seasonally adjusted, unless otherwise indicated)

# 1. Values, volumes and unit values by product group

|                      | Total (     | n.s.a.)      |                    | E              | xports (f.     | o.b.)            |                  |                  |                 | Impo           | rts (c.i.f.)   |                |                |
|----------------------|-------------|--------------|--------------------|----------------|----------------|------------------|------------------|------------------|-----------------|----------------|----------------|----------------|----------------|
|                      |             |              |                    | Tota           | 1              |                  | Memo:            |                  | Tota            | ıl             |                | Memo:          |                |
|                      | Exports     | Imports      |                    | Intermediate   | Capital        | Consumption      | Manufactures     |                  | Intermediate    | Capital        | Consumption    | Manufactures   | Oil            |
|                      | 1           | 2            | 3                  | 4              | 5              | 6                | 7                | 8                | 9               | 10             | 11             | 12             | 13             |
|                      |             |              |                    | Values         | (EUR bill      | ions; annual per | rcentage change  | s for colum      | ns 1 and 2)     |                |                |                |                |
| 2001<br>2002         | 6.1<br>2.0  | -0.7<br>-3.0 | 1,062.6<br>1,083.9 | 506.0<br>512.5 | 234.9<br>227.9 | 289.2<br>309.5   | 932.6<br>949.6   | 1,014.6<br>984.8 | 579.1<br>559.5  | 178.8<br>163.3 | 228.5<br>234.2 | 741.1<br>717.5 | 107.7<br>105.2 |
| 2003                 | -2.2        | 0.5          | 1,058.7            | 501.1          | 222.7          | 300.3            | 924.6            | 987.9            | 554.1           | 164.2          | 240.9          | 715.4          | 109.1          |
| 2004                 | 8.6         | 8.8          | 1,146.1            | 540.2          | 242.4          | 310.1            | 988.9            | 1,073.1          | 596.4           | 178.3          | 252.6          | 760.3          | 128.4          |
| 2003 Q4              | -0.4        | 1.5          | 269.2              | 125.7          | 57.4           | 76.2             | 233.1            | 249.5            | 138.8           | 42.0           | 61.5           | 180.5          | 27.0           |
| 2004 Q1<br>Q2        | 4.7<br>11.9 | -0.1<br>9.0  | 278.2<br>287.0     | 130.7<br>134.9 | 59.0<br>59.7   | 76.0<br>78.8     | 241.7<br>246.0   | 252.0<br>263.6   | 137.9<br>145.9  | 42.2<br>44.7   | 62.4<br>62.3   | 182.7<br>186.4 | 26.3<br>29.4   |
| Q3                   | 8.8         | 14.5         | 289.1              | 136.9          | 61.1           | 78.4             | 249.7            | 277.4            | 156.4           | 45.0           | 64.0           | 194.0          | 36.3           |
| Q4                   | 8.8         | 12.2         | 291.9              | 137.6          | 62.6           | 76.9             | 251.5            | 280.2            | 156.2           | 46.4           | 63.9           | 197.1          | 36.5           |
| 2005 Q1<br>2004 Oct. | 3.4         | 8.8<br>7.3   | 291.2<br>96.2      | 136.7<br>45.4  | 60.5           | 76.3<br>25.5     | 254.6<br>82.9    | 276.7<br>93.5    | 151.9<br>51.3   | 43.8<br>15.3   | 62.6<br>21.5   | 197.0<br>65.1  | 35.0<br>13.0   |
| Nov.                 | 14.6        | 18.4         | 98.3               | 46.2           | 20.7           | 26.1             | 84.3             | 94.3             | 53.0            | 15.8           | 21.5           | 66.8           | 12.1           |
| Dec.                 | 9.4         | 11.3         | 97.4               | 46.0           | 20.9           | 25.3             | 84.4             | 92.4             | 52.0            | 15.3           | 20.9           | 65.3           | 11.4           |
| 2005 Jan.<br>Feb.    | 6.8<br>4.3  | 11.2<br>8.8  | 97.2<br>97.0       | 45.7<br>45.6   | 20.0<br>20.1   | 25.5<br>25.1     | 85.5<br>83.5     | 92.4<br>91.7     | 50.0<br>49.4    | 14.6<br>14.2   | 20.7<br>20.7   | 65.8<br>65.3   | 11.2<br>10.4   |
| Mar.                 | -0.1        | 6.7          | 97.0               | 45.4           | 20.1           | 25.7             | 85.6             | 92.6             | 52.4            | 15.0           | 21.1           | 65.9           | 13.3           |
|                      |             |              |                    | Volume inc     | dices (200     | 0 = 100; annual  | percentage cha   | nges for col     | lumns 1 and 2)  |                |                |                |                |
| 2001                 | 5.1         | -0.8         | 105.0              | 102.1          | 108.4          | 107.8            | 105.5            | 98.8             | 99.3            | 96.3           | 100.6          | 98.0           | 99.3           |
| 2002<br>2003         | 2.9<br>1.0  | -0.7<br>3.7  | 108.0<br>109.0     | 105.0<br>105.9 | 106.2<br>107.9 | 114.9<br>114.7   | 108.3<br>109.2   | 98.3<br>101.7    | 98.8<br>100.5   | 89.6<br>95.2   | 104.1<br>110.4 | 96.4<br>100.1  | 101.4<br>104.9 |
| 2004                 | 8.5         | 6.1          | 118.0              | 113.9          | 118.5          | 118.6            | 117.3            | 107.7            | 102.4           | 105.0          | 116.9          | 106.2          | 104.9          |
| 2003 Q4              | 3.0         | 5.4          | 111.8              | 107.2          | 111.8          | 117.1            | 111.2            | 103.8            | 101.7           | 97.8           | 113.4          | 101.8          | 106.7          |
| 2004 Q1              | 7.6         | 4.7          | 115.9              | 112.0          | 116.1          | 117.2            | 115.8            | 105.4            | 101.4           | 99.8           | 116.4          | 103.6          | 101.8          |
| Q2<br>Q3             | 11.4<br>7.4 | 5.8<br>8.3   | 117.9<br>118.1     | 113.8<br>114.5 | 116.5<br>118.7 | 119.9<br>119.4   | 116.5<br>117.7   | 106.6<br>109.1   | 101.7<br>104.3  | 104.6<br>105.0 | 115.4<br>117.5 | 104.3<br>107.2 | 100.0<br>113.4 |
| Q4                   | 7.7         | 5.6          | 119.9              | 115.1          | 122.7          | 117.8            | 119.2            | 109.7            | 102.3           | 110.6          | 118.3          | 109.6          | 104.3          |
| 2005 Q1              |             | •            |                    | •              | •              |                  |                  |                  |                 | •              |                |                |                |
| 2004 Oct.<br>Nov.    | 2.2<br>12.5 | 0.0<br>11.1  | 118.4<br>120.3     | 114.1<br>114.8 | 122.3<br>122.0 | 117.4<br>119.2   | 117.8<br>119.1   | 109.1<br>110.2   | 99.7<br>103.6   | 109.2<br>112.7 | 119.7<br>119.0 | 108.5<br>111.1 | 106.7<br>102.4 |
| Dec.                 | 8.9         | 6.1          | 120.3              | 116.5          | 123.7          | 116.9            | 120.6            | 109.8            | 103.0           | 109.8          | 116.2          | 109.3          | 103.8          |
| 2005 Jan.            | 5.1         | 6.5          | 119.4              | 114.3          | 117.6          | 117.0            | 121.1            | 111.1            | 102.7           | 105.5          | 114.7          | 109.9          | 110.2          |
| Feb.<br>Mar.         | 1.9         | 2.4          | 119.3              | 112.9          | 118.3          | 115.3            | 118.2            | 108.7            | 98.8            | 102.5          | 114.7          | 108.6          | 94.1           |
|                      | •           | -            | •                  | Unit value ir  | ndices (20     | 00 = 100; annua  | al percentage ch | anges for co     | olumns 1 and 2) | •              | •              | •              | <u> </u>       |
| 2001                 | 1.1         | 0.3          | 101.0              | 100.7          | 100.1          | 102.1            | 100.9            | 100.2            | 98.7            | 101.4          | 102.9          | 101.7          | 88.6           |
| 2002                 | -0.9        | -2.3         | 100.1              | 99.1           | 99.2           | 102.4            | 100.1            | 97.8             | 95.8            | 99.6           | 101.9          | 100.0          | 84.6           |
| 2003<br>2004         | -3.2<br>0.0 | -3.1<br>2.5  | 96.9<br>96.9       | 96.1<br>96.3   | 95.4<br>94.5   | 99.5<br>99.5     | 96.6<br>96.2     | 94.8<br>97.2     | 93.3<br>98.5    | 94.2<br>92.8   | 98.8<br>97.9   | 96.1<br>96.2   | 85.0<br>99.4   |
| 2003 Q4              | -3.2        | -3.7         | 96.1               | 95.2           | 94.8           | 99.1             | 95.7             | 93.9             | 92.3            | 93.8           | 98.1           | 95.3           | 82.4           |
| 2004 Q1              | -2.7        | -4.6         | 95.7               | 94.8           | 93.9           | 98.6             | 95.3             | 93.3             | 92.1            | 92.3           | 97.1           | 94.8           | 84.1           |
| Q2<br>Q3<br>Q4       | 0.4<br>1.3  | 3.0<br>5.8   | 97.1<br>97.7       | 96.3<br>97.1   | 94.8<br>95.1   | 100.0<br>99.9    | 96.4<br>96.9     | 96.5<br>99.3     | 97.1<br>101.4   | 93.3<br>93.6   | 97.8<br>98.7   | 96.1<br>97.3   | 95.6<br>104.2  |
| Q3<br>Q4             | 1.1         | 6.3          | 97.1               | 97.1           | 94.3           | 99.3             | 96.4             | 99.7             | 103.3           | 91.7           | 97.8           | 96.7           | 113.9          |
| 2005 Q1              |             |              |                    |                |                |                  | •                |                  |                 |                |                |                |                |
| 2004 Oct.            | 0.9         | 7.3          | 97.3               | 97.1           | 94.7           | 99.3             | 96.3             | 100.4            | 104.3           | 92.0           | 97.6           | 96.8           | 118.8          |
| Nov.<br>Dec.         | 1.9<br>0.4  | 6.6<br>4.9   | 97.8<br>96.4       | 98.2<br>96.2   | 94.3<br>93.8   | 99.8<br>98.9     | 96.9<br>95.9     | 100.3<br>98.6    | 103.8<br>101.7  | 92.1<br>91.1   | 98.1<br>97.9   | 96.9<br>96.3   | 116.0<br>107.0 |
| 2005 Jan.            | 1.6         | 4.4          | 97.5               | 97.5           | 94.1           | 99.5             | 96.8             | 97.5             | 98.9            | 90.8           | 98.2           | 96.6           | 99.7           |
| Feb.<br>Mar.         | 2.4         | 6.3          | 97.4               | 98.4           | 94.0           | 99.5             | 96.7             | 98.8             | 101.5           | 90.5           | 98.2           | 97.0           | 108.4          |

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

External transactionsand positions

7.5 Trade in goods
(EUR billions, unless otherwise indicated; seasonally adjusted)

# 2. Geographical breakdown

|                    | Total                    | European     | Union (ou    | ıtside the e      | uro area)          | Russia         | Switzer-     | vitzer- Turkey land | United<br>States | Asia           |                |                             | Africa       | Latin<br>America | Other countries |
|--------------------|--------------------------|--------------|--------------|-------------------|--------------------|----------------|--------------|---------------------|------------------|----------------|----------------|-----------------------------|--------------|------------------|-----------------|
|                    |                          | Denmark      | Sweden       | United<br>Kingdom | Other EU countries |                | mu           |                     | States           | China          | Japan          | Other<br>Asian<br>countries |              | 7 Times rea      | countries       |
|                    |                          | 2            | 2            | 4                 | -                  | (              | 7            | 0                   | 9                | 10             | 11             |                             | 12           | 1.4              | 1.5             |
|                    | 1                        |              |              | 4                 | 5                  | 6              | Exports      | (f.o.b.)            | 9                | 10             | 11             | 12                          | 13           | 14               | 15              |
| 2001               | 1,062.6                  | 24.4         | 37.0         | 202.5             | 105.9              | 24.7           | 66.4         | 17.9                | 180.2            | 25.2           | 34.5           | 140.3                       | 60.5         | 49.9             | 93.2<br>100.5   |
| 2002<br>2003       | 1,083.9<br>1,058.7       | 25.3<br>24.9 | 37.1<br>38.7 | 205.8<br>194.8    | 112.1<br>117.7     | 27.1<br>29.2   | 64.0<br>63.4 | 21.4<br>24.9        | 184.1<br>166.4   | 29.9<br>35.3   | 33.1<br>31.3   | 140.5<br>135.4              | 59.6<br>59.6 | 43.4<br>37.9     | 100.5<br>99.2   |
| 2003               | 1,146.1                  | 25.5         | 41.7         | 203.2             | 126.7              | 35.5           | 66.1         | 31.8                | 173.4            | 40.2           | 33.0           | 149.6                       | 63.6         | 40.2             | 115.6           |
| 2003 Q4            | 269.2                    | 6.1          | 9.8          | 49.5              | 29.7               | 7.4            | 15.9         | 6.7                 | 41.4             | 9.0            | 8.1            | 34.2                        | 15.0         | 9.0              | 27.4            |
| 2004 Q1            | 278.2                    | 6.1          | 10.1         | 49.6              | 31.0               | 8.0            | 15.5         | 7.9                 | 42.5             | 9.8            | 8.4            | 36.8                        | 15.2         | 9.5              | 27.7            |
| Q2<br>Q3           | 287.0<br>289.1           | 6.3<br>6.4   | 10.4<br>10.5 | 50.5<br>51.7      | 31.7<br>31.3       | 9.1<br>9.3     | 16.3<br>17.2 | 8.2<br>8.0          | 43.9<br>43.3     | 10.4<br>9.9    | 8.0<br>8.4     | 36.9<br>38.7                | 15.8<br>16.7 | 9.9<br>10.3      | 29.8<br>27.4    |
| Q4                 | 291.9                    | 6.6          | 10.8         | 51.4              | 32.8               | 9.1            | 17.1         | 7.7                 | 43.7             | 10.1           | 8.2            | 37.2                        | 15.9         | 10.5             | 30.7            |
| 2005 Q1            | 291.2                    | 6.5          | 10.7         | 50.7              | 33.0               | 9.6            | 17.4         | 7.9                 | 43.3             | 10.4           | 8.5            | 38.5                        | 17.0         | 10.9             | 26.7            |
| 2004 Oct.<br>Nov.  | 96.2<br>98.3             | 2.2<br>2.2   | 3.6<br>3.6   | 17.3<br>17.7      | 11.1<br>11.0       | 2.9<br>3.1     | 5.5<br>5.7   | 2.6<br>2.5          | 14.3<br>14.7     | 3.4<br>3.3     | 2.6<br>2.7     | 12.3<br>12.3                | 5.4<br>5.1   | 3.3<br>3.7       | 9.7<br>10.7     |
| Dec.               | 97.4                     | 2.2          | 3.6          | 16.4              | 10.8               | 3.2            | 5.8          | 2.6                 | 14.8             | 3.4            | 2.8            | 12.6                        | 5.4          | 3.5              | 10.3            |
| 2005 Jan.<br>Feb.  | 97.2<br>97.0             | 2.2<br>2.2   | 3.5<br>3.6   | 16.6<br>16.7      | 11.5<br>11.1       | 3.2<br>3.2     | 5.9<br>5.6   | 2.7<br>2.5          | 14.6<br>14.3     | 3.4<br>3.4     | 2.8<br>2.8     | 13.6<br>12.4                | 5.6<br>5.5   | 3.7<br>3.7       | 7.7<br>10.1     |
| Mar.               | 97.0                     | 2.2          | 3.6          | 17.4              | 10.4               | 3.3            | 5.9          | 2.7                 | 14.3             | 3.6            | 2.9            | 12.4                        | 5.9          | 3.6              | 8.9             |
|                    | % share of total exports |              |              |                   |                    |                |              |                     |                  |                |                |                             |              |                  |                 |
| 2004               | 100.0                    | 2.2          | 3.6          | 17.7              | 11.1               | 3.1            | 5.8          | 2.8                 | 15.1             | 3.5            | 2.9            | 13.1                        | 5.5          | 3.5              | 10.1            |
| ••••               |                          |              |              |                   |                    |                | Imports      |                     |                  |                |                |                             |              |                  |                 |
| 2001<br>2002       | 1,014.6<br>984.8         | 22.0<br>23.0 | 35.6<br>35.6 | 154.6<br>149.7    | 88.9<br>93.5       | 42.8<br>42.0   | 52.9<br>52.1 | 16.7<br>17.7        | 138.7<br>125.6   | 57.5<br>61.8   | 58.6<br>52.7   | 150.5<br>142.7              | 74.0<br>67.9 | 41.0<br>39.4     | 80.8<br>81.0    |
| 2003               | 987.9                    | 23.7         | 36.9         | 138.9             | 102.1              | 47.4           | 50.4         | 19.3                | 110.3            | 74.3           | 52.2           | 141.5                       | 68.9         | 39.8             | 82.1            |
| 2004<br>2003 Q4    | 1,073.1<br>249.5         | 24.3<br>5.9  | 39.4<br>9.3  | 141.8<br>34.5     | 107.8<br>26.8      | 56.2<br>11.9   | 53.4<br>12.3 | 22.8<br>5.0         | 113.4            | 91.8           | 53.5<br>12.9   | 163.1<br>35.7               | 72.2<br>16.5 | 44.9             | 88.7<br>21.3    |
| 2003 Q4<br>2004 Q1 | 252.0                    | 6.0          | 9.3          | 33.8              | 26.8               | 12.4           | 12.3         | 5.1                 | 26.6             | 20.0           | 13.5           | 35.6                        | 16.5         | 10.6             | 22.6            |
| Q2                 | 263.6                    | 5.8          | 9.8          | 34.5              | 26.5               | 13.4           | 13.2<br>13.7 | 5.5                 | 29.8             | 22.2           | 12.9           | 41.2                        | 17.1         | 10.9             | 20.8<br>22.4    |
| Q3<br>Q4           | 277.4<br>280.2           | 6.2<br>6.2   | 10.1<br>10.1 | 37.4<br>36.0      | 26.9<br>27.6       | 14.5<br>15.9   | 13.7<br>13.7 | 6.0<br>6.1          | 28.9<br>28.6     | 23.7<br>25.2   | 13.7<br>13.5   | 43.2<br>43.1                | 18.9<br>19.6 | 11.6<br>11.7     | 22.4<br>22.8    |
| 2005 Q1            | 276.7                    | 6.0          | 9.8          | 35.7              | 27.0               | 16.5           | 13.3         | 6.3                 | 28.9             | 26.4           | 13.5           | 39.2                        | 20.2         | 12.0             | 21.7            |
| 2004 Oct.          | 93.5<br>94.3             | 2.2<br>2.2   | 3.3          | 12.3<br>12.3      | 9.1                | 5.0            | 4.6          | 2.0                 | 9.5<br>9.5       | 8.2            | 4.3<br>4.7     | 13.2<br>14.7                | 6.6          | 3.9<br>3.9       | 9.3<br>7.0      |
| Nov.<br>Dec.       | 94.3<br>92.4             | 2.2<br>1.9   | 3.4<br>3.4   | 12.3<br>11.4      | 9.2<br>9.3         | 5.4<br>5.4     | 4.6<br>4.5   | 2.0<br>2.1          | 9.5<br>9.6       | 8.6<br>8.4     | 4.7<br>4.4     | 14.7<br>15.3                | 6.8<br>6.3   | 3.9<br>3.9       | 7.0<br>6.5      |
| 2005 Jan.          | 92.4                     | 2.0          | 3.3          | 11.7              | 9.3                | 4.8            | 4.5          | 2.1                 | 9.6              | 8.6            | 4.5            | 12.6                        | 6.4          | 4.0              | 9.0             |
| Feb.               | 91.7<br>92.6             | 1.9          | 3.2<br>3.3   | 11.6              | 9.2<br>8.5         | 5.8<br>5.9     | 4.4<br>4.5   | 2.0<br>2.1          | 9.6<br>9.7       | 8.7            | 4.3<br>4.7     | 13.5<br>13.1                | 6.5<br>7.3   | 4.0              | 6.8<br>5.9      |
| Mar.               | 92.6                     | 2.1          | 3.3          | 12.4              | 8.3                |                |              | 2.1<br>otal imports |                  | 9.1            | 4./            | 13.1                        | 7.3          | 4.0              | 3.9             |
| 2004               | 100.0                    | 2.3          | 3.7          | 13.2              | 10.1               | 5.2            | 5.0          | 2.1                 | 10.6             | 8.5            | 5.0            | 15.2                        | 6.7          | 4.2              | 8.3             |
|                    |                          |              |              |                   |                    |                | Bala         |                     |                  |                |                |                             |              |                  |                 |
| 2001               | 48.0                     | 2.3<br>2.3   | 1.4          | 47.9              | 17.0               | -18.1          | 13.5         | 1.2                 | 41.5             | -32.3          | -24.0          | -10.2                       | -13.6        | 8.9              | 12.5<br>19.5    |
| 2002<br>2003       | 99.1<br>70.8             | 2.3<br>1.1   | 1.5<br>1.8   | 56.1<br>56.0      | 18.6<br>15.6       | -14.9<br>-18.2 | 12.0<br>13.0 | 3.8                 | 58.5<br>56.1     | -31.9<br>-39.1 | -19.7<br>-20.9 | -2.3<br>-6.0                | -8.3<br>-9.4 | 4.0<br>-1.8      | 19.5<br>17.1    |
| 2003               | 73.0                     | 1.1          | 2.3          | 61.4              | 19.0               | -18.2<br>-20.7 | 12.7         | 5.5<br>9.0          | 60.0             | -51.6          | -20.5          | -13.5                       | -8.6         | -4.7             | 26.9            |
| 2003 Q4            | 19.7                     | 0.2          | 0.5          | 15.0              | 2.8                | -4.5           | 3.6          | 1.8                 | 14.8             | -11.0          | -4.9           | -1.6                        | -1.5         | -1.6             | 6.1             |
| 2004 Q1<br>Q2      | 26.2<br>23.5             | 0.1<br>0.5   | 0.6<br>0.6   | 15.7<br>15.9      | 4.2<br>5.2         | -4.4<br>-4.4   | 2.8<br>3.1   | 2.8<br>2.7          | 16.4<br>14.1     | -10.9<br>-11.8 | -5.0<br>-4.9   | 1.2<br>-4.2                 | -1.4<br>-1.3 | -1.1<br>-1.0     | 5.1<br>9.0      |
| Q3                 | 11.7                     | 0.2          | 0.6          | 14.3              | 4.4                | -5.2           | 3.5          | 2.7                 | 14.1             | -11.8          | -5.3           | -4.2<br>-4.6                | -2.2         | -1.3             | 4.9             |
| Q4                 | 11.7                     | 0.4          | 0.7          | 15.5              | 5.2                | -6.7           | 3.4          | 1.6                 | 15.1             | -15.1          | -5.3           | -5.9                        | -3.7         | -1.2             | 7.9             |
| 2005 Q1            | 14.5                     | 0.5          | 0.9          | 15.0              | 6.0                | -6.9           | 4.1          | 1.6                 | 14.3             | -16.0          | -5.0           | -0.7                        | -3.3         | -1.1             | 5.0             |
| 2004 Oct.<br>Nov.  | 2.7<br>4.0               | 0.1<br>0.0   | 0.2<br>0.2   | 5.0<br>5.4        | 2.0<br>1.8         | -2.1<br>-2.3   | 1.0<br>1.1   | 0.6<br>0.4          | 4.8<br>5.2       | -4.8<br>-5.3   | -1.7<br>-2.0   | -0.8<br>-2.4                | -1.2<br>-1.6 | -0.5<br>-0.2     | 0.4<br>3.7      |
| Dec.               | 5.0                      | 0.3          | 0.2          | 5.0               | 1.5                | -2.2           | 1.3          | 0.5                 | 5.2              | -5.0           | -1.6           | -2.7                        | -0.8         | -0.4             | 3.8             |
| 2005 Jan.<br>Feb.  | 4.8<br>5.3               | 0.1<br>0.3   | 0.3<br>0.3   | 4.9<br>5.1        | 2.2<br>1.9         | -1.6<br>-2.6   | 1.4<br>1.2   | 0.6<br>0.5          | 5.0<br>4.7       | -5.2<br>-5.3   | -1.6<br>-1.6   | 1.1<br>-1.1                 | -0.8<br>-1.0 | -0.3<br>-0.3     | -1.2            |
| Mar.               | 4.4                      | 0.1          | 0.3          | 5.0               | 1.9                | -2.6           | 1.4          | 0.5                 | 4.6              | -5.5           | -1.8           | -0.7                        | -1.4         | -0.3             | 3.3<br>2.9      |
|                    |                          | ~~           |              | _                 |                    |                |              |                     |                  |                |                |                             |              |                  |                 |

Sources: Eurostat and ECB calculations based on Eurostat data (balance and columns 5, 12 and 15).



# **EXCHANGE RATES**

# 8.1 Effective exchange rates 1) (period averages; index 1999 Q1=100)

|  |   |   | EER-42                                    |  |                                  |                                  |   |   |
|--|---|---|---|--|----------------------------------|----------------------------------|---|---|
|  | Nominal 1                                 | Real<br>CPI                               | Real<br>PPI                               | Real<br>GDP<br>deflator<br>4           | Real<br>ULCM                     | Real<br>ULCT                     | Nominal 7                                 | Real<br>CPI                               |
| 2002<br>2003<br>2004                     | 89.2<br>99.9<br>103.8                     | 90.4<br>101.7<br>105.9                    | 91.9<br>102.2<br>105.3                    | 90.3<br>101.5<br>105.9                 | 87.9<br>99.1<br>102.8            | 88.4<br>99.5<br>102.9            | 94.8<br>106.6<br>111.0                    | 90.9<br>101.6<br>105.4                    |
| 2004 Q1<br>Q2<br>Q3<br>Q4<br>2005 Q1     | 104.7<br>102.1<br>102.8<br>105.7<br>105.7 | 106.7<br>104.1<br>104.9<br>107.7<br>107.9 | 106.4<br>103.7<br>104.4<br>106.7<br>107.1 | 106.5<br>104.3<br>104.9<br>107.7       | 104.3<br>101.3<br>101.6<br>104.2 | 104.3<br>101.3<br>101.7<br>104.2 | 111.6<br>109.2<br>110.1<br>113.0<br>112.6 | 106.2<br>103.8<br>104.5<br>107.1<br>106.6 |
| 2004 May<br>June<br>July<br>Aug.<br>Sep. | 102.4<br>102.3<br>102.8<br>102.7<br>103.0 | 104.4<br>104.2<br>104.8<br>104.8<br>105.1 | 104.0<br>103.7<br>104.4<br>104.3<br>104.5 | :<br>:<br>:                            | -<br>-<br>-<br>-                 | -<br>-<br>-<br>-                 | 109.5<br>109.6<br>110.1<br>109.9<br>110.3 | 104.2<br>104.1<br>104.5<br>104.4<br>104.7 |
| Oct.<br>Nov.<br>Dec.<br>2005 Jan.        | 104.2<br>105.6<br>107.1<br>105.8          | 106.3<br>107.6<br>109.2<br>108.0          | 105.3<br>106.5<br>108.3                   | -<br>-<br>-                            | -<br>-<br>-                      | -<br>-<br>-                      | 111.5<br>113.1<br>114.4<br>112.9          | 105.8<br>107.0<br>108.4<br>106.9          |
| Feb.<br>Mar.<br>Apr.<br>May              | 105.1<br>106.0<br>105.1<br>104.0          | 107.2<br>108.3<br>107.3<br>106.2          | 106.6<br>107.6<br>106.5<br>105.4          | -<br>-<br>-                            | -<br>-<br>-<br>-                 | -<br>-<br>-<br>-                 | 111.9<br>112.9<br>111.9<br>110.6          | 105.9<br>106.9<br>105.9<br>104.6          |
| 2005 May                                 | -1.1                                      | -1.0                                      | -1.1                                      | sus previous month - sus previous year | -                                | -                                | -1.2                                      | -1.2                                      |
| 2005 May                                 | 1.5                                       | 1.7                                       | 1.4                                       | -                                      | -                                | -                                | 1.0                                       | 0.4                                       |

# C31 Effective exchange rates (monthly averages; index 1999 Q1=100)

# C32 Bilateral exchange rates (monthly averages; index 1999 Q1=100)



1) For the definition of the trading partner groups and other information, please refer to the General notes.

| 8.2 Bilate                               | ral excha                                      | inge rate                                      | : S   |  |  |  |  |  |   |  |  |  |
|--|--|--|---|--|--|--|--|--|---|--|--|--|
| (period a                                | verages; units  Danish                         | of national c                                  | urrency per o                                       | euro)  | Japanese   | Swiss   So                                     | outh Korean  | Hong Kong  | Singapore   | Canadian                                       | Norwegian                                      | Australian                                     |
|  | krone  | krona<br>2                                     | sterling  | dollar<br>4                                    | yen 5  | franc 6  | won 7  | dollar<br>8  | dollar<br>9   | dollar<br>10                                   | krone  | dollar<br>12                                   |
| 2002<br>2003<br>2004                     | 7.4305<br>7.4307<br>7.4399                     | 9.1611<br>9.1242<br>9.1243                     | 0.62883<br>0.69199<br>0.67866                       | 0.9456<br>1.1312<br>1.2439                     | 118.06<br>130.97<br>134.44                               | 1.4670<br>1.5212<br>1.5438                     | 1,175.50<br>1,346.90<br>1,422.62                         | 7.3750<br>8.8079<br>9.6881                         | 1.6912<br>1.9703<br>2.1016                          | 1.4838<br>1.5817<br>1.6167                     | 7.5086<br>8.0033<br>8.3697                     | 1.7376<br>1.7379<br>1.6905                     |
| 2004 Q3<br>Q4<br>2005 Q1                 | 7.4367<br>7.4343<br>7.4433                     | 9.1581<br>9.0128<br>9.0736                     | 0.67216<br>0.69507<br>0.69362                       | 1.2220<br>1.2977<br>1.3113                     | 134.38<br>137.11<br>137.01                               | 1.5363<br>1.5335<br>1.5488                     | 1,411.03<br>1,415.11<br>1,340.74                         | 9.5310<br>10.0964<br>10.2257                       | 2.0867<br>2.1481<br>2.1452                          | 1.5998<br>1.5835<br>1.6083                     | 8.3890<br>8.1987<br>8.2388                     | 1.7226<br>1.7132<br>1.6878                     |
| 2004 Nov.<br>Dec.                        | 7.4313<br>7.4338                               | 8.9981<br>8.9819                               | 0.69862<br>0.69500                                  | 1.2991<br>1.3408                               | 136.09<br>139.14   | 1.5216<br>1.5364                               | 1,411.15<br>1,408.77                                     | 10.1028<br>10.4264                                 | 2.1446<br>2.2002                                    | 1.5540<br>1.6333                               | 8.1412<br>8.2207                               | 1.6867<br>1.7462                               |
| 2005 Jan.<br>Feb.<br>Mar.<br>Apr.<br>May | 7.4405<br>7.4427<br>7.4466<br>7.4499<br>7.4443 | 9.0476<br>9.0852<br>9.0884<br>9.1670<br>9.1931 | 0.69867<br>0.68968<br>0.69233<br>0.68293<br>0.68399 | 1.3119<br>1.3014<br>1.3201<br>1.2938<br>1.2694 | 135.63<br>136.55<br>138.83<br>138.84<br>135.37           | 1.5469<br>1.5501<br>1.5494<br>1.5475<br>1.5449 | 1,362.01<br>1,330.26<br>1,329.44<br>1,306.82<br>1,272.34 | 10.2269<br>10.1507<br>10.2960<br>10.0899<br>9.8900 | 2.1501<br>2.1327<br>2.1522<br>2.1375<br>2.0962      | 1.6060<br>1.6128<br>1.6064<br>1.5991<br>1.5942 | 8.2125<br>8.3199<br>8.1880<br>8.1763<br>8.0814 | 1.7147<br>1.6670<br>1.6806<br>1.6738<br>1.6571 |
|  |  |  |   |  |  |  | evious month   |  |   |  |  |  |
| 2005 May                                 | -0.1   | 0.3  | 0.2   | -1.9   | -2.5   | -0.2   | -2.6<br>revious year                                     | -2.0   | -1.9  | -0.3   | -1.2   | -1.0   |
| 2005 May                                 | 0.1  | 0.7  | 1.8   | 5.7  | 0.7  | 0.3  | -9.9   | 5.6  | 2.0   | -3.6   | -1.5   | -2.7   |
|  | Czech<br>koruna                                | Estonian<br>kroon                              | Cyprus pound  | Latvian<br>lats                                | Lithuanian<br>litas                                      | Hungaria<br>forii                              | nt lira  | Polish<br>zloty                                    | Slovenian<br>tolar                                  | Slovak<br>koruna                               | Bulgarian<br>lev                               | Romanian<br>leu                                |
| 2002<br>2003<br>2004                     | 30.804<br>31.846<br>31.891                     | 15.6466<br>15.6466<br>15.6466                  | 0.57530<br>0.58409<br>0.58185                       | 0.5810<br>0.6407<br>0.6652                     | 3.4594<br>3.4527<br>3.4529                               | 242.9<br>253.6<br>251.6                        | 0.4261   | 3.8574<br>4.3996<br>4.5268                         | 225.98<br>233.85<br>239.09                          | 42.694<br>41.489<br>40.022                     | 1.9492<br>1.9490<br>1.9533                     | 31,270<br>37,551<br>40,510                     |
| 2004 Q3<br>Q4<br>2005 Q1                 | 31.593<br>31.125<br>30.012                     | 15.6466<br>15.6466<br>15.6466                  | 0.57902<br>0.57769<br>0.58267                       | 0.6597<br>0.6801<br>0.6962                     | 3.4528<br>3.4528<br>3.4528                               | 248.8<br>245.9<br>245.0                        | 0.4266<br>0.4314   | 4.4236<br>4.2342<br>4.0267                         | 239.95<br>239.83<br>239.74                          | 40.020<br>39.454<br>38.294                     | 1.9559<br>1.9559<br>1.9559                     | 40,994<br>39,839<br>37,069                     |
| 2004 Nov.<br>Dec.                        | 31.286<br>30.636                               | 15.6466<br>15.6466                             | 0.57789<br>0.57909                                  | 0.6803<br>0.6900                               | 3.4528<br>3.4528   | 245.3<br>245.8                                 | 6 0.4319   | 4.2573<br>4.1354                                   | 239.79<br>239.80                                    | 39.546<br>38.872                               | 1.9559<br>1.9559                               | 39,848<br>38,696                               |
| 2005 Jan.<br>Feb.<br>Mar.<br>Apr.<br>May | 30.304<br>29.957<br>29.771<br>30.134<br>30.220 | 15.6466<br>15.6466<br>15.6466<br>15.6466       | 0.58170<br>0.58315<br>0.58319<br>0.58282<br>0.57806 | 0.6963<br>0.6961<br>0.6961<br>0.6961<br>0.6960 | 3.4528<br>3.4528<br>3.4528<br>3.4528<br>3.4528           | 246.4<br>243.6<br>244.8<br>248.1<br>251.9      | 8 0.4322<br>69 0.4309<br>81 0.4317<br>9 0.4299           | 4.0794<br>3.9867<br>4.0123<br>4.1559<br>4.1749     | 239.77<br>239.74<br>239.70<br>239.65<br>239.51      | 38.573<br>38.044<br>38.253<br>39.232<br>39.004 | 1.9559<br>1.9559<br>1.9559<br>1.9553<br>1.9561 | 38,168<br>36,733<br>36,292<br>36,277<br>36,175 |
|  |  |  |   |  |  |  | evious month   |  |   |  |  |  |
| 2005 May                                 | 0.3  | 0.0  | -0.8  | 0.0  | 0.0<br>% chans   | 1.<br>pe versus pr                             | .5 -0.1<br>revious year                                  | 0.5  | -0.1  | -0.6   | 0.0  | -0.3   |
| 2005 May                                 | -5.5   | 0.0  | -1.3  | 6.1  | 0.0  | -0.  |  | -11.6  | 0.3   | -2.9   | 0.5  | -10.8  |
|  | yuan renm                                      | ninbi 1) l                                     | kuna 1)   | krona r  | upiah 1)   | ringgit 1)                                     | New Zealand<br>dollar                                    | peso 1)  | rouble 1)   | South African rand                             | baht 1)  | New Turkish<br>lira <sup>2)</sup>              |
| 2002<br>2003<br>2004                     | 9  | 9.3626   | 26<br>7.4130<br>7.5688<br>7.4967                    | 86.65  | 28  <br>8,785.12<br>9,685.54<br>1,127.34                 | 3.5933<br>4.2983<br>4.7273                     | 2.0366<br>1.9438<br>1.8731                               | 48.837<br>61.336<br>69.727                         | 29.7028<br>34.6699<br>35.8192                       | 9.9072<br>8.5317<br>8.0092                     | 40.637<br>46.923<br>50.077                     | 1,439,680<br>1,694,851<br>1,777,052            |
| 2004 Q3<br>Q4                            | 10   | 0.1195   | 7.3950<br>7.5528                                    | 87.48 1  | 1,190.20<br>1,840.69                                     | 4.6440<br>4.9324                               | 1.8701<br>1.8526   | 68.442<br>73.035                                   | 35.6546<br>36.9618                                  | 7.7869<br>7.8379                               | 50.478<br>52.191                               | 1,807,510<br>1,871,592                         |
| 2005 Q1                                  |  |  | 7.5081  |  | 2,165.35   | 4.9835   | 1.8299   | 72.084   | 36.5154   | 7.8793   | 50.622   | 1.7412   |
| 2004 Nov.<br>Dec.                        | 1  | 1.0967   | 7.5619<br>7.5589                                    | 83.99 12                                       | 1,723.41<br>2,382.27                                     | 4.9374<br>5.0960                               | 1.8540<br>1.8737   | 73.138<br>75.336                                   | 37.1185<br>37.4162                                  | 7.8566<br>7.6847                               | 52.357<br>52.576                               | 1,883,365<br>1,870,690                         |
| 2005 Jan.<br>Feb.<br>Mar.<br>Apr.<br>May | 10<br>10<br>10                                 | 0.7719<br>0.9262<br>0.7080                     | 7.5494<br>7.5176<br>7.4577<br>7.3908<br>7.3272      | 80.74 12<br>79.15 12<br>80.71 12               | 2,073.27<br>2,039.68<br>2,377.13<br>2,362.94<br>2,033.61 | 4.9861<br>4.9458<br>5.0167<br>4.9163<br>4.8237 | 1.8620<br>1.8192<br>1.8081<br>1.7967<br>1.7665           | 73.068<br>71.305<br>71.842<br>70.435<br>68.966     | 36.6704<br>36.3910<br>36.4789<br>35.9794<br>35.4730 | 7.8386<br>7.8337<br>7.9635<br>7.9649<br>8.0500 | 50.855<br>50.078<br>50.908<br>51.165<br>50.562 | 1.7784<br>1.7104<br>1.7333<br>1.7645<br>1.7396 |
| 2005 May                                 |  | -1.9   | -0.9  | 2.0  | % chang  | e versus pre<br>-1.9                           | evious month<br>-1.7                                     | -2.1   | -1.4  | 1.1  | -1.2   | -1.4   |
| 2005 May                                 |  | 1.7  | 0.7   | 2.0  |  |  | evious year  | -2.1   | -1.4  | 1.1  | -1.2   | -1.4   |
| 2005 May                                 |  | 5.8  | -1.1  | -6.4   | 11.3   | 5.8  | -9.3   | 2.9  | 1.9   | -1.1   | 3.9  | -  |

Source: ECB.

1) For these currencies the ECB computes and publishes euro reference exchange rates as from 1 April 2005. Previous data are indicative.

2) Data prior to January 2005 refer to the Turkish lira; 1,000,000 Turkish liras are equivalent to 1 new Turkish lira.



### **DEVELOPMENTS OUTSIDE THE EURO AREA**

## 9.1 In other EU Member States (annual percentage changes, unless otherwise indicated)

#### 1. Economic and financial developments

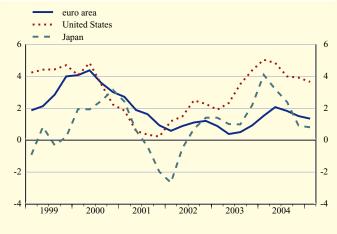
|                          | Czech<br>Republic    | Denmark      | Estonia        | Cyprus       | Latvia         | Lithuania      | Hungary        | Malta              | Poland       | Slovenia     | Slovakia          | Sweden       | United<br>Kingdom    |
|--------------------------|----------------------|--------------|----------------|--------------|----------------|----------------|----------------|--------------------|--------------|--------------|-------------------|--------------|----------------------|
|                          | 1                    | 2            | 3              | 4            | 5              | 6<br>HIC       | 7              | 8                  | 9            | 10           | 11                | 12           | 13                   |
| 2002                     | 0.1                  | 2.0          |                | 4.0          | 2.0            |                |                | 1.0                | ^ =          |              | 0.5               |              |                      |
| 2003<br>2004             | -0.1<br>2.6          | 2.0<br>0.9   | 1.4<br>3.0     | 4.0<br>1.9   | 2.9<br>6.2     | -1.1<br>1.1    | 4.7<br>6.8     | 1.9<br>2.7         | 0.7<br>3.6   | 5.7<br>3.6   | 8.5<br>7.4        | 2.3<br>1.0   | 1.4<br>1.3           |
| 2004 Q3                  | 3.0                  | 1.0          | 3.9            | 2.5          | 7.4            | 2.3            | 7.0            | 3.0                | 4.7          | 3.6          | 7.2               | 1.2          | 1.2                  |
| Õ4                       | 2.7                  | 1.2          | 4.4            | 2.8          | 7.2            | 3.0            | 5.9            | 2.2                | 4.5          | 3.5          | 6.0               | 1.1          | 1.4                  |
| 2005 Q1                  | 1.4<br>2.5           | 1.0          | 4.5            | 2.5<br>3.9   | 6.7<br>7.4     | 3.1<br>2.8     | 3.5            | 2.3                | 3.6          | 2.8          | 2.6               | 0.7          | 1.7                  |
| 2004 Dec.<br>2005 Jan.   |                      | 0.8          | 4.8            |              |                |                | 5.5<br>3.9     | 1.9                | 4.4          |              | 5.8<br>3.1        |              | 1.6                  |
| Feb.                     | 1.5<br>1.4           | 1.0          | 4.2<br>4.6     | 2.8<br>2.4   | 6.7<br>7.0     | 2.8<br>3.2     | 3.4<br>3.3     | 2.5                | 3.8<br>3.7   | 2.3<br>2.8   | 2.6               | 0.5<br>1.2   | 1.6                  |
| Mar.<br>Apr.             | 1.2<br>1.4           | 1.3<br>1.7   | 4.8<br>4.7     | 2.4<br>2.8   | 6.6<br>7.1     | 3.3<br>3.2     | 3.3<br>3.8     | 2.6<br>2.0         | 3.4<br>3.1   | 3.3<br>2.7   | 2.6<br>2.3<br>2.5 | 0.5<br>0.4   | 1.9<br>1.9           |
| трі.                     | 1.7                  | 1.7          | 4.7            |              |                |                |                | as a % of GD       |              | 2.7          | 2.3               | 0.4          | 1.7                  |
| 2002                     | -6.8                 | 1.7          | 1.4            | -4.5         | -2.7           | -1.5           | -8.5           | -5.9               | -3.6         | -2.4         | -5.7              | -0.3         | -1.7                 |
| 2003<br>2004             | -11.7<br>-3.0        | 1.2<br>2.8   | 3.1<br>1.8     | -6.3<br>-4.2 | -1.5<br>-0.5   | -1.9<br>-2.5   | -6.2<br>-4.5   | -10.5<br>-5.2      | -4.5<br>-4.8 | -2.0<br>-1.9 | -3.7<br>-3.3      | 0.2<br>1.4   | -3.4<br>-3.2         |
| 2004                     | -5.0                 | 2.0          | 1.0            |              |                | ernment gros   |                |                    | -4.0         | -1.9         | -3.3              | 1.4          | -3.2                 |
| 2002<br>2003             | 30.7                 | 47.2         | 5.3            | 65.2<br>69.8 | 14.1<br>14.4   | 22.4<br>21.4   | 55.5<br>56.9   | 62.7               | 41.2<br>45.4 | 29.5         | 43.3              | 52.4         | 38.3                 |
| 2003<br>2004             | 30.7<br>38.3<br>37.4 | 44.7<br>42.7 | 5.3            | 69.8<br>71.9 | 14.4<br>14.3   | 21.4<br>19.7   | 56.9<br>57.6   | 71.8<br>75.0       | 45.4<br>43.6 | 29.4<br>29.4 | 42.6<br>43.6      | 52.0<br>51.2 | 38.3<br>39.7<br>41.6 |
| 2004                     | 37.4                 | 42.7         | 4.2            |              |                | bond yield a   |                |                    |              | 29.4         | 43.0              | 31.2         | 41.0                 |
| 2004 Nov.                | 4.55                 | 4.09         | -              | 6.45         | 4.58           | 4.25           | 7.64           | 4.70               | 6.45         | 4.31         | 4.92              | 4.13         | 4.74                 |
| Dec.                     | 4.05                 | 3.86         | -              | 6.26         | 4.58           | 3.95           | 7.17           | 4.70               | 6.00         | 4.07         | 4.58              | 3.90         | 4.58                 |
| 2005 Jan.<br>Feb.        | 3.84<br>3.55         | 3.74<br>3.64 | -              | 6.13<br>6.06 | 4.29<br>4.03   | 3.85<br>3.80   | 7.21<br>6.84   | 4.71<br>4.72       | 5.97<br>5.73 | 3.87<br>3.92 | 4.04<br>3.80      | 3.84<br>3.76 | 4.60<br>4.66         |
| Mar.                     | 3.62                 | 3.82         | -              | 5.89         | 3.94           | 3.73           | 6.83           | 4.72               | 5.55<br>5.49 | 3.89         | 3.60              | 3.86         | 4.87                 |
| Apr.                     | 3.55                 | 3.58         | -              | 5.87         | 3.87           | 3.82           | 6.91           | 4.71 eriod average |              | 3.95         | 3.76              | 3.58         | 4.67                 |
| 2004 Nov.                | 2.61                 | 2.21         | 2.41           | 5.13         | 4.49           | 2.70           | 9.57           | 2.95               | 6.81         | 4.06         | 4.22              | 2.20         | 4.88                 |
| Dec.                     | 2.57                 | 2.20         | 2.41           | 5.16         | 4.39           | 2.65           | -              | 2.96               | 6.72         | 4.05         | 3.74              | 2.18         | 4.87                 |
| 2005 Jan.                | 2.53<br>2.25         | 2.20         | 2.40           | 5.16         | 3.99           | 2.62           | 0.45           | 2.97               | 6.63<br>6.54 | 4.05<br>4.05 | 3.66              | 2.15<br>2.12 | 4.87                 |
| Feb.<br>Mar.             | 2.25                 | 2.19<br>2.19 | 2.40<br>2.40   | 5.13<br>4.96 | 3.97<br>3.26   | 2.59<br>2.49   | 8.45           | 2.97<br>2.98       | 6.15         | 4.05         | 2.90<br>2.29      | 2.11         | 4.89<br>4.99<br>4.94 |
| Apr.                     | 2.08<br>2.03         | 2.18         | 2.40           | 4.89         | 2.92           | 2.44           | 7.43           | 3.24               | 5.78         | 4.05         | 2.56              | 2.11         | 4.94                 |
|                          |                      |              |                |              |                | Real G         |                |                    |              |              |                   |              |                      |
| 2003<br>2004             | 3.7<br>4.0           | 0.7<br>2.4   | 5.1<br>6.2     | 2.0<br>3.7   | 7.5<br>8.5     | 9.7<br>6.7     | 3.0<br>4.0     | -1.8<br>1.5        | 3.8<br>5.3   | 2.5<br>4.6   | 4.5<br>5.5        | 1.5<br>3.5   | 2.2<br>3.1           |
| 2004 Q3                  | 4.0                  | 2.5          | 5.9<br>5.9     | 4.1          | 9.1            | 6.0            | 3.9            | 1.9                | 4.8          | 4.5          | 5.3               | 3.3          | 3.1                  |
| 2004 Q3<br>Q4<br>2005 Q1 | 4.3                  | 3.0<br>1.9   | 5.9            | 3.0          | 8.6            | 6.1<br>5.6     | 3.9            | 2.3                | 3.9          | 3.4          | 5.8               | 2.6          | 3.1<br>2.9<br>2.7    |
|                          |                      |              |                | Curi         | rent and ca    | pital accounts | s balance as a | a % of GDP         |              |              |                   |              |                      |
| 2003                     | -6.3                 | 3.3          | -12.7          | -3.3<br>-5.0 | -7.6           | -6.5           | -8.8           | -5.6               | -2.2         | -1.0         | -0.5              | 7.0          | -1.6                 |
| 2004                     | -5.7<br>5.3          | 2.4<br>3.7   | -11.8<br>-17.9 | -4.4         | -11.3<br>-18.3 | -5.9<br>-9.5   | -8.5<br>-10.9  | -9.0<br>-3.1       | -1.1<br>-3.2 | -1.6         | -3.4<br>-7.5      | 8.1          | -2.0                 |
| 2004 Q2<br>Q3            | -5.3<br>-7.5         | 2.5          | -4.5           | 5.1          | -11.6          | -5.0           | -8.2           | -7.7               | -0.7         | -0.7         | -3.4              | 8.7<br>8.5   | -2.6<br>-2.9         |
| Q4                       | -7.8                 | 0.5          | -13.0          | -12.7        | -7.1           | -2.5           | -7.2           | -19.0              | 0.5          | -2.6         | -3.6              | 7.0          | -1.3                 |
| 2003                     | 3.3                  | 2.0          | 4.6            |              | 5.2            | Unit labou     | 7.4            |                    |              | 4.8          | 3.5               | 0.6          | 3.1                  |
| 2003                     |                      | 0.9          | 4.9            | -            | 8.7            | 1.5            |                | -                  |              | 4.0          | 2.1               |              |                      |
| 2004 Q3<br>Q4            |                      | 1.1          | 5.2            | -            | -              |                | -              | -                  |              | -            | 3.5               |              | 1.1                  |
| 2005 Q1                  |                      | 0.3<br>1.9   | 4.7            | -            | -              |                | -              | -                  |              | -            | 5.1               |              |                      |
|                          |                      |              |                | Standard     | lised unem     | ployment rate  | e as a % of la | bour force (s.     | .a.)         |              |                   |              |                      |
| 2003<br>2004             | 7.8<br>8.3           | 5.6<br>5.4   | 10.2<br>9.2    | 4.5<br>5.0   | 10.4<br>9.8    | 12.7<br>10.7   | 5.7<br>5.9     | 8.0<br>7.3         | 19.2<br>18.8 | 6.5<br>6.0   | 17.5<br>18.0      | 5.6<br>6.4   | 5.0<br>4.6           |
| 2004 Q3                  | 8.3                  | 5.3          | 9.0            | 5.0          | 9.7            | 10.6           | 5.8            | 7.1                | 18.7         | 5.9          | 17.8              | 6.4          | 4.5                  |
| Q4                       | 8.3                  | 5.2          | 8.4            | 5.3          | 9.7            | 9.6            | 6.1            | 7.0                | 18.4         | 5.8          | 17.1              | 6.4          | 4.6                  |
| 2005 Q1                  | 8.3                  | 5.0          | 8.0            | 5.4          | 9.5            | 8.8            | 6.3            | 6.9                | 18.1         | 5.8          | 16.1              | 6.3          |                      |
| 2004 Dec.<br>2005 Jan.   | 8.3<br>8.3           | 5.1          | 8.3<br>8.1     | 5.5          | 9.6            | 9.3            | 6.2            | 7.0<br>6.9         | 18.3<br>18.1 | 5.8          | 16.8              | 6.4          | 4.6                  |
| Feb.                     | 8.3                  | 5.0          | 8.0            | 5.6          | 9.5            | 8.8            | 6.3            | 6.8                | 18.0         | 5.8          | 16.1              | 6.5          | 4.7                  |
| Mar.<br>Apr.             | 8.3<br>8.2           | 5.0<br>4.9   | 7.9<br>7.9     | 5.1<br>4.8   | 9.4<br>9.2     | 8.7<br>8.5     | 6.3<br>6.3     | 6.9<br>6.9         | 18.0<br>17.9 | 5.8<br>5.8   | 15.9<br>15.6      | 6.3          |                      |
| Apr.                     | 0.2                  | 7.9          | 1.9            | 7.0          | 9.2            | 0.3            | 0.5            | 0.9                | 17.9         | 5.0          | 13.0              |              |                      |

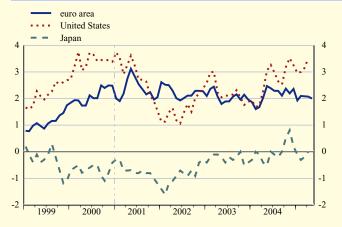
Sources: European Commission (Economic and Financial Affairs DG and Eurostat); national data, Reuters and ECB calculations.

## 9.2 In the United States and Japan

#### 1. Economic and financial developments

|              | Consumer price index | Unit labour<br>costs <sup>1)</sup><br>(manufacturing) | Real GDP   | Industrial<br>production<br>index<br>(manufacturing) | Unemployment<br>rate<br>as a % of<br>labour force<br>(s.a.) | Broad<br>money <sup>2)</sup> | 3-month<br>interbank<br>deposit<br>rate <sup>3)</sup><br>as a %<br>per annum | 10-year<br>government<br>bond<br>yield <sup>3)</sup><br>as a %<br>per annum | Exchange<br>rate <sup>4)</sup><br>as national<br>currency<br>per euro | Fiscal<br>deficit (-)/<br>surplus (+)<br>as a % of<br>GDP | Gross<br>public<br>debt <sup>5)</sup><br>as a % of<br>GDP |
|--------------|----------------------|---|------------|--|---|------------------------------|--|---|---|---|---|
|              | 1                    | 2   | 3          | 4  | 5   | 6                            | 7  | 8   | 9   | 10  | 11  |
|              |                      |   |            |  | United States   |                              |  |   |   |   |   |
| 2001         | 2.8                  | 0.2   | 0.8        | -4.1   | 4.8   | 11.4                         | 3.78   | 5.01  | 0.8956  | -0.4  | 42.9  |
| 2002         | 1.6                  | -0.8  | 1.9        | -0.1   | 5.8   | 8.0                          | 1.80   | 4.60  | 0.9456  | -3.8  | 45.2  |
| 2003<br>2004 | 2.3<br>2.7           | 3.3<br>-0.7   | 3.0<br>4.4 | 0.0<br>4.9   | 6.0<br>5.5  | 6.4<br>5.2                   | 1.22<br>1.62   | 4.00<br>4.26  | 1.1312<br>1.2439  | -4.6<br>-4.3  | 47.8<br>48.7  |
|              |                      |   |            |  |   |                              |  |   |   |   |   |
| 2004 Q1      | 1.8                  | -0.7  | 5.0        | 3.2  | 5.7   | 4.6                          | 1.12   | 4.00  | 1.2497  | -4.5  | 48.5  |
| Q2           | 2.9<br>2.7           | -1.7  | 4.8        | 5.6<br>5.5   | 5.6<br>5.4  | 5.7<br>4.8                   | 1.30   | 4.58  | 1.2046<br>1.2220  | -4.4  | 48.2  |
| Q3<br>Q4     | 3.3                  | -0.1<br>-0.4  | 4.0<br>3.9 | 5.1  | 5.4   | 5.8                          | 1.75<br>2.30   | 4.29<br>4.17  | 1.2220  | -4.4<br>-3.9  | 48.3<br>48.7  |
| 2005 Q1      | 3.0                  | 1.4   | 3.7        | 4.5  | 5.3   | 5.5                          | 2.84   | 4.30  | 1.3113  | -3.9  | 40.7  |
| 2005 Jan.    | 3.0                  | ***   | -          | 5.0  | 5.2   | 6.1                          | 2.66   | 4.21  | 1.3119  | •   | •   |
| Feb.         | 3.0                  | -   | -          | 4.6  | 5.4   | 5.5                          | 2.82   | 4.16  | 1.3014  | -   |   |
| Mar.         | 3.1                  | _   | _          | 4.0  | 5.2   | 4.8                          | 3.03   | 4.49  | 1.3201  | _   | _   |
| Apr.         | 3.5                  | -   | -          | 3.5  | 5.2   | 4.5                          | 3.15   | 4.34  | 1.2938  | _   | -   |
| May          |                      | -   | -          |  |   |                              | 3.27   | 4.14  | 1.2694  | -   | -   |
|              |                      |   |            |  | Japan   |                              |  |   |   |   |   |
| 2001         | -0.7                 | 4.4   | 0.2        | -6.8   | 5.0   | 2.8                          | 0.15   | 1.34  | 108.68  | -6.1  | 134.7   |
| 2002         | -0.9                 | -3.2  | -0.3       | -1.2   | 5.4   | 3.3                          | 0.08   | 1.27  | 118.06  | -7.9  | 141.5   |
| 2003         | -0.3                 | -3.8  | 1.4        | 3.2  | 5.2   | 1.7                          | 0.06   | 0.99  | 130.97  | -7.7  | 149.2   |
| 2004         | 0.0                  | -5.3  | 2.7        | 5.5  | 4.7   | 1.9                          | 0.05   | 1.50  | 134.44  |   |   |
| 2004 Q1      | -0.1                 | -6.5  | 4.1        | 6.9  | 4.9   | 1.7                          | 0.05   | 1.31  | 133.97  |   |   |
| Q2           | -0.3                 | -6.7  | 3.2        | 7.2  | 4.6   | 1.9                          | 0.05   | 1.59  | 132.20  |   |   |
| Q3           | -0.1                 | -5.9  | 2.4        | 6.4  | 4.8   | 1.8                          | 0.05   | 1.64  | 134.38  |   |   |
| Q4           | 0.5<br>-0.2          | -1.9  | 0.9<br>0.8 | 1.8  | 4.6   | 2.0                          | 0.05   | 1.45  | 137.11<br>137.01  |   | •   |
| 2005 Q1      |                      | •   | 0.8        | 1.4  | 4.6   | 2.0                          | 0.05   | 1.41  |   | •   | •   |
| 2005 Jan.    | -0.1                 |   | -          | 2.0  | 4.5   | 2.0                          | 0.05   | 1.37  | 135.63  | -   | -   |
| Feb.<br>Mar. | -0.3<br>-0.2         |   | -          | 1.0<br>1.2   | 4.6<br>4.5  | 1.9<br>2.1                   | 0.05<br>0.05   | 1.40<br>1.45  | 136.55<br>138.83  | -   | -   |
| Apr.         | 0.0                  | •   |            | 0.6  | 4.4   | 1.9                          | 0.03   | 1.43  | 138.84  |   |   |
| May          | 0.0                  |   | _          | 0.0  |   | 1.5                          | 0.05   | 1.27  | 135.37  | _   | _   |





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

- Data for the United States are seasonally adjusted.
- Average-of-period values; M3 for US, M2+CDs for Japan.

- 3) 4) 5) For more information, see Sections 4.6 and 4.7.
  For more information, see Section 8.2.
  Gross consolidated general government debt (end of period).

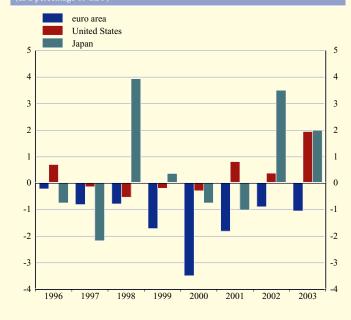
## 9.2 In the United States and Japan

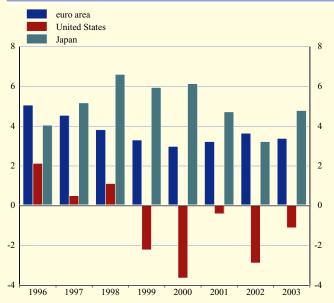
#### 2. Saving, investment and financing

|                | National saving and investment |              | Investment and financing of non-financial corporations |                               |  |   |                 | ns                                     | Investment and financing of households 1) |  |   |                    |  |
|----------------|--------------------------------|--------------|--|-------------------------------|--|---|-----------------|--|---|--|---|--------------------|--|
|                | Gross<br>saving                | formation    | Net<br>lending to<br>the rest of<br>the world          | Gross<br>capital<br>formation | Gross<br>fixed<br>capital<br>formation | Net<br>acquisition<br>of<br>financial<br>assets | Gross<br>saving | Net<br>incurrence<br>of<br>liabilities | Securities<br>and<br>shares               | Capital<br>expend-<br>itures <sup>2)</sup> | Net<br>acquisition<br>of<br>financial<br>assets | Gross<br>saving 3) | Net<br>incurrence<br>of<br>liabilities |
|                | 1                              | 2            | 3  | 4                             | 5                                      | United Sta                                      | 7               | 8                                      | 9   | 10   | 11  | 12                 | 13                                     |
|                |                                |              |  |                               |  |   |                 |  |   |  |   |                    |  |
| 2001           | 16.4                           | 19.1         | -3.7   | 7.9                           | 8.3                                    | 1.8   | 7.6             | 0.9                                    | 1.7                                       | 12.8                                       | 5.3   | 10.8               | 5.7                                    |
| 2002           | 14.2                           | 18.4         | -4.4   | 7.3                           | 7.3                                    | 1.4   | 8.0             | 1.1                                    | -0.1                                      | 12.9                                       | 3.7   | 11.1               | 6.6                                    |
| 2003<br>2004   | 13.5<br>13.7                   | 18.4<br>19.7 | -4.7<br>-5.5   | 7.0<br>7.7                    | 7.1<br>7.4                             | 4.4<br>4.5                                      | 8.5<br>8.7      | 2.5<br>3.0                             | 0.8<br>0.3                                | 13.2<br>13.4                               | 6.9<br>6.6                                      | 10.6<br>10.4       | 8.0<br>9.5                             |
|                |                                |              |  |                               |  |   |                 |  |   |  |   |                    |  |
| 2003 Q1        | 12.8                           | 18.2         | -5.0   | 7.0                           | 7.0                                    | 3.6   | 7.8             | 2.4                                    | 0.8                                       | 12.9                                       | 6.1   | 10.2               | 8.8                                    |
| Q2<br>Q3<br>Q4 | 13.2                           | 18.1         | -4.8   | 6.8                           | 7.0                                    | 5.3   | 8.5             | 3.3                                    | 2.1                                       | 13.1                                       | 9.3   | 10.5               | 11.7                                   |
| Q3             | 13.7                           | 18.6         | -4.6   | 7.0                           | 7.1                                    | 3.6   | 8.7             | 1.4                                    | 0.3                                       | 13.4                                       | 9.3   | 11.2               | 7.4                                    |
|                | 14.4                           | 18.8         | -4.3   | 7.2                           | 7.2                                    | 5.3   | 9.1             | 2.8                                    | 0.1                                       | 13.4                                       | 3.0   | 10.7               | 4.3                                    |
| 2004 Q1        | 13.7                           | 19.1         | -4.9   | 7.4                           | 7.2                                    | 6.2   | 8.9             | 4.2                                    | 1.0                                       | 13.1                                       | 7.2   | 10.2               | 10.2                                   |
| Q2             | 13.9                           | 19.8         | -5.4   | 7.7                           | 7.3                                    | 4.3   | 8.8             | 2.5                                    | -0.6                                      | 13.4                                       | 5.9   | 10.3               | 8.5                                    |
| Q3             | 13.8                           | 19.7         | -5.4   | 7.6                           | 7.4                                    | 4.2   | 9.1             | 2.6                                    | 0.3                                       | 13.5                                       | 6.9   | 10.4               | 9.3                                    |
| Q4             | 13.4                           | 20.1         | -6.2   | 8.0                           | 7.6                                    | 3.2   | 8.2             | 2.8                                    | 0.3                                       | 13.4                                       | 6.4   | 10.7               | 9.7                                    |
|                |                                |              |  |                               |  | Japan   |                 |  |   |  |   |                    |  |
| 2001           | 26.6                           | 25.8         | 2.0  | 15.3                          | 15.3                                   | -2.8  | 14.4            | -6.3                                   | 0.2                                       | 4.9  | 2.8   | 8.6                | 0.2                                    |
| 2002           | 25.7                           | 24.2         | 2.8  | 13.8                          | 14.1                                   | -1.7  | 15.4            | -7.4                                   | -0.8                                      | 4.8  | -0.2  | 9.1                | -2.1                                   |
| 2003           | 26.4                           | 23.9         | 3.1  | 14.3                          | 14.4                                   | 2.3   | 16.1            | -5.3                                   | 0.7                                       | 4.6  | 0.3   | 9.2                | -0.6                                   |
| 2004           |                                | 23.9         |  |                               |  | 4.8   | •               | 0.9                                    | 0.7                                       |  | 1.9   |                    | -0.7                                   |
| 2003 Q1        | 28.2                           | 23.4         | 2.9  |                               |  | 17.5  |                 | -1.8                                   | 1.7                                       |  | -13.2   |                    | 2.9                                    |
| Q2             | 23.7                           | 23.3         | 2.9  |                               |  | -26.1   |                 | -20.6                                  | -0.9                                      |  | 4.2   |                    | -5.7                                   |
| Q3             | 25.9                           | 24.0         | 3.7  |                               |  | 9.2   |                 | -5.6                                   | -0.6                                      |  | -3.7  |                    | 1.4                                    |
| Q4             | 27.9                           | 24.8         | 2.9  | •                             |  | 10.5  |                 | 5.5                                    | 1.2                                       |  | 9.5   | •                  | -1.4                                   |
| 2004 Q1        | 31.0                           | 24.0         | 3.9  |                               |  | 12.5  |                 | -1.9                                   | -0.5                                      |  | -7.2  |                    | 2.6                                    |
| Q2<br>Q3       |                                | 23.0         |  |                               |  | -13.7   |                 | -11.2                                  | 1.0                                       |  | 7.9   |                    | -6.2                                   |
| Q3             |                                | 23.8         |  |                               |  | 7.1   |                 | 0.7                                    | -0.2                                      |  | -2.1  |                    | 1.5                                    |
| Q4             |                                | 24.6         |  |                               |  | 13.0  |                 | 15.2                                   | 2.2                                       |  | 8.3   |                    | -0.4                                   |









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

- Including non-profit institutions serving households.
   Gross capital formation in Japan. Capital expenditures in the United States include purchases of consumer durable goods.
   Gross saving in the United States is increased by expenditures on consumer durable goods.



## LIST OF CHARTS

| Monetary aggregates  | SI  |
|--|---|
| Counterparts   | SI  |
| Components of monetary aggregates  | SI  |
| Components of longer-term financial liabilities  | SI  |
| Loans to financial intermediaries and non-financial corporations   | \$14  |
| Loans to households  | SI  |
| Loans to government and non-euro area residents  | SI  |
| Deposits by financial intermediaries   | \$1   |
| Deposits by non-financial corporations and households  | SI  |
| Deposits by government and non-euro area residents   | SI  |
| MFI holdings of securities   | <b>S2</b>   |
| Total assets of investment funds   | <b>S2</b>   |
| Total outstanding amounts and gross issues of securities, other than shares, issued by euro area residents | \$3   |
| Gross issues of securities, other than shares, by sector   | \$3   |
| Annual growth rates of short-term debt securities, by sector of the issuer, in all currencies combined     | \$3   |
| Annual growth rates of long-term debt securities, by sector of the issuer, in all currencies combined      | \$3   |
| Annual growth rates for quoted shares issued by euro area residents  | \$3   |
| Gross issues of quoted shares by sector of the issuer  | \$3   |
| New deposits with agreed maturity  | \$3   |
| New loans at floating rate and up to 1 year initial rate fixation  | \$3   |
| Euro area money market rates   | \$3   |
| 3-month money market rates   | \$3   |
| Euro area government bond yields   | \$4   |
| 10-year government bond yields   | \$4   |
| Dow Jones EURO STOXX Broad, Standard & Poor's 500 and Nikkei 225   | \$4   |
| B.o.p. current account balance   | \$5   |
| B.o.p. net direct and portfolio investment   | \$5   |
| B.o.p. goods   | \$5   |
| B.o.p. services  | \$5   |
| Main b.o.p. transactions underlying the developments in MFI net external assets                            | \$5   |
| Effective exchange rates   | \$6   |
| Bilateral exchange rates   | \$6   |
| Real gross domestic product  | \$6   |
| Consumer price indices   | \$6   |
| Net lending of non-financial corporations  | <b>S7</b>   |
| Net lending of households  | <b>S7</b>   |
|  | Counterparts Components of monetary aggregates Components of longer-term financial liabilities Loans to financial intermediaries and non-financial corporations Loans to government and non-euro area residents Deposits by financial intermediaries Deposits by financial intermediaries Deposits by non-financial corporations and households Deposits by non-financial corporations and households Deposits by government and non-euro area residents MFI holdings of securities Total assets of investment funds Total outstanding amounts and gross issues of securities, other than shares, issued by euro area residents Gross issues of securities, other than shares, by sector Annual growth rates of short-term debt securities, by sector of the issuer, in all currencies combined Annual growth rates of long-term debt securities, by sector of the issuer, in all currencies combined Annual growth rates for quoted shares issued by euro area residents Gross issues of quoted shares by sector of the issuer New deposits with agreed maturity New loans at floating rate and up to 1 year initial rate fixation Euro area money market rates 3-month money market rates Euro area government bond yields 10-year government bond yields 10-year government bond yields Dow Jones EURO STOXX Broad, Standard & Poor's 500 and Nikkei 225 B.o.p. current account balance B.o.p. services Main b.o.p. transactions underlying the developments in MFI net external assets Effective exchange rates Bilateral exchange rates Real gross domestic product Consumer price indices Net lending of non-financial corporations |



#### **TECHNICAL NOTES**

#### **RELATING TO THE EURO AREA OVERVIEW**

## CALCULATION OF GROWTH RATES FOR MONETARY DEVELOPMENTS

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

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

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

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

#### **RELATING TO SECTIONS 2.1 TO 2.6**

#### **CALCULATION OF TRANSACTIONS**

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

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

c) 
$$F_{t}^{M} = (L_{t} - L_{t-1}) - C_{t}^{M} - E_{t}^{M} - V_{t}^{M}$$

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

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

where L<sub>t-3</sub> is the amount outstanding at the end of month t-3 (the end of the previous quarter)

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

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

## CALCULATION OF GROWTH RATES FOR MONTHLY SERIES

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

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

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

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

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

g) 
$$a_t = \begin{pmatrix} I_t \\ I_{t-12} \end{pmatrix} \times 100$$

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

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

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

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

## CALCULATION OF GROWTH RATES FOR QUARTERLY SERIES

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

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

The annual growth rate in the four quarters ending in month t, i.e. a<sub>t</sub>, may be calculated using formula g).

## SEASONAL ADJUSTMENT OF THE EURO AREA MONETARY STATISTICS'

The approach used relies on a multiplicative decomposition through X-12-ARIMA.<sup>2</sup> The seasonal adjustment may include a day-of-theweek adjustment, and for some series is carried out indirectly by means of a linear combination of components. In particular, this is the case for M3, derived by aggregating the seasonally adjusted series for M1, M2 less M1, and M3 less M2.

The seasonal adjustment procedures are first applied to the index of adjusted outstanding amounts.<sup>3</sup> The resulting estimates of the seasonal factors are then applied to the levels and to the adjustments arising from reclassifications and revaluations, in turn yielding seasonally adjusted transactions.

Seasonal (and trading day) factors are revised at annual intervals or as required.

#### **RELATING TO SECTIONS 3.1 TO 3.3**

#### **CALCULATION OF GROWTH RATES**

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

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

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

#### **RELATING TO SECTION 4.3 AND 4.4**

## CALCULATION OF GROWTH RATES FOR DEBT SECURITIES AND QUOTED SHARES

Growth rates are calculated on the basis of financial transactions and therefore exclude reclassifications, revaluations, exchange rate variations and any other changes which do not arise from transactions. They may be calculated from transactions or from the index of adjusted outstanding amounts. If  $N_{+}^{\rm M}$  represents the

- 1 For details, see "Seasonal adjustment of monetary aggregates and HICP for the euro area", ECB (August 2000) and the "Statistics" section of the ECB's website (www.ecb.int), under the "Money, banking and financial markets" sub-section.
- 2 For details, see Findley, D., Monsell, B., Bell, W., Otto, M., and Chen, B. C. (1998), "New Capabilities and Methods of the X-12-ARIMA Seasonal Adjustment Program", Journal of Business and Economic Statistics, 16, 2, pp.127-152, or "X-12-ARIMA Reference Manual", Time Series Staff, Bureau of the Census, Washington, D.C.
- For internal purposes, the model-based approach of TRAMO-SEATS is also used. For details on TRAMO-SEATS, see Gomez, V. and Maravall, A. (1996), "Programs TRAMO and SEATS: Instructions for the User", Banco de España, Working Paper No. 9628 Madrid
- 3 It follows that for the seasonally adjusted series, the level of the index for the base period, i.e. December 2001, generally differs from 100, reflecting the seasonality of that month.

transactions (net issues) in month t and  $L_t$  the level outstanding at the end of the month t, the index  $I_t$  of adjusted outstanding amounts in month t is defined as:

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

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

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

m) 
$$a_t = (I_t / I_{t-12} - 1) \times 100$$

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

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

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

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

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

The calculation formula used for Section 4.3 is also used for Section 4.4 and is likewise based on that used for the monetary aggregates. Section 4.4 is based on market values and the basis for the calculation are financial transactions, which exclude reclassifications, revaluations or any other changes that do not arise from transactions. Exchange rate variations are not included as all quoted shares covered are denominated in euro.

#### **RELATING TO TABLE 1 IN SECTION 5.1**

#### SEASONAL ADJUSTMENT OF THE HICP 4

The approach used relies on multiplicative decomposition through X-12-ARIMA (see footnote 2 on page S74). The seasonal adjustment of the overall HICP for the euro area is carried out indirectly by aggregating the seasonally adjusted euro area series for processed food, unprocessed food, industrial goods excluding energy, and services. Energy is added without adjustment since there is no statistical evidence of seasonality. Seasonal factors are revised at annual intervals or as required.

#### **RELATING TO TABLE 2 IN SECTION 7.1**

## SEASONAL ADJUSTMENT OF THE BALANCE OF PAYMENTS CURRENT ACCOUNT

The approach relies on multiplicative decomposition through X-12-ARIMA (see footnote 2 on page S74). The raw data for goods and services, income and current transfers are pre-adjusted to take a working-day effect into account. For goods, services and current transfers, the working-day adjustment is corrected for national public holidays. Data on

<sup>4</sup> For details, see "Seasonal adjustment of monetary aggregates and HICP for the euro area", ECB (August 2000) and the "Statistics" section of the ECB's website (www.ecb.int), under the "Money, banking and financial markets" sub-section.

service credits are also pre-adjusted for Easter. The seasonal adjustment for these items is carried out using these pre-adjusted series. Current transfers debits are not pre-adjusted. The seasonal adjustment of the total current account is carried out by aggregating the seasonally adjusted euro area series for goods, services, income and current transfers. Seasonal (and trading day) factors are revised at semi-annual intervals or as required.



#### **GENERAL NOTES**

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

In general, the cut-off date for the statistics included in the Monthly Bulletin is the day preceding the first meeting in the month of the Governing Council. For this issue, the cut-off date was 1 June 2005.

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

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

price and cost statistics before 1999 are based on data expressed in national currency terms.

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

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

The group "Other EU Member States" comprises the Czech Republic, Denmark, Estonia, Cyprus, Latvia, Lithuania, Hungary, Malta, Poland, Slovenia, Slovakia, Sweden and United Kingdom.

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

In the tables, the term "up to (x) years" means "up to and including (x) years".

#### OVERVIEW

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

#### MONETARY POLICY STATISTICS

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

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

Table 1 in Section 1.4 shows the components of the reserve base of credit institutions subject to reserve requirements. The liabilities vis-à-vis other credit institutions subject to the ESCB's minimum reserve system, the ECB and participating national central banks are excluded from the reserve base. When a credit institution cannot provide evidence of the amount of its issues of debt securities with a maturity of up to two years held by the institutions mentioned above, it may deduct a certain percentage of these liabilities from its reserve base. The percentage for calculating the reserve base was 10% until November 1999 and 30% thereafter.

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

on the basis of those credit institutions that have not fulfilled their reserve requirement. The interest rate on minimum reserves (column 5) is equal to the average, over the maintenance period, of the ECB's rate (weighted according to the number of calendar days) on the Eurosystem's main refinancing operations (see Section 1.3).

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

#### MONEY, BANKING AND INVESTMENT FUNDS

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

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

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

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

Details of the sector definitions are set out in the "Money and Banking Statistics Sector Manual – Guidance for the statistical classification of customers" (ECB, November 1999). The "Guidance Notes to the Regulation ECB/2001/13 on the MFI Balance Sheet Statistics" (ECB, November 2002) explains practices recommended to be followed by the NCBs. Since 1 January 1999 the statistical information has been collected and compiled on the basis of Regulation ECB/1998/16 of 1 December 1998 concerning the consolidated balance sheet of the Monetary Financial Institutions sector<sup>1</sup>, as last amended by Regulation ECB/2003/10<sup>2</sup>.

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

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

#### FINANCIAL AND NON-FINANCIAL ACCOUNTS

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

<sup>1</sup> OJL 356, 30.12.1998, p. 7. 2 OJL 250, 2.10.2003, p. 19.

profit institutions serving households (S.15 in the ESA 95). The data cover non-seasonally adjusted amounts outstanding and financial transactions classified according to the ESA 95 and show the main financial investment and financing activities of the non-financial sectors. On the financing side (liabilities), the data are presented by ESA 95 sector and original maturity ("short-term" refers to an original maturity of up to one year; "long-term" refers to an original maturity of over one year). Whenever possible, the financing taken from MFIs is presented separately. The information on financial investment (assets) is currently less detailed than that on financing, especially since a breakdown by sector is not possible.

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

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

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

#### **FINANCIAL MARKETS**

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

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

Statistics on securities issues cover securities other than shares (debt securities), which are presented in Sections 4.1, 4.2 and 4.3, and quoted shares, which are presented in Section 4.4. Debt securities are broken down into shortterm and long-term securities. "Short-term" means securities with an original maturity of one year or less (in exceptional cases two years or less). Securities with a longer maturity, or with optional maturity dates, the latest of which is more than one year away, or with indefinite maturity dates, are classified as "long-term". Long-term debt securities issued by euro area residents are further broken down into fixed and variable rate issues. Fixed rate issues consist of issues where the coupon rate does not change during the life of the issues. Variable rate issues include all issues where the coupon is periodically refixed by reference to an independent interest rate or index. The statistics on debt securities are estimated to cover approximately 95% of total issues by euro area residents. Euro-denominated securities indicated in Sections 4.1, 4.2 and 4.3 also include items expressed in national denominations of the euro.

Section 4.1 shows securities issued, redemptions, net issues and outstanding amounts for all maturities, with an additional breakdown of long-term maturities. Net issues

differ from the changes in outstanding amounts owing to valuation changes, reclassifications and other adjustments.

Columns 1 to 4 show the outstanding amounts, gross issues, redemptions and net issues for all euro-denominated issues. Columns 5 to 8 show the outstanding amounts, gross issues, redemptions and net issues for all securities other than shares (i.e. debt securities) issued by euro area residents. Columns 9 to 11 show the percentage share of the outstanding amounts, gross issues and redemptions of securities that have been issued in euro by euro area residents. Column 12 shows euro-denominated net issues by euro area residents.

Section 4.2 contains a sectoral breakdown of outstanding amounts and gross issues for issuers resident in the euro area which is in line with the ESA 95<sup>3</sup>. The ECB is included in the Eurosystem.

The total outstanding amounts for total and long-term debt securities in column 1 of Table 1 in Section 4.2 correspond to the data on outstanding amounts for total and long-term debt securities issued by euro area residents in Section 4.1, column 5. The outstanding amounts for total and long-term debt securities issued by MFIs in Table 4.2.1, column 2, are broadly comparable with data for debt securities issued as shown on the liabilities side of the aggregated MFI balance sheet in Table 2 of Section 2.1, column 8.

The total gross issues for total debt securities in column 1 of Table 2 in Section 4.2 correspond to the data on total gross issues by euro area residents in Section 4.1, column 6. The residual difference between long-term debt securities in Section 4.1, column 6, and total fixed and variable rate long-term debt securities in Table 2 of Section 4.2, column 7 consists of zero coupon bonds and revaluation effects.

Section 4.3 shows annual growth rates for debt securities issued by euro area residents (broken down by maturity, type of instrument, sector of

the issuer and currency), which are based on financial transactions that occur when an institutional unit incurs or redeems liabilities. The annual growth rates therefore exclude reclassifications, revaluations, exchange rate variations and any other changes which do not arise from transactions. Annual percentage changes for monthly data refer to the end of the month, whereas for quarterly and yearly data, those percentage changes refer to the annual change in the period average. See the technical notes for details.

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

Section 4.4, columns 3, 5, 7 and 9, show annual growth rates for quoted shares issued by euro area residents (broken down by the sector of the issuer), which are based on financial transactions that occur when an issuer sells or redeems shares for cash excluding investments in the issuers' own shares. Transactions include the quotation of an issuer on a stock exchange for the first time and the creation or deletion of new instruments. The calculation of annual growth rates excludes reclassifications, revaluations and any other changes which do not arise from transactions.

Section 4.5 presents statistics on all the interest rates that MFIs resident in the euro area apply to euro-denominated deposits and loans vis-àvis households and non-financial corporations resident in the euro area. Euro area MFI interest

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

rates are calculated as a weighted average (by corresponding business volume) of the euro area countries' interest rates for each category.

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

Section 4.6 presents money market interest rates for the euro area, the United States and Japan. For the euro area, a broad spectrum of money market interest rates is covered spanning from interest rates on overnight deposits to those on twelve-month deposits. Before January 1999 synthetic euro area interest rates were calculated on the basis of national rates weighted by GDP. With the exception of the overnight rate to December 1998, monthly, quarterly and yearly values are period averages. Overnight deposits are represented by interbank deposit bid rates up to December 1998. From January 1999 column 1 of Section 4.6 shows the euro overnight index average (EONIA). These are end-of-period rates up to December 1998 and period averages thereafter. From January 1999 interest rates on one-, three-, sixand twelve-month deposits are euro interbank offered rates (EURIBOR); until December 1998, London interbank offered rates (LIBOR) where available. For the United States and Japan, interest rates on three-month deposits are represented by LIBOR.

Section 4.7 presents government bond yields for the euro area, the United States and Japan. Until December 1998, two-, three-, five- and seven-year euro area yields were end-of-period values and ten-year yields period averages. Thereafter, all yields are period averages. Until December 1998, euro area yields were calculated on the basis of harmonised national government bond yields weighted by GDP; thereafter, the weights are the nominal outstanding amounts of government bonds in

each maturity band. For the United States and Japan, ten-year yields are period averages.

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

## PRICES, OUTPUT, DEMAND AND LABOUR MARKETS

Most of the data described in this section are produced by the European Commission (mainly Eurostat) and national statistical authorities. Euro area results are obtained by aggregating data for individual countries. As far as possible, the data are harmonised and comparable. Statistics on GDP and expenditure components, value added by economic activity, industrial production, retail sales and passenger car registrations are adjusted for the variations in the number of working days.

The Harmonised Index of Consumer Prices (HICP) for the euro area (Section 5.1) is available from 1995 onwards. It is based on national HICPs, which follow the same methodology in all euro area countries. The breakdown by goods and services components is derived from the Classification of individual consumption by purpose (Coicop/HICP). The HICP covers monetary expenditure on final consumption by households on the economic territory of the euro area. The table includes seasonally adjusted HICP data which are compiled by the ECB.

Industrial producer prices (Table 2 in Section 5.1), industrial production, industrial new orders, industrial turnover and retail sales (Section 5.2) are covered by Council Regulation (EC) No 1165/98 of 19 May 1998 concerning short-term statistics<sup>4</sup>. The breakdown by enduse of products for industrial producer prices and industrial production is the harmonised sub-division of industry excluding construction (NACE sections C to E) into Main Industrial

4 OJL 162, 5.6.1998, p. 1.

Groupings (MIGs) as defined by Commission Regulation (EC) No 586/2001 of 26 March 2001<sup>5</sup>. Industrial producer prices reflect the exfactory gate prices of producers. They include indirect taxes except VAT and other deductible taxes. Industrial production reflects the value added of the industries concerned.

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

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

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

Industrial new orders (Table 4 in Section 5.2) measure the orders received during the reference period and cover industries working mainly on the basis of orders – in particular textile, pulp and paper, chemical, metal, capital goods and durable consumer goods industries. The data are calculated on the basis of current prices.

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

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

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

#### **GOVERNMENT FINANCE**

Sections 6.1 to 6.4 show the general government fiscal position in the euro area. The data are mainly consolidated and are based on the ESA 95 methodology. The annual euro area aggregates in Sections 6.1 to 6.3 are compiled by the ECB from harmonised data provided by the NCBs, which are regularly updated. The deficit and debt data for the euro area countries may therefore differ from those used by the European Commission within the excessive deficit procedure. The quarterly euro area aggregates in Section 6.4 are compiled by the ECB on the basis of Eurostat and national data.

Section 6.1 presents annual figures on general government revenue and expenditure on the basis of definitions laid down in Commission Regulation (EC) No 1500/2000 of 10 July 2000 6 amending the ESA 95. Section 6.2 shows details of general government gross consolidated debt at nominal value in line with the Treaty provisions on the excessive deficit procedure. Sections 6.1 and 6.2 include summary data for the individual euro area countries owing to their importance in the framework of the Stability and Growth Pact. The deficits/surpluses presented for the

5 OJL 86, 27.3.2001, p. 11. 6 OJL 172, 12.7.2000, p. 3. individual euro area countries correspond to EDP B.9 as defined by Commission Regulation (EC) No 351/2002 of 25 February 2002 amending Council Regulation (EC) No 3605/93 as regards references to the ESA 95. Section 6.3 presents changes in general government debt. The difference between the change in the government debt and the government deficit – the deficit-debt adjustment - is mainly explained by government transactions in financial assets and by foreign exchange valuation effects. Section 6.4 presents quarterly figures on general government revenue and expenditure on the basis of definitions laid down in the Regulation (EC) No 1221/2002 of the European Parliament and of the Council of 10 June 2002 on quarterly non-financial accounts for general government.

**EXTERNAL TRANSACTIONS AND POSITIONS** 

The concepts and definitions used in balance of payments (b.o.p.) and international investment position (i.i.p.) statistics (Sections 7.1 to 7.4) are generally in line with the IMF Balance of Payments Manual (fifth edition, October 1993), the ECB Guideline of 16 July 2004 on the statistical reporting requirements of the ECB (ECB/2004/15)8, and Eurostat documents. Additional references about the methodologies and sources used in the euro area b.o.p. and i.i.p. statistics can be found in the ECB publication entitled "European Union balance of payments/international investment position statistical methods" (November 2004), and in the following task force reports: "Portfolio investment collection systems" (June 2002), "Portfolio investment income" (August 2003) and "Foreign direct investment" (March 2004), which can be downloaded from the ECB's website. In addition, the report of the ECB/ Commission (Eurostat) Task Force on Quality of balance of payments and international investment position statistics (June 2004) is available on the website of the Committee on Monetary, Financial and Balance of Payments Statistics (www.cmfb.org). The first annual quality report on the euro area b.o.p./i.i.p. (January 2005), which is based on the Task Force's recommendations, is available on the ECB's website.

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

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

In Section 7.1, Table 2 contains seasonally adjusted data for the current account. Where appropriate, the adjustment covers also working-day, leap year and/or Easter effects. Table 5 provides a sectoral breakdown of euro area purchasers of securities issued by nonresidents of the euro area. It is not yet possible to show a sectoral breakdown of euro area issuers of securities acquired by non-residents. In Tables 6 and 7 the breakdown between "loans" and "currency and deposits" is based on the sector of the non-resident counterpart, i.e. assets vis-à-vis non-resident banks are classified as deposits, whereas assets vis-à-vis other non-resident sectors are classified as loans. This breakdown follows the distinction made in other statistics, such as the MFI consolidated balance sheet, and conforms to the IMF Balance of Payments Manual.

Section 7.2 contains a monetary presentation of the b.o.p.: the b.o.p. transactions mirroring the transactions in the external counterpart of M3.

<sup>7</sup> OJ L 179, 9.7.2002, p. 1. 8 OJ L 354, 30.11.2004, p. 34.

The data follow the sign conventions of the b.o.p., except for the transactions in the external counterpart of M3 taken from money and banking statistics (column 12), where a positive sign denotes an increase of assets or a decrease of liabilities. In portfolio investment liabilities (columns 5 and 6), the b.o.p. transactions include sales and purchases of equity and debt securities issued by MFIs in the euro area, apart from shares of money market funds and debt securities with a maturity of up to two years. A methodological note on the monetary presentation of the euro area b.o.p. is available in the "Statistics" section of the ECB's website. See also Box 1 in the June 2003 issue of the Monthly Bulletin.

Section 7.3 presents a geographical breakdown of the euro area b.o.p. (Tables 1 to 4) and i.i.p. (Table 5) vis-à-vis main partner countries individually or as a group, distinguishing between EU Member States outside the euro area and countries or areas outside the European Union. The breakdown also shows transactions and positions vis-à-vis EU institutions (which, apart from the ECB, are treated statistically as outside the euro area, regardless of their physical location) and for some purposes also offshore centres and international organisations. Tables 1 to 4 show cumulative b.o.p. transactions in the latest four quarters; Table 5 shows a geographical breakdown of the i.i.p. for the latest end-year. The breakdown does not cover transactions or positions in portfolio investment liabilities, financial derivatives and international reserves. The geographical breakdown is described in the article entitled "Euro area balance of payments and international investment position vis-à-vis main counterparts" in the February 2005 issue of the Monthly Bulletin.

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

book values are used to a large extent. The quarterly i.i.p. is compiled on the basis of the same methodological framework as the annual i.i.p. As some data sources are not available on a quarterly basis (or are available with a delay), the quarterly i.i.p. is partly estimated on the basis of financial transactions and asset prices and foreign exchange developments.

The outstanding amounts of the Eurosystem's international reserves and related assets and liabilities are shown in Section 7.4, Table 5, together with the part held by the ECB. These figures are not fully comparable with those of the Eurosystem's weekly financial statement owing to differences in coverage and valuation. The data in Table 5 are in line with the recommendations for the IMF/BIS template on international reserves and foreign currency liquidity. Changes in the gold holdings of the Eurosystem (column 3) are due to transactions in gold within the terms of the Central Bank Gold Agreement of 26 September 1999, updated on 8 March 2004. More information on the statistical treatment of the Eurosystem's international reserves can be found in a publication entitled "Statistical treatment of the Eurosystem's international reserves" (October 2000), which can be downloaded from the ECB's website. The website also contains more comprehensive data in accordance with the template on international reserves and foreign currency liquidity.

Section 7.5 shows data on euro area external trade in goods. The main source is Eurostat. The ECB derives volume indices from Eurostat value and unit value indices, and performs seasonal adjustment of unit value indices, while value data are seasonally and working-day adjusted by Eurostat.

The breakdown by product group in columns 4 to 6 and 9 to 11 of Table 1 in Section 7.5 is in line with the classification by Broad Economic Categories. Manufactured goods (columns 7 and 12) and oil (column 13) are in line with the SITC Rev. 3 definition. The geographical breakdown (Table 2 in Section 7.5) shows main

trading partners individually or in regional groups. Mainland China excludes Hong Kong.

Owing to differences in definitions, classification, coverage and time of recording, external trade data, in particular for imports, are not fully comparable with the goods item in the balance of payments statistics (Sections 7.1 to 7.3). The difference for imports has been around 5% in recent years (ECB estimate), a significant part of which relates to the inclusion of insurance and freight services in the external trade data (c.i.f. basis).

overall trade weights for the effective exchange rates of the euro and computation of a new set of euro indicators" in the September 2004 issue of the Monthly Bulletin and the ECB's Occasional Paper No 2 ("The effective exchange rates of the euro" by Luca Buldorini, Stelios Makrydakis and Christian Thimann, February 2002), which can be downloaded from the ECB's website.

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

#### **EXCHANGE RATES**

Section 8.1 shows nominal and real effective exchange rate (EER) indices for the euro calculated by the ECB on the basis of weighted averages of bilateral exchange rates of the euro against the currencies of the euro area's trading partners. A positive change denotes an appreciation of the euro. Weights are based on trade in manufactured goods with the trading partners in the periods 1995-1997 and 1999-2001, and are calculated to account for thirdmarket effects. The EER indices result from the linking at the beginning of 1999 of the indices based on 1995-1997 weights to those based on 1999-2001 weights. The EER-23 group of trading partners is composed of the 13 non-euro area EU Member States, Australia, Canada, China, Hong Kong, Japan, Norway, Singapore, South Korea, Switzerland and the United States. The EER-42 group includes, in addition to the EER-23, the following countries: Algeria, Argentina, Brazil, Bulgaria, Croatia, India, Indonesia, Israel, Malaysia, Mexico, Morocco, New Zealand, the Philippines, Romania, Russia, South Africa, Taiwan, Thailand and Turkey. Real EERs are calculated using consumer price indices, producer price indices, gross domestic product deflators, unit labour costs in manufacturing and unit labour costs in the total economy.

For more detailed information on the calculation of the EERs, see Box 10 entitled "Update of the

#### **DEVELOPMENTS OUTSIDE THE EURO AREA**

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



## CHRONOLOGY OF MONETARY POLICY MEASURES OF THE EUROSYSTEM!

#### **9 JANUARY 2003**

The Governing Council of the ECB decides that the minimum bid rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 2.75%, 3.75% and 1.75% respectively.

#### 23 JANUARY 2003

The Governing Council of the ECB decides to implement the following two measures to improve the operational framework for monetary policy:

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

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

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

Further to the press release of 10 July 2002, the Governing Council also decides to maintain at €15 billion the allotment amount for each of the longer-term refinancing operations to be conducted in the year 2003. This amount takes into consideration the expected liquidity needs of the euro area banking system in 2003 and reflects the desire of the Eurosystem to continue to provide the bulk of liquidity through its main refinancing operations.

#### 6 FEBRUARY 2003

The Governing Council of the ECB decides that the minimum bid rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 2.75%, 3.75% and 1.75% respectively.

#### 6 MARCH 2003

The Governing Council of the ECB decides to lower the minimum bid rate on the main refinancing operations by 0.25 percentage point to 2.50%, starting from the operation to be settled on 12 March 2003. It also decides to lower the interest rates on both the marginal lending facility and the deposit facility by 0.25 percentage point, to 3.50% and 1.50% respectively, both with effect from 7 March 2003.

#### 3 APRIL 2003

The Governing Council of the ECB decides that the minimum bid rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 2.50%, 3.50% and 1.50% respectively.

#### 8 MAY 2003

The Governing Council of the ECB decides that the minimum bid rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 2.50%, 3.50% and 1.50% respectively.

1 The chronology of monetary policy measures of the Eurosystem taken between 1999 and 2002 can be found on pages 176 to 180 of the ECB's Annual Report 1999, on pages 205 to 208 of the ECB's Annual Report 2000, on pages 219 to 220 of the ECB's Annual Report 2001 and on pages 234 to 235 of the ECB's Annual Report 2002 respectively.

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

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

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

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

#### 5 JUNE 2003

The Governing Council of the ECB decides to lower the minimum bid rate on the main refinancing operations by 0.50 percentage

point to 2.0%, starting from the operation to be settled on 9 June 2003. It also decides to lower the interest rates on both the marginal lending facility and the deposit facility by 0.50 percentage point, to 3.0% and 1.0% respectively, both with effect from 6 June 2003.

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

The Governing Council of the ECB decides that the minimum bid rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 2.0%, 3.0% and 1.0% respectively.

#### **12 JANUARY 2004**

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

#### 5 FEBRUARY, 4 MARCH 2004

The Governing Council of the ECB decides that the minimum bid rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 2.0%, 3.0% and 1.0% respectively.

#### **10 MARCH 2004**

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

I APRIL, 6 MAY, 3 JUNE, I JULY, 5 AUGUST, 2 SEPTEMBER, 7 OCTOBER, 4 NOVEMBER, 2 DECEMBER 2004 AND 13 JANUARY 2005

The Governing Council of the ECB decides that the minimum bid rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 2.0%, 3.0% and 1.0% respectively.

#### **14 JANUARY 2005**

The Governing Council of the ECB decides to increase the allotment amount for each of the longer-term refinancing operations to be conducted in the year 2005 from €25 billion to €30 billion. This increased amount takes into consideration the higher liquidity needs of the euro area banking system anticipated in 2005. The Eurosystem will however continue to provide the bulk of liquidity through its main refinancing operations. The Governing Council may decide to adjust the allotment amount again at the beginning of 2006.

## 3 FEBRUARY, 3 MARCH, 7 APRIL, 4 MAY AND 2 JUNE 2005

The Governing Council of the ECB decides that the minimum bid rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 2.0%, 3.0% and 1.0% respectively.

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



#### **PAYMENT FLOWS IN TARGET**

In the first quarter of 2005 TARGET processed a daily average of 277,742 payments with a value of €1,876 billion. Both averages are the highest recorded since the start of TARGET in January 1999. Compared with the previous quarter, this represented an increase of 2% in terms of volume and 6% in terms of value. All segments analysed saw an increase in both volume and value terms. This quarter-onquarter increase is unusual as it breaks with the pattern of previous years where the first quarter always showed a decrease by comparison with the fourth quarter of the previous year. TARGET's overall market share increased by 1% both in value and in volume terms to 89% and 58% respectively.

#### **INTRA-MEMBER STATE PAYMENTS**

TARGET processed on average 210,266 intra-Member State payments with a value of €1,245 billion per business day in the first quarter of 2005. This represented an increase of 1% in volume and 5% in value as compared with the previous quarter. Compared with the corresponding period in 2004, the volume increased by 4%, whereas the value increased by 10%. Intra-Member State traffic accounted for 75.7% of the total volume and 66.3% of the total value of TARGET. The average value of an intra-Member State payment increased to €5.9 million in the first quarter of 2005 from €5.7 million in the previous quarter. The highest intra-Member State volume on a single day was on 29 March 2005, the day after the Easter holidays, when 301,965 payments were processed. The peak value of €1,600 billion was recorded on 31 March. At the intra-Member State level 66% of payments were below €50,000, while 11% were above €1 million. On average there were 137 intra-Member State payments per day with a value above €1 billion.

#### **INTER-MEMBER STATE PAYMENTS**

At the inter-Member State level, TARGET processed a daily average of 67,476 payments with a total value of €631 billion in the first quarter of 2005. Compared with the fourth quarter of 2004, this represented an increase of 3% in terms of volume and 9% in terms of value.

Interbank payments increased by 6% in volume and 9% in value as compared with the previous quarter. For customer payments, an increase of 1% in terms of volume and 7% in terms of value was observed. The proportion of interbank payments in the average daily inter-Member State traffic was 49.4% in volume and 95.1% in value. The average value of interbank payments increased from €17.4 million to €18 million and that of customer payments grew from €875,000 to €895,000 as compared with the fourth quarter of 2004. During the first quarter of 2005 the highest inter-Member State traffic was recorded on 29 March, when 98,822 inter-Member State payments were processed in TARGET. The peak value of €853 billion was recorded on 28 February. 62% of the inter-Member State

Table I TARGET availability for each national component and the ECB payment mechanism (EPM)

| National TARGET component   | Availability Q1 2005 |
|-----------------------------|----------------------|
| Belgium                     | 99.65%               |
| Denmark                     | 99.63%               |
| Germany                     | 98.57%               |
| Greece                      | 99.49%               |
| Spain                       | 99.84%               |
| France                      | 100.00%              |
| Ireland                     | 99.85%               |
| Italy                       | 99.87%               |
| Luxembourg                  | 100.00%              |
| The Netherlands             | 100.00%              |
| Austria                     | 99.85%               |
| Portugal                    | 100.00%              |
| Finland                     | 99.92%               |
| Sweden                      | 100.00%              |
| United Kingdom              | 100.00%              |
| ECB payment mechanism       | 99.03%               |
| Overall TARGET availability | 99.73%               |

payments had a value below €50,000. 15% had a value above €1 million. On average there were 49 inter-Member State payments per day with a value above €1 billion.

## TARGET AVAILABILITY AND BUSINESS PERFORMANCE

In the first quarter of 2005 TARGET achieved an overall availability of 99.73%, compared with 99.77% in the fourth quarter of 2004. The number of incidents with an effect on TARGET's availability was 31, which was six more than in the previous quarter. Incidents considered for the calculation of TARGET's availability are those that prevent the processing of payments for ten minutes or more. During the first quarter of 2005 there were three incidents lasting more than two hours, one of which resulted in a delay of one

hour in the closing of TARGET. Table 1 shows the availability figures for each national TARGET component and the ECB payment mechanism (EPM).

In the first quarter 94.04% of inter-Member State payments were processed in less than 5 minutes, 4.42% needed between 5 minutes and 15 minutes and 0.60% required between 15 minutes and 30 minutes. On average the processing time exceeded 30 minutes for 614 payments per day, which should be seen in the context of the 67,476 inter-Member State payments processed on average every day.

| Table 2 Payment instructions proce transfer systems: volume of transa | ssed by TAR(<br>ctions | GET and othe | r selected in | terbank fun | ds         |
|---|------------------------|--------------|---------------|-------------|------------|
| (number of payments)  |                        |              |               |             |            |
|   | 2004<br>Q1             | 2004<br>Q2   | 2004<br>Q3    | 2004<br>Q4  | 2005<br>Q1 |
| TARGET  |                        |              |               |             |            |
| All TARGET payments   |                        |              |               |             |            |
| Total volume  | 17,071,290             | 17,264,247   | 16,871,971    | 18,033,316  | 17,219,98  |
| Daily average   | 266,739                | 274,036      | 255,636       | 273,232     | 277,74     |
| Inter-Member State TARGET payments                                    |                        |              |               |             |            |
| Total volume  | 4,184,179              | 4,286,846    | 4,068,531     | 4,305,815   | 4,183,48   |
| Daily average   | 65,378                 | 68,045       | 61,644        | 65,240      | 67,47      |
| Intra-Member State TARGET payments                                    |                        |              |               |             |            |
| Total volume  | 12,887,111             | 12,977,401   | 12,803,440    | 13,727,501  | 13,036,50  |
| Daily average   | 201,361                | 205,990      | 193,992       | 207,992     | 210,26     |
| Other systems   |                        |              |               |             |            |
| EURO 1 (EBA)  |                        |              |               |             |            |
| Total volume  | 9,669,240              | 9,840,955    | 10,831,383    | 11,382,418  | 10,883,59  |
| Daily average   | 151,082                | 156,206      | 164,112       | 172,420     | 175,54     |
| Paris Net Settlement (PNS)  |                        |              |               |             |            |
| Total volume  | 1,772,742              | 1,767,244    | 1,700,070     | 1,766,831   | 1,681,58   |
| Daily average   | 27,669                 | 28,051       | 25,759        | 26,770      | 27,12      |
| Pankkien On-line Pikasiirrot ja<br>Sekit-järjestelmä (POPS)           |                        |              |               |             |            |
| Total volume  | 131,082                | 184,269      | 128,745       | 119,693     | 127,80     |
| Daily average   | 2,048                  | 2,925        | 1,951         | 1,813       | 2,06       |
| Servicio Español de Pagos<br>Interbancarios (SPI)                     |                        |              |               |             |            |
| Total volume  | 365,097                | 316,448      | 237,482       | 139,269     |            |
| Daily average   | 5,705                  | 5,023        | 3,598         | 2,360       |            |

| (EUR billions)                     |         |         |         |         |         |
|------------------------------------|---------|---------|---------|---------|---------|
|                                    | 2004    | 2004    | 2004    | 2004    | 2005    |
|                                    | Q1      | Q2      | Q3      | Q4      | Q1      |
| TARGET                             |         |         |         |         |         |
| All TARGET payments                |         |         |         |         |         |
| Total value                        | 109,062 | 111,025 | 107,592 | 116,389 | 116,318 |
| Daily average                      | 1,704   | 1,762   | 1,630   | 1,763   | 1,876   |
| Inter-Member State TARGET payments |         |         |         |         |         |
| Total value                        | 36,487  | 36,046  | 35,378  | 38,226  | 39,152  |
| Daily average                      | 570     | 572     | 536     | 579     | 631     |
| Intra-Member State TARGET payments |         |         |         |         |         |
| Total value                        | 72,575  | 74,979  | 72,214  | 78,163  | 77,166  |
| Daily average                      | 1,134   | 1,190   | 1,094   | 1,184   | 1,245   |
| Other systems                      |         |         |         |         |         |
| EURO 1 (EBA)                       |         |         |         |         |         |
| Total value                        | 11,647  | 10,987  | 10,487  | 11,005  | 10,483  |
| Daily average                      | 182     | 174     | 159     | 167     | 169     |
| Paris Net Settlement (PNS)         |         |         |         |         |         |
| Total value                        | 4,276   | 4,765   | 4,217   | 4,215   | 3,922   |
| Daily average                      | 67      | 76      | 64      | 64      | 63      |
| Pankkien On-line Pikasiirrot ja    |         |         |         |         |         |
| Sekit-järjestelmä (POPS)           |         |         |         |         |         |
| Total value                        | 120     | 117     | 117     | 113     | 122     |
| Daily average                      | 2       | 2       | 2       | 2       | 2       |
| Servicio Español de Pagos          |         |         |         |         |         |
| Interbancarios (SPI)               |         |         | 110     | 25      |         |
| Total value                        | 60      | 60      | 110     | 37      |         |
| Daily average                      | 1       | 1       | 2       | 1       |         |



# DOCUMENTS PUBLISHED BY THE EUROPEAN CENTRAL BANK SINCE 2004

This list is designed to inform readers about selected documents published by the European Central Bank since January 2004. For Working Papers, the list only refers to publications released between March and May 2005. The publications are available to interested parties free of charge from the Press and Information Division. Please submit orders in writing to the postal address given on the back of the title page.

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

#### **ANNUAL REPORT**

- "Annual Report 2003", April 2004.
- "Annual Report 2004", April 2005.

#### **CONVERGENCE REPORT**

"Convergence Report 2004", October 2004.

#### **MONTHLY BULLETIN ARTICLES**

- "EMU and the conduct of fiscal policies", January 2004.
- "Opinion survey on activity, prices and labour market developments in the euro area: features and uses", January 2004.
- "Measuring and analysing profit developments in the euro area", January 2004.
- "The acceding countries' economies on the threshold of the European Union", February 2004.
- "Developments in private sector balance sheets in the euro area and the United States", February 2004.
- "The impact of fair value accounting on the European banking sector a financial stability perspective", February 2004.
- "Fiscal policy influences on macroeconomic stability and prices", April 2004.
- "Future developments in the TARGET system", April 2004.
- "The Barcelona partner countries and their relations with the euro area", April 2004.
- "The EU economy following the accession of the new Member States", May 2004.
- "The natural real interest rate in the euro area", May 2004.
- "Risk mitigation methods in Eurosystem credit operations", May 2004.
- "Labour productivity developments in the euro area: aggregate trends and sectoral patterns", July 2004.
- "Accounting for the resilience of the EU banking sector since 2000", July 2004.
- "The European Constitution and the ECB", August 2004.
- "Properties and use of general government quarterly accounts", August 2004.
- "Euro banknotes: first years of experience", August 2004.
- "Monetary analysis in real time", October 2004.
- "Economic integration in selected regions outside the European Union", October 2004.
- "Oil prices and the euro area economy", November 2004.
- "Extracting information from financial asset prices", November 2004.
- "Developments in the EU framework for financial regulation, supervision and stability", November 2004.
- "The new Basel Capital Accord: main features and implications", January 2005.
- "Financial flows to emerging market economies: changing patterns and recent developments", January 2005.

- "Bank market discipline", February 2005.
- "Initial experience with the changes to the Eurosystem's operational framework for monetary policy implementation", February 2005.
- "Euro area balance of payments and international investment position vis-à-vis main counterparts", February 2005.
- "Asset price bubbles and monetary policy", April 2005.
- "Comparability of statistics for the euro area, the United States and Japan", April 2005.
- "The ESCB-CESR standards for securities clearing and settlement in the European Union", April 2005.
- "Monetary policy and inflation differentials in a heterogeneous currency area", May 2005.
- "Consolidation and diversification in the euro area banking sector", May 2005.
- "The evolving framework for corporate governance", May 2005.

#### STATISTICS POCKET BOOK

Available monthly since August 2003.

#### **OCCASIONAL PAPER SERIES**

- 9 "Fiscal adjustment in 1991-2002: stylised facts and policy implications" by M. G. Briotti, February 2004.
- 10 "The acceding countries' strategies towards ERM II and the adoption of the euro: an analytical review" by a staff team led by P. Backé and C. Thimann and including O. Arratibel, O. Calvo-Gonzalez, A. Mehl and C. Nerlich, February 2004.
- 11 "Official dollarisation/euroisation: motives, features and policy implications of current cases" by A. Winkler, F. Mazzaferro, C. Nerlich and C. Thimann, February 2004.
- 12 "Understanding the impact of the external dimension on the euro area: trade, capital flows and other international macroeconomic linkages" by R. Anderton, F. di Mauro and F. Moneta, April 2004.
- 13 "Fair value accounting and financial stability" by a staff team led by A. Enria and including L. Cappiello, F. Dierick, S. Grittini, A. Maddaloni, P. Molitor, F. Pires and P. Poloni, April 2004.
- 14 "Measuring financial integration in the euro area" by L. Baele, A. Ferrando, P. Hördahl, E. Krylova, C. Monnet, April 2004.
- 15 "Quality adjustment of European price statistics and the role for hedonics" by H. Ahnert and G. Kenny, May 2004.
- 16 "Market dynamics associated with credit ratings: a literature review" by F. Gonzalez, F. Haas, R. Johannes, M. Persson, L. Toledo, R. Violi, M. Wieland and C. Zins, June 2004.
- 17 "Corporate 'excesses' and financial market dynamics" by A. Maddaloni and D. Pain, July 2004.
- 18 "The international role of the euro: evidence from bonds issued by non-euro area residents" by A. Geis, A. Mehl and S. Wredenborg, July 2004.
- 19 "Sectoral specialisation in the EU: a macroeconomic perspective" by MPC task force of the ESCB, July 2004.
- 20 "The supervision of mixed financial services groups in Europe" by F. Dierick, August 2004.
- 21 "Governance of securities clearing and settlement systems" by D. Russo, T. Hart, M. C. Malaguti and C. Papathanassiou, October 2004.

- 22 "Assessing potential output growth in the euro area a growth accounting perspective" by A. Musso and T. Westermann, January 2005.
- 23 "The bank lending survey for the euro area" by J. Berg, A. Van Rixtel, A. Ferrando, G. de Bondt and S. Scopel, February 2005.
- 24 "Wage diversity in the euro area an overview of labour cost differentials across industries" by V. Genre, D. Momferatou and G. Mourre, February 2005.
- 25 "Government debt management in the euro area: recent theoretical developments and changes in practices", by G. Wolswijk and J. de Haan, March 2005.
- 26 "Analysing banking sector conditions: how to use macro-prudential indicators", by L. Mörttinen, P. Poloni, P. Sandars and J. Vesala, April 2005.
- 27 "The EU budget: how much scope for institutional reform?" by H. Enderlein, J. Lindner, O. Calvo-Gonzalez and R. Ritter, April 2005.
- 28 "Regulatory reforms in selected EU network industries" by R. Martin, M. Roma and I. Vansteenkiste, April 2005.
- 29 "Wealth and asset price effects on economic activity", by F. Altissimo, E. Georgiou, T. Sastre, M. T. Valderrama, G. Sterne, M. Stocker, M. Weth, K. Whelan, A. Willman, June 2005.
- 30 "Competitiveness and the export performance of the euro area", by a task force of the Monetary Policy Committee of the European System of Central Banks, June 2005.

#### **WORKING PAPER SERIES**

- 448 "Price-setting behaviour in Belgium: what can be learned from an ad hoc survey?" by L. Aucremanne and M. Druant, March 2005.
- 449 "Consumer price behaviour in Italy: evidence from micro CPI data" by G. Veronese, S. Fabiani, A. Gattulli and R. Sabbatini, March 2005.
- 450 "Using mean reversion as a measure of persistence" by D. Dias and C. R. Marques, March 2005.
- 451 "Breaks in the mean of inflation: how they happen and what to do with them" by S. Corvoisier and B. Mojon, March 2005.
- 452 "Stocks, bonds, money markets and exchange rates: measuring international financial transmission" by M. Ehrmann, M. Fratzscher and R. Rigobon, March 2005.
- 453 "Does product market competition reduce inflation? Evidence from EU countries and sectors" by M. Przybyla and M. Roma, March 2005.
- 454 "European women: why do(n't) they work?" by V. Genre, R. G. Salvador and A. Lamo, March 2005.
- 455 "Central bank transparency and private information in a dynamic macroeconomic model" by J. G. Pearlman, March 2005.
- 456 "The French block of the ESCB multi-country model" by F. Boissay (ECB) and J-P. Villetelle (Banque de France), March 2005.
- 457 "Transparency, disclosure and the Federal Reserve" by M. Ehrmann and M. Fratzscher, March 2005.
- 458 "Money Demand and Macroeconomic Stability Revisited" by A. Schabert and C. Stoltenberg, March 2005.
- 459 "Capital flows and the US 'New Economy': consumption smoothing and risk exposure" by M. Miller, O. Castrén and L. Zhang, March 2005.
- 460 "Part-time work in EU countries: labour market mobility, entry and exit" by H. Buddelmeyer, G. Mourre and M. Ward-Warmedinger, March 2005.
- 461 "Do decreasing hazard functions for price changes make any sense?" by L. J. Álvarez,

- P. Burriel and I. Hernando, March 2005.
- 462 "Time-dependent versus state-dependent pricing: a panel data approach to the determinants of Belgian consumer price changes" by L. Aucremanne and E. Dhyne, March 2005.
- 463 "Break in the mean and persistence of inflation: a sectoral analysis of French CPI" by L. Bilke, March 2005.
- 464 "The price-setting behavior of Austrian firms: some survey evidence" by C. Kwapil, J. Baumgartner and J. Scharler, March 2005.
- 465 "Determinants and consequences of the unification of dual-class shares" by Anete Pajuste, March 2005.
- 466 "Regulated and services prices and inflation persistence" by P. Lünnemann and T. Y. Mathä, April 2005.
- 467 "Socio-economic development and fiscal policy: lessons from the cohesion countries for the new member states" by A. N. Mehrotra and T. A. Peltonen, April 2005.
- 468 "Endogeneities of optimum currency areas: what brings countries sharing a single currency closer together?" by P. De Grauwe and F. P. Mongelli, April 2005.
- 469 "Money and prices in models of bounded rationality in high inflation economies" by A. Marcet and J. P. Nicolini, April 2005.
- 470 "Structural filters for monetary analysis: the inflationary movements of money in the euro area" by A. Bruggeman, G. Camba-Méndez, B. Fischer and J. Sousa, April 2005.
- 471 "Real wages and local unemployment in the euro area" by A. Sanz de Galdeano and J. Turunen, April 2005.
- 472 "Yield curve prediction for the strategic investor" by C. Bernadell, J. Coche and K. Nyholm, April 2005.
- 473 "Fiscal consolidations in the central and eastern European countries" by A. Afonso,C. Nickel and P. Rother, April 2005.
- 474 "Calvo pricing and imperfect common knowledge: a forward-looking model of rational inflation inertia" by K. P. Nimark, April 2005.
- 475 "Monetary policy analysis with potentially misspecified models" by M. Del Negro and F. Schorfheide, April 2005.
- 476 "Monetary policy with judgement: forecast targeting" by L. E. O. Svensson, April 2005.
- 477 "Parameter misspecification and robust monetary policy rules" by C. E. Walsh, April 2005.
- 478 "The conquest of US inflation: learning and robustness to model uncertainty" by T. Cogley and T. J. Sargent, April 2005.
- 479 "The performance and robustness of interest rate rules in models of the euro area" by R. Adalid, G. Coenen, P. McAdam and S. Siviero, April 2005.
- 480 "Insurance policies for monetary policy in the euro area" by K. Küster and V. Wieland, April 2005.
- 481 "Output and inflation responses to credit shocks: are there threshold effects in the euro area?" by A. Calza and J. Sousa, April 2005.
- 482 "Forecasting macroeconomic variables for the new Member States of the European Union" by A. Banerjee, M. Marcellino and I. Masten, May 2005.
- 483 "Money supply and the implementation of interest rate targets" by A. Schabert, May 2005.
- 484 "Fiscal federalism and public inputs provision: vertical externalities matter" by D. Martínez-López, May 2005.
- 485 "Corporate investment and cash-flow sensitivity: what drives the relationship?" by P. Mizen and P. Vermeulen, May 2005.
- 486 "What drives productivity growth in the new EU Member States? The case of Poland" by M. Kolasa, May 2005.

- 487 "Computing second-order-accurate solutions for rational expectation models using linear solution methods" by G. Lombardo and A. Sutherland, May 2005.
- 488 "Communication and decision-making by central bank committees: different strategies, same effectiveness?" by M. Ehrmann and M. Fratzscher, May 2005.
- 489 "Persistence and nominal inertia in a generalised Taylor economy: how longer contracts dominate shorter contracts" by H. Dixon and E. Kara, May 2005.

#### **OTHER PUBLICATIONS**

- "Assessment of accession countries' securities settlement systems against the standards for the use of EU securities settlement systems in Eurosystem credit operations", January 2004.
- "The monetary policy of the ECB", January 2004.
- "The implementation of monetary policy in the euro area: General documentation on Eurosystem monetary policy instruments and procedures", February 2004.
- "Guidance notes on the MFI balance sheet statistics relating to EU enlargement as laid down in Regulation ECB/2003/10", February 2004.
- "Comments on the communication from the Commission to the Council and the European Parliament concerning a new legal framework for payments in the internal market (consultative document)", February 2004.
- "Foreign direct investment task force report", March 2004.
- "External evaluation of the economic research activities of the European Central Bank", April 2004.
- "Payment and securities settlement systems in the accession countries Addendum incorporating 2002 figures" (Blue Book, April 2004), April 2004.
- "Payment and securities settlement systems in the European Union Addendum incorporating 2002 figures" (Blue Book, April 2004), April 2004.
- "TARGET compensation claim form", April 2004.
- "Letter from the ECB President to the President of the Council of the European Union: negotiations on the draft Treaty establishing a Constitution for Europe", April 2004.
- "The use of central bank money for settling securities transactions", May 2004.
- "TARGET Annual Report 2003", May 2004.
- "Assessment of euro large-value payment systems against the Core Principles", May 2004.
- "Credit risk transfer by EU banks: activities, risks and risk management", May 2004.
- "Risk Management for Central Bank Foreign Reserves", May 2004.
- "Comparison of household saving ratios, euro area/United States/Japan", June 2004.
- "The development of statistics for Economic and Monetary Union" by Peter Bull, July 2004.
- "ECB staff macroeconomic projections for the euro area", September 2004.
- "Letter from the ECB President to the Chairman of International Accounting Standards Board of 6 September 2004: Exposure draft of proposed amendments to IAS 39 the fair value option", September 2004.
- "Institutional provisions: Statute of the ESCB and of the ECB. Rules of procedures", October 2004.
- "Standards for securities clearing and settlement in the European Union", October 2004.
- "The European Central Bank History, role and functions" by Hanspeter K. Scheller, October 2004.
- "E-payments without frontiers", October 2004.
- "European Union balance of payments/international investment position statistical methods", November 2004.

- "Bond markets and long-term interest rates in non-euro area Member States of the European Union and in accession countries", November 2004.
- "Report on EU banking structure 2004", November 2004.
- "EU banking sector stability 2004", November 2004.
- "Letter from the ECB President to the President of the European Parliament", November 2004.
- "Letter from the ECB President to Mr Paolo Cirino Pomicino, Member of the Committee on Economic and Monetary Affairs", November 2004.
- "Eurosystem staff macroeconomic projections for the euro area", December 2004.
- "Towards a single euro payments area third progress report", December 2004.
- "The euro bond market study 2004", December 2004.
- "Financial Stability Review", December 2004.
- "Review of the requirements in the field of general economic statistics", December 2004.
- "Research network on capital markets and financial integration in Europe results and experience after two years", December 2004.
- "Recycling of euro banknotes: framework for the detection of counterfeits and fitness sorting by credit institutions and other professional cash handlers", January 2005.
- "Review of the international role of the euro", January 2005.
- "Euro area balance of payments and international investment position statistics Annual quality report", January 2005.
- "Banking structures in the new EU Member States", January 2005.
- "Progress Report on Target2", February 2005.
- "The implementation of monetary policy in the euro area: General documentation on Eurosystem monetary policy instruments and procedures", February 2005.
- "Review of the application of the Lamfalussy framework to EU securities markets legislation", February 2005.
- "Payment and securities settlement systems in the European Union Addendum incorporating 2003 figures", February 2005.
- "Statistics and their use for monetary and economic policy-making", March 2005.
- "Letter from the ECB President to the Chairman of the International Accounting Standards Board of 13 April 2005: in support of the current proposal to amendments to IAS 39 The fair value option", April 2005.
- "Euro money market study 2004", May 2005.
- "Correspondent central banking model (CCBM) procedure for Eurosystem counterparties", May 2005.
- "Regional economic integration in a global framework proceedings of the G20 Workshop held in Beijing, 22-23 September 2004", May 2005.
- "TARGET Annual Report 2004", May 2005.
- "The New EU Member States: Convergence and Stability", May 2005.
- "Financial stability review", June 2005.

#### **INFORMATION BROCHURES**

- "Information guide for credit institutions using TARGET", July 2003.
- "TARGET2 the future TARGET system", September 2004.
- "TARGET the current system", September 2004.



#### **GLOSSARY**

This glossary contains selected items that are frequently used in the Monthly Bulletin. A more comprehensive and detailed glossary can be found on the ECB's website (www.ecb.int/home/glossary/html/index.en.html).

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

**Bank lending survey:** a quarterly survey on lending policies that has been conducted by the Eurosystem since January 2003. It addresses qualitative questions on developments in credit standards, terms and conditions of loans and loan demand for both enterprises and households to a predefined sample group of banks in the euro area.

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

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

Consolidated balance sheet of the MFI sector: a balance sheet obtained by netting out inter-MFI positions (e.g. inter-MFI loans and deposits) in the aggregated MFI balance sheet. It provides statistical information on the MFI sector's assets and liabilities vis-à-vis residents of the euro area not belonging to this sector (i.e. general government and other euro area residents) and vis-à-vis non-euro area residents. It is the main statistical source for the calculation of monetary aggregates, and it provides the basis for the regular analysis of the counterparts of M3.

**Debt (financial accounts):** loans, deposit liabilities, debt securities issued and pension fund reserves of non-financial corporations (resulting from employers' direct pension commitments on behalf of their employees), valued at market value at the end of the period. However, due to data limitations, the debt given in the quarterly financial accounts does not include loans granted by non-financial sectors (e.g. inter-company loans) or by banks outside the euro area, whereas these components are included in the annual financial accounts.

**Debt (general government):** the total gross debt at nominal value outstanding at the end of the year and consolidated between and within the sectors of general government.

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

**Debt-to-GDP ratio (general government):** the ratio of general government debt to GDP at current market prices. It is the subject of one of the fiscal criteria laid down in Article 104 (2) of the Treaty establishing the European Community to define the existence of an excessive deficit.

**Deficit (general government):** the general government's net borrowing, i.e. the difference between total government revenue and total government expenditure.

**Deficit ratio (general government):** the ratio of the general government deficit to GDP at current market prices. It is the subject of one of the fiscal criteria laid down in Article 104 (2) of the Treaty establishing the European Community to define the existence of an excessive deficit. It is also referred to as the budget deficit ratio or the fiscal deficit ratio.

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

**Direct investment:** cross-border investment for the purpose of obtaining a lasting interest in an enterprise resident in another economy (assumed, in practice, for ownership of at least 10% of the ordinary shares or voting power). Included are equity capital, reinvested earnings and other capital associated with inter-company operations. The direct investment account records net transactions/positions in assets abroad by euro area residents (as "direct investment abroad") and net transactions/positions in euro area assets by non-residents (as "direct investment in the euro area").

Effective exchange rates (EERs) of the euro (nominal/real): weighted averages of bilateral euro exchange rates against the currencies of the euro area's main trading partners. The ECB publishes nominal EER indices for the euro against two groups of trading partners: the EER-23 (comprising the 13 non-euro area EU Member States and the 10 main trading partners outside the EU) and the EER-42 (composed of the EER-23 and 19 additional countries). The weights used reflect the share of each partner country in euro area trade and account for competition in third markets. Real EERs are nominal EERs deflated by a weighted average of foreign, relative to domestic, prices or costs. They are thus measures of price and cost competitiveness.

**EONIA** (euro overnight index average): a measure of the effective interest rate prevailing in the euro interbank overnight market. It is calculated as a weighted average of the interest rates on unsecured overnight lending transactions denominated in euro, as reported by a panel of contributing banks.

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

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

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

**European Commission surveys:** harmonised surveys of business and/or consumer sentiment conducted on behalf of the European Commission in each of the EU Member States. Such questionnaire-based surveys are addressed to managers in the manufacturing, construction,

retail and services sectors, as well as to consumers. From each monthly survey, composite indicators are calculated that summarise the replies to a number of different questions in a single indicator (confidence indicators).

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

**External trade in goods:** exports and imports of goods with countries outside the euro area, measured in terms of value and as indices of volume and unit value. External trade statistics are not comparable with the exports and imports recorded in the national accounts, as the latter include both intra-euro area and extra-euro area transactions, and also combine goods and services. Nor are they fully comparable with the goods item in b.o.p. statistics. Besides methodological adjustments, the main difference is to be found in the fact that imports in external trade statistics are recorded including insurance and freight services, whereas they are recorded free on board in the goods item in the b.o.p. statistics.

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

**General government:** a sector defined in the ESA 95 as comprising resident entities that are engaged primarily in the production of non-market goods and services intended for individual and collective consumption and/or in the redistribution of national income and wealth. Included are central, regional and local government authorities as well as social security funds. Excluded are government-owned entities that conduct commercial operations, such as public enterprises.

**Gross domestic product (GDP):** the value of an economy's total output of goods and services less intermediate consumption, plus net taxes on products and imports. GDP can be broken down by output, expenditure or income components. The main expenditure aggregates that make up GDP are household final consumption, government final consumption, gross fixed capital formation, changes in inventories, and imports and exports of goods and services (including intraeuro area trade).

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

**Harmonised Index of Consumer Prices (HICP):** a measure of consumer prices that is compiled by Eurostat and harmonised for all EU Member States.

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

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

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

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

**Industrial production:** the gross value added created by industry at constant prices.

**Inflation-indexed government bonds:** debt securities issued by the general government, the coupon payments and principal of which are linked to a specific consumer price index.

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

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

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

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

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

**Longer-term refinancing operation:** a regular open market operation executed by the Eurosystem in the form of reverse transactions. Such operations are carried out through a monthly standard tender and normally have a maturity of three months.

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

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

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

**Main refinancing operation:** a regular open market operation executed by the Eurosystem in the form of reverse transactions. Such operations are carried out through a weekly standard tender and normally have a maturity of one week.

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

**MFI** credit to euro area residents: MFI loans granted to non-MFI euro area residents (including the general government and the private sector) and MFI holdings of securities (shares, other equity and debt securities) issued by non-MFI euro area residents.

**MFI** interest rates: the interest rates that are applied by resident credit institutions and other MFIs, excluding central banks and money market funds, to euro-denominated deposits and loans vis-à-vis households and non-financial corporations resident in the euro area.

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

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

MFIs (monetary financial institutions): financial institutions which together form the money-issuing sector of the euro area. These include the Eurosystem, resident credit institutions (as defined in Community law) and all other resident financial institutions whose business is to receive deposits and/or close substitutes for deposits from entities other than MFIs and, for their own account (at least in economic terms), to grant credit and/or invest in securities. The latter group consists predominantly of money market funds.

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

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

**Reference value for M3 growth:** the annual growth rate of M3 over the medium term that is consistent with the maintenance of price stability. At present, the reference value for annual M3 growth is  $4\frac{1}{2}\%$ .

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

**Survey of Professional Forecasters (SPF):** a quarterly survey that has been conducted by the ECB since 1999 to collect macroeconomic forecasts on euro area inflation, real GDP growth and unemployment from a panel of experts affiliated to financial and non-financial organisations based in the EU.

**Unit labour costs:** a measure of total labour costs per unit of output calculated for the euro area as the ratio of total compensation per employee to GDP at constant prices per person employed.

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

**Yield curve:** a curve describing the relationship between the interest rate or yield and the maturity at a given point in time for debt securities with the same credit risk but different maturity dates. The slope of the yield curve can be measured as the difference between the interest rates at two selected maturities.

