



The Euro: New Currency and New Data

The third stage of the European Economic and Monetary Union (EMU) began on January 1, 1999. At that time the currencies of the eleven member countries (Austria, Belgium, Finland, France, Germany, Ireland, Italy, Luxembourg, Netherlands, Portugal and Spain) were irrevocably fixed in value against a new currency called the euro. (These conversion exchange rates are listed in the table.) Furthermore, monetary policy decisions for the euro area were to be made by the European Central Bank and based on economic conditions in the entire euro area rather than the conditions in individual countries.

The creation of the euro adds another major currency to the world financial markets. The creation of the European Central Bank necessitates the development of economic data for the euro area. We are in the process of making changes to *International Economic Trends* to reflect these changes in Europe. This month we introduce data pages for the euro area covering output, inflation, labor markets, trade, monetary aggregates, financial indicators and government finance. Data for the euro area also have been added to the reference tables. Details regarding these data are given in the Notes and Sources section starting on page 50.

The coverage of euro-area data provided in *International Economic Trends* is not as extensive as that for the G-7 countries in this publication—the range of the series provided is smaller and the coverage is limited to the last five years. As more data become accessible and longer historical series are produced we will expand our coverage of the euro area.

As the focus of policy-makers shifts from national data to euro-area data we will eliminate some of the national data currently provided in this publication. Effective with the August issue, we will no longer publish national monetary aggregate series or exchange

rates for the three euro-area countries in this publication.

This year's annual edition (published in July) will not incorporate euro-area data. It will provide data through 1998, prior to the start of the third stage of EMU. In addition we are hampered by the current lack of adequate historical data for all the series covered. Next year's annual edition, however, will include euro-area data and de-emphasize some of the national data series for the euro area countries.

Changes in the availability of data and the likely inclusion of more members of the European Union in the euro area will keep *International Economic Trends* in a state of flux over the next few years. Our goal is to provide you with a more useful guide to both the recent economic conditions and economic trends in the world's major economies.

As always, we welcome your comments on this publication. Address them to: Editor, *International Economic Trends*, Research Department, Federal Reserve Bank of St. Louis, P.O. Box 442, St. Louis, MO 63166 or to webmaster@stls.frb.org.

—Patricia S. Pollard

EURO CONVERSION RATES

| Euro Area Currency | Currency/Euro |
|-------------------------|---------------|
| Austrian schilling..... | 13.7603 |
| Belgian franc..... | 40.3399 |
| Dutch guilder..... | 2.20371 |
| Finnish markka..... | 5.94573 |
| French franc..... | 6.55957 |
| German mark..... | 1.95583 |
| Irish pound..... | 0.787564 |
| Italian lira..... | 1936.27 |
| Luxembourg franc..... | 40.3399 |
| Portuguese escudo..... | 200.482 |
| Spanish peseta..... | 166.386 |
| ecu..... | 1.000 |

SOURCE: European Central Bank

