



EUROPEAN CENTRAL BANK

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MONTHLY BULLETIN

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JANUARY





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**Address**

Kaiserstrasse 29  
60311 Frankfurt am Main  
Germany

**Postal address**

Postfach 16 03 19  
60066 Frankfurt am Main  
Germany

**Telephone**

+49 69 1344 0

**Website**

<http://www.ecb.europa.eu>

**Fax**

+49 69 1344 6000

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## ABBREVIATIONS

### COUNTRIES

BE	Belgium	LU	Luxembourg
BG	Bulgaria	HU	Hungary
CZ	Czech Republic	MT	Malta
DK	Denmark	NL	Netherlands
DE	Germany	AT	Austria
EE	Estonia	PL	Poland
IE	Ireland	PT	Portugal
GR	Greece	RO	Romania
ES	Spain	SI	Slovenia
FR	France	SK	Slovakia
IT	Italy	FI	Finland
CY	Cyprus	SE	Sweden
LV	Latvia	UK	United Kingdom
LT	Lithuania	JP	Japan
		US	United States

### OTHERS

BIS	Bank for International Settlements
b.o.p.	balance of payments
BPM5	IMF Balance of Payments Manual (5th edition)
CD	certificate of deposit
c.i.f.	cost, insurance and freight at the importer's border
CPI	Consumer Price Index
ECB	European Central Bank
EER	effective exchange rate
EMI	European Monetary Institute
EMU	Economic and Monetary Union
ESA 95	European System of Accounts 1995
ESCB	European System of Central Banks
EU	European Union
EUR	euro
f.o.b.	free on board at the exporter's border
GDP	gross domestic product
HICP	Harmonised Index of Consumer Prices
HWWI	Hamburg Institute of International Economics
ILO	International Labour Organization
IMF	International Monetary Fund
MFI	monetary financial institution
NACE	statistical classification of economic activities in the European Union
NCB	national central bank
OECD	Organisation for Economic Co-operation and Development
PPI	Producer Price Index
SITC Rev. 4	Standard International Trade Classification (revision 4)
ULCM	unit labour costs in manufacturing
ULCT	unit labour costs in the total economy

**In accordance with EU practice, the EU countries are listed in this Bulletin using the alphabetical order of the country names in the national languages.**



## EDITORIAL

Based on its regular economic and monetary analyses, the Governing Council decided at its meeting on 10 January to keep the key ECB interest rates unchanged. HICP inflation rates have declined over recent months, as anticipated, and are expected to fall below 2% this year. Over the policy-relevant horizon, inflationary pressures should remain contained. The underlying pace of monetary expansion continues to be subdued. Inflation expectations for the euro area remain firmly anchored in line with the Governing Council's aim of maintaining inflation rates below, but close to, 2% over the medium term. The economic weakness in the euro area is expected to extend into 2013. In particular, necessary balance sheet adjustments in financial and non-financial sectors and persistent uncertainty will continue to weigh on economic activity. Later in 2013 economic activity should gradually recover. In particular, the accommodative monetary policy stance, together with significantly improved financial market confidence and reduced fragmentation, should work its way through to the economy, and global demand should strengthen. In order to sustain confidence, it is essential for governments to reduce further both fiscal and structural imbalances and to proceed with financial sector restructuring.

With regard to the economic analysis, following a contraction of 0.2%, quarter on quarter, in the second quarter of 2012, euro area real GDP declined by 0.1% in the third quarter. Available statistics and survey indicators continue to signal further weakness in activity, which is expected to extend into this year, reflecting the adverse impact on domestic expenditure of weak consumer and investor sentiment and subdued foreign demand. However, more recently several conjunctural indicators have broadly stabilised, albeit at low levels, and financial market confidence has improved significantly. Later in 2013 a gradual recovery should start, as the accommodative monetary policy stance, the significant improvement in financial market confidence and reduced fragmentation work their way through to private domestic expenditure, and a strengthening of foreign demand should support export growth.

The risks surrounding the economic outlook for the euro area remain on the downside. They are mainly related to slow implementation of structural reforms in the euro area, geopolitical issues and imbalances in major industrialised countries. These factors have the potential to dampen sentiment for longer than currently assumed and delay further the recovery of private investment, employment and consumption.

According to Eurostat's flash estimate, euro area annual HICP inflation was 2.2% in December 2012, unchanged from November and down from 2.5% in October and 2.6% in August and September. On the basis of current futures prices for oil, inflation rates are expected to decline further to below 2% this year. Over the policy-relevant horizon, in an environment of weak economic activity in the euro area and well-anchored long-term inflation expectations, underlying price pressures should remain contained.

Risks to the outlook for price developments are seen as broadly balanced over the medium term, with downside risks stemming from weaker economic activity and upside risks relating to higher administered prices and indirect taxes, as well as higher oil prices.

Turning to the monetary analysis, the underlying pace of monetary expansion continues to be subdued. The annual growth rate of M3 remained broadly unchanged at 3.8% in November 2012, after 3.9% in October. M3 growth continued to be driven by a preference for liquid assets, as M1 growth increased further to 6.7% in November, from 6.5% in October, reflecting inflows into overnight deposits from households and non-financial corporations. Following the ECB's non-standard monetary policy measures and action by other policy-makers, a broadly based

strengthening in the deposit base of MFIs in a number of stressed countries was observed. This allowed several MFIs to reduce further their reliance on Eurosystem funding and helped to reduce segmentation in financial markets. M3 growth was also supported by an inflow of capital into the euro area, as reflected in the strong increase in the net external asset position of MFIs.

There has been little change in credit growth, which remained weak in November. The annual rate of decline in loans to the private sector (adjusted for loan sales and securitisation) remained at -0.5% in November. This development reflects further net redemptions in loans to non-financial corporations. Net redemptions, however, were less pronounced than in previous months, amounting to €4 billion in November, after €7 billion in October and €21 billion in September. The annual rate of decline in loans to non-financial corporations was -1.4% in November, after -1.5% in October. The annual growth in MFI lending to households also remained broadly unchanged at 0.7% in November. To a large extent, subdued loan dynamics reflect the current stage of the business cycle, heightened credit risk and the ongoing adjustment in the balance sheets of households and enterprises.

In order to ensure adequate transmission of monetary policy to the financing conditions in euro area countries, it is essential to continue strengthening the resilience of banks where needed. The soundness of banks' balance sheets will be a key factor in facilitating both an appropriate provision of credit to the economy and the normalisation of all funding channels. Decisive steps for establishing an integrated financial framework will help to accomplish this objective. The future single supervisory mechanism (SSM) is one of the main building blocks. It is a crucial move towards re-integrating the banking system.

To sum up, the economic analysis indicates that price developments should remain in line with price stability over the medium term. A cross-check with the signals from the monetary analysis confirms this picture.

Other economic policy areas will need to make further contributions to ensure a firm stabilisation of financial markets and an improvement in the outlook for growth. Further structural reforms should be rapidly implemented to make the euro area a more flexible, dynamic and competitive economy. In particular, product market reforms to increase competition and competitiveness are essential, accompanied by measures to improve the functioning of labour markets. Such reforms will boost the euro area's growth potential and employment and improve the adjustment capacities of the euro area countries. They will also add further momentum to the progress being made with regard to unit labour costs and current account imbalances. As regards fiscal policies, the recent significant decline in sovereign bond yields should be bolstered by further progress in fiscal consolidation in line with the commitments under the Stability and Growth Pact.

This issue of the Monthly Bulletin contains two articles. The first article analyses the usefulness of survey-based confidence indicators for monitoring and predicting economic developments in the euro area. Particular attention is given to developments in such indicators since the start of the global financial crisis in 2007. The second article examines trends in intra-euro area trade over the last decade and looks at its role in the build-up and subsequent unwinding of current account imbalances in the euro area.

# ECONOMIC AND MONETARY DEVELOPMENTS

## I THE EXTERNAL ENVIRONMENT OF THE EURO AREA

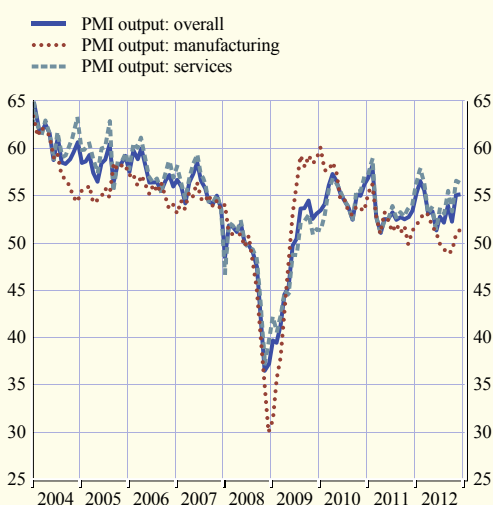
*The global economy continues to grow at a modest pace, with the recovery slowly gaining some traction, although it remains fragile. The latest survey indicators suggest a tentative improvement in global sentiment in the final quarter of 2012, although a number of indices remain below their long-term averages, and activity is expected to strengthen only gradually. Global inflation eased in November, as energy prices resumed their downward trend.*

### I.1 GLOBAL ECONOMIC ACTIVITY

Global economic activity continues to expand at a modest pace, with the recovery slowly gaining some traction, although it remains diverse across economic regions and continues to be fragile. After having stabilised at low levels in the third quarter of 2012, consumer and business sentiment showed tentative signs of an improvement in the final quarter of last year. Outside of the euro area, indicators of consumer confidence rose in a number of advanced and emerging economies. Meanwhile, the Purchasing Managers' Index (PMI) for global all-industry output increased slightly to 53.7 in December, from 53.6 in November. The improvement in business conditions was driven by a higher reading in the manufacturing index and stabilisation in the services sector, with the manufacturing PMI climbing above the neutral 50 mark that divides expansion from contraction, following six months of readings that were below the threshold. Excluding the euro area, the global composite PMI remained broadly unchanged in December (see Chart 1). The overall average of the headline global index was considerably higher in the fourth quarter of 2012 than the average for the previous quarter, suggesting global growth may have picked up somewhat in the last three months of 2012. However, a number of structural impediments will continue to restrain the pace of growth, particularly in advanced economies, while activity in the emerging markets is expected to be more solid.

Chart 1 Global PMI (excluding the euro area)

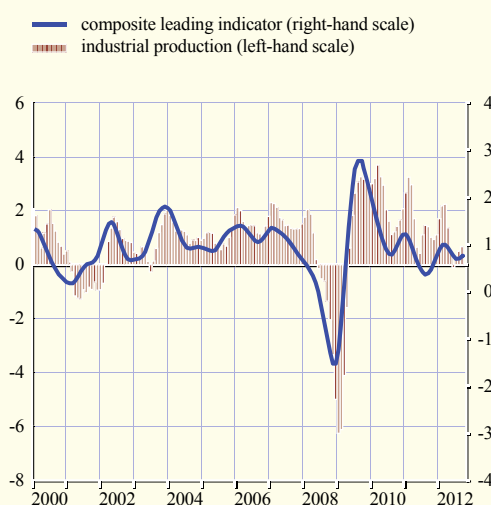
(seasonally adjusted monthly data)



Source: Markit.

Chart 2 Composite leading indicator and industrial production

(three month-on-three month percentage changes)



Source: OECD and ECB calculations.  
 Note: The indicators refer to the OECD plus Brazil, China, India, Indonesia, Russia and South Africa.



Forward looking indicators have shown some tentative signs of stabilisation at low levels, suggesting subdued global growth conditions. The new orders component of the global all-industry PMI improved further in December, to a nine-month high of 52.9. In October, the OECD's composite leading indicator, designed to anticipate turning points in economic activity relative to trend, improved marginally and continues to signal stabilising growth in the OECD area as a whole (see Chart 2). The individual country indicators continue to point to diverging patterns across the major economies.

Risks to the global outlook remain tilted to the downside and include imbalances in major industrialised countries and continued geopolitical tensions in the Middle East. Such tensions could lead to oil supply disruptions, higher oil prices that, in turn, would dampen activity.

## 1.2 GLOBAL PRICE DEVELOPMENTS

Global inflation eased in November, as energy prices resumed their downward trend, following a temporary acceleration in the previous months. In the OECD area, annual headline consumer price inflation stood at 1.9% in November, following an increase of 2.2% in the year to October. Inflation declined in the United States owing to declining energy prices, while it increased in China, driven largely by rising food prices. Excluding food and energy, the annual rate of inflation in the OECD area remained unchanged for the fourth consecutive month at 1.6% in November (see Table 1).

Turning to energy price developments in more detail, Brent crude oil prices continued to trade in the range between USD 107-112 per barrel in December 2012 and early January 2013 (see Chart 3). Currently, oil prices are trading close to levels seen one year ago. Global oil demand is projected to remain sluggish in 2013, while it has been revised upwards for the last quarter of 2012. On the supply side, geopolitical tensions in the Middle East persist. This notwithstanding, global oil supply increased further recently, primarily in non-OPEC countries but also in OPEC countries. Looking forward, market participants expect slightly lower prices over the medium-term, with December 2013 futures prices trading at USD 106 per barrel.

In December prices of non-energy commodities were broadly unchanged, on aggregate, with increases in most metal prices offsetting broad-based declines in food prices. The increase in the price of most metals – which was especially large in iron ore – was driven largely by a more positive market sentiment regarding demand from China, while generally accommodative supply conditions

**Table 1 Price developments in selected economies**

(annual percentage changes)

	2010	2011	2012					
			June	July	Aug.	Sep.	Oct.	Nov.
OECD	1.8	2.9	2.0	1.9	2.0	2.2	2.2	1.9
United States	1.6	3.2	1.7	1.4	1.7	2.0	2.2	1.8
Japan	-0.7	-0.3	-0.1	-0.4	-0.5	-0.3	-0.4	-0.2
United Kingdom	3.3	4.5	2.4	2.6	2.5	2.2	2.7	2.7
China	3.3	5.4	2.2	1.8	2.0	1.9	1.7	2.0
Memo item:								
OECD core inflation <sup>1)</sup>	1.3	1.6	1.8	1.8	1.6	1.6	1.6	1.6

Sources: National data, BIS, Eurostat and ECB calculations.

1) Excluding food and energy.

put downward pressure on all food price components. In aggregate terms, the price index for non-energy commodities (denominated in US dollars) was about 1.5% higher at the end of December 2012 compared with the same period a year earlier (see Chart 3).

Looking ahead, inflationary pressures are expected to remain overall subdued as abundant spare capacity and the slow recovery in economic activity will dampen prices in advanced and emerging economies.

### 1.3 DEVELOPMENTS IN SELECTED ECONOMIES

#### UNITED STATES

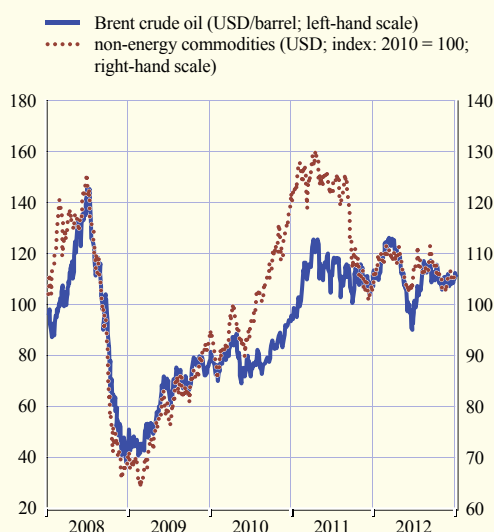
In the United States, real GDP growth accelerated in the third quarter of 2012. According to the third estimate by the Bureau of Economic Analysis, real GDP increased at an annualised rate of 3.1% in the third quarter of 2012, up from 1.3% in the previous three months. In the third estimate, real GDP growth in the third quarter was revised upwards owing to stronger than previously estimated contributions from personal consumption expenditure and net exports. Compared with the second quarter, the increase in growth was led mainly by buoyant personal consumption expenditure and by an upturn in government spending and inventory investment. Economic activity in the third quarter also benefited from the acceleration in residential private investment and a positive contribution of net exports. On the other hand, non-residential private investment declined.

Recent indicators suggest that economic activity expanded at a moderate pace in the fourth quarter of 2012. The labour market continued to show signs of improvement in December, as the number of non-farm payrolls increased further and the unemployment rate stabilised at 7.8%, the lowest level in four years. However, part of the recent decline in the unemployment rate was due to a decline in the participation rate. At the same time, further evidence of the gradual recovery in the housing market was reflected in continued increases in home prices as well as higher home sales. In contrast, uncertainty about fiscal policy weighed on business and consumer confidence in December. Looking ahead, the issue of tackling long-term fiscal imbalances was left unaddressed by the recent political agreement on tax and spending reforms, leaving the near-term outlook surrounded by considerable uncertainty, with the economy expected to stay on a rather moderate growth path in the coming quarters.

In November 2012 annual CPI inflation declined to 1.8%, from 2.2% in October. This was mainly related to a sharp deceleration in energy price inflation in November, which was only partly offset by rising food price inflation. Excluding food and energy, annual CPI inflation declined from 2.0% in October to 1.9% in November.

On 12 December 2012 the Federal Open Market Committee (FOMC) remained concerned that, without sufficient policy accommodation, economic growth might not be strong enough to generate sustained improvement in labour market conditions. In this context, the FOMC decided to continue

Chart 3 Main developments in commodity prices



Sources: Bloomberg and HWWI.

**Table 2 Real GDP growth in selected economies**

(percentage changes)

	Annual growth rates					Quarterly growth rates		
	2010	2011	2012	2012	2012	2012	2012	2012
			Q1	Q2	Q3	Q1	Q2	Q3
United States	2.4	1.8	2.4	2.1	2.6	0.5	0.3	0.8
Japan	4.7	-0.5	3.3	4.0	0.5	1.4	-0.0	-0.9
United Kingdom	1.8	0.9	0.2	-0.3	0.0	-0.2	-0.4	0.9
China	10.4	9.3	8.1	7.6	7.4	1.5	2.0	2.2

Sources: National data, BIS, Eurostat and ECB calculations.

purchasing longer-term Treasury securities at a pace of USD 45 billion per month upon completion of its programme to extend the average maturity of its holdings of securities (frequently referred to as “Operation Twist”) at the end of 2012. At the same time it will continue to buy mortgage-backed securities at a pace of USD 40 billion per month. The FOMC also decided to keep the target range for the federal funds rate at 0% to 0.25% and anticipated that exceptionally low levels for the federal funds rate will be appropriate at least as long as the unemployment rate remains above 6.5%, inflation between one and two years ahead is not projected to be above 2.5%, and longer-term inflation expectations continue to be well anchored.

## JAPAN

In Japan, the economy entered into a technical recession in the third quarter of 2012, as real GDP contracted by 0.9% from the previous quarter. This follows a marginal contraction in the second quarter, which had previously been reported as an expansion. Towards the end of the year, most economic indicators pointed to stagnation or even further economic contraction. External demand remains subdued owing to weak global demand, in particular from China. Industrial production decreased in November following a halt in the downward trend in the previous month. Meanwhile, economic sentiment remained gloomy, as evidenced by the decline in the PMI manufacturing for output and the Bank of Japan Tankan diffusion index of business sentiment for large manufacturing firms. Weak global demand and in particular the Sino-Japanese tensions weighed on economic sentiment. Growth is expected to start picking up gradually in 2013, amid high levels of uncertainty.

The Japanese economy remains in deflationary territory. Annual CPI inflation increased to -0.2% in November from -0.4% in October, which marks the sixth consecutive month of deflation. Core CPI inflation (excluding food, beverages and energy) remained unchanged at -0.5%. At its latest monetary policy meeting on 20 December 2012, the Bank of Japan decided to maintain its target for the uncollateralised overnight call rate within a range of 0.0% to 0.1%. Moreover, the Bank of Japan expanded its Asset Purchase Programme by JPY 10 trillion, split between an increase of JPY 5 trillion on purchases of Treasury discount bills and JPY 5 trillion on purchases of Japanese government bonds.

## UNITED KINGDOM

In the United Kingdom, the recovery of economic activity is likely to gather pace only very gradually, as domestic demand is expected to be constrained by still tight credit conditions, ongoing household balance sheet adjustment and substantial fiscal tightening, while subdued foreign demand will hamper export growth. The underlying growth momentum has been weak in recent quarters, amidst some volatility in headline GDP growth owing to temporary factors. The latest data for industrial production and retail sales point to a decline in activity at the beginning of the fourth quarter of 2012,

while business and consumer indicators remained relatively steady in November and December. Despite the weak economic conditions, the labour market situation has not deteriorated further, with the unemployment rate holding steady at 7.8% in the three months to October 2012. Looking ahead, growth in economic activity is expected to remain weak in the short term.

The sharp decline in the pace of inflation seen over the past year appears to have come to an end. In November 2012 annual CPI inflation and CPI inflation excluding energy and unprocessed food remained steady at 2.7% and 2.8%, respectively. The rises in inflation pressures in services and food prices that were seen in October prevailed in November, while the pace of inflation in non-energy industrial goods slowed down. Looking ahead, weak wage growth, the existence of spare capacity and the sluggish recovery in economic activity should contribute to a dampening of inflation pressures in the medium term. At its meeting on 6 December 2012, the Bank of England's Monetary Policy Committee maintained the policy rate at 0.5% and the size of its Asset Purchase Programme at GBP 375 billion.

## CHINA

In China, indicators continued to signal robust growth. In December 2012 both the private-sector and official manufacturing PMIs again came in above the expansion-contraction threshold of 50. Although remaining positive, export growth slowed significantly in November, while imports stagnated after timid growth in October. As a result, the 12-month cumulative trade balance rose to its highest level since November 2009. Looking forward, growth is expected to continue strengthening in 2013. The implementation of structural reforms and support for continued urbanisation, as emphasised during a mid-December high-level economic work conference in which the new leadership took part, should support the current growth upswing and stimulate domestic consumption (see also Box 1).

Annual CPI inflation rose to 2.0% in November, owing to a spike in food prices. PPI inflation rose slightly but remained negative for the ninth consecutive month. Financial and monetary indicators continued to expand at broadly the same pace as before.

### Box 1

#### CHINA'S GROWTH OUTLOOK

Growth in China has moderated since 2010-11 as a result of the slowdown in the global economy and the measures taken by the authorities to curb demand following the large 2008-09 stimulus package. Available indicators suggest that growth has recovered in recent months and that activity will strengthen in the near term. However, the latest dip in growth has prompted questions as to whether this was a simple cyclical downturn or rather the start of rebalancing and a transition to slower trend growth rates in China.

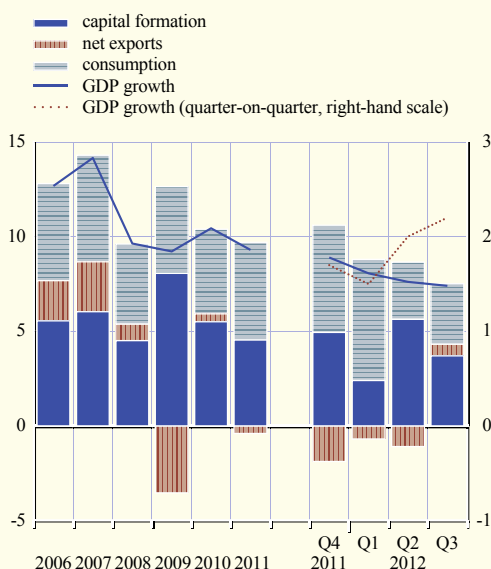
#### Recent indicators and the prospects for near-term growth

Growth in China slowed significantly in 2012. Indeed, in the third quarter of 2012 real GDP growth fell to 7.4% year on year, the seventh consecutive quarter of falling growth (see Chart A).



**Chart A Contributions to real GDP growth**

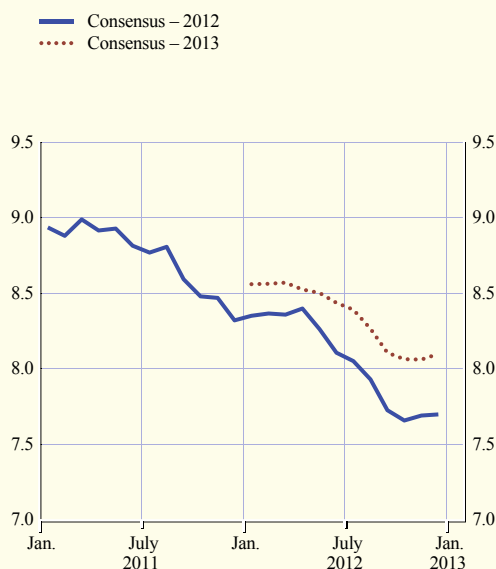
(annual percentage changes; percentage points)



Sources: CEIC. The latest observation is for the third quarter of 2012.  
Note: Quarterly contributions estimated from year-to-date data.

**Chart B GDP growth projections**

(annual percentage changes)



Source: Consensus Economics. The latest observation is for December 2012.

However, quarterly growth strengthened to 2.2% in the third quarter of 2012. Growth momentum is now positive, and year-on-year growth is expected to increase in the last quarter of 2012. Private sector forecasts for growth in 2012 declined over the past twelve months, but have stabilised recently, while activity is expected to accelerate somewhat in 2013 (see Chart B).

While China appears to have achieved a soft landing, this comes despite the large internal imbalances – rapidly expanding money and credit, fast-rising property prices and a strong increase in investment – that were fuelled by the rapid policy response to the global downturn in 2008. Evidence of rebalancing in the economy remains limited. Investment made a smaller contribution to growth in the first three quarters of 2012, in particular compared with 2009, when government stimulus to counteract the effects of the financial crisis inflated the contribution of capital formation. However, the broad characteristics of China’s growth model remain in place, with investment being an important driver of growth (see Chart A).

### Continued policy emphasis on rebalancing growth

In December 2012 China’s policy-makers laid down the economic policy priorities for 2013, which included sustainable growth based on innovation, higher productivity and concomitant industrial restructuring, continuing urbanisation, reforming the fiscal system to reduce tax burdens and broadening the social security net. In line with the new emphasis on quality, rather than speed, of growth, no official targets for GDP or inflation were set for 2013. However, press reports indicate that informal targets of 7.5% and 3.5% respectively were discussed, broadly in line with previous targets. Furthermore, fiscal policy is expected to remain mildly expansionary in 2013.

Over time, the implementation of structural reforms as outlined above should help to reduce existing internal and external imbalances, while laying the basis for continued high levels of growth in the medium term. However, there is still a long way to go. Some initiatives in relation to social security, labour markets and social housing have been brought forward. But residential construction aside, measures to curtail the national bias towards investment – i.e. the removal of many implicit subsidies benefiting Chinese industry – have still to be implemented. Chinese authorities recently increased banks' freedom to set their own deposit and lending rates, which should stimulate banking sector competition, lead to stronger internal risk management and reduce financial repression. Such incremental steps are welcome, but so far have not led to a large-scale overhaul of the financial system, which continues to rely both on price signals and quantitative, administrative measures. Given the scale of the challenges ahead, several years of additional structural reforms may be needed before they have a lasting impact on the growth model in China.

However, although structural reforms are expected to play only a limited role in the short term, authorities have become worried about possible imbalances in the economy and the implications of a large credit overhang. That suggests a policy bias towards smaller, more targeted government stimulus. Policy loosening during the latest slowdown has been modest compared with 2008-09. Money and loan growth remain in check, resulting in relatively tight financing conditions, in particular for SMEs. Likewise, most of the policies aimed at curbing speculation in the housing market are expected to remain firmly in place.

Overall, growth is expected to moderate gradually over the medium term in line with China's goal of rebalancing the economy. A return to the buoyant growth of the early part of the century, when growth in China averaged over 10%, is unlikely. According to the World Bank, potential growth will slow down to 8.6% in 2011-15 and to around 7% in 2016-20. Nevertheless, China's per capita GDP is still low at USD 5,400. Countries such as Japan, Korea and Taiwan experienced high single-digit growth for extended periods after they had reached a similar level of development.

#### 1.4 EXCHANGE RATES

The euro appreciated slightly in an environment of low volatility and improving investor sentiment towards the euro area over the past month. On 9 January 2013, the nominal effective exchange rate of the euro, as measured against the currencies of 20 of the euro area's most important trading partners, stood 0.8% above its level on 1 December 2012 and 0.3% below its level a year earlier (see Chart 4 and Table 3).

In bilateral terms, over the past month, the euro appreciated slightly against all major currencies. Between 1 December 2012 and 9 January 2013 the euro gained 0.5% against the US dollar and 6.5% against the Japanese yen. Over the same horizon, the euro also appreciated against most Asian currencies, while depreciating against

Chart 4 Nominal effective exchange rate of the euro

(daily data; index: Q1 1999 = 100)



Source: ECB.

Note: The nominal effective exchange rate is calculated against the currencies of 20 of the most important trading partners of the euro area.

**Table 3 Euro exchange rate developments**

(daily data; units of currency per euro; percentage changes)

	Weight in EER-20	Change in the exchange rate of the euro as of 9 January 2013 with respect to	
		1 December 2012	9 January 2012
Effective exchange rate of the euro (EER-20)		0.8	0.3
Chinese renminbi	18.8	0.5	1.1
US dollar	16.9	0.5	2.6
Pound sterling	14.9	0.5	-1.1
Japanese yen	7.2	6.5	16.8
Swiss franc	6.5	0.3	-0.4
Polish zloty	6.2	0.1	-8.3
Czech koruna	5.0	1.1	-1.1
Swedish krona	4.7	-0.8	-2.7
Korean won	3.9	-1.5	-6.2
Hungarian forint	3.2	3.4	-7.8
Danish krone	2.6	0.0	0.3
Romanian lev	2.0	-2.3	1.2

Source: ECB.

Note: The nominal effective exchange rate is calculated against the currencies of 20 of the most important trading partners of the euro area.

the currencies of commodity-exporting countries. The euro also slightly appreciated against major European currencies, including the pound sterling and the Swiss franc as well as the currencies of most central and eastern European non-euro area EU Member States.

The currencies participating in ERM II remained broadly stable against the euro, trading at, or close to, their respective central rates. The Latvian lats traded on the stronger side of its central rate within the unilaterally set fluctuation band of  $\pm 1\%$ .

## 2 MONETARY AND FINANCIAL DEVELOPMENTS

### 2.1 MONEY AND MFI CREDIT

Monetary data up to November 2012 confirm the subdued underlying pace of money and credit expansion that has already been observed for a protracted period. At the same time, the annual growth rate of M1 strengthened further, reflecting the money-holding sectors' preference for highly liquid assets in an environment of low interest rates. MFI lending to the non-financial private sector in the euro area remained weak by historical standards and continued to conceal significant heterogeneous developments across countries, although it has shown some signs of stabilisation in recent months. Demand conditions explain much of the current weakness in lending, but supply constraints also persist in a number of countries. The latest monetary data continue to point to increasing confidence and receding financial segmentation in the euro area.

#### THE BROAD MONETARY AGGREGATE M3

The annual growth rate of M3 remained broadly unchanged at 3.8% in November, after 3.9% in October (see Chart 5). This marginal decrease reflected a slight monthly outflow in November after the large inflow in the previous month. The small monthly outflow resulted from a strong decline in marketable instruments, which was largely offset by inflows for overnight deposits in the context of a flattening yield curve.

On the counterparts side, money growth was supported by increases in MFIs' net external assets, credit to general government and a reduction in longer-term financial liabilities. These factors were counteracted by decreases in credit to the private sector, in particular securities. The monthly flow for loans to the non-financial private sector was only marginally positive.

The volume of euro area MFIs' main assets contracted in November, continuing the deleveraging observed since spring 2012. The monthly contraction in main assets reflected decreases in credit to the private sector (mainly securities but also loans) and to the rest of the world. Together with the rebalancing of funding flows between countries, this allowed a further reduction in excess central bank liquidity.

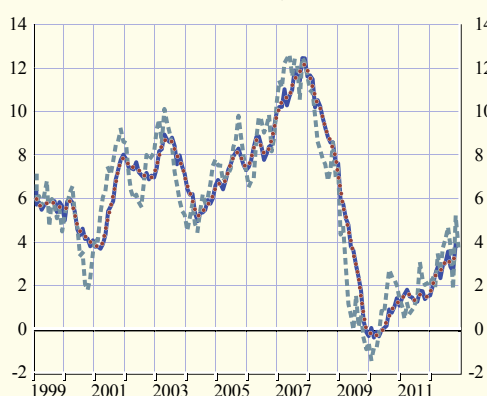
#### MAIN COMPONENTS OF M3

As regards the components of M3, the annual growth rate of M1 strengthened further to 6.7% in November, after increasing strongly in October to 6.5%, up from 5.0% in September. This reflects the continuation of the sizeable monthly flows for overnight deposits generally observed throughout the year. The flow in November was comparable in size to that in October, once the latter is adjusted for the exceptional operation related to the capitalisation of the European Stability Mechanism (ESM). In contrast to October, when the flow for overnight deposits was driven by non-monetary financial intermediaries other than insurance corporations and pension funds (OFIs), the November inflow

Chart 5 M3 growth

(percentage changes; adjusted for seasonal and calendar effects)

- M3 (annual growth rate)
- ..... M3 (three-month centred moving average of the annual growth rate)
- - - M3 (six-month annualised growth rate)



Source: ECB.



was accounted for by households and non-financial corporations. In the case of households, this partly mirrors the shifting of funds from outside M3 into overnight deposits in the context of a flattening yield curve. M1 remains the main contributor to broad money growth, accounting for 3.4 percentage points of the annual M3 growth of 3.8% in November.

The annual growth rate of euro area short-term deposits other than overnight deposits (M2 minus M1) was broadly unchanged in November at 1.8%. This concealed opposite developments in its two components. Short-term saving deposits (redeemable at notice of up to three months) strengthened further, continuing to benefit from households' demand for these instruments. By contrast, short-term time deposits (with agreed maturity of up to two years) registered outflows, which were concentrated in the OFI sector.

The annual growth rate of marketable instruments (M3 minus M2) decreased strongly to -3.6% in November, down from -0.4% in October. This decrease reflected monthly redemptions in MFI short-term debt securities (with an original maturity of up to two years) and, to a lesser extent, outflows from money market funds shares/units in a demanding business environment. Redemptions in MFI debt securities reflect the deleveraging of banks, the shift from market-based funding to deposit funding and the currently high level of central bank liquidity. The latter allows banks to cover their short-term funding needs without having to roll over their maturing debt securities.

The annual growth rate of M3 deposits (including repurchase agreements) – the broadest component of M3 for which timely sectoral decompositions are available – increased further in November to 4.2%, up from 3.9% in October. The household sector remains by far the largest contributor to the annual growth of M3 deposits. The sectoral breakdown also shows that households and non-financial corporations explain the bulk of the monthly increase in annual M3 deposit growth observed in November.

#### **MAIN COUNTERPARTS OF M3**

The annual growth rate of MFI credit to euro area residents moderated to 0.2% in November, down from 0.5% in October (see Table 4). Credit to general government continued to grow at a high annual rate, albeit declining slightly. Looking at its components, loans saw net redemptions, while MFIs continued to purchase government debt securities in November. Contrary to previous months, a significant amount of the increase in the MFI holdings of government securities represented purchases of debt issued by governments of other Member States.

The annual growth of credit to the private sector declined further in November to -1.6%, after -1.4% in October, and thus remained in negative territory. This mainly reflected a strong decline in the MFI holdings of debt securities issued by the euro area private sector. While this decline is partly a mechanical result of the unwinding of earlier securitisations, it is also likely to largely reflect sales of private sector securities to non-residents by euro area MFIs. The annual growth of loans to the private sector originated by MFIs (adjusted for sales and securitisation) remained unchanged at -0.5%. The origination of loans to the non-financial private sector has shown some signs of stabilisation in recent months, mainly reflecting the contained net redemptions in loans to non-financial corporations.

The annual growth rate of loans to non-financial corporations originated by MFIs was broadly unchanged in November at -1.4% (see Table 5). This concealed moderate net redemptions in medium-term loans, while short and long-term loans recorded practically zero net flows. The net redemptions in total loans to non-financial corporations, however, were less pronounced than in

Table 4 Summary table of monetary variables

(quarterly figures are averages; adjusted for seasonal and calendar effects)

	Outstanding amounts as a percentage of M3 <sup>1)</sup>	Annual growth rates					
		2011 Q4	2012 Q1	2012 Q2	2012 Q3	2012 Oct.	2012 Nov.
<b>M1</b>	<b>52.3</b>	<b>2.0</b>	<b>2.4</b>	<b>2.9</b>	<b>4.8</b>	<b>6.5</b>	<b>6.7</b>
Currency in circulation	8.8	6.2	6.1	5.5	5.3	3.5	2.2
Overnight deposits	43.5	1.2	1.7	2.4	4.6	7.1	7.7
<b>M2-M1 (=other short-term deposits)</b>	<b>39.6</b>	<b>2.1</b>	<b>2.6</b>	<b>2.6</b>	<b>1.3</b>	<b>1.7</b>	<b>1.8</b>
Deposits with an agreed maturity of up to two years	18.4	1.6	3.0	2.3	-1.1	-1.8	-1.9
Deposits redeemable at notice of up to three months	21.2	2.5	2.1	2.9	3.7	4.9	5.2
<b>M2</b>	<b>91.9</b>	<b>2.1</b>	<b>2.5</b>	<b>2.8</b>	<b>3.2</b>	<b>4.3</b>	<b>4.5</b>
<b>M3-M2 (=marketable instruments)</b>	<b>8.1</b>	<b>-3.6</b>	<b>-0.1</b>	<b>2.6</b>	<b>1.6</b>	<b>-0.4</b>	<b>-3.6</b>
<b>M3</b>	<b>100.0</b>	<b>1.5</b>	<b>2.2</b>	<b>2.7</b>	<b>3.1</b>	<b>3.9</b>	<b>3.8</b>
<b>Credit to euro area residents</b>		<b>1.1</b>	<b>1.2</b>	<b>1.3</b>	<b>0.8</b>	<b>0.5</b>	<b>0.2</b>
Credit to general government		1.4	5.2	8.4	8.8	8.8	7.9
Loans to general government		-2.1	-4.6	-1.7	1.5	2.9	2.2
Credit to the private sector		1.1	0.3	-0.3	-1.0	-1.4	-1.6
Loans to the private sector		1.8	0.7	-0.1	-0.6	-0.8	-0.8
Loans to the private sector adjusted for sales and securitisation <sup>2)</sup>		2.0	1.1	0.4	-0.1	-0.5	-0.5
<b>Longer-term financial liabilities (excluding capital and reserves)</b>		<b>2.6</b>	<b>0.4</b>	<b>-2.4</b>	<b>-4.4</b>	<b>-5.4</b>	<b>-5.2</b>

Source: ECB.

1) As at the end of the last month available. Figures may not add up due to rounding.

2) Adjusted for the derecognition of loans from the MFI statistical balance sheet owing to their sale or securitisation.

previous months, reaching €4 billion in November, after €7 billion in October and €21 billion in September. The annual growth rate of loans to households originated by MFIs also remained broadly unchanged, at 0.7% in November. The monthly flow was positive, on account of the inflow into lending for house purchase. Monthly flows for consumer credit and other lending were muted.

Table 5 MFI loans to the private sector

(quarterly figures are averages; adjusted for seasonal and calendar effects)

	Outstanding amount as a percentage of the total <sup>1)</sup>	Annual growth rates					
		2011 Q4	2012 Q1	2012 Q2	2012 Q3	2012 Oct.	2012 Nov.
<b>Non-financial corporations</b>	<b>42.4</b>	<b>1.7</b>	<b>0.7</b>	<b>0.1</b>	<b>-0.8</b>	<b>-1.8</b>	<b>-1.8</b>
Adjusted for sales and securitisation <sup>2)</sup>	-	2.1	0.9	0.3	-0.5	-1.5	-1.4
Up to one year	24.7	3.8	0.6	0.1	-0.6	-2.1	-1.7
Over one and up to five years	17.6	-2.6	-3.1	-2.6	-3.2	-4.4	-4.5
Over five years	57.7	2.3	2.0	1.0	0.0	-0.9	-1.0
<b>Households<sup>3)</sup></b>	<b>48.0</b>	<b>2.2</b>	<b>1.2</b>	<b>0.4</b>	<b>0.2</b>	<b>0.4</b>	<b>0.4</b>
Adjusted for sales and securitisation <sup>2)</sup>	-	2.4	1.9	1.4	1.0	0.8	0.7
Consumer credit <sup>4)</sup>	11.4	-2.0	-1.8	-2.1	-2.4	-2.9	-3.1
Lending for house purchase <sup>4)</sup>	72.8	3.0	1.8	0.9	0.8	1.2	1.2
Other lending	15.8	1.8	0.9	0.2	-0.7	-0.6	-0.7
<b>Insurance corporations and pension funds</b>	<b>0.8</b>	<b>4.2</b>	<b>-3.1</b>	<b>-5.4</b>	<b>-9.1</b>	<b>-2.3</b>	<b>-4.4</b>
<b>Other non-monetary financial intermediaries</b>	<b>8.8</b>	<b>-0.2</b>	<b>-1.8</b>	<b>-3.4</b>	<b>-2.8</b>	<b>-2.2</b>	<b>-1.8</b>

Source: ECB.

Notes: MFI sector including the Eurosystem; sectoral classification based on the ESA 95. For further details, see the relevant technical notes.

1) As at the end of the last month available. Sector loans as a percentage of total MFI loans to the private sector; maturity breakdown and breakdown by purpose as a percentage of MFI loans to the respective sector. Figures may not add up due to rounding.

2) Adjusted for the derecognition of loans from the MFI statistical balance sheet owing to their sale or securitisation.

3) As defined in the ESA 95.

4) Definitions of consumer credit and lending for house purchase are not fully consistent across the euro area.

All in all, while the profile of loans to the non-financial private sector is in line with past regularities based on the state of the business cycle, both demand and supply factors are weighing on the level of loan growth, with significant heterogeneity across countries. The current economic slowdown, persisting high uncertainty and subdued consumer and business confidence are weakening the demand for bank loans. In addition, the use of alternative funding sources, such as retained profits and debt securities issuance, is dampening borrowing from banks. At the same time, the segmentation of financial markets, while receding in recent months, is also curbing credit growth. Finally, the need to reduce household and corporate indebtedness in a number of countries is also dragging down loan growth.

The contraction in longer-term financial liabilities (excluding capital and reserves) moderated somewhat in November to stand at an annual growth rate of -5.2%, after -5.4% in October. Long-term deposits registered a further monthly outflow in November, also after adjusting for the mechanical impact resulting from the unwinding of past securitisations. These outflows were mainly attributable to households, insurance corporations and pension funds shifting funds into more liquid assets, which partly explains the above-mentioned increase in M3 deposits. As in the case of short-term securities, the net issuance of long-term debt securities by euro area MFIs remained negative. This suggests that banks have been able to satisfy their funding needs either with the liquidity received through the two three-year longer-term refinancing operations (LTROs) or by strengthening their deposit base. In addition, some banks have deleveraged by selling private sector securities to non-euro area residents, hence reducing their funding needs.

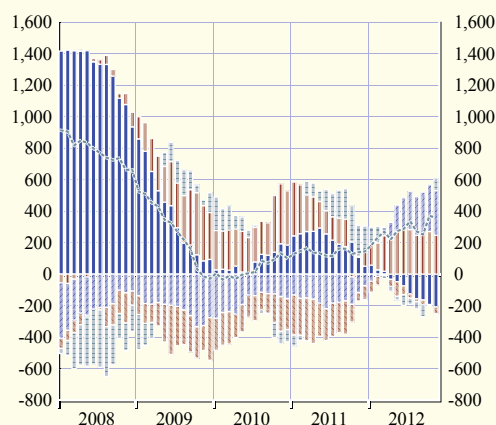
The net external asset position of euro area MFIs increased by €80 billion in the 12 months to November, reflecting a significant capital inflow to the euro area during the latest month (see Chart 6). The latest data suggest that non-residents have purchased debt securities issued by the euro area non-MFI private sector. These developments would be consistent with the observed reduction in the MFI holdings of private sector debt securities and the simultaneous increase in deposits held by the euro area money holding sector observed in November. Overall, latest developments in net external assets are thus in line with other indicators, suggesting a return of confidence in the euro area and the euro in recent months.

Overall, data up to November confirm that the underlying dynamics of money and credit growth remain subdued, in particular in light of the decoupled developments in broad money and credit to the private sector. Demand conditions explain much of the current weakness in MFI lending. At the same time, constraints on the supply side weigh on credit growth in several euro area countries. The latest monetary data

Chart 6 Counterparts of M3

(annual flows; EUR billions; adjusted for seasonal and calendar effects)

- credit to the private sector (1)
- credit to general government (2)
- net external assets (3)
- longer-term financial liabilities (excluding capital and reserves) (4)
- other counterparts (including capital and reserves) (5)
- M3



Source: ECB.  
Notes: M3 is shown for reference only ( $M3 = 1+2+3-4+5$ ).  
Longer-term financial liabilities (excluding capital and reserves) are shown with an inverted sign, since they are liabilities of the MFI sector.

continue to point to increasing confidence and receding financial segmentation in the euro area. This was visible in the strong monthly flow for the MFI net external asset position and the continued rebalancing of funding flows between the largest euro area countries, allowing a further reduction in excess central bank liquidity.

## 2.2 SECURITIES ISSUANCE

*In October 2012 the annual growth rate of debt securities issued by euro area residents decreased as a result of lower debt issuance in most sectors, with the exception of the non-financial corporate sector. The year-on-year increase in debt securities issued by non-financial corporations seems to have stabilised at very high levels, possibly reflecting some substitution for bank lending. The annual growth rate of issuance of quoted shares increased marginally in all sectors in October.*

### DEBT SECURITIES

In October 2012 the annual growth rate of debt securities issued by euro area residents decreased by 0.2 percentage point in comparison with the previous month, to stand at 3.2% (see Table 6). This moderation was due to a decline in the annual growth rate of long-term debt securities issuance (by 0.2 percentage point to 3.9%) and to a greater contraction of short-term debt securities issuance (from -2.1% in September to -2.8% in October). The annualised and seasonally adjusted six-month growth rate of debt securities issued, which better conveys short-term trends, has declined over recent months, mainly on account of developments in the financial sector. Short-term issuance dynamics were actually negative for non-monetary financial corporations (with the rate of growth falling from -2.7% in September to -3.5% in October) and MFIs (with the rate of growth rising from -1.5% in September to -0.6% in October). By contrast, the annualised and seasonally adjusted six-month growth rate of debt securities issuance by the non-financial corporate sector stabilised at a very high level, standing at 13.4% in September and October (see Chart 7). Short-term trends in the issuance activity of the general government sector strengthened as well, albeit to a lesser extent (from 3.4% to 4.1%).

Table 6 Securities issued by euro area residents

Issuing sector	Amount outstanding (EUR billions) 2012 October	Annual growth rates <sup>1)</sup>					
		2011 Q4	2012 Q1	2012 Q2	2012 Q3	2012 September	2012 October
<b>Debt securities</b>	<b>16,789</b>	<b>3.1</b>	<b>4.1</b>	<b>4.2</b>	<b>3.7</b>	<b>3.4</b>	<b>3.2</b>
MFIs	5,531	3.3	4.6	3.7	3.6	2.4	2.0
Non-monetary financial corporations	3,262	-1.2	-0.5	2.5	1.0	0.6	0.4
Non-financial corporations	978	5.0	6.7	9.3	10.9	12.5	12.5
General government	7,018	4.9	5.7	4.7	4.3	4.5	4.4
<i>of which:</i>							
Central government	6,318	4.1	4.7	3.8	3.5	3.9	3.8
Other general government	701	13.2	16.7	14.3	12.8	10.9	10.4
<b>Quoted shares</b>	<b>4,319</b>	<b>1.6</b>	<b>1.6</b>	<b>1.4</b>	<b>1.0</b>	<b>0.9</b>	<b>1.0</b>
MFIs	384	10.0	10.8	10.1	5.6	4.9	5.0
Non-monetary financial corporations	330	5.2	3.6	3.1	2.9	2.7	2.9
Non-financial corporations	3,606	0.3	0.3	0.3	0.3	0.4	0.4

Source: ECB.

1) For details, see the technical notes for Sections 4.3 and 4.4 of the "Euro area statistics" section.

In recent months, refinancing activity has remained concentrated on issuance in the long-term segment, notably at fixed rates. The annual growth rate of issuance of fixed rate long-term debt securities increased further to 5.7% in October, from 5.6% in September. At the same time, the annual rate of change in issuance of floating rate long-term debt securities contracted further to -2.2% in October, from -1.2% in the previous month.

From a sectoral perspective, and on the basis of annual rates of growth, the decrease in debt issuance was broad-based across the MFI sector, the non-monetary financial sector and general government. In all these sectors, issuance activity was below the historical average recorded over the period since 2000, notably in the case of the non-monetary financial sector. The annual rate of growth of debt securities issued by non-financial corporations, by contrast, remained robust at 12.5%, the same rate as that recorded in the previous month, which is somewhat above the historical average over the period since 2000. The annual growth of public borrowing declined to 4.4% in October, from 4.5% in the previous month.

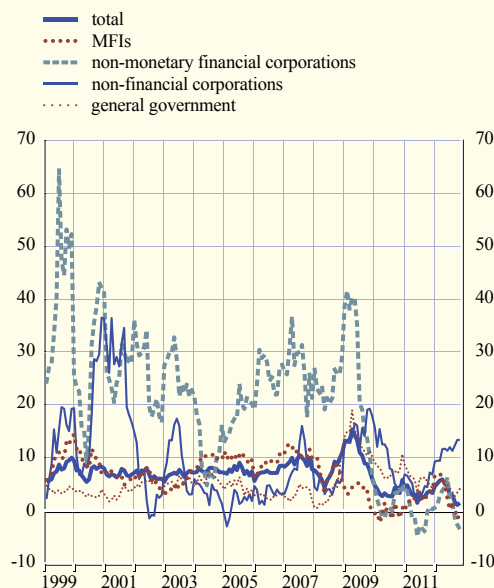
Turning to the financial sector, the annual growth rate of debt securities issued by MFIs declined to 2%, from 2.4% in September. This was due to a drop in issuance of both short-term and long-term debt securities. Finally, the annual growth rate of debt securities issued by non-monetary financial corporations decreased from 0.6% in September to 0.4% in October.

### QUOTED SHARES

The annual growth rate of quoted shares issued by euro area residents increased marginally to 1% in October, on account of an increase in equity issuance by all sectors (see Chart 8). In particular, the annual rate of growth in equity issuance by MFIs increased slightly, to 5%, from 4.9% in September. Similarly, it increased further in the case of non-monetary financial corporations (to 2.9%, from 2.7% in September). The annual growth of quoted shares issued by non-financial corporations remained unchanged at 0.4% in October.

**Chart 7 Sectoral breakdown of debt securities issued by euro area residents**

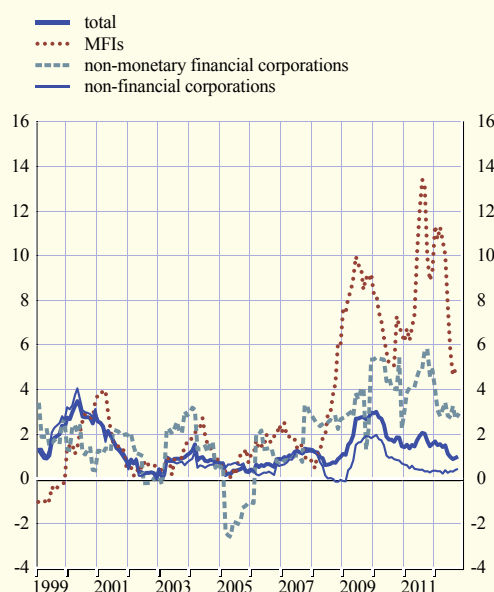
(six-month annualised growth rates; seasonally adjusted)



Source: ECB.

**Chart 8 Sectoral breakdown of quoted shares issued by euro area residents**

(annual growth rates)



Source: ECB.

Note: Growth rates are calculated on the basis of financial transactions.

### 2.3 MONEY MARKET INTEREST RATES

Money market interest rates remained broadly stable between early December and early January 2013. Consequently, in the twelfth maintenance period of 2012, which began on 12 December, the EONIA remained at very low levels – reaching a record low towards the end of the year – thus reflecting continuing large amounts of excess liquidity over the period.

Unsecured money market interest rates, as measured by the EURIBOR, remained broadly stable between early December and early January 2013. On 9 January the one-month, three-month, six-month and twelve-month EURIBOR stood at 0.11%, 0.19%, 0.33% and 0.53% respectively – i.e. shorter maturities were unchanged while the six-month and twelve-month maturities were 1 and 2 basis points lower than the levels observed on 5 December. Consequently, the spread between the twelve-month and the one-month EURIBOR – an indicator of the slope of the money market yield curve – slightly decreased to 44 basis points on 9 January compared to 46 basis points on 5 December (see Chart 9).

The three-month EONIA swap rate stood at 0.07% on 9 January, unchanged from 5 December. The spread between the three-month EURIBOR and the three-month EONIA swap rate consequently remained stable at 12 basis points.

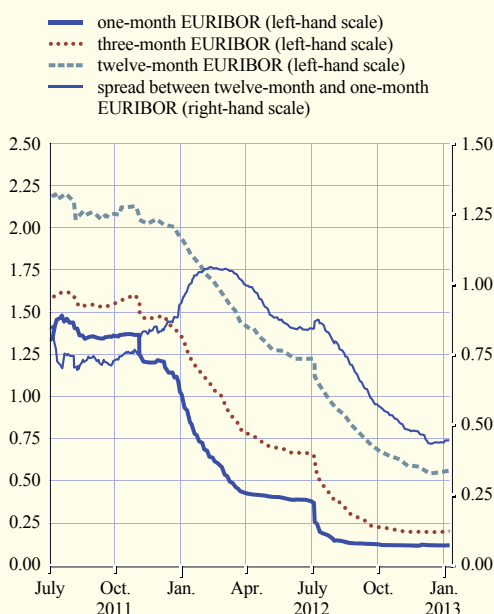
The interest rates implied by the prices of three-month EURIBOR futures maturing in March, June, September and December 2013 increased by 2, 2, 3 and 3 basis points respectively in comparison to the levels seen on 5 December, to stand at 0.19%, 0.19%, 0.22% and 0.25% on 9 January.

Between 5 December and the end of the eleventh maintenance period of 2012 on 11 December, the EONIA remained stable at around 0.07%, amid continued excess liquidity. In the maintenance period starting on 12 December, the EONIA declined marginally, reaching its historical low of 0.06% on 21 December. Volatility has remained very low, with the exception of the last day of the year, when the EONIA spiked to stand at 0.13%. On 9 January the EONIA stood at 0.07% (see Chart 10).

Between 5 December and 9 January the Eurosystem conducted several refinancing operations. In the main refinancing operations of the twelfth maintenance period, which were conducted on 11, 18, 28 December and 3 and 8 January, the Eurosystem allotted €73.2 billion, €72.7 billion, €89.7 billion, €81.1 billion and €77.7 billion respectively. The Eurosystem also conducted two longer-term refinancing operations (LTROs) in December, both as fixed rate tender procedures with full allotment, namely a special-term refinancing operation

Chart 9 Money market interest rates

(percentages per annum; spread in percentage points; daily data)



Sources: ECB and Thomson Reuters.

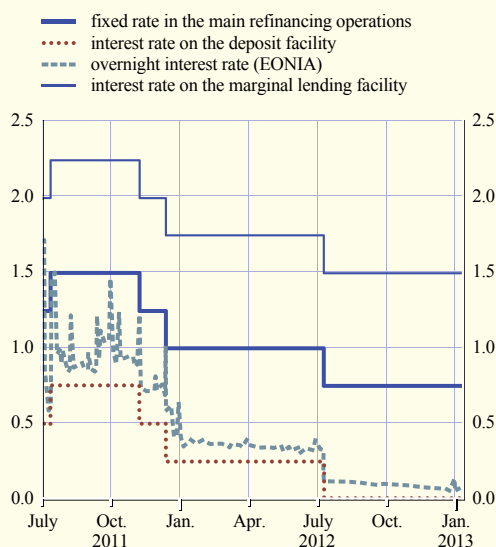
with a maturity of one maintenance period on 11 December (in which €15.3 billion was allotted) and a three-month LTRO on 19 December (in which €15 billion was allotted).

The Eurosystem also conducted five one-week liquidity-absorbing operations as variable rate tender procedures with a maximum bid rate of 0.75% on 11, 18, 28 December and 3 and 8 January. In four of these operations, the Eurosystem absorbed an amount of €208.5 billion, equal to the value of the purchases made under the Securities Markets Programme. By contrast, in the last operation of 2012 on 28 December, the Eurosystem withdrew €197.6 billion.

After reaching historical record levels during the second quarter of 2012, excess liquidity further declined moderately during the twelfth maintenance period (from €635.5 billion to €622.4 billion). This development mainly reflected a larger absorption of liquidity by autonomous factors during the period under review. While average daily recourse to the deposit facility slightly increased to €240.3 billion, up from €232.3 billion in the previous maintenance period, current accounts in excess of reserve requirements decreased on average from €403.3 billion to €382.1 billion.

**Chart 10 ECB interest rates and the overnight interest rate**

(percentages per annum; daily data)



Sources: ECB and Thomson Reuters.

## 2.4 BOND MARKETS

*Between the end of November and early January, yields on AAA-rated long-term government bonds in the euro area increased by around 10 basis points, to stand at around 1.8% on 9 January. In the United States, long-term government bond yields rose by around 25 basis points over the same period, standing at around 1.9% on 9 January. The increases generally took place at the end of the period as the market sentiment with respect to risky assets improved. Uncertainty about future bond market developments in the euro area, as measured by implied bond market volatility, was broadly unchanged. Market-based indicators suggest that inflation expectations remain firmly anchored in line with price stability.*

Between the end of November 2012 and 9 January 2013, yields on AAA-rated long-term euro area government bonds remained close to their historic lows, although they increased by around 10 basis points towards the end of the period under review, to around 1.8%. Long-term government bond yields in the United States rose by around 25 basis points to stand at around 1.9% on 9 January (see Chart 11).

In the euro area, bond market sentiment was affected negatively by downward revisions to growth forecasts. Moreover, increased political uncertainty in Italy led to some flight-to-safety flows into

Chart 11 Long-term government bond yields

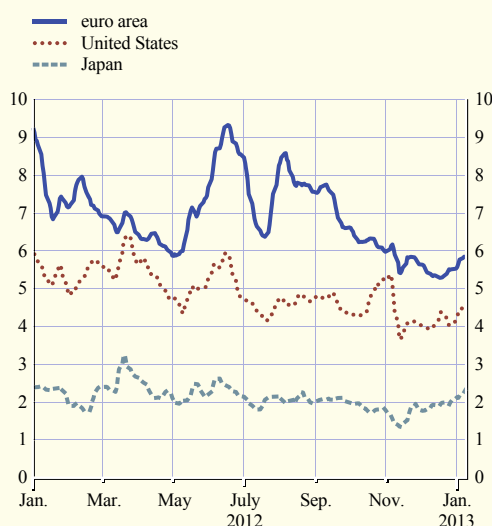
(percentages per annum; daily data)



Sources: EuroMTS, ECB, Bloomberg and Thomson Reuters.  
 Notes: Long-term government bond yields refer to ten-year bonds or to the closest available bond maturity. The euro area bond yield is based on the ECB's data on AAA-rated bonds, which currently include bonds from Austria, Finland, France, Germany and the Netherlands.

Chart 12 Implied government bond market volatility

(percentages; daily data)



Source: Bloomberg.  
 Notes: Implied government bond market volatility is a measure of uncertainty surrounding the short term (up to three months) for German and US ten-year government bond prices. It is based on the market values of related traded options contracts. Bloomberg uses implied volatility of the closest-to-at-the-money strikes for both puts and calls using near-month expiry futures.

bonds issued by AAA-rated countries. However, other factors contributed positively to market sentiment. They include the agreement on common banking supervision under the auspices of the ECB, and the successful conduct of the Greek government's debt buyback operation, with the credit rating for Greece subsequently being upgraded six steps by Standard & Poor's. At the end of December, the so-called "fiscal cliff" in the United States likewise caught the attention of market players on the euro area bond market. The initial failure to reach an agreement sparked some flight-to-safety flows into AAA-rated euro area bonds, but the eventually struck deal improved sentiment regarding risk assets, and the yields on AAA-rated bonds increased.

The yields on long-term government bonds of the United States rose by around 25 basis points in the period under review, in the wake of generally better than expected data releases there. The Federal Reserve started a fourth programme of quantitative easing and, to the surprise of most market participants, committed itself to keeping interest rates low for as long as unemployment remains above 6.5% and expected inflation is in line with the target. The fiscal cliff negotiations first led to flight-to-safety flows away from more risky assets, and into e.g. US government bonds, contributing to a decline in yields at the end of December. When the deal on the fiscal cliff was struck at the beginning of January, appetite for taking risks strengthened, and US government bond yields rose by around 15 basis points. The reversal in risk appetite came despite many unresolved issues such as that of raising the statutory debt limit, which is projected to become binding at some point around March this year.

For the first time since early 2011, the nominal interest rates on ten-year government bonds were lower in the euro area than in the United States. On 9 January 2013 the spread between the two yields stood at around 5 basis points. In Japan, ten-year government bond yields rose by around



15 basis points over the period under review, to around 0.8% on the same date. The increase took place after the elections, the results of which were considered by market observers to be supportive of additional fiscal policy measures. Moreover, the Bank of Japan announced that it might raise its inflation target at its monetary policy meeting in January, expanded its asset purchase programme and adopted a new scheme to promote bank lending.

Investors' uncertainty about short-term bond market developments in the euro area, as measured by option-implied volatility, was broadly unchanged in December 2012 and early January, standing close to 5.6% on 9 January. Bond market volatility in the euro area remains somewhat elevated by historical standards, standing at levels close to those prevailing just before the default of Lehman Brothers. In the United States, implied volatility was also broadly unchanged and stood at around 4.1% in early January, which is significantly below the levels prevailing just before the default of Lehman Brothers.

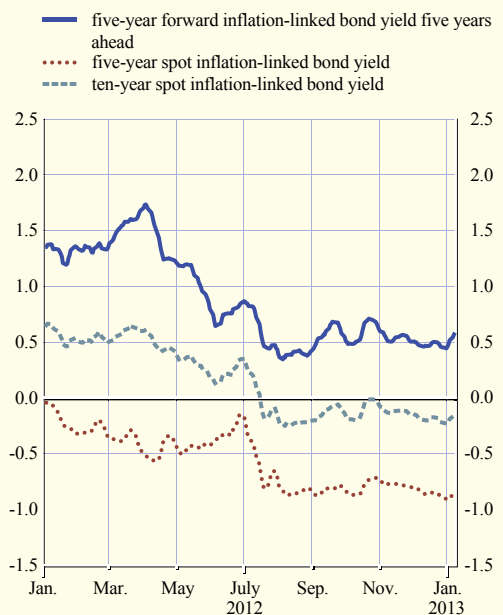
Yields on bonds issued by most of the euro area sovereigns under financial stress decreased over the period under review, as sentiment with respect to risky assets improved at the end thereof. Yields on long-term bonds issued by Spain and Italy fell by around 20 basis points. They declined to lowest levels seen since the ECB's announcement of Outright Monetary Transactions. Yields on Greek and Portuguese long-term government bonds declined by 450 and 110 basis points respectively, while yields on Irish long-term government bonds were broadly unchanged. The decline in the yield on Greek bonds is related to the debt buyback operation, which was conducted at yield levels that were lower than those observed in the secondary market before that operation.

The yields on both ten-year and five-year inflation-linked euro area government bonds were broadly unchanged in December and early January, standing at around -0.1% and -0.8% respectively (see Chart 13). Hence, the level of long-term real interest rates in the euro area remains negative, continuing to reflect investors' rather gloomy perceptions of medium-term growth prospects. The implied forward euro area overnight interest rate remained broadly unchanged across all maturities (see Chart 14).

Regarding financial market indicators of long-term inflation expectations in the euro area, the five-year forward break-even inflation rates five years ahead implied by inflation swaps and inflation-linked bonds increased by around 5 basis points in the period under review (see Chart 15). The corresponding inflation swap forward rate was broadly unchanged, and stood

**Chart 13 Euro area zero coupon inflation-linked bond yields**

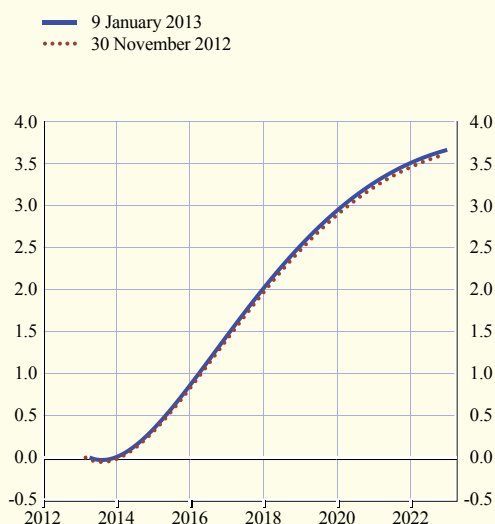
(percentages per annum; five-day moving averages of daily data; seasonally adjusted)



Sources: Thomson Reuters and ECB calculations.  
Notes: Since the end of August 2011 real rates have been computed as a GDP-weighted average of separate real rates for France and Germany. Before this date, real rates were computed by estimating a combined real yield curve for France and Germany.

**Chart 14 Implied forward euro area overnight interest rates**

(percentages per annum; daily data)

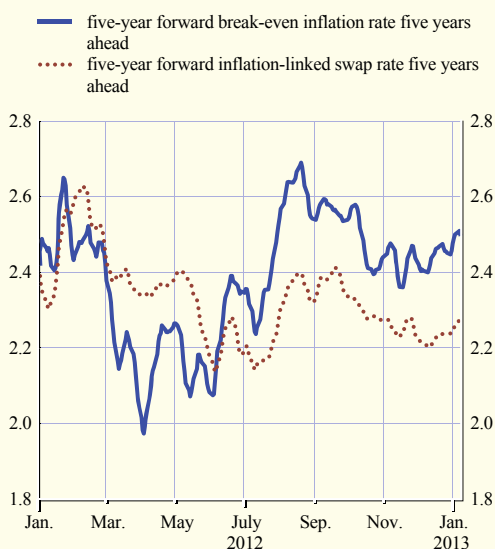


Sources: ECB, EuroMTS (underlying data) and Fitch Ratings (ratings).

Notes: The implied forward yield curve, which is derived from the term structure of interest rates observed in the market, reflects market expectations of future levels for short-term interest rates. The method used to calculate these implied forward yield curves is outlined in the “Euro area yield curve” section of the ECB’s website. The data used in the estimate are AAA-rated euro area government bond yields.

**Chart 15 Euro area zero coupon break-even inflation rates and inflation-linked swap rates**

(percentages per annum; five-day moving averages of daily data; seasonally adjusted)



Sources: Thomson Reuters and ECB calculations.

Notes: Since the end of August 2011 break-even inflation rates have been computed as a GDP-weighted average of separately estimated break-even rates for France and Germany. Before this date, break-even inflation rates were computed by comparing yields from the nominal yield curve of AAA-rated euro area government bonds with a combined real yield curve derived from French and German inflation-linked government bonds.

at around 2.2% on 9 January. Overall, market-based indicators suggest that inflation expectations remain firmly anchored in line with price stability.<sup>1</sup>

Between the end of November 2012 and 9 January 2013, spreads on investment-grade corporate bonds issued by financial corporations in the euro area (relative to the Merrill Lynch EMU AAA-rated government bond index) decreased. Those on BBB and A-rated issuers fell by 120 and 30 basis points respectively. Over the same period, spreads on investment-grade corporate bonds issued by non-financial corporations were broadly unchanged for most rating categories, although those for BBB-rated issuers declined by around 20 basis points. Overall, recent developments in corporate bond yields suggest a slight improvement in market-based financing conditions for firms in both the financial and the non-financial sectors.

## 2.5 INTEREST RATES ON LOANS AND DEPOSITS

*In November 2012, MFI interest rates on both long-term loans to households for house purchase and long-term loans to non-financial corporations declined somewhat further, while short-term lending rates for households remained broadly unchanged and those for non-financial corporations*

<sup>1</sup> For a more thorough analysis of the anchoring of long-term inflation expectations, see the article entitled “Assessing the anchoring of longer-term inflation expectations”, *Monthly Bulletin*, ECB, July 2012.

edged down. The spreads between rates on small and large loans to non-financial corporations remained elevated in the case of both short-term and long-term maturities.

In November 2012 most of the short-term MFI interest rates on deposits from households declined further in comparison with October. Similarly, short-term rates on deposits from non-financial corporations declined in the case of both overnight deposits and deposits with an agreed maturity of up to one year. Turning to MFI lending rates, short-term interest rates on both loans to households for house purchase and consumer credit remained broadly unchanged in November, at 2.9% and 5.6% respectively. Where non-financial corporations are concerned, short-term rates on both large loans (i.e. loans of more than €1 million) and small loans (i.e. loans of up to €1 million) decreased slightly, by 4 and 3 basis points respectively, to stand at 2.2% and 3.9% in November (see Chart 16). The spread between short-term rates on small loans to non-financial corporations and the corresponding rates on large loans remained elevated in November (170 basis points, compared with an historical average of 100 basis points over the period since 2003). This indicates that financing conditions for small and medium-sized enterprises remain persistently tighter than those for large firms.

On average, rates on households' overdrafts decreased slightly, by 7 basis points, to 8.4%; similarly, interest rates on overdrafts of non-financial corporations decreased by 6 basis points, to 3.9%.

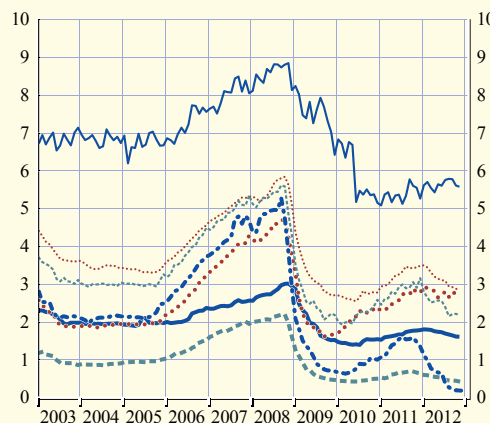
Overall, given that the EURIBOR declined marginally, namely by 1 basis point, in November 2012, the spread between the three-month money market rate and short-term MFI interest rates on loans to households amounted to 2.7%, as in the previous month, while that vis-à-vis the corresponding rates for non-financial corporations declined by 3 basis points in comparison with the October level of 2% (see Chart 17).

Taking a longer-term perspective, since the beginning of 2012, short-term MFI interest rates on both loans to households for house purchase and loans to non-financial corporations have decreased by around 50 to 60 basis points. To some extent, this trend reflects the pass-through of changes in market rates to bank lending rates in the wake of the cuts in key ECB interest rates since November 2011, together with the effects of the non-standard measures enacted or announced over the period. Indeed, the decline in short-term lending rates is related to improvements both in banks' cost of funds and in their balance sheet positions.

**Chart 16 Short-term MFI interest rates and a short-term market rate**

(percentages per annum; rates on new business)

- deposits from households redeemable at notice of up to three months
- ..... deposits from households with an agreed maturity of up to one year
- - - overnight deposits from non-financial corporations
- loans to households for consumption with a floating rate and an initial rate fixation period of up to one year
- ..... loans to households for house purchase with a floating rate and an initial rate fixation period of up to one year
- - - loans to non-financial corporations of over €1 million with a floating rate and an initial rate fixation period of up to one year
- · - three-month money market rate

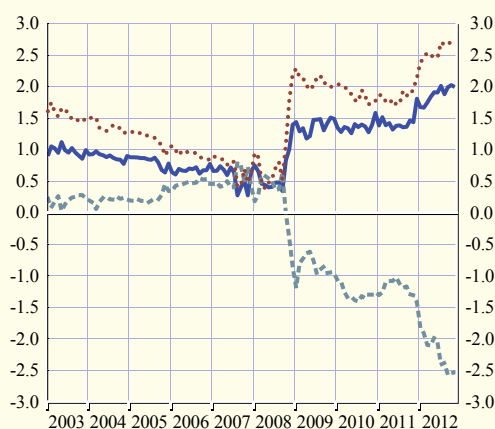


Source: ECB.  
Note: Data as of June 2010 may not be fully comparable with those prior to that date owing to methodological changes arising from the implementation of Regulations ECB/2008/32 and ECB/2009/7 (amending Regulation ECB/2001/18).

**Chart 17 Spreads of short-term MFI interest rates vis-à-vis the three-month money market rate**

(percentage points; rates on new business)

- loans to non-financial corporations of over €1 million with a floating rate and an initial rate fixation period of up to one year
- ..... loans to households for house purchase with a floating rate and an initial rate fixation period of up to one year
- - - deposits from households with an agreed maturity of up to one year



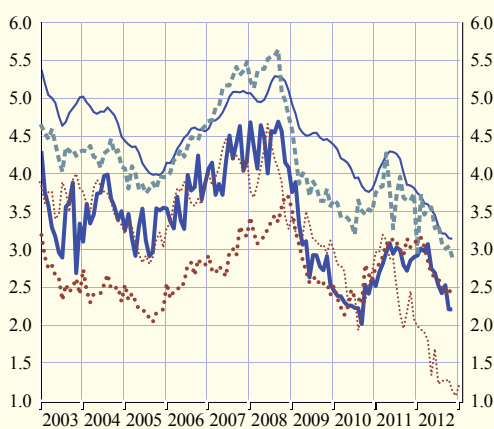
Source: ECB.

Notes: For the loans, the spreads are calculated as the lending rate minus the three-month money market rate. For the deposits, the spread is calculated as the three-month money market rate minus the deposit rate. Data as of June 2010 may not be fully comparable with those prior to that date owing to methodological changes arising from the implementation of Regulations ECB/2008/32 and ECB/2009/7 (amending Regulation ECB/2001/18).

**Chart 18 Long-term MFI interest rates and a long-term market rate**

(percentages per annum; rates on new business)

- deposits from non-financial corporations with an agreed maturity of over two years
- ..... deposits from households with an agreed maturity of over two years
- - - loans to non-financial corporations of over €1 million with an initial rate fixation period of over five years
- loans to households for house purchase with an initial rate fixation period of over five and up to ten years
- ..... seven-year government bond yield



Source: ECB.

Note: Data as of June 2010 may not be fully comparable with those prior to that date owing to methodological changes arising from the implementation of Regulations ECB/2008/32 and ECB/2009/7 (amending Regulation ECB/2001/18).

Turning to longer maturities, MFI interest rates on long-term deposits from households and non-financial corporations decreased somewhat further in November, by 7 and 32 basis points respectively, to 2.4% and 2.2%. All interest rates on longer-term loans to households for house purchase declined in November. Specifically, rates on loans to households for house purchase with an initial rate fixation period of over five and up to ten years dropped to the lowest level recorded since 2003, namely to 3.1%. Long-term rates (with an initial rate fixation period of over five years) on large loans to non-financial corporations declined by 14 basis points, to 2.9% (see Chart 18); similarly, long-term rates on small-sized loans to non-financial corporations decreased by 9 basis points, to 3.5%. The spread between long-term rates on small-sized and those on large loans widened from 54 basis points in October to 59 basis points in November, remaining above the historical average recorded over the period since 2003 (30 basis points). Compared with the yields on AAA-rated seven-year government bonds, which declined by 24 basis points, to 1.1% in November, the spread increased marginally, month on month, in the case of long-term rates on both housing loans and loans to non-financial corporations.

Viewed over a longer term, the spread between long-term lending rates and the yields on AAA-rated seven-year government bonds generally widened between January and November 2012, reflecting a stronger decline in the yields on AAA-rated government bonds in the context of flight-to-safety flows than that in long-term MFI lending rates for both households

and non-financial corporations. At the same time, the decrease in long-term lending rates also reflected the pass-through of past cuts in key ECB interest rates and the benefits of the ECB's non-standard measures such as the two three-year longer-term refinancing operations (LTROs) of December 2011 and February 2012.

## 2.6 EQUITY MARKETS

*Between the end of November 2012 and early January 2013, stock prices increased in both the euro area and the United States. These developments took place despite mixed market news on both sides of the Atlantic. In the euro area, the decisions of European leaders on Greece and the single supervisory mechanism (SSM) supported positive market sentiment. In the United States, by contrast, risk appetite in December was dampened by continuing uncertainty regarding the resolution of the US fiscal cliff issue, despite emerging optimism with respect to economic activity. In both economic areas, stock prices in the financial sector outperformed those in the non-financial sector, and stock market uncertainty remained at low levels.*

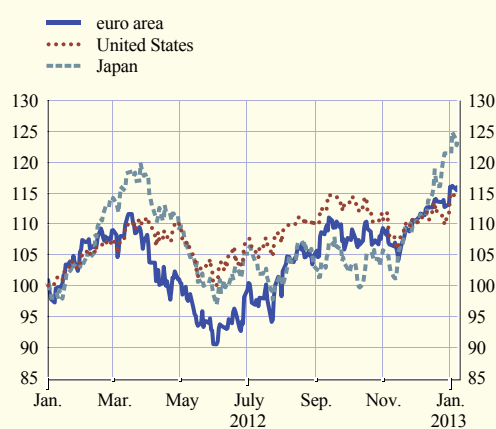
Between the end of November 2012 and 9 January 2013, stock prices rose both in the euro area and in the United States (see Chart 19). Overall, stock prices in the euro area, as measured by the broad-based Dow Jones EURO STOXX index, increased by 5%, while those in the United States, as measured by the Standard & Poor's 500 index, rose by around 4%. Over the same period, stock prices in Japan, as measured by the Nikkei 225 index, increased by around 12%.

Stock markets in the euro area were supported by various favourable developments such as the decisions of European leaders' on the single supervisory mechanism (SSM), the success of the Greek debt buyback operation and the subsequent approval of the disbursement of aid for Greece. Mixed economic data releases and downward revisions to growth prospects in major euro area economies seem not to have weighed significantly on market sentiment.

In the United States, economic data releases continued to surprise on the upside, in particular those relating to employment conditions, production and the housing sector. However, despite these positive developments over most of the period under review, uncertainty about the outcome of the negotiations on the resolution of the US fiscal cliff had negative effects on the equity markets because of the potential fiscal impact on US growth. On 2 January, the U.S. House of Representatives finally passed a temporary legislation to avert the fiscal cliff, which spurred a moderate global rally in equities in the first week of this year.

Chart 19 Stock price indices

(index: 1 January 2012 = 100; daily data)



Source: Thomson Reuters.

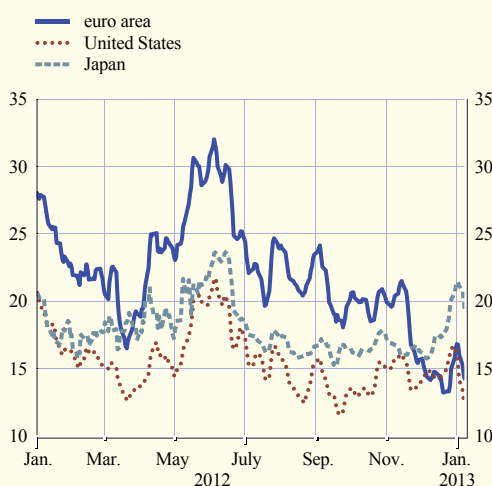
Note: The indices used are the Dow Jones EURO STOXX broad index for the euro area, the Standard & Poor's 500 index for the United States and the Nikkei 225 index for Japan.

Stock market uncertainty, as measured by implied volatility, remained broadly unchanged at historically low levels in the two main economic areas. Overall, although implied stock market volatility increased temporarily in December, it reverted to initial levels at the end of the review period, standing at around 12% in the United States and at 14% in the euro area (see Chart 20).

Regarding sectoral developments, the increase in euro area equity market prices was driven both by financial equity prices and non-financial equity prices, which increased by 9% and 4%, respectively. In addition, equity price movements were not uniform across the euro area, with stock prices in stressed countries rising faster than in others. In particular, Standard & Poor's upgrading of Greece's sovereign credit rating by six steps had a beneficial effect on the equity markets of stressed countries. In the United States, financial stock prices increased by 7%, whereas those of non-financials rose only moderately, namely by 3%.

Chart 20 Implied stock market volatility

(percentages per annum; five-day moving average of daily data)



Source: Bloomberg.

Notes: The implied volatility series reflects the expected standard deviation of percentage changes in stock prices over a period of up to three months, as implied in the prices of options on stock price indices. The equity indices to which the implied volatilities refer are the Dow Jones EURO STOXX 50 for the euro area, the Standard & Poor's 500 for the United States and the Nikkei 225 for Japan.

## 3 PRICES AND COSTS

According to Eurostat's flash estimate, euro area annual HICP inflation was 2.2%, unchanged from November and down from 2.5% in October and 2.6% in August and September. On the basis of current futures prices for oil, inflation rates are expected to decline further to below 2% this year. Over the policy-relevant horizon, in an environment of weak economic activity in the euro area and well-anchored long-term inflation expectations, underlying price pressures should remain contained. Risks to the outlook for price developments are seen as broadly balanced over the medium term.

### 3.1 CONSUMER PRICES

According to Eurostat's flash estimate, headline HICP inflation was 2.2% in December 2012, unchanged from November (see Table 7). The unchanged inflation rate reflected a further decrease in the annual rate of change of the energy component and increases in the growth rates of the services and food components of the HICP. The inflation rate of the non-energy industrial goods component remained unchanged from the previous month.

Looking at the main components of the HICP in more detail, energy inflation dropped further, from 5.7% in November to 5.2% in December (see Chart 21). Based on information from the European Commission's weekly Oil Bulletin, average consumer prices for oil products (transport and home heating fuels) decelerated further in December, driven by lower crude oil prices in euro.

Eurostat's flash estimate for total food, which refers to inflation of processed and unprocessed food taken together, showed an increase from 3.0% in November to 3.1% in December. No official information is available regarding the breakdown of the food components in December. However, in November unprocessed food inflation declined somewhat, on account of lower annual rates of increase in the prices of vegetables and fish, which more than compensated higher annual rates of change in the prices of fruit and meat, the latter being affected by the spike in prices for animal feed, as shown in recent producer prices data (see Section 3.2). Processed food inflation remained unchanged at 2.4% in November, interrupting the steady decline ongoing since February 2012 when it stood at 4.1%. The unchanged annual rate of change of this component may signal that the pass-through of the mid-2012 increase in food commodity prices into consumer prices may have already started.

**Table 7 Price developments**

(annual percentage changes, unless otherwise indicated)

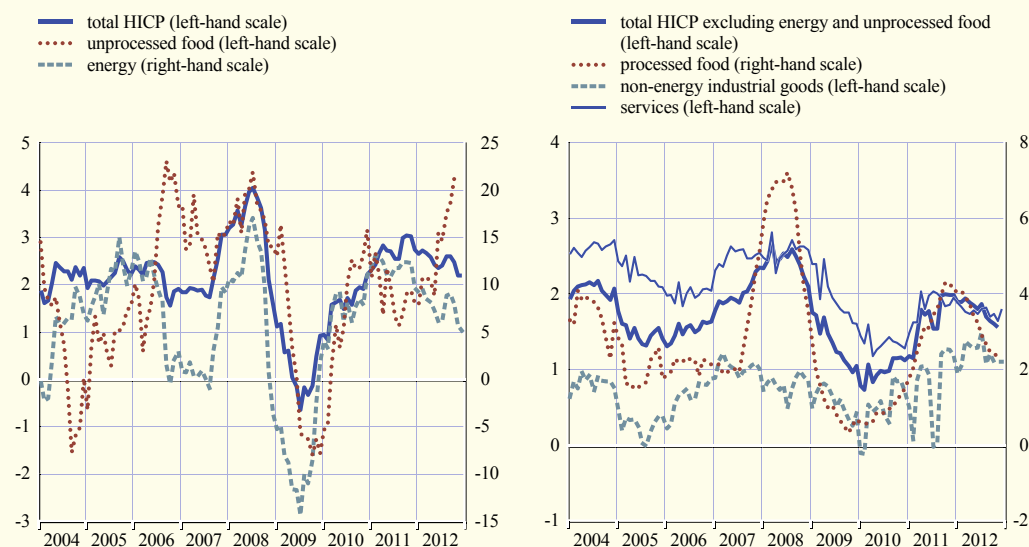
	2011	2012	2012 July	2012 Aug.	2012 Sep.	2012 Oct.	2012 Nov.	2012 Dec.
<b>HICP and its components<sup>1)</sup></b>								
Overall index	2.7	2.5	2.4	2.6	2.6	2.5	2.2	2.2
Energy	11.9	7.6	6.1	8.9	9.1	8.0	5.7	5.2
Food	2.7	3.1	2.9	3.0	2.9	3.1	3.0	3.1
Unprocessed food	1.8	.	2.9	3.5	3.7	4.3	4.1	.
Processed food	3.3	.	2.9	2.7	2.5	2.4	2.4	.
Non-energy industrial goods	0.8	1.2	1.5	1.1	1.2	1.1	1.1	1.1
Services	1.8	1.8	1.8	1.8	1.7	1.7	1.6	1.8
<b>Other price indicators</b>								
Industrial producer prices	5.9	.	1.6	2.7	2.7	2.6	2.1	.
Oil prices (EUR per barrel)	79.7	86.6	83.4	90.5	87.9	85.6	84.8	82.8
Non-energy commodity prices	12.2	0.5	4.7	6.5	4.6	5.7	5.2	2.5

Sources: Eurostat, ECB and ECB calculations based on Thomson Reuters data.

1) HICP inflation and its components (excluding unprocessed food and processed food) in December 2012 refer to Eurostat's flash estimates.

Chart 21 Breakdown of HICP inflation: main components

(annual percentage changes; monthly data)



Source: Eurostat.

Eurostat does not publish a flash estimate for annual HICP inflation excluding all food and energy items. Excluding the volatile components food and energy, HICP inflation consists of two main components: non-energy industrial goods and services. According to the ECB's estimations based on Eurostat's flash estimates for the main HICP components, HICP inflation excluding food and energy increased to 1.6% in December, from 1.4% in November. The annual rate of change in non-energy industrial goods remained unchanged at 1.1% in December for the third month in a row. By contrast, services inflation increased somewhat in December to 1.8%, suggesting an interruption of the gradual decline of this component since the middle of 2012. In November, the decline in services price inflation had occurred on account of some easing in a number of product groups – notably in transport and communication – which more than compensated a somewhat higher inflation rate for recreation and personal services.

### 3.2 INDUSTRIAL PRODUCER PRICES

Industrial producer price inflation (excluding construction) diminished to 2.1% in November, from 2.6% in October (see Table 7 and Chart 22). Decreases in the energy and the consumer goods components were partially offset by increases in the annual rate of change of the prices in the intermediate goods and capital goods industries. Industrial producer price inflation excluding construction and energy remained unchanged at 1.5%.

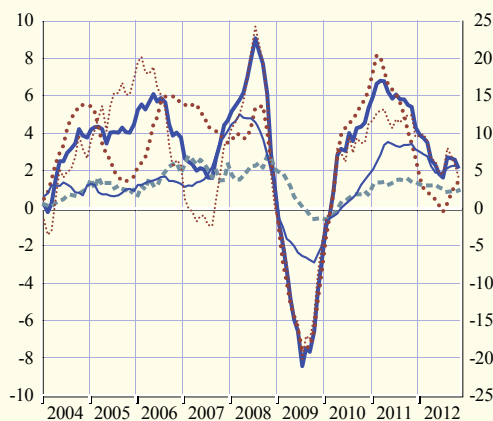
Focusing on the later stages of the production chain, the annual rate of change in the consumer food component of the producer price index eased slightly to 3.5% in November, from 3.6% in the previous two months. Latest data from the Purchasing Managers' Index (PMI) survey continue to exhibit persistently strong input cost increases for food retailers, in contrast with the weaker price pressures seen in recent months for food manufacturers. The impact on prices of these significant rises in input costs for food retailers is still being partially absorbed by profit margins. Earlier in the



**Chart 22 Breakdown of industrial producer prices**

(annual percentage changes; monthly data)

— total industry excluding construction (left-hand scale)  
 ..... intermediate goods (left-hand scale)  
 - - - capital goods (left-hand scale)  
 — consumer goods (left-hand scale)  
 ..... energy (right-hand scale)

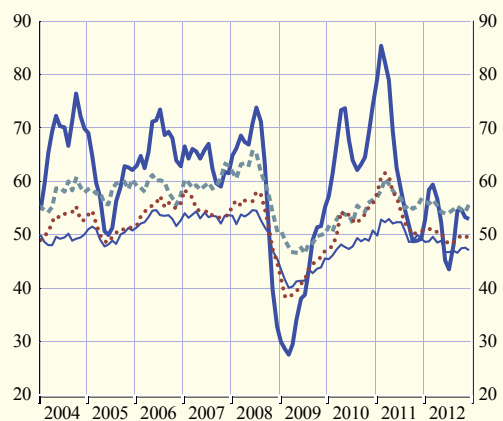


Sources: Eurostat and ECB calculations.

**Chart 23 Producer input and output price surveys**

(diffusion indices; monthly data)

— manufacturing; input prices  
 ..... manufacturing; prices charged  
 - - - services; input prices  
 — services; prices charged



Source: Markit.

Note: An index value above 50 indicates an increase in prices, whereas a value below 50 indicates a decrease.

price chain, the annual rate of change in EU farm gate prices remained unchanged in November at 11.4%, signalling that the increases seen over recent months are levelling off. Moreover, international food commodity prices in euro terms declined by 3.7% in December on a monthly basis, bringing back the index to a level below that of May 2012, before the ensuing summer spike. Overall, whilst there are still some upward pipeline pressures in the short term for HICP food, the impact of the food commodity price spike is still expected to be relatively limited and short-lived.

The annual rate of change in the non-food consumer goods component decreased slightly, from 0.7% in October to 0.5% in November, the lowest rate of increase since January 2011. With regard to the PMI, the retail input price index for non-food stores bounced back in December to a level slightly above its long-term average, but retail profit margins diminished to a new low.

At the earlier stages of price formation, the annual rate of the PPI intermediate goods component increased to 1.4% in November, from 1.2% in October. As in previous months, this increase was due to base effects and higher prices for animal feeds and agrochemicals. At the beginning of the pricing chain, commodity prices in euro terms for industrial raw materials increased in December, after declining for the previous three months.

Headline indices from both the PMI and the European Commission surveys indicate that companies' price expectations remained well below their historical averages in December. With regard to the PMI, the input price index for the manufacturing sector decreased from 53.3 in November to 53.0 in December, while the output price index increased marginally, reaching the threshold value of 50 (see Chart 23). Forward-looking European Commission survey data on selling price expectations for total industry increased somewhat in December, as selling price

expectations in intermediate and capital goods industries increased, while those of consumer goods industries decreased.

Overall, producer prices and price survey data confirm stable pipeline pressures for HICP non-energy industrial goods and limited short-term pressures for food prices.

### 3.3 LABOUR COST INDICATORS

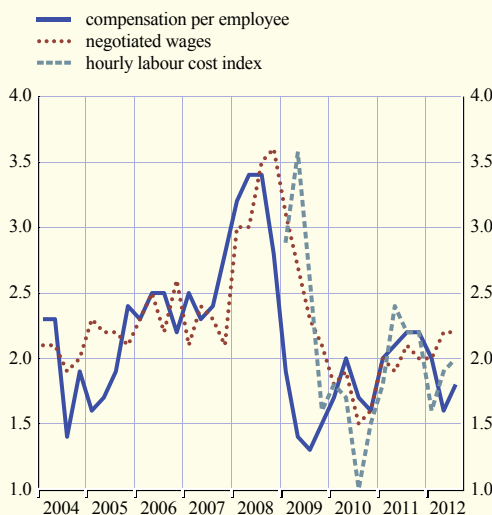
The latest releases of labour cost indicators exhibit, overall, moderate wage pressures in the third quarter of 2012 (see Table 8 and Chart 24), which reflect weak economic activity and rising slack in the labour market. This development should be seen against the high level of wage pressures observed in the first half of 2011, at a time of improving labour market conditions following the latest cyclical upswing.

The annual growth rate in compensation per employee increased to 1.8% in the third quarter, 0.2 percentage point higher than in the second quarter, but remained clearly below the rate of 2.2% observed, on average, in 2011. This moderate increase, together with lower productivity growth, led to an increase in year-on-year unit labour cost growth to 1.7% in the third quarter of 2012, compared with 1.3% in the second quarter. The low productivity gains – in a context of modest economic growth – are expected to continue exerting an intensifying upward pressure on unit labour costs in the near term.

The annual rate of growth of negotiated wages remained unchanged at 2.2% in the third quarter. The fact that actual wages, measured by compensation per employee, grew more moderately than negotiated wages suggests that some adjustment of wage costs at the euro area level is taking place via a negative wage drift. Box 2 entitled “Recent developments in the wage drift in the euro area” presents an estimate of the wage drift in the euro area and explores its developments since 2008.

Chart 24 Selected labour cost indicators

(annual percentage changes; quarterly data)



Sources: Eurostat, national data and ECB calculations.

Table 8 Labour cost indicators

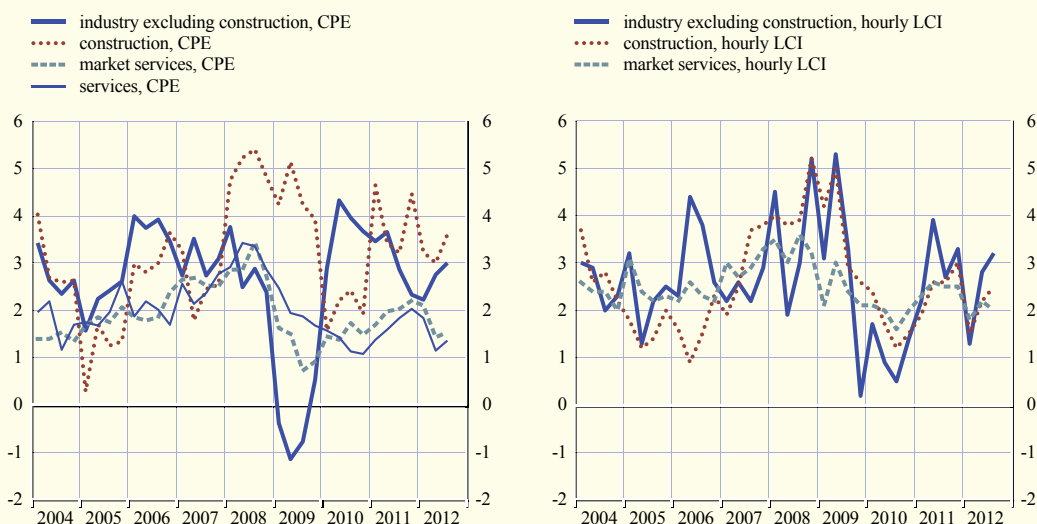
(annual percentage changes, unless otherwise indicated)

	2010	2011	2011 Q3	2011 Q4	2012 Q1	2012 Q2	2012 Q3
Negotiated wages	1.7	2.0	2.1	2.0	2.0	2.2	2.2
Hourly labour cost index	1.5	2.2	2.2	2.2	1.6	1.9	2.0
Compensation per employee	1.7	2.2	2.2	2.2	2.0	1.6	1.8
<i>Memo items:</i>							
Labour productivity	2.5	1.2	1.0	0.7	0.4	0.3	0.1
Unit labour costs	-0.9	1.0	1.1	1.6	1.6	1.3	1.7

Sources: Eurostat, national data and ECB calculations.

**Chart 25 Sectoral labour cost developments**

(annual percentage changes; quarterly data)



Sources: Eurostat and ECB calculations.  
Note: CPE stands for compensation per employee and LCI stands for labour cost index.

**Box 2**

**RECENT DEVELOPMENTS IN THE WAGE DRIFT IN THE EURO AREA**

The adjustment of labour costs to changes in the economic situation can be gauged via different indicators. One such indicator is the wage drift, which measures the difference between the growth in the actual wages received by workers and that in negotiated wages. Since negotiated wages are typically fixed for some time ahead, short-run changes in economic conditions are most likely reflected in movements in the wage drift, driven by flexible wage elements, such as bonuses. This box presents an estimate of the wage drift in the euro area and explores its evolution since 2008.

**Wage drift as a component of compensation per employee**

The most frequently used indicator of labour cost developments at the aggregate level is growth in compensation per employee. In addition to growth in wages and salaries, it reflects changes in the employer part of social security contributions. Growth in compensation per employee can thus be broken down into negotiated wage growth, the wage drift and the impact of changes in employers' social security contributions. Chart A shows this breakdown, defining the social security contribution component as the difference between the annual rate of growth in compensation per employee and that in gross wages and salaries per employee, and the wage drift as the difference between the annual rate of growth in gross wages and salaries per employee and that in negotiated wages.<sup>1</sup> Using this approach, social security contributions will only have an

<sup>1</sup> The wage drift is measured as the difference between the annual rate of growth in wages and salaries and that in negotiated wages rather than as the contribution that negotiated wages make to overall wage growth, owing to the data limitations applying to negotiated wages. In particular, this series is typically not available in levels, but only as the growth rate resulting from the wage bargaining process.

impact on growth in compensation per employee if they grow at a different rate to gross wages, and wage drift components will only have an impact if they grow at a different rate to negotiated wages.

The impact of changes in employers' social security contributions has been relatively limited. Over the period since 1999 it has been neutral with regard to the annual average growth rate of compensation per employee of 2.1%. Measured in absolute terms, it has amounted to an average of 0.15 percentage point. Changes in social security contributions tend to be driven mainly by regulatory reforms and therefore do not normally exhibit a clear cyclical pattern.<sup>2</sup> Hence, the longer the period for which wages are negotiated and the sharper the movements in the cyclical position of the economy, the greater a role wage drift should play in explaining the movements in overall labour cost growth over the economic cycle.

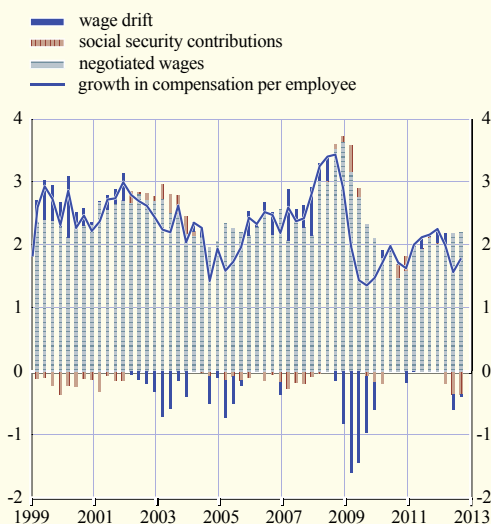
### Assessing movements in the wage drift

The wage drift in the euro area, as shown in Chart A, is an aggregate measure, and its use as an indicator of cyclical adjustment is subject to a number of caveats. One caveat relates to the statistical and conceptual properties of the euro area indicator of negotiated wages, which, by contrast with compensation per employee, is aggregated from non-harmonised national data and does not cover all euro area countries. Moreover, wage indexation clauses that provide for adjustments to actual wage growth on the basis of past inflation outcomes are typically not reflected in negotiated wages and thus appear in the wage drift as a factor that is independent from the economic situation at the time.

<sup>2</sup> A counter-cyclical impact of social security contributions on growth in compensation per employee can be explained by the fact that contribution rates are raised (lowered) in bad (good) times as revenues fall (rise) relative to expenditure. There may also be pro-cyclical effects if, for instance, employers' social security contributions are reduced as a deliberate measure to lower labour costs in bad times.

**Chart A Compensation per employee and wage drift in the euro area**

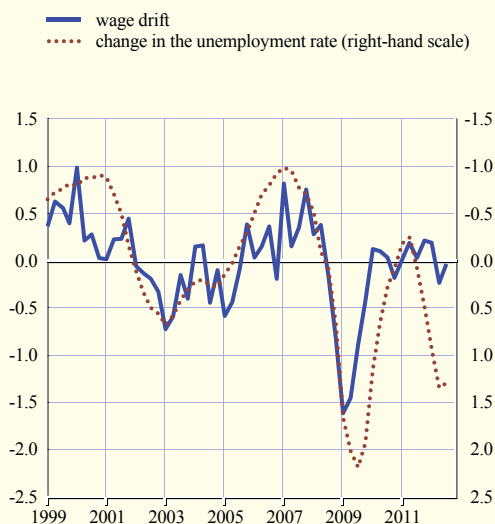
(annual percentage changes; percentage points)



Sources: Eurostat and ECB calculations.

**Chart B Wage drift and change in the unemployment rate in the euro area**

(annual percentage changes; percentage points)



Sources: Eurostat and ECB calculations.  
Note: The right-hand scale is inverted.

A second caveat relates to the influence associated with changes in the composition of employment: for example, if employment shifts (i) between sectors that have different degrees of coverage of collective wage bargaining and thus different weights in the negotiated wage indicator and the actual wage indicator; (ii) within a sector between groups with different wage levels but the same negotiated wage increase; or (iii) between full-time and part-time work where the negotiated wage increase makes no distinction between the two. Such composition effects tend to evolve gradually and do not normally conceal the cyclical movement of the wage drift. However, in the case of sudden and strong changes, such as in the aftermath of the 2008 recession, the cyclical adjustment of the wage drift can be blurred. For instance, the rise in the proportion of part-time employment has clearly accelerated since 2008, driving the wage drift down, and the incidence of unemployment has largely been among workers on low wages, such as young workers, which has driven the wage drift up.<sup>3</sup>

Bearing these factors in mind, Chart B suggests a clear co-movement of the wage drift with the economic cycle, as measured by the change in the unemployment rate. In particular, the wage drift had a downward impact on developments in compensation per employee during the period of subdued growth between 2003 and 2005. In the period of buoyant growth in the run-up to the economic and financial crisis in 2008, the wage drift had an upward impact. This is in line with the notion that tightening labour markets make wage components such as overtime and bonus payments increase more quickly than basic pay. During the recession, the impact of the wage drift once again turned strongly to the downside, amounting to around -1 percentage point of growth in compensation per employee. However, over the last three years the role of the wage drift in explaining overall labour cost developments has, on balance, been relatively limited. This may to a large extent reflect the fact that labour markets have developed in opposite directions across the euro area countries. In this respect, a negative wage drift in countries that are subject to macroeconomic adjustment pressures has been counterbalanced by a positive wage drift in other countries. However, looking ahead, the renewed decline in output and sharp increase in unemployment since the end of 2011 are expected to result in a downward impact on the wage drift.

Overall, estimates of the wage drift in the euro area confirm a clear cyclical pattern around the recession in 2008, while, in its aftermath, the heterogeneous adjustment and rebalancing processes across countries have blurred this pattern at the euro area-wide level.

<sup>3</sup> For more detailed information on (un)employment composition effects, see “Euro area labour markets and the crisis”, Structural Issues Report, ECB, Frankfurt am Main, October 2012.

### 3.4 THE OUTLOOK FOR INFLATION

According to Eurostat’s flash estimate, euro area annual HICP inflation was 2.2% in December 2012, unchanged from November and down from 2.5% in October and 2.6% in August and September. On the basis of current futures prices for oil, inflation rates are expected to decline further to below 2% this year. Over the policy-relevant horizon, in an environment of weak economic activity in the euro area and well-anchored long-term inflation expectations, underlying price pressures should remain contained.

Risks to the outlook for price developments are seen as broadly balanced over the medium term, with downside risks stemming from the impact of weaker than expected growth in the euro area and upside risks relating to higher administered prices and indirect taxes, as well as higher oil prices.

## 4 OUTPUT, DEMAND AND THE LABOUR MARKET

Following a contraction of 0.2% quarter on quarter in the second quarter of 2012, euro area real GDP declined by 0.1% in the third quarter. Available statistics and survey indicators continue to signal further weakness in activity, which is expected to extend into this year, reflecting the adverse impact on domestic expenditure of weak consumer and investor sentiment and subdued foreign demand. However, more recently several conjunctural indicators have broadly stabilised, albeit at low levels, and financial market confidence has improved significantly. Later in 2013 a gradual recovery should start, as the accommodative monetary policy stance, the significant improvement in financial market confidence and reduced fragmentation work their way through to private domestic expenditure, and a strengthening of foreign demand should support export growth. The risks surrounding the economic outlook for the euro area remain on the downside.

### 4.1 REAL GDP AND DEMAND COMPONENTS

Real GDP declined by 0.1% in the third quarter of 2012, having contracted by 0.2% in the previous quarter (see Chart 26). Continued negative developments in domestic demand and changes in inventories were offset only partly by a positive contribution from external trade on the back of weak import growth. In the third quarter output stood almost 2.5% below its pre-recession peak in the first quarter of 2008.

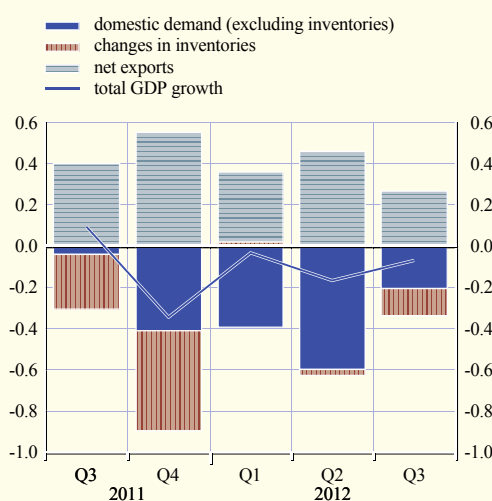
Private consumption fell by 0.1% quarter on quarter in the third quarter of 2012, having already declined for three consecutive quarters. This most likely reflects a drop in car purchases, the impact of which on consumption was partly offset by a positive contribution from the consumption of services. At the same time, retail sales made a neutral contribution to quarter-on-quarter consumption growth in the third quarter.

With regard to the short-term outlook, the available information tends to confirm that developments in consumer spending will continue to be muted. In November 2012 the volume of retail sales edged up by 0.1% month on month. Even so, in October and November retail sales stood, on average, 1.2% below the average level recorded for the third quarter, when they saw flat growth quarter on quarter. New passenger car registrations in the euro area rose by 0.6% month on month in November. Nonetheless, in October and November they stood, on average, 3.7% below their average level in the third quarter. This compares with a quarterly decline of 6.5% in the third quarter.

Survey data on the retail sector for the fourth quarter of 2012 suggest further weakness in the consumption of retail goods (see Chart 27). The Purchasing Managers' Index (PMI) for the retail sector declined from 46.0 in the third quarter to 45.2 in the fourth quarter. By remaining below 50, it indicates a further decline in sales. Moreover, according to the European Commission's consumer survey, the indicator on consumer confidence remained broadly stable between November and December 2012, while the average for the fourth quarter was below that for the third quarter. As the indicator remained below its long-term average, it points to lacklustre developments in consumer

Chart 26 Real GDP growth and contributions

(quarter-on-quarter growth rate and quarterly percentage point contributions; seasonally adjusted)



Sources: Eurostat and ECB calculations.

spending. The indicator on expected major purchases also fell between the third and fourth quarters, suggesting that consumers continue to be cautious in deciding whether or not to purchase durable goods.

Gross fixed capital formation contracted further in the third quarter of 2012, by 0.6% quarter on quarter. Investment has thus fallen for six consecutive quarters, with a cumulative fall of almost 5% since the first quarter of 2011. With regard to the breakdown of investment in the third quarter, both non-construction and construction investment – each accounting for around half of total investment – fell on a quarterly basis. Given that overall economic activity remains subdued, capital formation is expected to continue to contract in the short term.

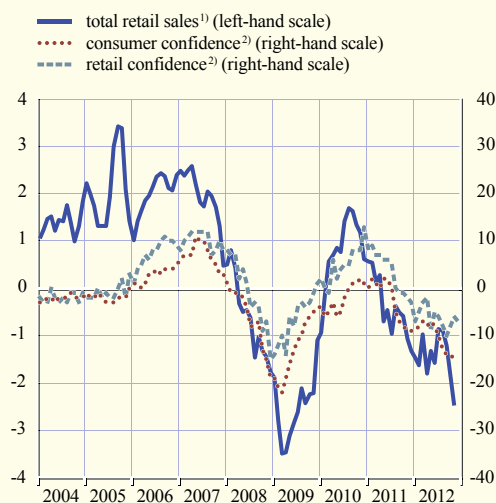
Industrial production of capital goods (an indicator of future non-construction investment) declined further in October 2012, by 3.0% month on month. In the same month capital goods production, which rose by 1.6% quarter on quarter in the third quarter, stood almost 5% below its average level in the third quarter. More timely survey results, which already cover the three months of the fourth quarter, also point to a further decline in the level of non-construction investment activity in that quarter. The European Commission's industrial confidence indicator was well below its historical average, while the manufacturing PMI remained below the theoretical no-growth threshold of 50 throughout the fourth quarter of 2012.

In October 2012 construction production contracted further by 1.6% month on month, following a decline of 1.3% in the previous month. The construction confidence indicator published by the European Commission was still well below its historical average in the fourth quarter, while the PMI for construction in the euro area stood significantly below 50 in October and November, pointing to continued negative developments.

Turning to euro area trade, export and import growth decelerated in the third quarter of 2012, after growing moderately in the second quarter. Exports of goods and services increased by 0.9% quarter on quarter, while imports rose by a mere 0.3%. As a result, net trade continued to underpin euro area real GDP growth in the third quarter of 2012. The available data suggest that the trade dynamics weakened further in the last quarter of the year, as exports contracted in October for the second consecutive month and imports remained flat compared with the previous month. More recent survey data on euro area and global trade suggest some stabilisation over the last few months of 2012. In December the PMI new export orders increased slightly to 46.6, but still remained below the theoretical expansion/contraction threshold of 50. Looking further ahead, euro area exports are expected to pick up at a moderate pace from the beginning of 2013 on the back of a very gradual, albeit sustained, strengthening of global economic activity. By contrast, the near-term outlook for imports remains rather muted, given the weakness of economic activity in the euro area.

**Chart 27 Retail sales and confidence in the retail trade and household sectors**

(monthly data)



Sources: European Commission Business and Consumer Surveys and Eurostat.  
 1) Annual percentage changes; three-month moving averages; working day-adjusted; including fuel.  
 2) Percentage balances; seasonally and mean-adjusted.

As highlighted in Box 3, a strong improvement in the net exports of goods and services is crucial for current account adjustment in some euro area countries, owing to the sluggishness in the adjustment of other components of the current account balance.

**Box 3****HOW INCOME PAYMENTS, CURRENT TRANSFERS AND THE OIL BALANCE HAMPER CURRENT ACCOUNT ADJUSTMENT**

Since the outbreak of the economic and financial crisis in the euro area, there has been a reversal in the trend of the current account balances of those euro area countries that ran sizeable deficits at the height of the boom (i.e. Estonia, Ireland, Greece, Spain, Cyprus, Malta, Portugal, Slovenia and Slovakia). The current account balances of these countries have improved markedly and, in some of them (Estonia, Ireland and Slovenia), deficit has even turned into surplus. However, the current account deficits of Greece, Spain, Cyprus and Portugal still stood at high levels in 2011. In the same year Belgium, France and Finland experienced a deterioration in their current account balances and recorded deficits, while the current account deficit remained high in Italy. At the same time, only three euro area countries (Greece, France and Portugal) posted a negative balance for non-oil goods and services in 2011. This box assesses the extent to which other items of the current account, such as the income balance, current transfers and the oil balance, impede current account adjustment and require an even stronger improvement of the balance for non-oil goods and services.

Current account adjustment in euro area countries is hampered by the slow reaction of a number of items which have a significant weight in the current account and do not easily adjust in the short run. The most relevant of these items are, first, net exports of oil, which – given the low price elasticity of demand – may force countries to absorb adverse price fluctuations; second, net income payments, as they depend on the past accumulation of liabilities which cannot be quickly reversed; and third, current transfers, which are largely exogenous to the country's economy and depend on political and demographic factors. All euro area countries recorded a deficit in 2011 in the combined balance for the less-adjustable current account components (oil, income and current transfers), but many of them were able to offset it with sufficiently high net exports of non-oil goods and services (see Chart A).<sup>1</sup>

Although those countries that recorded sizeable current account deficits in the run-up to the financial and economic crisis have, since 2006, improved their non-oil goods and services balances (with Estonia, Spain and Malta switching from a deficit to a surplus), Greece and Portugal remain net importers of non-oil goods and services. These two countries, together with France, are the only countries in the euro area recording a deficit for this balance. Nevertheless, over the same horizon, the deficit for the less-adjustable current account components actually increased in the majority of euro area countries, implying a necessity to even further improve the balance for non-oil goods and services.

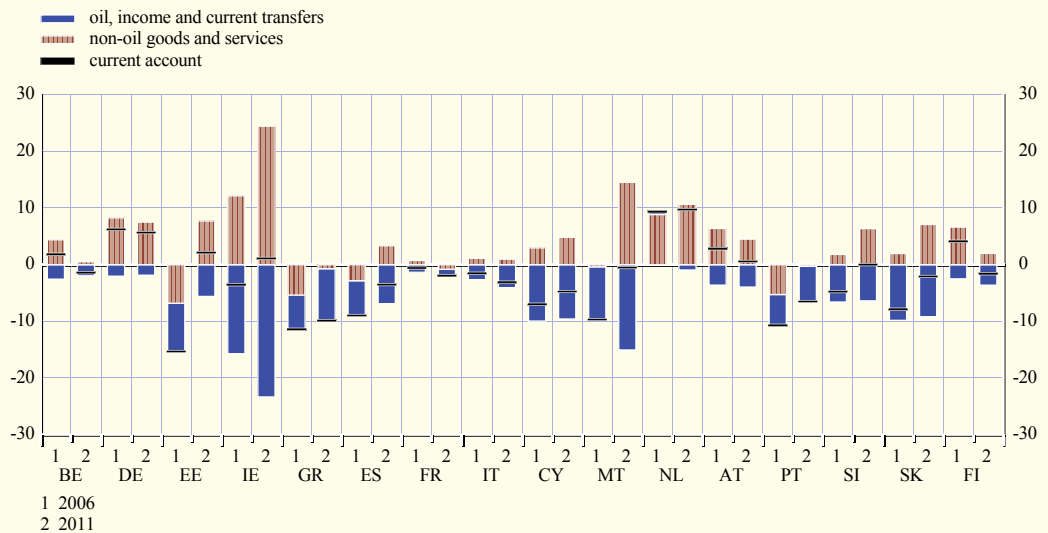
The worsening of the deficit for the less-adjustable current account components reflected a combination of: (i) rising income payments in all euro area countries, except Belgium,

<sup>1</sup> Luxembourg has been excluded from Charts A, B and C for the sake of readability as the magnitude of the income deficit and concomitant surplus for non-oil goods and services of Luxembourg is substantial.



### Chart A Current account balance: non-oil goods and services versus less-adjustable components

(as a percentage of GDP)



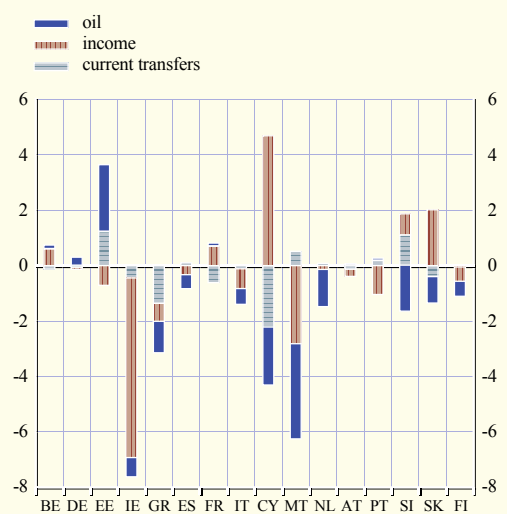
Source: ECB.

France, Cyprus, Slovenia and Slovakia (see Chart B), largely on account of a substantial increase in the net debtor position of the countries; (ii) an increase in the oil deficit in Ireland, Greece, Spain, Italy, Cyprus, Malta, the Netherlands, Slovenia, Slovakia and Finland; and (iii) a worsening of the current transfers balance in the case of Belgium, Germany, Ireland, Greece, France, Italy, Cyprus, Austria, Slovakia and Finland. This latter worsening of the current transfers balance is mainly attributable, in the case of Greece and Cyprus, to a decline in EU structural funding, as the ability of these two countries to absorb funding by generating and co-financing projects was limited.

In 2011 both the income balance and the oil balance accounted for a sizeable part of the overall current account deficits and surpluses in several euro area countries. In that year net income payments to the rest of the world by Estonia, Greece, Spain, Malta, Portugal and Slovakia stood between 2% and 7% of GDP (see Chart C). These were mostly dividends and interest payments on debt securities held by foreigners, as well as payments of income on foreign direct investment in these economies. Income deficits were even more sizeable in Ireland

### Chart B Change in the less-adjustable current account components

(2006-11; as a percentage of GDP)

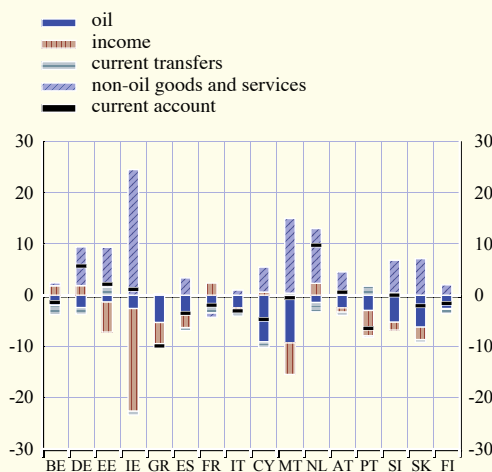


Source: ECB.

and Luxembourg, where they were closely related to the operations of multinational companies (in financial and other services). These firms generated profits by exporting services and these profits were channelled to parent companies in the form of payments of income on foreign direct investment. Therefore, in these cases a significant part of the income deficit was “automatically” covered by a surplus in services trade. Sizeable deficits in the oil balance in 2011 were recorded in Greece, Cyprus, Luxembourg, Malta, Slovenia and Slovakia, ranging between 5% and 9½% of GDP. Current transfers, comprising both private transfers (such as migrants’ remittances) and public transfers (such as general government transfers with European institutions), played a relatively minor role.

Chart C Current account balance of euro area countries

(2011; as a percentage of GDP)



Source: ECB.

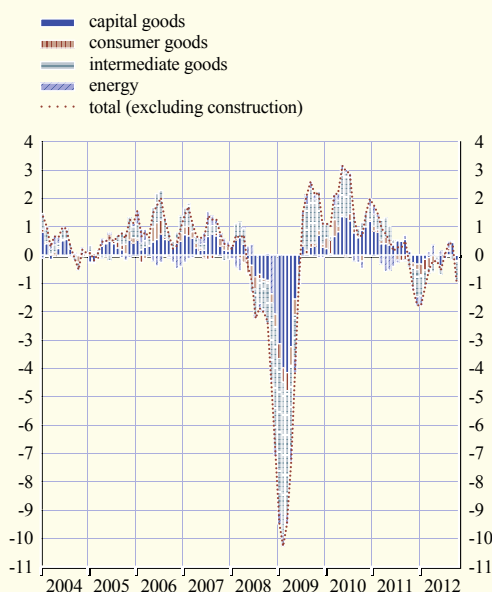
#### 4.2 SECTORAL OUTPUT

In the third quarter of 2012 real value added shrank again, by 0.1% quarter on quarter, owing to weak activity in industry (excluding construction) as well as in construction. At the same time value added in services recorded flat growth.

With regard to developments in the fourth quarter of 2012, industrial production (excluding construction) contracted by 1.4% month on month in October, following an even stronger decline in the previous month. Consequently, in October production stood 2.6% below its average level in the third quarter. This represents a decline compared with the quarterly increase of 0.4% in the third quarter (see Chart 28). Furthermore, survey data, which are available for all months of the fourth quarter, are consistent with a decline in output in the industrial sector (see Chart 29). For example, although the PMI manufacturing output index rose somewhat between the third and fourth quarters, it was still below the expansion/contraction threshold of 50.

Chart 28 Industrial production growth and contributions

(growth rate and percentage point contributions; monthly data; seasonally adjusted)



Sources: Eurostat and ECB calculations.  
Note: Data shown are calculated as three-month moving averages against the corresponding average three months earlier.

The latest data confirm that the underlying growth momentum in the construction industry remains weak. Production in construction shrank further by 1.6% in October, thus reaching a level more than 2% below the outcome for the third quarter. Overall, the negative start to the fourth quarter, combined with negative results from more timely surveys, points to an ongoing contraction in the construction sector.

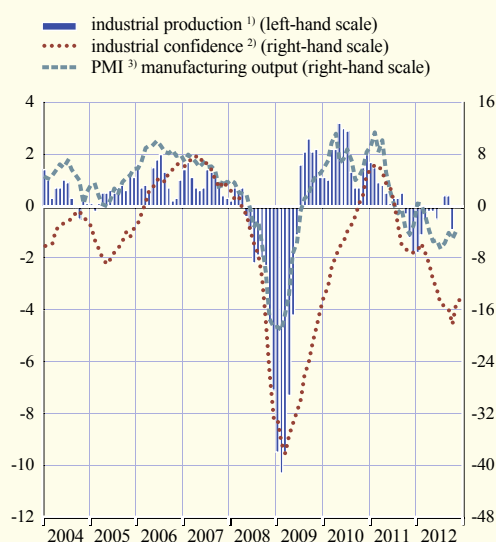
Although the PMI index of activity in business services improved in November and December, it nonetheless declined marginally between the third and fourth quarters of 2012. The index is still recording levels below 50, which would be consistent with negative output developments in the services sector in the final quarter of 2012. Other business surveys, such as those of the European Commission, paint a similar picture.

#### 4.3 LABOUR MARKET

The economic and financial crisis continues to weigh on euro area labour markets. Employment declined again in the third quarter of 2012, while unemployment continued to rise. Survey data point to further job losses in the last quarter of the year.

**Chart 29 Industrial production, industrial confidence and PMI manufacturing output**

(monthly data; seasonally adjusted)



Sources: Eurostat, European Commission Business and Consumer Surveys, Markit and ECB calculations.

Note: Survey data refer to manufacturing.

1) Three-month-on-three-month percentage changes.

2) Percentage balances.

3) Purchasing Managers' Index; deviations from an index value of 50.

**Table 9 Employment growth**

(percentage changes compared with the previous period; seasonally adjusted)

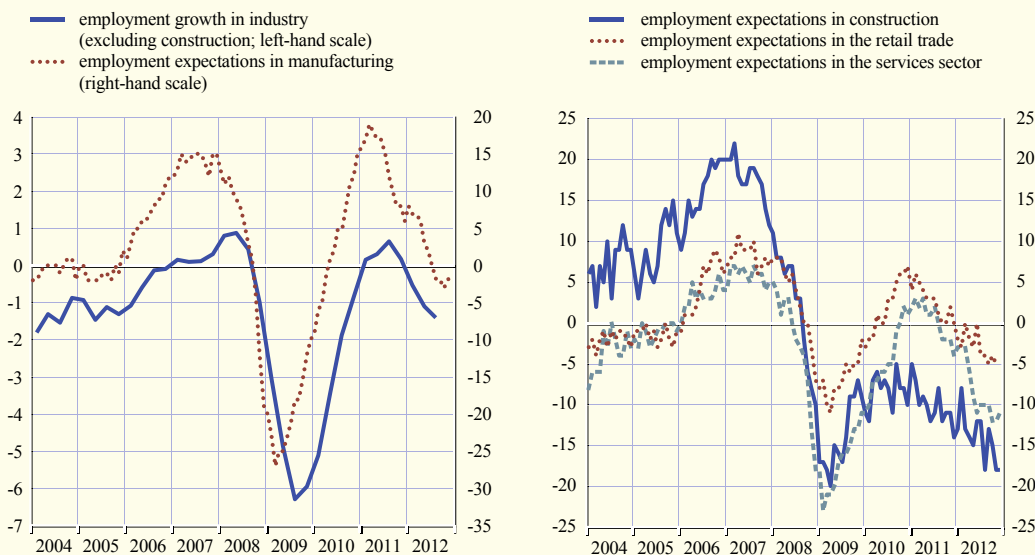
	Persons					Hours				
	Annual rates		Quarterly rates			Annual rates		Quarterly rates		
	2010	2011	2012	2012	2012	2010	2011	2012	2012	2012
			Q1	Q2	Q3			Q1	Q2	Q3
Whole economy	-0.5	0.3	-0.3	0.0	-0.2	0.0	0.2	-0.3	-0.6	-0.2
<i>of which:</i>										
Agriculture and fishing	-1.1	-2.2	-0.2	0.8	-0.5	-0.9	-2.4	-0.4	-0.4	-0.5
Industry	-3.2	-1.0	-0.7	-0.5	-0.6	-1.6	-0.8	-0.5	-1.1	-1.5
Excluding construction	-2.8	0.3	-0.4	-0.5	-0.2	-0.3	0.9	-0.1	-0.7	-1.5
Construction	-3.9	-4.0	-1.5	-0.6	-1.5	-4.0	-4.1	-1.1	-2.0	-1.6
Services	0.4	0.8	-0.2	0.1	-0.1	0.6	0.7	-0.3	-0.5	0.2
Trade and transport	-0.7	0.7	-0.3	0.0	-0.2	-0.3	0.3	-0.7	-0.4	0.2
Information and communication	-1.3	1.9	0.7	0.7	-0.5	-0.8	1.9	0.7	0.0	0.0
Finance and insurance	-0.7	-0.2	-0.2	-0.7	-0.9	-0.2	-0.1	-0.3	-1.3	-0.3
Real estate activities	-0.3	3.0	-1.4	1.0	-1.3	0.7	3.6	-1.5	0.2	-0.7
Professional services	1.6	2.5	-0.6	0.6	0.1	2.3	2.7	-0.7	0.0	0.1
Public administration	1.0	0.1	-0.1	0.1	0.0	1.1	0.1	0.1	-0.3	0.1
Other services <sup>1)</sup>	0.9	0.2	0.6	-0.3	0.3	0.6	-0.1	0.4	-1.9	1.4

Sources: Eurostat and ECB calculations.

1) Also includes household services, the arts and activities of extraterritorial organisations.

Chart 30 Employment growth and employment expectations

(annual percentage changes; percentage balances; seasonally adjusted)



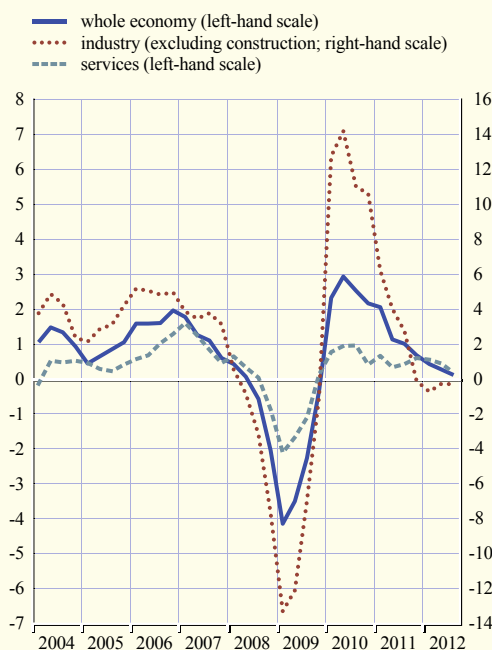
Sources: Eurostat and European Commission Business and Consumer Surveys.  
Note: Percentage balances are mean-adjusted.

In the third quarter of 2012 the level of employment fell by 0.2% quarter on quarter, following flat growth in the previous quarter (see Table 9). At the sectoral level, on a quarter-on-quarter basis, the latest figure reflects a reduction in employment in construction and, to a lesser extent, industry excluding construction and services. Similarly to headcount employment, hours worked declined further, by 0.2% quarter on quarter in the third quarter. The latest survey results point to a further weakening of labour markets in the fourth quarter of 2012 (see Chart 30).

The annual rate of change in productivity per person employed eased further, from 0.3% in the second quarter of 2012 to 0.1% in the third quarter (see Chart 31). This slowdown in growth reflected developments in services. Similarly, the annual growth rate of hourly labour productivity decreased, by 0.1 percentage point, to 1.0% over the same period. The latest readings of the PMI productivity index suggest continued low productivity growth in the fourth quarter of 2012.

Chart 31 Labour productivity per person employed

(annual percentage changes)



Sources: Eurostat and ECB calculations.

Between October and November 2012 the unemployment rate edged up further, by 0.1 percentage point, to 11.8%. The unemployment rate is 4½ percentage points higher than in March 2008, when it was at a cyclical low before the onset of the financial crisis (see Chart 32).

#### 4.4 THE OUTLOOK FOR ECONOMIC ACTIVITY

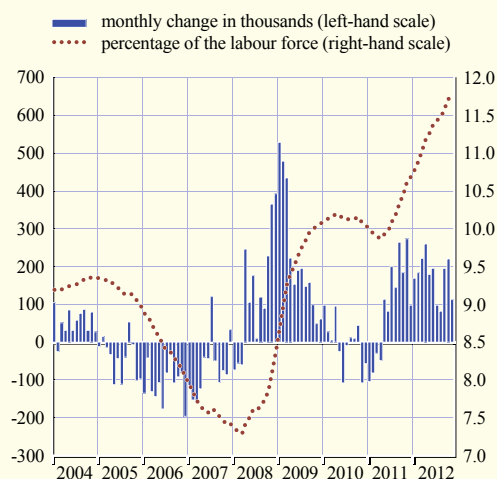
Available statistics and survey indicators continue to signal further weakness in activity, which is expected to extend into this year, reflecting the adverse impact on domestic expenditure of weak consumer and investor sentiment and subdued foreign demand. However, more recently several conjunctural indicators have broadly stabilised, albeit at low levels, and financial market confidence has improved significantly. Later in 2013 a gradual

recovery should start, as the accommodative monetary policy stance, the significant improvement in financial market confidence and reduced fragmentation work their way through to private domestic expenditure, and a strengthening of foreign demand should support export growth.

The risks surrounding the economic outlook for the euro area remain on the downside. They are mainly related to slow implementation of structural reforms in the euro area, geopolitical issues and imbalances in major industrialised countries. These factors have the potential to dampen sentiment for longer than currently assumed and delay further the recovery of private investment, employment and consumption.

**Chart 32 Unemployment**

(monthly data; seasonally adjusted)



Source: Eurostat.

## ARTICLES

# CONFIDENCE INDICATORS AND ECONOMIC DEVELOPMENTS



*The current crisis has very often been labelled as a “confidence crisis”. While in 2007 and 2008, the crisis was mainly seen as relating to financial markets, subsequently, in the euro area, it has evolved into a sovereign debt crisis. Both business and consumer confidence have been affected by this. Economic theory has long considered the possibility that waves of optimism and pessimism could be important drivers of business cycles. Survey data about economic agents’ sentiment can provide information about such optimistic or pessimistic views on future economic developments, especially in terms of uncertainty, which can have substantial implications for the real economy. This article illustrates the usefulness of survey-based confidence indicators for monitoring economic developments in the euro area and for identifying the emergence of waves of optimism and pessimism against the backdrop of the current crisis.*

### I INTRODUCTION

The global financial crisis in 2007-08 was followed by a recession that has been unprecedented since the Great Depression in terms of its abruptness, severity, and cross-country synchronisation. The recession resulted, to a large extent, from a situation of heightened uncertainty or fear of the unknown, as the financial crisis had created a general climate of exceptionally low confidence. Consumers, firms, and investors around the world adopted “wait-and-see” attitudes, postponing expenditures that could be delayed until the uncertainty about the severity of the crisis was resolved. These attitudes of extreme prudence, in turn, fed the crisis. Similarly, the sovereign debt crisis in the euro area is another stage of the global financial crisis, in which weak confidence is undermining the forces that would, under normal circumstances, be contributing towards a sustainable rebound in economic conditions.

Measuring the sentiments or confidence of economic agents – households and firms – is not a straightforward process. Survey-based indicators can, however, be helpful in discovering people’s opinions on future economic developments. These indicators are both timely and can include information that is known by the survey respondents but not yet reflected in aggregate economic variables, such as consumption expenditures, employment or GDP. As they are based on personal views or the sentiments of individuals, they can also reveal important information about expectations, particularly regarding the emergence of waves of optimism or pessimism that are shown by many authors to be important drivers of the business cycle (see Box 1).

This article aims to analyse the usefulness of such survey-based indicators in order to monitor and predict economic developments in the euro area. Particular attention will be given to the development of such confidence indicators since the start of the global financial crisis in 2007, as the large swings in survey-based indices seem to be consistent with the collapse in confidence as an important driver of the subsequent economic recession. The drivers of confidence and the conditions under which sentiment indicators prove to be helpful in predicting future economic developments will, therefore, be discussed in some detail.

The article is structured as follows. After examining the economic sentiment indicators available for the euro area and their developments since the crisis in Section 2, Section 3 describes some of the factors that affect their movements over time and makes the link between uncertainty and confidence. Section 4 shows how confidence indicators can be used to monitor and predict economic developments in the euro area. Section 5 draws some conclusions.

## THE ROLE OF CONFIDENCE IN MACROECONOMICS

The role of confidence indicators in economic analysis has been widely debated in the academic literature. There are two main contrasting approaches: the “information” view, which suggests that confidence indicators contain information about future economic developments, and the “animal spirits” view, which claims that independent changes in beliefs have causal effects on business cycles.<sup>1</sup> Both the information and animal spirits views can still be compatible with leading indicator properties, but only the latter would imply causality. Empirically, however, the conclusions remain ambiguous. At one extreme, confidence measures are shown to have both a predictive power and a role in understanding business cycle fluctuations. At the other extreme, some research concludes that the concept of confidence does not play any valuable role in macroeconomics.

### Confidence in the consumption theory

From a theoretical viewpoint, the modern theories of consumption suggest that any role given to consumer confidence to explain future consumption is not consistent with rational economic expectations.<sup>2</sup> Therefore, explanations of the predictive power of consumer confidence have to be found outside of the rational expectations theoretical framework with frictionless capital markets. Indeed, with frictions in capital markets, a rise in confidence may reflect higher future income, but borrowing constraints can prevent the consumer from consuming more today in anticipation of the increase in income. As a result, consumption will increase only when actual income rises. In such a case, an increase in consumer confidence predicts the future increase in consumption.<sup>3</sup>

Another theoretical justification of the role of confidence in explaining consumption expenditures relates to the existence of “animal spirits”.<sup>4</sup> Information received might alter the consumers’ perceptions about the future and affect their current consumption decisions. Consumers revise their economic outlook and behaviour based on signals originating from their economic environment. In particular, optimistic income expectations induce people to increase their discretionary expenditures, which do not only depend on economic determinants such as income or prices, but also on attitudes or expectations. These psychological factors influence the perception of the consumer’s economic environment and how to respond to it.<sup>5</sup>

### Empirical results

From an empirical viewpoint, the literature has investigated the extent to which confidence indicators could contain any information beyond economic fundamentals that could be helpful to

- 1 Barsky, R. and Sims, E. (2012), “Information, animal spirits, and the meaning of innovations in consumer confidence”, *American Economic Review*, No 102, pp. 1343-1377.
- 2 Hall, R.E. (1978), “Stochastic implications of the life-cycle/permanent income hypothesis: Theory and evidence”, *Journal of Political Economy*, No 96, pp. 971-987.
- 3 Acemoglu, D. and Scott, A. (1994), “Consumer confidence and rational expectations: Are agents beliefs consistent with the theory?”, *The Economic Journal*, No 104, pp. 1-19.
- 4 Keynes, J. M. (1936), “The General Theory of Employment, Interest and Money”, London, Macmillan, pp. 161-162 and Katona, G. (1975), “Psychological Economics”, New York, Elsevier Scientific Publishing Company.
- 5 Shapiro, H. (1972), “The index of consumer sentiment and economic forecasting: A reappraisal”, in Strumpel, B., Morgan, J. and Zahn, E. (Eds.), “Human Behavior in Economic Affairs”, Jossey-Bass, San Francisco, pp. 373-396.

forecast future consumption expenditures. The questions of interest are, first, whether an index of consumer sentiment has any predictive power on its own for future changes in consumption spending and, second, whether it contains information about future changes in consumer spending aside from the information contained in other available indicators, such as income, unemployment or inflation.

While the evidence is overall rather mixed, most authors seem to, at least, find a significant statistical relationship between confidence measures and economic variables, both current and future.<sup>6</sup> The conclusions are, however, conflicting, because it remains difficult to fully isolate the effect of consumer confidence on consumption. Confidence is indeed closely related to other economic variables that also affect consumption, such as income. The disagreement among the empirical studies, therefore, reflects different sets of economic indicators included in the various consumption forecasting models.

There is, however, more consensus when it comes to events that have led to significant changes in confidence, where there is more likely to be some empirical support for the role of confidence as a predictor of consumption. In particular, some authors stress the special importance of confidence indicators in predicting periods of strong fluctuations in the economy, such as recessions and recoveries, or during periods of major economic or political shocks.<sup>7</sup> Such periods are usually associated with high volatility of consumer confidence, suggesting that large swings in confidence could be very useful indicators of consumption.<sup>8</sup>

### The role of confidence in business cycle fluctuations

Beyond the role of confidence in consumption behaviour, the academic literature has also been interested in the importance of sentiment in business cycles, as economic agents' perceptions about the future might impact not only consumption but also firms' investment decisions and production. For instance, Beveridge (1909) was among the first to stress that expectations were the "single underlying" factor in business cycles.<sup>9</sup> Any change in expectations about demand and profits leads firms to increase their production, resulting in a phase of overproduction. This excess optimism about future demand then leads to a wave of pessimism, generating cyclical fluctuations. Clark (1917) also claimed that anything that can change consumer demand (including a sudden wave of optimism) can create an "impulse" that propagates, through an acceleration mechanism, into a cycle.<sup>10</sup> Similarly, for Pigou (1927), psychological factors (i.e. waves of optimism and pessimism) lead entrepreneurs to make errors when forming their expectations about future profits.<sup>11</sup> These errors generate cycles through rises and falls in investment.

6 Carroll, C.D., Fuhrer, J. and Wilcox, D. (1994), "Does consumer sentiment forecast household spending? If so, why?", *American Economic Review*, No 84, pp. 1397-1408.

7 Garner, C.A. (1991), "Forecasting consumer spending: Should economists pay attention to consumer confidence surveys?" *Economic Review*, pp. 57-71 or Howrey, E.P. (2001), "The predictive power of the index of consumer sentiment", *Brookings Papers on Economic Activity*, No 32, pp. 175-207.

8 See "The reliability of survey data during periods of financial turmoil", *Monthly Bulletin*, ECB, pp. 56-58, November 2008.

9 Beveridge, W.H. (1909), "Unemployment: A Problem of Industry", Longmans Green, London.

10 Clark, M.J. (1917), "Business acceleration and the law of demand: A technical factor in economic cycles", *Journal of Political Economy*, No 25, pp. 217-235.

11 Pigou, A. (1927), "Industrial Fluctuations", Macmillan, London.



Although the Real Business Cycle theory does not envisage such psychological factors in its explanation of economic fluctuations,<sup>12</sup> Pigou's ideas have recently been reintroduced into the theory of cycles in the context of equilibrium business cycle models.<sup>13</sup>

12 Barro, R.J. and King, R.G. (1984), "Time-separable Preferences and Intertemporal-Substitution Models of Business Cycles", *The Quarterly Journal of Economics*, No 99, pp. 817-839.

13 See Beaudry, P. and Portier, F. (2004), "An exploration into Pigou's theory of cycles", *Journal of Monetary Economics*, No 51, pp. 1183-1216.

## 2 CONFIDENCE INDICATORS AND THEIR DEVELOPMENT SINCE THE BEGINNING OF THE CRISIS

The analysis discussed here is mainly based on the European Commission (EC) confidence indices for the euro area and the euro area countries, as they provide the longest time series available for testing and are among the most widely used indicators for the euro area. The EC has been conducting surveys since 1961, with more than 125,000 firms and 40,000 consumers surveyed every month across the EU countries. At the very least, these survey data are useful from the point of view of monitoring economic developments in a timely manner, as they are available earlier than "hard data" (national accounts, output data, etc.) and are subject only to limited revisions. For instance, the EC releases the full set of Business and Consumer Surveys at the end of the reporting period to which they refer. A flash estimate of the consumer confidence index is even available around ten days earlier than that. As the surveys include forward-looking questions (i.e. sentiment over the next 12 months), they also reflect economic agents' expectations about future economic developments.

Starting with the consumer confidence index, the EC's consumer survey asks participants a set of questions about their economic circumstances and their views on the general economic outlook. More precisely, questions relate to households' personal situations, the labour market, and the general economic situation. The questions are both backward-looking (over the last 12 months) and forward-looking (over the next 12 months). For most questions, the respondents are offered various possible qualitative answers, ranging from "a lot better" to "a lot worse". Each question is then summarised as a percentage balance derived from the proportion of respondents opting for each of these response categories. The consumer confidence indicator is calculated as the arithmetic mean of the four balances derived from the four forward-looking questions. Two of them relate to their personal situation (financial position and savings) and the other two relate to the economic situation of their country (general economic situation and unemployment in the country).

There is, of course, an important caveat to mention as regards the measurement of confidence. Household sentiment is a personal and subjective assessment of the environment (current and future) in which agents take economic decisions. Moreover, the consumer sentiment indices might be subject to measurement errors, as survey questions are very often too ambiguous for the respondent and too qualitative to be used for quantitative assessment.<sup>1</sup> However, in most empirical work, confidence indices derived from surveys are assumed to be a good proxy of individuals' perceptions about their economic environment and to be informative about their behaviour.

Turning to the business surveys, the EC conducts surveys for five different sectors (industry; services; construction; retail trade; and financial services). The surveys are largely qualitative and the main questions refer to an assessment of recent developments in the business situation, of the

1 See, for instance, Dominitz, J. and Manski, C.F. (2004), "How should we measure consumer confidence", *Journal of Economic Perspectives*, No 18, pp.51-56.

current levels of order books and stocks, as well as expectations about production, selling prices and employment. Answers are usually given according to a three-option ordinal scale: “increase”, “remain unchanged”, “decrease”; or “more than sufficient”, “sufficient”, “not sufficient”; or “too large”, “adequate”, “too small”. Answers are aggregated in the form of balances, which are then used to build composite indicators for each surveyed sector.

As an aggregate confidence index, the EC also computes the economic sentiment index, as a weighted average of sentiment in industry, services, the retail trade and construction as well as among consumers.<sup>2</sup>

The EC survey indicators have experienced large swings since the beginning of the crisis. Consumer confidence fell first with the international propagation of the US “subprime” crisis in mid-2007 (see Chart 1). The Lehman Brother collapse was also associated with one of the largest falls in the consumer confidence index in September 2008. The index reached an historical trough in March 2009. The index recovered from this trough to rise just above its long-term average at the end of 2010 and beginning of 2011, before declining once again. The euro area sovereign debt crisis in the summer of 2011 was associated with a large fall in the confidence index. After some stabilisation at the beginning of 2012, the index fell again in the summer of 2012. Although the recent trough remains higher than the previous 2009 low, the current level of the consumer confidence index stands far below the historical average.

The heterogeneity in economic developments across euro area countries is also reflected in the development of confidence indicators (see Chart 2). While the developments were relatively

2 Further information on the EC survey data can be found on the DG ECFIN’s BCS website: [http://ec.europa.eu/economy\\_finance/db\\_indicators/surveys/index\\_en.htm](http://ec.europa.eu/economy_finance/db_indicators/surveys/index_en.htm)

**Chart 1 Developments in euro area consumer confidence**

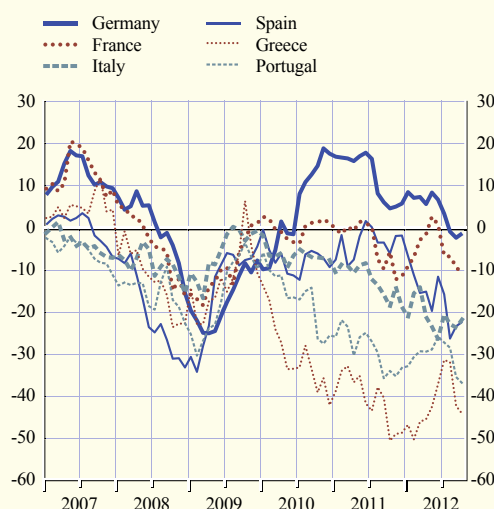
(percentage balances)



Sources: European Commission and ECB calculations.  
Note: Data shown are calculated as deviations from the average over the period since January 1985.

**Chart 2 Developments in consumer confidence in selected countries**

(percentage balances)



Sources: European Commission and ECB calculations.  
Note: Data shown are calculated as deviations from the average over the period since January 1985.

homogenous across countries until 2009, the consumer confidence indices have shown diverging trends across the euro area countries since 2009. The index recovered rather strongly in Germany in 2010 and remained broadly stable thereafter. In France, it remained very close to the euro area aggregate, while it declined more strongly in Italy and Spain, especially since mid-2011. The confidence indices in Greece and Portugal fell from the end of 2009 to historical lows in mid-2011. They have since then recovered somewhat, though remaining at very low levels.

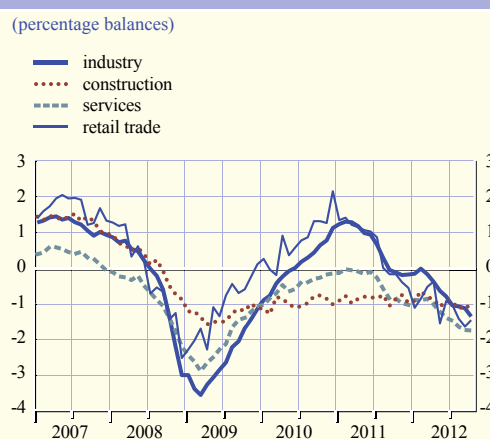
Business confidence indices have also developed along similar lines, with sharp declines from 2007 to 2009, a recovery up to mid-2011, and a renewed decrease since then. Some sectoral differences ought to be pointed out, however, with the industry and retail trade sectors experiencing the largest swings in business confidence. Although less volatile, confidence in the services and construction sectors has remained at low levels since the end of 2009 (see Chart 3).

### 3 DRIVERS OF CONSUMER CONFIDENCE

Computing the contribution of the various components to the overall confidence index can provide some clues about the driving forces of confidence. In addition to this simple statistical approach, it is also interesting to identify a few variables that tend to co-move with confidence indicators, without presuming any causal link between them. As confidence indicators are used here solely from the perspective of measuring economic agents' expectations about the future, the analysis focuses on consumer surveys. Moreover, most of the academic literature concentrates on consumer sentiment indices when analysing the usefulness of such indicators as predictors of economic developments or as a way to identify confidence shocks.

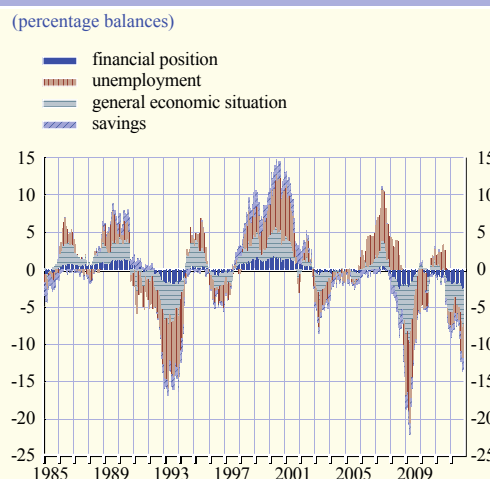
Chart 4 shows the contributions of the four components to the overall euro area consumer confidence index. Most of the volatility of the indicator is driven by changes in expectations relating to unemployment developments. This was particularly the case during the recession in the 1990s and in 2008. There are, indeed, strong co-movements between consumer

**Chart 3 Developments in business confidence by sectors**



Sources: European Commission and ECB calculations.  
Notes: Data shown are calculated as deviations from the average over the period since January 1985. To facilitate sectoral comparisons balances are normalised.

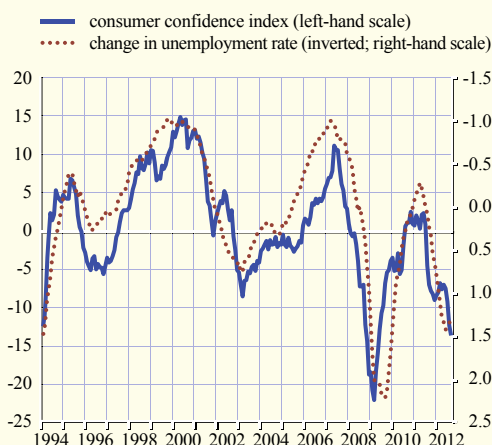
**Chart 4 Contributions of components to euro area consumer confidence**



Sources: European Commission and ECB calculations.  
Note: Data shown are calculated as deviations from the average over the period since January 1985.

**Chart 5 Consumer confidence and the unemployment rate in the euro area**

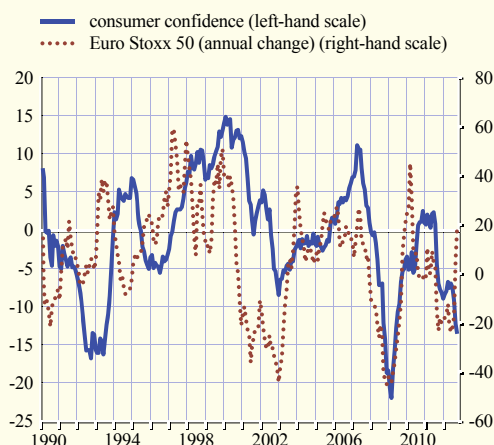
(percentage balances; annual change)



Sources: European Commission, Eurostat and ECB calculations.  
 Note: Survey data shown are calculated as deviations from the average over the period since January 1985.

**Chart 6 Consumer confidence and equity prices in the euro area**

(percentage balances and year-on-year change, percentages)



Sources: European Commission, Eurostat and ECB calculations.  
 Note: Survey data shown are calculated as deviations from the average over the period since January 1985.

confidence and unemployment. Chart 5 illustrates the fact that increases in the annual change in the unemployment rate tends to be associated with declines in consumer confidence. The correlation between the consumer confidence index and the inverted yearly change in the unemployment rate is highly positive: 84% contemporaneously and 88% with a three-month lead for the confidence indicator.

During the 2008-09 financial crisis, as well as during the euro area sovereign debt crisis, expectations about the general situation have also contributed significantly to the changes in the euro area confidence indicator. Such high-profile events may have, indeed, had a large impact on the respondents' perceptions about the future economic situation.

In general, the other two components (savings and financial situation) contribute less to the changes in the overall index. There is, notwithstanding this, a rather strong correlation between the change in the consumer confidence index and the change in equity prices in the euro area (Chart 6). Compared to the co-movements with unemployment, the correlation between the confidence indicator and the change in equity prices is more contemporaneous. This may indicate that stock markets are not so much important for consumers in terms of their personal financial situation (particularly in the euro area, where the share of financial wealth in total wealth is low by international standards), but they become much more important in terms of providing timely information about the economic situation. The co-movements between this financial market variable and consumer confidence actually increased during the financial crisis. There are also strong co-movements between financial market uncertainty and the consumer confidence indicator (Chart 7). Consumer confidence and the uncertainty indicator derived from the volatility of financial market variables in the euro area (VSTOXX index<sup>3</sup>) have co-moved rather strongly from the

3 The VSTOXX is a volatility index, providing a measure of market expectations of near-term up to long-term volatility based on the Euro Stoxx 50 options prices. The data shown here refer to the index of percentage implied volatility, on a hypothetical at the money Euro Stoxx 50 option 30 days to expiration.

**Chart 7 Consumer confidence and financial market uncertainty**

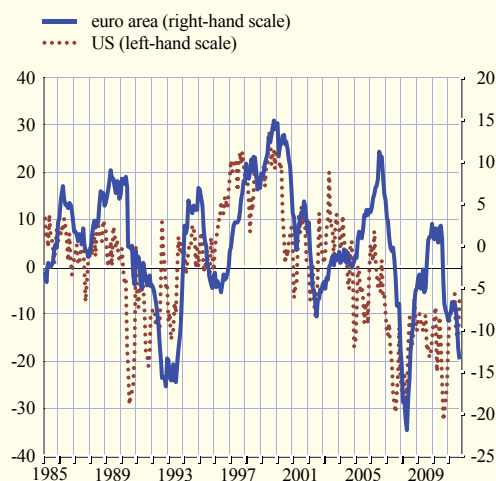
(percentage balances; annual changes)



Sources: European Commission, Stoxx and ECB calculations.  
Note: Data shown are calculated as deviations from the average over the period since January 1985.

**Chart 8 Euro area consumer confidence and US consumer sentiment index**

(percentage balances)



Sources: European Commission, University of Michigan and ECB calculations.  
Note: Survey data shown are calculated as deviations from the average over the period since January 1985.

beginning of the 2000s and during the recent financial crisis. These co-movements, between a measure of confidence and a measure of uncertainty, point to quite a strong relationship between these two concepts, which, in any case, remain difficult to quantify owing to their latent nature. Higher uncertainty tends to be associated with low confidence, which is particularly true since the beginning of the crisis.<sup>4</sup>

Finally another key aspect of the recent financial crisis has been the increased synchronisation in business cycles across countries. These co-movements in economic activity can also be found at the level of the confidence indicators. Chart 8 illustrates, for instance, that there is not only a clear relationship between the US consumer confidence index (measured by the University of Michigan consumer sentiment index) and the corresponding euro area index, but that there is also some lead in the US sentiment index when compared with the euro area (the maximum correlation between the two series is when the United States leads the euro area by three months). This underlines the role of the United States in the world economy and the importance of the transmission of shocks from the United States to the rest of the world.

Overall, the previous charts show strong correlations between the confidence indicators and various economic and financial indicators. However, these correlations do not imply any causality relationship. The association between movements in consumer confidence and those in other economic or financial variables indicate that common causes, possibly related to third factors (e.g. rare events producing financial or uncertainty shocks), might be at the origin of these large swings.

<sup>4</sup> Positive innovations to business uncertainty are shown to have effects similar to negative business confidence innovations (see Bachmann, R., Elstner, S. and Sims, E.R., "Uncertainty and Economic Activity: Evidence from Business Survey Data", *NBER Working Paper*, No 16143, 2010).

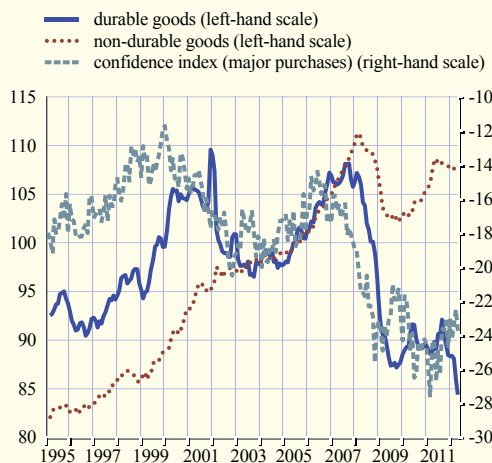
#### 4 THE USE OF CONFIDENCE INDICATORS TO MONITOR AND PREDICT ECONOMIC DEVELOPMENTS

The relationship between confidence and uncertainty has often led the persistent weakness in economic activity since the beginning of the financial crisis to be interpreted as a persistent wave of pessimism following a strong, negative confidence shock associated with an increase in uncertainty.<sup>5</sup> Reacting to higher uncertainty about their future income, households may increase their precautionary savings, reducing equivalently their consumption expenditures. This accumulation of precautionary wealth aims at protecting households' spending from future adverse shocks. Shocks to uncertainty could then explain a large part of households' savings behaviour, together with shocks to wealth and credit conditions.<sup>6</sup> Firms also react to uncertainty both, on the demand side, by cutting investment plans, and on the supply side, by reducing hiring plans. Heightened risk awareness and uncertainty hinders especially those decisions that are difficult and costly to reverse, such as fixed investment or the purchase of durable goods.<sup>7</sup> Chart 9 illustrates the fact that, within the consumer goods industry, durable goods have been the most affected by lower confidence, as shown by the high correlation with the confidence sub-index related to major purchases over the next 12 months. By contrast, non-durable goods have remained less influenced by swings in consumer confidence, as a large part cannot be postponed.

High uncertainty and low confidence are likely to have some impact on business cycle fluctuations, following the idea that non-economic fundamental reasons could have some impact on economic developments. In particular, booms and busts can arise even without any significant changes in economic fundamentals, and recessions can develop merely from a wave of pessimism unrelated to any technological regression.<sup>8</sup> In other words, changes in expectations driven by changes in sentiment could drive a large part of economic developments. Theoretical and empirical studies show that major uncertainty shocks have a significant impact on the real economy, bringing about a substantial drop and rebound in output and employment. This occurs because higher uncertainty causes firms to suspend their investment and hiring. In turn, this affects consumer confidence and spending. Productivity growth also falls, because this pause in activity freezes reallocation across units. In the medium term, uncertainty shocks lead output, employment, and productivity to overreact, generating short, sharp recessions and recoveries.<sup>9</sup> Heightened uncertainty also affects

Chart 9 Turnover index for durable and non-durable consumer goods industry (domestic market) and confidence index for major purchases

(levels, 2005=100, 3-month moving average; percentage balances)



Sources: Eurostat, European Commission and ECB calculations.

5 See, for instance, IMF (2012), "World Economic Outlook – October 2012: Coping with High Debt and Sluggish Growth".

6 See Carroll, C., J. Slacalek and M. Sommer (2012), "Dissecting savings dynamics: Measuring credit, wealth and precautionary effects", ECB, mimeo, and J. Slacalek (2012), "What drives the US personal savings rate? The role of wealth, credit and uncertainty", *ECB Research Bulletin*, No 16, pp. 10-12, [www.ecb.europa.eu/pub/pdf/other/researchbulletin16en.pdf](http://www.ecb.europa.eu/pub/pdf/other/researchbulletin16en.pdf)

7 See, for instance, Pindyck, R.S. (1991), "Irreversibility, Uncertainty and Investment", *Journal of Economic Literature*, No 29, pp. 1110-1148, and Bernanke, B. (1983), "Irreversibility, Uncertainty and Cyclical Investment", *Quarterly Journal of Economics*, No 98, pp. 85-106.

8 See Beaudry, P. and Portier, F. (2004), "An exploration into Pigou's theory of cycles", *Journal of Monetary Economics*, No 51, pp.1183-1216.

9 Bloom (2009), "The Impact of Uncertainty Shocks", *Econometrica*, Vol. 77, No 3, May, pp. 623-685.

the effectiveness of economic policy. It is has been found that increased uncertainty alters the relative impact of government policy, making it, in the short run, less effective.<sup>10</sup>

The euro area consumer confidence index co-moves clearly with households' consumption expenditures (see Chart 10). However, as such co-movements also reflect information included in other economic variables (see Charts 5 to 7), it is important to distinguish the additional information that survey-based data can bring and that which is not contained in any other indicator. One obvious advantage of the confidence index is its timeliness. On top of this, a key question concerns its ability to predict future changes in actual households' consumption expenditures. Since they are based on forward-looking questions, the confidence indicator can include some information that is not available in any other economic indicator.

A simple regression between changes in consumption and lagged changes in consumer confidence in the euro area shows some sort of positive relationship between the two. Although the fit is not particularly high, 14% of real consumption fluctuations could be explained by changes in consumer confidence. However, once additional economic indicators are included in such regressions (i.e. income, unemployment, stock prices, interest rates, etc.), the gain obtained by including confidence indicators in explaining consumption becomes even less significant. The same applies when using consumer confidence to predict consumption in out-of-sample forecasting exercises.<sup>11</sup>

Thus, if confidence indicators are used to infer changes in economic agents' sentiment, one needs to distinguish in the information contained in these indices the part related to economic developments that is also included in other indicators from the part that is uniquely related to agents' perceptions about the future. This can be done through the estimation of a VAR model used to forecast changes in real consumption and including consumer confidence in addition to standard economic and financial variables.<sup>12</sup> This model can then be used to obtain a historical forecast error decomposition. Chart 11 illustrates the relative contribution to forecast errors of real consumption due to shocks to confidence and to the other economic variables. This shows that shocks to confidence play a relatively small role, on average, compared to shocks to other economic variables. However, there are periods during which confidence shocks play a more important role, such as during episodes of economic tensions (financial crises or economic recessions) or during geopolitical turmoil.

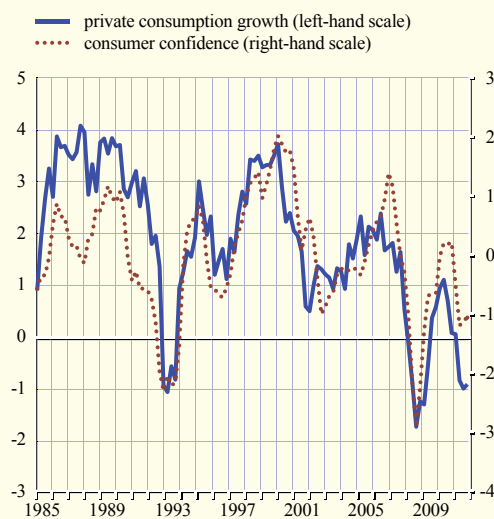
10 See Bloom, N. et al. (2012), "Really uncertain business cycles", *NBER Working Paper*, No 18245.

11 See, for instance, Dees and Soares-Brinca (2011), "Consumer confidence as a predictor of consumption spending: Evidence for the United States and the euro area", *Working Paper*, No 1349, ECB, forthcoming in *International Economics*.

12 See Dees and Soares Brinca (2011), op. cit.

**Chart 10 Private consumption and consumer confidence in the euro area**

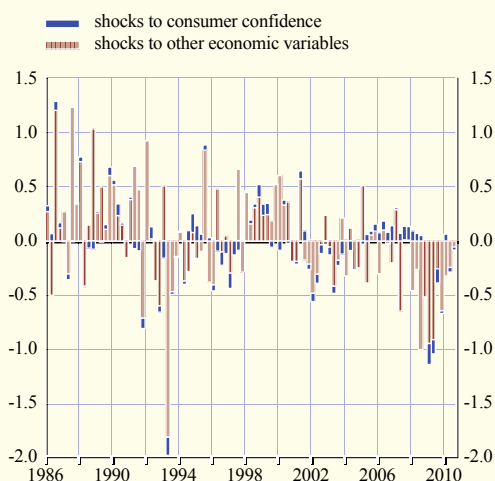
(annual percentage changes; percentage balances, standardised)



Sources: European Commission, Eurostat and ECB calculations.

**Chart 11 Real consumption historical forecast error decomposition**

(percentage)

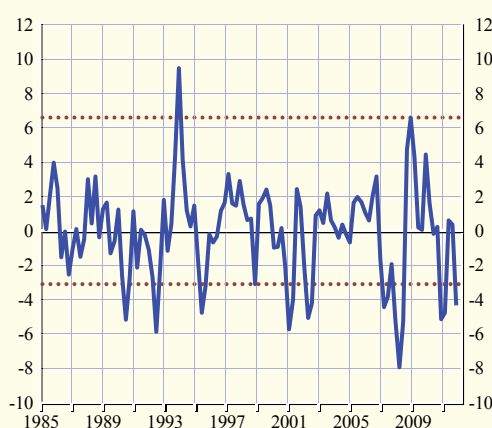


Source: Dees and Soares Brinca (2011).

Note: Historical decomposition of forecast errors based on a VAR model including real consumption, consumer confidence, real disposable income, financial and housing wealth, real equity prices, short-term interest rates, unemployment rate and real oil prices.

**Chart 12 Quarterly changes in consumer confidence and optimal prediction thresholds**

(percentage balances)



Sources: European Commission and ECB calculations.

Note: The upper and lower bands are obtained so as to maximise the in-sample fit of the equation linking changes in consumption with lagged changes in consumer confidence.

Against this background, one possible hypothesis could be that significant changes in confidence indicators might be particularly helpful to predict economic developments. Non-linearities in the relationships between confidence indicators and economic variables might then play a large role. Even if during normal periods of economic activity, sentiment indices are not of any help to forecast future changes in economic variables, they might include information that is not yet contained in any other economic indicator during periods of tensions, when these indices feature large swings.

Within a regression explaining changes in consumption with various economic variables, including confidence, it is possible to estimate upper and lower thresholds beyond which changes in confidence indicators start having a significant forecasting ability to predict future developments in consumption. For the euro area, these thresholds are found to be asymmetric, that is to say, strong decreases in consumer confidence are more important to predict future changes in consumption than large increases (see Chart 12). Over the period 1985-2012, only one large increase could be considered as important, which was in the first quarter of 1994, and it corresponds to a period of economic recovery. By contrast, nine episodes of large declines in the confidence index are considered, by this empirical approach, as being an important leading indicator as to future developments in consumption. In all cases, the identified dates correspond to economic downturns (1990, 2001-02 and 2008), financial crises (1992, 2007, 2011 and 2012) or geopolitical tensions (2001 and 2002).

The relative gain in predictability of confidence indicators when they exhibit large changes, therefore, points to a non-linear and asymmetric relationship between confidence and economic fluctuations. It could, therefore, be helpful to exploit these properties to use the confidence indicators



as a predictor of economic recessions. Box 2 shows that most cyclical downturns in the euro area could have been predicted by large downward changes in consumer confidence. Using this model over the most recent period shows that monitoring the strong declines in confidence in the summer months of 2011 would have been helpful to predict the renewed downturn in economic activity from the end of 2011. The intensification of the euro area sovereign debt crisis, as a result of the deterioration in the confidence of economic agents, indeed contributed to the sudden worsening of economic conditions at the end of 2011 and in 2012.

## Box 2

### CONFIDENCE INDICATORS TO PREDICT ECONOMIC RECESSIONS

The link between confidence indicators and economic activity is not straightforward, but may be more relevant during crisis periods. During normal times of economic activity, changes in confidence may reflect misperceptions about the economic situation or simply be following real developments, such that the information content of such indicators may be small. As a result, sentiment indicators may have poor leading properties. However, during crisis periods, a significant deterioration in confidence can have some predictive power with regard to future economic developments. In such circumstances, confidence indicators reflect a significant change in economic agents' behaviour, which is likely, in turn, to have real implications.

This box aims to provide more evidence on the link between confidence indicators and economic activity in the euro area. Using a model relying on confidence indicators to predict economic cycle phases, it shows that a significant fall in confidence is often associated with a recession.

Recessions are usually severe shock events and abrupt confidence falls can be good indicators of regime shifts out of normal cyclical swings and into periods of negative feedback loops between confidence, domestic demand and asset market changes. A theoretical explanation of the link between confidence and economic cycle phases can be found in a range of dynamic general equilibrium models that give rise to multiple equilibria, in which expectations about the future level of output can become self-fulfilling. As a result, a decline in consumer or business confidence can, *ceteris paribus*, cause a decline in output.<sup>1</sup>

Empirically, the modelling of business cycle phases has been popularised by the use of probit models predicting recessions for some periods ahead based on financial variables.<sup>2</sup> The main goal has not necessarily been to understand how the economy behaves in the different phases of the business cycle, but instead to use the current values of the predictors to forecast the likelihood of recessions and expansions some quarters ahead of the current period. Applying probit models to business cycle phases therefore aims at fitting the historical pattern of recessions and expansions through some observable variables or combinations of variables. Although the use of probit models to link survey indicators with business cycle phases has been scarcer than models using financial variables, some studies find that both consumer and business confidence indicators are pro-cyclical and generally play a significant role in predicting recessions.<sup>3</sup>

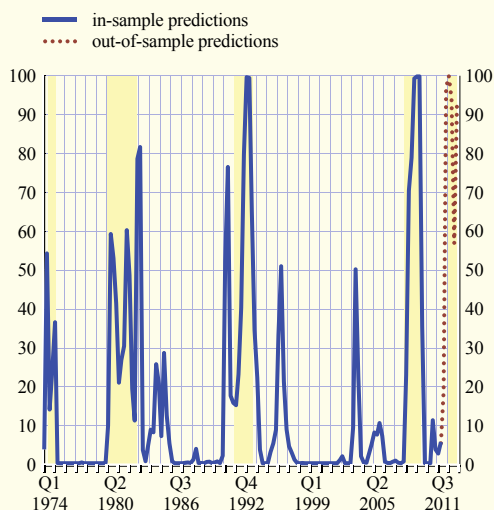
1 Farmer, R. (1999), "Macroeconomics of Self-fulfilling Prophecies", second edition, MIT Press, Cambridge, MA.

2 Estrella, A., (2005), "Why does the yield curve predict output and inflation?", *Economic Journal*, No 115, pp. 722-744.

3 Taylor, K. and R. McNabb (2007), "Business Cycles and the Role of Confidence: Evidence for Europe", *Oxford Bulletin of Economics and Statistics*, No 69 (2), pp. 185-208.

**Chart A Recession probability in the euro area**

(probability equals 1 when the economy is in recession)

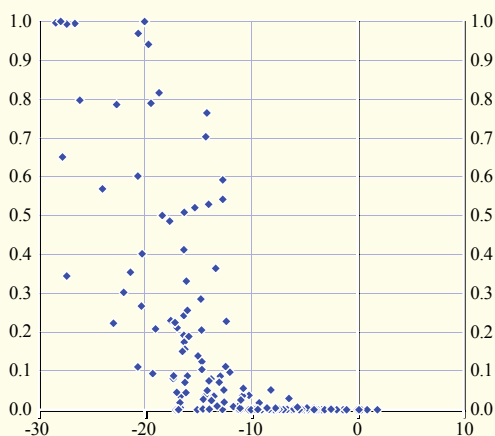


Source: ECB calculations.

Note: The yellow areas correspond to recessions defined by the CEPR. In-sample over 1974Q4-2011Q3; out-of-sample over 2011Q4-2012Q4.

**Chart B Euro area consumer confidence (x-axis) and recession probability (y-axis)**

(x-axis: balance of opinion; y-axis: probability equals 1 when the economy is in recession)



Sources: Eurostat and ECB calculations.

Following the empirical literature, a probit model including the EC consumer confidence index can be estimated. To account for the predictability coming from other economic variables, the OECD leading indicator for the euro area is also included in the model as a summary of other available economic information. Overall, this model captures relatively well business cycle phases, with probability values increasing when recessions occur (see Chart A). Interestingly, the probabilities are close or equal to 1 for the recessions that were associated with financial crises (the ERM crisis in the 1990s or the financial crisis in 2008). The drawback of this modelling approach is that the probability also increases during periods of falls in confidence that are not necessarily associated with recessions (such as during the geopolitical tensions in 2003). These false signals remain, however, limited.

Moreover, while rather low before the recession starts, the probability tends to sharply increase once the confidence indicator goes beyond a certain threshold. This is in line with the non-linear relationships between confidence indicators and their corresponding “hard” data, mentioned in the main text. Here, similar evidence can be shown. For example, when comparing the series of recession probabilities with the consumer confidence data, one sees that the probability of recession increases quickly once confidence balance of opinion drops below -10, while it remains close to zero when the indicator posts higher values (see Chart B).

The main shortcoming of the approach presented here is that using a particular type of indicator in forecasting economic conditions can generate false signals, due to developments which affect the chosen indicators, but which are uncorrelated to, or have low correlation with, the subsequent recession probabilities. This approach may also overlook important indicators that could improve the explanatory power of the models. However, the present exercise remains useful, since it complements other approaches using survey-based data to support analyses of the short-term outlook.

## 5 CONCLUSION

The recent crisis and the following recession have given a prominent role to sharp movements in confidence as a key driver of economic developments. Heightened uncertainty about the future, and the associated pessimism, has constrained the usual drivers of economic recoveries. Both households and firms have preferred to adopt a wait-and-see attitude before engaging in decisions that are costly to reverse.

The EC's surveys help shed some light on the developments in confidence in the euro area since the beginning of the crisis. Both consumer and business confidence indices have experienced large swings since 2007 and have reacted strongly to the various exceptional events during that period. Their strong correlations with the main economic and financial variables show that these indicators are useful to monitor economic developments, as they are both timely and point to some leading properties with respect to "hard" data, without necessarily implying any causal relationship. The co-movements between consumer confidence and the other economic or financial variables rather point to the fact that common causes, possibly related to third factors (e.g. rare events producing financial or uncertainty shocks), could be at the origin of these changes, notably when they experience large swings.

A more detailed analysis of the leading properties of survey-based indicators shows the existence of non-linearities in the relationships between confidence indices and economic variables. During normal times of economic activity, sentiment indicators are of limited help in forecasting future changes in economic variables, as they include information that is contained in other economic or financial data. However, these indices gain some predictive power during periods of tension, when they feature large swings.

Overall, this article confirms the usefulness of survey-based confidence data to monitor economic developments in the euro area, especially when the indices experience significant changes, as they help anticipate forthcoming movements in the main economic indicators.

# INTRA-EURO AREA TRADE LINKAGES AND EXTERNAL ADJUSTMENT

*This article examines trends in intra-euro area trade over the last decade. Intra-euro area trade accounts for almost half of total euro area trade. Moreover, trade integration within the euro area has increased continuously, establishing a significant channel for the transmission of shocks. In the years leading up to the global financial crisis, euro area countries with large current account deficits typically also recorded large trade deficits vis-à-vis the rest of the euro area. Since the onset of the crisis there has been considerable progress in the correction of euro area current account imbalances, which has also been reflected in more balanced intra-euro area trade. Notwithstanding this, determined policy action is needed in several euro area countries to complete the rebalancing process and ensure its sustainability, particularly through further improvements in price and non-price competitiveness. In addition, structural reforms aimed at greater flexibility in labour and product markets are essential to facilitate external rebalancing within the euro area, now and in the future.*

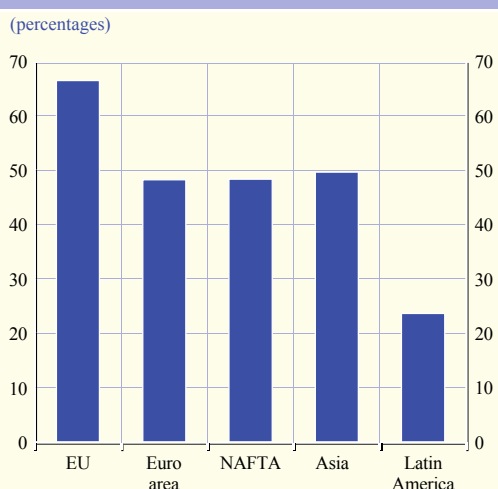
## I INTRODUCTION

The countries forming the euro area are not only irreversibly linked by a common currency; they are also bound together by tight trade linkages. In fact, euro area countries trade almost as much with each other as they do with the rest of the world. Including trade with non-euro area EU Member States, intra-regional trade makes up almost 70% of total exports – a level of regional trade integration without equal among the major country blocks in the global economy (see Chart 1). Accounting for around 10% of total world trade, intra-euro area trade also matters from a global perspective.

It is important to have a clear picture of intra-euro area trade for a number of reasons. First, the free movement of goods and services is one of the cornerstones of prosperity in the euro area, fostering an efficient allocation of resources, product variety, competition and economic growth. Second, intra-euro area trade contributes to the synchronisation of national business cycles, acting as a channel for the transmission of macroeconomic shocks across borders. Third, intra-euro area trade has been affected by the large and persistent current account imbalances that built up in the euro area in the years leading up to the global financial crisis.

Against this backdrop, Section 2 outlines the importance of intra-euro area trade for the euro area as a whole and for the individual euro area countries. Section 3 describes in greater detail the patterns of intra-euro area trade and the interdependencies created by these trade linkages. Section 4 looks at the role of intra-euro area trade in the build-up and subsequent unwinding of current account imbalances in the euro area.

Chart 1 Share of intra-regional exports in total exports for selected world regions in 2011



Sources: Eurostat, IMF and ECB calculations.  
Note: "Latin America" excludes Mexico.

## 2 THE IMPORTANCE OF INTRA-EURO AREA TRADE

Trade between the countries that now make up the euro area has a long tradition. Geographical proximity and a shared cultural heritage create a fertile ground for the exchange of goods and services. What is more, trade between euro area countries has increased substantially since the launch of the euro. At constant prices, intra-euro area trade rose by around 50% between 1999 and 2011. Trade within the single currency area also clearly outpaced euro area GDP growth over this period. Euro area countries nowadays exchange goods and services equivalent to around 20% of euro area GDP per year, compared with 15% in 1999 (see Chart 2).<sup>1</sup>

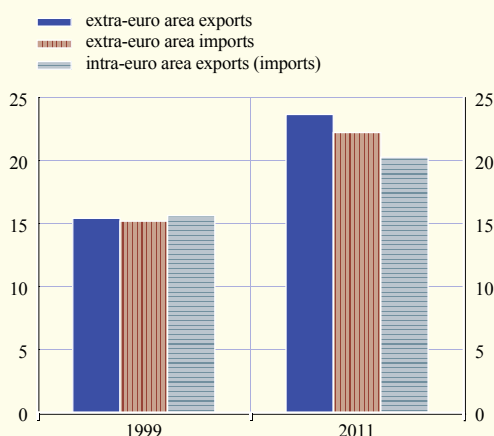
Notwithstanding the longer-term increase in intra-euro area trade, trade with third countries has been even more dynamic over recent years (see Chart 3). As a result, the share of intra-euro area trade in total euro area trade in goods and services declined slightly from 50% in 1999 to 46% in 2011. Nevertheless, it would be mistaken to conclude that the creation of Monetary Union has not had a stimulating effect on intra-euro area trade. There is a clear need to take other factors affecting euro area trade into account, such as the integration of emerging economies into the global economy or the effects of the Single Market. Against this backdrop, a wide range of empirical studies document that the euro has indeed had a stimulating effect on euro area trade.<sup>2</sup> Put differently, the sheer extent of intra-euro area trade cannot be explained by geographical proximity and other traditional determinants of trade alone.

While intra-euro area trade accounts for almost half of total euro area trade, its importance varies considerably between individual euro area countries.<sup>3</sup> Countries that only share borders with other euro area countries, such as Luxembourg and Portugal, tend to have higher shares of intra-euro area

- 1 In this section, the geographical breakdown of total euro area trade (at constant prices) is obtained by applying nominal shares taken from the balance of payments to national accounts data.
- 2 For an in-depth assessment of the effect the euro has had on trade, see “The euro’s impact on trade and capital flows and its international role”, *Monthly Bulletin – 10th anniversary of the ECB, special edition*, Chapter 5, ECB, Frankfurt am Main, May 2008.
- 3 Throughout this article, the focus is on countries that joined the euro area before 2007 and, therefore, have a longer history of intra-euro area trade. The euro area aggregate nevertheless comprises all 17 euro area countries.

**Chart 2 Share of exports and imports of goods and services in GDP**

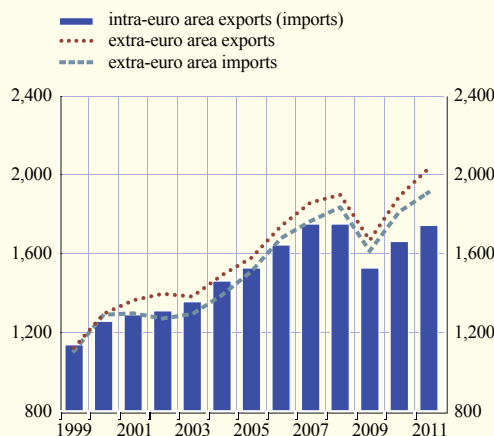
(percentages; at constant prices)



Sources: Eurostat, ECB and ECB calculations.

**Chart 3 Intra-euro area and extra-euro area trade in goods and services**

(EUR billions; at constant prices)



Sources: Eurostat, ECB and ECB calculations.

**Chart 4 Intra-euro area exports as a percentage of total exports**

(percentages; 1999-2011 average; at constant prices)

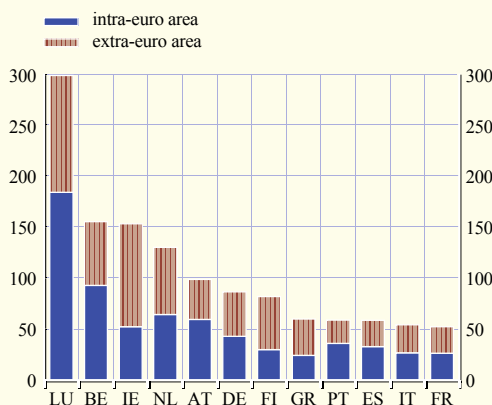


Sources: Eurostat and ECB.

Notes: Data start in 2000 for Greece and 2002 for Belgium and Luxembourg. EA stands for euro area.

**Chart 5 Exports plus imports of goods and services as a percentage of reporting country's GDP**

(percentages; 1999-2011 average; at constant prices)



Sources: Eurostat and ECB.

Note: Data start in 2000 for Greece and 2002 for Belgium and Luxembourg.

trade compared with countries that also share borders with non-euro area countries, such as Finland, Greece and Ireland (see Chart 4). Of the largest euro area countries, Germany has the lowest share of intra-euro area trade. This partially reflects Germany's intensive trade with neighbouring eastern European countries and emerging markets in Asia. There is also significant cross-country heterogeneity when looking at the share of intra-euro area trade in GDP, owing to differences in the size of the export sector in the various countries (see Chart 5). As a caveat, it should be noted that the geographical breakdown of trade, particularly in Belgium and the Netherlands, can be distorted by what is known as the "Rotterdam effect".<sup>4</sup>

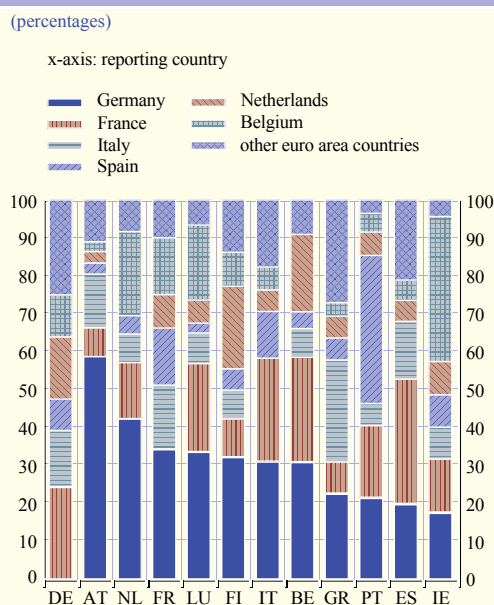
### 3 TRADE PATTERNS AND INTERDEPENDENCIES

#### THE GEOGRAPHY OF INTRA-EURO AREA TRADE

This section takes a closer look at the patterns characterising intra-euro area trade – both from a geographical and a sectoral perspective – and the interdependencies resulting from these trade linkages. Starting with the geographical patterns, it is noteworthy that every euro area country trades directly with all the other euro area countries. The largest economies are, not surprisingly, the main export markets for almost all euro area economies (see Charts 6 and 7). Nevertheless, the smaller economies have seen their share in intra-euro area trade in goods rise over time. Moreover, their share in intra-euro area trade is larger for services than for goods, partially reflecting the role of some of these countries, for example Luxembourg and Ireland, in business services trade, such as financial and computer and information services. Overall, the detailed geographical breakdown makes it clear that intra-euro area trade constitutes a fine-meshed grid through which macroeconomic shocks can easily be transmitted across borders. Against this backdrop, Box 1 sheds some light on intra-euro area spillovers and the role of the trade channel.

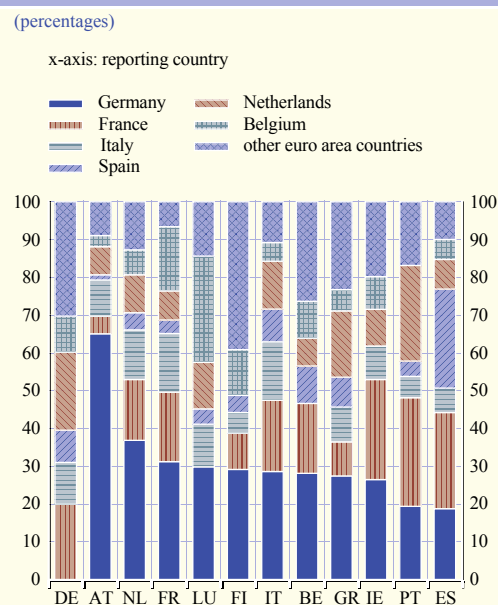
4 The "Rotterdam effect" arises if trade flows are recorded according to what is known as the "community concept". This means that goods from non-euro area countries are recorded at the port of arrival (e.g. Rotterdam or Antwerp) as extra-euro area imports, even if they are subsequently re-exported to another euro area country (which is then separately recorded as intra-euro area trade). As a consequence, the Rotterdam effect inflates the extra-euro area trade deficits and intra-euro area trade surpluses of important transit countries, particularly Belgium and the Netherlands. This also leads to an underestimation of the intra-euro area trade surplus of other euro area countries.

**Chart 6 Geographical breakdown of intra-euro area exports of goods in 2011**



Sources: IMF and ECB calculations.

**Chart 7 Geographical breakdown of intra-euro area exports of services in 2010**



Sources: Eurostat and ECB calculations.

**Box 1**

**QUANTIFYING INTRA-EURO AREA SPILLOVER EFFECTS USING THE GLOBAL VAR MODEL**

There are various channels through which a shock in a given euro area country could affect other euro area economies. The most direct channel is created by trade linkages; however, that is insufficient to account for all the spillover effects. Financial linkages appear to have gained in significance within the euro area, not only as a result of the integration of euro area financial markets, but also through cross-border exposure among euro area financial institutions. Lastly, other channels – such as confidence effects – may also play a significant role in the cross-country transmission of shocks within the euro area. Against this background, this box presents an analysis which aims to account for the diversity of linkages across the euro area countries based on the global vector autoregressive (GVAR) model developed by Déés et al. (2007)<sup>1</sup>.

**A brief overview of the GVAR model**

The comprehensive GVAR modelling approach considers the responses to various types of global and country shocks through a number of transmission channels. These channels include trade flows and financial linkages in particular, through debt, equity and currency markets. A real

1 Déés, S., di Mauro, F., Pesaran, M.H. and Smith, L.V., “Exploring the international linkages of the euro area: a global VAR analysis”, *Journal of Applied Econometrics*, Vol. 22, No 1, 2007, pp. 1-38. The version used for the paper included Germany, France, Italy, Spain, the Netherlands, Belgium, Austria and Finland. The version used for the box also includes Greece, Portugal and Ireland. The countries included represent 98% of the euro area as a whole in terms of GDP (in PPP terms, averaged over the period 2006-09). Cyprus, Estonia, Luxembourg, Malta, Slovakia and Slovenia are not included.

shock that directly affects trade flows is propagated by changes in various asset prices, in turn generating spillover effects on real variables. The GVAR model used in this exercise comprises 36 countries, of which 11 are euro area countries, linked through area-specific vector error-correcting models which allow simultaneous inter-relationships between domestic and foreign variables to be determined. The model includes six variables: real GDP, inflation, real exchange rates, short-term and long-term interest rates and real equity prices.

### Breaking intra-euro area spillover effects down into various components

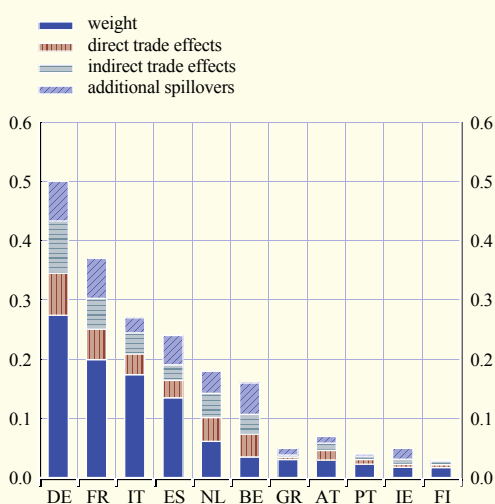
Chart A shows the effects of a positive GDP shock in each euro area country on the euro area real GDP. The total effects are broken down into four different components: effects stemming from the size of the country in the area, direct trade effects, indirect trade effects and effects generated via other channels.

Overall, while the size of the country matters, the total effect derived from the GVAR model is around twice as much as the weight of the country in the euro area aggregate. For instance, as the weight of Germany in the aggregate is around 27%<sup>2</sup>, an increase in real GDP by 1% would imply, all other things being equal, a 0.27% increase in the aggregate real GDP. Once all other effects are taken into account, the GVAR model simulations would suggest a total impact equal to 0.5% (i.e. 0.23% coming from intra-euro area spillovers). In all the other countries considered, the total effect on the euro area is also much greater than the size of the country would imply. Chart A also provides a decomposition of the spillover effects into trade-related effects and other effects. First, direct trade effects – which are channelled solely by bilateral trade relationships between the country where the shock originates and its trading partners – are computed. Indirect trade effects, which involve second-round and third-market effects across trading partners, are then computed.<sup>3</sup> According to this approach, a 1% increase in real GDP in Germany would give rise to direct trade effects amounting to 0.07% of euro area output. Including indirect trade effects, the impact would increase to 0.16%.

The remaining effects are those that depend on other transmission channels (financial or confidence linkages). In the case of Germany, the additional spillover effects related to these other channels would amount to the

Chart A Impact of a 1% increase in real GDP in individual countries on euro area real GDP

(percentages)



Sources: Eurostat and ECB calculations.

Notes: The bars indicate the impact of a 1% increase in real GDP in a given country on euro area real GDP. The impact is broken down by the weight of each country in the euro area, direct trade effects, indirect trade effects and additional spillover effects derived from the total GVAR impacts minus the sum of the previous components.

<sup>2</sup> The weights reported here refer to the share of each country in the GDP aggregate of the euro area countries included in the model (i.e. 11 countries out of 17).

<sup>3</sup> The methodology is detailed in Déés, S. and Vansteenkiste, I., "The transmission of US cyclical developments to the rest of the world", *Working Paper Series*, No 798, ECB, Frankfurt am Main, August 2007.

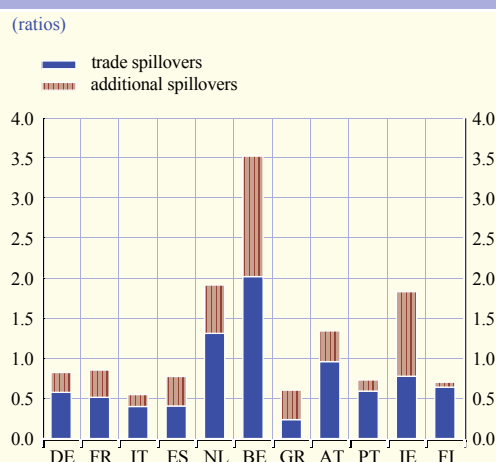


remaining 0.07%, i.e. around half of the total trade effects. In some countries (i.e. France, Spain, Belgium, Greece and Ireland), these effects could be even greater.

Chart B shows the spillover effects derived from GVAR simulations relative to the weight of each country in the euro area. In very open economies, for example Belgium, the Netherlands or Ireland, the spillover effects are between 1.5 and 3.5 times greater than their weight in the euro area. In the case of Belgium and the Netherlands, trade effects clearly dominate, while in the case of Ireland, non-trade additional spillover effects play a large role. In the other countries, trade linkages remain the principal transmission channel of country-specific shocks to the rest of the euro area.

Although the model remains purely data-driven and is therefore unable to give a structural interpretation of shock transmission across countries, it provides a transparent and coherent framework for the analysis of interdependencies. As a result, the GVAR model quantifies the transmission of shocks within the euro area, accounting for intra-euro area spillover effects. The model also highlights the importance of the second-round effects of shocks, not only through trade, but also, and as importantly, through impacts on financial variables or on confidence, with subsequent spillover effects on real variables. As the GVAR model has been applied over a long period of time, the spillover effects computed here reflect the average impacts of shocks. Effects could be more pronounced, for instance, during financial turmoil. However, this is beyond the scope of this box.

**Chart B Spillover effects relative to the country's weight in the euro area**



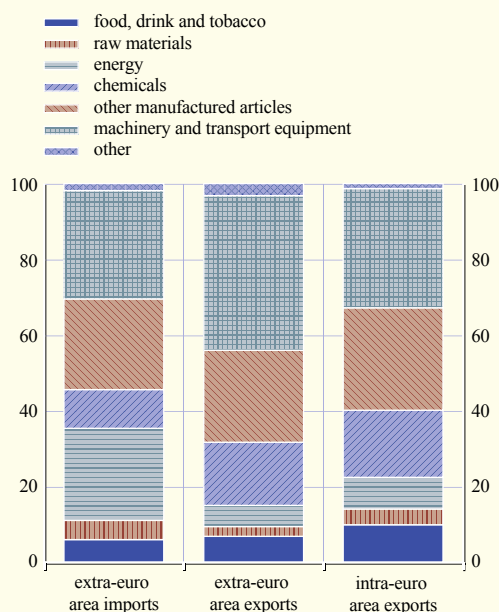
Sources: Eurostat and ECB calculations.  
Notes: The bars show for each country the ratio between the total spillover effects (see Chart A) and the country's weight in the euro area. The order of the countries is the same as in Chart A.

### THE SECTORAL PERSPECTIVE

While the previous section looked at the geography of trade within Monetary Union, this section explores its sectoral structure. The sectoral breakdown of intra-euro area exports of goods resembles that of extra-euro area exports. Around two-thirds of all exports are manufactured products, particularly machinery and transport equipment and chemicals (see Chart 8). Nevertheless, there are some notable differences. For instance, the share of trade in machinery and transport equipment is somewhat lower within the euro area than the share of such trade with extra-euro area countries. To some extent, this reflects the strong demand from emerging economies for these goods and the fact that extra-euro area trade includes trade with some Eastern European EU Member States that are tightly integrated into European supply chains, for instance in the auto sector. As regards trade in services, approximately 20% of intra-euro area exports were in transportation and 30% in travel, while the remaining 50% were exports of other services (such as financial, IT and communication services) (see Chart 9). Travel is slightly more important within the euro area than vis-à-vis the rest of the world.

Chart 8 Sectoral breakdown of euro area trade in goods in 2011

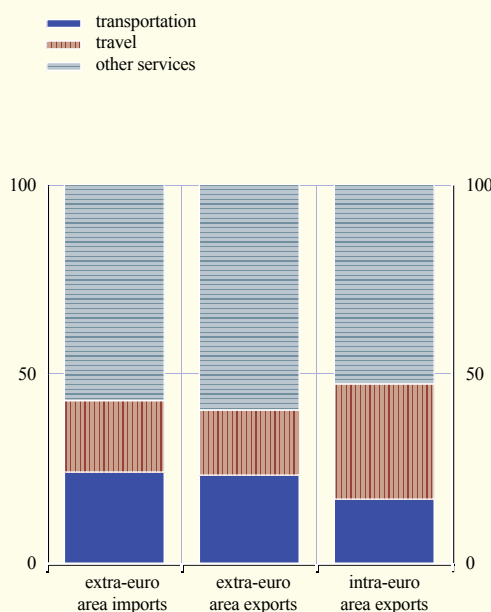
(percentages)



Sources: Eurostat and ECB calculations.

Chart 9 Sectoral breakdown of euro area trade in services in 2010

(percentages)



Sources: Eurostat and ECB calculations.

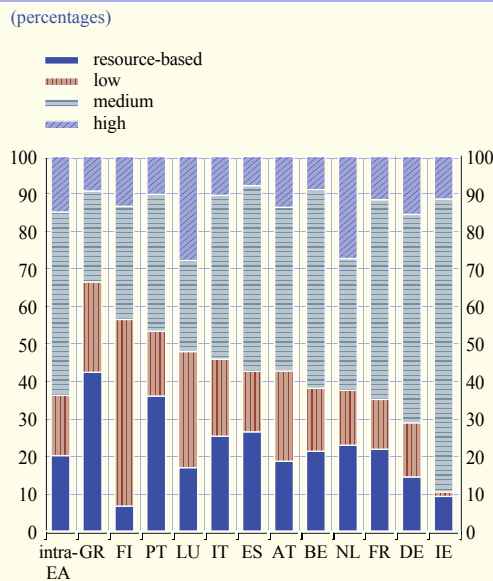
The structure of intra-euro area trade in goods according to the technological intensity of production has been rather stable over the last decade.<sup>5</sup> Around 40% of intra-euro area trade has been in goods of a medium technological intensity, followed by products of low technological intensity (around 30%). The share of trade in low-tech goods is larger within the euro area than outside the euro area, reflecting a higher exchange of low-value added products, such as agricultural products and textiles. The share of exports of low-tech goods is relatively high in Greece and Portugal, while Luxembourg and Germany are among the countries with the highest shares of exports of high-tech goods (see Chart 10).

Most euro area countries have diversified their export linkages with other euro area countries over the past decade. This is reflected in the number of export linkages a country maintains with other euro area countries (see Chart 11).<sup>6</sup> An increase in this number over time indicates that a country started exporting additional products to the euro area or sold existing products to euro area markets that had not previously been served. The broad-based increase in the number of intra-euro area export linkages between 1999 and 2010 points to an increased (within-country) diversification of euro area trade, which is indeed supported by further evidence (see Box 2). Meanwhile, developments in the export linkages of major non-euro area trading partners – including China and the United States – with euro area countries were more diverse. The largest increase in the number of export linkages

5 Methodologically, the breakdown follows Anderton, R., “Innovation, product quality, variety and trade performance: an empirical analysis of Germany and the UK”, *Oxford Economic Papers*, Vol. 51, No 1, 1999, pp.152-167. The data covered by the breakdown comprise approximately 80% of each country’s intra-euro area exports.

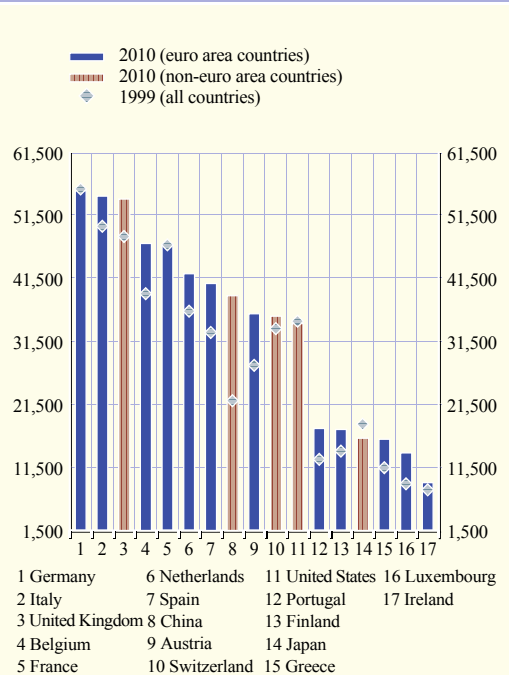
6 This measure is often called the “extensive margin of exports”, as it relates to the number of exported products. By contrast, the “intensive margin of exports” refers to the quantities of individual products exported. The calculations underlying Chart 11 are based on United Nations Comtrade data with a 6-digit product classification according to the Harmonized System (HS).

**Chart 10 Breakdown of intra-euro area exports according to technological intensity in 2011**



Sources: Eurostat and ECB calculations.  
Note: EA stands for euro area.

**Chart 11 Number of export linkages with euro area countries**



Sources: United Nations and ECB calculations.  
Notes: The chart shows the total number of export linkages with euro area countries. It covers goods only.

with euro area countries was recorded by China, although the United Kingdom still maintains the highest number of export links with the euro area, partially owing to its geographical proximity and EU membership.

**Box 2**

**THE SIMILARITY OF EXPORT PATTERNS WITHIN THE EURO AREA**

The sectoral structure of exports is of particular interest for countries forming a monetary union, such as the euro area. In fact, it is widely held that it is conducive to the smooth functioning of a currency union if the structure of exports (and production) is: (i) similar for all its members; and (ii) widely diversified across sectors within each country. The rationale behind this, which is known as the “Kenen criterion”, is that, in the first place, countries exporting similar products are less likely to be hit by industry-specific asymmetric shocks.<sup>1</sup> If a country is nevertheless hit by such a shock, the aggregate consequences will be contained if the export portfolio is well

1 See Kenen, P., “The theory of optimum currency areas: an eclectic view”, in Mundell, R. and Swoboda, A. (eds.), *Monetary problems of the international economy*, Chicago University Press, 1969. For an overview of the related optimal currency area literature, see Mongelli, F.P., “‘New’ views on the optimum currency area theory: what is EMU telling us?”, *Working Paper Series*, No 138, ECB, Frankfurt am Main, April 2002.

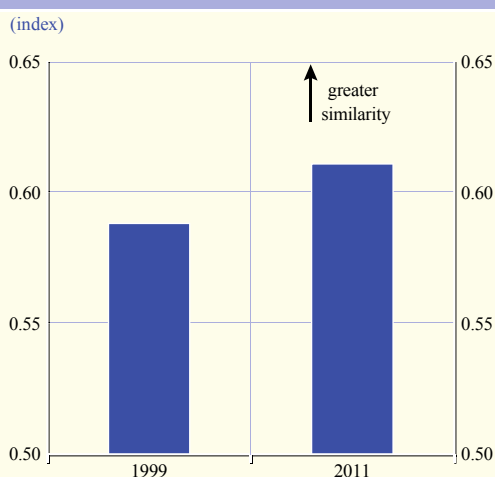
diversified. Under such conditions, national business cycles will be highly synchronised and the countries forming a currency union will find it less costly to give up the nominal exchange rate as a tool for the correction of external imbalances. Against this backdrop, this box takes a closer look at the sectoral structure of euro area exports and its evolution since the launch of the euro.

### Cross-country similarity in export patterns

The first element of the Kenen criterion relates to the similarity in the sectoral structure of exports across the members of a (potential) currency union. In the case of the euro area, the sectoral similarity of exports can be measured by a simple metric comparing the share of each industry in the total exports of a given country with that of the euro area aggregate.<sup>2</sup> The index varies between 1 (identical export structure) and zero (no overlap). An intermediate level of sectoral aggregation is chosen, which results in approximately 250 industries (compared with several thousand individual products available in more detailed trade data). This choice is motivated by the fact that industry-specific shocks are unlikely to be confined to narrowly defined products, but can be expected to be common to broader product groups, i.e. industries. Chart A shows that, at this aggregation level, the sectoral breakdown of exports was already relatively similar across euro area countries in 1999 (with a median similarity index of almost 0.6) and that export similarity has increased further since the launch of the euro, although only gradually. This arguably reduces the risk of asymmetric shocks.<sup>3</sup> Of course, full convergence in the sectoral composition of exports is neither viable nor desirable, since cross-country differences in export patterns ultimately reflect the mutually beneficial exchange of products according to country-specific comparative advantages.

There are several complementary explanations for the gradual convergence in export patterns across euro area countries. To start with, a case can be made that the Kenen criterion is endogenous in the sense that the adoption of a currency union may foster convergence in the sectoral breakdown of exports across its members.<sup>4</sup> To the extent that the “euro effect” materialises in the form of higher intra-industry trade in differentiated products, the similarity of exports can be expected to increase. Notwithstanding this, the convergence in euro area export patterns may also reflect global trends. In fact, there is some evidence of a broader convergence in export patterns in the global economy, for instance between advanced and emerging economies.<sup>5</sup> One

Chart A Cross-country similarity in sectoral export structure



Sources: United Nations Comtrade and ECB calculations.  
Notes: Higher values indicate greater export similarity compared with the euro area aggregate. The chart refers to the median of the euro area countries and covers only trade in goods. Data are unavailable for Malta.

2 The export similarity index compares the share of each industry  $k$  in total exports of country  $i$  ( $x_i^k$ ) with that of the euro area aggregate ( $x_{EA}^k$ ):  $S_i = \sum_k \min [x_i^k, x_{EA}^k]$ .

3 This box looks at intra-euro area and extra-euro area trade for individual euro area countries, since asymmetric shocks can stem from both sources. The data cover around 250 industries at the 3-digit level of the Standard International Trade Classification (SITC) and include trade in goods only.

4 See Frankel, J.A. and Rose, A.K., “The endogeneity of the optimum currency area criteria”, *The Economic Journal*, Royal Economic Society, Vol. 108, No 449, pp.1009-25, July 1998.

5 With regard to global trends in the sectoral composition of exports, see Riad, N., Errico, L., Henn, C., Saborowski, C., Saito, M. and Turunen, J., “Changing patterns of global trade”, *Departmental Paper Series*, No 12/1, IMF, June 2011.

of the factors driving this convergence appears to have been the expansion of international supply chains over recent decades, which has often been associated with imports and (re-)exports of parts and components within the same industry.

### Within-country export diversification

The second element of the Kenen criterion relates to the sectoral diversification of exports within each country. Export diversification can be measured by a standard index varying between zero (when exports are evenly distributed across all  $N$  industries) and  $(N-1)$  (when exports are perfectly concentrated).<sup>6</sup>

Chart B shows that, overall, the export portfolios of the euro area countries were already well diversified in 1999, with the median index being relatively close to the lower bound.

The diversification has increased further since then, although developments in the “typical” euro area country (represented by the median) conceal significant heterogeneity across countries. The fact that (within-country) export diversification is high and appears to have increased slightly over recent years is favourable to the smooth functioning of Monetary Union, as it reduces the aggregate impacts of asymmetric shocks.

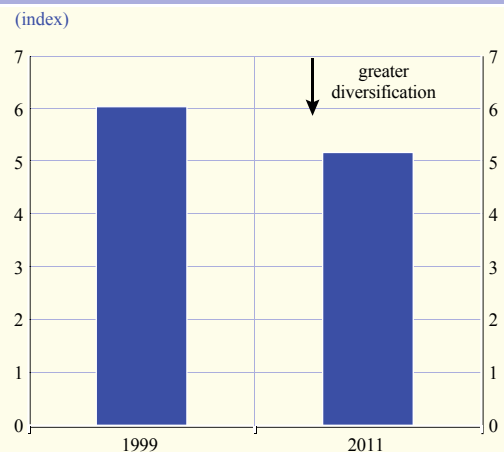
### Conclusions

To summarise, euro area countries export relatively similar but well-diversified baskets of goods. This arguably reduces the incidence and aggregate impacts of asymmetric shocks, which is conducive to the smooth functioning of Monetary Union. Notwithstanding this, similar export patterns alone clearly cannot guarantee greater convergence in economic developments across the euro area. Inadequate domestic policies, in particular, can lead to nominal and real divergences, highlighting the importance of a firm implementation of the recently established Macroeconomic Imbalance Procedure (MIP).<sup>7</sup>

<sup>6</sup> Export diversification is measured by the Ogive index, which compares the actual sectoral structure with the hypothetical case in which exports are uniformly distributed across all sectors.

<sup>7</sup> For details on the MIP, see the box entitled “The 2012 macroeconomic imbalance procedure”, *Monthly Bulletin*, ECB, Frankfurt am Main, June 2012.

**Chart B Within-country diversification of sectoral export structure**



Sources: United Nations Comtrade and ECB calculations.  
Notes: Higher values indicate lower country export diversification. The chart refers to the median of the euro area countries and covers only trade in goods. Data are unavailable for Malta.

## 4 DISSECTING EXTERNAL IMBALANCES IN THE EURO AREA

In the years leading up to the global financial crisis, several euro area countries recorded large and persistent current account imbalances.<sup>7</sup> From an accounting perspective, such imbalances can stem either from intra-euro area or extra-euro area transactions. Against this backdrop, this section

<sup>7</sup> As early as 2005 the ECB drew attention to the risks associated with the build-up of intra-euro area imbalances. See, for instance, the article entitled “Monetary policy and inflation differentials in a heterogeneous currency area”, *Monthly Bulletin*, ECB, Frankfurt am Main, May 2005.

dissects the current account balances of individual euro area countries into intra-euro area and extra-euro area components. In doing so, it sheds some light on the role of intra-euro area trade in the build-up of current account imbalances prior to the global financial crisis and in the abrupt correction of these imbalances in the wake of the crisis.

Some caveats should be kept in mind. First, intra-euro area current account balances should always be studied in combination with extra-euro area balances. In fact, an intra-euro area deficit can be offset by a surplus vis-à-vis the rest of the world. What ultimately matters for a country's net external borrowing or lending is the overall current account balance. Second, the overall current account balance is determined by saving and investment decisions in the private and public sectors. Therefore, unbalanced intra-euro area trade should not be seen as having caused current account imbalances. Third, even large current account deficits and surpluses can, in principle, be the result of efficient market allocation, reflecting mutually beneficial resource exchanges between countries over time. For instance, a current account deficit may arise when a catching-up economy borrows today to finance investments that will pay off tomorrow.

### PRE-CRISIS IMBALANCES

Immediately prior to the global financial crisis, several euro area countries recorded large and persistent current account imbalances. Greece, Portugal and Spain recorded current account deficits close to or over 10% of GDP (see the table). These flow imbalances went hand in hand with stock imbalances in the form of very high net foreign liabilities.<sup>8</sup> At the same time, Germany, Luxembourg and the Netherlands recorded substantial current account surpluses and accumulated net external assets. In this part of the article, the focus will be on the countries with large pre-crisis current account deficits, since they have been facing the most pressing adjustment needs.<sup>9</sup>

In 2008 virtually all countries with large current account deficits – particularly Portugal, Estonia and Greece – recorded a large trade deficit with their euro area partners (see the table).<sup>10</sup> However, these intra-euro area imbalances were accompanied by severe imbalances vis-à-vis the rest of the world. In Greece and Spain, the deficit in extra-euro area trade exceeded even that in intra-euro area trade. By contrast, Ireland – which serves as an export platform for a number of multinational enterprises – recorded trade surpluses vis-à-vis both intra-euro area and

#### External balances and net international investment position in 2008

(percentages of GDP)

	Current account balance	Trade balance		Net international investment position
		Total	intra-euro area	
Belgium	0.6	3.0	5.2	39.8
Germany	6.7	7.4	2.5	25.0
Estonia	-13.7	-19.3	-13.5	-76.5
Ireland	-4.8	15.4	11.4	-75.7
Greece	-13.6	-18.1	-8.5	-76.9
Spain	-9.5	-9.3	-3.9	-79.3
France	-1.1	-2.9	-3.2	-12.9
Italy	-1.9	-0.8	-0.5	-24.1
Luxembourg	8.5	-10.6	-6.0	94.9
Netherlands	6.8	7.0	19.5	4.2
Austria	3.7	-0.2	-5.8	-16.9
Portugal	-11.1	-13.6	-10.0	-96.1
Finland	3.7	2.9	-0.8	-9.7
Euro area	-0.6	0.1	-	-14.4

Sources: Eurostat, European Commission, IMF and ECB calculations.

Notes: The trade balance covers only trade in goods. The first three data columns are based on three-year averages, consistent with the European Commission's scoreboard for the surveillance of macroeconomic imbalances.

<sup>8</sup> An official geographical breakdown of the net international investment position is not available. However, data on bilateral net foreign assets collected by Waysand et al. (2010) suggest that intra-euro area capital flows played an important role in financing large current account deficits. For further details, see Waysand, C., Ross, K. and de Guzman, J., "European financial linkages: A new look at imbalances", *Working Paper Series*, No 10/295, IMF, December 2010.

<sup>9</sup> Most of the charts in this section focus on euro area countries that adopted the euro before 2007 and recorded a current account deficit in excess of 4% of GDP in 2008. Estonia, which recently witnessed a rapid current account correction, is also included for reference.

<sup>10</sup> While an official geographical breakdown for the entire current account is not publicly available, a consistent breakdown into intra-euro area and extra-euro area transactions exists for its most important component, the goods trade balance.

extra-euro area partners (the pre-crisis current account deficit in Ireland mainly reflected a deficit in the income account). Irrespective of their geographical breakdown, large pre-crisis current account deficits ultimately reflected more fundamental imbalances, such as large government deficits, excessive net borrowing of the private sector amid debt-fuelled construction booms and broad-based losses in price competitiveness.

Interestingly, Germany's large pre-crisis current account surplus was due predominantly to trade surpluses with non-euro area countries. Notwithstanding this, owing to the sheer size of the German economy, it was an important counterpart for the deficits of some of the smaller euro area economies, together with the Netherlands.<sup>11</sup>

### EXTERNAL ADJUSTMENT AFTER THE CRISIS

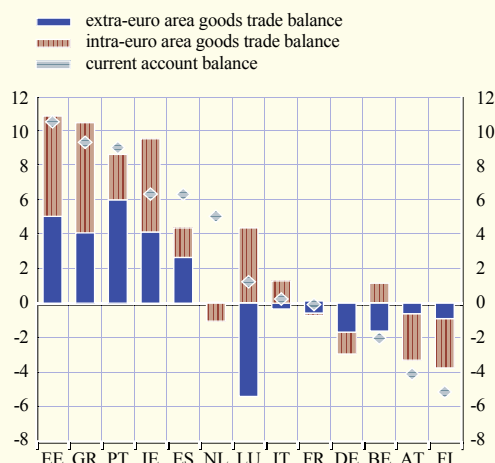
The global financial crisis and the ensuing sovereign debt crisis triggered an abrupt correction of current account imbalances within the euro area. In countries with pre-crisis deficits, current account improvements between 2008 and 2012 varied from around 6 percentage points in Ireland and Spain to 10 percentage points in Estonia. The rebalancing was reflected in significant adjustments in both intra-euro area and extra-euro area trade balances (see Chart 12). In most countries with pre-crisis current account deficits, improvements in intra-euro area trade balances account for almost half of the overall current account adjustment. These improvements, in turn, were mirrored in lower intra-euro area surpluses elsewhere. In particular, Germany's trade surplus vis-à-vis the rest of the euro area has shrunk considerably and now stands close to zero. As a result of all these developments, intra-euro area trade is now more balanced than before the onset of the crisis (see Chart 13).

While all countries with large pre-crisis current account deficits have achieved a significant correction of their unsustainable deficits since 2008, there is considerable cross-country

<sup>11</sup> See Section 2 for an explanation of the role of the "Rotterdam effect".

**Chart 12 Changes in the current account balance and the goods trade balance between 2008 and 2012**

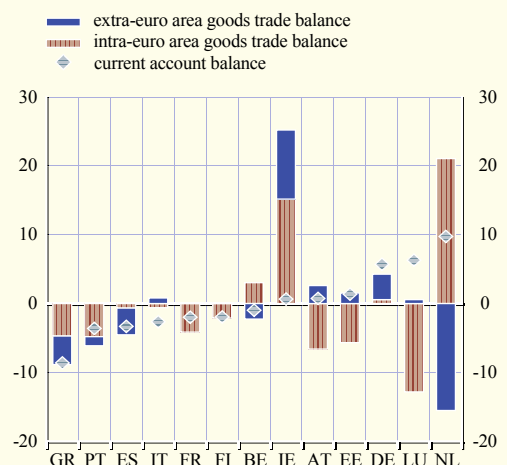
(percentage points of GDP)



Sources: Eurostat, European Commission, IMF and ECB calculations.  
Note: 2012 is based on four-quarter sums up to the second quarter of 2012.

**Chart 13 Current account balance and geographical breakdown of the goods trade balance in 2012**

(percentages of GDP)



Sources: Eurostat, European Commission, IMF and ECB calculations.  
Note: 2012 is based on four-quarter sums up to the second quarter of 2012.

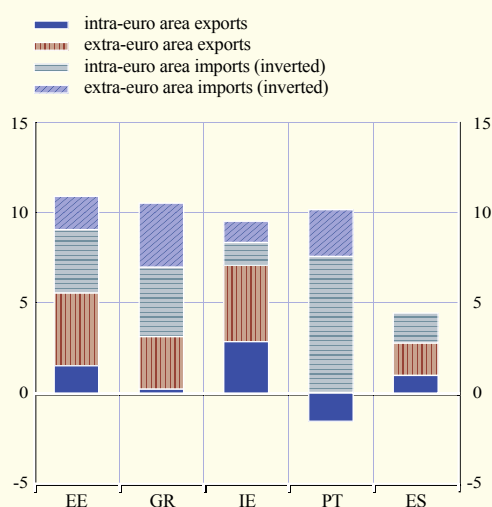
heterogeneity with regard to the driving forces and timing of the adjustment. To start with, the degree to which the rebalancing was due to a slump in imports rather than an increase in exports varies considerably. In Portugal and Greece, the contraction in import values was clearly the main factor behind the shrink in trade deficits between 2008 and 2012 (see Chart 14), although both countries experienced improvements in export performance towards the end of this period. By comparison, the expansion in exports had a more significant impact on the current account balances of Ireland and Spain. In all countries with large pre-crisis current account deficits, exports to the euro area were less dynamic than exports to the rest of the world, reflecting the weak underlying growth momentum in the euro area. This is particularly relevant for countries with a high share of intra-euro area trade (see Section 2). As regards the timing of the external adjustment, some countries, particularly Estonia, experienced a very forceful correction early on in the crisis, but saw a slowdown in the pace of the current account adjustment thereafter (see Chart 15). In Portugal the adjustment started sluggishly, but gained momentum significantly in 2011-12. The adjustment in the remaining countries with large pre-crisis current account deficits was somewhere between that in Estonia and Portugal. The following subsection looks at some of the factors explaining the heterogeneity in the adjustments paths.

#### WHAT IS DRIVING THE CORRECTION OF THE IMBALANCES?

Standard macroeconomic models suggest that external imbalances can be corrected in two ways: through expenditure switching or expenditure shifting. Expenditure switching refers to instruments affecting the attractiveness of domestic products over foreign products, such as changes in the nominal exchange rate, moderation in domestic prices and wages or improvements in non-price competitiveness. By contrast, expenditure shifting relates to changes in the level of aggregate demand in the domestic economy (rather than its composition) relative to that abroad. Of course, the two adjustment mechanisms can reinforce each other.

**Chart 14 Breakdown of the change in the trade balance between 2008 and 2012**

(percentage points of GDP)

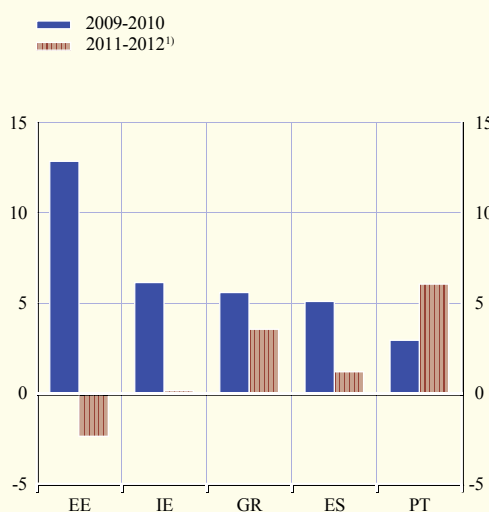


Sources: Eurostat, European Commission, IMF and ECB calculations.

Notes: The chart covers trade in goods only. 2012 is based on four-quarter sums up to the latest available quarter.

**Chart 15 Timing of the current account adjustment**

(change in percentage points of GDP)



Sources: Eurostat, European Commission and ECB calculations.

1) 2012 is based on four-quarter sums up to the latest available quarter.

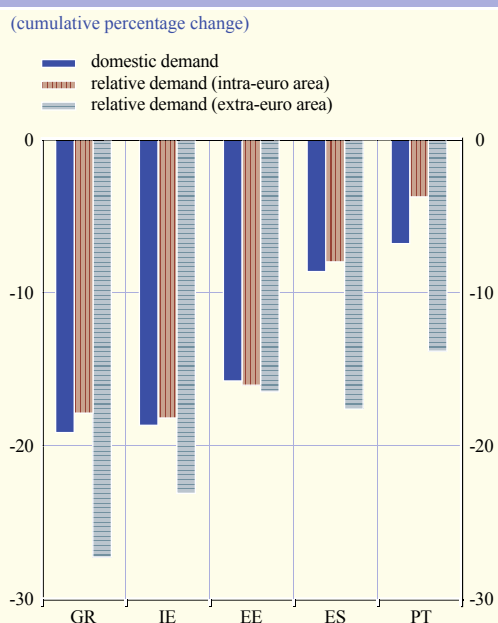


With regard to the ongoing external adjustment in the euro area, both expenditure shifting and expenditure switching have been at play. However, the former (“demand compression”) has so far played the dominant role, particularly in the correction of the current account imbalances of individual euro area countries vis-à-vis the rest of the euro area. All countries with large pre-crisis current account deficits have witnessed a significant contraction in domestic demand, reflecting both the severity of the global downturn of 2008-09 and the subsequent sovereign debt crisis (see Chart 16). The decline in demand levels over the period 2008-11 was more pronounced than that witnessed in these countries’ trading partners outside the euro area.

During the same period the extent to which demand compression was complemented by gains in price competitiveness differed significantly across countries (see Chart 17). Ireland saw the most pronounced decline in unit labour costs, which translated into significant gains in price competitiveness vis-à-vis both intra-euro area and extra-euro area trading partners, as measured by the harmonised competitiveness indicators. This, in turn, supported exports and exerted further downward pressure on imports. The gains in price competitiveness of the other countries with large pre-crisis current account deficits, by comparison, were more limited and mainly reflected gains vis-à-vis extra-euro area trading partners owing to the nominal depreciation of the euro over this period.

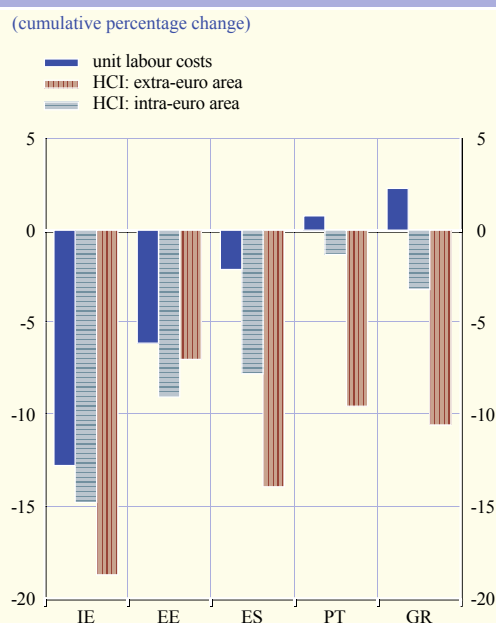
Splitting the overall current account adjustment since 2008 into two sub-periods reveals significant cross-country differences in the timing of the rebalancing. On the one hand, Ireland and Estonia saw

**Chart 16 Change in relative demand between 2008 and 2011**



Sources: European Commission and ECB calculations.  
Notes: “Domestic demand” is GDP minus net exports (at constant prices). “Relative demand” is domestic demand at home relative to domestic demand in the rest of the euro area (intra-euro area) or the major external trading partners (extra-euro area) respectively, using country-specific trade weights consistent with the harmonised competitiveness indicators.

**Chart 17 Change in price competitiveness between 2008 and 2011**

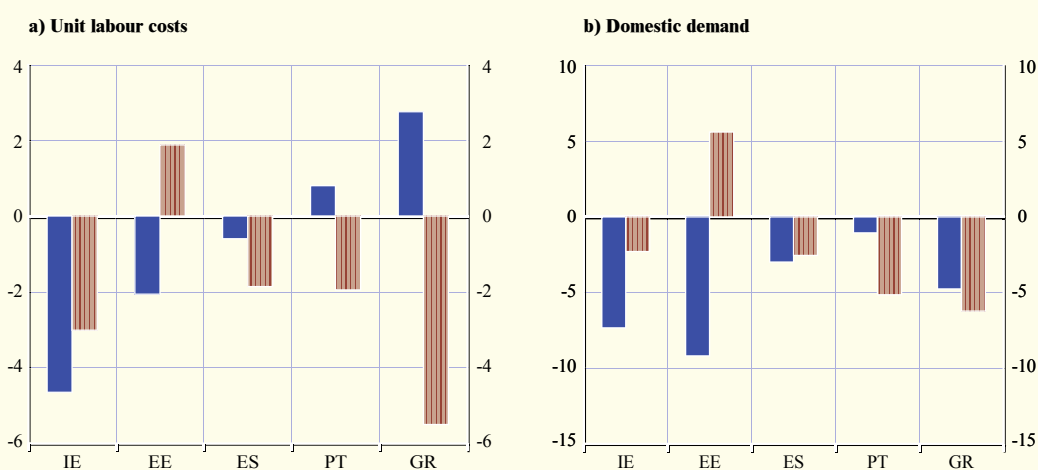


Sources: Eurostat, ECB and ECB calculations.  
Notes: A decline marks a gain in price competitiveness, as measured by the harmonised competitiveness indicator (HCI) based on unit labour costs in the total economy. HCIs are real effective exchange rates vis-à-vis the rest of the euro area (HCI: intra-euro area) or vis-à-vis a group of 20 major external trading partners (HCI: extra-euro area).

Chart 18 Average growth in domestic unit labour costs and domestic demand

(average annual percentage change)

■ average 2009-10  
 ■ average 2011-12



Sources: European Commission and ECB calculations.

pronounced improvements in price competitiveness as early as in the first two years of the crisis, accompanied by a steep contraction in domestic demand (see Chart 18).<sup>12</sup> As a result, their current account balances moved into surplus rather quickly. The “front-loaded” adjustment in the two economies was facilitated by their labour and product market flexibility. Other countries recorded a contraction in domestic demand across both sub-periods, while unit labour costs only started to adjust with a significant lag, partly owing to severe rigidities in product and labour markets. In these countries, further improvements in price and non-price competitiveness are essential for at least two reasons. First, they will help complete the rebalancing process and ensure that the current account correction remains sustainable when growth in domestic demand picks up again. Second, price and wage adjustment may also help restore “internal equilibrium” by boosting net exports and closing the output gap.<sup>13</sup> To achieve these gains in competitiveness and complete the process of external adjustment, considerable effort and determined policy action are still needed in several euro area countries, particularly in the form of structural reforms aimed at greater flexibility in the wage determination process, permanent increases in labour productivity and the reduction of excessive profit margins.<sup>14</sup>

## 5 CONCLUSIONS

The exchange of goods and services between euro area countries is one of the cornerstones of European prosperity. It offers consumers a greater variety of products at lower prices, while firms gain access, without currency risk, to a wide range of high-quality inputs and a market of around

<sup>12</sup> The chart shows domestic unit labour costs and domestic demand (and ignores the changes in these variables abroad) in order to capture only the components directly under the control of the euro area countries under consideration.

<sup>13</sup> This reasoning is summarised in graph form in the widely used “Swan diagram”, which dates back to Swan, T., “Longer run problems of the balance of payments”, in Arndt, H. and Corden, W. (eds.), *The Australian Economy*, Cheshire, Melbourne, 1963.

<sup>14</sup> See also the box entitled “Rebalancing of competitiveness within the euro area and its implications for inflation”, *Monthly Bulletin*, ECB, Frankfurt am Main, June 2012.

332 million people. Since the launch of the euro, trade within the single currency area has increased tremendously, also relative to euro area GDP. While euro area trade with the rest of the world has been even more dynamic over this period, around half of all euro area trade takes place among euro area partners. Moreover, there is robust empirical evidence that the euro has a positive effect on euro area trade once confounding factors, such as the increasing economic weight of emerging economies, are taken into account.

The large and persistent current account imbalances recorded in some euro area countries in the years leading up to the global financial crisis generally reflected deficits vis-à-vis both intra-euro area and extra-euro area partners and were driven by divergences in price competitiveness and demand developments. There has been significant progress in the correction of the pre-crisis current account deficits over the past few years and this has been reflected in shrinking deficits vis-à-vis both intra-euro area and extra-euro area trading partners. However, greater efforts and determined policy action are still needed in several euro area countries to complete the rebalancing process and ensure its sustainability, particularly through further improvements in price and non-price competitiveness. In addition, structural reforms aimed at greater flexibility in labour and product markets are essential in many euro area countries to facilitate external rebalancing within the euro area, now and in the future.

# EURO AREA STATISTICS





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<sup>1</sup> For further information, please contact us at: [statistics@ecb.europa.eu](mailto:statistics@ecb.europa.eu). See the ECB's Statistical Data Warehouse in the "Statistics" section of the ECB's website (<http://sdw.ecb.europa.eu>) for longer runs and more detailed data.

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#### Conventions used in the tables

“-”	data do not exist/data are not applicable
“.”	data are not yet available
“...”	nil or negligible
“billion”	10 <sup>9</sup>
(p)	provisional
s.a.	seasonally adjusted
n.s.a.	non-seasonally adjusted



# EURO AREA OVERVIEW

## Summary of economic indicators for the euro area

(annual percentage changes, unless otherwise indicated)

### 1. Monetary developments and interest rates <sup>1)</sup>

	M1 <sup>2)</sup>	M2 <sup>2)</sup>	M3 <sup>2),3)</sup>	M3 <sup>2),3)</sup> 3-month moving average (centred)	MFI loans to euro area residents excluding MFIs and general government <sup>2)</sup>	Securities other than shares issued in euro by non-MFI corporations <sup>2)</sup>	3-month interest rate (EURIBOR; % per annum; period averages)	10-year spot rate (% per annum; end of period) <sup>4)</sup>
	1	2	3	4	5	6	7	8
2011	2.1	2.3	1.5	-	2.2	0.8	1.39	2.65
2012	.	.	.	.	.	.	0.58	1.72
2012 Q1	2.4	2.5	2.2	-	0.7	0.3	1.04	2.60
Q2	2.9	2.8	2.7	-	-0.1	2.6	0.69	2.32
Q3	4.8	3.2	3.1	-	-0.6	1.0	0.36	1.94
Q4	.	.	.	-	.	.	0.20	1.72
2012 July	4.7	3.5	3.6	3.2	-0.4	1.0	0.50	1.87
Aug.	5.2	3.2	2.9	3.0	-0.7	0.5	0.33	1.91
Sep.	5.0	3.1	2.6	3.1	-0.9	1.2	0.25	1.94
Oct.	6.5	4.3	3.9	3.4	-0.8	0.6	0.21	1.95
Nov.	6.7	4.5	3.8	.	-0.8	.	0.19	1.80
Dec.	.	.	.	.	.	.	0.19	1.72

### 2. Prices, output, demand and labour markets <sup>5)</sup>

	HICP <sup>1)</sup>	Industrial producer prices	Hourly labour costs	Real GDP (s.a.)	Industrial production excluding construction	Capacity utilisation in manufacturing (%)	Employment (s.a.)	Unemployment (% of labour force; s.a.)
	1	2	3	4	5	6	7	8
2011	2.7	5.9	2.2	1.4	3.4	80.4	0.3	10.2
2012	2.5	.	.	.	.	.	.	.
2012 Q2	2.5	2.2	1.9	-0.5	-2.4	78.8	-0.7	11.3
Q3	2.5	2.3	2.0	-0.6	-2.3	77.4	-0.7	11.5
Q4	2.3	.	.	.	.	.	.	.
2012 July	2.4	1.6	-	-	-2.7	77.9	-	11.4
Aug.	2.6	2.7	-	-	-1.3	-	-	11.5
Sep.	2.6	2.7	-	-	-2.8	-	-	11.6
Oct.	2.5	2.6	-	-	-3.6	76.8	-	11.7
Nov.	2.2	2.1	-	-	.	-	-	11.8
Dec.	2.2	.	-	-	.	-	-	.

### 3. External statistics

(EUR billions, unless otherwise indicated)

	Balance of payments (net transactions)			Reserve assets (end-of-period positions)	Net international investment position (as a % of GDP)	Gross external debt (as a % of GDP)	Effective exchange rate of the euro: EER-20 <sup>6)</sup> (index: 1999 Q1 = 100)		USD/EUR exchange rate
	Current and capital accounts	Goods	Combined direct and portfolio investment				Nominal	Real (CPI)	
2011	23.9	9.2	119.2	667.1	-14.0	117.1	103.4	100.7	1.3920
2012	.	.	.	.	.	.	97.8	95.6	1.2848
2012 Q1	-2.6	6.3	-74.5	671.2	-10.7	117.5	99.5	96.9	1.3108
Q2	17.3	25.7	76.0	701.5	-8.8	118.8	98.2	95.9	1.2814
Q3	30.6	21.7	13.9	733.8	.	.	95.9	93.7	1.2502
Q4	.	.	.	.	.	.	97.8	95.8	1.2967
2012 July	14.5	11.1	18.2	724.8	.	.	95.3	93.2	1.2288
Aug.	9.7	4.1	-2.2	716.1	.	.	95.2	93.1	1.2400
Sep.	6.4	6.5	-2.1	733.8	.	.	97.2	94.9	1.2856
Oct.	9.1	8.2	34.5	715.8	.	.	97.8	95.5	1.2974
Nov.	.	.	.	718.2	.	.	97.2	95.2	1.2828
Dec.	.	.	.	.	.	.	98.7	96.7	1.3119

Sources: ECB, European Commission (Eurostat and Economic and Financial Affairs DG) and Thomson Reuters.

Note: For more information on the data, see the relevant tables later in this section.

- 1) Data refer to the changing composition of the euro area. For further information, see the General Notes.
- 2) Annual percentage changes for monthly data refer to the end of the month, whereas those for quarterly and yearly data refer to the annual change in the period average. See the Technical Notes for details.
- 3) M3 and its components exclude holdings by non-euro area residents of money market fund shares/units and debt securities with a maturity of up to two years.
- 4) Based on AAA-rated euro area central government bond yield curves. For further information, see Section 4.7.
- 5) Data refer to the Euro 17, unless otherwise indicated.
- 6) For a definition of the trading partner groups and other information, please refer to the General Notes.





# MONETARY POLICY STATISTICS

## I.1 Consolidated financial statement of the Eurosystem

(EUR millions)

### 1. Assets

	7 December 2012	14 December 2012	21 December 2012	28 December 2012	4 January 2013
<b>Gold and gold receivables</b>	479,113	479,113	479,115	479,116	438,686
<b>Claims on non-euro area residents in foreign currency</b>	259,571	259,542	258,034	258,835	250,685
<b>Claims on euro area residents in foreign currency</b>	36,875	35,085	33,690	33,615	32,340
<b>Claims on non-euro area residents in euro</b>	17,660	17,403	19,088	19,240	19,033
<b>Lending to euro area credit institutions in euro</b>	1,112,129	1,113,699	1,122,338	1,128,794	1,116,994
Main refinancing operations	70,764	73,217	72,682	89,661	81,097
Longer-term refinancing operations	1,040,803	1,040,173	1,035,771	1,035,771	1,035,769
Fine-tuning reverse operations	0	0	0	0	0
Structural reverse operations	0	0	0	0	0
Marginal lending facility	562	262	13,871	3,362	127
Credits related to margin calls	0	48	14	0	0
<b>Other claims on euro area credit institutions in euro</b>	229,504	228,987	208,292	206,254	203,816
<b>Securities of euro area residents in euro</b>	585,919	585,569	585,216	585,132	584,944
Securities held for monetary policy purposes	277,063	277,012	276,807	276,807	276,903
Other securities	308,856	308,557	308,408	308,325	308,041
<b>General government debt in euro</b>	30,011	30,008	30,008	30,008	29,961
<b>Other assets</b>	279,641	275,405	275,419	277,205	279,704
<b>Total assets</b>	<b>3,030,422</b>	<b>3,024,812</b>	<b>3,011,200</b>	<b>3,018,198</b>	<b>2,956,165</b>

### 2. Liabilities

	7 December 2012	14 December 2012	21 December 2012	28 December 2012	4 January 2013
<b>Banknotes in circulation</b>	895,834	898,849	910,762	913,677	904,411
<b>Liabilities to euro area credit institutions in euro</b>	932,182	939,630	928,014	915,849	924,018
Current accounts (covering the minimum reserve system)	486,908	504,948	489,680	456,102	462,287
Deposit facility	235,296	225,063	229,384	261,689	252,615
Fixed-term deposits	208,500	208,500	208,500	197,559	208,500
Fine-tuning reverse operations	0	0	0	0	0
Deposits related to margin calls	1,478	1,119	450	500	616
<b>Other liabilities to euro area credit institutions in euro</b>	7,449	6,654	7,187	6,796	6,493
<b>Debt certificates issued</b>	0	0	0	0	0
<b>Liabilities to other euro area residents in euro</b>	173,136	163,924	145,654	150,579	137,209
<b>Liabilities to non-euro area residents in euro</b>	176,637	174,901	178,472	186,325	185,485
<b>Liabilities to euro area residents in foreign currency</b>	4,761	4,044	2,513	3,473	3,439
<b>Liabilities to non-euro area residents in foreign currency</b>	6,442	5,770	6,887	6,380	5,815
<b>Counterpart of special drawing rights allocated by the IMF</b>	56,243	56,243	56,243	56,243	54,952
<b>Other liabilities</b>	239,363	236,421	237,091	240,501	241,411
<b>Revaluation accounts</b>	452,824	452,824	452,824	452,824	407,375
<b>Capital and reserves</b>	85,552	85,552	85,552	85,552	85,556
<b>Total liabilities</b>	<b>3,030,422</b>	<b>3,024,812</b>	<b>3,011,200</b>	<b>3,018,198</b>	<b>2,956,165</b>

Source: ECB.

**1.2 Key ECB interest rates**

(levels in percentages per annum; changes in percentage points)

With effect from: <sup>b)</sup>	Deposit facility		Main refinancing operations			Marginal lending facility	
			Fixed rate tenders	Variable rate tenders		Change	Level
	Fixed rate	Minimum bid rate					
	Level	Change	Level	Level	Change	Level	Change
	1	2	3	4	5	6	7
1999 1 Jan.	2.00	-	3.00	-	-	4.50	-
4 <sup>2)</sup>	2.75	0.75	3.00	-	...	3.25	-1.25
22	2.00	-0.75	3.00	-	...	4.50	1.25
9 Apr.	1.50	-0.50	2.50	-	-0.50	3.50	-1.00
5 Nov.	2.00	0.50	3.00	-	0.50	4.00	0.50
2000 4 Feb.	2.25	0.25	3.25	-	0.25	4.25	0.25
17 Mar.	2.50	0.25	3.50	-	0.25	4.50	0.25
28 Apr.	2.75	0.25	3.75	-	0.25	4.75	0.25
9 June	3.25	0.50	4.25	-	0.50	5.25	0.50
28 <sup>3)</sup>	3.25	...	-	4.25	...	5.25	...
1 Sep.	3.50	0.25	-	4.50	0.25	5.50	0.25
6 Oct.	3.75	0.25	-	4.75	0.25	5.75	0.25
2001 11 May	3.50	-0.25	-	4.50	-0.25	5.50	-0.25
31 Aug.	3.25	-0.25	-	4.25	-0.25	5.25	-0.25
18 Sep.	2.75	-0.50	-	3.75	-0.50	4.75	-0.50
9 Nov.	2.25	-0.50	-	3.25	-0.50	4.25	-0.50
2002 6 Dec.	1.75	-0.50	-	2.75	-0.50	3.75	-0.50
2003 7 Mar.	1.50	-0.25	-	2.50	-0.25	3.50	-0.25
6 June	1.00	-0.50	-	2.00	-0.50	3.00	-0.50
2005 6 Dec.	1.25	0.25	-	2.25	0.25	3.25	0.25
2006 8 Mar.	1.50	0.25	-	2.50	0.25	3.50	0.25
15 June	1.75	0.25	-	2.75	0.25	3.75	0.25
9 Aug.	2.00	0.25	-	3.00	0.25	4.00	0.25
11 Oct.	2.25	0.25	-	3.25	0.25	4.25	0.25
13 Dec.	2.50	0.25	-	3.50	0.25	4.50	0.25
2007 14 Mar.	2.75	0.25	-	3.75	0.25	4.75	0.25
13 June	3.00	0.25	-	4.00	0.25	5.00	0.25
2008 9 July	3.25	0.25	-	4.25	0.25	5.25	0.25
8 Oct.	2.75	-0.50	-	-	-	4.75	-0.50
9 <sup>4)</sup>	3.25	0.50	-	-	-	4.25	-0.50
15 <sup>5)</sup>	3.25	...	3.75	-	-0.50	4.25	...
12 Nov.	2.75	-0.50	3.25	-	-0.50	3.75	-0.50
10 Dec.	2.00	-0.75	2.50	-	-0.75	3.00	-0.75
2009 21 Jan.	1.00	-1.00	2.00	-	-0.50	3.00	...
11 Mar.	0.50	-0.50	1.50	-	-0.50	2.50	-0.50
8 Apr.	0.25	-0.25	1.25	-	-0.25	2.25	-0.25
13 May	0.25	...	1.00	-	-0.25	1.75	-0.50
2011 13 Apr.	0.50	0.25	1.25	-	0.25	2.00	0.25
13 July	0.75	0.25	1.50	-	0.25	2.25	0.25
9 Nov.	0.50	-0.25	1.25	-	-0.25	2.00	-0.25
14 Dec.	0.25	-0.25	1.00	-	-0.25	1.75	-0.25
2012 11 July	0.00	-0.25	0.75	-	-0.25	1.50	-0.25

Source: ECB.

- From 1 January 1999 to 9 March 2004, the date refers to the deposit and marginal lending facilities. For main refinancing operations, changes in the rate are effective from the first operation following the date indicated. The change on 18 September 2001 was effective on that same day. From 10 March 2004 onwards, the date refers both to the deposit and marginal lending facilities and to the main refinancing operations (with changes effective from the first main refinancing operation following the Governing Council decision), unless otherwise indicated.
- On 22 December 1998 the ECB announced that, as an exceptional measure between 4 and 21 January 1999, a narrow corridor of 50 basis points would be applied between the interest rates for the marginal lending facility and the deposit facility, aimed at facilitating the transition to the new monetary regime by market participants.
- On 8 June 2000 the ECB announced that, starting from the operation to be settled on 28 June 2000, the main refinancing operations of the Eurosystem would be conducted as variable rate tenders. The minimum bid rate refers to the minimum interest rate at which counterparties may place their bids.
- As of 9 October 2008 the ECB reduced the standing facilities corridor from 200 basis points to 100 basis points around the interest rate on the main refinancing operations. The standing facilities corridor was restored to 200 basis points as of 21 January 2009.
- On 8 October 2008 the ECB announced that, starting from the operation to be settled on 15 October, the weekly main refinancing operations would be carried out through a fixed rate tender procedure with full allotment at the interest rate on the main refinancing operations. This change overrode the previous decision (made on the same day) to cut by 50 basis points the minimum bid rate on the main refinancing operations conducted as variable rate tenders.

### 1.3 Eurosystem monetary policy operations allotted through tender procedures <sup>1), 2)</sup>

(EUR millions; interest rates in percentages per annum)

#### 1. Main and longer-term refinancing operations <sup>3)</sup>

Date of settlement	Bids (amount)	Number of participants	Allotment (amount)	Fixed rate tender procedures		Variable rate tender procedures			Running for (...) days
				Fixed rate	Minimum bid rate	Marginal rate <sup>4)</sup>	Weighted average rate		
	1	2	3	4	5	6	7	8	
Main refinancing operations									
2012 3 Oct.	102,886	84	102,886	0.75	-	-	-	-	7
10	89,783	86	89,783	0.75	-	-	-	-	7
17	91,813	96	91,813	0.75	-	-	-	-	7
24	77,293	93	77,293	0.75	-	-	-	-	7
31	83,730	87	83,730	0.75	-	-	-	-	7
7 Nov.	79,474	81	79,474	0.75	-	-	-	-	7
14	75,214	84	75,214	0.75	-	-	-	-	7
21	75,428	85	75,428	0.75	-	-	-	-	7
28	74,591	79	74,591	0.75	-	-	-	-	7
5 Dec.	70,764	74	70,764	0.75	-	-	-	-	7
12	73,217	82	73,217	0.75	-	-	-	-	7
19	72,683	79	72,683	0.75	-	-	-	-	9
28	89,661	86	89,661	0.75	-	-	-	-	6
2013 3 Jan.	81,097	69	81,097	0.75	-	-	-	-	6
9	77,725	75	77,725	0.75	-	-	-	-	7
Longer-term refinancing operations <sup>5)</sup>									
2012 11 July	24,398	27	24,398	0.75	-	-	-	-	28
26	8,450	36	8,450	0.75	-	-	-	-	98
8 Aug.	25,180	28	25,180	0.75	-	-	-	-	35
30	9,746	36	9,746	0.75	-	-	-	-	91
12 Sep.	13,844	26	13,844	0.75	-	-	-	-	28
27	18,709	55	18,709	0.75	-	-	-	-	84
10 Oct.	12,629	27	12,629	0.75	-	-	-	-	35
1 Nov. <sup>6)</sup>	6,156	52	6,156	.	-	-	-	-	91
14	15,926	30	15,926	0.75	-	-	-	-	28
29 <sup>6)</sup>	7,371	37	7,371	.	-	-	-	-	91
12 Dec.	15,296	26	15,296	0.75	-	-	-	-	35
20 <sup>6)</sup>	14,962	50	14,962	.	-	-	-	-	98

#### 2. Other tender operations

Date of settlement	Type of operation	Bids (amount)	Number of participants	Allotment (amount)	Fixed rate tender procedures		Variable rate tender procedures			Running for (...) days
					Fixed rate	Minimum bid rate	Maximum bid rate	Marginal rate <sup>4)</sup>	Weighted average rate	
	1	2	3	4	5	6	7	8	9	10
2012 3 Oct.	Collection of fixed-term deposits	420,868	56	209,000	-	-	0.75	0.01	0.01	7
10	Collection of fixed-term deposits	444,984	55	209,500	-	-	0.75	0.01	0.01	7
17	Collection of fixed-term deposits	418,992	60	209,500	-	-	0.75	0.01	0.01	7
24	Collection of fixed-term deposits	425,726	60	209,500	-	-	0.75	0.01	0.01	7
31	Collection of fixed-term deposits	404,051	56	209,500	-	-	0.75	0.01	0.01	7
7 Nov.	Collection of fixed-term deposits	459,619	62	208,500	-	-	0.75	0.01	0.01	7
14	Collection of fixed-term deposits	464,144	63	208,500	-	-	0.75	0.01	0.01	7
21	Collection of fixed-term deposits	450,602	63	208,500	-	-	0.75	0.01	0.01	7
28	Collection of fixed-term deposits	400,817	60	208,500	-	-	0.75	0.01	0.01	7
5 Dec.	Collection of fixed-term deposits	415,855	53	208,500	-	-	0.75	0.01	0.01	7
12	Collection of fixed-term deposits	405,362	57	208,500	-	-	0.75	0.01	0.01	7
19	Collection of fixed-term deposits	354,791	52	208,500	-	-	0.75	0.01	0.01	9
28	Collection of fixed-term deposits	197,559	43	197,559	-	-	0.75	0.75	0.03	6
2013 3 Jan.	Collection of fixed-term deposits	324,054	61	208,500	-	-	0.75	0.01	0.01	6
9	Collection of fixed-term deposits	344,451	64	208,500	-	-	0.75	0.01	0.01	7

Source: ECB.

- The amounts shown may differ slightly from those in Section 1.1 owing to operations that have been allotted but not settled.
- With effect from April 2002, split tender operations (i.e. operations with a one-week maturity conducted as standard tender procedures in parallel with a main refinancing operation) are classified as main refinancing operations.
- On 8 June 2000 the ECB announced that, starting from the operation to be settled on 28 June 2000, the main refinancing operations of the Eurosystem would be conducted as variable rate tender procedures. The minimum bid rate refers to the minimum interest rate at which counterparties may place their bids. On 8 October 2008 the ECB announced that, starting from the operation to be settled on 15 October 2008, the weekly main refinancing operations would be carried out through a fixed rate tender procedure with full allotment at the interest rate on the main refinancing operations. On 4 March 2010 the ECB decided to return to variable rate tender procedures in the regular three-month longer-term refinancing operations, starting with the operation to be allotted on 28 April 2010 and settled on 29 April 2010.
- In liquidity-providing (absorbing) operations, the marginal rate refers to the lowest (highest) rate at which bids were accepted.
- For the operations settled on 22 December 2011 and 1 March 2012, after one year counterparties have the option to repay any part of the liquidity that they have been allotted in these operations, on any day that coincides with the settlement day of a main refinancing operation.
- In this longer-term refinancing operation, the rate at which all bids are satisfied is indexed to the average minimum bid rate in the main refinancing operations over the life of the operation. The interest rates displayed for these indexed longer-term refinancing operations have been rounded to two decimal places. For the precise calculation method, please refer to the Technical Notes.

## 1.4 Minimum reserve and liquidity statistics

(EUR billions; period averages of daily positions, unless otherwise indicated; interest rates as percentages per annum)

### 1. Reserve base of credit institutions subject to reserve requirements

Reserve base as at (end of period):	Total	Liabilities to which a positive reserve coefficient is applied <sup>1)</sup>		Liabilities to which a 0% reserve coefficient is applied		
		Overnight deposits and deposits with an agreed maturity or notice period of up to 2 years	Debt securities issued with a maturity of up to 2 years	Deposits with an agreed maturity or notice period of over 2 years	Repos	Debt securities issued with a maturity of over 2 years
	1	2	3	4	5	6
2009	18,318.2	9,808.5	760.4	2,475.7	1,170.1	4,103.5
2010	18,948.1	9,962.6	644.3	2,683.3	1,335.4	4,322.5
2011	18,970.0	9,790.9	687.7	2,781.2	1,303.5	4,406.8
2012	18,807.8	9,973.0	675.6	2,607.6	1,304.6	4,247.0
2012 June	19,077.1	10,059.8	701.3	2,708.9	1,284.8	4,322.3
July	19,077.4	10,025.9	724.6	2,655.6	1,332.9	4,338.4
Aug.	18,943.3	9,977.3	714.4	2,643.9	1,287.7	4,320.1
Sep.	18,893.9	9,992.3	690.9	2,632.8	1,300.1	4,277.9
Oct.	18,807.8	9,973.0	675.6	2,607.6	1,304.6	4,247.0

### 2. Reserve maintenance

Maintenance period ending on:	Required reserves	Credit institutions' current accounts	Excess reserves	Deficiencies	Interest rate on minimum reserves
	1	2	3	4	5
2009	210.2	211.4	1.2	0.0	1.00
2010	211.8	212.5	0.7	0.5	1.00
2011	207.7	212.2	4.5	0.0	1.25
2012	106.4	509.9	403.5	0.0	0.75
2012 7 Aug.	107.0	510.2	403.2	0.0	0.75
11 Sep.	107.1	540.0	432.9	0.0	0.75
9 Oct.	107.0	538.1	431.1	0.0	0.75
13 Nov.	106.4	529.2	422.7	0.0	0.75
11 Dec.	106.4	509.9	403.5	0.0	0.75
2013 15 Jan.	106.0	.	.	.	.

### 3. Liquidity

Maintenance period ending on:	Liquidity-providing factors					Liquidity-absorbing factors					Credit institutions' current accounts	Base money			
	Eurosystème's net assets in gold and foreign currency	Monetary policy operations of the Eurosystem				Deposit facility	Other liquidity-absorbing operations <sup>3)</sup>	Banknotes in circulation	Central government deposits with the Eurosystem	Other factors (net)					
1		Main refinancing operations	Longer-term refinancing operations	Marginal lending facility	Other liquidity-providing operations <sup>2)</sup>						2	3	4	5	6
2009	407.6	55.8	593.4	0.7	24.6	65.7	9.9	775.2	150.1	-130.2	211.4	1,052.3			
2010	511.1	179.5	336.3	1.9	130.4	44.7	70.8	815.9	94.4	-79.1	212.5	1,073.1			
2011	622.1	238.0	389.0	4.4	260.3	253.7	200.5	869.4	63.8	-85.9	212.2	1,335.3			
2012	708.0	74.0	1,044.1	1.6	277.3	231.8	208.5	889.3	121.1	144.5	509.9	1,631.0			
2012 10 July	666.7	160.7	1,074.9	1.8	280.7	770.6	210.9	892.5	138.8	60.6	111.5	1,774.6			
7 Aug.	678.9	146.0	1,079.9	0.8	281.0	343.1	211.5	897.7	130.7	93.5	510.2	1,751.0			
11 Sep.	676.8	130.6	1,076.8	0.8	279.7	328.6	210.5	897.6	107.0	81.0	540.0	1,766.2			
9 Oct.	681.5	117.6	1,062.8	1.1	279.6	305.4	209.0	892.7	101.4	96.0	538.1	1,736.2			
13 Nov.	708.5	84.4	1,053.8	1.0	278.9	256.1	209.3	890.0	95.7	146.4	529.2	1,675.3			
11 Dec.	708.0	74.0	1,044.1	1.6	277.3	231.8	208.5	889.3	121.1	144.5	509.9	1,631.0			

Source: ECB.

1) A coefficient of 1% is applied as of the maintenance period beginning on 18 January 2012. A coefficient of 2% is applied to all previous maintenance periods.

2) Includes liquidity provided under the Eurosystem's covered bond purchase programmes and the Eurosystem's Securities Markets Programme.

3) Includes liquidity absorbed as a result of the Eurosystem's foreign exchange swap operations.

For more information, please see: <http://www.ecb.europa.eu/mopo/liq/html/index.en.html>



## MONEY, BANKING AND OTHER FINANCIAL CORPORATIONS

### 2.1 Aggregated balance sheet of euro area MFIs <sup>1)</sup>

(EUR billions; outstanding amounts at end of period)

#### 1. Assets

	Total	Loans to euro area residents			Holdings of securities other than shares issued by euro area residents				Money market fund shares/units <sup>2)</sup>	Holdings of shares/other equity issued by euro area residents	External assets	Fixed assets	Remaining assets <sup>3)</sup>	
		Total	General government	Other euro area residents	MFIs	Total	General government	Other euro area residents						MFIs
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
Eurosystème														
2010	3,212.4	1,566.8	18.6	0.9	1,547.3	573.6	425.4	9.4	138.7	-	18.6	684.1	8.0	361.4
2011	4,700.3	2,780.5	18.0	1.0	2,761.5	717.2	556.9	10.1	150.2	-	20.3	779.2	8.1	395.0
2012 Q2	5,572.8	3,656.6	17.0	1.0	3,638.7	729.6	569.8	9.2	150.5	-	20.9	793.6	8.2	363.9
Q3	5,489.6	3,517.1	17.1	1.0	3,499.1	730.0	572.6	9.9	147.5	-	21.7	843.6	8.4	368.9
2012 Aug.	5,628.1	3,674.8	16.9	1.0	3,656.9	731.1	571.6	9.7	149.7	-	21.6	822.6	8.3	369.6
Sep.	5,489.6	3,517.1	17.1	1.0	3,499.1	730.0	572.6	9.9	147.5	-	21.7	843.6	8.4	368.9
Oct.	5,480.9	3,538.6	17.1	1.0	3,520.6	721.0	565.6	10.0	145.4	-	21.9	822.7	8.4	368.3
Nov. <sup>(p)</sup>	5,403.4	3,448.3	17.1	1.0	3,430.3	722.3	568.1	10.4	143.7	-	22.1	830.6	8.4	371.6
MFIs excluding the Eurosystème														
2010	32,206.8	17,762.3	1,217.9	11,027.1	5,517.3	4,948.9	1,524.2	1,538.3	1,886.4	59.9	1,233.1	4,321.2	223.5	3,657.9
2011	33,540.3	18,483.3	1,159.6	11,162.9	6,160.7	4,765.3	1,395.9	1,517.4	1,852.0	50.2	1,211.8	4,253.6	232.3	4,544.0
2012 Q2	34,186.5	18,673.8	1,169.9	11,191.0	6,312.9	4,907.3	1,588.6	1,453.5	1,865.2	64.1	1,203.9	4,295.1	220.7	4,821.6
Q3	33,917.4	18,455.6	1,163.0	11,186.8	6,105.8	4,885.5	1,619.3	1,376.6	1,889.6	60.9	1,221.4	4,203.0	222.4	4,868.6
2012 Aug.	34,164.1	18,480.5	1,160.0	11,163.4	6,157.1	4,880.1	1,575.6	1,390.6	1,913.8	63.8	1,210.9	4,280.8	221.8	5,026.2
Sep.	33,917.4	18,455.6	1,163.0	11,186.8	6,105.8	4,885.5	1,619.3	1,376.6	1,889.6	60.9	1,221.4	4,203.0	222.4	4,868.6
Oct.	33,329.3	18,381.7	1,177.7	11,168.1	6,035.9	4,878.7	1,636.5	1,373.8	1,868.5	63.7	1,219.4	4,189.1	223.3	4,373.3
Nov. <sup>(p)</sup>	33,344.4	18,324.8	1,167.9	11,162.5	5,994.4	4,904.3	1,673.7	1,353.8	1,876.8	66.6	1,229.3	4,162.5	223.8	4,433.1

#### 2. Liabilities

	Total	Currency in circulation	Deposits of euro area residents			Money market fund shares/units <sup>4)</sup>	Debt securities issued <sup>5)</sup>	Capital and reserves	External liabilities	Remaining liabilities <sup>3)</sup>	
			Total	Central government	Other general government/other euro area residents						MFIs
	1	2	3	4	5	6	7	8	9	10	11
Eurosystème											
2010	3,212.4	863.7	1,394.8	68.0	8.7	1,318.1	-	0.0	428.5	153.0	372.5
2011	4,700.3	913.7	2,609.0	63.8	12.1	2,533.1	-	0.0	481.2	284.3	412.1
2012 Q2	5,572.8	918.9	3,425.9	142.4	11.3	3,272.2	-	0.0	521.7	283.9	422.4
Q3	5,489.6	917.8	3,257.7	91.9	21.2	3,144.6	-	0.0	575.2	303.8	435.1
2012 Aug.	5,628.1	921.8	3,414.7	80.2	24.1	3,310.5	-	0.0	550.8	310.3	430.5
Sep.	5,489.6	917.8	3,257.7	91.9	21.2	3,144.6	-	0.0	575.2	303.8	435.1
Oct.	5,480.9	916.8	3,278.5	84.0	64.1	3,130.4	-	0.0	559.1	291.2	435.4
Nov. <sup>(p)</sup>	5,403.4	915.1	3,190.8	115.6	71.2	3,004.0	-	0.0	578.7	292.7	426.2
MFIs excluding the Eurosystème											
2010	32,206.8	-	16,514.4	196.2	10,543.5	5,774.7	612.3	4,848.0	2,045.5	4,214.0	3,972.5
2011	33,540.3	-	17,318.5	195.5	10,752.3	6,370.7	570.6	5,008.2	2,231.1	3,803.4	4,608.5
2012 Q2	34,186.5	-	17,656.5	191.9	10,840.3	6,624.3	560.9	4,993.7	2,285.0	3,880.6	4,809.8
Q3	33,917.4	-	17,432.6	206.4	10,827.2	6,399.1	540.8	4,977.9	2,325.3	3,749.2	4,891.6
2012 Aug.	34,164.1	-	17,421.4	184.8	10,774.2	6,462.4	564.2	5,031.8	2,306.3	3,811.3	5,029.0
Sep.	33,917.4	-	17,432.6	206.4	10,827.2	6,399.1	540.8	4,977.9	2,325.3	3,749.2	4,891.6
Oct.	33,329.3	-	17,357.3	189.6	10,814.8	6,353.0	548.8	4,930.6	2,331.1	3,737.9	4,423.5
Nov. <sup>(p)</sup>	33,344.4	-	17,374.2	197.6	10,835.8	6,340.7	550.0	4,907.3	2,336.1	3,658.7	4,518.1

Source: ECB.

- 1) Data refer to the changing composition of the euro area. For further information, see the General Notes.
- 2) Amounts issued by euro area residents. Amounts issued by non-euro area residents are included in external assets.
- 3) In December 2010 a change was made to the recording practice for derivatives in one Member State, leading to an increase in this position.
- 4) Amounts held by euro area residents.
- 5) Amounts issued with a maturity of up to two years and held by non-euro area residents are included in external liabilities.

**2.2 Consolidated balance sheet of euro area MFIs <sup>1)</sup>**

(EUR billions; outstanding amounts at end of period; transactions during period)

**1. Assets**

	Total	Loans to euro area residents			Holdings of securities other than shares issued by euro area residents			Holdings of shares/other equity issued by other euro area residents	External assets	Fixed assets	Remaining assets <sup>2)</sup>
		Total	General government	Other euro area residents	Total	General government	Other euro area residents				
	1	2	3	4	5	6	7	8	9	10	11
<b>Outstanding amounts</b>											
2010	25,763.4	12,264.5	1,236.5	11,028.0	3,497.4	1,949.7	1,547.7	800.6	5,005.3	231.5	3,964.1
2011	26,717.5	12,341.5	1,177.6	11,163.9	3,480.3	1,952.8	1,527.6	739.7	5,032.8	240.4	4,882.8
2012 Q2	27,183.3	12,378.8	1,186.8	11,192.0	3,621.2	2,158.4	1,462.8	731.3	5,088.8	228.9	5,134.4
Q3	27,159.2	12,367.9	1,180.1	11,187.8	3,578.3	2,191.9	1,386.4	749.2	5,046.5	230.8	5,186.3
2012 Aug.	27,304.7	12,341.3	1,177.0	11,164.3	3,547.6	2,147.2	1,400.4	738.1	5,103.4	230.1	5,344.2
Sep.	27,159.2	12,367.9	1,180.1	11,187.8	3,578.3	2,191.9	1,386.4	749.2	5,046.5	230.8	5,186.3
Oct.	26,630.2	12,363.9	1,194.8	11,169.1	3,585.9	2,202.1	1,383.8	747.8	5,011.8	231.7	4,689.2
Nov. <sup>(p)</sup>	26,694.0	12,348.4	1,184.9	11,163.5	3,606.0	2,241.8	1,364.2	760.5	4,993.1	232.2	4,753.7
<b>Transactions</b>											
2010	565.0	407.8	203.3	204.5	139.3	140.4	-1.0	5.2	-120.7	2.4	130.8
2011	989.8	60.3	-55.6	115.8	125.0	149.3	-24.3	-29.9	-37.7	7.8	864.2
2012 Q2	413.1	54.5	33.9	20.6	-1.1	41.5	-42.6	-11.8	-69.0	-0.1	440.6
Q3	-50.7	5.8	-7.6	13.4	-75.2	2.3	-77.5	16.6	-56.9	2.4	56.6
2012 Aug.	-166.7	-55.3	-9.3	-46.0	-24.8	-9.4	-15.4	0.0	-24.2	1.2	-63.5
Sep.	-133.5	38.3	2.3	36.0	14.4	29.0	-14.5	11.3	-40.0	0.8	-158.2
Oct.	-127.7	0.6	14.8	-14.1	-2.5	-0.5	-2.0	-3.7	6.2	0.9	-129.3
Nov. <sup>(p)</sup>	58.3	-11.5	-9.8	-1.7	6.3	26.4	-20.2	12.5	-14.2	0.7	64.5

**2. Liabilities**

	Total	Currency in circulation	Deposits of central government	Deposits of other general government/other euro area residents	Money market fund shares/units <sup>3)</sup>	Debt securities issued <sup>4)</sup>	Capital and reserves	External liabilities	Remaining liabilities <sup>2)</sup>	Excess of inter-MFI liabilities over inter-MFI assets
<b>Outstanding amounts</b>										
2010	25,763.4	808.6	264.2	10,552.2	552.4	2,823.0	2,022.9	4,367.0	4,344.9	28.2
2011	26,717.5	857.5	259.3	10,764.5	520.4	3,006.1	2,219.9	4,087.7	5,020.6	-18.5
2012 Q2	27,183.3	867.7	334.4	10,851.6	496.8	2,978.0	2,313.2	4,164.5	5,232.3	-55.2
Q3	27,159.2	866.7	298.3	10,848.4	479.9	2,940.8	2,406.6	4,053.0	5,326.7	-61.2
2012 Aug.	27,304.7	870.2	265.0	10,798.3	500.3	2,968.3	2,362.7	4,121.6	5,459.4	-41.2
Sep.	27,159.2	866.7	298.3	10,848.4	479.9	2,940.8	2,406.6	4,053.0	5,326.7	-61.2
Oct.	26,630.2	864.3	273.5	10,878.8	485.1	2,916.8	2,396.6	4,029.1	4,859.0	-73.0
Nov. <sup>(p)</sup>	26,694.0	864.1	313.3	10,907.0	483.4	2,886.8	2,423.8	3,951.4	4,944.3	-80.0
<b>Transactions</b>										
2010	565.0	38.6	11.8	328.6	-98.5	39.7	99.4	-42.3	155.0	32.6
2011	989.8	49.1	-0.8	168.0	-29.0	50.4	138.1	-200.0	860.7	-46.6
2012 Q2	413.1	22.8	8.2	31.1	-0.8	-48.9	54.1	-75.2	437.1	-15.4
Q3	-50.7	-1.1	-36.0	-0.2	-17.0	-10.1	25.9	-84.1	82.7	-10.8
2012 Aug.	-166.7	-1.3	-37.7	-15.8	4.7	-10.7	0.5	-45.8	-74.6	14.0
Sep.	-133.5	-3.5	33.5	52.0	-20.4	-8.0	10.8	-35.1	-139.6	-23.3
Oct.	-127.7	-2.4	-24.7	32.2	5.7	-18.0	0.6	-10.3	-97.1	-13.7
Nov. <sup>(p)</sup>	58.3	-0.2	39.7	28.7	-1.1	-25.6	5.1	-73.6	91.5	-6.2

Source: ECB.

- 1) Data refer to the changing composition of the euro area. For further information, see the General Notes.
- 2) In December 2010 a change was made to the recording practice for derivatives in one Member State, leading to an increase in this position.
- 3) Amounts held by euro area residents.
- 4) Amounts issued with a maturity of up to two years and held by non-euro area residents are included in external liabilities.

## 2.3 Monetary statistics <sup>1)</sup>

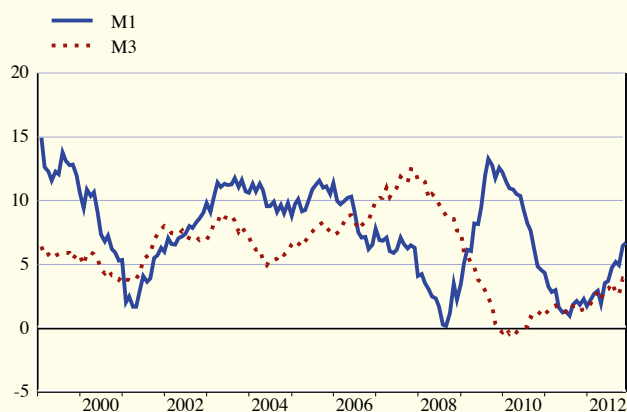
(EUR billions and annual growth rates; seasonally adjusted; outstanding amounts and growth rates at end of period; transactions during period)

### 1. Monetary aggregates <sup>2)</sup> and counterparts

	M3				M3 3-month moving average (centred)	Longer-term financial liabilities	Credit to general government	Credit to other euro area residents <sup>3)</sup>		Net external assets <sup>4)</sup>		
	M2		M3-M2	Loans				Loans adjusted for sales and securitisation <sup>5)</sup>				
	M1	M2-M1										
	1	2	3	4	5	6	7	8	9	10	11	12
Outstanding amounts												
2010	4,703.2	3,707.2	8,410.4	870.3	9,280.6	-	7,292.8	3,212.9	13,244.3	10,898.3	-	624.1
2011	4,792.3	3,799.7	8,592.0	886.6	9,478.5	-	7,680.2	3,156.7	13,287.5	11,022.5	-	930.8
2012 Q2	4,905.8	3,878.5	8,784.2	859.4	9,643.7	-	7,621.2	3,312.7	13,184.3	10,982.9	-	910.6
Q3	5,025.7	3,844.6	8,870.3	815.7	9,686.0	-	7,663.7	3,383.6	13,107.1	10,950.6	-	972.1
2012 Aug.	5,048.2	3,833.0	8,881.2	842.7	9,723.9	-	7,636.5	3,335.9	13,128.7	10,976.4	-	970.4
Sep.	5,025.7	3,844.6	8,870.3	815.7	9,686.0	-	7,663.7	3,383.6	13,107.1	10,950.6	-	972.1
Oct.	5,095.7	3,876.0	8,971.7	824.2	9,796.0	-	7,635.5	3,407.0	13,095.9	10,945.9	-	973.7
Nov. <sup>(p)</sup>	5,117.8	3,873.1	8,991.0	796.0	9,787.0	-	7,637.4	3,432.2	13,046.2	10,930.6	-	1,041.3
Transactions												
2010	196.0	-14.1	181.8	-82.5	99.3	-	251.1	344.0	184.7	181.5	237.6	-77.7
2011	82.7	71.3	154.0	-10.0	144.0	-	207.8	92.3	50.1	104.1	130.6	162.3
2012 Q2	39.5	1.0	40.5	-8.7	31.9	-	-68.4	46.0	-71.3	-16.8	-17.9	-25.8
Q3	127.1	-38.4	88.7	-32.0	56.6	-	-9.8	38.6	-62.1	-14.6	-1.2	19.5
2012 Aug.	84.6	-44.9	39.7	-15.2	24.5	-	9.6	-0.6	-9.8	-0.6	1.0	10.7
Sep.	-19.2	10.6	-8.5	-24.7	-33.3	-	7.0	31.1	-9.6	-13.3	-11.8	-15.0
Oct.	70.5	32.3	102.8	9.1	111.8	-	-11.2	12.7	-8.3	-0.2	5.8	28.8
Nov. <sup>(p)</sup>	22.4	0.7	23.1	-27.5	-4.4	-	-19.2	11.9	-46.5	-11.3	-11.2	68.0
Growth rates												
2010	4.4	-0.4	2.2	-8.3	1.1	1.3	3.6	11.9	1.4	1.7	2.2	-77.7
2011	1.8	1.9	1.8	-1.1	1.5	1.7	2.8	3.1	0.4	1.0	1.2	162.3
2012 Q2	3.7	2.2	3.0	3.5	3.0	3.2	-0.4	9.5	-0.6	-0.4	0.1	-69.0
Q3	5.0	0.6	3.1	-1.5	2.6	3.1	-1.6	8.2	-1.2	-0.9	-0.4	-74.4
2012 Aug.	5.2	0.7	3.2	-0.3	2.9	3.0	-1.4	8.1	-1.2	-0.7	-0.2	-45.6
Sep.	5.0	0.6	3.1	-1.5	2.6	3.1	-1.6	8.2	-1.2	-0.9	-0.4	-74.4
Oct.	6.5	1.7	4.3	-0.4	3.9	3.4	-2.0	8.8	-1.4	-0.8	-0.5	-5.8
Nov. <sup>(p)</sup>	6.7	1.8	4.5	-3.6	3.8	.	-2.0	7.9	-1.6	-0.8	-0.5	79.6

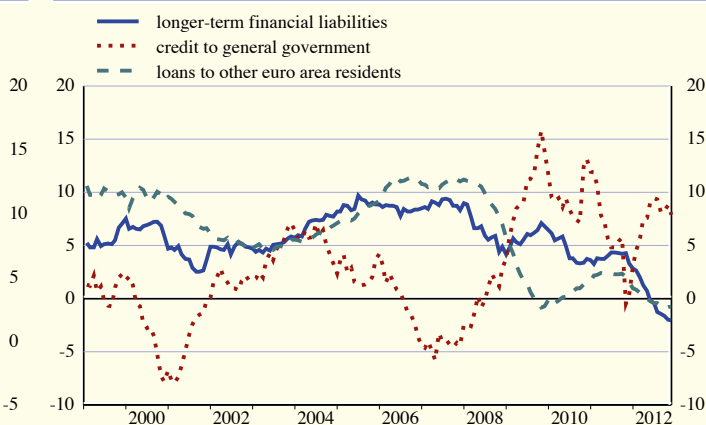
### C1 Monetary aggregates <sup>1)</sup>

(annual growth rates; seasonally adjusted)



### C2 Counterparts <sup>1)</sup>

(annual growth rates; seasonally adjusted)



Source: ECB.

1) Data refer to the changing composition of the euro area. For further information, see the General Notes.

Monthly and other shorter-term growth rates for selected items are available at: <http://www.ecb.europa.eu/stats/money/aggregates/aggr/html/index.en.html>

2) Monetary liabilities of MFIs and central government (post office, treasury, etc.) vis-à-vis non-MFI euro area residents excluding central government.

For definitions of M1, M2 and M3, see glossary.

3) Excludes reverse repos to central counterparties as of June 2010; transactions and growth rates are adjusted for this effect.

4) Values in the section "growth rates" are sums of the transactions during the 12 months ending in the period indicated.

5) Adjustment for the derecognition of loans on the MFI balance sheet on account of their sale or securitisation.

**2.3 Monetary statistics <sup>1)</sup>**

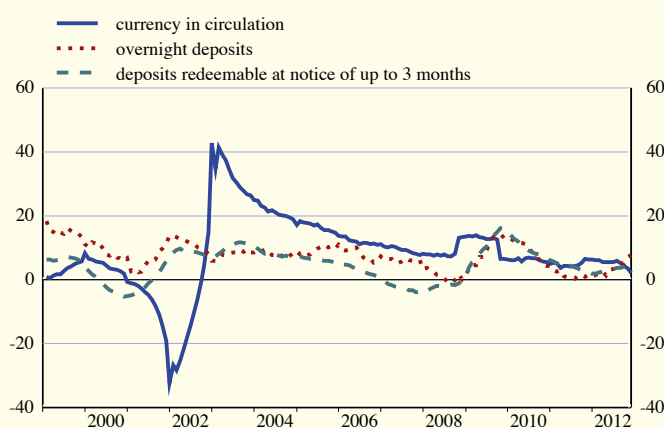
(EUR billions and annual growth rates; seasonally adjusted; outstanding amounts and growth rates at end of period; transactions during period)

**2. Components of monetary aggregates and longer-term financial liabilities**

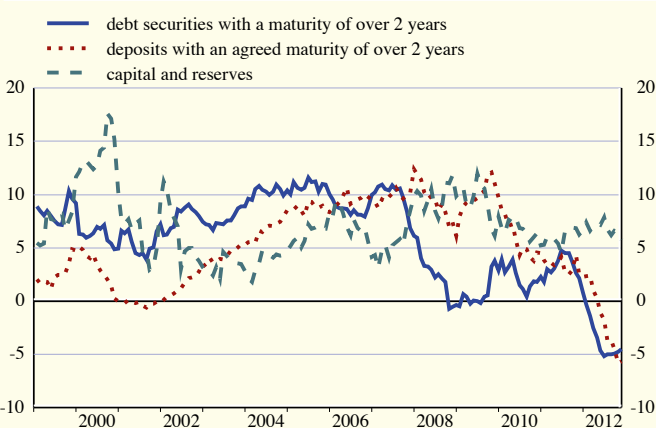
	Currency in circulation	Overnight deposits	Deposits with an agreed maturity of up to 2 years	Deposits redeemable at notice of up to 3 months	Repos <sup>2)</sup>	Money market fund shares/units	Debt securities with a maturity of up to 2 years	Debt securities with a maturity of over 2 years	Deposits redeemable at notice of over 3 months	Deposits with an agreed maturity of over 2 years	Capital and reserves
	1	2	3	4	5	6	7	8	9	10	11
Outstanding amounts											
2010	794.0	3,909.2	1,794.6	1,912.6	178.4	568.7	123.2	2,718.9	118.9	2,448.2	2,006.8
2011	843.2	3,949.1	1,841.2	1,958.4	144.5	535.5	206.6	2,820.6	115.4	2,542.8	2,201.4
2012 Q2	861.0	4,044.7	1,871.0	2,007.5	126.9	500.6	231.9	2,737.1	112.6	2,463.3	2,308.2
Q3	867.2	4,158.5	1,802.8	2,041.9	120.6	482.1	213.0	2,721.4	109.3	2,425.4	2,407.6
2012 Aug.	868.2	4,180.0	1,803.4	2,029.6	132.9	490.6	219.2	2,737.6	110.5	2,424.9	2,363.6
Sep.	867.2	4,158.5	1,802.8	2,041.9	120.6	482.1	213.0	2,721.4	109.3	2,425.4	2,407.6
Oct.	869.9	4,225.8	1,811.8	2,064.3	125.5	491.0	207.8	2,706.6	108.0	2,421.4	2,399.5
Nov. <sup>(p)</sup>	862.5	4,255.3	1,798.7	2,074.4	126.4	483.6	185.9	2,705.2	108.1	2,408.4	2,415.8
Transactions											
2010	36.5	159.5	-125.9	111.7	37.7	-101.6	-18.7	60.2	-7.4	102.3	96.0
2011	49.4	33.3	34.7	36.6	-13.5	-29.7	33.2	19.2	-2.5	55.6	135.5
2012 Q2	13.1	26.4	-30.5	31.5	-6.1	4.0	-6.6	-49.6	-0.6	-62.4	44.2
Q3	6.2	120.9	-71.0	32.6	-0.6	-18.6	-12.8	5.4	-3.3	-43.7	31.8
2012 Aug.	1.7	82.9	-53.5	8.6	-0.1	-4.5	-10.7	1.6	-1.1	7.6	1.6
Sep.	-1.0	-18.2	-1.7	12.3	-12.1	-8.5	-4.2	1.3	-1.2	-4.2	11.0
Oct.	2.7	67.8	9.9	22.4	5.0	9.4	-5.3	-8.7	-1.3	-3.6	2.4
Nov. <sup>(p)</sup>	-7.3	29.7	-10.9	11.6	1.0	-6.7	-21.8	2.9	-1.3	-15.0	-5.8
Growth rates											
2010	4.8	4.3	-6.6	6.2	14.9	-15.2	-13.7	2.3	-5.7	4.5	5.2
2011	6.2	0.9	1.9	1.9	-8.1	-5.1	24.1	0.7	-2.1	2.2	6.7
2012 Q2	5.5	3.3	1.0	3.3	-14.8	3.4	17.6	-5.2	-5.8	-1.8	7.9
Q3	4.2	5.1	-3.0	4.1	-23.3	-1.0	17.3	-5.0	-8.4	-4.5	6.6
2012 Aug.	5.1	5.2	-2.5	3.7	-21.9	1.2	16.2	-5.0	-7.8	-3.7	6.2
Sep.	4.2	5.1	-3.0	4.1	-23.3	-1.0	17.3	-5.0	-8.4	-4.5	6.6
Oct.	3.5	7.1	-1.8	4.9	-22.2	1.9	14.0	-4.8	-9.1	-5.9	6.5
Nov. <sup>(p)</sup>	2.2	7.7	-1.9	5.2	-20.1	0.4	0.8	-4.5	-9.0	-5.7	5.8

**C3 Components of monetary aggregates <sup>1)</sup>**

(annual growth rates; seasonally adjusted)


**C4 Components of longer-term financial liabilities <sup>1)</sup>**

(annual growth rates; seasonally adjusted)



Source: ECB.

1) Data refer to the changing composition of the euro area. For further information, see the General Notes.

2) Excludes repurchase agreements with central counterparties as of June 2010; transactions and growth rates are adjusted for this effect.



## 2.3 Monetary Statistics <sup>1)</sup>

(EUR billions and annual growth rates; seasonally adjusted; outstanding amounts and growth rates at end of period; transactions during period)

### 3. Loans as counterpart to M3

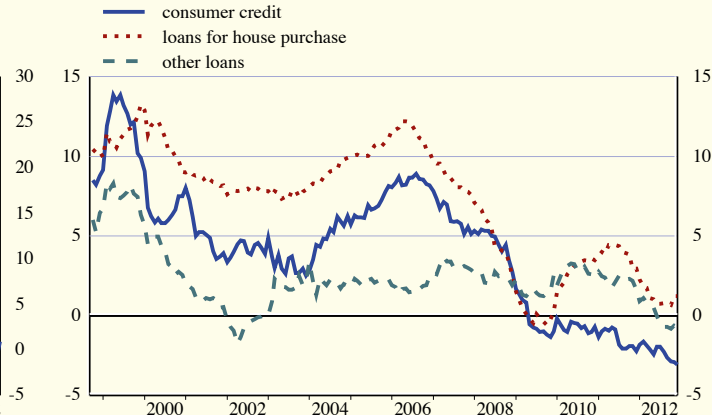
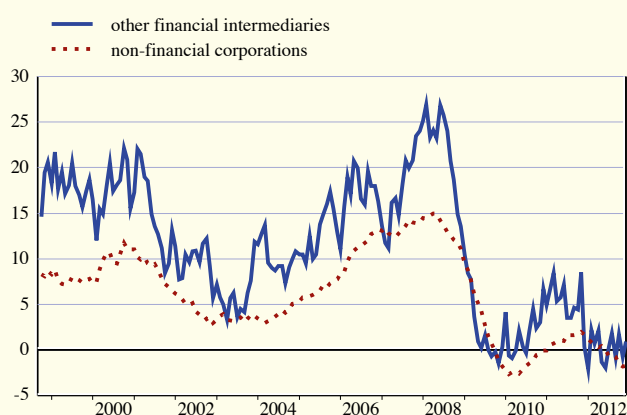
	Insurance corporations and pension funds		Non-financial corporations				Households <sup>3)</sup>					
	Total	Total	Total	Loans adjusted for sales and securitisation <sup>4)</sup>	Up to 1 year	Over 1 and up to 5 years	Over 5 years	Total	Loans adjusted for sales and securitisation <sup>4)</sup>	Consumer credit	Loans for house purchase	Other loans
Outstanding amounts												
2010	93.8	976.4	4,669.6	-	1,128.6	899.0	2,641.9	5,158.6	-	638.5	3,701.1	819.0
2011	91.1	975.5	4,722.7	-	1,148.2	859.6	2,715.0	5,233.2	-	626.3	3,778.3	828.6
2012 Q2	83.9	955.4	4,694.8	-	1,154.2	844.7	2,696.0	5,248.8	-	614.0	3,809.0	825.7
Q3	87.1	968.0	4,655.1	-	1,141.2	827.5	2,686.4	5,240.4	-	603.2	3,812.7	824.5
2012 Aug.	86.5	960.0	4,686.1	-	1,161.7	834.8	2,689.6	5,243.8	-	606.8	3,810.3	826.7
Sep.	87.1	968.0	4,655.1	-	1,141.2	827.5	2,686.4	5,240.4	-	603.2	3,812.7	824.5
Oct.	90.9	968.8	4,643.0	-	1,142.4	823.6	2,677.0	5,243.1	-	601.6	3,814.9	826.7
Nov. <sup>6)</sup>	88.1	959.6	4,636.1	-	1,144.1	816.3	2,675.8	5,246.8	-	598.6	3,821.3	826.8
Transactions												
2010	6.4	30.4	-2.3	44.6	-37.5	-26.5	61.7	146.9	155.5	-8.6	133.8	21.7
2011	1.3	-35.7	57.9	63.7	23.4	-22.2	56.7	80.6	101.3	-11.5	84.8	7.3
2012 Q2	-4.2	-16.0	-5.8	0.3	14.2	-3.4	-16.6	9.2	1.8	-5.1	17.0	-2.7
Q3	3.2	11.8	-25.1	-20.5	-7.4	-14.1	-3.6	-4.6	5.4	-8.9	5.4	-1.1
2012 Aug.	3.2	-0.8	-7.3	-6.5	-4.2	-5.0	1.9	4.3	5.0	-1.9	5.4	0.7
Sep.	0.7	10.1	-24.1	-21.4	-18.4	-5.8	0.1	0.0	-0.4	-2.2	3.3	-1.1
Oct.	3.8	0.3	-8.3	-6.8	3.1	-2.9	-8.6	4.0	8.4	-1.2	2.6	2.5
Nov. <sup>6)</sup>	-2.9	-8.8	-4.6	-4.3	-0.2	-4.1	-0.3	5.0	4.7	-1.3	6.2	0.1
Growth rates												
2010	7.3	3.4	0.0	1.0	-3.2	-2.8	2.4	2.9	3.0	-1.3	3.8	2.8
2011	1.5	-3.6	1.2	1.4	2.1	-2.5	2.1	1.6	2.0	-1.8	2.3	0.9
2012 Q2	-5.9	-2.1	-0.6	-0.3	-1.6	-2.7	0.5	0.2	1.1	-1.9	0.8	-0.5
Q3	-8.9	-2.0	-1.5	-1.2	-2.1	-4.1	-0.4	0.0	0.8	-2.9	0.7	-0.8
2012 Aug.	-11.3	-3.5	-0.7	-0.4	-0.2	-3.4	-0.1	0.1	0.9	-2.6	0.8	-0.7
Sep.	-8.9	-2.0	-1.5	-1.2	-2.1	-4.1	-0.4	0.0	0.8	-2.9	0.7	-0.8
Oct.	-2.3	-2.2	-1.8	-1.5	-2.1	-4.4	-0.9	0.4	0.8	-2.9	1.2	-0.6
Nov. <sup>6)</sup>	-4.4	-1.8	-1.8	-1.4	-1.7	-4.5	-1.0	0.4	0.7	-3.1	1.2	-0.7

### C5 Loans to other financial intermediaries and non-financial corporations <sup>1)</sup>

(annual growth rates; not seasonally adjusted)

### C6 Loans to households <sup>1)</sup>

(annual growth rates; not seasonally adjusted)



Source: ECB.

- 1) Data refer to the changing composition of the euro area. For further information, see the General Notes.
- 2) Excludes reverse repos to central counterparties as of June 2010; transactions and growth rates are adjusted for this effect.
- 3) Including non-profit institutions serving households.
- 4) Adjusted for the derecognition of loans on the MFI balance sheet on account of their sale or securitisation.

**2.4 MFI loans: breakdown <sup>1), 2)</sup>**

(EUR billions and annual growth rates; not seasonally adjusted; outstanding amounts and growth rates at end of period; transactions during period)

**1. Loans to financial intermediaries and non-financial corporations**

	Insurance corporations and pension funds				Other financial intermediaries					Non-financial corporations			
	Total	Up to 1 year	Over 1 and up to 5 years	Over 5 years	Total	Reverse repos to central counterparties	Up to 1 year	Over 1 and up to 5 years	Over 5 years	Total	Up to 1 year	Over 1 and up to 5 years	Over 5 years
Outstanding amounts													
2011	83.4	63.7	6.3	13.4	1,116.4	155.6	579.0	214.7	322.6	4,720.4	1,140.4	859.5	2,720.5
2012 Q2	85.3	67.5	5.4	12.4	1,148.5	177.1	582.6	223.3	342.6	4,700.7	1,164.0	844.0	2,692.7
2012 Q3	89.8	71.9	5.7	12.3	1,199.1	221.7	629.2	226.4	343.5	4,652.5	1,140.7	828.2	2,683.5
2012 Sep.	89.8	71.9	5.7	12.3	1,199.1	221.7	629.2	226.4	343.5	4,652.5	1,140.7	828.2	2,683.5
2012 Oct.	93.0	75.1	5.4	12.5	1,191.9	226.0	624.2	225.6	342.1	4,638.4	1,138.7	824.8	2,675.0
2012 Nov. <sup>(p)</sup>	88.7	71.4	4.8	12.6	1,182.4	217.0	606.1	226.8	349.5	4,640.4	1,146.4	816.6	2,677.4
Transactions													
2011	1.8	2.8	1.0	-2.0	-23.7	12.8	-20.7	-9.1	6.1	56.6	22.5	-22.2	56.3
2012 Q2	-0.9	-0.1	0.0	-0.8	-5.6	-9.6	-11.9	-0.5	6.9	0.6	23.5	-5.0	-17.9
2012 Q3	4.4	4.4	0.3	-0.2	49.8	44.6	45.7	2.6	1.5	-33.6	-17.7	-12.7	-3.2
2012 Sep.	1.1	0.9	0.4	-0.2	40.9	22.4	41.0	1.6	-1.7	-11.8	-5.5	-3.4	-2.9
2012 Oct.	3.2	3.2	-0.3	0.2	-7.7	4.4	-5.8	-0.6	-1.4	-10.3	-0.1	-2.4	-7.7
2012 Nov. <sup>(p)</sup>	-4.2	-3.7	-0.6	0.1	-9.1	-9.1	-17.9	1.3	7.5	4.2	5.8	-4.9	3.4
Growth rates													
2011	1.9	3.9	19.6	-13.3	-2.1	8.9	-3.4	-4.3	2.0	1.2	2.0	-2.5	2.1
2012 Q2	-6.0	-5.4	2.1	-11.6	0.2	14.4	-4.6	6.4	5.1	-0.6	-1.6	-2.7	0.5
2012 Q3	-8.7	-8.9	6.2	-13.2	1.7	23.0	-1.6	7.3	4.5	-1.5	-2.0	-4.1	-0.4
2012 Sep.	-8.7	-8.9	6.2	-13.2	1.7	23.0	-1.6	7.3	4.5	-1.5	-2.0	-4.1	-0.4
2012 Oct.	-2.4	-1.4	1.6	-9.2	-0.8	5.4	-5.3	7.2	3.2	-1.8	-2.1	-4.4	-0.9
2012 Nov. <sup>(p)</sup>	-4.4	-3.4	-9.8	-7.9	0.9	14.9	-4.1	4.5	8.4	-1.8	-1.7	-4.5	-0.9

**2. Loans to households <sup>3)</sup>**

	Total	Consumer credit				Loans for house purchase				Other loans				
		Total	Up to 1 year	Over 1 and up to 5 years	Over 5 years	Total	Up to 1 year	Over 1 and up to 5 years	Over 5 years	Total	Up to 1 year	Over 1 and up to 5 years	Over 5 years	
	1	2	3	4	5	6	7	8	9	10	Sole proprietors 11	12	13	14
Outstanding amounts														
2011	5,242.8	628.5	140.9	183.8	303.7	3,784.4	14.5	56.7	3,713.3	829.9	419.7	142.8	87.5	599.6
2012 Q2	5,256.5	617.1	137.7	179.9	299.5	3,807.9	14.2	56.6	3,737.0	831.6	417.4	144.8	85.4	601.3
2012 Q3	5,245.4	604.9	134.2	176.8	293.9	3,816.0	14.4	56.8	3,744.8	824.5	414.6	138.7	83.0	602.7
2012 Sep.	5,245.4	604.9	134.2	176.8	293.9	3,816.0	14.4	56.8	3,744.8	824.5	414.6	138.7	83.0	602.7
2012 Oct.	5,244.9	603.5	133.6	176.8	293.1	3,816.9	14.3	57.0	3,745.6	824.5	416.8	138.4	82.7	603.4
2012 Nov. <sup>(p)</sup>	5,251.0	599.1	131.7	175.9	291.5	3,821.5	14.3	57.5	3,749.7	830.4	417.4	144.7	82.3	603.4
Transactions														
2011	81.0	-11.6	-3.7	-6.3	-1.6	85.2	-0.3	2.7	82.7	7.4	8.8	-6.4	-2.5	16.3
2012 Q2	26.5	0.6	1.0	0.5	-0.9	20.6	0.2	0.1	20.3	5.3	-2.9	4.2	-0.8	1.9
2012 Q3	-7.3	-10.2	-2.2	-3.0	-5.0	9.9	0.3	0.3	9.3	-7.0	-3.2	-6.2	-2.1	1.3
2012 Sep.	5.8	-1.0	0.3	-1.0	-0.3	6.6	0.2	-0.2	6.5	0.2	-1.1	0.3	-0.6	0.5
2012 Oct.	0.7	-1.0	-0.7	0.0	-0.3	1.3	-0.1	0.2	1.2	0.4	0.3	-0.2	-0.1	0.7
2012 Nov. <sup>(p)</sup>	7.4	-2.7	-1.6	-0.9	-0.2	4.3	0.0	0.5	3.8	5.8	0.3	6.4	-0.3	-0.2
Growth rates														
2011	1.6	-1.8	-2.5	-3.3	-0.5	2.3	-1.8	5.0	2.3	0.9	2.1	-4.3	-2.9	2.8
2012 Q2	0.2	-1.9	-2.7	-2.4	-1.3	0.8	-0.7	3.3	0.7	-0.5	0.8	-4.7	-3.2	1.0
2012 Q3	0.0	-2.9	-2.6	-3.6	-2.5	0.7	2.4	1.8	0.7	-0.8	0.3	-5.1	-4.7	0.8
2012 Sep.	0.0	-2.9	-2.6	-3.6	-2.5	0.7	2.4	1.8	0.7	-0.8	0.3	-5.1	-4.7	0.8
2012 Oct.	0.4	-2.9	-3.1	-3.2	-2.7	1.2	2.6	1.8	1.2	-0.6	0.8	-4.3	-4.5	0.8
2012 Nov. <sup>(p)</sup>	0.4	-3.1	-3.5	-3.4	-2.6	1.2	2.9	2.1	1.2	-0.7	0.4	-2.9	-4.7	0.4

Source: ECB.

1) MFI sector excluding the Eurosystem; sectoral classification is based on the ESA 95.

2) Data refer to the changing composition of the euro area. For further information, see the General Notes.

3) Including non-profit institutions serving households.

## 2.4 MFI loans: breakdown <sup>1), 2)</sup>

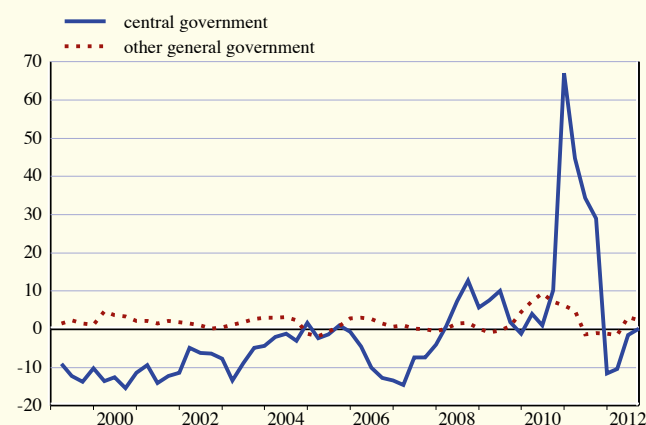
(EUR billions and annual growth rates; not seasonally adjusted; outstanding amounts and growth rates at end of period; transactions during period)

### 3. Loans to government and non-euro area residents

	General government					Non-euro area residents				
	Total	Central government	Other general government			Total	Banks <sup>3)</sup>	Non-banks		
			State government	Local government	Social security funds			Total	General government	Other
	1	2	3	4	5	6	7	8	9	10
Outstanding amounts										
2010	1,217.9	397.5	225.2	549.1	46.1	2,963.2	2,010.9	952.3	49.5	902.8
2011	1,159.6	348.9	221.7	567.4	21.7	3,021.4	2,022.5	998.9	62.4	936.4
2011 Q4	1,159.6	348.9	221.7	567.4	21.7	3,021.4	2,022.5	998.9	62.4	936.4
2012 Q1	1,137.5	322.6	224.0	566.9	24.0	3,006.6	1,998.8	1,007.8	59.4	948.4
Q2	1,169.9	339.6	240.1	565.1	25.1	3,086.9	2,063.9	1,023.0	58.0	964.9
Q3 <sup>3)</sup>	1,163.0	341.9	231.5	563.4	26.2	3,006.8	1,988.9	1,018.2	59.7	958.4
Transactions										
2010	204.2	156.3	14.9	21.1	11.9	-0.4	4.3	-5.0	0.5	-5.5
2011	-54.9	-45.9	-0.4	14.6	-23.3	15.4	-26.3	41.7	13.0	28.8
2011 Q4	13.3	4.7	1.2	10.3	-2.9	-151.9	-108.2	-43.8	-1.4	-42.3
2012 Q1	-21.2	-25.9	-1.7	4.1	2.3	42.1	18.5	23.7	-2.2	25.9
Q2	34.9	19.5	16.1	-1.8	1.1	-14.3	-3.6	-10.8	-3.0	-7.7
Q3 <sup>3)</sup>	-7.7	2.3	-9.3	-1.8	1.1	-54.5	-59.4	5.3	2.3	3.0
Growth rates										
2010	20.3	67.1	7.1	4.0	35.1	0.3	0.3	-0.4	0.6	-0.5
2011	-4.5	-11.6	-0.2	2.7	-51.6	0.6	-1.1	4.4	26.7	3.2
2011 Q4	-4.5	-11.6	-0.2	2.7	-51.6	0.6	-1.1	4.4	26.7	3.2
2012 Q1	-4.2	-10.4	-2.8	1.9	-41.6	0.1	-0.3	0.8	7.1	0.5
Q2	1.8	-1.5	7.2	2.0	-6.7	-1.9	-1.6	-2.5	-8.5	-2.2
Q3 <sup>3)</sup>	1.7	0.2	2.7	2.0	6.7	-5.6	-7.1	-2.6	-7.0	-2.3

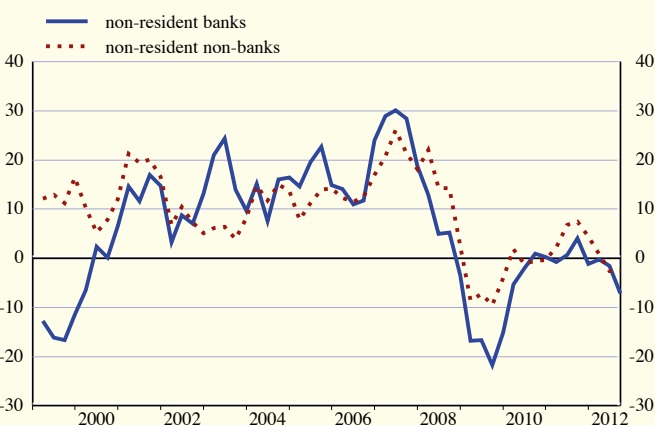
### C7 Loans to government <sup>2)</sup>

(annual growth rates; not seasonally adjusted)



### C8 Loans to non-euro area residents <sup>2)</sup>

(annual growth rates; not seasonally adjusted)



Source: ECB.

1) MFI sector excluding the Eurosystem; sectoral classification is based on the ESA 95.

2) Data refer to the changing composition of the euro area. For further information, see the General Notes.

3) The term "banks" is used in this table to indicate institutions similar to MFIs which are resident outside the euro area.

## 2.5 Deposits held with MFIs: breakdown <sup>1), 2)</sup>

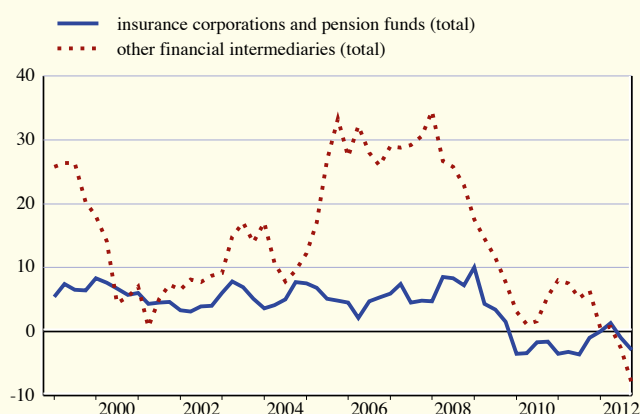
(EUR billions and annual growth rates; outstanding amounts and growth rates at end of period; transactions during period)

### 1. Deposits by financial intermediaries

	Insurance corporations and pension funds							Other financial intermediaries							
	Total	Overnight	With an agreed maturity of:		Redeemable at notice of:		Repos	Total	Overnight	With an agreed maturity of:		Redeemable at notice of:		Repos	
			Up to 2 years	Over 2 years	Up to 3 months	Over 3 months				Up to 2 years	Over 2 years	Up to 3 months	Over 3 months		With central counterparties
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Outstanding amounts															
2010	716.9	84.6	79.3	528.3	2.6	0.3	21.9	2,185.3	358.5	305.7	1,149.6	10.7	0.5	360.3	255.0
2011	704.0	92.1	79.9	512.4	4.0	0.2	15.5	2,220.7	390.0	284.9	1,190.7	14.7	0.5	339.9	260.0
2012 Q2	692.6	99.0	78.8	499.5	5.8	0.2	9.3	2,149.6	408.1	253.5	1,086.1	13.6	0.3	388.0	295.8
Q3	692.7	101.9	79.0	494.6	6.3	0.2	10.6	2,110.0	434.4	239.4	1,034.8	12.6	0.3	388.5	297.6
2012 Aug.	691.3	99.8	78.6	496.3	6.2	0.2	10.1	2,079.3	417.0	238.8	1,033.8	12.7	0.3	376.7	287.0
Sep.	692.7	101.9	79.0	494.6	6.3	0.2	10.6	2,110.0	434.4	239.4	1,034.8	12.6	0.3	388.5	297.6
Oct.	693.2	107.1	79.5	489.6	6.4	0.2	10.4	2,076.9	420.6	247.3	1,027.4	12.8	0.3	368.5	283.7
Nov. <sup>(p)</sup>	685.1	103.7	76.6	485.5	6.2	0.2	12.8	2,076.6	423.0	236.8	1,028.9	13.0	0.4	374.6	292.8
Transactions															
2010	-26.5	-3.3	-8.4	-23.2	0.2	6.6	1.6	154.9	45.1	-40.7	53.9	-8.1	0.4	104.2	-
2011	0.2	11.7	4.2	-14.2	1.1	-0.1	-2.6	9.0	28.8	-29.2	5.6	3.9	0.1	-0.3	5.5
2012 Q2	-18.5	0.8	-7.5	-4.8	1.3	0.0	-8.3	-38.6	-13.0	-14.0	-53.9	-1.7	0.0	44.0	36.4
Q3	0.1	3.1	0.3	-5.0	0.5	0.0	1.3	-43.2	26.7	-16.0	-58.8	-1.6	-0.1	6.7	2.2
2012 Aug.	-9.6	-6.3	-2.7	-1.1	0.1	0.0	0.4	-20.6	-1.9	-6.9	0.3	-0.1	0.1	-12.1	-12.0
Sep.	1.4	2.2	0.4	-1.8	0.0	0.0	0.5	29.6	18.5	-1.1	-3.7	-0.1	0.0	16.0	14.6
Oct.	0.1	5.2	0.5	-5.0	0.1	0.0	-0.7	-32.2	-13.5	8.1	-7.1	0.2	0.1	-19.9	-13.8
Nov. <sup>(p)</sup>	-6.7	-3.4	-2.6	-4.1	-0.2	0.0	3.6	-0.1	2.4	-10.5	1.6	0.2	0.0	6.1	9.1
Growth rates															
2010	-3.6	-3.4	-9.6	-4.2	9.6	-	7.8	8.0	14.4	-12.1	5.0	-48.6	-	41.1	-
2011	0.0	14.4	5.6	-2.7	43.3	-	-13.1	0.4	8.1	-9.3	0.4	36.0	-	-0.2	2.1
2012 Q2	-1.0	16.5	9.5	-4.2	70.3	-	-48.1	-2.7	8.8	-16.0	-6.3	9.9	-	7.3	7.4
Q3	-2.9	15.7	-6.7	-4.5	63.7	-	-44.6	-8.1	12.9	-23.3	-11.5	5.9	-	-6.7	-7.5
2012 Aug.	-3.0	14.3	-3.4	-4.7	60.3	-	-48.5	-7.5	11.0	-23.1	-10.3	3.7	-	-4.6	-5.0
Sep.	-2.9	15.7	-6.7	-4.5	63.7	-	-44.6	-8.1	12.9	-23.3	-11.5	5.9	-	-6.7	-7.5
Oct.	-3.4	15.1	-6.4	-5.5	60.1	-	-43.1	-9.1	9.2	-17.7	-13.7	12.2	-	-7.2	-8.1
Nov. <sup>(p)</sup>	-2.7	17.6	-3.1	-5.8	47.1	-	-27.2	-8.1	6.5	-18.9	-12.9	-34.9	-	1.0	1.6

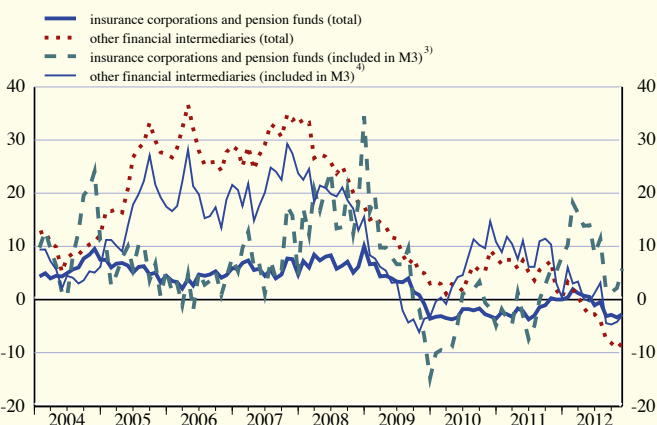
### C9 Total deposits by sector <sup>2)</sup>

(annual growth rates)



### C10 Total deposits and deposits included in M3 by sector <sup>2)</sup>

(annual growth rates)



Source: ECB.

- 1) MFI sector excluding the Eurosystem; sectoral classification is based on the ESA 95.
- 2) Data refer to the changing composition of the euro area. For further information, see the General Notes.
- 3) Covers deposits in columns 2, 3, 5 and 7.
- 4) Covers deposits in columns 9, 10, 12 and 14.

## 2.5 Deposits held with MFIs: breakdown <sup>1), 2)</sup>

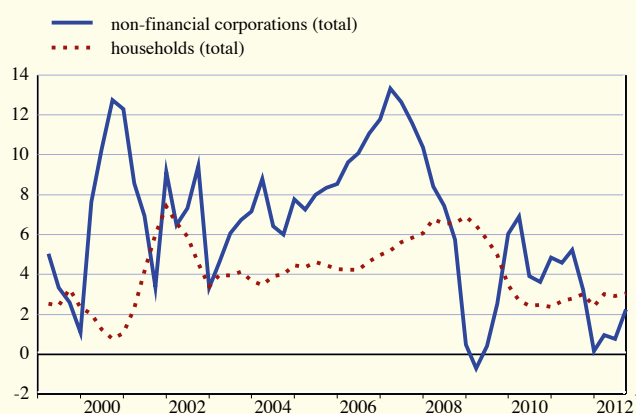
(EUR billions and annual growth rates; outstanding amounts and growth rates at end of period; transactions during period)

### 2. Deposits by non-financial corporations and households

	Non-financial corporations						Households <sup>3)</sup>							
	Total		With an agreed maturity of:		Redeemable at notice of:		Repos	Total		With an agreed maturity of:		Redeemable at notice of:		Repos
	1	2	Up to 2 years	Over 2 years	Up to 3 months	Over 3 months		8	9	Up to 2 years	Over 2 years	Up to 3 months	Over 3 months	
Outstanding amounts														
2010	1,671.7	1,037.4	455.5	87.2	75.8	1.5	14.2	5,739.1	2,244.5	901.0	665.0	1,788.5	110.3	29.8
2011	1,687.3	1,050.6	448.4	97.7	72.3	2.0	16.3	5,894.0	2,255.7	948.3	723.7	1,837.0	106.7	22.7
2012 Q2	1,681.0	1,068.8	413.4	103.2	80.5	1.7	13.4	6,000.9	2,288.6	975.2	741.4	1,878.0	103.4	14.3
Q3	1,700.7	1,094.5	403.8	104.9	83.7	1.7	12.2	6,016.3	2,296.0	973.7	741.7	1,892.6	99.6	12.7
2012 Aug.	1,691.1	1,082.1	407.8	104.9	81.8	1.6	12.8	6,005.1	2,282.0	972.7	743.6	1,892.5	101.2	13.3
Sep.	1,700.7	1,094.5	403.8	104.9	83.7	1.7	12.2	6,016.3	2,296.0	973.7	741.7	1,892.6	99.6	12.7
Oct.	1,716.1	1,100.1	411.5	106.5	83.6	1.7	12.7	6,016.6	2,284.9	976.7	739.8	1,904.5	98.9	11.9
Nov. <sup>4)</sup>	1,728.6	1,115.1	408.0	106.8	84.8	2.0	11.9	6,034.7	2,299.4	976.5	738.4	1,909.3	99.4	11.7
Transactions														
2010	77.5	40.2	22.9	9.0	7.7	-0.2	-2.1	132.7	81.9	-99.0	58.7	113.3	-14.6	-7.5
2011	2.9	8.9	-7.7	8.7	-7.3	0.4	-0.2	139.0	7.4	42.5	55.3	43.5	-2.6	-7.0
2012 Q2	9.7	35.8	-32.6	3.1	4.3	-0.4	-0.5	52.2	63.2	-21.4	4.4	13.2	-1.6	-5.6
Q3	25.7	31.4	-10.5	3.5	2.5	0.0	-1.1	16.1	8.2	-1.1	0.3	14.1	-3.8	-1.7
2012 Aug.	18.8	20.4	-2.5	0.3	1.0	0.0	-0.4	6.2	2.9	-2.6	1.3	6.9	-1.4	-0.8
Sep.	12.0	14.0	-3.6	0.0	1.9	0.1	-0.5	12.1	14.4	1.4	-1.9	0.2	-1.5	-0.6
Oct.	16.7	5.7	8.1	1.7	-0.1	0.0	1.3	0.6	-11.0	3.1	-1.9	11.9	-0.7	-0.8
Nov. <sup>4)</sup>	13.1	15.2	-3.4	0.3	1.2	0.3	-0.5	17.9	14.5	1.7	-3.4	6.2	-0.9	-0.2
Growth rates														
2010	4.8	4.0	5.2	11.2	11.2	-10.1	-12.8	2.4	3.8	-9.9	9.7	6.8	-11.7	-20.2
2011	0.2	0.9	-1.7	9.9	-9.3	28.9	-3.4	2.4	0.3	4.7	8.3	2.4	-2.4	-23.6
2012 Q2	0.8	4.7	-9.3	10.6	-0.2	-18.5	-16.7	2.9	1.2	7.4	5.7	3.4	-5.4	-57.2
Q3	2.2	9.2	-13.7	12.2	4.2	0.4	-34.4	3.0	2.4	5.5	4.5	3.9	-8.5	-62.3
2012 Aug.	1.9	7.8	-11.7	13.9	0.5	-12.0	-35.2	2.9	1.9	5.6	5.2	3.7	-7.5	-62.2
Sep.	2.2	9.2	-13.7	12.2	4.2	0.4	-34.4	3.0	2.4	5.5	4.5	3.9	-8.5	-62.3
Oct.	3.1	9.5	-12.0	13.2	6.7	-15.8	-31.7	3.1	2.2	5.3	3.9	4.6	-9.1	-63.2
Nov. <sup>4)</sup>	4.6	10.6	-10.2	13.4	10.7	1.0	-34.4	3.5	3.4	4.5	3.3	5.2	-9.4	-62.3

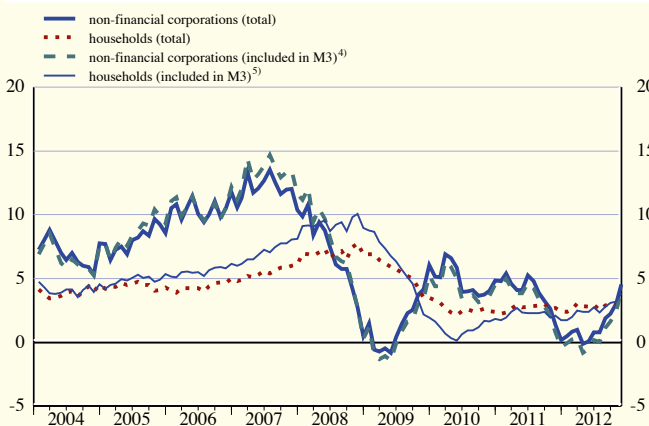
### C11 Total deposits by sector <sup>2)</sup>

(annual growth rates)



### C12 Total deposits and deposits included in M3 by sector <sup>2)</sup>

(annual growth rates)



Source: ECB.

- 1) MFI sector excluding the Eurosystem; sectoral classification is based on the ESA 95.
- 2) Data refer to the changing composition of the euro area. For further information, see the General Notes.
- 3) Including non-profit institutions serving households.
- 4) Covers deposits in columns 2, 3, 5 and 7.
- 5) Covers deposits in columns 9, 10, 12 and 14.

**2.5 Deposits held with MFIs: breakdown <sup>1), 2)</sup>**

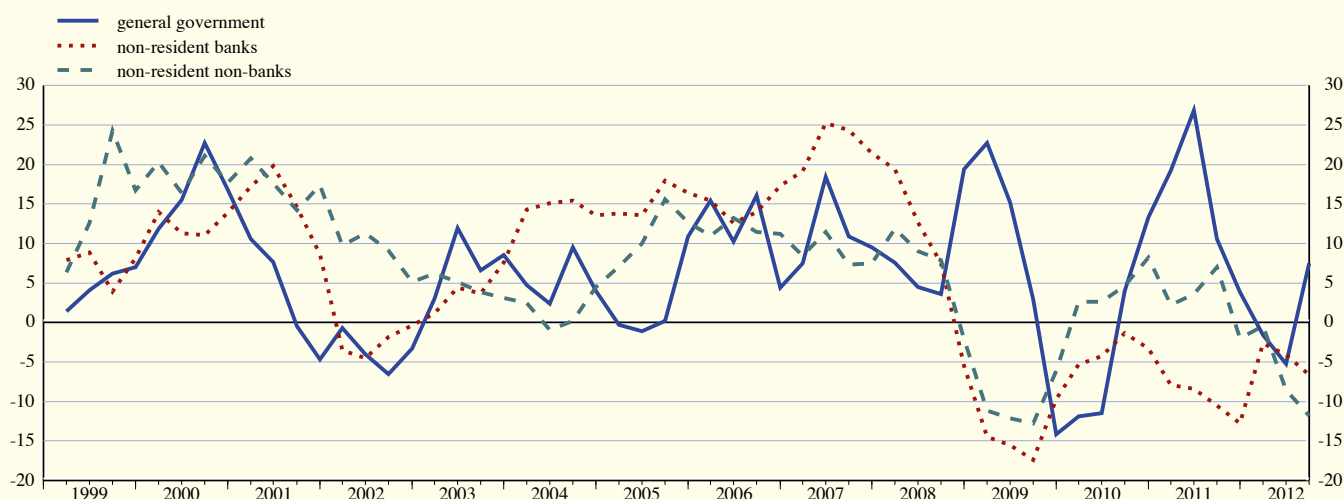
(EUR billions and annual growth rates; outstanding amounts and growth rates at end of period; transactions during period)

**3. Deposits by government and non-euro area residents**

	General government					Non-euro area residents				
	Total	Central government	Other general government			Total	Banks <sup>3)</sup>	Non-banks		
			State government	Local government	Social security funds			Total	General government	Other
	1	2	3	4	5	6	7	8	9	10
Outstanding amounts										
2010	426.7	196.2	47.7	108.7	74.1	3,484.7	2,487.5	997.1	45.9	951.2
2011	441.8	195.5	48.6	112.6	85.2	3,153.6	2,175.4	978.1	44.3	933.8
2011 Q4	441.8	195.5	48.6	112.6	85.2	3,153.6	2,175.4	978.1	44.3	933.8
2012 Q1	466.7	192.5	65.0	113.4	95.9	3,312.5	2,331.9	980.6	54.7	926.0
Q2	508.2	191.9	98.4	112.3	105.5	3,240.3	2,291.0	949.4	39.5	909.8
Q3 <sup>(p)</sup>	513.9	206.4	93.1	111.3	103.1	3,128.1	2,174.1	950.0	40.6	909.4
Transactions										
2010	50.0	47.4	4.3	-5.0	2.9	-15.1	-85.9	70.8	7.5	63.3
2011	16.9	3.3	0.6	2.3	10.6	-334.9	-314.2	-20.7	-2.1	-18.6
2011 Q4	-22.5	-15.9	-5.9	2.1	-2.7	-235.7	-152.1	-83.6	-6.2	-77.3
2012 Q1	25.9	-2.9	16.5	1.3	10.9	191.8	180.7	11.1	10.9	0.1
Q2	26.0	1.8	18.9	-1.3	6.7	-135.2	-76.3	-58.9	-15.9	-43.0
Q3 <sup>(p)</sup>	5.7	14.5	-5.5	-0.9	-2.5	-92.7	-104.2	7.4	1.3	6.1
Growth rates										
2010	13.3	32.2	9.9	-4.4	4.1	-0.1	-3.3	8.2	12.7	7.8
2011	3.9	1.3	1.3	2.1	14.3	-9.8	-12.8	-2.0	-4.3	-1.9
2011 Q4	3.9	1.3	1.3	2.1	14.3	-9.8	-12.8	-2.0	-4.3	-1.9
2012 Q1	-1.6	-18.3	23.5	5.6	21.2	-2.0	-2.7	-0.5	29.6	-1.8
Q2	-5.3	-27.0	51.5	0.8	17.5	-5.4	-4.1	-8.6	-20.4	-8.0
Q3 <sup>(p)</sup>	7.5	-1.1	45.5	1.1	14.1	-8.0	-6.6	-11.8	-20.0	-11.4

**C13 Deposits by government and non-euro area residents <sup>2)</sup>**

(annual growth rates)



Source: ECB.

1) MFI sector excluding the Eurosystem; sectoral classification is based on the ESA 95.

2) Data refer to the changing composition of the euro area. For further information, see the General Notes.

3) The term "banks" is used in this table to indicate institutions similar to MFIs which are resident outside the euro area.

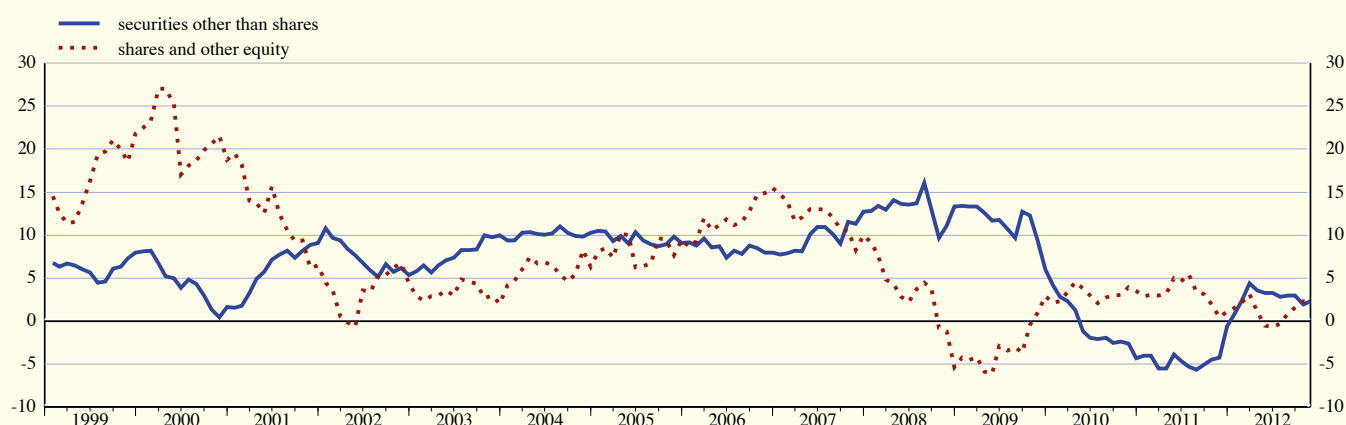
## 2.6 MFI holdings of securities: breakdown <sup>1), 2)</sup>

(EUR billions and annual growth rates; outstanding amounts and growth rates at end of period; transactions during period)

	Securities other than shares								Shares and other equity			
	Total	MFIs		General government		Other euro area residents		Non-euro area residents	Total	MFIs	Non-MFIs	Non-euro area residents
		Euro	Non-euro	Euro	Non-euro	Euro	Non-euro					
	1	2	3	4	5	6	7	8	9	10	11	12
Outstanding amounts												
2010	6,001.0	1,779.0	107.4	1,507.8	16.4	1,510.1	28.3	1,052.1	1,535.8	445.1	788.0	302.7
2011	5,697.7	1,764.2	87.8	1,373.0	22.9	1,489.1	28.3	932.5	1,507.2	485.1	726.6	295.4
2012 Q2	5,826.4	1,766.7	98.5	1,554.7	33.9	1,428.1	25.5	919.2	1,489.2	486.2	717.7	285.4
Q3	5,788.3	1,784.9	104.7	1,587.4	31.9	1,351.0	25.5	902.8	1,510.7	486.5	734.8	289.3
2012 Aug.	5,787.7	1,808.0	105.9	1,543.0	32.6	1,365.5	25.2	907.6	1,502.2	487.1	723.8	291.3
Sep.	5,788.3	1,784.9	104.7	1,587.4	31.9	1,351.0	25.5	902.8	1,510.7	486.5	734.8	289.3
Oct.	5,757.4	1,765.2	103.3	1,605.2	31.3	1,345.1	28.7	878.6	1,511.4	486.2	733.2	292.0
Nov. <sup>(p)</sup>	5,784.5	1,768.3	108.5	1,640.4	33.3	1,330.2	23.5	880.2	1,517.8	483.7	745.7	288.4
Transactions												
2010	-269.3	-166.5	-6.8	42.7	-2.0	11.6	-14.8	-133.6	52.9	28.1	4.7	20.2
2011	-32.8	44.6	7.8	-5.1	5.5	-24.9	-0.1	-60.6	17.0	60.2	-31.5	-11.7
2012 Q2	-94.1	-50.7	-3.3	46.0	-0.3	-41.7	-0.5	-43.5	-19.6	0.4	-12.1	-7.9
Q3	-65.0	12.2	7.0	9.9	-1.5	-78.4	0.3	-14.6	20.5	2.2	16.3	2.0
2012 Aug.	-3.7	13.3	6.5	-3.8	-3.0	-15.7	0.0	-1.1	2.0	-0.7	-0.2	2.8
Sep.	-2.3	-23.3	0.6	33.3	0.0	-15.4	0.8	1.9	8.6	1.3	11.1	-3.8
Oct.	-34.3	-20.0	-0.9	9.5	-0.4	-5.5	3.4	-20.4	0.2	0.7	-3.8	3.3
Nov. <sup>(p)</sup>	16.2	1.3	5.5	25.5	2.1	-15.4	-5.1	2.4	6.5	-2.2	12.5	-3.8
Growth rates												
2010	-4.3	-8.5	-5.4	2.9	-10.8	0.8	-35.4	-11.3	3.5	6.4	0.6	7.2
2011	-0.6	2.6	7.7	-0.4	33.7	-1.6	-0.8	-6.2	1.1	13.8	-4.1	-3.8
2012 Q2	3.3	6.8	11.9	8.6	47.4	-0.5	-4.8	-6.4	-0.7	7.5	-3.4	-6.3
Q3	3.0	5.2	19.4	12.8	39.7	-5.5	1.3	-4.7	1.6	4.2	1.8	-3.3
2012 Aug.	3.0	7.5	24.4	9.5	24.9	-4.8	-13.8	-4.9	0.9	5.8	-1.3	-1.8
Sep.	3.0	5.2	19.4	12.8	39.7	-5.5	1.3	-4.7	1.6	4.2	1.8	-3.3
Oct.	1.9	3.8	15.3	14.6	36.4	-8.4	12.3	-6.0	2.3	4.8	2.0	-1.0
Nov. <sup>(p)</sup>	2.3	3.7	19.1	16.0	51.5	-9.6	-11.1	-4.0	2.4	4.2	3.0	-2.0

## C14 MFI holdings of securities <sup>2)</sup>

(annual growth rates)



Source: ECB.

1) MFI sector excluding the Eurosystem; sectoral classification is based on the ESA 95.

2) Data refer to the changing composition of the euro area. For further information, see the General Notes.

**2.7 Currency breakdown of selected MFI balance sheet items <sup>1), 2)</sup>**

(percentages of total; outstanding amounts in EUR billions; end of period)

**1. Loans, holdings of securities other than shares, and deposits**

	MFIs <sup>3)</sup>							Non-MFIs						
	All currencies (outstanding amount)	Euro <sup>4)</sup>	Non-euro currencies				All currencies (outstanding amount)	Euro <sup>4)</sup>	Non-euro currencies					
			Total	USD	JPY	CHF			GBP	Total	USD	JPY	CHF	GBP
1	2	3	4	5	6	7	8	9	10	11	12	13	14	
<b>Loans</b>														
<i>To euro area residents</i>														
2010	5,517.3	-	-	-	-	-	12,245.0	96.0	4.0	2.1	0.2	1.1	0.4	
2011	6,160.7	-	-	-	-	-	12,322.6	96.2	3.8	1.9	0.3	1.1	0.4	
2012 Q2	6,312.9	-	-	-	-	-	12,360.9	96.2	3.8	1.9	0.3	1.0	0.4	
Q3 <sup>(p)</sup>	6,105.8	-	-	-	-	-	12,349.8	96.3	3.7	1.8	0.2	1.0	0.4	
<i>To non-euro area residents</i>														
2010	2,010.9	44.9	55.1	30.7	2.9	3.2	11.6	952.3	39.9	60.1	42.8	1.4	3.7	6.7
2011	2,022.5	44.5	55.5	35.6	2.5	2.7	9.3	998.9	38.2	61.8	41.2	2.6	3.3	7.8
2012 Q2	2,063.9	46.4	53.6	33.1	2.2	2.9	9.6	1,023.0	38.9	61.1	39.8	2.4	3.0	9.2
Q3 <sup>(p)</sup>	1,988.9	47.2	52.8	31.3	2.6	3.2	10.0	1,018.2	39.2	60.8	38.9	2.5	2.9	9.4
<b>Holdings of securities other than shares</b>														
<i>Issued by euro area residents</i>														
2010	1,886.4	94.3	5.7	3.3	0.1	0.3	1.7	3,062.5	98.5	1.5	0.8	0.1	0.1	0.4
2011	1,852.0	95.3	4.7	2.5	0.1	0.3	1.5	2,913.3	98.2	1.8	1.0	0.2	0.1	0.4
2012 Q2	1,865.2	94.7	5.3	2.6	0.1	0.4	1.8	3,042.1	98.0	2.0	1.2	0.1	0.1	0.4
Q3 <sup>(p)</sup>	1,889.6	94.5	5.5	2.7	0.1	0.3	2.0	2,995.9	98.1	1.9	1.1	0.1	0.1	0.5
<i>Issued by non-euro area residents</i>														
2010	545.9	49.9	50.1	27.6	0.3	0.5	16.8	506.2	33.3	66.7	40.4	3.9	0.9	13.6
2011	457.0	56.4	43.6	21.1	0.3	0.3	16.0	475.5	32.3	67.7	39.3	5.8	0.7	13.7
2012 Q2	455.3	56.5	43.5	19.0	0.3	0.3	18.7	463.8	34.1	65.9	38.8	5.9	0.8	12.5
Q3 <sup>(p)</sup>	448.1	54.2	45.8	19.4	0.3	0.6	19.9	454.7	33.8	66.2	37.7	6.3	0.7	12.6
<b>Deposits</b>														
<i>By euro area residents</i>														
2010	5,774.7	92.9	7.1	4.1	0.3	1.3	0.8	10,739.7	97.1	2.9	1.9	0.2	0.1	0.4
2011	6,370.7	92.1	7.9	5.1	0.2	1.2	0.7	10,947.8	97.0	3.0	2.0	0.1	0.1	0.4
2012 Q2	6,624.3	93.5	6.5	3.9	0.2	1.1	0.7	11,032.3	97.0	3.0	2.0	0.1	0.1	0.4
Q3 <sup>(p)</sup>	6,399.1	93.5	6.5	3.9	0.2	1.1	0.7	11,033.6	97.0	3.0	2.0	0.1	0.1	0.4
<i>By non-euro area residents</i>														
2010	2,487.5	52.0	48.0	31.8	2.2	1.8	8.7	997.1	58.8	41.2	29.3	1.2	1.4	5.1
2011	2,175.4	59.2	40.8	25.6	2.1	1.8	7.2	978.1	56.0	44.0	30.0	2.0	1.5	5.1
2012 Q2	2,291.0	61.0	39.0	25.4	1.8	1.2	6.7	949.4	54.4	45.6	30.1	1.9	1.2	5.8
Q3 <sup>(p)</sup>	2,174.1	59.8	40.2	25.6	2.1	1.1	7.3	950.0	53.6	46.4	30.2	2.1	1.3	5.8

**2. Debt securities issued by euro area MFIs**

	All currencies (outstanding amount)	Euro <sup>4)</sup>	Non-euro currencies			
			Total			
			USD	JPY	CHF	GBP
1	2	3	4	5	6	7
2010	5,083.2	81.6	18.4	9.7	1.8	2.5
2011	5,236.8	82.0	18.0	9.4	1.7	2.6
2012 Q2	5,225.4	81.8	18.2	9.5	1.7	2.5
Q3 <sup>(p)</sup>	5,197.5	82.0	18.0	9.5	1.6	2.5

Source: ECB.

- 1) MFI sector excluding the Eurosystem; sectoral classification is based on the ESA 95.
- 2) Data refer to the changing composition of the euro area. For further information, see the General Notes.
- 3) For non-euro area residents, the term "MFIs" refers to institutions similar to euro area MFIs.
- 4) Including items expressed in the national denominations of the euro.



## 2.8 Aggregated balance sheet of euro area investment funds <sup>1)</sup>

(EUR billions; outstanding amounts at end of period; transactions during period)

### 1. Assets

	Total	Deposits and loan claims	Securities other than shares	Shares and other equity (excl. investment fund/money market fund shares)	Investment fund/money market fund shares	Non-financial assets	Other assets (incl. financial derivatives)
	1	2	3	4	5	6	7
Outstanding amounts							
2012 Apr.	6,681.8	447.8	2,695.5	1,861.0	887.7	242.1	547.8
May	6,680.1	475.0	2,735.0	1,775.1	880.1	242.5	572.3
June	6,707.2	480.6	2,730.7	1,816.3	880.4	244.1	555.2
July	6,937.7	484.4	2,822.6	1,890.4	914.4	245.6	580.3
Aug.	6,949.0	480.1	2,843.2	1,887.1	917.4	243.1	578.2
Sep.	7,024.7	497.9	2,854.4	1,918.6	924.2	242.3	587.2
Oct. <sup>(p)</sup>	7,053.6	491.6	2,894.1	1,907.8	931.1	243.0	586.0
Transactions							
2012 Q1	150.7	16.8	72.9	4.8	11.5	4.3	40.4
Q2	17.8	12.2	35.7	-13.9	-5.5	2.7	-13.4
Q3	120.6	25.0	62.2	-0.3	14.8	0.3	18.7

### 2. Liabilities

	Total	Loans and deposits received	Investment fund shares issued				Other liabilities (incl. financial derivatives)
			Total	Held by euro area residents		Held by non-euro area residents	
				Investment funds			
	1	2	3	4	5	6	7
Outstanding amounts							
2012 Apr.	6,681.8	129.8	6,065.1	4,541.0	676.8	1,524.1	486.9
May	6,680.1	137.8	6,025.2	4,468.1	664.4	1,557.0	517.1
June	6,707.2	134.0	6,070.9	4,493.1	664.4	1,577.8	502.4
July	6,937.7	137.1	6,269.3	4,623.0	698.2	1,646.3	530.8
Aug.	6,949.0	140.8	6,285.3	4,645.8	702.8	1,639.5	522.9
Sep.	7,024.7	150.5	6,340.2	4,659.9	716.2	1,680.3	534.0
Oct. <sup>(p)</sup>	7,053.6	146.7	6,372.2	4,671.5	725.9	1,700.6	534.7
Transactions							
2012 Q1	150.7	9.4	94.5	58.4	30.9	36.1	46.8
Q2	17.8	6.6	39.5	-1.0	-12.5	40.7	-28.3
Q3	120.6	19.5	75.7	23.7	28.3	52.0	25.4

### 3. Investment fund shares issued broken down by investment policy and type of fund

	Total	Funds by investment policy					Funds by type		Memo item: Money market funds	
		Bond funds	Equity funds	Mixed funds	Real estate funds	Hedge funds	Other funds	Open-end funds		Closed-end funds
	1	2	3	4	5	6	7	8	9	10
Outstanding amounts										
2012 Mar.	6,066.8	2,087.3	1,640.8	1,497.5	307.7	134.0	399.4	5,980.9	85.9	956.8
Apr.	6,065.1	2,110.9	1,616.7	1,494.3	309.7	135.6	397.9	5,978.6	86.5	972.3
May	6,025.2	2,160.8	1,540.3	1,478.8	311.3	138.1	395.8	5,938.5	86.6	999.9
June	6,070.9	2,173.3	1,570.9	1,479.4	311.4	138.3	397.6	5,989.8	81.1	969.5
July	6,269.3	2,249.2	1,629.3	1,529.7	315.1	140.8	405.2	6,187.8	81.5	964.5
Aug.	6,285.3	2,261.3	1,625.5	1,537.9	313.6	138.5	408.4	6,204.1	81.2	970.0
Sep.	6,340.2	2,273.8	1,654.8	1,550.5	313.5	139.7	407.8	6,257.8	82.4	942.3
Oct. <sup>(p)</sup>	6,372.2	2,309.0	1,647.5	1,556.4	316.1	137.8	405.3	6,289.6	82.5	945.4
Transactions										
2012 Apr.	12.0	16.4	-8.8	2.0	1.5	0.7	0.2	11.5	0.5	9.3
May	16.9	26.3	-5.4	-4.2	0.1	-1.1	1.2	17.1	-0.2	12.0
June	10.6	17.8	-3.5	-4.6	1.2	-0.1	-0.2	15.0	-4.4	-25.7
July	35.8	23.5	-4.0	17.0	0.3	-0.5	-0.5	35.7	0.2	-14.9
Aug.	18.4	17.4	-1.3	2.7	0.7	-1.1	0.0	18.5	-0.1	13.1
Sep.	21.5	12.3	4.9	5.1	1.0	-0.3	-1.6	21.3	0.2	-22.0
Oct. <sup>(p)</sup>	30.1	24.3	1.1	5.6	1.2	-0.9	-1.1	30.1	0.1	6.3

Source: ECB.

1) Other than money market funds (which are shown as a memo item in column 10 in Table 3 of this section). For further details, see the General Notes.

**2.9 Securities held by investment funds <sup>1)</sup> broken down by issuer of securities**

(EUR billions; outstanding amounts at end of period; transactions during period)

**1. Securities other than shares**

	Total	Euro area						Rest of the world			
		Total	MFIs	General government	Other financial intermediaries	Insurance corporations and pension funds	Non-financial corporations	EU Member States outside the euro area	United States	Japan	
	1	2	3	4	5	6	7	8	9	10	11
<b>Outstanding amounts</b>											
2011 Q4	2,505.2	1,424.4	390.5	675.2	186.2	4.5	167.8	1,080.8	271.3	436.0	20.5
2012 Q1	2,674.1	1,502.8	424.6	678.8	209.0	5.7	184.5	1,171.2	313.1	453.4	15.5
Q2	2,730.7	1,507.9	414.7	694.9	207.9	5.1	185.3	1,222.8	315.5	467.6	17.8
Q3 <sup>(p)</sup>	2,854.4	1,567.7	416.3	711.5	231.6	6.1	202.1	1,286.6	322.6	494.0	18.3
<b>Transactions</b>											
2012 Q1	72.9	13.7	10.4	-21.1	14.8	0.5	9.1	59.2	20.5	15.7	-4.3
Q2	35.7	10.5	-9.4	16.7	0.8	-0.4	2.9	25.2	-5.9	-8.3	1.1
Q3 <sup>(p)</sup>	62.2	18.2	-7.4	-4.6	17.9	0.5	11.8	44.0	-0.7	28.2	-0.4

**2. Shares and other equity (other than investment fund and money market fund shares)**

	Total	Euro area						Rest of the world			
		Total	MFIs	General government	Other financial intermediaries	Insurance corporations and pension funds	Non-financial corporations	EU Member States outside the euro area	United States	Japan	
	1	2	3	4	5	6	7	8	9	10	11
<b>Outstanding amounts</b>											
2011 Q4	1,734.6	636.3	47.6	-	39.0	21.4	528.3	1,098.2	154.5	358.1	71.8
2012 Q1	1,887.4	689.0	56.4	-	41.7	24.1	566.7	1,198.4	162.7	389.8	75.3
Q2	1,816.3	638.9	45.5	-	38.6	22.3	532.5	1,177.3	163.6	391.9	78.1
Q3 <sup>(p)</sup>	1,918.6	684.1	52.8	-	43.9	24.6	562.7	1,234.6	172.0	412.0	72.1
<b>Transactions</b>											
2012 Q1	4.8	-3.9	4.1	-	0.9	-1.2	-7.8	8.7	-2.1	-0.2	-1.6
Q2	-13.9	-9.4	-2.8	-	-1.4	0.2	-5.4	-4.3	0.1	-0.9	3.6
Q3 <sup>(p)</sup>	-0.3	-3.8	0.5	-	3.2	-0.5	-7.0	3.5	-0.2	4.6	-4.0

**3. Investment fund/money market fund shares**

	Total	Euro area						Rest of the world			
		Total	MFIs <sup>2)</sup>	General government	Other financial intermediaries <sup>2)</sup>	Insurance corporations and pension funds	Non-financial corporations	EU Member States outside the euro area	United States	Japan	
	1	2	3	4	5	6	7	8	9	10	11
<b>Outstanding amounts</b>											
2011 Q4	839.4	708.0	94.7	-	613.4	-	-	131.4	20.9	40.5	0.6
2012 Q1	889.3	753.2	69.0	-	684.1	-	-	136.1	25.2	41.2	0.6
Q2	880.4	744.0	79.5	-	664.4	-	-	136.5	24.9	43.0	0.6
Q3 <sup>(p)</sup>	924.2	791.1	74.9	-	716.2	-	-	133.1	27.3	39.7	0.6
<b>Transactions</b>											
2012 Q1	11.5	11.5	-19.4	-	30.9	-	-	0.0	2.2	-0.5	-0.1
Q2	-5.5	-3.4	9.1	-	-12.5	-	-	-2.1	-0.2	0.4	0.0
Q3 <sup>(p)</sup>	14.8	21.3	-7.0	-	28.3	-	-	-6.5	1.0	-3.3	0.0

Source: ECB.

1) Other than money market funds. For further details, see the General Notes.

2) Investment fund shares (other than money market fund shares) are issued by other financial intermediaries. Money market fund shares are issued by MFIs.

## 2.10 Aggregated balance sheet of euro area financial vehicle corporations

(EUR billions; outstanding amounts at end of period; transactions during period)

### 1. Assets

	Total	Deposits and loan claims	Securitised loans						Securities other than shares	Other securitised assets	Shares and other equity	Other assets	
			Total	Originated in euro area				Originated outside euro area					
				MFIs	Other financial intermediaries, insurance corporations and pension funds	Non-financial corporations	General government						
													Remaining on the MFI balance sheet <sup>1)</sup>
1	2	3	4	5	6	7	8	9	10	11	12	13	
Outstanding amounts													
2011 Q3	2,205.4	324.8	1,465.2	1,154.6	590.5	145.6	21.6	5.1	138.3	228.9	86.9	37.5	62.0
Q4	2,278.1	327.5	1,533.5	1,218.9	581.2	150.5	22.4	4.8	136.8	227.4	89.0	36.5	64.3
2012 Q1	2,225.0	320.6	1,502.6	1,198.0	551.6	144.9	21.9	4.8	133.0	214.9	85.9	35.3	65.6
Q2	2,146.6	305.4	1,454.2	1,147.6	513.2	149.4	21.2	4.4	131.6	213.1	84.0	30.2	59.7
Q3	2,079.3	301.1	1,393.4	1,085.1	476.1	157.6	23.2	4.4	123.1	203.1	86.2	28.3	67.2
Transactions													
2011 Q3	-32.7	-15.9	0.0	10.8	-	-2.2	0.0	0.0	-8.5	-5.6	-2.1	-0.9	-8.1
Q4	67.7	2.7	64.9	63.2	-	4.2	0.8	-0.4	-3.0	-1.2	1.2	-1.0	1.0
2012 Q1	-54.4	-6.5	-29.0	-19.5	-	-5.5	-0.4	0.0	-3.6	-12.9	-1.9	-1.0	-3.1
Q2	-83.0	-14.9	-49.1	-51.3	-	5.0	-0.7	-0.4	-1.8	-2.1	-2.0	-5.3	-9.6
Q3	-82.6	-4.1	-63.6	-65.8	-	4.4	0.3	0.0	-2.4	-14.5	1.7	-2.1	0.0

### 2. Liabilities

	Total	Loans and deposits received	Debt securities issued			Capital and reserves	Other liabilities
			Total	Up to 2 years	Over 2 years		
1	2	3	4	5	6	7	
Outstanding amounts							
2011 Q3	2,205.4	134.9	1,820.1	64.5	1,755.5	34.7	215.8
Q4	2,278.1	152.5	1,880.5	67.3	1,813.2	33.8	211.3
2012 Q1	2,225.0	152.7	1,822.6	60.3	1,762.3	33.0	216.8
Q2	2,146.6	147.2	1,752.3	58.0	1,694.3	27.1	220.0
Q3	2,079.3	143.1	1,684.7	57.7	1,627.0	25.9	225.5
Transactions							
2011 Q3	-32.7	-2.2	-25.6	-3.0	-22.6	-2.5	-2.4
Q4	67.7	17.4	61.7	2.8	58.9	-1.3	-10.1
2012 Q1	-54.4	1.1	-56.5	-8.2	-48.3	-0.9	1.9
Q2	-83.0	-5.1	-72.4	-1.9	-70.5	-5.8	0.2
Q3	-82.6	-5.7	-71.9	1.4	-73.3	-1.2	-3.8

### 3. Holdings of securitised loans originated by euro area MFIs and securities other than shares

	Securitized loans originated by euro area MFIs						Securities other than shares						
	Total	Euro area borrowing sector <sup>2)</sup>					Non-euro area borrowing sector	Total	Euro area residents				Non-euro area residents
		Households	Non-financial corporations	Other financial intermediaries	Insurance corporations and pension funds	General government			Total	MFIs	Non-MFIs		
											Financial vehicle corporations		
1	2	3	4	5	6	7	8	9	10	11	12	13	
Outstanding amounts													
2011 Q3	1,154.6	823.6	247.7	18.4	0.3	9.5	36.2	228.9	122.1	42.5	79.6	32.9	106.8
Q4	1,218.9	890.0	255.3	17.6	0.2	6.6	32.3	227.4	120.2	41.3	78.9	32.5	107.2
2012 Q1	1,198.0	879.4	246.4	17.6	0.2	6.4	32.2	214.9	114.7	40.6	74.1	31.8	100.2
Q2	1,147.6	832.9	245.0	18.1	0.2	6.3	31.5	213.1	114.2	41.8	72.5	30.6	98.9
Q3	1,085.1	787.1	230.6	16.8	0.2	5.5	32.3	203.1	110.7	38.9	71.7	29.9	92.4
Transactions													
2011 Q3	10.8	-33.1	46.0	-0.7	0.0	-0.2	0.0	-5.6	-3.3	-0.3	-3.0	-1.2	-2.4
Q4	63.2	66.3	7.1	-0.7	-0.1	-3.0	-4.3	-1.2	-1.6	-1.5	-0.1	-0.1	0.4
2012 Q1	-19.5	-10.0	-8.1	0.1	0.0	-0.2	-0.1	-12.9	-5.5	-0.7	-4.8	-0.5	-7.4
Q2	-51.3	-48.5	-1.3	0.5	0.0	-0.1	0.2	-2.1	-0.1	1.0	-1.1	-1.4	-2.0
Q3	-65.8	-47.6	-13.8	-1.1	0.0	-0.8	-1.4	-14.5	-6.4	-3.7	-2.7	-1.1	-8.1

Source: ECB.

- Loans securitised using euro area financial vehicle corporations which remain on the balance sheet of the relevant MFI - i.e. which have not been derecognised. Whether or not loans are derecognised from the balance sheet of the MFI depends on the relevant accounting rules. For further information, see the General Notes.
- Excludes securitisations of inter-MFI loans.

**2.11 Aggregated balance sheet of euro area insurance corporations and pension funds**

(EUR billions; outstanding amounts at end of period)

**1. Assets**

	Total	Currency and deposits	Loans	Securities other than shares	Shares and other equity	Investment fund shares	Money market fund shares	Prepayments of insurance premiums and reserves for outstanding claims	Other accounts receivable/payable and financial derivatives	Non-financial assets
	1	2	3	4	5	6	7	8	9	10
2009 Q4	6,655.0	784.1	431.3	2,488.0	799.4	1,447.1	91.1	254.6	210.9	148.4
2010 Q1	6,889.2	781.1	437.6	2,616.8	803.8	1,526.4	90.8	260.3	228.5	143.9
Q2	6,908.9	782.3	441.1	2,647.7	781.2	1,514.3	86.9	265.7	244.1	145.7
Q3	7,083.0	780.5	449.2	2,738.7	796.6	1,555.0	82.9	267.3	267.1	145.6
Q4	7,018.6	768.5	453.5	2,677.2	826.1	1,586.3	72.1	267.2	220.1	147.6
2011 Q1	7,106.7	768.9	454.6	2,730.8	833.4	1,597.4	73.8	275.6	222.4	149.6
Q2	7,122.3	771.6	462.1	2,741.8	833.0	1,598.4	79.1	267.0	220.8	148.4
Q3	7,118.5	788.6	461.4	2,765.8	782.8	1,547.0	90.2	267.0	267.6	148.1
Q4	7,123.5	780.5	471.5	2,725.5	791.5	1,574.2	95.2	265.0	270.2	149.8
2012 Q1	7,386.5	791.2	470.3	2,844.3	802.3	1,683.1	98.4	266.7	279.4	150.8
Q2	7,448.4	780.2	469.2	2,872.0	815.9	1,683.0	103.1	270.4	302.2	152.3
Q3	7,652.6	782.7	477.4	2,978.0	827.9	1,757.8	108.7	273.5	293.8	152.9

**2. Holdings of securities other than shares**

	Total	Issued by euro area residents					Issued by non-euro area residents	
		Total	MFIs	General government	Other financial intermediaries	Insurance corporations and pension funds		Non-financial corporations
	1	2	3	4	5	6	7	8
2009 Q4	2,488.0	2,077.6	542.4	1,135.9	241.5	17.0	140.8	410.4
2010 Q1	2,616.8	2,193.6	574.9	1,217.9	236.2	16.1	148.5	423.2
Q2	2,647.7	2,223.9	578.3	1,230.9	245.8	16.2	152.7	423.8
Q3	2,738.7	2,307.8	594.6	1,284.5	255.0	18.7	154.9	430.9
Q4	2,677.2	2,250.5	590.7	1,251.7	233.4	17.4	157.2	426.7
2011 Q1	2,730.8	2,310.9	612.8	1,288.6	237.1	17.1	155.3	419.9
Q2	2,741.8	2,321.2	616.9	1,291.7	236.7	16.7	159.1	420.6
Q3	2,765.8	2,339.0	626.7	1,304.8	228.5	16.8	162.2	426.8
Q4	2,725.5	2,295.1	623.7	1,262.2	226.3	16.4	166.5	430.4
2012 Q1	2,844.3	2,388.3	650.3	1,307.4	232.4	17.0	181.1	456.0
Q2	2,872.0	2,397.7	656.5	1,299.6	237.0	16.8	187.9	474.3
Q3	2,978.0	2,481.1	686.0	1,330.4	245.5	17.4	202.0	496.9

**3. Liabilities and net worth**

	Liabilities								Net worth	
	Total	Loans received	Securities other than shares	Shares and other equity	Insurance technical reserves					Other accounts receivable/payable and financial derivatives
					Total	Net equity of households in life insurance reserves	Net equity of households in pension fund reserves	Prepayments of insurance premiums and reserves for outstanding claims		
	1	2	3	4	5	6	7	8	9	10
2009 Q4	6,446.3	233.0	39.4	442.1	5,533.2	3,040.9	1,692.8	799.5	198.6	208.7
2010 Q1	6,644.9	249.8	39.5	456.7	5,708.7	3,126.8	1,753.4	828.5	190.3	244.3
Q2	6,723.8	252.0	40.8	428.4	5,808.6	3,157.0	1,821.9	829.8	194.0	185.0
Q3	6,882.2	276.8	39.7	437.2	5,948.1	3,220.7	1,902.3	825.1	180.4	200.8
Q4	6,836.8	252.4	42.5	444.8	5,928.7	3,257.8	1,846.4	824.4	168.4	181.8
2011 Q1	6,886.9	264.9	40.5	462.4	5,943.3	3,285.6	1,817.5	840.2	175.8	219.8
Q2	6,910.1	265.2	43.1	451.7	5,973.5	3,309.2	1,830.5	833.9	176.6	212.2
Q3	7,016.7	272.8	42.2	406.9	6,104.6	3,290.8	1,981.8	832.0	190.2	101.8
Q4	7,035.6	266.8	42.2	405.3	6,132.9	3,299.4	2,006.2	827.3	188.4	87.9
2012 Q1	7,195.0	275.2	44.5	437.8	6,247.5	3,339.8	2,061.4	846.3	190.1	191.6
Q2	7,272.6	283.2	43.5	421.8	6,320.1	3,342.4	2,130.9	846.7	204.1	175.7
Q3	7,349.8	293.7	44.9	455.4	6,360.3	3,395.4	2,120.5	844.3	195.6	302.8

Source: ECB.



## EURO AREA ACCOUNTS

### 3.1 Integrated economic and financial accounts by institutional sector

(EUR billions)

Uses	Euro area	Households	Non-financial corporations	Financial corporations	General government	Rest of the world
<b>2012 Q2</b>						
<b>External account</b>						
Exports of goods and services						621
<i>Trade balance</i> <sup>1)</sup>						-45
<b>Generation of income account</b>						
Gross value added (basic prices)						
Taxes less subsidies on products						
Gross domestic product (market prices)						
Compensation of employees	1,179	117	753	58	251	
Other taxes less subsidies on production	39	8	24	3	4	
Consumption of fixed capital	376	101	213	11	51	
<i>Net operating surplus and mixed income</i> <sup>1)</sup>	532	269	229	34	0	
<b>Allocation of primary income account</b>						
Net operating surplus and mixed income						7
Compensation of employees						
Taxes less subsidies on production						
Property income	956	35	489	357	75	132
Interest	374	33	63	204	75	53
Other property income	582	2	427	153	0	79
<i>Net national income</i> <sup>1)</sup>	1,979	1,706	-22	62	233	
<b>Secondary distribution of income account</b>						
Net national income						
Current taxes on income, wealth, etc.	293	231	49	13	0	4
Social contributions	440	440				1
Social benefits other than social transfers in kind	466	1	18	34	413	1
Other current transfers	193	69	26	49	49	11
Net non-life insurance premiums	46	34	11	1	1	2
Non-life insurance claims	47			47		1
Other	99	35	15	1	48	8
<i>Net disposable income</i> <sup>1)</sup>	1,957	1,517	-80	64	456	
<b>Use of income account</b>						
Net disposable income						
Final consumption expenditure	1,870	1,364			506	
Individual consumption expenditure	1,680	1,364			316	
Collective consumption expenditure	191				191	
Adjustment for the change in the net equity of households in pension fund reserves	16	0	1	15	0	0
<i>Net saving/current external account</i> <sup>1)</sup>	86	168	-81	49	-50	-15
<b>Capital account</b>						
Net saving/current external account						
Gross capital formation	447	143	244	11	50	
Gross fixed capital formation	457	144	253	11	50	
Changes in inventories and acquisitions less disposals of valuables	-11	-1	-10	0	0	
Consumption of fixed capital						
Acquisitions less disposals of non-produced non-financial assets	2	-1	2	0	1	-2
Capital transfers	41	8	0	5	27	5
Capital taxes	8	6	0	2		0
Other capital transfers	32	3	0	3	27	5
<i>Net lending (+)/net borrowing (-) (from capital account)</i> <sup>1)</sup>	16	129	-98	53	-68	-16
Statistical discrepancy	0	-18	18	0	0	0

Sources: ECB and Eurostat.

1) For details of the calculation of the balancing items, see the Technical Notes.

## 3.1 Integrated economic and financial accounts by institutional sector (cont'd)

(EUR billions)

Resources	Euro area	Households	Non-financial corporations	Financial corporations	General government	Rest of the world
2012 Q2						
<b>External account</b>						
Imports of goods and services						577
<i>Trade balance</i>						
<b>Generation of income account</b>						
Gross value added (basic prices)	2,125	495	1,219	107	305	
Taxes less subsidies on products	236					
Gross domestic product (market prices) <sup>2)</sup>	2,362					
Compensation of employees						
Other taxes less subsidies on production						
Consumption of fixed capital						
<i>Net operating surplus and mixed income</i>						
<b>Allocation of primary income account</b>						
Net operating surplus and mixed income	532	269	229	34	0	
Compensation of employees	1,182	1,182				4
Taxes less subsidies on production	275				275	0
Property income	946	290	239	385	31	142
Interest	367	59	40	260	9	59
Other property income	578	231	199	125	22	83
<i>Net national income</i>						
<b>Secondary distribution of income account</b>						
Net national income	1,979	1,706	-22	62	233	
Current taxes on income, wealth, etc.	296				296	0
Social contributions	440	1	19	50	369	1
Social benefits other than social transfers in kind	464	464				3
Other current transfers	170	86	15	48	21	34
Net non-life insurance premiums	47			47		2
Non-life insurance claims	45	36	9	1	0	2
Other	77	51	6	0	20	30
<i>Net disposable income</i>						
<b>Use of income account</b>						
Net disposable income	1,957	1,517	-80	64	456	
Final consumption expenditure						
Individual consumption expenditure						
Collective consumption expenditure						
Adjustment for the change in the net equity of households in pension fund reserves	16	16				0
<i>Net saving/current external account</i>						
<b>Capital account</b>						
Net saving/current external account	86	168	-81	49	-50	-15
Gross capital formation						
Gross fixed capital formation						
Changes in inventories and acquisitions less disposals of valuables						
Consumption of fixed capital	376	101	213	11	51	
Acquisitions less disposals of non-produced non-financial assets						
Capital transfers	43	9	17	8	9	3
Capital taxes	8				8	0
Other capital transfers	35	9	17	8	0	3
<i>Net lending (+)/net borrowing (-) (from capital account)</i>						
Statistical discrepancy						

Sources: ECB and Eurostat.

2) Gross domestic product is equal to the gross value added of all domestic sectors plus net taxes (i.e. taxes less subsidies) on products.

### 3.1 Integrated economic and financial accounts by institutional sector (cont'd)

(EUR billions)

Assets	Euro area	Households	Non-financial corporations	MFIs	Other financial intermediaries	Insurance corporations and pension funds	General government	Rest of the world
2012 Q2								
<b>Opening balance sheet, financial assets</b>								
Total financial assets		19,093	16,747	35,442	15,634	7,021	3,980	17,699
Monetary gold and special drawing rights (SDRs)				484				
Currency and deposits		6,837	2,023	11,827	2,281	819	796	3,658
Short-term debt securities		60	97	587	440	65	31	655
Long-term debt securities		1,340	279	6,429	2,598	2,748	433	3,963
Loans		47	3,022	13,363	3,706	474	585	1,923
<i>of which: Long-term</i>		30	1,794	10,429	2,509	353	515	.
Shares and other equity		4,180	7,571	1,788	6,358	2,547	1,356	6,712
Quoted shares		713	1,371	347	2,057	535	213	.
Unquoted shares and other equity		2,109	5,825	1,138	3,280	297	979	.
Mutual fund shares		1,358	376	303	1,021	1,715	164	.
Insurance technical reserves		6,024	168	3	0	229	4	253
Other accounts receivable and financial derivatives		605	3,586	959	251	138	776	536
<i>Net financial worth</i>								
<b>Financial account, transactions in financial assets</b>								
Total transactions in financial assets		114	47	242	75	22	206	48
Monetary gold and SDRs				0				0
Currency and deposits		74	4	273	-12	-16	40	-64
Short-term debt securities		-3	-3	-9	-15	2	4	-28
Long-term debt securities		-19	4	-95	38	20	3	51
Loans		-1	41	44	78	-1	69	30
<i>of which: Long-term</i>		-1	29	8	66	-1	38	.
Shares and other equity		29	30	-10	4	14	26	50
Quoted shares		9	1	1	-32	-1	1	.
Unquoted shares and other equity		15	28	4	30	2	21	.
Mutual fund shares		4	1	-15	5	14	4	.
Insurance technical reserves		25	0	0	0	4	0	3
Other accounts receivable and financial derivatives		9	-29	39	-18	-1	64	5
<i>Changes in net financial worth due to transactions</i>								
<b>Other changes account, financial assets</b>								
Total other changes in financial assets		-192	-212	144	-6	-2	12	85
Monetary gold and SDRs				11				
Currency and deposits		4	5	91	-18	0	15	72
Short-term debt securities		-2	-1	5	5	0	0	2
Long-term debt securities		-44	-3	56	34	0	0	0
Loans		-1	22	31	23	1	-1	10
<i>of which: Long-term</i>		0	6	-1	24	1	-1	.
Shares and other equity		-148	-244	-54	-53	-3	-10	-27
Quoted shares		-39	-94	-27	-52	-12	-19	.
Unquoted shares and other equity		-82	-142	-26	2	19	12	.
Mutual fund shares		-28	-8	-1	-3	-10	-2	.
Insurance technical reserves		5	2	0	0	0	0	0
Other accounts receivable and financial derivatives		-6	6	3	2	1	7	28
<i>Other changes in net financial worth</i>								
<b>Closing balance sheet, financial assets</b>								
Total financial assets		19,015	16,581	35,828	15,703	7,041	4,198	17,832
Monetary gold and SDRs				495				
Currency and deposits		6,916	2,031	12,191	2,251	803	851	3,666
Short-term debt securities		56	93	583	431	67	35	629
Long-term debt securities		1,276	281	6,391	2,670	2,768	436	4,015
Loans		46	3,085	13,439	3,807	474	653	1,962
<i>of which: Long-term</i>		29	1,829	10,436	2,600	354	552	.
Shares and other equity		4,061	7,357	1,724	6,308	2,559	1,373	6,736
Quoted shares		684	1,278	321	1,972	522	195	.
Unquoted shares and other equity		2,043	5,710	1,116	3,313	318	1,012	.
Mutual fund shares		1,334	369	288	1,023	1,719	167	.
Insurance technical reserves		6,053	170	3	0	233	4	255
Other accounts receivable and financial derivatives		608	3,564	1,002	235	137	846	569
<i>Net financial worth</i>								

Source: ECB.

## 3.1 Integrated economic and financial accounts by institutional sector (cont'd)

(EUR billions)

Liabilities	Euro area	Households	Non-financial corporations	MFI's	Other financial intermediaries	Insurance corporations and pension funds	General government	Rest of the world
<b>2012 Q2</b>								
<b>Opening balance sheet, liabilities</b>								
Total liabilities		6,774	25,936	34,473	15,395	7,144	9,768	15,642
Monetary gold and special drawing rights (SDRs)								
Currency and deposits			31	25,274	31	0	259	2,647
Short-term debt securities			87	721	82	1	737	306
Long-term debt securities			846	4,688	2,882	47	6,264	3,065
Loans		6,194	8,439		3,310	300	1,907	2,970
<i>of which: Long-term</i>		5,843	6,117		1,742	118	1,587	.
Shares and other equity		7	12,580	2,536	8,903	424	4	6,059
Quoted shares			3,569	370	216	113	0	.
Unquoted shares and other equity		7	9,012	1,209	2,759	310	4	.
Mutual fund shares				957	5,927			.
Insurance technical reserves		36	346	67	1	6,231	1	
Other accounts payable and financial derivatives		537	3,608	1,187	186	141	597	595
<i>Net financial worth <sup>1)</sup></i>	-1,573	12,319	-9,189	970	239	-123	-5,789	
<b>Financial account, transactions in liabilities</b>								
Total transactions in liabilities		3	126	232	31	23	274	64
Monetary gold and SDRs								
Currency and deposits			0	278	0	0	8	12
Short-term debt securities			11	-37	2	0	-22	-6
Long-term debt securities			15	-75	-35	-1	120	-22
Loans		17	30		35	6	144	31
<i>of which: Long-term</i>		10	4		10	1	128	.
Shares and other equity		0	50	4	67	1	0	22
Quoted shares			5	8	2	0	0	.
Unquoted shares and other equity		0	46	0	30	1	0	.
Mutual fund shares				-4	34			.
Insurance technical reserves		0	1	1	0	29	0	
Other accounts payable and financial derivatives		-14	20	61	-38	-12	24	27
<i>Changes in net financial worth due to transactions <sup>1)</sup></i>	16	110	-80	10	44	-1	-68	-16
<b>Other changes account, liabilities</b>								
Total other changes in liabilities		3	-400	46	-19	-8	-42	236
Monetary gold and SDRs								
Currency and deposits			0	93	0	0	0	77
Short-term debt securities			0	7	-1	0	-3	6
Long-term debt securities			4	42	-36	0	-36	68
Loans		-1	3		19	0	1	63
<i>of which: Long-term</i>		-1	-4		2	0	1	.
Shares and other equity		0	-453	-43	-37	-17	0	11
Quoted shares			-238	-63	-22	-11	0	.
Unquoted shares and other equity		0	-215	3	24	-6	0	.
Mutual fund shares				17	-39			.
Insurance technical reserves		0	0	0	0	6	0	
Other accounts payable and financial derivatives		4	46	-54	35	3	-4	11
<i>Other changes in net financial worth <sup>1)</sup></i>	162	-195	188	97	12	5	54	-151
<b>Closing balance sheet, liabilities</b>								
Total liabilities		6,781	25,662	34,751	15,407	7,160	10,000	15,942
Monetary gold and SDRs								
Currency and deposits			30	25,645	32	0	267	2,736
Short-term debt securities			98	691	83	2	713	307
Long-term debt securities			864	4,655	2,811	47	6,348	3,111
Loans		6,210	8,472		3,364	306	2,051	3,063
<i>of which: Long-term</i>		5,853	6,117		1,755	119	1,716	.
Shares and other equity		8	12,178	2,497	8,933	408	4	6,092
Quoted shares			3,336	315	197	102	0	.
Unquoted shares and other equity		8	8,842	1,212	2,814	305	4	.
Mutual fund shares				969	5,923			.
Insurance technical reserves		36	346	68	1	6,266	1	
Other accounts payable and financial derivatives		528	3,673	1,194	184	132	617	633
<i>Net financial worth <sup>1)</sup></i>	-1,396	12,234	-9,081	1,077	295	-119	-5,802	

Source: ECB.



### 3.2 Euro area non-financial accounts

(EUR billions; four-quarter cumulated flows)

Uses	2008	2009	2010	2010 Q3- 2011 Q2	2010 Q4- 2011 Q3	2011 Q1- 2011 Q4	2011 Q2- 2012 Q1	2011 Q3- 2012 Q2
<b>Generation of income account</b>								
Gross value added (basic prices)								
Taxes less subsidies on products								
Gross domestic product (market prices)								
Compensation of employees	4,466	4,451	4,507	4,566	4,595	4,620	4,638	4,649
Other taxes less subsidies on production	94	86	84	89	93	96	101	109
Consumption of fixed capital	1,361	1,387	1,418	1,441	1,454	1,466	1,476	1,486
<i>Net operating surplus and mixed income</i> <sup>1)</sup>	2,358	2,099	2,213	2,252	2,259	2,254	2,251	2,231
<b>Allocation of primary income account</b>								
Net operating surplus and mixed income								
Compensation of employees								
Taxes less subsidies on production								
Property income	3,939	2,970	2,820	2,927	2,984	2,995	3,020	3,004
Interest	2,379	1,600	1,384	1,456	1,506	1,549	1,569	1,553
Other property income	1,560	1,370	1,436	1,471	1,478	1,446	1,450	1,452
<i>Net national income</i> <sup>1)</sup>	7,802	7,546	7,766	7,881	7,909	7,947	7,980	7,983
<b>Secondary distribution of income account</b>								
Net national income								
Current taxes on income, wealth, etc.	1,145	1,029	1,055	1,085	1,103	1,112	1,124	1,137
Social contributions	1,672	1,676	1,703	1,725	1,739	1,753	1,761	1,770
Social benefits other than social transfers in kind	1,657	1,774	1,818	1,831	1,839	1,848	1,858	1,868
Other current transfers	772	772	775	780	781	781	786	789
Net non-life insurance premiums	188	180	181	182	183	183	184	184
Non-life insurance claims	189	181	181	182	183	184	184	185
Other	395	411	413	416	414	414	417	419
<i>Net disposable income</i> <sup>1)</sup>	7,700	7,438	7,656	7,771	7,802	7,838	7,868	7,868
<b>Use of income account</b>								
Net disposable income								
Final consumption expenditure	7,141	7,155	7,323	7,414	7,453	7,477	7,507	7,518
Individual consumption expenditure	6,405	6,385	6,548	6,639	6,677	6,700	6,729	6,740
Collective consumption expenditure	737	770	775	775	775	777	778	778
Adjustment for the change in the net equity of households in pension fund reserves	70	61	56	56	58	58	59	61
<i>Net saving</i> <sup>1)</sup>	559	283	333	357	349	361	361	350
<b>Capital account</b>								
Net saving								
Gross capital formation	2,071	1,703	1,786	1,853	1,869	1,869	1,850	1,815
Gross fixed capital formation	2,009	1,750	1,763	1,806	1,820	1,830	1,829	1,816
Changes in inventories and acquisitions less disposals of valuables	62	-47	22	47	50	40	22	-1
Consumption of fixed capital								
Acquisitions less disposals of non-produced non-financial assets	1	1	1	1	1	0	1	3
Capital transfers	152	183	224	206	172	173	166	173
Capital taxes	24	34	25	26	27	31	29	31
Other capital transfers	128	149	198	180	145	142	136	142
<i>Net lending (+)/net borrowing (-) (from capital account)</i> <sup>1)</sup>	-144	-26	-25	-46	-58	-32	-3	30

Sources: ECB and Eurostat.

1) For details of the calculation of the balancing items, see the Technical Notes.

## 3.2 Euro area non-financial accounts (cont'd)

(EUR billions; four-quarter cumulated flows)

Resources	2008	2009	2010	2010 Q3- 2011 Q2	2010 Q4- 2011 Q3	2011 Q1- 2011 Q4	2011 Q2- 2012 Q1	2011 Q3- 2012 Q2
<b>Generation of income account</b>								
Gross value added (basic prices)	8,280	8,023	8,222	8,348	8,400	8,436	8,466	8,475
Taxes less subsidies on products	946	894	942	966	971	975	977	974
Gross domestic product (market prices) <sup>2)</sup>	9,226	8,917	9,164	9,314	9,371	9,410	9,443	9,449
Compensation of employees								
Other taxes less subsidies on production								
Consumption of fixed capital								
<i>Net operating surplus and mixed income</i>								
<b>Allocation of primary income account</b>								
Net operating surplus and mixed income	2,358	2,099	2,213	2,252	2,259	2,254	2,251	2,231
Compensation of employees	4,473	4,461	4,520	4,579	4,608	4,633	4,651	4,662
Taxes less subsidies on production	1,047	998	1,039	1,067	1,077	1,081	1,088	1,093
Property income	3,862	2,958	2,814	2,910	2,950	2,973	3,010	3,001
Interest	2,323	1,555	1,341	1,417	1,466	1,508	1,529	1,518
Other property income	1,539	1,402	1,473	1,493	1,483	1,465	1,481	1,483
<i>Net national income</i>								
<b>Secondary distribution of income account</b>								
Net national income	7,802	7,546	7,766	7,881	7,909	7,947	7,980	7,983
Current taxes on income, wealth, etc.	1,154	1,034	1,059	1,091	1,109	1,118	1,129	1,141
Social contributions	1,670	1,675	1,702	1,724	1,738	1,752	1,759	1,768
Social benefits other than social transfers in kind	1,649	1,767	1,811	1,824	1,833	1,842	1,852	1,862
Other current transfers	671	668	668	672	674	674	675	678
Net non-life insurance premiums	189	181	181	182	183	184	184	185
Non-life insurance claims	184	177	178	179	180	180	180	180
Other	298	309	309	311	311	310	311	312
<i>Net disposable income</i>								
<b>Use of income account</b>								
Net disposable income	7,700	7,438	7,656	7,771	7,802	7,838	7,868	7,868
Final consumption expenditure								
Individual consumption expenditure								
Collective consumption expenditure								
Adjustment for the change in the net equity of households in pension fund reserves	70	61	56	56	58	58	59	61
<i>Net saving</i>								
<b>Capital account</b>								
Net saving	559	283	333	357	349	361	361	350
Gross capital formation								
Gross fixed capital formation								
Changes in inventories and acquisitions less disposals of valuables								
Consumption of fixed capital	1,361	1,387	1,418	1,441	1,454	1,466	1,476	1,486
Acquisitions less disposals of non-produced non-financial assets								
Capital transfers	161	192	234	216	181	184	176	185
Capital taxes	24	34	25	26	27	31	29	31
Other capital transfers	137	158	209	189	154	153	147	154
<i>Net lending (+)/net borrowing (-) (from capital account)</i>								

Sources: ECB and Eurostat.

2) Gross domestic product is equal to the gross value added of all domestic sectors plus net taxes (i.e. taxes less subsidies) on products.

### 3.3 Households

(EUR billions; four-quarter cumulated flows; outstanding amounts at end of period)

	2008	2009	2010	2010 Q3- 2011 Q2	2010 Q4- 2011 Q3	2011 Q1- 2011 Q4	2011 Q2- 2012 Q1	2011 Q3- 2012 Q2
<b>Income, saving and changes in net worth</b>								
Compensation of employees (+)	4,473	4,461	4,520	4,579	4,608	4,633	4,651	4,662
Gross operating surplus and mixed income (+)	1,523	1,438	1,442	1,464	1,472	1,479	1,483	1,481
Interest receivable (+)	348	237	207	222	230	237	241	240
Interest payable (-)	249	148	127	137	144	148	148	144
Other property income receivable (+)	785	726	728	740	750	748	756	751
Other property income payable (-)	10	10	10	10	9	10	10	10
Current taxes on income and wealth (-)	872	842	848	865	877	882	893	906
Net social contributions (-)	1,667	1,672	1,698	1,720	1,734	1,748	1,756	1,765
Net social benefits (+)	1,644	1,762	1,806	1,819	1,828	1,837	1,847	1,857
Net current transfers receivable (+)	70	74	74	72	72	71	71	72
<b>= Gross disposable income</b>	<b>6,045</b>	<b>6,027</b>	<b>6,094</b>	<b>6,163</b>	<b>6,195</b>	<b>6,219</b>	<b>6,242</b>	<b>6,240</b>
Final consumption expenditure (-)	5,242	5,167	5,306	5,389	5,425	5,446	5,469	5,478
Changes in net worth in pension funds (+)	69	60	55	56	57	58	59	60
<b>= Gross saving</b>	<b>872</b>	<b>920</b>	<b>843</b>	<b>829</b>	<b>827</b>	<b>830</b>	<b>832</b>	<b>822</b>
Consumption of fixed capital (-)	375	379	386	392	394	397	400	401
Net capital transfers receivable (+)	0	10	14	13	12	9	8	8
Other changes in net worth (+)	-1,761	-886	776	597	-93	-613	-688	-1,030
<b>= Changes in net worth</b>	<b>-1,265</b>	<b>-336</b>	<b>1,247</b>	<b>1,047</b>	<b>351</b>	<b>-171</b>	<b>-248</b>	<b>-601</b>
<b>Investment, financing and changes in net worth</b>								
Net acquisition of non-financial assets (+)	646	551	556	566	571	575	574	568
Consumption of fixed capital (-)	375	379	386	392	394	397	400	401
Main items of financial investment (+)								
Short-term assets	449	8	39	113	127	125	146	160
Currency and deposits	437	121	118	135	146	118	155	168
Money market fund shares	-3	-40	-59	-34	-23	-21	-22	-20
Debt securities <sup>1)</sup>	15	-73	-20	12	4	28	13	12
Long-term assets	61	443	367	229	235	202	202	173
Deposits	-25	71	57	52	52	50	48	37
Debt securities	26	-5	-23	13	40	50	28	-14
Shares and other equity	-73	151	96	-13	-12	-21	27	56
Quoted and unquoted shares and other equity	75	122	94	19	31	35	63	82
Mutual fund shares	-148	29	2	-32	-42	-56	-36	-26
Life insurance and pension fund reserves	133	226	237	177	155	122	99	94
Main items of financing (-)								
Loans	258	110	128	139	123	94	77	46
<i>of which: From euro area MFIs</i>	83	65	147	168	148	81	34	13
Other changes in assets (+)								
Non-financial assets	-404	-1,201	681	352	330	-249	-524	-748
Financial assets	-1,435	309	141	251	-442	-408	-228	-326
Shares and other equity	-1,169	107	49	215	-369	-383	-325	-386
Life insurance and pension fund reserves	-239	195	122	70	-20	20	98	103
Remaining net flows (+)	52	43	-22	67	49	76	59	18
<b>= Changes in net worth</b>	<b>-1,265</b>	<b>-336</b>	<b>1,247</b>	<b>1,047</b>	<b>351</b>	<b>-171</b>	<b>-248</b>	<b>-601</b>
<b>Balance sheet</b>								
Non-financial assets (+)	28,257	27,228	28,078	28,174	28,467	28,006	27,768	27,593
Financial assets (+)								
Short-term assets	5,779	5,776	5,819	5,890	5,889	5,958	5,970	6,025
Currency and deposits	5,321	5,475	5,597	5,647	5,656	5,728	5,754	5,823
Money market fund shares	320	246	189	194	191	172	156	146
Debt securities <sup>1)</sup>	138	55	33	48	42	58	60	56
Long-term assets	10,768	11,576	12,075	12,141	11,697	11,876	12,157	12,021
Deposits	911	961	1,020	1,049	1,062	1,074	1,084	1,092
Debt securities	1,331	1,374	1,313	1,336	1,303	1,326	1,340	1,276
Shares and other equity	3,829	4,121	4,264	4,216	3,781	3,855	4,024	3,915
Quoted and unquoted shares and other equity	2,873	2,979	3,037	3,029	2,695	2,742	2,822	2,727
Mutual fund shares	957	1,142	1,227	1,187	1,085	1,113	1,202	1,188
Life insurance and pension fund reserves	4,698	5,119	5,478	5,541	5,551	5,621	5,709	5,738
Remaining net assets (+)	292	307	338	397	420	396	386	398
Liabilities (-)								
Loans	5,807	5,933	6,109	6,173	6,194	6,207	6,194	6,210
<i>of which: From euro area MFIs</i>	4,914	4,968	5,213	5,304	5,313	5,281	5,269	5,294
<b>= Net worth</b>	<b>39,289</b>	<b>38,953</b>	<b>40,200</b>	<b>40,428</b>	<b>40,279</b>	<b>40,030</b>	<b>40,087</b>	<b>39,827</b>

Sources: ECB and Eurostat.

1) Securities issued by MFIs with a maturity of less than two years and securities issued by other sectors with a maturity of less than one year.

## 3.4 Non-financial corporations

(EUR billions; four-quarter cumulated flows; outstanding amounts at end of period)

	2008	2009	2010	2010 Q3- 2011 Q2	2010 Q4- 2011 Q3	2011 Q1- 2011 Q4	2011 Q2- 2012 Q1	2011 Q3- 2012 Q2
<b>Income and saving</b>								
Gross value added (basic prices) (+)	4,759	4,520	4,678	4,773	4,811	4,833	4,851	4,856
Compensation of employees (-)	2,841	2,787	2,824	2,875	2,900	2,924	2,938	2,949
Other taxes less subsidies on production (-)	46	41	35	38	41	42	44	49
<b>= Gross operating surplus (+)</b>	<b>1,872</b>	<b>1,692</b>	<b>1,820</b>	<b>1,860</b>	<b>1,870</b>	<b>1,867</b>	<b>1,869</b>	<b>1,858</b>
Consumption of fixed capital (-)	765	782	798	813	821	828	834	840
<b>= Net operating surplus (+)</b>	<b>1,107</b>	<b>910</b>	<b>1,021</b>	<b>1,047</b>	<b>1,049</b>	<b>1,039</b>	<b>1,034</b>	<b>1,019</b>
Property income receivable (+)	629	529	558	563	556	556	562	564
Interest receivable	238	169	160	163	167	169	172	169
Other property income receivable	391	360	398	400	389	387	390	395
Interest and rents payable (-)	422	294	256	272	282	290	292	286
<b>= Net entrepreneurial income (+)</b>	<b>1,315</b>	<b>1,145</b>	<b>1,324</b>	<b>1,338</b>	<b>1,323</b>	<b>1,305</b>	<b>1,305</b>	<b>1,296</b>
Distributed income (-)	1,004	927	942	971	983	972	972	984
Taxes on income and wealth payable (-)	236	152	168	178	183	188	188	189
Social contributions receivable (+)	68	71	69	71	72	73	74	74
Social benefits payable (-)	66	68	69	69	69	70	70	70
Other net transfers (-)	48	47	44	45	45	47	48	48
<b>= Net saving</b>	<b>29</b>	<b>22</b>	<b>169</b>	<b>146</b>	<b>115</b>	<b>102</b>	<b>101</b>	<b>79</b>
<b>Investment, financing and saving</b>								
Net acquisition of non-financial assets (+)	368	70	161	201	208	206	187	159
Gross fixed capital formation (+)	1,075	902	936	972	985	995	995	993
Consumption of fixed capital (-)	765	782	798	813	821	828	834	840
Net acquisition of other non-financial assets (+)	58	-50	23	42	44	39	26	6
Main items of financial investment (+)								
Short-term assets	61	95	43	48	4	-32	-8	-3
Currency and deposits	14	88	68	70	46	0	9	8
Money market fund shares	33	39	-23	-24	-40	-43	-35	-29
Debt securities <sup>1)</sup>	14	-32	-2	2	-1	12	18	18
Long-term assets	635	184	460	483	476	441	465	400
Deposits	41	-1	20	47	61	74	52	37
Debt securities	-31	18	15	16	5	-11	-21	-9
Shares and other equity	351	99	269	293	297	251	283	229
Other (mainly intercompany loans)	273	68	156	126	114	126	150	143
Remaining net assets (+)	-22	24	-9	-17	-27	-24	-31	-23
Main items of financing (-)								
Debt	625	25	153	242	227	245	235	192
of which: Loans from euro area MFIs	391	-107	-19	83	86	65	-4	-45
of which: Debt securities	45	91	61	35	43	49	73	90
Shares and other equity	311	241	263	257	251	176	209	195
Quoted shares	5	53	31	27	28	27	19	15
Unquoted shares and other equity	306	188	233	230	224	150	190	179
Net capital transfers receivable (-)	74	82	68	68	69	69	67	68
<b>= Net saving</b>	<b>29</b>	<b>22</b>	<b>169</b>	<b>146</b>	<b>115</b>	<b>102</b>	<b>101</b>	<b>79</b>
<b>Financial balance sheet</b>								
Financial assets								
Short-term assets	1,849	1,933	1,966	1,925	1,918	1,942	1,918	1,923
Currency and deposits	1,538	1,633	1,695	1,676	1,682	1,706	1,679	1,695
Money market fund shares	192	214	192	173	159	147	141	135
Debt securities <sup>1)</sup>	118	86	79	76	78	89	97	93
Long-term assets	9,392	10,237	10,791	11,034	10,368	10,570	11,075	10,925
Deposits	251	240	252	272	305	317	343	337
Debt securities	214	230	253	259	255	256	279	281
Shares and other equity	6,304	7,099	7,442	7,587	6,836	7,005	7,430	7,222
Other (mainly intercompany loans)	2,622	2,668	2,844	2,916	2,971	2,993	3,022	3,085
Remaining net assets	242	229	94	116	96	118	177	90
Liabilities								
Debt	9,290	9,299	9,515	9,641	9,690	9,700	9,717	9,781
of which: Loans from euro area MFIs	4,862	4,707	4,683	4,754	4,766	4,717	4,686	4,690
of which: Debt securities	694	815	876	851	877	883	933	962
Shares and other equity	11,086	12,358	12,945	13,214	11,748	11,977	12,580	12,178
Quoted shares	2,926	3,487	3,799	3,877	3,125	3,281	3,569	3,336
Unquoted shares and other equity	8,160	8,871	9,146	9,337	8,622	8,696	9,012	8,842

Sources: ECB and Eurostat.

1) Securities issued by MFIs with a maturity of less than two years and securities issued by other sectors with a maturity of less than one year.

### 3.5 Insurance corporations and pension funds

(EUR billions; four-quarter cumulated flows; outstanding amounts at end of period)

	2008	2009	2010	2010 Q3- 2011 Q2	2010 Q4- 2011 Q3	2011 Q1- 2011 Q4	2011 Q2- 2012 Q1	2011 Q3- 2012 Q2
<b>Financial account, financial transactions</b>								
Main items of financial investment (+)								
Short-term assets	69	-47	-16	-29	7	49	89	78
Currency and deposits	57	-33	-10	-15	5	14	29	15
Money market fund shares	12	0	-17	-19	-8	11	47	48
Debt securities <sup>1)</sup>	1	-14	10	5	10	23	12	14
Long-term assets	130	291	290	289	237	125	76	70
Deposits	7	14	-6	8	10	8	-1	-4
Debt securities	74	105	179	159	98	27	2	17
Loans	21	8	30	20	16	7	5	-1
Quoted shares	-10	-49	14	16	11	7	5	3
Unquoted shares and other equity	15	-21	1	6	10	-3	-5	-2
Mutual fund shares	25	234	73	80	91	79	71	56
Remaining net assets (+)	10	16	14	-43	-41	-42	-52	-17
Main items of financing (-)								
Debt securities	5	5	0	2	3	3	5	1
Loans	32	-2	9	13	13	5	7	11
Shares and other equity	8	5	7	3	3	2	2	4
Insurance technical reserves	121	247	273	188	150	116	96	102
Net equity of households in life insurance and pension fund reserves	120	239	252	174	139	114	98	94
Prepayments of insurance premiums and reserves for outstanding claims	2	8	20	14	11	2	-2	8
<b>= Changes in net financial worth due to transactions</b>	<b>43</b>	<b>5</b>	<b>0</b>	<b>11</b>	<b>34</b>	<b>6</b>	<b>2</b>	<b>12</b>
<b>Other changes account</b>								
Other changes in financial assets (+)								
Shares and other equity	-550	201	114	79	-92	-111	-21	-16
Other net assets	38	40	-12	-69	-85	14	132	113
Other changes in liabilities (-)								
Shares and other equity	-171	11	-7	14	-42	-46	-31	-35
Insurance technical reserves	-254	172	136	71	-10	24	103	107
Net equity of households in life insurance and pension fund reserves	-244	198	126	73	-11	25	101	108
Prepayments of insurance premiums and reserves for outstanding claims	-10	-27	10	-2	1	-1	2	-1
<b>= Other changes in net financial worth</b>	<b>-86</b>	<b>59</b>	<b>-27</b>	<b>-75</b>	<b>-124</b>	<b>-75</b>	<b>39</b>	<b>26</b>
<b>Financial balance sheet</b>								
Financial assets (+)								
Short-term assets	374	324	312	311	343	348	381	372
Currency and deposits	224	195	190	181	199	193	208	195
Money market fund shares	98	90	74	77	83	84	107	110
Debt securities <sup>1)</sup>	52	39	49	53	61	72	65	67
Long-term assets	5,091	5,663	6,052	6,159	6,061	6,035	6,273	6,299
Deposits	599	612	604	619	618	609	611	608
Debt securities	2,276	2,458	2,624	2,676	2,679	2,623	2,748	2,768
Loans	432	435	466	473	471	473	474	474
Quoted shares	489	511	552	556	507	518	535	522
Unquoted shares and other equity	321	306	300	300	298	295	297	318
Mutual fund shares	974	1,339	1,505	1,536	1,488	1,517	1,608	1,609
Remaining net assets (+)	232	207	229	208	237	241	226	238
Liabilities (-)								
Debt securities	35	42	45	45	46	46	48	48
Loans	281	272	287	294	302	290	300	306
Shares and other equity	419	435	436	439	391	392	424	408
Insurance technical reserves	5,158	5,577	5,985	6,057	6,062	6,125	6,231	6,266
Net equity of households in life insurance and pension fund reserves	4,361	4,798	5,177	5,237	5,243	5,316	5,407	5,439
Prepayments of insurance premiums and reserves for outstanding claims	797	778	809	820	819	810	823	826
<b>= Net financial wealth</b>	<b>-196</b>	<b>-133</b>	<b>-160</b>	<b>-157</b>	<b>-160</b>	<b>-229</b>	<b>-123</b>	<b>-119</b>

Source: ECB.

1) Securities issued by MFIs with a maturity of less than two years and securities issued by other sectors with a maturity of less than one year.



## FINANCIAL MARKETS

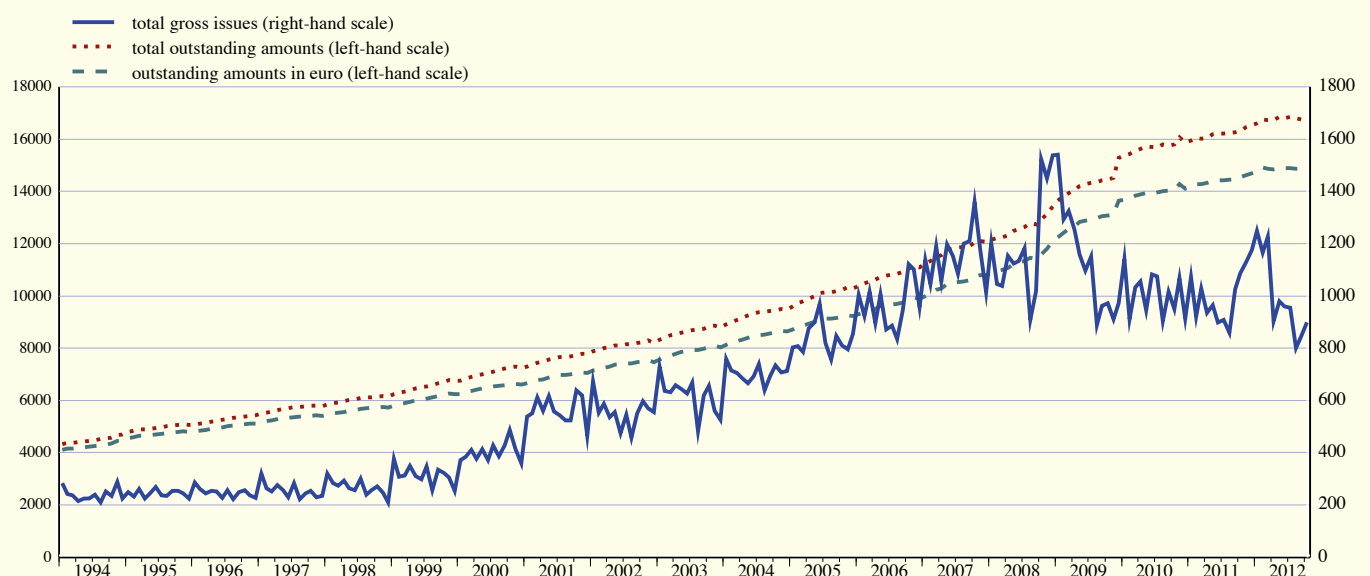
### 4.1 Securities other than shares by original maturity, residency of the issuer and currency

(EUR billions and period growth rates; seasonally adjusted; transactions during the month and end-of-period outstanding amounts; nominal values)

	Total in euro <sup>1)</sup>			By euro area residents								
	Outstanding amounts	Gross issues	Net issues	In euro			In all currencies					
				Outstanding amounts	Gross issues	Net issues	Outstanding amounts	Gross issues	Net issues	Annual growth rates	Seasonally adjusted <sup>2)</sup>	
1	2	3	4	5	6	7	8	9	10	11	12	
<b>Total</b>												
2011 Oct.	16,711.7	1,034.9	51.9	14,538.8	993.3	79.4	16,317.2	1,087.0	69.9	3.3	57.5	3.7
Nov.	16,797.8	1,064.5	85.5	14,632.2	1,017.4	92.6	16,447.2	1,128.5	100.8	2.4	31.8	3.3
Dec.	16,856.0	1,127.6	58.2	14,689.7	1,085.2	57.5	16,531.5	1,176.4	56.0	3.9	144.9	4.6
2012 Jan.	16,953.4	1,190.3	97.5	14,779.6	1,118.8	90.1	16,604.9	1,248.4	82.7	3.8	62.7	5.1
Feb.	17,139.1	1,134.8	186.1	14,923.2	1,047.8	144.1	16,747.1	1,166.0	160.7	4.2	96.2	5.7
Mar.	17,187.9	1,235.6	143.8	14,872.3	1,092.7	43.3	16,737.1	1,227.5	79.8	4.7	82.1	5.9
Apr.	17,141.4	837.6	-35.8	14,852.8	799.7	-8.9	16,737.1	903.2	-2.4	4.4	-8.9	5.0
May	17,182.4	916.6	42.4	14,894.8	865.3	43.2	16,840.8	978.8	60.2	4.0	-1.4	4.6
June	17,189.3	931.6	7.4	14,893.8	870.4	-0.3	16,810.5	960.5	-17.5	3.7	14.5	3.0
July	17,123.5	889.7	-5.4	14,884.7	831.6	-8.6	16,861.9	955.9	28.7	4.0	56.1	2.9
Aug.	17,104.6	750.8	-22.0	14,874.4	707.4	-12.7	16,809.1	799.4	-36.0	3.6	-5.5	1.6
Sep.	17,091.8	811.8	-3.6	14,856.7	759.3	-8.7	16,762.6	844.7	-22.3	3.4	34.1	1.1
Oct.	.	.	.	14,870.6	775.1	17.6	16,789.1	898.0	34.7	3.2	24.0	1.5
<b>Long-term</b>												
2011 Oct.	15,262.3	278.5	75.7	13,166.1	251.1	81.6	14,726.2	268.3	70.1	3.9	66.6	3.4
Nov.	15,333.4	212.0	70.9	13,248.3	192.8	81.6	14,843.7	213.4	92.0	3.2	25.5	3.4
Dec.	15,381.6	238.2	47.1	13,310.9	228.9	61.6	14,932.7	246.5	63.4	4.0	107.7	4.3
2012 Jan.	15,466.7	347.6	85.6	13,373.6	303.4	63.2	14,976.7	332.4	51.9	3.9	69.2	4.9
Feb.	15,637.4	366.7	170.2	13,510.0	310.1	136.0	15,106.8	340.8	145.7	4.2	86.8	5.6
Mar.	15,672.9	388.6	131.0	13,467.6	280.9	52.3	15,090.0	331.5	75.8	4.6	76.2	5.9
Apr.	15,639.6	188.7	-22.6	13,445.8	175.0	-11.2	15,090.8	206.5	1.5	4.1	-8.3	4.9
May	15,689.1	232.0	49.4	13,495.4	208.6	49.4	15,198.7	244.4	68.3	4.0	15.3	4.7
June	15,725.2	278.7	37.0	13,535.0	246.3	40.7	15,209.4	262.1	22.3	3.8	15.6	3.4
July	15,647.9	265.1	-19.8	13,507.4	233.1	-27.5	15,230.5	271.8	0.7	3.9	38.9	3.0
Aug.	15,637.1	145.9	-13.0	13,499.5	126.8	-9.8	15,193.0	142.0	-22.4	3.8	19.4	2.1
Sep.	15,656.7	256.6	27.4	13,518.6	225.0	27.0	15,196.9	250.8	25.1	4.1	82.9	2.2
Oct.	.	.	.	13,547.7	210.6	31.5	15,234.3	247.3	46.4	3.9	43.5	2.9

### C15 Total outstanding amounts and gross issues of securities other than shares issued by euro area residents

(EUR billions)



Sources: ECB and BIS (for issues by non-euro area residents).

- 1) Total euro-denominated securities other than shares issued by euro area residents and non-euro area residents.
- 2) For details of the calculation of the growth rates, see the Technical Notes. The six-month growth rates have been annualised.

## 4.2 Securities other than shares issued by euro area residents, by sector of the issuer and instrument type

(EUR billions ; transactions during the month and end-of-period outstanding amounts; nominal values)

### 1. Outstanding amounts and gross issues

	Outstanding amounts						Gross issues <sup>1)</sup>					
	Total	MFIs (including Eurosystem)	Non-MFI corporations		General government		Total	MFIs (including Eurosystem)	Non-MFI corporations		General government	
			Financial corporations other than MFIs	Non-financial corporations	Central government	Other general government			Financial corporations other than MFIs	Non-financial corporations	Central government	Other general government
1	2	3	4	5	6	7	8	9	10	11	12	
	Total											
2010	15,879	5,243	3,293	854	5,936	554	1,008	625	80	69	206	29
2011	16,532	5,527	3,292	872	6,217	624	1,000	609	98	62	191	39
2011 Q4	16,532	5,527	3,292	872	6,217	624	1,131	714	138	70	172	36
2012 Q1	16,737	5,629	3,325	904	6,209	670	1,214	765	107	70	223	49
Q2	16,811	5,592	3,300	936	6,285	697	947	584	79	71	183	30
Q3	16,763	5,561	3,236	968	6,299	698	867	538	63	63	177	26
2012 July	16,862	5,642	3,293	949	6,272	706	956	600	72	66	192	27
Aug.	16,809	5,633	3,248	951	6,275	702	799	535	49	54	140	21
Sep.	16,763	5,561	3,236	968	6,299	698	845	480	67	71	199	28
Oct.	16,789	5,531	3,262	978	6,318	701	898	529	68	70	202	29
	Short-term											
2010	1,544	572	120	70	728	54	759	534	34	57	115	19
2011	1,599	702	106	79	634	77	748	511	48	53	107	29
2011 Q4	1,599	702	106	79	634	77	888	629	76	60	94	28
2012 Q1	1,647	711	122	83	641	91	879	609	61	55	125	29
Q2	1,601	678	120	97	624	83	710	498	31	58	102	20
Q3	1,566	667	107	89	626	77	645	456	24	48	100	17
2012 July	1,631	703	115	96	631	87	684	486	26	53	102	17
Aug.	1,616	702	114	96	622	82	657	473	23	46	101	15
Sep.	1,566	667	107	89	626	77	594	408	24	44	98	19
Oct.	1,555	653	106	87	628	81	651	452	26	50	102	21
	Long-term <sup>2)</sup>											
2010	14,335	4,671	3,173	784	5,207	499	249	91	47	12	90	9
2011	14,933	4,824	3,186	793	5,583	547	252	98	51	9	84	10
2011 Q4	14,933	4,824	3,186	793	5,583	547	243	85	62	10	78	8
2012 Q1	15,090	4,918	3,203	821	5,568	580	335	156	45	16	99	20
Q2	15,209	4,914	3,180	840	5,661	614	238	86	48	13	81	10
Q3	15,197	4,894	3,129	880	5,673	622	222	82	38	16	77	8
2012 July	15,230	4,939	3,178	853	5,642	619	272	114	46	12	90	10
Aug.	15,193	4,931	3,135	855	5,653	619	142	62	26	8	40	6
Sep.	15,197	4,894	3,129	880	5,673	622	251	72	44	26	100	9
Oct.	15,234	4,878	3,156	891	5,689	620	247	76	43	19	100	9
	<i>of which: Long-term fixed rate</i>											
2010	9,475	2,629	1,099	673	4,697	377	156	50	13	10	77	6
2011	10,018	2,766	1,151	699	4,994	408	150	54	12	8	70	7
2011 Q4	10,018	2,766	1,151	699	4,994	408	122	40	7	9	61	5
2012 Q1	10,229	2,878	1,199	726	5,004	421	229	103	17	15	83	11
Q2	10,409	2,879	1,245	747	5,101	437	148	42	21	12	68	6
Q3	10,499	2,862	1,279	785	5,132	441	139	37	14	15	68	4
2012 July	10,422	2,888	1,266	758	5,073	437	150	42	14	11	79	4
Aug.	10,445	2,883	1,262	761	5,102	439	77	25	6	8	34	4
Sep.	10,499	2,862	1,279	785	5,132	441	189	43	24	26	91	5
Oct.	10,535	2,856	1,313	797	5,129	441	169	46	25	19	74	5
	<i>of which: Long-term variable rate</i>											
2010	4,389	1,762	1,969	106	432	121	78	34	29	1	10	4
2011	4,412	1,789	1,881	90	513	139	85	37	32	1	11	3
2011 Q4	4,412	1,789	1,881	90	513	139	108	37	51	1	15	3
2012 Q1	4,351	1,773	1,844	91	486	156	90	46	25	1	10	8
Q2	4,342	1,768	1,823	89	486	175	77	38	25	1	9	4
Q3	4,250	1,768	1,747	90	466	179	72	41	23	1	4	4
2012 July	4,345	1,782	1,800	90	492	180	110	65	30	1	8	6
Aug.	4,301	1,781	1,767	91	483	179	55	32	19	0	2	2
Sep.	4,250	1,768	1,747	90	466	179	52	25	19	0	4	4
Oct.	4,252	1,760	1,742	90	483	177	67	25	16	0	22	4

Source: ECB.

1) Monthly data on gross issues refer to transactions during the month. For the purposes of comparison, quarterly and annual data refer to the respective monthly averages.

2) The residual difference between total long-term debt securities and fixed and variable rate long-term debt securities consists of zero coupon bonds and revaluation effects.

## 4.2 Securities other than shares issued by euro area residents, by sector of the issuer and instrument type

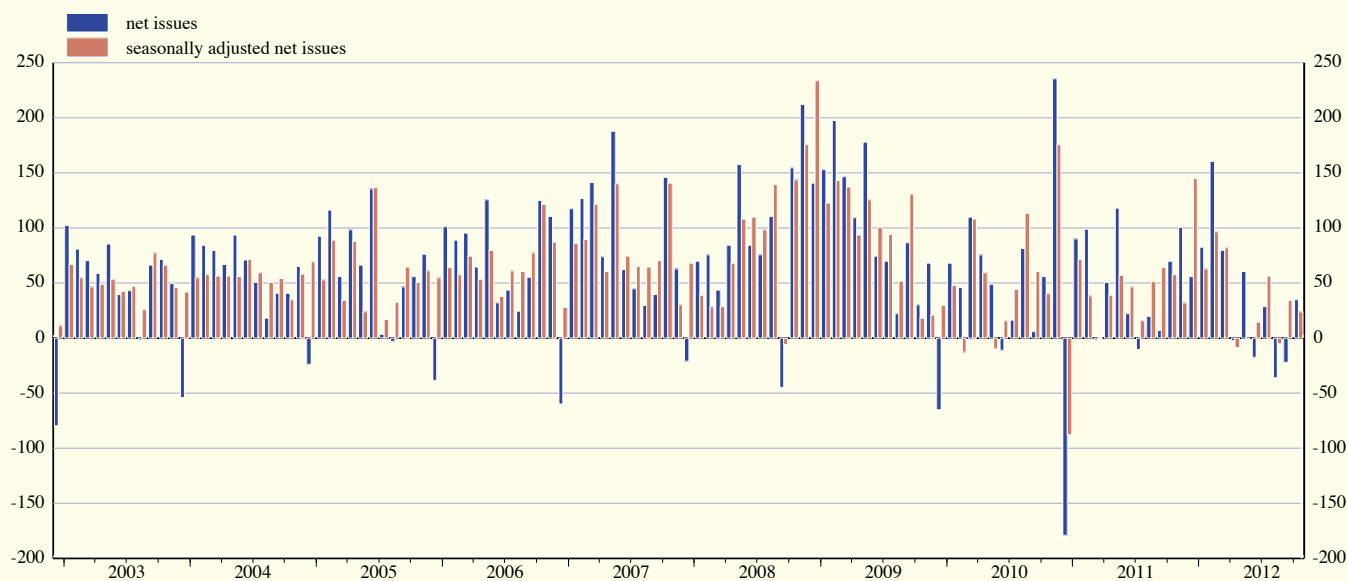
(EUR billions unless otherwise indicated; transactions during the period; nominal values)

### 2. Net issues

	Non-seasonally adjusted <sup>1)</sup>						Seasonally adjusted <sup>1)</sup>					
	Total	MFIs (including Eurosystem)	Non-MFI corporations		General government		Total	MFIs (including Eurosystem)	Non-MFI corporations		General government	
			Financial corporations other than MFIs	Non-financial corporations	Central government	Other general government			Financial corporations other than MFIs	Non-financial corporations	Central government	Other general government
1	2	3	4	5	6	7	8	9	10	11	12	
	Total											
2010	46.0	-1.3	5.1	5.0	31.8	5.3	-	-	-	-	-	-
2011	51.6	22.6	-3.5	3.7	23.2	5.6	-	-	-	-	-	-
2011 Q4	75.6	29.7	20.2	3.3	17.6	4.9	78.1	40.8	-2.0	6.8	31.3	1.2
2012 Q1	107.7	38.0	12.5	11.7	29.6	15.9	80.3	16.5	22.6	9.3	15.7	16.3
Q2	13.5	-19.8	-5.5	10.2	27.8	0.7	1.4	-14.4	-8.1	7.8	13.4	2.7
Q3	-9.9	-4.7	-20.9	10.7	4.3	0.7	28.2	0.2	-6.8	11.9	20.7	2.3
2012 July	28.7	38.6	-11.4	8.6	-14.4	7.2	56.1	40.2	-11.7	4.8	15.5	7.4
Aug.	-36.0	1.0	-41.2	5.3	1.8	-2.8	-5.5	-1.3	-29.3	12.4	11.1	1.6
Sep.	-22.3	-53.7	-10.0	18.1	25.5	-2.2	34.1	-38.4	20.6	18.4	35.6	-2.1
Oct.	34.7	-21.6	27.2	10.7	19.1	-0.8	24.0	-6.4	8.2	9.7	21.0	-8.4
	Long-term											
2010	54.3	1.8	2.4	5.3	41.3	3.5	-	-	-	-	-	-
2011	47.4	12.0	-2.2	2.7	31.0	3.9	-	-	-	-	-	-
2011 Q4	75.2	0.7	21.6	5.5	43.8	3.6	66.6	13.7	0.1	6.8	42.7	3.3
2012 Q1	91.1	35.0	7.1	10.4	27.5	11.1	77.4	20.6	17.9	9.9	19.2	9.8
Q2	30.7	-7.6	-4.7	5.7	33.6	3.8	7.6	-13.2	-6.6	3.2	21.5	2.7
Q3	1.1	-1.9	-16.4	13.3	3.4	2.7	47.1	4.8	-4.5	15.0	26.3	5.5
2012 July	0.7	15.0	-6.4	9.1	-21.0	4.0	38.9	15.4	-9.9	9.4	15.3	8.6
Aug.	-22.4	0.8	-40.0	5.8	9.9	1.1	19.4	7.9	-27.0	12.1	23.9	2.6
Sep.	25.1	-21.3	-2.7	24.9	21.2	3.0	82.9	-8.9	23.4	23.6	39.6	5.2
Oct.	46.4	-8.2	27.5	12.5	17.3	-2.7	43.5	3.7	10.3	12.3	20.7	-3.4

### CI6 Net issues of securities other than shares: seasonally adjusted and non-seasonally adjusted

(EUR billions; transactions during the month; nominal values)



Source: ECB.

1) Monthly data on net issues refer to transactions during the month. For the purposes of comparison, quarterly and annual data refer to the respective monthly averages.



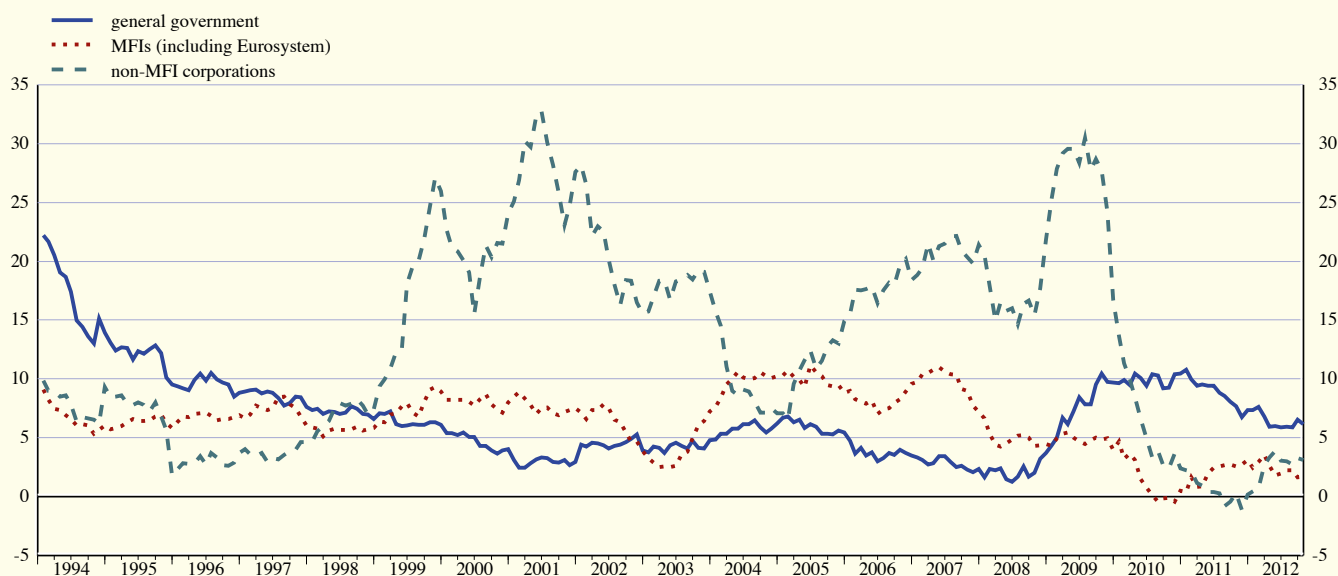
### 4.3 Growth rates of securities other than shares issued by euro area residents <sup>1)</sup>

(percentage changes)

	Annual growth rates (non-seasonally adjusted)						6-month seasonally adjusted growth rates					
	Total	MFIs (including Eurosystem)	Non-MFI corporations		General government		Total	MFIs (including Eurosystem)	Non-MFI corporations		General government	
			Financial corporations other than MFIs	Non-financial corporations	Central government	Other general government			Financial corporations other than MFIs	Non-financial corporations	Central government	Other general government
	1	2	3	4	5	6	7	8	9	10	11	12
	Total											
2011 Oct.	3.3	2.9	-0.4	4.7	4.6	12.9	3.7	3.5	0.7	7.2	4.1	13.2
Nov.	2.4	3.1	-2.3	5.1	3.0	13.6	3.3	3.6	0.2	6.8	3.6	11.2
Dec.	3.9	5.2	-1.3	5.4	4.7	12.1	4.6	6.7	0.5	9.3	4.1	4.8
2012 Jan.	3.8	4.3	-1.2	6.3	4.8	15.4	5.1	6.8	1.0	9.4	4.5	14.3
Feb.	4.2	4.5	-0.6	7.0	4.8	19.8	5.7	6.9	2.8	9.4	4.6	16.2
Mar.	4.7	4.8	1.8	8.0	4.5	17.9	5.9	6.4	3.8	11.6	4.6	17.8
Apr.	4.4	4.1	2.6	9.5	3.7	15.7	5.0	4.7	4.4	11.7	3.5	18.5
May	4.0	2.9	3.2	9.1	3.8	12.6	4.6	2.3	6.3	11.3	4.0	14.1
June	3.7	3.4	1.6	10.5	3.5	11.7	3.0	0.2	2.7	12.0	2.8	19.2
July	4.0	4.1	1.2	10.4	3.4	14.8	2.9	1.7	1.5	11.3	2.3	15.4
Aug.	3.6	3.6	0.7	10.8	3.3	12.5	1.6	0.5	-1.4	12.3	2.1	9.0
Sep.	3.4	2.4	0.6	12.5	3.9	10.9	1.1	-1.5	-2.7	13.4	3.3	4.4
Oct.	3.2	2.0	0.4	12.5	3.8	10.4	1.5	-0.6	-3.5	13.4	4.3	2.8
	Long-term											
2011 Oct.	3.9	2.6	-0.5	3.5	7.6	8.7	3.4	2.1	1.2	3.4	5.3	9.1
Nov.	3.2	2.7	-2.4	4.0	6.4	10.0	3.4	2.1	0.8	5.0	5.2	9.2
Dec.	4.0	3.1	-0.8	4.4	7.2	9.4	4.3	3.0	1.3	7.4	6.4	7.2
2012 Jan.	3.9	2.4	-0.8	5.7	7.0	11.1	4.9	3.2	1.6	9.0	7.1	10.3
Feb.	4.2	2.9	-0.6	6.4	7.0	13.5	5.6	4.2	2.8	9.7	7.1	14.4
Mar.	4.6	3.5	1.5	7.5	6.3	12.7	5.9	4.3	3.5	13.4	6.9	15.2
Apr.	4.1	2.6	2.4	7.2	5.4	11.7	4.9	3.0	3.5	10.8	5.5	14.4
May	4.0	1.8	3.0	7.1	5.5	10.6	4.7	1.5	5.4	9.2	5.9	11.9
June	3.8	1.9	1.7	8.7	5.4	10.7	3.4	0.9	2.2	10.1	4.4	14.2
July	3.9	2.2	1.3	9.7	5.3	12.1	3.0	1.2	1.1	10.3	3.6	13.8
Aug.	3.8	2.2	0.7	10.6	5.3	11.5	2.1	0.3	-1.3	11.6	3.6	8.6
Sep.	4.1	1.6	0.7	13.5	6.0	11.8	2.2	-1.0	-2.1	13.6	5.2	8.5
Oct.	3.9	1.7	0.4	13.9	5.7	10.7	2.9	0.4	-2.7	16.9	5.9	7.0

### C17 Annual growth rates of long-term debt securities, by sector of the issuer, in all currencies combined

(annual percentage changes)



Source: ECB.

1) For details of the calculation of the growth rates, see the Technical Notes. The six-month growth rates have been annualised.

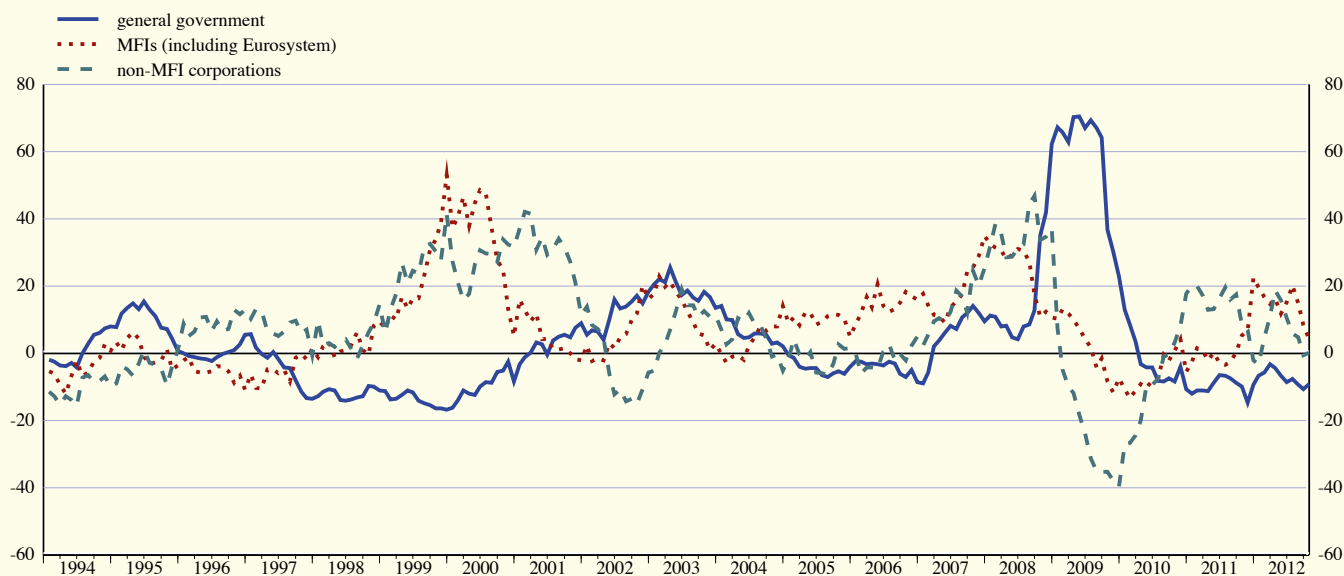
### 4.3 Growth rates of securities other than shares issued by euro area residents <sup>1)</sup> (cont'd)

(percentage changes)

	Long-term fixed rate						Long-term variable rate					
	Total	MFIs (including Eurosystem)	Non-MFI corporations		General government		Total	MFIs (including Eurosystem)	Non-MFI corporations		General government	
			Financial corporations other than MFIs	Non-financial corporations	Central government	Other general government			Financial corporations other than MFIs	Non-financial corporations	Central government	Other general government
13	14	15	16	17	18	19	20	21	22	23	24	
In all currencies combined												
2010	8.8	5.7	6.4	19.7	9.9	8.8	-0.5	-3.9	1.0	-2.0	6.4	27.5
2011	6.3	4.9	3.4	6.3	7.8	7.7	-0.7	-1.3	-5.5	-2.0	22.3	16.1
2011 Q4	5.5	5.4	2.6	4.5	6.1	8.1	-1.0	-0.1	-7.2	-2.7	21.0	13.9
2012 Q1	5.7	5.4	2.1	6.6	6.4	9.0	-0.1	0.6	-5.4	-1.0	15.3	21.5
Q2	5.2	5.0	1.9	8.1	5.6	6.7	0.5	-0.3	-2.4	-1.3	8.1	25.9
Q3	5.0	4.1	1.3	11.0	5.5	7.0	0.0	-0.2	-3.3	0.5	6.6	25.5
2012 May	5.1	4.6	1.9	7.6	5.7	5.7	0.9	-1.2	-0.5	-1.2	7.6	26.0
June	4.8	4.1	1.5	9.5	5.2	6.1	0.6	-0.6	-2.0	-1.7	9.0	24.9
July	4.8	4.4	1.2	10.1	5.0	7.0	0.5	-0.4	-2.9	0.8	9.2	27.1
Aug.	5.1	4.2	1.0	11.1	5.6	6.9	-0.2	0.2	-3.8	1.0	5.3	25.0
Sep.	5.6	3.4	1.8	14.3	6.4	7.7	-1.2	-0.5	-4.6	1.3	1.6	24.0
Oct.	5.7	3.7	3.4	15.0	6.0	6.5	-2.2	-0.4	-7.2	-0.9	2.8	22.9
In euro												
2010	9.0	5.5	7.4	20.1	10.0	8.3	-0.2	-3.3	0.8	-2.5	5.9	26.2
2011	6.5	4.1	3.6	6.6	8.1	7.2	-0.2	0.2	-6.1	-3.0	22.2	15.3
2011 Q4	5.7	5.1	2.6	4.7	6.4	8.6	-0.6	1.3	-7.9	-3.7	20.8	12.3
2012 Q1	6.1	5.7	2.5	6.5	6.6	9.8	0.5	2.5	-6.0	-2.2	15.0	20.2
Q2	5.5	5.5	1.6	8.5	5.7	6.6	0.7	2.1	-4.1	-2.5	7.9	25.3
Q3	5.3	5.0	0.8	11.4	5.5	6.4	0.2	2.5	-5.6	0.5	6.3	25.5
2012 May	5.3	5.1	1.2	8.2	5.8	5.3	1.1	1.4	-2.4	-2.5	7.4	24.8
June	5.1	4.9	1.3	9.8	5.3	5.7	1.0	2.2	-4.0	-2.0	8.9	25.1
July	5.0	5.3	0.6	10.4	5.0	6.5	0.7	2.4	-5.3	0.9	8.8	27.1
Aug.	5.4	5.1	0.2	11.3	5.7	6.2	0.0	3.1	-6.2	1.1	5.0	24.8
Sep.	6.0	4.3	1.6	15.1	6.5	7.1	-1.0	2.0	-6.5	0.7	1.2	24.2
Oct.	5.9	4.2	3.1	16.0	6.0	6.0	-2.3	1.9	-9.5	-1.5	2.5	23.5

### C18 Annual growth rates of short-term debt securities, by sector of the issuer, in all currencies combined

(annual percentage changes)



Source: ECB.

1) Annual percentage changes for monthly data refer to the end of the month, whereas those for quarterly and yearly data refer to the annual change in the period average. See the Technical Notes for details.

#### 4.4 Quoted shares issued by euro area residents <sup>1)</sup>

(EUR billions, unless otherwise indicated; market values)

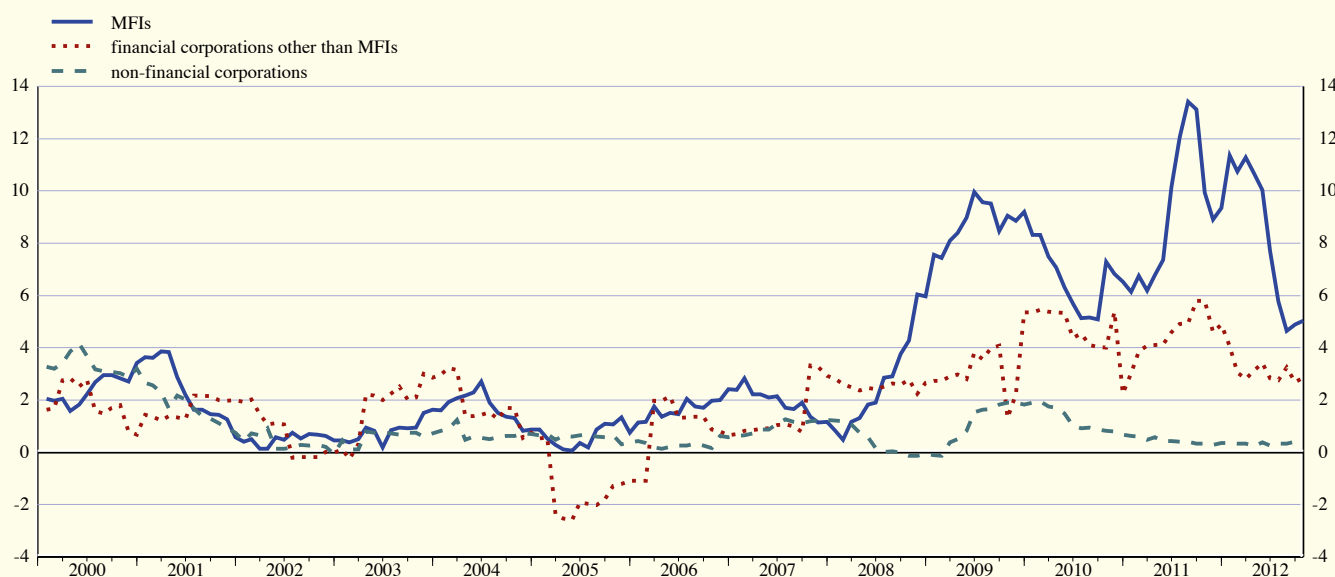
##### 1. Outstanding amounts and annual growth rates

(outstanding amounts as at end of period)

	Total			MFIs		Financial corporations other than MFIs		Non-financial corporations	
	Total	Index: Dec. 2008 = 100	Annual growth rates (%)	Total	Annual growth rates (%)	Total	Annual growth rates (%)	Total	Annual growth rates (%)
	1	2	3	4	5	6	7	8	9
2010 Oct.	4,514.9	104.2	1.8	514.0	7.3	333.6	4.0	3,667.2	0.8
Nov.	4,397.4	104.4	1.8	437.5	6.8	316.6	5.4	3,643.3	0.8
Dec.	4,579.9	104.4	1.4	458.1	6.5	334.0	2.3	3,787.7	0.7
2011 Jan.	4,743.8	104.6	1.4	513.9	6.1	365.9	3.0	3,864.0	0.6
Feb.	4,829.9	104.7	1.5	534.6	6.7	379.0	3.9	3,916.2	0.6
Mar.	4,751.8	104.8	1.4	491.3	6.2	363.3	4.1	3,897.2	0.5
Apr.	4,875.3	105.0	1.5	497.3	6.8	371.6	4.1	4,006.5	0.6
May	4,760.2	105.0	1.5	475.8	7.4	356.3	4.1	3,928.1	0.4
June	4,705.1	105.5	1.7	491.5	10.2	350.6	4.6	3,863.0	0.4
July	4,487.5	105.7	1.9	458.6	12.1	325.6	4.9	3,703.3	0.4
Aug.	3,959.8	105.9	2.1	382.9	13.4	281.7	4.9	3,295.2	0.4
Sep.	3,733.0	105.9	2.0	350.5	13.1	264.4	5.8	3,118.1	0.3
Oct.	4,026.1	105.9	1.7	360.5	9.9	288.0	5.8	3,377.6	0.3
Nov.	3,875.2	106.0	1.5	329.8	8.9	271.6	4.6	3,273.8	0.3
Dec.	3,887.8	106.1	1.6	339.3	9.3	270.8	4.9	3,277.7	0.4
2012 Jan.	4,100.7	106.3	1.7	375.5	11.4	298.1	4.0	3,427.1	0.4
Feb.	4,266.8	106.3	1.5	394.7	10.7	311.3	3.1	3,560.8	0.3
Mar.	4,250.8	106.4	1.5	373.1	11.3	311.1	2.8	3,566.6	0.3
Apr.	4,078.0	106.5	1.4	327.3	10.7	292.0	3.1	3,458.7	0.2
May	3,772.0	106.5	1.5	280.9	10.0	260.2	3.4	3,230.9	0.4
June	3,935.1	106.6	1.1	317.7	7.7	280.3	2.8	3,337.2	0.3
July	4,061.8	106.8	1.0	309.9	5.8	287.5	2.7	3,464.4	0.3
Aug.	4,184.9	106.8	0.9	349.7	4.6	304.7	3.3	3,530.6	0.3
Sep.	4,242.0	106.9	0.9	365.0	4.9	318.9	2.7	3,558.1	0.4
Oct.	4,319.2	107.0	1.0	383.6	5.0	329.9	2.9	3,605.7	0.4

#### C19 Annual growth rates for quoted shares issued by euro area residents

(annual percentage changes)



Source: ECB.

1) For details of the calculation of the index and the growth rates, see the Technical Notes.

#### 4.4 Quoted shares issued by euro area residents

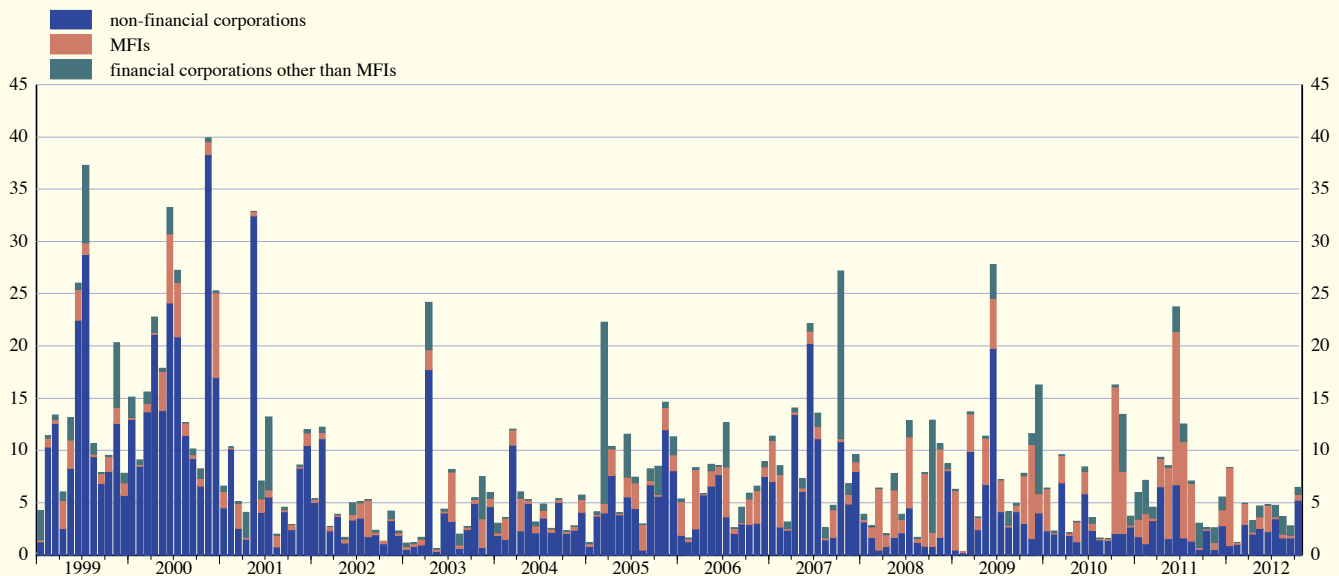
(EUR billions; market values)

##### 2. Transactions during the month

	Total			MFIs			Financial corporations other than MFIs			Non-financial corporations		
	Gross issues	Redemptions	Net issues	Gross issues	Redemptions	Net issues	Gross issues	Redemptions	Net issues	Gross issues	Redemptions	Net issues
	1	2	3	4	5	6	7	8	9	10	11	12
2010 Oct.	16.3	0.2	16.0	14.0	0.0	14.0	0.2	0.1	0.1	2.0	0.2	1.9
Nov.	13.5	1.5	12.0	5.9	0.0	5.9	5.5	0.1	5.4	2.1	1.4	0.7
Dec.	3.7	3.5	0.2	0.2	0.0	0.2	0.9	0.3	0.5	2.7	3.2	-0.5
2011 Jan.	6.0	1.3	4.7	1.6	0.0	1.6	2.6	0.0	2.6	1.8	1.3	0.5
Feb.	7.1	0.2	6.9	2.9	0.0	2.9	3.2	0.0	3.2	1.1	0.2	0.8
Mar.	4.4	1.0	3.5	0.1	0.0	0.1	1.0	0.2	0.8	3.3	0.7	2.6
Apr.	9.3	0.6	8.8	2.7	0.0	2.7	0.1	0.0	0.1	6.5	0.6	5.9
May	8.6	8.8	-0.2	6.8	2.1	4.6	0.2	0.0	0.2	1.6	6.6	-5.0
June	23.7	1.3	22.5	14.7	0.0	14.7	2.3	0.3	2.0	6.7	1.0	5.7
July	12.5	0.7	11.8	9.3	0.0	9.3	1.6	0.0	1.6	1.6	0.7	0.9
Aug.	7.1	1.0	6.1	5.5	0.0	5.5	0.3	0.2	0.1	1.3	0.8	0.5
Sep.	2.9	2.9	0.0	0.0	0.9	-0.9	2.3	0.0	2.3	0.5	2.0	-1.4
Oct.	2.4	0.4	2.0	0.0	0.0	0.0	0.1	0.0	0.1	2.3	0.4	1.9
Nov.	2.6	1.5	1.1	0.7	0.0	0.7	1.4	0.0	1.4	0.6	1.5	-1.0
Dec.	5.5	1.0	4.5	1.5	0.0	1.5	1.2	0.0	1.2	2.8	1.0	1.8
2012 Jan.	8.4	0.4	7.9	7.5	0.0	7.5	0.0	0.1	-0.1	0.9	0.3	0.6
Feb.	1.1	1.4	-0.3	0.0	0.0	0.0	0.0	0.2	-0.2	1.0	1.2	-0.1
Mar.	4.9	0.7	4.3	2.0	0.0	2.0	0.0	0.1	-0.1	2.9	0.6	2.3
Apr.	3.1	0.3	2.8	0.0	0.0	0.0	1.1	0.0	1.1	2.0	0.3	1.7
May	4.7	1.8	2.9	1.1	0.0	1.1	1.0	0.1	1.0	2.5	1.7	0.8
June	4.8	1.2	3.6	2.6	0.0	2.6	0.0	0.1	-0.1	2.2	1.1	1.1
July	4.7	0.3	4.4	0.2	0.0	0.2	1.1	0.0	1.1	3.5	0.3	3.2
Aug.	3.7	1.8	1.8	0.4	0.0	0.4	1.6	0.1	1.5	1.6	1.7	-0.1
Sep.	2.7	0.5	2.1	0.1	0.0	0.1	0.9	0.1	0.8	1.7	0.4	1.3
Oct.	6.5	1.8	4.6	0.5	0.0	0.5	0.7	0.1	0.6	5.3	1.7	3.5

#### C20 Gross issues of quoted shares by sector of the issuer

(EUR billions; transactions during the month; market values)



Source: ECB.

## 4.5 MFI interest rates on euro-denominated deposits from and loans to euro area residents <sup>1)</sup>

(percentages per annum; outstanding amounts as at end of period, new business as period average, unless otherwise indicated)

### 1. Interest rates on deposits (new business)

	Deposits from households						Deposits from non-financial corporations				Repos
	Overnight	With an agreed maturity of:			Redeemable at notice of: <sup>2)</sup>		Overnight	With an agreed maturity of:			
		Up to 1 year	Over 1 and up to 2 years	Over 2 years	Up to 3 months	Over 3 months		Up to 1 year	Over 1 and up to 2 years	Over 2 years	
	1	2	3	4	5	6	7	8	9	10	11
2011 Dec.	0.54	2.78	3.20	3.06	1.79	1.97	0.65	1.53	2.76	2.90	1.38
2012 Jan.	0.53	2.94	3.49	3.15	1.81	1.96	0.61	1.36	2.95	2.92	1.23
Feb.	0.52	2.90	3.38	3.16	1.81	1.96	0.59	1.26	2.96	3.01	1.05
Mar.	0.51	2.88	3.04	3.03	1.79	1.95	0.58	1.31	2.75	2.98	0.97
Apr.	0.49	2.82	2.93	2.84	1.76	1.95	0.55	1.16	2.70	3.07	1.28
May	0.48	2.65	2.70	2.68	1.74	1.91	0.54	1.07	2.31	2.75	0.93
June	0.47	2.72	2.73	2.63	1.73	1.88	0.52	1.11	2.32	2.69	0.98
July	0.45	2.80	2.89	2.61	1.70	1.85	0.48	1.14	2.01	2.53	1.26
Aug.	0.44	2.66	2.76	2.51	1.68	1.81	0.46	1.10	2.12	2.42	1.01
Sep.	0.42	2.80	2.83	2.42	1.65	1.77	0.46	1.13	2.37	2.53	1.41
Oct.	0.41	2.74	2.56	2.49	1.62	1.71	0.45	1.05	2.18	2.21	1.50
Nov.	0.40	2.73	2.45	2.35	1.61	1.65	0.43	1.04	2.03	2.21	1.11

### 2. Interest rates on loans to households (new business)

	Revolving loans and overdrafts	Extended credit card debt <sup>3)</sup>	Consumer credit				Lending for house purchase				Lending to sole proprietors and unincorporated partnerships			
			By initial rate fixation			APRC <sup>4)</sup>	By initial rate fixation			APRC <sup>4)</sup>	By initial rate fixation			
			Floating rate and up to 1 year	Over 1 and up to 5 years	Over 5 years		Floating rate and up to 1 year	Over 1 and up to 5 years	Over 5 and up to 10 years		Over 10 years	Floating rate and up to 1 year	Over 1 and up to 5 years	Over 5 years
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
2011 Dec.	8.37	17.08	5.27	6.44	7.64	7.16	3.49	3.74	3.81	3.95	4.02	4.13	4.84	3.92
2012 Jan.	8.46	17.06	5.62	6.59	8.08	7.57	3.50	3.71	3.75	4.03	4.03	3.88	4.76	3.93
Feb.	8.41	17.05	5.70	6.59	8.09	7.63	3.45	3.64	3.70	3.95	3.92	3.86	4.71	4.04
Mar.	8.39	16.98	5.55	6.44	7.94	7.45	3.32	3.57	3.61	3.91	3.83	3.73	4.74	3.90
Apr.	8.26	17.10	5.43	6.31	7.95	7.35	3.20	3.58	3.59	3.96	3.79	3.65	4.68	3.89
May	8.26	17.10	5.65	6.39	7.95	7.48	3.14	3.54	3.53	3.84	3.72	3.80	4.74	3.83
June	8.25	17.06	5.61	6.28	7.73	7.27	3.11	3.48	3.46	3.69	3.66	3.61	4.73	3.71
July	8.15	17.01	5.76	6.26	7.82	7.37	3.09	3.40	3.31	3.62	3.58	3.64	4.45	3.49
Aug.	8.12	16.96	5.79	6.27	7.67	7.37	2.94	3.33	3.21	3.52	3.48	3.43	4.45	3.32
Sep.	8.14	16.96	5.78	6.18	7.62	7.24	2.92	3.27	3.21	3.49	3.45	3.23	4.48	3.31
Oct.	8.04	16.97	5.61	6.12	7.67	7.15	2.88	3.24	3.15	3.49	3.42	3.25	4.25	3.34
Nov.	7.98	16.98	5.58	6.08	7.65	7.11	2.87	3.18	3.14	3.40	3.35	3.34	4.23	3.23

### 3. Interest rates on loans to non-financial corporations (new business)

	Revolving loans and overdrafts	Other loans of up to EUR 0.25 million by initial rate fixation						Other loans of over EUR 1 million by initial rate fixation					
		Floating rate and up to 3 months	Over 3 months and up to 1 year	Over 1 and up to 3 years	Over 3 and up to 5 years	Over 5 and up to 10 years	Over 10 years	Floating rate and up to 3 months	Over 3 months and up to 1 year	Over 1 and up to 3 years	Over 3 and up to 5 years	Over 5 and up to 10 years	Over 10 years
	1	2	3	4	5	6	7	8	9	10	11	12	13
2011 Dec.	4.66	4.89	5.15	4.98	5.05	4.59	4.27	3.04	3.74	3.11	3.95	3.73	3.75
2012 Jan.	4.63	4.93	5.35	4.78	5.04	4.40	4.33	2.66	3.70	3.06	3.45	2.70	3.80
Feb.	4.58	4.86	5.25	4.74	5.02	4.65	4.41	2.50	3.76	3.36	3.89	3.77	3.64
Mar.	4.60	4.81	5.17	4.66	5.00	4.63	4.32	2.39	3.43	3.06	3.09	3.37	3.57
Apr.	4.46	4.96	5.09	4.61	4.85	4.57	4.39	2.39	3.52	3.43	3.40	3.51	3.59
May	4.42	4.82	5.11	4.60	4.84	4.49	4.20	2.37	3.75	3.41	3.48	3.60	3.51
June	4.39	4.81	5.03	4.58	4.76	4.41	4.16	2.44	3.20	3.44	3.03	3.34	3.22
July	4.29	4.86	5.17	4.58	4.56	4.13	4.12	2.23	3.31	3.62	3.13	3.19	3.50
Aug.	4.20	4.84	4.95	4.31	4.50	3.92	3.88	2.05	2.96	3.08	3.21	3.16	3.01
Sep.	4.18	4.69	4.75	4.26	4.45	3.88	3.93	2.15	2.57	2.92	2.73	2.95	3.06
Oct.	4.21	4.74	4.89	4.29	4.31	3.79	3.94	2.12	2.91	3.30	3.00	2.93	3.20
Nov.	4.17	4.65	4.82	4.16	4.31	3.79	3.78	2.11	2.68	3.76	3.26	2.90	2.91

Source: ECB.

1) Data refer to the changing composition of the euro area. For further information, see the General Notes.

2) For this instrument category, households and non-financial corporations are merged and allocated to the household sector, since the outstanding amounts of non-financial corporations are negligible compared with those of the household sector when all participating Member States are combined.

3) This instrument category excludes convenience credit card debt, i.e. credit granted at an interest rate of 0% during the billing cycle.

4) The annual percentage rate of charge (APRC) covers the total cost of a loan. The total cost comprises both an interest rate component and a component incorporating other (related) charges, such as the cost of inquiries, administration, preparation of documents and guarantees.

**4.5 MFI interest rates on euro-denominated deposits from and loans to euro area residents <sup>1)</sup>, \***  
(percentages per annum; outstanding amounts as at end of period, new business as period average, unless otherwise indicated)

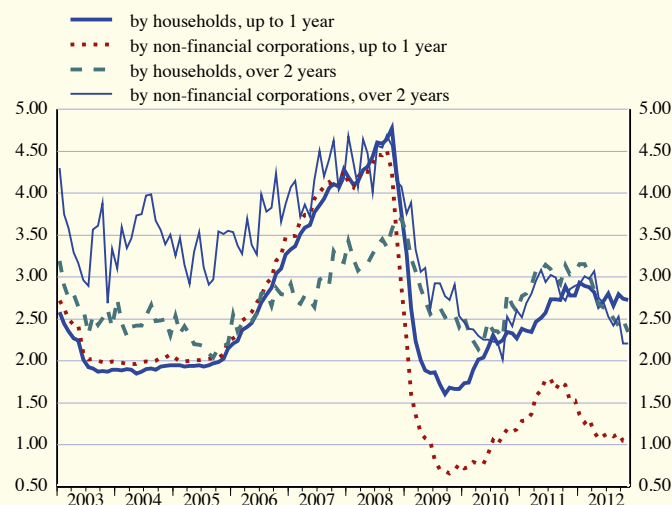
**4. Interest rates on deposits (outstanding amounts)**

	Deposits from households					Deposits from non-financial corporations			Repos
	Overnight <sup>2)</sup>	With an agreed maturity of:		Redeemable at notice of: <sup>2)3)</sup>		Overnight <sup>2)</sup>	With an agreed maturity of:		
		Up to 2 years	Over 2 years	Up to 3 months	Over 3 months		Up to 2 years	Over 2 years	
	1	2	3	4	5	6	7	8	9
2011 Dec.	0.54	2.73	2.78	1.79	1.97	0.65	2.18	3.13	2.37
2012 Jan.	0.53	2.76	2.78	1.81	1.96	0.61	2.14	3.16	2.46
Feb.	0.52	2.79	2.80	1.81	1.96	0.59	2.13	3.20	2.62
Mar.	0.51	2.81	2.81	1.79	1.95	0.58	2.05	3.13	2.58
Apr.	0.49	2.78	2.82	1.76	1.95	0.55	2.00	3.09	2.57
May	0.48	2.76	2.80	1.74	1.91	0.54	1.96	3.06	2.39
June	0.47	2.73	2.82	1.73	1.88	0.52	1.93	3.08	2.48
July	0.45	2.72	2.78	1.70	1.85	0.48	1.89	3.04	2.47
Aug.	0.44	2.70	2.77	1.68	1.81	0.46	1.84	3.01	2.45
Sep.	0.42	2.69	2.79	1.65	1.77	0.46	1.82	3.02	2.61
Oct.	0.41	2.67	2.74	1.62	1.71	0.45	1.78	2.95	2.55
Nov.	0.40	2.66	2.75	1.61	1.65	0.43	1.79	2.96	2.54

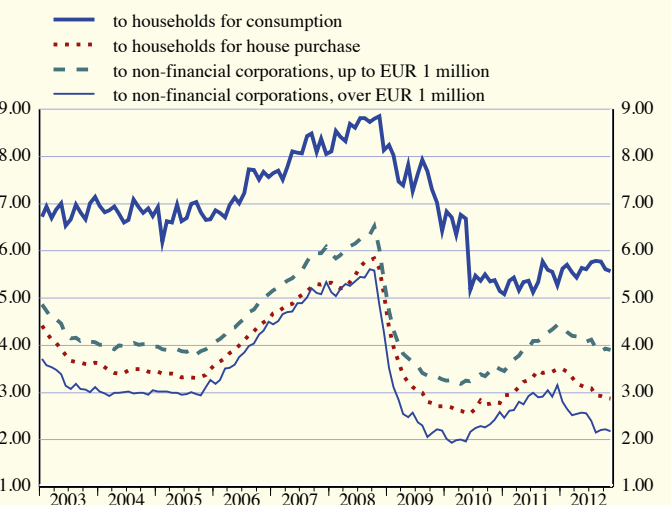
**5. Interest rates on loans (outstanding amounts)**

	Loans to households						Loans to non-financial corporations		
	Lending for house purchase with a maturity of:			Consumer credit and other loans with a maturity of:			With a maturity of:		
	Up to 1 year	Over 1 and up to 5 years	Over 5 years	Up to 1 year	Over 1 and up to 5 years	Over 5 years	Up to 1 year	Over 1 and up to 5 years	Over 5 years
	1	2	3	4	5	6	7	8	9
2011 Dec.	4.12	3.74	3.89	8.11	6.43	5.31	4.26	3.87	3.72
2012 Jan.	4.06	3.71	3.87	8.14	6.40	5.29	4.24	3.82	3.68
Feb.	4.04	3.69	3.86	8.09	6.39	5.27	4.18	3.78	3.67
Mar.	4.03	3.68	3.85	8.07	6.37	5.25	4.15	3.66	3.60
Apr.	3.93	3.64	3.80	7.97	6.31	5.20	4.05	3.61	3.54
May	3.88	3.62	3.77	7.95	6.29	5.16	3.99	3.58	3.50
June	3.86	3.60	3.76	7.83	6.30	5.14	3.96	3.53	3.46
July	3.78	3.54	3.72	7.78	6.26	5.08	3.89	3.47	3.40
Aug.	3.73	3.51	3.67	7.77	6.22	5.05	3.81	3.41	3.36
Sep.	3.72	3.51	3.66	7.80	6.30	5.03	3.78	3.40	3.34
Oct.	3.65	3.45	3.61	7.75	6.25	4.97	3.76	3.29	3.26
Nov.	3.54	3.43	3.60	7.60	6.23	4.97	3.72	3.30	3.25

**C21 New deposits with an agreed maturity**  
(percentages per annum excluding charges; period averages)



**C22 New loans with a floating rate and up to 1 year's initial rate fixation**  
(percentages per annum excluding charges; period averages)



Source: ECB.

\* For the source of the data in the table and the related footnotes, please see page S42.

## 4.6 Money market interest rates

(percentages per annum; period averages)

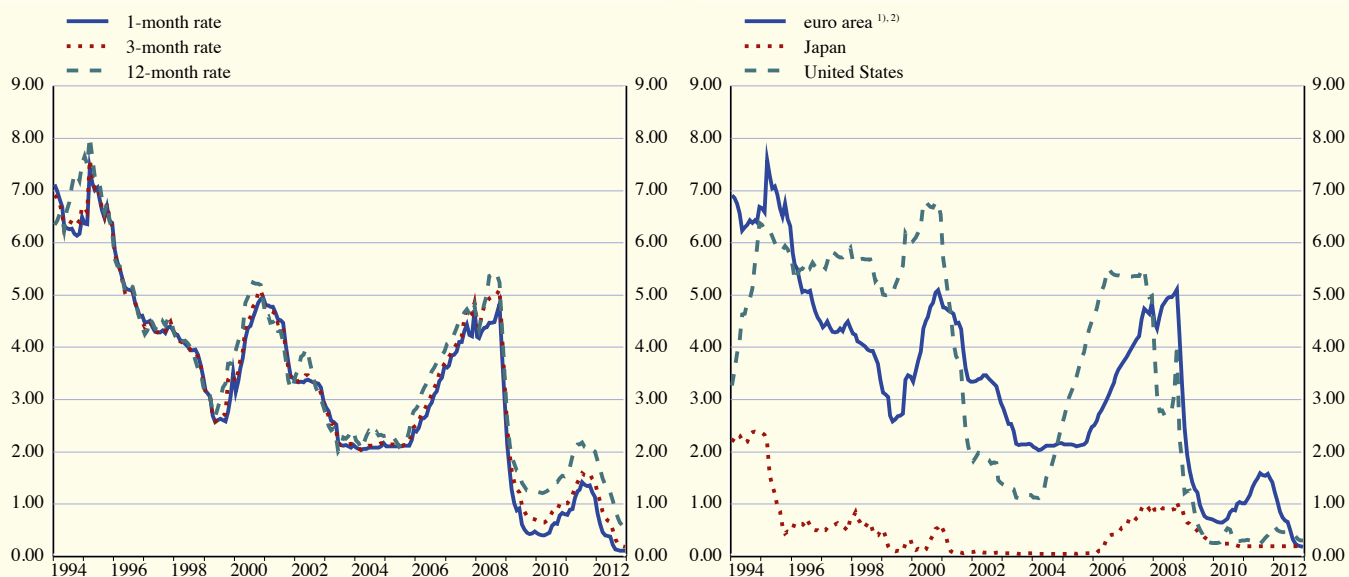
	Euro area <sup>1),2)</sup>					United States	Japan
	Overnight deposits (EONIA)	1-month deposits (EURIBOR)	3-month deposits (EURIBOR)	6-month deposits (EURIBOR)	12-month deposits (EURIBOR)	3-month deposits (LIBOR)	3-month deposits (LIBOR)
	1	2	3	4	5	6	7
2010	0.44	0.57	0.81	1.08	1.35	0.34	0.23
2011	0.87	1.18	1.39	1.64	2.01	0.34	0.19
2012	0.23	0.33	0.58	0.83	1.11	0.43	0.19
2011 Q4	0.79	1.24	1.50	1.72	2.05	0.48	0.20
2012 Q1	0.37	0.64	1.04	1.34	1.67	0.51	0.20
Q2	0.34	0.39	0.69	0.98	1.28	0.47	0.20
Q3	0.13	0.16	0.36	0.63	0.90	0.43	0.19
Q4	0.08	0.11	0.20	0.37	0.60	0.32	0.19
2011 Dec.	0.63	1.14	1.43	1.67	2.00	0.56	0.20
2012 Jan.	0.38	0.84	1.22	1.50	1.84	0.57	0.20
Feb.	0.37	0.63	1.05	1.35	1.68	0.50	0.20
Mar.	0.36	0.47	0.86	1.16	1.50	0.47	0.20
Apr.	0.35	0.41	0.74	1.04	1.37	0.47	0.20
May	0.34	0.39	0.68	0.97	1.27	0.47	0.20
June	0.33	0.38	0.66	0.93	1.22	0.47	0.20
July	0.18	0.22	0.50	0.78	1.06	0.45	0.20
Aug.	0.11	0.13	0.33	0.61	0.88	0.43	0.19
Sep.	0.10	0.12	0.25	0.48	0.74	0.39	0.19
Oct.	0.09	0.11	0.21	0.41	0.65	0.33	0.19
Nov.	0.08	0.11	0.19	0.36	0.59	0.31	0.19
Dec.	0.07	0.11	0.19	0.32	0.55	0.31	0.18

### C23 Euro area money market rates <sup>1), 2)</sup>

(monthly averages; percentages per annum)

### C24 3-month money market rates

(monthly averages; percentages per annum)



Source: ECB.

- 1) Before January 1999 synthetic euro area rates were calculated on the basis of national rates weighted by GDP. For further information, see the General Notes.
- 2) Data refer to the changing composition of the euro area. For further information, see the General Notes.

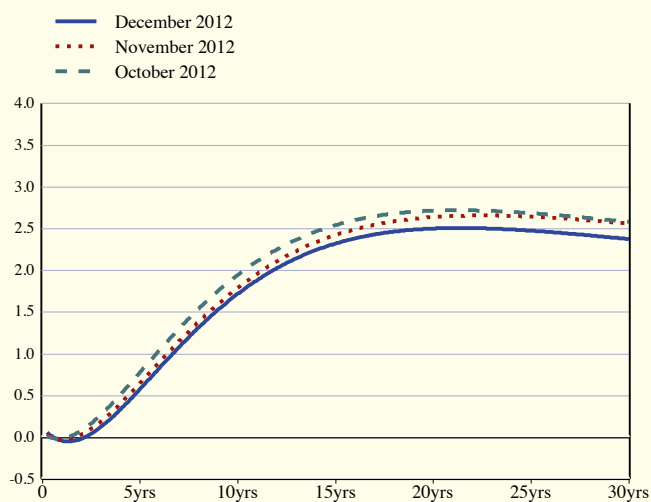
### 4.7 Euro area yield curves <sup>1)</sup>

(AAA-rated euro area central government bonds; end of period; rates in percentages per annum; spreads in percentage points)

	Spot rates								Instantaneous forward rates			
	3 months	1 year	2 years	5 years	7 years	10 years	10 years - 3 months (spread)	10 years - 2 years (spread)	1 year	2 years	5 years	10 years
	1	2	3	4	5	6	7	8	9	10	11	12
2010	0.49	0.60	0.93	2.15	2.78	3.36	2.87	2.43	0.85	1.70	3.99	4.69
2011	0.00	0.09	0.41	1.56	2.13	2.65	2.65	2.24	0.32	1.15	3.24	3.84
2012	0.06	-0.04	-0.01	0.58	1.09	1.72	1.66	1.74	-0.09	0.17	1.84	3.50
2011 Q4	0.00	0.09	0.41	1.56	2.13	2.65	2.65	2.24	0.32	1.15	3.24	3.84
2012 Q1	0.07	0.16	0.39	1.36	1.95	2.60	2.53	2.21	0.34	0.95	2.97	4.26
Q2	0.04	0.08	0.27	1.17	1.73	2.32	2.27	2.05	0.20	0.76	2.69	3.82
Q3	0.02	-0.01	0.07	0.76	1.29	1.94	1.92	1.87	0.00	0.36	2.10	3.75
Q4	0.06	-0.04	-0.01	0.58	1.09	1.72	1.66	1.74	-0.09	0.17	1.84	3.50
2011 Dec.	0.00	0.09	0.41	1.56	2.13	2.65	2.65	2.24	0.32	1.15	3.24	3.84
2012 Jan.	0.11	0.21	0.45	1.44	2.03	2.67	2.55	2.22	0.39	1.03	3.07	4.26
Feb.	0.11	0.15	0.37	1.39	1.99	2.59	2.49	2.22	0.29	0.95	3.06	4.06
Mar.	0.07	0.16	0.39	1.36	1.95	2.60	2.53	2.21	0.34	0.95	2.97	4.26
Apr.	0.03	0.10	0.32	1.26	1.84	2.47	2.44	2.15	0.26	0.85	2.84	4.10
May	0.07	0.05	0.17	0.89	1.36	1.89	1.82	1.72	0.10	0.52	2.17	3.23
June	0.04	0.08	0.27	1.17	1.73	2.32	2.27	2.05	0.20	0.76	2.69	3.82
July	0.00	-0.09	-0.02	0.71	1.25	1.87	1.87	1.89	-0.11	0.26	2.12	3.52
Aug.	0.03	-0.05	0.01	0.75	1.29	1.91	1.88	1.90	-0.08	0.30	2.17	3.55
Sep.	0.02	-0.01	0.07	0.76	1.29	1.94	1.92	1.87	0.00	0.36	2.10	3.75
Oct.	0.01	-0.01	0.09	0.78	1.31	1.95	1.94	1.86	0.02	0.39	2.13	3.72
Nov.	0.04	-0.02	0.04	0.65	1.15	1.80	1.76	1.76	-0.03	0.27	1.91	3.60
Dec.	0.06	-0.04	-0.01	0.58	1.09	1.72	1.66	1.74	-0.09	0.17	1.84	3.50

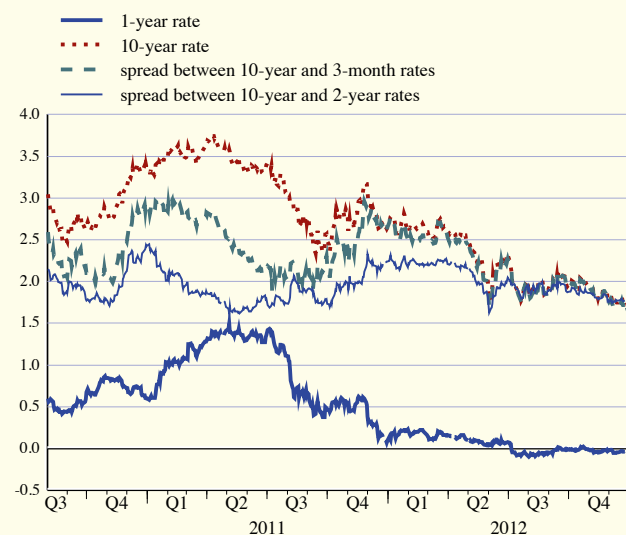
### C25 Euro area spot yield curves <sup>2)</sup>

(percentages per annum; end of period)



### C26 Euro area spot rates and spreads <sup>2)</sup>

(daily data; rates in percentages per annum; spreads in percentage points)



Sources: ECB calculations based on underlying data provided by EuroMTS and ratings provided by Fitch Ratings.

1) Data refer to the changing composition of the euro area. For further information, see the General Notes.

2) Data cover AAA-rated euro area central government bonds.



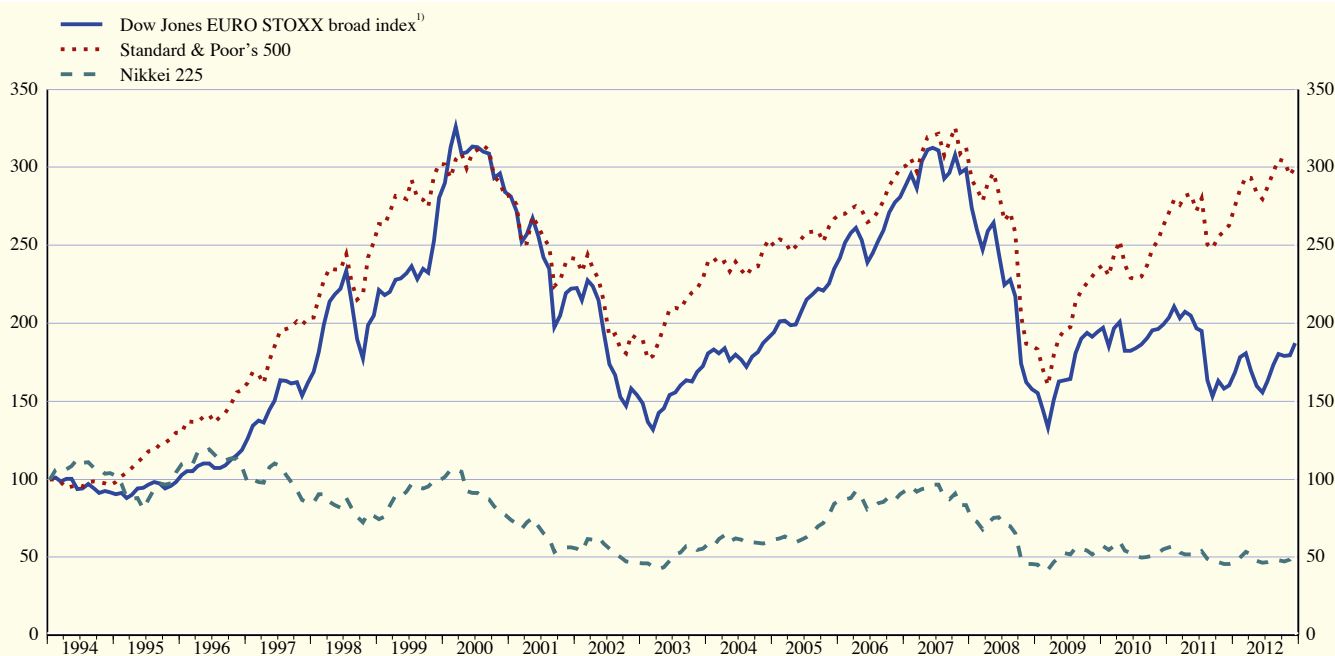
## 4.8 Stock market indices

(index levels in points; period averages)

	Dow Jones EURO STOXX indices <sup>1)</sup>												United States	Japan
	Benchmark		Main industry indices										Standard & Poor's 500	Nikkei 225
	Broad index	50	Basic materials	Consumer services	Consumer goods	Oil and gas	Financials	Industrials	Technology	Utilities	Telecoms	Health care		
1	2	3	4	5	6	7	8	9	10	11	12	13	14	
2010	265.5	2,779.3	463.1	166.2	323.4	307.2	182.8	337.6	224.1	344.9	389.6	408.4	1,140.0	10,006.5
2011	256.0	2,611.0	493.4	158.1	351.2	311.6	152.6	349.4	222.5	301.7	358.4	432.7	1,267.6	9,425.4
2012	239.7	2,411.9	503.7	151.9	385.7	307.2	122.1	330.2	219.2	235.9	268.5	523.3	1,379.4	9,102.6
2011 Q4	222.4	2,277.8	427.1	142.1	327.1	295.5	117.2	296.6	201.8	256.5	320.3	432.4	1,225.7	8,580.6
2012 Q1	243.7	2,473.6	499.1	150.3	372.3	324.6	129.7	333.3	221.7	253.7	300.6	480.6	1,348.8	9,295.3
Q2	224.0	2,226.2	472.5	140.8	370.7	285.3	108.2	311.6	207.4	223.4	261.9	493.2	1,349.7	9,026.5
Q3	238.7	2,400.9	505.9	152.7	392.3	307.8	117.2	327.7	215.9	234.0	265.6	548.5	1,400.9	8,886.4
Q4	252.0	2,543.3	536.8	163.6	407.4	310.5	133.0	347.7	231.6	232.0	245.4	570.7	1,418.1	9,208.6
2011 Dec.	222.2	2,283.3	433.2	142.4	329.9	302.9	115.9	295.5	196.6	249.3	310.3	448.4	1,243.3	8,506.0
2012 Jan.	233.4	2,382.1	477.6	146.9	351.8	317.3	120.4	319.2	206.9	248.8	305.0	473.6	1,300.6	8,616.7
Feb.	247.2	2,508.2	507.2	152.1	377.3	327.0	134.4	336.3	223.9	254.6	300.1	477.6	1,352.5	9,242.3
Mar.	250.7	2,532.2	512.9	152.0	388.0	329.5	134.6	344.6	234.3	257.7	296.7	490.5	1,389.2	9,962.3
Apr.	235.0	2,340.8	497.6	145.9	380.9	301.1	116.8	327.8	221.2	237.7	275.2	488.5	1,386.4	9,627.4
May	221.9	2,198.5	469.5	139.7	373.7	281.6	105.0	310.4	204.5	218.9	261.4	492.0	1,341.3	8,842.5
June	216.2	2,152.7	453.1	137.4	358.3	275.1	104.0	298.4	198.0	215.4	250.4	498.9	1,323.5	8,638.1
July	226.5	2,258.4	479.1	145.8	379.4	290.4	106.5	313.9	204.4	224.3	257.3	534.2	1,359.8	8,760.7
Aug.	240.5	2,424.5	509.4	154.6	399.7	313.0	116.8	330.3	220.8	231.8	265.7	552.5	1,403.4	8,949.9
Sep.	250.1	2,530.7	531.4	158.2	398.1	321.0	129.5	339.8	223.0	247.2	274.6	559.7	1,443.4	8,948.6
Oct.	248.7	2,503.5	528.4	159.1	398.3	311.7	130.2	340.2	219.9	241.9	255.9	567.6	1,437.8	8,827.4
Nov.	248.7	2,514.0	526.1	162.8	403.8	308.0	131.2	343.7	230.6	226.9	239.0	563.3	1,394.5	9,059.9
Dec.	259.7	2,625.6	559.5	170.0	422.7	312.0	138.5	361.5	246.8	225.8	240.2	583.1	1,422.3	9,814.4

## C27 Dow Jones EURO STOXX broad index, Standard & Poor's 500 and Nikkei 225

(January 1994 = 100; monthly averages)



Source: ECB.

1) Data refer to the changing composition of the euro area. For further information, see the General Notes.

# PRICES, OUTPUT, DEMAND AND LABOUR MARKETS



## 5.1 HICP, other prices and costs

(annual percentage changes, unless otherwise indicated)

### 1. Harmonised Index of Consumer Prices <sup>1)</sup>

	Total					Total (s.a.; percentage change vis-à-vis previous period)						Memo item: Administered prices <sup>2)</sup>	
	Index: 2005 = 100	Total		Goods	Services	Total	Processed food	Unprocessed food	Non-energy industrial goods	Energy (n.s.a.)	Services	Total HICP excluding administered prices	Administered prices
		Total excl. unprocessed food and energy											
% of total in 2012	100.0	100.0	81.8	58.5	41.5	100.0	11.9	7.2	28.5	11.0	41.5	88.2	11.8
	1	2	3	4	5	6	7	8	9	10	11	12	13
2009	108.1	0.3	1.3	-0.9	2.0	-	-	-	-	-	-	0.1	1.8
2010	109.8	1.6	1.0	1.8	1.4	-	-	-	-	-	-	1.6	1.5
2011	112.8	2.7	1.7	3.3	1.8	-	-	-	-	-	-	2.6	3.5
2012	115.6	2.5	.	.	1.8	-	-	-	-	-	-	.	.
2011 Q4	114.1	2.9	2.0	3.7	1.9	0.7	1.0	0.7	0.7	1.5	0.3	2.9	3.5
2012 Q1	114.3	2.7	1.9	3.3	1.8	0.8	0.7	0.7	0.2	4.1	0.5	2.6	3.4
Q2	115.9	2.5	1.8	3.0	1.7	0.6	0.6	0.8	0.4	1.0	0.5	2.3	3.4
Q3	115.7	2.5	1.7	3.1	1.8	0.5	0.4	1.1	0.0	1.2	0.5	2.4	3.9
Q4	116.7	2.3	.	.	1.7	.	.	.	.	-0.1	.	.	.
2012 July	115.1	2.4	1.9	2.8	1.8	0.2	0.1	-0.1	-0.1	0.9	0.2	2.2	3.8
Aug.	115.6	2.6	1.7	3.2	1.8	0.4	0.2	0.6	0.0	2.4	0.2	2.4	3.9
Sep.	116.4	2.6	1.6	3.2	1.7	0.2	0.1	0.4	0.2	1.1	0.0	2.4	4.1
Oct.	116.7	2.5	1.6	3.0	1.7	0.1	0.4	0.7	0.1	-0.5	0.1	2.3	3.9
Nov.	116.5	2.2	1.6	2.6	1.6	-0.1	0.2	0.2	0.2	-1.4	0.0	2.0	3.9
Dec. <sup>3)</sup>	116.9	2.2	.	.	1.8	.	.	.	.	-0.5	.	.	.

	Goods						Services					
	Food (incl. alcoholic beverages and tobacco)			Industrial goods			Housing	Transport	Communication	Recreation and personal	Miscellaneous	
	Total	Processed food	Unprocessed food	Total	Non-energy industrial goods	Energy						
% of total in 2012	19.1	11.9	7.2	39.5	28.5	11.0	10.1	6.0	6.5	3.1	14.5	7.3
	14	15	16	17	18	19	20	21	22	23	24	25
2009	0.7	1.1	0.2	-1.7	0.6	-8.1	2.0	1.8	2.9	-1.0	2.1	2.1
2010	1.1	0.9	1.3	2.2	0.5	7.4	1.8	1.5	2.3	-0.8	1.0	1.5
2011	2.7	3.3	1.8	3.7	0.8	11.9	1.8	1.4	2.9	-1.3	2.0	2.1
2012	3.1	.	.	.	1.2	7.6	.	.	.	.	.	.
2011 Q4	3.3	4.2	1.8	3.9	1.2	11.5	1.7	1.4	3.0	-1.8	2.2	2.1
2012 Q1	3.2	4.0	2.0	3.3	1.1	9.1	1.7	1.5	2.9	-2.7	2.1	2.4
Q2	3.0	3.5	2.3	2.9	1.3	7.2	1.7	1.4	2.7	-3.1	2.2	2.0
Q3	3.0	2.7	3.4	3.2	1.3	8.0	1.9	1.5	3.0	-3.1	2.2	1.9
Q4	3.1	.	.	.	1.1	6.3	.	.	.	.	.	.
2012 July	2.9	2.9	2.9	2.8	1.5	6.1	1.9	1.6	2.9	-3.1	2.3	1.9
Aug.	3.0	2.7	3.5	3.3	1.1	8.9	1.9	1.6	3.3	-3.1	2.2	1.9
Sep.	2.9	2.5	3.7	3.4	1.2	9.1	1.8	1.5	2.8	-3.3	2.2	1.8
Oct.	3.1	2.4	4.3	3.0	1.1	8.0	1.9	1.5	3.1	-3.5	2.0	2.1
Nov.	3.0	2.4	4.1	2.4	1.1	5.7	1.9	1.5	2.8	-4.1	2.1	1.8
Dec. <sup>3)</sup>	3.1	.	.	.	1.1	5.2	.	.	.	.	.	.

Sources: Eurostat and ECB calculations.

- 1) Data refer to the changing composition of the euro area. For further information, see the General Notes.
- 2) These experimental statistics can only provide an approximate measure of price administration, since changes in administered prices cannot be fully isolated from other influences. Please refer to Eurostat's website (<http://epp.eurostat.ec.europa.eu/portal/page/portal/hicp/introduction>) for a note explaining the methodology used in the compilation of this indicator.
- 3) Estimate based on provisional national releases, which usually cover around 95% of the euro area, as well as on early information on energy prices.

## 5.1 HICP, other prices and costs

(annual percentage changes, unless otherwise indicated)

### 2. Industry, construction and residential property prices

	Industrial producer prices excluding construction										Construction <sup>1)</sup>	Residential property prices <sup>2)</sup>
	Total (index: 2005 = 100)	Total		Industry excluding construction and energy						Energy		
		Manu- facturing	Total	Intermediate goods	Capital goods	Consumer goods						
						Total	Durable	Non-durable				
% of total in 2005	100.0	100.0	82.8	75.6	30.0	22.0	23.7	2.7	21.0	24.4		
	1	2	3	4	5	6	7	8	9	10	11	12
2008	114.4	6.1	4.8	3.4	3.9	2.1	3.9	2.8	4.1	14.2	3.9	1.9
2009	108.6	-5.1	-5.4	-2.9	-5.3	0.4	-2.1	1.2	-2.5	-11.8	0.1	-3.2
2010	111.7	2.9	3.4	1.6	3.5	0.3	0.4	0.9	0.3	6.4	1.9	1.0
2011	118.3	5.9	5.5	3.8	5.9	1.4	3.1	2.1	3.3	11.9	3.3	1.0
2011 Q3	118.9	5.9	5.5	3.8	5.6	1.5	3.3	2.2	3.5	11.8	3.2	1.1
Q4	119.3	5.1	4.5	2.9	3.4	1.5	3.3	2.5	3.4	11.4	2.8	-0.3
2012 Q1	121.0	3.7	3.0	1.7	1.2	1.2	2.9	2.3	3.0	9.5	1.8	-0.8
Q2	121.1	2.2	1.6	1.1	0.4	1.2	2.0	1.9	2.0	5.8	1.6	-1.5
Q3	121.7	2.3	1.9	1.0	0.3	0.9	2.1	1.6	2.2	6.5	1.2	.
2012 June	120.5	1.8	1.1	0.9	0.1	1.1	1.9	1.9	1.9	4.7	-	-
July	120.8	1.6	1.1	0.8	-0.2	1.0	1.9	1.8	2.0	4.5	-	-
Aug.	121.9	2.7	2.2	1.0	0.3	0.9	2.1	1.7	2.2	8.0	-	-
Sep.	122.2	2.7	2.3	1.3	0.8	0.9	2.2	1.3	2.4	7.0	-	-
Oct.	122.3	2.6	2.3	1.5	1.2	0.9	2.3	1.2	2.4	5.9	-	-
Nov.	122.0	2.1	1.8	1.5	1.4	1.0	2.2	1.1	2.3	4.1	-	-

### 3. Commodity prices and gross domestic product deflators

	Oil prices <sup>3)</sup> (EUR per barrel)	Non-energy commodity prices						GDP deflators							
		Import-weighted <sup>4)</sup>			Use-weighted <sup>5)</sup>			Total (s.a.; index: 2005 = 100)	Total	Domestic demand				Exports <sup>6)</sup>	Imports <sup>6)</sup>
		Total	Food	Non-food	Total	Food	Non-food			Total	Private consump- tion	Government consump- tion	Gross fixed capital formation		
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
2009	44.6	-18.5	-8.9	-23.1	-18.0	-11.4	-22.8	107.2	0.9	-0.1	-0.4	2.1	-0.3	-3.5	-6.3
2010	60.7	44.6	21.4	57.9	42.1	27.1	54.5	108.1	0.8	1.5	1.7	0.7	0.8	3.1	5.0
2011	79.7	12.2	22.4	7.7	12.8	20.7	7.5	109.4	1.2	2.0	2.5	0.8	2.0	3.6	5.7
2012	86.6	0.5	1.1	0.3	2.6	6.4	-0.3	.	.	.	.	.	.	.	.
2011 Q4	80.7	-2.5	3.6	-5.2	-1.7	4.3	-6.0	109.8	1.3	2.1	2.5	1.1	1.9	2.7	4.6
2012 Q1	90.1	-5.8	-7.6	-4.9	-4.8	-3.7	-5.6	110.2	1.2	1.7	2.4	1.1	1.7	1.9	3.1
Q2	84.6	-1.1	-3.4	0.1	1.1	4.1	-1.2	110.5	1.2	1.6	2.0	0.9	1.2	1.4	2.2
Q3	87.3	5.3	10.4	2.7	7.8	16.0	1.6	111.0	1.3	1.5	2.0	0.9	1.0	1.6	2.3
Q4	84.4	4.4	6.0	3.7	7.0	10.2	4.5	.	.	.	.	.	.	.	.
2012 July	83.4	4.7	11.6	1.3	7.1	17.4	-0.5	-	-	-	-	-	-	-	-
Aug.	90.5	6.5	11.6	3.9	8.6	16.3	2.6	-	-	-	-	-	-	-	-
Sep.	87.9	4.6	8.1	2.9	7.7	14.2	2.8	-	-	-	-	-	-	-	-
Oct.	85.6	5.7	8.1	4.6	7.9	11.7	4.9	-	-	-	-	-	-	-	-
Nov.	84.8	5.2	6.8	4.4	8.0	11.8	4.9	-	-	-	-	-	-	-	-
Dec.	82.8	2.5	3.1	2.2	5.1	7.2	3.5	-	-	-	-	-	-	-	-

Sources: Eurostat, ECB calculations based on Eurostat data (column 7 in Table 2 in Section 5.1 and columns 8-15 in Table 3 in Section 5.1), ECB calculations based on Thomson Reuters data (column 1 in Table 3 in Section 5.1) and ECB calculations (column 12 in Table 2 in Section 5.1 and columns 2-7 in Table 3 in Section 5.1).

- 1) Input prices for residential buildings.
- 2) Experimental data based on non-harmonised national sources (see <http://www.ecb.europa.eu/stats/intro/html/experiment.en.html> for further details).
- 3) Brent Blend (for one-month forward delivery).
- 4) Refers to prices expressed in euro. Weighted according to the structure of euro area imports in the period 2004-06.
- 5) Refers to prices expressed in euro. Weighted according to euro area domestic demand (domestic production plus imports minus exports) in the period 2004-06. Experimental data (see <http://www.ecb.europa.eu/stats/intro/html/experiment.en.html> for details).
- 6) Deflators for exports and imports refer to goods and services and include cross-border trade within the euro area.

## 5.1 HICP, other prices and costs

(annual percentage changes)

### 4. Unit labour costs, compensation per labour input and labour productivity

(quarterly data seasonally adjusted; annual data unadjusted)

	Total (index: 2005 = 100)	Total	By economic activity									
			Agriculture, forestry and fishing	Manufactu- ring, energy and utilities	Construction	Trade, transport, accommoda- tion and food services	Information and commu- nication	Finance and insurance	Real estate	Professional, business and support services	Public admi- nistration, education, health and social work	Arts, enter- tainment and other services
	1	2	3	4	5	6	7	8	9	10	11	12
Unit labour costs <sup>1)</sup>												
2010	109.2	-0.9	4.1	-7.6	3.7	-0.9	-0.1	0.3	3.3	0.9	0.8	1.9
2011	110.3	1.0	-2.5	0.0	0.6	0.8	3.1	0.7	4.1	2.9	0.7	1.1
2011 Q4	111.2	1.6	-2.2	2.4	-1.4	1.5	3.8	-0.7	3.8	3.5	0.8	0.9
2012 Q1	111.5	1.6	-1.3	2.8	0.8	1.5	4.2	1.6	1.4	2.1	0.6	1.2
Q2	111.9	1.3	0.5	3.0	0.3	0.8	4.5	0.2	0.7	1.9	-0.1	0.9
Q3	112.2	1.7	1.8	3.3	0.9	1.1	5.0	0.3	0.5	2.3	0.4	2.5
Compensation per employee												
2010	111.6	1.7	2.1	3.8	2.1	1.9	2.8	1.7	3.1	0.9	0.9	1.3
2011	114.1	2.2	1.8	3.0	3.9	1.8	2.4	1.0	2.4	2.8	1.4	1.4
2011 Q4	115.1	2.2	2.0	2.3	4.5	2.1	2.3	-0.1	1.7	3.4	1.9	2.0
2012 Q1	115.7	2.0	1.8	2.2	3.2	1.8	2.5	2.0	2.2	2.5	1.4	2.0
Q2	115.9	1.6	1.4	2.8	3.0	1.3	1.9	0.9	0.2	2.0	0.7	1.0
Q3	116.4	1.8	1.4	3.0	3.6	1.4	2.1	1.1	0.6	2.0	1.0	1.8
Labour productivity per person employed <sup>2)</sup>												
2010	102.2	2.5	-1.9	12.3	-1.5	2.8	2.8	1.5	-0.2	0.0	0.1	-0.6
2011	103.4	1.2	4.4	3.0	3.3	1.0	-0.6	0.3	-1.6	-0.1	0.7	0.3
2011 Q4	103.5	0.7	4.3	-0.1	6.0	0.5	-1.5	0.6	-2.1	0.0	1.1	1.1
2012 Q1	103.8	0.4	3.1	-0.6	2.4	0.3	-1.7	0.4	0.8	0.5	0.8	0.8
Q2	103.6	0.3	0.9	-0.3	2.7	0.5	-2.4	0.7	-0.5	0.1	0.9	0.1
Q3	103.7	0.1	-0.3	-0.3	2.7	0.3	-2.7	0.7	0.0	-0.3	0.7	-0.7
Compensation per hour worked												
2010	113.6	1.2	0.9	1.1	2.5	1.6	2.2	1.2	2.3	0.1	0.8	1.3
2011	116.0	2.1	0.1	2.3	4.3	2.0	2.4	0.8	1.8	2.6	1.4	1.7
2011 Q4	117.2	2.4	-0.2	2.7	5.5	2.4	2.2	-0.2	2.8	3.1	1.7	2.5
2012 Q1	117.6	2.6	4.3	2.3	4.6	2.9	3.1	2.5	4.9	3.1	1.4	3.1
Q2	118.8	2.4	3.4	2.8	4.9	2.8	2.2	1.6	3.8	2.3	0.7	2.9
Q3	119.5	2.8	3.4	4.7	5.8	2.8	2.5	1.8	4.2	2.6	1.0	2.8
Hourly labour productivity <sup>2)</sup>												
2010	104.2	2.0	-2.1	9.5	-1.5	2.5	2.3	0.9	-1.2	-0.6	0.0	-0.3
2011	105.5	1.3	4.5	2.4	3.5	1.3	-0.6	0.2	-2.2	-0.2	0.7	0.7
2011 Q4	105.8	0.9	3.9	0.2	6.6	1.0	-1.5	0.6	-1.6	-0.2	0.9	1.5
2012 Q1	106.2	1.1	3.6	-0.4	4.0	1.3	-1.1	0.9	2.8	1.0	0.9	1.8
Q2	106.6	1.1	1.4	-0.2	4.8	1.7	-2.2	1.3	1.1	0.7	0.9	2.1
Q3	106.8	1.0	0.2	1.3	4.9	1.2	-2.7	1.2	1.9	0.4	0.7	0.6

### 5. Labour cost indices<sup>3)</sup>

	Total (index: 2008 = 100)	Total	By component		For selected economic activities			Memo item: Indicator of negotiated wages <sup>4)</sup>
			Wages and salaries	Employers' social contributions	Mining, manufacturing and energy	Construction	Services	
% of total in 2008	100.0	100.0	75.2	24.8	32.4	9.0	58.6	
	1	2	3	4	5	6	7	8
2010	104.2	1.5	1.3	2.2	1.1	1.7	1.9	1.7
2011	106.5	2.2	2.0	2.8	3.0	2.5	2.5	2.0
2011 Q4	112.9	2.2	2.1	2.6	3.3	3.0	2.5	2.0
2012 Q1	100.3	1.6	1.7	1.4	1.3	1.5	1.8	2.0
Q2	112.2	1.9	2.1	1.4	2.8	2.2	2.2	2.2
Q3	106.0	2.0	2.0	1.7	3.2	2.5	2.0	2.2

Sources: Eurostat, ECB calculations based on Eurostat data (Table 4 in Section 5.1) and ECB calculations (column 8 in Table 5 in Section 5.1).

1) Compensation (at current prices) per employee divided by labour productivity per person employed.

2) Total GDP and value added by economic activity (volumes) per labour input (persons employed and hours worked).

3) Hourly labour cost indices for the whole economy, excluding agriculture, forestry and fishing. Owing to differences in coverage, the estimates for the components may not be consistent with the total.

4) Experimental data (see <http://www.ecb.europa.eu/stats/intro/html/experiment.en.html> for further details).

## 5.2 Output and demand

(quarterly data seasonally adjusted; annual data unadjusted)

### 1. GDP and expenditure components

	GDP								
	Total	Domestic demand					External balance <sup>1)</sup>		
		Total	Private consumption	Government consumption	Gross fixed capital formation	Changes in inventories <sup>2)</sup>	Total	Exports <sup>1)</sup>	Imports <sup>1)</sup>
	1	2	3	4	5	6	7	8	9
	<i>Current prices (EUR billions)</i>								
2008	9,241.6	9,156.0	5,206.4	1,899.1	1,989.2	61.3	85.6	3,884.9	3,799.3
2009	8,922.3	8,804.0	5,134.2	1,988.2	1,730.7	-49.1	118.3	3,285.4	3,167.1
2010	9,176.4	9,053.9	5,269.1	2,017.1	1,743.0	24.8	122.4	3,769.5	3,647.1
2011	9,421.0	9,285.1	5,407.4	2,030.8	1,804.9	41.9	136.0	4,149.9	4,013.9
2011 Q3	2,363.8	2,326.6	1,356.2	507.8	451.7	10.9	37.2	1,046.9	1,009.8
Q4	2,360.7	2,313.9	1,357.7	508.7	450.6	-3.0	46.8	1,049.8	1,003.0
2012 Q1	2,368.1	2,319.7	1,362.1	511.8	446.5	-0.8	48.4	1,063.7	1,015.3
Q2	2,370.3	2,309.9	1,359.3	511.0	438.5	1.1	60.4	1,079.8	1,019.4
Q3	2,379.1	2,308.7	1,364.1	512.1	437.2	-4.9	70.4	1,095.6	1,025.2
	<i>percentage of GDP</i>								
2011	100.0	98.6	57.4	21.6	19.2	0.4	1.4	-	-
	<i>Chain-linked volumes (prices for the previous year)</i>								
	<i>quarter-on-quarter percentage changes</i>								
2011 Q3	0.1	-0.3	0.2	-0.3	-0.3	-	-	1.4	0.5
Q4	-0.3	-0.9	-0.5	0.0	-0.5	-	-	0.0	-1.4
2012 Q1	0.0	-0.4	-0.3	0.1	-1.4	-	-	0.5	-0.3
Q2	-0.2	-0.6	-0.5	-0.1	-1.7	-	-	1.6	0.6
Q3	-0.1	-0.3	-0.1	-0.1	-0.6	-	-	0.9	0.3
	<i>annual percentage changes</i>								
2008	0.4	0.3	0.4	2.3	-1.4	-	-	1.1	0.9
2009	-4.4	-3.8	-1.0	2.6	-12.7	-	-	-12.4	-11.1
2010	2.0	1.3	0.9	0.7	-0.1	-	-	11.2	9.6
2011	1.4	0.5	0.1	-0.1	1.5	-	-	6.3	4.2
2011 Q3	1.3	0.4	0.2	-0.4	0.7	-	-	5.7	3.6
Q4	0.6	-0.7	-0.8	-0.4	0.8	-	-	3.6	0.5
2012 Q1	-0.1	-1.6	-1.1	-0.1	-2.5	-	-	2.4	-1.1
Q2	-0.5	-2.3	-1.1	-0.2	-3.9	-	-	3.5	-0.6
Q3	-0.6	-2.3	-1.4	-0.1	-4.2	-	-	3.0	-0.7
	<i>contributions to quarter-on-quarter percentage changes in GDP; percentage points</i>								
2011 Q3	0.1	-0.3	0.1	-0.1	-0.1	-0.3	0.4	-	-
Q4	-0.3	-0.9	-0.3	0.0	-0.1	-0.5	0.6	-	-
2012 Q1	0.0	-0.4	-0.2	0.0	-0.3	0.0	0.3	-	-
Q2	-0.2	-0.6	-0.3	0.0	-0.3	0.0	0.5	-	-
Q3	-0.1	-0.3	-0.1	0.0	-0.1	-0.1	0.3	-	-
	<i>contributions to annual percentage changes in GDP; percentage points</i>								
2008	0.4	0.3	0.3	0.5	-0.3	-0.1	0.1	-	-
2009	-4.4	-3.7	-0.6	0.5	-2.7	-0.9	-0.7	-	-
2010	2.0	1.3	0.5	0.2	0.0	0.6	0.7	-	-
2011	1.4	0.5	0.1	0.0	0.3	0.2	0.9	-	-
2011 Q3	1.3	0.4	0.1	-0.1	0.1	0.3	0.9	-	-
Q4	0.6	-0.7	-0.5	-0.1	0.2	-0.3	1.3	-	-
2012 Q1	-0.1	-1.6	-0.6	0.0	-0.5	-0.5	1.5	-	-
Q2	-0.5	-2.2	-0.6	-0.1	-0.7	-0.8	1.8	-	-
Q3	-0.6	-2.3	-0.8	0.0	-0.8	-0.6	1.6	-	-

Sources: Eurostat and ECB calculations.

- Exports and imports cover goods and services and include cross-border intra-euro area trade. They are not fully consistent with: Section 3.1; Table 1 of Section 7.1; Table 3 of Section 7.2; or Tables 1 or 3 of Section 7.5.
- Including acquisitions less disposals of valuables.

## 5.2 Output and demand

(quarterly data seasonally adjusted; annual data unadjusted)

### 2. Value added by economic activity

	Gross value added (basic prices)											Taxes less subsidies on products
	Total	Agriculture, forestry and fishing	Manufac- turing, energy and utilities	Construction	Trade, transport, accommoda- tion and food services	Information and commu- nication	Finance and insurance	Real estate	Professional, business and support services	Public admi- nistration, education, health and social work	Arts, enter- tainment and other services	
	1	2	3	4	5	6	7	8	9	10	11	12
<i>Current prices (EUR billions)</i>												
2008	8,296.1	141.5	1,643.9	562.4	1,590.1	367.0	392.3	930.7	857.5	1,520.8	289.9	945.6
2009	8,028.4	123.9	1,461.5	531.6	1,537.7	369.8	421.4	901.9	803.9	1,581.7	295.0	893.9
2010	8,234.8	135.9	1,568.7	500.6	1,580.9	369.7	436.9	915.0	816.1	1,611.1	299.9	941.6
2011	8,447.1	143.1	1,637.3	506.0	1,632.1	370.5	433.2	945.6	842.4	1,631.7	305.4	973.9
2011 Q3	2,119.1	35.5	411.4	126.1	409.9	92.9	108.6	237.6	211.6	409.0	76.5	244.7
2011 Q4	2,118.8	35.9	407.0	126.9	411.3	92.4	108.2	238.2	212.5	409.1	77.3	241.9
2012 Q1	2,124.4	37.2	408.0	126.1	410.6	91.8	108.6	238.5	213.5	412.2	77.9	243.7
2012 Q2	2,126.5	37.2	409.7	125.3	410.7	90.5	107.5	240.4	213.7	414.1	77.5	243.8
2012 Q3	2,133.5	37.5	411.2	124.9	414.1	89.6	106.1	241.8	215.2	414.4	78.6	245.6
<i>percentage of value added</i>												
2011	100.0	1.7	19.4	6.0	19.3	4.4	5.1	11.2	10.0	19.3	3.6	-
<i>Chain-linked volumes (prices for the previous year)</i>												
<i>quarter-on-quarter percentage changes</i>												
2011 Q3	0.2	0.0	0.1	-0.6	0.2	0.4	0.5	0.1	0.2	0.2	0.6	-0.5
2011 Q4	-0.3	0.0	-1.6	-0.1	-0.2	0.2	-0.3	0.3	-0.1	0.2	0.6	-1.0
2012 Q1	0.0	0.7	0.1	-1.0	-0.1	-0.8	0.0	0.2	0.1	-0.1	0.3	0.1
2012 Q2	-0.1	-0.7	-0.1	-0.9	-0.2	-0.6	-0.4	0.2	-0.1	0.4	-0.8	-0.7
2012 Q3	-0.1	-1.1	-0.2	-0.8	0.0	-0.1	-0.1	0.0	0.3	-0.1	0.3	0.1
<i>annual percentage changes</i>												
2008	0.6	2.2	-2.3	-1.1	0.7	3.3	1.7	1.2	1.5	2.0	1.7	-1.3
2009	-4.4	1.3	-13.2	-8.0	-4.5	1.5	0.5	0.5	-7.6	1.3	-0.3	-4.2
2010	2.1	-3.0	9.1	-5.4	2.2	1.5	0.7	-0.5	1.7	1.1	0.3	1.0
2011	1.6	2.1	3.4	-0.8	1.7	1.2	0.1	1.3	2.5	0.7	0.5	0.4
2011 Q3	1.5	2.6	3.4	-1.3	1.2	1.3	1.2	1.3	2.2	0.8	0.7	-0.4
2011 Q4	0.9	1.7	0.1	0.7	0.8	0.8	0.7	1.5	1.8	0.9	1.1	-1.6
2012 Q1	0.0	1.4	-1.1	-2.8	0.0	0.0	-0.2	1.4	0.7	0.7	1.1	-1.0
2012 Q2	-0.3	0.0	-1.4	-2.6	-0.3	-0.7	-0.3	0.9	0.0	0.7	0.6	-2.1
2012 Q3	-0.5	-1.1	-1.7	-2.7	-0.5	-1.3	-0.9	0.8	0.2	0.4	0.4	-1.5
<i>contributions to quarter-on-quarter percentage changes in value added; percentage points</i>												
2011 Q3	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-
2011 Q4	-0.3	0.0	-0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-
2012 Q1	0.0	0.0	0.0	-0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-
2012 Q2	-0.1	0.0	0.0	-0.1	0.0	0.0	0.0	0.0	0.0	0.1	0.0	-
2012 Q3	-0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-
<i>contributions to annual percentage changes in value added; percentage points</i>												
2008	0.6	0.0	-0.4	-0.1	0.1	0.1	0.1	0.1	0.2	0.4	0.1	-
2009	-4.4	0.0	-2.6	-0.5	-0.9	0.1	0.0	0.1	-0.8	0.2	0.0	-
2010	2.1	0.0	1.7	-0.4	0.4	0.1	0.0	-0.1	0.2	0.2	0.0	-
2011	1.6	0.0	0.6	0.0	0.3	0.1	0.0	0.1	0.2	0.1	0.0	-
2011 Q3	1.5	0.0	0.6	-0.1	0.2	0.1	0.1	0.1	0.2	0.2	0.0	-
2011 Q4	0.9	0.0	0.0	0.0	0.2	0.0	0.0	0.2	0.2	0.2	0.0	-
2012 Q1	0.0	0.0	-0.2	-0.2	0.0	0.0	0.0	0.2	0.1	0.1	0.0	-
2012 Q2	-0.3	0.0	-0.3	-0.2	-0.1	0.0	0.0	0.1	0.0	0.1	0.0	-
2012 Q3	-0.5	0.0	-0.3	-0.2	-0.1	-0.1	0.0	0.1	0.0	0.1	0.0	-

Sources: Eurostat and ECB calculations.

## 5.2 Output and demand

(annual percentage changes, unless otherwise indicated)

### 3. Industrial production

	Total		Industry excluding construction									Construction
	% of total in 2005	Total (s.a.; index: 2005 = 100)	Total		Industry excluding construction and energy						Energy	
			Manufacturing	Total	Intermediate goods	Capital goods	Consumer goods					
							Total	Durable	Non-durable			
1	2	3	4	5	6	7	8	9	10	11	12	
2009	-13.7	90.5	-14.9	-15.9	-16.1	-19.2	-20.9	-5.0	-17.4	-3.0	-5.4	-8.0
2010	4.1	97.1	7.3	7.7	7.7	10.0	9.2	3.0	2.7	3.1	3.8	-8.0
2011	2.4	100.4	3.4	4.5	4.6	4.1	8.6	0.5	0.6	0.5	-4.4	-0.9
2011 Q4	0.0	99.4	-0.3	0.9	0.9	-0.4	3.7	-0.7	-3.0	-0.4	-7.6	2.1
2012 Q1	-2.6	98.9	-1.8	-1.5	-1.4	-3.1	1.7	-3.1	-5.0	-2.7	-3.4	-6.6
Q2	-3.1	98.4	-2.4	-2.8	-2.8	-3.9	-1.1	-3.0	-5.3	-2.7	1.1	-5.7
Q3	-2.8	98.7	-2.3	-2.4	-2.2	-4.0	-1.0	-2.3	-5.0	-1.9	0.3	-4.3
2012 May	-3.8	98.8	-2.6	-2.7	-2.9	-3.7	-1.7	-2.6	-6.3	-2.1	-0.6	-7.8
June	-2.4	98.4	-2.0	-2.3	-2.0	-3.6	-0.7	-2.2	-2.3	-2.2	1.4	-2.5
July	-3.5	98.9	-2.7	-2.7	-2.9	-3.9	-1.6	-3.4	-9.2	-2.6	0.6	-5.8
Aug.	-1.4	99.8	-1.3	-1.3	-1.4	-3.6	0.2	-0.2	-2.1	0.0	0.2	-1.5
Sep.	-2.9	97.5	-2.8	-3.0	-2.0	-4.4	-1.3	-3.0	-2.7	-3.0	0.0	-3.8
Oct.	-3.5	96.1	-3.6	-3.8	-3.2	-4.6	-4.3	-2.7	-6.0	-2.2	0.4	-4.1
<i>month-on-month percentage changes (s.a.)</i>												
2012 May	0.1	-	0.9	1.1	0.9	0.4	1.2	1.3	0.6	2.0	-1.3	0.3
June	-0.2	-	-0.4	-0.6	-0.7	-0.5	-1.2	-0.4	0.4	-0.7	1.2	-0.3
July	0.3	-	0.5	0.9	0.7	0.2	2.1	-0.5	-0.1	-0.4	-0.7	0.4
Aug.	1.1	-	0.9	0.8	1.6	0.1	1.5	2.1	2.8	1.7	0.7	0.6
Sep.	-2.1	-	-2.3	-2.6	-2.9	-1.8	-3.2	-2.6	-3.5	-2.7	-0.2	-1.3
Oct.	-1.5	-	-1.4	-1.2	-1.4	-1.2	-3.0	0.6	-3.8	1.2	-1.5	-1.6

### 4. Industrial new orders and turnover, retail sales and new passenger car registrations

	Industrial new orders <sup>1)</sup>		Industrial turnover		Retail sales (including automotive fuel)							New passenger car registrations		
	Manufacturing <sup>2)</sup> (current prices)		Manufacturing (current prices)		Current prices	Constant prices						Total (s.a.; thousands) <sup>3)</sup>	Total	
	Total (s.a.; index: 2005 = 100)	Total	Total (s.a.; index: 2005 = 100)	Total	Total	Total (s.a.; index: 2005 = 100)	Total	Food, beverages, tobacco	Non-food		Fuel			
									Textiles, clothing, footwear	Household equipment				
% of total in 2005	1	2	3	4	5	6	7	8	9	10	11	12	13	14
2009	87.4	-22.8	95.6	-18.3	-4.3	100.5	-2.4	-1.7	-2.4	-1.9	-4.3	-5.7	924	3.3
2010	102.8	17.7	105.2	10.1	2.1	101.5	0.9	0.5	1.8	2.2	1.1	-2.8	843	-8.5
2011	111.6	8.6	114.7	8.9	1.6	100.9	-0.6	-1.0	0.1	-1.3	0.0	-3.6	838	-1.1
2011 Q4	108.6	-0.6	114.7	4.0	1.0	100.2	-1.3	-1.7	-0.9	-4.1	-0.4	-4.0	830	-1.7
2012 Q1	108.2	-3.9	115.1	1.1	1.3	100.3	-1.0	-0.9	-0.4	-0.6	-2.0	-5.5	774	-11.4
Q2	.	.	113.9	-0.8	0.2	99.6	-1.6	-1.5	-1.3	-5.6	-1.8	-4.7	770	-6.8
Q3	.	.	114.7	-0.8	0.6	99.6	-1.2	-1.0	-0.8	-0.6	-2.0	-4.4	721	-12.6
2012 July	.	.	114.0	-1.8	0.3	100.0	-1.3	-1.2	-0.9	-3.0	-2.0	-2.7	698	-15.3
Aug.	.	.	116.7	1.0	1.3	99.8	-0.7	-0.4	-0.8	-1.3	-2.0	-4.3	738	-9.8
Sep.	.	.	113.3	-1.2	0.4	99.0	-1.6	-1.4	-0.8	2.8	-2.0	-6.3	727	-12.0
Oct.	.	.	112.7	-1.5	-1.5	98.3	-3.2	-2.7	-2.7	-3.6	-4.7	-6.6	692	-15.3
Nov.	.	.	.	.	-0.8	98.4	-2.6	-2.1	-3.2	.	.	-5.1	696	-15.2
<i>month-on-month percentage changes (s.a.)</i>														
2012 July	-	-	-	0.7	0.0	-	0.1	-0.3	0.3	0.3	-0.6	-0.5	-	-10.2
Aug.	-	-	-	2.3	0.2	-	-0.2	0.2	0.1	-0.5	0.5	-1.5	-	5.8
Sep.	-	-	-	-2.9	-0.5	-	-0.8	-0.2	-1.2	0.3	-1.0	-2.3	-	-1.4
Oct.	-	-	-	-0.5	-0.7	-	-0.7	-0.6	-0.9	-2.2	-2.1	0.0	-	-4.9
Nov.	-	-	-	.	0.2	-	0.1	-0.3	0.0	.	.	1.2	-	0.6

Sources: Eurostat, except columns 13 and 14 in Table 4 in Section 5.2 (which comprise ECB calculations based on data from the European Automobile Manufacturers' Association).

- Following the amendment of the Regulation concerning short-term statistics (see the General Notes), euro area industrial new order statistics have been discontinued; the last release by Eurostat was for March 2012.
- Includes manufacturing industries working mainly on the basis of orders, which represented 61.2% of total manufacturing in 2005.
- Annual and quarterly figures are averages of monthly figures in the period concerned.

## 5.2 Output and demand

(percentage balances,<sup>1)</sup> unless otherwise indicated; seasonally adjusted)

## 5. Business and Consumer Surveys

	Economic sentiment indicator <sup>2)</sup> (long-term average = 100)	Manufacturing industry					Consumer confidence indicator				
		Industrial confidence indicator				Capacity utilisation <sup>3)</sup> (%)	Total <sup>4)</sup>	Financial situation over next 12 months	Economic situation over next 12 months	Unemployment situation over next 12 months	Savings over next 12 months
		Total <sup>4)</sup>	Order books	Stocks of finished products	Production expectations						
	1	2	3	4	5	6	7	8	9	10	11
2009	80.2	-28.7	-56.7	14.8	-14.7	70.8	-24.8	-7.0	-26.1	55.3	-10.7
2010	100.5	-4.7	-24.6	0.8	11.1	76.8	-14.2	-5.3	-12.3	31.2	-8.1
2011	101.0	0.1	-6.9	2.3	9.3	80.4	-14.5	-7.5	-18.2	23.3	-9.2
2012	89.3	-12.3	-25.3	7.0	-4.5	.	-22.5	-11.4	-27.7	38.6	-12.3
2011 Q4	93.6	-7.0	-14.6	7.0	0.6	79.8	-20.6	-9.7	-28.4	33.8	-10.8
2012 Q1	94.1	-6.6	-15.8	6.2	2.1	79.8	-20.0	-10.1	-24.2	34.7	-11.2
Q2	91.1	-11.1	-22.9	6.8	-3.5	78.8	-19.7	-10.4	-24.4	32.6	-11.2
Q3	86.4	-15.5	-29.4	8.2	-8.8	77.4	-24.0	-11.9	-30.5	40.9	-12.7
Q4	85.7	-15.9	-33.0	6.9	-7.8	.	-26.4	-13.1	-31.8	46.5	-14.1
2012 July	87.9	-15.1	-28.3	9.2	-7.6	77.9	-21.5	-10.3	-27.9	36.5	-11.2
Aug.	86.1	-15.4	-29.4	8.3	-8.6	-	-24.6	-11.8	-31.0	43.0	-12.7
Sep.	85.2	-15.9	-30.5	7.0	-10.2	-	-25.9	-13.6	-32.7	43.1	-14.3
Oct.	84.3	-18.3	-35.1	8.6	-11.2	76.8	-25.7	-12.9	-31.9	44.4	-13.5
Nov.	85.7	-15.0	-32.1	6.2	-6.7	-	-26.9	-14.0	-31.9	47.1	-14.6
Dec.	87.0	-14.4	-31.7	6.0	-5.4	-	-26.5	-12.5	-31.6	47.9	-14.2
	Construction confidence indicator			Retail trade confidence indicator				Services confidence indicator			
	Total <sup>4)</sup>	Order books	Employment expectations	Total <sup>4)</sup>	Present business situation	Volume of stocks	Expected business situation	Total <sup>4)</sup>	Business climate	Demand in recent months	Demand in the months ahead
	12	13	14	15	16	17	18	19	20	21	22
2009	-33.1	-42.1	-24.1	-15.5	-21.4	9.8	-15.4	-15.8	-20.8	-18.2	-8.5
2010	-28.9	-39.4	-18.4	-4.1	-6.6	7.2	1.6	4.5	1.9	3.5	8.0
2011	-27.4	-34.9	-20.0	-5.5	-5.8	11.1	0.5	5.4	2.2	5.4	8.6
2012	-30.1	-36.3	-23.9	-15.3	-19.2	14.1	-12.6	-6.8	-12.4	-7.6	-0.5
2011 Q4	-27.4	-32.6	-22.3	-11.1	-13.6	14.0	-5.7	-1.6	-6.4	-1.7	3.3
2012 Q1	-26.4	-31.6	-21.2	-13.8	-14.7	16.2	-10.6	-0.6	-6.6	-0.4	5.1
Q2	-28.6	-33.4	-23.7	-14.5	-18.5	14.7	-10.5	-5.0	-11.0	-4.8	0.9
Q3	-31.1	-38.3	-23.9	-16.9	-22.1	14.5	-14.2	-10.4	-15.8	-11.5	-4.0
Q4	-34.4	-41.9	-26.9	-16.0	-21.7	11.1	-15.3	-11.3	-16.2	-13.6	-4.0
2012 July	-28.5	-35.1	-21.8	-15.0	-18.9	14.2	-11.9	-8.5	-13.7	-9.1	-2.8
Aug.	-33.1	-38.7	-27.5	-17.2	-22.8	14.2	-14.7	-10.8	-16.6	-11.5	-4.4
Sep.	-31.7	-41.0	-22.5	-18.5	-24.6	15.0	-15.9	-11.9	-17.0	-13.9	-4.8
Oct.	-33.0	-41.3	-24.6	-17.4	-21.8	12.3	-18.1	-12.1	-17.2	-15.4	-3.8
Nov.	-35.6	-43.2	-27.9	-14.9	-19.8	11.1	-13.9	-11.9	-15.9	-14.2	-5.8
Dec.	-34.7	-41.2	-28.3	-15.8	-23.5	9.9	-13.9	-9.8	-15.5	-11.3	-2.4

Source: European Commission (Economic and Financial Affairs DG).

- 1) Difference between the percentages of respondents giving positive and negative replies.
- 2) The economic sentiment indicator is composed of the industrial, services, consumer, construction and retail trade confidence indicators; the industrial confidence indicator has a weight of 40%, the services confidence indicator a weight of 30%, the consumer confidence indicator a weight of 20% and the two other indicators a weight of 5% each. Values for the economic sentiment indicator of above (below) 100 indicate above-average (below-average) economic sentiment, calculated for the period since 1990.
- 3) Data are collected in January, April, July and October each year. The quarterly figures shown are averages of two successive surveys. Annual data are derived from quarterly averages.
- 4) The confidence indicators are calculated as simple averages of the components shown; the assessments of stocks (columns 4 and 17) and unemployment (column 10) are used with inverted signs for the calculation of confidence indicators.



## 5.3 Labour markets <sup>1)</sup>

(quarterly data seasonally adjusted; annual data unadjusted)

### 1. Employment

	By employment status			By economic activity									
	Total	Employees	Self-employed	Agriculture, forestry and fishing	Manufacturing, energy and utilities	Construction	Trade, transport, accommodation and food services	Information and communication	Finance and insurance	Real estate	Professional, business and support services	Public administration, education, health and social work	Arts, entertainment and other services
	1	2	3	4	5	6	7	8	9	10	11	12	13
Persons employed													
<i>levels (thousands)</i>													
2011	147,047	125,952	21,095	5,057	23,221	9,941	36,123	4,040	4,097	1,312	18,080	34,397	10,780
<i>percentage of total persons employed</i>													
2011	100.0	85.7	14.3	3.4	15.8	6.8	24.6	2.7	2.8	0.9	12.3	23.4	7.3
<i>annual percentage changes</i>													
2009	-1.8	-1.8	-1.9	-2.1	-5.0	-6.4	-1.6	-0.6	0.4	-3.7	-2.6	1.2	1.1
2010	-0.5	-0.5	-0.6	-1.1	-2.8	-3.9	-0.7	-1.3	-0.7	-0.3	1.6	1.0	0.9
2011	0.3	0.5	-0.8	-2.2	0.3	-4.0	0.7	1.9	-0.2	3.0	2.5	0.1	0.2
2011 Q4	-0.1	0.1	-1.2	-2.5	0.2	-5.0	0.3	2.3	0.0	3.6	1.9	-0.1	-0.1
2012 Q1	-0.5	-0.4	-1.1	-1.6	-0.5	-5.1	-0.3	1.7	-0.5	0.6	0.2	-0.1	0.4
Q2	-0.7	-0.7	-0.9	-0.9	-1.1	-5.2	-0.8	1.8	-1.0	1.4	-0.1	-0.2	0.5
Q3	-0.7	-0.9	-0.1	-0.7	-1.4	-5.3	-0.8	1.5	-1.6	0.8	0.4	-0.3	1.1
<i>quarter-on-quarter percentage changes</i>													
2011 Q4	-0.2	-0.2	-0.3	-0.8	-0.3	-1.8	-0.3	0.6	0.1	2.5	0.3	-0.2	0.4
2012 Q1	-0.3	-0.4	0.4	-0.2	-0.4	-1.5	-0.3	0.7	-0.2	-1.4	-0.6	-0.1	0.6
Q2	0.0	0.0	-0.4	0.8	-0.5	-0.6	0.0	0.7	-0.7	1.0	0.6	0.1	-0.3
Q3	-0.2	-0.3	0.2	-0.5	-0.2	-1.5	-0.2	-0.5	-0.9	-1.3	0.1	0.0	0.3
Hours worked													
<i>levels (millions)</i>													
2011	232,729	187,453	45,275	10,433	36,926	17,612	60,736	6,501	6,488	2,042	27,722	49,069	15,199
<i>percentage of total hours worked</i>													
2011	100.0	80.5	19.5	4.5	15.9	7.6	26.1	2.8	2.8	0.9	11.9	21.1	6.5
<i>annual percentage changes</i>													
2009	-3.2	-3.6	-1.7	-2.0	-8.9	-7.3	-2.5	-1.1	-1.0	-3.9	-3.7	0.9	-0.2
2010	0.0	0.1	-0.4	-0.9	-0.3	-4.0	-0.3	-0.8	-0.2	0.7	2.3	1.1	0.6
2011	0.2	0.5	-1.1	-2.4	0.9	-4.1	0.3	1.9	-0.1	3.6	2.7	0.1	-0.1
2011 Q4	-0.3	0.0	-1.4	-2.1	-0.1	-5.6	-0.2	2.3	0.1	3.1	2.1	0.0	-0.4
2012 Q1	-1.2	-1.0	-1.9	-2.1	-0.8	-6.5	-1.3	1.1	-1.0	-1.4	-0.3	-0.1	-0.6
Q2	-1.5	-1.5	-1.6	-1.4	-1.2	-7.0	-2.0	1.5	-1.6	-0.3	-0.6	-0.2	-1.5
Q3	-1.6	-1.9	-0.6	-1.2	-2.9	-7.2	-1.6	1.4	-2.1	-1.1	-0.2	-0.3	-0.2
<i>quarter-on-quarter percentage changes</i>													
2011 Q4	-0.5	-0.5	-0.5	-0.1	-0.6	-2.8	-0.7	0.7	-0.2	0.9	0.4	-0.2	-0.1
2012 Q1	-0.3	-0.3	-0.7	-0.4	-0.1	-1.1	-0.7	0.7	-0.3	-1.5	-0.7	0.1	0.4
Q2	-0.6	-0.8	0.0	-0.4	-0.7	-2.0	-0.4	0.0	-1.3	0.2	0.0	-0.3	-1.9
Q3	-0.2	-0.4	0.6	-0.5	-1.5	-1.6	0.2	0.0	-0.3	-0.7	0.1	0.1	1.4
Hours worked per person employed													
<i>levels (thousands)</i>													
2011	1,583	1,488	2,146	2,063	1,590	1,772	1,681	1,609	1,584	1,556	1,533	1,427	1,410
<i>annual percentage changes</i>													
2009	-1.4	-1.8	0.2	0.1	-4.1	-0.9	-0.9	-0.5	-1.4	-0.2	-1.1	-0.3	-1.3
2010	0.5	0.6	0.2	0.2	2.6	-0.1	0.4	0.5	0.5	1.0	0.6	0.1	-0.3
2011	-0.1	0.0	-0.3	-0.2	0.6	-0.2	-0.3	0.0	0.1	0.6	0.1	0.0	-0.4
2011 Q4	-0.2	-0.1	-0.2	0.4	-0.3	-0.6	-0.4	0.0	0.1	-0.5	0.2	0.2	-0.3
2012 Q1	-0.7	-0.6	-0.8	-0.5	-0.2	-1.5	-1.0	-0.6	-0.5	-1.9	-0.6	0.0	-1.0
Q2	-0.8	-0.8	-0.8	-0.5	-0.1	-2.0	-1.2	-0.3	-0.6	-1.6	-0.6	0.0	-2.0
Q3	-0.9	-1.0	-0.5	-0.5	-1.5	-2.1	-0.8	0.0	-0.4	-1.8	-0.6	0.0	-1.2
<i>quarter-on-quarter percentage changes</i>													
2011 Q4	2.6	3.0	1.0	-2.6	3.7	0.1	2.3	3.2	2.9	0.6	5.6	3.2	1.5
2012 Q1	0.7	1.0	-1.7	-2.5	1.1	-0.1	0.1	2.0	1.8	1.1	-0.2	2.3	0.1
Q2	-2.8	-3.7	1.3	4.7	-3.4	-0.9	-2.1	-5.1	-4.4	-2.9	-4.0	-4.5	-2.6
Q3	-1.3	-1.2	-1.4	-0.2	-3.0	-1.0	-1.2	0.2	-0.4	0.2	-2.0	-0.9	0.5

Source: ECB calculations based on Eurostat data.

1) Data for employment are based on the ESA 95.

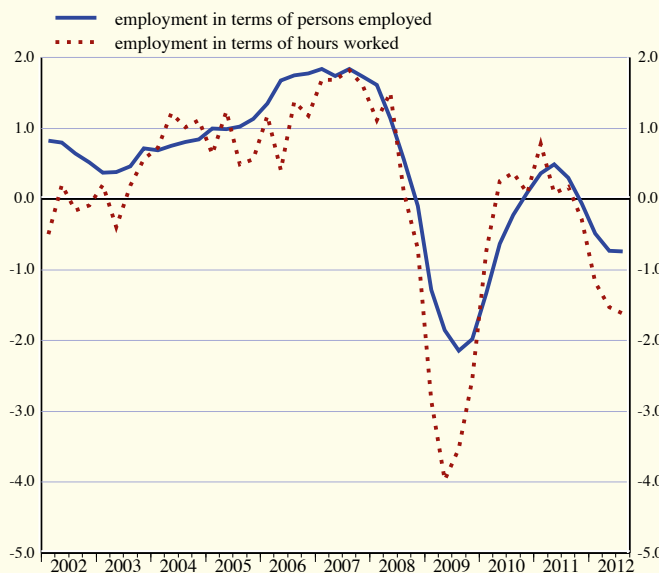
### 5.3 Labour markets

(seasonally adjusted, unless otherwise indicated)

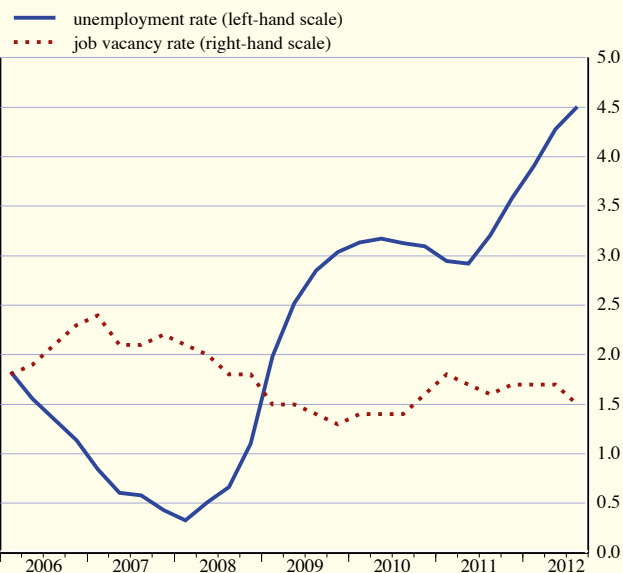
#### 2. Unemployment and job vacancies<sup>1)</sup>

	Unemployment										Job vacancy rate <sup>2)</sup>
	Total		By age <sup>3)</sup>				By gender <sup>4)</sup>				
	Millions	% of labour force	Adult		Youth		Male		Female		
			Millions	% of labour force	Millions	% of labour force	Millions	% of labour force	Millions	% of labour force	
% of total in 2010	100.0	79.4		20.6		54.0		46.0		% of total posts	
	1	2	3	4	5	6	7	8	9	10	11
2008	11.972	7.6	9.293	6.6	2.679	16.0	6.045	7.0	5.927	8.5	1.9
2009	15.059	9.6	11.769	8.4	3.291	20.3	8.150	9.4	6.909	9.8	1.4
2010	15.932	10.1	12.655	8.9	3.277	20.9	8.600	10.0	7.331	10.3	1.5
2011	16.038	10.2	12.831	9.0	3.207	20.8	8.553	9.9	7.485	10.5	1.7
2011 Q3	16.122	10.2	12.899	9.0	3.223	20.9	8.589	10.0	7.534	10.5	1.6
Q4	16.746	10.6	13.457	9.4	3.289	21.5	8.962	10.4	7.784	10.8	1.7
2012 Q1	17.268	10.9	13.902	9.7	3.366	22.2	9.231	10.7	8.037	11.2	1.7
Q2	17.921	11.3	14.469	10.1	3.453	22.8	9.632	11.1	8.290	11.5	1.7
Q3	18.329	11.5	14.773	10.2	3.556	23.5	9.855	11.4	8.474	11.7	1.5
2012 June	18.111	11.4	14.640	10.2	3.471	22.9	9.739	11.2	8.372	11.6	-
July	18.209	11.4	14.695	10.2	3.515	23.3	9.765	11.3	8.445	11.6	-
Aug.	18.291	11.5	14.752	10.2	3.538	23.4	9.827	11.3	8.463	11.7	-
Sep.	18.487	11.6	14.873	10.3	3.614	23.8	9.974	11.5	8.514	11.7	-
Oct.	18.707	11.7	15.013	10.4	3.694	24.2	10.097	11.6	8.610	11.8	-
Nov.	18.820	11.8	15.088	10.4	3.733	24.4	10.183	11.7	8.637	11.8	-

#### C28 Employment - persons employed and hours worked (annual percentage changes)



#### C29 Unemployment and job vacancy<sup>2)</sup> rates



Source: Eurostat.

- 1) Data for unemployment refer to persons and follow ILO recommendations.
- 2) Industry, construction and services (excluding households as employers and extra-territorial organisations and bodies); non-seasonally adjusted.
- 3) Adult: 25 years of age and over; youth: below 25 years of age; rates are expressed as a percentage of the labour force for the relevant age group.
- 4) Rates are expressed as a percentage of the labour force for the relevant gender.



# GOVERNMENT FINANCE

## 6.1 Revenue, expenditure and deficit/surplus <sup>1)</sup> (as a percentage of GDP)

### 1. Euro area – revenue

	Total		Current revenue										Capital revenue		Memo item: Fiscal burden <sup>2)</sup>
	1	2	Direct taxes		Indirect taxes	Received by EU institutions		Social contributions		Sales	Capital taxes	13			
			Households	Corporations		7	8	9	10						
2003	44.9	44.2	11.5	8.8	2.7	13.2	0.4	15.7	8.2	4.6	2.3	0.6	0.5	40.9	
2004	44.5	44.0	11.5	8.5	2.9	13.2	0.3	15.5	8.1	4.5	2.2	0.5	0.4	40.6	
2005	44.8	44.3	11.7	8.6	3.0	13.3	0.3	15.4	8.1	4.5	2.3	0.5	0.3	40.7	
2006	45.3	45.0	12.3	8.8	3.4	13.4	0.3	15.3	8.0	4.5	2.3	0.3	0.3	41.3	
2007	45.3	45.1	12.7	8.9	3.6	13.3	0.3	15.1	8.0	4.4	2.3	0.3	0.3	41.3	
2008	45.1	44.9	12.5	9.1	3.2	12.9	0.3	15.3	8.1	4.4	2.3	0.2	0.3	40.9	
2009	44.9	44.6	11.6	9.2	2.3	12.8	0.3	15.8	8.3	4.5	2.5	0.3	0.4	40.6	
2010	44.8	44.5	11.5	8.9	2.5	12.9	0.3	15.6	8.2	4.5	2.6	0.3	0.3	40.4	
2011	45.4	45.1	11.9	9.1	2.7	13.0	0.3	15.7	8.2	4.5	2.6	0.3	0.3	40.9	

### 2. Euro area – expenditure

	Total		Current expenditure							Capital expenditure				Memo item: Primary expenditure <sup>3)</sup>
	1	2	Compensation of employees	Intermediate consumption	Interest	Current transfers	Social payments		Subsidies	Paid by EU institutions	Investment	Capital transfers	Paid by EU institutions	
							7	8						
2003	48.0	44.1	10.6	5.0	3.3	25.2	22.3	1.8	0.5	4.0	2.6	1.4	0.1	44.7
2004	47.4	43.5	10.5	5.0	3.1	24.9	22.1	1.7	0.5	3.9	2.5	1.5	0.1	44.3
2005	47.3	43.4	10.5	5.0	3.0	24.9	22.1	1.7	0.5	3.9	2.5	1.4	0.0	44.3
2006	46.7	42.8	10.3	5.0	2.9	24.6	21.8	1.6	0.5	3.9	2.5	1.4	0.0	43.8
2007	46.0	42.2	10.1	5.0	3.0	24.2	21.4	1.6	0.4	3.8	2.6	1.2	0.0	43.1
2008	47.3	43.3	10.3	5.2	3.0	24.8	21.9	1.6	0.4	3.9	2.6	1.3	0.0	44.2
2009	51.3	47.0	11.1	5.7	2.9	27.4	24.3	1.8	0.4	4.3	2.8	1.4	0.0	48.4
2010	51.0	46.6	10.9	5.7	2.8	27.2	24.2	1.8	0.4	4.4	2.5	1.8	0.0	48.1
2011	49.5	46.0	10.6	5.5	3.0	26.9	23.9	1.7	0.4	3.5	2.3	1.2	0.0	46.5

### 3. Euro area – deficit/surplus, primary deficit/surplus and government consumption

	Deficit (-)/surplus (+)					Primary deficit (-)/surplus (+)	Government consumption <sup>4)</sup>							
	Total	Central gov.	State gov.	Local gov.	Social security funds		7	Compensation of employees	Intermediate consumption	Transfers in kind via market producers	Consumption of fixed capital	Sales (minus)	Collective consumption	Individual consumption
2003	-3.2	-2.5	-0.5	-0.2	0.1	0.2	20.5	10.6	5.0	5.2	1.9	2.3	8.1	12.4
2004	-2.9	-2.5	-0.4	-0.3	0.2	0.2	20.4	10.5	5.0	5.1	1.9	2.2	8.1	12.3
2005	-2.5	-2.3	-0.3	-0.2	0.2	0.5	20.4	10.5	5.0	5.1	1.9	2.3	8.0	12.4
2006	-1.4	-1.5	-0.1	-0.2	0.4	1.5	20.3	10.3	5.0	5.2	1.9	2.3	7.9	12.4
2007	-0.7	-1.2	0.0	0.6	0.6	2.3	20.0	10.1	5.0	5.1	1.9	2.3	7.7	12.3
2008	-2.1	-2.3	-0.2	-0.2	0.5	0.9	20.5	10.3	5.2	5.3	2.0	2.3	8.0	12.6
2009	-6.3	-5.2	-0.5	-0.3	-0.4	-3.5	22.3	11.1	5.7	5.8	2.1	2.5	8.6	13.7
2010	-6.2	-5.1	-0.7	-0.3	-0.1	-3.4	22.0	10.9	5.7	5.8	2.1	2.6	8.4	13.5
2011	-4.1	-3.3	-0.7	-0.2	0.0	-1.1	21.6	10.6	5.5	5.8	2.1	2.6	8.2	13.3

### 4. Euro area countries – deficit (-)/surplus (+) <sup>5)</sup>

	BE	DE	EE	IE	GR	ES	FR	IT	CY	LU	MT	NL	AT	PT	SI	SK	FI
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
2008	-1.0	-0.1	-2.9	-7.4	-9.8	-4.5	-3.3	-2.7	0.9	3.2	-4.6	0.5	-0.9	-3.6	-1.9	-2.1	4.4
2009	-5.5	-3.1	-2.0	-13.9	-15.6	-11.2	-7.5	-5.4	-6.1	-0.8	-3.9	-5.6	-4.1	-10.2	-6.0	-8.0	-2.5
2010	-3.8	-4.1	0.2	-30.9	-10.7	-9.7	-7.1	-4.5	-5.3	-0.8	-3.6	-5.1	-4.5	-9.8	-5.7	-7.7	-2.5
2011	-3.7	-0.8	1.1	-13.4	-9.4	-9.4	-5.2	-3.9	-6.3	-0.3	-2.7	-4.5	-2.5	-4.4	-6.4	-4.9	-0.6

Sources: ECB for euro area aggregated data; European Commission for data relating to countries' deficit/surplus.

- 1) The concepts "revenue", "expenditure" and "deficit/surplus" are based on the ESA 95. Transactions involving the EU budget are included and consolidated. Transactions among Member States' governments are not consolidated.
- 2) The fiscal burden comprises taxes and social contributions.
- 3) Comprises total expenditure minus interest expenditure.
- 4) Corresponds to final consumption expenditure (P.3) of general government in the ESA 95.
- 5) Includes settlements under swaps and forward rate agreements.

6.2 Debt <sup>1)</sup>

(as a percentage of GDP)

## 1. Euro area – by financial instrument and sector of the holder

	Total	Financial instruments				Holders				
		Currency and deposits	Loans	Short-term securities	Long-term securities	Domestic creditors <sup>2)</sup>				Other creditors <sup>3)</sup>
						Total	MFIs	Other financial corporations	Other sectors	
1	2	3	4	5	6	7	8	9	10	
2002	68.0	2.7	11.9	4.6	48.9	40.8	19.6	10.8	10.5	27.2
2003	69.2	2.1	12.5	5.1	49.6	40.1	19.8	11.3	9.1	29.1
2004	69.6	2.2	12.1	4.8	50.5	38.7	18.9	11.1	8.7	30.9
2005	70.5	2.4	12.3	4.5	51.3	36.7	18.2	11.2	7.3	33.8
2006	68.7	2.5	11.9	4.0	50.3	34.6	18.4	9.2	7.0	34.1
2007	66.4	2.2	11.3	3.9	48.9	32.6	17.0	8.5	7.1	33.8
2008	70.2	2.3	11.6	6.5	49.8	33.3	17.8	7.9	7.6	36.9
2009	80.0	2.5	12.7	8.3	56.5	37.3	20.6	9.2	7.4	42.7
2010	85.4	2.4	15.4	7.3	60.2	40.4	22.7	10.5	7.2	45.0
2011	87.3	2.4	15.5	7.4	62.1	42.7	23.9	10.9	7.8	44.7

## 2. Euro area – by issuer, maturity and currency denomination

	Total	Issued by: <sup>4)</sup>				Original maturity			Residual maturity			Currencies	
		Central gov.	State gov.	Local gov.	Social security funds	Up to 1 year	Over 1 year	Variable interest rate	Up to 1 year	Over 1 and up to 5 years	Over 5 years	Euro or participating currencies	Other currencies
2002	68.0	56.3	6.2	4.7	0.8	7.6	60.4	5.3	15.5	25.3	27.2	66.9	1.1
2003	69.2	56.7	6.5	5.0	1.0	7.8	61.4	5.1	14.9	26.0	28.3	68.3	0.9
2004	69.6	56.6	6.6	5.1	1.3	7.7	62.0	4.7	14.7	26.3	28.6	68.6	1.0
2005	70.5	57.2	6.7	5.2	1.4	7.8	62.8	4.6	14.8	25.8	29.9	69.4	1.1
2006	68.7	55.4	6.5	5.3	1.4	7.3	61.4	4.4	14.3	24.2	30.1	67.9	0.7
2007	66.4	53.5	6.3	5.3	1.4	7.1	59.2	4.3	14.5	23.6	28.2	65.8	0.5
2008	70.2	56.9	6.7	5.3	1.3	10.0	60.2	5.0	17.7	23.5	29.1	69.3	0.9
2009	80.0	64.8	7.7	5.8	1.7	12.1	67.9	5.0	19.5	27.3	33.2	78.9	1.1
2010	85.4	69.2	8.3	5.9	1.9	13.0	72.4	5.2	21.2	29.3	34.9	84.2	1.1
2011	87.3	70.7	8.5	5.9	2.2	12.6	74.7	6.2	20.9	30.4	36.1	85.7	1.6

## 3. Euro area countries

	BE	DE	EE	IE	GR	ES	FR	IT	CY	LU	MT	NL	AT	PT	SI	SK	FI
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
2008	89.2	66.8	4.5	44.5	112.9	40.2	68.2	106.1	48.9	14.4	62.0	58.5	63.8	71.7	22.0	27.9	33.9
2009	95.7	74.5	7.2	64.9	129.7	53.9	79.2	116.4	58.5	15.3	67.6	60.8	69.2	83.2	35.0	35.6	43.5
2010	95.5	82.5	6.7	92.2	148.3	61.5	82.3	119.2	61.3	19.2	68.3	63.1	72.0	93.5	38.6	41.0	48.6
2011	97.8	80.5	6.1	106.4	170.6	69.3	86.0	120.7	71.1	18.3	70.9	65.5	72.4	108.1	46.9	43.3	49.0

Sources: ECB for euro area aggregated data; European Commission for data relating to countries' debt.

- 1) Gross general government debt at nominal value and consolidated between sub-sectors of government. Holdings by non-resident governments are not consolidated. Intergovernmental lending in the context of the financial crisis is consolidated. Data are partially estimated.
- 2) Holders resident in the country whose government has issued the debt.
- 3) Includes residents of euro area countries other than the country whose government has issued the debt.
- 4) Excludes debt held by general government in the country whose government has issued it.

## 6.3 Change in debt <sup>1)</sup>

(as a percentage of GDP)

### 1. Euro area – by source, financial instrument and sector of the holder

	Total	Source of change			Financial instruments				Holders			Other creditors <sup>6)</sup>
		Borrowing requirement <sup>2)</sup>	Valuation effects <sup>3)</sup>	Other changes in volume <sup>4)</sup>	Currency and deposits	Loans	Short-term securities	Long-term securities	Domestic creditors <sup>5)</sup>	MFIs	Other financial corporations	
	1	2	3	4	5	6	7	8	9	10	11	12
2003	3.1	3.3	-0.2	0.0	-0.6	1.0	0.6	2.1	0.5	0.8	0.8	2.7
2004	3.2	3.3	-0.1	0.0	0.2	0.1	-0.1	2.9	0.2	-0.1	0.3	3.0
2005	3.3	3.1	0.3	0.0	0.3	0.6	-0.1	2.6	-0.6	0.0	0.5	4.0
2006	1.6	1.5	0.1	0.0	0.2	0.2	-0.3	1.5	-0.3	1.1	-1.5	1.9
2007	1.2	1.2	0.0	0.0	-0.1	0.0	0.1	1.2	-0.3	-0.4	-0.3	1.5
2008	5.3	5.2	0.1	0.0	0.1	0.5	2.7	2.0	1.5	1.1	-0.4	3.9
2009	7.2	7.4	-0.2	0.0	0.1	0.7	1.6	4.9	2.8	2.2	1.0	4.5
2010	7.6	7.7	-0.1	0.0	0.0	3.1	-0.7	5.2	4.2	2.7	1.5	3.4
2011	4.2	4.0	0.2	0.0	0.0	0.4	0.2	3.5	3.3	1.8	0.7	0.9

### 2. Euro area – deficit-debt adjustment

	Change in debt	Deficit (-) / surplus (+)	Deficit-debt adjustment <sup>7)</sup>											Other <sup>8)</sup>
			Total	Transactions in main financial assets held by general government							Valuation effects	Exchange rate effects	Other changes in volume	
				Total	Currency and deposits	Loans	Securities <sup>9)</sup>	Shares and other equity	Privatisations	Equity injections				
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
2003	3.1	-3.2	0.0	0.1	0.1	0.0	0.0	0.1	-0.2	0.1	-0.2	-0.1	0.0	0.1
2004	3.2	-2.9	0.2	0.2	0.2	0.0	0.1	0.0	-0.5	0.2	-0.1	0.0	0.0	0.1
2005	3.3	-2.5	0.8	0.6	0.3	0.0	0.1	0.1	-0.3	0.2	0.3	0.0	0.0	0.0
2006	1.6	-1.4	0.2	0.2	0.3	-0.1	0.2	-0.2	-0.4	0.1	0.1	0.0	0.0	-0.1
2007	1.2	-0.7	0.5	0.6	0.2	0.0	0.2	0.1	-0.3	0.2	0.0	0.0	0.0	-0.1
2008	5.3	-2.1	3.2	3.0	0.8	0.7	0.7	0.9	-0.1	0.7	0.1	0.0	0.0	0.0
2009	7.2	-6.3	0.9	1.0	0.3	0.0	0.3	0.4	-0.3	0.5	-0.2	0.0	0.0	0.1
2010	7.6	-6.2	1.4	1.8	0.0	0.5	1.1	0.1	0.0	0.1	-0.1	0.0	0.0	-0.3
2011	4.2	-4.1	0.1	-0.2	0.2	-0.2	-0.2	-0.1	-0.1	0.2	0.2	0.0	0.0	0.1

Source: ECB.

- 1) Data are partially estimated. Annual change in gross nominal consolidated debt is expressed as a percentage of GDP, i.e.  $[\text{debt}(t) - \text{debt}(t-1)] \div \text{GDP}(t)$ . Intergovernmental lending in the context of the financial crisis is consolidated.
- 2) The borrowing requirement is by definition equal to transactions in debt.
- 3) Includes, in addition to the impact of foreign exchange movements, effects arising from measurement at nominal value (e.g. premia or discounts on securities issued).
- 4) Includes, in particular, the impact of the reclassification of units and certain types of debt assumption.
- 5) Holders resident in the country whose government has issued the debt.
- 6) Includes residents of euro area countries other than the country whose government has issued the debt.
- 7) The difference between the annual change in gross nominal consolidated debt and the deficit as a percentage of GDP.
- 8) Mainly composed of transactions in other assets and liabilities (trade credits, other receivables/payables and financial derivatives).
- 9) Excluding financial derivatives.

**6.4 Quarterly revenue, expenditure and deficit/surplus <sup>1)</sup>**  
(as a percentage of GDP)

**1. Euro area – quarterly revenue**

	Total		Current revenue					Capital revenue		Memo item: Fiscal burden <sup>2)</sup>
	1	2	Direct taxes	Indirect taxes	Social contributions	Sales	Property income	8	Capital taxes	
2006 Q2	45.6	45.1	12.5	13.1	15.1	2.2	1.4	0.5	0.3	41.0
2006 Q3	43.6	43.1	11.8	12.4	15.1	2.3	0.8	0.5	0.3	39.5
2006 Q4	49.1	48.5	14.4	14.1	15.8	2.5	0.9	0.6	0.3	44.5
2007 Q1	42.2	41.8	10.4	12.8	14.8	2.1	0.9	0.4	0.3	38.3
2007 Q2	45.8	45.4	13.1	13.0	15.0	2.2	1.4	0.4	0.3	41.3
2007 Q3	43.6	43.1	12.3	12.3	14.7	2.3	0.7	0.5	0.3	39.6
2007 Q4	49.3	48.8	14.8	13.8	15.7	2.6	1.0	0.6	0.3	44.6
2008 Q1	42.3	42.0	10.8	12.3	14.8	2.1	1.1	0.3	0.2	38.2
2008 Q2	45.2	44.9	12.9	12.4	15.1	2.2	1.5	0.4	0.3	40.6
2008 Q3	43.4	43.1	12.2	12.0	15.0	2.3	0.8	0.4	0.3	39.5
2008 Q4	49.0	48.4	13.9	13.4	16.4	2.7	1.1	0.5	0.3	44.0
2009 Q1	42.4	42.3	10.4	12.0	15.6	2.3	1.1	0.1	0.2	38.3
2009 Q2	45.3	44.7	11.8	12.5	15.7	2.4	1.4	0.6	0.5	40.5
2009 Q3	42.9	42.6	11.0	12.0	15.5	2.5	0.7	0.3	0.3	38.8
2009 Q4	48.8	47.9	13.0	13.6	16.4	2.8	1.0	0.8	0.5	43.5
2010 Q1	42.1	41.9	10.1	12.1	15.5	2.3	0.9	0.2	0.3	38.0
2010 Q2	45.0	44.5	11.8	12.6	15.4	2.5	1.3	0.4	0.3	40.2
2010 Q3	43.1	42.7	10.9	12.5	15.2	2.5	0.7	0.3	0.3	38.9
2010 Q4	48.7	47.9	13.2	13.5	16.4	2.9	1.0	0.7	0.3	43.3
2011 Q1	42.8	42.6	10.6	12.4	15.3	2.4	1.0	0.3	0.3	38.6
2011 Q2	45.2	44.8	12.0	12.6	15.4	2.5	1.5	0.3	0.3	40.3
2011 Q3	43.8	43.5	11.4	12.5	15.3	2.6	0.8	0.3	0.3	39.6
2011 Q4	49.4	48.4	13.3	13.4	16.7	2.9	1.0	1.0	0.4	43.9
2012 Q1	43.1	42.9	10.9	12.5	15.3	2.4	1.0	0.1	0.2	38.9
2012 Q2	46.1	45.7	12.5	12.8	15.6	2.5	1.3	0.4	0.4	41.3

**2. Euro area – quarterly expenditure and deficit/surplus**

	Total		Current expenditure						Capital expenditure			Deficit (-)/ surplus (+)	Primary deficit (-)/ surplus (+)
	1	2	Total	Compensation of employees	Intermediate consumption	Interest	Current transfers	Social		Investment	Capital transfers		
								benefits	Subsidies				
	1	2	3	4	5	6	7	8	9	10	11	12	13
2006 Q2	45.7	42.3	10.4	4.7	3.1	24.1	21.1	1.1	3.4	2.5	1.0	-0.1	3.0
2006 Q3	45.4	41.8	9.8	4.8	2.9	24.3	20.9	1.2	3.6	2.6	1.0	-1.8	1.2
2006 Q4	49.6	44.7	10.8	6.1	2.7	25.0	21.3	1.3	4.9	2.7	2.2	-0.4	2.3
2007 Q1	44.8	41.3	9.9	4.3	2.9	24.1	20.7	1.1	3.5	2.3	1.2	-2.6	0.3
2007 Q2	44.9	41.5	10.1	4.6	3.2	23.6	20.6	1.1	3.4	2.5	0.9	0.9	4.1
2007 Q3	44.7	41.1	9.6	4.8	2.9	23.8	20.5	1.1	3.6	2.6	0.9	-1.1	1.8
2007 Q4	49.3	44.8	10.8	6.1	2.8	25.0	21.2	1.5	4.5	2.8	1.7	0.0	2.9
2008 Q1	45.3	41.8	9.9	4.4	3.1	24.4	20.8	1.2	3.6	2.3	1.2	-3.1	0.0
2008 Q2	45.9	42.3	10.3	4.8	3.3	23.9	20.8	1.1	3.6	2.6	1.0	-0.6	2.7
2008 Q3	45.8	42.2	9.8	5.0	3.0	24.3	21.2	1.1	3.7	2.7	1.0	-2.4	0.6
2008 Q4	51.4	46.8	11.2	6.5	2.8	26.2	22.2	1.4	4.6	2.9	1.7	-2.4	0.4
2009 Q1	49.3	45.5	10.7	4.9	2.9	27.0	22.9	1.3	3.8	2.6	1.2	-7.0	-4.0
2009 Q2	50.6	46.4	11.1	5.4	3.0	26.9	23.3	1.3	4.2	2.8	1.3	-5.3	-2.3
2009 Q3	50.2	46.1	10.5	5.6	2.9	27.1	23.5	1.3	4.1	2.8	1.1	-7.3	-4.4
2009 Q4	54.6	49.7	11.8	6.9	2.6	28.4	24.0	1.5	4.9	3.0	1.9	-5.9	-3.3
2010 Q1	50.3	46.4	10.8	4.9	2.8	27.9	23.6	1.4	3.9	2.3	1.5	-8.2	-5.4
2010 Q2	49.4	45.9	11.0	5.3	3.0	26.7	23.2	1.3	3.5	2.5	1.1	-4.5	-1.5
2010 Q3	50.5	45.3	10.2	5.5	2.8	26.8	23.1	1.3	5.2	2.6	2.6	-7.5	-4.7
2010 Q4	53.5	48.7	11.4	6.8	2.8	27.7	23.6	1.5	4.7	2.7	2.0	-4.8	-2.0
2011 Q1	48.5	45.4	10.5	4.8	3.0	27.2	23.1	1.3	3.1	2.1	0.9	-5.7	-2.7
2011 Q2	48.4	45.2	10.6	5.1	3.2	26.2	22.9	1.2	3.2	2.3	0.9	-3.3	-0.1
2011 Q3	48.3	44.9	10.1	5.4	3.0	26.4	23.0	1.2	3.5	2.3	1.1	-4.5	-1.5
2011 Q4	52.6	48.7	11.3	6.7	3.0	27.7	23.6	1.5	3.9	2.5	1.7	-3.2	-0.2
2012 Q1	48.3	45.7	10.3	4.7	3.2	27.4	23.3	1.2	2.6	1.9	0.7	-5.2	-2.0
2012 Q2	48.9	45.7	10.6	5.2	3.2	26.7	23.3	1.2	3.3	2.1	1.1	-2.9	0.3

Sources: ECB calculations based on Eurostat and national data.

- 1) The concepts "revenue", "expenditure" and "deficit/surplus" are based on the ESA 95. Transactions between the EU budget and entities outside the government sector are not included. Otherwise, except for different data transmission deadlines, the quarterly data are consistent with the annual data.  
2) The fiscal burden comprises taxes and social contributions.

## 6.5 Quarterly debt and change in debt <sup>1)</sup>

(as a percentage of GDP)

### 1. Euro area – Maastricht debt by financial instrument

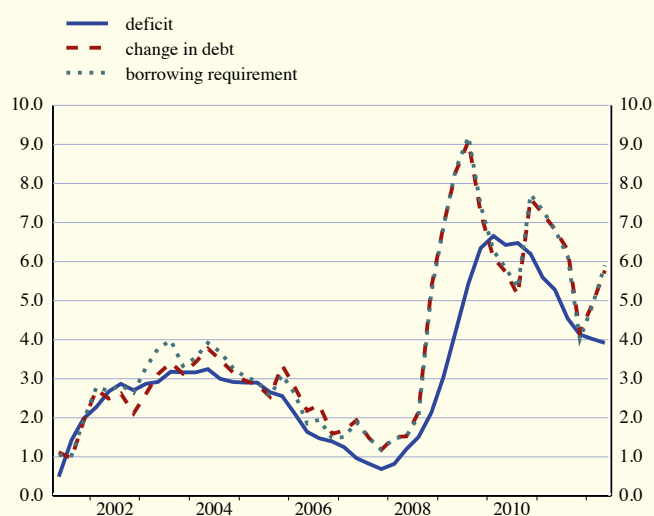
	Total 1	Financial instruments			
		Currency and deposits 2	Loans 3	Short-term securities 4	Long-term securities 5
2009 Q3	79.1	2.4	12.5	9.0	55.3
Q4	80.0	2.5	12.7	8.3	56.5
2010 Q1	81.6	2.4	12.9	8.2	58.2
Q2	82.9	2.4	13.5	7.8	59.2
Q3	82.9	2.4	13.4	7.9	59.2
Q4	85.4	2.4	15.4	7.3	60.2
2011 Q1	86.2	2.4	15.2	7.4	61.2
Q2	87.1	2.4	15.0	7.5	62.2
Q3	86.8	2.4	15.2	7.8	61.4
Q4	87.3	2.4	15.5	7.4	62.1
2012 Q1	89.4	2.5	17.0	7.6	62.3
Q2	91.6	2.5	18.4	7.3	63.4

### 2. Euro area – deficit-debt adjustment

	Change in debt 1	Deficit (-)/ surplus (+) 2	Deficit-debt adjustment							Memo item: Borrowing requirement 11	
			Total 3	Transactions in main financial assets held by general government				Valuation effects and other changes in volume 9	Other 10		
				Total 4	Currency and deposits 5	Loans 6	Securities 7				Shares and other equity 8
2009 Q3	5.0	-7.3	-2.2	-2.8	-3.1	0.6	-0.1	-0.2	0.2	0.4	4.8
Q4	2.2	-5.9	-3.7	-2.7	-2.9	-0.1	0.1	0.2	-0.2	-0.8	2.4
2010 Q1	8.1	-8.2	-0.1	0.7	0.8	-0.1	-0.3	0.3	-0.4	-0.5	8.5
Q2	7.7	-4.5	3.2	3.3	2.0	1.1	-0.2	0.4	-0.1	0.0	7.8
Q3	2.8	-7.5	-4.7	-2.9	-2.3	-0.6	0.0	0.0	0.0	-1.8	2.8
Q4	11.7	-4.8	6.9	5.7	-0.3	1.6	4.7	-0.3	0.0	1.2	11.7
2011 Q1	6.6	-5.7	1.0	0.8	2.0	-0.7	-0.3	-0.1	-0.2	0.4	6.8
Q2	6.0	-3.3	2.8	2.6	2.8	0.6	-0.4	-0.5	0.2	0.0	5.8
Q3	0.7	-4.5	-3.7	-3.7	-3.7	-0.4	0.1	0.3	0.6	-0.7	0.1
Q4	3.4	-3.2	0.2	-0.5	-0.3	-0.2	-0.1	0.1	0.1	0.7	3.3
2012 Q1	9.7	-5.2	4.5	5.2	4.0	1.5	-0.3	0.1	-0.8	0.0	10.4
Q2	9.3	-2.9	6.4	5.3	1.5	2.4	0.3	1.1	-0.5	1.7	9.8

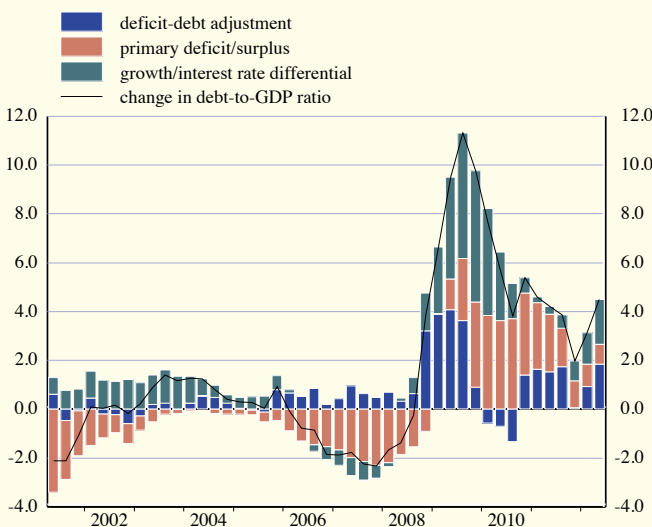
### C30 Deficit, borrowing requirement and change in debt

(four-quarter moving sum as a percentage of GDP)



### C31 Maastricht debt

(annual change in the debt-to-GDP ratio and underlying factors)



Sources: ECB calculations based on Eurostat and national data.

1) Intergovernmental lending in the context of the financial crisis is consolidated.



## EXTERNAL TRANSACTIONS AND POSITIONS

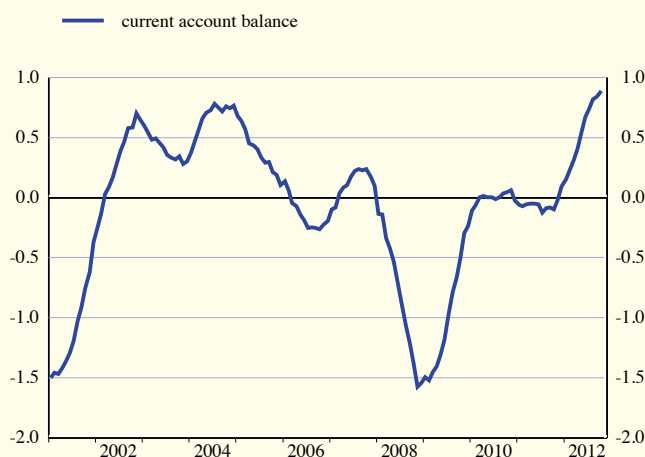
### 7.1 Summary balance of payments <sup>1)</sup>

(EUR billions; net transactions)

	Current account					Capital account	Net lending/borrowing to/from rest of the world (columns 1+6)	Financial account						Errors and omissions
	Total	Goods	Services	Income	Current transfers			Total	Direct investment	Portfolio investment	Financial derivatives	Other investment	Reserve assets	
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
2009	-13.3	30.7	44.9	9.0	-97.8	8.3	-5.0	15.1	-67.0	247.3	19.0	-188.7	4.6	-10.1
2010	3.1	18.2	54.3	40.4	-109.8	7.8	10.9	5.5	-95.0	124.1	17.8	-30.8	-10.5	-16.4
2011	12.5	9.2	67.2	43.0	-106.9	11.5	23.9	-45.3	-154.8	274.0	-4.9	-149.5	-10.2	21.4
2011 Q3	6.5	3.6	21.0	12.4	-30.4	2.0	8.5	-11.1	-38.9	39.6	-10.7	-4.8	3.7	2.6
Q4	36.6	15.8	18.7	22.2	-20.0	6.1	42.7	-42.2	-35.7	-34.0	-10.9	45.1	-6.7	-0.5
2012 Q1	-4.6	6.3	15.3	13.0	-39.2	2.0	-2.6	3.6	-3.5	-71.0	-6.7	86.9	-2.1	-1.0
Q2	16.5	25.7	24.7	-8.8	-25.1	0.8	17.3	-24.3	-9.7	85.7	-9.6	-81.7	-9.0	7.0
Q3	27.7	21.7	25.3	10.1	-29.5	3.0	30.6	-23.7	-35.3	49.2	-5.2	-32.3	-0.1	-7.0
2011 Oct.	4.0	0.9	5.8	7.1	-9.9	1.8	5.8	1.2	3.9	-15.2	-2.0	15.6	-1.1	-7.0
Nov.	9.3	5.9	5.0	5.9	-7.5	2.6	11.9	-21.8	-50.5	33.0	-3.8	-0.3	-0.2	10.0
Dec.	23.4	9.0	7.9	9.1	-2.6	1.7	25.1	-21.6	10.9	-51.8	-5.1	29.7	-5.4	-3.4
2012 Jan.	-11.7	-7.6	3.2	2.4	-9.7	0.3	-11.3	19.2	0.3	-39.4	-6.2	65.6	-1.1	-7.9
Feb.	-3.5	3.2	5.0	5.7	-17.4	1.8	-1.8	6.5	5.7	12.1	4.4	-14.1	-1.6	-4.7
Mar.	10.6	10.7	7.1	4.9	-12.1	-0.1	10.5	-22.1	-9.4	-43.7	-4.9	35.4	0.7	11.6
Apr.	2.9	5.3	6.6	0.0	-9.1	0.1	2.9	-4.1	-0.8	0.1	0.4	-1.0	-3.0	1.2
May	-4.6	6.1	8.3	-10.7	-8.3	1.3	-3.4	1.2	10.1	23.9	-7.2	-24.2	-1.5	2.2
June	18.2	14.3	9.8	1.9	-7.7	-0.5	17.7	-21.3	-19.1	61.6	-2.9	-56.5	-4.5	3.6
July	14.3	11.1	8.1	2.4	-7.4	0.2	14.5	-7.3	-7.2	25.4	-2.3	-23.7	0.5	-7.2
Aug.	8.4	4.1	8.5	6.4	-10.7	1.3	9.7	-9.7	-12.1	9.9	-0.2	-5.7	-1.6	0.0
Sep.	5.0	6.5	8.7	1.2	-11.4	1.4	6.4	-6.6	-15.9	13.9	-2.6	-2.9	1.0	0.2
Oct.	7.2	8.2	6.7	2.2	-9.8	1.8	9.1	-6.6	-13.0	47.5	-0.6	-38.0	-2.4	-2.5
<i>12-month cumulated transactions</i>														
2012 Oct.	79.4	76.8	84.8	31.6	-113.8	11.9	91.3	-94.4	-101.1	92.6	-30.9	-35.7	-19.2	3.1
<i>12-month cumulated transactions as a percentage of GDP</i>														
2012 Oct.	0.8	0.8	0.9	0.3	-1.2	0.1	1.0	-1.0	-1.1	1.0	-0.3	-0.4	-0.2	0.0

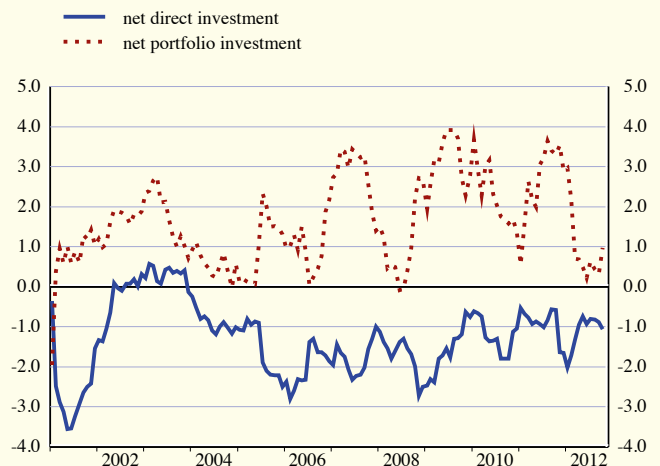
### C32 Euro area b.o.p.: current account

(seasonally adjusted; 12-month cumulated transactions as a percentage of GDP)



### C33 Euro area b.o.p.: direct and portfolio investment

(12-month cumulated transactions as a percentage of GDP)



Source: ECB.

1) The sign convention is explained in the General Notes.



## 7.2 Current and capital accounts

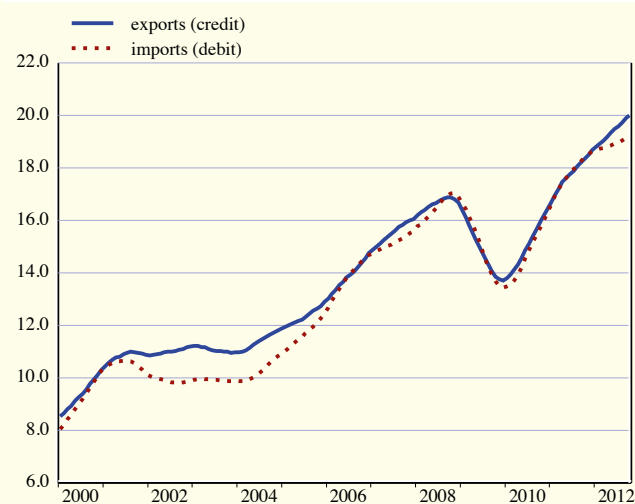
(EUR billions; transactions)

### 1. Summary current and capital accounts

	Current account												Capital account		
	Total			Goods		Services		Income		Current transfers			Credit	Debit	
	Credit	Debit	Net	Credit	Debit	Credit	Debit	Credit	Debit	Credit	Debit				
											Workers' remittances	Workers' remittances			
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	
2009	2,330.1	2,343.4	-13.3	1,302.6	1,272.0	499.9	455.0	434.3	425.3	93.3	6.4	191.1	27.2	19.5	11.2
2010	2,693.5	2,690.4	3.1	1,566.8	1,548.6	541.7	487.4	498.0	457.6	87.0	6.3	196.8	27.1	20.3	12.5
2011	2,975.0	2,962.5	12.5	1,775.5	1,766.2	576.6	509.4	528.4	485.4	94.5	6.6	201.4	27.8	25.0	13.5
2011 Q3	744.5	738.0	6.5	445.1	441.5	154.1	133.1	128.4	116.0	17.0	1.8	47.4	7.0	5.0	3.0
Q4	785.2	748.6	36.6	463.6	447.8	151.6	133.0	137.6	115.5	32.4	1.6	52.4	7.0	11.3	5.2
2012 Q1	751.3	755.9	-4.6	464.0	457.7	137.1	121.9	124.3	111.3	25.8	1.5	65.0	6.3	4.8	2.8
Q2	789.5	773.1	16.5	478.5	452.9	154.8	130.1	135.1	143.8	21.1	1.6	46.3	6.6	5.0	4.2
Q3	783.6	755.8	27.8	478.1	456.4	163.5	138.2	125.2	115.0	16.8	.	46.3	.	6.2	3.2
2012 Aug.	257.4	249.1	8.4	155.4	151.2	55.7	47.2	40.9	34.5	5.4	.	16.1	.	2.8	1.5
Sep.	260.3	255.2	5.0	159.2	152.7	52.6	43.9	43.1	41.8	5.4	.	16.7	.	2.3	0.9
Oct.	271.2	264.0	7.2	173.8	165.6	53.0	46.3	38.3	36.2	6.1	.	15.9	.	3.2	1.3
	Seasonally adjusted														
2012 Q1	769.7	748.1	21.6	467.2	447.4	148.8	127.0	129.3	121.1	24.4	.	52.5	.	.	.
Q2	788.4	760.4	28.0	479.8	454.4	154.8	132.9	129.3	121.2	24.5	.	51.9	.	.	.
Q3	790.7	773.8	17.0	483.1	466.2	154.5	133.6	129.1	122.2	24.1	.	51.7	.	.	.
2012 Aug.	268.6	257.7	10.9	164.5	156.0	53.1	45.0	43.0	39.4	8.0	.	17.2	.	.	.
Sep.	266.3	263.9	2.4	163.7	158.8	51.3	44.3	43.6	43.0	7.8	.	17.8	.	.	.
Oct.	258.4	254.5	3.9	159.0	152.8	51.2	44.1	40.8	41.0	7.4	.	16.6	.	.	.
	12-month cumulated transactions														
2012 Oct.	3,120.4	3,036.1	84.3	1,897.0	1,818.4	608.3	523.5	518.5	486.8	96.6	.	207.4	.	.	.
	12-month cumulated transactions as a percentage of GDP														
2012 Oct.	32.9	32.0	0.9	20.0	19.2	6.4	5.5	5.5	5.1	1.0	.	2.2	.	.	.

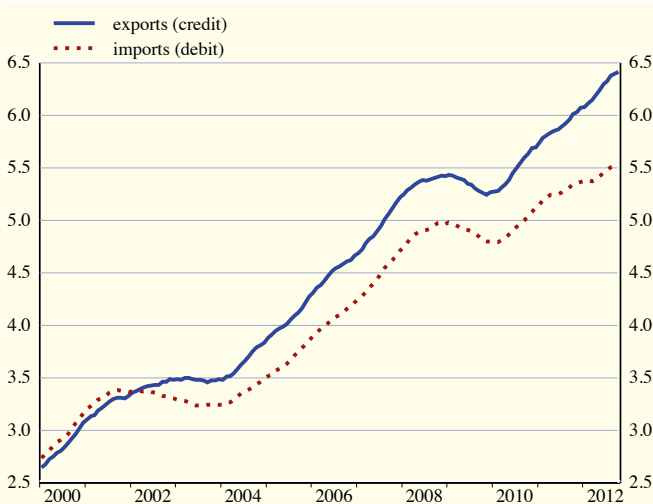
### C34 Euro area b.o.p.: goods

(seasonally adjusted; 12-month cumulated transactions as a percentage of GDP)



### C35 Euro area b.o.p.: services

(seasonally adjusted; 12-month cumulated transactions as a percentage of GDP)



Source: ECB.

## 7.2 Current and capital accounts

(EUR billions)

### 2. Income account

(transactions)

	Compensation of employees		Investment income													
	Credit	Debit	Total		Direct investment						Portfolio investment				Other investment	
			Credit	Debit	Equity			Debt			Equity		Debt		Credit	Debit
	Credit	Debit			Reinv. earnings	Reinv. earnings	Credit	Debit	Credit	Debit	Credit	Debit	Credit	Debit		
			1	2											3	4
2009	22.5	12.0	411.8	413.3	163.6	25.9	100.4	12.4	23.7	24.8	24.5	77.2	100.9	121.5	99.1	89.4
2010	25.1	11.9	472.9	445.7	242.0	51.4	150.2	41.5	22.2	22.6	28.6	83.9	102.2	124.6	77.8	64.3
2011	26.7	12.4	501.7	473.0	252.7	42.0	154.2	56.8	24.7	22.6	35.1	95.6	102.6	133.3	86.7	67.4
2011 Q2	6.6	3.3	130.9	142.9	67.2	12.7	41.7	11.5	5.3	5.3	12.0	46.5	25.7	32.6	20.7	16.8
Q3	6.6	3.7	121.8	112.3	58.5	1.5	38.1	19.8	6.5	5.4	8.8	18.5	25.9	33.5	22.1	16.8
Q4	6.9	3.2	130.7	112.3	68.0	13.9	37.4	1.9	7.2	7.1	7.0	16.4	25.4	34.3	23.1	17.2
2012 Q1	6.8	2.3	117.5	109.0	56.6	25.0	36.4	18.4	5.9	5.4	8.8	16.9	24.3	33.6	21.9	16.7
Q2	6.9	3.4	128.2	140.4	60.1	1.9	44.1	8.5	6.4	5.9	15.5	45.1	24.6	30.1	21.5	15.3

### 3. Geographical breakdown

(cumulated transactions)

	Total	EU Member States outside the euro area						Brazil	Canada	China	India	Japan	Russia	Switzerland	United States	Other
		Total	Denmark	Sweden	United Kingdom	Other EU countries	EU institutions									
2011 Q3 to 2012 Q2	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
Credits																
<b>Current account</b>	3,070.6	985.4	53.8	92.2	468.0	308.8	62.5	61.9	48.9	157.1	40.5	69.0	114.5	242.6	407.0	943.7
Goods	1,851.2	577.9	34.5	58.4	240.9	243.9	0.2	32.2	21.9	120.9	30.2	42.6	86.0	131.5	216.4	591.6
Services	597.6	182.4	11.9	16.6	114.0	33.3	6.6	9.8	10.2	20.6	7.1	14.5	19.1	60.6	91.3	181.9
Income	525.4	161.7	6.5	15.2	101.9	28.7	9.4	19.4	16.1	14.9	2.9	10.9	8.9	41.6	92.3	156.8
Investment income	498.2	154.5	5.8	15.0	100.4	28.2	5.1	19.4	15.9	14.8	2.9	10.9	8.9	27.4	90.5	153.1
Current transfers	96.3	63.4	0.9	2.0	11.2	3.0	46.4	0.4	0.7	0.7	0.3	0.9	0.5	8.9	7.0	13.5
<b>Capital account</b>	26.1	21.5	0.0	0.0	0.8	0.3	20.3	0.0	0.0	0.0	0.0	0.0	0.1	0.7	0.3	3.4
Debits																
<b>Current account</b>	3,015.5	956.4	50.0	91.8	423.3	279.0	112.2	40.7	31.7	-	35.9	105.8	151.1	206.9	397.2	-
Goods	1,799.9	500.5	30.6	51.0	193.4	225.5	0.0	31.1	15.0	208.1	26.7	50.9	135.9	104.4	148.1	579.2
Services	518.0	151.2	9.0	13.8	89.2	38.8	0.3	6.1	7.2	14.9	7.1	10.1	10.3	45.2	108.1	158.0
Income	486.6	177.3	9.4	25.2	128.2	9.6	4.9	2.1	7.5	-	1.2	44.2	4.2	48.1	134.7	-
Investment income	474.0	170.9	9.3	25.1	126.6	5.1	4.9	2.0	7.3	-	0.9	44.0	4.1	47.5	133.6	-
Current transfers	211.0	127.4	1.1	1.8	12.5	5.1	107.0	1.4	1.9	4.3	0.9	0.7	0.7	9.2	6.3	58.2
<b>Capital account</b>	15.3	2.0	0.3	0.1	1.1	0.4	0.2	0.2	0.1	0.3	0.2	0.1	0.0	0.4	4.1	7.9
Net																
<b>Current account</b>	55.0	29.0	3.7	0.4	44.7	29.8	-49.6	21.2	17.2	-	4.6	-36.8	-36.6	35.7	9.8	-
Goods	51.4	77.4	3.9	7.4	47.5	18.4	0.2	1.2	6.8	-87.2	3.5	-8.3	-49.8	27.1	68.4	12.4
Services	79.6	31.3	2.9	2.8	24.8	-5.5	6.3	3.8	3.0	5.7	0.0	4.5	8.8	15.4	-16.8	23.9
Income	38.8	-15.7	-2.8	-10.0	-26.4	19.0	4.5	17.3	8.6	-	1.7	-33.3	4.7	-6.5	-42.5	-
Investment income	24.2	-16.5	-3.5	-10.1	-26.2	23.1	0.2	17.4	8.6	-	2.0	-33.1	4.8	-20.1	-43.1	-
Current transfers	-114.7	-63.9	-0.2	0.3	-1.3	-2.1	-60.6	-1.1	-1.2	-3.6	-0.7	0.2	-0.2	-0.3	0.7	-44.7
<b>Capital account</b>	10.9	19.5	-0.3	0.0	-0.2	-0.1	20.1	-0.2	0.0	-0.3	-0.2	0.0	0.1	0.4	-3.8	-4.6

Source: ECB.

## 7.3 Financial account

(EUR billions and annual growth rates; outstanding amounts and growth rates at end of period; transactions and other changes during period)

### 1. Summary financial account

	Total <sup>1)</sup>			Total as a % of GDP			Direct investment		Portfolio investment		Net financial derivatives	Other investment		Reserve assets
	Assets	Liabilities	Net	Assets	Liabilities	Net	Assets	Liabilities	Assets	Liabilities		Assets	Liabilities	
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
<b>Outstanding amounts (international investment position)</b>														
2008	13,235.0	14,838.0	-1,603.0	143.2	160.6	-17.3	3,915.8	3,260.1	3,827.2	5,966.9	-0.5	5,118.2	5,611.1	374.2
2009	13,739.1	15,225.6	-1,486.4	154.0	170.6	-16.7	4,412.8	3,532.5	4,340.9	6,863.8	-1.3	4,527.2	4,829.3	459.6
2010	15,216.8	16,479.1	-1,262.3	165.8	179.6	-13.8	4,946.7	3,908.6	4,907.3	7,470.9	-32.6	4,807.6	5,099.5	587.8
2011 Q4	15,843.5	17,158.4	-1,314.9	168.2	182.1	-14.0	5,564.7	4,392.0	4,762.6	7,636.5	-24.3	4,877.2	5,129.9	663.4
2012 Q1	16,165.3	17,177.2	-1,012.0	171.0	181.7	-10.7	5,626.2	4,144.7	5,044.6	7,808.3	-24.1	4,847.3	5,224.3	671.2
Q2	16,483.4	17,319.4	-836.0	174.2	183.0	-8.8	5,723.5	4,224.5	5,044.6	7,818.0	-19.8	5,033.6	5,276.8	701.5
<b>Changes to outstanding amounts</b>														
2008	-757.8	-428.8	-329.0	-8.2	-4.6	-3.6	189.2	38.2	-803.9	-571.2	28.4	-198.5	104.2	27.0
2009	504.2	387.6	116.6	5.7	4.3	1.3	497.0	272.5	513.7	896.9	-0.9	-591.0	-781.8	85.4
2010	1,477.7	1,253.5	224.2	16.1	13.7	2.4	533.9	376.1	566.4	607.1	-31.2	280.4	270.2	128.2
2011	626.7	679.3	-52.6	6.7	7.2	-0.6	618.0	483.3	-144.7	165.6	8.3	69.6	30.4	75.6
2012 Q1	321.8	18.9	302.9	13.8	0.8	13.0	61.6	-247.3	282.0	171.8	0.2	-29.9	94.3	7.8
Q2	318.1	142.2	176.0	13.4	6.0	7.4	97.3	79.8	0.0	9.8	4.3	186.3	52.6	30.3
<b>Transactions</b>														
2008	421.0	540.3	-119.3	4.6	5.8	-1.3	338.3	107.4	4.7	252.7	84.6	-10.0	180.1	3.4
2009	-89.7	-74.6	-15.1	-1.0	-0.8	-0.2	352.9	285.9	96.0	343.4	-19.0	-515.0	-703.8	-4.6
2010	652.9	658.4	-5.5	7.1	7.2	-0.1	356.7	261.7	135.9	260.1	-17.8	167.5	136.7	10.5
2011	535.3	490.0	45.3	5.7	5.2	0.5	408.0	253.1	-51.9	222.1	4.9	164.2	14.7	10.2
2012 Q1	300.6	304.2	-3.6	12.9	13.1	-0.2	75.6	72.1	125.6	54.6	6.7	90.6	177.5	2.1
Q2	73.4	49.1	24.3	3.1	2.1	1.0	62.1	52.4	-60.0	25.7	9.6	52.7	-29.0	9.0
Q3	59.7	36.8	22.9	2.5	1.6	1.0	52.9	17.6	31.0	80.7	5.2	-29.5	-61.6	0.1
2012 June	-50.3	-71.7	21.3	.	.	.	22.6	3.5	-38.5	23.1	2.9	-41.8	-98.3	4.5
July	34.7	27.4	7.3	.	.	.	6.5	-0.6	-13.7	11.7	2.3	40.0	16.3	-0.5
Aug.	0.6	-9.1	9.7	.	.	.	26.5	14.3	19.5	29.5	0.2	-47.1	-52.9	1.6
Sep.	25.7	19.1	6.6	.	.	.	19.9	3.9	25.1	39.0	2.6	-21.0	-23.9	-1.0
Oct.	39.1	32.5	6.6	.	.	.	18.2	5.2	-2.4	45.0	0.6	20.3	-17.8	2.4
<b>Other changes</b>														
2008	-1,172.8	-967.6	-205.2	-12.7	-10.5	-2.2	-149.2	-69.3	-808.6	-823.0	-56.2	-182.5	-75.2	23.7
2009	583.3	456.2	127.1	6.5	5.1	1.4	144.1	-13.4	417.6	547.6	18.2	-86.6	-78.1	90.0
2010	824.8	595.1	229.7	9.0	6.5	2.5	177.2	114.4	430.5	347.1	-13.4	112.9	133.6	117.7
2011	91.4	189.4	-97.9	1.0	2.0	-1.0	210.0	230.2	-92.8	-56.5	3.4	-94.6	15.7	65.4
<b>Other changes due to exchange rate changes</b>														
2008	-49.8	28.2	-77.9	-0.5	0.3	-0.8	-25.0	-33.8	6.6	41.9	.	-40.7	20.1	9.3
2009	-49.2	-56.0	6.8	-0.6	-0.6	0.1	-5.3	5.6	-29.8	-34.4	.	-11.5	-27.2	-2.7
2010	535.4	323.1	212.3	5.8	3.5	2.3	166.0	59.5	180.0	103.1	.	176.3	160.6	13.0
2011	134.4	164.2	-29.8	1.4	1.7	-0.3	16.9	11.6	41.5	63.0	.	68.3	89.7	7.7
<b>Other changes due to price changes</b>														
2008	-1,002.7	-975.6	-27.1	-10.8	-10.6	-0.3	-159.2	-60.7	-809.5	-915.0	-56.0	.	.	22.0
2009	634.8	493.1	141.7	7.1	5.5	1.6	147.4	29.4	423.5	463.8	18.2	.	.	45.8
2010	327.4	156.5	170.9	3.6	1.7	1.9	52.6	2.4	186.1	154.1	-13.3	.	.	102.0
2011	84.1	-252.7	336.8	0.9	-2.7	3.6	-20.3	0.0	39.9	-252.7	3.7	.	.	60.7
<b>Other changes due to other adjustments</b>														
2008	-118.7	-26.2	-92.5	-1.3	-0.3	-1.0	36.7	27.3	-6.0	42.3	.	-141.8	-95.9	-7.7
2009	-2.3	19.1	-21.4	0.0	0.2	-0.2	2.0	-48.3	24.0	118.3	.	-75.1	-50.8	46.9
2010	-37.9	115.4	-153.3	-0.4	1.3	-1.7	-41.5	52.5	64.3	89.9	.	-63.5	-27.0	2.7
2011	-126.8	277.9	-404.7	-1.3	2.9	-4.3	213.4	218.6	-174.2	133.2	.	-162.9	-74.0	-3.0
<b>Growth rates of outstanding amounts</b>														
2008	3.0	3.5	-	.	.	.	9.2	3.3	-0.2	4.0	.	-0.2	3.3	1.0
2009	-0.7	-0.5	-	.	.	.	8.9	8.8	2.4	5.6	.	-10.0	-12.5	-1.3
2010	4.6	4.2	-	.	.	.	7.8	7.2	3.0	3.7	.	3.7	2.8	2.0
2011	3.6	3.0	-	.	.	.	8.3	6.7	-1.2	3.0	.	3.5	0.3	1.6
2012 Q1	3.7	3.2	-	.	.	.	6.8	5.6	1.0	1.6	.	3.5	4.0	-0.1
Q2	2.9	2.2	-	.	.	.	6.6	6.4	-1.1	-0.5	.	2.4	3.2	2.1
Q3	2.2	1.6	-	.	.	.	5.9	5.7	1.0	1.0	.	-1.0	-0.8	2.7

Source: ECB.

1) Net financial derivatives are included in assets.

**7.3 Financial account**

(EUR billions and annual growth rates; outstanding amounts and growth rates at end of period, transactions during period)

**2. Direct investment**

	By resident units abroad						By non-resident units in the euro area							
	Total	Equity capital and reinvested earnings			Other capital (mostly inter-company loans)			Total	Equity capital and reinvested earnings			Other capital (mostly inter-company loans)		
		Total	MFIs	Non-MFIs	Total	MFIs	Non-MFIs		Total	Into MFIs	Into non-MFIs	Total	To MFIs	To non-MFIs
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
Outstanding amounts (international investment position)														
2010	4,946.7	3,825.3	275.3	3,550.0	1,121.4	17.0	1,104.4	3,908.6	2,940.6	90.4	2,850.3	968.0	14.7	953.2
2011	5,564.7	4,230.1	287.6	3,942.5	1,334.6	13.5	1,321.0	4,392.0	3,337.2	92.6	3,244.6	1,054.7	11.2	1,043.5
2012 Q1	5,626.2	4,297.5	283.5	4,014.0	1,328.8	13.7	1,315.0	4,144.7	3,376.5	92.2	3,284.3	768.2	9.9	758.3
Q2	5,723.5	4,363.8	286.2	4,077.6	1,359.8	13.2	1,346.6	4,224.5	3,435.5	95.4	3,340.0	789.1	10.2	778.9
Transactions														
2009	352.9	268.2	24.6	243.6	84.7	2.6	82.1	285.9	275.1	5.4	269.7	10.8	-0.6	11.4
2010	356.7	225.9	16.3	209.5	130.9	1.6	129.3	261.7	284.1	6.4	277.7	-22.4	-7.7	-14.7
2011	408.0	352.1	18.4	333.7	55.8	-3.5	59.3	253.1	283.3	3.2	280.1	-30.2	-0.9	-29.3
2012 Q1	75.6	67.1	-2.4	69.5	8.4	1.0	7.4	72.1	63.9	2.0	61.8	8.2	-0.6	8.9
Q2	62.1	50.6	-2.4	53.0	11.5	-0.4	11.8	52.4	46.0	0.6	45.4	6.4	0.1	6.3
Q3	52.9	41.3	4.2	37.1	11.6	-0.1	11.7	17.6	28.9	1.2	27.7	-11.2	2.2	-13.4
2012 June	22.6	25.6	-0.9	26.5	-3.0	-0.4	-2.6	3.5	8.8	0.4	8.5	-5.3	-0.5	-4.8
July	6.5	14.7	2.1	12.6	-8.2	-0.1	-8.1	-0.6	12.0	0.7	11.3	-12.6	0.9	-13.6
Aug.	26.5	22.3	1.5	20.8	4.2	0.0	4.2	14.3	15.7	0.1	15.6	-1.3	0.2	-1.6
Sep.	19.9	4.3	0.6	3.7	15.6	0.0	15.6	3.9	1.2	0.4	0.8	2.7	1.0	1.7
Oct.	18.2	17.6	0.8	16.8	0.7	0.1	0.5	5.2	3.6	0.4	3.2	1.7	-1.0	2.7
Growth rates														
2010	7.8	6.3	6.8	6.2	13.2	10.6	13.3	7.2	10.6	8.0	10.7	-2.4	-37.9	-1.6
2011	8.3	9.3	6.8	9.5	5.0	-21.5	5.4	6.7	9.7	3.5	9.9	-3.9	-7.9	-3.8
2012 Q1	6.8	7.7	3.4	8.0	3.9	-15.5	4.2	5.6	8.1	6.1	8.2	-3.5	-17.0	-3.3
Q2	6.6	7.6	-1.0	8.3	3.2	-2.9	3.3	6.4	8.2	5.1	8.3	-0.3	-6.2	-0.3
Q3	5.9	7.1	-0.8	7.7	2.0	8.5	1.9	5.7	6.9	5.2	7.0	0.7	21.0	0.4

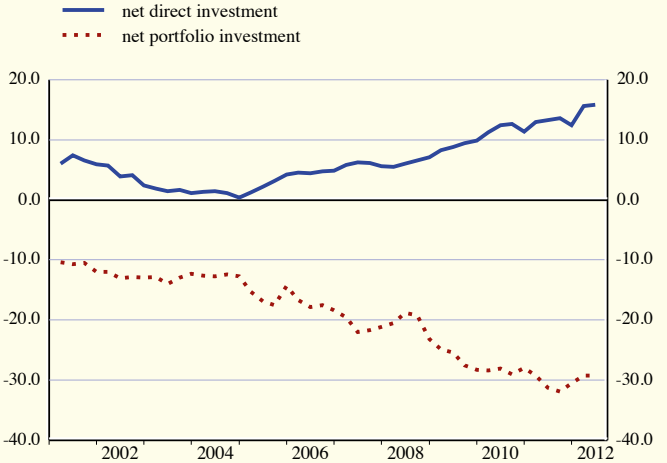
**C36 Euro area international investment position**

(outstanding amounts at end of period; as a percentage of GDP)



**C37 Euro area direct and portfolio investment position**

(outstanding amounts at end of period; as a percentage of GDP)



Source: ECB.

## 7.3 Financial account

(EUR billions and annual growth rates; outstanding amounts and growth rates at end of period; transactions during period)

### 3. Portfolio investment assets

	Total	Equity					Debt instruments									
		Bonds and notes		Money market instruments			Bonds and notes		Money market instruments			Bonds and notes		Money market instruments		
	Total	MFI	Non-MFI	Total	MFI	Non-MFI	Total	MFI	Non-MFI	Total	MFI	Non-MFI	Total	MFI	Non-MFI	
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
	Outstanding amounts (international investment position)															
2010	4,907.3	1,907.7	81.2	3.6	1,826.5	47.6	2,579.3	807.6	15.6	1,771.7	74.5	420.3	316.3	41.7	104.0	0.2
2011	4,762.6	1,703.4	62.5	3.1	1,640.8	39.6	2,592.9	725.7	16.0	1,867.2	94.2	466.3	300.6	57.5	165.7	0.5
2012 Q1	5,044.6	1,844.0	68.6	3.3	1,775.4	39.2	2,688.8	709.3	15.6	1,979.5	97.7	511.8	331.3	48.5	180.5	0.3
Q2	5,044.6	1,813.2	62.6	2.8	1,750.6	39.5	2,735.7	683.3	15.3	2,052.4	99.7	495.7	319.9	52.3	175.8	0.6
	Transactions															
2009	96.0	51.0	-0.8	0.0	51.8	2.5	38.4	-93.6	-3.8	132.0	17.5	6.7	12.3	-12.9	-5.6	0.9
2010	135.9	77.5	4.1	-0.2	73.3	1.7	104.5	-126.2	-0.8	230.8	51.5	-46.1	-64.9	-11.7	18.8	-1.9
2011	-51.9	-71.0	-15.7	-0.2	-55.2	-7.3	-11.5	-55.0	0.3	43.5	-3.0	30.6	24.3	10.5	6.4	0.2
2012 Q1	125.6	21.2	4.0	0.0	17.2	-1.8	59.0	-7.9	-0.6	66.9	-0.6	45.4	27.0	-4.2	18.5	-0.1
Q2	-60.0	-26.1	-7.4	0.0	-18.6	0.0	-7.3	-28.8	-0.3	21.6	-2.8	-26.6	-22.6	-1.8	-4.0	0.2
Q3	31.0	7.4	1.2	0.0	6.2	.	19.5	-13.0	3.9	32.5	.	4.2	0.7	-1.3	3.5	.
2012 June	-38.5	-17.4	-4.9	0.0	-12.5	.	-3.4	-7.7	-0.2	4.3	.	-17.7	-13.4	-6.8	-4.3	.
July	-13.7	-3.6	-0.3	0.0	-3.3	.	-1.6	-13.4	1.2	11.8	.	-8.5	-8.1	-5.1	-0.5	.
Aug.	19.5	2.0	1.9	0.0	0.1	.	14.9	0.3	1.8	14.6	.	2.6	2.9	2.2	-0.3	.
Sep.	25.1	8.9	-0.4	0.0	9.4	.	6.1	0.1	0.9	6.1	.	10.1	5.9	1.5	4.2	.
Oct.	-2.4	6.1	3.3	0.0	2.7	.	-0.1	-9.0	-1.7	8.9	.	-8.4	-14.2	-2.2	5.7	.
	Growth rates															
2010	3.0	4.9	5.6	-5.1	4.8	4.8	4.2	-13.6	-4.9	14.8	124.1	-10.3	-17.9	-25.4	22.4	-91.7
2011	-1.2	-4.1	-20.3	-6.0	-3.4	-15.9	-0.5	-7.0	2.2	2.5	-3.1	7.4	8.0	26.6	6.1	120.7
2012 Q1	1.0	-2.7	-16.1	-5.1	-2.0	-16.2	1.6	-6.6	-11.2	5.2	-3.6	11.9	11.2	12.9	13.5	-64.1
Q2	-1.1	-5.5	-28.7	-6.2	-4.4	-11.4	0.3	-9.9	-15.2	4.4	-5.1	8.8	6.6	-2.9	12.5	34.3
Q3	1.0	-2.1	-16.5	-5.9	-1.5	.	1.6	-9.7	7.0	6.1	.	10.0	8.5	-12.1	11.2	.

### 4. Portfolio investment liabilities

	Total	Equity			Debt instruments											
		Bonds and notes		Money market instruments			Bonds and notes		Money market instruments			Bonds and notes		Money market instruments		
	Total	MFI	Non-MFI	Total	MFI	Non-MFI	Total	MFI	Non-MFI	Total	MFI	Non-MFI	Total	MFI	Non-MFI	
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
	Outstanding amounts (international investment position)															
2010	7,470.9	3,175.5	665.8	2,509.7	3,841.4	1,189.9	2,651.5	1,648.3	454.0	69.5	384.6	347.4				
2011	7,636.5	3,050.8	556.9	2,493.8	4,142.3	1,273.5	2,868.7	1,772.1	443.5	87.2	356.2	316.5				
2012 Q1	7,808.3	3,239.1	554.2	2,684.9	4,110.8	1,224.7	2,886.1	1,794.9	458.4	86.8	371.6	331.7				
Q2	7,818.0	3,202.2	546.7	2,655.5	4,166.3	1,235.4	2,930.9	1,823.7	449.5	92.5	357.0	304.2				
	Transactions															
2009	343.4	87.6	15.5	72.0	143.0	-10.0	153.0	109.4	112.8	-11.1	123.9	145.5				
2010	260.1	125.9	-13.8	139.7	177.8	61.8	116.0	187.2	-43.6	14.7	-58.4	-37.7				
2011	222.1	99.7	20.4	79.3	166.2	80.1	86.1	87.2	-43.8	2.7	-46.5	-34.7				
2012 Q1	54.6	39.8	8.3	31.5	5.2	-17.0	22.2	15.3	9.6	4.4	5.2	6.3				
Q2	25.7	2.2	-11.5	13.7	35.6	-12.1	47.7	38.7	-12.1	9.3	-21.4	-32.1				
Q3	80.7	23.0	2.5	20.5	91.8	17.1	74.7	.	-34.2	-20.2	-13.9	.				
2012 June	23.1	7.5	-12.6	20.1	30.0	-6.3	36.3	.	-14.4	9.7	-24.1	.				
July	11.7	-8.2	-6.1	-2.0	2.0	0.8	1.2	.	17.9	2.2	15.6	.				
Aug.	29.5	17.1	9.9	7.3	43.0	12.9	30.1	.	-30.7	-14.7	-16.0	.				
Sep.	39.0	13.5	-1.2	14.8	46.8	3.5	43.4	.	-21.3	-7.7	-13.6	.				
Oct.	45.0	27.2	-4.4	31.7	10.9	1.9	9.0	.	6.9	8.3	-1.4	.				
	Growth rates															
2010	3.7	4.4	-2.1	6.4	4.9	5.4	4.7	12.4	-8.7	17.9	-13.1	-9.5				
2011	3.0	3.2	3.2	3.1	4.5	7.1	3.3	5.4	-8.4	6.7	-11.4	-10.2				
2012 Q1	1.6	1.4	3.9	0.6	3.7	2.1	4.4	4.3	-11.6	-15.7	-10.9	-12.1				
Q2	-0.5	1.5	2.3	1.1	0.4	-3.1	1.9	1.3	-17.8	-18.8	-17.9	-20.9				
Q3	1.0	2.6	4.6	1.8	2.5	-3.1	5.0	.	-19.3	-9.8	-21.7	.				

Source: ECB.

### 7.3 Financial account

(EUR billions and annual growth rates; outstanding amounts and growth rates at end of period; transactions during period)

#### 5. Other investment assets

	5. Other investment assets														
	Total	Eurosysteem			MFIs (excluding Eurosystem)			General government				Other sectors			
		Total	Loans/currency and deposits	Other assets	Total	Loans/currency and deposits	Other assets	Trade credits	Loans/currency and deposits	Currency and deposits	Trade credits	Loans/currency and deposits	Currency and deposits		
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	
Outstanding amounts (international investment position)															
2010	4,807.6	32.9	32.2	0.7	2,972.0	2,932.7	39.4	161.9	7.6	115.4	19.8	1,640.7	213.3	1,279.5	441.6
2011	4,877.2	35.7	35.4	0.3	3,067.6	3,006.6	61.0	162.8	6.7	116.4	30.2	1,611.1	228.4	1,215.1	507.8
2012 Q1	4,847.3	36.7	36.4	0.3	3,046.9	2,991.0	55.9	152.2	6.6	104.2	24.6	1,611.5	265.9	1,166.5	460.8
Q2	5,033.6	35.0	34.7	0.3	3,144.6	3,073.1	71.5	160.2	6.6	111.1	30.0	1,693.8	275.9	1,234.3	483.9
Transactions															
2009	-515.0	-0.1	-0.1	0.0	-420.4	-399.9	-20.5	11.8	-0.4	10.4	0.2	-106.3	7.4	-108.5	-20.2
2010	167.5	-2.9	-2.8	0.0	9.7	0.9	8.8	41.7	-0.3	41.3	4.9	119.0	8.7	86.5	52.4
2011	164.2	-2.7	-2.8	0.1	49.7	20.3	29.4	1.2	-0.2	0.7	10.3	116.0	8.1	82.6	49.3
2012 Q1	90.6	1.2	1.2	0.0	33.4	38.3	-4.9	-10.3	-0.2	-10.0	-5.7	66.2	15.4	32.6	33.0
Q2	52.7	-2.4	-2.4	0.0	1.1	-13.4	14.5	6.4	0.0	6.3	5.4	47.5	5.3	45.3	17.9
Q3	-29.5	6.3	.	.	-46.1	.	.	-8.2	.	.	-5.4	18.5	.	.	23.6
2012 June	-41.8	-4.7	.	.	-59.5	.	.	0.7	.	.	1.0	21.8	.	.	3.1
July	40.0	5.1	.	.	20.0	.	.	-0.1	.	.	1.6	15.0	.	.	13.7
Aug.	-47.1	-0.2	.	.	-29.9	.	.	-1.5	.	.	-1.2	-15.5	.	.	-3.4
Sep.	-21.0	1.5	.	.	-36.1	.	.	-6.7	.	.	-5.8	20.3	.	.	13.6
Oct.	20.3	4.8	.	.	10.5	.	.	1.3	.	.	-1.0	3.7	.	.	7.8
Growth rates															
2010	3.7	-12.7	-12.5	-9.9	0.4	0.1	23.4	34.0	-3.1	54.0	32.8	7.7	4.2	7.2	12.7
2011	3.5	-5.4	-5.5	40.4	1.8	0.8	75.3	0.9	-3.2	1.0	51.5	7.3	3.8	6.7	11.4
2012 Q1	3.5	-11.8	-12.1	43.2	0.8	0.2	33.8	0.2	-4.0	0.5	56.2	9.4	7.9	8.6	15.9
Q2	2.4	-27.0	-27.3	40.1	-1.1	-2.0	47.9	4.9	-3.9	7.7	64.1	10.0	10.3	9.7	12.1
Q3	-1.0	-7.8	.	.	-5.2	.	.	3.6	.	.	44.4	6.9	.	.	12.6

#### 6. Other investment liabilities

	6. Other investment liabilities														
	Total	Eurosysteem			MFIs (excluding Eurosystem)			General government				Other sectors			
		Total	Loans/currency and deposits	Other liabilities	Total	Loans/currency and deposits	Other liabilities	Total	Trade credits	Loans	Other liabilities	Total	Trade credits	Loans	Other liabilities
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	
Outstanding amounts (international investment position)															
2010	5,099.5	269.1	266.1	3.0	3,491.0	3,445.0	46.0	148.0	0.0	141.8	6.2	1,191.5	202.7	842.1	146.7
2011	5,129.9	408.9	406.1	2.8	3,208.3	3,140.6	67.6	223.9	0.1	217.1	6.8	1,288.8	224.0	871.7	193.2
2012 Q1	5,224.3	334.2	331.3	2.9	3,365.1	3,301.7	63.5	230.3	0.1	223.9	6.3	1,294.6	233.7	854.4	206.6
Q2	5,276.8	415.0	413.4	1.6	3,316.1	3,236.9	79.2	238.0	0.1	231.8	6.1	1,307.8	234.7	848.9	224.1
Transactions															
2009	-703.8	-233.0	-233.2	0.2	-352.8	-341.6	-11.2	17.2	0.0	17.2	0.0	-135.2	0.3	-118.9	-16.6
2010	136.7	8.9	6.3	2.6	-9.3	-15.2	5.9	65.6	0.0	65.1	0.5	71.4	15.9	29.3	26.2
2011	14.7	134.6	134.8	-0.2	-288.9	-327.6	38.7	74.1	0.0	74.0	0.0	94.9	10.4	65.7	18.8
2012 Q1	177.5	-71.5	-71.7	0.1	187.1	190.5	-3.5	7.3	0.0	7.3	0.0	54.6	7.4	22.2	25.1
Q2	-29.0	73.7	74.9	-1.3	-119.9	-133.1	13.2	6.8	0.0	6.9	-0.1	10.4	0.8	15.8	-6.2
Q3	-61.6	21.0	.	.	-93.7	.	.	-5.0	.	.	.	16.1	.	.	.
2012 June	-98.3	32.6	.	.	-124.8	.	.	-2.2	.	.	.	-3.9	.	.	.
July	16.3	27.7	.	.	-27.1	.	.	1.4	.	.	.	14.3	.	.	.
Aug.	-52.9	0.7	.	.	-38.8	.	.	-2.5	.	.	.	-12.2	.	.	.
Sep.	-23.9	-6.3	.	.	-27.8	.	.	-3.9	.	.	.	14.0	.	.	.
Oct.	-17.8	-12.4	.	.	-1.2	.	.	3.3	.	.	.	-7.5	.	.	.
Growth rates															
2010	2.8	3.5	2.4	.	-0.2	-0.4	15.5	79.9	.	84.9	5.8	6.2	8.8	3.4	17.8
2011	0.3	50.6	51.2	.	-8.3	-9.6	89.7	50.4	.	52.6	0.2	8.1	5.2	7.9	12.9
2012 Q1	4.0	20.0	19.1	.	-1.1	-1.9	45.9	30.5	.	30.9	16.6	10.8	7.0	10.9	12.8
Q2	3.2	42.6	43.4	.	-4.2	-5.3	72.5	25.0	.	25.6	6.0	10.9	6.9	11.8	10.2
Q3	-0.8	35.2	.	.	-7.5	.	.	8.7	.	.	.	7.0	.	.	.

Source: ECB.

## 7.3 Financial account

(EUR billions and annual growth rates; outstanding amounts and growth rates at end of period; transactions during period)

### 7. Reserve assets<sup>1)</sup>

	Reserve assets													Memo items			
	Total	Monetary gold		SDR holdings	Reserve position in the IMF	Foreign exchange							Other claims	Other foreign currency assets	Pre-determined short-term net drains on foreign currency	SDR allocations	
		In EUR billions	In fine troy ounces (millions)			Total	Currency and deposits		Securities								Financial derivatives
							With monetary authorities and the BIS	With banks	Total	Equity	Bonds and notes	Money market instruments					
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	
Outstanding amounts (international investment position)																	
2008	374.2	217.0	349.207	4.7	7.3	145.1	7.6	8.1	129.5	0.6	111.3	17.6	0.0	0.0	262.8	-245.7	5.5
2009	462.4	266.1	347.180	50.8	10.5	134.9	11.7	8.1	115.2	0.5	92.0	22.7	-0.1	0.0	32.1	-24.2	51.2
2010	591.2	366.2	346.962	54.2	15.8	155.0	7.7	16.0	131.3	0.5	111.2	19.5	0.0	0.0	26.3	-24.4	54.5
2011 Q4	667.1	422.1	346.846	54.0	30.2	160.9	5.3	7.8	148.1	0.8	134.1	13.3	-0.4	0.0	97.4	-86.0	55.9
2012 Q1	671.2	431.7	346.847	52.5	30.9	155.8	4.5	7.6	143.5	0.7	129.6	13.2	0.1	0.3	55.2	-42.7	54.7
Q2	701.5	440.3	346.825	54.3	33.4	173.0	5.1	8.6	159.7	0.6	137.4	21.7	-0.4	0.4	51.5	-41.9	56.9
2012 Oct.	715.8	458.7	346.693	53.9	33.6	169.0	6.8	8.8	153.1	.	.	.	0.3	0.6	37.5	-39.0	55.9
Nov.	718.2	460.8	346.694	53.6	32.9	170.4	5.7	9.3	155.1	.	.	.	0.3	0.6	36.3	-39.6	55.7
Transactions																	
2009	-4.6	-2.0	-	0.5	3.4	-6.5	3.1	-1.2	-9.6	0.0	-14.2	4.6	1.2	0.0	-	-	-
2010	10.5	0.0	-	-0.1	4.9	5.6	-5.4	6.6	4.3	0.0	10.6	-6.3	0.0	0.0	-	-	-
2011	10.2	0.1	-	-1.6	12.9	-1.2	-2.3	-8.3	9.3	0.1	15.9	-6.8	0.0	0.0	-	-	-
2012 Q1	2.1	0.0	-	-0.3	1.3	0.7	-0.1	-0.3	0.9	-0.1	-1.1	2.1	0.2	0.3	-	-	-
Q2	9.0	0.0	-	-0.3	1.3	7.8	0.8	0.7	6.3	-0.1	-0.3	6.7	0.0	0.2	-	-	-
Q3	0.1	.	-	.	.	.	.	.	.	.	.	.	.	.	-	-	-
Growth rates																	
2008	1.0	-1.3	-	-2.5	105.5	1.7	67.8	-68.9	10.8	28.0	17.9	-20.6	-	-	-	-	-
2009	-1.3	-0.9	-	-2.6	45.5	-4.4	41.1	-21.3	-7.3	1.0	-12.8	25.3	-	-	-	-	-
2010	2.0	0.0	-	-0.1	46.7	3.7	-43.3	75.9	3.6	-5.2	10.3	-24.5	-	-	-	-	-
2011	1.6	0.0	-	-3.0	82.3	-1.2	-30.0	-52.6	6.9	27.4	14.3	-45.2	-	-	-	-	-
2012 Q1	-0.1	0.0	-	-1.2	34.5	-4.7	-13.7	-61.7	3.7	-7.7	9.4	-38.2	-	-	-	-	-
Q2	2.1	0.0	-	-1.4	34.2	3.7	10.9	-40.6	7.6	-20.6	8.8	-7.9	-	-	-	-	-
Q3	2.7	.	-	.	.	.	.	.	.	.	.	.	-	-	-	-	-

### 8. Gross external debt

	Total	By instrument					By sector (excluding direct investment)				
		Loans, currency and deposits	Money market instruments	Bonds and notes	Trade credits	Other debt liabilities	Direct investment: inter-company lending	General government	Eurosystem	MFIs (excluding Eurosystem)	Other sectors
	1	2	3	4	5	6	7	8	9	10	11
Outstanding amounts (international investment position)											
2008	10,795.4	5,215.1	399.2	3,375.1	184.1	211.9	1,409.9	1,738.9	482.7	5,006.5	2,157.3
2009	10,332.9	4,467.5	525.7	3,523.2	176.9	184.9	1,454.8	1,966.1	251.9	4,579.8	2,080.3
2010	10,850.0	4,694.9	454.0	3,841.4	202.7	201.9	1,455.1	2,143.7	269.1	4,750.4	2,231.8
2011 Q4	11,029.9	4,635.5	443.5	4,142.3	224.0	270.4	1,314.3	2,312.6	408.9	4,569.0	2,425.2
2012 Q1	11,097.9	4,711.3	458.4	4,110.8	233.7	279.2	1,304.5	2,356.9	334.2	4,676.6	2,425.6
Q2	11,242.5	4,731.0	449.5	4,166.3	234.8	311.0	1,349.9	2,365.9	415.0	4,644.0	2,467.8
Outstanding amounts as a percentage of GDP											
2008	116.9	56.5	4.3	36.5	2.0	2.3	15.3	18.8	5.2	54.2	23.4
2009	115.8	50.1	5.9	39.5	2.0	2.1	16.3	22.0	2.8	51.3	23.3
2010	118.3	51.2	5.0	41.9	2.2	2.2	15.9	23.4	2.9	51.8	24.3
2011 Q4	117.1	49.2	4.7	44.0	2.4	2.9	14.0	24.6	4.3	48.5	25.8
2012 Q1	117.5	49.9	4.9	43.5	2.5	3.0	13.8	25.0	3.5	49.5	25.7
Q2	118.8	50.0	4.8	44.0	2.5	3.3	14.3	25.0	4.4	49.1	26.1

Source: ECB.

1) Data refer to the changing composition of the euro area, in line with the approach adopted for the reserve assets of the Eurosystem. For further information, see the General Notes.

### 7.3 Financial account

(EUR billions; outstanding amounts at end of period; transactions during period)

#### 9. Geographical breakdown

	Total	EU Member States outside the euro area					Canada	China	Japan	Switzer-land	United States	Offshore financial centres	Interna-tional organisa-tions	Other countries	
		Total	Denmark	Sweden	United Kingdom	Other EU countries									EU institutions
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
<b>2011</b>	Outstanding amounts (international investment position)														
<b>Direct investment</b>	1,172.7	260.7	-10.6	-13.0	11.4	274.1	-1.3	84.4	73.2	-22.1	125.2	40.0	-146.5	-0.3	758.2
Abroad	5,564.7	1,541.1	28.7	142.2	1,049.2	321.1	0.0	183.8	85.1	74.5	526.0	1,082.9	487.1	0.0	1,584.3
Equity/reinvested earnings	4,230.1	1,128.4	23.9	78.5	776.0	249.9	0.0	146.2	68.4	53.7	394.6	743.1	402.2	0.0	1,293.5
Other capital	1,334.6	412.8	4.7	63.7	273.2	71.1	0.0	37.5	16.6	20.8	131.4	339.8	84.9	0.0	290.7
In the euro area	4,392.0	1,280.4	39.2	155.2	1,037.8	47.0	1.3	99.4	11.9	96.6	400.8	1,042.9	633.5	0.4	826.0
Equity/reinvested earnings	3,337.2	1,052.4	26.1	142.6	855.5	27.0	1.2	83.4	6.3	76.9	236.0	789.1	370.2	0.1	722.7
Other capital	1,054.7	228.0	13.2	12.6	182.2	20.0	0.0	16.0	5.6	19.7	164.8	253.8	263.3	0.3	103.3
<b>Portfolio investment assets</b>	4,762.6	1,536.9	84.5	199.5	1,005.5	99.4	148.0	100.7	52.5	208.0	124.3	1,557.1	384.9	35.2	763.0
Equity	1,703.4	341.8	10.9	41.6	275.9	13.2	0.1	39.1	48.7	90.4	102.0	553.1	215.8	1.4	311.0
Debt instruments	3,059.2	1,195.1	73.6	157.9	729.6	86.2	147.9	61.6	3.9	117.6	22.2	1,004.0	169.1	33.8	452.0
Bonds and notes	2,592.9	1,050.8	68.5	124.8	629.5	83.8	144.2	56.8	2.7	46.3	15.4	828.0	155.1	32.7	405.1
Money market instruments	466.3	144.3	5.1	33.0	100.1	2.4	3.7	4.8	1.2	71.3	6.9	175.9	13.9	1.0	46.9
<b>Other investment</b>	-252.8	-287.0	45.5	-30.0	-154.0	72.1	-220.6	-10.1	-13.5	10.9	-75.1	63.8	82.8	-71.6	47.1
Assets	4,877.2	2,159.9	92.3	91.0	1,777.6	182.7	16.3	26.8	46.1	99.5	257.4	763.5	589.1	36.7	898.2
General government	162.8	63.9	1.5	4.1	44.3	1.3	12.7	1.8	3.2	2.3	1.0	8.5	2.4	30.4	49.3
MFIs	3,103.3	1,497.4	71.9	49.7	1,225.7	147.2	2.9	14.7	20.9	80.2	130.1	473.3	439.6	5.7	441.4
Other sectors	1,611.1	598.7	19.0	37.2	507.7	34.2	0.7	10.2	22.0	17.0	126.3	281.6	147.1	0.6	407.5
Liabilities	5,129.9	2,446.9	46.8	121.0	1,931.6	110.6	236.9	36.8	59.6	88.6	332.5	699.7	506.3	108.3	851.1
General government	223.9	118.2	0.1	0.4	53.5	0.1	64.1	0.1	0.1	0.1	1.2	33.2	1.4	66.6	3.1
MFIs	3,617.1	1,757.9	36.4	84.8	1,436.3	85.5	115.0	24.8	30.8	61.4	256.7	416.0	414.0	38.8	616.7
Other sectors	1,288.8	570.8	10.3	35.8	441.8	25.0	57.8	11.9	28.8	27.0	74.6	250.4	91.0	3.0	231.4
<b>2011 Q3 to 2012 Q2</b>	Cumulated transactions														
<b>Direct investment</b>	87.8	87.4	-0.1	0.2	68.3	19.0	0.0	19.8	10.9	-5.1	-24.8	-67.0	-10.1	0.0	76.7
Abroad	342.7	138.7	2.4	3.8	111.3	21.2	0.0	19.9	14.5	-1.4	1.9	48.6	12.5	0.0	108.0
Equity/reinvested earnings	303.2	123.8	2.3	0.5	105.9	15.1	0.0	21.9	9.0	-3.1	8.6	46.2	13.7	0.0	83.0
Other capital	39.5	14.9	0.0	3.3	5.4	6.1	0.0	-2.0	5.5	1.8	-6.7	2.3	-1.2	0.0	24.9
In the euro area	254.9	51.3	2.5	3.6	43.0	2.2	0.0	0.1	3.6	3.7	26.6	115.5	22.6	0.0	31.3
Equity/reinvested earnings	255.3	51.7	1.1	3.8	41.9	4.9	0.0	10.5	1.4	4.7	7.1	114.2	31.9	0.0	33.9
Other capital	-0.5	-0.3	1.5	-0.2	1.1	-2.7	0.0	-10.3	2.2	-1.0	19.5	1.3	-9.3	0.0	-2.6
<b>Portfolio investment assets</b>	-53.6	5.5	4.5	18.3	-40.7	-1.0	24.5	-3.0	-0.9	-14.8	-1.9	-25.8	-39.7	-0.5	27.6
Equity	-99.2	-11.3	1.6	0.8	-12.8	-1.2	0.2	2.3	-1.7	-8.4	-1.9	-52.0	-18.2	0.0	-8.0
Debt instruments	45.6	16.8	2.8	17.5	-28.0	0.1	24.3	-5.3	0.8	-6.4	0.0	26.2	-21.5	-0.5	35.6
Bonds and notes	8.1	-10.4	5.1	8.1	-46.7	1.3	21.8	-3.7	0.3	-6.1	1.0	14.0	-20.3	-1.1	34.5
Money market instruments	37.6	27.3	-2.3	9.4	18.7	-1.1	2.5	-1.6	0.5	-0.3	-1.0	12.2	-1.2	0.6	1.1
<b>Other investment</b>	-45.5	-92.2	5.8	-35.7	-22.3	-16.3	-23.7	1.6	-24.0	2.4	-59.3	130.6	51.9	-16.0	-40.5
Assets	114.3	10.6	7.8	-6.6	19.0	-12.5	3.0	1.1	12.3	-1.1	11.6	22.3	32.4	-4.2	29.2
General government	7.2	14.4	-0.1	-1.5	15.3	0.6	0.1	0.0	0.0	-0.6	0.0	-3.5	-0.5	0.2	-2.7
MFIs	-49.8	-54.0	6.6	-7.6	-38.7	-17.1	2.8	-0.9	12.1	-5.1	0.3	-3.9	21.6	-4.5	-15.4
Other sectors	156.9	50.2	1.2	2.6	42.3	4.0	0.1	1.9	0.3	4.6	11.4	29.8	11.3	0.2	47.3
Liabilities	159.8	102.9	1.9	29.2	41.3	3.8	26.7	-0.5	36.3	-3.5	70.9	-108.3	-19.5	11.8	69.7
General government	47.0	18.1	0.1	0.1	-1.5	0.0	19.4	0.0	0.0	0.0	-0.1	-6.1	-0.2	33.4	1.9
MFIs	-18.6	13.0	4.2	29.1	-26.8	4.4	2.1	-1.0	33.8	-6.2	74.7	-125.9	-29.6	-21.3	44.0
Other sectors	131.4	71.8	-2.4	0.0	69.6	-0.6	5.2	0.5	2.5	2.8	-3.7	23.6	10.4	-0.3	23.8

Source: ECB.



## 7.4 Monetary presentation of the balance of payments <sup>1)</sup>

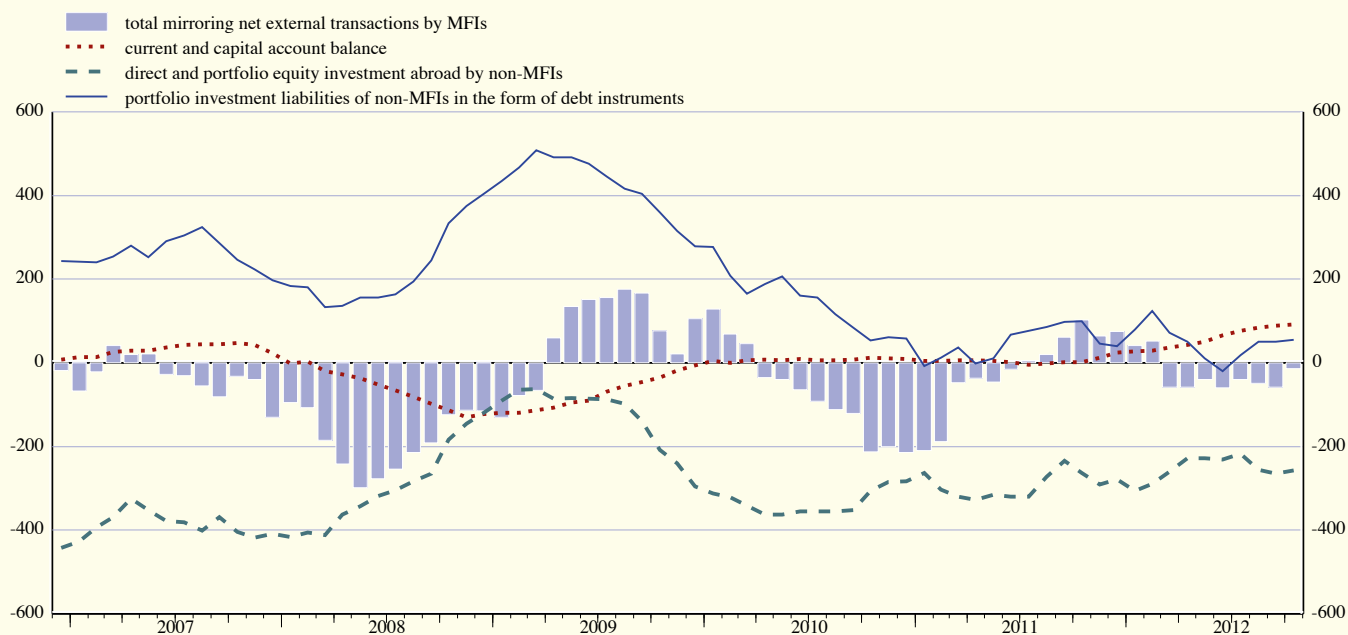
(EUR billions; transactions)

### B.o.p. items mirroring net transactions by MFIs

	Total	Current and capital account balance	Transactions by non-MFIs								Financial derivatives	Errors and omissions
			Direct investment		Portfolio investment				Other investment			
			By resident units abroad <sup>3</sup>	By non-resident units in euro area <sup>4</sup>	Assets		Liabilities		Assets	Liabilities		
					Equity <sup>5</sup>	Debt instruments <sup>6</sup>	Equity <sup>7</sup>	Debt instruments <sup>8</sup>				
			1	2	3	4	5	6	7	8		
2009	105.7	-5.5	-325.6	280.9	-51.8	-126.4	72.1	278.0	94.5	-117.7	19.0	-11.8
2010	-213.7	9.6	-338.5	262.6	-73.2	-249.5	139.8	57.7	-159.9	136.9	17.7	-17.0
2011	74.4	23.9	-393.1	250.9	55.2	-49.9	79.3	39.6	-117.2	169.0	-4.9	21.4
2011 Q3	20.2	8.5	-79.7	42.6	45.7	-3.8	3.1	-9.3	-60.6	81.8	-10.7	2.6
Q4	-31.3	42.7	-124.2	86.0	28.1	4.9	-17.5	-63.7	6.4	17.4	-10.9	-0.5
2012 Q1	-54.3	-2.6	-76.9	70.7	-17.2	-85.4	31.5	27.3	-56.0	62.0	-6.7	-1.0
Q2	5.8	17.3	-64.9	51.7	18.6	-17.6	13.7	26.2	-54.0	17.2	-9.6	7.0
Q3	23.2	30.7	-48.8	14.3	-6.2	-36.0	20.5	60.7	-10.3	11.1	-5.2	-7.8
2011 Oct.	-36.5	5.8	-31.9	35.7	4.8	8.4	-38.1	3.2	-33.0	17.6	-2.0	-7.0
Nov.	-38.9	11.9	-53.4	1.7	17.6	-1.1	1.4	-22.8	4.7	-5.0	-3.8	10.0
Dec.	44.1	25.1	-38.9	48.5	5.7	-2.5	19.2	-44.1	34.7	4.7	-5.1	-3.4
2012 Jan.	-49.8	-11.3	-33.3	35.7	-2.0	-23.2	-6.1	1.5	-21.4	24.4	-6.2	-7.9
Feb.	13.7	-1.8	-21.0	21.9	-5.6	-35.6	0.2	52.3	-18.7	22.3	4.4	-4.7
Mar.	-18.2	10.5	-22.6	13.1	-9.6	-26.6	37.4	-26.4	-15.9	15.2	-4.9	11.6
Apr.	-27.1	2.9	-27.4	25.3	-2.3	-8.8	-5.4	-15.6	2.4	0.1	0.4	1.2
May	18.5	-3.4	-13.5	22.7	8.5	-8.8	-1.0	29.7	-33.9	23.2	-7.2	2.2
June	14.4	17.7	-23.9	3.6	12.5	0.0	20.1	12.2	-22.4	-6.1	-2.9	3.6
July	5.8	14.5	-4.5	-2.3	3.3	-11.4	-2.0	16.9	-15.0	15.7	-2.3	-7.2
Aug.	7.7	9.7	-25.0	14.0	-0.1	-14.4	7.3	14.2	17.0	-14.7	-0.2	0.0
Sep.	8.6	6.4	-19.4	2.5	-9.4	-10.2	14.8	29.7	-13.6	10.2	-2.6	0.2
Oct.	7.2	9.1	-17.3	5.8	-2.7	-14.7	31.7	7.7	-5.0	-4.2	-0.6	-2.5
<i>12-month cumulated transactions</i>												
2012 Oct.	-14.0	91.3	-300.2	192.7	15.9	-157.1	117.4	55.2	-87.2	85.9	-30.9	3.1

### C38 Main b.o.p. items mirroring developments in MFI net external transactions <sup>1)</sup>

(EUR billions; 12-month cumulated transactions)



Source: ECB.

1) Data refer to the changing composition of the euro area. For further information, see the General Notes.

## 7.5 Trade in goods

### 1. Values and volumes by product group <sup>1)</sup>

(seasonally adjusted, unless otherwise indicated)

	Total (n.s.a.)		Exports (f.o.b.)					Imports (c.i.f.)					
	Exports	Imports	Total			Memo item: Manufacturing	Total			Memo items:			
			Intermediate	Capital	Consumption		Intermediate	Capital	Consumption	Manufacturing	Oil		
	1	2	3	4	5	6	7	8	9	10	11	12	13
Values (EUR billions; annual percentage changes for columns 1 and 2)													
2010	20.0	22.5	1,533.1	765.4	311.6	421.0	1,268.8	1,550.6	948.5	230.0	349.0	1,019.8	250.2
2011	13.2	13.2	1,745.1	879.2	353.2	474.7	1,427.4	1,758.9	1,126.3	240.1	367.5	1,106.1	321.6
2011 Q4	8.7	5.5	446.4	223.1	90.9	122.2	365.1	436.5	279.7	59.7	91.6	270.9	84.7
2012 Q1	8.5	3.8	463.3	232.8	94.6	126.2	376.2	452.6	290.7	61.3	91.9	274.5	88.5
Q2	8.1	0.9	466.7	230.2	96.5	129.0	382.0	445.8	285.6	61.9	90.9	275.1	87.1
Q3	7.3	0.0	473.3	232.6	95.5	132.0	386.4	446.7	283.5	60.9	92.6	273.7	87.9
2012 May	6.1	0.4	154.7	76.1	31.9	42.8	129.6	148.0	94.1	20.6	30.4	92.5	28.9
June	12.0	2.7	158.3	77.9	32.5	43.5	127.9	148.9	95.1	21.6	30.7	92.2	29.1
July	11.0	2.6	155.0	76.0	31.6	43.7	127.4	148.0	92.9	20.9	30.9	92.4	28.3
Aug.	10.0	2.0	160.2	79.1	31.7	44.7	132.1	151.6	96.6	20.7	31.2	91.8	30.9
Sep.	1.3	-4.5	158.1	77.5	32.2	43.6	126.9	147.1	94.0	19.3	30.5	89.5	28.7
Oct.	14.3	6.9	156.0	77.3	31.6	43.5	125.4	148.1	95.6	20.0	31.4	90.0	.
Volume indices (2000 = 100; annual percentage changes for columns 1 and 2)													
2010	14.9	10.7	137.1	132.9	138.6	144.4	133.9	121.4	113.7	132.3	143.7	128.2	104.9
2011	7.7	3.0	148.6	143.6	153.0	155.9	145.5	125.0	118.1	136.4	144.6	134.0	101.9
2011 Q4	3.5	-2.5	150.5	144.5	155.3	158.4	147.3	122.6	115.7	134.4	142.0	130.8	104.8
2012 Q1	4.5	-1.8	152.9	147.8	160.1	159.2	149.7	122.8	116.2	132.4	139.0	129.5	99.9
Q2	3.7	-3.6	153.3	145.7	161.5	162.1	151.2	121.0	114.2	133.2	137.6	129.5	99.6
Q3	2.6	-5.8	153.8	146.3	157.7	162.8	151.2	119.8	113.0	128.3	135.4	126.1	102.4
2012 Apr.	2.2	-4.7	152.0	144.6	163.0	161.2	148.7	120.6	114.1	128.5	137.4	128.7	94.4
May	1.5	-4.7	152.0	144.5	159.5	161.2	153.5	120.9	113.0	134.3	138.3	131.5	97.9
June	7.4	-1.4	155.8	148.1	162.1	163.9	151.4	121.6	115.6	136.7	137.2	128.3	106.5
July	6.5	-1.6	151.7	144.2	156.4	162.3	149.7	121.3	114.2	132.1	136.4	128.2	106.9
Aug.	4.8	-4.5	155.5	148.4	157.0	164.9	154.5	120.9	114.3	131.2	135.5	126.1	105.3
Sep.	-3.1	-10.9	154.1	146.3	159.8	161.2	149.4	117.1	110.5	121.7	134.3	123.9	95.1

### 2. Prices <sup>2)</sup>

(annual percentage changes, unless otherwise indicated)

	Industrial producer export prices (f.o.b.) <sup>3)</sup>							Industrial import prices (c.i.f.)						
	Total (index: 2005 = 100)	Total				Memo item: Manufacturing	Total (index: 2005 = 100)	Total				Memo item: Manufacturing		
		Intermediate goods	Capital goods	Consumer goods	Energy			Intermediate goods	Capital goods	Consumer goods	Energy			
% of total	1	2	3	4	5	6	7	8	9	10	11	12	13	14
	100.0	100.0	33.1	44.5	17.9	4.5	99.2	100.0	100.0	28.4	27.9	22.1	21.6	81.1
2010	106.2	4.1	4.8	1.1	2.2	26.4	4.1	109.0	9.8	9.8	1.5	2.9	26.1	5.8
2011	110.5	4.0	5.8	1.4	2.2	23.3	4.0	118.8	8.9	4.7	-0.4	3.8	26.1	3.9
2012 Q1	112.9	3.0	1.7	2.0	2.5	17.5	3.0	123.0	4.7	-1.3	1.1	2.2	14.8	1.4
Q2	113.2	2.6	1.0	2.5	2.6	8.4	2.5	122.5	3.1	0.1	1.9	3.3	6.1	1.8
Q3	113.9	2.8	0.6	2.6	2.8	12.3	2.8	123.3	3.7	0.4	2.7	3.9	7.2	2.6
2012 June	113.0	2.4	0.8	2.7	2.7	4.1	2.4	121.0	2.7	0.7	2.6	3.9	2.7	2.2
July	113.5	2.5	0.4	2.8	2.7	7.0	2.5	122.5	3.0	0.5	3.2	4.4	4.1	2.6
Aug.	114.3	3.4	0.7	2.7	2.9	16.9	3.4	124.3	5.0	0.6	2.8	4.5	11.2	3.1
Sep.	113.9	2.6	0.7	2.2	2.6	13.0	2.6	123.2	3.1	0.2	2.2	2.8	6.4	2.2
Oct.	113.4	2.3	0.8	1.8	2.5	10.0	2.4	122.2	2.3	0.7	1.5	2.6	4.1	2.0
Nov.	113.2	2.0	0.8	1.8	2.3	5.0	1.9	121.7	1.5	0.7	1.3	2.4	1.5	1.7

Source: Eurostat.

- Product groups as classified in the Broad Economic Categories. Unlike the product groups shown in Table 2, intermediate and consumption product groups include agricultural and energy products.
- Product groups as classified in the Main Industrial Groupings. Unlike the product groups shown in Table 1, intermediate and consumer goods do not include energy products, and agricultural goods are not covered. Manufacturing has a different composition compared with the data shown in columns 7 and 12 of Table 1. Data shown are price indices which follow the pure price change for a basket of products and are not simple ratios of the value and volume data shown in Table 1, which are affected by changes in the composition and quality of traded goods. These indices differ from the GDP deflators for imports and exports (shown in Table 3 in Section 5.1), mainly because those deflators include all goods and services and cover cross-border trade within the euro area.
- Industrial producer export prices refer to direct transactions between domestic producers and non-domestic customers. Contrary to the data shown for values and volumes in Table 1, exports from wholesalers and re-exports are not covered.

## 7.5 Trade in goods

(EUR billions, unless otherwise indicated; seasonally adjusted)

### 3. Geographical breakdown

	Total	EU Member States outside the euro area				Russia	Switzerland	Turkey	United States	Asia		Africa	Latin America	Other countries	
		Denmark	Sweden	United Kingdom	Other EU countries					China	Japan				
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
<b>Exports (f.o.b.)</b>															
2010	1,533.1	30.2	52.6	194.7	208.3	63.0	92.8	47.4	180.6	356.6	94.8	34.6	104.0	73.4	129.4
2011	1,745.1	32.9	60.4	213.3	241.5	79.8	109.2	56.7	200.6	406.4	115.5	39.4	112.1	84.6	147.7
2011 Q2	432.3	8.2	15.4	52.5	60.6	19.7	26.2	14.3	49.2	98.7	27.4	9.5	27.2	20.8	39.5
Q3	435.9	8.3	15.6	53.7	61.3	20.5	28.9	13.6	49.2	101.5	28.8	10.1	28.2	21.7	33.4
Q4	446.4	8.3	14.4	54.2	60.2	20.9	28.3	13.6	52.2	106.3	30.6	10.5	28.7	21.9	37.5
2012 Q1	463.3	8.4	15.1	56.5	61.3	22.1	29.5	14.7	55.6	109.6	31.3	10.6	31.0	24.0	35.8
Q2	466.7	8.5	14.9	57.1	61.0	22.7	29.2	14.6	55.9	109.1	30.3	11.4	31.3	24.4	37.9
Q3	473.3	8.4	14.9	57.6	61.5	22.9	29.2	14.8	58.4	110.1	29.8	11.6	31.8	24.7	38.9
2012 May	154.7	2.9	5.0	19.5	20.9	7.6	10.0	4.9	19.6	36.6	10.1	3.8	10.6	8.5	8.6
June	158.3	2.9	5.0	18.6	20.4	7.7	9.5	4.8	18.8	37.4	10.5	3.9	10.2	8.0	15.0
July	155.0	2.8	4.9	18.7	20.3	7.6	9.5	4.7	19.1	35.8	9.9	3.9	10.3	7.8	13.3
Aug.	160.2	2.8	5.2	20.1	21.2	7.7	10.1	5.2	20.0	37.6	10.2	3.9	10.4	8.8	11.1
Sep.	158.1	2.8	4.8	18.8	20.1	7.5	9.6	4.9	19.3	36.7	9.8	3.8	11.1	8.1	14.5
Oct.	156.0	.	.	.	.	7.6	9.6	4.9	18.1	35.9	9.8	3.9	10.8	8.0	.
<b>Percentage share of total exports</b>															
2011	100.0	1.9	3.5	12.2	13.8	4.6	6.3	3.3	11.5	23.3	6.6	2.3	6.4	4.8	8.5
<b>Imports (c.i.f.)</b>															
2010	1,550.6	27.4	47.3	147.8	195.4	112.2	72.7	30.7	129.8	494.9	208.6	51.4	118.8	75.3	98.3
2011	1,758.9	29.9	53.2	166.8	226.8	138.0	81.7	35.0	140.8	552.4	218.6	52.6	129.0	91.1	114.2
2011 Q2	441.1	7.6	13.5	41.4	56.6	34.2	19.7	8.9	34.7	140.4	55.7	12.7	31.0	22.2	31.0
Q3	442.8	7.4	13.7	42.3	57.2	33.1	22.3	8.6	34.9	140.7	55.0	13.3	31.2	23.5	27.9
Q4	436.5	7.6	12.7	42.1	57.3	35.0	20.2	8.5	35.7	134.8	52.7	12.9	31.8	23.7	27.1
2012 Q1	452.6	7.2	13.2	42.7	57.3	37.7	20.0	8.5	37.7	136.1	53.4	12.5	38.7	23.7	29.7
Q2	445.8	7.3	13.1	41.5	56.9	34.6	19.7	8.3	37.6	136.5	55.7	12.4	38.1	22.9	29.3
Q3	446.7	7.2	13.7	42.4	58.0	33.3	21.5	8.3	39.0	131.7	53.3	12.0	39.6	22.9	29.1
2012 May	148.0	2.4	4.6	14.3	19.1	11.9	6.8	2.8	12.6	45.3	19.1	4.4	13.2	8.0	7.0
June	148.9	2.5	4.2	13.3	19.0	10.6	6.8	2.7	12.7	46.8	18.5	4.1	12.0	7.3	11.1
July	148.0	2.4	4.6	14.4	18.9	10.1	7.1	2.8	13.2	44.1	18.5	4.1	12.6	7.7	10.2
Aug.	151.6	2.4	4.7	14.2	19.8	11.6	7.7	2.8	13.1	44.5	17.9	4.0	13.8	7.9	9.0
Sep.	147.1	2.4	4.4	13.9	19.3	11.5	6.6	2.8	12.7	43.2	16.9	3.9	13.3	7.2	9.9
Oct.	148.1	.	.	.	.	12.3	6.7	3.0	12.8	43.7	16.6	3.8	13.2	7.4	.
<b>Percentage share of total imports</b>															
2011	100.0	1.7	3.0	9.5	12.9	7.8	4.6	2.0	8.0	31.4	12.4	3.0	7.3	5.2	6.5
<b>Balance</b>															
2010	-17.5	2.7	5.3	46.9	12.9	-49.1	20.0	16.8	50.8	-138.3	-113.8	-16.8	-14.8	-1.8	31.1
2011	-13.9	3.0	7.2	46.5	14.7	-58.3	27.5	21.7	59.8	-146.0	-103.1	-13.2	-16.9	-6.6	33.5
2011 Q2	-8.8	0.6	1.9	11.1	4.0	-14.5	6.4	5.5	14.4	-41.7	-28.3	-3.2	-3.7	-1.4	8.5
Q3	-6.9	1.0	1.9	11.3	4.2	-12.6	6.6	5.0	14.2	-39.2	-26.2	-3.2	-3.1	-1.8	5.5
Q4	9.9	0.7	1.7	12.0	2.9	-14.1	8.1	5.1	16.5	-28.5	-22.1	-2.4	-3.1	-1.8	10.4
2012 Q1	10.7	1.2	1.9	13.8	4.0	-15.6	9.4	6.2	17.9	-26.6	-22.1	-1.9	-7.8	0.3	6.1
Q2	20.9	1.3	1.8	15.6	4.2	-11.8	9.4	6.2	18.3	-27.4	-25.4	-1.0	-6.8	1.5	8.6
Q3	26.5	1.2	1.2	15.2	3.6	-10.3	7.8	6.5	19.4	-21.6	-23.5	-0.3	-7.8	1.9	9.7
2012 May	6.6	0.4	0.4	5.2	1.8	-4.4	3.2	2.1	7.0	-8.7	-9.0	-0.6	-2.6	0.5	1.6
June	9.3	0.4	0.8	5.3	1.4	-2.8	2.7	2.1	6.1	-9.4	-8.0	-0.1	-1.8	0.6	3.9
July	7.0	0.5	0.3	4.3	1.4	-2.5	2.4	1.9	5.9	-8.2	-8.6	-0.1	-2.2	0.1	3.1
Aug.	8.5	0.4	0.5	6.0	1.4	-3.9	2.4	2.4	6.8	-6.9	-7.7	-0.1	-3.4	0.9	2.0
Sep.	11.0	0.3	0.4	4.9	0.8	-3.9	3.0	2.1	6.6	-6.5	-7.2	-0.1	-2.2	0.9	4.7
Oct.	7.9	.	.	.	.	-4.8	2.9	2.0	5.3	-7.8	-6.9	0.1	-2.3	0.6	.

Source: Eurostat.



## EXCHANGE RATES

### 8.1 Effective exchange rates <sup>1)</sup>

(period averages; index: 1999 Q1=100)

	EER-20						EER-40		
	Nominal	Real CPI	Real PPI	Real GDP deflator	Real ULCM	Real ULCT	Nominal	Real CPI	
	1	2	3	4	5	6	7	8	
2010	103.6	101.6	98.1	96.9	107.2	98.2	111.4	98.1	
2011	103.4	100.7	97.6	95.1	105.5	96.3	112.1	97.6	
2012	97.8	95.6	93.4	.	.	.	107.0	92.9	
2011 Q4	102.1	99.4	96.4	93.5	101.4	93.0	111.6	97.0	
2012 Q1	99.5	96.9	94.4	91.4	99.8	90.3	108.3	94.0	
Q2	98.2	95.9	93.4	90.2	98.4	88.7	107.4	93.3	
Q3	95.9	93.7	91.7	87.8	96.1	86.3	105.1	91.3	
Q4	97.8	95.8	94.1	.	.	.	107.4	93.1	
2011 Dec.	100.8	98.1	95.2	-	-	-	110.3	95.7	
2012 Jan.	98.9	96.3	93.7	-	-	-	108.0	93.7	
Feb.	99.6	97.2	94.7	-	-	-	108.4	94.1	
Mar.	99.8	97.3	94.9	-	-	-	108.6	94.3	
Apr.	99.5	97.2	94.5	-	-	-	108.4	94.2	
May	98.0	95.7	93.2	-	-	-	107.2	93.1	
June	97.2	94.9	92.3	-	-	-	106.6	92.5	
July	95.3	93.2	91.0	-	-	-	104.4	90.7	
Aug.	95.2	93.1	91.2	-	-	-	104.3	90.7	
Sep.	97.2	94.9	93.2	-	-	-	106.6	92.4	
Oct.	97.8	95.5	93.8	-	-	-	107.2	92.8	
Nov.	97.2	95.2	93.5	-	-	-	106.7	92.6	
Dec.	98.7	96.7	94.9	-	-	-	108.2	94.0	
	<i>Percentage change versus previous month</i>								
2012 Dec.	1.5	1.6	1.5	-	-	-	1.5	1.5	
	<i>Percentage change versus previous year</i>								
2012 Dec.	-2.1	-1.4	-0.3	-	-	-	-1.9	-1.8	

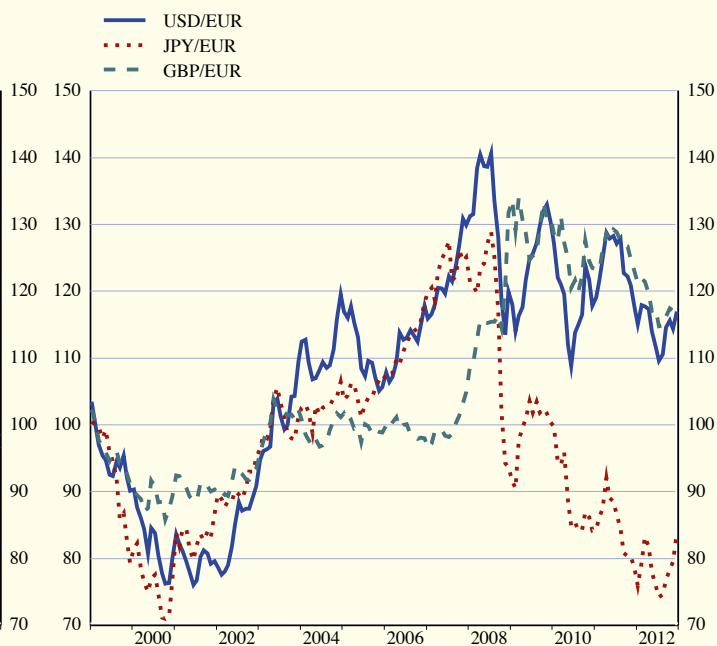
### C39 Effective exchange rates

(monthly averages; index: 1999 Q1=100)



### C40 Bilateral exchange rates

(monthly averages; index: 1999 Q1=100)



Source: ECB.

1) For a definition of the trading partner groups and other information, please refer to the General Notes.

## 8.2 Bilateral exchange rates

(period averages; units of national currency per euro)

	Bulgarian lev	Czech koruna	Danish krone	Latvian lats	Lithuanian litas	Hungarian forint	Polish zloty	New Romanian leu	Swedish krona	Pound sterling	Croatian kuna	New Turkish lira
	1	2	3	4	5	6	7	8	9	10	11	12
2010	1.9558	25.284	7.4473	0.7087	3.4528	275.48	3.9947	4.2122	9.5373	0.85784	7.2891	1.9965
2011	1.9558	24.590	7.4506	0.7063	3.4528	279.37	4.1206	4.2391	9.0298	0.86788	7.4390	2.3378
2012	1.9558	25.149	7.4437	0.6973	3.4528	289.25	4.1847	4.4593	8.7041	0.81087	7.5217	2.3135
2012 Q2	1.9558	25.269	7.4349	0.6981	3.4528	293.98	4.2595	4.4293	8.9133	0.80998	7.5280	2.3157
Q3	1.9558	25.082	7.4457	0.6963	3.4528	283.05	4.1366	4.5255	8.4354	0.79153	7.4732	2.2560
Q4	1.9558	25.167	7.4590	0.6963	3.4528	283.25	4.1123	4.5288	8.6230	0.80740	7.5290	2.3272
2012 June	1.9558	25.640	7.4325	0.6969	3.4528	293.57	4.2973	4.4626	8.8743	0.80579	7.5434	2.2837
July	1.9558	25.447	7.4384	0.6963	3.4528	286.28	4.1837	4.5549	8.5451	0.78827	7.5006	2.2281
Aug.	1.9558	25.021	7.4454	0.6963	3.4528	278.93	4.0934	4.5176	8.2805	0.78884	7.4853	2.2291
Sep.	1.9558	24.752	7.4539	0.6962	3.4528	284.22	4.1345	4.5022	8.4929	0.79821	7.4291	2.3177
Oct.	1.9558	24.939	7.4582	0.6962	3.4528	282.09	4.1071	4.5624	8.6145	0.80665	7.5140	2.3384
Nov.	1.9558	25.365	7.4587	0.6962	3.4528	282.26	4.1321	4.5273	8.6076	0.80389	7.5410	2.3010
Dec.	1.9558	25.214	7.4604	0.6965	3.4528	285.79	4.0956	4.4899	8.6512	0.81237	7.5334	2.3439
<i>Percentage change versus previous month</i>												
2012 Dec.	0.0	-0.6	0.0	0.0	0.0	1.3	-0.9	-0.8	0.5	1.1	-0.1	1.9
<i>Percentage change versus previous year</i>												
2012 Dec.	0.0	-1.2	0.4	-0.1	0.0	-6.0	-8.5	3.7	-4.1	-3.8	0.3	-4.8
	Australian dollar	Brazilian real	Canadian dollar	Chinese yuan renminbi	Hong Kong dollar	Indian rupee <sup>1)</sup>	Indonesian rupiah	Israeli shekel	Japanese yen	Malaysian ringgit		
	13	14	15	16	17	18	19	20	21	22		
2010	1.4423	2.3314	1.3651	8.9712	10.2994	60.5878	12,041.70	4.9457	116.24	4.2668		
2011	1.3484	2.3265	1.3761	8.9960	10.8362	64.8859	12,206.51	4.9775	110.96	4.2558		
2012	1.2407	2.5084	1.2842	8.1052	9.9663	68.5973	12,045.73	4.9536	102.49	3.9672		
2012 Q2	1.2699	2.5167	1.2949	8.1072	9.9460	69.3757	11,932.86	4.9021	102.59	3.9918		
Q3	1.2035	2.5359	1.2447	7.9410	9.6962	68.9706	11,876.24	4.9818	98.30	3.9029		
Q4	1.2484	2.6671	1.2850	8.1036	10.0506	70.2047	12,473.53	4.9853	105.12	3.9632		
2012 June	1.2550	2.5658	1.2874	7.9676	9.7192	70.1673	11,830.22	4.8763	99.26	3.9836		
July	1.1931	2.4914	1.2461	7.8288	9.5308	68.1061	11,605.16	4.9042	97.07	3.8914		
Aug.	1.1841	2.5170	1.2315	7.8864	9.6177	68.8632	11,777.55	4.9779	97.58	3.8643		
Sep.	1.2372	2.6066	1.2583	8.1273	9.9686	70.0452	12,287.93	5.0717	100.49	3.9599		
Oct.	1.2596	2.6333	1.2801	8.1390	10.0574	68.8589	12,457.30	4.9976	102.47	3.9649		
Nov.	1.2331	2.6512	1.2787	7.9998	9.9423	70.3250	12,343.83	4.9970	103.94	3.9230		
Dec.	1.2527	2.7264	1.2984	8.1809	10.1679	71.6946	12,643.37	4.9570	109.71	4.0075		
<i>Percentage change versus previous month</i>												
2012 Dec.	1.6	2.8	1.5	2.3	2.3	1.9	2.4	-0.8	5.6	2.2		
<i>Percentage change versus previous year</i>												
2012 Dec.	-3.7	12.8	-3.7	-2.1	-0.8	3.6	5.7	-0.3	7.0	-3.8		
	Mexican peso	New Zealand dollar	Norwegian krone	Philippine peso	Russian ruble	Singapore dollar	South African rand	South Korean won	Swiss franc	Thai baht	US dollar	
	23	24	25	26	27	28	29	30	31	32	33	
2010	16.7373	1.8377	8.0043	59.739	40.2629	1.8055	9.6984	1,531.82	1.3803	42.014	1.3257	
2011	17.2877	1.7600	7.7934	60.260	40.8846	1.7489	10.0970	1,541.23	1.2326	42.429	1.3920	
2012	16.9029	1.5867	7.4751	54.246	39.9262	1.6055	10.5511	1,447.69	1.2053	39.928	1.2848	
2012 Q2	17.3620	1.6241	7.5582	54.813	39.8768	1.6200	10.4214	1,477.96	1.2015	40.101	1.2814	
Q3	16.4690	1.5462	7.3910	52.377	39.9755	1.5594	10.3385	1,416.52	1.2035	39.207	1.2502	
Q4	16.7805	1.5751	7.3664	53.387	40.3064	1.5855	11.2766	1,414.42	1.2080	39.778	1.2967	
2012 June	17.4529	1.6062	7.5401	53.510	41.1766	1.6016	10.5050	1,458.61	1.2011	39.640	1.2526	
July	16.4263	1.5390	7.4579	51.452	39.9467	1.5494	10.1379	1,404.11	1.2011	38.873	1.2288	
Aug.	16.3600	1.5306	7.3239	52.173	39.6334	1.5480	10.2585	1,403.93	1.2011	38.974	1.2400	
Sep.	16.6413	1.5721	7.3945	53.629	40.4006	1.5837	10.6512	1,444.65	1.2089	39.842	1.2856	
Oct.	16.7207	1.5817	7.4076	53.691	40.3558	1.5879	11.2215	1,435.37	1.2098	39.811	1.2974	
Nov.	16.7689	1.5660	7.3371	52.716	40.2505	1.5695	11.2986	1,395.13	1.2052	39.391	1.2828	
Dec.	16.8664	1.5777	7.3503	53.796	40.3114	1.6009	11.3179	1,411.41	1.2091	40.187	1.3119	
<i>Percentage change versus previous month</i>												
2012 Dec.	0.6	0.7	0.2	2.0	0.2	2.0	0.2	1.2	0.3	2.0	2.3	
<i>Percentage change versus previous year</i>												
2012 Dec.	-6.9	-7.8	-5.1	-6.5	-3.0	-6.2	5.0	-6.7	-1.5	-2.2	-0.5	

Source: ECB.

1) For this currency the ECB computes and publishes euro reference exchange rates as from 1 January 2009. Previous data are indicative.



## DEVELOPMENTS OUTSIDE THE EURO AREA

### 9.1 Economic and financial developments in other EU Member States

(annual percentage changes, unless otherwise indicated)

	Bulgaria	Czech Republic	Denmark	Latvia	Lithuania	Hungary	Poland	Romania	Sweden	United Kingdom
	1	2	3	4	5	6	7	8	9	10
HICP										
2010	3.0	1.2	2.2	-1.2	1.2	4.7	2.7	6.1	1.9	3.3
2011	3.4	2.1	2.7	4.2	4.1	3.9	3.9	5.8	1.4	4.5
2012 Q2	1.8	3.8	2.2	2.4	2.8	5.5	4.0	2.1	0.9	2.7
Q3	3.0	3.4	2.4	1.9	3.2	6.0	3.9	4.2	0.9	2.4
2012 Sep.	3.4	3.5	2.5	1.9	3.3	6.4	3.8	5.4	1.0	2.2
Oct.	3.0	3.6	2.3	1.6	3.2	6.0	3.4	5.0	1.2	2.7
Nov.	2.7	2.8	2.2	1.5	2.8	5.3	2.7	4.4	0.8	2.7
General government deficit (-)/surplus (+) as a percentage of GDP										
2009	-4.3	-5.8	-2.7	-9.8	-9.4	-4.6	-7.4	-9.0	-0.7	-11.5
2010	-3.1	-4.8	-2.5	-8.1	-7.2	-4.4	-7.9	-6.8	0.3	-10.2
2011	-2.0	-3.3	-1.8	-3.4	-5.5	4.3	-5.0	-5.5	0.4	-7.8
General government gross debt as a percentage of GDP										
2009	14.6	34.2	40.6	36.7	29.3	79.8	50.9	23.6	42.6	67.8
2010	16.2	37.8	42.9	44.5	37.9	81.8	54.8	30.5	39.5	79.4
2011	16.3	40.8	46.6	42.2	38.5	81.4	56.4	33.4	38.4	85.0
Long-term government bond yield as a percentage per annum; period average										
2012 June	5.07	3.11	1.26	5.07	4.96	8.30	5.24	6.68	1.45	1.60
July	4.87	2.60	1.10	4.67	4.82	7.56	4.99	6.52	1.33	1.47
Aug.	4.28	2.38	1.15	4.45	4.84	7.36	4.88	6.84	1.44	1.49
Sep.	3.80	2.41	1.31	3.92	4.53	7.28	4.85	6.54	1.51	1.53
Oct.	3.39	2.24	1.29	3.52	4.32	6.94	4.57	6.85	1.54	1.54
Nov.	3.22	1.92	1.11	3.32	4.11	6.87	4.18	6.84	1.46	1.55
3-month interest rate as a percentage per annum; period average										
2012 June	2.45	1.21	0.62	0.90	1.20	-	5.12	5.10	2.14	0.95
July	2.14	1.06	0.41	0.75	1.11	8.00	5.13	5.11	2.10	0.82
Aug.	1.69	1.00	0.31	0.61	0.93	7.77	5.11	5.51	2.02	0.71
Sep.	1.60	0.87	0.32	0.58	0.81	-	4.95	5.47	1.69	0.65
Oct.	1.56	0.71	0.33	0.52	0.76	6.84	4.82	5.46	1.51	0.54
Nov.	1.45	0.54	0.30	0.54	0.73	-	4.62	5.64	1.46	0.52
Real GDP										
2010	0.4	2.5	1.6	-0.9	1.5	1.3	3.9	-1.7	6.6	1.8
2011	1.7	1.9	1.1	5.5	5.9	1.6	4.3	2.5	3.7	0.9
2012 Q1	0.5	-0.5	0.1	5.6	4.2	-1.3	3.5	0.9	1.3	0.2
Q2	0.5	-1.0	-1.2	4.8	3.2	-1.4	2.3	1.1	1.3	-0.3
Q3	0.5	-1.3	-0.4	5.2	3.3	-1.6	1.9	-0.8	0.7	0.0
Current and capital account balance as a percentage of GDP										
2010	-0.7	-3.0	5.9	4.9	2.7	2.8	-3.3	-4.2	6.5	-3.1
2011	1.6	-2.5	5.9	0.0	-1.3	3.3	-2.9	-4.0	6.3	-1.2
2012 Q1	-6.6	2.6	2.8	-3.0	-9.7	1.7	-3.6	-0.2	7.7	-3.0
Q2	-2.9	-2.1	8.2	-1.1	7.3	4.1	0.1	-4.3	6.0	-4.1
Q3	10.0	-4.6	6.6	4.8	3.0	5.2	-0.9	-3.5	8.3	-3.8
Gross external debt as a percentage of GDP										
2010	102.7	56.2	190.4	164.8	83.2	144.8	66.4	75.8	190.5	413.1
2011	93.1	57.9	183.1	145.0	77.8	147.2	71.9	73.7	195.3	425.0
2012 Q1	93.8	58.9	187.1	144.5	80.9	138.1	70.3	74.9	195.8	423.2
Q2	94.8	60.1	191.8	144.1	78.0	134.6	71.9	75.2	200.4	415.5
Q3	95.0	59.0	187.7	139.4	79.0	128.2	70.8	74.9	199.3	414.5
Unit labour costs										
2010	5.6	0.0	-1.2	-10.4	-6.9	-0.9	1.3	7.9	-2.4	1.2
2011	1.1	1.1	0.1	5.2	-0.1	1.8	0.7	1.7	-0.5	1.6
2012 Q1	1.9	4.3	1.1	-1.3	3.9	5.5	0.0	4.6	1.6	4.3
Q2	0.7	3.3	2.0	-1.8	4.5	6.5	0.6	4.2	2.4	4.7
Q3	3.2	2.5	1.7	-2.6	3.2	5.6	1.5	2.4	3.0	3.6
Standardised unemployment rate as a percentage of labour force (s.a.)										
2010	10.3	7.3	7.5	19.8	18.0	11.2	9.6	7.3	8.4	7.8
2011	11.3	6.7	7.6	16.3	15.3	11.0	9.6	7.4	7.5	8.0
2012 Q2	12.2	6.8	7.9	15.7	13.1	10.9	10.0	7.2	7.6	7.9
Q3	12.3	7.0	7.5	14.1	12.6	10.7	10.3	7.0	7.8	7.8
2012 Sep.	12.3	7.1	7.4	14.1	12.5	10.8	10.3	7.0	7.8	7.8
Oct.	12.4	7.3	7.7	.	12.4	10.9	10.5	6.9	7.7	.
Nov.	12.4	7.4	7.9	.	12.5	.	10.6	6.7	8.1	.

Sources: ECB, European Commission (Economic and Financial Affairs DG and Eurostat), national data, Thomson Reuters and ECB calculations.

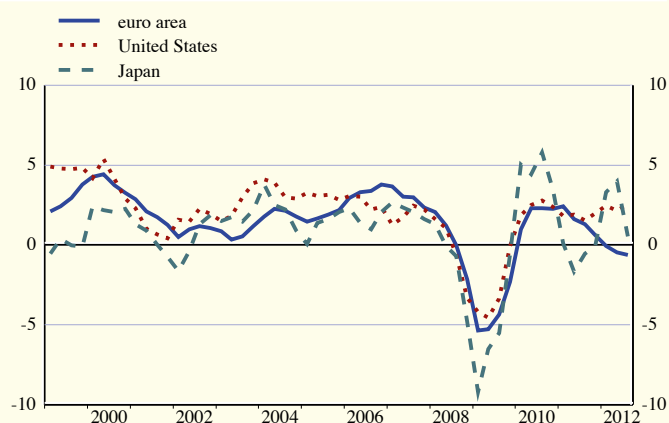
## 9.2 Economic and financial developments in the United States and Japan

(annual percentage changes, unless otherwise indicated)

	Consumer price index	Unit labour costs <sup>1)</sup>	Real GDP	Industrial production index (manufacturing)	Unemployment rate as a % of labour force <sup>2)</sup> (s.a.)	Broad money <sup>3)</sup>	3-month interbank deposit rate <sup>4)</sup>	10-year zero coupon government bond yield; <sup>4)</sup> end of period	Exchange rate <sup>5)</sup> as national currency per euro	Government deficit (-)/ surplus (+) as a % of GDP	Government debt <sup>6)</sup> as a % of GDP
	1	2	3	4	5	6	7	8	9	10	11
United States											
2009	-0.4	-1.4	-3.1	-13.8	9.3	8.0	0.69	4.17	1.3948	-11.9	73.3
2010	1.6	-1.1	2.4	6.3	9.6	2.5	0.34	3.57	1.3257	-11.4	81.9
2011	3.2	1.9	1.8	4.8	8.9	7.3	0.34	2.10	1.3920	-10.2	85.9
2012	.	.	.	.	8.1	.	0.43	1.88	1.2848	.	.
2011 Q4	3.3	1.4	2.0	4.5	8.7	9.7	0.48	2.10	1.3482	-9.9	85.9
2012 Q1	2.8	0.2	2.4	5.3	8.3	10.2	0.51	2.38	1.3108	-8.7	87.6
Q2	1.9	0.5	2.1	5.5	8.2	9.6	0.47	1.83	1.2814	-8.6	87.9
Q3	1.7	0.1	2.6	4.0	8.0	7.0	0.43	1.77	1.2502	.	.
Q4	.	.	.	.	7.8	.	0.32	1.88	1.2967	.	.
2012 Aug.	1.7	.	.	3.7	8.1	6.2	0.43	1.72	1.2400	.	.
Sep.	2.0	.	.	3.4	7.8	6.8	0.39	1.77	1.2856	.	.
Oct.	2.2	.	.	1.9	7.9	7.3	0.33	1.79	1.2974	.	.
Nov.	1.8	.	.	3.0	7.8	7.3	0.31	1.72	1.2828	.	.
Dec.	.	.	.	.	7.8	.	0.31	1.88	1.3119	.	.
Japan											
2009	-1.3	2.9	-5.5	-21.9	5.1	2.7	0.47	1.42	130.34	-8.8	180.0
2010	-0.7	-2.8	4.7	16.6	5.1	2.8	0.23	1.18	116.24	-8.4	188.4
2011	-0.3	.	-0.5	-2.5	4.6	2.7	0.19	1.00	110.96	.	.
2012	.	.	.	.	.	.	0.19	0.84	102.49	.	.
2011 Q4	-0.3	.	0.0	-1.7	4.5	3.0	0.20	1.00	104.22	.	.
2012 Q1	0.3	.	3.3	4.7	4.5	3.0	0.20	1.05	103.99	.	.
Q2	0.1	.	4.0	5.3	4.4	2.3	0.20	0.84	102.59	.	.
Q3	-0.4	.	0.5	-4.6	4.2	2.4	0.19	0.78	98.30	.	.
Q4	.	.	.	.	.	.	0.19	0.84	105.12	.	.
2012 Aug.	-0.4	.	.	-4.6	4.2	2.4	0.19	0.81	97.58	.	.
Sep.	-0.3	.	.	-8.1	4.2	2.4	0.19	0.78	100.49	.	.
Oct.	-0.4	.	.	-4.5	4.2	2.3	0.19	0.78	102.47	.	.
Nov.	-0.2	.	.	-5.8	4.1	2.1	0.19	0.74	103.94	.	.
Dec.	.	.	.	.	.	.	0.18	0.84	109.71	.	.

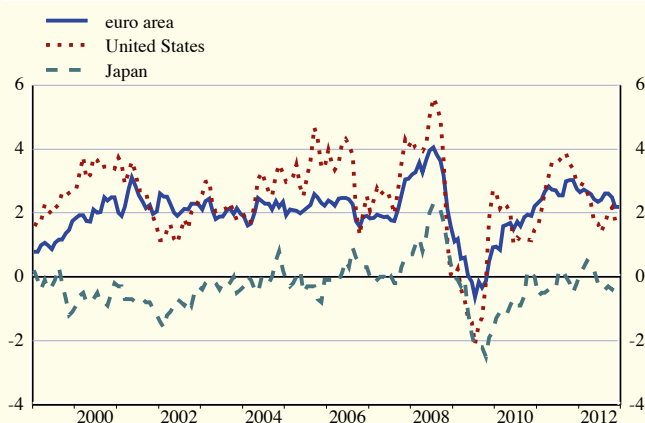
### C41 Real gross domestic product

(annual percentage changes; quarterly data)



### C42 Consumer price indices

(annual percentage changes; monthly data)



Sources: National data (columns 1, 2 (United States), 3, 4, 5 (United States), 6, 9 and 10); OECD (column 2 (Japan)); Eurostat (column 5 (Japan), euro area chart data); Thomson Reuters (columns 7 and 8); ECB calculations (column 11).

- 1) Seasonally adjusted. The data for the United States refer to the private non-agricultural business sector.
- 2) Japanese data from March to August 2011 include estimates for the three prefectures most affected by the earthquake in that country. Data collection was reinstated as of September 2011.
- 3) Period averages; M2 for the United States, M2+CDs for Japan.
- 4) Percentages per annum. For further information on the three-month interbank deposit rate, see Section 4.6.
- 5) For more information, see Section 8.2.
- 6) General government debt consists of deposits, securities other than shares and loans outstanding at nominal value and is consolidated within the general government sector (end of period).
- 7) Data refer to the changing composition of the euro area. For further information, see the General Notes.



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## TECHNICAL NOTES

### EURO AREA OVERVIEW

#### CALCULATION OF GROWTH RATES FOR MONETARY DEVELOPMENTS

The average growth rate for the quarter ending in month  $t$  is calculated as:

$$a) \left( \frac{0.5I_t + \sum_{i=1}^2 I_{t-i} + 0.5I_{t-3}}{0.5I_{t-12} + \sum_{i=1}^2 I_{t-i-12} + 0.5I_{t-15}} - 1 \right) \times 100$$

where  $I_t$  is the index of adjusted outstanding amounts as at month  $t$  (see also below). Likewise, for the year ending in month  $t$ , the average growth rate is calculated as:

$$b) \left( \frac{0.5I_t + \sum_{i=1}^{11} I_{t-i} + 0.5I_{t-12}}{0.5I_{t-12} + \sum_{i=1}^{11} I_{t-i-12} + 0.5I_{t-24}} - 1 \right) \times 100$$

### SECTION 1.3

#### CALCULATION OF INTEREST RATES ON INDEXED LONGER-TERM REFINANCING OPERATIONS

The interest rate on an indexed longer-term refinancing operation (LTRO) is equal to the average of the minimum bid rates on the main refinancing operations (MROs) over the life of that LTRO. According to this definition, if an LTRO is outstanding for  $D$  number of days and the minimum bid rates prevailing in MROs are  $R_{1, MRO}$  (over  $D_1$  days),  $R_{2, MRO}$  (over  $D_2$  days), etc., until  $R_{i, MRO}$  (over  $D_i$  days), where  $D_1 + D_2 + \dots + D_i = D$ , the applicable annualised rate ( $R_{LTRO}$ ) is calculated as:

$$c) R_{LTRO} = \frac{D_1 R_{1, MRO} + D_2 R_{2, MRO} + \dots + D_i R_{i, MRO}}{D}$$

### SECTIONS 2.1 TO 2.6

#### CALCULATION OF TRANSACTIONS

Monthly transactions are calculated from monthly differences in outstanding amounts adjusted for reclassifications, other revaluations, exchange rate variations and any other changes which do not arise from transactions.

If  $L_t$  represents the outstanding amount at the end of month  $t$ ,  $C_t^M$  the reclassification adjustment in month  $t$ ,  $E_t^M$  the exchange rate adjustment and  $V_t^M$  the other revaluation adjustments, the transactions  $F_t^M$  in month  $t$  are defined as:

$$d) F_t^M = (L_t - L_{t-1}) - C_t^M - E_t^M - V_t^M$$

Similarly, the quarterly transactions  $F_t^Q$  for the quarter ending in month  $t$  are defined as:

$$e) \quad F_t^Q = (L_t - L_{t-3}) - C_t^Q - E_t^Q - V_t^Q$$

where  $L_{t-3}$  is the amount outstanding at the end of month  $t-3$  (the end of the previous quarter) and, for example,  $C_t^Q$  is the reclassification adjustment in the quarter ending in month  $t$ .

For those quarterly series for which monthly observations are now available (see below), the quarterly transactions can be derived as the sum of the three monthly transactions in the quarter.

#### CALCULATION OF GROWTH RATES FOR MONTHLY SERIES

Growth rates can be calculated from transactions or from the index of adjusted outstanding amounts. If  $F_t^M$  and  $L_t$  are defined as above, the index  $I_t$  of adjusted outstanding amounts in month  $t$  is defined as:

$$f) \quad I_t = I_{t-1} \times \left( 1 + \frac{F_t^M}{L_{t-1}} \right)$$

The base of the index (for the non-seasonally adjusted series) is currently set as December 2010 = 100. Time series for the index of adjusted outstanding amounts are available on the ECB's website ([www.ecb.europa.eu](http://www.ecb.europa.eu)) in the "Monetary and financial statistics" sub-section of the "Statistics" section.

The annual growth rate  $a_t$  for month  $t$  – i.e. the change in the 12 months ending in month  $t$  – can be calculated using either of the following two formulae:

$$g) \quad a_t = \left[ \prod_{i=0}^{11} \left( 1 + \frac{F_{t-i}^M}{L_{t-1-i}} \right) - 1 \right] \times 100$$

$$h) \quad a_t = \left( \frac{I_t}{I_{t-12}} - 1 \right) \times 100$$

Unless otherwise indicated, the annual growth rates refer to the end of the indicated period. For example, the annual percentage change for the year 2002 is calculated in h) by dividing the index for December 2002 by the index for December 2001.

Growth rates for intra-annual periods can be derived by adapting formula h). For example, the month-on-month growth rate  $a_t^M$  can be calculated as:

$$i) \quad a_t^M = \left( \frac{I_t}{I_{t-1}} - 1 \right) \times 100$$

Finally, the three-month moving average (centred) for the annual growth rate of M3 is obtained as  $(a_{t+1} + a_t + a_{t-1})/3$ , where  $a_t$  is defined as in g) or h) above.

## CALCULATION OF GROWTH RATES FOR QUARTERLY SERIES

If  $F_t^Q$  and  $L_{t-3}$  are defined as above, the index  $I_t$  of adjusted outstanding amounts for the quarter ending in month  $t$  is defined as:

$$j) \quad I_t = I_{t-3} \times \left( 1 + \frac{F_t^Q}{L_{t-3}} \right)$$

The annual growth rate in the four quarters ending in month  $t$  (i.e.  $a_t$ ) can be calculated using formula h).

## SEASONAL ADJUSTMENT OF THE EURO AREA MONETARY STATISTICS<sup>1</sup>

The approach used is based on multiplicative decomposition using X-12-ARIMA.<sup>2</sup> The seasonal adjustment may include a day-of-the-week adjustment, and for some series it is carried out indirectly by means of a linear combination of components. This is the case for M3, which is derived by aggregating the seasonally adjusted series for M1, M2 less M1, and M3 less M2.

The seasonal adjustment procedures are first applied to the index of adjusted outstanding amounts.<sup>3</sup> The resulting estimates of seasonal factors are then applied to the levels and to the adjustments arising from reclassifications and revaluations, in turn yielding seasonally adjusted transactions. Seasonal (and trading day) factors are revised at annual intervals or as required.

## SECTIONS 3.1 TO 3.5

### EQUALITY OF USES AND RESOURCES

In Section 3.1 the data conform to a basic accounting identity. For non-financial transactions, total uses equal total resources for each transaction category. This accounting identity is also reflected in the financial account – i.e. for each financial instrument category, total transactions in financial assets equal total transactions in liabilities. In the other changes in assets account and the financial balance sheets, total financial assets equal total liabilities for each financial instrument category, with the exception of monetary gold and special drawing rights, which are by definition not a liability of any sector.

1 For details, see “Seasonal adjustment of monetary aggregates and HICP for the euro area”, ECB (August 2000) and the “Monetary and financial statistics” sub-section of the “Statistics” section of the ECB’s website ([www.ecb.europa.eu](http://www.ecb.europa.eu)).

2 For details, see Findley, D., Monsell, B., Bell, W., Otto, M. and Chen, B. C. (1998), “New Capabilities and Methods of the X-12-ARIMA Seasonal Adjustment Program”, *Journal of Business and Economic Statistics*, 16, 2, pp.127-152, or “X-12-ARIMA Reference Manual”, Time Series Staff, Bureau of the Census, Washington, D.C.

For internal purposes, the model-based approach of TRAMO-SEATS is also used. For details of TRAMO-SEATS, see Gomez, V. and Maravall, A. (1996), “Programs TRAMO and SEATS: Instructions for the User”, Banco de España, Working Paper No 9628, Madrid.

3 It follows that for the seasonally adjusted series, the level of the index for the base period (i.e. December 2010) generally differs from 100, reflecting the seasonality of that month.

## CALCULATION OF BALANCING ITEMS

The balancing items at the end of each account in Sections 3.1, 3.2 and 3.3 are computed as follows.

The trade balance equals euro area imports minus exports vis-à-vis the rest of the world for goods and services.

Net operating surplus and mixed income is defined for resident sectors only and is calculated as gross value added (gross domestic product at market prices for the euro area) minus compensation of employees (uses) minus other taxes less subsidies on production (uses) minus consumption of fixed capital (uses).

Net national income is defined for resident sectors only and is computed as net operating surplus and mixed income plus compensation of employees (resources) plus taxes less subsidies on production (resources) plus net property income (resources minus uses).

Net disposable income is also defined only for resident sectors and equals net national income plus net current taxes on income and wealth (resources minus uses) plus net social contributions (resources minus uses) plus net social benefits other than social transfers in kind (resources minus uses) plus net other current transfers (resources minus uses).

Net saving is defined for resident sectors and is calculated as net disposable income plus the net adjustment for the change in the net equity of households in pension fund reserves (resources minus uses) minus final consumption expenditure (uses). For the rest of the world, the current external account is compiled as the trade balance plus all net income (resources minus uses).

Net lending/net borrowing is computed from the capital account as net saving plus net capital transfers (resources minus uses) minus gross capital formation (uses) minus acquisitions less disposals of non-produced non-financial assets (uses) plus consumption of fixed capital (resources). It can also be calculated in the financial account as total transactions in financial assets minus total transactions in liabilities (also known as changes in net financial worth (wealth) due to transactions). For the household and non-financial corporation sectors, there is a statistical discrepancy between the balancing items computed from the capital account and the financial account.

Changes in net financial worth (wealth) due to transactions are computed as total transactions in financial assets minus total transactions in liabilities, whereas other changes in net financial worth (wealth) are calculated as (total) other changes in financial assets minus (total) other changes in liabilities.

Net financial worth (wealth) is calculated as total financial assets minus total liabilities, whereas changes in net financial worth (wealth) are equal to the sum of changes in net financial worth (wealth) due to transactions (lending/net borrowing from the financial account) and other changes in net financial worth (wealth).

Changes in net worth (wealth) are calculated as changes in net worth (wealth) due to savings and capital transfers plus other changes in net financial worth (wealth) and other changes in non-financial assets.

The net worth (wealth) of households is calculated as the sum of the non-financial assets and net financial worth (wealth) of households.

## SECTIONS 4.3 AND 4.4

### CALCULATION OF GROWTH RATES FOR DEBT SECURITIES AND QUOTED SHARES

Growth rates are calculated on the basis of financial transactions and therefore exclude reclassifications, revaluations, exchange rate variations and any other changes which do not arise from transactions. They can be calculated from transactions or from the index of notional stocks. If  $N_t^M$  represents the transactions (net issues) in month  $t$  and  $L_t$  the level outstanding at the end of month  $t$ , the index  $I_t$  of notional stocks in month  $t$  is defined as:

$$k) \quad I_t = I_{t-1} \times \left( 1 + \frac{N_t^M}{L_{t-1}} \right)$$

As a base, the index is set equal to 100 in December 2008. The growth rate  $a_t$  for month  $t$ , corresponding to the change in the 12 months ending in month  $t$ , can be calculated using either of the following two formulae:

$$l) \quad a_t = \left[ \prod_{i=0}^{11} \left( 1 + \frac{N_{t-i}^M}{L_{t-i-1}} \right) - 1 \right] \times 100$$

$$m) \quad a_t = \left( \frac{I_t}{I_{t-12}} - 1 \right) \times 100$$

The method used to calculate the growth rates for securities other than shares is the same as that used for the monetary aggregates, the only difference being that an “N” is used instead of an “F”. This is to show that the method used to obtain “net issues” for securities issues statistics differs from that used to calculate equivalent “transactions” for the monetary aggregates.

The average growth rate for the quarter ending in month  $t$  is calculated as:

$$n) \quad \left( \frac{0.5I_t + \sum_{i=1}^2 I_{t-i} + 0.5I_{t-3}}{0.5I_{t-12} + \sum_{i=1}^2 I_{t-i-12} + 0.5I_{t-15}} - 1 \right) \times 100$$

where  $I_t$  is the index of notional stocks as at month  $t$ . Likewise, for the year ending in month  $t$ , the average growth rate is calculated as:

$$o) \quad \left( \frac{0.5I_t + \sum_{i=1}^{11} I_{t-i} + 0.5I_{t-12}}{0.5I_{t-12} + \sum_{i=1}^{11} I_{t-i-12} + 0.5I_{t-24}} - 1 \right) \times 100$$

The calculation formula used for Section 4.3 is also used for Section 4.4 and is likewise based on that used for the monetary aggregates. Section 4.4 is based on market values, and the calculations are based on financial transactions, which exclude reclassifications, revaluations and any other changes that do not arise from transactions. Exchange rate variations are not included, as all quoted shares covered are denominated in euro.

#### SEASONAL ADJUSTMENT OF SECURITIES ISSUES STATISTICS <sup>4</sup>

The approach used is based on multiplicative decomposition using X-12-ARIMA. The seasonal adjustment of total securities issues is carried out indirectly by means of a linear combination of sector and maturity component breakdowns.

The seasonal adjustment procedures are applied to the index of notional stocks. The resulting estimates of seasonal factors are then applied to the outstanding amounts, from which seasonally adjusted net issues are derived. Seasonal factors are revised at annual intervals or as required.

As in formulae l) and m), the growth rate  $a_t$  for month  $t$ , corresponding to the change in the six months ending in month  $t$ , can be calculated using either of the following two formulae:

$$p) \quad a_t = \left[ \prod_{i=0}^5 \left( 1 + \frac{N_{t-i}^M}{L_{t-1-i}} \right) - 1 \right] \times 100$$

$$q) \quad a_t = \left( \frac{I_t}{I_{t-6}} - 1 \right) \times 100$$

#### TABLE 1 IN SECTION 5.1

#### SEASONAL ADJUSTMENT OF THE HICP <sup>4</sup>

The approach used is based on multiplicative decomposition using X-12-ARIMA (see footnote 2 on page S80). The seasonal adjustment of the overall HICP for the euro area is carried out indirectly by aggregating the seasonally adjusted euro area series for processed food, unprocessed food, industrial goods excluding energy, and services. Energy is added without adjustment, since there is no statistical evidence of seasonality. Seasonal factors are revised at annual intervals or as required.

#### TABLE 2 IN SECTION 7.1

#### SEASONAL ADJUSTMENT OF THE BALANCE OF PAYMENTS CURRENT ACCOUNT

The approach used is based on multiplicative decomposition, using X-12-ARIMA or TRAMO-SEATS depending on the item. The raw data for goods, services, income and current transfers are

<sup>4</sup> For details, see “Seasonal adjustment of monetary aggregates and HICP for the euro area”, ECB (August 2000) and the “Monetary and financial statistics” sub-section of the “Statistics” section of the ECB’s website ([www.ecb.europa.eu](http://www.ecb.europa.eu)).

pre-adjusted in order to take into account significant working day effects. The working day adjustment for goods and services takes account of national public holidays. The seasonal adjustment of these items is carried out using these pre-adjusted series. The seasonal adjustment of the total current account is carried out by aggregating the seasonally adjusted euro area series for goods, services, income and current transfers. Seasonal (and trading day) factors are revised at biannual intervals or as required.

### SECTION 7.3

#### CALCULATION OF GROWTH RATES FOR THE QUARTERLY AND ANNUAL SERIES

The annual growth rate for quarter  $t$  is calculated on the basis of quarterly transactions ( $F_t$ ) and positions ( $L_t$ ) as follows:

$$r) \quad a_t = \left( \prod_{i=t-3}^t \left( 1 + \frac{F_i}{L_{i-1}} \right) - 1 \right) \times 100$$

The growth rate for the annual series is equal to the growth rate in the last quarter of the year.







## GENERAL NOTES

The “Euro area statistics” section of the Monthly Bulletin focuses on statistics for the euro area as a whole. More detailed and longer runs of data, with further explanatory notes, are available in the “Statistics” section of the ECB’s website ([www.ecb.europa.eu](http://www.ecb.europa.eu)). This allows user-friendly access to data via the ECB’s Statistical Data Warehouse (<http://sdw.ecb.europa.eu>), which includes search and download facilities. Further services available in the “Data services” sub-section include subscriptions to different datasets and a repository of compressed Comma Separated Value (CSV) files. For further information, please contact us at: [statistics@ecb.europa.eu](mailto:statistics@ecb.europa.eu).

In general, the cut-off date for the statistics included in the Monthly Bulletin is the day preceding the Governing Council of the ECB’s first meeting of the month. For this issue, the cut-off date was 9 January 2013.

Unless otherwise indicated, all data series including observations for 2011 relate to the “Euro 17” (i.e. the euro area including Estonia) for the whole time series. For interest rates, monetary statistics, the HICP and reserve assets (and, for consistency reasons, the components and counterparts of M3 and the components of the HICP), euro area statistical series take into account the changing composition of the euro area.

The composition of the euro area has changed a number of times over the years. When the euro was introduced in 1999, the euro area comprised the following 11 countries (the Euro 11): Belgium, Germany, Ireland, Spain, France, Italy, Luxembourg, the Netherlands, Austria, Portugal and Finland. Greece then joined in 2001, forming the Euro 12. Slovenia joined in 2007, forming the Euro 13; Cyprus and Malta joined in 2008, forming the Euro 15; and Slovakia joined in 2009, forming the Euro 16. Estonia joined in 2011, bringing the number of euro area countries to 17. From October 2012, the Euro area statistics also include the European Stability Mechanism, an international organisation resident in the euro area for statistical purposes.

### EURO AREA SERIES WITH A FIXED COMPOSITION

Aggregated statistical series for fixed compositions of the euro area relate to a given fixed composition for the whole time series, regardless of the composition at the time to which the statistics relate. For example, aggregated series are calculated for the Euro 17 (i.e. aggregating the data of all 17 countries currently in the euro area) for all years, despite the fact that the euro area has only had this composition since 1 January 2011. Unless otherwise indicated, the ECB’s Monthly Bulletin provides statistical series for the current composition.

### EURO AREA SERIES WITH A CHANGING COMPOSITION

Aggregated statistical series with a changing composition take into account the composition of the euro area at the time to which the statistics relate. For example, euro area statistical series with a changing composition aggregate the data of the Euro 11 for the period up to the end of 2000, the Euro 12 for the period from 2001 to the end of 2006, and so on. With this approach, each individual statistical series covers all of the various compositions of the euro area.

For the HICP, as well as monetary aggregates and their counterparts, annual rates of change are compiled from chain-linked indices, with joining countries’ series linked to the euro area series in the December index. Thus, if a country joins the euro area in January of a given year, annual rates

of change relate to the previous composition of the euro area up to and including December of the previous year, and the enlarged composition of the euro area thereafter. Percentage changes are calculated on the basis of a chain-linked index, taking account of the changing composition of the euro area. Absolute changes for monetary aggregates and their counterparts (transactions) refer to the composition of the euro area at the time to which the statistics relate.

Given that the composition of the European currency unit (ECU) does not coincide with the former currencies of the countries that have adopted the single currency, pre-1999 amounts originally expressed in the participating currencies and converted into ECU at current ECU exchange rates are affected by movements in the currencies of EU Member States that have not adopted the euro. To avoid this effect on the monetary statistics, pre-1999 data<sup>1</sup> are expressed in units converted from national currencies at the irrevocable euro exchange rates established on 31 December 1998. Unless otherwise indicated, price and cost statistics before 1999 are based on data expressed in national currency terms.

Methods of aggregation and/or consolidation (including cross-country consolidation) have been used where appropriate.

Recent data are often provisional and may be revised. Discrepancies between totals and their components may arise from rounding.

The group “Other EU Member States” comprises Bulgaria, the Czech Republic, Denmark, Latvia, Lithuania, Hungary, Poland, Romania, Sweden and the United Kingdom.

In most cases, the terminology used within the tables follows international standards, such as those contained in the European System of Accounts 1995 and the IMF Balance of Payments Manual. Transactions refer to voluntary exchanges (measured directly or derived), while flows also encompass changes in outstanding amounts owing to price and exchange rate changes, write-offs and other changes.

In the tables, the wording “up to (x) years” means “up to and including (x) years”.

## OVERVIEW

Developments in key indicators for the euro area are summarised in an overview table.

## MONETARY POLICY STATISTICS

Section 1.4 shows statistics on minimum reserve and liquidity factors. Maintenance periods for minimum reserve requirements start every month on the settlement day of the main refinancing operation (MRO) following the Governing Council meeting for which the monthly assessment of the monetary policy stance is scheduled. They end on the day preceding the corresponding settlement day in the following month. Annual/quarterly observations refer to averages for the last reserve maintenance period of the year/quarter.

<sup>1</sup> Data on monetary statistics in Sections 2.1 to 2.8 are available for periods prior to January 1999 on the ECB’s website (<http://www.ecb.europa.eu/stats/services/downloads/html/index.en.html>) and in the SDW (<http://sdw.ecb.europa.eu/browse.do?node=2018811>).

Table 1 in Section 1.4 shows the components of the reserve base of credit institutions subject to reserve requirements. Liabilities vis-à-vis other credit institutions subject to the ESCB's minimum reserve system, the ECB and participating national central banks are excluded from the reserve base. When a credit institution cannot provide evidence of the amount of its issues of debt securities with a maturity of up to two years which are held by the institutions mentioned above, it may deduct a certain percentage of these liabilities from its reserve base. The percentage used to calculate the reserve base was 10% until November 1999 and has been 30% since that date.

Table 2 in Section 1.4 contains average data for completed maintenance periods. First, the reserve requirement of each individual credit institution is calculated by applying the reserve ratios for the corresponding categories of liability to the eligible liabilities, using the balance sheet data from the end of each calendar month. Subsequently, each credit institution deducts from this figure a lump-sum allowance of €100,000. The resulting required reserves are then aggregated at the euro area level (column 1). Current account holdings (column 2) are the aggregate average daily current account holdings of credit institutions, including those that serve to fulfil reserve requirements. Excess reserves (column 3) are the average current account holdings over the maintenance period in excess of the required reserves. Deficiencies (column 4) are defined as the average shortfalls of current account holdings from required reserves over the maintenance period, computed on the basis of those credit institutions that have not fulfilled their reserve requirements. The interest rate on minimum reserves (column 5) is equal to the average, over the maintenance period, of the ECB's rate (weighted according to the number of calendar days) on the Eurosystem's MROs (see Section 1.3).

Table 3 in Section 1.4 shows the banking system's liquidity position, which is defined as euro area credit institutions' current account holdings with the Eurosystem in euro. All amounts are derived from the consolidated financial statement of the Eurosystem. Other liquidity-absorbing operations (column 7) exclude the issuance of debt certificates initiated by NCBs in Stage Two of EMU. Net other factors (column 10) represent the netted remaining items in the consolidated financial statement of the Eurosystem. Credit institutions' current accounts (column 11) are equal to the difference between the sum of liquidity-providing factors (columns 1 to 5) and the sum of liquidity-absorbing factors (columns 6 to 10). Base money (column 12) is calculated as the sum of the deposit facility (column 6), banknotes in circulation (column 8) and credit institutions' current account holdings (column 11).

## **MONEY, BANKING AND OTHER FINANCIAL CORPORATIONS**

Chapter 2 shows balance sheet statistics for MFIs and other financial corporations. Other financial corporations comprise investment funds (other than money market funds, which are part of the MFI sector), financial vehicle corporations, insurance corporations and pension funds.

Section 2.1 shows the aggregated balance sheet of the MFI sector, i.e. the sum of the harmonised balance sheets of all MFIs resident in the euro area. MFIs comprise central banks, credit institutions as defined under EU law, money market funds and other institutions whose business it is to receive deposits and/or close substitutes for deposits from entities other than MFIs and, for their own account (at least in economic terms), to grant credit and/or make investments in securities. A complete list of MFIs is published on the ECB's website.

Section 2.2 shows the consolidated balance sheet of the MFI sector, which is obtained by netting the aggregated balance sheet positions of MFIs in the euro area. Owing to a small amount of heterogeneity in recording practices, the sum of the inter-MFI positions is not necessarily zero; the balance is shown in column 10 of the liabilities side of Section 2.2. Section 2.3 sets out the euro area monetary aggregates and counterparts. These are derived from the consolidated MFI balance sheet and include positions of non-MFIs resident in the euro area held with MFIs resident in the euro area; they also take account of some monetary assets/liabilities of central government. Statistics on monetary aggregates and counterparts are adjusted for seasonal and trading day effects. The external liabilities item in Sections 2.1 and 2.2 shows the holdings by non-euro area residents of: (i) shares/units issued by money market funds located in the euro area; and (ii) debt securities issued with a maturity of up to two years by MFIs located in the euro area. In Section 2.3, however, these holdings are excluded from the monetary aggregates and contribute to the item “net external assets”.

Section 2.4 provides analysis, broken down by sector, type and original maturity, of loans granted by MFIs other than the Eurosystem (i.e. the banking system) resident in the euro area. Section 2.5 provides analysis, broken down by sector and instrument, of deposits held with the euro area banking system. Section 2.6 shows the securities held by the euro area banking system, broken down by type of issuer. Section 2.7 shows a quarterly currency breakdown for selected MFI balance sheet items.

Sections 2.2 to 2.6 also provide growth rates based on those transactions in the form of annual percentage changes.

Since 1 January 1999 statistical information has been collected and compiled on the basis of various ECB regulations concerning the balance sheet of the monetary financial institution sector. Since July 2010 this has been carried out on the basis of Regulation ECB/2008/32<sup>2</sup>. Detailed sector definitions are set out in the third edition of the “Monetary financial institutions and markets statistics sector manual – Guidance for the statistical classification of customers” (ECB, March 2007).

Section 2.8 shows outstanding amounts and transactions on the balance sheet of euro area investment funds (other than money market funds, which are included in the MFI balance sheet statistics). An investment fund is a collective investment undertaking that invests capital raised from the public in financial and/or non-financial assets. A complete list of euro area investment funds is published on the ECB’s website. The balance sheet is aggregated, so investment funds’ assets include their holdings of shares/units issued by other investment funds. Shares/units issued by investment funds are also broken down by investment policy (i.e. into bond funds, equity funds, mixed funds, real estate funds, hedge funds and other funds) and by type (i.e. into open-end funds and closed-end funds). Section 2.9 provides further details on the main types of asset held by euro area investment funds. This section contains a geographical breakdown of the issuers of securities held by investment funds, as well as breaking issuers down by economic sector where they are resident in the euro area.

Since December 2008 harmonised statistical information has been collected and compiled on the basis of Regulation ECB/2007/8<sup>3</sup> concerning statistics on the assets and liabilities of investment

<sup>2</sup> OJ L 15, 20.01.2009, p. 14.

<sup>3</sup> OJ L 211, 11.08.2007, p. 8.

funds. Further information on these investment fund statistics can be found in the “Manual on investment fund statistics” (ECB, May 2009).

Section 2.10 shows the aggregated balance sheet of financial vehicle corporations (FVCs) resident in the euro area. FVCs are entities which are set up in order to carry out securitisation transactions. Securitisation generally involves the transfer of an asset or pool of assets to an FVC, with such assets reported on the FVC’s balance sheet as securitised loans, securities other than shares, or other securitised assets. Alternatively, the credit risk relating to an asset or pool of assets may be transferred to an FVC through credit default swaps, guarantees or other such mechanisms. Collateral held by the FVC against these exposures is typically a deposit held with an MFI or invested in securities other than shares. FVCs typically securitise loans which have been originated by the MFI sector. FVCs must report such loans on their statistical balance sheet, regardless of whether the relevant accounting rules allow the MFI to derecognise the loans. Data on loans which are securitised by FVCs but remain on the balance sheet of the relevant MFI (and thus remain in the MFI statistics) are provided separately. These quarterly data are collected under Regulation ECB/2008/30<sup>4</sup> as of December 2009.

Section 2.11 shows the aggregated balance sheet of insurance corporations and pension funds resident in the euro area. Insurance corporations cover both the insurance and reinsurance sectors, while pension funds include entities which have autonomy in terms of decision-making and keep a complete set of accounts (i.e. autonomous pension funds). This section also contains a geographical and sectoral breakdown of issuing counterparties for securities other than shares held by insurance corporations and pension funds.

## EURO AREA ACCOUNTS

Section 3.1 shows quarterly integrated euro area accounts data, which provide comprehensive information on the economic activities of households (including non-profit institutions serving households), non-financial corporations, financial corporations and general government, as well as on the interaction between these sectors and both the euro area and the rest of the world. Non-seasonally adjusted data at current prices are displayed for the last available quarter, following a simplified sequence of accounts in accordance with the methodological framework of the European System of Accounts 1995.

In short, the sequence of accounts (transactions) comprises: (1) the generation of income account, which shows how production activity translates into various categories of income; (2) the allocation of primary income account, which records receipts and expenses relating to various forms of property income (for the economy as a whole; the balancing item of the primary income account is national income); (3) the secondary distribution of income account, which shows how the national income of an institutional sector changes because of current transfers; (4) the use of income account, which shows how disposable income is spent on consumption or saved; (5) the capital account, which shows how savings and net capital transfers are spent in the acquisition of non-financial assets (the balancing item of the capital account is net lending/net borrowing); and (6) the financial account, which records the net acquisitions of financial assets and the net incurrence of liabilities. As each non-financial transaction is mirrored by a financial transaction,

4 OJ L 15, 20.01.2009, p. 1.

the balancing item of the financial account conceptually also equals net lending/net borrowing as calculated from the capital account.

In addition, opening and closing financial balance sheets are presented, which provide a picture of the financial wealth of each individual sector at a given point in time. Finally, other changes in financial assets and liabilities (e.g. those resulting from the impact of changes in asset prices) are also shown.

The sectoral coverage of the financial account and the financial balance sheets is more detailed for the financial corporation sector, which is broken down into MFIs, other financial intermediaries (including financial auxiliaries), and insurance corporations and pension funds.

Section 3.2 shows four-quarter cumulated flows (transactions) for the “non-financial accounts” of the euro area (i.e. accounts (1) to (5) above), also following the simplified sequence of accounts.

Section 3.3 shows four-quarter cumulated flows (transactions and other changes) for households’ income, expenditure and accumulation accounts, as well as outstanding amounts in the financial and non-financial balance sheet accounts, presenting data in a more analytical manner. Sector-specific transactions and balancing items are arranged in a way that more clearly depicts the financing and investment decisions of households, while respecting the accounting identities presented in Sections 3.1 and 3.2.

Section 3.4 displays four-quarter cumulated flows (transactions) for non-financial corporations’ income and accumulation accounts, as well as outstanding amounts for the financial balance sheet accounts, presenting data in a more analytical manner.

Section 3.5 shows four-quarter cumulated financial flows (transactions and other changes) and outstanding amounts for the financial balance sheets of insurance corporations and pension funds.

## FINANCIAL MARKETS

The series on financial market statistics for the euro area cover those EU Member States that had adopted the euro at the time to which the statistics relate (i.e. a changing composition), with the exception of statistics on securities issues (Sections 4.1 to 4.4), which relate to the Euro 16 for the whole time series (i.e. a fixed composition).

Statistics on securities other than shares and statistics on quoted shares (Sections 4.1 to 4.4) are produced by the ECB using data from the ESCB and the BIS. Section 4.5 presents MFI interest rates on euro-denominated deposits from and loans to euro area residents. Statistics on money market interest rates, long-term government bond yields and stock market indices (Sections 4.6 to 4.8) are produced by the ECB using data from wire services.

Statistics on securities issues cover: (i) securities other than shares, excluding financial derivatives; and (ii) quoted shares. The former are presented in Sections 4.1, 4.2 and 4.3, while the latter are presented in Section 4.4. Debt securities are broken down into short-term and long-term securities. “Short-term” means securities with an original maturity of one year or less (in exceptional cases, two years or less). Securities with (i) a longer maturity, (ii) optional maturity dates, the latest of which is more than one year away, or (iii) indefinite maturity dates are classified as “long-term”.

Long-term debt securities issued by euro area residents are broken down further into fixed and variable rate issues. Fixed rate issues consist of issues where the coupon rate does not change during the life of the issue. Variable rate issues comprise all issues where the coupon is periodically refixed with reference to an independent interest rate or index. The euro-denominated securities indicated in Sections 4.1, 4.2 and 4.3 also include items expressed in national denominations of the euro.

Section 4.1 shows securities other than shares, broken down by original maturity, residency of the issuer and currency. It presents outstanding amounts, gross issues and net issues of securities other than shares, broken down into: (i) issues denominated in euro and issues in all currencies; (ii) issues by euro area residents and total issues; and (iii) total and long-term maturities. Net issues differ from the changes in outstanding amounts owing to valuation changes, reclassifications and other adjustments. This section also presents seasonally adjusted statistics, including six-month annualised seasonally adjusted growth rates for total and long-term debt securities. Seasonally adjusted data are derived from the index of notional stocks, from which the seasonal effects have been removed. See the Technical Notes for details.

Section 4.2 contains a sectoral breakdown of outstanding amounts, gross issues and net issues for issuers resident in the euro area in line with the ESA 95. The ECB is included in the Eurosystem.

The total outstanding amounts for total and long-term debt securities in column 1 of Table 1 in Section 4.2 correspond to the data on outstanding amounts for total and long-term debt securities issued by euro area residents in column 7 of Section 4.1. The outstanding amounts for total and long-term debt securities issued by MFIs in column 2 of Table 1 in Section 4.2 are broadly comparable with the data on debt securities issued on the liabilities side of the aggregated MFI balance sheet in column 8 of Table 2 in Section 2.1. The total net issues for total debt securities in column 1 of Table 2 in Section 4.2 correspond to the data on total net issues by euro area residents in column 9 of Section 4.1. The residual difference between long-term debt securities and total fixed and variable rate long-term debt securities in Table 1 of Section 4.2 consists of zero coupon bonds and revaluation effects.

Section 4.3 shows seasonally adjusted and non-seasonally adjusted growth rates for debt securities issued by euro area residents (broken down by maturity, type of instrument, sector of the issuer and currency), which are based on financial transactions that occur when an institutional unit incurs or redeems liabilities. The growth rates therefore exclude reclassifications, revaluations, exchange rate variations and any other changes that do not arise from transactions. The seasonally adjusted growth rates have been annualised for presentational purposes. See the Technical Notes for details.

Columns 1, 4, 6 and 8 in Table 1 of Section 4.4 show the outstanding amounts of quoted shares issued by euro area residents broken down by issuing sector. The monthly data for quoted shares issued by non-financial corporations correspond to the quarterly series shown in Section 3.4 (financial balance sheet; quoted shares).

Columns 3, 5, 7 and 9 in Table 1 of Section 4.4 show annual growth rates for quoted shares issued by euro area residents (broken down by the sector of the issuer), which are based on financial transactions that occur when an issuer issues or redeems shares for cash, excluding investments in the issuer's own shares. The calculation of annual growth rates excludes reclassifications, revaluations and any other changes that do not arise from transactions.



Section 4.5 presents statistics on all the interest rates that MFIs resident in the euro area apply to euro-denominated deposits and loans vis-à-vis households and non-financial corporations resident in the euro area. Euro area MFI interest rates are calculated as a weighted average (by corresponding business volume) of the euro area countries' interest rates for each category.

MFI interest rate statistics are broken down by type of business coverage, sector, instrument category and maturity, period of notice or initial period of interest rate fixation. These MFI interest rate statistics replaced the ten transitional statistical series on euro area retail interest rates that had been published in the Monthly Bulletin as of January 1999.

Section 4.6 presents money market interest rates for the euro area, the United States and Japan. For the euro area, a broad spectrum of money market interest rates is covered, ranging from interest rates on overnight deposits to those on twelve-month deposits. Before January 1999, synthetic euro area interest rates were calculated on the basis of national rates weighted by GDP. With the exception of the overnight rate prior to January 1999, monthly, quarterly and yearly values are period averages. Overnight deposits are represented by end-of-period interbank deposit bid rates up to and including December 1998 and period averages for the euro overnight index average (EONIA) thereafter. As of January 1999, euro area interest rates on one, three, six and twelve-month deposits are euro interbank offered rates (EURIBOR); prior to that date, they are London interbank offered rates (LIBOR) where available. For the United States and Japan, interest rates on three-month deposits are represented by LIBOR.

Section 4.7 shows end-of-period rates estimated from nominal spot yield curves based on AAA-rated euro-denominated bonds issued by euro area central governments. The yield curves are estimated using the Svensson model<sup>5</sup>. Spreads between the ten-year rates and the three-month and two-year rates are also released. Additional yield curves (daily releases, including charts and tables) and the corresponding methodological information are available at: <http://www.ecb.europa.eu/stats/money/yc/html/index.en.html>. Daily data can also be downloaded.

Section 4.8 shows stock market indices for the euro area, the United States and Japan.

## PRICES, OUTPUT, DEMAND AND LABOUR MARKETS

Most of the data described in this section are produced by the European Commission (mainly Eurostat) and national statistical authorities. Euro area results are obtained by aggregating data for individual countries. As far as possible, the data are harmonised and comparable. Statistics on labour costs indices, GDP and expenditure components, value added by economic activity, industrial production, retail sales passenger car registrations and employment in terms of hours worked are working day-adjusted.

The Harmonised Index of Consumer Prices (HICP) for the euro area (Table 1 in Section 5.1) is available from 1995 onwards. It is based on national HICPs, which follow the same methodology in all euro area countries. The breakdown into goods and services components is derived from the classification of individual consumption by purpose (Coicop/HICP). The HICP covers monetary expenditure by households on final consumption in the economic territory of the euro area. The table

<sup>5</sup> Svensson, L.E., "Estimating and Interpreting Forward Interest Rates: Sweden 1992-1994", CEPR Discussion Papers, No 1051. Centre for Economic Policy Research, London, 1994.

includes seasonally adjusted HICP data and experimental HICP-based estimates of administered prices, which are compiled by the ECB.

Industrial producer prices (Table 2 in Section 5.1), industrial production, industrial turnover and retail sales (Section 5.2) are covered by Council Regulation (EC) No 1165/98 of 19 May 1998 concerning short-term statistics<sup>6</sup>. Since January 2009 the revised classification of economic activities (NACE Revision 2), as covered by Regulation (EC) No 1893/2006 of the European Parliament and of the Council of 20 December 2006 establishing the statistical classification of economic activities NACE Revision 2 and amending Council Regulation (EEC) No 3037/90, as well as certain EC Regulations on specific statistical domains<sup>7</sup>, has been applied in the production of short-term statistics. The breakdown by end use of product for industrial producer prices and industrial production is the harmonised sub-division of industry excluding construction (NACE Revision 2, sections B to E) into Main Industrial Groupings (MIGs) as defined by Commission Regulation (EC) No 656/2007 of 14 June 2007<sup>8</sup>. Industrial producer prices reflect the ex-factory gate prices of producers. They include indirect taxes except VAT and other deductible taxes. Industrial production reflects the value added of the industries concerned.

The two non-energy commodity price indices shown in Table 3 in Section 5.1 are compiled with the same commodity coverage, but using two different weighting schemes: one based on the respective commodity imports of the euro area (columns 2-4), and the other (columns 5-7) based on estimated euro area domestic demand, or “use”, taking into account information on imports, exports and the domestic production of each commodity (ignoring, for the sake of simplicity, inventories, which are assumed to be relatively stable over the observed period). The import-weighted commodity price index is appropriate for analysing external developments, while the use-weighted index is suitable for the specific purpose of analysing international commodity price pressures on euro area inflation. The use-weighted commodity price indices are experimental data. For more details as regards the compilation of the ECB commodity price indices, see Box 1 in the December 2008 issue of the Monthly Bulletin.

The labour cost indices (Table 5 in Section 5.1) measure the changes in labour costs per hour worked in industry (including construction) and market services. Their methodology is laid down in Regulation (EC) No 450/2003 of the European Parliament and of the Council of 27 February 2003 concerning the labour cost index<sup>9</sup> and in the implementing Commission Regulation (EC) No 1216/2003 of 7 July 2003<sup>10</sup>. A breakdown of the labour cost indices for the euro area is available by labour cost component (wages and salaries, and employers’ social contributions plus employment-related taxes paid by the employer less subsidies received by the employer) and by economic activity. The ECB calculates the indicator of negotiated wages (memo item in Table 5 of Section 5.1) on the basis of non-harmonised, national-definition data.

Unit labour cost components (Table 4 in Section 5.1), GDP and its components (Tables 1 and 2 in Section 5.2), GDP deflators (Table 3 in Section 5.1) and employment statistics (Table 1 in Section 5.3) are derived from the ESA 95<sup>11</sup> quarterly national accounts. The ESA 95 was amended by Commission Regulation (EU) No 715/2010 of 10 August 2010<sup>12</sup> introducing NACE Revision 2,

6 OJ L 162, 5.6.1998, p. 1.

7 OJ L 393, 30.12.2006, p. 1.

8 OJ L 155, 15.6.2007, p. 3.

9 OJ L 69, 13.3.2003, p. 1.

10 OJ L 169, 8.7.2003, p. 37.

11 OJ L 310, 30.11.1996, p. 1.

12 OJ L 210, 11.8.2010, p. 1.

the updated statistical classification of economic activities. The publication of euro area national accounts data applying this new classification began in December 2011.

Industrial new orders (Table 4 in Section 5.2) measure the orders received during the reference period and cover industries working mainly on the basis of orders – in particular the textile, pulp and paper, chemical, metal, capital goods and durable consumer goods industries. The data are calculated on the basis of current prices.

Indices for turnover in industry and for the retail trade (Table 4 in Section 5.2) measure the turnover, including all duties and taxes (with the exception of VAT), invoiced during the reference period. Retail trade turnover covers all retail trade (excluding sales of motor vehicles and motorcycles), including automotive fuel. New passenger car registrations cover registrations of both private and commercial passenger cars.

Qualitative business and consumer survey data (Table 5 in Section 5.2) draw on the European Commission Business and Consumer Surveys.

Unemployment rates (Table 4 in Section 5.3) conform to International Labour Organization guidelines. They refer to persons actively seeking work as a share of the labour force, using harmonised criteria and definitions. The labour force estimates underlying the unemployment rate are different from the sum of the employment and unemployment levels published in Section 5.3.

## GOVERNMENT FINANCE

Sections 6.1 to 6.5 show the general government fiscal position in the euro area. The data are mainly consolidated and are based on the ESA 95 methodology. The annual euro area aggregates in Sections 6.1 to 6.3 are compiled by the ECB on the basis of harmonised data provided by the NCBs, which are regularly updated. The annual deficit and debt data for the euro area aggregates may therefore differ from those published by the European Commission. The quarterly euro area aggregates in Sections 6.4 and 6.5 are compiled by the ECB on the basis of Eurostat and national data.

Section 6.1 presents annual figures on general government revenue and expenditure on the basis of definitions laid down in Commission Regulation (EC) No 1500/2000 of 10 July 2000<sup>13</sup> amending the ESA 95. Section 6.2 shows details of general government gross consolidated debt at nominal value in line with the Treaty provisions on the excessive deficit procedure. Sections 6.1 and 6.2 include summary data for the individual euro area countries owing to their importance within the framework of the Stability and Growth Pact. The deficits/surpluses presented for the individual euro area countries correspond to excessive deficit procedure B.9, as defined by Council Regulation (EC) No 479/2009 as regards references to the ESA 95. Section 6.3 presents changes in general government debt. The difference between the change in the government debt and the government deficit – the deficit-debt adjustment – is mainly explained by government transactions in financial assets and by foreign exchange valuation effects. Section 6.4 presents non-seasonally adjusted quarterly figures on general government revenue and expenditure on the basis of definitions laid down in Regulation (EC) No 1221/2002 of the European Parliament and of the Council of 10 June 2002 on quarterly

<sup>13</sup> OJ L 172, 12.7.2000, p. 3.

non-financial accounts for general government<sup>14</sup>. Section 6.5 presents quarterly figures on gross consolidated government debt, the deficit-debt adjustment and the government borrowing requirement. These figures are compiled using data provided by the Member States under Regulation (EC) No 501/2004 and Regulation (EC) No 222/2004 and data provided by the NCBs.

## EXTERNAL TRANSACTIONS AND POSITIONS

The concepts and definitions used in balance of payments and international investment position (i.i.p.) statistics (Sections 7.1 to 7.4) are generally in line with the IMF Balance of Payments Manual (fifth edition, October 1993), the ECB Guideline of 16 July 2004 on the statistical reporting requirements of the ECB (ECB/2004/15)<sup>15</sup> and the amending ECB Guideline of 31 May 2007 (ECB/2007/3)<sup>16</sup>. Additional information regarding the methodologies and sources used in the euro area b.o.p. and i.i.p. statistics can be found in the ECB publication entitled “European Union balance of payments/international investment position statistical methods” (May 2007) and in the reports of the Task Force on Portfolio Investment Collection Systems (June 2002), the Task Force on Portfolio Investment Income (August 2003) and the Task Force on Foreign Direct Investment (March 2004), all of which can be downloaded from the ECB’s website. In addition, a report by the ECB/European Commission (Eurostat) Task Force on Quality looking at balance of payments and international investment position statistics (June 2004) is available on the website of the Committee on Monetary, Financial and Balance of Payments Statistics ([www.cmfb.org](http://www.cmfb.org)). The annual quality report on the euro area b.o.p./i.i.p., which is based on the Task Force’s recommendations and follows the basic principles of the ECB Statistics Quality Framework published in April 2008, is available on the ECB’s website.

On 9 December 2011 the ECB Guideline on the statistical requirements of the European Central Bank in the field of external statistics (ECB/2011/23)<sup>17</sup> was adopted by the Governing Council of the ECB. This legal act lays down new reporting requirements in the field of external statistics, which mainly reflect methodological changes introduced in the sixth edition of the IMF’s Balance of Payments and International Investment Position Manual (BPM6). The ECB will begin publishing the euro area’s b.o.p., i.i.p. and international reserves statistics in accordance with Guideline ECB/2011/23 and the BPM6 in 2014, with backdata. The tables in Sections 7.1 and 7.4 follow the sign convention in the IMF Balance of Payments Manual – i.e. surpluses in the current account and the capital account have a plus sign, while in the financial account a plus sign denotes an increase in liabilities or a decrease in assets. In the tables in Section 7.2, both credit and debit transactions are presented with a plus sign. Furthermore, as of the February 2008 issue of the Monthly Bulletin, the tables in Section 7.3 have been restructured in order to allow the data on the balance of payments, the international investment position and related growth rates to be presented together; in the new tables, transactions in assets and liabilities that correspond to increases in positions are shown with a plus sign.

The euro area b.o.p. is compiled by the ECB. Recent monthly figures should be regarded as provisional. Data are revised when figures for the following month and/or the detailed quarterly

14 OJ L 179, 9.7.2002, p. 1.

15 OJ L 354, 30.11.2004, p. 34.

16 OJ L 159, 20.6.2007, p. 48.

17 OJ L 65, 3.3.2012, p. 1.

b.o.p. are published. Earlier data are revised periodically or as a result of methodological changes in the compilation of the source data.

Table 1 in Section 7.2 also contains seasonally adjusted data for the current account. Where appropriate, the adjustment also covers working day, leap year and/or Easter-related effects. Table 3 in Section 7.2 and Table 9 in Section 7.3 present a breakdown of the euro area b.o.p. and i.i.p. vis-à-vis major partner countries, both individually and as a group, distinguishing between EU Member States outside the euro area and countries or areas outside the European Union. The breakdown also shows transactions and positions vis-à-vis EU institutions (which, with the exception of the ECB, are considered to be outside the euro area for statistical purposes, regardless of their physical location) and, for some purposes, offshore centres and international organisations. The breakdown does not cover transactions or positions in portfolio investment liabilities, financial derivatives or international reserves. In addition, separate data are not provided for investment income payable to Brazil, mainland China, India or Russia. The geographical breakdown is described in the article entitled “Euro area balance of payments and international investment position vis-à-vis main counterparts” in the February 2005 issue of the Monthly Bulletin.

The data on the euro area b.o.p. financial account and i.i.p. in Section 7.3 are based on transactions and positions vis-à-vis non-residents of the euro area, regarding the euro area as a single economic entity (see also Box 9 in the December 2002 issue of the Monthly Bulletin, Box 5 in the January 2007 issue of the Monthly Bulletin and Box 6 in the January 2008 issue of the Monthly Bulletin). The i.i.p. is valued at current market prices, with the exception of direct investment, where book values are used for unquoted shares, and other investments (e.g. loans and deposits). The quarterly i.i.p. is compiled on the basis of the same methodological framework as the annual i.i.p. As some data sources are not available on a quarterly basis (or are available with a delay), the quarterly i.i.p. is partly estimated on the basis of financial transactions, asset prices and foreign exchange developments.

Table 1 in Section 7.3 summarises the i.i.p. and financial transactions in the euro area b.o.p. The breakdown of the change in the annual i.i.p. is obtained by applying a statistical model to i.i.p. changes other than transactions, using information from the geographical breakdown and currency composition of assets and liabilities, as well as price indices for different financial assets. In this table, columns 5 and 6 refer to direct investment by resident units abroad and direct investment by non-resident units in the euro area.

In Table 5 in Section 7.3, the breakdown into “loans” and “currency and deposits” is based on the sector of the non-resident counterpart – i.e. assets vis-à-vis non-resident banks are classified as deposits, whereas assets vis-à-vis other non-resident sectors are classified as loans. This breakdown follows the distinction made in other statistics, such as the MFI consolidated balance sheet, and conforms to the IMF Balance of Payments Manual.

The outstanding amounts for the Eurosystem’s international reserves and related assets and liabilities are shown in Table 7 of Section 7.3. These figures are not fully comparable with those in the Eurosystem’s weekly financial statement owing to differences in coverage and valuation. The data in Table 7 are in line with the recommendations for the template on international reserves and foreign currency liquidity. By definition, the assets included in the Eurosystem’s international reserves take account of the changing composition of the euro area. Before countries join the euro

area, the assets of their national central banks are included in portfolio investment (in the case of securities) or other investment (in the case of other assets). Changes in the gold holdings of the Eurosystem (column 3) are due to transactions in gold within the terms of the Central Bank Gold Agreement of 26 September 1999, which was updated on 27 September 2009. More information on the statistical treatment of the Eurosystem's international reserves can be found in a publication entitled "Statistical treatment of the Eurosystem's international reserves" (October 2000), which can be downloaded from the ECB's website. The website also contains more comprehensive data in accordance with the template on international reserves and foreign currency liquidity.

The euro area's gross external debt statistics in Table 8 of Section 7.3 represent outstanding actual (rather than contingent) liabilities vis-à-vis non-euro area residents that require the payment of principal and/or interest by the debtor at one or more points in the future. Table 8 shows a breakdown of gross external debt by instrument and institutional sector.

Section 7.4 contains a monetary presentation of the euro area balance of payments, showing the transactions by non-MFIs that mirror the net external transactions by MFIs. Included in the transactions by non-MFIs are b.o.p. transactions for which a sectoral breakdown is not available. These concern the current and capital accounts (column 2) and financial derivatives (column 11). An up-to-date methodological note on the monetary presentation of the euro area balance of payments is available in the "Statistics" section of the ECB's website. See also Box 1 in the June 2003 issue of the Monthly Bulletin.

Section 7.5 shows data on euro area external trade in goods. The source is Eurostat. Value data and volume indices are seasonally and working day-adjusted. The breakdown by product group in columns 4 to 6 and 9 to 11 of Table 1 in Section 7.5 is in line with the classification contained in the Broad Economic Categories and corresponds to the basic classes of goods in the System of National Accounts. Manufactured goods (columns 7 and 12) and oil (column 13) are in line with the SITC Rev. 4 definition. The geographical breakdown (Table 3 in Section 7.5) shows major trading partners both individually and in regional groups. China excludes Hong Kong. On account of differences in definitions, classification, coverage and time of recording, external trade data, in particular for imports, are not fully comparable with the goods item in the b.o.p. statistics (Sections 7.1 and 7.2). Part of the difference arises from the inclusion of insurance and freight services in the recording of imported goods in external trade data.

Industrial import prices and industrial producer export prices (or industrial output prices for the non-domestic market) shown in Table 2 in Section 7.5 were introduced by Regulation (EC) No 1158/2005 of the European Parliament and of the Council of 6 July 2005 amending Council Regulation (EC) No 1165/98, which is the principal legal basis for short-term statistics. The industrial import price index covers industrial products imported from outside the euro area under sections B to E of the Statistical Classification of Products by Activity in the European Economic Community (CPA) and all institutional import sectors except households, governments and non-profit institutions. It reflects the cost, insurance and freight price excluding import duties and taxes, and refers to actual transactions in euro recorded at the point when ownership of the goods is transferred. The industrial producer export prices cover all industrial products exported directly by euro area producers to the extra-euro area market under sections B to E of NACE Revision 2. Exports from wholesalers and re-exports are not covered. The indices reflect the free on board price expressed in euro and calculated at the euro area frontier, including any indirect taxes except VAT and other deductible taxes. Industrial import prices and industrial producer export prices are

available by Main Industrial Grouping as defined by Commission Regulation (EC) No 656/2007 of 14 June 2007. For more details, see Box 11 in the December 2008 issue of the Monthly Bulletin.

## EXCHANGE RATES

Section 8.1 shows nominal and real effective exchange rate indices for the euro, which are calculated by the ECB on the basis of weighted averages of the euro's bilateral exchange rates against the currencies of the selected trading partners of the euro area. A positive change denotes an appreciation of the euro. Weights are based on trade in manufactured goods with those trading partners in the periods 1995-1997, 1998-2000, 2001-2003, 2004-2006 and 2007-2009 and are calculated to account for third-market effects. The EER indices are obtained by chain-linking the indicators based on each of these five sets of trade weights at the end of each three-year period. The base period of the resulting EER index is the first quarter of 1999. The EER-20 group of trading partners is composed of the 10 non-euro area EU Member States plus Australia, Canada, China, Hong Kong, Japan, Norway, Singapore, South Korea, Switzerland and the United States. The EER-40 group comprises the EER-20 plus the following countries: Algeria, Argentina, Brazil, Chile, Croatia, Iceland, India, Indonesia, Israel, Malaysia, Mexico, Morocco, New Zealand, the Philippines, Russia, South Africa, Taiwan, Thailand, Turkey and Venezuela. Real EERs are calculated using consumer price indices, producer price indices, gross domestic product deflators and unit labour costs, both for the manufacturing sector and for the total economy.

For more detailed information on the calculation of the EERs, see the relevant methodological note and ECB Occasional Paper No 2 ("The effective exchange rates of the euro" by Luca Buldorini, Stelios Makrydakis and Christian Thimann, February 2002), which can be downloaded from the ECB's website.

The bilateral rates shown in Section 8.2 are monthly averages of those published daily as reference rates for these currencies. The most recent rate for the Icelandic krona is 290.0 per euro and refers to 3 December 2008.

## DEVELOPMENTS OUTSIDE THE EURO AREA

Statistics on other EU Member States (Section 9.1) follow the same principles as data relating to the euro area. As a result, data on current and capital accounts and gross external debt include special-purpose vehicles. The data for the United States and Japan contained in Section 9.2 are obtained from national sources.

## ANNEXES

# CHRONOLOGY OF MONETARY POLICY MEASURES OF THE EUROSYSTEM<sup>1</sup>



### 14 JANUARY AND 4 FEBRUARY 2010

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 1.00%, 1.75% and 0.25% respectively.

### 4 MARCH 2010

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 1.00%, 1.75% and 0.25% respectively. It also decides on the details as regards the tender procedures and modalities to be applied in its refinancing operations up to 12 October 2010, including a return to variable rate tender procedures in the regular three-month longer-term refinancing operations, starting with the operation to be allotted on 28 April 2010.

### 8 APRIL AND 6 MAY 2010

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 1.00%, 1.75% and 0.25% respectively.

### 10 MAY 2010

The Governing Council of the ECB decides on several measures to address severe tensions in financial markets. In particular, it decides to conduct interventions in the euro area public and private debt securities markets (Securities Markets Programme) and to adopt a fixed rate tender procedure with full allotment in the regular three-month longer-term refinancing operations in May and June 2010.

### 10 JUNE 2010

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 1.00%, 1.75% and 0.25% respectively. In addition, it decides to adopt a fixed rate tender procedure with full allotment in the regular three-month longer-term refinancing operations to be allotted during the third quarter of 2010.

### 8 JULY AND 5 AUGUST 2010

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 1.00%, 1.75% and 0.25% respectively.

<sup>1</sup> The chronology of monetary policy measures taken by the Eurosystem between 1999 and 2009 can be found in the ECB's Annual Report for the respective years.



## **2 SEPTEMBER 2010**

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 1.00%, 1.75% and 0.25% respectively. It also decides on the details as regards the tender procedures and modalities to be applied in its refinancing operations up to 18 January 2011, notably the adoption of a fixed rate tender procedure with full allotment in the three-month longer-term refinancing operations.

## **7 OCTOBER AND 4 NOVEMBER 2010**

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 1.00%, 1.75% and 0.25% respectively.

## **2 DECEMBER 2010**

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 1.00%, 1.75% and 0.25% respectively. It also decides on the details as regards the tender procedures and modalities to be applied in its refinancing operations up to 12 April 2011, notably to continue its fixed rate tender procedures with full allotment.

## **13 JANUARY AND 3 FEBRUARY 2011**

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 1.00%, 1.75% and 0.25% respectively.

## **3 MARCH 2011**

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 1.00%, 1.75% and 0.25% respectively. It also decides on the details as regards the tender procedures and modalities to be applied in its refinancing operations up to 12 July 2011, notably to continue its fixed rate tender procedures with full allotment.

## **7 APRIL 2011**

The Governing Council of the ECB decides to increase the interest rate on the main refinancing operations by 25 basis points to 1.25%, starting from the operation to be settled on 13 April 2011. In addition, it decides to increase the interest rates on both the marginal lending facility and the deposit facility by 25 basis points, to 2.00% and 0.50% respectively, both with effect from 13 April 2011.

**5 MAY 2011**

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 1.25%, 2.00% and 0.50% respectively.

**9 JUNE 2011**

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 1.25%, 2.00% and 0.50% respectively. It also decides on the details as regards the tender procedures and modalities to be applied in its refinancing operations up to 11 October 2011, notably to continue its fixed rate tender procedures with full allotment.

**7 JULY 2011**

The Governing Council of the ECB decides to increase the interest rate on the main refinancing operations by 25 basis points to 1.50%, starting from the operation to be settled on 13 July 2011. In addition, it decides to increase the interest rates on both the marginal lending facility and the deposit facility by 25 basis points, to 2.25% and 0.75% respectively, both with effect from 13 July 2011.

**4 AUGUST 2011**

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 1.50%, 2.25% and 0.75% respectively. It also decides on several measures to address renewed tensions in some financial markets. In particular, it decides that the Eurosystem will conduct a liquidity-providing supplementary longer-term refinancing operation with a maturity of approximately six months as a fixed rate tender procedure with full allotment. It also decides on the details as regards the tender procedures and modalities to be applied in its refinancing operations up to 17 January 2012, notably to continue its fixed rate tender procedures with full allotment.

**8 SEPTEMBER 2011**

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 1.50%, 2.25% and 0.75% respectively.

**6 OCTOBER 2011**

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 1.50%, 2.25% and 0.75% respectively. It also decides on the details of its refinancing operations from October 2011 to 10 July 2012, notably to conduct two longer-term refinancing operations – one



with a maturity of approximately 12 months in October 2011, and another with a maturity of approximately 13 months in December 2011 – and to continue to apply fixed rate tender procedures with full allotment in all of its refinancing operations. In addition, the Governing Council decides to launch a new covered bond purchase programme in November 2011.

### **3 NOVEMBER 2011**

The Governing Council of the ECB decides to decrease the interest rate on the main refinancing operations by 25 basis points to 1.25%, starting from the operation to be settled on 9 November 2011. In addition, it decides to decrease the interest rates on both the marginal lending facility and the deposit facility by 25 basis points, to 2.00% and 0.50% respectively, both with effect from 9 November 2011.

### **8 DECEMBER 2011**

The Governing Council of the ECB decides to decrease the interest rate on the main refinancing operations by 25 basis points to 1.00%, starting from the operation to be settled on 14 December 2011. In addition, it decides to decrease the interest rates on both the marginal lending facility and the deposit facility by 25 basis points, to 1.75% and 0.25% respectively, both with effect from 14 December 2011. It also decides to adopt further non-standard measures, notably: (i) to conduct two longer-term refinancing operations with a maturity of approximately three years; (ii) to increase the availability of collateral; (iii) to reduce the reserve ratio to 1%; and (iv) to discontinue, for the time being, the fine-tuning operations carried out on the last day of each maintenance period.

### **12 JANUARY 2012**

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 1.00%, 1.75% and 0.25% respectively.

### **9 FEBRUARY 2012**

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 1.00%, 1.75% and 0.25% respectively. It also approves specific national eligibility criteria and risk control measures for the temporary acceptance in a number of countries of additional credit claims as collateral in Eurosystem credit operations.

### **8 MARCH, 4 APRIL AND 3 MAY 2012**

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 1.00%, 1.75% and 0.25% respectively.

**6 JUNE 2012**

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 1.00%, 1.75% and 0.25% respectively. It also decides on the details as regards the tender procedures and modalities to be applied in its refinancing operations up to 15 January 2013, notably to continue its fixed rate tender procedures with full allotment.

**5 JULY 2012**

The Governing Council of the ECB decides to decrease the interest rate on the main refinancing operations by 25 basis points to 0.75%, starting from the operation to be settled on 11 July 2012. In addition, it decides to decrease the interest rates on both the marginal lending facility and the deposit facility by 25 basis points, to 1.50% and 0.00% respectively, both with effect from 11 July 2012.

**2 AUGUST 2012**

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 0.75%, 1.50% and 0.00% respectively.

**6 SEPTEMBER 2012**

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 0.75%, 1.50% and 0.00% respectively. It also decides on the modalities for undertaking Outright Monetary Transactions (OMTs) in secondary markets for sovereign bonds in the euro area.

**4 OCTOBER AND 8 NOVEMBER 2012**

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 0.75%, 1.50% and 0.00% respectively.

**6 DECEMBER 2012**

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 0.75%, 1.50% and 0.00% respectively. It also decides on the details as regards the tender procedures and modalities to be applied in its refinancing operations up to 9 July 2013, notably to continue its fixed rate tender procedures with full allotment.

**10 JANUARY 2013**

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 0.75%, 1.50% and 0.00% respectively.



## **PUBLICATIONS PRODUCED BY THE EUROPEAN CENTRAL BANK**

The ECB produces a number of publications which provide information about its core activities: monetary policy, statistics, payment and securities settlement systems, financial stability and supervision, international and European cooperation, and legal matters. These include the following:

### **STATUTORY PUBLICATIONS**

- Annual Report
- Convergence Report
- Monthly Bulletin

### **RESEARCH PAPERS**

- Legal Working Paper Series
- Occasional Paper Series
- Research Bulletin
- Working Paper Series

### **OTHER/TASK-RELATED PUBLICATIONS**

- Enhancing monetary analysis
- Financial integration in Europe
- Financial Stability Review
- Statistics Pocket Book
- The European Central Bank: history, role and functions
- The international role of the euro
- The implementation of monetary policy in the euro area (“General Documentation”)
- The monetary policy of the ECB
- The payment system

The ECB also publishes brochures and information materials on a variety of topics, such as the euro banknotes and coins, as well as seminar and conference proceedings.

For a complete list of documents (in PDF format) published by the ECB and the European Monetary Institute, the ECB’s forerunner from 1994 to 1998, please visit the ECB’s website at <http://www.ecb.europa.eu/pub/>. Language codes indicate the languages in which each publication is available.

Unless otherwise indicated, hard copies can be obtained or subscribed to free of charge, stock permitting, by contacting [info@ecb.europa.eu](mailto:info@ecb.europa.eu)





## GLOSSARY

This glossary contains selected items that are frequently used in the Monthly Bulletin. A more comprehensive and detailed glossary can be found on the ECB's website ([www.ecb.europa.eu/home/glossary/html/index.en.html](http://www.ecb.europa.eu/home/glossary/html/index.en.html)).

**Autonomous liquidity factors:** liquidity factors that do not normally stem from the use of monetary policy instruments. Such factors are, for example, banknotes in circulation, government deposits with the central bank and the net foreign assets of the central bank.

**Balance of payments (b.o.p.):** a statistical statement that summarises, for a specific period of time, the economic transactions of an economy with the rest of the world.

**Bank lending survey (BLS):** a quarterly survey on lending policies that has been conducted by the Eurosystem since January 2003. It addresses qualitative questions on developments in credit standards, terms and conditions of loans and loan demand for both enterprises and households to a predefined sample group of banks in the euro area.

**Borrowing requirement (general government):** net incurrence of debt by the general government.

**Break-even inflation rate:** the spread between the yield on a nominal bond and that on an inflation-linked bond of the same (or as similar as possible) maturity.

**Capital account:** a b.o.p. account that covers all capital transfers and acquisitions/disposals of non-produced, non-financial assets between residents and non-residents.

**Capital accounts:** part of the system of national (or euro area) accounts consisting of the change in net worth that is due to net saving, net capital transfers and net acquisitions of non-financial assets.

**Central parity (or central rate):** the exchange rate of each ERM II member currency vis-à-vis the euro, around which the ERM II fluctuation margins are defined.

**Compensation per employee or per hour worked:** the total remuneration, in cash or in kind, that is payable by employers to employees, i.e. gross wages and salaries, as well as bonuses, overtime payments and employers' social security contributions, divided by the total number of employees or by the total number of employees' hours worked.

**Consolidated balance sheet of the MFI sector:** a balance sheet obtained by netting out inter-MFI positions (e.g. inter-MFI loans and deposits) in the aggregated MFI balance sheet. It provides statistical information on the MFI sector's assets and liabilities vis-à-vis residents of the euro area not belonging to this sector (i.e. the general government and other euro area residents) and vis-à-vis non-euro area residents. It is the main statistical source for the calculation of monetary aggregates, and it provides the basis for the regular analysis of the counterparts of M3.

**Collateral:** assets pledged or transferred in some form as a guarantee for the repayment of loans, as well as assets sold under repurchase agreements. Collateral used in Eurosystem reverse transactions must fulfil certain eligibility criteria.

**Current account:** a b.o.p. account that covers all transactions in goods and services, income and current transfers between residents and non-residents.



**Current transfers account:** a technical b.o.p. account in which the value of real resources or financial items is recorded when these are transferred without receiving anything in exchange. Current transfers cover all transfers that are not capital transfers.

**Debt (financial accounts):** loans taken out by households, as well as the loans, debt securities and pension fund reserves (resulting from employers' direct pension commitments on behalf of their employees) of non-financial corporations, valued at market prices at the end of the period.

**Debt (general government):** the gross debt (currency and deposits, loans and debt securities) at nominal value outstanding at the end of the year and consolidated between and within the sectors of general government.

**Debt security:** a promise on the part of the issuer (i.e. the borrower) to make one or more payment(s) to the holder (the lender) on a specified future date or dates. Such securities usually carry a specific rate of interest (the coupon) and/or are sold at a discount to the amount that will be repaid at maturity. Debt securities issued with an original maturity of more than one year are classified as long-term.

**Debt-to-GDP ratio (general government):** the ratio of general government debt to GDP at current market prices. It is the subject of one of the fiscal criteria laid down in Article 126(2) of the Treaty on the Functioning of the European Union to define the existence of an excessive deficit.

**Deficit (general government):** the general government's net borrowing, i.e. the difference between total government revenue and total government expenditure.

**Deficit-debt adjustment (general government):** the difference between the general government deficit and the change in general government debt.

**Deficit ratio (general government):** the ratio of the general government deficit to GDP at current market prices. It is the subject of one of the fiscal criteria laid down in Article 126(2) of the Treaty on the Functioning of the European Union to define the existence of an excessive deficit. It is also referred to as the budget deficit ratio or the fiscal deficit ratio.

**Deflation:** a significant and persistent decline in the prices of a very broad set of consumer goods and services that becomes entrenched in expectations.

**Deposit facility:** a standing facility of the Eurosystem enabling eligible counterparties to make, on their own initiative, overnight deposits with the NCB in their respective jurisdiction. Deposits are remunerated at a pre-specified rate that normally provides a floor for overnight market interest rates.

**Disinflation:** a process of decelerating inflation that may lead to negative inflation rates of a temporary nature.

**Direct investment:** cross-border investment for the purpose of obtaining a lasting interest in an enterprise resident in another economy (assumed, in practice, for ownership of at least 10% of the ordinary shares or voting power). Included are equity capital, reinvested earnings and other capital associated with inter-company operations. The direct investment account records net transactions/positions in assets abroad by euro area residents (as "direct investment abroad") and net transactions/positions in euro area assets by non-residents (as "direct investment in the euro area").

**Effective exchange rates (EERs) of the euro (nominal/real):** weighted averages of bilateral euro exchange rates against the currencies of the euro area's main trading partners. The EER indices of the euro are calculated against different groups of trading partners: the EER-20 comprises the ten non-euro area EU Member States and ten trading partners outside the EU, and the EER-40 encompasses the EER-20 and 20 additional countries. The weights used reflect the share of each partner country in the euro area's trade in manufactured goods and account for competition in third markets. Real EERs are nominal EERs deflated by a weighted average of foreign, relative to domestic, prices or costs. They are thus measures of price and cost competitiveness.

**Enhanced credit support:** the non-standard measures taken by the ECB/Eurosystem during the financial crisis with a view to supporting financing conditions and credit flows above and beyond what could be achieved through reductions in key ECB interest rates alone.

**EONIA (euro overnight index average):** a measure of the effective interest rate prevailing in the euro interbank overnight market. It is calculated as a weighted average of the interest rates on unsecured overnight lending transactions denominated in euro, as reported by a panel of contributing banks.

**Equities:** securities representing ownership of a stake in a corporation, e.g. shares traded on stock exchanges (quoted shares), unquoted shares and other forms of equity. Equities usually produce income in the form of dividends.

**ERM II (exchange rate mechanism II):** the exchange rate arrangement that provides the framework for exchange rate policy cooperation between the euro area countries and the EU Member States not participating in Stage Three of EMU.

**EURIBOR (euro interbank offered rate):** the rate at which what is known as a prime bank is willing to lend funds (denominated in euro) to another prime bank. The EURIBOR is computed daily, based on the rates of a sample of selected banks, for different maturities of up to 12 months.

**Euro area:** the area formed by those EU Member States in which the euro has been adopted as the single currency in accordance with the Treaty on the Functioning of the European Union.

**European Commission surveys:** harmonised surveys of business and/or consumer sentiment conducted on behalf of the European Commission in each of the EU Member States. Such questionnaire-based surveys are addressed to managers in the manufacturing, construction, retail and services industries, as well as to consumers. From each monthly survey, composite indicators are calculated that summarise the replies to a number of different questions in a single indicator (confidence indicators).

**Eurosystem:** the central banking system made up of the ECB and the NCBs of those EU Member States whose currency is the euro.

**Eurozone Purchasing Managers' Surveys:** surveys of business conditions in manufacturing and in services industries conducted for a number of countries in the euro area and used to compile indices. The Eurozone Manufacturing Purchasing Managers' Index (PMI) is a weighted indicator calculated from indices of output, new orders, employment, suppliers' delivery times and stocks of purchases. The services sector survey asks questions on business activity, expectations of future business activity, the amount of business outstanding, incoming new business, employment, input

prices and prices charged. The Eurozone Composite Index is calculated by combining the results from the manufacturing and services sector surveys.

**External trade in goods:** exports and imports of goods with countries outside the euro area, measured in terms of value and as indices of volume and unit value. External trade statistics are not comparable with the exports and imports recorded in the national accounts, as the latter include both intra-euro area and extra-euro area transactions, and also combine goods and services. Nor are they fully comparable with the goods item in b.o.p. statistics. Besides methodological adjustments, the main difference is that imports in external trade statistics are recorded including insurance and freight services, whereas they are recorded free on board in the goods item in the b.o.p. statistics.

**Financial account:** a b.o.p. account that covers transactions between residents and non-residents in direct investment, portfolio investment, other investment, financial derivatives and reserve assets.

**Financial accounts:** part of the system of national (or euro area) accounts showing the financial positions (stocks or balance sheets), financial transactions and other changes of the different institutional sectors of an economy by type of financial asset.

**Financial vehicle corporation (FVC):** an entity whose principal activity is to carry out securitisation transactions. An FVC typically issues marketable securities that are offered for sale to the general public, or sold in the form of private placements. These securities are backed by a portfolio of assets (typically loans) which are held by the FVC. In some cases, a securitisation transaction may involve a number of FVCs, where one FVC holds the securitised assets and another issues the securities backed by those assets.

**Fixed rate tender:** a tender procedure in which the interest rate is specified in advance by the central bank and in which participating counterparties bid the amount of money they wish to transact at the fixed interest rate.

**Fixed rate full-allotment tender procedure:** a tender procedure in which the interest rate is pre-specified by the central bank (fixed rate) and in which counterparties bid the amount of money they want to transact at that rate, knowing in advance that all their bids will be satisfied (full allotment).

**General government:** a sector defined in the ESA 95 as comprising resident entities that are engaged primarily in the production of non-market goods and services intended for individual and collective consumption and/or in the redistribution of national income and wealth. Included are central, regional and local government authorities as well as social security funds. Excluded are government-owned entities that conduct commercial operations, such as public enterprises.

**Gross domestic product (GDP):** the value of an economy's total output of goods and services less intermediate consumption, plus net taxes on products and imports. GDP can be broken down by output, expenditure or income components. The main expenditure aggregates that make up GDP are household final consumption, government final consumption, gross fixed capital formation, changes in inventories, and imports and exports of goods and services (including intra-euro area trade).

**Gross external debt:** the outstanding amount of an economy's actual (i.e. non-contingent) current liabilities that require payment of principal and/or interest to non-residents at some point in the future.

**Harmonised Index of Consumer Prices (HICP):** a measure of the development of consumer prices that is compiled by Eurostat and harmonised for all EU Member States.

**Hourly labour cost index:** a measure of labour costs, including gross wages and salaries (in cash and in kind, including bonuses) and other labour costs (employers' social contributions plus employment-related taxes paid by the employer minus subsidies received by the employer), per hour actually worked (including overtime).

**Implied volatility:** the expected volatility (i.e. standard deviation) in the rates of change of the price of an asset (e.g. a share or a bond). It can be derived from the asset's price, maturity date and exercise price of its options, as well as from a riskless rate of return, using an option pricing model such as the Black-Scholes model.

**Income account:** a b.o.p. account that covers two types of transactions with non-residents, namely (i) those involving compensation of employees that is paid to non-resident workers (e.g., cross-border, seasonal, and other short-term workers) and (ii) those involving investment income receipts and payments on external financial assets and liabilities, with the latter including receipts and payments on direct investment, portfolio investment and other investment, as well as receipts on reserve assets.

**Index of negotiated wages:** a measure of the direct outcome of collective bargaining in terms of basic pay (i.e. excluding bonuses) at the euro area level. It refers to the implied average change in monthly wages and salaries.

**Industrial producer prices:** factory-gate prices (transportation costs are not included) of all products sold by industry, excluding construction, on the domestic markets of the euro area countries, excluding imports.

**Industrial production:** the gross value added created by industry at constant prices.

**Inflation:** an increase in the general price level, e.g. in the consumer price index.

**Inflation-indexed government bonds:** debt securities issued by the general government, the coupon payments and principal of which are linked to a specific consumer price index.

**Insurance corporations and pension funds:** financial corporations and quasi-corporations that are engaged primarily in financial intermediation as the consequence of the pooling of risks.

**International investment position (i.i.p.):** the value and composition of an economy's outstanding net financial claims on (or financial liabilities to) the rest of the world.

**International reserves:** external assets readily available to and controlled by monetary authorities for directly financing or regulating the magnitude of payment imbalances through intervention in exchange markets. The international reserves of the euro area comprise non-euro-denominated claims on non-euro area residents, gold, special drawing rights and the reserve positions in the IMF which are held by the Eurosystem.

**Investment funds (except money market funds):** financial institutions that pool capital raised from the public and invest it in financial and non-financial assets. See also MFIs.

**Job vacancies:** a collective term covering newly created jobs, unoccupied jobs or jobs about to become vacant in the near future, for which the employer has recently taken active steps to find a suitable candidate.

**Key ECB interest rates:** the interest rates, set by the Governing Council, which reflect the monetary policy stance of the ECB. They are the rates at the main refinancing operations, on the marginal lending facility and on the deposit facility.

**Labour force:** the sum total of persons in employment and the number of unemployed.

**Labour productivity:** the output that can be produced with a given input of labour. It can be measured in several ways, but is commonly measured as GDP (volume) divided by either total employment or total hours worked.

**Liquidity-absorbing operation:** an operation through which the Eurosystem absorbs liquidity in order to reduce excess liquidity, or to create a shortage of liquidity. Such operations can be conducted by issuing debt certificates or fixed-term deposits.

**Longer-term refinancing operation (LTRO):** an open market operation with a maturity of more than one week that is executed by the Eurosystem in the form of a reverse transaction. The regular monthly operations have a maturity of three months. During the financial market turmoil that started in August 2007, supplementary operations with maturities ranging from one maintenance period to 36 months were conducted, the frequency of which varied.

**M1:** a narrow monetary aggregate that comprises currency in circulation plus overnight deposits held with MFIs and central government (e.g. at the post office or treasury).

**M2:** an intermediate monetary aggregate that comprises M1 plus deposits redeemable at a period of notice of up to and including three months (i.e. short-term savings deposits) and deposits with an agreed maturity of up to and including two years (i.e. short-term time deposits) held with MFIs and central government.

**M3:** a broad monetary aggregate that comprises M2 plus marketable instruments, in particular repurchase agreements, money market fund shares and units, and debt securities with a maturity of up to and including two years issued by MFIs.

**Main refinancing operation (MRO):** a regular open market operation executed by the Eurosystem in the form of reverse transactions. Such operations are carried out through a weekly standard tender and normally have a maturity of one week.

**Marginal lending facility:** a standing facility of the Eurosystem enabling eligible counterparties, on their own initiative, to receive overnight credit from the NCB in their jurisdiction at a pre-specified rate in the form of a reverse transaction. The rate on loans extended within the scope of the marginal lending facility normally provides an upper bound for overnight market interest rates.

**MFI credit to euro area residents:** MFI loans granted to non-MFI euro area residents (including general government and the private sector) and MFI holdings of securities (shares, other equity and debt securities) issued by non-MFI euro area residents.

**MFI interest rates:** the interest rates that are applied by resident credit institutions and other MFIs, excluding central banks and money market funds, to euro-denominated deposits and loans vis-à-vis households and non-financial corporations resident in the euro area.

**MFI longer-term financial liabilities:** deposits with an agreed maturity of over two years, deposits redeemable at a period of notice of over three months, debt securities issued by euro area MFIs with an original maturity of more than two years and the capital and reserves of the euro area MFI sector.

**MFI net external assets:** the external assets of the euro area MFI sector (such as gold, foreign currency banknotes and coins, securities issued by non-euro area residents and loans granted to non-euro area residents) minus the external liabilities of the euro area MFI sector (such as non-euro area residents' deposits and repurchase agreements, as well as their holdings of money market fund shares/units and debt securities issued by MFIs with a maturity of up to and including two years).

**MFIs (monetary financial institutions):** financial institutions which together form the money-issuing sector of the euro area. These include (i) the Eurosystem, (ii) resident credit institutions (as defined in EU law), (iii) other financial institutions whose business is to receive deposits and/or close substitutes for deposits from entities other than MFIs and, for their own account (at least in economic terms), to grant credit and/or invest in securities, as well as electronic money institutions that are principally engaged in financial intermediation in the form of issuing electronic money, and (iv) money market funds, i.e. collective investment undertakings that invest in short-term and low-risk instruments.

**Minimum bid rate:** the lower limit to the interest rates at which counterparties may submit bids in the variable tenders.

**Open market operation:** a financial market operation executed on the initiative of the central bank. These operations include reverse transactions, outright transactions as well as the issuance of fixed-term deposits or debt certificates or foreign exchange swaps. The open market operations can be liquidity providing or liquidity absorbing.

**Other investment:** an item in the b.o.p. and the i.i.p. that covers the financial transactions/positions with non-residents in trade credits, deposits and loans, and other accounts receivable and payable.

**Portfolio investment:** euro area residents' net transactions and/or positions in securities issued by non-residents of the euro area ("assets") and non-residents' net transactions and/or positions in securities issued by euro area residents ("liabilities"). Included are equity securities and debt securities (bonds and notes, and money market instruments). Transactions are recorded at the effective price paid or received, less commissions and expenses. To be regarded as a portfolio asset, ownership in an enterprise must be equivalent to less than 10% of the ordinary shares or voting power.

**Price stability:** as defined by the Governing Council, a year-on-year increase in the HICP for the euro area of below 2%. The Governing Council has also made it clear that, in the pursuit of price stability, it aims to maintain inflation rates below, but close to, 2% over the medium term.

**Purchasing power parity (PPP):** the rate at which one currency is converted into another so as to equalise the purchasing power of the two currencies by eliminating the differences in the price

levels prevailing in the countries concerned. In their simplest form, PPPs show the ratio of the prices in national currency of the same good or service in different countries.

**Reference value for M3 growth:** the annual growth rate of M3 that is deemed to be compatible with price stability over the medium term.

**Reserve requirement:** the requirement for institutions to hold minimum reserves with the central bank over a maintenance period. Compliance with the requirement is determined on the basis of the average of the daily balances in the reserve accounts over the maintenance period.

**Reverse transaction:** an operation whereby the NCB buys or sells assets under a repurchase agreement or conducts credit operations against collateral.

**Securitisation:** a transaction or scheme whereby an asset or a pool of cash flow-producing assets, often consisting of loans (mortgages, consumer loans, etc.), is transferred from an originator (usually a credit institution) to a financial vehicle corporation (FVC). The FVC effectively converts these assets into marketable securities by issuing debt instruments with principal and interest serviced through the cash flows produced by the asset pool.

**Survey of Professional Forecasters (SPF):** a quarterly survey that has been conducted by the ECB since 1999 to collect macroeconomic forecasts on euro area inflation, real GDP growth and unemployment from a panel of experts affiliated to financial and non-financial organisations based in the EU.

**Unit labour costs:** a measure of total labour costs per unit of output calculated for the euro area as the ratio of total compensation per employee to labour productivity (defined as GDP (volume) per person employed).

**Variable rate tender:** a tender procedure where the counterparties bid both the amount of money they wish to transact with the central bank and the interest rate at which they wish to enter into the transaction.

**Volatility:** the degree of fluctuation in a given variable.

**Write-down:** a downward adjustment to the value of loans recorded in the balance sheets of MFIs when it is recognised that the loans have become partly unrecoverable.

**Write-off:** the removal of the value of loans from the balance sheets of MFIs when the loans are considered to be totally unrecoverable.

**Yield curve:** a graphical representation of the relationship between the interest rate or yield and the residual maturity at a given point in time for sufficiently homogenous debt securities with different maturity dates. The slope of the yield curve can be measured as the difference between the interest rates or yield at two selected maturities.

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