OESTERREICHISCHE NATIONALBANK

INTEGRAL PART OF THE EUROPEAN
SYSTEM OF CENTRAL BANKS

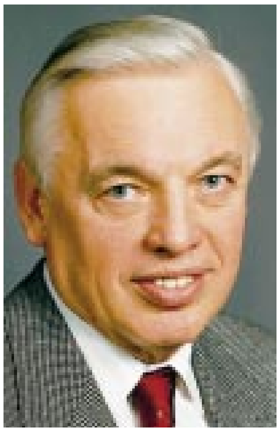
ANNUAL REPORT 1999

5 euro banknote, Classical architecture

Report on the Financial Year 1999

with Annual Statement of Accounts 1999

Submitted to the General Meeting on May 18, 2000



The new European currency, the euro, has proven a premier component and a reliable pillar of Europe's stability policy in the year following its introduction. As a member to the Eurosystem, the Oesterreichische Nationalbank (OeNB) has contributed to determining the course of the single monetary policy and has taken all operational and technical steps to implement the decisions taken by the Eurosystem. The euro was successfully introduced and is now generally used as an accounting currency. As expected, monetary integration has not disrupted Austria's economic policy course. In fact, we trust that Austria's tried and true consensus-based method of resolving social and economic issues, an approach acclaimed throughout Europe, will remain Austria's policy of choice.

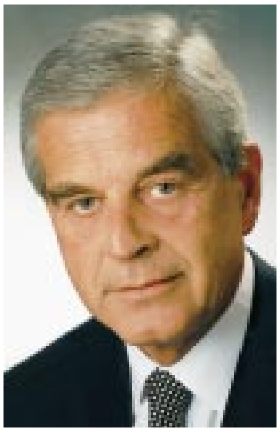
1999 began with a temporary lull in growth in Austria, but exports and output picked up in the second half. These factors, along with animated consumer demand, boosted the economy again, as in the remainder of the euro area. The recovery will continue across the euro area next year, still fueled by impulses from the U.S.A.

The development of the external value of the euro and the reduction of key interest rates in April 1999 stimulated the economy in the euro area. Although oil prices shot up, inflation remained extraordinarily low for the time being. In Austria, the rate of HICP inflation came to just 0.5% in the review year, which is the lowest annual inflation rate since Austria regained independent statehood in 1955. In the fall of the year under review, a number of indicators, above all the growth rate of monetary aggregate M3 and the abundance of liquidity available in the euro area, signaled an increasing inflationary potential. The Eurosystem responded by tightening headline interest rates.

Austria's integration into the Eurosystem has considerably widened the spectrum of the OeNB's duties. The central bank performs a pivotal role in economic policy dialogue. It relates the monetary policy goals and intentions of the Eurosystem and their impact on Austria to Austrian policymakers and to the general public by disseminating information and providing expertise. With Central and Eastern Europe (CEE) on the way to EU accession, the OeNB has assumed a leading role in the cooperation of the Eurosystem with the CEE transition countries. The OeNB is particularly well equipped to providing expertise in this field.

Finally, the OeNB has subsidiaries that are strategically geared toward providing payment system services. After the first year of monetary union, the OeNB has thus carved out a position for itself as a modern enterprise with clear corporate strategies and objectives and a highly rated position within the Eurosystem.

President
Adolf Wala



The activities of the Oesterreichische Nationalbank (OeNB) during the 1999 business year were focused on handling the first year of Austria's participation in European Monetary Union (EMU) and the technical preparations for a successful changeover to the year 2000.

Along with the ten other central banks that also adopted the euro in Stage Three of EMU and the European Central Bank (ECB), the OeNB became an integral part of the independent Eurosystem, which is in charge of the single European monetary policy. Although the move to a single monetary policy incisively changed the structures established over time in the Eurosystem member countries, it proceeded within a stable framework and went smoothly for Europe's financial markets and market players. Similarly, the crucial technical preparations for the century date change progressed according to plan. The Eurosystem and the OeNB proved well equipped to tackle this changeover.

As a member of the Eurosystem, the OeNB has assumed a far wider range of responsibilities than prior to joining EMU. The new tasks range from participation in the single European monetary policy in the independent Eurosystem, the overriding objective of which is to secure the price stability of the euro, to operational functions such as supplying banknotes and coins, handling payments, managing currency reserves, compiling statistics and implementing banking supervision. Moreover, the OeNB is represented in numerous international and national institutions and working groups. Within EMU, the OeNB will continue to contribute actively to securing a stable and widely accepted currency by conducting a credible and transparent monetary policy.

We believe that having mastered the challenges of 1999, a year of acid tests, we should now be ready to take full advantage of the potential offered by European integration. However, if Austria is to reap the benefit of favorable framework conditions for higher growth, increased investment and declining joblessness, it must actively pursue further budget consolidation to reach medium-term budget equilibrium under the Stability and Growth Pact. Moreover, the country must continue with the structural reforms needed to retain its strategic edge in an increasingly competitive global business environment. This means that additional efforts are required to make Austria's labor markets more flexible, bureaucracy must be rigorously streamlined, privatization must be stepped up, the pension system must respond swiftly to changed demographic patterns, and financial markets must become more efficient.

EMU is a milestone of integration for European Union and has opened up a vista for achieving more political, economic and social stability for Europe. The euro has the potential to become an anchor of stability and a driving force for an internationally competitive Europe, and to evolve into a currency of global importance on a par with the U.S. dollar. This prospect represents a unique historical opportunity for Europe and for Austria.

Governor
Klaus Liebscher

Conventions used in the tables

–	=	nil
. .	=	not available
×	=	not applicable
0	=	negligible
∅	=	average
_	=	new series

Discrepancies may arise from rounding.

Abbreviations[1])

AMS	Austrian Public Employment Service
APSS	Austrian Payments System Services
ARGE SZS	Arbeitsgemeinschaft Sicherheit in Zahlungssystemen (working group on security in payment systems)
ARTIS	Austrian Real-Time Interbank Settlement (the Austrian RTGS system)
A-SIT	Zentrum für sichere Informationstechnologie Austria – Center for Secure Information Technology Austria
ASFINAG	Autobahn- und Schnellstraßenfinanzierungsgesellschaft (formerly state-owned highway construction financing corporation)
ATX	Austrian Traded Index
BAC	Banking Advisory Committee (EU)
BCBS	Basel Committee on Banking Supervision (BIS)
BSC	Banking Supervision Committee (ESCB)
BMF	Bundesministerium für Finanzen – Austrian Federal Ministry of Finance
CCBM	correspondent central banking model
CEECs	Central and Eastern European countries
DAFFE	Directorate for Financial, Fiscal and Enterprise Affairs (OECD)
ECOFIN	Council of Economic and Finance Ministers (EU)
EONIA	Euro OverNight Index Average
ERM II	Exchange Rate Mechanism II (EU)
ESA	European System of National Accounts
EURIBOR	Euro Interbank Offered Rate
EMS	European Monetary System
FATF	Financial Action Task Force on Money Laundering (OECD)
FDI	foreign direct investment
FSF	Financial Stability Forum
G-7	Group of 7: the seven leading industrial democracies, namely Canada, France, Germany, Italy, Japan, the United Kingdom and the United States
G-10	Group of 10: the G-7 plus Belgium, the Netherlands, Sweden and Switzerland
G-20	Group of 20: the G-7, the European Union and 12 leading Third World countries, including China, Mexico, India and Brazil
GSA	GELDSERVICE AUSTRIA Logistik für Wertgestionierung und Transportkoordination GmbH (cash services company)
HIPC	Highly Indebted Poor Countries
IHS	Institute of Advanced Studies
JVI	Joint Vienna Institute
MFI	monetary financial institution
NAP	National Action Plan for Employment (EU)
OeKB	Oesterreichische Kontrollbank (specialized bank for export financing, central depository for securities a.o.)
ÖBFA	Österreichische Bundesfinanzierungsagentur – Austrian Federal Financing Agency
ÖIAG	Österreichische Industrie Aktiengesellschaft (Austrian industrial holding company)
ÖSTAT	Statistik Österreich Bundesanstalt öffentlichen Rechts – Statistics Austria
ÖTOB	Österreichische Termin- und Optionenbörse – Austrian Options and Futures Exchange
RTGS	Real-Time Gross Settlement system
SNA	System of National Accounts
STUZZA	Studiengesellschaft für Zusammenarbeit im Zahlungsverkehr – Austrian Research Association for Payment Cooperation
TARGET	Trans-European Automated Real-time Gross settlement Express Transfer
TEC	Treaty establishing the European Community (Rome, 1957)
TEU	Treaty on European Union (Maastricht, 1992)
WIFO	Österreichisches Institut für Wirtschaftsforschung – Austrian Institute of Economic Research
WIIW	Wiener Institut für internationale Wirtschaftsvergleiche – The Vienna Institute for International Economic Studies

1 *Please refer to annex A for a complete list of committees in which the OeNB is represented.*

GENERAL COUNCIL (GENERALRAT), STATE COMMISSIONER, GOVERNING BOARD (DIREKTORIUM), PERSONNEL CHANGES, ORGANIZATIONAL STRUCTURE OF THE BANK

REPORT OF THE GOVERNING BOARD (DIREKTORIUM) FOR THE FINANCIAL YEAR 1999

FINANCIAL STATEMENTS OF THE OESTERREICHISCHE NATIONALBANK FOR THE YEAR 1999

REPORT OF THE GENERAL COUNCIL (GENERALRAT) ON THE ANNUAL REPORT AND THE FINANCIAL STATEMENTS FOR 1999

TABLES

Editorial close: April 14, 2000

10 euro banknote, Romanesque architecture

General Council (Generalrat),

State Commissioner,

Governing Board (Direktorium)

and Personnel Changes,

Organizational Structure of the Bank

General Council (Generalrat), State Commissioner

as at Dezember 31, 1999

Adolf Wala
President

Herbert Schimetschek
Vice President
Chief Executive Director
of UNIQA Versicherungen AG

August Astl
Secretary General of the Board of Presidents
of the Austrian Chamber of Agriculture

Helmut Elsner
Chief Executive Director
of Bank für Arbeit und Wirtschaft AG

Helmut Frisch
Chairman of the Supervisory Board
of the Austrian Postal Savings Bank (P.S.K.)

Lorenz R. Fritz
Secretary General
of the Federation of Austrian Industry

Rene Alfons Haiden
Retired Chief Executive Director
of Bank Austria AG

Richard Leutner
Secretary
of the Austrian Trade Union Federation

Johann Marihart
Chief Executive Director
of Agrana Beteiligungs-AG

Werner Muhm
Deputy Chief
of the Chamber of Labor of Vienna

Walter Rothensteiner
Chief Executive Director
of Raiffeisen Zentralbank Österreich AG

Karl Werner Rüsch
Former Member of the Government of Vorarlberg
Former Second Vice President of the OeNB

Siegfried Sellitsch
Chief Executive Director
of Wiener Städtische Allgemeine Versicherung AG

R. Engelbert Wenckheim
Chief Executive Director
of Ottakringer Brauerei AG

Representatives delegated by the Staff Council to attend proceedings
that deal with personnel matters:

Gerhard Valenta

Thomas Reindl

State Commissioner
Walter Ruess
Director
in the Ministry of Finance

Deputy State Commissioner
Heinz Handler
Director General
in the Federal Ministry of Economic Affairs and Labor

Governing Board (Direktorium)

as at Dezember 31, 1999

Klaus Liebscher
Governor

Gertrude Tumpel-Gugerell
Vice Governor

Wolfgang Duchatczek
Executive Director

Peter Zöllner
Executive Director

Personnel Changes

between April 15, 1999 and April 14, 2000

With effect from May 1, 1999, the Federal Minister of Finance appointed Walter *Ruess* as State Commissioner in lieu of Anton *Stanzel.*

The ordinary General Meeting of May 27, 1999, marked the end of General Council member Norbert *Beinkofer's* term of office. R. Engelbert *Wenckheim,* Chairman of the Board of Management of Ottakringer Brauerei AG, was elected as his successor at the same General Meeting.

General Council member Karl Werner *Rüsch's* term of office ended on April 22, 1999. In its meeting of July 20, 1999, the Federal Government reappointed the former member of the Government of Vorarlberg and Second Vice President of the OeNB as member of the General Council effective from August 1, 1999.

Moreover, in its meeting of July 20, 1999, the Federal Government nominated Johann *Marihart,* Chairman of the Board of Management of Agrana Beteiligungs-AG, to the General Council with effect from August 1, 1999. Robert *Launsky-Tieffenthal's* term of office had come to a close on April 16, 1999.

With effect from March 31, 2000, Gerhard *Valenta* resigned as Chairman of the Central Staff Council.

President
Adolf Wala

Office of the President
Richard Mader, Head

Vice President
Herbert Schimetschek

Governing Board (Direktorium)

Central Bank Policy Department
Klaus Liebscher, Governor

Office of the Governor
Wolfgang Ippisch, Head

Internal Audit Division
Wolfgang Winter, Head

Secretariat of the Governing Board and Public Relations
Wolfdietrich Grau, Head

Planning and Controlling Division
Gerhard Hohäuser, Head

Anniversary Fund
Wolfgang Höritsch, Head

Section

Accounting
Michael Wolf, Director

Financial Statements Division
Friedrich Karrer, Head

Accounts Division
Otto Panholzer, Head

Section

Legal Matters and Management of Equity Interests
Bruno Gruber, Director

Legal Division
Hubert Mölzer, Head

Management of Equity Interests

Economics and Financial Markets Department
Gertrude Tumpel-Gugerell, Vice Governor

Section

Economic Analysis and Research
Peter Mooslechner, Director

Economic Analysis Division
Ernest Gnan, Head

Economic Studies Division
Eduard Hochreiter, Head

European Affairs and International Financial Organizations Division
Alexander Dörfel, Head

Foreign Research Division
Kurt Pribil, Head

Brussels Representative Office
Reinhard Petschnigg, Representative[1])

Paris Representative Office
Konrad Pesendorfer, Representative

Section

Financial Institutions and Markets
Andreas Ittner, Director

Financial Markets Analysis and Surveillance Division
Helga Mramor, Head

Banking Analysis and Inspections Division
Peter Mayerhofer, Head

Credit Division
Franz Richter, Head

Unit

Future Unit
Peter Achleitner, Director

Money, Payment Systems and Information Technology Department
Wolfgang Duchatczek, Executive Director

Section

Payment Systems and Information Technology
Wolfgang Pernkopf, Director

Systems Development Division
Reinhard Auer, Head

Technical Support Division
Rudolf Kulda, Head

Payment Systems Division
Andreas Dostal, Head

Section

Cashier's Division and Branch Offices
Alfred Scherz, Director

Cashier's Division
Stefan Augustin, Head

Printing Office
Gerhard Habitzl, Technical Manager

Coordination of Branches
Peter Weihs, Head

Bregenz
Johann Jäger, Branch Manager

Eisenstadt
Friedrich Fasching, Branch Manager

Graz
Gerhard Schulz, Branch Manager

Innsbruck
Günther Federer, Branch Manager

Klagenfurt
Günter Willegger, Branch Manager

Linz
Axel Aspetsberger, Branch Manager

Salzburg
Elisabeth Kollarz, Branch Manager

St. Pölten
Horst Walka, Branch Manager

Investment Policy and Internal Services Department
Peter Zöllner, Executive Director

Personnel Division
Maria Zojer, Head

Section

Treasury
Rudolf Trink, Director

Treasury – Strategy Division
Rudolf Kreuz, Head

Treasury – Front Office
Walter Sevcik, Head

Treasury – Back Office
Gerhard Bertagnoli, Head

London Representative Office
Elisabeth Antensteiner, Representative

New York Representative Office
Robert Reinwald, Representative

Section

Organization and Internal Services
Albert Slavik, Director

Organization Division
Norbert Weiß, Head[2])

Administration Division
Roland Kontrus, Head

Security Division
Erich Niederdorfer, Head

Mail Distribution, Files and Documentation Services
Alfred Tomek, Head

Section

Statistics
Aurel Schubert, Director

Banking Statistics and Minimum Reserve Division
Alfred Rosteck, Head

Balance of Payments Division
Eva-Maria Nesvadba, Head

1 *As of May 1, 2000.*
2 *Environmental Officer.*

as at April 14, 2000

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Report of the Governing Board (Direktorium) for the Financial Year 1999

The OeNB as a Member of the Eurosystem: Institutional and Functional Changes

With Austria's entry into Stage Three of Economic and Monetary Union (EMU) at the beginning of the year 1999, a move that proceeded smoothly after thorough preparations, the conditions under which the Oesterreichische Nationalbank (OeNB) operates changed fundamentally. EMU has established a new economic and monetary policy architecture, and the introduction of the euro has entailed a complete reassignment of responsibilities within and among the central banks of the European Union member countries. To become a part of the Eurosystem on January 1, 1999, the OeNB had to undertake a major transformation of its institutional and functional responsibilities.

The European System of Central Banks (ESCB) comprises the European Central Bank (ECB) and the national central banks (NCBs) of all 15 Member States of the European Union, i.e. it includes, in addition to the members of the Eurosystem, the NCBs of the Member States ("pre-ins") which did not adopt the euro at the start of Stage Three of EMU. To enhance transparency and enable the public to grasp more easily the very complex structure of the ESCB, the Governing Council of the ECB decided to adopt the term "Eurosystem" to denote the part of the ESCB that comprises the ECB and the NCBs of the eleven Member States which have already introduced the euro. The Eurosystem has assumed the task of conducting the single monetary policy of the euro area.

The Governing Council of the ECB takes the main decisions within the Eurosystem. It comprises all six members of the Executive Board of the ECB and the eleven governors/presidents[1]) of the NCBs of the Member States which have adopted the euro, among them the governor of the Oesterreichische Nationalbank. The Governing Council operates on the one person/one vote principle.

The members of the ECB's Governing Council are completely independent in taking monetary policy decisions and fulfilling the duties incumbent on them in the ESCB. The Governing Council convenes every two weeks. Informed and efficient decision-making on the monetary policy topics on the agenda of the Council meetings require thoroughly and carefully researched analyses of the new currency area performed by the ECB and the NCBs. A key step in the preparations are the discussions among experts in the ESCB committees (currently, there are 13 such standing committees) and working groups within these committees.

Analyzing the euro area economy requires comprehensive statistical data about the economy and the monetary sector. The Eurosystem central banks in the respective participating countries – in the case of Austria, this means the OeNB – are obligated to collect data about financial transactions from the financial sector (banks, insurance companies, mutual funds and pension funds). These analytical and statistical requirements face the OeNB with a daunting challenge – despite its limited personnel resources, the OeNB must cover topics of relevance for monetary policy-making as thoroughly as the NCBs of large EMU member countries.

The OeNB is in charge of implementing the Governing Council's monetary policy decisions in Austria.

1 *With the exception of the Presidents of the Deutsche Bundesbank and de Nederlandsche Bank, all NCB Governing Council members bear the title Governor. For the sake of simplicity, all NCB members of the Governing Council are be referred to as "governor" in the remainder of this report.*

The subsidiarity principle allows the Eurosystem to put the NCBs' infrastructure and experience to best advantage in implementing monetary policy decisions. In this fashion, the OeNB can use its expertise on Austrian financial markets to monitor changes in market sentiment and to take appropriate action. The central bank conducts open market and other monetary policy operations with the banks and intervenes on the foreign exchange market in line with the decisions of the Governing Council of the ECB. The commercial banks are obliged to hold minimum reserves with the OeNB. Apart from its role as the operator of the ARTIS payment system, which handles large payments, the OeNB has specific supervision responsibilities for payment systems in Austria. A further core function of the OeNB is to print and issue banknotes and coins, either directly or through subsidiaries. The introduction of the euro as the common currency, at first for noncash transactions, in 1999 and the scheduled changeover to euro cash in the first two months of 2002 has required extensive preparation for several years, which will be stepped up in 2000 and 2001.

One of the OeNB's main tasks is to manage foreign reserve assets, comprising both a share of the ECB's foreign reserve assets and the assets remaining in the OeNB's balance sheet. Within the framework provided by ECB provisions, the NCBs manage their own reserves independently.

The OeNB's Functions – An Overview

- *The OeNB's governor is a member of the ECB's Governing Council and the General Council.*
- *The OeNB draws up economic analyses and harmonized statistics as a resource for the monetary policy decisions of the ECB's Governing Council.*
- *The OeNB implements the Eurosystem's monetary policy; it conducts monetary policy operations with Austrian commercial banks.*
- *The Bank handles foreign exchange operations and manages currency reserves.*
- *The central bank ensures that reliable clearing and payment system services are available in Austria and that they are linked to the corresponding systems within and outside the EU.*
- *The OeNB prints and issues banknotes and mints coins; it supplies and withdraws banknotes and coins in Austria.*
- *The OeNB promotes the dialogue between the Eurosystem and the Austrian public and policymakers.*
- *The central bank supports the ministry of finance in supervising Austrian banks.*
- *The OeNB represents Austria in fora for international monetary policy cooperation and in international financial institutions.*

In addition to these core functions performed as a member of the ESCB, the OeNB actively promotes the dialogue between the Eurosystem and the Austrian public and policymakers. The success of the single monetary policy in Austria hinges on effective communication with citizens, politicians and businesspeople. The Eurosystem and its members, such as the OeNB, regularly inform the public about the strategies and motives underlying the ECB's monetary policy decisions to secure support and understanding for European monetary policy throughout Austria and the rest of Europe. The NCBs are indispensable for this process: They know their countries best, they enjoy the established trust of the citizenry, and they have a dense network of formal and informal communication channels. Thus they are uniquely suited to facilitating the Eurosystem's public relations on their home turf. The NCBs are particularly well equipped to provide an efficient flow of information between the Eurosystem and national economic policymakers. A key aspect of this function are exchanges with national policymakers. Since national monetary policy has ceased to exist, and exchange rates can no longer be used to absorb the impact of disparate economic developments from country to country, other national economic policies must take over. While these policies lie outside the OeNB's scope, the Bank nevertheless feels obligated to draw national policymakers' and voters' attention to the clear need for decisive action to fully reap the potential benefits of monetary union. To this end, the OeNB has been independently publishing semiannual economic forecasts for Austria since the establishment of the Eurosystem, which has strengthened and expanded its standing at the cutting edge of economic expertise.

Stable financial market structures are a pillar of the economy and facilitate monetary policymaking. The OeNB helps create an environment for financial market stability in Austria. Only under such conditions can capital be allocated efficiently, and only then can monetary policy be implemented smoothly. The OeNB has the research tools and data to observe changes in domestic and international financial markets, to immediately identify systemic risk and to react swiftly and effectively. Quick, appropriate action requires a perspective extending beyond that of the Eurosystem. To this end the OeNB is a member of international organizations such as the Bank for International Settlements, the International Monetary Fund and the Organization for Economic Cooperation and Development, where it actively contributes to the formulation of strategies and policies. One of these institutions' prime functions is to lay the groundwork for financial market stability worldwide.

In the international realm, the OeNB has for many years positioned itself as a bridge between western economies and Central and Eastern Europe. It has been tracking these countries' economic development for years and has gained invaluable expertise in the cooperation with economies in transition; this wealth of knowledge, provided it is properly maintained, represents a highly valuable resource. As the Central European transformation economies move toward accession to the EU, the OeNB stands ready to assist negotiations between the Eurosystem and its future members.

The comprehensive institutional and functional changes for the OeNB triggered by Austria's participation in EMU prompted the OeNB to streamline and adapt its organizational structures, to introduce efficient cost management and to become a modern, service-oriented company. In recent years the OeNB has consistently implemented these steps to meet these goals.

The principles which have guided the OeNB for many years – stability, security and trust – remain just as valid in the Eurosystem. As these basic principles are embodied in EU law, the stability concept which has guided Austria's monetary policy for such a long time is equally central to the Eurosystem.

The OeNB's Role in the Eurosystem's Monetary Policymaking

The Institutional Framework of the ESCB

To help determine the euro area's monetary policy course, the OeNB needs to analyze the economic environment thoroughly. Decisions are prepared in ESCB committees and joint research projects. The demand for comprehensive statistics is strong. The Governing Council confirms the M3 reference value. In April and November 1999, as well as in February 2000, the Eurosystem modified interest rates.

Upon entry into Stage Three of EMU on January 1, 1999, the eleven countries whose NCBs belong to the Eurosystem[1]) adopted a single monetary policy, while responsibility for overall economic policy remains in the hands of each Member State under the principles defined in EU law.

The Treaty establishing the European Community (Treaty) as well as the Statute of the European System of Central Banks and of the European Central Bank (Statute of the ESCB) confer various duties on the ESCB, which are to be exercised by the ECB and NCBs.

The ESCB comprises the ECB and NCBs of the 15 Member States. Unlike the ECB and the NCBs, the ESCB has no legal personality. It is governed by the ECB's decision-making bodies – the Governing Council and the Executive Board and, as long as there are Member States which have not yet adopted the euro, the General Council.

The ECB, which is based in Frankfurt, determines the monetary policy of the euro area. The ECB and the members of its governing bodies enjoy complete institutional and financial independence under the provisions of the Treaty. The European Central Bank bears full responsibility for the operation of the system. The tasks and duties within the system are distributed according to the principle of subsidiarity. De facto, the ECB takes recourse to the NCBs to carry out operations which form part of the ESCB's tasks "to the extent deemed possible and appropriate." Monetary policy decisions, however, are taken centrally by the Governing Council. Within the ESCB, the ECB has the power to issue guidelines and instructions with which the NCBs must comply. The ECB publishes a weekly consolidated financial statement of the Eurosystem, a monthly bulletin and a quarterly report on the ESCB's activities. Moreover, it is obligated address an annual report to the competent EU bodies (the European Council, the European Parliament and the European Commission).

The Governing Council of the ECB

The main decision-making body of the ECB is the Governing Council, which is made up of the Members of the Executive Board and the Governors of the national central banks of the eleven Member States which adopted the euro on January 1, 1999. The Governing Council adopts the guidelines and takes the decisions necessary to ensure the performance of the tasks entrusted to the ESCB.

The current President of the EU Council and a representative of the European Commission may participate in meetings of the Governing Council without having the right to vote. The monetary policy "guidelines" for reaching the stipulated primary objective of price stability are contained in decisions on the ESCB's monetary policy strategy published in the fall of 1998. One cornerstone of the strategy is a quantitative definition of price stability, and the other that it assigns a prominent role to money. Thus the ECB's monetary policy strategy is based on a two-pillar

1 *See also ECB (1999). Monthly Bulletin July, pp. 55–63.*

concept. The first pillar of the strategy used to achieve price stability is a broadly based assessment of the outlook for future price developments and risks to price stability across the euro area.[1]) The second pillar, monetary growth, requires the announcement of a reference value for the growth rate of a broad monetary aggregate.

In 1999 the Governing Council decided to meet twice a month rather than once a month. In the 24 meetings held during 1999, the Governing Council made monetary and operational decisions, for example in the fields of payment systems, investment of the Eurosystem's reserve assets, and statistics. The President of the ECB regularly holds a press conference after the first Council meeting of the month. At this press conference, he reports on the ECB Governing Council's assessment of the economic situation and the outlook for price developments and explains the considerations underlying the monetary policy decisions for the euro area as a whole.

When the Governing Council of the ECB takes monetary policy decisions, every member of the Council has one vote, which is cast not on the principle of home country or home NCB representation; rather, the members act in a fully independent personal capacity, and have in mind the tasks of the ESCB and its objectives. The Governing Council acts by a simple majority, unless the decisions concern financial matters (the subscribed capital of the ECB, reserve assets, the allocation of profits and losses among Eurosystem members). In such an event, the votes of the NCB governors are weighted according to the NCBs' shares in the subscribed capital of the ECB; the weights of the votes of the members of the Executive Board are zero. The votes of the Governing Council members are confidential so as not to jeopardize members' independence, who could otherwise be exposed to the pressure of national or other interests.

The Executive Board of the ECB

The Executive Board of the ECB comprises the President, the Vice-President and four other members, who are appointed by common accord of the governments of the Member States at the level of the Heads of State or Government, on a recommendation from the EU Council (ECOFIN) after it has consulted the European Parliament and the Governing Council of the ECB.

The Executive Board implements monetary policy in accordance with the guidelines and decisions laid down by the Governing Council. In doing so, the Executive Board gives the necessary instructions to the NCBs. This enables the Eurosystem to react to changes on money and capital markets quickly and flexibly.

The General Council of the ECB

The General Council of the ECB comprises the President and Vice-President of the ECB and the governors of the NCBs of all 15 EU Member States, i.e. of both participating and nonparticipating Member States. This body contributes to topics of particular relevance for the pre-ins, namely the ERM II and payment systems issues, and advises the pre-ins on the preparations required to participate in EMU.

1 *See also ECB (1999). Monthly Bulletin January, pp. 39–50.*

The External Representation of the Eurosystem

Representation in the IMF
Since January 1, 1999, the ECB has had observer status in the IMF Executive Board. It attends all meetings dealing with the surveillance of the monetary and exchange rate policies of the euro area and the role of the euro in the international monetary system. The views of the Eurosystem are represented by the Executive Director of the country presiding over the Euro-11 group. This Executive Director is also supported by the European Commission.

Representation in the BIS
To improve the exchange of information across national borders and to state its views on economic issues, the ECB became a shareholder of the BIS in December 1999 by underwriting 3,000 of 15,000 new shares. This corresponds to 0.5% of the capital of the BIS.

Representation in the OECD
The ECB is authorized to participate in working group and committee meetings and represents the Eurosystem on matters regarding monetary policy.

Representation at G-7 Meetings
At the Helsinki summit on July 12, 1999, the ECOFIN Council agreed that the President of the ECB and the President of the Euro-11 group are entitled to attend the meetings of G-7 finance ministers whenever the world economy, multilateral surveillance and exchange rate issues are on the agenda. At these meetings, the President of the ECB represents the governors of the NCBs of the countries participating in the G-7 meetings.

Representation of the Eurosystem in Bodies of the European Union

The President of the ECB represents the Eurosystem and thus indirectly also the interests of the OeNB in European organizations. Together with the members of the Executive Board of the ECB, the ECB's President participates in regular hearings held by the European Parlament. The President is invited to attend meetings of the EU Council on issues related to the objectives and tasks of the ESCB and may also be invited to meetings of the informal Euro-11 group, which brings together the economics and finance ministers of the euro area. While the Euro-11 group, unlike the ECOFIN Council, does not have the power to enact legislation, it is nevertheless an important coordination forum for the euro area Member States. Therefore this body is instrumental in monitoring fiscal discipline in the euro area efficiently. The Economic and Financial Committee (EFC), which advises the ECOFIN Council on macroeconomic issues, comprises representatives of both the ECB and the NCBs of the ESCB, including the OeNB.

OeNB representation in international and national institutions

The OeNB forms an integral part of the Eurosystem. Under the authority of the ECB in exercising monetary policy, it is bound to follow the provisions governing the operation of the Eurosystem. The OeNB is involved in the work of the ESCB as a member of various committees. The Eurosystem maintains thirteen standing committees, which in turn have a number of working groups. The Annex to this Annual Report contains a list of national and international bodies in which the OeNB has a mandate and to which it contributes. This list extends to fora outside of the ESCB to give the reader a comprehensive insight into the activities of the OeNB. Please refer to Annex A for details on the activities of these committees and groups during the review year.

Preparing the Monetary Policy Decisions of the ECB's Governing Council

Regular analysis of macroeconomic developments provides crucial input for decision-making in the Governing Council. In-depth coverage of the euro area is complemented by data about other major economic regions, such as the U.S.A., Japan, the emerging markets and, of course, the countries seeking EU membership. A detailed account of economic developments in Austria feeds into the assessment of the conditions in the euro area, on which monetary policy decisions are based.

Statistics for Monetary Policy Analyses

Monetary policy analyses are based on a wide range of statistical material: money and banking statistics, balance of payments statistics, statistics on the international investment position, on financial accounts, prices, public finances and a host of other areas. Monetary aggregates and their counterparts are especially important, as the first pillar of the Eurosystem's monetary policy strategy centers on determining a reference value for the annual growth rate of M3. In addition, the balance sheet data of the MFI sector provide the information the NCBs need to calculate minimum reserve requirements for the respective banks.

According to Article 5.2 of the Statute of the ESCB/ECB, the collection of the statistical information the ESCB needs is to be carried out by the NCBs "to the extent possible." This approach is consistent with the principle of subsidiarity, according to which the ECB and the NCBs share responsibilities. Hence, the NCBs compile the money and banking as well as the balance of payments statistics. Other economic and financial statistics are provided by the national statistical offices and the European Commission (Eurostat, the Statistical Office of the European Communities). In drawing up the balance of payments and financial accounts statistics of the euro area, the ECB shares responsibility with Eurostat.

To harmonize and improve euro area statistics, above all interest rate and capital market statistics, statistics on financial intermediaries and derivatives, and statistics on financial accounts, the OeNB cooperates with the ECB and all other NCBs within the framework of the Statistics Committee (STC).

Last but not least, the Eurosystem requires national public finance statistics. Fiscal data about the Member States' budget performance and sources of finance command particular attention, given their repercussions for financial markets and euro area demand. Efforts are under way to improve the general economic statistics of the euro area, such as short-term economic indicators, labor market data and cost-of-labor indices.

Emphasis on Economic Analyses

To provide valuable input to the diverse ESCB fora, the OeNB's representatives must be able to present positions backed up by solid theoretical arguments and empirical evidence.

During the review year the OeNB thus continued to focus its endeavors on its contributions to economic policy bodies. This included conceptual work, the acquisition and consolidation of expertise and cooperation on research projects with a range of institutions, above all other central banks. The OeNB's analytical work on general monetary and fiscal issues, especially integration-related aspects, on the effects of foreign exchange market intervention, on the implications of various forms of electronic money, on monetary transmission, on disinflation and on central bank independence in the transition countries made great strides in the reporting period.

Economic forecasting and the assessment of the impact of economic policy measures serve to facilitate monetary policy decision-making. To this end, the Eurosystem established the Working Group on Forecasting and the Working Group on Econometric Modelling. These groups have been charged with elaborating suitable econometric models to produce forecasts and simulations for the EU-11 countries and partly also for the pre-ins. The OeNB has appointed representatives to these working groups and, in 1999, contributed semiannual economic forecasts for Austria and participated in the quarterly short-term inflation forecasting exercises.

The Monetary Policy Strategy of the Eurosystem

With effect from January 1, 1999, the Eurosystem has assumed responsibility for the single monetary policy of the euro area.[1]) The Treaty establishes the framework within which the Eurosystem conducts its monetary policy. Article 105 (1) of the Treaty stipulates that the primary objective of the Eurosystem is to maintain price stability. Without prejudice to the objective of price stability, the Eurosystem supports the general economic policies in the Community, such as a harmonious, balanced and sustainable development of economic activities, a high level of employment and sustainable and noninflationary growth, as laid down in Article 2 of the Treaty.

In line with the objectives prescribed by the Treaty, the Eurosystem is free to design its monetary policy strategy. The main elements of the stability-oriented monetary policy strategy were in place as early as in 1998.

In compliance with the Treaty, the Eurosystem has defined the maintenance of price stability over the medium term as its primary objective. The Eurosystem defines price stability as a year-on-year increase in the HICP for the euro area of below 2%. As the price level cannot be directly controlled by central banks, but is much rather the result of a complex transmission mechanism, the need for a framework arises within which monetary policy decisions are prepared, discussed and made. The Eurosystem's monetary policy strategy, which is based on two pillars, provides such a framework.

The first pillar is a prominent role for money, as signaled by the announcement of a quantitative reference value for the growth rate of a broad monetary aggregate,

1 *See also ECB (1999). Monthly Bulletin, January, pp. 39.*

M3. The important role assigned to money in the Eurosystem's monetary policy strategy derives from the fact that inflation is ultimately a monetary phenomenon. Money constitutes a nominal anchor for monetary policy in a medium- to long-term context.

The second pillar is founded on a broadly based assessment of the outlook for price developments and risks to price stability in the euro area as a whole. This assessment draws on a wide range of indicators comprising measures of real activity, price and cost indices, wages, bond prices and yield curves, fiscal policy indicators, the exchange rate as well as business and consumer surveys. The use of these variables takes account of the fact that price developments are influenced by a number of indicators in addition to money.

In December 1998, the ECB set the first reference rate for the annual growth of M3[1]) at 4½%. On December 2, 1999, the ECB confirmed this reference value on the grounds that the factors on which the first reference value had been based, i.e. the definition of price stability and the estimates for trend real GDP growth and the trend decline in M3 income velocity, had not changed.

The Eurosystem analyzes the development of monetary aggregates by comparing the three-month moving average of the twelve-month growth rate of M3 with the reference rate. The information gleaned from this analysis must always be considered in tandem with data provided through the second pillar. The concept of a reference value does not entail a commitment on the part of the Eurosystem to mechanistically correct deviations of monetary growth from the reference rate. On the basis of this strategy the Governing Council of the ECB presents its outlook for price developments and its view of the economic situation to the public and explains the resulting monetary policy decisions. An overview of the ECB's monetary policy decisions can be found below.

How Monetary Policy Interacts with Other Economic Policies

The economic policy of a country or of a community of states blends monetary, fiscal, wage, structural and other policies. The euro area's economic policy is unique in that individual policy areas are highly centralized while others are decentralized. Monetary policy decisions are taken centrally for the euro area as a whole; developments specific to a region are left out of account. The remaining aspects of European economic policy have remained within the national scope of competence, but are coordinated at the European level. For monetary policy in the euro area to be efficient, choosing the right monetary policy strategy is as important as supporting it with appropriate fiscal, wage and other policies.

From the overall economic perspective it is imperative that individual economic policies form an optimal and efficient policy mix. The following prerequisites must be fulfilled so that the various components of economic policy interact without engendering conflict:

– Monetary policy is conceived by the independent Eurosystem, which is committed to upholding the primary objective of price stability.

1 *See also ECB (1999). Monthly Bulletin, January and December.*

– Fiscal policy must conform to the provisions of the Stability and Growth Pact.
– Wage demands and wage settlements must be compatible with the objective of price stability.
– Structural policy must aim at more flexible economies capable of responding to the challenge of international competition.

The Interest Rate Policy Decisions of the Eurosystem

Prior to the start of Stage Three of EMU the eleven participating central banks lowered interest rates in a concerted action in December 1998. Thus, the interest rate applicable to the main refinancing operations stood at a uniform 3.0% on January 1, 1999.

Interest Rate Cut in April 1999

The first interest rate change by the Eurosystem took place on April 8, 1999, when the Governing Council of the ECB voted to reduce the three key interest rates. The rate applicable to fixed rate tenders was decreased from 3.0% to 2.5%, the interest rate on the deposit facility was scaled back from 2.0% to 1.5%, and the interest rate on the marginal lending facility was trimmed from 4.5% to 3.5%.[1])

At that juncture, monetary growth as analyzed within the first pillar of the Eurosystem's monetary policy strategy did not signal any upcoming inflationary pressures. The acceleration of M3 growth measured in January 1999 reversed in February, dropping from 5.8% in January to 5.2% in February.[2]) The three-month moving average of annual M3 growth in the period from December 1998 to February 1999 rose to 5.3%, which was still close to the reference value of 4.5%.

The indicators tracked within the second pillar implied a continued downside risk for inflation, which was already very low: The year-on-year HICP growth rate of the euro area was 0.7% in February 1999, virtually unchanged from the low rates of the three previous months. Spillover effects of the Asian and Russian financial crises were felt in the euro area toward the end of 1998. Business activity weakened considerably in the fourth quarter of 1998. GDP growth, which had still come to 2.6% year on year in the third quarter, lost momentum and sank to 1.9% in the fourth quarter. These data suggested that the euro area might take longer to recover from the slowdown than initially expected. This deterioration of growth prospects was reflected by the economic forecasts published by a number of international organizations: The European Commission, for instance, revised its real GDP growth forecast for 1999 downward from 2.6% to 2.2%. As overall economic changes usually feed through to consumer prices, where they have a sustained effect, the inflation outlook for the euro area was likewise revised downward. Some of the financial indicators observed under the second pillar of the monetary policy strategy, such as the bond and currency markets, reacted

1 See also ECB (1999). Monthly Bulletin, April and the introductory statement of President Wim Duisenberg at the press conference on April 8, 1999 (http://www.ecb.int).

2 The data available when the interest rate cut was decided differs marginally from the figures stated here, which have been adjusted.

strongly to international developments: The euro slipped against the U.S. dollar from the start of the year, which was ascribed chiefly to the robust U.S. economy. Yields on ten-year government bonds climbed in lockstep with U.S. bond yields in February and March.

Interest Rate Increase in November 1999

On November 4, 1999, the Eurosystem decided to raise interest rates, as the euro area had begun to recover over the summer and as the reasons for the interest rate cut in April were no longer valid. The data collected under both pillars of the monetary policy strategy suggested increasing upward risks to future price stability. Hence, the Governing Council of the ECB decided to lift the ECB's three main interest rates by 50 basis points each. The interest rate on the main refinancing operations of the Eurosystem was reestablished at 3%, the rate on the deposit facility was hiked to 2.0% and that on the marginal lending facility was increased to 4.0% with effect from November 5, 1999.[1])

The analysis of the data collected under the first pillar showed that M3 growth was on a rising trend. The three-month moving average of twelve-month M3 growth rates amounted to 5.8% from July to September 1999, roughly 1½ percentage points above the reference value defined by the Eurosystem. This gap, which had widened steadily in the course of the year, was evidence of ample liquidity in the euro area.

Turning to the second pillar of the monetary policy strategy, a number of indicators signaled that the upward risk to future price stability had gradually mounted. In September 1999, consumer prices were advancing at a rate of 1.2% year on year. As in the previous months, the rate of increase in the HICP reflected rising energy prices. The annual growth rate of the HICP was expected to quicken in the short term, as oil prices were still on the rise.

Prospects for the economy had brightened further, above all thanks to favorable international economic developments. The business and consumer surveys of the European Commission confirmed this sentiment; industrial confidence had picked up further. Long-term interest rates had been climbing since May 1999, to reach 5.5% to 5.6% at the end of October. Apart from echoing developments on international bond markets, expectations that the recovery would gain a foothold in the euro area appeared to have been instrumental for the uptrend of yields.

Interest Rate Increases at the Beginning of the Year 2000

On February 3, 2000, the Eurosystem decided to raise the three main interest rates by 25 basis points each. On March 16, 2000, all three rates were lifted again by 0.25 percentage point. The interest rate on the main refinancing operations was thus 4hiked from 3.0% to a final 3.50%, the interest rate on the deposit facility went up from 2.0% to 2.50%, and the interest rate on the marginal lending facility was boosted from 4.0% to 4.50%.[2])

M3 growth was unchanged compared to November 1999, when the latest interest rate increase had taken effect. The three-month moving average of the annual growth

1 *See also ECB (1999). Monthly Bulletin, November.*

2 *See also ECB (2000). Monthly Bulletin, February and March.*

rate remained above the reference value. At the same time, credit to the private sector expanded strongly at about 10% year on year at end-1999 and at the beginning of 2000. The fact that M3 growth persistently exceeded the reference value, and the powerful rise in lending to the private sector indicated sustained generous liquidity in the euro area.

Looking at the second pillar, the annual increase of the HICP gained momentum to 1.9% in January 2000. Higher energy prices fueled this development. With commodity and producer prices rising at a faster clip than anticipated and the euro sliding (the nominal effective exchange rate of the euro had fallen by nearly 12% since the first quarter of 1999) and thus possibly exerting upward pressure on inflation by way of higher import prices, the danger of second-round effects was imminent. Output growth in the euro area matched worldwide production growth, progressing from 1.8% in the second quarter to 2.3% in the third and 3.1% in the fourth quarter of 1999. Leading indicators such as industrial production or business and consumer surveys suggested that this uptrend would last into the beginning of the year 2000. The European Commission projected GDP growth of 3.4% for the year 2000. The ongoing uptrend of euro area interest rates at the long end was attributed primarily to the development of U.S. yields, but also to the mounting confidence in the continued revival of the euro area.

The Economy of the Euro Area in 1999

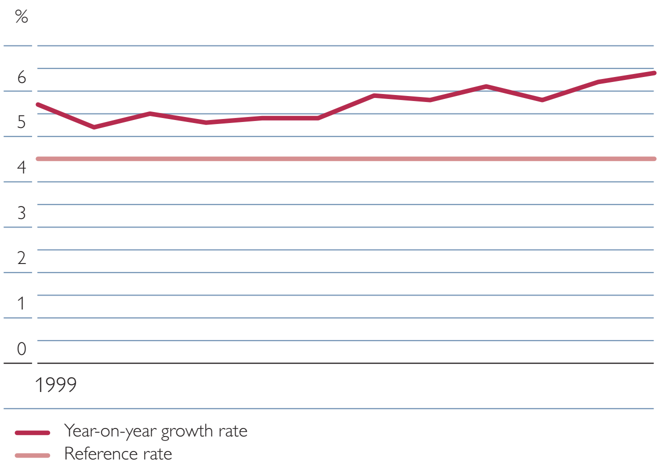
Monetary aggregate growth exceeds the reference value. Interest rates rise and the yield curve on the money and capital markets steepens. Price stability is at a high level. Economic growth firms in the second half of 1999. Growth is driven mainly by domestic demand. Joblessness recedes. The euro slips against the U.S. dollar and the Japanese yen. Budgets improve in nearly all euro area countries.

Euro Area
Monetary Developments

The annual growth rate of M3 was consistently above the 4½% reference value in 1999. During the first quarter growth averaged 5%, quickened to 5.4% in the second quarter and to 5.8% in the third quarter and was clocked at 6.0% in the final quarter. These figures should, however, be interpreted with caution: Base effects may have skewed the results. For example, as M3 expanded at a comparatively moderate pace in the last three months of 1998, the annual growth rate registered in the fourth quarter of 1999 was especially strong. Stepped-up monetary aggregate growth and the widening gap between year-on-year growth and the reference value in the second half is statistically reflected in the annual growth rate on account of the base effect. This circumstance does not, however, infer a faster increase of the monetary overhang. It is particularly difficult to interpret the robust monetary growth in 1999, as a number of special factors related to the changeover to Monetary Union may have contributed to people's tendency to hold more cash. More in-depth research will help pinpoint the factors behind M3 growth more precisely.

The changeover to Monetary Union and the modification of statistics make it rather difficult to interpret monetary aggregate growth and assess the growth trend. While monetary aggregates expanded quite heterogeneously in the individual participating Member States at the start of the year under review, the growth rates began to

M3 Growth in the Euro Area



Source: ECB.

converge toward the end of the year.

In December 1999, the Governing Council of the ECB reconfirmed the 4.5% reference value for the three-month moving average of year-on-year M3 growth in the euro area in the year 2000.

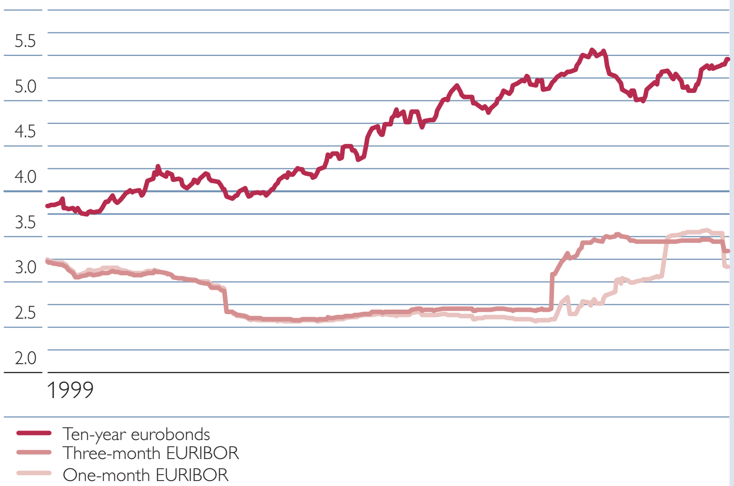
Interest Rates

The major forces shaping money market interest rates in the euro area were the monetary policy decisions of the Eurosystem and, toward the end of the year, Y2K uncertainties. With liquidity abundant and prices calm, the three-month EURIBOR rate fell from an initial 3.2% to 2.58% after the 50 basis point interest rate cut by the Eurosystem. It basically hovered around the 2.70% mark until the end of September. In early October the rate took off because the maturity of three-month contracts extended to the year 2000. Financial markets' expectations that interest rates would move up compounded this trend. Thus, financial markets practically preempted the Eurosystem's interest rate hike of November 4, 1999. In the last quarter the three-month interest rate remained fairly constant at 3.45%.

The predominant influence on money market rates was the ECB's monetary policy, whereas capital market rates primarily took their bearings from cyclical developments and interest rates on world markets. Interest rates at the long end augmented from close to 4% at the outset of 1999 to some 5½% at the end of the review year.[1]) For the most part, euro area rates mirrored their U.S. counterparts, though at a lower level and with somewhat slower growth in the first half and a bit more dynamic growth in the second half. Bond yields retreated by no less than some 50 basis points from the end of October to mid-November, evidence that the financial markets had acted on expectations of higher key interest rates in the Eurosystem after the release of M3 growth figures. Moreover, the jitters that had sent interest rates higher had been discounted. The interest rate differentials on the individual participating Member States' capital markets almost consistently stayed

Interest Rate Development in the Euro Area

Daily value in % p. a.



Source: Datastream.

1 *The year-on-year yield curve steepened progressively, and the differential between short- and long-term rates enlarged from 80 to 200 basis points.*

within a bandwidth of ±0.15 percentage point against the euro area average, with rates in France, the Netherlands and Germany at the lower and those in the other Member States at the upper edge.

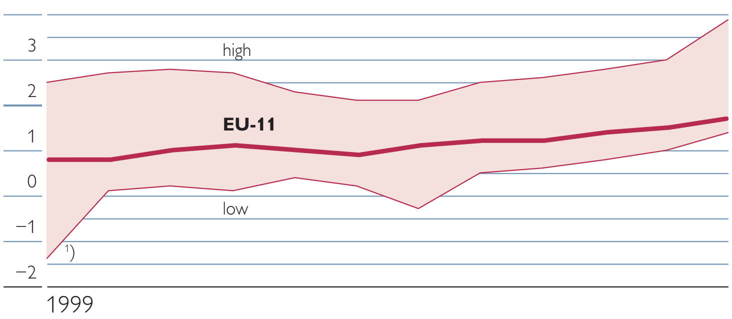
Equity Markets

During the year under review investors primed the equity markets with their optimism about the future course of the economy. Price gains in the euro area were concentrated almost exclusively in the fourth quarter. At yearend 1999 the EURO STOXX 325[1]) had rallied by around 40%, after having soared by nearly 30% the year before. The Dow Jones Index, by contrast, advanced by 25% in 1999 (1998: +16%), and the Nikkei 225 Index scored an increase of roughly 37% (1998: –9%).

Price Developments

During the review period inflation as measured by the HICP was running at an average 1.1% in the euro area, which is well below the price stability mark of the Eurosystem. From mid-1999 the rate of price increase, propelled by the cost of energy (crude oil prices nearly doubled over the course of the year) and of unprocessed food, quickened from around 1% to 1.7% in December. Averaging a rate of 1.6%, inflation in services had decelerated markedly from 2.0% in 1998. Unit labor costs mounted faster than in 1998, but were nevertheless compatible with the price stability limit. A breakdown by country indicates that annualized national inflation rates differed by as much as 2.0 percentage points, ranging from a low of 0.5% for Austria to 2.2% for Portugal and Spain and finally to 2.5% for Ireland. The heterogeneous price developments result not just from economic growth differentials, but can also be traced to structural factors like varying degrees of liberalization of services and the need for Member States with low income levels to launch modern technologies and upgrade technical standards.

HICP Increases across the Euro Area



Source: EUROSTAT.
1) Outlier: Luxembourg (rate of inflation –1.4%).

Cyclical Developments, Labor Market

The international economic and financial crises of the years 1997 and 1998 and their impact on the global economy took their toll on the euro area economy. Crumbling demand in the regions hit hardest by the crises, which caused net exports to suffer, and consumers' and businesses' sagging confidence in prospective developments, which dampened corporate and, even more so, consumer demand, combined to act as a drag on the economy in the first half (+1.7% real GDP growth compared to the year-earlier period). With the Asian economies having bottomed out and the momentum of the U.S. economy unbroken, the economy of the euro area recovered markedly in the second half with higher deliveries abroad and a surplus on trade.

1 *This index tracks 325 leading enterprises listed on euro area stock exchanges.*

The business surveys of the European Commission document a steady pickup in industrial confidence from March 1999, whereas consumer sentiment did not improve until October. Rather stable domestic demand and, from mid-1999, enhanced foreign demand pushed real GDP growth to 2.2% for the year as a whole. While this outcome does not measure up to the +2.7% growth logged in 1998, it nevertheless proved the recessionary fears of the beginning of the year unfounded.

One obstacle to growth, namely fluctuations between the exchange rates of the individual EU Member States, no longer applied to the euro area under the single currency. Over the course of the year the nominal effective depreciation of the euro stimulated economic growth, as did interest rates, which were particularly low in the first half of 1999.

Output growth in the euro area economies was not uniform across countries, for one thing because the financial market turmoil impacted each country differently. Ireland, Luxembourg and Spain outperformed the other countries with real GDP growth rates of approximately 8%, 5%, and 4%, respectively; at under 1.5%, Italy and Germany stood at the other end of the spectrum.

Turning to labor market developments, total employment expanded by around 1.5% and the unemployment rate eased further to 10.0% (1998: 10.9%) despite the temporary lull in economic growth. For the first time in seven years the jobless rate dipped below the 10% mark in September. Higher employment was carried above all by gains in part-time work.

Exchange Rate, Balance of Payments

The marked appreciation of the U.S. dollar by about 17% and the even more powerful 30% gain of the Japanese yen against the euro took center stage in the year under review. The yen's strength and the hefty advances of Japanese equities reflect the country's gradual emergence from recession. Throughout the reporting period the negative growth and interest rate differential vis-à-vis the U.S.A., which expanded in particular in the first half of 1999, weighed on the euro's exchange rate against the U.S. dollar. Over the first six months the euro's external value slipped gradually from 1.17 USD/EUR to 1.01 USD/EUR. Exchange rate movements in the second half were very volatile. Toward the end of the year the reference rate announced by the ECB was close to parity with the U.S. dollar. The euro's depreciation against the U.S. dollar can be ascribed not only to cyclical developments, but also to financial markets' perception that the euro area commodity and factor markets had not made enough progress in attaining flexibility. High macroeconomic stability offers an environment conducive to such structural reforms.

Fairly soft economic growth in the euro area compared to that of the United States and to that of the previous year and the nominal effective depreciation of the euro suggested a higher surplus on current account in the euro area. However, the rise in crude oil prices and the billing of energy imports in U.S. dollars, among other factors, caused the euro area current account surplus to shrink from 1.4% of GDP in 1998 to 0.9% in 1999 (see also box "The Euro Area's Balance of Payments").

The Euro Area's Balance of Payments

The balance of payments of the euro area is compiled by aggregating the cross-border transactions of residents with the rest of the world reported by the eleven participating Member States. Transactions among euro area residents are not taken into account. In the statistics, EU institutions (except the ECB) are treated as nonresidents.

In 1999, the euro area current account closed with a surplus of EUR 43.2 billion. In a breakdown, deliveries of commodities abroad substantially exceeded imports of goods, whereas service imports were marginally above service exports. Income and current transfers posted shortfalls of EUR 7.3 billion and EUR 42.8 billion, respectively.

The euro area's financial account showed net long-term capital exports and short-term capital imports. The euro area's outward FDI again outweighed inward FDI by a wide margin (−EUR 212.5 billion compared to EUR 65.2 billion), and outgoing portfolio investment surpassed portfolio investment in the euro area (−EUR 280.5 billion against EUR 259.2 billion). The subcategory money market paper, however, displayed inflows of EUR 82.4 billion against outflows of −EUR 10.0 billion. Net short-term capital imports under the heading of "other investment" can be attributed mainly to transactions by MFIs. The euro area's reserve assets recorded outflows of EUR 13.4 billion on balance.

The introduction of a single currency made it necessary to redefine the content of reserve assets for the Eurosystem. As of the start of Stage Three of EMU the NCBs' and the ECB's reserve assets comprise gold, Special Drawing Rights and the NCBs' reserve positions in the IMF as well as non-euro claims on residents outside the euro area.

This reclassification entails an important change for the financial account: claims denominated in euros and claims held on euro area residents, which had formerly qualified as reserve assets, are now contained in the subaccounts "portfolio investment" and "other investment." The monetary authorities thus represent a larger share of these categories than prior to 1999.

General Government Fiscal Position

The euro area's public sector deficit diminished from 2.0% of GDP in 1998 to 1.5% in the year under review. While this aggregate outcome undershoots the targets of the euro area's stability programs, which had aimed at a deficit ratio of 1.8%, the improvement is based mainly on lower interest payments. In the face of an uneven economic performance, labor market conditions were stable and budget receipts surpassed expectations. The euro area's deficit ratio sank marginally when ESA95 was introduced to calculate national accounts. Most countries failed to take structural measures to shore up their budgets in the reporting year. With the interest burden having eased, gross debt edged up from 73.3% in 1998 to 73.7% of GDP in 1999 following the switch to the ESA95 methodology.

Non-Euro Area Member States

Economic growth diverges in the pre-ins. Price stability is at a high level, and Greece succeeds in taming inflation further. The exchange rate of the Danish krone remains stable against the euro. The Greek drachme was revalued. Both the Swedish krona and the pound sterling appreciated against the euro.

The economies of the other EU countries moved along divergent paths in 1999. Denmark and the United Kingdom reported more sluggish growth than the euro area average, whereas Greece and Sweden outperformed the EU-11. In fact, in Sweden real GDP growth even speeded up by comparison to growth in the other pre-in countries and the participating Member States.

Over the course of the year Greece came closer to attaining price stability, with annual inflation contracting from 4.5% in 1998 to 2.3% in the period examined. The other three countries' inflation rates as gauged by the HICP were consistent with price stability.

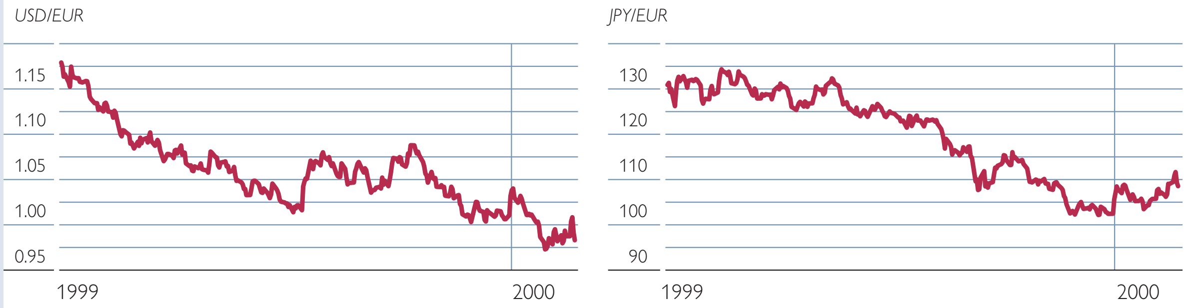
In the first half, the Bank of England lowered its repo rate four times from 6.25% at the outset to 5.0% in mid-1999; from the beginning of September two interest rate boosts brought the repo rate to 5.50% at the close of the year. Danmarks Nationalbank trimmed its key interest rates in a series of five steps, from 3.95% to 2.85%, and in sync with the Eurosystem raised them to 3.30% in early November. Two cuts brought Sveriges Riksbank's repo rate from 3.40% down to 2.90% in the first quarter, moves which were largely canceled out by the interest rate hike to 3.25% in mid-November. The Bank of Greece clipped its fixed tender rate from an initial 12.25% to 10.74% in three steps.

Denmark's and Greece's interest rate policies were geared toward keeping their exchange rates steady within ERM II of the European Monetary System. Inflationary targeting determined the interest rate policies of the United Kingdom and Sweden. This difference in exchange rate strategies explains why the monetary authorities of Sweden and the United Kingdom tolerated the appreciation of the Swedish krona and the pound sterling against the euro by some 10% and 14%, respectively, while Danmarks Nationalbank and the Bank of Greece followed an explicit intermediary target of exchange rate stability. The Danish krone thus remained stable within the announced narrow band of ±2.25% around the euro central rate, and the Greek drachme, observing a fluctuation band of ±15%, also traded at a fairly steady 8% above its central parity. Mid-January 2000 the central rate of the Greek drachme was revalued by 3.5% to bring it in line with the market rate (new central rate: 340.750 GRD/EUR).

For almost the entire year all pre-in countries but Greece registered positive long-term interest rate differentials against the euro area of below 0.2 percentage point to 0.3 percentage point. Greece's differential narrowed from roughly 2½ percentage points at the start of the year to about 1 percentage point near year-end, documenting the financial markets' expectation that Greece would join the euro area. Money market rates (the three-month interest rate) kept within the 9% to 11% range, reflecting the orientation toward exchange rate and price stability. Denmark's and Sweden's term structures largely mirrored euro area developments, while Greece's yield curve was strongly inverted and that of the U.K. was somewhat inverted.

In 1999, Denmark, Sweden and the United Kingdom reaped budget surpluses; Greece's deficit ratio came to 1.5%.

The Exchange Rate of the Euro against the U.S. Dollar and the Japanese Yen



Source: OeNB.

Structural Indicators

		EU-11	EU-15	U.S.A.	Japan
1998 population figures	*million*	291	375	270	126
Economic performance in 1999					
Nominal GDP	*EUR billion*	6,108.0	7,960.0	8,683.0	4,146.0
Real GDP growth	%	+ 2.2	+ 2.2	+ 4.1	+ 1.3
GDP	*% of world GDP*	15.8	20.3	21.9	7.6
Unemployment rate	*% of labor force*	10.0	9.2	4.2	4.7
Inflation rate (HICP; U.S.A., Japan: CPI)	%	+ 1.1	+ 1.2	+ 2.2	– 0.3
Economic sectors in 1996[1])					
Agriculture, forestry and fishery	*% of GDP*	2.7	2.7	1.7	1.8
Industry (including construction)	*% of GDP*	29.1	29.0	25.5	36.3
Services	*% of GDP*	68.2	68.3	72.8	61.9
External sector in 1999					
Exports of goods and services	*% of GDP*	17.5	. .	11.8	13.6
Imports of goods and services	*% of GDP*	15.6	. .	15.5	11.1
Current account	*% of GDP*	+ 0.9	+ 1.0	– 3.5	+ 3.0
Budget in 1999					
Expenditure, total (U.S.A.: 1998)	*% of GDP*	49.8	47.7	32.4	38.6
Receipts, total (U.S.A.: 1998)	*% of GDP*	48.3	46.1	32.4	30.5
Surplus/deficit	*% of GDP*	– 1.5	– 1.0	+ 1.7	– 8.2
Gross debt	*% of GDP*	73.7	67.4	59.3	105.4
Financial markets in 1999					
Short-term interest rates	%	2.96	. .	5.41	0.28
Long-term interest rates	%	4.66	4.73	5.64	1.76
M3 growth	%	+ 5.7	+ 9.4	+ 8.4	+ 2.8
Debt securities (end-June 1999)	*ECU billion*	5,422.7	. .	14,140.8	5,061.1
	% of GDP	88.8	. .	164.6	126.5
Market capitalization (end-October 1999)	*ECU billion*	4,346	. .	13,861.1	6,275.8
Bank deposits (end-June 1999)	*ECU billion*	4,752.2	. .	4,742.8	4,467.5
	% of GDP	77.8	. .	55.2	111.7

Source: Eurostat, ECB, IMF, OECD, OeNB.
[1]) EU-11 and EU-15: excluding Austria, Ireland and Luxembourg.

U.S.A, Japan, Emerging Markets in Asia and Latin America

U.S.A.

The boom in the U.S.A. continues, Japan's recovery remains unsteady. The Asian crisis countries rebound faster than expected, but growth stagnates in Latin America.

With real GDP surging by 4.1% in 1999, the U.S. economy remained a powerhouse. Growth was fueled by domestic consumer demand, the excellent performance of the labor market, the abundance of wealth set free by a thriving capital market and brisk plant and equipment outlays.

The U.S. Department of Commerce comprehensively revised the methodology for calculating U.S. GDP. The most significant adjustment was the expansion of investment to include, e.g., the purchase of computer software. Using the new methodology, data were back calculated 40 years. Revised real GDP growth came to 4.3% for 1997 and 4.5% for 1998 compared to 3.9% in both years under the old methodology. Average GDP growth throughout the eight-year upswing was revised upward from 3.1% to 3.5%. Innovation has always been key to the U.S. economy, as reflected by the current expansion, which is fueled by computers and information technology, much as the railroad or the motor vehicle industry had propelled U.S. recoveries in the past.

The new data also show that in the "new economy" productivity rises faster: Productivity gains had run to 1.4% to 1.6% a year in the 1970s and 1980s, to accelerate to an average 2.6% per annum from 1996 according to the revised methodology (as against an unrevised 1.9%). In 1998 and 1999 productivity growth even quickened to 2.75% each.

These adjustments bear out those economists who had asserted for some time that additional technology-based productivity gains had not simply been a temporary phenomenon, but were indeed permanent, and that the growth potential was higher than previously assumed (see box: The New Economy – Fact or Fiction?).[1])

The labor market also developed favorably, with unemployment running at an average of 4.2% a year in 1999, the lowest value in three decades, and employment continuing to widen. Annual inflation ran to just 2.2% even though energy prices had risen in the second half of the year.

The U.S. Federal Reserve System's policymaking body, the Federal Open Market Committee (FOMC), raised the target rate for federal funds in three steps by a total of 0.75 percentage point to a final 5.5%, reversing the three interest rate cuts made in fall 1998 to cushion the effects of the financial market crises. The Fed cited the very robust economic growth coupled with the continued tightness on the labor market, and the resulting risk of inflation heating up, as its motive for hiking interest rates. Following the series of rate increases, the FOMC switched to a neutral monetary stance, which it retained until the end of the year. When the FOMC convened its first meeting in the year 2000, on February 1 and 2, it moved to increase the federal funds rate and the discount rate by 25 basis points each. In this way the U.S. central bank signaled its belief that some inflationary risk was given, but that a gradualist approach could keep inflation under control.

1 *See also Herzenberg, S. (1998). New Rules for a New Economy; Employment and Opportunity in Postindustrial America, New York: Cornell University Press. Wadhani, S. B. (1999). The US Stock Market and the Global Economic Crisis. London: London School of Economics.*

The New Economy – Fact or Fiction?

Will the unusually long expansion in the United States end with a soft landing or must it be followed by recession? More and more economists are becoming convinced that the economy has undergone a positive structural change. This fundamental change draws on technological innovation (IT), dynamic financial intermediation and a healthy business sector, flexible capital and labor markets, a stability-oriented economic policy and greater willingness to take risks (e.g. to found an enterprise or invest in venture capital funds). The "shareholder value" debate of the 1980s ultimately gave stakeholders a greater say in corporate policy, which propelled structural reform among U.S. enterprises and heightened competition.

The U.S. economy's long-term production potential recovered perceptibly and returned to the level of the mid-1970s.

The current expansion has not exhibited any clear signs of inflationary pressure, unlike in the 1960s and 1980s, when inflationary pressure had mounted because the economy failed to satisfy growing demand.

The proponents of the "new paradigm" theory consider the low inflationary pressure proof that the current economic growth rate is sustainable because it is rooted in structural change. For others, painting too optimistic a picture is risky: The boom and bust cycles of the past hold lessons which must not be disregarded.

The extent of structural change appears to warrant pegging 3.5% as the rate for potential output at full capacity utilization. The current growth rate of around 4% per year has already led to growing imbalances, such as a widening shortfall on current account, burgeoning private sector debt, a tight labor market and skyhigh stock prices reflecting investors' conviction that the economy will continue to expand with no end in sight.

A look at economic history shows that technological innovations cannot ward off cyclical developments or financial troubles. Electrification during the 1920s, which changed the U.S. economy's fundamentals, is a case in point. In spite of this lasting structural change the U.S. economy was hit by the worst financial crisis ever at the end of the decade.

The low rate of price increase in the United States (inflation is currently lower than when the expansion was sparked off at the beginning of the 1990s) is considered a symbol of the U.S. economy's vigor and the crucial element of this lengthy expansion. Thus, monetary policy has played a leading role in sustaining the expansion. In 1994, restrictive monetary policy action laid the groundwork for a long-lasting upturn and for the extraordinary pace of growth from 1995.

Although since 1990 annual investment in plant and equipment had been augmenting twice as fast as in the preceding 30 years, productivity did not outperform year-earlier results noticeably until 1996. Productivity gains accounted for two thirds of the increment in growth, the remaining third was attributable to the enlarged labor pool. The expansion of the labor force helped keep real wage increases low in the past years.

The U.S. budget closed with a surplus of USD 123 billion (1.4% of GDP) at the end of the fiscal year (September 30, 1999). This outcome reflects fiscal prudence during the upswing. The budget proposed for the fiscal year 2000 envisages a rise in the surplus to ATS 176 billion.

The U.S. economy could come under pressure from several sides. Above all, a hefty correction could rock the equity market. The odds that the negative income effect of such a development could cause private consumption to contract sharply are large, especially considering that the savings ratio is shrinking rapidly. The already high and still rising current account deficit, which jumped from 2.6% of GDP in 1998 to 3.5% of GDP (USD 300 billion) in 1999, represents another risk. The marked deterioration of the current account can be pinpointed primarily to the cyclical disparity between the U.S.A. and its trade partners, Europe and Japan. The U.S.A. aims at shoring up the current account deficit in the medium term, once demand stabilizes worldwide. Stepped-up economic growth, above all in Europe, and a revival in Japan should reverse safe-haven capital flows into the United States, taking the pressure off the strong U.S. dollar and thus helping to scale back the deficit on current account.

Japan

Japan was not yet able to shake off the three-year recession besetting its economy during the review period. IMF estimates show Japanese real GDP to have grown 1.0% in the calendar year 1999, with the rise attributable to a comprehensive set of measures enacted to stimulate the economy. The Japanese government estimates GDP growth to have come to 0.6% during the fiscal year ended March 2000. With consumption decreasing thoughout the year, the hopes of a recovery bolstered by domestic forces could not be fulfilled. The government's plan to spur sluggish private consumption by issuing spending vouchers failed. Consumers used only a third of the USD 6 billion plowed into the program to make additional purchases and saved the rest. Worries about pensions represented a further drag on consumption. Pensioners, uncertain about economic prospects, set aside part of their pensions as savings, which exacerbated the imbalance between the rising savings ratio and falling investment.

Restructuring of large corporations pushed the unemployment rate from 4.1% in 1998 to 4.7% in the reporting year.

Consumer prices diminished by an annual average of 0.3% year on year in 1999 (1998: +0.7%).

The Bank of Japan's Monetary Policy Board moved to ease money market conditions in February 1999 and subsequently supported a drop in the overnight rate to around 0.1%. The discount rate was kept at 0.5% from September 1995.

The Japanese yen fluctuated sharply against the euro and the U.S. dollar in the course of 1999. As instructed by the Ministry of Finance, from June 1999 the Bank of Japan (BoJ) intervened repeatedly in the foreign exchange market to bring the yen's exchange rate against the U.S. dollar down. Nevertheless the Japanese currency appreciated against both the U.S. dollar and the euro. Mid-February 1999 the euro peaked at 134.4 JPY/EUR and on December 22 the euro fell to an annual low against the yen at 102.5 JPY/EUR. At their January 2000 meeting in Tokio, the G-7 did not agree on concerted action to keep the rising Japanese yen in check.

In the current fiscal year ending March 2000, the budget deficit is envisaged to climb to 9.2% of GDP. Thus Japan still posts the highest deficit ratio of all large industrial nations. Moreover, government debt has doubled to 105.4% of GDP since the beginning of the 1990s.

Banking sector stabilization efforts made headway in the year under review. However, the extension of the unlimited state guarantees for bank deposits by another year and delays in implementing structural reform in the corporate sector must be viewed in a critical light. Moreover, corporate and tax law must be brought in line with international standards to enhance Japanese businesses' competitiveness.

The Emerging Markets in Asia and Latin America

The environment in the Asian markets which had been hit by crisis improved following a contraction of real GDP by 10% in 1998. For example, according to IMF estimates the four ASEAN countries Indonesia, Malaysia, the Philippines and Thailand scored 1½% real GDP growth in 1999. Compared to 1998, current account surpluses diminished, however, as exchange rates stabilized at a higher level and as import demand revived. South Korea, where GDP growth soared to 9½%, and Thailand were the best performers of the region. In South Korea, though, the debt contracted by the ailing chaebol, the country's conglomerates, places a heavy burden on much of the financial sector. The recession in Indonesia has at least lost its severity; while real GDP had plummeted 13.7% in 1998, it contracted by just 0.8% in the reporting period. Inflation also eased from 60% in 1998 to 22%.

The financial systems of the region have stabilized since the financial turmoil in Southeast Asia ended. With risk premia declining, the emerging markets have started to issue a greater volume of government bonds. Lower risk premia reflect better ratings and renewed investor confidence.

In its latest report on international capital markets, the IMF cautions against interpreting the rapid recovery of capital inflows and the resurgence of business on capital markets as a sign that the weak banking systems have already shaped up. Although some governments in the region committed substantial public resources to restructuring banking systems, banks are still a long way from sound lending practices.

In Latin America, which had not escaped the turmoil on international financial markets unscathed, real economic growth stagnated in 1999. With the exception of Mexico, which was pulled along by the robust performance of the U.S. economy, the terms of trade deteriorated sharply in all important countries in the region, and capital inflows slowed perceptibly. Consequently, the Latin American economies slumped. On the bright side, current account deficits melted and inflation diminished. The drop in inflation allowed high domestic interest rates to be rolled back, preparing the ground for a recovery. Stepped-up international economic growth should put commodity prices on an uptrend. Furthermore, investors should flock back to the emerging markets once favorable framework conditions have been restored.

The data of cyclical developments after the third quarter indicate that Latin American countries are likely to overcome the crisis faster than expected, as was the case in the Asian crisis economies.

Brazil managed to steer clear of a sharp contraction in 1999 after it been forced to devalue the real in January 1999. The effect of the devaluation on inflation remained muted; prices did not accelerate into the double-digit range. The introduction of an inflation target in the second half of the year helped push down interest rates. All remaining capital restrictions are to be lifted gradually and in concert with fiscal reform measures in the year 2000.

A recovery in Brazil should have positive spillover effects for neighboring Argentina, whose economy had suffered a downturn from 1997 to the summer of 1999.

Central and Eastern Europe, the Russian Federation

The progressive integration of the Central and Eastern European countries (CEECs) into the world economy and their advancement on the path toward transformation is becoming an increasingly important determinant for Austria's economy (for a more detailed presentation, see the chapter entitled "The OeNB as a Bridge between East and West")[1])

1 *See also OeNB (1999). Focus on Transition 2/1999, January 2000.*

Implementation of the Eurosystem's Monetary Policy

Monetary Policy Instruments

The OeNB maintains a smooth flow of bank liquidity through its biweekly fixed rate tender. A new reserve asset management system is introduced. The price of gold stabilizes after the central bank agreement. TARGET records an accelerating transaction volume. The production of euro banknotes and coins begins.

As an integral part of the Eurosystem, the OeNB is responsible for the implementation of the operational aspects of monetary policy in Austria. The Eurosystem uses a comprehensive set of monetary policy instruments to manage liquidity.[1])

Throughout the first year of monetary union, the provision of liquidity to Austria's commercial banks worked smoothly and efficiently. The credit institutions had already become familiar with the present form of the main refinancing instrument, the biweekly tender, in Stage Two of EMU. The levels of eligible assets were comfortably high. Correspondingly, Austrian banks attained a high allotment ratio, which allowed them to easily satisfy their demands for the liquidity needed to fulfill the minimum reserve requirements. Austria's share of reserve requirements in the euro area amounts to 3.5%; the reserve holdings stood at 2% of the relevant liability base throughout 1999. As foreseen, the minimum reserve requirement augmented by some EUR 300 million from EUR 3.3 billion in December 1998 (when the first base data for the ESCB's minimum reserve requirement were recorded) to EUR 3.6 billion in December 1999. Minimum reserve holdings are remunerated on the basis of the ESCB's average biweekly tender rate. In the maintenance period starting March 24 and ending April 23, 1999, the interest rate cut on April 8 resulted in a mixed rate of 2.84%, and the interest rate hike on November 4 led to a mixed rate of 2.73% in the October 24 to November 23 maintenance period.

After a short warming-up period, the efficiency of liquidity circulation in the euro money market, which depends largely on the TARGET payment system, improved consistently.

As of the start of Stage Three of EMU, all the OeNB's refinancing operations with commercial banks are performed on the basis of the pooling system. This implies that transactions are no longer carried out in the form of repurchase agreements without an obligation to return the securities, but instead are implemented through collateralized loans. Consequently, securities no longer need to be individually assigned to specific refinancing transactions, and outstanding transactions can be executed with just an overall limit imposed on the counterparty's custody account.

Whereas uncertainties prompted banks to rely quite strongly on the standing facilities – the marginal lending facility and the deposit facility – at the beginning of the year, credit institutions soon began to take very little recourse to these facilities. This implies that the ESCB's regular refinancing operations covered the demand for base money very well in 1999.

The ECB did not have to carry out a single fine-tuning operation in 1999. By providing ample liquidity, the ESCB successfully kept the EONIA at a level close to the biweekly tender rate. Between January 4 and April 7, 1999, as well as after mid-November, the ESCB's main refinancing operations were conducted at a fixed rate of 3%,

1 *See ECB (1998). The single monetary policy in Stage Three, September.*

while in the period mid-April to the beginning of November the fixed rate stood at 2.5% following the ECB's interest rate cuts in April.

The current allotment system, in which a fixed rate tender is used as the main refinancing instrument, has proven very effective in clearly signaling the ECB's monetary policy course. This clarity is especially important during a currency's infancy. This method enabled Austria's banks to fully satisfy their liquidity demands.

As of January 1, 1999, eligible assets were divided into tier one and tier two assets.[1]) While the first group is largely equivalent to the category previously defined as eligible as collateral for so-called lombard loans in Austria, tier two assets, above all banks' claims against financially sound companies with a maturity of up to two years, are only being developed. In 1999, tier two assets changed as follows:

	EUR million
March 1999	275.5
June 1999	182.8
September 1999	153.9
December 1999	172.4

The ECB expects to assess all tier two assets in the first half of 2000. In the course of the discussions on tier two assets in 1999, a set of guidelines and benchmarks for in-house risk assessment was drafted; these guidelines now pend approval by the ECB. The draft represents an important step in the efforts to harmonize the procedures for the approval of banks' in-house risk assessment models by banking supervision authorities.

Reserve Asset Management

One of the OeNB's core functions in the implementation of monetary policy is to administer foreign reserve assets. Since the transfer of a portion of reserve assets from the NCBs to the ECB in January 1999, reserve asset management has covered two distinct areas: the ECB's foreign reserves and reserves owned by the NCBs.[2])

Pursuant to Article 31.2 of the Statute of the ESCB, all other operations in reserve assets remaining with the NCBs after the required transfers and Members States' transactions with their foreign exchange working balances, above a certain limit to be established within the framework of Article 31.3, are subject to approval by the ECB. Within this framework, which is designed to ensure consistency with the exchange rate and monetary policies of the ESCB, the NCBs are autonomous in their reserve asset management.

Upon entry into Stage Three of EMU, NCBs' foreign reserves denominated in the currencies of the countries participating in Stage Three of EMU became domestic assets.

Experience with the new environment for reserve management has shown, so far, that the current framework is flexible enough to ensure a smooth implementation.

The OeNB's reserve management activities are facilitated by its Representative Offices in New York and London; the latter was officially

1 *See ECB (1998). The single monetary policy in Stage Three, September.*

2 *See ECB (2000). Monthly Bulletin, January, pages 51 to 57.*

opened in October 1999. In establishing an office in London, the OeNB follows the example of several central banks within and outside of the ESCB which have also set up representative offices there. The Representative Office in London will allow the OeNB to keep close track of current market developments; such information is particularly valuable for the management of the Bank's securities and gold and foreign exchange assets. Furthermore, the OeNB will be on the pulse of the latest trends in risk management instruments.

Central Bank Gold Agreement

When gold prices tumbled, from some USD 290 per ounce at the beginning of 1999 to just over USD 250 per ounce in August 1999, the NCBs of the Eurosystem, the ECB, the Bank of England, Sveriges Riksbank and Schweizerische Nationalbank reacted by issuing a joint statement to help stabilize the price of gold.

On September 26, 1999, the central banks announced in their statement that total sales of gold over the next five years would not exceed 2,000 tons, i.e. annual sales would not exceed approximately 400 tons.

The statement also underscored that gold would remain an important element of global monetary reserves. The signatories furthermore agreed not to expand their gold leasings and their use of gold futures and options.

The immediate impact of the statement was impressive. The price of gold rose to some USD 330 per ounce in September 1999 and stabilized at around USD 280 per ounce toward the end of the year.

De Nederlandsche Bank announced on December 6, 1999, that it intended to sell a total of 300 tons of gold, 100 tons of which are to be sold in the first year. The selling will be conducted by the BIS.

Payment Systems

ARTIS/TARGET

The design of a single European currency implied the ability to perform money market transactions not just within national borders, but throughout the new monetary area. The central banks making up the European System of Central Banks thus faced the challenge of providing payment systems which, in compliance with the Lamfalussy standards, guarantee smooth netting and settlement of national balances.

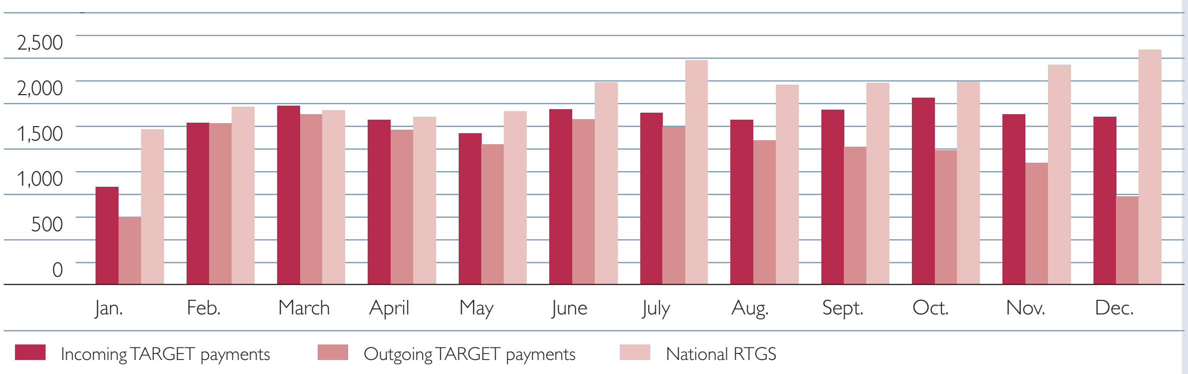
By launching the national RTGS[1]) system ARTIS[2]) in 1998, the OeNB enabled all domestic banks to participate in the European payment system TARGET[3]), which interconnects the national RTGS systems of the 15 NCBs of the ESCB and the ECB system components.

TARGET has proven highly attractive to banks for a number of reasons:

– The ESCB central banks, which are also in charge of managing the liquidity situation, are particularly reliable system providers.
– TARGET transactions are effected on the principle of settlement finality, i.e. once pay-

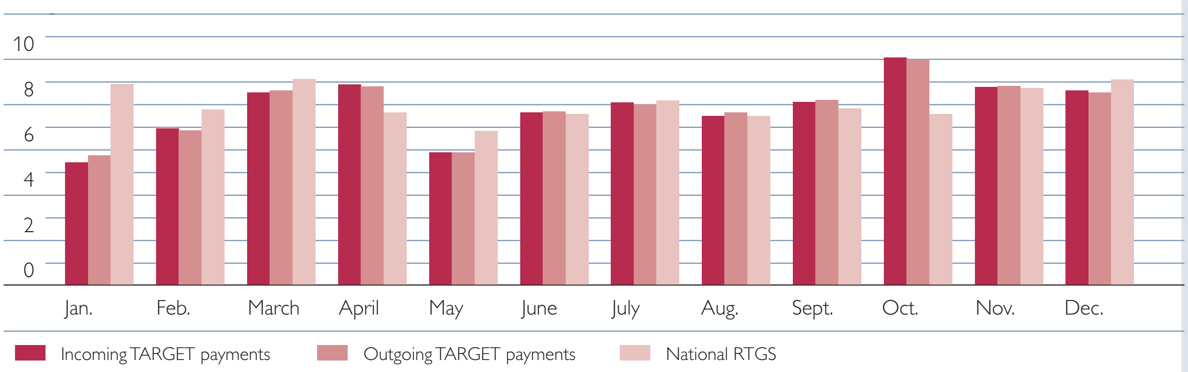
1 *Real-Time Gross Settlement.*
2 *Austrian Real-Time Interbank Settlement, the Austrian RTGS system.*
3 *Trans-European Automated Real-time Gross settlement Express Transfer.*

Volume of Payments (Daily Averages) Processed by ARTIS/TARGET in 1999



Source: OeNB.

Value of Payments (Daily Averages) Processed by ARTIS/TARGET in 1999



Source: OeNB.

ments have been received, they are irrevocable.

– Owing to the swiftness of a real-time system, payments are credited to the account of the receiving beneficiary within minutes of debiting the account of the sending participant.

These practical features lie at the heart of the increase in the number of TARGET participants (see charts).

At present 76 institutions participate in ARTIS. Of the options offered by the OeNB for routing payments to ARTIS, 43 banks have chosen to access the RTGS system via APSS[1]) and EBK[2]), 12 banks have opted for a S.W.I.F.T.[3]) connection and 21 banks use both modes of access.

On July 15, 1999, the Governing Council of the ECB agreed on the TARGET operating days for 2000. In addition to Saturdays and Sundays, TARGET closes on January 1 and December 25, as well as on Good Friday, Easter Monday, May 1 and December 26. On the latter four dates, national RTGS systems may choose to support limited domestic payment activity.

Within the framework of the ESCB, liquidity is exclusively provided via the respective RTGS systems. Given the high degree of security the RTGS systems offer, banks in the ESCB primarily use

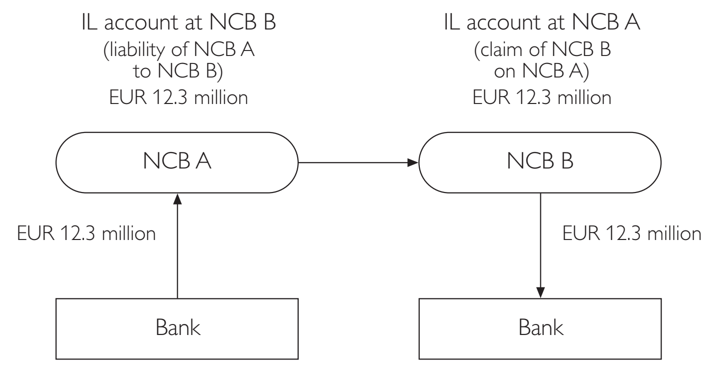
1 *Austrian Payments System Services.*

2 *Electronic Banking Communications system.*

3 *Society for Worldwide Interbank Financial Telecommunication.*

these systems, as well as TARGET as the common link, to effect treasury transactions. Moreover, services, trade and capital transactions are settled via TARGET.

Other payment systems, such as the EBA[1]) Clearing System, which processes retail payments, usually build up large balances by the close of business, which are also settled in TARGET.



Central bank funds transferred via TARGET result in positive or negative balances on the inter-NCB accounts, also referred to as Interlinking (IL) accounts. The illustration shows how TARGET balances come about.

When three or more NCBs build up bilateral balances in a chain-like fashion (e.g. A owes B, B owes C, C owes D, and D owes A a different balance each), multilateral triangulations may be used. Such operations have the objective to reduce imbalances on inter-NCB accounts. As they merely lead to reductions in the bilateral balances, they have no impact at all on the liquidity situation of a country or on the overall position it holds vis-à-vis the ESCB. The tender rate applies to both positive and negative TARGET balances. The interest an NCB pays on liquidity received from another NCB via TARGET equals the interest applicable to central bank money tendered by the NCB itself.

S.W.I.F.T. Connection

The ARTIS 99 upgrade released in September 1999 reflects significant functional enhancements to the S.W.I.F.T. connection, which was first implemented in January 1999. In line with customer requirements, the features include service messages (e.g. account balance inquiries) in addition to the processing of payment orders. ARTIS participants are also free to choose the medium via which payment transfers are to be routed through to the accountholding institution of the receiving beneficiary. The number of messages sent in 1999 increased twelvefold to roughly one million year on year.

TARGET User Group

The TARGET User Group (TUG), which was set up by the OeNB in January 1999, serves as a forum in which the OeNB and Austrian credit institutions may exchange information. TUG members consist of experts in Austrian domestic and cross-border payment systems, who use ARTIS/TARGET and, together with the OeNB, explore ways of improving the system.

Liaisoning with Banks

A paper examining relevant developments and implications for retail payments in Austria, "Relevante Entwicklungen und abgeleitete Thesen für den österreichischen Massenzahlungsverkehr," drew on the expertise of Austrian and foreign commercial banks in investigating the impact of international developments on Austria's financial market.

1 *Euro Banking Association.*

Under the auspices of the APSS working group on message types, Austrian banks and the OeNB have been committed to defining and specifying message formats for the EBK system. Through the APSS coordination committee, the banks and the OeNB take joint decisions and monitor the progress of the individual projects.

Cash Services

Safeguarding the quality of the banknotes and coins in circulation ranks among the core competences of the OeNB. To bolster the public's confidence in the counterfeit proofness of the Austrian schilling and, shortly, the euro, the OeNB applies stringent verification procedures. Cross-border spillover effects (e.g. the threat of widespread counterfeiting) could gain importance with the rollout of euro cash. To ensure that only fit and genuine money is in circulation, central banks need to confront such issues in a proactive manner. The OeNB has taken adequate measures in this respect and has established the necessary infrastructure. For details, refer to section "The OeNB – A Modern Enterprise."

Currency

Providing Austria's businesses and households with currency remains a key task of the OeNB. The OeBS[1]) phased out the production of schilling banknotes in January 2000; the OeNB will discontinue issuing schilling notes and coins[2]) as legal tender by the end of 2001. The production of euro banknotes commenced in October 1999. To meet Austria's initial demand, the OeBS is printing about 340 million euro bills (weighing roughly 350 tons), and the Münze Österreich AG is minting 1.5 billion euro and cent coins (weighing some 7,500 tons).

Foreign Currency Exchange

The service counters, which the OeNB set up in the cashier's division of its head office and at its branch offices (except St. Pölten) to enable customers – until the street debut of euro notes and coins – to exchange foreign currency (of euro area Member States) of up to EUR 3,000 into schilling free of charge at the fixed exchange rate, were well received by the public. The establishment of these counters conforms to Article 52 Statute of the ESCB. In 1999, the value of transactions processed at these counters amounted to some EUR 75 billion.

Volume and Value of Transactions

Processed at the OeNB's Foreign Currency Exchange Counters

Currency	Volume	EUR	ATS
DEM	46,875	66,262,532.88	911,729,331.22
ITL	7,713	5,482,332.50	75,438,539.93
FRF	2,854	1,057,073.87	14,545,653.63
BEF	999	841,853.84	11,584,161.44
ESP	1,674	626,801.52	8,624,977.—
NLG	1,088	415,605.95	5,718,862.50
PTE	472	90,177.67	1,240,871.81
FIM	221	66,255.95	911,701.79
IEP	233	43,640.90	600,511.86
LUF	30	6,355.99	87,460.33
Total	62,159	74,892,631.08	1,030,545,071.51

Source: OeNB.

1 *Oesterreichische Banknoten- und Sicherheitsdruck GmbH, a subsidiary fully owned by the OeNB.*

2 *Via Münze Österreich AG.*

Cash Changeover in 2001/2002

To accomplish the cash changeover within the envisaged timeframe, logistical and phyiscal infrastructures will have to be established by mid-2001 (see section "The OeNB – A Modern Enterprise"). This is to ensure that the changeover starting on January 1, 2002, with the period of dual circulation of currencies cut back from six to two months, will be handled according to the OeNB's high quality standards. The OeNB has decided to resolve the frontloading issue by providing the public and businesses with euro starter kits, with the kits for the general public comprising the equivalent of ATS 200 (EUR 14.54).

Geldservice Austria

A subsidiary of the OeNB in charge of money processing, GELDSERVICE AUSTRIA Logistik für Wertgestionierung und Transportkoordination GmbH (GSA) has been setting up an effective logistical cash services infrastructure with a view to guaranteeing a smooth currency changeover.

GSA, which the OeNB founded together with Austrian commerical banks, aims at concentrating money processing, i.e. trimming the number of roughly 100 clearing centers down to seven cash centers, which will be in charge of shipping banknotes and coins to and collecting them from financial institutions and their customers. As a result, the OeNB and the banking community – and thus the Austrian financial market – may profit from sizeable cost reductions through both economies of scale and scope. With this new infrastructure in place, the OeNB will be capable of securing an efficient currency circulation beyond the year 2002.

The OeNB as a Partner in the Economic Policy Dialogue between the Eurosystem and Austria

The OeNB as an Information Gateway

The OeNB serves as an information gateway between domestic economic agents and the Eurosystem. It stimulates the economic policy dialogue by sharing expertise, compiling forecasts and publishing regular economic analyses. This makes the Bank an active partner for Austrian economic policymakers. 1999 saw high price stability, a rebounding of economic activity and 2% output growth fueled by domestic demand. The job situation was healthier, the current account deficit widened, the general government deficit stabilized, but no further progress was made in debt consolidation.

An important new role which the OeNB has assumed amidst Austria's monetary integration into EMU is that of a communicator and of an interface between the Eurosystem on the one hand and domestic economic policymakers, and the Austrian people, on the other hand. The OeNB enjoys the confidence of Austrians owing to its institutional independence and the track record that it established as a credible guarantor of the stability of the Austrian schilling, which is a big asset for the OeNB in carrying out its mandate within EMU. For the action it takes, the OeNB is held legally accountable: Article 32 para 5 Nationalbank Act as amended requires the Governor and the Vice Governor to report to the Finance Committee of the lower house of parliament twice a year on the measures taken in the field of monetary policy, while observing the obligation of professional secrecy.

Against this background, the OeNB faces a myriad of tasks as a gateway channeling information on current macroeconomic developments in Austria to the Eurosystem. Since such information is not readily available, the Bank needs to procure the primary data from which it derives its analyses from other institutions, which requires a host of coordination activities within Austria. The OeNB analyzes and interprets the data it compiles and submits regular reports to the Eurosystem. Moreover, active participation in the monetary policy decision-making process within the Eurosystem necessitates comprehensive preparations and fundamental analyses covering all major economic areas. To ensure informed judgments, a wide spectrum of tasks needs to be carried out, ranging from the analysis of complex economic and technical issues to the periodic submission of data or the ad-hoc delivery of specific data. In this respect, a major task is the compilation of economic forecasts. Since 1999 the OeNB has published macroeconomic forecasts for Austria every six months, thus presenting its own assessment of the economic outlook.

Through the close monitoring of heterogeneous and complex issues, the OeNB has established itself as a center of competence and acquired a level of expertise which has earned the Bank renown at national and international economic institutions and membership in a number of forums.[1]) Active participation in numerous forums reinforces the OeNB's role as a partner in the dialogue with national economic policymakers on the one hand and in the communication between the supranational monetary policymakers of the Eurosystem and national economic policymakers on the other hand.

After all, the economic policies of the various countries continue to play an important role. An efficient and smooth implementation of the single and independent monetary policy in the euro area relies on the support of the other economic policies. Here, it is the task of the OeNB to draw the attention of the national economic policymakers to the developments in the Eurosystem and to point out any need for adjustment in the Austrian economy.

1 *See annex A for the working groups in which the OeNB participates.*

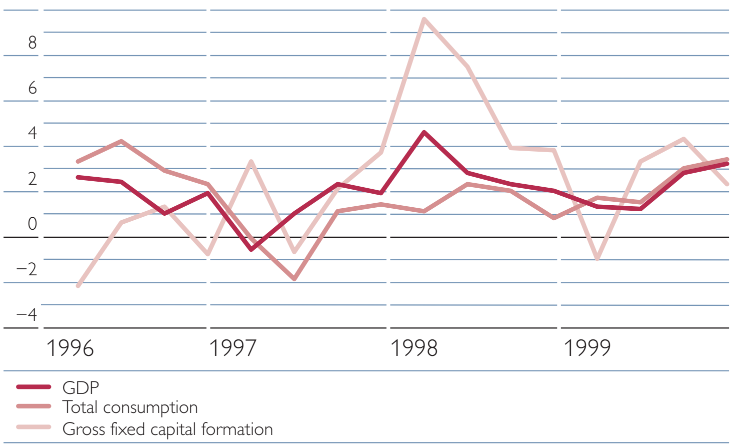
The OeNB's staff raise their voice in the economic policy dialogue in a wide variety of ways: They contribute periodic economic analyses to diverse publications[1]) and write research papers, attend macroeconomic conferences, seminars on monetary issues and workshops, give lectures and press conferences and contribute to TV documentaries, and actively participate in the discussion on current economic topics.

Economic Developments in Austria

As 1999 progressed, the favorable external macroeconomic conditions gradually shifted the Austrian economy onto a higher growth path. In the first half of the year the recovery was still sluggish. Owing to the aftereffects of the financial crises that had hit international markets in 1998 and the moderate economic pickup in major trading partner countries, such as Germany and Italy as well as in numerous Central and Eastern European export countries, external demand remained subdued, causing export growth to slip into a slight recession at the end of 1998/beginning of 1999. Domestic demand, by contrast, strengthened rather vigorously thanks to favorable developments in the income and labor market situation amidst an environment of stable prices (which at the same time fueled import growth, though).

Development of Macroeconomic Aggregates

Quarterly real change at an annual rate



Source: Statistics Austria, WIFO.

As economic activity accelerated gradually in the EU and the euro area, the Austrian economy, too, enjoyed a stronger recovery from mid-1999 onwards. At an annual rate, real output grew at a fairly rapid clip in the second half of the year. Both industrial and consumer confidence indicators signaled an economic recovery, and external trade gradually gained momentum while domestic demand remained robust. Capital spending was stepped up amidst favorable monetary framework conditions, with the interest rate cut in April 1999 and the environment of stable prices stimulating investment. Roughly from mid-year onward the real output of the Austrian manufacturing industry accelerated significantly. Similarly, construction activity rebounded, but less strongly than the rest of the production sector. The stronger performance of the tourist industry and flourishing retail sales also lifted the overall growth rate markedly. Last but not least, Austrian households invested more heavily in durable consumer goods, above all vehicles, sales of which boomed.

1 *See also the section on "Providing Information about Monetary Union" and annex C.*

On balance Austria posted a real GDP[1]) growth rate of around 2% in 1999, which more or less matches the EU/euro area average.

On the back of the economic recovery, labor market conditions took a pronounced turn for the better. Meanwhile, average annual inflation remained tame despite the surge in oil prices from the second quarter onward. This can be explained with the moderation and flexibility that continued to be exercised in wage policy. According to Statistics Austria, the general government deficit grew more moderately than output, which caused the deficit ratio to shrink from 2.5% (1998) to 2.0% of GDP. The initial weakness of exports and the concurrent surge in imports as well as higher outflows of investment income caused the current account deficit to widen compared with 1998.

Money Supply and Interest Rates

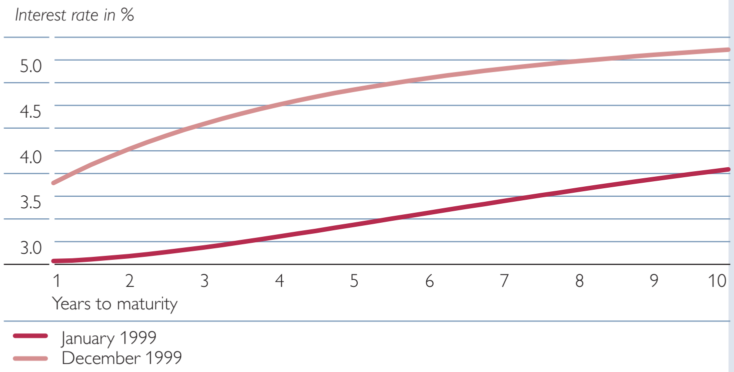
The Austrian contribution to M3 growth in the euro area increased by 4.6% or EUR 6.1 billion in 1999. The reason for this lies in a pronounced preference of investors for liquidity throughout the year that pushed up demand for overnight deposits.

The greater abundance of liquidity can, on the one hand, be explained by the environment of stable prices amid which the real value of money balances (their purchasing power in terms of goods) remained stable. On the other hand, this may reflect the low opportunity cost of holding cash at the beginning of the year. The fact that the term structure widened as the year progressed indicates that noneconomic factors are likely to have played a significant role in the strong demand for liquidity as well.

By comparison, deposits with an agreed maturity of up to two years, which are the largest component of M3, grew rather moderately in 1999. Demand for this deposit category softened amidst the shift in investor preferences toward longer-term and hence less liquid, higher-yield investments.

The Austrian benchmark yield for ten-year government bonds grew at a trend rate of 155 basis points from 3.9% (January 4, 1999) to 5.45% (December 29, 1999). This movement basically mirrors the tendencies observed in the euro area as a whole. In the ten-year maturity band, Germany has benchmark status. The gap between Austrian and German yields was 15 basis points at the start of 1999 and widened only slightly until year-end (on December 29, 1999, the interest rate differential to Germany ran to 19 basis points). By comparison, the yield gap of the other euro area countries vis-à-vis Germany lay within a range of 11 to 26 basis points at the end of the year. The differential between Austria and Germany on the one hand

Term Structure of Austrian Government Bonds



Source: OeNB.

1 See also the box "National Accounts Recalculated according to ESA 95."

and the U.S.A. on the other hand widened by some 20 basis points in 1999. At the beginning of January 1999, ten-year U.S. Treasury bonds yielded 4.64% (January 4, 1999). Until the end of December, however, the yield climbed by 176 basis points to 6.45%.

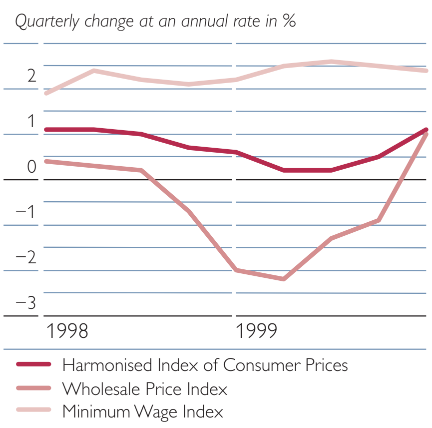
Regarding the maturity structure of spot rates, 1999 saw a gradual upward shift across all maturities. In the one-year segment, rates rose by 69 basis points, while in the ten-year maturity band rates climbed by 122 basis points. The steepening of the yield curve mirrors the more favorable economic outlook, but also signals the inflationary spurt in the second half of the year that was fueled particularly by the rise in energy prices.

Prices and Wages

Prices were highly stable in Austria in 1999. With an annual inflation rate of 0.5% according to the HCPI, Austria recorded the smallest upward move in prices since 1945[1]) and the lowest annual inflation rate within the euro area. In the course of 1999 the inflation rate even came close to touching zero temporarily. Only in the fourth quarter was inflation sparked off anew by the surge in oil prices, but this was an EMU-wide development. The supply shock in the energy sector, which had a much smaller impact than comparable historic oil shocks (see also the box "The Significance of Energy Imports for the Austrian Economy"), was offset by a series of price decreases for other goods. Intensive competition and the liberalization and deregulation in major economic areas (the telecommunications, insurance and electricity markets) had a dampening effect on prices. Following an initial wave of price decreases almost immediately upon Austria's accession to the EU, 1999 saw another round of price declines in the food sector and also in the electronics and IT sectors. Moderate upward pressure on prices emanated from housing rents, which continued to rise above average if much less powerfully than in the past, and also from a number of government-influenced services in the health and education sectors.

The moderation that continued to shape wage policies helped keep prices stable. All-industry unit labor costs rose only moderately in 1999 (in the manufacturing industry they even dropped). What is more, compared with Austria's main trading partners, manufacturing unit labor costs improved by around 6% between 1997 and 1999. Nominal wage growth and the stable prices translated into considerable real wage gains and strengthened the purchasing power of households. Across all sectors wage increases agreed in the 1999 negotiations were smaller than in 1998. Therefore, wages are expected to exert little pressure on prices in 2000. Moreover, as in previous years, col-

Inflation Indicators



Source: Statistics Austria.

1 *Except for 1953, when prices fell by 5.4%.*

lective bargaining agreements in several sectors included a distribution option, which allows for more flexible pay structures tailored to individual companies.

The Significance of Energy Imports for the Austrian Economy

The macroeconomic costs of the two historic oil shocks that hit Austria in the 1970s and the early 1980s were significant. Both oil shocks markedly dampened economic growth or even produced slight declines in real GDP. Also, they caused job creation to decelerate and joblessness to rise. They stoked inflation by setting in motion a price-wage spiral, and they weighed heavily on the current account. Those effects show what an impact a negative supply shock fueling a surge in prices can have. The most obvious concern for stability policy in this respect is the inflationary impact of oil price shocks. Last year, when another oil price shock started to make itself felt from mid-1999 onward, this question was of course highly topical.

A long-term comparison shows that today energy plays a comparatively lesser role in the production process and that, consequently, the pass-through of oil price changes to GDP growth, inflation and employment in particular has diminished. As a case in point, in 1998 Austria posted an energy import ratio of roughly 1½% of GDP. This compares with an import ratio of 3 to 4% in the first half of the 1970s, during the first oil crisis, and an all-time high of 4 to 6% at the beginning of the 1980s, during the second oil crisis. The concurrent appreciation of the U.S. dollar against the Austrian schilling further weakened Austria's energy balance. As the oil price surge cooled domestic demand, economic growth decelerated sharply. This ties in with a drop of gross energy consumption at the beginning of the 1980s. In the course of the 1990s, the energy import ratio largely stabilized. Only two times – in 1991 (second Gulf war) and 1997 (temporary upturn in crude oil prices) – did prices rise for shorter periods, but never as high as the peak registered in the early 1980s. Particularly in the 1990s, those developments were driven by the cut in the link between energy demand and GDP growth, especially in the energy-intensive sectors of the economy. While the output contribution of energy remained flat or rose, its share as a production factor declined. Whereas in the mid-1970s it took almost 1 petajoule of energy to generate ATS 1 billion in terms of output, this relation was down to 0.7:1 by 1998. The share of liquid fuels in total energy use declined as well; the share of petroleum products as an energy source for businesses and households dropped continually from over 50% in the 1970s to below 40% in the 1990s.

Compared with the 1970s and 1980s, the significance of energy prices for production has diminished. Even though energy product prices continue to blaze the trail for increases or decreases of the Austrian inflation rate, their contribution to inflation has dropped markedly. The reduced responsiveness of prices to these type of shocks can, in addition, be ascribed to structural phenomena: In the 1990s, Austria's accession to the EU exposed businesses to greater international competition, which, in turn, created an environment where the pressure on businesses to cut costs and to enhance efficiency through streamlining measures is much greater than before. Stiffer competition coupled with wage moderation, and the process of liberalization and deregulation coupled with the dismantling of monopolies, have squeezed profit margins. In the new environment, businesses find it more difficult to pass on price increases to the consumer whereas they have to pass on price reductions more quickly.

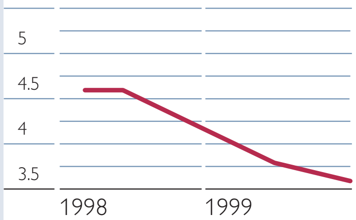
Labor Market

Labor market conditions improved steadily in Austria in the course of 1999. With demand for labor fueled by both robust domestic demand – above all in the service sector – and labor market policy measures under the National Action Plan for Employment (NAP), payroll employment continued to rise in 1999. Compared with 1998, payroll growth even accelerated. 30,000 jobs were added, bringing the job total up to some 3.1 million. Meanwhile, the unemployment rate (222,000 job seekers) sank markedly below the 1998 level, not least thanks to intensified training activities. The labor market was, moreover, highly dynamic. The labor market indicators showed the jobless rate to have dropped to 6.7% (national definiton) or 3.7% (EU definition), beating expectations in both cases. In an EU comparison of national unemployment rates, Austria thus fared very well, particularly when it comes to youth unemployment.

By sectors, business-related services, above all IT services, posted the biggest job gains. Significant job growth, albeit largely limited to part-time work, also occurred in the sectors education, health and social services, tourism and telecommunications.

Unemployment Rate[1])

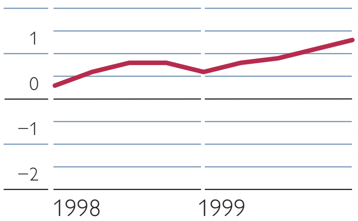
Quarterly averages in %



Source: Austrian Public Employment Service.
[1]) Calculated according to the EU concept.

Employment Level

Quarterly change at an annual rate in %



Source: Association of Austrian Social Security Institutions.

Balance of Payments

The Austrian current account closed the year 1999 with a deficit of EUR 5.42 billion, which is an increase of EUR 1.08 billion compared with the year 1998. Austria reports a high current account deficit vis-à-vis the other euro area countries and a small current account surplus vis-à-vis the rest of the world.

The current account deficit widened primarily because the shortfall on the income subaccount expanded; outflows increased by EUR 1.10 billion. The deficit in Austria's goods and services trade, meanwhile, improved by EUR 0.14 billion to EUR 1.02 billion. In the bottom line, the increased surplus on services did not suffice to fully offset the higher deficit on goods. Payment for somewhat over 50% of Austrian exports and imports is, incidentally, already effected in euros. The favorable development of goods and services can be attributed above all to the continued robust performance of the tourist industry. The travel surplus rose EUR 0.24 billion to EUR 1.74 billion from 1998, with an increase in the spending of foreign travelers in Austria accounting for the increment. Apart from that, numerous other services items, including transport and royalties and licenses, posted improvements.

The shortfall on the income subaccount increased sharply by EUR 1.10 billion to EUR 2.54 billion compared with the corresponding 1998 figure. The growing deficit can be attributed primarily to the widening of the net deficit in bonds and notes as well as to the shrunken surplus in interest rate derivatives.

Net current account outflows (by and large EU payments) were

Impact on the Current Account

Development

ATS billion, net

Source: OeNB, Statistics Austria.
[1]) Final data.
[2]) Revised data.
[3]) Provisional data.

somewhat higher than in 1998 at EUR 1.86 billion.

The financial account closed 1999 with net long-term capital outflows, essentially on account of portfolio investment outflows, as lowered by capital imports essentially in the form of loans and deposits.

Turning to direct investment, outward direct investment (EUR 2.53 billion) came within reach of the all-time high attained in 1998. Inward direct investment, by contrast, fell markedly short of the 1998 result, but at EUR 2.77 billion still posted the third-best result in history.

A doubling of net purchases of foreign securities (above all euro area securities) by Austrians to EUR 25.83 billion and a marked increase in purchases of domestic securities by nonresident investors (+EUR 8.59 billion to EUR 24.61 billion) are a case in point for the integration of the euro capital market, which makes Austrian securities attractive for a wider range of investors and broadens exchange-risk-free diversification possibilities for Austrian investors.

Gross assets and liabilities recorded under other investment, finally, reached a multiple of the 1998 values. Net capital inflows under this heading totaled EUR 5.87 billion. On the assets side, bank loans were instrumental for this increase, and on the liabilities side of the balance sheet demand deposits and time deposits.

Public Finances

The budget that the federal government submitted to parliament for the fiscal year 1999 aimed at the establishment of stable framework conditions for economic growth, job creation and the tax reform 2000. It built on the initial estimate drafted in 1998, which was amended to incorporate outlays for the family assistance package and the NAP. Unlike in 1998, it does not reflect any residual effects of the 1996/97 austerity budget. As it turned out, economic growth was more moderate in the fiscal year 1999 than anticipated at the time the budget was drawn up.

A review of budget implementation shows that revenues exceeded the target by EUR 1.6 billion or 3.2% (several budget amendments increased the initial estimate for both revenues and spending by

EUR 0.1 billion). Outlays exceeded the allocated budget by EUR 1.5 billion, which is an overspend by 2.6%. In the bottom line, this translated into a net deficit of EUR 5.0 billion or 2.5% of GDP (provisional outturn), which is EUR 0.1 billion less than what the central government had projected (EUR 5.1 billion or 2.6% of GDP).

In the assessment of overspending and higher-than-projected receipts it must not be overlooked that roughly EUR 0.7 billion of both revenues and outlays are in fact "balance sheet extensions" with no impact on the budget result. This includes financing for other public sector entities, money flowing back from the EU, interest payments on currency swaps, dissolution of reserves and earmarked funds.

Staff costs for teachers at compulsory schools, employees of the postal services and the federal railroad corporation ÖBB (including pensions) significantly exceeded the allocated budget; the overspending was, however, reined in through the discretionary spending caps set at EUR 0.3 billion at the beginning of the year. In addition to other administrative expenses in the education sector, for humanitarian aid, and the deployment of the military for relief measures, for which no funds had been appropriated, charges were greater than expected above all for transfers in the health and social security sector and for central government contributions to the state pension program. Labor market measures, the national employment plan and measures to secure job training for youths also led to unforeseen expenditure. Furthermore, EUR 0.7 billion more than budgeted were transferred to reserves. Significant budget underspends were reported for construction activities and guarantees.

Miscellaneous debt management expenditure remained EUR 0.3 billion below the estimate. Interest payments were EUR 0.2 billion lower than projected. After factoring in all income and expenditure, the primary budget deficit reached EUR 1.9 billion in 1999, as against projected EUR 2.0 billion.

Taxation revenues fell EUR 0.8 billion short of the outturn projected for 1999 in gross terms (before transfers to funds, regional and local governments and the EU). Above all VAT revenues and revenues from investment income tax, corporate income tax as well as assessed income tax were below budget. The biggest favorable cost variances arose from wage taxes and excise duties (tobacco tax, petroleum tax). Netted with lower-than-expected transfers to other levels of government and to the EU, tax receipts fell EUR 0.5 billion short of the budgeted amount.

Other revenues exceeded the projected revenues by EUR 2.1 billion. Thereof, some EUR 0.5 billion are attributable to a nonscheduled dissolution of reserves. Furthermore, funds channeled back from the EU, recoveries from the pension insurance system, profit distributed by the OeNB, interest on securities held by the central government and income from the issue of securities beat expectations.

Central government debt (net of Treasury securities valued at EUR 4.9 billion in the government's portfolio) stood at EUR 118.0 billion at the end of 1999. Compared with 1998 this is an increase by

Federal Budget

	Final budget accounts 1998	Budget estimate 1999	Provisional outturn 1999	Provisional outturn compared with Final budget accounts 1998		Provisional outturn compared with Budget estimate 1999	
	EUR billion				%	*EUR billion*	%
Budget							
Outlays[1]	56,510	55,783	57,238	+ 727	+ 1.3	+ 1,455	+ 2.6
Revenues[1]	51,712	50,685	52,282	+ 570	+ 1.1	+ 1,597	+ 3.2
Deficit	4,798	370	360	+ 158	+ 3.3	– 142	– 2.8
Compensatory budget							
Outlays[1][2][3]	24,887	19,191	30,655	+5,768	+23.2	+11,464	+59.7
Revenues[1][2][3]	29,685	24,289	35,611	+5,926	+20.0	+11,322	+46.6
Surplus	4,798	370	360	+ 158	+ 3.3	– 142	– 2.8

Source: Federal Ministry of Finance.
[1]) *Currency swaps have been recorded on a gross basis.*
[2]) *Thereof for cash-raising operations: Final budget accounts for 1998: outlays of EUR 3,713 million and revenues of EUR 3,727 million; budget estimate for 1999: outlays of EUR 5,450 million and revenues of EUR 5,450 million; provisional outturn for 1999: outlays of EUR 11,078 million and revenues of EUR 11,089 million.*
[3]) *Including EUR 6,954 million (1998) and EUR 4,737 million (1999) raised for public sector entities (e.g. the railroad development company Schieneninfrastrukturgesellschaft – SchiG), which had no effect on the budget result.*

5.7%. The exchange rate developments of the Japanese yen led to unrealized exchange rate losses of EUR 2.1 billion. As in previous years, the low interest rate environment led to a further increase of funding through the issue of fixed-income bonds. The gross debt of the central government increased 1.4 percentage points in 1999, reaching 60% of GDP.

Given the redenomination of debt into euro as from 1999, foreign currency debt is limited to non-euro area currencies. Including assets and liabilities arising from currency swaps the redefined foreign currency debt, net of holdings of Treasury securities, came to EUR 16.8 billion. This corresponds to 14.2% of the central government's total debt (1998: 12.2%).

In its budgetary notification of February 28, 2000, the finance ministry reported a deficit ratio of 2.0% of GDP for 1999 (central government: –2.4%, regional and local governments: +0.4%, social security funds: –0.1%). This is in line with the target of the Austrian stability program of November 1998 (baseline scenario).

The general government debt ratio for 1999 reached 64.9% of GDP according to the February budgetary notification (1998: 63.5%). This increase can be attributed chiefly to the revaluation of foreign-currency denominated liabilities (+EUR 2.1 billion).

For the year 2000, the finance ministry notified a deficit ratio of 1.7% (central government: –2.2%, regional and local governments: +0.4%, social security funds: +0.1%) and a debt ratio of 64.3%.

Similarly, the stability program of March 28, 2000, puts the deficit ratio at 1.7% (central government: –2.2%, regional and local governments plus social security funds: +0.5%) and the debt ratio at 64.1% of GDP. The surplus generated by regional and local governments as well as the social security funds is projected to remain stable at 0.5% of GDP from 2001 through 2003. The target for the deficit ratio is 1.5% for 2001, 1.4% for 2002 and 1.3% for 2003. The debt ratio is projected to diminish gradually to 62.7% of GDP in 2001, to 61.9% in 2002 and to 61.2% in 2003.

System of National Accounts according to ESA 95

The system of national accounts of the EU Member States was rebased in 1999 in line with Council Regulation No. 2223/96 on the European System of National and Regional Accounts 1995, ESA 95 for short. The ESA 95 methodology for the production of national accounts replaces the previously used ESA 79 framework, both of which are rooted in international standards, namely the UN's System of National Accounts 1993. The changeover is an important step toward the harmonization of concepts, definitions, classifications and valuation rules throughout Europe. This is to ensure the generation of comparable and highly comprehensive records of economic activities and cycles within the EU countries.

What is important is that this switch to the new system has turned the national accounts into a tool that offers a far broader range of more timely information. The Council regulation commits the EU Member States to:

- *submit quarterly and annual key results on macroeconomic data,*
- *display financial interdependencies of their economy in the form of a financing matrix, broken down by economic sectors and financial instruments, and to*
- *implement annual input-output tables (also at constant prices).*

The staggered expansion of the transmission program is due to be completed by the end of 2003. Austria has so far released key ESA data for the 1995 to 1998 period, which are to be supplemented with back calculations starting from 1988; these are being worked on currently.

The major systematic changes with an impact on the macroeconomic aggregates GDP and public deficit are the following:

- *The concept of production or investment has been broadened to include intangible goods (computer software, copyrights) and military property that may be used for civilian purposes.*
- *The valuation of production items has been changed from market prices to the cost of production (market prices minus goods taxes plus goods subsidies).*
- *Market and nonmarket producers can principally be affiliated with any sector of the economy, which means that even classic market areas may include public units.*
- *The ESA 95 framework extends the accrual principle also to the accounting of interest income.*
- *SNA results at constant prices are now based on 1995 prices (compared with 1983 prices under ESA 79).*

When comparing data compiled under the new and the old system, it must not be overlooked that differences result not only from the changeover to the new system but also from statistical revisions (inclusion of new, more reliable primary data and calculation methods). The significant variances between ESA 79 results and ESA 95 results (modified concepts, new classifications, major statistical corrections) result in a break in the data series. It follows that the two sets of data are not comparable.

Ensuring the Stability of the International Financial System

Developments in Financial Market Surveillance and Banking Supervision

The new global financial architecture underpins financial market stability at the international level. The OeNB takes a more active role in numerous international bodies. Greater weight is attributed to banking supervision; the Austrian financial market benefits from a host of newly launched services; further harmonization of legislation. Restructuring and consolidation continue in the banking sector. Bank profitability shifts to noninterest business. Other financial intermediaries flourish. Austrian equity market registers lackluster performance notwithstanding essential innovations.

International Financial Architecture

Laying bare the vulnerabilities of the international financial system, the severe financial crises of the recent past have driven home the importance of pursuing financial stability objectives on a global scale. In response to the financial turmoil, leading international and European organizations have taken steps to strengthen the global financial architecture. Promoting sound and stable financial markets aims at boosting overall economic performance and counteracting a precarious financial situation. In the international arena, notably the IMF, the BIS and its Basel Committee on Banking Supervision (BCBS) as well as the newly set up Financial Stability Forum (FSF) have taken action in pursuit of these objectives. Among the European fora seeking to prop the financial architecture, the Economic and Financial Committee (EFC), the Banking Advisory Committee (BAC) and the Banking Supervision Committee (BSC) as well as numerous task forces spawned by these committees are key.

In its quest to shore up the international financial system, during the year under review the IMF made a case for stepping up the private sector's involvement in crisis prevention and resolution, lifted the transparency of both the IMF and of its member states, and designed various standards and codes of conduct setting forth minimum requirements and practices to safeguard sound economic policies.

In February 1999, G-7 finance ministers and central bank governors[1]) set up the Financial Stability Forum.[2]) The FSF, which comprises representatives of central banks, finance ministries, supervisory authorities and international organizations, is charged with timely coordination and exchange of information to secure global financial stability.

The BIS and the Basel Committee on Banking Supervision likewise deal with issues of sound and stable financial markets. Releasing financial market statistics, the BIS facilitates comparative analyses across global markets.

The BCBS devises general principles for improving the stability of financial markets, which, first and foremost, address G-10 banks with international operations.[1]) Even though Austria is not a G-10 member, the OeNB reviews these proposals and adapts them to the structure of the Austrian financial market. The BCBS published core supervisory principles as well as analyses of topical issues in addition to specific recommendations on banks' risk management systems.

The Economic and Financial Committee of the European Union, successor to the Monetary Committee, installed an Ad-hoc Working Group on Financial Stability, which took up work in November 1999. In its first assignment the group has been analyzing how the competences for crisis prevention and management are at present dispersed and what information channels are used by central banks, finance ministries and supervisory authorities.

1 *For details see section "The OeNB's Participation in International Organizations."*

2 *In April 1999, three working groups were established to focus on the following issues:*
- *Highly leveraged institutions: examination of systemic risk;*
- *Capital flows (above all, of a short-term nature): proposals for measures to contain the volatility of capital flows and to enhance risk assessment;*
- *Offshore Financial Centers (OFCs): investigation of the activities of OFCs and harmonization of international standards on preventing the establishment of OFCs.*

In the year under review the European Commission's Banking Advisory Committee and its task forces dedicated the bulk of their time to debating changes to banks' regulatory capital requirements, a topic which was also high on the agenda of the Basel Committee of Banking Supervision.

The Banking Supervision Committee, which was convened in October 1998 as the successor to the Banking Supervisory Sub-Committee, has been entrusted with a twofold mandate: First, in its function as an ESCB committee, it focuses primarily on macroprudential analysis, tracks the (structural) developments in the banking and financial systems and supports the flow of information between the ESCB and the national supervisory authorities. Second, it serves as a forum where EU Member States' senior banking supervisors may confer on issues not directly related to the supervisory tasks of the ESCB.

The Euro and International Financial Markets

Following the successful transition to the euro on January 1, 1999, the euro area is called upon to maintain the stability gains in the long run, standing up to ever fiercer international competition. Also, the euro is to be established as a prominent and widely accepted reserve, payment/vehicle and investment currency beside the U.S. dollar and the Japanese yen.[1])

The euro is destined to stand its ground as a formidable competitor among internationally used currencies. The single currency is buoyed, above all, by the credibility of the Eurosystem's monetary policy, the growing attractiveness of the euro money and capital markets as well as the economic potential of the euro area. The size of the euro financial markets and the ensuing volume of cross-border transactions effected between the euro area and the rest of the world are central factors likely to impact the international role of the euro. In addition, as the euro becomes more firmly entrenched, transaction costs are bound to sink further, which, in lifting the currency's attractiveness, will fuel the virtuous circle.

The orientation of the Eurosystem's monetary policy toward price stability, which goes hand in hand with safeguarding the intrinsic value of the euro, will remain a major factor behind investors' confidence in the euro. As the internationalization of the euro is not a policy objective of the Eurosystem, the single currency's future role in the international marketplace will primarily be shaped by its private use as an investment and financing currency.

In light of the short observation period and the dearth of statistical data that have become available since the launch of the euro, it is, however, very difficult to arrive at a conclusive assessment of the international role of the euro. Yet the information at hand seems to confirm that the euro is the second most important international currency behind the U.S. dollar in fulfilling the classical functions of money, i.e. store of value, medium of exchange and unit of account.

1 *See also ECB (1999). The international role of the euro. Monthly Bulletin, August, pp. 31–53.*

Credit for this is largely due to the significance of the legacy currencies of the euro, in particular the Deutsche mark, to the economic weight of the euro area and possibly also to market expectations about the development of euro financial markets.

The euro's future hinges on market factors, especially the performance of the euro financial markets, and the monetary policy of the euro area. History shows, however, that change in the international use of currencies manifests itself at a very slow pace, which is why gains in the euro's importance will become evident only in the long run. 1999 developments signal diverging trends for the euro depending on the individual functions of money: The euro will more readily be used as an investment and financing currency, while it will likely take longer to succeed as an international payment currency. Whether private agents opt for the euro will mostly be contingent on the degree of integration, liquidity and diversification of the euro financial markets. The euro's use for international financial transactions is bound to increase as markets become ever more integrated.

Even though the euro area accounts for slightly more than 20% of global exports of goods and services, chances are the euro will only slowly gain a foothold as an international payment currency,[1]) because structural change in this area will likely take time. Similar assumptions apply to the use of the euro as a vehicle currency for foreign exchange transactions involving third party currencies.

When examining the role of the euro as an international reserve currency, short-term changes do not seem to be in the offing either, as central banks are unlikely to alter the amount and composition of official foreign exchange reserves abruptly. Indeed, euro-induced shifts will take more time among central banks than in the private sector. At end-1998, around 60% of total reserve assets were denominated in U.S. dollars, while the legacy currencies of the euro accounted for some 14%. The euro, thus, represents the second most important reserve currency behind the U.S. dollar. The euro-denominated share in G-10 foreign exchange reserve holdings has basically remained unchanged.

The introduction of the euro and its role as an international currency will certainly have implications for international economic cooperation, in particular within the G-7 framework, but also with the IMF. Fewer players at the global level and more balanced relations among them should facilitate international cooperation, while at the same time strengthening each player's awareness of the need to assume his responsibility. The bargaining weight the euro area brings to international economic negotiations is, no doubt, greater than the sum of the weights of all its Member States prior to the start of Stage Three of EMU.

1 *For details on the role of the euro as a payment currency in Austria's external trade, see section "The OeNB as a Partner in the Economic Policy Dialogue between the Eurosystem and Austria."*

The Euro – An International Currency

The functions fulfilled by an international currency illustrate how the euro may be used as an international currency:[1])

Functions of money	***Use by nonresidents***	
	Private use	***Official use***
Store of value	*Investment and financing currency*	*Reserve currency*
Medium of exchange	*Payment/vehicle currency in exchange of goods and services as well as in currency exchange*	*Intervention currency*
Unit of account	*Pricing/quotation currency*	*Pegging currency*

- *Acceptance of the euro will primarily be driven by the future private use of the euro as an investment and financing currency, as the volume of private investors' financial assets by far exceeds that of reserve assets.*
- *Coming to the international use of the euro as a store of value, medium of exchange and unit of account, empirical data show that the euro is probably the second most widely used currency in the international monetary and financial system.*
- *According to the information available, the euro already plays a meaningful role on international financial markets as an investment and issuing currency.*
- *The U.S. dollar is the dominant unit of account, in particular in homogeneous, centralized and efficient markets such as commodities exchanges. This will change only slowly.*
- *The role of the euro as an international reserve currency is not expected to change in the near term.*
- *Turning to the implications of the international role of the euro for the transmission mechanism of the euro area's monetary policy, increasing international use will likely boost the effectiveness of the individual channels. The impact on the information content of monetary indicators of the ECB should be minor, both on the M3 aggregate and on the various other indicators.*
- *With regard to the global and regional economic and financial architectures, the other two large economic and monetary areas, the U.S.A. and Japan, are unlikely to integrate faster, while the euro area's integration is expected to intensify.*

1 *See also ECB (1999). The international role of the euro. Monthly Bulletin, August, page 32.*

Austria as a Financial Center

Following the launch of the euro, national financial markets in Europe have been integrating further, in part at a stepped-up pace. As a consequence, financial markets are becoming ever more interdependent. Economic and Monetary Union has amplified various trends prevailing in the banking sector, such as stiffer competition, downsizing and geographic expansion.

Seeking to maintain or raise competitiveness and profitability, Austrian banks have implemented structural reforms and pursued tailor-made strategies to streamline. The larger Austrian banks have been very active in Central and Eastern Europe, as evidenced by their increasing equity stakes and business expansions, which contributes significantly to their profitability.

Consolidation is set to continue in Austria. The domestic banking landscape has undergone fundamental change in the past few years. The 1997 mergers of Bank Austria/Creditanstalt-Bankverein and Erste Oesterreichische Spar-Casse Bank/GiroCredit resulted in the two major bank groups Bank Austria and Erste Bank, which at year-end 1999 accounted for a share of slightly more than 37% of Austrian banks' total assets. Numerous smaller link-ups took place, mostly within the multi-tier sectors.

Although Austrian banks' internationalization strategies have yielded remarkable results and the effects targeted by bank mergers will be felt in the years to come, restructuring has not yet let up. Put differently, banks will continue to be faced with relentless competition and profitability squeezes.

Sound and stable financial markets and financial intermediaries are critical to the Austrian financial market. Hence, financial market surveillance and banking supervision, which fall within the scope of Austria's Federal Ministry of Finance, play a pivotal role in restructuring the Austrian banking sector. Supervision contributes essentially to safeguarding financial market stability and, by extension, to boosting the financial sector's competitiveness and efficiency.

For a supervisory regime to be effective, it must serve as a guarantor for a sound and stable banking system and for investor protection. Strengthening financial market oversight is therefore a top priority. This is why efforts in this field aim at establishing a stable and transparent supervisory framework that rests on a set of harmonized, internationally agreed standards. It goes without saying that particularly in the age of globalization, with supervisory issues transcending national borders, cooperation is all-important.

Implementation of the Money Laundering Directive

The European Commission referred Austria to the European Court of Justice concerning the implementation of the money laundering Directive, as the Commission found that Austria's anonymous passbook savings accounts for residents do not comply with the Directive.

A decision is expected for the end of the year 2000, following completion of both the written procedure and the court hearing slated for mid-March 2000.

Austria's steps to eliminate anonymous savings accounts for residents in accordance with Recommendation 10 of the Financial Action Task Force on Money Laundering (FATF), a body set up by the OECD, were deemed insufficient. For this reason the FATF requested Austria to present a solution by May 20, 2000, at the latest. If the Austrian government fails to issue a clear political commitment to taking all necessary steps to eliminate the system of anonymous passbooks by the end of June 2002, Austria will be suspended as a member of FATF, with effect from June 15, 2000. As a consequence, the Austrian Federal Government passed a bill, which was submitted to Parliament, that targets the abolishment of anonymous savings accounts as of November 2000.

The OeNB's Duties under the Austrian Banking Act

Like in the years before, the OeNB, as commissioned by the Federal Ministry of Finance and in line with Article 70 Banking Act, performed numerous on-site examinations in 1999. The bank examiners focused on banks which are highly relevant to the system as a whole (in particular with regard to their business activities in Central and Eastern European countries) and on banks' Y2K readiness.

In compliance with Article 26 b Banking Act, the OeNB drew up expert opinions on three Austrian banks' use of internal models and made them available to the Federal Ministry of Finance. The on-site examinations also served the purpose of evaluating the implementation of and compliance with the capital adequacy requirements as written into Austrian law.

OeNB Offers Enhanced Services to the Austrian Financial Marketplace

Austria's Major Loans Register, which the OeNB maintains, is compiled from data the financial sector submits to the OeNB monthly. The Register tracks amounts of credits or lines of credit granted in excess of ATS 5 million (roughly EUR 363,400). The institutions subject to the reporting requirement may in turn request aggregated data to facilitate their credit auditing. Major Loans Register data are also used for banking supervisory purposes, thus contributing to the stability of the banking sector.

To maintain and expand the informative value of the OeNB's Major Loans Register, special emphasis is placed on the cross-border incurrence of liabilities. Within the framework of the ECB's Working Group on Credit Registers, cooperation among the seven central credit registers in euro area Member States improved further. The data collected for national registers are to be complemented by liabilities data on national legal persons (companies, individuals) gleaned from other registers. In addition, efforts are under way to join forces with banks of all euro area Member States in creating a central risk register.

Every year the OeNB and the OeKB jointly publish "The Austrian Financial Markets – A Survey of Austria's Capital Markets," which contains comprehensive information on the workings of Austria's financial market. The brochure captures factors which impact the financial market in the medium and long term, such as legal and tax regimes, the real economy and the banking structure, and provides an in-depth analysis of the money and capital market as such.

Moreover, the OeNB released a series of Guidelines on Market Risk, which were presented to a broad audience in the fall of 1999. The six volumes have the following main objectives: To ensure equitable treatment of banks and to promote an efficient examination practice, they shed light on the criteria on which bank examinations are based. Furthermore, they provide banks with concrete solutions to implementing the regulatory capital requirements to nip in the bud wrong choices resulting in the loss of money. In a nutshell, the guidelines' primary goal is to enhance the risk management systems in place at Austrian banks with a view to boosting system-wide stability.

Payment Systems Oversight

The Eurosystem undertook further key steps to improve and expand the oversight of payment systems. Work on collecting data on payment systems operating in the European Union continued; the ECB published the resulting statistics as an addendum (“Blue Book”).

In the fall of 1999, the Governing Council of the ECB adopted a framework[1]) mapping out the future course of payment systems oversight. The main objectives cited in the report are maintaining system-wide stability, boosting efficiency and safeguarding the transmission channel for monetary policy decisions.

The ECB endorsed the core principles and provisions on the responsibilities within the ESCB governing the conduct of payment systems oversight in the Eurosystem.[2]) In line with the principle of subsidiarity, the NCBs will be in charge of monitoring national systems. In the review year the OeNB made preparations for assuming this oversight task, initiating the necessary organizational and legal measures in Austria.

On May 21, 1999, the Center for Secure Information Technology Austria[3]) (A-SIT) was set up by the Federal Ministry of Finance, the OeNB and Graz Technical University. In the drive to further upgrade payment systems oversight from a technological standpoint, the OeNB commissioned A-SIT to evaluate the security technologies employed in electronically operating payment systems.

Cross-border retail payment systems need to become significantly more efficient and less costly so that they match the service and price levels of domestic customer payments (see also Annex: Act on Cross-Border Credit Transfers). To this end, the Eurosystem in 1999 addressed recommendations to the banking community to ensure that once the euro notes and coins make their debut, efficient retail payment systems catering for cashless payments also be firmly in place across the euro area.

On the e-money front, things moved ahead in the year under review, with the ECOFIN Council deliberating the European Commission’s proposal for a European Parliament and Council Directive on the taking up, the pursuit and the prudential supervision of the business of electronic money institutions.

OeNB in Charge of Recognizing Payment and Securities Settlement Systems Pursuant to the Settlement Finality Act

With effect from December 10, 1999, the OeNB assumed the following tasks in compliance with the Settlement Finality Act:

– Pursuant to Article 2 para 2 Settlement Finality Act, the OeNB shall recognize payment and securities settlement systems operating in accordance with the provisions stipulated in Article 2 para 1 item 1 and 2 Settlement Finality Act by issuing a written notification.
– Pursuant to Article 7 para 3 Settlement Finality Act, the OeNB, upon the request of a participant, shall recognize in a written notification that an indirect participant is to be regarded as a participant for the purpose of the Settlement Finality Act, provided this is compatible with systemic risk

1 *Report on “The Framework for Payment Systems Oversight in Stage Three of EMU.”*

2 *Pursuant to Article 105 of the Treaty and Articles 3 and 22 of the Statute of the ESCB/ECB.*

3 *Zentrum für sichere Informationstechnologie Austria.*

considerations and provided the indirect participant is known to the system.

– Pursuant to Article 20 Settlement Finality Act, the OeNB must immediately inform the corresponding authorities in the other Member States of any notices of the competent courts about the initiation of insolvency proceedings involving a payment or securities settlement system recognized by the OeNB. Vice versa, the OeNB shall receive pertinent information from the other Member States.

The OeNB's Role in the Oversight of Securities Settlement Systems

As of the beginning of 1999 securities and other eligible assets which are held in central securities depositories of other EU countries may be used to obtain credit from the home NCB. To guarantee secure and swift cross-border use of collateral, the ESCB established the correspondent central banking model (CCBM). Within this framework, each NCB opened securities accounts at all the other NCBs. The CCBM has evolved successfully since it went into operation on January 4, 1999, as numerous banks have been transferring collateral across borders. In early October 1999, a new fee schedule was decided to cover the costs of the correspondent central banks (CCBs).

The institutions represented in the European Central Securities Depositories Association (ECSDA) have continued their efforts to establish links between national securities settlement systems (ECSDA model). For any such interfaces to qualify for the cross-border transfer of securities, they must be assessed against a set of minimum standards. In the reporting period the respective NCBs and the ECB therefore placed particular emphasis on these assessments. At end-1999, the OeKB, which maintains a total of six links to euro area securities settlement systems, ranked among the most highly integrated settlement operators.

Preparations Related to the Envisaged New Capital Adequacy Framework

Following the June 1999 publication of the Basel Committee on Banking Supervision's New Capital Adequacy Framework, the European Commission in November 1999 released its consultation document, which builds on the Basel paper and elaborates on several issues.

Both consultative papers introduced a new regulatory regime buttressed by three pillars. Apart from the urgent task of reforming minimum capital requirements, supervisors are called upon to ensure that a bank's capital position is consistent with its overall risk profile and strategy by means of a supervisory and internal review of capital adequacy. Finally, the new framework also envisages harmonization of the provisions on disclosure.

The first two pillars revolve around the following issues: The reform of regulatory capital requirements focuses on linking the risk weighting to the economic risk and on differentiating between the individual categories of risk. One option for allocating positions by risk type is the use of ratings compiled by external credit rating agencies. In addition to external credit assessments, supervisors could recognize banks' internal ratings. Such internal models are based on quantitative measures of borrowers' default probability and of the loss given default. This approach might serve as an incentive for banks to enhance and structure their internal credit assessment methodology to mitigate risks. This should pave the way for risk-mitigating techniques employed by banks to become more strongly incorporated into regulatory capital calculations. The consultative papers also proposed to develop a capital charge for interest rate risk in the banking book. Furthermore, capital charges should also apply to the other risks, i.e. operational, legal and reputational risks.

The second pillar, the supervisory review of a bank's capital adequacy, represents a broadening of the continental European approach to supervision. According to the new framework, supervisors should be able to apply differentiated capital requirements relative to the individual banks' risk profiles, as opposed to today's across-the-board capital ratio of 8%; this mark would, however, remain in place as a floor.

Y2K Activities

When monitoring Austrian banks' year 2000 readiness, the OeNB orchestrated its Y2K activities with the Federal Ministry of Finance (BMF). The two supervisory bodies, among other things, addressed four advisory notes to the Austrian credit institutions outlining the key requirements for ensuring a smooth changeover to the year 2000. To collect information on their Y2K preparedness, the OeNB, in unison with the BMF, furthermore surveyed Austria's banks three times, in January and November 1998 as well as in June 1999. The OeNB, upon commission by the BMF, also carried out on-site examinations in accordance with Article 70 Banking Act of a comprehensive sample of Austrian credit institutions, zeroing in on the most important project areas.

The OeNB was assigned a pivotal role in acting as a communications hub for the Austrian financial market around the millennium date change. The Federal Ministry of Finance ranked among the contributors to the Central Communication Point (CCP) established at the OeNB. The largest Austrian banks, insurance companies and investment funds, the OeKB as well as the Vienna Stock Exchange continuously reported on their Y2K status and, finally, called in the successful completion of their test runs. The CCP staffers were in charge of consolidating all these reports and informing the ECB and the Federal Chancellery of Austria's overall status. Moreover, Austria's CCP at the OeNB participated successfully in the international Y2K reporting system operated by the BIS.

Efficient preparations helped the Austrian players to take both the transition to the year 2000 and the February 29, 2000, leap-year date in their stride.

Reforms at the Vienna Stock Exchange

The 1998 launch of the restructuring of the Austrian capital market and of the Vienna Stock Exchange's internal infrastructure set the stage for the new millennium. In the year under review the following external infrastructural measures proved critical to boosting the attractiveness of the Austrian capital market: the new Takeover Act (see Annex B), the further strengthening of the role of the Austrian Securities Authority, the legal amendments allowing for the buyback of shares as well as the Group Financial Statement Act (see Annex B), which enables listed companies to draw up financial statements in line with international accounting standards.

The November 5, 1999, linkup of Vienna's cash market to Frankfurt's Xetra electronic trading platform marked a milestone in the evolution of Wiener Börse AG. In the reporting period the cash and futures markets were subdivided into new segments according to liquidity criteria, and the provision of liquidity was enhanced. Deutsche Börse AG and Wiener Börse AG jointly pushed ahead with preparations for setting up an autonomous exchange for central and eastern European securities, which is to be located in Vienna. Wiener Börse AG implemented a new fully electronic trading platform on the ÖTOB derivatives market for continuous trading in warrants.

Developments on Austria's Financial Market

Credit Institutions

Structure

With the network of banks and branch offices edging down only marginally from 5,547 in 1998 to 5,527 in 1999, Austria's banking density virtually remained unchanged in the year under review. The trend toward concentration continued in the multi-tier sectors. Larger credit institutions took over smaller entities, which gave rise to bigger regional banks and to institutions which operate across regions now. As consolidation took place within sectors, it held only minor implications for the banking structure as a whole. Merging is a way for banks to grow in size and harness synergies, allowing them to stand up to international competition.

The number of Austrian branch offices established abroad climbed from 20 to 22 in 1999, as 2 new offices were set up in the European Union (1998: 8).

Foreign credit institutions held majority stakes in 28 banks located in Austria (1998: 26), nine of these banks were 100% subsidiaries of EU banks, while various EU countries held differing stakes in 6 other banks.

In addition, foreign credit institutions operated 15 branch offices (1998: 12) in Austria, 14 of which were attributable to EU-based banks, as well as 30 representative offices (compared with 31 in 1998).

In general, this development provides evidence of a trend toward the reorganization of EU banks' legally independent subsidiaries to dependent branch offices.

Number of Credit Institutions and Banking Density

	Head offices	Branch offices	Banks, total	Banking density[1]
1985	1,241	4,090	5,331	1,419
1990	1,210	4,497	5,707	1,360
1995	1,041	4,686	5,727	1,406
1996	1,019	4,694	5,713	1,412
1997	995	4,691	5,686	1,422
1998	971	4,576	5,547	1,457
1999	951	4,576	5,527	1,463[2]

Source: OeNB.
[1]) Inhabitants per bank.
[2]) Preliminary value.

Business Activity

In 1999, Austrian banks' balance sheets expanded slightly less (+9.1%) than in the year before. Both on the assets and on the liabilities side, the expansion was chiefly carried by banks' foreign transactions, as opposed to 1998 when domestic interbank business had acted as the main engine of growth.

Direct lending to domestic nonbanks progressed somewhat more vigorously in 1999. Since interest rates were lower in 1999 than in 1998, debit interest charges decreased by some 6%.

The increase in lending can for the most part be traced to foreign currency loans, with more than half of total growth in foreign currency lending attributable to loans denominated in Swiss francs. Swiss franc loans also accounted for over two thirds of the foreign currency loans outstanding at year-end 1999. In the fourth quarter of 1999, Japanese yen-denominated loans extended to domestic nonbanks soared and basically drove the increase in foreign currency lending registered in this period singlehandedly. The share of foreign currency loans in total direct lending mounted from 10.9% in January to 15.7% in December 1999.

Credit demand varied from sector to sector. At an annual rate of 4.1%, lending to businesses augmented at a perceptibly slower pace in 1999 than in the year before. Over the course of the year, it picked up on the back of rising domestic demand and the improving global economy. Like in the past few years, lending largely correlated with the development in gross capital formation.

Lending to households continued to grow at an animated clip. Unrelenting private credit demand benefited from the interest rate development and was driven by demand for durable consumer goods. In contrast, the public sector trimmed its bank liabilities by a further 2.4%, slightly less than in 1998.

Domestic nonbanks' deposits at credit institutions climbed at a noticeably slower rate than in 1998. Nonfinancial corporations increasingly opted for short-term maturities, with demand deposits up by 11.1%, which contrasts with a 2.3% decline in time deposits. The savings deposits increment of EUR 2.5 billion (+2.1%) was attributable exclusively to the interest credited at year-end 1999. Declining for the fifth consecutive year, savings deposits less interest credited resulted in a decrease by net EUR 0.6 billion.

The 1999 gain in domestic direct offerings sold to nonbanks (+12.1%) was four times as high as the growth in deposits; about half of the increment was attributable to purchases of debt securities and the other half to other securitized liabilities.

The increase in foreign transactions accounted for about half of the balance sheet expansion, both on the assets and liabilities side. The share of foreign assets in the balance sheet total progressed by 2 percentage points to reach 25.0%, the highest year-end value ever. The stock of foreign securities and equity capital expanded especially vigorously in the year under review. The uptick in loans extended to foreign nonbanks clearly outpaced the year-earlier growth rate as well. Of the foreign liabilities, above all interbank liabilities and sales of domestic

Credit Institutions' Business Activity

	1998		1999	
	EUR billion	Annual change %	EUR billion	Annual change %
Balance sheet total	480.86	+10.3	524.64	+ 9.1
Assets				
Direct credits to domestic nonbanks	200.28	+ 3.9	210.80	+ 5.2
Foreign assets	110.74	+ 5.1	131.38	+18.5
Liabilities				
Deposits by domestic nonbanks	166.71	+ 5.0	171.83	+ 3.1
Foreign liabilities	126.94	+ 5.9	147.24	+16.0

Source: OeNB.

bank issues to nonresidents went up. Growth of foreign nonbanks' deposits, by contrast, slowed.

Following the financial turmoil on international financial markets in 1998 and the resulting slump in off-balance-sheet operations, credit institutions managed to revitalize this business in 1999, which surged by 51.2%. The year-end position of EUR 656.4 billion accounted for some 125% of Austrian credit institutions' balance sheet total.

Austrian banks' capital base came to EUR 35.2 billion at year-end 1999, up 5.8% on the corresponding 1998 value. Domestic banks' equity ratio pursuant to Article 22 para 2 Banking Act amounted to 13.9% compared to 14.3% in 1998.

Earnings Situation

The 1999 operating result trailed the respective 1998 figure by 7.7%. The 0.4% increase of operating revenues contrasted with a 4.1% advance in operating expenses. Both operating income and operating costs declined relative to the average balance sheet total. The cost-income ratio stood at 70.6% in 1999, having deteriorated by 2.6 percentage points on the year before.

As in the previous years, net interest income continued to trend downward in 1999, albeit at a slower rate. The ratio of net interest income to total operating revenues ran to 52.0% in the year under review (1998: 52.7%), and the ratio to the average balance sheet total was 1.24% (1998: 1.36%). Net interest income from domestic business was 11.6% below the year-earlier figure, whereas income on activities abroad (77.4%) markedly outperformed last year's result because Austrian banks began to diversify their credit and securities portfolios on a global scale when the euro was launched in early January 1999.

As interest rates decreased more pronouncedly for loans than for deposits, the interest margin in banks' retail lending narrowed from 2.51 percentage points to 2.23 percentage points.

The surplus on net commissions augmented by another 10.9% in 1999, with commissions on securities trading registering a particularly hefty gain. The latter clearly reflects the shift from traditional savings products to investments yielding higher returns. The ratio of the balance on commissions to operating revenues came to 22.0% (1998: 19.9%).

The surplus of income on financial transactions fell a marked 23.8% short of the 1998 result. This loss is traceable primarily to diminished income (–52.1%) from trading in foreign exchange, currency and precious metals. As expected, foreign exchange business contracted after the euro rollout.

Turning to the expenses side, general administrative expenses mounted by no less than 4.0%. The ratio of personnel expenditure, up 3.6% against 1998, to operating expenses amounted to 51.5% in 1999 compared with 51.8% in 1998. Material expenditure surged by 4.8%. In spite of a tight expenditure policy, the spending increase was attributable above all to Y2K preventive action, the changeover to the euro, IT investment (e.g. Internet banking) and the increased demand for external staff.

At EUR 1.8 billion, provisions for loan losses lay 17.6% below the corresponding year-earlier figure, which had been exceptionally high in the wake of the Russian financial crisis. As once again more provisions for securities and shareholdings were dissolved than created, an anticipated balance of EUR 0.3 billion is bound to boost 1999 income (estimate of 1998: EUR 0.5 billion). The slowdown on 1998 may be explained by the distinct contraction of realized liquidation profits.

Taking provisions into account, the result from ordinary activities is thus anticipated to have reached some EUR 2 billion, down 8.1% on 1998. Factoring in expected extraordinary income and higher tax payments (EUR 0.3 billion) than in the previous year, credit institutions expect to have closed 1999 with an annual surplus of EUR 1.7 billion, which equals a 1.6% gain on the comparable surplus for 1998.

Interest Income and Expenditure
Arising from Transactions with Nonbanks

	1998	1999
Claims on customers		
Income EUR billion	13.37	12.54
Average claims EUR billion	233.26	251.21
Average interest % p. a.	5.73	4.99
Liabilities to customers		
Expenditure EUR billion	5.97	5.37
Average liabilities EUR billion	185.37	194.53
Average interest % p. a.	3.22	2.76
Interest rate margin in the retail lending business in %	2.51	2.23

Source: OeNB.

Insurance Companies, Pension Funds, Investment Funds, Building and Loan Associations

Insurance Companies

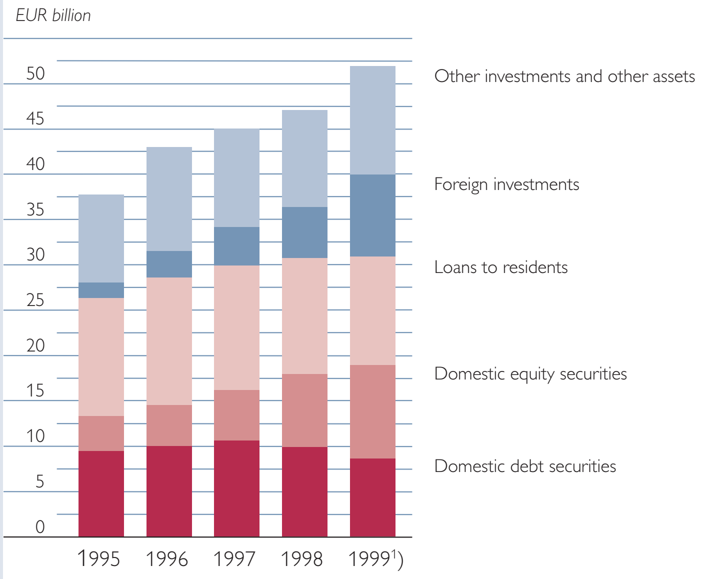
At end-December 1999, 70 contractual insurance companies were operating in Austria. As a result of merger and restructuring activity, the number of insurers subject to reporting dropped by 2 companies year on year. Of the 70 insurance companies, 50 were domestic stock corporations, 5 domestic mutual insurance companies and 15 branch offices of foreign insurance companies.

Assets under management closed the year under review at EUR 52.0 billion, up around 10% on 1998. Compared to the year before, the biggest area of growth were external assets (+62.8%). Climbing EUR 2.3 billion (+28.6%) year on year, equity securities and other domestic securities were in line with the trend evident for the past few years. By contrast, debt securities (–13.0%) and lending (–7.0%) posted a decline.

At EUR 3.3 billion or 11.3%, provisions for life insurance products grew at a faster pace than in 1998 (+EUR 2.1 billion or +7.7%). Continuing a tendency manifesting itself in the past two years, provisions for health insurance consistently edged up further (1999: +7.6%, 1998: +7.4%, 1997: +8.6%). Provisions for indemnity and accident insurance fluctuated marginally.

In 1999, nominal capital and provisions climbed by 9.7% to EUR 4.4 billion year on year.

Insurance Companies' Total Assets



Source: OeNB.
[1]) Estimates.

Pension Funds

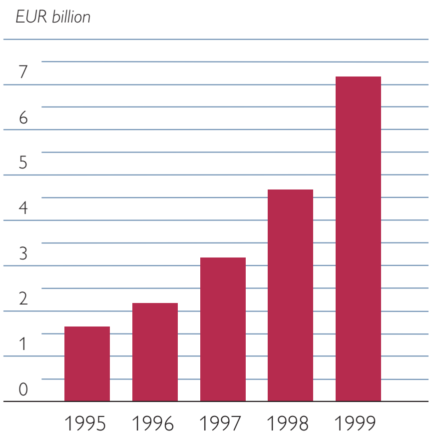
At the end of 1999, the number of pension funds operating in Austria equaled the 1998 figure: Of the 17 pension funds, 10 represented in-house funds and 7 were industry-wide funds.

In the review year, assets under pension fund management added more than 50% from the 1998 period. While growth expanded steadily in 1999, the pace of growth slowed increasingly throughout the first three quarters, to jump in the final three months. The fact that transferring direct benefit entitlements to a pension fund would cease to carry tax incentives by yearend certainly played a role, even though a similar, albeit less distinct, pattern was also evident every year from 1996 to 1998.

Domestic issuers' securities, which were snapped up in particular in the first and third quarters, remained the main investment vehicle.

In the securities category, assets invested in debt securities shrank consistently, running to 21.3% at the close of 1999. The share of domestic issuers' debt securities

Pension Funds' Total Assets



Source: OeNB.

denominated in euro, the largest subcategory in 1998, collapsed to a mere 6.4% in the reporting period.

In 1999, the euro to foreign currency ratio remained virtually unaltered throughout the entire year. As 1999 investment activity did not continue to shift toward the euro, as was the case in 1998, the above ratio stabilized in 1999.

Investment Funds

Growth of domestic investment funds, already impressive in 1998, further accelerated in 1999, to attain the highest increment (+44.3%) in eleven years. In the fourth quarter, Austrian investment assets exceeded the ATS 1,000 billion mark. Likewise, the addition of 290 funds reflected the ever growing diversification of the Austrian investment fund industry.

At the close of December 1999, a total of EUR 80.3 billion (41% of GDP) was invested in the 1,148 investment funds which the 24 Austrian investment companies operate.

Following a slowdown in 1998, the shift from domestic to foreign investments gained significant speed in 1999. While investment in foreign securities accounted for some 52% of 1998 portfolio growth, in the reporting year investment abroad, advancing by EUR 18.3 billion or 87.5%, far outweighed the EUR 2.6 billion (12.5%) increment in domestic investment (adjusted for domestic shares in mutual funds).

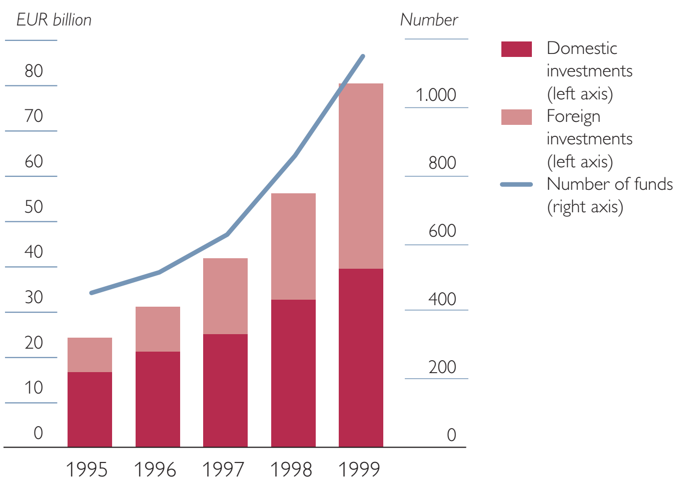
The pull of foreign investment options was clearly stronger than the allure of domestic equities, the same as in 1998. In 1999, around twenty times as many equities were purchased in foreign capital markets as in the domestic market. In the same vein, foreign debt securities for the first time attracted more capital than their domestic counterparts.

Of total asset growth, foreign debt securities accounted for 43%, followed by foreign shares and equity securities, whose share came to 27%.

As in the previous years, investors increasingly opted for higher shares of equities in their portfolios. Investment in equities accounted for 20.3% of total assets, up from 16.9% in 1998. In contrast, the share of debt securities contracted from 73.5% to 65.0%.

As of March 1998 it has been possible by law to establish fund-of-funds in Austria. Such funds may invest 100% of investment fund assets in mutual funds shares. As a result, investment in mutual funds shares surged by a hefty 340% in 1999, following a slight increase in 1998. In December 1999, when 201 fund-of-funds were in operation, mutual funds shares already accounted for 7.9% or EUR 6.4 billion of the collective investment assets.

Investment Funds' Total Assets and Number



Source: OeNB.

Building and Loan Associations

In the light of the drop in interest rates (credit and debit side cuts) on other financing instruments, Austria's building and loan associations faced a turbulent 1999.

The 1999 total number of savings and loan investment contracts and the total sum invested fell pronouncedly short of the corresponding 1998 figures. This decline was attributable to the falling interest rates payable on other forms of credit, and on the debit side cut affecting new contracts in the first half of 1999, as well as increasing competition from novel financial investment products, such as pension funds, insurance innovations and investment funds.

The ratio of savings and loan investment contracts to contracts on which loans had been extended shifted continuously toward the former: In 1999, the number of contracts on which loans had actually been granted dropped 16.3% on 1998. Also, the money saved under all savings and loan schemes declined markedly, namely by 12.5% in 1999.

The conclusion of new contracts clearly trended downward in the first half of 1999 and continued to do so even in the third quarter, in contrast to a pickup in the years before. Only in the fourth quarter did the number of new contracts rise again, in line with past developments; however, it did not manage to level with the figures of the analogous back periods.

Shifts to other, more attractive financing products further reduced outstanding loans in the first half, steadily enlarging the gap between deposits and loans outstanding. Interest rate cuts on the credit side helped contain this discrepancy, ensuring the competitiveness of savings and loan investment contracts vis-à-vis other forms of borrowing.

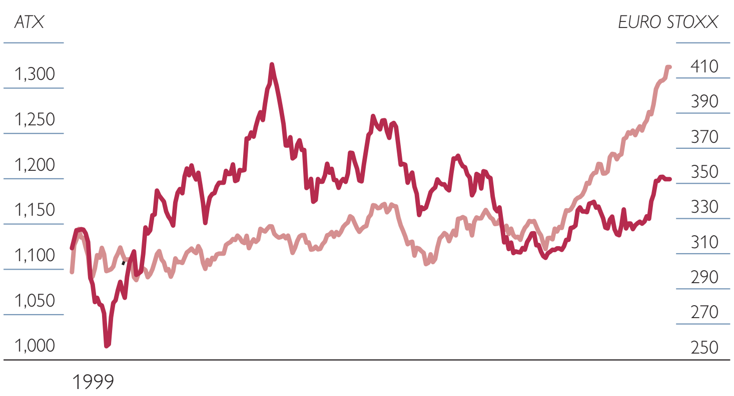
Lending (i.e. recourse to building loans following the depositing phase), which fell sharply in the first half of 1999 against the analogous 1998 period, registered a steep increase as of the third quarter thanks to the interest rate reduction. It thus nearly equaled the 1998 value by the end of the review year.

Bond Market, Equity Market

The yield on ten-year benchmark government bonds trended upward throughout the year 1999, and the maturity structure of spot interest rates moved up for all maturities. For details see section "Implementation of the Eurosystem's Monetary Policy."

Following the bullish trend of the Vienna stock market at the beginning of 1999, prices hardly signaled a clear tendency in the months after. From January 1, 1999, to May 4, 1999 (high for 1999) the ATX soared by approxi-

ATX and Dow Jones EURO STOXX



Source: Datastream, Wiener Börse AG.

mately 18%, thus clearly outperforming Europe's equity markets, which advanced by 13% in the like period, as measured by the Dow Jones EURO STOXX. The uptrend of equity prices is most likely to have been caused by high business confidence in the euro area and ensuing favorable profit expectations. Despite the rally on the equity markets in the first quarter of 1999, the ATX only partly managed to compensate the slide in prices from the record 1998 level (on May 4, 1999, the ATX still trailed the level scored on May 26, 1998, by around 19%). From early May to end-October 1999 the ATX slid, as did the Dow Jones EURO STOXX. The rise in long-term bond yields seems to have weighed heavily on the euro area equity markets.

In the final months of 1999, the European stock markets rebounded, however. Especially the Dow Jones EURO STOXX rallied by some 33% from October 20, 1999, to December 31, 1999. The ATX recovered less markedly, climbing 7% in the like period, to close 1999 at 1,197.82. The favorable situation on the stock markets was traceable to upbeat economic prospects and the fact that long-term inflationary pressure was contained by the ECB's November interest rate hike. Europe's equity markets remained unscathed even by the sustained uptrend of the euro area's bond yields at the long end.

The volume of bonds outstanding advanced by EUR 12.7 billion to EUR 144.3 billion in 1999. The bulk of new issues (EUR 11.3 billion) was floated by the federal government in 1999. By comparison, banks tapped the bond market to the amount of EUR 2.0 billion. The gross volume of issues amounted to EUR 33.5 billion, 59% of which were attributable to the general government, 39% to bank issues and 2% to other public entities and other domestic nonbanks.

The OeNB as a Bridge between East and West

Cooperation with Central and Eastern European Countries in Transition

Within the ESCB, the OeNB is a center of competence for EU enlargement. Cooperation with transition economies' central banks has been enhanced. Diverging growth patterns marked the economies in transition; exports to the EU were on the rebound, and structural reform gathered momentum. Monetary policy showed signs of relaxation. Calm spread in the wake of financial and economic turmoil in Russia; however, banking and structural reform remains slow.

The OeNB's bilateral cooperation with central banks in Central and Eastern Europe is centered around the series of four one-week seminars founded in 1997, which has been continued every year on account of the lively demand. In 1999, the seminars covered topics ranging from human resource management, the analysis of banks and enterprises from a central bank's point of view, financial and balance of payment statistics to EU integration issues. In addition, the OeNB strives to further strengthen its cooperation with transition economies in joint projects.

On a multilateral level, the OeNB continued to contribute actively to aid programs for the Central Bank of the Russian Federation, funded by the EU and coordinated by the IMF. In this context, two workshops on balance of payments statistics and international accounting standards were held in Vienna for delegations of five representatives each.

The OeNB continued to support the Joint Vienna Institute (JVI) both financially and by seconding leading experts to hold lectures at the institute as well as by inviting JVI participants to the OeNB. In the wake of the sponsoring organizations' decision to extend the JVI's mandate by five years to 2004, Austria (the OeNB and the Federal Ministry of Finance) was asked to further expand its contribution to the JVI's seminar program. As a result, two one-week seminars were organized by the Austrian authorities in 1999. They dealt with the public sector's role in the process of economic reform and in attracting foreign direct investment. As the interest in both seminars was extremely high, they will be repeated in the year 2000. In the course of redesigning the JVI's main course, the Applied Economic Policy Course, the JVI Executive Board introduced a one-week Austrian Segment. The close cooperation between the OeNB and the JVI is underscored by the plans for a joint high-level conference to be held in November 2000.

Economic Developments in Selected Central and Eastern European Countries in Transition

Economic trends in the five countries under review (the Czech Republic, Hungary, Poland, the Slovak Republic, and Slovenia), displayed a varied mix over the course of 1999, even if a rather listless mood prevailed well into the summer. Hungary, Poland and the Slovak Republic reported shrinking real GDP growth in the first half of 1999, and the recession in the Czech Republic did not bottom out until the end of the first half. In the third and fourth quarters, the economies under review recovered, propped up by the cyclical revival in the EU.[1])

Over the course of 1999, unemployment figures climbed in the Czech Republic, Poland and the

1 *See also: Schardax, F. (2000). Developments in Selected Countries, in OeNB Focus on Transition, 2/1999, pp. 10–27, January.*

	Inflation Rates (CPI)			**Net Budget Results[1])**			**Current Account Balance[2])**		
	1997	1998	**1999[3])**	1997	1998	**1999[3])**	1997	1998	**1999[3])**
	Annual average in %			*End of year in % of GDP*			*End of year in USD million*		
Poland	+14.9	+11.8	+ 7.3	−1.0	−2.4	−2.0	−4,312.0	−6,900.0	−11,700.0
Slovakia	+ 6.1	+ 6.7	+10.5	−5.7	−2.7	−1.9	−1,952.3	−2,063.1	..
Slovenia	+ 8.4	+ 7.9	+ 6.2	−1.2	−0.8	−1.2	36.6	− 3.8	..
Czech Rep.	+ 8.5	+10.7	+ 2.1	−0.9	−1.6	−1.6	−3,211.0	−1,059.1	..
Hungary	+18.3	+14.3	+10.0	−4.0	−3.7	−2.9	− 981.0	−2,298.0	− 2,076.0

Source: WIIW, national statistics.
1) The budget balances are not fully comparable, as the methods of calculation vary significantly between countries.
2) Balance of payments data.
3) Preliminary figures and estimates.

Slovak Republic, while they declined in Hungary and Slovenia. With the exception of the Czech Republic, Hungary and Poland, inflation rates were on the uptrend, especially in the Slovak Republic. The Slovak government introduced a 7% surcharge on imports at the end of the second quarter, stepped up VAT and significantly raised administered prices. Slovenia's finance ministry introduced a VAT in the mid-summer.

The countries under review were not all equally ambitious about further consolidating their budgets. Only the Slovak government saw a need to adopt an austerity package to keep its budget on track. As economic developments fell short of the underlying assumptions, the Czech government opted to accept a minor overshooting of the general budget.

While all of the economies in this survey posted negative trade and current account balances, some of them were more successful in their external trade than others. Under the impact of a recession and an austerity package, respectively, the Czech and Slovak Republics claimed improvements in their external balances. Hungary more or less maintained the previous year's balance. After years of attaining balanced current accounts, Slovenia for the first time recorded a current account deficit. The decline in tourism revenues can, among other things, be traced to the crisis in Yugoslavia. The continued widening of Poland's current account gap seems particularly worrying, above all in the light of the negative trend observed over the past three years.

The trends of gross foreign debt in 1999 were also mixed. While the Czech and Slovak Republics cut their debt burden, Poland stabilized its high volume of external debt[1]) and Hungary and Slovenia built up further debt. The level of foreign reserves (excluding gold) remained unchanged in most of the countries covered by the 1999 review.

The currency and securities markets were hit by short-term contagion effects of the Russian and Brazilian crises; the financial

1 *First half of 1999.*

	Real GDP			**Unemployment Rates**		
	1997	1998	**1999[1])**	1997	1998	**1999[1])**
	Change from previous year in %			*End of year in %*		
Poland	+6.8	+4.8	+4.1	10.3	10.4	13.0
Slovakia	+6.5	+4.4	+2.0	12.5	15.6	19.2
Slowenia	+4.6	+3.9	+3.7	14.8	14.6	13.0
Czech Rep.	+0.3	−2.7	−0.7	5.2	7.5	9.4
Hungary	+4.6	+4.9	+4.3	11.0	9.6	9.6

Source: National statistics.
1) Preliminary figures and estimates.

turmoil in Russia temporarily depressed stock prices and exchange rates, while both crises led to heightened volatility in the markets. In the course of a few months, the markets regained some calm, and most stock indices had recovered their pre-crisis levels by the end of the second quarter of 1999. Whereas all the currencies slightly depreciated against the U.S. dollar in nominal terms, most of them remained more or less at a par with the euro's development, with the exception of Poland's zloty and Slovenia's tolar, which lost some ground. The repercussions of the Russian crisis for the transition economies' banking systems were moderate, as the banks overall have a limited exposure vis-à-vis the Russian Federation.

With the exception of Poland, where key interest rates were raised in September and November, the countries under review generally softened their monetary stance in 1999. In November, the National Bank of Poland hiked the discount and lombard rates by 350 basis points to 19% and 20.5%, respectively, and adjusted the intervention rate upward by 250 basis points to 16.5%. The NBP argued that stronger than expected inflation and the exacerbated current account shortfall had made these incisive interest rate measures necessary. The Czech monetary authorities repeatedly cut interest rates in the course of the year; in total, the discount rate was trimmed from 7.5% to 5%. Furthermore, the minimum reserve requirement was lowered in October. In the Slovak Republic, monetary policy remained tight in 1999, but the reduction of the minimum reserve requirement from 9% to 8% in April represented a slight relaxation. After a short intermission in the wake of the Russian crisis, Hungary's central bank returned to its policy of cutting interest rates in frequent small steps. Over the course of 1999, the base rate was lowered from 17.0% to 14.5%. In January 2000, the central bank slashed interest rates across the board, arguing that Hungary's ever closer ties with the EU had caused risk premia to dwindle. Following a 200 basis point reduction of the discount and the lombard rates to 8% and 9%, respectively, at the beginning of the year, Slovenia set no further interest rate measures in 1999.

In 1999, Slovenia and the Slovak Republic pursued monetary targets[1]) and allowed their currencies to fluctuate in a managed float system. The Czech Republic and Poland switched to direct inflation targeting at the beginning of 1998 and 1999, respectively, with Poland adhering to its crawling band regime and the Czech Republic upholding its managed float. Actual inflation is likely to have lagged clearly behind target in the Czech Republic and to have overshot the level targeted in Poland. The National Bank of Poland reduced the monthly devaluation of its crawling peg rate from 0.5% to 0.3% and widened the fluctuation band from 12.5% to 15% on either side of the central parity. The monetary authorities plan to float the zloty in the year 2000 and later to establish a fixed peg to the euro. Hungary continued to gradually phase out its crawling peg system, reducing the monthly devaluation rate from 0.7% at the end of 1998 to 0.4% on October 1, 1999. On January 1, 2000, Hungary switched to a 100% euro peg; the National

1 *The Slovak Republic is increasingly using an inflation target in addition to the monetary target.*

Bank of Hungary plans to abandon the crawling peg system, widen the fluctuation band and subsequently fix the forint to the euro by 2001. In the three countries with managed float regimes, the euro replaced the Deutsche mark as the reference currency as of the beginning of 1999.

10 Years after the Collapse of the Iron Curtain – The Effects on Austria

Eastern Europe's opening up to market economics and democracy stands out as the defining development of the past decade. The EU has entered into Europe Agreements with ten Central and Eastern European countries and has built a perspective for EU accession. The newly established market economies successfully turned the main focus of their external trade to Western Europe, implemented economic reform and aligned their legislations with the body of EU law, the acquis communautaire.

From the very start of the transformation process in Eastern Europe, Austria has led the way in enhancing trade relations with its neighbors to the east. Even before it joined the EU, Austria facilitated trade by implementing free trade agreements, which were replaced in 1995 by the EU's Association Agreements with the Central and Eastern European countries. The share of Austria's total goods exports sold to these countries (including the CIS and former Yugoslavia) grew from 9.9% in 1989 to 16.6% in 1998. Since the reform process began, Austria's trade balances with these countries have consistently been in surplus; in 1998 the overall surplus came to EUR 2.3 billion.

With a share of 8.8% of foreign direct investment, Austria also ranks among the top four countries (along with Germany, the U.S.A. and France) investing in the transition economies (Croatia, the Czech Republic, Hungary, Poland, the Slovak Republic and Slovenia), especially in the financial and trade sectors.

Higher incomes in the transition countries have boosted tourism revenues in Austria. The evolving economic ties have also benefited regional cooperation on environmental issues and infrastructure development. WIFO estimated that the opening up of Eastern Europe boosted Austria's real GDP growth by 1.3 percentage points between 1989 and 1994. Over this period, employment picked up by an estimated 20,000 in net terms. The adaptation costs in the industries affected by the opening up were lower than expected.[1]) Projections show that the beneficial effects of closer ties with Eastern Europe on Austria's economy will be reinforced by EU enlargement.[2]) As the Central and Eastern European countries' economies are much smaller and far less powerful than the EU Member States' economies, the effects of EU enlargement will be asymmetric. Estimates indicate that GDP changes for the EU will be minor, even if countries with closer ties are likely to profit more (primarily Austria, Germany and Italy). In candidate countries, however, EU accession can be expected to have a major impact. In the conservative scenario, the accession countries' economic growth is expected to accelerate by 1.5 percentage points, while estimates taking into account dynamic effects (especially larger inflows of investment) speak of as much as 18.8%, which would contribute to a rapid catching up process among Austria's neighbors.

1 *See Breuss, F. and Schebeck, F. (1995). Ostöffnung und Osterweiterung der EU. WIFO-Monatsberichte Nr. 2/1995.*

2 *See Keuschnigg, C. and Kohler, W. (1999). Eastern Enlargement of the EU: Economic Costs and Benefits for the EU Present Member States?, Part I: Theory, Policy and Results, Part II: Appendix: Model Structure, Data Set and Calibration Method, Study XIX/B1/9801, European Commission, Brussels.*

Structural reform

Progress in the implementation of structural reform has varied in the five countries under review, but the countries which lagged behind in 1998 (the Czech Republic, the Slovak Republic and Slovenia) were able to make up for lost ground in 1999. All countries in transition have keyed their policy goals to EU accession and consequently to the adaptation of existing legal norms to EU directives. In most of these countries, privatization of businesses has proceeded quite far, so that the attention is now focused on specific enterprises and sectors (e.g. telecommunications). This does not mean, however, that structural reform has been satisfactorily accomplished everywhere. The Czech government, e.g., adopted a program to revitalize large loss-making conglomerates in April 1999. In Slovakia, similar issues still need to be addressed. Poland has yet to face up to pruning its oversized coal and steel industries. Large-scale privatization projects have been pursued in the oil, insurance and aviation sectors. In Slovenia, one of the main issues to be resolved is reducing the concentration of ownership in privatized companies, which were formerly in the hands of the workforce. The planned measures are above all targeted at enhancing competitiveness.

Banking reform and privatization was pushed ahead in some of the countries under review, while other transition countries made less progress. In most countries the financial sector is quite heavily burdened by nonperforming claims. The Czech Republic privatized the country's third largest bank in 1999 and recapitalized other major banks to prepare their privatization. In February 2000, approximately 50% of the shares in the country's second largest bank were sold. Hungary privatized the largest domestic commercial bank in October 1999. The Polish government marketed its shares in two large commercial banks in June 1999. In the Slovak Republic, large-scale privatization has yet to commence in the banking sector; steps taken so far have included capital injections from central bank reserves to bolster the capital of two credit institutions. The National Bank of Slovakia estimates the cost of restructuring the banking sector at 10% to 12% of the annual GDP. At the end of July 1999, Slovenia's government approved the (partial) privatization of two of the country's most powerful credit institutions.

On the basis of the EU Association Agreement, Slovenia began to implement structural reforms in 1999: A new Banking Act, which grants foreign banks freedom of establishment and liberalizes foreign participation in Slovene banks, entered into force in February. The Bank of Slovenia has gradually eased capital controls, and a new foreign exchange law was enacted in April. The Czech government issued a decree on capital transactions at the beginning of 1999 to eliminate the last remaining restrictions, such as those imposed on nonresidents who seek to issue securities on Czech markets. As of January 1999, a new foreign exchange law entered into force in Poland, which removes restrictions on medium- and long-term capital flows with OECD members. The amendment to Slovakia's foreign exchange law enacted at the beginning of 2000 is oriented on similar goals. At the end of October

1999, Hungary became the first transition economy to issue a floating rate bond in the euro market.

Plans and measures to reform tax and pension systems ranged high on the political agenda in most of the countries under review. Tax reform plans are mainly focused on simplifying tax collection (by adapting indirect tax systems to EU standards and by eliminating loopholes); pension reform plans are above all dominated by efforts to complement the existing pay-as-you-go schemes with funding models. Poland and Hungary, in particular, have encountered problems with these funding models, as the transition is hard to administer and is expensive. Slovenia's government replaced the old turnover tax with a 19% VAT as of July 1, 1999.

Progress toward EU Enlargement

Central and Eastern Europe's transition countries made further progress toward EU accession in 1999. Slovenia's EU association treaty entered into force as of February 1, 1999, after substantive accession talks with the "first-wave countries" (Cyprus, the Czech Republic, Estonia, Hungary, Poland and Slovenia) had commenced in November 1998. The European Council Summit in Vienna (December 1998) adopted the course proposed by the European Commission not to extend negotiations to further countries yet, but it applauded the progress made in Latvia, Lithuania and the Slovak Republic and thus indicated that negotiations with these countries could be held in the future.

The Acquis screening was more or less completed with all twelve candidate countries. In the fall of 1999, with the opening of the chapters on Economic and Monetary Union (EMU), the free movement of capital and the free movement of services (financial intermediation), the negotiations with the "first-wave" applicants reached a particularly important stage from a central bank point of view. The chapter EMU was provisionally closed in the last round of talks in December. It was decided that the accession countries would join EMU as "pre-ins," and that they would adopt the euro only later. All six candidate countries have closely aligned their central bank legislation with EU standards so that their monetary authorities are now fully independent. While progress on the liberalization of real estate purchases by foreigners (free movement of capital) is slow, the candidate countries have presented ambitious targets for the harmonization of legislation on financial intermediation and have asked for only few provisional arrangements.

In October, the European Commission published its 1999 reports on the candidate countries' progress toward accession and proposed to start accession negotiations with the remaining countries of Central and Eastern Europe (the "second wave," i.e. Bulgaria, Latvia, Lithuania, Romania, Slovakia as well as Malta). From now on, each candidate country's accession schedule is to be oriented solely on the level of preparation it has reached. The EU itself is called upon to complete its internal preparations (institutional reform) by the end of 2002. Turkey is for the first time listed among the candidate countries; as it fails to fulfill the political and economic criteria, however, Turkey can not be invited to begin accession negotiations for the time being. At its summit held in Helsinki in December 1999, the European Council endorsed most of the European Commissions proposals and consequently accession negotiations with the "second-wave" candidate countries commenced in February 2000.

The Kosovo Conflict, the Stability Pact and Developments in Southeastern Europe

The Kosovo conflict,[1]) which culminated in NATO's bombardment of the Federal Republic of Yugoslavia (March to June 1999), seriously affected the economies in the region. Albania, Macedonia, and the Yugoslav Republic of Montenegro had to deal with an overwhelming influx of refugees, which triggered direct budgetary and demand effects. With the exception of Montenegro, these effects were cushioned by international humanitarian and financial aid. In the Federal Republic of Yugoslavia, the damage to the capital stock was severe, causing GDP to contract by 25% to 40% in 1999. The drastic effects on the Federal Republic's external trade and the much larger transit trade through Yugoslavia had dire repercussions throughout the region.

The Vienna Institute for International Economic Studies estimates the cost of the Yugoslav war at 5% of GDP in Macedonia, 3% of GDP in Bosnia Herzegovina, 2% of GDP in Bulgaria and Albania, 1% of GDP in Croatia and 0.5% of GDP in Romania.[2]) According to the IMF, balance of payments losses in Yugoslavia's neighboring countries (excluding Hungary) came to a total of USD 2.4 billion, most of which could be offset by restrictive macroeconomic policies and international aid.[3]) European Commission estimates put the cost of rebuilding Kosovo alone at USD 2.0 billion to USD 3.5 billion.

In 1999, the international community agreed to provide macrofinancial assistance to Bulgaria, Macedonia, Albania and Bosnia Herzegovina. At two international donor conferences for Kosovo, a total of EUR 3.15 billion was pledged. The donors made financial aid to Yugoslavia contingent on democratization. The Federal Republic of Yugoslavia continues to suffer the impact of its isolation (it holds no membership in the IMF and the World Bank), as it has no access to international financial markets. For the time being, Belgrade funds its own reconstruction efforts by printing money; as a result, even price controls fail to stop the Yugoslav dinar's racing inflation.

On June 10, 1999, the Stability Pact for South Eastern Europe was adopted at an international conference held in the wake of the EU Council's Cologne summit. The pact is designed to ease tensions and crises, foster democracy and good neighborly relations, combat organized crime and create functioning market economies in the region. To this end, financial aid and development projects are to be organized and coordinated. At the end of June the United Nations Interim Administration Mission in Kosovo (UNMIK) was established, in which the EU holds prime responsibility for the economic agenda. At the beginning of September 1999, UNMIK abolished the Yugoslav dinar's status as sole legal tender in Kosovo and legalized the use of foreign currency; the UN administration itself uses the Deutsche mark in its accounting and its budgetary payments.

The European Commission has proposed to offer the countries of

1 *See Barisitz, S. (1999). The Southeast European Nonassociated Countries – Economic Developments, the Impact of the Kosovo Crisis and Relations with the EU. In: OeNB, Focus on Transition, 1/1999, pp. 60–95, September.*

2 *See Gligorov, V. (1999). The Kosovo-Crisis and the Balkans: Background, Consequences, Costs and Prospects. WIIW Current Analyses and Country Profiles, June.*

3 *See IMF (1999). Economic Prospects for the Countries of South East Europe in the Aftermath of the Kosovo Crisis, September 22.*

the Western Balkans (EU terminology for the five nonassociated countries in southeastern Europe – Croatia, Bosnia Herzegovina, the Federal Republic of Yugoslavia, Macedonia, Albania) a new type of Association Agreement, "association and stabilization agreements," if they fulfilled certain political and economic requirements. Since the end of the war in the region, political tensions between the central government in Belgrade and the reformist regional government in Montenegro as well as the Yugoslav dinar's rapid inflation have fueled the constituent republic's drive for independence. In early November, Montenegro's government introduced the Deutsche mark as an official parallel currency. The Serb authorities blocked banking operations between Serbia and Montenegro little later, and in February 2000 goods trade between the two constituent republics ceased.

Economic Developments in the Russian Federation

Boosted by the ruble's devaluation by 45% in real terms following the financial crisis in 1998 and the turnaround of oil and other Russian export commodities in the world market, Russia's economy recovered surprisingly quickly in the course of 1999. Even though this only meant that precrisis levels were recouped, 1999 did mark the strongest annual growth achieved since the collapse of the USSR. The recovery is, however, based on weak fundamentals, and structural reform is slow.

Macroeconomic Development

In 1999, Russia's GDP (according to preliminary data) grew by 3.2% and industrial output advanced by 8% year on year. The expansion can mainly be attributed to the successful substitution of imports in various consumer goods sectors, but also to exports gains in the energy sectors. Manufacturing rapidly responded to the ruble's depreciation; however, the sector admittedly benefited from the shrinkage in real terms of domestic energy prices in 1999. Despite the rise in oil prices and the expansion of energy exports, the fuel industries increased their output by just 2% in the first three quarters of 1999 compared to the like period in 1998. Although this may be partly due to government price setting in the domestic market and export taxes, the main problem appears to lie with the capital squandered in the production and transportation infrastructure (pipelines) and the resulting supply lags.

Agricultural production advanced by 2.4% in 1999, and the services sector stagnated. While

Selected Economic Indicators for the Russian Federation

	1997	1998	1999[1])
Real GDP (change from previous year in %)	+ 0.9	– 4.9	+ 3.2
Unemployment[2]) (at year-end, in %)	11.2	13.3	12.0
Inflation (CPI; annual average in %)	+14.8	+27.6	+85.7
Budget balance[3]) (at year-end, in % of GDP)	– 7.0	– 5.0	– 1.7
Current account balance[4]) (USD billion)	+ 4.0	+ 1.6	+19.0

Source: National statistics, IMF, WIIW.
[1]) Preliminary data and estimates.
[2]) ILO method.
[3]) Federal budget; IMF definition.
[4]) Balance of payments data.

fixed capital formation climbed by approximately 1% in 1999, consumer demand and the standard of living recovered only slightly from the severe blows to purchasing power dealt by the crisis in August 1998. Retail sales contracted, as households' incomes declined by some 15% in real terms. Unemployment stood at 12.0% at the end of November 1999. As imports decreased markedly while total exports stagnated, the trade and current account balances posted record surpluses. Foreign direct investment grew from its low level, above all on account of production cost considerations. Payment arrears, barter and money substitution are still widespread and bear high economic costs.

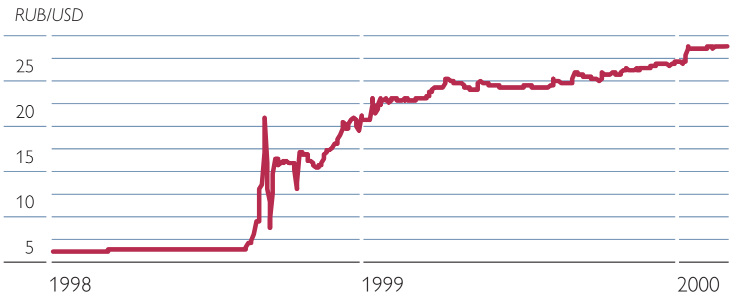
Both fiscal and, though to a somewhat lesser extent, monetary policy were held tight in 1999, and the government made progress in improving tax collection. Higher export revenues in ruble terms, some tax and customs hikes as well as the economic recovery helped strengthen of Russia's fiscal balances. As the federal budget attained a primary surplus for the first time, the deficit was cut to 1.7% of GDP in 1999 (1998: 5.0%). The shortfall was funded above all by the central bank and by international financial institutions.

A stand-by arrangement for SDR 3.3 billion (approximately USD 4.5 billion) with the IMF was concluded in July 1999. Consequently, the World Bank and Japan also resumed their financial support programs. In August, the creditor nations in the Paris Club agreed to reschedule USD 8.1 billion of Russian debt. A more comprehensive solution for government debt of more than USD 42 billion is to be sought at the end of 2000. In mid-February 2000, an agreement was also reached with the London Club of commercial creditors. Russia's total liabilities vis-à-vis the London Club including payments overdue since September 1998 amount to USD 32 billion. Approximately one third of this total (USD 10.6 billion) has been waived, and the remainder has been replaced by long-term Russian eurobonds (predominantly with a maturity of 30 years). As a result, the burden of debt servicing due in the course of the upcoming years has lightened and the pressure on Russia's budget has eased. In 1999, Russia continued to pay back debt incurred by the Russian Federation rather than loans granted to the Soviet Union. Russia's sovereign foreign debt came to USD 152.4 billion at the end of 1998, of which USD 55.4 billion were post-Soviet debt.

Since the beginning of October 1999, the IMF has been withholding further payments on the stand-by credit line. Although the Federation's macroeconomic fundamentals improved considerably in the second half of 1999, several structural policy goals of the IMF program were not achieved in time. The main arguments for withholding further payments are, however, likely to be connected with the accusations of money laundering raised against parts of Russia's political elite in the late summer of 1999 and the second Chechen war waged as of the end of September.

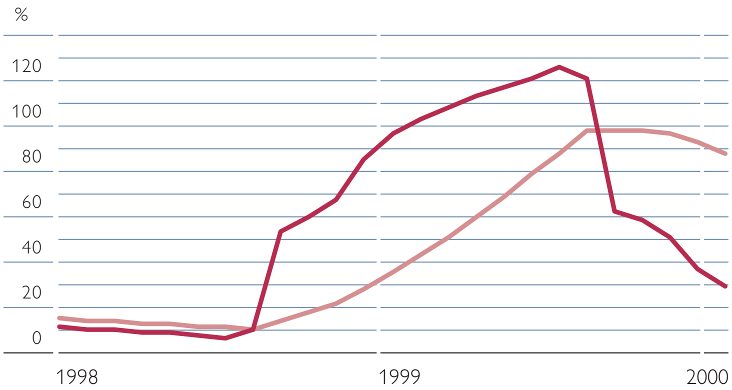
Fears of a hyperinflation in the wake of the 1998 crisis did not materialize in 1999. Instead, monthly inflation rates dropped to an average of below 2% in the second half of the year. Annual inflation (CPI) slowed down to 36.5% in

Ruble Exchange Rate to the U.S. Dollar[1])



Source: Datastream.
[1]) Upward movement = depreciation.

Inflation in the Russian Federation



Change from previous year
Moving 12-month average

Source: WIIW.

1999. The stabilization of the budget acted as a strong dampener on inflation, as the government no longer had to rely on the central bank to finance large proportions of the deficit. In addition, the central bank restricted liquidity loans to insolvent commercial banks. The monetary base expanded by 45% in the course of 1999 and M2 grew by approximately 44%. Foreign exchange controls, which had been imposed to bolster the exchange rate, were eased or eliminated.

The Bank of Russia repeatedly intervened in the currency market; nonetheless, the ruble fell from a rate of 21 RUB/USD in December 1998 to 27 RUB/USD in the course of 1999. In the first two weeks of January 2000, the ruble came under further pressure.[1]) This is attributed, among other things, to the central bank's purchases of foreign currency in its efforts to replenish its reserves, as the level of reserves remains low despite the hefty current account surplus. Overall, this indicates that capital flight remains strong.

Structural reforms

The government's structural reform efforts made little headway. Russia's banking system is still severely weakened by the effects of the 1998 crisis and is in no position to fulfill its role as an intermediary adequately.[2]) Whereas the monetary authorities successfully reinstated the payment system and averted a run on the banks, they have no power to effectively take control of insolvent banks. Neither the central bank nor the relevant government bodies have the means or the legal backing to deal with contingencies in larger banks.

Nevertheless, there has been progress in banking regulation; an insolvency law for banks was passed in February 1999, followed by a law on the restructuring of credit institutions in June 1999. After most large enterprises had been privatized in voucher and tender privatization programs over the past few years, the pace of privatization slowed down further in 1999.

1 *The exchange rate stood at 28.6 RUB/USD at the beginning of February.*
2 *The limited impact of the banking crisis on the real sector can also be seen in the light of the limited degree to which Russian companies rely on external financing.*

The OeNB's Participation in International Organizations

At the international level outside the Eurosystem, the OeNB participates in the activities of various working groups, committees and bodies (see Annex B), which enables it to make relevant policy statements and to examine, on an ongoing basis, current economic and monetary developments. The analyses, studies and decisions that the various international institutions and fora derive from this involvement greatly help the OeNB in making contributions in an expert capacity both within the Eurosystem and at the national level. The OeNB also plays an active role in the EU, the IMF, the BIS and the OECD. Although the OeNB is not directly represented in groupings such as the G-7, G-10 and G-20, the participation of the ECB President in these fora ensures that issues of relevance to the Austrian central bank are also addressed. Since the declarations and reports issued by these groupings with regard to the global financial architecture are implemented by the international financial organizations, the Austrian financial market is also directly affected.

The OeNB actively participated in international organizations outside the Eurosystem and observed the development of specific country groups.
The EU reformed its institutions in 2000 in preparation for the envisaged EU enlargement.
The IMF focused efforts on strengthening financial market stability.
The OeNB implements the IMF initiative to make national economic data available on the Internet.

European Union

With a view to preparing the enlargement of the EU, an intergovernmental conference on institutional issues was established in February 2000 and is scheduled to wind up its work by December 2000. The main items on its agenda include the size and composition of the European Commission, the voting power within the EU Council, and the extension of qualified majority voting (institutional reform).

On January 19, 2000, the European Commission presented its reform strategies, which are to be implemented over the next 2½ years. They provide, inter alia, for heightened accountability, efficiency and transparency in the public sector and aim to ensure responsibility and high quality standards.

At its Berlin summit meeting in March 1999, the EU Council decided to view the enlargement of the Community as a historic priority for the European Union and to continue with the accession negotiations – paced at each candidate's individual speed – as rapidly as possible. Simultaneously, under the EU's new financial perspective, an amount of approximately EUR 22 billion was set aside to cope effectively with the process of enlargement in the period 2000 to 2006.

Chronology of Major Developments in the EU and in the Euro Area

- On March 15, 1999, the ECOFIN Council decided to abolish duty free sales within the European Community.
- On March 16, for the first time in the history of the EU, the entire European Commission resigned amid accusations of serious mismanagement. This move was triggered by the report of an investigative panel, which stated that the Commission had lost control over finances and administration.
- On May 1, the Treaty of Amsterdam entered into force,

superseding the Maastricht Treaty. The Treaty aims primarily at making employment policy and citizens' fundamental rights a central concern of the Community, dismantling the last remaining obstacles to the free movement of persons, enhancing internal security, equipping the Union better for its role in international politics and ensuring a more effective functioning of the EU bodies.

– On May 8, the EU Parliament approved the marginally amended Agenda 2000, in keeping with the agreement reached at the Berlin summit of March 26. The Agenda lays down the financial framework for the Community up to 2006. Austria's net contribution to the EU (1999: approximately EUR 1.2 billion) is going to shrink as soon as the abatement for the United Kingdom expires.
– The EU Council of Cologne from June 2 to 4 was marked by diplomatic efforts to end fighting in the Kosovo,[1]) but also made progress with respect to several other crucial issues. Among other things, the Summit established the European Employment Pact, the Broad Economic Policy Guidelines, and the timetable for the forthcoming institutional reform of the Union and its decision-making mechanisms.
– On November 8, the ECOFIN Council endorsed an arrangement for the introduction of euro banknotes and coins: After the introduction of new banknotes and coins as of January 1, 2002, the national currencies of the eleven participating member states will be in circulation only for another four weeks to two months. After this period, national currency may be exchanged for euro coins and banknotes at banks. The individual Member States are free to establish the exact transition periods themselves, with frontloading of euro banknotes envisaged for banks and the retail sector. Several Member States are also considering the possibility of frontloading euro coins to the general public, in order to facilitate the transition.
– On December 10 and 11, at its Helsinki Summit, the EU Council decided to convene bilateral governmental conferences in February 2000 so that the accession negotiations would also cover Bulgaria, Latvia, Lithuania, Malta, Romania and Slovakia. Turkey was granted the status of accession country.

1 *See also chapter "The OeNB as a Bridge between East and West."*

Financial and Economic Organizations

International Monetary Fund

With a view to the introduction of the euro, the IMF made adjustments to the composition of the SDR (Special Drawing Rights) currency basket as of January 1, 1999. Whereas the fixed currency amounts of the Deutsche mark and the French franc were replaced by equivalent euro amounts, the currencies of Japan, the U.S.A. and the U.K. remained unchanged in the basket. Moreover, in view of the changes to the monetary policy framework in the euro area, the IMF surveillance process was expanded to include consultations with Community institutions (in particular the ECB). The euro area's total IMF quota currently comes to SDR 211 billion, with Austria accounting for SDR 1.87 billion.

IMF members' drawings from the General Resources Account (excluding reserve tranche operations) reached a record volume of SDR 21.4 billion in the financial year ending April 30, 1999. Lending under the newly established Poverty Reduction and Growth Facility (PRGF; formerly Enhanced Structural Adjustment Facility – ESAF) totaled SDR 0.8 billion. Redemptions amounted to SDR 10.5 billion. Total debt outstanding came to SDR 67.2 billion in the past financial year. In the calendar year 1999, the volume of IMF resources tapped shrank to SDR 10.8 billion from SDR 21.5 billion in 1998.

In the wake of the turbulence that swept through the financial markets of numerous emerging economies, the IMF decided to put more emphasis on the issue of the international financial architecture. Intense discussions focused on the importance of a greater involvement of the private sector, enhanced transparency and stepped-up financial and banking supervision as well as internationally agreed rules such as codes of conduct.[1])

The IMF – in cooperation with the BIS, central banks (including the Eurosystem), financial market supervisors as well as international and regional organizations – drew up a draft Code of Good Practices on Transparency in Monetary and Financial Policies, which was approved by the IMF's Interim Committee at the Annual Meeting and which largely took account of the misgivings that exist about the publication of potentially sensitive central bank data and information. The Code consists of two parts, a monetary policy and a financial policy section, and is based on the assumption that comprehensive transparency helps enhance the effectiveness and credibility of monetary policy and the accountability of independent central banks. Where the publication of information could impair the effectiveness of policies or of decision-making processes or where financial market stability could be eroded, there are limits to transparency. Transparency cannot be viewed, however, as a substitute for a responsible monetary policy. Moreover, the Code is a purely descriptive rather than a prescriptive document.

To facilitate the implementation of the Code, the IMF prepared a "Supporting Document to the Code," which, in a first round, was subject to international discus-

1 *E.g. the Code of Good Practices on Transparency in Monetary and Financial Policies.*

sions within the framework of regional meetings. To this end, the OeNB took part in a meeting in Basle on November 22 and 23, 1999, which served as a forum for an initial exchange of views on the contents and the structure of the Supporting Document to be finalized in the first half of 2000.

Another instrument the IMF considers vital in preventing economic crises is the provision of comprehensive, timely and reliable economic statistics suitable for the early recognition of imminent imbalances and for the implementation of preventive measures. As early as spring 1996, the IMF had laid down guidelines under the SDDS,[1]) which provided for the publication of statistics on the areas real economy, financial sector, public finance and external sector at specific dates and frequencies in order for a country to meet the highest international standards. Austria undertook to subscribe to the SDDS in the fall of 1997. Like the 46 other countries that have subscribed in the meantime, Austria committed itself to fulfilling these minimum standards for 20 economic indicators by 1999 and to inform the IMF about

– the periodicity and timeliness of the data,
– the entities involved in the collection of the data and the relevant legal basis, and
– the methods and definitions applied.

Furthermore, under the terms of the SDDS, the policy for revisions must be described, any comparable data available must be provided, and all information channels giving access to the requested data must be designated. In order to facilitate access, the SDDS requires the dissemination of the release dates at least three months in advance. All of these socalled metadata are made available by the IMF on the Internet (http://dsbb.imf.org).

Starting in 2000, the participating countries themselves will have to disseminate the data provided under the SDDS, in a standardized "National Summary Data Page" on the Internet and as soon as possible after their publication. For Austria, the OeNB has undertaken to collect the data of the participating institutions after their publication and to disseminate them on the OeNB homepage. In the initial stage, data are updated once a week (http://www.oenb.at), with daily updating being envisaged.

World Bank

In the financial year 1999 (up to June 1999), the World Bank's commitments came to USD 22.2 billion, a historically unprecedented volume. Gross disbursements, by contrast, shrank to USD 18.2 billion.

The International Development Association (IDA), the World Bank subsidiary granting loans at more favorable conditions, reduced its commitments to USD 6.8 billion, while gross disbursements came to USD 6.0 billion. During the Twelfth Replenishment, resources made available by donor countries amounted to SDR 8.6 billion for the financial years 2000 to 2002.

The HIPC Initiative of the IMF and the World Bank

Following a recommendation by the G-7, the World Bank is going to concentrate more effort on the HIPC Initiative.[2]) Debt relief basi-

1 *Special Data Dissemination Standard.*

2 *Initiative to provide debt-servicing relief to Heavily Indebted Poor Countries, launched jointly by the IMF and the World Bank in 1996.*

cally hinges on the implementation of feasible economic programs and structural reforms in the countries concerned. These efforts are now to be put increasingly into the broader context of poverty alleviation. Linking macroeconomic programs with poverty reduction measures will call for closer cooperation between the Bretton Woods institutions, with the IMF being responsible for the macroeconomic programs, while the World Bank will be in charge of the poverty reduction measures. As a result of this restructuring, the total costs of the HIPC Initiative rose from the original USD 12.5 billion to more than USD 28 billion, primarily on account of the more lenient eligibility and qualification conditions, which are now met by more than 30 countries (the amounts denote net cash values discounted to the year 1998 rather than the actual debt relief). Half of the financing for the Initiative is provided by multilateral donors (USD 2.3 billion thereof by the IMF, USD 6.3 billion by the World Bank) and bilateral donors. Since Austria has declared its willingness to participate in the Initiative, the OeNB will provide SDR 14.3 million for the IMF share, very likely on the basis of a federal law.

OECD Ministerial Council

The OECD Ministerial Council of May 26 to 27, 1999, focused on combating bribery of foreign public officials and on guidelines for multinational enterprises. Another item of topical interest was the initiative for the reconstruction of South Eastern Europe. For the first time, a socalled Special Dialogue was held with seven non-member countries[1]) prior to the actual Ministerial Council meeting.

The OeNB is represented in a number of OECD Committees (for details, see Annex A). An important development was the official cessation of the negotiations on a Multilateral Agreement on Investment (MAI) on December 3, 1998. Since then, discussions on investment matters have taken place within the framework of the OECD's CIME,[2]) on which the OeNB is also represented. In the meantime, the DAFFE[3]) drafted a working paper on "elements of a multilateral investment agreement." Participants of the meeting underlined the benefits of a multilateral agreement on investment, taking particular account of national sovereignty, labor regulations, environmental protection and specific cultural features.

BIS

In October, the biennial meeting of central bank statisticians was held to discuss BIS regional statistics. The OeNB participated in this meeting. The Austrian central bank is able to meet the requirements for extension of reporting and publication data to a full country breakdown (including reporting countries) and for shortening of the reporting frequency of consolidated statistics to quarterly. As previously, however, Austrian credit institutions do not collect data on the ultimate risk counterparty, i.e. do not make available breakdowns of claims by the country assuming the ultimate risk.

In 1999, the ECB became a shareholder of the BIS alongside the central banks of Argentina, Indonesia, Malaysia and Thailand. Each new shareholder underwrote

1 *Argentina, Brazil, China, India, Indonesia, Russia and the Slovak Republic.*
2 *Committee for International Investment and Multinational Enterprises.*
3 *Directorate for Financial, Fiscal and Enterprise Affairs.*

3,000 of the 15,000 new shares, which corresponds to an 0.5% share of the total capital of the BIS. The OeNB holds 1⅓% of the capital, which gives the Austrian central bank a say in the BIS.

Rescue Package for Brazil: Austrian Participation through BIS Guarantee

In connection with Brazil's second drawing within the framework of the IMF Supplemental Reserve Facility on March 30, 1999, the country also sought a second drawing on the order of USD 4.5 billion on the credit facility coordinated by the BIS. Part of this second drawing was provided with the guarantee of the OeNB (USD 16.9 million). 70% of the second drawing (USD 3.15 billion) was extended for another six months when it fell due on October 12, 1999. The amount guaranteed by the OeNB at the reporting date (and underpinned by a federal government guarantee) comes to USD 11.7 million.

The first drawing under the BIS arrangement has been repaid.

Assessment of Decision-Making Processes

WTO Millennium Round in Seattle

At the WTO Millennium Round in Seattle towards the end of 1999, participants failed to reach agreement on an agenda. Proposals ranged from a comprehensive list of items such as multilateral investment agreements, competition policy, environment and consumer protection to a socalled built-in agenda[1]) (agriculture and services as well as government procurement, electronic commerce and dispute settlement mechanism, but excluding investments) and to a very limited willingness to discuss the implementation of existing agreements without entering into new negotiating rounds.

Apart from the often-cited disputes on agricultural issues, the reasons for this stalemate were the diametrically opposed expectations and rigid negotiating positions of the U.S.A, the EU and the emerging economies. The next negotiating round is scheduled for the year 2001.

G-7, G-10

Austria – more specifically the OeNB – is not a member of these two fora[2]) that are of crucial importance to the global economy. Their declarations and reports on the international financial system are implemented by the relevant international institutions. Austria has frequently, on a voluntary basis, joined the countries of these groupings in implementing such decisions, even without having been involved in the decision-making process (e.g. financial package for Brazil). After the launch of EMU, the situation became more favorable for Austria as the status of the ECB President now provides for a participation in decisions via the Eurosystem. As a rule, the NCBs, and hence the OeNB, receive information through the IRC[3]) of the ESCB.

G-20

On December 15 and 16, 1999, the G-20 group,[4]) an informal grouping established under the aegis of the U.S.A, convened for the first time. The purpose of the G-20 is to provide a new mechanism for informal dialogue within the framework of the Bretton Woods institutions. It will serve as a platform for an exchange of views rather than as a decision-making body. The G-20

1 This was referred to as a "built-in agenda" because the participants of the Uruguay Round had already committed themselves to discussing the implementation of existing agreements in a future trade negotiation round.

2 G-7 members: Canada, France, Germany, Italy, Japan, the United Kingdom and the U.S.A. G-10 members: G-7 as well as Belgium, the Netherlands, Sweden and Switzerland.

3 International Relations Committee.

4 Participants included: the G-8, Argentina, Australia, Brazil, China, India, Indonesia, Korea, Mexico, Saudi Arabia, South Africa, Turkey, the EU Presidency, the ECB President, the Managing Director of the IMF, the World Bank President, the Chairman of the Development Committee as well as the Chairman of the International Monetary and Financial Committee of the IMF.

allows countries of relevance to the international financial system that had not been adequately represented in the discussion of key economic and financial policy issues to better participate in this process. Crucial issues addressed by this grouping include the reduction of global financial vulnerabilities, exchange rate arrangements, private sector involvement in debt reschedulings, and the terms of such debt restructurings.

The ECB, which is represented in this forum, provides the NCBs – and thus the OeNB – with information on the outcome of the meetings.

The OeNB – A Modern Enterprise

The OeNB undergoes a strategic reorientation. The Bank's corporate structure is reorganized to meet Eurosystem needs. The allowance system is reformed and an incentive system introduced. Equity interests are expanded through investment in the strategically important cash services company GSA. The promotion of economic research projects is stepped up.

Corporate Strategy and Goals

The OeNB reported a smooth transition to Monetary Union, thanks to systematic preparation and thorough implementation of the measures required for integration into the ESCB. As an integral part of the ESCB, the OeNB acts and bases its decisions on European considerations,[1]) but it must take national interests[2]) into account as well. Fulfilling this dual role is going to be a great challenge for the OeNB in the years ahead. This calls for a strategic reorientation, notably a more dynamic and flexible company structure and clear strategic goals.

By applying modern management techniques, streamlining organizational structures, reorganizing workflows and optimizing the deployment of staff, the OeNB has emerged from the restructuring process as a modern service provider with lean cost management. The OeNB is going to maintain this course to handle the new tasks with proficiency and to hold its own amid the intensified competition with the other NCBs of the Eurosystem.

The backbone of the reengineering process is the ongoing strategic reorientation, which in 1999 led to the adoption of a set of strategic goals for the 2000 to 2002 period. The OeNB is committed to playing an active role within the ESCB and also within international organizations. Thus, those international functions are seen as key areas in which the OeNB wishes to become more customer-oriented and improve the services it offers, without prejudice to securing adequate resources for the Bank's core functions. Moreover, a number of strategic fields have been defined in which the OeNB may use a competitive advantage due to the special expertise that it has developed (e.g. owing to Austria's proximity to the transition economies, the OeNB has traditionally had a special interest in the region and has consequently cultivated extensive contacts and become especially knowledgable about developments in the area). Last but not least, the OeNB strives to reinforce its position as a producer of knowledge by promoting economic research projects.

The OeNB's management principles are based on the concepts of delegation, subsidiarity and responsibility, in order to ensure flexible and efficient action. Professional management and an active communications policy have won the OeNB a high degree of public acceptance, which the Bank is intent on maintaining. The principles which have guided the OeNB for many years – stability, security and trust – have played a key role in this development.

The comprehensive process of reorientation shaped activities in the year under review, as summarized below.

Organization

The conversion of noncash transactions to the euro at the beginning of the year went smoothly. In the runup to the changeover, the OeNB's business and information systems had been adapted jointly with those of the ten other NCBs and the ECB to enable ESCB-wide operations.

The OeNB reacted flexibly to the extension of business hours within the ESCB. It was among the first NCBs in Europe to provide tele-support and hence swifter support for IT business operations. The Business Day Simulation project was

1 *See also the sections "The OeNB as a Member of the Eurosystem: Institutional and Functional Changes," "The OeNB's Role in the Eurosystem's Monetary Policymaking" and "Implementation of the Eurosystem's Monetary Policy."*

2 *See above all the sections "The OeNB as a Partner in the Economic Policy Dialogue between the Eurosystem and Austria," "Ensuring the Stability of the International Financial System" and "Providing Information on Monetary Union."*

used to optimize organizational structures, which made it possible to cope efficiently with the wider scope of business operations that ESCB membership has brought. In response to the new conditions arising from the reduction of nonmarket days and the necessity to work longer business hours, staff contracts have been made more flexible and workflows have been reorganized.

Upon entry in the third stage of Monetary Union, approximately 70 OeNB projects and other coordination activities orchestrated with a master plan were wrapped up successfully. Consequently, it was imperative to implement a new project controlling system. Since July 1999, a multi-project control system has been in operation at the OeNB.

On September 14, 1999, the OeNB's Cashiers' Division and its branch offices were awarded initial ISO 9001 certificates, a quality management tool that is up for renewal at the end of August 2002. Compliance with ISO 9001 evidences the high standard of quality management at the OeNB and provides for monitoring the quality of the Bank's cash products and cash handling services and improving them consistently.

For the cash center in the OeNB's second headquarters building, an environmental management and audit scheme was introduced in compliance with the environmental standards set forth in the relevant EU directive.[1]) The implementation of this directive ensures the ecological thrust in the Bank's management in conformity with its mission statement and strategic targets. Moreover, it reinforces the trailblazing role that the OeNB has developed in a number of fields and an efficient environmental management system. The latter was evaluated in mid-1999 and confirmed together with the OeNB's environmental charter.

Staff

As from January 1, 2000, the OeNB's allowance system was restructured. A major target was to bring the OeNB's system in line with that of commercial banks and other European central banks. At the same time, the new system was to ensure that staff could be deployed more flexibly and that long-term cost savings could be generated.

By taking out a contract with a pension fund the OeNB made a big step toward harmonizing the different staff retirement plans. Employees recruited after May 1, 1998, are not "contracted out" from the public social security system and will draw a supplementary occupational pension paid out from a pension fund.

The restructuring of the incentive system as from January 1, 2000, was based on building the merit principle into the staff promotion system.

Equity Interests

As at December 31, 1999, the OeNB held direct stakes in 11 Austrian companies. Six of those companies are wholly owned by the OeNB, namely a hotel management company (HV Hotelverwaltung GmbH), a real estate company (IG Immobilien GmbH), the Austrian Printing Works (Oesterreichische Banknoten- und Sicherheitsdruck GmbH), the Austrian Mint (Münze Österreich AG), a payment and ID cards company

1 *The purpose of this system is to allow companies to voluntarily assume their responsibilities vis-à-vis the environment by continually improving their impact on the environment.*

(Austria Card – Plastikkarten und Ausweissysteme GmbH) as well as the office building management company BLM Betriebs-Liegenschafts-Management GmbH. In addition, the OeNB holds a 98% stake in the cash services company GELDSERVICE AUSTRIA Logistik für Wertgestionierung und Transportkoordination Ges.m.b.H. (GSA) and a two-thirds majority in the chip card specialist CARD SOLUTIONS – Chipkartensysteme-, Entwicklungs- und Beratungsges.m.b.H.

Furthermore, the OeNB holds minority interests in the following domestic companies: a 25% stake in the Austrian Research Organization for Payment Coordination (Studiengesellschaft für Zusammenarbeit im Zahlungsverkehr – STUZZA), 10% in the Austrian Payment Systems Services (APSS) and 20% in the property management company Realitäten-Verwertungs-GmbH (indirectly 100% via HV Hotelverwaltung GmbH). On February 17, 2000, the OeNB moreover signed a partnership contract under which it acquired a 10% stake in A-Trust Gesellschaft für Sicherheitssysteme im elektronischen Datenverkehr GmbH, which serves as provider of certification for electronic signatures.

Through a cession agreement closed on April 28, 1999, the OeNB acquired 98.6% of the shares in the cash services company GSA. The OeNB thus asserted its strategic interest in maintaining a nationwide cash handling network that uses the OeNB's infrastructure and know-how (see also the section "Implementation of the Eurosystem's Monetary Policy"). The remaining shares are held by Austrian banks.

The cornerstones of the Austrian-wide cash processing network are the OeNB's branch offices located in the state capitals. Those branch offices need to be adapted and furnished with additional cash-handling machinery in order to be able to cope with the workload. To this effect the OeNB established a wholly owned office building management subsidiary (BLM Betriebs-Liegenschafts-Management GmbH), which acquired the buildings of all OeNB branch offices (except for Vienna and Graz) and which manages their reconstruction (completion by mid-2001).

Promotion of Science and Research

The OeNB's Fund for the Promotion of Scientific Research and Teaching has a long-standing tradition of subsidizing both basic and applied research projects.

In 1999 the Fund's portfolio was considerably expanded from 1998 – more than EUR 58.1 million (ATS 800 million) were added to a stock of EUR 21.8 million (ATS 300 million), with practically all of the new money earmarked for economics-oriented research.

In order to make the OeNB's direct promotion scheme more efficient, a decision was taken in the survey year to put an emphasis on the disciplines of economics and business administration as well as medicine and to improve the evaluation procedure continually. 429 research projects in this field were subsidized with EUR 9.6 million in 1999 (EUR 8.5 billion in 1998).

In addition, 140 business-related projects were indirectly subsidized with EUR 38.1 million (1998: EUR 15.0 million) via the Austrian Industrial Research Promotion Fund (Forschungsförderungsfonds für die gewerbliche Wirtschaft) and the Austrian Science Fund (Fonds zur Förderung der wissenschaftlichen Forschung). The OeNB has thus made significant contributions to the promotion of innovations and technological development as well as to the improvement of Austria's appeal as a business location and the international competitiveness of the Austrian economy.

Like other companies the OeNB also puts a particular emphasis on promoting cultural activities. The OeNB maintains a collection of 27 valuable old string instruments that are put on loan to rising Austrian violin stars and Austrian chamber music ensembles.

Providing Information about Monetary Union

Newspaper advertisements, a three-part TV documentary, over 140 events and presentations on economic and monetary policy, including some 30 conferences, mark the public relations efforts of the OeNB in 1999.
Over 100 press releases on monetary policy are issued.
A broad spectrum of publications and folders explaining the ECB's weekly financial statement and the TARGET system are made available.
A new education kit is put together.
15,000 pages are accessible via the OeNB's website (9 million visits).
The OeNB hosts numerous conferences.

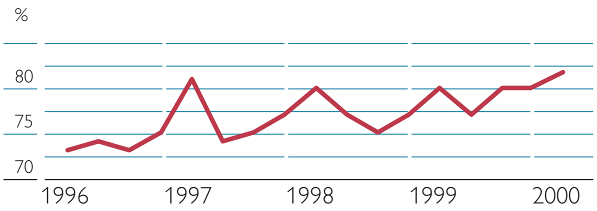
Information activities are among the core functions that the NCBs have in the Eurosystem. After all, the single monetary policy will only be a success if it is accepted by the general public. Moreover, it is necessary to offer the general public and businesses assistance in the practical conversion to the euro.

In 1999 the OeNB's public relations division concentrated on providing specific target groups, such as the general public, the mass media or experts, with information on the introduction of the euro. Key topics were the stability target of monetary policy and its implementation by the Eurosystem, the euro conversion rates, euro noncash transactions and the OeNB's new role in the Eurosystem and in the ESCB.

During the survey period, the attitude toward the euro remained positive, with the polls yielding marginally less favorable results in the second half of the year. The public sees the OeNB as the prime mover in the success of the currency conversion and has a high degree of trust in the Bank's competence. Survey findings also show that the OeNB's ratings regarding public trust and confidence, which are already high compared with other public institutions, keep rising.

This positive sentiment is to a large extent the result of the OeNB's forward-looking and consistent communications policy, which also in 1999 was implemented on the basis of a multi-year strategic communications plan.

General Confidence in the OeNB



Source: Institut für empirische Sozialforschung (IFES).

Informing the Mass Media and the General Public

In 1999, the OeNB's media work revolved around issues linked with the transition to stage three of EMU. In press briefings the OeNB presented the first consolidated weekly statement of the Eurosystem and the ECB's first Monthly Bulletin, with the aim of familiarizing the print media and electronic media with the stability target of the Eurosystem's monetary policy and its new instruments. In the course of 31 press conferences, interviews and public appearences, the OeNB's management provided information about the monetary policy decisions agreed upon in Frankfurt, the OeNB's tasks as one of the NCBs integrated into the Eurosystem and the ESCB, the Austrian balance of payments, preparations for the launch of euro notes and coins in 2002 and preparations for the changeover to the year 2000. In addition, 101 press releases were made on those topics.

Building on the information communicated in 1998, advertisements informing the public about the introduction of the euro were placed in a broad range of newspapers and magazines in the spring and in the fall to make the population more knowledgeable about the euro. The advertisements revolved around the issues of the euro conversion rates, euro noncash transactions, the stages of the currency conversion and the OeNB's role within the Eurosystem and the ESCB.

The series of advertisements was supported and supplemented by a number of other communications measures. Thus the folder "Der Euro – unsere neue Währung" (The Euro – Our New Currency) was made available to banks, postal offices, schools, public administration offices, tourist boards and many other institutions for further distribution. To promote knowledge and understanding of the euro, the OeNB produced a three-part TV documentary on the euro (Das neue Geld) together with the Austrian Broadcasting Corporation ORF. The series was broadcast in the first half of 1999 and, like the film series produced by the OeNB in 1998, achieved above-average TV ratings, which documents the public's strong demand for information.

Including events with media presence, the OeNB organized 142 functions and lectures in the field of economic and monetary policy. Moreover the branch offices informed the interested public in a variety of events about the introduction of the euro and the stability-oriented single monetary policy. The OeNB also operated information booths at the major national fairs and exhibitions. In mid-May the Bank launched a book entitled "The Architecture of Money – From the Classicistic Bank Palace to the Modern Money Center."

The OeNB has for years played a leading role in promoting the education of school children about economic and monetary issues. In 1999, the OeNB School Kit was thoroughly overhauled and improved didactically. The education kit includes three brochures on money, the Austrian financial system and the OeNB's role in the ESCB (Das Geld, Das österreichische Finanzwesen, Die Oesterreichische Nationalbank im Europäischen System der Zentralbanken), a glossary of key money and currency terms, and moreover background material for teachers, student worksheets, sets of slides and didactic games. This third generation of the education kit for schools was sent to all Austrian primary and secondary schools in the first half of 1999. Like in 1998 a special school video was produced to accompany the TV documentary "Das neue Geld." This video is part of the school kit and has also been sent to opinion leaders all over Austria.

Jointly with the Austrian Museum for Social and Economic Affairs, the OeNB organized 88 lectures on topical money, OeNB and euro issues, which were attended by a total of 3,400 people (thereof some 1,800 school children). To promote the education of pupils in the field of economics, the OeNB supported an itinerary exhibition at Austrian schools, in the course of which 735 lectures drawing a total audience of 15,000 were held. In cooperation with the Austrian Museum for Social and Economic Affairs the OeNB also organized four further-education courses for teachers.

The stronger public demand for information is also evident from the significant increase in the calls fielded by the OeNB's hotline. The number of visits to the OeNB's website, which provided access to roughly 15,000 pages at the end of 1999, surged from 3.5 million to 9 million year on year. The OeNB regularly publishes a monthly statistical bulletin (a German edition in print and electronically: Statistische Monatshefte, and an Internet edition in English: Focus on Statistics); a quarterly bulletin (Berichte und Studien in German and its English-language equivalent Focus on Austria), a half-year English-language publication that deals exclusively with developments in the transition economies (Focus on Transition), the conference proceedings for the OeNB's annual Economics Conference as well as a yearly update of the publication "The Austrian Financial Markets – A Survey of Austria's Capital Markets."

Informing Experts about the Single Monetary Policy

The OeNB provides a professional audience and members of the banking sector with information to help them carry out their tasks. The publications aimed at a professional audience contain detailed information about the set of monetary policy instruments, the payment system ARTIS/TARGET and the new weekly financial statement of the Eurosystem. Specifically for credit institutions and their staff, the OeNB published six "Guidelines on Market Risk" for modern financial risk management. In this context the OeNB also added a page with publications on banking supervision to its website.

In 1999 the OeNB hosted its annual Economics Conference in June, this time under the motto "Possibilities and Limitations of Monetary Policy."[1]) Due to the participation of renowned international experts and the interest of the international media, this event has increasingly become an opportunity for the OeNB to enhance its international presence and to display its economic competence. Alongside with monetary policy topics, labor market issues and the role of monetary policy within the broader spectrum of economic policies were under discussion. For the first time, the conference was also broadcast live on the Internet.

With an international conference on "Financial Crisis: A Never-Ending Story?" hosted in November 1999 the OeNB asserted its prominent role in the dialogue with the emerging economies of Central and Eastern Europe. More than 150 participants from more than 30 countries and the big media response show that the OeNB's East-West Conferences have evolved from conferences aimed at a limited professional audience to an image-building event with a strong public impact. A number of other activities – such as the presentation of the "World Investment Report" of the United Nations Conference on Trade and Development and of the annual transition report of the Bank for Reconstruction and Development – contributed to reinforcing the OeNB's special expertise about economic issues concerning Central and Eastern European transition economies.

Contacts with Other Institutions

Within the framework of the ESCB, the OeNB participates in the External Communications Committee and the Banknote Committee of the ECB, which orchestrate the information policies of the ECB and the NCBs of the EU Member States. Within Austria, the OeNB continued the exchange of information with the other entities involved in launching the euro. Thus the Bank coordinated its euro activities with the federal government's euro initiative and with banks via the section in charge at the Austrian Federal Economic Chamber. The OeNB also regularly participated in the coordination meetings of the Representation of the European Commission in Austria and, as in previous years, actively supported numerous Commission activities.

1 *See also the conference proceedings "Possibilities and Limitations of Monetary Policy," which are available from the OeNB free of charge.*

Annex

A. OeNB Membership in International and National Committees and their Key Activities

Institution/committee	Key activities
ESCB/Eurosystem	
Accounting and Monetary Income Committee (AMICO)	Discusses fundamental issues of calculating monetary income, banknote migration.
Banking Supervision Committee (BSC)	Liaises between NCBs, national supervisory authorities and the ECB (exchange of regulatory information).
Banknote Committee (BANCO)	Defines the framework conditions for the introduction of euro banknotes and coins and banknote printing.
Budget Committee (BUCOM)	Evaluates the ECB's budget.
External Communications Committee (ECCO)	Orchestrates public information on the Eurosystem's monetary targets and tasks. Launched an information campaign to prepare the introduction of euro banknotes and coins.
Information Technology Committee (ITC)	Responsible for the Eurosystem-wide coordination of Year 2000 issues. Has established a database on counterfeit banknotes and coins.
Internal Auditors Committee (IAC)	Responsible for the joint definition of audit standards and decentralized application for the review of Eurosystem-wide common infrastructures.
International Relations Committee (IRC)	Works out joint positions and principles on issues concerning the international financial system (exchange rate regime, international role of the euro).
Legal Committee (LEGCO)	Responsible for adjusting the legal framework for the ECB's monetary policy instruments and procedures and for TARGET. Drafted the agreements for the production of euro banknotes.
Market Operations Committee (MOC)	Analyses the bid behavior of the banks that submit bids in the Eurosystem's tender procedures. Provides a liquidity forecast.
Monetary Policy Committee (MPC)	Discusses fundamental issues of monetary policy, forecasts, public finances and structural issues in the euro area. Leads monetary policy coordination talks with pre-in countries.
Payment and Securities Settlement Systems Committee (PSSC)	Deals with payment systems oversight and the implementation of the EU directive on electronic money.

Statistics Committee (STC)	Reconciles data requirements. Works on the harmonization of data and improvement of data quality. Discusses issues of statistical methodology.
ESCB Year 2000 Co-ordination Committee (COCO)	Orchestrated Y2K preparations in the field of infrastructure and information technology and preparations for the critical leap-year date (February 29, 2000).

EU

Economic and Financial Committee (EFC)	Prepares the European Council of Finance Ministers. Monitors the budgets of the EU Member States. Reports on economic policy coordination. Drafts positions on external policy issues. Evaluates applications submitted by third countries for financial support.
Economic Policy Committee (EPC)	Reviews the economic policies of the EU Member States. Prepares, and participates in, the coordination of wage developments and monetary, budget and fiscal policies through a macroeconomic dialogue (Cologne process). Deals with issues of employment policy, state subsidies, financial consequences of aging populations and public sector efficiency.
Banking Advisory Committee (BAC)	Submits proposals and recommendations to the EU Commission on a regulatory framework for banking supervisory legislation. Discusses the further development of the Basle Capital Accord. Interprets banking directives.

Other EU working groups:

– Mixed Technical Group on Financial Conglomerates	– Discusses issues related to financial conglomerates.
– Joint Working Group on Accounting and Disclosure of Financial Instruments	– Works out recommendations to the EU Commission.
– Working Group on Internal and External Ratings	– Defines guidelines and benchmarks for the evaluation of rating systems established by commercial banks to implement the EU's capital adequacy requirements.
– European Committee of Central Balance Sheet Data Offices (ECCB)	– Administers and improves the EU's international database on balance sheets. Discusses methodical rating issues. Under Austrian presidency in 1999.

Eurostat

Committee on Monetary, Financial and Balance of Payments Statistics (CMFB)	Advisory decision-making platform linking the NCBs and the ECB with the national statistical authorities and Eurostat. Discusses strategical statistical issues and promotes cooperation to avoid inconsistences and the duplication of work, such as asymmetries in EU statistics and the future EMU balance of payments.
Harmonization of Consumer Price Indices (HICP)	Responsible for preparatory legal work, methodological reconciliation, conceptual work on indices for the harmonization of the consumer price index.
Financial Accounts Working Party (FAWP)	Provided a manual for "Public deficit – public debt." Responsible for submitting data calculated on the basis of ESA 95 in 2000.
Euro-Statistical Indicators Common Site (Euro-SICS)	Works on a macroeconomic database for economic indicators.

International Organizations

BIS

Concertation Group	Monitors developments on foreign exchange, money, bond and stock markets.
Spring and Autumn Central Bank Economists' Meetings	Spring: discusses current economic developments and forecasts; fall: discusses relevant monetary policy issues and national developments.
Data Bank Experts	Coordinates the input into the databases maintained by the BIS.
Central Bank Statisticians Meeting	Works on the harmonization and further development of international banking statistics.

OECD

Economic and Policy Committee (EPC)	Works out forecasts and the prepares the OECD Council meetings.
Short Term Economic Prospects (STEP)	Makes short-term economic forecasts.
Committee on Financial Markets (CMF)	Deals with issues of cross-border trade and financial services, the role of hedge funds and the future of national financial markets.
Committee for Capital Movements and Invisible Transactions (CMIT)	Negotiated a liberalization of professional services and concluded post-accession review of Poland and Korea. Conducted talks with Russia on its foreign exchange regime.
Joint Working Group of CMIT and Insurance Committee	Discussed nonresident portfolio investment by pension funds and insurances (chaired by the OeNB).

Financial Action Task Force on Money Laundering (FATF)	Combats international money laundering and gives recommendations on how to prevent it.
Economic and Development Review Committee (EDRC)	Conducts OECD country reviews.
Working Party on Financial Statistics	Deals with fundamental issues of international financial statistics.
Commercial Crime Bureau (CCB)	Serves as a reporting center for fraud and money laundering cases.

National Working Groups

EMU Platform of the Federal Banking Section within the Austrian Federal Economic Chamber, with subsections	Discussion platform linking the division in charge at the Federal Economic Chamber, the Federal Ministry of Finance, the OeNB and banks. Deals with current EMU issues and the conversion to the euro.

BMF (Austrian Federal Ministry of Finance)

Expert Commission (under Article 81 Banking Act)	Representatives of the Federal Ministry of Finance and of the OeNB discuss banking issues and banking inspection issues.
Export Promotion Advisory Committee (Erweiterter Beirat zur Exportförderung)	Supports the Federal Ministry of Finance in issues of export insurance and export loans.

ÖSTAT (Statistics Austria)

Statistics Council (Statistikrat; from 2000)	Monitors the statistical and scientific work of Statistics Austria. Coordinates statistical activities with other institutions.
Central Statistical Commission (Statistische Zentralkommission)	Advisor to Statistics Austria.
11 Advisory Councils	Provide expert advice in specific statistical fields.
Central CPI Editorial Committee	Discusses and monitors the calculation of the Austrian inflation rate (CPI, HCPI).
Maastricht: Group of Experts	Discusses issues on the implementation of ESA and the Eurostat decisions under the Excessive Deficit Procedure (budgetary notification).

B. Austrian Financial Sector Legislation Passed in 1999

Act on Cross-Border Credit Transfers

In implementing the EU Directive on Cross-Border Credit Transfers of January 27, 1997,[1]) Austria's Parliament passed the Federal Act on Cross-Border Credit Transfers on July 22, 1999[2]) (effective as of August 13, 1999), which applies to transactions in the currencies of the contracting parties of the EEA Agreement up to the equivalent of EUR 50,000. It contains provisions on the time limit for the execution of transfers, on banks' information duties as regards fees, charges and exchange rates, and on banks' obligation to refund in the event that transfers are not executed. Under the new law, the beneficiary's institution may not make a deduction from the amount of the cross-border transfer to cover its charges or costs unless the originator has specified that the transfer costs are to be borne by the beneficiary. Moreover, the new law requires that adequate complaints and redress procedures for the settlement of possible disputes between customers and institutions be set up.

Settlement Finality Act

This Act (effective as of December 10, 1999)[3]) transposed the EU Directive on Settlement Finality in Payment and Securities Settlement Systems of May 19, 1998,[4]) into Austrian law. The central provisions of this Directive concern the finality of settlement of transfer orders and their netting in the event of insolvency proceedings against a third party, the stipulation that insolvency proceedings may not have retroactive effects on the rights and obligations of participants in a system, and the treatment of collateral provided. Under the new law, the OeNB has been entrusted with the task of designating payment systems and with the notification function in the event of insolvency proceedings; this is in line with the procedure adopted in most of the other EU countries.

Amendment to the Savings Bank Act

In the fall of 1998, Parliament passed an Amendment to the Savings Bank Act, which came into force on January 1, 1999.[5]) According to the Amendment, savings banks that have transferred their undertaking as a whole or their banking operations into a savings bank holding company may be transformed into a private foundation as defined in the Private Foundation Act.[6]) Private foundations established by means of transformation are subject to the provisions of the Private Foundation Act.

Under Article 92 Banking Act a savings bank may transfer its undertaking as a whole or its banking operations by means of a noncash capital contribution into a stock corporation. The latter succeeds to all rights and is subject to all legal obligations existing prior to the transformation. The savings bank does not cease to exist as a legal entity; it continues to exist as a savings bank holding company. As such, it holds the stocks in the subsidiary corporation into which its assets have been transferred plus any assets it may have retained.

In addition to its holding company functions proper, the savings

1 See 97/5/EC, OJ L 43 of 14 February 1997, p. 25.
2 See BGBl (Federal Law Gazette) Part I No 123/1999.
3 See BGBl (Federal Law Gazette) Part I No 123/1999.
4 See 98/26/EC, OJ L 166 of 11 June 1998, p. 45.
5 See BGBl (Federal Law Gazette) Part I No 184/1998.
6 See Private Foundation Act, BGBl (Federal Law Gazette) No 694/1993.

bank holding company may also hold assets that are not related to banking operations, such as premises. Through the transformation into a private foundation, a savings bank holding company is endowed with an internationally recognized legal structure similar to foundations, trusts etc. under Anglo-Saxon law. In other words, this amendment has eliminated a comparative disadvantage of the Austrian banking sector.

Takeover Act

On January 1, 1999, new takeover legislation covering all listed companies took effect in Austria.[1]) Parliament adopted the law after Bank Austria had acquired the government's stake in Creditanstalt-Bankverein. The Takeover Act is based on a draft EU Directive that has so far failed to pass the EU Parliament.

The rationale for the new law lies, above all, in the need to protect minority shareholders and the desire to promote the Austrian capital market in general and the Austrian stock market in particular.

The Takeover Act intends to establish binding rules for public takeover offers. It protects shareholders faced with the decision whether to accept or reject an offer by obliging the prospective purchaser to stick to a certain procedure and by ensuring that the prospective sellers have enough time to make an informed judgment. Article 3 of the Takeover Act lays down general rules for public takeover offers, which are binding for both voluntary and mandatory offers. The provisions are to ensure equal treatment, transparency, protection against market distortions, and swift procedure.

The Takeover Act addresses both voluntary and mandatory public takeover offers made by listed companies and involving listed companies established in Austria. It covers the purchase of equity securities (stocks or other negotiable instruments) that have been admitted for listing at an Austrian exchange market.

The takeover procedures regulated by the new Act are monitored by a Takeover Commission that has been set up at Wiener Börse AG for that purpose.

Consolidated Accounts Act

The Consolidated Accounts Act enables Austrian groups and thus Austrian credit institutions to draw up consolidated accounts according to internationally recognized accounting principles.

Amendment to the Banking Act implementing the EU Directive on Investor Compensation Schemes

The Directive 97/9/EC on Investor Compensation Schemes requires all investment business to be covered by compensation arrangements. An amendment to the Austrian Banking Act, promulgated in BGBl (Federal Law Gazette) Part I No 63/1999, transposed this directive into national law, stipulating that the existing deposit guarantee schemes be extended to cover investment business as well. Consequently, determining and raising the compensation sums is primarily the task of the existing sectoral deposit guarantee facilities. The facilities are to guarantee investors' claims up to a total amount of EUR 20,000 or the equivalent in foreign currency.

1 *See BGBl (Federal Law Gazette) Part I No 127/1998.*

Investors are eligible for compensation when a credit institution or investment firm is unable to meet its legal or contractual obligation to (a) repay investment money owed to or belonging to investors that the institution holds for the clients' account or to (b) return instruments that the institution holds, keeps in safe custody, or administers for the clients' account to the owner.

In practice, investment transactions will be covered by the sectoral deposit guarantee facilities that credit institutions operate already today. To finance the compensation schemes, contributions are raised from the members affiliated to those facilities. The size of the contribution depends on how big an institution's share of commission income from secured securities services is in comparison with the aggregate provision income of all members.

The amount of the secured investor claims depends on the market value that the instruments had when an insurance loss occurred. Claims also include interest rates and dividends accrued between the time the insurance loss occurred and the time compensation is actually paid out.

C. Documents Published by the OeNB in 1998 and 1999

For a comprehensive overview of the OeNB's publications please refer to the December issue of the monthly statistical bulletin "Statistisches Monatsheft," or the last issue of "Berichte und Studien," or the first issue of "Focus on Austria" of each year.

This list is designed to inform readers about selected documents published by the OeNB. The publications are available to interested parties free of charge from the Secretariat of the Governing Board and Public Relations. Please submit orders in writing to the postal address given on the back of the title page. You may also order copies of publications by phone.

For a complete list of the documents published by the OeNB, please visit the OeNB's website (http://www.oenb.at).

Focus on Austria (published quarterly)

Economic and Monetary Union and European Union

EMU – Decisions on the Changeover to the Euro	2/1998
Disinflation and Fiscal Indicators	2/1998
Core Inflation in Selected European Union Countries	3/1998
Harmonized Indices of Consumer Prices – Progress and Unresolved Problems in Measuring Inflation	2/1999
Economic Policy Cooperation in EMU: European Economic Policy Challenges	2/1999
Effects of the Euro on the Stability of Austrian Banks	3/1999
The Austrian Banks at the Beginning of Monetary Union – The Effects of Monetary Union on the Austrian Banking System from a Macroeconomic Perspective	3/1999

Oesterreichische Nationalbank and Selected Monetary Aggregates

The OeNB's Tasks and Duties in the ESCB	4/1998
An International Comparison of Term Structures – Estimations Using the OeNB Model	1/1999
Possibilities and Limitations of Monetary Policy – Results of the OeNB's 27th Economics Conference	3/1999

Austrian Financial Institutions

Credit Risk Models and Credit Derivatives	4/1998
A Comparison of Value at Risk Approaches and Their Implications for Regulators	4/1998
Financial Flows in the Austrian Economy	annually
Austria's Major Loans Register	annually
Money and Credit	quarterly

Austrian Interest Rates

The Information Content of the Term Structure – The Austrian Case	1/1998
An International Comparison of Term Structures – Estimations Using the OeNB Model	1/1999

Austrian Real Economy

Economic Outlook for Austria from 1998 to the Year 2000	4/1998
Financial Assets and Liabilities of Enterprises and Households in the Years 1995 to 1997	1/1999
Economic Outlook for Austria from 1999 to 2001	2/1999
Economic Outlook for Austria from 1999 to 2001 (Fall 1999)	4/1999
Impact of the Recent Upturn in Crude Oil Prices on Inflation in Austria – A Comparison with Historic Supply Shocks	4/1999
Economic Background	quarterly

External Sector

Conceptual Changes in the Austrian Balance of Payments	2/1998
Special Survey on the Regional Allocation of Nonresident Securities Held by Residents as of December 31, 1997	1/1999
New Concept of the Austrian Balance of Portfolio Investment	2/1999
1997 Coordinated Portfolio Investment Survey	4/1999
Austria's Balance of Portfolio Investment	annually
Austria's International Investment Position	annually
Austrian Outward and Inward Direct Investment	annually
Balance of Payments	quarterly

Focus on Transition (published semiannually)

Currency Boards in Central and Eastern Europe – Experience and Future Perspectives	1/1998
The Introduction of the Euro: Implications for Central and Eastern Europe – The Case of Hungary and Slovenia	1/1998
Large Current Account Deficit – The Case of Central Europe and the Baltic States	1/1998
Contagion Effects of the Russian Financial Crisis on Central and Eastern Europe: The Case of Poland	2/1998
The 1998 Reports of the European Commission on Progress by Candidate Countries From Central and Eastern Europe: The Second Qualifying Round	2/1998
Prudential Supervision in Central and Eastern Europe: A Status Report on the Czech Republic, Hungary, Poland and Slovenia	2/1998
Is Direct Disinflation Targeting an Alternative for Central Europe? The Case of the Czech Republic and Poland	1/1999
The Southeast European Nonassociated Countries – Economic Developments, the Impact of the Kosovo Crisis and Relations with the EU	1/1999
Increasing Integration of Applicant Countries into International Financial Markets: Implications for Monetary and Financial Stability	2/1999

Exchange Rate Regimes in Central and Eastern Europe: A Brief Review of Recent Changes, Current Issues and Future Challenges	2/1999
Special Report: Ukraine: Macroeconomic Development and Economic Policy In the First Eight Years of Independence	2/1999

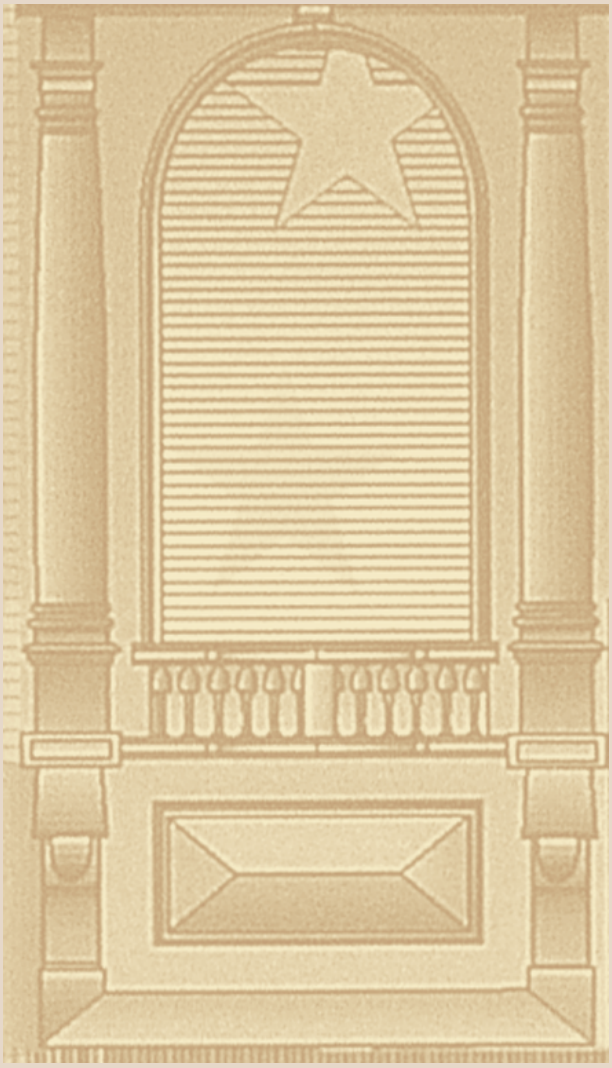
Working Papers

No. 25	Sources of Currency Crisis: An Empirical Analysis	1998
No. 26	Structural Budget Deficits and Sustainability of Fiscal Positions in the European Union	1998
No. 27[1])	Trends in European Productivity: Implications for Real Exchange Rates, Real Interest Rates and Inflation Differentials	1998
No. 28	What Do We Really Know About Exchange Rates?	1998
No. 29	Goods Arbitrage and Real Exchange Rate Stationarity	1998
No. 30	The Great Appreciation, the Great Depreciation, and the Purchasing Power Parity Hypothesis	1998
No. 31	The Usual Suspects? Productivity and Demand Shocks and Asia Pacific Real Exchange Rates	1998
No. 32	Price Level Convergence Among United States Cities: Lessons for the European Central Bank	1998
No. 33	Core Inflation in Selected European Union Countries	1998
No. 34	The Impact of EMU on European Unemployment	1998
No. 35	Room for Manoeuvre of Economic Policy in the EU Countries – Are there Costs of Joining EMU?	1998
No. 36	Heterogeneities within Industries and Structure-Performance Models	1998
No. 37	Estimation of the Term Structure of Interest Rates A Parametric Approach	1999
No. 38	On the Real Effects of Monetary Policy: A Central Banker's View	1999
No. 39	Democracy and Markets: The Case of Exchange Rates	1999

1 *Out of print.*

Other Publications in 1999

- Architektur des Geldes –
  Vom klassizistischen Palais zum zeitgenössischen Geldzentrum/
  The Architecture of Money –
  From the Classicistic Bank Palace to the Modern Money Center
- Possibilities and Limitations of Monetary Policy –
  Conference Proceedings of the OeNB's 27th Economics Conference
- The Austrian Financial Markets –
  A Survey of Austria's Capital Markets – Facts and Figures
- Guidelines on Market Risk (six guidelines)



50 euro banknote, Renaissance architecture

Financial Statements

of the Oesterreichische Nationalbank

for the Year 1999

Opening Balance as at January 1, 1999

Assets

		January 1, 1999 EUR	
1.	**Gold and gold receivables**		3,404,661,689.17
2.	**Claims on non-euro area residents denominated in foreign currency**		14,790,557,350.38
	2.1 Receivables from the IMF	1,355,097,751.73	
	2.2 Balances with banks and security investments, external loans and other external assets	13,435,459,598.65	
3.	**Claims on euro area residents denominated in foreign currency**		1,185,741,327.37
4.	**Claims on non-euro area residents denominated in euro**		1,618,243,959.72
	4.1 Balances with banks, security investments and loans	1,618,243,959.72	
5.	**Lending to financial sector counterparties of euro area denominated in euro**		1,518,993,180.07
	5.1 Main refinancing operations	702,019,578.13	
	5.2 Fine-tuning reverse operations	614,812,177.08	
	5.3 Other claims	202,161,424.86	
6.	**Securities of euro area residents denominated in euro**		1,767,867,320.63
7.	**General government debt denominated in euro**		194,508,771.71
8.	**Intra-ESCB claims**		117,970,000.—
	8.1 Participating interest in ECB	117,970,000.—	
9.	**Other assets**		3,574,347,182.33
	9.1 Coins of euro area	111,781,443.91	
	9.2 Tangible and intangible fixed assets	41,760,830.31	
	9.3 Other financial assets	2,222,848,679.40	
	9.4 Prepayments	517,738.71	
	9.5 Sundry	1,197,438,490.—	
			28,172,890,781.38

Liabilities

		January 1, 1999 *EUR*	
1.	**Banknotes in circulation**		12,268,858,699.97
2.	**Liabilities to euro area financial sector counterparties denominated in euro**		3,974,323,059.42
	2.1 Current accounts (covering the minimum reserve system)	3,974,323,059.42	
3.	**Liabilities to other euro area residents denominated in euro**		17,423,928.78
	3.1 General government	3,146,052.95	
	3.2 Other liabilities	14,277,875.83	
4.	**Liabilities to non-euro area residents denominated in euro**		13,237,364.64
5.	**Liabilities to euro area residents denominated in foreign currency**		292,999,594.82
6.	**Liabilities to non-euro area residents denominated in foreign currency**		770,807,254.95
	6.1 Deposits, balances and other liabilities	770,807,254.95	
7.	**Counterpart of Special Drawing Rights allocated by the IMF**		215,652,361.66
8.	**Intra-ESCB liabilities**		1,447,632.53
	8.1 Other liabilities within the ESCB (net)	1,447,632.53	
9.	**Other liabilities**		958,856,897.98
	9.1 Sundry	958,856,897.98	
10.	**Provisions**		92,263,319.55
11.	**Revaluation accounts**		3,742,808,418.66
12.	**Capital and reserves**		5,824,212,248.42
	12.1 Capital	12,000,000.—	
	12.2 Reserves	5,812,212,248.42	
			28,172,890,781.38

Balance Sheet as at December 31, 1999

Assets

	December 31, 1999 *EUR*		Opening balance as at January 1, 1999 *EUR thousand*	
1. Gold and gold receivables		3,793,021,625.25		3,404,662
2. Claims on non-euro area residents denominated in foreign currency		14,970,486,505.49		14,790,558
2.1 Receivables from the IMF	1,269,391,592.13		1,355,098	
2.2 Balances with banks and security investments, external loans and other external assets	13,701,094,913.36		13,435,460	
3. Claims on euro area residents denominated in foreign currency		2,120,850,692.08		1,185,741
4. Claims on non-euro area residents denominated in euro		3,351,499,136.77		1,618,244
4.1 Balances with banks, security investments and loans	3,351,499,136.77		1,618,244	
4.2 Claims arising from the credit facility under ERM II	—		—	
5. Lending to financial sector counterparties of euro area denominated in euro		6,465,068,129.44		1,518,993
5.1 Main refinancing operations	2,764,742,900.—		702,020	
5.2 Longer-term refinancing operations	2,707,505,000.—		—	
5.3 Fine-tuning reverse operations	—		614,812	
5.4 Structural reverse operations	—		—	
5.5 Marginal lending facility	—		—	
5.6 Credits related to margin calls	—		—	
5.7 Other claims	992,820,229.44		202,161	
6. Securities of euro area residents denominated in euro		1,744,060,431.70		1,767,867
7. General government debt denominated in euro		221,424,345.36		194,509
8. Intra-ESCB claims		1,297,670,000.—		117,970
8.1 Participating interest in ECB	117,970,000.—		117,970	
8.2 Claims equivalent to transfers of foreign reserves	1,179,700,000.—		×	
8.3 Claims related to promissory notes backing the issuance of ECB debt securities[1])	×		×	
8.4 Other claims within the ESCB (net)	—		—	
9. Items in course of settlement		—		—
10. Other assets		3,881,870,603.17		3,574,347
10.1 Coins of euro area	98,347,236.79		111,781	
10.2 Tangible and intangible fixed assets	54,695,161.16		41,761	
10.3 Other financial assets	2,387,399,510.63		2,222,849	
10.4 Off-balance-sheet instruments' revaluation differences	385,202.72		—	
10.5 Prepayments	305,879,935.97		518	
10.6 Sundry	1,035,163,555.90		1,197,438	
		37,845,951,469.26		28,172,891

[1]) *Only an ECB balance sheet item.*

Liabilities

	December 31, 1999 EUR		Opening balance January 1, 1999 EUR thousand	
1. Banknotes in circulation		13,328,055,834.95		12,268,859
2. Liabilities to euro area financial sector counterparties denominated in euro		3,250,535,699.27		3,974,323
2.1 Current accounts (covering the minimum reserve system)	3,235,186,199.27		3,974,323	
2.2 Deposit facility	15,349,500.—		—	
2.3 Fixed-term deposits	—		—	
2.4 Fine-tuning reverse operations	—		—	
2.5 Deposits related to margin calls	—		—	
3. Debt certificates issued[1])		×		×
4. Liabilities to other euro area residents denominated in euro		19,115,740.06		17,424
4.1 General government	8,038,429.47		3,146	
4.2 Other liabilities	11,077,310.59		14,278	
5. Liabilities to non-euro area residents denominated in euro		237,316,886.23		13,237
6. Liabilities to euro area residents denominated in foreign currency		375,171,959.51		293,000
7. Liabilities to non-euro area residents denominated in foreign currency		1,339,701,982.26		770,807
7.1 Deposits, balances and other liabilities	1,339,701,982.26		770,807	
7.2 Liabilities arising from the credit facility under ERM II	—		—	
8. Counterpart of Special Drawing Rights allocated by the IMF		244,392,127.92		215,652
9. Intra-ESCB liabilities		6,724,087,088.02		1,448
9.1 Liabilities equivalent to the transfer of foreign reserves[1])	×		×	
9.2 Liabilities related to promissory notes backing the issuance of ECB debt certificates	—		—	
9.3 Other liabilities within the ESCB (net)	6,724,087,088.02		1,448	
10. Items in course of settlement		—		—
11. Other liabilities		887,820,659.40		958,857
11.1 Off-balance-sheet instruments' revaluation accounts	23,696,986.80		—	
11.2 Accruals	59,207,273.43		—	
11.3 Sundry	804,916,399.17		958,857	
12. Provisions		169,759,065.43		92,263
13. Revaluation accounts		5,195,012,858.47		3,742,809
14. Capital and reserves		5,989,056,062.05		5,824,212
14.1 Capital	12,000,000.—		12,000	
14.2 Reserves	5,977,056,062.05		5,812,212	
15. Profit for the year		85,925,505.69		—
		37,845,951,469.26		28,172,891

[1]) *Only an ECB balance sheet item.*

Profit and Loss Account for the Year 1999

		Business year 1999 EUR	
1.	Interest income	1,148,536,986.21	
2.	Interest expense	− 385,935,407.33	
3.	**Net interest income**		762,601,578.88
4.	Realised gains/losses arising from financial operations	356,910,475.60	
5.	Writedowns on financial assets and positions	− 212,261,337.89	
6.	Transfer to/from provisions for foreign exchange and price risks	576,671,826.40	
7.	**Net result of financial operations, writedowns and risk provisions**		721,320,964.11
8.	Fees and commissions income	1,209,855.31	
9.	Fees and commissions expense	− 1,836,469.02	
10.	**Net income from fees and commissions**		− 626,613.71
11.	Income from equity shares and participating interests		36,664,576.60
12.	Net result of pooling of monetary income		− 190,308.28
13.	Other income		76,370,137.31
14.	**Total net income**		1,596,140,334.91
15.	Staff cost		− 169,056,757.24
16.	Other administrative expenses		− 67,212,892.94
17.	Depreciation of (in)tangible fixed assets		− 8,255,049.83
18.	Banknote production services		− 26,859,879.51
19.	Other expenses		− 22,854,153.99
			1,301,901,601.40
20.	Income tax and other government charges on income		−1,215,976,095.71
21.	**Profit for the year**		85,925,505.69

Notes to the Financial Statements 1999

General Notes to the Financial Statements

Accounting Fundamentals and Legal Framework

Since Austria joined the third stage of Economic and Monetary Union (EMU) on January 1, 1999, the OeNB has been an integral part of the European System of Central Banks (ESCB). As such, the OeNB is committed (pursuant to Article 67 para 2 Nationalbank Act 1984 as amended) to prepare its balance sheet and its profit and loss account in conformity with the policies established by the Governing Council of the ECB under Article 26.4 of the ESCB/ECB Statute. These policies are laid down in the Guideline of the ECB of 1 December 1998 on the Legal Framework for Accounting and Reporting in the European System of Central Banks (NCB/1998/NP22), which the Governing Council of the ECB adopted on December 1, 1998. The OeNB's financial statements for the year 1999 were prepared fully in line with the provisions set forth in this guideline. In cases not covered by the guideline, the generally accepted accounting principles referred to in Article 67 para 2 second sentence of the Nationalbank Act 1984 were applied.

The other Nationalbank Act provisions that govern the OeNB's financial statements (Articles 67 through 69 and Article 72 para 1 Nationalbank Act, as amended and as promulgated in Federal Law Gazette I No 60/1998) as well as the relevant provisions of the Commercial Code as amended remained unchanged from the previous year. In accordance with Article 67 para 3 Nationalbank Act 1984, the OeNB continues to be exempt from preparing a consolidated financial statement as required under Article 244 et seq. of the Commercial Code.

Following the conversion of the OeNB's accounting framework at the beginning of Stage Three of EMU, an opening balance sheet was drawn up as of January 1, 1999, recording separately the currency conversion from the schilling to the euro, the conversion of assets and liabilities carried forward from the closing balance for the year 1998 to the new balance sheet format, and the adjusting entries required under the new accounting rules.

The opening balance, which mirrors the annual balance sheet format set forth in the Accounting Guideline, presents the total assets and liabilities of the OeNB, including the Bank's capital and any off-balance-sheet positions.

Assets and liabilities denominated in the national currencies of the Member States participating in EMU were converted into euro at the conversion rates stipulated in Council Regulation (EC) No 2866/98 of 31 December 1998 on the conversion rates between the euro and the currencies of the Member States adopting the euro published in the EU's Official Journal no. L359 of December 31, 1998. The market rates of all other foreign currency assets were derived from their exchange rate against the U.S. dollar on December 31, 1998, and the exchange rate of the euro against the U.S. dollar for that day as fixed by the ECB.

In line with Article 29 of the Accounting Guideline, all assets and liabilities were revalued and recorded at market prices in the opening balance sheet (initial valuation). The bulk of the ensuing unrealized gains arose from the revaluation of securities (which in the 1998 financial statements had been carried at the lower of cost or market value in the strict interpretation of this principle) and from write-ups for investments in subsidiaries (which had earlier been written down to a token value but must now be accounted for by the net asset value method; equity method). The unrealized gains arising from the initial valuation were transferred to the "revaluation accounts" (liability item 13).

Furthermore, the OeNB's "nominal capital was adjusted to EUR 12 million as of January 1, 1999, pursuant to Article 8 para 1 Nationalbank Act. Article 87 para 1 Nationalbank Act commits the shareholders to make further payments up to the new amounts of their capital subscriptions on the basis of the capital key. Payment was due on March 31, 1999, and all shareholders paid up their shares in full in due time.

Any losses which the ESCB may incur (ECB losses, implicit currency risks arising from NCB currency reserves transferred to the ECB) for which the OeNB is held liable according to its share in the ECB's capital and any losses resulting from falls in the prices of securities may not be offset against the "reserve fund for exchange risks" that the OeNB funded up to the end of 1998. For this reason, EUR 550 million were transferred from the "freely disposable reserve fund" when the accounts were closed for 1999 to create a new special reserve designated "reserve for nondomestic and price risks." Subsequently EUR 6.568 million were withdrawn from this reserve – in other words, no charge on the OeNB's profit was made – to cover the OeNB's share in the ECB's expected loss for 1999, as apportioned according to the capital key.

The financial statements for the year 1999 were prepared in the formats laid down by the Governing Council of the ECB. Therefore, no comparisons can be drawn between the balance sheet and the profit and loss account positions as at December 31, 1998, and as at December 31, 1999. Instead, the opening balance sheet positions as at January 1, 1999, serve as a comparison base. Since the profit and loss account has been completely restructured, the annual changes have not been analyzed systematically. Where comparisons were possible, reference is made in the notes to the respective item.

Accounting Policies

The financial statements were prepared in conformity with the accounting policies adopted by the Governing Council of the ECB on December 1, 1998. Said accounting policies, which govern the accounting and reporting operations of the Eurosystem, follow accounting principles harmonized by Community law and generally accepted international accounting standards. The key policy provisions are summarized below.

The following accounting principles have been applied:

– economic reality and transparency,
– prudence,
– recognition of post-balance-sheet events,
– materiality,

– a going-concern basis,
– the accruals principle,
– consistency and comparability.

Transactions in financial assets and liabilities are reflected in the accounts on the basis of the date on which they were settled.

Transactions have been recorded in the balance sheet at current market prices/rates. At year-end both financial assets and liabilities were revalued at the mid-market prices/ rates of the last day of the year. The revaluation took place on a currency-by-currency basis for foreign exchange and on a code-by-code basis for securities (including on-balance-sheet and off-balance-sheet items).

Gains and losses realized in the course of transactions were taken to the profit and loss account. For gold, foreign currency instruments and securities, the average cost method was used in accordance with the daily netting procedure for purchases and sales. As a rule, the realized gain or loss was calculated by juxtaposing the sales price of each transaction with the average acquisition cost of all purchases made during the day. In the case of net sales, the calculation of the realized gain or loss was based on the average cost of the respective holding for the preceding day.

Unrealized revaluation gains and losses were not taken to the profit and loss account, but transferred to a revaluation account on the liabilities side of the balance sheet. Unrealized losses were taken to the profit and loss account when exceeding previous revaluation gains registered in the corresponding revaluation account; they may not be reversed in subsequent years against new unrealized gains. Furthermore, unrealized foreign currency losses that must be expensed were covered by the release of an offsetting amount from the "reserve fund for exchange risks" accumulated in the runup to 1999. Unrealized losses in any one security, currency or in gold holdings were not netted with unrealized gains in other securities, currencies or gold, since the Accounting Guideline does not allow netting.

The average acquisition cost and the value of each currency position were calculated on the basis of the sum total of the holdings in any one currency or gold, including both asset and liability positions and both on-balance-sheet and off-balance-sheet positions.

In compliance with Article 69 para 4 Nationalbank Act, which stipulates that "reserve funds for exchange risks be set up or released on the basis of the risk assessment of the nondomestic assets," the value-at-risk (VaR) method was used to calculate the currency risk. VaR is defined as the maximum loss of a gold or foreign currency portfolio with a given currency diversification at a certain level of confidence (97.5%) and for a given holding period (one year). The potential loss calculated under this approach is to be offset against the "reserve fund for exchange risks" and the "revaluation accounts." Provided that such losses cannot be offset in this way, any remaining loss shall be offset against a charge on profit by allocating the necessary funds to "provisions for exchange rate risks." In case just part of the "reserve fund for exchange risks" is needed to cover the loss, the difference will be released and will increase the profit for the year.

Premiums or discounts arising on securities issued or purchased were calculated and presented as part of interest income and amortized over the remaining life of the securities.

Participating interests were valued on the basis of the net asset value of the respective companies (equity method).

Tangible and intangle fixed assets were valued at cost less depreciation. Depreciation was calculated on a straight-line basis, beginning with the quarter after acquisition and continuing over the expected economic lifetime of the assets, namely:

- computers, related hardware and software, and motor vehicles (4 years),
- equipment and furniture (10 years),
- building (25 years).

Fixed assets costing less than EUR 10,000 were written off in the year of purchase.

Revaluation Differences and their Treatment in the Financial Statements

	Realized gains (posted to the profit and loss account)	Realized losses (posted to the profit and loss account)	Unrealized losses (posted to the profit and loss account)	Unrealized gains (posted to revaluation accounts)
	EUR thousand			
Gold	125,787	0	–	565,315
Foreign currency	357,441	9,787	987[1])	1,608,994
Securities	27,784	152,696	202,625	71,776
Initial valuation of securities	65,388	×	×	×
IMF euro holdings	–	56,984[1])	–	–
Participating interests	–	–	4,689	36,381
Off-balance-sheet operations	6	28	3,960	385
Total	576,406	219,495	212,261	2,282,851

[1]) This sum did not have an impact on profit because the loss was offset against the "reserve fund for exchange risks."

Capital Movements

Movements in Capital Accounts in 1999

	Jan. 1, 1999	Increase	Decrease	Dec. 31, 1999
	EUR thousand			
Revaluation accounts				
Reserve fund for exchange risks	3,268,257	×	728,712	2,539,545
Initial valuation reserve	474,552	×	101,935	372,617
Eurosystem revaluation accounts	–	2,282,851	–	2,282,851
Total	3,742,809	2,282,851	830,647	5,195,013
Capital	12,000	–	–	12,000
Reserves				
General reserve fund	1,519,915	92,037	–	1,611,952
Freely disposable reserve fund	2,078,922	22,152	550,000	1,551,074
Reserve for nondomestic and price risks	–	550,000	6,568	543,432
Reserve funded with net interest income from ERP loans	475,478	22,064	–	497,542
Fund for the Promotion of Scientific Research and Teaching	7,267	–	–	7,267
Pension reserve	1,730,631	35,158	–	1,765,789
Total	5,812,213	721,411	556,568	5,977,056
Profit for the year	–	85,926	–	85,926

For details of the various changes, please refer to the notes to the respective balance sheet items.

Development of the OeNB's Currency Positions in 1999

Net Currency Position (including gold)

	Jan. 1, 1999	Dec. 31, 1999	Change	
	EUR thousand			%
Gold and gold receivables	3,404,662	3,793,022	+ 388,360	+11.4
Claims on non-euro area residents denominated in foreign currency	15,100,210	16,469,559	+1,369,349	+ 9.1
Claims on euro area residents denominated in foreign currency	1,185,741	2,120,851	+ 935,110	+78.9
Other assets	–	24,052	+ 24,052	×
less:				
Liabilities to euro area residents denominated in foreign currency	293,000	375,172	+ 82,172	+28.1
Liabilities to non-euro area residents denominated in foreign currency	770,807	1,339,702	+ 568,895	+73.8
Counterpart of Special Drawing Rights allocated by the IMF	215,652	244,392	+ 28,740	+13.3
Revaluation accounts	–	3,099	+ 3,099	×
Total	18,411,154	20,445,119	+2,033,965	+11.1
Off-balance-sheet assets/liabilities (net)	+ 4,881	– 363,548	– 368,429	×
Total	18,416,035	20,081,571	+1,665,536	+ 9.0

Notes to the Balance Sheet

Assets

1. Gold and gold receivables

This item comprises the OeNB's holdings of physical and nonphysical gold, which amounted to approximately 407 tons as at December 31, 1999. At a market value of EUR 289.518 per fine ounce (i.e. EUR 9,308.22 per kg of fine gold), the OeNB's gold holdings were worth EUR 3,793.022 million at the balance sheet date.

The year-on-year change results from revaluation gains on the order of EUR 565.315 million, as offset by the transfer of gold reserves to the ECB (22,340 kg fine gold worth EUR 176.955 million).

In exchange for the gold transfer the OeNB was credited with a claim equivalent to its contribution, which is shown under asset item 8.2 "claims equivalent to the transfer of foreign reserves." The amount of gold that the OeNB transferred to the ECB is based on the OeNB's share in the ECB's capital key.

2. Claims on non-euro area residents denominated in foreign currency

These claims consist of receivables from the International Monetary Fund – including the "claims arising from participation in the IMF," "holdings of Special Drawing Rights" (SDR) and "other claims against the IMF" – and claims denominated in foreign currency against countries not participating in the euro area, i.e. counterparties resident outside the euro area.

The receivables from the IMF comprise the following items:

	Jan. 1, 1999	Dec. 31, 1999	Change	
	EUR thousand			%
Claims arising from participation in the IMF	1,121,606	1,056,572	−65,034	− 5.8
Holdings of SDRs	127,521	144,571	+17,050	+13.4
Other claims against the IMF	105,971	68,249	−37,722	−35.6
Total	1,355,098	1,269,392	−85,706	− 6.3

The increase in the national IMF quota[1]) – from SDR 1,188.3 million by SDR 684 million to SDR 1,872.3 million, effected on February 5, 1999 – raised the **claims arising from participation in the IMF** by an equivalent of EUR 840.433 million. Consequently, Austria's share in the IMF's capital rose from roughly 0.82% to approximately 0.88%. The Austrian national quota had last been increased in December 1992.

Further increases in those claims arose from revaluation gains (+EUR 277.918 million) and from realized exchange rate gains and book value reconciliation (+EUR 6.036 million).

Conversely, those claims decreased – primarily on account of deposits placed by Member States – by EUR 1,189.421 million.

The IMF remunerates participations in the Fund at a rate of remuneration that is updated weekly. In 1999 this rate hovered between 3.2% and 3.9% p.a., mirroring the prevailing SDR interest rate.

The holdings of **Special Drawing Rights[2])** were recognized in the balance sheet at EUR 144.571 million, which is the equivalent of SDR 106 million. The net increase during the year on the order of

1 *Pursuant to federal law as promulgated in Federal Law Gazette No 309/1971, the OeNB assumed the entire Austrian quota at the IMF on its own account on behalf of the Republic of Austria. The quota increase in 1999 was effected in line with the federal law provisions promulgated in Federal Law Gazette I No 190/1998.*

2 *Pursuant to federal law as promulgated in Federal Law Gazette No 440/1969, the OeNB is entitled to participate in the SDR system on its own account on behalf of the Republic of Austria and to enter the SDRs purchased or allocated gratuitously on the assets side of the balance sheet as cover for the total circulation.*

EUR 17.050 million is primarily due to revaluation adjustments.

No purchases arising from designations by the IMF were effected in 1999. Principally the OeNB continues to be obliged under the IMF's statutes to provide currency on demand to participants using SDRs up to the point at which its holdings of SDRs exceed its net cumulative allocation three times. The OeNB's current net accumulative allocation is SDR 179.045 million.

Other claims against the IMF comprise the OeNB's other contributions to loans under special borrowing arrangements. In the financial statements for 1999 this item relates mainly to claims arising from contributions to the Poverty Reduction and Growth Facility (PRGF)[1]) (unchanged at SDR 50 million). The claims arising under the New Arrangements to Borrow (NAB) – invoked for the first time in 1998 when a rescue package on the order of SDR 38 million was put together for Brazil – were redeemed on schedule in 1999.

Balances with banks and security investments, external loans and other external assets cover the following:

	Jan. 1, 1999	Dec. 31, 1999	Change	
	EUR thousand			%
Balances with banks	3,186,051	4,514,768	+1,328,717	+41.7
Securities	10,239,142	9,177,619	–1,061,523	–10.4
Loans	3,428	1,991	– 1,437	–41.9
Other assets	6,839	6,717	– 122	– 1.8
Total	13,435,460	13,701,095	+ 265,635	+ 2.0

Balances with banks outside the euro area include foreign currency deposits on correspondent accounts, fixed-term deposits and day-to-day money. Securities relate to instruments issued by non-euro area residents. As a rule, operations were carried out only with financially sound counterparties.

Loans extended to non-euro area residents include two standby credits of USD 15 million each extended to the Turkish central bank in 1980 and 1981, recorded in the balance sheet with a remaining value of EUR 1.991 million. The legal basis for those credits are two federal laws as promulgated in Federal Law Gazette Nos 99/1980 (February 21, 1980) and 556/1980 (November 26, 1980). The loan granted in 1980 will have been fully redeemed by April 2000 in semiannual installments; the loan extended in 1981 will be repaid by February 2001.

The other external assets include non-euro area banknotes and coins (EUR 6.502 million) and refundable tax on investment income (EUR 0.215 million).

3. Claims on euro area residents denominated in foreign currency

This item principally covers operations to invest the OeNB's own funds, notably:

	Jan. 1, 1999	Dec. 31, 1999	Change	
	EUR thousand			%
Balances with banks	1,045,720	2,001,578	+955,858	+91.4
Securities	140,022	119,273	– 20,749	–14.8
Total	1,185,742	2,120,851	+935,109	+78.9

1 *Redesignated as of November 22, 1999, from Enhanced Structural Adjustment Facility (ESAF) to PRGF.*

4. Claims on non-euro area residents denominated in euro

As at December 31, 1999, this balance sheeet item consisted of the following subitems:

	Jan. 1, 1999	Dec. 31, 1999	Change	
	EUR thousand			%
Balances of TARGET accounts for nonparticipating NCBs	0	1,661,756	+1,661,756	×
Security investments and other investments	1,618,244	1,689,743	+ 71,499	+ 4.4
Total	1,618,244	3,351,499	+1,733,255	+107.1

The daily balance of assets and liabilities arising from transactions processed via the TARGET system is remunerated at the prevailing rate for the Eurosystem's main refinancing operations. Payments are effected in monthly intervals for the sums accrued in the previous month via the TARGET system.

The securities portfolio consists of investments in securities denominated in euro or in constituent currencies of the euro.

5. Lending to financial sector counterparties of the euro area denominated in euro

This balance sheet item represents the refinancing transactions executed by the OeNB.

The principal components of this item are as follows:

	Jan. 1, 1999	Dec. 31, 1999	Change	
	EUR thousand			%
5.1 Main refinancing operations	702,020	2,764,743	+2,062,723	+293.8
5.2 Longer-term refinancing operations	–	2,707,505	+2,707,505	–
5.3 Fine-tuning reverse operations	614,812	–	– 614,812	–100.0
5.4 Structural reverse operations	–	–	–	–
5.5 Marginal lending facility	–	–	–	–
5.6 Credits related to margin calls	–	–	–	–
5.7 Other claims	202,161	992,820	+ 790,659	+391.1
Total	1,518,993	6,465,068	+4,946,075	+325.6

The **main refinancing operations** are regular liquidity-providing reverse transactions, executed by the national central banks (NCBs) with a weekly frequency and a maturity of two weeks in the form of standard tender operations. In 1999 the main refinancing operations were carried out always in the form of fixed-rate tenders. In a fixed-rate tender, the ECB specifies the interest rate in advance, and participating counterparties bid the amount of money they want to transact at this rate.

The **longer-term refinancing operations** are regular liquidity-providing reverse transactions with a monthly frequency and a maturity of three months. They are aimed at providing additional longer-term refinancing to the financial sector and are executed through standard tenders by the NCBs. In 1999, only variable-rate tenders were used in the allotment procedure. In a variable-rate tender, counterparties bid the amounts of money and the interest rates at which they want to enter into transactions with the NCBs.

Fine-tuning reverse operations are executed on an ad-hoc basis with a view to managing the liquidity situation in the market and steering interest rates, in particular to smooth the effects on interest rates caused by unexpected liquidity fluctuations in the market. The choice of instruments and procedures depends on the type of transaction and the underlying motives. Fine-tuning operations are normally executed by the NCBs through quick tenders or through bilateral operations. It is up to the Governing Council of the ECB to decide whether under exceptional circumstances fine-tuning operations are executed by the ECB itself.

Apart from the operations reversed at the beginning of the year, no fine-tuning transactions were executed during the year. At the end of 1999, no such contracts were outstanding.

The ECB may use **structural reverse operations** in order to adjust the structural position of the ESCB vis-à-vis the financial sector. In 1999 no such operations were carried out.

Counterparties may use the **marginal lending facility** to obtain overnight liquidity from NCBs at a prespecified interest rate against elegible assets. The facility is intended to satisfy counterparties' temporary liquidity needs. Under normal circumstances, the interest rate on the facility provides a ceiling for the overnight market interest rate. The marginal lending facility was accessed numerous times in 1999.

Credits relating to margin calls arise when the value of collateral provided by a counterparty drops below a specified level, as a result of which the NCB will demand the deposit of additional securities (or cash). At the balance sheet date the balance of this item was zero.

Other claims include reverse repo operations, fixed-term deposits – partly earmarked for the distribution of profit to the central government – and a number of euro accounts at foreign banks.

6. Securities of euro area residents denominated in euro

	EUR million	
Closing balance Dec. 31, 1999	1,744.060	
Opening balance Jan. 1, 1999	1,767.867	
Change	– 23.807	(–1.3%)

This item covers all marketable securities (including government securities stemming from before EMU) denominated in constituent currencies of the euro that are not used in monetary policy operations (as such they would be recorded under asset items 5.1 to 5.7) and that are not part of security portfolios that have been earmarked for specific purposes.

The annual change is mainly due to net sales of EUR 18.755 million and to unrealized exchange rate losses on the order of EUR 5.052 million.

7. General government debt denominated in euro

	EUR million	
Closing balance Dec. 31, 1999	221.424	
Opening balance Jan. 1, 1999	194.509	
Change	+ 26.915	(+13.8%)

This balance sheet item subsumes the "claim on the Austrian Federal Treasury from silver commemorative coins issued before

1989," based on the 1988 Coinage Act as promulgated in Federal Law Gazette No 425/1996.

In theory, the maximum federal liability is the sum total of all silver commemorative coins issued before 1989 minus any coins returned to and paid for by the central government minus any coins no longer fit for circulation and hence directly withdrawn by the Austrian Mint. The figure actually shown in the books is lower because it has been adjusted for coins in circulation (EUR 1,059.204 million) and cash in hand (EUR 41.468 million), both of which are not yet redeemable. In addition, conversion differences between schilling and euro amounts totaling EUR 0.007 million also come into play. This accounting technique complies with the Maastricht Treaty, as confirmed by the ECB. Repayment is effected by annual installments of EUR 5.814 million (equivalent to ATS 80 million) out of the central government's share of the OeNB's profit. The proceeds from metal recovery are also designated for repayment. Any amount outstanding on December 31, 2040, will have to be repaid in the five following years (2041 to 2045) in five equal installments.

The silver commemorative coins returned to the central government in the course of 1999 had a total face value of EUR 37.713 million. The redemptions made out of the central government's share in the OeNB's profit for the year 1998 plus the proceeds from metal recovery totaled EUR 10.805 million.

8. Intra-ESCB claims

As at December 31, 1999, the **intra-ESCB claims** consisted of the following subitems:

	Jan. 1, 1999	Dec. 31, 1999	Change
	EUR thousand		
8.1 Participating interest in ECB	117,970	117,970	–
8.2 Claims equivalent to transfer of foreign reserves	×	1,179,700	+1,179,700
Total	117,970	1,297,670	+1,179,700

The share that the OeNB holds in the **capital of the ECB** – EUR 5 billion in total – corresponded to 2.3594% at the balance sheet date, unchanged from January 1, 1999.

The following table contains a breakdown of the shares that the various NCBs hold:

	Shares of the 15 EU central banks in the capital of the ECB		thereof paid up
	%	EUR	
Deutsche Bundesbank	24.4935	1,224,675,000	1,224,675,000
Banque de France	16.8337	841,685,000	841,685,000
Banca d'Italia	14.8950	744,750,000	744,750,000
Banco de España	8.8935	444,675,000	444,675,000
De Nederlandsche Bank	4.2780	213,900,000	213,900,000
Banque Nationale de Belgique	2.8658	143,290,000	143,290,000
Oesterreichische Nationalbank	2.3594	117,970,000	117,970,000
Banco de Portugal	1.9232	96,160,000	96,160,000
Suomen Pankki	1.3970	69,850,000	69,850,000
Central Bank of Ireland	0.8496	42,480,000	42,480,000
Banque Central de Luxembourg	0.1492	7,460,000	7,460,000
	78.9379	3,946,895,000	3,946,895,000
Bank of England	14.6811	734,055,000	36,702,750
Sveriges Riksbank	2.6537	132,685,000	6,634,250
Bank of Greece	2.0564	102,820,000	5,141,000
Danmarks Nationalbank	1.6709	83,545,000	4,177,250
	21.0621	1,053,105,000	52,655,250
Total	100.0000	5,000,000,000	3,999,550,250

The **transfer of foreign reserves** from the Eurosystem NCBs to the ECB is based on the provisions of Article 30 of the ESCB Statute. The euro-denominated claims on the ECB in respect of those transfers are shown under this item.

The reserves that the OeNB transferred are managed on behalf and for the account of the ECB separately from the OeNB's own holdings and therefore do not show up in its balance sheet.

The ECB remunerates the non-redeemable euro-denominated claims with which it credited the NCBs in return for the transfer on a daily basis at 85% of the current interest rate on the main refinancing operations.

10. Other assets

Other assets comprise the following items:

		Jan. 1, 1999	Dec. 31, 1999	Change	
		EUR thousand			%
10.1	Coins of euro area	111,781	98,347	− 13,434	−12.0
10.2	Tangible and intangible fixed assets	41,761	54,695	+ 12,934	+31.0
10.3	Other financial assets	2,222,849	2,387,400	+164,551	+ 7.4
10.4	Off-balance-sheet instruments' revaluation differences	–	385	+ 385	–
10.5	Prepayments	518	305,880	+305,362	x
10.6	Sundry	1,197,438	1,035,164	−162,274	−13.6
Total		3,574,347	3,881,871	+307,524	+ 8.6

Coins of euro area represent the OeNB's stock of fit coins of ESCB Member States. At the balance sheet date, this item consisted of Austrian schilling coins only.

Details about coin in circulation and specifications for the coins (diameter, weight, composition) are given in the table "Austrian Divisional Coins" in the annex to the annual report. Coin in circulation is a statistical figure not apparent from the OeNB's balance sheet. By provision of the 1988 Coinage Act, the face value of all coins struck by the Austrian Mint and put in circulation by the OeNB plus the special quality coins and gold bullion coins issued directly by the Austrian Mint, minus any coins that have been withdrawn, add up to the "coin in circulation" figure. This is in line with the harmonized procedure for recording coin circulation on which the ESCB central banks have agreed.

Tangible and intangible fixed assets comprise Bank premises and equipment (including machinery, computer hardware and software, motor vehicles) and intangible fixed assets.

A summary of **premises** is as follows:

Cost incurred until Jan. 1, 1999	Purchases in 1999	Sales in 1999	Accumulated depreciation	Book value as at Dec. 31, 1999	Book value as at Dec. 31, 1998	Annual depreciation 1999
EUR thousand						
30,066[1])	12,191	5,123[2])	13,890	23,244	12,787	87

[1]) *Land and buildings acquired prior to December 31, 1956, were booked at the cost recorded in the schilling opening balance sheet (Federal Law Gazette No 190/1954).*
[2]) *The balance between the book value of the sales and the underlying historical costs is EUR 3.476 million.*

A summary of **equipment** is as follows:

Cost incurred until Jan. 1, 1999	Purchases in 1999	Sales in 1999	Accumulated depreciation	Book value as at Dec. 31, 1999	Book value as at Dec. 31, 1998	Annual depreciation 1999
EUR thousand						
57,522	10,705	8,499[1])	28,347	31,381	28,974	8,168

[1]) *The balance between the book value of the sales and the underlying historical costs is EUR 8.369 million.*

Intangible fixed assets (right to use an appartment) developed as follows:

Cost incurred until Jan. 1, 1999	Purchases in 1999	Sales in 1999	Accumulated depreciation	Book value as at Dec. 31, 1999	Book value as at Dec. 31, 1998	Annual depreciation 1999
EUR thousand						
–	70	–	–	70	–	–

Other financial assets comprise the following subitems:

	Jan. 1, 1999	Dec. 31, 1999	Change	
	EUR thousand			%
Securities	1,543,919	1,681,192	+137,273	+ 8.9
Participating interests	565,250	642,566	+ 77,316	+13.7
Real assets	24,533	24,533	–	–
Sundry assets	89,147	39,109	– 50,038	–56.1
Total	2,222,849	2,387,400	+164,551	+ 7.4

Of the OeNB's **securities** portfolio, EUR 1,667.311 million represented investments of the pension reserve and another EUR 13.881 million investments of the OeNB's Fund for the Promotion of Scientific Research and Teaching. Unrealized valuation gains of EUR 68.627 million compare with unrealized valuation losses of EUR 0.686 million.

Participating interests – booked at their net asset value – developed as follows:

Cost incurred until Jan. 1, 1999	Purchases in 1999	Sales in 1999	Accumulated depreciation	Book value as at Dec. 31, 1999	Book value as at Dec. 31, 1998	Annual depreciation 1999	Revaluation 1999
EUR thousand							
1,094,065	45,624	–	813,437	642,566	285,317	4,689	316,314

The participating interests were valued in the opening balance at their net asset value as at January 1, 1999.

The OeNB's printing works, Oesterreichische Banknoten- und Sicherheitsdruck GmbH (OeBS), have a capital stock of ATS 100 million and are wholly owned by the OeNB. The stockholders' equity came to ATS 774 million on December 31, 1998.

Moreover, this item shows the OeNB's 100% stake in the Austrian Mint (Münze Österreich AG). In 1999 the Mint released dividend earnings of EUR 3.634 million for the 1998 business year to the OeNB (1998 for the 1997 business year: EUR 3.270 million).

Since the Austrian Mint does not earn any seigniorage – the revenue raised from coining – on euro coins until such coins are issued (from January 1, 2002) but started production already at the end of 1998, the financial burden on the Austrian Mint will be particularly high during this transition period. Therefore the OeNB provided the Austrian Mint with advances of EUR 145.346 million already in 1998. This sum will be deducted from the nominal amount of the coins to be delivered from January 1, 2002.

The Mint's capital stock amounts to ATS 75 million. As at December 31, 1998, the stockholders' equity ran to ATS 2.985 million, and the annual surplus to ATS 247 million.

In 1999 the OeNB acquired 98.8% of the cash services company Geldservice Austria Logistik für Wertpapiergestionierung und Transportkoordination GmbH (GSA). GSA primarily offers currency processing, foreign currency exchange and quality assurance services. The company's nominal capital amounts to ATS 500 million. Regarding the other equity interests, the reader is referred to Article 241 of the Commercial Code.

Real assets represent the OeNB's collection of antique string instruments,[1]) which consisted of 21 violins, four violoncelli and two violas at the balance sheet date 1999. The instruments are on loan to musicians deemed worthy of special support.

The asset item 10.6 **(sundry)** consists of the following subitems:

	Jan. 1, 1999	Dec. 31, 1999	Change
	EUR thousand		
ERP loan portfolio managed by the OeNB	817,376	839,497	+ 22,121
Advances to prefinance the production of euro coins	145,346	145,346	–
Advances on salaries	7,142	6,360	– 782
Deferred income	194,035	–	–194,035
Other claims	33,539	43,961	+ 10,422
Total	1,197,438	1,035,164	–162,274

According to Article 3.2 of the ERP Fund Act, the ceiling of the OeNB's financing commitment corresponds to the sum by which the federal debt was written down originally (ATS 4,705,404,000; EUR 341.955 million) plus interest accrued (EUR 497.542 million as at December 1999).

The ERP loan portfolio managed by the OeNB totaled EUR 839.497 million as at December 31, 1999. The provisions governing the extension of loans from this portfolio are laid down in Article 83 of the Nationalbank Act.

The residual terms of advances on salaries are generally more than one year. Security on all advance payments is in the form of life insurance.

Other claims contain minor items arising from the day-to-day business.

Liabilities

1. Banknotes in circulation

	EUR million	
Closing balance Dec. 31, 1999	13,328.056	
Opening balance Jan. 1, 1999	12,268.859	
Change	+ 1,059.197	(+8.6%)

This figure is derived from the amount of schilling banknotes in circulation adjusted for the banknotes received and held by other NCBs participating in the Eurosystem.

The qualification regarding banknotes held by other NCBs is based on Article 9.1 of the Guideline ECB/1998/NP22 and follows from the implementation of Article 52 of the ESCB Statute.[2]) Those provisions ensure the proper representation of the aggregate "banknotes in circulation" figure of the Eurosystem in the consolidated ESCB balance sheet, both during the transitional period and after the introduction of euro banknotes. An NCB receiving schilling banknotes will – in compliance with its commitments arising under Article 52 of the ESCB Statute – account those banknotes as an intra-ESCB claim against the OeNB as the issuing NCB. Upon notification, the OeNB will adjust its banknotes in circulation figure accordingly. At a later stage, depending on the repatriation volumes agreed bilaterally, the schilling banknotes received by other NCBs are returned to the OeNB.

The attached table shows that the banknotes in circulation figure rose gradually from 1995 until 1997, declined in 1998 and rose again in 1999 (by an average of EUR 407 million). Between 1995 and 1999, the circulation figure

1 *The OeNB began acquiring antique string instruments in 1989.*

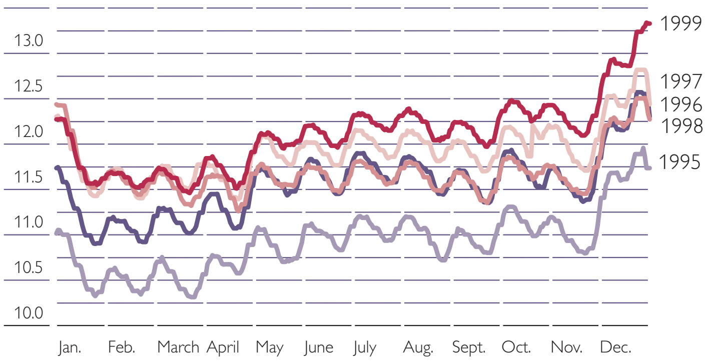
2 *Article 52 obliges the NCBs to ensure that the exchange of – household amounts of – banknotes denominated in currencies with irrevocably fixed exchange rates is offered at the respective par values free of charge at one location at least. The OeNB has arranged for authorized agents to offer this service at the OeNB's branch offices and in the OeNB's name for the agents' account.*

expanded by EUR 1.180 million or 10.8%.

	Banknotes in circulation, annual average	Annual change	
	EUR thousand		%
1995	10,915	+450	+4.3
1996	11,543	+628	+5.8
1997	11,913	+370	+3.2
1998	11,688	−225	−1.9
1999	12,095	+407	+3.5

Banknotes in Circulation

Calendar-day volumes, EUR billion



Source: OeNB.

The banknotes in circulation figure touched a high of EUR 13,338.102 million on December 29, 1999, while the annual low was recorded on March 23 (EUR 11,454.579 million).

2. Liabilities to euro area financial sector counterparties denominated in euro

As at December 31, 1999, this balance sheet item comprised the following subitems:

	Jan. 1, 1999	Dec. 31, 1999	Change
	EUR thousand		
2.1 Current accounts (covering the minimum reserve system)	3,974,323	3,235,186	−739,137
2.2 Deposit facility	–	15,350	+ 15,350
2.3 Fixed-term deposits	–	–	–
2.4 Fine-tuning reverse operations	–	–	–
2.5 Deposits related to margin calls	–	–	–
Total	3,974,323	3,250,536	−723,787

The **current accounts (covering the minimum reserve system)** primarily comprise accounts used by credit institutions to hold minimum reserves.

Banks' minimum reserve balances have been remunerated on a daily basis since January 1, 1999, at the prevailing interest rate for the ESCB's main refinancing operations.

The **deposit facility** item refers to overnight deposits placed with the OeNB by Austrian banks that access the Eurosystem's liquidity-absorbing standing facility at the prespecified rate.

4. Liabilities to other euro area residents denominated in euro

	EUR million	
Closing balance Dec. 31, 1999	19.116	
Opening balance Jan. 1, 1999	17.424	
Change	+ 1.692	(+9.7%)

This item comprises general government deposits and current accounts of other nonbanks.

5. Liabilities to non-euro area residents denominated in euro

	EUR million
Closing balance Dec. 31, 1999	237.317
Opening balance Jan. 1, 1999	13.237
Change	+224.080

These liabilities principally represent the balance with non-Eurosystem NCBs arising from transactions via the TARGET system (EUR 213.006 million) and deposits of financial institutions from European countries that do not participate in Stage Three of EMU.

6. Liabilities to euro area residents denominated in foreign currency

	EUR million	
Closing balance Dec. 31, 1999	375.172	
Opening balance Jan. 1, 1999	293.000	
Change	+ 82.172	(+28.0%)

This item comprises foreign currency deposits of financial institutions.

7. Liabilities to non-euro area residents denominated in foreign currency

	EUR million	
Closing balance Dec. 31, 1999	1,339.702	
Opening balance Jan. 1, 1999	770.807	
Change	+ 568.895	(+73.8%)

Foreign currency liabilities arising from swap operations and from repurchase agreements with financial sector counterparties are shown under this heading.

8. Counterpart of Special Drawing Rights allocated by the IMF

	EUR million	
Closing balance Dec. 31, 1999	244.392	
Opening balance Jan. 1, 1999	215.652	
Change	+ 28.740	(+13.3%)

This item represents the counterpart of the Special Drawing Rights allocated gratuitously to the OeNB. Measured at current market values on the balance sheet date, the counterpart was worth SDR 179 million. The OeNB was allocated SDRs in six installments from 1970 to 1972 and from 1979 to 1981, always on January 1.

9. Intra-ESCB liabilities

	EUR million
Closing balance Dec. 31, 1999	6,724.087
Opening balance Jan. 1, 1999	1.448
Change	+6,722.639

Any balances arising from transactions between the OeNB and NCBs participating in Stage Three of EMU or the ECB – above all via the TARGET system – are shown under this heading. The OeNB closed the year 1999 with net liabilities, as recorded under this item.

The ECB remunerates the net balance on a daily basis, settling the payment at the end of each month. The prevailing interest rate for main refinancing operations applies.

11. Other liabilities

Other liabilities are broken down as follows:

		Jan. 1, 1999	Dec. 31, 1999	Change
		EUR thousand		
11.1	Off-balance-sheet instruments' revaluation accounts	–	23,697	+ 23,697
11.2	Accruals	–	59,207	+ 59,207
11.3	Sundry	958,857	804,917	–153,940
Total		958,857	887,821	– 71,036

The **off-balance-sheet instruments' revaluation accounts** subsume the revaluation losses arising on off-balance-sheet positions, which are posted to the profit and loss account.

Item 11.3 (Sundry) is composed of the following subitems:

	Jan. 1, 1999	Dec. 31, 1999	Change
	EUR thousand		
Central government's share of profit (without dividends)	745,504	773,330	+ 27,826
Liquid funds of the Fund for the Promotion of Scientific Research and Teaching	10,683	24,949	+ 14,266
Deferred expenditure	24,749	–	– 24,749
Other	177,921	6,638	–171,283
Total	958,857	804,917	–153,940

Pursuant to Article 69 para 3 Nationalbank Act, the **central government's share of profit** corresponds to 90% of the profit for the year after tax.

According to the General Council's decision, EUR 59.592 million out of the profit for the year 1999 were apportioned to the OeNB's Fund for the Promotion of Scientific Research and Teaching to support research projects with a highly practical thrust.

12. Provisions

	Jan. 1, 1999	Transfer from	Transfer to	Dec. 31, 1999
	EUR thousand			
Provisions for				
Corporation tax	–	–	82,557	82,557
Severance payments	40,338	116	681	40,903
Anniversary payments	9,940	–	389	10,329
Residual leave entitlements	7,446	3	582	8,025
HIPC Initiative of the IMF	–	–	13,030	13,030
Offsetting the ECB's loss	–	–	6,568	6,568
Contribution to the International Fund for Needy Victims of Nazi Persecution	7,421	7,421	–	–
Other	27,118	26,096	7,325	8,347
Total	92,263	33,636	111,132	169,759

EUR 82.557 million were allocated to provisions for corporation tax. This is the balance between the corporation tax due for 1999 and the quarterly installment payments as well as the refundable portion of investment income tax.

The provisions for severance payments (EUR 40.903 million) were calculated according to actuarial principles, applying a discount rate of 3.4% p.a. as in 1998. Requirements to top up the account fueled a net increase by EUR 0.565 million.

Actuarial calculations put the need for anniversary payments at EUR 10.329 million as at the balance sheet date. Consequently, EUR 0.389 million were allocated to provisions for anniversary payments.

Provisions for residual leave amount to EUR 8.025 million (+0.579 million).

Within the framework of an IMF initiative to assist highly indebted countries, EUR 13.030 million were transferred to provisions. This amount will be made available to the IMF once the legal basis that is a prerequisite for disbursement has been created.

With a view to offsetting the OeNB's proportional share of the ECB's loss appropriate provisions of EUR 6.568 million were created when the 1999 financial statements were prepared.

The provisions for the OeNB's contribution to the International Fund for Needy Victims of Nazi Persecution created in the 1998 financial statements, EUR 7.421 million, were duly released in full on March 11, 1999.

13. Revaluation accounts

This item is composed as follows:

	Jan. 1, 1999	Dec. 31, 1999	Change
	EUR thousand		
Eurosystem revaluation accounts			
Gold	–	565,315	+ 565,315
Foreign currency	–	1,608,994	+1,608,994
Securities	–	71,776	+ 71,776
Participating interests	–	36,381	+ 36,381
Off-balance-sheet operations	–	385	+ 385
Subtotal	–	2,282,851	+2,282,851
Unrealized valuation gains from Jan. 1, 1999 (initial valuation)			
Securities	194,619	92,684	– 101,935
Participating interests	279,933	279,933	–
Subtotal	474,552	372,617	– 101,935
Reserve fund for exchange risks (funded up to the end of 1998)	3,268,257	2,539,545	– 728,712
Total	3,742,809	5,195,013	+1,452,204

The sums recorded in the **revaluation accounts** on a currency-by-currency and code-by-code basis are in their entirety gains that arose on the valuation of assets as at December 31, 1999. Those gains are realizable only in the context of future transactions in the respective category; otherwise they can be used to reverse revaluation losses that may arise in future years. The revaluation gains in each currency, moreover, cover the risks that the nondomestic assets carry (as established with the VaR method).

In line with requirements, the **initial valuation** gains recorded in the opening balance sheet were partly realized during 1999 in the course of sales of underlying assets.

Article 69 para 1 Nationalbank Act obliges the OeNB to maintain a reserve covering exchange risks which may arise on nondomestic assets. The **reserve fund for exchange risks** posted in the opening balance sheet contains exchange gains accrued in the runup to 1999, totaling EUR 3,268.257 million. On the one hand the annual change reflects the realization of exchange rate gains as underlying assets were sold. On the other hand the fund is used to cover unrealized exchange losses that must be expensed, as well as any exchange risks (as calculated with the VaR approach) that are not offset by the balances on the revaluation accounts. As from January 1, 1999, no further allocations may be made to this fund.

14. Capital and reserves

A summary of the OeNB's **reserves** is as follows:

	Jan. 1, 1999	Dec. 31, 1999	Change
	EUR thousand		
General reserve fund	1,519,915	1,611,952	+ 92,037
Freely disposable reserve fund	2,078,922	1,551,073	–527,849
Reserve for nondomestic and price risks	–	543,432	+543,432
Reserve funded with net interest income from ERP loans	475,478	497,542	+ 22,064
Fund for the Promotion of Scientific Research and Teaching	7,267	7,267	–
Pension reserve	1,730,631	1,765,789	+ 35,158
Total	5,812,213	5,977,056	+164,843

According to the provisions of the Nationalbank Act, 1998 was the last year in which allocations were to be made from the profit for the year to the **general reserve fund.**

The **reserve for nondomestic and price risks** serves to offset any ESCB losses which the OeNB may have to cover according to its share in the ECB's capital as well as any realized losses resulted from transactions in securities owing to a fall in prices. The reserve was created by reprogramming funds from the freely disposable reserve fund. When the financial statements were prepared for 1999, EUR 6.568 million were withdrawn from the reserve for nondomestic and price risks – in other words, no charge on the OeNB's profit was made – to cover the OeNB's share in the ECB's expected loss for 1999, as apportioned according to the capital key.

EUR 7.267 million were allocated to the **Fund for the Promotion of Scientific Research and Teaching** in April 1966 out of the net income for the year 1965 for the purpose of profitable investment. In the fiscal year 1999 the General Council appropriated EUR 47.817 million to 569 projects, EUR 47.317 million of which were paid out. Since 1966 a total of EUR 348.648 million have been made available within this framework.

The **pension reserve** assets were valued as at December 31, 1999, using an actuarial discount rate of 3.4%, same as in 1998.

Since the net income on the investment portfolios relating to the pension reserve, EUR 58.878 million, exceeded the amount needed to top up the pension reserve, the remainder – EUR 23.720 million – was transferred to the profit and loss account.

The OeNB operates a **retirement plan** under which it assumes full liability to provide retirement benefits to most of its employees. The members of this scheme are "contracted out" of the state pension system. To secure this liability – in particular in case the central bank's duties were to be transferred to another legal entity – the OeNB is obligated by law to establish a reserve corresponding to the actuarial present value of its pension liabilities. Following a change in the retirement plan, staff recruited after May 1, 1998, will receive a state pension supplemented by an occupational pension from an externally managed pension fund. For this supplementary pension the OeNB took out a contract effective May 1, 1999, which applies also retroactively to employees taken on in the twelve months from May 1, 1998. In other words, the OeNB's direct liability to pay retirement benefits is limited to staff recruited before May 1, 1998.

Other financial liabilities

Apart from the items recognized in the balance sheet, the following financial liabilities are stated off the balance sheet:

- Contingent liabilities arising from an expected direct charge on the OeNB of EUR 114.619 million resulting from the allocation of the ECB's loss according to the NCBs' shares in the ECB's capital.
- Contingent liabilities on the order of EUR 235.940 million to fund unrealized losses which

arose on the ECB's foreign currency positions and gold, which the ECB may offset by waiving a maximum of 20% of its liabilities arising from the transfer of foreign reserves.

- Liabilities resulting from designations under "Special Drawing Rights within the IMF" of EUR 588.605 million.
- Contingent liabilities to the IMF under the New Arrangements to Borrow totaling EUR 562.370 billion.
- The obligation to make a supplementary contribution of EUR 28.989 million (equivalent to 15 million gold francs) to the OeNB's stake in the capital of the Bank for International Settlements (BIS) at Basle, consisting of 8,000 shares of 2,500 gold francs each.
- Liabilities from forward sales totaling EUR 547.914 million to the extent that they exceed claims from forward purchases of EUR 528.176 million.
- Liabilities of EUR 15.642 million from foreign currency investments effected in the OeNB's name for third account.
- Repayment obligations to the amount of EUR 7.250 million arising from pension contributions paid by OeNB staff members payable on termination of employment contracts.

Moreover, the OeNB reports liabilities outstanding on unmatured gold/interest rate swaps involving 18.9 tons of gold.

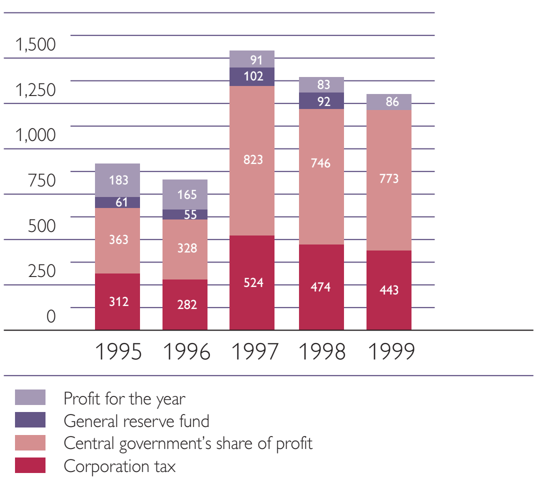
Notes to the Profit and Loss Account

	1998	1999	Change[1])	
	EUR thousand			%
Net interest income	962,277	762,602	−199,675	− 20.8
Net result of financial operations, writedowns and risk provisions	392,081	721,321	+329,240	+ 84.0
Net income from fees and commissions	− 4	− 627	+ 623	×
Income from equity shares and participating interests	44,791	36,665	− 8,126	− 18.1
Net result of pooling of monetary income	×	− 190	+190	×
Other income	296,235	76,370	−219,865	− 74.2
Total net income	1,695,380	1,596,141	− 99,239	− 5.9
Staff cost	− 166,304	− 169,057	+ 2,753	+ 1.7
Other administrative expenses	− 58,891	− 67,213	+ 8,322	+ 14.1
Depreciation of (in)tangible fixed assets	− 57,647	− 8,255	− 49,392	− 85.7
Banknote production services	− 10,276	− 26,860	+ 16,584	+161.4
Other expenses	− 7,755	− 22,854	+ 15,099	+194.7
Operating profit	1,394,507	1,301,902	− 92,605	− 6.6
General reserve fund	− 92,037	−	− 92,037	−100.0
Income tax and other government charges on income	−1,219,636	−1,215,976	− 3,660	− 0.3
Profit for the year	82,834	85,926	+ 3,092	+ 3.7

[1]) *Absolute increase (+) or decrease (−) in the respective income or expense item.*

Operating Profit

EUR million



Source: OeNB.

3. Net interest income

Interest income, net of interest expense, in respect of the assets and liabilities denominated in foreign currency and euro, totaled EUR 820.302 million. Refinancing operations yielded EUR 131.100 million and the transfer of foreign reserves was remunerated by the ECB with EUR 27.291 million. Conversely, interest expenses of EUR 131.252 resulted from TARGET transactions, and the remuneration of minimum reserves came to EUR 93.669 million.

7. Net result of financial operations, writedowns and risk provisions

Realized gains or losses from financial operations resulted from – receivable or payable – differences between the acquisition cost and the market value of **gold, foreign currency, securities or other transactions.**

The **writedowns on financial assets and positions** were triggered by the downtrend in market prices observed in 1999, amid which the market value dropped below the average acquisition cost of the respective currencies or securities.

The **transfer to/from provisions for foreign exchange rate and price risks** resulted primarily from the risk of losses of foreign currency portfolios as assessed according to Article 69 para 4 Nationalbank Act.

The **income from equity shares and participating interests** arose principally from the dividend payment of the Austrian

Mint and the remuneration of the claims against the IMF.

12. Net result of pooling of interest income

Article 32.1 of the ESCB Statute provides for the redistribution of the income accruing to the NCBs from their monetary policy operations at the end of each fiscal year. In deviation from the "direct method" for the calculation of monetary income prescribed in Article 32.2, the Governing Council of the ECB opted for the use of an alternative "indirect method" over a three-year transition period.

The pool of monetary income is calculated by the ECB on a daily basis. Amounts of interest paid by an NCB on deposit liabilities to credit institutions – above all arising from minimum reserve and fixed-term deposits – included within its liability base are to be deducted from the amount of monetary income to be pooled.

The net charge on the OeNB mirrors the redistribution effect within the system, which results from the difference between what the OeNB enters into the pool (which is determined by its liability base) and the proportion from the pooled income that is allocated to the OeNB according to the redistribution key laid down in the ESCB Statute.

13. Other income

Other income principally comprises any income on the pension reserve assets in excess of what was needed to replenish the pension reserve. Moreover, it contains income earned on services that the OeNB provided for the printing works, the Oesterreichische Banknoten- und Sicherheitsdruck GmbH (OeBS).

15. Staff cost

Salaries, pension benefits and severance payments as well as the employer's social security contributions and other government-imposed social charges are included under this heading. These outlays were reduced by recoveries of salaries and employees' pension contributions.

Salaries net of pension contributions collected from staff members increased by EUR 2.854 million to EUR 76.894 million. The bulk of the expansion can be attributed to the heightened workload amid preparations for the changeover to Stage Three of EMU and the transition to the euro. Part of the rise was, moreover, prompted by the wage increase negotiated for the banking sector. The OeNB's outlays were reduced by recoveries of salaries totaling EUR 7.633 million for staff members on secondment to the OeBS or other subsidiaries and foreign institutions.

As of January 1, 1997, the pension contributions of employees who joined the OeNB after March 31, 1993, and who qualify for a Bank pension, were raised from 5% of their total basic pay to 10.25% of that part of their basic salaries which is below the earnings cap on social security and lowered to 2% of income above the earnings cap.

With effect from May 1, 1998, new entrants are enrolled into the national social security system and in addition covered by a defined contribution pension plan. The OeNB opted for this approach in order to bring its retirement plan in line with the retirement provision systems prevailing in Austria, where the statutory state pension is the first pillar and occupational and private pension funds the second and third pillars.

The average number of staff employed by the OeNB (excluding the President and the Vice President of the General Council and the members of the Governing Board) was reduced from 1,148 employees in 1998 to 1,133 in 1999, which is 15 persons or 1.3% less. Adjusted for employees on leave (such as maternity leave and parental leave), 946 persons were employed on average. The number of blue-collar workers dropped from 21 to 11 persons.

The emoluments of the members of the Governing Board (including remuneration in kind, such as private use of company cars, subsidies to health and accident insurance) pursuant to Article 33 para 1 Nationalbank Act totaled EUR 976 million (1998: EUR 1.269 million). The emoluments of the President and Vice President of the General Council amounted to EUR 0.066 million. In accordance with Article 26 para 2 Nationalbank Act, members of the General Council were reimbursed for travel expenses, which totaled EUR 0.003 million.

Pension benefits increased by EUR 4.887 million to EUR 76.418 million. This includes the remuneration of 16 retired Board members or their spouses (totaling EUR 3.7 million; 1998: EUR 3.3 million) and pension fund contributions for one active Board member.

Outlays for **severance payments** decreased by EUR 1.287 million or 18.2% to EUR 5.781 million in 1999. Provisions for severance payments are calculated according to actuarial principles applying a discount rate of 3.4%, as before.

The **government-imposed social charges** contain municipal tax payments (EUR 2.328 million), social security contributions (EUR 4.568 million) and contributions to the family benefit equalization fund (EUR 3.471 million).

18. Banknote production services

This item shows the cost of the schilling banknote production outsourced to OeBS.

19. Other expenses

Under this heading EUR 13.030 million have been recorded that are earmarked for IMF-related assistance projects.

20. Income tax and other government charges on income

This item developed as follows in 1999:

	1998	1999	Change
	EUR thousand		
Corporation tax	474,132	442,646	−31,486
Central government's share of profit	745,504	773,330	+27,826
Total	1,219,636	1,215,976	− 3,660

The corporation tax rate remained unchanged at 34% and was applied to the taxable income according to Article 72 of the Nationalbank Act and in line with Article 22.1 of the Corporation Tax Act 1988.

Pursuant to Article 69 para 3 Nationalbank Act, the central government's share of after-tax profit is 90%.

Governing Board (Direktorium)

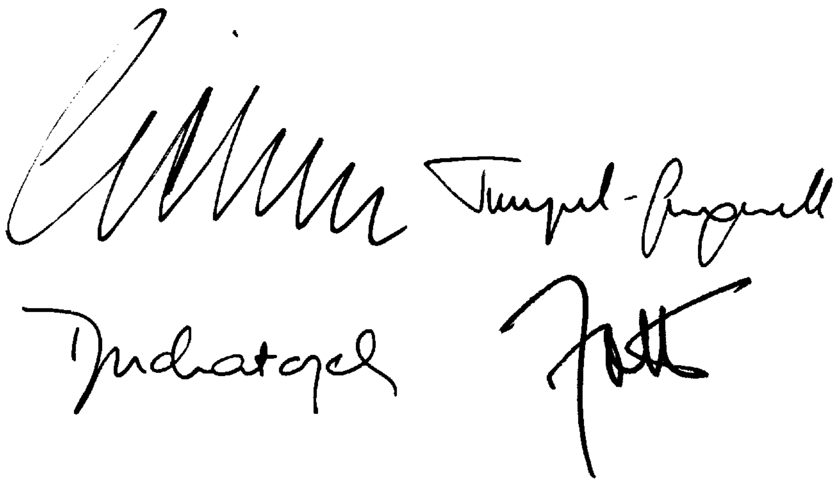
Governor Klaus Liebscher
Vice Governor Gertrude Tumpel-Gugerell
Executive Director Wolfgang Duchatczek
Executive Director Peter Zöllner

General Council (Generalrat)

President Adolf Wala
Vice President Herbert Schimetschek
August Astl
Norbert Beinkofer (until May 27, 1999)
Helmut Elsner
Helmut Frisch
Lorenz R. Fritz
Rene Alfons Haiden
Robert Launsky-Tieffenthal (until April 16, 1999)
Richard Leutner
Johann Marihart (from August 1, 1999)
Werner Muhm
Walter Rothensteiner
Karl Werner Rüsch (until April 22, 1999; from August 1, 1999)
Siegfried Sellitsch
Engelbert Wenckheim (from May 27, 1999)

In accordance with Article 22 para 5 Nationalbank Act 1984, the following representatives of the Staff Council participated in discussions on personnel, social and welfare matters: Gerhard Valenta and Thomas Reindl.

Vienna, March 23, 2000



Report of the Auditors

We have audited the accounting records and the financial statements for the year ending December 31, 1999, of the Oesterreichische Nationalbank and found that they are presented in accordance with the provisions of the Nationalbank Act 1998 as amended and as promulgated in Federal Law Gazette I No 60/1998. The financial statements were prepared in conformity with the accounting policies defined by the Governing Council of the European Central Bank, as set forth in the Guideline of the European Central Bank of 1 December 1998 on the Legal Framework for Accounting and Reporting in the European System of Central Banks (ECB/1998/NP22), in conformity with Article 26.4 of the Protocol on the Statute of the European System of Central Banks and the European Central Bank. In our opinion the accounts provide a true and fair picture of the OeNB's financial position and the results of its operations. The annual report complies with the provisions of Article 68 para 1 and para 3 Nationalbank Act 1984 as amended and as promulgated in Federal Law Gazette I No 60/1998 and corresponds with the financial statements.

Vienna, March 23, 2000

Pipin Henzl
Certified Public Accountant

Peter Wolf
Certified Public Accountant

Profit for the Year and Proposed Profit Appropriation

With the central government having been allocated its share of the OeNB's profit in conformity with Article 69 para 3 Nationalbank Act (EUR 773.330 million, 1998: EUR 745.504 million), the balance sheet and the profit and loss account show a

Profit for the year 1999 of	EUR 85,925,505.69.
In its meeting of March 29, 2000, the Governing Board decided to make the following proposal to the General Council for the appropriation of profit:	
to pay a 10% dividend on the OeNB's capital stock of EUR 12 million	EUR 1,200,000.—
to allocate to the Fund for the Promotion of Scientific Research and Teaching	EUR 65,405,550.—
to allocate to the reserve for nondomestic and price risks	EUR 19,319,955.69
	EUR 85,925,505.69

100 euro banknote, Baroque architecture

Report of the General Council (Generalrat) on the Annual Report and the Financial Statements for 1999

The General Council (Generalrat) fulfilled the duties incumbent on it pursuant to the Nationalbank Act 1984 by holding its regular meetings, by convening its subcommittees and by obtaining the information required.

The Governing Board (Direktorium) periodically reported to the General Council on the Bank's operations and their current state, on the conditions on the money, capital and foreign exchange markets, on important matters which arose in the course of business, on all developments of importance for an appraisal of the monetary situation, on the arrangements made for supervising the OeNB's financial conduct and on any other significant dispositions and events affecting its operations.

The Financial Statements for the year 1999 were given an unqualified auditors' opinion after examination by the auditors elected by the General Meeting of May 27, 1999, the certified public accounts Pipin Henzl and Peter Wolf, on the basis of the books and records of the Oesterreichische Nationalbank as well as the information and evidence provided by the Governing Board.

In its meeting of April 14, 2000, the General Council approved the Annual Report of the Governing Board and the Financial Statements for the business year 1999. The General Council submits the Annual Report and moves that the General Meeting approve the Financial Statements of the Oesterreichische Nationalbank for the year 1999 and discharge the General Council and the Governing Board from responsibility for management during the preceding business year. Moreover, the General Council requests that the General Meeting approve the allocation of the profit for the year in accordance with the proposal made in the notes to the Financial Statements 1999 (page 139).

200 euro banknote, iron and glass architecture

Tables

Tables

Consolidated Financial Statement of the Eurosystem/I

	Assets									
	Gold and gold receivables	Claims on non-euro area residents denominated in foreign currency			Claims on euro area residents denominated in foreign currency	Claims on non-euro area residents denominated in euro			Lending to financial sector counterparties of the euro area	
		total	receivables from the IMF	balances with banks and security investments, external loans and other external assets		total	balances with banks, security investments and loans	claims arising from the credit facility under the ERM II	total	main refinancing operations
Item	1	2	2.1	2.2	3	4	4.1	4.2	5	5.1
	EUR million									
Opening statement of January 1, 1999	99,598	230,342	29,500	200,841	6,704	8,939	8,939	–	185,120	144,924
1999	116,483	254,880	29,842	225,038	14,383	4,822	4,822	–	250,079	161,988
1999										
January 8	99,598	234,128	29,362	204,766	5,255	8,786	8,786	–	174,769	145,067
15	99,589	235,398	29,180	206,218	6,541	8,110	8,110	–	173,146	122,898
22	99,589	235,387	29,120	206,267	7,277	7,238	7,238	–	155,287	106,918
29	99,589	233,019	29,105	203,914	7,385	9,094	9,094	–	182,912	127,967
February 5	99,589	231,709	26,975	204,734	7,454	6,702	6,702	–	177,677	130,994
12	99,589	231,409	26,962	204,447	8,104	6,176	6,176	–	173,248	126,879
19	99,589	232,211	26,987	205,224	8,448	5,277	5,277	–	173,527	126,830
26	99,589	228,797	26,037	202,760	9,338	4,430	4,430	–	186,437	139,938
March 5	99,589	228,538	26,662	201,876	8,591	4,890	4,890	–	190,857	144,836
12	99,589	227,441	26,588	200,853	9,834	3,990	3,990	–	188,013	141,819
19	99,589	228,150	26,529	201,621	9,027	4,445	4,445	–	165,292	119,020
26	99,589	228,549	26,562	201,987	8,925	3,780	3,780	–	192,221	146,030
April 2	105,323	242,761	28,011	214,750	10,618	3,492	3,492	–	187,687	140,975
9	105,323	243,199	30,363	212,836	10,331	3,789	3,789	–	152,226	105,607
16	105,323	241,250	30,269	210,981	11,488	4,146	4,146	–	180,495	133,600
23	105,323	240,702	30,048	210,654	11,963	4,033	4,033	–	168,543	117,043
30	105,323	240,747	29,993	210,754	11,683	4,002	4,002	–	174,322	128,023
May 7	105,323	239,350	29,551	209,799	12,366	4,018	4,018	–	166,184	119,944
14	105,323	238,483	29,659	208,824	12,091	4,088	4,088	–	166,060	119,948
21	105,323	240,921	29,720	211,201	11,904	4,265	4,265	–	167,728	120,953
28	105,323	237,639	29,577	208,062	12,383	4,350	4,350	–	184,945	138,987
June 4	105,307	236,031	29,405	206,626	12,428	4,345	4,345	–	184,680	139,032
11	105,307	238,154	29,375	208,779	12,499	4,216	4,216	–	174,876	129,020
18	105,307	237,871	29,220	208,651	12,156	4,031	4,031	–	170,664	125,012
25	105,307	238,361	29,218	209,143	11,927	3,941	3,941	–	170,641	125,020
July 2	101,753	244,594	29,803	214,791	12,827	3,832	3,832	–	188,687	142,963
9	101,753	244,546	29,467	215,079	12,415	4,002	4,002	–	198,094	152,001
16	101,753	245,833	29,523	216,310	12,344	4,140	4,140	–	193,768	148,065
23	101,754	247,105	29,377	217,728	11,717	4,364	4,364	–	194,138	146,956
30	101,754	245,380	29,006	216,374	12,802	4,162	4,162	–	214,012	166,954
August 6	101,754	245,853	29,019	216,834	13,027	4,162	4,162	–	194,731	149,018
13	101,754	245,650	29,138	216,512	12,724	4,107	4,107	–	189,871	143,990
20	101,754	246,057	28,803	217,254	12,640	4,261	4,261	–	186,895	141,042
27	101,754	245,415	28,762	216,653	12,580	4,116	4,116	–	205,150	159,071
September 3	101,754	245,588	28,545	217,043	11,916	4,281	4,281	–	197,748	152,043
10	101,754	245,034	28,497	216,537	12,887	4,686	4,686	–	193,931	147,991
17	101,754	245,923	27,787	218,136	12,472	5,028	5,028	–	188,657	142,932
24	101,754	246,058	27,745	218,313	13,054	4,919	4,919	–	198,458	152,955
October 1	114,988	240,223	28,191	212,032	13,357	5,066	5,066	–	192,534	146,988
8	114,988	240,037	28,085	211,952	13,649	5,026	5,026	–	191,099	145,071
15	114,988	239,967	27,911	212,056	13,748	5,084	5,084	–	185,829	140,104
22	114,988	240,735	28,064	212,671	13,741	5,084	5,084	–	171,707	125,054
29	114,988	240,177	28,036	212,141	13,684	5,670	5,670	–	205,293	149,004
November 5	114,988	240,305	27,834	212,471	13,702	5,832	5,832	–	195,860	140,104
12	114,988	238,617	27,776	210,841	13,749	5,336	5,336	–	196,193	140,111
19	114,988	240,349	27,828	212,521	13,229	5,313	5,313	–	198,821	143,029
26	114,987	239,561	27,816	211,745	12,846	5,340	5,340	–	208,995	143,046
December 3	114,986	239,060	27,808	211,252	13,111	5,254	5,254	–	212,237	146,067
10	114,955	240,344	28,103	212,241	13,728	4,394	4,394	–	230,117	164,018
17	114,836	241,732	28,206	213,526	13,422	5,412	5,412	–	214,957	148,970
24	114,745	242,368	28,228	214,140	13,795	4,998	4,998	–	225,423	148,972
31	116,483	254,880	29,842	225,038	14,383	4,822	4,822	–	250,079	161,988

Source: ECB.

longer-term refinancing operations	fine-tuning reverse operations	structural reverse operations	marginal lending facility	credits related to margin calls	other lending	Securities of euro area residents denominated in euro	General government debt denominated in euro	Other assets	**Total assets**
5.2	5.3	5.4	5.5	5.6	5.7	6	7	8	
24,698	6,680	–	6,372	26	2,420	21,650	60,125	84,683	697,160
74,996	–	–	11,429	404	1,262	23,521	59,180	79,844	803,192
22,230	49	–	5,434	24	1,966	20,914	60,125	81,554	685,128
44,998	–	–	2,655	58	2,537	21,335	60,130	82,743	686,992
44,998	–	–	2,111	80	1,180	21,794	60,183	80,867	667,622
44,998	–	–	8,700	127	1,120	22,096	60,185	80,358	694,638
44,993	–	–	592	101	997	22,549	60,185	81,429	687,294
44,993	–	–	210	102	1,064	23,255	60,185	78,270	680,236
44,993	–	–	592	95	1,017	23,868	60,185	78,786	681,891
45,001	–	–	423	102	973	24,281	60,185	79,584	692,641
45,001	–	–	97	62	861	24,638	60,185	80,785	698,073
45,001	–	–	161	95	937	25,365	60,185	78,637	693,054
45,001	–	–	188	118	965	25,036	60,185	76,559	668,283
45,005	–	–	171	149	866	26,107	60,185	80,040	699,396
44,994	–	–	665	178	875	26,640	60,186	81,041	717,748
44,994	–	–	710	72	843	26,511	60,186	77,903	679,468
44,994	–	–	1,019	128	754	25,871	60,186	76,831	705,590
44,994	–	–	5,591	138	777	26,181	60,186	74,786	691,717
44,999	–	–	500	47	753	26,088	60,186	75,945	698,296
44,984	–	–	481	52	723	26,047	60,186	78,650	692,124
44,981	–	–	366	60	705	26,030	60,186	75,266	687,527
44,981	–	–	950	65	779	25,945	60,186	74,813	691,085
44,997	–	–	370	63	528	25,829	60,180	74,411	705,060
44,997	–	–	229	32	390	25,957	60,156	77,522	706,426
44,997	–	–	397	30	432	26,137	60,156	75,708	697,053
44,997	–	–	193	29	433	25,929	60,156	75,657	691,771
44,997	–	–	165	29	430	26,088	60,156	79,223	695,644
44,991	–	–	177	29	527	25,806	60,156	78,537	716,192
44,991	–	–	440	79	583	25,882	60,156	75,867	722,715
45,001	–	–	108	133	461	25,700	60,156	77,875	721,569
45,001	–	–	1,562	156	463	26,009	60,156	76,639	721,882
45,001	–	–	1,465	103	489	25,775	60,156	75,684	739,725
45,001	–	–	240	47	425	25,939	60,156	77,342	722,964
45,001	–	–	149	70	661	26,033	60,156	75,965	716,260
45,001	–	–	186	99	567	26,087	60,156	75,529	713,379
44,996	–	–	304	115	664	25,966	60,156	78,829	733,966
44,996	–	–	3	52	654	25,838	60,156	79,848	727,128
44,996	–	–	236	43	665	25,551	60,156	77,271	721,270
44,994	–	–	46	125	560	25,163	60,156	78,761	717,914
44,994	–	–	36	102	371	25,414	60,156	78,787	728,600
44,994	–	–	151	90	311	24,700	60,156	79,592	730,616
44,994	–	–	334	94	606	24,631	60,156	79,827	729,413
44,994	–	–	195	76	460	24,309	60,156	80,277	724,358
44,994	–	–	1,111	46	502	24,102	60,156	79,433	709,946
54,995	–	–	650	69	575	23,428	60,156	79,228	742,624
54,995	–	–	73	116	572	23,490	60,121	82,843	737,141
54,995	–	–	302	95	690	23,856	60,121	80,988	733,848
54,995	–	–	72	43	682	24,123	60,121	77,851	734,795
64,999	–	–	44	206	700	23,896	60,121	77,306	743,052
64,999	–	–	523	58	590	23,931	60,121	78,337	747,037
64,999	–	–	78	224	798	24,055	60,153	76,701	764,447
64,999	–	–	39	152	797	23,868	59,649	79,341	753,217
74,996	–	–	96	401	958	23,991	59,649	75,700	760,669
74,996	–	–	11,429	404	1,262	23,521	59,180	79,844	803,192

Consolidated Financial Statement of the Eurosystem/II

Liabilities

		Banknotes in circulation	Liabilities to euro area financial sector counterparties denominated in euro						Debt certificates issued	Liabilities to other euro area residents denominated in euro	
			total	current accounts (covering the minimum reserve system)	deposit facility	fixed-term deposits	fine-tuning reverse operations	deposits related to margin calls		total	general government
	Item	1	2	2.1	2.2	2.3	2.4	2.5	3	4	4.1
		EUR million									
Opening statement of January 1, 1999		341,708	87,308	84,437	973	1,886	–	12	13,835	61,477	58,612
1999		374,953	117,121	114,493	2,618	–	–	10	7,876	60,614	56,494
1999											
January	8	336,551	106,002	102,518	3,475	–	–	9	11,651	32,203	28,013
	15	330,796	109,936	107,824	2,110	–	–	2	11,651	33,020	29,071
	22	326,555	87,970	87,733	234	–	–	3	11,651	43,442	39,430
	29	326,534	85,353	84,632	709	–	–	12	11,650	56,652	52,373
February	5	328,262	109,138	108,127	1,010	–	–	1	11,650	44,017	40,066
	12	327,341	106,048	105,821	226	–	–	1	11,650	43,556	39,355
	19	324,490	97,297	95,419	1,870	–	–	8	11,650	54,905	50,690
	26	325,207	99,970	99,261	705	–	–	4	11,650	62,143	57,444
March	5	328,763	115,173	114,900	210	–	–	63	11,650	49,724	45,317
	12	328,646	108,092	107,621	436	–	–	35	11,650	53,503	49,614
	19	327,281	87,857	84,427	3,410	–	–	20	11,650	49,493	46,034
	26	327,128	100,416	100,274	130	–	–	12	11,650	64,280	60,716
						–	–				
April	2	335,331	104,850	104,298	536	–	–	16	10,158	48,234	41,186
	9	333,367	79,332	79,117	213	–	–	2	10,158	39,644	36,186
	16	330,839	120,752	120,462	283	–	–	7	10,158	38,048	34,690
	23	328,984	90,190	89,605	580	–	–	5	10,158	57,279	53,847
	30	332,280	104,395	104,241	119	–	–	35	10,158	44,993	41,573
May	7	335,708	101,663	101,459	197	–	–	7	10,158	36,822	33,536
	14	337,375	99,361	99,229	118	–	–	14	10,158	35,681	32,183
	21	335,245	102,373	99,795	2,561	–	–	17	10,158	35,029	31,698
	28	335,147	109,477	109,340	134	–	–	3	10,158	43,901	40,398
June	4	338,980	106,950	106,826	101	–	–	23	10,158	44,070	40,726
	11	338,947	96,441	96,278	155	–	–	8	10,158	45,428	42,139
	18	337,865	103,238	103,141	91	–	–	6	10,158	36,035	32,699
	25	337,877	97,499	97,383	101	–	–	15	10,158	40,939	37,557
July	2	342,556	112,235	112,120	95	–	–	20	10,158	40,446	37,151
	9	344,694	102,529	102,185	316	–	–	28	10,158	56,382	52,918
	16	344,405	104,586	104,499	68	–	–	19	10,158	52,128	48,765
	23	342,580	94,151	92,351	1,788	–	–	12	10,158	61,172	57,192
	30	345,768	109,826	109,789	27	–	–	10	10,158	62,055	58,671
August	6	348,034	106,144	105,807	292	–	–	45	10,158	45,219	41,861
	13	346,223	103,115	103,001	96	–	–	18	10,158	44,255	40,834
	20	342,257	100,588	95,691	4,883	–	–	14	10,158	47,592	44,126
	27	340,626	110,453	110,439	13	–	–	1	10,158	57,773	54,265
September	3	344,193	106,110	106,037	49	–	–	24	10,158	53,401	49,790
	10	344,254	100,011	99,984	20	–	–	7	10,158	54,393	50,832
	17	342,188	98,993	98,237	750	–	–	6	10,158	52,897	48,688
	24	340,327	103,953	103,863	76	–	–	14	10,158	58,991	54,952
October	1	343,179	109,898	109,679	154	–	–	65	8,606	45,950	41,813
	8	345,322	102,086	101,938	85	–	–	63	8,606	51,323	47,426
	15	343,752	109,329	109,011	184	–	–	134	8,606	41,971	38,095
	22	340,852	98,656	92,529	6,027	–	–	100	8,606	40,259	36,283
	29	343,584	109,886	109,399	395	–	–	92	8,606	59,464	55,342
November	5	345,416	100,927	100,826	13	–	–	88	7,876	59,276	55,311
	12	344,556	98,280	98,208	21	–	–	51	7,876	61,257	57,115
	19	342,495	106,871	106,052	748	–	–	71	7,876	56,974	52,917
	26	343,342	106,344	106,129	57	–	–	158	7,876	65,713	61,671
December	3	353,009	114,526	114,227	143	–	–	156	7,876	54,635	49,534
	10	357,245	103,295	101,332	1,815	–	–	148	7,876	76,886	71,940
	17	361,633	105,625	103,606	1,870	–	–	149	7,876	56,129	51,863
	24	370,789	105,127	105,000	111	–	–	16	7,876	52,373	48,411
	31	374,953	117,121	114,493	2,618	–	–	10	7,876	60,614	56,494

Source: ECB.

			Liabilities to non-euro area residents denominated in foreign currency							Total liabilities
other liabilities	Liabilities to non-euro area residents denominated in euro	Liabilites to euro area residents denominated in foreign currency	total	deposits, balances and other liabilities	liabilities arising from the credit facility under the ERM II	Counterpart of Special Drawing Rights allocated by the IMF	Other liabilities	Revaluation accounts	Capital and reserves	
4.2	5	6	7	7.1	7.2	8	9	10	11	
2,865	9,969	595	3,314	3,314	–	5,765	60,690	59,931	52,657	697,160
4,120	7,834	926	11,901	11,901	–	6,531	54,714	107,348	53,374	803,192
4,191	11,538	1,051	3,929	3,929	–	5,765	63,950	59,681	52,807	685,128
3,949	10,899	1,529	4,068	4,068	–	5,767	68,448	59,681	51,197	686,992
4,012	9,148	1,297	4,344	4,344	–	5,767	66,492	59,681	51,275	667,622
4,279	14,049	1,618	4,325	4,325	–	5,767	77,753	59,658	51,279	694,638
3,951	8,161	810	5,827	5,827	–	5,767	62,725	59,658	51,279	687,294
4,201	7,840	733	6,395	6,395	–	5,767	59,969	59,658	51,279	680,236
4,215	8,052	746	7,172	7,172	–	5,767	60,875	59,658	51,279	681,891
4,699	7,739	777	6,385	6,385	–	5,767	62,065	59,658	51,280	692,641
4,407	7,141	778	6,910	6,910	–	5,767	61,229	59,658	51,280	698,073
3,889	7,820	828	6,860	6,860	–	5,767	58,949	59,658	51,281	693,054
3,459	8,100	856	6,729	6,729	–	5,767	59,611	59,658	51,281	668,283
3,564	7,663	856	7,780	7,780	–	5,767	62,917	59,658	51,281	699,396
					–					
7,048	8,468	917	7,381	7,381	–	6,043	63,535	78,685	54,146	717,748
3,458	7,936	940	7,684	7,684	–	6,043	61,738	78,479	54,147	679,468
3,358	7,830	930	7,389	7,389	–	6,043	50,975	78,479	54,147	705,590
3,432	7,617	969	7,629	7,629	–	6,043	49,731	78,479	54,638	691,717
3,420	7,207	994	7,931	7,931	–	6,043	51,177	78,479	54,639	698,296
3,286	6,993	998	7,925	7,925	–	6,043	52,669	78,479	54,666	692,124
3,498	7,557	896	7,199	7,199	–	6,043	50,084	78,479	54,694	687,527
3,331	8,111	948	8,847	8,847	–	6,042	51,159	78,479	54,694	691,085
3,503	7,751	938	8,838	8,838	–	6,042	49,520	78,479	54,809	705,060
3,344	7,457	902	7,269	7,269	–	6,042	51,261	78,479	54,858	706,426
3,289	7,275	776	9,603	9,603	–	6,042	50,677	78,479	53,227	697,053
3,336	6,918	733	9,028	9,028	–	6,042	50,049	78,479	53,226	691,771
3,382	7,075	734	9,265	9,265	–	6,042	54,349	78,479	53,227	695,644
3,295	7,158	782	8,994	8,994	–	6,192	51,930	82,510	53,231	716,192
3,464	6,962	757	8,559	8,559	–	6,192	50,755	82,510	53,217	722,715
3,363	6,924	741	9,611	9,611	–	6,192	51,097	82,510	53,217	721,569
3,980	7,265	716	9,924	9,924	–	6,192	53,997	82,510	53,217	721,882
3,384	6,727	871	10,606	10,606	–	6,192	51,794	82,510	53,218	739,725
3,358	6,988	1,037	10,032	10,032	–	6,192	53,432	82,510	53,218	722,964
3,421	8,186	924	9,604	9,604	–	6,192	51,874	82,510	53,219	716,260
3,466	7,618	952	9,701	9,701	–	6,192	52,591	82,510	53,220	713,379
3,508	7,545	1,000	9,264	9,264	–	6,192	55,225	82,510	53,220	733,966
3,611	7,509	905	8,372	8,372	–	6,192	54,557	82,510	53,221	727,128
3,561	7,398	904	8,958	8,958	–	6,192	53,271	82,510	53,221	721,270
4,209	7,180	855	9,696	9,696	–	6,192	54,024	82,510	53,221	717,914
4,039	7,260	872	10,460	10,460	–	6,192	54,655	82,510	53,222	728,600
4,137	7,433	1,078	9,840	9,840	–	6,229	55,357	89,826	53,220	730,616
3,897	7,214	1,040	9,687	9,687	–	6,229	54,859	89,826	53,221	729,413
3,876	7,127	1,039	9,909	9,909	–	6,229	53,346	89,827	53,223	724,358
3,976	7,648	1,071	10,610	10,610	–	6,229	52,955	89,835	53,225	709,946
4,122	7,132	1,282	9,842	9,842	–	6,229	53,539	89,835	53,225	742,624
3,965	7,119	1,205	9,470	9,470	–	6,229	56,560	89,835	53,228	737,141
4,142	7,143	986	8,363	8,363	–	6,229	56,092	89,835	53,231	733,848
4,057	7,339	874	9,504	9,504	–	6,229	53,566	89,835	53,232	734,795
4,042	7,269	965	8,653	8,653	–	6,229	53,590	89,835	53,236	743,052
5,101	6,874	914	8,279	8,279	–	6,229	51,623	89,835	53,237	747,037
4,946	6,054	1,261	9,794	9,794	–	6,229	52,731	89,835	53,241	764,447
4,266	7,322	977	11,116	11,116	–	6,229	53,233	89,835	53,242	753,217
3,962	7,343	1,027	12,008	12,008	–	6,229	54,819	89,835	53,243	760,669
4,120	7,834	926	11,901	11,901	–	6,531	54,714	107,348	53,374	803,192

Aggregated Balance Sheet of the Eurosystem

End of period	Assets														
	Loans to euro area residents				Holdings of securities other than shares issued by euro area residents				Holdings of shares/other equity issued by euro area residents			External assets	Fixed assets	Remaining assets
	total	MFIs	general government	other euro area residents	total	MFIs	general government	other euro area residents	total	MFIs	other euro area residents			
	Item 1	1.1	1.2	1.3	2	2.1	2.2	2.3	3	3.1	3.2	4	5	6
	EUR billion													
1997	254.3	232.6	21.1	0.6	114.0	0.7	111.8	1.5	2.9	0.5	2.4	289.1	7.0	53.5
1998	225.2	204.6	20.4	0.1	87.8	1.1	86.2	0.5	5.5	1.8	3.7	322.3	7.9	49.3
1999	442.3	422.1	19.7	0.5	89.1	1.9	86.1	1.1	14.1	4.3	9.8	400.6	9.9	55.7
1999														
January	524.2	503.6	20.4	0.2	89.2	1.3	87.3	0.6	8.2	4.1	4.1	416.8	9.3	57.1
February	647.3	626.7	20.4	0.2	90.7	1.5	88.6	0.5	8.3	4.2	4.1	365.2	9.3	56.8
March	608.5	587.9	20.4	0.2	94.0	1.5	91.9	0.6	8.1	4.0	4.1	426.0	9.3	52.2
April	540.7	520.1	20.4	0.2	93.2	1.2	91.3	0.7	8.1	4.0	4.1	435.7	9.6	52.8
May	481.1	460.5	20.4	0.2	93.1	1.6	90.8	0.7	8.2	4.0	4.2	387.6	9.6	51.1
June	788.8	768.3	20.4	0.2	92.4	1.5	90.0	0.9	8.7	4.4	4.3	499.4	9.7	47.1
July	755.2	734.7	20.4	0.2	92.3	1.5	89.9	0.9	8.7	4.4	4.3	452.0	9.8	51.6
August	530.8	510.2	20.4	0.2	91.9	1.1	90.0	0.7	8.8	4.4	4.4	423.0	9.9	52.8
September	456.9	436.3	20.4	0.2	92.4	1.4	89.9	1.1	8.7	4.3	4.4	427.9	9.8	47.9
October	567.0	546.4	20.4	0.2	92.4	1.9	89.4	1.2	8.6	4.3	4.3	432.6	9.9	53.9
November	508.4	487.8	20.4	0.2	92.6	2.1	89.4	1.1	8.8	4.2	4.6	410.3	9.9	56.0
December	442.3	422.1	19.7	0.5	89.1	1.9	86.1	1.1	14.1	4.3	9.8	400.6	9.9	55.7

Source: ECB.

Total assets	Liabilities										Total liabilities
	Currency in circulation	Deposits of euro area residents				Money market paper	Debt securities issued	Capital and reserves	External liabilities	Remaining liabilities	
		total	MFIs	central government	other general government/ other euro area residents						
	1	2	2.1	2.2	2.3	3	4	5	6	7	
720.8	354.0	147.0	91.9	52.2	2.9	13.2	15.0	105.6	16.1	69.8	720.8
698.0	359.1	152.0	94.2	55.0	2.9	8.5	5.3	97.1	18.6	57.4	698.0
1,011.7	393.0	339.3	277.1	53.4	7.9	3.3	4.6	175.1	49.8	46.7	1,011.7
1,104.7	343.8	467.5	410.9	50.3	6.2	6.3	5.3	125.8	99.3	56.7	1,104.7
1,177.7	342.4	594.2	532.5	55.0	6.7	6.3	5.3	122.9	50.5	56.0	1,177.7
1,198.3	348.3	549.5	486.6	55.1	7.9	4.9	5.3	138.0	97.9	54.5	1,198.3
1,140.2	349.6	486.1	440.9	38.8	6.3	4.9	5.3	139.0	105.0	50.4	1,140.2
1,030.9	353.0	419.7	369.5	42.7	7.4	4.9	5.3	137.4	61.5	49.2	1,030.9
1,446.1	355.8	724.3	672.3	44.1	7.8	4.9	5.3	140.7	171.4	43.8	1,446.1
1,369.8	363.6	682.7	620.6	56.4	5.7	4.9	5.3	139.9	124.3	49.2	1,369.8
1,117.1	358.6	463.7	403.2	54.5	5.9	4.9	5.3	139.9	93.9	50.9	1,117.1
1,043.7	359.4	390.5	332.9	50.7	6.9	3.3	5.3	146.3	88.8	50.1	1,043.7
1,164.2	361.2	500.6	440.8	50.9	8.8	3.3	5.3	150.6	93.8	49.4	1,164.2
1,086.1	362.9	443.0	368.3	65.0	9.7	3.3	4.6	150.3	69.5	52.4	1,086.1
1,011.7	393.0	339.3	277.1	53.4	7.9	3.3	4.6	175.1	49.8	46.7	1,011.7

Banknotes Issued by the Oesterreichische Nationalbank

Circulation

Denomination	December 31, 1998		March 31, 1999		June 30, 1999		September 30, 1999		December 31, 1999	
	ATS million	*%*	*ATS million*	*%*	*ATS million*	*%*	*ATS million*	*%*	*ATS million*	*%*
Legal tender banknotes										
ATS 5000 type I	56,805	33.7	55,170	34.3	58,370	34.7	58,406	34.5	63,094	34.4
ATS 1000 type V	73,775	43.7	70,059	43.5	74,265	44.2	76,290	45.0	83,612	45.6
ATS 500 type IV	11,048	6.5	10,669	6.6	10,814	6.5	10,701	6.3	11,903	6.5
ATS 100 type VI	13,667	8.1	13,379	8.3	13,682	8.2	13,684	8.1	14,454	7.9
ATS 50 type IV	2,321	1.4	2,292	1.4	2,334	1.4	2,391	1.4	2,389	1.3
ATS 20 type V	2,234	1.3	2,205	1.4	2,240	1.3	2,256	1.3	2,283	1.2
Subtotal	159,849	94.7	153,775	95.5	161,706	96.3	163,727	96.6	177,735	96.9
EUR million	×	×	*11,176*	*95.5*	*11,752*	*96.3*	*11,899*	*96.6*	*12,916*	*96.9*
Called-in denominations[1])										
ATS 1000 type III	543	0.3	538	0.3	535	0.3	529	0.3	525	0.3
ATS 1000 type IV	5,932	3.5	5,284	3.3	4,834	2.9	4,438	2.6	4,105	2.2
ATS 500 type II	223	0.1	221	0.1	219	0.1	217	0.1	215	0.1
ATS 500 type III	1,565	0.9	1,412	0.9	1,307	0.8	1,193	0.7	1,113	0.6
ATS 100 type V[2])	332	0.2	330	0.2	329	0.2	326	0.2	324	0.2
ATS 50 type III[2])	151	0.1	150	0.1	149	0.1	148	0.1	147	0.1
ATS 20 type IV	228	0.1	227	0.1	226	0.1	225	0.1	224	0.1
Subtotal	8,973	5.3	8,162	5.0	7,599	4.5	7,077	4.2	6,654	3.6
EUR million	×	×	*593*	*5.0*	*552*	*4.5*	*514*	*4.2*	*484*	*3.6*
Total	168,823	100.0	161,938	100.5	169,305	100.8	170,804	100.8	184,389	100.5
EUR million	×	×	*11,769*	*100.5*	*12,304*	*100.8*	*12,413*	*100.8*	*13,400*	*100.5*
	EUR million	*%*	*EUR million*	*%*	*EUR million*	*%*	*EUR million*	*%*	*EUR million*	*%*
Adjustment of the "banknotes in circulation" figure for schilling banknotes held by other Eurosystem NCBs under Article 52 of the ESCB/ECB Statute	×	×	– 64	– 0.5	– 93	– 0.8	– 93	– 0.8	– 72	– 0.5
Banknotes in circulation	×	×	11,705	100.0	12,211	100.0	12,320	100.0	13,328	100.0

Banknote characteristics

Denomination	Portrait featured on the front	Date	First day of issue	Date of withdrawal (last day of acceptance as legal tender)	Date of preclusion (last day on which called-in banknotes may be exchanged)
Legal tender banknotes					
ATS 5000 type I	Wolfgang A. Mozart	January 4, 1988	October 17, 1989		
ATS 1000 type V	Karl Landsteiner	January 1, 1997	October 20, 1997		
ATS 500 type IV	Rosa Mayreder	January 1, 1997	October 20, 1997		
ATS 100 type VI	Eugen Böhm v. Bawerk	January 2, 1984	October 14, 1985		
ATS 50 type IV	Sigmund Freud	January 2, 1986	October 19, 1987		
ATS 20 type V	Moritz M. Daffinger	October 1, 1986	October 19, 1988		
Called-in denominations[3])					
ATS 1000 type III	Bertha v. Suttner	July 1, 1966	September 21, 1970	August 30, 1985	August 30, 2005
ATS 1000 type IV	Erwin Schrödinger	January 3, 1983	November 14, 1983	April 20, 1998	April 20, 2018
ATS 500 type II	Josef Ressel	July 1, 1965	October 24, 1966	August 31, 1987	August 31, 2007
ATS 500 type III	Otto Wagner	July 1, 1985	October 20, 1986	April 20, 1998	April 20, 2018
ATS 100 type V	Angelika Kauffmann	January 2, 1969	October 19, 1970	November 28, 1986	November 28, 2006
ATS 100 type V (2nd issue)	Angelika Kauffmann	January 2, 1969	June 1, 1981	November 28, 1986	November 28, 2006
ATS 50 type III	Ferdinand Raimund	January 2, 1970	February 15, 1972	August 31, 1988	August 31, 2008
ATS 50 type III (2nd issue)	Ferdinand Raimund	January 2, 1970	September 19, 1983	August 31, 1988	August 31, 2008
ATS 20 type IV	Carl Ritter v. Ghega	July 2, 1967	November 4, 1968	September 30, 1989	September 30, 2009

Source: OeNB.

[1]) These banknotes cease to be legal tender from the date of withdrawal. They may, however, be exchanged for legal tender at the counters of the OeNB until the date of preclusion.
[2]) Incl. banknotes of the second issue.

Austrian Divisional Coins[1]

Circulation

Denomination	December 31, 1998	March 31, 1999	June 30, 1999	September 30, 1999	December 31, 1999
	Face values ATS million				
Base metal coins					
ATS 50[2]	156	146	160	160	174
ATS 20	506	509	511	514	514
ATS 10	3,036	3,054	3,086	3,119	3,109
ATS 5	2,015	2,019	2,048	2,075	2,065
ATS 1	1,584	1,593	1,617	1,643	1,634
g 50	275	276	278	281	278
g 10	298	299	301	303	301
g 5	13	13	13	13	12
g 2	4	4	4	4	4
Total[3]	7,886	7,913	8,018	8,112	8,092
Gold coins	11,206	11,354	11,519	11,644	11,823
Bimetallic coins					
ATS 1000[4]	42	42	42	42	42
ATS 500[5]	16	16	16	16	16
Silver coins					
ATS 500	9,107	9,006	8,963	8,951	8,884
ATS 200	26	26	26	26	26
ATS 100	4,651	4,614	4,587	4,565	4,533
ATS 50	2,180	2,167	2,156	2,146	2,134
ATS 25	1,026	1,022	1,019	1,016	1,012
Total	16,989	16,835	16,751	16,704	16,589

Characteristics of the divisional coins

Denomination	Diameter	Weight	Alloy							First day of issue
			Gold	Silver	Copper	Nickel	Aluminum	Magnesium	Zinc	
	mm	*gram*	*per mil*							
Base metal coins										
ATS 50[2]	26.5	8.2	–	–	920	20	60	–	–	October 23, 1996
ATS 20	27.7	8.0	–	–	920	20	60	–	–	December 10, 1980
ATS 10	26	6.2	–	–	750	250	–	–	–	April 17, 1974
ATS 5	23.5	4.8	–	–	750	250	–	–	–	January 15, 1969
ATS 1	22.5	4.2	–	–	915	–	85	–	–	September 1, 1959
g 50	19.5	3.0	–	–	915	–	85	–	–	October 1, 1959
g 10	20	1.1	–	–	–	–	985	15	–	November 27, 1951
g 5	19	2.5	–	–	–	–	–	–	1,000	June 17, 1948
g 2	18	0.9	–	–	–	–	985	15	–	July 15, 1950
g 1	17	1.8	–	–	–	–	–	–	1,000	April 5, 1948
Gold coins										
ATS 2000 (1 ozf)[6]	37	31.1	999.9	–	–	–	–	–	–	October 10, 1989
ATS 1000 type I	27	13.5	900	–	100	–	–	–	–	October 22, 1976
ATS 1000 type II	30	16.2	986	–	14	–	–	–	–	May 15, 1991
ATS 1000 type III (1/2 ozf)[6]	28	15.6	999.9	–	–	–	–	–	–	October 5, 1994
ATS 1000 type IV	28	17.0	916.7	40.3	43	–	–	–	–	January 12, 1995
ATS 500 type I (1/4 ozf)[6]	22	7.8	999.9	–	–	–	–	–	–	October 10, 1989
ATS 500 type II	22	8.1	986	–	14	–	–	–	–	January 24, 1991
ATS 200 (1/10 ozf)[6]	16	3.1	999.9	–	–	–	–	–	–	September 12, 1991
Bimetallic coins										
ATS 1000[4]	40	40.0	986	900	114	–	–	–	–	May 31, 1994
ATS 500[5]	30	19.0	986	900	114	–	–	–	–	March 24, 1995
Silver coins										
ATS 500 type I	38	24.0	–	640	360	–	–	–	–	April 10, 1980
ATS 500 type II	37	24.0	–	925	75	–	–	–	–	April 15, 1983
ATS 500 type III	37	24.0	–	925	75	–	–	–	–	May 23, 1989
ATS 200 type I	40	33.6	–	925	75	–	–	–	–	January 12, 1995
ATS 100 type I	36	24.0	–	640	360	–	–	–	–	December 23, 1974
ATS 100 type II	34	20.0	–	900	100	–	–	–	–	January 24, 1991
ATS 50 type I	34	20.0	–	900	100	–	–	–	–	February 20, 1959
ATS 50 type II	34	20.0	–	640	360	–	–	–	–	April 18, 1974
ATS 25	30	13.0	–	800	200	–	–	–	–	October 1, 1955

Source: OeNB.

1) Legal tender coins.

2) Bimetallic coins.

3) Includes 1-groschen coins in circulation, which came to some ATS 0.24 million on average in 1999.

4) The gold center contains 13 g fine gold and the silver ring 24 g fine silver.

5) The gold ring contains 8 g fine gold and the silver center 4.8 g fine silver.

6) Bullion coins.

Reserve Base of Credit Institutions Subject to Reserve Requirements[1][2]

Reserve base as at	Total	Liabilities to which a 2% reserve coefficient is applied			Liabilities to which a 0% reserve coefficient is applied		
		deposits (overnight, up to 2 years' agreed maturity and notice period)	debt securities up to 2 years' agreed maturity	money market paper	deposits (over 2 years' agreed maturity and notice period)	repos	debt securities over 2 years' agreed maturity
	EUR million[3]						
Opening statement of January 1, 1999	292,730	164,583	3,138	×	53,776	333	70,900
1999							
January	297,943	169,244	3,043	×	54,407	234	71,015
February	298,152	169,525	3,393	×	53,737	155	71,342
March	299,923	170,533	3,467	×	54,617	214	71,092
April	299,675	167,932	3,542	×	54,673	207	73,321
May	302,854	170,318	3,456	×	54,137	245	74,698
June	303,665	170,735	3,264	×	54,433	204	75,029
July	307,041	173,874	3,225	×	54,351	168	75,423
August	308,502	174,256	3,866	×	54,492	205	75,683
September	311,460	174,764	4,566	×	54,784	191	77,155
October	316,064	177,487	4,719	×	54,862	135	78,861
November	318,252	178,917	5,335	×	54,629	176	79,195
December	316,861	177,490	4,051	×	56,102	625	78,593

Source: ECB.
1) Liabilities vis-à-vis other credit institutions subject to the ESCB's minimum reserve system, the ECB and participating national central banks are excluded from the reserve base.
If a credit institution cannot provide evidence of the amout of its issues of debt securities with a maturity of up to two years and of money market paper held by the institutions mentioned above, it may deduct a specific percentage of these liabilities from its reserve base.
Up to and including November 1999 this percentage for the calculation of the reserve base came to 10%, thereafter to 30%.
2) The reserve base of credit institutions as at January 1, 1999, is used to calculate the minimum reserves for the maintenance period starting on January 1, 1999, and ending on February 23, 1999.
The relevant aggregated data were reported to the ECB by the end of February 1999.
3) Irrevocable euro conversion rate: EUR 1 = ATS 13.7603.

Reserve Maintenance[1]

Maintenance period ending in	Required reserves[2]	Actual reserve holdings[3]	Excess reserves[4]	Shortfall[5]	Interest rate on minimum reserves[6]
	EUR million[7]				%
Opening statement of January 1, 1999	3,261	3,297	39	3	3.00
1999					
January	3,358	3,434	78	3	3.00
February	3,371	3,414	43	0	2.84
March	3,392	3,418	26	1	2.50
April	3,343	3,358	15	–	2.50
May	3,391	3,410	19	–	2.50
June	3,393	3,403	12	2	2.50
July	3,456	3,469	13	0	2.50
August	3,477	3,490	13	0	2.50
September	3,501	3,513	12	–	2.73
October	3,561	3,576	15	0	3.00
November	3,599	3,630	31	0	3.00
December	3,545	3,570	25	–	3.12

Source: ECB.
1) This table contains full data for the completed maintenance periods. The first maintenance period of the reserve system began January 1, 1999, and ended February 23, 1999.
2) The amount of reserve requirement of each individual credit institution is first calculated by applying the reserve ratio for the corresponding categories of liabilities to the eligible liabilities, using the balance sheet data as at the end of each calender month; subsequently, each credit institution deducts from this fugure a lump-sum allowance of EUR 100,000. The resulting reserve requirements are then aggregated at the euro area level.
3) Aggregate average holdings over the maintenance period of the required reserves, computed on the basis of those credit institutions that have fulfilled the reserve requirement.
4) Average minimum reserve balances over the maintenance period in excess of the required reserves, computed on the basis of those credit institutions that have fulfilled the reserve requirements.
5) Average shortfalls of actual reserve holdings from required reserves over the maintenance period, computed on the basic of those credit institutions that have not fulfilled the reserve requirements.
6) This rate equals the average, over the maintenance period, of the ECB's rate (weighted according to the number of calendar days) on the Eurosystem's main refinancing operations.
7) Irrevocable euro conversion rate: EUR 1 = ATS 13.7603.

Consolidated Balance Sheet of the Austrian MFIs/I

End of period	Assets: Loans to euro area residents: total (2 to 4)	in Austria: general government	in Austria: other residents	in other Member States	Holdings of securities other than shares issued by euro area residents: total (6 to 8)	in Austria: general government	in Austria: other residents	in other Member States	Holdings of shares/other equity issued by euro area residents: total (10 to 11)	in Austria	in other Member States	External assets	Fixed assets	Remaining assets	Total assets (1, 5, 9, 12 to 14)
	EUR million[1])														
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
1997	194,260	32,565	155,567	6,127	33,556	26,499	3,834	3,222	12,963	12,622	340	74,405	4,578	11,275	331,036
1998	204,358	30,478	166,885	6,994	32,307	24,273	3,645	4,388	15,535	13,615	1,920	72,982	4,717	14,043	343,941
1999	214,305	29,955	175,633	8,717	30,243	20,742	3,841	5,660	20,472	17,919	2,553	85,045	5,036	16,256	371,357
1999															
Jan.	204,158	29,857	167,516	6,785	34,039	26,074	3,527	4,438	17,001	15,062	1,939	76,847	4,730	16,346	353,121
Feb.	203,383	30,166	166,329	6,888	34,238	25,106	4,902	4,230	17,412	15,441	1,971	77,996	4,703	15,729	353,461
March	204,287	30,175	167,339	6,773	33,393	24,074	3,941	5,378	18,178	16,192	1,986	77,331	4,712	14,823	352,724
April	203,964	30,961	166,257	6,746	32,503	23,583	4,307	4,613	18,756	16,623	2,133	80,525	4,723	15,606	356,077
May	204,748	30,315	167,355	7,078	34,464	23,818	4,011	6,635	19,065	16,924	2,141	81,037	4,748	16,406	360,468
June	205,513	30,467	168,305	6,741	32,191	23,271	3,862	5,058	20,077	17,890	2,187	81,454	4,776	14,812	358,823
July	205,598	29,838	168,812	6,948	32,675	23,327	4,151	5,197	21,146	19,157	1,989	80,854	4,819	14,375	359,467
Aug.	205,767	29,559	169,156	7,052	32,284	22,741	4,299	5,244	21,182	18,943	2,239	80,307	4,845	14,090	358,475
Sept.	209,436	30,966	171,302	7,168	31,469	22,179	3,885	5,405	21,265	18,923	2,342	87,007	4,924	14,151	368,252
Oct.	210,508	31,221	171,490	7,797	32,054	21,687	4,761	5,606	21,120	18,783	2,337	88,969	4,960	15,636	373,247
Nov.	212,761	30,797	173,532	8,432	31,922	22,224	3,942	5,756	21,611	19,131	2,480	86,863	5,013	16,740	374,910
Dec.	214,305	29,955	175,633	8,717	30,243	20,742	3,841	5,660	20,472	17,919	2,553	85,045	5,036	16,256	371,357

Source: OeNB.
1) Irrevocable euro conversion rate: EUR 1 = ATS 13.7603.

Consolidated Balance Sheet of the Austrian MFIs/II

End of period	Liabilities									
	Austria's contribution to monetary aggregate M3									
	total (2, 14, 17, 18)	Austria's contribution to monetary aggregate M2								
		total (3, 8, 11)	Austria's contribution to monetary aggregate M1					deposits of euro area residents with agreed maturity up to 2 years		
			total (4 + 5)	currency in circulation	overnight deposits of euro area residents			total (9 + 10)	in Austria	in other Member States
					total (6 + 7)	in Austria	in other Member States			
	EUR million[1])									
	1	2	3	4	5	6	7	8	9	10
1997	127,771	124,905	46,912	10,462	36,450	34,345	2,106	76,765	71,254	5,512
1998	131,882	129,064	51,267	10,340	40,928	38,488	2,440	77,499	72,283	5,215
1999	138,018	134,059	55,818	11,210	44,608	42,159	2,449	77,967	73,022	4,945
1999										
January	131,734	128,734	51,265	10,003	41,262	38,841	2,421	77,163	72,140	5,023
February	131,915	128,830	50,483	9,970	40,513	38,094	2,419	78,042	73,034	5,008
March	133,339	130,195	51,416	10,031	41,385	39,031	2,354	78,464	73,448	5,016
April	133,146	129,977	51,806	10,167	41,639	39,246	2,393	77,864	72,888	4,976
May	133,332	130,324	52,298	10,314	41,984	39,610	2,374	77,734	72,734	5,000
June	132,772	130,224	53,881	10,455	43,426	40,826	2,600	76,047	71,249	4,798
July	133,398	131,059	55,125	10,600	44,525	42,131	2,394	75,645	70,889	4,756
August	132,068	128,750	53,018	10,410	42,608	40,260	2,348	75,455	70,795	4,660
September	134,555	130,353	54,724	10,416	44,308	41,893	2,415	75,359	70,657	4,702
October	136,242	132,028	55,317	10,633	44,684	42,232	2,452	76,440	71,667	4,773
November	137,790	133,352	55,726	10,695	45,031	42,609	2,422	77,354	72,483	4,871
December	138,018	134,059	55,818	11,210	44,608	42,159	2,449	77,967	73,022	4,945

End of period	Liabilities (cont.)									
	Deposits of central government			Nonmonetary liabilities of MFIs						
	total (20 + 21)	in Austria	in other Member States	total (23, 24, 27, 30)	capital and reserves	deposits of euro area residents with agreed maturity over 2 years			deposits of euro area residents redeemable at notice over 3 months	
						total (25 + 26)	in Austria	in other Member States	total (28 + 29)	in Austria
	EUR million[1])									
	19	20	21	22	23	24	25	26	27	28
1997	2,221	2,220	1	125,405	20,354	44,531	43,088	1,443	527	351
1998	1,978	1,973	5	130,900	22,563	48,939	47,274	1,665	701	516
1999	1,617	1,616	1	142,591	29,085	50,757	48,975	1,782	737	544
1999										
January	3,010	3,005	5	132,589	23,849	49,847	48,102	1,745	689	508
February	2,762	2,756	6	133,007	24,002	50,011	48,251	1,760	715	534
March	1,902	1,897	5	133,216	25,135	49,925	48,182	1,743	705	525
April	1,322	1,317	5	135,317	24,889	49,976	48,288	1,688	717	536
May	2,519	2,514	5	136,212	24,978	49,671	47,977	1,694	718	536
June	2,873	2,868	5	136,408	25,290	49,694	48,005	1,689	725	541
July	2,730	2,725	5	135,748	24,716	49,519	47,828	1,691	712	528
August	3,294	3,289	5	135,606	24,898	49,651	47,961	1,690	702	519
September	2,120	2,115	5	137,167	25,477	49,762	48,034	1,728	698	516
October	1,965	1,959	6	138,949	26,052	49,778	48,015	1,763	702	518
November	3,048	3,042	6	139,749	26,776	49,867	48,104	1,763	719	532
December	1,617	1,616	1	142,591	29,085	50,757	48,975	1,782	737	544

Source: OeNB.
[1]) *Irrevocable euro conversion rate: EUR 1 = ATS 13.7603.*

deposits of euro area residents redeemable at notice up to 3 months: total (12 + 13)	deposits of euro area residents redeemable at notice up to 3 months: in Austria	deposits of euro area residents redeemable at notice up to 3 months: in other Member States	repurchase agreements with euro area residents: total (15 + 16)	repurchase agreements with euro area residents: in Austria	repurchase agreements with euro area residents: in other Member States	money market fund shares and money market paper	debt securities up to 2 years
11	12	13	14	15	16	17	18
1,227	1,119	108	138	138	–	– 16	2,744
298	195	103	285	285	–	–	2,532
274	181	93	488	488	–	–810	4,281
306	199	107	201	201	–	–	2,799
305	198	107	139	139	–	–	2,946
315	208	107	153	153	–	–	2,991
307	202	105	168	152	16	–	3,001
292	189	103	198	133	65	–	2,810
296	196	100	141	141	–	–	2,407
289	188	101	132	127	5	–	2,207
277	177	100	189	123	66	–	3,129
270	171	99	162	122	40	–	4,040
271	173	98	115	115	–	–	4,099
272	177	95	145	115	30	–	4,293
274	181	93	488	488	–	–810	4,281

in other Member States	debt securities over 2 years	Excess of inter-MFI liabilities in the euro area: total (32 + 33)	Excess of inter-MFI liabilities in the euro area: in Austria	Excess of inter-MFI liabilities in the euro area: in other Member States	External liabilities	Remaining liabilities	**Total liabilities** (1, 19, 22, 31, 34, 35)
29	30	31	32	33	34	35	36
176	59,993	6,882	3,175	3,707	37,877	30,882	331,036
185	58,697	7,337	3,866	3,472	40,937	30,907	343,941
193	62,012	13,131	2,090	11,041	51,012	24,988	371,357
181	58,204	6,502	6,500	2	48,422	30,864	353,121
181	58,279	8,356	7,531	825	47,065	30,356	353,461
180	57,451	2,695	3,999	– 1,304	51,331	30,241	352,724
181	59,735	9,756	5,618	4,138	47,367	29,169	356,077
182	60,845	9,571	6,166	3,405	50,683	28,151	360,468
184	60,699	4,247	2,946	1,301	53,684	28,839	358,823
184	60,801	8,695	5,297	3,398	50,953	27,943	359,467
183	60,355	5,925	2,852	3,073	53,406	28,176	358,475
182	61,230	7,824	3,100	4,724	57,417	29,169	368,252
184	62,417	12,993	3,237	9,156	54,684	29,014	373,247
187	62,387	5,903	3,229	2,674	59,049	29,371	374,910
193	62,012	13,131	2,090	11,041	51,012	24,988	371,357

Monetary Aggregates and Their Counterparts in Austria

End of period	Loans to euro area residents			Net external assets			Nonmonetary liabilities of MFIs					Deposits of central government
	total (2 + 3)	in Austria	in other Member States	total (5 + 6)	OeNB	other MFIs	total (8 to 11)	capital and reserves	deposits of euro area residents with agreed maturity over 2 years	deposits of euro area residents redeemable at notice over 3 months	debt securities over 2 years	
	EUR million[1])											
	1	2	3	4	5	6	7	8	9	10	11	12
Change from previous year												
1998	+11,421	+7,808	+3,612	–4,483	+29	–4,512	+5,495	+2,209	+4,408	+174	–1,296	–243
1999	+12,820	+9,193	+3,628	+1,988	+1,738	+250	+11,691	+6,522	+1,818	+36	+3,315	–361
Change year-on-year												
1999												
January	+13,791	+10,344	+3,447	–4,588	–2,463	–2,125	+2,218	+1,619	+4,445	+207	–4,052	+1,560
February	+15,566	+12,525	+3,041	–4,733	–934	–3,799	–899	+2,474	+1,044	+229	–4,645	+1,237
March	+13,736	+9,462	+4,275	–9,622	–4,789	–4,833	–1,303	+3,400	+870	+229	–5,802	+477
April	+8,784	+5,726	+3,058	–444	+255	–700	+1,736	+4,202	+1,367	+241	–4,073	–633
May	+11,378	+5,912	+5,466	–4,117	–761	–3,356	+3,807	+5,089	+840	+246	–2,368	+627
June	+11,605	+7,863	+3,742	–3,007	–2,744	–263	+3,712	+4,753	+868	+252	–2,161	+835
July	+13,102	+9,141	+3,961	–108	+3,163	–3,271	+3,031	+4,514	+565	+263	–2,312	+1,097
August	+12,482	+8,137	+4,345	–4,072	+2,773	–6,844	+1,431	+3,946	+382	+260	–3,157	+1,099
September	+11,873	+6,980	+4,892	+5,850	+732	+5,118	+3,376	+1,843	+551	+260	+723	+25
October	+11,574	+6,231	+5,343	+5,948	+4,995	+954	+7,753	+3,558	+784	+257	+3,154	+486
November	+13,736	+8,409	+5,327	–282	–3,334	+3,052	+8,185	+4,228	+1,251	+15	+2,691	+1,005
December	+12,820	+9,193	+3,628	+1,988	+1,738	+250	+11,691	+6,522	+1,818	+36	+3,315	–361
Change from previous month												
1999												
January	+2,998	+3,139	–140	–3,620	–3,058	–562	+1,689	+1,286	+908	–12	–493	+1,032
February	–165	–92	–73	+2,506	+1,731	+775	+418	+153	+164	+26	+75	–248
March	+825	–223	+1,048	–4,931	–3,371	–1,560	+209	+1,133	–86	–10	–828	–860
April	–635	+10	–645	+7,158	+4,085	+3,073	+2,101	–246	+51	+12	+2,284	–580
May	+3,054	+692	+2,362	–2,804	–1,326	–1,478	+895	+89	–305	+1	+1,110	+1,197
June	–496	+1,372	–1,868	–2,584	–2,861	+277	+196	+312	+23	+7	–146	+354
July	+1,638	+1,490	+148	+2,131	+5,772	–3,641	–660	–574	–175	–13	+102	–143
August	–186	–587	+401	–3,000	–595	–2,405	–142	+182	+132	–10	–446	+564
September	+2,937	+2,557	+380	+2,689	–2,345	+5,034	+1,561	+579	+111	–4	+875	–1,174
October	+1,512	+687	+825	+4,695	+4,854	–159	+1,782	+575	+16	+4	+1,187	–155
November	+2,612	+1,684	+928	–6,471	–7,619	+1,148	+800	+724	+89	+17	–30	+1,083
December	–1,274	–1,536	+262	+6,219	+6,471	–252	+2,842	+2,309	+890	+18	–375	–1,431

Source: OeNB.
[1]) *Irrevocable euro conversion rate: EUR 1 = ATS 13.7603.*

Others	Austria's contribution to monetary aggregate M3									
	total (15, 21 to 23)	Austria's contribution to monetary aggregate M2						repurchase agreements with euro area residents	money market fund shares and money market paper	debt securities up to 2 years
		total (16, 19, 20)	Austria's contribution to monetary aggregate M1			deposits of euro area residents with agreed maturity up to 2 years	deposits of euro area residents redeemable at notice up to 3 months			
			total (17 + 18)	currency in circulation	overnight deposits of euro area residents					
13	14	15	16	17	18	19	20	21	22	23
−2,426	+ 4,111	+4,159	+4,355	−122	+4,478	+ 734	− 929	+147	+ 16	− 212
−2,657	+ 6,136	+4,995	+4,551	+870	+3,680	+ 468	− 24	+203	−810	+1,749
+ 976	+ 4,450	+4,493	+5,174	− 53	+5,226	− 316	− 365	+ 99	–	− 141
+3,749	+ 6,746	+6,453	+4,796	− 57	+4,853	+2,610	− 953	+ 27	–	+ 266
−3,809	+ 8,749	+8,257	+4,960	+204	+4,757	+4,258	− 961	+ 35	–	+ 458
− 331	+ 7,567	+7,080	+4,859	+243	+4,617	+3,205	− 984	+ 47	–	+ 440
−4,615	+ 7,442	+7,318	+4,764	+236	+4,528	+3,556	−1,003	−217	–	+ 342
−3,435	+ 7,486	+7,881	+6,441	+518	+5,922	+2,432	− 992	−285	–	− 110
+ 711	+ 8,156	+8,845	+7,978	+433	+7,545	+1,860	− 993	−281	–	− 408
−1,773	+ 7,653	+7,611	+6,392	+402	+5,990	+1,836	− 618	−228	–	+ 271
+3,875	+10,446	+9,423	+7,639	+516	+7,123	+2,412	− 628	−250	–	+1,274
− 458	+ 9,741	+8,377	+7,008	+496	+6,513	+2,031	− 662	− 99	–	+1,464
−7,112	+11,376	+9,616	+6,917	+454	+6,463	+2,710	− 10	− 87	–	+1,847
−2,657	+ 6,136	+4,995	+4,551	+870	+3,680	+ 468	− 24	+203	−810	+1,749
−3,194	− 148	− 330	− 2	−337	+ 334	− 336	+ 8	− 84	–	+ 267
+1,990	+ 181	+ 96	− 782	− 33	− 749	+ 879	− 1	− 62	–	+ 147
−4,879	+ 1,424	+1,365	+ 933	+ 61	+ 872	+ 422	+ 10	+ 14	–	+ 45
+5,195	− 193	− 218	+ 390	+136	+ 254	− 600	− 8	+ 15	–	+ 10
−2,028	+ 186	+ 347	+ 492	+147	+ 345	− 130	− 15	+ 30	–	− 191
−3,070	− 560	− 100	+1,583	+141	+1,442	−1,687	+ 4	− 57	–	− 403
+3,946	+ 626	+ 835	+1,244	+145	+1,099	− 402	− 7	− 9	–	− 200
−2,278	− 1,330	−2,309	−2,107	−190	−1,917	− 190	− 12	+ 57	–	+ 922
+2,752	+ 2,487	+1,603	+1,706	+ 6	+1,700	− 96	− 7	− 27	–	+ 911
+2,893	+ 1,687	+1,675	+ 593	+217	+ 376	+1,081	+ 1	− 47	–	+ 59
−7,290	+ 1,548	+1,324	+ 409	+ 62	+ 347	+ 914	+ 1	+ 30	–	+ 194
+3,306	+ 228	+ 707	+ 92	+515	− 423	+ 613	+ 2	+343	−810	− 12

Selected Balance Sheet Items of the Oesterreichische Nationalbank

End of period	Assets											
	Loans to euro area residents				Holdings of securities other than shares issued by euro area residents				Holdings of shares/other equity issued by euro area residents			External assets
	total (2 to 4)	MFIs	general government	other residents	total (6 to 8)	MFIs	general government	other residents	total (10 + 11)	MFIs	other residents	
	EUR million[1])											
	1	2	3	4	5	6	7	8	9	10	11	12
1998	2,670	2,363	194	112	1,894	767	1,080	47	1,947	118	1,829	18,771
1999	15,878	15,559	221	98	1,863	636	1,208	19	2,428	118	2,310	22,115
1999												
January	15,190	14,878	200	112	2,169	840	1,245	84	2,340	118	2,222	19,087
February	14,513	14,199	200	114	2,195	927	1,182	86	2,342	118	2,224	19,130
March	14,596	14,280	200	116	3,086	934	2,065	87	2,364	118	2,246	19,399
April	16,585	16,265	200	120	2,103	595	1,421	87	2,363	118	2,245	21,274
May	16,773	16,456	194	123	2,140	678	1,374	88	2,430	118	2,312	22,349
June	25,586	25,268	194	124	2,289	828	1,373	88	2,387	118	2,269	22,000
July	23,099	22,782	194	123	2,309	802	1,420	87	2,433	118	2,315	22,001
August	20,473	20,156	194	123	1,870	418	1,365	87	2,430	118	2,312	21,884
September	24,048	23,727	194	127	1,720	437	1,197	86	2,444	118	2,326	23,391
October	20,062	19,736	194	132	1,860	576	1,197	87	2,313	118	2,195	24,187
November	20,713	20,379	194	140	1,946	702	1,199	45	2,323	118	2,205	21,652
December	15,878	15,559	221	98	1,863	636	1,208	19	2,428	118	2,310	22,115

Source: OeNB.
[1]) Irrevocable euro conversion rate: EUR 1 = ATS 13.7603.

Liabilities								End of period
Banknotes in circulation	Deposits of euro area residents				Money market paper	Debt securities issued	External liabilities	
	total (3 to 5)	MFIs	central government	other general government/ other euro area residents				
1	2	3	4	5	6	7	8	
12,269	3,992	3,975	3	14	–	–	216	1998
13,328	16,230	16,211	8	11	–	–	1,821	1999
								1999
11,615	13,859	13,811	–	48	–	–	3,589	January
11,603	14,767	14,655	–	112	–	–	1,901	February
11,705	11,790	11,782	8	–	–	–	5,541	March
11,909	16,353	16,352	–	1	–	–	3,331	April
12,084	16,092	16,091	–	1	–	–	5,732	May
12,211	21,948	21,944	3	1	–	–	8,244	June
12,309	25,749	25,743	5	1	–	–	2,473	July
12,163	22,155	22,153	1	1	–	–	2,951	August
12,319	22,551	22,545	1	5	–	–	6,803	September
12,426	23,112	23,110	1	1	–	–	2,745	October
12,471	15,654	15,650	3	1	–	–	7,829	November
13,328	16,230	16,211	8	11	–	–	1,821	December

The Oesterreichische Nationalbank's Base and Reference Rates

Applicable from	Base rate	Reference rate
	% p.a.	
1999		
January 1	2.50	4.75
April 9	2.00	3.75
November 5	2.50	4.25

Source: OeNB.

ECB Interest Rates on the Deposit Facility and the Marginal Lending Facility

Applicable from	Deposit facility	Marginal lending facility
	% p.a.	
1999		
January 4[1])	2.00	4.50
January 22	2.00	4.50
April 9	1.50	3.50
November 5	2.00	4.00

Source: OeNB, ECB.

1) As a transitory measure, between January 4, 1999 and January 21, 1999, the interest rates applied were 2.75% and 3.25%, respectively.

Eurosystem Main Refinancing Operations

Running from	Fixed or variable rate tender	Bids		Allotment amount	Fixed or marginal rate
		bidders	amount		
		Number	*EUR million*[1])		*% p.a.*
1999					
January 7 to January 20	Fixed rate tender	944	481,626	75,000	3.00
January 13 to January 27	Fixed rate tender	1,068	563,409	48,000	3.00
January 20 to February 3	Fixed rate tender	966	593,418	59,000	3.00
January 27 to February 10	Fixed rate tender	1,038	689,467	69,000	3.00
February 3 to February 17	Fixed rate tender	998	757,724	62,000	3.00
February 10 to February 24	Fixed rate tender	1,041	911,302	65,000	3.00
February 17 to March 3	Fixed rate tender	914	896,138	62,000	3.00
February 24 to March 10	Fixed rate tender	983	991,109	78,000	3.00
March 3 to March 17	Fixed rate tender	965	1,100,797	67,000	3.00
March 10 to March 24	Fixed rate tender	928	950,369	75,000	3.00
March 17 to March 31	Fixed rate tender	665	335,249	44,000	3.00
March 24 to April 7	Fixed rate tender	554	372,647	102,000	3.00
March 31 to April 14	Fixed rate tender	403	118,683	39,000	3.00
April 7 to April 21	Fixed rate tender	302	67,353	67,353	3.00
April 14 to April 28	Fixed rate tender	841	781,720	67,000	2.50
April 21 to May 5	Fixed rate tender	713	612,275	50,000	2.50
April 28 to May 12	Fixed rate tender	743	754,825	78,000	2.50
May 5 to May 19	Fixed rate tender	648	655,789	42,000	2.50
May 12 to May 26	Fixed rate tender	662	708,881	78,000	2.50
May 19 to June 2	Fixed rate tender	687	638,583	43,000	2.50
May 26 to June 9	Fixed rate tender	687	784,380	96,000	2.50
June 2 to June 16	Fixed rate tender	666	698,358	43,000	2.50
June 9 to June 23	Fixed rate tender	760	907,145	86,000	2.50
June 16 to June 30	Fixed rate tender	786	922,203	39,000	2.50
June 23 to July 7	Fixed rate tender	894	1,165,521	86,000	2.50
June 30 to July 14	Fixed rate tender	877	1,222,128	57,000	2.50
July 7 to July 21	Fixed rate tender	867	1,282,746	95,000	2.50
July 14 to July 28	Fixed rate tender	856	1,247,454	53,000	2.50
July 21 to August 4	Fixed rate tender	915	1,479,409	94,000	2.50
July 28 to August 11	Fixed rate tender	858	1,342,169	73,000	2.50
August 4 to August 18	Fixed rate tender	834	1,412,815	76,000	2.50
August 11 to August 25	Fixed rate tender	816	1,346,203	68,000	2.50
August 18 to September 1	Fixed rate tender	876	1,538,142	73,000	2.50
August 25 to September 8	Fixed rate tender	830	1,431,145	86,000	2.50
September 1 to September 15	Fixed rate tender	808	1,490,635	66,000	2.50
September 8 to September 22	Fixed rate tender	783	1,334,847	82,000	2.50
September 15 to September 29	Fixed rate tender	749	1,051,251	61,000	2.50
September 22 to October 6	Fixed rate tender	635	660,532	92,000	2.50
September 29 to October 13	Fixed rate tender	694	926,416	55,000	2.50
October 6 to October 20	Fixed rate tender	673	1,655,341	90,000	2.50
October 13 to October 28	Fixed rate tender	791	1,289,972	50,000	2.50
October 20 to November 3	Fixed rate tender	833	1,107,860	75,000	2.50
October 28 to November 10	Fixed rate tender	941	1,937,221	74,000	2.50
November 3 to November 17	Fixed rate tender	888	2,344,082	66,000	2.50
November 10 to November 24	Fixed rate tender	493	404,857	74,000	3.00
November 17 to December 1	Fixed rate tender	486	484,348	69,000	3.00
November 24 to December 8	Fixed rate tender	563	687,973	74,000	3.00
December 1 to December 15	Fixed rate tender	663	1,018,950	72,000	3.00
December 8 to December 22	Fixed rate tender	670	1,141,163	92,000	3.00
December 15 to December 30	Fixed rate tender	527	286,824	57,000	3.00
December 22 to January 12, 2000	Fixed rate tender	840	1,505,405	92,000	3.00
December 30 to January 19, 2000	Fixed rate tender	774	485,825	70,000	3.00

Source: OeNB, ECB.
[1]) Irrevocable euro conversion rate: EUR 1 = ATS 13.7603.

Eurosystem Longer-Term Refinancing Operations

Running from	Fixed or variable rate tender	Bids		Allotment amount	Fixed or marginal rate
		bidders	amount		
		Number	*EUR million[1])*		*% p.a.*
1999					
January 14 to February 25	Variable rate tender	466	79,846	15,000	3.13
January 14 to March 25	Variable rate tender	311	39,343	15,000	3.10
January 14 to April 29	Variable rate tender	329	46,152	15,000	3.08
February 25 to May 27	Variable rate tender	417	77,300	15,000	3.04
March 25 to July 1	Variable rate tender	269	53,659	15,000	2.96
April 29 to July 29	Variable rate tender	313	66,911	15,000	2.53
May 27 to August 26	Variable rate tender	319	72,294	15,000	2.53
July 1 to September 30	Variable rate tender	298	76,284	15,000	2.63
July 29 to October 28	Variable rate tender	281	64,973	15,000	2.65
August 26 to November 25	Variable rate tender	256	52,416	15,000	2.65
September 30 to December 23	Variable rate tender	198	41,443	15,000	2.66
October 28 to January 27, 2000	Variable rate tender	313	74,430	25,000	3.19
November 25 to March 2, 2000	Variable rate tender	321	74,988	25,000	3.18
December 23 to March 30, 2000	Variable rate tender	301	91,088	25,000	3.26

Source: OeNB, ECB.

[1]) Irrevocable euro conversion rate: EUR 1 = ATS 13.7603.

Euro Area Money Market Interest Rates

	EONIA[1])			EURIBOR[2])			
	period average[3])	lowest rate	highest rate	1 month	3 months	6 months	12 months
	% p.a.						
1999	2.74	1.74	3.75	2.86	2.96	3.05	3.18
1999							
January	3.14	2.98	3.22	3.16	3.13	3.09	3.06
February	3.12	3.02	3.34	3.13	3.09	3.04	3.03
March	2.93	2.19	3.12	3.05	3.05	3.03	3.05
April	2.71	2.47	3.11	2.68	2.69	2.69	2.75
May	2.55	2.51	3.02	2.57	2.58	2.60	2.68
June	2.56	2.23	2.76	2.61	2.63	2.68	2.84
July	2.52	1.87	2.63	2.63	2.68	2.90	3.03
August	2.44	1.85	2.58	2.61	2.70	3.05	3.24
September	2.43	1.74	2.63	2.58	2.73	3.11	3.30
October	2.50	1.76	2.80	2.76	3.38	3.46	3.68
November	2.94	2.66	3.15	3.06	3.47	3.48	3.69
December	3.04	2.82	3.75	3.51	3.45	3.51	3.83

Source: ECB, Reuters.
1) Euro OverNight Index Average.
2) Euro Interbank Offered Rate; unweighted average.
3) Unweighted average of data collected daily by the ECB.

Domestic Bond Yields[1])

	Issuing yields			Secondary market yields							
	federal government	domestic issuers total	foreign issuers	federal govern-ment[2])	other public bodies	other domestic nonbanks	domestic nonbanks (1 to 3)	domestic banks	domestic issuers (4 + 5)	foreign issuers	total issuers[3]) (6 + 7)
	% p.a.										
				1	2	3	4	5	6	7	8
Period average											
1990	8.59	8.58	9.26	8.74	×	×	×	8.66	×	9.39	8.72
1991	8.41	8.42	8.29	8.62	×	×	×	8.69	×	10.21	8.69
1992	7.91	7.94	7.98	8.27	×	×	×	8.42	×	9.90	8.39
1993	6.21	6.26	7.51	6.63	6.93	6.91	6.66	6.73	6.68	8.18	6.74
1994	6.67	6.68	8.06	6.70	6.89	6.77	6.71	6.51	6.66	7.59	6.69
1995	6.65	6.64	8.30	6.48	6.68	6.59	6.49	6.43	6.48	7.40	6.51
1996	5.76	5.75	8.24	5.30	5.63	5.67	5.32	5.25	5.31	6.32	5.33
1997	5.27	5.30	6.66	4.79	5.08	5.74	4.82	4.83	4.82	5.80	4.84
1998	4.55	4.56	6.06	4.29	4.32	6.06	4.35	4.54	4.38	5.89	4.40
1999	4.13	4.13	–	4.10	3.93	4.13	4.10	4.25	4.12	5.80	4.14
1999											
1st quarter	3.99	3.99	–	3.53	3.47	3.68	3.54	3.85	3.58	5.48	3.61
2nd quarter	3.70	3.70	–	3.60	3.40	3.64	3.60	3.76	3.62	5.24	3.64
3rd quarter	3.99	4.00	–	4.43	4.18	4.36	4.42	4.46	4.43	6.02	4.45
4th quarter	5.41	5.41	–	4.83	4.64	4.84	4.83	4.92	4.84	6.46	4.86
1999											
January	3.71	3.71	–	3.40	3.47	3.64	3.41	3.83	3.47	5.44	3.50
February	4.42	4.42	–	3.53	3.43	3.66	3.53	3.82	3.57	5.53	3.60
March	3.97	3.96	–	3.65	3.51	3.72	3.65	3.88	3.68	5.47	3.71
April	3.46	3.46	–	3.42	3.26	3.53	3.42	3.69	3.45	5.19	3.48
May	3.29	3.29	–	3.49	3.29	3.53	3.49	3.66	3.51	5.05	3.53
June	4.34	4.34	–	3.86	3.63	3.86	3.86	3.92	3.87	5.44	3.89
July	3.93	3.93	–	4.21	3.96	4.16	4.21	4.24	4.21	5.84	4.23
August	–	–	–	4.47	4.25	4.44	4.47	4.52	4.47	6.18	4.49
September	4.05	4.08	–	4.60	4.33	4.49	4.60	4.63	4.60	6.03	4.62
October	5.50	5.50	–	4.92	4.65	4.88	4.91	4.89	4.91	6.33	4.93
November	5.08	5.08	–	4.74	4.61	4.75	4.74	4.88	4.75	6.44	4.77
December	–	–	–	4.84	4.65	4.90	4.84	4.99	4.86	6.62	4.88

Source: OeNB, OeKB.
[1]) *For debt securities.*
[2]) *For benchmark yield (ten-year federal government bonds).*
[3]) *Total issuers corresponds to the former category bonds excluding federal obligations.*

Domestic Credit Institutions' Interest Rates[1])

Lending rates

	Commercial loans			Discount credit			Personal loans			Home loans		
	average	range		average	range		average	range		average	range	
		from	to		from	to		from	to		from	to
	% p.a.											
1996	7.23	5.50	9.50	4.57	3.00	7.88	8.40	6.75	10.63	6.78	5.75	7.88
1997	6.66	5.25	8.50	4.33	3.00	7.50	7.85	6.50	9.25	6.25	5.00	7.25
1998	6.42	4.75	8.50	4.28	3.00	7.00	7.63	6.00	9.20	6.09	5.00	7.25
1999	5.64	3.75	8.13	4.53	3.00	6.75	6.51	5.00	8.50	5.17	4.25	6.82
1999												
January	6.02	4.50	8.00	4.64	3.50	6.50	6.97	5.75	8.25	5.56	4.63	6.82
February	5.92	4.38	8.13	4.60	3.50	6.50	6.80	5.75	8.25	5.35	4.50	6.50
March	5.89	4.25	7.75	4.55	3.50	6.50	6.66	5.75	8.38	5.31	4.50	6.25
April	5.54	3.75	7.75	4.49	3.25	6.00	6.43	5.25	7.75	5.18	4.50	6.25
May	5.43	3.95	7.50	4.44	3.00	6.00	6.32	5.00	7.75	5.03	4.25	6.00
June	5.41	4.00	7.50	4.44	3.00	6.50	6.29	5.25	7.60	5.00	4.25	6.00
July	5.44	4.25	7.38	4.43	3.13	6.50	6.27	5.25	7.50	4.94	4.25	6.00
August	5.45	4.00	7.38	4.49	3.13	6.75	6.29	5.25	7.50	4.95	4.25	6.00
September	5.43	4.00	7.50	4.52	3.25	6.75	6.31	5.25	7.50	5.04	4.25	6.00
October	5.63	4.50	7.75	4.62	3.50	6.75	6.45	5.25	7.38	5.09	4.50	6.00
November	5.73	4.50	7.75	4.56	3.50	5.88	6.63	5.25	8.50	5.24	4.50	6.50
December	5.77	4.52	7.75	4.61	3.50	5.88	6.72	5.75	8.50	5.33	4.50	6.50

Deposit rates

	Personal checking accounts			Savings deposits due on demand			Savings deposits with agreed maturity of up to 12 months			Savings deposits with agreed maturity of over 12 months		
	average	range		average	range		average	range		average	range	
		from	to		from	to		from	to		from	to
	% p.a.											
1996	0.52	0.13	2.00	1.70	1.50	2.25	3.14	1.75	4.25	3.56	2.25	4.50
1997	0.43	0.13	1.50	1.51	1.50	1.75	2.74	1.75	3.50	3.17	2.00	4.00
1998	0.43	0.25	1.28	1.42	1.00	1.50	2.65	1.50	3.28	3.06	2.25	3.75
1999	0.33	0.13	1.25	0.78	0.50	1.25	2.21	1.00	3.00	2.54	1.75	3.34
1999												
January	0.41	0.25	1.25	1.16	1.00	1.25	2.52	1.38	3.00	2.84	2.25	3.25
February	0.38	0.13	1.00	1.08	1.00	1.25	2.46	1.25	3.00	2.81	2.00	3.25
March	0.37	0.25	1.00	1.05	1.00	1.25	2.49	1.25	3.00	2.78	2.00	3.25
April	0.34	0.13	1.00	0.88	0.63	1.25	2.27	1.00	3.00	2.61	2.00	3.34
May	0.31	0.13	0.79	0.77	0.63	1.00	2.13	1.00	2.63	2.48	1.88	3.00
June	0.28	0.13	0.75	0.74	0.50	1.00	2.11	1.00	2.75	2.40	1.75	2.75
July	0.31	0.13	1.00	0.63	0.50	1.00	2.04	1.00	2.63	2.34	1.75	2.75
August	0.32	0.13	1.00	0.62	0.50	1.00	1.96	1.00	2.62	2.34	1.75	2.75
September	0.32	0.13	1.00	0.61	0.50	1.00	2.04	1.00	2.75	2.37	1.75	3.00
October	0.32	0.13	1.00	0.61	0.50	1.00	2.05	1.00	2.75	2.40	1.75	3.00
November	0.34	0.13	1.00	0.63	0.50	1.00	2.18	1.00	2.97	2.51	1.88	3.00
December	0.31	0.13	1.00	0.63	0.50	1.00	2.22	1.00	3.00	2.56	1.88	3.00

Source: OeNB.
[1]) *Credit institutions within the meaning of the Austrian Banking Act.*
[2]) *Or the equivalent in EUR.*

Overdrafts on personal checking accounts			Mortgage loans			Public sector loans		
average	range		average	range		average	range	
	from	to		from	to		from	to
×	×	×	6.61	5.75	7.75	5.81	4.50	7.35
12.55	9.00	18.50	6.06	5.18	7.00	5.25	4.05	6.75
11.61	8.50	13.75	5.87	5.00	7.00	4.87	3.50	6.75
11.03	8.00	13.75	4.99	4.25	6.75	4.15	2.97	5.38
11.11	8.50	13.75	5.34	4.63	6.75	4.30	3.40	5.25
11.11	8.50	13.50	5.23	4.50	6.75	4.37	3.50	5.25
11.07	8.46	13.50	5.15	4.50	6.75	4.29	3.48	5.25
10.98	8.00	13.50	4.95	4.50	6.38	3.97	3.09	5.00
10.93	8.00	13.50	4.87	4.25	6.13	4.01	3.15	5.00
10.99	8.00	13.50	4.78	4.25	6.00	3.98	2.97	5.00
10.98	8.00	13.50	4.74	4.25	6.00	3.96	3.00	5.00
11.04	8.75	13.75	4.78	4.25	6.00	4.07	3.10	5.00
11.02	8.38	13.75	4.80	4.25	6.00	4.13	3.18	5.00
11.03	8.00	13.75	4.98	4.25	6.00	4.20	3.25	5.25
11.06	8.00	13.75	5.11	4.50	6.00	4.26	3.25	5.25
11.04	8.00	13.75	5.20	4.50	6.00	4.23	3.25	5.38

Savings deposits with a volume of ATS 0.5 million to ATS 1 million2)			Savings deposits with a volume of ATS 1 million to ATS 5 million2)			Savings bonds (24 months)		
average	range		average	range		average	range	
	from	to		from	to		from	to
3.63	3.00	4.50	3.82	3.25	4.55	3.62	3.25	4.50
3.20	2.75	3.75	3.40	3.00	3.75	3.21	3.00	4.00
3.10	2.25	3.58	3.29	2.75	3.75	3.31	2.75	4.00
2.61	1.75	3.25	2.80	2.25	3.50	2.66	2.25	3.50
2.90	2.25	3.25	3.14	2.75	3.50	2.89	2.75	3.50
2.88	2.25	3.25	3.07	2.75	3.50	2.83	2.75	3.25
2.84	2.25	3.25	3.03	2.75	3.50	2.83	2.75	3.25
2.59	1.75	3.00	2.82	2.38	3.25	2.65	2.25	3.25
2.51	1.75	3.00	2.69	2.38	3.00	2.50	2.25	3.00
2.50	2.00	2.75	2.67	2.25	3.00	2.50	2.25	2.75
2.47	2.13	2.75	2.64	2.25	3.00	2.51	2.25	2.75
2.46	2.00	2.75	2.63	2.25	3.00	2.49	2.25	2.75
2.48	2.00	2.77	2.66	2.25	3.00	2.50	2.25	2.75
2.53	2.13	2.96	2.72	2.25	3.02	2.62	2.25	3.00
2.56	2.25	2.99	2.77	2.25	3.00	2.75	2.25	3.00
2.61	2.25	3.00	2.81	2.25	3.00	2.79	2.38	3.25

Austrian Banks' 1) Monthly Returns/I

End of period	Domestic assets												
	cash and central bank balances		domestic interbank claims	domestic securities and supplementary capital					loans to domestic nonbanks				
	euro cash 2)	balances with the OeNB		Federal Treasury bills and notes	other securities, supplementary capital	equity securities	total (4 to 6)	*thereof supplementary capital*	bills of exchange	other euro loans 2)	euro loans 2) (9 + 10)	foreign currency loans	total (11 + 12)
	EUR million 3)												
	1	2	3	4	5	6	7	*8*	9	10	11	12	13
Joint stock and private banks													
1999													
March	732.89	739.99	11,675.41	1,463.54	8,974.84	1,944.73	12,383.11	*97.53*	388.65	43,428.66	43,817.31	8,314.45	52,131.76
June	751.92	856.39	12,357.23	1,518.60	8,998.45	2,030.24	12,547.29	*79.97*	372.91	43,580.58	43,953.48	9,053.58	53,007.06
September	885.32	633.21	10,933.88	927.53	9,482.88	1,962.75	12,373.16	*86.20*	352.88	43,764.93	44,117.81	10,260.41	54,378.22
December	846.27	589.72	10,964.20	903.20	9,224.00	1,946.40	12,073.60	*92.78*	362.11	44,225.86	44,587.97	10,892.88	55,480.85
Savings banks													
1999													
March	752.67	671.29	32,904.31	982.86	11,451.27	3,457.36	15,891.48	*121.22*	350.14	52,405.53	52,755.66	7,177.81	59,933.48
June	824.51	975.29	31,329.58	773.70	11,589.88	4,502.69	16,866.27	*123.97*	333.11	51,970.91	52,304.02	8,228.07	60,532.09
September	787.87	674.43	34,541.73	756.82	11,412.19	4,700.48	16,869.49	*191.03*	303.74	52,017.62	52,321.36	9,277.34	61,598.70
December	920.19	789.67	35,117.79	610.35	11,021.67	5,220.73	16,852.74	*195.05*	290.52	51,822.88	52,113.40	10,286.31	62,399.71
State mortgage banks													
1999													
March	73.39	229.28	717.10	4.78	2,765.46	267.33	3,037.56	*22.75*	36.85	15,674.66	15,711.52	2,448.96	18,160.48
June	69.08	99.73	582.27	4.78	2,918.47	399.76	3,323.01	*25.31*	34.93	15,492.92	15,527.85	2,727.34	18,255.18
September	70.63	203.18	711.59	4.78	2,930.37	387.90	3,323.05	*29.82*	33.73	15,517.72	15,551.44	3,099.01	18,650.45
December	95.13	139.96	622.48	64.66	2,897.82	352.66	3,315.14	*22.44*	32.99	15,669.13	15,702.13	3,354.50	19,056.62
Raiffeisen credit cooperatives													
1999													
March	538.42	563.80	22,392.98	392.64	7,891.15	3,148.55	11,432.34	*128.92*	183.32	36,710.28	36,893.61	4,437.48	41,331.09
June	582.85	40.15	25,703.52	293.88	7,611.41	3,392.33	11,297.62	*137.87*	207.80	36,943.16	37,150.96	5,068.90	42,219.86
September	588.34	551.64	24,816.20	248.20	8,142.38	4,212.28	12,602.85	*136.97*	207.99	37,724.47	37,932.46	5,689.53	43,622.00
December	725.11	1,317.99	25,350.44	292.50	7,905.76	4,264.53	12,462.78	*145.71*	253.28	37,971.37	38,224.64	6,000.98	44,225.62
Volksbank credit cooperatives													
1999													
March	137.76	262.29	3,684.45	117.40	1,868.04	694.62	2,680.06	*10.71*	79.06	9,446.04	9,525.10	1,648.16	11,173.26
June	146.89	456.51	3,866.81	117.11	1,638.34	883.54	2,639.00	*12.19*	83.50	9,272.36	9,355.85	1,887.38	11,243.23
September	151.27	196.56	4,017.48	23.14	1,676.50	892.43	2,592.08	*12.81*	77.10	9,364.55	9,441.65	2,192.80	11,634.46
December	180.49	242.11	4,102.95	22.93	1,678.22	876.30	2,577.45	*12.50*	81.75	9,608.34	9,690.09	2,318.00	12,008.09
Building and loan associations													
1999													
March	1.13	17.48	1,612.68	–	1,681.69	1,268.82	2,950.51	*0.92*	–	11,669.01	11,669.01	2.58	11,671.59
June	1.18	14.87	1,807.46	–	1,993.52	1,272.39	3,265.90	*0.56*	–	11,124.52	11,124.52	2.38	11,126.89
September	1.24	9.25	1,521.16	–	2,186.34	1,265.08	3,451.42	*0.56*	–	11,082.95	11,082.95	2.28	11,085.22
December	1.13	0.15	1,461.39	–	2,165.37	1,302.83	3,468.20	*0.56*	–	11,501.48	11,501.48	–	11,501.48
Special purpose banks													
1999													
March	0.83	25.62	15,693.88	51.56	1,325.53	837.37	2,214.46	*12.76*	3.31	5,666.47	5,669.78	123.49	5,793.27
June	0.87	47.54	15,307.51	43.15	1,423.67	1,003.48	2,470.29	*12.76*	3.41	5,570.18	5,573.59	134.11	5,707.70
September	0.78	42.57	16,600.57	62.04	1,393.25	1,049.91	2,505.20	*12.77*	2.95	5,649.22	5,652.16	161.20	5,813.36
December	0.81	123.18	17,340.19	73.72	1,277.46	1,079.85	2,431.03	*12.77*	3.03	5,918.32	5,921.35	202.58	6,123.92
All sectors													
1999													
March	2,237.09	2,509.76	88,680.81	3,012.78	35,957.98	11,618.78	50,589.53	*394.81*	1,041.34	175,000.66	176,041.99	24,152.93	200,194.92
June	2,377.30	2,490.49	90,954.37	2,751.21	36,173.75	13,484.42	52,409.39	*392.63*	1,035.66	173,954.62	174,990.27	27,101.75	202,092.02
September	2,485.45	2,310.85	93,142.61	2,022.50	37,223.91	14,470.83	53,717.24	*470.17*	978.38	175,121.46	176,099.85	30,682.56	206,782.40
December	2,769.12	3,202.78	94,959.44	1,967.35	36,170.29	15,043.30	53,180.95	*481.81*	1,023.68	176,717.38	177,741.06	33,055.24	210,796.30

Source: OeNB.
1) *Banks as defined by the Austrian Banking Act.*
2) *Euro or national currencies as nondecimal subunits of the euro.*
3) *Irrevocable euro conversion rate: EUR 1 = ATS 13.7603.*

participating interests and syndicate participations		other domestic assets	total domestic assets	Foreign assets						Total assets	
total	*thereof participation capital*		(1 to 3, 7, 13, 14, 16)	foreign currency cash	foreign interbank claims	foreign securities, participating interests and syndicate participa-tions	loans to foreign nonbanks	other foreign assets	total foreign assets (18 to 22)	(17 + 23)	
14	*15*	16	17	18	19	20	21	22	23	24	
											Joint stock and private banks
											1999
2,451.31	*58.61*	3,524.09	83,589.38	26.65	11,811.84	9,225.26	13,515.10	133.24	34,712.09	118,351.07	March
2,437.44	*58.85*	3,488.13	85,390.24	28.46	11,099.68	10,589.32	14,043.22	114.85	35,875.54	121,321.66	June
2,527.30	*58.98*	3,185.55	84,871.65	26.55	10,958.82	11,098.90	14,019.90	116.41	36,220.57	121,137.65	September
2,530.65	*58.65*	3,329.12	85,814.41	26.87	10,807.91	12,441.74	15,735.92	279.81	39,292.24	125,106.65	December
											Savings banks
											1999
5,980.03	*33.25*	5,351.61	121,393.20	53.84	31,158.39	16,412.77	10,114.83	406.28	58,146.11	179,631.12	March
5,978.33	*33.26*	4,670.28	121,086.40	53.67	29,644.60	19,112.65	10,132.37	426.11	59,369.40	180,545.76	June
6,043.90	*33.92*	4,745.86	125,186.67	47.80	33,853.45	21,315.12	9,619.82	565.77	65,401.96	190,663.96	September
5,960.99	*33.96*	5,307.02	127,348.12	66.04	28,060.41	23,922.83	10,139.99	491.92	62,681.20	190,029.31	December
											State mortgage banks
											1999
249.42	–	409.86	22,867.31	7.69	738.36	1,124.13	1,602.66	23.93	3,496.78	26,373.87	March
252.22	–	374.91	22,947.90	8.66	837.93	1,548.47	1,710.42	12.52	4,117.99	27,074.39	June
252.78	*0.53*	417.35	23,619.87	6.87	886.19	1,634.42	1,834.39	15.68	4,377.56	28,006.59	September
243.64	–	421.46	23,894.43	5.12	987.17	1,788.96	1,991.16	17.02	4,789.44	28,683.86	December
											Raiffeisen credit cooperatives
											1999
2,847.34	*0.48*	3,035.60	82,091.55	36.14	8,273.24	2,179.00	4,483.05	122.28	15,093.70	97,235.28	March
2,959.03	*0.60*	2,937.85	85,673.96	20.94	7,287.69	2,329.04	5,519.03	62.15	15,218.84	100,959.73	June
3,059.54	*0.52*	2,729.04	87,909.28	19.49	8,025.44	2,587.27	6,483.81	35.02	17,151.03	105,120.62	September
3,063.13	*5.79*	3,175.13	90,320.21	16.91	4,644.28	2,688.87	5,869.66	35.55	13,255.26	103,575.48	December
											Volksbank credit cooperatives
											1999
335.60	–	874.09	19,131.63	6.15	735.50	825.25	562.07	4.28	2,133.26	21,280.77	March
335.80	–	838.07	19,507.46	6.16	423.22	880.60	595.82	3.94	1,909.74	21,436.06	June
347.32	–	846.41	19,767.06	5.91	519.58	989.29	624.40	6.41	2,145.59	21,931.16	September
382.96	–	950.19	20,444.24	4.93	445.79	1,000.40	649.34	4.50	2,104.96	22,549.20	December
											Building and loan associations
											1999
174.19	–	307.53	16,735.11	–	1.50	398.92	16.65	–	417.07	17,152.18	March
176.38	–	329.37	16,722.05	–	1.50	493.22	16.99	–	511.71	17,233.76	June
176.38	–	322.75	16,567.43	–	1.50	686.60	16.39	–	704.49	17,271.92	September
179.41	–	413.30	17,025.06	–	1.50	677.58	17.00	–	696.08	17,721.14	December
											Special purpose banks
											1999
282.80	*0.66*	1,795.68	25,806.49	0.05	3,971.89	1,342.66	2,128.28	602.75	8,045.63	33,852.16	March
256.89	*1.19*	1,803.80	25,594.57	0.06	3,999.71	1,604.86	2,176.80	568.32	8,349.75	33,944.36	June
266.13	–	1,833.73	27,062.31	0.05	4,107.65	1,685.39	2,199.79	422.94	8,415.82	35,478.16	September
357.54	*0.22*	2,027.66	28,404.34	0.23	4,167.29	1,672.33	2,284.27	440.44	8,564.57	36,968.90	December
											All sectors
											1999
12,320.69	*93.00*	15,298.45	371,614.66	130.52	56,690.72	31,508.00	32,422.65	1,292.74	122,044.63	493,876.45	March
12,396.09	*93.88*	14,442.42	376,922.59	117.95	53,294.33	36,558.17	34,194.64	1,187.90	125,352.97	502,515.72	June
12,673.35	*93.96*	14,080.68	384,984.27	106.66	58,352.62	39,997.00	34,798.50	1,162.23	134,417.01	519,610.07	September
12,718.33	*98.63*	15,623.89	393,250.81	120.11	49,114.35	44,192.71	36,687.35	1,269.23	131,383.74	524,634.55	December

Austrian Banks'[1]) Monthly Returns/II

End of period	Domestic liabilities												
	domestic interbank liabilities	domestic nonbank deposits						direct domestic issues	domestic nominal capital	reserves	liability reserve	domestic participation capital	domestic supplementary capital
		demand deposits	time deposits	savings deposits[2])	euro deposits[3]) (2 to 4)	foreign currency deposits	total (5 + 6)						
	EUR million[4])												
	1	2	3	4	5	6	7	8	9	10	11	12	13
Joint stock and private banks													
1999													
March	28,854.02	8,672.84	6,572.33	24,736.81	39,981.99	1,427.84	41,409.83	16,513.33	704.82	3,287.54	1,573.94	89.75	183.05
June	31,081.98	9,219.83	6,278.72	24,677.97	40,176.51	1,295.80	41,472.32	16,269.67	697.33	3,186.30	1,629.05	89.75	183.05
September	30,061.71	9,564.54	6,158.29	24,596.49	40,319.32	1,414.14	41,733.46	16,317.41	903.81	3,055.31	1,661.05	89.75	179.77
December	32,160.95	10,073.29	7,209.14	25,148.89	42,431.31	1,620.70	44,052.01	16,719.49	911.97	3,067.47	1,650.23	89.75	251.91
Savings banks													
1999													
March	27,338.46	9,759.76	5,661.81	36,214.64	51,636.21	1,365.25	53,001.47	14,617.69	1,307.59	4,698.60	2,111.67	25.45	33.67
June	23,197.77	10,205.31	5,579.79	35,957.62	51,742.72	1,388.55	53,131.28	14,221.79	1,307.59	4,688.92	2,111.31	25.45	34.04
September	26,773.71	10,236.26	4,773.62	35,711.38	50,721.26	1,287.52	52,008.78	13,829.34	1,318.21	4,692.90	2,111.33	25.45	34.23
December	27,010.09	10,140.01	4,754.53	36,347.63	51,242.17	904.37	52,146.53	13,625.21	1,325.33	4,720.92	2,134.65	22.84	38.66
State mortgage banks													
1999													
March	2,731.74	1,481.07	719.51	4,240.56	6,441.15	41.53	6,482.68	11,922.77	159.12	544.34	295.01	2.35	33.97
June	2,951.29	1,462.05	799.37	4,261.10	6,522.52	43.96	6,566.49	11,978.90	159.12	544.65	295.28	2.35	33.97
September	3,143.44	1,533.72	806.51	4,266.02	6,606.24	58.26	6,664.51	12,559.96	159.12	544.72	295.28	2.35	33.97
December	3,241.18	1,449.57	543.56	4,380.96	6,374.09	55.42	6,429.51	12,823.58	166.68	585.46	302.55	2.35	31.79
Raiffeisen credit cooperatives													
1999													
March	25,696.74	5,779.57	3,219.71	32,038.19	41,037.47	381.17	41,418.64	8,725.43	791.24	2,991.92	1,340.34	11.07	86.35
June	27,531.66	6,391.23	2,978.08	31,715.96	41,085.27	342.16	41,427.43	9,369.30	794.05	3,025.00	1,349.84	11.07	89.67
September	28,977.22	6,860.77	2,801.72	31,601.10	41,263.60	356.57	41,620.17	9,798.64	800.96	3,046.48	1,351.33	12.08	90.55
December	29,444.11	6,614.64	2,780.61	32,502.76	41,898.00	354.77	42,252.77	9,957.16	820.03	3,053.43	1,370.07	12.10	86.99
Volksbank credit cooperatives													
1999													
March	4,484.15	1,469.32	442.21	7,803.08	9,714.61	81.45	9,796.06	2,114.77	210.21	613.79	328.74	27.68	10.27
June	4,667.21	1,517.59	395.54	7,759.73	9,672.85	78.46	9,751.32	2,217.35	210.75	617.59	330.80	27.21	10.27
September	5,023.07	1,567.32	462.26	7,758.16	9,787.74	76.84	9,864.58	2,026.16	224.53	614.64	331.82	27.21	9.54
December	5,327.04	1,599.08	396.43	7,942.36	9,937.87	96.22	10,034.09	2,077.09	226.77	616.29	333.67	27.20	8.22
Building and loan associations													
1999													
March	56.53	21.51	58.42	15,641.34	15,721.26	2.24	15,723.50	284.41	188.79	245.30	176.27	–	–
June	39.91	20.59	54.40	15,606.71	15,681.70	2.14	15,683.84	300.67	188.84	245.33	176.27	–	–
September	44.25	19.69	44.17	15,605.79	15,669.66	2.07	15,671.72	303.98	188.90	245.33	176.27	–	–
December	156.13	18.02	34.12	15,983.89	16,036.03	–	16,036.03	320.22	188.97	248.82	176.27	–	–
Special purpose banks													
1999													
March	6,012.57	200.96	735.93	–	936.89	67.34	1,004.23	3,036.16	466.59	1,297.44	186.02	0.18	17.32
June	5,731.29	218.43	616.64	–	835.06	56.69	891.75	2,860.30	465.74	1,311.21	186.07	0.18	17.32
September	6,185.64	195.83	589.00	–	784.83	69.69	854.52	3,025.70	546.19	1,251.08	187.07	0.18	17.32
December	6,490.55	246.17	562.98	–	809.15	65.08	874.24	3,141.72	535.53	1,278.81	188.03	0.18	24.59
All sectors													
1999													
March	95,174.23	27,385.03	17,409.93	120,674.62	165,469.58	3,366.82	168,836.40	57,214.56	3,828.36	13,678.94	6,012.00	156.48	364.63
June	95,201.11	29,035.03	16,702.53	119,979.09	165,716.65	3,207.77	168,924.42	57,217.98	3,823.42	13,618.99	6,078.62	156.01	368.33
September	100,209.04	29,978.13	15,635.57	119,538.94	165,152.64	3,265.10	168,417.74	57,861.19	4,141.72	13,450.45	6,114.16	157.02	365.39
December	103,830.04	30,140.78	16,281.37	122,306.48	168,728.63	3,096.56	171,825.19	58,664.45	4,175.28	13,571.20	6,155.47	154.42	442.16

Source: OeNB.
[1]) Banks as defined by the Austrian Banking Act.
[2]) Thereof interest credited: EUR 3,031.62 million in 1999.
[3]) Euro or national currencies as nondecimal subunits of the euro.
[4]) Irrevocable euro conversion rate: EUR 1 = ATS 13.7603.

		Foreign liabilities								Total liabilities	
other domestic liabilities	total domestic liabilities (1, 7 to 14)	foreign interbank liabilities	foreign nonbank deposits	direct foreign issues	foreign nominal capital	foreign participation capital	foreign supplemen-tary capital	other foreign liabilities	total foreign liabilities (16 to 22)	(15 + 23)	
14	15	16	17	18	19	20	21	22	23	24	
											Joint stock and private banks
											1999
5,709.33	98,325.60	11,242.18	7,435.18	810.57	311.06	0.73	36.02	189.73	20,025.47	118,351.07	March
5,665.37	100,274.81	11,956.01	7,747.71	816.49	317.83	0.73	17.12	190.96	21,046.84	121,321.66	June
6,064.10	100,066.37	12,269.86	7,497.45	771.17	317.91	0.73	17.12	197.05	21,071.28	121,137.65	September
5,338.14	104,241.90	11,533.39	7,924.68	829.69	312.87	0.73	17.12	246.28	20,864.75	125,106.65	December
											Savings banks
											1999
5,729.63	108,864.22	45,623.38	9,888.68	14,548.69	107.08	–	0.34	598.74	70,766.90	179,631.12	March
5,904.93	104,623.07	48,234.58	11,304.63	15,810.14	107.08	–	0.36	465.91	75,922.69	180,545.76	June
6,355.78	107,149.71	55,517.15	9,111.83	18,242.45	107.08	–	0.35	535.40	83,514.25	190,663.96	September
5,412.26	106,436.49	50,599.89	11,348.05	20,898.50	107.08	–	0.36	638.95	83,592.82	190,029.31	December
											State mortgage banks
											1999
673.32	22,845.31	1,187.22	1,061.65	1,264.93	6.37	–	1.53	6.86	3,528.56	26,373.87	March
738.71	23,270.77	1,038.86	1,035.66	1,715.07	10.65	–	1.53	1.84	3,803.62	27,074.39	June
746.95	24,150.31	830.90	1,061.80	1,956.65	–	–	1.53	5.41	3,856.28	28,006.59	September
657.99	24,241.09	1,070.01	1,097.01	2,269.15	–	–	1.53	5.09	4,442.77	28,683.86	December
											Raiffeisen credit cooperatives
											1999
2,137.75	83,199.49	8,645.12	4,042.27	1,256.98	0.21	–	1.91	89.29	14,035.78	97,235.28	March
2,315.44	85,913.46	9,689.18	4,047.55	1,227.07	0.20	–	1.91	80.35	15,046.27	100,959.73	June
3,157.38	88,854.82	10,796.80	4,132.53	1,254.76	0.21	–	1.91	79.60	16,265.81	105,120.62	September
2,726.82	89,723.48	7,828.63	4,576.72	1,367.20	0.21	–	2.35	76.89	13,852.00	103,575.48	December
											Volksbank credit cooperatives
											1999
958.26	18,543.93	1,392.28	1,152.94	138.69	52.11	0.28	–	0.54	2,736.84	21,280.77	March
876.28	18,708.77	1,401.72	1,132.75	140.09	52.06	0.28	–	0.40	2,727.29	21,436.06	June
1,045.49	19,167.03	1,428.66	1,138.64	143.97	52.02	0.28	–	0.56	2,764.13	21,931.16	September
1,044.63	19,695.00	1,492.67	1,164.70	142.32	52.05	0.28	1.63	0.55	2,854.20	22,549.20	December
											Building and loan associations
											1999
463.59	17,138.39	–	10.29	0.77	2.73	–	–	–	13.78	17,152.18	March
584.44	17,219.30	–	10.92	0.81	2.73	–	–	–	14.46	17,233.76	June
627.34	17,257.81	–	10.60	0.79	2.73	–	–	–	14.11	17,271.92	September
579.63	17,706.07	–	11.47	0.88	2.73	–	–	–	15.07	17,721.14	December
											Special purpose banks
											1999
2,614.77	14,635.28	2,982.28	100.22	15,717.80	53.44	–	–	363.14	19,216.88	33,852.16	March
2,586.56	14,050.44	2,676.60	141.28	16,682.19	53.44	–	–	340.41	19,893.92	33,944.36	June
2,556.92	14,624.63	3,382.75	194.99	17,008.81	53.44	–	–	213.54	20,853.54	35,478.16	September
2,817.22	15,350.87	3,231.03	266.51	17,908.74	52.90	–	–	158.87	21,618.03	36,968.90	December
											All sectors
											1999
18,286.64	363,552.23	71,072.45	23,691.23	33,738.43	533.00	1.00	39.80	1,248.31	130,324.22	493,876.45	March
18,671.73	364,060.62	74,996.95	25,420.50	36,391.86	544.00	1.00	20.92	1,079.87	138,455.10	502,515.72	June
20,553.97	371,270.67	84,226.12	23,147.83	39,378.60	533.38	1.00	20.91	1,031.54	148,339.40	519,610.07	September
18,576.68	377,394.90	75,755.60	26,389.13	43,416.47	527.82	1.01	22.99	1,126.62	147,239.65	524,634.55	December

Profitability of Austrian Banks[1])

End of period	Joint stock and private banks[2])	Savings banks	State mortgage banks	Raiffeisen credit coopera-tives	Volksbank credit coopera-tives	Building and loan associations	Special purpose banks[2])	All sectors
	EUR million[3])							
Interest receivable and similar income								
1995	6,328.06	7,478.76	1,462.98	4,549.83	1,103.76	831.30	1,607.16	23,361.85
1996	5,977.49	6,855.81	1,438.63	4,334.79	1,070.54	869.09	1,400.84	21,947.20
1997	6,195.72	6,973.25	1,435.07	4,296.35	1,017.93	897.95	1,302.73	22,118.92
1998	5,389.34	8,370.60	1,479.47	4,376.29	1,027.52	918.88	1,409.13	22,971.16
1999	5,259.70	7,997.50	1,486.74	4,306.08	944.02	855.50	1,531.43	22,380.91
Interest payable and similar charges								
1995	4,924.09	5,227.28	1,155.86	2,981.26	672.30	557.18	1,277.23	16,795.27
1996	4,485.37	4,614.94	1,104.77	2,730.03	635.60	587.12	1,097.29	15,255.12
1997	4,524.03	4,866.83	1,094.74	2,728.57	597.59	657.83	1,147.87	15,617.39
1998	3,810.45	6,314.69	1,139.00	2,818.62	616.85	694.53	1,232.75	16,626.82
1999	3,726.44	6,004.23	1,119.96	2,755.61	549.99	662.34	1,273.95	16,092.60
Net interest income								
1995	1,403.89	2,251.48	307.12	1,568.57	431.46	274.12	329.93	6,566.57
1996	1,492.12	2,240.87	333.86	1,604.76	434.95	281.97	303.55	6,692.08
1997	1,671.69	2,106.42	340.33	1,567.77	420.34	240.11	154.87	6,501.53
1998	1,578.82	2,055.91	340.47	1,557.67	410.67	224.34	176.38	6,344.34
1999	1,533.25	1,993.27	366.78	1,550.47	393.96	193.16	257.48	6,288.31
Income from debt securities and participating interests								
1995	169.33	245.85	19.62	135.10	38.15	17.88	22.82	648.75
1996	180.88	265.04	24.93	183.64	44.77	22.53	26.38	748.24
1997	194.33	314.82	29.58	247.81	51.31	33.94	70.78	942.57
1998	273.25	702.75	28.34	245.85	50.94	50.80	33.14	1,385.07
1999	299.19	552.39	40.33	282.12	68.09	83.86	31.18	1,357.17
Commissions receivable								
1995	646.28	617.43	55.59	410.24	113.95	50.80	377.97	2,272.19
1996	693.23	676.95	62.57	466.05	131.97	54.87	471.50	2,557.21
1997	794.60	732.54	65.77	515.32	143.38	33.72	459.00	2,744.34
1998	865.32	849.98	76.09	596.50	163.73	52.47	532.18	3,136.20
1999	958.99	940.46	86.63	673.39	190.84	52.40	579.57	3,482.19
Commissions payable								
1995	161.12	94.26	7.78	62.06	11.55	33.28	91.28	461.47
1996	163.59	100.58	8.79	74.13	12.79	36.77	143.17	539.81
1997	139.68	127.18	9.16	90.19	14.39	31.76	182.48	594.83
1998	145.27	159.95	13.23	113.15	19.69	31.98	257.41	740.75
1999	164.46	172.38	13.74	125.58	21.51	21.22	307.55	826.36
Net commissions income								
1995	485.09	523.17	47.75	348.18	102.32	17.51	286.69	1,810.72
1996	529.64	576.37	53.78	391.92	119.18	18.17	328.41	2,017.40
1997	654.93	605.36	56.61	425.14	128.99	2.03	276.52	2,149.44
1998	719.97	690.03	62.79	483.27	144.04	20.49	274.78	2,395.44
1999	794.53	768.08	72.89	547.81	169.26	31.18	272.01	2,655.76
Net profit or net loss on financial operations								
1995	201.01	168.60	25.94	82.70	5.67	– 0.65	56.25	539.60
1996	182.41	214.82	25.29	90.62	7.92	×	57.19	578.26
1997	221.72	226.09	34.59	104.21	6.32	×	25.36	618.30
1998	193.60	288.73	37.35	81.18	11.85	1.67	46.58	660.89
1999	125.51	223.61	31.90	38.08	6.32	–	78.05	503.48
Other operating income								
1995	371.65	76.96	7.27	155.30	60.97	54.36	434.95	1,161.46
1996	380.81	85.83	6.76	180.23	59.45	59.59	494.25	1,266.91
1997	435.46	92.59	9.88	179.50	56.68	86.70	340.98	1,201.79
1998	489.38	81.76	7.70	202.18	52.47	71.29	354.13	1,258.91
1999	463.51	44.62	13.59	219.11	51.09	84.95	405.73	1,282.60
Operating income								
1995	2,631.05	3,266.06	407.69	2,289.78	638.58	363.15	1,130.72	10,727.09
1996	2,765.93	3,382.92	444.61	2,451.18	666.26	382.26	1,209.86	11,302.88
1997	3,178.13	3,345.28	470.99	2,524.44	663.65	362.71	868.44	11,413.63
1998	3,255.09	3,819.18	476.73	2,570.07	669.97	368.60	885.08	12,044.65
1999	3,215.99	3,581.97	525.42	2,637.59	688.79	393.16	1,044.45	12,087.38
General administrative expenses								
1995	1,457.60	2,081.06	220.71	1,332.17	335.31	217.66	474.04	6,118.54
1996	1,553.24	2,115.80	224.56	1,393.21	351.59	226.30	529.13	6,393.83
1997	1,790.95	2,096.03	241.64	1,466.76	363.65	230.52	351.01	6,540.63
1998	1,881.28	2,207.36	252.39	1,541.46	362.20	231.17	349.63	6,825.43
1999	1,904.54	2,310.20	268.82	1,603.16	375.21	228.05	410.17	7,100.21
Staff costs								
1995	947.36	1,402.00	154.72	878.76	228.56	98.84	220.71	3,931.02
1996	996.42	1,419.16	155.81	918.58	242.00	101.31	227.25	4,060.52
1997	1,072.51	1,424.17	166.20	950.05	250.50	106.18	176.89	4,146.42
1998	1,059.72	1,508.76	167.00	989.51	243.53	110.17	168.89	4,247.51
1999	1,051.43	1,605.42	176.52	1,020.62	245.56	105.16	194.18	4,398.81

Source: OeNB.

1) Banks as defined by the Austrian Banking Act. The reorganization of the quarterly reports in 1995 limits the comparability with preceding review years. The old quarterly report items were recalculated using the new definitions, but are only approximations.

2) From the May 1997 reporting period a bank in the sector special purpose banks was reclassified under the sector joint stock and private banks and another from the sector joint stock and private banks to the sector special purpose banks.

3) Irrevocable euro conversion rate: EUR 1 = ATS 13.7603.

4) Based on quarterly data reported by banks, unadjusted.

5) Includes writeoffs already made.

6) Credit business accounted for EUR 1.80 billion thereof in 1995, EUR 1.84 billion in 1996, EUR 1.70 billion in 1997, EUR 2.03 billion in 1998; for 1999 based on quarterly data reported by banks, unadjusted: EUR 1.77 billion.

End of period	Joint stock and private banks[2])	Savings banks	State mortgage banks	Raiffeisen credit coopera-tives	Volksbank credit coopera-tives	Building and loan associations	Special purpose banks[2])	All sectors
	EUR million[3])							
Other administrative expenses								
1995	510.16	679.05	65.91	453.41	106.76	118.82	253.34	2,187.52
1996	556.82	696.64	68.75	474.63	109.59	125.00	301.88	2,333.31
1997	718.52	671.86	75.43	516.78	113.15	124.34	174.12	2,394.21
1998	821.57	698.60	85.39	551.95	118.67	121.00	180.74	2,577.92
1999	853.11	704.78	92.29	582.62	129.65	122.89	215.98	2,701.39
Depreciation and amortization								
1995	99.34	190.91	18.82	112.93	39.24	10.90	33.94	506.17
1996	107.77	192.80	18.75	123.33	36.41	11.12	34.88	525.06
1997	130.59	191.27	19.11	132.12	35.61	11.70	23.84	544.32
1998	142.08	201.96	21.22	147.96	36.92	12.14	24.05	586.40
1999	158.79	203.70	23.40	154.72	39.97	12.21	27.83	620.63
Other operating charges								
1995	284.95	35.83	1.16	43.02	35.83	67.22	321.07	803.54
1996	260.53	39.53	1.89	68.89	49.56	76.74	347.52	844.60
1997	281.03	45.78	1.74	77.11	50.00	61.19	278.48	795.33
1998	291.56	48.33	2.03	78.05	47.09	59.74	261.62	788.35
1999	307.19	33.43	1.82	88.66	50.29	57.05	279.50	817.86
Operating expenses								
1995	1,841.89	2,307.87	240.69	1,488.05	424.99	295.78	829.05	7,428.33
1996	1,921.54	2,348.20	245.20	1,585.43	437.49	314.16	911.46	7,763.49
1997	2,202.57	2,333.09	262.49	1,675.98	449.26	303.41	653.33	7,880.28
1998	2,314.99	2,457.65	275.65	1,767.40	446.28	303.05	635.23	8,200.18
1999	2,370.59	2,547.26	294.03	1,846.54	465.47	297.30	717.50	8,538.69
Operating profit								
1995	789.15	958.19	167.00	801.65	213.59	67.37	301.59	3,298.69
1996	844.31	1,034.72	199.41	865.82	228.70	68.02	298.39	3,539.39
1997	975.49	1,012.19	208.50	848.46	214.31	59.30	215.11	3,533.35
1998	940.10	1,361.53	201.09	802.74	223.69	65.55	249.78	3,844.47
1999	845.40	1,034.72	231.39	791.04	223.32	95.78	326.96	3,548.69
Expected operating profit or loss								
1995	781.81	957.83	166.35	785.01	207.77	66.42	302.90	3,268.10
1996	846.93	1,033.99	196.94	843.88	223.98	64.61	295.92	3,506.25
1997	965.46	1,011.82	205.95	827.16	212.57	54.58	200.00	3,477.54
1998	954.92	1,361.53	200.72	791.04	221.51	57.34	258.42	3,845.48
1999[4])	847.07	1,034.72	231.03	786.83	222.16	65.62	289.31	3,476.81
Expected net provision for bad debts[5])								
1995[6])	453.33	502.82	73.18	321.80	90.33	2.18	77.83	1,521.48
1996[6])	458.49	596.57	88.44	357.77	101.16	9.45	22.89	1,634.78
1997[6])	319.47	610.02	93.17	387.20	74.42	1.96	28.49	1,514.79
1998[6])	428.70	616.12	96.80	363.36	103.63	6.83	89.82	1,705.27
1999[4])	480.80	385.46	111.70	365.98	100.36	28.20	36.70	1,509.20
Expected profit or loss on ordinary activities								
1995	328.41	455.08	93.17	463.22	117.44	64.24	225.07	1,746.62
1996	388.51	437.42	108.50	486.11	122.82	55.16	272.96	1,871.54
1997	645.99	401.81	112.72	439.96	138.15	52.62	171.51	1,962.82
1998	526.22	745.41	103.85	427.68	117.88	50.51	168.60	2,140.14
1999[4])	366.20	649.26	119.40	420.92	121.80	37.43	252.61	1,967.54
Expected extraordinary profit or loss								
1995	– 44.55	– 19.62	– 4.00	1.89	– 0.58	– 0.65	– 79.65	– 147.16
1996	– 97.31	– 46.15	0.07	– 16.42	– 10.39	– 1.67	2.40	– 169.40
1997	– 66.64	– 42.37	– 17.66	– 0.80	– 17.15	– 0.94	– 0.44	– 146.00
1998	– 54.87	– 158.50	– 5.67	11.77	– 1.09	– 1.16	– 0.65	– 210.17
1999[4])	143.89	– 97.38	– 8.21	4.14	– 6.10	– 2.25	– 10.90	23.18
Expected tax on profit or loss and other taxes								
1995	35.03	34.74	18.89	127.69	15.77	13.23	59.59	304.86
1996	80.09	63.01	30.45	126.23	25.87	11.99	81.83	419.39
1997	99.20	66.42	26.60	120.93	23.26	11.55	61.12	409.15
1998	69.48	57.34	21.51	100.29	19.99	11.05	23.91	303.48
1999[4])	92.95	50.80	21.87	104.79	20.93	10.10	35.39	336.84
Expected profit or loss for the year after tax								
1995	248.83	400.72	70.35	337.42	101.09	50.43	85.90	1,294.59
1996	211.11	328.34	78.12	343.52	86.55	41.57	193.53	1,282.68
1997	480.15	293.02	68.46	318.16	97.74	40.12	109.95	1,407.67
1998	401.95	529.49	76.67	339.24	96.80	38.23	144.04	1,626.49
1999[4])	417.21	501.08	89.24	320.20	94.77	25.07	206.39	1,653.89

Equity Ratios Pursuant to § 23 Austrian Banking Act 1993

End of period	Equity[1])					Assessment basis	Equity ratio (5 in 6)
	tier I capital (core capital)	tier II capital (supplementary capital)	deduction item	tier III capital	total (1 + 2 – 3 + 4)		
	EUR million[2])						%
	1	2	3	4	5	6	7
Joint stock and private banks							
1997	5,260.79	2,459.54	411.33	–	7,309.00	62,021.10	11.78
1998	5,534.55	2,664.48	671.21	249.34	7,777.23	61,658.61	12.61
1999	5,732.43	3,009.24	904.34	386.11	8,223.44	69,655.24	11.81
Savings banks							
1997	6,770.64	4,340.68	209.37	–	10,901.94	73,330.16	14.87
1998	7,692.78	4,116.99	213.88	613.79	12,209.69	78,257.45	15.60
1999	7,974.32	4,322.29	320.78	804.56	12,780.46	78,967.39	16.18
State mortgage banks							
1997	823.17	437.85	17.30	–	1,243.80	10,519.90	11.82
1998	964.08	476.52	27.62	–	1,412.98	11,689.93	12.09
1999	1,047.58	548.97	36.12	–	1,560.43	13,129.07	11.89
Raiffeisen credit cooperatives							
1997	4,552.23	1,659.99	209.88	–	6,002.34	50,797.29	11.82
1998	4,875.04	1,819.66	192.51	938.06	7,440.32	54,522.94	13.65
1999	5,213.40	2,080.91	221.22	1,001.43	8,074.61	60,440.83	13.36
Volksbank credit cooperatives							
1997	1,145.76	332.11	0.65	–	1,477.29	12,470.29	11.85
1998	1,193.29	358.57	0.65	3.34	1,554.54	13,325.07	11.67
1999	1,246.85	345.41	0.36	–	1,591.90	14,754.18	10.79
Building and loan associations							
1997	404.57	194.84	32.92	–	566.48	6,935.90	8.17
1998	604.42	204.94	110.10	–	699.26	7,069.10	9.89
1999	616.19	196.65	110.39	–	702.46	7,122.23	9.86
Special purpose banks							
1997	1,115.53	208.79	31.32	–	1,293.00	6,470.21	19.98
1998	1,941.31	220.78	36.48	1.67	2,127.28	6,556.76	32.44
1999	1,959.04	264.09	27.98	31.47	2,226.62	8,359.27	26.64
All sectors							
1997	20,072.75	9,633.80	912.63	–	28,793.92	222,544.93	12.94
1998	22,805.46	9,861.99	1,252.44	1,806.14	33,221.15	233,079.87	14.25
1999	23,789.89	10,767.64	1,621.19	2,223.57	35,159.92	252,428.29	13.93

Source: OeNB.

[1]) Referred to as "own funds" in the Austrian Banking Act.

[2]) Irrevocable euro conversion rate: EUR 1 = ATS 13,7603.

Austrian Collective Investment Assets

End of period	Domestic securities							Foreign securities					
	Federal Treasury bills and notes	debt securities		equity securities				debt securities		equity securities			
				stocks and other equity securities		mutual funds shares				stocks and other equity securities		mutual funds shares	
		euro[1])	foreign currency	euro[1])	foreign currency	euro[1])	foreign currency	euro[1])	foreign currency	euro[1])	foreign currency	euro[1])	foreign currency
	EUR million[2])												
1999	588.55	26,112.32	358.13	1,510.86	10.30	4,635.89	363.79	17,588.25	7,566.18	5,335.05	9,444.67	546.16	806.72
1999													
1st quarter	776.79	25,740.11	390.13	1,190.01	6.52	1,629.22	147.25	12,042.18	6,887.86	3,560.18	6,303.43	96.11	228.70
2nd quarter	1,161.16	26,313.10	357.19	1,546.69	7.03	2,841.51	228.80	14,225.01	7,261.23	3,925.28	7,435.25	135.71	305.51
3rd quarter	957.08	26,458.35	392.55	1,375.82	6.59	3,551.71	264.78	15,824.85	7,462.81	3,924.48	7,364.14	266.94	440.06
4th quarter	588.55	26,112.32	358.13	1,510.86	10.30	4,635.89	363.79	17,588.25	7,566.18	5,335.05	9,444.67	546.16	806.72

End of period	Other assets		Total assets		
	euro[1])	foreign currency	euro[1])	foreign currency	total
	EUR million[2])				
1999	4,855.24	619.00	61,172.32	19,168.80	80,341.11
1999					
1st quarter	4,254.74	616.37	49,289.32	14,580.26	63,869.58
2nd quarter	5,508.48	687.76	55,656.94	16,282.78	71,939.72
3rd quarter	4,775.24	650.94	57,134.46	16,581.86	73,716.33
4th quarter	4,855.24	619.00	61,172.32	19,168.80	80,341.11

Source: OeNB.

1) Euro or national currencies as nondecimal subunits of the euro.

2) Irrevocable euro conversion rate: EUR 1 = ATS 13.7603.

Assets Held by Austrian Pension Funds

End of period	Domestic securities					Foreign securities				Deposits	Lending	Other assets	Total assets		
	Federal Treasury bills and notes	debt securities		mutual funds shares	other securities	debt securities		mutual funds shares	other securities						
		euro[1]	foreign currency			euro[1]	foreign currency						euro[1]	foreign currency	total
	EUR million[2]														
1999	25.44	10.61	1.74	5,887.30	8.36	23.40	9.01	426.23	5.31	103.12	68.89	593.16	6,820.64	341.93	7,162.49
1999															
1st qu.	–	137.21	2.40	4,439.29	7.63	31.47	0.73	261.33	5.01	49.56	82.19	178.78	4,946.91	248.69	5,195.53
2nd qu.	0.87	98.18	1.89	4,656.88	3.56	41.35	6.54	346.87	5.74	30.67	78.63	164.10	5,153.96	281.39	5,435.27
3rd qu.	–	19.69	1.38	4,834.05	5.38	24.85	10.76	376.45	5.31	25.29	78.63	98.25	5,166.24	313.73	5,479.97
4th qu.	25.44	10.61	1.74	5,887.30	8.36	23.40	9.01	426.23	5.31	103.12	68.89	593.16	6,820.64	341.93	7,162.49

Source: OeNB.
1) *Euro or national currencies as nondecimal subunits of the euro.*
2) *Irrevocable euro conversion rate: EUR 1 = ATS 13.7603.*

The Austrian Stock Market[1])

	Wiener Börse's all-share index (WBI[2])	Total market value		Total turnover[3])		Average dividend yield		Capital increases in return for cash contributions		New issues	
		shares	participation certificates	shares	participation certificates	shares	participation certificates	shares	participation certificates	shares	participation certificates
	Dec. 31, 1967 = 100	*EUR million[4])*				*% p.a.*		*Market value in EUR million[4])*			
1990	502.26	20,422.23	1,097.21	×	×	1.51	2.65	738.72	49.56	1,529.33	–
1991	418.98	18,831.42	1,035.01	16,190.71	1,780.12	1.99	2.83	696.64	–	1,093.87	–
1992	348.46	16,722.38	887.77	11,192.71	1,393.07	2.24	3.43	160.90	–	914.95	–
1993	483.67	23,982.23	768.50	14,999.67	874.40	1.35	2.44	404.99	2.67	787.03	–
1994	429.64	23,352.79	711.58	27,708.48	770.99	1.46	2.55	361.15	2.90	2,157.23	–
1995	387.36	22,847.54	611.54	33,504.29	417.50	1.90	3.00	131.66	3.47	1,781.93	–
1996	429.20	25,979.91	361.68	31,530.52	793.15	2.00	3.08	418.71	–	99.35	–
1997	486.96	32,844.37	508.23	43,888.88	789.58	1.90	2.93	491.97	–	2,731.87	–
1998[5])	464.32	29,045.26	561.53	. .	. .	2.11	2.49	511.57	–	125.24	–
1999[5])	493.32	32,102.07	210.31	. .	. .	2.14	2.65	535.35	–	854.46	–
1999[5])											
January	448.48	27,987.20	477.09	. .	. .	×	×	–	–	–	–
February	480.79	30,408.67	222.93	. .	. .	×	×	–	–	–	–
March	484.01	30,500.80	237.05	. .	. .	×	×	–	–	–	–
April	517.59	32,574.41	245.47	. .	. .	×	×	256.41	–	–	–
May	477.35	30,313.86	230.75	. .	. .	×	×	–	–	–	–
June	499.55	31,876.24	239.57	. .	. .	×	×	21.60	–	179.03	–
July	481.54	30,724.93	235.03	. .	. .	×	×	–	–	–	–
August	488.04	31,033.38	234.53	. .	. .	×	×	–	–	43.11	–
September	461.54	30,498.36	229.76	. .	. .	×	×	75.72	–	–	–
October	470.08	30,091.26	221.91	. .	. .	×	×	163.80	–	–	–
November	471.64	30,474.35	205.50	. .	. .	×	×	–	–	490.60	–
December	493.32	32,102.07	210.31	. .	. .	×	×	17.82	–	141.72	–

	Quoted issues				Listed companies
	shares	participation certificates	profit sharing rights	warrants	
	number				
1990	111	15	19	91	97
1991	117	15	20	106	103
1992	128	15	20	98	112
1993	129	15	20	154	111
1994	130	14	20	14	111
1995	128	13	20	11	109
1996	123	8	18	3	106
1997	118	8	20	3	101
1998	112	7	20	3	96
1999	113	6	21	3	98
1999					
January	113	6	20	3	96
February	113	6	20	3	99
March	111	6	20	3	97
April	111	6	20	3	97
May	110	6	20	3	96
June	109	6	20	3	95
July	109	6	20	3	95
August	110	6	20	2	95
September	110	6	20	3	95
October	111	6	20	3	96
November	112	6	20	2	97
December	113	6	21	3	98

Source: Wiener Börse AG.
1) Issues launched by domestic issuers.
2) End of period.
3) Purchases and sales.
4) Irrevocable euro conversion rate: EUR 1 = ATS 13.7603.
5) Total turnover figures are not available.

The Austrian Bond Market/I

	Nonbank issues						Bank issues			Debt securities total (5 + 6 + 7)
	federal government		other public bodies	other domestic nonbanks	domestic nonbanks (1 + 3 + 4)	foreign issuers	total	*thereof*		
	total	*thereof federal medium-term notes*						*mortgage bonds*	*municipal bonds*	
	EUR million[1])									
	1	2	3	4	5	6	7	8	9	10
Volume of debt securities outstanding										
1990	23,788.87	*8,383.70*	2,225.31	2,278.22	28,292.41	1,079.19	34,686.96	*3,957.40*	*9,517.16*	64,058.56
1991	27,076.52	*7,773.38*	2,110.42	2,247.63	31,434.56	1,442.56	35,758.96	*4,136.10*	*9,555.46*	68,636.08
1992	30,070.57	*7,141.05*	2,167.18	2,148.06	34,385.81	1,947.63	37,029.86	*4,347.36*	*9,575.37*	73,363.30
1993	34,912.03	*6,222.32*	2,180.77	2,539.55	39,632.35	2,172.92	41,967.18	*4,838.78*	*9,590.56*	83,772.45
1994	39,821.44	*5,427.79*	2,279.53	3,072.75	45,173.72	1,947.63	45,688.10	*5,043.42*	*9,478.65*	92,809.46
1995	44,768.79	*4,885.14*	1,869.94	3,677.03	50,315.76	1,893.13	49,606.26	*5,201.99*	*9,482.21*	101,815.15
1996[2])[3])	49,027.56	*3,818.67*	1,719.37	3,032.86	53,779.86	1,394.59	53,462.79	*4,796.04*	*9,272.47*	108,637.24
1997	53,938.36	*2,114.63*	2,073.65	3,397.82	59,409.82	1,674.02	56,923.03	*4,937.32*	*8,684.26*	118,006.87
1998	61,470.32	*1,310.95*	1,878.74	3,758.57	67,107.55	1,743.42	56,198.41	*4,902.51*	*8,110.14*	125,049.45
1999	78,807.73	*967.28*	1,598.66	3,723.76	84,130.14	1,452.73	58,696.03	*4,958.69*	*7,221.43*	144,278.83
1999										
January	66,341.50	*1,252.81*	1,852.58	3,692.36	71,886.37	1,743.42	56,282.71	*4,911.52*	*7,916.25*	129,912.57
February	68,439.71	*1,151.07*	1,759.55	3,696.07	73,895.34	1,743.42	57,019.40	*4,896.55*	*7,881.51*	132,658.23
March	67,757.75	*1,151.07*	1,735.21	3,830.66	73,323.62	1,743.42	57,142.36	*4,905.20*	*7,788.64*	132,209.40
April	68,753.08	*1,071.12*	1,735.21	3,828.48	74,316.77	1,579.91	57,106.53	*4,917.77*	*7,734.35*	133,003.28
May	70,047.09	*1,037.26*	1,735.21	3,828.33	75,610.56	1,536.30	57,813.13	*4,919.59*	*7,789.15*	134,960.07
June	71,697.06	*1,037.26*	1,733.83	3,831.89	77,262.85	1,525.40	57,558.05	*4,852.58*	*7,645.25*	136,346.30
July	75,998.42	*1,037.26*	1,733.83	3,824.63	81,556.87	1,525.40	57,744.45	*4,880.05*	*7,530.21*	140,826.80
August	75,998.42	*1,037.26*	1,733.10	3,860.60	81,592.12	1,452.73	57,961.75	*4,884.85*	*7,531.45*	141,006.59
September	76,157.86	*1,037.26*	1,726.56	3,953.55	81,838.04	1,452.73	58,341.97	*4,934.05*	*7,384.14*	141,632.74
October	78,321.62	*1,019.53*	1,725.83	3,676.74	83,724.19	1,452.73	58,874.59	*4,962.97*	*7,302.53*	144,051.51
November	78,881.57	*1,019.53*	1,668.79	3,745.49	84,295.84	1,452.73	59,001.18	*4,951.56*	*7,320.84*	144,749.75
December	78,807.73	*967.28*	1,598.66	3,723.76	84,130.14	1,452.73	58,696.03	*4,958.69*	*7,221.43*	144,278.83
Gross issues										
1990	2,834.97	*14.53*	72.67	252.47	3,160.11	454.21	6,449.42	*643.95*	*978.47*	10,063.73
1991	4,738.49	*121.44*	36.34	111.33	4,886.16	363.36	5,152.94	*604.57*	*537.85*	10,402.46
1992	4,348.16	–	192.58	39.97	4,580.71	541.41	6,573.26	*718.01*	*796.13*	11,695.38
1993	6,850.00	*121.36*	363.36	626.15	7,839.51	370.63	10,268.16	*868.73*	*1,031.52*	18,478.30
1994	7,285.02	*195.49*	308.86	874.76	8,468.64	330.66	9,950.73	*617.57*	*886.25*	18,750.03
1995	8,362.03	*482.55*	127.18	1,008.26	9,497.47	272.52	12,587.88	*654.64*	*1,266.25*	22,357.87
1996[2])	7,503.47	*47.24*	171.87	437.49	8,112.83	397.52	12,237.74	*361.62*	*917.93*	20,748.09
1997	8,752.43	–	398.68	792.93	9,944.04	478.84	12,430.62	*687.56*	*735.96*	22,853.57
1998	11,950.83	*232.55*	9.08	659.43	12,619.35	127.18	11,560.50	*542.72*	*572.59*	24,307.03
1999	19,596.30	–	39.97	690.46	20,326.74	–	13,352.54	*791.70*	*400.43*	33,679.35
1999										
January	1,299.97	–	–	46.51	1,346.48	–	900.71	*22.31*	*5.01*	2,247.26
February	2,200.02	–	18.17	3.05	2,221.25	–	1,454.62	*102.47*	*17.66*	3,675.86
March	2,750.01	–	–	135.03	2,884.97	–	826.51	*62.28*	*2.76*	3,711.47
April	1,099.98	–	–	–	1,099.98	–	1,178.61	*23.76*	*6.32*	2,278.58
May	1,884.99	–	–	2.03	1,887.02	–	1,179.70	*6.10*	*63.23*	3,066.72
June	1,649.96	–	–	10.03	1,659.99	–	1,335.00	*76.52*	*76.09*	2,994.99
July	4,301.36	–	–	10.61	4,311.97	–	1,033.26	*40.84*	*14.32*	5,345.23
August	–	–	–	50.87	50.87	–	914.22	*62.06*	*3.34*	965.10
September	1,649.96	–	–	199.27	1,849.31	–	1,173.38	*221.58*	*4.87*	3,022.68
October	2,200.02	–	–	31.39	2,231.42	–	1,421.48	*96.36*	*56.83*	3,652.90
November	560.02	–	–	68.53	628.55	–	873.09	*47.31*	*99.71*	1,501.64
December	–	–	21.80	133.14	154.94	–	1,061.97	*30.09*	*50.29*	1,216.91

Source: OeNB.
1) Irrevocable euro conversion rate: EUR 1 = ATS 13.7603.
2) Data break because of the new survey method applied from the beginning of the 1996 reporting period.
3) It is not possible to compare results (volume of debt securities outstanding of the previous period + net issues = volume of debt securities outstanding) for periods which include data prior to the first quarter of 1996 with data after that period because the data after the beginning of the 1996 reporting period include the schilling values of foreign currency issues (resulting in possible valuation differences).

The Austrian Bond Market/II

	Nonbank issues						Bank issues			Debt securities total (5 + 6 + 7)
	federal government		other public bodies	other domestic nonbanks	domestic nonbanks (1 + 3 + 4)	foreign issuers	total	*thereof*		
	total	*thereof federal medium-term notes*						*mortgage bonds*	*municipal bonds*	
	EUR million[1])									
	1	2	3	4	5	6	7	8	9	10
Redemptions										
1990	1,038.20	*395.49*	199.92	211.70	1,449.82	61.26	4,353.61	*377.75*	*990.53*	5,864.70
1991	1,450.84	*711.76*	151.23	141.93	1,744.00	–	4,080.94	*425.86*	*499.55*	5,824.95
1992	1,354.11	*632.33*	135.83	139.53	1,629.47	36.34	5,302.36	*506.75*	*776.22*	6,968.16
1993	2,008.53	*1,040.09*	349.77	234.66	2,592.97	145.35	5,330.84	*377.32*	*1,016.33*	8,069.16
1994	2,375.60	*990.02*	210.10	341.56	2,927.26	555.95	6,229.81	*412.93*	*998.16*	9,713.01
1995	3,414.68	*1,025.20*	536.76	403.99	4,355.43	327.03	8,669.72	*496.06*	*1,262.69*	13,352.18
1996[2])	2,460.70	*819.82*	133.35	445.05	3,039.11	290.69	8,991.08	*638.36*	*1,051.79*	12,320.88
1997	3,841.70	*1,704.03*	76.38	377.97	4,295.98	200.43	9,238.03	*546.79*	*1,324.10*	13,734.37
1998	4,416.18	*1,036.24*	204.07	262.86	4,883.18	316.13	12,014.64	*581.02*	*1,146.70*	17,213.80
1999	8,291.83	*358.20*	377.10	633.71	9,302.49	290.69	11,583.98	*735.52*	*1,289.00*	21,177.02
1999										
January	2,461.57	*72.67*	26.16	112.28	2,600.02	–	875.13	*13.30*	*198.91*	3,475.14
February	101.74	*101.74*	111.19	0.51	213.44	–	793.08	*117.37*	*52.40*	1,006.45
March	3,431.97	–	24.35	0.22	3,456.54	–	771.42	*53.63*	*95.56*	4,227.96
April	104.72	*79.94*	–	1.82	106.54	163.51	1,233.55	*11.26*	*60.68*	1,503.60
May	591.05	*33.87*	–	2.83	593.88	43.60	508.49	*4.29*	*8.43*	1,145.91
June	–	–	1.38	6.03	7.34	10.90	1,656.14	*143.53*	*219.91*	1,674.45
July	–	–	–	18.17	18.17	–	820.84	*13.30*	*129.28*	839.01
August	–	–	0.73	15.04	15.77	72.67	802.53	*57.34*	*2.18*	890.97
September	1,490.59	–	6.54	13.74	1,510.87	–	853.40	*172.38*	*152.10*	2,364.27
October	36.26	*17.73*	57.77	308.28	402.32	–	950.63	*67.44*	*138.44*	1,352.88
November	–	–	57.05	0.07	57.12	–	945.69	*58.72*	*81.32*	1,002.81
December	73.91	*52.25*	91.93	154.72	320.49	–	1,373.08	*22.96*	*149.78*	1,693.57
Net issues										
1990	1,796.76	*–380.95*	–127.25	40.77	1,710.28	392.94	2,095.81	*266.20*	*–12.06*	4,199.04
1991	3,287.65	*–590.32*	–114.90	–30.60	3,142.16	363.36	1,072.00	*178.70*	*38.30*	4,577.52
1992	2,994.05	*–632.33*	56.76	–99.56	2,951.24	505.08	1,270.90	*211.26*	*19.91*	4,727.22
1993	4,841.46	*–918.73*	13.59	391.49	5,246.54	225.29	4,937.32	*491.41*	*15.19*	10,409.15
1994	4,909.41	*–794.53*	98.76	533.20	5,541.38	–225.29	3,720.92	*204.65*	*–111.92*	9,037.01
1995	4,947.35	*–542.65*	–409.58	604.27	5,142.04	–54.50	3,918.16	*158.57*	*3.56*	9,005.69
1996[2])[3])	5,042.77	*–772.58*	38.52	–7.56	5,073.73	106.83	3,246.66	*–276.74*	*–133.86*	8,427.21
1997	4,910.72	*–1,704.03*	322.30	414.96	5,648.06	278.41	3,192.59	*140.77*	*–588.14*	9,119.21
1998	7,534.65	*–803.69*	–194.98	396.58	7,736.17	–188.95	–454.13	*–38.30*	*–574.12*	7,093.23
1999	11,304.48	*–358.20*	–337.13	56.76	11,024.25	–290.69	1,768.58	*56.18*	*–888.57*	12,502.35
1999										
January	–1,161.60	*–72.67*	–26.16	–65.77	–1,253.53	–	25.58	*9.01*	*–193.89*	–1,227.88
February	2,098.28	*–101.74*	–93.02	2.54	2,007.81	–	661.54	*–14.90*	*–34.74*	2,669.42
March	–681.96	–	–24.35	134.81	–571.57	–	55.09	*8.65*	*–92.80*	–516.49
April	995.25	*–79.94*	–	–1.82	993.44	–163.51	–54.94	*12.50*	*–54.36*	774.98
May	1,293.94	*–33.87*	–	–0.80	1,293.14	–43.60	671.21	*1.82*	*54.80*	1,920.82
June	1,649.96	–	–1.38	4.00	1,652.65	–10.90	–321.14	*–67.00*	*–143.82*	1,320.54
July	4,301.36	–	–	–7.56	4,293.80	–	212.42	*27.54*	*–114.97*	4,506.22
August	–	–	–0.73	35.83	35.10	–72.67	111.70	*4.72*	*1.16*	74.13
September	159.37	–	–6.54	185.53	338.44	–	319.98	*49.20*	*–147.24*	658.42
October	2,163.76	*–17.73*	–57.77	–276.88	1,829.10	–	470.85	*28.92*	*–81.61*	2,300.02
November	560.02	–	–57.05	68.46	571.43	–	–72.60	*–11.41*	*18.39*	498.83
December	–73.91	*–52.25*	–70.13	–21.58	–165.55	–	–311.11	*7.12*	*–99.49*	–476.66

Source: OeNB.

[1]) *Irrevocable euro conversion rate: EUR 1 = ATS 13.7603.*

[2]) *Data break because of the new survey method applied from the beginning of the 1996 reporting period.*

[3]) *It is not possible to compare results (volume of debt securities outstanding of the previous period + net issues = volume of debt securities outstanding) for periods which include data prior to the first quarter of 1996 with data after that period because the data after the beginning of the 1996 reporting period include the schilling values of foreign currency issues (resulting in possible valuation differences).*

Stock Exchange Turnover[1])

	Equity securities						Mutual funds shares	Debt securities
	domestic shares	domestic participation certificates	subtotal	foreign shares	warrants	total		
	Market value in EUR million[2])							
1990	11,028.83	1,223.37	12,252.20	622.52	3,155.82	16,030.46	12.06	1,675.04
1991	10,949.33	996.64	11,945.89	507.26	1,319.96	13,773.10	11.05	2,160.71
1992	7,462.49	413.33	7,875.82	352.07	438.14	8,666.03	12.33	1,644.58
1993	11,092.03	562.94	11,654.97	792.98	301.90	12,749.85	16.15	1,062.22
1994	13,596.61	300.03	13,896.65	489.69	141.46	14,527.79	11.65	1,048.54
1995	18,871.21	151.23	19,022.44	353.42	8.76	19,384.62	7.13	1,379.19
1996	15,789.22	129.88	15,919.11	537.74	11.10	16,467.95	7.21	1,462.88
1997	21,840.56	167.11	22,007.67	551.97	2.94	22,562.58	4.47	1,035.82
1998	29,796.58	948.72	30,745.30	480.09	5.23	31,230.63	1.98	841.51
1999	21,581.65	53.95	21,635.60	285.44	2.54	21,923.58	0.98	713.12
1999								
January	1,926.61	5.61	1,932.22	20.29	0.32	1,952.83	0.14	63.94
February	2,511.60	9.77	2,521.37	16.97	0.17	2,538.52	0.11	68.54
March	2,033.54	9.88	2,043.43	23.33	0.26	2,067.02	0.08	64.52
April	2,300.44	2.54	2,302.98	29.09	0.22	2,332.29	0.15	65.46
May	1,868.64	3.63	1,872.27	25.11	0.23	1,897.61	0.26	55.24
June	1,764.22	4.39	1,768.61	26.30	0.15	1,795.06	0.05	57.65
July	1,594.96	2.68	1,597.64	30.18	0.21	1,628.03	0.08	61.67
August	1,620.38	3.68	1,624.06	20.98	0.18	1,645.22	0.01	59.01
September	1,637.15	2.27	1,639.42	26.23	0.17	1,665.82	0.05	53.64
October	1,055.04	2.15	1,057.19	16.80	0.42	1,074.41	–	54.92
November	1,510.69	2.59	1,513.28	25.63	0.11	1,539.02	0.05	50.51
December	1,758.39	4.76	1,763.15	24.53	0.09	1,787.77	0.00	58.01

Source: Wiener Börse AG.

[1]) *Official Market.*

[2]) *Irrevocable euro conversion rate: EUR 1 = ATS 13.7603.*

Real Economy Indicators in Austria

	1996	1997	1998	1999	1996	1997	1998	1999
	EUR billion				*Annual change in %*			
National accounts[1]								
Nominal GDP, at current prices	178.3	183.3	189.7	195.0	3.3	2.8	3.5	2.8
Real GDP, at 1995 prices	176.0	178.1	183.2	187.2	2.0	1.2	2.9	2.2
Real consumption:								
Private consumption	96.4	97.0	98.4	100.8	3.2	0.6	1.5	2.4
Government consumption	35.6	35.5	36.2	36.5	1.3	−0.4	2.0	0.8
Gross fixed capital formation	40.9	41.3	44.0	45.3	2.1	0.8	6.8	2.8
Changes in inventories including acquisition less disposal of valuables	0.8	1.3	1.1	0.9	×	×	×	×
Exports of goods and services	69.6	76.6	83.3	87.2	+6.0	+10.1	+8.7	+4.7
Imports of goods and services	71.0	77.7	83.0	86.0	+5.9	+9.4	+6.9	+3.5
	Thousands				*Annual change in %*			
Labor market								
Payroll employment	3,047.3	3,055.6	3,076.7	3,107.9	−0.7	0.3	0.7	1.0
thereof employment of foreigners	*300.4*	*298.8*	*298.6*	*306.4*	0.0	−0.5	−0.1	2.6
Registered unemployment	230.5	233.3	237.8	221.7	6.9	1.2	1.9	−6.8
	%				*Aannual change in %*			
Unemployment rate (national concept)	7.0	7.1	7.2	6.7	×	×	×	×
Unemployment rate (EU concept)	4.3	4.4	4.5	3.7	×	×	×	×
	EUR 1,000				*Annual change in %*			
Labor productivity (GDP per unit of labor input), nominal	45.6	46.7	47.9	48.5	3.9	2.3	2.6	1.3
	1996 = 100				*Annual change in %*			
Unit labor cost in manufacturing								
Nominal	100.0	102.4	105.1	. .	3.3	2.4	2.6	. .
Real	100.0	101.3	103.0	. .	1.5	1.3	1.7	. .
Wages and salaries								
National consumer price index	100.0	101.3	102.2	102.8	1.9	1.3	0.9	0.6
Harmonized consumer price index	100.0	101.2	102.0	102.5	1.8	1.2	0.8	0.5
Wholesale price index	100.0	100.4	99.9	99.0	0.0	0.4	−0.5	−0.8
Minimum wage index (1986 = 100)	150.6	153.3	156.7	160.6	2.4	1.8	2.2	2.5
	EUR/ton				*Annual change in %*			
Import price of crude oil	117.5	132.0	91.0	121.8	22.6	10.3	−31.0	33.9
	1995 = 100				*Annual change in %*			
GDP deflator	101.3	102.9	103.5	104.2	1.3	1.6	0.6	0.6
Consumption deflator	102.1	103.6	104.5	105.5	2.1	1.5	0.9	0.9
	Percentage share				*Annual change in %*			
Unit labor cost across all sectors[2]	53.3	53.5	54.2	55.1	−1.0	+0.3	+1.3	+1.7
	EUR billion				*Annual change in %*			
External sector								
Imports	51.8	57.4	61.2	64.5	6.7	10.9	6.6	5.5
Exports	44.5	52.0	56.3	59.6	5.5	16.8	8.4	5.8
	% of GDP				*Annual change in %*			
Trade balance	−4.1	−3.0	−2.6	−2.5	×	×	×	×
Current account balance	−2.1	−2.5	−2.2	−2.8	×	×	×	×
	Balance of positiv and negative answers				*Annual change in %*			
Leading indicators								
Industrial confidence indicator	−24.0	−10.0	−9.0	−14.0	×	×	×	×
Consumer confidence indicator	−15.0	−12.0	−3.0	3.0	×	×	×	×
	% of GDP				*Annual change in %*			
General government fiscal position								
Revenues	52.8	52.1	51.6	51.8[3]	×	×	×	×
Outlays	56.6	54.0	54.1	53.8[3]	×	×	×	×
Deficit	−3.8	−1.9	−2.5	−2.0[3]	×	×	×	×
Debt	68.3	63.9	63.5	64.9[3]	×	×	×	×
	EUR billion				*Annual change in %*			
Balance of payments								
Current account	−3.7	−4.7	−4.3	−5.4	×	×	×	×
Goods	−5.6	−3.8	−3.3	−3.3	×	×	×	×
Services	3.5	0.9	2.1	2.3	×	×	×	×
Income	−0.2	−0.3	−1.4	−2.5	×	×	×	×
Current transfers	−1.4	−1.5	−1.7	−1.9	×	×	×	×
Capital account	0.1	0.0	−0.2	−0.1	×	×	×	×
Financial account	3.2	4.1	5.0	6.7	×	×	×	×
Direct investment	1.9	0.6	1.8	0.2	×	×	×	×
Portfolio investment	−2.1	0.9	5.9	−1.2	×	×	×	×
Other investment	4.0	0.0	0.7	5.9	×	×	×	×
Financial derivatives	0.2	0.0	−0.4	−0.2	×	×	×	×
Reserve assets	−0.8	2.6	−2.9	2.0	×	×	×	×
Errors and omissions	0.4	0.5	−0.5	−1.1	×	×	×	×

Source: OeNB, Statistics Austria, Eurostat, AMS, Association of Austrian Social Security Institutions, European Commission.
[1]) *Calculated on the basis of ESA 95.*
[2]) *Compensation of employees in % of real GDP.*
[3]) *Preliminary data.*

Real Economy Indicators in the Euro Area[1])

	1996	1997	1998	1999	1996	1997	1998	1999
	EUR billion				*Annual change in %*			
National accounts								
Nominal GDP, at current prices	5,530.9	5,646.3	5,869.7	6,110.5	+ 4.2	+ 2.1	+ 4.0	+ 4.1
Real GDP, at 1995 prices	5,380.9	5,503.4	5,653.9	5,940.8	+ 1.4	+ 2.3	+ 2.7	+ 5.1
Consumption:								
Private consumption	3,040.4	3,085.0	3,177.1	3,257.2	+ 1.5	+ 1.5	+ 3.0	+ 2.5
Government consumption	1,112.2	1,120.0	1,137.7	1,151.7	+ 1.8	+ 0.7	+ 1.6	+ 1.2
Gross fixed capital formation	1,106.3	1,130.1	1,179.2	1,229.7	+ 1.1	+ 2.2	+ 4.3	+ 4.3
Changes in inventories including acquisitions less disposals of valuables	2.3	15.4	39.9	51.3	×	×	×	×
Exports of goods and services	1,636.1	1,801.2	1,920.2	1,989.8	+ 4.3	+10.1	+ 6.6	+ 3.6
Imports of goods and services	1,516.4	1,648.5	1,796.0	1,896.8	+ 3.2	+ 8.7	+ 8.9	+ 5.6
	Thousands				*Annual change in %*			
Labor market								
Payroll employment	127,376	128,110	129,491	. .	+ 2.0	+ 0.6	+ 1.1	. .
thereof employment of foreigners	×	×	×	×	×	×	×	×
Registered unemployment	14,690	14,776	13,992	. .	+ 2.9	+ 0.6	– 5.3	. .
	%				*Annual change in %*			
Unemployment rate (national concept)	×	×	×	×	×	×	×	×
Unemployment rate (EU concept)	11.5	11.5	10.9	10.0	×	×	×	×
	EUR 1,000				*Annual change in %*			
Labor productivity (GDP per unit of labor input)	43.4	44.1	45.3	. .	+ 2.1	+ 1.5	+ 2.8	. .
	1996 = 100				*Annual change in %*			
Hourly industrial wages								
nominal (1999: 1st through 3rd quarter)	100.0	102.5	104.8	107.0	+ 3.3	+ 2.5	+ 2.2	+ 2.5
real (1999: 1st through 3rd quarter)	100.0	100.9	102.0	103.2	+ 1.1	+ 0.9	+ 1.1	+ 1.4
Prices								
National consumer price index	×	×	×	×	×	×	×	×
Harmonized consumer price index	100.0	101.6	102.7	103.8	+ 2.2	+ 1.6	+ 1.1	+ 1.1
Producer price index	×	×	×	×	×	×	– 0.8	– 0.0
	USD/barrel				*Annual change in %*			
Oil price Brent	21.00	19.39	12.87	17.95	+22.2	– 7.7	–33.6	+45.1
	1995 = 100				*Annual change in %*			
GDP deflator	102.8	102.6	103.8	105.8	+ 2.8	– 0.2	+ 1.2	+ 1.9
Consumption deflator	103.3	103.5	104.5	106.4	+ 3.3	+ 0.2	+ 1.0	+ 1.9
	Percentage share				*Annual change in %*			
Unit labor cost	×	×	×	×	– 0.4	– 1.1	– 1.5	+ 0.2
	EUR billion				*Annual change in %*			
External sector								
Imports	593.9	674.2	714.6	767.1	+ 7.6	+13.9	+ 4.4	+ 7.3
Exports	669.7	762.8	796.3	825.1	+ 5.5	+13.5	+ 6.0	+ 3.6
	% of GDP				*Annual change in %*			
Trade balance	2.2	2.5	2.4	1.9	×	×	×	×
Current account balance	1.2	1.6	1.3	1.5	×	×	×	×
	Balance of positive and negative answers				*Annual change in %*			
Leading indicators								
Industrial confidence indicator	– 16	– 4	– 1	– 7	×	×	×	×
Consumer confidence indicator	– 20	– 15	– 5	– 2	×	×	×	×
	% of GDP				*Annual change in %*			
General government fiscal position								
Revenues	46.2	46.4	46.1	46.5	×	×	×	×
Outlays	51.0	49.7	48.7	48.7	×	×	×	×
Deficit	–4.2	–2.6	– 2.0	– 1.6	×	×	×	×
Debt (gross)	74.0	73.8	72.4	71.9	×	×	×	×
	EUR billion				*Annual change in %*			
Balance of payments								
Current account	×	×	60.3	43.2	×	×	×	×
Goods	×	×	118.8	99.9	×	×	×	×
Services	×	×	– 0.9	– 6.6	×	×	×	×
Compensation of employees and investment income	×	×	– 11.9	– 7.3	×	×	×	×
Current transfers	×	×	– 45.8	– 42.8	×	×	×	×
Capital account	×	×	12.7	12.8	×	×	×	×
Financial account	×	×	– 69.1	– 62.7	×	×	×	×
Direct investment	×	×	–102.6	–147.2	×	×	×	×
Portfolio investment	×	×	– 85.3	– 21.3	×	×	×	×
Financial derivatives	×	×	– 8.2	– 0.8	×	×	×	×
Other investment	×	×	118.5	93.2	×	×	×	×
Reserve assets	×	×	8.5	13.4	×	×	×	×
Errors and omissions	×	×	– 3.8	6.7	×	×	×	×

Source: Eurostat, ECB, European Commission, Datastream.

[1]) *Data for 1999 are preliminary.*

Federal Budget[1])

	1996			1997			1998			1999		
	Total	Annual change		Total	Annual change		Total	Annual change		Total	Annual change	
	ATS million		*%*	*ATS million*		*%*	*ATS million*		*%*	*ATS million*		*%*
Budget												
Outlays[2])	754,788	− 9,805	− 1.3	749,937[3])	− 4,851	− 0.6	777,600	+ 27,663	+ 3.7	787,610	+ 10,010	+ 1.3
Revenues[2])	665,422	+18,732	+ 2.9	682,718[3])	+17,296	+ 2.6	711,573	+ 28,855	+ 4.2	719,415	+ 7,842	+ 1.1
thereof taxation revenues (net)	*383,470*	*+37,697*	*+10.9*	*413,189*	*+29,719*	*+ 7.8*	*460,220*	*+ 47,031*	*+11.4*	*449,663*	*− 10,557*	*− 2.3*
Overall surplus/deficit[4])	89,366	−28,537	−24.2	67,219	−22,147	−24.8	66,027	− 1,192	− 1.8	68,194	+ 2,167	+ 3.3
Primary balance[5])	− 3,244	+32,845	−91.0	20,592	+23,836	×	24,090	+ 3,498	+17.0	23,193	− 897	− 3.7
Gross financing[6])	198,876	−41,938	−17.4	163,288	−35,588	−17.9	233,215	+ 69,927	+42.8	228,000	− 5,215	− 2.2
Debt service[7])												
Interest payments	86,122	+ 4,308	+ 5.3	87,811	+ 1,689	+ 2.0	90,117	+ 2,306	+ 2.6	91,388	+ 1,271	+ 1.4
Principal payments	107,600	−10,970	− 9.3	96,069	−11,531	−10.7	151,300	+ 55,231	+57.5	159,058	+ 7,758	+ 5.1
Other expenditure	2,413	+ 160	+ 7.1	920	− 1,493	−61.9	− 4,059	− 4,979	×	59	+ 4,118	×
Debt service total	196,135	− 6,502	− 3.2	184,800	−11,335	− 5.8	237,358	+ 52,558	+28.4	250,505	+ 13,147	+ 5.5
Federal debt[8])												
Schilling/euro debt[9])[10])	1,100,840	+49,559	+ 4.7	1,171,000	+70,160	+ 6.4	1,347,670	+176,670	+15.1	1,392,485	+ 44,815	+ 3.3
Bonds[11])	624,589	+74,650	+13.6	715,868	+91,279	+14.6	972,036	+256,168	+35.8	1,097,622	+125,586	+ 12.9
Treasury obligations	57,546	− 9,675	−14.4	34,098	−23,448	−40.7	45,728	+ 11,630	+34.1	17,805	− 27,922	− 61.1
Treasury bills and notes	109,170	+ 878	+ 0.8	125,570	+16,400	+15.0	81,781	− 43,789	−34.9	84,459	+ 2,678	+ 3.3
Loans	329,302	+ 1,086	+ 0.3	315,181	−14,121	− 4.3	284,268	− 30,913	− 9.8	255,631	− 28,638	− 10.1
Other lending	48	+ 5	− 9.4	43	− 5	−10.4	649	+ 606	×	3,320	+ 2,671	+411.5
Foreign currency debt[12])[13])	296,017	+ 4,903	+ 1.7	304,926	+ 8,909	+ 3.0	188,016	−116,910	−38.3	230,876	+ 42,860	+ 22.8
Federal debt total	1,396,857	+54,462	+ 4.1	1,475,926	+79,069	+ 5.7	1,535,687	+ 59,760	+ 4.0	1,623,361	+ 87,674	+ 5.7
	% of nominal GDP[14])											
Budget indicators												
Outlays[2])			30.8			29.7			29.8			29.3
Revenues[2])			27.1			27.1			27.3			26.8
Taxation revenues (net)			15.6			16.4			17.6			16.7
Overall surplus/deficit[4])			3.6			2.7			2.5			2.5
Primary balance[5])			− 0.1			0.8			0.9			0.9
Debt service[7])			8.0			7.3			9.1			9.3
Federal debt[8])			56.9			58.5			58.8			60.4

Source: BMF, ÖBFA, WIFO, Statistics Austria.

1) Until 1998 final budget accounts; provisional outturn for 1999.
2) Including gross amounts of currency swaps (as disclosed in the final accounts and the provisional outturn).
3) Following the reclassification of ASFINAG to the private sector, budget revenues and outlays were adjusted downward by ATS 82,998 million each, with no impact on the budget result.
4) This balance equals "net borrowing" by the government.
5) Overall surplus/deficit ("net borrowing") minus interest payments.
6) Borrowing requirement to finance the overall deficit and principal payments as well as ÖIAG debt service payments made by the federal government in 1996.
7) Interest and principal payments on government liabilities including net interest on currency swaps.
8) Federal government's fiscal debt burden taking into account revenues and outlays under currency swaps.
9) Break in data series at the end of 1998: Since to the introduction of the euro the federal government's domestic debt has comprised both redenominated schilling debt and debt denominated in the constituent currencies of the euro.
10) The outstanding total schilling/euro debt has been adjusted for Treasury securities held in the government's portfolio (1996: ATS 19,815 million, 1997: ATS 19,760 million, 1998: ATS 36,792 million, 1999: ATS 66.352 million).
11) Government bonds and bonds swapped in euro.
12) Break in data series at the end of 1998: Since the introduction of the euro the federal government's foreign currency debt has comprised only government liabilities denominated in non-euro currencies. Foreign currency debt was revalued at mid-market prices at the end of the year.
13) The outstanding total foreign currency debt has been adjusted for Treasury securities held in the government's portfolio (1996: ATS 457 million, 1998: ATS 416 million, 1999: ATS 547 million).
14) Based on ESA 1995 conventions; 1996 through 1998 data according to Statistics Austria, 1999 data (provisional) according to WIFO.

Austria's Balance of Payments, Annual and Quarterly Results/I

	Current account														
	total			goods, services and income											
				total			goods and services								
							total			goods			services	
													total	
	9930			9920			9910			1000			2000	
	credit	debit	net	credit	debit	net	credit	debit	net	credit	debit	net	credit	debit
	EUR million[1])													
1992[2])	63,910	64,488	– 579	62,867	62,640	+ 226	57,285	55,925	+1,360	35,522	41,634	–6,112	21,763	14,291
1993[2])	63,836	64,685	– 848	62,768	62,766	+ 2	56,654	55,747	+ 907	34,042	39,514	–5,472	22,612	16,233
1994[2])	67,590	69,995	–2,406	66,456	67,966	–1,510	60,581	61,030	– 449	37,340	43,897	–6,557	23,241	17,133
1995[2])	74,588	78,514	–3,926	72,413	75,085	–2,672	65,890	67,385	–1,495	42,253	47,127	–4,874	23,637	20,258
1996[2])	80,753	84,442	–3,689	78,330	80,652	–2,321	70,700	72,797	–2,097	44,615	50,213	–5,598	26,085	22,585
1997[2])	90,096	94,758	–4,662	87,521	90,677	–3,156	78,303	81,205	–2,903	52,038	55,816	–3,777	26,264	25,390
1998[3])	95,102	99,444	–4,342	92,488	95,092	–2,604	82,939	84,106	–1,167	56,413	59,702	–3,289	26,525	24,404
1999[4])	101,394	106,812	–5,418	98,675	102,235	–3,560	88,844	89,868	–1,024	59,807	63,118	–3,311	29,037	26,750
1999[4])														
1st quarter	24,361	24,601	– 241	23,580	23,330	+ 249	21,160	20,269	+ 891	14,018	15,226	–1,208	7,142	5,043
2nd quarter	24,117	25,841	–1,724	23,570	24,797	–1,227	21,315	21,742	– 427	14,813	15,385	– 572	6,502	6,357
3rd quarter	25,469	27,417	–1,948	24,935	26,317	–1,382	22,610	23,384	– 774	14,863	15,922	–1,059	7,746	7,462
4th quarter	27,447	28,952	–1,505	26,590	27,790	–1,201	23,759	24,474	– 714	16,113	16,585	– 472	7,646	7,889

Source: OeNB, Statistics Austria.
1) Irrevocable euro conversion rate: EUR 1 = ATS 13.7603.
2) Final data.
3) Revised data.
4) Provisional data.

Austria's Balance of Payments, Annual and Quarterly Results/II

	Current account														
	goods, services and income														
	goods and services														
	services														
	transportation			travel			communications services			construction services					
	other transport									total			abroad	
	2140			2360			2450			2490			2500	
	credit	debit	net	credit	debit	net	credit	debit	net	credit	debit	net	credit	debit
	EUR million[1])													
1992[2])	1,566	1,453	+113	10,975	6,302	+4,673	72	83	–11	564	328	+236	×	×
1993[2])	1,594	1,474	+120	10,793	6,572	+4,221	83	144	–61	497	342	+155	×	×
1994[2])	1,810	1,621	+189	10,167	7,293	+2,873	101	117	–15	686	415	+271	×	×
1995[2])	1,474	1,408	+ 66	9,883	7,958	+1,925	219	222	– 3	561	436	+125	×	×
1996[2])	1,602	1,424	+179	9,835	8,481	+1,354	260	278	–17	570	476	+ 94	×	×
1997[2])	1,837	1,394	+443	9,744	8,956	+ 788	283	334	–51	679	437	+242	629	347
1998[3])	2,166	1,651	+515	10,058	8,556	+1,502	379	440	–61	663	418	+245	628	301
1999[4])	2,197	1,505	+692	10,316	8,572	+1,744	406	471	–64	525	269	+256	489	172
1999[4])														
1st quarter	489	347	+141	3,334	1,549	+1,785	119	102	+17	116	48	+ 68	110	30
2nd quarter	533	371	+163	2,009	2,135	– 126	120	131	–12	157	79	+ 78	146	54
3rd quarter	583	382	+201	2,912	2,838	+ 74	102	150	–48	123	74	+ 48	114	49
4th quarter	592	405	+187	2,062	2,051	+ 12	66	87	–21	128	67	+ 61	120	40

Source: OeNB, Statistics Austria.
1) Irrevocable euro conversion rate: EUR 1 = ATS 13.7603.
2) Final data.
3) Revised data.
4) Provisional data.

	transportation											
	total			*thereof international passenger transport*			sea transport			air transport		
	2050			*2055*			2060			2100		
net	credit	debit	net	*credit*	*debit*	*net*	credit	debit	net	credit	debit	net
+7,472	2,507	2,202	+ 304	*627*	*401*	*+225*	150	193	– 43	790	556	+234
+6,379	2,636	2,274	+ 362	*655*	*412*	*+243*	158	197	– 39	884	602	+282
+6,108	2,904	2,520	+ 384	*748*	*509*	*+239*	172	215	– 43	922	683	+238
+3,379	2,735	2,398	+ 337	*804*	*585*	*+220*	56	114	– 59	1,206	876	+330
+3,501	3,080	2,484	+ 597	*882*	*588*	*+295*	131	219	– 88	1,348	842	+506
+ 874	3,599	2,592	+1,007	*1,119*	*544*	*+575*	105	215	–110	1,656	982	+674
+2,122	4,065	2,819	+1,246	*1,299*	*730*	*+568*	80	127	– 47	1,819	1,041	+778
+2,287	4,048	2,717	+1,331	*1,432*	*743*	*+689*	75	225	–150	1,776	988	+788
+2,099	905	610	+ 295	*324*	*151*	*+174*	17	52	– 36	400	210	+190
+ 146	969	676	+ 292	*331*	*192*	*+139*	18	55	– 37	417	251	+166
+ 285	1,109	715	+ 394	*421*	*220*	*+201*	20	57	– 37	506	277	+229
– 243	1,066	716	+ 350	*356*	*181*	*+175*	20	61	– 40	453	250	+203

				insurance services			financial services			computer and information services		
	in Austria											
	2510			2530			2600			2620		
net	credit	debit	net	credit	debit	net	credit	debit	net	credit	debit	net
×	×	×	×	417	510	– 93	320	362	– 42	33	68	– 35
×	×	×	×	443	527	– 84	387	386	+ 1	39	78	– 39
×	×	×	×	448	527	– 79	369	427	– 58	47	88	– 41
×	×	×	×	466	602	–136	451	526	– 75	60	110	– 50
×	×	×	×	583	641	– 58	678	672	+ 6	64	132	– 68
+283	50	91	–41	577	699	–122	523	515	+ 9	71	139	– 68
+327	35	117	–82	718	840	–122	680	638	+ 42	78	206	–127
+317	35	96	–61	785	873	– 88	885	789	+ 96	104	212	–108
+ 79	7	18	–11	210	215	– 6	234	106	+128	33	57	– 24
+ 92	11	25	–14	186	218	– 32	181	264	– 83	25	48	– 23
+ 65	9	26	–17	181	194	– 13	204	170	+ 34	23	54	– 31
+ 80	8	28	–19	208	245	– 37	266	249	+ 17	23	53	– 30

Austria's Balance of Payments, Annual and Quarterly Results/III

Current account – goods, services and income – goods and services – services

	royalties and license fees			other business services										
				total			merchanting	other trade-related services			operational leasing services			
	2660			2680			2700	2710			2720			
	credit	debit	net	credit	debit	net	net	credit	debit	net	credit	debit	net	
	EUR million[1])													
1992[2])	98	335	−237	2,550	2,468	+ 82	+ 689	328	849	−521	298	111	+187	
1993[2])	100	353	−253	2,853	2,317	+ 537	+ 796	389	758	−369	352	107	+245	
1994[2])	107	377	−270	3,065	2,416	+ 648	+ 763	399	731	−333	343	93	+249	
1995[2])	98	390	−292	3,352	2,657	+ 696	+ 798	414	707	−294	306	86	+220	
1996[2])	140	534	−395	3,686	3,062	+ 624	+ 817	430	718	−288	307	117	+189	
1997[2])	166	611	−445	4,275	3,267	+1,008	+1,357	459	778	−319	274	169	+105	
1998[3])	88	728	−639	4,624	3,389	+1,235	+ 953	466	785	−318	445	165	+279	
1999[4])	112	574	−462	4,731	3,393	+1,338	+1,041	510	722	−211	515	216	+299	
1999[4])														
1st quarter	31	197	−166	1,052	882	+ 170	+ 280	98	203	−105	66	73	− 7	
2nd quarter	28	130	−102	1,207	785	+ 422	+ 248	139	160	− 21	187	46	+141	
3rd quarter	25	109	− 84	1,268	805	+ 463	+ 289	130	168	− 38	155	39	+116	
4th quarter	27	138	−110	1,204	921	+ 283	+ 224	143	190	− 47	107	58	+ 49	

Source: OeNB, Statistics Austria.
1) Irrevocable euro conversion rate: EUR 1 = ATS 13.7603.
2) Final data.
3) Revised data.
4) Provisional data.

Austria's Balance of Payments, Annual and Quarterly Results/IV

Current account – goods, services and income – income

	compensation of employees			investment income										
				total			on direct investment			on portfolio investment			on other investment	
	3100			3200			3300			3390			3700	
	credit	debit	net	credit	debit	net	credit	debit	net	credit	debit	net	credit	debit
	EUR million[1])													
1992[2])	650	164	+486	4,932	6,552	−1,619	−229	607	− 836	653	2,055	−1,402	4,508	3,890
1993[2])	650	244	+406	5,464	6,774	−1,311	− 67	623	− 690	1,164	2,799	−1,635	4,366	3,353
1994[2])	698	242	+457	5,177	6,694	−1,518	195	1,146	− 951	1,198	2,798	−1,600	3,783	2,751
1995[2])	741	253	+488	5,782	7,447	−1,664	9	1,547	−1,538	1,613	2,755	−1,142	4,161	3,145
1996[2])	758	267	+491	6,873	7,587	− 714	530	1,399	− 869	1,656	3,117	−1,461	4,686	3,071
1997[2])	811	304	+507	8,407	9,168	− 761	736	1,741	−1,005	2,765	3,620	− 855	4,906	3,807
1998[3])	841	336	+505	8,709	10,650	−1,942	863	2,065	−1,202	2,905	4,645	−1,740	4,940	3,940
1999[4])	956	394	+561	8,875	11,972	−3,098	1,018	2,182	−1,164	3,471	5,799	−2,328	4,385	3,991
1999[4])														
1st quarter	227	102	+125	2,193	2,960	− 767	241	564	− 322	748	1,352	− 604	1,203	1,044
2nd quarter	229	95	+134	2,026	2,960	− 934	244	564	− 320	795	1,496	− 701	988	901
3rd quarter	233	96	+137	2,091	2,837	− 746	243	535	− 292	921	1,420	− 499	927	883
4th quarter	267	102	+165	2,564	3,215	− 651	290	520	− 230	1,007	1,532	− 525	1,267	1,164

Source: OeNB, Statistics Austria.
1) Irrevocable euro conversion rate: EUR 1 = ATS 13.7603.
2) Final data.
3) Revised data.
4) Provisional data.

												income		
												total		
			personal, cultural and recreational services			government services, n.i.e.			unclassified transactions					
miscellaneous business, professional and technical services														
2730			2870			2910			9820			3000		
credit	debit	net	credit	debit	net	credit	debit	net	credit	debit	net	credit	debit	net
1,235	1,508	−273	90	115	−25	330	89	+241	3,807	1,429	+2,378	5,582	6,716	−1,134
1,316	1,452	−135	109	112	− 4	336	88	+247	4,336	3,041	+1,295	6,114	7,019	− 905
1,560	1,591	− 31	135	122	+13	435	124	+311	4,777	2,707	+2,071	5,875	6,936	−1,061
1,836	1,864	− 28	118	142	−24	381	111	+270	5,312	4,705	+ 607	6,524	7,700	−1,177
2,133	2,227	− 94	155	175	−20	424	105	+320	6,609	5,545	+1,064	7,630	7,854	− 224
2,185	2,320	−136	187	220	−33	342	122	+220	5,817	7,498	−1,681	9,218	9,472	− 254
2,760	2,439	+321	189	205	−17	475	113	+362	4,507	6,052	−1,545	9,549	10,986	−1,437
2,664	2,455	+209	209	194	+15	408	109	+299	6,508	8,578	−2,070	9,830	12,367	−2,536
608	606	+ 2	52	57	− 5	106	20	+ 85	950	1,199	− 249	2,420	3,061	− 642
632	579	+ 54	51	43	+ 8	122	20	+102	1,448	1,828	− 381	2,255	3,056	− 800
694	597	+ 97	50	44	+ 6	75	34	+ 41	1,675	2,274	− 598	2,325	2,933	− 608
729	673	+ 56	56	50	+ 6	106	35	+ 70	2,435	3,277	− 842	2,831	3,317	− 486

											Capital and financial account			
											total	capital account		
	current transfers											total		
	total			general government			other sectors							
	3790			3800			3900				9960	9940		
net	credit	debit	net	credit	debit	net	credit	debit	net		net	credit	debit	net
+ 619	1,043	1,848	− 805	157	646	− 489	886	1,202	−316		− 191	197	236	− 39
+1,013	1,069	1,919	− 851	152	718	− 566	917	1,201	−284		+1,096	208	589	−381
+1,033	1,133	2,029	− 896	169	771	− 602	964	1,258	−294		+2,603	547	620	− 73
+1,016	2,175	3,429	−1,254	1,375	2,415	−1,040	799	1,014	−214		+4,280	395	441	− 46
+1,615	2,422	3,790	−1,367	1,503	2,631	−1,128	919	1,159	−240		+3,245	454	395	+ 59
+1,099	2,575	4,080	−1,506	1,520	2,889	−1,369	1,055	1,191	−136		+4,152	521	501	+ 19
+1,000	2,614	4,352	−1,738	1,480	2,828	−1,349	1,134	1,523	−389		+4,832	431	610	−180
+ 395	2,719	4,577	−1,858	1,590	3,000	−1,411	1,130	1,577	−447		+6,535	500	634	−134
+ 159	781	1,271	− 490	518	940	− 422	263	331	− 68		+1,236	114	159	− 45
+ 87	547	1,044	− 497	287	629	− 342	260	415	−155		+2,146	106	117	− 11
+ 44	535	1,101	− 566	234	732	− 498	301	369	− 68		+2,719	140	196	− 56
+ 104	857	1,162	− 305	551	699	− 148	306	463	−157		+ 435	140	162	− 22

Austria's Balance of Payments, Annual and Quarterly Results/V

	Capital and financial account													
	capital account									financial account				
	capital transfers						acquisition/disposal of nonproduced, nonfinancial assets			total	direct investment			
	general government			other sectors							total	abroad		
	4010			4300			4800			9950	5000	5050		
	credit	debit	net	credit	debit	net	credit	debit	net	net	net	credit	debit	net
	EUR million[1])													
1992[2])	×	×	×	197	236	– 39	×	×	×	– 152	– 211	275	1,631	–1,356
1993[2])	×	×	×	208	589	–381	×	×	×	+1,477	– 46	455	1,462	–1,006
1994[2])	×	×	×	547	620	– 73	×	×	×	+2,675	+ 702	385	1,428	–1,043
1995[2])	31	–	+ 31	355	439	– 84	9	2	+ 7	+4,326	+ 567	596	1,424	– 828
1996[2])	168	–	+168	282	392	–110	4	3	+ 2	+3,186	+1,917	530	2,018	–1,488
1997[2])	186	3	+182	291	469	–178	44	29	+15	+4,132	+ 591	10,733	12,495	–1,762
1998[3])	166	57	+109	244	521	–277	20	32	–11	+5,011	+1,758	1,717	4,369	–2,652
1999[4])	201	15	+186	246	595	–349	53	25	+28	+6,669	+ 233	6,528	9,062	–2,534
1999[4])														
1st quarter	35	6	+ 29	73	147	– 74	6	6	+ 0	+1,281	+ 207	827	1,572	– 745
2nd quarter	18	5	+ 13	49	104	– 55	38	8	+30	+2,157	+ 465	1,222	1,763	– 540
3rd quarter	84	2	+ 82	51	191	–140	5	3	+ 2	+2,774	– 328	3,399	4,347	– 948
4th quarter	64	2	+ 62	73	152	– 79	3	8	– 4	+ 457	– 111	1,081	1,381	– 300

Source: OeNB, Statistics Austria.
1) Irrevocable euro conversion rate: EUR 1 = ATS 13.7603.
2) Final data.
3) Revised data.
4) Provisional data.

Austria's Balance of Payments, Annual and Quarterly Results/VI

	Capital and financial account													
	financial account													
	other investment													
	total	assets												
		total	trade credits	loans						currency and deposits				
				total	monetary authorities	general government	banks		other sectors	total	monetary authorities	general government	banks	other sectors
							total	*thereof long-term*						
	7000	7030	7060	7140	7150	7190	7220	*7230*	7250	7300	7310	7320	7330	7340
	net	net	net	net	net	net	net	*net*	net	net	net	net	net	net
	EUR million[1])													
1992[2])	–3,041	– 5,838	+ 73	– 2,680	×	– 35	–2,048	*– 641*	– 596	–3,396	×	+108	–2,762	– 741
1993[2])	–1,662	– 4,293	+145	– 601	×	+135	– 327	*+ 87*	– 409	–3,624	×	– 8	–3,959	+ 342
1994[2])	+2,949	– 2,311	–291	– 734	×	–109	+ 219	*+ 474*	– 843	–1,242	– 13	+ 25	–1,459	+ 205
1995[2])	–2,078	– 7,414	+262	– 1,599	×	+140	–1,745	*–1,611*	+ 6	–5,877	– 95	–100	–6,172	+ 491
1996[2])	+4,020	+ 651	+785	– 2,734	×	+ 8	–1,760	*–1,248*	– 981	+2,102	+ 107	+454	+2,556	–1,015
1997[2])	+ 46	– 4,526	+211	– 3,770	×	+ 9	–3,005	*–1,851*	– 774	+ 963	– 0	–385	+1,059	+ 290
1998[3])	+ 741	– 825	+641	– 3,840	×	+ 55	–2,457	*–1,986*	–1,438	+2,405	– 16	–429	+2,953	– 102
1999[4])	+5,869	–11,317	–263	–11,576	×	+ 77	–7,974	*–3,950*	–2,675	+1,770	–1,125	+281	+2,489	+ 125
1999[4])														
1st quarter	+ 51	– 6,368	–129	– 861	– 16	+ 17	– 528	*– 339*	– 334	–4,240	– 151	+571	–4,715	+ 54
2nd quarter	+2,352	– 2,521	–129	– 3,985	–287	+ 58	–3,261	*–1,002*	– 496	+1,594	– 163	–898	+2,738	– 82
3rd quarter	+1,873	– 7,009	+ 33	– 4,214	+287	– 2	–3,386	*–1,073*	–1,114	–2,677	– 732	+ 97	–1,456	– 587
4th quarter	+1,592	+ 4,580	– 38	– 2,515	–987	+ 4	– 800	*–1,536*	– 731	+7,094	– 79	+511	+5,922	+ 740

Source: OeNB, Statistics Austria.
1) Irrevocable euro conversion rate: EUR 1 = ATS 13.7603.
2) Final data.
3) Revised data.
4) Provisional data.

in Austria 5550 credit	debit	net	portfolio investment: total 6000 net	foreign securities: total 6020 net	foreign securities: equity securities 6100 net	foreign securities: bonds and notes 6200 net	foreign securities: money market instruments 6300 net	domestic securities: total 6520 net	domestic securities: equity securities 6600 net	domestic securities: bonds and notes 6700 net	domestic securities: money market instruments 6800 net
1,371	227	+1,144	+5,107	– 2,172	– 144	– 2,013	– 16	+ 7,279	+ 125	+ 4,749	+2,405
1,251	290	+ 961	+5,130	– 1,596	– 513	– 1,019	– 64	+ 6,726	+1,006	+ 7,704	–1,985
2,028	283	+1,745	– 136	– 3,744	– 727	– 2,834	–184	+ 3,608	+1,093	+ 2,555	– 39
2,466	1,071	+1,395	+6,934	– 2,073	– 400	– 1,780	+108	+ 9,006	+ 910	+ 8,661	– 565
3,819	414	+3,405	–2,100	– 6,396	– 887	– 5,024	–485	+ 4,295	+2,051	+ 3,141	– 896
3,503	1,150	+2,354	+ 853	– 8,890	–2,123	– 7,080	+313	+ 9,742	+2,327	+ 6,288	+1,127
6,370	1,959	+4,411	+5,865	–10,153	–4,709	– 5,775	+331	+16,018	+ 908	+14,807	+ 304
5,006	2,239	+2,767	–1,226	–25,833	–5,085	–20,647	–101	+24,607	+2,367	+18,704	+3,536
1,699	747	+ 952	– 931	– 7,940	–1,558	– 6,087	–294	+ 7,009	+ 385	+ 6,007	+ 616
1,529	523	+1,006	– 678	– 6,764	–1,096	– 5,588	– 80	+ 6,086	+ 901	+ 5,438	– 252
1,057	437	+ 620	+1,140	– 5,197	– 646	– 4,599	+ 48	+ 6,337	+ 417	+ 3,691	+2,229
722	533	+ 190	– 758	– 5,933	–1,784	– 4,373	+225	+ 5,175	+ 664	+ 3,568	+ 943

other assets: total 7360 net	other assets: monetary authorities 7370 net	other assets: general government 7400 net	other assets: banks 7430 net	other assets: other sectors 7460 net	liabilities: total 7530 net	liabilities: trade credits 7560 net	loans: total 7640 net	loans: monetary authorities 7650 net	loans: general government 7690 net	loans: banks 7720 net	loans: other sectors 7750 net
+ 165	×	+144	+ 45	– 25	+ 2,797	–182	+1,279	×	+ 299	–168	+1,148
– 213	×	– 58	– 68	– 87	+ 2,631	– 29	– 101	×	– 324	–249	+ 472
– 45	×	– 73	– 68	+ 96	+ 5,260	+509	+1,013	×	+1,355	+140	– 481
– 199	×	–209	– 170	+180	+ 5,336	–218	+1,189	×	+ 485	+102	+ 602
+ 497	×	–213	+1,056	–345	+ 3,369	– 73	+ 116	×	– 153	+209	+ 61
–1,930	×	–216	–1,412	–303	+ 4,572	+355	– 382	×	– 134	+ 78	– 325
– 30	– 120	–111	+ 190	+ 10	+ 1,566	–266	+ 59	×	+ 333	+173	– 447
–1,249	–1,180	– 70	+ 145	–144	+17,186	+ 97	+1,862	+477	+ 17	+762	+ 606
–1,137	–1,180	– 26	– 30	+ 98	+ 6,419	+ 68	+ 605	+ 5	+ 677	–115	+ 39
– 1	–	– 14	+ 54	– 40	+ 4,873	– 73	– 91	+ 41	– 314	+ 56	+ 126
– 150	–	– 18	+ 11	–143	+ 8,882	+ 15	+ 47	+131	– 342	+ 97	+ 161
+ 40	–	– 12	+ 110	– 58	– 2,988	+ 87	+1,301	+300	– 4	+725	+ 280

Austria's Balance of Payments, Annual and Quarterly Results/VII

	Capital and financial account													
	financial account													
	other investment									financial derivatives			reserve assets[1]	
	liabilities									total	assets	liabilities	total	monetary gold
	currency and deposits				other liabilities									
	total	monetary authorities	banks		total	monetary authorities	general government	banks	other sectors					
			total	*thereof short-term*										
	7800 net	7810 net	7830 net	*7835 net*	7860 net	7870 net	7900 net	7930 net	7960 net	9100 net	6400 net	6900 net	8000 net	8100 net
	EUR million[2]													
1992[3]	+ 1,614	×	+1,614	+1,298	+ 86	×	−118	+130	+ 74	+ 11	+ 11	×	−2,017	×
1993[3]	+ 2,693	×	+2,693	+3,543	+ 68	×	−117	+151	+ 34	− 17	− 17	×	−1,929	×
1994[3]	+ 3,416	×	+3,416	+3,111	+322	×	− 55	+278	+ 99	− 71	− 71	×	− 768	×
1995[3]	+ 4,086	×	+4,086	+3,251	+279	×	−117	+303	+ 93	− 96	− 96	×	−1,001	×
1996[3]	+ 3,869	×	+3,869	+4,225	−544	×	−385	−181	+ 23	+158	+158	×	− 809	×
1997[3]	+ 4,808	×	+4,808	+3,611	−210	×	−150	− 71	+ 11	+ 35	−170	+204	+2,608	×
1998[4]	+ 1,465	×	+1,465	+1,823	+308	×	+138	+183	− 13	−439	−356	− 83	−2,914	−657
1999[5]	+14,855	×	+9,663	+8,585	+372	×	+ 45	+176	+151	−169	−262	+ 93	+1,963	+153
1999[5]														
1st quarter	+ 5,903	+6,120	− 216	−2,127	−158	×	−126	− 0	− 32	+107	+ 67	+ 41	+1,846	+153
2nd quarter	+ 4,963	−1,257	+6,220	+5,415	+ 74	×	− 53	+135	− 9	− 72	−158	+ 86	+ 89	+ 0
3rd quarter	+ 8,601	+3,120	+5,482	+7,392	+220	×	+112	+ 30	+ 78	+159	+255	− 95	− 70	+ 0
4th quarter	− 4,613	−2,790	−1,823	−2,096	+236	×	+111	+ 11	+114	−364	−425	+ 61	+ 97	+ 0

Source: OeNB, Statistics Austria.

[1]) *As of the beginning of 1999 reserve assets – in accordance with the new harmonized Eurosystem definition – in addition to monetary gold and the reserve position in the Fund only show foreign-currency claims the OeNB has on nonresidents of the euro area. All other cross-border assets and liabilities of the OeNB are assigned to the respective funding instruments.*

[2]) *Irrevocable euro conversion rate: EUR 1 = ATS 13.7603.*

[3]) *Final data.*

[4]) *Revised data.*

[5]) *Provisional data.*

special drawing rights	reserve position in the Fund	reserve position in the EMI	currency and deposits	securities	financial derivatives	other claims	Errors and omissions
8200 net	8300 net	8455 net	8456 net	8600 net	8770 net	8800 net	9980 net
×	×	×	×	×	×	×	+ 770
×	×	×	×	×	×	×	− 248
×	×	×	×	×	×	×	− 197
×	×	×	×	×	×	×	− 354
×	×	×	×	×	×	×	+ 443
×	×	×	×	×	×	×	+ 510
+ 0	−241	+2,856	− 204	−4,669	×	×	− 490
− 79	+439	×	− 562	+2,010	×	×	−1,117
+ 5	+252	×	−1,070	+2,506	×	×	− 995
−174	+ 35	×	+1,261	−1,033	×	×	− 422
+ 89	+135	×	− 782	+ 490	×	−1	− 771
+ 2	+ 17	×	+ 29	+ 48	×	+2	+1,071

Reference Rates of the ECB[1])

	New York	Tokyo	Athens	Copen-hagen	Stockholm	London	Oslo	Prag	Nicosia	Tallinn	Budapest	Warsaw
	USD	JPY	GRD	DKK	SEK	GBP	NOK	CZK	CYP	EEK	HUF	PLN
	Currency units for 1 EUR[2])											
Period average												
1999	1.0668	121.43	325.74	7.4356	8.8102	0.65920	8.3144	36.880	0.57887	15.6466	252.74	4.2269
1999												
January	1.1608	131.35	323.56	7.4412	9.0826	0.70291	8.6512	35.741	0.58174	15.6466	250.79	4.1047
February	1.1208	130.78	321.98	7.4352	8.9077	0.68851	8.6497	37.800	0.58057	15.6466	250.30	4.2483
March	1.0883	130.20	322.50	7.4325	8.9403	0.67127	8.5065	37.993	0.57959	15.6466	253.64	4.2962
April	1.0704	128.16	325.53	7.4327	8.9140	0.66502	8.3186	37.982	0.57924	15.6466	252.37	4.2796
May	1.0628	129.71	325.21	7.4333	8.9722	0.65825	8.2348	37.685	0.57877	15.6466	250.21	4.1805
June	1.0378	125.32	324.16	7.4314	8.8284	0.65025	8.1676	37.094	0.57792	15.6466	249.35	4.0939
July	1.0353	123.71	324.95	7.4388	8.7446	0.65779	8.1811	36.503	0.57780	15.6466	250.43	4.0172
August	1.0604	120.10	326.41	7.4381	8.7519	0.66014	8.2602	36.413	0.57871	15.6466	253.52	4.1966
September	1.0501	112.39	327.—	7.4337	8.6337	0.64683	8.2270	36.313	0.57830	15.6466	255.28	4.2908
October	1.0706	113.52	329.20	7.4334	8.7272	0.64587	8.2885	36.620	0.57903	15.6466	257.63	4.4014
November	1.0338	108.25	328.72	7.4366	8.6330	0.63702	8.1907	36.372	0.57782	15.6466	254.96	4.3970
December	1.0110	103.72	329.67	7.4403	8.5865	0.62651	8.0977	36.048	0.57699	15.6466	254.37	4.2160
Highest and lowest quotation in 1999												
High	1.1790	134.40	330.68	7.4501	9.4696	0.71220	8.8550	38.583	0.58231	15.6466	258.95	4.5182
	(1/5)	*(2/18)*	*(12/24)*	*(1/4)*	*(1/4)*	*(1/5)*	*(1/4)*	*(3/24)*	*(1/4)*	×	*(10/1)*	*(11/4)*
Low	1.0015	102.48	320.78	7.4302	8.5500	0.62150	8.0435	34.850	0.57663	15.6466	248.35	3.9545
	(12/3)	*(12/22)*	*(2/3)*	*(6/4, 14, 15, 16)*	*(12/23)*	*(12/14)*	*(12/22)*	*(1/6)*	*(12/3)*	×	*(7/8)*	*(7/19)*
Difference in %	*16.28*	*26.95*	*3.04*	*0.27*	*10.21*	*13.60*	*9.60*	*10.17*	*0.98*	×	*4.18*	*13.31*

Source: Reuters, ECB, IMF.

[1]) The abbreviations used in the table header are in line with the ISO code.

[2]) Irrevocable euro conversion rate: EUR 1 = ATS 13.7603.

Laibach	Zurich	Montreal	Sydney	Wellington	Special drawing rights (SDRs)	
SIT	CHF	CAD	AUD	NZD	XDR	
					EUR for 1 currency unit	
						Period average
194.4215	1.6004	1.5857	1.6540	2.0158	1.28325	1999
						1999
189.0726	1.6055	1.7646	1.8387	2.1588	1.20995	January
190.2366	1.5979	1.6786	1.7515	2.0623	1.23204	February
190.4445	1.5954	1.6510	1.7260	2.0451	1.25283	March
192.0508	1.6015	1.5944	1.6684	1.9723	1.26576	April
193.7697	1.6025	1.5527	1.6046	1.9249	1.26926	May
195.4837	1.5951	1.5244	1.5805	1.9479	1.29132	June
196.8874	1.6040	1.5403	1.5757	1.9664	1.29361	July
196.9873	1.6004	1.5833	1.6451	2.0154	1.28662	August
196.3492	1.6015	1.5518	1.6186	2.0097	1.31068	September
196.7657	1.5943	1.5808	1.6414	2.0798	1.29765	October
196.8145	1.6051	1.5160	1.6179	2.0178	1.33141	November
198.1957	1.6010	1.4906	1.5798	1.9891	1.35790	December
						Highest and lowest quotation in 1999
199.2296	1.6168	1.8123	1.9100	2.2229	1.36693	High
(12/16)	*(1/4)*	*(1/13)*	*(1/4)*	*(1/4)*	*(12/3)*	
187.1333	1.5858	1.4608	1.5274	1.8916	1.19679	Low
(1/15)	*(6/7)*	*(12/30)*	*(7/6)*	*(5/3)*	*(1/4)*	
6.26	*1.94*	*21.48*	*22.26*	*16.10*	*13.27*	*Difference in %*

Irrevocable Euro Conversion Rate

	ISO Code	*1 EUR =*
Belgium	BEF	40.3399
Germany	DEM	1.95583
Spain	ESP	166.386
France	FRF	6.55957
Ireland	IEP	0.787564
Italy	ITL	1,936.27
Luxembourg	LUF	40.3399
Netherlands	NLG	2.20371
Austria	ATS	13.7603
Portugal	PTE	200.482
Finland	FIM	5.94573

Source: ECB.

EMS II

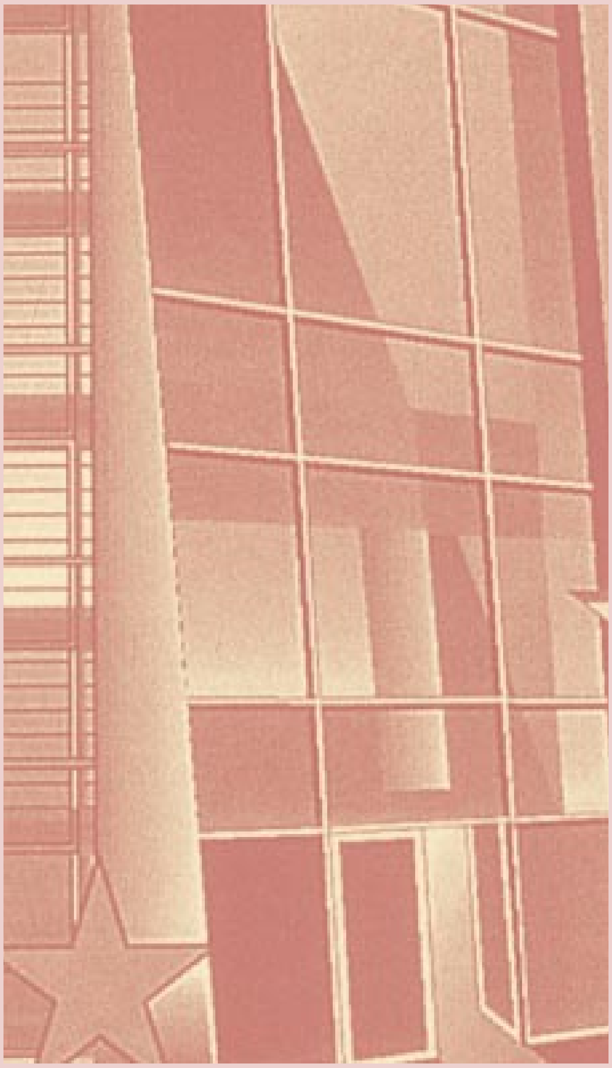
	Denmark DKK	Greece GRD
	1 EUR =	
Upper intervention point	7.62824	406.075
Central rate	7.46038	353.109
Lower intervention point	7.29252	300.143

Source: OeNB, ECB.

Effective Exchange Rate Indices of the Euro (in Nominal and Real Terms)

Period average	Effective exchange rate in nominal terms		Effective exchange rate in real terms	
	Index Jan. 4, 1999 = 100	*Change %*	*Index January 1999 = 100*	*Change %*
1999	92.5	×	94.1	×
1999				
January	98.5	×	100.0	×
February	96.5	×	98.2	×
March	95.1	×	96.9	×
April	93.9	×	95.4	×
May	93.6	×	95.1	×
June	91.7	×	93.3	×
July	91.7	×	93.6	×
August	92.2	×	93.9	×
September	90.3	×	91.6	×
October	91.1	×	92.3	×
November	88.8	×	90.2	×
December	87.0	–12.5	88.5	–12.7

Source: BIS.



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Published and produced by:

Oesterreichische Nationalbank

Editor in chief:

Wolfdietrich Grau, Secretariat of the Governing Board and Public Relations

Edited by:

Beatrix Kossinowsky, Christiana Weinzetel, Economic Analysis Division

Translated by:

Thomas Bartsch, Johannes Choduba, Ingrid Haussteiner, Ingeborg Schuch,
Irene Mühldorf, Foreign Research Division

Analysts:

Manfred Fluch, Economic Analysis Division
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Layout:

Peter Buchegger, Secretariat of the Governing Board and Public Relations
Hannes Jelinek, Printing Office

Photographs:

Herbert Fidler, Foto Simonis, Ulrich Schnarr

Paper:

Salzer Demeter, 100% woodpulp paper, bleached without chlorine,
acid-free, without optical whiteners

Set, printed and produced by:

Oesterreichische Nationalbank, Printing Office

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DVR 0031577

Vienna 2000