

Commentaries

Economic conditions

Economy as a whole

Overall output in Germany again rose sharply in the fourth quarter of 1999. Adjusted for seasonal and working-day fluctuations, it grew by around $\frac{3}{4}\%$ compared with the summer months; after adjustment for variations in the number of working days, gross domestic product was 2.3% up on the comparable level for 1998. Manufacturing was the major factor underpinning growth, with further stimuli being supplied by exports. However, enterprise service suppliers and financing institutions, too, were again able to make a significant increase to their value added.

*GDP in Q4
1999*

Manufacturing

The start to the year was rather subdued in manufacturing. Seasonally adjusted orders received in January did not exceed the level of December 1999; compared with the fourth quarter as a whole, there was a decline of $1\frac{3}{4}\%$. The year-on-year rise slowed to $7\frac{3}{4}\%$, having been $10\frac{1}{2}\%$ in autumn.

*Orders received
at the
beginning of
the year*

Domestic orders, in particular, suffered a slowdown in growth. Compared with the fourth quarter – which had, admittedly, been particularly favourable owing to special factors – they fell by around $2\frac{1}{2}\%$ in seasonally adjusted terms. Although orders were still slightly more than 3% above their level a year before, the rate of increase in autumn had been around $7\frac{1}{4}\%$. Orders of durable consumer goods suffered an above-average

Economic conditions in Germany *

Seasonally adjusted

Period	New orders (volume); 1995 = 100			
	Manufacturing 1			Con- struction
	Total	of which		
	Domestic	Foreign		
1999 2nd qtr	110.6	101.7	126.5	89.7
3rd qtr	115.9	103.7	137.9	86.2
4th qtr	118.4	107.0	139.1	81.0
Nov.	120.2	107.6	142.9	78.0
Dec.	116.8	105.4	137.2	80.0
2000 Jan.	116.3	104.4	137.9	...
	Output; 1995 = 100			
	Manufacturing			Con- struction
	Total	of which		
	Inter- mediate goods industry 2	Capital goods industry		
1999 2nd qtr	109.8	111.8	110.7	84.7
3rd qtr	112.1	114.7	113.6	84.3
4th qtr	113.9	117.4	116.4	86.6
Nov.	113.8	117.7	116.1	85.7
Dec.	114.0	119.4	113.7	87.7
2000 Jan.	115.3	117.0	122.3	86.6
	Labour market			
	Em- ployed 3	Vacancies	Un- employed	Un- em- p- loy- ment rate in % 4
	Number in thousands			
1999 2nd qtr	36,130	455	4,103	10.5
3rd qtr	36,084	459	4,120	10.5
4th qtr	36,086	484	4,073	10.4
Dec.	36,109	486	3,986	10.2
2000 Jan.	...	476	3,951	10.1
Feb.	...	485	3,917	10.0
	Prices; 1995 = 100			
	Import prices	Producer prices of industrial prod- ucts 5	Overall construc- tion price level 6	Con- sumer price index
1999 2nd qtr	98.9	98.3	98.3	104.8
3rd qtr	101.0	98.7	98.4	105.1
4th qtr	103.9	99.3	98.7	105.5
Dec.	105.2	99.6	.	105.7
2000 Jan.	105.7	99.9	.	105.9
Feb.	...	...	.	106.1

* Data in many cases provisional. — 1 Excluding the food and drink industry, and tobacco products. — 2 Excluding energy supply and excluding mining and quarrying. — 3 Work-place concept. — 4 In terms of the total civilian labour force. — 5 Domestic sales. — 6 Calculated by the Bundesbank. Mid-quarter level.

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sharp decline, the main reason being households' much lower demand for new cars.

Seasonally adjusted foreign orders were almost 1% lower at the beginning of the year than in the last few months of 1999. However, at a growth rate of around 14½%, they continued to be well up on last year's level. This also applies to the capital goods sector, which again received a number of major orders.

In January, seasonally adjusted manufacturing output was just over 1% up on the month and 1% higher than in the last quarter of 1999 as a whole. It was thus 5¼% higher than a year previously, compared with 4% in autumn 1999. However, these figures are still provisional and are likely to be revised in several respects. Firstly, the monthly figures have to be adjusted to the more comprehensive quarterly data. This has already been initiated by the Federal Statistical Office, insofar as adjustments have been made on the same scale as previous revisions. It is possible, however, that the actual figures will be subject to further changes, although it is not possible to estimate their direction or scale at present. Secondly, a further adjustment is to be expected for January 2000 when the enterprises which have not responded so far, and have been shown in the statistics with the previous month's figures, submit their reports. Experience has shown that there tends to be a downward revision of the final figures at the beginning of a year. It is likely that the growth in output will then be smaller than that currently reported.

Output

Construction

Orders received

The situation in the construction sector continued to be subdued at the turn of 1999–2000 as well. Even though seasonally adjusted orders received by the construction industry in December were somewhat higher than before, on the average of the autumn months as a whole they were around 6% below their level of the third quarter. They were 6% down on the year, compared with –3½% in the preceding three-month period.

Orders declined not only in housing construction, which had already been displaying weakness again for some time, but also in commercial construction. Public sector construction was best able to hold its own. However, the surge in orders towards the end of the year did not completely offset the slowdown in the previous months.

Output

Seasonally adjusted construction output in January – preliminary data are already available up to that month – remained at the level reached in the fourth quarter. Although it was still around 6½% down on last year's level, this was mainly due to the fact that the very mild weather conditions twelve months previously had had very little impact on output.

Labour market

Labour force

The labour market continued to develop favourably. According to the preliminary estimates of the Federal Statistical Office, the seasonally adjusted number of employed per-

sons rose to 36.1 million in December 1999. This corresponds to an increase of almost 50,000 compared with the last trough of September 1999. The year-on-year fall, which had been as much as 80,000 in October, shrank to 20,000.

At the same time, there was a noticeable fall in unemployment. For February, the Federal Labour Office reported 3.92 million unemployed, seasonally adjusted. This was 70,000 fewer than at the end of 1999 and almost 190,000 persons fewer than a year ago. The unemployment rate in the overall civilian labour force reached 10.0%, compared with 10.4% in the fourth quarter. It was not just the old Länder which registered a decline (to 8.2% at the end of the period under review); in eastern Germany, too, the rate fell from 18.0% in autumn to 17.4%.

Unemployed persons

Prices

The rise in prices has distinctly accelerated over the past few months. The year-on-year rate of consumer price increase is likely to have risen to 1.8% in February – the final figures are not yet available – compared with 1.6% in January and 1.2% at the end of 1999. Seasonal food, which became much more expensive than is usual at this time of the year as a result of the onset of cold winter weather, is likely to have contributed strongly to the latest increase. In the case of energy, the cold winter weather and the high international oil prices resulted in a further rise in the price of heating oil.

Consumer prices

Import prices

Under the impact of the upward trend in oil prices and the depreciation of the euro against the US dollar, imported raw materials and pre-fabricated products were becoming much more expensive up to the end of the period under review. By contrast, movements in prices of finished products remained comparatively moderate. Overall import prices in January were more than 9 % higher than at the start of 1999.

Industrial producer prices

Domestic industrial producer prices also present a mixed picture. All in all, the year-on-year rate of increase was 2.0 % in January. However, prices of capital goods producers exceeded the comparable level of 1999 by no more than 0.3 %, and industrial consumer prices at the end of the period under review were still 0.4 % lower than a year before.

Public finance

Federal cash trends

*January–
February 2000*

In the first two months of this year, the Federal cash deficit totalled € 12 billion, compared with € 14 billion during the same period in 1999. While cash receipts decreased by 2½ %, the decline in cash expenditure, at 5½ %, was even more pronounced. However, the cash balance has a very limited indicative value, especially at the beginning of the year, owing to the sizeable fluctuations in payment flows in the course of the year.

Federal finance on a cash basis *

€ billion

Item	January– February		February	
	1999	2000 p	1999	2000 p
Cash receipts	45.97	44.84	20.49	22.35
Cash expenditure	60.11	56.86	25.01	24.61
Cash surplus (+) or deficit (–) ¹	– 14.14	– 12.01	– 4.52	– 2.25
Financing				
1. Change in cash resources ²	+ 1.87	– 1.02	– 2.35	+ 0.10
2. Change in money market debt	+ 7.60	+ 2.56	+ 3.35	– 1.85
3. Change in capital market debt, total	+ 8.42	+ 8.40	– 1.17	+ 4.21
a) Treasury discount paper	– 0.22	– 0.14	–	–
b) Treasury financing paper	– 0.24	+ 0.00	– 0.10	+ 0.01
c) Treasury notes	– 0.35	+ 0.36	– 1.09	+ 0.21
d) Special Fed- eral bonds	+ 3.67	+ 3.23	+ 2.28	+ 5.41
e) Federal sav- ings bonds	– 1.94	– 0.67	– 1.22	+ 0.07
f) Federal bonds	+ 7.35	+ 7.70	– 1.30	– 0.23
g) Bank advances	+ 0.24	– 2.06	+ 0.25	– 1.26
h) Loans from social security funds	–	–	–	–
i) Loans from other non-banks	– 0.10	–	–	–
j) Other debt	+ 0.00	–	+ 0.00	–
4. Seigniorage	– 0.01	0.03	– 0.01	– 0.00
5. Total (1 less 2 less 3 less 4)	– 14.14	– 12.01	– 4.52	– 2.25
Memo items				
Increase or decrease from the previous year in %				
Cash receipts	+ 9.6	– 2.5	+ 13.4	+ 9.1
Cash expenditure	+ 9.4	– 5.4	+ 2.9	– 1.6

* The transactions recorded here as cash receipts and cash expenditure comprise payments into and out of the accounts carried by the Bundesbank for the Federal Government. The cash receipts and cash expenditure differ from those shown in the official financial statistics primarily because these transactions are recorded not at the time they are entered in the budgetary accounts but at the time of the actual inflow or outflow, and because transactions on behalf of the European Union (which are not entered in the Federal budget) are conducted through the accounts of the Federal Government. — 1 Including special transactions. — 2 Deposits at the Bundesbank and in the money market.

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Public sector borrowing

1999

In 1999 as a whole the central, regional and local authorities' debt increased by € 35 billion, pushing up the cumulative debt total to € 1,200 billion by the end of last year. According to the Maastricht definition¹, the debt/GDP ratio notified to the European Commission in late February in the context of its monitoring of the budgetary situation was 61.1%. Following the slight upward revision of GDP for 1999 in a new Federal Statistical Office calculation of early March, the debt ratio diminished marginally to 61.0%. However, it is still above the 60% reference value, and it even exceeded the corresponding 1998 figure by 0.3 percentage point. This rise was due to two main factors: the small growth of GDP and a relatively substantial formation of reserves by the public sector. For example, the large surplus generated by the statutory pension insurance scheme was used to replenish the fluctuation reserves and thus was unavailable for the redemption of debt.

January 2000

In January the central, regional and local authorities expanded their debt by the relatively large margin of almost € 7½ billion. This trend is exclusively attributable to the Federal Government, whose overall debt increased by over € 8½ billion. The Federal Government obtained slightly more than € 4 billion in the capital markets, the focus being on long-term maturities. Thus it sold Federal bonds (*Bunds*) to the tune of almost € 8 billion net, whereas on balance it redeemed mainly five-year special Federal bonds (*Bobls*) but also loans against borrowers' notes and Federal savings bonds. In addition, the Fed-

Net borrowing in the market

€ billion			
Borrower	1999		2000
	Total p€	of which January	January p€
Federal Government ¹	+ 31.6	+ 13.8	+ 8.6
Länder Governments	+ 8.6	- 0.7	- 1.5
Local authorities ² , p€	+ 1.3	- 0.3	+ 0.2
ERP Special Fund "German Unity" Fund	- 1.4	- 0.0	- 0.0
Federal Railways Fund	- 0.4	+ 0.4	+ 0.2
Redemption Fund for Inherited Liabilities	- 0.3	+ 0.0	-
Equalisation Fund for Safeguarding the Use of Coal ³	- 4.9	- 3.2	-
	+ 0.3	+ 0.1	+ 0.0
Central, regional and local authorities, total	+ 34.8	+ 10.1	+ 7.4

¹ As of July 1, 1999 the Federal Government assumed joint responsibility for the debt of the Redemption Fund for Inherited Liabilities, the Federal Railways Fund and the Equalisation Fund for Safeguarding the Use of Coal. The special funds mentioned have therefore been included in the Federal Government figures since July 1999. — ² Including special-purpose associations. — ³ Including Indemnification Fund.

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eral Government tapped the money market for almost € 4½ billion. By contrast, the Länder Governments cut their net debt by € 1½ billion, redeeming short-term bridging loans from banks and loans against borrowers' notes to the tune of approximately € ¾ billion for each item. Changes in the balances of the Redemption Fund for Inherited Liabilities, the Federal Railways Fund and the Equalisation Fund for Safeguarding the Use of Coal are now incorporated into the Federal budget figures following the Federal Government's assumption of joint responsibility for the debt of these special funds. The total indebtedness of the other special funds increased slightly. The local authorities, too, are likely to have

¹ Unlike the Federal Statistical Office's debt level statistics, this definition includes coins in circulation, in particular, in general government debt.

stepped up their debt only marginally in January.

February 2000

In February the Federal Government incurred capital market debt amounting to slightly more than € 4 billion net. Its gross borrowing came to just over € 8 billion, with sales of *Bobls* alone yielding almost € 5 ½ billion. This was offset by redemptions of *Bunds* and loans against borrowers' notes, in particular, to the tune of approximately € 2 billion each. The Federal Government cut its money market debt by a total of almost € 2 billion.

Securities markets

Bond market

Sales of bonds

Sales activity in the German bond market picked up again in January. Domestic borrowers issued bonds to the market value of € 59.0 billion, compared with € 38.1 billion in December.² Just over three-quarters of this amount accrued to bonds denominated in euro. Net of redemptions and including the changes in issuers' holdings of their own bonds, net sales in January came to € 15.1 billion, compared with net redemptions of € 5.8 billion a month before. In contrast to previous months, it was predominantly longer-term paper (with maturities of more than four years) that was sold in January. Foreign bonds were sold in the domestic market to the extent of € 11.3 billion net. These were predominantly bonds denominated in euro or Deutsche Mark issued by non-residents (€ 9.5 billion). Sales of domestic and foreign bonds yielded a total of € 26.5 billion in January;

a month earlier the outstanding amount had declined by € 3.1 billion.

In January, almost two-thirds of the domestic bonds were issued by credit institutions (€ 9.6 billion). Among these, bonds issued by specialised credit institutions and communal bonds (*Öffentliche Pfandbriefe*) were at the forefront at € 5.5 billion and € 3.9 billion, respectively. Other bank bonds were sold to the tune of € 1.0 billion. The outstanding amount of mortgage bonds (*Hypothekendarlehen*) declined by € 0.9 billion.

Bank bonds

In January, the public sector issued bonds worth € 5.5 billion (net). The Federal Government received € 5.4 billion and sold ten-year and 30-year Federal bonds amounting to € 4.6 billion and € 3.7 billion net, respectively. On balance, two-year Federal Treasury notes were sold to the extent of € 0.3 billion. The outstanding amount of Federal savings bonds and five-year special Federal bonds declined by € 0.8 billion and € 2.1 billion, respectively.³ The Länder Governments' bonded debt rose by € 0.4 billion.

Public sector
bonds

Gross sales of Deutsche Mark/euro bonds issued by non-residents under the lead management of a German syndicate came to € 4.6 billion in January, compared with € 1.0 billion in the previous month. Owing to high re-

Deutsche Mark/
euro bonds
issued by
non-residents

² Since January 2000 these figures also include public sector money market instruments.

³ The individual items for the Federal Government are shown at nominal values, rather than market values, and without taking account of the changes in issuers' holdings of their own bonds. The sum total of these individual figures therefore normally fails to tally with the above-mentioned net sales of Federal Government bonds.

demptions, however, the outstanding amount of such paper declined by € 1.6 billion.

*Purchases of
bonds*

On the buyers' side of the bond market, domestic non-banks and domestic credit institutions had recourse to the market to almost the same extent in January; they increased their bond portfolios by € 17.1 billion and € 17.0 billion, respectively. They purchased predominantly domestic bonds (€ 10.8 billion and € 11.9 billion, respectively). Foreign investors reduced their holdings of German bonds by € 7.6 billion. In December 1999, they had purchased bonds amounting to € 6.7 billion.

Equity market

Sales of shares

Issuing activity in the German equity market declined in January. Domestic enterprises placed new shares to the market value of € 1.3 billion, and thus on the same scale as in the preceding month. On balance, foreign equities were sold in Germany to the tune of € 6.4 billion, consisting almost exclusively of portfolio investments. In December 1999, sales of foreign equities in the German market amounted to € 44.5 billion. This exceptionally high figure was due to the acquisition of foreign equities in connection with corporate mergers. Overall, the amount raised in the German equity market came to € 7.7 billion in January, compared with € 45.8 billion in December.

*Share
purchases*

In January, foreign investors added German shares amounting to € 11.9 billion net to their portfolios. Domestic credit institutions purchased equities totalling € 3.2 billion (net),

Sales and purchases of bonds

€ billion			
Item	1999	2000	2000
	Decem-ber	January	January
Sales			
Domestic bonds ¹	- 5.8	15.1	30.9
of which			
Bank bonds	- 4.2	9.6	20.0
Public sector bonds	- 1.6	5.5	11.0
Foreign bonds ²	2.7	11.3	8.1
Purchases ³			
Residents	- 9.9	34.1	23.6
Credit institutions ⁴	- 12.8	17.0	- 5.6
Non-banks ⁵	2.9	17.1	29.2
of which			
Domestic bonds	1.6	10.8	21.0
Non-residents ²	6.7	- 7.6	15.5
Total sales/purchases	- 3.1	26.5	39.0

¹ Net sales at market values plus/less changes in issuers' holdings of their own bonds. — ² Transaction values. — ³ Provisional figures. — ⁴ Book values, statistically adjusted. — ⁵ Residual.

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predominantly consisting of domestic paper (€ 2.6 billion). Domestic non-banks' share portfolios, however, declined by € 7.4 billion. This was on account of shifts from domestic (- € 13.2 billion) to foreign (€ 5.8 billion) paper.

Investment fund certificates

The amount raised by domestic investment funds was smaller in January (at € 14.3 billion) than a month earlier (€ 17.1 billion). The main reason for this was the sharp decline in the case of specialised funds, which sold certificates to the extent of € 7.7 billion (net), compared with € 16.2 billion in December 1999. Large inflows of funds were recorded by the funds open to the general public, which sold certificates totalling € 6.5 billion in

*Sales of
investment
fund certificates*

January, compared with € 0.9 billion a month before. In the case of specialised funds, mixed funds were the main object of investors' interest (€ 5.4 billion). Bond-based funds and share-based funds received € 1.3 billion and € 0.8 billion, respectively. Open-end real estate funds sold investment fund certificates to the amount of € 0.1 billion, while the outstanding amount of money market fund certificates remained unchanged. In the case of funds open to the general public, € 5.0 billion consisted of share-based funds. Money market funds and mixed funds received € 1.8 billion and € 0.5 billion, respectively. Pension investment mutual funds (*Altersvorsorgefonds*) and open-end real estate funds sold certificates totalling € 0.1 billion each. Bond-based funds, however, recorded outflows of funds to the extent of € 1.5 billion. In January, foreign bond-based funds sold certificates to the tune of € 7.0 billion in the German market, compared with € 2.2 billion in December 1999. The total amount raised by sales of investment fund certificates thus came to € 21.2 billion in January, compared with € 19.3 billion a month earlier.

*Purchases of
investment
fund certificates*

The investment fund certificates were mainly bought by domestic non-banks (€ 18.7 billion); roughly two-thirds of their purchases consisted of domestic certificates (€ 11.3 billion) and one-third of foreign certificates (€ 7.4 billion). Credit institutions' holdings of investment fund certificates increased by € 0.9 billion. On balance, their purchases consisted solely of domestic fund certificates (€ 1.3 billion). Non-residents purchased certificates of domestic investment funds to the tune of € 1.6 billion.

Balance of payments

Germany's current account – the combined outcome of foreign trade, services, factor income and current transfers – ran a deficit of € 6.9 billion in January 2000 compared with one of € 4.1 billion in December 1999. However, the rise in the deficit was no more than is usual at the beginning of the year.

*Current
account*

According to calculations by the Federal Statistical Office, Germany's foreign trade surplus amounted to € 3.6 billion in January 2000 compared with € 4.0 billion in December 1999. In seasonally adjusted terms, both exports and imports again increased substantially in January whereas in the previous month turnover on the export side as well as on the import side had been relatively low. If the figures for December and January are taken together, exports rose by just over ½% compared with the previous two-month period; imports grew by 2½% on a two-month comparison although the higher import prices played a significant role in that.

Foreign trade

Mainly for seasonal reasons, the deficit on invisible current transactions with non-residents increased by € 2.2 billion to € 10.0 billion in January. The deficit on factor income, which is subject to considerable monthly fluctuations, rose particularly sharply in January when it amounted to € 4.3 billion compared with € 2.2 billion in the previous month. Service transactions with non-residents also showed a somewhat larger deficit for seasonal reasons in January (€ 4.0 billion compared with € 3.1 billion in December) whereas the deficit on current transfers, at € 1.7 billion,

Invisibles

Major items of the balance of payments

€ billion

Item	1999		2000
	Jan. r	Dec. r	Jan.
I. Current account			
1. Foreign trade ¹			
Exports (f.o.b.)	35.8	43.5	43.2
Imports (c.i.f.)	31.6	39.5	39.6
Balance	+ 4.2	+ 4.0	+ 3.6
Memo item			
Seasonally adjusted figures			
Exports (f.o.b.)	39.4	42.3	46.3
Imports (c.i.f.)	34.2	37.6	41.6
2. Supplementary trade items ²	- 1.6	- 0.5	- 0.6
3. Services			
Receipts	5.3	7.9	5.3
Expenditure	9.1	11.0	9.3
Balance	- 3.8	- 3.1	- 4.0
4. Factor income (net)	- 3.5	- 2.2	- 4.3
5. Current transfers from non-residents to non-residents	3.8	1.3	3.8
to non-residents	5.2	3.7	5.4
Balance	- 1.4	- 2.5	- 1.7
Balance on current account	- 6.2	- 4.1	- 6.9
II. Capital transfers (net)	+ 0.5	+ 0.2	+ 0.2
III. Financial account (net capital exports: -)			
Direct investment	+ 0.1	+ 4.0	- 4.0
German investment abroad	- 3.5	- 21.5	- 5.0
Foreign investment in Germany	+ 3.6	+ 25.5	+ 1.1
Portfolio investment	- 4.6	- 7.8	- 18.4
German investment abroad	- 20.6	- 21.8	- 23.6
of which			
Shares	- 10.9	- 16.1	- 6.2
Bonds and notes	- 8.1	- 2.7	- 11.3
Foreign investment in Germany	+ 16.0	+ 14.0	+ 5.2
of which			
Shares	+ 0.4	+ 5.3	+ 10.1
Bonds and notes	+ 15.4	+ 0.9	- 2.5
Financial derivatives	- 0.6	- 0.6	- 1.0
Credit transactions	- 26.0	+ 17.5	+ 39.4
Credit institutions	- 8.6	+ 12.2	+ 15.9
of which			
Short-term	- 8.8	+ 21.5	+ 11.3
Enterprises and individuals	+ 9.2	+ 13.9	- 1.7
General government	- 0.3	+ 0.1	- 1.0
Bundesbank	- 26.3	- 8.6	+ 26.2
Other investment	- 0.1	- 0.0	- 0.1
Overall balance on financial account	- 31.2	+ 13.1	+ 15.9
IV. Change in the monetary reserves at transaction values (increase: -) ³	+ 12.4	+ 0.1	- 0.0
V. Balance of unclassifiable transactions	+ 24.4	- 9.4	- 9.1

¹ Special trade according to the official foreign trade statistics (source: Federal Statistical Office). — ² Mainly warehouse transactions for account of residents and deduction of goods returned. — ³ Excluding allocation of SDRs and changes due to value adjustments.

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was below the December 1999 level (€ 2.5 billion). This was mainly the result of smaller net payments to the EU budget (€ 0.3 billion compared with € 1.2 billion a month earlier).

Portfolio transactions with non-residents resulted in large net outflows of capital in January (€ 18.4 billion). This was essentially due to the continuous purchasing of foreign securities by German investors (€ 23.6 billion). However, the segments on which their interest was focused had changed somewhat from the previous month. In the period under review, for example, investment in foreign bonds and notes (€ 11.3 billion) – notably euro-denominated paper – increased sharply whereas demand for foreign shares weakened (€ 6.2 billion) and foreign money market paper was sold on balance (€ 0.9 billion). At the same time foreign investors' interest in German securities declined (€ 5.2 billion compared with € 14.0 billion in December). International investors' largest net sales involved some of the German money market paper they had acquired before the turn of the year. These investors also reduced their holdings of German bonds whereas they increased their investment in the German equity market.

There were likewise net capital exports through direct investment in January 2000 (€ 4.0 billion). Transaction volumes returned to normal after the substantial gross flows in December. Foreign proprietors provided their subsidiaries domiciled in Germany with investible funds amounting to € 1.1 billion while German enterprises invested € 5.0 billion abroad.

Portfolio transactions

Direct investment

*Credit
transactions*

Non-banks' unsecuritised cross-border credit transactions resulted in net capital exports of € 2.7 billion. Enterprises and individuals that had transferred short-term funds to foreign banking centres at the beginning of the year accounted for € 1.7 billion of this.

The net external assets of the banks declined by € 15.9 billion in the month under review, reflecting the outflows of funds in the other

segments of the capital account. Transactions at the short end of the market accounted for most of this sum (€ 11.3 billion). Moreover, the Bundesbank's external assets fell by € 26.2 billion because the large TARGET balances arising from cross-border payments were reduced again at the beginning of the year. The monetary reserves of the Bundesbank remained virtually unchanged in January.

*Monetary
reserves of the
Bundesbank*

Monetary policy transparency

In monetary policy, a trend towards greater transparency has been apparent in recent years. This article first of all sets forth the principal reasons for this development. It is shown that the openness and reconstructability of monetary policy decisions are basically in the best interests of all parties concerned. However, uncertainty about the monetary transmission mechanisms and differences in perception between central bankers and the markets set limits to the efforts to achieve full transparency. The crucial elements of a transparent monetary policy are: a clear definition of the ultimate goal, the announcement of the monetary policy strategy, the publication of the data relevant to decision-making and the consistent substantiation of policy decisions. On the other hand, it seems to make little sense to measure the degree of openness and comprehensibility solely in terms of the use of specific means of communication, such as the publication of the minutes of meetings. Any verdict on the transparency of monetary policy should, rather, be based exclusively on a comprehensive analysis of all the relevant criteria. Moreover, on some occasions there may be an incompatibility between the call for greater clarity and the criterion of monetary policy efficiency that must be taken into account when deciding for or against specific transparency-promoting measures.

The benefits of transparency

*Trend towards
greater
transparency
apparent*

Many central banks have made considerable efforts in recent years to disclose and explain their objectives, their strategy and the background to their interest-rate-policy decisions. This trend owes something, on the one hand, to the need to meet prescribed disclosure requirements and, on the other, to the intention of exploiting information channels so as to influence market participants' expectations.

*Extension of
disclosure
requirements as
a consequence
of greater
independence*

Accountability is, as it were, the consequence of the greater independence that has been granted to central banks in many countries. In a democracy, the independence of an executive body cannot be seen in isolation from its mandate. An independent central bank should therefore have a clearly defined objective and be accountable for its actions. For this reason, the Maastricht Treaty provides for extensive reporting requirements for the European System of Central Banks (ESCB). For example, the European Central Bank is required to submit to the European Parliament, the ECOFIN Council, the EU Commission and the European Council an annual report on the activities of the ESCB and on the monetary policy pursued in both the previous and the current year. Moreover, the President of the ECB and the other members of the Executive Board may be heard by the European Parliament and the appropriate committees. In addition, the statute of the ESCB and ECB provides for the publication of quarterly reports on their activities.

The actual information policy of the Eurosystem is, however, much more comprehensive. For instance, the Governing Council of the ECB decided to provide a quantitative definition of the ultimate objective and to announce the benchmarks of its monetary policy strategy. The ECB's decision to publish Monthly Bulletins and hold regular press conferences likewise goes beyond the requirements of the Maastricht Treaty. Other central banks, too, have extended their information policy beyond their official reporting commitments in recent years. The reason for this is that they wish to lessen market players' uncertainty about the future policy stance of the central bank, and to anchor inflation expectations as firmly as possible at the low level envisaged. Central banks are therefore themselves interested in making their monetary policy actions as transparent as possible.

The perception that optimum anti-inflationary solutions may founder on the lack of confidence of the private sector has determined the monetary policy debate of the past twenty years, just as much as the search for ways out of this dilemma.¹ The credibility problem is particularly pressing for central banks which, on account of a regime shift (such as the granting of independent status or the establishment of a monetary union), initially have to act without a relevant "track record". The option of gaining the confi-

*Use of
information
policy for
influencing
inflation
expectations*

*Transparency
as an approach
to solving the
credibility
problem*

¹ Guides in this debate were the papers by Kydland/Prescott (1977) and Barro/Gordon (1983). See Kydland, F.E. and E.C. Prescott (1977): Rules rather than discretion: The inconsistency of optimal plans; in *Journal of Political Economy* 85, pp. 473–91 and Barro, R.J. and D.B. Gordon (1983): A positive theory of monetary policy in a natural rate model; in *Journal of Political Economy* 91, pp. 589–610.

dence of the private sector by scoring successes with respect to the ultimate goal is not available to them until a few years have elapsed because of the long time-lags in the transmission process. They are therefore obliged to offset their lack of reputation by means of enhanced communication. Transparency here plays the part of self-imposed commitment: by disclosing the basis of its policy decisions, the central bank enables the general public to assess their adequacy and impose a sanction, if appropriate. At the same time, the central bank forfeits the option of pursuing a policy other than what it has announced.²

Transparency hampers employment-oriented ...

The benefits of transparency are, however, not independent of the target function of the central bank. Quite a number of academic studies come to the conclusion that central banks are supposed to have an interest in keeping information secret because being better informed enables them to raise output and employment, at least in the short run, above the levels planned by the private sector. Since, however, enterprises and households cannot be deceived indefinitely, but will take due account of the central bank's behaviour in their plans, the possibility of exerting temporary employment effects has to be bought in such models at the price of a permanent increase in trend inflation above the level actually aimed at – the so-called "inflation bias".³

... and facilitates stability-oriented monetary policy

As can easily be seen, the validity of this scenario is confined to central banks in whose target function stimulating economic activity has a similar ranking to safeguarding price

stability. In contrast to this, if a central bank is committed by law to the ultimate objective of price stability, it is in its best interests to communicate its intentions clearly and convincingly from the very outset. For it is only if economic agents are confident that the central bank will do all it can to discharge its mandate successfully that the full welfare-enhancing effects of a stability-oriented monetary policy will be unleashed. If, on the other hand, the central bank fails to convince the general public of the anti-inflationary thrust of its monetary policy, it will have to counteract the "overshooting" inflation expectations by pursuing a correspondingly more restrictive policy. In this case, longer-term interest rates, too, will contain no-confidence premia which will have an adverse impact on investment activity and real growth, and thus jeopardise the acceptability of a monetary policy geared to price stability.

The limits to transparency

The above considerations suggest that transparency is basically desirable, and especially crucial when the aim is to build up credibility as fast as possible. This raises the question of what a central bank can best do to make the monetary decision-making process transparent to outsiders. The fact that this question is

Approaches to creating transparency controversial

² See Briault, C., A. Haldane and M. King (1996): Independence and Accountability, Bank of England Working Paper, p. 34f.

³ See, for example, Cukierman, A. and A. Meltzer (1996): A Theory of Ambiguity, Credibility and Independence under Discretion and Asymmetric Information, *Econometrica* 54, pp. 1099–1128, or Faust, J. and L. E. O. Svensson (1998): Transparency and Credibility: Monetary Policy with Unobservable Goals, NBER Working Paper 6452.

far more difficult to answer in practice than in the context of simple theoretical models is illustrated not least by the strong differences of opinion about whether a particular monetary policy strategy or particular measures, such as the publication of the minutes of meetings, are apt to enhance the transparency of monetary policy decisions.⁴

Assumptions in the literature not fulfilled in practice

In the theoretical literature, it is mostly assumed that the way in which monetary policy measures work (the underlying structural relationship) is known to all those involved. On this assumption, the generation of full transparency is not difficult: it merely requires the publication of the data and forecasts available to the central bank at the time the decision is taken.⁵ Unlike this simple scenario, however, practical monetary policy is faced with a much higher degree of uncertainty. One key factor of uncertainty is the time-lags arising in the transmission of monetary policy stimuli to the demand for goods, output and prices. As interest-rate changes as a rule have their main impact on the inflation rate only after one to two years, all central banks have to rely on indicator variables which signal the price trend and the impact of monetary policy measures as early and reliably as possible. In order to create transparency, the monetary policy-makers must announce the indicators they rely on and must convince the general public that using these variables as a guideline is a suitable means of achieving the announced objective within the time horizon relevant to monetary policy.

However, the central bank cannot provide full transparency about the transmission mechan-

isms and the reliability of the indicators used, as knowledge of both is but limited within the central bank system as well. It is not clear, in particular, how far laws and behaviour patterns that were valid in the past can be extrapolated into the future. For instance, in the wake of a change of regime, such as the launch of a monetary union, structural breaks must be expected whose implications for the monetary transmission process are difficult to gauge at first. Another example of the possibility of fundamental structural changes is provided by the current debate in the United States on the pace of real growth that is durably consistent with price stability.

Uncertainty about the transmission of monetary stimuli ...

Moreover, the very data base available to the central bank for analytical and forecasting purposes is subject to considerable uncertainty. For example, data from the real sector undergo frequent and sometimes considerable revisions. The central bank can, however, generate transparency only with respect to facts which it knows itself. The limited scale of knowledge in turn narrows the overall scope for creating transparency.⁶

... and about the data impedes the creation of transparency

In practice, transparency can therefore only ever be partial, and never perfect, in the sense of theoretical models. It should also be borne in mind that more information does

Not necessarily more clarity owing to additional information

⁴ A good case in point is the controversy between Buiters, W.H (1999): Alice in Euroland, CEPR Policy Paper No. 1, and Issing, O. (1999): The Eurosystem: Transparent and Accountable, CEPR Policy Paper No. 2.

⁵ See, for instance, Geraats, P. (1999): Transparency and Reputation: Should the ECB Publish Its Forecasts?, Working paper for the ECB and CFS conference on "Monetary Policy-Making under Uncertainty" in Frankfurt am Main on December 3/4 1999.

⁶ See Remsperger, H. and A. Worms (1999): Transparency in Monetary Policy, Center for Financial Studies Working Paper No. 1999/16.

not necessarily result in greater clarity. In view of the complexity of monetary policy transmission mechanisms and the uncertainties specified above, additional information may even lead to more confusion if it is presented to the general public without corresponding elucidation. It is therefore important that the central bank should structure the wealth of information relevant to its decisions, and provide the public not only with the "bare" figures but also with its interpretation of them. This task is greatly facilitated by announcing a monetary policy strategy, which is then available as a frame of reference for interpreting the mass of information.

Assessment depends partly on the observer's vantage point

Whether the thrust of the central bank's argumentation, and its actual arguments, are felt to be transparent also invariably depends to some extent on the observer's vantage point. In this respect, the Governing Council of the ECB is in a particularly difficult position: it must convince a public that is characterised by differences in its way of thinking and by divergent national experience of monetary policy of the appropriateness of its decisions.⁷

Ways and means of creating transparency

Possible starting points

In view of the problems mentioned, it comes as no surprise that no agreement has been reached so far about the measures that are suitable for enhancing the transparency of the monetary decision-making process. However, a number of criteria can be derived from what has been said above, and may be used as a starting point for assessing the information policy of individual central banks. These

starting points include, besides the announcement of the ultimate goal, the formulation of a consistent monetary policy strategy, the publication of, and comments on, the data basis and the detailed substantiation of decisions. The table overleaf provides an overview of the ways and means chosen by the Eurosystem and other major central banks for enhancing the transparency of their policies in the fields mentioned.

Setting the monetary policy objectives

A clear definition of the ultimate objectives is obviously an essential prerequisite of the transparency of decisions. As far as the number of objectives is concerned, it may be said that a central bank's commitment to more than one objective is transparent only if unambiguous weights are assigned to the different objectives at the same time. Monetary policy decisions are even easier to reconstruct if central banks have a clear primary objective, as has increasingly been the case in recent years. One exception to this continues to be the United States. There, the Federal Reserve System is committed to promoting stable prices, maximum employment and moderate long-term interest rates, with no clear ranking being prescribed. In contrast to that, the Maastricht Treaty and the new Japanese and British Central Bank Acts of 1998 unambiguously lay down safeguarding price stability as the overriding ultimate goal of monetary policy.

Unambiguous primary objective conducive to transparency

⁷ See Winkler, B. (1999): Which kind of transparency? On the need for clarity in monetary policy-making, Working paper for the ECB and CFS conference on "Monetary Policy-Making under Uncertainty" in Frankfurt am Main on December 3/4, 1999.

Monetary policy transparency *

	US Federal Reserve	Bank of Japan	Eurosystem	Bank of England	Memo item: Bundesbank
Objectives					
Specification of an overriding ultimate goal	No	Price stability	Price stability	Price stability	Price stability
Quantification of ultimate goal	No	No	Quantitative definition by Governing Council of the ECB	Inflation target of the government	Medium-term price assumption ¹
Strategy					
Announcement and substantiation of monetary policy strategy	No	No	Two-pillar strategy	Inflation targeting	Monetary targeting
Announcement of an intermediate target	No	No	No	Inflation projection as intermediate target proxy	Monetary target
Announcement of prominent indicators	Monitoring ranges for money and credit growth ²	No specific indicators	Reference value for M3 growth	No specific indicators	–
Data and forecasts					
Publication of data on intermediate targets/ indicators and explanation of possible deviations	Yes ²	No	Yes	Yes	Yes
Publication of an inflation forecast and explanation of deviations from target	Twice a year ³	No	Under discussion	Quarterly	No
Decisions					
Announcement of monetary policy decisions	Yes	Yes	Yes	Yes	Yes
Statements concerning direction of future interest-rate policy	Interest-rate bias of the FOMC; meanwhile superseded by risk assessment	No	Occasionally	No	No
Means of communication					
Parliamentary hearings	At least twice a year	At least twice a year	At least four times a year	Regularly ⁴	No
Reports on economic conditions and monetary policy ⁵	Semi-annual report (Monthly report)	Monthly report	Monthly Bulletin	Quarterly Inflation Report	Monthly Report
Press conferences on economic conditions and monetary policy	No	Monthly ⁶	Monthly ⁷	Quarterly, on Inflation Report	On specific occasions ⁸
Publication of minutes of meetings	After six to eight weeks	After about one month	No	After two weeks	No
Publication of voting behaviour of individual members	After six to eight weeks	After about one month	No	After two weeks	No

* Similar tables have been published in: BIS (1998): Annual report 1997–8, p. 79 and by: Bini Smaghi, L. (1998): The democratic accountability of the European Central Bank, Banca Nazionale del Lavoro Quarterly Review, No 205, June 1998, pp. 128–9. — ¹ As part of the derivation of the monetary target. — ² Prescribed by law, but now of minor relevance to practical monetary policy (see text). — ³ As part of reports which the chairman of the Federal Reserve Board has to make to Congress under the Humphrey-Hawkins Act. — ⁴ In addition,

reporting requirement of the Central Bank Governor to the government if inflation leaves the target band. — ⁵ All the central banks specified here also publish an annual report. — ⁶ On the second working day after the first Policy Board meeting each month. — ⁷ Immediately following the first meeting each month of the Governing Council of the ECB. — ⁸ To announce and review the monetary target and after major monetary policy decisions.

Deutsche Bundesbank

*Quantification
of the ultimate
objective by the
Governing
Council of the
ECB*

The clarity of the target definition can be increased by quantifying the concept of price stability or by setting an "inflation target". However, the quantification of price stability involves a conflict between the desire for as precise a definition as possible and the not inconsiderable problems posed by the exact measurement of inflation. The Governing Council of the ECB therefore decided to define price stability as an increase of less than 2% against the previous year in the harmonised consumer price index of the euro area as a whole. As this definition is intended to exclude both a decline in, and an increase in consumer prices of 2% and more, it can be interpreted as a range of between slightly over zero and just under two percent. One reason why the target has been set slightly above the zero line is that the measured inflation rate presumably overstates the actual inflation rate.⁸ Another point arguing in favour of a range is that, in the short run, inflation also owes something to factors beyond the control of the central bank, such as wage and fiscal policies or external influences. In order to emphasise its responsibility for the longer-term inflation trend, the Governing Council of the ECB has clearly based its quantitative definition of price stability on the medium term.

*Inflation target
of the Bank of
England*

In the United Kingdom, the government specifies an inflation target for the central bank. The present government has opted for a single-figure target of 2.5% per annum for the rise in the consumer-price index RPIX (which excludes mortgage rates). If the current inflation rate moves more than one percentage point above or below the prescribed inflation

target, the Governor of the Bank of England must explain the reasons why to the Chancellor of the Exchequer and spell out the requisite monetary policy measures. This arrangement likewise takes explicit account of the fact that inflation cannot be controlled in the short run. The central bank is, however, deemed accountable if the current inflation rate deviates from the specified range of the inflation target. Hence, the time horizon of the target is distinctly shorter than that in the Eurosystem. This strictness appears to be not unproblematical, as it might force policy-makers to respond to temporary price shocks, and, given the existing time-lags, might thus be counterproductive.

Defining the monetary policy strategy

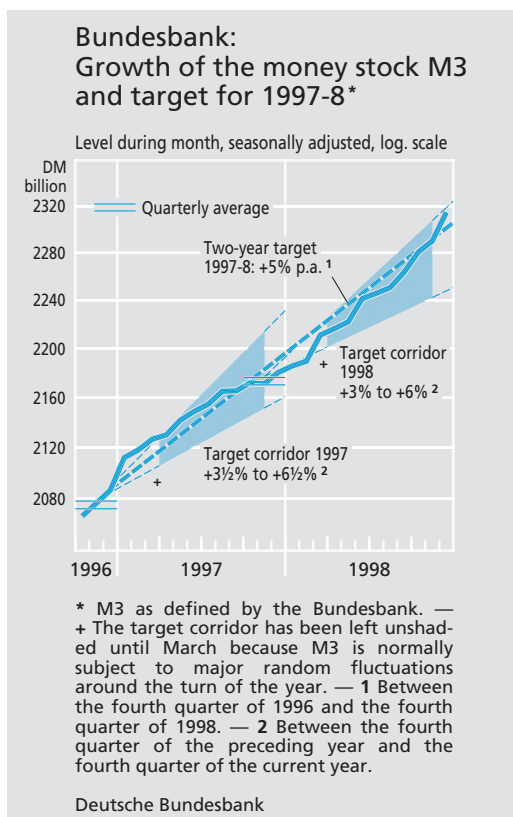
In order to create transparency, the policy-makers also have to disclose how they intend to achieve price stability or the announced inflation target, and they must convince the general public that the strategy chosen is suitable for the purpose. Here, too, there is a potential trade-off between the desire for clarity, which would suggest announcing a decision rule that is as simple as possible, and the existing uncertainty about the "true" transmission mechanism, which tends to advocate the use of as large a number of indicators as possible.

If a variable can be found which, on the one hand, can be controlled by the central bank with sufficient accuracy and, on the other,

*Transparency by
announcing the
monetary policy
strategy*

*Preconditions
for a strategy
using an
intermediate
target*

⁸ See Hoffmann, J. (1998): Problems of Inflation Measurement in Germany, Discussion paper 1/98, Economic Research Group of the Deutsche Bundesbank.



has a stable correlation with the ultimate target variable, that variable can be used as an intermediate target. A "classical" strategy using an intermediate target is the specification of a monetary target. In a strategy of monetary targeting consistent with production potential, such as was pursued by the Bundesbank between 1975 and 1998, the basic idea is to manage the supply of money in such a way that production potential is fully utilised without generating any inflationary pressures. The target set is therefore composed of the growth rate of potential output plus the medium-term price assumption. In addition, any trend decline (or increase) in the velocity of circulation of money must be taken into account by incorporating a corresponding add-on (or discount).

Gearing monetary policy to an intermediate target not only affords the central bank scope for responding to undesirable developments at an early date, but also makes it easier for all economic agents to assess monetary policy. However, a number of central banks had to relinquish the use of intermediate monetary targets because formerly stable relationships between the money stock and prices had become much looser. A case in point is the United States. There, the Humphrey-Hawkins Act of 1978 requires the Federal Reserve System to announce annual targets for money and credit growth and explain any failures to meet those targets to Congress and the general public.⁹ Frequent and unforeseeable deviations of the velocity of circulation of money from its historical trend have, however, considerably reduced the importance of these targets for US monetary policy and led to the Federal Reserve System pursuing, in effect, a purely discretionary policy.

Gearing monetary policy to an intermediate target

A number of other countries, including the United Kingdom, have adopted a strategy of direct inflation control – known as "inflation targeting". Central banks using this strategy base their assessment of future inflation trends on a large number of indicators from the real and monetary spheres. In order to enhance the transparency of the inflation assessment, some of them publish quantitative inflation forecasts for the time-horizon of two years that is relevant to monetary policy. In this case, the inflation forecast of the central bank practically performs the role of an inter-

The role of inflation forecasts in direct inflation targeting

⁹ The current target ranges are 1% to 5% and 2% to 6% for the growth of M2 and M3, and 3% to 7% for credit growth.

mediate target: if the forecast overshoots the official inflation target, that signals a need to raise interest rates, and vice versa. The reconstructability of monetary policy decisions as part of this strategy is thus subject to the condition that the central bank discloses how the inflation forecasts are made.

*Two-pillar
strategy of the
Eurosystem*

The Eurosystem decided to adopt a two-pillar strategy. The first pillar of this strategy assigns a prominent role to the money stock, which is emphasised by setting a quantitative reference value for the growth of the broad money stock M3. The empirical foundation is provided by a number of studies which have found that, in the past, there has been a stable long-term relationship between the money stock M3 and the price level in the euro area.¹⁰ Since, on the other hand, it was not impossible that the move to monetary union would change the payment and investment patterns of households and enterprises, the Governing Council of the ECB decided to announce a reference value, which is less binding, rather than a monetary target. It also decided to supplement the use of monetary growth as a guideline by a second pillar, in the form of a broadly-based assessment of the outlook for prices.

*Increased
uncertainty
requires
flexibility*

The two-pillar strategy of the Eurosystem has been criticised by many observers as being non-transparent. This criticism is understandable insofar as drawing on two criteria – monetary developments and the outlook for prices – basically involves the risk of conflicting signals being received. On the other hand, the decision of the Governing Council of the ECB must be seen against the back-

ground of the particular uncertainty surrounding the change in the monetary policy regime. In these circumstances it is not impossible that a primary gearing to the money stock might lead to wrong decisions in some situations, nor does it seem safe to assume that assessing the outlook for prices solely on the basis of other indicators would ensure appropriate reactions in all cases. Hence policy-makers must have the discretion to weight contrasting signals on an ad hoc basis. This discretionary latitude, however, places heavier demands on the central bank's information policy. So as to ensure that the decisions are reconstructable by outsiders, the assessment of prevailing conditions and the background of the adopted monetary policy stance must be communicated at an early date, on a regular basis and in a comprehensible manner.

Publishing the data and forecasts

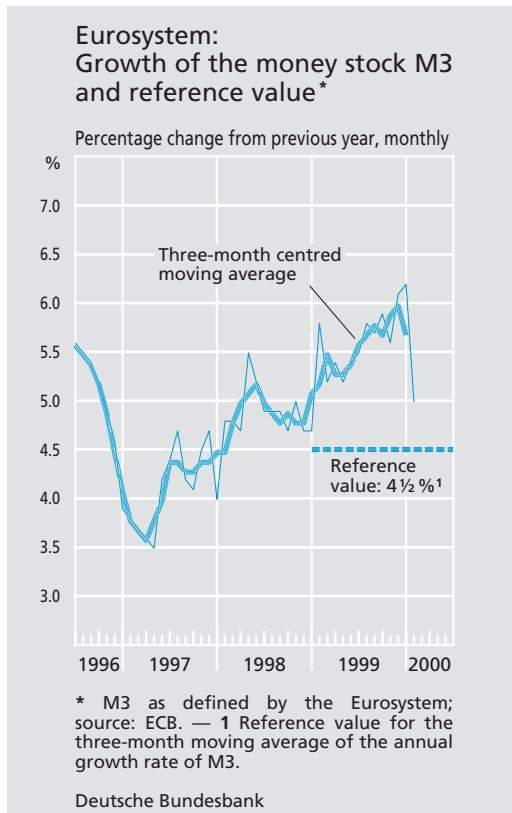
A basic prerequisite of a transparent policy is the disclosure of the data basis available to the central bank at the time decisions are taken. However, what matters is not so much the publication of all the information available as the selection and explanation of those factors which are relevant to the decision-making process.

Consequently, the contribution made to the transparency of policy decisions by the publication of forecasts depends on the monetary

*Disclosure of
the data
relevant to
decisions*

*Monetary
growth
observable,
but may need
interpretation*

¹⁰ See Fagan, G. and J. Henry (1998): Long-run money demand in the EU: Evidence from the area-wide aggregates, in *Empirical Economics*, 23, pp. 483–506, and the studies cited there.



policy strategy. If a monetary targeting strategy is pursued, the central bank's and general public's interest focuses on the movement of the monetary aggregate serving as the intermediate target. As far as reviewing compliance with the target is concerned, this strategy has the advantage that the money stock figures are realised statistical variables which can be observed unambiguously by the general public. The full benefit of this advantage can be enjoyed, however, only if the correlation between the money stock and prices is sufficiently stable, so that direct conclusions about the outlook for prices can be drawn from the observation of a target deviation. If, however, the basic relationships are temporarily distorted by other factors, the general public has to base its assessment also on the interpretation supplied by the central bank of

monetary developments and of other indicators considered to be relevant.

If direct inflation targeting is practised, the assessment of future price movements is of primary interest. In this case, the publication of a quantitative inflation projection provides a central reference point for the debate, and therefore basically enhances transparency. Projections, however, need much elucidation. This applies, firstly, to the estimation methods used in making the projection. Secondly, the assumptions about the development of major exogenous variables, such as exchange rates, commodity prices etc., must be disclosed. Thirdly, the question of whether the projection is based on the assumption of constant central bank interest rates or whether any need to adjust interest rates has already been taken into account is of key importance. Fourthly, the projection must also include information on the degree of uncertainty and the distribution of risks around the central projection value. Fifthly, it must be clear who is responsible for the projection.

In its quarterly Inflation Reports, the Bank of England publishes inflation projections based on the assumption of unchanged central bank interest rates as well as projections based on market expectations of the future stance of monetary policy. To present the forecasts, so-called fan charts are used, which illustrate the degree of uncertainty and the distribution of risks around the central projection. The effects of alternative assumptions about the development of major exogenous variables on the central projection value are quantified in a supplementary table.

Great need for elucidation of published inflation projections

Projections of the Bank of England carefully presented

*Forecasting
method
difficult to
reconstruct in
detail, however*

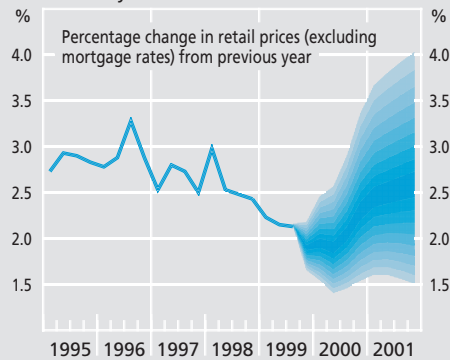
Despite the careful presentation of the projections, however, it is difficult for outsiders to reconstruct the forecasting method in detail. Although the macroeconomic models which provide the starting point of the projections were published by the Bank of England, a large number of additional influences not incorporated in the models are included in the forecasting process, alongside the results generated by the models. Assessment of this "off-model" information, of the degree of uncertainty and of the distribution of risks is effected by the members of the Monetary Policy Committee, who are also responsible for the "end-product". The general public has no means of knowing, however, which factors are included in the inflation projection, and how they are weighted. The publication of the projections therefore does not substantially reduce the discretionary scope available to the policy-makers. This applies all the more, given the magnitude of the forecasting uncertainty applying to the forecasting horizons that are relevant to monetary policy. Thus the band into which the future inflation rate falls with a 90% probability already covers about two percentage points for the one-year horizon. For a two-year horizon it increases to 2½ percentage points and more.¹¹

*Survey among
policy-makers
at the Fed*

In the United States, the members of the Federal Reserve Board and the Federal Reserve Bank presidents come up with quantitative growth and inflation forecasts twice a year. Information on the range and central tendency of these projections is published as part of the reports on monetary policy which the Chairman of the Federal Reserve System

Bank of England: Inflation projection based on constant nominal interest rates at 6%

February 2000



The fan chart depicting the probability distribution for inflation is rather like a contour map. At any given point during the forecast period, the depth of the shading represents the height of the probability density function over a range of outcomes for inflation. The darkest band includes the central (single most likely) projection and covers 10% of the probability. Each successive pair of bands is drawn to cover a further 10% of the probability, until 90% of the probability distribution is covered. — Source: Bank of England, Inflation Report, February 2000, p. 55.

Deutsche Bundesbank

presents to Congress in February and July of each year. These figures, too, suggest a considerable degree of uncertainty surrounding the projections. For example, the views regarding the inflation prospects for a time horizon of 1½ years ranged from 1.5% to 2.75% in July 1999, and thus covered a band of distinctly more than one percentage point.¹²

In its publications, the ECB has so far confined itself to qualitative descriptions of inflation prospects. At present, the production of inflation forecasts for the euro area is being hampered above all by the lack of reliable

*Inflation
forecasts for
the euro area
under
discussion*

¹¹ See Bank of England, Inflation Report, November 1999, p. 57 f, and Inflation Report, February 2000, p. 55 ff.

¹² See e.g. Board of Governors of the Federal Reserve System: Federal Reserve Bulletin, August 1999, p. 531.

US Federal Reserve: Economic projections for 1999 and 2000 *

July 1999; %

Indicator	Federal Reserve governors and Reserve Bank presidents	
	Range	Central tendency 1
1999		
Change, fourth quarter to fourth quarter		
Nominal GDP	4 3/4–5 1/2	5 – 5 1/2
Real GDP	3 1/4–4	3 1/2–3 3/4
Consumer price index	1 3/4–2 1/2	2 1/4–2 1/2
Unemployment rate 2	4 – 4 1/2	4 – 4 1/4
2000		
Change, fourth quarter to fourth quarter		
Nominal GDP	4 – 5 1/4	4 – 5
Real GDP	2 – 3 1/2	2 1/2–3
Consumer price index	1 1/2–2 3/4	2 – 2 1/2
Unemployment rate 2	4 – 4 1/2	4 1/4–4 1/2

* Source: Federal Reserve Bulletin, Monetary Policy Report to the Congress, August 1999, p. 531. — 1 Extreme values at the top and bottom edge are eliminated when calculating this variable. — 2 Average level in fourth quarter.

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data. Moreover, the occurrence of structural breaks or structural adjustment processes cannot be ruled out in the first few years of monetary union. Forecasts, however, are based on econometric models reflecting laws and behaviour patterns observed in the past. If presumptions about structural changes at the end of a series are to be included in the forecasts, this requires discretionary intervention in the models, which is hardly reconstructable by outsiders. Hence inflation forecasts for the euro area are subject to even greater uncertainty than usual. Even so, the President of the ECB has publicly advocated the publication of union-wide forecasts later this year. If the ECB were actually to take this step, the particular uncertainty surrounding the nature and scale of the figures published would have to be borne in mind. Moreover,

the (limited) weight of the forecasts in the monetary decision-making process would have to be explained by an active communication policy.

Announcing the interest-rate decisions

Other approaches to generating transparency are the announcement of current monetary policy decisions and, if appropriate, the preparation of the markets for future interest-rate moves. The immediate announcement of monetary policy decisions is now a matter of course in most countries. Thus all the central banks listed in the table on page 20 inform the general public immediately after meetings of the decision-making bodies whether a decision to change official interest rates has been taken.¹³

Announcement of current decisions common practice

Central banks are less inclined to inform the general public about their assessment of the need for future interest-rate adjustments. One exception here is the Reserve Bank of New Zealand, which publishes in its Monetary Policy Statements not only other forecasts but also the interest-rate path which would bring down inflation to a level of 1.5 % (the middle of the target range) over a time horizon of one to two years.¹⁴ The reason for the restraint on the part of other central banks is their fear that such statements might be interpreted by the markets as an announce-

Less openness about future interest-rate moves

¹³ This has not always been the case. The US Fed has been announcing its target for the Federal Funds Rate on the day of the FOMC meeting only since February 1994.

¹⁴ See Reserve Bank of New Zealand: Monetary Policy Statements, and Mayes, D.G. and W.A. Razzak (1998): Transparency and accountability: Empirical models and policy making at the Reserve Bank of New Zealand, Economic Modelling, 15, p. 380, footnote 6.

ment of forthcoming interest-rate decisions. Policy-makers would then run the risk of being forced to act, since correcting the assessment, once it has been announced, might call into question their credibility and competence.¹⁵

Bias announcement and risk assessment of the FOMC

Recent experience of the US Federal Reserve System of making statements about the thrust of future interest-rate policy (known as "bias announcements") shows that this concern is not unwarranted. In an effort to increase transparency, the US Federal Open Market Committee (FOMC) had decided in December 1998 to announce in future, immediately after the meetings, how the majority of members viewed the likely direction of the next movement in rates (tightening, loosening or neutral bias). When it turned out in the course of the year, however, that the bias announcements tended to provoke more confusion than clarity, the FOMC commissioned a working party to look at alternatives. Following the latter's suggestion, the FOMC decided at the beginning of this year to replace the bias statements by an assessment of the risks to balanced economic growth, explicitly covering the foreseeable future – and thus a much longer period than that up to the next meeting. The FOMC members have a choice between three standard formulae: the risks are weighted mainly toward conditions that may generate heightened inflation pressure, or mainly toward conditions that may generate economic weakness, or the risks are balanced.¹⁶

The new system is intended to make it clearer than before to the markets that, given the

great uncertainties surrounding future trends, the Fed can do no more than assess risks, and that those risks have to be reassessed as soon as more information becomes available. This new system of announcements gives the Fed greater latitude again without exposing it to the criticism that it has abandoned its efforts to enhance transparency.

In line with the Fed approach, the ECB, too, has recently been pointing out that the risks to price stability are rising in the medium term. Moreover, a growing tendency is discernible in many countries towards preparing the markets for forthcoming interest-rate moves by including hints to that effect in speeches and publications. The intention is to reduce uncertainty and to steer market expectations in the direction desired by the central bank. This does not imply, however, that every monetary policy measure can be prepared a long time in advance and be fully foreseeable. Instead, situations are conceivable in which surprise monetary policy decisions are required – for instance, to arrest undesirable developments in the financial markets. Policy-makers must therefore preserve the freedom to disagree with the views of the markets, and to take market participants by surprise, if necessary.

Possibility of surprise decisions

Means of communication

Monetary policy-makers have a variety of means of communication at their disposal for

Significance of individual means of communication varies

¹⁵ See Goodhart, C. (1999): Central Bankers and Uncertainty, Bank of England Quarterly Bulletin, Volume 39, February 1999, p. 104ff.

¹⁶ See Federal Reserve Board, Press Release of January 19, 2000.

explaining their views on economic conditions and the reasons for their decisions. The extent to which the various instruments are used depends, among other things, on the given institutional framework and on tradition. It is therefore hardly surprising that the significance of individual means of communication differs from central bank to central bank.

US Federal Reserve

In the United States, the reports on monetary policy which the Fed Chairman delivers to Congress twice a year are traditionally a major instrument of communication policy. Current monetary policy decisions are elucidated mainly by the publication of the minutes of meetings which both reflect the discussions in the FOMC (without giving any names) and disclose the voting by individual members. The minutes are not published, however, until some days after the following meeting, i.e. with a time-lag of six to eight weeks. Moreover, it is a controversial point whether the disclosure of differences of opinion in the committee increases the transparency of monetary policy decisions. This is suggested by the fact that it gives markets an idea of the uncertainty and risks involved in assessing economic conditions. On the other hand, there is a risk of too much attention being paid to the views of individual members and less to the committee's overall assessment.

Bank of Japan

The Bank of Japan has likewise been publishing minutes of its meetings since 1998, with a time-lag of about one month. A more timely means of communication are the monthly reports, which are published after the first

monthly meeting of the Policy Board and include an introductory statement by the Board on the latest economic and financial developments. In addition, once a month – always two days after the first monthly meeting of the Policy Board – a press conference is held at which the Governor explains the current policy stance.

Bank of England

At the centre of the Bank of England's information policy are the quarterly Inflation Reports, which contain both an in-depth analysis of monetary and real economic trends and the inflation and growth projections of the Monetary Policy Committee. Background information on monetary policy decisions is also imparted to the general public by the publication of the minutes of meetings, which are made public two weeks after each meeting.

Eurosystem

The President of the European Central Bank presents the Annual Report of the ECB to the ECOFIN Council and the European Parliament; in addition, he appears before the Economic and Monetary Committee of the European Parliament four times a year. The ECB addresses its Monthly Bulletins to the general public; in them, it analyses monetary and economic conditions in the euro area and describes the background to its monetary policy decisions. Great value is also attached to the press conferences, which are held regularly immediately after the first monthly meeting of the Governing Council of the ECB. At those press conferences, the President of the ECB analyses monetary and overall economic conditions and – if appropriate – elucidates the monetary policy decisions, and thereafter

answers journalists' questions. The Governing Council of the ECB has decided not to publish the minutes of its meetings, primarily because of the special features of the Eurosystem as a supranational institution. In view of the European mandate assigned to the Governing Council, this decision was motivated chiefly by the desire to preclude any possible re-nationalisation of monetary policy by the publication of the voting behaviour of individual members, and to enhance the collective responsibility of the Governing Council of the ECB.

Outlook

Efforts on the part of the Bank of England and the Eurosystem to ensure a high degree of transparency

The object of the above analysis was to give an overview of possible approaches to, and instruments for, creating transparency in monetary policy. All the central banks analysed here have attempted in recent years to communicate, on a regular and comprehensive basis, their views on economic conditions and the background to their monetary policy decisions. This applies with particular force to the Bank of England and the European Central Bank, whose main aim has been to build up credibility as fast as possible after a change in the monetary policy regime.

Even so, in recent months both central banks have had to grapple with criticism of a lack of transparency. The Bank of England, for example, was faced with the reproach that the credibility and transparency of its inflation forecasts had diminished as a consequence of the independence granted to it.¹⁷ The Eurosystem, by contrast, was chiefly criticised for the monetary policy strategy it chose, and also for its failure to publish the minutes of its meetings. This criticism was not altogether surprising, it is true, as new ground was broken by the adoption of the two-pillar strategy. On the other hand, the advocates of the two alternative proposals – monetary targeting or inflation targeting – have so far failed to prove that a one-dimensional strategy is not only more transparent but also promises to be more successful with respect to the ultimate objective of price stability. However, in view of the change of regime and the uncertainties involved, the two-pillar strategy at present continues to appear superior to both alternatives. Its complexity makes heavy demands, though, on the Eurosystem's information policy.

Complex strategies make heavy demands on communication policy

¹⁷ See Martijn, J.K. and H. Samiei (1999): Central Bank Independence and the Conduct of Monetary Policy in the United Kingdom, IMF Working Paper 99/170.

West German enterprises' profitability and financing in 1998

According to the provisional figures of the Bundesbank's corporate balance sheet statistics, the profitability of west German enterprises in the producing, wholesale/retail trade and transport sectors showed a further strong improvement in 1998. This enabled them to make good the drop in earnings in the wake of the recession in 1993 and the renewed setback in 1996. The return on turnover matched the level achieved in the late eighties/early nineties, which also had a positive effect on the remuneration of fixed capital. Corporate financing was also further reinforced. The ratio of own funds to total liabilities regained the level of the late eighties. This was made possible, on the one hand, by firms' quite robust internal generation of financial resources since 1997 and their greater readiness to go public and, on the other, by the deep capacity of the capital market to absorb new equity issues, which is doubtless connected with the burgeoning shareholder culture that is now emerging in Germany on the part of savers. The advances made in profitability and financing also played a key part in ensuring that the slackening of growth in the wake of the crises in eastern Asia and Russia did not lead to a slump in corporate investment in the course of 1999.

Cyclical setting

*Overall trend
amid a
changing
export climate*

In 1998 the German economy initially continued on the path of growth on which it had embarked in the spring of 1996.¹ The underlying economic momentum weakened perceptibly in the second half of the year, however. In the wake of the general worsening of the global economic climate which emanated from the turmoil in the international financial markets, exports (including services) declined after the middle of the year. Moreover, domestic demand at the end of the year was no longer strong enough to compensate for the growing external burdens. On average during 1998 this weakening was not fully reflected in the macroeconomic figures. Exports increased by 7% in real terms while import demand expanded at the very robust rate of 8½%. Domestic demand grew by 2½% in price-adjusted terms. As a result, real GDP grew by 2¼%, which was ¾ percentage point more than in 1997. At the same time, capacity utilisation increased somewhat for the first time in a long while, though it did not reach its normal level. Buoyed by a positive terms-of-trade effect, the increase in the real value of national disposable income improved by as much as 1½ percentage points.

*Domestic
demand*

Of the components of domestic demand, (besides the sizeable build-up of stocks) investment in machinery and equipment notably rose very steeply by over 9% Germany-wide. An even more dynamic trend was shown by other fixed assets (+ 15%), which *inter alia* include investment in intangible assets. That suggests a favourable investment climate which benefited from a higher rate of capacity utilisation,

an eased cost situation and continuing improvements in corporate earnings. Positive stimuli were also provided by wage policy which – as in the preceding years – followed a moderate course. In addition, the financing conditions were exceptionally advantageous. Another mainstay of economic activity in 1998 was private consumption, which expanded nationwide by almost 2½% in real terms. Households also benefited from the fact that the purchasing power of their incomes was augmented by the substantial cheapening of imported goods, especially mineral oil products, in the context of a generally favourable price climate.

By contrast, industrial construction investment in western Germany declined further in 1998. Not least on account of the increased use of microelectronics, the upturn in investment in machinery and equipment was accompanied even less than in the past by a need to extend building capacity. Investment in new residential dwellings in western Germany likewise fell over twelve months, although not as steeply as in eastern Germany. As public customers, too, cut back on their construction activity, overall construction investment recorded a further marked fall in western Germany.

¹ With the changeover of the national accounts to ESA '95, which occurred at the end of April 1999 for the main GDP output and expenditure aggregates, the separate calculation of GDP for western Germany and eastern Germany (which had been customary until then) was discontinued. (However, it will soon be possible to compute aggregate annual data broken down by western and eastern Germany using GDP figures relating to individual Länder which the working group "National Accounts of the Länder" will again publish regularly as from mid-2000). Owing to the comparatively small macroeconomic weight of the new Länder, the figures for Germany as a whole nevertheless probably provide quite an accurate reflection of the basic trends in western Germany.

*Economic
trends in indi-
vidual sectors*

The various economic sectors covered by the corporate balance sheet statistics participated in the favourable overall economic development to very different degrees. West German manufacturing firms stepped up their production by a fairly robust 5%, with producers of capital goods and durable consumer goods faring particularly well. A leading role was played by the automotive industry; its output rose by 15% on average over the year. The brisk production activity in the manufacturing sector also boosted business in the transport and wholesale trade sectors. In the latter sector the sales volume went up by "only" 1% nationwide in 1998, but that was chiefly attributable to the decrease in raw material prices. In real terms wholesale trade turnover increased by 3½%. The retail trade, which similarly experienced a perceptible rise in price-adjusted turnover, profited from the stronger consumption demand. On the other hand, the adjustment crisis in the construction sector persisted in 1998. The output of the west German basic building trade (which admittedly is only a part of the overall construction sector) dropped by 1½% to a level which was 15½% lower than the peak reached in 1994. That in turn had a strong negative impact on the quarrying industry. The output of the electricity, gas and water supply sector stagnated at the depressed level of 1997.

The output of the sectors examined here, which accounts for about half of the real value added generated by firms in Germany, probably grew more or less as strongly in 1998 as that of the services sector, which is very thinly represented in the Bundesbank's balance sheet material. It would be premature, however, to conclude that the earnings

trend of the industrial sectors matched that of the services sector. Manufacturing firms, in particular, face tough international competition which is often reflected in strong downward pressure on margins, whereas service providers tend to focus more on the domestic market and usually have greater scope when it comes to pricing. Nevertheless, the data from the corporate balance sheet statistics probably provide a fairly accurate reflection of west German firms' profitability and financing on the whole.

Annual result and return on turnover

Following the leap in the profit level in 1997, the positive earnings trend continued at a more muted pace in 1998.² According to initial calculations, the annual result before taxes on income improved by 14% and was thus approximately one-and-a-half times as high as in the trough of 1996.³ It was more

*Overall
earnings trend*

2 The following analysis encompasses 21,840 sets of annual accounts, which equates to two-fifths of the total balance sheet data normally to be expected for one financial year. For the purposes of analysis, the expanded results for 1997, updated on the basis of the Federal Statistical Office's turnover tax statistics, were extrapolated using the trend in a likewise expanded cylindered sample of enterprises, so as to obtain figures which are comparable with those of 1997. Past experience shows that this method of calculation reflects the major changes quite well, although it cannot equal the accuracy of the final expansion, which is currently based on about 50,000 sets of annual accounts. For further details, see the article "The methodological basis of the Deutsche Bundesbank's corporate balance sheet statistics", Monthly Report, October 1998, pages 49 to 64.

3 The annual result corresponds to the profit for the year before profit/loss transfers and provides a better indication of the profits generated by the enterprises analysed in this article, since numerous firms are associated through profit transfer agreements (and partial profit transfer agreements) with enterprises which are not recorded in the corporate balance sheet statistics (e.g. holding companies) to which their profits/losses are transferred.

Enterprises' profit and loss account *

Item	1996	1997	1998	1997	1998
	DM billion			Change from previous year in %	
Income					
Turnover	5,184.7	5,430.6	5,562.5	4.7	2.5
Change in stocks of own products ¹	18.2	10.0	26	- 45.2	161
Total output	5,202.9	5,440.6	5,589	4.6	2.5
Interest received	30.4	31.0	35.5	2.1	14.5
Other income of which	223.8	238.6	267	6.6	12
from participating interests	23.6	25.7	34.5	8.8	34
from profit and loss transfers	26.5	27.7	29.5	4.5	6.5
Total income	5,457.1	5,710.2	5,891	4.6	3
Cost					
Cost of materials	3,255.5	3,419.0	3,512	5.0	2.5
Labour cost ²	986.4	995.5	1,021.5	0.9	2.5
Depreciation of tangible fixed assets	189.9	191.0	200.5	0.6	5
Other ³	167.0	169.2	174	1.4	3
Interest paid	23.0	21.8	26.5	- 5.3	21.5
Taxes	69.2	69.0	72.5	- 0.2	5
on income and earnings ⁴	165.6	184.5	193	11.4	4.5
Other ⁵	47.3	57.4	69.5	21.3	21
of which Excise taxes	118.3	127.1	123	7.4	- 3
Other cost of which Profit and loss transfers	106.3	109.7	109.5	3.2	0
	715.1	750.2	778	4.9	3.5
Total cost	5,381.8	5,609.2	5,777.5	4.2	3
Profit for the year	75.4	101.0	113.5	34.1	12.5
Memo item					
Annual result ⁶	83.6	110.9	122.5	32.7	10.5
Annual result before taxes on income ⁷	130.9	168.3	192	28.6	14
Net interest paid	38.8	38.0	37	- 2.0	- 2.5
				Change from previous year in percentage points	
	as % of turnover				
Gross income ⁸	37.6	37.2	37.5	- 0.4	0.5
Annual result ⁶	1.6	2.0	2	0.5	0
Annual result before taxes on income ⁷	2.5	3.1	3.5	0.6	0.5
Net interest paid	0.7	0.7	0.5	- 0.1	0

* Expanded figures. 1998: estimated figures, rounded to the nearest half or full DM billion or percentage point. — ¹ Including other capitalised production. — ² Wages, salaries, social security contributions and voluntary social security expenditure. — ³ Predominantly write-downs of debtors, investments and participating interests. — ⁴ In the case of partnerships and sole proprietorships trade earnings tax only. — ⁵ Including trade capital tax. — ⁶ Profit for the year before profit/loss transfers. — ⁷ Taxes on income and earnings. — ⁸ Total output less cost of materials.

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than twice as high as the especially low earnings level of 1993. It also clearly exceeded the record figure achieved during the reunification boom at the beginning of the nineties. This picture must be put into perspective, however, by noting that the firms have expanded their business activities in the meantime. The gross return on turnover, which is the ratio of enterprises' annual result before taxes on income to their turnover, went up in 1998 by ½ percentage point to 3 ½%; in doing so, it regained the average profitability achieved between 1988 and 1990.

West German firms often fare poorly in international comparisons of profitability based on gross return on turnover and, in particular, appear to trail quite a long way behind the earnings ratios of Anglo-Saxon countries. While this finding is doubtless fundamentally valid, the informative value of such comparisons is considerably lessened by the different country-specific rules for calculating profit. The profit as disclosed in German financial statements tends to be understated, not least on account of the comparatively major importance attached to creditor protection rights and of the prudence principle in German accounting.⁴ This contrasts with, say, US accounting practices which focus on the information needs of investors and on short-term dividend interests, as a result of which disclosed profits tend to be much closer to the "real" earnings level than is the case in Germany. The differences are especially large when it comes to depreciation practices. Thus

Problem of international comparisons of earnings ratios

⁴ For further details, see Deutsche Bundesbank, International comparison of corporate profitability, October 1997, pages 33 to 43.

the volume of consumption of fixed capital shown by US firms – in relation to the stock of tangible fixed assets – is usually far smaller than in Germany because US firms make less use of the diminishing-balance method of depreciation and use longer asset depreciation periods. Major differences – which tend to have a similar impact on the profit and loss account – exist, too, in accounting for and valuing provisions and in the balance sheet treatment of internally produced intangible assets.

Profit after taxes

At 10½ %, the annual result after taxes grew perceptibly more slowly than the corresponding gross figure. The main reason for this was a further sharp rise by over one-fifth in income tax payments in 1998, which is examined in greater detail below. Consequently, the net return on turnover improved by “only” ¼ percentage point to just over 2 % – a level which was last achieved in the years 1988 to 1990. In the recession year 1993 this figure had stood at 1 %. When interpreting the data on net return on turnover it should be remembered that taxes on income and earnings, besides trade earnings tax, exclusively comprise the taxes on income payable by incorporated enterprises, whereas the profit for the year of unincorporated enterprises (partnerships and sole proprietors) is taxed as part of those entrepreneurs’ private income. Hence the actual net return on turnover is lower than the level given here.

Profitability in the manufacturing sector, ...

Given the buoyant economic situation in industry during the year under review, it is not surprising that manufacturing firms were again able to achieve an above-average in-

crease in their gross annual result amounting to 15½ %. This was no less than three-fifths higher than the depressed result achieved in 1996. This finding is corroborated by the fact that the profit-turnover ratio likewise improved by ½ percentage point to 4½ %. However, the individual industries within the manufacturing sector participated in this earnings growth to widely differing extents. One of the most profitable subsectors was the statistical group “Manufacture of other transport equipment”, which comprises ship-building, the construction of aircraft and spacecraft and the manufacture of rolling stock; it more than doubled its annual result. One peculiarity of this subsector is that the annual accounts of the firms in it are sometimes massively influenced by the settlement of large-scale orders. Other industries with an above-average performance were basic metal manufacturers, the automotive industry and manufacturers of office machinery and computers. At the bottom of the table were the manufacturers of electrical machinery and apparatus, who suffered a steep decline in earnings. Manufacturers of machinery and equipment, who had experienced a sharp surge in profitability in 1997, achieved only a relatively small profit increase in 1998, not least because of the marked weakening of foreign demand in the course of the year. In addition, certain branches of industry, especially in the durable and non-durable consumer goods industries, were unable to keep pace with the general earnings trend.

Although the profit level of the electricity, gas and water supply sector in 1998 was “barely” one-tenth higher before taxes and 5 % after

... in electricity, gas and water supply, ...

taxes compared with 1997, the sector maintained its position at the upper end of the profit yield range with a large lead over the other industries included in the analysis. Their gross return on turnover in excess of 10% was more than twice as high as that of the manufacturing sector, which was the second best performer. The greater profitability enjoyed by the utilities is presumably attributable to the fact that, for many years, their markets were characterised by a low level of competition and regional monopolies. It is likely that the liberalisation of the energy markets which has meanwhile been set in train at the European level – and which last year already triggered a sharp fall in the price of electricity – will lead to a marked reduction of this sector's profitability in future.

... in construction ...

Contrary to what the lacklustre state of business activity in the construction sector might have suggested, earnings in the west German construction sector rose in 1998 for the first time since 1992. The gross return on turnover increased from just over 1% in 1997 to 2%, although this was still only half as high as the rate of profit experienced during the boom phase in the early nineties. All in all, the building industry is still a long way from posting an adequate level of profits. Construction firms achieved their turnaround by slowing the decline in total output and by keeping costs more firmly under control than they managed to in the preceding years.

... and in the wholesale/retail trade

In a context of moderate growth, the wholesale trade merely managed to maintain the previous year's earnings level. Following very strong profit growth in 1997, retail trade en-

terprises actually suffered a drop of 5½% in their gross annual result in 1998. The decline in profitability compared with the late eighties/early nineties (measured by return on turnover) is much greater among retail traders than among wholesalers. This may be connected with the fact that, for quite a while now, turnover has not kept pace with the growth of private consumption on account of shifts in consumption behaviour. Another factor is that price competition between the dominant retail groups has noticeably sharpened in recent years.

Income and cost in detail

Total output, which is made up of turnover plus changes in stocks of own products and other capitalised production, grew by just over 2½% in 1998; that was 2 percentage points less than in the previous year. At first sight this would seem to fit in well with the deceleration of profit growth in 1998 compared with 1997 in the sectors analysed. On closer inspection, however, it transpires that the weaker growth of business activity was related quite closely to the sharp fall in import prices in 1998 which was at least partly passed on in the form of factory gate prices and so led to lower producer prices. Therefore there is no contradiction between the slackening rate of expansion of total output and the acceleration of real macroeconomic growth. A similar interpretation may be applied to the trend in the manufacturing sector, the total output of which rose by 4% in 1998 compared with 7% in the previous year. That is largely borne out by the official

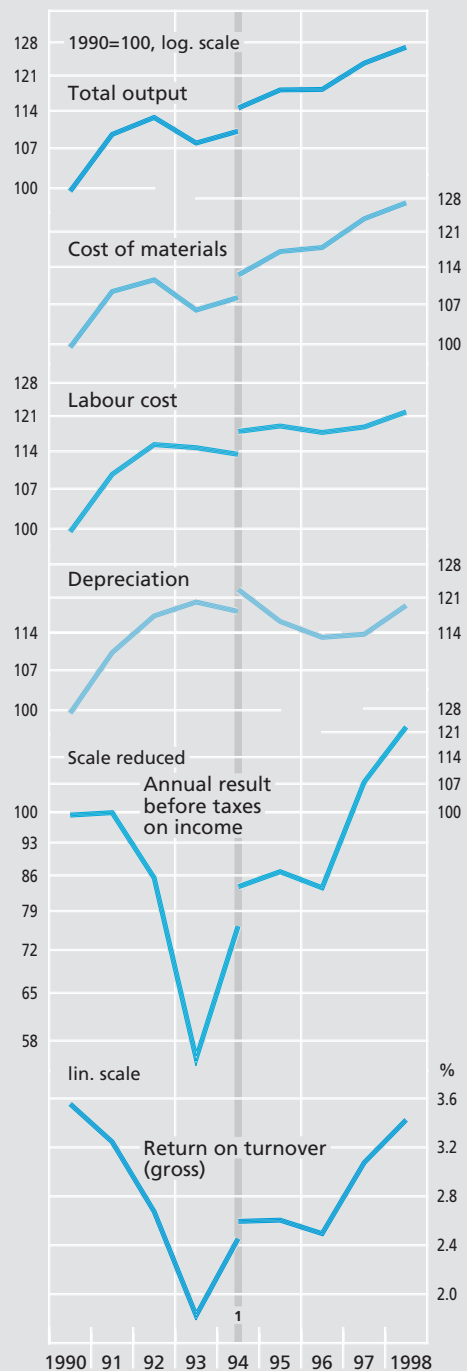
Total output

statistics covering mining and manufacturing in western Germany, according to which the turnover growth of 5% in 1997 slowed to not quite 3% in 1998. Yet net production – as was stated at the beginning of this article – increased distinctly faster in 1998 than in the previous year. The fall in import and producer prices also retarded the expansion of total output in the wholesale and retail trade. In the electricity, gas and water supply sector total output even dipped below the 1997 level. The construction sector was something of an exception in this respect in that the decline in its total output by – 1% was perceptibly smaller than in the three previous years.

Interest received, other income and total income

In contrast to total output, interest received and other income grew much more briskly in 1998 than in 1997, with the result that total income rose by just over 3% (following a little more than 4½% in 1997). One factor behind the increase in interest received was that the stock of interest-bearing debtors and investments on average during 1998 was nearly one-tenth above the corresponding level in the previous year. Another factor was that the average rate of credit interest earned by firms in 1998 improved slightly from 4% to 4¼%. Of the various individual sub-items which make up other income, income from participating interests and extraordinary income increased significantly, in particular. In addition, other operating income expanded rather strongly; this may have been partly due to the fact that from 1998 enterprises have to progressively release their previous provisions for anticipated losses related to incomplete contracts, thereby boosting the disclosed profit. It is notable that three-quarters

Selected indicators from the profit and loss accounts of west German enterprises



1 Statistical break caused by the change-over to the new system of Standard Industrial Classification SIC 93.

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of the rise in other income was attributable to manufacturing firms, which produce less than half the total output of all economic sectors covered by the study.

*Total cost and
cost of
materials*

Total cost went up in 1998 by 3%, i.e. not quite as fast as total income. This owed much to the fact that the cost of materials, which is the largest expense item and accounts for almost 60% of total cost, rose by little more than 2½%, not least owing to lower prices for imported intermediate goods. While the aggregate cost of materials for all enterprises thus grew in line with total output, this was not the case for individual sectors. In manufacturing and construction, for example, the trend towards a higher ratio of intermediate goods continued. An opposite tendency manifested itself, by contrast, among public utilities and in the transport sector. This may have been associated with declining raw material prices (especially for mineral oil products), which in those two sectors are a major factor in the cost of materials and expenditure on goods purchased.

Labour cost

Labour cost also grew at the rate of 2½% after having increased by no more than 1% in 1997. The primary reason for this larger rise in personnel expenses in the year under review was probably that in 1998 there was a marked deceleration in the shedding of labour in the segment of west German businesses analysed. This applies, in particular, to the basic building trade in which, according to the official statistics, the number of persons employed decreased by not quite 4% in 1998, compared with a fall of roughly – 7% in each of the two preceding years. The de-

cline in employment in the manufacturing sector, which had amounted to around 3½% per year between 1995 and 1997, virtually came to a halt in 1998 on an annual average. Wage growth in 1998 was similarly moderate as it had been in the previous year. Thus actual earnings in the west German producing industry – as in 1997 – were only 1½% above the previous year's level. In wholesale and retail trade and in the transport sector (including hotel and restaurant services) actual earnings increased by around 1%.

Depreciation

The cost of depreciation, which had fallen in the years 1994 to 1996 and had risen only slightly in 1997, increased by the fairly sizeable margin of 5% in 1998. The volume of depreciation of tangible fixed assets (including special depreciation) rose by just under 3% as against 1½% in 1997. Given that tax laws remained more or less unchanged, the chief cause of this larger increase appears to be that – according to data from the ifo institute – investment in machinery and equipment in western Germany in 1997 and 1998 grew at an exceptionally dynamic pace in nominal terms, namely by around one-fifth altogether. As moveable fixed assets are frequently depreciated using the diminishing-balance method, this automatically pushed up the charge for the consumption of fixed capital. Other depreciation, which mainly consists of losses on debtors and write-downs of investments and participating interests, actually increased by more than one-fifth in 1998. This was principally attributable to exceptional developments in individual manufacturing industries.

*Interest paid
and*

Furthermore, for the first time since 1992, the corporate profit and loss accounts in 1998 show an increase in interest paid amounting to 5 %. This is due exclusively to the sharp expansion of the stock of creditors incurring interest, which grew by more than 6 ½ % on average in 1998 compared with the previous year. The average debit interest rate payable by enterprises was unchanged at 5 ½ %. By contrast, the net interest paid decreased by 2 ½ % thanks to the much faster growth of interest received.

Taxation

German firms' tax burden increased at a much more moderate pace (4 ½ %) in 1998 than in 1997 (+ 11 ½ %). One factor in this was the abolition with effect from January 1, 1998 of trade capital tax which, together with tax on land and buildings and excise taxes, had constituted other taxes. This sub-item of taxation was 3 % lower in 1998. On the other hand, taxes on income and earnings jumped by 21% in 1998 over twelve months, which was similar to the surge recorded in 1997. Such a large increase appears somewhat surprising at first, bearing in mind that the solidarity surcharge was lowered at the start of 1998 from 7.5 % to 5.5 % and that the increase in the gross annual result was much more moderate than in 1997. There are indications, however, that tax pre-payments were not adjusted to the less favourable earnings trend (which began to emerge only after the course of business started to slacken after mid-1998) until towards the end of the year, i. e. with a certain time-lag. An alternative explanation is that – unlike in the previous years – tax loss carryforwards were claimed on a fairly small scale

only. The abolition of trade capital tax, which had been deductible from profit, played a certain role in that – taken in isolation – this raised the assessment basis for taxing corporate earnings.

Sources and uses of funds

The total sources of funds⁵, which expresses the financial capacity available to west German firms for the formation of financial and non-financial assets, was more than one-quarter higher in 1998 than a year before, having expanded by as much as two-thirds since 1996. More than four-fifths of the increase was generated from external sources, whose weight in total funding grew by 13 percentage points vis-à-vis 1997 to 35 %. Such large (and at times even larger) shares of external financing in the aggregate financing volume were last seen in the period 1988 to 1991. This suggests that in phases of dynamic investment and business growth firms have to resort more and more to external funding. By contrast, the trend in internal financing sources, which are largely limited to "earned" depreciation allowances which grow at a relatively steady pace, shows less volatility through the cycle.

*Funds
generated from
internal and
external
sources*

Furthermore, there are numerous indications of a transformation in the financing behaviour of larger enterprises, in particular, which is reflected in the appropriation of an increasing share of the profit to dividends and hence

*Structural shifts
in the method
of increasing
equity capital*

⁵ The figures for the sources and uses of funds are subject to far greater uncertainty than those for the balance sheet and the profit and loss account.

Sources and uses of enterprises' funds *

DM billion

Item	1997 1	1998	Change 1997-8
Internal funds			
Capital increases from profits and contributions to the capital of unincorporated enterprises 2	18.6	17	- 1.5
Depreciation allowances (total) 3	191.0	200.5	9.5
Increase in provisions 4	14.9	20	5
Total	224.6	237.5	13
External funds			
Capital increases of incorporated enterprises 5	13.2	27.5	14.5
Change in creditors	50.5	102	51.5
Short-term	43.5	66	22.5
Long-term	7.1	36	29
Total	63.8	129.5	65.5
Sources of funds, total	288.4	367	78.5
Formation of tangible assets and stocks (gross asset formation)			
Increase in tangible fixed assets (gross) 6	187.5	197.5	10
Memo item			
Increase in tangible fixed assets (net) 6	18.3	24	5.5
Depreciation of tangible fixed assets	169.2	174	5
Change in stocks 7	9.6	31	21.5
Total	197.1	229	32
Acquisition of financial assets			
Change in cash 8	0.4	- 11	- 11.5
Change in debtors	58.3	76	17.5
Short-term	58.1	74.5	16.5
Long-term	0.2	1.5	1.5
Acquisition of investments	8.9	13.5	4.5
Acquisition of participating interests	23.6	60	36.5
Total	91.2	138.5	47.5
Uses of funds, total	288.4	367	78.5
Memo item			
Internal funds as % of gross asset formation	113.9	103.5	.

* Expanded figures. 1998: estimated figures, rounded to the nearest half or full DM billion. — 1 Calculated on the basis of a separate expansion which eliminates the effects of corporate restructuring measures by two major industrial firms. — 2 Partnerships, sole proprietorships and other legal forms, other than public or private limited companies. — 3 For fixed and current assets. — 4 Including balance of prepayments and deferred income less write-ups of tangible fixed assets. — 5 Funds raised by public and private limited companies by issuing shares and transfers to capital reserves. — 6 Including intangible assets less write-ups of tangible fixed assets. — 7 Including changes in contracts in progress. — 8 Notes and coins and bank balances.

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a simultaneous greater need to recover the distributed capital through external financing. An important indication of this could be the fact that, despite strong earnings growth, the size of the capital increases resulting from retained earnings (and the subscribed capital of unincorporated enterprises) remained largely unchanged, whereas the external injections of equity capital into incorporated enterprises more than doubled. This finding is supported by data from the capital market statistics on the sales of new shares in Germany in 1998. The remaining additional financing requirements were met by stepping up new borrowing, primarily through bank loans and transfers of funds from affiliated enterprises. There was a particularly strong demand for long-term credits. On the other hand, the increases in trade debtors owed by counterparties (and in the trade creditors owed to counterparties) were smaller than previously. A major reason for this is likely to have been that corporate turnover expanded a lot more slowly in 1998 than in 1997 – as was pointed out at the beginning of this article.

Concerning the uses of funds, firms again showed a preference for the acquisition of financial assets, which absorbed 37½ % of all funds raised compared with 31½ % in 1997 and distinctly less than 30 % in the two previous years. Gross expenditure on tangible fixed assets and stocks expanded by 16 % between 1997 and 1998. The extra spending was focused on stockbuilding, which is not unusual during an upturn. Investment in new machinery, equipment and buildings rose by "only" 5 %. But here, too, there were major differences between individual industries; for

Formation of non-financial and financial assets ...

example, manufacturing firms, which are at the centre of the business cycle, increased their gross fixed asset formation by more than one-tenth in nominal terms which – given virtually stable prices – represented a real increase of almost equal magnitude. However, non-financial asset formation by the electricity, gas and water supply sector fell sharply. This is consistent with the data from the ifo institute's survey of investors according to which the public electricity and gas utilities and the water supply companies further retrenched their capital formation in 1998, not least on account of the high supply standard already reached in Germany. For the rest, firms' aggregate gross asset formation in new plant exceeded the consumption of fixed capital by an even greater margin than in 1997; that seems to indicate a consolidation of the positive growth trend that was initiated in 1997 with regard to the capital stock, which had severely contracted between 1993 and 1996.

... with special
reference to the
acquisition of
participating
interests

Of the main categories of financial assets, the resources channelled into the acquisition of participating interests were increased by the largest amount; they were one-and-a-half times greater than the previous year's level. In terms of amount, this rise accounted for three-quarters of the extra resources available for overall financial asset acquisition, with the manufacturing sector claiming the lion's share. Expenditure on the acquisition of investments in 1998 was more than half as much again as in the previous year and six-and-a-half times as high as the very low level of 1995. The stock of debtors likewise recorded significant growth, with the accent on

short-term debtors owed by affiliated enterprises.

Balance sheet trends and key balance sheet ratios

At 5 %, the adjusted balance sheet total⁶ expanded in 1998 more strongly than it had done since 1991. The growth of total assets and liabilities thereby contrasted sharply with the rather moderate development of business activity. The balance sheet total expanded disproportionately strongly in individual manufacturing industries and in the wholesale and retail trade sector. In most other industries total assets and total liabilities grew much more weakly, while the construction sector experienced another contraction of the balance sheet total.

*Balance sheet
total*

The growth of the assets side of the balance sheet was fuelled in part by a marked increase in non-financial assets, which accelerated from + 2 % in 1997 to + 3 ½ %. The stock of financial assets grew even faster (+ 6 ½ %) after having already expanded at the quite dynamic rate of 4 % in the previous year. A notable development was the increase of 13 ½ % in participating interests, whose share of total assets rose to 12 % as a result; at the end of the eighties its weight had been merely 7 %. The shares in the individual industries range from 2 ½ % in the construction sector, in which small and medium-sized

*Assets side of
the balance
sheet*

⁶ As part of the Bundesbank's evaluation of the annual accounts, enterprises' own funds are adjusted *inter alia* for subscribed capital unpaid, own shares held and loans to partners and proprietors.

Enterprises' balance sheet *

Item	1996	1997	1998	1997	1998
	DM billion			Change from previous year in %	
Assets					
Non-financial assets	1,510.8	1,541.5	1,597.5	2.0	3.5
Tangible fixed assets ¹	761.1	784.1	809	3.0	3
Stocks ²	749.6	757.4	788.5	1.0	4
Financial assets	1,606.9	1,671.3	1,783	4.0	6.5
Cash ³	162.9	168.1	157	3.2	- 6.5
Debtors	999.9	1,041.5	1,104	4.2	6
Short-term	917.3	959.9	1,021.5	4.6	6.5
Long-term	82.6	81.6	83	- 1.2	1.5
Investments	92.5	101.9	114	10.2	12
Participating interests	351.5	359.8	408	2.3	13.5
Prepayments	13.2	13.7	13.5	3.2	- 1
Total assets = balance sheet total ⁴	3,130.9	3,226.5	3,394	3.1	5
Liabilities					
Own funds ^{4, 5}	557.3	583.6	628	4.7	7.5
Borrowed funds	2,561.9	2,630.6	2,753.5	2.7	4.5
Creditors	1,873.5	1,918.6	2,020.5	2.4	5.5
Short-term	1,411.6	1,448.4	1,514.5	2.6	4.5
Long-term	461.9	470.2	506	1.8	7.5
Provisions ⁵	688.4	712.0	733	3.4	3
of which					
Provisions for pensions	278.3	291.4	309.5	4.7	6
Deferred income	11.7	12.3	12.5	5.2	1.5
Total liabilities = balance sheet total ⁴	3,130.9	3,226.5	3,394	3.1	5
Memo items					
Turnover do. as % of balance sheet total	165.6	168.3	164	.	.

* Expanded figures. 1998: estimated figures, rounded to the nearest half or full DM billion or percentage point. — 1 Including intangible assets. — 2 Including contracts in progress. — 3 Notes and coins and bank balances. — 4 Less adjustments to capital accounts. — 5 Including pro rata share of special reserves.

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enterprises predominate, to 19½% in the energy, gas and water supply sector, which is dominated by very large enterprises – not least owing to the sector's higher capital intensity. In the manufacturing sector participating interests made up 16% of total assets, which was near the top of the range. In line with the growth of participating interests, debtors (and creditors) in respect of affiliated enterprises have also increased significantly over the past few years. The ratio of aggregate financial assets to total assets rose further in 1998 to 52½%.

In order to finance this dynamic expansion of assets, firms increased their own funds at the above-average rate of 7½%. A key precondition for this was the capital markets' deep capacity to absorb new equity issues. The own funds ratio rose by ½ percentage point to 18½%; consequently, the provision with liable capital regained the level achieved at the end of the eighties. The trend described here was evident in all the sectors covered by the analysis, albeit to differing degrees.

The own funds ratio was nevertheless relatively low by international standards. However, the figure should not be taken at face value, not least because it is advantageous (for liability and tax reasons) for partners and sole proprietors in Germany to assign assets to their private sphere, as a result of which the amount of capital formally assigned to the enterprise tends to be artificially low. German incorporated enterprises display quite healthy financing structures on average. It is also important in this respect to bear in mind the relatively large weight of provisions on

Level of own funds

Corporate financing ratios by international standards

the liabilities side. For the most part they are available to the enterprise as long-term liabilities which are not subject to any interest rate risk or credit withdrawal risk and to that extent are quasi-own funds. This applies especially to provisions for pensions, which since the mid-nineties have maintained an unchanged share of around 9% in the balance sheet total.

Other provisions

Other provisions, which serve different purposes than provisions for company pensions, have lost some of their significance in the past few years; even so, in 1998 they still amounted to 12½% of total liabilities. This decrease is due in part to more restrictive tax legislation. Another possible cause is that listed enterprises, in particular, are now increasingly seeking to make their balance sheet more transparent as they attach greater significance to the concept of shareholder value, which means that they have less desire to build up hidden reserves in the form of provisions.

Liabilities and financing structures

The improvement in the financing position of west German enterprises in 1998 is reflected *inter alia* in the fact that the share of long-term liabilities to total fixed assets rose further to 109½%, the highest level since 1991. The short-term financing situation was likewise unproblematic. The coverage ratio of liquidities plus short-term debtors to short-term creditors was 82½%; going back over quite a long period, such a high ratio has been reached only once – in 1997. This positive picture is further supported by the fact that the ratio of internally generated funds (cash flow) to borrowed funds stood at 13%

Ratios relating to enterprises' assets and liabilities structure *

Item	1996	1997	1998
	as % of balance sheet total ¹		
Tangible fixed assets ²	24.3	24.3	24
Stocks ³	23.9	23.5	23
Short-term debtors	29.3	29.8	30
Long-term liabilities ⁴	42.1	42.4	43
of which Own funds ¹	17.8	18.1	18.5
Short-term creditors	45.1	44.9	44.5
	as % of tangible fixed assets ²		
Own funds ¹	73.2	74.4	77.5
Long-term liabilities ⁴	173.2	174.4	181
	as % of fixed assets ⁵		
Long-term liabilities ⁴	108.0	108.8	109.5
	as % of short-term creditors		
Liquidities ⁶ and short-term debtors	81.3	82.7	82.5
	as % of borrowed funds ⁷		
Internally generated funds ⁸	11.7	13.2	13

* Expanded figures, 1998: estimated figures, rounded to the nearest half or full percentage point. — ¹ Less adjustments to capital accounts. — ² Including intangible assets. — ³ Including contracts in progress. — ⁴ Own funds, provisions for pensions, long-term creditors and special reserves. — ⁵ Tangible fixed assets including intangible assets, participating interests, long-term debtors and investments held as fixed assets. — ⁶ Cash and investments held as current assets. — ⁷ Creditors, provisions and pro rata share of special reserves less cash. — ⁸ Annual result, depreciation allowances, changes in provisions, in special reserves and in prepayments and deferred income less write-ups of tangible fixed assets.

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in the year under review, which matched the rather high level achieved in 1997.

Effects of recession overcome, but further improvements necessary

Despite the worsening of the economic outlook in the later part of 1998, the profitability and financing of west German enterprises developed favourably on balance. If the even greater improvements recorded in 1997 are additionally taken into account, it can be said that the negative consequences of the recession in the year 1993 and of the further set-

back in 1996 have now been overcome. At the moment it is too early to tell whether this trend persisted in 1999. Owing to the weakening of economic momentum in the second half of 1998 and in the first half of 1999, corporate profitability suffered a temporary deterioration – according to the national accounts data – which is also likely to have affected firms' profit and loss account figures for the 1999 financial year.

The tables accompanying this article
appear on the following pages.

West German enterprises' balance sheet and profit and loss account, by economic sector * (cont'd)

DM billion

Item	Manufacturing sector (cont'd); of which											
	Manufacture of basic metals		Manufacture of fabricated metal products		Manufacture of machinery and equipment n.e.c.		Manufacture of electrical machinery and apparatus n.e.c.		Manufacture of electrical and optical instruments		Manu- of vehicles, and trailers 1	
	1996	1997	1996	1997	1996	1997	1996	1997	1996	1997	1996	
I. Balance sheet												
Assets												
Tangible fixed assets 4	20.5	18.9	29.1	29.9	31.3	32.2	20.9	22.5	7.0	8.2	38.0	
Stocks 5	14.0	14.1	31.1	30.8	64.2	61.5	32.8	33.9	10.7	11.7	25.5	
of which												
Raw materials and consumables	4.2	4.4	6.8	7.4	12.5	12.7	6.7	7.2	2.8	3.0	6.0	
Work in progress	4.6	4.9	11.3	10.1	27.3	27.3	7.3	6.9	3.5	3.9	7.3	
Finished goods, goods for resale	5.0	4.5	9.7	9.8	13.5	12.7	9.4	9.6	3.7	3.9	11.9	
Non-financial assets	34.5	32.9	60.2	60.7	95.5	93.6	53.7	56.4	17.7	19.9	63.6	
Cash 6	1.8	1.8	6.1	6.1	9.9	10.9	4.7	5.0	1.8	2.0	14.9	
Debtors	17.0	22.2	33.1	34.3	70.7	71.7	48.3	53.8	14.1	16.8	53.1	
Short-term	15.5	20.2	30.6	31.4	67.7	68.9	46.2	51.4	12.3	14.6	48.5	
of which												
Trade debtors	7.5	9.8	18.7	18.9	33.9	33.7	21.0	22.1	6.6	7.0	14.3	
Long-term	1.5	2.1	2.5	3.0	3.1	2.8	2.1	2.4	1.8	2.2	4.7	
Investments	1.0	0.5	0.6	0.9	4.9	4.3	13.5	17.1	0.2	0.1	6.1	
Participating interests	8.8	11.2	6.8	5.6	17.9	20.6	25.8	30.6	2.8	3.7	36.9	
Financial assets	28.6	35.8	46.6	46.8	103.4	107.5	92.3	106.5	18.9	22.6	111.1	
Prepayments	0.1	0.1	0.4	0.5	0.5	0.5	0.2	0.2	0.1	0.1	0.2	
Balance sheet total 7	63.2	68.8	107.2	108.0	199.4	201.7	146.2	163.1	36.7	42.6	174.9	
Liabilities												
Own funds 8, 9	17.2	20.5	18.3	17.8	40.4	43.1	35.5	41.8	7.4	9.9	41.3	
Creditors	26.3	29.6	70.5	72.9	110.7	109.7	62.4	69.7	19.5	21.0	59.1	
Short-term	18.7	21.4	49.7	50.1	91.4	90.8	51.5	59.4	14.1	15.4	52.6	
of which												
to credit institutions	3.2	3.5	10.4	11.6	12.7	11.4	5.2	6.4	3.8	4.3	5.2	
Trade creditors	5.1	5.9	12.8	13.5	17.5	17.0	9.2	10.2	2.9	3.3	18.3	
Long-term	7.6	8.2	20.8	22.8	19.2	18.9	10.9	10.3	5.4	5.6	6.4	
of which												
to credit institutions	3.5	3.7	12.4	14.0	10.3	9.7	4.1	4.5	2.9	3.1	2.8	
Provisions 9	19.6	18.6	18.3	17.2	48.1	48.8	48.2	51.5	9.8	11.6	74.1	
of which												
Provisions for pensions	11.6	10.5	8.7	8.0	21.3	21.4	22.8	25.4	5.7	6.8	32.9	
Borrowed funds	45.9	48.3	88.8	90.2	158.8	158.5	110.6	121.2	29.2	32.6	133.2	
Deferred income	0.0	0.0	0.1	0.1	0.2	0.1	0.1	0.1	0.1	0.1	0.3	
Balance sheet total 7	63.2	68.8	107.2	108.0	199.4	201.7	146.2	163.1	36.7	42.6	174.9	
II. Profit and loss account												
Turnover	94.8	105.8	171.5	178.1	262.1	270.8	178.8	197.3	52.1	56.3	312.0	
Change in stocks of own products 10	-0.3	0.4	1.2	1.1	3.9	0.4	0.6	0.0	0.4	0.5	0.8	
Total output	94.5	106.2	172.7	179.2	266.1	271.2	179.4	197.3	52.6	56.8	312.8	
Interest received	0.4	0.4	0.7	0.6	1.9	1.8	2.3	3.0	0.2	0.3	2.6	
Other income	4.7	5.5	6.2	6.8	12.9	13.8	9.3	11.0	3.0	3.4	16.6	
Total income	99.7	112.2	179.7	186.6	280.8	286.8	191.0	211.3	55.8	60.5	331.9	
Cost of materials	58.6	68.3	81.3	82.5	135.9	137.4	101.6	114.0	23.3	25.4	197.7	
Labour cost 11	22.3	22.9	54.8	57.4	82.8	81.2	51.9	53.9	18.5	19.4	70.5	
Depreciation	4.2	4.3	8.1	8.0	9.2	9.2	7.4	7.6	2.1	2.2	13.1	
of tangible fixed assets	4.1	4.1	7.4	7.3	7.9	7.8	6.3	6.7	1.8	1.9	12.5	
Other 12	0.2	0.2	0.7	0.7	1.3	1.4	1.1	0.9	0.4	0.3	0.6	
Interest paid	1.1	1.1	2.7	2.8	3.4	3.3	2.5	2.9	0.8	0.8	1.7	
Taxes	0.7	1.0	2.3	2.5	3.4	3.8	2.6	2.6	0.8	0.9	3.9	
on income and earnings 13	0.6	0.9	2.0	2.3	3.0	3.4	2.2	2.3	0.7	0.8	3.4	
Other 14	0.2	0.2	0.3	0.3	0.5	0.4	0.3	0.3	0.1	0.1	0.5	
of which: Excise taxes	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Other cost	11.6	12.8	26.1	27.6	41.9	42.9	21.4	24.6	9.3	10.1	43.2	
Total cost	98.5	110.4	175.2	180.8	276.7	277.7	187.3	205.5	54.8	58.9	330.1	
Profit for the year 15	1.1	1.7	4.4	5.8	4.1	9.1	3.7	5.8	1.0	1.6	1.9	
Annual result before taxes on income 16	1.8	2.8	6.5	8.5	7.6	12.2	5.6	8.1	1.8	2.2	6.7	

* Expanded figures for the former Federal territory including Berlin (west) on the basis of partly estimated turnover according to the turnover tax statistics of the Federal Statistical Office. — 1 Expansion results for 1997 are not directly comparable with those for 1996 owing to restructuring measures by a major industrial firm. — 2 Including re-

pair of motor vehicles and motorcycles and personal and household goods. — 3 Excluding communication. — 4 Including intangible assets. — 5 Including contracts in progress. — 6 Notes and coins and bank balances. — 7 Less adjustments to capital accounts. — 8 Capital, reserves and profit brought forward less adjustments to capital

Selected ratios *

Item	All enterprises ¹		Manufacturing		of which						
					Manufacture of food products and beverages		Manufacture of textiles		Manufacture of textile products		Manu- of wood wood
	1996	1997	1996	1997	1996	1997	1996	1997	1996	1997	1996
% of balance sheet total (adjusted)											
I. Balance sheet ratios											
Assets											
Tangible fixed assets ⁴	24.3	24.3	23.2	22.9	36.0	34.8	25.0	24.5	14.4	12.9	37.0
Stocks ⁵	23.9	23.5	21.1	20.6	18.2	18.2	30.4	31.4	38.4	39.6	29.3
Cash ⁶	5.2	5.2	5.1	5.5	3.5	4.3	4.4	4.0	5.4	5.1	4.2
Debtors	31.9	32.3	31.7	32.5	30.8	30.7	33.0	33.7	35.2	36.1	25.8
Short-term	29.3	29.8	29.1	30.0	27.0	26.7	29.9	30.5	32.9	33.8	23.6
Long-term	2.6	2.5	2.6	2.6	3.8	4.0	3.1	3.2	2.4	2.3	2.2
Investments	3.0	3.2	2.8	3.1	1.0	1.2	0.7	0.5	0.2	0.1	0.4
Participating interests	11.2	11.1	15.9	15.2	10.3	10.5	6.0	5.7	6.1	5.9	2.7
Liabilities											
Own funds (adjusted) ⁷	17.8	18.1	23.6	23.8	20.2	21.3	21.2	21.6	18.3	20.7	10.8
Creditors	59.8	59.5	49.5	49.2	63.9	62.4	63.0	63.4	70.8	68.8	80.1
Short-term	45.1	44.9	37.8	37.8	43.6	43.2	42.8	44.1	52.2	51.3	48.6
Long-term	14.8	14.6	11.7	11.4	20.3	19.2	20.2	19.2	18.6	17.5	31.5
Provisions ⁷	22.0	22.1	26.7	26.8	15.8	16.1	15.7	15.0	10.9	10.5	9.1
of which: Provisions for pensions	8.9	9.0	12.9	13.0	6.3	6.4	7.9	7.3	4.2	3.9	2.6
Memo item: Turnover	165.6	168.3	151.0	154.7	198.0	197.7	167.1	173.1	214.1	208.6	165.5
II. Profit and loss account ratios											
% of total output											
Turnover	99.7	99.8	99.8	99.8	99.9	100.0	100.5	99.8	99.9	98.8	99.5
Change in stocks of own products ⁸	0.3	0.2	0.2	0.2	0.1	0.0	-0.5	0.2	0.1	1.2	0.5
Total output	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Interest received	0.6	0.6	0.7	0.7	0.4	0.4	0.5	0.5	0.4	0.4	0.3
Other income	4.3	4.4	5.2	5.1	4.0	3.9	5.3	4.4	3.2	3.2	3.1
Total income	104.9	105.0	105.8	105.8	104.3	104.2	105.8	104.9	103.6	103.6	103.4
Cost of materials	62.6	62.8	53.3	53.9	62.7	63.8	55.8	56.6	61.1	61.8	52.8
Labour cost ⁹	19.0	18.3	23.8	22.6	14.0	13.5	26.2	24.7	19.5	18.6	26.2
Depreciation of tangible fixed assets	3.2	3.1	3.8	3.7	4.0	3.8	3.8	3.5	1.4	1.4	4.6
Other depreciation ¹⁰	0.4	0.4	0.4	0.4	0.4	0.3	0.8	0.4	0.4	0.5	0.5
Interest paid	1.3	1.3	1.2	1.2	1.3	1.2	1.8	1.6	1.5	1.3	2.3
Taxes	3.2	3.4	5.1	5.4	2.9	2.8	1.1	1.2	1.1	1.2	1.0
on income and earnings ¹¹	0.9	1.1	1.1	1.3	0.8	0.8	0.9	1.0	0.9	1.1	0.8
Other cost	13.7	13.8	16.4	16.1	17.3	17.1	15.3	15.5	16.6	16.5	14.9
Total cost	103.4	103.1	104.0	103.3	102.5	102.5	104.7	103.5	101.6	101.2	102.3
Profit for the year	1.4	1.9	1.8	2.5	1.8	1.8	1.1	1.4	2.0	2.3	1.1
% of turnover											
Annual result ¹²	1.6	2.0	2.0	2.7	2.0	2.0	1.1	2.1	2.4	2.7	1.0
Annual result before taxes on income ¹³	2.5	3.1	3.1	4.0	2.8	2.8	1.9	3.1	3.3	3.9	1.8
Internally generated funds ¹⁴	5.4	6.0	6.4	7.6	6.2	6.5	4.9	5.5	3.6	4.7	6.2
III. Other ratios											
% of turnover											
Stocks	14.5	13.9	14.0	13.3	9.2	9.2	18.2	18.1	17.9	19.0	17.7
Short-term debtors	17.7	17.7	19.3	19.4	13.6	13.5	17.9	17.6	15.4	16.2	14.3
% of tangible fixed assets											
Own funds (adjusted)	73.2	74.4	101.8	104.0	56.1	61.3	84.7	88.3	127.1	160.8	29.0
Long-term liabilities ¹⁵	173.2	174.4	210.5	213.4	133.0	138.1	201.3	201.3	287.3	328.8	122.7
% of fixed assets ¹⁶											
Long-term liabilities ¹⁵	108.0	108.8	116.1	118.0	95.1	96.8	145.7	146.5	180.8	200.4	108.4
% of short-term creditors											
Liquidities ¹⁷ and short-term debtors	81.3	82.7	96.6	100.1	71.5	73.7	81.0	78.8	73.6	76.0	58.1
Liquidities ¹⁷ , short-term debtors and stocks	134.4	135.0	152.5	154.4	113.1	115.9	152.1	149.9	147.2	153.2	118.3
% of borrowed funds ¹⁸ less cash											
Internally generated funds ¹⁴	11.7	13.3	13.6	16.7	16.1	17.4	11.0	12.9	10.2	13.2	12.1
% of balance sheet total (adjusted)											
Annual result ¹² and interest paid	4.9	5.6	4.9	6.0	6.5	6.3	4.7	6.5	8.2	8.4	5.5

* Calculated from expanded figures. — ¹ Electricity, gas and water supply, mining, manufacturing, construction, wholesale and retail trade and transport. — ² Including reproduction of recorded media. — ³ Expansion results for 1997 are not directly comparable with those for 1996 owing to restructuring measures by a major industrial firm. — ⁴ Including intangible assets. — ⁵ Including contracts

in progress. — ⁶ Notes and coins and bank balances. — ⁷ Including pro rata share of special reserves. — ⁸ Including other capitalised production. — ⁹ Wages, salaries, social security contributions and voluntary social security expenditure. — ¹⁰ Write-downs of current and financial assets. — ¹¹ In the case of partnerships and sole proprietorships trade earnings tax only. — ¹² Profit for the year

facture and products	Manufacture of pulp, paper and paper products		Publishing and printing ²		Manufacture of chemicals and chemical products ³		Manufacture of rubber and plastic products		Manufacture of other non-metallic mineral products		Item
	1997	1996	1997	1996	1997	1996	1997	1996	1997	1996		1997
% of balance sheet total (adjusted)											I. Balance sheet ratios
36.3	39.7	39.0	30.0	29.5	19.2	19.3	31.3	30.4	35.4	35.5	Assets
30.0	17.6	17.1	13.4	14.9	12.2	13.2	20.9	20.0	16.4	16.9	Tangible fixed assets ⁴
3.9	4.8	5.5	7.0	7.2	3.7	4.0	4.9	5.4	5.9	6.6	Stocks ⁵
25.8	25.3	25.7	38.3	37.3	26.0	28.5	33.4	34.2	24.3	26.5	Cash ⁶
23.6	22.8	23.4	34.4	33.7	23.4	24.9	31.1	32.3	21.4	23.4	Debtors
2.2	2.5	2.3	3.9	3.6	2.6	3.6	2.3	1.9	2.8	3.1	Short-term
0.5	1.3	1.5	2.2	2.3	2.4	2.8	0.4	0.4	0.9	0.7	Long-term
2.9	11.1	10.9	8.4	8.2	36.4	32.1	8.8	9.2	16.9	13.6	Investments
											Participating interests
9.6	24.1	25.6	15.0	15.6	38.5	36.5	22.7	24.0	25.1	24.6	Liabilities
82.0	57.8	56.0	59.9	58.1	31.6	34.2	59.1	58.5	53.6	54.3	Own funds (adjusted) ⁷
49.5	34.6	33.4	41.3	40.2	26.1	28.6	41.1	41.6	36.2	36.1	Creditors
32.6	23.2	22.6	18.6	18.0	5.5	5.6	18.0	16.9	17.4	18.3	Short-term
8.4	18.0	18.3	24.0	25.1	29.8	29.1	18.1	17.3	21.2	21.0	Long-term
2.6	9.5	9.2	13.4	14.0	18.1	17.7	7.9	7.5	9.0	8.9	Provisions ⁷
171.6	151.0	152.7	175.7	175.4	96.1	109.7	177.5	174.1	120.9	123.2	of which: Provisions for pensions
											Memo item: Turnover
% of total output											II. Profit and loss account ratios
99.4	100.4	99.8	100.0	99.6	100.0	100.0	99.6	99.6	99.3	99.9	Turnover
0.6	-0.4	0.2	0.0	0.4	0.0	0.0	0.4	0.4	0.7	0.1	Change in stocks of own products ⁸
100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	Total output
0.3	0.4	0.4	0.7	0.6	1.1	0.8	0.3	0.3	0.7	0.6	Interest received
2.8	4.3	4.2	5.2	5.8	8.5	7.3	4.2	4.2	5.9	6.6	Other income
103.1	104.7	104.6	105.9	106.4	109.5	108.1	104.5	104.5	106.6	107.2	Total income
54.2	52.4	53.0	40.7	40.1	48.8	48.5	50.5	51.5	44.0	44.6	Cost of materials
25.1	22.7	21.5	31.1	30.9	24.5	22.1	27.1	26.1	27.5	27.4	Labour cost ⁹
4.3	5.2	5.1	4.5	4.4	5.1	4.9	4.6	4.6	6.6	6.4	Depreciation of tangible fixed assets
0.4	0.5	0.4	0.6	1.0	0.6	0.5	0.6	0.3	0.5	0.6	Other depreciation ¹⁰
2.2	1.8	1.5	1.7	1.5	1.2	1.3	1.4	1.3	1.8	1.9	Interest paid
0.9	1.2	1.7	1.4	1.7	2.5	2.8	1.3	1.4	1.9	1.9	Taxes
0.7	1.0	1.6	1.3	1.6	2.2	2.7	1.2	1.2	1.6	1.7	on income and earnings ¹¹
14.2	19.2	18.9	23.8	24.0	23.1	23.9	16.7	16.9	21.4	21.5	Other cost
101.4	103.0	102.2	103.7	103.6	105.8	104.0	102.3	102.1	103.5	104.3	Total cost
1.8	1.7	2.4	2.2	2.8	3.8	4.2	2.3	2.4	3.0	2.9	Profit for the year
% of turnover											
1.8	2.6	3.3	3.0	3.7	4.6	5.0	2.7	2.9	4.0	3.7	Annual result ¹²
2.5	3.6	4.9	4.2	5.3	6.8	7.7	3.8	4.1	5.6	5.4	Annual result before taxes on income ¹³
6.0	8.3	9.5	8.9	10.1	10.2	7.6	7.7	8.3	8.4	10.8	Internally generated funds ¹⁴
% of turnover											III. Other ratios
17.5	11.7	11.2	7.6	8.5	12.7	12.0	11.8	11.5	13.6	13.7	Stocks
13.8	15.1	15.3	19.6	19.2	24.3	22.7	17.5	18.6	17.7	19.0	Short-term debtors
% of tangible fixed assets											
26.4	60.7	65.7	49.9	52.9	200.5	189.4	72.6	79.0	70.8	69.5	Own funds (adjusted)
124.8	145.2	149.6	158.4	163.2	328.2	313.2	156.4	160.3	147.6	148.6	Long-term liabilities ¹⁵
% of fixed assets ¹⁶											
109.3	107.6	110.9	112.1	116.4	107.8	109.1	115.1	116.6	94.4	100.5	Long-term liabilities ¹⁵
% of short-term creditors											
56.6	82.5	89.9	105.5	107.4	112.1	109.4	88.3	91.1	77.2	84.4	Liquidities ¹⁷ and short-term debtors
117.2	133.4	140.9	138.0	144.6	158.8	155.6	139.1	139.1	122.6	131.2	Liquidities ¹⁷ , short-term debtors and stocks
% of borrowed funds ¹⁸ less cash											
11.8	17.6	21.1	20.4	23.2	17.0	14.0	18.8	20.4	14.7	19.3	Internally generated funds ¹⁴
% of balance sheet total (adjusted)											
6.8	6.5	7.4	8.1	9.2	5.6	6.9	7.2	7.2	7.1	6.9	Annual result ¹² and interest paid

before profit and loss transfers. — ¹³ Taxes on income and earnings. — ¹⁴ Cash flow: annual result, depreciation allowances, changes in provisions, in special reserves and prepayments and deferred income less write-ups of tangible fixed assets. — ¹⁵ Own funds, provisions for pensions, long-term creditors and special

reserves. — ¹⁶ Tangible fixed assets (including intangible assets), participating interests, long-term debtors and investments held as fixed assets. — ¹⁷ Cash and investments held as current assets. — ¹⁸ Creditors, provisions and pro rata share of special reserves.

Selected ratios * (cont'd)

Item	Manufacturing sector (cont'd); of which										
	Manufacture of basic metals		Manufacture of fabricated metal products		Manufacture of machinery and equipment n.e.c.		Manufacture of electrical machinery and apparatus n.e.c.		Manufacture of electrical and optical instruments		Manu- of vehicles, and trai- lers 1
	1996	1997	1996	1997	1996	1997	1996	1997	1996	1997	1996
I. Balance sheet ratios	% of balance sheet total (adjusted)										
Assets											
Tangible fixed assets 4	32.5	27.4	27.2	27.7	15.7	15.9	14.3	13.8	19.2	19.3	21.8
Stocks 5	22.1	20.5	29.0	28.5	32.2	30.5	22.4	20.8	29.1	27.4	14.6
Cash 6	2.8	2.7	5.7	5.6	4.9	5.4	3.2	3.1	4.8	4.7	8.5
Debtors	26.9	32.3	30.9	31.8	35.5	35.6	33.0	33.0	38.5	39.4	30.4
Short-term	24.5	29.3	28.5	29.1	33.9	34.2	31.6	31.5	33.6	34.2	27.7
Long-term	2.4	3.0	2.4	2.7	1.5	1.4	1.4	1.5	4.9	5.2	2.7
Investments	1.6	0.7	0.6	0.8	2.4	2.1	9.3	10.5	0.6	0.3	3.5
Participating interests	14.0	16.3	6.3	5.1	9.0	10.2	17.7	18.7	7.5	8.7	21.1
Liabilities											
Own funds (adjusted) 7	27.3	29.8	17.1	16.4	20.3	21.4	24.3	25.6	20.2	23.2	23.6
Creditors	41.6	43.0	65.8	67.5	55.5	54.4	42.7	42.7	53.1	49.4	33.8
Short-term	29.5	31.1	46.4	46.4	45.9	45.0	35.2	36.4	38.3	36.2	30.1
Long-term	12.1	12.0	19.4	21.1	9.6	9.4	7.5	6.3	14.8	13.1	3.7
Provisions 7	31.1	27.1	17.1	15.9	24.1	24.2	32.9	31.6	26.6	27.3	42.4
of which: Provisions for pensions	18.3	15.3	8.1	7.4	10.7	10.6	15.6	15.6	15.4	16.1	18.8
Memo item: Turnover	150.0	153.7	160.0	164.9	131.5	134.3	122.3	121.0	142.0	132.3	178.4
II. Profit and loss account ratios	% of total output										
Turnover	100.3	99.6	99.3	99.4	98.5	99.8	99.7	100.0	99.2	99.1	99.7
Change in stocks of own products 8	-0.3	0.4	0.7	0.6	1.5	0.2	0.3	0.0	0.8	0.9	0.3
Total output	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Interest received	0.4	0.4	0.4	0.3	0.7	0.6	1.3	1.5	0.5	0.5	0.8
Other income	5.0	5.2	3.6	3.8	4.8	5.1	5.2	5.6	5.6	5.9	5.3
Total income	105.4	105.6	104.0	104.1	105.5	105.7	106.4	107.1	106.1	106.4	106.1
Cost of materials	62.0	64.3	47.1	46.1	51.1	50.6	56.6	57.7	44.3	44.7	63.2
Labour cost 9	23.6	21.6	31.7	32.0	31.1	30.0	28.9	27.3	35.2	34.1	22.5
Depreciation of tangible fixed assets	4.3	3.9	4.3	4.1	3.0	2.9	3.5	3.4	3.3	3.3	4.0
Other depreciation 10	0.2	0.2	0.4	0.4	0.5	0.5	0.6	0.5	0.7	0.6	0.2
Interest paid	1.1	1.1	1.6	1.6	1.3	1.2	1.4	1.5	1.6	1.5	0.6
Taxes	0.8	1.0	1.3	1.4	1.3	1.4	1.4	1.3	1.5	1.6	1.2
on income and earnings 11	0.6	0.8	1.1	1.3	1.1	1.2	1.2	1.2	1.3	1.4	1.1
Other cost	12.3	12.0	15.1	15.4	15.8	15.8	11.9	12.4	17.7	17.8	13.8
Total cost	104.2	104.0	101.5	100.9	104.0	102.4	104.4	104.1	104.2	103.6	105.5
Profit for the year	1.2	1.6	2.6	3.2	1.6	3.3	2.1	2.9	1.9	2.8	0.6
Annual result 12	1.3	1.8	2.6	3.5	1.8	3.2	1.9	2.9	2.1	2.5	1.0
Annual result before taxes on income 13	1.9	2.6	3.8	4.8	2.9	4.5	3.1	4.1	3.4	4.0	2.1
Internally generated funds 14	5.5	4.9	5.8	7.4	5.0	6.8	5.2	8.5	7.6	9.7	6.2
III. Other ratios	% of turnover										
Stocks	14.7	13.3	18.1	17.3	24.5	22.7	18.3	17.2	20.5	20.7	8.2
Short-term debtors	16.3	19.1	17.8	17.6	25.8	25.4	25.8	26.0	23.6	25.8	15.5
Own funds (adjusted)	84.0	108.8	62.8	59.3	128.8	133.9	170.0	185.9	105.2	120.1	108.6
Long-term liabilities 15	180.0	210.8	165.8	163.9	259.8	260.8	336.5	350.2	265.9	274.1	213.8
Long-term liabilities 15	119.5	123.5	124.5	126.1	151.6	148.6	143.5	140.6	160.7	159.2	99.6
Liquidities 17 and short-term debtors	97.6	104.9	74.3	75.5	88.6	91.7	124.7	122.9	101.5	107.8	128.1
Liquidities 17, short-term debtors and stocks	172.4	170.7	136.8	136.9	158.7	159.4	188.4	180.0	177.5	183.3	176.6
Internally generated funds 14	11.9	11.2	11.9	15.7	8.9	12.5	8.7	14.5	14.4	17.9	16.4
Annual result 12 and interest paid	3.6	4.4	6.7	8.4	4.0	6.0	4.0	5.4	5.2	5.3	2.9

* Calculated from expanded figures. — 1 Expansion results for 1997 are not directly comparable with those for 1996 owing to restructuring measures by a major industrial firm. — 2 Including repair of motor vehicles and motorcycles and personal and household goods. — 3 Excluding communication. — 4 Including intangible assets. — 5 In-

cluding contracts in progress. — 6 Notes and coins and bank balances. — 7 Including pro rata share of special reserves. — 8 Including other capitalised production. — 9 Wages, salaries, social security contributions and voluntary social security expenditure. — 10 Write-downs of current and financial assets. — 11 In the case of partnerships

factory motor trailers, semi-	Electricity, gas and water supply		Construction		Wholesale trade and commission trade		Retail trade (including sale of motor vehicles and automotive fuel) 2		Transport 3 (excluding trans- port via railways)		Item
	1997	1996	1997	1996	1997	1996	1997	1996	1997	1996		1997
% of balance sheet total (adjusted)											I. Balance sheet ratios
23.3	42.6	43.2	14.0	14.4	14.9	14.9	21.8	21.8	53.3	51.8	Assets
12.7	2.9	2.5	44.1	43.5	26.8	27.2	43.7	44.3	2.2	1.8	Tangible fixed assets 4
10.2	4.3	3.1	6.8	6.1	5.8	5.8	4.5	4.2	6.0	6.9	Stocks 5
30.0	21.9	21.7	29.3	29.7	45.8	45.1	25.4	25.3	31.4	31.5	Cash 6
28.0	19.1	19.3	27.6	27.7	43.3	42.9	23.5	23.5	27.2	27.7	Debtors
1.9	2.9	2.4	1.7	2.0	2.4	2.2	1.9	1.8	4.2	3.8	Short-term
4.7	12.3	12.2	2.4	2.6	0.5	0.6	0.2	0.2	0.6	1.4	Long-term
19.0	15.7	17.1	2.3	2.4	5.8	6.2	3.9	3.7	5.5	5.5	Investments
											Participating interests
											Liabilities
24.1	24.7	24.3	5.8	5.1	14.5	15.2	2.9	2.9	14.0	15.9	Own funds (adjusted) 7
29.7	33.4	35.0	83.2	83.9	75.7	75.0	87.9	87.9	67.4	64.2	Creditors
25.8	18.9	20.3	71.2	70.6	61.2	61.0	61.6	61.6	38.7	38.7	Short-term
3.9	14.6	14.6	11.9	13.3	14.5	14.0	26.4	26.3	28.7	25.5	Long-term
46.1	40.1	39.0	11.0	10.9	9.6	9.6	9.0	9.0	18.1	19.1	Provisions 7
21.7	9.5	9.2	2.7	2.8	3.6	3.7	3.6	3.7	8.3	8.4	of which: Provisions for pensions
177.5	66.8	67.2	117.5	122.1	264.9	264.6	253.4	254.0	134.9	131.8	Memo item: Turnover
% of total output											II. Profit and loss account ratios
99.9	99.3	99.4	97.1	99.3	100.0	100.0	99.9	100.0	99.9	99.9	Turnover
0.1	0.7	0.6	2.9	0.7	0.0	0.0	0.1	0.0	0.1	0.1	Change in stocks of own products 8
100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	Total output
0.9	2.0	1.8	0.5	0.5	0.4	0.4	0.2	0.2	0.6	0.6	Interest received
5.5	6.1	5.8	3.8	3.9	2.6	2.8	2.7	2.8	10.1	10.2	Other income
106.3	108.1	107.6	104.3	104.5	103.0	103.2	103.0	103.0	110.7	110.8	Total income
65.4	61.6	62.8	50.8	51.2	80.9	80.9	71.4	71.6	42.9	42.2	Cost of materials
20.5	14.5	13.8	33.9	33.4	8.4	8.4	13.2	13.0	29.2	29.1	Labour cost 9
4.1	8.6	8.4	3.1	3.0	1.2	1.2	1.8	1.7	8.6	8.2	Depreciation of tangible fixed assets
0.5	0.4	0.2	0.9	0.8	0.4	0.4	0.3	0.2	0.7	0.4	Other depreciation 10
0.6	1.5	1.5	1.6	1.7	1.0	1.0	1.6	1.5	2.3	2.2	Interest paid
1.6	4.6	5.3	0.8	0.8	1.9	1.8	0.9	0.9	1.3	1.4	Taxes
1.4	3.9	4.7	0.6	0.6	0.5	0.5	0.3	0.3	0.7	0.9	on income and earnings 11
12.6	14.1	12.8	12.6	13.0	8.3	8.5	12.6	12.6	23.9	24.9	Other cost
105.2	105.3	104.7	103.6	103.9	102.1	102.2	101.7	101.5	109.0	108.3	Total cost
1.2	2.8	2.9	0.7	0.6	0.9	1.0	1.2	1.5	1.8	2.5	Profit for the year
% of turnover											Annual result 12
0.8	4.7	4.9	0.7	0.7	0.9	1.1	1.3	1.6	-0.3	0.1	Annual result before taxes on income 13
2.3	8.6	9.6	1.3	1.3	1.4	1.7	1.6	1.9	0.5	1.0	Internally generated funds 14
10.7	14.8	13.7	4.8	3.9	2.5	2.9	3.6	3.6	10.3	10.9	
% of turnover											III. Other ratios
7.2	4.3	3.7	37.5	35.6	10.1	10.3	17.2	17.4	1.6	1.4	Stocks
15.8	28.5	28.8	23.5	22.7	16.4	16.2	9.3	9.3	20.2	21.0	Short-term debtors
% of tangible fixed assets											Own funds (adjusted)
103.5	57.9	56.1	41.3	35.1	97.5	102.4	13.2	13.3	26.2	30.6	Long-term liabilities 15
215.5	117.8	115.1	147.4	148.1	220.7	223.8	152.4	152.3	98.5	99.9	
% of fixed assets 16											Long-term liabilities 15
109.1	75.7	73.2	111.8	110.5	140.8	141.5	120.1	121.4	83.3	84.7	
% of short-term creditors											Liquidities 17 and short-term debtors
159.8	161.1	143.9	51.0	50.9	80.8	80.4	45.8	45.2	87.1	92.7	Liquidities 17, short-term debtors and stocks
209.1	176.4	156.0	112.9	112.5	124.6	125.0	116.8	117.2	92.7	97.4	
% of borrowed funds 18 less cash											Internally generated funds 14
29.0	14.3	13.0	6.4	5.4	8.4	9.6	9.8	10.0	17.5	18.8	
% of balance sheet total (adjusted)											Annual result 12 and interest paid
2.5	4.2	4.3	2.8	2.9	5.3	5.7	7.3	7.9	2.8	3.0	

and sole proprietorships trade earnings tax only. — 12 Profit for the year before profit and loss transfers. — 13 Taxes on income and earnings. — 14 Cash flow: annual result, depreciation allowances, changes in provisions, in special reserves and prepayments and deferred income less write-ups of tangible fixed assets. — 15 Own

funds, provisions for pensions, long-term creditors and special reserves. — 16 Tangible fixed assets (including intangible assets), participating interests, long-term debtors and investments held as fixed assets. — 17 Cash and investments held as current assets. — 18 Creditors, provisions and pro rata share of special reserves.

German balance of payments in 1999

Germany's economic and financial relationships with non-residents were marked by far-reaching changes last year. Firstly, new monetary policy conditions were established as a result of the changeover to monetary union and the introduction of the euro, and these have left their mark, especially in the case of cross-border financial transactions. The outcome was that the German financial system acted as a major channel for capital flowing into the other euro-area countries from outside. Secondly, the external conditions confronting German exporters improved on a lasting basis owing to the recovery of the world economy from the consequences of the crisis in Asia and thereby provided a new stimulus to the domestic economy. Real imports grew only moderately in 1999. Owing to the dramatic rise in the price of oil imports, however, the value of imports was inflated to such an extent that Germany's trade surplus was smaller than in 1998, despite the country's remarkable export achievement. Given larger deficits on both services and investment income, the deficit on Germany's current account rose to € 19½ billion in 1999 compared with one equivalent to € 4 billion in 1998. These developments in cross-border current and financial transactions will be analysed in detail below.

Current account

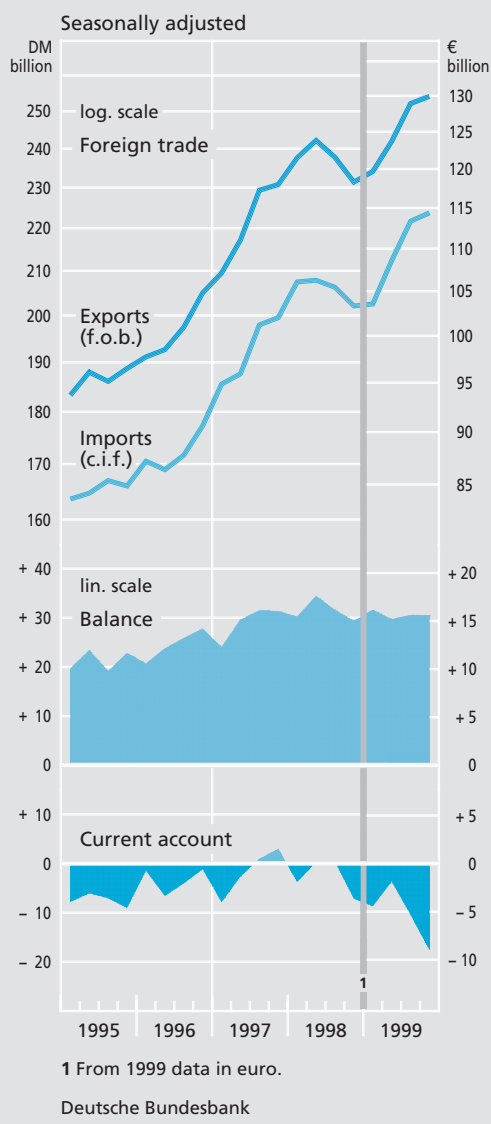
Exports

Following the distinct downturn in exports as a result of the crises in the emerging markets in South-East Asia, German exports experienced a discernible revival in the course of 1999. In the final quarter of last year the value of German exports of goods was already exceeding its corresponding 1998 level by 10% whereas in the first quarter of 1999 the figure had still been almost 1½% below that in the corresponding period of the previous year. Calculated at current prices over the year as a whole, German exports rose by just under 4%. At 4%, the increase in volume is just as great.¹ This means that Germany participated substantially in the real growth in world trade last year.

Regional breakdown of exports

The revival in German exports was triggered by sales to non-European export markets once the situation in the crisis regions in Asia had stabilised and the markets had begun to expand again. Germany's export business also received considerable stimuli from the robust and rapid economic growth in the United States, especially as the strength of the US dollar provided German exporters – and other suppliers in the euro area – with relatively favourable competitive conditions on the US market. As a result, German exports to the United States rose by 12½% in 1999; their share of total German exports therefore rose to just over 10% compared with just under 9½% in 1998. Later in the year the pattern of exports changed in favour of the markets of the other euro-area countries following the significant cyclical upturn there in the summer. At 4%, however, the annual growth

Foreign trade and current account



rate of exports to the other euro-area countries was only average. Even so, given the large share which the euro-area countries have in Germany's total exports (just over 40%), they had a major influence on the overall result.

¹ Data on volumes are still provisional; as in the case of data on foreign trade by region and by category of goods, the 1999 figures on volume have not yet been subjected to the annual revision.

*Breakdown of
exported goods*

Almost all economic sectors gradually benefited from the improved selling conditions abroad. The German car industry was one of the first to do so. According to (still) incomplete data, it increased its export sales by 3½% in 1999 and therefore accounted for just under one-fifth of total German export turnover. By contrast, suppliers of capital goods in the narrower sense of the term, e.g. electrical and mechanical engineering products, did not achieve sizeable increases in export sales until the second half of the year. Exports of basic and producer goods developed somewhat less favourably, recording a slightly lower value in the year under review than they had done in the previous year (– 1½%). However, the – in some cases appreciable – fall in prices played a role here; at all events, average export values for this category of goods declined by 4½% in 1999 compared with a year earlier. The consumer goods industry did not succeed in regaining the previous year's export level either.

Imports

German imports of goods rose less strongly than exports. In volume, the rise was no more than just over 3½%. Evidently the stocks that had been built up in 1998 as a result of the decline in energy and raw material prices at the time had led to correspondingly smaller purchases of raw materials and primary products from abroad. For example, imports of crude oil were just over 4% down in volume on the previous year. The sluggish recovery in domestic demand probably also had a dampening effect on imports. In any case, the volume of imports, excluding energy imports, in the manufacturing sector did not rise further in 1999.

Regional breakdown of foreign trade

1999				
Group of countries/ Country	Exports		Imports	
	€ billion	Change from the pre- vious year in %	€ billion	Change from the pre- vious year in %
Industrial countries	388.8	4.4	325.1	1.2
EU countries	286.1	3.7	232.7	0.7
EMU countries	219.8	4.1	185.8	0.4
Austria	26.9	1.8	17.7	4.5
Belgium/ Luxembourg	28.1	1.2	22.9	– 3.5
Finland	5.8	18.4	4.6	6.8
France	57.7	6.6	45.9	0.9
Ireland	2.9	11.4	8.2	12.5
Italy	37.5	4.0	32.4	– 1.8
Netherlands	33.0	– 3.7	35.2	– 0.7
Portugal	5.7	5.9	4.8	2.5
Spain	22.2	12.8	14.2	– 0.1
Other EU countries	66.3	2.3	46.9	1.8
Denmark	8.5	– 0.2	6.8	– 3.6
Greece	3.9	9.0	1.7	3.5
Sweden	11.4	2.0	8.0	– 4.4
United Kingdom	42.6	2.4	30.4	4.8
Other industrial countries	102.7	6.4	92.4	2.6
of which				
United States	51.6	12.4	36.4	4.2
Japan	10.5	11.7	21.5	2.3
Countries in transition	56.8	– 3.9	62.3	12.0
of which				
Countries in central and eastern Europe	49.1	– 5.5	47.6	10.6
China ¹	6.9	14.2	13.7	15.4
Developing countries	56.4	1.3	48.2	4.4
of which				
OPEC countries	9.1	– 7.0	6.4	11.9
Emerging markets in South-East Asia	18.8	0.2	22.2	2.8
All countries ²	507.3	3.9	443.5	4.7

¹ Excluding Hong Kong. — ² The totals for "All countries" include revisions for the period from January to November 1999 which are not yet available in a regional breakdown.

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Breakdown of foreign trade by category of goods

1999

Item	Change from previous year in %	Share of total exports or total imports
Exports		
Basic and producer goods ¹	- 1.4	21.5
of which		
Chemical products	2.3	12.7
Capital goods	1.9	58.0
of which		
Mechanical engineering products	- 5.2	13.1
Road vehicles	3.6	19.5
Electrical engineering products	4.0	13.3
Data processing equipment ²	3.8	2.4
Consumer goods	- 3.8	10.1
Food, drink and tobacco ³	- 8.5	4.6
Total ⁴	3.9	100
Imports		
Sources of energy	4.6	5.7
Basic and producer goods ⁵ (excluding sources of energy)	- 8.1	18.1
of which		
Chemical products	- 3.9	9.1
Capital goods	3.4	43.3
of which		
Mechanical engineering products	- 1.2	5.7
Road vehicles	3.7	11.1
Electrical engineering products	2.9	11.9
Data processing equipment ²	6.9	5.4
Consumer goods	- 6.2	13.3
Food, drink and tobacco ³	- 11.3	8.3
Total ⁴	4.7	100

¹ Including mining and energy. — ² Including office machines. — ³ Including agricultural products. — ⁴ Including corrections not broken down by category of goods. — ⁵ Including mining.

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By contrast, total nominal imports increased sharply and, on a year-on-year basis, exceeded the 1998 level by just over 4½%. Nevertheless, the rise in the course of 1999 was actually considerably faster. The nominal import bill in the final quarter of 1999 was 11% higher than a year earlier. Higher import prices accounted for approximately one-half of this. To a large extent this was due to the significant increase in the price of petroleum, which was accentuated further in terms of the domestic currency owing to the appreciation of the US dollar against the euro. Thus, the price of crude oil at the end of last year was just over two and a half times above the level a year earlier.

As a result of the sharp increase in oil prices, the value of German imports from the OPEC countries again rose particularly steeply in 1999 (12%) whereas in 1998 it had declined by almost one-fifth. Large nominal growth rates were also recorded in imports from the central and eastern European countries in transition (10½%). These countries evidently enjoyed a special advantage owing to their close business ties with Germany and, moreover, are likewise major raw material suppliers to Germany. Much of the rise in imports from the United States (4%), by contrast, can probably be explained by the exchange-rate-related increases in import prices in terms of the Deutsche Mark or the euro. In the case of the United Kingdom (from which Germany imported 5% more) it was not only the appreciation of the pound but arguably also the relatively large proportion of energy sources which Germany imports from that country that played a role. On the other hand, Ger-

*Regional
breakdown of
imports*

man imports from other euro-area countries hardly changed in annual terms.

Trade balance

The deterioration in the terms of trade as a result of higher energy and raw material prices in the course of the year ultimately led to a somewhat smaller German trade surplus (just under € 64 billion) in 1999 than in 1998 despite the distinct revival in exports.

Service transactions with non-residents

The service transactions with non-residents were also a detrimental factor in the German external balance in net terms. Here the deficit rose by just over € 6 billion to just under € 41 billion. The steepest rises in expenditure occurred in the case of foreign computer services, engineering and other technical services, publicity and trade fairs as well as the film industry. Furthermore, the income from military bases declined further as a result of the reduced presence of troops on German soil. Service transactions excluding foreign travel ran a deficit of € 11 billion, which was almost € 5 ½ billion greater than in 1998.

Foreign travel

In contrast to past trends, when foreign travel, in particular, had resulted in growing deficits on Germany's services account, the foreign travel account, with a deficit of just under € 30 billion, remained practically the same as in 1998 (€ 29 billion). Spain, Portugal and Greece, in particular, again enjoyed growing popularity as tourist destinations whereas expenditure by German travellers was slightly less in Italy, France and Austria. Long-haul destinations, notably the United States, which were previously in great demand, have probably become somewhat less attractive as a result of the appreciation of

the dollar. Although German tourists and business travellers raised their nominal expenditure in these countries slightly in euro terms, they did so to a much lesser extent than would have been necessary, given the appreciation of the dollar, to maintain their level of expenditure in real terms. Turkey incurred losses of as much as one-third approximately.

Total factor payments between residents and non-residents likewise ran a larger deficit in 1999; this amounted to € 12 billion compared with just under € 6 billion a year earlier. While the balance on cross-border factor income showed a more or less unchanged deficit of € 1 billion, the increased expenditure was concentrated on investment income payments, which incurred a deficit of € 11 billion, i.e. € 6 billion more than in the previous year. In particular, interest payments on loans raised by German banks abroad rose sharply after the credit institutions had significantly increased their (unsecuritised) external liabilities in 1998 and at the beginning of 1999. Net interest payments in 1999 on loans raised abroad and on deposits received from abroad amounted to just under € 1 billion whereas in 1998 there had been net receipts of almost € 3 ½ billion from the corresponding external assets. By contrast, net investment income arising from security portfolios largely stabilised (€ 12 billion) as German investors had invested large sums in foreign paper in 1998 and 1999 and interest and dividend income had already increased for that reason alone. On the receipts side, the appreciation of the US dollar and the interest rate advantage of dollar assets also had a stabilising effect as

Factor income

Major items of the balance of payments *

€ billion			
Item	1997	1998	1999
I. Current account			
1. Foreign trade			
Exports (f.o.b.)	454.3	488.4	507.3
Imports (c.i.f.)	394.8	423.5	443.5
Balance	+ 59.5	+ 64.9	+ 63.8
2. Services (balance)	- 30.6	- 34.5	- 40.8
3. Factor income (balance)	- 1.3	- 5.9	- 11.9
4. Current transfers (balance)	- 27.0	- 27.3	- 25.7
Balance on current account ¹	- 2.5	- 4.1	- 19.6
II. Balance of capital transfers	+ 0.0	+ 0.7	- 0.1
III. Financial account ²			
Direct investment	- 26.3	- 62.9	- 43.6
Portfolio investment	+ 0.8	+ 3.4	- 11.9
German investment abroad	- 79.8	- 126.9	- 176.3
Foreign investment in Germany	+ 80.6	+ 130.3	+ 164.4
Financial derivatives	- 7.9	- 6.0	+ 1.9
Credit transactions ³	+ 32.7	+ 74.4	+ 33.1
Overall balance on financial account	- 0.6	+ 8.8	- 20.6
IV. Change in the monetary reserves at transaction values (increase: -) ⁴	+ 3.4	- 3.6	+ 12.5
V. Balance of unclassifiable transactions	- 0.3	- 1.7	+ 27.8

* The euro-denominated data for 1997 and 1998 were converted from the original Deutsche Mark figures. — ¹ Includes supplementary trade items. — ² Net capital exports: -. — ³ Including Bundesbank investment and other public and private investment. — ⁴ Excluding allocation of SDRs and changes due to value adjustments.

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the proportion of German external assets denominated in US dollars is relatively high. By contrast, the net income of German enterprises from their outward direct investment declined more sharply.

The traditionally large German deficit on invisible transactions with non-residents declined slightly last year, namely by € 1½ billion to just over € 25½ billion. This was mainly due to the regular net German payments to the EU budget, which fell from € 15 billion (1998) to just under € 13½ billion in the year under review because the EU shares of German value-added tax revenue declined. Current transfers in the private sector were virtually unchanged at € 8½ billion. These transfers include the remittances of foreign workers in Germany to their home countries and pensions and other maintenance payments to beneficiaries living abroad.

Current transfers

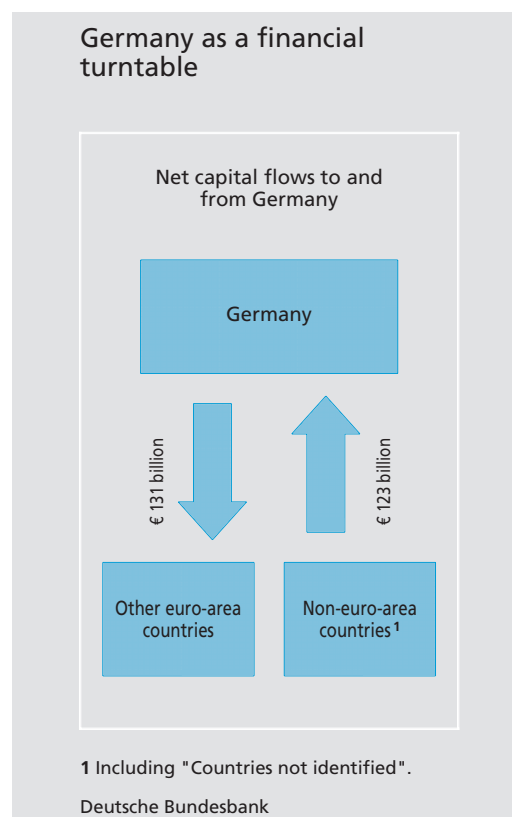
Financial account

Conditions on the international financial markets underwent a fundamental change as a result of the start of monetary union. The introduction of the euro in 1999 saw the creation of a new currency, which, if only because of the economic weight of the currency area concerned, has a very much greater significance than the event in itself might suggest. As an investment and reserve currency, the euro ranks after the US dollar, albeit with a fair margin; as an issue currency for international bonds, it has now caught up with

Trends in financial transactions

the leading US currency.² Monetary union has ended the segmentation of the market into national currency zones within the euro area. Even if uniform conditions have (still) not been realised in all sections of the euro-area capital markets, differences in yields between the financial markets in the euro area have not been influenced by expected exchange rate movements and currency risks since the introduction of the euro. Instead, they depend solely on the liquidity of the markets and the financial standing of borrowers. Consequently, lenders and borrowers in the euro area find themselves exposed to greater competition, which extends beyond national boundaries.

The new currency regime has brought noticeable changes in the level and pattern of cross-border capital flows. In the case of Germany, portfolio investment in other euro-area countries became particularly more important while, conversely, large amounts of capital flowed into Germany from countries not participating in monetary union. Evidently Germany, as a financial centre, has taken on the function of a kind of turntable within the euro area by attracting funds from outside the euro area and rerouting them to borrowers in other participating countries (see the notes on page 62). Another striking fact has been the rapid progress made in financially integrating German and foreign enterprises. The trend towards globalisation, which has been apparent for some years, was given added impetus from the improvement in the economic outlook during the year. The cross-border mergers and acquisitions were reflected in the German financial account in the



form of greater direct investment in both directions.

Despite the increased investment of non-residents in the German capital markets, there was a deficit of € 12 billion on portfolio investment in 1999. A year earlier Germany had received net capital inflows amounting to the equivalent of € 3½ billion. The turnaround was due essentially to the remarkably strong momentum with which German investors have been internationalising and diversifying their portfolios since the start of monetary union. Their net purchases of for-

Portfolio investment

German investment in foreign ...

² According to the BIS, the euro's market share of gross new issues of international bonds in 1999 amounted to 39% on an annual average; the US dollar share was 43%. In the fourth quarter of 1999 more euro-denominated paper was issued for the first time than dollar-denominated paper. See BIS, International Banking and Financial Market Developments, February 2000.

Germany's share in euro-area financial transactions

With Germany's entry into monetary union the analysis of German financial transactions with the rest of the world took on a new dimension. While questions in connection with the exchange rate movements of the euro can no longer be addressed using the national balances of payments of the participating countries but, instead, only through recourse to the balance of payments of the entire euro area, regional considerations play a greater role than hitherto in the analysis of capital flows to and from Germany.

At first sight the balances arising in the financial accounts of Germany and of the euro area appear to differ only in terms of the amount but not in terms of whether they are in surplus or in deficit. In 1999 net capital exports predominated in both balance sheets; they amounted to € 62½ billion for the euro area and € 8 billion for Germany.¹ This might prompt the immediate assumption that Germany accounts for about one-eighth of the net capital exports from the euro area. If German financial transactions are examined more closely, however, it becomes clear that the deficit is due solely to the transactions within the euro area (minus € 131 billion). By contrast, a net sum of € 123 billion accrued to residents through their transactions with business partners in non-euro-area countries. Consequently, if Germany had been excluded, the net capital exports of the euro area would have been much larger than shown. Evidently Germany played a key role last year in channelling financial flows within the euro area and between the euro area and elsewhere: German financial markets received (net) inflows of funds from outside the euro area; at the same time German investors provided players in other euro-area countries with substantial funds; in turn, these players invested very heavily in non-euro-area countries.

In 1999 this pattern in regional capital flows – net capital imports into Germany from non-euro-area countries and exports from Germany into other euro-area countries – can be seen in both portfolio investment and in unsecured credit transactions. Capital flowed in the opposite direction only in the case of direct investment: German enterprises acquired investible funds from other euro-area countries whereas these enterprises, in turn, invested heavily outside the euro area (see the chart on page 63).²

The present analysis of the financial flows within the euro area and to and from non-euro-area countries is based on the balance of payments data for the euro area and on the regional statistics on German financial transactions. From a methodological point of view, the analysis is "flawed" in

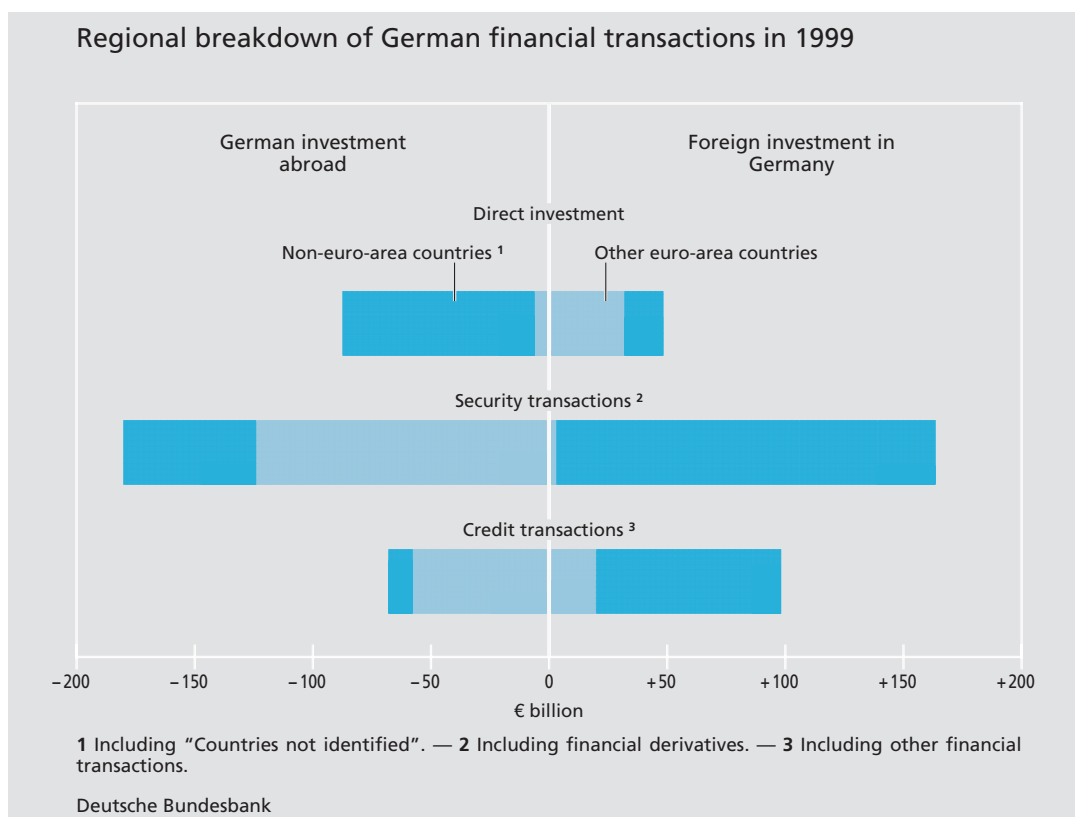
1 In contrast to the data in the table on page • these figures on the financial transactions include the changes in monetary reserves in each case. — 2 The regional breakdown can sometimes pose problems, especially in the case of portfolio investment. This applies, for example, when buy or sell orders from residents in other euro-area countries are placed in the German market via financial centres in non-euro-area countries, e.g. London. In the system used for recording balance of payments statistics these transactions would be allocated to the United Kingdom as the first known counterparty. — 3 If, for example, a bank in the United Kingdom acquires a German security and sells it to a French investor, the two transactions must, in principle, cancel each other out in the euro-area balance of payments. To achieve this when the euro-area balance of payments is being drawn up the second transaction is "trans-

ferred" from the assets side of the (French) securities account to the liabilities side (as the sale of a euro-area security by a non-euro-area resident). As a result of such secondary market transactions, a completely accurate picture of portfolio transactions with non-euro-area countries can only be obtained for the euro area as a whole. — 4 Germany's share of the euro area's nominal GDP amounted to just under 33% in 1998. Germany's share of the ECB's capital is of a similar magnitude if it is measured in terms of the total share of the 11 central banks participating in the Eurosystem (approximately 31%). — 5 For the role played by German banks in cross-border payments see also Deutsche Bundesbank, The integration of the German money market in the single euro money market, Monthly Report, January 2000, pages 15 to 31 (especially page 23).

that the recorded data on German financial transactions with non-euro-area countries are not fully consistent with the theoretical construct of a "German component" within the euro-area balance of payments. The reason is that, owing to portfolio investment in the secondary market, it is not possible to identify clear-cut national components in the euro-area balance of payments.³ However, that does not detract from the essential truth of the aforementioned comments; on the contrary, they are supported by a somewhat different approach which is based on the gross euro-area capital flows to and from non-euro-area residents and which tries to ascertain what share German players have in this. Germany's 29½% contribution to M3, which is also roughly in line with its economic weight within the euro area, is used as a yardstick.⁴ Owing to the aforementioned problems in accurately recording purchases of euro-area securities by non-euro-area residents, the analysis must be restricted to selected items (see the table on page 64).

Economic agents from Germany had a 20% share in euro-area portfolio investment in non-euro-area countries, which was relatively small in terms of the reference variable mentioned; this applies to both shares and bonds. In the case of unsecured loans granted to borrowers outside the euro area German creditors compared with those from other euro-area countries actually proved to be even more restrained. Their modest 12½% share was due first and foremost to the fact that, in contrast to their counterparts in other euro-area countries, German enterprises and individuals substantially reduced their claims on borrowers outside the single currency area, especially as a result of the reduction in bank balances abroad. By contrast, German credit institutions participated quite considerably in the credit transactions of the MFIs domiciled in the euro area (excluding the Eurosystem) with non-euro-area countries. Thus, more than 60% of the euro area's inflows of unsecured funds accrued to German institutions; at € 83½ billion, these funds accounted for quite a considerable share of the euro area's financial transactions in terms of value, too. This ultimately suggests that the German banking system played a key role in the channelling of financial resources back into the euro area.⁵

Furthermore, German enterprises had a disproportionately large share of the euro area's direct investment in non-euro-area countries last year. German enterprises accounted for 40% of outward investment and more than one-quarter of inward investment.



eign securities amounted to € 176½ billion. That was more than their total net purchases in the seven years between 1990 and 1996 and represented a growth rate of 39% over 1998.

... bonds and notes

Demand for foreign bonds and notes rose particularly strongly last year, at € 93 billion (1998: € 56 billion). As a result of the confusing exchange rate situation over lengthy periods in 1999, however, German residents – essentially banks and institutional investors – were hesitant about running exchange rate risks when purchasing foreign bonds. Euro-denominated bonds and notes accounted for 94% of those purchased. Most (approximately € 70 billion) were securities issued by borrowers in other euro-area countries. In the case of long-term government

bonds these offered yields that were about 20 basis points higher on average than (German) Federal bonds. In addition, German investors acquired euro-denominated bonds and notes, worth approximately € 20 billion, that were issued by borrowers domiciled outside the euro area. Owing to the extended currency area, this category of paper is comparable with the former foreign Deutsche Mark bonds. Many non-euro-area residents evidently took advantage of the lower yield in the euro area to borrow in euro and found buyers for their paper in Germany owing to the interest mark-up. By contrast, German investors avoided foreign currency bonds for the most part even though long-term paper denominated in, say, US dollars and pounds sterling was offering decidedly higher yields throughout the year than corresponding euro

Germany's share of euro-area financial transactions

1999

Selected items	Euro area		German financial transactions with non-euro-area countries
	€ billion	€ billion	Share
Direct investment outside the euro area in the euro area/ in Germany	- 212.5	- 85.2	40.1 %
Securities	65.2	16.9	26.0 %
Assets	- 280.5	- 55.7	19.9 %
Equities	- 150.0	- 27.3	18.2 %
Debt instruments	- 130.5	- 28.4	21.8 %
Credit transactions 1			
Assets of which	- 63.3	- 7.8	12.3 %
MFIs	- 27.9	- 13.0	46.4 %
Other sectors 2	- 46.3	10.2	- 22.2 %
Liabilities of which	175.0	77.9	44.5 %
MFIs	138.8	83.6	60.3 %
Other sectors 2	29.9	5.3	17.7 %

1 Including "Other financial transactions". — 2 Enterprises and individuals, including "Other financial transactions".

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paper and – with hindsight – would also have been associated with exchange rate gains.

... equities

Perhaps the generally very favourable climate on the international equity markets made equities look more attractive than foreign currency bonds, especially as the price of these bonds was tending to fall as a result of the sharp rise in interest rates in the United States. At all events, German residents increased their investment in foreign equities by € 66 ½ billion compared with an increase of € 58 billion in 1998. A large part of these equity purchases abroad probably took place through investment funds. This is at least suggested by the fact that particularly those funds which invest partly or exclusively in equities recorded large inflows of capital. German savers subscribed not only to certifi-

cates of German investment companies but also again, and somewhat more intensively, to certificates of foreign investment companies whose range of products evidently met the wishes of customers particularly well. At € 14 billion, appreciably more funds flowed into investment fund certificates than in previous years. This amount was exceeded only once – in 1992 in connection with the debate on withholding tax.

... investment fund certificates

The extent to which the cross-border diversification strategies of internationally operating investors have augmented capital flows could be seen in 1999 not least in the fact that both sides of Germany's securities account increased sharply. Parallel to the increase in German investment abroad, for example, non-residents invested, at € 164 ½ billion, just over 26 % more in German securities than in 1998. About one-half of the invested amount, approximately € 84 ½ billion, flowed into the German bond market. In relative terms, however, bonds were not in such great demand from investors as in earlier years. This may have been due to the difficult market situation because Germany, too, was affected by the "imported" interest rate increases. Even so, another relevant factor was that (German) Federal bonds, which had previously been particularly popular with foreign investors and which determine the lower yield limit in the capital market within the euro area, were much less in demand once exchange rate risks had disappeared in the euro area than they had been in, for example, the previous two years. Non-residents purchased public bonds worth a total of € 26 billion whereas their purchases of privately is-

Foreign investment in German ...

... bonds and notes

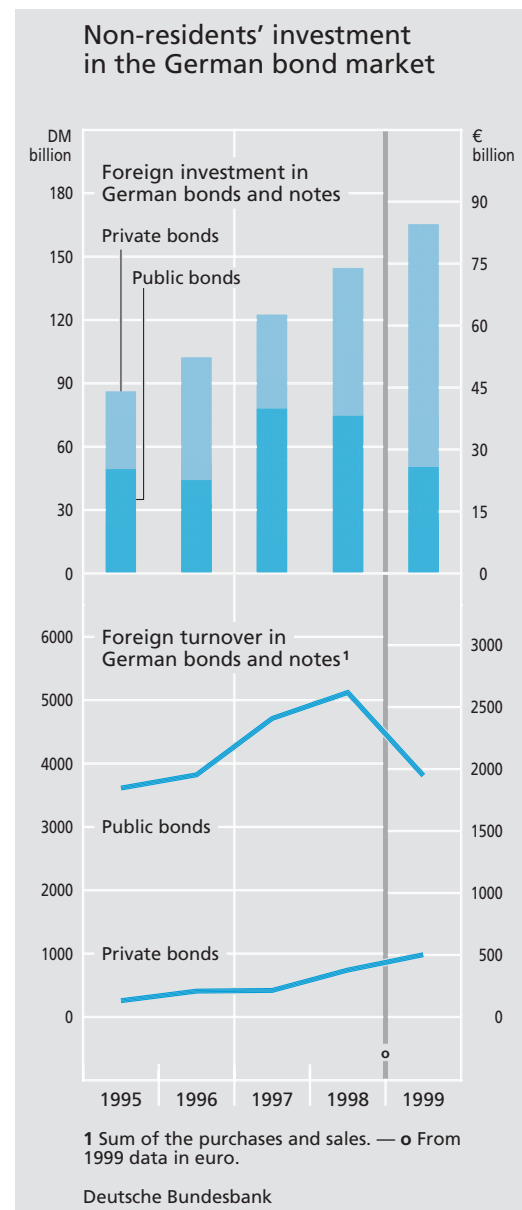
sued paper amounted to € 58 ½ billion. Bank bonds, which predominate in the latter category, not only produce a somewhat higher yield than Federal bonds; they often have special features which are specifically tailored to meet the needs of potential investors. It is also worth noting in this connection that in 1999 not only did non-residents' net purchases of Federal bonds decline but also the cross-border transaction volume (whereas foreign transactions in private bonds increased significantly at the same time). Evidently the benchmark function which Federal bonds have in the interest rate range of the euro area and the role as a hedging instrument which they have through the Bund future were not associated with an increase in cross-border trade in this paper last year. Incidentally, the same picture emerges with respect to stock market turnover in public bonds in Germany.

... money
market paper

It is possible that, in addition to interest rate uncertainty, the year 2000 problem also adversely affected the bond market last year and prompted non-residents to increase their shorter-term investment. This is supported by the fact that foreign purchases of money market paper in Germany rose particularly sharply in the year under review, namely from € 6 ½ billion in 1998 to € 46 ½ billion in 1999. This means that non-residents appear to have taken up almost all of the new issues of this paper. According to the available statistics, these were mainly non-euro-area investors.³

... equities

Although, at € 27 ½ billion, non-residents invested distinctly less in the German equity



market in 1999 than in the previous year (€ 51 ½ billion), the comparison with the previous year is distorted in that the 1998 result had been considerably influenced by the transfer of equities to non-residents in con-

³ Where, in the case of the money market paper, issues of German banks (MFIs) are involved and these issues were not subscribed by the banks themselves, they show up in the "German contribution" to the money stock M3. The brisk issuance of short-dated bank bonds is therefore reflected, at least to some extent, in the strong growth in the German contribution to the money stock.

Financial transactions

€ billion, net capital exports: –

Item	1997	1998	1999
1. Direct investment	– 26.3	– 62.9	– 43.6
German investment abroad	– 36.1	– 82.0	– 92.9
Foreign investment in Germany	+ 9.8	+ 19.1	+ 49.2
2. Portfolio investment	+ 0.8	+ 3.4	– 11.9
German investment abroad	– 79.8	– 126.9	– 176.3
Equities	– 34.0	– 58.1	– 66.7
Investment fund certificates	– 3.5	– 8.9	– 13.9
Bonds and notes	– 41.9	– 56.0	– 92.8
Money market paper	– 0.4	– 3.9	– 3.0
Foreign investment in Germany	+ 80.6	+ 130.3	+ 164.4
Equities	+ 13.9	+ 51.6	+ 27.5
Investment fund certificates	– 2.1	– 1.6	+ 5.7
Bonds and notes	+ 62.6	+ 74.0	+ 84.6
Money market paper	+ 6.2	+ 6.3	+ 46.6
3. Financial derivatives ¹	– 7.9	– 6.0	+ 1.9
4. Credit transactions	+ 35.3	+ 78.6	+ 34.3
Credit institutions	+ 33.0	+ 73.6	+ 50.3
Long-term	– 1.6	– 0.1	– 8.5
Short-term	+ 34.7	+ 73.7	+ 58.7
Enterprises and individuals	+ 11.1	+ 5.4	+ 37.1
Long-term	– 0.9	+ 6.3	– 0.4
Short-term	+ 12.0	– 0.9	+ 37.5
General government	– 8.7	– 2.1	– 3.5
Long-term	– 5.3	– 5.3	– 8.7
Short-term	– 3.4	+ 3.1	+ 5.2
Bundesbank	– 0.1	+ 1.8	– 49.5
5. Other investment	– 2.6	– 4.2	– 1.2
6. Balance of all statistically recorded capital flows	– 0.6	+ 8.8	– 20.6
Memo item			
Change in the monetary reserves at transaction values (increase: –) ²	+ 3.4	– 3.6	+ 12.5

¹ Securitised and unsecuritised options as well as financial futures contracts. — ² Excluding allocation of SDRs and changes due to value adjustments.

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nection with a major corporate merger. If this special factor is eliminated, non-residents' purchases of German shares declined only slightly. Foreign investment may have been curbed by the fact that in the first half of 1999 the price trend in the German equity market was slower than trends on other stock markets. When German shares began to "catch up" towards the end of the year, however, foreign investors, too, showed renewed interest in German equities. The planned changes to tax legislation certainly also played a part in this. One of these changes provides for the tax exemption of profits made by corporations from the sale of participating interests in other enterprises.

As in portfolio investment, funds were exported through direct investment. At € 43 ½ billion, however, net capital exports were significantly lower than in 1998 (€ 63 billion). This net figure is not such a good illustration of the sustained momentum in intra-group financial flows, which were encouraged not least by the growing spate of mergers and acquisitions involving globally oriented enterprises, as the gross flows. For example, German enterprises invested € 93 billion abroad last year. This was even more than the (former) record of € 82 billion which had been reached in 1998 and which had been largely due to a major merger. The four largest mergers in which German investors participated last year contributed, alone, approximately € 50 billion to Germany's total outward direct

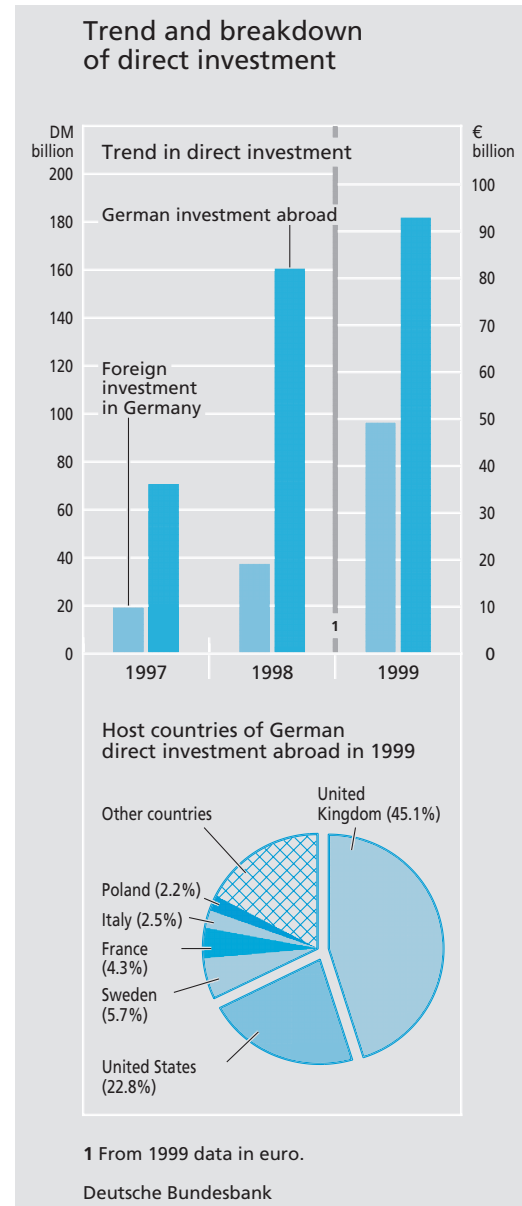
Direct investment

German direct investment abroad

investment.⁴ Most of the cross-border acquisitions of participating interests were confined to only a few economic sectors. From the German point of view, mergers and acquisitions in the telecommunications and financial sectors were the most significant in 1999. The most important host countries for German direct investment abroad were the United Kingdom and the United States, which accounted for 45% and 23%, respectively.

Foreign direct investment in Germany

Not only German enterprises invested heavily abroad in 1999. The funds accruing to German firms through non-residents' direct investment in Germany were also significantly greater than in the previous year. At € 49 billion, they received almost as much in foreign funds in 1999 as in the other years of the decade put together. The main reason for the sudden increase was a merger in the chemical industry, in the course of which the newly established enterprise located its domicile abroad and acquired the majority stake in the German enterprise. Apart from that transaction, the acquisition of participating interests by foreign enterprises played a comparatively minor role in Germany. By contrast, the credits which German branches received from their foreign proprietors were, at € 28 billion, more significant in terms of the amount. These were partly short-term funds which were used for intra-group liquidity management. Borrowing by holding companies also played a role although these loans were not associated with the actual provision of funds.⁵ Consequently, the overall rise in inward direct investment provides little indication of foreign investors' present assessment



of the quality of Germany as a place for locating their operations.

⁴ In terms of German enterprises' total acquisition of participating interests abroad (i.e. excluding reinvested earnings and intra-group credit operations), these large transactions alone accounted for two-thirds of the total.

⁵ Evidently foreign proprietors are integrating their German subsidiaries to a greater extent into (German) holding companies, which, for their part, are financed mostly by loans from the parent company. This is reflected in the balance of payments statistics in liquidations of equity capital and increasing direct investment loans.

*Credit
transactions ...*

*... of
enterprises and
individuals*

Part of the inflows of funds arising from portfolio investment and direct investment was offset within the financial account by unsecured credit transactions in 1999. German enterprises and individuals, in particular, imported comparatively large amounts of capital (€ 37 billion). In doing so, they sharply depleted their short-term bank balances abroad, on the one hand; on the other hand, they also increased their foreign short-term loans. Both trends are likely to be associated not least with entry into monetary union. For example, the uniform minimum reserve regulations in the euro area presumably enabled German banks to offer more attractive interest rate conditions. Another possible factor is that the disappearance of exchange rate risks and the convergence of interest rate levels in the euro area encouraged German enterprises to borrow in partner countries. It is evident, however, that some of the loans raised abroad were also in connection with the financing of the takeovers mentioned above.

*... of public
authorities*

In contrast to the activities of enterprises and individuals, the cross-border financial transactions of public authorities resulted in net exports of capital amounting to € 3 ½ billion. Although both the Federal Government and the social security funds reduced the balances they hold with foreign banks, the relatively large repayments on loans previously taken up abroad had a larger net effect. Transactions involving borrowers' notes issued by the Federal and Länder governments played a decisive part here.

The unsecured foreign operations of the entire banking system practically cancelled out in 1999. If they are considered separately, however, the credit institutions and the Bundesbank (with its external assets that do not count towards the foreign reserves) recorded external positions which moved in opposite directions. German banks acquired foreign funds amounting to € 50 ½ billion net, a development which was reflected in a sharp rise in their short-term liabilities. By contrast, the banks' long-term operations resulted in net lending to non-residents.

... of the banks

In contrast to the credit institutions, the Bundesbank recorded a rise in its net external assets – excluding foreign reserves – in 1999. Its external assets increased by € 49 ½ billion. This was essentially due to positive balances vis-à-vis other central banks, which arose in the course of settlements in the TARGET payment system and are recorded as capital exports in the credit transactions account. Another factor was a claim of just over € 12 billion on the ECB, which arose at the start of monetary union as a counterpart to the statutorily prescribed transfer of foreign reserves to the ECB.

*... of the
Bundesbank*

This transfer of part of Germany's gold and foreign currency holdings is also a major reason for the transaction-related decline of € 12 ½ billion in the foreign reserves shown in the balance of payments. In the foreign reserves shown in the balance sheet, however, this decline is almost completely offset by holding gains. In the course of 1999 both the gold price (in euro) and the exchange rates of the US dollar and the special drawing rights

*Change in the
foreign reserves*

increased appreciably and resulted in net write-ups in the external assets. Though considerable, these write-ups did not affect profits. All in all, the Bundesbank's foreign reserves – valued at current market prices and exchange rates – amounted to € 93 billion at the end of 1999. This means that they were just under € 1 billion lower than in the Bundesbank's opening balance sheet at the start of monetary union.

“Errors and omissions” increased sharply

The changes in the short-term external assets position of the entire banking system (credit institutions and Bundesbank) should, in principle, reflect the aggregate of all other cross-border balance of payments transactions. The fact that this accounting identity does not always hold in practice can be seen particularly clearly in 1999. The “Balance of unclassifiable transactions” amounted to € 28 billion in 1999; it was therefore considerably larger than in previous years (1998: the equivalent of – € 1½ billion). It is not easy to find a clear explanation for this reversal and for the dramatic increase. In principle, problems, for ex-

ample, in allocating transactions to the period in which they actually occurred result in unclassifiable balances; however, these ought to cancel out over time. Recording gaps, too, could play a part. Where these are connected to reporting exemptions, however, extreme short-term changes in the balance of unclassifiable transactions are hardly plausible. Reporting errors could also be a reason for the discrepancies observed. For example, errors in currency designations are conceivable here. As a result of the possibility of submitting statistical reports for the balance of payments either in Deutsche Mark or in euro since the beginning of 1999 and of the changes to the statistical methodology, such inaccuracies may well have arisen, especially at the start of monetary union. Regardless of the actual reasons, the plus sign prefixed to the balance of unclassifiable transactions in the German balance of payments shows that in 1999 either the net payments shown in the current and financial accounts are too high or the incoming payments are too low.

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Abbreviations and symbols

- e Estimated
- p Provisional
- pe Partly estimated
- r Revised
- ... Figure available at a later date
- . Figure unknown or not to be published
or not meaningful
- 0 Less than 0.5 but more than nil
- Nil

Discrepancies in the totals are due to rounding.

I. Key economic data for European monetary union

1. Monetary developments and interest rates

Period	Money stock in various definitions 1			Determinants of the money stock 1			Interest rates		
	M1	M2	M3	MFI lending, total	MFI lending to enterprises and individuals	Monetary capital formation 2	EONIA 3, 5	3-month EURIBOR 4, 5	Yield on European government bonds outstanding 6
	Change from previous year, in %						% p. a. as a monthly average		
1998 July	7.9	4.5	4.9	.	.	.	.	.	4.8
Aug.	8.1	4.6	4.9	.	.	.	.	.	4.6
Sep.	8.0	4.6	4.7	7.3	9.6	5.7	.	.	4.3
Oct.	7.8	4.5	5.0	7.3	9.5	5.0	.	.	4.2
Nov.	8.5	4.9	4.7	7.3	9.9	4.8	.	.	4.3
Dec.	9.2	6.0	4.7	7.3	9.7	4.3	.	.	4.0
1999 Jan.	14.7	7.8	5.8	8.1	10.8	5.3	3.14	3.13	3.8
Feb.	12.6	6.5	5.2	7.6	10.0	4.9	3.12	3.09	3.9
Mar.	11.7	6.8	5.4	7.8	10.1	4.9	2.93	3.05	4.2
Apr.	11.5	6.3	5.2	7.4	9.9	5.8	2.71	2.70	4.0
May	12.1	6.4	5.4	8.0	10.5	5.2	2.55	2.58	4.2
June	11.5	6.3	5.5	8.0	11.1	5.2	2.56	2.63	4.5
July	14.0	7.7	5.8	7.9	11.0	5.4	2.52	2.68	4.8
Aug.	12.8	7.0	5.7	8.0	11.1	5.4	2.44	2.70	5.0
Sep.	12.8	6.9	5.9	8.0	10.6	5.5	2.43	2.73	5.2
Oct.	13.0	7.0	5.6	8.1	10.6	6.8	2.50	3.38	5.5
Nov.	11.7	6.3	6.1	8.5	11.0	7.2	2.94	3.47	5.2
Dec.	9.8	5.1	6.2	8.2	10.5	7.8	3.04	3.45	5.3
2000 Jan.	9.0	3.9	5.0	7.4	9.5	7.2	3.04	3.34	5.7
Feb.	...	...	...	...	...	...	3.28	3.54	5.7

1 Source: ECB. — 2 Longer-term liabilities to euro area non-MFIs. — 3 Euro OverNight Index Average. — 4 Euro InterBank Offered Rate. — 5 See

also footnotes to table VI.5., p. 44*. — 6 GDP-weighted yield on ten-year government bonds; excluding Luxembourg.

2. Foreign trade and payments *

Period	Selected items of the EMU balance of payments							Euro exchange rates		
	Current account		Capital account 1				Monetary reserves	Dollar rate	Effective exchange rate	
	Balance	of which: Trade balance	Balance	Direct investment	Securities transactions 2	Credit transactions			nominal	real
	until the end of 1998 ECU million, from 1999 euro million							Euro/US-\$	1st q 1999=100	
1998 July	+ 10,537	+ 15,059	+ 17,290	- 5,905	+ 12,020	+ 11,041	+ 135	.	100.8	101.0
Aug.	+ 4,332	+ 9,047	+ 4,330	- 7,607	+ 10,261	+ 3,690	- 2,015	.	102.2	102.3
Sep.	+ 654	+ 7,936	- 37,198	- 6,472	- 12,337	- 22,913	+ 4,524	.	104.6	104.3
Oct.	+ 3,705	+ 10,575	- 9,741	- 17,970	- 33,583	+ 44,752	- 2,940	.	105.7	105.2
Nov.	+ 4,361	+ 10,182	+ 7,351	- 35,332	+ 723	+ 47,809	- 5,849	.	103.6	103.2
Dec.	+ 6,101	+ 10,273	- 33,785	- 3,193	- 12,169	- 33,866	+ 15,443	.	103.4	103.2
1999 Jan.	- 511	+ 4,799	+ 399	- 4,741	+ 6,944	+ 324	- 2,128	1.1608	102.0	101.8
Feb.	+ 4,148	+ 6,921	+ 6,783	- 6,195	- 26,814	+ 34,836	+ 4,956	1.1208	99.9	99.9
Mar.	+ 8,295	+ 9,793	- 40,308	- 4,623	- 36,215	- 2,128	+ 2,658	1.0883	98.3	98.3
Apr.	+ 6,814	+ 7,980	- 5,077	- 14,562	+ 17,041	- 9,337	+ 1,781	1.0704	97.1	96.9
May	+ 509	+ 5,852	- 11,012	- 19,125	- 32,431	+ 36,997	+ 3,547	1.0628	96.6	96.5
June	+ 7,435	+ 11,008	- 12,167	- 18,905	+ 7,758	- 2,325	+ 1,305	1.0378	94.7	94.7
July	+ 7,563	+ 14,589	- 24,420	- 9,842	- 2,307	- 11,469	- 803	1.0353	94.8	95.2
Aug.	+ 2,411	+ 6,488	+ 27,165	- 7,230	+ 13,881	+ 20,027	+ 486	1.0604	95.4	95.6
Sep.	- 2,049	+ 5,563	- 9,456	- 6,267	+ 19,702	- 24,627	+ 1,735	1.0501	93.6	93.4
Oct.	+ 3,580	+ 10,174	+ 12,045	- 11,582	- 15,861	+ 39,407	+ 81	1.0706	94.4	94.2
Nov.	+ 2,410	+ 8,338	- 574	- 17,520	+ 19,617	- 3,227	+ 556	1.0338	92.0	92.0
Dec.	+ 2,600	+ 8,421	- 6,084	- 26,648	+ 6,596	+ 14,728	- 760	1.0110	90.1	90.3
2000 Jan.	...	...	...	...	...	...	...	1.0137	90.2	90.6
Feb.	...	...	...	...	...	...	...	0.9834	89.2	89.6

* Source: ECB. — 1 Series to which data from January 1999 are not closely comparable with earlier observations. — 2 Including financial derivatives.

II. Overall monetary survey in the European monetary union

3. Banking system's liquidity position *) Stocks

Euro billions; period averages of daily positions

Maintenance period ending in 1)	Liquidity-providing factors					Liquidity-absorbing factors					Credit institutions' current accounts (including minimum reserves) 5)	Base money 6)
	Monetary policy operations of the Eurosystem					Deposit facility	Other liquidity-absorbing operations 3)	Banknotes in circulation	Central government deposits	Other factors (net) 4)		
	Net assets in gold and foreign currency	Main refinancing operations	Longer-term refinancing operations	Marginal lending facility	Other liquidity-providing operations 3)							
Eurosystem 2)												
1999 Feb.	328.2	104.6	34.2	3.8	30.2	1.3	0.2	329.3	41.0	28.9	100.3	430.9
Mar.	323.6	136.4	45.0	0.4	—	1.4	—	326.9	49.8	25.0	102.2	430.5
Apr.	338.4	130.1	45.0	0.7	—	0.3	—	331.0	42.9	39.0	101.1	432.3
May	342.5	121.6	45.0	0.8	—	0.4	—	333.9	36.3	38.0	101.2	435.5
June	339.8	132.0	45.0	0.4	—	0.6	—	337.0	40.4	37.2	101.9	439.6
July	342.4	143.1	45.0	0.4	—	0.5	—	342.1	45.7	39.5	102.9	445.6
Aug.	343.2	150.1	45.0	0.5	—	1.0	—	344.8	47.3	42.1	103.6	449.4
Sep.	343.5	150.4	45.0	0.2	—	0.7	—	342.1	51.4	41.6	103.2	446.0
Oct.	349.7	143.0	45.0	0.3	—	0.6	—	342.5	45.4	45.9	103.5	446.7
Nov.	351.8	140.5	53.7	0.3	—	0.4	—	343.1	51.5	47.3	104.2	447.6
Dec.	351.7	150.4	65.0	0.3	—	1.0	—	354.3	59.0	47.5	105.6	460.8
2000 Jan.	362.3	138.5	75.0	1.9	—	0.5	3.3	363.0	41.0	61.2	108.7	472.3
Feb.	367.8	130.9	70.5	0.1	—	0.2	—	347.6	49.2	64.2	108.1	455.9
Mar.	.	.	.	.	.	.	.	.	.	.	.	.
Apr.	.	.	.	.	.	.	.	.	.	.	.	.
May	.	.	.	.	.	.	.	.	.	.	.	.
June	.	.	.	.	.	.	.	.	.	.	.	.
July	.	.	.	.	.	.	.	.	.	.	.	.
Aug.	.	.	.	.	.	.	.	.	.	.	.	.
Sep.	.	.	.	.	.	.	.	.	.	.	.	.
Oct.	.	.	.	.	.	.	.	.	.	.	.	.
Nov.	.	.	.	.	.	.	.	.	.	.	.	.
Dec.	.	.	.	.	.	.	.	.	.	.	.	.
Deutsche Bundesbank												
1999 Feb.	80.5	55.0	18.2	2.0	19.4	0.9	—	127.2	0.2	16.4	30.5	158.5
Mar.	79.1	64.2	26.1	0.3	—	0.6	—	126.7	0.1	11.4	30.9	158.2
Apr.	83.0	67.7	27.7	0.5	—	0.2	—	128.1	0.1	19.9	30.6	158.9
May	84.6	60.0	25.5	0.6	—	0.2	—	128.9	0.1	10.9	30.5	159.7
June	84.7	67.5	25.0	0.3	—	0.4	—	129.4	0.1	16.9	30.8	160.6
July	85.1	70.3	26.5	0.3	—	0.2	—	129.9	0.1	20.6	31.3	161.4
Aug.	85.3	71.7	29.2	0.3	—	0.2	—	130.4	0.1	24.4	31.4	162.0
Sep.	85.6	68.5	28.3	0.1	—	0.3	—	130.3	0.1	20.5	31.2	161.8
Oct.	87.3	66.6	25.6	0.2	—	0.2	—	130.2	0.1	17.8	31.4	161.8
Nov.	87.8	68.7	28.6	0.2	—	0.2	—	130.5	0.1	22.8	31.7	162.3
Dec.	88.0	57.5	34.7	0.2	—	0.6	—	134.4	0.1	13.1	32.1	167.1
2000 Jan.	90.6	49.0	32.7	1.4	—	0.3	0.5	136.6	0.1	3.0	33.3	170.2
Feb.	91.5	65.4	33.5	0.1	—	0.2	—	132.0	0.1	24.5	33.7	165.8
Mar.	.	.	.	.	.	.	.	.	.	.	.	.
Apr.	.	.	.	.	.	.	.	.	.	.	.	.
May	.	.	.	.	.	.	.	.	.	.	.	.
June	.	.	.	.	.	.	.	.	.	.	.	.
July	.	.	.	.	.	.	.	.	.	.	.	.
Aug.	.	.	.	.	.	.	.	.	.	.	.	.
Sep.	.	.	.	.	.	.	.	.	.	.	.	.
Oct.	.	.	.	.	.	.	.	.	.	.	.	.
Nov.	.	.	.	.	.	.	.	.	.	.	.	.
Dec.	.	.	.	.	.	.	.	.	.	.	.	.

Discrepancies may arise from rounding. — * The banking system's liquidity position is defined as the current account holdings in euro of credit institutions in the euro area with the Eurosystem. Amounts are derived from the consolidated financial statement of the Eurosystem and the statement of the Bundesbank. — 1 The reserve maintenance period of the ESCB

minimum reserve system starts on the 24th of each month and ends on the 23rd of the following month (the first reserve maintenance period lasted from January 1, 1999 to February 23, 1999). — 2 Source: ECB. — 3 Includes monetary policy operations initiated by national central banks in Stage Two and outstanding at the start of Stage Three (excluding outright operations

II. Overall monetary survey in the European monetary union

Flows

Liquidity-providing factors					Liquidity-absorbing factors					Credit institutions' current accounts (including minimum reserves) 5)	Base money 6)	Maintenance period ending in 1)
Net assets in gold and foreign currency	Monetary policy operations of the Eurosystem				Deposit facility	Other liquidity-absorbing operations 3)	Banknotes in circulation	Central government deposits	Other factors (net) 4)			
	Main refinancing operations	Longer-term refinancing operations	Marginal lending facility	Other liquidity-providing operations 3)								
Eurosystem 2)												
- 4.6	+ 31.8	+ 10.8	- 3.4	- 30.2	+ 0.1	- 0.2	- 2.4	+ 8.8	- 3.9	+ 1.9	- 0.4	1999 Feb.
+ 14.8	- 6.3	- 0.0	+ 0.3	-	- 1.1	-	+ 4.1	- 6.9	+ 14.0	- 1.1	+ 1.8	Mar.
+ 4.1	- 8.5	- 0.0	+ 0.1	-	+ 0.1	-	+ 2.9	- 6.6	- 1.0	+ 0.1	+ 3.2	Apr.
- 2.7	+ 10.4	+ 0.0	- 0.4	-	+ 0.2	-	+ 3.1	+ 4.1	- 0.8	+ 0.7	+ 4.1	May
+ 2.6	+ 11.1	+ 0.0	+ 0.0	-	- 0.1	-	+ 5.1	+ 5.3	+ 2.3	+ 1.0	+ 6.0	June
+ 0.8	+ 7.0	+ 0.0	+ 0.1	-	+ 0.5	-	+ 2.7	+ 1.6	+ 2.6	+ 0.7	+ 3.8	July
+ 0.3	+ 0.3	- 0.0	- 0.3	-	- 0.3	-	- 2.7	+ 4.1	- 0.5	- 0.4	- 3.4	Aug.
+ 6.2	- 7.4	+ 0.0	+ 0.1	-	- 0.1	-	+ 0.4	- 6.0	+ 4.3	+ 0.3	+ 0.7	Sep.
+ 2.1	- 2.5	+ 8.7	+ 0.0	-	- 0.2	-	+ 0.6	+ 6.1	+ 1.4	+ 0.7	+ 0.9	Oct.
- 0.1	+ 9.9	+ 11.3	- 0.0	-	+ 0.6	-	+ 11.2	+ 7.5	+ 0.2	+ 1.4	+ 13.2	Nov.
+ 10.6	- 11.9	+ 10.0	+ 1.6	-	- 0.5	+ 3.3	+ 8.7	- 18.0	+ 13.7	+ 3.1	+ 11.5	Dec.
+ 5.5	- 7.6	- 4.5	- 1.8	-	- 0.3	- 3.3	- 15.4	+ 8.2	+ 3.0	- 0.6	- 16.4	2000 Jan.
.	.	.	.	.	.	.	.	.	.	.	.	Feb.
.	.	.	.	.	.	.	.	.	.	.	.	Mar.
.	.	.	.	.	.	.	.	.	.	.	.	Apr.
.	.	.	.	.	.	.	.	.	.	.	.	May
.	.	.	.	.	.	.	.	.	.	.	.	June
.	.	.	.	.	.	.	.	.	.	.	.	July
.	.	.	.	.	.	.	.	.	.	.	.	Aug.
.	.	.	.	.	.	.	.	.	.	.	.	Sep.
.	.	.	.	.	.	.	.	.	.	.	.	Oct.
.	.	.	.	.	.	.	.	.	.	.	.	Nov.
.	.	.	.	.	.	.	.	.	.	.	.	Dec.
Deutsche Bundesbank												
- 1.4	+ 9.2	+ 7.9	- 1.7	- 19.4	- 0.3	-	- 0.5	- 0.0	- 5.0	+ 0.4	- 0.4	1999 Feb.
+ 3.9	+ 3.4	+ 1.6	+ 0.2	-	- 0.4	-	+ 1.4	+ 0.0	+ 8.5	- 0.3	+ 0.7	Mar.
+ 1.5	- 7.7	- 2.2	+ 0.1	-	- 0.0	-	+ 0.8	- 0.0	- 9.0	- 0.0	+ 0.8	Apr.
+ 0.2	+ 7.5	- 0.5	- 0.4	-	+ 0.2	-	+ 0.5	- 0.0	+ 6.0	+ 0.3	+ 0.9	May
+ 0.4	+ 2.7	+ 1.5	- 0.0	-	- 0.1	-	+ 0.5	+ 0.0	+ 3.7	+ 0.5	+ 0.9	June
+ 0.2	+ 1.4	+ 2.7	+ 0.1	-	+ 0.0	-	+ 0.5	- 0.0	+ 3.8	+ 0.2	+ 0.6	July
+ 0.3	- 3.2	- 0.9	- 0.2	-	+ 0.1	-	- 0.1	+ 0.0	- 3.8	- 0.3	- 0.3	Aug.
+ 1.7	- 1.8	- 2.7	+ 0.1	-	- 0.1	-	- 0.1	- 0.0	- 2.8	+ 0.2	+ 0.0	Sep.
+ 0.6	+ 2.1	+ 3.0	- 0.1	-	- 0.0	-	+ 0.3	+ 0.0	+ 5.0	+ 0.3	+ 0.5	Oct.
+ 0.2	- 11.2	+ 6.1	+ 0.0	-	+ 0.4	-	+ 3.9	± 0.0	- 9.7	+ 0.5	+ 4.8	Nov.
+ 2.6	- 8.5	- 2.0	+ 1.2	-	- 0.3	+ 0.5	+ 2.2	- 0.0	- 10.1	+ 1.2	+ 3.1	Dec.
+ 0.9	+ 16.4	+ 0.8	- 1.4	-	- 0.1	- 0.5	- 4.6	- 0.0	+ 21.5	+ 0.3	- 4.4	2000 Jan.
.	.	.	.	.	.	.	.	.	.	.	.	Feb.
.	.	.	.	.	.	.	.	.	.	.	.	Mar.
.	.	.	.	.	.	.	.	.	.	.	.	Apr.
.	.	.	.	.	.	.	.	.	.	.	.	May
.	.	.	.	.	.	.	.	.	.	.	.	June
.	.	.	.	.	.	.	.	.	.	.	.	July
.	.	.	.	.	.	.	.	.	.	.	.	Aug.
.	.	.	.	.	.	.	.	.	.	.	.	Sep.
.	.	.	.	.	.	.	.	.	.	.	.	Oct.
.	.	.	.	.	.	.	.	.	.	.	.	Nov.
.	.	.	.	.	.	.	.	.	.	.	.	Dec.

and the issuance of debt certificates); for the Bundesbank: including banks' recourse to rediscount quotas. — 4 Remaining items in the consolidated financial statement of the Eurosystem and the statement of the Bundesbank. — 5 Equal to the difference between the sum of liquidity-providing factors and the sum of liquidity-absorbing factors. — 6 Calculated

as the sum of the "deposit facility", "banknotes in circulation" and "credit institutions' current account holdings" or, alternatively, as the difference between the sum of liquidity-providing factors and the sum of government deposits and other factors (net).

III. Consolidated financial statement of the Eurosystem

1. Assets *

Euro billion

On reporting date	Total assets	Gold and gold-receivables	Claims on non-euro area residents in foreign currency			Claims on euro area residents in foreign currency	Claims on non-euro area residents in euro			
			Total	Receivables from the IMF	Balances with banks, security investments, external loans and other external assets		Total	Balances with banks, security investments and loans ²	Claims arising from the credit facility under the ERM II	
Eurosystem ¹										
1999 Jan.	694.6	99.6	233.0	29.1	203.9	7.4	9.1	9.1	—	
Feb.	692.6	99.6	228.8	26.0	202.8	9.3	4.4	4.4	—	
Mar.	699.4	99.6	228.5	26.6	202.0	8.9	3.8	3.8	—	
Apr.	698.3	105.3	240.7	30.0	210.8	11.7	4.0	4.0	—	
May	705.1	105.3	237.6	29.6	208.1	12.4	4.4	4.4	—	
June	695.6	105.3	238.4	29.2	209.1	11.9	3.9	3.9	—	
July	739.7	101.8	245.4	29.0	216.4	12.8	4.2	4.2	—	
Aug.	734.0	101.8	245.4	28.8	216.7	12.6	4.1	4.1	—	
Sep.	728.6	101.8	246.1	27.7	218.3	13.1	4.9	4.9	—	
Oct.	742.6	115.0	240.2	28.0	212.1	13.7	5.7	5.7	—	
Nov.	743.1	115.0	239.6	27.8	211.7	12.8	5.3	5.3	—	
Dec.	3 803.2	3 116.5	3 254.9	3 29.8	3 225.0	3 14.4	4.8	4.8	—	
2000 Jan.	772.7	116.3	256.3	29.5	226.8	14.8	4.8	4.8	—	
Feb.	752.2	115.9	255.6	29.2	226.4	15.5	4.7	4.7	—	
1999 Nov. 5	737.1	115.0	240.3	27.8	212.5	13.7	5.8	5.8	—	
12	733.8	115.0	238.6	27.8	210.8	13.7	5.3	5.3	—	
19	734.8	115.0	240.3	27.8	212.5	13.2	5.3	5.3	—	
26	743.1	115.0	239.6	27.8	211.7	12.8	5.3	5.3	—	
Dec. 3	747.0	115.0	239.1	27.8	211.3	13.1	5.3	5.3	—	
10	764.4	115.0	240.3	28.1	212.2	13.7	4.4	4.4	—	
17	753.2	114.8	241.7	28.2	213.5	13.4	5.4	5.4	—	
24	760.7	114.7	242.4	28.2	214.1	13.8	5.0	5.0	—	
31	3 803.2	3 116.5	3 254.9	3 29.8	3 225.0	3 14.4	4.8	4.8	—	
2000 Jan. 7	791.9	116.5	255.1	29.9	225.3	14.7	4.8	4.8	—	
14	736.5	116.5	255.6	29.7	225.9	14.1	5.0	5.0	—	
21	745.3	116.3	256.6	29.5	227.1	13.1	5.1	5.1	—	
28	772.7	116.3	256.3	29.5	226.8	14.8	4.8	4.8	—	
Feb. 4	762.5	116.2	257.5	29.3	228.2	15.3	4.5	4.5	—	
11	759.4	116.1	257.1	29.2	227.9	16.0	4.6	4.6	—	
18	755.9	116.0	256.5	29.2	227.3	15.4	4.8	4.8	—	
25	752.2	115.9	255.6	29.2	226.4	15.5	4.7	4.7	—	
Deutsche Bundesbank										
1999 Jan.	221.8	27.5	54.0	8.5	45.6	—	4.5	4.5	—	
Feb.	214.8	27.5	53.0	7.1	45.9	—	3.7	3.7	—	
Mar.	215.2	27.5	53.0	7.1	45.9	—	13.7	13.7	—	
Apr.	214.9	29.0	57.1	9.1	48.0	—	18.7	18.7	—	
May	218.9	29.0	57.2	8.8	48.4	—	12.8	12.8	—	
June	228.6	29.0	57.1	8.4	48.8	—	33.1	33.1	—	
July	255.4	28.1	58.7	8.4	50.2	—	34.2	34.2	—	
Aug.	230.3	28.1	59.0	8.2	50.8	—	18.0	18.0	—	
Sep.	231.8	28.1	59.0	7.9	51.1	—	25.5	25.5	—	
Oct.	235.2	31.8	57.5	8.0	49.5	—	15.3	15.3	—	
Nov.	229.1	31.8	57.8	7.9	49.8	—	3.1	3.1	—	
Dec.	3 242.2	3 32.3	3 60.8	3 8.3	3 52.4	—	9.1	9.1	—	
2000 Jan.	235.2	32.3	60.7	8.3	52.4	—	0.8	0.8	—	
Feb.	243.2	32.3	61.1	8.2	52.9	—	6.2	6.2	—	
1999 Nov. 5	225.1	31.8	57.6	8.0	49.6	—	18.2	18.2	—	
12	230.9	31.8	57.6	8.0	49.6	—	18.7	18.7	—	
19	223.6	31.8	57.8	8.0	49.8	—	21.4	21.4	—	
26	229.1	31.8	57.8	7.9	49.8	—	3.1	3.1	—	
Dec. 3	226.3	31.8	57.8	7.9	49.9	—	4.6	4.6	—	
10	240.9	31.8	57.9	8.0	49.9	—	4.9	4.9	—	
17	243.7	31.8	57.8	7.9	49.9	—	7.3	7.3	—	
24	236.2	31.8	57.8	7.9	49.8	—	6.6	6.6	—	
31	3 242.2	3 32.3	3 60.8	3 8.3	3 52.4	—	9.1	9.1	—	
2000 Jan. 7	238.6	32.3	60.8	8.3	52.5	—	8.2	8.2	—	
14	244.8	32.3	60.8	8.3	52.5	—	9.9	9.9	—	
21	238.4	32.3	60.8	8.3	52.5	—	11.0	11.0	—	
28	235.2	32.3	60.7	8.3	52.4	—	0.8	0.8	—	
Feb. 4	247.2	32.3	60.8	8.2	52.6	—	3.6	3.6	—	
11	244.7	32.3	60.8	8.2	52.6	—	3.7	3.7	—	
18	242.0	32.3	61.1	8.2	52.9	—	3.0	3.0	—	
25	243.2	32.3	61.1	8.2	52.9	—	6.2	6.2	—	

* The consolidated financial statement of the Eurosystem comprises the statement of the European Central Bank (ECB) and the statements of the national central banks of the EU member countries (NCBs) of the euro

area.— The balance sheet items for foreign currency, securities, gold and financial instruments are valued at market rates at the end of the quarter.—
1 Source: ECB. — 2 Whereas the consolidated financial statement of the

III. Consolidated financial statement of the Eurosystem

Lending to financial sector counterparties of euro area in euro								Securities of euro area residents in euro	General government debt in euro	Other assets	On reporting date
Total	Main refinancing operations	Longer-term refinancing operations	Fine-tuning reverse operations	Structural reverse operations	Marginal lending facility	Credits related to margin calls	Other lending				
Eurosystem ¹											
182.9	128.0	45.0	-	-	8.7	0.1	1.1	22.1	60.2	80.4	1999 Jan.
186.4	139.9	45.0	-	-	0.4	0.1	1.0	24.3	60.2	79.6	Feb.
192.2	146.0	45.0	-	-	0.2	0.1	0.9	26.1	60.2	80.0	Mar.
174.3	128.0	45.0	-	-	0.5	0.0	0.8	26.1	60.2	75.9	Apr.
184.9	139.0	45.0	-	-	0.4	0.1	0.5	25.8	60.2	74.4	May
170.6	125.0	45.0	-	-	0.2	0.0	0.4	26.1	60.2	79.2	June
214.0	167.0	45.0	-	-	1.5	0.1	0.5	25.8	60.2	75.7	July
205.2	159.1	45.0	-	-	0.3	0.1	0.7	26.0	60.2	78.8	Aug.
198.5	153.0	45.0	-	-	0.0	0.1	0.4	25.4	60.2	78.8	Sep.
205.3	149.0	55.0	-	-	0.7	0.1	0.6	23.4	60.2	79.2	Oct.
209.0	143.0	65.0	-	-	0.0	0.2	0.7	23.9	60.1	77.3	Nov.
250.1	162.0	75.0	-	-	11.4	0.4	1.3	23.5	59.2	79.8	Dec.
216.7	146.0	70.0	-	-	0.0	0.1	0.6	24.0	59.3	80.6	2000 Jan.
193.3	122.0	70.0	-	-	0.0	0.1	1.3	24.6	59.3	83.3	Feb.
195.9	140.1	55.0	-	-	0.1	0.1	0.6	23.5	60.1	82.8	1999 Nov.
196.2	140.1	55.0	-	-	0.3	0.1	0.7	23.9	60.1	81.0	12
198.8	143.0	55.0	-	-	0.1	0.0	0.7	24.1	60.1	77.9	19
209.0	143.0	65.0	-	-	0.0	0.2	0.7	23.9	60.1	77.3	26
212.2	146.1	65.0	-	-	0.5	0.1	0.6	23.9	60.1	78.3	Dec.
230.1	164.0	65.0	-	-	0.1	0.2	0.8	24.1	60.2	76.7	3
215.0	149.0	65.0	-	-	0.0	0.2	0.8	23.9	59.6	79.3	10
225.4	149.0	75.0	-	-	0.1	0.4	1.0	24.0	59.6	75.7	17
250.1	162.0	75.0	-	-	11.4	0.4	1.3	23.5	59.2	79.8	24
238.7	162.0	75.0	-	-	0.1	0.4	1.2	23.7	59.2	79.1	31
181.4	105.0	75.0	-	-	0.1	0.1	1.2	23.8	59.2	80.8	2000 Jan.
191.5	112.0	75.0	-	-	3.5	0.0	0.9	24.0	59.2	79.5	7
216.7	146.0	70.0	-	-	0.0	0.1	0.6	24.0	59.3	80.6	14
202.3	131.1	70.0	-	-	0.0	0.1	1.1	24.4	59.3	83.1	21
199.3	128.1	70.0	-	-	0.1	0.1	1.0	24.2	59.3	82.9	28
196.1	125.1	70.0	-	-	0.0	0.0	1.0	24.1	59.3	83.7	Feb.
193.3	122.0	70.0	-	-	0.0	0.1	1.3	24.6	59.3	83.3	4
Deutsche Bundesbank											
95.4	71.0	23.9	-	-	0.4	-	0.0	-	4.4	35.9	1999 Jan.
92.4	65.9	26.2	-	-	0.3	-	0.0	-	4.4	33.8	Feb.
99.5	71.5	27.8	-	-	0.2	-	0.0	-	4.4	17.1	Mar.
88.5	63.0	25.0	-	-	0.4	-	0.0	-	4.4	17.2	Apr.
98.3	72.9	25.0	-	-	0.3	-	0.0	-	4.4	17.2	May
87.5	62.3	25.0	-	-	0.2	-	0.0	-	4.4	17.4	June
112.6	81.6	29.6	-	-	1.5	-	0.0	-	4.4	17.3	July
103.2	74.8	28.2	-	-	0.3	-	0.0	-	4.4	17.6	Aug.
97.2	68.9	28.2	-	-	0.0	-	0.0	-	4.4	17.5	Sep.
108.9	79.6	29.1	-	-	0.1	-	0.0	-	4.4	17.4	Oct.
84.1	49.1	35.0	-	-	0.0	-	0.0	-	4.4	47.8	Nov.
90.6	48.4	32.7	-	-	9.4	-	0.0	-	4.4	45.0	Dec.
102.8	69.2	33.6	-	-	0.0	-	0.0	-	4.4	34.1	2000 Jan.
93.0	59.4	33.6	-	-	0.0	-	0.0	-	4.4	46.1	Feb.
91.2	62.0	29.1	-	-	0.1	-	0.0	-	4.4	21.9	1999 Nov.
100.9	71.7	29.1	-	-	0.1	-	0.0	-	4.4	17.5	5
90.4	61.2	29.1	-	-	0.1	-	0.0	-	4.4	17.9	12
84.1	49.1	35.0	-	-	0.0	-	0.0	-	4.4	47.8	19
90.5	55.1	35.0	-	-	0.5	-	0.0	-	4.4	37.1	26
97.8	62.8	35.0	-	-	0.1	-	0.0	-	4.4	44.1	Dec.
100.2	65.2	35.0	-	-	0.0	-	0.0	-	4.4	42.2	3
82.5	49.7	32.7	-	-	0.1	-	0.0	-	4.4	53.0	10
90.6	48.4	32.7	-	-	9.4	-	0.0	-	4.4	45.0	17
81.3	48.4	32.7	-	-	0.1	-	0.0	-	4.4	51.6	24
77.1	44.3	32.7	-	-	0.0	-	0.0	-	4.4	60.3	31
90.4	56.3	32.7	-	-	1.4	-	0.0	-	4.4	39.5	2000 Jan.
102.8	69.2	33.6	-	-	0.0	-	0.0	-	4.4	34.1	7
91.5	57.8	33.6	-	-	0.0	-	0.0	-	4.4	54.7	14
101.2	67.6	33.6	-	-	0.0	-	0.0	-	4.4	42.2	21
104.0	70.3	33.6	-	-	0.0	-	0.0	-	4.4	37.1	28
93.0	59.4	33.6	-	-	0.0	-	0.0	-	4.4	46.1	Feb.
			-	-		-					4
			-	-		-					11
			-	-		-					18
			-	-		-					25

Eurosystem shows the bilateral TARGET balances of the individual non-Eurosystem NCBs as an aggregated (net) figure, the Bundesbank statement reports gross figures for the claims on and liabilities to the individual

non-Eurosystem NCBs. — 3 Changes are due mainly to revaluations at the end of the quarter.

III. Consolidated financial statement of the Eurosystem

Liabilities to non-euro area residents in euro ²	Liabilities to euro area residents in foreign currency	Liabilities to non-euro area residents in foreign currency			Counterpart of special drawing rights allocated by the IMF	Other liabilities	Revaluation accounts	Capital and reserves	On reporting date
		Total	Deposits, balances and other liabilities	Liabilities arising from the credit facility under the ERM II					
Eurosystem ¹									
14.0	1.6	4.3	4.3	—	5.8	77.8	59.7	51.3	1999 Jan. 5
7.7	0.8	6.4	6.4	—	5.8	62.1	59.7	51.3	Feb. 12
7.7	0.9	7.8	7.8	—	5.8	62.9	59.7	51.3	Mar. 19
7.2	1.0	7.9	7.9	—	6.0	51.2	78.5	54.6	Apr. 26
7.8	0.9	8.8	8.8	—	6.0	49.5	78.5	54.8	May 3
7.1	0.7	9.3	9.3	—	6.0	54.3	78.5	53.2	June 10
6.7	0.9	10.6	10.6	—	6.2	51.8	82.5	53.2	July 17
7.5	1.0	9.3	9.3	—	6.2	55.2	82.5	53.2	Aug. 24
7.3	0.9	10.5	10.5	—	6.2	54.7	82.5	53.2	Sep. 31
7.1	1.3	9.8	9.8	—	6.2	53.5	89.8	53.2	Oct. 7
7.3	1.0	8.7	8.7	—	6.2	53.6	89.8	53.2	Nov. 14
7.8	0.9	3 11.9	3 11.9	—	6.5	3 54.7	3 107.3	53.4	Dec. 21
7.0	1.2	13.3	13.3	—	6.5	55.6	107.5	53.4	2000 Jan. 28
7.8	0.8	10.5	10.5	—	6.5	55.7	107.4	54.2	Feb. 4
7.1	1.2	9.5	9.5	—	6.2	56.6	89.8	53.2	1999 Nov. 11
7.1	1.0	8.4	8.4	—	6.2	56.1	89.8	53.2	12
7.3	0.9	9.5	9.5	—	6.2	53.6	89.8	53.2	19
7.3	1.0	8.7	8.7	—	6.2	53.6	89.8	53.2	26
6.9	0.9	8.3	8.3	—	6.2	51.6	89.8	53.2	Dec. 3
6.1	1.3	9.8	9.8	—	6.2	52.7	89.8	53.2	10
7.3	1.0	11.1	11.1	—	6.2	53.2	89.8	53.2	17
7.3	1.0	12.0	12.0	—	6.2	54.8	89.8	53.2	24
7.8	0.9	3 11.9	3 11.9	—	6.5	3 54.7	3 107.3	53.4	31
7.7	0.9	11.8	11.8	—	6.5	53.7	107.3	53.4	2000 Jan. 7
6.9	1.0	11.7	11.7	—	6.5	55.1	107.5	53.4	14
7.3	0.8	11.8	11.8	—	6.5	55.7	107.5	53.4	21
7.0	1.2	13.3	13.3	—	6.5	55.6	107.5	53.4	28
7.0	1.0	14.5	14.5	—	6.5	55.9	107.5	53.4	Feb. 4
6.9	1.0	13.1	13.1	—	6.5	55.2	107.4	54.2	11
7.1	0.8	11.9	11.9	—	6.5	55.8	107.4	54.2	18
7.8	0.8	10.5	10.5	—	6.5	55.7	107.4	54.2	25
Deutsche Bundesbank									
14.6	0.0	0.0	0.0	—	1.5	17.4	25.3	5.1	1999 Jan. 5
14.5	0.0	0.0	0.0	—	1.5	13.8	25.3	5.1	Feb. 12
7.0	0.0	0.0	0.0	—	1.5	20.6	25.3	5.1	Mar. 19
7.4	0.0	0.0	0.0	—	1.5	10.0	28.7	5.1	Apr. 26
8.9	0.0	0.0	0.0	—	1.5	17.6	28.7	5.1	May 3
7.0	0.0	0.0	0.0	—	1.5	31.0	28.7	5.1	June 10
6.0	0.0	0.0	0.0	—	1.6	48.9	29.4	5.1	July 17
13.3	0.0	0.0	0.0	—	1.6	21.1	29.4	5.1	Aug. 24
16.7	0.0	0.0	0.0	—	1.6	23.3	29.4	5.1	Sep. 31
6.2	0.0	0.0	0.0	—	1.6	18.0	31.4	5.1	Oct. 7
18.0	0.0	0.0	0.0	—	1.6	10.4	31.4	5.1	Nov. 14
6.2	0.0	0.0	0.0	—	1.7	3 11.7	3 35.0	5.1	Dec. 21
18.9	0.0	0.0	0.0	—	1.7	12.3	35.0	5.1	2000 Jan. 28
28.1	0.0	0.0	0.0	—	1.7	12.8	35.0	5.1	Feb. 4
15.5	0.0	0.0	0.0	—	1.6	10.1	31.4	5.1	1999 Nov. 11
15.3	0.0	0.0	0.0	—	1.6	20.5	31.4	5.1	12
9.5	0.0	0.0	0.0	—	1.6	15.7	31.4	5.1	19
18.0	0.0	0.0	0.0	—	1.6	10.4	31.4	5.1	26
13.5	0.0	0.0	0.0	—	1.6	10.5	31.4	5.1	Dec. 3
23.7	0.0	0.0	0.0	—	1.6	10.6	31.4	5.1	10
26.8	0.0	0.0	0.0	—	1.6	10.6	31.4	5.1	17
18.5	0.0	0.0	0.0	—	1.6	10.7	31.4	5.1	24
6.2	0.0	0.0	0.0	—	1.7	3 11.7	3 35.0	5.1	31
10.2	0.0	0.0	0.0	—	1.7	12.1	35.0	5.1	2000 Jan. 7
20.7	0.0	0.0	0.0	—	1.7	12.4	35.0	5.1	14
22.3	0.0	0.0	0.0	—	1.7	12.3	35.0	5.1	21
18.9	0.0	0.0	0.0	—	1.7	12.3	35.0	5.1	28
23.1	0.0	0.0	0.0	—	1.7	12.5	35.0	5.1	Feb. 4
20.6	0.0	0.0	0.0	—	1.7	12.6	35.0	5.1	11
25.2	0.0	0.0	0.0	—	1.7	12.8	35.0	5.1	18
28.1	0.0	0.0	0.0	—	1.7	12.8	35.0	5.1	25

Eurosystem shows the bilateral TARGET balances of the individual non-Eurosystem NCBs as an aggregated (net) figure, the Bundesbank statement reports gross figures for the claims on and liabilities to the individual

non-Eurosystem NCBs. — 3 Changes are due mainly to revaluations at the end of the quarter.

IV. Banks

2. Principal assets and liabilities of banks (MFIs) in Germany, by category of banks *

euro billion

End of month	Number of reporting institutions	Balance sheet total ¹	Cash in hand and balances with central banks	Lending to banks (MFIs)			Lending to non-banks (non-MFIs)					Participating interests	Other assets
				Total	of which:		Total	of which:			Securities issued by non-banks		
					Balances and advances	Securities issued by banks		Loans and advances not evidenced by certificates for	Bills				
							up to 1 year	over 1 year					
All categories of banks													
1999 Aug.	3,076	5,545.7	53.3	1,934.5	1,382.1	545.1	3,191.9	381.3	2,343.0	8.6	411.1	98.9	267.2
Sep.	3,034	5,599.9	57.4	1,953.8	1,394.1	549.8	3,219.5	389.4	2,354.5	8.5	419.0	104.1	265.1
Oct.	3,012	5,670.6	62.1	1,980.9	1,413.6	555.1	3,252.7	399.0	2,370.7	8.5	425.8	105.1	269.7
Nov.	2,998	5,758.1	53.9	2,031.4	1,459.0	555.6	3,284.0	403.0	2,389.4	8.5	435.2	105.4	283.4
Dec.	2,999	5,740.7	62.9	1,984.0	1,416.8	547.4	3,300.5	396.8	2,407.4	8.2	440.2	109.5	283.9
2000 Jan.	2,987	5,767.2	56.7	1,988.2	1,416.1	553.7	3,329.1	403.5	2,415.5	8.0	453.8	110.1	283.1
Commercial banks													
1999 Dec.	290	1,447.1	26.7	460.4	346.0	107.0	800.5	192.1	472.0	4.1	117.7	68.0	91.4
2000 Jan.	290	1,484.5	21.2	486.1	373.3	107.4	814.7	198.9	473.2	4.0	124.7	68.4	94.1
Big banks ⁷													
1999 Dec.	4	825.1	14.3	227.2	170.1	50.6	471.3	103.6	290.8	2.4	69.3	58.9	53.2
2000 Jan.	4	849.9	9.9	248.3	193.1	50.6	480.5	109.0	289.1	2.3	75.7	59.3	51.9
Regional banks and other commercial banks ^{8, 9}													
1999 Dec.	199	516.9	11.7	176.4	127.6	47.9	291.3	73.7	170.8	1.2	36.4	7.5	30.0
2000 Jan.	199	523.1	9.7	182.5	132.9	48.6	290.9	72.5	171.3	1.2	36.4	7.6	32.5
Branches of foreign banks													
1999 Dec.	87	105.1	0.7	56.8	48.3	8.4	37.8	14.8	10.4	0.5	12.0	1.6	8.2
2000 Jan.	87	111.5	1.6	55.4	47.2	8.1	43.3	17.4	12.7	0.5	12.6	1.6	9.7
Land banks ¹⁰													
1999 Dec.	13	1,145.1	3.6	551.5	455.2	88.9	507.9	49.6	375.7	0.6	67.2	17.2	65.0
2000 Jan.	13	1,139.0	2.1	543.9	445.4	90.3	513.5	50.8	376.4	0.5	69.9	17.4	62.1
Savings banks													
1999 Dec.	578	925.4	18.8	226.4	73.7	151.8	642.9	70.4	481.2	1.9	84.0	10.1	27.3
2000 Jan.	567	914.2	18.6	215.1	60.5	153.8	643.5	70.1	482.3	1.9	83.9	10.2	26.8
Regional institutions of credit cooperatives (including Deutsche Genossenschaftsbank)													
1999 Dec.	4	213.9	0.9	134.6	92.3	41.9	62.8	15.3	27.9	0.4	12.5	7.4	8.2
2000 Jan.	4	214.2	0.9	133.7	91.5	41.8	64.4	15.3	28.1	0.3	13.8	7.4	7.6
Credit cooperatives													
1999 Dec.	2,035	534.3	11.1	142.0	69.2	72.4	359.7	50.6	270.4	1.2	36.8	3.0	18.5
2000 Jan.	2,035	527.8	10.4	136.8	62.3	74.1	359.0	50.0	270.2	1.2	36.7	3.0	18.6
Mortgage banks													
1999 Dec.	32	830.2	1.5	202.0	159.3	42.0	595.9	7.5	515.1	–	70.4	1.9	29.0
2000 Jan.	32	836.6	3.2	203.3	159.5	43.1	601.4	7.2	518.3	–	73.1	1.9	26.8
Building and loan associations ¹¹													
1999 Dec.	33	146.3	0.0	31.2	22.1	8.5	107.1	2.0	95.5	–	9.6	0.6	7.5
2000 Jan.	32	146.3	0.0	31.4	22.1	8.6	107.1	1.7	95.5	–	9.9	0.6	7.3
Banks with special functions ¹²													
1999 Dec.	14	498.5	0.3	236.0	199.2	34.9	223.8	9.4	169.6	0.0	42.0	1.3	37.1
2000 Jan.	14	504.6	0.4	237.9	201.6	34.6	225.4	9.4	171.6	0.0	41.7	1.2	39.7
Memo item: Foreign banks ¹³													
1999 Dec.	148	228.5	3.5	105.1	87.9	17.2	97.0	31.8	42.6	0.9	18.6	2.6	20.3
2000 Jan.	148	236.2	4.1	103.6	86.6	17.0	103.0	33.4	45.3	0.9	20.3	2.6	22.9
of which: Banks majority-owned by foreign banks ¹⁴													
1999 Dec.	61	123.3	2.7	48.3	39.6	8.7	59.2	17.1	32.2	0.4	6.6	1.0	12.1
2000 Jan.	61	124.7	2.5	48.3	39.4	8.9	59.7	15.9	32.6	0.3	7.6	1.0	13.2

* For the period up to December 1998, section IV (except for table IV.1) shows the assets and liabilities of banks (excluding building and loan associations) in Germany; from January 1999, the assets and liabilities of monetary financial institutions (MFIs) in Germany. The assets and liabilities of foreign branches, of money market funds (which are likewise classified as MFIs) and of the Bundesbank are not included. For the definitions of the respective items, see the footnotes to table IV.3. — 1 Up to December 1998, volume of business (balance sheet total plus endorsement liabilities arising

from rediscounted bills and bills sent for collection from the banks' portfolios prior to maturity). — 2 Since the inclusion of building and loan associations in January 1999, including deposits under savings and loan contracts (see table IV. 12). — 3 Included in time deposits. — 4 Up to December 1998, including loans on a trust basis. — 5 Excluding deposits under savings and loan contracts (see also footnote 2). — 6 Including subordinated negotiable bearer debt securities; excluding non-negotiable bearer debt securities. — 7 Deutsche Bank AG, Dresdner Bank AG,

IV. Banks

Deposits of banks (MFIs)			Deposits of non-banks (non-MFIs) 4								Bearer debt securities outstanding 6	Capital (including published reserves, participation rights capital, funds for general banking risks)	Other liabilities	End of month
Total	of which:		Total	of which:				Savings deposits 5	Bank savings bonds					
	Sight deposits	Time deposits		Sight deposits	up to 1 year	over 1 year 2	Memo item: Liabilities arising from repos 3			Total					of which: At three months' notice
All categories of banks														
1,575.7	205.5	1,369.8	2,101.6	424.3	267.7	672.4	13.7	620.7	510.0	116.4	1,281.4	229.7	357.3	1999 Aug.
1,581.0	215.9	1,364.8	2,112.1	431.4	267.6	677.2	13.7	619.9	508.5	116.0	1,310.4	232.7	363.7	Sep.
1,620.0	193.8	1,425.9	2,121.9	429.5	277.3	680.9	13.8	617.8	507.0	116.3	1,323.3	235.0	370.4	Oct.
1,633.4	221.8	1,411.4	2,171.2	456.8	281.6	701.6	15.7	614.7	503.7	116.5	1,348.8	236.1	368.5	Nov.
1,605.7	180.0	1,425.3	2,189.7	444.2	295.4	707.2	9.2	626.6	513.5	116.4	1,343.0	237.0	365.4	Dec.
1,639.4	234.1	1,405.0	2,189.0	456.4	281.6	714.8	15.7	621.5	509.2	114.7	1,338.7	239.3	360.8	2000 Jan.
Commercial banks														
520.7	85.2	435.3	539.2	186.4	117.6	117.5	7.9	104.0	84.1	13.7	180.6	85.7	120.9	1999 Dec.
556.5	123.6	432.7	543.9	196.2	111.6	120.1	14.2	102.7	83.0	13.3	171.7	86.6	125.8	2000 Jan.
Big banks 7														
279.1	40.0	239.1	280.8	90.0	69.8	84.8	6.6	34.0	31.0	2.3	150.8	54.4	59.9	1999 Dec.
309.5	69.4	240.1	284.4	95.5	66.8	86.7	13.3	33.2	30.4	2.1	141.9	54.5	59.6	2000 Jan.
Regional banks and other commercial banks 8, 9														
168.4	34.4	133.9	246.9	91.3	44.7	29.6	1.3	70.0	53.0	11.4	29.6	27.8	44.1	1999 Dec.
170.6	37.5	132.9	248.6	95.8	41.9	30.3	0.7	69.4	52.6	11.2	29.7	28.5	45.7	2000 Jan.
Branches of foreign banks														
73.2	10.9	62.3	11.4	5.2	3.1	3.1	0.1	0.0	0.0	0.1	0.1	3.5	16.9	1999 Dec.
76.3	16.7	59.7	10.9	4.9	2.9	3.1	0.1	0.0	0.0	0.1	0.1	3.6	20.5	2000 Jan.
Land banks 10														
421.4	44.8	376.7	268.6	29.5	39.7	182.3	1.2	16.0	14.4	1.1	348.1	42.5	64.5	1999 Dec.
413.8	56.5	357.3	270.3	33.0	36.7	183.8	1.5	15.8	14.2	1.0	350.0	43.2	61.7	2000 Jan.
Savings banks														
207.7	11.4	196.3	594.8	135.0	64.4	7.0	-	318.2	256.7	70.2	46.0	38.1	38.8	1999 Dec.
202.4	6.4	196.0	589.3	134.7	62.1	7.1	-	315.9	254.9	69.5	46.0	38.2	38.3	2000 Jan.
Regional institutions of credit cooperatives (including Deutsche Genossenschaftsbank)														
128.1	23.0	105.1	26.2	4.8	5.5	15.8	0.1	0.0	0.0	0.0	39.9	8.7	10.9	1999 Dec.
127.5	28.3	99.2	26.6	5.6	4.1	16.8	0.1	0.0	0.0	0.0	40.4	8.7	11.0	2000 Jan.
Credit cooperatives														
76.7	3.2	73.4	383.6	84.5	59.6	20.4	-	188.0	158.1	31.1	28.9	26.2	19.0	1999 Dec.
75.2	2.2	73.0	379.7	84.5	58.0	19.9	-	186.7	156.8	30.6	28.9	26.2	17.9	2000 Jan.
Mortgage banks														
94.1	6.3	87.7	137.5	1.3	1.8	134.2	-	0.1	0.1	0.2	555.0	15.8	27.9	1999 Dec.
102.4	11.5	90.9	138.5	1.3	1.9	135.1	-	0.1	0.1	0.2	555.0	15.9	24.9	2000 Jan.
Building and loan associations 11														
24.2	2.1	22.1	98.0	0.4	0.4	96.9	-	0.3	0.3	0.1	3.1	6.8	14.2	1999 Dec.
24.5	2.2	22.3	97.7	0.3	0.5	96.5	-	0.3	0.3	0.1	3.1	6.8	14.2	2000 Jan.
Banks with special functions 12														
132.8	4.0	128.7	141.8	2.2	6.4	133.1	-	-	-	-	141.5	13.2	69.2	1999 Dec.
137.1	3.6	133.5	143.0	0.8	6.7	135.5	-	-	-	-	143.6	13.7	67.1	2000 Jan.
Memo item: Foreign banks 13														
114.3	24.2	90.0	54.8	23.7	11.3	12.9	0.1	5.5	4.5	1.3	15.5	10.4	33.5	1999 Dec.
116.7	30.9	85.8	54.9	24.1	11.2	13.0	0.1	5.4	4.4	1.3	15.7	10.5	38.4	2000 Jan.
of which: Banks majority-owned by foreign banks 14														
41.1	13.4	27.7	43.4	18.5	8.2	9.8	-	5.5	4.5	1.3	15.4	6.9	16.6	1999 Dec.
40.4	14.2	26.2	44.0	19.2	8.3	9.9	-	5.4	4.4	1.2	15.5	6.9	17.9	2000 Jan.

Commerzbank AG and, from 1999, Bayerische Hypo- und Vereinsbank AG. — 8 From January 1999 including institutions of the discontinued category "Private bankers" and including Deutsche Postbank AG. — 9 Up to December 1998, including Bayerische Hypo- und Vereinsbank AG; see footnote 7. — 10 Previously known as: "Regional giro institutions". — 11 Assets and liabilities of building and loan associations included from 1999 only. — 12 Up to December 1998, including Deutsche

Postbank AG; see footnote 8. — 13 Sum of the banks majority-owned by foreign banks and included in other categories of banks and of the category "Branches (of dependent legal status) of foreign banks" — 14 Separate presentation of the banks majority-owned by foreign banks included in the categories "Regional banks and other commercial banks" and, up to December 1998, in the categories "Private bankers" and "Mortgage banks".

IV. Banks

8. Deposits of domestic individuals and non-commercial organisations at banks (MFIs) in Germany *

Until the end of 1998 DM billion, from 1999 euro billion

Period	Sight deposits 2						Time deposits 4, 5, 6						
	Total	by creditor group					Total	by creditor group					
		Domestic individuals						Domestic non-commercial organisations	Domestic individuals				
		Total	Self-employed 3	Employees	Other individuals	Total			Total	Self-employed 3	Employees	Other individuals	Domestic non-commercial organisations
	End of year or month *												
1997	2,041.0	413.8	396.5	79.7	264.3	52.4	17.3	271.2	240.9	73.3	129.8	37.8	30.3
1998	2,123.9	470.8	452.1	93.4	298.0	60.7	18.6	275.0	243.5	72.3	132.6	38.7	31.4
1999	1,187.8	263.5	254.6	50.2	170.3	34.1	9.0	233.4	216.6	35.2	161.6	19.9	16.8
1999 Aug.	1,169.7	254.4	245.1	50.4	162.2	32.5	9.3	229.4	212.9	35.8	157.7	19.5	16.4
Sep.	1,168.7	256.6	247.0	49.3	164.7	33.1	9.5	227.6	211.2	34.9	157.0	19.3	16.4
Oct.	1,169.3	259.1	249.7	50.5	165.8	33.4	9.5	227.4	211.0	34.9	156.8	19.4	16.4
Nov.	1,181.6	274.2	264.7	53.6	176.2	34.9	9.5	227.8	211.4	35.0	157.0	19.5	16.4
Dec.	1,187.8	263.5	254.6	50.2	170.3	34.1	9.0	233.4	216.6	35.2	161.6	19.9	16.8
2000 Jan.	1,182.4	267.2	257.6	50.8	171.8	35.0	9.6	231.1	214.6	34.6	160.4	19.6	16.5
	Changes *												
1998	+ 82.5	+ 57.0	+ 55.6	+ 13.7	+ 33.5	+ 8.4	+ 1.3	+ 3.3	+ 2.8	- 1.0	+ 2.7	+ 1.0	+ 0.6
1999	+ 11.2	+ 26.2	+ 25.9	+ 3.7	+ 18.8	+ 3.4	+ 0.3	- 1.3	+ 1.0	- 2.6	+ 2.1	- 0.5	- 0.3
1999 Aug.	- 2.5	- 0.2	+ 0.1	+ 0.9	- 0.9	+ 0.1	- 0.2	+ 0.4	+ 0.2	- 0.1	+ 0.1	+ 0.1	+ 0.3
Sep.	- 0.9	+ 2.1	+ 1.9	- 1.1	+ 2.5	+ 0.6	+ 0.2	- 1.8	- 1.8	- 0.9	- 0.7	- 0.2	- 0.1
Oct.	+ 0.6	+ 2.6	+ 2.6	+ 1.1	+ 1.2	+ 0.3	- 0.1	- 0.2	- 0.2	+ 0.0	- 0.2	+ 0.0	+ 0.0
Nov.	+ 12.3	+ 15.0	+ 15.0	+ 3.1	+ 10.4	+ 1.5	+ 0.0	+ 0.4	+ 0.4	+ 0.0	+ 0.2	+ 0.1	+ 0.1
Dec.	+ 6.2	- 10.6	- 10.1	- 3.4	- 5.9	- 0.8	- 0.5	+ 5.5	+ 5.2	+ 0.2	+ 4.6	+ 0.4	+ 0.4
2000 Jan.	- 5.4	+ 3.7	+ 3.1	+ 0.6	+ 1.5	+ 0.9	+ 0.6	- 2.3	- 2.0	- 0.5	- 1.2	- 0.3	- 0.3

* See table IV.2, footnote*; statistical breaks have been eliminated from the changes. The figures for the latest date are always to be regarded as provisional. Subsequent alterations, which will appear in the following Monthly Report, are not specially marked. — 1 Up to December 1998,

including deposits arising from loans on a trust basis; see also footnote 9. — 2 Up to December 1998, including time deposits for less than 1 month. — 3 Up to the End 1998, including sole proprietors. — 4 Including subordinated liabilities and liabilities arising from registered debt securities. — 5 Up

9. Deposits of domestic public authorities at banks (MFIs) in Germany, by creditor group *

Until the end of 1998 DM billion, from 1999 euro billion

Period	Deposits 1												
	Domestic public authorities, total	Federal Government and its special funds 2					Länder Governments						
		Total	Sight deposits 3	Time deposits 4		Savings deposits and bank savings bonds 5	Memo item: Loans on a trust basis 6	Total	Sight deposits 3	Time deposits 4		Savings deposits and bank savings bonds 5	Memo item: Loans on a trust basis 6
				for up to and including 1 year	for more than 1 year					for up to and including 1 year	for more than 1 year		
	End of year or month *												
1997	280.0	108.3	1.9	3.6	79.8	0.1	23.0	83.0	4.5	1.1	26.5	0.1	50.8
1998	288.3	111.2	4.0	1.9	80.9	0.0	24.3	80.1	6.8	1.9	27.1	0.2	44.2
1999	124.4	45.9	1.0	4.6	40.3	0.0	12.7	21.0	2.8	4.2	14.0	0.1	23.1
1999 Aug.	115.2	45.4	0.9	4.6	39.8	0.0	12.3	17.0	1.7	1.5	13.7	0.1	22.8
Sep.	114.2	44.9	1.0	4.5	39.4	0.0	12.2	17.8	2.0	2.1	13.6	0.1	22.8
Oct.	115.0	45.1	0.9	4.4	39.8	0.0	12.4	20.1	3.0	3.3	13.6	0.1	22.9
Nov.	118.1	45.1	0.9	3.9	40.2	0.0	12.5	19.1	2.1	3.1	13.8	0.1	23.0
Dec.	124.4	45.9	1.0	4.6	40.3	0.0	12.7	21.0	2.8	4.2	14.0	0.1	23.1
2000 Jan.	118.4	44.3	0.5	3.1	40.7	0.0	12.8	19.7	2.2	2.5	14.9	0.1	23.1
	Changes *												
1998	+ 8.3	+ 2.5	+ 2.2	- 1.7	+ 1.1	- 0.0	+ 0.9	- 2.9	+ 2.4	+ 0.8	+ 0.6	+ 0.0	- 6.6
1999	+ 12.4	+ 1.6	- 0.9	+ 3.5	- 1.0	+ 0.0	+ 0.3	+ 2.6	- 0.4	+ 3.0	+ 0.1	+ 0.0	+ 0.5
1999 Aug.	+ 2.1	+ 0.3	+ 0.2	- 0.1	+ 0.2	- 0.0	+ 0.1	- 0.5	- 0.1	- 0.4	+ 0.0	- 0.0	- 0.1
Sep.	- 1.0	- 0.5	+ 0.1	- 0.2	- 0.4	-	- 0.1	+ 0.8	+ 0.3	+ 0.5	- 0.1	+ 0.0	- 0.0
Oct.	+ 0.8	+ 0.2	- 0.1	- 0.1	+ 0.4	- 0.0	+ 0.2	+ 2.2	+ 1.0	+ 1.2	+ 0.0	+ 0.0	+ 0.2
Nov.	+ 3.2	- 0.1	- 0.0	- 0.5	+ 0.4	+ 0.0	+ 0.2	- 0.9	- 0.9	- 0.2	+ 0.1	-	+ 0.1
Dec.	+ 6.2	+ 0.8	+ 0.1	+ 0.6	+ 0.1	+ 0.0	+ 0.1	+ 1.9	+ 0.7	+ 1.0	+ 0.2	- 0.0	+ 0.1
2000 Jan.	- 6.0	- 1.5	- 0.5	- 1.4	+ 0.4	+ 0.0	+ 0.1	- 1.4	- 0.6	- 1.7	+ 0.9	- 0.0	- 0.0

* See table IV.2, footnote*; excluding deposits of the Treuhand agency and its successor organisations and of the Federal Railways, east German Railways and Federal Post Office, and, from 1995, of Deutsche Bahn AG, Deutsche Post AG and Deutsche Telekom AG, and of publicly-owned enterprises, which are included in "Enterprises". Statistical breaks have been

eliminated from the changes. The figures for the latest date are always to be regarded as provisional. Subsequent alterations, which will appear in the following Monthly Report, are not specially marked. — 1 Up to December 1998, including deposits arising from loans on a trust basis; see also footnote 6. — 2 Federal Railways Fund, Indemnification Fund, Redemption

IV. Banks

by maturity					Savings deposits 7				Memo item:			Period
up to and including 1 year 5	more than 1 year 6				Total	Domestic individuals	Domestic non-commercial organisations	Bank savings bonds 8	Loans on a trust basis 9	Subordinated liabilities (excluding negotiable debt securities) 10	Included in time deposits: liabilities arising from repos 11	
	Total	of which:	up to and including 2 years	less than 4 years									4 years and more
End of year or month *												
220.3	50.9	.	5.5	45.4	1,166.5	1,148.6	17.9	188.9	0.6	17.6	.	1997
225.1	49.9	.	6.5	43.4	1,193.5	1,174.1	19.4	184.2	0.4	18.9	.	1998
115.4	118.0	2.5	.	.	605.9	595.5	10.4	85.0	0.2	10.8	.	1999
114.7	114.7	2.2	.	.	600.2	589.7	10.5	85.7	0.2	10.4	.	1999 Aug.
112.5	115.0	2.2	.	.	599.5	588.9	10.6	85.2	0.2	10.5	.	Sep.
112.9	114.5	2.3	.	.	597.4	586.9	10.5	85.3	0.2	10.6	.	Oct.
112.9	114.9	2.4	.	.	594.4	584.1	10.3	85.2	0.2	10.8	.	Nov.
115.4	118.0	2.5	.	.	605.9	595.5	10.4	85.0	0.2	10.8	.	Dec.
113.6	117.5	2.6	.	.	600.9	590.5	10.3	83.3	0.2	10.6	.	2000 Jan.
Changes *												
+ 4.6	- 1.3	.	+ 1.0	- 2.3	+ 27.1	+ 25.5	+ 1.6	- 4.7	- 0.3	+ 1.3	.	1998
- 4.1	+ 2.8	.	.	.	- 4.3	- 4.8	+ 0.5	- 9.3	- 0.0	+ 1.1	.	1999
+ 0.6	- 0.2	+ 0.0	.	.	- 2.4	- 2.3	- 0.1	- 0.4	+ 0.0	+ 0.0	.	1999 Aug.
- 2.2	+ 0.4	+ 0.0	.	.	- 0.7	- 0.8	+ 0.1	- 0.5	+ 0.0	+ 0.0	.	Sep.
+ 0.4	- 0.5	+ 0.1	.	.	- 2.0	- 2.0	- 0.0	+ 0.2	+ 0.0	+ 0.1	.	Oct.
+ 0.0	+ 0.4	+ 0.1	.	.	- 3.1	- 2.8	- 0.3	- 0.1	-	+ 0.3	.	Nov.
+ 2.4	+ 3.1	+ 0.1	.	.	+ 11.6	+ 11.4	+ 0.1	- 0.3	- 0.0	- 0.0	.	Dec.
- 1.8	- 0.5	+ 0.1	.	.	- 5.1	- 5.0	- 0.1	- 1.7	- 0.0	- 0.2	.	2000 Jan.

to December 1998, excluding time deposits for less than 1 month; see also footnote 2. — 6 Since the inclusion of building and loan associations in January 1999, including deposits under savings and loan contracts (see table IV. 12). — 7 Excluding deposits under savings and loan contracts (see also

footnote 6). — 8 Including liabilities arising from non-negotiable bearer debt securities. — 9 From 1999, no longer included in time deposits (see also footnote 1) — 10 Included in time deposits. — 11 Collected separately from 1999 only.

Local authorities and local authority associations (including municipal special-purpose associations)						Social security funds						Period
Total	Sight deposits 3	Time deposits 4, 7		Savings deposits and bank savings bonds 5, 8	Memo item: Loans on a trust basis 6	Total	Sight deposits 3	Time deposits 4		Savings deposits and bank savings bonds 5	Memo item: Loans on a trust basis 6	
		for up to and including 1 year	for more than 1 year					for up to and including 1 year	for more than 1 year			
End of year or month *												
39.8	14.5	17.0	2.0	6.1	0.0	48.9	10.8	16.0	16.2	5.8	0.2	1997
45.3	16.5	19.8	2.4	6.6	0.1	51.7	9.3	21.2	15.2	5.8	0.2	1998
28.5	8.2	14.4	2.2	3.7	0.1	28.9	2.8	18.9	5.8	1.4	0.1	1999
28.3	8.3	14.5	1.9	3.6	0.1	24.5	2.7	14.4	5.8	1.6	0.1	1999 Aug.
26.5	7.4	13.6	1.9	3.6	0.1	24.9	2.5	14.7	6.2	1.6	0.1	Sep.
26.2	7.8	12.8	1.9	3.6	0.1	23.6	2.2	14.2	5.8	1.5	0.1	Oct.
27.5	8.4	13.6	1.9	3.6	0.1	26.5	2.7	16.6	5.8	1.4	0.1	Nov.
28.5	8.2	14.4	2.2	3.7	0.1	28.9	2.8	18.9	5.8	1.4	0.1	Dec.
25.8	6.8	13.3	2.0	3.7	0.1	28.6	3.0	18.4	5.9	1.4	0.1	2000 Jan.
Changes *												
+ 5.5	+ 2.0	+ 2.7	+ 0.3	+ 0.5	+ 0.0	+ 3.1	- 1.4	+ 5.4	- 0.9	+ 0.1	+ 0.0	1998
+ 4.6	+ 0.7	+ 3.1	+ 0.4	+ 0.4	+ 0.0	+ 3.5	+ 0.5	+ 5.6	- 1.0	- 1.6	- 0.0	1999
+ 2.3	+ 0.7	+ 1.6	+ 0.0	- 0.1	+ 0.0	- 0.0	+ 0.7	- 0.5	- 0.2	- 0.1	- 0.0	1999 Aug.
- 1.7	- 0.8	- 0.9	- 0.0	- 0.0	-	+ 0.4	- 0.2	+ 0.3	+ 0.4	- 0.1	- 0.0	Sep.
- 0.3	+ 0.4	- 0.8	+ 0.0	- 0.0	+ 0.0	- 1.3	- 0.3	- 0.5	- 0.4	- 0.1	-	Oct.
+ 1.3	+ 0.5	+ 0.8	- 0.1	-	-	+ 2.9	+ 0.5	+ 2.4	+ 0.0	- 0.0	- 0.0	Nov.
+ 1.0	- 0.2	+ 0.7	+ 0.3	+ 0.1	+ 0.0	+ 2.4	+ 0.1	+ 2.4	+ 0.0	- 0.0	- 0.0	Dec.
- 2.8	- 1.4	- 1.1	- 0.2	- 0.1	-	- 0.3	+ 0.2	- 0.5	+ 0.0	- 0.0	-	2000 Jan.

Fund for Inherited Liabilities, ERP Special Fund, "German Unity" Fund, Equalisation of Burdens Fund. — 3 Up to December 1998, including time deposits for less than 1 month. — 4 Up to December 1998, excluding time deposits for less than 1 month; see also footnote 3. — 5 Including liabilities arising from non-negotiable bearer debt securities. — 6 From 1999, no

longer included in time deposits (see also footnote 1) — 7 Since the inclusion of building and loan associations in January 1999, including deposits under savings and loan contracts. — 8 Excluding deposits under savings and loan contracts (see also footnote 7).

IV. Banks

10. Savings deposits and bank savings bonds of banks (MFIs) in Germany sold to non-banks (non-MFIs) *

Until the end of 1998 DM billion, from 1999 euro billion

Period	Savings deposits 1								Memo item: Interest credited on savings deposits	Bank savings bonds, 3 sold to			
	of residents				of non-residents					non-banks, total	domestic non-banks		foreign non-banks
	Total	Total	at three months' notice		at over three months' notice		Total	of which: At three months' notice			Total	of which: With maturities of more than 2 years 4	
			Total	of which: Special savings facilities 2	Total	of which: Special savings facilities 2							
End of year or month *													
1997	1,205.0	1,182.1	928.8	531.7	253.2	201.4	22.9	16.9	38.8	244.6	236.9	216.7	7.7
1998	1,234.2	1,211.0	971.4	582.8	239.6	189.6	23.2	17.3	39.5	243.9	234.9	211.1	9.1
1999	626.6	614.7	504.4	338.8	110.2	88.3	11.9	9.1	20.0	116.4	110.7	101.8	5.7
1999 Sep.	619.9	608.3	499.6	334.3	108.7	86.7	11.6	8.8	0.5	116.0	110.8	102.0	5.2
Oct.	617.8	606.2	498.1	334.2	108.1	86.2	11.6	8.8	0.5	116.3	110.9	102.1	5.4
Nov.	614.7	603.1	494.9	332.0	108.2	86.7	11.6	8.8	0.7	116.5	110.9	102.1	5.6
Dec.	626.6	614.7	504.4	338.8	110.2	88.3	11.9	9.1	14.3	116.4	110.7	101.8	5.7
2000 Jan.	621.5	609.6	500.2	336.1	109.4	89.4	11.9	9.0	0.7	114.7	109.0	99.8	5.8
Changes *													
1998	+ 29.2	+ 28.9	+ 41.6	+ 51.2	- 12.7	- 12.1	+ 0.3	+ 0.4	.	- 0.7	- 2.1	- 5.6	+ 1.4
1999	- 4.4	- 4.5	+ 7.3	+ 14.6	- 11.8	- 8.4	+ 0.1	+ 0.3	.	- 8.2	- 9.3	- 8.9	+ 1.1
1999 Sep.	- 0.8	- 0.8	- 1.5	+ 0.2	+ 0.7	+ 0.6	+ 0.0	- 0.0	.	- 0.4	- 0.6	- 0.4	+ 0.2
Oct.	- 2.1	- 2.1	- 1.5	- 0.1	- 0.6	- 0.5	- 0.0	- 0.0	.	+ 0.3	+ 0.1	+ 0.1	+ 0.2
Nov.	- 3.1	- 3.1	- 3.3	- 2.2	+ 0.1	+ 0.5	+ 0.0	+ 0.0	.	+ 0.2	- 0.0	- 0.0	+ 0.2
Dec.	+ 11.9	+ 11.6	+ 9.6	+ 6.8	+ 2.0	+ 1.6	+ 0.3	+ 0.3	.	- 0.1	- 0.2	- 0.3	+ 0.1
2000 Jan.	- 5.2	- 5.1	- 4.2	- 3.2	- 0.9	+ 1.0	- 0.0	- 0.1	.	- 1.6	- 1.7	- 2.0	+ 0.1

* See table IV.2, footnote*; statistical breaks have been eliminated from the changes. The figures for the latest date are always to be regarded as provisional. Subsequent alterations, which will appear in the following Monthly Report, are not specially marked. — 1 Other than deposits with

building and loan associations, which are classified as time deposits. — 2 Savings deposits bearing interest at a rate which exceeds the minimum or basic rate of interest. — 3 Including liabilities arising from non-negotiable bearer debt securities. — 4 Up to December 1998, of 4 years and more.

11. Debt securities and money market paper outstanding of banks (MFIs) in Germany *

Until the end of 1998 DM billion, from 1999 euro billion

Period	Negotiable bearer debt securities and money market paper							Non-negotiable bearer debt securities and money market paper 7					Subordinated			
	Total	of which:				with maturities of			Total	of which with maturities of					negotiable debt securities	non-negotiable debt securities
		Floating-rate notes 1	Zero-coupon bonds 1,2	Foreign currency bonds 3,4	Certificates of deposit	up to and including 1 year	over 2 years 5	over 4 years 6		up to and including 1 year	over 2 years 5	over 4 years 6				
													up to and including 1 year	over 2 years 5			over 4 years 6
End of year or month *)																
1997	1,942.2	217.7	7.8	160.5	11.8	24.1	1,914.9	1,539.6	5.1	0.9	4.2	1.8	45.5	2.6		
1998	2,200.4	289.2	10.6	204.3	14.3	47.2	2,147.0	1,787.7	4.7	1.0	3.6	1.5	46.6	2.9		
1999	1,310.3	208.2	14.7	98.7	13.1	73.6	1,189.8	.	2.6	0.5	1.3	.	32.7	2.5		
1999 Sep.	1,280.1	179.1	12.3	94.0	6.1	44.5	1,198.9	.	2.4	0.3	1.3	.	30.3	2.3		
Oct.	1,292.4	188.8	12.8	96.1	6.0	49.3	1,200.6	.	2.3	0.3	1.3	.	30.9	2.3		
Nov.	1,317.0	201.7	14.3	97.8	12.1	67.9	1,203.9	.	2.4	0.3	1.3	.	31.8	2.5		
Dec.	1,310.3	208.2	14.7	98.7	13.1	73.6	1,189.8	.	2.6	0.5	1.3	.	32.7	2.5		
2000 Jan.	1,305.5	211.7	14.4	99.4	5.7	65.9	1,189.8	.	2.6	0.5	1.3	.	33.2	2.5		
Changes *																
1998	+ 258.3	+ 67.5	+ 2.8	+ 38.8	+ 2.5	+ 23.1	+ 232.2	+ 250.1	- 0.3	+ 0.1	- 0.6	- 0.3	+ 1.2	+ 0.3		
1999	+ 183.5	+ 56.2	+ 9.3	+ 20.0	+ 5.8	+ 49.5	+ 96.4	.	+ 0.3	+ 0.0	- 0.5	.	+ 8.8	+ 1.0		
1999 Sep.	+ 28.0	+ 5.4	+ 0.7	- 1.3	+ 2.3	+ 7.1	+ 18.0	.	+ 0.3	- 0.0	+ 0.3	.	+ 0.9	+ 0.0		
Oct.	+ 12.3	+ 9.7	+ 0.5	+ 2.1	- 0.0	+ 4.8	+ 1.7	.	- 0.0	+ 0.0	- 0.0	.	+ 0.6	- 0.0		
Nov.	+ 24.6	+ 12.9	+ 1.5	+ 1.7	+ 6.1	+ 18.6	+ 3.4	.	+ 0.0	- 0.0	+ 0.6	.	+ 0.8	+ 0.2		
Dec.	- 6.7	+ 4.7	+ 0.3	+ 0.9	+ 1.0	+ 5.7	- 14.2	.	+ 0.2	+ 0.2	- 0.0	.	+ 0.9	+ 0.0		
2000 Jan.	- 4.8	+ 3.4	- 0.3	+ 0.7	- 7.4	- 7.7	+ 0.1	.	+ 0.0	+ 0.0	- 0.0	.	+ 0.5	+ 0.0		

* See table IV.2, footnote*; statistical breaks have been eliminated from the changes. The figures for the latest date are always to be regarded as provisional. Subsequent alterations, which will appear in the following Monthly Report, are not specially marked. — 1 Including debt securities denominated in foreign currencies. — 2 Issue value when floated. —

3 Including floating-rate notes and zero-coupon bonds denominated in foreign currencies. — 4 From 1999, bonds denominated in non-euro-area currencies. — 5 Up to December 1998, 2 years and more. — 6 From 1999, no longer collected. — 7 Non-negotiable bearer debt securities are classified among bank savings bonds; see also table IV. 10, footnote 2.

IV. Banks

12. Building and loan associations (MFIs) in Germany *
Interim statements

Euro billion

End of year or month	Number of associ- ations	Balance sheet total	Lending to banks (MFIs)			Lending to non-banks (non-MFIs)				Deposits of banks (MFIs) 6		Deposits of non- banks (non-MFIs)		Bearer debt secur- ities out- stand- ing	Capital (includ- ing pub- lished reserves) 8	Memo item: New con- tracts entered into in year or month 9
			Bal- ances and loans (except building loans) 1	Building loans 2	Bank debt secur- ities 3	Building loans			Secur- ities (in- cluding Treasury bills and Treasury discount paper) 5	Deposits under savings and loan con- tracts	Sight and time deposits	Deposits under savings and loan con- tracts	Sight and time deposits 7			
						Loans under savings and loan con- tracts	Interim and bridging loans	Other building loans 4								
All building and loan associations																
1999	33	146.3	22.0	0.1	9.1	44.2	47.4	5.8	9.6	1.2	23.0	95.3	2.7	3.1	6.8	85.2
1999 Nov.	33	144.2	21.6	0.1	8.7	44.4	46.7	5.7	9.5	1.2	22.8	92.1	2.7	3.2	6.8	6.8
1999 Dec.	33	146.3	22.0	0.1	9.1	44.2	47.4	5.8	9.6	1.2	23.0	95.3	2.7	3.1	6.8	9.8
2000 Jan.	32	146.3	22.0	0.1	9.2	44.3	47.0	5.9	9.9	1.2	23.3	94.9	2.8	3.1	6.8	5.6
Private building and loan associations																
1999 Nov.	20	103.2	18.0	0.1	3.9	29.4	32.1	5.2	7.7	0.9	16.7	63.6	2.7	3.2	4.3	4.5
1999 Dec.	20	104.4	17.7	0.1	4.4	29.2	32.8	5.3	7.8	0.9	16.2	65.9	2.7	3.1	4.3	6.4
2000 Jan.	20	104.6	18.2	0.1	4.4	29.3	32.3	5.4	8.0	0.9	17.0	65.5	2.7	3.1	4.3	3.8
Public building and loan associations																
1999 Nov.	13	41.0	3.6	0.1	4.7	15.0	14.6	0.5	1.8	0.3	6.1	28.5	0.0	-	2.5	2.3
1999 Dec.	13	41.9	4.2	0.1	4.7	15.0	14.6	0.5	1.8	0.3	6.7	29.4	0.0	-	2.5	3.4
2000 Jan.	12	41.7	3.9	0.1	4.8	15.0	14.7	0.5	1.8	0.3	6.3	29.4	0.0	-	2.6	1.8

Trends in building and loan association business

Euro billion

Period	Changes in deposits under savings and loan contracts 10			Capital promised		Capital paid out					Outpayment commitments outstanding at end of period		Interest and repayments received on building loans 11		Memo item: Housing bonuses received 13	
	Amounts paid into savings accounts under savings and loan con- tracts 10	Interest credited on deposits under savings and loan con- tracts	Repay- ments of deposits under cancelled savings and loan con- tracts	Total	of which: Net alloca- tions 12	Total	Allocations				Newly granted interim and bridging loans and other building loans	Total	of which: Under alloca- ted con- tracts	Total		of which: Repay- ments during quarter
							Deposits under savings and loan contracts		Loans under savings and loan contracts 10							
							Total	of which: Applied to settle- ment of interim and bridging loans	Total	of which: Applied to settle- ment of interim and bridging loans						
All building and loan associations																
1999	24.6	2.7	4.8	48.9	30.5	45.0	18.7	4.7	9.2	3.3	17.1	11.0	7.1	16.9	14.2	0.4
1999 Nov.	1.9	0.0	0.4	3.3	2.1	3.5	1.4	0.3	0.7	0.2	1.4	11.4	7.2	1.3		0.0
1999 Dec.	2.7	2.4	0.4	3.7	2.4	3.9	1.5	0.4	0.9	0.3	1.5	11.0	7.1	1.5	3.4	0.0
2000 Jan.	1.8	0.0	0.3	4.2	3.3	3.8	1.8	0.7	0.9	0.5	1.0	11.0	7.3	1.1		0.0
Private building and loan associations																
1999 Nov.	1.3	0.0	0.2	2.2	1.3	2.4	0.9	0.2	0.4	0.1	1.0	6.7	3.5	0.9		0.0
1999 Dec.	1.9	1.6	0.3	2.5	1.5	2.6	1.0	0.3	0.5	0.2	1.2	6.4	3.5	1.0	2.3	0.0
2000 Jan.	1.2	0.0	0.2	3.2	2.5	2.9	1.4	0.6	0.7	0.4	0.8	6.4	3.6	0.7		0.0
Public building and loan associations																
1999 Nov.	0.6	0.0	0.1	1.1	0.8	1.1	0.5	0.1	0.3	0.1	0.4	4.7	3.7	0.4		0.0
1999 Dec.	0.9	0.8	0.1	1.2	0.9	1.3	0.5	0.1	0.4	0.1	0.4	4.5	3.7	0.5	1.1	0.0
2000 Jan.	0.6	-	0.1	1.0	0.8	0.9	0.4	0.1	0.2	0.1	0.3	4.5	3.7	0.3		0.0

* Excluding assets and liabilities and/or transactions of the foreign branches. From August 1990 including assets and liabilities and/or transactions with building and loan association savers in the former GDR. The figures for the latest date are always to be regarded as provisional; subsequent alterations, which will appear in the following Monthly Report, are not specially marked. — 1 Including postal giro account balances, claims on building and loan associations, claims arising from registered debt securities and central bank balances. — 2 Loans under savings and loan contracts and interim and bridging loans. — 3 Including money market paper and small amounts of other securities issued by banks. — 4 Up to December 1998 including loans on a trust basis. — 5 Including equalisation claims. — 6 Including liabilities to building and loan associations. — 7 Including small amounts of savings

deposits. — 8 Including participation rights capital; from December 1993 including fund for general banking risks. — 9 Total amount covered by the contracts; only contracts newly entered into, for which the contract fee has been fully paid. Increases in the sum contracted count as new contracts. — 10 For outpayments of deposits under savings and loan contracts arising from the allocation of contracts see "Capital paid out". — 11 Including housing bonuses credited. — 12 Only allocations accepted by the beneficiaries; including allocations applied to settlement of interim and bridging loans. — 13 The amounts already credited to the accounts of savers or borrowers are also included in "Amounts paid into savings accounts under savings and loan contracts" and "Interest and repayments received on building loans".

V. Minimum reserves

1. Reserve ratios Germany

% of liabilities subject to reserve requirements

Applicable from	Sight liabilities	Time liabilities	Savings deposits
1995 August 1	2	2	1.5

European monetary union

% of reserve base 1

Applicable from	Ratio
1999 January 1	2

1 Article 3 of the Regulation of the European Central Bank of 1 December 1998 on the application of minimum reserves (excluding liabilities to which a reserve ratio of 0 % applies, pursuant to article 4 (1)).

2. Reserve maintenance in Germany up to the end of 1998 – pursuant to the Minimum Reserves Order of the Bundesbank –

DM million

Monthly average 1	Liabilities subject to reserve requirements				Required reserves 2	Actual reserves 3	Excess reserves 4		Shortfall, total
	Total	Sight liabilities	Time liabilities	Savings deposits			Level	as % of the required reserves	
1995 Dec.	2,066,565	579,337	519,456	967,772	36,492	37,337	845	2.3	3
1996 Dec.	2,201,464	655,483	474,342	1,071,639	38,671	39,522	851	2.2	4
1997 Dec.	2,327,879	734,986	476,417	1,116,477	40,975	41,721	745	1.8	3
1998 Dec.	2,576,889	865,444	564,878	1,146,567	45,805	46,432	627	1.4	4

1 Pursuant to sections 5 to 7 of the Minimum Reserves Order. — 2 Amount after applying the reserve ratios to the liabilities subject to reserve requirements (section 5 (1) of the Minimum Reserves Order). — 3 Average credit

balances of the credit institutions subject to reserve requirements on their giro accounts at the Bundesbank. — 4 Actual reserves less required reserves.

3. Reserve maintenance in the European monetary union – from 1999, pursuant to the ECB Regulation governing minimum reserves according to article 19.1 of the ECB/ESCB Statute –

Maintenance period beginning in 1	Reserve base 2	Required reserves before deduction of lump-sum allowance 3	Lump-sum allowance 4	Required reserves after deduction of lump-sum allowance	Actual reserves 5	Excess reserves 6	Shortfall, total 7
European monetary union (euro billion)							
1999 Apr.	5,043.1	100.9	0.7	100.2	101.0	0.7	0.0
May	5,081.2	101.6	0.7	100.9	101.5	0.6	0.0
June	5,126.9	102.5	0.6	102.0	102.7	0.7	0.0
July	5,174.9	103.5	0.7	102.8	103.5	0.6	0.0
Aug.	5,160.4	103.2	0.6	102.6	103.0	0.5	0.0
Sep.	5,171.6	103.4	0.6	102.8	103.3	0.5	0.0
Oct.	5,203.3	104.1	0.6	103.4	104.0	0.5	0.0
Nov.	5,274.8	105.5	0.6	104.9	105.4	0.5	0.0
Dec.	5,418.4	108.4	0.6	107.7	108.5	0.8	0.0
2000 Jan. P	5,404.7	108.1	0.6	107.5	107.9	0.4	0.0
Of which: Germany (euro million)							
1999 Apr.	1,521,746	30,435	316	30,118	30,429	310	11
May	1,541,301	30,826	315	30,511	30,717	206	6
June	1,565,202	31,304	312	30,992	31,244	253	6
July	1,574,839	31,497	308	31,189	31,386	197	29
Aug.	1,562,633	31,253	302	30,951	31,141	190	1
Sep.	1,573,620	31,472	298	31,174	31,382	208	23
Oct.	1,585,141	31,703	296	31,407	31,613	205	2
Nov.	1,609,527	32,191	295	31,896	32,086	190	10
Dec.	1,666,782	33,336	294	33,041	33,296	255	10
2000 Jan. P	1,688,612	33,772	294	33,478	33,625	147	4

1 The reserve maintenance period of the ESCB minimum reserve system starts on the 24th of each month and ends on the 23rd of the following month (the first reserve maintenance period lasted from January 1, 1999 to February 23, 1999). — 2 Article 3 of the Regulation of the European Central Bank of 1 December 1998 on the application of minimum reserves (excluding liabilities to which a reserve ratio of 0 % applies, pursuant to article 4 (1)). — 3 Amount after applying the reserve ratios to the reserve

base. — 4 Article 5 (2) of the Regulation of the European Central Bank of 1 December 1998 on the application of minimum reserves. — 5 Average credit balances of the credit institutions subject to minimum reserve requirements on their reserve accounts at the respective national central bank. — 6 Actual reserves less required reserves after the deduction of the lump-sum allowance. — 7 Required reserves after the deduction of the lump-sum allowance.

VI. Interest rates

1. ECB interest rates

% p.a.			
Applicable from	Deposit facility	Main refinancing operations ¹	Marginal lending facility
1999 Jan. 1	2.00	3.00	4.50
Jan. 4 ²	2.75	3.00	3.25
Jan. 22	2.00	3.00	4.50
Apr. 9	1.50	2.50	3.50
Nov. 5	2.00	3.00	4.00
2000 Feb. 4	2.25	3.25	4.25

2. Discount and lombard rates of the Bundesbank

% p.a.		
Applicable from	Discount rate	Lombard rate ^{3, 4}
1994 Feb. 18	5 ¼	6 ¾
Apr. 15	5	6 ½
May 13	4 ½	6
1995 Mar. 31	4	6
Aug. 25	3 ½	5 ½
Dec. 15	3	5
1996 Apr. 19 to 1998 Dec. 31	2 ½	4 ½

3. Base rate per Discount Rate Transition Act

% p.a.	
Applicable from	Base rate ⁵
1999 Jan. 1	2.50
May 1	1.95
2000 Jan. 1	2.68

¹ Changes in the rate are effective from the date of settlement of the first main refinancing operation following announcement of the change. — ² On December 22, 1998 the European Central Bank (ECB) announced that, as an exceptional measure between January 4 and 21, 1999, a narrow corridor of 50 basis points would be applied between the interest rates for the marginal lending facility and the deposit facility, aimed at facilitating the transition to the new regime by market participants. — ³ From August 1, 1990 to December 31, 1993 this was also the rate for cash advances; since January 1, 1994 cash advances have no longer been granted. Wherever reference is made in an Act to the interest rate applicable for cash advances of the Federal Government, the rate will be replaced by the base rate increased by 1.5 percentage points pursuant to the Discount Rate Transition Act (see footnote 5). — ⁴ Pursuant to the Discount Rate Transition Act, read

in conjunction with the Lombard Rate Transition Regulation, the lombard rate is replaced from January 1, 1999 by the rate applied by the ECB for its marginal lending facility wherever the lombard rate is used as a reference variable for interest and other payments. — ⁵ Pursuant to the Discount Rate Transition Act, read in conjunction with the Regulation Governing the Use of the Base Rate as a Reference Variable, this rate replaces the discount rate from January 1, 1999 until December 31, 2001 wherever the latter is used in contracts and regulations as a reference variable for interest and other payments. This base rate is the discount rate of the Bundesbank which applied on December 31, 1998. It changes from January 1, May 1 and September 1 of each year, and will change for the first time on May 1, 1999 if the interest rate applied by the ECB to its longer-term refinancing operations (marginal rate) has changed by at least 0.5 percentage points.

4. Eurosystem monetary policy operations allotted through tenders *

Date of settlement	Bids Amount EUR millions	Allotment Amount	Fixed rate tenders		Variable rate tenders		Running for ... days
			Fixed rate	Marginal rate	Weighted average rate		
			% p.a.				
Main refinancing operations							
1999 Nov. 17	484,348	69,000	3.00	—	—	—	14
Nov. 24	687,973	74,000	3.00	—	—	—	14
Dec. 1	1,018,950	72,000	3.00	—	—	—	14
Dec. 8	1,141,163	92,000	3.00	—	—	—	14
Dec. 15	286,824	57,000	3.00	—	—	—	15
Dec. 22	1,505,405	92,000	3.00	—	—	—	21
Dec. 30	485,825	70,000	3.00	—	—	—	20
2000 Jan. 12	914,566	35,000	3.00	—	—	—	14
Jan. 19	1,145,548	77,000	3.00	—	—	—	14
Jan. 26	1,520,993	69,000	3.00	—	—	—	14
Feb. 2	3,012,630	62,000	3.00	—	—	—	14
Feb. 9	1,036,648	66,000	3.25	—	—	—	14
Feb. 16	1,022,832	59,000	3.25	—	—	—	14
Feb. 23	2,126,309	63,000	3.25	—	—	—	14
Mar. 1	2,901,133	89,000	3.25	—	—	—	14
Mar. 8	1,627,522	47,000	3.25	—	—	—	14
Mar. 15	4,165,993	85,000	3.25	—	—	—	14
Longer-term refinancing operations							
1999 Feb. 25	77,300	15,000	—	3.04	—	—	91
Mar. 25	53,659	15,000	—	2.96	2.97	—	98
Apr. 29	66,911	15,000	—	2.53	2.54	—	91
May 27	72,294	15,000	—	2.53	2.54	—	91
July 1	76,284	15,000	—	2.63	2.64	—	91
July 29	64,973	15,000	—	2.65	2.66	—	91
Aug. 26	52,416	15,000	—	2.65	2.66	—	91
Sep. 30	41,443	15,000	—	2.66	2.67	—	84
Oct. 28	74,430	25,000	—	3.19	3.42	—	91
Nov. 25	74,988	25,000	—	3.18	3.27	—	98
Dec. 23	91,088	25,000	—	3.26	3.29	—	98
2000 Jan. 27	87,052	20,000	—	3.28	3.30	—	91
Mar. 2	72,960	20,000	—	3.60	3.61	—	91
Other tender operations							
2000 Jan. 5 ¹	14,420	14,420	—	3.00	3.00	—	7

* Source: ECB. — ¹ Collection of fixed-term deposits.

VI. Interest rates

5. Money market rates, by month

% p.a.

Period	Money market rates reported by Frankfurt banks ¹				EONIA ²	EURIBOR ³					
	Day-to-day money		Three-month funds			One-week funds	One-month funds	Three-month funds	Six-month funds	Nine-month funds	Twelve-month funds
	Monthly averages	Lowest and highest rates	Monthly averages	Lowest and highest rates		Monthly averages					
1998 Feb.	3.49	3.35 – 4.50	3.49	3.45 – 3.52	.	.	.	.	.	.	.
Mar.	3.45	3.36 – 4.15	3.50	3.45 – 3.58	.	.	.	.	.	.	.
Apr.	3.41	3.25 – 3.52	3.61	3.55 – 3.65	.	.	.	.	.	.	.
May	3.41	3.34 – 3.70	3.60	3.52 – 3.64	.	.	.	.	.	.	.
June	3.47	3.38 – 4.40	3.54	3.51 – 3.57	.	.	.	.	.	.	.
July	3.39	2.50 – 4.20	3.52	3.48 – 3.55	.	.	.	.	.	.	.
Aug.	3.48	3.32 – 4.50	3.48	3.43 – 3.51	.	.	.	.	.	.	.
Sep.	3.48	3.36 – 4.40	3.46	3.42 – 3.55	.	.	.	.	.	.	.
Oct.	3.41	3.38 – 3.70	3.54	3.50 – 3.59	.	.	.	.	.	.	.
Nov.	3.42	3.38 – 3.65	3.61	3.55 – 3.65	.	.	.	.	.	.	.
Dec.	3.14	⁴ 2.96 – 4.00	3.36	3.17 – 3.64	.	.	.	.	.	.	.
1999 Jan.	3.14	2.96 – 3.28	3.11	3.02 – 3.21	3.14	3.17	3.16	3.13	3.09	3.07	3.06
Feb.	3.11	3.00 – 3.20	3.07	3.03 – 3.11	3.12	3.13	3.13	3.09	3.04	3.03	3.03
Mar.	2.93	2.05 – 3.13	3.03	2.94 – 3.11	2.93	3.05	3.05	3.05	3.02	3.02	3.05
Apr.	2.68	2.45 – 3.15	2.65	2.54 – 2.94	2.71	2.71	2.69	2.70	2.70	2.75	2.76
May	2.55	2.49 – 3.20	2.55	2.52 – 2.58	2.55	2.56	2.57	2.58	2.60	2.66	2.68
June	2.57	2.20 – 2.75	2.60	2.53 – 2.68	2.56	2.59	2.61	2.63	2.68	2.78	2.84
July	2.51	1.65 – 2.65	2.65	2.62 – 2.70	2.52	2.61	2.63	2.68	2.90	2.95	3.03
Aug.	2.43	1.70 – 2.59	2.67	2.64 – 2.70	2.44	2.57	2.61	2.70	3.05	3.13	3.24
Sep.	2.42	1.65 – 2.60	2.71	2.65 – 3.09	2.43	2.55	2.58	2.73	3.11	3.19	3.30
Oct.	2.49	1.70 – 2.80	3.36	3.08 – 3.50	2.50	2.63	2.76	3.38	3.46	3.55	3.68
Nov.	2.92	2.50 – 3.20	3.44	3.39 – 3.52	2.94	2.99	3.06	3.47	3.48	3.58	3.69
Dec.	3.03	⁵ 2.75 – 3.70	3.43	3.28 – 3.47	3.04	3.27	3.51	3.45	3.51	3.66	3.83
2000 Jan.	3.03	2.79 – 3.35	3.32	3.26 – 3.49	3.04	3.08	3.15	3.34	3.56	3.76	3.95
Feb.	3.27	3.12 – 3.52	3.52	3.45 – 3.63	3.28	3.31	3.36	3.54	3.73	3.93	4.11

¹ Money market rates are not fixed or quoted officially; the monthly averages computed from daily quotations are unweighted. — ² Euro OverNight Index Average: weighted average overnight rate for interbank operations calculated by the European Central Bank since January 4, 1999 on the basis of real turnover according to the act/360 method and published via Bridge

Telerate. — ³ Euro Interbank Offered Rate: unweighted average rate calculated by Bridge Telerate since December 30, 1998 according to the act/360 method. — ⁴ At the end of December 3.50% to 4.00%. — ⁵ At the end of December 3.35% to 3.70%.

6. Euro area retail bank interest rates ^{*, °}

% p.a.; period averages

Period	Deposit interest rates						Lending interest rates			
	Overnight	With agreed maturity			Redeemable at notice		To enterprises		To households	
		Up to 1 year	Up to 2 years	Over 2 years	Up to 3 months	Over 3 months	Up to 1 year	Over 1 year	Consumer lending	For house purchase
1997	1.46	3.41	3.63	4.40	2.80	3.09	7.58	6.64	10.61	6.63
1998	1.10	3.20	3.22	4.06	2.61	3.25	6.74	5.80	10.05	5.87
1999	0.65	2.44	2.45	3.57	2.15	2.76	5.66	5.10	9.38	5.29
1999 Jan.	0.77	2.67	2.67	3.41	2.37	2.86	6.06	5.04	9.61	5.10
Feb.	0.72	2.60	2.59	3.37	2.34	2.78	5.97	5.00	9.55	5.02
Mar.	0.71	2.57	2.56	3.37	2.31	2.79	5.83	4.98	9.50	5.05
Apr.	0.68	2.38	2.39	3.26	2.27	2.61	5.66	4.81	9.37	4.91
May	0.63	2.24	2.24	3.21	2.16	2.48	5.55	4.72	9.31	4.84
June	0.60	2.22	2.22	3.30	2.15	2.45	5.49	4.78	9.29	4.96
July	0.60	2.24	2.24	3.45	2.14	2.63	5.40	4.96	9.21	5.18
Aug.	0.60	2.25	2.26	3.67	2.00	2.73	5.42	5.16	9.31	5.47
Sep.	0.60	2.32	2.32	3.79	1.99	2.80	5.38	5.19	9.29	5.53
Oct.	0.61	2.52	2.52	4.03	2.00	2.93	5.58	5.55	9.36	5.79
Nov.	0.63	2.62	2.62	3.96	2.02	3.01	5.75	5.54	9.36	5.77
Dec.	0.67	2.70	2.70	4.02	2.04	3.05	5.81	5.51	9.38	5.79
2000 Jan.	0.69	2.73	2.73	4.18	2.04	3.18	5.84	5.66	9.44	5.98

* These euro area retail bank interest rates should be used with caution and for statistical purposes only, primarily to analyse their development over time rather than their level. They are calculated as the weighted average of national interest rates provided by the national central banks. The national rates represent those rates that are currently available from national sources and which are judged to fit the standard categories. These national rates have been aggregated to derive information for the euro area, in some cases relying on proxies and working assumptions due to the heterogeneity observed in the national financial instruments across MU

Member States. Furthermore, the national interest rates are not harmonised in terms of their coverage (new business and/or outstanding amounts), the nature of the data (nominal or effective) or the compilation method. The country weights for the euro area retail bank interest rates are derived from MFI balance sheet statistics or close proxies. The weights reflect the country-specific proportions of the relevant instruments within the euro area, measured as outstanding amounts. The weights are adjusted monthly, so that interest rates and weights always refer to the same month.

° Tables and notes taken from the ECB.

VI. Interest rates

7. Lending and deposit rates of banks (MFIs) in Germany *
Lending rates

% p.a.

Reporting period 1	Current account credit						Bills discounted	
	less than DM 200,000		DM 200,000 and more but less than DM 1 million		DM 1 million and more but less than DM 5 million		Bills of less than DM 100,000 refinancable at the Bundesbank	
	Average interest rate	Spread	Average interest rate	Spread	Average interest rate	Spread	Average interest rate	Spread
1999 Apr.	9.87	7.50 – 11.75	8.84	6.75 – 11.25	7.50	5.80 – 10.50	5.24	3.50 – 8.50
May	9.78	7.50 – 11.75	8.80	6.50 – 11.25	7.42	5.75 – 10.50	5.15	3.50 – 8.50
June	9.79	7.50 – 11.50	8.71	6.50 – 11.25	7.41	5.75 – 10.50	5.12	3.35 – 8.50
July	9.80	7.50 – 11.50	8.75	6.50 – 11.25	7.34	5.75 – 10.50	5.15	3.45 – 8.50
Aug.	9.84	7.50 – 11.75	8.75	6.50 – 11.25	7.42	5.50 – 10.50	5.21	3.50 – 8.50
Sep.	9.83	7.50 – 11.75	8.71	6.25 – 11.25	7.37	5.50 – 10.50	5.27	3.50 – 8.50
Oct.	9.89	7.75 – 11.75	8.75	6.50 – 11.25	7.40	5.70 – 10.50	5.40	3.50 – 8.50
Nov.	9.93	7.50 – 11.75	8.84	6.75 – 11.25	7.51	5.75 – 10.50	5.56	3.85 – 8.75
Dec.	10.02	7.50 – 11.75	8.94	6.75 – 11.50	7.65	5.80 – 10.50	5.64	4.00 – 8.75
2000 Jan.	10.02	7.50 – 11.75	8.97	6.75 – 11.25	7.68	5.80 – 10.50	5.69	4.00 – 9.00
Feb.	10.08	7.50 – 11.75	9.02	7.00 – 11.50	7.80	6.00 – 10.50	5.73	4.13 – 9.00

Reporting period 1	Personal credit lines (overdraft facilities granted to individuals)				Long-term fixed-rate loans to enterprises and self-employed persons (excluding lending to the housing sector) 5					
					Instalment credits		DM 200,000 and more but less than DM 1 million		DM 1 million and more but less than DM 10 million	
	DM 10,000 and more but not more than DM 30,000 2		Effective annual interest rate 4		Effective interest rate					
	Average interest rate	Spread	Average interest rate	Spread	Average interest rate	Spread	Average interest rate	Spread	Average interest rate	Spread
1999 Apr.	11.18	9.75 – 12.25	0.39	0.31 – 0.49	10.17	8.10 – 12.58	5.50	4.49 – 7.37	5.28	4.30 – 6.97
May	11.10	9.75 – 12.25	0.39	0.31 – 0.48	10.07	8.11 – 12.58	5.46	4.39 – 7.35	5.26	4.32 – 6.80
June	11.09	9.75 – 12.25	0.38	0.30 – 0.48	10.06	7.98 – 12.35	5.64	4.59 – 7.40	5.45	4.50 – 7.00
July	11.07	9.75 – 12.25	0.38	0.30 – 0.48	10.05	8.03 – 12.33	5.99	5.10 – 7.52	5.79	4.90 – 7.15
Aug.	11.07	9.75 – 12.25	0.39	0.31 – 0.48	10.11	8.05 – 12.33	6.26	5.25 – 7.80	6.08	5.05 – 7.49
Sep.	11.09	9.75 – 12.25	0.38	0.30 – 0.48	10.09	7.90 – 12.27	6.39	5.40 – 8.00	6.23	5.27 – 7.56
Oct.	11.09	9.75 – 12.25	0.39	0.31 – 0.48	10.15	8.05 – 12.33	6.65	5.62 – 8.23	6.48	5.59 – 7.87
Nov.	11.14	9.75 – 12.25	0.39	0.30 – 0.48	10.09	8.03 – 12.10	6.56	5.59 – 7.96	6.41	5.50 – 7.72
Dec.	11.22	10.25 – 12.25	0.39	0.30 – 0.48	10.14	8.14 – 12.11	6.60	5.65 – 8.12	6.42	5.38 – 7.77
2000 Jan.	11.24	10.25 – 12.25	0.39	0.31 – 0.48	10.18	8.17 – 12.10	6.86	5.90 – 8.21	6.68	5.75 – 8.07
Feb.	11.27	10.25 – 12.25	0.39	0.32 – 0.48	10.18	8.33 – 12.11	6.94	6.05 – 8.41	6.79	5.90 – 8.28

Reporting period 1	Mortgage loans secured by residential real estate							
	with interest rates fixed (effective interest rate) 6						with variable interest rates (effective interest rate) 6	
	for 2 years		for 5 years		for 10 years		Average interest rate	Spread
Average interest rate	Spread	Average interest rate	Spread	Average interest rate	Spread	Average interest rate	Spread	
1999 Apr.	4.39	3.82 – 5.05	4.54	4.23 – 5.12	5.12	4.86 – 5.49	5.58	4.34 – 7.01
May	4.30	3.75 – 5.01	4.47	4.18 – 5.02	5.14	4.84 – 5.49	5.50	4.23 – 6.97
June	4.45	3.97 – 5.12	4.72	4.28 – 5.20	5.40	4.86 – 5.80	5.53	4.34 – 6.97
July	4.79	4.28 – 5.38	5.17	4.59 – 5.59	5.82	4.99 – 6.17	5.64	4.49 – 7.01
Aug.	5.10	4.56 – 5.67	5.58	5.05 – 5.96	6.20	4.99 – 6.59	5.72	4.60 – 6.97
Sep.	5.19	4.59 – 5.91	5.70	5.33 – 6.13	6.35	5.25 – 6.69	5.77	4.60 – 6.97
Oct.	5.52	4.86 – 6.17	6.00	5.43 – 6.43	6.56	5.54 – 6.96	5.92	4.86 – 7.07
Nov.	5.46	4.91 – 6.06	5.86	5.56 – 6.33	6.36	6.12 – 6.75	5.94	4.89 – 6.97
Dec.	5.56	5.07 – 6.18	5.90	5.64 – 6.28	6.40	6.14 – 6.75	5.97	4.95 – 7.07
2000 Jan.	5.79	5.27 – 6.38	6.19	5.91 – 6.62	6.69	6.34 – 7.07	6.11	5.07 – 7.34
Feb.	5.87	5.38 – 6.43	6.28	5.96 – 6.70	6.76	6.34 – 7.13	6.20	5.12 – 7.48

* The average rates are calculated as unweighted arithmetic means from the interest rates reported to be within the spread. The spread is ascertained by eliminating the reports in the top 5% and the bottom 5% of the interest rate range. The figures for the latest date are always to be regarded as provisional; subsequent alterations, which will appear in the following Monthly Report, are not specially marked. — 1 Second and third weeks of the months indicated. — 2 With maturities between 36 months and 60 months. — 3 Interest rates as % per month of original amount of credit taken up. Besides interest, most banks charge a one-off processing fee (generally 2%, in some cases 3%, of the credit amount). — 4 Calculated

on the basis of reported monthly rates (see footnote 3) and reported annual rates on the respective amount of debt and on the basis of the respective processing fees, taking due account of reported maturities. — 5 Lending to enterprises (with agreed maturities of more than five years) with agreed interest rates locked in for more than five years. — 6 The figures refer to the time when the contract was concluded and not to the entire duration of the contract. The calculation of the effective interest rate is based on an annual redemption rate of 1% plus interest saved; the repayment conditions agreed upon in each case by the credit institutions involved are taken into account (at present mostly monthly payment and inclusion).

VI. Interest rates

7. Lending and deposit rates of banks (MFIs) in Germany * (cont'd) Deposit rates

% p.a.

Reporting period 1	Higher-yielding sight deposits of individuals 7									
	Time deposits with agreed maturities									
	of 1 month					of 3 months				
less than DM 100,000		DM 100,000 and more but less than DM 1 million		DM 1 million and more but less than DM 5 million		DM 100,000 and more but less than DM 1 million				
Average interest rate	Spread	Average interest rate	Spread	Average interest rate	Spread	Average interest rate	Spread	Average interest rate	Spread	
1999 Apr.	1.77	0.50 – 2.80	2.13	1.60 – 2.60	2.41	2.00 – 2.80	2.59	2.15 – 3.00	2.48	2.00 – 2.95
May	1.69	0.50 – 2.57	2.01	1.50 – 2.40	2.27	1.90 – 2.60	2.42	2.10 – 2.80	2.32	1.90 – 2.75
June	1.71	0.50 – 2.50	1.98	1.50 – 2.33	2.24	1.90 – 2.50	2.40	2.10 – 2.70	2.30	1.90 – 2.64
July	1.72	0.50 – 2.50	1.99	1.50 – 2.35	2.25	1.90 – 2.50	2.42	2.05 – 2.65	2.31	1.90 – 2.60
Aug.	1.70	0.50 – 2.50	1.99	1.50 – 2.30	2.26	1.90 – 2.50	2.42	2.10 – 2.69	2.33	2.00 – 2.60
Sep.	1.69	0.50 – 2.50	1.99	1.50 – 2.30	2.25	1.90 – 2.50	2.40	2.00 – 2.64	2.33	2.00 – 2.60
Oct.	1.68	0.50 – 2.50	2.04	1.50 – 2.40	2.30	2.00 – 2.60	2.49	2.15 – 2.77	2.61	2.10 – 3.15
Nov.	1.74	0.50 – 2.50	2.17	1.65 – 2.55	2.44	2.00 – 2.75	2.66	2.25 – 3.00	2.81	2.20 – 3.25
Dec.	1.79	0.50 – 2.83	2.41	1.75 – 3.05	2.71	2.10 – 3.25	3.02	2.35 – 3.50	2.86	2.25 – 3.25
2000 Jan.	1.80	0.50 – 2.70	2.32	1.75 – 2.80	2.64	2.20 – 3.00	2.87	2.40 – 3.20	2.84	2.25 – 3.20
Feb.	1.83	0.50 – 2.75	2.37	1.80 – 2.85	2.68	2.20 – 3.00	2.91	2.50 – 3.20	2.89	2.35 – 3.25

Reporting period 1	Bank savings bonds with regular interest payments									
	Savings deposits									
	with minimum rates of return 8					with higher rates of return 9 (without a duration of contract being agreed)				
maturity of 4 years										
with agreed notice of 3 months					with agreed notice of 3 months					
less than DM 10,000		DM 10,000 and more but less than DM 20,000		DM 20,000 and more but less than DM 50,000						
Average interest rate	Spread	Average interest rate	Spread	Average interest rate	Spread	Average interest rate	Spread	Average interest rate	Spread	
1999 Apr.	3.10	2.75 – 3.60	1.37	1.00 – 2.00	2.08	1.50 – 2.75	2.24	1.65 – 2.75	2.39	1.86 – 2.90
May	3.01	2.75 – 3.50	1.28	1.00 – 2.00	1.92	1.50 – 2.70	2.08	1.50 – 2.60	2.24	1.60 – 2.75
June	3.11	2.75 – 3.50	1.26	1.00 – 1.75	1.90	1.50 – 2.70	2.06	1.50 – 2.50	2.22	1.60 – 2.75
July	3.42	2.80 – 3.90	1.24	1.00 – 1.75	1.89	1.43 – 2.61	2.06	1.50 – 2.50	2.21	1.63 – 2.70
Aug.	3.74	3.00 – 4.25	1.23	1.00 – 1.75	1.91	1.50 – 2.50	2.07	1.50 – 2.50	2.23	1.65 – 2.75
Sep.	3.88	3.00 – 4.30	1.23	1.00 – 1.75	1.92	1.50 – 2.50	2.08	1.50 – 2.63	2.24	1.75 – 2.75
Oct.	4.11	3.25 – 4.70	1.23	1.00 – 2.00	1.94	1.38 – 2.95	2.13	1.50 – 2.75	2.30	1.75 – 2.81
Nov.	4.15	3.25 – 4.50	1.24	1.00 – 2.00	2.00	1.50 – 2.95	2.22	1.55 – 2.80	2.38	1.95 – 3.00
Dec.	4.21	3.50 – 4.60	1.24	1.00 – 2.00	2.03	1.50 – 2.95	2.28	1.55 – 2.91	2.45	1.85 – 3.00
2000 Jan.	4.39	3.50 – 4.85	1.24	1.00 – 2.00	2.03	1.50 – 2.77	2.28	1.75 – 2.90	2.44	1.85 – 3.00
Feb.	4.49	3.50 – 5.00	1.24	1.00 – 1.85	2.04	1.40 – 2.85	2.30	1.75 – 2.90	2.46	1.90 – 3.00

Reporting period 1	Savings deposits with higher rates of return 9 and with duration of contract being agreed for DM 20,000 and more but less than DM 50,000 (total rate of return) 10									
	with agreed notice of 3 months and a duration of contract of									
	up to and including 1 year					with agreed notice of more than 3 months and a duration of contract of				
more than 1 year and up to and including 4 years		more than 4 years		up to and including 1 year		more than 4 years				
Average interest rate	Spread	Average interest rate	Spread	Average interest rate	Spread	Average interest rate	Spread	Average interest rate	Spread	
1999 Apr.	2.59	2.20 – 3.00	2.89	2.43 – 3.75	3.83	2.75 – 5.32	2.61	2.25 – 3.15	3.21	2.50 – 4.58
May	2.44	2.00 – 3.00	2.79	2.30 – 3.25	3.77	2.69 – 5.40	2.48	1.50 – 3.00	3.11	2.50 – 4.14
June	2.40	2.00 – 2.75	2.82	2.30 – 3.25	3.80	2.69 – 5.40	2.45	1.50 – 2.85	3.15	2.69 – 4.14
July	2.48	2.00 – 2.80	2.97	2.33 – 3.80	3.91	2.71 – 5.15	2.63	2.25 – 3.50	3.35	2.75 – 4.14
Aug.	2.55	2.05 – 3.00	3.23	2.50 – 4.00	4.02	2.71 – 5.15	2.73	2.25 – 3.00	3.54	2.75 – 4.36
Sep.	2.61	2.00 – 3.05	3.34	2.50 – 4.00	4.09	3.00 – 5.09	2.80	2.10 – 3.50	3.69	2.75 – 4.51
Oct.	2.78	2.10 – 3.40	3.49	2.29 – 4.30	4.23	3.00 – 5.15	2.93	2.25 – 3.50	3.81	2.75 – 4.60
Nov.	2.89	2.25 – 3.50	3.63	2.50 – 4.25	4.28	3.02 – 5.15	3.01	2.20 – 3.50	3.98	2.75 – 4.58
Dec.	2.96	2.25 – 3.50	3.71	2.50 – 4.25	4.33	3.14 – 5.15	3.05	2.20 – 3.50	4.06	2.75 – 4.58
2000 Jan.	3.03	2.25 – 3.65	3.91	3.05 – 4.53	4.44	3.15 – 5.53	3.18	2.10 – 3.75	4.28	2.75 – 5.12
Feb.	3.08	2.25 – 3.75	4.00	3.25 – 4.61	4.52	3.20 – 5.40	3.18	2.00 – 3.80	4.40	2.75 – 5.12

For footnotes *,1 to 6 see page 45*. — 7 Only such interest rates are taken into account as are above the relevant standard terms of the banks included in the survey. — 8 Only a minimum rate of return is granted, but no premium or bonus. — 9 An interest rate above the minimum rate of return

and/or a premium or a bonus is granted. — 10 Rate of return which is paid when savings plans are held until maturity or when savings objectives have been achieved.

VII. Capital market

1. Sales and purchases of debt securities and shares in Germany *)

Debt securities												
Period	Sales = total pur- chases	Sales					Purchases					
		Domestic debt securities 1					Foreign debt secur- ities 3	Residents				Non- residents 7
		Total	Bank debt securities	Indus- trial bonds	Public debt secur- ities 2	Total 4		Credit in- stitutions including building and loan assoc. 5	Non- banks 6	Bundes- bank open market oper- ations 5		
DM million												
1986	103,497	87,485	29,509	200	57,774	16,012	45,927	31,192	13,667	1,068	57,570	
1987	112,285	88,190	28,448	27	59,768	24,095	78,193	45,305	33,599	711	34,093	
1988	88,425	35,100	11,029	100	46,228	53,325	86,657	36,838	49,417	402	1,769	
1989	118,285	78,409	52,418	344	25,649	39,876	96,073	20,311	76,448	686	22,212	
1990	244,827	220,340	136,799	67	83,609	24,487	225,066	91,833	133,266	33	19,763	
1991	231,965	219,346	131,670	667	87,011	12,619	173,099	45,095	127,310	694	58,866	
1992	291,762	284,054	106,857	175	177,376	7,708	170,873	132,236	37,368	1,269	120,887	
1993	395,110	382,571	151,812	200	230,560	12,539	183,195	164,436	20,095	1,336	211,915	
1994	303,339	276,058	117,185	65	158,939	27,281	279,989	126,808	154,738	1,557	23,349	
1995	227,099	203,029	162,538	350	40,839	24,070	141,282	49,193	94,409	2,320	85,815	
1996	254,359	233,519	191,341	649	41,529	20,840	148,250	117,352	31,751	853	106,109	
1997	332,655	250,688	184,911	1,563	64,214	81,967	204,353	144,177	60,176	-	128,301	
1998	417,693	308,201	254,367	3,143	50,691	109,492	254,293	203,342	50,951	-	163,397	
Euro million												
1999	290,874	198,068	156,399	2,184	39,485	92,806	161,953	74,728	87,225	-	128,921	
1999 Sep.	32,823	24,104	27,950	211	4,057	8,719	22,754	12,429	10,325	-	10,069	
Oct.	16,586	13,246	8,140	1,059	4,048	3,340	13,581	10,113	3,468	-	3,005	
Nov.	23,259	19,761	13,075	174	6,511	3,498	3,576	2,852	724	-	19,683	
Dec.	- 3,102	- 5,772	- 4,192	8	- 1,572	2,670	- 9,930	- 12,798	2,868	-	6,828	
2000 Jan.	26,494	15,149	9,559	50	5,540	11,345	34,086	16,962	17,124	-	7,592	

Shares									
Period	Sales = total pur- chases	Sales			Purchases				
		Domestic shares 8	Foreign shares 9	Foreign debt secur- ities 3	Residents				Non- residents 12
					Total 10	Credit insti- tutions 5, 11	Non-banks 6		
DM million									
1986	32,371	16,394	15,976	17,195	5,022	12,173	-	15,174	
1987	15,845	11,889	3,955	16,439	2,153	14,286	-	594	
1988	21,390	7,528	13,862	18,436	1,177	17,259	-	2,953	
1989	35,511	19,365	16,147	10,231	4,913	5,318	-	25,277	
1990	50,070	28,021	22,048	52,631	7,215	45,416	-	2,561	
1991	33,478	13,317	20,161	32,247	2,466	29,781	-	1,230	
1992	32,595	17,226	15,370	40,651	2,984	37,667	-	8,055	
1993	39,355	19,512	19,843	30,871	4,133	26,738	-	8,485	
1994	55,125	29,160	25,966	54,466	1,622	52,844	-	659	
1995	46,422	23,600	22,822	49,354	11,945	37,409	-	2,931	
1996	72,491	34,212	38,280	55,962	12,627	43,335	-	16,529	
1997	118,786	22,239	96,546	96,133	8,547	87,586	-	22,652	
1998	239,757	48,796	190,962	138,390	20,252	118,138	-	101,366	
Euro million									
1999	148,986	36,010	112,976	96,910	18,637	78,273	-	52,077	
1999 Sep.	9,136	5,602	3,534	4,979	- 91	5,070	-	4,157	
Oct.	6,270	2,110	4,160	4,999	599	4,400	-	1,271	
Nov.	10,709	3,124	7,585	5,787	3,972	1,815	-	4,922	
Dec.	45,800	1,304	44,496	15,146	6,538	8,608	-	30,654	
2000 Jan.	7,693	1,294	6,399	- 4,243	3,204	7,447	-	11,936	

* Until the end of 1999, debt securities comprise the bonds and money market paper of domestic banks, from January 2000 all fixed-interest securities. Investment fund certificates see Table VII.6. — 1 Net sales at market values plus/less changes in issuers' portfolios of their own debt securities. — 2 Including Federal Railways Fund, Federal Post Office and Treuhand agency. — 3 Net purchases or net sales (-) of foreign debt securities by residents; transaction values. — 4 Domestic and foreign debt securities. — 5 Book values; statistically adjusted. — 6 Residual; also including purchases of domestic and foreign securities by domestic invest-

ment funds. — 7 Net purchases or net sales (-) of domestic debt securities by non-residents; transaction values. — 8 At issue prices. — 9 Net purchases or net sales (-) of foreign shares (including direct investment) by residents; transaction values. — 10 Domestic and foreign shares. — 11 Up to the end of 1998, excluding shares under syndicate agreement. — 12 Net purchases or net sales (-) of domestic shares (including direct investment) - before 1989 also including domestic investment fund certificates - by non-residents; transaction values. — From 1995, revised figures owing to changes in the balance of payments statistics.

VII. Capital market

2. Sales of debt securities issued by borrowers domiciled in Germany *

Until the end of 1998 DM million nominal value, from 1999 euro million nominal value

Period	Bank debt securities 1						Industrial bonds 2	Public debt securities 3	Memo item: Foreign DM/euro bonds issued by German-managed syndicates
	Total	All bank debt securities	Mortgage bonds (Hypothekenpfandbriefe)	Communal bonds (Öffentliche Pfandbriefe)	Debt securities issued by specialised credit institutions	Other bank debt securities			
Gross sales 4									
1990	428,698	286,709	14,923	70,701	89,755	111,326	-	141,990	35,168
1991	442,089	292,092	19,478	91,489	80,738	100,386	707	149,288	32,832
1992	572,767	318,522	33,633	134,363	49,195	101,333	-	254,244	57,282
1993	733,126	434,829	49,691	218,496	34,028	132,616	457	297,841	87,309
1994	627,331	412,585	44,913	150,115	39,807	177,750	486	214,261	61,465
1995	620,120	470,583	43,287	208,844	41,571	176,877	200	149,338	102,719
1996	731,992	563,076	41,439	246,546	53,508	221,582	1,742	167,173	112,370
1997	846,567	621,683	53,168	276,755	54,829	236,933	1,915	222,972	114,813
1998	1,030,827	789,035	71,371	344,609	72,140	300,920	3,392	238,400	149,542
Euro million									
1999	571,269	448,216	27,597	187,661	59,760	173,200	2,570	120,483	57,202
1999 July	47,199	27,862	487	11,647	3,754	11,975	100	19,236	7,041
Aug.	36,330	29,896	1,707	10,536	4,472	13,181	160	6,274	1,087
Sep.	58,627	50,560	884	21,803	7,863	20,009	320	7,748	3,320
Oct.	42,659	34,075	2,642	12,192	4,330	14,911	1,060	7,524	4,193
Nov.	49,868	38,337	2,602	12,772	5,240	17,722	225	11,306	1,839
Dec.	38,238	31,041	1,219	9,362	5,473	14,987	5	7,192	962
2000 Jan.	59,554	41,550	2,259	11,454	11,029	16,808	50	17,953	4,602
of which: Debt securities with a maturity of over 4 years 5									
1990	272,642	133,347	10,904	43,250	26,767	52,425	-	139,295	29,791
1991	303,326	172,171	11,911	65,642	54,878	39,741	707	130,448	22,772
1992	430,479	211,775	28,594	99,627	40,267	43,286	-	218,703	51,939
1993	571,533	296,779	43,365	160,055	26,431	66,923	230	274,524	82,049
1994	429,369	244,806	36,397	109,732	29,168	69,508	306	184,255	53,351
1995	409,469	271,763	30,454	141,629	28,711	70,972	200	137,503	85,221
1996	473,560	322,720	27,901	167,811	35,522	91,487	1,702	149,139	92,582
1997	563,333	380,470	41,189	211,007	41,053	87,220	1,820	181,047	98,413
1998	694,414	496,444	59,893	288,619	54,385	93,551	2,847	195,122	139,645
Euro million									
1999	324,888	226,993	16,715	124,067	37,778	48,435	2,565	95,331	44,013
1999 July	29,600	10,847	276	4,377	1,506	4,687	100	18,653	5,232
Aug.	19,000	13,120	674	7,118	2,600	2,729	160	5,721	451
Sep.	30,736	27,970	544	16,451	5,148	5,827	320	2,447	2,633
Oct.	19,014	11,284	783	5,722	1,574	3,205	1,060	6,669	3,534
Nov.	24,740	13,971	1,250	7,588	1,244	3,889	225	10,544	1,299
Dec.	15,785	13,543	753	5,118	3,222	4,450	-	2,242	135
2000 Jan.	25,239	12,809	771	5,978	2,322	3,739	50	12,380	4,368
Net sales 6									
1990	226,707	140,327	- 3,922	- 72	73,287	71,036	- 67	86,449	21,717
1991	227,822	139,396	4,729	22,290	65,985	46,390	558	87,868	18,583
1992	304,751	115,786	13,104	58,235	19,585	24,864	- 175	189,142	34,114
1993	403,212	159,982	22,496	122,917	- 13,156	27,721	180	243,049	43,701
1994	270,088	116,519	18,184	54,316	- 6,897	50,914	- 62	153,630	21,634
1995	205,482	173,797	18,260	96,125	3,072	56,342	- 354	32,039	61,020
1996	238,427	195,058	11,909	121,929	6,020	55,199	585	42,788	69,951
1997	257,521	188,525	16,471	115,970	12,476	43,607	1,560	67,437	63,181
1998	327,991	264,627	22,538	162,519	18,461	61,111	3,118	60,243	84,308
Euro million									
1999	209,096	170,069	2,845	80,230	31,754	55,238	2,185	36,840	22,728
1999 July	18,249	6,499	- 1,309	4,453	839	2,516	31	11,719	2,784
Aug.	20,053	14,505	325	4,735	3,646	5,799	160	5,388	- 535
Sep.	25,249	28,675	- 1,044	12,573	5,497	11,649	207	3,634	1,853
Oct.	16,655	11,337	- 640	4,709	2,070	5,197	1,060	4,258	- 80
Nov.	22,521	15,507	1,035	4,892	2,315	7,264	176	6,838	1,126
Dec.	- 7,788	- 4,908	- 2,529	- 7,707	2,654	2,674	- 8	- 2,872	- 4,809
2000 Jan.	11,022	5,320	- 905	14	5,939	272	50	5,652	- 1,566

* For definitions see the notes in the Statistical Supplement to the Monthly Report 2, Capital market statistics. — 1 Excluding registered bank debt securities. — 2 Debt securities of private enterprises. — 3 Including Federal

Railways Fund, Federal Post Office and Treuhand agency. — 4 Gross sales means only initial sales of newly issued securities. — 5 Maximum maturity according to the terms of issue. — 6 Gross sales less redemptions.

VII. Capital market

3. Outstanding amount of debt securities issued by borrowers domiciled in Germany *

Until the end of 1998 DM million nominal value, from 1999 euro million nominal value

End of year or month	Bank debt securities ¹						Industrial bonds	Public debt securities	Memo item: Foreign DM/euro bonds issued by German-managed syndicates
	Total	All bank debt securities	Mortgage bonds (Hypothekendarlehenbriefe)	Communal bonds (Öffentliche Pfandbriefe)	Debt securities of specialised credit institutions	Other bank debt securities			
DM million									
1990	1,458,943	900,977	138,025	369,901	155,045	238,005	2,604	555,362	223,176
1991	1,686,765	1,040,374	142,757	392,190	221,031	284,396	3,161	643,230	241,760
1992	1,991,515	1,156,162	155,862	450,424	240,616	309,259	2,983	832,370	275,873
1993	2,394,728	1,316,142	178,357	573,341	227,463	336,981	3,163	1,075,422	319,575
1994	2,664,814	1,432,661	196,541	627,657	219,214	389,249	3,101	1,229,053	341,210
1995	2,870,295	1,606,459	214,803	723,781	222,286	445,589	2,746	1,261,090	402,229
1996	3,108,724	1,801,517	226,711	845,710	228,306	500,790	3,331	1,303,877	472,180
1997	3,366,245	1,990,041	243,183	961,679	240,782	544,397	4,891	1,371,313	535,359
1998	3,694,234	2,254,668	265,721	1,124,198	259,243	605,507	8,009	1,431,558	619,668
Euro million									
1999 July	2,021,236	1,257,747	137,668	635,821	147,101	337,157	4,685	758,805	342,004
Aug.	2,041,289	1,272,252	137,993	640,557	150,747	342,956	4,845	764,192	341,469
Sep.	2,066,538	1,300,928	136,949	653,130	156,244	354,605	5,052	760,559	343,322
Oct.	2,083,193	1,312,264	136,309	657,838	158,315	359,802	6,112	764,817	343,242
Nov.	2,105,714	1,327,771	137,344	662,731	160,630	367,067	6,288	771,655	344,368
Dec.	2,097,926	1,322,863	134,814	655,024	163,284	369,741	6,280	768,783	339,560

Breakdown by remaining period to maturity ²

Position at end-January 2000

Maturity in years	DM million	Euro million	DM million	Euro million	DM million	Euro million	DM million	Euro million	DM million	Euro million
less than 2	654,841	459,899	42,024	190,208	49,733	177,937	1,233	193,708	80,447	80,447
2 to less than 4	562,923	361,315	41,149	184,071	43,895	92,201	784	200,822	97,758	97,758
4 to less than 6	346,192	239,025	24,689	135,720	28,755	49,860	1,892	105,274	55,812	55,812
6 to less than 8	195,587	123,821	14,076	72,654	16,251	20,841	1,714	70,052	32,824	32,824
8 to less than 10	194,725	103,778	12,221	57,710	15,607	18,241	554	90,393	54,679	54,679
10 to less than 15	40,925	26,357	649	13,622	7,221	4,865	102	14,466	9,185	9,185
15 to less than 20	49,491	4,469	9	722	755	2,983	-	45,022	2,938	2,938
20 and more	53,242	4,196	-	319	1,067	2,811	-	49,045	5,918	5,918

* Including debt securities temporarily held in the issuers' portfolios. — ¹ Excluding debt securities handed to the trustee for temporary safe custody. — ² Calculated from month under review until final maturity for

debt securities falling due en bloc and until mean maturity of the residual amount outstanding for debt securities not falling due en bloc.

4. Circulation of shares issued by residents of Germany

Until the end of 1998 DM million nominal value, from 1999 euro million nominal value

Period	Share capital = circulation at end of period under review	Net increase or net decrease (-) during period under review	Change in domestic public limited companies' capital due to								
			cash payment and exchange of convertible bonds ¹	issue of bonus shares	contribution of claims and other real assets	contribution of shares, mining shares, GmbH shares, etc.	merger and transfer of assets	change of legal form	reduction of capital and liquidation		
DM million											
1990	144,686	12,650	7,362	751	3,715	1,049	-	43	1,284	-	1,466
1991	151,618	6,932	3,656	610	2,416	407	-	182	411	-	386
1992	160,813	9,198	4,295	728	1,743	1,073	-	732	3,030	-	942
1993	168,005	7,190	5,224	772	387	876	-	10	707	-	783
1994	190,012	14,237	6,114	1,446	1,521	1,883	-	447	5,086	-	1,367
1995	211,231	21,217	5,894	1,498	1,421	1,421	-	623	13,739	-	2,133
1996	216,461	7,131	8,353	1,355	396	1,684	-	3,056	833	-	2,432
1997	221,575	5,115	4,164	2,722	370	1,767	-	2,423	197	-	1,678
1998	238,156	16,578	6,086	2,566	658	8,607	-	4,055	3,905	-	1,188
Euro million											
1999	133,513	11,747	5,519	2,008	190	1,075	-	2,099	1,560	-	708
1999 Aug.	129,665	829	332	544	4	113	-	263	120	-	22
Sep.	131,392	1,727	1,550	206	0	25	-	73	104	-	86
Oct.	132,818	1,427	225	231	7	152	-	3	824	-	15
Nov.	133,184	365	236	207	32	58	-	117	-	-	100
Dec.	133,513	329	229	22	22	33	-	154	38	-	171

o From January 1994 including the shares of east German companies (resultant increase in share circulation: DM 7,771 million). — ¹ Including

share issues out of company profits. — ² Figure reduced by DM 1,902 million owing to revisions.

VII. Capital market

5. Yields and indices on German securities

Period	Yields on bonds outstanding issued by residents 1								Price indices 2, 3		
	Public bonds				Bank debt securities			Memo item: Foreign DM/euro bonds issued by German- managed syndicates 1, 5	Bonds		Shares
	Total	Total	Listed Federal securities		Total	With re- sidual matur- ities of over 9 to 10 years 4	Industrial bonds		German bond index (REX)	CDAX share price index	German share index (DAX)
			Total	With re- sidual matur- ities of over 9 to 10 years 4							
% p.a.								Average daily rate	End- 1987=100	End- 1987=1000	
1990	8.9	8.8	8.8	8.7	9.0	8.9	9.0	9.2	93.50	145.00	1,398.23
1991	8.7	8.6	8.6	8.5	8.9	8.6	8.9	9.2	96.35	148.16	1,577.98
1992	8.1	8.0	8.0	7.8	8.3	8.1	8.7	8.8	101.54	134.92	1,545.05
1993	6.4	6.3	6.3	6.5	6.5	6.8	6.9	6.8	109.36	191.13	2,266.68
1994	6.7	6.7	6.7	6.9	6.9	6.8	7.2	6.9	99.90	176.87	2,106.58
1995	6.5	6.5	6.5	6.9	6.5	7.2	6.9	6.8	109.18	181.47	2,253.88
1996	5.6	5.6	5.6	6.2	5.5	6.4	5.8	5.8	110.37	217.47	2,888.69
1997	5.1	5.1	5.1	5.6	5.0	5.9	5.2	5.5	111.01	301.47	4,249.69
1998	4.5	4.4	4.4	4.6	4.5	4.9	5.0	5.3	118.18	343.64	5,002.39
1999	4.3	4.3	4.3	4.5	4.3	4.9	5.0	5.4	110.60	445.95	6,958.14
1999 July	4.4	4.4	4.4	4.7	4.5	5.0	5.0	5.4	113.65	349.38	5,101.87
Aug.	4.7	4.7	4.7	4.9	4.8	5.3	5.3	5.8	113.19	357.19	5,270.77
Sep.	4.9	4.8	4.8	5.0	4.9	5.5	5.4	6.0	112.33	347.58	5,149.83
Oct.	5.2	5.1	5.1	5.3	5.2	5.7	5.8	6.2	111.45	367.98	5,525.40
Nov.	5.0	4.9	4.9	5.0	5.0	5.4	5.8	6.0	111.64	391.41	5,896.04
Dec.	5.1	5.0	5.0	5.2	5.1	5.5	5.8	6.1	110.60	445.95	6,958.14
2000 Jan.	5.4	5.4	5.3	5.5	5.4	5.9	6.0	6.2	109.61	445.21	6,835.60

1 Bearer debt securities with maximum maturities according to the terms of issue of over 4 years, if their mean residual maturities exceed 3 years. Convertible debt securities, etc., debt securities with unscheduled redemption, zero-coupon bonds, floating-rate notes and bonds not denominated in DM or euros are not included. Group yields for the various categories of securities are weighted with the amounts outstanding of the debt securities

included in the calculation. Monthly figures are calculated on the basis of the yields on all the business days of a month. The annual figures are the unweighted means of the monthly figures. — 2 End of year or month. — 3 Source: German Stock Exchange plc. — 4 Only bonds eligible as underlying instruments for futures contracts are included; calculated as unweighted averages. — 5 As far as quoted on German stock exchanges.

6. Sales and purchases of investment fund certificates in Germany

Period	Sales of investment fund certificates								Purchases									
	Domestic funds (sales receipts)								Residents						Non-residents 4			
	Sales = total purchases	Total	Investment funds open to the general public					Foreign funds 3	Total	Credit institutions including building and loan associations 1		Non-banks 2						
			Total	of which			Specialised investment funds			Total	of which Foreign investment fund certificates	Total	of which Foreign investment fund certificates					
Money market funds				Securities-based funds	Open-end real estate funds													
DM million																		
1990	25,788	26,857	7,904	—	8,032	—	128	18,952	—	1,069	25,766	4,296	—	362	21,470	—	707	22
1991	50,064	37,492	13,738	—	11,599	—	2,144	23,754	—	12,572	49,890	8,594	—	5	41,296	—	12,577	174
1992	81,514	20,474	—	3,102	—	9,189	6,087	23,575	61,040	81,518	10,495	—	2,152	71,023	58,888	—	—	4
1993	80,259	61,672	20,791	—	6,075	14,716	40,881	18,587	76,258	16,982	—	2,476	59,276	16,111	4,001	—	—	—
1994	130,995	108,914	63,263	31,180	24,385	7,698	45,650	22,081	125,943	9,849	—	689	116,094	22,770	5,052	—	—	—
1995	55,246	54,071	16,777	6,147	3,709	6,921	37,294	1,175	56,295	12,172	188	44,123	987	—	1,049	—	—	—
1996	83,386	79,110	16,517	—	4,706	7,273	13,950	62,592	4,276	85,704	19,924	1,685	65,780	2,591	—	2,318	—	—
1997	145,805	138,945	31,501	—	5,001	30,066	6,436	107,445	6,860	149,977	35,924	340	114,053	6,520	—	4,172	—	—
1998	187,216	169,748	38,998	5,772	27,814	4,690	130,750	17,468	190,309	43,937	961	146,372	16,507	—	3,093	—	—	—
Euro million																		
1999	111,079	97,197	37,684	3,347	23,269	7,395	59,513	13,882	105,370	19,862	—	637	85,508	14,519	5,709	—	—	—
1999 July	8,209	7,426	4,202	600	2,207	797	3,223	783	7,757	353	—	285	7,404	1,068	452	—	—	—
Aug.	7,561	6,371	3,153	580	1,678	410	3,218	1,190	7,792	1,105	—	120	6,687	1,070	231	—	—	—
Sep.	3,987	3,398	2,117	514	833	281	1,281	589	3,632	354	—	94	3,278	495	355	—	—	—
Oct.	6,157	5,592	2,310	—	105	1,450	504	3,283	565	4,709	674	—	109	4,035	674	1,448	—	—
Nov.	7,620	4,802	1,516	—	1,098	2,128	62	3,286	2,818	6,277	1,711	—	68	4,566	2,886	1,343	—	—
Dec.	19,259	17,062	892	—	1,294	1,981	—	316	16,169	2,197	—	316	13,119	2,513	930	—	—	—

1 Book values. — 2 Residual. — 3 Net purchases or net sales (–) of foreign investment fund certificates by residents; transaction values. — 4 Net purchases or net sales (–) of domestic investment fund certificates by

non-residents; transaction values (before 1989 classified as shares). — From 1995, revised figures owing to changes in the balance of payments statistics.

VIII. Public finance in Germany

3. Finances of the Government in the national accounts *

Up to the end of 1998, DM billion / from 1999, euro billion

Item	1992	1993	1994	1995 1. p	1996 p	1997 p	1998 p	1999 p
Receipts	1 465.7	1 514.9	1 605.7	1 652.0	1 704.4	1 727.6	1 781.1	946.2
of which								
Taxes	750.1	767.0	804.4	828.8	849.3	855.9	898.2	490.9
Social security contributions	554.6	588.2	632.2	662.4	696.4	719.7	726.1	375.4
Expenditure	1 544.3	1 618.3	1 689.3	1 763.2	1 825.6	1 824.1	1 845.6	967.0
Intermediate input 2	139.2	140.3	140.6	143.1	145.1	142.8	141.0	75.0
Employee compensation	290.2	301.7	306.8	315.9	319.5	318.4	319.6	165.8
Interest	102.7	108.5	113.5	129.0	132.0	133.4	134.4	69.4
Social security benefits 3	738.2	792.4	848.8	902.4	968.2	982.8	995.0	521.5
Gross capital formation	92.0	90.9	90.3	80.6	76.7	70.2	66.9	35.8
Financial balance	- 78.6	- 103.4	- 83.5	- 111.2	- 121.2	- 96.5	- 64.5	- 20.9
as a percentage of the gross domestic product	- 2.5	- 3.2	- 2.5	- 3.2	- 3.4	- 2.6	- 1.7	- 1.1
Memo item								
Deficit of the Treuhand agency	- 29.6	- 38.1	- 37.1	.	.	.	.	.
Debt as defined in Maastricht Treaty as a percentage of the gross domestic product 4	43.1	47.1	49.4	57.1	59.8	60.9	60.7	61.0

Source: Federal Statistical Office. — * Figures according to ESA 95. Notwithstanding the figures shown by the Federal Statistical Office, calculated including – with no impact on the balance – customs duties, the EU share in VAT revenue and EU subsidies. — 1 Adjusted for the balance of notional capital transfers between the public sector and the corporate

sector, mainly in connection with the winding-up of the Treuhand agency. In unadjusted terms, the deficit amounted to 9.8% of GDP. — 2 Excluding social benefits in kind. — 3 Monetary social security benefits and social benefits in kind. — 4 Owing to some conversions, the level of debt differs from that shown in tables VIII. 7 and VIII. 8.

4. Tax revenue of the central, regional and local authorities

Period	Federal and Länder Governments and European Union						Local authorities 4		Balance of untransferred tax shares 5
	Total	Total 1	Federal Government 2	Länder Governments		European Union 3	Total	of which in the New Länder	
				Total	of which New Länder				
DM million									
1998	833,013	727,888	379,491	306,127	.	42,271	104,960	8,841	+ 166
1999	.	775,945	413,733	322,540	.	39,672	.	.	.
1999 3rd qtr	220,200	192,258	101,927	79,744	.	10,587	27,262	2,209	+ 679
4th qtr	.	227,209	127,429	90,462	.	9,319	.	.	.
1999 Oct.	.	52,917	27,381	22,022	.	3,514	.	.	.
Nov.	.	55,246	30,124	22,065	.	3,057	.	.	.
Dec.	.	119,046	69,924	46,375	.	2,748	.	.	.
2000 Jan. p	.	56,839	23,018	26,828	.	6,994	.	.	.
Euro million									
1998	425,913	372,163	194,031	156,520	.	21,613	53,665	4,520	+ 85
1999	.	396,734	211,538	164,912	.	20,284	.	.	.
1999 3rd qtr	112,586	98,300	52,115	40,772	.	5,413	13,939	1,130	+ 347
4th qtr	.	116,170	65,153	46,252	.	4,765	.	.	.
1999 Oct.	.	27,056	14,000	11,260	.	1,797	.	.	.
Nov.	.	28,247	15,402	11,282	.	1,563	.	.	.
Dec.	.	60,867	35,751	23,711	.	1,405	.	.	.
2000 Jan. p	.	29,061	11,769	13,717	.	3,576	.	.	.

Source: Federal Ministry of Finance. — 1 Including receipts from the Equalisation of Burdens levies. — 2 Before deduction of supplementary Federal grants and shares in the revenue of mineral oil tax remitted to the Länder Governments. — 3 Including the (GNP-related) receipts accruing to the EU from 1988 to the detriment of the Federal Government's tax

revenue. — 4 Including local authority taxes of Berlin, Bremen and Hamburg. — 5 Difference between the local authorities' share in the income taxes received by the Länder cash offices in the period in question (see Table VIII. 5) and the amounts passed on to the local authorities during the same period.

VIII. Public finance in Germany

7. Indebtedness of the public sector * (cont 'd)

Up to the end of 1998, DM million / from 1999, euro million

End of year or month	Total	Bundes- bank advances	Treasury discount paper ¹	Treasury notes ²	5-year special Federal bonds ²	Federal savings bonds	Debt secur- ities ²	Direct lending by credit institu- tions ³	Loans from non-banks		Old debt		
									Social security funds	Other ³	owing to German unifica- tion ⁴	Equalisa- tion claims	Other ⁵
"German Unity" Fund / Indemnification Fund ⁶													
1993	87,676	.	1,876	8,873	-	.	43,804	31,566	5	1,552	.	.	.
1994	89,187	.	897	8,867	-	.	43,859	33,744	5	1,816	.	.	.
1995	87,146	.	-	8,891	-	.	44,398	31,925	5	1,927	.	.	.
1996	83,556	.	-	-	-	.	44,321	38,020	5	1,210	.	.	.
1997	79,717	.	-	-	-	.	44,347	34,720	5	645	.	.	.
1998	79,413	.	-	-	-	.	47,998	30,975	-	440	.	.	.
1999 Mar.	40,613	.	-	-	-	.	26,723	13,691	-	199	.	.	.
June	40,715	.	-	-	500	.	26,478	13,542	-	194	.	.	.
Sep.	40,345	.	-	-	500	.	27,822	11,834	-	189	.	.	.
Dec.	40,234	.	-	275	500	.	28,978	10,292	-	189	.	.	.
ERP Special Fund ⁶													
1993	28,263	.	.	.	.	.	9,318	18,945	.	-	.	.	.
1994	28,043	.	.	.	.	.	10,298	17,745	.	-	.	.	.
1995	34,200	.	.	.	.	.	10,745	23,455	.	-	.	.	.
1996	34,135	.	.	.	.	.	10,750	23,385	.	-	.	.	.
1997	33,650	.	.	.	.	.	10,810	22,840	.	-	.	.	.
1998	34,159	.	.	.	.	.	11,944	20,988	.	1,227	.	.	.
1999 Mar.	17,428	.	.	.	.	.	6,426	10,410	.	592	.	.	.
June	16,995	.	.	.	.	.	6,408	10,169	.	418	.	.	.
Sep.	16,368	.	.	.	.	.	6,331	9,639	.	398	.	.	.
Dec.	16,028	.	.	.	.	.	6,250	9,458	.	320	.	.	.
Federal Railways Fund ^{6, 7}													
1994	71,173	.	.	5,208	.	.	29,467	29,232	65	7,200	.	.	.
1995	78,400	.	.	3,848	.	.	28,992	39,005	140	6,415	.	.	.
1996	77,785	.	.	1,882	.	.	28,749	41,537	130	5,489	.	.	.
1997	77,254	.	.	1,927	.	.	25,634	44,807	115	4,772	.	.	.
1998	77,246	.	.	-	500	.	31,648	42,488	79	2,531	.	.	.
1999 Mar.	39,177	.	.	-	511	.	16,883	20,710	40	1,033	.	.	.
June	39,231	.	.	-	1,023	.	16,805	20,401	34	968	.	.	.
Debt-Processing Fund / Redemption Fund for Inherited Liabilities ^{6, 7}													
1993	101,230	.	5,437	.	.	.	.	20,197	-	1,676	.	73,921	.
1994	102,428	.	3,740	.	.	.	.	22,003	2	1,420	.	75,263	.
1995	328,888	.	-	58,699	-	.	98,731	72,732	98	6,468	13,745	78,395	21
1996	331,918	.	-	54,718	-	.	98,468	81,380	95	7,468	8,630	81,142	19
1997	322,032	.	-	54,028	-	.	98,377	81,616	54	7,233	15	80,692	17
1998	304,978	.	-	31,633	-	.	110,006	79,226	54	4,167	-20	79,899	15
1999 Mar.	153,109	.	-	13,397	-	.	59,343	37,433	27	2,031	-9	40,881	6
June	151,097	.	-	11,127	2,000	.	58,897	36,133	27	2,015	-9	40,902	4
"Use of Hard Coal" Equalisation Fund ^{6, 7}													
1995	2,220	.	.	.	.	.	-	2,220	-	-	.	.	.
1996	3,108	.	.	.	.	.	-	3,108	-	-	.	.	.
1997	3,229	.	.	.	.	.	-	3,229	-	-	.	.	.
1998	3,971	.	.	.	.	.	300	3,671	-	-	.	.	.
1999 Mar.	2,247	.	.	.	.	.	153	2,094	-	-	.	.	.
June	2,302	.	.	.	.	.	153	2,148	-	-	.	.	.

Source: Bundesbank calculations based on data from the Federal Statistical Office. — * Excluding public authorities' mutual indebtedness. — ¹ Predominantly Treasury discount paper. — ² Excluding paper in the issuers' portfolios. — ³ Mainly loans against borrowers' notes. Including loans raised abroad. Other loans from non-banks, including liabilities arising from the investment assistance levy. — ⁴ Old liabilities arising from residential construction and liabilities arising from residential construction by the former GDR's armed forces and from residential construction in connection with the return of the troops of the former USSR in eastern Germany to their home country. — ⁵ Old debt mainly expressed in foreign currency, in accordance with the London Debts agreement; excluding debt

securities in own portfolios. — ⁶ The debt incurred through the joint issue of Federal securities is recorded here – in contrast to the capital market statistics – under the Federal Government and its special funds in accordance with the agreed distribution ratios. — ⁷ Since July 1, 1999 the Federal Government has assumed joint responsibility for the debts of the Redemption Fund for Inherited Liabilities, the Federal Railway Fund and the Equalisation Fund for Safeguarding the Use of Coal. The special funds mentioned are only recorded under the Federal Government from July. — ⁸ Data other than end-of-year figures have been estimated. Including indebtedness of municipal special-purpose associations.

VIII. Public finance in Germany

8. Changes in public sector indebtedness *

Item	Level at end of		Net borrowing ¹							
			1998				1999			
	1998	Sep. 1999	Total	1st half	3rd qtr	1st half	3rd qtr	1st half	3rd qtr	
	DM million	Euro million	DM million	Euro million						
Borrowers										
Federal Government ²	957,983	1,393,830	712,654	+ 52,292	+ 40,673	+ 18,091	+ 38,539	+ 20,607	+ 19,705	+ 10,536
"German Unity" Fund	79,270	78,686	40,231	- 394	- 340	+ 152	+ 171	- 756	+ 87	- 386
ERP Special Fund	34,159	32,013	16,368	+ 509	+ 1,010	+ 36	- 919	- 1,227	- 470	- 627
Federal Railways Fund ²	77,246	-	-	- 8	- 863	+ 1,885	- 518	-	- 265	-
Inherited Liabilities Fund ²	304,978	-	-	- 18,495	- 18,094	- 6,660	- 9,549	-	- 4,882	-
"Use of Hard Coal" Equalisation Fund ²	3,971	-	-	+ 742	+ 105	+ 126	+ 531	-	+ 271	-
Indemnification Fund	143	223	114	+ 89	+ 33	+ 30	+ 47	+ 33	+ 24	+ 17
West German Länder Governments	525,380	528,060	269,993	+ 20,083	+ 8,731	+ 2,558	+ 4,251	- 1,570	+ 2,173	- 803
East German Länder Governments	98,192	98,578	50,402	+ 8,018	+ 2,400	+ 1,982	- 1,669	+ 2,055	- 853	+ 1,051
West German local authorities ³	158,960	157,250	80,400	+ 2,542	+ 694	- 900	- 535	+ 650	- 274	+ 332
East German local authorities ³	39,873	40,000	20,452	+ 1,514	+ 112	+ 200	+ 153	+ 50	+ 78	+ 26
Total	2,280,154	2,328,639	1,190,614	+ 66,893	+ 34,462	+ 17,500	+ 30,500	+ 19,843	+ 15,594	+ 10,146
Types of debt										
Treasury discount paper ⁴	25,431	23,016	11,768	- 905	- 614	- 837	- 2,255	- 160	- 1,153	- 82
Treasury notes ⁵	221,724	199,090	101,793	- 19,545	+ 3,813	- 11,201	- 16,965	- 5,669	- 8,674	- 2,898
Five-year special Federal bonds ⁵	199,774	224,735	114,905	+ 22,054	+ 3,906	+ 8,067	+ 17,830	+ 7,130	+ 9,116	+ 3,646
Federal savings bonds	92,698	84,515	43,212	- 6,619	- 1,770	- 883	- 5,378	- 2,805	- 2,750	- 1,434
Debt securities ⁵	729,416	801,940	410,026	+ 58,661	+ 19,846	+ 14,533	+ 41,220	+ 31,304	+ 21,075	+ 16,005
Direct lending by credit institutions ⁶	894,456	881,017	450,457	+ 19,508	+ 12,780	+ 12,113	- 472	- 11,066	- 241	- 5,658
Loans from social security funds	3,148	3,112	1,591	- 482	- 240	- 40	- 314	+ 278	- 161	+ 142
Other loans ⁶	23,395	21,166	10,822	- 3,465	- 3,283	- 2,126	- 3,172	+ 943	- 1,622	+ 482
Old debt ⁷	1,451	1,450	741	- 79	- 34	- 12	+ 1	- 3	+ 1	- 1
Equalisation claims	88,582	88,520	45,260	- 2,235	+ 57	- 2,115	+ 8	- 111	+ 4	- 57
Investment assistance levy	79	79	40	- 0	- 0	- 0	- 0	+ 0	- 0	+ 0
Total	2,280,154	2,328,639	1,190,614	+ 66,893	+ 34,462	+ 17,500	+ 30,500	+ 19,843	+ 15,594	+ 10,146
Creditors										
Banking system										
Bundesbank	8,684	8,684	4,440	-	-	-	-	-	-	-
Credit institutions	1,179,900	1,155,100	590,593	+ 14,700	+ 52,500	- 10,500	- 16,500	- 6,300	- 8,436	- 3,221
Domestic non-banks										
Social security funds ⁸	3,100	3,100	1,585	- 500	- 200	- 100	- 300	+ 300	- 153	+ 153
Other ⁹	312,470	320,956	182,509	- 18,307	- 22,738	- 17,000	+ 42,000	- 33,657	+ 21,474	- 17,209
Foreign creditors ^{pe}	776,000	840,800	411,488	+ 71,000	+ 4,900	+ 45,100	+ 5,300	+ 59,500	+ 2,709	+ 30,422
Total	2,280,154	2,328,639	1,190,614	+ 66,893	+ 34,462	+ 17,500	+ 30,500	+ 19,843	+ 15,594	+ 10,146

Source: Bundesbank calculations based on data from the Federal Statistical Office. — * Excluding public authorities' mutual indebtedness. — ¹ Net borrowing differs from the change in indebtedness, which includes the assumption and reduction of debts. — ² See Table VIII. 7, footnote 6. — ³ Data other than end-of-year figures have been estimated. Including indebtedness of municipal special-purpose associations and municipal hospitals. — ⁴ Excluding mobilisation and liquidity paper. Predominantly Treasury discount paper. — ⁵ Excluding paper in the issuers' portfolios. —

⁶ Including loans raised abroad. — ⁷ Old liabilities arising from residential construction and liabilities arising from the residential construction of the former GDR's armed forces and from residential construction in connection with the return of the troops of the former USSR based in eastern Germany to their home country, and old debt in accordance with the London Debts Agreement. — ⁸ Excluding public bonds acquired by supplementary pension funds for government employees. — ⁹ Ascertained as a difference.

9. Loans raised by public authorities against borrowers' notes

DM million

End of year or month	Total ¹	Federal Government ^{2, 3}	"German Unity" Fund	Debt-Processing Fund	ERP Special Fund	Länder Governments	Local authorities ^{4, 5}	Federal Railways Fund ³	Inherited Liabilities Fund ³	"Use of Hard Coal" Equalisation Fund ³
1994	659,652	17,428	35,565	23,425	17,745	349,377	179,615	36,497	-	-
1995	788,593	31,807	33,857	-	23,455	387,309	185,087	45,560	79,297	2,220
1996	851,245	33,817	39,235	-	23,385	428,292	187,311	47,155	88,942	3,108
1997	883,260	25,914	35,370	-	22,840	471,224	186,087	49,694	88,902	3,229
1998	898,030	23,094	31,415	-	22,215	504,148	184,942	45,098	83,447	3,671
1999 Mar.	876,670	16,598	27,166	-	21,518	503,759	183,692	42,604	77,238	4,095
June	874,412	15,511	26,866	-	20,707	508,399	182,202	41,860	74,665	4,202
Sep.	864,400	130,951	23,515	-	19,631	507,396	182,908	-	-	-

Source: Bundesbank calculations based on data from the Federal Statistical Office. — ¹ Excluding Debt Register claims and cash advances. Including small amounts of: mortgage loans, land charges in annuity and other forms, and debts outstanding. — ² Including Equalisation of Burdens Fund. —

³ See Table VIII. 7, footnote 6. — ⁴ Data other than end-of-year figures have been estimated. Including municipal special-purpose associations and municipal hospitals. — ⁵ Including contractually agreed loans.

VIII. Public finance in Germany

10. Indebtedness of the Federal Government

Up to the end of 1998, DM million / from 1999, euro million

End of year or month	Total	Bundes- bank advances	Treasury discount paper 1		Federal Treasury paper/ Treasury notes 2	5-year special Federal bonds 2	Federal savings bonds	Debt secur- ities 2	Direct lending by credit institu- tions 3, 4	Indebtedness to non-banks		Old debt		
			Total	of which Treasury financing paper						Social security funds 5	Other 3, 6	owing to German unifica- tion 7	Equal- isation claims	Other 8
1993	685,283	-	23,276	22,904	60,565	188,767	46,093	325,201	26,129	730	3,211	1,421	9,698	194
1994	712,488	-	15,870	14,578	66,987	181,737	59,334	359,833	16,654	63	862	1,391	9,576	183
1995	756,834	-	8,072	7,681	52,354	170,719	78,456	402,307	26,572	23	8,111	1,360	8,684	176
1996	839,883	-	26,789	7,166	55,289	176,164	96,391	434,295	32,988	10	7,761	1,330	8,684	183
1997	905,691	-	25,286	5,221	78,848	177,721	99,317	481,619	31,845	10	865	1,300	8,684	197
1998	957,983	-	24,666	4,558	84,760	199,274	92,698	519,718	24,125	-	2,603	1,270	8,684	186
1999 Feb.	505,827	-	12,151	2,094	42,990	105,561	45,456	273,077	20,176	-	1,230	649	4,440	98
Mar.	506,312	-	12,077	2,019	41,245	106,040	45,415	277,684	17,450	-	1,218	645	4,440	100
Apr.	505,694	-	11,907	1,928	41,698	106,532	45,376	281,020	12,882	-	1,094	645	4,440	100
May	507,475	-	11,830	1,851	39,703	107,365	45,346	281,811	15,140	-	1,094	645	4,440	101
June	509,514	-	11,749	1,770	39,775	107,737	44,646	281,350	17,931	-	1,140	645	4,440	102
July 9	709,542	-	11,733	1,681	46,206	112,332	44,293	373,545	71,785	61	4,608	637	44,237	104
Aug.	711,795	-	11,684	1,631	46,772	116,834	43,879	374,380	68,410	61	4,820	637	44,214	104
Sep.	712,654	-	11,685	1,633	46,956	114,405	43,212	372,129	73,386	61	4,820	637	45,260	104
Oct.	718,304	-	11,581	1,612	47,274	114,741	42,606	374,872	76,101	61	5,036	636	45,294	103
Nov.	726,100	-	13,055	1,614	44,928	119,111	41,880	379,735	76,416	61	4,987	639	45,183	104
Dec. P	714,069	-	11,553	1,584	44,335	120,498	41,621	379,808	67,872	60	2,568	476	45,175	104
2000 Jan. P	722,674	-	11,400	1,573	44,478	118,311	40,881	387,735	71,486	60	2,568	476	45,175	104
Feb. P	725,033	-	11,412	1,586	44,692	123,723	40,946	387,503	68,374	60	2,568	476	45,175	104

1 Excluding mobilisation and liquidity paper. In November 1999, including cash bills. — 2 Excluding paper in the issuers' portfolios. — 3 Including loans raised abroad. — 4 Including money market debt. — 5 Including loans granted by supplementary pension funds for government employees. — 6 Including liabilities arising from the investment assistance levy. — 7 Assumption of liabilities arising from residential construction of the former GDR's armed forces and from residential construction in connection

with the return of the troops of the former USSR based in eastern Germany to their home country. — 8 Commutation and compensation debt and old debt mainly expressed in foreign currency. — 9 Since July 1, 1999 the Federal Government has assumed joint responsibility for the debts of the Redemption Fund for Inherited Liabilities, the Federal Railway Fund and the Equalisation Fund for Safeguarding the Use of Coal. The special funds mentioned are ascribed to the Federal Government from July.

11. Federal finance on a cash basis

Up to the end of 1998, DM billion / from 1999, euro billion

Period	Cash receipts 1	Cash expenditure 1, 2	Cash surplus (+) or deficit (-)	Financing 3					Cash surplus (+) or deficit (-), cumulative from beginning of year
				Change				Seigniorage	
				in cash resources 4	in Bundes- bank advances	in market debt	Items in course of settlement		
(a)	(b)	(c)	(d)	(e)					
1993	450.28	512.30	- 62.01	+ 12.95	- 4.35	+ 78.54	-	0.78	- 62.01
1994	463.72	497.55	- 33.83	- 6.12	-	+ 27.21	-	0.50	- 33.83
1995	501.56	549.77	- 48.20	- 3.49	-	+ 44.35	-	0.37	- 48.20
1996	532.67	609.26	- 76.60	+ 6.62	-	+ 83.05	-	0.17	- 76.60
1997	568.83	638.04	- 69.21	- 3.33	-	+ 65.81	-	0.07	- 69.21
1998	597.48	655.33	- 57.84	- 5.43	-	+ 52.29	-	0.12	- 57.84
1999 P	315.59	345.39	- 29.80	+ 1.81	-	+ 31.63	-	0.02	- 29.80
1999 Feb.	20.49	25.01	- 4.52	- 2.35	-	+ 2.17	-	0.01	- 14.14
Mar.	28.90	30.87	- 1.96	- 1.49	-	+ 0.49	-	0.01	- 16.10
Apr.	23.17	21.53	+ 1.64	+ 1.02	-	- 0.62	-	0.00	- 14.46
May	22.28	24.99	- 2.71	- 0.93	-	+ 1.78	-	0.01	- 17.17
June	29.28	30.60	- 1.32	+ 0.73	-	+ 2.04	-	0.01	- 18.49
July	24.35	32.96	- 8.61	- 1.21	-	+ 7.40	-	0.00	- 27.10
Aug.	21.86	23.93	- 2.07	+ 0.19	-	+ 2.25	-	0.01	- 29.18
Sep.	26.75	27.30	- 0.55	+ 0.31	-	+ 0.86	-	0.00	- 29.73
Oct.	20.37	26.68	- 6.31	- 0.66	-	+ 5.65	-	0.00	- 36.04
Nov.	22.19	30.42	- 8.24	- 0.45	-	+ 7.80	-	0.01	- 44.28
Dec. P	50.47	36.00	+ 14.47	+ 2.44	-	- 12.03	-	0.01	- 29.80
2000 Jan. P	22.49	32.25	- 9.76	- 1.12	-	+ 8.61	-	0.03	- 9.76
Feb. P	22.35	24.61	- 2.25	+ 0.10	-	+ 2.36	-	0.00	- 12.02

1 The cash transactions recorded as cash receipts and cash expenditure comprise payments into and out of the accounts carried by the Bundesbank for the Federal Government. The cash receipts and cash expenditure differ from those shown in the official financial statistics primarily because these transactions are recorded not at the time they are entered in the budgetary accounts but at the time of the actual inflow or outflow, and because trans-

actions on behalf of the European Communities (which are not entered in the Federal budget) are conducted through the accounts of the Federal Government. — 2 Including small amounts of special transactions. — 3 Cash balance = column (a) less (b) less (c) less (d) less (e). — 4 Deposits at the Bundesbank and in the money market.

VIII. Public finance in Germany

12. Receipts, expenditure and assets of the wage and salary earners' pension insurance funds

Up to the end of 1998, DM million / from 1999, euro million

Period	Receipts 1			Expenditure 1			Balance of receipts and expenditure	Assets 5					Memorandum item Administrative assets
	Total	of which		Total	of which			Total	Deposits 6	Securities	Mortgage and other loans 7	Real estate	
		Contributions 2	Federal payments		Pension payments 3	Pensioners' health insurance 4							
Western Germany													
1993	243,119	196,357	41,837	248,866	207,633	13,064	- 5,747	39,786	29,957	8,499	1,100	229	6,297
1994	267,265	215,758	48,108	266,443	220,744	14,375	+ 822	33,578	24,194	8,170	909	305	6,890
1995	276,302	225,324	47,979	279,226	230,222	15,923	- 2,924	21,756	16,801	3,948	746	262	7,800
1996 8	288,761	236,036	50,478	288,716	237,464	16,809	+ 45	14,456	9,608	2,119	2,500	229	8,863
1997	305,606	248,463	54,896	295,635	246,011	17,892	+ 9,971	14,659	10,179	1,878	2,372	230	9,261
1998 p	317,340	250,063	65,191	304,155	254,349	18,636	+ 13,185	18,194	14,201	1,493	2,274	226	9,573
1999 pe	168,978	128,196	39,772	159,035	134,384	9,898	+ 9,943	13,741	11,656	824	1,128	133	4,955
1999 1st qtr	38,950	30,164	8,557	39,103	33,283	2,443	- 153	8,092	5,836	955	1,156	145	4,821
2nd qtr	41,190	31,230	9,711	39,086	33,192	2,438	+ 2,103	8,136	5,854	993	1,145	144	4,850
3rd qtr	42,519	31,671	10,608	40,166	33,939	2,489	+ 2,353	8,950	6,788	893	1,135	134	4,911
4th qtr	46,089	35,130	10,666	40,578	33,972	2,527	+ 5,512	13,741	11,656	824	1,128	133	4,955
Eastern Germany													
1993	53,241	36,051	10,834	55,166	45,287	2,834	- 1,925	.	.	.	.	.	.
1994	63,001	40,904	13,783	65,811	53,136	3,376	- 2,810	.	.	.	.	.	.
1995	70,774	44,970	16,408	77,780	63,812	4,362	- 7,006	.	.	.	.	.	.
1996	74,790	46,580	17,910	83,830	68,316	4,851	- 9,040	.	.	.	.	.	.
1997	79,351	48,939	20,065	87,424	70,500	5,388	- 8,073	.	.	.	.	.	.
1998 p	81,072	47,764	23,564	90,863	72,938	5,757	- 9,791	.	.	.	.	.	.
1999 pe	42,444	24,002	14,575	47,621	38,405	3,032	- 5,176	.	.	.	.	.	.
1999 1st qtr	10,008	5,767	3,360	11,683	9,500	745	- 1,676	.	.	.	.	.	.
2nd qtr	10,383	5,935	3,680	11,713	9,473	748	- 1,330	.	.	.	.	.	.
3rd qtr	10,532	5,901	3,608	12,040	9,719	767	- 1,508	.	.	.	.	.	.
4th qtr	11,523	6,398	3,927	12,057	9,713	772	- 534	.	.	.	.	.	.

Source: Federal Minister of Labour and Social Affairs and Association of German Pension Insurance Funds. — 1 The annual figures differ from the sum of the quarterly figures, as the latter are all provisional. From 1993 including financial compensation payments. — 2 Including contributions for recipients of public financial benefits. — 3 Payments by pension insurance funds to health insurance institutions under section 50 of the Social Security Code V have been deducted from pension payments. — 4 From 1995

including nursing insurance scheme for pensioners. — 5 Largely corresponds to fluctuation reserves. Level at the end of the year or quarter. From 1992 figures for the whole of Germany. — 6 Including cash resources. — 7 Excluding loans to other social security funds; including participating interests. — 8 Excluding receipts arising from the higher valuation of participating interests.

13. Receipts and expenditure of the Federal Labour Office

Up to the end of 1998, DM million / from 1999, euro million

Period	Receipts			Expenditure								Balance of receipts and expenditure	Subsidies or working fund credits of the Federal Government
	Total 1	of which		Total	of which			Promotion of vocational training 4, 5			Promotion of winter construction		
		Contributions	Levies 2		Total	Western Germany	Eastern Germany	Total	Western Germany	Eastern Germany			
Germany													
1993	85,109	79,895	1,829	109,536	48,005	34,149	13,856	36,891	15,895	20,996	1,919	- 24,426	24,419
1994	89,658	81,536	3,822	99,863	48,342	35,163	13,179	31,273	14,382	16,891	1,822	- 10,205	10,142
1995	90,211	84,354	2,957	97,103	49,254	36,161	13,094	34,441	16,745	17,696	1,586	- 6,892	6,887
1996	91,825	85,073	3,346	105,588	57,123	40,186	16,938	36,478	18,368	18,111	903	- 13,763	13,756
1997	93,149	85,793	2,959	102,723	60,273	40,309	19,964	31,418	16,117	15,301	443	- 9,574	9,574
1998	91,088	86,165	2,868	98,852	53,483	35,128	18,355	34,279	16,784	17,496	471	- 7,764	7,719
1999	47,954	45,141	1,467	51,694	25,177	16,604	8,573	20,558	10,480	10,078	279	- 3,740	3,739
1999 1st qtr	10,788	10,398	98	12,532	6,504	4,357	2,147	4,567	2,244	2,323	176	- 1,744	4,186
2nd qtr	11,792	10,917	391	13,224	6,578	4,334	2,244	5,227	2,661	2,566	94	- 1,432	1,208
3rd qtr	11,908	11,247	401	12,430	5,964	3,899	2,064	5,043	2,588	2,455	7	- 521	443
4th qtr	13,466	12,578	577	13,509	6,132	4,014	2,118	5,721	2,987	2,734	3	- 43	- 2,098

Source: Federal Labour Office. — 1 Excluding Federal Government liquidity assistance. — 2 Levies to promote winter construction and to pay bankruptcy compensation to employees. — 3 Unemployment benefits, short-time-working benefits. Including the integration allowance paid to resettlers from eastern Europe and emigrants from the GDR as a

replacement for the unemployment benefits. — 4 Including contributions to the statutory health insurance, and to the pension insurance funds. — 5 Vocational training, measures to foster the commencement of work, rehabilitation and job creation measures.

IX. Economic conditions

1. Origin and expenditure of domestic product, distribution of national income Germany

Item	1993	1994	1995	1996 p	1997 p	1998 p	1999 r	1999 r	1996 p	1997 p	1998 p	1999 r	1999 r
	DM billion							Euro billion	Change from previous year in %				% of total
at 1995 prices													
I. Origin of domestic product													
Producing sector (excluding construction)	812.3	833.2	837.8	828.5	848.7	883.1	891.5	455.8	- 1.1	2.4	4.0	1.0	23.9
Construction	216.0	228.5	223.0	215.4	211.4	200.6	198.5	101.5	- 3.4	- 1.9	- 5.1	- 1.0	5.3
Distribution, catering trade, and transportation ¹	565.4	574.2	585.8	588.8	603.1	623.4	640.9	327.7	0.5	2.4	3.4	2.8	17.2
Financing, rents and corporate services ²	851.1	867.5	911.4	954.6	989.6	1,030.1	1,066.9	545.5	4.7	3.7	4.1	3.6	28.6
Public and private services ³	686.8	700.7	713.6	718.6	719.0	722.8	723.9	370.1	0.7	0.1	0.5	0.1	19.4
All economic sectors	3,174.1	3,244.3	3,313.7	3,351.1	3,416.8	3,506.3	3,569.0	1,824.8	1.1	2.0	2.6	1.8	95.6
Memo item: Enterprise sector	2,731.2	2,795.6	2,863.6	2,900.1	2,970.0	3,061.3	3,126.0	1,598.3	1.3	2.4	3.1	2.1	83.8
Economic sectors, adjusted ⁴	3,048.0	3,112.1	3,176.6	3,202.2	3,254.5	3,329.2	3,376.0	1,726.1	0.8	1.6	2.3	1.4	90.5
Gross domestic product	3,383.8	3,463.2	3,523.0	3,549.6	3,601.1	3,678.6	3,732.3	1,908.3	0.8	1.5	2.2	1.5	100
II. Expenditure of domestic product													
Private consumption ⁵	1,942.0	1,961.3	2,001.6	2,017.3	2,032.2	2,078.8	2,122.7	1,085.3	0.8	0.7	2.3	2.1	56.9
Government consumption	671.1	687.3	697.8	712.8	704.7	708.0	709.5	362.7	2.1	- 1.1	0.5	0.2	19.0
Machinery and equipment	256.2	251.3	253.9	257.1	265.9	290.3	305.0	156.0	1.2	3.4	9.2	5.1	8.2
Construction	482.1	515.5	506.0	491.5	484.4	465.7	465.7	238.1	- 2.9	- 1.4	- 3.9	0.0	12.5
Other investment ⁶	26.8	29.0	30.6	33.4	35.3	40.7	44.5	22.8	8.9	5.9	15.1	9.4	1.2
Changes in stocks ⁷	- 13.1	- 3.9	8.1	- 5.1	8.7	34.7	51.2	26.2	.	.	.	.	1.4
Domestic expenditure	3,365.1	3,440.5	3,498.1	3,507.0	3,531.3	3,618.1	3,698.6	1,891.0	0.3	0.7	2.5	2.2	99.1
Foreign balance	18.7	22.7	25.0	42.6	69.8	60.5	33.7	17.2	.	.	.	.	0.9
Exports	758.0	815.7	862.3	906.4	1,005.3	1,075.6	1,121.1	573.2	5.1	10.9	7.0	4.2	30.0
Imports	739.4	793.0	837.4	863.8	935.6	1,015.0	1,087.4	556.0	3.2	8.3	8.5	7.1	29.1
Gross domestic product	3,383.8	3,463.2	3,523.0	3,549.6	3,601.1	3,678.6	3,732.3	1,908.3	0.8	1.5	2.2	1.5	100
at current prices													
III. Expenditure of domestic product													
Private consumption ⁵	1,857.5	1,925.1	2,001.6	2,055.4	2,106.8	2,174.7	2,238.8	1,144.7	2.7	2.5	3.2	2.9	57.7
Government consumption	643.0	669.2	697.8	717.5	714.2	719.4	736.2	376.4	2.8	- 0.5	0.7	2.3	19.0
Machinery and equipment	254.8	250.9	253.9	258.5	270.0	297.0	310.7	158.9	1.8	4.5	10.0	4.6	8.0
Construction	462.8	505.1	506.0	488.0	479.8	460.7	458.2	234.3	- 3.6	- 1.7	- 4.0	- 0.5	11.8
Other investment ⁶	27.6	29.3	30.6	32.9	35.2	39.5	42.8	21.9	7.3	6.9	12.3	8.4	1.1
Changes in stocks ⁷	- 17.3	1.9	8.1	- 5.6	7.1	29.6	47.1	24.1	.	.	.	.	1.2
Domestic expenditure	3,228.4	3,381.5	3,498.1	3,546.7	3,613.0	3,720.9	3,833.8	1,960.2	1.4	1.9	3.0	3.0	98.9
Foreign balance	7.0	13.0	25.0	39.3	53.6	63.3	43.3	22.1	.	.	.	.	1.1
Exports	736.5	800.1	862.3	908.8	1,020.9	1,092.1	1,132.1	578.9	5.4	12.3	7.0	3.7	29.2
Imports	729.5	787.1	837.4	869.5	967.3	1,028.9	1,088.9	556.7	3.8	11.2	6.4	5.8	28.1
Gross domestic product	3,235.4	3,394.4	3,523.0	3,586.0	3,666.6	3,784.2	3,877.1	1,982.3	1.8	2.2	3.2	2.5	100
IV. Prices (1995=100)													
Private consumption	95.6	98.2	100.0	101.9	103.7	104.6	105.5	.	1.9	1.7	0.9	0.8	.
Gross domestic product	95.6	98.0	100.0	101.0	101.8	102.9	103.9	.	1.0	0.8	1.0	1.0	.
Terms of trade	98.5	98.8	100.0	99.6	98.2	100.2	100.8	.	- 0.4	- 1.4	2.0	0.7	.
V. Distribution of national income													
Wages and salaries	1,829.5	1,874.7	1,941.4	1,965.7	1,971.2	2,001.8	2,044.6	1,045.4	1.3	0.3	1.6	2.1	71.4
Entrepreneurial and property income	626.7	673.2	715.9	735.9	780.3	821.4	818.6	418.6	2.8	6.0	5.3	- 0.3	28.6
National income	2,456.2	2,547.9	2,657.3	2,701.6	2,751.5	2,823.2	2,863.3	1,464.0	1.7	1.8	2.6	1.4	100
Memo item: Gross national income (Gross nat. product)	3,248.9	3,380.6	3,504.4	3,570.1	3,649.4	3,754.1	3,839.5	1,963.1	1.9	2.2	2.9	2.3	.

Source: Federal Statistical Office. — 1 Including telecommunications. — 2 Financial intermediation, real estate activities, rents and corporate services. — 3 Including care-at-home services. — 4 Gross value added after deduction of assumed bank charges, but excluding taxes on products (offset against subsi-

dies on products). — 5 Including private non-commercial organisations. — 6 Intangible fixed capital formation (inter alia, EDP software, copyrights) and economically useful animals and plants. — 7 Including net increase in valuables.

IX. Economic conditions

6. Labour market *

Period	Employed 1,2			Employees 1		Persons in employment 3		Short-time workers	Persons employed under employment promotion schemes 5	Persons undergoing vocational further training	Unemployed		Unemployment rate 6 in %	Vacancies, thousands		
	Thousands	Change from previous year		Thousands	Change from previous year in %	Mining and manufacturing sector	Construction 4				Thousands	Thousands			Thousands	Change from previous year, thousands
		in %	Thousands													
Germany																
1997	35,868	- 0.8	- 288	31,949	- 1.1	6,316 ⁸	1,225	183	302	431	4,384	+ 419	11.4	337		
1998	35,996	+ 0.4	+ 128	32,001	+ 0.2	6,400	1,159	115	385	343	4,279	- 105	11.1	422		
1999	36,113	+ 0.3	+ 117	32,100	+ 0.3	6,370	1,111	119	430	358	4,099	- 180	10.5	456		
1999 Feb.	35,548	+ 0.9	+ 300	31,598	+ 0.8	6,365	1,034	161	465	373	4,465	- 354	11.6	451		
Mar.	35,770	+ 0.8	+ 290			6,368	1,089	167	467	376	4,288	- 335	11.1	496		
Apr.	35,954	+ 0.7	+ 247	32,050	+ 0.5	6,335	1,116	136	465	375	4,145	- 275	10.7	508		
May	36,068	+ 0.5	+ 196			6,331	1,124	137	454	379	3,998	- 199	10.2	502		
June	36,170	+ 0.4	+ 143			6,343	1,129	131	439	366	3,938	- 137	10.1	491		
July	36,242	+ 0.3	+ 98			6,373	1,133	107	422	343	4,027	- 107	10.3	482		
Aug.	36,364	+ 0.1	+ 37	6,397	1,140	88	407	329	4,024	- 72	10.3	479				
Sep.	36,528	- 0.1	- 48	6,406	1,138	86	390	342	3,943	- 22	10.1	458				
Oct.	36,570	- 0.2	- 78	32,386	- 0.2	6,386	1,134	90	380	351	3,883	- 8	9.9	431		
Nov.	36,447	- 0.2	- 61			6,381	1,124	90	372	346	3,901	- 45	10.0	412		
Dec.	36,189	- 0.1	- 20			6,350	1,095	85	358	324	4,047	- 150	10.3	402		
2000 Jan.	101	327	323	4,293	- 162	11.0	435
Feb.	...	...	...	...	...	...	...	121	319	332	4,277	- 188	10.9	495
Western Germany																
1997	.	.	.	.	.	5,753 ⁸	836	133	68	248	3,021	+ 225	9.8	282
1998	.	.	.	.	.	5,813	804	81	71	193	2,904	- 117	9.4	342
1999	.	.	.	.	.	5,775	775	92	82	215	2,756	- 149	8.8	386
1999 Feb.	.	.	.	.	.	5,777	729	123	83	218	3,023	- 191	9.7	372
Mar.	.	.	.	.	.	5,779	759	125	86	224	2,897	- 178	9.3	409
Apr.	.	.	.	.	.	5,748	777	103	87	227	2,800	- 153	9.0	422
May	.	.	.	.	.	5,742	781	107	87	232	2,695	- 130	8.6	423
June	.	.	.	.	.	5,752	785	102	86	224	2,653	- 120	8.4	418
July	.	.	.	.	.	5,778	788	83	83	210	2,692	- 126	8.6	413
Aug.	.	.	.	.	.	5,799	794	69	81	202	2,678	- 124	8.5	409
Sep.	.	.	.	.	.	5,802	794	66	78	207	2,622	- 111	8.3	391
Oct.	.	.	.	.	.	5,779	789	71	76	211	2,591	- 113	8.2	368
Nov.	.	.	.	.	.	5,774	784	70	74	208	2,604	- 141	8.3	356
Dec.	.	.	.	.	.	5,746	768	66	70	195	2,690	- 195	8.6	354
2000 Jan.	.	.	.	.	.	...	...	77	69	194	2,827	- 198	9.0	385
Feb.	.	.	.	.	.	...	...	89	69	201	2,797	- 226	8.9	436
Eastern Germany																
1997	.	.	.	.	.	564 ⁸	389	49	235	184	1,364	+ 195	18.1	56
1998	.	.	.	.	.	586	355	34	314	149	1,375	+ 11	18.2	79
1999	.	.	.	.	.	595	336	27	348	143	1,344	- 31	17.6	70
1999 Feb.	.	.	.	.	.	588	305	39	381	155	1,442	- 163	19.1	79
Mar.	.	.	.	.	.	589	329	42	382	153	1,392	- 157	18.4	87
Apr.	.	.	.	.	.	587	339	33	377	148	1,346	- 123	17.8	86
May	.	.	.	.	.	589	342	30	367	147	1,303	- 69	17.0	78
June	.	.	.	.	.	591	344	29	353	143	1,285	- 17	16.8	73
July	.	.	.	.	.	595	345	24	338	134	1,335	+ 19	17.4	69
Aug.	.	.	.	.	.	598	346	20	327	127	1,346	+ 52	17.6	70
Sep.	.	.	.	.	.	604	345	21	313	134	1,321	+ 89	17.2	67
Oct.	.	.	.	.	.	607	345	19	304	139	1,293	+ 105	16.9	63
Nov.	.	.	.	.	.	607	340	19	299	139	1,297	+ 96	16.9	55
Dec.	.	.	.	.	.	603	327	19	287	129	1,357	+ 45	17.7	48
2000 Jan.	.	.	.	.	.	...	...	24	259	129	1,467	+ 37	19.1	51
Feb.	.	.	.	.	.	...	...	32	250	131	1,480	+ 38	19.3	59

Source: Federal Statistical Office; Federal Labour Office. — * Monthly figures: levels at end of month; employed persons and employees: averages; short-time workers: levels at mid-month; annual and quarterly figures: averages. — 1 Work-place concept; from 1996 provisional. — 2 Annual figures, calculated by the Bundesbank; deviations from the official figures are due to rounding. — 3 Including active proprietors. — 4 The figures refer to the economic classifications "Site preparation" and "Building of complete constructions or parts thereof; civil engineering". — 5 Employees involved in job creation schemes and receiving productive grants towards labour costs (up to December 1997 approved cases) and (from January 1998 approved, but from April 1998 statistically recorded) structural adjustment

measures (SAM). — 6 Relative to the total civilian labour force. — 7 From January 1998, figures favourably affected by including, for the first time, enterprises which were identified in the 1995 survey of craft enterprises and which are now required to report. — 8 From March 1997, figures favourably affected by including, for the first time, building contractors who were identified in the 1995 survey of craft enterprises and are now required to report. — 9 Comparison with previous periods not possible because of the deletion of payments towards on-the-job training, vocational assistance measures and methodological changes in the collection of statistics. — 10 From May 1999 calculated on the basis of new labour force figures. — o First preliminary estimate.

IX. Economic conditions

7. Prices
Germany

Consumer price index for all households													Index of world market prices of raw materials ³
Period	By region		By product group ¹				Overall construction price level ¹	Index of producer prices of industrial products sold on the domestic market ²	Index of producer prices of farm products	Indices of foreign trade prices		Index of world market prices of raw materials ³	
	Total	Western Germany	Eastern Germany	Food	Other durable and non-durable consumer goods	Services excluding house rents				House rents	Exports		Imports
	1995 = 100							1991 = 100		1995 = 100			
Index level													
1996	101.4	101.3	101.9	100.9	100.5	101.6	103.4	99.8	98.8	91.1	100.0	100.4	108.5
1997	103.3	103.2	104.2	102.1	101.8	104.1	106.3	99.0	99.9	92.5	101.5	104.0	122.8
1998	104.3	104.1	105.3	103.0	101.9	106.1	108.0	98.8	99.5	87.1	101.4	100.7	97.0
1999	104.9	104.8	105.7	101.9	102.8	106.4	109.2	98.5	98.5	82.6	100.9	100.2	113.5
1998 Apr.	104.1	103.9	105.0	103.6	101.9	105.1	107.8	99.1	100.0	90.9	102.0	102.7	105.2
May	104.4	104.2	105.4	104.3	102.0	105.7	107.9		99.9	88.8	101.8	102.1	101.8
June	104.5	104.4	105.5	104.5	101.9	106.2	108.0		99.9	89.3	101.7	101.1	98.2
July	104.8	104.6	105.7	103.6	102.2	107.2	108.1		99.0	99.7	88.2	101.6	100.6	97.1
Aug.	104.6	104.5	105.6	102.5	101.8	107.6	108.1	99.5		86.7	101.4	99.9	94.6
Sep.	104.4	104.2	105.4	101.9	102.0	106.5	108.3	99.4		85.8	101.1	99.0	93.4
Oct.	104.2	104.0	105.2	101.4	101.9	106.1	108.3	98.7	98.9	84.2	100.7	98.0	87.5
Nov.	104.2	104.1	105.3	101.7	102.0	105.9	108.3		98.5	82.7	100.6	97.7	86.2
Dec.	104.3	104.1	105.3	102.1	101.9	106.2	108.4		98.3	86.2	100.4	97.2	80.1
1999 Jan.	104.1	103.9	105.0	103.1	101.6	105.2	108.7		98.5	97.8	83.5	100.1	97.1	83.2
Feb.	104.3	104.1	105.3	103.1	101.4	106.2	108.8	97.7		84.2	100.2	97.2	83.7
Mar.	104.4	104.3	105.3	103.0	101.6	106.2	108.9	97.7		84.7	100.3	98.0	93.9
Apr.	104.8	104.6	105.6	103.4	102.8	105.4	109.0	98.4	98.3	83.5	100.4	98.7	104.2
May	104.8	104.7	105.7	103.5	102.5	105.8	109.1		98.3	84.0	100.5	99.0	106.3
June	104.9	104.8	105.7	102.9	102.7	106.2	109.1		98.4	85.4	100.7	99.3	109.8
July	105.4	105.3	106.1	101.9	103.1	107.8	109.3		98.7	84.4	100.9	100.2	118.1
Aug.	105.3	105.3	105.9	100.8	103.2	107.8	109.3	98.5	98.8	83.9	101.0	100.7	121.4
Sep.	105.1	105.0	105.8	100.2	103.4	106.7	109.4		98.9	83.8	101.3	101.7	131.4
Oct.	105.0	104.9	105.7	99.9	103.5	106.2	109.5		99.1	82.9	101.5	102.1	126.4
Nov.	105.2	105.1	105.8	100.1	103.7	106.4	109.7	98.7	99.2	84.0	101.7	103.5	138.1
Dec.	105.5	105.5	106.0	100.4	104.0	107.0	109.7		99.4	84.8	102.1	105.2	145.2
2000 Jan.	s 105.8	105.7	106.4	101.3	104.4	106.9	110.0	99.8	p 83.8	83.8	102.4	106.0	146.5
Feb.	106.2	...	...	...	...	...	...	...	...	...	...	...	157.1
Change from previous year in %													
1996	+ 1.4	+ 1.3	+ 1.9	+ 0.9	+ 0.5	+ 1.6	+ 3.4	- 0.2	- 1.2	- 0.5	± 0.0	+ 0.4	+ 8.5
1997	+ 1.9	+ 1.9	+ 2.3	+ 1.2	+ 1.3	+ 2.5	+ 2.8	- 0.8	+ 1.1	+ 1.5	+ 1.5	+ 3.6	+ 13.2
1998	+ 1.0	+ 0.9	+ 1.1	+ 0.9	+ 0.1	+ 1.9	+ 1.6	- 0.2	- 0.4	- 5.8	- 0.1	- 3.2	- 21.0
1999	+ 0.6	+ 0.7	+ 0.4	- 1.1	+ 0.9	+ 0.3	+ 1.1	- 0.3	- 1.0	- 5.2	- 0.5	- 0.5	+ 17.0
1998 Apr.	+ 1.5	+ 1.5	+ 1.4	+ 1.5	+ 0.5	+ 2.8	+ 1.7	± 0.0	+ 0.3	- 3.4	+ 0.8	- 0.7	- 11.4
May	+ 1.4	+ 1.4	+ 1.4	+ 1.3	+ 0.6	+ 2.6	+ 1.5		+ 0.1	- 8.1	+ 0.4	- 1.6	- 18.0
June	+ 1.4	+ 1.4	+ 1.4	+ 1.1	+ 0.7	+ 2.5	+ 1.6		- 0.1	- 4.1	+ 0.1	- 2.4	- 18.4
July	+ 0.9	+ 0.9	+ 0.9	+ 0.8	+ 0.3	+ 1.3	+ 1.5		- 0.4	- 4.5	- 0.2	- 3.6	- 21.4
Aug.	+ 0.6	+ 0.6	+ 0.7	+ 0.8	- 0.4	+ 1.4	+ 1.4	± 0.0	- 0.8	- 7.3	- 0.7	- 5.1	- 26.6
Sep.	+ 0.6	+ 0.6	+ 0.6	+ 0.4	- 0.2	+ 1.1	+ 1.6		- 1.0	- 8.9	- 0.9	- 5.4	- 25.3
Oct.	+ 0.5	+ 0.5	+ 0.5	± 0.0	- 0.5	+ 1.5	+ 1.5		- 1.4	- 8.9	- 1.3	- 6.2	- 31.0
Nov.	+ 0.5	+ 0.5	+ 0.7	+ 0.1	- 0.3	+ 1.2	+ 1.4	± 0.0	- 1.8	- 11.3	- 1.4	- 6.1	- 29.1
Dec.	+ 0.4	+ 0.3	+ 0.5	- 0.2	- 0.2	+ 0.9	+ 1.4		- 1.9	- 7.3	- 1.5	- 6.6	- 31.7
1999 Jan.	+ 0.2	+ 0.2	+ 0.2	- 0.4	- 0.2	+ 0.3	+ 1.3	+ 0.1	- 2.3	- 9.4	- 1.9	- 6.6	- 24.1
Feb.	+ 0.2	+ 0.2	+ 0.2	- 0.4	- 0.2	+ 0.3	+ 1.2		- 2.4	- 9.8	- 1.8	- 6.2	- 21.4
Mar.	+ 0.4	+ 0.5	+ 0.4	± 0.0	- 0.1	+ 0.6	+ 1.2		- 2.3	- 8.6	- 1.7	- 4.9	- 9.5
Apr.	+ 0.7	+ 0.7	+ 0.6	- 0.2	+ 0.9	+ 0.3	+ 1.1	- 0.7	- 1.7	- 8.1	- 1.6	- 3.9	- 1.0
May	+ 0.4	+ 0.5	+ 0.3	- 0.8	+ 0.5	+ 0.1	+ 1.1		- 1.7	- 5.4	- 1.3	- 3.0	+ 4.4
June	+ 0.4	+ 0.4	+ 0.2	- 1.5	+ 0.8	± 0.0	+ 1.0		- 1.5	- 4.4	- 1.0	- 1.8	+ 11.8
July	+ 0.6	+ 0.7	+ 0.4	- 1.6	+ 0.9	+ 0.6	+ 1.1		- 1.0	- 4.3	- 0.7	- 0.4	+ 21.6
Aug.	+ 0.7	+ 0.8	+ 0.3	- 1.7	+ 1.4	+ 0.2	+ 1.1	- 0.5	- 0.7	- 3.2	- 0.4	+ 0.8	+ 28.3
Sep.	+ 0.7	+ 0.8	+ 0.4	- 1.7	+ 1.4	+ 0.2	+ 1.0		- 0.5	- 2.3	+ 0.2	+ 2.7	+ 40.7
Oct.	+ 0.8	+ 0.9	+ 0.5	- 1.5	+ 1.6	+ 0.1	+ 1.1		+ 0.2	- 1.5	+ 0.8	+ 4.2	+ 44.5
Nov.	+ 1.0	+ 1.0	+ 0.5	- 1.6	+ 1.7	+ 0.5	+ 1.3	± 0.0	+ 0.7	+ 1.6	+ 1.1	+ 5.9	+ 60.2
Dec.	+ 1.2	+ 1.3	+ 0.7	- 1.7	+ 2.1	+ 0.8	+ 1.2		+ 1.1	- 1.6	+ 1.7	+ 8.2	+ 81.3
2000 Jan.	+ 1.6	+ 1.7	+ 1.3	- 1.7	+ 2.8	+ 1.6	+ 1.2	s	+ 2.0	p 0.4	+ 2.3	+ 9.2	+ 76.1
Feb.	1.8

Source: Federal Statistical Office; for index of world market prices: HWWA Institute. — ¹ Calculated by the Bundesbank on the basis of figures provided by the Federal Statistical Office. — ² Excluding value-added tax. — ³ HWWA index of raw material prices, on a Deutsche Mark basis.

IX. Economic conditions

8. Households' income * Germany

Period	Gross wages and salaries 1		Net wages and salaries 2		Monetary social benefits received 3		"Mass income" 4		Disposable income 5		Saving 6		Saving ratio 7
	DM billion	Change from previous year in %	DM billion	Change from previous year in %	DM billion	Change from previous year in %	DM billion	Change from previous year in %	DM billion	Change from previous year in %	DM billion	Change from previous year in %	%
1991	1,351.4	.	937.4	.	427.6	.	1,365.1	.	1,915.5	.	250.1	.	13.1
1992	1,463.0	8.3	998.8	6.5	475.4	11.2	1,474.2	8.0	2,051.4	7.1	265.4	6.1	12.9
1993	1,501.0	2.6	1,028.0	2.9	512.8	7.9	1,540.8	4.5	2,120.8	3.4	263.3	- 0.8	12.4
1994	1,522.7	1.4	1,024.1	- 0.4	531.3	3.6	1,555.3	0.9	2,178.5	2.7	253.4	- 3.7	11.6
1995	1,570.0	3.1	1,030.9	0.7	555.6	4.6	1,586.5	2.0	2,253.7	3.5	252.1	- 0.5	11.2
1996 P	1,585.7	1.0	1,024.5	- 0.6	596.8	7.4	1,621.3	2.2	2,304.7	2.3	249.3	- 1.1	10.8
1997 P	1,579.8	- 0.4	1,004.6	- 1.9	611.0	2.4	1,615.6	- 0.4	2,351.3	2.0	244.6	- 1.9	10.4
1998 P	1,605.8	1.6	1,021.6	1.7	620.2	1.5	1,641.7	1.6	2,416.6	2.8	241.9	- 1.1	10.0
1999 P	1,639.9	2.1	1,040.1	1.8	641.5	3.4	1,681.6	2.4	2,469.6	2.2	230.9	- 4.5	9.3
1998 1st qtr P	366.6	0.5	236.0	0.4	154.4	- 0.2	390.4	0.1	604.1	3.5	84.0	3.2	13.9
2nd qtr P	384.5	1.5	240.9	1.3	155.1	2.3	396.0	1.7	596.5	2.4	58.2	3.4	9.8
3rd qtr P	400.7	2.2	262.0	2.4	154.6	2.1	416.6	2.3	593.6	3.0	49.0	- 3.1	8.2
4th qtr P	454.0	2.2	282.7	2.5	156.0	1.8	438.7	2.3	622.3	2.2	50.7	- 10.1	8.1
1999 1st qtr r	374.7	2.2	239.6	1.6	161.1	4.3	400.8	2.7	610.8	1.1	76.8	- 8.6	12.6
2nd qtr r	394.8	2.7	247.0	2.5	158.0	1.9	404.9	2.3	609.8	2.2	54.6	- 6.3	9.0
3rd qtr r	409.8	2.3	267.9	2.3	159.4	3.1	427.3	2.6	608.3	2.5	48.9	- 0.1	8.0
4th qtr P	460.5	1.4	285.6	1.0	163.0	4.5	448.6	2.3	640.7	3.0	50.6	- 0.1	7.9
Euro billion													
1999 1st qtr r	191.6	.	122.5	.	82.4	.	204.9	.	312.3	.	39.2	.	.
2nd qtr r	201.9	.	126.3	.	80.8	.	207.0	.	311.8	.	27.9	.	.
3rd qtr r	209.5	.	137.0	.	81.5	.	218.5	.	311.0	.	25.0	.	.
4th qtr P	235.5	.	146.0	.	83.4	.	229.4	.	327.6	.	25.9	.	.

Source: Federal Statistical Office. — * Households including non-profit institutions which serve households. — 1 Residence concept. — 2 After deducting the wage tax payable on gross wages and salaries and employees' contributions to the social security funds. — 3 Cash benefits from the social security funds, central, regional and local authorities and foreign countries, pension payments (net), social security benefits from private insurance schemes, less social security contributions on social benefits, consumption-related taxes and public charges. — 4 Net wages and

salaries plus monetary social benefits received. — 5 "Mass income" plus operating surplus, self-employed persons' income, property income (net), other current transfers received, income of non-profit organisations which serve households, less taxes (excluding wage tax and consumption-related taxes) and other current transfers paid. Including the increase in claims on company pension funds. — 6 Including the increase in claims on company pension funds. — 7 Saving as a percentage of disposable income.

9. Pay rates and actual earnings Germany

Period	Overall economy						Producing sector (including construction)					
	Negotiated wage and salary level 1				Wages and salaries per employee (work-place concept) 2		Negotiated wage and salary level 1				Wages and salaries per employee (work-place concept) 3	
	on an hourly basis		on a monthly basis		1995=100	% from previous year	on an hourly basis		on a monthly basis		1995=100	% from previous year
	1995=100	% from previous year	1995=100	% from previous year			1995=100	% from previous year	1995=100	% from previous year		
1991	76.6	.	78.6	.	81.8	.	73.4	.	76.9	.	77.6	.
1992	85.8	11.9	87.2	11.0	90.5	10.5	82.8	12.9	85.9	11.7	88.4	13.9
1993	92.2	7.5	92.9	6.5	94.6	4.6	90.6	9.3	92.0	7.1	92.3	4.4
1994	95.3	3.4	95.6	2.9	96.6	2.2	94.3	4.1	94.8	3.0	96.1	4.1
1995	100.0	4.9	100.0	4.6	100.0	3.5	100.0	6.1	100.0	5.5	100.0	4.1
1996 P	102.7	2.7	102.4	2.4	101.9	1.9	103.8	3.8	102.9	2.9	102.9	2.9
1997 P	104.2	1.5	103.9	1.5	102.7	0.8	105.8	1.9	104.6	1.7	104.7	1.7
1998 P	106.2	1.9	105.8	1.8	104.2	1.5	107.7	1.8	106.4	1.7	106.4	1.6
1999 P	109.0	2.7	108.5	2.6	106.1	1.8	110.9	3.0	109.4	2.8	108.3	1.8
1998 3rd qtr P	109.4	2.0	109.0	1.9	103.0	1.8	114.9	2.2	113.5	2.0	102.6	1.5
4th qtr P	120.4	1.8	120.0	1.7	116.3	1.4	120.0	2.1	118.5	2.0	116.4	1.8
1999 1st qtr P	99.7	2.8	99.3	2.7	98.4	1.4	101.0	4.0	99.7	3.9	101.0	1.7
2nd qtr P	100.6	2.9	100.2	2.8	102.4	2.1	101.8	2.9	100.3	2.8	109.8	2.5
3rd qtr P	112.6	2.9	112.1	2.8	105.3	2.2	118.6	3.2	116.9	3.0	104.7	2.0
4th qtr P	123.1	2.2	122.6	2.1	118.2	1.6	122.4	2.0	120.7	1.8	117.5	0.9
1999 July P	135.8	3.1	135.2	3.0	.	.	152.2	3.6	150.1	3.4	106.5	1.4
Aug. P	101.0	2.9	100.5	2.8	.	.	101.7	2.9	100.3	2.7	103.8	2.5
Sep. P	101.0	2.8	100.5	2.7	.	.	101.8	2.9	100.4	2.7	103.8	2.2
Oct. P	101.0	2.8	100.6	2.7	.	.	101.8	2.7	100.4	2.6	105.3	1.1
Nov. P	167.3	1.6	166.5	1.5	.	.	163.6	1.1	161.3	0.9	136.2	1.8
Dec. P	101.1	2.8	100.6	2.7	.	.	101.8	2.7	100.4	2.6	111.0	- 0.1
2000 Jan. P	101.1	1.5	100.7	1.5	.	.	101.8	0.8	100.4	0.7	.	.

1 Current data are normally revised upwards on account of additional reports. — 2 Source: Federal Statistical Office. — 3 Producing sector, excluding electricity, gas, steam and hot water supply, and excluding installation

and building completion work. Calculated by the Bundesbank on the basis of data from the Federal Statistical Office, using the old and new classifications of the economic sectors.

X. Foreign trade and payments

1. Major items of the balance of payments of the European monetary union *

Until the end of 1998 ECU million, from 1999 euro million

Item	1998	1999	1999					
			2nd qtr	3rd qtr	4th qtr	Oct.	Nov.	Dec.
A. Current account	+ 60,295	+ 43,205	+ 14,758	+ 7,925	+ 8,590	+ 3,580	+ 2,410	+ 2,600
1. Foreign trade								
Exports (f.o.b.) incl. supplementary items	772,393	791,310	193,061	199,853	218,728	71,734	73,552	73,442
Imports (f.o.b.) incl. supplementary items	653,590	691,384	168,221	173,213	191,795	61,560	65,214	65,021
Balance	+ 118,807	+ 99,926	+ 24,840	+ 26,640	+ 26,933	+ 10,174	+ 8,338	+ 8,421
2. Services								
Receipts	231,967	232,363	59,259	62,481	59,917	19,729	19,115	21,073
Expenditure	232,834	239,009	59,086	63,622	62,379	20,364	20,251	21,764
Balance	- 866	- 6,643	+ 176	- 1,138	- 2,462	- 635	- 1,136	- 691
3. Factor income (balance)	- 11,864	- 7,301	- 934	- 3,004	- 2,547	- 1,931	- 321	- 295
4. Current transfers								
Transfer payments from non-residents	61,119	65,409	14,842	12,895	13,886	4,570	3,997	5,319
Transfer payments to non-residents	106,899	108,189	24,166	27,468	27,220	8,598	8,468	10,154
Balance	- 45,780	- 42,777	- 9,321	- 14,573	- 13,334	- 4,028	- 4,471	- 4,835
B. Balance of capital transfers	+ 12,660	+ 12,815	+ 3,429	+ 1,651	+ 4,981	+ 1,559	+ 810	+ 2,612
C. Financial account (net capital exports: -) ¹	- 69,113	- 62,706	- 28,256	- 6,711	+ 5,387	+ 12,045	- 574	- 6,084
1. Direct investment	- 102,590	- 147,240	- 52,592	- 23,339	- 55,750	- 11,582	- 17,520	- 26,648
Investment outside the euro area	- 182,968	- 212,463	- 76,879	- 26,935	- 72,301	- 18,510	- 19,943	- 33,848
Foreign investment in the euro area	+ 80,380	+ 65,223	+ 24,287	+ 3,596	+ 16,551	+ 6,928	+ 2,423	+ 7,200
2. Investment in securities	- 85,262	- 21,308	- 7,038	+ 29,814	+ 10,582	- 14,438	+ 18,021	+ 6,999
Investment outside the euro area	- 302,069	- 280,536	- 85,620	- 64,269	- 65,325	- 15,268	- 31,128	- 18,929
Equities	- 98,720	- 150,014	- 40,897	- 37,220	- 50,210	- 12,232	- 17,468	- 20,510
Bonds and notes	- 187,098	- 120,527	- 52,525	- 20,982	- 3,248	+ 2,713	- 9,154	+ 3,193
Money market paper	- 16,253	- 9,995	+ 7,802	- 6,067	- 11,867	- 5,749	- 4,506	- 1,612
Foreign investment in the euro area	+ 216,808	+ 259,228	+ 78,582	+ 94,083	+ 75,907	+ 830	+ 49,149	+ 25,928
Equities	+ 98,298	+ 93,927	+ 31,270	+ 27,088	+ 40,996	+ 9,204	+ 14,870	+ 16,922
Bonds and notes	+ 102,727	+ 82,938	+ 33,659	+ 42,328	+ 4,056	- 13,290	+ 15,726	+ 1,620
Money market paper	+ 15,784	+ 82,363	+ 13,653	+ 24,667	+ 30,855	+ 4,916	+ 18,553	+ 7,386
3. Financial derivatives	- 8,232	- 781	- 594	+ 1,462	- 230	- 1,423	+ 1,596	- 403
4. Credit transactions and other investment (balance)	+ 118,519	+ 93,206	+ 25,335	- 16,069	+ 50,908	+ 39,407	- 3,227	+ 14,728
Eurosysteem	+ 2,719	+ 12,015	+ 4,444	- 289	+ 4,947	- 100	+ 2,649	+ 2,398
Public authorities	- 9,009	- 13,330	+ 997	- 3,928	- 2,859	- 1,744	- 734	- 381
Credit institutions	+ 155,529	+ 110,891	+ 27,660	+ 1,720	+ 36,267	+ 31,831	- 4,485	+ 8,921
long-term	+ 606	- 10,316	- 2,423	- 6,213	+ 5,176	- 482	+ 1,271	+ 4,387
short-term	+ 154,926	+ 121,185	+ 30,062	+ 7,931	+ 31,091	+ 32,313	- 5,756	+ 4,534
Enterprises and individuals	- 30,725	- 16,376	- 7,769	- 13,572	+ 12,553	+ 9,420	- 657	+ 3,790
5. Change in the monetary reserves of the eurosysteem (Increase: -)	+ 8,453	+ 13,414	+ 6,633	+ 1,418	- 123	+ 81	+ 556	- 760
D. Balance of unclassifiable transactions ¹	- 3,843	+ 6,689	+ 10,069	- 2,862	- 18,958	- 17,184	- 2,646	+ 872

* Source: European Central Bank. — ¹ Series for which data from January 1999 are not closely comparable with earlier observations.

X. Foreign trade and payments

4. Services and factor income of the Federal Republic of Germany (Balances)

Until the end of 1998 DM million, from 1999 euro million

Period	Services										Investment income
	Total	Travel	Transportation 1	Financial services	Patents and licences	Government transactions 2	other services			Compen- sation of employees 4	
							Total	of which			
								Services of selfemployed persons 3	Construction and assembly work, repairs		
1995	- 54,720	- 51,404	+ 5,064	+ 2,675	- 4,020	+ 6,848	- 13,883	- 1,765	- 955	- 1,417	+ 1,595
1996	- 55,330	- 53,025	+ 4,873	+ 2,653	- 3,772	+ 6,699	- 12,757	- 2,180	- 1,216	- 1,779	+ 3,171
1997	- 59,942	- 54,142	+ 5,702	+ 2,315	- 4,148	+ 6,649	- 16,318	- 2,402	- 1,649	- 1,698	- 790
1998	- 67,568	- 56,542	+ 5,461	+ 3,011	- 2,933	+ 5,468	- 22,033	- 2,582	- 2,505	- 1,634	- 9,935
1999	- 40,821	- 29,796	+ 3,090	+ 1,065	- 1,299	+ 2,010	- 15,891	- 2,104	- 642	- 888	- 11,052
1998 2nd qtr	- 16,564	- 14,158	+ 1,404	+ 891	- 767	+ 1,041	- 4,975	- 699	- 899	- 466	- 2,387
3rd qtr	- 21,429	- 19,957	+ 1,211	+ 572	- 779	+ 1,248	- 3,724	- 611	- 432	- 864	- 1,376
4th qtr	- 14,981	- 11,545	+ 1,571	+ 648	- 810	+ 1,174	- 6,020	- 697	- 633	- 490	- 4,306
1999 1st qtr	- 9,561	- 5,875	+ 513	+ 242	- 371	+ 539	- 4,610	- 459	- 361	+ 91	- 3,504
2nd qtr	- 9,405	- 7,787	+ 836	+ 262	- 200	+ 486	- 3,002	- 505	- 45	- 246	+ 876
3rd qtr	- 12,120	- 10,070	+ 781	+ 535	- 370	+ 484	- 3,480	- 529	- 224	- 461	- 3,438
4th qtr	- 9,735	- 6,064	+ 960	+ 25	- 359	+ 502	- 4,799	- 610	- 12	- 272	- 4,987
1999 Mar.	- 3,510	- 2,243	+ 237	+ 169	- 197	+ 196	- 1,672	- 123	- 157	+ 30	+ 749
Apr.	- 3,207	- 2,435	+ 239	+ 128	- 110	+ 82	- 1,112	- 122	- 36	- 86	+ 2,241
May	- 3,284	- 2,385	+ 368	+ 170	+ 8	+ 196	- 1,641	- 189	+ 74	- 76	+ 2,363
June	- 2,914	- 2,967	+ 229	- 36	- 98	+ 208	- 249	- 194	- 83	- 83	+ 998
July	- 3,773	- 3,034	+ 356	- 12	- 57	+ 100	- 1,126	- 183	- 128	- 156	- 2,566
Aug.	- 4,166	- 3,688	+ 249	+ 375	- 184	+ 191	- 1,109	- 212	- 75	- 152	+ 286
Sep.	- 4,181	- 3,347	+ 176	+ 172	- 129	+ 192	- 1,245	- 134	- 22	- 152	- 1,158
Oct.	- 2,912	- 2,540	+ 245	+ 57	- 42	+ 124	- 757	- 130	- 28	- 107	- 1,771
Nov.	- 3,726	- 1,962	+ 216	- 93	- 227	+ 144	- 1,804	- 231	- 2	- 89	- 1,138
Dec.	- 3,097	- 1,562	+ 499	+ 60	- 90	+ 234	- 2,238	- 249	+ 19	- 76	- 2,077
2000 Jan.	- 4,019	- 2,173	+ 86	+ 25	- 224	+ 141	- 1,873	- 157	+ 4	+ 24	- 4,277

1 Excluding the expenditure on freight included in the c.i.f. import value. —

2 Including the receipts from foreign military agencies for goods and ser-

vices supplied. — 3 Engineering and other technical services, research and

development, commercial services etc. — 4 Wages and salaries.

5. Current transfers of the Federal Republic of Germany (Balances)

Until the end of 1998 DM million, from 1999 euro million

Period	Public 1						Private 1			DM million / euro million		
	Total	Total	International Organisations 2		other current transfers 3	Total	Remittances by foreign workers	other current transfers	Total 4	Public 1	Private 1	
			Total	of which European Communities								
1995	- 55,710	- 40,247	- 33,188	- 29,961	- 7,060	- 15,463	- 7,600	- 7,863	- 3,845	- 4,394	+ 549	
1996	- 51,294	- 35,281	- 30,674	- 27,553	- 4,607	- 16,013	- 7,401	- 8,612	- 3,283	- 2,617	- 666	
1997	- 52,722	- 36,823	- 31,509	- 28,502	- 5,313	- 15,900	- 7,519	- 8,381	+ 52	- 2,821	+ 2,873	
1998	- 53,298	- 37,263	- 33,077	- 30,382	- 4,186	- 16,035	- 6,936	- 9,099	+ 1,290	- 2,443	+ 3,733	
1999	- 25,725	- 17,162	- 15,253	- 13,838	- 1,909	- 8,563	- 3,429	- 5,134	- 129	- 1,342	+ 1,213	
1998 2nd qtr	- 9,389	- 5,463	- 6,114	- 5,804	+ 650	- 3,926	- 1,734	- 2,192	- 139	- 484	+ 344	
3rd qtr	- 14,329	- 10,078	- 8,393	- 7,606	- 1,685	- 4,251	- 1,734	- 2,517	+ 995	- 507	+ 1,502	
4th qtr	- 13,766	- 9,824	- 8,258	- 7,740	- 1,567	- 3,942	- 1,734	- 2,208	- 100	- 873	+ 773	
1999 1st qtr	- 5,376	- 3,459	- 2,734	- 2,207	- 724	- 1,917	- 857	- 1,060	+ 217	- 206	+ 423	
2nd qtr	- 5,137	- 3,209	- 3,186	- 2,972	- 23	- 1,928	- 857	- 1,071	- 56	- 278	+ 222	
3rd qtr	- 7,626	- 5,603	- 5,027	- 4,582	- 576	- 2,024	- 857	- 1,166	- 847	- 297	- 550	
4th qtr	- 7,586	- 4,892	- 4,306	- 4,078	- 586	- 2,694	- 857	- 1,837	+ 556	- 561	+ 1,118	
1999 Mar.	- 1,404	- 776	- 545	- 498	- 231	- 628	- 286	- 342	- 90	- 71	- 19	
Apr.	- 1,789	- 1,263	- 1,107	- 1,051	- 155	- 526	- 286	- 240	- 75	- 69	- 7	
May	- 1,576	- 841	- 1,146	- 1,133	+ 305	- 735	- 286	- 449	+ 50	- 99	+ 149	
June	- 1,773	- 1,105	- 932	- 788	- 173	- 667	- 286	- 382	- 30	- 110	+ 80	
July	- 2,352	- 1,691	- 1,588	- 1,319	- 103	- 661	- 286	- 375	- 550	- 108	- 442	
Aug.	- 2,749	- 2,030	- 1,721	- 1,612	- 309	- 720	- 286	- 434	- 180	- 86	- 95	
Sep.	- 2,525	- 1,882	- 1,718	- 1,651	- 164	- 643	- 286	- 357	- 116	- 103	- 13	
Oct.	- 2,461	- 1,812	- 1,511	- 1,476	- 301	- 649	- 286	- 363	+ 152	- 104	+ 256	
Nov.	- 2,663	- 1,854	- 1,519	- 1,382	- 335	- 809	- 286	- 523	+ 160	- 203	+ 363	
Dec.	- 2,462	- 1,225	- 1,275	- 1,219	+ 50	- 1,236	- 286	- 951	+ 245	- 254	+ 499	
2000 Jan.	- 1,651	- 1,012	- 575	- 432	- 436	- 639	- 278	- 361	+ 172	- 81	+ 253	

1 The classification of "public" and "private" transfers depends on which sector the participating domestic body belongs to. — 2 Current contributions to the budgets of international organisations and to the EU budget

(excluding capital transfers). — 3 Payments to developing countries, pension payments, tax revenue and refunds, etc. — 4 Where identifiable; in particular, debt forgiveness.

X. Foreign trade and payments

7. Financial account of the Federal Republic of Germany

Until the end of 1998 DM million, from 1999 euro million

Item	1997	1998	1999	1999						2000
				1st qtr	2nd qtr	3rd qtr	4th qtr	Nov.	Dec.	Jan.
I. Net German investment abroad (Increase/capital exports: -)	- 385,626	- 569,874	- 332,397	- 120,512	- 63,734	- 60,630	- 87,522	- 58,358	- 8,996	- 26,665
1. Direct investment ¹	- 70,634	- 160,409	- 92,882	- 21,287	- 35,688	+ 3,718	- 39,625	- 7,327	- 21,499	- 5,038
Equity capital	- 42,595	- 106,380	- 74,830	- 829	- 19,997	- 10,405	- 43,599	- 853	- 29,965	- 2,228
Reinvested earnings ²	- 6,200	- 12,500	- 5,113	- 1,278	- 1,278	- 1,278	- 1,278	- 426	- 426	- 426
Credit transactions of German direct investors	- 14,944	- 34,073	- 6,098	- 17,997	- 12,965	+ 17,337	+ 7,527	- 5,667	+ 10,182	- 1,862
Other capital	- 6,895	- 7,455	- 6,842	- 1,183	- 1,448	- 1,937	- 2,274	- 381	- 1,290	- 523
2. Portfolio investment	- 156,104	- 248,176	- 176,310	- 61,165	- 38,017	- 38,686	- 38,442	- 11,530	- 21,769	- 23,599
Equities ³	- 66,486	- 113,543	- 66,652	- 20,061	- 6,856	- 16,690	- 23,044	- 6,177	- 16,054	- 6,164
Investment fund certificates ⁴	- 6,860	- 17,468	- 13,882	- 3,559	- 2,180	- 2,562	- 5,580	- 2,818	- 2,197	- 6,956
Bonds and notes ⁵	- 81,966	- 109,492	- 92,806	- 36,539	- 28,879	- 17,880	- 9,508	- 3,498	- 2,670	- 11,345
Money market instruments	- 791	- 7,673	- 2,970	- 1,005	- 102	- 1,554	- 310	+ 963	- 847	+ 866
3. Financial derivatives ⁶	- 15,377	- 11,812	+ 1,924	+ 1,409	+ 69	+ 4,639	- 4,194	- 357	- 618	- 1,001
4. Credit transactions	- 139,156	- 141,235	- 63,925	- 39,320	+ 10,286	- 29,821	- 5,070	- 39,081	+ 34,918	+ 3,123
Credit institutions ⁷	- 139,672	- 135,479	- 44,270	- 26,065	+ 104	- 17,661	- 647	- 20,928	+ 34,416	- 16,587
Long-term	- 52,665	- 61,397	- 42,728	- 8,864	- 14,148	- 9,951	- 9,765	- 911	- 6,878	- 1,380
Short-term	- 87,008	- 74,082	- 1,542	- 17,201	+ 14,251	- 7,710	+ 9,118	- 20,018	+ 41,294	- 15,207
Enterprises and individuals	+ 4,023	- 4,103	+ 20,124	+ 10,312	+ 1,043	- 150	+ 8,919	+ 189	+ 9,280	+ 5,819
Long-term	- 2,102	- 575	- 1,975	- 425	- 1,689	+ 526	- 387	- 22	- 62	+ 4
Short-term ⁷	+ 6,124	- 3,529	+ 22,099	+ 10,737	+ 2,733	- 676	+ 9,306	+ 211	+ 9,342	- 5,823
General government	- 4,007	- 1,501	+ 7,764	+ 4,283	+ 1,318	+ 2,254	- 91	+ 1,157	- 124	- 692
Long-term	- 3,110	- 1,722	- 376	+ 29	- 61	- 92	- 252	- 122	- 23	+ 31
Short-term ⁷	- 897	+ 220	+ 8,140	+ 4,254	+ 1,379	+ 2,346	+ 161	+ 1,279	- 100	- 724
Bundesbank	+ 500	- 151	- 47,544	- 27,850	+ 7,821	- 14,264	- 13,251	- 19,498	- 8,654	+ 26,221
5. Other investment ⁸	- 4,354	- 8,243	- 1,203	- 149	- 385	- 479	- 190	- 63	- 29	- 150
II. Net foreign investment in Germany (Increase/capital imports: +)	+ 384,461	+ 587,128	+ 311,835	+ 75,474	+ 76,130	+ 60,908	+ 99,325	+ 51,242	+ 22,108	+ 42,531
1. Direct investment ¹	+ 19,242	+ 37,420	+ 49,238	+ 11,094	+ 13,342	- 6,474	+ 31,277	- 499	+ 25,498	+ 1,058
Equity capital	+ 8,195	+ 9,443	+ 21,166	+ 113	- 36	+ 2,663	+ 18,427	- 880	+ 20,248	+ 2,060
Reinvested earnings ²	- 800	- 1,000	-	-	-	-	-	-	-	-
Credit transactions of foreign direct investors	+ 12,492	+ 29,833	+ 28,268	+ 11,019	+ 13,397	- 9,143	+ 12,996	+ 424	+ 5,310	- 999
Other capital	- 645	- 857	- 197	- 38	- 19	+ 6	- 146	- 42	- 60	- 2
2. Portfolio investment	+ 157,723	+ 254,783	+ 164,391	+ 18,823	+ 46,834	+ 51,947	+ 46,786	+ 27,987	+ 14,004	+ 5,181
Equities ³	+ 27,284	+ 100,938	+ 27,523	- 17,379	+ 22,166	+ 10,765	+ 11,970	+ 4,699	+ 5,259	+ 10,057
Investment fund certificates	- 4,172	- 3,094	+ 5,709	+ 2,531	+ 1,118	+ 576	+ 3,720	+ 1,343	+ 930	+ 1,626
Bonds and notes ⁵	+ 122,524	+ 144,658	+ 84,571	+ 31,898	+ 19,503	+ 24,467	+ 8,702	+ 6,508	+ 881	- 2,464
Money market instruments	+ 12,087	+ 12,281	+ 46,589	+ 1,773	+ 6,284	+ 16,139	+ 22,393	+ 15,436	+ 6,934	- 4,039
3. Credit transactions	+ 208,264	+ 294,983	+ 98,252	+ 45,580	+ 15,966	+ 15,432	+ 21,273	+ 23,752	- 17,395	+ 36,241
Credit institutions ⁷	+ 204,283	+ 279,437	+ 94,526	+ 48,285	+ 14,441	+ 16,934	+ 14,867	+ 27,594	- 22,263	+ 32,443
Long-term	+ 49,505	+ 61,270	+ 34,255	+ 13,478	+ 8,555	+ 11,387	+ 835	+ 1,203	- 2,465	+ 5,967
Short-term	+ 154,778	+ 218,167	+ 60,271	+ 34,807	+ 5,886	+ 5,547	+ 14,032	+ 26,392	- 19,797	+ 26,476
Enterprises and individuals	+ 17,662	+ 14,643	+ 16,965	+ 4,341	+ 2,943	+ 495	+ 9,186	- 1,165	+ 4,611	+ 4,117
Long-term	+ 270	+ 12,875	+ 1,527	+ 2,181	+ 838	- 1,254	- 237	- 74	- 171	+ 178
Short-term ⁷	+ 17,392	+ 1,768	+ 15,438	+ 2,161	+ 2,105	+ 1,749	+ 9,423	- 1,092	+ 4,782	+ 3,939
General Government	- 13,038	- 2,685	- 11,249	- 5,366	- 1,162	- 1,953	- 2,768	- 2,620	+ 204	- 324
Long-term	- 7,351	- 8,580	- 8,300	- 2,526	- 1,107	- 1,715	- 2,952	- 2,888	+ 243	- 10
Short-term ⁷	- 5,687	+ 5,895	- 2,949	- 2,840	- 55	- 238	+ 184	+ 269	- 39	- 314
Bundesbank	- 643	+ 3,588	- 1,991	- 1,680	- 256	- 43	- 12	- 57	+ 53	+ 5
4. Other investment	- 768	- 57	- 46	- 23	- 13	+ 2	- 11	+ 2	+ 1	+ 52
III. Balance of all statistically recorded financial movements (Net capital exports: -)	- 1,164	+ 17,254	- 20,562	- 45,038	+ 12,395	+ 278	+ 11,803	- 7,115	+ 13,111	+ 15,866

¹ From 1996, new definition for direct investment. — ² Estimated. — ³ Including participation rights. — ⁴ From 1991 including accumulated earnings. — ⁵ From 1975 excluding accrued interest. — ⁶ Options, whether or not evidenced by securities, and financial futures contracts. — ⁷ The trans-

action values shown here are mostly derived from changes in stocks. As far as possible, purely statistical changes have been eliminated. — ⁸ In particular, subscriptions of the Federal Government to International Organisations.

X. Foreign trade and payments

8. External position of the Bundesbank *

DM million

End of year or month	Monetary reserves and other claims on non-residents						Liabilities to non-residents				Net external position (col. 1 less col. 8)
	Total	Monetary reserves				Loans and other claims on non- residents 3	Total	Liabilities arising from external trans- actions 4	Liabilities arising from liquidity Treasury discount paper		
		Total	Gold	Foreign currency balances 1	Reserve position in the Inter- national Monetary Fund and special drawing rights					Claims on the ECB 2 (net)	
1	2	3	4	5	6	7	8	9	10	11	
1993	122,763	120,143	13,688	61,784	8,496	36,176	2,620	39,541	23,179	16,362	83,222
1994	115,965	113,605	13,688	60,209	7,967	31,742	2,360	24,192	19,581	4,611	91,774
1995	123,261	121,307	13,688	68,484	10,337	28,798	1,954	16,390	16,390	–	106,871
1996	120,985	119,544	13,688	72,364	11,445	22,048	1,441	15,604	15,604	–	105,381
1997	127,849	126,884	13,688	76,673	13,874	22,649	966	16,931	16,931	–	110,918
1998	135,085	134,005	17,109	100,363	16,533	–	1,079	15,978	15,978	–	119,107
1998 June	132,198	131,483	13,688	78,771	16,125	22,900	716	18,440	18,440	–	113,758
July	131,745	131,029	13,688	77,094	17,184	23,064	716	18,554	18,554	–	113,191
Aug.	132,596	132,130	13,688	78,143	17,236	23,064	466	19,131	19,131	–	113,465
Sep.	133,401	132,936	13,688	78,525	17,659	23,064	466	18,840	18,840	–	114,561
Oct.	134,128	133,662	13,688	79,380	17,473	23,122	466	19,776	19,776	–	114,351
Nov.	140,284	139,818	13,688	85,429	17,580	23,122	466	14,516	14,516	–	125,768
Dec.	135,085	134,005	17,109	100,363	16,533	–	1,079	15,978	15,978	–	119,107

* Valuation of the gold holdings and the claims on non-residents according to section 26 (2) of the Bundesbank Act and the provisions of the Commercial Code, especially section 253. In the course of the year, valuation at the balance sheet rates of the preceding year. — 1 Mainly US dollar assets. — 2 European Central Bank (until 1993 claims on the European

Monetary Cooperation Fund – EMCF). — 3 Including loans to the World Bank. — 4 Including liquidity paper sold to non-residents by the Bundesbank; excluding the liquidity Treasury discount paper sold to non-residents between March 1993 and March 1995, as shown in column 10.

9. External position of the Bundesbank in the European monetary union *

Euro million

End of year or month	Monetary reserves and other claims on non-residents						Other claims on residents in other EMU member countries	Liabilities to non-residents	Net external position of the Bundesbank (col.1 less col.9)	
	Total	Monetary reserves				Other claims on non-euro- area residents 1				
		Total	Gold and gold receivables	Reserve position in the Inter- national Monetary Fund and special drawing rights	Foreign currency reserves					
1	2	3	4	5	6	7	8	9	10	
1999 Jan. 2	95,316	93,940	29,312	8,461	56,167	140	1,225	11	8,169	87,146
1999 Jan.	116,482	81,495	27,475	8,458	45,562	4,506	30,460	21	15,494	100,988
Feb.	114,235	80,499	27,475	7,146	45,878	3,730	30,000	6	15,106	99,129
Mar.	115,913	85,979	29,048	7,518	49,414	20,588	9,337	8	7,197	108,715
Apr.	116,365	86,105	29,048	9,091	47,966	18,672	11,578	10	7,510	108,855
May	107,532	86,221	29,048	8,779	48,394	13,505	7,799	8	7,010	100,522
June	108,811	86,925	28,106	8,551	50,269	25,786	– 3,910	9	6,714	102,096
July	94,544	86,779	28,106	8,445	50,229	34,256	– 26,500	8	6,024	88,520
Aug.	109,943	87,208	28,106	8,212	50,890	18,006	4,722	7	11,619	98,325
Sep.	125,037	89,368	31,762	8,046	49,560	21,924	13,735	10	6,191	118,846
Oct.	110,021	89,254	31,762	7,980	49,512	15,328	5,426	13	6,183	103,838
Nov.	135,346	89,607	31,762	7,938	49,908	4,406	41,323	9	11,599	123,747
Dec.	141,958	93,039	32,287	8,332	52,420	9,162	39,746	11	6,179	135,779
2000 Jan.	120,993	93,080	32,287	8,202	52,592	2,743	25,162	8	11,398	109,595
Feb.	123,747	93,519	32,287	8,238	52,994	5,989	24,230	9	12,218	111,529

* Assets and liabilities vis-à-vis all EMU member countries and non-EMU member countries. Within a quarter the stock figures are computed on the basis of cumulative transaction values. At the end of each quarter the stock

figures are shown on the basis of revaluation at market rates. — 1 Including loans to the World Bank. — 2 Euro opening balance sheet of the Bundesbank as at January 1, 1999.

X. Foreign trade and payments

13. Effective exchange rates * of the euro and selected foreign currencies

1st qtr 1999 = 100

	Effective exchange rate of the euro against the currencies of 13 countries 1		Memo item: Indicators of the German economy's price competitiveness 2 against...			Effective nominal exchange rates of selected foreign currencies against 18 industrial countries 2 3				
	Nominal	Real on the basis of consumer prices	38 countries 3		on the basis of the deflators of total sales 4	US dollar	Pound sterling	Canadian dollar	Swiss franc	Japanese yen
			18 industrial countries 3							
			on the basis of consumer prices							
1990	109.5	111.8	.	100.7	99.5	94.7	100.9	129.8	94.4	74.5
1991	106.3	106.7	.	98.2	98.1	93.3	101.1	131.7	92.7	81.0
1992	109.9	110.4	.	101.8	101.9	91.2	97.3	123.7	90.9	84.5
1993	104.1	104.7	.	104.6	103.7	93.7	88.1	116.3	92.8	102.8
1994	102.7	103.6	.	104.8	103.5	91.9	88.2	108.8	98.7	110.9
1995	107.8	108.7	109.0	109.6	108.8	86.1	84.0	106.2	105.4	115.5
1996	107.8	108.8	104.4	106.7	106.0	90.9	85.9	108.6	104.2	100.5
1997	99.1	99.4	98.5	101.4	100.3	98.8	99.8	109.5	97.9	95.8
1998	101.4	101.3	100.1	101.4	100.8	103.4	103.3	103.3	99.9	89.6
1999	95.7	95.7	97.4	97.7	p 97.5	100.8	102.3	102.1	98.2	105.2
1996 Jan.	109.2	110.4	106.8	108.9	.	89.7	82.9	108.0	107.5	102.7
Feb.	109.0	110.4	107.0	109.1	107.7	89.9	83.4	107.2	106.3	102.8
Mar.	108.5	109.8	106.0	108.0	.	89.9	83.1	108.1	106.6	102.8
Apr.	107.7	108.7	104.4	106.5	.	90.7	83.4	108.9	105.7	102.2
May	106.6	107.6	103.3	105.6	105.4	91.1	84.1	108.2	103.7	103.8
June	107.1	108.0	103.6	105.9	.	91.5	85.6	108.6	103.3	101.0
July	108.3	109.4	104.6	106.8	.	91.1	85.5	108.2	104.2	99.9
Aug.	109.1	110.0	105.0	107.4	106.1	90.4	84.4	107.6	105.9	100.7
Sep.	108.2	108.9	103.9	106.4	.	91.2	85.8	108.2	104.4	99.4
Oct.	107.3	107.9	103.0	105.4	.	91.8	88.1	110.0	103.1	97.5
Nov.	107.3	107.8	103.0	105.5	104.7	91.0	91.7	110.8	100.6	96.8
Dec.	105.9	106.5	102.1	104.6	.	92.5	93.3	109.3	98.5	96.7
1997 Jan.	104.2	105.0	101.2	104.1	.	94.5	95.5	111.0	96.3	94.6
Feb.	101.8	102.7	99.9	103.5	102.4	97.7	97.0	111.7	95.7	92.7
Mar.	101.1	101.8	99.6	103.0	.	98.5	96.7	110.6	96.0	93.8
Apr.	100.6	100.7	98.6	102.1	.	99.7	98.9	109.0	96.7	91.7
May	99.8	100.1	98.6	101.8	100.7	97.6	98.3	109.6	98.0	96.9
June	98.1	98.2	97.5	100.8	.	96.9	99.4	108.8	97.8	101.0
July	95.1	95.5	96.6	99.6	.	98.1	103.4	109.9	97.4	101.7
Aug.	94.3	94.6	96.1	99.1	98.3	100.4	101.4	109.6	97.7	100.9
Sep.	97.0	97.0	97.4	100.1	.	100.1	99.5	109.7	98.6	97.2
Oct.	98.0	97.9	98.1	100.4	.	99.2	100.3	109.4	98.6	96.1
Nov.	99.5	99.5	98.9	101.1	99.9	100.0	103.1	107.5	100.9	92.1
Dec.	100.1	100.2	99.7	100.9	.	102.3	103.7	107.2	101.1	90.3
1998 Jan.	99.7	99.7	99.4	100.4	.	103.6	103.9	106.5	100.2	91.3
Feb.	98.8	98.8	98.8	100.0	99.0	102.6	103.8	106.6	100.6	94.0
Mar.	97.9	97.8	97.8	99.7	.	103.3	105.9	108.3	99.6	91.8
Apr.	98.4	98.2	98.0	100.0	.	104.0	106.4	107.4	98.1	89.4
May	101.2	101.0	99.7	101.5	100.5	104.2	102.9	106.3	98.7	86.8
June	101.1	101.0	99.9	101.7	.	106.2	105.1	105.3	98.7	83.9
July	100.8	101.0	100.0	102.0	.	106.8	104.9	104.0	97.8	83.8
Aug.	102.2	102.3	100.6	102.6	101.6	108.4	104.4	101.0	99.1	81.5
Sep.	104.6	104.3	102.4	102.8	.	103.7	103.0	100.4	101.2	85.5
Oct.	105.7	105.2	102.4	102.6	.	99.0	100.0	97.7	102.3	94.1
Nov.	103.6	103.2	101.0	101.8	101.9	100.1	99.7	98.1	100.7	95.3
Dec.	103.4	103.2	101.5	101.9	.	99.0	99.6	97.7	101.9	97.3
1999 Jan.	102.0	101.8	100.7	101.0	.	97.9	98.5	98.7	100.3	101.4
Feb.	99.9	99.9	100.1	100.0	p 100.0	99.9	99.7	101.0	100.1	99.9
Mar.	98.3	98.3	99.0	99.1	.	102.2	101.7	100.3	99.7	98.8
Apr.	97.1	96.9	98.3	98.5	.	102.4	102.1	102.3	98.8	99.4
May	96.6	96.5	97.9	98.4	p 97.9	102.8	103.1	104.6	98.6	97.8
June	94.7	94.7	96.7	97.6	.	103.6	103.4	104.2	98.4	100.0
July	94.8	95.2	97.1	98.1	.	103.8	102.1	102.9	97.8	101.3
Aug.	95.4	95.6	97.3	97.7	p 96.8	101.0	101.8	101.7	98.1	105.7
Sep.	93.6	93.4	96.0	96.0	.	99.3	102.9	102.2	97.0	112.1
Oct.	94.4	94.2	96.3	96.1	.	98.2	103.6	102.0	97.9	112.0
Nov.	92.0	92.0	95.0	95.1	p 95.4	99.1	103.7	103.0	96.2	115.4
Dec.	90.1	90.3	94.0	94.3	.	99.4	104.5	102.5	95.7	118.9
2000 Jan.	90.2	90.6	p 94.2	95.0	.	99.6	106.2	104.5	95.3	115.8
Feb.	89.2	89.6	p 93.7	p 94.7	...	102.2	106.3	105.1	95.2	112.9

* The effective exchange rate corresponds to the external value of the currency concerned. — 1 ECB calculations based on the weighted averages of the effective exchange rates of the euro or, prior to 1999, of the exchange rates of the currencies preceding the euro. The weights used in these calculations are based on manufactured goods trade between 1995 and 1997 with the trading partners USA, Japan, Switzerland, United Kingdom, Sweden, Denmark, Greece, Norway, Canada, Australia, Hong Kong, South Korea and Singapore, and capture third-market effects. Where

consumer prices are not yet available, estimates have been used. For the definition of the method see ECB, Monthly Bulletin, October 1999, page 29 ff. — 2 The method of calculation is largely consistent with the procedure used by the ECB to compute the effective exchange rates of the euro. Up to 1998, the figures for Germany are identical to the previously published data on the real external value of the Deutsche Mark. — 3 Including EMU countries. — 4 Annual and quarterly averages.