

SM/01/289  
Supplement 1  
Correction 1

CONTAINS CONFIDENTIAL  
INFORMATION

October 29, 2001

To: Members of the Executive Board  
From: The Secretary  
Subject: **Monetary and Exchange Rate Policies of the Euro Area**

The attached corrections to SM/01/289, Supplement 1 (10/17/01) have been provided by the staff:

**Page 6, Table 2, columns 4 and 5:** removed  
**columns 2 and 3, rows 4–11:** revised

Questions may be referred to Mr. Zanello (ext. 34708) and Mr. Jaeger (ext. 35643).

Att: (1)

Other Distribution:  
Department Heads



Table 1. Revisions to Macroeconomic Projections in Euro Area Staff Report (SM/01/289)

	2000	Current Projections		Difference from SM/01/289	
		2001	2002	2001	2002
Real economy (change in percent)					
Real GDP	3.5	1.7	1.6	-0.1	-0.6
Domestic demand	3.0	1.2	1.8	0.0	-0.3
Unemployment rate (in percent)	8.8	8.4	8.6	0.0	0.2
Consumer prices (period average)	2.4	2.7	1.5	0.0	-0.2
Memorandum items:					
Oil price (U.S. dollars per barrel)	28.2	25.0	21.0	-1.8	-3.5
LIBOR on euro deposits (in percent)	4.6	4.0	3.3	-0.4	-0.7
Real GDP (Eurostat weights) 1/	3.4	1.6	1.5	0.0	-0.6

Sources: October 2001 WEO; SM/01/289; and staff estimates and projections.

1/ Eurostat aggregation weights for euro area GDP based on 1995 ECU conversion rates.

Table 2. Fiscal Projections in the Euro Area<sup>1</sup>  
(In percent of GDP)

	2000	Current Projections	
		2001	2002
Euro Area			
General government balance	-0.8	-1.1	-1.4
General government structural balance	-0.7	-0.8	-0.6
Primary nominal spending growth	3.4	...	...
Germany			
General government balance	-1.3	-2.2	-2
General government structural balance	-1.1	-1.4	- $\frac{3}{4}$
Primary nominal spending growth	1.8	1.7	- $3\frac{1}{4}$
France			
General government balance	-1.4	-1.5	-2
General government structural balance	-1.1	-1.2	- $1\frac{1}{4}$
Primary nominal spending growth	2.6	3.4	4
Italy			
General government balance <sup>2</sup>	-1.5	-1.4	- $1\frac{1}{2}$
General government structural balance <sup>2</sup>	-0.7	-0.6	- $\frac{3}{4}$
Primary nominal spending growth	3.0	5.7	4
Other Euro Area Countries			
General government balance	0.4	0.1	- $\frac{1}{4}$
General government structural balance	-0.1	0.0	$\frac{1}{4}$
Primary nominal spending growth	5.7	...	...

Sources: WEO and staff estimates and projections.

<sup>1</sup>Excluding UMTS receipts.

<sup>2</sup>Excluding real estate sale revenue in 2001 and 2002.