

José Manuel González-Páramo: New investment fund statistics for the euro area

Introductory remarks by Mr José Manuel González-Páramo, Member of the Executive Board of the European Central Bank, for the first statistical release, Frankfurt am Main, 11 December 2009.

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Ladies and Gentlemen,

Welcome to the ECB. Today it is my pleasure to introduce an important new set of statistics for the euro area as single economic entity. These statistics provide detailed harmonised information on the assets and liabilities of investment funds resident in the euro area. They are compiled by the ECB in close cooperation with the national central banks. Fruitful work has also been conducted in liaison with the European Fund and Asset Management Association (EFAMA), a business association represented in this room.

Since the inception of the ECB, major progress has been achieved in developing monetary and financial statistics for the euro area. This work, carried out in close cooperation with the Member States, has resulted in a full range of timely and high quality euro area statistics, which the ECB constantly monitors in performing its policy functions. The first major steps were the implementation of euro area statistics for monetary financial institutions (in particular to derive statistical information on monetary aggregates), lending and interest rates, as well as on the balance of payments. In recent years, efforts have focused on the development of statistics for other financial sectors. This also reflects the increasing links between the banking sector and other financial institutions. Moreover, our statistics have been integrated into the euro area accounts, which provide an overall picture of the euro area economy. The next milestone is the release of the new investment funds statistics, today.

For some years, the ECB has already published un-harmonised and partly estimated euro area investment fund statistics, at a quarterly frequency. Today we will present, for the first time, *harmonised* investment fund statistics that cover all investment funds resident in the euro area. This includes data for the main fund types such as bond, equity or mixed funds, but also other types of funds, including hedge funds. Our new dataset contains much more detailed breakdowns both on the assets held and liabilities issued by investment funds. The data provide, for example, detailed information on the residency and sector of the issuers of securities and shares held by the funds. New information is available, as well, on the residency of the holders of the shares issued by euro area investment funds. In addition to the detailed quarterly information, the ECB now also publishes key monthly information on the outstanding amounts and net sales of shares issued by the funds. A further important improvement concerns the timeliness of the publication of these statistics: as from 2010, the statistics will become available after one-and-a-half months (compared to 3-and-a-half months in the past).

There are many reasons why high quality statistics on euro area investment funds are important for the ECB's monetary and financial analysis. Let me just highlight two of them: First, since investment funds are large institutional investors, their portfolio choices may be indicative of more general trends in portfolio diversification. For that reason, these statistics are certainly also useful for explaining monetary developments. Second, changes in investment funds' asset value are transmitted, through the valuation of their shares, to households and firms. In turn, these wealth effects, may have implications on aggregate demand. The structure of the financial assets held by investment funds also provides important information regarding the financial risks that are indirectly borne by households and firms through their portfolio of investment fund shares.

In addition to the new statistics on investment funds, separate data are now also published every quarter on euro area Money Market Fund balance sheets. As a consequence, one can now perform analyses for the whole sector of funds. These new data on Money Market Funds are also a useful addition to the ECB's monetary analysis. Because of the close substitutability between their shares issued and bank deposits, money market funds form part of the Monetary Financial Institutions sector and are thereby contained in the M3 figures.

From now on, the new investment fund and money market fund data will be published in regular monthly ECB statistical press releases. I am convinced that the new harmonised statistics yield novel insights into the structure and development of the financial sector of the euro area economy. The financial crisis clearly demonstrated that high quality and up-to-date statistics are indispensable to policy makers and market participants alike.

Thank you very much for your attention.

Now, the Director General Statistics, *Mr. Steven Keuning*, will present more detailed features and the first results of the new statistics. Following his presentation we stand ready to answer your questions.