

Participation Dynamics: The More, the Merrier

The labor force participation rate (LFPR) is the ratio of the labor force, employed and unemployed, to the working-age population. Together with the unemployment rate and labor productivity, the LFPR is one of the determinants of per capita GDP: A larger labor force will produce more output. LFPRs vary by age and gender. The demographic structure of a country's population will influence its level of output; policymakers must understand how their decisions influence labor force participation.

The table reports LFPRs for the United States, Europe, and Japan for 1994 and 2005 and breaks down those rates by age and gender groups. The differences between U.S. labor force participation and those of Europe and Japan shrank over the past decade: All three areas now display participation rates above 70 percent. The gap between male and female participation rates narrowed, especially in Europe, but at a slower rate than in previous decades. U.S. female labor participation stopped growing for the first time since the post-WWII period, but the male/female gap actually narrowed because of a slight reduction in male participation. Differences in childcare subsidies and the tax treatment of second incomes influence cross-country differences and changes in the participation rates of women.¹ The United States is unusual in that it has high female participation but few subsidies to support that participation.

Youth participation rates kept shrinking between 1994 and 2005, although at a slower rate than in previous decades. This reflects the tendency of young people to remain in school longer. The declining youth LFPR reduces total participation but might indirectly raise productivity if young people become better educated and trained before joining the labor force.

The increase in older workers' participation is a new development. Increased participation rates for older women outpaced the decline in participation rates for older men, resulting in an overall increase for older workers. International differences in older male participation do not appear to be related to participation of prime-age and young men. However, countries with low overall female participation rates also have low participation rates for older women, suggesting that many of the same factors drive participation for both younger and older women.

The aging of the population in developed countries means that the participation rates of older workers will become more important in the future.² The share of the population aged 65 and over is projected to be 20 percent for the United States and more than 35 percent for Italy, Spain, and Japan by 2050. If the participation rates by age and gender groups were to remain at the 2005 values, the overall LFPR would be sharply lower, as would per capita GDP.³ For Japan, France, and Germany, the aging of the population could reduce the annual growth rate of per capita GDP by 0.2 to 0.3 percentage points over the next half century. The effect would be even more dramatic for countries that age faster and have lower participation rates for older workers, such as Greece, Italy, and Spain. An increase in the participation rates of older workers can mitigate this effect. Hence, designing policies that encourage older workers to remain in the labor force becomes crucial.

—Riccardo DiCecio

¹Jaumotte, F. "Labor Force Participation of Women: Empirical Evidence on the Role of Policy and Other Determinants in OECD Countries." *OECD Economic Studies*, 2003, No. 37, pp. 51-108.

²OECD. *Ageing and Employment Policies: Live Longer, Work Longer*. Paris: 2006.

³Oliveira Martins, J.; Gonand, F.; Antolin, P.; de la Maisonnette, C. and Yoo, K. "The Impact of Ageing on Demand, Factor Markets and Growth." Working Paper No. 420, OECD Economics Department, 2005.

Labor Force Participation Rates (percent)

| | United States | | EU-15* | | Japan | |
|------------|---------------|------|--------|------|-------|------|
| | 1994 | 2005 | 1994 | 2005 | 1994 | 2005 |
| Total | 76.7 | 75.4 | 67.5 | 71.3 | 71.4 | 72.6 |
| Ages 15-24 | 66.4 | 60.8 | 49.2 | 47.6 | 47.6 | 44.6 |
| Ages 25-54 | 83.4 | 82.8 | 80.5 | 84.3 | 81.4 | 82.5 |
| Ages 55-64 | 56.8 | 62.9 | 39.4 | 46.7 | 66.1 | 66.6 |
| Men | 84.3 | 81.8 | 78.4 | 79.1 | 84.4 | 84.4 |
| Women | 69.4 | 69.2 | 56.5 | 63.5 | 58.3 | 60.8 |

SOURCE: Organisation for Economic Co-operation and Development. *OECD Employment Outlook—2006 Edition: Boosting Jobs and Incomes*. Paris: 2006.
*Euro area countries (Austria, Belgium, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands, Portugal, and Spain) plus the United Kingdom, Sweden, and Denmark.

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Conventions used in this publication:

1. Charts and tables contain data that were current through July 2006. Unless otherwise indicated, data are quarterly.
2. The *percent change* refers to the percent change from the same period in the previous year. For example, the percent change in x between quarter $t-4$ and the current quarter t is: $[(x_t/x_{t-4})-1] \times 100$.
3. All data with significant seasonal patterns are adjusted accordingly.

Due to changes in reserve requirements, the Bank of England has replaced its M0 series with the series in the figure, Notes and Coins in Circulation. Please see the Bank of England's website for additional information: <http://www.bankofengland.co.uk/publications/quarterlybulletin/qb050304.pdf>.

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Please keep in mind that we must make some difficult choices with respect to the material we include.

Thank you in advance for your help in making *International Economic Trends* a great publication.

Sincerely,
 Christopher J. Neely
 Editor, *International Economic Trends*

M1
 Canada: currency in circulation and chartered bank net demand deposits.
 Japan: cash, currency in circulation, and deposit money.
 Euro area: currency in circulation and overnight deposits.

MZM
 United States: currency in circulation, travelers' checks, total publicly-held checkable deposits minus cash items in the process of collection and Federal Reserve float, savings deposits, shares in retail money market mutual funds (funds with initial investments of less than \$50,000), net of retirement accounts, and institutional money market mutual funds.

M2
 Canada: M1 plus all checkable notice deposits and personal term deposits.
 United Kingdom: currency in circulation and sterling retail deposits with the U.K. banks and building societies.
 United States: MZM less institutional money market mutual funds plus small denomination (less than \$100,000) time deposits.

M2 + CDs
 Japan: M1 plus private deposits, public deposits less demand deposits, and certificates of deposit.

M3
 Euro area: M1 plus deposits with a maturity up to 2 years, deposits redeemable at notice up to 3 months, repurchase agreements, money market funds, and debt securities up to 2 years.

M4
 United Kingdom: M2 plus wholesale deposits with the U.K. banks and building societies.

Output Per Worker is the ratio of real GDP to employment.

Producer Price Index covers manufacturing for Canada and the United Kingdom; and total industry for Japan and the United States. Data for the euro area, France, Germany, and Italy are based on the harmonized index of total industry excluding construction.

Retail Sales are based on a volume index. The percent change in retail sales for the United States is based on the Standard Industrial Classification system through 1992 and the North American Industrial Classification System from 1993 on.

Stock Exchange Index refers to all share prices except for the United Kingdom, which excludes financial firms.

Unemployment Rate is the standardized unemployment rate. It is the percentage of the civilian labor force that is unemployed. The unemployed are all persons of working age who are without work, readily available for work, and actively seeking work. The standardized rate may differ from the national unemployment rate calculations.

Sources

Abbreviations

Board of Governors of the Federal Reserve System (BOG)
 Bureau of Economic Analysis, U.S. Department of Commerce (BEA)
 Bureau of Labor Statistics, U.S. Department of Labor (BLS)
 International Monetary Fund, *International Financial Statistics* (IMF)
 Organization for Economic Cooperation and Development,
Economic Outlook (OECD1)
Main Economic Indicators (OECD2)
National Accounts Quarterly (OECD3)

Canada

Bank of Canada: M1 and M2.
 BOG: exchange rate.
 IMF: foreign exchange reserves, merchandise and service trade, real effective exchange rate, and reserve money.
 OECD1: government debt and budget balance.
 OECD2: capacity utilization, consumer price index, current account balance, GDP, hourly earnings, industrial production, interest rates, producer price index, retail sales, stock exchange index, and unemployment rate.
 Statistics Canada: employment.

Euro Area

European Central Bank: current account balance and employment.
 Eurostat: capacity utilization, consumer price index, GDP, interest rates, merchandise trade, producer price index, and retail sales.
 Haver Analytics: synthetic euro exchange rate.
 IMF: real effective exchange rate.
 OECD1: government debt and budget balance.
 OECD2: hourly earnings, industrial production, M1, M3, stock exchange index, and unemployment.

France

BOG: exchange rate.
 Eurostat: capacity utilization, consumer price index, and producer price index.
 IMF: foreign exchange reserves, merchandise and service trade, and real effective exchange rate.
 Institut National de la Statistique et des Etudes Economiques: employment.
 OECD1: government debt and budget balance.
 OECD2: current account balance, GDP, hourly earnings, industrial production, retail sales, interest rates, stock exchange index, and unemployment.

Germany

BOG: exchange rate.
 Bundesanstalt Fur Arbeit: employment.
 Eurostat: capacity utilization, consumer price index, and producer price index.
 IMF: foreign exchange reserves, merchandise and service trade, and real effective exchange rate.
 OECD1: government debt and budget balance.
 OECD2: current account balance, GDP, hourly earnings, industrial production, M1, M3, retail sales, interest rates, stock exchange index, and unemployment.

Italy

BOG: exchange rate.
 Eurostat: capacity utilization, consumer price index, and producer price index.
 IMF: foreign exchange reserves, merchandise and service trade, and real effective exchange rate.
 Instituto Nazionale di Statistica: employment.
 OECD1: government debt and budget balance.
 OECD2: current account balance, GDP, hourly earnings, industrial production, long-term interest rates, retail sales, stock exchange index, and unemployment.

Japan

Bank of Japan: adjusted monetary base and long-term interest rate.
 BOG: exchange rate.
 IMF: foreign exchange reserves, merchandise and service trade, and real effective exchange rate.
 OECD1: government debt and budget balance.
 OECD2: capacity utilization, consumer price index, current account balance, employment, GDP, hourly earnings, industrial production, M1, M2, producer price index, retail sales, short-term interest rate, stock exchange index, and unemployment.

United Kingdom

Bank of England: M2.
 BOG: exchange rate.
 IMF: foreign exchange reserves, merchandise and service trade, and real effective exchange rate.
 OECD1: government debt and budget balance.
 OECD2: capacity utilization, consumer price index, current account balance, GDP, industrial production, interest rates, M4, producer price index, retail sales, stock exchange index, unemployment, and weekly earnings.
 U.K. Office for National Statistics: employment and Notes and Coins in Circulation.

United States

BOG: capacity utilization, exchange rate, industrial production index, M2, and interest rates.
 BEA: GDP, current account balance, merchandise and service trade, and retail sales.
 BLS: employment, consumer price index, and producer price index.
 Federal Reserve Bank of St. Louis: adjusted monetary base and MZM.
 IMF: foreign exchange reserves and real effective exchange rate.
 OECD1: government debt and budget balance.
 OECD2: hourly earnings, stock exchange index, and unemployment.

Notes

Euro-Area Data: On January 1, 2001, the euro area was enlarged to include Greece as its 12th member country. Historical euro area series for capacity utilization, the consumer price index, current account balance, earnings, employment, government debt and budget balance, gross domestic product (GDP), industrial production, merchandise trade, the producer price index, and unemployment include Greece. The series for interest rates, monetary aggregates, the real effective exchange rate, retail sales, and the stock exchange index incorporate Greece starting in January 2001.

Euro-area interest rates prior to December 1998 are calculated on the basis of national government yields weighted by GDP. Starting in 1999, short-term rates are euro interbank offered rates. Long-term rates are calculated on the basis of national government bond yields weighted by the nominal outstanding amounts of government bonds in each maturity band.

The euro/dollar exchange rate used in the chart on page 12 is a synthetic rate prior to January 1999. This is constructed by calculating a weighted average of the exchange rates of the euro-area countries, excluding Greece and Luxembourg, against the dollar. The weights are based on 1997 GDP shares.

German Data: As a result of reunification, data for all of Germany are now incorporated in the statistical series. The starting periods for unified German data are listed below. Care should be exercised when interpreting the data around these break periods.

Third quarter 1990: current account balance, international trade, and unemployment.

First quarter 1991: consumer price index, GDP, industrial production, output per worker.

Third quarter 1992: capacity utilization.

First quarter 1993: stock exchange index.

Third quarter 1993: employment.

First quarter 1995: hourly earnings.

Capacity Utilization covers the manufacturing sector for Canada, France, Japan, the United Kingdom, the United States, and the euro area; manufacturing excluding food, beverage, and tobacco for Germany; and mining and manufacturing for Italy.

Consumer Price Index is for all items. The current index is based on goods and services consumed by all individuals for Canada; all multi-person households excluding those mainly engaged in agriculture, forestry, and fisheries for Japan; all households except pensioners dependent on state pension and high income households for the United Kingdom; and all urban households for the United States. Data for the euro area, France, Germany, and Italy are based on the harmonized index of consumer prices.

Current Account Balance is the sum of merchandise and service exports and income receipts on domestic assets abroad minus the sum of merchandise and service imports and income payments from foreign assets in the domestic economy plus net unilateral transfers.

Real Earnings (seasonally adjusted) are based on hourly earnings in manufacturing for Canada, Germany, the United States, and the euro area; hourly earnings in manufacturing excluding construction for France; hourly earnings in industry for Italy; monthly earnings in manufacturing for Japan; and weekly earnings in manufacturing for the United Kingdom.

The **Exchange Rate** for all countries except the United States is expressed as units of local currency per U.S. dollar. For the United States the trade-weighted exchange rate, **TWEX**, is used. This is a weighted average of the exchange value of the U.S. dollar relative to the major international currencies—the euro, Canadian dollar, Japanese yen, British pound, Swiss franc, Australian dollar, and Swedish kronor. Prior to 1999, the currencies of the euro-area countries (with the exception of Greece) are used instead of the euro.

Real Effective Exchange Rate uses normalized unit labor costs in manufacturing. The weighting scheme used to construct the rates, for all except the euro area, is based on disaggregated data for trade among 21 industrial countries in manufactured goods for 2000. For the euro area the weights relate to the trade of the euro area with the other countries. The weights reflect the relative importance of a country's trading partners in its direct bilateral trade relations and competition in third markets. Normalized unit labor costs in manufacturing

are calculated by dividing an index of actual hourly compensation per worker by a five-year moving average index of output per man-hour.

Employment data refer to civilian employment for Canada, Germany, Italy, Japan, and the United States; industrial employment for France; and total employment for the euro area and the United Kingdom.

Foreign Exchange Reserve data are end of period. The dollar value of reserves may fluctuate as a result of changes in reserve holdings and/or changes in the value of the currencies held vis-à-vis the U.S. dollar.

Government Budget Balance is the difference between general government current receipts and total outlays. Total outlays consist of current expenditures and net capital expenditures. **Government Debt** incorporates all financial liabilities of the general government sector. The general government sector consolidates the accounts of the central, state, local, and social security sectors.

Cumulative Inflation Differential is the cumulative change in the foreign consumer price index (CPI) over the change in the U.S. CPI, in percentage terms. The base period for the cumulative rate of change is taken to be the first period of the chart. For example, if the base period is 1999:Q1, then the cumulative inflation differential for Japan for 2003:Q3 is as follows:

$$\text{inflation differential} = 100 \cdot \left(\frac{P_{2003Q3}^J / P_{1999Q1}^J}{P_{2003Q3}^{US} / P_{1999Q1}^{US}} - 1 \right)$$

where P_{2003Q3}^J is the Japanese CPI in the third quarter of 2003. For the U.S. chart on page 41, foreign CPI is calculated as the weighted average of the CPIs of countries whose currencies are used in the major currency trade-weighted exchange rate index. Starting in 1999, the euro-area harmonized consumer price index is used for the euro area. Prior to 1999, the price levels for the individual euro area countries (excluding Greece and Luxembourg) are used. The cumulative inflation differential is shown because the theory of purchasing power parity states that exchange rate changes should be systematically positively related to this variable.

Industrial Production measures the change in the volume of output in the mining, manufacturing, oil, electricity, gas, and water industries.

The **Short-Term Interest Rate** table on page 4 uses the relevant 3-month interest rate shown in the country pages.

The **Long-Term Interest Rate** table on page 4 uses the government bond rate. The government bond rate is a composite of yields on federal government bonds with maturities of more than 10 years for the United States; 10-year benchmark bonds for France; 7- to 15-year public sector bonds for Germany; 15- to 20-year government bonds through 1990 and 10-year government bonds starting in 1991 for Italy; and 10-year government bonds for Canada, the euro area, Japan, and the United Kingdom.

The **Reserve Money** table on page 4 refers to the adjusted monetary base for Japan and the United States; reserve money for Canada; and M0 for the United Kingdom. **Reserve Money** is currency in circulation, deposits of the deposit money banks, and demand deposits of other residents (with the exception of the central government) with the monetary authority.

Adjusted Monetary Base

Japan: currency in circulation and current deposits at the Bank of Japan.

United States: the sum of currency in circulation outside Federal Reserve banks and the U.S. Treasury, deposits of depository financial institutions at Federal Reserve banks, and an adjustment for the effects of changes in statutory reserve requirements on the quantity of base money held by depositories.

Notes and Coins in Circulation

United Kingdom: After reforming the rules governing bank reserves, the Bank of England discontinued its M0 series in May 2006 because the data would not be comparable to previous data. *IET* now presents a related series, "Notes and Coins in Circulation," in place of M0. The Bank of England directs interested parties to "Publication of narrow money data: the implication of money market reform" in its Autumn 2005 *Quarterly Bulletin* (<http://www.bankofengland.co.uk/publications/quarterlybulletin/qb050304.pdf>).

Real Gross Domestic Product

Percent change from year ago

| | 03.2 | 03.3 | 03.4 | 04.1 | 04.2 | 04.3 | 04.4 | 05.1 | 05.2 | 05.3 | 05.4 | 06.1 |
|----------------|-------|-------|------|------|------|------|------|------|------|------|------|------|
| Canada | 1.80 | 1.25 | 1.47 | 1.98 | 3.44 | 4.07 | 3.70 | 3.22 | 2.95 | 2.73 | 2.85 | 3.24 |
| Euro Area | 0.50 | 0.60 | 1.04 | 1.70 | 2.18 | 1.89 | 1.56 | 1.17 | 1.17 | 1.56 | 1.69 | 1.95 |
| France | 0.54 | 1.15 | 1.56 | 1.74 | 2.60 | 1.75 | 1.98 | 1.55 | 0.84 | 1.38 | 1.09 | 1.48 |
| Germany | -0.34 | -0.53 | 0.19 | 1.23 | 1.56 | 1.15 | 0.44 | 0.59 | 0.85 | 1.55 | 1.67 | 1.45 |
| Italy | 0.00 | 0.00 | 0.00 | 0.66 | 0.99 | 0.98 | 0.66 | 0.00 | 0.33 | 0.00 | 0.33 | 1.31 |
| Japan | 1.55 | 1.42 | 2.64 | 3.66 | 2.64 | 2.29 | 0.52 | 1.06 | 2.68 | 2.73 | 4.01 | 3.50 |
| United Kingdom | 2.35 | 2.72 | 3.28 | 3.50 | 3.84 | 3.10 | 2.62 | 2.11 | 1.73 | 1.75 | 1.82 | 2.35 |
| United States | 1.98 | 3.17 | 4.03 | 4.67 | 4.63 | 3.82 | 3.76 | 3.64 | 3.60 | 3.64 | 3.22 | 3.68 |

Nominal Gross Domestic Product

Percent change from year ago

| | 03.2 | 03.3 | 03.4 | 04.1 | 04.2 | 04.3 | 04.4 | 05.1 | 05.2 | 05.3 | 05.4 | 06.1 |
|----------------|------|------|------|------|------|------|------|------|------|------|------|------|
| Canada | 4.47 | 4.74 | 3.81 | 3.65 | 7.21 | 7.25 | 7.38 | 6.28 | 5.31 | 6.21 | 7.16 | 6.35 |
| Euro Area | 2.70 | 2.87 | 2.96 | 3.81 | 4.29 | 3.48 | 3.39 | 3.13 | 2.88 | 3.38 | 3.76 | 3.78 |
| France | 2.33 | 2.92 | 3.55 | 3.47 | 4.52 | 3.51 | 3.63 | 3.48 | 2.51 | 3.20 | 2.98 | 3.43 |
| Germany | 1.03 | 0.76 | 0.83 | 2.21 | 2.54 | 1.68 | 1.12 | 1.36 | 1.19 | 1.81 | 2.17 | 1.74 |
| Italy | 2.80 | 3.99 | 3.04 | 4.57 | 5.14 | 2.65 | 2.95 | 1.75 | 1.44 | 2.01 | 3.15 | 2.87 |
| Japan | 0.37 | 0.26 | 0.97 | 2.35 | 1.02 | 0.90 | 0.12 | 0.00 | 1.57 | 1.35 | 2.30 | 2.16 |
| United Kingdom | 5.40 | 6.05 | 6.72 | 5.93 | 6.54 | 5.70 | 5.70 | 4.95 | 3.85 | 3.51 | 4.10 | 4.83 |
| United States | 4.01 | 5.32 | 6.09 | 6.91 | 7.58 | 6.60 | 6.76 | 6.47 | 6.10 | 6.66 | 6.43 | 6.91 |

Consumer Price Index

Percent change from year ago

| | 03.3 | 03.4 | 04.1 | 04.2 | 04.3 | 04.4 | 05.1 | 05.2 | 05.3 | 05.4 | 06.1 | 06.2 |
|----------------|-------|-------|-------|-------|-------|------|-------|-------|-------|-------|------|------|
| Canada | 2.14 | 1.70 | 0.86 | 2.20 | 2.00 | 2.27 | 2.12 | 1.91 | 2.66 | 2.23 | 2.42 | . |
| Euro Area | 2.02 | 2.02 | 1.75 | 2.25 | 2.29 | 2.29 | 2.06 | 2.03 | 2.26 | 2.32 | 2.33 | 2.44 |
| France | 2.09 | 2.37 | 2.02 | 2.62 | 2.44 | 2.28 | 1.89 | 1.82 | 2.06 | 1.82 | 2.00 | 2.21 |
| Germany | 1.02 | 1.12 | 1.07 | 1.91 | 2.03 | 2.14 | 1.75 | 1.63 | 2.10 | 2.20 | 2.08 | 2.14 |
| Italy | 2.84 | 2.65 | 2.37 | 2.29 | 2.30 | 2.15 | 2.07 | 2.20 | 2.17 | 2.39 | 2.24 | 2.33 |
| Japan | -0.23 | -0.30 | -0.16 | -0.30 | -0.09 | 0.52 | -0.23 | -0.09 | -0.30 | -0.54 | 0.39 | . |
| United Kingdom | 2.93 | 2.66 | 2.55 | 2.79 | 3.09 | 3.42 | 3.14 | 3.03 | 2.78 | 2.38 | 2.38 | . |
| United States | 2.22 | 1.89 | 1.82 | 2.80 | 2.71 | 3.34 | 3.04 | 2.95 | 3.80 | 3.73 | 3.68 | 3.99 |

Employment

Percent change from year ago

| | 03.3 | 03.4 | 04.1 | 04.2 | 04.3 | 04.4 | 05.1 | 05.2 | 05.3 | 05.4 | 06.1 | 06.2 |
|----------------|-------|-------|-------|-------|-------|-------|------|-------|-------|-------|-------|------|
| Canada | 1.71 | 1.81 | 1.50 | 2.10 | 1.95 | 1.53 | 1.37 | 1.15 | 1.38 | 1.62 | 1.82 | 2.17 |
| Euro Area | 0.39 | 0.57 | 0.52 | 0.59 | 0.65 | 0.74 | 0.86 | 0.78 | 0.68 | 0.69 | . | . |
| France | -0.41 | -0.38 | -0.34 | -0.00 | 0.13 | 0.10 | 0.36 | 0.18 | 0.30 | 0.40 | 0.38 | . |
| Germany | -0.82 | -0.47 | -0.01 | 0.43 | 0.50 | 0.57 | 0.03 | -0.31 | -0.29 | -0.33 | -0.13 | . |
| Italy | 0.70 | 1.15 | 0.73 | 0.34 | -0.25 | -0.62 | 0.01 | -0.24 | -0.82 | -0.63 | 0.14 | . |
| Japan | -0.05 | -0.13 | 0.25 | 0.21 | 0.26 | 0.07 | 0.19 | 0.46 | 0.60 | 0.46 | 0.55 | . |
| United Kingdom | 0.26 | 0.39 | 0.77 | 0.79 | 0.86 | 1.08 | 1.25 | 1.02 | 0.95 | 0.43 | 0.16 | . |
| United States | 0.53 | 1.20 | 0.74 | 0.90 | 1.46 | 1.29 | 1.37 | 1.88 | 1.99 | 1.87 | 2.10 | 1.77 |

Unemployment Rate

Percent

| | 03.2 | 03.3 | 03.4 | 04.1 | 04.2 | 04.3 | 04.4 | 05.1 | 05.2 | 05.3 | 05.4 | 06.1 |
|----------------|------|------|------|------|------|------|------|------|------|------|------|------|
| Canada | 7.73 | 7.77 | 7.47 | 7.35 | 7.20 | 7.06 | 7.13 | 6.97 | 6.80 | 6.76 | 6.50 | 6.44 |
| Euro Area | 8.70 | 8.73 | 8.87 | 8.90 | 8.90 | 8.90 | 8.80 | 8.80 | 8.63 | 8.43 | 8.33 | 8.10 |
| France | 9.42 | 9.56 | 9.68 | 9.63 | 9.54 | 9.54 | 9.56 | 9.63 | 9.65 | 9.50 | 9.25 | 9.09 |
| Germany | 8.97 | 9.07 | 9.40 | 9.40 | 9.47 | 9.63 | 9.63 | 9.73 | 9.63 | 9.23 | 9.30 | 8.90 |
| Italy | 8.55 | 8.30 | 8.20 | 8.18 | 8.13 | 7.91 | 7.93 | 7.81 | 7.68 | 7.65 | 7.71 | . |
| Japan | 5.38 | 5.17 | 5.07 | 4.91 | 4.64 | 4.78 | 4.54 | 4.56 | 4.35 | 4.33 | 4.48 | 4.24 |
| United Kingdom | 4.93 | 4.95 | 4.83 | 4.74 | 4.70 | 4.59 | 4.63 | 4.63 | 4.64 | 4.69 | 4.96 | 5.10 |
| United States | 6.14 | 6.11 | 5.83 | 5.66 | 5.56 | 5.46 | 5.42 | 5.25 | 5.09 | 5.01 | 4.96 | 4.71 |

Reserve Money

Percent change from year ago

| | 03.3 | 03.4 | 04.1 | 04.2 | 04.3 | 04.4 | 05.1 | 05.2 | 05.3 | 05.4 | 06.1 | 06.2 |
|-----------------|-------|-------|-------|------|------|------|------|------|------|------|------|--------|
| Canada | 0.83 | 1.21 | 1.97 | 3.86 | 3.26 | 4.97 | 5.27 | 2.65 | 4.11 | 3.44 | 4.05 | |
| Japan | 20.29 | 16.69 | 14.11 | 6.23 | 4.46 | 4.27 | 2.57 | 2.41 | 1.29 | 1.65 | 0.97 | -12.92 |
| United Kingdom* | 7.79 | 7.56 | 7.11 | 5.79 | 5.69 | 5.63 | 5.58 | 4.30 | 4.45 | 3.33 | 4.54 | 5.50 |
| United States | 5.92 | 5.84 | 4.74 | 4.43 | 5.17 | 4.97 | 4.84 | 4.08 | 3.27 | 3.09 | 4.04 | 4.21 |

* Please see important announcement on the contents page.

Narrow Money

Percent change from year ago

| | 03.3 | 03.4 | 04.1 | 04.2 | 04.3 | 04.4 | 05.1 | 05.2 | 05.3 | 05.4 | 06.1 | 06.2 |
|----------------|-------|------|-------|-------|-------|-------|-------|-------|-------|-------|-------|------|
| Canada | 8.81 | 6.46 | 9.47 | 12.94 | 11.14 | 13.40 | 13.02 | 10.25 | 7.51 | 9.48 | 10.28 | |
| Euro Area | 10.55 | 9.62 | 10.32 | 9.19 | 9.30 | 8.62 | 8.97 | 16.57 | 16.78 | 17.68 | 16.22 | |
| Japan | 5.17 | 4.04 | 4.13 | 4.13 | 3.82 | 3.93 | 4.79 | 4.87 | 4.77 | 5.52 | 4.85 | |
| United Kingdom | 9.07 | 9.85 | 9.81 | 10.26 | 9.86 | 9.07 | 8.92 | 8.77 | 9.18 | 9.08 | 9.41 | |
| United States | 8.71 | 5.49 | 4.16 | 5.04 | 2.84 | 4.05 | 3.59 | 1.32 | 1.71 | 2.39 | 3.55 | 4.13 |

Broad Money

Percent change from year ago

| | 03.3 | 03.4 | 04.1 | 04.2 | 04.3 | 04.4 | 05.1 | 05.2 | 05.3 | 05.4 | 06.1 | 06.2 |
|----------------|------|------|------|------|------|------|-------|-------|-------|-------|-------|------|
| Canada | 6.24 | 5.29 | 5.69 | 6.28 | 6.03 | 6.43 | 6.59 | 5.81 | 4.34 | 5.08 | 5.13 | |
| Euro Area | 7.00 | 6.48 | 5.99 | 5.35 | 5.96 | 6.38 | 6.45 | 7.75 | 8.53 | 8.24 | 8.83 | |
| Japan | 1.74 | 1.61 | 1.83 | 1.83 | 1.90 | 2.04 | 2.10 | 1.60 | 2.01 | 1.98 | 1.44 | |
| United Kingdom | 6.24 | 7.17 | 8.02 | 8.13 | 9.27 | 8.77 | 10.39 | 10.27 | 11.08 | 12.58 | 12.19 | |
| United States | 7.95 | 5.51 | 4.68 | 4.82 | 3.70 | 5.29 | 5.42 | 3.87 | 4.06 | 4.04 | 4.68 | 4.83 |

Short-Term Interest Rates

Percent

| | 03.3 | 03.4 | 04.1 | 04.2 | 04.3 | 04.4 | 05.1 | 05.2 | 05.3 | 05.4 | 06.1 | 06.2 |
|----------------|------|------|------|------|------|------|------|------|------|------|------|------|
| Canada | 2.72 | 2.70 | 2.16 | 2.10 | 2.40 | 2.58 | 2.64 | 2.58 | 2.90 | 3.48 | 3.93 | 4.43 |
| Euro Area | 2.14 | 2.15 | 2.06 | 2.08 | 2.12 | 2.16 | 2.14 | 2.13 | 2.13 | 2.34 | 2.61 | 2.89 |
| Japan | 0.04 | 0.03 | 0.03 | 0.03 | 0.03 | 0.03 | 0.03 | 0.03 | 0.03 | 0.03 | 0.05 | |
| United Kingdom | 3.50 | 3.86 | 4.11 | 4.51 | 4.85 | 4.82 | 4.85 | 4.83 | 4.55 | 4.56 | 4.53 | 4.64 |
| United States | 1.07 | 1.10 | 1.05 | 1.25 | 1.70 | 2.25 | 2.78 | 3.23 | 3.74 | 4.30 | 4.72 | 5.18 |

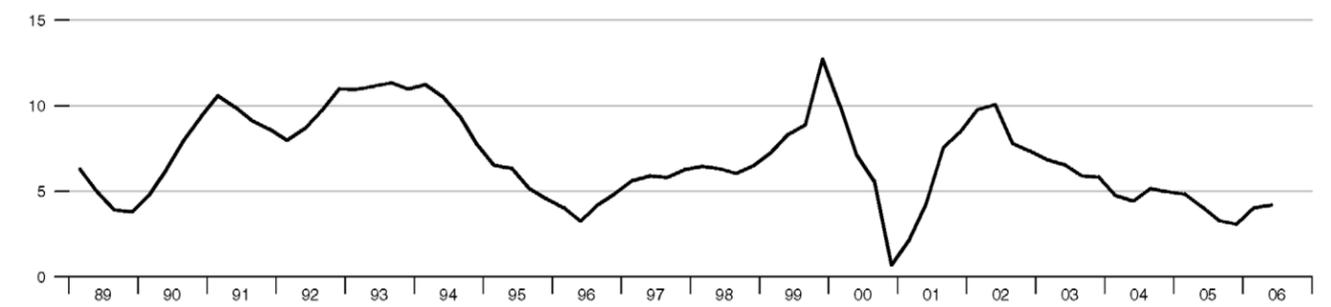
Long-Term Interest Rates

Percent

| | 03.3 | 03.4 | 04.1 | 04.2 | 04.3 | 04.4 | 05.1 | 05.2 | 05.3 | 05.4 | 06.1 | 06.2 |
|----------------|------|------|------|------|------|------|------|------|------|------|------|------|
| Canada | 4.79 | 4.79 | 4.43 | 4.78 | 4.68 | 4.46 | 4.28 | 4.03 | 3.90 | 4.06 | 4.13 | 4.43 |
| Euro Area | 4.16 | 4.37 | 4.15 | 4.32 | 4.19 | 3.83 | 3.65 | 3.38 | 3.24 | 3.40 | 3.55 | |
| France | 4.13 | 4.34 | 4.11 | 4.31 | 4.16 | 3.83 | 3.64 | 3.37 | 3.23 | 3.39 | 3.51 | |
| Germany | 4.09 | 4.29 | 4.06 | 4.22 | 4.11 | 3.75 | 3.60 | 3.30 | 3.17 | 3.34 | 3.48 | 3.94 |
| Italy | 4.33 | 4.45 | 4.28 | 4.46 | 4.32 | 3.97 | 3.74 | 3.54 | 3.39 | 3.55 | 3.72 | 4.26 |
| Japan | 1.17 | 1.38 | 1.31 | 1.59 | 1.64 | 1.45 | 1.40 | 1.28 | 1.36 | 1.53 | 1.58 | 1.90 |
| United Kingdom | 4.55 | 4.94 | 4.77 | 5.08 | 4.99 | 4.65 | 4.63 | 4.44 | 4.28 | 4.30 | 4.09 | 4.55 |
| United States | 5.01 | 5.00 | 4.71 | 5.22 | 4.91 | 4.72 | 4.65 | 4.46 | 4.45 | 4.73 | 4.74 | 5.26 |

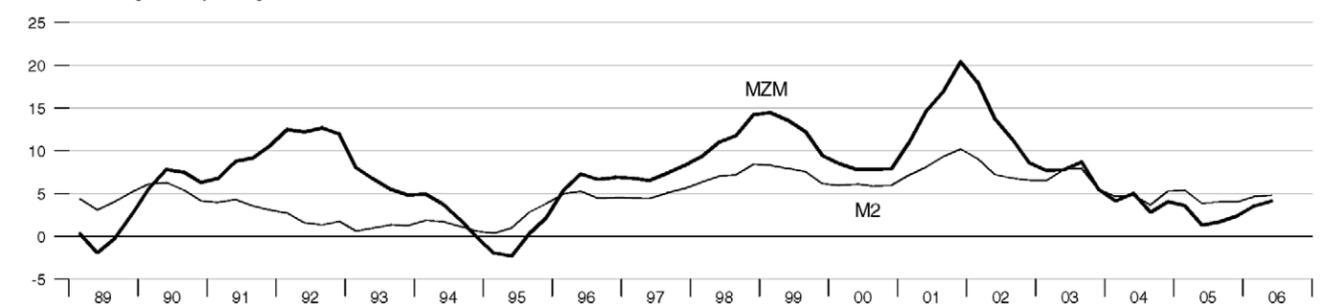
Adjusted Monetary Base

Percent change from year ago



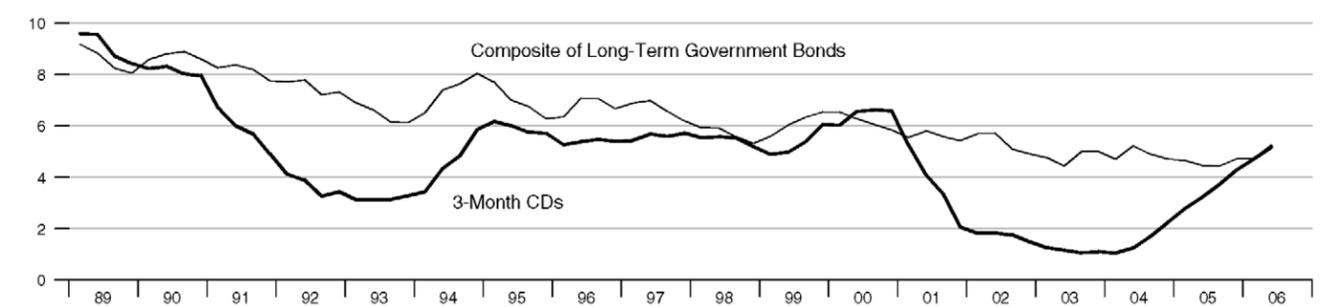
Monetary Aggregates

Percent change from year ago



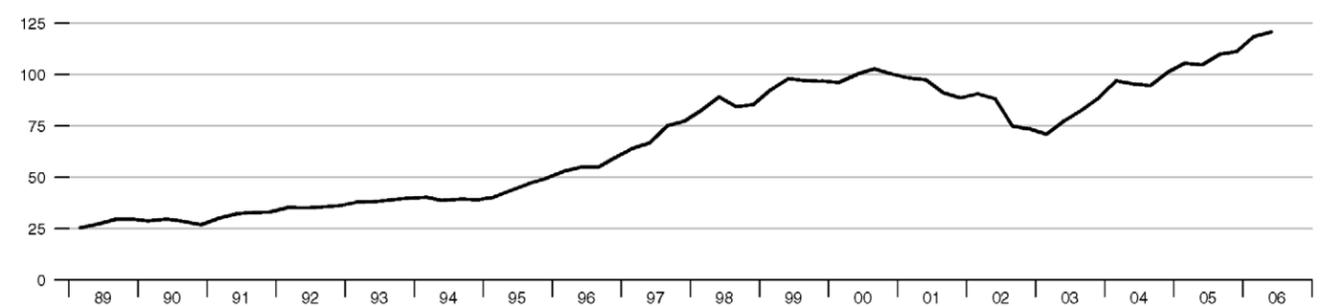
Interest Rates

Percent

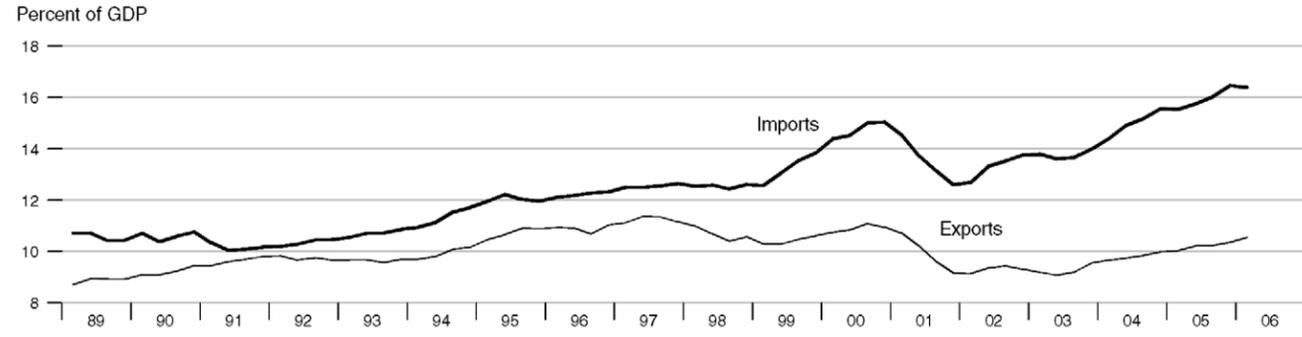


Stock Exchange Index - New York Stock Exchange

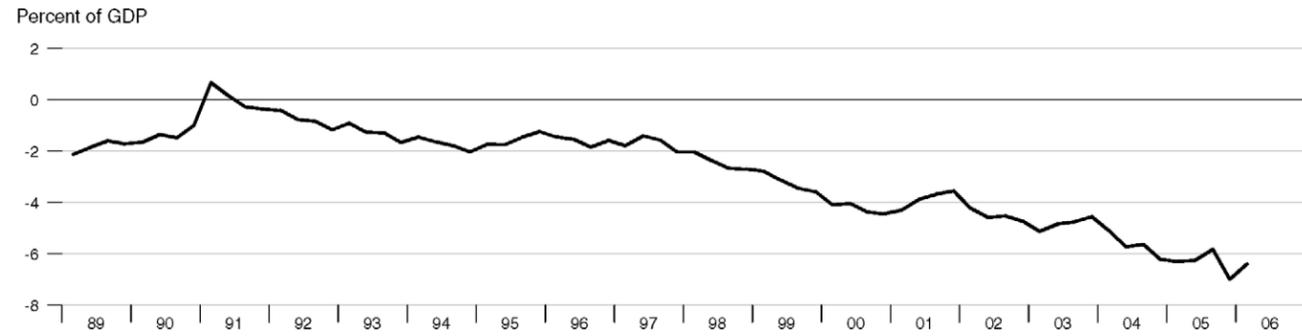
2000 = 100



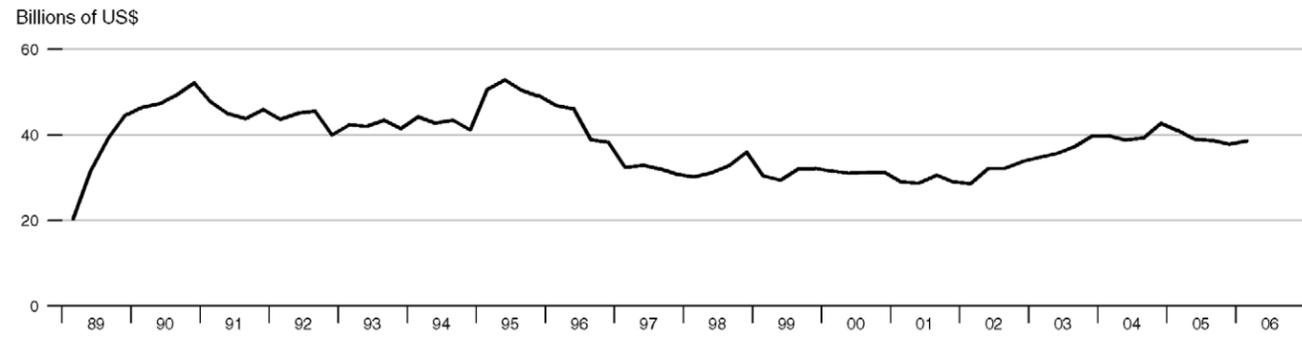
International Trade - Goods and Services



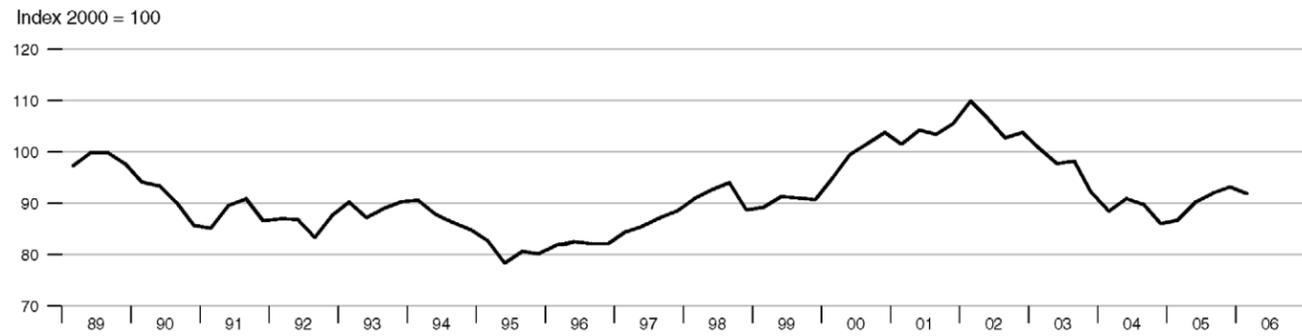
Current Account Balance



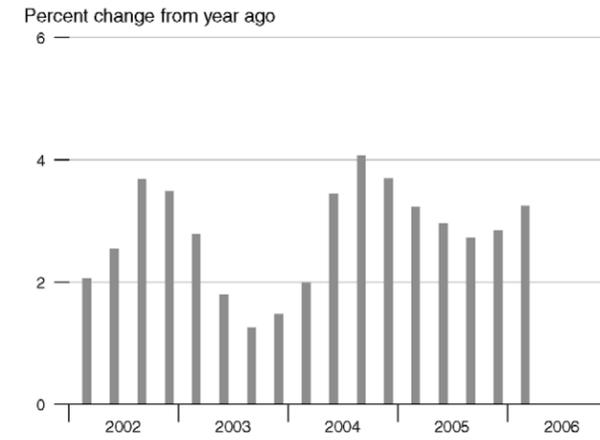
Foreign Exchange Reserves



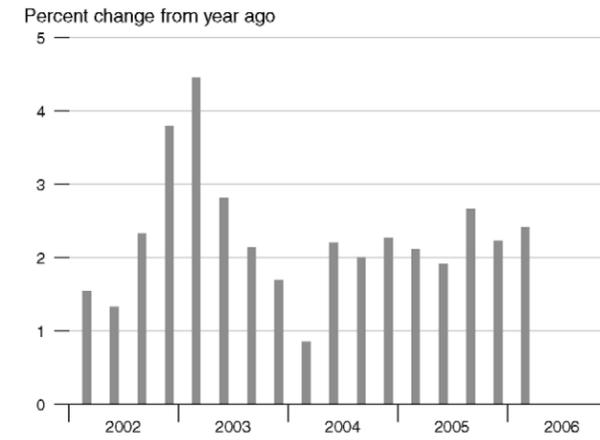
Real Effective Exchange Rate



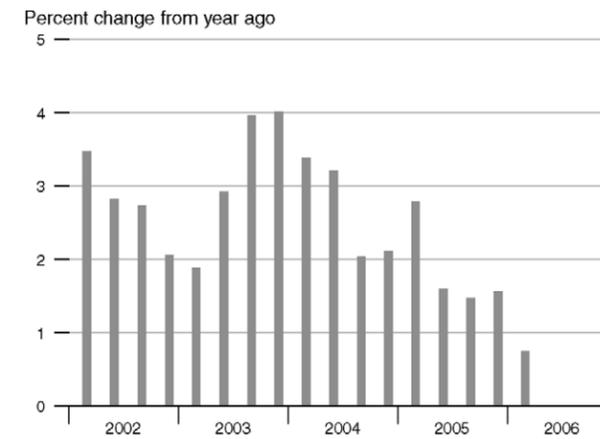
Real GDP



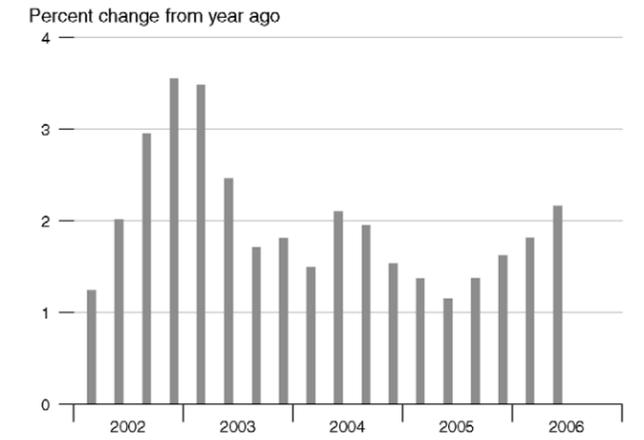
Consumer Price Index



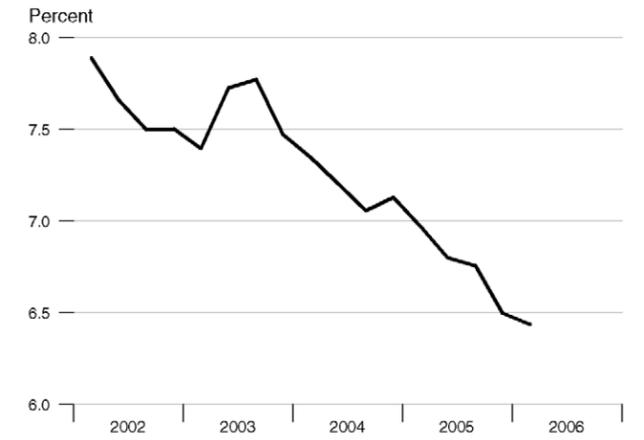
Real Hourly Earnings



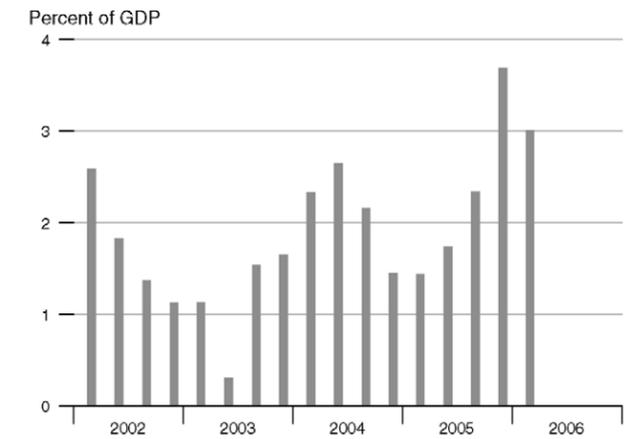
Employment



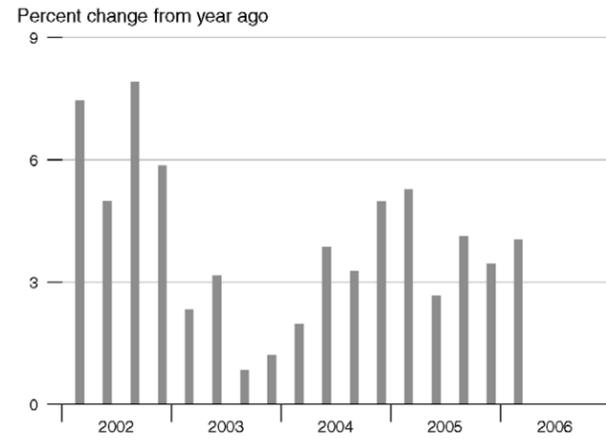
Unemployment Rate



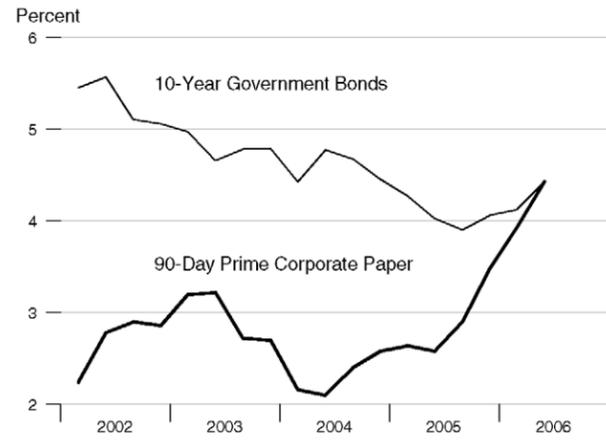
Current Account Balance



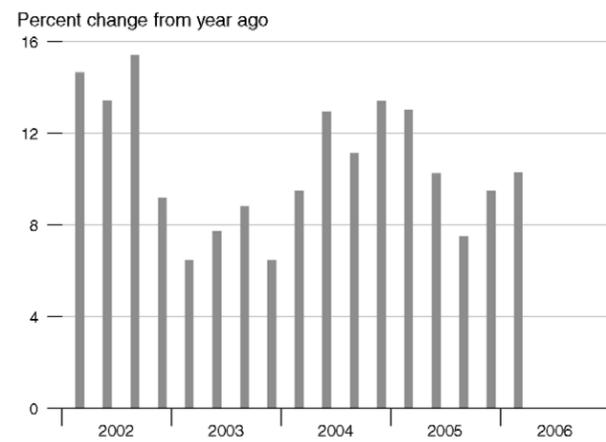
Reserve Money



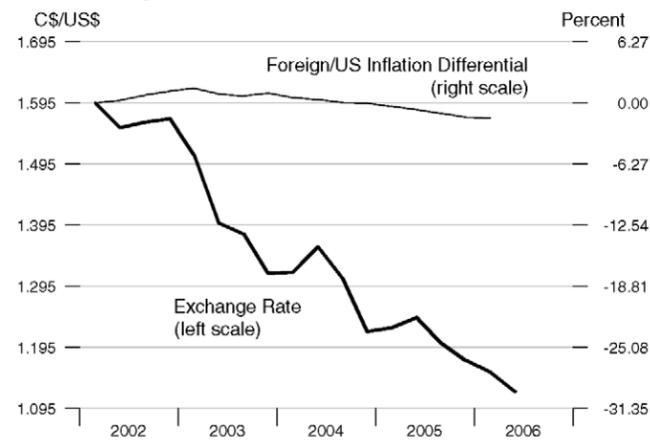
Interest Rates



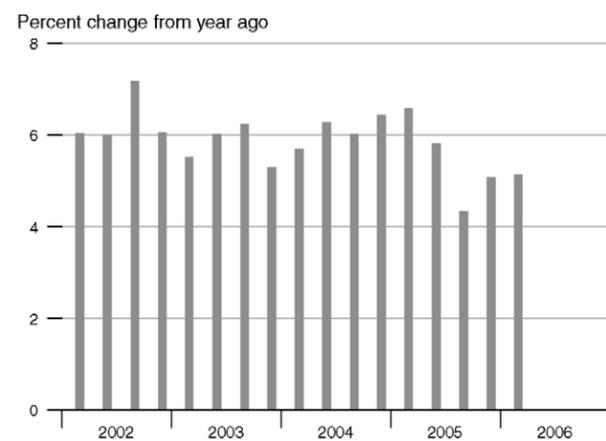
M1



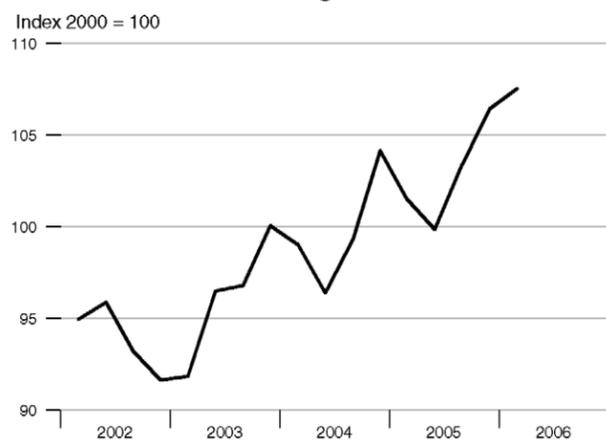
Exchange Rate and Inflation Differential



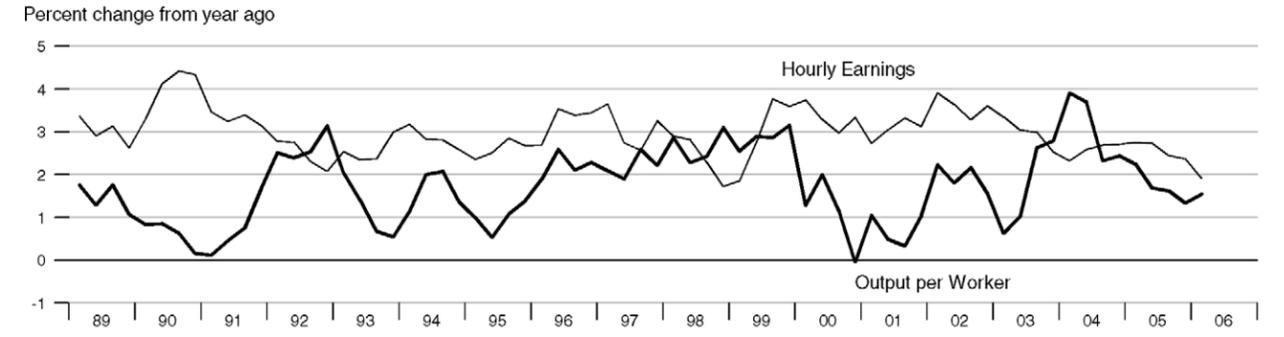
M2



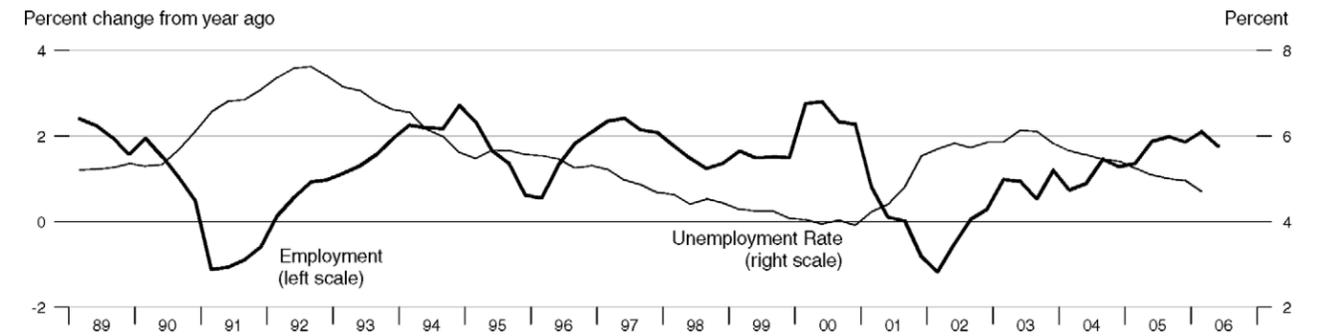
Real Effective Exchange Rate



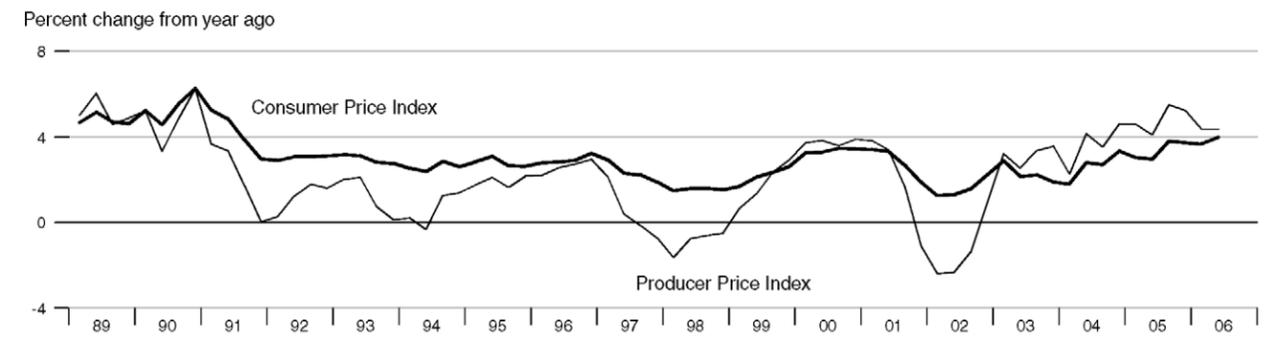
Real Hourly Earnings and Output per Worker



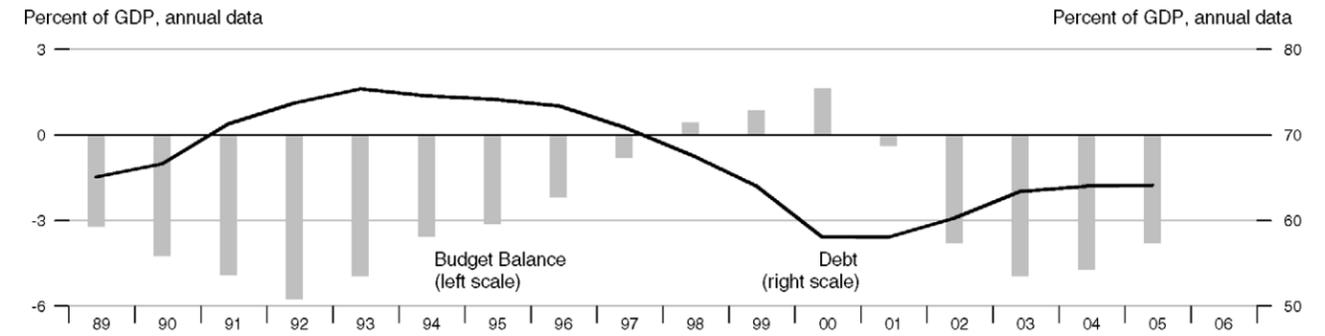
Labor Force Indicators



Inflation

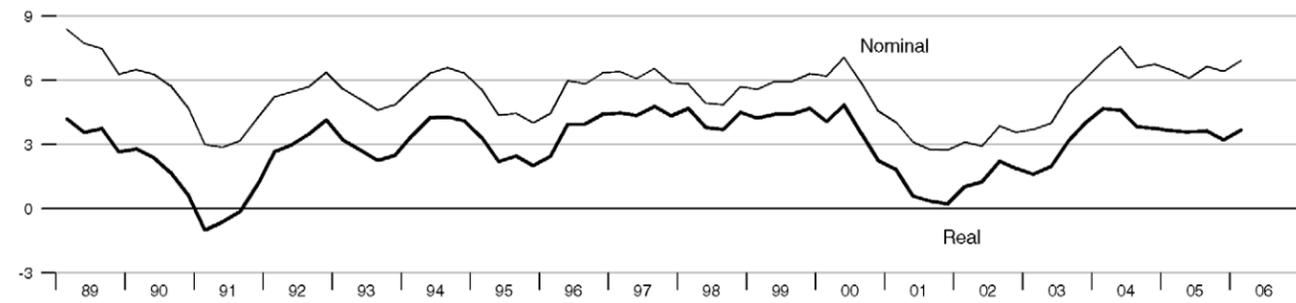


Government Debt and Budget Balance



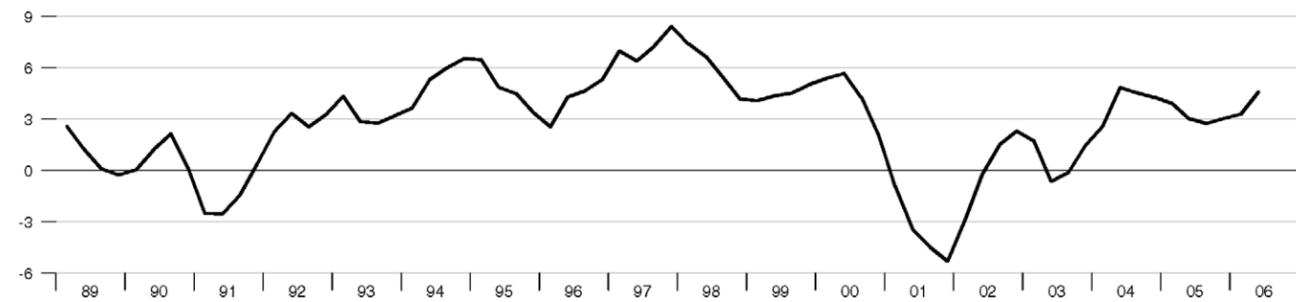
GDP

Percent change from year ago



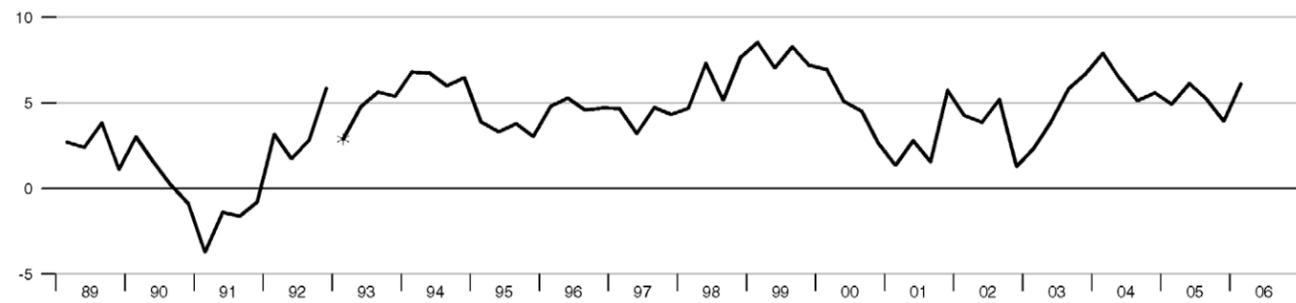
Industrial Production

Percent change from year ago



Retail Sales

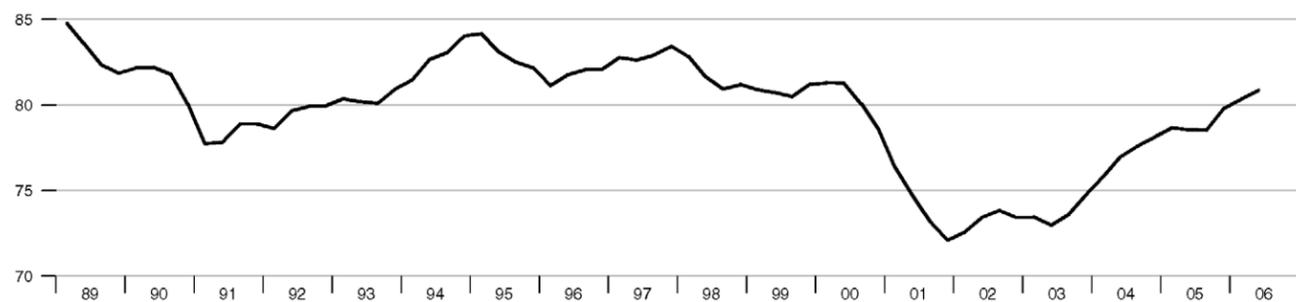
Percent change from year ago



*Data prior to 1993 may not be strictly comparable with later figures (see Notes).

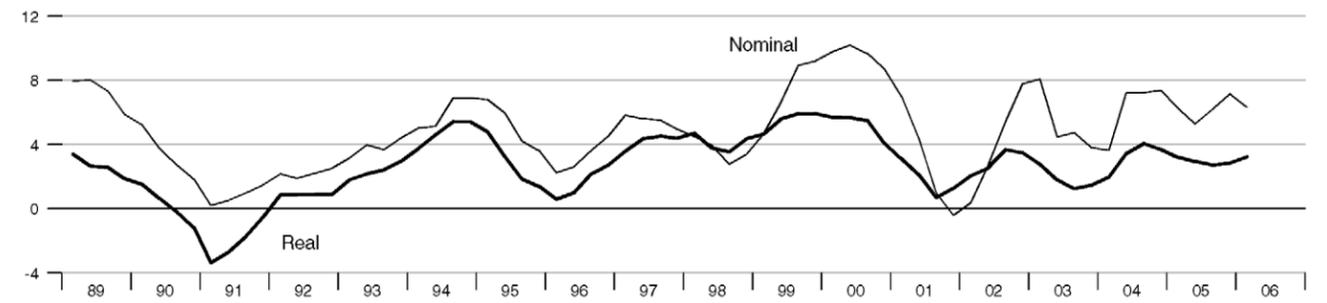
Capacity Utilization

Percent



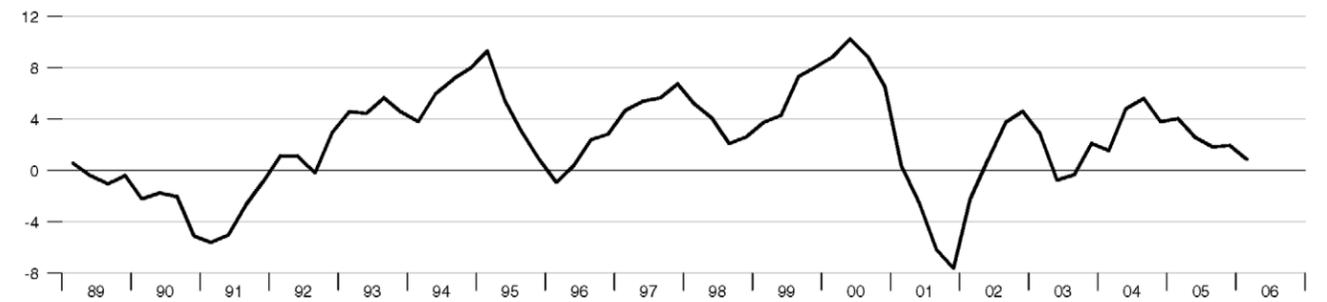
GDP

Percent change from year ago



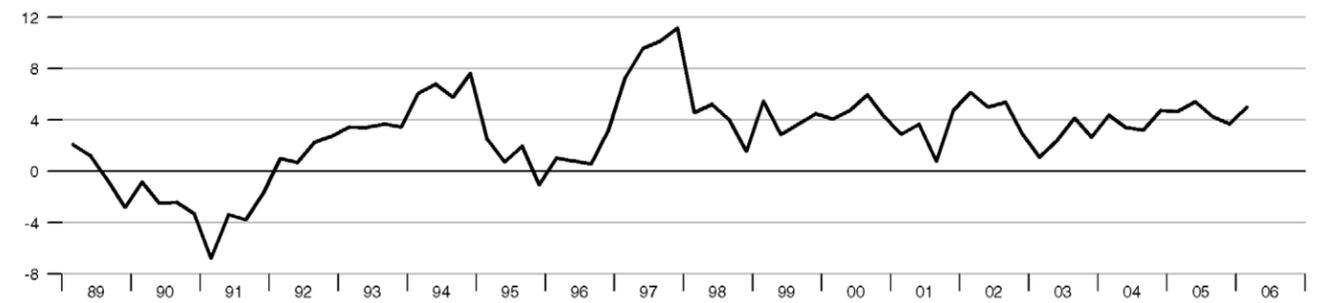
Industrial Production

Percent change from year ago



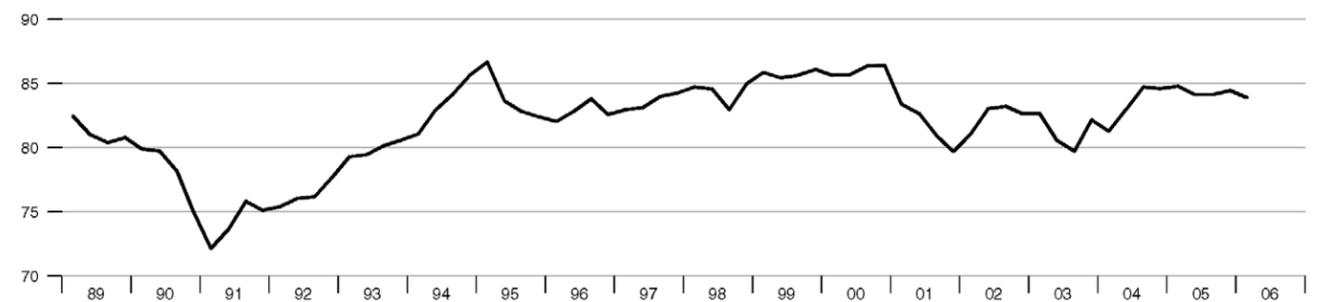
Retail Sales

Percent change from year ago

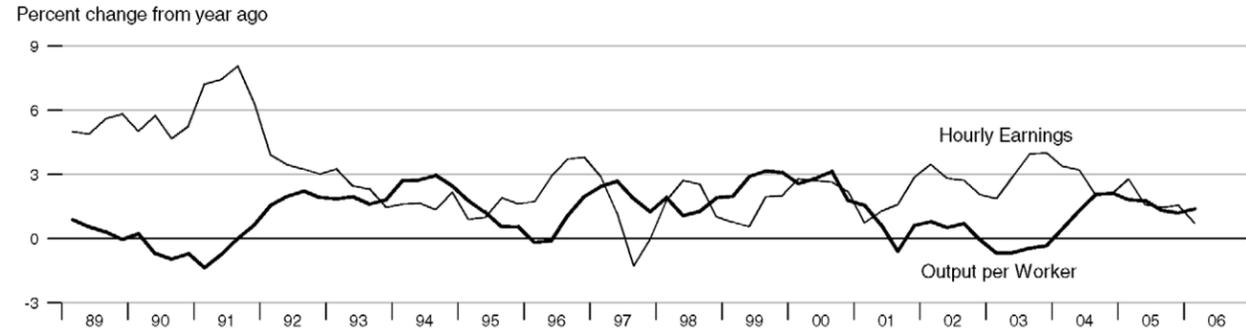


Capacity Utilization

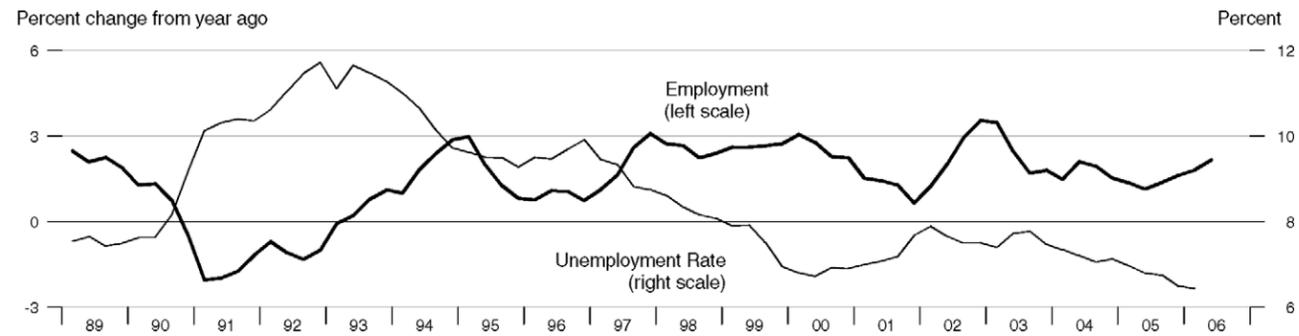
Percent



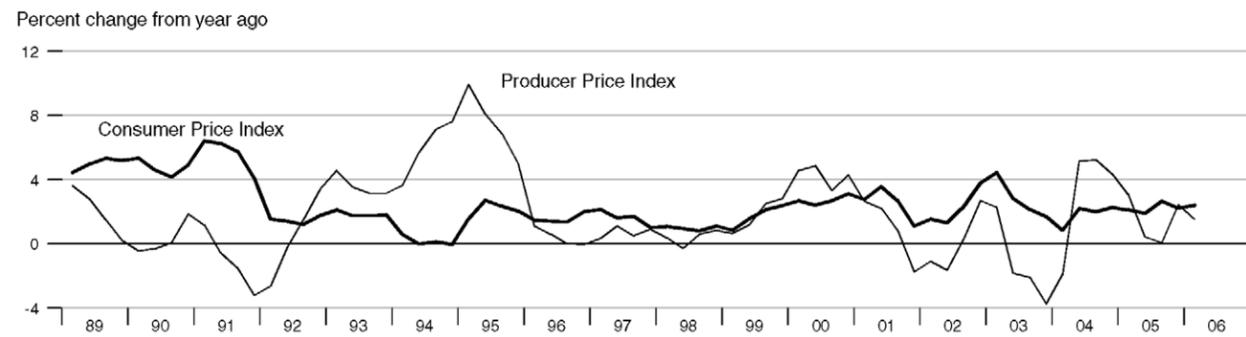
Real Hourly Earnings and Output per Worker



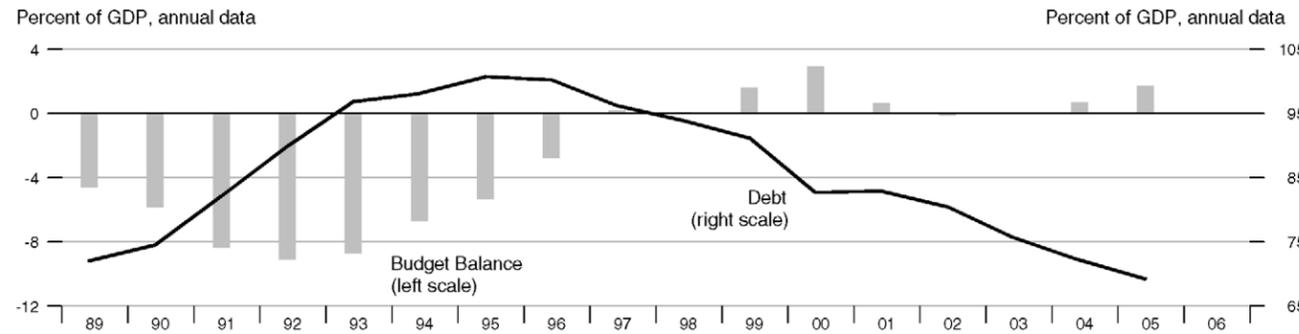
Labor Force Indicators



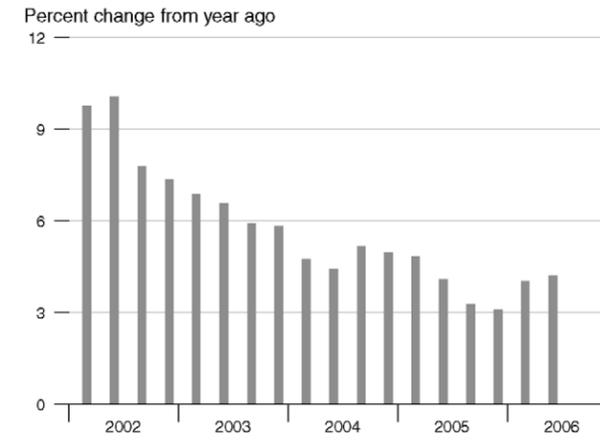
Inflation



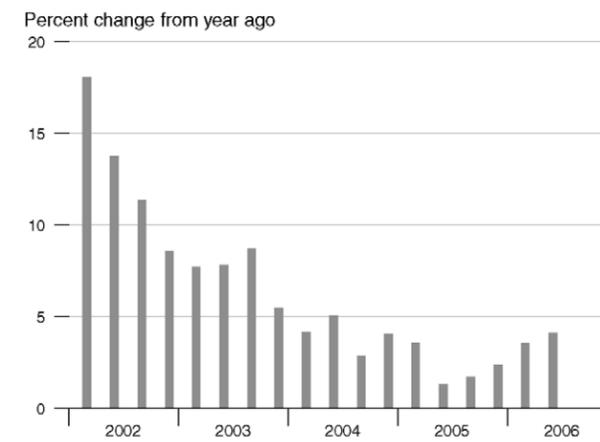
Government Debt and Budget Balance



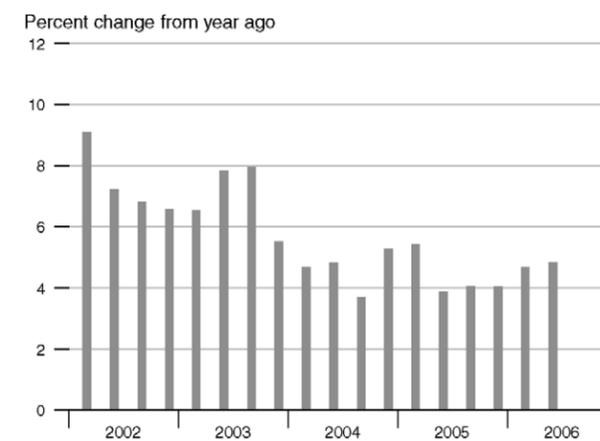
Adjusted Monetary Base



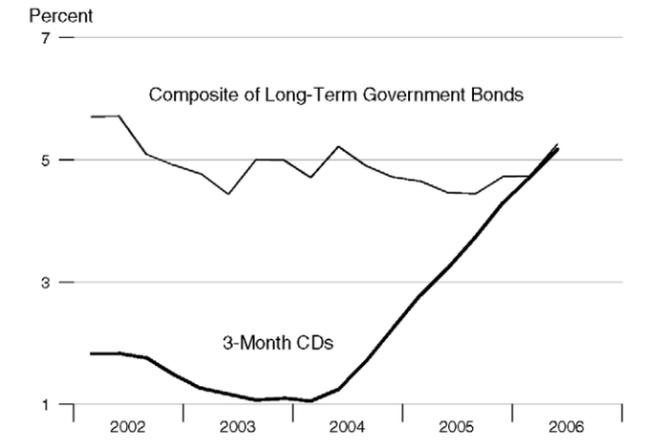
MZM



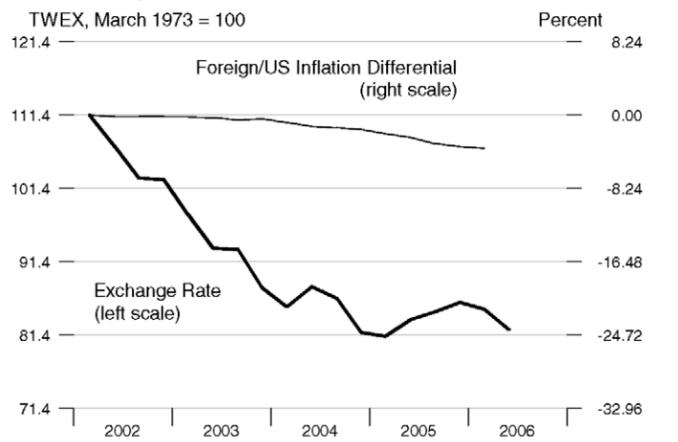
M2



Interest Rates



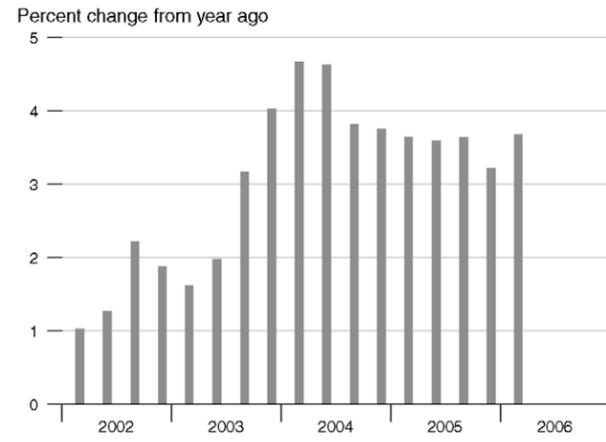
Exchange Rate and Inflation Differential



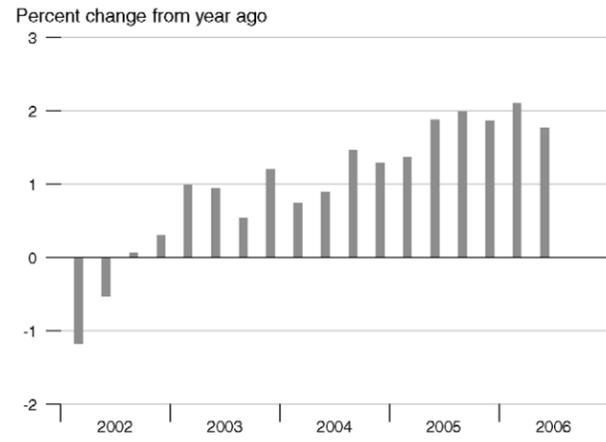
Real Effective Exchange Rate



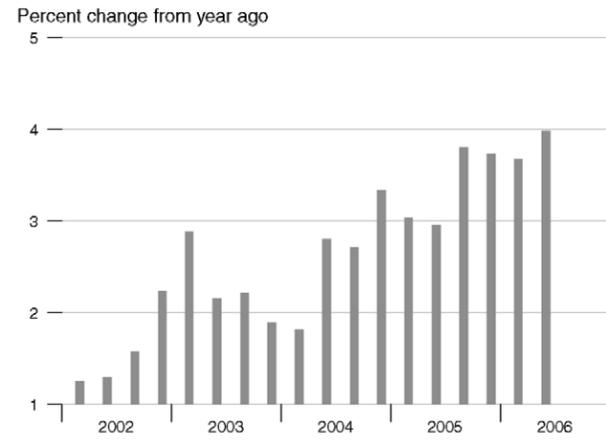
Real GDP



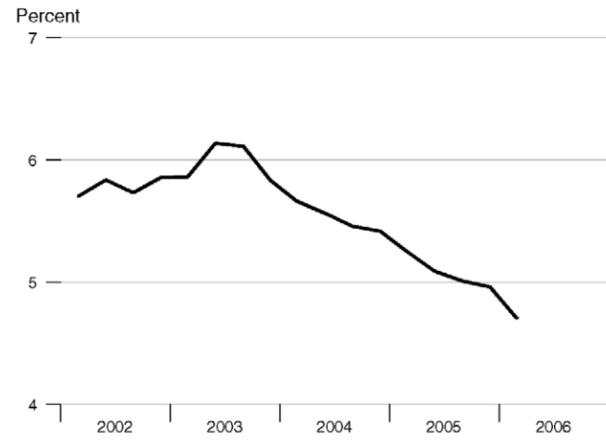
Employment



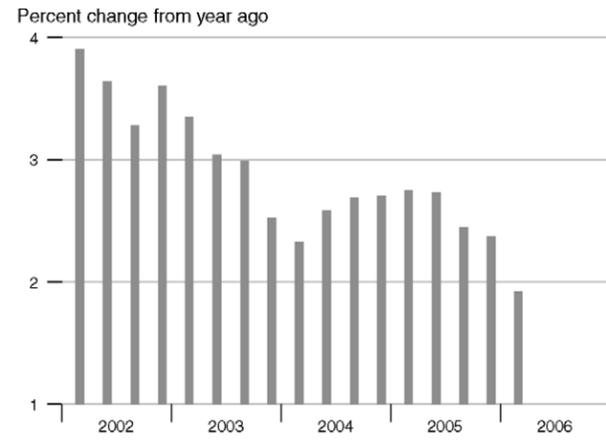
Consumer Price Index



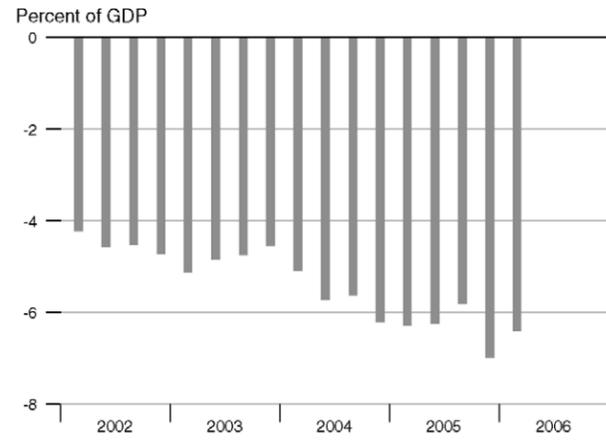
Unemployment Rate



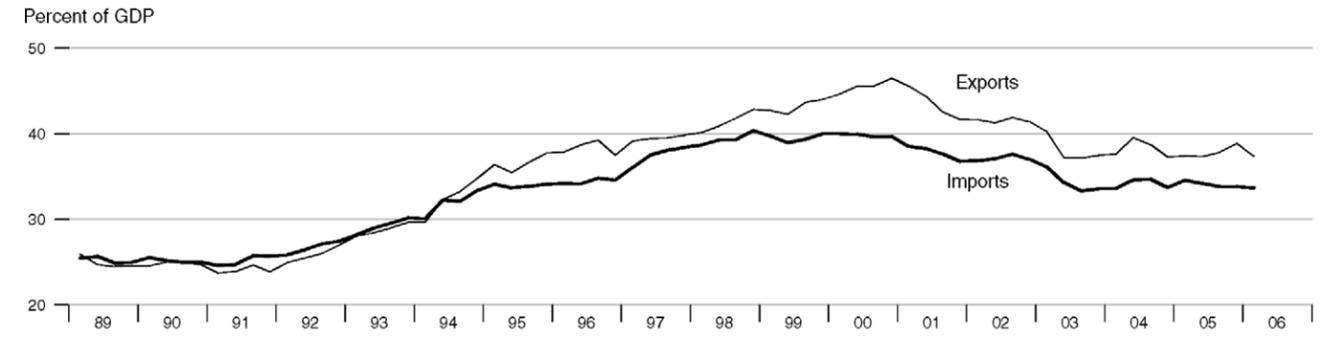
Real Hourly Earnings



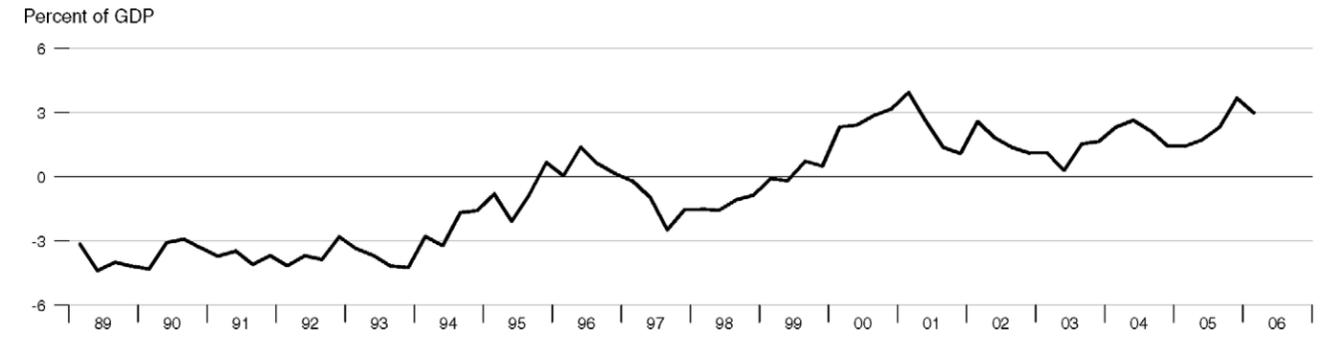
Current Account Balance



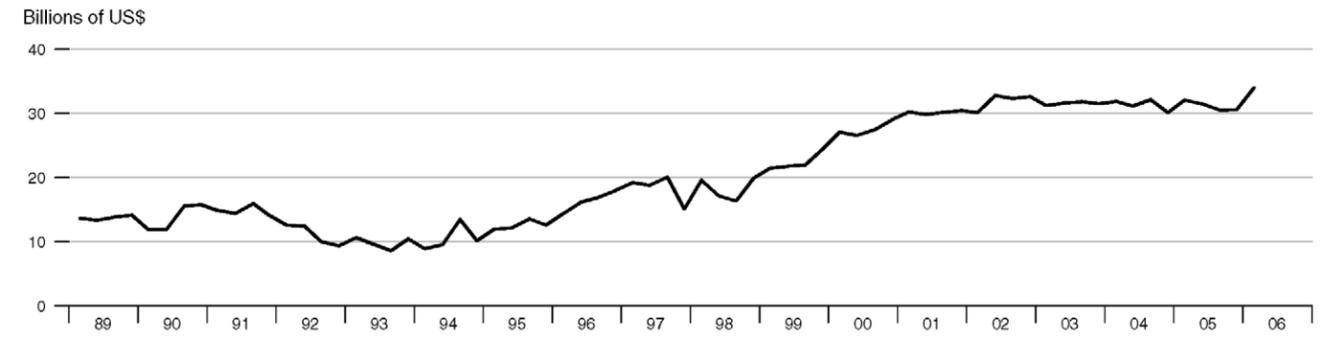
International Trade - Goods and Services



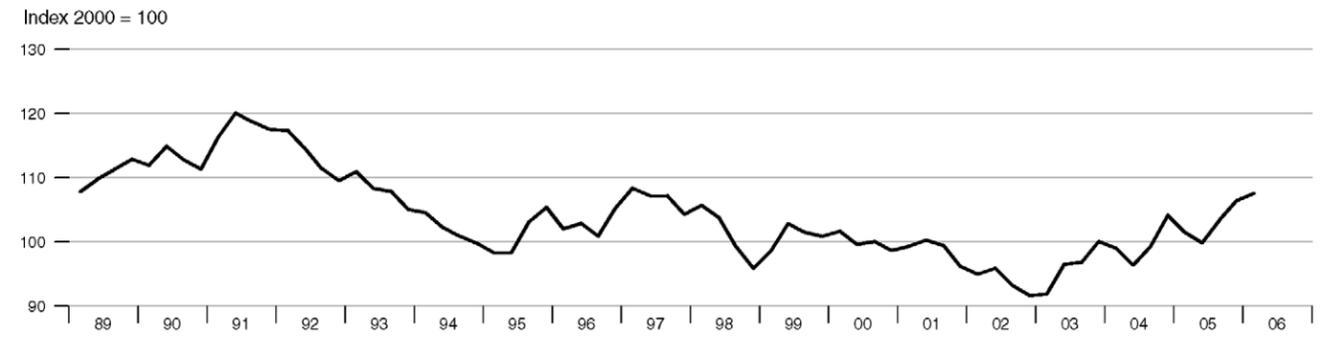
Current Account Balance



Foreign Exchange Reserves

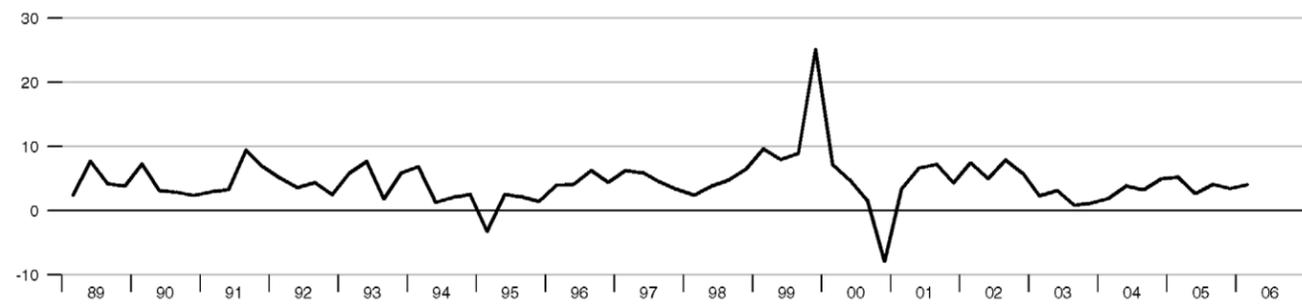


Real Effective Exchange Rate



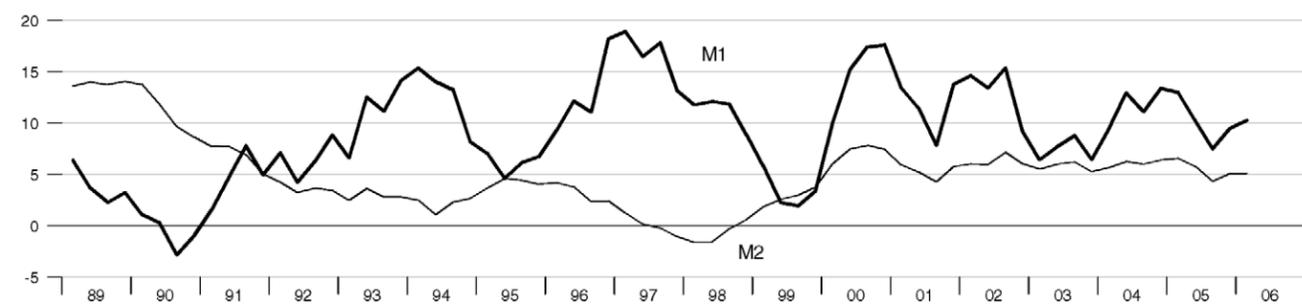
Reserve Money

Percent change from year ago



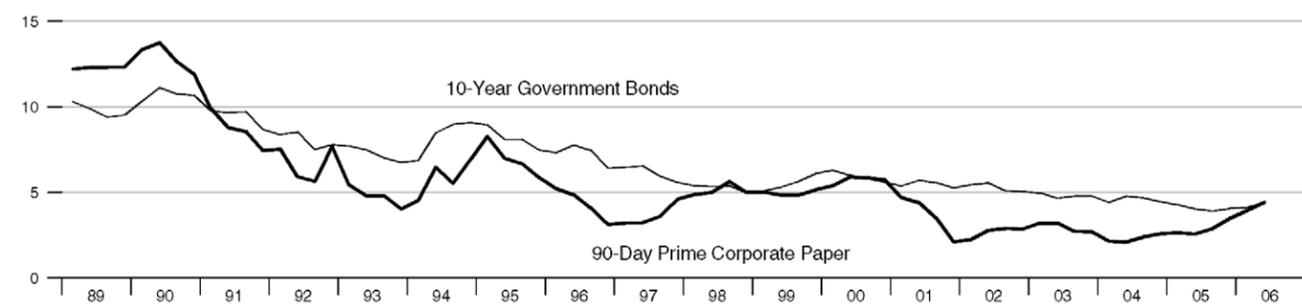
Monetary Aggregates

Percent change from year ago



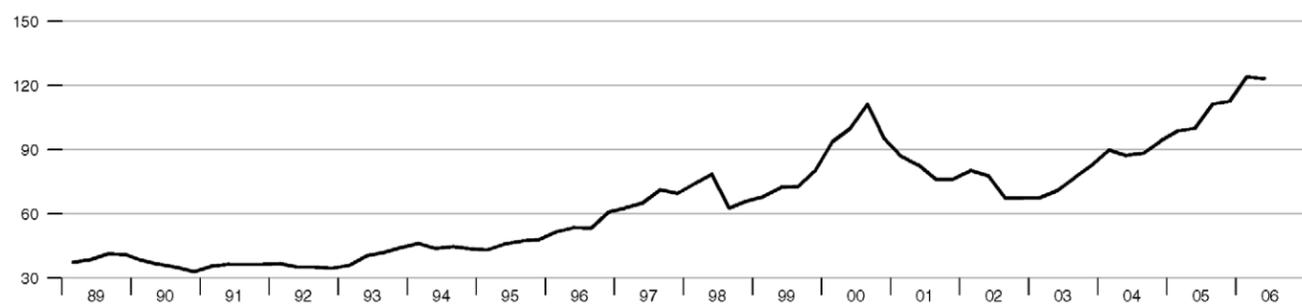
Interest Rates

Percent



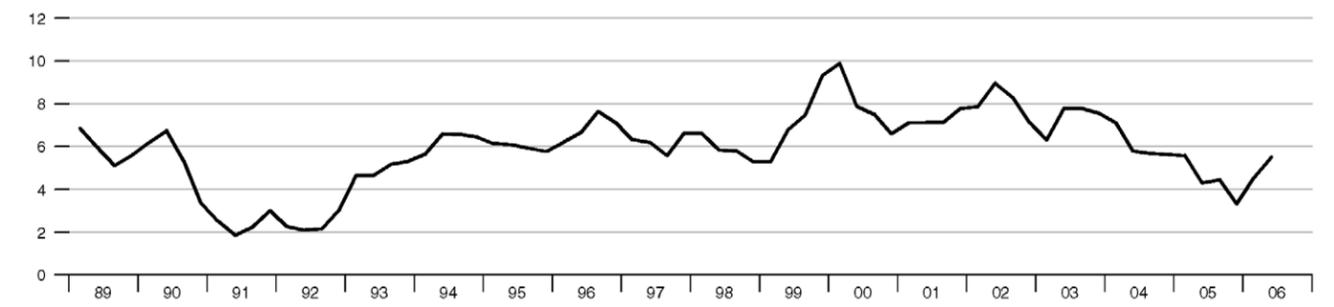
Stock Exchange Index - Toronto Stock Exchange

2000 = 100



Notes and Coins in Circulation*

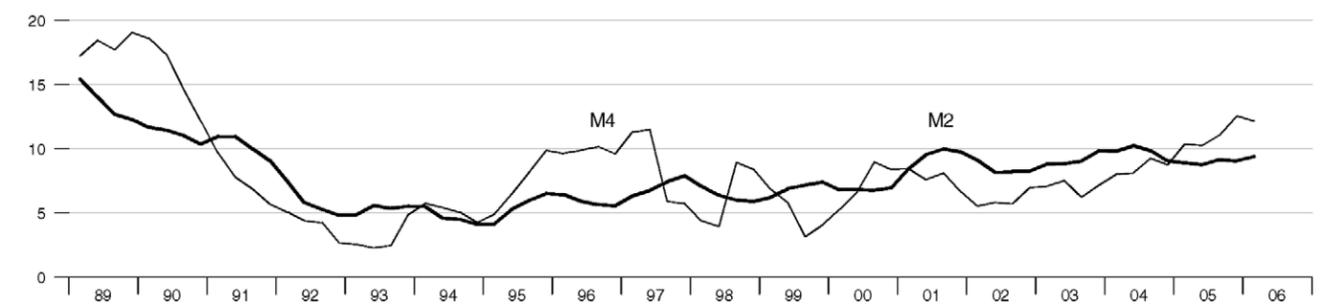
Percent change from year ago



* Please see important announcement on the contents page.

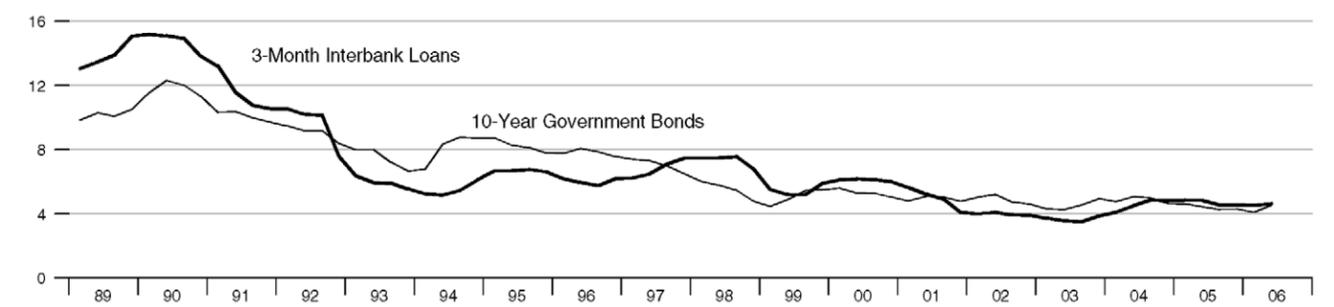
Monetary Aggregates

Percent change from year ago



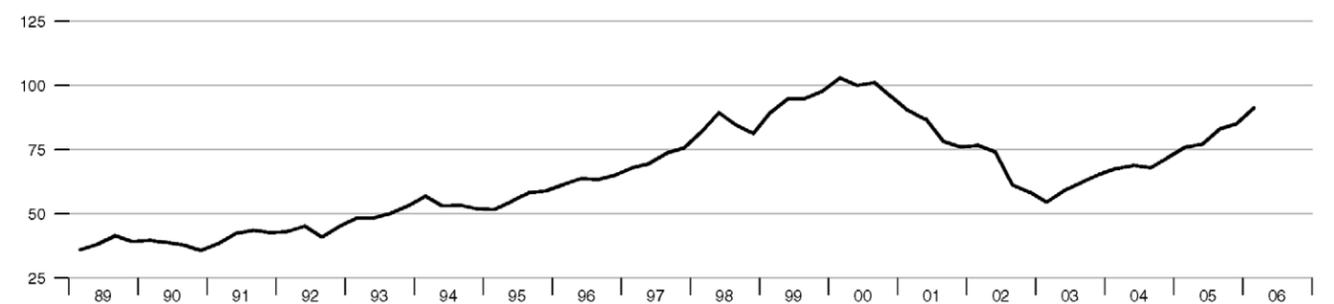
Interest Rates

Percent

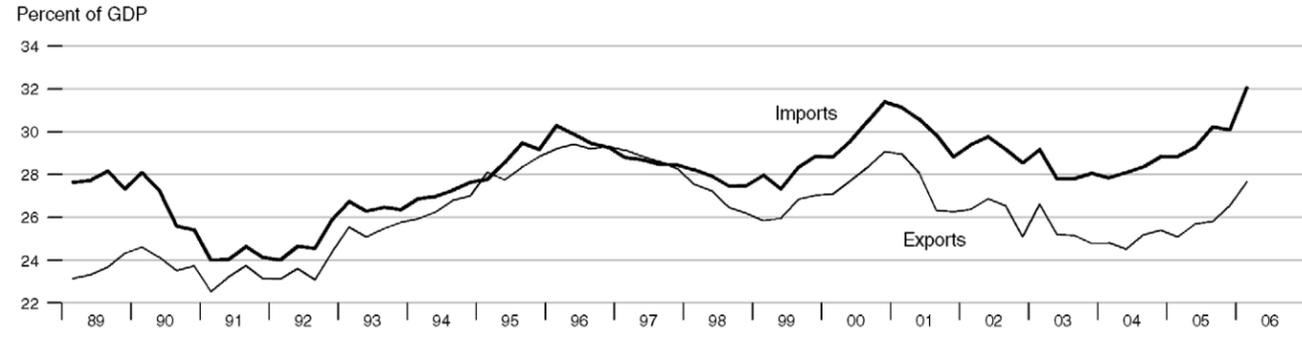


Stock Exchange Index - Financial Times Stock Exchange

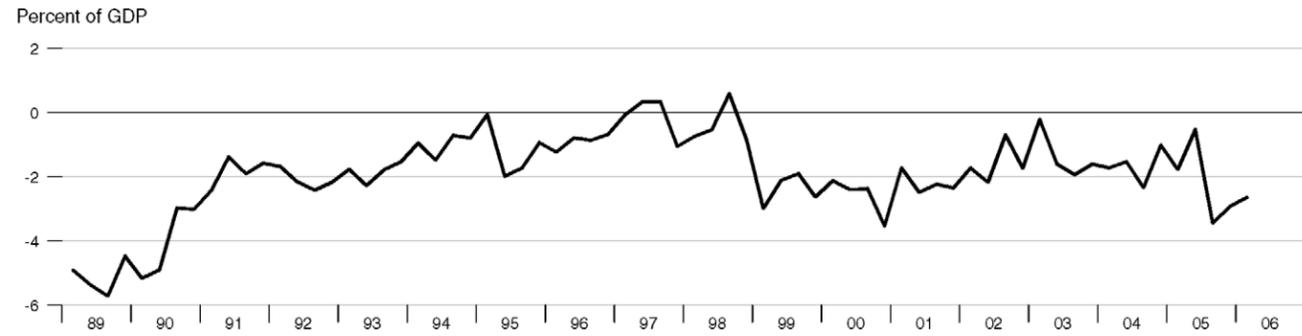
2000 = 100



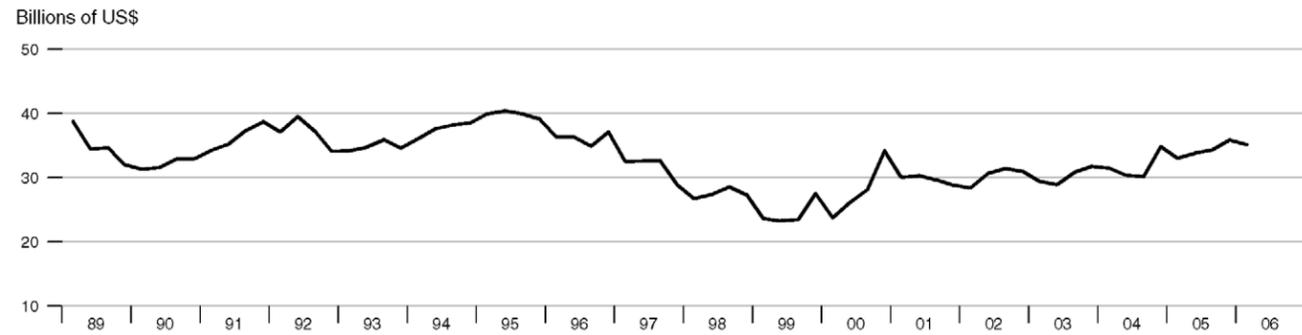
International Trade - Goods and Services



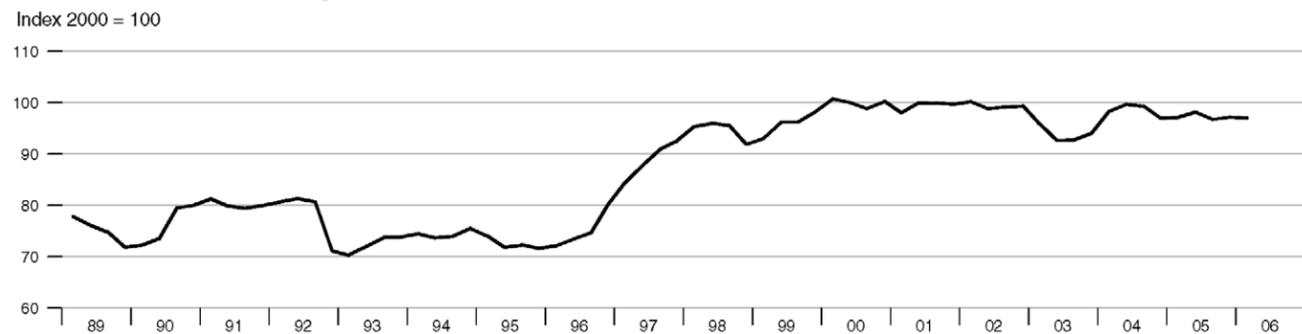
Current Account Balance



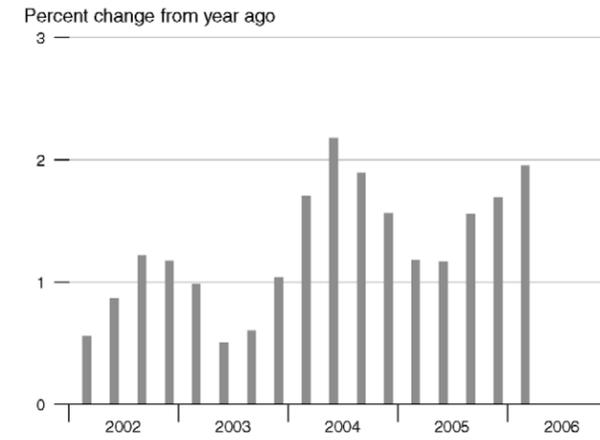
Foreign Exchange Reserves



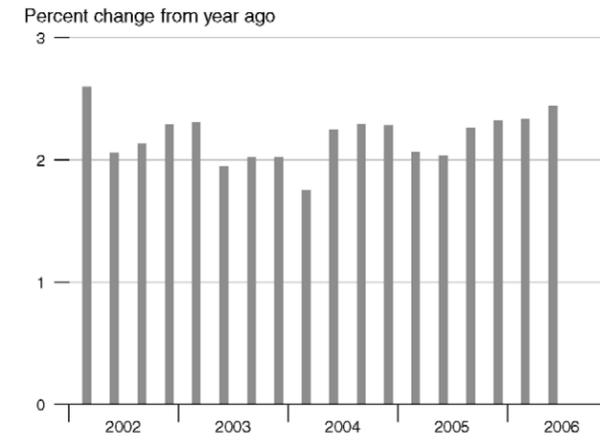
Real Effective Exchange Rate



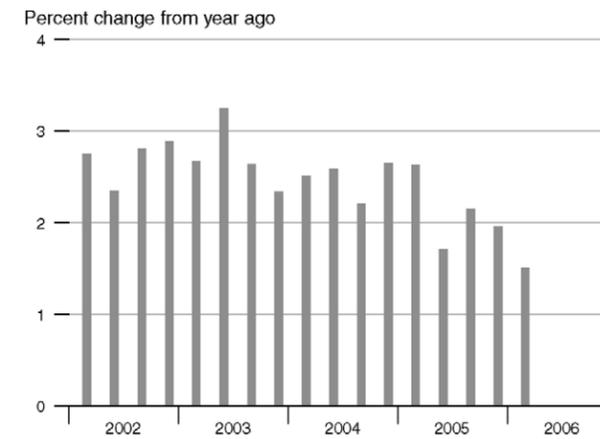
Real GDP



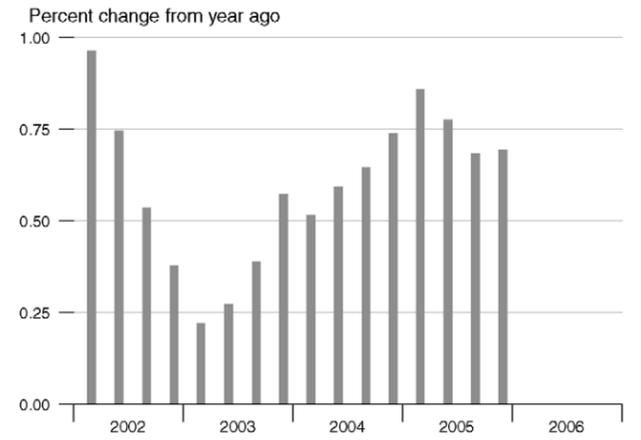
Consumer Price Index



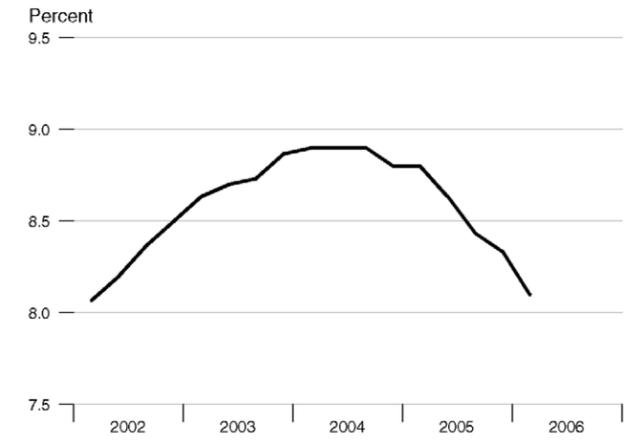
Real Hourly Earnings



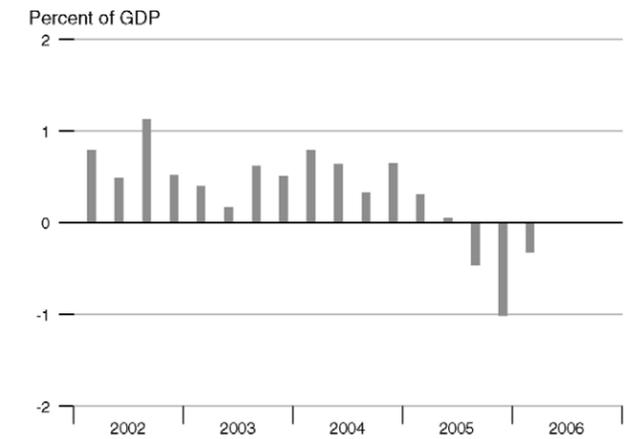
Employment



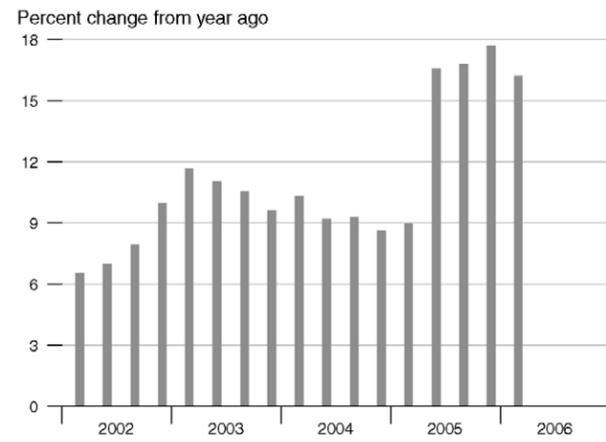
Unemployment Rate



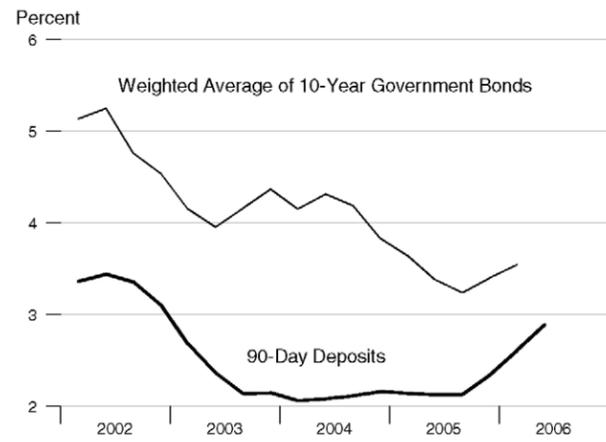
Current Account Balance



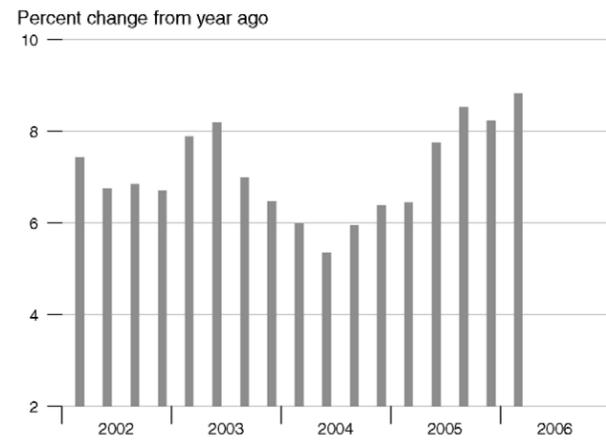
M1



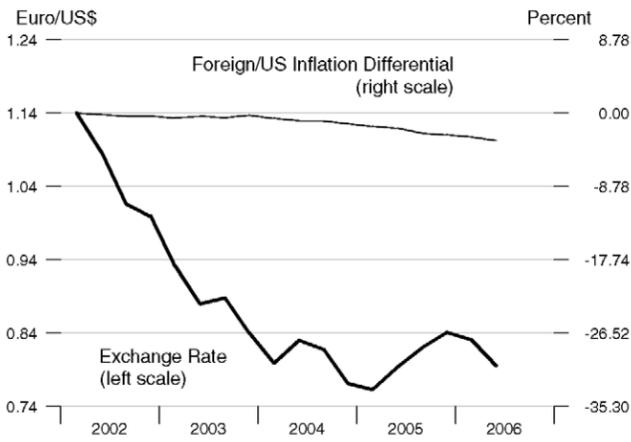
Interest Rates



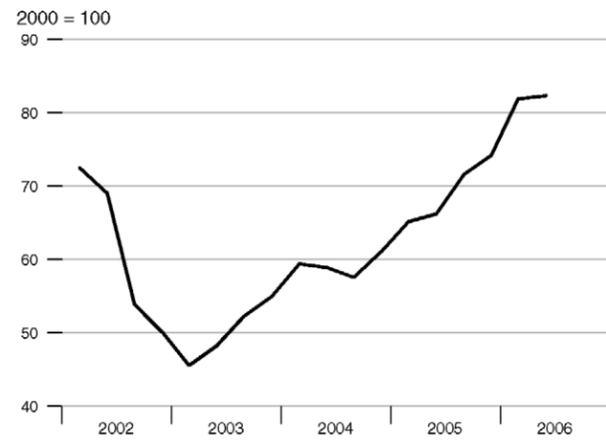
M3



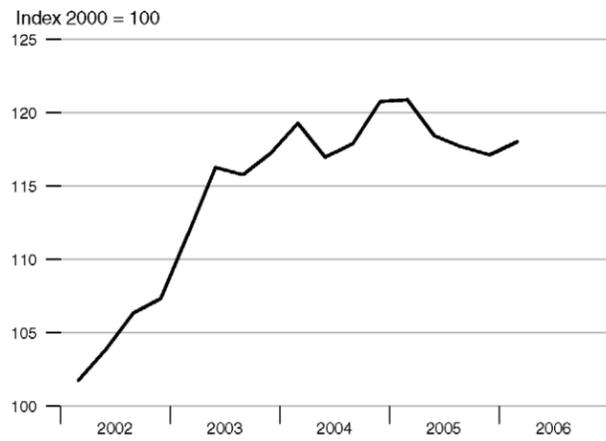
Exchange Rate and Inflation Differential



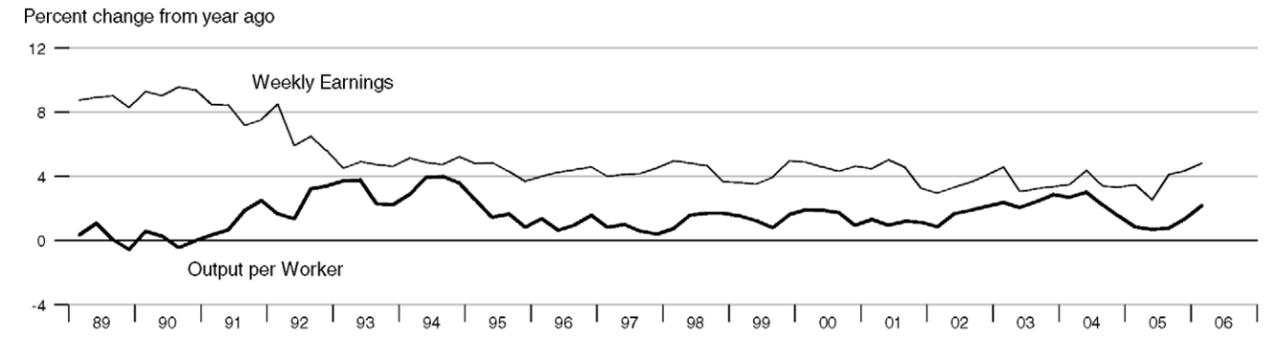
Stock Exchange Index - Dow Jones EURO STOXX SM



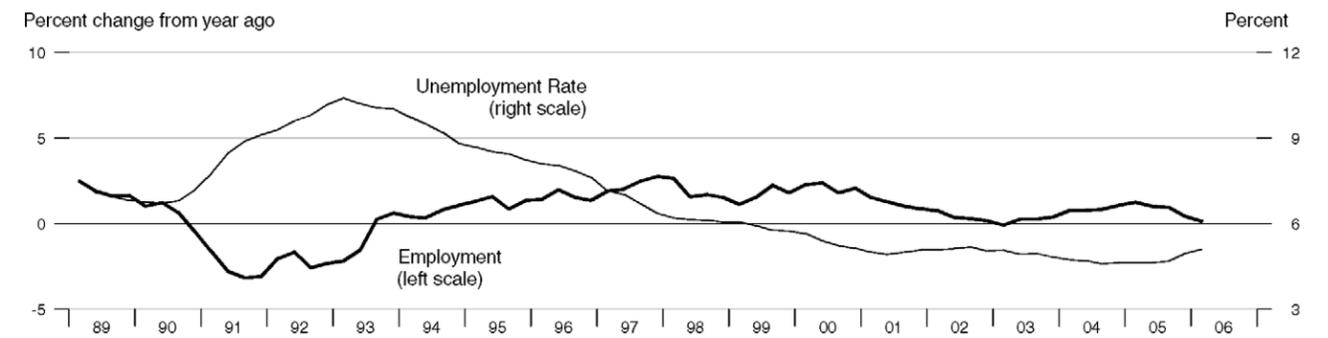
Real Effective Exchange Rate



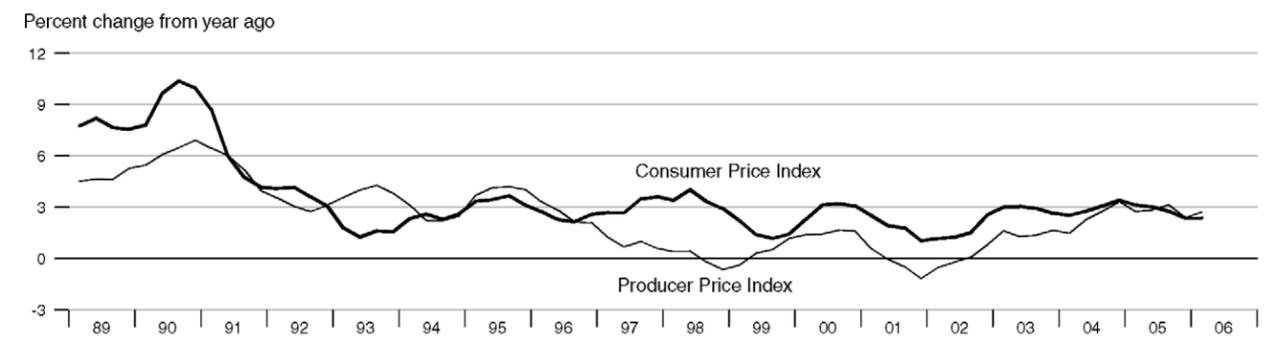
Real Weekly Earnings and Output per Worker



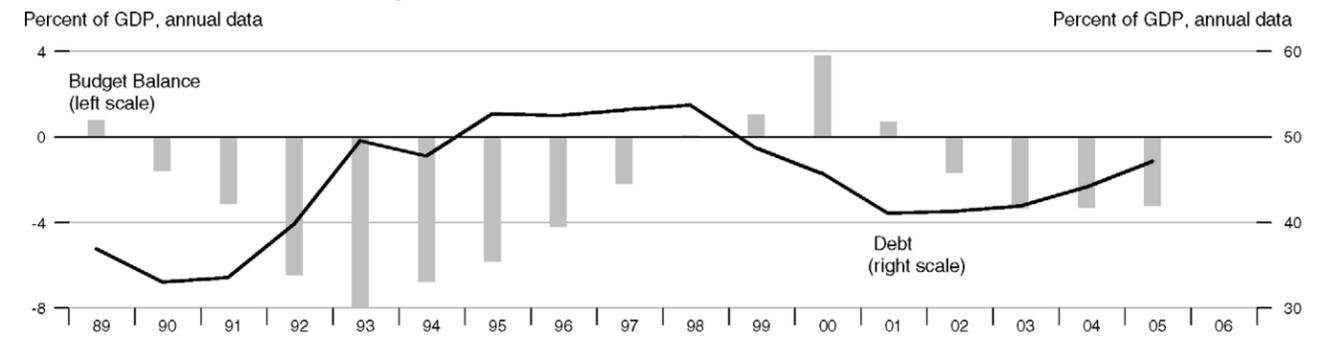
Labor Force Indicators



Inflation

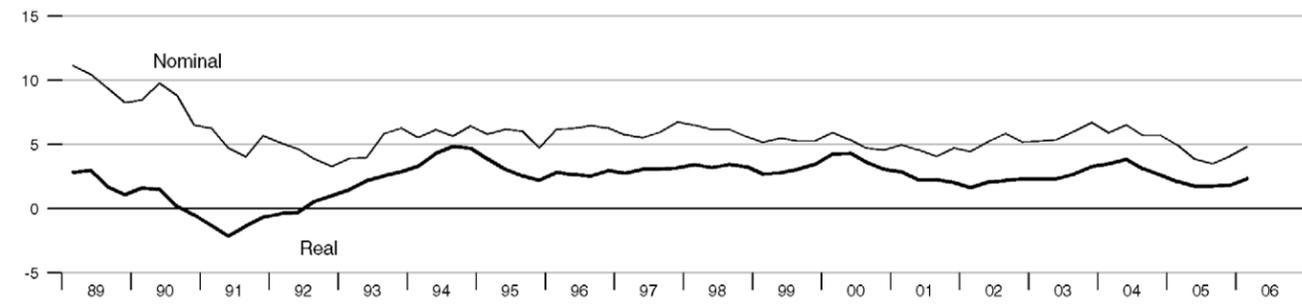


Government Debt and Budget Balance



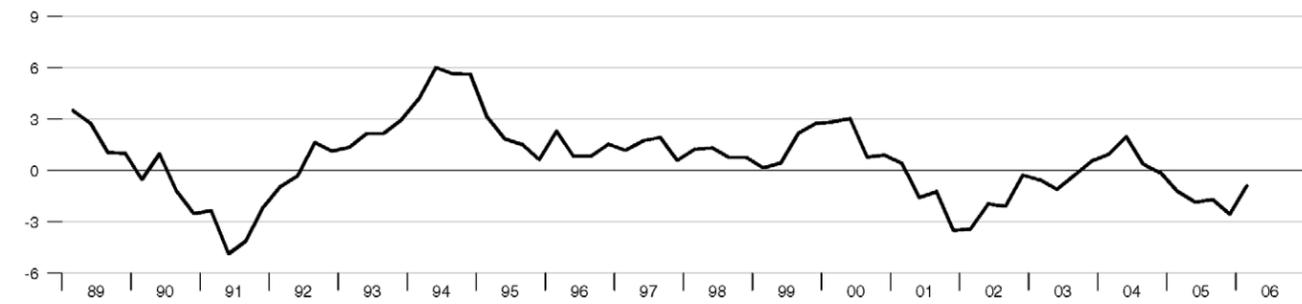
GDP

Percent change from year ago



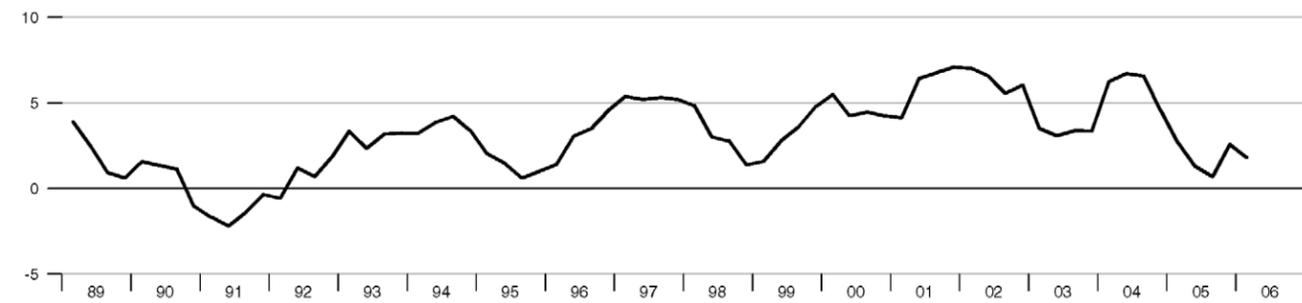
Industrial Production

Percent change from year ago



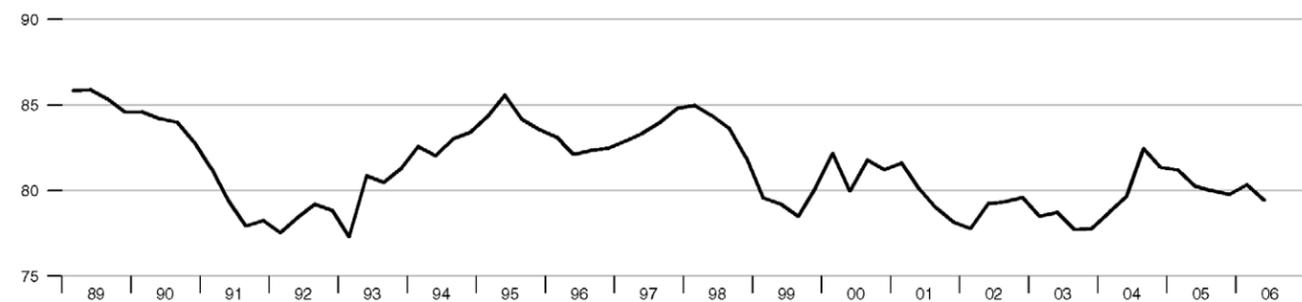
Retail Sales

Percent change from year ago



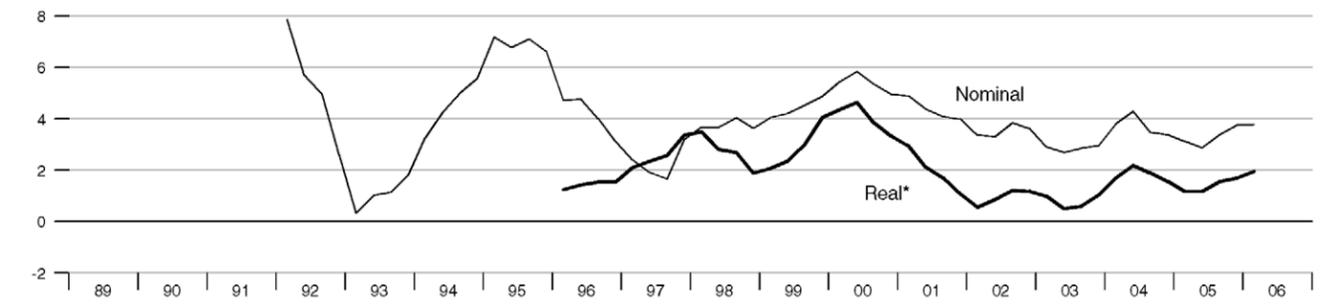
Capacity Utilization

Percent



GDP

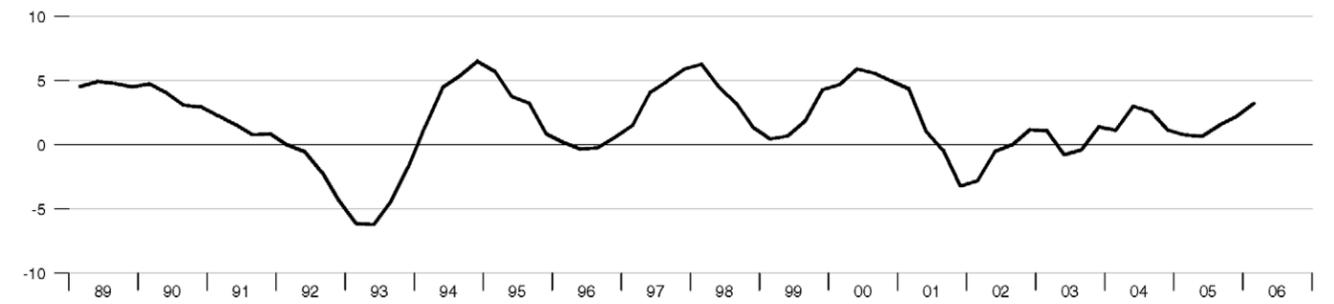
Percent change from year ago



* EUROSTAT has recently changed how it calculates GDP. Data are currently available back to 1995 but will soon be revised back to 1991.

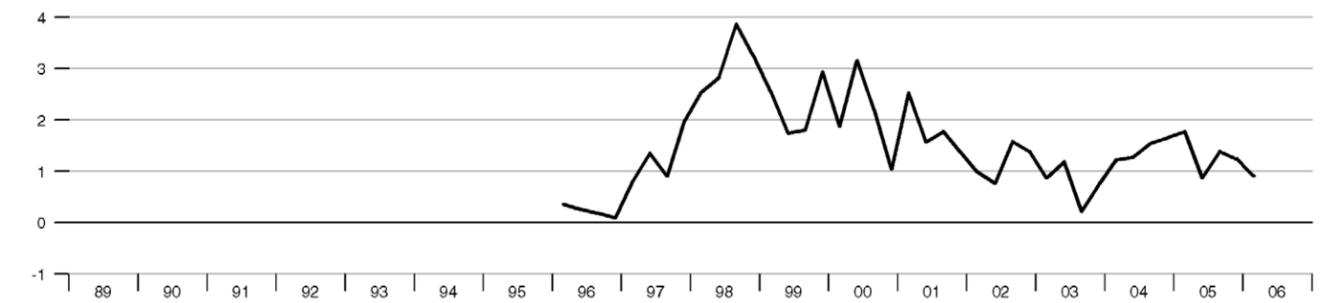
Industrial Production

Percent change from year ago



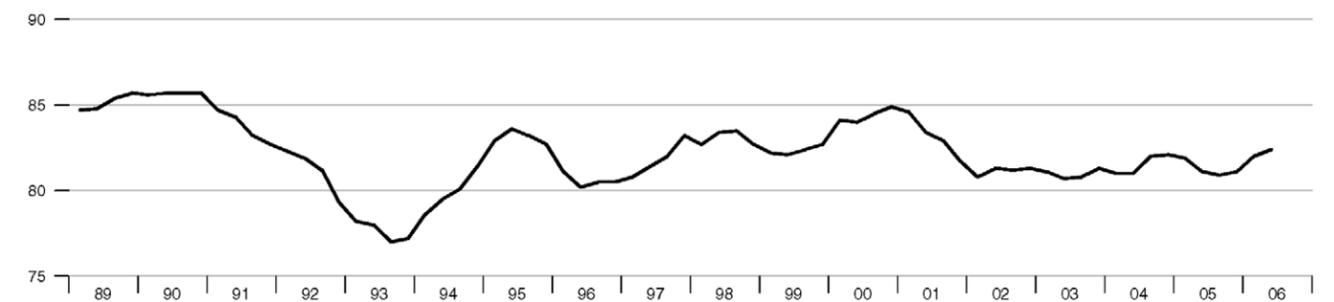
Retail Sales

Percent change from year ago

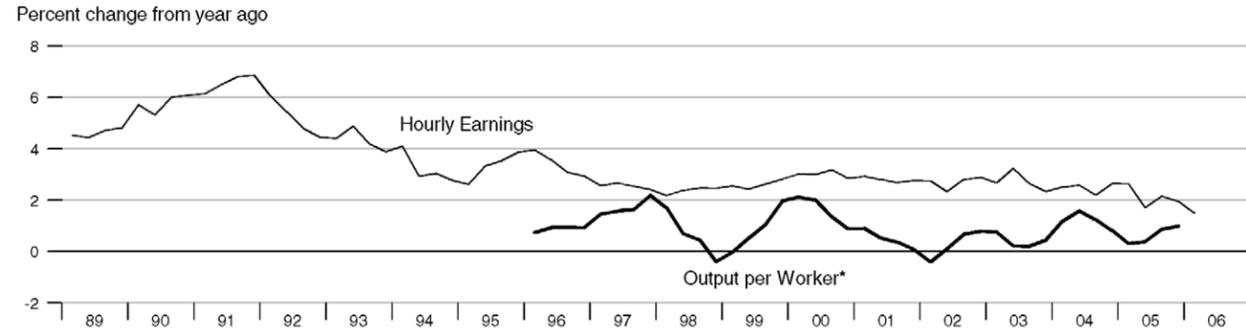


Capacity Utilization

Percent

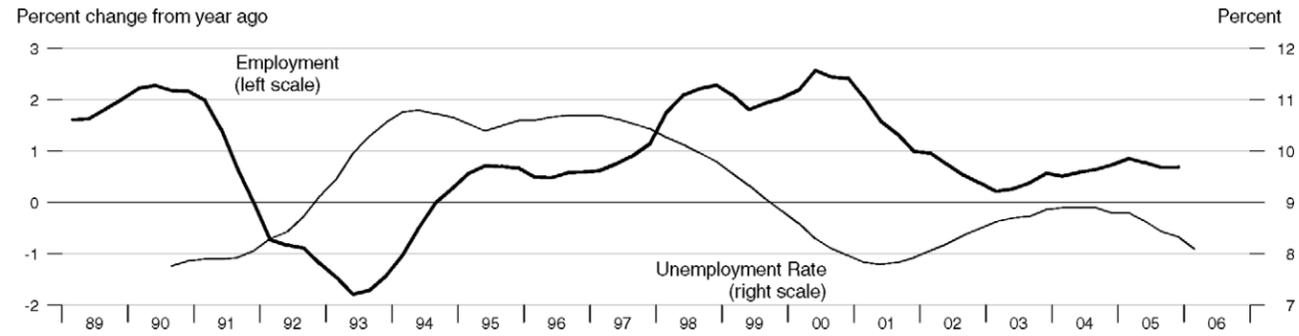


Real Hourly Earnings and Output per Worker

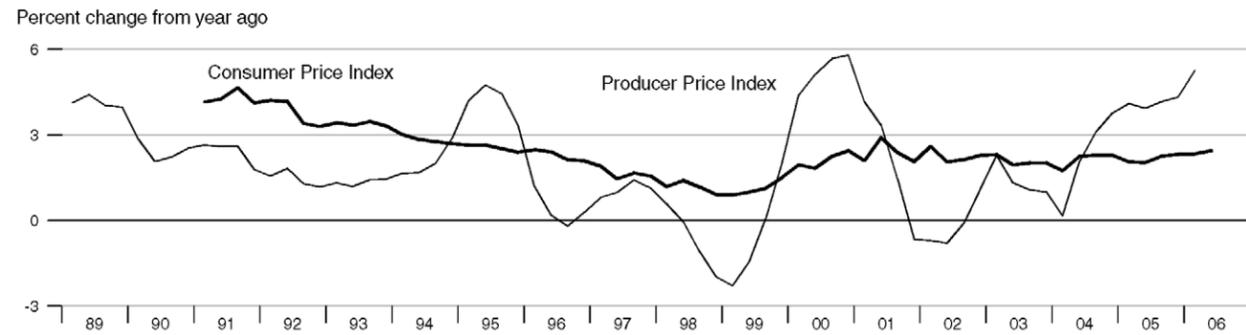


* EUROSTAT is currently revising output data. Output per worker data are available only back to 1995.

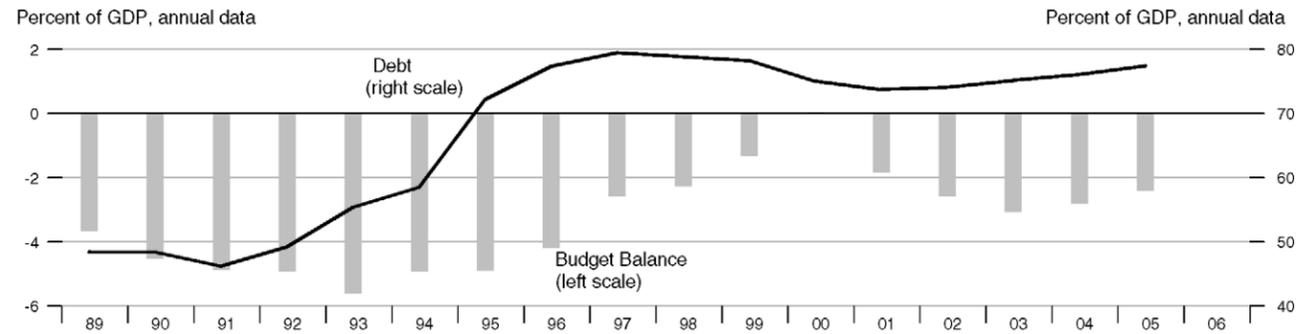
Labor Force Indicators



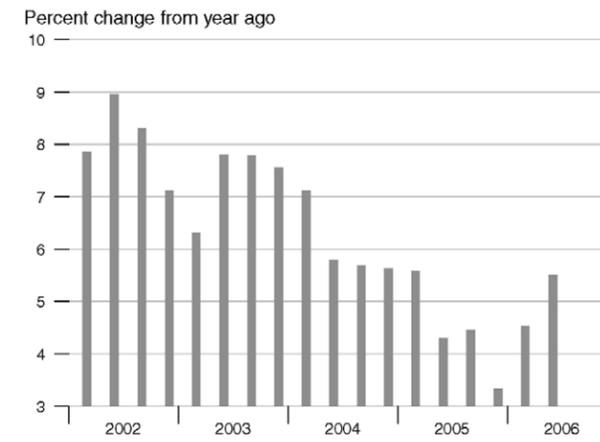
Inflation



Government Debt and Budget Balance

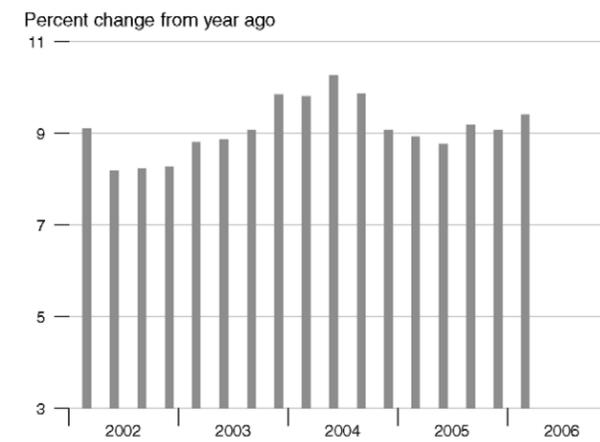


Notes and Coins in Circulation*

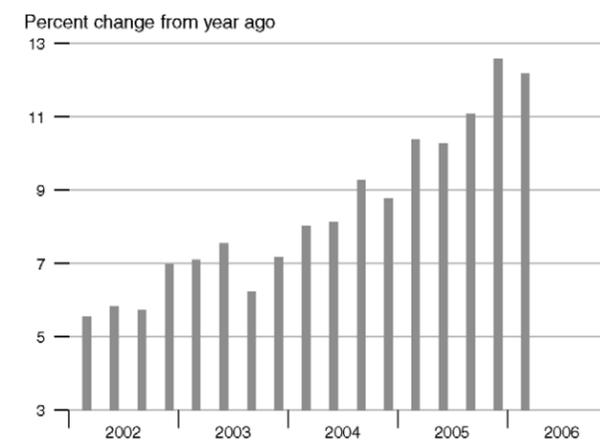


* Please see important announcement on the contents page.

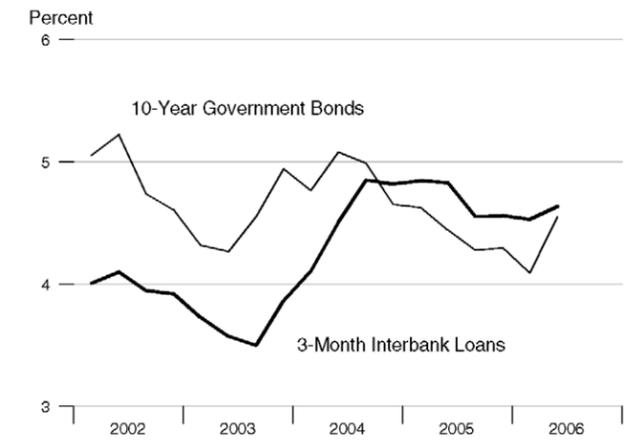
M2



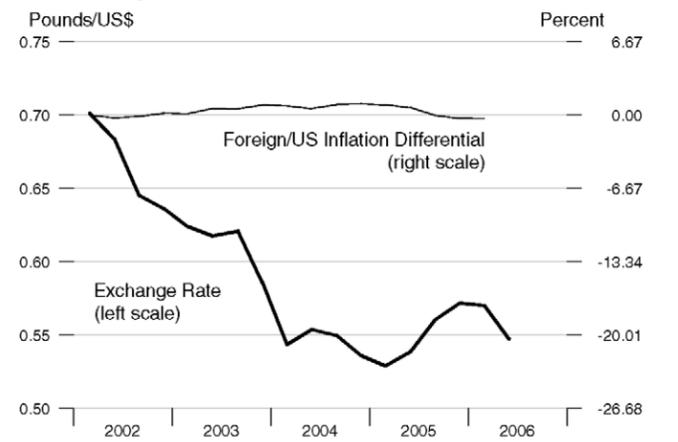
M4



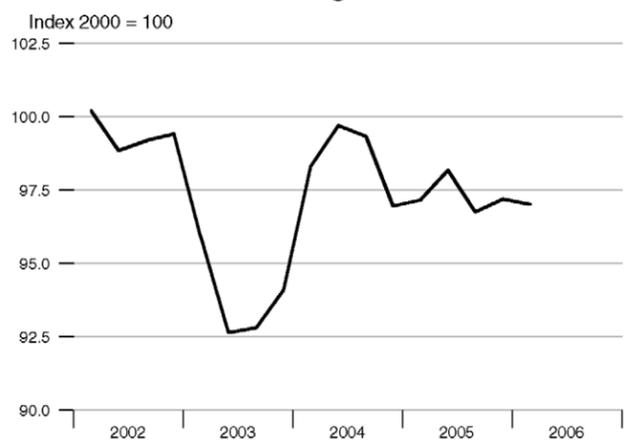
Interest Rates



Exchange Rate and Inflation Differential

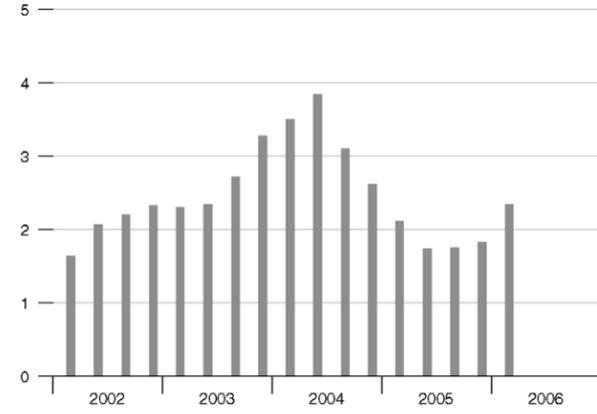


Real Effective Exchange Rate



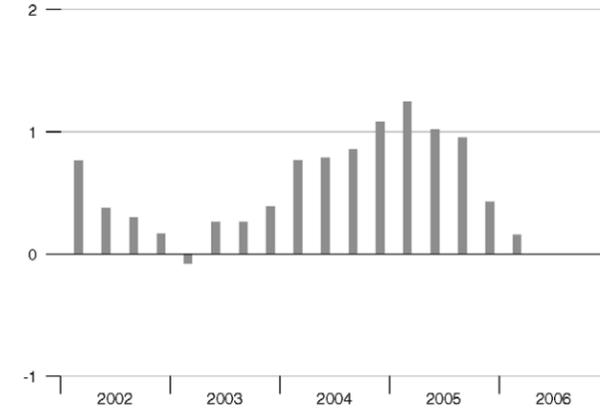
Real GDP

Percent change from year ago



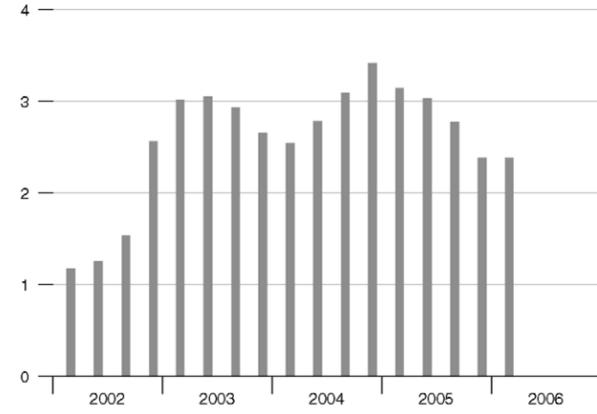
Employment

Percent change from year ago



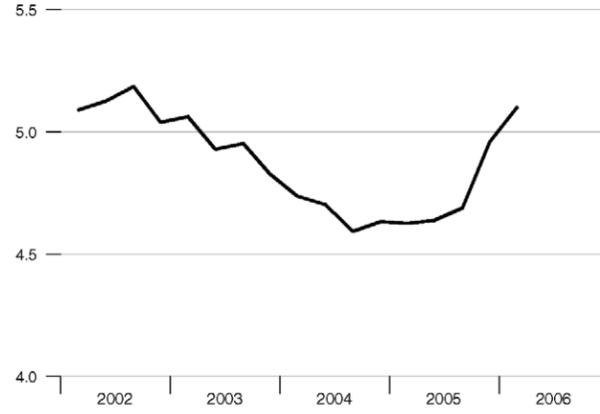
Consumer Price Index

Percent change from year ago



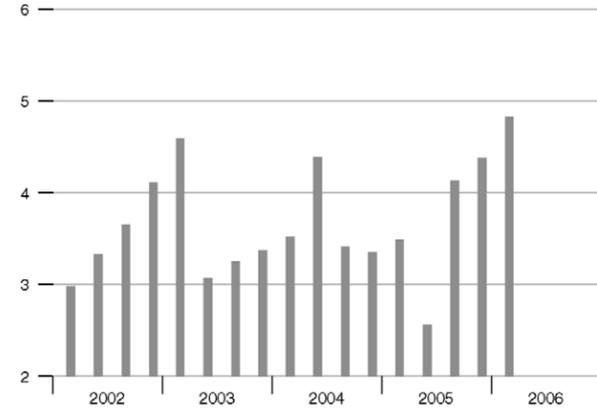
Unemployment Rate

Percent



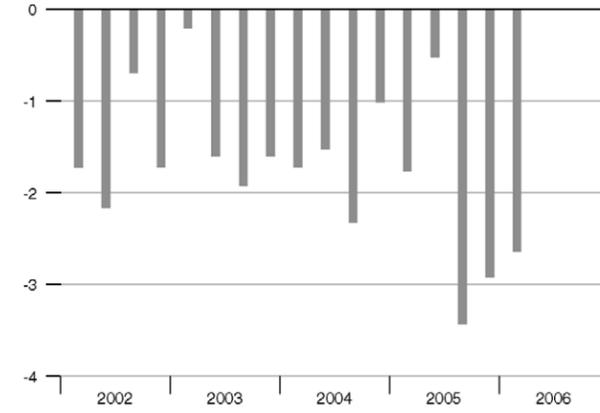
Real Weekly Earnings

Percent change from year ago



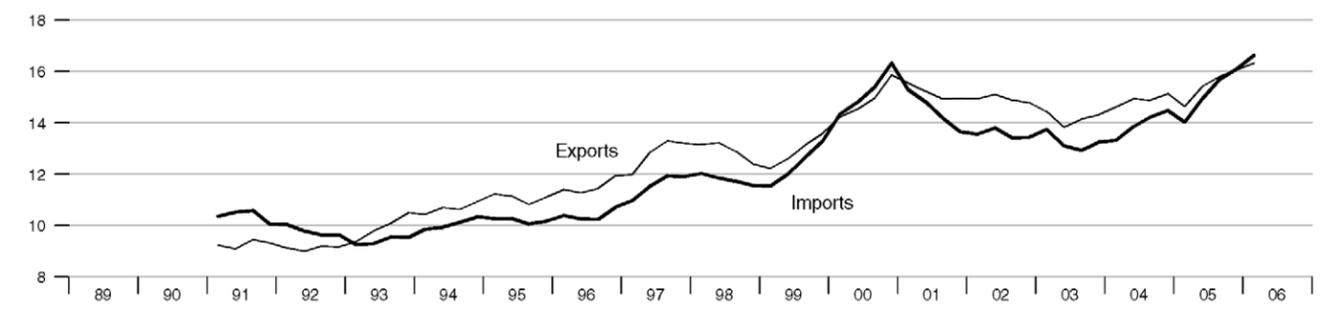
Current Account Balance

Percent of GDP



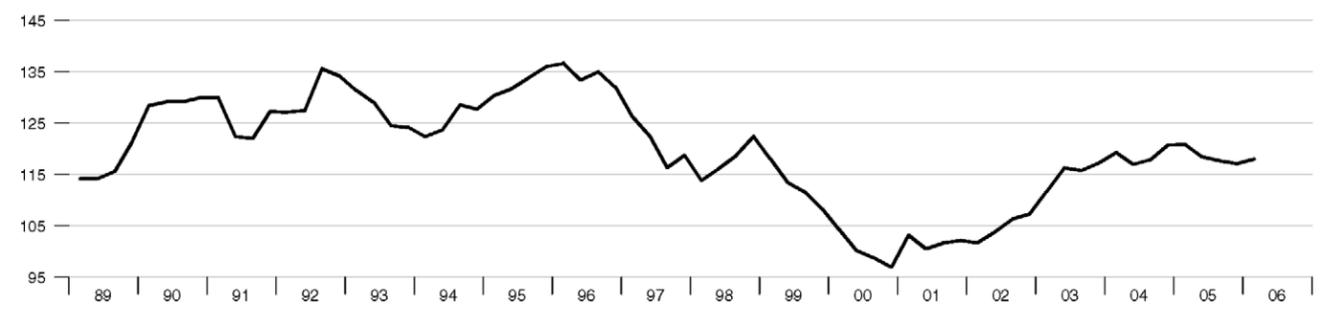
International Trade - Goods

Percent of GDP



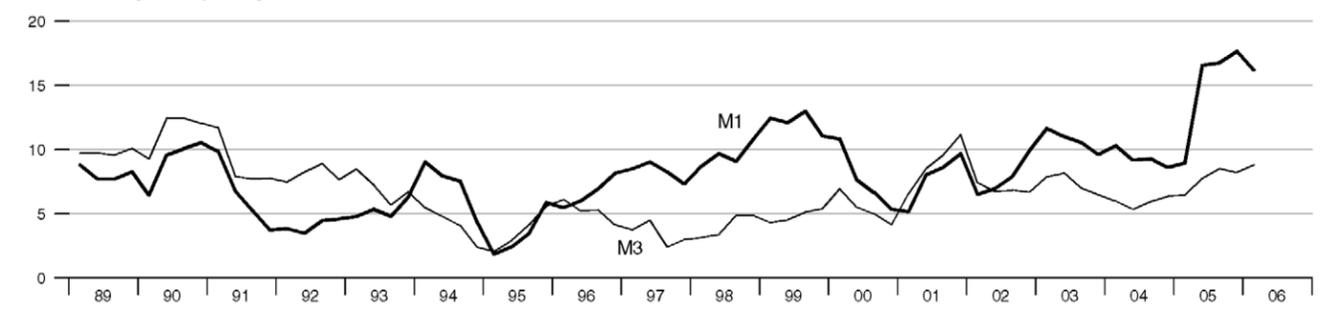
Real Effective Exchange Rate

Index 2000 = 100



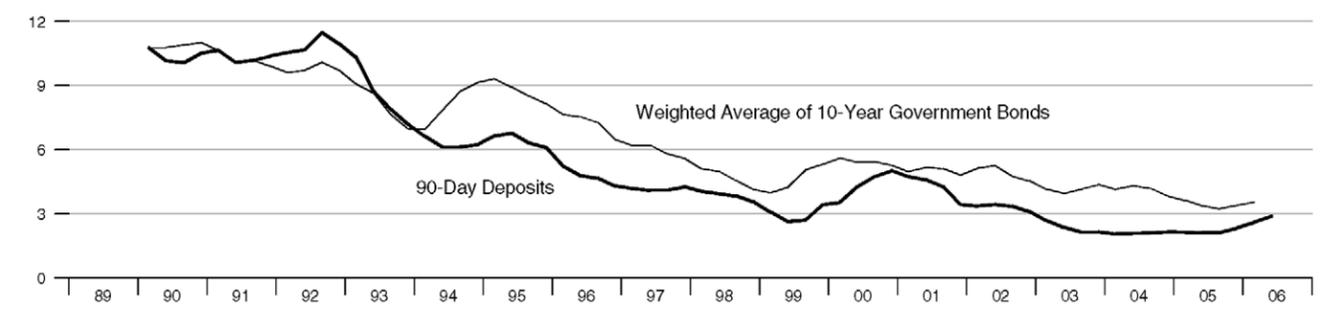
Monetary Aggregates

Percent change from year ago



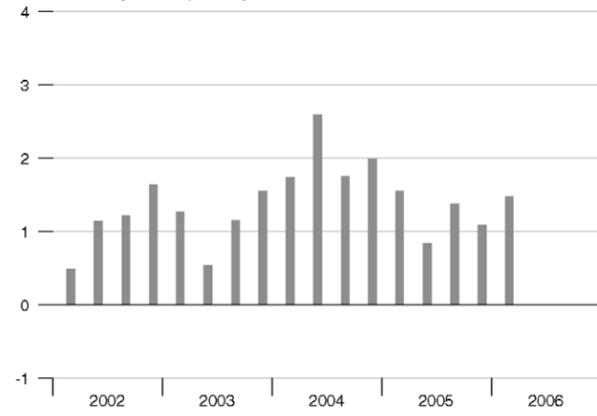
Interest Rates

Percent



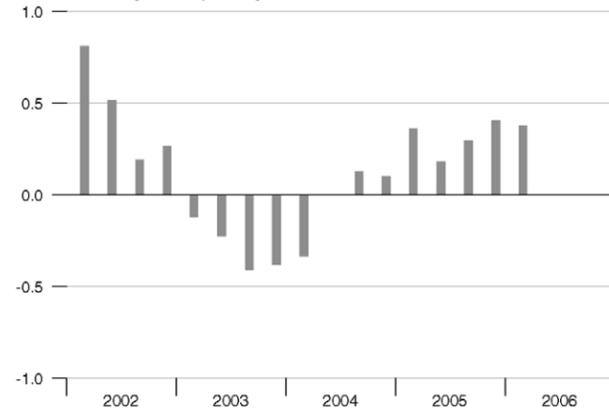
Real GDP

Percent change from year ago



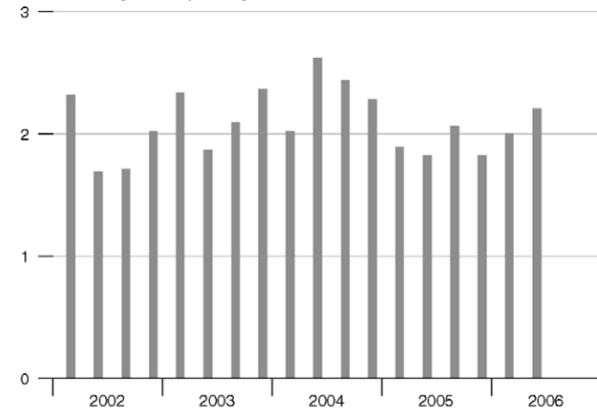
Employment

Percent change from year ago



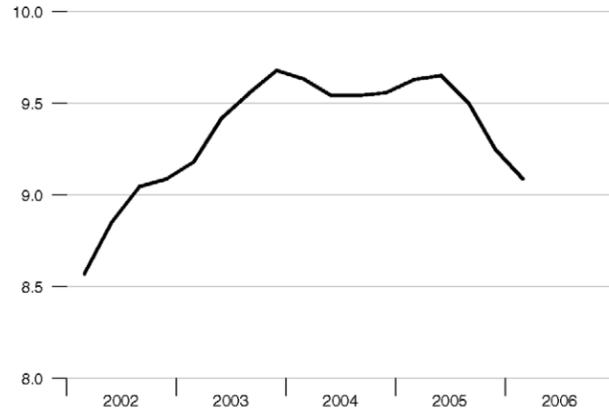
Consumer Price Index

Percent change from year ago



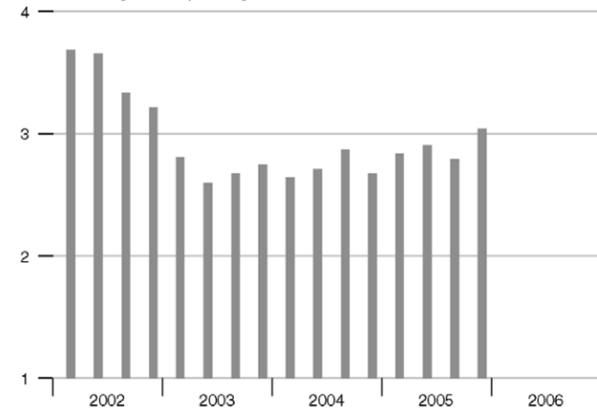
Unemployment Rate

Percent



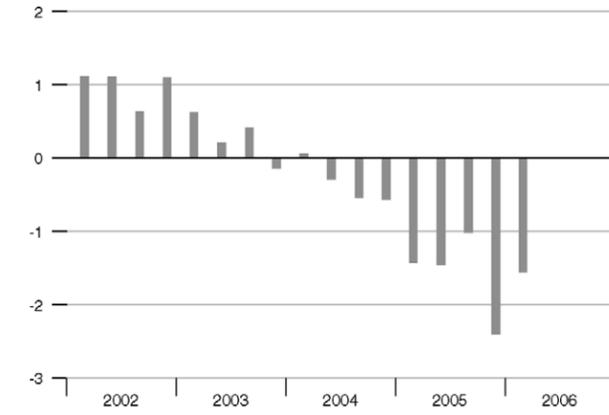
Real Hourly Earnings

Percent change from year ago



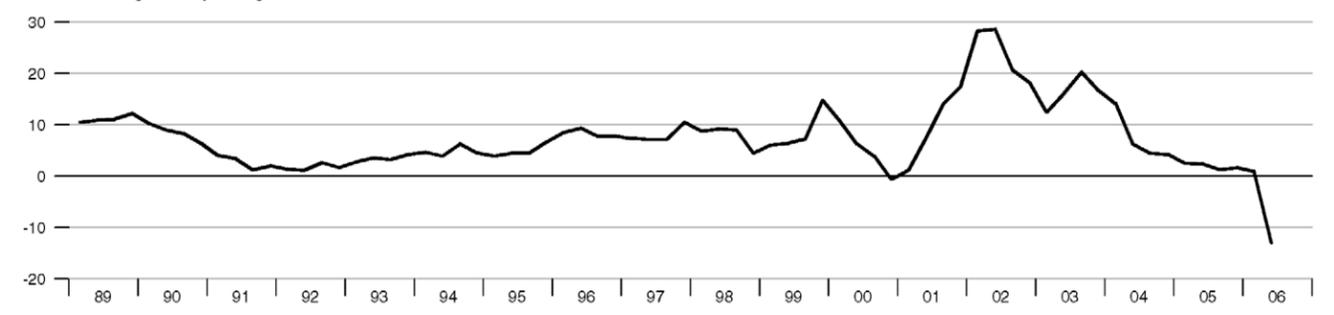
Current Account Balance

Percent of GDP



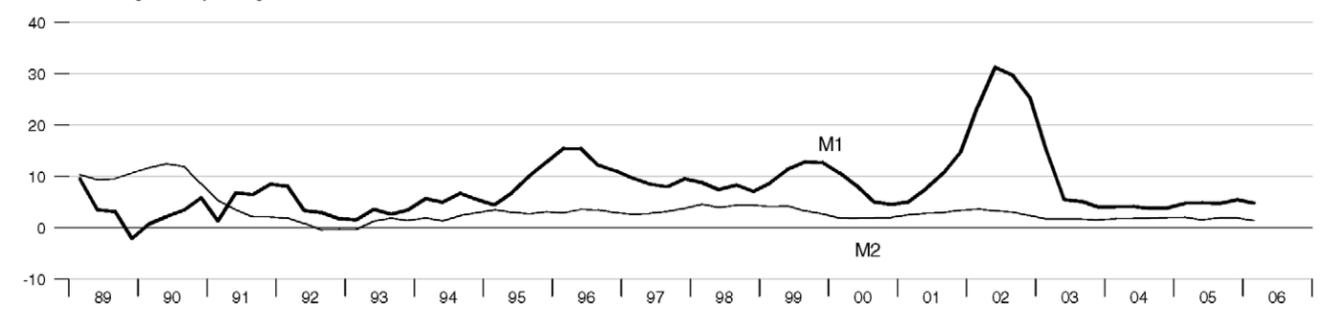
Adjusted Monetary Base

Percent change from year ago



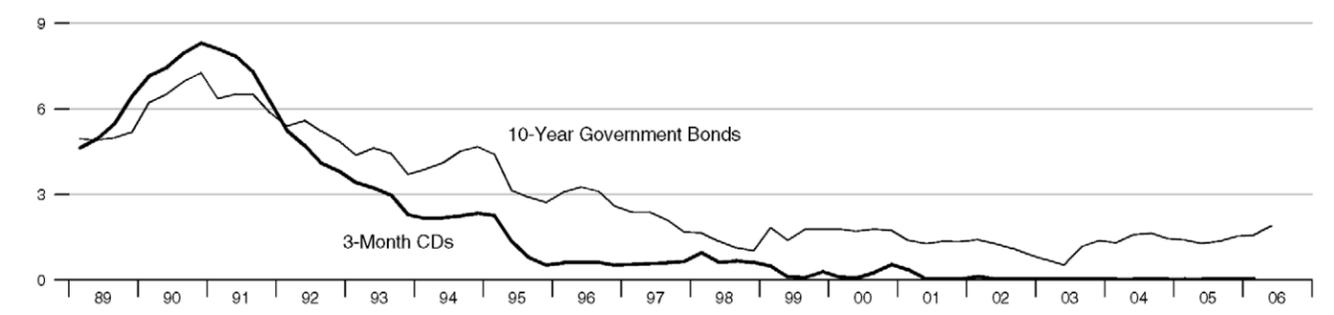
Monetary Aggregates

Percent change from year ago



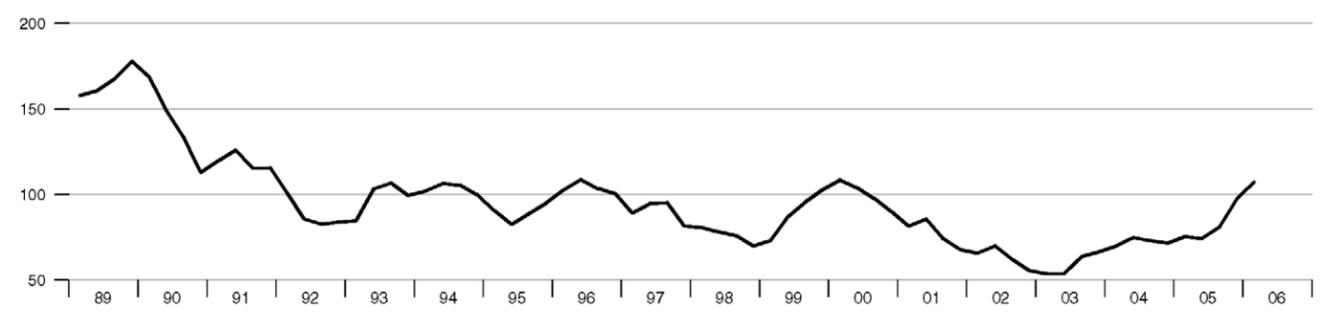
Interest Rates

Percent

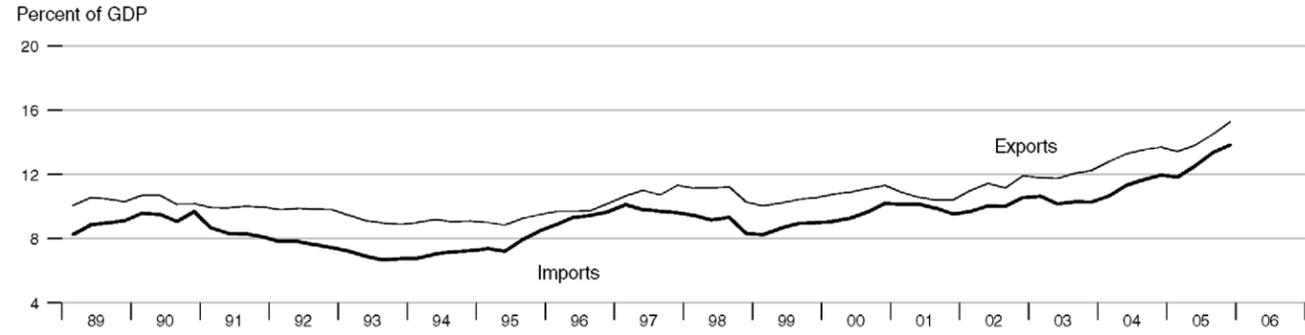


Stock Exchange Index - Tokyo Stock Exchange

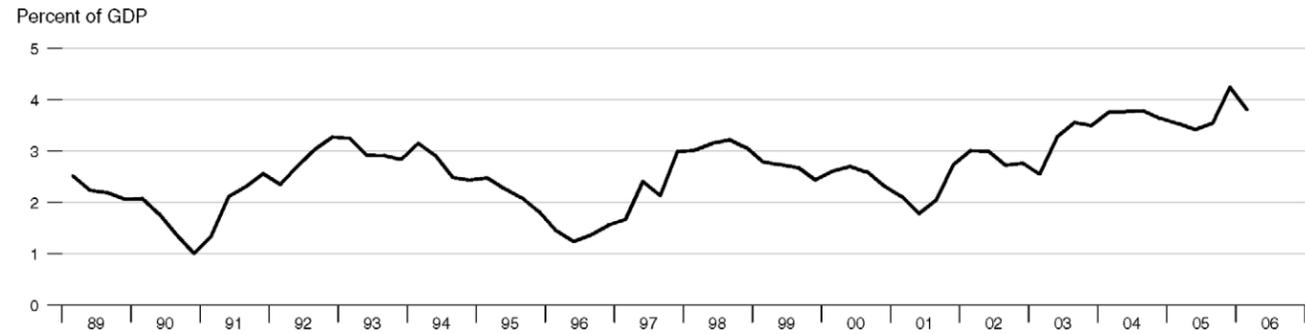
2000 = 100



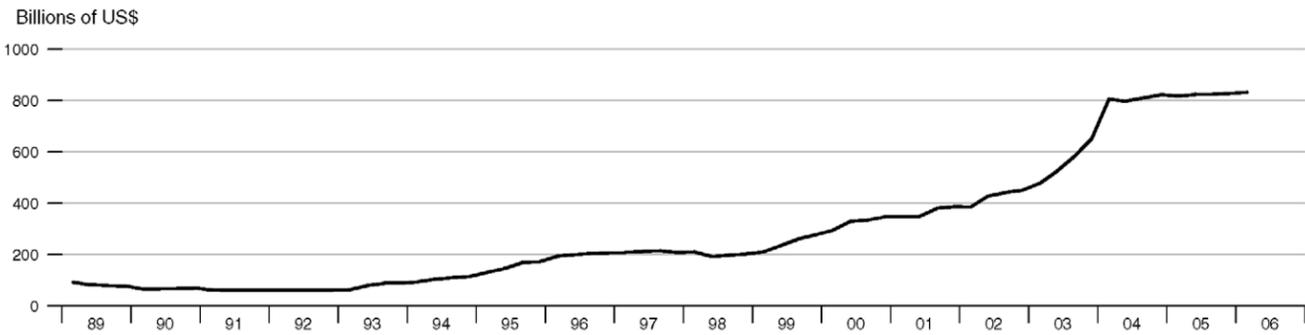
International Trade - Goods and Services



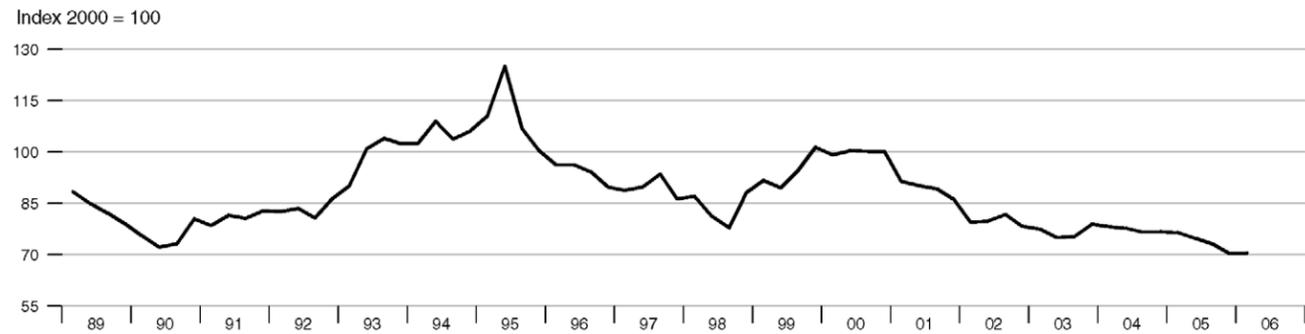
Current Account Balance



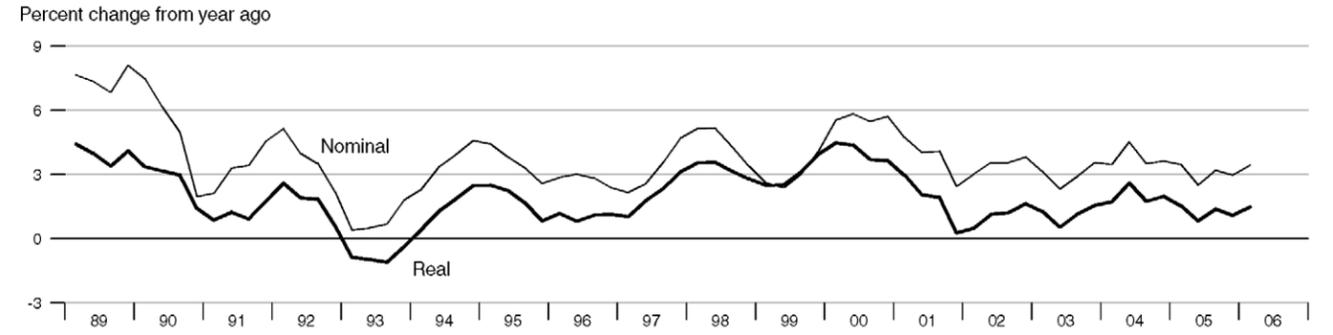
Foreign Exchange Reserves



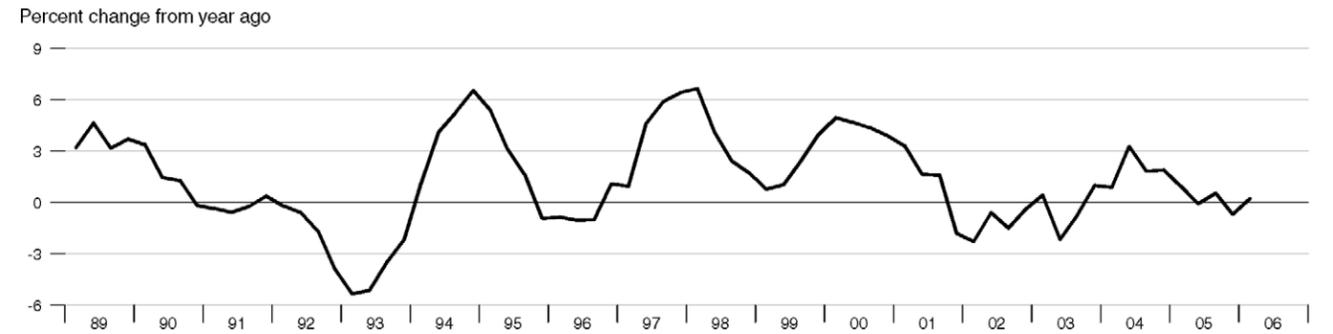
Real Effective Exchange Rate



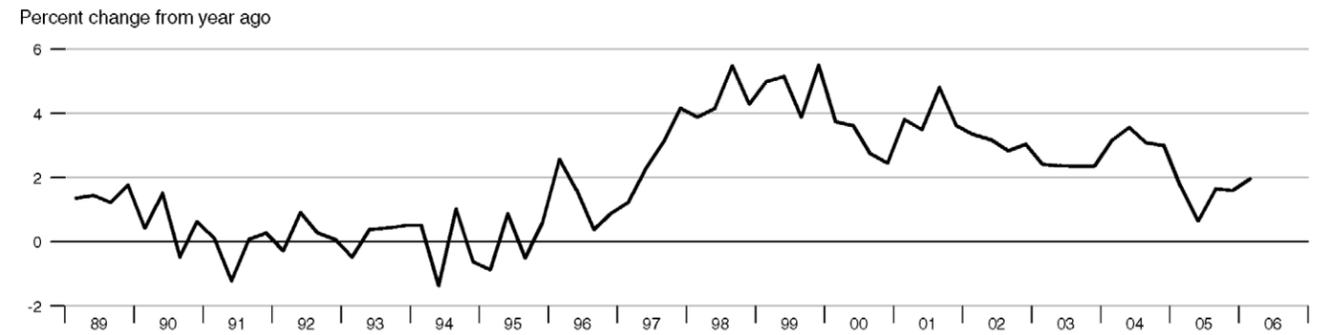
GDP



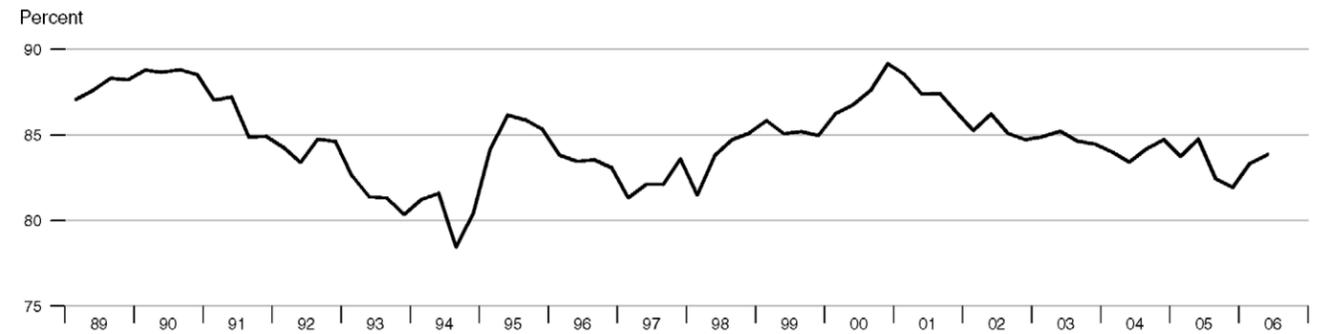
Industrial Production



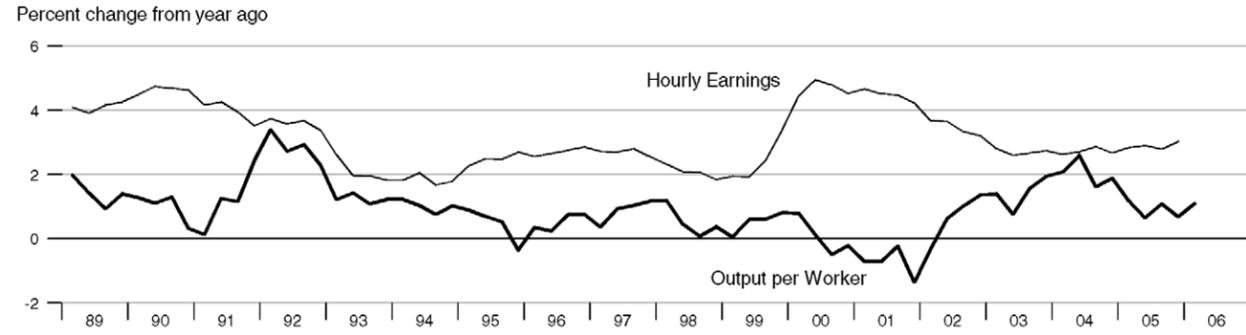
Retail Sales



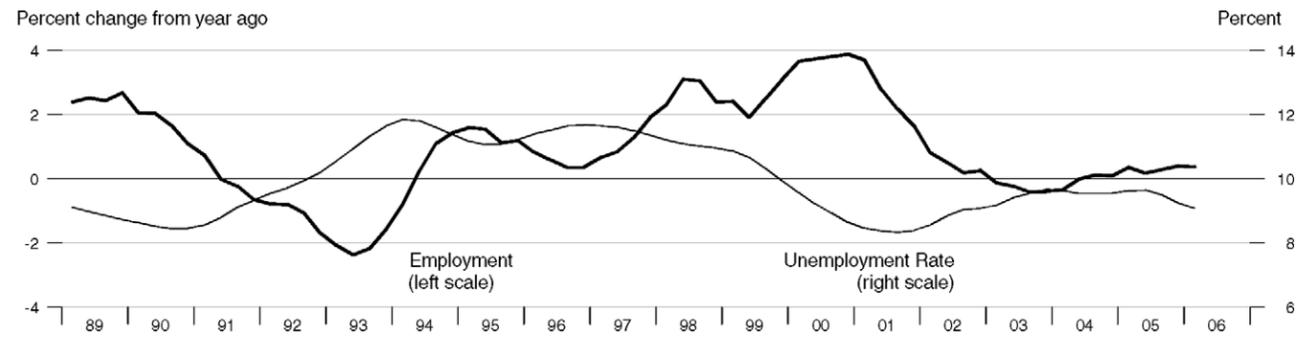
Capacity Utilization



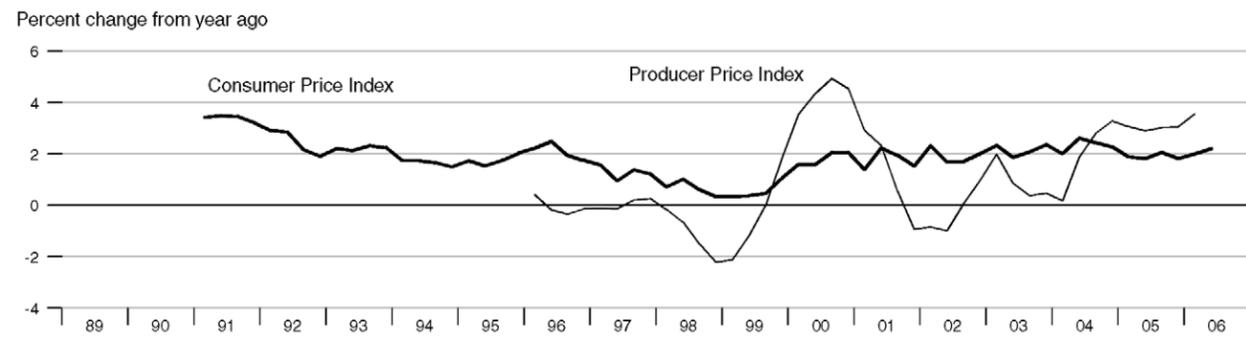
Real Hourly Earnings and Output per Worker



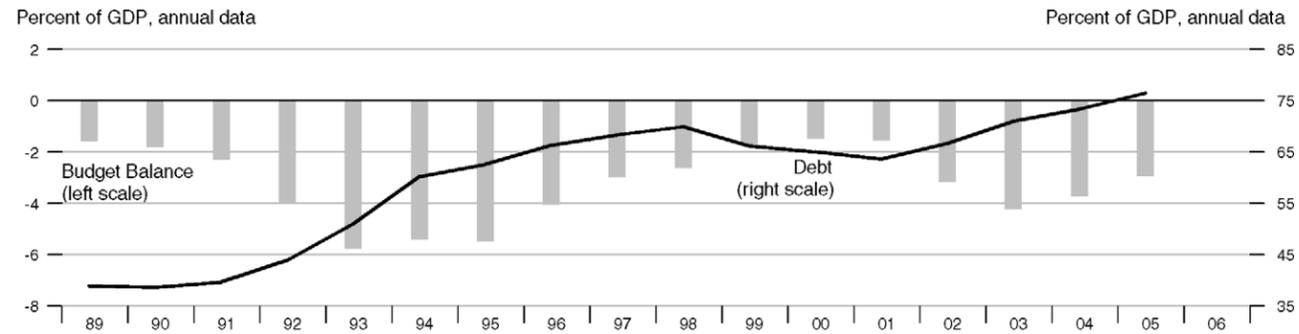
Labor Force Indicators



Inflation



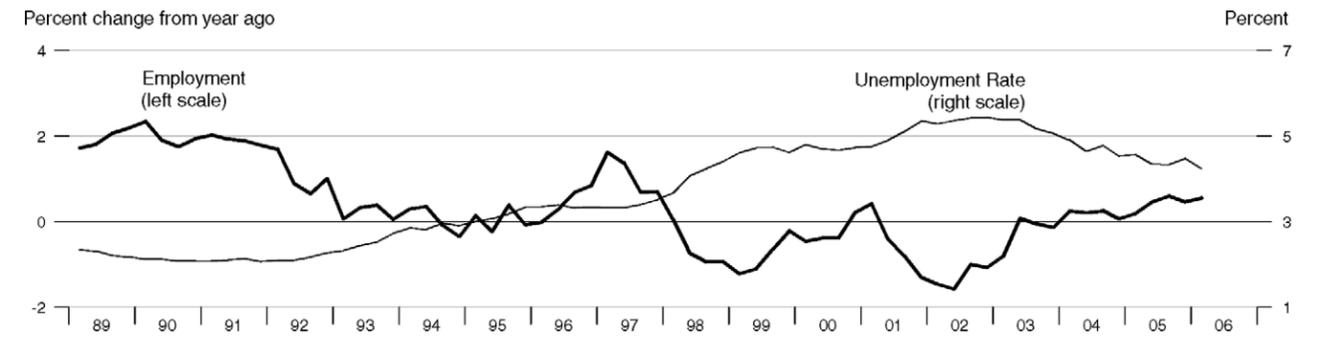
Government Debt and Budget Balance



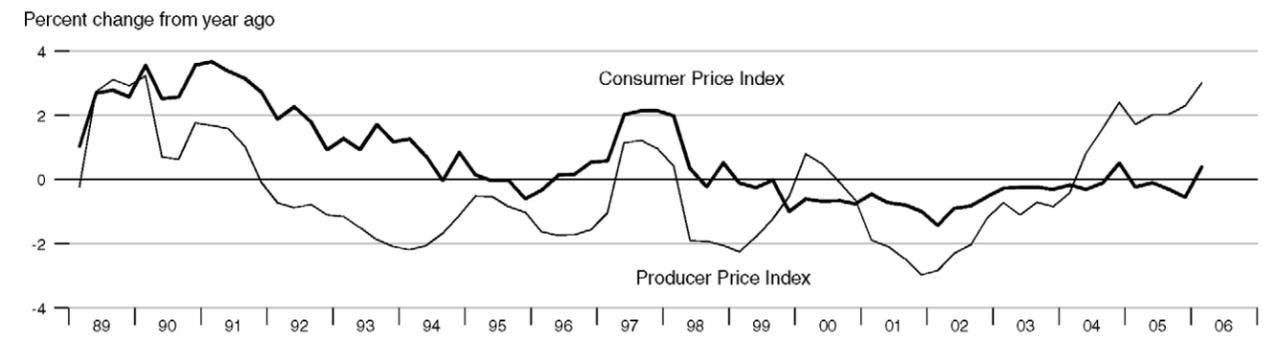
Real Monthly Earnings and Output per Worker



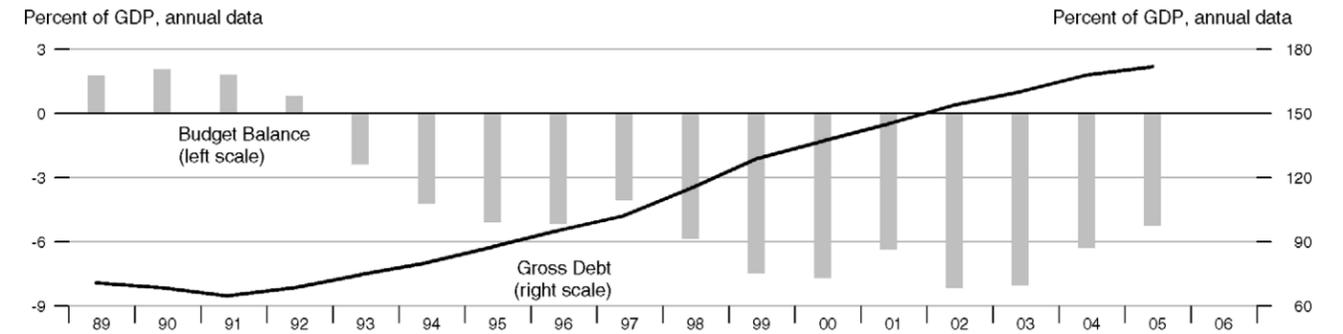
Labor Force Indicators



Inflation

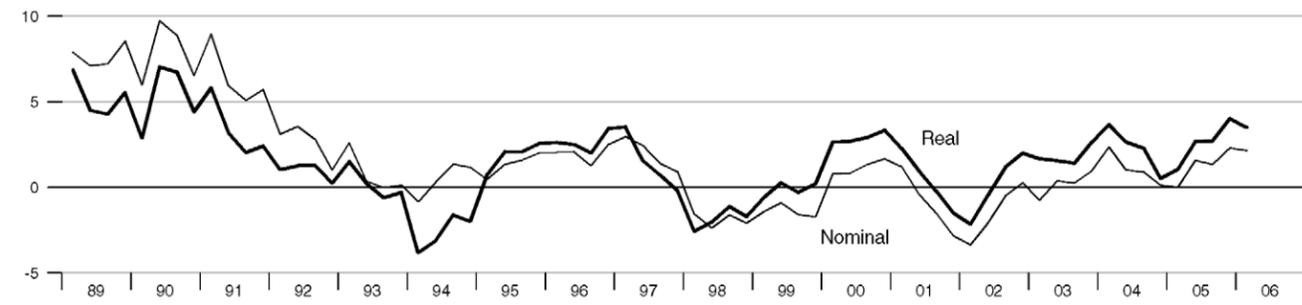


Government Debt and Budget Balance



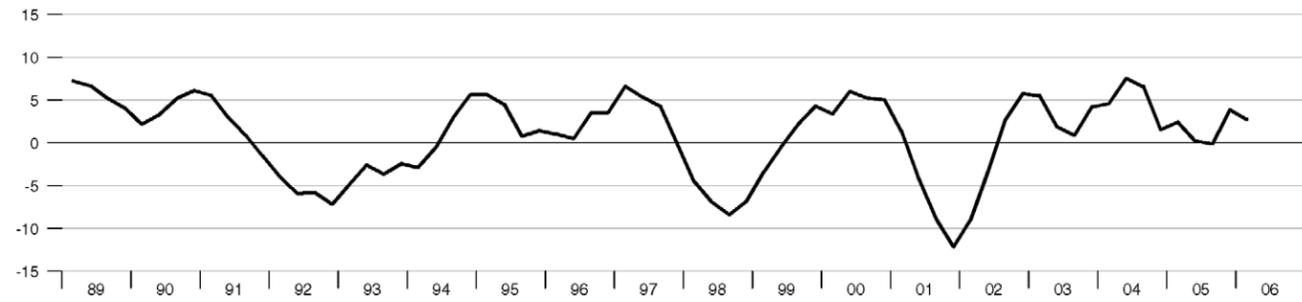
GDP

Percent change from year ago



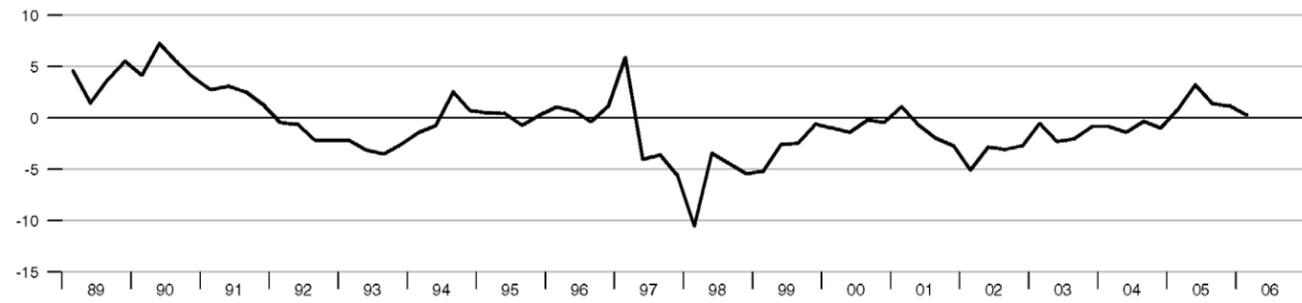
Industrial Production

Percent change from year ago



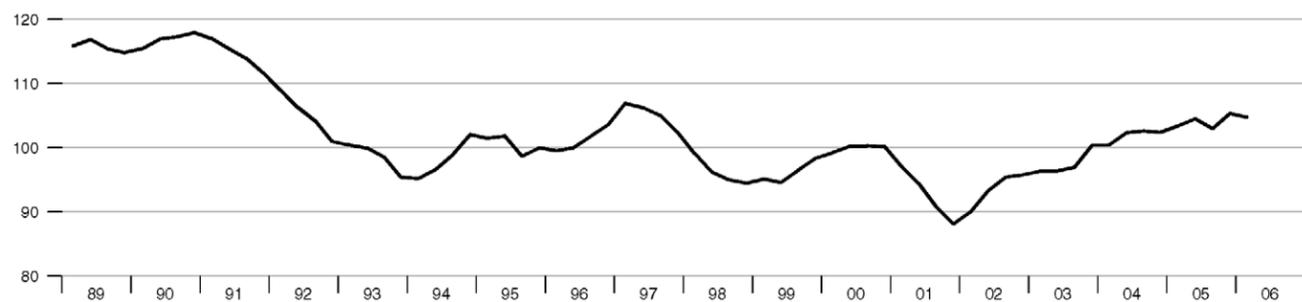
Retail Sales

Percent change from year ago



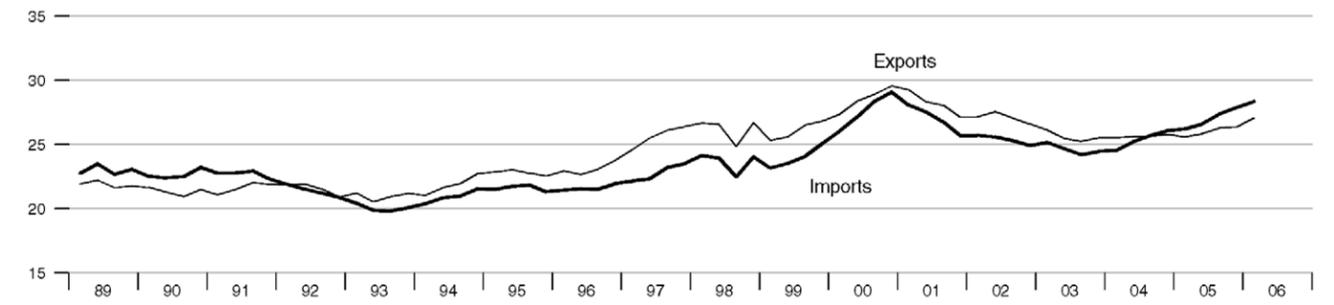
Capacity Utilization

2000 = 100



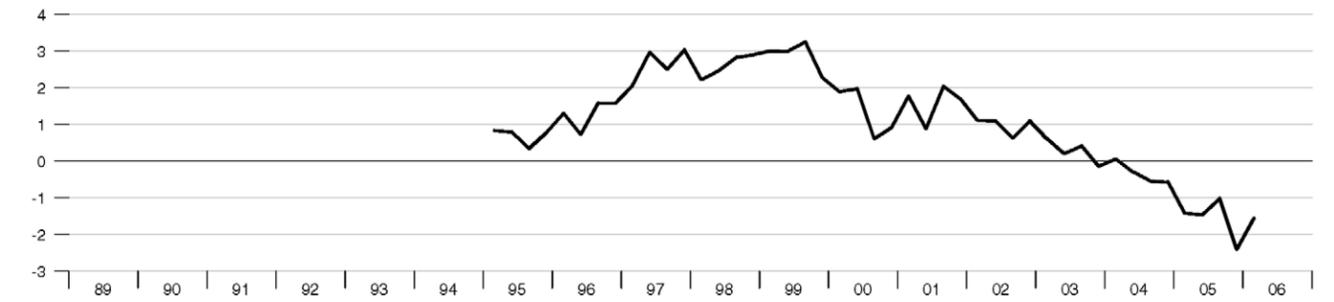
International Trade - Goods and Services

Percent of GDP



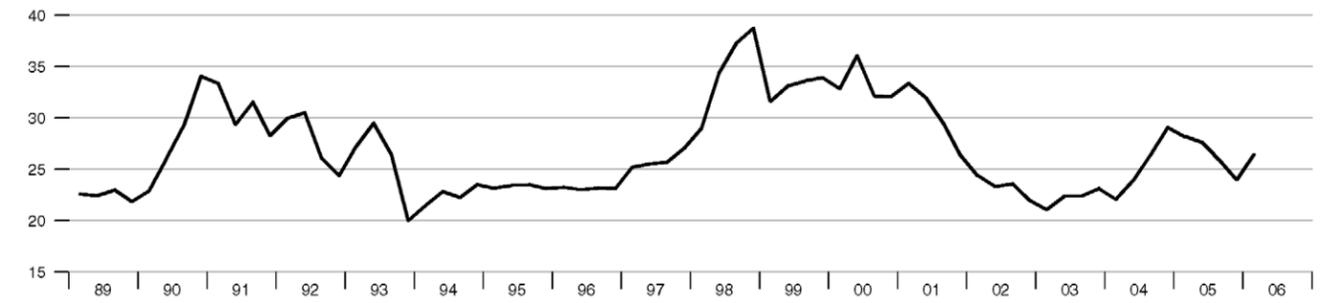
Current Account Balance

Percent of GDP



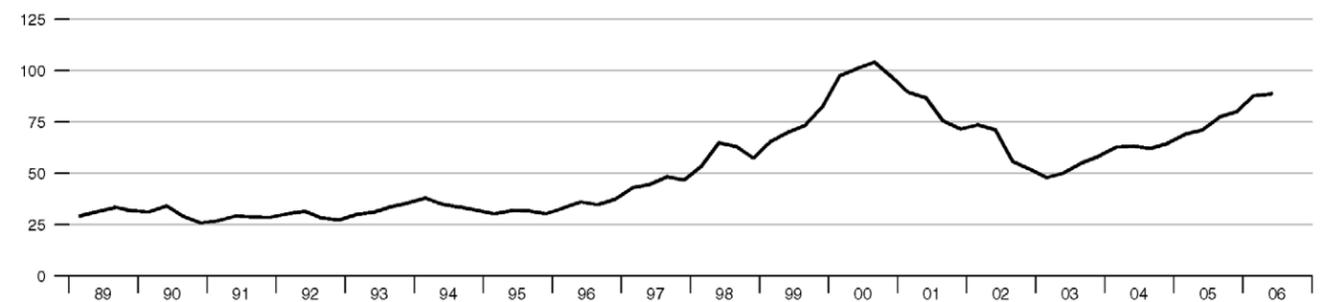
Foreign Exchange Reserves

Billions of US\$

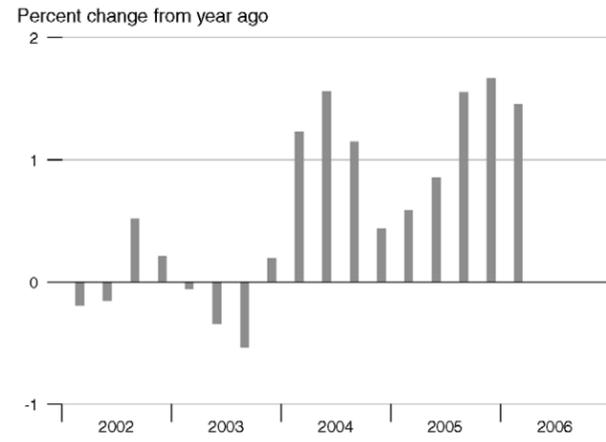


Stock Exchange Index - SBF 250

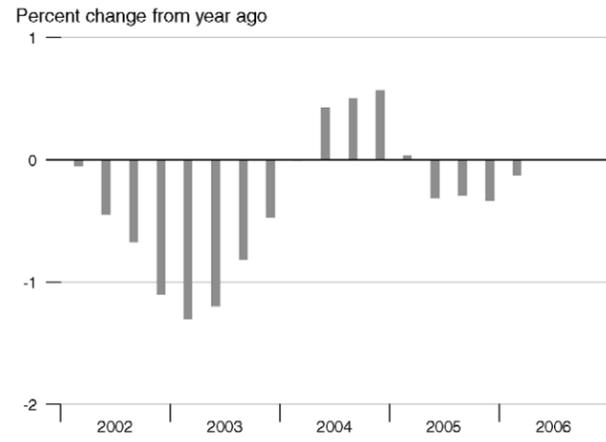
2000 = 100



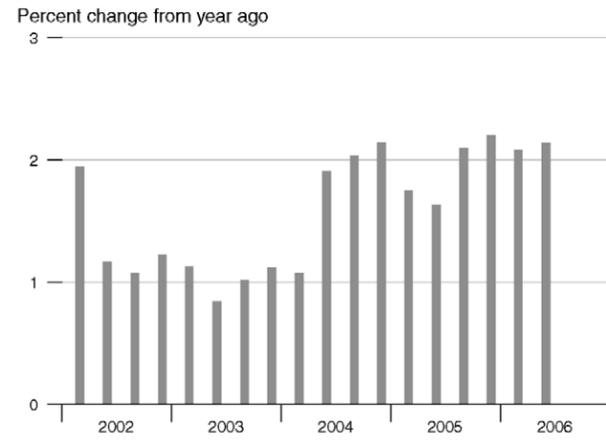
Real GDP



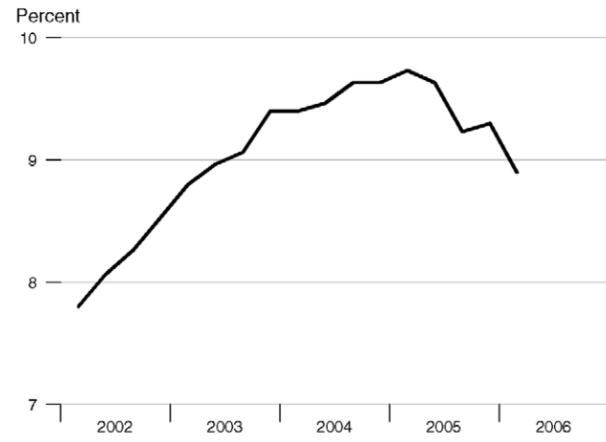
Employment



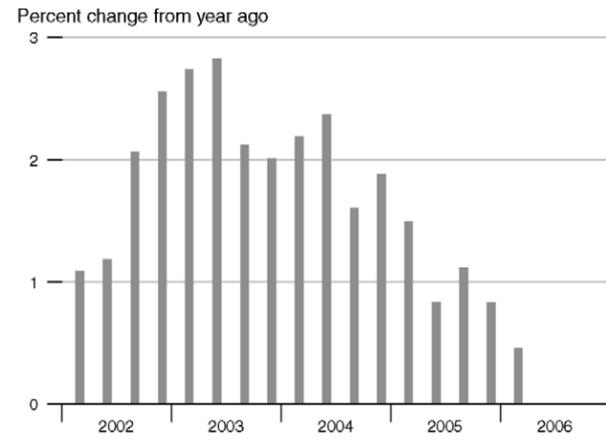
Consumer Price Index



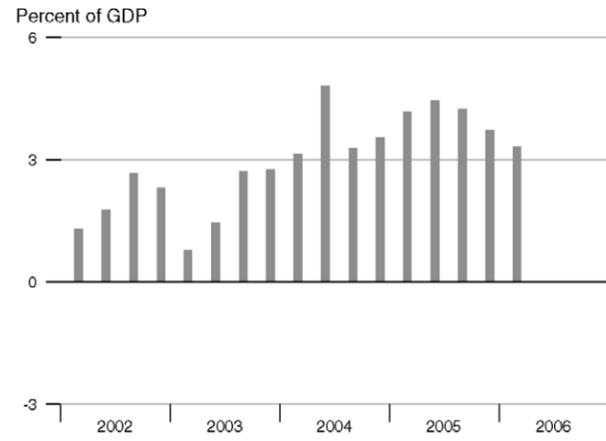
Unemployment Rate



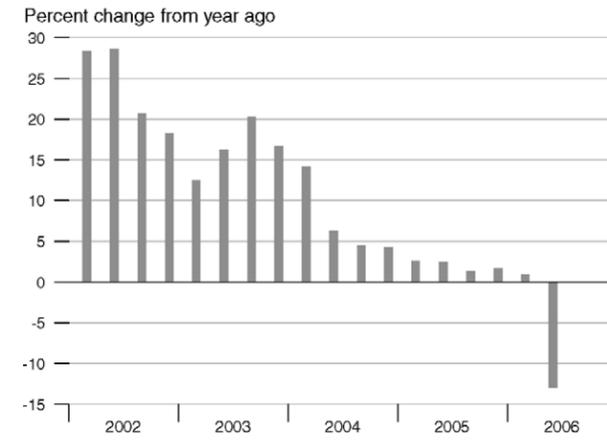
Real Hourly Earnings



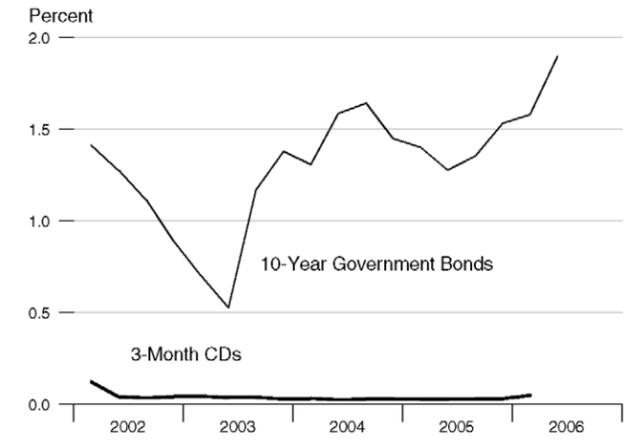
Current Account Balance



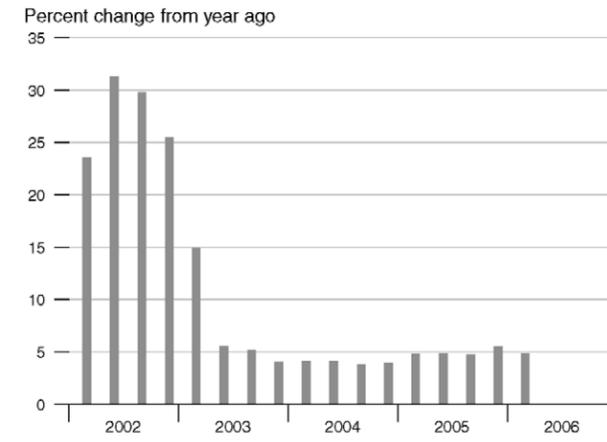
Adjusted Monetary Base



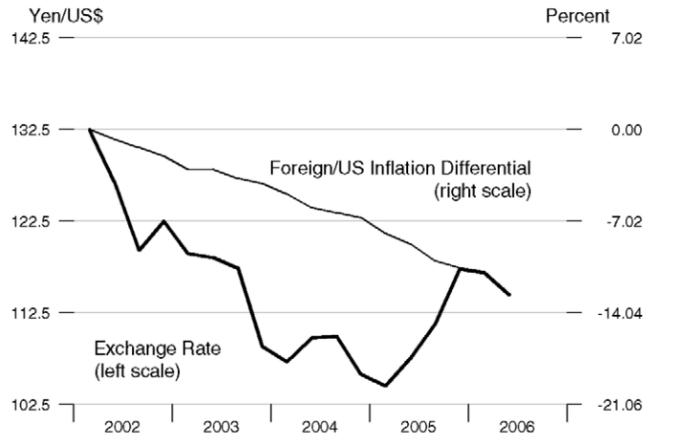
Interest Rates



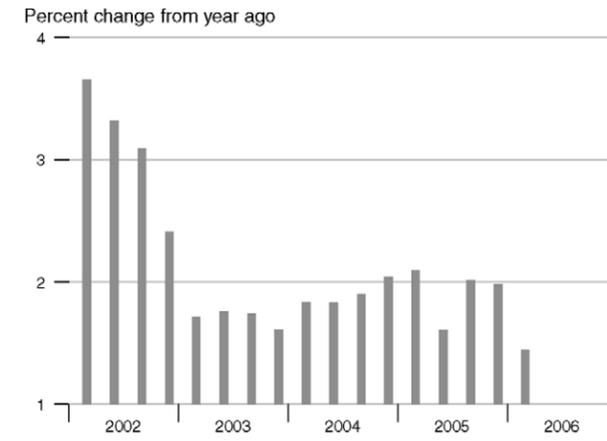
M1



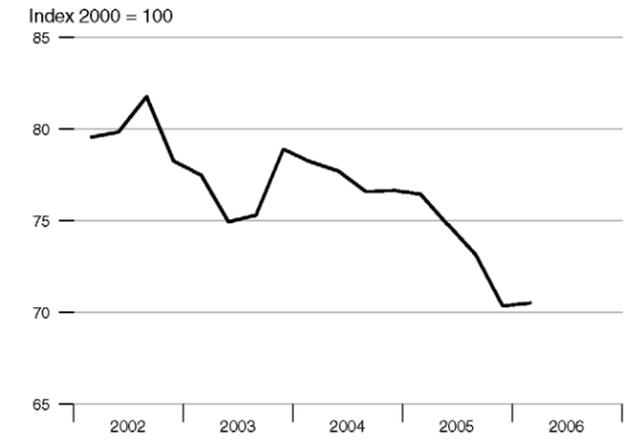
Exchange Rate and Inflation Differential



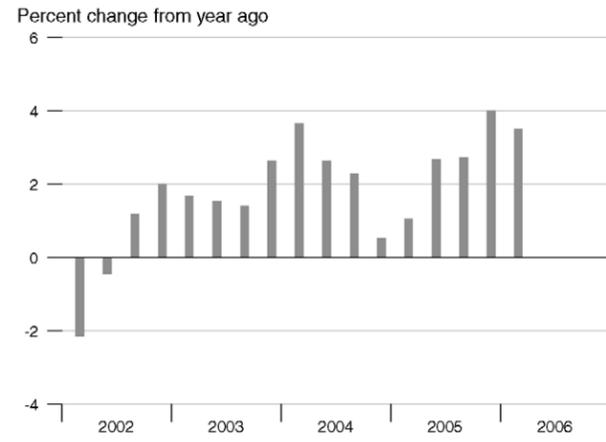
M2



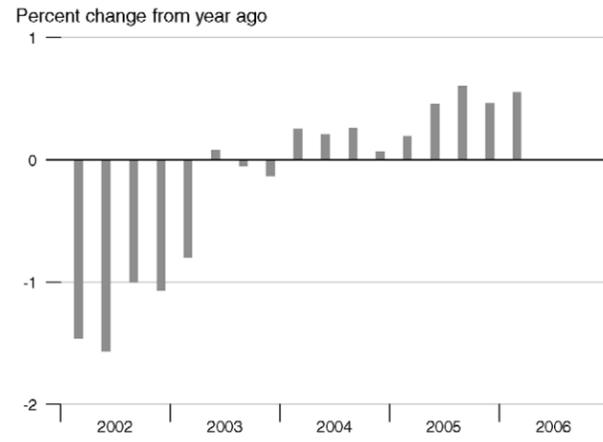
Real Effective Exchange Rate



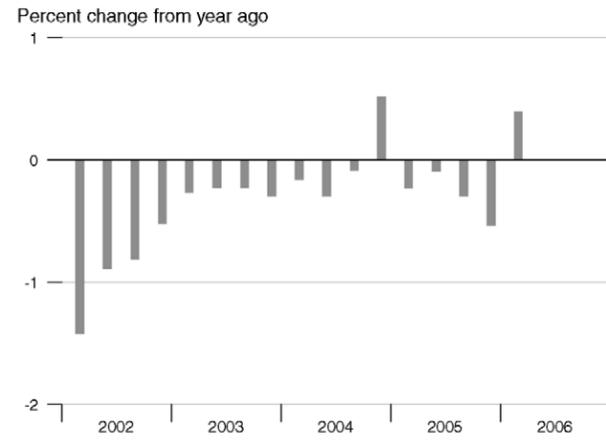
Real GDP



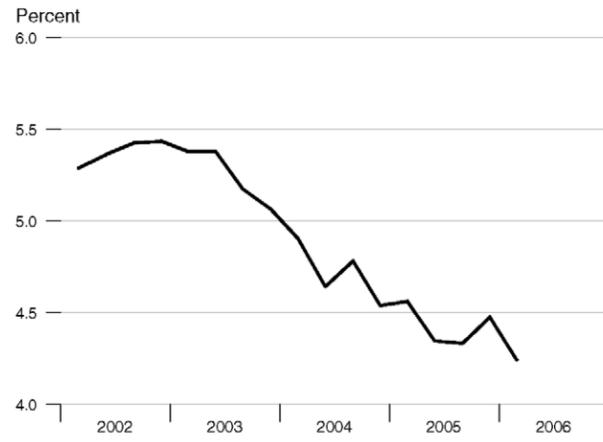
Employment



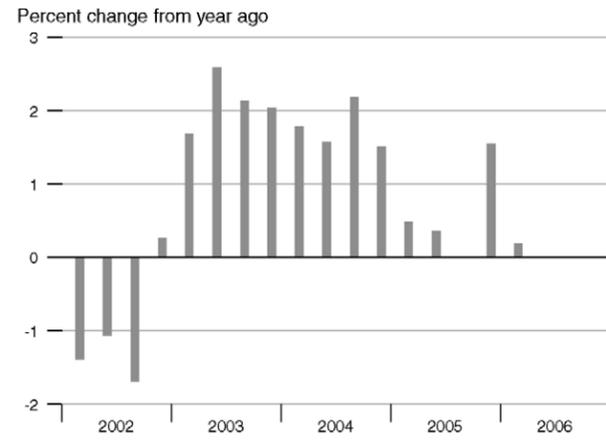
Consumer Price Index



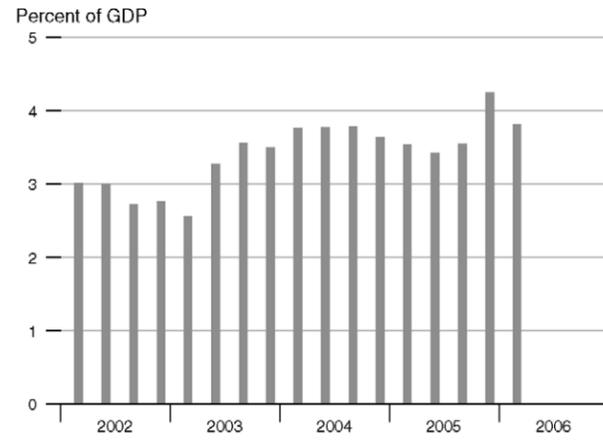
Unemployment Rate



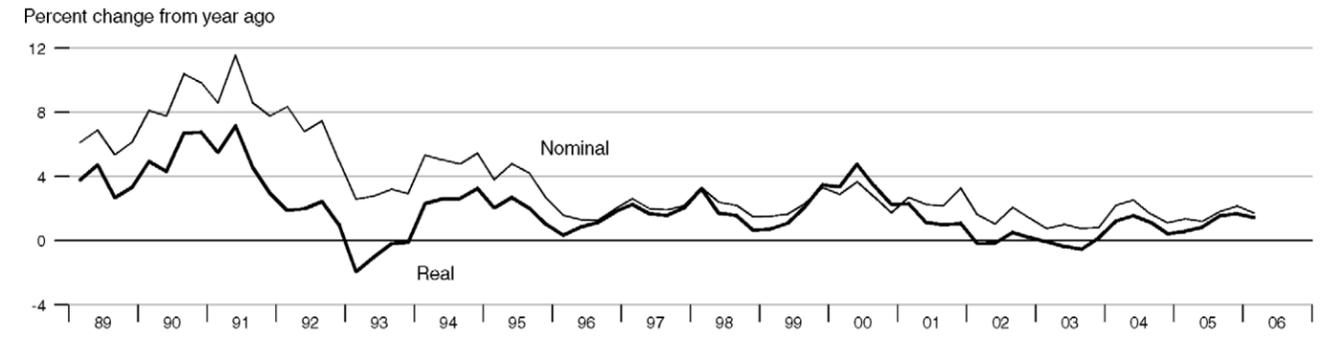
Real Monthly Earnings



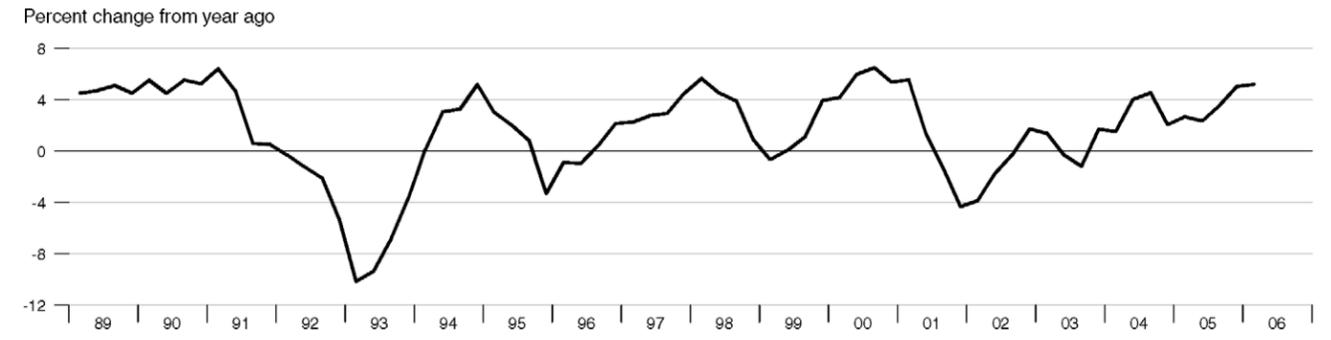
Current Account Balance



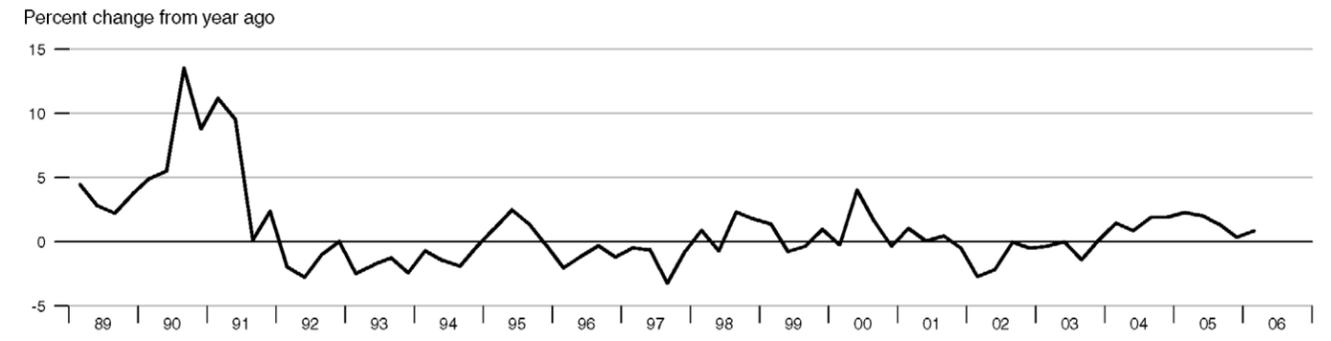
GDP



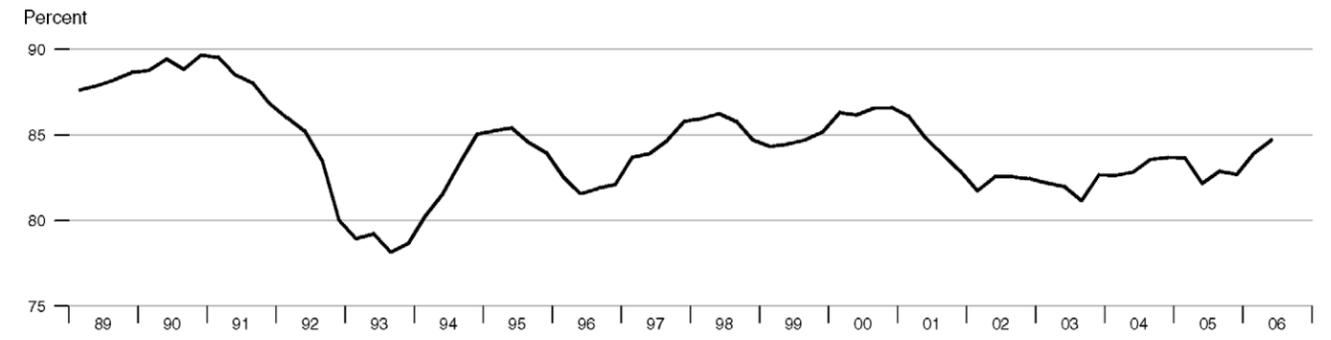
Industrial Production



Retail Sales



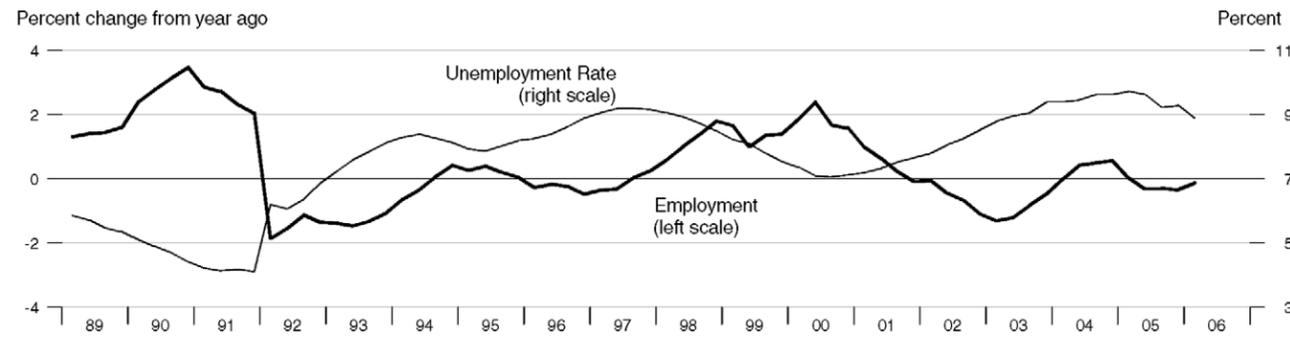
Capacity Utilization



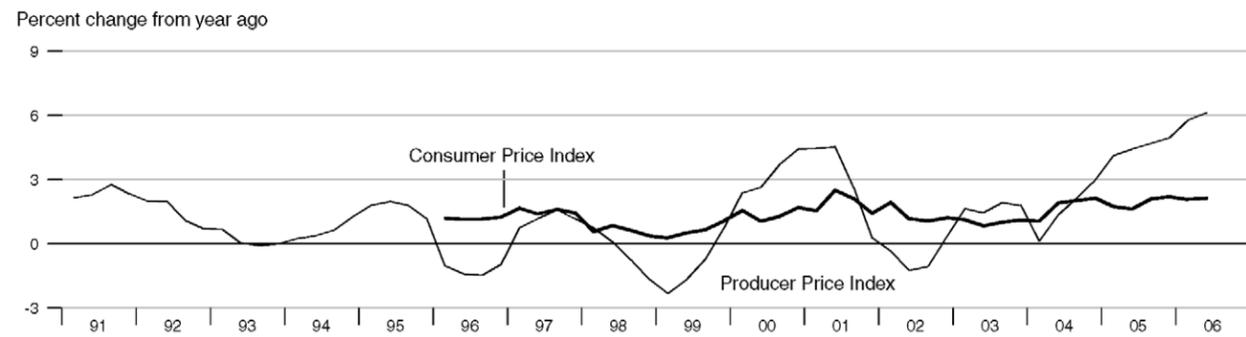
Real Hourly Earnings and Output per Worker



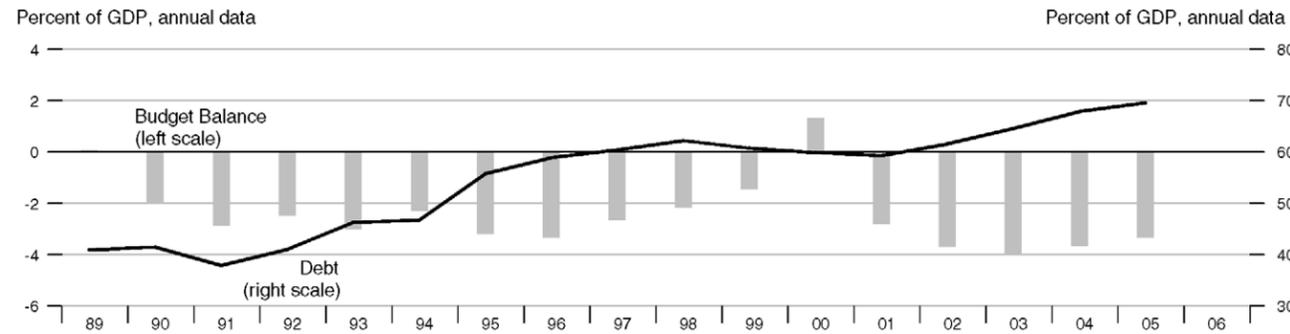
Labor Force Indicators



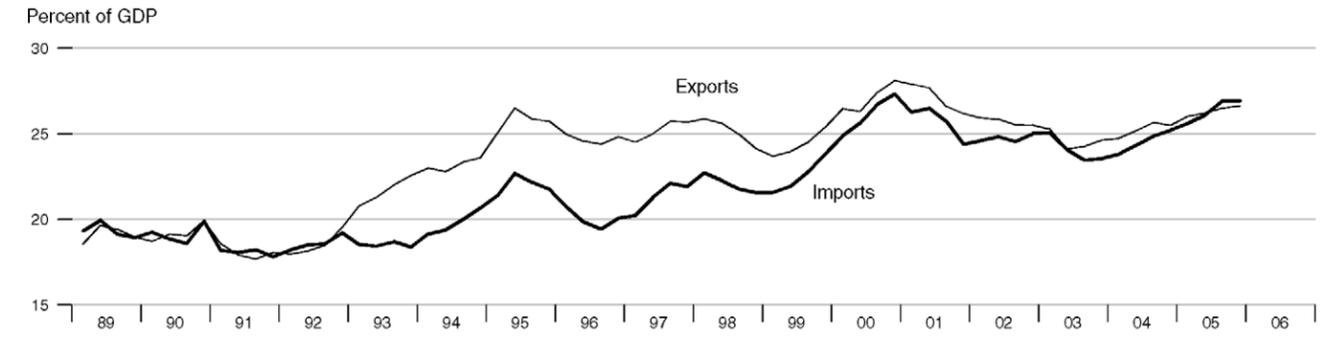
Inflation



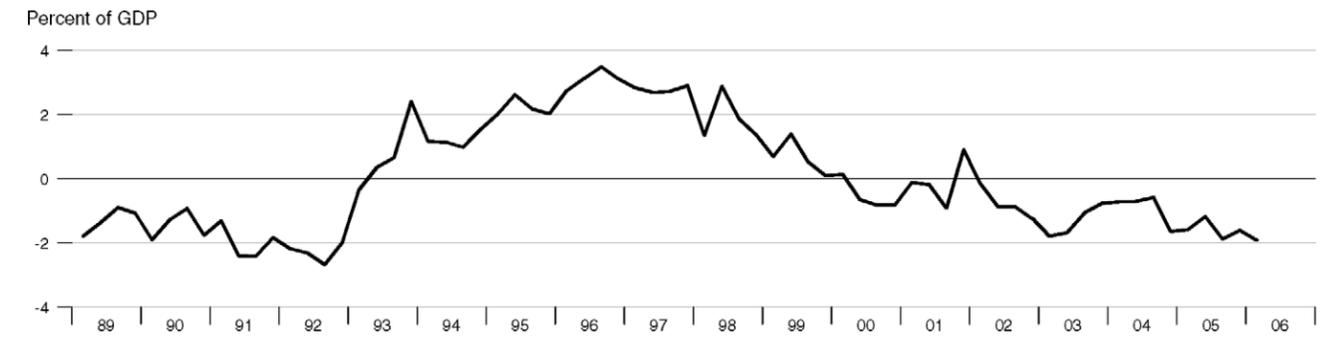
Government Debt and Budget Balance



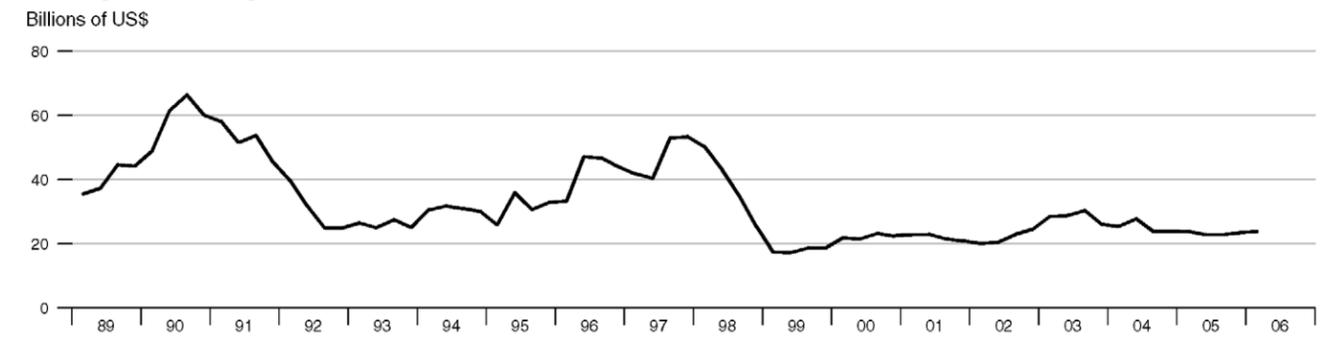
International Trade - Goods and Services



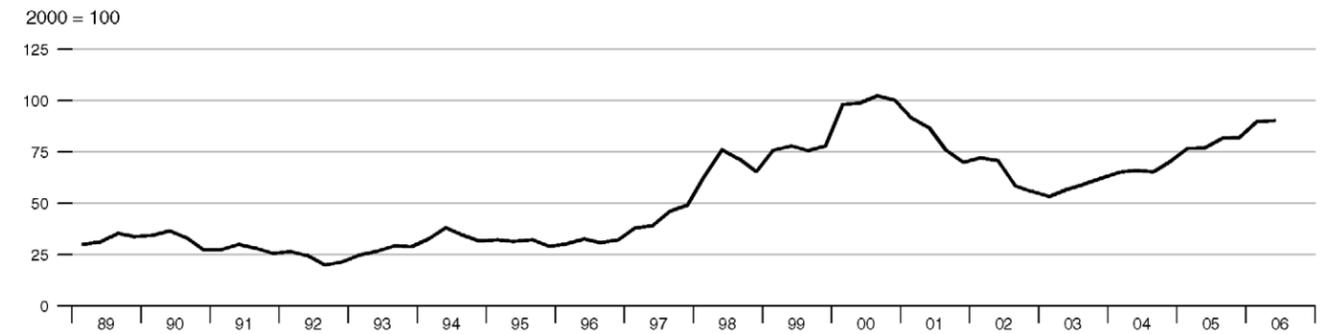
Current Account Balance



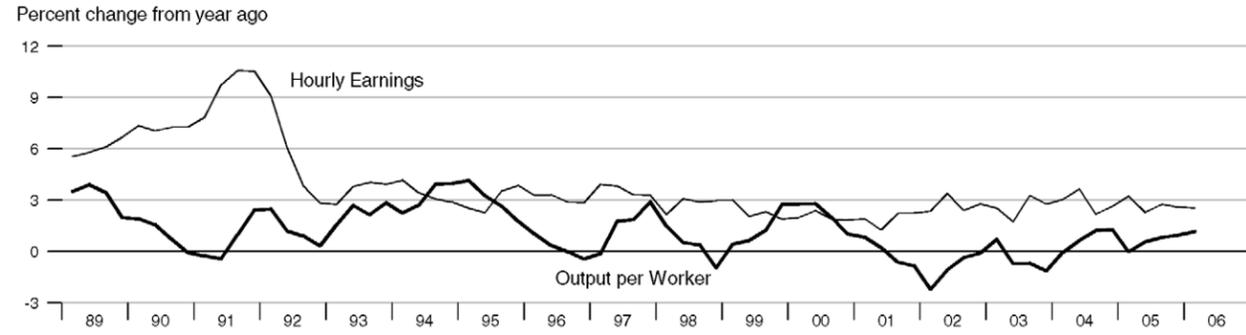
Foreign Exchange Reserves



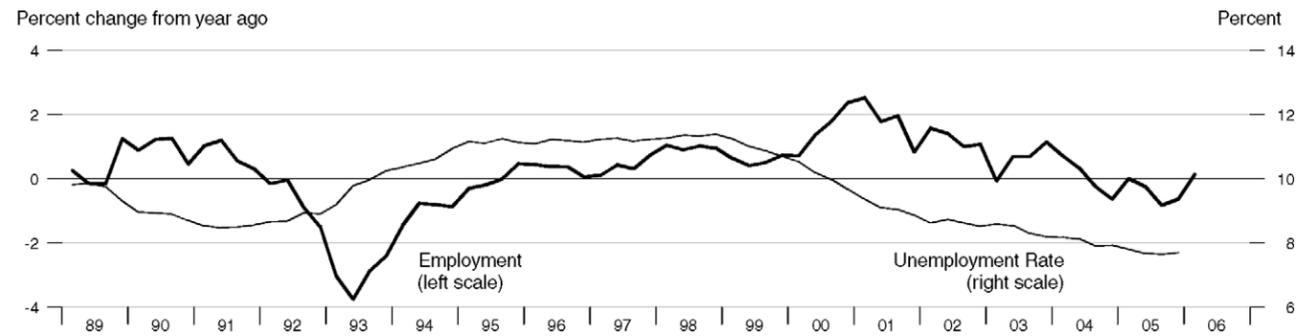
Stock Exchange Index - Milan Stock Exchange



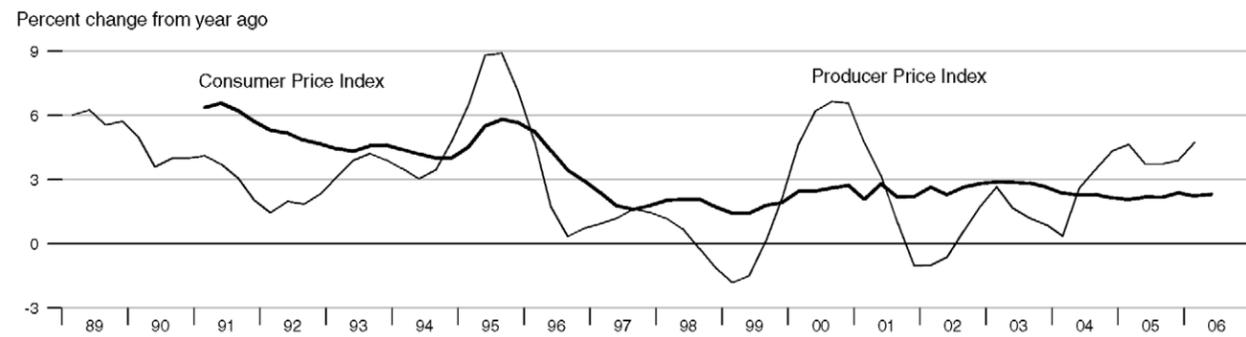
Real Hourly Earnings and Output per Worker



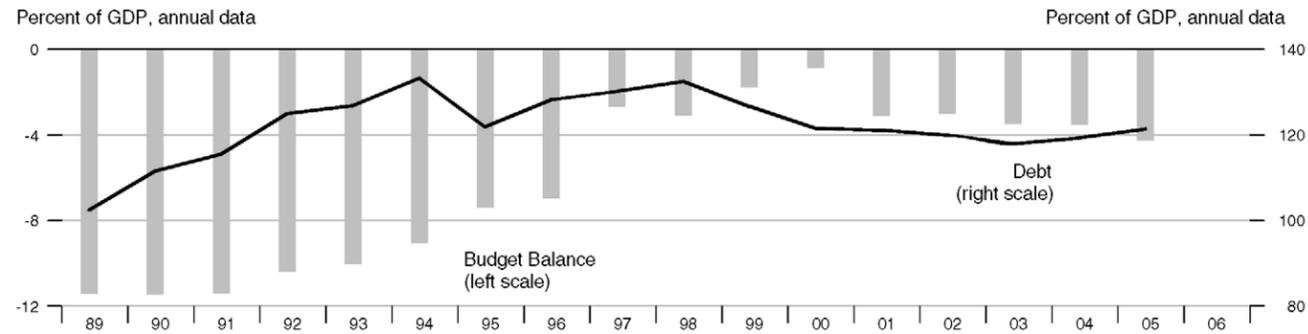
Labor Force Indicators



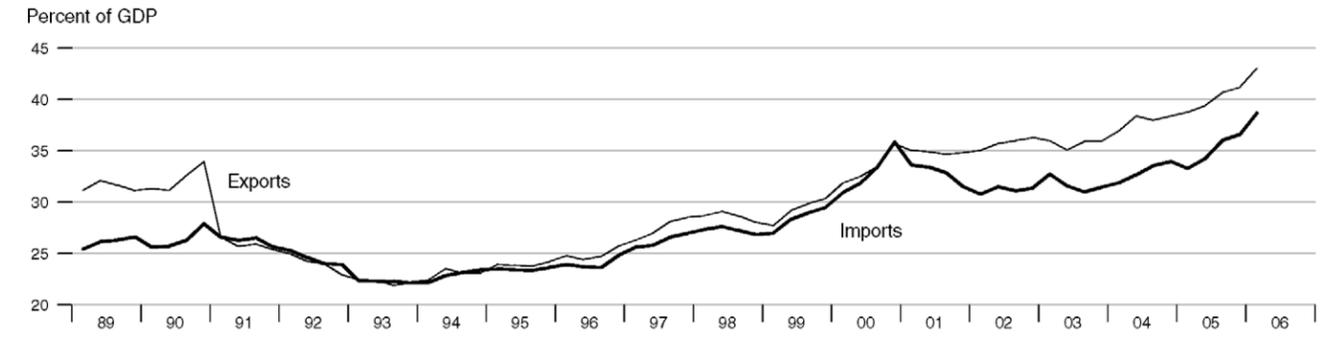
Inflation



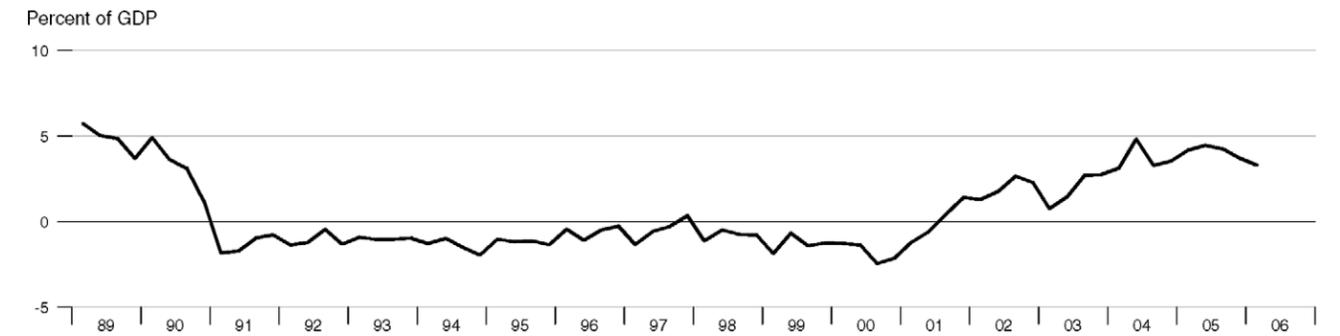
Government Debt and Budget Balance



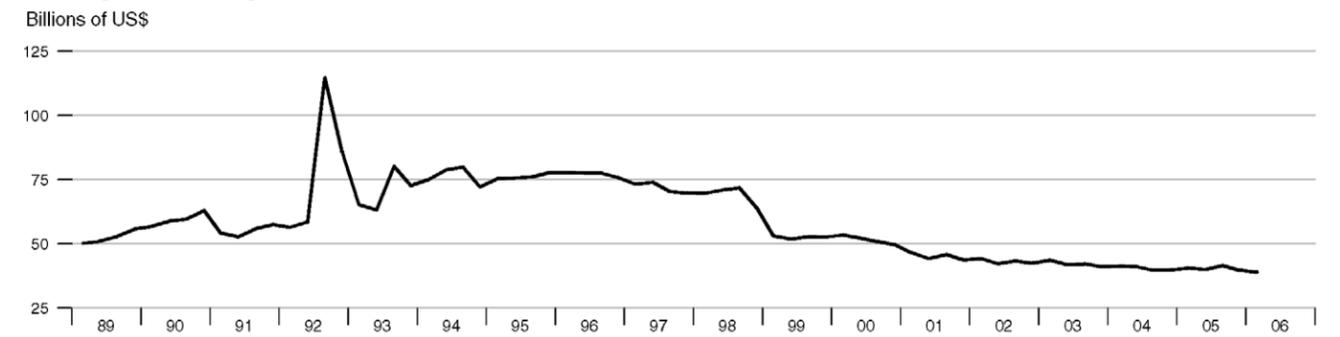
International Trade - Goods and Services



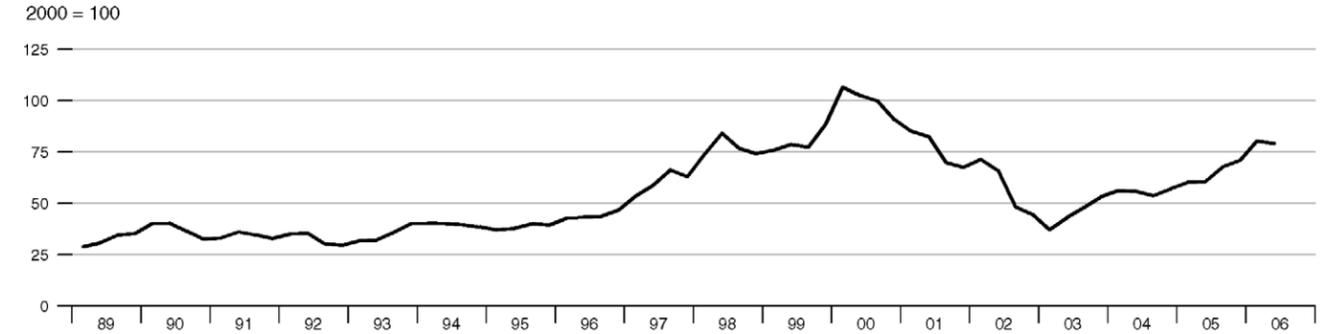
Current Account Balance



Foreign Exchange Reserves

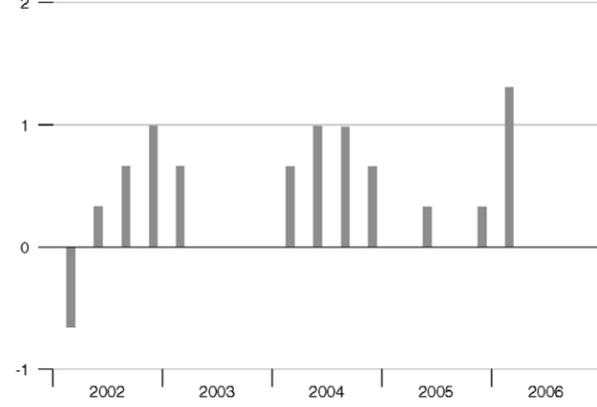


Stock Exchange Index - CDAX



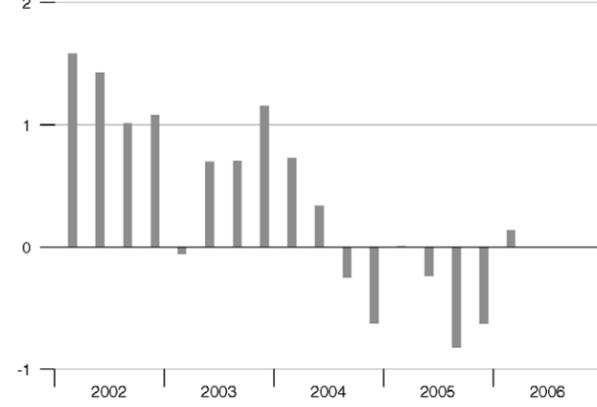
Real GDP

Percent change from year ago



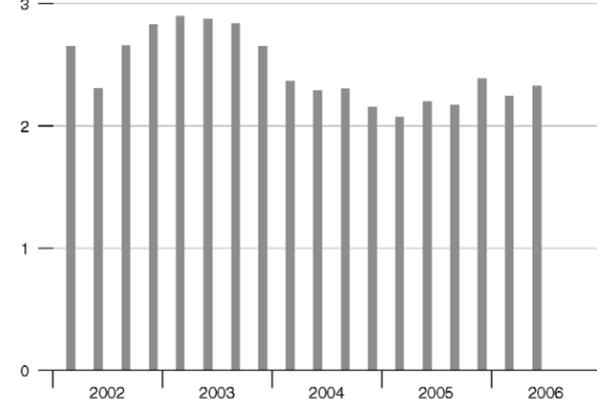
Employment

Percent change from year ago



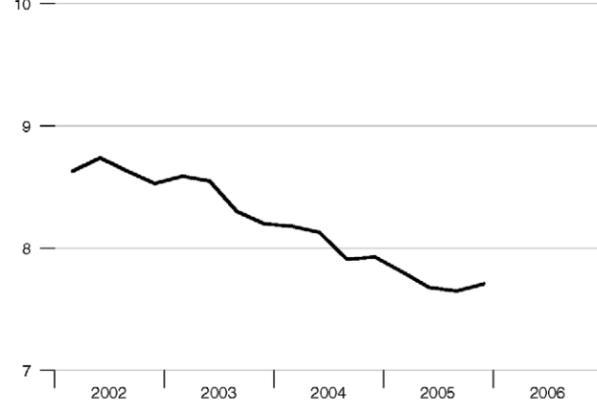
Consumer Price Index

Percent change from year ago



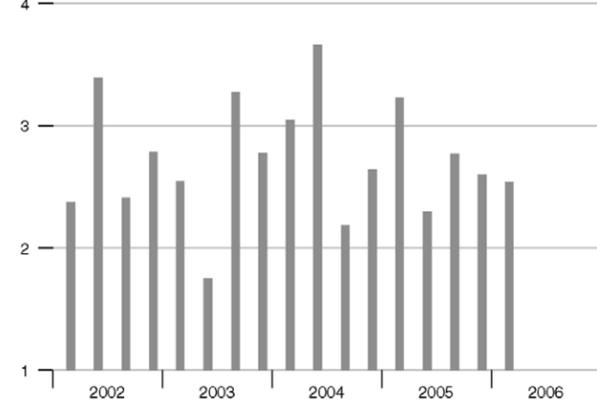
Unemployment Rate

Percent



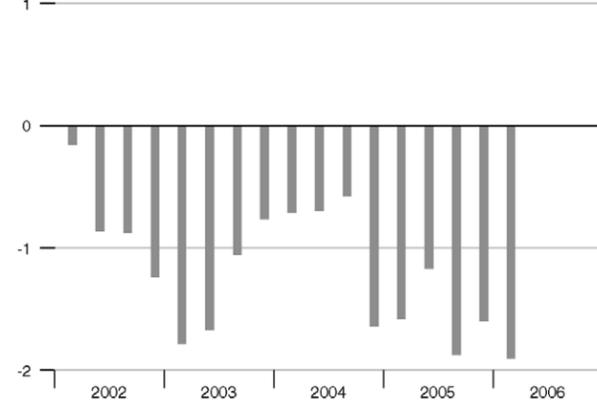
Real Hourly Earnings

Percent change from year ago



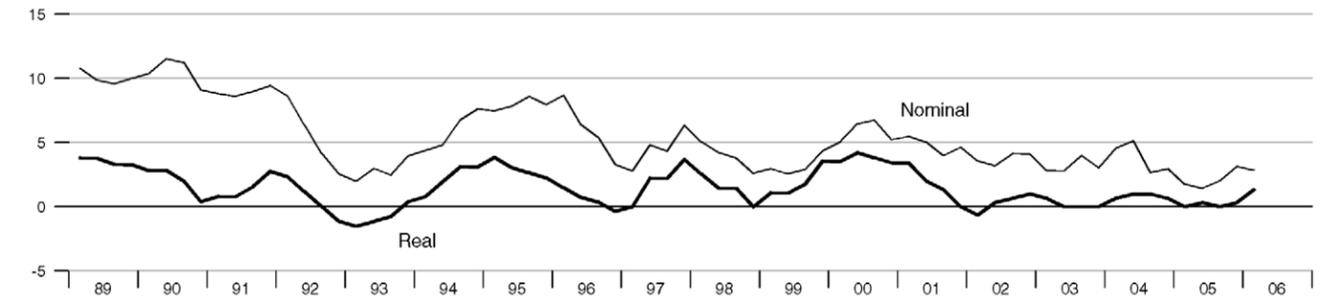
Current Account Balance

Percent of GDP



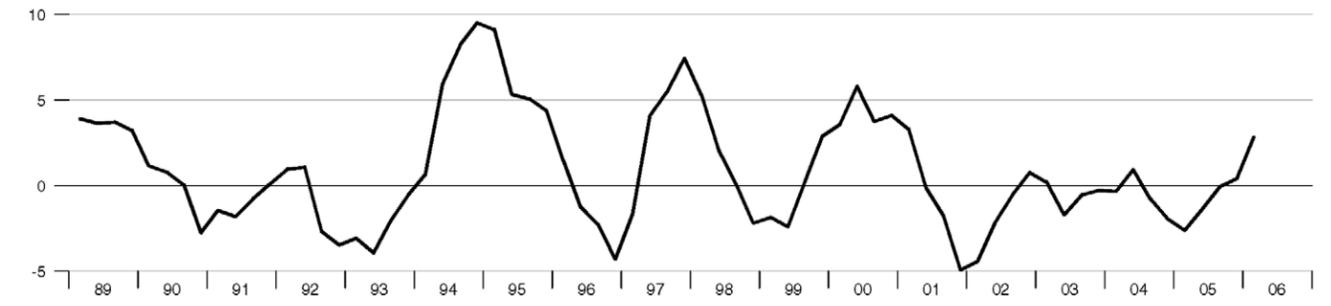
GDP

Percent change from year ago



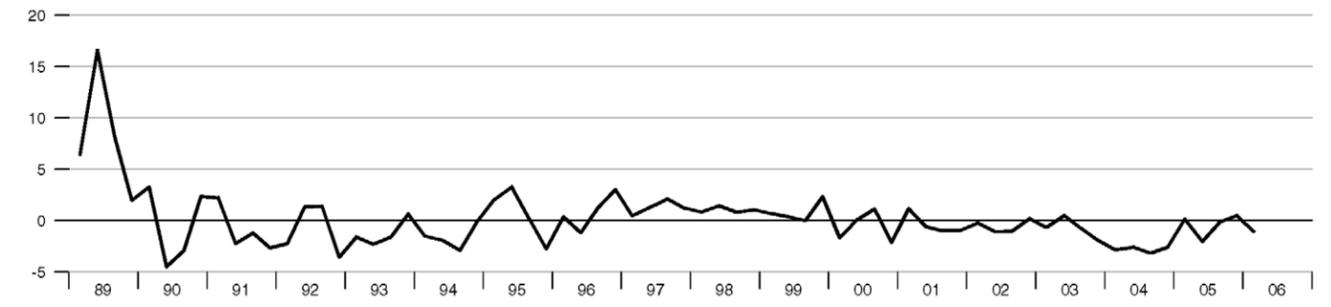
Industrial Production

Percent change from year ago



Retail Sales

Percent change from year ago



Capacity Utilization

Percent

