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Commentaries

Economic conditions

Economy as a whole

After mid-2005, the cyclical upturn in Ger- *GDP*
many continued at a rapid pace and gained a
somewhat broader footing. The increase in
gross domestic product (GDP) in the third
quarter, which came to 0.6% after adjust-
ment for seasonal and working-day vari-
ations, was supported by developments both
in Germany and abroad. The mathematical
contribution to growth from domestic de-
mand and net exports amounted to 0.3 per-
centage point in each case. The external com-
ponent turned positive again, in particular,
because exports had overcome their lull in
the third quarter. Imports likewise showed a
sharp increase, which undoubtedly owes a
great deal to the strong international inte-
gration of the German economy. On balance,
however, exports expanded more rapidly
than imports. Domestic economic activity re-
ceived major stimuli from investment in ma-
chinery and equipment. The improvement in
this area, which had been apparent for some
time, is also reflected in the year-on-year
increase of more than 4½% in real expend-
iture. For the first time in some while, season-
ally adjusted construction investment, too,
showed a quite clear rise. Its contribution to
growth was still moderate, however. Expan-
sion was slowed down by private consump-
tion, which was especially hard hit by the
high cost of energy.

Economic conditions in Germany *

Seasonally adjusted

Period		New orders (volume); 2000 = 100			
		Industry 1			Con- struction
		Total	Domestic	Foreign	
2005	Q1	104.4	95.3	115.9	67.3
	Q2	105.3	96.9	115.9	70.7
	Q3	110.2	99.0	124.2	75.7
	Aug	107.9	98.6	119.6	77.9
	Sep	111.0	99.2	125.8	75.6
	Oct	113.2	100.4	129.3	...
		Output; 2000 = 100			
		Industry 2			Con- struction
		Total	of which		
Inter- mediate goods	Capital goods ³				
2005	Q1	104.2	104.4	108.3	72.5
	Q2	105.3	105.3	110.1	74.9
	Q3	106.9	107.3	111.2	76.0
	Aug	105.6	106.9	108.5	77.3
	Sep	107.8	107.8	113.0	74.7
	Oct	108.9	108.9	113.9	76.3
		Labour market			
		Em- ployed ⁴	Vacancies	Un- employed	Un- employ- ment rate in % ⁵
		Number in thousands			
2005	Q1	38,797	329	4,849	11.7
	Q2	38,774	393	4,864	11.7
	Q3	38,868	444	4,811	11.6
	Sep	38,903	469	4,835	11.7
	Oct	38,918	498	4,806	11.6
	Nov	...	500	4,753	11.5
		Import prices	Producer prices of industrial prod- ucts ⁶	Con- struction prices ⁷	Con- sumer prices
		2005	Q1	99.0	108.6	102.5	107.2
	Q2	100.3	110.0	102.5	107.9
	Q3	102.6	111.3	102.7	108.7
	Sep	102.8	111.8	.	109.3
	Oct	103.2	112.6	.	109.4
	Nov	...	...	.	109.2

* Data in many cases provisional. — 1 Manufacturing sectors excluding, in particular, food products, beverages and tobacco, and refined petroleum products. — 2 Manufacturing industries not classified under energy plus mining and quarrying. — 3 Including manufacture of motor vehicles, trailers and semi-trailers. — 4 Workplace concept. — 5 Measured on the basis of all civilian members of the labour force. — 6 Domestic sales. — 7 Calculated by the Bundesbank; not seasonally adjusted. Mid-quarter level.

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Industry

The favourable development of the economy as a whole was largely due to buoyant industrial activity, which continued in early autumn. Adjusted for seasonal variations and taking account of a clearly positive calendar effect, orders received in October showed a further sharp rise, and the year-on-year rate of increase widened to 9½%. Export orders grew by 15½% after working-day effects are eliminated. Domestic orders, however, were more subdued with an annual rate of increase of 3¾%. All major sectors of the economy benefited from growth in export business – most of all, producers of consumer goods and of intermediate goods. In Germany, the consumer goods sector was able to make up for the slight downturn of the previous months.

Orders received

Industrial output, too, showed vigorous growth. For instance, after adjustment for seasonal and working-day variations, production in October was clearly up on its third-quarter average. The year-on-year increase was 4¾%. The chemicals industry and the manufacture of transport equipment grew most rapidly, whereas producers of electrical machinery and apparatus did not quite maintain the high output level of the previous months.

Output

As had been the case for some time, a substantial part of production went into exports. After seasonal and working-day adjustment, exports in October were ½% down on the month, but clearly exceeded their average in the period from July to September. At the

Exports

same time, however, imports likewise grew sharply, which means that the trade surplus at the end of the period under review was no longer quite as high.

Construction

Output

After adjustment for seasonal and working-day variations, construction sector output in October was higher than in September. Developments over the past few months could point to a certain stabilisation in the construction sector, albeit at a relatively low level. At all events, the year-on-year decline narrowed to 2¼%.

Demand

In September, the most recent month for which data are available, demand for construction work was somewhat lower compared with its high level in August. Nevertheless, for the third quarter as a whole, the order situation showed a 7% improvement in seasonally and working-day adjusted terms compared with the second quarter. This gave a year-on-year increase of 3¾%. The main reason for the slight slowdown in September was that fewer orders were placed for public civil engineering work. This sector had previously experienced a sharp increase sustained by large-scale orders. Demand for housing construction was likewise declining slightly in September, but was 1¼% up on the second quarter in the period from July to September.

Labour market

Employment

According to Federal Statistical Office data, the seasonally adjusted number of persons in work in Germany showed a further slight rise

to 38.92 million in October. This means that it was more or less at its level in the same period last year. As in the preceding months, much of the increase in October was due to a fairly large number of job opportunities with a work-related benefit bonus (known as one-euro jobs). Moreover, the shedding of jobs in industry seems to have come to a standstill. In construction, this process has slowed down perceptibly.

According to the figures of the Federal Employment Agency, there was a further clear decrease in registered unemployment in November. At 4.75 million, the seasonally adjusted number of unemployed was 53,000 lower than in October. The unemployment rate fell to 11.5%. This figure was influenced by the fact that counting in November took place early, with comparatively mild weather until then and winter unemployment still at a low level. The Federal Employment Agency estimates that the seasonally-adjusted decline might therefore be overstated by up to 30,000 persons. To that extent, the positive trend in unemployment is less a reflection of a cyclical improvement than of the favourable weather conditions in the first half of November.

Prices

The price situation in the international energy markets eased in November. On a monthly average, spot quotations for a barrel of Brent North Sea oil, at US\$56½, were US\$2¾ lower than in October. The situation eased even more markedly on the spot markets for petrol and heating oil, where prices were 13%

Unemployment

*International
oil prices*

down on the month in each case. In December, however, prices rose again, reaching US\$60 in the middle of the month.

Consumer prices

In November, prices at the consumer level benefited most from the lower cost of refined petroleum products. On the whole, energy cost 3.5% less than in October, with the year-on-year rate going down to 11.7% as a result. By contrast, seasonally adjusted food prices went up quite sharply in November, whereas the prices of industrial goods and services remained largely unchanged.

All in all, consumer prices decreased by a seasonally adjusted 0.2% in November. The year-on-year rate of increase remained unchanged at 2.3%. The HICP inflation rate was likewise 2.3%.

Public finances¹

Trends in health insurance institutions' finances in the third quarter

With regard to public finances, data on the statutory health insurance scheme's financial situation in the third quarter of 2005 have recently become available. According to these data, the scheme recorded a slight deficit for the first time since the fourth quarter of 2003. Nevertheless, this result masks relatively favourable financial developments during the year so far. For example, the year-on-year deterioration of just under €½ billion matches the figure recorded for the second quarter, in which, however, the Federal grant paid to cover non-insurance-related benefits was €¾ billion higher than one year before. On balance, in the third quarter a slight increase

in revenue of ½% was accompanied by slower expenditure growth of just over 1½%.

In the third quarter of 2005, contribution receipts (including receipts collected on behalf of low-paid part-time workers) rose by just over ½% on the year despite a slightly lower average contribution rate of 14.16%.² This meant that contribution receipts of the statutory health insurance scheme developed far more positively than was the case with the statutory pension insurance scheme (–½%) or the Federal Employment Agency (almost –1%). This was attributable mainly to the fact that in 2005 health insurance contributions were paid for the first time for recipients of unemployment benefit II who previously had received social assistance (and, where needed, assistance towards healthcare). Admittedly, these additional receipts have been accompanied by higher benefit payments.

Contribution receipts relatively robust

Benefit payments in the third quarter were up on the year by 2% and thus rose slightly more strongly than total expenditure since administrative costs, which make up around 5½% of total spending, grew by little more than ½%. Compared with the first six months of the year, when expenditure rose by just over 3%, growth in spending has decelerated, however, the decisive factor being

Slower growth in spending on healthcare benefits and administration

¹ In the short commentary on public finances which regularly appears in the *Monthly Report*, the emphasis is on recent outturns. The quarterly *Monthly Reports* (published in February, May, August and November), by contrast, contain a detailed description of general government budget trends during the preceding quarter. For detailed statistical data on budgetary developments and public debt, see the statistical annex.

² This figure includes the 0.9% supplementary contribution rate which has been payable exclusively by employees and old-age pensioners since 1 July 2005.

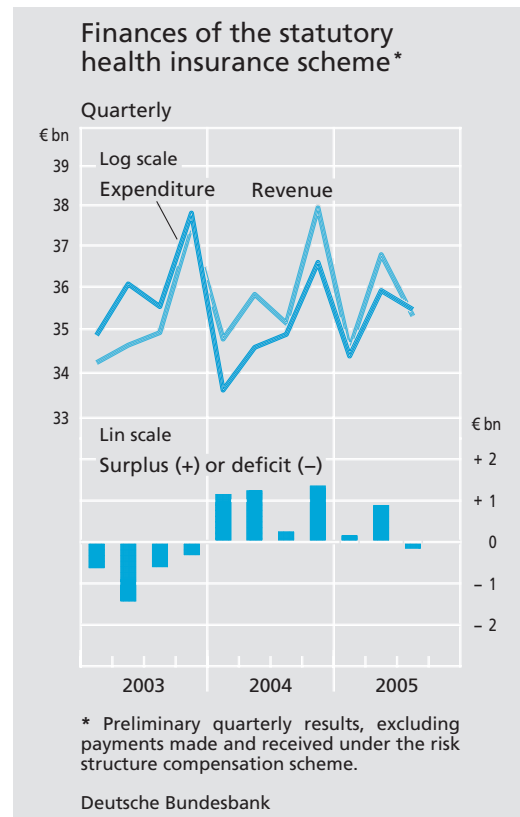
that costs arising from hospital treatment – the largest expenditure item – did not increase vis-à-vis the same period last year, whereas during the first half of 2005 they had risen by 3 ½%. By contrast, spending on pharmaceuticals increased particularly sharply (+16%), since both a price moratorium and the additional discount granted by manufacturers for one year had expired as of the beginning of 2005. However, this cost item, too, had climbed more steeply (+20%) during the first six months of 2005.

Distinctly lower surplus to be expected for the year as a whole

In the first three quarters, taken together, revenue was up by just under 1%, while expenditure rose by slightly more than 2 ½%. The cumulative surplus amounted to not quite €1 billion, whereas in the same period of 2004 revenue had exceeded expenditure by just over €2 ½ billion. In the final quarter of this year, health insurance institutions will record a marked surplus, as revenue will be boosted by the second instalment of the Federal grant (€1¼ billion) as well as contributions paid on Christmas bonuses. In 2005 as a whole, the surplus looks likely to be around half the 2004 amount of €4 billion, regardless of the rise in the Federal grant from €1 billion to €2 ½ billion.

Debt reduction is proceeding

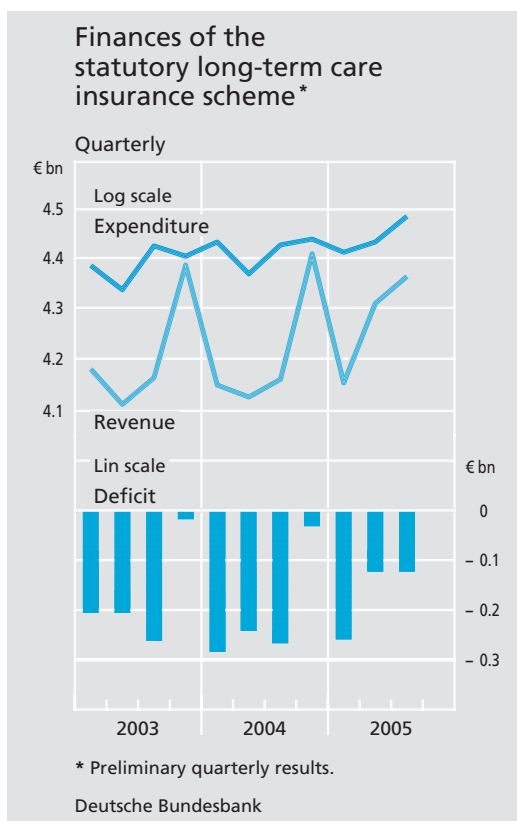
This year's surplus enables health insurance institutions to cut their indebtedness faster than required by the statutory provisions. In total, their debt is likely to have been eliminated by the end of the year. However, some health insurance institutions will still be in debt, while others will have begun to replenish the statutorily required minimum reserves in the amount of one-quarter of



a month's expenditure (totalling around €3 billion).

In 2006, the "Act improving cost-efficiency in pharmaceuticals supply" should come into force. It is intended, in particular, to introduce a two-year moratorium on all pharmaceuticals prices and an additional 10% manufacturers' discount granted on generic drugs, to prohibit manufacturers from supplying additional pharmaceuticals free of charge to pharmacists for sale, and to tighten up the fixed-amount rule which defines the ceiling for health insurance institutions' reimbursements of pharmaceuticals prices. These measures are expected to cut expenditure by €1 billion in 2006 (the Act will not enter into force until 1 April 2006). In 2007, savings are expected to increase to almost €1½ billion.

Prospects for 2006 uncertain



The advancement of the monthly deadline for the transfer of social security contributions by employers will not affect the financial outcome of the statutory health insurance scheme, which has always recorded its revenue and expenditure using the accruals accounting method.

Higher contribution receipts lower long-term care insurance scheme's deficit

In the third quarter, the long-term care insurance scheme recorded a small deficit which roughly equalled that of the preceding quarter and again was much smaller than the 2004 figure. This was attributable both to the extra contribution of 0.25% which has been payable by childless persons since the beginning of the year and to the fact that, as in the health insurance scheme, total contributions for recipients of the new amalgamated unemployment benefit II are higher than the

comparable sum collected from the previously separate unemployment assistance and social assistance schemes. Total revenue consequently rose by almost 5%, while expenditure increased by just under 1½%. In the first three quarters, the deficit of the long-term care insurance institutions amounted to €½ billion, which was almost €½ billion less than one year before. At slightly more than 3%, the cumulative increase in revenue in the first nine months of 2005 was significantly steeper than expenditure growth, which amounted to barely 1%.

In the last quarter of the year, the long-term care insurance scheme, too, will record a more favourable outturn, owing to seasonal factors. However, it is nonetheless likely to post a deficit for the full year, which will further deplete its liquid reserves (which at the end of 2004 totalled €3 ½ billion).

Depletion of reserves continuing

Securities markets

Bond market

The volume of German debt securities issued in October amounted to €86.3 billion. The total gross amount of debt securities issued was therefore much the same as in the previous month (€85.6 billion). After deducting redemptions and accounting for changes in issuers' holdings of their own bonds and notes, the volume of domestic bonds outstanding increased by €0.7 billion. German debtors borrowed €12.2 billion net in the bond market in September. A net €4.4 billion worth of foreign bonds were sold in Ger-

Sales of debt securities

many. With a market value of €5.1 billion, the total amount raised from net sales of domestic and foreign debt securities in the German bond market was significantly below the value of the previous month (€25.4 billion).

Public debt securities

Major redemption obligations of the Federal Government and a relatively subdued demand for paper issued by credit institutions were the main reasons for the rather low volume of net sales. Federal and state governments reduced their capital market debt by €1.9 billion in October. The Federal Government, having issued debt securities for a net amount of €15.2 billion in September, redeemed its bonded debt by a net total of €5.0 billion during the month under review. The net sales of two-year Federal Treasury notes (Schätze) and five-year Federal notes (Bobls) amounting to €6.8 billion and €4.7 billion respectively were partly offset by net redemptions of ten-year Federal bonds to the value of €9.9 billion. The redemption of a bond issued in October 1995 and increased slightly in June 2005 accounted for €10.3 billion of this. Short-dated Treasury discount paper (Bubills) was redeemed for a net €0.3 billion. In contrast to the Federal Government, the state governments tapped the capital market more heavily in October, raising €3.1 billion (previous month: €2.4 billion).

Bank debt securities

Following the net redemption of €6.6 billion worth of bank bonds in September, a net amount of €1.1 billion accrued to credit institutions in October from the issuance of their own bonds. On balance, only debt securities of specialised credit institutions and mortgage Pfandbriefe were placed on the market

Sales and purchases of debt securities

€ billion

Item	2004	2005	
	Oct	Sep	Oct
Sales of domestic debt securities ¹	6.8	12.2	0.7
<i>of which</i>			
Bank debt securities	- 5.1	- 6.6	1.1
Public debt securities	10.2	17.6	- 1.9
Foreign debt securities ²	10.0	13.2	4.4
Purchases			
Residents	- 4.1	- 11.3	- 6.5
Credit institutions ³	7.5	- 7.7	- 3.3
Non-banks ⁴	- 11.6	18.9	- 3.3
<i>of which</i>			
Domestic debt securities	- 9.0	8.3	- 4.0
Non-residents ²	20.9	14.1	11.7
Total sales/purchases	16.8	25.4	5.1

¹ Net sales at market values plus/minus changes in issuers' holdings of their own debt securities. — ² Transaction values. — ³ Book values, statistically adjusted. — ⁴ Residual.

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(€8.7 billion and €1.6 billion respectively). By contrast, the volume of public Pfandbriefe and other bank debt securities outstanding went down by €6.9 billion and €2.3 billion respectively.

In October, non-financial enterprises increased their borrowing in the German bond market by €1.5 billion. Corporate bonds with maturities of more than one year were primarily issued. The value of commercial paper issued came to €0.3 billion.

Corporate bonds

Foreign investors were the only major buyers in October. They increased their holdings of domestic private sector securities by a net value of €13.2 billion. At the same time, they also reduced their holdings of public sector instruments by €1.5 billion in conjunction

Purchases of debt securities

with the large redemptions of Federal bonds. In contrast to foreign investors, domestic credit institutions and non-banks sold German private sector debt instruments to the net value of €6.6 billion and €3.9 billion respectively. Their holdings of government bonds remained virtually unchanged. By contrast, credit institutions and non-banks invested €3.7 billion and €0.7 billion respectively in foreign bonds.

Equity market

Sales and purchases of shares

In October, issuing activity in the German equity market remained subdued, with a share value of €0.6 billion following buoyant sales in the previous month. Furthermore, sales of foreign equities in Germany raised €0.1 billion net. Domestic shares were exclusively purchased by German non-banks (€3.1 billion). During the period under review, German credit institutions and foreign investors sold domestic holdings worth €2.4 billion and €0.1 billion respectively.

Mutual fund shares

Sales and purchases of mutual fund shares

In October, domestic mutual funds saw net inflows of €1.2 billion, which was almost as much as in September. This inflow of funds, which was moderate compared with that of June, July and August, was due primarily to the decline since August in the sale of shares in mutual funds open to the public, with these sales recently even having dipped into negative figures. Only specialised funds were thus able to record inflows of funds. On balance, institutional investors placed €3.2 billion in specialised funds, which was largely in-

vested in funds with a mixed mandate. Of the funds open to the general public, funds with a mixed mandate, equity-based funds and open-end real estate funds sold €0.3 billion, €0.2 billion and €0.1 billion worth of certificates respectively. By contrast, bond-based funds, and money market funds in particular, experienced net outflows to the value of €0.1 billion and €2.9 billion respectively. The strongest group of net purchasers were domestic non-banks (€5.4 billion), which increased their holdings in domestic and foreign mutual funds by €3.1 billion and €2.3 billion respectively.

Balance of payments

The German current account closed – in terms of the unadjusted figures – with a surplus of €6.4 billion in October, down €1.4 billion on the previous month's level. The reason for this was a smaller trade surplus. However, there was also a fall in the deficit on invisible current transactions, which comprise services, income and current transfers.

Current account

According to provisional figures from the Federal Statistical Office, the foreign trade surplus fell by €2.9 billion to €12.2 billion in October. The seasonally adjusted surplus also fell, by €2 billion to €12½ billion. This can be put down to a noticeable increase in the value of imported goods (3% month on month), which was accompanied by a slight decrease (of ½%) in the exports of goods. Between July and October 2005, seasonally adjusted exports rose by 5% compared with the second quarter. There was a somewhat

Foreign trade

sharper rise in nominal imports (6½%), almost half of which was due to prices.

Invisibles

The deficit on invisible current transactions went down by €1.7 billion on the month to €4.3 billion in October. This fall can be attributed to a decrease in the deficit on services (of €1.0 billion to €2.9 billion) and on current transfers (of €0.6 billion to €2.3 billion). Net cross-border income amounted to €1.0 billion in October, just above the previous month's level.

Portfolio investment

There were slight (net) inflows of funds resulting from portfolio investment in October (€3.7 billion). Foreign investors purchased German securities worth €9.8 billion (compared with €19.5 billion in September). This was driven by the demand from foreign investors for German debt securities. There was particular interest in the bonds of private-sector borrowers in October (€10.7 billion), whereas there was comparatively little demand for public bonds (€2.2 billion net). As in the previous few months, a net amount of short-term interest-bearing paper was sold (€1.3 billion). In return, German investors likewise further increased their holdings of foreign securities (€6.1 billion), although the month-on-month increase was considerably smaller. In particular, they acquired bonds and notes (€4.3 billion) and mutual fund shares (€2.9 billion) and sold dividend-bearing paper on balance (€1.3 billion).

Direct investment

In the area of direct investment, there were net capital imports amounting to €1.4 billion in October. German enterprises increased

Major items of the balance of payments

€ billion			
Item	2004		2005
	Oct	Sep	Oct
I Current account			
1 Foreign trade ¹			
Exports (fob)	64.1	69.4	68.7
Imports (cif)	51.7	54.4	56.5
Balance	+ 12.4	+ 15.0	+ 12.2
Memo item			
Seasonally adjusted figures			
Exports (fob)	61.6	68.5	68.1
Imports (cif)	49.3	53.7	55.4
2 Supplementary trade items ²	- 1.2	- 1.3	- 1.6
3 Services			
Receipts	9.8	11.0	10.3
Expenditure	12.5	15.0	13.2
Balance	- 2.6	- 4.0	- 2.9
4 Income (net)	+ 0.3	+ 1.0	+ 1.0
5 Current transfers			
from non-residents	0.6	0.9	0.5
to non-residents	3.1	3.9	2.8
Balance	- 2.5	- 3.0	- 2.3
Balance on current account	+ 6.4	+ 7.8	+ 6.4
II Capital transfers (net) ³	- 0.0	+ 0.0	+ 0.3
III Financial account (net capital exports: -)			
Direct investment	- 4.7	+ 1.7	+ 1.4
German investment abroad	- 1.1	- 1.7	- 4.9
Foreign investment in Germany	- 3.6	+ 3.4	+ 6.3
Portfolio investment	+ 8.1	+ 0.3	+ 3.7
German investment abroad	- 11.9	- 19.2	- 6.1
of which			
Shares	- 1.7	- 1.4	+ 1.3
Bonds and notes ⁴	- 10.7	- 11.3	- 4.3
Foreign investment in Germany	+ 20.1	+ 19.5	+ 9.8
of which			
Shares	+ 0.0	+ 6.3	- 0.1
Bonds and notes ⁴	+ 18.2	+ 16.6	+ 12.9
Financial derivatives	- 2.0	- 0.0	- 3.5
Credit transactions	- 0.5	- 11.6	- 5.7
Monetary financial institutions ⁵	- 22.5	- 19.7	+ 2.2
of which			
Short-term	- 22.5	- 8.8	+ 6.9
Enterprises and individuals	- 1.6	- 3.5	+ 0.4
General government	+ 1.4	- 3.2	- 0.1
Bundesbank	+ 22.3	+ 14.7	- 8.3
Other investment	- 0.3	- 0.3	- 0.3
Overall balance on financial account	+ 0.6	- 9.9	- 4.3
IV Change in the reserve assets at transaction values (increase: -) ⁶	+ 0.8	- 2.0	+ 0.2
V Balance of unclassifiable transactions	- 7.8	+ 4.1	- 2.6

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 Including the acquisition/disposal of non-produced non-financial assets. — ⁴ Original maturity of more than one year. — ⁵ Excluding Bundesbank. — ⁶ Excluding allocation of SDRs and excluding changes due to value adjustments.

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their net cross-border investment by €4.9 billion. Fairly sizeable internal restructuring in the financial services sector accounted for a considerable proportion of this increase; this was also reflected in foreign direct investment in Germany. In all, foreign parent companies supplied their German branches with funds amounting to €6.3 billion. The funds were primarily in the form of intra-group credits (€3.5 billion); in addition, foreign direct investors provided their German subsidiaries with new equity capital on balance (€2.7 billion).

The non-securitised cross-border credit transactions of German enterprises and individuals led to net capital imports amounting to €0.4 billion in October. There were net outflows of €6.0 billion through the credit transactions of the German banking system. These can be attributed mainly to an increase in claims at the Bundesbank within the large-value payment system TARGET, whereas the credit institutions recorded inflows of funds.

Credit transactions

The Bundesbank's reserve assets fell in October – at transaction values – by €0.2 billion.

Reserve assets

Price-setting behaviour in Germany

A market economy is based, to a great extent, on an efficient pricing system. Prices should indicate relative shortages and thus guide resources to their best use. In order to perform this key function, the relative prices have to be sufficiently flexible. Otherwise, the wrong signals would be sent. Price rigidities reinforce cyclical problems if prices fail to respond and bring macroeconomically undesirable quantity adjustments in their wake. Finally, prices that have little flexibility may lead to inflation persistence, thus making the job of monetary policymakers more difficult.

Owing to the importance of a well-functioning pricing system for the development of the economy as a whole, the Eurosystem central banks made an in-depth study of price flexibility and inflation persistence in a joint research project. In its November 2005 *Monthly Bulletin*, the European Central Bank reported on the results for the euro area.¹ Major findings for Germany, some of which are based on new micro datasets, are presented in this article.

The Bundesbank contributed four empirical studies to the work of the Eurosystem's Inflation Persistence Network (IPN). At the level of (industrial) producer prices, (anonymised) microdata from the Ifo business survey for

*Bundesbank's
contributions to
the IPN*

¹ European Central Bank, Price-setting behaviour in the euro area, *Monthly Bulletin*, November 2005, pp 63 – 74.

the period from January 1980 to November 2001 were analysed. In addition, the Ifo Institute, on behalf of the Bundesbank, conducted a one-off survey among the enterprises taking part in the business survey concerning their price-setting behaviour. Furthermore, (anonymised) individual price data from the producer price statistics of the Federal Statistical Office were analysed for the period from January 1997 to January 2003. In addition to industrial producer prices, which were the main focus of the contribution made by the Bundesbank, price formation at the consumer level was investigated. Here, (anonymised) micro price data for 52 selected products, which may be regarded as adequately representative of the overall basket of goods, were available for the period from 1998 to 2003. The relevant studies have been or will be published as Bundesbank discussion papers.²

The studies have a dual purpose. Firstly, statistical data on price-setting behaviour in Germany is presented for the first time in this breadth. Secondly, an attempt is made to explain the price-setting behaviour of the producers and of the retail trade.

How often and how much are prices changed?

Frequency of price changes

In Germany, one in four prices is changed on average each month at the industrial producer level. At the consumer level, one in ten prices is changed.³ Nevertheless, these averages conceal major differences. Typically, both producer and consumer prices of refined

petroleum products change at least once a month.⁴ Much the same applies to some fresh food products.⁵ By contrast, prices of other goods are adjusted less often. New prices are encountered relatively often in the case of processed food and intermediate products but less frequently in the case of durable goods. This is as true of the respective producer prices as it is of the consumer prices. Changes in the prices of services, data for which are available only at the consumer level, are even rarer. This includes housing rents, which are adjusted only at very large time intervals.⁶

Remarkably, prices are reduced almost as often as they are increased. Price reductions

Direction of price changes

² H Stahl (2005), Time-dependent or state-dependent price setting? Micro evidence from German metal-working industries, Deutsche Bundesbank Discussion Paper Series 1: Economic Studies, No 25/2005 and H Stahl, Price setting in German manufacturing: new evidence from new survey data, Deutsche Bundesbank Discussion Paper Series 1, Economic Studies No 43/2005. Forthcoming Deutsche Bundesbank discussion papers are H Stahl, Producer price adjustment at the micro level: evidence from individual price records underlying the German PPI; J Hoffmann and J-R Kurz-Kim, Consumer price adjustment under the microscope: Germany in a period of low inflation.

³ To obtain these mean values, the frequency of price changes was calculated as an average of their importance in domestic industrial sales and private consumption respectively. An unchanged housing rent is therefore included in the average with a far greater weight than, say, a change in the price of bananas. Product changes accompanied by a (quality-adjusted) change in price, such as the changeover from summer to winter fashions, are treated as "pure" price changes.

⁴ In both the producer and consumer price statistics, prices are recorded only once a month. These sources therefore contain no information on how often prices have changed within a given month.

⁵ In the breakdown into unprocessed and processed food, fruit and vegetables as well as fish and meat – irrespective of whether they are processed or not – are assigned to the category of unprocessed food. This category therefore shows a noticeably lower figure.

⁶ The results for housing rents are possibly biased downwards somewhat owing to the fact that the consumer price statistics sample includes a very large number of long-term rent contracts.

are thus by no means the exception and are, in fact, nearly as widespread as price rises. This applies especially to unprocessed food and to energy. In the case of services, however, and – albeit to a less marked extent – durable consumer goods, price increases are more prevalent – with the exception of products such as hi-fi equipment or television sets, which show a trend fall in prices. For these products, one price reduction is often followed by another. In certain product categories, prices are often lowered for special offers or end-of-season sales and then quickly raised again.

Scale of price changes

If prices are changed, they are normally changed substantially. As a rule, there are not many “small” changes but there are some very large ones. On average, producer prices are raised or lowered by 3½% at each step. The corresponding figure for consumer prices is no less than 9%.⁷ A typical rise in the overall index of consumer prices (of approximately 0.1%) is therefore composed of a relatively small number of substantial changes (for 6½% of goods, prices are raised by 8½% on average, and for 4½% of goods, prices are lowered by 10% on average).⁸ The scale of individual price adjustments thus stands in striking contrast to the level of the typical monthly overall rate of inflation. This applies – with qualifications – to producer prices as well.

Timing of price adjustments

The timing of price adjustments shows that price-setting behaviour is characterised by noticeable regularities at both the producer and consumer levels. Often, prices are changed precisely once every 12, 24 or

Frequency of price changes *

Changed prices as a percentage of the monthly price reports

Item	Price changes	Price increases	Price cuts
Producer prices	23.0	12.3	10.7
Refined petroleum products	94.2	46.6	47.6
Processed food	26.1	13.8	12.3
Consumer goods (excluding processed food)	15.3	8.6	6.7
Durable goods	9.0	7.0	2.1
Inputs	26.6	13.8	12.8
Capital goods	10.0	5.6	4.4
Consumer prices	10.8	6.3	4.5
Energy	58.0	32.1	25.9
Refined petroleum products	91.2	48.9	42.3
Electricity, gas	11.8	8.8	2.9
Unprocessed food	29.1	15.3	13.9
Processed food	10.2	5.1	5.1
Industrial goods (excluding energy)	7.1	4.1	3.0
Services	3.4	2.7	0.7
excluding housing rents	4.8	3.6	1.2
Housing rents	1.8	1.5	0.2
Consumer prices excluding housing rents	13.5	7.7	5.8

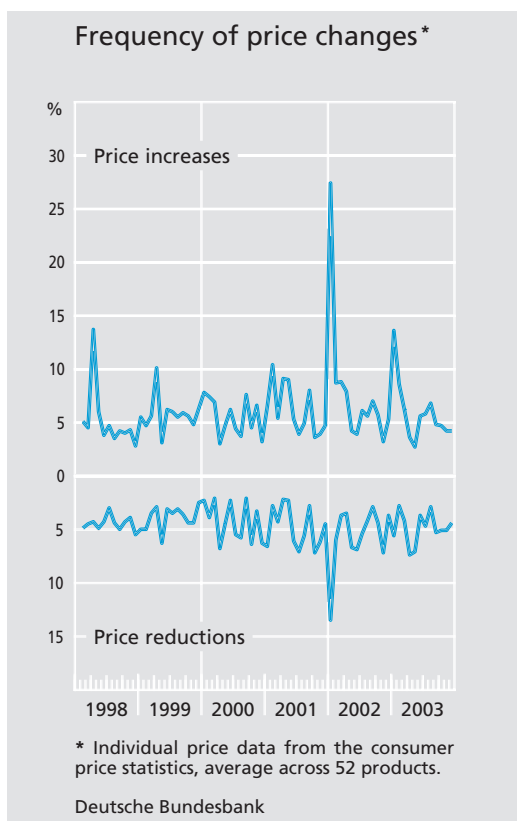
* Weighted mean values. Calculations based on raw data of the Federal Statistical Office. Industrial producer prices, NACE 15 to 36, February 1997 to January 2003. Consumer prices for 52 selected products, February 1998 to January 2004.

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36 months. What is also striking is a concentration of price changes at the start of the year. This is found to be the case mainly for enterprises that do not adjust their prices so often. Other enterprises change their prices only for special reasons. In the period under observation, this is true of the increase in value added tax in April 1998 and – far more significantly – the conversion of prices in late 2001/early 2002 in connection with the changeover from Deutsche Mark to euro banknotes and coins. Prices were increased – but also lowered – in many cases. At the

⁷ These arithmetical averages are biased upwards by some very large price changes. The median as a measure of the typical scale of a price change produces a somewhat lower figure for both producer and consumer prices.

⁸ This derivation of the median inflation rate from the average frequency and the average size of the individual price changes applies only as an approximation.



producer level, the entry into force of negotiated pay rises often leads to a concentration of price adjustments.

Reasons why price changes are not made

Causes of price changes

There are a whole number of reasons why prices are adjusted rarely but, when they are adjusted, the change tends to be significant. Generally, price adjustments may be expected if there is a change in demand or costs. If costs are determined to a large extent by wages and if wages are adjusted once a year, a single price increase per year should not necessarily be construed as a reflection of price rigidity. Wages are only one component of costs, however. Materials and energy also play a part. Prices of materials and energy

often fluctuate considerably and this may occasion further price adjustments. Moreover, market conditions also change on the demand side.

An ongoing review of price costing as well as the ensuing price changes are, however, input-intensive from a business perspective. Information has to be collected and expectations formed, the price has to be recalculated, announced and, possibly, justified. Firstly, price adjustments entail costs (“menu costs”) and, therefore, it is often not worthwhile to set prices flexibly in response to disruptions that are regarded as temporary. Secondly, it pays to wait until the scale of the necessary price adjustment justifies the costs of changing prices. An “optimal” deferment of price adjustments not only results in rigidities, it also plays a part in any adjustments being comparatively large ones.

Costs of price changes

These factors on their own show that it is hardly possible to conclude on the basis of price data alone that there are genuine rigidities in the sense of market imperfections or their causes. For this reason, in spring 2004, the Ifo Institute – following a suggestion by the Bundesbank – conducted a survey of around 2,500 manufacturing enterprises that may be regarded as representative in terms of their price-setting behaviour; 47% of the enterprises contacted responded to the survey. According to the survey, less than 10% of enterprises in the manufacturing sector routinely review their prices on a daily basis. One in every three enterprises does so only once every six months or every year. Nevertheless, one in two enterprises reconsiders its

Survey on price-setting behaviour

Content of the
survey

pricing if this is suggested by certain events, such as abrupt rises in costs.

Most economic explanations of price-setting behaviour assume that suppliers have a certain amount of leeway available. According to the Ifo survey, 80% of manufacturing enterprises take advantage of this. Such room for manoeuvre means that enterprises are not compelled to respond immediately to changes in the conditions of supply and demand. Moreover, strategic interactions between competing firms may lead to price inflexibilities. A price increase is often deferred or not made at all if an enterprise fears that it will isolate itself by raising prices, ie because of its competitors not following suit and the possibility of losing market shares as a result.

Forgoing a price cut is often explained by the fear of (cut-throat) competitive pricing. The resulting "coordination failure" (see table on this page) depends, among other things, on the price sensitivity of the customers. For an enterprise, a price increase is generally worthwhile only if the additional receipts from higher earnings per unit are greater than the losses in sales. Conversely, if a price is lowered, the increased sales have to exceed the reduced earnings per unit.

In the case of enterprises that do not have significant market power, price rigidities may occur if long-term contracts explicitly rule out changes. Moreover, the expected durability of shocks may affect the propensity to change prices. Temporary changes in costs or demand ("transitory shocks") often do not

Reasons for not making a price adjustment *

Average assessment on a four-step scale from (1) "unimportant" to (4) "very important"

Item	Total	Type of firm			
		1	2	3	4
Coordination failure (with price increase)	2.6	2.5	2.6	2.9	2.0
Coordination failure (with price cut)	1.9	1.9	1.8	2.3	1.6
Customers' price sensitivity	2.1	2.2	2.2	2.4	1.7
Long-term contracts	2.4	1.4	3.5	3.2	1.4
Transitory shock	1.9	2.0	1.8	2.2	1.6
No cost trend	1.8	1.8	1.9	2.0	1.5
Time-dependent price setting	2.0	1.5	1.4	3.2	2.1
Menu costs	1.4	1.3	1.2	1.6	1.3
Percentage of firms	100	28	28	23	21

* Results of a survey among 1,200 enterprises taking part in the Ifo business survey. Types of firm classified with the aid of a cluster analysis. Values greater than 2.0 in bold.

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lead to price adjustments. Much the same is true if costs do not indicate a steady rise or fall ("no cost trend").

Furthermore, in the survey, enterprises were asked for information on whether they prefer to adjust their prices on a fixed date in the year or at a fixed interval of time. "Time-dependent price setting" of this kind likewise results in certain price rigidities. Another question was related directly to the importance of (narrowly defined) price-changing costs. Finally, the enterprises were asked to state whether they sometimes bring price adjustments forward in time, ie adjust prices in advance in the expectation of changes in costs or demand.

*Results of the
survey*

To answer these questions, the enterprises were given a four-step scale ranging from 1 (unimportant) to 4 (very important). The replies were subsequently averaged. Additionally, the percentage of responses with a score of either 3 (important) or 4 (very important) was formed.

According to the information supplied by the enterprises, fixed contracts are the strongest impediment to (short-term) price flexibility. Almost one enterprise in two (45%) considers this reason to be important (3) or very important (4). This is also reflected by the average score of 2.4. Fixed contracts are the norm especially in the manufacture of transport equipment (average assessment 3.0; rated at least as "important" by 73% of the enterprises), in the refined petroleum industry (3.2; 60%) and in the manufacture of basic metals (2.9; 69%).⁹

There follow, as further reasons, coordination failure (2.2; 42%) and customers' strong price sensitivity (2.1; 35%). Coordination failure plays a particular role in price increases (2.6; 58%). The sector most strongly affected by this is, again, the refined petroleum industry (3.2; 100%). Strong price sensitivity on the part of customers is found mainly in the textile industry (2.8; 57%).

Time-dependent price setting (2.0; 34%) achieved no more than a middle-ranking score. Prices are set at fixed intervals or at fixed dates mainly in the leather industry (2.9; 75%), in the manufacture of transport equipment (2.9; 37%) and in the manufacture of basic metals (2.8; 54%).

Generally, enterprises are relatively unworried by the prospect of a price change being followed, after no more than a brief period, by a price adjustment in the opposite direction (1.9; 27%). Exceptions are the refined petroleum industry (2.5; 56%), producers of office machinery and computers (2.4; 50%) and – with qualifications – manufacturers of basic metals (2.3; 28%). It is even rarer for prices to remain unchanged because the costs reveal no trend (1.8; 17%). Exceptions in this case are, again, producers of office machinery and computers (2.3; 45%) as well as manufacturers of basic metals (2.2; 32%). The least important among all the surveyed potential reasons for deferring a price adjustment is (narrowly defined) menu costs (1.4; 9%). It is only in the case of producers of office machinery and computers (1.9; 45%) and of furniture, jewellery, and games and toys (1.9; 21%) that these play any significant role.

However, there is also confirmation that price changes are not only deferred but also brought forward (2.7; 61%). This applies, in particular, to the refined petroleum industry (3.0; 80%), manufacturers of electricity and apparatus (3.0; 70%), and in communications equipment and apparatus (3.1; 80%).

From such average figures, it is not possible, however, to ascertain whether the reasons for deferring price adjustments are complex

*... by type of
enterprise*

⁹ The assessment by enterprises in the refined petroleum industry that contracts restrict them in terms of their price flexibility is not inconsistent with above-average frequency of price changes in this sector. All it means is that enterprises would adjust their prices even more often in the absence of such contracts.

in the sense that all the factors are relevant – albeit to differing degrees – for all the enterprises, or whether there are differing types of enterprise for which individual factors predominate. Therefore, enterprises with similar price-setting behaviour were arranged into groups using a special statistical method, cluster analysis (for details, see the explanatory notes on p 22).

The first group consists of enterprises for which coordination failure in price increases and customers' price sensitivity represent the main problems. The second group is just as much affected by these two factors as the first group but long-term contracts are an additional consideration. In the third group, time-dependent price changes and transitory shocks are also important. A more autonomous, fourth type of enterprise changes its prices, as a rule, on a fixed date but generally feels itself to be subject to very little restriction. The reasons for a delayed price adjustment therefore seem to be quite complex for enterprises in the second and third groups. One in two enterprises belongs to these two groups.

"Attractive" prices

Another reason for price rigidities, albeit one that is not a major factor at the producer level, is the aim of attractive pricing. In the retail trade, threshold prices such as €1.99 are often regarded as attractive, whereas a price of, say, €2.03 is felt to deter buyers. If a price of €1.99 is to be increased, the new price tends to be €2.05 or €2.09 rather than €2.03. Additionally, "even" prices are often chosen for reasons of convenience. This likewise implies certain price rigidities and rela-

tively large price changes. In line with this, analyses of the individual price data from the German consumer price statistics show that suppliers with a preference for attractive prices change their prices less often than suppliers with more flexible pricing.

A further finding of the analysis of consumer prices is that (partly) regulated prices, such as those for gas and electricity, taxi fares and housing rents were adjusted comparatively rarely in the period under investigation. This is likely to be due to the fact that the procedure for changing such prices is relatively cumbersome and extends to some degree into the political sphere. The pronounced rigidity of housing rents could also be a result of the particular long-term nature of the rental contracts.

Regulation

Reasons for price changes

The enterprises were also asked about the most important reasons for price changes, again based on a four-step scale. The responses showed that the most important reason for a price increase in manufacturing is a rise in material costs (average score 3.4; rated as at least "important" by 89% of the enterprises), followed by a permanent rise in labour costs (2.7; 57%). By contrast, relatively minor importance was ascribed to changes in demand (in either direction; 2.2; 36%), and higher prices of competitors were considered even less important (2.1; 34%).

Survey results for manufacturing

Price reductions present a slightly modified picture. In this case, too, a change in material

The cluster analysis method

Cluster analysis is a statistical method of classifying objects. In the present case, firms were to be arranged together in non-overlapping groups, known as “clusters”. Kendall defines a cluster as “a group scattered around some central value, possibly condensing in a nuclear set, not necessarily spherical but not excessively elongated into a rod-like shape”.¹ Objects within a cluster should be as similar as possible, while the focal points of the clusters, the “central values”, should be as far apart as possible. Consequently, cluster analysis requires a measure for similarity or dissimilarity. In this instance, the sum of the residual squares was used. Here, “residual” is the distance of an object – in other words, an enterprise – from the centre of the cluster.

For the clustering itself, two alternative methods were used: Ward’s method and the k-means method. As its starting point, Ward’s method regards each observation as an autonomous group. The two groups which are nearest to each other are fused (ie the fusing of which results in the lowest increase in the sum of the residual squares). This process is repeated until, at the final stage, all objects belong to one and the same group. In this way, a tree of clusters is obtained. Ward’s method is hierarchical: a cluster, once it has been formed, is not dissolved in any of the ensuing steps. This charac-

teristic makes it easier to select the number of clusters, although other methods can produce less scattering.

One of these methods is the k-means method, in which the number of clusters has to be specified in advance. In an initial step, k different values are selected as centres of k clusters. Subsequently, each object is assigned to a cluster by minimising the sum of the residual squares. The new cluster centre is then computed. The process is repeated until none of the objects can be resorted. Since a cluster allocation can be revised subsequently, the k-means method allows more flexible adjustment than Ward’s method.

In the present case, the number of clusters was therefore established in a first step using Ward’s method. In a second step, the enterprises’ allocation to the clusters was optimised using the k-means method. In contrast to Ward’s method, this second step resulted in one firm in three being reallocated. Clustering was performed on the basis of the importance of the reasons for price adjustment and the importance of the reasons for deferring/not making a price adjustment. A major factor in deciding on four clusters was the interpretability of the individual clusters. The aim of assigning precisely one reason for price rigidity to each firm was not achieved, however.

¹ Maurice Kendall (1980). *Multivariate Analysis*. Charles Griffin & Company Ltd. London and High Wycombe, p 32.

costs is considered most important (2.8; 64%). The second-most important reason is, however, a price reduction by competitors (2.6; 55%). This is followed by higher productivity (2.4; 47%), a fall in demand (2.2; 44%), an increase in demand (2.0; 27%), and declining labour costs (1.9; 26%).

*Changes in
prices and
demand*

The ambivalent role of changes in demand – both increases and falls in sales can be motives for raising or lowering prices – is explained as follows. If production is burdened by a large block of fixed costs and if the marginal costs of production vary only slightly with output, full cost coverage, with increasing output, calls for higher prices (although it is doubtful whether these can really be maintained in the long term). Conversely, given rising output, the price can be lowered. On the other hand, if the variable cost components predominate and if the increase in such costs is disproportionately high when output rises, an increase in demand pushes up prices and a fall in demand lowers prices.

*Analysis of
actual price-
setting
behaviour in
industry*

Additional information on when enterprises actually change their prices may be found in the micro data of the Ifo business survey in manufacturing. Besides a wide variety of information on the order situation and capacity utilisation, this also contains data from the enterprises on whether they have raised or lowered their prices in the preceding month. However, the enterprises themselves are not surveyed directly on the development of major cost factors. For this reason, to analyse price-setting behaviour, use was also made of Federal Statistical Office data on input prices and wage costs as well as the Bundesbank's

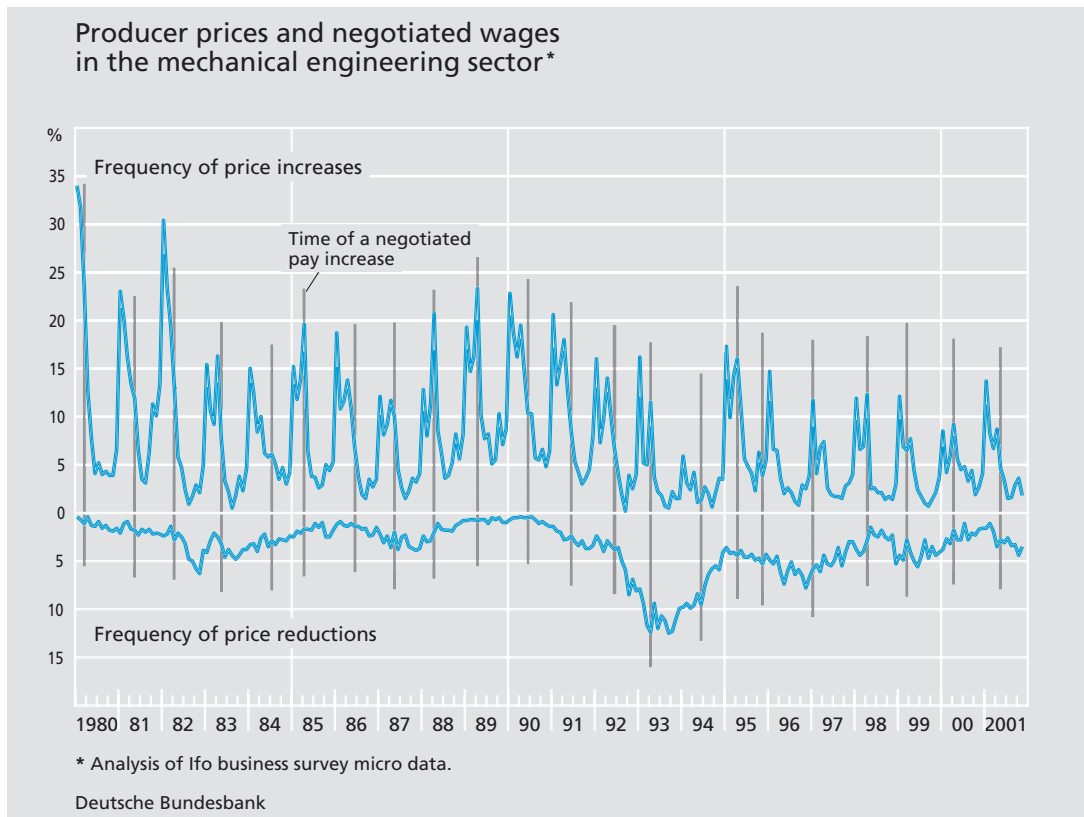
statistics on negotiated pay with regard to the timing and scale of negotiated wage and salary adjustments.

The following comments are confined to the metal-working industry, which accounts for 43% of value added in German manufacturing. This sector includes the car industry as well as electrical and mechanical engineering. In these industries, price increases show a marked seasonal pattern. Price increases are also often made in months in which negotiated pay rises come into effect. The seasonal pattern suggests that at least some of the enterprises review and, if considered appropriate, change their prices at fairly long, regular intervals. This is also confirmed by the results of the survey on price-setting behaviour, which found that 28% of enterprises in the metal-working industry review their prices annually and that 11% do so twice a year. Finally, the fact that changes in negotiated rates of pay often coincide with price increases demonstrates that some enterprises do not raise prices at fixed intervals but rather when the occasion calls for it. By contrast, price cuts, which occur more often in periods of cyclical weakness, lack a regular seasonal pattern and do not coincide with changes in negotiated pay rates.

*Differences
between price
increases and
price cuts*

Owing to the marked difference between upward and downward price changes, these will be discussed separately below. Additionally, a differentiation is made on the basis of the direction in which the price was changed previously, ie four different "transitions" will be analysed: a price increase followed by a reduction, a price reduction followed by a

*Case
differentiation*



further reduction, a price reduction followed by an increase, and a price increase followed by a further increase. It seemed prudent to make this distinction since the reasons for a series of price changes in one direction are, notionally, different from those which lie behind a series of price changes in opposing directions. We examined what effect (actual or expected) changes in cost and demand factors as well as changes in the behaviour of competitors have on the probability of such transitions. Account was also taken of the period of time that had elapsed since the previous price adjustment.

Price increase and subsequent price cut

A price increase in the metal-working industry is often followed by a price reduction if demand has fallen in the interim or if demand is expected to decline during the next six

months. One possible reason for this is that the enterprises, in making the earlier price increase, misjudged how their customers would react. This line of reasoning is suggested by the fact that the enterprises do not revise their prices immediately after the (perhaps ill-fated) price increase but do so quite soon afterwards.

A price reduction is followed by a further price reduction if there has been a decline in demand or if one is expected. The behaviour of competitors is also a factor. Moreover, prices are all the more likely to be reduced, the greater the number of competitors that lower their prices. It is probable that enterprises fear losing their customers to their competitors if they do not lower their own prices as well. The interval between two con-

Price reduction followed by a further price reduction

secutive price cuts is often no more than two months. After that, further price reductions become less likely.¹⁰

Price increase following a price cut

A price reduction is followed by a price increase if demand has increased in the interim or if competitors have raised their prices. Conversely, an upward price adjustment becomes less likely if demand is expected to fall or if competitors have lowered their prices.

Price increase followed by a further price increase

Interim change in demand is only of secondary importance for the decision to follow a price increase with a further increase. However, a price increase is more likely if demand is expected to be higher during the next six months and if competitors, too, are experiencing rising demand and/or adjust their prices in the same month.

Rising costs and price increases

Costs are generally of major importance in taking a decision to raise prices. A price increase becomes more likely if it is accompanied by a cumulative increase in (material and wage) costs since the previous price change. Moreover, prices are often adjusted upwards in months in which new pay agreements come into effect. In addition, many price increases take place in months immediately preceding such a pay rise. This means, firstly, that higher costs have a direct impact on prices, and, secondly, that wage increases under negotiated pay agreements help to coordinate price adjustments.

Time-dependent price setting

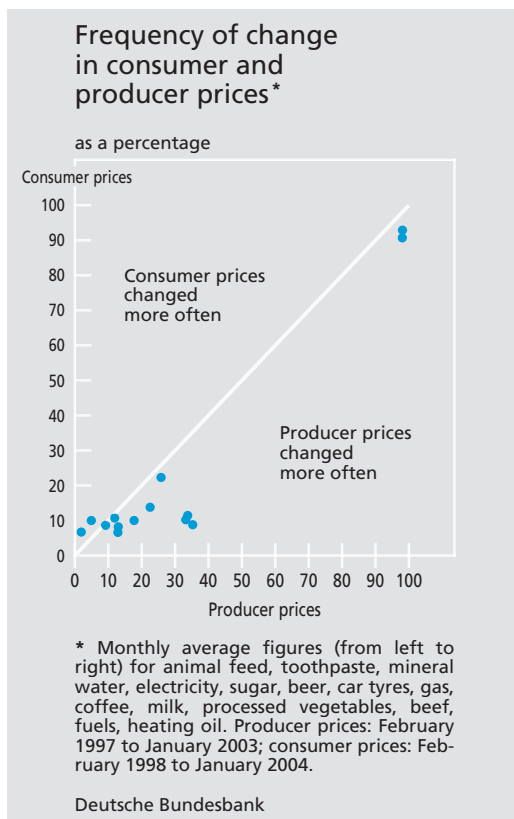
Furthermore, for upward – unlike downward – price adjustments, there are regularities that are not directly related to the behaviour of competitors or developments in costs or

sales. There is, for instance, a preference for increasing prices in the first few months of the year. Furthermore, price adjustments after a period of exactly 12 months are more likely if the earlier price had likewise been applicable for 12 months. This reflects the time-dependent price-setting behaviour of some enterprises.

The asymmetries between price increases and price reductions detected in the Ifo business survey micro data are entirely plausible. Firms try to boost their profits by passing on higher costs and not passing on lower costs. Nevertheless, they find it more difficult actually to raise prices than to forgo price cuts. One of the reasons for this is that competitors often do not follow suit in making price increases. Enterprises therefore make use of certain times, such as the beginning of the year or pay rises under collective agreements, to effect price increases which are coordinated with those of their competitors. This results in higher profits with hardly any change in relative prices. However, the setting also has to be right, ie if possible, the enterprises should be able to count on rising demand even though prices have been increased. Other-

Reasons for asymmetries

¹⁰ According to the analysis of the Ifo business survey micro data, cost changes have no major impact on the probability of price reductions in the metal-working industry. Lower costs do not make a price cut more likely and higher costs do not make a price cut less likely. In the direct survey on price-setting behaviour, however, the enterprises gave falling material costs as the most important factor in price reductions. This discrepancy may be explained partly by the fact that the cost indicators used in the business survey analysis capture not only material costs but also other costs such as wages, and represent averages rather than enterprise-specific values. This probably underestimates the impact of changes in material costs.



wise, price reductions are also taken into consideration.

Supplementary results for consumer prices

Price formation could not be analysed in comparable detail at the consumer level as the required information was unavailable. The consumer price statistics tell us only about the product type, the type of sales outlet and, as supplementary information, any product changes or changes in the reporting unit. However, there is no product-specific information on costs and sales. Nevertheless, for a small number of products, it is possible to make a direct comparison between price changes at the producer level and price changes at the consumer level. This shows that the product prices which are adjusted frequently at the producer level are often changed at the consumer level, too. Further-

more, it can be seen that there are frequent changes to the consumer prices of products for which the most important input prices – measured by product and sector-specific wage, producer and import price indices – are relatively volatile. These findings suggest that the major differences in the frequency of price adjustments in the retail trade and in services can be explained, at least in part, by the greater or lesser necessity of changes in response to price adjustments at the input stage.

Even so, it is striking how rarely many consumer prices are varied – despite the additional contribution of special sales, which are not of any great importance at the industrial producer level. In the case of the goods we studied, prices were, in most cases, changed more often at the producer level than at the consumer level. Prices in the services sector are also modified less often than wages, which are commonly the most important cost factor.

As in the case of industrial enterprises, it is apparent that the wholesale and retail trade as well as service providers prefer to change prices in the first few months of the year. Moreover, there are many suppliers at the consumer level that prefer to adjust prices after exactly 12, 24 or 36 months. Particular events are also a factor in synchronising price changes. The costs that were approximated by the most important relevant input price when analysing price setting in the wholesale and retail trade and among service providers likewise help to explain the occurrence of price changes. The lower the cost dynamics

are, the more rarely are prices raised and the more often they are lowered.

Summary

Price flexibility and competition

One major finding of the studies on price-setting behaviour in Germany is that most prices are not adjusted whenever there is a change in demand or in costs. A continuous review and adjustment of prices would take up additional resources. This does not apply just to sellers; frequent price changes create information costs for customers as well. In general, it may be expected that firms setting prices take account of the costs of price flexibility – their own and those generated for the customers. The observed degree of price flexibility could then be regarded as adequate for the necessary adjustment of the relative prices, provided the markets are sufficiently competitively organised. In the metal-working industry, which was analysed in greater depth for this study, there are a number of indications that strategic interactions between enterprises sometimes prevent rapid price adjustments. But this is likely to be a reflection more of the advanced degree of specialisation in this industry than of weak competition.

A cross-European comparison of the statistical frequency of price changes reveals that Germany occupies a median position in terms of producer price adjustments and is somewhat below the average at the consumer level.¹¹ The below-average position with regard to consumer prices is, however, probably due in large part to the fact that, in the past, end-of-season sales in Germany – unlike in other countries – were not reflected in the German consumer price statistics. Special offers probably play a lesser role generally than on a European average. Also, the general rate of inflation in Germany was lower. It is therefore not possible to conclude from this comparison that prices in Germany are less flexible than they are in other euro-area countries. Rather, along with the observed downward price flexibility, this is a reflection of a stability culture that has evolved over several decades – a stability culture in which the general purchasing power of money has been preserved to a very large extent and in which, at the same time, the necessary changes in relative prices take place.

*Germany in
comparison
with other
countries*

¹¹ According to Dhyne et al (2005), Price setting in the euro area, Some stylised facts from individual consumer price data, ECB Working Paper No 524, the frequency of price changes for a comparable basket of goods with identical weights was 15% per month in Germany and just under 16% on an average of the nine countries considered.

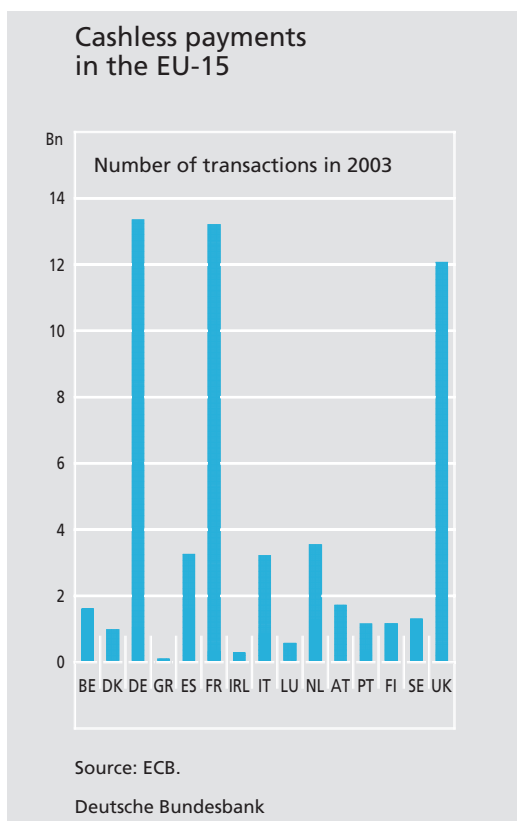


The road to the Single Euro Payments Area

In the European Union (EU), around 57 billion cashless transactions were executed in 2003. Nearly 75% of them took place in the euro area. The Single Euro Payments Area (SEPA), a work in progress since the introduction of the euro in 2002, is expected to lead to considerable long-term practical and structural changes. These changes will also affect the banks, companies and consumers in Germany, one of Europe's largest markets for payments. For a variety of reasons, the Bundesbank has a keen interest in the development of the SEPA. As an integral part of the European System of Central Banks (ESCB), the Bundesbank should promote the smooth functioning of payment systems, and section 3 of the Bundesbank Act requires it "to arrange for the execution of domestic and international payments". The Bundesbank additionally provides services in interbank payments and for government agencies. This article provides information on the objectives of the SEPA, the current status of the discussion and potential impacts.

European retail payments today

Cashless payments are particularly important in the economic process. In the old EU of 15 member states (EU-15), more than 57 billion cashless transactions are carried out annually by consumers and companies via credit transfer, direct debit, payment card or



cheque; these are known as retail payments. Germany alone accounts for nearly 25% of such payments within the EU-15.

Fragmented markets in Europe

Since the introduction of the euro in 1999, and especially since euro banknotes and coins were put into circulation in 2002, the euro area's 310 million inhabitants have had a single currency at their disposal. However, the markets for retail payments within the euro area have remained strongly national in their character. Various country structures have evolved over decades and are tailored to specific features, such as each country's banking structure. These structures are also based on different payment customs. For one thing, there are differences in the frequency of cashless payments. Whereas the per capita number of cashless transactions was over 215 in

Payment customs vary

Austria, Finland and the Netherlands in 2003, the figure was less than 100 in Ireland, Italy and Spain; Germany, with 162 cashless transactions per capita, held the middle ground. This probably reflects *inter alia* a relatively strong preference for cash in Germany. For another, in Europe there is a wide disparity regarding the means of payments: while credit transfers and direct debits predominate in Germany, other countries, such as France, have traditionally favoured cheques. It is notable, however, that in nearly all EU countries the number of payments made with credit cards (eg MasterCard, Visa, American Express and Diners Club) and debit cards (in Germany, the ec-cash system) has risen significantly over the past few years.

Developments in retail payments have also brought about a variety of technical standards for exchanging payments and different infrastructures for payment settlement. Many countries have central "automated clearing houses" (ACH) that settle national interbank payments. In the EU-15 alone there are 12 such central ACHs which settle between 100,000 payments (Greece) and 44 million payments (France) each day. In some countries, however, bilateral exchanges of payments between major clearing institutions in the banking industry are prevalent; in Germany, this system is supplemented by banking-group-specific giro networks and the Bundesbank's Retail Payment System (RPS) for banks and payments not accommodated anywhere else. On the whole, the cost and efficiency levels of payment execution in the different countries in Europe have undergone varying developments. Owing to the structure

Different standards and infrastructures

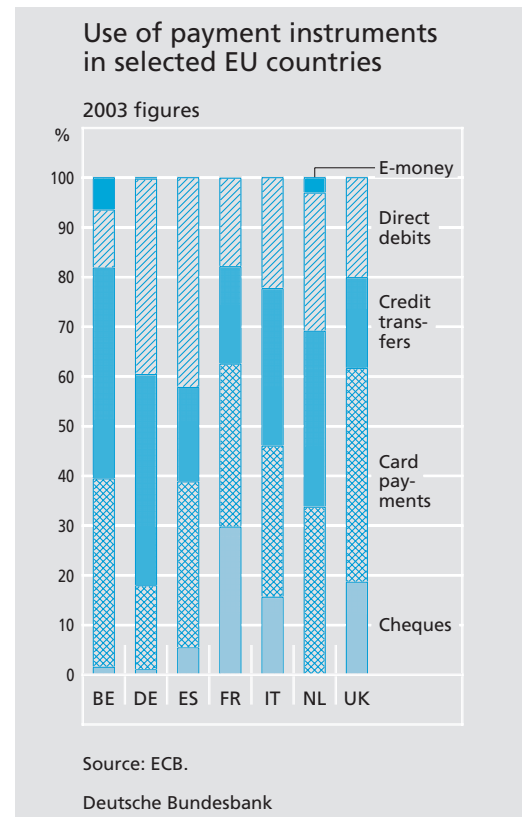
of the banking sector, in Germany the processing of payments is more decentralised. All the same, it is highly efficient. This is reflected *inter alia* by the fact that the vast majority of payments can be automatically processed straight through the entire payment chain.

Developments in European payments

Single market and euro drive developments

Europe's economic integration is having a decisive impact on developments in European payments. It was particularly the creation of the single European market, which requires adequate payment processing mechanisms for it to take full effect, that motivated the European Commission to call for improvements to be made initially in the field of cross-border EU payments. European Commission studies dating back to the 1990s came to the conclusion that processing times and fees in this segment far exceeded national processing times and fees. The small percentage of cross-border EU payments in all banks' payments was one of the reasons; in Germany, this percentage is still estimated to be only between 0.3% and 2% of all payments, depending on the banking group. This small percentage causes relatively high costs for the execution of cross-border payments via special procedures. The EU had initially sought to improve the situation by adopting Directive 97/5/EC on cross-border credit transfers of 21 January 1997 in the hope of creating more transparency about the terms and conditions for the execution of payments.

Cross-border payments of little relevance



With no prospect of the desired improvement even after the euro was introduced, however, the EU decided to adopt Regulation (EC) No 2560/2001, commonly known as the pricing regulation. One of its provisions stipulates that charges for electronic cross-border payment transactions and credit transfers of up to €12,500 (from 1 January 2006, of up to €50,000) within the EU must not exceed those for comparable domestic payments. Moreover, for credit transfers, customers are required to provide the beneficiary's International Bank Account Number (IBAN) and the Bank Identifier Code (BIC) of the beneficiary's institution. These standards are intended to enable the fully automated processing of payments. The pricing regulation resulted in "price pressure" and thereby created a strong incentive to establish more cost-

*Regulation (EC)
No 2560/2001*

Overview of envisaged provisions of the directive on payment services in the internal market

Changes in banking supervision law

"Payment institutions" as a new category of payment service providers

- Setting of authorisation procedures and minimum requirements
- No permission to accept deposits from customers or issue electronic money

Information requirements for payment service providers

- Greater transparency through comprehensive information requirements on terms and contractual provisions for payment services

Legal harmonisation in payment settlement

- Introduction of the term "authorised payment"
- Limited user liability for unauthorised payments
- Rules for refunding payments
- Setting of execution times and value dates
- Liability of payment service provider for executing accepted payment orders

Deutsche Bundesbank

effective procedures for settling cross-border euro payments within the EU. Thus, in 2003 the Euro Banking Association (EBA) launched its STEP2 system, through which credit transfers compliant with the pricing regulation can be exchanged between all EU member states. The pricing regulation also led to a distinct reduction in fees for cross-border payments. For instance, no special fees are levied any longer on withdrawals made by credit or debit cards in other EU countries. In addition, studies commissioned by the European Commission suggest that the pricing regulation has not led to an increase in domestic prices. Observed price increases – for instance, for paper-based, and therefore relatively labour-intensive, payment orders – are deemed to be attributable more to banks' heightened cost-consciousness and to investments that would

have been necessary anyway. It is only the introduction of or increase in fees for using ATMs from other banks observed in some countries that could potentially be a primary result of the pricing regulation. Irrespective of the effects sketched out above, the approach chosen by the EU has increased the cross-subsidisation of foreign payments by domestic payments and, instead of creating convergence, is tending to strengthen the considerable differences in price levels between European countries.

For approximately three years now, the European Commission has additionally been preparing a uniform legal framework for European payments with the goal of harmonising the national legal provisions relevant to payment execution. The proposal for a directive on payment services in the internal market has now been published and is expected to be adopted next year. However, some of the envisaged rules, such as the demand for very short and hence costly execution times for all payments irrespective of their urgency, are still the subject of controversy.

New legal framework for European payments

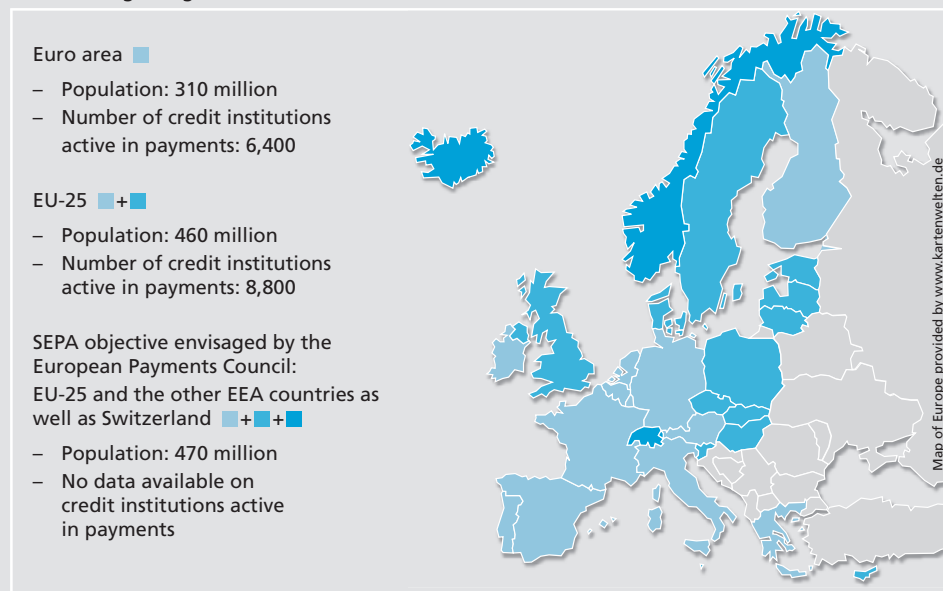
SEPA objectives

The objective in creating a Single Euro Payments Area is to eradicate the current fragmentation of the European payments landscape. This would result in a common market in Europe in which cross-border euro payments could be settled as easily, inexpensively and securely as national ones. Consumers and companies would no longer have to distinguish between national and cross-border

Completion of internal market concept in payments

Geographical dimension of the Single Euro Payments Area (SEPA)

As at the beginning of 2005



Sources: ECB and Eurostat.

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euro payments within the EU and could look all over Europe to find the right service provider to handle their payment business. As a rule, today users can only choose from among service providers in their home country in order to execute their payments. Furthermore, it is normally not possible to use the direct debit procedure for cross-border business.

pected to lie in an increase in – cross-border – price and service competition between providers of payment services. The bundling of settlement volumes among a smaller number of providers could also lead to economies of scale, thereby reducing costs.

Progress of work on SEPA

In 2002, the European banking industry declared for the first time, in a White Paper, its intention to create a single payments area in Europe by 2010. In order to manage these activities, the European Payments Council (EPC) was founded that same year. This council adopted its own formal charter in 2004. The

European banking industry working together in the EPC

Geographical dimension

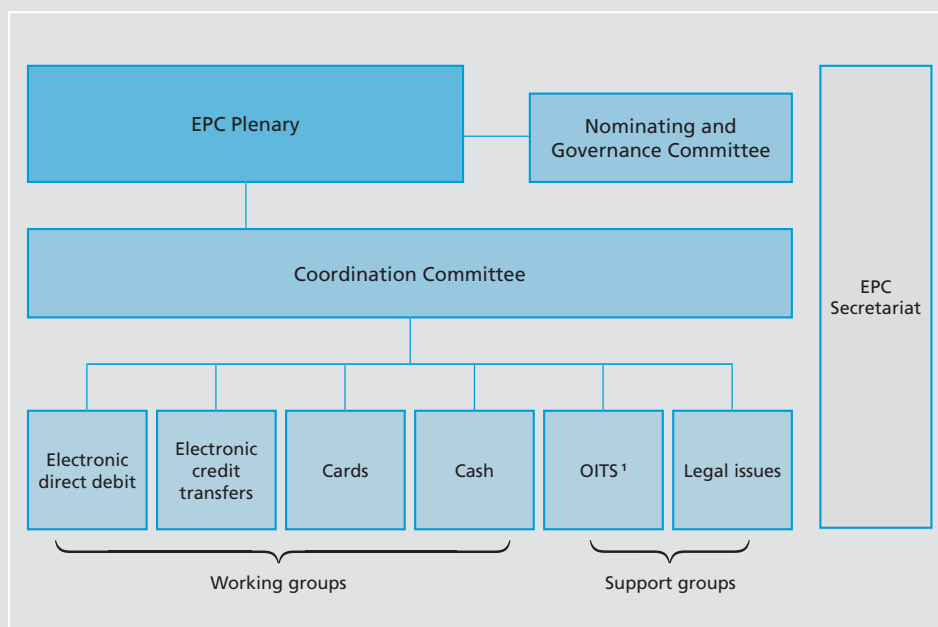
The target area of the SEPA is to include all EU-25 countries as well as the euro payments of the other EEA countries¹ and Switzerland. There is a consensus, however, that the implementation of the SEPA must be focused primarily on the euro area.

Advantages of the SEPA

Although the SEPA should also promote cross-border trade, its main advantage is ex-

¹ Iceland, Liechtenstein and Norway.

Board structure of the European Payments Council (EPC)



Source: EPC. — 1 Operations, Infrastructure and Technology Standards.

Deutsche Bundesbank

EPC currently has 64 members from 27 European countries; not only European banking associations but, above all, national banking associations and major credit institutions are represented. The majority of SEPA's work is carried out in six working groups. The German banking industry is following the EPC's efforts by "mirroring" the EPC's board structure at a national level in its Central Credit Committee (CCC).

In the meantime, the EPC has also specified the "roadmap" for the SEPA in a joint declaration known as the Crowne Plaza Declaration. It stipulates that, from 2008, banks will offer new pan-European payment instruments in the euro area which will operate alongside national instruments and which can be used for both cross-border and nation-

al transactions. Through market-driven migrations, these pan-European instruments are to achieve a "critical mass" by 2010; the integration of the European payment landscape would then have passed the point of no return.

The EPC is concentrating on developing schemes for three pan-European payment instruments: credit transfers, direct debits and card payments. These three payment instruments dominate cashless payments in nearly all EU countries. Despite the considerable progress made in the past few years in developing the SEPA payment schemes by creating the relevant rulebooks, work has not been completed yet because of the continuing need for discussion within the European banking industry.

Development of pan-European payment schemes

Roadmap for establishing the SEPA

*SEPA credit
transfer*

Today, with the EU standard credit transfer, there already exists a standardised instrument to settle cross-border euro credit transfers within the EU amounting to a maximum of €12,500 (from 1 January 2006, up to €50,000), which are compliant with the pricing regulation. The EPC intends to expand this standard and apply it to all SEPA credit transfers. As a result, the beneficiary would be identified by an IBAN and BIC. The transfer time between the acceptance of the order and the crediting of the payment to the recipient's account must not exceed three days – irrespective of whether the recipient holds his account at home or in another EU country. However, shorter settlement periods are possible and, in some countries, already a reality. In addition, the EPC, in its further work, will have to take account of the one-day settlement period recently called for by the European Commission. From 2008, customers are also to have the option of using the SEPA credit transfer scheme for national payments. In an interim step, from 2006 the banking industry will, on principle, only accept orders for cross-border transfers that contain the beneficiary's IBAN and BIC. After a one-year transition period, banks will be entitled to refuse to execute transactions in which the IBAN and BIC are not given.

*SEPA direct
debit*

The EPC had already decided at an early stage against harmonising the different national direct debit procedures and in favour of developing a completely new scheme, the SEPA Direct Debit Scheme (SDD). In the German case, the SDD – as the discussion in the EPC now stands – will contain many recognisable elements of the German collection

authorisation procedure (*Einzugsermächtigungsverfahren*). It is envisaged, for example, that the payer gives the payee a "mandate" on the basis of which the payee initiates the collection of the payment. The payer will also retain the right to return a payment if the collection of the payment is unauthorised. However, there will also be numerous changes compared with the current situation in Germany. For one, the respective data for the mandate will have to be passed on to the payer's credit institution. Another is that all SEPA direct debits will have to contain a settlement date. As a rule, the payer's bank must already receive the direct debit two days prior to that date; for first-time collection and one-off direct debits, the length of time will be extended to five days. This lead-time is intended to enable the payer's bank to offer additional services to its customers, such as checking the mandate. Because of the strict deadlines, the SDD appears less well suited to one-off collections, and because of mandatory formal requirements – each mandate must bear the payer's signature – its use will likely call for the existence of a longer-term customer relationship, even in the case of internet-based payments. Moreover, consideration could be given to complementing the SDD with a variant similar to the German debit authorisation procedure (*Abbuchungsauftragsverfahren*), which ultimately rules out the option of the payer to return a payment. This could be a viable way to comply with specific requirements for payments in inter-company transactions.

In September 2005, the EPC adopted a SEPA

SEPA cards

credit or debit card to be used throughout Europe. Once it has been fully implemented, purely national systems are to be a thing of the past. The only way to achieve this goal is through a far-reaching technical standardisation of technology, which would, for instance, enable merchants to accept any such SEPA cards at a single terminal. This would require the comprehensive standardisation of existing interfaces. The SEPA Cards Framework is short on specifics about the process and elements of this standardisation. A continuation of work on the part of the banking industry in these areas will be necessary in the coming months.

There are several different ways to implement the goal of the SEPA-wide use of cards strategically. The following are examples of options for an existing national debit card system such as Germany's ec card.

- Direct contracts with banks/card networks in other European countries.
- Bilateral links to card systems in other European countries.
- Co-branding with internationally operating systems (especially MasterCard and Visa).

The choice of a strategy or strategy mix should be left to each individual provider. In the short term, especially bilateral links between efficient national debit card systems that are already operating successfully could open the way to cost advantages. However, this requires that the operators of internation-

al card systems do not reject cooperation with these providers to hinder the formation of such alliances, as this would seriously impede competition in the European card market.

As regards technology, the European banking industry is currently developing a data format for the transportation of payment messages on the basis of modern internet technology. Each country currently uses its own data formats; for instance, in Germany the DTA (*Datenträger austausch*, data media exchange) standard has been used for interbank payments and client-bank business since 1976. The new SEPA data format – like Germany's DTA today – is intended to be used for all payment instruments and also for return payments. Uniform technological standards form the basis for the interoperability of payment infrastructures in the individual EU countries. Whereas national payments today are exclusively processed through national clearing procedures, the EBA's STEP2 system has been available for cross-border EU transfers since 2003. Every business day, around 200,000 payments are settled by this system, and the number is still growing strongly. This means that STEP2 may reach a share of around 20% of cross-border EU payments. The remainder will continue to be settled either intra-group (in the case of multinational banks) or via international giro networks (for example, via TIPANet in the European cooperative sector or Eurogiro in the former post sector) and via bilateral correspondent relationships.

Technical standards and infrastructures

Role of the Eurosystem

ESCB activities aimed at security and efficiency

The ESCB's activities in the field of payments are directed at the objectives of efficiency and security. For this reason, the SEPA project is of paramount importance, particularly to the central banks of the euro area (also known as the Eurosystem). As early as September 1999, the Eurosystem had pointed out that full use of the advantages of monetary union could be made only if it is possible to make payments between EU member states just as quickly, reliably and cost-effectively as within the individual member states. Since that time, the Eurosystem has been actively supporting the European banking industry's activities as a "catalyst". In that vein, progress on the road to SEPA has been constantly evaluated in published SEPA reports, with the fourth SEPA Progress Report scheduled for publication in the first quarter of 2006. In addition, the European Central Bank (ECB) is directly represented in the EPC and the EPC's working groups as an observer; in addition, the national central banks maintain relevant contacts with their banking industry representatives. Moreover, the Eurosystem, in order to promote dialogue with end users, has commenced talks with industry associations and consumer organisations at national and European level.

Bundesbank as link between German banking industry and Eurosystem

The Bundesbank's main role is as a link between the German banking industry and the political decision-making process in the Eurosystem. The Bundesbank's myriad activities – such as its involvement in the EPC mirror working groups established at the national level – additionally serve to continue the long

tradition of cooperation with the German banking industry in the CCC. This cooperation has already contributed to a continuous evolution of the German payment structure and thus was a major factor for its high level of efficiency. One major future challenge will lie in developing a national SEPA migration strategy which will create transparency concerning planned developments for all parties involved – banks, business companies and consumers – as well as helping the German banking industry to maintain its competitiveness in European payments.

Furthermore, the Bundesbank actively participates in the execution of retail payments. The Bundesbank-operated RPS is an interbank clearing system which has been linked to the STEP2 system for processing cross-border EU payments in euro since 2003. The aim behind the Bundesbank's operational role is solely motivated by public interests. For example, it gives the traditionally strongly decentralised German banking industry access to euro clearing services which is neutral in its effect on competition. A specific advantage here is that all German banks can thereby be directly accessed via RPS since they hold accounts at the Bundesbank. The Bundesbank sees its function as complementing the private activities of the banking industry; this is borne out by the relatively low market shares in domestic interbank clearing (less than 15% of domestic payments) and less than 5% of STEP2 payments, with the number of transactions remaining largely stable. Although in the longer term SEPA activities are also likely to affect central banks' role in payments through consolidation, from today's perspec-

Bundesbank's operational involvement in retail payments

tive it still appears necessary for the Bundesbank to maintain its range of services in order to ensure a complementary and open access to European retail payments, particularly for small and medium-sized credit institutions. Any further developments should solely be considered a result of adjusting to the new SEPA procedures and standards and in no way represent a change in the Bundesbank's strictly subsidiarity-oriented business policy.

Issues of concern regarding future SEPA developments

Following a fixed schedule

Given the large number of parties involved, the differences in the individual EU countries' payment structures and the latent tension between cooperation and competition, it is quite understandable that the complicated debating process at the European level requires a lot of time. What is also clear, though, is that, for SEPA to be a success, it is absolutely necessary to run this project consistently along a path of fixed schedules and milestones. This means, for example, that for the new SEPA procedures to be introduced on schedule in 2008, the relevant frameworks – especially the SDD – have to be completed in the coming months. Beyond this, the European Commission's new legal framework has to provide clarity about the possibilities of legally embedding the envisaged SEPA procedures as quickly as possible.

Concentration on core activities

The SEPA project will be implemented on schedule only if all parties involved focus on the work at hand and refrain from making the process even more complicated. Further

requests such as the processing of electronic invoices at the client-bank interface are best put on hold for a SEPA extension stage and therefore until after the year 2010. There has also been criticism that changing over to IBAN and BIC makes matters considerably more difficult for retail customers, who today only have to give the much shorter bank account numbers and sort codes. Options requiring customers to only give an IBAN are therefore under discussion. Although such an improvement seems fundamentally desirable, the conceptual and technical adjustments necessary for this could further delay the work on the SEPA. Incidentally, it should be noted that IBAN and BIC are already required for cross-border payment transactions.

Some countries have complained that the performance quality of SEPA instruments lags behind that of the national systems currently in use. This could be the case, for instance, in smaller countries which, on account of their provider structure and relatively small payment volumes relative to the European average, have established centralised processing mechanisms. In the foreseeable future, however, centralised solutions are unlikely to be a model for European integration as they would require a structural revolution in European payments and would not permit the further evolution of the efficient processes currently in use. Moreover, the example of the German direct debit procedure shows that it is precisely simple procedures which are well received. It therefore makes sense to focus initially on the standardisation of basic services which, in terms of comfort, cost-effectiveness and security, promise wide ac-

Performance of the SEPA schemes compared with national instruments

ceptance. Each credit institution – or, as appropriate, a whole country's banks – should be free to offer further services that give customers additional benefits. These value-added services, however, must not be allowed to lead to renewed national protectionism. If such additional services should evolve into European standards over time by virtue of a convincing cost-benefit ratio to the customer, they could be incorporated into the range of standard SEPA services.

Avoiding excessive information on purpose of payment

These considerations also apply *inter alia* to the format of remittance information, which should enable all companies, as bank customers, to reconcile payments in an automated and therefore cost-effective manner. This is already the case in many countries. However, only the users can judge whether it makes sense to provide comprehensive remittance information – above and beyond the use of simple reference numbers – since they have to bear the resultant added costs. Europe-wide coordination among companies, as users, will also be necessary for any pre-defined structure of the remittance data.

No co-existence of national and SEPA procedures in the long term

All parties involved have to be clear about the ultimate goals of SEPA. A key element of these goals is that SEPA processes are not primarily targeted at cross-border payments but, instead, are to form the basis for a single European market for payment services. Since the co-existence of national and SEPA processes will be rather cost-intensive and probably fraught with compatibility problems, the replacement of national instruments and standards will probably be inevitable in the long term. At all events, the political accept-

ability of the banking industry's SEPA activities would be in serious jeopardy if their sole purpose were to standardise cross-border payments – at costs that would remain much higher than for national payments.

National procedures, however, cannot be replaced by 2010. Instead, flexible migration periods, which will depend on the starting situations in each country and the various customer groups, are necessary here. Whereas internationally oriented customers will probably switch relatively quickly to the new standards, users with a largely national orientation will probably take some persuasion to change over. It may be necessary to provide conversion services for these users over a relatively lengthy period. However, clear, longer-term targets will remain the decisive factor, as this is the only way to offer users the necessary certainty for planning and investment purposes. The banking industry favours a market-driven migration process which would leave it up to the customers to decide whether to use the new procedures or maintain the old procedures. Against the background of the level of efficiency already reached in Germany, however, continued efforts on the part of the banking industry will be necessary to provide, through adequate product and price policies, incentives for customers to convert to the new SEPA schemes.

The new SEPA schemes must be used by all credit institutions in Europe, at least as recipients, with legally binding effect (for general validity purposes). Whereas this binding nature in Germany is achieved in cashless

Replacement of national procedures by 2010 not possible

Customers need certainty for planning and investment purposes

Binding nature of SEPA standards

payments through interbank agreements concluded by the banking associations in the CCC for their member institutions, only a contractual involvement of individual institutions is envisaged for Europe. This poses the risk that, at the outset, only a very few institutions will be accessible through the new SEPA schemes, thereby achieving only a low level of acceptance for these schemes. In addition, comprehensive directories would be necessary in order to identify the participating credit institutions. Although a market-driven SEPA evolution would be the generally preferred alternative, since processes and standards cannot be designed by lawmakers with sufficient flexibility, in the case of insufficient acceptance regulations could be necessary in order to enforce the general validity of standards developed in the EPC.

Potential implications of SEPA developments

Evolutionary development of SEPA

Once the currency borders have been eliminated, the SEPA will represent the complete implementation of the single market concept in payments. Because of the existence of historically evolved and efficient national structures, this can only take place gradually over time. Furthermore, it must be remembered that, owing to cultural differences, the complete convergence of cashless payment habits can be expected only over the extremely long term.

Advantages to users...

From the users' perspective, there will be distinct short-term advantages notably for multinationals, since they will be able to consoli-

date their payments processing at a single bank in the euro area. The SEPA will thus lead to a distinct improvement, especially for bank customers with a large share of cross-border transactions. In the medium term, however, because of the expected increase in competition, all consumers should benefit from the SEPA. One of the key factors here will be a more flexible range of services that can generate additional customer benefits through, for instance, increased comfort, improved control over finances or greater security; another will be the greater choice of service providers.

These effects will also be reflected in the banking industry; at present, around 8,800 banks in the EU provide payment services. The SEPA will require large initial investment in order to adapt systems to the new SEPA schemes and standards; only part of this is likely to be offset by the continuing need to modernise the heavily IT-dependent payment systems. Europe-oriented institutions, in particular, are likely to extract cost advantages from the consolidation of internal processing platforms, to more effectively tap the existing market potential in European countries through bundling strategies and to be able to provide a tailored product range to internationally active customers. In some cases, even non-bank providers will enter this competitive market. The SEPA will therefore pose a challenge mainly to banks that are currently focused on a national level. From a price perspective, the increasing competition as well as political pressure – an extension of the pricing regulation to include direct debits is under discussion – may be expected to limit

... and impact on structure of payment service providers

the scope for price increases. However, one cannot rule out the possibility that cost aspects will have an even greater influence on the pricing of payment services in future and that cross-subsidisation through banks' other business lines will be reduced. However, it would not be desirable, though, if the SEPA led only to price convergence at a European average level – which would put users in the most efficient countries at a disadvantage. Against this background, the banking industry must attempt to maintain its competitiveness by optimising process chains, undertaking additional consolidation efforts and shaping the migration process in an economically sensible manner as well as offering an attractive product range.

*Interoperability
of infrastruc-
tures necessary*

In the area of infrastructures, it will be important to ensure that the different clearing mechanisms are interoperable by 2010 so

that payments are assured of being processed straight through in Europe. Further developments should be left to the market. In Germany, too, with the bilateral exchange between major clearing institutions in the banking industry, the exchange of payments in giro networks and the use of the Bundesbank's RPS, a number of different clearing mechanisms already co-exist. Once it has been assured that, as in Germany, clearing systems in Europe are also interoperable – for example, able to process the new SEPA standards – there will be no further need for additional regulation of the infrastructures. Instead, the variety of services on offer will ensure a maximum of competition. It is ultimately up to market participants – in line with the competition policy framework – to decide for themselves on the optimum structure of service providers.

Index of abbreviations

ACH	Automated clearing house	ESCB	European System of Central Banks
BIC	Bank Identifier Code	EU	European Union
CCC	Central Credit Committee	IBAN	International Bank Account Number
EBA	Euro Banking Association	RPS	Retail Payment System
ECB	European Central Bank	SDD	SEPA Direct Debit Scheme
EEA	European Economic Area	SEPA	Single Euro Payments Area
EPC	European Payments Council		



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Abbreviations and symbols

- e Estimated
- p Provisional
- pe Partly estimated
- r Revised
- ... Data available at a later date
- . Data unknown, 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 the euro area

1 Monetary developments and interest rates

Period	Money stock in various definitions 1,2				Determinants of the money stock 1			Interest rates		
	M1	M2	M 3 3		MFI lending, total	MFI lending to enterprises and households	Monetary capital formation 4	Eonia 5,7	3-month Euribor 6,7	Yield on European government bonds outstanding 8
				3-month moving average (centred)						
	Annual percentage change							% per annum as a monthly average		
2004 Apr	10.9	6.2	5.4	5.5	5.9	5.9	7.5	2.08	2.05	4.2
May	9.4	5.5	4.9	5.2	5.9	6.0	7.6	2.02	2.09	4.4
June	9.5	5.6	5.3	5.2	6.4	6.2	7.6	2.03	2.11	4.4
July	10.0	5.9	5.5	5.5	6.3	6.3	7.5	2.07	2.12	4.3
Aug	9.2	5.7	5.6	5.7	6.1	6.0	7.5	2.04	2.11	4.1
Sep	9.7	6.2	6.0	5.8	6.0	6.3	7.9	2.05	2.12	4.1
Oct	8.9	6.3	5.8	6.0	6.1	6.6	7.8	2.11	2.15	4.0
Nov	9.7	6.6	6.1	6.2	6.0	6.8	7.8	2.09	2.17	3.9
Dec	9.0	6.7	6.6	6.5	6.1	7.1	8.3	2.05	2.17	3.7
2005 Jan	9.6	7.1	6.8	6.7	6.5	7.3	8.1	2.08	2.15	3.6
Feb	10.2	7.3	6.6	6.6	6.7	7.4	8.7	2.06	2.14	3.6
Mar	9.3	7.1	6.5	6.6	6.3	7.4	8.7	2.06	2.14	3.7
Apr	9.3	7.4	6.8	6.9	6.7	7.7	8.4	2.08	2.14	3.5
May	10.1	7.6	7.3	7.2	6.5	7.9	8.4	2.07	2.13	3.4
June	10.9	8.0	7.6	7.6	6.6	8.1	9.5	2.06	2.11	3.2
July	11.1	8.3	7.9	7.9	6.8	8.3	9.1	2.07	2.12	3.3
Aug	11.6	8.6	8.2	8.2	7.0	8.5	9.0	2.06	2.13	3.3
Sep	11.1	8.8	8.4	8.2	7.3	8.9	8.3	2.09	2.14	3.1
Oct	11.2	8.6	8.0	...	7.7	9.3	8.7	2.07	2.20	3.3
Nov	...	...	...	...	...	...	...	2.09	2.36	3.5

1 Source: ECB. — 2 Seasonally adjusted. — 3 Excluding money market fund shares/units, money market paper and debt securities with a maturity of up to two years held by non-euro-area residents. — 4 Longer-term liabilities to

euro-area non-MFIs. — 5 Euro OverNight Index Average. — 6 Euro Interbank Offered Rate. — 7 See also footnotes to Table VI.5, p 44*. — 8 GDP-weighted yield on ten-year government bonds.

2 External transactions and positions *

Period	Selected items of the euro-area balance of payments							Euro exchange rates 1			
	Current account			Capital account				Dollar rate	Effective exchange rate 3		
	Balance	of which Trade balance	Balance	Direct investment	Securities transactions 2	Credit transactions	Reserve assets		Nominal	Real 4	
	€ million							Euro/US-\$	Q1 1999 = 100		
2004 Apr	-	1,842	+ 10,073	- 15,234	- 450	- 3,261	- 8,872	- 2,650	1.1985	101.6	103.6
May	-	23	+ 10,455	+ 3,630	- 2,368	- 14,482	+ 19,861	+ 618	1.2007	102.4	104.4
June	+	3,600	+ 11,393	+ 3,990	- 6,425	+ 24,522	- 13,357	- 750	1.2138	102.3	104.2
July	+	7,896	+ 13,733	- 4,788	- 2,750	- 27,492	+ 25,217	+ 237	1.2266	102.8	104.9
Aug	+	2,999	+ 5,388	+ 2,197	+ 9,259	- 6,498	- 4,339	+ 3,775	1.2176	102.7	104.8
Sep	+	982	+ 5,421	+ 3,599	+ 1,920	+ 40,496	- 38,281	- 535	1.2218	103.0	105.0
Oct	+	3,170	+ 8,879	- 16,414	- 10,357	+ 6,090	- 13,069	+ 922	1.2490	104.2	106.2
Nov	+	4,569	+ 5,224	+ 13,186	- 9,086	- 20,611	+ 42,924	- 40	1.2991	105.6	107.6
Dec	+	7,746	+ 7,482	+ 5,555	- 412	+ 41,131	- 36,638	+ 1,474	1.3408	107.1	109.3
2005 Jan	-	5,818	+ 1,367	+ 18,253	- 10,478	- 20,737	+ 51,045	- 1,577	1.3119	105.8	108.0
Feb	+	5,877	+ 5,885	+ 27,084	- 2,740	+ 24,519	+ 394	+ 4,911	1.3014	105.1	107.1
Mar	+	3,461	+ 8,308	- 19,441	- 6,830	- 7,170	- 6,955	+ 1,513	1.3201	106.0	108.2
Apr	-	10,696	+ 3,966	- 11,529	- 11,580	- 14,964	+ 15,816	- 801	1.2938	105.1	107.2
May	-	2,818	+ 6,117	+ 39,541	+ 8,176	+ 20,287	+ 8,501	+ 2,578	1.2694	104.0	106.2
June	+	179	+ 8,670	+ 18,009	- 8,201	+ 104,531	- 79,652	+ 1,331	1.2165	101.2	103.5
July	+	1,339	+ 9,884	- 1,936	- 81,169	+ 76,040	+ 757	+ 2,436	1.2037	101.7	103.8
Aug	-	1,691	+ 2,122	- 5,311	- 15,000	- 25,762	+ 35,557	- 106	1.2292	102.3	104.5
Sep	-	4,774	+ 4,152	+ 22,789	+ 2,073	+ 11,857	+ 9,198	- 338	1.2256	101.8	103.9
Oct	1.2015	101.4	103.5
Nov	1.1786	100.7	102.8

* Source: ECB. — 1 See also Tables X.12 and 13, pp 74–75. — 2 Including financial derivatives. — 3 Vis-à-vis the currencies of The-EER-23 group. — 4 Based on consumer prices.

II Overall monetary survey in the euro area

1 The money stock and its counterparts *

(a) Euro area

€ billion

Period	I Lending to non-banks (non-MFIs) in the euro area					II Net claims on non-euro-area residents			III Monetary capital formation at monetary financial institutions (MFIs) in the euro area				
	Total	Enterprises and households		General government		Total	Claims on non-euro-area residents	Liabilities to non-euro-area residents	Total	Deposits with an agreed maturity of over 2 years	Deposits at agreed notice of over 3 months	Debt securities with maturities of over 2 years (net) ²	Capital and reserves ³
		Total	of which Securities	Total	of which Securities								
2004 Mar	77.6	46.7	16.4	30.9	14.2	6.7	76.8	70.1	45.9	7.1	- 0.2	31.0	7.9
Apr	89.9	85.8	26.8	4.1	11.0	7.4	70.3	62.9	28.3	10.3	- 1.1	16.4	2.7
May	72.2	47.5	3.9	24.7	30.5	- 21.1	- 11.1	10.0	23.8	5.6	- 0.9	16.3	2.8
June	60.4	46.6	- 8.1	13.8	8.5	17.2	- 23.3	- 40.5	22.1	9.9	- 0.4	8.0	4.5
July	28.1	26.4	- 9.0	1.8	- 4.6	- 1.5	- 7.2	- 5.7	28.1	6.8	0.1	14.9	6.4
Aug	- 18.9	- 13.8	- 10.2	- 5.0	- 0.1	30.3	45.7	15.4	18.7	6.7	- 0.0	9.2	2.8
Sep	53.5	57.5	- 2.8	- 4.0	2.9	34.8	22.6	- 12.3	45.2	3.5	- 0.3	31.8	10.1
Oct	56.4	57.3	5.8	- 0.9	- 1.1	20.5	30.9	10.4	25.2	7.3	0.9	15.3	1.8
Nov	89.9	86.4	17.6	3.5	6.9	10.4	106.0	95.6	29.1	15.4	0.8	7.2	5.8
Dec	27.4	70.4	15.6	- 43.0	- 48.4	26.4	- 7.3	- 33.7	40.9	26.1	1.2	9.1	4.6
2005 Jan	97.7	54.7	15.3	43.0	38.2	- 15.7	84.0	99.7	11.9	1.9	- 0.3	10.7	- 0.4
Feb	60.3	37.0	10.2	23.2	32.5	13.6	66.0	52.4	46.3	7.5	0.5	32.6	5.7
Mar	48.2	53.7	6.6	- 5.6	- 4.5	- 22.7	37.2	59.9	46.7	15.3	- 0.1	23.7	7.8
Apr	136.1	119.6	67.6	16.5	11.9	2.3	109.6	107.3	17.4	5.4	- 0.5	15.2	- 2.7
May	55.6	61.9	2.7	- 6.3	- 3.9	- 39.5	- 6.8	32.8	25.9	0.2	- 0.4	21.5	4.6
June	73.4	66.9	- 21.0	6.5	7.9	102.2	23.5	- 78.7	71.6	19.4	- 0.7	30.0	22.9
July	52.1	52.3	- 9.1	- 0.2	- 0.7	0.6	44.6	43.9	14.6	5.9	- 1.0	6.7	2.9
Aug	- 2.7	1.8	- 3.3	- 4.5	- 5.7	1.7	- 1.3	- 3.0	17.8	1.6	- 1.0	12.8	4.4
Sep	95.4	95.7	10.8	- 0.3	- 6.4	- 19.5	64.1	83.6	19.3	4.1	- 1.6	11.5	5.3
Oct	103.8	90.7	25.0	13.0	17.3	- 12.1	49.8	61.9	41.8	7.2	- 0.5	32.6	2.5

(b) German contribution

Period	I Lending to non-banks (non-MFIs) in the euro area					II Net claims on non-euro-area residents			III Monetary capital formation at monetary financial institutions (MFIs) in the euro area				
	Total	Enterprises and households		General government		Total	Claims on non-euro-area residents	Liabilities to non-euro-area residents	Total	Deposits with an agreed maturity of over 2 years	Deposits at agreed notice of over 3 months	Debt securities with maturities of over 2 years (net) ²	Capital and reserves ³
		Total	of which Securities	Total	of which Securities								
2004 Mar	28.7	10.4	9.6	18.3	5.8	- 2.0	10.3	12.3	9.4	0.0	- 0.2	9.4	0.2
Apr	10.8	16.4	13.3	- 5.6	1.1	15.0	22.0	7.0	13.0	4.5	- 1.2	6.2	3.4
May	- 10.4	- 10.6	- 8.3	0.1	6.0	11.1	- 4.9	- 16.0	5.0	4.3	- 0.9	4.9	- 3.3
June	- 9.2	- 12.4	- 12.7	3.2	8.5	21.2	- 8.5	- 29.7	7.9	4.0	- 0.3	- 1.8	6.0
July	6.4	- 4.1	- 1.5	10.5	1.5	- 3.3	- 9.4	- 6.1	8.0	1.7	0.1	2.3	3.9
Aug	- 7.4	- 8.1	- 5.4	0.8	5.4	12.1	12.3	0.2	2.8	1.9	- 0.0	5.2	- 4.3
Sep	5.3	10.7	0.6	- 5.3	- 0.8	11.1	35.0	23.9	9.9	1.1	- 0.3	9.9	- 0.7
Oct	11.7	- 0.6	1.5	12.3	7.3	18.7	8.1	- 10.6	3.9	2.7	0.6	- 0.5	1.1
Nov	6.1	11.8	1.1	- 5.7	- 1.8	3.3	41.4	38.1	0.5	2.6	0.8	- 0.9	- 2.0
Dec	- 14.0	- 1.8	9.9	- 12.2	- 8.2	10.3	- 25.6	- 36.0	2.1	3.7	1.1	- 5.2	2.5
2005 Jan	20.9	6.3	6.3	14.6	10.2	- 4.8	26.3	31.1	2.3	0.6	- 0.3	0.7	1.3
Feb	- 2.2	0.6	- 5.1	- 2.8	1.6	1.7	14.0	12.3	4.9	4.1	0.5	4.8	- 4.5
Mar	8.5	- 1.1	6.2	9.6	9.8	- 10.4	4.0	14.3	10.6	2.6	- 0.0	7.8	0.3
Apr	63.2	50.8	45.3	12.4	7.5	15.6	56.3	40.7	11.8	- 2.8	- 0.5	10.8	4.2
May	- 21.7	- 15.0	- 17.7	- 6.6	- 5.7	- 22.7	- 25.5	- 2.9	- 1.8	- 4.0	- 0.5	2.0	0.7
June	- 27.7	- 9.3	- 16.0	- 18.4	- 12.8	49.9	- 6.3	- 56.2	9.1	- 0.4	- 0.6	4.9	5.3
July	3.9	2.9	4.5	1.0	- 3.0	3.7	14.3	10.6	6.8	1.8	- 0.7	2.8	2.9
Aug	2.8	2.7	2.3	0.2	3.4	- 3.4	- 10.4	- 7.0	- 1.3	0.2	- 1.0	- 1.0	0.6
Sep	5.1	17.1	1.9	- 12.0	- 7.2	- 0.1	16.2	16.3	- 5.6	- 0.4	- 1.5	- 2.0	- 1.7
Oct	10.3	11.0	2.6	- 0.7	- 2.3	- 4.2	2.9	7.1	3.7	- 0.7	- 0.5	0.7	4.2

* The data in this table are based on the consolidated balance sheet of monetary financial institutions (MFIs) (Table II.2); statistical breaks have been eliminated from the flow figures (see also the "Notes on the figures" in the "Explanatory notes" in the Statistical Supplement to the Monthly Report 1, p 30). — 1 Source: ECB. — 2 Excluding MFIs' portfolios. — 3 After

deduction of inter-MFI participations. — 4 Including the counterparts of monetary liabilities of central governments. — 5 Including the monetary liabilities of central governments (Post Office, Treasury). — 6 In Germany, only savings deposits. — 7 Paper held by residents outside the euro area has been eliminated. — 8 Less German MFIs' holdings of paper issued by

II Overall monetary survey in the euro area

(a) Euro area

IV De- posits of central gov- ernments	V Other factors		VI Money stock M3 (balance I plus II less III less IV less V)										Period
	Total 4	of which Intra- Eurosystem liability/ claim related to banknote issue	Total	Money stock M2						Repo transac- tions	Money market fund shares (net) 2,7,8	Debt secur- ities with maturities of up to 2 years (incl money market paper) (net) 2,7	
				Total	Money stock M1			Deposits with an agreed maturity of up to 2 years 5	Deposits at agreed notice of up to 3 months 5,6				
					Total	Currency in cir- culation	Overnight deposits 5						
- 9.2	20.3	-	27.3	33.7	40.7	6.1	34.6	- 12.3	5.2	- 9.1	5.3	- 2.6	2004 Mar
- 4.7	21.1	-	52.6	33.3	24.4	9.8	14.6	0.6	8.3	5.8	8.0	- 5.4	Apr
15.5	- 16.0	-	27.7	35.8	18.7	7.3	11.5	11.0	6.0	- 3.6	- 2.1	- 2.4	May
28.7	- 0.0	-	26.9	30.4	44.2	6.4	37.8	- 26.1	12.2	- 4.3	- 3.7	- 4.7	June
- 22.2	- 6.6	-	27.4	19.6	1.4	13.2	- 11.9	10.6	7.6	6.0	3.9	- 2.2	July
- 8.5	17.4	-	- 16.1	- 29.7	- 38.7	- 2.8	- 35.9	3.4	5.6	1.3	11.0	1.3	Aug
11.1	- 2.1	-	34.2	56.6	63.1	4.6	58.5	- 8.6	2.2	- 8.3	- 13.3	- 0.9	Sep
- 6.7	- 3.1	-	61.5	42.0	10.1	6.4	3.8	27.7	4.1	13.9	7.4	- 1.7	Oct
- 14.6	46.6	-	39.1	43.8	50.5	4.4	46.2	- 13.5	6.7	- 5.7	- 3.2	- 4.2	Nov
- 20.4	- 71.3	-	104.7	109.4	38.7	19.7	19.1	39.1	31.6	5.0	- 8.0	- 1.6	Dec
18.2	43.4	-	8.4	- 0.3	14.6	- 8.5	23.2	- 27.8	12.8	- 0.2	12.4	- 3.5	2005 Jan
29.5	- 12.3	-	10.3	4.9	5.0	3.7	1.3	- 5.3	5.2	- 1.7	- 1.9	- 8.9	Feb
- 22.7	- 26.2	-	27.6	35.0	26.9	8.2	18.7	4.1	4.0	- 0.1	- 0.8	- 6.5	Mar
- 6.5	42.7	-	84.9	57.2	33.1	9.3	23.8	16.7	7.3	- 0.7	13.8	14.7	Apr
- 7.4	- 49.0	-	46.6	34.1	30.1	4.8	25.4	- 1.9	5.9	12.8	7.3	- 7.6	May
38.0	6.4	-	59.6	68.4	76.4	10.7	65.7	- 11.8	3.8	- 0.3	- 14.5	- 6.0	June
- 0.7	- 12.1	-	51.0	37.7	17.6	9.9	7.7	14.5	5.6	- 0.3	12.9	0.7	July
- 44.3	44.3	-	- 18.8	- 35.1	- 51.3	- 5.5	- 45.8	11.9	4.3	10.6	4.1	1.6	Aug
15.2	- 15.3	-	56.8	78.1	53.5	6.2	47.3	22.6	2.0	- 14.8	- 7.0	0.5	Sep
- 2.9	12.1	-	40.7	35.7	28.0	3.4	24.6	8.3	- 0.6	6.9	- 4.9	3.0	Oct

(b) German contribution

IV De- posits of central gov- ernments	V Other factors		VI Money stock M3 (balance I plus II less III less IV less V) 10										Period
	Total	of which Intra- Eurosystem liability/ claim related to banknote issue 9,11	Currency in cir- culation	Total	Components of the money stock						Money market fund shares (net) 7,8	Debt securities with maturities of up to 2 years (incl money market paper)(net) 7	
					Overnight deposits	Deposits with an agreed maturity of up to 2 years	Deposits at agreed notice of up to 3 months 6	Repo transac- tions					
									Total	Deposits with an agreed maturity of up to 2 years				Deposits at agreed notice of up to 3 months 6	Repo transac- tions
0.6	12.2	1.2	2.3	4.4	1.2	- 0.1	0.1	0.8	- 0.5	3.0	2004 Mar		
- 0.6	13.0	1.9	2.7	0.4	5.8	- 5.0	0.9	- 1.0	0.1	- 0.3	Apr		
1.0	- 10.7	1.0	2.3	5.3	- 2.7	8.7	0.2	- 0.3	0.3	- 1.0	May		
2.4	10.3	0.6	2.3	- 8.6	3.3	- 9.8	- 0.3	- 0.8	0.1	- 0.8	June		
- 1.0	- 0.1	1.7	3.6	- 3.8	- 8.5	3.9	0.5	0.6	3.9	- 4.2	July		
2.4	- 2.9	3.0	- 0.8	2.5	1.7	0.7	0.7	- 2.5	1.3	0.7	Aug		
- 3.9	1.5	2.3	1.3	9.0	14.6	- 5.1	0.1	3.9	- 2.3	- 2.1	Sep		
- 2.6	29.4	1.4	1.0	- 0.3	- 3.5	2.3	0.5	3.1	- 1.3	- 1.4	Oct		
- 1.9	- 7.6	0.8	2.1	18.4	29.2	- 9.5	- 0.1	0.8	- 1.9	- 0.2	Nov		
0.1	4.0	0.3	4.8	- 10.0	- 29.5	23.5	9.2	- 7.2	- 3.9	- 2.2	Dec		
1.4	- 4.7	1.1	- 2.0	17.1	23.2	- 15.8	0.9	10.3	- 0.2	- 1.1	2005 Jan		
0.8	- 5.6	1.3	1.0	1.0	5.2	- 5.6	0.3	2.2	0.3	- 1.4	Feb		
- 3.3	- 1.7	2.1	2.5	- 7.4	0.4	- 5.5	- 1.0	1.0	1.6	- 3.9	Mar		
0.8	54.2	0.9	2.3	12.0	2.4	6.9	0.1	0.3	0.4	1.8	Apr		
- 1.3	- 50.1	2.4	1.0	9.0	9.0	3.0	- 0.4	- 0.3	- 0.5	- 1.9	May		
0.8	6.6	0.7	3.4	5.7	10.0	- 5.8	- 1.2	- 0.1	0.2	2.5	June		
0.4	1.0	0.6	2.2	- 0.6	0.6	1.1	- 0.1	- 1.5	1.4	- 2.0	July		
- 0.4	- 7.9	1.6	- 1.2	9.0	1.7	1.1	- 0.5	3.9	0.2	2.7	Aug		
0.5	4.1	2.3	1.0	6.0	7.1	0.1	0.1	- 2.6	- 0.5	1.8	Sep		
- 1.2	- 3.6	0.0	1.0	7.2	3.4	2.1	- 1.1	4.3	- 2.4	0.9	Oct		

euro-area MFIs. — 9 Up to end-2002, including national banknotes and coins still in circulation. — 10 The German contributions to the Eurosystem's monetary aggregates should on no account be interpreted as national monetary aggregates and are therefore not comparable with the erstwhile

German money stocks M1, M2 or M3. — 11 The difference between the volume of euro banknotes actually issued by the Bundesbank and the amount disclosed in accordance with the accounting regime chosen by the Eurosystem (see also footnote 3 on banknote circulation in Table III.2).

III Consolidated financial statement of the Eurosystem

1 Assets *

€ billion

On reporting date/ End of month 1	Total assets	Gold and gold receivables	Claims on non-euro-area residents denominated in foreign currency				Claims on non-euro-area residents denominated in euro		
			Total	Receivables from the IMF	Balances with banks, security investments, external loans and other external assets	Claims on euro-area residents denominated in foreign currency	Total	Balances with banks, security investments and loans	Claims arising from the credit facility under ERM II
Eurosystem ²									
2005 Apr 1	3 927.2	3 128.1	3 155.9	3 22.9	3 133.0	3 19.1	9.3	9.3	—
8	927.2	128.0	156.5	22.8	133.7	19.6	8.7	8.7	—
15	922.2	128.0	154.9	22.7	132.2	20.0	8.7	8.7	—
22	934.5	128.0	154.6	22.6	132.0	20.5	9.1	9.1	—
29	934.5	127.4	155.9	22.5	133.4	20.5	9.7	9.7	—
May 6	927.1	127.4	155.1	22.2	132.8	21.3	8.9	8.9	—
13	922.9	127.4	155.7	22.4	133.3	20.3	8.9	8.9	—
20	929.8	127.3	156.2	22.3	133.9	20.1	8.8	8.8	—
27	927.8	127.3	155.1	22.3	132.8	20.2	9.0	9.0	—
June 3	940.2	127.1	155.6	22.3	133.3	20.1	9.4	9.4	—
10	938.0	127.0	155.2	22.2	133.0	20.4	9.0	9.0	—
17	940.8	126.8	152.4	21.3	131.0	20.9	9.3	9.3	—
24	967.9	126.7	153.0	21.3	131.6	20.3	9.0	9.0	—
July 1	3 988.4	3 138.5	3 162.6	3 22.2	3 140.4	3 21.0	9.2	9.2	—
8	988.7	138.4	162.5	22.2	140.3	20.9	8.8	8.8	—
15	979.5	138.3	161.6	22.0	139.6	21.6	9.6	9.6	—
22	989.7	138.1	161.0	20.5	140.5	21.2	10.4	10.4	—
29	996.8	138.1	159.6	20.5	139.1	21.5	9.6	9.6	—
2005 Aug 5	994.9	138.0	160.4	20.2	140.2	21.5	9.5	9.5	—
12	987.8	137.9	159.3	20.2	139.1	21.6	9.5	9.5	—
19	984.1	137.8	159.9	20.2	139.7	21.6	9.6	9.6	—
26	992.3	137.8	159.5	20.1	139.4	21.6	9.5	9.5	—
Sep 2	977.0	137.8	159.7	19.9	139.8	22.0	9.4	9.4	—
9	979.0	137.8	158.1	19.8	138.2	21.9	9.0	9.0	—
16	964.2	137.8	159.4	19.8	139.6	21.0	9.2	9.2	—
23	974.2	137.8	160.7	19.6	141.1	21.2	9.1	9.1	—
30	3 996.0	3 149.9	3 160.0	3 19.4	3 140.6	3 22.0	9.0	9.0	—
Oct 7	991.0	149.8	161.3	19.4	141.9	21.2	9.0	9.0	—
14	983.4	149.7	160.0	19.4	140.6	21.4	9.2	9.2	—
21	998.6	149.6	161.3	19.3	142.0	21.1	8.5	8.5	—
28	1 003.5	149.2	160.2	19.3	140.9	21.4	8.7	8.7	—
Nov 4	998.6	149.1	161.2	19.3	142.0	20.8	8.2	8.2	—
11	998.3	149.0	159.2	19.2	140.0	20.1	8.5	8.5	—
18	999.1	148.8	159.8	19.2	140.6	20.1	9.2	9.2	—
25	1 017.2	148.7	159.7	19.1	140.6	20.2	9.1	9.1	—
Dec 2	1 013.5	148.6	157.7	19.0	138.6	21.4	9.1	9.1	—
Deutsche Bundesbank									
2004 Jan	258.1	36.5	40.4	7.6	32.7	—	0.3	0.3	—
Feb	258.2	36.5	40.4	7.6	32.7	—	0.3	0.3	—
Mar	3 256.2	3 38.3	3 41.5	3 7.6	3 33.8	3 —	0.3	0.3	—
Apr	268.0	38.3	42.1	7.9	34.2	—	0.3	0.3	—
May	276.6	38.3	41.5	7.8	33.7	—	0.3	0.3	—
June	3 290.3	3 35.8	3 41.2	3 7.4	3 33.8	3 —	0.3	0.3	—
July	295.9	35.8	40.4	7.4	33.0	—	0.3	0.3	—
Aug	284.2	35.8	39.8	7.4	32.4	—	0.3	0.3	—
Sep	283.6	3 36.7	3 39.1	7.0	32.1	—	0.3	0.3	—
Oct	293.7	36.7	38.2	7.0	31.3	—	0.3	0.3	—
Nov	298.6	36.7	38.4	6.9	31.5	—	0.3	0.3	—
Dec	3 293.5	3 35.5	3 35.8	3 6.5	3 29.3	3 —	0.3	0.3	—
2005 Jan	287.9	35.5	36.2	6.5	29.7	—	0.3	0.3	—
Feb	300.1	35.5	35.7	6.4	29.3	—	0.3	0.3	—
Mar	3 294.6	3 36.4	3 37.4	3 6.1	3 31.3	3 —	0.3	0.3	—
Apr	299.0	36.4	37.0	6.1	30.9	—	0.3	0.3	—
May	304.6	36.4	37.2	6.2	31.0	—	0.3	0.3	—
June	3 310.7	3 39.8	3 38.9	3 5.8	3 33.1	3 —	0.3	0.3	—
July	317.5	39.8	38.6	5.0	33.5	—	0.3	0.3	—
Aug	315.3	39.8	37.6	5.0	32.6	—	0.3	0.3	—
Sep	3 325.0	3 43.3	3 39.5	3 5.0	3 34.5	3 —	0.3	0.3	—
Oct	324.6	43.3	39.3	5.0	34.3	—	0.3	0.3	—
Nov	329.2	43.3	38.2	5.0	33.2	—	0.3	0.3	—

* The consolidated financial statement of the Eurosystem comprises the financial statement of the European Central Bank (ECB) and the financial statements of the national central banks of the euro-area member states (NCBs). The balance sheet items for foreign currency, securities, gold

III Consolidated financial statement of the Eurosystem

Lending to euro-area credit institutions related to monetary policy operations denominated in euro							Other claims on euro-area credit institutions denominated in euro	Securities of euro-area residents denominated in euro	General government debt denominated in euro	Other assets	On reporting date/ End of month 1
Total	Main refinancing operations	Longer-term refinancing operations	Fine-tuning reverse operations	Structural reverse operations	Marginal lending facility	Credits related to margin calls					
Eurosystem ²											
366.8	276.0	90.0	-	-	0.7	0.0	2.7	79.7	41.2	³ 124.4	2005 Apr 1
365.0	275.0	90.0	-	-	0.0	0.0	3.0	80.7	41.2	124.5	8
360.5	270.5	90.0	-	-	0.0	0.0	3.1	80.7	41.2	125.2	15
372.0	282.0	90.0	-	-	0.0	0.0	3.0	80.1	41.2	126.0	22
370.5	280.5	90.0	-	-	0.0	0.0	2.9	79.8	41.2	126.5	29
363.2	273.0	90.0	-	-	0.2	0.0	3.0	80.1	41.2	126.9	May 6
357.5	267.5	90.0	-	-	0.0	0.0	2.8	81.1	41.2	128.1	13
362.5	272.5	90.0	-	-	0.0	0.0	3.0	82.4	41.2	128.3	20
361.2	271.0	90.0	-	-	0.2	0.0	2.8	82.9	41.2	128.1	27
372.0	281.5	90.0	-	-	0.5	0.0	2.5	83.2	41.2	129.0	June 3
369.0	279.0	90.0	-	-	0.0	0.0	2.5	84.0	41.2	129.7	10
373.6	283.5	90.0	-	-	0.1	0.0	2.9	83.4	41.2	130.3	17
400.1	310.0	90.0	-	-	0.0	0.1	3.1	84.2	41.2	130.3	24
398.2	308.0	90.0	-	-	0.2	0.0	3.2	85.7	40.7	³ 129.3	July 1
397.5	307.5	90.0	-	-	0.0	0.0	2.9	87.4	40.7	129.6	8
388.5	298.5	90.0	-	-	0.0	0.0	3.2	85.6	40.7	130.5	15
398.5	308.5	90.0	-	-	0.0	0.0	3.4	85.9	40.7	130.4	22
407.0	317.0	90.0	-	-	0.0	0.0	3.3	85.7	40.8	131.3	29
404.0	314.0	90.0	-	-	0.0	0.0	3.1	85.9	40.8	131.6	2005 Aug 5
398.0	308.0	90.0	-	-	0.0	0.0	2.8	86.5	40.8	131.5	12
393.0	303.0	90.0	-	-	0.0	0.0	3.3	86.3	40.8	131.8	19
400.0	310.0	90.0	-	-	0.0	0.0	3.2	87.6	40.8	132.2	26
383.0	293.0	90.0	-	-	0.0	0.0	3.3	88.7	40.8	132.4	Sep 2
384.5	294.5	90.0	-	-	0.0	0.0	3.4	89.9	40.8	133.6	9
369.5	279.5	90.0	-	-	0.0	0.0	3.6	89.6	40.8	133.5	16
377.6	287.5	90.0	-	-	0.0	0.0	3.6	90.1	40.8	133.5	23
384.0	293.5	90.0	-	-	0.5	0.0	3.4	90.9	40.7	³ 136.2	30
378.0	288.0	90.0	-	-	0.0	0.0	3.7	91.6	40.8	135.7	Oct 7
371.0	281.0	90.0	-	-	0.0	0.0	3.2	91.8	40.8	136.2	14
386.0	296.0	90.0	-	-	0.0	0.0	3.4	91.8	40.8	136.1	21
391.5	301.5	90.0	-	-	0.0	0.0	3.3	92.3	40.8	136.3	28
384.5	294.0	90.0	-	-	0.5	0.0	2.8	92.9	40.8	138.3	Nov 4
385.0	295.0	90.0	-	-	0.0	0.0	3.1	93.2	40.8	139.4	11
383.5	293.5	90.0	-	-	-	0.0	3.7	92.8	40.8	140.5	18
401.0	311.0	90.0	-	-	0.0	0.0	3.5	92.6	40.8	141.7	25
396.5	306.5	90.0	-	-	0.0	0.0	3.1	93.5	40.8	143.0	Dec 2
Deutsche Bundesbank											
157.4	117.4	40.0	-	-	0.0	-	0.0	-	4.4	19.0	2004 Jan
157.6	109.9	47.5	-	-	0.2	-	0.0	-	4.4	18.9	Feb
141.7	94.1	47.5	-	-	0.2	-	0.0	-	4.4	30.1	Mar
153.7	104.3	49.4	-	-	0.0	-	0.0	-	4.4	29.1	Apr
173.2	123.7	49.5	-	-	0.0	-	0.0	-	4.4	18.9	May
189.4	139.9	49.5	-	-	0.1	-	0.0	-	4.4	19.1	June
196.0	145.1	50.9	-	-	0.0	-	0.0	-	4.4	19.1	July
184.8	135.3	49.5	-	-	0.0	-	0.0	-	4.4	19.1	Aug
173.6	127.4	45.6	-	-	0.6	-	0.0	-	4.4	29.5	Sep
195.1	148.1	46.9	-	-	-	-	0.0	-	4.4	19.0	Oct
199.8	153.5	46.0	-	-	0.3	-	0.0	-	4.4	19.0	Nov
190.4	143.0	47.3	-	-	0.1	-	0.0	-	4.4	26.9	Dec
185.1	134.3	50.9	-	-	0.0	-	0.0	-	4.4	26.3	2005 Jan
205.2	151.7	53.5	-	-	2.0	-	0.0	-	4.4	18.9	Feb
184.4	129.9	52.1	-	-	2.4	-	0.0	-	4.4	31.7	Mar
201.7	148.2	53.5	-	-	-	-	0.0	-	4.4	19.1	Apr
190.8	139.3	51.4	-	-	0.0	-	0.0	-	4.4	35.6	May
208.1	151.2	55.6	-	-	1.3	-	0.0	-	4.4	19.2	June
215.3	163.4	51.9	-	-	0.0	-	0.0	-	4.4	19.1	July
194.5	142.6	51.9	-	-	0.0	-	0.1	-	4.4	38.6	Aug
211.2	156.0	54.8	-	-	0.4	-	0.1	-	4.4	26.1	Sep
203.0	148.6	54.2	-	-	0.2	-	0.1	-	4.4	34.2	Oct
195.0	140.8	54.2	-	-	0.0	-	0.1	-	4.4	47.8	Nov

and financial instruments are valued at market rates at the end of the quarter.— 1 For the Eurosystem: financial statements for specific weekly dates;

for the Bundesbank: end-of month financial statement.— 2 Source: ECB.— 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 denominated in euro	Liabilities to euro-area residents in foreign currency	Liabilities to non-euro-area residents denominated in foreign currency			Counterpart of special drawing rights allocated by the IMF	Other liabilities ³	Intra-Eurosystem liability related to euro-banknote issue ²	Revaluation accounts	Capital and reserves	On reporting date/ End of month ¹		
		Total	Deposits, balances and other liabilities	Liabilities arising from the credit facility under ERM II								
Eurosystem ⁴												
8.9	0.2	9.8	9.8	—	5.7	54.0	—	72.0	58.2	2005 Apr 1		
8.9	0.2	10.9	10.9	—	5.7	53.7	—	72.0	58.2	8		
8.9	0.3	9.6	9.6	—	5.7	54.0	—	72.0	58.2	15		
8.9	0.3	10.0	10.0	—	5.7	54.0	—	72.0	58.2	22		
9.2	0.4	10.9	10.9	—	5.7	54.2	—	72.0	58.2	29		
9.4	0.4	10.9	10.9	—	5.7	54.7	—	72.0	58.2	May 6		
9.3	0.3	10.4	10.4	—	5.7	54.3	—	72.0	58.2	13		
9.5	0.3	10.7	10.7	—	5.7	55.1	—	72.0	58.2	20		
10.4	0.2	9.8	9.8	—	5.7	54.0	—	72.0	58.3	27		
10.2	0.2	10.3	10.3	—	5.7	54.2	—	72.0	58.3	June 3		
9.8	0.2	10.4	10.4	—	5.7	54.7	—	72.0	58.3	10		
10.1	0.3	8.8	8.8	—	5.7	55.5	—	72.0	58.3	17		
9.9	0.4	8.5	8.5	—	5.7	55.1	—	72.0	58.3	24		
9.7	0.3	5	9.1	5	5.9	56.9	—	92.3	58.3	July 1		
9.9	0.3	8.9	8.9	—	5.9	56.6	—	92.3	58.3	8		
10.0	0.4	8.7	8.7	—	5.9	57.0	—	92.3	58.3	15		
10.0	0.2	9.0	9.0	—	5.9	57.4	—	92.3	58.3	22		
10.1	0.2	8.0	8.0	—	5.9	57.9	—	92.3	58.3	29		
10.2	0.3	8.9	8.9	—	5.9	57.8	—	92.3	58.3	2005 Aug 5		
10.2	0.3	7.7	7.7	—	5.9	57.3	—	92.3	58.3	12		
10.3	0.4	8.1	8.1	—	5.9	58.3	—	92.3	58.3	19		
10.3	0.2	8.0	8.0	—	5.9	58.7	—	92.3	58.3	26		
11.3	0.5	8.4	8.4	—	5.9	59.0	—	92.3	58.4	Sep 2		
10.7	0.2	7.2	7.2	—	5.9	59.2	—	92.3	58.4	9		
10.6	0.3	7.7	7.7	—	5.9	60.1	—	92.3	58.4	16		
10.3	0.3	9.5	9.5	—	5.9	60.0	—	92.3	58.4	23		
11.1	0.2	10.4	10.4	—	5.9	5	62.3	103.7	58.4	30		
10.6	0.2	10.9	10.9	—	5.9	62.2	—	103.7	58.4	Oct 7		
10.8	0.3	9.3	9.3	—	5.9	62.2	—	103.7	58.4	14		
10.9	0.2	10.4	10.4	—	5.9	62.4	—	103.7	58.4	21		
11.2	0.2	9.8	9.8	—	5.9	62.3	—	103.7	58.4	28		
11.4	0.6	9.9	9.9	—	5.9	63.5	—	103.7	58.4	Nov 4		
11.5	0.3	8.9	8.9	—	5.9	64.1	—	103.7	58.4	11		
11.3	0.3	9.3	9.3	—	5.9	65.9	—	103.7	58.4	18		
11.4	0.3	9.3	9.3	—	5.9	66.1	—	103.7	58.4	25		
12.0	0.5	8.6	8.6	—	5.9	67.2	—	103.7	58.4	Dec 2		
Deutsche Bundesbank												
7.3	0.0	3.1	3.1	—	1.4	11.4	48.1	29.1	5.0	2004 Jan		
7.0	0.0	3.0	3.0	—	1.4	12.7	49.2	29.1	5.0	Feb		
6.5	0.0	3.1	3.1	—	1.5	10.8	50.4	5	32.2	5.0	Mar	
6.2	0.0	3.4	3.4	—	1.5	10.9	52.3	32.2	5.0	Apr		
5.8	0.0	2.7	2.7	—	1.5	11.5	53.3	32.2	5.0	May		
5.6	0.0	3.4	3.4	—	1.5	32.2	53.9	5	29.3	5.0	June	
5.9	0.0	2.6	2.6	—	1.5	30.3	55.6	29.3	5.0	July		
5.8	0.0	2.0	2.0	—	1.5	15.2	58.6	29.3	5.0	Aug		
5.6	0.0	2.0	2.0	—	1.4	12.0	60.9	29.6	5.0	Sep		
5.9	0.0	1.3	1.3	—	1.4	24.1	62.3	29.6	5.0	Oct		
5.6	0.0	1.5	1.5	—	1.4	13.9	63.1	29.6	5.0	Nov		
5.9	0.0	2.0	2.0	—	1.4	5	9.7	63.4	5	27.8	5.0	Dec
3.5	0.0	2.7	2.7	—	1.4	9.5	64.5	27.8	5.0	2005 Jan		
3.4	0.0	2.1	2.1	—	1.4	21.0	65.8	27.8	5.0	Feb		
3.2	0.0	3.1	3.1	—	1.4	9.4	67.9	5	30.1	5.0	Mar	
3.4	0.0	2.7	2.7	—	1.4	9.5	68.8	30.1	5.0	Apr		
3.5	0.0	2.6	2.6	—	1.4	9.6	71.3	30.1	5.0	May		
3.3	0.0	2.5	2.5	—	1.5	13.0	72.0	5	35.9	5.0	June	
3.5	0.0	3.0	3.0	—	1.5	10.8	72.6	35.9	5.0	July		
3.4	0.0	2.1	2.1	—	1.5	10.5	74.1	35.9	5.0	Aug		
3.5	0.0	4.1	4.1	—	1.5	11.0	76.4	5	39.2	5.0	Sep	
3.4	0.0	4.0	4.0	—	1.5	11.0	76.5	39.2	5.0	Oct		
3.4	0.0	2.9	2.9	—	1.5	11.2	76.4	39.2	5.0	Nov		

bank-note issue". The remaining 92 % of the value of the euro banknote in circulation is also allocated to the NCBs on a monthly basis, and each NCB shows in its balance sheet the share of the euro banknotes issued which corresponds to its paid-up share in the ECB's capital. The difference between the value of the euro banknotes allocated to the NCB according to

the aforementioned accounting regime and the value of euro banknotes put into circulation is also disclosed as an "Intra-Eurosystem claim/ liability related to banknote issue". — ³ For the Deutsche Bundesbank: including DM banknotes still in circulation. — ⁴ Source: ECB. — ⁵ 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 *

€ billion

End of month	Number of reporting institutions	Balance sheet total	Cash in hand and credit balances with central banks	Lending to banks (MFIs)			Lending to non-banks (non-MFIs)				Participating interests	Other assets	
				Total	of which		Total	of which					
					Balances and loans	Securities issued by banks		Loans		Bills			Securities issued by non-banks
								for up to and including 1 year	for more than 1 year				
All categories of banks													
2005 May	2,136	6,935.7	55.2	2,746.7	1,977.1	756.0	3,720.3	480.8	2,555.1	2.9	674.0	142.4	271.1
June	2,129	6,892.6	50.5	2,756.9	1,974.7	767.6	3,678.9	462.6	2,558.7	2.8	648.4	142.6	263.7
July	2,118	6,910.8	55.7	2,759.6	1,979.9	764.4	3,687.8	463.4	2,566.1	3.0	649.8	143.7	264.0
Aug	2,110	6,890.4	53.3	2,735.2	1,956.1	762.2	3,693.0	457.6	2,568.8	2.9	656.9	143.5	265.5
Sep	2,098	6,913.3	54.7	2,751.1	1,970.1	763.3	3,698.8	465.0	2,572.6	2.8	651.9	144.5	264.3
Oct	2,089	6,931.0	52.0	2,758.4	1,986.3	755.2	3,710.2	476.4	2,571.3	2.8	649.9	144.5	265.9
Commercial banks ⁵													
2005 Sep	249	1,924.8	19.6	762.0	626.4	132.6	968.2	261.7	540.5	1.5	160.2	76.1	98.9
Oct	250	1,944.9	14.9	776.7	646.0	127.9	977.3	268.5	540.7	1.6	158.9	75.7	100.3
Big banks ⁶													
2005 Sep	5	1,229.7	10.8	474.8	401.2	70.9	607.1	177.3	308.1	1.2	117.2	63.8	73.2
Oct	5	1,252.1	8.1	491.0	421.1	67.4	615.2	185.8	307.5	1.3	113.8	63.8	74.0
Regional banks and other commercial banks													
2005 Sep	161	586.7	8.1	226.2	168.0	58.0	317.5	61.8	211.7	0.3	42.9	12.3	22.7
Oct	159	580.9	6.1	223.7	165.0	58.4	317.0	60.7	210.3	0.3	44.8	11.9	22.3
Branches of foreign banks													
2005 Sep	83	108.5	0.8	61.0	57.2	3.8	43.6	22.7	20.8	0.0	0.1	0.1	3.1
Oct	86	112.0	0.6	62.1	59.9	2.1	45.1	22.0	22.8	0.0	0.3	0.1	4.1
Landesbanken													
2005 Sep	12	1,378.7	3.6	772.7	594.6	167.2	532.8	66.4	372.7	0.3	91.8	27.9	41.8
Oct	12	1,375.0	3.6	766.8	590.7	165.7	535.7	70.8	371.8	0.3	91.3	27.4	41.5
Savings banks													
2005 Sep	463	994.3	17.4	229.6	74.2	154.6	710.8	66.3	542.5	0.6	101.3	15.7	20.8
Oct	463	1,000.1	18.9	231.5	76.2	154.5	713.0	66.3	543.7	0.7	102.3	15.6	21.0
Regional institutions of credit cooperatives													
2005 Sep	2	224.9	0.8	155.3	104.9	49.2	49.8	11.7	19.0	0.0	19.0	11.7	7.4
Oct	2	224.9	0.2	154.2	104.7	48.3	51.2	12.7	18.7	0.0	19.7	11.7	7.6
Credit cooperatives													
2005 Sep	1,305	578.3	11.8	146.2	58.5	86.1	396.6	39.6	311.9	0.3	44.5	6.7	17.0
Oct	1,295	582.1	12.3	147.0	59.4	86.1	397.9	38.9	313.2	0.3	45.2	7.6	17.2
Mortgage banks													
2005 Sep	25	906.9	0.9	250.7	152.6	98.1	635.8	10.1	479.5	-	146.2	0.8	18.7
Oct	25	901.3	1.3	249.3	151.7	97.6	630.7	9.3	476.0	-	145.4	0.8	19.2
Building and loan associations													
2005 Sep	26	190.1	0.1	48.1	34.4	13.5	123.0	1.4	103.2	.	18.4	0.4	18.6
Oct	26	191.2	0.0	50.7	36.9	13.7	121.6	1.4	102.9	.	17.3	0.4	18.4
Special purpose banks													
2005 Sep	16	715.3	0.5	386.5	324.5	61.8	282.0	7.9	203.3	-	70.5	5.1	41.1
Oct	16	711.5	0.7	382.1	320.6	61.4	282.9	8.4	204.4	-	69.9	5.1	40.7
Memo item: Foreign banks ⁷													
2005 Sep	125	469.9	5.1	206.8	155.7	51.0	244.5	45.2	145.4	0.2	53.6	0.9	12.8
Oct	127	467.2	2.8	203.9	154.4	49.4	246.0	45.3	147.2	0.2	53.4	0.8	13.7
of which: Banks majority-owned by foreign banks ⁸													
2005 Sep	42	361.4	4.3	145.7	98.5	47.2	200.9	22.6	124.7	0.1	53.5	0.8	9.7
Oct	41	355.2	2.1	141.9	94.5	47.3	200.9	23.3	124.3	0.1	53.2	0.7	9.6

* 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 liabilities of monetary financial institutions (MFIs) in Germany. The assets and liabilities of foreign branches, of money market funds (which are also 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 For building and loan associations: Including deposits under savings and loan contracts (see Table IV.12). — 2 Included in time deposits. — 3 Excluding deposits under savings and loan contracts (see also footnote 2). — 4 Including subordinated negotiable bearer debt

IV Banks

Deposits of banks (MFIs)			Deposits of non-banks (non-MFIs)							Bearer debt securities outstanding ⁴	Capital including published reserves, participation rights capital, funds for general banking risks	Other liabilities	End of month	
Total	of which		Total	Sight deposits	Time deposits ¹		Memo item Liabilities arising from repos ²	Savings deposits ³						
	Sight deposits	Time deposits			for up to and including 1 year	for more than 1 year ¹		Total	of which At three months' notice					Bank savings bonds
All categories of banks														
2,007.7	319.3	1,688.3	2,587.8	754.4	354.7	763.2	121.0	613.3	523.7	102.3	1,662.5	292.8	384.9	2005 May
1,962.1	299.6	1,662.4	2,569.0	759.7	329.4	766.3	104.0	611.4	522.5	102.3	1,684.4	294.2	382.9	June
1,967.2	263.8	1,703.3	2,575.2	760.5	335.9	766.6	106.7	610.5	522.4	101.6	1,687.4	296.7	384.4	July
1,945.1	271.8	1,673.3	2,574.0	759.7	339.1	765.4	107.7	608.9	521.8	100.7	1,684.7	296.9	389.6	Aug
1,945.9	267.5	1,678.3	2,590.0	772.6	345.1	764.9	115.5	607.4	521.9	100.0	1,681.7	297.8	397.9	Sep
1,957.1	263.7	1,693.3	2,589.0	773.5	348.3	761.9	117.7	605.6	520.7	99.7	1,681.4	297.7	405.8	Oct
Commercial banks⁵														
717.3	148.0	569.2	767.4	365.8	170.7	118.7	91.7	103.4	95.3	8.8	207.9	91.5	140.8	2005 Sep
729.6	137.8	591.7	772.5	365.6	179.6	116.4	97.4	102.1	94.0	8.8	207.6	91.1	144.1	Oct
Big banks⁶														
452.5	105.8	346.7	471.3	194.1	122.2	84.0	86.8	70.6	68.7	0.4	160.4	50.8	94.6	2005 Sep
468.3	96.2	372.0	476.3	188.2	134.8	83.4	93.4	69.4	67.6	0.4	160.0	50.5	97.0	Oct
Regional banks and other commercial banks														
184.2	28.6	155.6	274.6	159.2	41.3	32.9	4.9	32.8	26.5	8.3	47.6	37.8	42.5	2005 Sep
179.1	27.3	151.7	273.7	164.4	37.1	31.3	4.0	32.6	26.4	8.3	47.6	37.4	43.1	Oct
Branches of foreign banks														
80.5	13.5	67.0	21.4	12.5	7.1	1.8	–	0.0	0.0	0.1	0.0	2.9	3.7	2005 Sep
82.3	14.3	68.0	22.5	13.0	7.7	1.7	–	0.0	0.0	0.1	0.0	3.2	4.0	Oct
Landesbanken														
452.3	64.9	387.4	333.0	55.3	45.5	214.9	13.8	16.7	15.8	0.6	476.9	59.0	57.5	2005 Sep
452.7	71.4	381.3	331.4	53.8	45.6	214.7	13.1	16.7	15.8	0.6	473.1	59.1	58.6	Oct
Savings banks														
216.8	5.0	211.8	636.2	206.1	46.8	12.0	–	304.6	253.3	66.8	42.4	49.7	49.3	2005 Sep
219.3	4.8	214.6	638.1	208.7	46.4	12.2	–	304.3	253.1	66.5	42.2	49.7	50.7	Oct
Regional institutions of credit cooperatives														
131.5	34.7	96.9	38.3	7.9	12.3	17.0	9.6	–	–	1.1	33.5	10.2	11.3	2005 Sep
135.2	37.6	97.6	35.5	6.1	11.1	17.2	7.2	–	–	1.2	32.9	10.2	11.2	Oct
Credit cooperatives														
75.6	2.2	73.4	412.9	132.6	51.6	25.1	–	181.4	156.2	22.1	30.5	32.4	26.8	2005 Sep
76.3	2.0	74.2	413.7	134.3	50.8	25.3	–	181.3	156.5	22.0	31.1	32.5	28.5	Oct
Mortgage banks														
168.4	6.7	161.6	161.1	1.9	6.5	151.6	0.3	1.0	0.9	0.1	529.1	22.4	26.0	2005 Sep
164.9	5.1	159.9	161.4	2.2	5.6	152.6	–	1.0	0.9	0.1	526.4	22.4	26.2	Oct
Building and loan associations														
27.9	1.7	26.2	121.2	0.3	0.9	119.3	–	0.4	0.4	0.3	6.3	7.4	27.2	2005 Sep
28.6	1.4	27.2	121.4	0.3	1.0	119.5	–	0.4	0.4	0.3	6.3	7.4	27.4	Oct
Special purpose banks														
156.1	4.3	151.8	119.8	2.6	10.7	106.2	–	–	–	0.2	355.0	25.3	59.2	2005 Sep
150.5	3.6	146.9	115.0	2.5	8.2	104.1	–	–	–	0.2	361.8	25.3	59.0	Oct
Memo item: Foreign banks⁷														
169.2	30.6	138.5	163.8	102.2	20.7	30.5	0.1	6.8	6.7	3.5	99.0	15.5	22.5	2005 Sep
164.2	29.1	135.1	165.0	103.9	20.0	30.8	0.1	6.8	6.6	3.6	99.0	15.6	23.4	Oct
of which: Banks majority-owned by foreign banks⁸														
88.7	17.1	71.6	142.3	89.7	13.6	28.8	0.1	6.8	6.6	3.5	99.0	12.6	18.8	2005 Sep
81.9	14.7	67.1	142.5	90.9	12.3	29.1	0.1	6.8	6.6	3.5	99.0	12.5	19.3	Oct

securities; excluding non-negotiable bearer debt securities. — ⁵ Commercial banks comprise the sub-groups "Big banks", "Regional banks and other commercial banks" and "Branches of foreign banks". — ⁶ Deutsche Bank AG, Dresdner Bank AG, Commerzbank AG, Bayerische Hypo- und Vereinsbank AG and Deutsche Postbank AG. — ⁷ Sum of the banks majority-owned

by foreign banks and included in other categories of banks and the category "Branches (with dependent legal status) of foreign banks". — ⁸ Separate presentation of the banks majority-owned by foreign banks included in the categories "Regional banks and other commercial banks" and "Mortgage banks".

IV Banks

					Savings deposits ³			Memo item				
by maturity					Total	Domestic households	Domestic non-profit institutions	Bank savings bonds ⁴	Fiduciary loans	Subordinated liabilities (excluding negotiable debt securities) ⁵	Included in time deposits: liabilities arising from repos	Period
Domestic non-profit institutions	up to and including 1 year	more than 1 year ²										
		Total	of which									
		up to and including 2 years	more than 2 years									
End of year or month *												
19.6	128.3	129.6	6.3	123.3	568.8	559.9	8.9	80.4	0.2	10.8	-	2002
18.9	106.7	134.3	6.1	128.2	583.5	574.3	9.2	76.5	0.2	12.0	-	2003
18.4	94.3	141.0	5.5	135.6	595.7	586.3	9.5	75.1	0.3	12.8	-	2004
17.2	89.2	140.6	5.0	135.6	596.1	586.2	9.9	71.3	0.4	11.5	-	2005 May
17.0	87.9	140.9	5.1	135.8	594.8	584.9	9.9	71.0	0.4	11.5	-	June
17.0	87.4	140.8	5.1	135.7	593.7	583.8	9.9	70.3	0.4	11.5	-	July
17.5	87.4	141.1	5.1	136.0	592.1	582.0	10.1	69.7	0.5	11.4	-	Aug
17.7	87.7	141.0	5.1	135.9	590.5	580.4	10.1	69.3	0.5	11.4	-	Sep
17.0	87.8	141.0	5.2	135.8	589.0	578.9	10.1	69.2	0.5	11.4	-	Oct
Changes *												
- 0.7	- 21.6	+ 4.7	- 0.2	+ 4.9	+ 14.7	+ 14.4	+ 0.3	- 4.6	+ 0.0	+ 0.6	-	2003
- 0.5	- 12.3	+ 6.7	- 0.7	+ 7.4	+ 12.2	+ 12.0	+ 0.2	- 1.4	+ 0.1	+ 0.8	-	2004
+ 0.1	- 0.1	- 2.2	+ 0.0	- 2.2	- 1.0	- 1.1	+ 0.1	- 0.6	- 0.0	- 0.0	-	2005 May
- 0.2	- 1.3	+ 0.2	+ 0.1	+ 0.2	- 1.2	- 1.3	+ 0.1	- 0.4	- 0.0	- 0.0	-	June
- 0.0	- 0.5	- 0.1	+ 0.0	- 0.1	- 1.1	- 1.1	- 0.0	- 0.7	- 0.0	- 0.0	-	July
+ 0.5	+ 0.1	+ 0.3	+ 0.0	+ 0.3	- 1.6	- 1.8	+ 0.2	- 0.6	+ 0.0	- 0.0	-	Aug
+ 0.2	+ 0.2	- 0.0	+ 0.0	- 0.1	- 1.6	- 1.6	- 0.0	- 0.4	+ 0.0	- 0.0	-	Sep
- 0.7	- 0.3	- 0.1	+ 0.1	- 0.2	- 1.5	- 1.5	+ 0.0	- 0.1	- 0.0	- 0.0	-	Oct

under savings and loan contracts (see Table IV.12). — ³ Excluding deposits under savings and loan contracts (see also footnote 2). — ⁴ Including

liabilities arising from non-negotiable bearer debt securities. — ⁵ Included in time deposits.

Local government and local government associations (including municipal special-purpose associations)						Social security funds						
Total	Sight deposits	Time deposits ³		Savings deposits and bank savings bonds ^{2,4}	Memo item Fiduciary loans	Total	Sight deposits	Time deposits		Savings deposits and bank savings bonds ²	Memo item Fiduciary loans	Period
		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 *												
27.6	10.5	12.2	2.0	3.0	0.2	21.7	2.7	13.7	4.5	0.9	0.1	2002
24.8	9.9	10.1	1.9	2.8	0.2	20.6	2.8	12.5	4.5	0.8	0.0	2003
25.7	10.5	9.6	2.3	3.3	0.3	21.4	2.9	12.9	4.8	0.8	0.0	2004
26.5	11.1	9.7	2.4	3.3	0.3	19.6	3.9	10.2	4.8	0.8	0.0	2005 May
25.3	10.6	9.0	2.4	3.3	0.3	19.7	4.1	9.9	4.9	0.8	0.0	June
25.0	10.4	8.9	2.4	3.4	0.3	18.2	3.5	9.0	4.9	0.9	0.0	July
27.4	11.5	10.0	2.4	3.5	0.3	18.2	3.7	8.9	4.6	0.9	0.0	Aug
25.5	10.1	9.4	2.4	3.5	0.3	18.4	3.5	9.3	4.7	0.9	0.0	Sep
24.9	10.0	8.9	2.4	3.5	0.3	18.5	4.7	8.2	4.7	0.8	0.0	Oct
Changes *												
- 2.8	- 0.5	- 2.1	- 0.0	- 0.2	+ 0.0	- 0.4	+ 0.1	- 1.3	+ 0.9	- 0.1	- 0.0	2003
+ 0.8	+ 0.5	- 0.5	+ 0.4	+ 0.5	+ 0.0	+ 1.1	+ 0.1	+ 0.4	+ 0.5	+ 0.1	- 0.0	2004
+ 2.3	+ 1.3	+ 0.9	+ 0.0	+ 0.1	+ 0.0	+ 2.3	+ 0.4	+ 1.7	+ 0.0	+ 0.1	-	2005 May
- 1.2	- 0.5	- 0.7	- 0.0	+ 0.1	+ 0.0	+ 0.1	+ 0.3	- 0.3	+ 0.1	+ 0.0	-	June
- 0.3	- 0.2	- 0.1	- 0.0	+ 0.0	-	- 1.5	- 0.7	- 0.9	+ 0.0	+ 0.1	-	July
+ 2.4	+ 1.1	+ 1.1	+ 0.0	+ 0.2	-	- 0.1	+ 0.3	- 0.1	- 0.3	+ 0.0	-	Aug
- 1.9	- 1.3	- 0.6	+ 0.0	+ 0.0	- 0.0	+ 0.2	- 0.2	+ 0.4	+ 0.1	- 0.0	- 0.0	Sep
- 0.6	- 0.1	- 0.5	- 0.0	- 0.0	-	+ 0.0	+ 1.2	- 1.1	- 0.0	- 0.0	-	Oct

Monthly Report, are not specially marked. — ¹ Federal Railways Fund, Indemnification Fund, Redemption Fund for Inherited Liabilities, ERP Special Fund, German Unity Fund, Equalisation of Burdens Fund. — ² Including

liabilities arising from non-negotiable bearer debt securities. — ³ Including deposits under savings and loan contracts. — ⁴ Excluding deposits under savings and loan contracts (see also footnote 3).

IV Banks

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

€ billion

End of year/month	Number of associations	Balance sheet total	Lending to banks (MFIs)			Lending to non-banks (non-MFIs)				Deposits of banks (MFIs) 5		Deposits of non-banks (non-MFIs)		Bearer debt securities outstanding	Capital (including published reserves) 7	Memo item New contracts entered into in year or month 8
			Credit balances and loans (excluding building loans) 1	Building loans 2	Bank debt securities 3	Building loans			Securities (including Treasury bills and Treasury discount paper) 4	Deposits under savings and loan contracts	Sight and time deposits	Deposits under savings and loan contracts	Sight and time deposits 6			
						Loans under savings and loan contracts	Interim and bridging loans	Other building loans								
All building and loan associations																
2004	27	183.9	32.9	0.1	11.6	34.5	63.8	9.3	14.2	0.4	27.5	113.2	4.6	6.8	7.4	96.4
2005 Aug	26	189.3	34.1	0.0	13.5	31.7	63.4	9.5	18.2	0.4	27.6	116.0	4.8	6.2	7.4	7.8
Sep	26	190.1	34.4	0.0	13.7	31.2	63.8	9.6	18.4	0.4	27.5	116.3	4.9	6.3	7.4	8.2
Oct	26	191.2	36.9	0.0	13.8	30.9	63.8	9.7	17.3	0.4	28.2	116.5	4.9	6.3	7.4	7.6
Private building and loan associations																
2005 Aug	15	138.5	26.3	0.0	6.3	20.0	45.8	8.7	13.3	0.3	20.5	78.5	4.6	6.2	4.8	4.9
Sep	15	139.1	26.5	0.0	6.4	19.7	46.2	8.7	13.4	0.3	20.3	78.8	4.7	6.3	4.8	5.3
Oct	15	140.0	28.7	0.0	6.4	19.5	46.3	8.7	12.3	0.3	21.0	78.8	4.7	6.3	4.8	4.9
Public building and loan associations																
2005 Aug	11	50.8	7.8	0.0	7.2	11.7	17.5	0.9	4.9	0.1	7.2	37.5	0.2	-	2.7	2.8
Sep	11	51.0	8.0	0.0	7.3	11.5	17.5	0.9	5.0	0.1	7.2	37.5	0.2	-	2.7	2.9
Oct	11	51.2	8.2	0.0	7.5	11.4	17.5	0.9	4.9	0.1	7.2	37.6	0.2	-	2.7	2.8

Trends in building and loan association business

€ billion

Period	Changes in deposits under savings and loan contracts			Capital promised		Capital disbursed					Disbursement commitments outstanding at end of period		Interest and repayments received on building loans 10		Memo item Housing bonuses received 12	
	Amounts paid into savings and loan accounts 9	Interest credited on deposits under savings and loan contracts	Repayments of deposits under cancelled savings and loan contracts	Total	of which Net allocations 11	Total	Allocations				Newly granted interim and bridging loans and other building loans	Total	of which Under allocated contracts	Total		of which Repayments during quarter
							Deposits under savings and loan contracts		Loans under savings and loan contracts 9							
							Total	of which Applied to settlement of interim and bridging loans	Total	of which Applied to settlement of interim and bridging loans						
All building and loan associations																
2004	26.0	3.1	5.4	42.0	28.3	40.3	17.1	4.2	7.8	3.5	15.4	10.4	7.7	13.3	11.0	0.6
2005 Aug	2.0	0.1	0.5	3.2	2.0	2.9	1.3	0.3	0.4	0.2	1.2	10.9	7.8	1.2	2.9	0.0
Sep	2.0	0.1	0.5	3.1	2.1	3.0	1.3	0.3	0.5	0.3	1.2	10.7	7.7	1.2	2.9	0.0
Oct	1.9	0.1	0.5	3.5	2.4	3.1	1.4	0.4	0.6	0.3	1.1	10.9	7.8	1.1	2.9	0.0
Private building and loan associations																
2005 Aug	1.3	0.1	0.3	2.1	1.1	2.0	0.8	0.2	0.3	0.1	1.0	6.5	3.7	0.7	1.9	0.0
Sep	1.3	0.1	0.3	2.1	1.2	2.2	0.8	0.2	0.3	0.2	1.0	6.3	3.7	0.8	1.9	0.0
Oct	1.2	0.1	0.3	2.5	1.6	2.3	1.0	0.3	0.4	0.2	0.9	6.4	3.8	0.7	1.9	0.0
Public building and loan associations																
2005 Aug	0.7	0.0	0.2	1.1	0.8	0.9	0.5	0.1	0.2	0.1	0.2	4.5	4.0	0.4	1.0	0.0
Sep	0.7	0.0	0.2	1.0	0.8	0.9	0.4	0.1	0.2	0.1	0.2	4.4	4.1	0.4	1.0	0.0
Oct	0.7	0.0	0.2	1.0	0.8	0.8	0.4	0.1	0.2	0.1	0.2	4.5	4.0	0.4	1.0	0.0

* Excluding assets and liabilities and/or transactions of foreign branches. The figures for the latest date are always to be regarded as provisional. Subsequent revisions, which 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 credit 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 Including equalisation claims. — 5 Including liabilities to building and loan associations. — 6 Including small amounts of savings deposits. — 7 Including participation rights capital and fund for general banking risks. — 8 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. — 9 For disbursements of deposits under savings and loan contracts arising from the allocation of contracts see "Capital disbursed". — 10 Including housing bonuses credited. — 11 Only allocations accepted by the beneficiaries; including allocations applied to settlement of interim and bridging loans. — 12 The amounts already credited to the accounts of savers or borrowers are also included in "Amounts paid into savings and loan accounts" and "Interest and repayments received on building loans".

IV Banks

13 Assets and liabilities of the foreign branches and foreign subsidiaries of German banks (MFIs) *

€ billion

Period	Number of		Balance sheet total	Lending to banks (MFIs)					Lending to non-banks (non-MFIs)					Other assets	
	German banks (MFIs) with foreign branches and/or foreign subsidiaries	foreign branches 1 and/or foreign subsidiaries		Total	Credit balances and loans			Money market paper, securities 2,3	Total	Loans			Money market paper, securities 2		
					Total	German banks	Foreign banks			Total	to German non-banks	of which enterprises and households			to foreign non-banks
Foreign branches															
End of year or month *															
2002	60	205	1,407.4	679.9	572.3	198.3	374.0	107.6	668.5	484.0	18.8	15.0	465.1	184.6	59.0
2003	55	202	1,294.1	599.0	522.9	185.6	337.3	76.1	632.7	438.0	19.0	16.8	419.0	194.7	62.5
2004	52	203	1,452.7	681.0	595.7	170.2	425.6	85.2	671.0	477.3	17.1	15.8	460.2	193.7	100.7
2004 Dec	52	203	1,452.7	681.0	595.7	170.2	425.6	85.2	671.0	477.3	17.1	15.8	460.2	193.7	100.7
2005 Jan	52	203	1,499.6	692.2	607.9	174.9	433.0	84.3	698.6	501.7	18.9	17.5	482.8	196.9	108.9
Feb	52	203	1,512.5	690.2	609.9	171.0	438.9	80.3	713.4	510.9	18.9	17.6	492.0	202.5	108.8
Mar	52	202	1,522.7	701.4	623.9	181.3	442.6	77.5	709.6	503.3	18.4	17.3	485.0	206.2	111.7
Apr	52	202	1,568.7	709.0	633.2	191.0	442.1	75.8	744.9	532.5	20.1	18.8	512.4	212.5	114.8
May	54	204	1,613.0	722.6	646.7	194.8	452.0	75.9	772.9	556.7	21.4	20.0	535.3	216.3	117.4
June	54	205	1,658.5	762.2	686.0	194.7	491.3	76.3	779.0	556.1	21.6	20.4	534.4	223.0	117.2
July	54	207	1,626.1	726.3	653.1	176.3	476.8	73.2	779.8	562.8	21.5	20.4	541.3	217.0	120.0
Aug	53	207	1,648.9	718.3	645.6	174.7	470.9	72.7	799.8	577.8	20.6	19.4	557.2	222.0	130.9
Sep	53	207	1,643.7	708.8	635.0	173.3	461.7	73.8	806.3	590.1	21.2	20.0	568.9	216.2	128.6
Changes *															
2003	- 5	- 3	- 6.8	- 45.3	- 17.4	- 12.7	- 4.7	- 27.9	+ 22.5	- 2.5	+ 0.2	+ 1.7	- 2.7	+ 24.9	+ 15.9
2004	- 3	+ 1	+207.5	+100.7	+ 90.1	- 15.4	+105.5	+ 10.6	+ 64.2	+ 57.8	- 1.9	- 1.0	+ 59.7	+ 6.4	+ 42.7
2004 Dec	- 1	- 2	- 13.4	- 3.6	+ 0.2	- 6.5	+ 6.7	- 3.8	- 11.1	- 7.6	+ 0.1	+ 0.2	- 7.7	- 3.6	+ 1.3
2005 Jan	-	-	+ 16.2	- 0.9	+ 0.9	+ 4.7	- 3.8	- 1.8	+ 10.5	+ 12.1	+ 1.8	+ 1.7	+ 10.4	- 1.7	+ 6.7
Feb	-	-	+ 23.7	+ 2.2	+ 5.9	- 3.9	+ 9.8	- 3.7	+ 21.2	+ 13.6	+ 0.0	+ 0.1	+ 13.6	+ 7.5	+ 0.4
Mar	-	- 1	- 3.0	+ 6.1	+ 9.3	+ 10.3	- 1.0	- 3.2	- 11.4	- 13.2	- 0.6	- 0.3	- 12.6	+ 1.7	+ 2.3
Apr	-	-	+ 42.1	+ 6.2	+ 8.0	+ 9.7	- 1.8	- 1.8	+ 33.1	+ 27.4	+ 1.7	+ 1.5	+ 25.7	+ 5.7	+ 2.8
May	+ 2	+ 2	+ 7.3	+ 1.3	+ 2.0	+ 3.7	- 1.8	- 0.6	+ 8.7	+ 10.1	+ 1.3	+ 1.3	+ 8.8	- 1.5	- 2.7
June	-	+ 1	+ 32.3	+ 34.7	+ 34.7	- 0.1	+ 34.7	+ 0.0	- 1.5	- 6.3	+ 0.2	+ 0.4	- 6.5	+ 4.7	- 0.9
July	-	+ 2	- 27.2	- 34.1	- 31.2	- 18.4	- 12.8	- 2.9	+ 3.6	+ 9.0	- 0.2	- 0.0	+ 9.2	- 5.4	+ 3.3
Aug	- 1	-	+ 26.6	- 6.4	- 6.0	- 1.6	- 4.4	- 0.4	+ 22.1	+ 16.4	- 0.9	- 1.0	+ 17.3	+ 5.8	+ 11.0
Sep	-	-	- 14.5	- 13.1	- 14.0	- 1.5	- 12.5	+ 0.9	+ 1.3	+ 8.5	+ 0.7	+ 0.6	+ 7.8	- 7.2	- 2.6
Foreign subsidiaries															
End of year or month *															
2002	47	200	704.2	333.7	265.5	125.7	139.8	68.2	300.1	239.1	46.7	42.9	192.4	61.0	70.4
2003	46	179	645.8	307.2	246.4	127.3	119.1	60.7	277.0	213.8	41.5	37.9	172.3	63.3	61.6
2004	45	170	647.7	304.4	236.1	117.1	119.0	68.3	282.1	211.9	38.6	35.0	173.3	70.2	61.2
2004 Dec	45	170	647.7	304.4	236.1	117.1	119.0	68.3	282.1	211.9	38.6	35.0	173.3	70.2	61.2
2005 Jan	45	170	648.0	299.9	229.9	110.3	119.6	70.0	284.9	211.1	37.4	34.7	173.7	73.9	63.2
Feb	45	171	658.3	305.7	233.5	112.6	120.9	72.1	285.2	207.3	37.0	35.2	170.3	78.0	67.4
Mar	45	174	667.6	312.1	238.8	113.7	125.1	73.3	288.4	207.0	37.3	35.5	169.7	81.4	67.1
Apr	44	172	664.9	306.6	234.1	112.5	121.6	72.6	289.6	206.7	37.5	35.8	169.2	82.9	68.7
May	44	168	679.1	305.3	233.2	118.4	114.8	72.2	302.0	213.3	38.1	35.5	175.2	88.7	71.8
June	44	165	700.5	321.3	247.9	126.2	121.7	73.3	310.1	215.2	37.2	35.1	178.0	94.9	69.2
July	44	165	689.8	314.1	241.4	125.4	116.0	72.7	308.3	212.5	37.4	35.4	175.0	95.9	67.4
Aug	43	162	702.5	320.8	248.8	125.2	123.6	72.0	313.7	217.9	38.4	36.1	179.5	95.8	67.9
Sep	43	162	705.3	320.1	247.6	119.9	127.6	72.6	316.6	220.4	37.2	36.0	183.2	96.2	68.5
Changes *															
2003	- 1	- 21	- 32.8	- 14.0	- 10.7	+ 1.6	- 12.3	- 3.3	- 11.9	- 14.2	- 5.2	- 5.0	- 9.0	+ 2.3	- 6.9
2004	- 1	- 9	+ 9.3	+ 0.8	- 8.1	- 10.2	+ 2.0	+ 9.0	+ 8.3	+ 1.3	- 2.9	- 2.8	+ 4.2	+ 7.0	+ 0.1
2004 Dec	-	-	+ 6.8	+ 8.5	+ 7.1	+ 2.2	+ 4.9	+ 1.4	- 0.8	+ 0.7	+ 0.7	+ 0.0	+ 0.0	- 1.5	- 1.0
2005 Jan	-	-	- 4.8	- 7.4	- 8.1	- 6.8	- 1.3	+ 0.7	+ 0.9	- 2.7	- 1.2	- 0.4	- 1.6	+ 3.6	+ 1.7
Feb	-	+ 1	+ 12.1	+ 6.8	+ 4.3	+ 2.3	+ 2.0	+ 2.5	+ 0.9	- 3.2	- 0.4	+ 0.5	- 2.8	+ 4.1	+ 4.4
Mar	-	+ 3	+ 6.9	+ 5.1	+ 4.4	+ 1.1	+ 3.4	+ 0.6	+ 2.4	- 1.0	+ 0.4	+ 0.3	- 1.4	+ 3.4	- 0.5
Apr	- 1	- 2	- 3.3	- 5.9	- 5.0	- 1.2	- 3.8	- 0.8	+ 1.0	- 0.6	+ 0.2	+ 0.4	- 0.8	+ 1.5	+ 1.6
May	-	- 4	+ 8.5	- 4.6	- 2.9	+ 5.9	- 8.9	- 1.7	+ 10.4	+ 4.6	+ 0.5	- 0.3	+ 4.1	+ 5.8	+ 2.7
June	-	- 3	+ 19.4	+ 14.7	+ 14.1	+ 7.8	+ 6.3	+ 0.6	+ 7.4	+ 1.3	- 0.9	- 0.4	+ 2.1	+ 6.2	- 2.7
July	-	-	- 9.9	- 6.7	- 6.2	- 0.8	- 5.4	- 0.4	- 1.5	- 2.5	+ 0.3	+ 0.3	- 2.8	+ 1.0	- 1.7
Aug	- 1	- 3	+ 13.1	+ 7.0	+ 7.5	- 0.2	+ 7.7	- 0.5	+ 5.5	+ 5.5	+ 0.9	+ 0.7	+ 4.6	- 0.0	+ 0.5
Sep	-	-	+ 1.4	- 1.6	- 1.7	- 5.3	+ 3.6	+ 0.1	+ 2.5	+ 2.1	- 1.1	- 0.1	+ 3.2	+ 0.4	+ 0.5

* From March 2000, including the foreign branches of building and loan associations. In this table "foreign" also includes the country of domicile of the foreign branches and foreign subsidiaries. Statistical revisions have been eliminated from the changes. (Breaks owing to changes in the reporting

population have not been eliminated from the flow figures for the foreign subsidiaries.) The figures for the latest date are always to be regarded as provisional; subsequent revisions, which appear in the following *Monthly Report*, are not specially marked. — 1 Several branches in a given

IV Banks

Deposits													Money market paper and debt securities outstanding ⁵	Working capital and own funds	Other liabilities ⁶	Period
of banks (MFIs)				of non-banks (non-MFIs)						Foreign non-banks						
Total	Total	German banks	Foreign banks	Total	German non-banks ⁴											
					Total	Short-term		Medium and long-term								
							of which enterprises and households		of which enterprises and households							
End of year or month *													Foreign branches			
1,116.0	758.5	250.1	508.4	357.5	62.6	58.4	55.0	4.2	3.8	294.9	212.1	25.9	53.6	2002		
1,076.8	727.6	267.1	460.5	349.2	66.2	60.6	56.8	5.7	5.4	283.0	139.4	30.5	47.4	2003		
1,226.9	798.4	295.2	503.2	428.4	61.8	55.7	52.4	6.1	5.8	366.6	139.9	21.7	64.3	2004		
1,226.9	798.4	295.2	503.2	428.4	61.8	55.7	52.4	6.1	5.8	366.6	139.9	21.7	64.3	2004 Dec		
1,266.5	814.2	293.4	520.8	452.3	70.0	63.8	60.6	6.3	5.9	382.3	143.6	21.8	67.7	2005 Jan		
1,288.0	815.9	294.8	521.1	472.2	70.6	64.5	61.3	6.2	5.9	401.5	136.5	22.9	65.1	Feb		
1,300.8	828.8	311.2	517.6	472.0	71.8	66.2	63.0	5.6	5.3	400.2	135.3	22.2	64.4	Mar		
1,339.7	848.9	331.7	517.2	490.8	69.8	64.2	60.9	5.6	5.3	421.0	137.9	22.3	68.8	Apr		
1,375.9	866.6	333.4	533.1	509.3	69.3	63.7	60.1	5.6	5.3	440.0	145.8	22.5	68.8	May		
1,416.1	914.2	359.0	555.1	502.0	68.9	63.5	60.2	5.4	5.1	433.0	150.0	22.8	69.6	June		
1,379.8	900.1	350.5	549.6	479.7	69.1	63.9	60.9	5.2	4.9	410.6	148.8	22.8	74.8	July		
1,382.4	915.1	353.7	561.4	467.3	65.8	61.0	58.0	4.9	4.6	401.5	158.3	23.0	85.2	Aug		
1,370.7	906.0	359.8	546.1	464.7	69.0	64.1	61.4	4.9	4.6	395.7	159.3	23.0	90.7	Sep		
Changes *													Foreign subsidiaries			
+ 34.4	+ 12.6	+ 17.0	- 4.4	+ 21.8	+ 3.6	+ 2.1	+ 1.7	+ 1.5	+ 1.6	+ 18.1	- 72.6	+ 4.6	+ 26.8	2003		
+ 186.4	+ 93.2	+ 28.1	+ 65.1	+ 93.3	- 4.4	- 4.8	- 4.4	+ 0.5	+ 0.4	+ 97.7	+ 0.4	- 8.7	+ 29.4	2004		
- 10.1	+ 2.6	+ 15.0	- 12.4	- 12.7	- 2.6	- 2.5	- 2.8	- 0.1	- 0.1	- 10.1	+ 0.5	- 5.4	+ 1.6	2004 Dec		
+ 15.8	+ 1.5	- 1.8	+ 3.3	+ 14.3	+ 8.2	+ 8.1	+ 8.3	+ 0.1	+ 0.1	+ 6.0	+ 3.7	+ 0.1	- 3.4	2005 Jan		
+ 29.7	+ 6.7	+ 1.4	+ 5.3	+ 23.0	+ 0.6	+ 0.7	+ 0.7	- 0.1	- 0.1	+ 22.4	- 7.1	+ 1.0	+ 0.0	Feb		
+ 1.9	+ 6.5	+ 16.4	- 9.9	- 4.7	+ 1.1	+ 1.7	+ 1.7	- 0.5	- 0.5	- 5.8	- 1.3	- 0.6	- 3.0	Mar		
+ 35.9	+ 18.7	+ 20.5	- 1.8	+ 17.3	- 2.0	- 1.9	- 2.1	- 0.1	- 0.0	+ 19.2	+ 2.6	+ 0.0	+ 3.6	Apr		
+ 10.4	+ 3.1	+ 1.7	+ 1.4	+ 7.4	- 0.6	- 0.5	- 0.8	- 0.0	- 0.0	+ 7.9	+ 8.0	+ 0.2	- 11.3	May		
+ 29.7	+ 41.7	+ 25.6	+ 16.1	- 12.0	- 0.3	- 0.2	+ 0.1	- 0.1	- 0.1	- 11.7	+ 4.1	+ 0.3	- 1.8	June		
- 32.4	- 12.1	- 8.5	- 3.6	- 20.2	+ 0.2	+ 0.4	+ 0.6	- 0.2	- 0.2	- 20.4	- 1.2	- 0.0	+ 6.4	July		
+ 5.4	+ 16.9	+ 3.2	+ 13.6	- 11.4	- 3.3	- 3.0	- 2.8	- 0.3	- 0.3	- 8.1	+ 9.5	+ 0.2	+ 11.5	Aug		
- 19.1	- 13.6	+ 6.1	- 19.8	- 5.5	+ 3.2	+ 3.1	+ 3.3	+ 0.1	+ 0.1	- 8.7	+ 0.9	+ 0.1	+ 3.6	Sep		
503.5	307.7	99.5	208.2	195.7	27.0	22.5	21.1	4.5	4.5	168.7	78.4	43.0	79.3	2002		
467.9	283.1	99.8	183.3	184.8	29.9	25.9	24.0	4.0	3.9	155.0	68.2	41.3	68.4	2003		
462.3	277.5	83.4	194.1	184.9	31.8	27.3	26.5	4.5	4.3	153.1	73.5	39.1	72.7	2004		
462.3	277.5	83.4	194.1	184.9	31.8	27.3	26.5	4.5	4.3	153.1	73.5	39.1	72.7	2004 Dec		
460.0	272.0	74.9	197.1	188.0	28.9	24.4	23.0	4.6	4.4	159.0	73.8	39.5	74.7	2005 Jan		
470.1	283.8	79.7	204.1	186.3	28.7	24.1	22.5	4.6	4.4	157.6	73.7	40.3	74.2	Feb		
477.1	289.7	79.8	209.9	187.4	29.5	24.8	23.4	4.7	4.5	157.9	74.8	40.7	74.9	Mar		
479.4	292.8	80.7	212.1	186.6	28.7	23.0	21.0	5.6	5.5	157.9	72.2	40.7	72.6	Apr		
489.8	298.0	89.1	209.0	191.8	28.3	22.6	20.7	5.6	5.5	163.5	74.3	40.8	74.2	May		
508.5	308.6	91.5	217.1	199.9	28.5	22.7	20.9	5.7	5.6	171.5	75.7	41.4	74.9	June		
501.2	305.7	92.1	213.6	195.6	27.3	21.5	19.9	5.8	5.7	168.2	75.4	41.4	71.8	July		
512.2	310.5	94.5	216.1	201.7	29.5	23.7	22.4	5.8	5.7	172.2	76.9	41.5	71.9	Aug		
516.6	309.8	99.0	210.8	206.8	31.6	25.6	24.5	6.0	5.8	175.2	76.8	41.6	70.2	Sep		
Changes *																
- 13.8	- 10.3	+ 0.3	- 10.6	- 3.5	+ 2.8	+ 3.4	+ 2.9	- 0.5	- 0.5	- 6.3	- 10.3	- 1.6	- 7.2	2003		
+ 1.4	- 0.7	- 16.4	+ 15.7	+ 2.1	+ 1.9	+ 1.4	+ 2.6	+ 0.5	+ 0.4	+ 0.2	+ 5.4	- 2.2	+ 4.7	2004		
+ 6.6	- 0.4	+ 0.3	- 0.7	+ 7.0	+ 5.5	+ 5.4	+ 5.5	+ 0.1	- 0.0	+ 1.5	+ 1.0	+ 0.1	- 1.1	2004 Dec		
- 6.7	- 8.1	- 8.4	+ 0.3	+ 1.4	- 2.9	- 3.0	- 3.5	+ 0.1	+ 0.1	+ 4.3	+ 0.2	+ 0.4	+ 1.4	2005 Jan		
+ 11.6	+ 12.8	+ 4.8	+ 8.0	- 1.1	- 0.2	- 0.3	- 0.5	+ 0.1	- 0.0	- 0.9	- 0.1	+ 0.9	- 0.3	Feb		
+ 5.0	+ 4.6	+ 0.1	+ 4.6	+ 0.3	+ 0.8	+ 0.7	+ 0.9	+ 0.1	+ 0.1	- 0.5	+ 1.1	+ 0.4	+ 0.5	Mar		
+ 1.9	+ 2.9	+ 0.9	+ 2.0	- 1.0	- 0.9	- 1.8	- 2.3	+ 0.9	+ 1.0	- 0.1	- 2.6	- 0.0	- 2.6	Apr		
+ 5.3	+ 1.9	+ 8.4	- 6.5	+ 3.4	- 0.4	- 0.4	- 0.3	+ 0.0	+ 0.0	+ 3.8	+ 2.0	+ 0.1	+ 1.1	May		
+ 16.8	+ 9.4	+ 2.4	+ 7.0	+ 7.3	+ 0.2	+ 0.1	+ 0.1	+ 0.1	+ 0.1	+ 7.2	+ 1.4	+ 0.6	+ 0.6	June		
- 6.7	- 2.6	+ 0.6	- 3.2	- 4.1	- 1.1	- 1.2	- 1.0	+ 0.1	+ 0.1	- 3.0	- 0.3	- 0.0	- 2.9	July		
+ 11.4	+ 5.1	+ 2.4	+ 2.7	+ 6.3	+ 2.2	+ 2.2	+ 2.6	+ 0.0	+ 0.0	+ 4.1	+ 1.5	+ 0.1	+ 0.1	Aug		
+ 3.2	- 1.4	+ 4.5	- 5.9	+ 4.6	+ 2.1	+ 1.9	+ 2.1	+ 0.2	+ 0.1	+ 2.6	- 0.1	+ 0.2	- 1.8	Sep		

country of domicile are regarded as a single branch. — 2 Treasury bills, Treasury discount paper and other money market paper, debt securities. — 3 Including own debt securities. — 4 Excluding

subordinated liabilities and non-negotiable debt securities. — 5 Issues of negotiable and non-negotiable debt securities and money market paper. — 6 Including subordinated liabilities.

V Minimum reserves

1 Reserve ratios Germany

% of liabilities subject to reserve requirements

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

Euro area

% of reserve base ¹

Applicable from	Ratio
1999 Jan 1	2

¹ Article 3 of the Regulation of the European Central Bank 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		Deficiencies
	Total	Sight liabilities	Time liabilities	Savings deposits			Level	% 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 euro area – from 1999, pursuant to the ECB Regulation on the application of minimum reserves in accordance with Article 19.1 of the Statute of the ESCB

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	Current account ⁵	Excess reserves ⁶	Deficiencies ⁷
Euro area (€ billion)							
2005 Apr	7,180.2	143.6	0.5	143.1	144.0	0.9	0.0
May	7,255.5	145.1	0.5	144.6	145.5	0.9	0.0
June	7,385.1	147.7	0.5	147.2	147.9	0.7	0.0
July	7,483.7	149.7	0.5	149.2	149.8	0.6	0.0
Aug	7,509.3	150.2	0.5	149.7	150.2	0.6	0.0
Sep	7,560.8	151.2	0.5	150.7	151.4	0.7	0.0
Oct	7,502.9	150.1	0.5	149.5	150.2	0.7	0.0
Nov ^{p,8}	7,624.2	152.5	0.5	152.0	153.0	1.0	...
Dec ^p	...	...	...	153.3	...	...	...
Of which: Germany (€ million)							
2005 Apr	1,894,850	37,897	209	37,688	38,059	371	0
May	1,914,823	38,296	209	38,088	38,463	375	2
June	1,938,803	38,776	209	38,567	38,897	330	2
July	1,969,869	39,397	208	39,190	39,418	228	3
Aug	1,951,162	39,023	205	38,818	39,047	229	2
Sep	1,945,542	38,911	205	38,706	39,015	309	0
Oct	1,939,827	38,797	204	38,593	38,802	209	1
Nov ^p	1,962,969	39,259	204	39,056	39,343	287	2
Dec ^p	1,953,946	39,079	203	38,875	...	...	...

¹ From March 2004, the reserve maintenance period will start on the settlement day of the main refinancing operation immediately following the meeting of the Governing Council of the ECB for which the monthly discussion of the monetary policy stance is scheduled. — ² Article 3 of the Regulation of the European Central Bank 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 on the application of minimum reserves. — ⁵ Average credit balances of the credit institutions at the national central banks. — ⁶ Average credit balances less required reserves after deduction of the lump-sum allowance. — ⁷ Required reserves after deduction of the lump-sum allowance. — ⁸ The total number of deficiencies was not available when this report went to press.

VI Interest rates

1 ECB interest rates

% per annum

Applicable from	Deposit facility	Main refinancing operations ¹	Marginal lending facility	Applicable from	Deposit facility	Main refinancing operations ¹	Marginal lending facility
1999 Jan 1	2.00	3.00	4.50	2002 Dec 6	1.75	2.75	3.75
Jan 4	2.75	3.00	3.25				
Jan 22	2.00	3.00	4.50	2003 Mar 7	1.50	2.50	3.50
Apr 9	1.50	2.50	3.50	June 6	1.00	2.00	3.00
Nov 5	2.00	3.00	4.00	2005 Dec 6	1.25	2.25	3.25
2000 Feb 4	2.25	3.25	4.25				
Mar 17	2.50	3.50	4.50				
Apr 28	2.75	3.75	4.75				
June 9	3.25	4.25	5.25				
Sep 1	3.50	4.50	5.50				
Oct 6	3.75	4.75	5.75				
2001 May 11	3.50	4.50	5.50				
Aug 31	3.25	4.25	5.25				
Sep 18	2.75	3.75	4.75				
Nov 9	2.25	3.25	4.25				

2 Base rates

% per annum

Applicable from	Base rate as per Discount Rate Transition Act ²	Applicable from	Base rate as per Civil Code ³
1999 Jan 1	2.50	2002 Jan 1	2.57
May 1	1.95	July 1	2.47
2000 Jan 1	2.68	2003 Jan 1	1.97
May 1	3.42	July 1	1.22
Sep 1	4.26	2004 Jan 1	1.14
2001 Sep 1	3.62	July 1	1.13
2002 Jan to Apr 3	2.71	2005 Jan 1	1.21
		July 1	1.17

1 Up to 21 June 2000, fixed rate tenders; from 28 June 2000, variable rate tenders at minimum bid rate. — 2 Pursuant to the Discount Rate Transition

Act, read in conjunction with the Regulation Governing the Use of the Base Rate as a Reference Variable. — 3 Pursuant to section 247 of the Civil Code.

3 Eurosystem monetary policy operations allotted through tenders

Date of settlement	Bid amount € million	Allotment amount	Fixed rate tenders		Variable rate tenders		Running for ... days
			Fixed rate % per annum	Minimum bid rate	Marginal rate ¹	Weighted average rate	
Main refinancing operations							
2005 Nov 9	366,131	295,000	—	2.00	2.05	2.06	7
Nov 16	401,859	293,500	—	2.00	2.05	2.06	7
Nov 23	403,120	311,000	—	2.00	2.08	2.10	7
Nov 30	361,548	306,500	—	2.00	2.09	2.11	6
Dec 6	354,475	333,500	—	2.25	2.29	2.31	8
Dec 14	378,799	308,500	—	2.25	2.29	2.30	7
Longer-term refinancing operations							
2005 Sep 1	62,563	30,000	—	—	2.08	2.09	91
Sep 29	52,795	30,000	—	—	2.09	2.10	84
Oct 28	51,313	30,000	—	—	2.17	2.19	90
Dec 1	52,369	30,000	—	—	2.40	2.41	84

Source: ECB. — 1 Lowest or highest interest rate at which funds were allotted or collected.

4 Money market rates, by month

% per annum

Reporting period	Money market rates reported by Frankfurt banks ¹				EONIA ²	EURIBOR ³					
	Overnight 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					
2005 May	2.07	1.98 – 2.12	2.11	2.09 – 2.12	2.07	2.10	2.10	2.13	2.14	2.16	2.19
June	2.07	1.70 – 2.20	2.09	2.06 – 2.12	2.06	2.10	2.10	2.11	2.11	2.10	2.10
July	2.07	1.92 – 2.12	2.10	2.07 – 2.12	2.07	2.10	2.11	2.12	2.13	2.15	2.17
Aug	2.08	1.40 – 2.10	2.11	2.09 – 2.13	2.06	2.10	2.11	2.13	2.16	2.19	2.22
Sep	2.09	2.07 – 2.25	2.12	2.09 – 2.17	2.09	2.11	2.12	2.14	2.17	2.19	2.22
Oct	2.07	1.88 – 2.11	2.18	2.15 – 2.26	2.07	2.10	2.12	2.20	2.27	2.34	2.41
Nov	2.08	1.85 – 2.21	2.34	2.23 – 2.47	2.09	2.13	2.22	2.36	2.50	2.60	2.68

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 4 January 1999 on the basis

of real turnover according to the act/360 method and published via Moneyline Telerate. — 3 Euro Interbank Offered Rate: unweighted average rate calculated by Moneyline Telerate since 30 December 1998 according to the act/360 method.

VI Interest rates
**5 Interest rates for outstanding amounts and new business of banks (MFIs) in the European monetary union *
(a) Outstanding amounts °**

 Effective interest rate % per annum ¹

End of month	Households' deposits				Non-financial corporations' deposits						Loans to households			Loans to non-financial corporations		
	with an agreed maturity of				with a maturity of						Housing loans			Consumer credit and other loans		
	up to 2 years	over 2 years	up to 2 years	over 2 years	up to 1 year	over 1 year and up to 5 years	over 5 years	up to 1 year	over 1 year and up to 5 years	over 5 years	up to 1 year	over 1 year and up to 5 years	over 5 years	up to 1 year	over 1 year and up to 5 years	over 5 years
2005 Feb	1.92	3.26	2.11	3.70	4.74	4.45	4.76	8.06	7.03	5.76	4.39	3.92	4.46			
Mar	1.92	3.22	2.09	3.70	4.75	4.41	4.78	8.07	6.97	5.77	4.38	3.91	4.40			
Apr	1.93	3.22	2.10	3.57	4.69	4.38	4.74	8.02	6.94	5.76	4.34	3.86	4.37			
May	1.92	3.19	2.10	3.50	4.63	4.36	4.71	8.00	6.87	5.74	4.33	3.85	4.35			
June	1.92	3.22	2.10	3.54	4.62	4.33	4.67	7.92	6.93	5.72	4.32	3.85	4.35			
July	1.91	3.18	2.11	3.49	4.57	4.29	4.63	7.89	6.86	5.70	4.30	3.82	4.29			
Aug	1.92	3.18	2.10	3.51	4.54	4.24	4.60	7.96	6.86	5.73	4.25	3.80	4.28			
Sep	1.91	3.19	2.11	3.53	4.52	4.23	4.59	7.94	6.85	5.71	4.25	3.78	4.26			
Oct	1.93	3.17	2.12	3.47	4.50	4.19	4.58	7.96	6.80	5.70	4.24	3.77	4.25			

(b) New business +

 Effective interest rate % per annum ¹

Reporting period	Households' deposits						Non-financial corporations' deposits					
	Overnight	with an agreed maturity of			redeemable at notice of			Overnight	with an agreed maturity of			
		up to 1 year	over 1 year and up to 2 years	over 2 years	up to 3 months	over 3 months	up to 1 year		over 1 year and up to 2 years	over 2 years		
2005 Feb	0.74	1.95	2.19	2.33	1.97	2.49	0.93	2.04	2.25	3.47		
Mar	0.74	1.93	2.16	2.40	1.96	2.47	0.94	2.00	2.35	3.15		
Apr	0.74	2.01	2.09	2.32	1.95	2.45	0.95	2.01	2.23	2.92		
May	0.75	1.94	2.01	2.20	1.97	2.43	0.95	2.01	2.12	3.31		
June	0.69	1.95	2.21	2.20	2.17	2.38	0.91	2.01	2.05	3.57		
July	0.68	1.94	2.01	2.19	2.15	2.34	0.94	2.02	2.21	3.11		
Aug	0.69	1.95	2.02	2.32	2.03	2.31	0.96	2.02	2.22	2.90		
Sep	0.69	1.97	2.05	2.04	2.02	2.29	0.96	2.04	2.23	2.97		
Oct	0.69	1.98	2.28	2.16	1.96	2.27	0.97	2.04	2.52	3.44		

Reporting period	Loans to households													
	Over-drafts	Consumer credit				Housing loans						Other loans		
		Total ²	with an initial rate fixation			Total ²	with an initial rate fixation			over 10 years	floating rate or up to 1 year	over 1 year and up to 5 years	over 5 years	
			floating rate or up to 1 year	over 1 year and up to 5 years	over 5 years		floating rate or up to 1 year	over 1 year and up to 5 years	over 5 years					
2005 Feb	9.65	7.77	6.20	6.83	8.18	3.98	3.40	3.94	4.39	4.33	4.00	4.73	4.49	
Mar	9.60	7.83	6.62	6.72	8.12	3.97	3.40	3.89	4.35	4.27	3.84	4.60	4.57	
Apr	9.62	7.81	6.60	6.64	8.19	3.95	3.40	3.89	4.36	4.28	3.97	4.71	4.62	
May	9.64	7.82	6.96	6.56	8.00	3.93	3.38	3.85	4.28	4.20	3.86	4.68	4.61	
June	9.61	7.72	6.62	6.49	7.90	3.89	3.32	3.76	4.13	4.09	3.84	4.60	4.50	
July	9.52	7.80	6.67	6.61	7.96	3.87	3.33	3.70	4.06	4.05	3.89	4.54	4.29	
Aug	9.58	7.99	6.99	6.70	8.10	3.89	3.32	3.72	4.00	3.99	3.80	4.59	4.41	
Sep	9.61	7.85	7.04	6.43	7.94	3.82	3.31	3.68	3.98	3.96	3.85	4.51	4.25	
Oct	9.64	7.75	6.82	6.36	7.99	3.82	3.33	3.67	3.98	3.95	3.84	4.50	4.28	

Reporting period	Loans to non-financial corporations							
	Overdrafts	Loans up to €1 million with an initial rate fixation			Loans over €1 million with an initial rate fixation			
		floating rate or up to 1 year	over 1 year and up to 5 years	over 5 years	floating rate or up to 1 year	over 1 year and up to 5 years	over 5 years	
2005 Feb	5.30	3.91	4.76	4.36	3.02	3.34	3.81	
Mar	5.28	3.90	4.50	4.32	3.02	3.48	4.11	
Apr	5.22	3.88	4.51	4.34	3.00	3.54	3.99	
May	5.14	3.91	4.45	4.24	2.99	3.61	3.80	
June	5.12	3.87	4.45	4.14	2.92	3.44	3.88	
July	5.12	3.86	4.40	4.11	2.96	3.56	3.77	
Aug	5.04	3.91	4.45	4.13	2.87	3.53	3.81	
Sep	5.14	3.81	4.36	4.03	2.90	3.37	3.87	
Oct	5.09	3.88	4.44	4.01	2.88	3.58	3.80	

Source: ECB. — For footnotes *, o and 1 see p 45. For footnote + see p 46. — ² Annual percentage rate of charge as defined in Directive 87/102/EEC, which contains other related charges which may occur for enquiries, administration, preparation of the documents, guarantees and credit insurance.

VI Interest rates

6 Interest rates and volumes for outstanding amounts and new business of German banks (MFIs) *
(a) Outstanding amounts °

End of month	Households' deposits				Non-financial corporations' deposits			
	with an agreed maturity of							
	up to 2 years		over 2 years		up to 2 years		over 2 years	
	Effective interest rate 1 % pa	Volume 2 € million	Effective interest rate 1 % pa	Volume 2 € million	Effective interest rate 1 % pa	Volume 2 € million	Effective interest rate 1 % pa	Volume 2 € million
2004 Oct	1.91	111,286	2.96	195,397	2.01	72,291	4.74	28,853
Nov	1.90	110,334	2.95	194,704	2.01	69,413	4.71	29,239
Dec	1.94	112,266	2.92	199,018	2.07	73,428	4.62	29,684
2005 Jan	1.94	109,623	2.91	198,936	2.05	71,982	4.61	28,809
Feb	1.92	109,099	2.89	198,918	2.01	70,218	4.56	28,550
Mar	1.98	107,152	2.88	198,059	2.03	69,433	4.57	28,190
Apr	1.98	106,627	2.87	198,127	2.03	71,680	4.42	23,890
May	1.99	106,379	2.83	195,384	2.03	71,741	4.42	23,881
June	1.98	105,056	2.83	195,073	2.03	69,719	4.33	24,559
July	1.98	104,577	2.82	194,330	2.03	72,105	4.23	25,296
Aug	1.97	104,573	2.80	194,000	2.04	74,930	4.19	24,961
Sep	1.97	104,938	2.77	193,451	2.03	74,966	4.19	24,849
Oct	1.98	105,488	2.76	192,845	2.05	78,275	4.10	22,472

End of month	Housing loans to households 3						Consumer credit and other loans to households 4, 5					
	with a maturity of											
	up to 1 year 6		over 1 year and up to 5 years		over 5 years		up to 1 year 6		over 1 year and up to 5 years		over 5 years	
	Effective interest rate 1 % pa	Volume 2 € million	Effective interest rate 1 % pa	Volume 2 € million	Effective interest rate 1 % pa	Volume 2 € million	Effective interest rate 1 % pa	Volume 2 € million	Effective interest rate 1 % pa	Volume 2 € million	Effective interest rate 1 % pa	Volume 2 € million
2004 Oct	5.14	7,649	4.67	33,775	5.66	895,414	8.79	80,415	5.95	71,660	6.18	330,628
Nov	5.12	7,586	4.65	33,278	5.65	896,510	8.72	77,971	5.94	70,561	6.17	328,982
Dec	5.25	7,637	4.63	33,190	5.63	897,826	8.72	80,598	5.91	70,109	6.23	331,682
2005 Jan	5.20	7,201	4.60	32,930	5.61	896,162	8.72	79,153	5.88	69,565	6.21	330,629
Feb	5.14	7,107	4.58	32,852	5.60	895,869	8.77	77,215	5.91	69,138	6.20	329,691
Mar	5.14	7,152	4.56	33,789	5.59	894,877	8.80	77,975	5.89	69,157	6.20	327,558
Apr	5.07	7,116	4.58	31,177	5.56	897,746	8.70	76,047	5.86	70,598	6.19	329,222
May	4.99	6,983	4.56	30,996	5.54	898,416	8.76	75,999	5.83	71,128	6.19	328,707
June	4.99	7,118	4.53	30,947	5.52	899,575	8.77	77,156	5.83	71,357	6.18	328,311
July	4.93	7,032	4.49	30,817	5.49	902,650	8.70	75,090	5.79	71,644	6.16	328,183
Aug	4.95	6,792	4.46	30,942	5.47	904,553	8.73	74,731	5.76	71,856	6.15	328,911
Sep	4.95	6,930	4.40	30,916	5.45	906,439	8.74	76,920	5.75	70,882	6.14	328,568
Oct	4.88	6,746	4.37	30,687	5.42	908,388	8.83	76,289	5.73	70,158	6.12	328,291

End of month	Loans to non-financial corporations with a maturity of					
	up to 1 year 6		over 1 year and up to 5 years		over 5 years	
	Effective interest rate 1 % pa	Volume 2 € million	Effective interest rate 1 % pa	Volume 2 € million	Effective interest rate 1 % pa	Volume 2 € million
2004 Oct	4.68	169,423	4.18	87,915	5.23	485,720
Nov	4.61	174,233	4.14	87,256	5.20	486,256
Dec	4.64	166,976	4.15	87,044	5.19	483,878
2005 Jan	4.65	163,146	4.12	86,960	5.15	483,211
Feb	4.69	164,658	4.09	86,165	5.14	483,024
Mar	4.66	164,367	4.06	85,401	5.12	480,353
Apr	4.59	163,098	4.04	84,101	5.09	481,216
May	4.61	162,342	4.06	83,456	5.07	481,891
June	4.63	164,192	4.02	83,350	5.05	478,638
July	4.56	160,600	3.99	84,654	5.01	481,158
Aug	4.55	156,384	3.96	86,614	5.00	479,790
Sep	4.58	162,536	3.92	87,116	4.98	477,806
Oct	4.56	159,754	3.89	87,126	4.96	479,099

* The MFI interest rate statistics are based on the interest rates applied by MFIs and the related volumes of euro-denominated deposits and loans to households and non-financial corporations domiciled in the euro area. The household sector comprises individuals (including sole proprietors) and non-profit institutions serving households. Non-financial corporations include all enterprises other than insurance companies, banks and other financial institutions. The interest rate statistics gathered on a harmonised basis in the euro area from January 2003 are being collected in Germany on a sample basis. The most recent figures are in all cases to be regarded as provisional. Subsequent revisions appearing in the following *Monthly Report* are not specially marked. Further information on the new interest rate statistics can be found on the Bundesbank's website (Statistics / Reporting system / Banking statistics / EVU-Zinsstatistik). This information is currently available in German only. — ° The statistics on outstanding amounts are collected at

the end of the month. — 1 The effective interest rates may always be calculated either as annualised agreed interest rates or as narrowly defined effective rates. Both calculation methods cover all interest payments on deposits and loans but not any other related charges which may occur for enquiries, administration, preparation of the documents, guarantees and credit insurance. — 2 Data based on monthly balance sheet statistics. — 3 Secured and unsecured loans for home purchase, including building and home improvements; including loans granted by building and loan associations and interim credits as well as transmitted loans granted by the reporting agents in their own name and for their own account. — 4 Consumer credit is defined as loans granted for the purpose of personal use in the consumption of goods and services. — 5 For the purpose of these statistics, other loans are loans granted for other purposes such as business, debt consolidation, education etc. — 6 Including overdrafts.

VI Interest rates
**6 Interest rates and volumes for outstanding amounts and new business of German banks (MFIs) * (cont'd)
(b) New business +**

Households' deposits												
Overnight		with an agreed maturity of						redeemable at notice of ⁸				
		up to 1 year		over 1 year and up to 2 years		over 2 years		up to 3 months		over 3 months		
Reporting period	Effective interest rate ¹ % pa	Volume ² € million	Effective interest rate ¹ % pa	Volume ⁷ € million	Effective interest rate ¹ % pa	Volume ⁷ € million	Effective interest rate ¹ % pa	Volume ⁷ € million	Effective interest rate ¹ % pa	Volume ² € million	Effective interest rate ¹ % pa	Volume ² € million
2004 Oct	1.17	421,839	1.92	22,905	2.67	960	3.03	2,649	2.13	506,856	2.54	85,738
Nov	1.15	434,898	1.92	23,384	2.41	856	3.04	2,839	2.16	506,807	2.54	86,549
Dec	1.17	428,606	1.90	25,470	2.39	929	2.59	2,791	2.13	515,840	2.55	87,804
2005 Jan	1.19	429,342	1.93	26,734	2.72	1,647	2.89	4,284	2.09	516,803	2.51	87,540
Feb	1.20	434,050	1.93	22,719	2.52	1,089	2.69	1,796	2.11	517,068	2.51	88,103
Mar	1.21	436,542	1.91	24,402	2.53	958	2.76	4,236	2.06	516,937	2.49	88,481
Apr	1.21	439,717	1.88	21,835	2.31	743	2.61	4,268	2.05	517,005	2.47	88,013
May	1.23	442,889	1.89	22,796	2.20	1,067	2.49	1,225	2.12	516,455	2.45	87,517
June	1.22	448,210	1.89	25,674	2.72	994	2.25	1,031	2.10	515,200	2.40	86,665
July	1.17	450,961	1.88	22,781	2.22	1,060	2.35	2,043	2.08	515,042	2.36	85,918
Aug	1.17	449,144	1.88	23,949	2.37	1,060	2.17	1,469	1.98	514,260	2.33	84,891
Sep	1.18	450,970	1.89	23,194	2.41	1,123	2.16	2,960	2.00	514,247	2.31	83,344
Oct	1.18	453,497	1.89	22,812	2.72	1,346	2.37	3,124	1.94	513,181	2.28	82,864

Non-financial corporations' deposits								
Overnight		with an agreed maturity of						
		up to 1 year		over 1 year and up to 2 years		over 2 years		
Reporting period	Effective interest rate ¹ % pa	Volume ² € million	Effective interest rate ¹ % pa	Volume ⁷ € million	Effective interest rate ¹ % pa	Volume ⁷ € million	Effective interest rate ¹ % pa	Volume ⁷ € million
2004 Oct	1.13	137,992	1.97	29,266	2.56	258	4.13	1,151
Nov	1.13	142,752	1.95	29,259	2.24	176	4.04	2,678
Dec	1.14	144,569	2.02	51,843	2.39	211	3.81	2,215
2005 Jan	1.19	140,648	2.03	39,113	2.50	181	3.50	1,526
Feb	1.20	140,178	1.97	33,053	2.24	134	3.93	1,055
Mar	1.22	140,864	1.96	36,334	2.57	236	3.58	996
Apr	1.24	144,016	1.97	35,595	2.35	314	3.56	907
May	1.24	144,622	1.98	35,025	2.27	194	3.87	636
June	1.24	148,194	1.97	48,861	2.08	235	4.10	1,211
July	1.25	149,050	1.98	36,761	2.20	128	3.38	1,113
Aug	1.27	151,273	1.99	41,006	2.35	98	3.58	596
Sep	1.25	152,999	2.01	46,851	2.52	234	3.08	1,419
Oct	1.25	157,054	2.01	39,509	2.85	313	4.09	1,433

Loans to households													
Consumer credit with an initial rate fixation of ⁴						Other loans with an initial rate fixation of ⁵							
Total	floating rate or up to 1 year ¹⁰		over 1 year and up to 5 years		over 5 years	floating rate or up to 1 year ¹⁰		over 1 year and up to 5 years		over 5 years			
Reporting period	Annual percentage rate of charge ⁹ % pa	Effective interest rate ¹ % pa	Volume ⁷ € million	Effective interest rate ¹ % pa	Volume ⁷ € million	Effective interest rate ¹ % pa	Volume ⁷ € million	Effective interest rate ¹ % pa	Volume ⁷ € million	Effective interest rate ¹ % pa	Volume ⁷ € million		
2004 Oct	7.95	4.77	1,210	6.30	4,579	9.17	2,927	3.74	7,395	4.80	1,590	4.90	1,415
Nov	7.70	4.86	1,251	6.20	4,159	8.88	3,133	3.46	8,436	4.84	1,164	4.75	1,989
Dec	7.18	4.90	1,550	5.95	4,551	8.04	2,846	3.44	10,026	4.54	2,853	4.68	2,967
2005 Jan	7.94	4.98	1,347	6.38	4,289	9.05	2,847	3.68	9,059	4.64	1,578	4.67	2,251
Feb	7.92	4.85	1,531	6.35	3,720	8.98	2,743	3.66	4,633	4.68	1,182	4.38	1,653
Mar	7.82	4.73	1,648	6.26	4,173	8.90	3,353	3.71	7,213	4.72	1,700	4.58	2,224
Apr	7.84	4.90	1,405	6.15	4,809	8.94	3,627	3.70	7,385	4.79	1,415	4.61	2,157
May	7.87	5.47	1,324	6.04	3,972	8.93	3,085	3.61	8,078	4.75	1,488	4.58	1,620
June	7.86	5.35	1,515	6.09	4,707	8.73	3,779	3.65	8,095	4.69	2,177	4.60	2,597
July	7.94	5.37	1,180	6.19	4,978	8.74	3,699	3.65	8,413	4.62	1,941	4.44	2,397
Aug	7.98	5.54	1,085	6.23	4,073	8.70	3,487	3.63	8,483	4.64	1,550	4.50	2,399
Sep	7.91	5.41	1,203	6.16	5,262	8.71	3,081	3.58	9,626	4.61	1,858	4.30	2,490
Oct	7.83	5.16	1,295	6.00	4,314	8.98	2,752	3.65	6,797	4.60	1,415	4.32	2,295

For footnotes * and 1 to 6, see p 45*. — + In the case of deposits with an agreed maturity and all loans excluding overdrafts, new business covers all new agreements between households or non-financial corporations and the bank. The interest rates are calculated as volume-weighted average rates across all new agreements concluded during the reporting month. In the case of overnight deposits, deposits redeemable at notice and overdrafts, new business is collected in the same way as outstanding amounts for the sake of simplicity. This means that all outstanding deposit and lending

business at the end of the month has to be incorporated in the calculation of average rates of interest. — ⁷ Estimated. The volume of new business is extrapolated to form the underlying total using the Horvitz-Thompson estimator. — ⁸ Including non-financial corporations' deposits; including fidelity and growth premia. — ⁹ Annual percentage rate of charge as defined in Directive 87/102/EEC, which contains other related charges which may occur for enquiries, administration, preparation of the documents, guarantees and credit insurance. — ¹⁰ Excluding overdrafts.

VI Interest rates

6 Interest rates and volumes for outstanding amounts and new business of German banks (MFIs) * (cont'd)
(b) New business +

Loans to households (cont'd)											
		Housing loans with an initial rate fixation of ³									
Overdrafts ¹¹		Total	floating rate or up to 1 year ¹⁰		over 1 year and up to 5 years		over 5 years and up to 10 years		over 10 years		
Reporting period	Effective interest rate ¹ % pa	Volume ¹² € million	Annual percentage rate of charge ⁹ % pa	Effective interest rate ¹ % pa	Volume ⁷ € million	Effective interest rate ¹ % pa	Volume ⁷ € million	Effective interest rate ¹ % pa	Volume ⁷ € million	Effective interest rate ¹ % pa	Volume ⁷ € million
2004 Oct	10.26	53,107	4.78	4.30	3,091	4.48	2,343	4.89	4,077	4.88	2,730
Nov	10.22	50,788	4.72	4.45	1,887	4.40	2,131	4.78	3,961	4.76	3,164
Dec	10.30	52,435	4.61	4.37	2,292	4.29	2,682	4.63	5,217	4.67	3,598
2005 Jan	10.32	50,978	4.55	4.37	2,467	4.20	2,321	4.56	4,631	4.62	3,507
Feb	10.30	50,158	4.49	4.35	1,668	4.20	1,962	4.51	3,504	4.48	2,816
Mar	10.36	50,933	4.49	4.34	2,078	4.13	2,210	4.47	4,901	4.52	3,655
Apr	10.37	48,690	4.50	4.28	2,786	4.13	2,376	4.50	5,023	4.58	3,484
May	10.46	48,565	4.40	4.33	2,075	4.08	2,204	4.39	4,412	4.40	3,324
June	10.38	49,871	4.27	4.25	2,196	4.01	2,449	4.22	5,527	4.26	4,262
July	10.35	47,624	4.22	4.15	3,353	3.94	2,699	4.17	6,315	4.23	4,226
Aug	10.40	48,289	4.19	4.30	2,010	3.88	2,439	4.10	5,789	4.19	4,615
Sep	10.42	50,075	4.18	4.21	2,095	3.95	2,331	4.11	5,388	4.16	4,390
Oct	10.54	48,969	4.19	4.22	2,603	3.94	2,397	4.11	5,674	4.18	3,873

Loans to non-financial corporations										
		Loans up to €1 million with an initial rate fixation of ¹³								
Overdrafts ¹¹		floating rate or up to 1 year ¹⁰		over 1 year and up to 5 years		over 5 years				
Reporting period	Effective interest rate ¹ % pa	Volume ¹² € million	Effective interest rate ¹ % pa	Volume ⁷ € million	Effective interest rate ¹ % pa	Volume ⁷ € million	Effective interest rate ¹ % pa	Volume ⁷ € million	Effective interest rate ¹ % pa	Volume ⁷ € million
2004 Oct	6.11	79,457	4.55	7,213	4.96	1,238	4.92	1,200	4.92	1,200
Nov	5.96	80,969	4.61	6,218	4.83	1,336	4.62	1,141	4.62	1,141
Dec	6.01	76,804	4.50	6,458	4.75	1,520	4.64	2,147	4.64	2,147
2005 Jan	5.89	74,567	4.44	5,388	4.82	1,205	4.59	1,497	4.59	1,497
Feb	5.88	78,066	4.34	5,232	4.84	1,094	4.58	1,160	4.58	1,160
Mar	5.99	74,692	4.36	7,033	4.67	1,298	4.71	1,341	4.71	1,341
Apr	5.92	71,303	4.44	6,588	4.64	1,121	4.68	1,329	4.68	1,329
May	5.95	71,559	4.38	6,289	4.56	1,065	4.38	1,835	4.38	1,835
June	5.97	72,936	4.41	7,080	4.50	1,346	4.43	1,308	4.43	1,308
July	5.95	69,329	4.37	6,987	4.54	1,242	4.41	1,542	4.41	1,542
Aug	5.97	67,834	4.29	6,317	4.54	1,737	4.42	1,350	4.42	1,350
Sep	5.95	71,180	4.28	7,229	4.46	1,284	4.32	1,533	4.32	1,533
Oct	5.93	70,553	4.38	6,822	4.45	1,371	4.39	1,375	4.39	1,375

Loans to non-financial corporations (cont'd)						
Loans over €1 million with an initial rate fixation of ¹³						
		floating rate or up to 1 year ¹⁰		over 1 year and up to 5 years		over 5 years
Reporting period	Effective interest rate ¹ % pa	Volume ⁷ € million	Effective interest rate ¹ % pa	Volume ⁷ € million	Effective interest rate ¹ % pa	Volume ⁷ € million
2004 Oct	3.26	30,755	3.85	3,246	4.51	4,502
Nov	3.16	30,886	3.68	3,855	4.46	4,913
Dec	3.34	43,091	3.95	7,061	4.33	8,560
2005 Jan	3.35	34,508	3.75	4,041	4.27	4,889
Feb	3.40	26,543	3.66	3,928	3.99	5,083
Mar	3.23	44,390	3.59	5,771	4.28	6,314
Apr	3.12	49,798	3.76	4,657	4.28	5,827
May	3.11	42,311	3.68	5,578	3.94	5,733
June	3.15	45,170	3.67	5,302	4.05	6,020
July	3.15	42,996	3.82	4,692	4.09	5,191
Aug	3.17	40,536	3.72	4,520	4.10	5,272
Sep	3.22	41,690	3.51	4,177	4.11	5,925
Oct	3.15	42,531	3.89	3,182	3.97	5,831

For footnotes * and 1 to 6, see p 45*. For footnotes + and 7 to 10, see p 46*. — ¹¹ Overdrafts are defined as debit balances on current accounts. They include all bank overdrafts regardless of whether they are within or beyond the limits agreed between customers and the bank. — ¹² Estimated.

The volume of outstanding amounts reported is extrapolated to form the underlying total using the Horvitz-Thompson estimator. — ¹³ The amount refers to the single loan transaction considered as new business.

VII Capital market

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

Debt securities												
Period	Sales = total purchases	Sales					Purchases					
		Domestic debt securities 1					Foreign debt securities 3	Residents				Non-residents 7
		Total	Bank debt securities	Corporate bonds	Public debt securities 2	Total 4		Credit institutions including building and loan associations 5	Non-banks 6	Bundesbank open market operations 5		
DM million												
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	204,378	144,177	60,201	-	128,276	
1998	418,841	308,201	254,367	3,143	50,691	110,640	245,802	203,342	42,460	-	173,038	
€ million												
1999	292,663	198,068	156,399	2,184	39,485	94,595	155,766	74,728	81,038	-	136,898	
2000	226,393	157,994	120,154	12,605	25,234	68,399	151,568	91,447	60,121	-	74,825	
2001	180,227	86,656	55,918	14,473	16,262	93,571	111,281	35,848	75,433	-	68,946	
2002	175,219	124,035	47,296	14,506	62,235	51,184	63,734	13,536	50,198	-	111,485	
2003	185,193	134,455	31,404	30,262	72,788	50,738	95,252	35,748	59,504	-	89,941	
2004	240,861	133,711	64,231	10,778	58,703	107,150	107,071	121,841	- 14,770	-	133,790	
2005 Aug	1,211	- 4,624	1,868	- 634	- 5,857	5,835	4,642	2,988	1,654	-	3,431	
Sep	25,382	12,218	- 6,585	1,243	17,560	13,164	11,250	- 7,678	18,928	-	14,132	
Oct	5,120	675	1,099	1,494	- 1,917	4,445	- 6,531	- 3,260	- 3,271	-	11,651	

Shares									
Period	Sales = total purchases	Sales			Purchases				
		Domestic shares 8		Foreign shares 9	Residents				Non-residents 12
		Total 10	Credit institutions 5,11		Non-banks 6				
DM million									
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	-	2,932	
1996	72,491	34,212	38,280	55,962	12,627	43,335	-	16,529	
1997	119,522	22,239	97,280	96,844	8,547	88,297	-	22,678	
1998	249,504	48,796	200,708	149,151	20,252	128,899	-	100,353	
€ million									
1999	150,013	36,010	114,003	103,136	18,637	84,499	-	46,877	
2000	140,461	22,733	117,728	164,654	23,293	141,361	-	24,193	
2001	82,665	17,575	65,090	2,252	- 14,714	12,462	-	84,917	
2002	37,404	9,232	28,172	16,472	- 23,236	39,708	-	20,932	
2003	14,046	16,838	- 2,791	14,631	7,056	21,687	-	28,678	
2004	3,157	10,157	- 7,002	7,783	5,045	2,738	-	4,627	
2005 Aug	609	163	446	245	2,647	2,892	-	854	
Sep	3,211	3,141	70	3,084	1,229	4,313	-	6,295	
Oct	750	617	133	853	- 4,703	5,556	-	103	

* Up to end-1999, debt securities in this table comprise bonds and money market paper issued by domestic banks; from January 2000, they comprise all debt securities. For mutual fund shares, see Table VII.6. — 1 Net sales at market values plus/minus 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 mutual

funds. — 7 Net purchases or net sales (-) of domestic debt securities by non-residents; transaction values. — 8 Excluding shares of public limited investment companies; 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 end-1998, excluding syndicated shares. — 12 Net purchases or net sales (-) of domestic shares (including direct investment) by non-residents; transaction values. — The figures for the most recent date are provisional; revisions are not specially marked.

VIII Public finances in Germany

3 Government fiscal position as defined in the national accounts *

Up to end-1998, DM billion; from 1999, € billion

Item	1997	1998	1999	2000 ¹	2001	2002	2003	2004 ^{pe}
Revenue	1,731.7	1,779.3	945.0	967.0	952.6	955.2	963.7	958.7
<i>of which</i>								
Taxes	857.2	897.3	490.5	511.7	488.3	485.4	489.6	487.2
Social contributions	720.2	727.8	375.4	378.4	383.7	389.2	394.4	395.3
Expenditure	1,830.7	1,862.9	974.3	990.7	1,012.2	1,034.7	1,050.3	1,039.9
<i>of which</i>								
Intermediate consumption	150.6	154.3	83.5	82.4	85.2	88.7	89.2	89.5
Compensation of employees	319.4	319.8	165.6	166.1	166.2	169.1	169.0	168.7
Interest	126.7	129.0	63.2	65.1	64.5	62.9	64.6	62.9
Social benefits ²	984.7	998.4	523.1	532.7	551.2	574.1	588.1	586.6
Gross capital formation	69.0	69.4	37.6	36.8	36.8	35.5	32.9	30.7
Net lending/net borrowing	- 99.0	- 83.6	- 29.3	- 23.7	- 59.6	- 79.6	- 86.6	- 81.2
<i>Memo item</i>								
As defined in the Maastricht Treaty								
Deficit as % of GDP ^{3,4}	2.7	2.2	1.5	1.2	2.9	3.8	4.1	3.7
Debt level	2,234.9	2,317.6	1,224.3	1,231.0	1,241.5	1,293.0	1,381.0	1,451.0
as % of GDP ³	60.6	61.2	61.9	60.4	59.6	61.2	64.8	66.4

Source: Federal Statistical Office. — * Figures in accordance with ESA 95. In contrast to the figures shown by the Federal Statistical Office, totals include (without affecting net lending/net borrowing) customs duties, the EU share in VAT revenue and EU subsidies. — ¹ Adjusted for proceeds from the sale of UMTS licences. The figures of the Federal Statistical Office record such proceeds (€50.8 billion) under "net increase in non-produced assets", with the result that government expenditure is lower and a surplus (€27.1 billion or 1.3% of GDP) is shown. — ² Including social benefits in kind. — ³ In the European budgetary surveillance procedure, GDP excluding financial

intermediation services indirectly measured (FISIM) is still being used as the basis for calculating the deficit and debt ratios for the current year. Accordingly, the ratios listed here are therefore higher than those calculated based on August 2005 GDP figures published by the Federal Statistical Office (deficit ratio: up to 0.1 percentage point higher, debt ratio: up to 1 percentage point higher). — ⁴ Unlike the net lending/net borrowing balance as shown in the national accounts, the deficit ratio as defined in the Maastricht Treaty includes interest payments arising from swap transactions and forward rate agreements.

4 Tax revenue of central, state and local government

Up to end-1998, DM million; from 1999, € million

Period	Central and state government and European Union						Local government ⁴		Balance of untransferred tax shares ⁵
	Total	Total ¹	State government		European Union ³	Total	of which Eastern Germany		
			Central government ²	Total				of which Eastern Germany	
1991	661,920	577,150	321,334	224,321	19,139	31,495	84,633	2,540	+ 137
1992	731,738	638,423	356,849	247,372	23,807	34,203	93,374	4,034	- 58
1993	749,119	653,015	360,250	256,131	27,542	36,634	95,809	5,863	+ 295
1994	786,162	688,785	386,145	261,947	32,052	40,692	97,116	7,677	+ 260
1995	814,190	719,332	390,807	288,520	.	40,005	94,498	8,460	+ 359
1996	799,998	706,071	372,390	294,232	.	39,449	94,641	7,175	- 714
1997	797,154	700,739	368,244	290,771	.	41,724	96,531	7,703	- 117
1998	833,013	727,888	379,491	306,127	.	42,271	104,960	8,841	+ 164
1999	453,068	396,734	211,727	164,724	.	20,284	56,333	4,810	+ 1
2000	467,253	410,117	219,034	169,249	.	21,833	57,241	4,895	- 104
2001	446,248	392,189	213,342	159,115	.	19,732	54,047	4,590	+ 12
2002	441,703	389,162	214,371	156,231	.	18,560	52,490	4,769	+ 51
2003	442,235	390,437	214,002	155,510	.	20,925	51,671	4,751	+ 127
2004	442,966	386,459	208,919	157,900	.	19,641	56,365	5,243	+ 142
2005 Q2	111,698	96,535	52,716	39,438	.	4,381	14,538	1,486	+ 625
Q3	...	96,077	52,065	38,840	.	5,172	...	...	...
2005 June	.	37,947	20,715	15,671	.	1,562	.	.	.
July	.	29,328	15,851	11,909	.	1,568	.	.	.
Aug	.	28,609	15,801	11,172	.	1,635	.	.	.
Sep	.	38,140	20,413	15,759	.	1,969	.	.	.
Oct	.	27,794	15,575	11,105	.	1,115	.	.	.

Source: Federal Ministry of Finance. — ¹ Including receipts from the Equalisation of Burdens levies. — ² Before deducting supplementary central government grants and shares in the revenue of mineral oil tax remitted to state government. — ³ Including the additional (GNP-related) revenue accruing to the EU from the central government tax revenue from

1988. — ⁴ Including local government taxes in Berlin, Bremen and Hamburg. — ⁵ Difference between the local government's share in the income taxes received by the state government cash offices in the period in question (see Table VIII.5) and the amounts passed on to local government during the same period.

VIII Public finances in Germany

7 General government debt *

€ million

End of year or month	Total	Treasury discount paper (Bubills) 1	Treasury notes 2,3	Five-year Federal notes (Bobls) 2	Federal savings notes	Bonds 2	Direct lending by credit institutions 4	Loans from non-banks		Old debt		
								Social security funds	Other 4	arising from German unification 5	Equalisation claims	Other 6
General government												
1999	1,199,975	12,594	102,364	120,998	41,621	416,051	450,111	281	10,200	476	45,175	105
2000	1,211,439	11,616	109,951	126,276	35,991	438,888	433,443	211	10,524	285	44,146	108
2001	1,223,929	23,036	151,401	130,045	26,395	448,148	422,440	174	13,110	85	8,986	108
2002	1,277,630	30,815	203,951	137,669	17,898	456,300	404,046	137	18,844	29	7,845	97
2003	1,358,121	36,022	246,414	153,616	12,810	471,129	396,832	341	34,163	- 1	6,711	86
2004 June	1,411,658	37,307	269,972	162,642	10,590	488,668	391,296	371	44,057	- 45	6,711	88
Sep	1,429,216	37,494	276,918	166,711	10,568	494,621	390,436	413	46,434	- 38	5,572	87
Dec	1,430,413	35,722	279,796	168,958	10,817	495,418	379,984	430	53,672	- 38	5,572	82
2005 Mar	1,457,149	37,489	290,175	162,644	11,037	506,670	387,456	474	55,586	- 36	5,572	84
June	1,465,358	37,214	295,608	170,389	11,180	507,071	381,150	501	56,623	- 36	5,572	87
Central government 7,8,9												
1999	714,069	11,553	44,335	120,498	41,621	379,808	67,872	60	2,568	476	45,175	104
2000	715,819	11,516	44,678	123,642	35,991	400,490	52,836	29	2,099	285	44,146	107
2001	701,077	21,136	59,643	119,911	26,395	416,195	47,111	26	1,481	85	8,986	107
2002	725,405	30,227	78,584	127,484	17,898	422,558	39,517	0	1,167	29	7,845	97
2003	767,697	35,235	87,538	143,431	12,810	436,194	38,146	223	7,326	- 1	6,711	85
2004 June	803,991	35,630	92,190	152,957	10,590	453,479	43,026	223	9,144	- 45	6,711	88
Sep	814,356	35,866	95,200	157,026	10,568	459,482	39,864	268	10,463	- 38	5,572	86
Dec	812,083	34,440	95,638	159,272	10,817	460,380	34,835	333	10,751	- 38	5,572	81
2005 Mar	870,368	36,393	102,959	162,592	11,037	495,478	45,119	373	10,798	- 36	5,572	83
June	874,015	36,021	105,227	170,338	11,180	495,879	38,778	408	10,562	- 36	5,572	86
Sep	885,146	35,989	106,836	163,284	11,061	514,173	38,303	408	10,608	- 36	4,434	86
State government (western)												
1999	274,208	150	43,033	.	.	.	226,022	23	4,979	.	-	1
2000	282,431	-	48,702	.	.	.	227,914	22	5,792	.	.	1
2001	305,788	1,800	67,721	.	.	.	228,270	5	7,991	.	.	1
2002	328,390	250	97,556	.	.	.	217,333	5	13,246	.	.	1
2003	355,661	472	125,356	.	.	.	207,880	4	21,949	.	.	1
2004 June	368,240	900	141,270	.	.	.	197,032	4	29,033	.	.	1
Sep	374,415	900	145,136	.	.	.	198,760	0	29,618	.	.	1
Dec	376,697	750	148,219	.	.	.	193,216	3	34,508	.	.	1
2005 Mar	382,341	250	154,965	.	.	.	190,360	3	36,762	.	.	1
June	384,373	0	157,226	.	.	.	189,139	3	38,005	.	.	1
Sep	389,392	0	160,561	.	.	.	189,090	0	39,741	.	.	1
State government (eastern)												
1999	53,200	891	14,517	.	.	.	37,602	-	189	.	.	.
2000	55,712	100	16,092	.	.	.	39,339	-	182	.	.	.
2001	58,771	100	20,135	.	.	.	37,382	-	1,154	.	.	.
2002	63,782	338	23,838	.	.	.	37,739	-	1,867	.	.	.
2003	68,076	315	28,833	.	.	.	37,022	-	1,906	.	.	.
2004 June	71,252	777	31,897	.	.	.	35,530	27	3,021	.	.	.
Sep	71,512	729	31,967	.	.	.	35,295	27	3,495	.	.	.
Dec	71,975	533	31,400	.	.	.	35,428	-	4,614	.	.	.
2005 Mar	73,190	846	32,251	.	.	.	35,866	-	4,227	.	.	.
June	74,898	1,193	33,154	.	.	.	36,142	-	4,409	.	.	.
Sep	74,691	1,194	34,821	.	.	.	34,165	-	4,511	.	.	.

For footnotes, see end of the table.

VIII Public finances in Germany

7 General government debt * (cont'd)

€ million

End of year or month	Total	Treasury discount paper (Bubills) 1	Treasury notes 2,3	Five-year Federal notes (Bobl)s 2	Federal savings notes	Bonds 2	Direct lending by credit institu- tions 4	Loans from non-banks		Old debt		
								Social security funds	Other 4	arising from German unifica- tion 5	Equalisa- tion claims	Other 6
Local government (western) 10												
1999	81,511	.	153	.	.	680	78,726	53	1,898	.	.	.
2000	81,414	.	153	.	.	680	78,656	33	1,891	.	.	.
2001	82,203	.	153	.	.	629	79,470	29	1,922	.	.	.
2002	84,097	.	153	.	.	629	81,307	22	1,986	.	.	.
2003	90,906	.	77	.	.	603	87,868	19	2,339	.	.	.
2004 June	93,250	.	77	.	.	707	90,106	20	2,340	.	.	.
Sep	93,800	.	77	.	.	656	90,707	20	2,340	.	.	.
Dec	95,057	.	-	.	.	552	91,317	13	3,174	.	.	.
2005 Mar	95,600	.	-	.	.	591	91,819	15	3,175	.	.	.
June	97,250	.	-	.	.	591	93,469	15	3,175	.	.	.
Local government (eastern) 10												
1999	20,726	.	51	.	.	335	20,138	124	78	.	.	.
2000	17,048	.	51	.	.	335	16,497	114	50	.	.	.
2001	17,005	.	-	.	.	284	16,581	107	33	.	.	.
2002	16,745	.	-	.	.	284	16,318	102	41	.	.	.
2003	16,951	.	-	.	.	131	16,601	87	132	.	.	.
2004 June	16,900	.	-	.	.	131	16,549	90	130	.	.	.
Sep	17,000	.	-	.	.	131	16,649	90	130	.	.	.
Dec	17,353	.	-	.	.	131	16,914	73	235	.	.	.
2005 Mar	17,250	.	-	.	.	131	16,809	75	235	.	.	.
June	17,250	.	-	.	.	131	16,809	75	235	.	.	.
ERP Special Fund 7												
1999	16,028	.	-	.	.	6,250	9,458	21	299	.	.	.
2000	18,386	.	-	.	.	7,585	10,411	13	377	.	.	.
2001	19,161	.	-	.	.	9,462	9,310	8	381	.	.	.
2002	19,400	.	51	.	.	10,144	8,686	8	512	.	.	.
2003	19,261	.	51	.	.	10,169	8,522	8	512	.	.	.
2004 June	18,525	.	51	.	.	10,169	7,909	8	389	.	.	.
Sep	18,525	.	51	.	.	10,169	7,909	8	389	.	.	.
Dec	18,200	.	51	.	.	10,169	7,584	8	389	.	.	.
2005 Mar	18,098	.	51	.	.	10,169	7,482	8	389	.	.	.
June	17,270	.	51	.	.	10,169	6,812	-	238	.	.	.
Sep	15,864	.	51	.	.	10,169	5,406	-	238	.	.	.
Indemnification Fund												
1999	132	.	.	.	.	132	.	.	.	.	.	.
2000	204	.	.	.	.	204	.	.	.	.	.	.
2001	285	.	.	.	.	285	.	.	.	.	.	.
2002	369	.	.	.	.	369	.	.	.	.	.	.
2003	469	.	.	.	.	469	.	.	.	.	.	.
2004 June	396	.	.	.	.	396	.	.	.	.	.	.
Sep	398	.	.	.	.	398	.	.	.	.	.	.
Dec	400	.	.	.	.	400	.	.	.	.	.	.
2005 Mar	302	.	.	.	.	302	.	.	.	.	.	.
June	302	.	.	.	.	302	.	.	.	.	.	.
Sep	301	.	.	.	.	301	.	.	.	.	.	.
German Unity Fund 7,9												
1999	40,102	-	275	500	.	28,846	10,292	-	189	.	.	.
2000	40,425	-	275	2,634	.	29,593	7,790	-	133	.	.	.
2001	39,638	-	3,748	10,134	.	21,292	4,315	-	149	.	.	.
2002	39,441	-	3,820	10,134	.	22,315	3,146	-	26	.	.	.
2003	39,099	-	4,610	10,134	.	23,563	793	-	-	.	.	.
2004 June	39,103	.	4,538	9,634	.	23,787	1,144	-	-	.	.	.
Sep	39,210	.	4,538	9,634	.	23,787	1,251	-	-	.	.	.
Dec	38,650	.	4,538	9,634	.	23,787	690	-	-	.	.	.

Source: Bundesbank calculations based on data from the Federal Statistical Office. — * Excluding intergovernment debt. — 1 Predominantly Treasury discount paper (Bubills). — 2 Excluding issuers' holdings of their own securities. — 3 Treasury notes issued by state government include long-term paper. — 4 Mainly loans against borrowers' notes. Including loans raised abroad. Other loans from non-banks, including loans from supplementary public pension funds and liabilities arising from the investment assistance levy. — 5 Old liabilities arising from housing construction and liabilities arising from housing construction by the former GDR's armed forces and from housing construction in connection with the return of the troops of the former USSR stationed in eastern Germany to their home country. — 6 Old debt mainly denominated in foreign currency, in accordance with the London Debts Agreement; excluding debt securities in own portfolios. —

7 In contrast to the capital market statistics, the debt incurred through the joint issuance of Federal securities is recorded here under central government and its special funds in accordance with the agreed distribution ratios. — 8 On 1 July 1999 central government assumed joint responsibility for the debts of the Redemption Fund for Inherited Liabilities, the Federal Railways Fund and the Equalisation Fund for Safeguarding the Use of Coal. As from July, the aforementioned special funds are recorded under central government. — 9 On 1 January 2005 central government assumed joint responsibility for the debts of the German Unity Fund. As from January, the aforementioned special fund is recorded under central government. — 10 Data other than year-end figures have been estimated. Including debt of municipal special purpose associations.

VIII Public finances in Germany

8 Change in general government debt *

€ million

Item	End of		Net borrowing 1							
			2004					2005		
	2004	June 2005	Total	Q1	Q2	Q3	Q4	1st hf	Q1	Q2
Borrowers										
Central government 2	812,083	874,015	+ 44,386	+ 34,993	+ 1,301	+ 10,365	- 2,273	+ 23,279	+ 19,633	+ 3,646
German Unity Fund 2	38,650	-	- 450	+ 520	- 516	+ 107	- 561	-	-	-
ERP Special Fund	18,200	17,270	- 1,061	+ 685	- 51	-	- 325	- 931	- 102	- 828
Indemnification Fund	400	302	- 69	- 79	+ 6	+ 1	+ 2	- 98	- 98	+ 0
State government (western)	376,697	384,373	+ 21,036	+ 7,541	+ 5,038	+ 6,175	+ 2,282	+ 7,676	+ 5,644	+ 2,033
State government (eastern)	71,975	74,898	+ 3,899	+ 1,585	+ 1,592	+ 260	+ 462	+ 2,923	+ 1,216	+ 1,707
Local government (western) 3	95,057	97,250	+ 4,805	+ 1,961	+ 1,114	+ 491	+ 1,239	+ 3,431	+ 1,180	+ 2,251
Local government (eastern) 3	17,353	17,250	+ 373	- 30	+ 4	+ 110	+ 289	- 25	- 103	+ 78
Total	1,430,413	1,465,358	+ 72,917	+ 45,805	+ 8,487	+ 17,509	+ 1,115	+ 36,260	+ 27,373	+ 8,888
Debt by category										
Treasury discount paper (Bubills) 4	35,722	37,214	- 299	+ 1,187	+ 99	+ 187	- 1,772	+ 1,491	+ 1,766	- 275
Treasury notes 5	279,796	295,608	+ 33,382	+ 14,031	+ 9,528	+ 6,946	+ 2,878	+ 15,812	+ 10,379	+ 5,433
Five-year Federal notes (Bobl) 5	168,958	170,389	+ 15,342	+ 6,119	+ 2,907	+ 4,070	+ 2,246	+ 1,431	- 6,314	+ 7,745
Federal savings notes	10,817	11,180	- 1,993	- 1,565	- 656	- 22	+ 249	+ 362	+ 219	+ 143
Bonds 5	495,418	507,071	+ 24,289	+ 14,792	+ 2,748	+ 5,953	+ 796	+ 11,653	+ 11,252	+ 401
Direct lending by credit institutions 6	379,984	381,150	- 16,223	+ 4,553	- 9,333	- 910	- 10,534	+ 2,482	+ 8,109	- 5,627
Loans from social security funds	430	501	+ 89	+ 31	-	+ 42	+ 17	+ 71	+ 44	+ 27
Other loans 6	53,632	56,583	+ 19,509	+ 6,700	+ 3,194	+ 2,377	+ 7,238	+ 2,951	+ 1,913	+ 1,038
Old debt 7	44	51	- 41	- 42	+ 0	+ 6	- 4	+ 6	+ 4	+ 3
Equalisation claims	5,572	5,572	- 1,138	+ 0	+ 0	- 1,139	+ 1	-	-	-
Investment assistance levy	41	41	-	-	-	-	-	-	-	-
Total	1,430,413	1,465,358	+ 72,917	+ 45,805	+ 8,487	+ 17,509	+ 1,115	+ 36,260	+ 27,373	+ 8,888
Creditors										
Banking system										
Bundesbank	4,440	4,440	-	-	-	-	-	-	-	-
Credit institutions	541,900	528,200	+ 17,725	+ 26,088	+ 3,768	+ 3,451	- 15,582	- 12,384	+ 7,637	- 20,021
Domestic non-banks										
Social security funds	430	501	+ 89	+ 31	-	+ 42	+ 17	+ 71	+ 44	+ 27
Other 8	263,943	260,317	- 11,697	- 6,914	+ 3,219	- 10,384	+ 2,380	- 3,627	- 5,208	+ 1,582
Foreign creditors pe	619,700	671,900	+ 66,800	+ 26,600	+ 1,500	+ 24,400	+ 14,300	+ 52,200	+ 24,900	+ 27,300
Total	1,430,413	1,465,358	+ 72,917	+ 45,805	+ 8,487	+ 17,509	+ 1,115	+ 36,260	+ 27,373	+ 8,888

Source: Bundesbank calculations based on data from the Federal Statistical Office. — * Excluding intergovernment debt. — 1 Net borrowing differs from the change in debt, which includes the assumption and transfer of debts. — 2 See Table VIII.7, footnote 8. — 3 Data other than year-end figures have been estimated. Including debt of municipal special purpose associations. — 4 Excluding mobilisation and liquidity paper. Predominantly Treasury discount paper (Bubills). — 5 Excluding issuers' holdings of their

own securities. — 6 Including loans raised abroad. — 7 Old liabilities arising from housing construction and liabilities arising from the housing construction of the former GDR's armed forces and from housing construction in connection with the return of the troops of the former USSR stationed in eastern Germany to their home country, and old debt in accordance with the London Debts Agreement. — 8 Ascertained as a residual.

9 Loans raised by general government against borrowers' notes

Up to end-1998, DM million; from 1999, € million

End of year or month	Total 1	Central government 2,3	German Unity Fund 3	ERP Special Fund	State government	Local government 4,5	Federal Railways Fund 3	Redemption Fund for Inherited Liabilities 3	Equalisation Fund for Safeguarding the Use of Coal 3
1998	898,030	23,094	31,415	22,215	504,148	184,942	45,098	83,447	3,671
1999	444,031	64,704	10,481	9,778	264,158	94,909	-	-	-
2000	431,364	54,731	7,178	10,801	268,362	90,292	-	-	-
2001	416,067	44,791	4,464	9,699	267,988	89,126	-	-	-
2002	398,910	34,636	3,172	9,205	262,840	89,057	-	-	-
2003	399,304	38,410	793	9,042	260,046	91,013	-	-	-
2004	June	397,237	37,827	690	8,305	259,854	90,560	-	-
	Sep	399,706	38,664	690	8,305	261,515	90,531	-	-
	Dec	399,250	36,791	690	7,981	262,070	91,719	-	-
2005	Mar	399,064	36,069	-	7,878	264,478	90,639	-	-
	June	394,063	31,898	-	7,050	264,757	90,358	-	-

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 8. — 4 Data other than year-end figures have been estimated. Including municipal special purpose associations. — 5 Including contractually agreed loans.

VIII Public finances in Germany
10 Central government debt

Up to end-1998, DM million; from 1999, € million

End of year or month	Treasury discount paper (Bubills) ¹			Federal Treasury notes (Schätze) ²	Five-year Federal notes (Bobs) ²	Federal savings notes	Federal bonds (Bunds) ²	Direct lending by credit institutions ^{3,4}	Indebtedness to non-banks		Old debt		
	Total	Total	of which Federal Treasury financing paper						Social security funds	Other ^{3,5,6}	arising from German unification ⁷	Equalisation claims	Other ⁸
1997	905,691	25,286	5,221	78,848	177,721	99,317	481,619	31,845	5	870	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 ⁹	714,069	11,553	1,584	44,335	120,498	41,621	379,808	67,872	60	2,568	476	45,175	104
2000	715,819	11,516	1,805	44,678	123,642	35,991	400,490	52,836	29	2,099	285	44,146	107
2001	701,077	21,136	1,658	59,643	119,911	26,395	416,195	47,111	26	1,481	85	8,986	107
2002	725,405	30,227	1,618	78,584	127,484	17,898	422,558	39,517	0	1,167	29	7,845	97
2003	767,697	35,235	1,240	87,538	143,431	12,810	436,194	38,146	223	7,326	- 1	6,711	85
2004	812,083	34,440	1,074	95,638	159,272	10,817	460,380	34,835	333	10,751	- 38	5,572	81
2004 Nov	820,571	34,819	1,085	104,060	160,102	10,731	460,112	34,399	268	10,463	- 38	5,572	83
2004 Dec	812,083	34,440	1,074	95,638	159,272	10,817	460,380	34,835	333	10,751	- 38	5,572	81
2005 Jan ¹⁰	874,505	34,968	1,090	106,345	169,269	10,895	490,938	45,389	333	10,751	- 38	5,572	83
2005 Feb	876,329	34,936	1,099	107,310	162,504	10,951	495,304	48,593	363	10,751	- 38	5,572	83
2005 Mar	870,368	36,393	1,113	102,959	162,592	11,037	495,478	45,119	373	10,798	- 36	5,572	83
2005 Apr	878,471	36,543	1,122	109,471	168,826	11,067	496,610	39,139	398	10,798	- 36	5,572	84
2005 May	875,543	36,089	1,121	110,280	166,045	11,119	492,031	43,152	408	10,798	- 36	5,572	85
2005 June	874,015	36,021	1,111	105,227	170,338	11,180	495,879	38,778	408	10,562	- 36	5,572	86
2005 July	889,805	36,128	1,091	110,360	171,179	11,186	506,393	39,106	408	10,562	- 36	4,434	86
2005 Aug	878,770	35,886	1,095	110,935	156,950	11,125	514,177	34,243	408	10,562	- 36	4,434	86
2005 Sep	885,146	35,989	1,076	106,836	163,284	11,061	514,173	38,303	408	10,608	- 36	4,434	86
2005 Oct	888,144	35,734	1,073	113,486	168,448	11,088	503,350	40,541	408	10,608	- 36	4,434	85
2005 Nov ^p	890,232	35,256	1,098	115,051	169,512	10,932	509,857	34,125	408	10,608	- 36	4,434	85

¹ Excluding mobilisation and liquidity paper. In November 1999, including cash bills. — ² Excluding issuers' holdings of their own securities. — ³ Including loans raised abroad. — ⁴ Including money market loans. — 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 housing construction for the former GDR's armed forces and from housing construction in connection with the return of the troops of the former USSR stationed in eastern

Germany to their home country. — ⁸ Commutation and compensation debt and old debt mainly denominated in foreign currency. — ⁹ On 1 July 1999 central government assumed joint responsibility for the debts of the Redemption Fund for Inherited Liabilities, the Federal Railways Fund and the Equalisation Fund for Safeguarding the Use of Coal. — ¹⁰ On 1 January 2005 central government assumed joint responsibility for the debts of the German Unity Fund.

11 Central government borrowing in the market

Up to end-1998, DM million; from 1999, € million

Period	Total new borrowing		of which								Money market loans	Change in money market deposits
			Federal bonds (Bunds)		Five-year Federal notes (Bobs)		Other securities ²		Loans against borrowers' notes			
	Gross ¹	Net	Gross ¹	Net	Gross ¹	Net	Gross ¹	Net	Gross	Net		
1997	+ 250,074	+ 65,808	+ 79,323	+ 47,323	+ 59,557	+ 1,557	+ 98,275	+ 24,983	+ 12,950	- 8,009	- 30	- 3,304
1998	+ 228,050	+ 52,292	+ 78,304	+ 38,099	+ 55,078	+ 21,553	+ 85,706	- 1,327	+ 12,023	- 2,927	- 3,065	- 5,440
1999	+ 139,865	+ 31,631	+ 53,931	+ 114,080	+ 22,229	+ 18,610	+ 44,904	- 5,836	+ 14,861	+ 52,897	+ 3,937	+ 1,832
2000	+ 122,725	+ 1,750	+ 49,395	+ 20,682	+ 26,342	+ 3,144	+ 45,278	- 5,323	+ 7,273	- 9,973	- 5,563	- 940
2001	+ 135,018	- 14,741	+ 36,511	+ 15,705	+ 19,603	- 3,730	+ 69,971	+ 14,989	+ 5,337	- 9,941	+ 3,595	- 1,495
2002	+ 178,203	+ 24,328	+ 41,378	+ 6,364	+ 36,037	+ 7,572	+ 93,853	+ 19,535	+ 4,716	- 10,155	+ 2,221	+ 22
2003	+ 227,078	+ 42,292	+ 62,535	+ 13,636	+ 42,327	+ 15,947	+ 109,500	+ 8,874	+ 11,480	+ 3,775	+ 1,236	+ 7,218
2004	+ 228,122	+ 44,389	+ 52,701	+ 24,185	+ 35,589	+ 15,842	+ 130,801	+ 5,313	+ 7,186	+ 1,620	+ 1,844	+ 802
2004 Jan-Nov	+ 215,392	+ 52,873	+ 52,432	+ 23,918	+ 36,419	+ 16,672	+ 119,467	+ 14,027	+ 6,822	- 816	+ 251	+ 575
2005 Jan-Nov ^p	+ 210,463	+ 39,495	+ 52,189	+ 25,691	+ 28,418	+ 606	+ 118,920	+ 15,805	+ 2,084	- 10,324	+ 8,852	- 1,590
2004 Nov	+ 11,485	- 6,442	+ 5,004	- 94	+ 4,289	- 1,657	+ 6,808	+ 804	+ 640	- 237	- 5,256	- 8,455
2004 Dec	+ 12,730	- 8,485	+ 269	+ 268	- 830	- 830	+ 11,333	- 8,714	+ 365	- 803	+ 1,593	+ 226
2005 Jan	+ 37,004	+ 23,768	+ 13,043	+ 6,772	+ 362	+ 362	+ 12,951	+ 6,774	+ 285	- 502	+ 10,362	+ 4,588
2005 Feb	+ 14,998	+ 1,824	+ 4,366	+ 4,366	+ 213	- 6,765	+ 7,107	+ 990	+ 177	+ 100	+ 3,134	- 1,756
2005 Mar	+ 13,233	- 5,961	+ 174	+ 174	+ 89	+ 89	+ 15,149	- 2,809	+ 224	- 1,014	- 2,404	- 7,798
2005 Apr	+ 16,692	+ 8,103	+ 1,132	+ 1,131	+ 6,233	+ 6,233	+ 12,766	+ 6,693	+ 95	- 2,422	- 3,533	+ 5,598
2005 May	+ 20,117	- 2,928	+ 5,478	- 4,579	+ 3,205	- 2,780	+ 6,442	+ 406	+ 250	- 718	+ 4,742	- 4,800
2005 June	+ 17,505	- 1,528	+ 3,848	+ 3,848	+ 4,292	+ 4,292	+ 12,895	- 5,059	+ 50	- 1,031	- 3,579	+ 694
2005 July	+ 23,703	+ 15,790	+ 10,514	+ 10,514	+ 841	+ 841	+ 11,298	+ 5,246	+ 236	- 487	+ 814	+ 14,482
2005 Aug	+ 10,517	- 11,035	+ 7,785	+ 7,785	+ 620	- 14,229	+ 6,622	+ 273	+ 70	- 283	- 4,581	- 13,116
2005 Sep	+ 25,105	+ 6,376	- 4	- 4	+ 6,335	+ 6,335	+ 14,044	- 4,060	+ 176	- 449	+ 4,554	+ 6,078
2005 Oct	+ 20,837	+ 2,999	- 654	- 10,823	+ 5,164	+ 5,164	+ 12,434	+ 6,421	+ 362	- 1,293	+ 3,532	- 1,720
2005 Nov ^p	+ 10,752	+ 2,088	+ 6,507	+ 6,507	+ 1,064	+ 1,064	+ 7,211	+ 932	+ 159	- 2,226	- 4,189	- 3,840

¹ After deduction of repurchases. — ² Federal Treasury notes (Schätze), Federal savings notes, Treasury discount paper (Bubills), Federal Treasury financing paper.

VIII Public finances in Germany

12 Revenue, expenditure and assets of the German pension insurance fund *

Up to end-1998, DM million; from 1999, € million

Period	Revenue 1			Expenditure 1			Balance of revenue and expenditure	Assets 5					Memo item Administrative assets
	Total	of which		Total	of which			Total	Deposits 6	Securities	Mortgage and other loans 7	Real estate	
		Contributions 2	Payments from central government		Pension payments 3	Pensioners' health insurance 4							
Germany													
1993	290,393	232,408	52,671	298,065	252,920	15,898	- 7,672	39,786	29,957	8,499	1,100	229	6,297
1994	322,335	256,662	61,891	324,323	273,880	17,751	- 1,988	33,578	24,194	8,170	909	305	6,890
1995	338,185	270,294	64,387	348,115	294,034	20,285	- 9,930	21,756	16,801	3,948	746	262	7,800
1996 8	353,672	282,616	68,388	362,667	305,780	21,660	- 8,995	14,456	9,608	2,119	2,500	229	8,863
1997	374,853	297,402	74,961	372,955	316,511	23,280	+ 1,898	14,659	10,179	1,878	2,372	230	9,261
1998	389,101	297,827	88,755	385,707	327,823	24,393	+ 3,394	18,194	14,201	1,493	2,274	226	9,573
1999	208,173	152,206	54,628	203,295	172,919	12,950	+ 4,878	13,623	11,559	824	1,127	114	4,904
2000	211,137	150,712	58,862	210,558	178,599	13,365	+ 579	14,350	11,459	1,676	1,105	110	4,889
2001 8	216,927	152,048	63,093	217,497	184,730	13,762	- 570	13,973	10,646	1,517	1,699	111	4,917
2002	221,563	152,810	66,958	225,689	191,133	14,498	- 4,126	9,826	6,943	1,072	1,685	126	4,878
2003	229,371	156,510	71,447	231,362	196,038	15,178	- 1,991	7,641	5,017	816	1,682	126	4,862
2004 9	231,684	156,535	71,680	233,011	198,587	14,258	- 1,327	5,158	4,980	19	41	118	4,834
2004 Q1	55,431	37,289	17,846	58,350	49,858	3,873	- 2,919	5,879	3,375	696	1,681	127	4,862
Q2	56,665	38,446	17,873	57,794	49,437	3,416	- 1,129	3,751	1,914	28	1,681	128	4,877
Q3	56,766	38,664	17,779	58,107	49,719	3,456	- 1,341	2,560	731	22	1,681	127	4,889
Q4 9	62,336	42,126	17,807	58,350	49,824	3,484	+ 3,986	5,158	4,980	19	41	118	4,834
2005 Q1	55,160	36,897	17,996	58,001	50,031	3,390	- 2,841	2,607	2,432	16	41	118	4,828
Q2	56,913	38,647	17,911	58,286	49,929	3,413	- 1,373	1,195	1,020	16	42	118	4,874
Q3	57,546	38,492	18,807	58,455	50,150	3,337	- 909	362	187	16	43	117	4,885

Source: Federal Minister of Labour and Social Affairs and Association of German Pension Insurance Funds. — * Excluding German pension insurance for the mining, railroad and maritime industries. — 1 The annual figures do not tally with the sum of the quarterly figures, as the latter are all provisional. From 1993, including financial compensation payments. Excluding investment spending and proceeds. — 2 Including contributions for recipients of government cash 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 long-term care insurance for pensioners. — 5 Largely corresponds to the sustainability reserves. End of year or quarter. — 6 Including cash. — 7 Excluding loans to other social security funds; including participating interests. — 8 Excluding income arising from the revaluation of participating interests. — 9 Revenue includes proceeds from the disposal of equity interests.

13 Revenue and expenditure of the Federal Employment Agency

Up to end-1998, DM million; from 1999, € million

Period	Revenue			Expenditure							Balance	Grant or working capital loans from central government	
	Total 1	of which		Total 3	of which			Total	Job promotion 5,6				Promotion of winter construction
		Contributions	Levies 2		Total	Western Germany	Eastern Germany		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
2000	49,606	46,359	1,403	50,473	23,946	15,615	8,331	20,324	10,534	9,790	294	- 868	867
2001	50,682	47,337	1,640	52,613	25,036	16,743	8,294	20,713	11,094	9,619	268	- 1,931	1,931
2002	50,885	47,405	2,088	56,508	27,610	19,751	7,860	21,011	11,568	9,443	245	- 5,623	5,623
2003	50,635	47,337	2,081	56,850	29,735	21,528	8,207	19,155	10,564	8,591	272	- 6,215	6,215
2004	50,314	47,211	1,674	54,490	29,746	21,821	7,925	16,843	9,831	7,011	217	- 4,176	4,175
2004 Q1	11,524	11,261	47	14,448	8,200	6,001	2,199	4,389	2,491	1,898	144	- 2,924	5,244
Q2	12,042	11,419	394	13,949	7,782	5,673	2,109	4,268	2,510	1,758	67	- 1,907	1,946
Q3	12,516	11,709	481	12,818	7,044	5,189	1,855	3,919	2,309	1,610	4	- 303	166
Q4	14,233	12,821	753	13,275	6,721	4,958	1,762	4,267	2,522	1,745	3	+ 958	- 3,181
2005 Q1	11,934	11,072	40	14,775	7,983	5,805	2,178	3,332	2,083	1,249	139	- 2,842	5,532
Q2	13,283	11,449	324	13,697	7,394	5,376	2,018	3,062	1,956	1,105	97	- 414	223
Q3	12,924	11,618	420	12,662	6,357	4,720	1,637	2,576	1,670	906	5	+ 262	- 458

Source: Federal Employment Agency. — 1 Excluding central government liquidity assistance. — 2 Levies to promote winter construction and to pay insolvency compensation to employees. — 3 From 2005, including a compensatory amount to central government. — 4 Unemployment benefit, short-time working benefit. — 5 Including contributions to the statutory health insurance funds and statutory pension insurance scheme. From 2003,

the January contributions to the statutory pension insurance scheme for recipients of wage substitutes are paid in January instead of in December. — 6 Vocational training, measures to encourage job take-up, rehabilitation, job creation measures, subsidies granted to Personnel Service Agencies (PSAs), compensation top-up payments and business start-up grants.

IX Economic conditions

1 Origin and use of domestic product, distribution of national income Germany

Item	2002			2003			2004				2005		
	2002	2003	2004	2002	2003	2004	Q1	Q2	Q3	Q4	Q1	Q2	Q3
	Index 2000=100			Annual percentage change									
At constant prices, chained													
I Origin of domestic product													
Production sector (excluding construction)	99.5	100.5	105.0	- 1.6	1.0	4.4	3.8	6.3	4.2	3.4	0.4	4.2	2.8
Construction	90.5	86.4	85.1	- 4.1	- 4.5	- 1.6	2.3	- 0.5	- 4.2	- 3.1	- 12.0	- 1.9	- 2.7
Wholesale/retail trade, hotel and restaurant services, transport and storage 1	103.7	102.3	104.2	0.7	- 1.3	1.9	2.0	2.4	1.0	2.2	1.0	2.4	1.7
Financing, renting and business services 2	104.6	105.2	107.1	1.5	0.6	1.8	1.4	2.7	1.4	1.7	1.8	1.7	1.8
Public and private services 3	102.4	102.1	102.4	2.0	- 0.3	0.4	0.7	0.6	0.1	0.1	- 1.3	- 0.9	- 0.9
Gross value added	101.8	101.7	103.9	0.3	- 0.1	2.1	2.1	3.0	1.5	1.7	0.0	1.7	1.2
Gross domestic product 4	101.3	101.1	102.8	0.1	- 0.2	1.6	2.0	2.1	1.2	1.3	- 0.5	1.6	1.3
II Use of domestic product													
Private consumption 5	101.3	101.5	102.0	- 0.5	0.1	0.6	0.9	- 0.1	- 0.1	1.5	- 0.7	0.7	- 0.0
Government consumption	102.0	102.1	100.5	1.4	0.1	- 1.6	- 0.9	- 1.3	- 1.0	- 3.0	- 1.8	- 0.1	0.1
Machinery and equipment	89.1	88.9	91.3	- 7.5	- 0.2	2.6	- 1.3	0.9	5.1	5.1	3.7	7.5	4.5
Premises	89.8	88.4	86.3	- 5.8	- 1.6	- 2.3	1.2	- 2.0	- 4.4	- 3.3	- 10.9	- 1.8	- 2.3
Other investment 6	107.6	111.1	113.1	1.3	3.3	1.8	1.9	2.0	1.6	1.7	2.2	2.2	1.9
Changes in inventories 7 8	.	.	.	- 0.6	0.5	0.5	- 0.1	- 0.1	1.7	0.5	0.3	0.8	0.1
Domestic use	97.6	98.1	98.7	- 1.9	0.6	0.6	0.3	- 0.5	1.4	1.0	- 1.2	1.6	0.1
Net exports 8	.	.	.	1.9	- 0.7	1.1	1.7	2.6	- 0.1	0.3	0.7	0.0	1.1
Exports	111.0	113.6	124.2	4.2	2.4	9.3	8.0	13.7	7.3	8.4	3.7	5.0	8.4
Imports	99.9	104.9	112.3	- 1.4	5.1	7.0	3.5	7.1	8.7	8.5	2.2	5.7	6.0
Gross domestic product 4	101.3	101.1	102.8	0.1	- 0.2	1.6	2.0	2.1	1.2	1.3	- 0.5	1.6	1.3
At current prices (€ billion)													
III Use of domestic product													
Private consumption 5	1,266.7	1,287.6	1,312.5	0.6	1.7	1.9	1.9	1.4	1.4	2.9	0.4	1.7	1.4
Government consumption	412.3	415.5	412.8	3.0	0.8	- 0.6	0.3	0.6	- 1.1	- 2.1	- 0.4	1.1	0.8
Machinery and equipment	151.9	146.9	149.4	- 9.3	- 3.2	1.7	- 2.4	0.1	4.3	4.0	2.8	6.3	3.4
Premises	216.5	213.0	210.7	- 6.1	- 1.6	- 1.1	1.3	- 0.8	- 2.7	- 1.5	- 9.0	- 0.9	- 1.8
Other investment 6	24.5	24.5	24.9	- 1.5	- 0.2	1.6	0.5	1.8	2.0	2.2	1.7	1.2	1.1
Changes in inventories 7	- 24.0	- 11.6	- 4.0	.	.	.	.	.	.	.	.	.	.
Domestic use	2,047.9	2,075.8	2,106.2	- 1.1	1.4	1.5	0.9	0.6	2.2	2.1	- 0.0	2.5	1.1
Net exports	97.1	87.6	109.5	.	.	.	.	.	.	.	.	.	.
Exports	765.6	772.7	842.8	4.1	0.9	9.1	6.1	13.0	7.7	9.6	4.7	5.7	9.3
Imports	668.5	685.1	733.4	- 3.6	2.5	7.0	0.2	6.7	10.0	11.1	4.3	7.5	9.0
Gross domestic product 4	2,145.0	2,163.4	2,215.7	1.5	0.9	2.4	3.0	3.1	1.7	1.9	0.4	2.1	1.5
IV Prices (2000 = 100)													
Private consumption	103.0	104.5	106.0	1.2	1.5	1.4	1.0	1.5	1.5	1.4	1.1	1.0	1.4
Gross domestic product	102.7	103.7	104.5	1.4	1.0	0.8	1.0	1.0	0.5	0.6	0.8	0.5	0.2
Terms of trade	102.0	103.0	102.8	2.1	1.0	- 0.2	1.5	- 0.2	- 0.8	- 1.3	- 1.0	- 1.1	- 2.0
V Distribution of national income													
Compensation of employees	1,128.7	1,131.1	1,134.5	0.7	0.2	0.3	0.8	0.7	- 0.1	- 0.1	- 0.2	- 0.4	- 0.7
Entrepreneurial and property income	452.5	468.9	523.8	2.8	3.6	11.7	12.1	17.4	8.0	9.8	3.7	8.3	5.7
National income	1,581.2	1,600.0	1,658.3	1.3	1.2	3.6	4.3	5.6	2.4	2.4	1.1	2.4	1.4
<i>Memo item:</i> Gross national income	2,120.9	2,147.3	2,216.0	1.4	1.2	3.2	3.6	4.3	2.5	2.5	0.8	2.2	1.6

Source: Federal Statistical Office; figures computed in November 2005. — 1 Including communication services. — 2 Financial intermediation, real estate activities, renting and business services. — 3 Including care-at-home services. — 4 Gross value added plus taxes on products (netted with subsidies

on products). — 5 Including non-profit institutions serving households. — 6 Intangible fixed asset formation (inter alia, computer software and entertainment, literary or artistic originals) and cultivated assets. — 7 Including net increase in valuables. — 8 Contribution of growth to GDP.

IX Economic conditions

2 Output in the production sector
Germany

Adjusted for working-day variations ◦

Period	of which												
	Production sector, total	Construc-tion 2	Energy 3	Industry 1									
				Total	of which: by main industrial grouping				of which: by economic sector				
					Inter-mediate goods 4	Capital goods 5	Durable goods	Non-durable goods 6	Chemicals and chemical products	Basic metals	Machinery and equipment	Motor vehicles, trailers and semi-trailers	
2000 = 100													
2000	99.9	100.0	99.9	99.9	99.9	99.9	99.9	99.9	99.9	99.9	100.0	99.9	99.9
2001	99.5	92.5	97.3	100.4	99.4	102.3	100.4	98.8	98.0	101.1	102.1	102.1	104.0
2002	98.3	89.0	97.4	99.3	98.9	101.1	92.0	98.2	101.7	101.8	99.5	99.5	105.4
2003	98.4	85.1	99.8	99.5	99.5	101.9	87.2	97.4	102.0	99.9	97.8	97.8	107.6
2004	100.8	80.4	102.6	102.5	103.4	105.7	87.4	97.9	104.6	103.7	101.2	101.2	111.9
2004 Feb	94.1	56.7	106.4	96.2	98.7	96.9	86.5	92.0	101.6	103.1	87.7	87.7	110.1
Mar	105.1	76.2	110.2	107.2	107.9	111.7	96.0	99.5	107.5	111.6	106.2	106.2	121.6
Apr	100.6	85.9	101.0	101.9	104.4	103.8	88.1	96.3	107.6	104.1	98.5	98.5	114.3
May	99.8	86.8	97.6	101.3	103.5	104.0	86.2	94.8	102.5	105.4	98.5	98.5	115.3
June	103.5	93.0	91.0	105.9	107.2	111.0	87.0	97.2	103.5	111.3	106.4	106.4	120.6
July	103.3	95.5	92.6	105.2	107.1	108.3	87.0	99.1	105.6	106.6	105.4	105.4	112.1
Aug	93.8	85.5	90.7	94.9	98.6	93.5	68.1	95.8	103.7	94.0	89.5	89.5	90.6
Sep	106.8	95.0	95.3	109.1	109.1	114.6	96.8	101.3	106.0	107.3	112.8	112.8	120.7
Oct	108.2	93.3	104.9	109.9	109.9	113.8	96.6	105.4	108.0	106.8	104.0	104.0	127.0
Nov	106.7	85.7	110.0	108.3	107.7	112.2	94.4	104.9	107.7	105.2	104.2	104.2	120.4
Dec	95.9	61.9	115.5	96.9	89.5	107.9	78.8	95.4	99.1	84.3	118.3	118.3	92.9
2005 Jan	94.8	48.5	112.7	97.1	101.5	95.3	81.8	95.0	112.3	105.0	86.2	86.2	106.7
Feb	94.9	43.5	107.9	98.3	99.6	100.4	85.8	94.5	109.1	101.7	93.0	93.0	112.2
Mar	7 106.8	7 60.0	7 112.3	7 110.5	7 109.2	7 117.8	7 95.8	7 102.4	7 118.5	7 109.3	7 113.8	7 113.8	7 126.4
Apr	7 102.5	7 79.7	7 101.2	7 104.8	7 106.3	7 109.1	7 87.3	7 97.4	7 110.6	7 105.9	7 100.8	7 100.8	7 122.4
May	7 100.5	7 81.9	7 97.8	7 102.6	7 105.5	7 104.5	7 79.8	7 98.2	7 111.5	7 101.9	7 98.6	7 98.6	7 112.2
June	7 106.3	7 88.1	7 92.4	7 109.5	7 109.5	7 117.1	7 90.6	7 98.9	7 109.1	7 106.6	7 115.3	7 115.3	7 122.1
July x	7 106.4	7 91.3	7 96.9	7 108.9	7 110.1	7 113.5	7 83.9	7 103.1	7 115.1	7 107.6	7 106.6	7 106.6	7 121.8
Aug x	7 95.6	7 83.3	7 92.5	7 97.0	7 101.4	7 94.4	7 70.0	7 98.8	7 110.2	7 95.4	7 91.2	7 91.2	7 89.9
Sep x	7 110.5	7 91.0	7 93.7	7 114.1	7 113.2	7 120.9	7 97.8	7 106.6	7 114.0	7 109.0	7 113.7	7 113.7	7 129.1
Oct +	112.3	91.2	105.2	115.1	115.1	119.0	100.0	111.0	120.6	111.6	107.9	107.9	130.6
Annual percentage change													
2000	+ 4.8	- 3.5	- 0.3	+ 6.3	+ 5.7	+ 9.7	+ 3.8	+ 1.4	+ 2.8	+ 8.2	+ 7.1	+ 7.1	+ 11.2
2001	- 0.4	- 7.5	- 2.6	+ 0.5	- 0.5	+ 2.4	+ 0.5	- 1.1	- 1.9	+ 1.1	+ 2.2	+ 2.2	+ 4.1
2002	- 1.2	- 3.8	+ 0.1	- 1.1	- 0.5	- 1.2	- 8.4	- 0.6	+ 3.8	+ 0.7	- 2.5	- 2.5	+ 1.3
2003	+ 0.1	- 4.4	+ 2.5	+ 0.2	+ 0.6	+ 0.8	- 5.2	- 0.8	+ 0.3	- 1.9	- 1.7	- 1.7	+ 2.1
2004	+ 2.4	- 5.5	+ 2.8	+ 3.0	+ 3.9	+ 3.7	+ 0.2	+ 0.5	+ 2.5	+ 3.8	+ 3.5	+ 3.5	+ 4.0
2004 Feb	+ 1.8	+ 10.1	+ 2.2	+ 1.4	+ 4.8	- 1.4	- 0.7	+ 0.3	+ 3.4	+ 3.1	- 4.0	- 4.0	- 0.7
Mar	+ 0.5	- 9.2	+ 1.1	+ 1.1	+ 1.9	+ 1.6	- 1.1	- 1.1	- 4.0	+ 1.0	+ 2.7	+ 2.7	+ 0.2
Apr	+ 2.2	- 6.7	+ 0.7	+ 3.2	+ 4.0	+ 4.4	+ 2.8	- 0.4	+ 1.9	+ 1.2	+ 5.6	+ 5.6	+ 5.0
May	+ 4.0	- 4.7	+ 2.4	+ 5.0	+ 4.7	+ 6.9	+ 8.0	+ 1.0	± 0.0	+ 4.0	+ 7.2	+ 7.2	+ 7.9
June	+ 3.5	- 5.8	- 0.7	+ 4.9	+ 4.7	+ 7.5	+ 4.2	- 0.2	+ 0.1	+ 13.8	+ 4.4	+ 4.4	+ 13.0
July	+ 2.9	- 6.6	+ 2.3	+ 3.8	+ 4.5	+ 5.0	+ 1.4	+ 0.5	+ 0.5	+ 4.8	+ 6.6	+ 6.6	+ 3.1
Aug	+ 4.2	- 5.0	+ 0.3	+ 5.4	+ 5.9	+ 8.1	+ 1.3	+ 0.4	+ 5.0	+ 6.6	+ 4.7	+ 4.7	+ 13.3
Sep	+ 4.4	- 5.8	+ 3.4	+ 5.4	+ 5.6	+ 7.4	- 0.4	+ 2.1	+ 8.6	+ 5.7	+ 7.9	+ 7.9	+ 8.9
Oct	+ 2.9	- 6.0	+ 2.6	+ 3.7	+ 2.8	+ 7.1	- 1.3	+ 0.2	+ 3.8	- 0.4	+ 5.9	+ 5.9	+ 13.0
Nov	+ 0.3	- 8.0	+ 5.2	+ 0.5	+ 2.3	- 1.4	- 5.7	+ 1.7	+ 6.2	+ 1.8	- 1.5	- 1.5	- 3.7
Dec	+ 0.9	- 7.7	+ 7.9	+ 0.7	+ 2.8	- 0.8	- 4.9	+ 1.3	+ 7.0	+ 1.6	+ 0.4	+ 0.4	- 4.7
2005 Jan	+ 3.0	- 1.6	- 3.0	+ 4.1	+ 5.1	+ 5.2	- 1.9	+ 1.5	+ 10.2	+ 0.4	+ 4.5	+ 4.5	+ 9.5
Feb	+ 0.9	- 23.3	+ 1.4	+ 2.2	+ 0.9	+ 3.6	- 0.8	+ 2.7	+ 7.4	- 1.4	+ 6.0	+ 6.0	+ 1.9
Mar	7 + 1.6	7 - 21.3	+ 1.9	+ 3.1	+ 1.2	+ 5.5	- 0.2	+ 2.9	+ 10.2	- 2.1	+ 7.2	+ 7.2	+ 3.9
Apr	7 + 1.9	7 - 7.2	+ 0.2	+ 2.8	+ 1.8	+ 5.1	- 0.9	+ 1.1	+ 2.8	+ 1.7	+ 2.3	+ 2.3	+ 7.1
May	7 + 0.7	7 - 5.6	+ 0.2	+ 1.3	+ 1.9	+ 0.5	- 7.4	+ 3.6	+ 8.8	- 3.3	+ 0.1	+ 0.1	- 2.7
June	7 + 2.7	7 - 5.3	+ 1.5	+ 3.4	+ 2.1	+ 5.5	+ 4.1	+ 1.7	+ 5.4	- 4.2	+ 8.4	+ 8.4	+ 1.2
July x	7 + 3.0	7 - 4.4	+ 4.6	+ 3.5	+ 2.8	+ 4.8	- 3.6	+ 4.0	+ 9.0	+ 0.9	+ 1.1	+ 1.1	+ 8.7
Aug x	7 + 1.9	7 - 2.6	+ 2.0	+ 2.2	+ 2.8	+ 1.0	+ 2.8	+ 3.1	+ 6.3	+ 1.5	+ 1.9	+ 1.9	- 0.8
Sep x	7 + 3.5	7 - 4.2	- 1.7	+ 4.6	+ 3.8	+ 5.5	+ 1.0	+ 5.2	+ 7.5	+ 1.6	+ 0.8	+ 0.8	+ 7.0
Oct +	+ 3.8	- 2.3	+ 0.3	+ 4.7	+ 4.7	+ 4.6	+ 3.5	+ 5.3	+ 11.7	+ 4.5	+ 3.8	+ 3.8	+ 2.8

Source of the unadjusted figures: Federal Statistical Office. — ◦ Using the Census X-12-ARIMA method, version 0.2.8. — 1 Manufacturing sector, unless assigned to the main grouping energy, plus mining and quarrying. — 2 The figures refer to the economic classifications "Site preparation" and "Building of complete constructions or parts thereof; civil engineering". — 3 Electricity, gas, steam and hot water supply, and, in particular, mining of coal and lignite, extraction of crude petroleum and natural gas and manufacture of refined petroleum products. — 4 Including mining and quarrying. — 5 Including manufacture of motor vehicles, trailers and

semi-trailers. — 6 Including printing and service activities related to printing. — 7 Adjusted in advance by the Federal Statistical Office, by way of estimates, to the results of the annual overall survey in the construction sector (average +3%). — x Provisional; adjusted in advance by the Federal Statistical Office, by way of estimates, to the results of the Quarterly Production Survey for the third quarter (industry: on average -2.5%). — x Provisional; adjusted in advance by the Federal Statistical Office, by way of estimates, to the results of the Quarterly Production Survey for the fourth quarter (industry: on average -2.5%).

IX Economic conditions

3 Orders received by industry *
Germany

Adjusted for working-day variations ◊

Period	Industry		of which				of which					
			Intermediate goods		Capital goods ¹		Consumer goods ²		Durable goods		Non-durable goods ²	
	2000=100	Annual percent- age change	2000=100	Annual percent- age change	2000=100	Annual percent- age change	2000=100	Annual percent- age change	2000=100	Annual percent- age change	2000=100	Annual percent- age change
total												
2001	98.3	- 1.7	95.9	- 4.0	99.4	- 0.6	101.4	+ 1.5	99.8	- 0.1	102.4	+ 2.5
2002	98.3	± 0.0	96.4	+ 0.5	99.6	+ 0.2	99.0	- 2.4	95.7	- 4.1	101.0	- 1.4
2003	99.0	+ 0.7	97.8	+ 1.5	100.7	+ 1.1	95.4	- 3.6	89.9	- 6.1	98.8	- 2.2
2004	104.8	+ 5.9	104.9	+ 7.3	107.2	+ 6.5	94.7	- 0.7	89.1	- 0.9	98.2	- 0.6
2004 Oct	108.1	+ 5.3	108.9	+ 6.1	109.8	+ 6.8	99.4	- 3.4	96.4	- 4.6	101.3	- 2.5
Nov	105.3	+ 2.8	106.9	+ 4.8	106.0	+ 1.4	97.2	+ 1.7	95.2	- 2.2	98.4	+ 4.1
Dec	108.2	+ 10.4	95.1	+ 4.4	123.8	+ 16.4	86.5	- 0.3	78.1	- 4.2	91.8	+ 1.9
2005 Jan	106.7	+ 7.0	109.2	+ 7.3	107.1	+ 7.2	96.4	+ 3.8	88.2	- 2.4	101.5	+ 7.4
Feb	105.0	+ 3.8	104.3	+ 2.2	106.1	+ 4.8	102.2	+ 4.0	87.8	- 1.8	111.0	+ 6.7
Mar	116.9	+ 5.2	114.4	+ 3.0	121.0	+ 7.0	108.2	+ 4.3	97.3	- 0.2	115.0	+ 6.9
Apr	105.1	+ 0.9	105.7	- 0.6	107.0	+ 1.8	95.4	+ 2.9	90.7	+ 1.7	98.3	+ 3.5
May	105.5	+ 1.4	106.6	+ 1.6	108.1	+ 0.8	91.3	+ 3.4	85.8	- 2.3	94.7	+ 6.9
June	113.2	+ 7.1	110.8	+ 3.2	119.4	+ 10.4	95.5	+ 6.8	92.9	+ 3.6	97.2	+ 9.0
July	114.5	+ 8.6	114.0	+ 6.5	118.3	+ 10.9	100.7	+ 5.8	89.1	+ 1.0	107.9	+ 8.3
Aug	101.5	+ 5.9	102.2	+ 3.3	101.8	+ 7.7	97.9	+ 6.6	78.9	+ 6.9	109.6	+ 6.5
Sep	117.5	+ 8.5	114.3	+ 5.6	123.1	+ 11.6	105.5	+ 4.7	98.6	+ 5.0	109.7	+ 4.5
Oct p	118.7	+ 9.8	117.4	+ 7.8	122.8	+ 11.8	106.6	+ 7.2	103.1	+ 7.0	108.8	+ 7.4
from the domestic market												
2001	97.6	- 2.4	96.4	- 3.5	98.0	- 2.0	99.9	+ 0.1	99.5	- 0.4	100.2	+ 0.3
2002	94.6	- 3.1	94.6	- 1.9	94.7	- 3.4	94.6	- 5.3	92.0	- 7.5	96.3	- 3.9
2003	94.7	+ 0.1	95.0	+ 0.4	96.0	+ 1.4	90.0	- 4.9	86.7	- 5.8	92.1	- 4.4
2004	98.2	+ 3.7	100.5	+ 5.8	100.0	+ 4.2	86.9	- 3.4	83.3	- 3.9	89.2	- 3.1
2004 Oct	102.4	+ 3.3	105.0	+ 4.6	103.3	+ 4.8	92.3	- 4.7	89.7	- 7.6	93.9	- 2.9
Nov	99.9	+ 0.7	104.1	+ 4.0	99.2	- 1.7	89.6	- 2.5	89.2	- 4.9	89.9	- 0.8
Dec	98.8	+ 10.1	89.5	+ 5.0	114.9	+ 18.5	79.4	- 3.5	72.6	- 6.1	83.6	- 2.2
2005 Jan	96.9	+ 3.4	102.9	+ 6.4	94.3	+ 1.0	87.3	+ 1.0	82.5	- 5.6	90.3	+ 5.2
Feb	95.8	- 0.1	97.6	+ 1.2	95.3	- 2.6	92.2	+ 3.6	83.1	- 1.9	97.8	+ 6.5
Mar	106.6	+ 1.4	107.1	+ 0.2	108.6	+ 1.9	99.7	+ 3.7	92.3	- 1.5	104.3	+ 6.9
Apr	97.9	- 0.1	99.8	- 1.7	99.4	+ 0.5	88.0	+ 3.4	85.6	+ 3.1	89.6	+ 3.5
May	96.0	+ 0.9	100.2	+ 0.1	96.2	+ 1.1	83.8	+ 3.6	80.3	- 1.1	86.0	+ 6.6
June	103.8	+ 5.5	103.8	+ 1.9	109.6	+ 8.9	87.0	+ 6.2	86.2	+ 5.1	87.6	+ 7.1
July	103.9	+ 4.4	108.2	+ 3.5	103.9	+ 4.1	91.9	+ 8.1	84.4	+ 5.5	96.6	+ 9.5
Aug	95.9	+ 4.0	98.7	+ 1.6	95.4	+ 6.0	89.1	+ 4.7	74.9	+ 6.4	98.0	+ 4.0
Sep	105.5	+ 5.7	107.0	+ 4.2	107.3	+ 7.6	96.3	+ 4.4	91.9	+ 6.7	99.0	+ 3.1
Oct p	107.0	+ 4.5	110.7	+ 5.4	106.4	+ 3.0	98.1	+ 6.3	96.0	+ 7.0	99.4	+ 5.9
from abroad												
2001	99.1	- 0.8	95.1	- 4.9	100.7	+ 0.7	104.8	+ 4.9	100.5	+ 0.5	107.5	+ 7.6
2002	102.8	+ 3.7	99.1	+ 4.2	104.1	+ 3.4	108.6	+ 3.6	103.9	+ 3.4	111.5	+ 3.7
2003	104.3	+ 1.5	102.3	+ 3.2	105.1	+ 1.0	107.5	- 1.0	97.2	- 6.4	113.9	+ 2.2
2004	112.9	+ 8.2	111.7	+ 9.2	113.8	+ 8.3	112.2	+ 4.4	102.3	+ 5.2	118.1	+ 3.7
2004 Oct	115.3	+ 7.6	114.9	+ 8.4	115.7	+ 8.4	115.5	- 0.7	111.7	+ 1.4	117.9	- 1.8
Nov	112.1	+ 5.3	111.3	+ 6.0	112.2	+ 4.1	114.2	+ 9.8	108.9	+ 3.3	117.4	+ 13.8
Dec	119.9	+ 10.5	103.8	+ 3.5	132.1	+ 14.8	102.6	+ 5.9	90.5	- 0.8	109.9	+ 9.5
2005 Jan	118.9	+ 10.8	119.0	+ 8.4	119.0	+ 12.5	116.9	+ 8.6	101.1	+ 4.0	126.4	+ 11.0
Feb	116.5	+ 8.1	114.9	+ 3.6	116.1	+ 11.3	124.6	+ 4.4	98.6	- 1.5	140.5	+ 7.3
Mar	129.8	+ 9.4	125.9	+ 7.1	132.5	+ 11.3	127.3	+ 5.3	108.6	+ 2.4	138.7	+ 6.8
Apr	114.1	+ 2.0	114.8	+ 0.8	114.0	+ 2.8	112.0	+ 2.0	102.2	- 1.2	117.8	+ 3.6
May	117.3	+ 1.9	116.6	+ 3.7	119.1	+ 0.8	108.0	+ 3.0	98.3	- 4.4	113.9	+ 7.3
June	125.0	+ 8.9	121.7	+ 4.9	128.5	+ 11.4	114.6	+ 7.9	108.2	+ 0.9	118.5	+ 12.3
July	127.7	+ 13.2	123.0	+ 10.8	131.6	+ 16.4	120.4	+ 2.0	99.7	- 6.6	133.0	+ 6.6
Aug	108.5	+ 8.1	107.7	+ 5.8	107.7	+ 9.2	117.5	+ 9.9	88.0	+ 7.8	135.3	+ 10.7
Sep	132.6	+ 11.4	125.7	+ 7.7	137.6	+ 14.6	126.2	+ 5.1	114.0	+ 2.0	133.6	+ 6.8
Oct p	133.4	+ 15.7	127.8	+ 11.2	137.9	+ 19.2	125.8	+ 8.9	119.4	+ 6.9	129.6	+ 9.9

Source of the unadjusted figures: Federal Statistical Office. — * Economic activities of the manufacturing sector, in particular excluding manufacture of food products, beverages, tobacco and refined petroleum products; results for specific operational segments; figures excluding value-added

tax. — ◊ Using the Census X-12-ARIMA method, version 0.2.8. — ¹ Including manufacture of motor vehicles, trailers and semi-trailers. — ² Including printing and service activities related to printing.

X External sector

1 Major items of the balance of payments of the euro area *

€ million

Item	2002	2003	2004	2005					
				Q1	Q2	Q3	July	Aug	Sep
A Current account	+ 57,341	+ 33,924	+ 45,594	+ 3,520	- 13,335	- 5,126	+ 1,339	- 1,691	- 4,774
1 Goods									
Exports (fob)	1,061,622	1,041,169	1,133,107	278,880	304,282	309,783	103,547	97,861	108,375
Imports (fob)	931,423	933,014	1,026,438	263,320	285,529	293,624	93,663	95,739	104,222
Balance	+ 130,198	+ 108,157	+ 106,669	+ 15,560	+ 18,753	+ 16,158	+ 9,884	+ 2,122	+ 4,152
2 Services									
Receipts	331,073	331,859	360,309	83,924	94,991	101,614	35,346	33,169	33,099
Expenditure	317,360	312,310	332,014	80,700	85,525	93,777	31,531	31,409	30,837
Balance	+ 13,713	+ 19,550	+ 28,294	+ 3,224	+ 9,466	+ 7,836	+ 3,814	+ 1,760	+ 2,262
3 Income	- 37,608	- 37,363	- 33,087	- 3,049	- 25,486	- 10,345	- 6,750	+ 5	- 3,600
4 Current transfers									
Transfer payments from non-residents	85,093	81,703	81,048	32,330	16,645	15,214	5,098	5,560	4,556
Transfer payments to non-residents	134,056	138,121	137,330	44,544	32,712	33,990	10,707	11,138	12,145
Balance	- 48,963	- 56,416	- 56,284	- 12,215	- 16,068	- 18,775	- 5,609	- 5,578	- 7,588
B Capital account	+ 10,219	+ 12,902	+ 17,416	+ 1,123	+ 3,889	+ 2,887	+ 864	+ 839	+ 1,184
C Financial account (net capital exports: -)	- 15,240	+ 4,121	- 8,314	+ 25,896	+ 46,021	+ 15,542	- 1,936	- 5,311	+ 22,789
1 Direct investment	+ 21,890	- 1,660	- 46,778	- 20,048	- 11,605	- 94,096	- 81,169	- 15,000	+ 2,073
By resident units abroad	- 170,067	- 139,680	- 130,798	- 32,325	- 27,047	- 103,973	- 82,588	- 11,742	- 9,643
By non-resident units in the euro area	+ 191,955	+ 138,018	+ 84,020	+ 12,277	+ 15,442	+ 9,878	+ 1,419	- 3,258	+ 11,717
2 Portfolio investment	+ 136,304	+ 68,904	+ 71,199	+ 3,801	+ 106,651	+ 69,817	+ 75,329	- 19,458	+ 13,946
By resident units abroad	- 176,262	- 278,253	- 330,759	- 123,096	- 89,732	- 112,922	- 34,096	- 37,394	- 41,432
Equity	- 38,965	- 77,369	- 102,824	- 48,186	- 746	- 21,431	- 14,693	- 2,801	- 3,937
Bonds and notes	- 88,625	- 176,796	- 174,849	- 74,472	- 74,338	- 75,739	- 19,125	- 21,695	- 34,919
Money market instruments	- 48,669	- 24,090	- 53,087	- 438	- 14,648	- 15,752	- 278	- 12,898	- 2,576
By non-resident units in the euro area	+ 312,563	+ 347,157	+ 401,959	+ 126,897	+ 196,384	+ 182,739	+ 109,425	+ 17,936	+ 55,378
Equity	+ 85,379	+ 111,627	+ 137,498	+ 36,513	+ 27,595	+ 137,610	+ 105,026	+ 23,042	+ 9,542
Bonds and notes	+ 167,367	+ 197,481	+ 255,815	+ 45,263	+ 155,676	+ 24,354	+ 2,630	- 10,700	+ 32,424
Money market instruments	+ 59,821	+ 38,050	+ 8,648	+ 45,122	+ 13,113	+ 20,775	+ 1,769	+ 5,594	+ 13,412
3 Financial derivatives	- 10,953	- 11,172	- 4,820	- 7,189	+ 3,203	- 7,682	+ 711	- 6,304	- 2,089
4 Other investment	- 159,908	- 80,167	- 40,438	+ 44,484	- 55,335	+ 45,512	+ 757	+ 35,557	+ 9,198
Eurosysteem	+ 18,443	+ 9,145	+ 6,952	+ 5,220	- 914	+ 4,606	- 1,090	+ 1,058	+ 4,638
General government	- 8,112	- 3,807	- 4,861	+ 4,270	- 9,176	+ 8,990	+ 249	+ 6,713	+ 2,028
MFIs (excluding the Eurosysteem)	- 142,184	- 17,593	- 12,692	+ 69,095	- 52,180	+ 43,657	+ 7,587	+ 24,829	+ 11,241
Long-term	+ 17,649	+ 1,548	- 23,246	- 11,260	+ 3,570	- 22,043	- 6,934	- 2,362	- 12,747
Short-term	- 159,835	- 19,142	+ 10,554	+ 80,355	- 55,748	+ 65,699	+ 14,521	+ 27,191	+ 23,987
Other sectors 1	- 28,053	- 67,915	- 29,839	- 34,102	+ 6,932	- 11,740	- 5,988	+ 2,957	- 8,709
5 Reserve assets (Increase: -)	- 2,571	+ 28,217	+ 12,524	+ 4,847	+ 3,108	+ 1,992	+ 2,436	- 106	- 338
D Errors and omissions	- 52,320	- 50,948	- 54,698	- 30,539	- 36,575	- 13,301	- 266	+ 6,164	- 19,199

* Source: European Central Bank. — 1 Enterprises and households.

7 Financial account of the Federal Republic of Germany

€ million

Item	2002	2003	2004	2004	2005						
				Q4	Q1	Q2	Q3	Aug	Sep	Oct	
I Net German investment abroad (Increase/capital exports: -)	- 254,047	- 199,019	- 253,924	- 50,233	- 150,091	- 93,010	- 70,834	- 2,987	- 48,837	- 44,089	
1 Direct investment 1	- 16,120	+ 3,556	+ 5,853	+ 8,734	- 10,463	- 13,022	- 2,767	- 1,057	- 1,698	- 4,917	
Equity capital	- 38,612	- 14,801	+ 25,938	+ 1,188	- 2,741	- 4,905	- 897	- 227	- 619	- 5,310	
Reinvested earnings 2	+ 9,740	+ 4,251	+ 899	+ 925	- 220	+ 2,706	+ 2,008	+ 573	+ 1,150	- 385	
Credit transactions of German direct investors	+ 21,345	+ 24,060	- 13,415	+ 8,209	- 6,713	- 9,203	- 3,084	- 1,309	- 1,664	+ 992	
Other capital	- 8,594	- 9,954	- 7,570	- 1,587	- 789	- 1,620	- 794	- 94	- 565	- 214	
2 Portfolio investment	- 62,944	- 47,377	- 112,900	- 19,534	- 66,878	- 54,557	- 28,210	- 10,665	- 19,209	- 6,075	
Equity 3	- 4,674	+ 7,434	+ 6,199	- 2,127	+ 794	+ 1,040	- 3,597	- 1,445	- 1,372	+ 1,306	
Mutual fund shares 4	- 7,088	- 4,073	- 11,951	+ 780	- 14,506	- 7,765	- 11,687	- 3,385	- 4,672	- 2,936	
Bonds and notes 5	- 47,456	- 54,045	- 99,938	- 20,222	- 55,973	- 45,813	- 8,596	- 4,141	- 11,278	- 4,313	
Money market instruments	- 3,726	+ 3,307	+ 7,210	+ 2,035	+ 2,808	- 2,019	- 4,330	- 1,694	- 1,886	- 132	
3 Financial derivatives 6	- 942	- 63	- 4,193	- 3,427	- 3,437	- 567	- 2,953	- 3,451	- 42	- 3,458	
4 Credit transactions	- 172,354	- 152,053	- 139,099	- 35,009	- 68,134	- 23,794	- 35,799	+ 12,418	- 27,547	- 29,388	
MFIs 7,8	- 132,536	- 122,305	- 121,390	- 37,222	- 57,496	- 46,925	- 19,085	+ 18,412	- 29,393	- 18,280	
Long-term	- 33,790	- 32,555	+ 6,297	- 1,864	- 11,076	- 20,999	- 21,228	- 4,348	- 10,939	- 1,937	
Short-term	- 98,746	- 89,750	- 127,687	- 35,358	- 46,420	- 25,926	+ 2,144	+ 22,760	- 18,454	- 16,343	
Enterprises and households	- 10,976	- 31,245	- 17,436	- 639	- 14,492	+ 9,171	- 10,950	+ 1,246	- 9,309	- 2,576	
Long-term	- 1,396	- 2,880	- 3,363	- 845	- 1,091	- 2,506	- 682	+ 518	+ 436	- 234	
Short-term 7	- 9,580	- 28,365	- 14,072	+ 206	- 13,401	+ 11,678	- 10,268	+ 1,764	- 9,745	- 2,342	
General government	+ 7,168	+ 1,267	+ 2,578	+ 165	+ 8,686	- 1,488	+ 3,844	+ 12,859	- 1,494	- 502	
Long-term	+ 218	+ 694	+ 781	+ 285	+ 2,200	+ 1,144	+ 4,825	+ 610	+ 327	+ 31	
Short-term 7	+ 6,950	+ 572	+ 1,798	+ 120	+ 6,486	- 2,633	- 981	+ 12,248	- 1,820	- 534	
Bundesbank	- 36,010	+ 230	- 2,851	+ 2,687	- 4,833	+ 15,449	- 9,607	- 20,100	+ 12,648	- 8,029	
5 Other investment 9	- 1,686	- 3,083	- 3,586	- 996	- 1,180	- 1,071	- 1,106	- 232	- 341	- 251	
II Net foreign investment in Germany (Increase/capital imports: +)	+ 211,222	+ 152,812	+ 141,296	+ 21,026	+ 126,058	+ 71,474	+ 48,425	- 3,528	+ 38,928	+ 39,769	
1 Direct investment 1	+ 53,679	+ 23,841	- 28,054	+ 1,042	- 181	+ 3,622	- 268	- 341	+ 3,419	+ 6,337	
Equity capital	+ 35,874	+ 40,475	+ 21,585	+ 11,385	+ 941	+ 4,918	+ 1,047	- 163	+ 784	+ 2,661	
Reinvested earnings 2	- 7,080	- 7,668	- 6,415	- 1,152	- 621	- 2,274	- 142	+ 154	- 169	+ 60	
Credit transactions of foreign direct investors	+ 25,081	- 8,780	- 43,242	- 9,155	- 502	+ 957	- 1,245	- 329	+ 2,726	+ 3,459	
Other capital	- 197	- 186	+ 19	- 37	+ 2	+ 21	+ 72	- 3	+ 78	+ 157	
2 Portfolio investment	+ 126,710	+ 112,285	+ 133,656	+ 24,233	+ 55,080	+ 85,298	+ 36,515	- 1,752	+ 19,500	+ 9,795	
Equity 3	+ 15,907	+ 24,188	- 5,198	+ 491	+ 3,534	+ 26,364	+ 8,327	+ 870	+ 6,284	- 76	
Mutual fund shares	- 682	- 1,844	+ 5,064	+ 1,181	+ 128	+ 1,834	+ 821	+ 810	- 916	- 1,780	
Bonds and notes 5	+ 82,880	+ 67,141	+ 147,724	+ 22,575	+ 41,947	+ 58,932	+ 27,141	- 3,205	+ 16,555	+ 12,930	
Money market instruments	+ 28,605	+ 22,799	- 13,934	- 13	+ 9,472	- 819	- 786	- 226	- 2,423	- 1,279	
3 Credit transactions	+ 30,751	+ 16,647	+ 35,476	- 4,314	+ 71,229	- 17,444	+ 12,053	- 1,554	+ 15,960	+ 23,666	
MFIs 7,8	+ 28,453	+ 10,701	+ 32,357	- 749	+ 64,383	- 17,797	+ 3,196	- 5,495	+ 9,690	+ 20,511	
Long-term	+ 18,379	- 5,972	- 10,060	- 5,154	- 2,253	+ 4,527	- 755	- 1,636	+ 40	- 2,695	
Short-term	+ 10,075	+ 16,672	+ 42,417	+ 4,405	+ 66,636	- 22,324	+ 3,951	- 3,859	+ 9,650	+ 23,206	
Enterprises and households	+ 3,270	+ 283	+ 7,188	- 1,990	+ 3,463	+ 510	+ 10,662	+ 3,563	+ 5,847	+ 2,998	
Long-term	+ 5,188	- 545	+ 3,919	- 325	+ 3,318	+ 8	+ 3,118	+ 440	+ 2,751	+ 24	
Short-term 7	- 1,918	+ 828	+ 3,269	- 1,665	+ 145	+ 502	+ 7,544	+ 3,123	+ 3,096	+ 2,974	
General government	- 1,625	+ 3,680	- 1,619	- 2,044	+ 5,152	+ 533	- 3,550	+ 1,381	- 1,660	+ 379	
Long-term	- 125	+ 4,859	- 385	- 845	+ 3,015	- 840	+ 476	+ 637	- 480	- 166	
Short-term 7	- 1,500	- 1,179	- 1,233	- 1,199	+ 2,137	+ 1,374	- 4,026	+ 744	- 1,180	+ 545	
Bundesbank	+ 653	+ 1,983	- 2,451	+ 469	- 1,769	- 690	+ 1,746	- 1,003	+ 2,083	- 222	
4 Other investment	+ 83	+ 40	+ 218	+ 65	- 71	- 1	+ 124	+ 119	+ 49	- 29	
III Balance of all statistically recorded financial movements (Net capital exports: -)	- 42,825	- 46,207	- 112,628	- 29,208	- 24,033	- 21,536	- 22,409	- 6,515	- 9,909	- 4,320	

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 evidenced by securities or not, and financial futures contracts. — 7 The trans-

action values shown here are mostly derived from changes in stocks. Purely statistical changes have been eliminated as far as possible. — 8 Excluding the Deutsche Bundesbank. — 9 In particular, subscriptions of the Federal Government to international organisations.

X External sector

8 External position of the Bundesbank *

DM million

End of year or month	Reserve assets and other claims on non-residents						Liabilities vis-à-vis non-residents				Net external position (col 1 less col 8)
	Total	Reserve assets				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	
1992	143,959	141,351	13,688	85,845	8,199	33,619	2,608	26,506	26,506	–	117,453
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

* Valuation of the gold holdings and the claims on non-residents in accordance with 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 preceding year's balance sheet rates. — 1 Mainly US dollar assets. — 2 European Central Bank (up to 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 euro area °

€ million

End of year or month	Reserve assets and other claims on non-residents						Claims within the Eurosystème (net) 2	Other claims on residents in other euro-area member states	Liabilities vis-à-vis non- residents 3	Net external position (col 1 less col 9)
	Total	Reserve assets				Other claims on non-euro- area residents 1,3				
		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 4	95,316	93,940	29,312	8,461	56,167	140	1,225	11	8,169	87,146
1999	141,958	93,039	32,287	8,332	52,420	9,162	39,746	11	6,179	135,779
2000	100,762	93,815	32,676	7,762	53,377	313	6,620	14	6,592	94,170
2001	76,147	93,215	35,005	8,721	49,489	312	17,385	5	8,752	67,396
2002	103,948	85,002	36,208	8,272	40,522	312	18,466	167	9,005	94,942
2003	95,394	76,680	36,533	7,609	32,538	312	17,945	456	10,443	84,951
2004	93,110	71,335	35,495	6,548	29,292	312	20,796	667	7,935	85,175
2004 June	69,837	76,996	35,793	7,390	33,813	312	7,951	480	9,003	60,834
July	70,865	76,076	35,721	7,395	32,960	312	6,009	486	8,545	62,320
Aug	87,570	77,171	37,195	7,395	32,581	312	9,455	632	7,755	79,815
Sep	100,176	75,729	36,680	6,996	32,054	312	23,480	655	7,625	92,552
Oct	76,043	74,334	36,935	6,889	30,510	312	740	656	7,128	68,915
Nov	85,702	73,506	37,527	6,685	29,294	312	11,233	651	6,937	78,765
Dec	93,110	71,335	35,495	6,548	29,292	312	20,796	667	7,935	85,175
2005 Jan	94,895	73,556	35,888	6,634	31,034	312	20,327	699	6,315	88,580
Feb	75,603	72,794	36,348	6,538	29,908	312	1,809	687	5,542	70,061
Mar	100,452	73,813	36,399	6,143	31,271	312	25,627	699	6,322	94,131
Apr	87,967	74,123	36,905	6,096	31,123	312	12,782	750	6,123	81,845
May	107,063	76,431	37,282	6,340	32,809	350	29,451	831	6,292	100,771
June	90,055	78,700	39,816	5,830	33,054	350	10,141	864	5,822	84,232
July	90,752	77,205	38,927	5,007	33,270	350	12,291	907	6,491	84,261
Aug	109,966	76,342	39,121	4,990	32,231	350	32,397	878	5,456	104,511
Sep	103,805	82,825	43,325	4,994	34,506	350	19,747	883	7,580	96,225
Oct	111,515	82,506	43,325	4,979	34,202	350	27,777	882	7,374	104,141
Nov	127,813	85,143	46,240	5,012	33,890	350	41,420	901	6,411	121,403

° Claims and liabilities vis-à-vis all countries within and outside the euro area. Up to December 2000, the levels at the end of each quarter are shown, owing to revaluations, at market prices; within each quarter, however, the levels are computed on the basis of cumulative transaction values. From January 2001, all end-of-month levels are valued at market prices. — 1 Including loans to the World Bank. — 2 Including the balances in the

Bundesbank's cross-border payments within the Eurosystème. From November 2000, including the TARGET positions which were previously shown (in columns 6 and 9) as bilateral assets and liabilities vis-à-vis national central banks outside the Eurosystème. — 3 See footnote 2. — 4 Euro opening balance sheet of the Bundesbank as at 1 January 1999.

10 Assets and liabilities of enterprises in Germany (other than banks)
vis-à-vis non-residents *

€ million

End of year or month	Claims on non-residents						Liabilities vis-à-vis non-residents							
	Total	Balances with foreign banks	Claims on foreign non-banks				Total	Loans from foreign banks	Liabilities vis-à-vis foreign non-banks					
			Total	from financial operations	from trade credits				Total	from financial operations	from trade credits			
					Total	Credit terms granted					Advance payments effected	Total	Credit terms used	Advance payments received
All countries														
2001	358,120	62,434	295,686	171,939	123,747	114,857	8,890	505,266	60,132	445,134	354,561	90,573	65,988	24,585
2002 ⁴	331,671	63,817	267,854	148,913	118,941	111,406	7,535	533,423	57,696	475,727	387,850	87,877	62,622	25,255
2003	362,099	86,627	275,472	159,653	115,819	108,515	7,304	543,186	54,822	488,364	400,431	87,933	60,464	27,469
2004	377,540	98,632	278,908	159,764	119,144	112,342	6,802	506,434	50,211	456,223	361,111	95,112	63,762	31,350
2005 May	400,068	105,601	294,467	170,833	123,634	116,096	7,538	506,017	54,474	451,543	357,126	94,417	60,741	33,676
June	401,908	98,045	303,863	175,661	128,202	120,921	7,281	512,106	55,859	456,247	357,804	98,443	65,458	32,985
July	403,117	101,398	301,719	175,052	126,667	119,394	7,273	508,845	58,303	450,542	352,382	98,160	64,644	33,516
Aug	399,351	101,521	297,830	174,386	123,444	116,235	7,209	510,571	62,444	448,127	350,991	97,136	63,087	34,049
Sep ^r	417,566	108,972	308,594	178,097	130,497	123,222	7,275	520,747	66,615	454,132	352,748	101,384	68,079	33,305
Oct	420,570	111,087	309,483	178,222	131,261	124,035	7,226	528,902	68,611	460,291	357,918	102,373	68,261	34,112
Industrial countries ²														
2001	298,904	61,403	237,501	151,047	86,454	79,453	7,001	466,206	57,861	408,345	340,344	68,001	54,364	13,637
2002 ⁴	278,074	62,861	215,213	133,509	81,704	75,996	5,708	493,155	55,770	437,385	372,464	64,921	50,731	14,190
2003	310,454	85,390	225,064	144,980	80,084	75,236	4,848	499,436	53,087	446,349	383,919	62,430	48,210	14,220
2004	335,809	97,485	238,324	148,649	89,675	84,903	4,772	468,592	48,304	420,288	349,293	70,995	53,480	17,515
2005 May	355,273	103,922	251,351	158,681	92,670	87,342	5,328	468,917	52,550	416,367	347,184	69,183	50,327	18,856
June	356,114	96,269	259,845	163,385	96,460	91,296	5,164	474,721	53,958	420,763	348,047	72,716	54,489	18,227
July	357,124	99,571	257,553	162,679	94,874	89,645	5,229	471,098	56,484	414,614	342,714	71,900	53,419	18,481
Aug	353,381	99,660	253,721	161,873	91,848	86,578	5,270	472,783	60,661	412,122	341,058	71,064	52,061	19,003
Sep ^r	371,231	107,071	264,160	166,063	98,097	92,748	5,349	482,492	64,857	417,635	342,758	74,877	56,565	18,312
Oct	373,515	109,358	264,157	165,459	98,698	93,326	5,372	490,063	66,880	423,183	347,760	75,423	56,788	18,635
EU member states ²														
2001	198,118	58,039	140,079	79,205	60,874	55,371	5,503	372,937	53,683	319,254	275,749	43,505	34,716	8,789
2002 ⁴	200,930	60,118	140,812	84,643	56,169	51,693	4,476	402,561	52,503	350,058	307,920	42,138	32,650	9,488
2003	230,673	81,430	149,243	94,092	55,151	51,459	3,692	411,811	50,304	361,507	321,010	40,497	30,855	9,642
2004	259,480	92,867	166,613	101,254	65,359	61,563	3,796	376,461	43,838	332,623	284,173	48,450	36,494	11,956
2005 May	274,017	100,025	173,992	106,378	67,614	63,415	4,199	379,894	48,221	331,673	283,799	47,874	34,771	13,103
June	272,034	92,713	179,321	109,810	69,511	65,428	4,083	383,723	49,519	334,204	283,937	50,267	37,484	12,783
July	275,711	96,116	179,595	110,734	68,861	64,735	4,126	380,039	51,935	328,104	278,313	49,791	36,937	12,854
Aug	274,080	96,283	177,797	111,850	65,947	61,794	4,153	382,454	56,054	326,400	277,754	48,646	35,457	13,189
Sep ^r	284,774	103,532	181,242	110,794	70,448	66,166	4,282	390,906	60,227	330,679	278,725	51,954	39,417	12,537
Oct	287,390	105,073	182,317	111,001	71,316	67,017	4,299	400,294	62,240	338,054	286,162	51,892	39,101	12,791
of which: Euro-area member states ¹														
2001	126,519	33,787	92,732	46,599	46,133	42,771	3,362	295,943	38,361	257,582	225,711	31,871	24,878	6,993
2002 ⁴	129,490	32,521	96,969	54,542	42,427	39,350	3,077	331,733	37,366	294,367	263,863	30,504	22,996	7,508
2003	147,633	45,887	101,746	59,279	42,467	39,619	2,848	338,794	29,541	309,253	279,101	30,152	22,748	7,404
2004	164,160	55,995	108,165	63,310	44,855	42,231	2,624	305,864	28,295	277,569	244,860	32,709	24,258	8,451
2005 May	170,024	59,185	110,839	64,818	46,021	43,081	2,940	314,259	29,796	284,463	253,106	31,357	22,314	9,043
June	169,344	53,639	115,705	68,377	47,328	44,490	2,838	315,953	29,801	286,152	253,133	33,019	24,049	8,970
July	172,579	57,070	115,509	69,272	46,237	43,359	2,878	309,986	30,160	279,826	247,496	32,330	23,338	8,992
Aug	175,804	61,453	114,351	70,430	43,921	41,001	2,920	309,063	31,545	277,518	246,975	30,543	21,372	9,171
Sep	180,285	64,028	116,257	69,219	47,038	44,019	3,019	312,099	31,185	280,914	247,896	33,018	24,221	8,797
Oct	185,476	68,024	117,452	69,674	47,778	44,748	3,030	322,574	32,605	289,969	256,370	33,599	24,616	8,983
Emerging economies and developing countries ³														
2001	59,216	1,031	58,185	20,892	37,293	35,404	1,889	39,060	2,271	36,789	14,217	22,572	11,624	10,948
2002 ⁴	53,597	956	52,641	15,404	37,237	35,410	1,827	40,268	1,926	38,342	15,386	22,956	11,891	11,065
2003	51,645	1,237	50,408	14,673	35,735	33,279	2,456	43,750	1,735	42,015	16,512	25,503	12,254	13,249
2004	41,731	1,147	40,584	11,115	29,469	27,439	2,030	37,842	1,907	35,935	11,818	24,117	10,282	13,835
2005 May	44,795	1,679	43,116	12,152	30,964	28,754	2,210	37,100	1,924	35,176	9,942	25,234	10,414	14,820
June	45,794	1,776	44,018	12,276	31,742	29,625	2,117	37,385	1,901	35,484	9,757	25,727	10,969	14,758
July	45,993	1,827	44,166	12,373	31,793	29,749	2,044	37,747	1,819	35,928	9,668	26,260	11,225	15,035
Aug	45,970	1,861	44,109	12,513	31,596	29,657	1,939	37,788	1,783	36,005	9,933	26,072	11,026	15,046
Sep	46,335	1,901	44,434	12,034	32,400	30,474	1,926	38,255	1,758	36,497	9,990	26,507	11,514	14,993
Oct	47,055	1,729	45,326	12,763	32,563	30,709	1,854	38,839	1,731	37,108	10,158	26,950	11,473	15,477

* Including the assets and liabilities vis-à-vis non-residents of households in Germany. The assets and liabilities vis-à-vis non-residents of banks (MFIs) in Germany are shown in Table 4 of Section IV, "Banks". Statistical increases and decreases have not been eliminated; to this extent, the changes in totals are not comparable with the figures shown in Table X.7. — 1 From

January 2001, including Greece. — 2 From May 2004, including the new member states: Cyprus, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, the Slovak Republic and Slovenia. — 3 All countries that are not regarded as industrial countries. — 4 Change in the reporting population owing to an increase in the exemption limit.

X External sector

11 Deutsche Mark and euro exchange rates of selected currencies *

Yearly or monthly average	United States	Japan	Denmark	United Kingdom	Sweden	Switzerland	Norway	Canada	Australia	New Zealand
	USD	JPY	DKK	GBP	SEK	CHF	NOK	CAD	AUD 1	NZD 1
	Historic spot middle rates on the Frankfurt exchange (1 or 100 currency units = DEM ...)									
1991	1.6612	1.2346	25.932	2.926	27.421	115.740	25.580	1.4501	1.2942	0.9589
1992	1.5595	1.2313	25.869	2.753	26.912	111.198	25.143	1.2917	1.1476	0.8406
1993	1.6544	1.4945	25.508	2.483	21.248	111.949	23.303	1.2823	1.1235	0.8940
1994	1.6218	1.5870	25.513	2.4816	21.013	118.712	22.982	1.1884	1.1848	0.9605
1995	1.4338	1.5293	25.570	2.2620	20.116	121.240	22.614	1.0443	1.0622	0.9399
1996	1.5037	1.3838	25.945	2.3478	22.434	121.891	23.292	1.1027	1.1782	1.0357
1997	1.7348	1.4378	26.249	2.8410	22.718	119.508	24.508	1.2533	1.2889	1.1453
1998	1.7592	1.3484	26.258	2.9142	22.128	121.414	23.297	1.1884	1.1070	0.9445
	Euro reference exchange rates published by the European Central Bank (EUR 1 = currency units ...) ²									
1999	1.0658	121.32	7.4355	0.65874	8.8075	1.6003	8.3104	1.5840	1.6523	2.0145
2000	0.9236	99.47	7.4538	0.60948	8.4452	1.5579	8.1129	1.3706	1.5889	2.0288
2001	0.8956	108.68	7.4521	0.62187	9.2551	1.5105	8.0484	1.3864	1.7319	2.1300
2002	0.9456	118.06	7.4305	0.62883	9.1611	1.4670	7.5086	1.4838	1.7376	2.0366
2003	1.1312	130.97	7.4307	0.69199	9.1242	1.5212	8.0033	1.5817	1.7379	1.9438
2004	1.2439	134.44	7.4399	0.67866	9.1243	1.5438	8.3697	1.6167	1.6905	1.8731
2004 Apr	1.1985	129.08	7.4436	0.66533	9.1653	1.5547	8.2976	1.6068	1.6142	1.8727
May	1.2007	134.48	7.4405	0.67157	9.1277	1.5400	8.2074	1.6541	1.7033	1.9484
June	1.2138	132.86	7.4342	0.66428	9.1430	1.5192	8.2856	1.6492	1.7483	1.9301
July	1.2266	134.08	7.4355	0.66576	9.1962	1.5270	8.4751	1.6220	1.7135	1.8961
Aug	1.2176	134.54	7.4365	0.66942	9.1861	1.5387	8.3315	1.6007	1.7147	1.8604
Sep	1.2218	134.51	7.4381	0.68130	9.0920	1.5431	8.3604	1.5767	1.7396	1.8538
Oct	1.2490	135.97	7.4379	0.69144	9.0620	1.5426	8.2349	1.5600	1.7049	1.8280
Nov	1.2991	136.09	7.4313	0.69862	8.9981	1.5216	8.1412	1.5540	1.6867	1.8540
Dec	1.3408	139.14	7.4338	0.69500	8.9819	1.5364	8.2207	1.6333	1.7462	1.8737
2005 Jan	1.3119	135.63	7.4405	0.69867	9.0476	1.5469	8.2125	1.6060	1.7147	1.8620
Feb	1.3014	136.55	7.4427	0.68968	9.0852	1.5501	8.3199	1.6128	1.6670	1.8192
Mar	1.3201	138.83	7.4466	0.69233	9.0884	1.5494	8.1880	1.6064	1.6806	1.8081
Apr	1.2938	138.84	7.4499	0.68293	9.1670	1.5475	8.1763	1.5991	1.6738	1.7967
May	1.2694	135.37	7.4443	0.68399	9.1931	1.5449	8.0814	1.5942	1.6571	1.7665
June	1.2165	132.22	7.4448	0.66895	9.2628	1.5391	7.8932	1.5111	1.5875	1.7175
July	1.2037	134.75	7.4584	0.68756	9.4276	1.5578	7.9200	1.4730	1.6002	1.7732
Aug	1.2292	135.98	7.4596	0.68527	9.3398	1.5528	7.9165	1.4819	1.6144	1.7675
Sep	1.2256	136.06	7.4584	0.67760	9.3342	1.5496	7.8087	1.4452	1.6009	1.7515
Oct	1.2015	138.05	7.4620	0.68137	9.4223	1.5490	7.8347	1.4149	1.5937	1.7212
Nov	1.1786	139.59	7.4596	0.67933	9.5614	1.5449	7.8295	1.3944	1.6030	1.7088

* Calculated from daily quotations. — 1 Exchange rates from Australia and New Zealand; those for New Zealand calculated from rates as at the middle and end of the month. — 2 The ECB publishes daily euro reference exchange rates, which are calculated on the basis of the concertation between

central banks at 2.15 p.m. ECB time. For additional euro reference exchange rates of the ECB, see Statistical Supplement to the Monthly Report 5, *Exchange rate statistics*.

12 Exchange rates for the national currencies of the euro-area member states, the Deutsche Mark value of the ECU * and euro conversion rates

Yearly average	France	Italy	Netherlands	Belgium/ Luxembourg	Austria	Spain	Finland	Ireland	Portugal	Greece	ECU values 1		
	FRF 100	ITL 1,000	NLG 100	BEF/LUF 100	ATS 100	ESP 100	FIM 100	IEP 1	PTE 100	GRD 100 / EUR 1 2	ECU 1		
	Historic spot middle rates on the Frankfurt exchange in DEM												
1991	29.409	1.3377	88.742	4.857	14.211	1.597	41.087	2.671	1.149	0.9103	2.05076		
1992	29.500	1.2720	88.814	4.857	14.211	1.529	34.963	2.656	1.157	0.8178	2.02031		
1993	29.189	1.0526	89.017	4.785	14.214	1.303	28.915	2.423	1.031	0.7213	1.93639		
1994	29.238	1.0056	89.171	4.8530	14.214	1.2112	31.108	2.4254	0.9774	0.6683	1.92452		
1995	28.718	0.8814	89.272	4.8604	14.214	1.1499	32.832	2.2980	0.9555	0.6182	1.87375		
1996	29.406	0.9751	89.243	4.8592	14.214	1.1880	32.766	2.4070	0.9754	0.6248	1.90954		
1997	29.705	1.0184	88.857	4.8464	14.210	1.1843	33.414	2.6297	0.9894	0.6349	1.96438		
1998	29.829	1.0132	88.714	4.8476	14.213	1.1779	32.920	2.5049	0.9763	0.5952	1.96913		
1999	-	-	-	-	-	-	-	-	-	325.76	-		
2000	-	-	-	-	-	-	-	-	-	336.63	-		
	Irrevocable euro conversion rates (EUR 1 = currency units ...) ³												
	6.55957	1936.27	2.20371	40.3399	13.7603	166.386	5.94573	0.787564	200.482	4	340.750	5	1.95583

* Calculated from daily quotations. — 1 As per data from the European Commission. — 2 Up to 1998, reciprocal values of the exchange rates for the Deutsche Mark, published by the Bank of Greece; from 1999, euro reference

exchange rates of the ECB (EUR 1 = GRD ...). — 3 Applicable from 1 January 1999. — 4 Applicable from 1 January 2001. — 5 Deutsche Mark conversion rate.

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

1999 Q1 = 100

Period	Effective exchange rate of the euro				Memo item Indicators of the German economy's price competitiveness 1,2				Effective nominal exchange rates of selected foreign currencies against the currencies of 19 industrial countries 1,3			
	EER-23 4				EER-42 5		19 industrial countries 3		49 countries 6	US dollar	Pound sterling	Japanese yen
	Nominal	In real terms based on the consumer prices	In real terms based on the GDP deflator 7	In real terms based on the unit labour costs of the national economy 7	Nominal	In real terms based on the consumer prices	based on the deflators of total sales 7	based on consumer prices				
1999	95.9	95.9	95.7	96.4	96.5	95.8	97.7	98.2	97.7	100.8	102.3	105.1
2000	86.1	86.0	85.8	85.1	87.9	85.8	91.3	92.8	91.1	105.4	105.2	117.9
2001	86.7	86.8	86.8	84.8	90.4	87.0	91.3	93.2	91.4	112.0	103.6	106.7
2002	89.2	90.3	90.2	87.9	94.8	90.8	92.2	94.2	92.6	110.7	104.2	100.8
2003	99.9	101.7	101.5	99.0	106.6	101.6	95.8	97.8	97.2	97.7	99.2	99.9
2004	103.8	105.8	105.4	103.1	111.0	105.4	96.1	99.3	98.8	89.8	103.4	101.7
1999 Q1	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Q2	96.2	96.2	96.1	97.3	96.4	95.9	98.4	98.6	98.0	102.8	102.8	99.0
Q3	94.8	94.7	94.5	95.1	95.5	94.6	96.9	97.7	97.1	101.4	102.3	106.2
Q4	92.9	92.7	92.4	93.3	94.3	92.7	95.4	96.3	95.8	99.1	104.1	115.2
2000 Q1	89.5	89.4	89.2	88.1	91.0	89.2	93.4	94.8	93.4	101.5	106.4	114.9
Q2	86.5	86.3	86.3	85.8	88.2	86.1	91.5	92.7	91.4	104.3	105.4	118.4
Q3	85.1	85.1	84.9	84.2	87.0	84.8	90.7	92.1	90.3	106.2	103.9	119.2
Q4	83.2	83.3	82.9	82.3	85.5	83.0	89.6	91.4	89.5	109.4	105.0	119.2
2001 Q1	88.3	88.0	88.1	86.0	90.9	87.8	92.0	93.8	92.0	109.3	102.4	108.1
Q2	85.3	85.4	85.2	83.3	88.8	85.6	90.7	92.7	90.7	113.4	104.1	106.9
Q3	86.4	86.5	86.6	84.3	90.5	87.0	91.0	93.1	91.5	112.2	103.9	106.8
Q4	86.8	87.2	87.2	85.5	91.2	87.6	91.6	93.2	91.5	113.1	104.0	104.9
2002 Q1	86.0	86.9	86.8	84.6	90.4	86.8	91.2	93.3	91.0	116.6	104.9	98.8
Q2	87.8	88.9	88.6	86.5	93.0	89.2	91.6	93.7	91.7	112.1	103.5	100.8
Q3	90.9	92.1	92.1	89.8	97.2	93.1	92.6	94.7	93.6	107.0	103.9	103.7
Q4	91.9	93.3	93.4	90.7	98.6	94.2	93.3	95.0	94.0	107.1	104.4	100.1
2003 Jan	95.3	96.8	.	.	102.3	97.6	.	96.2	95.5	103.0	102.6	100.4
Feb	96.6	98.1	97.5	95.3	103.7	98.9	94.7	96.8	96.3	102.2	101.2	99.2
Mar	97.4	98.9	.	.	104.4	99.5	.	97.1	96.5	101.4	99.3	99.8
Apr	97.9	99.6	.	.	104.6	99.6	.	97.3	96.5	101.4	98.7	98.6
May	101.8	103.5	102.3	99.7	108.5	103.3	96.3	98.7	98.0	96.7	96.9	97.7
June	102.2	104.1	.	.	108.8	103.7	.	99.0	98.3	96.1	98.9	96.3
July	101.0	102.9	.	.	107.2	102.3	.	98.4	97.5	97.8	98.5	97.3
Aug	99.8	101.7	102.0	99.8	106.0	101.1	95.9	97.9	96.8	99.1	98.1	98.3
Sep	99.6	101.6	.	.	105.9	101.0	.	97.5	96.8	97.2	98.2	101.1
Oct	101.3	103.3	.	.	108.0	102.9	.	98.0	97.5	93.3	98.8	103.7
Nov	101.2	103.2	104.2	101.2	108.0	102.9	96.2	98.0	97.4	93.0	99.5	103.9
Dec	104.2	106.3	.	.	111.2	105.9	.	99.1	99.0	90.6	99.5	102.9
2004 Jan	105.4	107.4	.	.	112.5	106.9	.	99.8	99.6	88.9	101.6	102.9
Feb	105.3	107.3	106.2	104.1	112.3	106.8	96.8	99.5	99.5	89.3	104.1	102.4
Mar	103.4	105.4	.	.	110.2	104.7	.	99.0	98.6	90.9	104.2	102.1
Apr	101.6	103.6	.	.	108.3	103.0	.	98.5	97.7	91.8	104.3	104.0
May	102.4	104.4	104.0	101.6	109.5	104.1	95.5	98.7	98.3	93.4	103.7	100.0
June	102.3	104.2	.	.	109.6	104.1	.	98.5	98.1	91.9	104.9	101.6
July	102.8	104.9	.	.	110.1	104.5	.	99.0	98.4	90.9	105.0	101.2
Aug	102.7	104.8	104.5	102.2	109.9	104.4	95.7	99.1	98.5	91.3	104.6	100.5
Sep	103.0	105.0	.	.	110.3	104.6	.	99.2	98.4	90.7	102.8	100.8
Oct	104.2	106.2	.	.	111.5	105.7	.	99.5	98.9	88.9	101.8	100.8
Nov	105.6	107.6	107.0	104.6	113.1	107.1	96.5	99.9	99.3	85.4	101.4	102.6
Dec	107.1	109.3	.	.	114.4	108.5	.	100.8	100.2	84.3	102.8	102.0
2005 Jan	105.8	108.0	.	.	112.9	106.9	.	100.3	99.2	85.3	101.7	103.6
Feb	105.1	107.1	107.0	104.3	111.9	105.8	p	96.5	100.1	86.1	102.9	102.4
Mar	106.0	108.2	.	.	112.9	106.8	.	100.5	99.0	85.3	103.0	101.4
Apr	105.1	107.2	.	.	111.9	105.8	.	99.9	98.5	86.8	104.0	100.4
May	104.0	106.2	104.8	102.7	110.6	104.6	p	95.3	99.7	87.8	103.2	102.0
June	101.2	103.5	.	.	107.6	101.9	.	98.7	96.6	89.6	104.4	102.0
July	101.7	103.8	.	.	108.0	102.0	.	99.0	96.8	90.7	101.6	99.8
Aug	102.3	104.5	...	...	108.7	102.7	p	94.5	99.3	89.2	102.4	99.9
Sep	101.8	103.9	.	.	108.2	102.2	.	99.4	97.2	88.8	103.4	99.5
Oct	101.4	103.5	.	.	107.8	101.7	.	99.2	96.8	90.5	102.7	97.1
Nov	100.7	102.8	...	...	106.9	100.8	...	99.1	96.5	92.3	102.7	95.2

* The effective exchange rate corresponds to the weighted external value of the currency concerned. — 1 The method of calculation is consistent with the procedure used by the ECB to compute the effective exchange rates of the euro (see *Monthly Bulletin*, November 2001, pp 51–65). In contrast to footnote 4, the weights used are based on the relevant trade in the period from 1995 to 1997. — 2 Decline in the figures implies an increase in competitiveness. — 3 Euro-area countries as well as Canada, Denmark, Japan, Norway, Sweden, Switzerland, United Kingdom and United States. — 4 ECB calculations based on the weighted averages of the effective exchange rates of the euro against the currencies of the following countries: Australia, Canada, China, Cyprus, Czech Republic, Denmark, Estonia, Hong Kong, Hungary, Japan, Latvia, Lithuania, Malta, Norway, Poland, Singapore, Slovakia, Slovenia, South Korea, Sweden, Switzerland, United Kingdom and

United States. The weights used in these calculations are based on manufactured goods trade between 1999 and 2001 and capture third-market effects. Where consumer prices were not yet available, estimates have been used. For details of the methodology, see ECB, *Monthly Bulletin*, September 2004, pp 69–72 and the ECB's Occasional Paper No 2, which can be downloaded from the ECB's website (www.ecb.int). — 5 ECB calculations. In addition to the countries belonging to the EER-23 group (see footnote 4), this group also includes the following countries: Algeria, Argentina, Brazil, Bulgaria, Croatia, India, Indonesia, Israel, Malaysia, Mexico, Morocco, New Zealand, Philippines, Romania, Russian Federation, South Africa, Taiwan, Thailand and Turkey. — 6 Euro-area countries and countries belonging to the EER-42 group except Bulgaria, Latvia, Lithuania and Malta. — 7 Annual and quarterly averages.



Overview of publications by the Deutsche Bundesbank

This overview provides information about selected recent economic and statistical publications by the Deutsche Bundesbank. Unless otherwise indicated, these publications are available in both English and German, in printed form and on the internet.

The publications are available free of charge from the Communication Division. For a small fee to cover costs, a file which is updated monthly and contains approximately 40,000 time series published by the Bundesbank can be obtained on magnetic tape cassette or CD-ROM from the Division Statistical data processing, mathematical methods. Orders should be sent, in writing, to one of the addresses listed on the reverse of the title page. Selected time series can also be downloaded from the internet.

Annual Report

Monthly Report

For information on the articles published between 1990 and 2004 see the index attached to the January 2005 *Monthly Report*.

January 2005

- The relationship between money and prices
- German banks' foreign direct investment and cross-border services
- Comments on reforming the Stability and Growth Pact

February 2005

- The economic scene in Germany around the turn of 2004-05

March 2005

- Credit growth, bank capital and economic activity
- German balance of payments in 2004

April 2005

- The changes to the Stability and Growth Pact
- Deficit-limiting budgetary rules and a national stability pact in Germany
- Supervision of financial conglomerates in Germany

May 2005

- The economic scene in Germany in spring 2005

June 2005

- Investment and financing in 2004
- Germany's external relations with the People's Republic of China

July 2005

- Rapid change in paid employment
- Exchange rates and interest rate differentials: recent developments since the introduction of the euro

August 2005

- The economic scene in Germany in summer 2005

September 2005

- The performance of German credit institutions in 2004
- Recent trends in individual payments
- The role of volatility patterns in financial markets
- Potential financial risk faced by the International Monetary Fund

October 2005

- Germany's financial linkage to the EU budget
- German enterprises' profitability and financing – an analysis based on a new dataset
- New transparency rules for credit institutions
- Risk appetite in a dynamic financial market environment

November 2005

- The economic scene in Germany in autumn 2005

December 2005

- Price-setting behaviour in Germany
- The road to the Single Euro Payments Area

Statistical Supplements to the Monthly Report¹

- 1 Banking statistics (monthly)
- 2 Capital market statistics (monthly)
- 3 Balance of payments statistics (monthly)
- 4 Seasonally adjusted business statistics (monthly)
- 5 Exchange rate statistics (quarterly)

Special Publications

The monetary policy of the Bundesbank,
October 1995²

Makro-ökonomisches Mehr-Länder-Modell,
November 1996³

Europäische Organisationen und Gremien im Be-
reich von Währung und Wirtschaft, May 1997³

Die Zahlungsbilanz der ehemaligen DDR 1975 bis
1989, August 1999³

The market for German Federal securities,
May 2000

Macro-Econometric Multi-Country Model: MEMMOD,
June 2000

Bundesbank Act, September 2002

Weltweite Organisationen und Gremien im Bereich
von Währung und Wirtschaft, March 2003³

European economic and monetary union,
February 2004

Die Europäische Union: Grundlagen und Politik-
bereiche außerhalb der Wirtschafts- und Wäh-
rungsunion, April 2005³

Special Statistical Publications

- 1 Banking statistics guidelines and customer clas-
sification, July 2003⁴

2 Bankenstatistik Kundensystematik Firmenver-
zeichnisse, December 2005^{3,5}

3 Aufbau der bankstatistischen Tabellen,
January 2000³

4 Financial accounts for Germany 1991 to 2004,
September 2005⁶

5 Annual accounts of west German enterprises
1971 to 1996, March 1999¹

6 Ratios from annual accounts of German enter-
prises between 2000 and 2002, Novem-
ber 2004⁶

7 Erläuterungen zum Leistungsverzeichnis für die
Zahlungsbilanz, February 2005³

8 Balance of payments statistics of the Fed-
eral Republic of Germany, 2nd edition,
February 1991^o

9 Securities deposits,
August 2005

10 International capital links,
April 2005^{1,6}

11 Balance of payments by region,
August 2005

12 Technologische Dienstleistungen in der Zah-
lungsbilanz, June 2004³

^o Not available on the internet.

¹ Only the headings and explanatory notes to the data
contained in the German originals are available in English.

² Also available in French, Spanish, Russian and Chinese.

³ Available in German only.

⁴ Solely available on the internet, updated at half-yearly
intervals. Only the sections "Monthly Balance Sheet Stat-
istics", "External position" and "Customer classification"
("Overall survey on sectoral classification", "Survey on
breakdown by industry or activity" and "Explanatory
notes on the system of customer classification by industry
or activity") are available in English.

⁵ Current version only available on the internet at quar-
terly intervals.

⁶ Available on the internet only.

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Banking legislation

1 Bundesbank Act and Statute of the European System of Central Banks and of the European Central Bank, June 1998

2 Gesetz über das Kreditwesen, February 2001³

2a Grundsatz I über die Eigenmittel der Institute, January 2001³

2b Grundsatz II über die Liquidität der Institute, August 1999³

7 Instruction sheet for the reporting of large exposures and loans of 3 million Deutsche Mark or more pursuant to sections 13 to 14 of the Banking Act, September 1998

* Discussion Papers which appeared from 2000 onwards are available on the internet.

For footnotes, see p 79*.