



# KEY FIGURES

Bulletin of economic trends in Europe and summaries 07/96

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## Foreword

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European Union of Fifteen seasonally-adjusted unemployment was a revised 10.9% in April, the same as in March and February.

The European Union trade surplus with the rest of the world was 24.2 billion ECU last year.

The US dollar's rally against the Deutschemark slowed to a halt during May 1996, the currency ending the month at DM 1.528 (at the London market close), just below the level at the end of April.

Following the impressive performance of most bond markets throughout 1995 and in January 1996, the general trend in yields has since been upwards.

With a few exceptions, monetary aggregates have shown a distinctly rising trend in recent months.

January 1996 saw an increase in the foreign official reserves (excluding gold) of the European Union of Fifteen of ECU 9.1bn, to ECU 294bn, the highest level since December 1994.

The European Union of Fifteen industrial production index hardly changed in the six months between September 1995 and February 1996.

In the "Dossier of the month" of this edition the first part is devoted to *Credit institutions in the European Union*, in 1994, the second part to *Trends in the agricultural price indices*, in the fourth quarter of 1995, and the third part to *European Union electricity production*, in 1995.

## Tableau de bord de l'économie européenne



	Dates	B	DK	D	GR	E	F	IRL	I	L	NL	A	P	FIN	S	UK	EUR15
GDP, seasonally adjusted volume trends, T/T-1 %	IV/95	:	-0.18	0.00	:	0.39	-0.45	:	-0.92	:	0.17	-0.07	:	-0.10	-0.36	0.52	-0.14
GFCF, seasonally adjusted volume trends, T/T-1 %	IV/95	:	3.14	-0.77	:	0.88	0.07	:	1.84	:	-2.05	1.28	:	1.65	1.07	1.03	0.33
Private final national consumption volume trends, T/T-1 %	IV/95	:	0.25	0.32	:	0.09	-0.26	:	-0.14	:	-0.35	-0.31	:	0.97	0.06	0.54	0.11
Production index 1990=100 total, seasonally adjusted (1)	03/96	:	115.8	93.6	96.9	102.2	99.9	172.6	108.4	99.7	112.7	:	98.6	116.8	113.4	106.5	103.4
Consumer price index T/T-12 %	04/96	2.0	2.0	1.5	9.2	3.5	2.4	2.0	4.6p	1.5	2.0	1.5p	2.9	0.7	1.3	2.4	2.7p
Conversion rate 1 ECU=... monthly average	05/96	39.3	7.38	1.91	303.2	159.6	6.47	0.80	1942	39.3	2.14	13.45	196.5	5.93	8.48	0.82	
Exchange rate 1 USD=... monthly average	05/96	31.5	5.92	1.53	243.2	128.0	5.19	0.64	1558	31.5	1.71	10.79	157.6	4.76	6.80	0.66	:
Money supply, M1 T/T-12 %	02/96	4.8	:	9.2	8.9	2.4	4.8	13.8	-0.9	:	12.6	12.2	8.6	12.6	:	:	:
Yield on public sector long-term bonds %	04/96	6.7	7.3	6.4	:	9.3	6.5	7.6	10.3	5.1	6.4	6.4	9.1	7.5	8.3	8.2	:
Unemployment rate seasonally adjusted %	04/96	9.9	6.3	8.9	:	22.1	11.5	14.6	:	3.1	7.1	4.3	7.6	16.1	10.1	8.4	10.9
Total trade balance BN ECU	1995	9.9*	3.9	50.6	-10.4	-12.1	8.9	9.2	20.7	9.9*	13.7	-4.6	-7.5	8.3	12.0	-25.2	:

Data in italics are not necessarily for the indicated period but are the latest available (usually the previous month or quarter)

\* BLEU

(1) Excluding construction



**European Union of Fifteen  
inflation stays at 2.7% in  
april 1996**

## Inflation rate

European Union of Fifteen annual inflation remained at 2.7% in April, same as in March and February. A year before it was 3.2%.

In April inflation was below average in 10 Member States (the Austrian figure was not available but 1.5% [provisional] in February). Lowest rate remained Finland's 0.7%; highest Greece's 9.2%.

**April rates in Member States, in ascending order of inflation, with corresponding figures for a year earlier**

	<u>April 1996</u> <u>April 1995</u>	<u>April 1995</u> <u>April 1994</u>		<u>April 1996</u> <u>April 1995</u>	<u>April 1995</u> <u>April 1994</u>
<b>Finland</b>	0.7%	1.5%	<b>Belgium</b>	2.0%	1.7%
<b>Sweden</b>	1.3%	3.3%	<b>United Kingdom</b>	2.4%	3.3%
<b>Germany</b>	1.5%	2.0%	<b>France</b>	2.4%	1.6%
<b>Luxembourg</b>	1.5%	2.2%	<b>Portugal</b>	2.9%	4.6%
<b>Austria</b>	:	2.6%	<b>Spain</b>	3.5%	5.2%
<b>Ireland*</b>	2.0%	2.6%	<b>Italy</b>	4.6%p	5.0%
<b>Denmark</b>	2.0%	2.4%	<b>Greece</b>	9.2%	9.9%
<b>Netherlands</b>	2.0%	2.3%	<b>EUR 15</b>	2.7%p	3.2%

\* The index for Ireland is quarterly, February 1996/1995 and February 1995/1994  
p = provisional

**European Union of Fifteen  
unemployment: 10.9% in  
april 1996**

## Unemployment

European Union of Fifteen seasonally-adjusted unemployment was a revised 10.9% in April, the same as in March and February. In April last year the rate was 10.8%.

Since the start of the year unemployment trends in Member States have cancelled each other out almost exactly. This means that at European Union of Fifteen level both male and female unemployment appears quite stable. In Spain unemployment has been falling - from 22.5% in January to 22.1% in April. This rate is still the European Union of Fifteen's highest. But in Portugal and Sweden it has been going up: in former from 7.3% to 7.6%

January to April and in the latter from 9.3% to 10.1%. These rises are particularly apparent among the under-25s. In Sweden their jobless rate in April stood at 22.4%; in Portugal it was 16.9%.

Other Member States show no noticeable trend recently.

Luxembourg continues with the European Union of Fifteen's lowest rate, 3.1%, followed by Denmark's 6.3%. In comparison with the European Union of Fifteen, the US rate is running at 5.4% with 3.2% in Japan (March figure). 18.2 million people were unemployed in the European Union of Fifteen in April. This is a seasonally-adjusted figure in line with ILO criteria.

## **24.2 bn ecu trade surplus in 1995**

### **External trade**

The European Union trade surplus with the rest of the world was 24.2 billion ECU last year.

This compares with a 6.2 bn ECU surplus in 1994 and 1.2 bn in 1993.

Following the deficits of around 50 bn ECU in '90 and '92 and almost 70 bn in '91, this is the third positive year in a row.

The surplus in fourth quarter last year was 12.1 bn ECU compared to 6.1 billion in last quarter '94.

EU exports to the rest of the world totalled 570 bn ECU last year - up 9.1% on '94. Imports, at 546 bn ECU, rose by 5.7%. However, this growth was below that of 1994 when it was 10.3% for exports and 9.2% for imports. And the fourth quarter of last year indicates a slowing of both exports (up 7.9% over the year) and imports (3.9%).

The same trends were apparent in trade within the European Union. This totalled some 1000 bn ECU last year, representing 63.5% of Member States' total trade (exports plus imports). Countries with the highest proportion were Portugal (76.5%), Belgium-Luxembourg (74.4%), the Netherlands (72.0%) and Austria (70.3%). Those with the lowest were the United Kingdom (57.3%), Germany (57.8%) and Italy (58.5%). Dispatches were up 11%, arrivals 8.9%. This was below internal trade growth in 1994: 13.3% for dispatches and 13.7% for arrivals.

A slow-down was also recorded in the fourth quarter of '95: 6.6% growth in dispatches over the same period a year earlier, 3.2% for arrivals.

Last year the same 10 Member States as in 1994 recorded positive balances for total internal and external trade. Most notable was Germany (50.6 bn ECU), Italy (20.7 bn), the Netherlands (13.7 bn) and Sweden (12 bn). Strongest rises were in the Netherlands and Finland (8.3 bn ECU) where surpluses more than doubled between '94 and '95. There were trade deficits in five countries: the United Kingdom (25.2 bn ECU), Spain (12.1 bn), Greece (10.4 bn), Portugal (7.5 bn) and Austria (4.6 bn).

In most Member States improvement of the trade balance was due mainly to the weaker performance of imports over exports, both within the single market and externally. However, all countries recorded growth in both total exports and imports. Biggest rises in exports were in Finland (24.5%) and Ireland and the Netherlands (both 16.7%). For imports they were in Belgium/Luxembourg (12.3%), Spain and Ireland (both 12.2%). Lowest growth was in Greece (6.3% for exports and 4.1% for imports), the United Kingdom (6% and 4.6% respectively), Germany (8.4% and 5.6%) and Denmark (6.7% for exports).

# Money and Finance

## Exchange rates and interest rates

### **Dollar rally falters in May... ..while ERM currencies move within a narrow range**

The US dollar's rally against the Deutschemark slowed to a halt during May 1996, the currency ending the month at DM 1.528 (at the London market close), just below the level at the end of April. The dollar did, however, reach a high for 1996 of 1.548 in late May, a significant advance on the low of 1.435 in early January. Meanwhile, the dollar's upward trend against the Japanese yen, evident since mid-1995, was resumed in May, following a reversal the previous month. By end May the dollar had appreciated to YEN 108.1, from 104.8 at the start of the month, and a record low in April 1995 of 81.1. The DM therefore also strengthened against the yen in May, up from YEN 68.3 to 70.8.

The EMS exchange rate mechanism (ERM) was stable during May, with little movement between currencies. In April, member currencies tended to converge towards their ECU central rates. The Spanish peseta remained the strongest currency in May, although it weakened slightly against the DM, ending the month at PTA 84.4. Several other currencies edged lower against the DM towards the end of the month: the French franc, Belgian franc, Dutch guilder, Danish krone, and Portuguese escudo. The Irish punt, however, rose to DM 2.424 at end May, its highest level since October 1994.

EU currencies which do not participate in the ERM strengthened against the DM during May. Notably, the pound sterling moved up to DM 2.366 by end month, from 2.301 at end April. This compares with a record low on 9 May 1995 of 2.177, but is still well below sterling's central rate of DM 2.95 applicable before sterling's exit from the ERM in September 1992. The Italian lira continued to appreciate, reaching ITL 1006 in late May, the highest level since October 1994, but well below its former ERM central rate. The Greek drachma, Finnish mark and Swedish krona were also stronger against the DM in May. There were few official interest rate movements among EU member states in May. Spain's central bank announced a cut in its repo rate of 0.25 percentage points, to 7.5%. Swedish interest rates, which rose in 1995, have been on a downward path this year, the repo rate being cut in a series of moves from nearly 9% at the start of the year, to 6.5% by end May. Despite this, the krona has appreciated markedly in value this year. Official interest rates were edged lower in Belgium and the Netherlands during May, but the German Bundesbank left unchanged its repo rate at 3.3% for another month.

### **April's European bond market rally proves short-lived**

## **Government bond yields**

Following the impressive performance of most bond markets throughout 1995 and in January 1996, the general trend in yields has since been upwards. This is despite a rally in European markets in April, which proved short-lived, as prices tended to fall again during May, causing yields to rise. The yield on the 10-year German government bond (Bund) was 6.5% at the end of May, compared with 6.3% at end April, and a monthly average of 5.9% in January. The fall in US bond market prices has been steeper, with the yield on 10-year Treasury bonds rising to 6.9% at

end May from 6.5% at end April, and a low of 5.6% in January. The rise in French government bond yields since January has, however, been far smaller, with the result that the differential between French and German 10-year yields closed in May.

Contrary to the general trend, the market for higher-yielding European government bonds, namely those of Italy, Spain, and Portugal, continued to perform well after January. There was, however, a small rise in 10-year Spanish and Portuguese bond yields in May.

### **Gradual acceleration in European Union countries' monetary aggregates**

## **Money supply**

With a few exceptions, monetary aggregates have shown a distinctly rising trend in recent months. Among the broad measures, German M3, having fallen below its 4-6% target range in 1995, grew by a provisional 12.3% (annualised on the fourth quarter of the previous year) in March. In the UK the M4 measure, which was running well within the 3-9% monitoring range for most of 1995, rose 9.9% in the year to March. Ireland's M3 grew at an annual rate of 17.6% in March, compared with 10.6% in September 1995. Over the same period, Greek M3 growth accelerated from 8.5% to 11.5%, and Dutch M2 growth from -0.7% to 4.6%. Comparing September 1995 with February 1996, the Danish money stock measure accelerated from 1.2% to 8.1%. The rate of growth in narrow monetary measures (M1) has also tended to quicken in recent months.

One exception to the general trend is Portugal, where growth in the broad measure L- fell to an annual rate of 5.7% in February 1996, compared with over 10% in the first half of 1995. In other countries - Sweden, Finland, Belgium, and Italy - annual broad money supply growth has remained persistently low (below 3%) for at least a year.

Generally, M1 = notes and coin in circulation + bank sight deposits

M2 = M1 + savings deposits + other short term claims on banks

M3 = M2 + certain placements in a less liquid or longer term form

For Portugal, L- is a broad liquidity measure (= M2 + Treasury bills + 'CLIP' investments sold without recourse to the non-financial resident sector).

For Spain, ALP = liquid assets held by the public (= M3 + Treasury bills held by the public + certain other short-term liabilities and credit institutions' liabilities).

For the UK, M4 is a broader measure than M3, including all sterling deposits held with UK banks and building societies by the public.

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**Reserves in Ireland and Greece reach record levels in January 1996**

## Foreign official reserves

January 1996 saw an increase in the foreign official reserves (excluding gold) of the European Union of Fifteen of ECU 9.1bn, to ECU 294bn, the highest level since December 1994. Increases were recorded in all member states, apart from the UK, the Netherlands, Finland, and Belgium / Luxembourg. The biggest rise was recorded by Austria, whose reserves rose by 2.8bn in ECU terms, to 17bn. Greece's reserves reached a record level, of 12.9bn, having increased by 1.6bn in January. Ireland's reserves moved up 0.4bn, to 6.8bn, also a new record. Denmark's reserves rose to the highest level

since July 1993, up 1.9bn on the month to 10.3bn. Japan's foreign official reserves continued to create world records in January, the total (excluding gold) reaching 144.6bn in ECU terms. This represented an increase in the year to January of 43%, a bigger percentage rise than in any European Union of Fifteen country apart from Denmark (up almost 48%). Meanwhile, reserves of the USA increased by 9.3%, to ECU 56.6bn. The European Union of Fifteen's reserves recorded an increase in the year to January of 0.8%.

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**Little movement in European Union of Fifteen industrial production**

## Industrial production

The European Union of Fifteen industrial production index hardly changed in the six months between September 1995 and February 1996, but construction showed a substantial fall. The European Union of Fifteen production trend\* (excluding construction)

rose by 0.2% between December 1995 and February 1996 compared with the three previous months. Construction fell by 0.7%. The only sector with a clear rise in output was electronics, including manufacture of computers.

### Production trend (excluding construction)

Changes from Sep/Nov 1995 to Dec 1995 /Feb 1996 for Member States with available data

<b>Netherlands</b>	2.7%	<b>Greece**</b>	-0.2%
<b>Portugal **</b>	1.2%	<b>France</b>	-0.2%
<b>United Kingdom</b>	0.6%	<b>Finland</b>	-0.4%
<b>Sweden</b>	0.5%	<b>Spain</b>	-0.9%
<b>Germany</b>	0.5%	<b>Luxembourg**</b>	-1.4%
<b>Italy</b>	-0.1%	<b>Denmark</b>	-1.7%

\* Adjusted for seasonal factors and one-off fluctuations

\*\* Estimated

# Dossier of the month

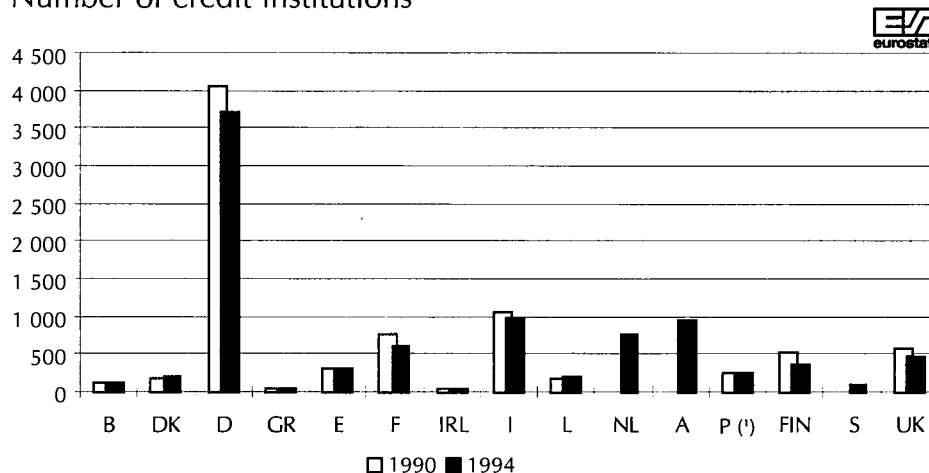
## Credit institutions in the European Union, 1994

**In terms of total population, the credit institutions in the European Union of Fifteen are concentrated in Germany, Italy, France and the United Kingdom.**

The lowest populations are in Greece and Ireland, where only around 50 companies are active on the market.

The number of credit institutions in the European Union has declined over the past five years, often on account of mergers and acquisitions mainly affecting the smallest companies.

Number of credit institutions



(1) 1990 and 1993.

Number of credit institutions

	EUR 15	B	DK	D	GR	E	F	IRL	I	L	NL	A	P (1)	FIN	S	UK
1990	8 224	127	189	4 071	44	327	787	47	1 061	177	:	:	261	540	:	593
1994	9 261	130	208	3 736	49	316	606	52	1 002	222	768	955	259	362	111	485

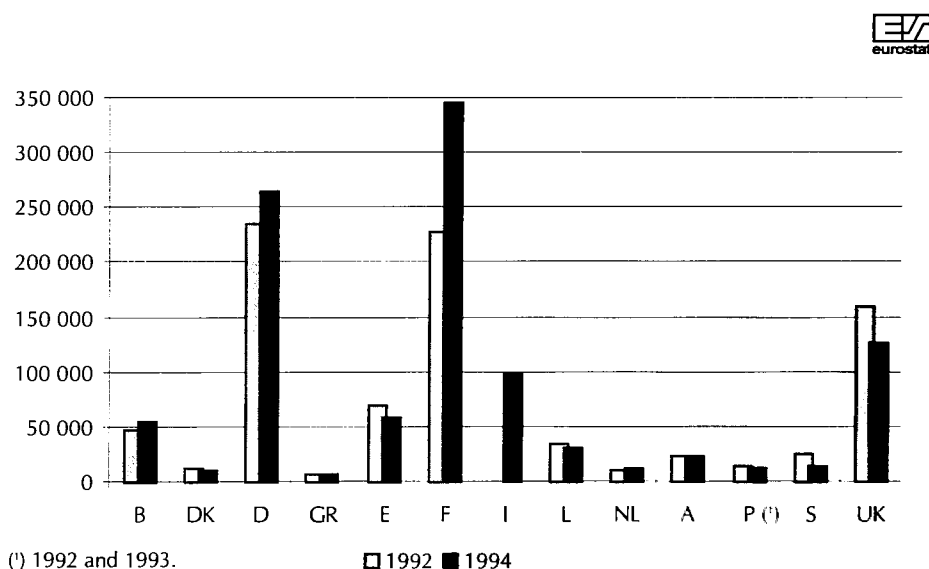
(1) 1990 and 1993.

**A comparison between the Member States shows that the credit institutions in France, Germany and the United Kingdom derive most of their income from interest and commission.**

From 1992 to 1994, income from interest and commission in France and Greece showed high growth rates in national currency terms.

In Denmark, Austria, Luxembourg, the United Kingdom and Sweden, by contrast, the amount of interest and commission received fell over the same period.

Interest and commission received (million ECU)



(1) 1992 and 1993.

Average annual growth in interest and commission received (1992 - 94)

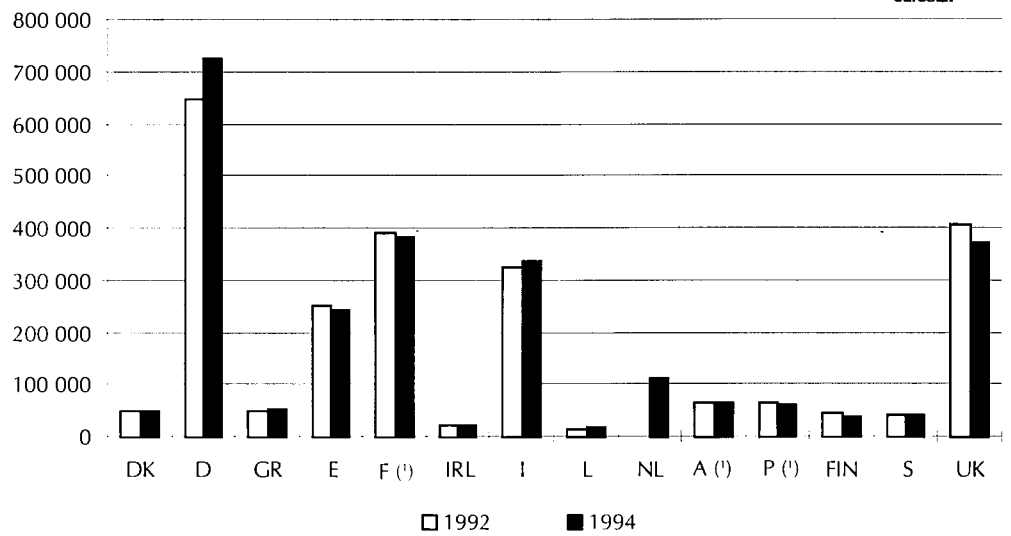
	B	DK	D	GR	E	F	L	NL	A	P (1)	S	UK
ECU	7.07	-9.59	6.23	7.06	-7.43	23.06	-4.98	10.20	-2.00	-7.00	-26.36	-10.83
National currency	4.54	-11.15	3.66	15.60	1.37	20.65	-7.21	7.34	-4.37	0.27	-18.78	-8.54

(1) 1992 and 1993.

**In the European Union of Fifteen, the total number of persons employed in the banking sector in 1994 stood at 2 530 314.**

In many Member States, employment began to decline after 1992, not only in the wake of rationalization but also on account of mergers and acquisitions. The highest percentage of persons employed compared with total employment was recorded in Luxembourg, where the banking sector plays a major role.

Number of persons employed



(<sup>1</sup>) 1992 and 1993.

Percentage of persons employed compared with total employment, 1994

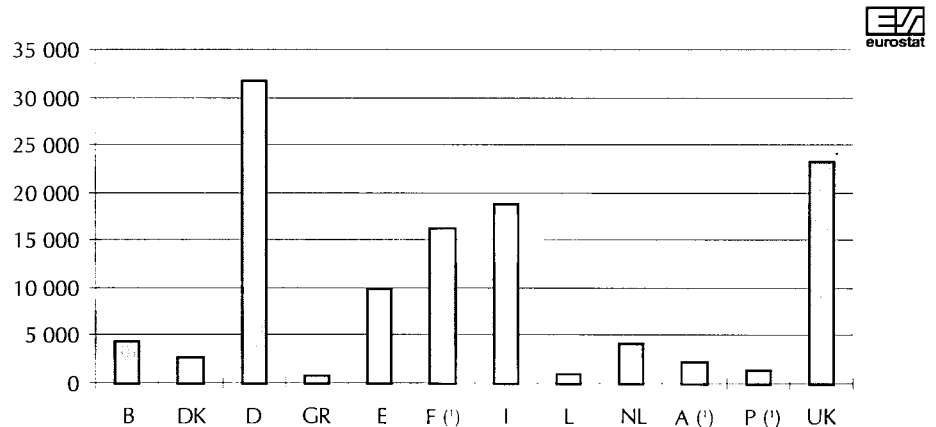
EUR 15	B	DK	D	GR	E	F	IRL	I	L	NL	A	P	FIN	S	UK
1.77	:	1.89	2.09	1.38	2.06	1.72	1.90	1.68	8.48	1.67	1.82	1.42	1.84	1.10	1.46

(<sup>1</sup>) 1993.

**There are major differences among the Member States in terms of the average cost of employment per person**

Staff expenditure in the Luxembourg banking sector is higher than average. The average cost of employment per person in Portugal and Greece is the lowest in the European Union of Fifteen.

Staff expenditure, 1994 (million ECU)



(<sup>1</sup>) 1993.

Staff expenditure per person, 1994 (ECU)

B	DK	D	GR	E	F	IRL	I	L	NL	A	P	FIN	S	UK
:	54 894	43 706	17 178	40 169	42 587	:	55 484	62 873	37 811	36 090	24 233	:	:	62 861

(<sup>1</sup>) 1993.



# Trends in the agricultural price indices, in the fourth quarter of 1995

## Producer prices of agricultural products (Output)

### ***Increase in nominal terms (+3.49%)***

The average monthly index of producer prices of agricultural products (including fruit and vegetables) for the European Union of Fifteen

as a whole rose 3.4% in nominal terms in the fourth quarter of 1995 relative to the corresponding quarter of the previous year.

### ***Almost stable in real terms***

The price rise was almost equal to the rate of inflation and so the real price index was little changed (-0.2%).

Across the Member States of the European Union of Fifteen, steep price declines in Austria (-27.7%) and Finland (-27.3%). In these two

Member States, the fall in real producer prices was compensated by national and European Union of Fifteen subsidies. A decline in the real price index was also seen for Sweden (-6.9%) but it was less marked than in the other two new Member States.

### ***Continued rise in nominal terms (+3.5%)***

The average monthly index for the purchase prices of the means of agricultural production (input 00) for the fourth quarter of 1995 con-

tinued to rise in nominal terms (+3.5%) for the European Union of Fifteen relative to the corresponding quarter of 1994.

## Purchase prices of the means of agricultural production (Input)

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***Almost unchanged real terms (+0.3%)***

This nominal rise was slightly greater than the inflation rate and so the real price index showed a small increase (+0.3%) reversing the trend seen in previous quarters.

Across Member States, changes in the real input price index ranged from +4.5% in Sweden and +3.1% in Italy to -9.9% in Portugal and -18.4% in Finland.

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***Little change of agricultural terms of trade in the European Union of Fifteen average (-0.4%)***

The real agricultural terms of trade, calculated by dividing the real output price index by the real input price index, fell from the base level of 100 in 1990 to 89.0 in 1993 and recovered partially to 91.7 in 1994. In the fourth quarter of 1995 it was 92.1,

showing a slight decrease compared to the corresponding period of 1994. The terms of trade improved markedly in Portugal (+16.5%) continuing the trend seen in the third quarter. There was also a notable increase in Spain (+7.0%).

### **Comparison of trends in output and input prices**

## European Union electricity production, 1995

**European Union of Fifteen electricity production up 2.8% in 1995**

**UK and Austria record biggest rises**

Last year the European Union of Fifteen produced 2.8% more electricity than in 1994. The 1995 total was 2203.8 terawatt hours

(TWh).

The rise in electricity supply has moved in parallel with economic activity.

There were net rises in the United Kingdom (6.9%), Austria (6%), Portugal (5%) and Italy (4.1%) with smaller increases in other Member States. The only falls were recorded by Denmark (-9%) and Finland (-2.4%).

Conventional thermal production was up by 4.2%. This accounted for 51.2% of all production.

Nuclear energy production rose by 2.5%. This represented 34.8% of

total production.

Hydro-electric production - 14% of the total - fell slightly by 1.7%.

EU net imports were 19.2 TWh or 0.9% of production. France had net exports of 70 TWh, nearly 15% of its total production. Italy and the UK remain the Union's largest net importers (absolute terms), with imports at over 16% and around 5% respectively of their total production.

Table 1  
**Electricity - total net production**

	1995 TWh	% change 95/94
<b>EUR 15</b>	<b>2203.8</b>	<b>2.8</b>
<b>Germany</b>	491.5	0.6%
<b>France</b>	471.0	3.6%
<b>United Kingdom</b>	327.6	6.9%
<b>Italy</b>	229.3	4.1%
<b>Spain</b>	155.9	1.0%
<b>Sweden</b>	143.3	3.1%
<b>Netherlands</b>	77.7	1.6%
<b>Belgium</b>	70.6	2.9%
<b>Finland</b>	60.6	-2.4%
<b>Austria</b>	55.0	6.0%
<b>Greece</b>	37.6	0.5%
<b>Denmark</b>	34.4	-9.0%
<b>Portugal</b>	31.7	5.0%
<b>Ireland</b>	16.5	2.5%
<b>Luxembourg</b>	1.1	0.0%

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