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# INTRODUCTION

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## 1. Overview

The Fund's principal statistical publication, *International Financial Statistics (IFS)*, has been published monthly since January 1948. In 1961, the monthly was supplemented by a yearbook, and in 1991 and 2000, respectively, *IFS* was introduced on CD-ROM and the Internet.

*IFS* contains country tables for most Fund members, as well as for Anguilla, Aruba, the Central African Economic and Monetary Community (CEMAC), the Eastern Caribbean Currency Union (ECCU), the euro area, Montserrat, the Netherlands Antilles, the West African Economic Monetary Union (WAEMU), and some nonsovereign territorial entities for which statistics are provided internationally on a separate basis. Also, selected series are drawn from the country tables and published in area and world tables. The country tables normally include data on a country's exchange rates, Fund position, international liquidity, monetary statistics, interest rates, prices, production, labor, international transactions, government accounts, national accounts, and population. Selected series, including data on Fund accounts, international reserves, and international trade, are drawn from the country tables and published in world tables as well.

The monthly printed issue of *IFS* reports current monthly, quarterly, and annual data, while the yearbook reports 12 observations of annual data. Most annual data on the CD-ROM and Internet begin in 1948; quarterly and monthly data generally begin in 1957; most balance of payments data begin in 1970.

The following sections describe conceptual and technical aspects of various data published in *IFS*. The reader will find more detailed descriptions—about coverage, deviations from the standard methodologies, and discontinuities in the data—in the footnotes in the individual country and world tables in the monthly and yearbook issues of *IFS*, in the Print\_Me file on the CD-ROM, and in the PDF pages on the Internet. (Where references are made in this introduction to notes in monthly issues, they refer to notes files on the CD-ROM and Internet as well.)

## 2. Exchange Rates and Exchange Rate Arrangements

Exchange rates in *IFS* are classified into three broad categories, reflecting the role of the authorities in determining the rates and/or the multiplicity of the exchange rates in a country. The three categories are the **market rate**, describing an exchange rate determined largely by market forces; the **official rate**, describing an exchange rate determined by the authorities—sometimes in a flexible manner; and the **principal, secondary, or tertiary rate**, for countries maintaining multiple exchange arrangements.

In *IFS*, exchange rates are expressed in time series of national currency units per SDR (the unit of account for the Fund) and national currency units per U.S. dollar, or vice versa.

The exchange rates in SDRs are classified and coded as follows:

Series **aa** shows the end-of-period national currency value of the SDR, and series **ac** shows the end-of-period SDR value of the national currency unit.

Series **sa, sb, sc,** and **sd**—provided on the country table for the United States—show the SDR value of U.S. dollars. Series **sa** and **sc** refer to end-of-period values of U.S. dollars per SDR and SDRs per U.S. dollar, respectively, while series **sb** and **sd** are geometric averages of values within the period.

The exchange rates in U.S. dollars are classified and coded as follows:

Series **ae** shows end-of-period national currency units per U.S. dollar, and series **ag** shows end-of-period U.S. dollars per unit of national currency.

Series **if** shows period-average national currency units per U.S. dollar, and series **rh** shows period-average U.S. dollars per unit of national currency. Series **rf** and **rh** data are the monthly average of market rates or official rates of the reporting country. If those are not available, they are the monthly average rates in New York. Or if the latter are not available, they are estimates based on simple averages of the end-of-month market rates quoted in the reporting country.

The country tables contain two of the U.S. dollar series—either **ae** and **rf** or **ag** and **rh**—depending on the form in which the exchange rate is quoted.

Reciprocal relationships are the following:

The end-of-period rates **aa** and **ac**, **ae** and **ag**, and **sa** and **sc** are reciprocals of each other. The period-average SDR rates in terms of the U.S. dollar (**sb** and **sd**) are also reciprocals of each other, because they are calculated as geometric averages. Other period average rates (**rf** and **rh**) are calculated as arithmetic averages and are not reciprocals.

The relationship between trade figures in *IFS* and exchange rates is the following:

All trade figures in *IFS* are converted from national currency values to U.S. dollars and from U.S. dollar values to national currency, using series **rf**. Conversions are based on the data available for the shortest period, and these data are summed to obtain data for longer periods. Conversion is based on longer period rates of only the difference, if any, between the longer period data and the sum of the shorter period data. The country table notes in the monthly issues identify the exchange rates used.

For members maintaining dual or multiple exchange rate systems, which often reflect wide ranges of exchange rates in effect in a

country, lines **w**, **x**, and **y** are presented. Notes on the tables in the monthly issues for these countries describe the current exchange rate systems and identify the exchange rates shown.

### **European Currency Unit (ECU) and the Euro**

For periods before January 1999, the exchange rate sections in tables for members of the European Union (EU)—Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands, Portugal, Spain, Sweden, and the United Kingdom—Norway and the United States contain a time series on the value of the European currency unit (ECU).

The ECU was issued by the European Monetary Institute (EMI)—successor to the European Monetary Cooperation Fund on January 1, 1994—against gold and foreign exchange deposits by the central banks of the EU member states. The ECU was defined as a basket of currencies of the EU member countries. The share of each currency in the basket was based on the gross national product and foreign trade of the country issuing that currency. The equivalent of the ECU was calculated—first in U.S. dollars and then in the currencies of the member countries—by using representative market exchange rates for the U.S. dollar, as reported by the member countries. In *IFS*, series **ea** and **ec** refer to end-of-period values of national currency units per ECU and ECUs per unit of national currency, respectively; series **eb** and **ed** are the arithmetic averages of values within the period.

On January 1, 1999, the euro replaced the ECU, at a rate of one euro per one ECU. Irrevocable conversion factors for the euro, adopted for the eleven countries in the euro area, fixed the central rates between the euro and the currencies participating in the exchange rate mechanism. The irrevocable fixed factors, legally mandated to have six significant digits, are the following: Austria (S 13.7603), Belgium (BF 40.3399), Finland (Fmk 5.94573), France (F 6.55957), Germany (DM 1.95583), Ireland (IR£0.787564), Italy (Lit 1936.27), Luxembourg (Lux F 40.3399), the Netherlands (f. 2.20371), Portugal (Esc 200.482), and Spain (Pta 166.386).

On January 1, 2002, euro banknotes and coins were issued. National currencies continued to be accepted in trade for a short transition period that ended in all member countries by the end of February 2002. The statistical treatment of euro banknotes and coins and outstanding national currencies is described in the section *European Economic and Monetary Union* in Section 5—Monetary Statistics.

An accord established compulsory intervention rates for the Danish krone ( $\pm 2.25$  percent around the euro central rate) and the Greek drachma ( $\pm 15$  percent around the euro central rate) from January 1, 1999 onwards. Greece joined the euro area on January 1, 2001, adopting the euro as its currency, with a conversion factor of 340.750 drachmas per euro. Slovenia joined the euro area on January 1, 2007, adopting the euro as its currency, with the conversion factor of 239.640 tolar per euro. The tolar banknotes and coins ceased being a legal tender on January 14, 2007. On January 1, 2008, Cyprus and Malta joined the euro area, adopting the euro as their currency, with the conversion factors of 0.585274 Cyprus pounds per euro and 0.4293 Maltese lira per euro, respectively. The Cyprus pound and the Maltese lira banknotes and coins ceased being legal tender in the respective countries on February 1, 2008. On January 1, 2009, the Slovak Republic joined the euro area, adopting the euro as its currency, with the conversion factor of 30.1260 Slovak koruny per euro; the Slovak koruny banknotes and coins ceased being legal tender on January 17, 2009.

From January 1, 1999 onwards, the member countries of the Bank of Central African States and the Central Bank of West African States changed the peg of their currencies from the French franc to the euro, at a rate of CFAF 655.957 per euro. A few other countries also have pegged their currencies to the euro.

### **Effective Exchange Rates**

The country tables, euro area tables, and world tables provide measures of effective exchange rates, compiled by the IMF's Research Department, Policy Development and Review Department, Statistics Department, and area departments.

A **nominal** effective exchange rate index represents the ratio (expressed on the base 2005=100) of an index of a currency's period-average exchange rate to a weighted geometric average of exchange rates for the currencies of selected countries and the euro area. A **real effective** exchange rate index represents a nominal effective exchange rate index adjusted for relative movements in national price or cost indicators of the home country, selected countries, and the euro area.

#### **Line ahx**

For ease of comparison between the nominal effective exchange rate index and the real effective exchange rate index, the average exchange rate expressed in terms of U.S. dollars per unit of each of the national currencies (line **ah**) is also given as an index form based on 2005=100 (line **ahx**). In both cases of the indices, an increase in the index reflects an appreciation. Because of certain data-related limits, particularly where Fund estimates have been used, data users need to exercise considerable caution in interpreting movements in nominal and real effective exchange rates.

The Fund publishes calculated effective exchange rates data only for countries that have given their approval. Please note that similar indices that are calculated by country authorities could cause different results.

#### **Lines nel and rel**

These series are published starting with the March 2010 issue of *IFS*. The **nel** and **rel** series are the nominal and real effective exchange rates based on relative unit labor cost for the advanced economies based on a basket of 26 countries and euro area as a group. These 26 advanced economies include Austria, Belgium, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Netherlands, Portugal, Spain, Australia, Canada, Denmark, Hong Kong SAR, Israel, Japan, Korea, New Zealand, Norway, Singapore, Sweden, Switzerland, United Kingdom, and United States.

The main source for the unit labor cost data is from the OECD Analytical Database (quarterly unit labor cost in manufacturing). However, for Australia, Hong Kong SAR, Singapore, and Israel, the unit labor cost data are provided by IMF staff (annual data interpolated into higher frequencies). The source for the United States' quarterly unit labor cost data is the Bureau of Labor Statistics.

#### **Lines nec and rec**

The **nec** and **rec** series are the nominal and real effective exchange rates based on relative consumer prices. The weights used in the calculation take account of each country's trade in both *manufactured* goods and *primary* products with its partner, or competitor, countries.

For *manufactured* goods, trade by type of good and market is distinguished in the database. So it is possible to allow at a disaggregated level for competition among various exporters in a

foreign market (i.e., third-market competition) as well as that arising from bilateral trade links.

For *primary* products, the weights assigned depend principally on a country's role as a global supplier or buyer of the product. Trade in crude petroleum, petroleum, and other energy products is excluded. For some countries that depend heavily on tourism, bilateral exports of tourism services averaged over 1999–01 are also included in calculating the competitiveness weights.

From January 2006 onwards, the line **nec** index is weighted based on disaggregate trade data for manufactured goods and primary products covering the three-year period 1999–01. Before that, the weights are for the three-year span 1989–91. The series based on the old weights and the new weights are linked by splicing at December 1995, and the reference base is shifted to 2005=100.

The real effective exchange rate index in line **rec** is derived from the nominal effective exchange rate index, adjusted for relative changes in consumer prices. Consumer price indices, often available monthly, are used as a measure of domestic costs and prices for these countries. This practice typically reflects the use of consumer prices by the reference and partner, or competitor, countries in compiling these indices.

For countries where multiple exchange rates are in effect, Fund staff estimates of weighted average exchange rates are used in many cases. A weighted average exchange rate is constructed as an average of the various exchange rates, with the weights reflecting the share of trade transacted at each rate. For countries where a weighted average exchange rate cannot be calculated, the principal rate, generally line **ahx**, is used.

The notes to the country tables in the monthly issues provide information about exceptions in the choice of the consumer price index (generally line 64) and the period average exchange rate index (generally line **ahx**). For a relatively small number of countries, notes in the country tables in the monthly issues indicate 1) where alternative price indices, such as the wholesale/producer price index or a weighted average of several price indices, are used; 2) where data constraints have made it necessary to use weighting schemes based on aggregate bilateral non-oil trade data; and 3) where trade in services (such as tourism) has been taken into account.

The world table section of this introduction provides a description of the effective exchange rates tables. In addition, a Fund working paper entitled "A Primer on the IMF's Information Notice System" (WP/97/71), distributed in May 1997, provides background on the concepts and methodology underlying the effective exchange rates. Another Fund working paper "New Rates from New Weights" (WP/05/99), provides background on the methodology underlying the new weights.

### **SDR Value**

Before July 1974, the value of the SDR (unit of account for the Fund) was fixed in terms of U.S. dollars. Over time, the value changed as follows: SDR 1 = U.S. dollar 1 through November 1971; SDR 1 = U.S. dollar 1.08571 from December 1971 through January 1973; and SDR 1 = U.S. dollar 1.20635 from February 1973 through June 1974.

Since July 1974, the Fund has determined the value of the SDR daily on the basis of a basket of currencies, with each currency being assigned a weight in the determination of that value. The currencies in the basket are valued at their market exchange rates for the U.S. dollar. The U.S. dollar equivalents of each currency are summed to yield the rate of the SDR in terms of the U.S. dollar. The rates for the SDR in terms of other currencies are derived from the market exchange rates of these currencies for the U.S. dollar and the U.S. dollar rate for the SDR.

Although the method of calculating the U.S. dollar/SDR exchange rate has remained the same, the currencies' number and weight have changed over time. Their amount in the SDR basket is reviewed every five years.

From July 1974 through June 1978, the currencies in the basket were of the countries that averaged more than 1 percent share in world exports of goods and services from 1968–72. This established a basket of 16 currencies. Each currency's relative weight was broadly proportionate to the country's exports but modified for the U.S. dollar to reflect its real weight in the world economy. To preserve the continuity of valuation, the amount of each of the 16 currencies was such that on June 28, 1974 the value of SDR 1 = U.S. dollar 1.20635.

From July 1978 through December 1980, the composition of the basket was changed on the basis of updated data for 1972–76. The weights of some currencies were also changed. The amount of each of the 16 currencies in the revised basket was such as to ensure that the value of the SDR in terms of any currency on June 30, 1978 was exactly the same in the revised valuation as in the previous valuation.

Since January 1, 1981, the value of the SDR has been determined based on the currencies of the five member countries having the largest exports of goods and services during the five-year period ending one year before the date of the latest revision to the valuation basket. Broadly reflecting the currencies' relative importance in international trade and finance, the weights are based on the value of the exports of goods and services of the members issuing these currencies and the balances of their currencies officially held by members of the Fund.

From January 1981 through December 1985, the currencies and currency weights of the five members having the largest exports of goods and services during 1975–79 were the U.S. dollar, 42 percent; deutsche mark, 19 percent; French franc, Japanese yen, and pound sterling, 13 percent each.

From January 1986 through December 1990, reflecting the period 1980–84, the weights had changed to U.S. dollar, 42 percent; deutsche mark, 19 percent; Japanese yen, 15 percent; French franc and pound sterling, 12 percent each.

From January 1991 through December 1995, reflecting the period 1985–89, the weights were U.S. dollar, 40 percent; deutsche mark, 21 percent; Japanese yen, 17 percent; French franc and pound sterling, 11 percent each.

On January 1, 1996, the weights were U.S. dollar, 39 percent; deutsche mark, 21 percent; Japanese yen, 18 percent; French franc and pound sterling, 11 percent each.

On January 1, 1999, the currency amount of deutsche mark and French francs were replaced with equivalent amounts of euros, based on the fixed conversion rates between those currencies and the euro, announced on December 31, 1998 by the European Council. The weights in the SDR basket were changed to U.S. dollar, 39 percent; euro, 32 percent (in replacement of the 21 percent for the deutsche mark and 11 percent for the French franc), Japanese yen, 18 percent; and pound sterling, 11 percent.

On January 1, 2001, the weights had changed to U.S. dollar, 45 percent; euro, 29 percent; Japanese yen, 15 percent; and pound sterling, 11 percent.

As of January 1, 2006, the value of the SDR has been determined based on the four currencies included in the valuation basket in the following proportions: U.S. dollar, 44 percent; euro, 34 percent; Japanese yen and pound sterling, 11 percent each.

## World Tables on Exchange Rates

Tables A and B on exchange rates, described below, are presented in *IFS*.

Table A of exchange rates gives the monthly, quarterly, and annual SDR rates in terms of U.S. dollars and reciprocals of these rates.

Table B provides, in terms of national currency units per SDR, end-of-period rates for the currencies of Fund members—including Hong Kong (Special Administrative Region as of 1997)—and the Netherlands Antilles.

### Method of Deriving IFS Exchange Rates

For countries that have introduced new currencies, the rates shown in *IFS* for the period before the introduction of the most recent currency may be used as conversion factors—they may be used to convert national currency data in *IFS* to U.S. dollar or SDR data. In such cases, the factors are constructed by chain linking the exchange rates of the old and the new currencies. The basis used is the value of the new currency relative to the old currency, as established by the issuing agency at the time the new currency was introduced. Footnotes about the introduction of new currencies are to be found on individual country tables in the monthly issues of *IFS*.

For countries that are members of the euro area, the exchange rates shown are expressed in national currency units per SDR or per U.S. dollar through 1998, and in euros per SDR or per U.S. dollar thereafter.

A detailed description of the derivation of the exchange rates in *IFS*, as well as technical issues associated with these rates, is contained in the *IFS Supplement on Exchange Rates*, No. 9 (1985).

## 3. Fund Accounts

Data on members' Fund accounts are presented in the Fund Position section in the country tables and in four world tables. Terms and concepts of Fund Accounts and the time series in the country and world tables are explained below. More detailed information on member countries' transactions with and position in the Fund are available on the IMF external website at <http://www.imf.org/external/fin.htm>

### Terms and Concepts in Fund Accounts

#### Quota

When a country joins the Fund, it is assigned a quota that fits into the structure of existing quotas. Quotas are considered in the light of the member's economic characteristics, and taking into account quotas of similar countries. The size of the member's quota determines, among other things, the member's voting power, the size of its potential access to Fund resources, and its share in allocations of SDRs.

Quotas are reviewed at intervals of not more than five years. The reviews take account of changes in the relative economic positions of members and the growth of the world economy. Initial subscriptions, and normally subscriptions associated with increases in quotas, are paid mainly in the member's own currency, and a smaller portion, not exceeding 25 percent, is paid in reserve assets (SDRs or other members' currencies that are acceptable to the Fund).

#### General Resources Account

The General Resources Account (GRA) resources consist of the currencies of Fund member countries, SDRs, and gold. These resources are received in the form of subscriptions (which are equal to quotas), borrowings, charges on the use of the Fund's resources,

income from investments, and interest on the Fund's holdings of SDRs. Subscriptions are the main source of funds.

### Borrowing Arrangements

Borrowings are regarded as a temporary source of funds. To supplement its quota resources, the Fund has the authority to borrow the currency of any member from any source with the consent of the issuer.

### Positions in the Fund

The Fund normally determines the currencies that are used in transactions and operations with members. Each quarter, the Fund prepares a financial transactions plan, in which it indicates the amounts of particular currencies and SDRs to be used during the relevant period. The Fund selects the currencies of members with strong balance of payments and reserve positions. It also seeks to promote, over time, balanced "**positions in the Fund.**"

The effects of Fund transactions and operations are summarized in the Fund's **holdings of members' currencies** and in two other measures, namely, **reserve position in the Fund** and **total Fund credit and loans outstanding**. (See world table in the monthly printed copy of *IFS* and the yearbook, entitled *Fund Accounts: Position to Date*, and also the Fund Position section in the country tables.)

These measures are defined as follows:

The Fund's **holdings of a member's currency** reflect, among other things, the transactions and operations of the Fund in that currency. This concept is used in calculating the amounts that a member can draw on the Fund under tranche policies and in respect to certain of its obligations to the Fund.

A member's **reserve position in the Fund** (time series .1c.s), which has the characteristics of a reserve asset, comprises the reserve tranche position and creditor position under the various borrowing arrangements. A reserve tranche position arises from (1) the payment of part of a member's subscription in reserve assets and (2) the Fund's net use of the member's currency. Normally, a member's reserve tranche position is equal to its quota less the adjusted Fund holdings of its currency, less subscriptions receivable, less the balances held in the administrative accounts of the Fund to the extent they are not above 0.1 percent of a member's quota, if positive.

**Total Fund credit and loans outstanding** (.2d.) represents the sum of (1) the use of Fund credit within the GRA and (2) outstanding loans under the SAF, PRGT, and the Trust Fund.

### SDRs

SDRs are unconditional reserve assets created by the Fund to supplement existing reserve assets. SDRs have been allocated by the IMF to members that are participants in the SDR Department at the time of allocation in proportion to their quotas in the IMF. Six allocations totaling SDR 21.4 billion have been made by the Fund in 1970, 1971, 1972, 1979, 1980, and 1981. In addition, a general allocation of SDR 161.2 billion was made on August 28, 2009, and a special allocation of SDR 21.5 billion was made on September 9, 2009.

The Fund cannot allocate SDRs to itself but receives them from members through various financial transactions and operations. Entities authorized to conduct transactions in SDRs are the Fund itself, participants in the SDR Department, and other "prescribed holders."

The SDR can be used for a wide range of transactions and operations, including for acquiring other members' currencies, settling

financial obligations, making donations, and extending loans. SDRs may also be used in swap arrangements and as security for the performance of financial obligations. Forward as well as spot transactions may be conducted in SDRs.

### **World Tables on Fund Accounts**

Beginning with the March 2010 issue of *IFS*, four world tables on Fund accounts are presented in *IFS*, as described below. The rest of the Fund accounts tables which used to be published in *IFS* will no longer be updated, but historical data are accessible on the CD-ROM or Internet.

The table Fund Accounts: Position to Date reports latest monthly data on members' Fund positions, including quota, reserve tranche position, lending to the Fund, total Fund credit and loans outstanding, Fund holdings of currencies, and positions in the SDR Department.

The table Total Fund Credit and Loans Outstanding (.2t.) relates to the outstanding use of Fund resources under the GRA and to outstanding loans under the SAF, PRGF, and Trust Fund.

The table SDR Holdings (.1b.s) shows holdings of SDRs by members and includes a foot table showing SDR holdings by all participants, the IMF, other holders, and the world.

The table Reserve Position in the Fund (.1c.s) relates to members' claims on the Fund.

### **Pamphlet on Fund Accounts**

A more detailed description of the Fund accounts is contained in the IMF's *Financial Organization and Operations of the IMF*, Pamphlet No. 45, sixth edition, 2001.

## **4. International Liquidity**

Data on international liquidity are presented in the country tables and in world tables on reserves. The international liquidity section in the country tables comprises lines for total reserves minus gold, gold holdings, other foreign assets and foreign liabilities of the monetary authorities, and foreign accounts of other financial institutions. The euro area section for international liquidity covers assets of the European Central Bank (ECB) and the national central banks (NCBs) of the countries that have adopted the euro (details below).

### **Total Reserves (Minus Gold) and Gold Holdings**

Total Reserves Minus Gold (line 1 l.d) is the sum of the items Foreign Exchange, Reserve Position in the Fund, and the U.S. dollar value of SDR holdings by monetary authorities. Monetary authorities comprise central banks and, to the extent that they perform monetary authorities' functions, currency boards, exchange stabilization funds, and treasuries.

Official Gold Holdings (lines 1ad and 1and) are expressed in millions of fine troy ounces and valued, according to national practice, in U.S. dollars.

Under Total Reserves Minus Gold, the line for Foreign Exchange (1d.d) includes monetary authorities' claims on nonresidents in the form of foreign banknotes, bank deposits, treasury bills, short- and long-term government securities, ECUs (for periods before January 1999), and other claims usable in the event of balance of payments need.

For *IFS* yearbook users, this background information on foreign exchange is particularly useful: Before December 1971, when the U.S. dollar was at par with the SDR, foreign exchange data were compiled and expressed in terms of U.S. dollars at official par values. Conversions from national currencies to U.S. dollars from December 1971 through January 1973 were calculated at the cross rates reflecting

the parities and central rates agreed to in December 1971. From February 1973 through June 1974, foreign exchange was valued at the cross rates of parities or central rates for countries having effective parities or central rates, and at market rates for the Canadian dollar, Irish pound, Italian lira, Japanese yen, and pound sterling. Beginning in July 1974, foreign exchange is valued at end-of-month market rates or, in the absence of market rate quotations, at other prevailing official rates.

### **Total Reserves for the Euro Area**

Until December 31, 1998, member countries of the European Union (Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands, Portugal, Spain, Sweden, and the United Kingdom) held ECU deposits with the European Monetary Cooperation Fund (EMCF) and/or its successor, the European Monetary Institute. The reserves data for each country excluded, from gold and foreign exchange holdings, the deposits of gold and foreign exchange with the EMCF, but the data included, in foreign exchange holdings, the equivalent amounts of ECU deposits.

These deposits were transferred from the EMCF to the EMI upon its creation on January 1, 1994, and to the European Central Bank (ECB) when it succeeded the EMI on June 1, 1998. Each national central bank (NCB) deposited gold and foreign exchange with the ECB. On January 1, 1999, the euro replaced the ECU at a rate of one euro per one ECU.

Total reserves for the euro area and individual euro area countries are based on the statistical definition of international reserves adopted by the ECB's Statistics Committee in December 1998. Defined on a euro area-wide residency basis, they include reserve assets denominated only in currencies of non-euro area countries. All positions with residents of other euro area countries and with the ECB are excluded from reserve assets.

For the euro area countries, Total Reserves minus Gold (line 1 l.d) is defined in broad accordance with the fifth edition of the *Balance of Payments Manual*. It includes the monetary authorities' holdings of SDRs, reserve position in the Fund, and foreign exchange, including financial derivative claims on non-euro area countries. It excludes claims among euro area countries and all euro-denominated claims on non-euro area countries. Total reserves of the euro area comprise the reserve holdings of the NCBs and ECB. Definitions of reserves at the national and euro area levels are harmonized.

### **Other Foreign Assets and Foreign Liabilities of the Central Bank**

Time series, where significant, are also provided in international liquidity sections on other foreign assets and other foreign liabilities of the central bank.

Other Assets (line 3..d) usually comprises claims on nonresidents that are of limited usability in the event of balance of payments need, such as balances under bilateral payments agreements and holdings of inconvertible currencies. (Claims on nonresidents under Other Assets (line 3..d) are included in line 11.)

Other Liabilities (line 4.d) comprises foreign liabilities of the central bank other than use of Fund credit (GRA), SAF, PRGF, and Trust Fund loans outstanding and SDR allocations. Positions with the Fund are reported separately, in SDRs, in the Fund position section of the country tables.

### **Foreign Accounts of the Rest of the Financial Corporations**

Where significant, foreign accounts of financial corporations other than the central bank are reported. The measures provided are

normally U.S. dollar equivalents of time series reported in the appropriate monetary statistics sections as follows: line 7a.d is derived from line 21; line 7b.d is derived from line 26c; line 7e.d is derived from line 41; and line 7f.d is derived from line 46c. Sometimes the measures are reported directly in U.S. dollars and may differ slightly in coverage.

In addition for some countries, summary data are provided on the foreign accounts of special or international license banks that operate locally but are not presently covered in the monetary statistics section. Their foreign assets are reported as line 7k.d, and their foreign liabilities as line 7m.d, when available (although 7m.d is not shown separately if it is equal to line 7k.d).

### **World Tables on Reserves**

World tables on reserves report all country table time series on reserves, other than gold at national valuation, and present totals for countries, country groups, and the world.

Also provided is a table on total reserves, with gold valued at SDR 35 per ounce. A foot table to that table reports total reserves of all countries, including gold valued both at SDR 35 per ounce and at market prices. And the yearbook includes a world table on the ratio of nongold reserves (line 1 l.d) to imports (line 71.l.d), expressed in terms of the number of weeks of imports covered by the stock of nongold reserves.

Except for the world table on gold holdings in physical terms, world tables on reserves are expressed in SDRs. Foreign exchange holdings are expressed in SDRs by converting the U.S. dollar values shown in the country tables on the basis of the end-period U.S. dollar/SDR rate.

Similarly, a foot table to the world table on gold indicates gold holdings valued at SDR 35 per ounce and at market prices for all countries, the IMF, the ECB, the Bank for International Settlements (BIS), and the world. A simple addition of the gold held by all of these holders would involve double-counting, because most of the gold deposited with the BIS is also included in countries' official gold reserves. *IFS* therefore reports BIS gold holdings net of gold deposits, and negative figures for BIS gold holdings are balanced by forward operations. This foot table also provides data on the U.S. dollar price of gold on the London market, the U.S. dollar/SDR rate, and the end-period derived market price of gold in terms of SDRs.

## **5. Monetary Statistics**

Beginning with the April 2009 issue of *IFS*, there are two presentations of monetary statistics. The first presentation is the new presentation of monetary statistics published in the *IFS Supplement on Monetary and Financial Statistics*, which was discontinued in March 2009. The second presentation is the traditional, albeit outdated, presentation published in *IFS*.

Statistics on the accounts of financial corporations are given in monetary statistics sections 10 through 50 in the country tables and in world tables, described in the world table section of this introduction.

### **5.1 New Presentation**

This presentation is for those countries that are regularly reporting monetary data in accordance with the methodology of the IMF's *Monetary and Financial Statistics Manual (MFSM)*, 2000 and *Monetary and Financial Statistics Compilation Guide (MFSCG)*, 2008. For the majority of these countries, the data are transmitted on standardized report forms (SRFs) for the assets and liabilities of a country's central bank (Form 1SR), other depository corporations (Form 2SR), and other financial

corporations (Form 4SR), as well as for a country's monetary aggregates (Form 5SR). For the rest of these countries, data are transmitted in accordance with the data framework of the European Central Bank (ECB). The statistical standards are based on the *European System of Accounts 1995 (1995 ESA)* and additional standards prescribed by ECB regulations. The *MFSM*, *MFSCG*, and *1995 ESA* are derived from the *System of National Accounts 1993 (1993 SNA)* and therefore harmonized, although the nomenclature in the *MFSM*, *MFSCG*, and *1995 ESA* sometimes differ.

### **Central Bank**

The central bank data are presented as a Central Bank Survey (section 10) in each country table in *IFS*. Major accounts on the asset side are Net Foreign Assets (line 11n), which is disaggregated as Claims on Nonresidents (line 11) less Liabilities to Nonresidents (line 16c), and domestic assets disaggregated as Claims on Other Depository Corporations (line 12e), Net Claims on Central Government (line 12an), and Claims on Other Sectors (line 12s). Net Claims on Central Government is disaggregated as Claims on Central Government (line 12a) less Liabilities to Central Government (line 16d). Claims on Other Sectors is disaggregated into Claims on Other Financial Corporations (line 12g), Claims on State and Local Government (line 12b), Claims on Public Nonfinancial Corporations (line 12c), and Claims on Private Sector (line 12d).

Major accounts on the liability side are Monetary Base (line 14), Other Liabilities to Other Depository Corporations (line 14n), Deposits and Securities Excluded from the Monetary Base (line 14o), Loans (line 16l); Financial Derivatives (line 16m), Shares and Other Equity (line 17a), and Other Items (Net) (line 17r). Monetary Base is disaggregated into Currency in Circulation (line 14a), Liabilities to Other Depository Corporations (line 14c), and Liabilities to Other Sectors (line 14d). Deposits and Securities Excluded from the Monetary Base is disaggregated into Deposits Included in Broad Money (line 15), Securities Other than Shares Included in Broad Money (line 16a), Deposits Excluded from Broad Money (line 16b), and Securities Other than Shares Excluded from Broad Money (line 16s).

### **Other Depository Corporations**

Data for other depository corporations are presented in an Other Depository Corporations Survey (section 20) in each country table in *IFS*. Other depository corporations comprise financial corporations that incur liabilities that are included in the national definition of broad money. Major accounts on the assets side are Net Foreign Assets (line 21n), which is disaggregated as Claims on Nonresidents (line 21) less Liabilities to Nonresidents (line 26c), and domestic assets disaggregated as Claims on Central Bank (line 20), Net Claims on Central Government (line 22an), and Claims on Other Sectors (line 22s). Claims on Central Bank is disaggregated into Currency (line 20a), Reserve Deposits and Securities (line 20b), and Other Claims (line 20n). Net Claims on Central Government is disaggregated as Claims on Central Government (line 22a) less Liabilities to Central Government (line 26d). Claims on Other Sectors is disaggregated into Claims on Other Financial Corporations (line 22g), Claims on State and Local Government (line 22b), Claims on Public

Nonfinancial Corporations (line 22c), and Claims on Private Sector (line 22d).

Major accounts on the liability side are Liabilities to Central Bank (line 26g), Transferable Deposits Included in Broad Money (line 24), Other Deposits Included in Broad Money (line 25), Securities Other than Shares Included in Broad Money (line 26a), Deposits Excluded from Broad Money (line 26b), Securities Other Than Shares Excluded from Broad Money (line 26s), Loans (line 26l), Financial Derivatives (line 26m), Insurance Technical Reserves (line 26r), Shares and Other Equity (line 27a), and Other Items (Net) (line 27r).

### **Depository Corporations**

Data for the central bank and other depository corporations are consolidated into a Depository Corporations Survey (section 30). Major accounts on the assets side are Net Foreign Assets (line 31n), which is disaggregated as Claims on Nonresidents (line 31) less Liabilities to Nonresidents (line 36c), and Domestic Claims (line 32) disaggregated as Net Claims on Central Government (line 32an) and Claims on Other Sectors (line 32s). Net Claims on Central Government is disaggregated as Claims on Central Government (line 32a) less Liabilities to Central Government (line 36d). Claims on Other Sectors is disaggregated into Claims on Other Financial Corporations (line 32g), Claims on State and Local Government (line 32b), Claims on Public Nonfinancial Corporations (line 32c), and Claims on Private Sector (line 32d).

Major accounts on the liability side are Broad Money Liabilities (line 35l), Deposits Excluded from Broad Money (line 36b), Securities Other than Shares Excluded from Broad Money (line 36s), Loans (line 36l), Financial Derivatives (line 36m), Insurance Technical Reserves (line 36r), Shares and Other Equity (line 37a), and Other Items (Net) (line 37r). Broad Money Liabilities is disaggregated into Currency Outside Depository Corporations (line 34a), Transferable Deposits (line 34), Other Deposits (line 35), and Securities Other than Shares (line 36a).

Standard relationships between the lines in the Depository Corporation Survey and lines in the Central Bank Survey (section 10) and Other Depository Corporations Survey (section 20) are as follows:

Net Foreign Assets (line 31n) equals the sum of foreign asset lines 11 and 21 less the sum of foreign liability lines 16c and 26c.

Net Claims on Central Government (line 32an) equals the sum of lines 12a and 22a, less the sum of lines 16d and 26d.

Claims on Other Sectors (line 32s) equals the sum of lines 12s and line 22s. Line 32g, line 32b, line 32c, and line 32d are equal to the sums of lines 12g and 22g, lines 12b and 22b, lines 12c and 22c, and lines 12d and 22d, respectively.

Broad Money Liabilities (line 35l) equals the sum of Currency Outside Depository Corporations—line 34a (line 14a less line 20a) and lines 14d, 15, 16a, 24, 25, and 26a.

Deposits Excluded from Broad Money (line 36b) equals the sum of lines 16b and 26b.

Securities Other than Shares Excluded from Broad Money (line 36s) equals the sum of lines 16s and 26s.

Loans (line 36l) equals the sum of lines 16l and 26l.

Financial Derivatives (line 36m) equals the sum of lines 16m and 26m.

Insurance Technical Reserves (line 36r) equals the same as line 26r.

Shares and Other Equity (line 37a) equals the sum of lines 17a and 27a.

Other Items (Net) (line 37r) equals the sum of lines 17r and 27r plus a consolidation adjustment that arises from differences in the accounting records of the central bank and other depository corporations.

Section 30 also includes Broad Money Liabilities, Seasonally Adjusted (line 35l.b).

### **Other Financial Corporations**

Data for other financial corporations are presented in an Other Financial Corporations Survey (section 40) in some country tables in *IFS*. This subsector comprises financial corporations that do not incur liabilities included in the national definition of broad money, but that engage in financial intermediation (other financial intermediaries) or provide financial services other than financial intermediation (financial auxiliaries).

Major accounts on the assets side are Net Foreign Assets (line 41n), which is disaggregated as Claims on Nonresidents (line 41) less Liabilities to Nonresidents (line 46c), and domestic assets disaggregated as Claims on Depository Corporations (line 40), Net Claims on Central Government (line 42an), and Claims on Other Sectors (line 42s). Net Claims on Central Government is disaggregated as Claims on Central Government (line 42a) less Liabilities to Central Government (line 46d). Claims on Other Sectors is disaggregated into Claims on State and Local Government (line 42b), Claims on Public Nonfinancial Corporations (line 42c), and Claims on Private Sector (line 42d).

Major accounts on the liability side are Deposits (line 46b), Securities Other than Shares (line 46s), Loans (line 46l), Financial Derivatives (line 46m), Insurance Technical Reserves (line 46r), Shares and Other Equity (line 47a), and Other Items (Net) (line 47r).

### **Financial Corporations**

Data for the depository corporations and other financial corporations are consolidated into a Financial Corporations Survey (section 50). Major accounts on the assets side are Net Foreign Assets (line 51n), which is disaggregated as Claims on Nonresidents (line 51) less Liabilities to Nonresidents (line 56c), and Domestic Claims (line 52) disaggregated as Net Claims on Central Government (line 52an) and Claims on Other Sectors (line 52s). Net Claims on Central Government is disaggregated as Claims on Central Government (line 52a) less Liabilities to Central Government (line 56d). Claims on Other Sectors is disaggregated into Claims on State and Local Government (line 52b), Claims on Public Nonfinancial Corporations (line 52c), and Claims on Private Sector (line 52d).

Major accounts on the liability side are Currency Outside Financial Corporations (line 54a), Deposits (line 55l), Securities Other than Shares (line 56a), Loans (line 56l), Financial Derivatives (line 56m), Insurance Technical Reserves

(line 56r), Shares and Other Equity (line 57a), and Other Items (Net) (line 57r).

Standard relationships between the lines in the Financial Corporation Survey and lines in the Depository Corporations Survey (section 30) and Other Financial Corporations Survey (section 40) are as follows:

Net Foreign Assets (line 51n) equals the sum of foreign asset lines 31 and 41 less the sum of foreign liability lines 36c and 46c.

Net Claims on Central Government (line 52an) equals the sum of lines 32a and 42a, less the sum of lines 36d and 46d.

Claims on Other Sectors (line 52s) equals the sum of lines 32s, excluding line 32g, and line 42s. Line 52g, line 52b, line 52c, and line 52d are equal to the sums of lines 32b and 42b, lines 32c and 42c, and lines 32d and 42d, respectively.

Currency Outside Financial Corporations (line 54a) equals Currency Outside Depository Corporations (line 34a) less currency holdings of other financial corporations.

Deposits (line 55l) equals the sum of lines 34, 35, 36b, and 46b, less deposits that other financial corporations hold in depository corporations.

Securities Other than Shares (line 56a) equals the sum of lines 36a, 36s, and 46s, less securities other than shares issued by depository corporations and held by other financial corporations.

Loans (line 56l) equals the sum of lines 36l and 46l, less loans from depository corporations to other financial corporations.

Financial Derivatives (line 56m) equals the sum of lines 36m and 46m, less financial derivatives of depository corporations with other financial corporations.

Insurance Technical Reserves (line 56r) equals the sum of lines 36r and 46r, less insurance technical reserves of depository corporations with other financial corporations.

Shares and Other Equity (line 37a) equals the sum of lines 37a and 47a.

Other Items (Net) (line 57r) equals the sum of lines 37r and 47r plus a consolidation adjustment that arises from relatively minor differences in the accounting records of depository corporations and other financial corporations.

### **Monetary Aggregates**

Broad money is shown in line 59m. Broad money components that represent liabilities of sectors other than the financial corporations sector are also shown. These consist of Currency Issued by Central Government (line 59m.a), Deposits in Nonfinancial Corporations (line 59m.b) and Securities Issued by Central Government (line 59m.c).

Countries may compile data for narrower definitions of monetary aggregates, as well as data for broad money. These data are shown in series for M0 (line 19mc), M1 (line 59ma), M2 (line 59mb), M3 (line 59mc), and M4 (line 59md). Data for more than one variant of a particular monetary aggregate—for example, M1 (line 59ma) and M1A (line 59maa)—may be shown. These aggregates are compiled according to national definitions and vary across countries.

Monetary aggregates that have been seasonally adjusted are also shown. For example, M3 Seasonally Adjusted is shown in line 59mcc. These data are those that have been

seasonally adjusted and reported by a country. Broad Money Liabilities, Seasonally Adjusted (line 35l.b) are compiled by the Fund using the same seasonal adjustment procedures to Broad Money Liabilities (line 35l) for each country.

### **Monetary Statistics for the European Economic and Monetary Union (Euro Area)**

The European Economic and Monetary Union (EMU) began in January 1999. New definitions of statistics aggregates were created, resulting in a major break in data series for all participating countries. The euro area, an official descriptor of the monetary union, is defined by its membership as of a specified date. The 11 original members were Austria, Belgium, Finland, France, Germany, Ireland, Italy, Luxembourg, Netherlands, Portugal, and Spain. Greece joined in January 2001. In 2002, euro banknotes and coins were issued, and national currency banknotes and coins were withdrawn. Slovenia joined the euro area on January 1, 2007, adopting the euro as its currency; the Slovenian tolar banknotes and coins ceased being a legal tender on January 15, 2007. On January 1, 2008, Cyprus and Malta joined the euro area, adopting the euro as their currency; the Cyprus pound and Maltese lira banknotes and coins ceased being legal tender in the respective countries on February 1, 2008. On January 1, 2009, the Slovak Republic joined the euro area, adopting the euro as its currency; the Slovak koruny banknotes and coins ceased being legal tender on January 17, 2009.

The main features of the euro-area monetary statistics are described as follows:

#### **Creation of the Eurosystem**

In the EMU, the “Eurosystem”—the European Central Bank (ECB) and the national central banks (NCBs) of the euro-area member states—executes a single monetary policy for the euro area. The new common currency unit is the euro. Until 2002, national currency circulated, and various types of transactions were denominated in either euros or national currency.

At the beginning of the EMU, the monetary statistics standards for the euro-area countries underwent comprehensive revisions. The revisions permitted compilation of consolidated monetary accounts for the euro area and provided the data needed to execute the single monetary policy. The statistical standards are based on the 1995 *ESA* and additional standards prescribed by ECB regulation. The *MFSM* and 1995 *ESA* are derived from the *SNA 1993* and are therefore harmonized, although the nomenclature in the *MFSM* and 1995 *ESA* sometimes differ. Statistics are collected under a “layered approach,” whereby monetary statistics compiled at the country level are forwarded to the ECB for consolidation into euro-area totals. NCBs are required to compile monetary statistics according to a single set of standards and a common format for submission of data to the ECB.

#### **Residency Principles**

Statistics are compiled on the basis of both national residency criteria, described in the *Balance of Payments Manual, 5<sup>th</sup> Edition*, and euro-area-wide residency criteria, based on the euro-area membership as of a specified date.



In the application of the latter criteria, all institutional units located in euro-area countries are treated as resident, and all units outside the euro area as nonresident. For example, claims on government under the national criteria include only claims on the government of the country, whereas claims on government under the euro-area-wide residency criteria include claims on the governments of all euro-area countries. Further, as a result of the expansion of the euro area membership in January 2001 for Greece, January 2007 for Slovenia, January 2008 for Cyprus and Malta, and January 2009 for the Slovak Republic, all institutional units in those countries became resident in the euro area, and breaks in stock series were created as all reporters in the existing euro area countries treated positions *vis-à-vis* residents in the new member states as part of their positions against other Monetary Union Member States, and no longer as part of the rest of the world.

Under the euro-area-wide residency criteria, the ECB is a resident unit, whereas under the national residency criteria, it is a foreign unit for all countries. Under ECB statistical reporting requirements—concerning the consolidated balance sheet of the monetary financial institutions sector—the ECB is to be classified as a resident unit of the country where it is physically located (Germany).

The monetary statistics in the tables for each euro-area country are presented on both national and euro-area-wide residency bases.

### ***Euro Banknotes and Coins***

On January 1, 2002, euro banknotes and coins were issued. The existing national currencies continued to be accepted in trade for a short transition period that ended in all member countries by the end of February 2002, at the latest. The existing stock of national currencies and coins were redeemed with the national authorities for extended periods, or indefinitely, as set by national policy. The changeover to euro banknotes and coins was smooth, and the stock of outstanding national currencies rapidly decreased by 86 percent between January 1 and February 28, 2002. The national currencies still outstanding at the end of each reporting period remained part of the euro-area monetary aggregates until year-end 2002. After 2002, any remaining stock of “legacy” national currencies still held by the public and not included within the euro-area monetary aggregates is included in Memo: Currency Put into Circulation (line 14m). Similar procedures applied when Slovenia joined the euro area in January 2007, Cyprus and Malta in January 2008, and Slovak Republic in January 2009. Euro-area monetary aggregates are net of banknotes and coins held by monetary financial institutions (other depository corporations) in the euro area.

The euro banknotes are issued by the Eurosystem as a whole, comprising the ECB and the national central banks of the euro-area countries. Banknotes are put into circulation by each NCB as demanded and are physically identical regardless of the issuing NCB. According to the accounting regime chosen by the Eurosystem, although the ECB does not put banknotes into circulation, a share of 8 percent of the total value of euro banknotes put into circulation is allocated to the balance sheet of the ECB each month. The balance of the remaining 92 percent is allocated among the NCBs on a monthly basis, whereby each NCB of the Eurosystem records

on its balance sheet as “banknotes issued” a share proportional to its share in the ECB’s capital. This allocation procedure is referred to as the capital share mechanism—CSM.

For each NCB, the difference between the value of the euro banknotes allocated according to the CSM and the value of euro banknotes it puts into circulation is classified as an “Intra-Eurosystem claim/liability related to banknote issue.” Each NCB will have a single claim/liability *vis-à-vis* the Eurosystem, calculated monthly. Similarly, the ECB will always have an Intra-Eurosystem claim equal to its 8 percent share of banknotes issued.

On the country pages for the euro-area countries, Intra-Eurosystem claims/liabilities related to banknote issue are classified by the IMF as part of central banks’ Claims on Depository Corporations (line 12e.u)/Liabilities to Depository Corporations (line 14c.u). Intra-Eurosystem claims/liabilities related to banknote issue are also recorded within the memo item Net Claims on Eurosystem. In contrast, in the Central Bank (Eurosystem) section on the euro-area page, the Intra-Eurosystem claims/liabilities of the Eurosystem members are recorded as part of Other Items (Net) (line 17r), where they effectively net to zero.

Euro coins are issued by national authorities. The ECB approves the volume of coins to be issued by each country. All have a common design on the obverse and a national design on the reverse. All revenues associated with coin issuance are retained by national authorities without application to an accounting allocation mechanism such as is used for banknotes.

The euro also has been adopted officially by several small jurisdictions within Europe—Andorra, Monaco, San Marino, and the Vatican. It is also used as the principal currency in several areas that were formerly part of Yugoslavia.

### ***Central Bank—Euro Area***

In the *IFS Supplement* table for a euro-area member country, the central bank subsector consists of the NCB, as defined by its membership within the Eurosystem. The accounts of the NCBs include the coin issuance of the national governments, with contra-entry claims on the governments, which are classified within Other Items (Net) (line 17r). At the Eurosystem level, central bank refers to the ECB and the NCBs of the euro-area member countries, based on the actual date of membership. For purposes of comparison with pre-euro-area data, “of which” lines show positions with residents of the country.

Net Foreign Assets (line 11n) is disaggregated as Claims Non-Euro-Area Residents (line 11) less Liabilities to Non-Euro-Area Residents (line 16c). All positions with residents of other euro-area countries, including the ECB, are classified as domestic positions in the data based on euro-area residency.

Claims on General Government (line 12a.u) includes claims on the central government and other levels of government, including the social security system. It also includes claims on general government in other euro-area countries.

Claims on Depository Corporations (NCBs and Other Monetary Financial Institutions, or MFIs) (line 12e.u) and Liabilities to Depository Corporations (NCBs and Other MFIs) (line 14c.u) include all positions with NCBs and Other MFIs in all euro-area countries. Other MFIs are depository corporations

other than the NCB and ECB. Other MFIs is defined to include money market funds.

Claims on Other Resident Sectors (line 12s) comprises claims on other financial corporations, public nonfinancial corporations, and the private sector.

Net Claims on Eurosystem (line 12e.s) equals gross claims on, less gross liabilities to, the ECB and other NCBs within the Eurosystem. This item comprises euro-denominated claims equivalent to the transfer of foreign currency reserves to the ECB, Intra-Eurosystem claims/liabilities related to banknote issuance, net claims or liabilities within the TARGET clearing system (see description below), and other positions such as contra-entries to the NCBs' holdings of assets acquired in conjunction with open-market or intervention operations. NCBs' issues of securities other than shares and money market paper held by other NCBs, which are not separately identifiable, are included in Liabilities to Depository Corporations (line 14c.u).

Currency Issued (line 14a): Until 2002, this line covers national currency in circulation. Beginning in 2002, this series is redefined to include euro banknotes issued by each NCB, euro coins issued by each euro-area country, and national currency not yet withdrawn. The amount of euro banknotes recorded as issued by each NCB is the legal allocation recorded on its balance sheet according to the accounting regime (CSM) described above in Euro Banknotes and Coins. That amount does not correspond to either the actual amount of euro banknotes put into circulation by the NCB or the actual circulation of euro banknotes within the domestic territory. The actual amount of euro banknotes put into circulation by the NCB is included within Memo: Currency Put into Circulation (line 14m).

Shares and Other Equity (line 17a) includes general provisions.

### **TARGET**

TARGET (Trans-European Automated Real-Time Gross Settlement Express Transfer) is the euro clearing system operated by the Eurosystem.

From January 1999 to October 2000, TARGET positions are recorded on a gross bilateral basis between member central banks and the ECB, which resulted in large external asset and liability positions between the TARGET members. From November 2000 onward, the introduction of multilateral netting by novation procedures resulted in each member recording only a single TARGET position vis-à-vis the ECB, which is generally a much smaller value than recorded under the previous arrangement.

These changes affect Central Bank's Claims on Non-Euro-Area Residents (line 11) and Liabilities to Non-Euro-Area Residents (line 16c) of all TARGET members. They also affect Claims on Other Depository Corporations (line 12e.u) and Liabilities to Other Depository Corporations (line 14c.u) of the euro-area TARGET members. The non-euro-area TARGET members are not permitted to hold a net liability position against TARGET as a whole; therefore, after November 2000, they do not have any TARGET-related Foreign Liabilities.

### **Other Depository Corporations—Euro Area**

For comparison with pre-euro-area data, "of which" lines show positions with residents of the country.

This section covers the accounts of other MFIs (monetary financial institutions)—monetary institutions other than the NCB and ECB. Other MFIs is defined to include money market funds.

Claims on Central Bank (line 20) comprises other depository corporations' holdings of euro banknotes and coins, holdings of national currency, deposits with the NCB, and loans to the NCB.

Claims on Depository Corporations in Other Euro Area Countries (line 20c.u) and Liabilities to Depository Corporations in Other Euro Area Countries (line 26h.u) comprise all positions with the ECB, NCBs, and Other MFIs in other euro-area countries. These positions are classified as domestic under the euro-area residency criteria. Claims include holdings of currencies issued in other euro-area countries. Net Foreign Assets (line 21n) is disaggregated as Claims on Non-Euro-Area Residents (line 21) less Liabilities to Non-Euro-Area Residents (line 26c). All positions with residents of other euro-area countries, including the ECB, are classified as domestic positions.

Claims on General Government (line 22a.u) includes claims on central government and other levels of government in all euro-area countries.

Claims on Other Resident Sectors (line 22s.u) comprises claims on other financial corporations, public nonfinancial corporations, and the private sectors in all euro-area countries.

Demand Deposits (line 24.u) includes demand deposits in all currencies by other sectors in all euro-area countries.

Other Deposits (line 25.u) includes deposits with fixed maturity, deposits redeemable at notice, securities repurchase agreements, and subordinated debt in the form of deposits by other sectors of all euro-area countries.

Money Market Fund Shares (line 26n.u) include shares/units issued by money market funds.

Securities Other Than Shares (line 26a.u) include subordinated debt in the form of securities, other bonds, and money market paper.

Credit from Central Bank (line 26g) consists of other depository corporations' borrowing from the NCBs.

Other Items (Net) (line 27r) includes holdings of shares issued by other MFIs. Also includes accruals on loans and deposits; ECB regulations require reporting agents to exclude accruals on loans and deposits from the outstanding amount and report them under remaining assets/liabilities.

### **Depository Corporations (Based on National Residency)—Euro Area**

The Depository Corporations Survey in this section is a consolidation of the accounts of the central bank and the other depository corporations, using the national residency criteria.

Net Foreign Assets (line 31n) includes positions with nonresidents of the country. Positions with the ECB for all euro-area countries are classified in Foreign Assets under the national residency criteria.

Net Claims on General Government (line 32an) includes claims on general government less liabilities to central

government. Liabilities to other levels of government are included in liabilities to other resident sectors.

Until 2002, Currency Issued (line 34a) covers national currency in circulation. Beginning in 2002, this series is redefined to include euro banknotes issued by each NCB, euro coins issued by each euro-area country, and the amount of national currency not yet withdrawn. Under the accounting regime used by the Eurosystem, the allocation of euro banknotes issued by each NCB is the legal allocation recorded on its balance sheet according to the accounting regime (CSM) described above in Euro Banknotes and Coins. The allocation does not correspond to either the actual amount of euro banknotes placed in circulation by the NCB or the actual circulation of banknotes within the domestic territory.

Other Items (Net) (line 37r) includes other depository corporations' holdings of shares issued by other depository corporations. Also includes accruals on loans and deposits; ECB regulations require reporting agents to exclude accruals on loans and deposits from the outstanding amount and report them under remaining assets/liabilities.

### ***Depository Corporations (Based on Euro-area-Wide Residency)***

The Depository Corporations Survey in this section is a consolidation of the accounts of the central bank and the other depository corporations, using the euro-area-wide residency criteria.

Net Foreign Assets (line 31n.u) includes all positions with nonresidents of the euro area. Positions with residents of all euro-area countries, including the ECB, are classified as domestic positions.

Net Claims on General Government (line 32anu) includes claims on central government and all other levels of government of all euro-area countries less liabilities to central government of all euro-area countries. Liabilities to other levels of government are included in liabilities to other resident sectors.

Until 2002, Currency Issued (line 34a.u) covers national currency in circulation. Beginning in 2002, this series is redefined to include euro banknotes issued by each NCB, euro coins issued by each euro-area country, and until year-end 2002 the amount of national currency not yet withdrawn. Under the accounting regime used by the Eurosystem, the allocation of euro banknotes issued by each NCB is the legal allocation recorded on its balance sheet according to the accounting regime (CSM) described above in Euro Banknotes and Coins. The allocation does not correspond to either the actual amount of euro banknotes placed in circulation by the NCB or the actual circulation of banknotes within the domestic territory.

Other Items (Net) (line 37r.u) includes other depository corporations' holdings of shares issued by other depository corporations. Also includes accruals on loans and deposits; ECB regulations require reporting agents to exclude accruals on loans and deposits from the outstanding amount and report them under remaining assets/liabilities.

## **5.2 Old Presentation**

This presentation refers to the old presentation of monetary statistics and is for those countries that do not use the SRFs for reporting monetary data. The presentation of these countries will be changed to the new presentation when the countries implement the reporting of SRF-based data.

### ***Monetary Authorities***

Monetary authorities' data (section 10) in *IFS* generally consolidate the accounts of the central bank with the accounts of other institutions that undertake monetary functions. These functions include issuing currency, holding international reserves, and conducting Fund account transactions. Data on monetary authorities measure the stock of reserve money comprising currency in circulation, deposits of the deposit money banks, and deposits of other residents, apart from the central government, with the monetary authorities.

Major aggregates of the accounts on the asset side are foreign assets (line 11) and domestic assets (line 12\*). Domestic assets are broken down into Claims on Central Government (line 12a), Claims on Deposit Money Banks (line 12e), and, if sizable, Claims on State and Local Governments (line 12b); Claims on Nonfinancial Public Enterprises (line 12c); Claims on the Private Sector (line 12d); Claims on Other Banking Institutions (line 12f), and Claims on Nonbank Financial Institutions (line 12g).

In some countries, where insufficient data are available to provide disaggregations of claims on governmental bodies other than the central government, a classification of Claims on Official Entities (line 12bx) is used. In addition, in countries where insufficient data are available to provide disaggregations of claims on other banking institutions and nonbank financial institutions, a classification of Claims on Other Financial Institutions (line 12f) is used.

The principal liabilities of monetary authorities consist of Reserve Money (line 14); Other Liabilities to Deposit Money Banks (line 14n), comprising liabilities of the central bank to deposit money banks that are excluded from Reserve Money; Liabilities of the Central Bank: Securities (line 16ac); Foreign Liabilities (line 16c); Central Government Deposits (line 16d); and Capital Accounts (line 17a). Other liabilities, if sizable are Time, Savings, and Foreign Currency Deposits (line 15), Restricted Deposits (line 16b), and Liabilities to Nonbank Financial Institutions (line 16j).

### ***Deposit Money Banks***

Deposit money banks comprise commercial banks and other financial institutions that accept transferable deposits, such as demand deposits. Deposit money banks' data (section 20) measure the stock of deposit money.

Major aggregates of the accounts on the assets side are Reserves (line 20), comprising domestic currency holdings and deposits with the monetary authorities; Claims on Monetary Authorities: Securities (line 20c), comprising holdings of securities issued by the central bank; Other Claims on Monetary Authorities (line 20n), comprising claims on the central bank that are excluded from Reserves; Foreign Assets (line 21); and Claims on Other Resident Sectors (lines 22\*), as described in the preceding section on monetary authorities (lines 12\*).

The principal liabilities consist of Demand Deposits (line 24); Time, Savings, and Foreign Currency Deposits (line 25); Money Market Instruments (line 26aa); Bonds (line 26ab); Restricted Deposits (line 26b), Foreign Liabilities (line 26c); Central Government Deposits (line 26d); Credit from Monetary Authorities (line 26g); Liabilities to

Other Banking Institutions (line 26i); Liabilities to Nonbank Financial Institutions (line 26j); and Capital Accounts (line 27a).

### **Monetary Survey**

Monetary authorities' and deposit money banks' data are consolidated into a monetary survey (section 30). The survey measures the stock of narrow Money (line 34), comprising transferable deposits and currency outside deposit money banks, and the Quasi-Money (line 35) liabilities of these institutions, comprising time, savings, and foreign currency deposits.

Standard relationships between the monetary survey lines and the component lines in sections 10 and 20 are as follows:

Foreign Assets (Net) (line 31n) equals the sum of foreign asset lines 11 and 21, less the sum of foreign liability lines 16c and 26c.

Claims on Central Government (Net) (line 32an) equals claims on central government (the sum of lines 12a and 22a), less central government deposits (the sum of lines 16d and 26d), plus, where applicable, the counterpart entries of lines 24..i and 24..r (private sector demand deposits with the postal checking system and with the Treasury).

Claims on State and Local Governments (line 32b) equals the sum of lines 12b and 22b. Note that, for some countries, lack of sufficient data to perform the standard classifications of claims on governmental bodies excluding the central government has resulted in the use of the alternative classification "claims on official entities" (line 32bx), which is the sum of lines 12bx and 22bx. These series may therefore include state and local governments, public financial institutions, and nonfinancial public enterprises.

Claims on Nonfinancial Public Enterprises (line 32c) equals the sum of lines 12c and 22c.

Claims on Private Sector (line 32d) equals the sum of lines 12d and 22d.

Claims on Other Banking Institutions (line 32f) equals the sum of lines 12f and 22f.

Claims on Nonbank Financial Institutions (line 32g) equals the sum of lines 12g and 22g.

Domestic Credit (line 32) is the sum of lines 32an, 32b, 32c, 32d, 32f, and 32g even when, owing to their small size, data for lines 32b, 32c, 32f, and 32g are not published separately. Thus, the data for line 32 may be larger than the sum of its published components.

Money (line 34) equals the sum of currency outside deposit money banks (line 14a) and demand deposits other than those of the central government (lines 14d, 14e, 14f, 14g, and 24) plus, where applicable, lines 24..i and 24..r.

Quasi-Money (line 35) equals the sum of lines 15 and 25, comprising time, savings, and foreign currency deposits of resident sectors other than central government.

The data in line 34 are frequently referred to as M1, while the sum of lines 34 and 35 gives a broader measure of money similar to that which is frequently called M2.

Money Market Instruments (line 36aa) equals the sum of lines 16aa and 26aa.

Bonds (line 36ab) equals the sum of lines 16ab and 26ab.

Liabilities of Central Bank: Securities (line 36ac) equals the outstanding stock of securities issued by the monetary authorities (line 16ac) less the holdings of these securities by deposit money banks (line 20c).

Restricted Deposits (line 36b) equals the sum of lines 16b and 26b.

Long-Term Foreign Liabilities (line 36cl) equals the sum of lines 16cl and 26cl.

Counterpart Funds (line 36e) equals the sum of lines 16e and 26e.

Central Government Lending Funds (line 36f) equals the sum of lines 16f and 26f.

Liabilities to Other Banking Institutions (line 36i) is equal to line 26i.

Liabilities to Nonbank Financial Institutions (line 36j) equals the sum of lines 16j and 26j.

Capital Accounts (line 37a) equals the sum of lines 17a and 27a.

These monetary survey lines give the full range of *IFS* standard lines. Some of them are not applicable to every country, whereas others may not be published separately in sections 10 and 20, because the data are small. Unpublished lines are included in Other Items (Net) (lines 17r and 27r) but are classified in the appropriate monetary survey aggregates in section 30.

Exceptions to the standard calculations of monetary survey aggregates are indicated in the notes to the country tables in the monthly issues. Exceptions also exist in the standard presentation of the consolidation of financial institutions, e.g., for Japan, Nicaragua, the United Kingdom, and the United States.

Section 30 also includes Money, Seasonally Adjusted (line 34.b) and Money plus Quasi-Money (line 35), which is the sum on lines 34 and 35.

### **Other Banking Institutions**

Section 40 contains data on the accounts of other banking institutions. This subsector comprises institutions that do not accept transferable deposits but that perform financial intermediation by accepting other types of deposits or by issuing securities or other liabilities that are close substitutes for deposits. This subsector covers such institutions as savings and mortgage loan institutions, post-office savings institutions, building and loan associations, finance companies that accept deposits or deposit substitutes, development banks, and offshore banking institutions.

The major aggregates in this section are claims on the various sectors of the economy (lines 42\*), as described in the preceding paragraphs, and quasi-monetary liabilities (line 45), largely in the form of time and savings deposits.

### **Banking Survey**

Where reasonably complete data are available for other banking institutions, a banking survey (section 50) is published. It consolidates data for other banking institutions with the monetary survey and thus provides a broader measure of monetary liabilities.

The sectoral classification of assets in the banking survey follows the classification used in the monetary survey, as outlined in the description for that section.

### **Nonbank Financial Institutions**

For a few countries, data are shown on the accounts of nonbank financial institutions, such as insurance companies, pension funds, and superannuation funds. Given the nature of their liabilities, these institutions generally exert minimal impact on the liquidity of a given economy. However, they can play a significant role in distributing credit from the financial sector to the rest of the economy.

### **Financial Survey**

Where reasonably complete data are available for nonbank financial institutions, a financial survey is published. It consolidates data for nonbank financial institutions with the banking survey and

thus provides a broader measure of credit from the financial sector to the rest of the economy.

The sectoral classification of assets in the financial survey follows the classification used in the monetary and banking surveys, as outlined in the description for that section.

## 6. Interest Rates

Data are presented in the Interest Rates section in the country tables and in the world tables on national and international interest rates.

Discount Rate/Bank Rate (line 60) is the rate at which the central banks lend or discount eligible paper for deposit money banks, typically shown on an end-of-period basis.

Money Market Rate (line 60b) is the rate on short-term lending between financial institutions.

Treasury Bill Rate (line 60c) is the rate at which short-term securities are issued or traded in the market.

Deposit Rate (line 60l) usually refers to rates offered to resident customers for demand, time, or savings deposits. Often, rates for time and savings deposits are classified according to maturity and amounts deposited. In addition, deposit money banks and similar deposit-taking institutions may offer short- and medium-term instruments at specified rates for specific amounts and maturities; these are frequently termed “certificates of deposit.” For countries where savings deposits are important, a Savings Rate (line 60k) is also published.

Lending Rate (line 60p) is the bank rate that usually meets the short- and medium-term financing needs of the private sector. This rate is normally differentiated according to creditworthiness of borrowers and objectives of financing.

Government Bond Yield (line 61\*) refers to one or more series representing yields to maturity of government bonds or other bonds that would indicate longer term rates.

Interest rates for foreign-currency-denominated instruments are also published for countries where such instruments are important.

Quarterly and annual interest rate data are arithmetic averages of monthly interest rates reported by the countries.

The country notes in the monthly issues carry a brief description of the nature and characteristics of the rates reported and of the financial instrument to which they relate.

A typical series from each of these groups is included in the world tables on national interest rates.

### **Euro Area Interest Rates**

The Eurosystem Marginal Lending Facility Rate (line 60) is the rate at which other monetary financial institutions (MFIs) obtain overnight liquidity from NCBs, against eligible assets. The terms and conditions of the lending are identical throughout the euro area. The Eurosystem Refinancing Rate (line 60r), Interbank Rate (Overnight) (line 60a), and Interbank Rate (Three-Month) (line 60b) are also provided on the euro area table.

A new set of harmonized MFI interest rate statistics is compiled for the euro area MFIs, covering euro-denominated deposits and loans vis-à-vis nonfinancial sectors (other than government) resident in the euro area. The ECB *Manual on MFI Interest Rate Statistics* (ECB: October 2003) describes compilation procedures for interest rates on household and corporate customers’ deposits and lending—both for stocks and new business. Interest rates on new business cover all business during the reference month in which new agreements with customers resulted from a first-time contract or new negotiation of existing deposits and loans. The two series for interest rates on bad

loans and loans for debt restructuring are not included within the MFI interest rate statistics.

Deposit Rate, Households–Stock (line 60lhs) is the volume-weighted average interest paid on outstanding amounts of euro-denominated deposits from households with an agreed maturity up to and including two years. Deposit Rate, Households–New Business (line 60lhn) is the comparable rate for new business with an agreed maturity up to and including one year. Deposit Rate, Corporations–Stock (line 60lcs) is the volume-weighted average interest paid on outstanding amounts of euro-denominated deposits from nonfinancial corporations with an agreed maturity up to and including two years. Deposit Rate, Corporations–New Business (line 60lcn) is the rate for new business with an agreed maturity up to and including one year. Repos (Repurchase Agreements) (line 60lcr) is the counterpart of cash received against securities/gold sold under a firm commitment to repurchase the securities/gold at a fixed rate on a specified date. The repo series includes holdings by households and nonfinancial corporations. At the euro area level, about 40 percent of repos are held by households. Repos are not applicable for most countries. Data are available only for France, Italy, Greece, Spain, and the euro area.

Lending Rate, Households–Stock (line 60phs) is the volume-weighted average interest charged on outstanding amounts of euro-denominated loans to households with an agreed maturity up to and including one year. Lending Rate, Households–New Business (line 60pns) is the rate for new business loans at a floating rate or up to and including a one-year interest rate fixation. Lending Rate, Households–House Purchase, Stock (line 60phm) is the volume-weighted average interest charged on outstanding amounts of euro-denominated loans to households for purchasing or improving housing with a maturity of five years or more. Lending Rate, Households–House Purchase, New Business (line 60phn) is the rate for new business for loans with fixed interest rates between five and ten years. Lending Rate, Corporations–Stock (line 60pcs) is the volume-weighted average interest charged on outstanding amounts of euro-denominated loans to nonfinancial corporations with an agreed maturity up to and including one year. Lending Rate, Corporations–New Business (line 60pcn) is the rate for new business for loans over 1 million euros at a floating rate or up to and including a one-year interest rate fixation.

### **World Table on International Interest Rates**

The world table on international interest rates reports London interbank offer rates on deposits denominated in SDRs, U.S. dollars, euros, Japanese yen, and Swiss francs and Paris interbank offer rates on deposits denominated in pounds sterling. Monthly data are averages of daily rates. The table includes the premium or discount on three-month forward rates of currencies of the major industrial countries against the U.S. dollar.

This table also reports the SDR interest rate and the rate of remuneration. Monthly data are arithmetic averages of daily rates. Interest is paid on holdings of SDRs, and charges are levied on participants’ cumulative allocations. Interest and charges accrue daily at the same rate and are settled quarterly in SDRs. As a result, participants who have SDR holdings above their net cumulative allocations receive net interest, and those with holdings below their net cumulative allocations pay net charges. Other official holders of SDRs—including the Fund’s General Resources Account—receive interest on their holdings and pay no charges because they receive no allocations.

The Fund also pays quarterly remuneration to members on their creditor positions arising from the use of their currencies in Fund transactions and operations. This is determined by the positive

difference between the remuneration norm and the average daily balances of the member's currency in the General Resources Account.

Effective August 1, 1983, the weekly SDR interest rate has been based on the combined market interest rate. That rate is calculated by multiplying the yield on the financial instrument of each component currency of the SDR by the value in terms of SDRs of the currency in the basket. As of January 1, 2006, the pertinent yields (on the financial instrument of each component currency in the SDR basket, expressed as an equivalent annual bond yield) include: the three-month Euro rate (60c); the rate on Japanese Government thirteen-week financing bills (60c); the three-month U.K. Treasury bills (60cs); and the rate on three-month U.S. Treasury bills (60cs). These series are shown in the table.

The combined market rate is calculated each Friday and enters into effect each Monday. The interest rate on the SDR is 100 percent of the combined market rate, rounded to two nearest decimal places. The rate of remuneration, effective February 2, 1987, is 100 percent of the rate of interest on the SDR.

## 7. Prices, Production, and Labor

This section (lines 62 through 67) covers domestic prices, production, and labor market indicators. The index series are compiled from reported versions of national indices and, for some production and labor series, from absolute data.

There is a wide variation between countries and over time in the selection of base years, depending upon the availability of comprehensive benchmark data that permit an adequate review of weighting patterns. The series are linked by using ratio splicing at the first annual overlap, and the linked series are shifted to a common base period 2005=100.

For industrial production, the data are seasonally adjusted if an appropriate adjusted series is available. Seasonally adjusted series are indicated in the descriptor and also described in the country notes in the monthly issues.

### *Share Prices*

Indices shown for Share Prices (line 62) generally relate to common shares of companies traded on national or foreign stock exchanges. Monthly indices are obtained as simple arithmetic averages of the daily or weekly indices, although in some cases mid-month or end-of-month quotations are included.

All reported indices are adjusted for changes in quoted nominal capital of companies. Indices are, in general, base-weighted arithmetic averages with market value of outstanding shares as weights.

### *Producer Price Index or Wholesale Price Index*

Indices shown for Producer or Wholesale Prices (line 63) are designed to monitor changes in prices of items at the first important commercial transaction. Where a choice is available, preference is given to the Producer Price Index (PPI), because the concept, weighting pattern, and coverage are likely to be more consistent with national accounts and industrial production statistics. In principle, the PPI should include service industries, but in practice it is limited to the domestic agricultural and industrial sectors. The prices should be farm-gate prices for the agricultural sector and ex-factory prices for the industrial sector.

The Wholesale Price Index (WPI), when used, covers a mixture of prices of agricultural and industrial goods at various stages of production and distribution, inclusive of imports and import duties. Preference is given to indices that provide broad coverage of the

economy. The indices are computed using the Laspeyres formula, unless otherwise indicated in the country notes in the monthly issues.

Subindices are occasionally included for the PPI or the WPI.

### *Consumer Price Index*

Indices shown for Consumer Prices (line 64) are the most frequently used indicators of inflation and reflect changes in the cost of acquiring a fixed basket of goods and services by the average consumer. Preference is given to series having wider geographical coverage and relating to all income groups, provided they are no less current than more narrowly defined series.

Because the weights are usually derived from household expenditure surveys (which may be conducted infrequently), information on the year to which the weights refer is provided in the country table notes in the monthly issues. The notes also provide information on any limitations in the coverage of commodities for pricing, income groups, or their expenditures in the chosen index. The Laspeyres formula is used unless otherwise indicated in the country notes.

For the European Union (EU) countries, a harmonized index of consumer prices (HICP) (line 64h) is shown. It is compiled according to methodological and sampling standards set by the European Commission. Owing to institutional differences among the EU member countries, the HICP excludes expenditure on certain types of goods and services. Examples are medical care and services of owner-occupied dwellings.

### *Wage Rates or Earnings*

Indices shown for Wages Rates or Earnings (line 65) represent wage rates or earnings per worker employed per specified time period. Where establishment surveys are the source, the indices are likely to have the same coverage as the Industrial Production Index (line 66) and the Industrial Employment Index (line 67). Preference is given to data for earnings that include payments in kind and family allowances and that cover salaried employees as well as wage earners. The indices either are computed from absolute wage data or are as reported directly to the Fund.

### *Industrial Production*

Indices shown for Industrial Production (line 66) are included as indicators of current economic activity. For some countries the indices are supplemented by indicators (such as data on tourism) relevant to a particular country.

Generally, the coverage of industrial production indices comprises mining and quarrying, manufacturing and electricity, and gas and water, according to the UN International Standard Industrial Classification (ISIC). The indices are generally compiled using the Laspeyres formula.

For many developing countries the indices refer to the production of a major primary commodity, such as crude petroleum. For most of the OECD countries, Industrial Production data are sourced from the OECD database, as indicated in the country notes. It should be noted that there may be differences for annual data between seasonal adjusted and unadjusted series. These differences are the result of OECD calculation methodology, which is based on two different calculation methods, namely the frequency method and the proxy method. The frequency method is the annual average of the adjusted 12 months data while the proxy method uses the annual data of the unadjusted series for the seasonally adjusted series.

## Labor

Labor market indicators refer to the levels of the Labor Force (line 67d), Employment (line 67e), Unemployment (line 67c), and the Unemployment Rate (line 67r). Data on labor market statistics cover the economically active civilian population. They are provided by the International Labor Organization (ILO), which publishes these data in its *Yearbook of Labour Statistics* and its Laborsta database, <http://laborsta.ilo.org>. The concept of employment and unemployment conforms to the recommendations adopted by the ILO: Thirteenth International Conference of Labor Statisticians, Geneva, 1992. In addition, indices of employment in the industrial sector (line 67) are provided for 49 countries. For the euro area, EUROSTAT provides the data. Supplemental sources are also available on the industrial countries' websites.

## 8. International Transactions

Summary statistics on the international transactions of a country are given in lines 70 through 79. A section on external trade statistics (lines 70 through 76) provides data on the values (lines 70 and 71), volumes (lines 72 and 73), unit values (lines 74 and 75), and prices (line 76) for exports and imports. A section follows on balance of payments statistics (lines 78 through 79).

### External Trade

Merchandise Exports f.o.b. (line 70) and Imports c.i.f. (line 71) are, in general, customs statistics reported under the general trade system, in accordance with the recommendations of the UN International Merchandise Trade Statistics: Concepts and Definitions, 1998. For some countries, data relate to the special trade system. The difference between general and special trade lies mainly in the treatment of the recording of the movement of goods through customs-bonded storage areas (warehouses, free areas, etc.).

Many countries use customs data on exports and imports as the primary source for the recording of exports and imports of goods in the balance of payments. However, customs data and the entries for goods in the balance of payments may not be equal, owing to differences in definition. These differences may relate to the following:

- the coverage of transactions (e.g., the goods item in the balance of payments often includes adjustments for certain goods transactions that may not be recorded by customs authorities, e.g., parcel post),
- the time of recording of transactions (e.g., in the balance of payments, transactions are to be recorded when change of ownership occurs, rather than the moment goods cross the customs border, which generally determines when goods are recorded in customs based trade statistics), and
- some classification differences (e.g., in the balance of payments, repair on goods is part of goods transactions).

The data for Merchandise Imports f.o.b. (line 71.v) are obtained directly from statistical authorities.

Details of commodity exports are presented for commodities that are traded in the international markets and have an impact on world market prices.

Data for petroleum exports are presented only for 12 oil exporting countries. For a number of these countries, data estimated by Fund staff are derived from available data for the volume of production. They are also derived from estimates for prices that are, in part, taken from *Petroleum Intelligence Weekly* and other international sources. The country table notes in the monthly issues provide details of these estimates.

For a number of countries where data are uncurrent or unavailable, additional lines show data, converted from U.S. dollars to national currency, from the Fund's *Direction of Trade Statistics* quarterly publication (*DOTS*). Exports and imports data published in *DOTS* include reported data, updated where necessary with estimates for the current periods. The introduction of *DOTS* gives a description of the nature of the estimates.

Indices for Volume of Exports (line 72) and Volume of Imports (line 73) are either Laspeyres or Paasche. For nine countries, as indicated in the country notes, export volume indices are calculated from reported volume data for individual commodities weighted by reported values.

Indices for Unit Value of Exports (line 74) and Unit Value of Imports (line 75) are Laspeyres, with weights derived from the data for transactions. For about seven countries, also as indicated in the country notes, export unit values are calculated from reported value and volume data for individual commodities. The country indices are unit value indices, except for a few, which are components of wholesale price indices or based on specific price quotations.

Indices for export and import prices are compiled from survey data for wholesale prices or directly from the exporter or importer (called "direct pricing"). They are shown in line 76, where available. Indices based on direct pricing are generally considered preferable to unit value indices, because problems of unit value bias are reduced.

A more detailed presentation of trade statistics is presented in the *IFS Supplement on Trade Statistics*, No. 15 (1988).

### Balance of Payments Statistics

The balance of payments lines are presented on the basis of the methodology and presentation of the fifth edition of the *Balance of Payments Manual (BPM5)*. Published by the IMF in 1993, the *BPM5* was supplemented and amended by the *Financial Derivatives, a Supplement to the Fifth Edition (1993) of the Balance of Payments Manual*, published in 2000. Before 1995, issues of the *IFS Yearbook* presented balance of payments data based on the fourth edition of the manual (*BPM4*).

### Lines for Balance of Payments Statistics

In *IFS*, balance of payments data are shown in an analytic presentation (i.e., the components are classified into five major data categories, which the Fund regards as useful for analyzing balance of payments developments in a uniform manner). In the analytic presentation, the components are arrayed to highlight the financing items (the reserves and related items). The standard presentation, as described in the *BPM5*, provides structural framework within which balance of payments statistics are compiled. Both analytic and standard presentations are published in the *Balance of Payments Statistics Yearbook*.

Current Account, n.i.e. (line 78ald) is the sum of the balance on goods, services and income (line 78aid), plus current transfers, n.i.e.: credit (line 78ajd), plus current transfers: debit (line 78akd) (i.e., line 78aid, plus line 78ajd, plus line 78akd).

Goods: Exports f.o.b. (line 78aad) and Goods: Imports f.o.b. (line 78abd) are both measured on the "free-on-board" (f.o.b.) basis—that is, by the value of the goods at the border of the exporting economy. For imports, this excludes the cost of freight and insurance incurred beyond the border of the exporting economy. The goods item covers general merchandise, goods for processing, repairs on goods, goods procured in ports by carriers, and nonmonetary gold.

Trade Balance (line 78acd) is the balance of exports f.o.b. and imports f.o.b. (line 78aad plus line 78abd). A positive trade balance shows that merchandise exports are larger than merchandise imports,

whereas a negative trade balance shows that merchandise imports are larger than merchandise exports.

Services: Credit (line 78add) and Services: Debit (line 78aed) comprise services in transportation, travel, communication, construction, insurance, finance, computer and information, royalties and license fees, other business, personal, cultural and recreational, and government, n.i.e.

Balance on Goods and Services (line 78afd) is the sum of the balance on goods (line 78acd), plus services: credit (line 78add), plus services: debit (line 78aed) (i.e., line 78acd, plus line 78add, plus line 78aed).

Income: Credit (line 78agd) and Income: Debit (line 78ahd) comprise (1) investment income (consisting of direct investment income, portfolio investment income, and other investment income), and (2) compensation of employees.

Balance on Gds., Serv., & Inc. (i.e., Balance on Goods, Services, and Income) (line 78aid) is the sum of the balance on goods and services (line 78afd), plus income: credit (line 78agd), plus income: debit (line 78ahd) (i.e., line 78afd, plus line 78agd, plus line 78ahd).

Current Transfers, n.i.e.: Credit (line 78ajd) comprise all current transfers received by the reporting economy, except those made to the economy to finance its "overall balance" (see line 78cbd description below); therefore, the label "n.i.e." The latter are included in Exceptional Financing (line 79ded) (see below). (Note: Some of the capital and financial account lines shown below are also labeled "n.i.e." This means that Exceptional Financing items have been excluded from specific capital and financial account components.) Current transfers comprise (1) general government transfers and (2) other sector transfers, including workers' remittances.

Current Transfers: Debit (line 78akd) comprise all current transfers paid by the reporting economy.

Capital Account, n.i.e. (line 78bcd) is the balance on the capital account (capital account, n.i.e.: credit, plus capital account: debit). Capital account, n.i.e.: credit (line 78bad) covers (1) transfers linked to the acquisition of a fixed asset and (2) the disposal of nonproduced, nonfinancial assets. It does not include debt forgiveness, which is classified under Exceptional Financing. Capital account: debit (line 78bbd) covers (1) transfers linked to the disposal of fixed assets, and (2) acquisition of nonproduced, nonfinancial assets.

Financial Account, n.i.e. (line 78bjd) is the net sum of direct investment (line 78bdd plus line 78bed), portfolio investment (line 78bfd plus line 78bgd), financial derivatives (line 78bwd plus line 78bxd), and other investment (line 78bhd plus line 78bid).

Direct Investment Abroad (line 78bdd) and Direct Investment in Rep. Econ., n.i.e. (Direct Investment in the Reporting Economy, n.i.e.) (line 78bed) represent the flows of direct investment capital out of the reporting economy and those into the reporting economy, respectively. Direct investment includes equity capital, reinvested earnings, other capital, and financial derivatives associated with various intercompany transactions between affiliated enterprises. Excluded are flows of direct investment capital into the reporting economy for exceptional financing, such as debt-for-equity swaps. Direct investment abroad is usually shown with a negative figure, reflecting an increase in net outward investment by residents, with a corresponding net payment outflow from the reporting economy. Direct investment in the reporting economy is generally shown with a positive figure, reflecting an increase in net inward investment by nonresidents, with a corresponding net payment inflow into the reporting economy.

Portfolio Investment Assets (line 78bfd) and Portfolio Investment Liab., n.i.e. (Portfolio Investment Liabilities) (line 78bgd) include

transactions with nonresidents in financial securities of any maturity (such as corporate securities, bonds, notes, and money market instruments) other than those included in direct investment, exceptional financing, and reserve assets.

Equity Securities Assets (line 78bkd) and Equity Securities Liabilities (line 78bmd) include shares, stocks, participation, and similar documents (such as American depository receipts) that usually denote ownership of equity.

Debt Securities Assets (line 78bld) and Debt Securities Liabilities (line 78bnd) cover (1) bonds, debentures, notes, etc., and (2) money market or negotiable debt instruments.

Financial Derivatives Assets (line 78bwd) and Financial Derivatives Liabilities (line 78bxd) cover financial instruments that are linked to other specific financial instruments, indicators, or commodities, and through which specific financial risks (such as interest rate risk, foreign exchange risk, equity and commodity price risks, credit risk, etc.) can, in their own right, be traded in financial markets. The *IFS* presents gross asset and liability information as well as Financial Derivatives, Net. Owing to the unique nature of financial derivatives, and the manner in which some institutions record transactions, some countries can provide only net transactions data. By convention, these net transactions and net positions are generally included under liabilities. In some cases, countries have requested to classify the net transactions only under Financial Derivatives, Net.

Other Investment Assets (line 78bhd) and Other Investment Liabilities, n.i.e. (line 78bid) include all financial transactions not covered in direct investment, portfolio investment, financial derivatives, or reserve assets. Major categories are transactions in currency and deposits, loans, and trade credits. Beginning with the Q3 2009 data, Other Investment Liabilities also include the SDR allocations as other long-term liabilities of *Monetary Authorities* (value of General and Special Allocations, plus accrued (unsettled) interest on total outstanding allocations). The SDR allocations are recorded above the line in the analytical presentation of balance of payments statistics.

Net Errors and Omissions (line 78cad) is a residual category needed to ensure that all debit and credit entries in the balance of payments statement sum to zero. It reflects statistical inconsistencies in the recording of the credit and debit entries. In the *IFS* presentation, net errors and omissions is equal to, and opposite in sign to, the total value of the following items: the current account balance (line 78ald), the capital account balance (line 78bcd), the financial account balance (line 78bjd), and reserves and reserve related items (line 79dad). The item is intended as an offset to the overstatement or understatement of the recorded components. Thus, if the balance of those components is a credit, the item for net errors and omissions will be shown as a debit of equal value, and vice versa.

Overall Balance (line 78cbd) is the sum of the balances on the current account (line 78ald), the capital account (line 78bcd), the financial account (line 78bjd), and net errors and omissions (line 78cad) (i.e., line 78ald, plus line 78bcd, plus line 78bjd, plus line 78cad).

Reserves and Related Items (line 79dad) is the sum of transactions in reserve assets (line 79dbd), exceptional financing (line 79ded), and use of Fund credit and loans (line 78dcd) (i.e., line 79dbd, plus line 79ded, plus line 79dcd).

Reserve Assets (line 79dbd) consists of external assets readily available to and controlled by monetary authorities primarily for direct financing of payments imbalances and for indirect regulating of the magnitude of such imbalances through exchange market intervention. Reserve assets comprise monetary gold, special drawing rights, reserve position in the Fund, foreign exchange assets (consisting of currency and deposits and securities), and other claims.



Use of Fund Credit and Loans (line 79dcd) includes purchases and repurchases in the credit tranches of the Fund's General Resource Account, and net borrowings under the Structural Adjustment Facility (SAF), the Poverty Reduction and Growth Facility (PRGF), which was previously named the Enhanced Structural Adjustment Facility (ESAF), and the Trust Fund.

Exceptional Financing (line 79ded) includes any other transactions undertaken by the authorities to finance the "overall balance," as an alternative to, or in conjunction with, the use of reserve assets and the use of Fund credit and loans from the Fund.

A more detailed presentation of balance of payments data for use in cross-country comparisons is published in the *Balance of Payments Statistics Yearbook*.

### Lines for International Investment Position

The international investment position (IIP) data are presented in lines 79aad through 79ljd. An economy's IIP is a balance sheet of the stock of external financial assets and liabilities. The coverage of the various components of IIP is similar to that of the corresponding components under the balance of payments. The IIP at the end of a specific period reflects not only the sum of balance of payments transactions over time, but also price changes, exchange rate changes, and other adjustments.

Countries in the early stages of IIP compilation are encouraged to submit partial IIP statements. In general, these partial statements include data on the monetary authorities (including international reserves) and at least one other sector. No totals are shown for partial IIP statements.

## 9. Government Finance

The section on Government Finance Statistics (GFS) presents statistics on government finance, for the broadest institutional coverage available. These summary statistics usually cover cash flows of the budgetary central government and/or accrual operations of the consolidated general government (i.e., operations of budgetary central government, extrabudgetary units, social security funds, and state and local governments). The coverage of these high-frequency data may not necessarily include all existing government units. Rather, these data provide a timely indicator of fiscal stance. For data relating to a fiscal year ending other than December 31, the tables present the data within the calendar year for which the greatest number of monthly observations exist.

Starting with the August 2007 issue of *IFS*, data are presented in the analytical framework of the *Government Finance Statistics Manual 2001 (GFSM 2001)*. Data are presented in a Statement of Government Operations (line a1 through a2m) supplemented by Balance Sheet information (line a6 through a6m4) where available, and/or a Statement of Sources and Uses of Cash (line c1 through c2m). For some countries, in the absence of a Statement of Government Operations (i.e., in the absence of accrual data), *IFS* will include only data in the Statement of Sources and Uses of Cash. To establish a time series, the cash data previously reported for publication in the *IFS* were converted to the *GFSM 2001* framework, using broad migration rules, as described below.

The data for lines a1 through a2m are flows reported on an accrual basis, while lines c1 through c2m are flows reported on a cash basis. The GFS lines for the Statement of Government Operations and the Statement of Sources and Uses of Cash broadly correspond to each other but with variation in the terminology used to distinguish cash from accrual flows. These aggregates can be described as follows:

Revenue/Cash receipts from operating activities (line a1/c1) comprise all transactions that increase the net worth of government. This aggregate comprises four main components, namely: taxes (line a11/c11); social contributions (line a12/c12); grants (line a13/c13); and other revenue/receipts (line a14/c14). Revenue/cash receipts are shown net of refunds and other adjustment transactions. For data converted from the previous *IFS* reporting format, cash receipts from operating activities include receipts from sales of nonfinancial assets, if these were not reported separately, enabling reclassification.

Expense/Cash payments for operating activities (line a2/c2) comprises all transactions that decrease the net worth of government. This aggregate includes eight main components in the Statement of Government Operations and seven main components in the Statement of Sources and Uses of Cash. These components are as follows: compensation of employees (a21/c21); use/purchase of goods and services (a22/c22); consumption of fixed capital (a23 – only reported in the accrual statement); interest (a24/c24); subsidies (a25/c25); grants (a26/c26); social benefits (a27/c27); and other expense/payments (a28/c28). For data converted from the previous *IFS* reporting format, cash payments from operating activities include the purchases of nonfinancial assets, if these were not reported separately, enabling reclassification. For the converted data, expense also includes lending minus repayments for policy purposes because this item was not reported separately in the previous reporting format used in the *IFS*.

The net operating balance (line anob) is calculated as the difference between revenue (a1) and expense (a2), while the net cash inflow from operating activities (ccio) is calculated as the difference between cash receipts from (c1) and payments for (c2) operating activities.

The net acquisition of nonfinancial assets/net cash outflow from investments in nonfinancial assets (a31/c31) is calculated as the difference between the acquisition/ purchases of nonfinancial assets (a31.1/C31.1) and the disposal/sales of nonfinancial assets (a31.2/c31.2). For data converted from the previous *IFS* reporting format, sales and purchases of nonfinancial assets are included in cash receipts from (c1) and payments for (c2) operating activities, if these were not reported separately.

Net lending/borrowing (anlb) is calculated as the net result of the net operating balance (anob) and the net acquisition of nonfinancial assets (a31). The cash equivalent, namely the cash surplus/deficit (ccsd), is calculated as the net result of the net cash inflow from operating activities (ccio) and the net cash outflow from investments in nonfinancial assets (c31).

The financing of the net lending/borrowing or cash surplus/deficit is reflected as the sum of net acquisition of financial assets (a32) and net incurrence of liabilities (a33/c33). Because of the focus on the changes in the stock of cash, the Statement of Sources and Uses of Cash presents the net acquisition of financial assets with a split between transactions in financial assets excluding cash (c32x) and net change in stock of cash (cncb). For data converted from the previous *IFS* reporting format, the net change in stock of cash is included in net incurrence of liabilities (c33), if these were not reported separately.

All financial assets and liabilities are classified according to the type of financial instrument and the residence of the debtor/creditor. The classification of these flows is consistent with the classification of instruments used in the Balance Sheet. Where residency information is not available, the distinction is based on the currency in which the debt instruments are denominated. For data that were converted from the previous *IFS* reporting format, information on the net acquisition of financial assets other than cash is not available separately. In the previous *IFS* reporting format, these data were included in either

lending minus repayments or net incurrence of liabilities. If the net change in stock of cash was not reported separately, this item has been included in the net incurrence of liabilities (c33) because data were not separately available in the previous *IFS* reporting format.

The *GFSM 2001* Balance Sheet presents the stock of net worth (a6), comprising the stock of nonfinancial assets (a61), financial assets (a62), and liabilities (a63). The stocks of financial assets and liabilities are presented according to the instruments used and the residency of the holder. Debt is defined as a subset of the liabilities of the reporting government and excludes shares and other equity and financial derivatives.

Data for outstanding debt (lines a6m3, a6m35, and a6m4) relate to the direct and assumed debt of the reporting level of government according to market, face, and nominal values respectively, and exclude any liabilities guaranteed by the government. The distinction between domestic and foreign liabilities (lines a631 and a632) is based on the residence of the lender, where identifiable. Otherwise, it is based on the currency in which the debt instruments are denominated.

In the Statement of Sources and Uses of Cash, outstanding debt data are reported as liabilities at market value (line c63).

Unless otherwise stated in individual country notes in the monthly issues, data are as reported for *IFS*. In some cases, data are derived from unpublished worksheets and are therefore not attributed to a specific source.

Quarterly and monthly data, when available, may not add up to the annual data, owing to differences in coverage and/or methodology. The country notes in the monthly issues will indicate these differences.

More extensive data for use in cross-country comparisons are published in the quarterly *Government Finance Statistics Database and Browser on CD-ROM (1990 – present GFSM 2001 format)*. When countries do not report data for *IFS* but provide data for the *GFSY*, these annual data—in summary form—are published in *IFS*.

## 10. National Accounts and Population

The summary data for national accounts are compiled according to the *System of National Accounts (SNA)*. Gross Domestic Product (GDP) is presented in *IFS* as the sum of final expenditures, following the presentation of the *1993 SNA*, as well as the *European System of Accounts (1995 ESA)*.

The national accounts lines shown in the country tables are as follows:

Household Consumption Expenditure, including Nonprofit Institutions Serving Households (NPISHs) (line 96f), Government Consumption Expenditure (line 91f), Gross Fixed Capital Formation (line 93e), Changes in Inventories (line 93i) (formerly Increase/Decrease(-) in Stocks), Exports of Goods and Services (line 90c), and Imports of Goods and Services (line 98c).

Household Consumption Expenditure, including Nonprofit Institutions Serving Households (NPISHs) (line 96f) consists of the expenditure incurred by resident households and resident NPISHs on individual consumption goods and services. Government Consumption Expenditure (line 91f) consists of expenditure incurred by general government on both individual-consumption goods and services and collective-consumption services.

Gross Fixed Capital Formation (line 93e) is measured by the total value of a producer's acquisitions, less disposals, of fixed assets during the accounting period, plus certain additions to the value of

nonproduced assets (such as subsoil assets or major improvements in the quantity, quality, or productivity of land). Changes in Inventories (line 93i) (including work-in-progress) consist of changes in (1) stocks of outputs that are still held by the units that produced them before the outputs are further processed, sold, delivered to other units, or used in other ways and (2) stocks of products acquired from other units that are intended to be used for intermediate consumption or for resale without further processing.

Exports of Goods and Services (line 90c) consist of sales, barter, gifts, or grants of goods and services from residents to nonresidents. Imports of Goods and Services (line 98c) consist of purchases, barter, or receipts of gifts or grants of goods and services by residents from nonresidents. Gross Domestic Product (GDP) (line 99b) is the sum of consumption expenditure (of households, NPISHs, and general government), gross fixed capital formation, changes in inventories, and exports of goods and services, less the value of imports of goods and services.

Net Primary Income from Abroad (line 98.n) is the difference between the total values of the primary incomes receivable from, and payable to, nonresidents. Gross National Income (line 99a) is derived by adding net primary income from abroad to GDP.

Gross National Income (GNI) (line 99a) is derived by adding Net Primary Income from Abroad (line 98.n) to GDP. Gross National Disposable Income (GNDI) (line 99i) is derived by adding Net Current Transfers from Abroad (line 98t) to GNI, and Gross Saving (line 99s) is derived by deducting final consumption expenditure (lines 96f + 91f) from GNDI. Consumption of Fixed Capital (line 99cf) is shown for countries that provide these data.

The country table notes in the monthly issues provide information on which countries have implemented the *1993 SNA* or the *1995 ESA*.

The national accounts lines generally do not explicitly show the statistical discrepancies between aggregate GDP compiled from expenditure flows as against GDP compiled from the production or income accounts (or from a mixture of these accounts). Hence, in some cases, the components of GDP that are shown in *IFS* may not add up exactly to the total.

For countries that publish quarterly seasonally adjusted data, the data in *IFS* in the monthly issues are also on a seasonally adjusted basis (codes ending with c or r). For the United States, Japan, Canada, South Africa, Argentina, and Mexico, quarterly data are shown at annual rates, which the country authorities provide as such.

Lines 99b.p and 99b.r are measures of GDP volume at reference year value levels. In the past, these series used a common reference year (e.g., 1990) for publication. With the June 1999 issue, these series are published on the same reference year(s) as reported by the national compilers. The code *p* indicates data that are not seasonally adjusted, whereas code *r* indicates data that are seasonally adjusted.

Lines 99bvp and 99bvr are GDP volume indices that are presented on a standard 2005 reference year and are derived from the GDP volume series reported by national compilers. For this calculation the data series provided by national compilers are linked together (if there is more than one series) to form a single time series. The earliest overlapping year from the different reference year series is used to calculate the link factors. Chain-linked GDP volume measures are provided for the following countries: Australia, Austria, Belgium, Canada, Croatia, Czech Republic, Denmark, Euro Area, Finland, France, Germany, Greece, Ireland, Italy, Japan, Lithuania, Luxembourg, Netherlands, Norway, Poland, Portugal, Slovenia, Spain, Sweden, Switzerland, United Kingdom, and United States.

The GDP Deflator (lines 99bip or 99bir) are not direct measurements of prices but are derived implicitly: the GDP series at current prices is divided by constant price GDP series referenced to 2005. The latter series is constructed by multiplying the 2005 current price GDP level by the GDP volume index (2005=100). The deflator is expressed in index form with 2005=100.

Data on Population are provided by the Population Division of the Department of Economic and Social Affairs of the United Nations. These data represent mid-year estimates and are revised every two years.

## 11. World Tables

Besides the world tables on exchange rates, members' Fund positions and transactions, international reserves, and interest rates—discussed earlier in this introduction—*IFS* also brings together country data on money, consumer prices, values and unit values of countries' exports and imports, and wholesale prices and unit values (expressed in U.S. dollars) of principal world trade commodities. Tables on balance of payments are found in the *Balance of Payments Statistics Yearbook, Part 2*.

Tables showing totals or averages of country series may report data for selected countries and countries' territories only.

### Country Groups

Countries whose data are included in **world** totals and averages are arrayed into two main groups—advanced economies and emerging and developing economies. The **Advanced Economies** group also shows separate data for the euro area. The **Emerging and Developing Economies** group is further divided into area subgroups for Sub-Saharan Africa, Developing Asia, Europe, the Middle East and North Africa, and the Western Hemisphere, where Europe is subdivided into Central and Eastern Europe, and Commonwealth of Independent States (CIS).

The country composition of the world is all countries and territories for which the topic series are available in the *IFS* files. The country compositions of the world and its subgroups are by in large aligned with those published in the IMF's World Economic Outlook (WEO). Note that some economies are not included in the WEO exercise, but report data to *IFS*; they are included in the *IFS* groups.

Data for subgroups fuel export-earnings countries and nonfuel export-earnings countries are shown as memorandum items. Fuel export-earnings countries are defined as those countries whose fuel exports represent a minimum of 50 percent of their total exports. The calculations presently used to determine which countries meet the above criteria are based on 2003–07 averages.

### Area and World Indices

Area and world indices are obtained as weighted averages of country indices. (Refer to *IFS* World Tables Methodologies.)

Weights are normally updated at about five-year intervals—following international practice—to reflect changes in the importance of each country's data with the data of all other countries. The standard weight base years used are 1953, 1958, 1963, 1970, 1975, 1980, 1984–86, 1990, 1995, 2000, and 2005. The corresponding time spans to which the weights are applied are 1948–55, 1955–60, 1960–68, 1968–73, 1973–78, 1978–83, 1983–88, 1988–93, 1993–98, 1998–03 and 2003 onward.

Separate averages are calculated for each time span, and the index series are linked by the splicing at overlap years and shifted to the reference base 2005=100.

## Calculation of Area Totals and Averages

The calculation of area totals and averages in the world tables takes account of the problem that data for some countries are not current and may have gaps. Area estimates are made when data are available for countries whose combined weights represent at least 60 percent of the total country weights.

Area totals or averages are estimated by assuming that the rate of change in the unreported country data is the same as the rate of change in the weighted total or average of the reported country data for that area. These estimates are made for the area totals and averages only; separate country estimates are not calculated.

The world totals and averages are made from the calculated and estimated data for the two main groups—advanced economies and emerging and developing economies. A world total or average will only be calculated when totals or averages are available for both these country groups.

### Calculation of Individual World Tables

*International Reserves:* Country series on international reserves begin generally with their appropriate dates and are complete monthly time series; therefore, earlier period estimates are not required. When current data of a few countries of an area are not reported, the area total is estimated by carrying forward the last reported country figure.

*Broad Money (and Monetary Base,* which is available in the yearbook): Percent changes are based on end-of-year data (over a 12-month period). When there is more than one version or definition of broad money (money plus quasi money for non-SRF countries) and monetary base (reserve money for non-SRF countries) over time, different time series are chained through a ratio splicing technique. When actual stock data needed for the growth rate calculation are missing, no percent change is shown in the world table.

*Ratio of Monetary Base to Broad Money* (available in the yearbook): The measures of monetary base (reserve money for non-SRF countries) and broad money (money plus quasi money for non-SRF countries) used in calculating this ratio are end-of-year data.

*Income Velocity of Broad Money* (available in the yearbook): The measure of income in this table is *IFS* data on GDP. The data for broad money (money plus quasi-money for non-SRF countries) are annual averages of the highest frequency data available. The ratio is then converted into an index number with a base year of 2005.

*Real Effective Exchange Rate Indices:* This table shows two real effective exchange rate indices. The first real effective exchange rate index is based on relative unit labor cost (line rel). It covers 26 advanced economies and euro area. The second real effective exchange rate index is based on relative consumer prices (line rec). The real and nominal effective exchange rates are also shown in the country tables.

*Producer/Wholesale Prices* (world table available in the yearbook): Data are those prices reported in lines 63\* in the country tables. The percent changes are calculated from the index number series.

*Consumer Prices:* Data are those prices reported in lines 64\* in the country tables. The percent changes are calculated from the index number series.

*Industrial Production:* This table presents non-seasonally adjusted indices on industrial production for 22 industrial countries, together with an aggregate index for the group. The data are those shown in the country tables as either Industrial Production (lines 66.\*) or Manufacturing Production (lines 66ey\*), the asterisk representing a wildcard.

IFS World Tables Methodologies

Tables	Calculation Method	Weights Used	Publication*
Consumer Prices	Weighted geometric average	PPP value of GDP	MYC
Producer prices\wholesale prices	Weighted geometric average	PPP value of GDP	Y
Industrial Production	Weighted geometric average	Value added in industry	MYC
Wages	Weighted geometric average	Value added in industry	Y
Employment	Weighted geometric average	Value added in industry	Y
GDP volume	Weighted geometric average	PPP value of GDP	Y
GDP deflator	Weighted geometric average	PPP value of GDP	Y
Gross capital formation as percent of GDP	Weighted arithmetic average	PPP value of GDP	Y
Final consumption expenditure as percent of GDP	Weighted arithmetic average	PPP value of GDP	Y
Exports, f.o.b.	Summation	No weights required	MYC
Imports, c.i.f.	Summation	No weights required	MYC
Export unit value	Weighted arithmetic average	Exports value in U.S. dollars	MYC
Import unit value	Weighted arithmetic average	Imports value in U.S. dollars	MYC
Terms of trade	Export unit values are divided by import unit values	No weights required	Y

\*M: Monthly; Y: Yearbook; C: CD-Rom.

*Wages* (world table available in the yearbook): This table presents indices computed either from absolute wage data or from the wage indices reported to the Fund for the industrial sector for 21 industrial countries. The data are those shown in the country tables as Wage Rates or Earnings (line 65).

*Employment* (world table available in the yearbook): This table presents indices computed from indices of employment or number of persons employed as reported by the countries for the industrial sector for 20 industrial countries. The data are those shown in the country tables as Employment (lines 67 or 67ey).

*Exports and Imports*: Data are published in U.S. dollars, as reported, if available, by the countries. Otherwise, monthly data in national currency, published in the country tables (lines 70... and 71...), are converted to U.S. dollars using the exchange rate **rf**. For quarterly and annual data, conversions are made using the trade-weighted average of the monthly exchange rates.

*Export Unit Values/Export Prices and Import Unit Values/Import Prices*: Data are the index numbers reported in the country tables expressed in U.S. dollars at rate **rf**. The country indices are typically unit value data (lines 74 and 75). However, for some countries, they are components of wholesale price indices or are derived from specific price quotations (lines 76, 76.x, and 76aa). World estimates are made when data are available for countries whose combined weights represent at least 60 percent of the total country weights.

*Terms of Trade* (world table available in the yearbook): Data are index numbers computed from the export and import unit value indices and shown in the appropriate world table. The percent changes are calculated from the index number series. The country

coverage within the areas for the export and import unit values is not identical, leading to a small degree of asymmetry in the terms of trade calculation.

*GDP Volume Measures* (world table available in the yearbook): Data are derived from those series reported in lines 99bvp and 99bvr in the country tables. The percent changes are calculated from index numbers.

*GDP Deflator* (world table available in the yearbook): Data are derived from those series reported in lines 99bip in the country tables. The percent changes are calculated from index numbers.

*Gross Capital Formation as Percentage of GDP* (world table available in the yearbook): Data are the percent share of gross capital formation in GDP at current market prices. Gross capital formation comprises Gross Fixed Capital Formation and Increase/Decrease (-) in Stocks (lines 93e and 93i, respectively).

*Final Consumption Expenditure as a Percentage of GDP* (world table available in the yearbook): Data are the percent share of final consumption expenditure in GDP at current market prices, which comprises Government Consumption and Private Consumption (91f and 96f, respectively).

*Commodity Prices*: Data are obtained primarily from the Energy and Commodities Surveillance Unit of the IMF's Research Department, from *Commodity Price Data* of the World Bank, from *Monthly Commodity Price Bulletin* of the UNCTAD, and from a number of countries that produce commodities that are significantly traded in the international markets. Data derived from the last source are reported in the country tables. The market price series (lines 76) are expressed as U.S. dollars per quantity units and refer to values often used in the respective commodity markets. For comparison purposes, indices of unit values

(lines 74) at base 2005=100 are provided. The accompanying notes to the table (located in the back of the printed copies) provide information specific to each commodity series, including data sources, grades, and quotation frequency.

## 12. Country Codes and *IFS* Line Numbers

Each *IFS* time series carries a unique identification code. For publication purposes, the code has been truncated to a three-digit country code and to a five-digit subject code, referred to as the *IFS* line number.

Line numbers apply uniformly across countries—that is, a given line number measures the same economic variable for each country, subject to data availability. The line numbers take the form of two numerics followed by three alphabetic codes (NNaaa). The two numerics are the section and subsection codes, the first two alphabetic codes are the classification codes, and the last alphabetic code is the qualification code. Any of these positions may be blank: for publication purposes, blanks in the first or final positions are omitted, whereas embedded blanks are represented by a period. The line numbers are part of the descriptor stub in the country tables.

Data expressed in units of money (values or prices) are ordinarily expressed in national currency and in natural form, that is, without seasonal adjustment. For these data the qualification code is blank.

Transformation of these data is denoted by various qualification codes. For data that are not seasonally adjusted, qualification codes are *d* for U.S. dollar values, *s* for SDR values, and *p* for constant national currency values. For data that are seasonally adjusted for *IFS*, codes are *f* for U.S. dollar values, *u* for SDR values, and *b* for national currency values. For data that are seasonally adjusted by national compilers, codes are *c* for national currency values and *r* for constant national currency values.

The qualification codes are also used to distinguish separate groups of deposit money banks or other financial institutions when data for separate groups are given.

## 13. Symbols, Conventions, and Abbreviations

The abbreviation “ff.” often used on the title page of the printed copies of *IFS*, means “following.”

Entries printed in bold on the country page of the monthly book refer to updates and revisions made since the publication of the preceding issue of *IFS*.

Italic midheadings in the middle of the pages of the monthly book and yearbook identify the units in which data are expressed and whether data are stocks (end of period), flows (transactions during a period), or averages (for a period).

(—) Indicates that a figure is zero or less than half a significant digit or that data do not exist.

(...) Indicates a lack of statistical data that can be reported or calculated from underlying observations.

(†) Marks a break in the comparability of data, as explained in the relevant notes in the monthly and yearbook. In these instances, data after the symbol do not form a consistent series with those for earlier dates. The break symbols not explained in the country table notes can show a point of splice, where series having different base years are linked. A case would be the series described in the section of this introduction on prices, production, and labor. They can also point out a change

in magnitude for high-inflation countries, as described in the section on electronic products.

(e) In superscript position after the figure marks an observation that is an estimate.

(f) In superscript position after the figure marks an observation that is forecast.

(p) In superscript position after the figure marks that data are in whole or in part provisional or preliminary.

Standard source codes, listed in the footnotes, refer with some exceptions to the following data sources:

- (A) Annual report of the central bank
- (B) Bulletin of the central bank
- (C) Customs department of a country
- (E) OECD
- (L) International Labor Organization
- (M) Ministry or other national source
- (N) National bureau or other national source
- (S) Statistical office
- (U) United Nations
- (V) Eurostat

The CD-ROM supports text messages to indicate breaks in the data. The time series observations with footnotes are highlighted in bold blue type within the *IFS* Data Viewer. When the cursor is moved over the footnoted cell, a small window will be displayed with the footnoted text. These footnotes/comments provide meaningful information about the specific observation, e.g., butt splicing, ratio splicing, extrapolation, estimations, etc.

Because of space limits in the phototypesetting of descriptor stubs on the country tables and table headings of world tables, abbreviations are sometimes necessary. While most are self-explanatory, the following abbreviation in the descriptors and table headings should be noted:

n.i.e. = Not included elsewhere.

Of which: Currency Outside DMBs = Of which: Currency Outside Deposit Money Banks.

Househ.Cons.Expend.,incl.NPISHs = Household Consumption Expenditure, including Nonprofit Institutions Serving Households.

Use of Fund Credit (GRA) = Use of Fund Credit (General Resources Account).

Data relating to fiscal years are allocated to calendar years to which most of their months refer. Fiscal years ending June 30 are allocated to that calendar year. For instance, the fiscal year from July 1, 1999 to June 30, 2000 is shown as calendar year 2000.

For countries that have reported semiannual transactions data, the data for the first half of a year may be given in the monthly book in the column for the second quarter of that year. And those for the second half may be given in the column for the fourth quarter. In these instances, no data are shown in the columns for the first and third quarters.

## 14. CD-ROM and Internet Account Subscriptions

The *IFS* is available on CD-ROM and the Internet. It contains:

- (1) all time series appearing on *IFS* country tables;
- (2) all series published in the *IFS* world tables;
- (3) the following exchange rate series as available for all Fund members, plus Aruba and the Netherlands Antilles: aa, ac, ae, af, ag, ah, b, c, de, dg, ea, eb, ec, ed, g, rb, rd, rf, rh, sa, sb, sc, sd, wa, wc, we, wf, wg, wh, xe, xf, ye, yf, nec, rec, aat, aet, rbt, rft, neu, reu, and ahx (for an explanation of series af, ah, de, dg, rb, and rd, see *IFS Supplement on Exchange Rates*, No. 9 (1985));
- (4) Fund accounts time series, denominated in SDR terms, for all countries for which data are available, though some series are not published in the *IFS* monthly book (2af, 2al, 2ap, 2aq, 2as, 2at, 2ej, 2ek, 2en, 2eo, 2f.s, 1c.s, 2tl, 2egs, 2eb, 2h.s, 1bd, 1b.s, 2dus, 2krs, 2ees, 2kxs, 2eu, 2ey, 2eg, 2ens, 2ehs, 2eqs, 2ers, 2ets, 2kk, 2lk, 2ll, 1ch, and 1cj) and in percentages (2tp, 2fz, and 1bf); and
- (5) balance of payments series (78aad to 79ded) for all countries for which data are available, though some series are not published in the *IFS* monthly book.

All series in *IFS* contain publication code F except for the euro data lines that contain the code W.

A partner country code may sometimes be included in the control field. When it exists, it usually is shown in the *IFS* printed copy either in the italic midheading (see Real Effective Exchange Rate Indices table) or in the notes (see Commodity Prices table notes). Occasionally, the partner country code attached to a commodity price refers to a market (e.g., the London Metals Exchange) rather than the country of origin.

In the yearbook, data expressed in national currency for countries that have undergone periods of high inflation (e.g., Brazil, Democratic Republic of Congo, and Turkey) are presented in different magnitudes on the same printed line. Users may refer to midheaders on country pages for an indication of the magnitude changes. The practice of expressing different magnitudes on the same line was adopted to prevent early-period data from disappearing from the printed tables. On the CD-ROM and the Internet (CSV format), the data are stored in a scientific notation with six significant digits for all time periods. Therefore, historical as well as current data may be viewed when using the display choices available on the CD-ROM and the Internet.