



Consult ALFRED™, our new source of vintage economic data, at research.stlouisfed.org/tips/alfred/.

Cross-Country Productivity Growth

Average labor productivity—i.e., the amount of output produced per unit of labor—is a key determinant of the long-run economic performance of a country. Over the past 10 years, productivity growth rates among national economies have contrasted strikingly: productivity grew at an average annual rate of 2.3 percent for the United States, 1.7 percent for the United Kingdom, 1.4 percent for Japan, and 0.9 percent for the euro area.

Labor productivity growth rates could differ among countries according to where each country is along the business cycle. Also, faster technological progress or a greater capital intensity (i.e., workers using more machines to produce things) could have generated faster productivity growth in the United States. In a recent study,¹ Skoczylas and Tissot analyzed productivity developments across industrial countries and argue that, even when differences in the business cycles or capital intensity are taken into account, U.S. productivity growth rates stand out in any international assessment.²

Many analysts have cited the IT revolution as a possible explanation of the high rate of U.S. productivity growth. But the U.S. advantage in average labor productivity has persisted despite the recent slump in IT investment in the United States and the sustained rates of investment in IT in other industrialized countries. This fact makes it less likely that the IT revolution is the sole explanation of U.S. productivity growth.

Legal and cultural flexibility in economic relationships, however, might help explain the higher U.S. productivity growth. Since the 1970s, U.S. economic laws and regulations have fostered increasing flexibility compared with those of its industrialized trading partners. For example, U.S. firms find it is easier and cheaper to hire (and fire) workers and to start (and end) a business activity. This flexibility makes it easier for markets to relocate workers from lower-productivity firms and sectors to more productive occupations. Also, more competitive markets for goods and services can provide greater incentives for technological innovation and adoption as firms strive to keep ahead of their competitors. The U.S. retail sector, for example, leads the world partly because it is so competitive domestically.

The experience of the United Kingdom, which undertook structural reforms similar to those of

the United States, supports the view that economic flexibility has contributed to U.S. productivity growth rates. Like the United States, the United Kingdom has experienced not only a sharp decline in manufacturing's share of total employment but also better labor productivity growth than most countries.³

Nobel laureate Ed Prescott suggests a different explanation: Lower taxes on labor income make Americans more willing to work.⁴ Prescott observes that differences in hours worked per person explain most of the differences in output per worker across industrialized countries in the 1990s. On the other hand, output per hour worked is similar across countries.

In the past, persistent differences in productivity across industrial countries have typically been reversed. Yet, while U.S. productivity growth has slowed recently, there is little evidence of faster productivity growth in the euro area or Japan. Hence, the differences evident in the chart are likely to persist in the near future.

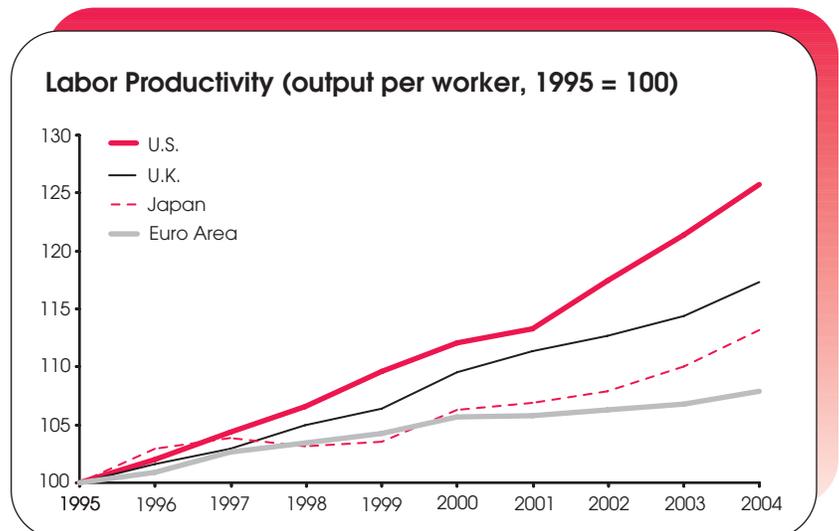
—Riccardo DiCecio

¹ Les Skoczylas and Bruno Tissot, "Revisiting Recent Productivity Developments across OECD Countries," Working Paper No. 182, Bank for International Settlements, October 2005.

² Skoczylas and Tissot discuss the measurement issues that make it difficult to study productivity at the national level and complicate cross-country comparisons.

³ See "Industrial Metamorphosis," *The Economist*, October 1, 2005.

⁴ Edward C. Prescott, "Why Americans Work So Much," Federal Reserve Bank of Minneapolis *Quarterly Review*, July 2004, 28(1), pp. 2-13.



Contents

Page

3	Reference Tables
5	Canada
11	Euro Area
16	France
20	Germany
24	Italy
28	Japan
34	United Kingdom
40	United States
46	Notes and Sources

Conventions used in this publication:

1. Charts and tables contain data that were current through October 2005. 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.

Dear Reader,

Thank you for reading *International Economic Trends*. Please assist us in providing you with the most useful international economic data by offering your comments and suggestions for how the publication could be improved. Such feedback can be sent to one of the following addresses:

stlsIET@stls.frb.org

or

Editor, *International Economic Trends*
Research Department
Federal Reserve Bank of St. Louis
411 Locust St.
St. Louis, MO 63102

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*

Real Gross Domestic Product

Percent change from year ago

	02.3	02.4	03.1	03.2	03.3	03.4	04.1	04.2	04.3	04.4	05.1	05.2
Canada	3.90	3.60	3.13	1.95	1.34	1.67	1.56	3.14	3.70	3.33	3.21	2.75
Euro Area	1.03	1.12	0.89	0.38	0.56	0.93	1.57	2.15	1.85	1.57	1.28	1.13
France	1.11	1.80	1.13	0.19	0.96	1.36	1.60	2.76	1.80	2.06	1.89	1.25
Germany	0.52	0.21	-0.06	-0.34	-0.53	0.19	1.23	1.56	1.15	0.44	0.76	0.61
Italy	0.78	0.78	0.78	0.39	0.38	0.00	0.77	1.15	1.15	1.15	-0.38	0.00
Japan	0.64	1.50	1.51	0.91	1.00	2.22	4.13	3.11	2.42	0.92	1.01	2.24
United Kingdom	2.24	2.07	2.20	2.21	2.55	3.11	3.53	3.68	2.96	2.51	1.73	1.52
United States	2.22	1.87	1.62	1.98	3.17	4.03	4.67	4.63	3.82	3.76	3.64	3.60

Nominal Gross Domestic Product

Percent change from year ago

	02.3	02.4	03.1	03.2	03.3	03.4	04.1	04.2	04.3	04.4	05.1	05.2
Canada	5.63	7.94	8.40	4.72	4.52	3.97	3.26	6.79	7.27	7.00	6.23	4.93
Euro Area	3.78	3.65	3.02	2.65	2.86	2.96	3.62	4.36	3.65	3.43	3.16	2.74
France	3.26	3.83	2.64	1.50	2.31	2.94	3.23	4.68	3.46	3.56	3.38	2.38
Germany	2.08	1.40	0.77	1.03	0.76	0.83	2.21	2.54	1.68	1.12	1.45	0.94
Italy	3.93	3.57	3.22	2.87	3.79	3.13	3.74	4.64	3.34	3.04	2.10	2.07
Japan	-0.66	0.13	-0.61	-0.14	-0.09	0.65	2.77	1.36	1.07	0.50	0.17	1.31
United Kingdom	5.95	4.97	5.28	4.96	5.64	6.02	5.68	5.53	4.80	5.00	4.27	4.19
United States	3.87	3.57	3.71	4.01	5.32	6.09	6.91	7.58	6.60	6.76	6.47	6.10

Consumer Price Index

Percent change from year ago

	02.4	03.1	03.2	03.3	03.4	04.1	04.2	04.3	04.4	05.1	05.2	05.3
Canada	3.79	4.46	2.79	2.15	1.70	0.87	2.17	2.01	2.28	2.12	1.90	.
Euro Area	2.30	2.29	1.95	2.02	2.04	1.73	2.25	2.29	2.30	2.04	2.04	2.27
France	2.02	2.33	1.88	2.09	2.37	2.01	2.64	2.43	2.29	1.87	1.83	2.06
Germany	1.20	1.10	0.87	1.03	1.17	1.05	1.91	2.01	2.14	1.73	1.64	2.13
Italy	2.85	2.87	2.88	2.87	2.67	2.36	2.31	2.24	2.17	2.04	2.23	2.19
Japan	-0.53	-0.24	-0.23	-0.24	-0.31	-0.14	-0.30	-0.10	0.51	-0.21	-0.10	.
United Kingdom	2.56	3.03	3.04	2.93	2.65	2.55	2.78	3.09	3.41	3.15	3.03	.
United States	2.22	2.90	2.17	2.20	1.89	1.82	2.84	2.69	3.37	3.00	2.93	3.80

Employment

Percent change from year ago

	02.4	03.1	03.2	03.3	03.4	04.1	04.2	04.3	04.4	05.1	05.2	05.3
Canada	3.49	3.38	2.42	1.64	1.88	1.55	2.04	2.10	1.65	1.51	1.34	1.30
Euro Area	0.48	0.29	0.20	0.24	0.23	0.32	0.49	0.63	0.79	0.69	0.71	.
France	0.19	-0.32	-0.46	-0.74	-0.47	-0.20	0.03	0.30	0.26	0.27	0.14	.
Germany	-1.08	-1.32	-1.22	-0.80	-0.45	-0.04	0.43	0.46	0.56	0.51	0.10	.
Italy	1.01	0.45	0.48	0.31	0.47	0.68	0.49	1.04	0.95	0.61	0.45	.
Japan	-1.07	-0.80	0.08	-0.05	-0.13	0.25	0.21	0.26	0.07	0.19	0.46	.
United Kingdom	0.18	0.03	0.44	0.46	0.56	0.72	0.61	0.61	0.74	0.97	0.71	.
United States	0.31	0.97	0.94	0.55	1.21	0.72	0.89	1.48	1.30	1.36	1.82	1.94

Unemployment Rate

Percent

	02.3	02.4	03.1	03.2	03.3	03.4	04.1	04.2	04.3	04.4	05.1	05.2
Canada	7.56	7.55	7.43	7.69	7.84	7.49	7.33	7.18	7.08	7.10	6.96	6.76
Euro Area	8.37	8.47	8.63	8.73	8.73	8.87	8.90	8.87	8.87	8.83	8.80	8.70
France	9.06	9.10	9.20	9.41	9.56	9.68	9.64	9.62	9.70	9.68	9.75	9.74
Germany	8.27	8.53	8.80	8.97	9.07	9.37	9.40	9.50	9.67	9.60	9.73	9.63
Italy	8.62	8.53	8.59	8.54	8.31	8.19	8.19	8.12	7.91	7.97	7.83	7.69
Japan	5.43	5.44	5.38	5.38	5.17	5.07	4.91	4.64	4.78	4.55	4.56	4.34
United Kingdom	5.19	5.04	5.07	4.93	4.96	4.83	4.74	4.71	4.60	4.65	4.65	4.66
United States	5.73	5.87	5.85	6.13	6.12	5.85	5.64	5.56	5.47	5.43	5.26	5.10

Reserve Money

Percent change from year ago

	02.4	03.1	03.2	03.3	03.4	04.1	04.2	04.3	04.4	05.1	05.2	05.3
Canada	5.83	2.36	3.10	0.88	1.18	1.99	3.84	3.29	4.93	5.27	2.63	.
Japan	20.16	10.90	20.07	20.46	13.93	11.88	4.30	4.40	4.74	2.07	1.65	1.51
United Kingdom	6.87	6.26	7.70	7.89	7.44	7.16	5.79	5.49	5.58	5.46	4.36	5.40
United States	7.36	6.86	6.57	5.92	5.83	4.74	4.43	5.17	4.97	4.83	4.08	3.27

Narrow Money

Percent change from year ago

	02.4	03.1	03.2	03.3	03.4	04.1	04.2	04.3	04.4	05.1	05.2	05.3
Canada	9.04	6.57	7.84	8.69	6.74	9.84	13.37	11.29	13.12	13.12	10.71	.
Euro Area	9.95	11.70	11.02	10.60	9.64	10.31	9.11	9.38	8.63	9.05	16.59	.
Japan	25.66	15.02	5.38	5.29	4.21	4.15	3.90	3.98	4.10	4.78	4.71	.
United Kingdom	8.27	8.81	8.86	9.07	9.82	9.78	10.24	9.91	9.10	9.13	9.11	.
United States	8.69	7.78	7.77	8.67	5.49	4.10	4.91	2.75	4.00	3.49	1.19	1.55

Broad Money

Percent change from year ago

	02.4	03.1	03.2	03.3	03.4	04.1	04.2	04.3	04.4	05.1	05.2	05.3
Canada	6.03	5.54	6.07	6.19	5.26	5.72	6.35	5.99	6.43	6.64	5.91	.
Euro Area	6.72	7.82	8.19	7.06	6.49	5.91	5.30	6.03	6.41	6.45	7.75	.
Japan	2.42	1.70	1.74	1.79	1.59	1.83	1.82	1.95	2.01	2.09	1.60	.
United Kingdom	7.01	7.09	7.52	6.20	7.19	8.01	8.13	9.24	8.81	10.40	10.35	.
United States	6.73	6.59	7.77	7.90	5.50	4.64	4.70	3.61	5.22	5.33	3.77	3.88

Short-Term Interest Rates

Percent

	02.4	03.1	03.2	03.3	03.4	04.1	04.2	04.3	04.4	05.1	05.2	05.3
Canada	2.86	3.20	3.22	2.72	2.70	2.16	2.10	2.40	2.58	2.64	2.58	2.90
Euro Area	3.11	2.68	2.37	2.14	2.15	2.06	2.08	2.12	2.16	2.14	2.13	2.13
Japan	0.04	0.04	0.04	0.04	0.03	0.03	0.03	0.03	0.03	0.03	0.03	.
United Kingdom	3.92	3.73	3.57	3.50	3.86	4.11	4.51	4.85	4.82	4.85	4.83	.
United States	1.49	1.26	1.17	1.07	1.10	1.05	1.25	1.70	2.25	2.78	3.23	3.74

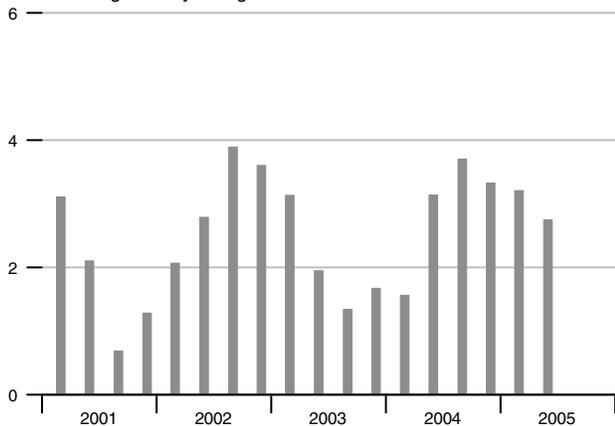
Long-Term Interest Rates

Percent

	02.4	03.1	03.2	03.3	03.4	04.1	04.2	04.3	04.4	05.1	05.2	05.3
Canada	5.06	4.97	4.66	4.79	4.79	4.43	4.78	4.68	4.46	4.28	4.03	3.90
Euro Area	4.54	4.15	3.96	4.16	4.37	4.15	4.32	4.19	3.83	3.65	3.38	3.24
France	4.49	4.11	3.93	4.13	4.34	4.11	4.31	4.16	3.83	3.64	3.37	.
Germany	4.42	4.04	3.86	4.09	4.29	4.06	4.22	4.11	3.75	3.60	3.30	3.17
Italy	4.68	4.24	4.16	4.33	4.45	4.28	4.46	4.32	3.97	3.74	3.54	3.39
Japan	0.89	0.70	0.53	1.17	1.38	1.31	1.59	1.64	1.45	1.40	1.28	1.36
United Kingdom	4.61	4.32	4.27	4.55	4.94	4.77	5.08	4.99	4.65	4.63	4.44	.
United States	4.92	4.77	4.44	5.01	5.00	4.71	5.22	4.91	4.72	4.65	4.46	4.45

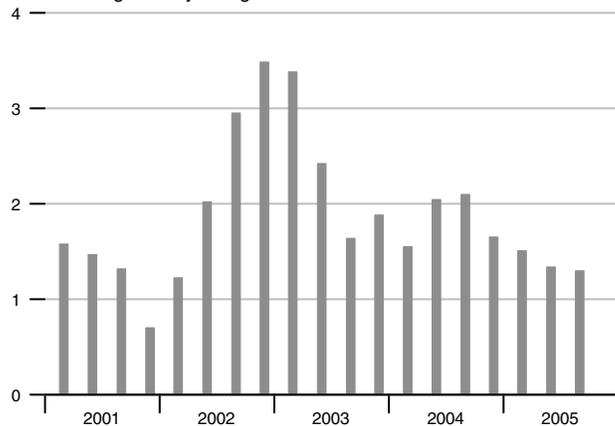
Real GDP

Percent change from year ago



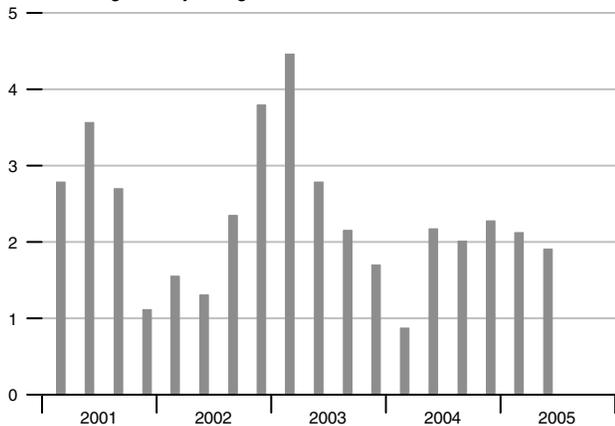
Employment

Percent change from year ago



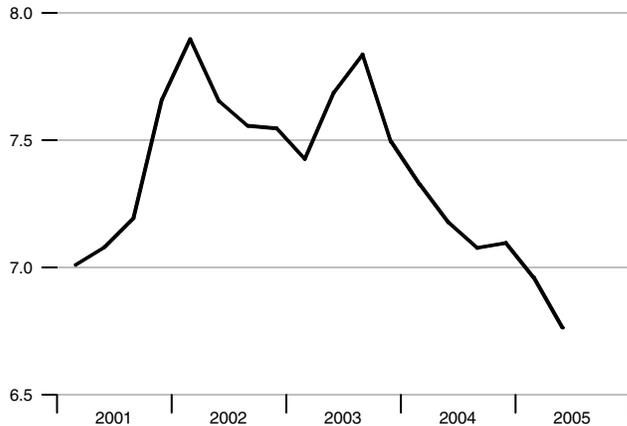
Consumer Price Index

Percent change from year ago



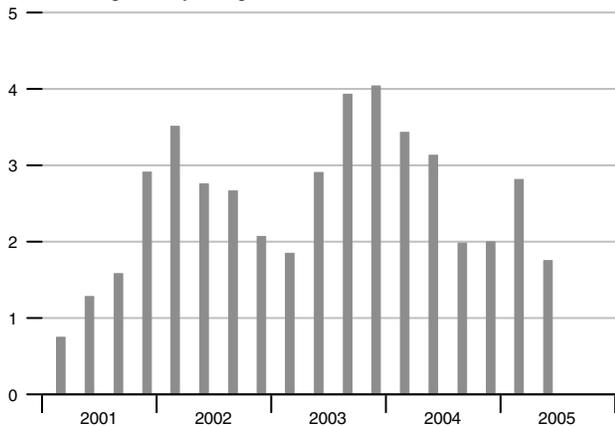
Unemployment Rate

Percent



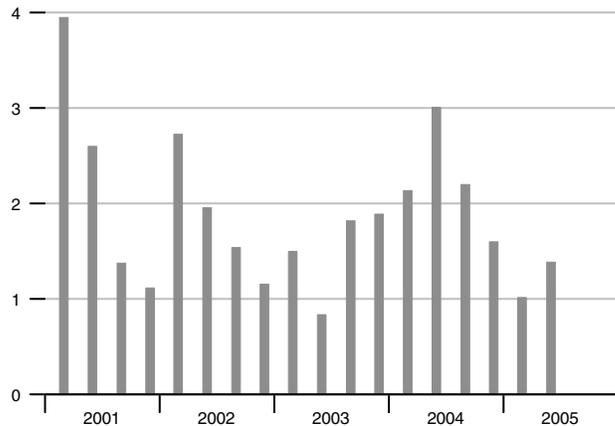
Hourly Earnings

Percent change from year ago*



Current Account Balance

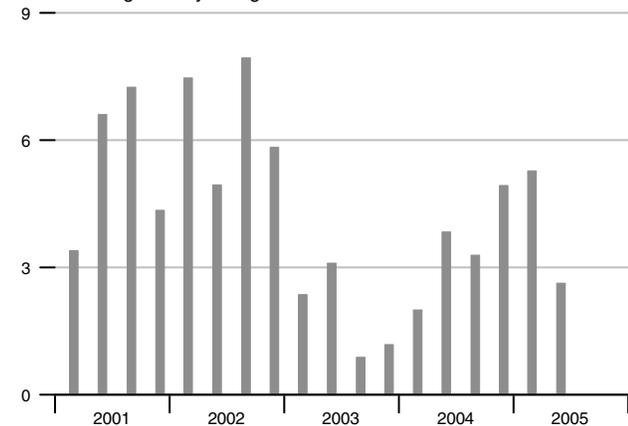
Percent of GDP



* The data are seasonally adjusted; previous issues used non-seasonally adjusted data.

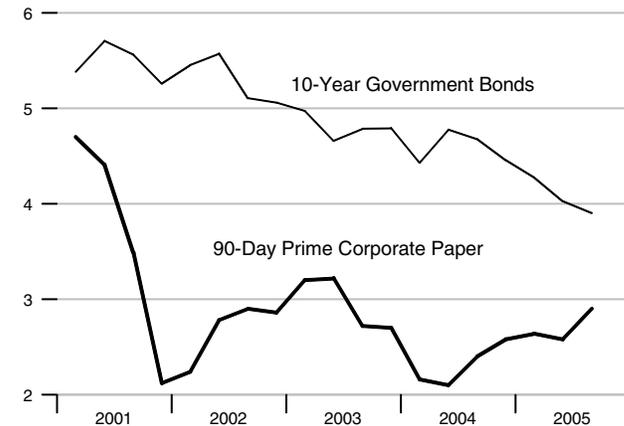
Reserve Money

Percent change from year ago



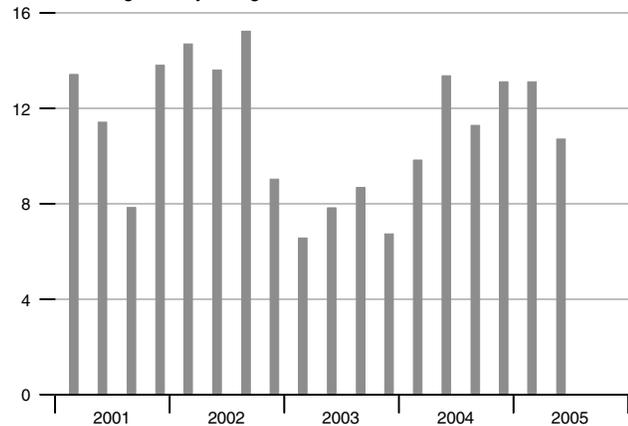
Interest Rates

Percent



M1

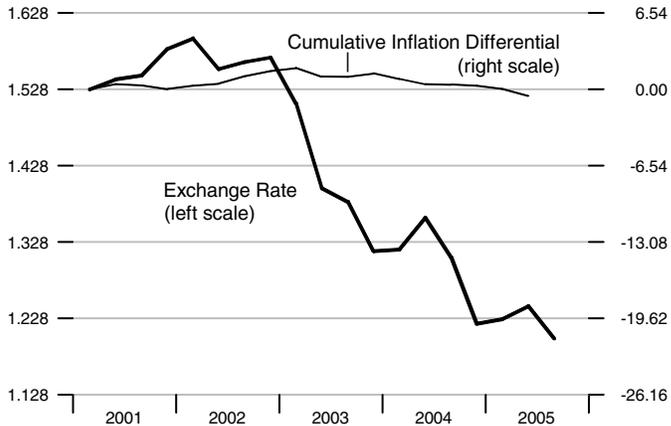
Percent change from year ago



Exchange Rate and Inflation Differential

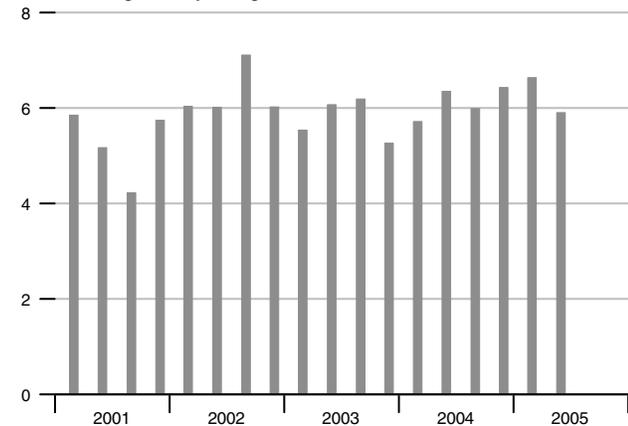
C\$/US\$

Percent



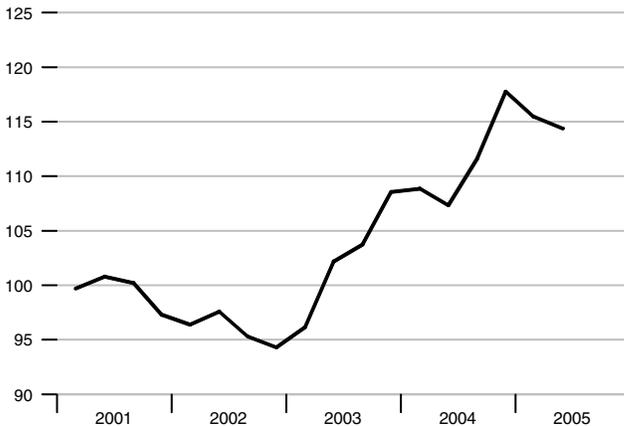
M2

Percent change from year ago



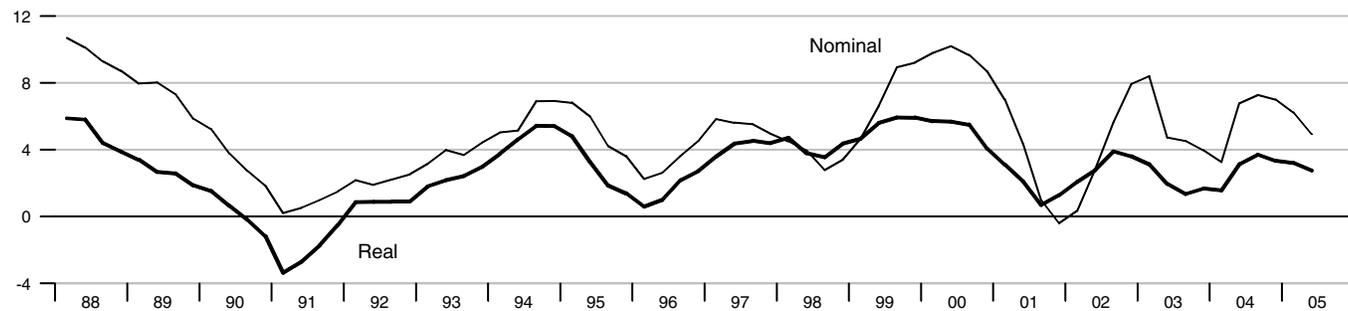
Real Effective Exchange Rate

Index 2000 = 100



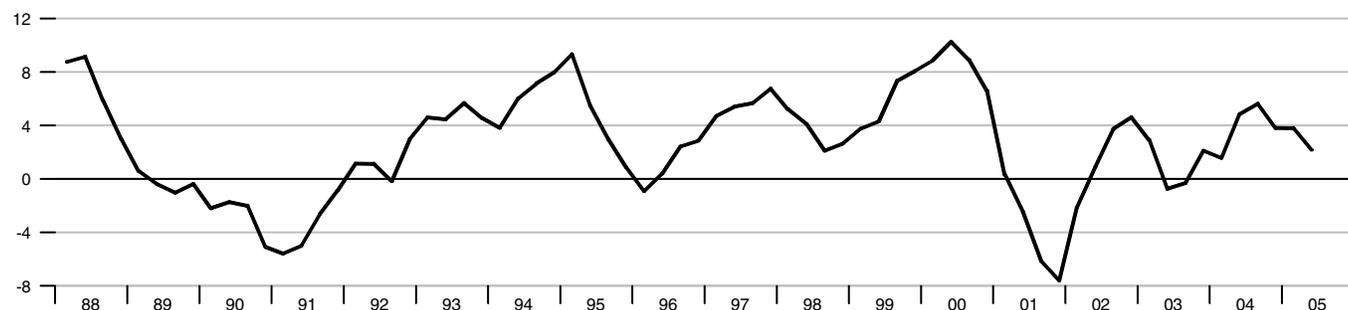
GDP

Percent change from year ago



Industrial Production

Percent change from year ago



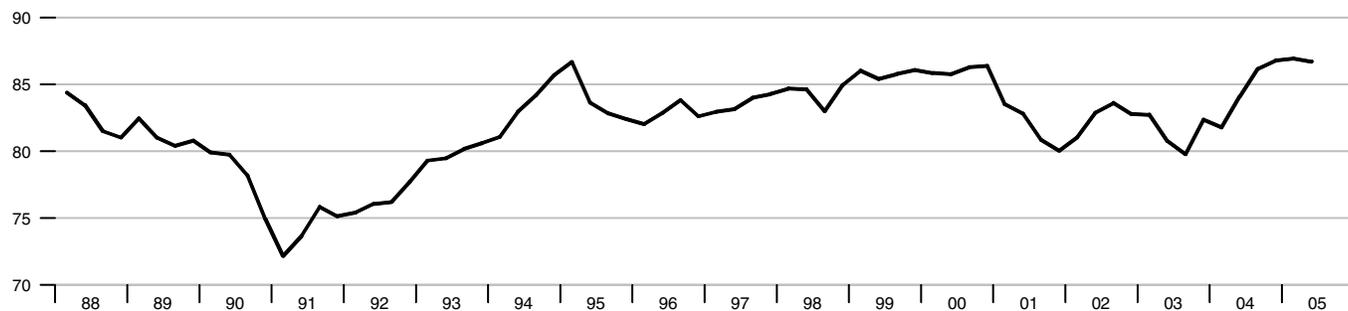
Retail Sales

Percent change from year ago



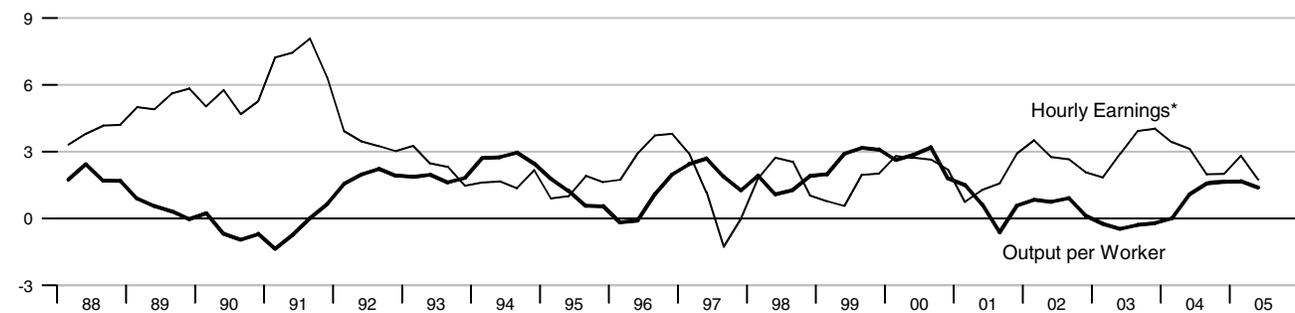
Capacity Utilization

Percent



Hourly Earnings and Output per Worker

Percent change from year ago

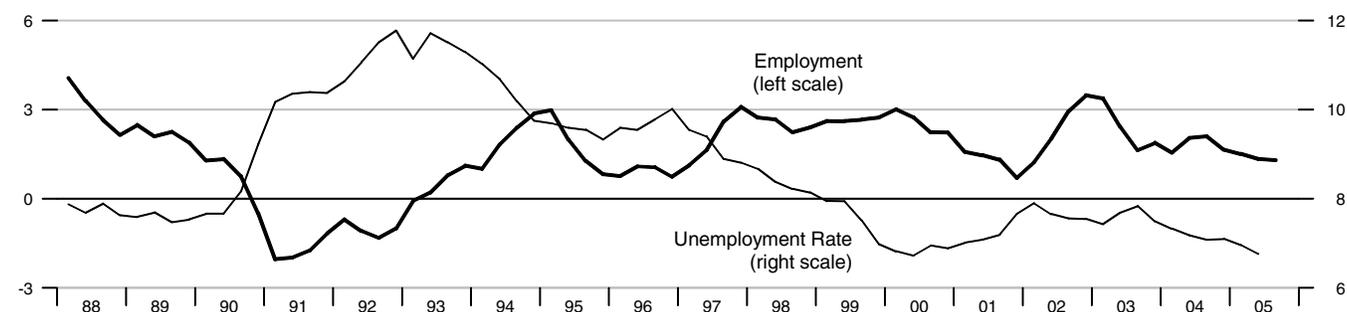


* The data are seasonally adjusted; previous issues used non-seasonally adjusted data.

Labor Force Indicators

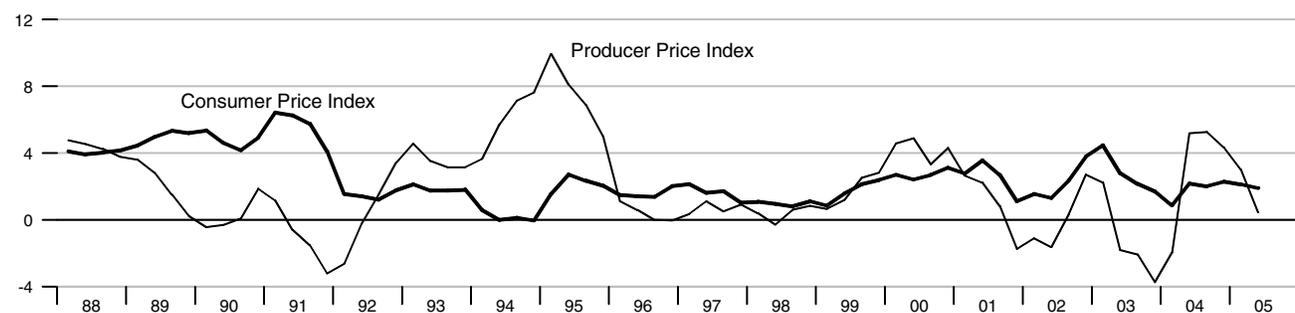
Percent change from year ago

Percent



Inflation

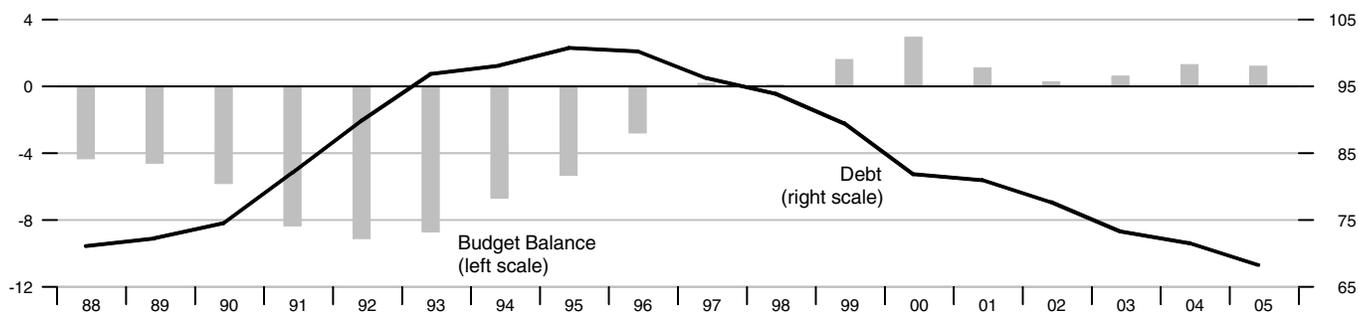
Percent change from year ago



Government Debt and Budget Balance

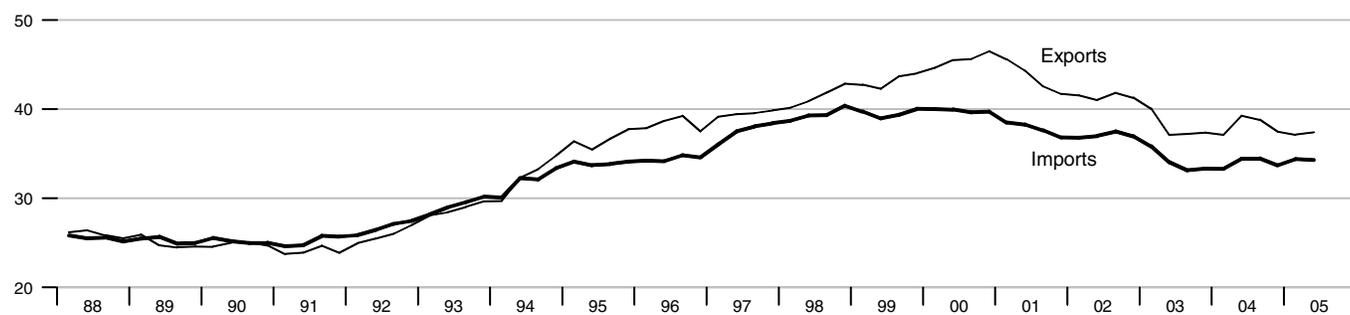
Percent of GDP, annual data

Percent of GDP, annual data



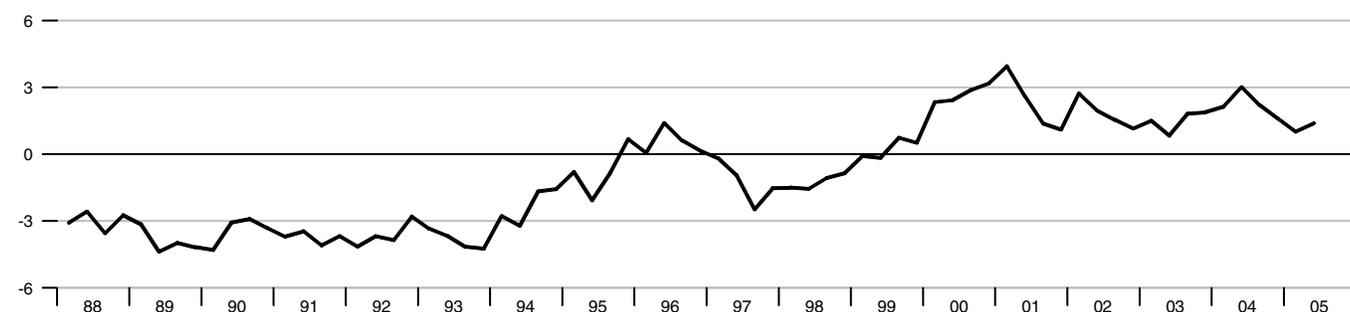
International Trade - Goods and Services

Percent of GDP



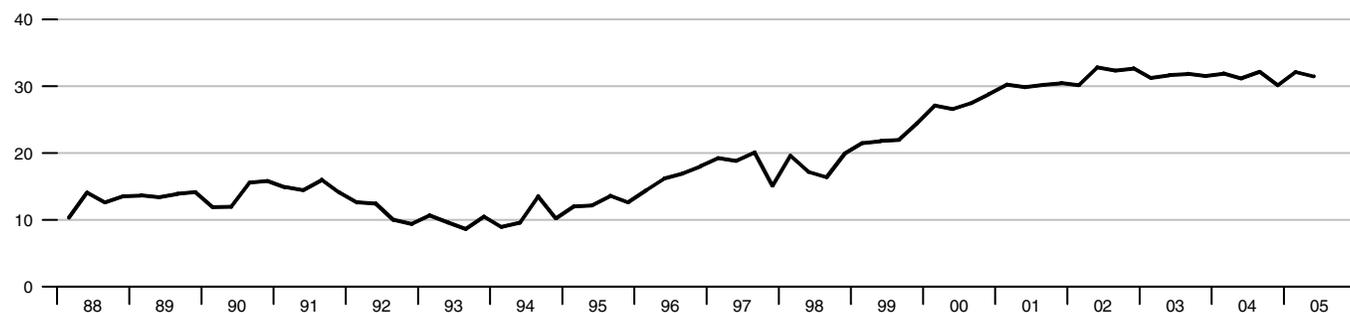
Current Account Balance

Percent of GDP



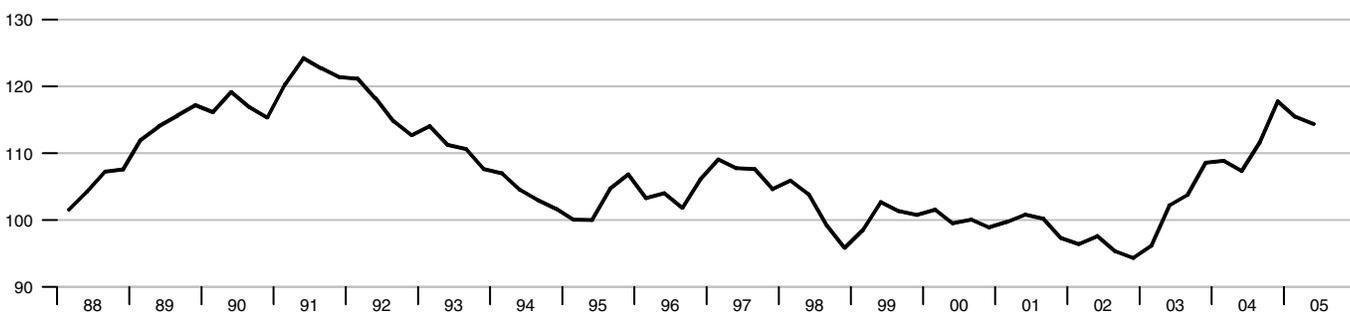
Foreign Exchange Reserves

Billions of US\$



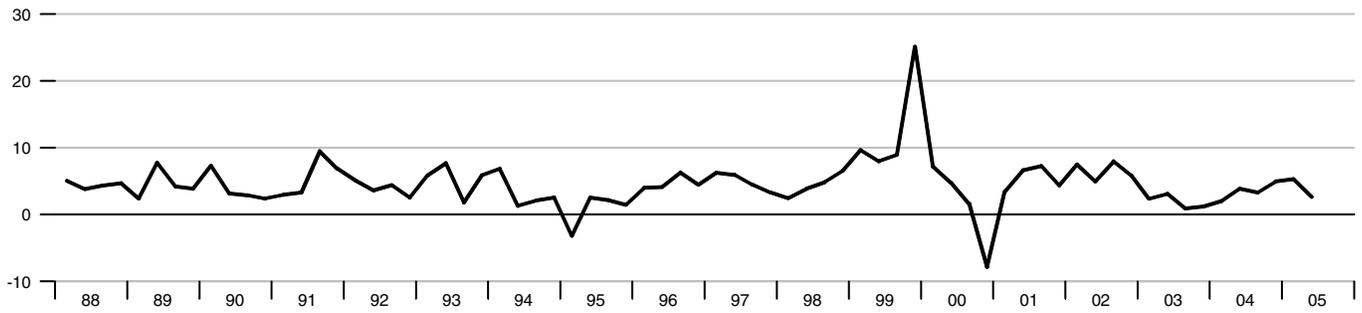
Real Effective Exchange Rate

Index 2000 = 100



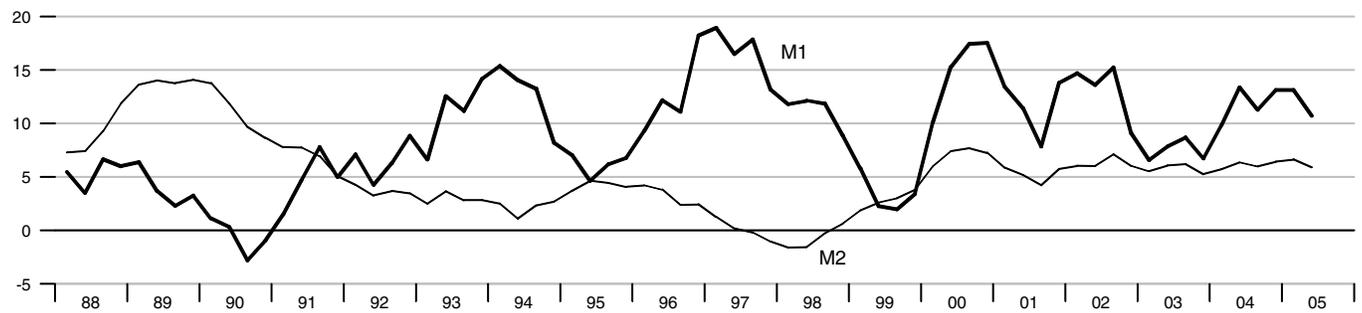
Reserve Money

Percent change from year ago



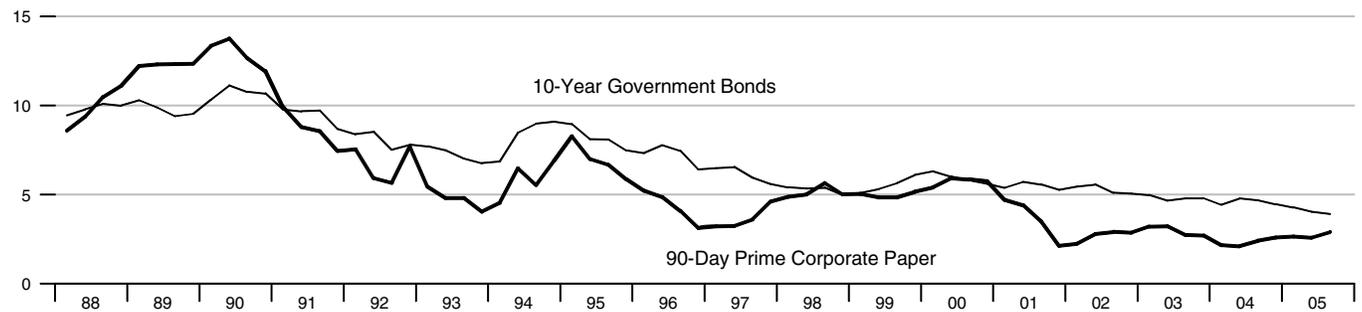
Monetary Aggregates

Percent change from year ago



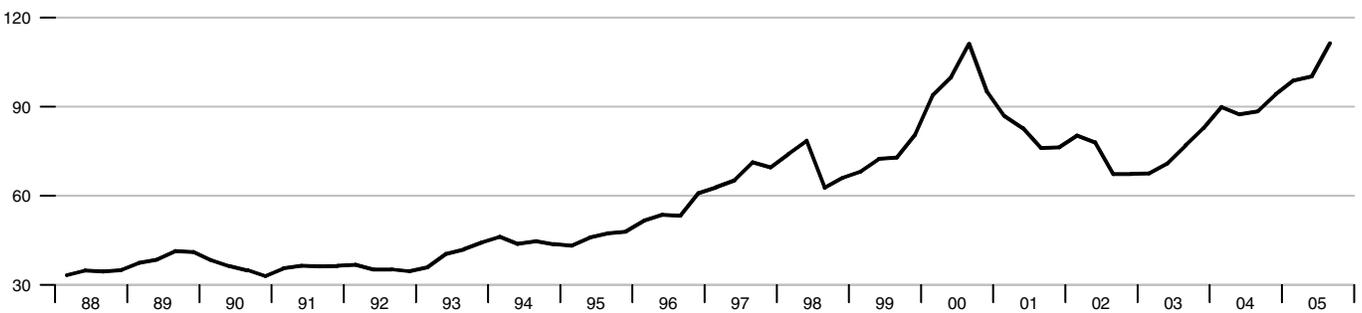
Interest Rates

Percent



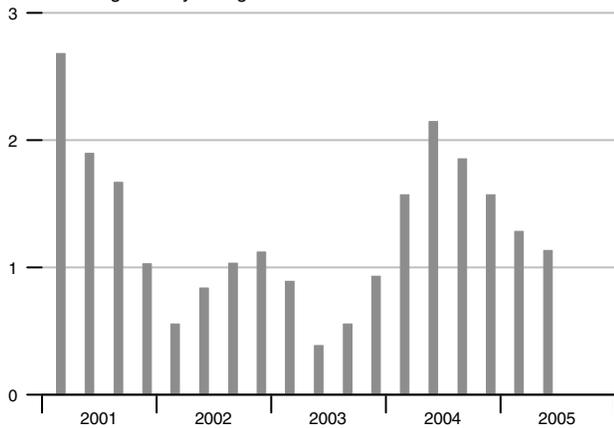
Stock Exchange Index - Toronto Stock Exchange

2000 = 100



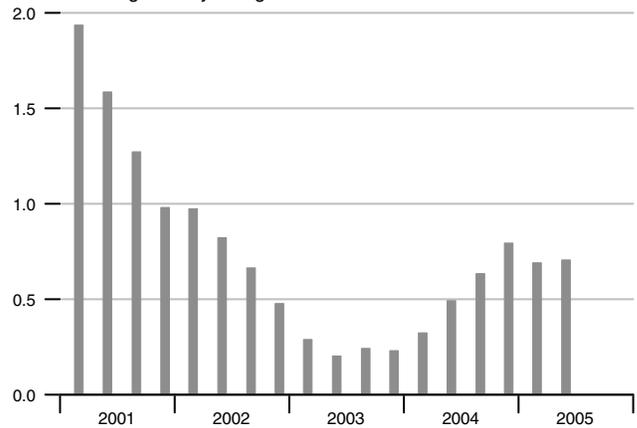
Real GDP

Percent change from year ago



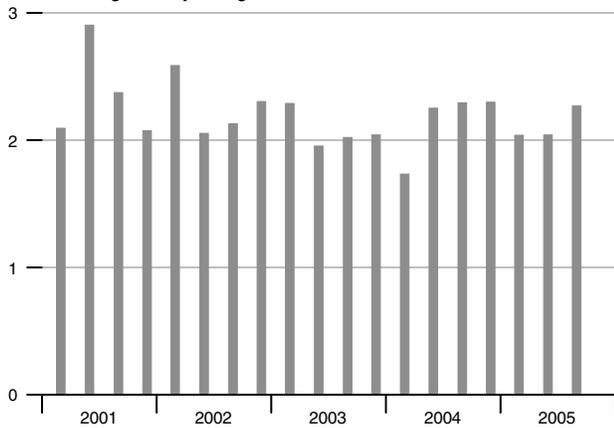
Employment

Percent change from year ago



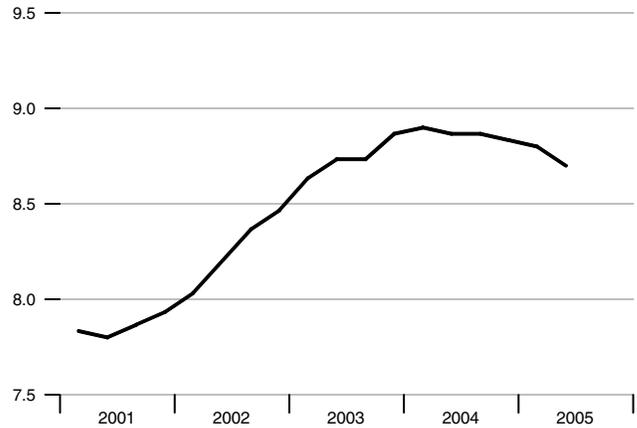
Consumer Price Index

Percent change from year ago



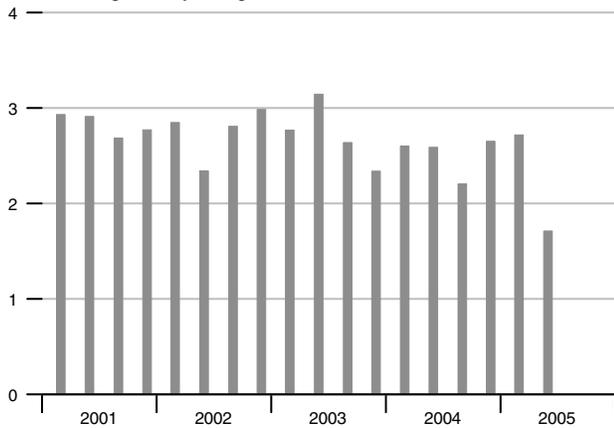
Unemployment Rate

Percent



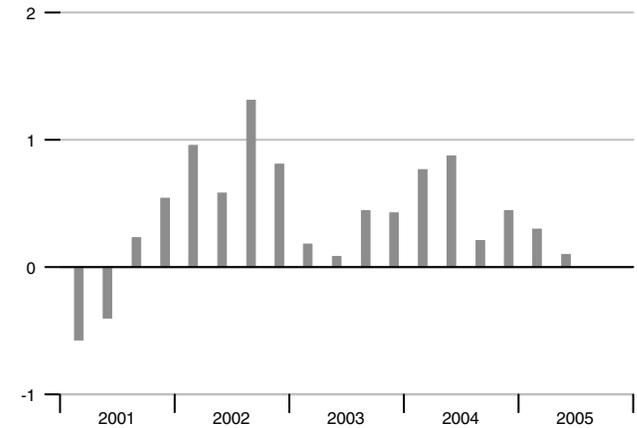
Hourly Earnings

Percent change from year ago*



Current Account Balance

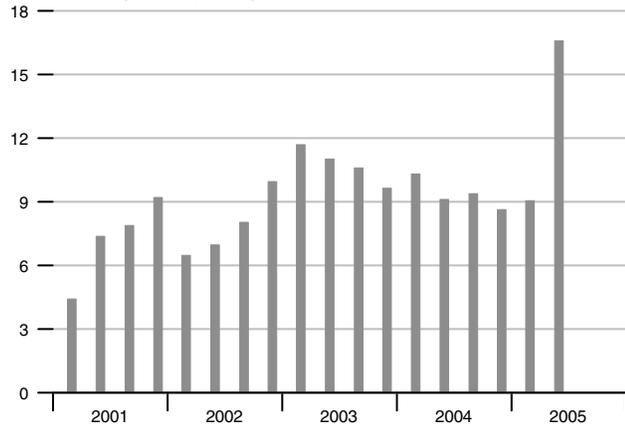
Percent of GDP



* The data are seasonally adjusted; previous issues used non-seasonally adjusted data

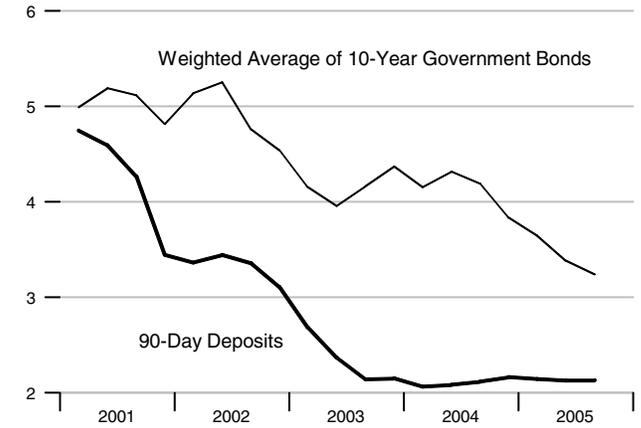
M1

Percent change from year ago



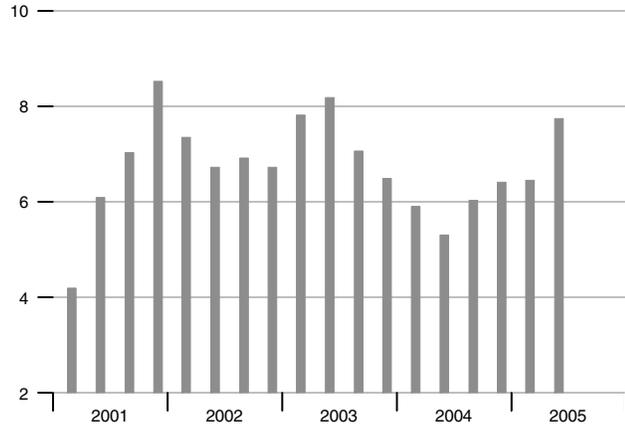
Interest Rates

Percent

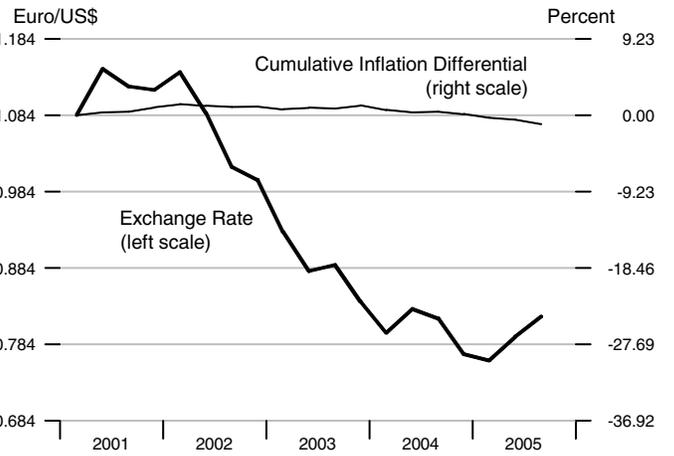


M3

Percent change from year ago

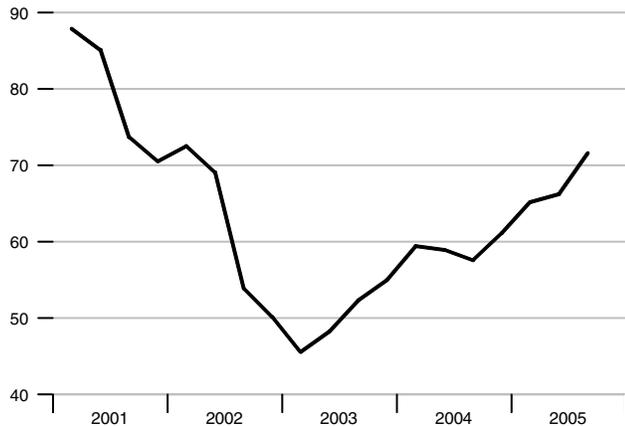


Exchange Rate and Inflation Differential



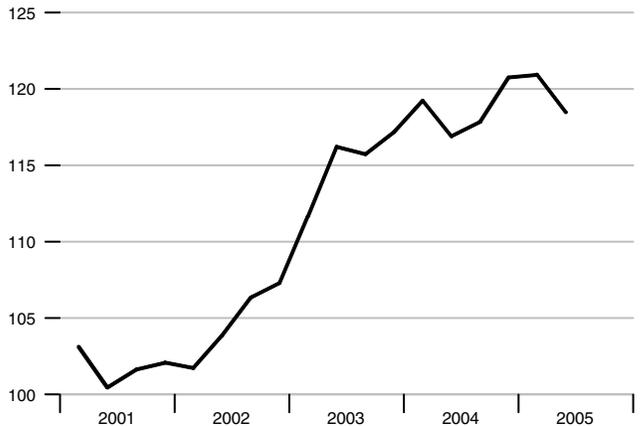
Stock Exchange Index - Dow Jones EURO STOXXSM

2000 = 100



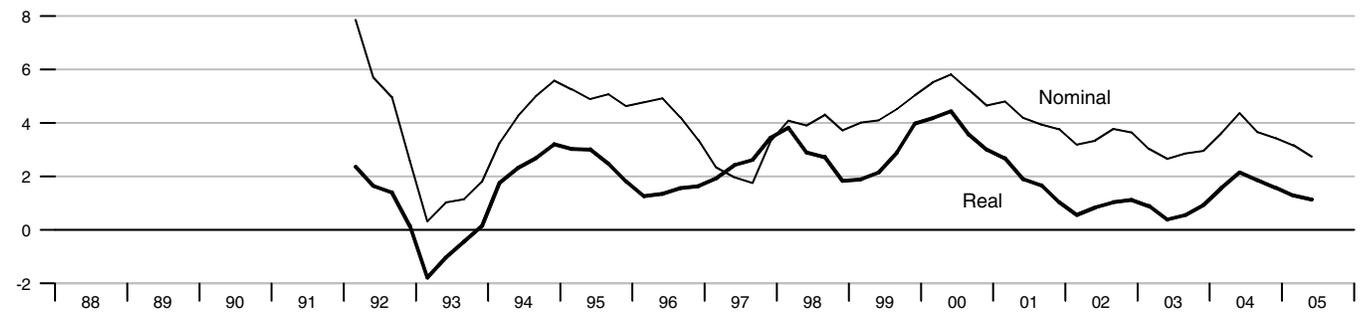
Real Effective Exchange Rate

Index 2000 = 100



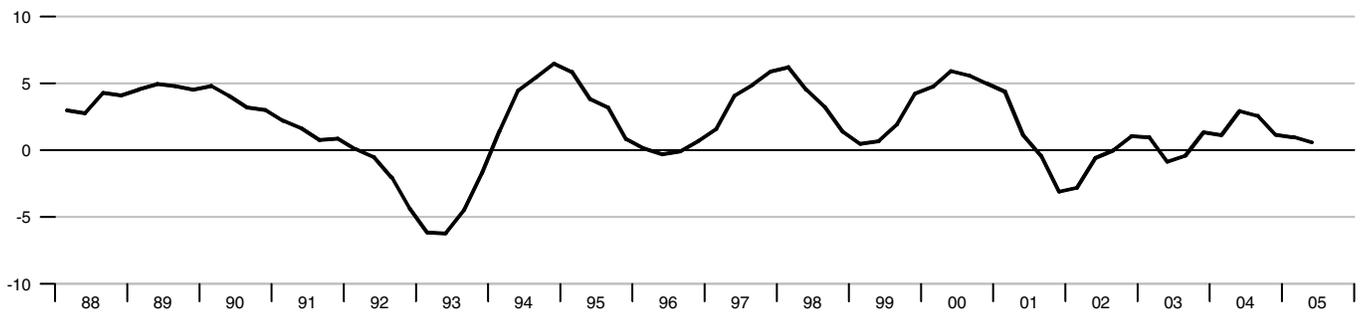
GDP

Percent change from year ago



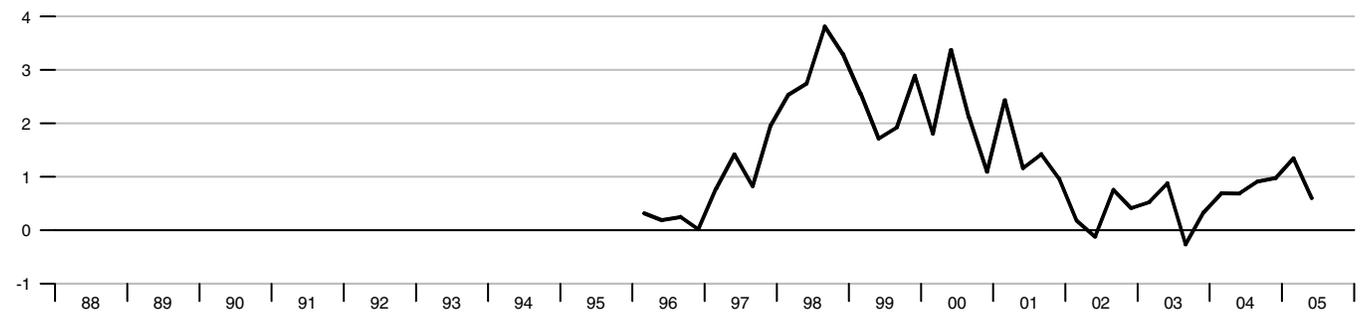
Industrial Production

Percent change from year ago



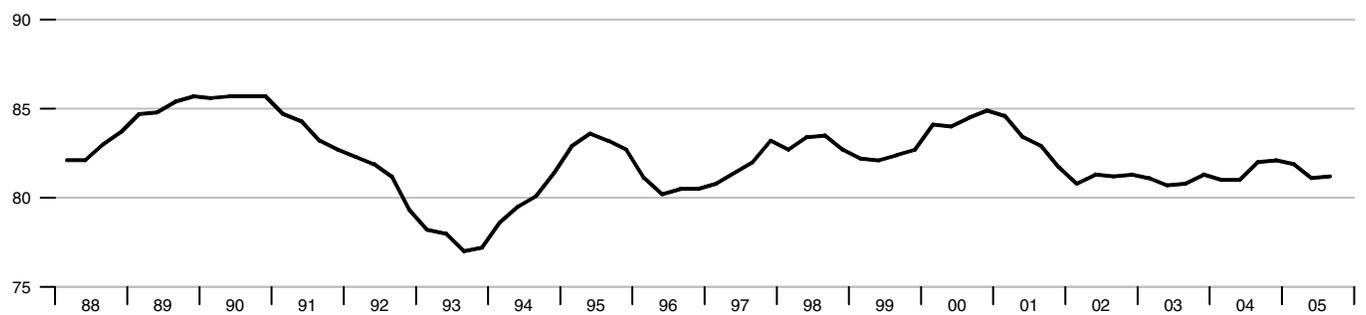
Retail Sales

Percent change from year ago



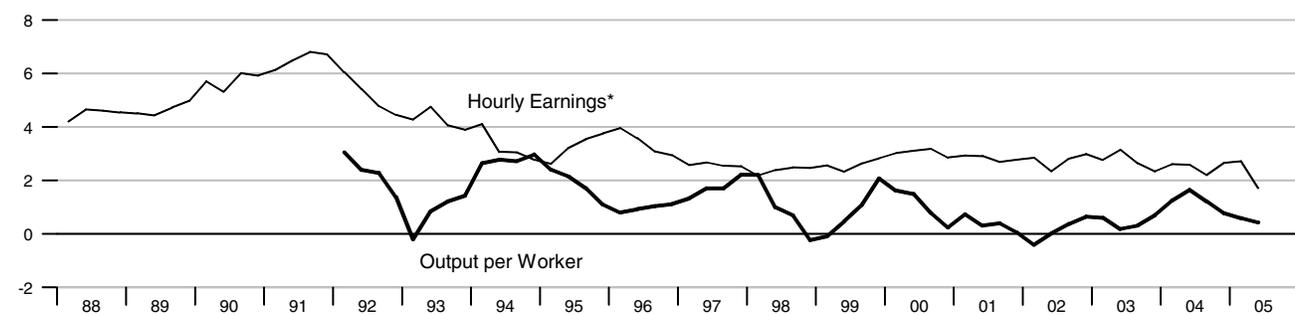
Capacity Utilization

Percent



Hourly Earnings and Output per Worker

Percent change from year ago

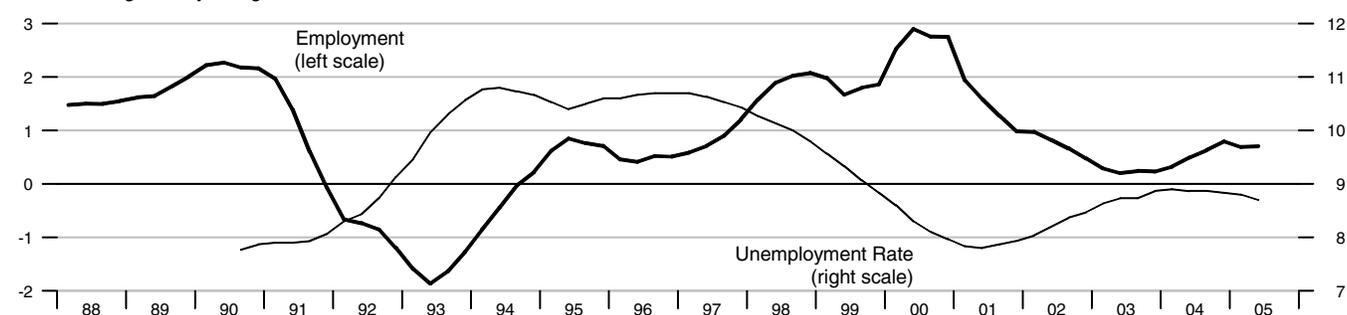


* The data are seasonally adjusted; previous issues used non-seasonally adjusted data.

Labor Force Indicators

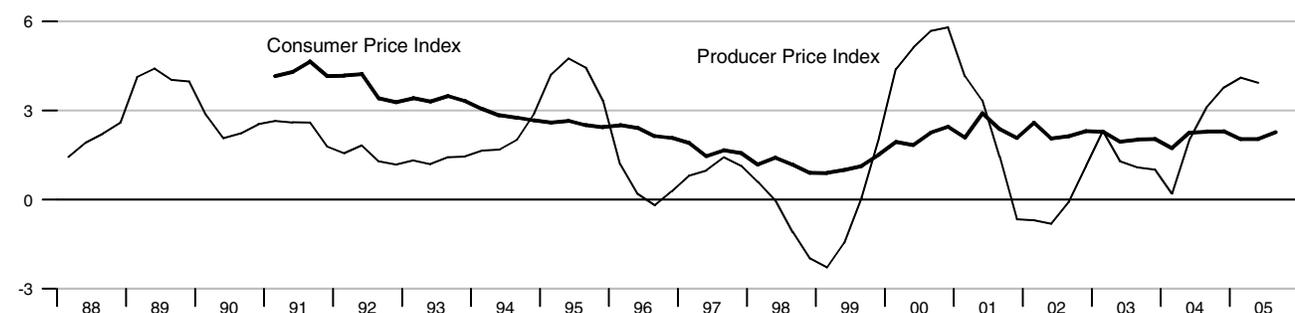
Percent change from year ago

Percent



Inflation

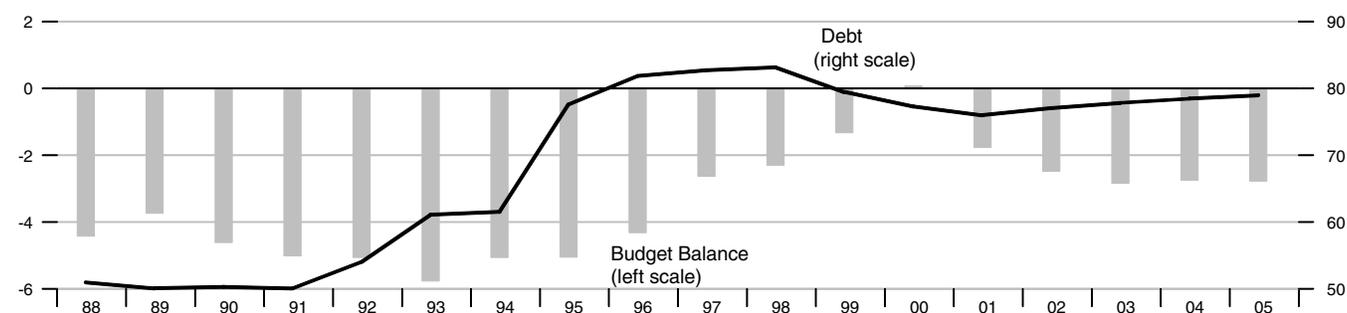
Percent change from year ago



Government Debt and Budget Balance

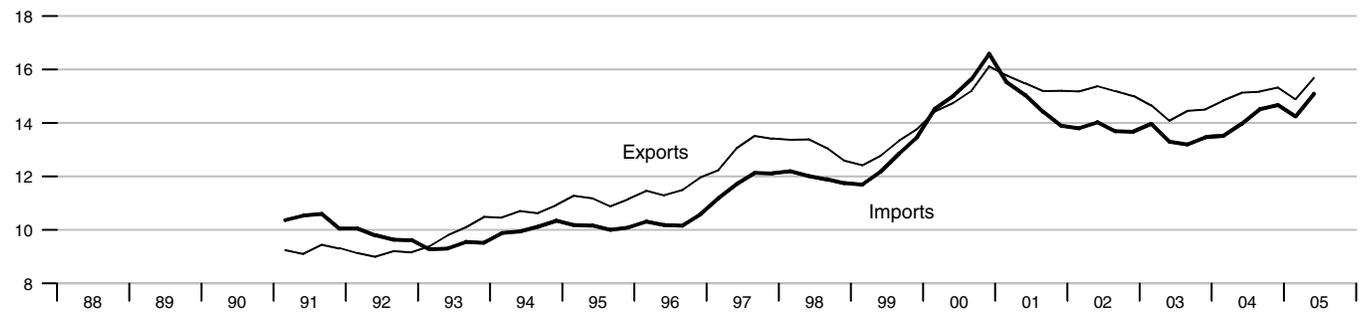
Percent of GDP, annual data

Percent of GDP, annual data



International Trade - Goods

Percent of GDP



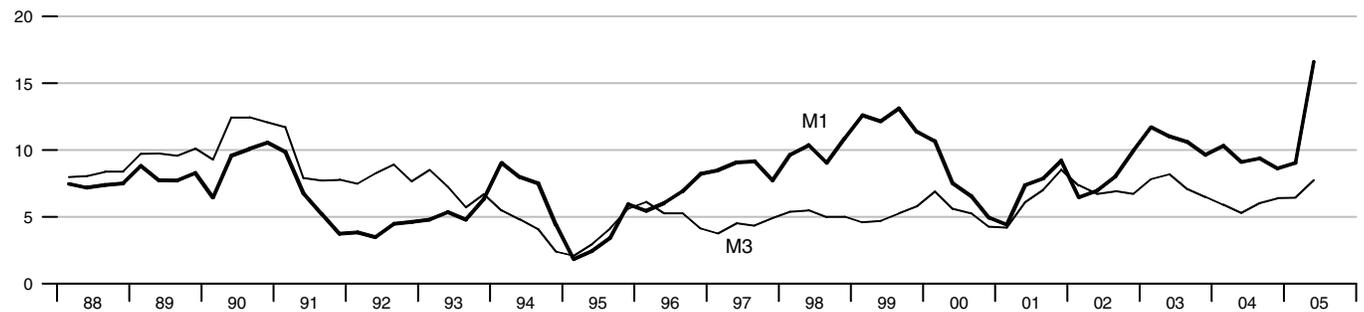
Real Effective Exchange Rate

Index 2000 = 100



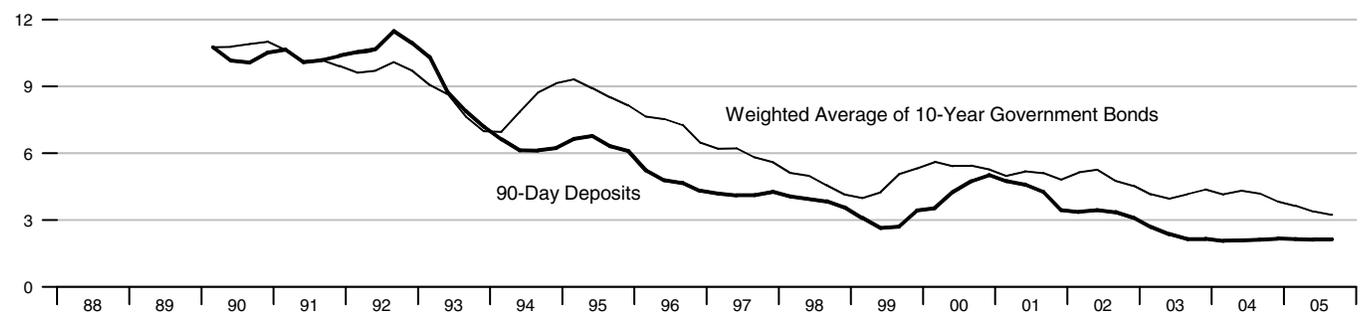
Monetary Aggregates

Percent change from year ago



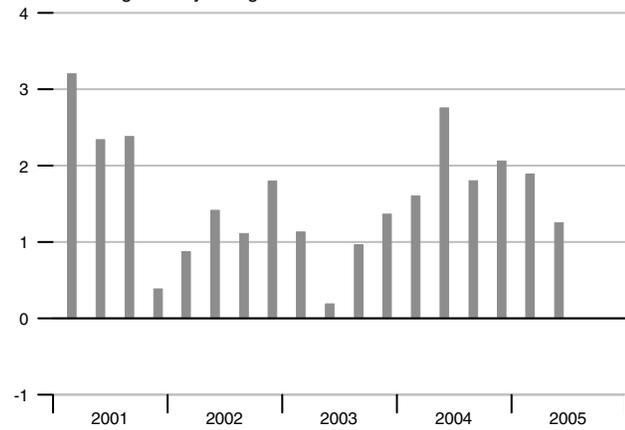
Interest Rates

Percent



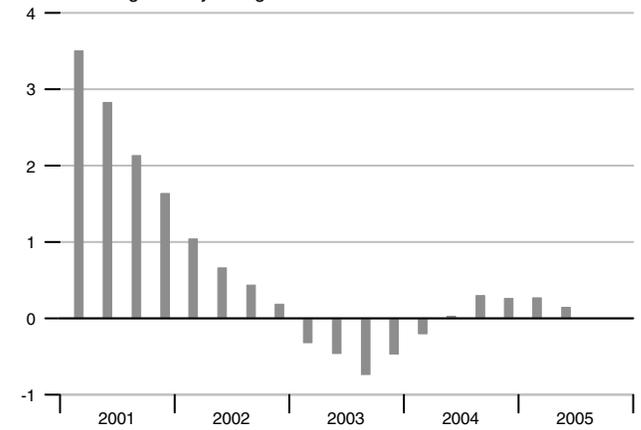
Real GDP

Percent change from year ago



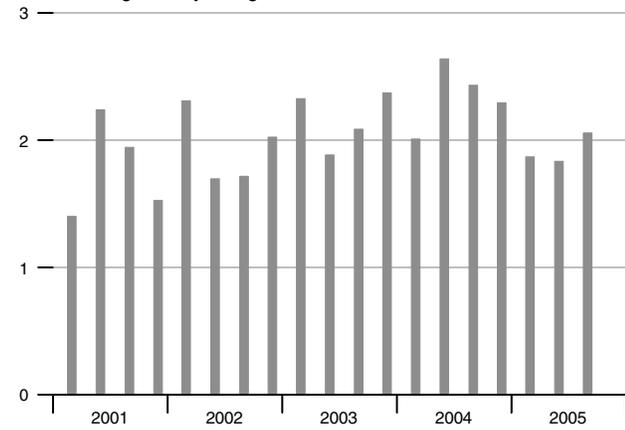
Employment

Percent change from year ago



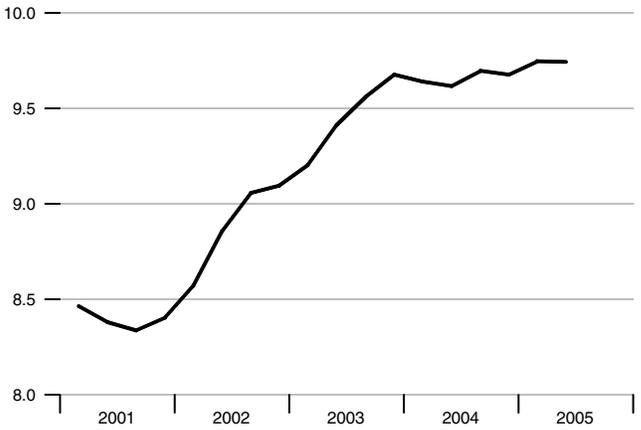
Consumer Price Index

Percent change from year ago



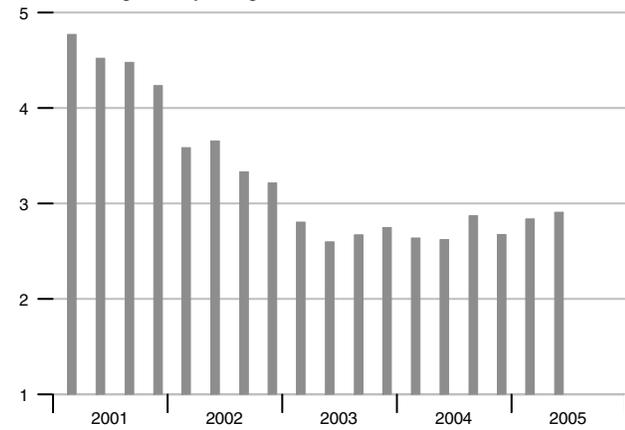
Unemployment Rate

Percent



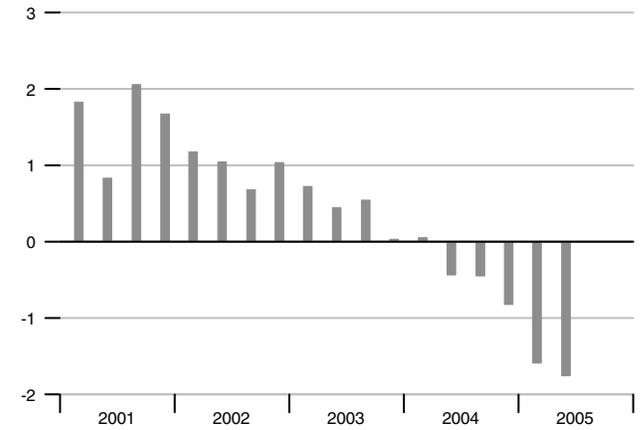
Hourly Earnings

Percent change from year ago*



Current Account Balance

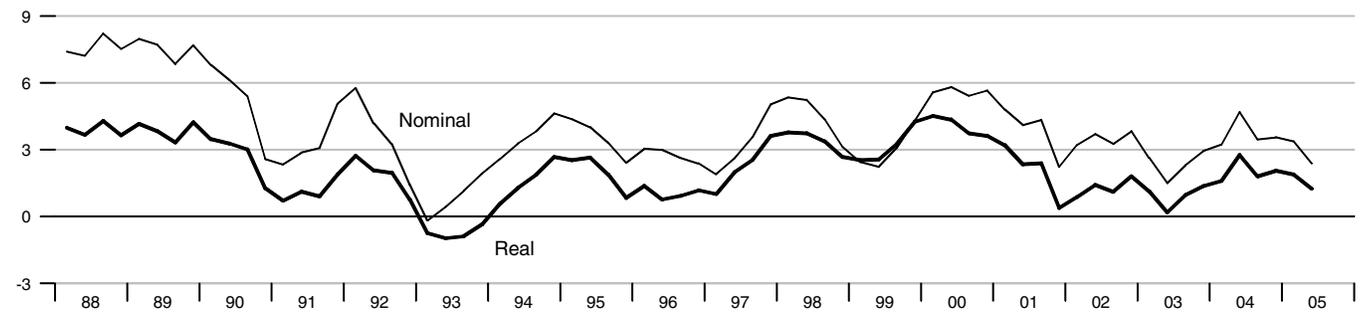
Percent of GDP



* The data are seasonally adjusted; previous issues used non-seasonally adjusted data.

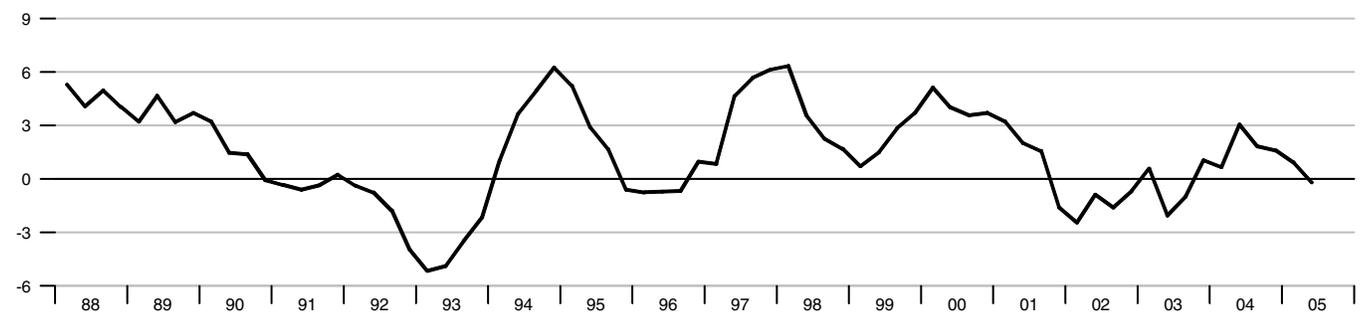
GDP

Percent change from year ago



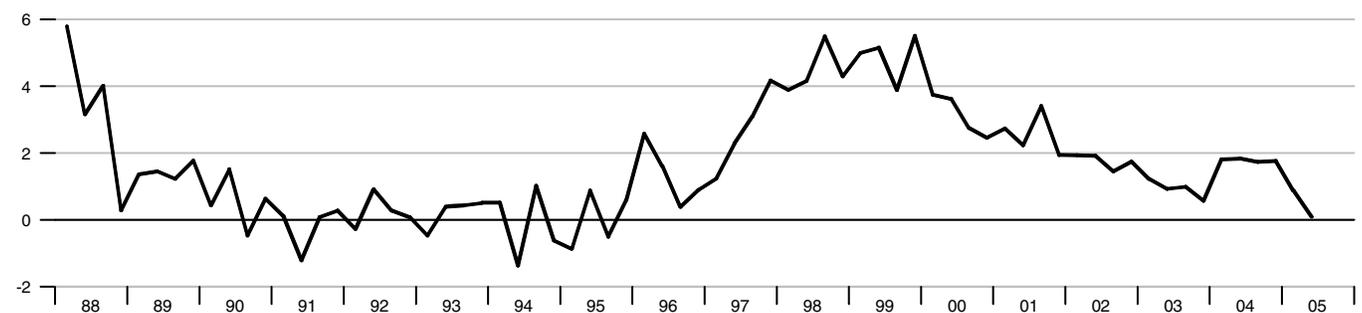
Industrial Production

Percent change from year ago



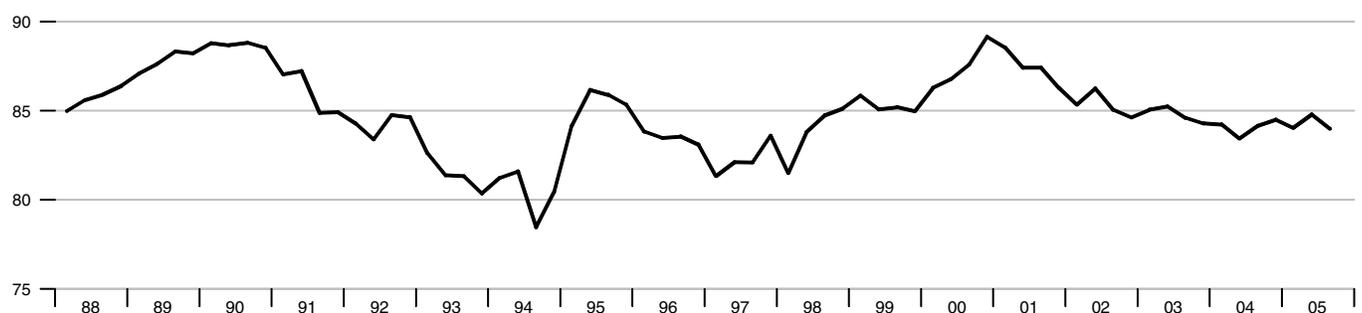
Retail Sales

Percent change from year ago



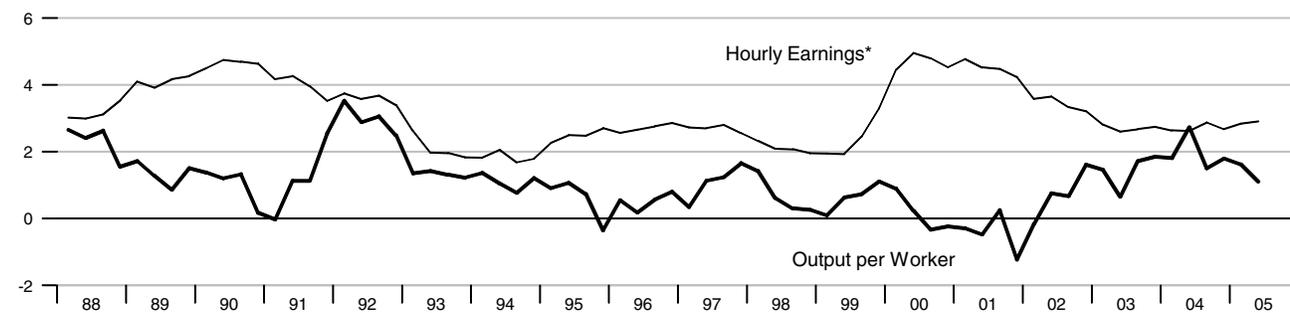
Capacity Utilization

Percent



Hourly Earnings and Output per Worker

Percent change from year ago

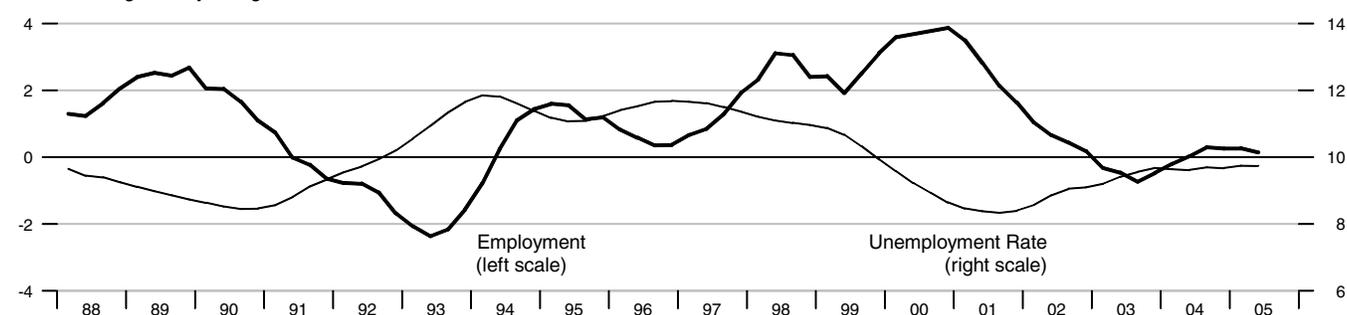


* The data are seasonally adjusted; previous issues used non-seasonally adjusted data.

Labor Force Indicators

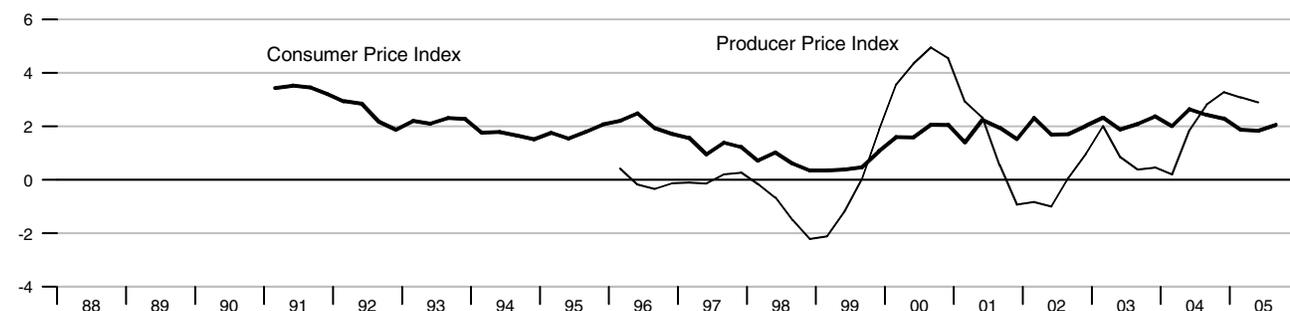
Percent change from year ago

Percent



Inflation

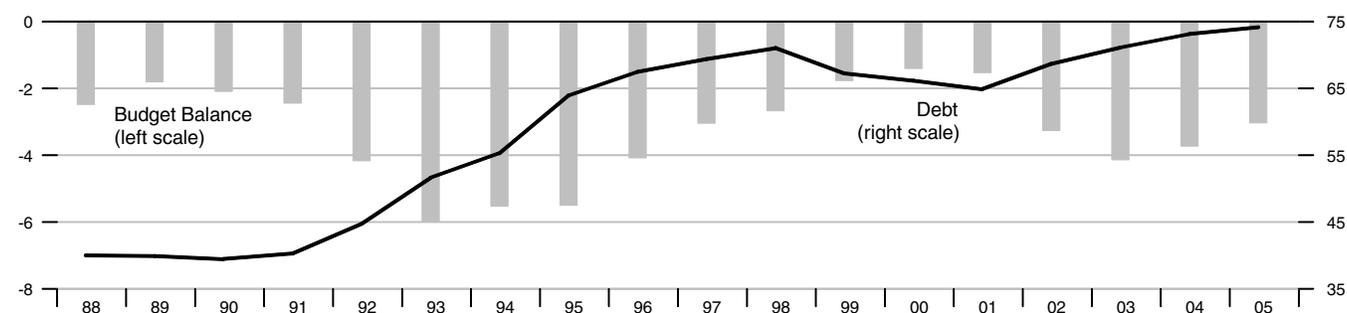
Percent change from year ago



Government Debt and Budget Balance

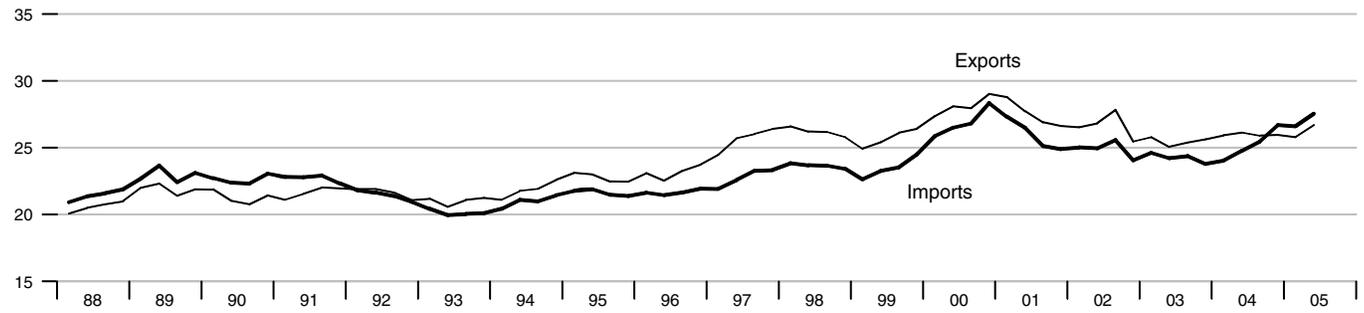
Percent of GDP, annual data

Percent of GDP, annual data



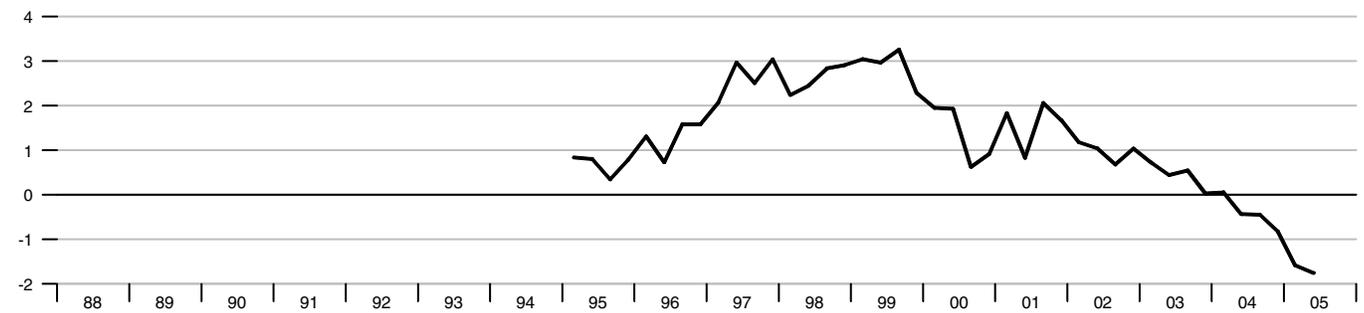
International Trade - Goods and Services

Percent of GDP



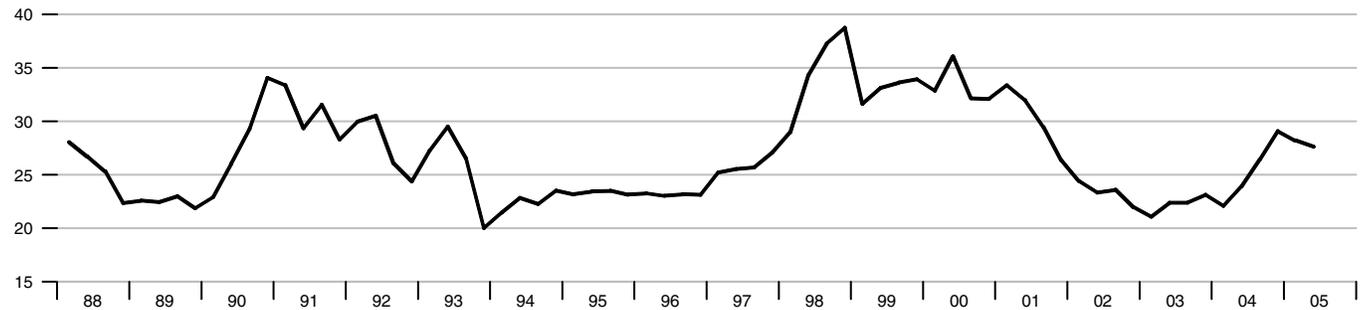
Current Account Balance

Percent of GDP



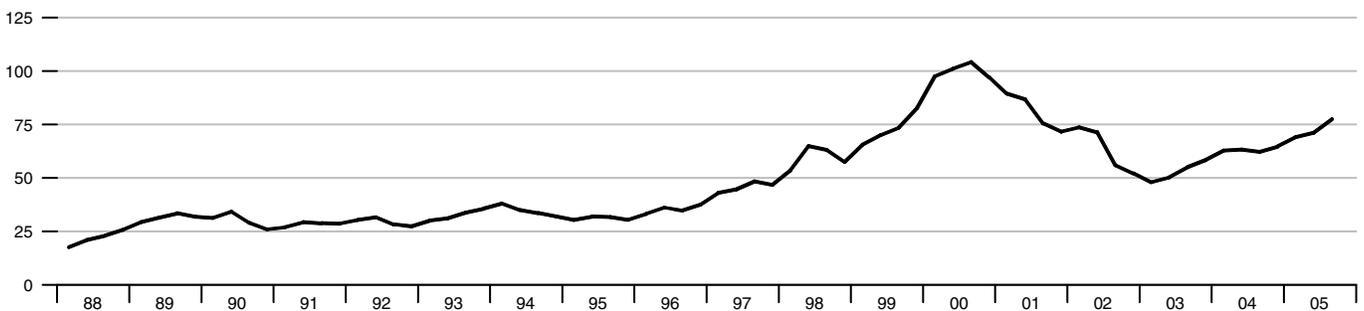
Foreign Exchange Reserves

Billions of US\$



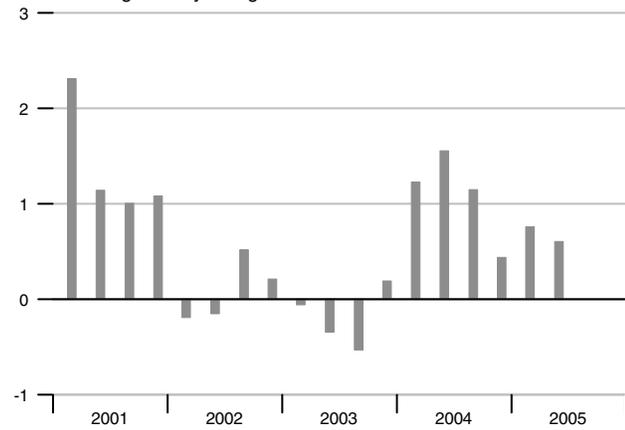
Stock Exchange Index - SBF 250

2000 = 100



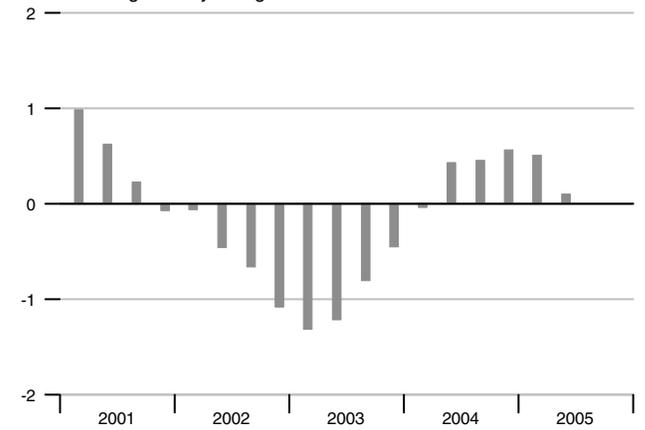
Real GDP

Percent change from year ago



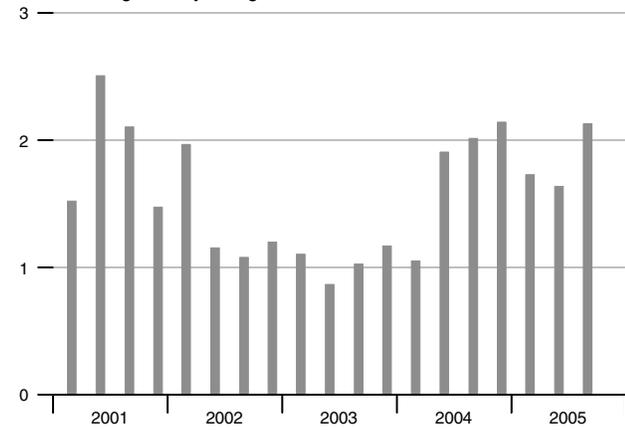
Employment

Percent change from year ago



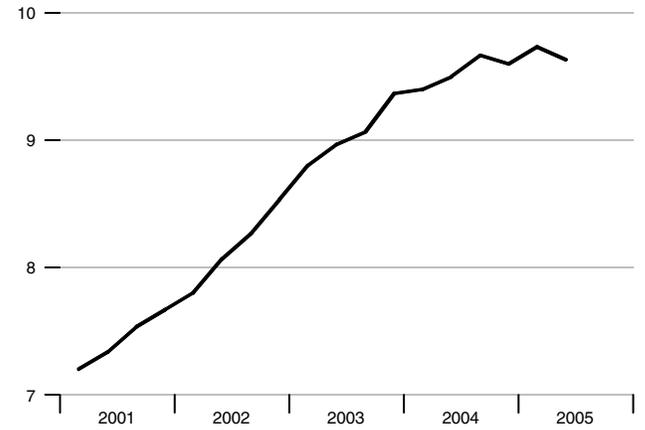
Consumer Price Index

Percent change from year ago



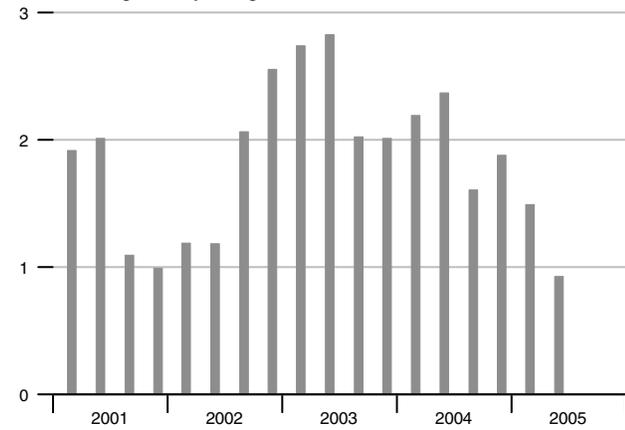
Unemployment Rate

Percent



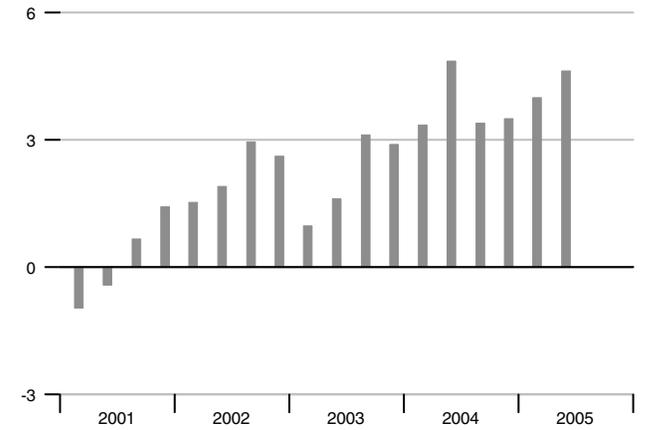
Hourly Earnings

Percent change from year ago*



Current Account Balance

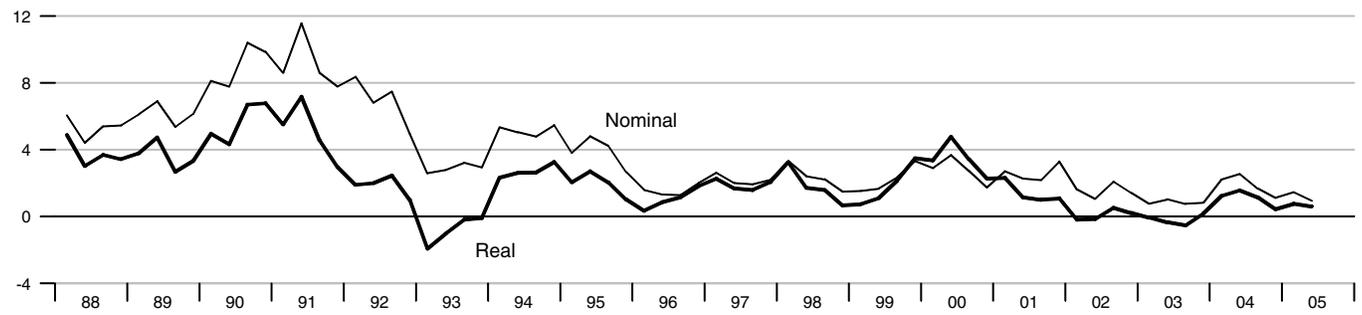
Percent of GDP



* The data are seasonally adjusted; previous issues used non-seasonally adjusted data.

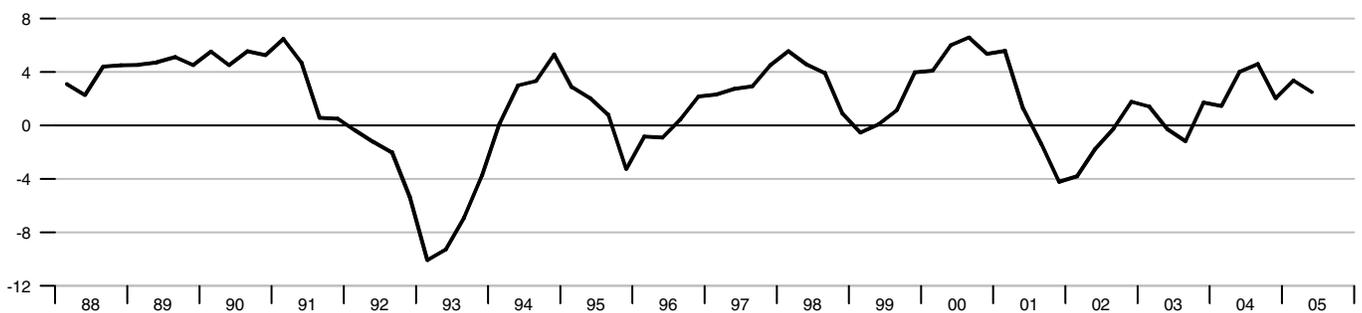
GDP

Percent change from year ago



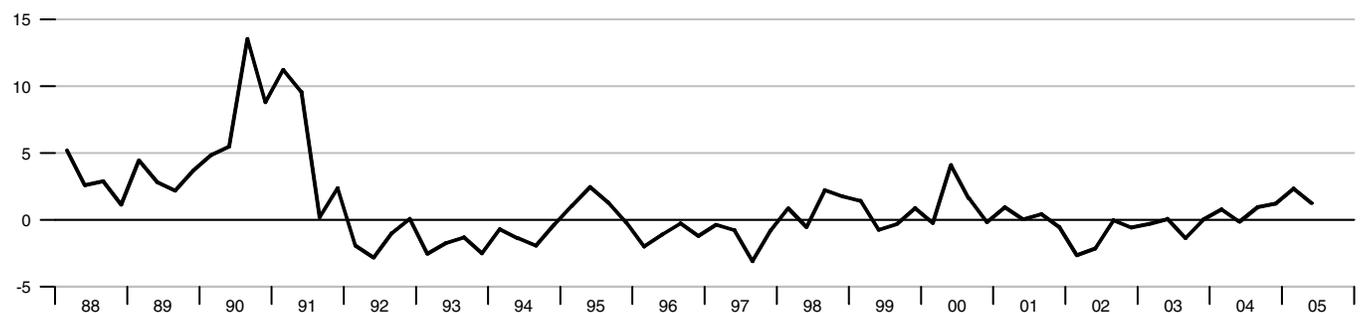
Industrial Production

Percent change from year ago



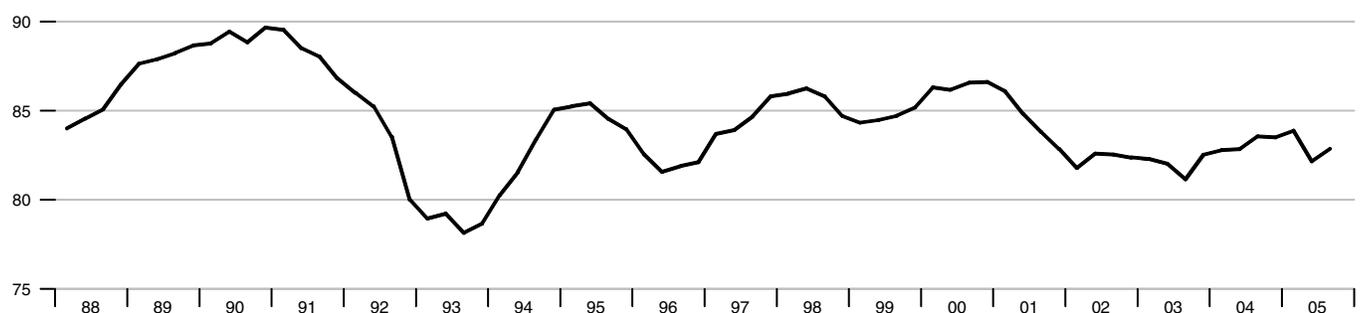
Retail Sales

Percent change from year ago



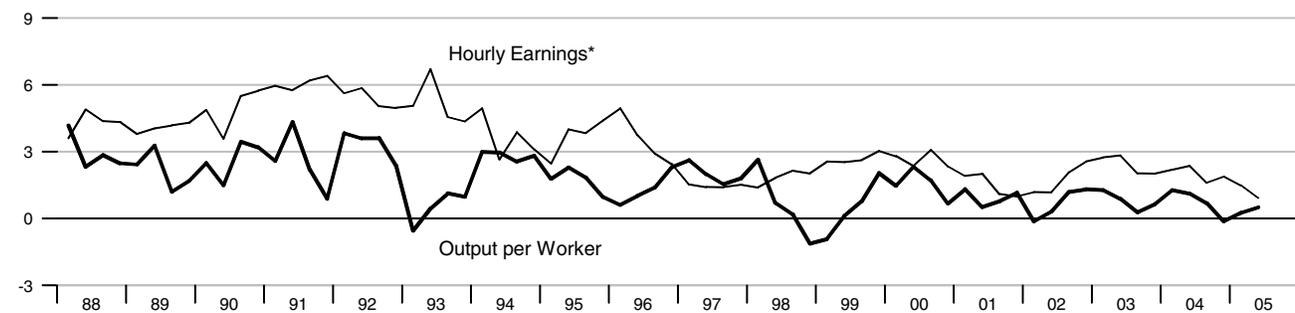
Capacity Utilization

Percent



Hourly Earnings and Output per Worker

Percent change from year ago

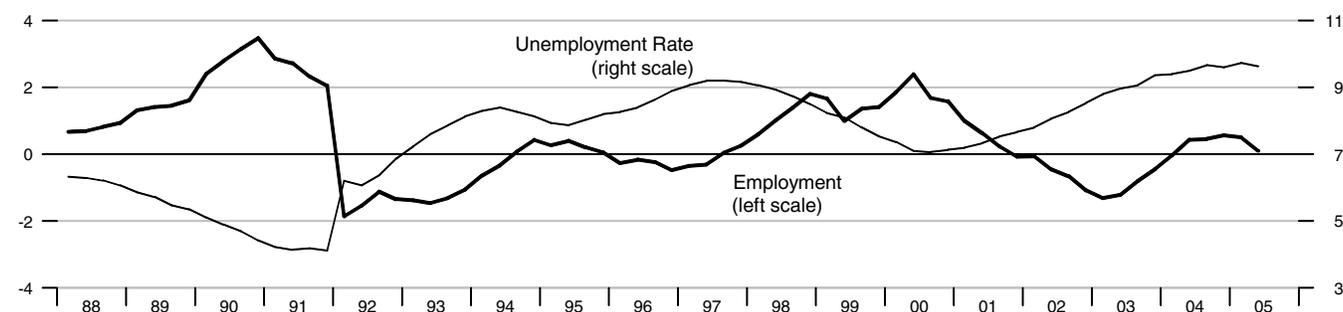


* The data are seasonally adjusted; previous issues used non-seasonally adjusted data.

Labor Force Indicators

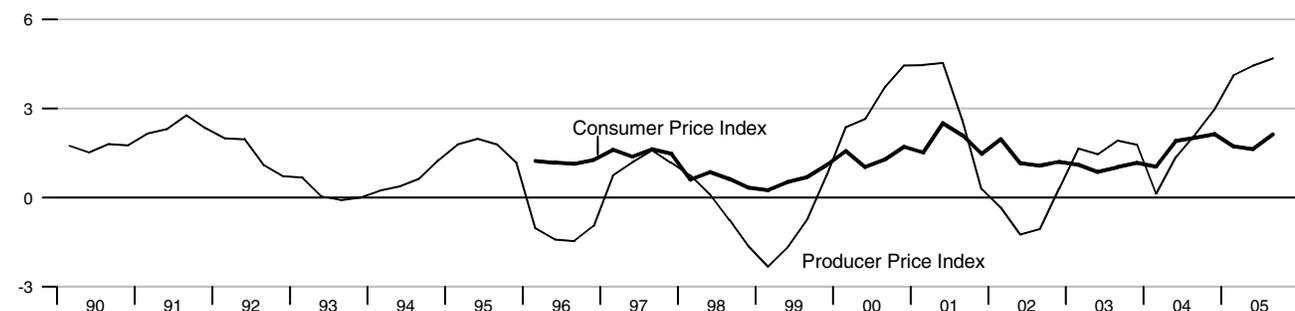
Percent change from year ago

Percent



Inflation

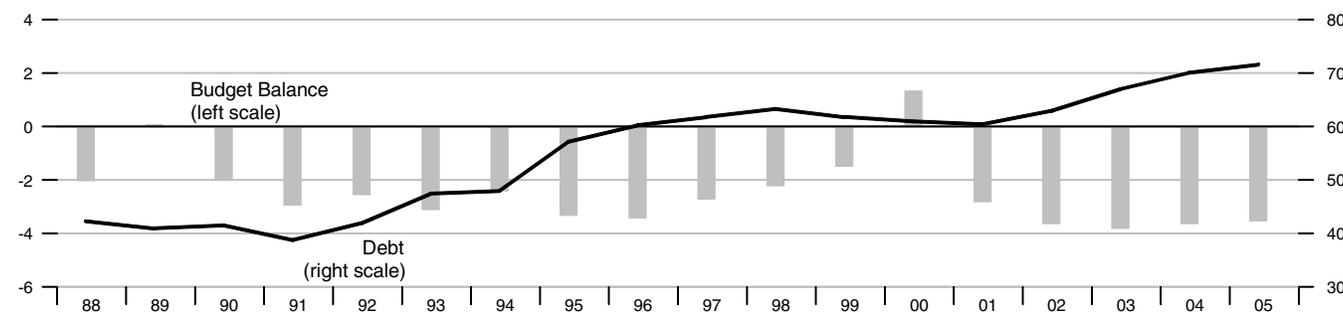
Percent change from year ago



Government Debt and Budget Balance

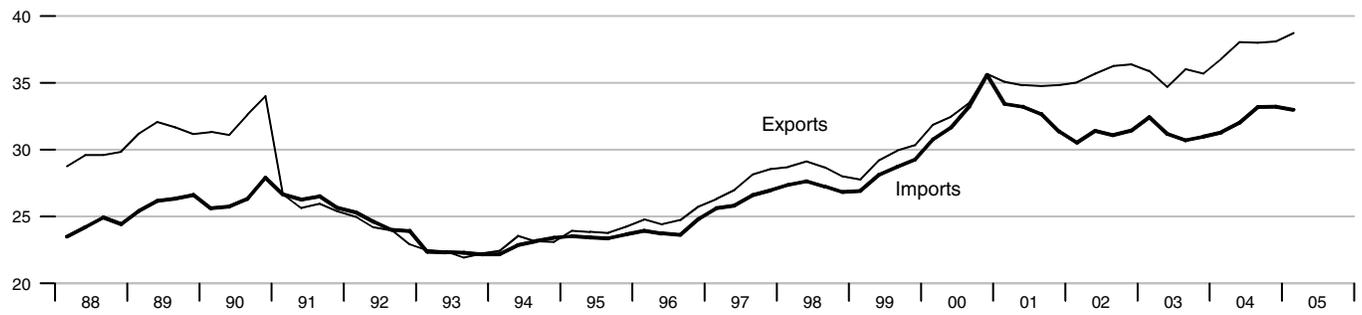
Percent of GDP, annual data

Percent of GDP, annual data



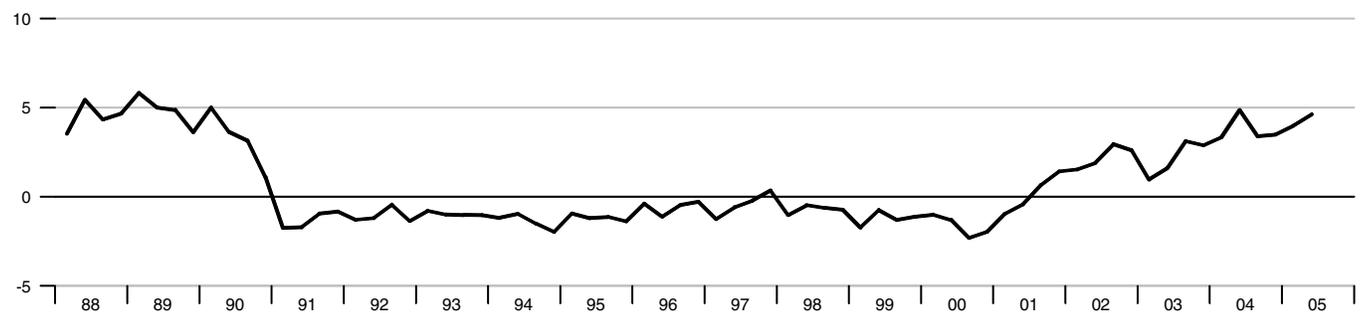
International Trade - Goods and Services

Percent of GDP



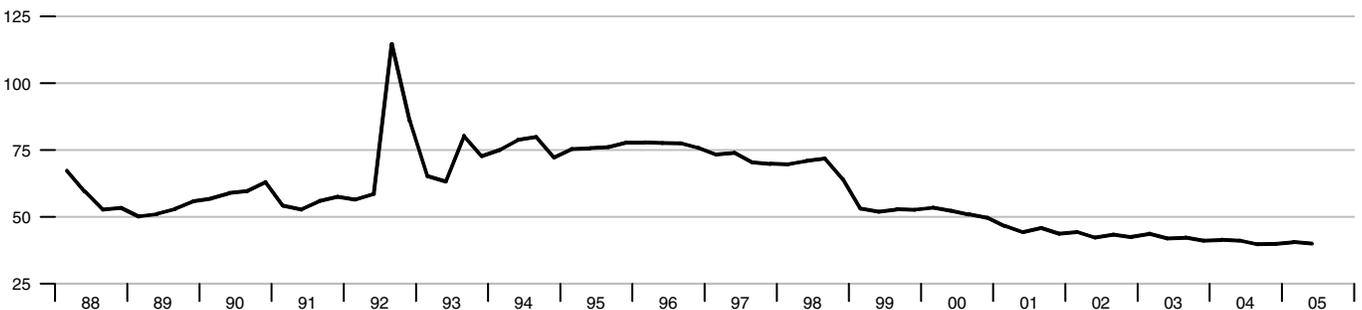
Current Account Balance

Percent of GDP



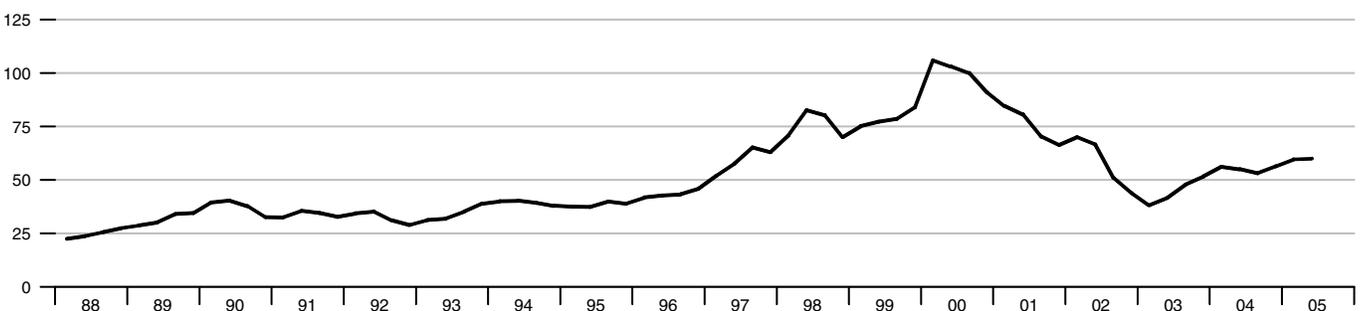
Foreign Exchange Reserves

Billions of US\$



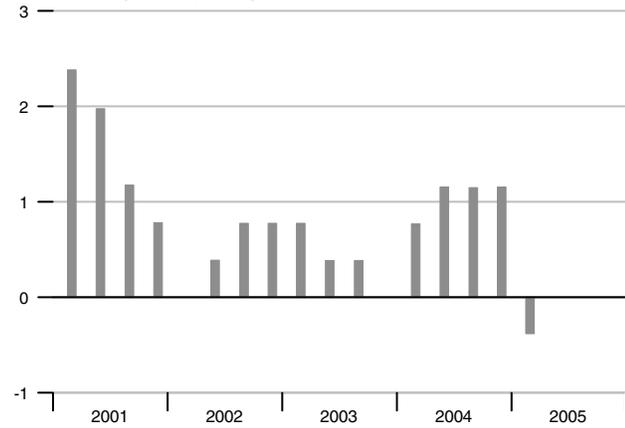
Stock Exchange Index - CDAX

2000 = 100



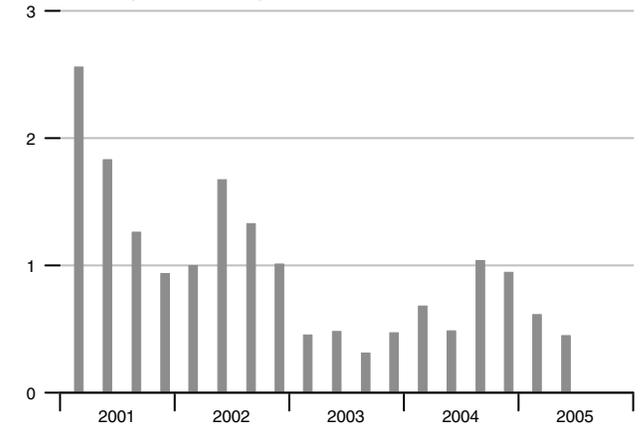
Real GDP

Percent change from year ago



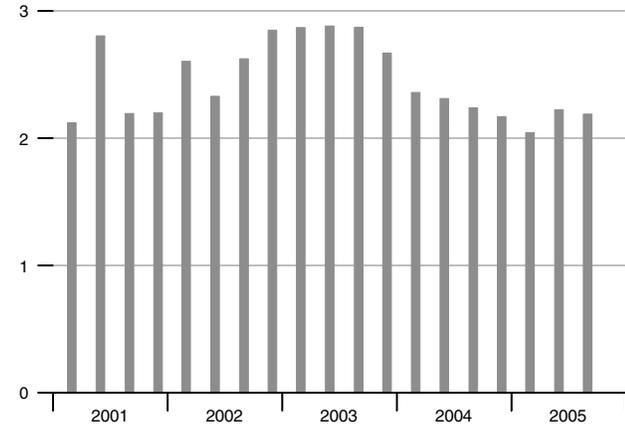
Employment

Percent change from year ago



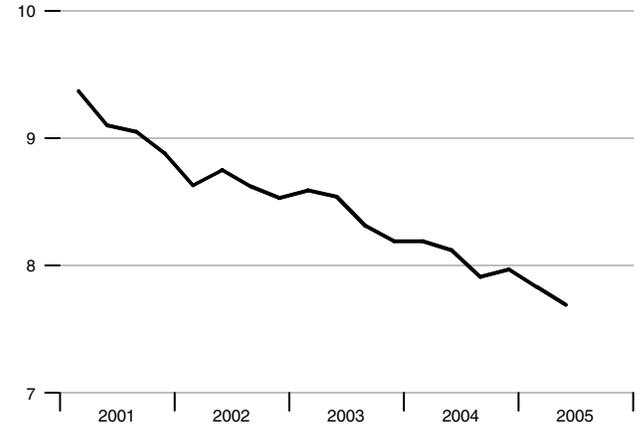
Consumer Price Index

Percent change from year ago



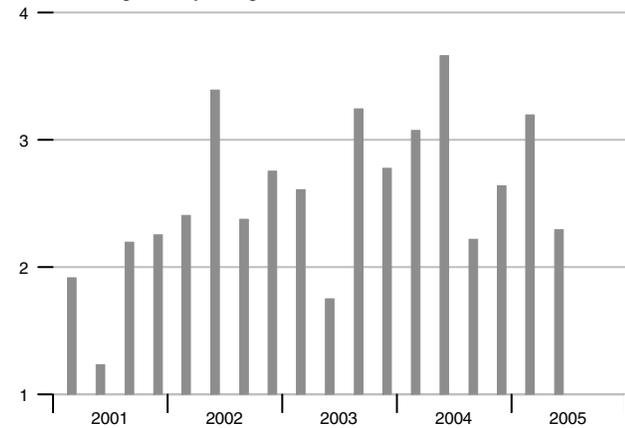
Unemployment Rate

Percent



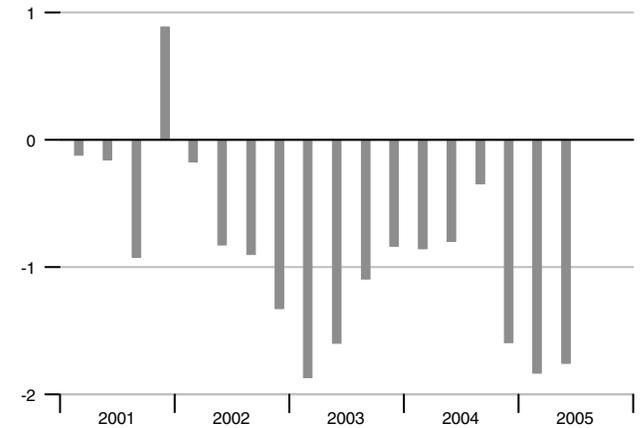
Hourly Earnings

Percent change from year ago*



Current Account Balance

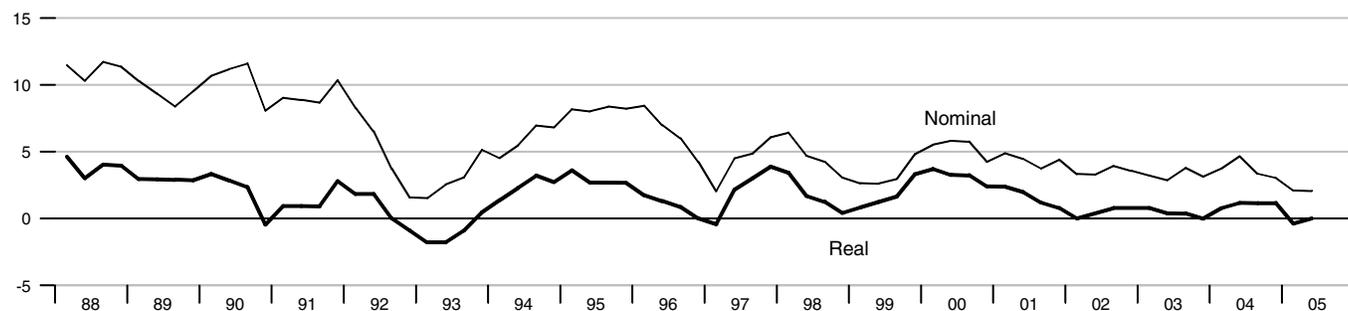
Percent of GDP



* The data are seasonally adjusted; previous issues used non-seasonally adjusted data.

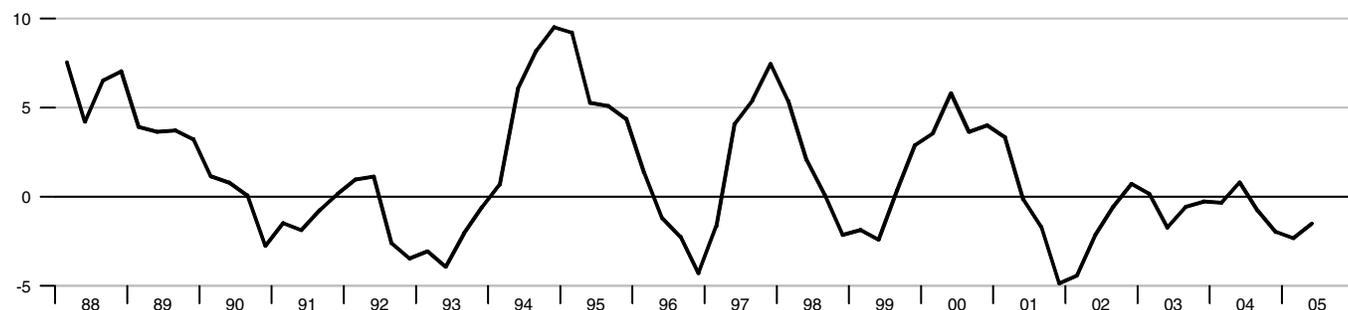
GDP

Percent change from year ago



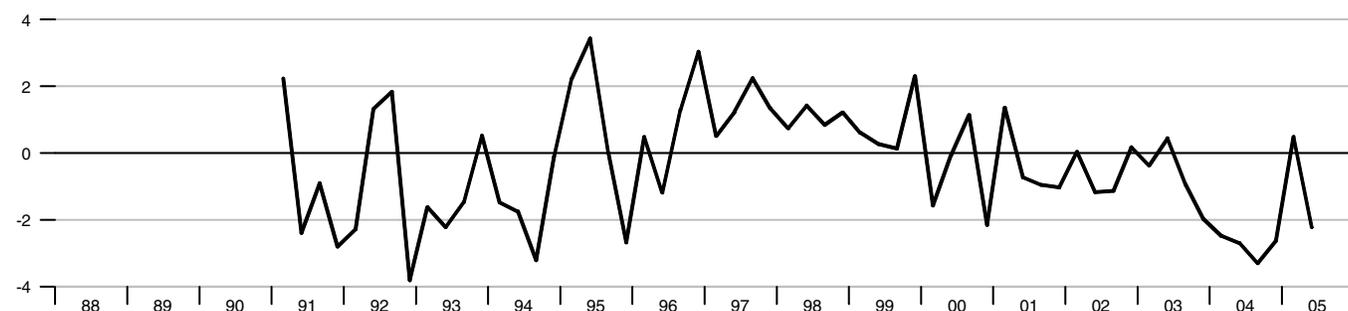
Industrial Production

Percent change from year ago



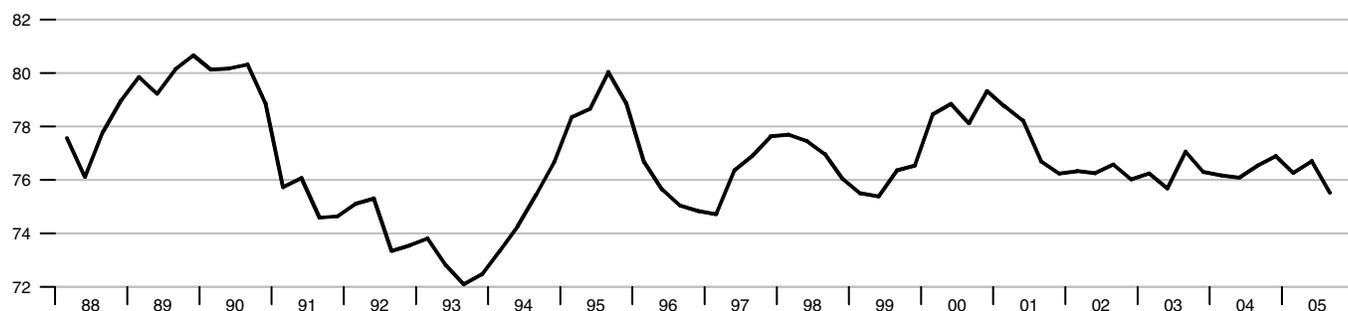
Retail Sales

Percent change from year ago



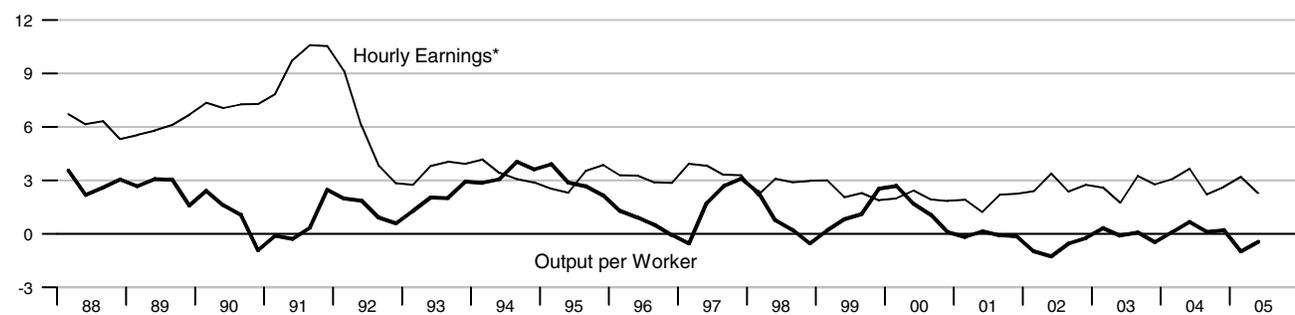
Capacity Utilization

Percent



Hourly Earnings and Output per Worker

Percent change from year ago

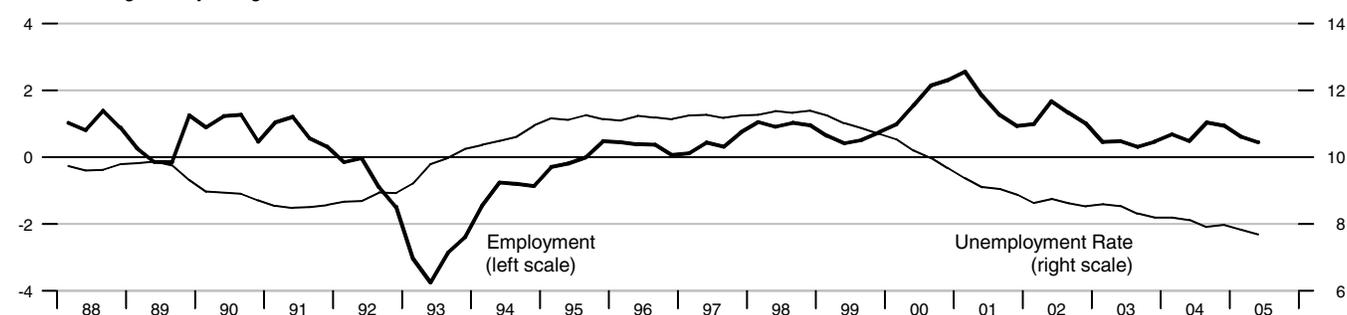


* The data are seasonally adjusted; previous issues used non-seasonally adjusted data.

Labor Force Indicators

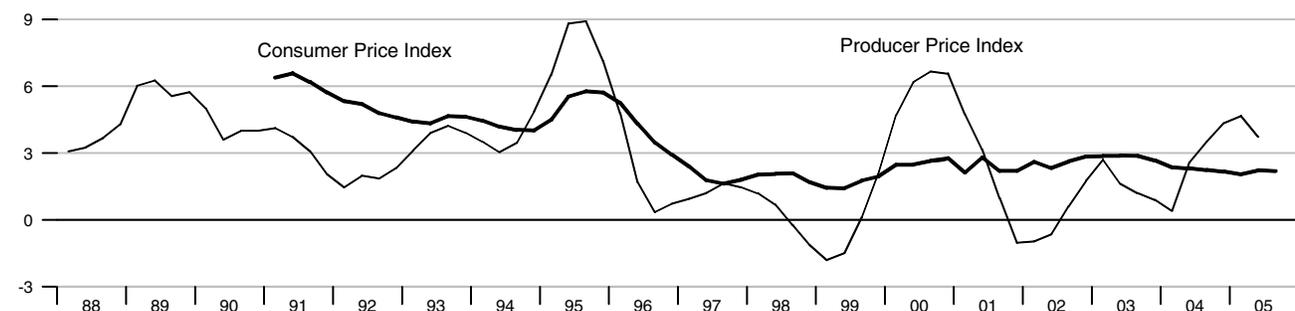
Percent change from year ago

Percent



Inflation

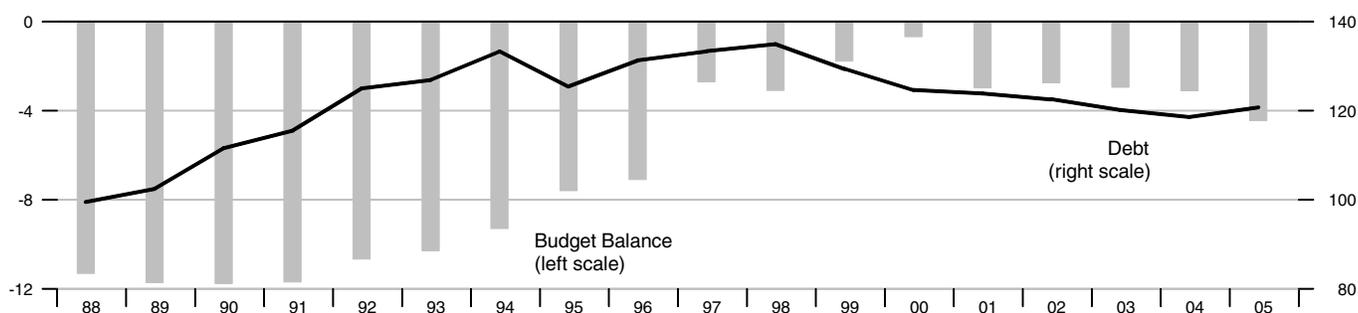
Percent change from year ago



Government Debt and Budget Balance

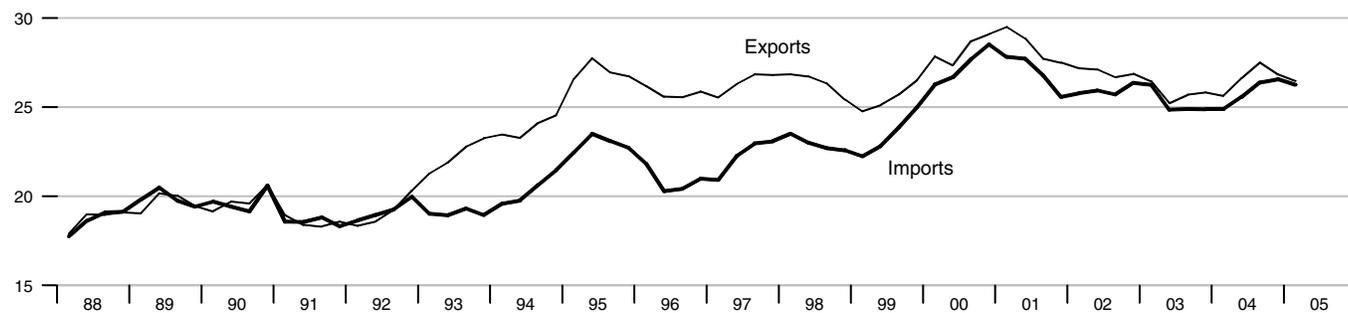
Percent of GDP, annual data

Percent of GDP, annual data



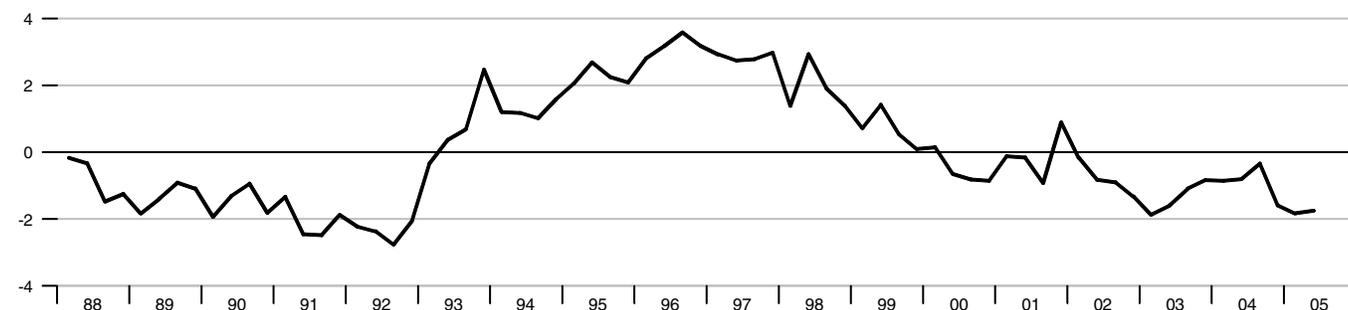
International Trade - Goods and Services

Percent of GDP



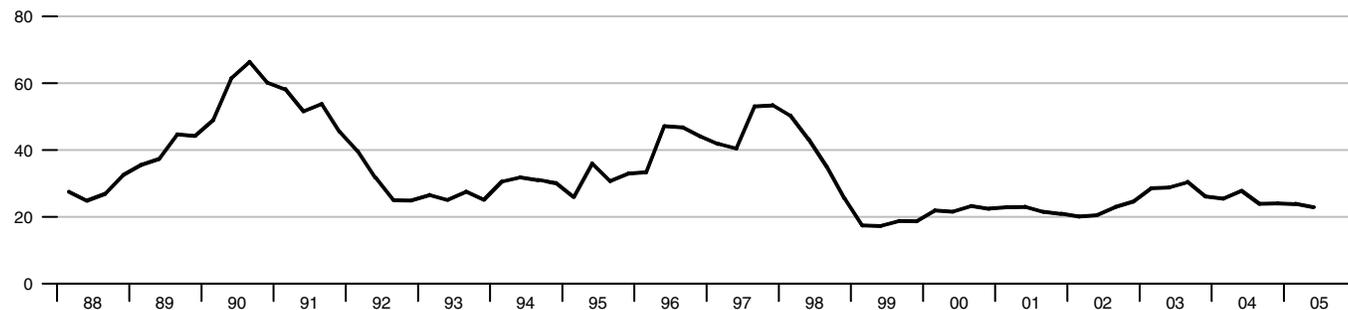
Current Account Balance

Percent of GDP



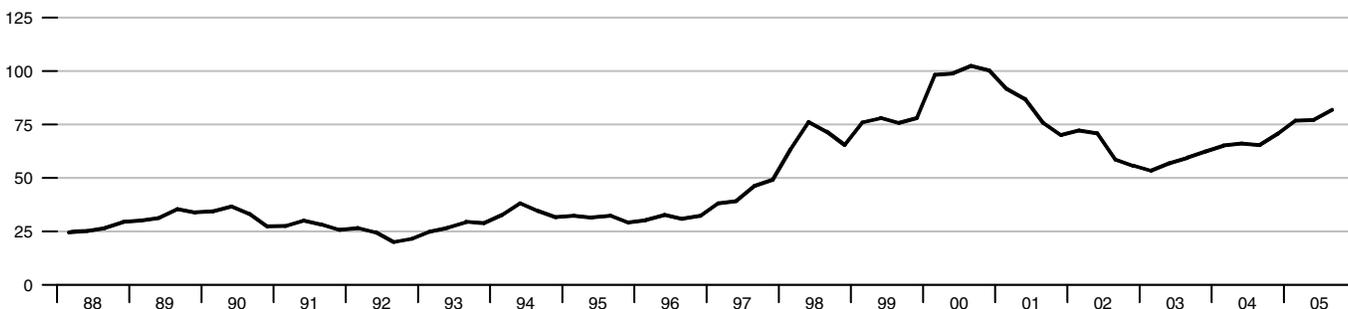
Foreign Exchange Reserves

Billions of US\$



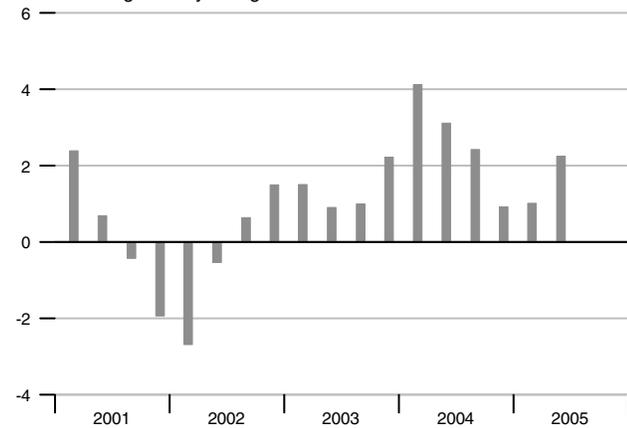
Stock Exchange Index - Milan Stock Exchange

2000 = 100



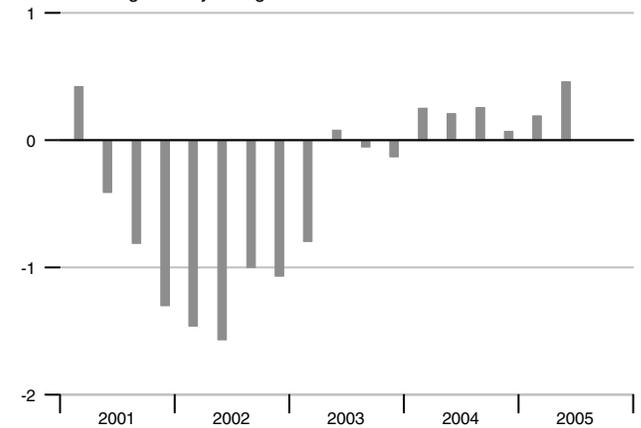
Real GDP

Percent change from year ago



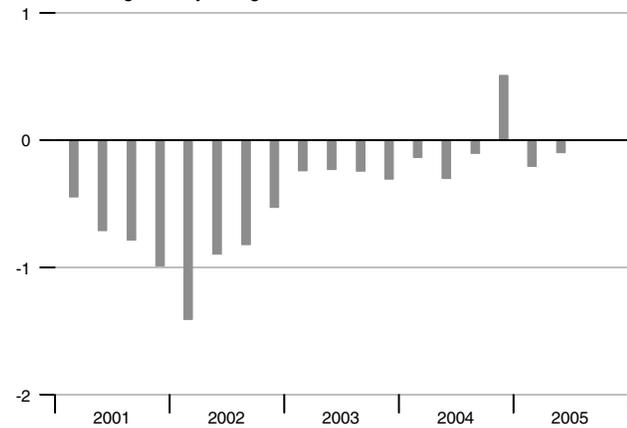
Employment

Percent change from year ago



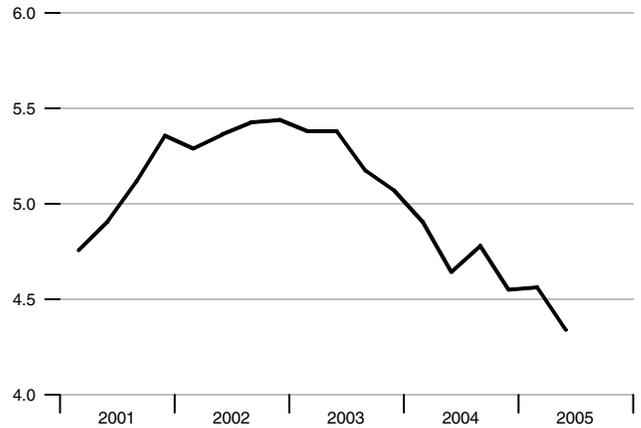
Consumer Price Index

Percent change from year ago



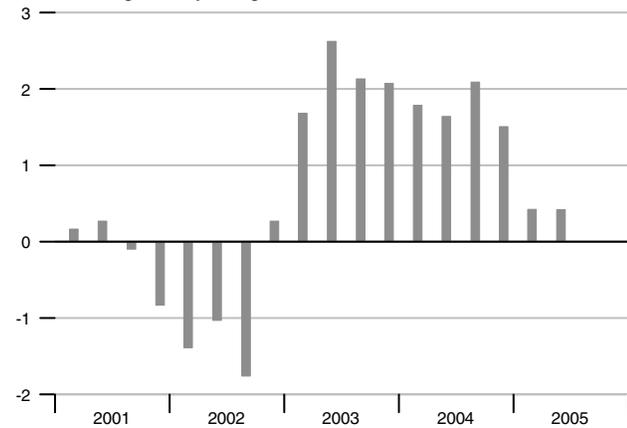
Unemployment Rate

Percent



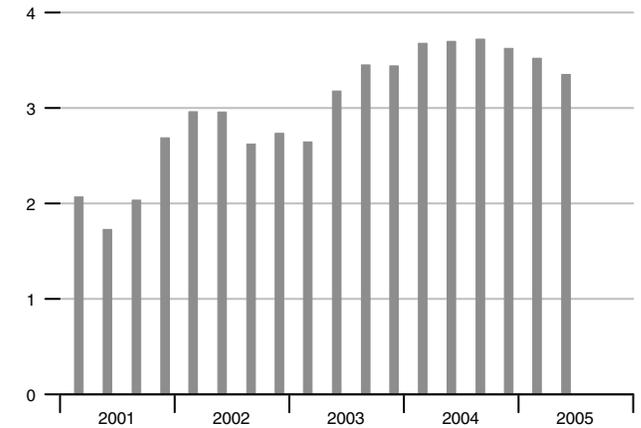
Monthly Earnings

Percent change from year ago*



Current Account Balance

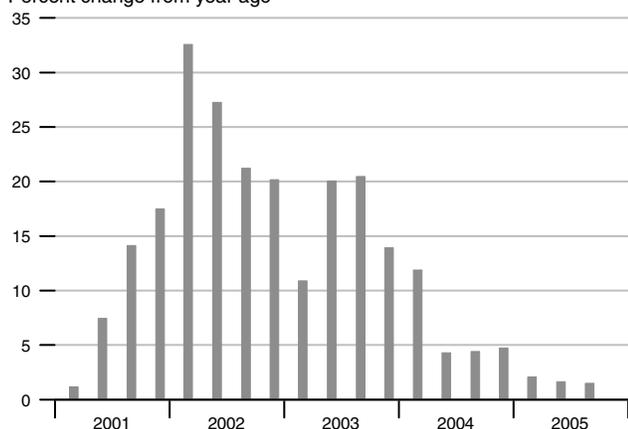
Percent of GDP



* The data are seasonally adjusted; previous issues used non-seasonally adjusted data.

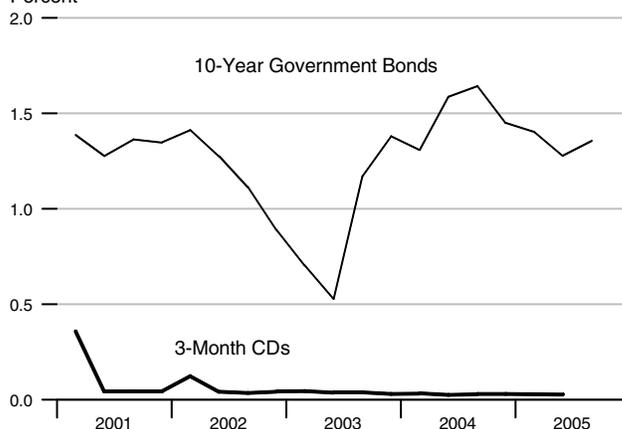
Adjusted Monetary Base

Percent change from year ago



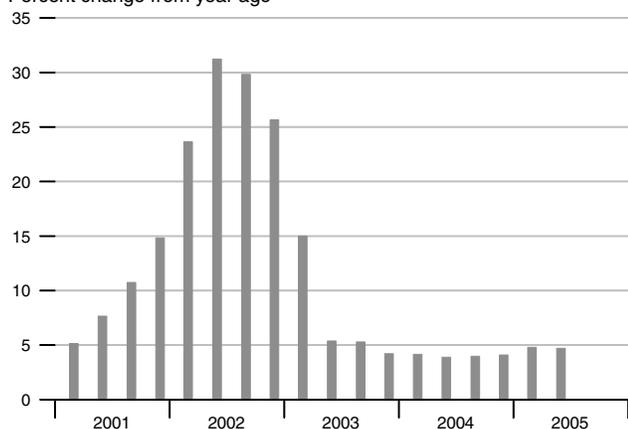
Interest Rates

Percent



M1

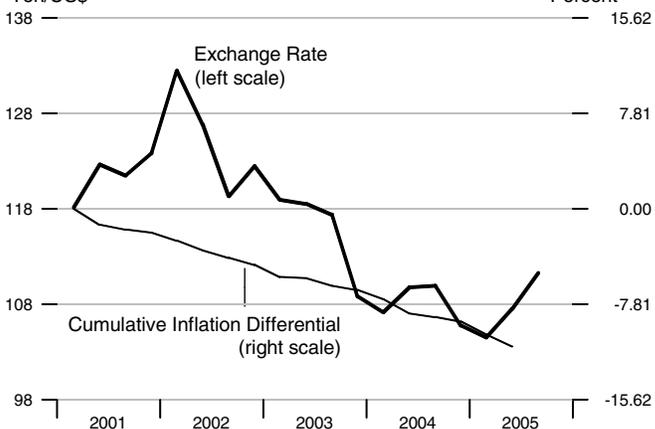
Percent change from year ago



Exchange Rate and Inflation Differential

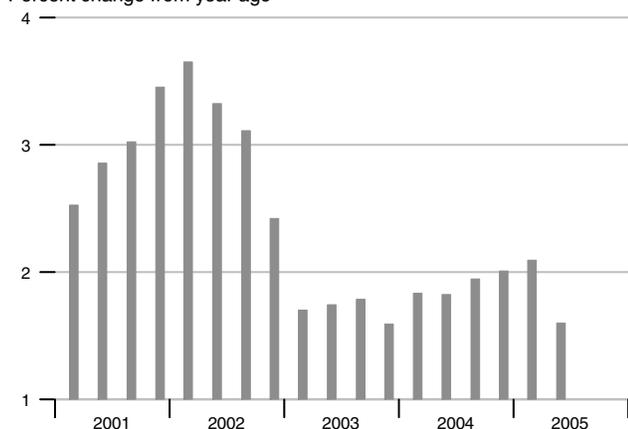
Yen/US\$

Percent



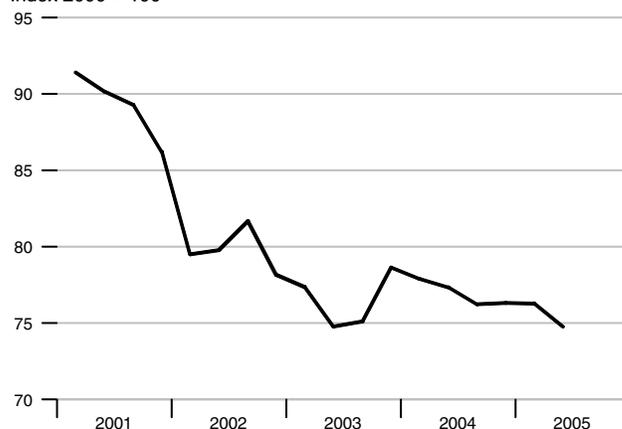
M2

Percent change from year ago



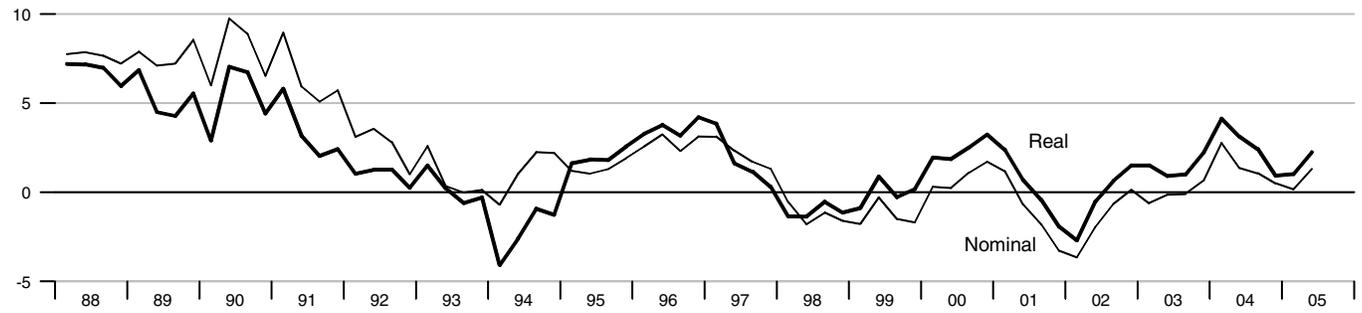
Real Effective Exchange Rate

Index 2000 = 100



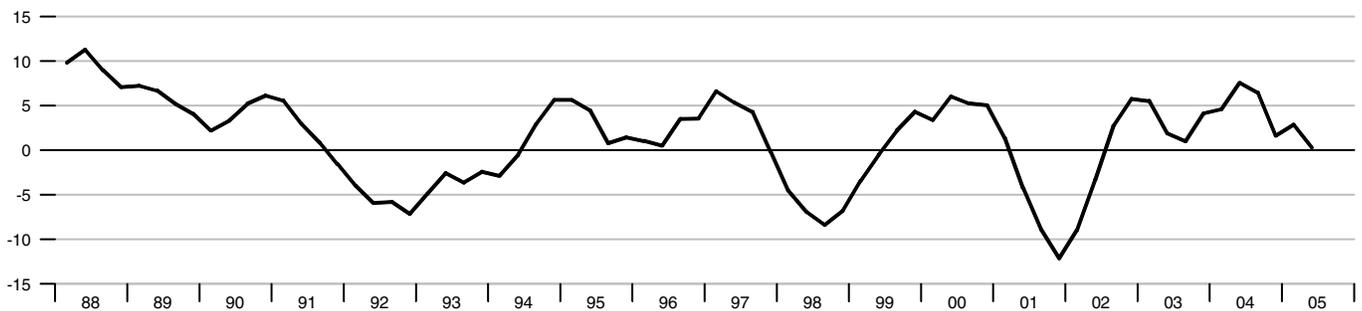
GDP

Percent change from year ago



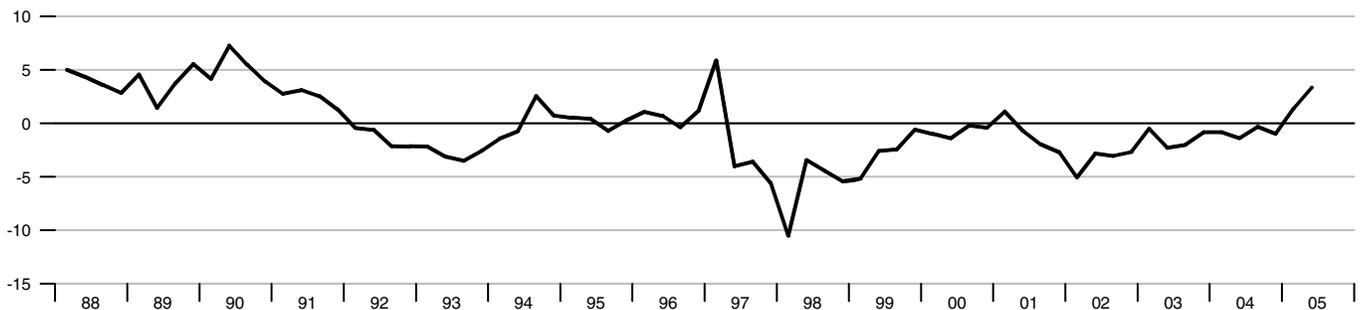
Industrial Production

Percent change from year ago



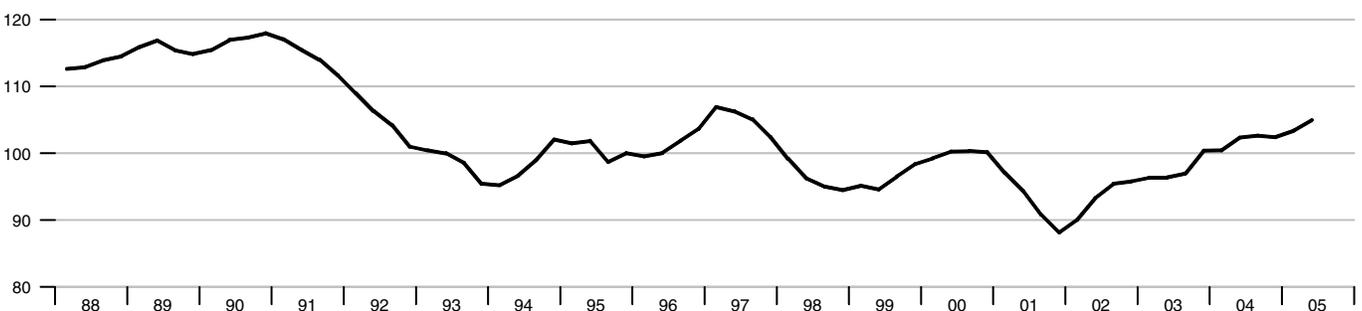
Retail Sales

Percent change from year ago



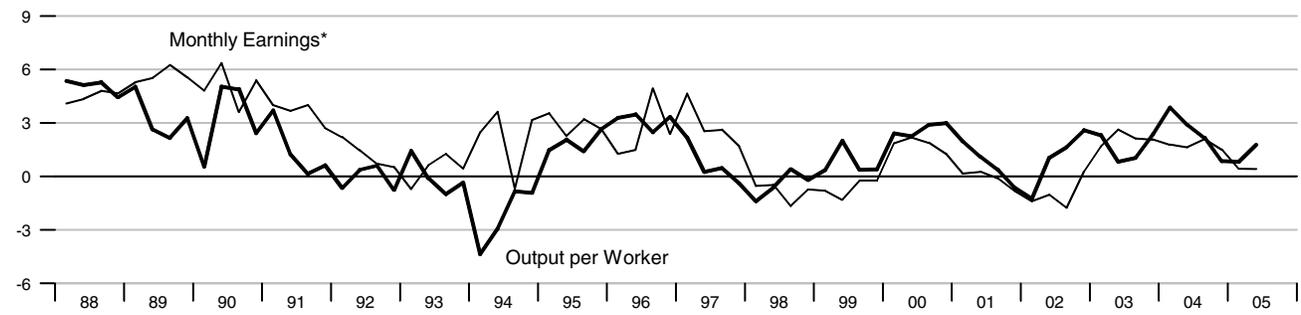
Capacity Utilization

2000 = 100



Monthly Earnings and Output per Worker

Percent change from year ago

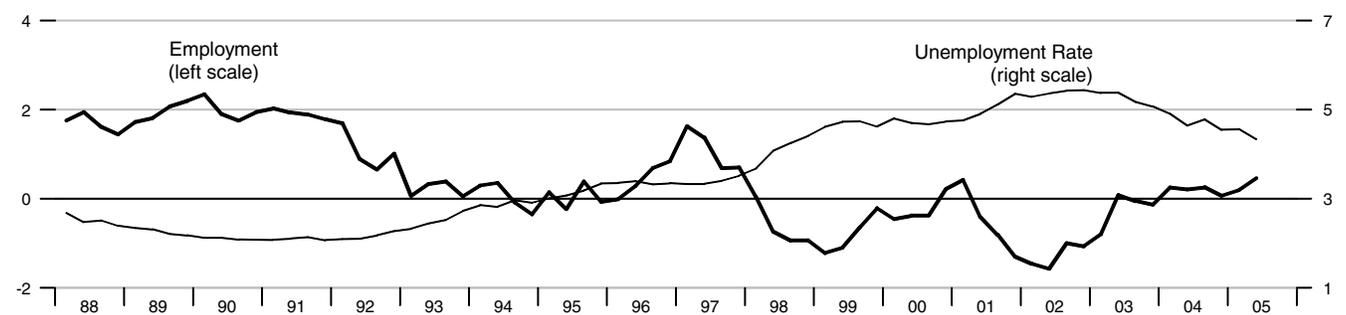


* The data are seasonally adjusted; previous issues used non-seasonally adjusted data.

Labor Force Indicators

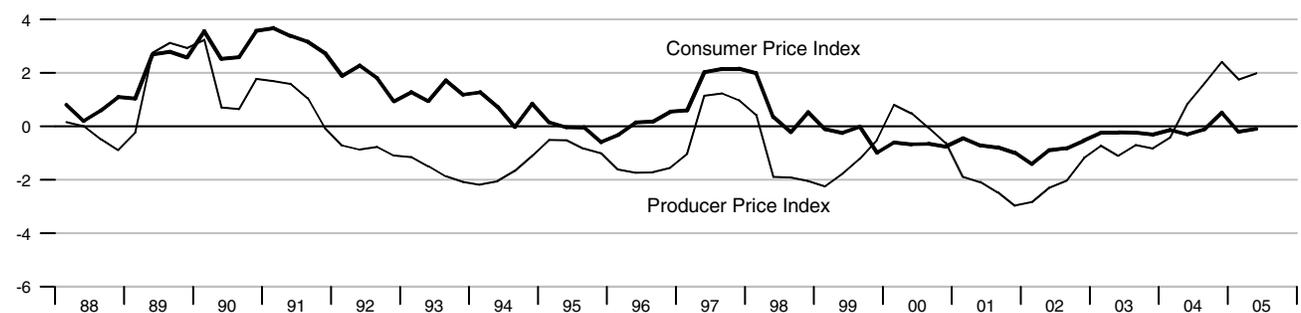
Percent change from year ago

Percent



Inflation

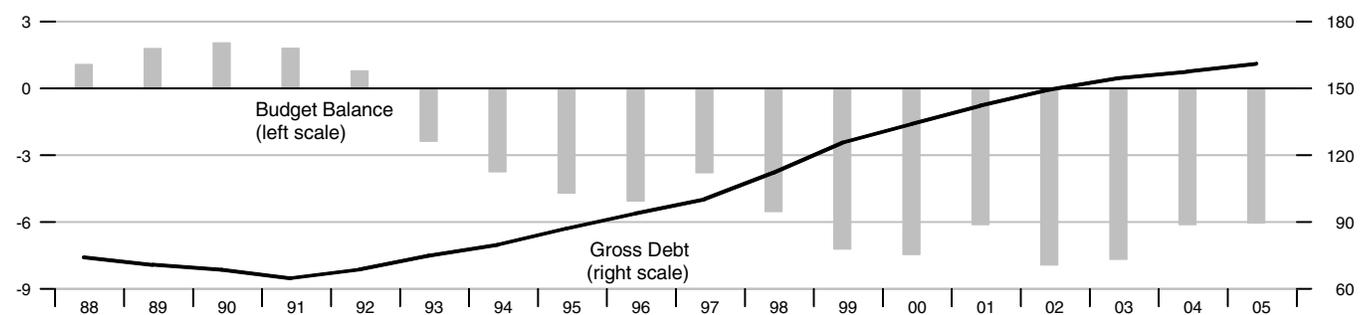
Percent change from year ago



Government Debt and Budget Balance

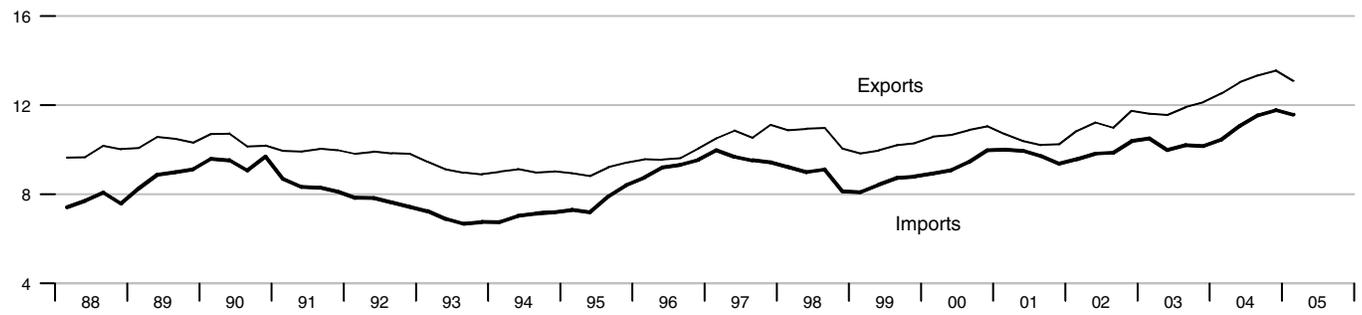
Percent of GDP, annual data

Percent of GDP, annual data



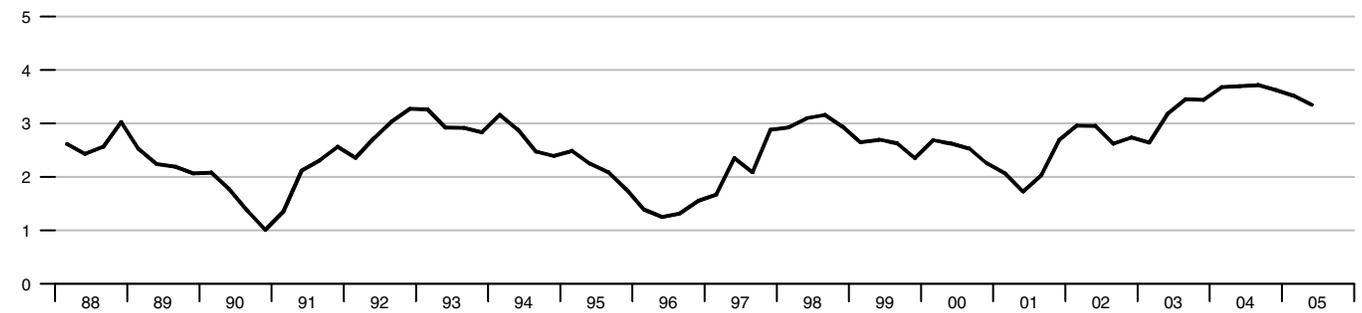
International Trade - Goods and Services

Percent of GDP



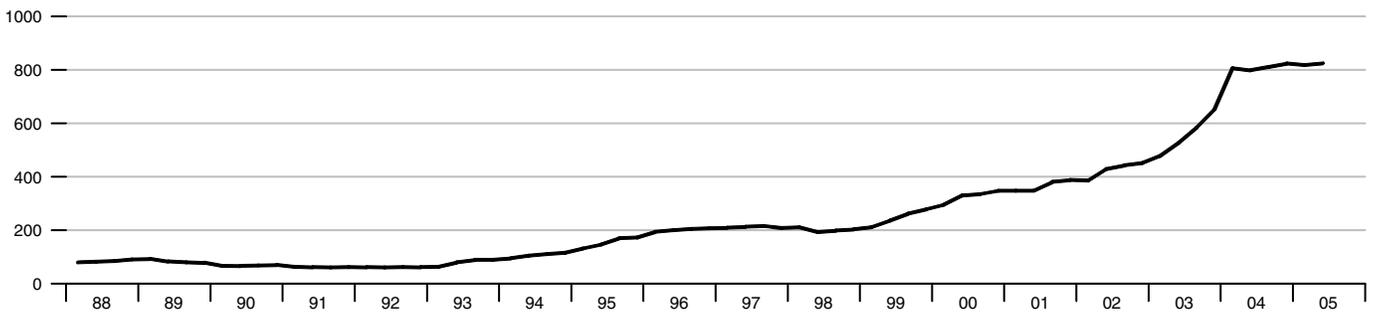
Current Account Balance

Percent of GDP



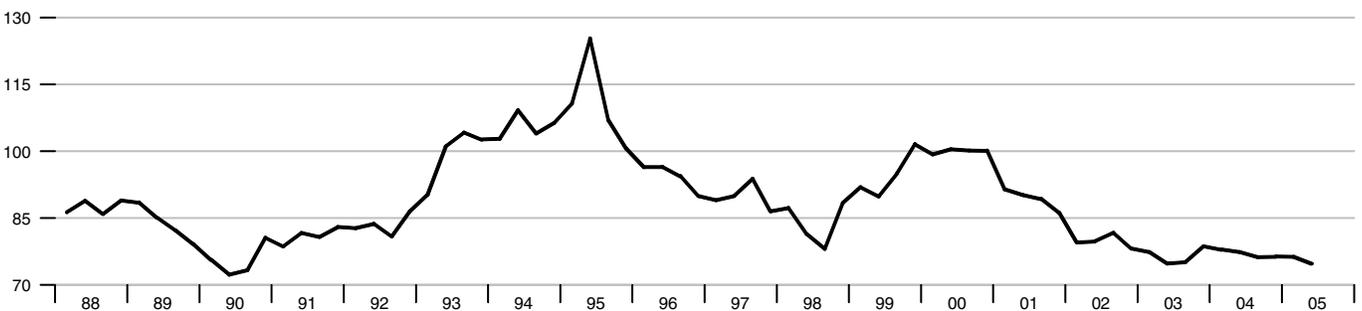
Foreign Exchange Reserves

Billions of US\$



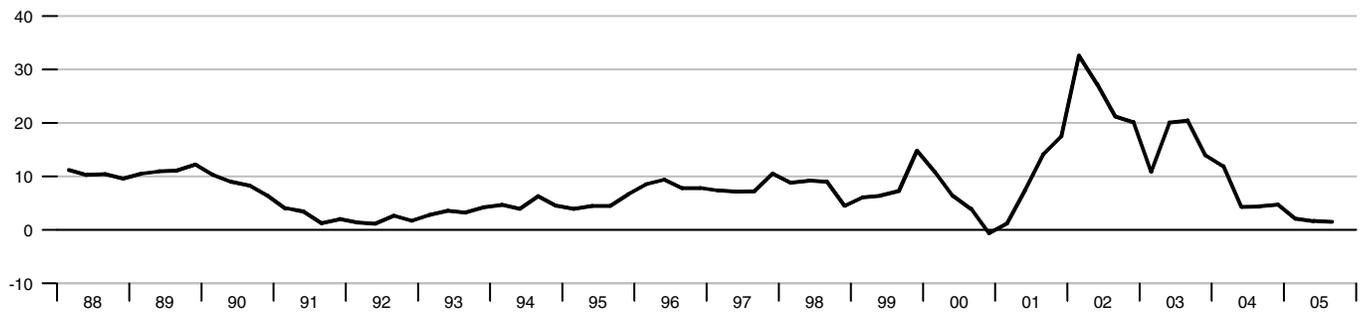
Real Effective Exchange Rate

Index 2000 = 100



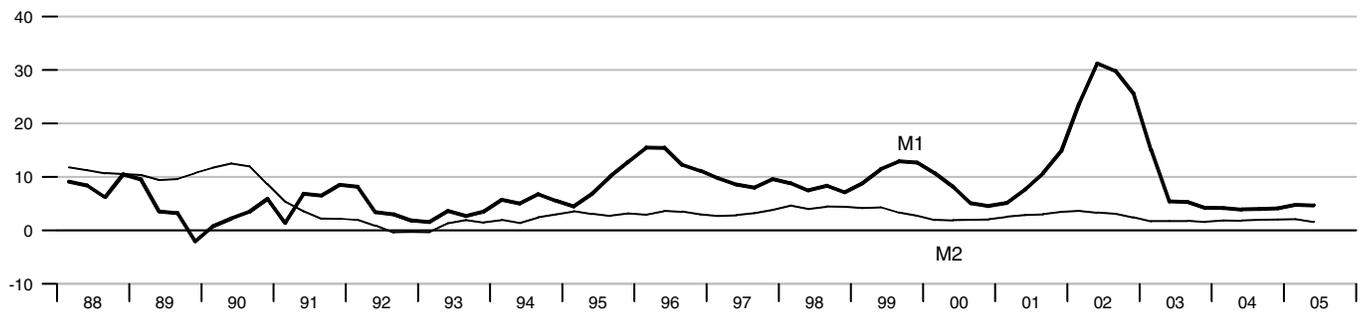
Adjusted Monetary Base

Percent change from year ago



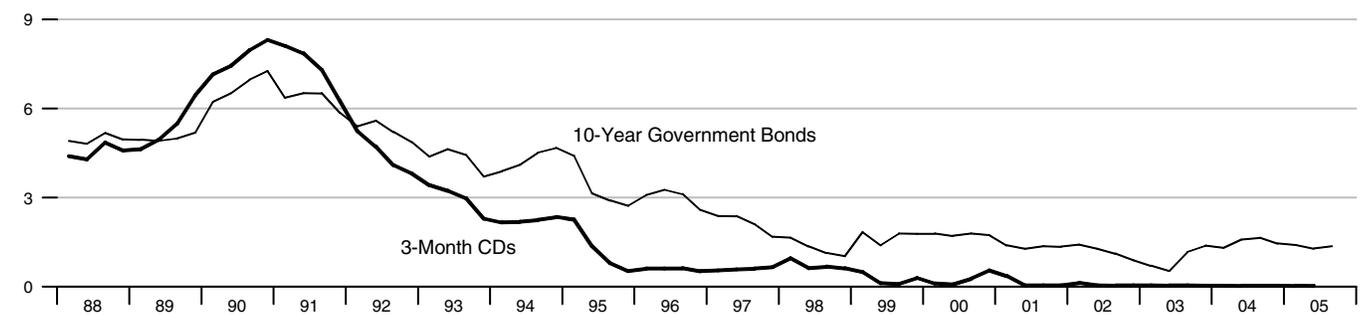
Monetary Aggregates

Percent change from year ago



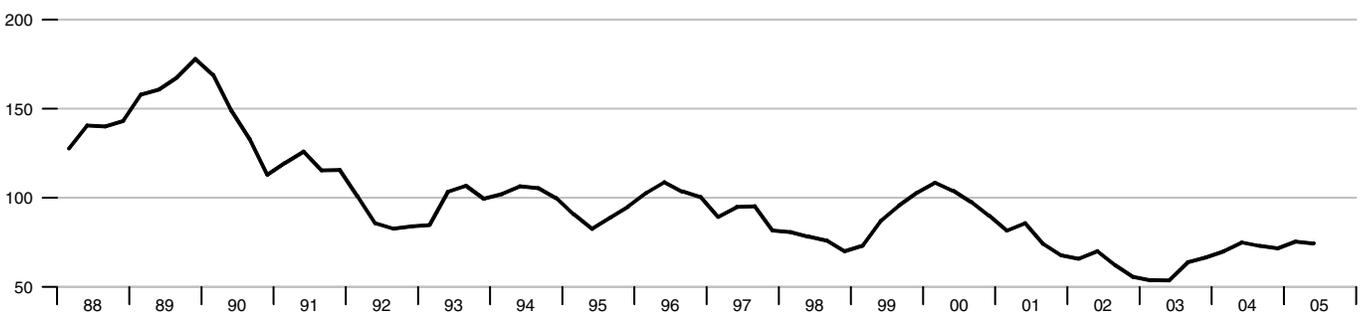
Interest Rates

Percent



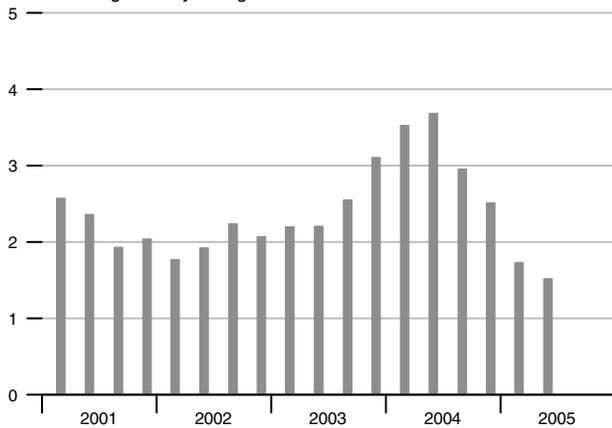
Stock Exchange Index - Tokyo Stock Exchange

2000 = 100



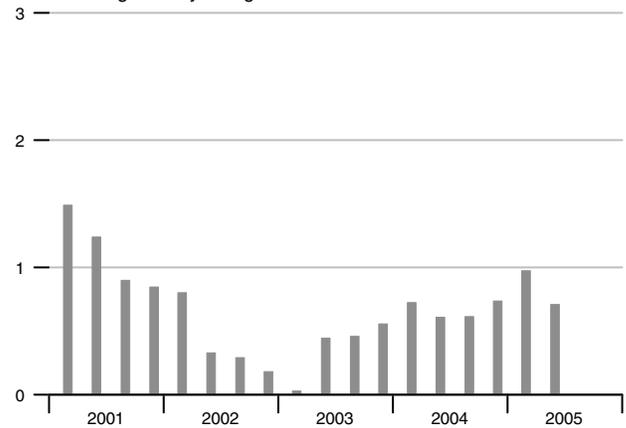
Real GDP

Percent change from year ago



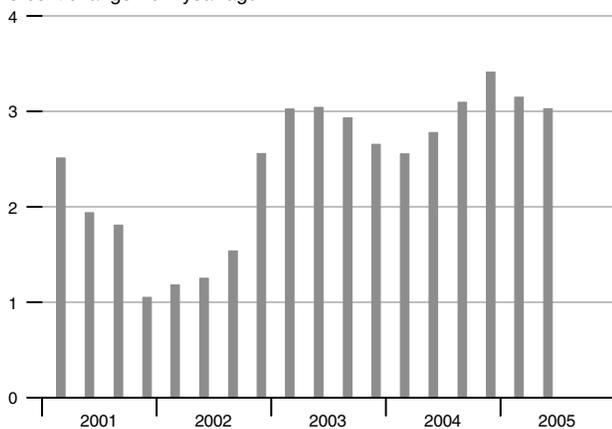
Employment

Percent change from year ago



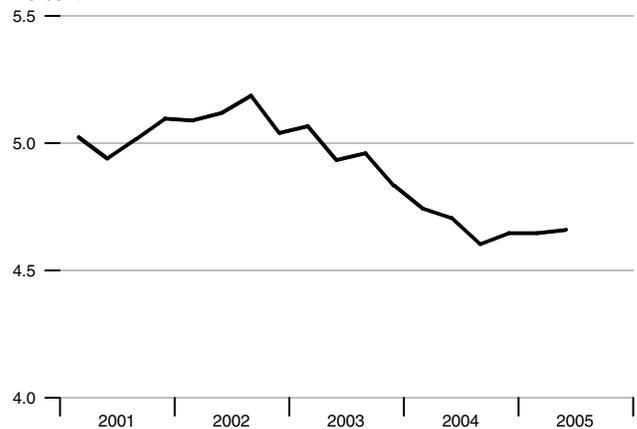
Consumer Price Index

Percent change from year ago



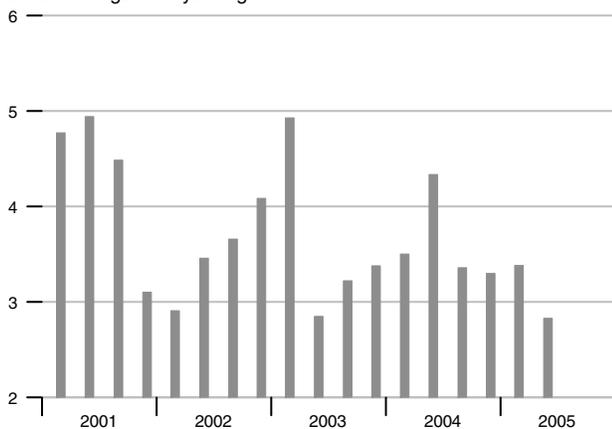
Unemployment Rate

Percent



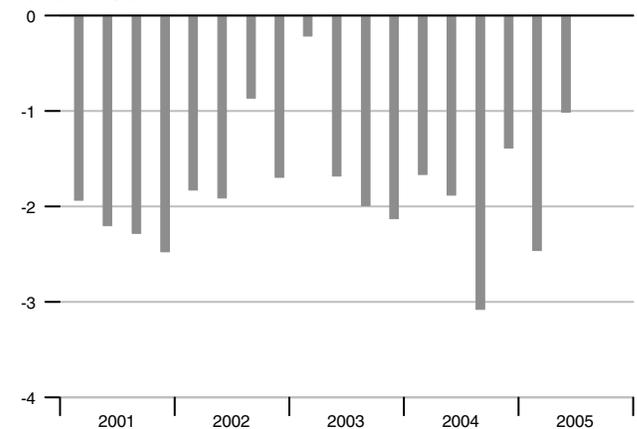
Weekly Earnings

Percent change from year ago*



Current Account Balance

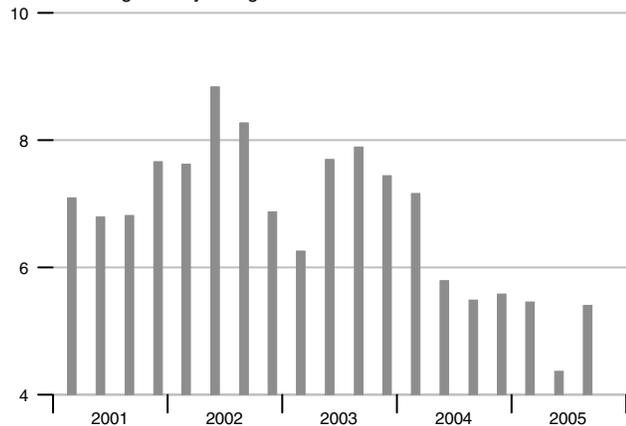
Percent of GDP



* The data are seasonally adjusted; previous issues used non-seasonally adjusted data.

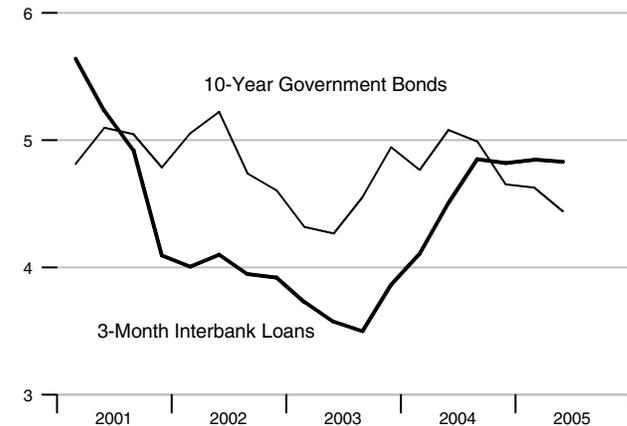
M0

Percent change from year ago



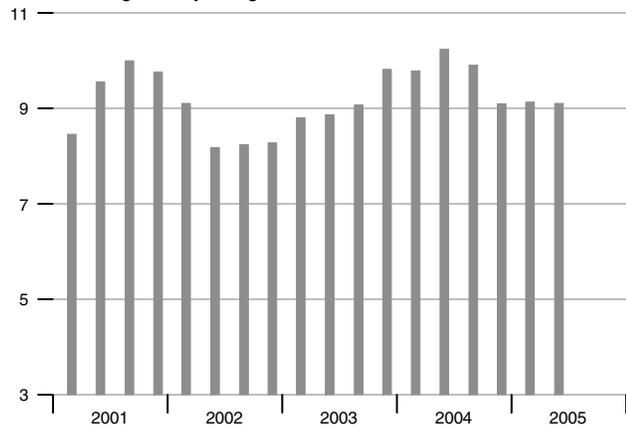
Interest Rates

Percent



M2

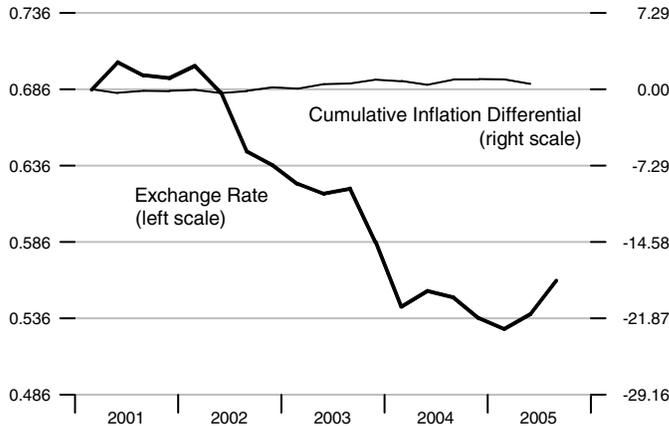
Percent change from year ago



Exchange Rate and Inflation Differential

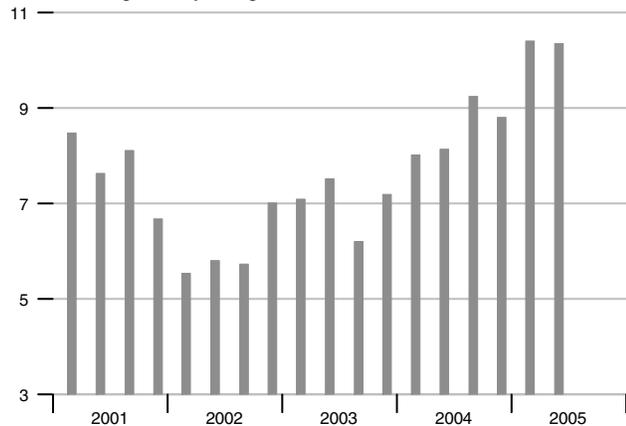
Pounds/US\$

Percent



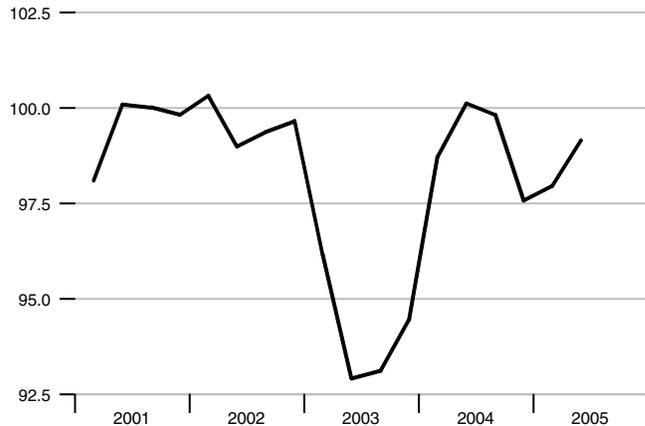
M4

Percent change from year ago



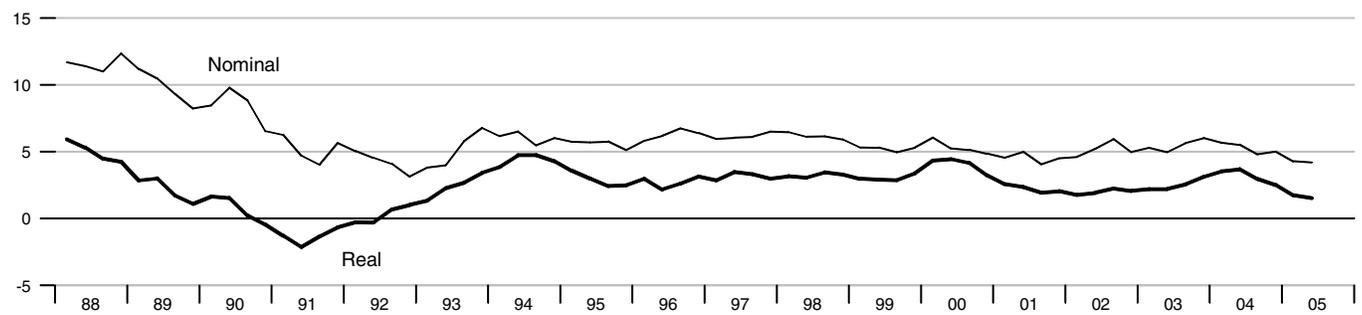
Real Effective Exchange Rate

Index 2000 = 100



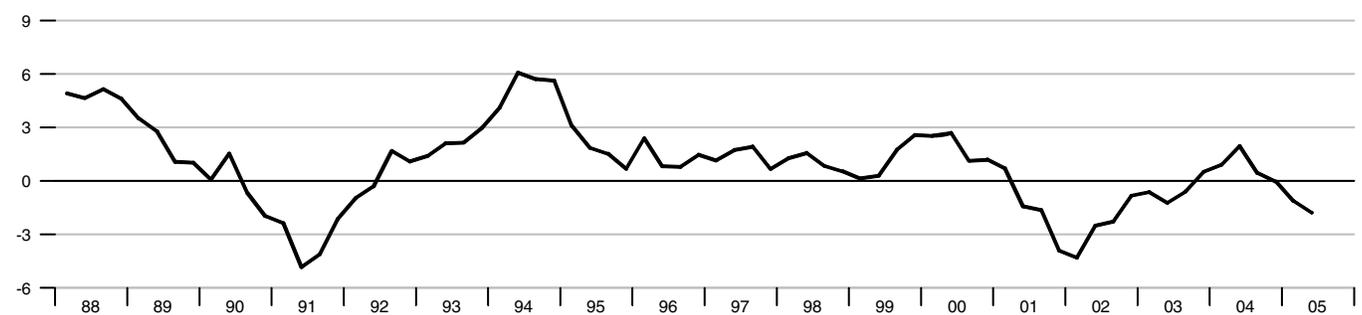
GDP

Percent change from year ago



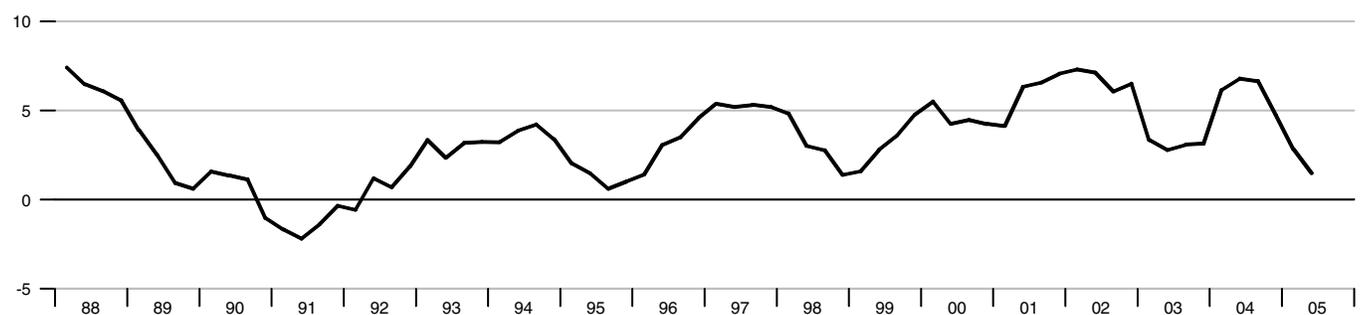
Industrial Production

Percent change from year ago



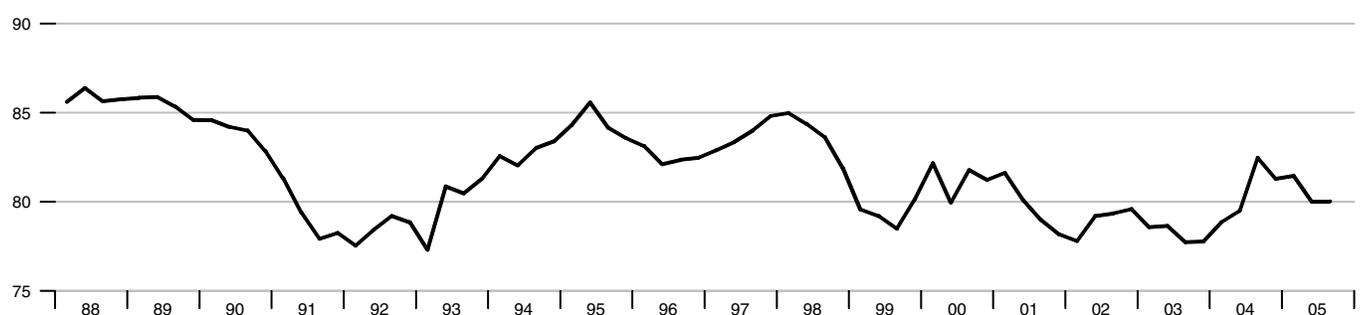
Retail Sales

Percent change from year ago



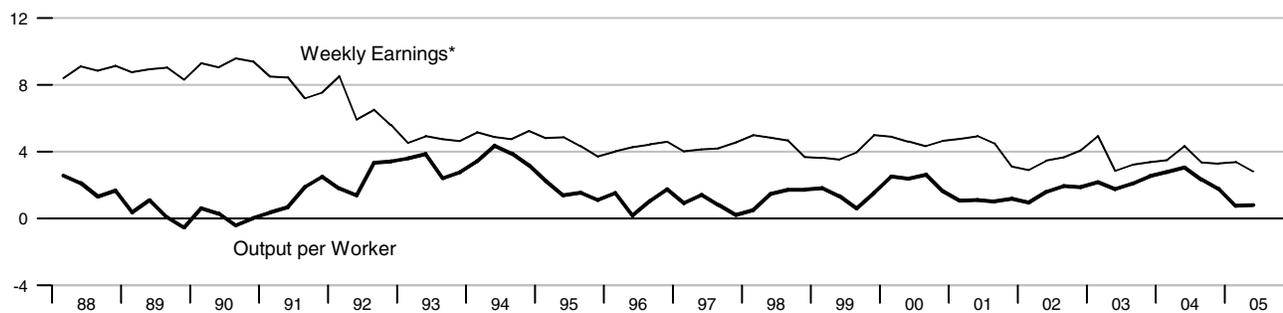
Capacity Utilization

Percent



Weekly Earnings and Output per Worker

Percent change from year ago

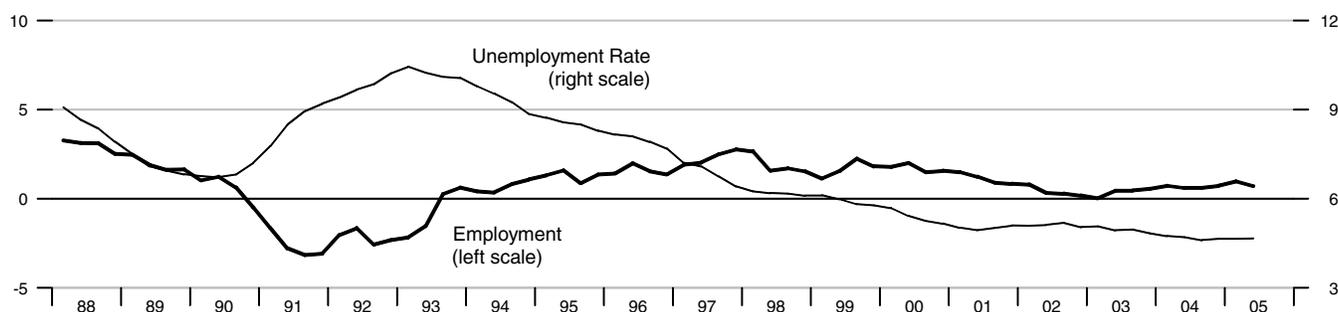


* The data are seasonally adjusted; previous issues used non-seasonally adjusted data.

Labor Force Indicators

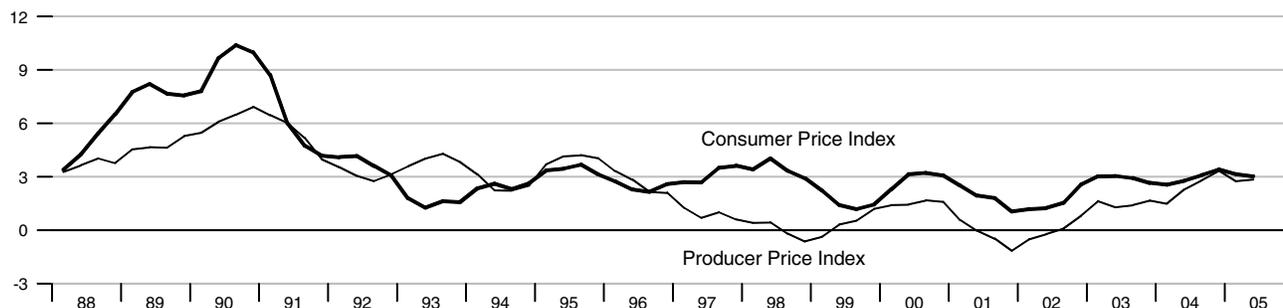
Percent change from year ago

Percent



Inflation

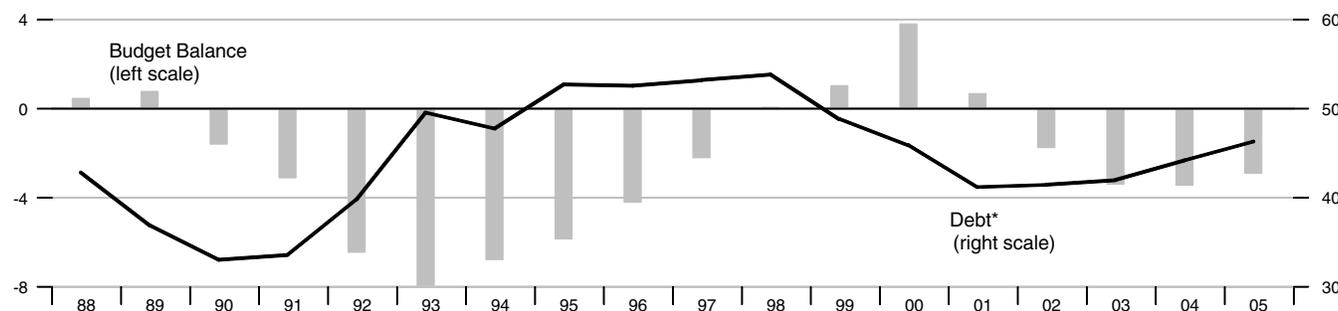
Percent change from year ago



Government Debt and Budget Balance

Percent of GDP, annual data

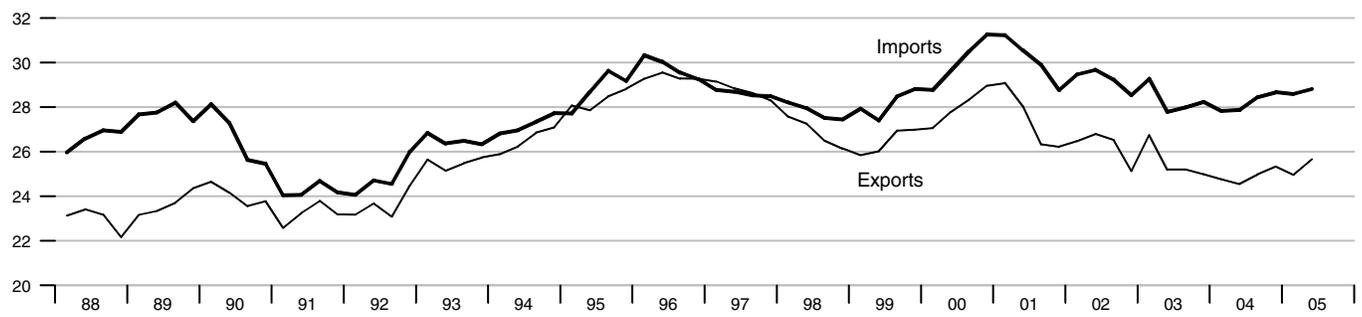
Percent of GDP, annual data



* The series has been revised by the OECD from unconsolidated to consolidated debt at market prices.

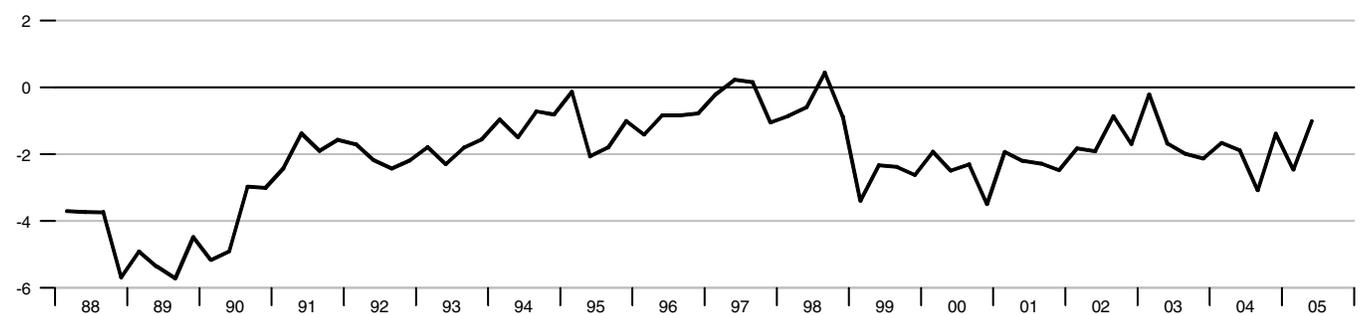
International Trade - Goods and Services

Percent of GDP



Current Account Balance

Percent of GDP



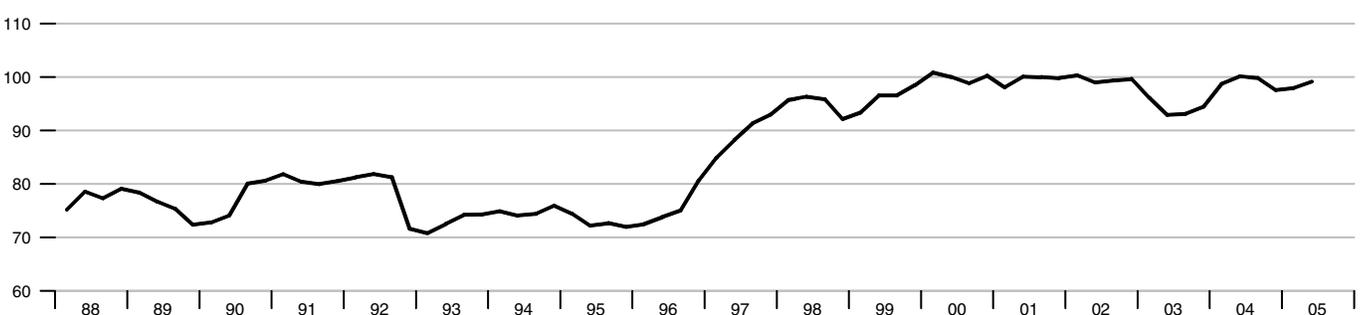
Foreign Exchange Reserves

Billions of US\$



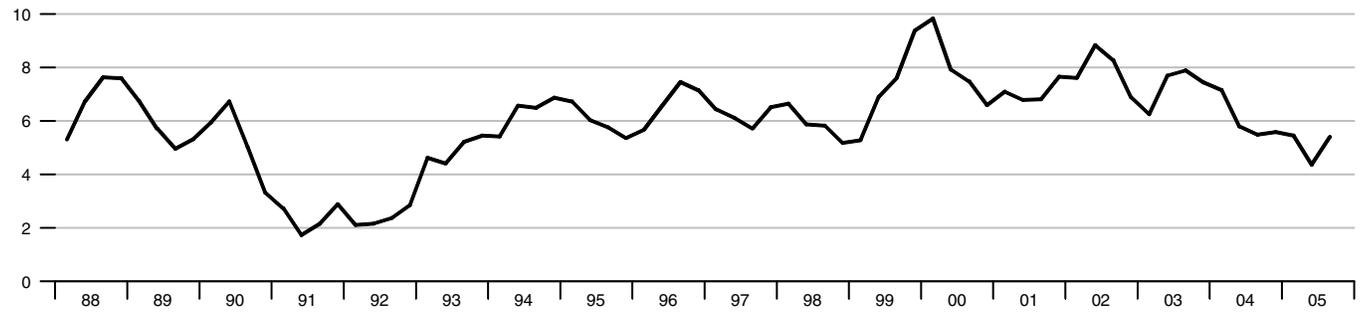
Real Effective Exchange Rate

Index 2000 = 100



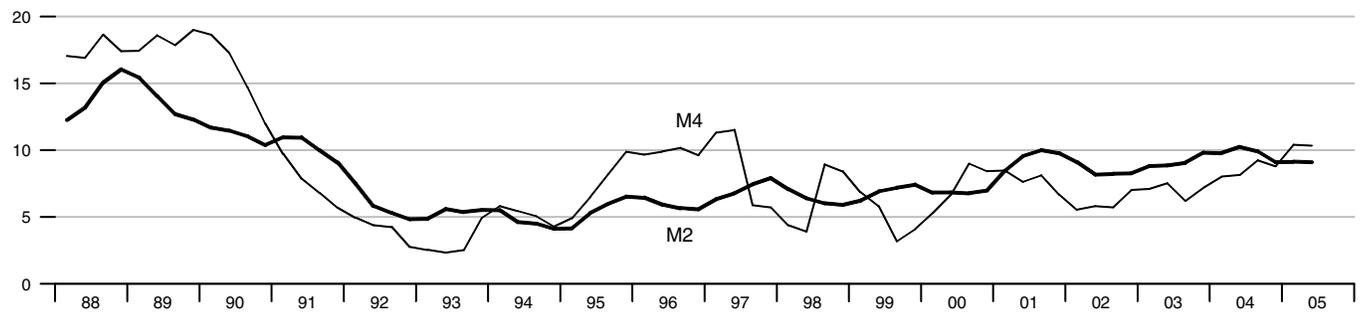
M0

Percent change from year ago



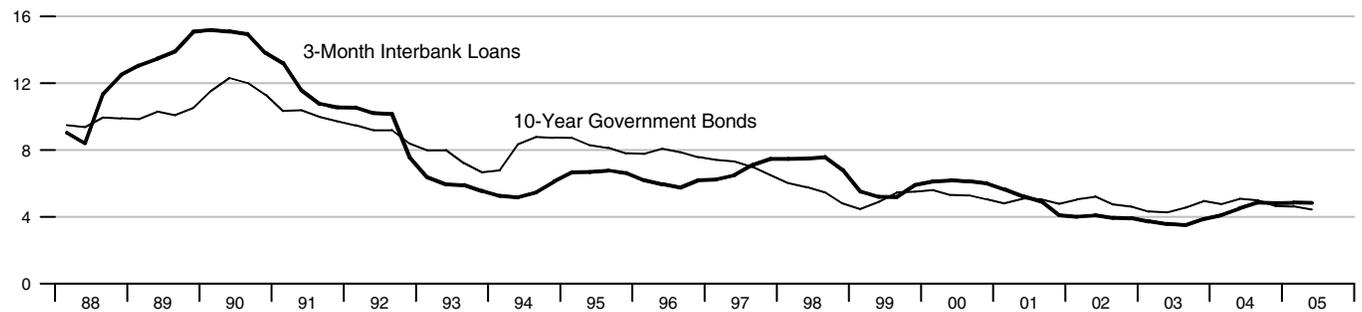
Monetary Aggregates

Percent change from year ago



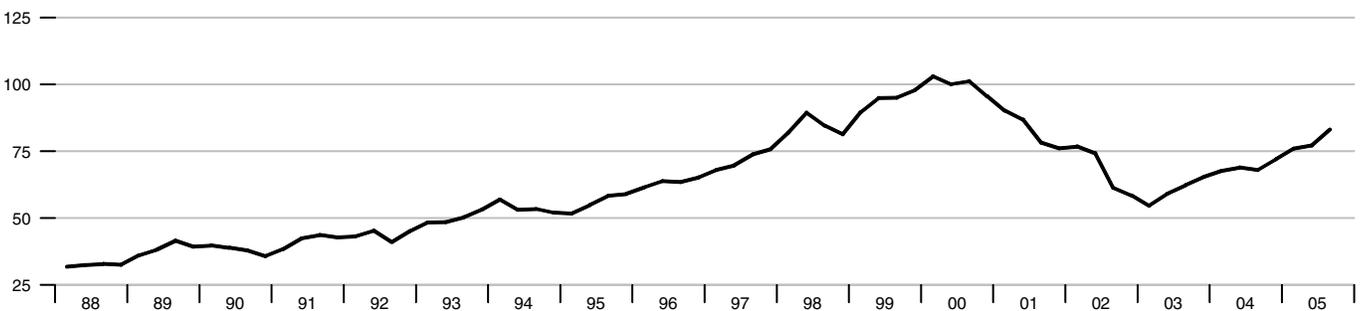
Interest Rates

Percent



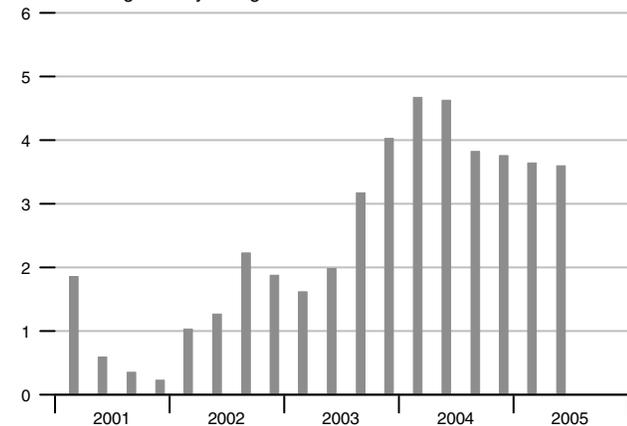
Stock Exchange Index - Financial Times Stock Exchange

2000 = 100



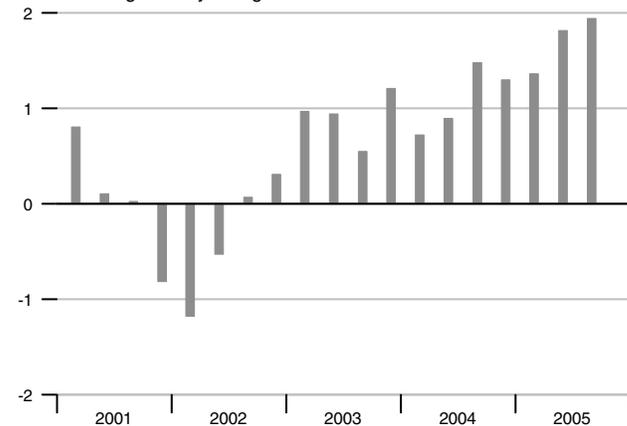
Real GDP

Percent change from year ago



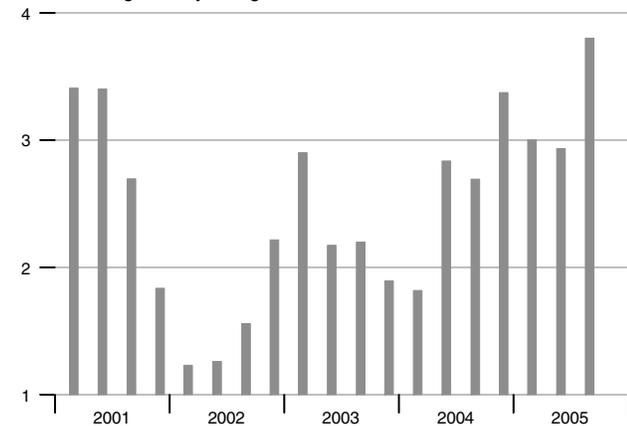
Employment

Percent change from year ago



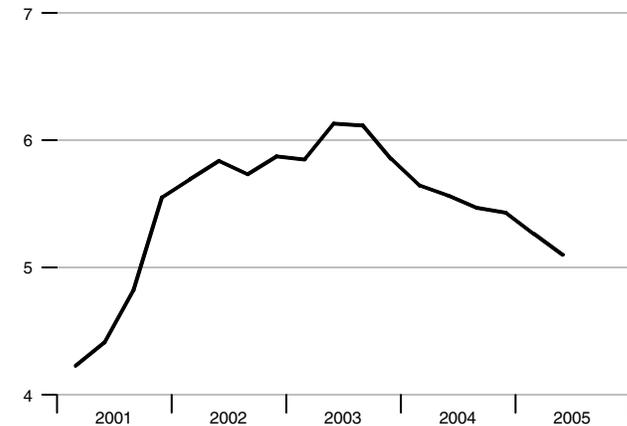
Consumer Price Index

Percent change from year ago



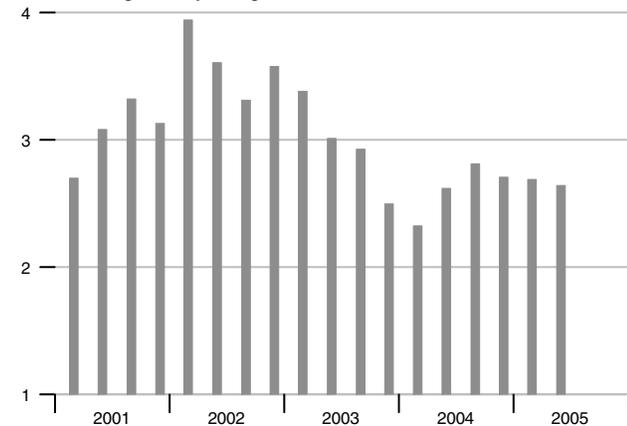
Unemployment Rate

Percent



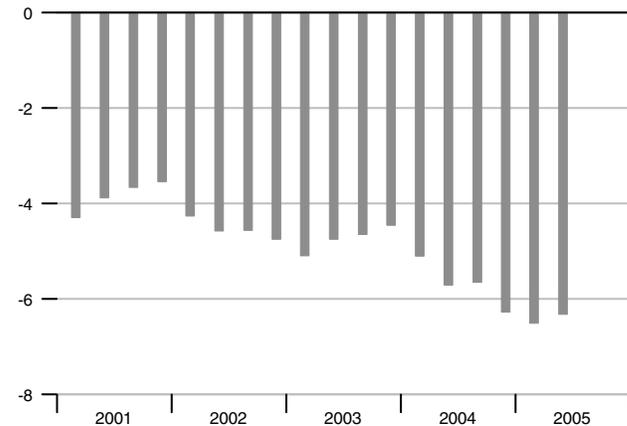
Hourly Earnings

Percent change from year ago*



Current Account Balance

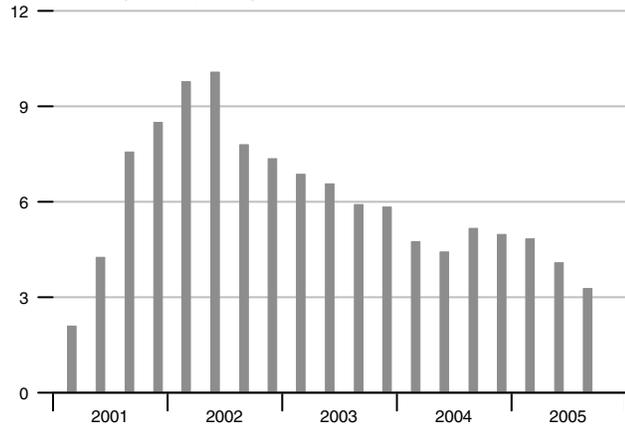
Percent of GDP



* The data are seasonally adjusted; previous issues used non-seasonally adjusted data.

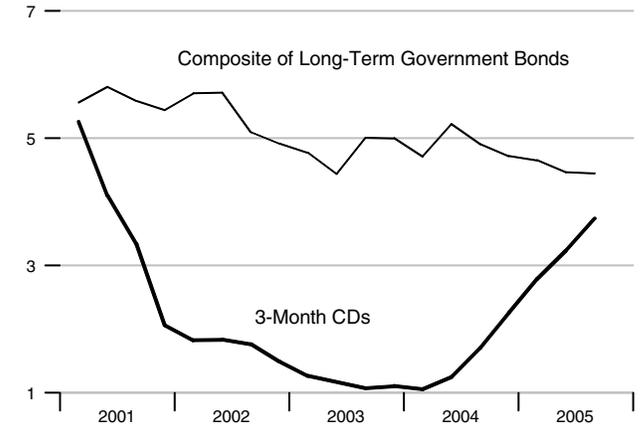
Adjusted Monetary Base

Percent change from year ago



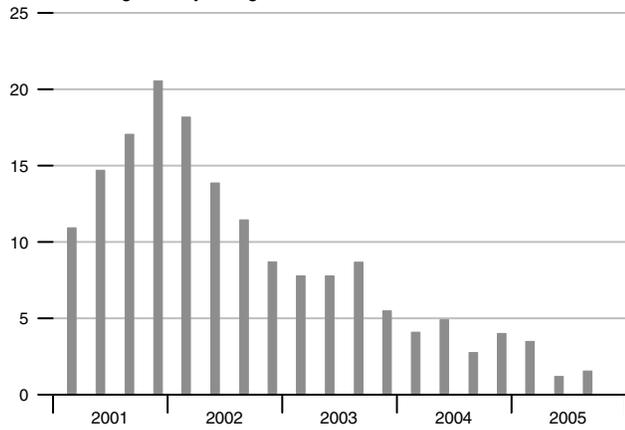
Interest Rates

Percent



MZM

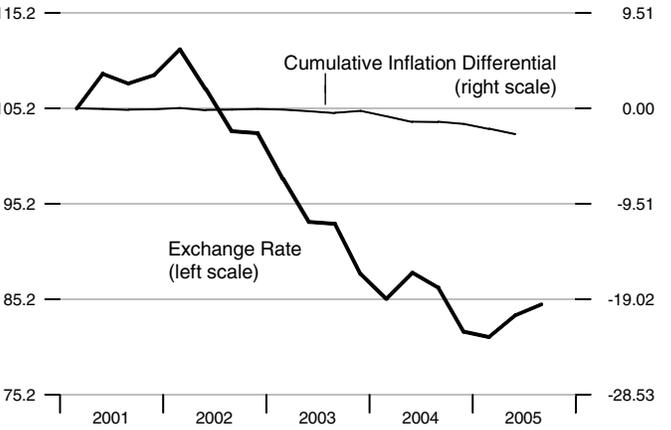
Percent change from year ago



Exchange Rate and Inflation Differential

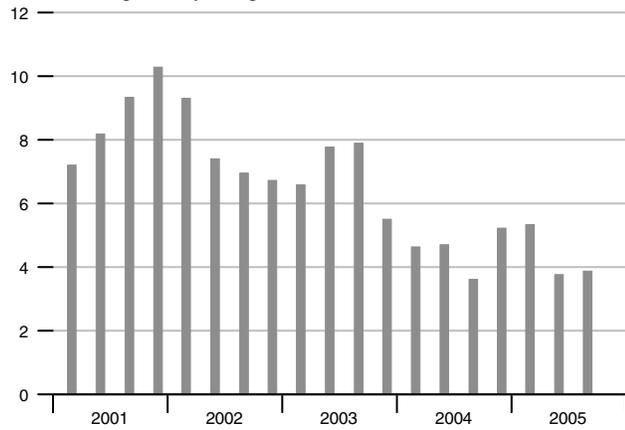
TWEX, March 1973 = 100

Percent



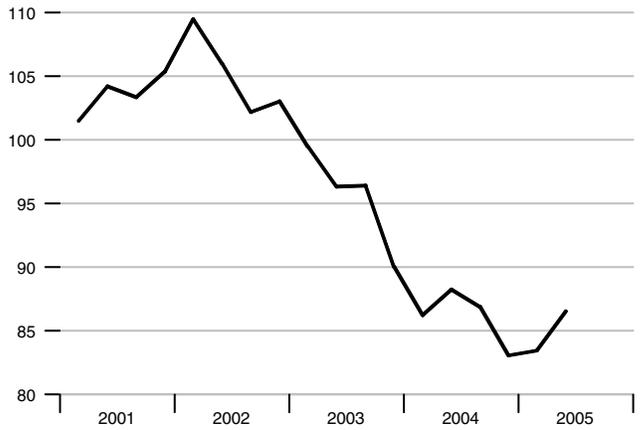
M2

Percent change from year ago



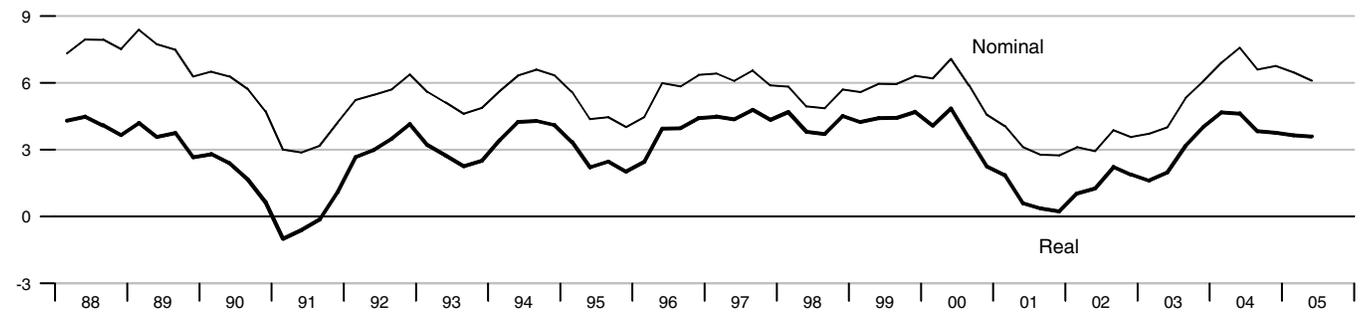
Real Effective Exchange Rate

Index 2000 = 100



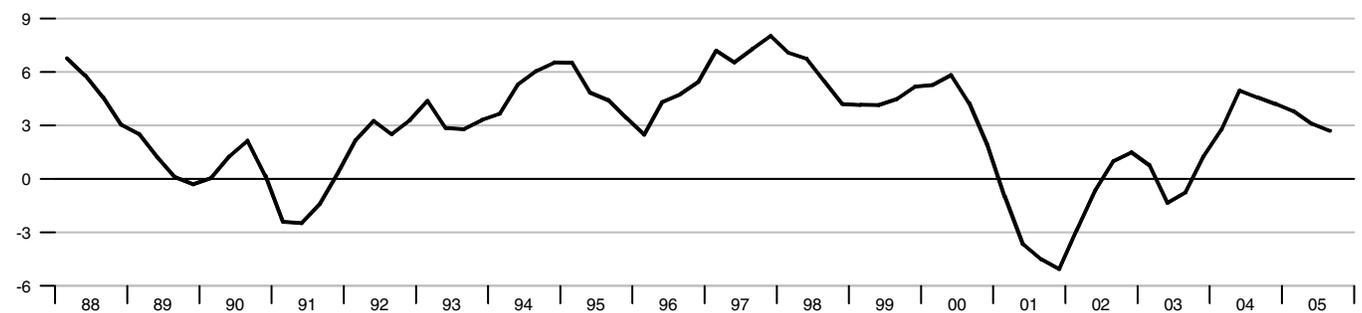
GDP

Percent change from year ago



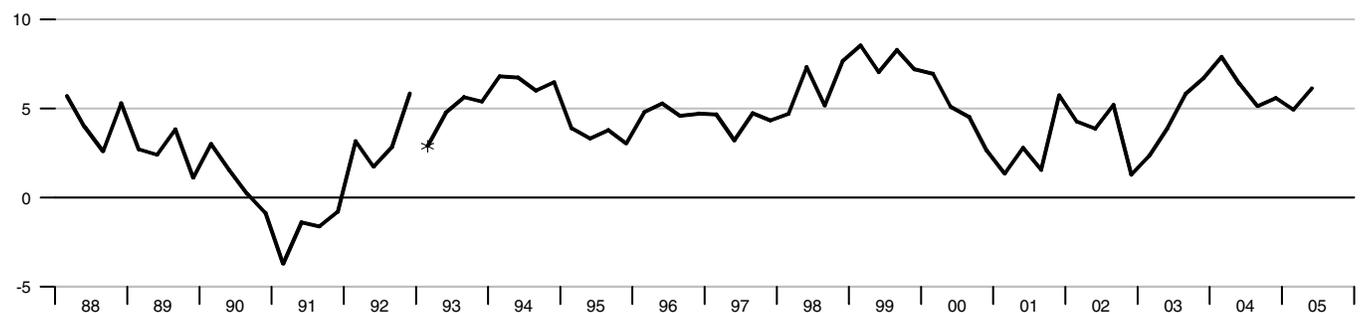
Industrial Production

Percent change from year ago



Retail Sales

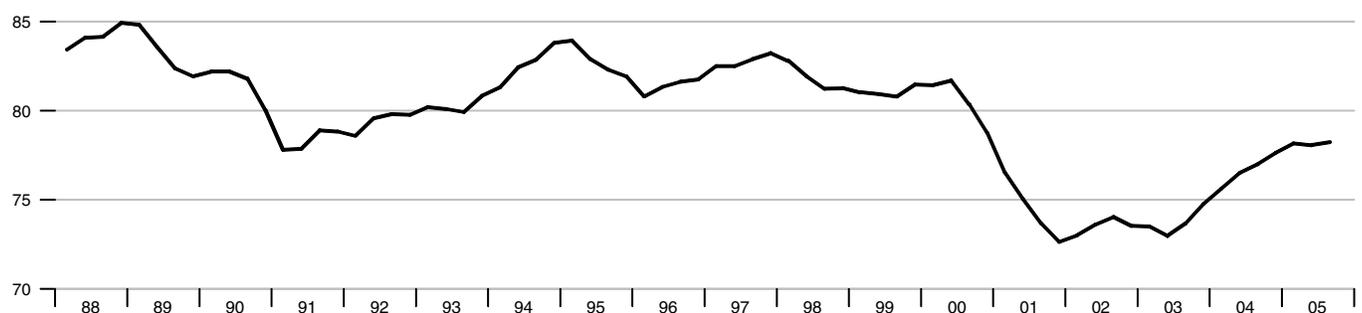
Percent change from year ago



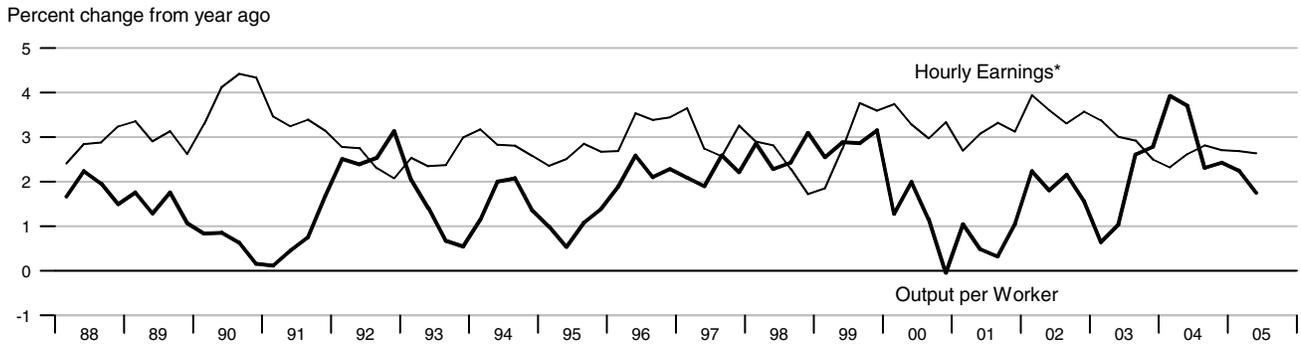
*Data prior to 1993 may not be strictly comparable with later figures (see Notes).

Capacity Utilization

Percent

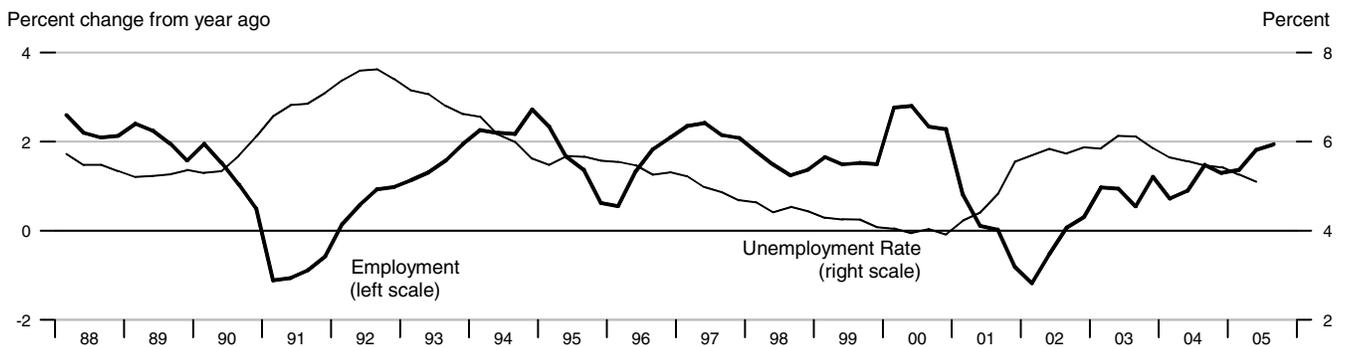


Hourly Earnings and Output per Worker

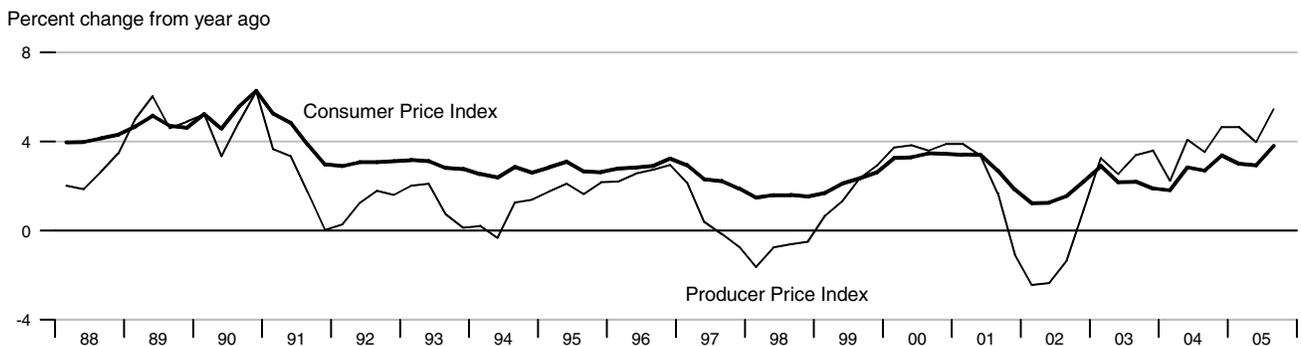


* The data are seasonally adjusted; previous issues used non-seasonally adjusted data.

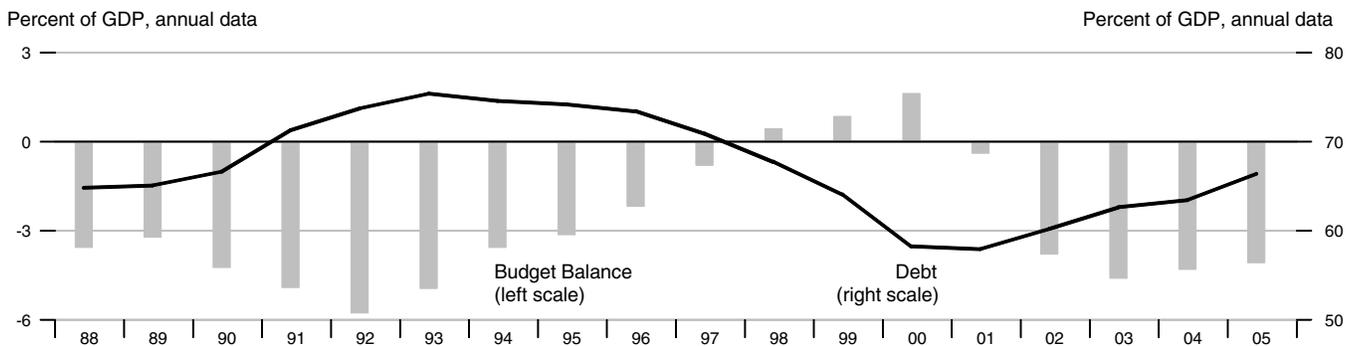
Labor Force Indicators



Inflation

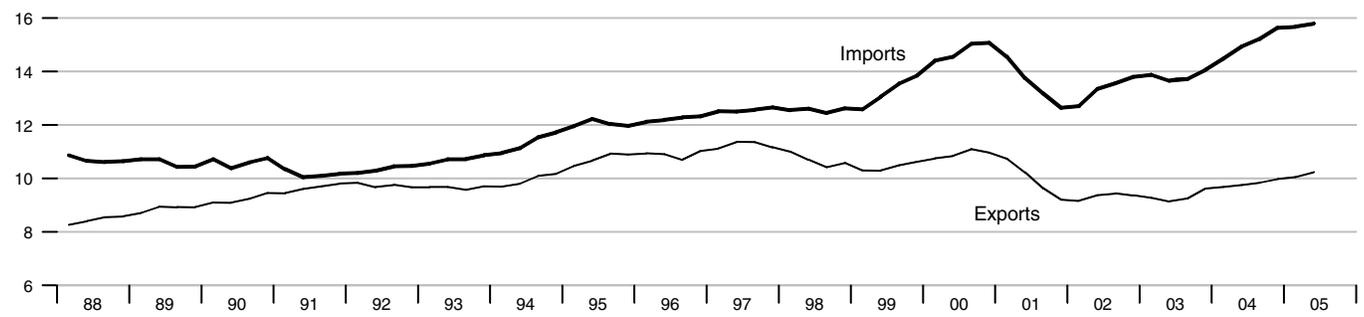


Government Debt and Budget Balance



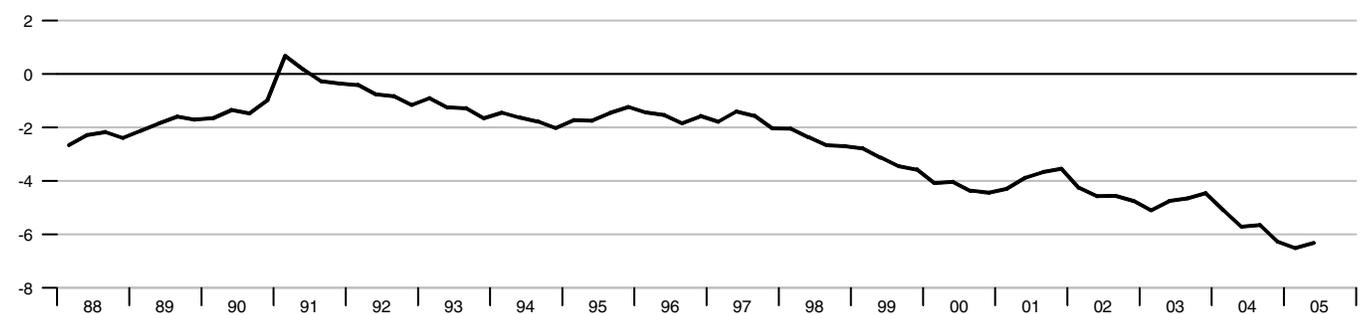
International Trade - Goods and Services

Percent of GDP



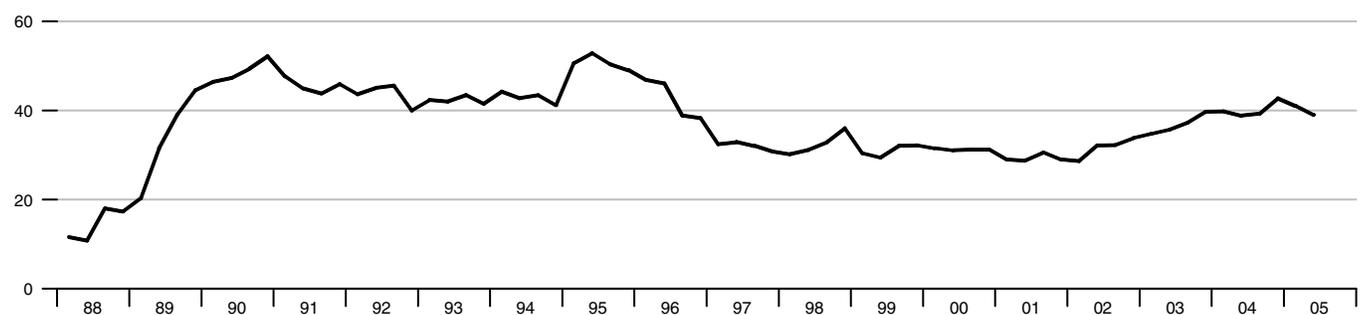
Current Account Balance

Percent of GDP



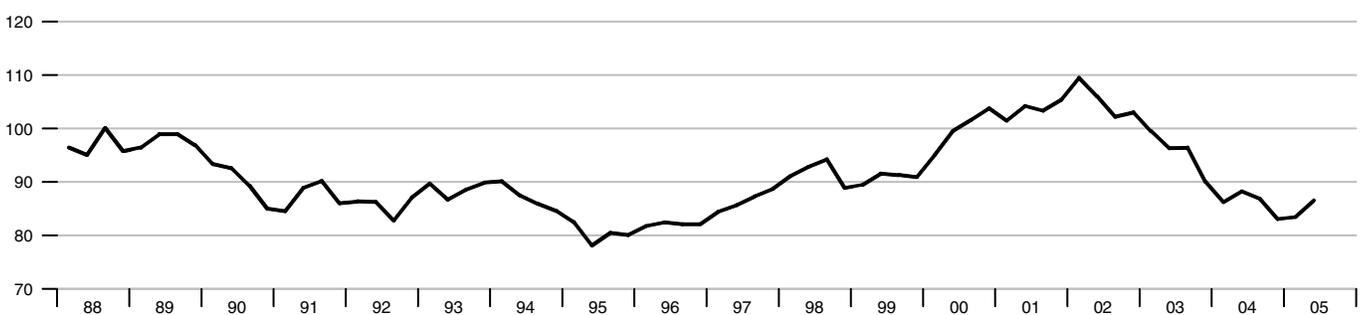
Foreign Exchange Reserves

Billions of US\$



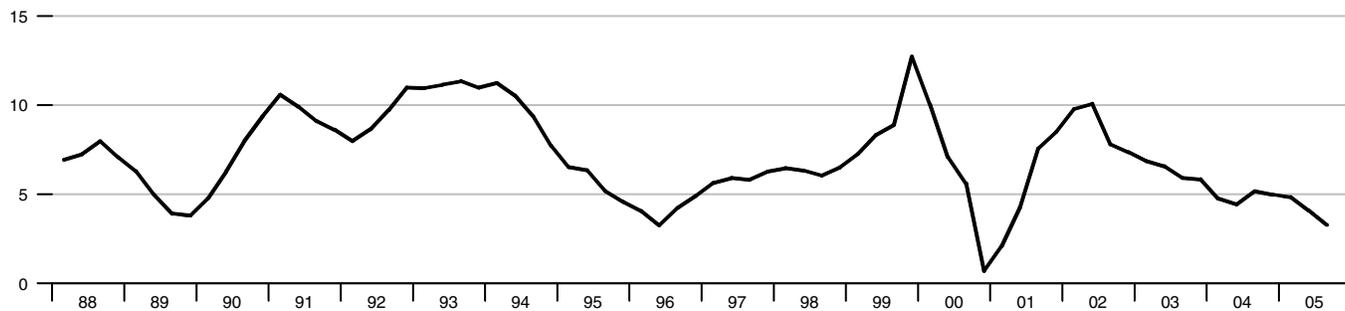
Real Effective Exchange Rate

Index 2000 = 100



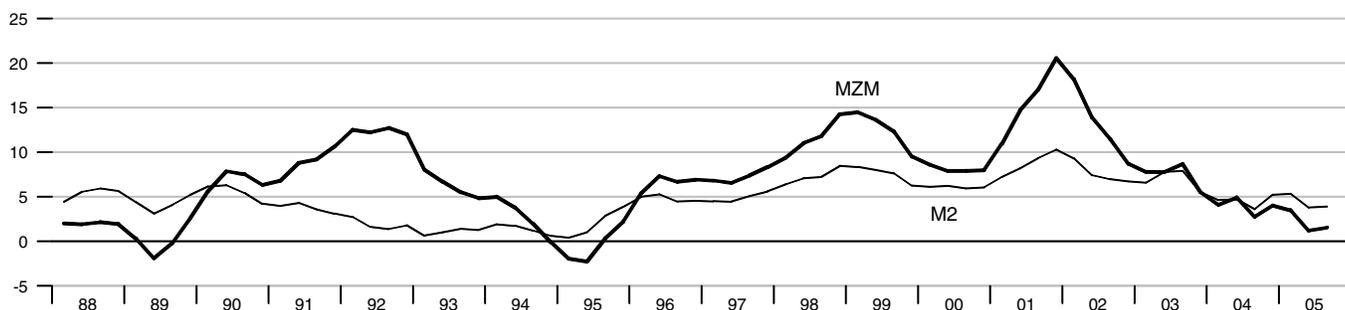
Adjusted Monetary Base

Percent change from year ago



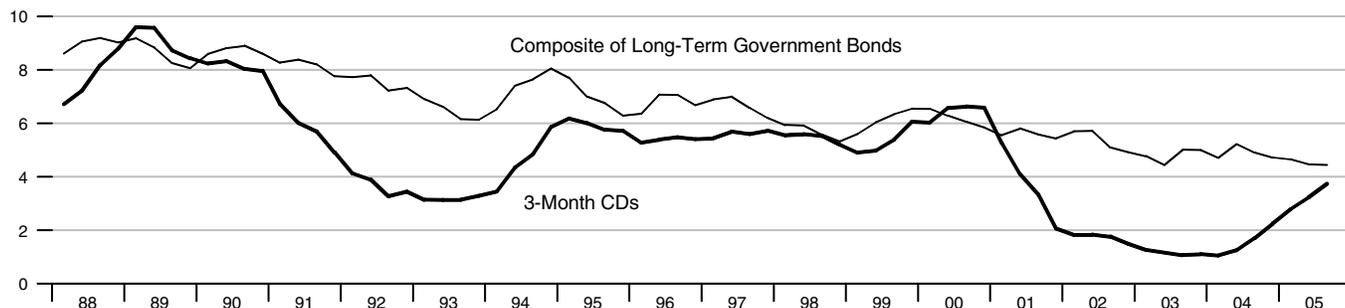
Monetary Aggregates

Percent change from year ago



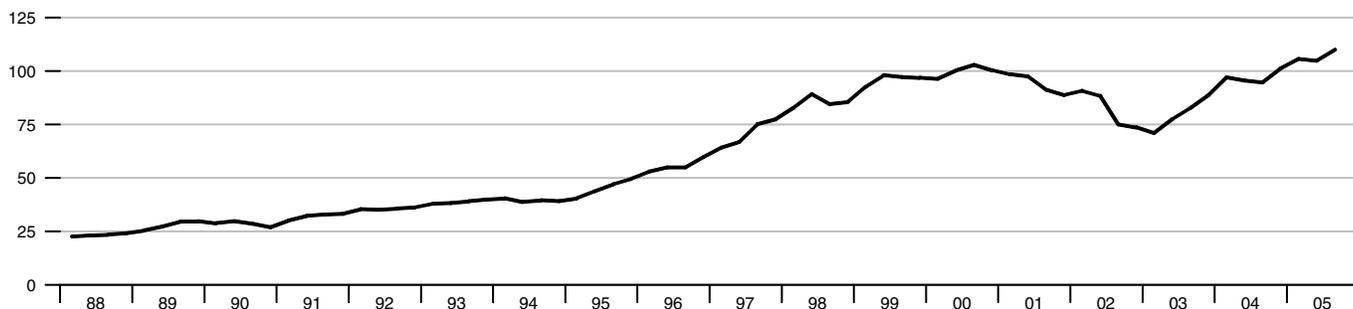
Interest Rates

Percent



Stock Exchange Index - New York Stock Exchange

2000 = 100



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.

Earnings 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.

M0

United Kingdom: notes and coins in circulation outside the Bank of England and bankers' operational deposits at the Bank of England.

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.

Istituto 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 M0.

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.