



EUROPEAN CENTRAL BANK

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MONTHLY BULLETIN 05 | 2013

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MONTHLY BULLETIN  
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## MONTHLY BULLETIN MAY 2013

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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 2 May to lower the interest rate on the main refinancing operations of the Eurosystem by 25 basis points to 0.50% and the rate on the marginal lending facility by 50 basis points to 1.00%. The rate on the deposit facility will remain unchanged at 0.00%. These decisions are consistent with low underlying price pressure over the medium term. Inflation expectations for the euro area continue to be firmly anchored in line with the Governing Council's aim of maintaining inflation rates below, but close to, 2% over the medium term. In keeping with this picture, monetary and loan dynamics remain subdued. At the same time, weak economic sentiment has extended into spring of this year. The cut in interest rates should contribute to support prospects for a recovery later in the year. Against this overall background, the monetary policy stance will remain accommodative for as long as needed. In the period ahead, the Governing Council will monitor very closely all incoming information on economic and monetary developments and assess any impact on the outlook for price stability.

The Governing Council is closely monitoring money market conditions and their potential impact on the monetary policy stance and its transmission to the economy. In this context, the Governing Council decided at its meeting on 2 May to continue conducting the main refinancing operations (MROs) as fixed rate tender procedures with full allotment for as long as necessary, and at least until the end of the sixth maintenance period of 2014 on 8 July 2014. This procedure will also remain in use for the Eurosystem's special-term refinancing operations with a maturity of one maintenance period, which will continue to be conducted for as long as needed, and at least until the end of the second quarter of 2014. The fixed rate in these special-term refinancing operations will be the same as the MRO rate prevailing at the time. Furthermore, the Governing Council decided to conduct the three-month longer-term refinancing operations (LTROs) to be allotted until the end of the second quarter of 2014 as fixed rate tender procedures with full allotment. The rates in these three-month operations will be fixed at the average rate of the MROs over the life of the respective LTRO.

The Governing Council also decided to start consultations with other European institutions on initiatives to promote a functioning market for asset-backed securities collateralised by loans to non-financial corporations.

In the meantime, it is essential for governments to intensify the implementation of structural reforms at national level, building on progress made in fiscal consolidation and proceeding with bank recapitalisation where needed. Furthermore, they should maintain the momentum towards a genuine Economic and Monetary Union, including the swift implementation of the banking union.

Regarding the economic analysis, real GDP contracted by 0.6% in the fourth quarter of 2012, following a decline of 0.1% in the third quarter. Output has thus declined for five consecutive quarters. Overall, labour market conditions remain weak. Recent developments in short-term indicators, notably survey data, indicate that weak economic sentiment has extended into spring of this year. Looking ahead, euro area export growth should benefit from a recovery in global demand and the monetary policy stance should contribute to support domestic demand. Furthermore, the improvements in financial markets seen since last summer should work their way through to the real economy. At the same time, necessary balance sheet adjustments in the public and private sectors will continue to weigh on economic activity. Overall, euro area economic activity should stabilise and recover gradually in the second half of the year.

The risks surrounding the economic outlook for the euro area continue to be on the downside. They include the possibility of even weaker than expected domestic and global demand and slow or



insufficient implementation of structural reforms in the euro area. These factors have the potential to dampen confidence and thereby delay the recovery.

According to Eurostat's flash estimate, euro area annual HICP inflation was 1.2% in April 2013, down from 1.7% in March. This decline in the annual inflation rate reflects a significant fall in energy prices, but is also due to a sizeable transitory effect coming from the annual rate of change in services prices on account of the timing of Easter. Inflation rates could remain subject to some volatility throughout the year. Looking further ahead, underlying price trends should persist and, over the medium term, inflation expectations remain firmly anchored in line with price stability.

Taking into account the Governing Council's decisions, risks to the outlook for price developments are broadly balanced over the medium term, with upside risks relating to stronger than expected increases in administered prices and indirect taxes, as well as higher commodity prices, and downside risks stemming from weaker economic activity.

Turning to the monetary analysis, recent data confirm that the underlying pace of monetary expansion continues to be subdued. Annual growth in broad money moderated in March, standing at 2.6%, after 3.1% in February. The annual growth rate of the narrow monetary aggregate, M1, increased slightly further to 7.1% in March, reflecting the continued preference for the most liquid instruments in M3. Deposits with the domestic money-holding sector continued to grow further in most stressed countries in March.

The annual growth rates of loans (adjusted for loan sales and securitisation) to non-financial corporations and households have now remained broadly unchanged since the turn of the year, standing in March at -1.3% and 0.4% respectively. To a large extent, weak loan dynamics reflect the current stage of the business cycle, heightened credit risk and the ongoing adjustment of financial and non-financial sector balance sheets. The recent bank lending survey (BLS) confirmed weak demand for loans in the euro area. While some signs of stabilisation are emerging, the Survey on the access to finance of small and medium-sized enterprises (SMEs) in the euro area indicates continued tight credit conditions, particularly for SMEs in several euro area countries. Moreover, the available information indicates high risk perception on the part of banks.

In order to ensure adequate transmission of monetary policy to the financing conditions in euro area countries, it is essential that the fragmentation of euro area credit markets continues to decline further and that the resilience of banks is strengthened where needed. Progress has been made since last summer in improving the funding situation of banks, in strengthening the domestic deposit base in stressed countries and in reducing reliance on the Eurosystem as reflected in repayments of the three-year LTROs. Further decisive steps for establishing a banking union will help to accomplish this objective. In particular, the Governing Council emphasises that the future Single Supervisory Mechanism and a Single Resolution Mechanism are crucial elements for moving towards re-integrating the banking system and therefore require swift implementation.

To sum up, taking into account the Governing Council's decisions of 2 May, 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.

With regard to fiscal policies, the spring 2013 deficit and debt data notifications by euro area countries indicate that the average government deficit declined from 4.2% of GDP in 2011 to 3.7% in 2012. Over the same period, the average government debt rose from 87.3% to 90.6% of GDP.

In order to bring debt ratios back on a downward path, euro area countries should not unravel their efforts to reduce government budget deficits and continue, where needed, to take legislative action or otherwise promptly implement structural reforms, in such a way as to mutually reinforce fiscal sustainability and economic growth potential. Such structural reforms should target improvements in competitiveness and adjustment capacities, as well as aim to increase sustainable growth and employment.

This issue of the Monthly Bulletin contains three articles. The first article reviews the performance of the Eurosystem staff macroeconomic projections since their first publication in 2000. The second article looks at developments in external and domestic imbalances across euro area countries since the start of the 2008-09 global financial crisis with a view to assessing the progress made in the adjustment process so far. The third article explains how, in a context of dysfunctional bank funding markets, large TARGET claims emerged as the ECB accommodated the liquidity needs of solvent banks and explains that TARGET balances are a manifestation of underlying tensions in the Economic and Monetary Union.





# ECONOMIC AND MONETARY DEVELOPMENTS

## I THE EXTERNAL ENVIRONMENT OF THE EURO AREA

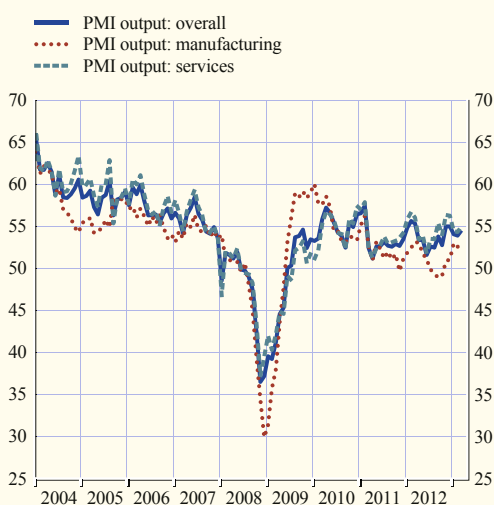
Although global financial market conditions have improved, and further signals from survey indicators suggest that business sentiment is stabilising, the outlook for the world economy remains uncertain, and progress is likely to be slow and fragmented. The global recovery is still expected to be modest, diverse across regions and fragile. Inflation declined further in the majority of advanced economies in March, while developments in consumer prices have been mixed in emerging markets in recent months.

### I.1 GLOBAL ECONOMIC ACTIVITY AND TRADE

The global economic recovery is still characterised by a modest pace, fragility and diversity across economic regions. Global financial market conditions have improved, while survey indicators have been signalling a stabilisation in business sentiment. The Purchasing Managers' Index (PMI) for all-industry output stood at 53.1 in March, up slightly from 52.9 in February, driven by further expansion in both the manufacturing and services sectors. Excluding the euro area, the global all-industry output PMI also improved in March, rising to 54.5 from 53.9 in February (see Chart 1). In advanced economies, the recovery is likely to remain uneven and moderate, with activity still expected to accelerate only gradually, as the pace of growth is restrained by ongoing balance sheet repair, fiscal tightening and continuing tight credit conditions. Meanwhile, activity in emerging markets is already gathering pace and is expected to remain more robust than in advanced economies. However, emerging market economies have yet to rebound to the rates of economic expansion achieved before the onset of the global financial crisis.

Chart 1 Global PMI (excluding the euro area)

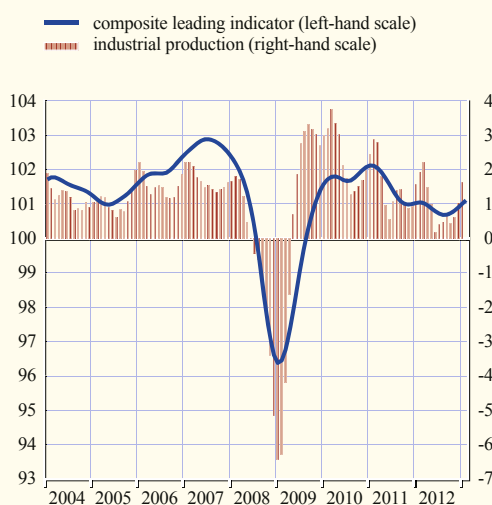
(seasonally adjusted monthly data)



Source: Markit.

Chart 2 Composite leading indicator and industrial production

(left-hand scale: normalised index average = 100; right-hand scale: three month-on-three month percentage changes)



Sources: OECD and ECB calculations.

Notes: The composite leading indicator refers to the OECD countries plus Brazil, China, India, Indonesia, Russia and South Africa. The horizontal line at 100 represents the trend of economic activity. Industrial production refers to the same sample excluding Indonesia.

Forward-looking global indicators continued to show signs of improvement in March, suggesting that the world economy will continue to expand modestly. However, some country level indicators have been less positive in April, highlighting the fragile nature of the recovery. The new orders component of the global (excluding the euro area) all-industry PMI dipped slightly in March to 53.8, but the index remained firmly in expansionary territory and, overall, the average of the index in the first three months of 2013 was higher than in the final quarter of 2012. The global manufacturing new export orders index (excluding the euro area) improved in March to 51.5, the first time the index has moved above the expansion/contraction threshold in almost a year, suggesting global trade will pick up gradually. Box 1 briefly reviews the importance of supply chains to global trade and their effects on euro area output. In February 2013 the OECD's composite leading indicator, designed to anticipate turning points in economic activity relative to trend, improved for the sixth successive month and continues to signal a firming-up of economic growth in the OECD area as a whole (see Chart 2). The individual country indicators continued to point to diverging patterns across the major economies.

Risks to the global outlook remain tilted to the downside and include the possibility of weaker than expected global demand, spillovers from slow or insufficient implementation of structural reforms in the euro area, geopolitical issues and imbalances in major industrialised countries, which could have an impact on developments in global commodities and financial markets.

#### Box 1

### HOW HAVE GLOBAL VALUE CHAINS AFFECTED WORLD TRADE PATTERNS?

In recent decades, global trade has undergone profound changes. Relative to global output, trade has risen sharply and cross-country linkages have increased in size and complexity, in particular through the growing role of global supply chains. These shifts in the global trade landscape matter when one seeks to understand the international environment and, ultimately, global demand for euro area exports. To assess foreign demand, one needs to take into account the changing trade environment, such as the rise in intra-regional trade (e.g. among Asian countries) and the increasing importance of indirect trade links. Recently, two new datasets have been published that support such an analysis by providing a global input-output perspective on the network of trade links across countries.<sup>1</sup> Based on these data, this box illustrates the importance of supply chains to global trade and their effect on euro area exports.

#### Understanding the different channels of global demand for euro area exports

An important benefit of input-output tables is that they allow a distinction to be made between gross trade and trade in domestic value-added terms. Within a supply chain, each producer purchases inputs and then adds value, which is passed on to the next stage of production. As official trade statistics are measured in gross terms and include both “intermediate” and “final” products, they “double count”, as they record the value of intermediate inputs several times as they cross international borders along the value chain. The distinction between gross and value-added trade can make a sizeable difference to the statistics, especially vis-à-vis the euro area's main trading partners. Chart A shows gross euro area exports to a selected set of extra-euro area

<sup>1</sup> The World Input-Output Database provides annual, integrated input-output tables for 41 countries across 35 sectors, from 1995 to 2009. The first release of the separate Trade in Value Added initiative, a collaboration between the OECD and the World Trade Organization, provides indicators based on global input-output tables for 2005, 2008 and 2009.

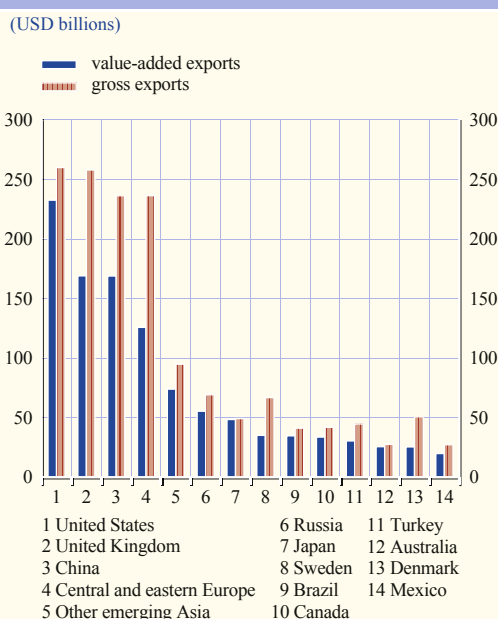
countries in 2009, compared with exports in value-added terms, which exclude the foreign content (i.e. the import content) of euro area exports and take account of trade linkages via third countries. The results show that gross exports to the United Kingdom are 53% higher than exports in value-added terms, while for China they are 40% higher. Moreover, gross exports to central and eastern Europe<sup>2</sup> are 88% higher than exports in value-added terms.

The main reason for the difference is the integration of global value chains. In this context, it is helpful to think about four channels of trade, where trade refers to euro area value-added exports of goods and services.<sup>3</sup> First, there are final goods which are consumed directly in the importing country (e.g. champagne, which is produced in France and consumed in an importing country). Second, there are intermediate goods that are processed and then consumed in the importing country (e.g. cocoa, which is imported to make chocolate and then consumed in that country). Third, there are intermediate goods that are processed in an importing country but then re-exported elsewhere (e.g. semiconductors imported from Japan to China and sent onwards in the form of electronic goods). And, finally, there are intermediate goods which are exported to another country, processed there and then eventually re-imported by the original country (e.g. the iPhone, which is assembled in China but contains some added value from the United States).

For each of these four channels, the table shows the top ten export destinations (measured in domestic value-added terms) for the euro area. The United Kingdom, the United States and, to a lesser extent, China, are the largest importers, in value-added terms, of euro area final goods (and services). The same three countries are also the largest importers of euro area exports of intermediate goods that are processed and then consumed in the importing country. As regards the main trading partners for euro area intermediate goods that undergo further processing and are then re-exported to third countries, China leads the way, followed by the United Kingdom, the Czech Republic and Poland. China, the United Kingdom and central and eastern Europe are the main processing centres for these intermediate goods. The proportion of exports that return to the euro area (e.g. the euro area components of the iPhone) is very small.

This distinction between channels provides a deeper understanding of demand shocks across the world. A domestic demand shock in a country that directly absorbs a large amount of euro

Chart A Euro area value-added and gross exports in 2009



Sources: World Input-Output Database and ECB calculations.  
Note: "Other emerging Asia" refers to India, Indonesia, South Korea and Taiwan.

<sup>2</sup> Central and eastern Europe covers Bulgaria, Latvia, Lithuania, Hungary, Poland and Romania.

<sup>3</sup> This box elaborates on the methodology and findings of Koopman, R., Powers, W., Wang, Z. and Wei, S., "Give Credit Where Credit Is Due: Tracing Value Added in Global Production Chains", *NBER Working Paper*, No 16426, The National Bureau of Economic Research, Cambridge, Massachusetts, September 2010.

## Top ten export destinations for euro area goods in 2009

(ranked by nominal euro area value-added exports in US dollars)

a) Final goods			b) Intermediate goods absorbed in the country				
Ranking in 2009	Ranking in 1995	Percentage of total exports	Ranking in 2009	Ranking in 1995	Percentage of total exports		
1	United States	2	3.3	1	United States	1	3.6
2	United Kingdom	1	3.3	2	China	8	3.3
3	China	7	2.1	3	United Kingdom	2	2.7
4	Russia	4	1.3	4	Poland	14	0.8
5	Poland	14	0.8	5	Brazil	4	0.8
6	Japan	3	0.8	6	Russia	7	0.5
7	Sweden	5	0.7	7	Sweden	5	0.5
8	Turkey	13	0.5	8	Czech Republic	17	0.5
9	Czech Republic	12	0.5	9	Canada	13	0.5
10	Denmark	6	0.5	10	Turkey	9	0.5

c) Intermediate goods re-exported to third countries			d) Intermediate goods returning to the euro area				
Ranking in 2009	Ranking in 1995	Percentage of total exports	Ranking in 2009	Ranking in 1995	Percentage of total exports		
1	China	10	1.7	1	Czech Republic	2	0.1
2	United Kingdom	1	1.2	2	Poland	5	0.1
3	Czech Republic	7	0.7	3	United Kingdom	1	0.1
4	Poland	11	0.6	4	China	13	0.1
5	Sweden	3	0.6	5	Hungary	7	0.1
6	Denmark	4	0.6	6	Denmark	4	0.0
7	United States	2	0.6	7	Sweden	3	0.0
8	Hungary	14	0.5	8	United States	6	0.0
9	South Korea	8	0.4	9	Turkey	8	0.0
10	Canada	6	0.2	10	Romania	11	0.0

Sources: World Input-Output Database and ECB calculations.

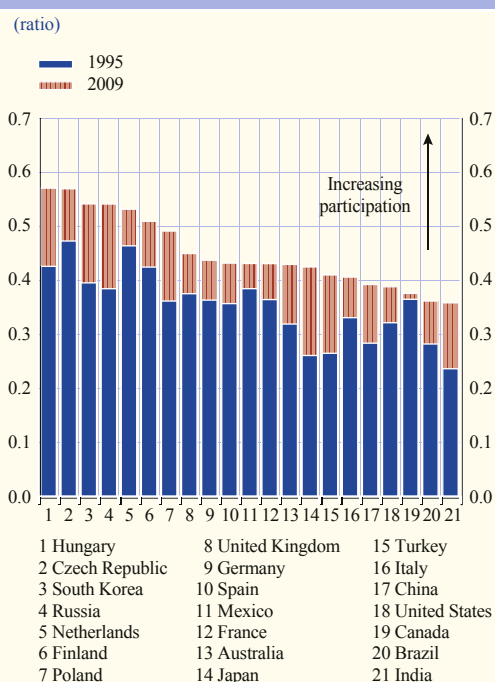
Notes: The tables distinguish between channels of trade according to the domestic value-added component of gross exports (see Koopman et al., 2010). The final column of each table shows the percentage of total euro area (value-added) exports accounted for by exports to specific countries via the channel concerned. Thus, to see the percentage of total euro area (value-added) exports accounted for by exports to the United States, for example, the four values for the United States must be added together. Furthermore, one component of gross exports which is not shown is the proportion of euro area gross exports that represents the value-added exports of other countries (i.e. through imported intermediate goods which are subsequently re-exported). Given the high import content of euro area exports, this foreign value-added component can be large.

area exports (i.e. through the first and second channels), such as the United States, will have a stronger impact on the euro area than a domestic demand shock of a similar size in a country that acts, to a significant extent, as a processing centre for euro area intermediate goods (i.e. through the third and fourth channels), such as the Czech Republic and Poland. This is due to the fact that, for countries that act as processing centres, import demand depends more on the demand of its export partners than on domestic demand.

### Characterising global value chains

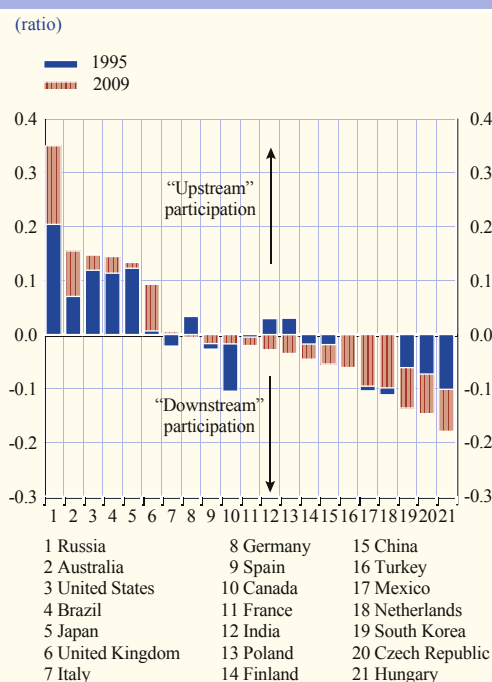
Input-output tables can also be used to characterise the global value chain phenomenon more broadly, and to describe how countries participate in such supply chains. Participation in global value chains involves both “upstream” and “downstream” activities. An upstream supplier exports intermediate goods to a downstream producer, who adds value to these intermediate goods for further export. A country’s high participation in global supply chains can thus be characterised in one of two ways: either its exports have a high import content (if it is a downstream producer), or it supplies intermediate goods for further export by

Chart B Participation in global value chains



Sources: World Input-Output Database and ECB calculations.  
Note: The chart shows the ratio of the sum of foreign value added in a country's gross exports and domestic value added of intermediate inputs in other countries' gross exports to the country's gross exports.

Chart C Position in global value chains



Sources: World Input-Output Database and ECB calculations.  
Note: The chart shows the log ratio of a measure of domestic value added of intermediate inputs in other countries' gross exports to foreign value added in a country's gross exports.

other countries (if it is an upstream producer). A country's position in a supply chain can be summarised by comparing its upstream and downstream activities. Using these concepts, Chart B illustrates the high participation of central and eastern European countries in global supply chains.<sup>4</sup> Perhaps surprisingly, according to this measure the involvement of China is comparatively low. This emphasises the fact that, while China is an important exporter in the global economy, it also has a large number of small firms that use domestic inputs to a substantial extent. Between 1995 and 2009, participation in global value chains increased across all countries. Finally, Chart C, which measures the position of countries in global value chains, shows that countries that predominantly produce raw materials (e.g. Russia, Brazil and Australia) and intermediate components (e.g. Japan) are further upstream, while countries that focus on processing or compiling products (e.g. central and eastern European countries, and South Korea) are further downstream. Between 1995 and 2009, upstream countries moved slightly further upstream, whereas downstream countries moved further downstream.

## Conclusion

While there are some caveats to this form of analysis with respect to how the data is compiled and the assumptions underlying the measures used, this box shows the potential for these data

<sup>4</sup> For more details, see Rahman, J. and Zhao, T., "Export Performance in Europe: What Do We Know from Supply Links?", *IMF Working Paper*, No 13/62, International Monetary Fund, Washington, DC, March 2013.



to improve understanding of global trade flows and the implications of trade shocks across the world. Splitting euro area foreign demand into four trade channels shows that measures of bilateral trade in value-added terms can deviate significantly from measures of trade in gross terms. Most countries' participation in global supply chains has increased over time, while the change in relative position within those supply chains has varied across countries.

## 1.2 GLOBAL PRICE DEVELOPMENTS

In the majority of advanced economies, inflation declined in March. In the OECD area, annual headline consumer price inflation decelerated to 1.6% in March from 1.8% in February. The decline in inflation was broad-based across OECD countries. Excluding food and energy, OECD inflation remained unchanged at 1.6% in March. Meanwhile, annual inflation increased in a number of emerging economies in March, but fell back in China (see Table 1).

Turning to energy price developments, Brent crude oil prices decreased by 5.6% between 1 April and 30 April 2013 (see Chart 3), trading at around USD 103 per barrel on the latter date. Oil prices continued their downward trend that began in mid-February amid concerns about weaker than expected demand prospects. Looking ahead, global oil demand is expected to

decline in the second quarter of 2013, mainly owing to seasonal factors and to a decline in demand from advanced economies. Market participants expect lower prices over the medium term, with December 2013 futures prices standing at USD 100 per barrel and December 2014 futures prices standing at USD 97 per barrel.

Chart 3 Main developments in commodity prices

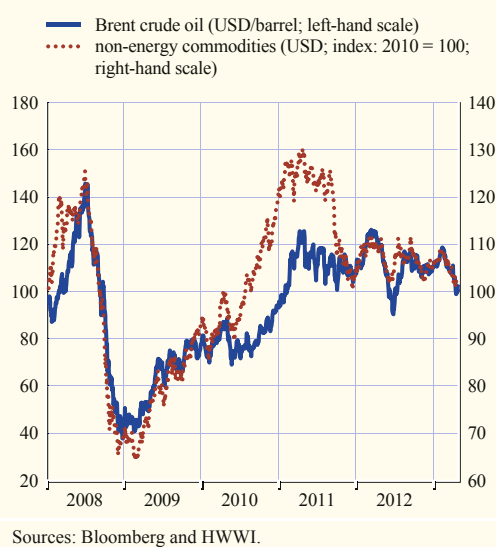


Table 1 Price developments in selected economies

(annual percentage changes)

	2011	2012	2012			2013		
			Oct.	Nov.	Dec.	Jan.	Feb.	Mar.
OECD	2.9	2.3	2.2	1.9	1.9	1.7	1.8	1.6
United States	3.2	2.1	2.2	1.8	1.7	1.6	2.0	1.5
Japan	-0.3	0.0	-0.4	-0.2	-0.1	-0.3	-0.7	-0.9
United Kingdom	4.5	2.8	2.7	2.7	2.7	2.7	2.8	2.8
China	5.4	2.6	1.7	2.0	2.5	2.0	3.2	2.1
Memo item: OECD core inflation <sup>1)</sup>	1.6	1.8	1.7	1.6	1.6	1.5	1.6	1.6

Sources: OECD, national data, BIS, Eurostat and ECB calculations.  
1) Excluding food and energy.

Table 2 Real GDP growth in selected economies

(percentage changes)

	Annual growth rates					Quarterly growth rates		
	2011	2012	2012 Q3	2012 Q4	2013 Q1	2012 Q3	2012 Q4	2013 Q1
United States	1.8	2.2	2.6	1.7	1.8	0.8	0.1	0.6
Japan	-0.5	2.0	0.4	0.4	-	-0.9	0.0	-
United Kingdom	1.0	0.3	0.4	0.2	0.6	0.9	-0.3	0.3
China	9.3	7.8	7.4	7.9	7.7	2.1	2.0	1.6

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

In the course of April prices of non-energy commodities decreased slightly by 1.7% on aggregate (see Chart 3). Metal prices declined, whereas food prices increased during this period. In aggregate terms, the price index for non-energy commodities (denominated in US dollars) was about 5.5% lower towards the end of April 2013 compared with the same period a year earlier.

### 1.3 DEVELOPMENTS IN SELECTED ECONOMIES

#### UNITED STATES

In the United States, GDP growth accelerated in the first quarter of 2013. According to the “advance” estimate by the Bureau of Economic Analysis, real GDP increased at an annualised quarter-on-quarter rate of 2.5% in the first quarter of 2013, up from 0.4% in the previous three months. The increase in the first quarter was driven largely by strong personal consumption expenditure, which grew by an annualised 3.2%, the fastest growth rate in two years, and by a pick-up in inventories. Private fixed investment also contributed positively to real GDP growth, although growth slowed down sharply in the non-residential segment. On the other hand, government spending declined further. Moreover, the contribution from net exports turned negative, with imports growing more than exports. Real disposable personal income declined significantly, although this development was influenced by strong dividend payments in the previous quarter. This pushed down the personal saving rate to its lowest post-crisis level of 2.6%, against 4.7% in the last quarter of 2012.

The latest economic indicators for the United States economy were generally weak, suggesting that economic activity lost some momentum at the end of the first quarter. Businesses held back on hiring new employees in March, as government spending cuts weighed on the economic outlook. While the unemployment rate fell from 7.7% to 7.6%, the lowest post-crisis level, this improvement came largely on the back of a decline in the labour force participation rate. Subdued personal income growth on account of the payroll tax increases enacted earlier in the year, together with a very low saving rate, is expected to take a toll on private consumption in the near term. In addition, business confidence dropped in April, suggesting that business activity is losing some momentum. However, the housing market continues to recover solidly, with rising home sales and house prices. Overall, recent indicators seem to point to a slowdown in economic growth in the second quarter, as the economy will be hit harder by the negative effects of the automatic government spending cuts.

Annual CPI inflation declined by 0.5 percentage point to 1.5% in March, the lowest rate of change since July 2012. The slowdown in year-on-year consumer price inflation was primarily led by a significant drop in energy prices, erasing to some extent the strong rise observed in February. Food price growth slowed slightly to 1.5%, after having remained stable at 1.6% in the previous two months. Core inflation eased to 1.9% in March, from 2.0% in February.

On 20 March 2013 the Federal Open Market Committee (FOMC) 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. The FOMC decided to continue purchasing additional agency mortgage-backed securities at a pace of USD 40 billion per month and longer-term Treasury securities at a pace of USD 45 billion per month.

## **JAPAN**

In Japan, recent economic data releases continue to point to a gradual pick-up in the growth momentum at the start of 2013. Industrial production increased by 0.2% month on month in March 2013, following a revised increase of 0.6% in the previous month, bringing the quarterly growth rate for the first quarter of 2013 to about 1.9%. Private consumption remained firm at the start of this year, whereas recent private domestic machinery orders still suggest some weakness in capital expenditure. Meanwhile, real exports of goods are about 1.4% higher on average in the first quarter of 2013 compared with the previous quarter. At the same time, real imports of goods rose by 3% on a quarterly basis. In nominal terms, the latest customs clearance trade data showed a narrowing of the seasonally adjusted trade deficit in March, to stand at about JPY 922 billion (compared with JPY 1,093 billion in the previous month). Looking ahead monthly business surveys continue to point to ongoing improvements in business and consumer sentiment. For instance, the manufacturing PMI index stood at 51.1 in April, its fourth consecutive monthly increase, after crossing the expansion/contraction threshold of 50 in March for the first time since May 2012.

In terms of price developments, annual consumer price inflation remained in negative territory at the start of 2013, standing at -0.9% in March, following -0.7% in February. Excluding fresh food and energy, annual CPI inflation increased slightly to -0.8%, from -0.9% in the previous month. At its latest monetary policy meeting on 26 April, the Bank of Japan decided to keep its target for the monetary base unchanged.

## **UNITED KINGDOM**

In the United Kingdom, real GDP increased by 0.3% quarter on quarter in the first quarter of 2013, according to the preliminary estimate. This increase was mainly due to services output, although the industrial sector also contributed positively to growth. Despite some recent strengthening, domestic demand continues to be constrained by tight credit conditions, ongoing private and public sector balance sheet adjustment, as well as weak household real income dynamics. Labour markets have remained relatively resilient, although the unemployment rate increased slightly to 7.9%, and employment growth slowed down markedly in the three months to February. Industrial production rebounded, while export volumes continued to decline in February, painting a picture of fragile growth in the manufacturing sector. Looking ahead survey indicators for March and April suggest that the recovery in economic activity will progress gradually in the short term.

Annual CPI inflation has been stable in recent months at slightly higher levels than those experienced in the autumn of 2012. The headline inflation rate remained steady at 2.8% in March 2013, while CPI inflation excluding energy and unprocessed food increased by 0.2 percentage point to 2.6%. Looking ahead it is expected that inflationary pressures will be contained by existing spare capacity in labour and capital utilisation in the medium term, although upward pressures owing to rises in administered and regulated prices, as well as sterling's depreciation earlier this

year could cause current high levels of inflation to persist. At its meeting on 4 April 2013, 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. On 24 April, the Bank of England and HM Treasury announced an extension to the Funding for Lending Scheme (FLS). The FLS was extended by one year (until the end of January 2015), with strong incentives for participating banks to boost net lending to small and medium-sized enterprises.

## CHINA

In China, real GDP growth decelerated slightly to 7.7% year on year in the first quarter of 2013, from 7.9% in the final quarter of 2012. Growth slowed down mainly owing to weaker investment. By contrast, private consumption accelerated and was the main driver of the Chinese economy in the first quarter, contributing 4.3 percentage points to growth. Net trade also contributed positively to growth, adding 1.1 percentage points, considerably higher than the 0.4 percentage point contribution recorded in the previous quarter. This was in line with expectations, given the stronger trade figures observed during the past few months. Turning to more recent indicators, total social financing, a broad measure of financing that includes funding through banks and non-bank institutions and financial markets, continued to accelerate in March, growing much faster than GDP. In April the flash estimate of the manufacturing PMI declined, although the index remained in expansionary territory for the seventh consecutive month. For the rest of 2013 the growth momentum of the Chinese economy is expected to remain strong.

In terms of price developments, headline CPI inflation receded from a temporary peak recorded in February, reaching 2.1% in March, as food price inflation decreased. Core inflation rose modestly to 1.9% in March, while PPI remained negative.

## 1.4 EXCHANGE RATES

Over the past month the euro broadly appreciated against most currencies. On 30 April 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 1.2% above its level at the beginning of the month and a year earlier (see Chart 4 and Table 3).

In bilateral terms, over the past month the euro appreciated against the US dollar and most other major currencies, while it depreciated slightly against the currencies of central and eastern European EU Member States and the pound sterling. The euro's strengthening was most pronounced against the Japanese yen (by 6.3%), amid changing expectations about future inflation differentials and interest rate developments. Its appreciation was more modest against the other major currencies, namely the US dollar (by 1.8%) and the Swiss franc

Chart 4 Nominal effective exchange rate of the euro

(daily data; index: Q1 1999 = 100)



Source: ECB.

Note: The nominal effective exchange rate of the euro 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 the effective exchange rate of the euro (EER-20)	Change in the exchange rate of the euro as at 30 April 2013 with respect to	
		2 April 2013	30 April 2012
EER-20		1.2	1.2
Chinese renminbi	18.8	1.5	-2.9
US dollar	16.9	1.8	-1.1
Pound sterling	14.9	-0.3	3.9
Japanese yen	7.2	6.3	20.3
Swiss franc	6.5	0.6	1.8
Polish zloty	6.2	-0.8	-0.5
Czech koruna	5.0	-0.3	3.7
Swedish krona	4.7	2.8	-4.2
Korean won	3.9	0.3	-3.5
Hungarian forint	3.2	-0.6	4.7
Danish krone	2.6	0.0	0.2
Romanian leu	2.0	-2.1	-1.9

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.

(by 0.6%). During the same period, the euro also appreciated against the currencies of commodity-exporting countries, including the Australian dollar (by 3.1%), the Canadian dollar (by 1.6%) and the Norwegian krone (by 1.9%). The euro depreciated slightly against the currencies of central and eastern European EU Member states, which were supported by improving sentiment towards the region.

The currencies participating in ERM II remained broadly stable against the euro, trading at, or close to, their respective central rates.

## 2 MONETARY AND FINANCIAL DEVELOPMENTS

### 2.1 MONEY AND MFI CREDIT

Annual M3 growth weakened further in March 2013, leading to a narrowing of the gap between broad money growth and growth in loans to the non-financial private sector. Meanwhile, the continued preference for liquidity led to a further strengthening of the annual growth rate of M1. On the counterpart side, MFI lending to the euro area non-financial private sector remained weak, mainly reflecting low levels of demand, although supply constraints also played a role in a number of countries. The latest monetary data also provide further indications that financial fragmentation in the euro area has continued to recede in recent months.

#### THE BROAD MONETARY AGGREGATE M3

The annual growth rate of M3 declined to 2.6% in March 2013, down from 3.1% in February, reflecting a small monthly outflow (see Chart 5). On the component side, the monthly inflow for overnight deposits was not enough to fully offset the outflows for marketable instruments (i.e. M3 minus M2) and short-term deposits other than overnight deposits (i.e. M2 minus M1). This notwithstanding, the data also conceal some further strengthening of deposit bases in most of the stressed countries in the euro area. In the majority of those countries, growth in the deposits of the non-financial private sector has exceeded that seen in other euro area countries in recent months, resulting in further reductions in the cross-country heterogeneity of deposit growth.

On the counterpart side, the slightly negative monthly flow for M3 in March can be partially explained by increases in both longer-term deposits and capital and reserves. By contrast, purchases of domestic government bonds in selected euro area countries, capital inflows in the euro area (as captured by MFIs' net external asset position) and the net redemption of longer-term MFI debt securities supported the monthly flow of M3.

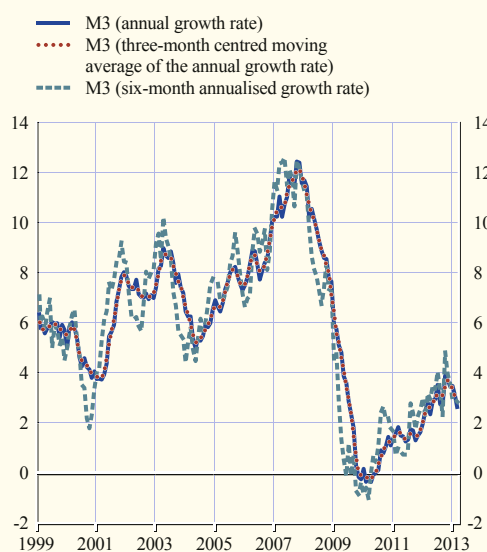
The volume of euro area MFIs' main assets contracted further in March, continuing the deleveraging observed since spring 2012. That month-on-month decline was driven mainly by further reductions in inter-MFI loans, holdings of debt securities issued by euro area MFIs and external assets, and thus followed the expected pecking order. Those developments were partly offset by increases in holdings of government bonds. Overall, excess central bank liquidity declined further in March, partly on account of a reduction in financial fragmentation (as evidenced by strengthening deposit bases in most stressed countries, capital inflows in the euro area and further redistribution of foreign deposits among euro area countries).

#### MAIN COMPONENTS OF M3

As regards the components of M3, the annual growth rate of M1 increased marginally to stand at 7.1% in March 2013, up from 7.0% in February. That was driven by a monthly inflow

Chart 5 M3 growth

(percentage changes; adjusted for seasonal and calendar effects)



Source: ECB.



for overnight deposits. Half of that inflow, however, reflected the impact of the liquidation of an individual MFI in one particular euro area country, with the other half being broadly based across the countries of the euro area. That genuine inflow for overnight deposits can be attributed to a preference for liquidity in the presence of low interest rates and continued uncertainty. As a result, M1 remained the primary contributor to broad money growth, accounting for 3.6 percentage points of the annual M3 growth observed in March.

The annual growth rate of short-term deposits other than overnight deposits declined to 0.5% in March, down from 0.8% in February. This reflected a further contraction in short-term time deposits (i.e. those with an agreed maturity of up to two years) and a moderation in the annual growth rate of short-term savings deposits (i.e. those redeemable at notice of up to three months).

The annual growth rate of marketable instruments declined sharply further, standing at -13.8% in March, down from -8.8% in February. This reflected strong net redemption of short-term MFI debt securities (i.e. those with maturities of up to two years), as well as outflows for repurchase agreements and money market fund shares/units. The net redemption of short-term MFI debt securities in March was broadly based across countries. When viewed in conjunction with the net redemption of longer-term MFI debt securities, this continues to suggest that, in the context of banks' deleveraging efforts, the strengthening of their deposit bases, regulatory incentives and access to central bank liquidity with full allotment at fixed rates, euro area banks have reduced their recourse to market-based funding.

The annual growth rate of M3 deposits – which include repurchase agreements and represent the broadest component of M3 for which a timely sectoral breakdown is available – decreased marginally to stand at 4.2% in March, down from 4.3% in February. This was driven by declines in the contributions of deposits held by households and, to a lesser extent, non-financial corporations. By contrast, the contribution of deposits held by non-monetary financial intermediaries other than insurance corporations and pension funds (OFIs) rose, reflecting an increase in the deposits held by the OFI sector as part of the aforementioned liquidation process. At country level, data for March reveal improvements in the deposit bases of banks operating in the large majority of stressed countries, pointing to improved confidence in the banking sectors of those countries.

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

The annual growth rate of MFI credit to euro area residents increased marginally to stand at 0.0% in March 2013, up from -0.2% in February, as a result of a rise in the annual growth rate of credit to the private sector (see Table 4). The annual growth rate of credit to general government declined marginally to stand at 3.5%, down from 3.6% in February. That said, a considerable monthly inflow was observed for credit to general government in March, driven mainly by sizeable purchases of domestic government bonds by MFIs in selected euro area countries.

The annual growth rate of credit to the private sector stood at -0.9% in March, up from -1.1% in February, on account of monthly inflows for both loans and MFIs' holdings of securities other than shares. However, the latter mainly reflected specific purchases linked to the aforementioned liquidation of an individual MFI. The annual growth rate of MFI loans to the private sector (adjusted for sales and securitisation) stood at -0.3% in March, up from -0.4% in February.

The annual growth rate of MFI loans to non-financial corporations (adjusted for sales and securitisation) increased marginally to stand at -1.3% in March, up from -1.4% in February, with

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					
		2012 Q2	2012 Q3	2012 Q4	2013 Q1	2013 Feb.	2013 Mar.
<b>M1</b>	<b>53.0</b>	<b>2.9</b>	<b>4.7</b>	<b>6.3</b>	<b>6.8</b>	<b>7.0</b>	<b>7.1</b>
Currency in circulation	8.8	5.6	5.3	3.0	1.7	1.4	1.8
Overnight deposits	44.2	2.3	4.6	7.0	7.9	8.2	8.2
<b>M2-M1 (=other short-term deposits)</b>	<b>39.6</b>	<b>2.5</b>	<b>1.3</b>	<b>1.6</b>	<b>1.2</b>	<b>0.8</b>	<b>0.5</b>
Deposits with an agreed maturity of up to two years	18.2	2.3	-1.0	-2.0	-3.8	-4.8	-5.2
Deposits redeemable at notice of up to three months	21.4	2.7	3.4	4.9	6.1	6.2	5.9
<b>M2</b>	<b>92.7</b>	<b>2.7</b>	<b>3.2</b>	<b>4.2</b>	<b>4.3</b>	<b>4.3</b>	<b>4.2</b>
<b>M3-M2 (=marketable instruments)</b>	<b>7.3</b>	<b>2.6</b>	<b>1.5</b>	<b>-2.7</b>	<b>-8.5</b>	<b>-8.8</b>	<b>-13.8</b>
<b>M3</b>	<b>100.0</b>	<b>2.7</b>	<b>3.0</b>	<b>3.6</b>	<b>3.2</b>	<b>3.1</b>	<b>2.6</b>
<b>Credit to euro area residents</b>		<b>1.4</b>	<b>0.9</b>	<b>0.5</b>	<b>0.0</b>	<b>-0.2</b>	<b>0.0</b>
Credit to general government		8.6	9.2	8.3	4.2	3.6	3.5
Loans to general government		-1.7	1.5	1.9	-0.8	-1.8	-1.2
Credit to the private sector		-0.3	-1.0	-1.3	-1.0	-1.1	-0.9
Loans to the private sector		-0.1	-0.6	-0.8	-0.8	-0.8	-0.8
Loans to the private sector adjusted for sales and securitisation <sup>2)</sup>		0.5	-0.1	-0.4	-0.4	-0.4	-0.3
<b>Longer-term financial liabilities (excluding capital and reserves)</b>		<b>-2.4</b>	<b>-4.4</b>	<b>-5.1</b>	<b>-5.1</b>	<b>-5.2</b>	<b>-4.8</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.

the monthly flow standing at zero (see Table 5). The annual growth rate of MFI loans to households (adjusted for sales and securitisation) remained unchanged at 0.4%. The monthly flow was very modest, reflecting further positive flows for lending for house purchase and the continued net redemption of consumer credit.

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					
		2012 Q2	2012 Q3	2012 Q4	2013 Q1	2013 Feb.	2013 Mar.
<b>Non-financial corporations</b>	<b>41.7</b>	<b>0.1</b>	<b>-0.8</b>	<b>-1.9</b>	<b>-2.4</b>	<b>-2.5</b>	<b>-2.4</b>
Adjusted for sales and securitisation <sup>2)</sup>	-	0.3	-0.5	-1.4	-1.4	-1.4	-1.3
Up to one year	25.3	0.1	-0.7	-1.7	0.2	0.5	1.5
Over one and up to five years	17.3	-2.7	-3.2	-4.5	-5.2	-5.2	-5.7
Over five years	57.4	1.0	0.0	-1.1	-2.7	-3.0	-3.0
<b>Households<sup>3)</sup></b>	<b>48.5</b>	<b>0.4</b>	<b>0.2</b>	<b>0.4</b>	<b>0.5</b>	<b>0.5</b>	<b>0.4</b>
Adjusted for sales and securitisation <sup>2)</sup>	-	1.4	1.0	0.8	0.5	0.4	0.4
Consumer credit <sup>4)</sup>	11.3	-2.1	-2.4	-2.9	-3.2	-3.3	-3.4
Lending for house purchase <sup>4)</sup>	73.2	0.9	0.8	1.1	1.4	1.4	1.3
Other lending	15.5	0.2	-0.7	-0.7	-1.0	-1.1	-0.9
<b>Insurance corporations and pension funds</b>	<b>0.9</b>	<b>-5.3</b>	<b>-9.1</b>	<b>-4.2</b>	<b>6.1</b>	<b>9.4</b>	<b>6.1</b>
<b>Other non-monetary financial intermediaries</b>	<b>9.0</b>	<b>-3.4</b>	<b>-2.8</b>	<b>-1.3</b>	<b>-0.5</b>	<b>-0.6</b>	<b>0.1</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.

Overall, growth in loans to the non-financial private sector remains subdued in the euro area, with both supply and demand factors (particularly the latter) weighing on the pace of loan growth (see also Box 2). Although cross-country heterogeneity remains, loan growth is broadly in line with historical regularities, given the current stage of the business cycle. Weak economic activity and persistent uncertainty continue to be reflected in weak demand for bank loans. At the same time, although it has receded in recent months, the fragmentation of financial markets is still curbing credit growth. Finally, the fact that the debt levels of households and non-financial corporations remain high in a number of countries is also weighing on loan growth. Box 3 presents the results of the latest survey on small and medium-sized enterprises' access to finance in the euro area. In addition, a broader analysis of savings, investment and financing broken down by institutional sector is presented in Box 4.

The annual growth rate of longer-term financial liabilities (excluding capital and reserves) increased to -4.8% in March, up from -5.2% in February.

That increase concealed a negative monthly flow, which was driven by considerable net redemption of longer-term MFI debt securities. By contrast, long-term deposits registered further moderate inflows in March. When the mechanical impact of non-derecognised securitisation is adjusted for, one can see that the increase in long-term deposits was driven, to a large extent, by households. Capital and reserves increased further in March.

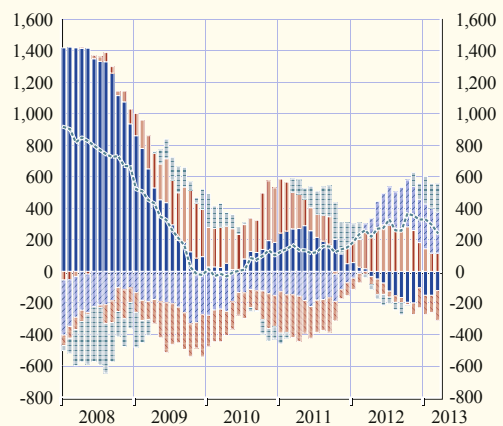
The net external asset position of euro area MFIs increased by €24 billion in March, following a small capital outflow in February (see Chart 6). This implies a resumption of the series of significant capital inflows recorded since July 2012 (with only two small monthly outflows being observed in that period). In the 12 months to March the net external asset position of euro area MFIs improved by €180 billion, compared with an improvement of €155 billion in the 12 months to February.

Overall, data for the first quarter of 2013 support the view that the underlying dynamics of money and credit growth remain subdued. Weaker M3 growth in the first three months of 2013 led to a narrowing of the gap between broad money growth and growth in loans to the non-financial private sector – with the latter stabilising, but remaining in negative territory as a result of both weak demand and, to a lesser extent, supply constraints in a number of countries. The latest monetary data also suggest that financial fragmentation in the euro area has receded in recent months.

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.

## Box 2

**THE RESULTS OF THE EURO AREA BANK LENDING SURVEY FOR THE FIRST QUARTER OF 2013**

This box summarises the main results of the euro area bank lending survey conducted by the Eurosystem between 20 March and 4 April 2013<sup>1</sup> for the first quarter of 2013. Overall, the results suggest that while the net tightening of the credit standards applied by banks to loans to enterprises and households has continued to moderate, the net decline in demand for loans has intensified, in particular for households.

**Summary of the main results**

In the first quarter of 2013, for the euro area as a whole, the net tightening of credit standards applied by banks to loans to enterprises declined, reaching a level below the historical average over the period since the survey's inception in 2003. The net tightening of credit standards applied to housing loans also decreased, albeit remaining slightly above its historical average. The level of net tightening remained broadly in line with its historical average in the case of consumer credit.

Among the factors underlying these developments, both banks' risk perception and the cost of funds and balance sheet constraints contributed less to net tightening for loans to both enterprises and households compared with the previous survey round. Borrowers' risks and macroeconomic uncertainty are still the main concerns of euro area banks when setting their lending policies.

As regards demand for loans to enterprises, euro area banks reported a broadly unchanged net decline in the first quarter of 2013, with net demand remaining substantially lower than its historical average. According to the reporting banks, the net decline in corporate loan demand mainly reflected the unchanged negative contribution of fixed investment. The ongoing net decline in demand for loans to households for house purchase and consumer credit strengthened substantially in the first quarter of 2013, which means that the net fall in demand has now returned to levels similar to those reported in 2012.

For the second quarter of 2013 the banks participating in the survey expect a similar degree of net tightening for loans to enterprises and a further decrease in the net tightening of credit standards for loans to households for house purchase and consumer credit. At the same time, euro area banks expect a weaker net decline in demand for all loan categories.

**Loans and credit lines to enterprises**

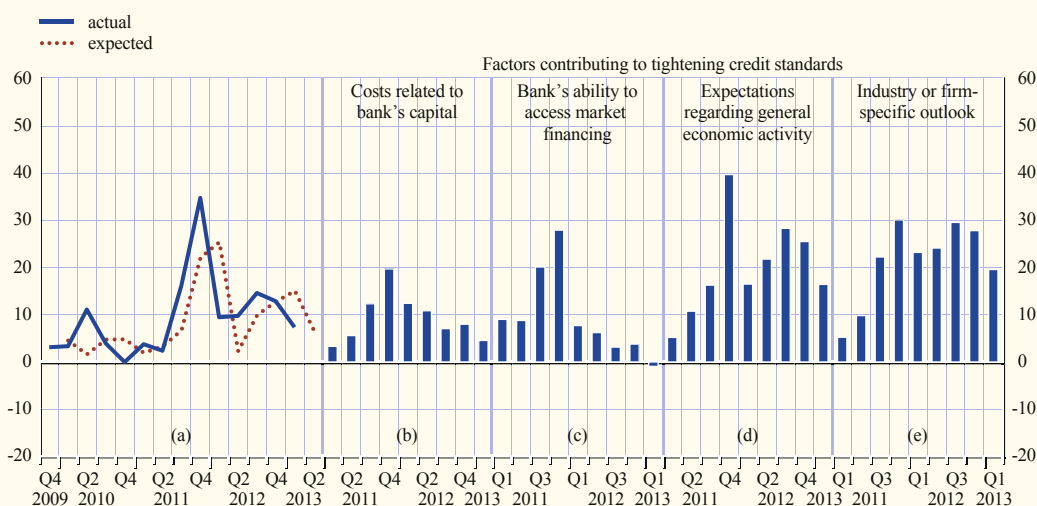
Regarding credit standards, in the first quarter of 2013 the net percentage<sup>2</sup> of banks reporting a tightening for loans and credit lines to enterprises declined (to 7%, compared with 13% in the

1 The cut-off date for completion of the survey was 4 April 2013. A comprehensive assessment of its results was published on the ECB's website on 24 April 2013.

2 The reported net percentage refers to the difference between the proportion of banks reporting that credit standards have been tightened and the proportion of banks reporting that they have been eased. A positive net percentage indicates that banks have tended to tighten credit standards ("net tightening"), whereas a negative net percentage indicates that banks have tended to ease credit standards ("net easing").

**Chart A Changes in credit standards applied to the approval of loans or credit lines to enterprises**

(net percentages)



Notes: In panel (a), the net percentages refer to the difference between the sum of the percentages for “tightened considerably” and “tightened somewhat” and the sum of the percentages for “eased somewhat” and “eased considerably”. The net percentages for the questions related to the factors are the difference between the percentage of banks reporting that the given factor contributed to tightening and the percentage reporting that it contributed to easing. “Actual” values refer to the period in which the survey was conducted. “Expected” values refer to the expected changes over the next three months.

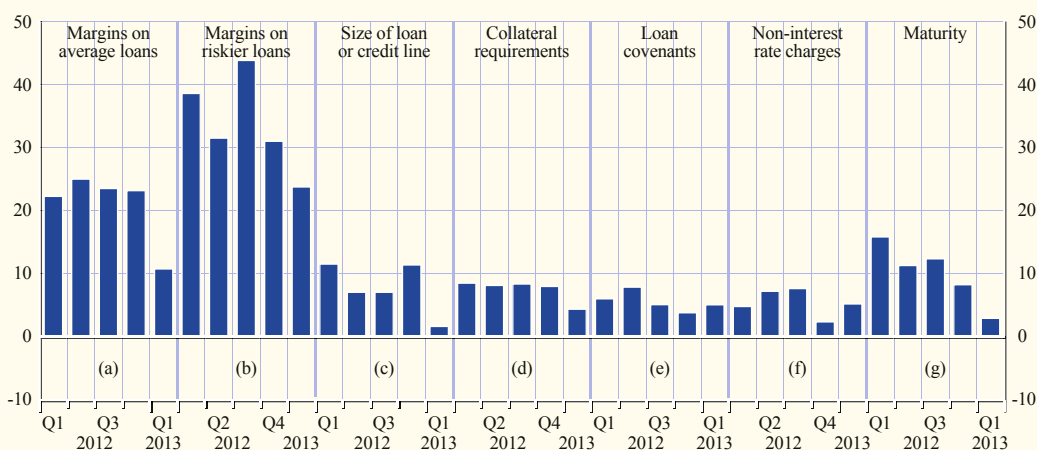
previous quarter; see Chart A), reaching a level below the historical average since the start of the survey in 2003. At the time of the previous survey round, participating banks had expected a higher degree of net tightening in the first quarter of 2013 (15%).

In the first quarter of 2013 the net tightening of credit standards declined across maturities and borrowers. More specifically, euro area banks reported net tightening of credit standards on loans to small and medium-sized enterprises (SMEs) and large firms of 7% and 4% respectively (compared with 12% and 15% in the fourth quarter of 2012), thus suggesting that the overall net tightening of credit standards was applied slightly more to small and medium-sized enterprises than to large firms. The surveyed banks also reported that the net tightening of credit standards declined for both short-term loans (5%, compared with 10% in the fourth quarter of 2012) and long-term loans (11%, compared with 15%).

Looking at the underlying factors, the net percentage of euro area banks reporting that the cost of funds and balance sheet constraints contributed to a tightening of credit standards declined moderately in the first quarter of 2013. More specifically, the reported contribution of costs related to banks' capital positions decreased (to 5%, from 8% in the fourth quarter of 2012), while the reported contributions of banks' access to market funding (-1%, compared with 4% in the fourth quarter of 2012) and banks' liquidity positions (-3%, compared with 0% in the fourth quarter of 2012) both pointed to a marginal easing of credit standards. Similarly, the impact of risk perceptions on the tightening of credit standards was also reported to have declined, albeit remaining at a relatively high level. Finally, competitive pressures were reported to have contributed to a net easing of credit standards in the first quarter of 2013.

Chart B Changes in terms and conditions for approving loans or credit lines to enterprises

(net percentages of banks reporting tightening terms and conditions)



Note: The net percentages refer to the difference between the sum of the percentages for “tightened considerably” and “tightened somewhat” and the sum of the percentages for “eased somewhat” and “eased considerably”.

The decline in the net tightening of credit standards in the first quarter of 2013 was reflected in the developments for most lending terms and conditions (see Chart B). In particular, in the first quarter of 2013 the widening of margins decreased for average loans (to 11%, from 23% in the fourth quarter of 2012), as well as for riskier loans (to 24%, from 31% in the fourth quarter of 2012). Banks also reported a decline in the tightening impact of both restrictions on the size of loans (to 2%, from 11% in the fourth quarter of 2012) and collateral requirements (to 4%, from 8% in the fourth quarter of 2012). By contrast, the tightening contribution of non-interest rate charges increased slightly (to 5%, from 2% in the fourth quarter of 2012).

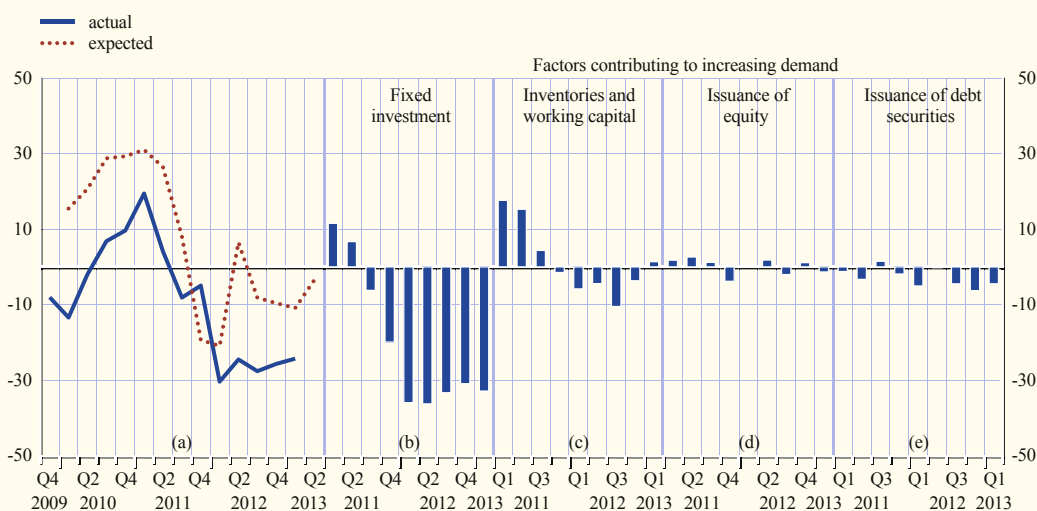
Looking ahead, on balance, euro area banks expect a similar degree of net tightening in the credit standards applied to loans to enterprises in the second quarter of 2013 (7%). The net tightening of credit standards is also expected to remain broadly unchanged in the case of loans to SMEs (6%, compared with 7% in the first quarter of 2013) and to increase somewhat for loans to large firms (to 9%, from 4% in the first quarter of 2013). Across maturities, the net tightening of credit standards is expected to remain broadly stable for both short-term loans (4%, compared with 5% in the first quarter of 2013) and long-term loans (10%, compared with 11% in the first quarter of 2013).

Turning to demand, in the first quarter of 2013 the net decline in reported demand for loans to enterprises remained broadly unchanged compared with the previous survey round (-24%, compared with -26%; see Chart C), with net demand remaining substantially lower than the historical average. Moreover, the decline was more pronounced than had been expected by respondents in the previous survey round (-11%). The net decline in demand for loans was broadly stable across borrowers and maturities, with the exception of short-term loans. Regarding the latter, participating banks reported a net decline of -8% in the first quarter of 2013, compared with -16% in the last quarter of 2012. More generally, the net decline in demand appears to have been relatively similar for large firms and SMEs (-26% for both categories), but stronger for long-term loans than for short-term loans (-32% and -8% respectively).



**Chart C Changes in demand for loans or credit lines to enterprises**

(net percentages)



Notes: In panel (a), the net percentages refer to the difference between the sum of the percentages for “increased considerably” and “increased somewhat” and the sum of the percentages for “decreased somewhat” and “decreased considerably”. The net percentages for the questions related to the factors are the difference between the percentage of banks reporting that the given factor contributed to an increase in demand and the percentage reporting that it contributed to a decline. “Actual” values refer to the period in which the survey was conducted. “Expected” values refer to the expected changes over the next three months.

As in the previous quarter, the net fall in demand was mainly driven by the substantial negative impact of reduced fixed investment (-33%, compared with -31%) on financing needs. Similarly, mergers and acquisitions (-10%, compared with -15% in the fourth quarter of 2012) continued to contribute to a decrease in loan demand, but to a lesser extent. By contrast, inventories and working capital (1%, compared with -4% in the fourth quarter of 2012) made a slight positive contribution to net demand. The use of most alternative sources of finance contributed to the net decline in demand for loans, with the exception of loans from non-banks, which made a positive contribution to net demand (1%, compared with -3% in the fourth quarter of 2012).

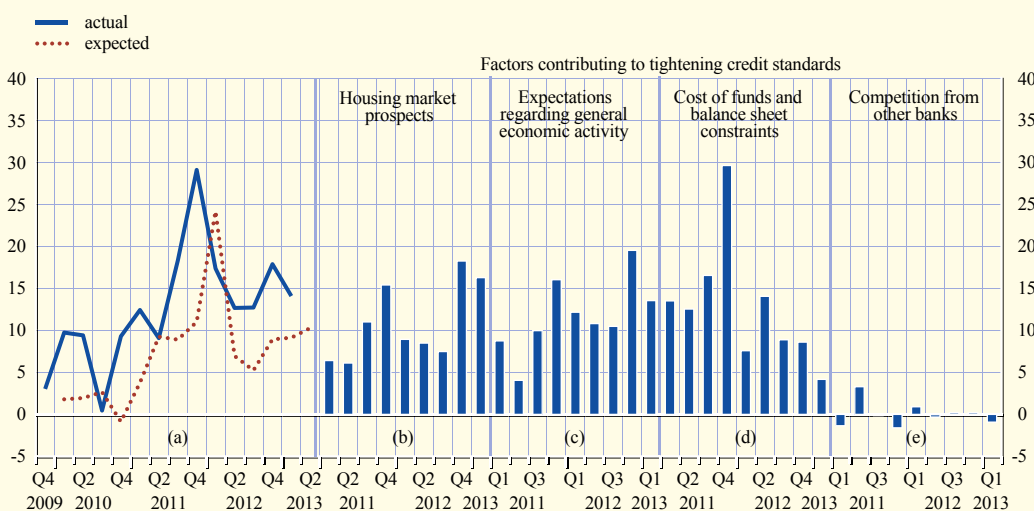
Looking ahead, banks expect a considerably smaller net decline in demand for loans to enterprises in the second quarter of 2013 (-4%). The net decline in demand is expected to apply to loans to both large firms and SMEs (-5% and -1% respectively) and to affect long-term loans (-11%) more markedly than short-term loans, where a net increase is foreseen (3%).

### Loans to households for house purchase

With regard to credit standards, in the first quarter of 2013 the net percentage of banks reporting a tightening for loans to households for house purchase declined slightly (14%, compared with 18% in the last quarter of 2012; see Chart D), while remaining above its historical average. This decline was less pronounced than had been anticipated in the previous survey round (9%). As in the case of loans to enterprises, the decline in net tightening in the first quarter of 2013 was mainly driven by reduced pressures from the cost of funds and balance sheet constraints (4%, compared with 9% in the fourth quarter of 2012), as well as a decline in the contribution from banks’ risk perceptions. The tightening impact of the general economic outlook declined (to 14%, from 20%

Chart D Changes in credit standards applied to the approval of loans to households for house purchase

(net percentages)



Note: See notes to Chart A.

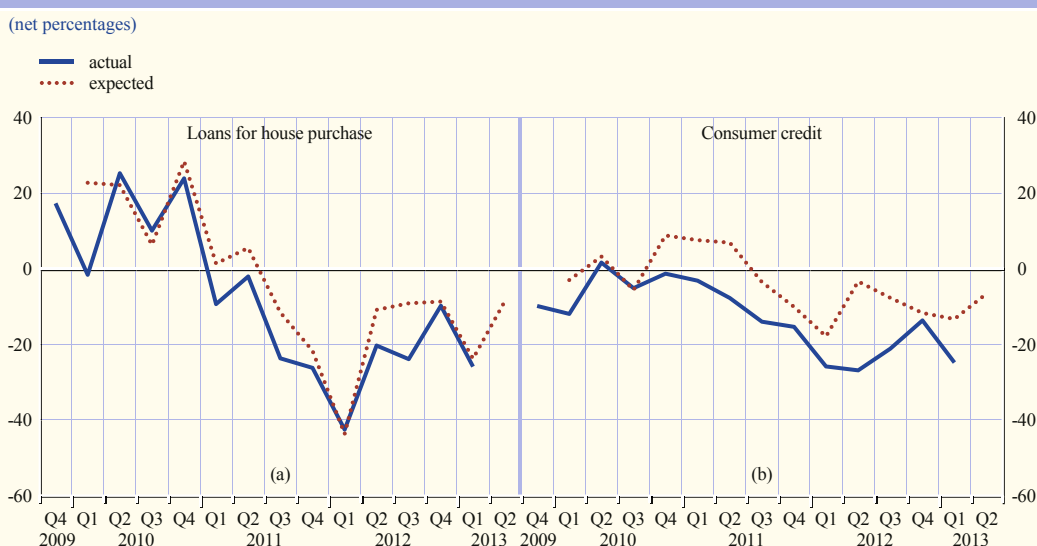
in the fourth quarter of 2012), while that of housing market prospects remained broadly unchanged (16%, compared with 18% in the fourth quarter of 2012). Competitive pressures were reported to have remained broadly unchanged.

Most terms and conditions on housing loans were tightened to a lesser degree in the first quarter of 2013. More specifically, margins on average loans were reported to have narrowed (-1%, compared with 8% in the fourth quarter of 2012), while the net percentage of banks reporting a widening of margins on riskier loans declined (10%, compared with 24% in the fourth quarter of 2012). In addition, responses regarding non-price terms and conditions pointed to a slight moderation in the contributions made to net tightening by collateral requirements (5%, compared with 8% in the fourth quarter of 2012) and the maturities of loans and non-interest rate charges (6% and 2% respectively, compared with 9% and 3% in the fourth quarter of 2012), while indicating an increase in the case of loan-to-value ratios (to 8%, from 4% in the fourth quarter of 2012).

Looking ahead, banks expect a somewhat lower degree of net tightening for loans for house purchase (10%) in the second quarter of 2013.

Turning to loan demand, euro area banks reported a contraction in net terms in demand for housing loans (-26%, compared with -11% in the fourth quarter of 2012; see Chart E), with net demand standing well below its historical average. Regarding the underlying factors, the contributions made to the net decline in demand were particularly pronounced in the case of non-housing-related consumption (-19%, compared with -10% in the fourth quarter of 2012) and, to a lesser extent, housing market prospects (-17%, compared with -13% in the fourth quarter of 2012) and consumer confidence (-29%, compared with -20% in the fourth quarter of 2012). By contrast, the contribution made to the net decline in demand by the use of household savings as

Chart E Changes in demand for loans to households for house purchase and consumer credit



Notes: The net percentages refer to the difference between the sum of the percentages for “increased considerably” and “increased somewhat” and the sum of the percentages for “decreased somewhat” and “decreased considerably”. “Actual” values refer to the period in which the survey was conducted. “Expected” values refer to the expected changes over the next three months.

an alternative source of finance remained broadly unchanged (at -13%, compared with -15% in the fourth quarter of 2012).

Looking ahead, banks expect a more contained net decline in demand for housing loans (-9%) for the second quarter of 2013.

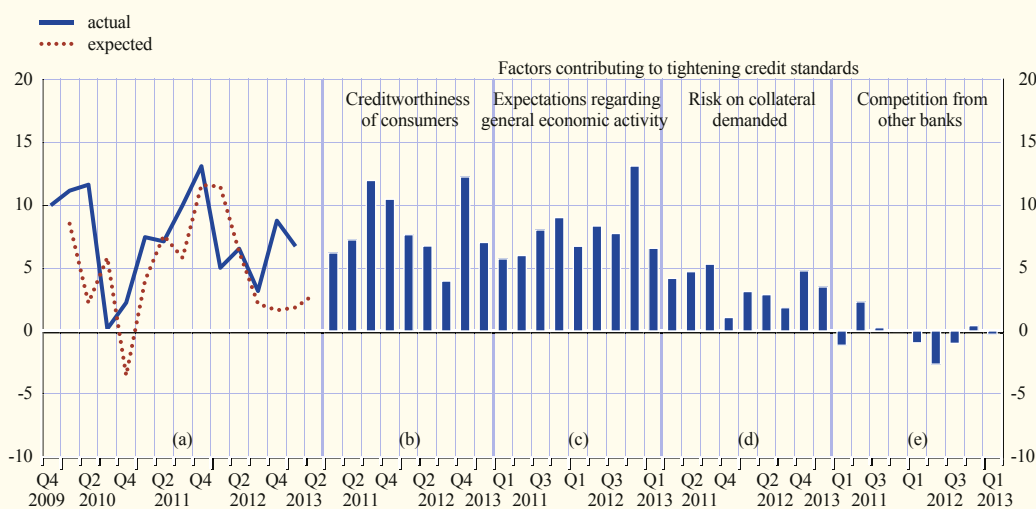
### Consumer credit and other lending to households

For the first quarter of 2013 euro area banks reported broadly unchanged net tightening of credit standards for consumer credit (7%, down from 9%; see Chart F), in line with its historical average. As with loans to enterprises and housing loans, pressures stemming from the cost of funds and balance sheet constraints receded in the first quarter of 2013, albeit only very marginally (to 1%, from 3% in the fourth quarter of 2012). At the same time, the net percentage of banks reporting that expectations regarding the economic outlook and the creditworthiness of loan applicants affected credit standards for consumer credit declined in the first quarter of 2013 (to 7%, from 13% in the fourth quarter of 2012, in the case of expectations regarding the economic outlook; and to 7%, from 12% in the fourth quarter of 2012, in the case of the creditworthiness of loan applicants).

With regard to the terms and conditions for approving consumer credit, banks reported a narrowing of margins on average loans (-2%, compared with 12% in the previous survey round), whereas margins on riskier loans were widened, albeit to a lesser degree (4%, compared with 17% in the fourth quarter of 2012). In addition, the net tightening of non-price terms and conditions on consumer credit reached a neutral stance.

**Chart F Changes in credit standards applied to the approval of consumer credit and other lending to households**

(net percentages)



Note: See notes to Chart A.

Looking ahead, in net terms, only 3% of banks expect a further tightening of credit standards on consumer credit and other lending to households in the second quarter of 2013.

In the first quarter of 2013 the surveyed banks reported a strengthening, in net terms, in the decline of demand for consumer credit (-25%, compared with -14% in the previous quarter; see Chart E). This was mainly explained by reduced household spending on durable goods (-27%, down from -17% in the fourth quarter of last year) and a decrease in consumer confidence (-25%, compared with -22% in the last quarter of 2012).

Looking ahead to the second quarter of 2013, euro area banks expect a moderation in the net decline of demand for consumer credit (-7%).

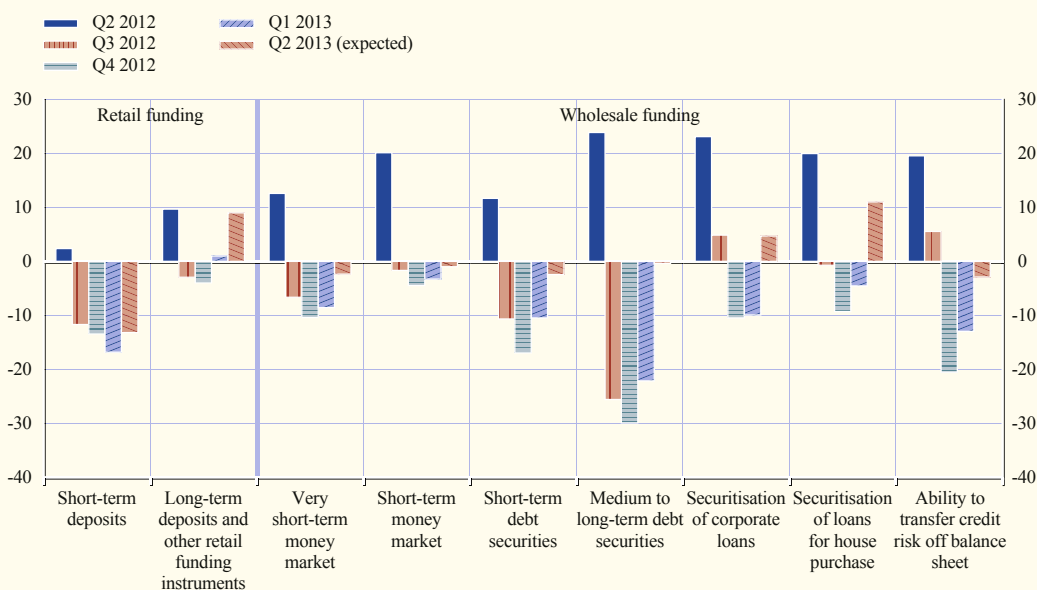
#### Ad hoc question on the impact of market tensions

As in previous survey rounds, the April 2013 bank lending survey contained an ad hoc question aimed at assessing the extent to which financial market tensions affected banks' access to retail and wholesale funding in the first quarter of 2013, and the extent to which they might still have an effect in the second quarter of 2013.

On balance, in the first quarter of 2013 euro area banks reported a further, albeit less pronounced, improvement in their access to retail and wholesale funding across most funding categories compared with the previous quarter (see Chart G). Looking ahead, for the second quarter of 2013 banks expect improvements in funding conditions to moderate further for most funding segments (except for securitisation, where a deterioration is expected).

**Chart G Changes in access to funding over the past three months**

(net percentages of banks reporting deteriorated market access)



Note: The net percentages are defined as the difference between the sum of the percentages for “deteriorated considerably” and “deteriorated somewhat” and the sum of the percentages for “eased somewhat” and “eased considerably”.

### Ad hoc question on the impact of the sovereign debt crisis on banks’ funding conditions, credit standards and credit margins

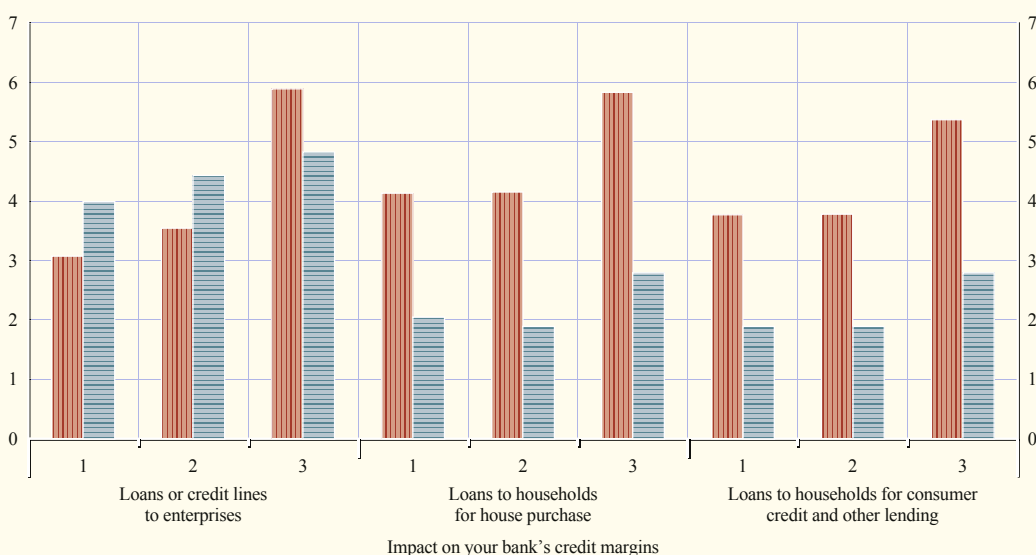
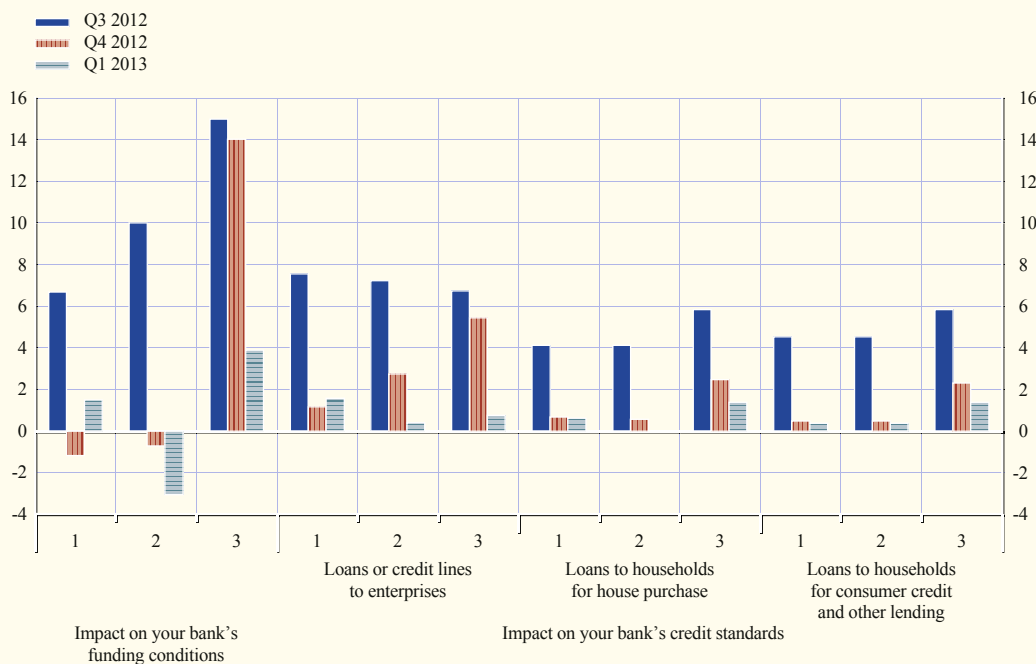
As in previous survey rounds, the questionnaire for the April 2013 survey included an ad hoc question aimed at assessing the impact of the sovereign debt crisis on banks’ funding conditions, credit standards and credit margins.

Replies to the April 2013 survey indicated that the impact of sovereign debt tensions on banks’ funding conditions abated slightly in some segments in the first quarter of 2013 (see Chart H). On balance, around 1% and 4% of euro area banks respectively reported that their direct exposure to sovereign debt and “other effects” contributed to unchanged, or a marginal tightening of, funding conditions (compared with a net easing impact of -1% and a net tightening impact of 14% respectively in the previous quarter). By contrast, the value of sovereign collateral contributed to a marginal net easing of funding conditions (-3%, compared with -1% in the fourth quarter of 2012).

Compared with the January survey round, the reported impact of the sovereign debt crisis on euro area banks’ credit standards receded in the first quarter of 2013. The decline was broadly based across lending categories and transmission channels, but particularly strong for loans to enterprises and only marginal in the case of loans to households. At the same time, banks reported that the impact of the sovereign debt crisis on their credit margins had declined for loans to households, but increased marginally for loans to enterprises.

**Chart H Impact of the sovereign debt crisis on banks' funding conditions, credit standards and lending margins**

(net percentages of banks reporting an impact on funding conditions, on the tightening of credit standards or on the widening of lending margins)



- 1 Direct exposure to sovereign debt
- 2 Value of sovereign collateral
- 3 Other effects

Note: The net percentages are defined as the difference between the sum of the percentages for "contributed considerably to a deterioration of funding conditions/tightening of credit standards/widening of lending margins" and "contributed somewhat" and the sum of the percentages for "contributed somewhat to an easing of funding conditions/easing of credit standards/narrowing of lending margins" and "contributed considerably".



## 2.2 SECURITIES ISSUANCE

In February 2013 the annual growth rate of debt securities issued by euro area residents continued to decline. However, the year-on-year growth of debt securities issued by non-financial corporations, while declining somewhat, still remained well above the historical average. The annual growth rate of issuance of quoted shares likewise declined marginally in February, as compared with the preceding month.

### DEBT SECURITIES

In February 2013 the annual growth rate of debt securities issued by euro area residents declined to 0.5%, compared with 1.2% in the previous month (see Table 6). The annual growth rate of debt securities issued decreased from 13.4% to 12.9% in the case of non-financial corporations, while it fell from 1.1% to 0.7% in that of non-monetary financial corporations and from -2.0% to -4.1% in the case of MFIs. The annual growth rate of debt securities issued by the general government remained almost unchanged at 2.5%.

The slowdown in overall debt security issuance was attributable to a more pronounced contraction in short-term debt securities issuance (from -8.2% in January 2013 to -9.0% in February) and to a decline in the annual growth rate of long-term debt securities issuance (from 2.3% in January to 1.5% in February). Refinancing activity remained concentrated on issuance in the long-term segment of the market, notably at fixed rates. The annual growth rate of issuance of fixed rate long-term debt securities declined to 3.8% in February, from 4.8% in January. At the same time, issuance of floating rate long-term debt securities contracted further to -6.4% on an annual basis in February, from -5.9% the preceding month.

Looking at short-term trends, the slowdown in debt issuance activity was more pronounced than suggested by the annual growth rates for issuance by MFIs and non-financial corporations (see Chart 7). The six-month annualised growth rate of debt securities issuance as a whole declined from a peak of 1.4% in October 2012 to -0.6% in February 2013. This rate declined from -5.4%

Table 6 Securities issued by euro area residents

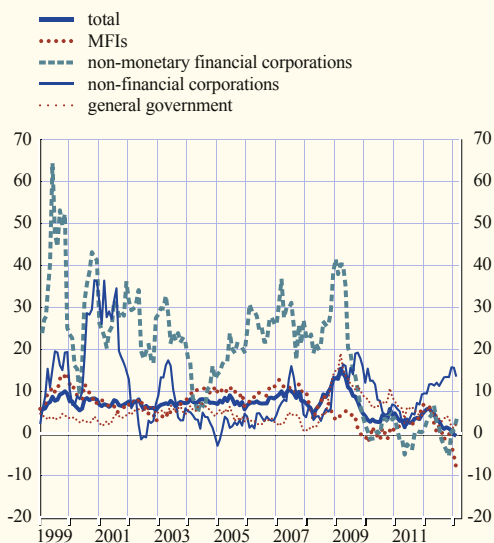
Issuing sector	Amount outstanding (EUR billions) 2013 February	Annual growth rates <sup>1)</sup>					
		2012 Q1	2012 Q2	2012 Q3	2012 Q4	2013 January	2013 February
<b>Debt securities</b>	<b>16,749</b>	<b>4.1</b>	<b>4.2</b>	<b>3.7</b>	<b>2.9</b>	<b>1.2</b>	<b>0.5</b>
MFIs	5,362	4.6	3.7	3.6	1.2	-2.0	-4.1
Non-monetary financial corporations	3,326	-0.6	2.4	0.9	0.4	1.1	0.7
Non-financial corporations	1,004	6.7	9.3	10.9	12.7	13.4	12.9
General government	7,057	5.7	4.7	4.3	4.1	2.4	2.5
<i>of which:</i>							
Central government	6,378	4.7	3.8	3.5	3.6	2.2	2.7
Other general government	679	16.7	14.3	12.8	9.1	4.6	0.3
<b>Quoted shares</b>	<b>4,612</b>	<b>1.6</b>	<b>1.4</b>	<b>1.0</b>	<b>1.0</b>	<b>0.9</b>	<b>0.8</b>
MFIs	416	10.8	10.1	5.6	5.2	2.7	2.7
Non-monetary financial corporations	359	3.6	3.1	2.9	2.6	2.5	2.7
Non-financial corporations	3,837	0.3	0.3	0.3	0.4	0.6	0.4

Source: ECB.

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

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

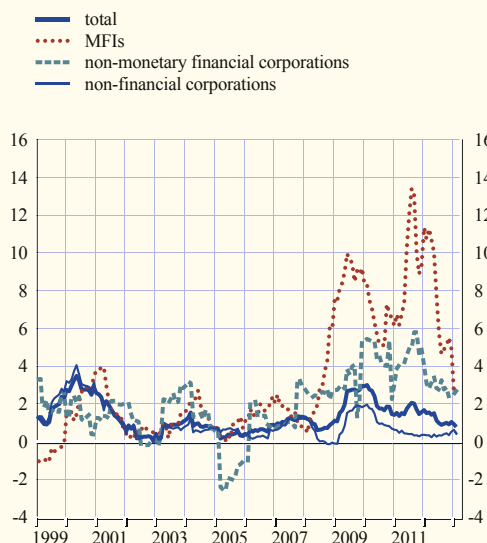
(six-month annualised growth rates; seasonally adjusted)



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.

in January 2013 to -8.3% in February in the case of MFIs and from 15.6% to 13.5% in that of non-financial corporations. Over the same period, the growth rate recorded for issuance by non-monetary financial corporations increased from 0.8% to 3.0%

### QUOTED SHARES

In February 2013 the annual growth rate of quoted shares issued by euro area residents remained broadly stable compared with the previous month, at 0.8%, reflecting minimal developments in issuance activity across the major sectors (see Chart 8). The annual rate of growth in equity issuance remained at 2.7% for MFIs, increased slightly to 2.7% for non-monetary financial corporations and declined marginally, to 0.4%, for non-financial corporations.

## 2.3 MONEY MARKET INTEREST RATES

*Money market interest rates remained broadly stable in April 2013. In the fourth maintenance period of the year, which began on 10 April, the EONIA remained at historically low levels, reflecting the low key ECB interest rates, as well as the amount of excess liquidity in the overnight money market – which remained high, despite the ongoing repayment of funds borrowed in the three-year longer-term refinancing operations (LTROs).*

Unsecured money market interest rates remained broadly stable in April 2013. On 30 April the one-month, three-month, six-month and twelve-month EURIBOR stood at 0.12%, 0.21%, 0.32% and 0.51% respectively. Thus, the shorter-term interest rates were unchanged from the levels observed on 3 April, while the six-month and twelve-month rates were 2 and 3 basis points lower

respectively. Consequently, the spread between the twelve-month and one-month EURIBOR – an indicator of the slope of the money market yield curve – decreased slightly further to stand at 39 basis points on 30 April (see Chart 9).

The three-month EONIA swap rate stood at 0.07% on 30 April, 1 basis point lower than on 3 April. Thus, the spread between the three-month EURIBOR and the three-month EONIA swap rate increased by 1 basis point.

The interest rates implied by the prices of three-month EURIBOR futures maturing in June, September and December 2013 and March 2014 decreased by 4, 6, 6 and 6 basis points respectively in comparison with the levels seen on 3 April, standing at 0.18%, 0.19%, 0.22% and 0.25% respectively on 30 April.

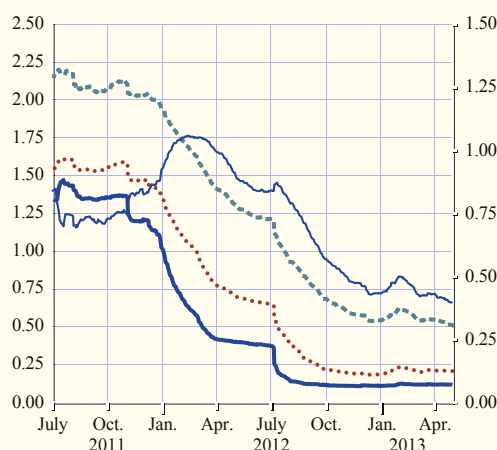
Between 3 April and the end of the third maintenance period of 2013 on 9 April, the EONIA increased slightly, standing at around 0.08% amid continued excess liquidity. Similar levels were observed in the fourth maintenance period. On 30 April the EONIA spiked to stand at 0.102% (see Chart 10).

Between 3 and 30 April the Eurosystem conducted several refinancing operations. In the main refinancing operations of the fourth maintenance period, conducted on 9, 16, 23 and 30 April, the Eurosystem allotted €119.3 billion, €116.4 billion, €110.4 billion and €105.0 billion respectively. The Eurosystem also conducted two LTROs in April, both as fixed rate tender procedures with full allotment, namely a special-term refinancing operation with a maturity of one maintenance period on 9 April (in which €5.2 billion was allotted) and a three-month LTRO on 24 April (in which €3 billion was allotted). Moreover, counterparties opted to repay, on a weekly basis, funds borrowed

**Chart 9 Money market interest rates**

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

- one-month EURIBOR (left-hand scale)
- ... three-month EURIBOR (left-hand scale)
- - - twelve-month EURIBOR (left-hand scale)
- spread between twelve-month and one-month EURIBOR (right-hand scale)

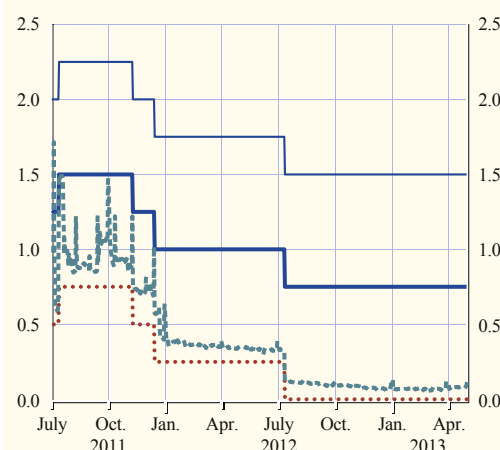


Sources: ECB and Thomson Reuters.

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

(percentages per annum; daily data)

- fixed rate in the main refinancing operations
- ... interest rate on the deposit facility
- - - overnight interest rate (EONIA)
- interest rate on the marginal lending facility



Sources: ECB and Thomson Reuters.

in the three-year LTROs allotted on 21 December 2011 and 29 February 2012 before maturity. As at 30 April, a total of €274.5 billion had been repaid since 30 January 2013, with €182 billion relating to the LTRO allotted on 21 December 2011 and €92.5 billion relating to the LTRO allotted on 29 February 2012. Thus, of the €523 billion of net liquidity originally injected in the two three-year LTROs, around 52% has been repaid so far.

The Eurosystem also conducted four one-week liquidity-absorbing operations on 9, 16, 23 and 30 April as variable rate tender procedures with a maximum bid rate of 0.75%. With these operations, the Eurosystem absorbed all of the liquidity associated with bonds held under the Securities Markets Programme.

Excess liquidity declined further in the third maintenance period of 2013 (falling from €442.7 billion to €374.9 billion), continuing the trend observed since the third quarter of 2012 (following the record levels seen in the second quarter of that year), a trend that has strengthened since the start of the early repayment of funds allotted in the two three-year LTROs. Moreover, a slight reduction in recourse to the main refinancing operations also contributed to the reduction in excess liquidity in the third maintenance period of 2013. While average daily recourse to the deposit facility decreased to €133.8 billion, down from €145.3 billion in the previous maintenance period, average current account holdings in excess of reserve requirements decreased from €297.4 billion to €241.1 billion. On 30 April, during the fourth maintenance period of the year, excess liquidity stood at €313.0 billion, owing to the continued early repayment of funds and an increase in the liquidity absorbed by autonomous factors.

## 2.4 BOND MARKETS

*Between the end of March and 30 April 2013, yields on AAA-rated long-term government bonds in the euro area decreased by around 20 basis points, to stand at around 1.5%. In the United States, long-term government bond yields declined by the same amount over the same period, standing at around 1.7% on 30 April. Risk sentiment in the euro area generally remained positive, despite a weak growth outlook. In the United States, market sentiment was also driven by weaker than expected data releases. In Japan, long-term government bond yields remained at low levels (0.6%) on account of the recent policy measures taken by the Bank of Japan. Over the period under review uncertainty about future bond market developments in the euro area declined. Intra-euro area sovereign bond yield spreads narrowed for most countries. Market-based indicators of long-term inflation expectations remain fully consistent with price stability.*

Between the end of March and 30 April, yields on AAA-rated long-term government bonds decreased by around 20 basis points in the euro area, to stand at around 1.5% on 30 April (see Chart 11). In the United States, long-term government bond yields declined by the same amount to stand at around 1.7% on the same date. In Japan, after a sharp decline related to the policy measures taken by the Bank of Japan, ten-year government bond yields edged up by 10 basis points but still stood at a low level of 0.6% on 30 April.

The decline observed in AAA-rated euro area government bond yields took place amid a weakening of the economic outlook. In particular, a number of data releases, including the Purchasing Managers' Index and business surveys for some euro area countries, turned out to be weaker than expected by market participants. These disappointing releases lowered expectations with regard

Chart 11 Long-term government bond yields

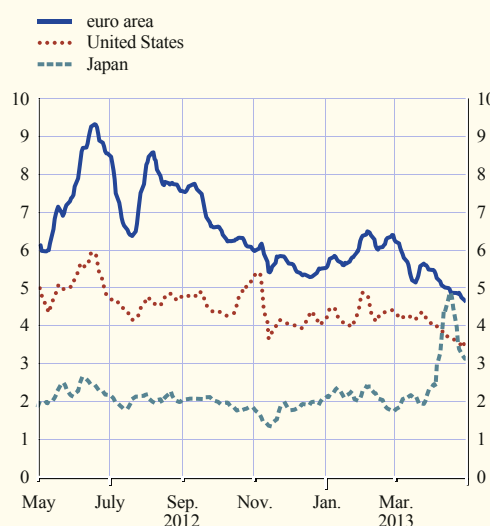
(percentages per annum; daily data)



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.

to the level of future policy rates (see Chart 15), which in turn put further downward pressure on long-term interest rates.

In the United States, following a series of poor releases, including those on non-farm payrolls in March, ten-year Treasury yields dropped to the lowest level seen in 2013. The release of the minutes of the March meeting of the Federal Open Market Committee appeared to put some temporary upward pressure on interest rates.

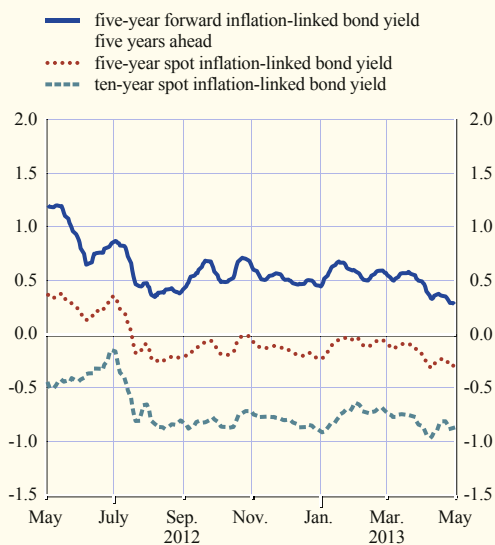
In early April the Bank of Japan introduced substantial changes to its monetary policy framework, including the purchase of Japanese government bonds of around JPY 7 trillion per month. These decisions triggered some volatility in the yields on long-term Japanese government bonds, which fell to a historic low on 4 April (of close to 0.4%), before rebounding to 0.6% on 30 April.

In the period under review yields generally declined in the stressed segments of the euro area government bond market. In particular, successful auctions in Italy and Spain shaped developments in the peripheral government bond markets. Moreover, the Eurogroup's approval of the prolongation, by seven years, of the loans to Ireland and Portugal contributed further to the decline in government bond yields in these countries.

Investor uncertainty about near-term bond market developments, as measured by option-implied volatility, declined over the review period in both the euro area and the United States (to 4.6% and 3.6% respectively). At the end of the period under review, implied volatility on both sides of the Atlantic was relatively low and close to pre-crisis levels.

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

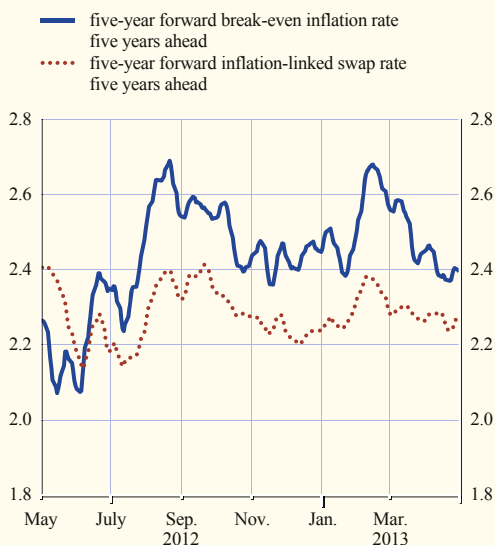
(percentages per annum; five-day moving averages of daily data; seasonally adjusted)



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.

**Chart 14 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)



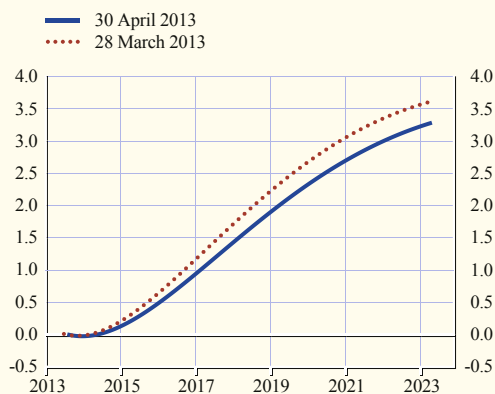
Sources: Thomson Reuters and ECB calculations.  
Notes: Since the end of August 2011 break-even inflation rates have been computed as a GDP-weighted average of separately estimated break-even rates for France and Germany.

Nominal yields on long-term euro area government bonds can be broken down into real yields and inflation expectations. The real yields on five-year AAA-rated inflation-linked euro area government bonds declined during the review period, from -0.2% to -0.3%, while the real yields on similar bonds with a ten-year maturity remained broadly unchanged at around -0.8% (see Chart 13). In the case of the longer maturities, implied forward real interest rates in the euro area (five-year forward five years ahead) declined from 0.5% to 0.3%.

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-linked bonds decreased by close to 10 basis points to stand at around 2.4% at the end of the period under review (see Chart 14). The corresponding forward inflation swap rate remained broadly unchanged, standing at around 2.3% at the end

**Chart 15 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.

of the review period. Overall, market-based indicators suggest that inflation expectations remain firmly anchored in line with price stability.<sup>1</sup>

Long-term euro area government bond yields can also be broken down into expectations for future short-term interest rates, e.g. the overnight interest rates, and risk premia (see Chart 15). With regard to expectations, the term structure of implied forward overnight interest rates in the euro area shifted downwards across all maturities in the period under consideration. As mentioned above, these developments mainly reflected downward adjustments to the outlook for economic activity.

In the period under review the spreads (relative to the Merrill Lynch EMU AAA-rated government bond index) on investment-grade corporate bonds issued by non-financial and financial corporations in the euro area declined across all rating classes, but most markedly in the case of the lower rating classes. Overall, corporate bond spreads remained low by historical standards.

## 2.5 INTEREST RATES ON LOANS AND DEPOSITS

*In February 2013 both short-term and long-term interest rates remained unchanged for loans to households for house purchase. They also remained unchanged in the case of small-sized, short-term loans to non-financial corporations, while they decreased for large loans at shorter maturities. By contrast, long-term rates on loans to non-financial corporations increased, for both small and large-sized loans. The spreads between the rates on small and large loans to non-financial corporations remained at elevated levels.*

In February 2013 MFI interest rates on short-term deposits declined in the case of both non-financial corporations and households. Interest rates on short-term loans to households for house purchase remained stable at 2.9% in February, while those on consumer credit rose from 5.7% in January to 5.9% in February. Where non-financial corporations are concerned, short-term interest rates on large loans (defined as loans of more than €1 million) declined by about 10 basis points in February, to 2.1%, while those on small loans (i.e. loans of up to €1 million) remained broadly unchanged, at 3.8% (see Chart 16). Accordingly, the spread between short-term interest rates on small loans to non-financial corporations and the corresponding interest rates on large loans widened to 170 basis points in February. The magnitude of the spread indicates that financing conditions remain persistently tighter for small and medium-sized enterprises than for large firms. In the case of overdrafts, interest rates remained broadly unchanged, standing at 8.4% for households and 4.0% for non-financial corporations.

Overall, given that the EURIBOR remained broadly unchanged in February, the spread between the short-term MFI interest rates on loans to households and the three-month money market rate remained stable at around 2.6 percentage points, while that between the corresponding rates for non-financial corporations and the three-month money market rate declined by about 10 basis points to 1.9 percentage points (see Chart 17).

Viewed from a longer-term perspective, short-term MFI interest rates on loans to households for house purchase have declined by about 60 basis points since the beginning of 2012, while those

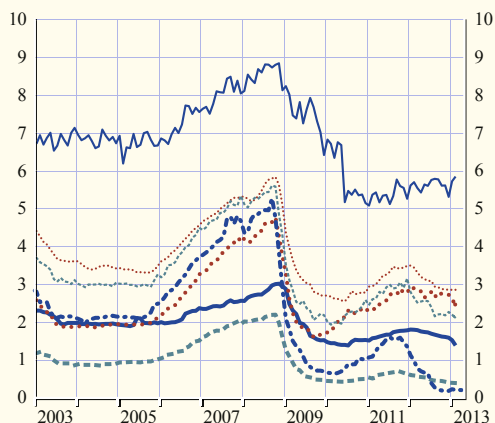
<sup>1</sup> For a more thorough analysis of the anchoring of long-term inflation expectations, see the article entitled “Assessing the anchoring of longer-term inflation expectations”, *Monthly Bulletin*, ECB, July 2012.



**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

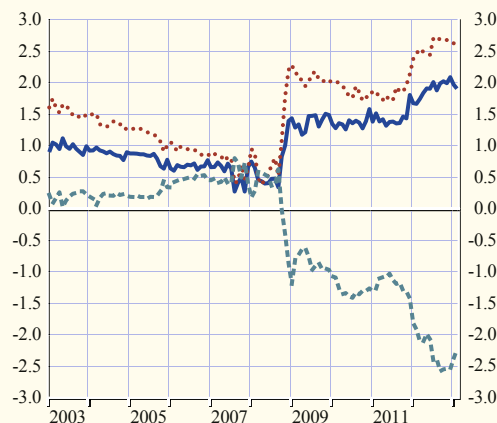


Source: ECB.  
Note: Data as of June 2010 may not be fully comparable with those prior to that date owing to methodological changes arising from the implementation of Regulations ECB/2008/32 and ECB/2009/7 (amending Regulation ECB/2001/18).

**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).

on large loans to non-financial corporations have decreased by around 70 basis points. These developments reflect the transmission of changes in market rates to bank lending interest rates in the wake of the cuts in key ECB interest rates since November 2011, and the effects of the non-standard measures implemented or announced by the ECB over this period. Indeed, the decline in short-term lending interest rates is related, in particular, to the substantial improvement of both banks' funding costs and their access to funding over the period.

Turning to longer maturities, MFI interest rates on long-term deposits from households decreased by 13 basis points, to 2.3%, in February, while those on long-term deposits of non-financial corporations increased by 5 basis points, to 2.2%. In the case of loans, interest rates on long-term loans to households for house purchase remained broadly unchanged, while those on long-term loans to non-financial corporations increased. Specifically, rates on loans to households for house purchase with an initial rate fixation period of over five and up to ten years remained at a historically low level of about 3%. By contrast, long-term rates on large loans to non-financial corporations (with an initial rate fixation period of over five years) increased by 8 basis points, to 3% (see Chart 18). Likewise, long-term rates on small loans to non-financial corporations increased to 3.5% in February, from 3.4% in the previous month. Hence, the spread between long-term rates on

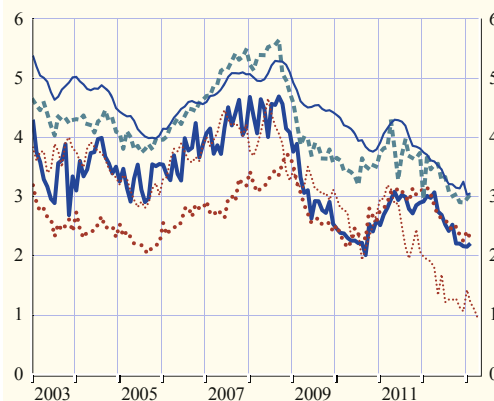
small loans and those on large loans remained stable at around 40 basis points in February. However, it remained above the historical average recorded over the period since 2003 (30 basis points). As the yields on AAA-rated seven-year government bonds declined by about 20 basis points, to 1.2% in February, the spread between long-term lending rates and the yields on AAA-rated seven-year government bonds widened for both housing loans and loans to non-financial corporations.

Taking a longer perspective, the spread between long-term lending rates and the yields on AAA-rated seven-year government bonds widened somewhat in the course of 2012 and early 2013. This reflects a decline in the yields on AAA-rated government bonds in the context of flight-to-safety flows which was sharper than the decrease in long-term MFI lending rates, particularly those for non-financial corporations, but also those for households. At the same time, the decline in long-term lending rates also reflected both the transmission of past cuts in key ECB interest rates and the effects arising from the ECB's non-standard measures, such as the two three-year longer-term refinancing operations of December 2011 and February 2012, as well as the announcement of Outright Monetary Transactions in the summer of 2012.

**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).

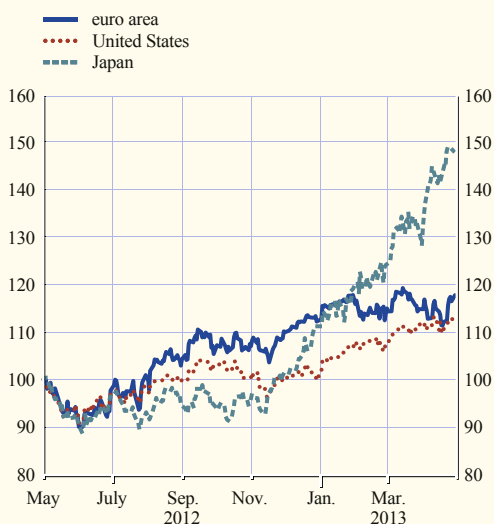
## 2.6 EQUITY MARKETS

*Between the end of March and 30 April 2013, stock prices increased by 2.3% in the euro area. In the United States, stock prices rose by 1.8% over the same period. Risk sentiment in the euro area generally remained positive despite the weak prospects for growth. In the United States, forward-looking indicators also pointed to a weak recovery. In the euro area, company earnings reports for the first quarter were skewed slightly towards negative surprises. In the United States, they were skewed slightly towards the positive side. Stock market uncertainty, as measured by implied volatility, was broadly unchanged over the period under review.*

Between the end of March and 30 April 2013, equity prices in the euro area, as measured by the broad-based Dow Jones EURO STOXX index, increased by 2.3%. Over the same period, equity prices in the United States, as measured by the Standard & Poor's 500 index, rose by 1.8% (see Chart 19). In the euro area, stock prices for the non-financial sector increased slightly by 1.0%, but underperformed those in the financial sector, which increased by 9.1%. In the United States, stock prices for both the financial sector and the non-financial sector rose slightly, by 2.5% and 1.6%

Chart 19 Stock price indices

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

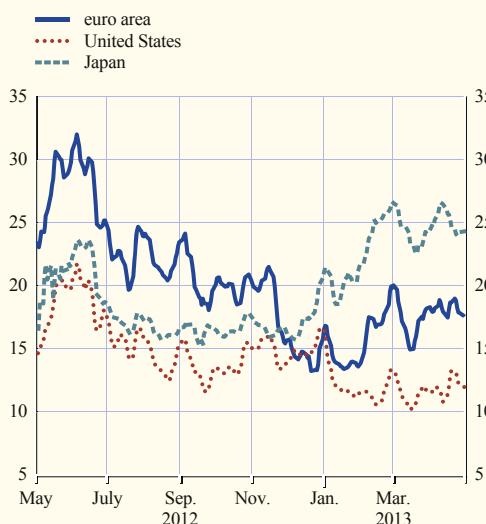


Source: Thomson Reuters.

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.

Chart 20 Implied stock market volatility

(percentages per annum; five-day moving averages 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.

respectively. Over the same period, stock prices in Japan, as measured by the Nikkei 225 index, increased by around 12%.

In the euro area, releases of business sentiment indicators continued to point to weak growth dynamics. However, these data releases led to increased market expectations of an ECB rate cut, thus countering the negative effect on market sentiment. Meanwhile, the general increase in risk appetite that in particular benefited peripheral government bond markets also supported other risky assets such as equities. Earnings of European companies were generally on the weak side of analysts' expectations, but did not have a major impact on market sentiment.

In the United States, economic data releases were mixed as some forward-looking indicators came in below expectations, while most data releases confirmed that the housing market remains on a positive trend. Companies' earnings for the first quarter were better than expected, although sales were generally disappointing. In total, the earnings releases also had a limited impact on market sentiment in the United States. In Japan, stock prices rose significantly (by 12%) against the background of the rapid depreciation of the yen following the announcement of the new bond purchase programme by the Bank of Japan, aimed at fighting deflation and providing support to domestic demand.

Stock market uncertainty in the euro area, as measured by implied volatility, was unchanged at 18% in the period under review. In the United States, it increased slightly to 12%. In both areas, stock market uncertainty remains close to the average values recorded since summer 2012 (see Chart 20).

Developments in sectoral sub-indices of the euro area equity markets were mixed in the period under review. Decreasing or unchanged prices were registered in sectors that are typically sensitive to business cycles, namely industrial products and consumer goods, as well as in the technology sector. Weaker than expected growth in China, together with the weak growth outlook in most major economic areas, put downward pressure on oil and commodity prices, thus leading to underperformance in the share prices of companies in the basic materials sector. The strongest increases were recorded in the financial sector, followed by the telecommunications and utilities sectors. Stock prices in the financial sector benefited in particular from renewed confidence in distressed government bond markets.

### Box 3

#### **SURVEY ON THE ACCESS TO FINANCE OF SMALL AND MEDIUM-SIZED ENTERPRISES IN THE EURO AREA: OCTOBER 2012 TO MARCH 2013**

This box presents the main results of the eighth round of the “Survey on the access to finance of small and medium-sized enterprises (SMEs) in the euro area”.<sup>1</sup> The survey was conducted between 18 February and 21 March 2013 and covered 7,510 firms, of which 6,960 (i.e. 93%) had less than 250 employees (and are thus categorised as SMEs). This box describes the changes in the financial situation, financing needs and access to financing of SMEs in the euro area over the six preceding months (i.e. from October 2012 to March 2013).<sup>2</sup> In addition, developments for SMEs are compared with developments for large firms over the same period.

Overall, most euro area SMEs continued to mention “Finding customers” as their dominant concern (27%, as in the previous survey round). “Access to finance” was mentioned by the second largest percentage of euro area SMEs (16%, down from 18%), whereas large euro area firms mentioned that concern less frequently than SMEs (11%, down from 14%).

#### **Deterioration in the financial situation of SMEs similar to the previous survey**

In the period from October 2012 to March 2013, which was characterised by weak economic activity in the euro area, the financial situation of euro area SMEs continued to deteriorate. In the survey period, euro area SMEs continued to report, in net terms,<sup>3</sup> a decline in turnover (-11%, broadly stable compared with -10% in the previous survey period; see Chart A). In addition, a high net percentage of euro area SMEs continued to report increases in labour and other costs (47% and 69% respectively, compared with 45% and 69%). As a consequence of lower turnover and adverse cost developments, euro area SMEs reported a continued decline in profits (-33%, compared with -34%). By contrast with SMEs, large euro area firms reported, on balance, an increase in turnover in the period from October 2012 to March 2013 (19%, down from 22%). In addition, the deterioration in their profits was, on balance, much more moderate (-14%, down from -10%) than that of euro area SMEs.

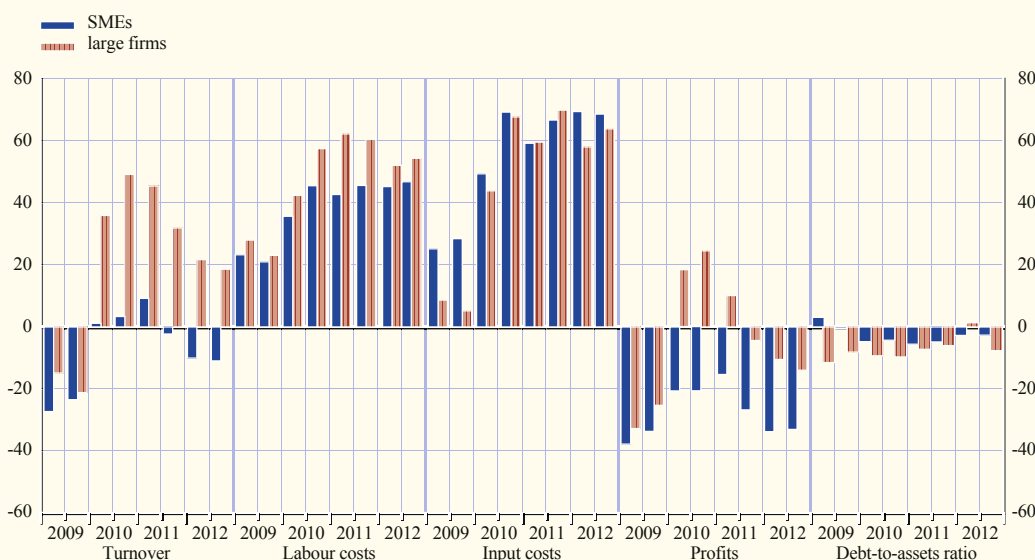
1 A comprehensive report, detailed statistical tables and additional breakdowns were published in the “Statistics” section of the ECB’s website on 26 April 2013 (see “Monetary and financial statistics/Surveys/Access to finance of SMEs”).

2 The reference period for the previous survey round (H1 2012) was April to September 2012.

3 Net terms refer to the difference between the percentage of firms reporting an increase and those reporting a decrease.

Chart A Indicators of the financial situation of euro area firms

(change over the preceding six months; in net percentage of respondents)



Sources: ECB and European Commission survey on the access to finance of SMEs.

Note: Net percentages are defined as the difference between the percentage of firms reporting an increase for a given factor and those reporting a decrease.

Against the background of still high corporate indebtedness, heightened risk aversion of banks especially with respect to less creditworthy borrowers, and subdued demand for credit, euro area SMEs continued to reduce their leverage (in net terms -3%, unchanged from the previous survey period). After broadly unchanged leverage in the last survey period, large euro area firms resumed their deleveraging in the period from October 2012 to March 2013 (on balance -8%, down from 1%).

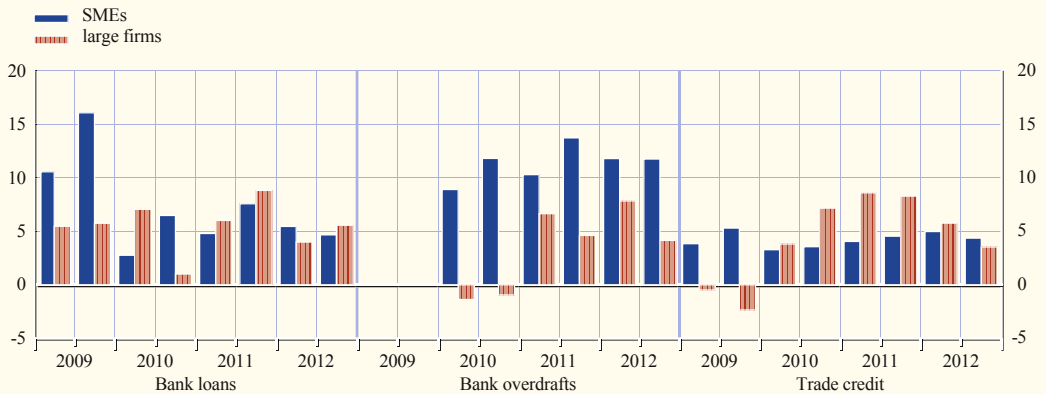
### Continued increase in the external financing needs of euro area SMEs

On balance, 5% of the euro area SMEs reported an increase in their need for bank loans and 12% reported an increased need for bank overdrafts (both roughly unchanged from the previous survey round; see Chart B). The development of the need for trade credit was similar, with a net percentage of 4% of euro area SMEs reporting an increase (compared with 5%). Among the factors affecting SMEs' need for external financing, fixed investment and inventory and working capital played the largest role. For fixed investment, on balance, 13% of euro area SMEs (up from 10%) reported an increased impact of this factor on their external financing needs. Euro area SMEs also reported, on balance, a somewhat higher need for external financing resulting from insufficient availability of internal funds (7%, up from 5%).

Large firms also reported, on balance, a slight increase in the need for bank loans (6%, up from 4% in the previous survey round) and a reduced need for trade credit (4%, down from 6%) and bank overdrafts (4%, down from 8%).

**Chart B External financing needs of euro area firms**

(change over the preceding six months; in net percentage of respondents)



Source: ECB and European Commission survey on the access to finance of SMEs.

Note: Net percentages are defined as the difference between the percentage of firms reporting an increase in needs and those reporting a decrease.

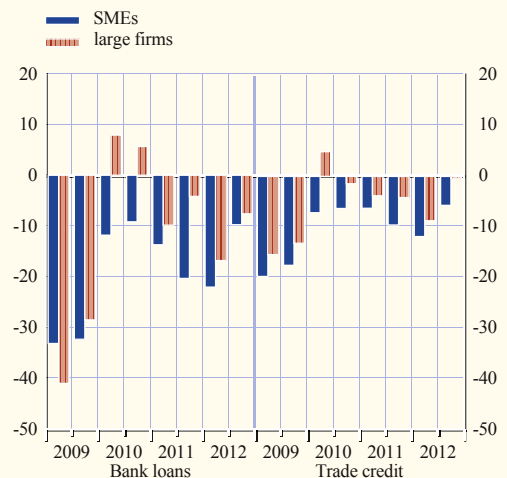
Data for bank overdrafts (which include also credit lines and credit cards overdraft) are not available for the first two rounds of the survey.

### Continued but considerably slower deterioration in the availability of external financing for euro area SMEs

Between October 2012 to March 2013, the net percentage of euro area SMEs reporting a deterioration in the availability of bank loans declined markedly, to -10% (compared with -22%; see Chart C). The net percentage reached levels last seen in the second half of 2010. Euro area SMEs also reported, on balance, a considerably smaller deterioration in the availability of bank overdrafts (-14%, up from -23%) and trade credit (-6%, up from -12%). Turning to the factors affecting the deterioration in the availability of external financing, SMEs continued to refer in particular to a worsening of the general economic outlook (-35% in net terms, up from -41%), but to a lesser extent than in the previous survey period. The continued negative assessment at the euro area level signals risks related to subdued economic activity and the creditworthiness of borrowers, which banks take into account in their lending policy. The net percentage of euro area SMEs reporting a worsening in their firm-specific outlook (-16%, up from -20%) also declined in the period from October 2012 to March 2013. At the euro area level, SMEs' own capital had, on balance, a broadly neutral impact on the availability of external financing (-2%, compared with -5%). Similar to these demand-

**Chart C Availability of external financing for euro area firms**

(change over the preceding six months, in net percentage of firms that applied for external financing)



Source: ECB and European Commission survey on the access to finance of SMEs.

Note: Net percentages are defined as the difference between the percentage of firms reporting an increase in availability and those reporting a decrease.

driven factors, SMEs indicated a smaller deterioration in banks' willingness to provide a loan in the period from October 2012 to March 2013 (-21%, up from -27%).

In line with the smaller net deterioration in the availability of bank loans, euro area SMEs also reported, on balance, considerably less tightening of the terms and conditions of bank loan financing. On balance, remarkably fewer euro area SMEs reported an increase in interest rates (17%, down from 27% in the previous survey), possibly reflecting the improved funding situation of banks. With respect to non-price terms and conditions, euro area SMEs reported, on balance and for the first time since the first half of 2011, an increase in the size of the loans (3%, from -8%), pointing to less quantitative constraints in the availability of loans. In addition, SMEs reported, on balance, a smaller increase in collateral requirements (35%, down from 39%).

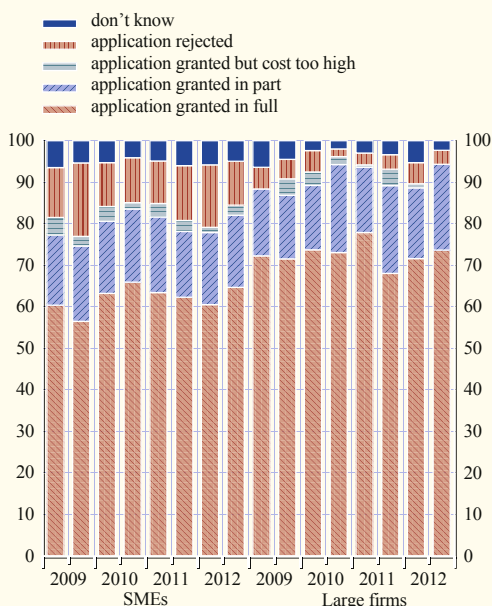
As in the case of euro area SMEs, the availability of bank loans to large firms deteriorated less than in the previous survey period (-8%, up from -17%). In addition, the degree of deterioration remained somewhat lower than for euro area SMEs, indicating that large firms generally have easier access to finance than SMEs.

### Significant financing obstacles for euro area SMEs, though some moderation seen since previous survey

When looking at the actual outcome of bank loan applications by SMEs between October 2012 to March 2013, the situation shows tangible signs of improvement at the euro area level. Of the euro area SMEs, 65% reported that they had received the full amount of their loan application (compared with 60% in the previous survey period; see Chart D), which was close to the level in the second half of 2010 (66%). By contrast, 11% (down from 15%) reported that their bank loan application had been rejected, and 10% (unchanged from the previous survey period) that they received only a limited amount of their application. For bank overdrafts, euro area SMEs also reported a decline in the rejection rate (10%, down from 14%). When summing up the percentages of SMEs reporting loan applications which were rejected, loan applications for which only a limited amount was granted, and loan applications which were granted but not used by the SMEs because the borrowing costs were too high, as well as the percentage of SMEs that did not apply for a loan for fear of rejection (i.e. discouraged borrowers) to an encompassing measure of financing obstacles, a share of 30% (down from 32%) of euro area SMEs reported that their desired loan applications were not successful in the period from October 2012 to March 2013.

Chart D Outcome of loan applications by euro area firms

(over the preceding six months; percentage of firms that applied for bank loans)



Sources: ECB and European Commission survey on the access to finance of SMEs.



For large firms, the rate of success when applying for a bank loan was higher than for SMEs and increased to 74% (up from 72%). The rejection rate declined somewhat (3%, down from 5%). An encompassing measure of financing obstacles points to a percentage of 15% (down from 18%) of large firms, indicating that large firms generally had better access to finance than SMEs.

#### Box 4

### INTEGRATED EURO AREA ACCOUNTS FOR THE FOURTH QUARTER OF 2012<sup>1</sup>

The integrated euro area accounts, released on 29 April 2013 and covering data up to the fourth quarter of 2012, offer comprehensive information on the income, spending, financing and portfolio decisions of institutional sectors in the euro area. The euro area's external balance improved further in the fourth quarter, mirroring an increase in the trade balance that arose from growing external demand and declining internal demand – largely driven by retrenching corporate sectors (both non-financial and financial) and government. Non-financial corporations (NFCs) remained in a net lending position (instead of their traditional expansionary net borrowing), with continued cutbacks in fixed investment and inventories, and still elevated (albeit declining) retained earnings. NFC margins fell to very low levels. Government deficits were reduced anew, reflecting resilient revenue despite contracting economic activity, and contained expenditure. Households' disposable income declined in nominal terms in the fourth quarter (and sharply in real terms, namely by 2.6%). Buffering the impact on consumption, consumers reduced their savings ratios sharply, to record lows. From a balance sheet point of view, households' net wealth declined slightly, while deleveraging by NFCs continued. Financial corporations' capital ratios increased significantly in the quarter, as a result of recapitalisation, high retained earnings and holding gains.

#### Euro area income and net lending/net borrowing

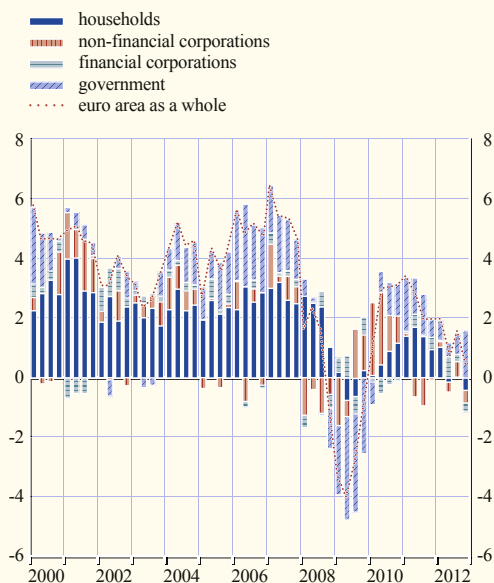
In line with slowing nominal GDP growth (and contracting real GDP), the rate of increase in nominal gross disposable income in the euro area declined to 0.6%, year on year, in the fourth quarter of 2012. Extensive sectoral rebalancing was observed: government income increased, while private sector income decreased (see Chart A).

With euro area consumption expanding less markedly than incomes (in particular, on account of declining government consumption), overall euro area gross saving increased slightly, year on year, in the fourth quarter of 2012. Savings (retained earnings) of both financial corporations and NFCs declined, year on year, as did those of households (the saving ratio fell sharply again, to a historically low level). The government sector, by contrast, reduced its dissaving significantly, with gross saving in the fourth quarter of 2012 turning slightly positive on a seasonally adjusted basis. Fixed capital formation declined in all sectors in the euro area, by 4%, all in all and year on year, in the fourth quarter of 2012. Investment by households, NFCs and governments contracted by 2.6%, 3.7% and 9.3% respectively. Destocking continued in the fourth quarter (in the amount of around €4 billion, seasonally adjusted). The year-on-year decrease in capital formation was more marked than that in fixed capital formation.

<sup>1</sup> Detailed data can be found on the ECB's website (available at <http://sdw.ecb.europa.eu>).

Chart A Gross disposable income in the euro area – contribution by sector

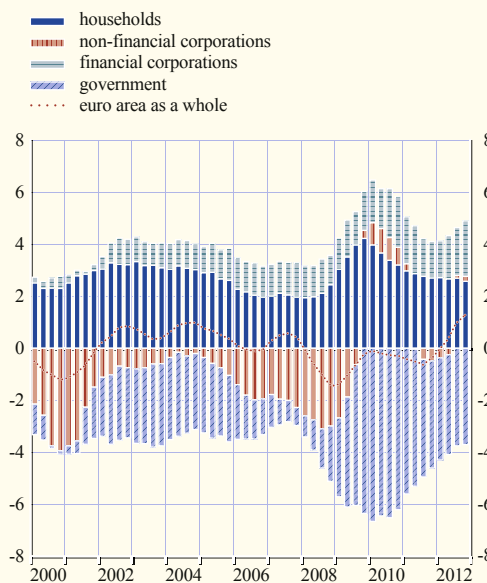
(annual percentage changes; percentage point contributions)



Sources: Eurostat and ECB.

Chart B Net lending/net borrowing of the euro area

(percentages of GDP; four-quarter moving sums)



Sources: Eurostat and ECB.

As capital formation decreased and savings increased slightly, the euro area's net lending position again improved markedly, to 1.2% of GDP on a four-quarter-sum basis in the fourth quarter of 2012, which corresponded to a rising current account surplus. From a sectoral point of view, this improvement reflected a reduction of the government deficit in seasonally adjusted terms, while households' net lending remained stable (although declining, year on year). Financial corporations' net lending rose to a record level (of close to 2.5% of GDP, seasonally adjusted, in the fourth quarter), notably as a result of capital transfers received, while that of NFCs decreased slightly (see Chart B). On the financing side, cross-border flows remained subdued, although non-residents stepped up their purchases of debt securities issued by euro area residents other than banks in the fourth quarter of 2012.

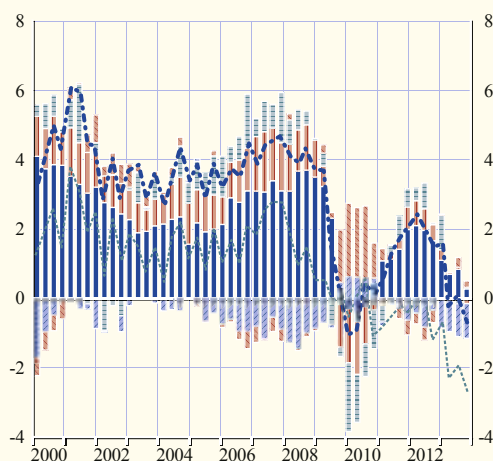
### Behaviour of institutional sectors

In the fourth quarter, *households'* nominal income declined by 0.6%, year on year, after having increased by 0.1% in third quarter, impacted by a persistent and significant "fiscal drag" (net transfers by households to the government) that reduced income growth by 0.8 percentage point in the fourth quarter of 2012. At the same time, compensation of employees (notably that of government employees) and gross operating surplus/mixed income grew less strongly, thus contributing most to the decline in income growth (see Chart C). In real terms, households' income declined sharply again, namely by 2.6%, year on year. In order to cushion the impact on consumption, consumers continued to tap their savings. Their saving ratio fell sharply again, to a record low of 12.2%, seasonally adjusted (see chart D). Housing investment contracted in year-on-year terms, but less markedly than savings, so that households' net lending fell somewhat. Growth in both financing and financial assets continued to edge down, with ongoing portfolio

**Chart C Households' nominal gross disposable income**

(annual percentage changes; percentage point contributions)

- compensation of employees
- gross operating surplus and mixed income
- net property income
- direct taxes
- net social benefits and contributions
- real gross disposable income
- gross disposable income

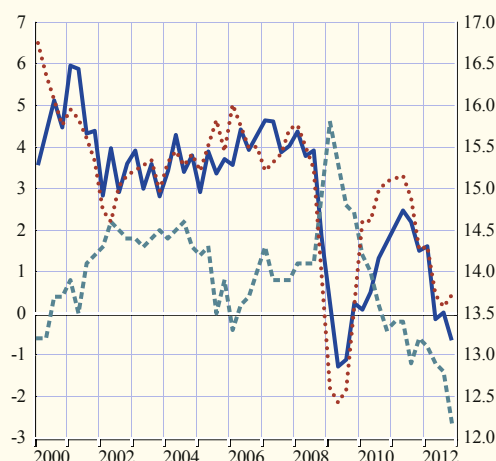


Sources: Eurostat and ECB.

**Chart D Households' income, consumption and saving ratio**

(annual percentage changes; percentage of gross disposable income, seasonally adjusted)

- income growth (left-hand scale)
- ... nominal consumption growth (left-hand scale)
- saving ratio – seasonally adjusted (right-hand scale)



Sources: Eurostat and ECB.

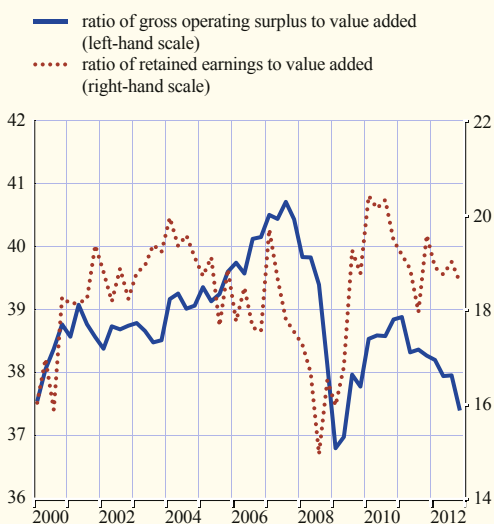
shifts into bank deposits, subdued additions to insurance technical reserves and disposals of debt securities. Household net wealth fell marginally, year on year, as net saving and gains on equity broadly offset holding losses on housing (see Chart G). Households' leverage ratios rose further to record highs.

The gross operating surplus of *NFCs* decreased anew (given that wages still rose faster than the value added), with business margins dropping to very low levels in the fourth quarter (see Chart E). Together with rising income taxes and net dividends paid, this led to a year-on-year decline in *NFCs*' savings (i.e. retained earnings), despite falling net interest paid and significant earnings on foreign direct investment. However, retained earnings remain elevated despite very low operating margins, due to low net interest paid, high earnings abroad, low (albeit rising) tax payments and low distributed dividends. Given the ongoing decline in fixed capital expenditure and destocking, *NFCs*' retained their unusual net lending position (see Charts B and F). With respect to their financing, *NFCs* favoured bond issuance (€115 billion) over the last four quarters, instead of using bank loans (-€107 billion, in part reflecting bank restructuring in Spain). Intra-sector lending (loans granted by other *NFCs* and trade credit, which is particularly important for small and medium-sized enterprises in buffering bank financing constraints) slowed. *NFCs* added further to their already ample liquidity buffers (which stood at €2.9 trillion). Deleveraging continued, also helped by higher prices on equity held.

Reflecting consolidation measures, the seasonally adjusted *government* deficit declined further in the fourth quarter (with net borrowing standing at 3.7% of GDP on a four-quarter-sum basis), owing to resilient revenues (taxes), despite contracting activity, and to contained expenditure.

Chart E Non-financial corporations margins

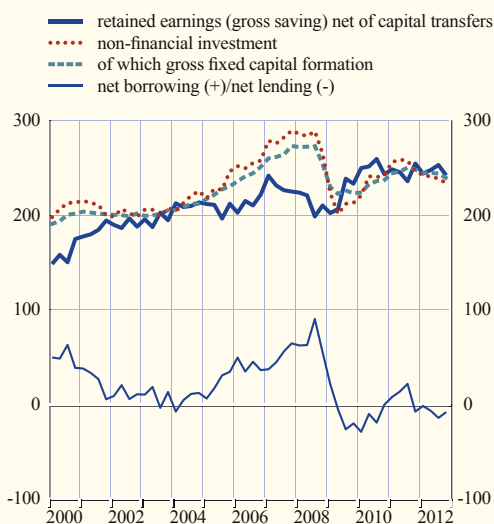
(percentages, seasonally adjusted)



Sources: Eurostat and ECB.  
 Note: Seasonal adjustment by the ECB.

Chart F Non-financial corporations' saving, capital investment and net lending(-)/net borrowing(+)

(EUR billions, seasonally adjusted)



Sources: Eurostat and ECB.  
 Note: Seasonal adjustment by the ECB.

Year-on-year growth of total expenditure (other than capital transfers) stabilised in nominal terms, with both compensation of employees and fixed capital formation declining by 1.8% and 9.3% respectively. As a result, government gross saving turned positive, on a seasonally adjusted basis, for the first time since the fourth quarter of 2008. Significant capital transfers were spent on the recapitalisation of banks in the fourth quarter of 2012. Government debt issuance continued to fund high deficits and significant increases in financial assets, which reflected, in particular, sizeable inter-government lending, the provision of capital for the European Stability Mechanism (€33 billion) and some bank recapitalisations (those treated as financial transactions). Debt securities issued by governments were bought by non-residents and investment funds.

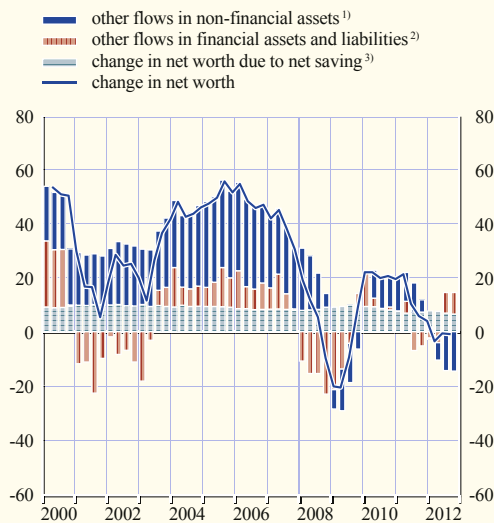
Although remaining at elevated levels, *financial corporations'* disposable income declined in the fourth quarter of 2012, reversing significant gains in previous quarters, as net dividends earned fell back and value added plus net interest earned continued to contract. Given still sizeable net retained earnings (€40 billion in the fourth quarter), significant recapitalisations – via capital transfers and injections of equity by the government (about €35 and €20 billion respectively) or equity issuance on the market (€33 billion) – and holding gains on assets, financial corporations' net assets at market value (an aggregate measure of their “capital”) rose sharply (see chart H). Additions to the balance sheets of financial corporations remained subdued on a consolidated basis.

### Balance sheet dynamics

The net worth of households fell marginally, year on year, in the fourth quarter of 2012, namely by the equivalent of 0.3% of income (as opposed to increases in both 2010 and 2011, with a peak of 21.8% having been recorded in the second quarter of 2011). The positive influence of net saving (6.4% of income in the fourth quarter, after 6.9% in the third quarter) and of holding

**Chart G Change in the net worth of households**

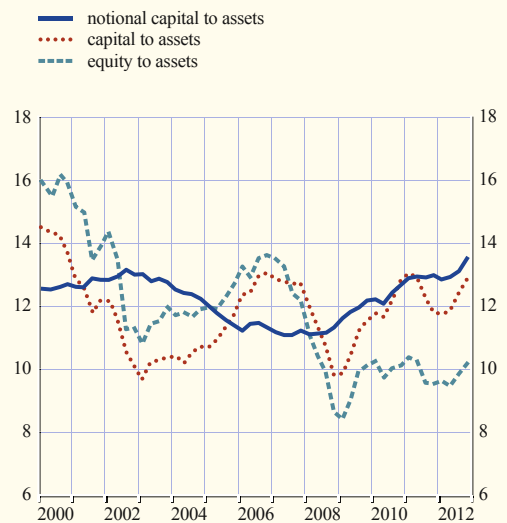
(four-quarter moving sums; percentages of gross disposable income)



Sources: Eurostat and ECB.  
 Note: Data on non-financial assets are estimates by the ECB.  
 1) Mainly holding gains and losses on real estate (including land).  
 2) Mainly holding gains and losses on shares and other equity.  
 3) This item comprises net saving, net capital transfers received and the discrepancy between the non-financial and the financial accounts.

**Chart H Capital ratios of financial institutions excluding mutual funds**

(percentage of total assets)



Source: ECB.  
 Note: In the chart, "equity" comprises shares and equity other than mutual fund shares. "Capital" is defined as the difference between financial assets and liabilities other than equity. Assets and liabilities are valued at market value. The ratio of "notional capital to assets" is calculated on the basis of transactions in capital and assets, i.e. excluding holding gains/losses on (changes in prices of) assets and liabilities.

gains on their financial portfolios (7.9% of income) broadly offset the significant holding losses (14.6% of income) on non-financial assets (i.e. housing) (see Chart G).

Financial corporations posted significant holding gains on their financial assets in the fourth quarter of 2012, both on equity holdings (recovering stock markets) and on debt securities held (falling bond yields). Overall, the portfolios of debt securities held generated holding gains for financial intermediaries, in the case of both sovereign debt and private debt for the year 2012 as a whole. This contributed to the sharp increase in financial corporations' capital ratios, as measured in the national accounts (net assets at market value) (see Chart H).

### 3 PRICES AND COSTS

According to Eurostat's flash estimate, euro area annual HICP inflation was 1.2% in April 2013, down from 1.7% in March. This decline in the annual inflation rate reflects a significant fall in energy prices, but is also due to a sizeable transitory effect stemming from the annual rate of change in services prices on account of the timing of Easter. Inflation rates could remain subject to some volatility throughout the year. Looking further ahead, underlying price trends should remain unchanged, and, over the medium term, inflation expectations should also remain firmly anchored in line with price stability. Taking into account the recent interest rate cut, risks to the outlook for price developments continue to be broadly balanced over the medium term.

#### 3.1 CONSUMER PRICES

According to Eurostat's flash estimate, headline HICP inflation fell from 1.7% in March 2013 to 1.2% in April. This decline in the annual inflation rate reflects a significant fall in energy prices, but is also due to a sizeable transitory effect stemming from the annual rate of change in services prices on account of the timing of Easter.

Euro area annual HICP inflation has been on the decline since October 2012. It decreased to below 2.0% in February and stood at 1.7% in March. This decline has largely been driven by the progressively lower annual rate of increase in energy prices and, most recently, also in food prices. Underlying inflationary pressures, as measured by HICP exclusion measures, have remained broadly stable despite overall subdued demand conditions. Increases in indirect taxes and administered prices have continued to exert upward pressure on inflation rates in some euro area countries.

Looking at the HICP main aggregates in more detail, energy price inflation fell by 0.4% in April 2013, according to Eurostat's flash estimate, after 1.7% in March and 3.9% in February. The drop in energy price inflation in March reflected the combined impact of a downward base effect and a month-on-month decrease in energy prices. In particular, the lower annual inflation rate of this component reflected negative annual rates of increase in the prices of transport and liquid fuels, whereas the rates of increase in the prices of the other major items, gas and electricity, remained positive and unchanged compared with February.

Table 7 Price developments

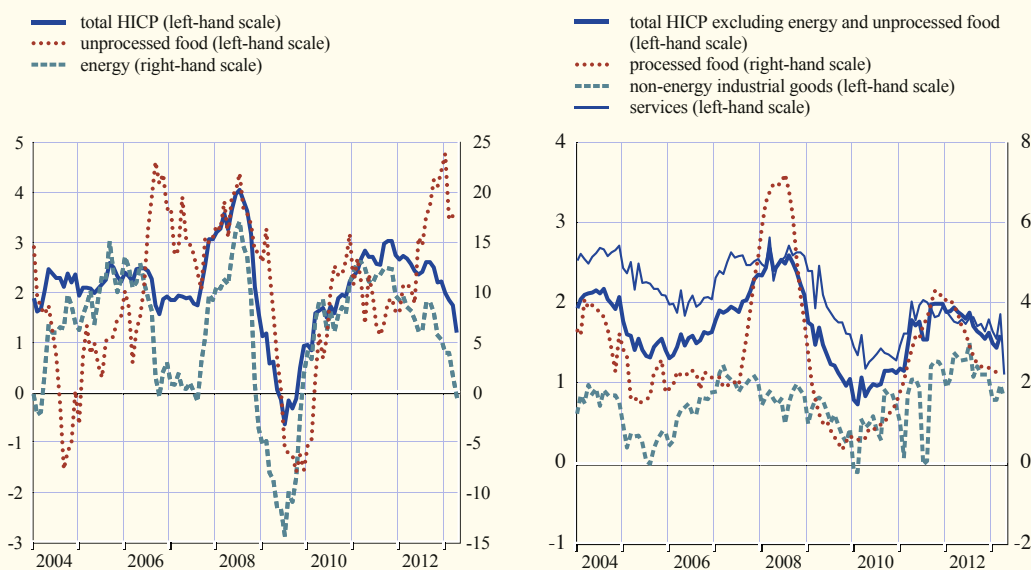
(annual percentage changes, unless otherwise indicated)								
	2011	2012	2012 Nov.	2012 Dec.	2013 Jan.	2013 Feb.	2013 Mar.	2013 Apr.
<b>HICP and its components<sup>1)</sup></b>								
Overall index	2.7	2.5	2.2	2.2	2.0	1.8	1.7	1.2
Energy	11.9	7.6	5.7	5.2	3.9	3.9	1.7	-0.4
Food	2.7	3.1	3.0	3.2	3.2	2.7	2.7	2.9
Unprocessed food	1.8	3.0	4.1	4.4	4.8	3.5	3.5	.
Processed food	3.3	3.1	2.4	2.4	2.3	2.3	2.2	.
Non-energy industrial goods	0.8	1.2	1.1	1.0	0.8	0.8	1.0	0.8
Services	1.8	1.8	1.6	1.8	1.6	1.5	1.8	1.1
<b>Other price indicators</b>								
Industrial producer prices	5.8	2.9	2.3	2.2	1.7	1.3	.	.
Oil prices (EUR per barrel)	79.7	86.6	84.8	82.8	84.2	86.7	84.2	79.3
Non-energy commodity prices	12.2	0.5	5.2	2.5	-3.7	-3.6	-1.6	.

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

1) HICP inflation and its components (excluding unprocessed food and processed food) in April 2013 refer to Eurostat's flash estimates.

**Chart 21 Breakdown of HICP inflation: main components**

(annual percentage changes; monthly data)



Source: Eurostat.

Eurostat's flash estimate for total food, which refers to inflation in processed and unprocessed food taken together, increased to 2.9% in April. No official information is available with regard to the breakdown of the food components for this month. Unprocessed food inflation was unchanged at 3.5% in March, as a higher annual rate of increase in the price of vegetables was offset by lower annual rates of increase in the price of the other items (fruit, meat and fish). Processed food inflation declined marginally to 2.2% in March, from 2.3% in the previous month, resulting from minor variations in the annual rates of changes of the main items.

According to Eurostat's flash estimate, HICP excluding food and energy stood at 1.0% in April, down from 1.5% in March. Excluding the volatile components food and energy, HICP inflation consists of two main components: non-energy industrial goods and services. The annual rate of change in non-energy industrial goods prices increased to 1.0% in March, from 0.8% in the previous month. The increase occurred largely on account of strong increases in the annual rates of change in the prices of garments and shoes following the winter sales. According to Eurostat's flash estimate, non-energy industrial goods price inflation decreased again to 0.8% in April 2013. Services price inflation also dropped in April to 1.1%, from 1.8% in March and 1.5% in February. The increase in March reflected the higher rate of inflation seen in recreational and personal services, which, in turn, is likely to have been temporary, given that it was linked to the price of package holidays, which surged in March because of the timing of the Easter holidays.

### 3.2 INDUSTRIAL PRODUCER PRICES

Industrial producer price inflation (excluding construction) declined further to 1.3% in February, from 1.7% in January (see Table 7 and Chart 22). Decreases occurred in all of the main components,



except in the capital goods industries component, where a small increase in the annual rate of change was observed. Industrial producer price inflation excluding construction and energy declined to 1.2% in February, from 1.5% in the previous month.

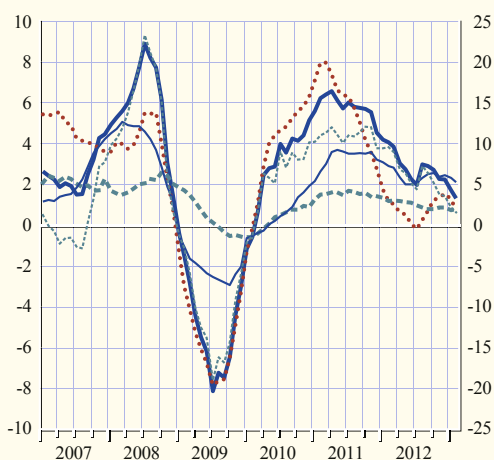
Focusing on the later stages of the production chain, annual producer price inflation for food producing industries fell from 3.9% in January to 3.4% in February. However, data for March from the Purchasing Managers' Index (PMI) survey continue to show input cost increases remaining strong for food retailers. Earlier in the price chain, the annual rate of change in EU farm gate prices declined for the second month in a row to 8.5% in February, signalling that the increases seen in the second half of 2012 are unwinding. Moreover, international food commodity prices in euro terms declined for the seventh consecutive month in March and are now at a level below that of April 2012. While annual PPI non-food consumer goods inflation stood at 0.3% in February, unchanged compared with January and the lowest annual rate of increase for two years, the PMI retail survey indices, both for input prices and profit margins for non-food stores, declined further in March and are now well below their respective long-run averages. At the earlier stages of price formation, the annual rate of the PPI intermediate goods component eased further to 0.7% in February, from 1.3% in January.

Headline indices from both the PMI and the European Commission surveys indicate easing pipeline pressures. With regard to the flash PMI (see Chart 23), the input price index for the manufacturing sector decreased from 46.8 in March to 42.8 in April and the output price index also fell from 49.2 to 47.8, signalling falling prices. Forward-looking European Commission survey data on selling

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)

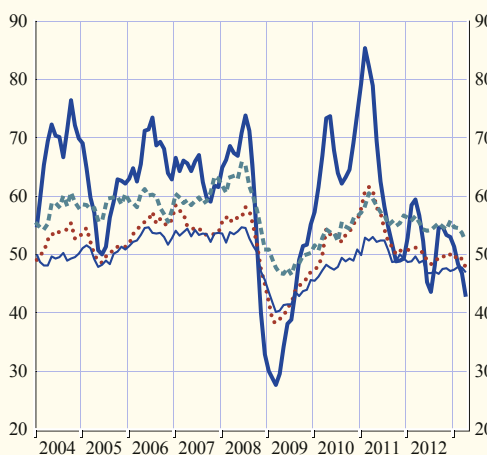


Sources: Eurostat and ECB calculations.

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.

**Table 8 Labour cost indicators**

(annual percentage changes, unless otherwise indicated)

	2011	2012	2011 Q4	2012 Q1	2012 Q2	2012 Q3	2012 Q4
Negotiated wages	2.0	2.1	2.0	2.0	2.2	2.2	2.2
Hourly labour cost index	2.2	1.6	2.2	1.5	1.9	1.8	1.3
Compensation per employee	2.1	1.7	2.3	2.0	1.8	1.9	1.4
<i>Memo items:</i>							
Labour productivity	1.2	0.0	0.7	0.3	0.2	-0.1	-0.2
Unit labour costs	0.9	1.7	1.6	1.6	1.6	2.0	1.6

Sources: Eurostat, national data and ECB calculations.

price expectations for total industry decreased further in April. The decline was broad-based across industries with the exception of the consumer goods industries. Overall, producer prices and price survey data confirm easing pipeline pressures for HICP non-energy industrial goods and, to a lesser extent, also for food prices.

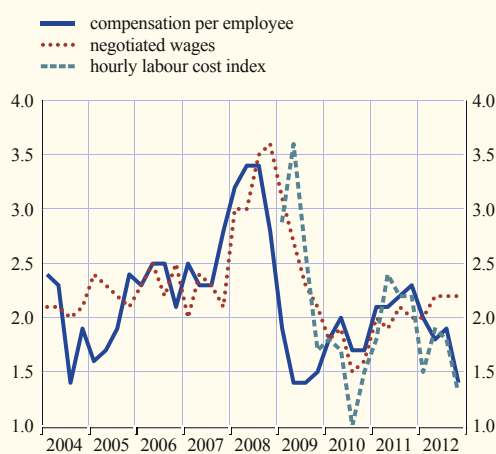
### 3.3 LABOUR COST INDICATORS

The latest releases of labour cost indicators suggest that domestic pressures on prices stemming from labour costs remained subdued in 2012 (see Table 8 and Chart 24).

At the aggregate euro area level, the annual rate of growth in compensation per employee declined to 1.4% in the fourth quarter of 2012, from rates at or just below 2% in the previous quarters. Part of this recent decline reflects wage developments in the public sector, in which salaries were cut in some countries in the context of fiscal consolidation measures. Growth rates in compensation per employee in the private sector remained more robust. Nevertheless, the slowdown in the rate of growth of compensation per employee, compared with relatively robust growth in negotiated wages, points to some adjustment potential for wage developments in terms of a negative wage drift. Recent moderations in compensation per employee overstate the impact on costs and prices in the fourth quarter of 2012, as hours worked per employee declined more strongly than in the third quarter. Similarly, given the further decline in productivity, not all of the moderation in wage growth culminated in a lower rate of growth in unit labour costs, which slowed down to an annual rate of 1.6% in the final quarter of 2012, from 2.0% in the previous quarter.

**Chart 24 Selected labour cost indicators**

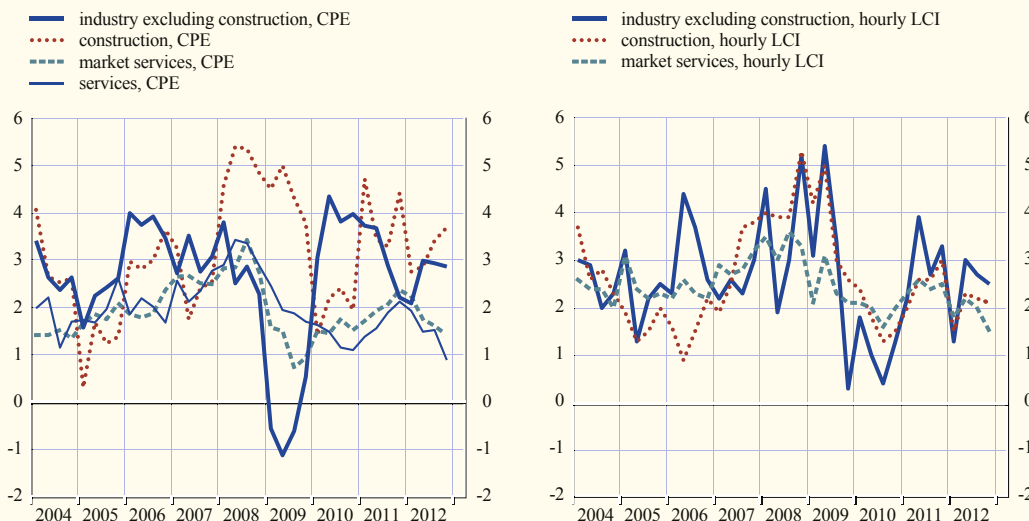
(annual percentage changes; quarterly data)



Sources: Eurostat, national data and ECB calculations.

Chart 25 Sectoral labour cost developments

(annual percentage changes; quarterly data)



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

### 3.4 EURO AREA RESIDENTIAL PROPERTY PRICES

According to the ECB's residential property price indicator, euro area house prices fell by 2.4% in the fourth quarter of 2012, following a decline of 2.8% in the third quarter. In 2012 as a whole, property prices fell by 2%, on average, down from 1.0% in 2011. The latest quarterly data suggest a halt to the negative trend in annual house price growth observed since the end of 2010. See Box 5 for further details.

#### Box 5

#### RECENT HOUSE PRICE DEVELOPMENTS IN THE EURO AREA

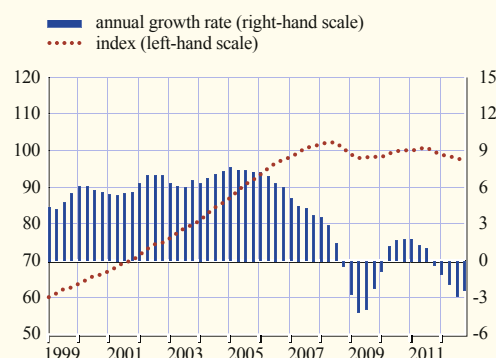
According to the ECB's residential property price indicator, the annual rate of change in euro area house prices was -2.4% in the fourth quarter of 2012, after -2.9% in the third quarter (see the chart).<sup>1</sup> This suggests a halt to the negative trend in annual house price growth observed since the end of 2010. In 2012 as a whole growth was -2.1%, down from 1.0% in 2011.

<sup>1</sup> The ECB's quarterly residential property price indicator for the euro area is described in the box entitled "Recent housing market developments in the euro area", *Monthly Bulletin*, ECB, Frankfurt am Main, December 2010. In January 2013 Eurostat, the statistical office of the EU, started publishing quarterly house price indices for the EU. According to the April 2013 release, house prices in the euro area decreased by 2.2% in the third quarter of 2012 and by 1.8% in the fourth quarter, as compared with the same quarter one year earlier. These indices are compiled in accordance with Commission Regulation (EU) No 93/2013 laying down detailed rules for the implementation of Council Regulation (EC) No 2494/95 concerning harmonised indices of consumer prices, as regards establishing owner-occupied housing price indices. However, gaps in recent data for Germany, Greece, Cyprus and Austria indicate where further improvements to these indices are needed in order to comply with high statistical standards in terms of representativeness, comparability and timeliness. Until such improvements have been made, the ECB will continue to publish its own residential property price indicator for the euro area, referring also to some non-harmonised indicators.

The contributions to developments in euro area house price growth vary substantially across countries (see the table). In Germany, Austria and Finland, annual house price growth rose in the fourth quarter of 2012, from already positive rates, while in Slovakia it turned positive after previously having been in negative territory. In Ireland, Spain and the Netherlands, house prices continued to fall in annual terms in the fourth quarter, but at a somewhat slower pace than in the previous quarter. By contrast, house price growth moderated in Belgium, Estonia and Luxembourg, although remaining at positive levels, and fell further from already negative levels in Greece, France, Italy, Malta, Portugal and Slovenia.

### Nominal residential property prices in the euro area

(index: 2007 = 100; annual percentage changes)



Sources: National data and ECB calculations.  
Note: Footnote 1 in the main text provides information on the compilation of the nominal index.

At the end of 2012 the euro area residential property price indicator was 4.8% lower than it was at its peak in mid-2008. When compared with developments in income or rental prices, commonly used house price valuation indicators<sup>2</sup> suggest that euro area-wide house prices have adjusted to levels that are more closely in line with fundamentals. While there may hence be little further downward pressure on house prices from an unwinding of pre-crisis excesses, growth is likely to remain contained in view of the expected gradual economic recovery.

2 See the box entitled “Tools for detecting a possible misalignment of residential property prices from fundamentals”, *Financial Stability Review*, ECB, Frankfurt am Main, June 2011.

### Residential property prices (nominal) in the euro area

(year-on-year change; percentages)

	Weight (percentage)	Average over 1999-2011	2011		2012		2012					
			2011	2012	H1	H2	H1	H2	Q1	Q2	Q3	Q4
Belgium <sup>1)</sup>	3.8	6.5	3.1	2.5	3.3	2.9	3.3	1.7	3.8	2.7	2.0	1.4
Germany <sup>2)</sup>	26.7	-	2.6	3.0	2.7	2.5	3.0	3.1	2.5	3.5	2.7	3.4
Estonia <sup>3)</sup>	0.2	-	9.9	8.0	6.4	13.4	10.2	5.9	13.8	6.8	6.5	5.3
Ireland <sup>2)</sup>	1.8	3.1	-13.2	-12.8	-11.8	-14.7	-16.3	-9.0	-17.2	-15.4	-11.7	-6.1
Greece <sup>3)</sup>	2.6	5.1	-5.5	-11.7	-5.3	-5.7	-10.5	-12.9	-10.2	-10.8	-12.6	-13.2
Spain <sup>2)</sup>	11.7	6.5	-7.4	-13.7	-5.5	-9.3	-13.5	-14.0	-12.6	-14.4	-15.2	-12.8
France <sup>1)</sup>	21.3	7.4	5.9	-0.5	7.0	4.9	0.8	-1.7	1.9	-0.3	-1.6	-1.7
Italy <sup>2)</sup>	17.0	4.5	0.8	-2.7	0.9	0.6	-1.1	-4.2	-0.2	-2.1	-3.8	-4.6
Cyprus <sup>2)</sup>	0.2	-	-4.1	-	-3.2	-5.0	-5.4	-	-4.9	-5.9	-	-
Luxembourg <sup>3)</sup>	0.4	-	4.1	5.1	4.0	4.2	4.8	5.3	5.4	4.3	7.0	3.8
Malta <sup>2)</sup>	0.1	5.2	1.3	0.5	-1.3	3.9	2.7	-1.7	5.5	0.1	-1.2	-2.2
Netherlands <sup>1)</sup>	6.4	4.1	-2.4	-6.3	-1.6	-3.1	-4.8	-7.9	-4.1	-5.4	-8.4	-7.4
Austria <sup>2)</sup>	3.1	1.7	4.0	6.1	3.2	4.7	4.7	7.4	4.6	4.8	6.1	8.7
Portugal <sup>2)</sup>	1.9	2.2	-0.2	-2.2	0.4	-0.8	-1.6	-2.7	-1.5	-1.8	-2.6	-2.7
Slovenia <sup>2)</sup>	0.4	-	2.7	-6.9	3.7	1.7	-6.4	-7.4	-7.1	-5.7	-6.0	-8.8
Slovakia <sup>1)</sup>	0.7	-	-3.1	-1.1	-2.7	-3.5	-2.3	0.1	-2.3	-2.3	-0.6	0.9
Finland <sup>1)</sup>	1.9	4.7	2.7	1.6	3.7	1.8	1.0	2.2	1.1	0.9	1.7	2.8
Euro area	100	4.2	1.0	-2.1	1.6	0.4	-1.5	-2.7	-1.1	-1.9	-2.9	-2.4

Sources: National sources and ECB calculations.  
Notes: Weights are based on nominal GDP in 2009.  
1) Existing dwellings (houses and flats); whole country.  
2) All dwellings (new and existing houses and flats); whole country.  
3) All flats; whole country.

### 3.5 THE OUTLOOK FOR INFLATION

Inflation rates could remain subject to some volatility throughout the year. Looking further ahead, underlying price trends should remain unchanged, and, over the medium term, inflation expectations should also remain firmly anchored in line with price stability.

The latest ECB Survey of Professional Forecasters (SPF) shows that, compared with the previous round, forecasters have revised their inflation expectations downwards by 0.1 percentage point for 2013, by 0.2 percentage point for 2014 and by 0.1 percentage point for 2015. The SPF inflation expectations, therefore, stand at 1.7%, 1.6% and 1.8%, respectively (see Box 6). Inflation expectations for 2013 and 2014 are within the ranges reported in the March 2013 ECB staff macroeconomic projections for the euro area. Longer-term inflation expectations (for 2017) remained unchanged at 2.0%.

Taking into account the recent interest rate cut, risks to the outlook for price developments continue to be broadly balanced over the medium term, with upside risks relating to stronger than expected increases in administered prices and indirect taxes, as well as higher commodity prices, and downside risks stemming from weaker economic activity.

#### Box 6

#### RESULTS OF THE ECB SURVEY OF PROFESSIONAL FORECASTERS FOR THE SECOND QUARTER OF 2013

This box reports the results of the ECB Survey of Professional Forecasters (SPF) for the second quarter of 2013. The survey was conducted between 16 and 19 April 2013, and 53 responses were received.<sup>1</sup> The results imply slightly lower inflation expectations for 2013, 2014 and

<sup>1</sup> The survey collects information on expectations for euro area inflation, real GDP growth and unemployment from experts affiliated with financial or non-financial institutions that are based in the EU. Data are available on the ECB's website at [www.ecb.europa.eu/stats/prices/indic/forecast/html/index.en.html](http://www.ecb.europa.eu/stats/prices/indic/forecast/html/index.en.html)

#### Results of the SPF, ECB staff macroeconomic projections, Consensus Economics and the Euro Zone Barometer

(annual percentage changes, unless otherwise indicated)

HICP inflation	Survey horizon			
	2013	2014	2015	2017
SPF Q2 2013	1.7	1.6	1.8	2.0
<i>Previous SPF (Q1 2013)</i>	1.8	1.8	1.9	2.0
ECB staff macroeconomic projections (March 2013)	1.2 - 2.0	0.6 - 2.0	-	-
Consensus Economics (April 2013)	1.7	1.6	1.8	1.9
Euro Zone Barometer (April 2013)	1.7	1.7	1.8	1.9
Real GDP growth	2013	2014	2015	2017
SPF Q2 2013	-0.4	1.0	1.6	1.8
<i>Previous SPF (Q1 2013)</i>	0.0	1.1	1.6	1.8
ECB staff macroeconomic projections (March 2013)	-0.9 - -0.1	0.2 - 2.0	-	-
Consensus Economics (April 2013)	-0.4	0.9	1.5	1.5
Euro Zone Barometer (April 2013)	-0.3	1.1	1.5	1.6
Unemployment rate <sup>1)</sup>	2013	2014	2015	2017
SPF Q2 2013	12.3	12.2	11.6	9.6
<i>Previous SPF (Q1 2013)</i>	12.1	11.9	11.2	9.5
Consensus Economics (April 2013)	12.2	12.2	-	-
Euro Zone Barometer (April 2013)	12.1	12.0	11.5	10.5

1) As a percentage of the labour force.

2015 compared with the previous survey round. Real GDP growth expectations were revised significantly downward for 2013, slightly downward for 2014 and remained unchanged for 2015. Unemployment expectations were again revised upward. With regard to longer-term inflation expectations, the average point forecast remained unchanged at 2.0%.

### Slightly lower short-term inflation expectations

The SPF inflation expectations for 2013, 2014 and 2015 stand at 1.7%, 1.6% and 1.8% respectively (see the table). Compared with the previous survey round, this implies a downward revision of 0.1 percentage point for 2013 and 2015, and 0.2 percentage point for 2014. Respondents attribute these revisions mainly to weaker economic activity and labour markets, as well as lower commodity prices.

For 2013 and 2014, the figures are within the ranges reported in the March 2013 ECB staff macroeconomic projections, and for 2013, 2014 and 2015, they are very much in line with the corresponding forecasts published in the April 2013 issues of the Euro Zone Barometer and Consensus Economics. The aggregate probability distributions for inflation in 2013 and 2014 have shifted towards slightly lower outcomes compared with the previous survey round (see Chart A).

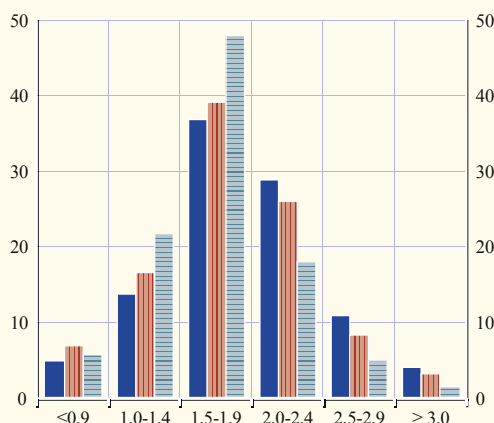
Respondents regard the risks to the outlook for baseline inflation to be broadly balanced, with some mentioning commodity price hikes as an upward risk and a further deterioration in euro area economic activity and labour markets as the main downside risks.

**Chart A Aggregate probability distribution of average annual inflation expectations for 2013 and 2014 in the latest SPF rounds**

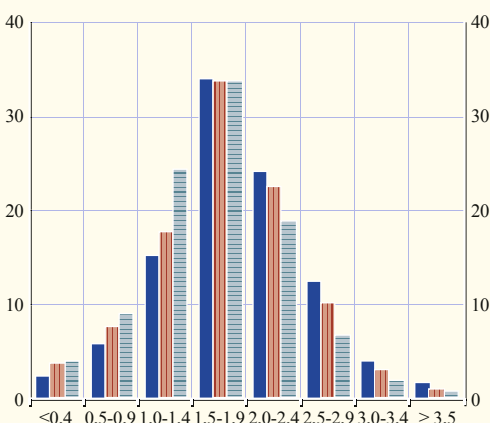
(probability in percentages)

■ Q4 2012 SPF  
 ■ Q1 2013 SPF  
 ■ Q2 2013 SPF

**a) 2013**



**b) 2014**



Source: ECB.

Note: The aggregate probability distribution corresponds to the average of individual probability distributions provided by SPF forecasters.

### Longer-term inflation expectations remain unchanged at 2.0%

The average point forecast for longer-term inflation (for 2017) remains at 2.0%. Rounded to two decimal places, expectations stand on average at 1.97%, which is one basis point lower than in the previous survey round. The median and the mode of the point forecasts are also stable at 2.0%. The percentage share of respondents providing a point forecast of 2.0% remains unchanged at 36%, but has risen from 23% to 27% for a point forecast of 1.9% (see Chart B). The SPF inflation expectations for 2017 are slightly higher than the longer-term forecasts (of 1.9%) published in the latest issues of Consensus Economics and the Euro Zone Barometer.

The aggregate probability distribution is broadly unchanged compared with the previous survey round, and the probability of inflation being at or above 2.0% remains at 50%.

Disagreement about longer-term inflation expectations, as measured by the standard deviation of the point forecasts, remains unchanged at 0.2 percentage point and is thus still within the range observed since 2010. Aggregate uncertainty surrounding longer-term inflation expectations, as measured by the standard deviation of the aggregate probability distribution, has declined marginally compared with the previous survey round, but remains at a high level (see Chart C).<sup>2</sup>

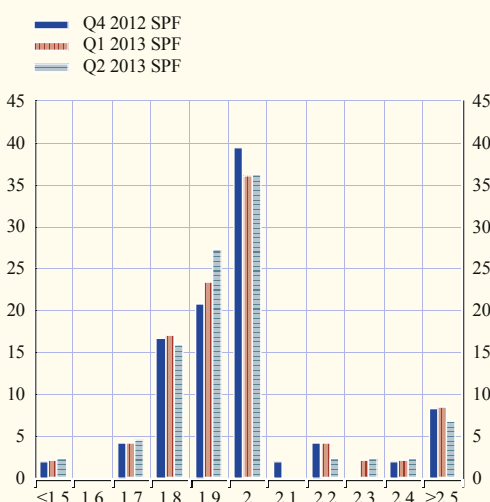
### Strong downward revision of real GDP growth expectations for 2013

Compared with the previous survey round, average real GDP growth expectations for 2013 and 2014 have been revised downward by 0.4 percentage point and 0.1 percentage point, to

<sup>2</sup> For more information on uncertainty measures, see the box entitled “Measuring perceptions of macroeconomic uncertainty”, *Monthly Bulletin*, ECB, January 2010.

**Chart B Cross-sectional distribution of longer-term (2017) inflation point forecasts**

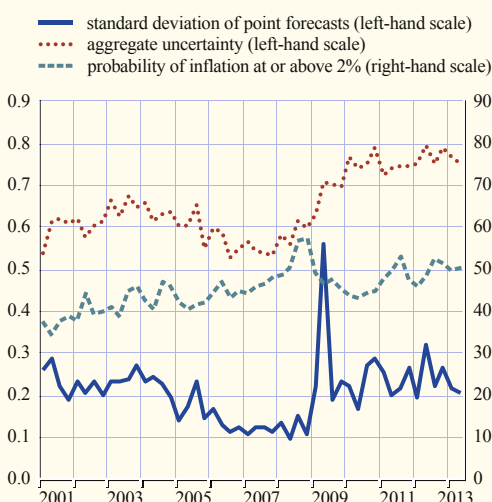
(percentage of respondents)



Source: ECB.

**Chart C Disagreement and uncertainty about longer-term inflation expectations**

(percentage points; percentages)



Source: ECB.

Note: Aggregate uncertainty is defined as the standard deviation of the aggregate probability distribution (assuming discrete probability density function with probability mass concentrated in the middle of the interval).



stand at -0.4% and 1.0% respectively. Expectations for 2015 remain unchanged at 1.6% (see the table). Expectations for 2013 and 2014 lie within the ranges reported in the March 2013 ECB staff macroeconomic projections and are broadly in line with the latest corresponding forecasts of Consensus Economics and the Euro Zone Barometer. Respondents state the weaker than expected economic activity during the last quarter of 2012 and the first quarter of 2013 as the main factor behind the downward revisions for 2013. As a result of low economic sentiment and recent data on external demand, the reacceleration in world trade is expected to gain momentum later than assumed in the previous baseline. The downward revisions for 2014 are, on average, small and attributed mainly to carry-over effects from the lower forecast for 2013.

The aggregate probability distribution for real GDP growth in 2013 has shifted towards lower outcomes, with respondents now assigning the highest probability, 39%, to the interval between -0.5% and -0.1%, compared with 31% in the previous survey round (see Chart D). For 2014, the highest probability, 27%, is allocated to the interval between 1.0% and 1.4%, as in the previous survey round. Respondents consider the balance of risks to GDP growth to be tilted to the downside, owing mainly to lower foreign demand and a lower level of market confidence than assumed in the baseline. The main upside risks relate to a rise in world trade, a higher level of economic sentiment than anticipated, and the positive effects of structural reforms unfolding earlier than assumed in the baseline.

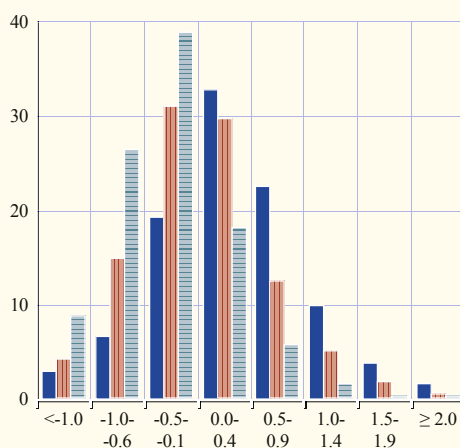
Longer-term real GDP growth expectations (for 2017) remain stable at 1.8%. The aggregate probability distribution around this average point forecast has slightly thinner tails than in the previous survey round.

**Chart D Aggregate probability distribution of GDP growth expectations for 2013 and 2014 in the latest SPF rounds**

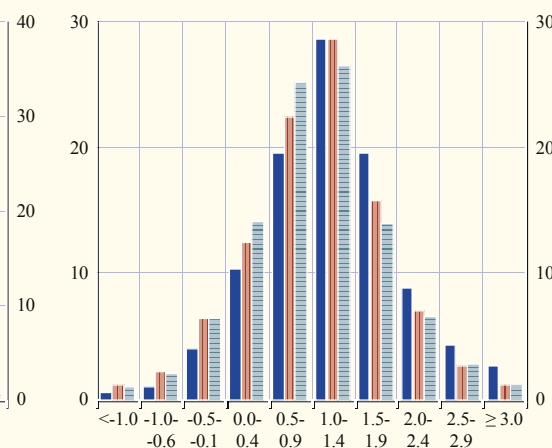
(probability in percentages)

■ Q4 2012 SPF  
 ■ Q1 2013 SPF  
 ■ Q2 2013 SPF

**a) 2013**



**b) 2014**



Source: ECB.

Note: The aggregate probability distribution corresponds to the average of individual probability distributions provided by SPF forecasters.

### Rise in euro area unemployment rate expectations

The average point forecasts for the unemployment rate currently stand at 12.3% for 2013, 12.2% for 2014 and 11.6% for 2015. These figures more or less reflect the pattern of the expected moderate recovery in economic activity and imply upward revisions compared with the previous survey round, which increase with the forecast horizon (see the table). In their qualitative comments, respondents attributed the upward revisions mainly to weaker economic activity than previously expected, the slow implementation of structural labour market reforms in the crisis countries and bigger flows from inactivity into the workforce, reflecting unfavourable developments in household disposable income. On balance, the SPF forecasts for the period 2013-15 are slightly higher than the latest corresponding forecasts of Consensus Economics and the Euro Zone Barometer.

The main upside risks to unemployment expectations are considered to be a further weakening of economic activity and a continued low level of confidence affecting hiring decisions. Some respondents also suggest that part of the rise in unemployment may be of a structural nature. The downside risks relate primarily to the medium-term and longer-term horizons and are associated mainly with the increasing positive impact of structural reforms in the crisis countries that have already been or have yet to be implemented.

Longer-term unemployment rate expectations (for 2017) rose slightly by 0.1 percentage point, to 9.6%, after a larger increase of 0.5 percentage point in the previous survey round. The relative aggregate probability distribution has shifted further towards higher outcomes.

### Other variables and conditioning assumptions

According to other information provided by respondents, the assumptions for the ECB's main refinancing rate and the USD/EUR exchange rate remain broadly unchanged, while those for oil prices and growth in compensation per employee have been revised downward. It is assumed that oil prices will increase from around USD 105 per barrel in the second quarter of 2013 to USD 110.7 per barrel in 2015. The USD/EUR exchange rate for the second quarter of 2013 is assumed to stand at 1.30 and to remain broadly stable up to 2015. Annual growth in compensation per employee is expected to stand at 1.7% in 2013, 1.8% in 2014, 2.1% in 2015 and 2.4% in 2017, with the figures for 2013 and 2014 being slightly lower than in the previous survey round. The ECB's main refinancing rate is expected to stay at around 0.7% until the first quarter of 2014, before rising again to 1.1% in 2015.

## 4 OUTPUT, DEMAND AND THE LABOUR MARKET

Real GDP contracted by 0.6% in the fourth quarter of 2012, following a decline of 0.1% in the third quarter. Output has thus declined for five consecutive quarters. Overall, labour market conditions remain weak. Recent developments in short-term indicators, notably survey data, indicate that weak economic sentiment has extended into spring of this year. Looking ahead, euro area export growth should benefit from a recovery in global demand and the monetary policy stance should contribute to support domestic demand. Furthermore, the improvements in financial markets seen since last summer should work their way through to the real economy. At the same time, necessary balance sheet adjustments in the public and private sectors will continue to weigh on economic activity. Overall, euro area economic activity should stabilise and recover gradually in the second half of the year. The risks surrounding the economic outlook for the euro area continue to be on the downside.

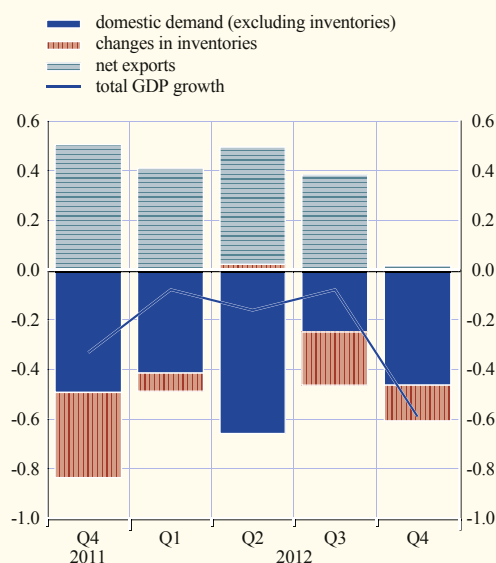
### 4.1 REAL GDP AND DEMAND COMPONENTS

Eurostat's third estimate of national accounts confirmed that real GDP in the euro area contracted further by 0.6% quarter on quarter in the fourth quarter of 2012, following a decline of 0.1% in the previous quarter (see Chart 26). Domestic demand and exports were the main contributors behind the decline in output in the final quarter of 2012.

The extended period of weak growth experienced by the euro area in the wake of the ongoing economic and financial crisis is associated with the correction of the accumulated macroeconomic imbalances in a number of countries. In this context, Box 7 provides an overview of the Macroeconomic Imbalance Procedure, which is a surveillance tool aimed at preventing the emergence of harmful macroeconomic imbalances and correcting them where they become excessive.

Chart 26 Real GDP growth and contributions

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



Sources: Eurostat and ECB calculations.

### Box 7

#### THE 2013 MACROECONOMIC IMBALANCE PROCEDURE

The Macroeconomic Imbalance Procedure (MIP), a new cornerstone of the EU's strengthened governance framework<sup>1</sup>, is a macroeconomic surveillance tool which aims to prevent the emergence of harmful macroeconomic imbalances and to correct such imbalances where they become excessive.

1 See the article entitled "The reform of economic governance in the euro area – essential elements", *Monthly Bulletin*, ECB, March 2011.

The MIP covers all EU Member States (with the exception of those currently subject to an EU-IMF programme) and starts with the publication of the Alert Mechanism Report.<sup>2</sup> In this report, the European Commission provides an economic reading of the scoreboard of 11 indicators and corresponding thresholds. The scoreboard facilitates the early identification of macroeconomic imbalances. On the basis of the report, the Commission decides which countries require an in-depth review to assess whether the early identification of imbalances can be confirmed. Where it concludes that imbalances are indeed present, the Member State concerned receives policy recommendations from the EU Council based on the recommendation of the Commission. This is the “preventive arm” of the MIP. Further to this, where macroeconomic imbalances are found to be sufficiently severe to be considered excessive, “an excessive imbalance procedure should be initiated” by the Council under the “corrective arm” of the MIP on a recommendation from the Commission.<sup>3</sup> Under this corrective arm, the country concerned has to submit a corrective action plan outlining policy measures aimed at addressing the excessive imbalances, which must be endorsed by the Council. In case of repeated failure to present an adequate plan or in case of non-compliance with an approved plan, the Council may impose financial sanctions on euro area countries.

The MIP was launched for the second time as part of the 2013 European Semester. The Alert Mechanism Report, published on 28 November 2012, identified 14 countries for an in-depth review, including nine euro area countries (Belgium, Spain, France, Italy, Cyprus, Malta, the Netherlands, Slovenia and Finland) and five non-euro area EU countries (Bulgaria, Denmark, Hungary, Sweden and the United Kingdom). Except for Malta and the Netherlands, which were identified for the first time, all the other countries had already been subject to an in-depth review in 2012. On 10 April 2013 the Commission concluded that the analysis provided in the in-depth reviews showed that Spain and Slovenia are “experiencing excessive macroeconomic imbalances”, while the other 11 countries are “experiencing macroeconomic imbalances”. Cyprus has been excluded from the MIP as a political agreement was reached on the conclusion of a financial assistance programme. Among the 11 countries, the Commission sees a need for “decisive policy action” in France, Italy and Hungary, whereas it sees a need for “policy action” in Belgium, Bulgaria, Denmark, Malta, the Netherlands, Finland, Sweden and the United Kingdom.

In its communication on the results of the in-depth reviews, the Commission announced that the 11 countries experiencing macroeconomic imbalances will receive recommendations under the preventive arm of the MIP. By contrast, for Spain and Slovenia, the decision on the follow-up has been delayed as the Commission has made it dependent on its assessment of the policy measures the two countries will put forward in their National Reform Programmes and Stability Programmes in May. Hence, while having identified excessive imbalances, and thus clear risks to the proper functioning of Economic and Monetary Union, the Commission has not yet decided to use the full procedural rigour provided for by the Excessive Imbalance Procedure (i.e. the corrective arm of the MIP). For this, it would be necessary for the Commission to make a recommendation to the Council so that the latter can confirm the existence of an excessive imbalance and recommend corrective action.

<sup>2</sup> For a description of the MIP, including the set of indicators covered in the scoreboard, see the box entitled “The 2012 Macroeconomic Imbalance Procedure”, *Monthly Bulletin*, ECB, June 2012. Details of the MIP are provided in Regulations (EU) No 1176/2011 of 16 November 2011 and No 1174/2011 of 16 November 2011.

<sup>3</sup> Recital 22 of EU Regulation No 1176/2011 on the prevention and correction of macroeconomic imbalances.

The effectiveness and credibility of the MIP rests on the full implementation of the procedure, including its corrective arm. The latter is essential: (i) to prevent a renewed build-up of imbalances and vulnerabilities like those that lie at the heart of the current difficulties in some euro area countries; and (ii) to achieve an orderly adjustment of existing excessive imbalances. With hindsight, it is clear that it would have been advisable to have already initiated the Excessive Imbalance Procedure for Cyprus and Spain in 2012, as this would have helped to address these countries' macroeconomic imbalances earlier in the context of a structured EU procedure. Making full and effective use of the instruments of the MIP is thus important for reducing risks to the proper functioning of Economic and Monetary Union in the future.

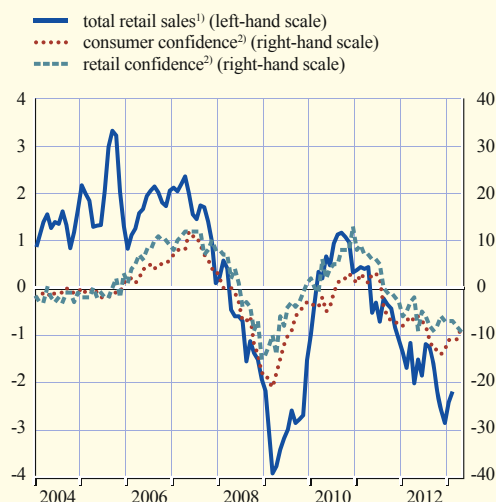
Following a decrease of 0.2% in the third quarter of 2012, private consumption shrank further, by 0.5%, in the fourth quarter. This fall was in all likelihood the result of negative contributions to consumer spending growth from purchases of retail goods and cars, which were only partly offset by rising consumption of services. Consumption has thus declined for five consecutive quarters, with a cumulated fall of 2.0%.

As regards the first quarter of 2013, information on private consumption points, on balance, towards continued weakness in household spending. The volume of retail sales stood on average in January and February some 0.3% above the level in the fourth quarter of 2012, when sales contracted by 1.5% quarter on quarter. At the same time, new passenger car registrations declined by 3.0% quarter on quarter in the first quarter, following a less sharp decrease of 1.8% in the previous quarter. Retail sector survey data show a further drop in consumption of retail goods in the first quarter of 2013 as well as in April (see Chart 27). The Purchasing Managers' Index (PMI) for retail trade remains clearly below the theoretical expansion-contraction threshold of 50. The index rose somewhat in April, although still pointing to contracting sales and thus a continuation of the negative dynamics. In contrast, euro area consumer confidence, which improved between the fourth and first quarters, continued to recover slightly in April. The index nonetheless remains clearly below its long-term average, signalling persistent softness in consumer spending. Finally, the indicator for major purchases is also well below its long-term average, pointing towards persistently sluggish consumption of consumer durables.

Gross fixed capital formation fell by 1.2% quarter on quarter in the fourth quarter of 2012 and has thus declined for seven consecutive quarters. With regard to the breakdown of investment in the fourth quarter, both construction and non-construction investment contracted in quarter-on-quarter terms.

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.

Looking ahead, industrial production of capital goods (an indicator of future non-construction investment) increased by 0.9% month on month in February, following a steeper decline of 1.7% in January. As a result, the average level of capital goods production in January and February stood some 0.5% below that in the fourth quarter, when it declined by 3.0% quarter on quarter. Although survey results for the non-construction industrial sector, from both the PMI and the European Commission, suggest a further drop in investment in the first quarter and early in the second quarter of 2013, they have in recent months shown signs of a stabilisation and a gradual improvement. At the same time, the Commission surveys indicate that capacity utilisation remained broadly unchanged in the three-month period up to April 2013, after having declined since the summer of 2011.

Data related to euro area construction investment are consistent with continued weakness at the beginning of 2013. Construction production declined by 0.8% month on month in February, thereby falling to more than 3% below its level in the last quarter of 2012. The latest developments thus point towards a quarterly contraction in the first quarter of 2013, possibly stronger than that observed in the previous quarter, when production in construction declined by 1.9% on a quarterly basis. Survey results support this picture. For instance, the European Commission indicator on construction confidence, which is available up to April 2013, remains at levels well below its historical average. At the same time, the PMI for construction in the euro area remained at a level significantly below 50 in the first quarter, pointing to further negative developments in this period. Continued financing constraints and ongoing housing market adjustments in a number of euro area countries are still weighing on construction investment. Box 8 analyses the determinants of real residential investment and evaluates the developments of the housing market in both the run-up to and during the crisis.

## Box 8

### UNCOVERING THE DYNAMICS OF RESIDENTIAL INVESTMENT

In the light of the widespread recognition of investment as a key element in economic growth and of the role played by the housing sector in the current crisis, this box applies a theoretical model of investment (Tobin's  $q$ ) to euro area residential investment, with two goals in mind.<sup>1</sup> The first is to analyse the determinants of real residential investment. The second is to evaluate the developments in the housing market both in the run-up to and during the course of the ongoing crisis, with the aim of discussing the dynamics of the supply side.

#### Tobin's $q$ and residential investment

Tobin's  $q$  is a model of real investment activity, an approach that can be applied to residential investment. Investors find it attractive to invest in new buildings when the price of existing houses is higher than their replacement cost. The  $q$  ratio for residential investment is therefore computed as the ratio between the price of the existing stock of dwellings (i.e. house prices) and the corresponding replacement cost (i.e. construction costs).<sup>2</sup> The higher house prices are, the greater real residential investment will be, and the higher construction costs are, the more

1 See Tobin, J., "A General Equilibrium Approach to Monetary Theory", *Journal of Money, Credit and Banking*, Vol. 1, No 1, 1969, pp. 15-29.

2 Construction costs are measured as the residential investment deflator.

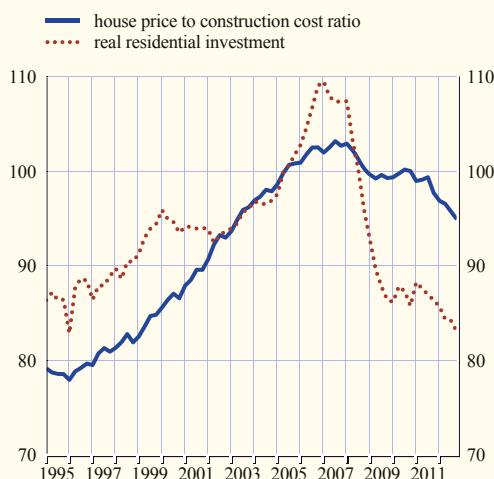
expensive it is for investors to replace the existing stock of dwellings and the lower residential investment will be. Clearly, market frictions, such as a lack of transparency and land available for construction, time-consuming institutional procedures for granting building permits, and the time between starting and finishing a new building, may imply a slow adjustment of real residential investment to house price and construction cost movements.

Real residential investment and the house price to construction cost ratio (the  $q$  ratio) for the euro area as a whole are shown in Chart A. In the years preceding the crisis, with the exception of the period from 2000 to 2002, the positive co-movement between the two series supports the validity of Tobin's  $q$ . Following the outbreak of the crisis, when house price dynamics reversed, the  $q$  ratio and real residential investment both declined but showed a weaker correlation.

A log-linear regression model relating real residential investment to fundamentals (i.e. house prices, construction costs and the cost of capital) shows that, in the years preceding the crisis, investment activity for the euro area as a whole was higher than its equilibrium level (see Chart B). This suggests that construction was excessive and led to an over-supply of residential properties. This situation has also affected the development of house prices and real residential investment in recent years. The need to absorb an excess of dwellings has weighed negatively on house prices and, therefore, real residential investment activity has plummeted to levels even lower than that suggested by the model.

**Chart A Real residential investment and the house price to construction cost ratio (q ratio)**

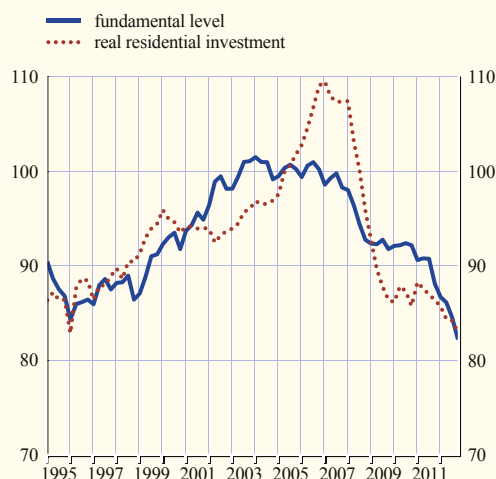
(index (2005 = 100))



Sources: Eurostat and ECB calculations.

**Chart B Real residential investment and its fundamental level as implied by the empirical model**

(index (2005 = 100))



Sources: Eurostat and ECB calculations.

Notes: The fundamental level is the level predicted by the model relating real residential investment to house prices, construction costs (i.e. the residential investment deflator) and the cost of capital (proxied by the ten-year government bond yield). The latter two components represent the replacement cost of the existing dwellings. The model is specified in logarithms and estimated over the period from the first quarter of 1995 to the fourth quarter of 2012.



### Implications for the outlook for residential investment

At the aggregate euro area level, the excess supply appears, despite the weakness of housing demand since 2009,<sup>3</sup> to have been gradually absorbed over the past few years. Looking ahead, financing conditions and consumer confidence will be crucial for the outlook of residential investment. For instance, despite historically low mortgage rates, tight conditions for the supply of credit may, in some countries, impact on investors' ability to finance new residential investment.<sup>4</sup> In addition, generally weak economic conditions, implying subdued growth in disposable income, as well as fragile consumer confidence, which is recovering only tentatively, impact on housing demand and house prices, and highlight the possibility of further weakness in overall euro area residential investment lasting for some time. However, the outlook differs significantly across countries.

<sup>3</sup> See the box entitled "Recent house price developments in the euro area" in this issue of the Monthly Bulletin.

<sup>4</sup> See the box entitled "The results of the euro area bank lending survey for the first quarter of 2013" in this issue of the Monthly Bulletin.

Following a contraction in euro area trade in the fourth quarter of 2012, the latest information suggests that both imports and exports slightly strengthened in the first quarter of 2013. However, overall trade growth remains fragile. The values of trade in goods recorded in January and February were, on average, only slightly above the levels seen in the last quarter of 2012. As regards the trade in services, the balance of payments data point to continued weakness in the first quarter of 2013. Perhaps reflecting the uncertainty surrounding the recovery in global growth, the improvement observed at the start of the year in the survey data on euro area exports has recently halted. In April the PMI new export orders marginally declined and remained below the expansion threshold of 50, while the European Commission survey indicator for export order levels shrank further, thus remaining at a low level. Looking ahead, growth in foreign demand and euro area exports is expected to strengthen in the second quarter of 2013. The near-term outlook for imports is expected to improve slightly, but to remain subdued, reflecting weak developments in euro area domestic demand.

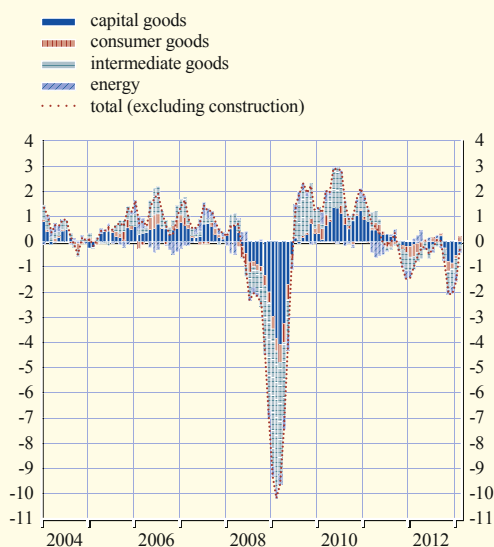
## 4.2 SECTORAL OUTPUT

Real value added shrank by 0.5% quarter on quarter in the fourth quarter of 2012. The decline was broadly based, as activity in industry (excluding construction), in construction and, albeit to a lesser extent, in services contracted.

With regard to developments in the first quarter of 2013, growth in industrial production (excluding construction) increased by 0.4% in February, following a somewhat larger decline in the previous month. As a result, average industrial production over the two months was around 0.1% below its level in the fourth quarter. This is a relative improvement on the fourth quarter, when production declined by 2.1% quarter on quarter (see Chart 28). More timely survey data confirm this picture. For example, although the PMI manufacturing output index declined in February, March and April, it nonetheless improved between the fourth quarter of 2012 and the first quarter of 2013. The index, however, is still at levels below the theoretical no-growth threshold of 50 (see Chart 29). Moreover, the European Commission survey data indicate that the demand situation deteriorated in the three-month period up to April 2013, thereby depressing production.

**Chart 28 Industrial production growth and contributions**

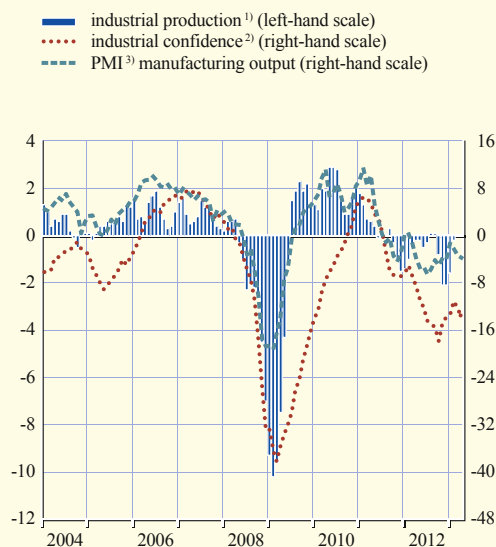
(growth rate and percentage point contributions; monthly data; seasonally adjusted)



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

**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.

The PMI services business activity index also improved between the fourth and first quarters, although still moving in the contraction zone. Similar to that for the manufacturing sector, this index has fallen back in recent months, and as a result in April remained close to its average level for the fourth quarter. Other business surveys, such as those of the European Commission, are broadly in line with developments in the PMI.

### 4.3 LABOUR MARKET

Euro area labour markets have remained weak, with strong differences persisting across countries. The most recent survey data anticipate further job losses and rising unemployment in the period ahead. Young and low-skilled workers have been particularly affected by the crisis.

Headcount employment has fallen for six consecutive quarters, having declined by 0.3% quarter on quarter in the fourth quarter of 2012 (see Table 9). At the sectoral level, the latest data show a sharp contraction in employment in industry and a less pronounced reduction in employment in services. Total hours worked diminished by 0.7% quarter on quarter in the fourth quarter. In year-on-year terms, hours worked have declined by 1.5%, which is more than twice the drop in headcount employment. This difference most likely reflects firms' efforts to avoid the adjustment costs associated with shedding labour in response to the renewed weakening of growth.

Table 9 Employment growth

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

	Annual rates		Persons Quarterly rates			Annual rates		Hours Quarterly rates		
	2011	2012	2012 Q2	2012 Q3	2012 Q4	2011	2012	2012 Q2	2012 Q3	2012 Q4
	Whole economy	0.3	-0.6	-0.1	-0.1	-0.3	0.2	-1.2	-0.6	0.2
<i>of which:</i>										
Agriculture and fishing	-2.2	-1.4	0.3	-0.7	-1.0	-2.3	-1.8	-0.5	-0.5	-1.4
Industry	-1.0	-2.2	-0.4	-0.5	-0.7	-0.9	-3.4	-1.6	-0.4	-1.3
Excluding construction	0.2	-1.1	-0.4	-0.1	-0.5	0.8	-2.2	-1.4	0.0	-1.1
Construction	-3.8	-4.7	-0.6	-1.7	-1.3	-4.1	-6.0	-2.2	-1.4	-1.9
Services	0.8	-0.1	0.1	0.1	-0.2	0.7	-0.5	-0.3	0.4	-0.5
Trade and transport	0.7	-0.7	-0.1	-0.1	-0.4	0.4	-1.3	-0.2	0.2	-1.0
Information and communication	1.5	1.4	0.5	-0.5	1.5	1.4	1.4	-0.2	0.5	0.6
Finance and insurance	-0.3	-0.8	-0.7	-1.0	0.6	-0.2	-0.9	-1.2	0.0	-0.6
Real estate activities	3.0	0.6	0.6	-2.0	2.0	3.5	0.0	0.5	-0.4	-2.0
Professional services	2.7	0.8	0.4	1.2	-1.0	2.8	0.5	-0.2	0.7	-0.6
Public administration	0.1	-0.3	0.1	-0.1	-0.1	0.1	-0.4	-0.3	0.2	0.1
Other services <sup>1)</sup>	0.1	0.7	0.0	0.6	0.4	0.0	-0.1	-0.8	1.3	-0.4

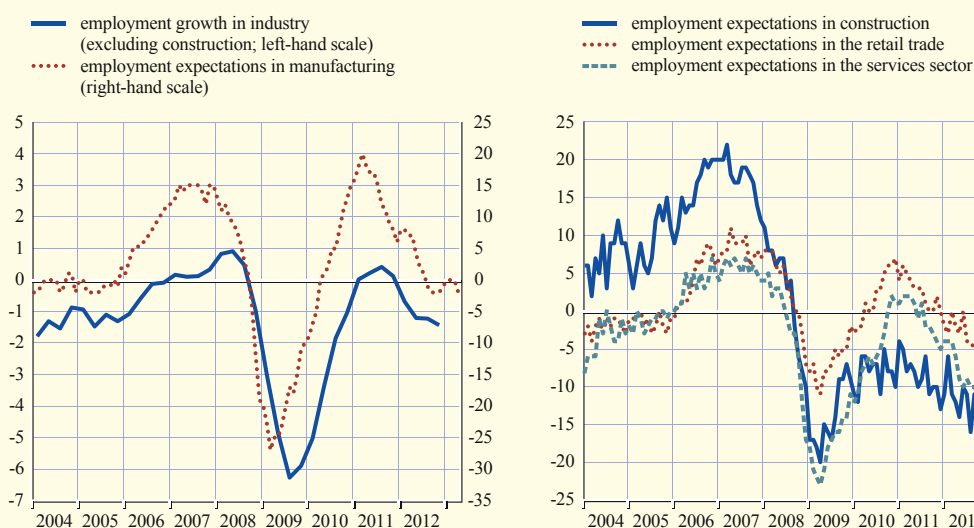
Sources: Eurostat and ECB calculations.

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

The annual rate of change in labour productivity per person employed decreased further to -0.2% in the fourth quarter of 2012, down from -0.1% in the previous quarter (see Chart 31). Over the same period the annual growth rate of hourly labour productivity picked up from 0.4% to 0.6%. As regards the first quarter of 2013, the latest readings of the PMI productivity index, which encompasses the manufacturing and services sectors, signal protracted weak developments.

Chart 30 Employment growth and employment expectations

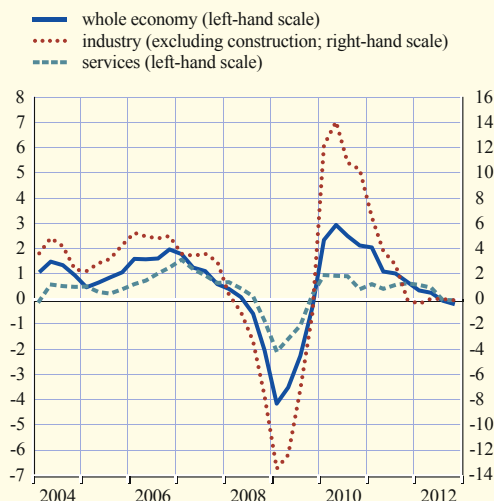
(annual percentage changes; percentage balances; seasonally adjusted)



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

**Chart 31 Labour productivity per person employed**

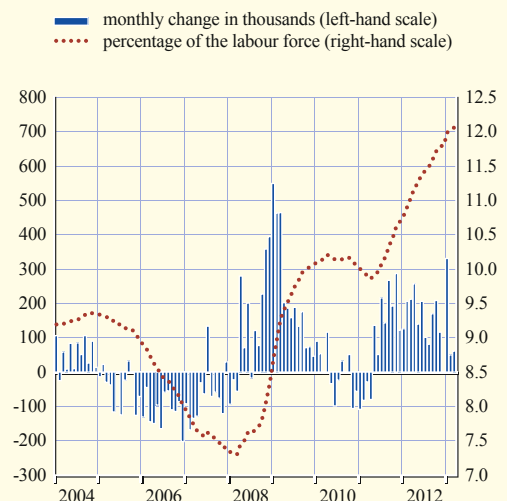
(annual percentage changes)



Sources: Eurostat and ECB calculations.

**Chart 32 Unemployment**

(monthly data; seasonally adjusted)



Source: Eurostat.

The unemployment rate, which has been on the rise since the first half of 2011, edged up further in March, reaching 12.1% (see Chart 32). The pace of the rise in unemployment appears to be easing, however, as the increase in the number of unemployed is lower than the increases recorded at the end of 2011 and early 2012. Survey indicators still anticipate further job losses in both industry and services in the first quarter of 2013 and at the beginning of the second quarter (see Chart 30). Moreover, the unemployment rates expected for 2013, 2014 and 2015 have been revised upwards in the latest Survey of Professional Forecasters (see Box 6 in Section 3).

#### 4.4 THE OUTLOOK FOR ECONOMIC ACTIVITY

Recent developments in short-term indicators, notably survey data, indicate that weak economic sentiment has extended into spring of this year. Looking ahead, euro area export growth should benefit from a recovery in global demand and the monetary policy stance should contribute to support domestic demand. Furthermore, the improvements in financial markets seen since last summer should work their way through to the real economy. At the same time, necessary balance sheet adjustments in the public and private sectors will continue to weigh on economic activity. Overall, euro area economic activity should stabilise and recover gradually in the second half of the year.

The risks surrounding the economic outlook for the euro area continue to be on the downside. They include the possibility of even weaker than expected domestic and global demand and slow or insufficient implementation of structural reforms in the euro area. These factors have the potential to dampen confidence and thereby delay the recovery.

## ARTICLES

# AN ASSESSMENT OF EUROSISTEM STAFF MACROECONOMIC PROJECTIONS



*Producing accurate and reliable projections of key macroeconomic variables, including real GDP and inflation, is of particular importance for central banks. This article reviews the performance of Eurosystem staff macroeconomic projections since their first publication in 2000. Overall, while euro area GDP has, on average, been overestimated, there has been a tendency to underestimate HICP inflation. Projection errors for both variables were significantly higher during the recent crisis period, particularly during the recession in 2009. While multiple factors have contributed to the overall projection errors, the analysis of errors in the assumptions upon which the projections are conditioned suggests that unexpected oil price developments played a key role. The projection performance of Eurosystem staff compares reasonably well with that of other international institutions and private sector forecasters. While broadly in line with other forecasters with respect to real GDP growth, the Eurosystem achieved the highest relative accuracy in projecting HICP inflation.*

### I INTRODUCTION

Forecasting future economic developments is important for many agents in the economy, including central banks. Given that monetary policy has a delayed effect on the economy, it is essential for central banks to have the best possible projections of economic developments for the years ahead, in particular regarding inflation rates and real GDP growth. This article evaluates the accuracy and reliability of the Eurosystem staff macroeconomic projections<sup>1</sup>, and also addresses the possible sources of errors. In this respect, (technical) assumptions made for each projection exercise, such as assumptions about the price of oil or world economic growth developments, are reviewed. Furthermore, to evaluate their relative accuracy, the performance of Eurosystem staff projections is measured by comparing them with the projections made by other international institutions and the private sector. This article focuses on the Eurosystem staff projections, published each June and December, in order to provide the largest possible sample of projections and to facilitate inter-institutional comparisons, as the Eurosystem staff projections are published much closer in time to the projections of other international institutions than the ECB staff projections. The remainder of the article is structured as follows. Section 2 examines the main characteristics of the existing framework for Eurosystem and ECB staff projections. Section 3.1 reviews the Eurosystem staff projections, while Section 3.2 analyses the possible causes of errors, looking particularly at the role of errors in assumptions. Section 4 then compares errors in the Eurosystem staff projections with those made by other forecasters. Section 5 offers some concluding remarks.

### 2 THE FRAMEWORK FOR EUROSISTEM STAFF PROJECTIONS

Before reviewing the performance of the Eurosystem staff projections, this section briefly reviews their main characteristics.<sup>2</sup> The Eurosystem/ECB staff projection exercises are carried out four times a year. Since December 2000, the ECB has published the Eurosystem staff macroeconomic projections twice a year, in June and December. During the projection exercises, ECB and national central bank staff members collaborate closely and jointly decide upon the projections to be published. Since September 2004, these projections have been complemented by the ECB staff macroeconomic projections, which are also published twice a year, in March and September. In all

1 Similar assessments from other international institutions can be found in: Cabanillas, L.G. and Terzi, A., "The accuracy of the European Commission's forecasts re-examined", *Economic Papers*, No 476, European Commission, 2012; Vogel, L., "How Do the OECD Growth Projections for the G7 Economies Perform? A Post-Mortem", *OECD Working Papers*, No 573, OECD Economics Department, 2007; and Timmermann, A., "An Evaluation of the *World Economic Outlook* Forecasts", *IMF Staff Papers*, Vol. 54, No 1, 2007, pp. 1-33.

2 For a more detailed description, see *A guide to Eurosystem staff macroeconomic projection exercises*, ECB, Frankfurt am Main, June 2001.

four exercises, headline HICP inflation, headline GDP and the main expenditure components are projected for the current year and one year ahead.<sup>3</sup> In order to account for the uncertainty attached to such projections, the Governing Council decided to publish ranges instead of point forecasts. These ranges are calculated by considering the magnitude of previous projection errors, i.e. the difference between the actual outcome and the projected value. The ranges are set at twice the average absolute value of these differences.<sup>4</sup>

The projections are conditioned on certain assumptions and combine the results produced by conventional models with the knowledge and judgement of economic experts.<sup>5</sup> The assumptions cover world demand projections, oil and other commodity prices, the exchange rate, short- and long-term interest rates and fiscal variables. These assumptions are constructed in a variety of ways. Some assumptions are akin to projections (e.g. world demand), some are based on information about market futures (e.g. oil prices), and others are based on “no changes” (e.g. the exchange rate). In addition, fiscal policy measures are only taken into account if they have been approved by the national parliament, or have already been defined in detail and are likely to pass the legislative process. Consequently, the projections are not necessarily the best predictors of future outcomes, particularly over longer timespans. Section 3.2 elaborates on how these assumptions are calculated and on the role they play in the overall projection errors.

### 3 REVIEWING EUROSISTEM STAFF PROJECTION ERRORS

#### 3.1 ERRORS IN PROJECTING REAL GDP AND HICP INFLATION

This section presents an assessment of the Eurosystem staff projections for real GDP and HICP inflation in the euro area during the period 2000-2012. The annual projections have been assessed by analysing errors in both the current-year projections and the one-year-ahead projections. In general, forecasting errors are defined as the difference between the actual outcome and the projected value. Thus, the size of the forecasting errors and the assessment of the forecasting performance are influenced by the particular vintage of data used to calculate the actual outcomes (e.g. the flash estimate, second/third estimate or latest available data). It is common for macroeconomic data to be revised as more comprehensive information becomes available and methodological changes are implemented. Even after some time, data are still subject to a certain amount of uncertainty, and may be revised. For example, euro area GDP benchmarks are revised approximately every five years to reflect advances in the methodology used in their calculation.<sup>6</sup>

For the purposes of this article, in order to ensure that the estimate of the variables incorporates a sufficient amount of information about the economy and, at the same time, reflects the economic assessment made at the time, the outcome of the variable one year after each projection exercise

3 In December each year, in addition to the current-year and one-year-ahead projections, two-year-ahead projections are also made.

4 For a detailed description of how the ranges are calculated, see *A guide to Eurosystem staff macroeconomic projection exercises*, ECB, Frankfurt am Main, June 2001, p.15; “New procedure for constructing ECB staff projection ranges”, September 2008; and “New procedure for constructing Eurosystem and ECB staff projection ranges”, December 2009. All three documents are available on the ECB’s website (<http://www.ecb.int>).

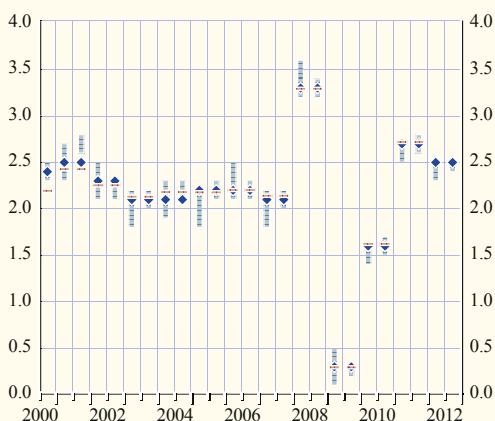
5 For more details on the models see, for example, Christoffel, K., Coenen, G. and Warne, A., “The new area-wide model of the euro area: a micro-founded open-economy model for forecasting and policy analysis”, *Working Paper Series*, No 944, ECB, October 2008; Dieppe, A., González Pandiella, A. and Willman, A., “The ECB’s new multi-country model of the euro area: NMCM – simulated with rational expectations”, *Working Paper Series*, No 1315, ECB, April 2011; and Dieppe, A., González Pandiella, A., Hall, S. and Willman, A., “The ECB’s new multi-country model of the euro area: NMCM – with boundedly rational learning expectations”, *Working Paper Series*, No 1316, ECB, April 2011.

6 For more details, see the article entitled “Revisions to GDP estimates in the euro area”, *Monthly Bulletin*, ECB, April 2009.

**Chart 1 HICP inflation: current-year  
projection ranges and actual outcomes**

(annual percentage change)

- ◆ actual outcome (June exercise following year)
- ▬ latest available data
- ▭ projection range



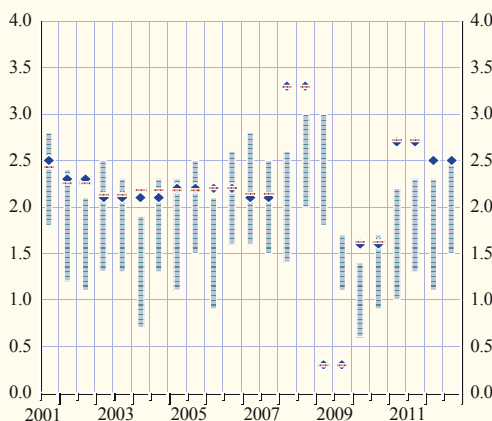
Sources: ECB calculations and Eurostat.

Note: For each year, both the June and December Eurosystem staff macroeconomic projections are shown (except for 2000, where only the December projection is shown).

**Chart 2 HICP inflation: one-year-ahead  
projection ranges and actual outcomes**

(annual percentage change)

- ◆ actual outcome (June exercise following year)
- ▬ latest available data
- ▭ projection range



Sources: ECB calculations and Eurostat.

Note: For each year, both the June and December Eurosystem staff macroeconomic projections are shown (except for 2001, where only the December projection is shown).

is chosen as the actual outcome.<sup>7</sup> Taking into account the usual release dates, this incorporates the third release of euro area GDP data and the full release of HICP inflation data.

Charts 1 and 2 present the projection ranges of the Eurosystem staff projections for euro area HICP inflation since December 2000, together with the actual outcomes. Also, for purposes of comparison, the latest available data vintage is shown. Overall, revisions to HICP inflation data have been small, as shown in Charts 1 and 2 by the proximity of the diamonds and the red horizontal bars, which indicate the actual outcome as registered one year after the projection and the latest available data respectively. Looking at the actual outcome one year after the projection, in all but one of the 25 cases, HICP inflation turned out to lie within the range projected by Eurosystem staff in the current-year projections.<sup>8</sup> With respect to the one-year-ahead projections, the picture is somewhat different. In 12 of the 23 exercises, the one-year-ahead projection range of HICP inflation covered its actual outcome. In the remaining cases, inflation was underestimated nine times and overestimated twice.

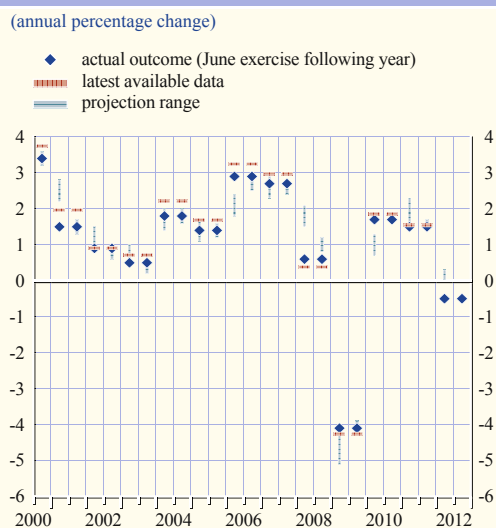
Comparing the actual outcomes with the projection ranges for real euro area GDP growth leads to similar conclusions (see Charts 3 and 4). While the clear majority of current-year projections were accurate (in 19 of 25 cases the actual outcome fell within the range projected by Eurosystem staff, with four over- and two underestimations), the one-year-ahead projections were less accurate.

<sup>7</sup> Models and assessments are often based on real-time data and the first available outcome often receives most attention. However, if the purpose of the forecast is to predict the final and actual state of the economy, then using the first available outcome is questionable. At the same time, using the latest available outcome gives greater weight to the impact of statistical changes. As an exception, in order to include the projections for 2012 in the assessment, the flash estimate for 2012 real GDP was used.

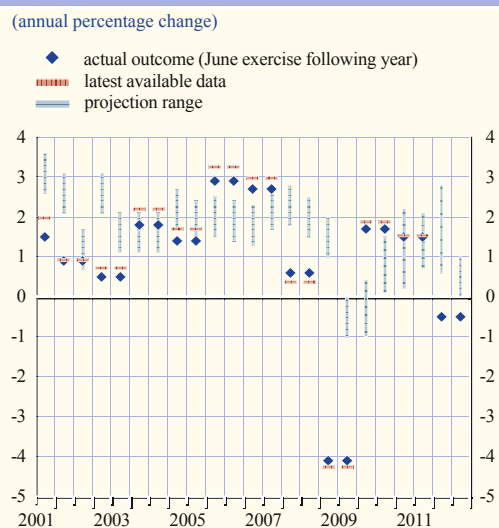
<sup>8</sup> Note that, for the current-year projections made in December, most of the actual outcome is already known; this is also indicated by the smaller range in the December exercise compared with the June exercise.



**Chart 3 Real GDP: current-year projection ranges and actual outcomes**



**Chart 4 Real GDP: one-year-ahead projection ranges and actual outcomes**



Although real GDP growth fell within the one-year-ahead projection range in seven cases, output growth was overestimated in 11 exercises and underestimated in five.<sup>9</sup>

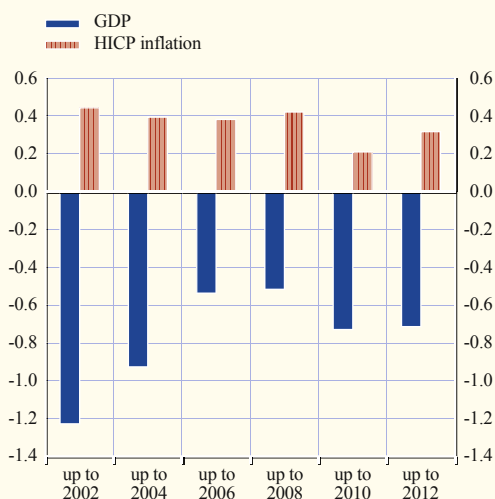
As noted above, the Governing Council decided to publish the projections for real GDP growth and HICP inflation in ranges, to account for their uncertain nature. However, in order to facilitate a comparison with other forecasters who publish point projections, a purely technical simplification is employed throughout the remainder of the article in that the mid-point of the projection range for both real GDP growth and HICP inflation is used. The projection error for each variable is derived by subtracting the mid-point of the projection range from the actual outcome (as defined above). The projection performance is assessed in terms of bias (as measured by the mean projection error) and the size of the projection errors (as measured by the root mean squared error, or RMSE). Charts 5 and 6 present the mean errors and RMSEs in the one-year-ahead projections for GDP growth and HICP inflation.

While euro area GDP has, on average, been overestimated, the opposite is true for HICP inflation. Before 2008 there was a downward trend in the bias in Eurosystem staff projections for euro area GDP growth, but this trend reversed with the start of the global financial crisis in late 2008. Both bias and RMSEs increased to a noticeable extent up to 2010, followed by a small decrease from 2010 to 2012. The pattern for HICP inflation projections is somewhat different: the bias declined slightly between 2002 and 2006, then increased again as inflation rose in 2007 and 2008, fuelled by significant increases in oil and food prices, before falling again. The RMSEs for the one-year-ahead HICP inflation projections were falling up to 2006, but have since risen again, reflecting significant fluctuations in inflation that were not predicted.

<sup>9</sup> A comparison of the third estimate with the latest available data (including all ex post revisions) reveals that GDP growth figures are subject to sizeable revisions. The range of total data revisions is between -0.2 and +0.5 percentage point. GDP growth has, on average, been revised upwards throughout the sample period; negative revisions only occurred in 2008 and 2009 following the global financial crisis. For more details, see the box entitled “Revisions to euro area GDP growth”, *Monthly Bulletin*, ECB, April 2011.

**Chart 5 Mean errors in one-year-ahead projections (actual outcome minus projection) since 2000**

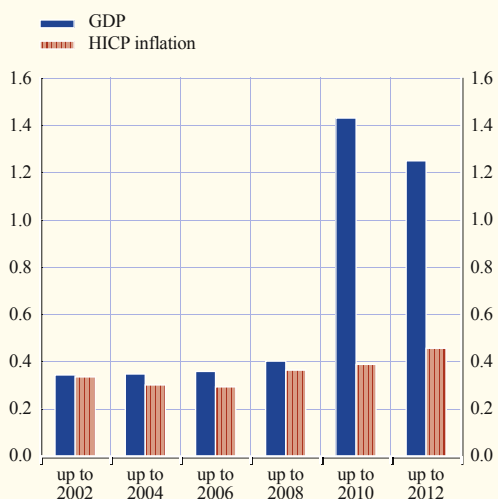
(percentage points)



Source: ECB calculations.

**Chart 6 Root mean squared errors in one-year-ahead projections since 2000**

(percentage points)



Source: ECB calculations.

Overall, it can be concluded that HICP inflation projections have, on average, been negatively biased, i.e. HICP inflation was underestimated, while real GDP projections have been positively biased, i.e. real GDP growth was overestimated. Moreover, the projection errors for both variables were significantly higher during the crisis period, particularly during the recession in 2009.

### 3.2 CAUSES OF PROJECTION ERRORS

Various factors contributed to the pattern and magnitude of the projection errors analysed in Section 3.1. This section highlights a number of these factors, which are likely to have had a significant impact on the overall error. In particular, the assumptions upon which the projections are conditioned, including technical assumptions about commodity prices, interest and exchange rates, and assumptions about world demand and fiscal policies, are potential sources of error.

#### TECHNICAL ASSUMPTIONS

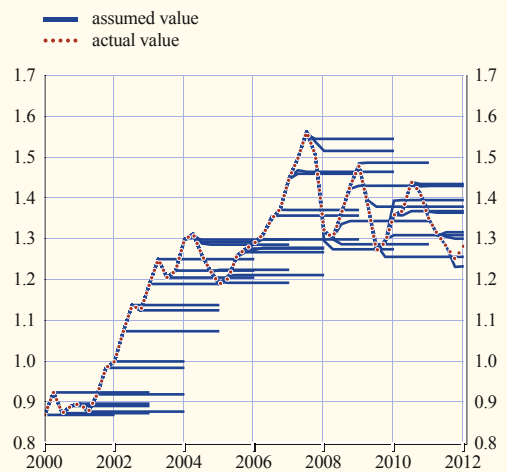
The technical assumptions about interest rates and commodity prices are based on market expectations. The assumption about short-term interest rates is of a purely technical nature. Short-term rates are measured by the three-month EURIBOR, with market expectations derived from futures rates.<sup>10</sup> Also, market expectations are used with respect to long-term interest rates, i.e. ten-year government bond yields. Similarly, futures prices are employed to make assumptions

<sup>10</sup> The decision to base short-term interest rates on market expectations was implemented for the first time in the June 2006 exercise (see the box entitled "Technical Assumptions", *Monthly Bulletin*, ECB, June 2006). Previously, short-term interest rates were assumed to remain constant over the projection horizon.

about the oil price and non-energy commodity prices.<sup>11</sup> Moreover, exchange rates are assumed to remain unchanged over the projection horizon, at the average levels prevailing shortly before the cut-off date of each exercise.

Errors in the technical assumptions affected the overall projection accuracy. Chart 7 shows the assumed and actual USD/EUR exchange rate, which tended, on average, to be underestimated during the assessed sample period (i.e. the appreciation of the euro vis-à-vis the US dollar over the sample period was not predicted). All other factors being equal, one result of this error could have been an overestimation of net export contributions to growth and, in turn, an overestimation of real GDP growth. It could also have contributed to higher HICP inflation projections.

**Chart 7 Assumed and actual USD/EUR exchange rate**



Source: ECB calculations.

At the same time, over most of the assessed sample period oil prices were underestimated. In annual percentage deviation terms, the one-year-ahead oil price projections were, on average, 13% lower than the actual oil price over the sample period.<sup>12</sup> This is vital to the explanation of why euro area HICP inflation was underestimated. For example, estimates indicate that a 20% increase in crude oil prices has an overall impact of between 0.4 and 0.8 percentage point on headline HICP inflation, depending on the initial oil price.<sup>13</sup> Considering the order of magnitude of the bias in HICP inflation projections (about 0.4 percentage point before the start of the crisis in 2008 – see Chart 5), it seems that errors in projecting oil prices contributed significantly to the overall error. Internal ECB models indicate that using observed ex post oil prices as assumptions upon which the projections are conditioned would have significantly reduced both the projection bias and the RMSEs in the HICP inflation projections.

11 The prices of other non-energy commodities are assumed to follow futures up until one year ahead, and thereafter to evolve in line with global economic activity.

12 For more details on the oil price assumptions and the errors made in estimating oil prices during the assessed sample period, see the box below.

13 For more detailed information, see “Energy markets and the euro area macroeconomy”, *Occasional Paper Series*, No 113, ECB, Frankfurt am Main, June 2010.

## Box

### OIL PRICE PROJECTIONS

In the Eurosystem and ECB staff projections, assumptions about the development of oil prices are based on the futures prices of Brent crude oil. In this approach, the  $h$ -period forecast of the price of oil is given by the price of the oil futures contract at maturity  $h$ .<sup>1</sup> Many other central

1 The  $h$ -months-ahead forecast of the price of oil is the average price over the previous ten business days of a futures contract with a maturity of  $h$  months.

banks (e.g. the Federal Reserve System, the Bank of England and the Bank of Canada) and international organisations (e.g. the IMF) use oil futures prices as predictors of spot prices in their macroeconomic projections.

Several features of futures prices make them an appealing tool for making assumptions about the price of oil. First, futures prices provide direct information about investors' expectations of the future price of oil. Second, in theory, futures prices should embody all the information available to market participants, hence serving as transparent market-based forecasts of the price of oil. Finally, they are a relatively simple forecasting tool and easy to explain, which makes it easier to communicate the underlying assumptions behind the Eurosystem and ECB staff projections.

At the same time, however, it is well known that oil futures prices are not identical to the expected price of oil. First, the futures prices of risky assets such as oil can deviate from the expected spot price because of a "risk premium" component. Furthermore, unlike purely financial assets, storable commodities carry additional costs (e.g. storage costs) and benefits (e.g. holding physical inventories for consumption), which may also affect the relationship between futures prices and the expected future spot price. Under normal circumstances, this generally causes oil futures prices to underestimate the actual oil price.<sup>2</sup>

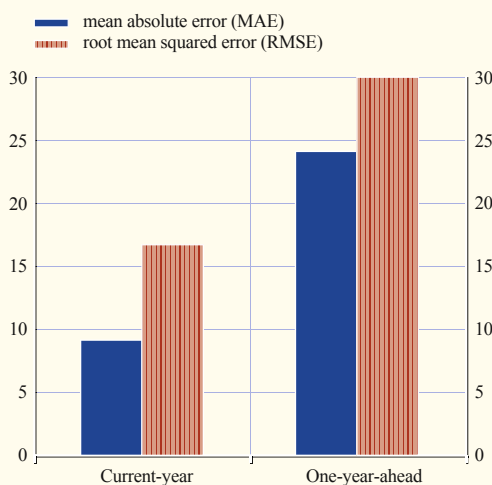
### Evaluation of oil price projections

In order to evaluate the Eurosystem staff oil price projections for the current year and one year ahead, the mean absolute error (MAE) and the root mean squared error (RMSE) are used as measures of projection performance. For each calendar year, the two projection rounds are evaluated together. For 2011, for example, the average of the June and December projections for 2011 was taken as being current-year, and 2012 as being one-year-ahead.<sup>3</sup>

Chart A shows the average MAE and RMSE for the current year and for one year ahead, based on the oil price projections for the period 2000-2012. Unsurprisingly, the average projection errors for the current year are smaller than those for one year ahead. According to the MAE measure, the current-year projections deviated, on average, by about 9% from actual oil prices, while the one-year-ahead projections deviated, on average, by about 24%. The higher RMSE value for both horizons indicates, however, that the MAE masks important variations in the projection performance over time. This is

Chart A Average projection errors for oil prices (2000-2012)

(percentage points)



Source: ECB calculations.

<sup>2</sup> For more details, see "What can the oil futures curve tell us about the outlook for oil prices?", *Quarterly Bulletin 2012 – Q1*, Vol. 52, No 1, Bank of England, 2012.

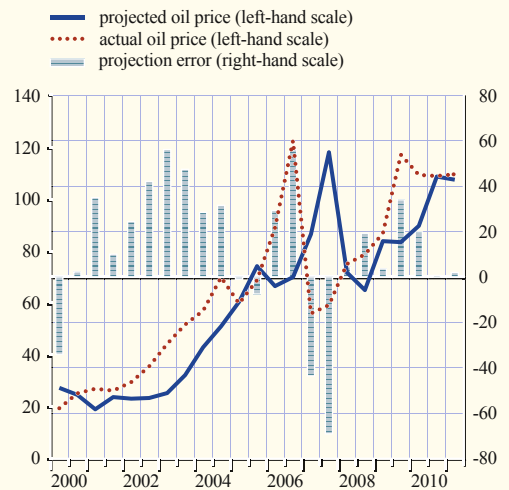
<sup>3</sup> Although only the Eurosystem staff projections are discussed, the conclusions about the performance of the oil price projections are the same for the ECB staff projections. For more information, see the box entitled "The forecast bias for euro area HICP inflation", *Monthly Bulletin*, ECB, June 2012.

because, when compared with the MAE, the RMSE assigns greater importance to large projection errors.

To look at this time variation in more detail, Chart B shows the one-year-ahead projection errors (calculated as the percentage difference between actual and projected oil prices) together with the evolution of actual oil prices and the Eurosystem staff projections. Over most of the period under consideration, the futures-based oil price projections underestimated actual oil prices, as the projection error is mostly positive. On average, the oil price projections were 13% lower than the actual oil price. The largest deviations, initially positive and subsequently negative, were recorded during the period 2007-09. This was due to the sharp oil price fluctuations in the run-up to the financial crisis and its aftermath. As the futures curve is usually fairly flat over the forecasting horizon, large and sudden changes in actual oil prices tend to result in large projection errors. As oil prices broadly stabilised towards the end of the evaluation sample, the projection errors also became considerably smaller.

**Chart B One-year-ahead oil price projections and actual oil price developments**

(USD per barrel; percentages)



Source: ECB calculations.

### FISCAL POLICIES

As a general rule, the fiscal policy assumptions aim to be prudent and realistic. For fiscal measures requiring parliamentary approval, the projections thus only incorporate measures that have been approved by national parliaments, or that have already been defined in detail and are likely to pass the legislative process. Policy measures are not included in the projections if they have not yet been well defined, or if they are unlikely to be approved. Projections for items that are determined mainly by discretionary decisions are, in principle, based on a most likely norm, in the absence of other information.

The fiscal assumptions and projections are independent from governments' official forecasts and are produced in close cooperation between the national central banks of the euro area countries and the ECB. They include the latest available information concerning fiscal developments in individual euro area countries and the most recent plans regarding fiscal policy measures. The effects of measures that are included in the projections for government revenue and expenditure are assessed independently from the governments' official estimates.

As a result, future measures that have not yet been approved by national parliaments, or that are not yet sufficiently detailed, as well as other unforeseen fiscal measures, are likely to contribute to the overall projection errors.

Looking back, Eurosystem staff fiscal assumptions contained fairly small mean projection errors in the period prior to the start of the economic crisis in 2008. However, the recent crisis period was characterised by consolidation efforts which were significantly more extensive than had

been assumed in the projections for these years. Downward revisions to the growth outlook in the recent period can, therefore, partly be attributed to changes in fiscal assumptions.<sup>14</sup> In a similar vein, unforeseen measures in the form of indirect taxes or administered prices also contributed, to a certain extent, to the errors in the HICP inflation projections, leading to an underestimation of inflation, as information on these measures was often not available in advance. Typically, the effect of errors in fiscal assumptions on the projection performance is greater for later projection years, for which fiscal plans are usually less well defined.

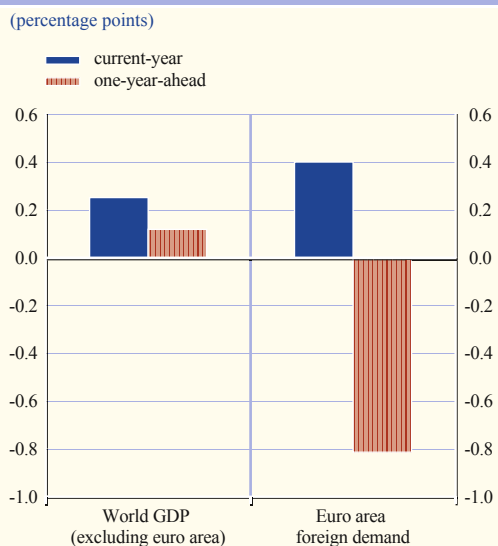
### WORLD DEMAND

Projections for the international environment of the euro area are a key input for the Eurosystem staff projections, because they subsume information on the transmission of a broad range of global shocks to the euro area. Over the past 12 years, the euro area has been exposed to a number of pronounced global economic shocks, such as the bursting of the “dot-com” bubble in 2000-01 or the global financial crisis in 2008-09. Given the linkages between global and euro area business cycles, as well as their synchronisation, the global environment has significant implications for euro area activity and inflation.<sup>15</sup>

Two key global variables feature prominently in the Eurosystem staff projections: world GDP (excluding the euro area) and world demand for euro area exports. The projections for world GDP are computed as a weighted average of the GDP projections for individual countries and regions. World demand for euro area exports is defined as the geometric average of the import volumes of the euro area’s trading partners, weighted by their share of total euro area exports.<sup>16</sup>

Overall, the Eurosystem world GDP projections have been too pessimistic, both for the current year and for one year ahead. From December 2000, Eurosystem staff current-year projections underestimated world GDP growth by 0.3 percentage point, on average. For the one-year-ahead projections, the mean projection errors were smaller (see Chart 8). Thus, the bias in the world GDP growth projections appears to be rather modest, taking into account the fact that the world economy grew, on average, by 4.2% (with a standard deviation of 1.7) over this period. World demand for euro area exports has also been somewhat underestimated in the current-year projections (see Chart 8), broadly in line

Chart 8 Mean errors in projections for world GDP growth (excluding euro area) and euro area foreign demand



Source: ECB calculations.

14 Another source of uncertainty surrounding macroeconomic projection errors is the size of short-run fiscal multipliers. For more information on this topic, see the box entitled “The role of fiscal multipliers in the current consolidation debate”, *Monthly Bulletin*, ECB, December 2012. One of the findings is that the size of a fiscal multiplier is sensitive to various factors, such as the composition of fiscal measures, the credibility of the fiscal strategy and the structural features of the economy, such as the number of credit-constrained households.

15 See, for instance, Di Mauro, F., Dees, S. and Lombardi, M., *Catching the Flu from the United States: Synchronisation and Transmission Mechanisms to the Euro Area*, Palgrave Macmillan, Basingstoke, 2010.

16 See Hubrich, K. and Karlsson, T., “Trade consistency in the context of the Eurosystem projection exercises: an overview”, *Occasional Paper Series*, No 108, ECB, March 2010.

with the errors in projections for growth in world GDP. However, the one-year-ahead projections for foreign demand were too optimistic. Overall, the magnitude of the bias was modest, amounting to around 0.8 percentage point in the one-year-ahead projections, which compares to an average growth rate of 5.4% (and a standard deviation of 6.3) over the sample period.

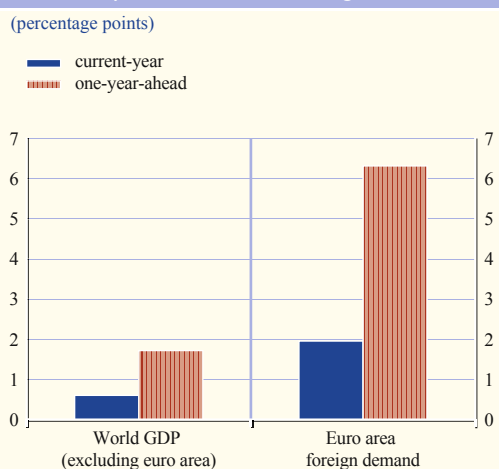
Chart 9 shows the accuracy of the projections for the international environment of the euro area, assessed on the basis of the RMSE. Overall, the pattern of RMSEs is as expected; for both economic activity and trade, the errors are larger in the one-year-ahead projections than in the current-year projections. Furthermore, RMSEs are roughly three times larger for trade than for GDP, reflecting the higher level of volatility in international trade dynamics and highlighting the fact that it is particularly difficult to make projections for trade.

### OTHER FACTORS

In addition to errors in the assumptions upon which the projections are conditioned, several other factors could have had an impact on projection errors. One of these factors may be potential output. Given that potential output projections can be particularly useful in providing guidance for projecting real GDP growth towards the end of the projection horizon, errors in projecting potential GDP growth are likely to have an impact on real economic output projections. As an illustration, Chart 10 depicts revisions to euro area potential output growth as published by the European Commission. While, for example, in 2007 potential economic growth for 2009 was projected to be more than 2%, ex post revisions show that potential output in this year was overestimated by around 1.5 percentage points. Overall, these revisions to potential growth help to explain, to some extent, the overestimation of real GDP growth, as well as the underestimation of HICP inflation.

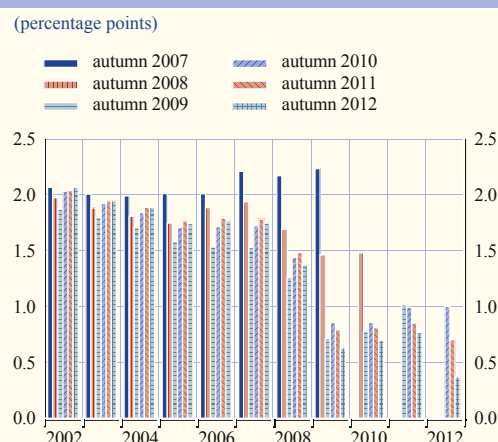
Moreover, food price shocks were also an obvious source of error. For example, over the period studied in this report, weather-related food price shocks and foot and mouth disease significantly contributed to non-energy HICP inflation in the euro area.

**Chart 9 Root mean squared errors in projections for world GDP growth (excluding euro area) and euro area foreign demand**



Source: ECB calculations.

**Chart 10 Euro area potential output projections**



Source: European Commission forecast database.  
Note: The euro area aggregate covers the 12 countries which were members of the euro area in 2001.



Overall, it could be concluded that errors in assumptions play a significant role in explaining overall projection errors. In particular, if oil price developments and fiscal policy assumptions had been correctly projected during the crisis period, much of the bias identified in HICP inflation projections would have been removed. The bias in real GDP projections could also partly be explained by the errors in assumptions, particularly those concerning the oil price and world demand growth, as well as by the fact that potential growth was overestimated.

#### 4 COMPARISON WITH OTHER FORECASTERS

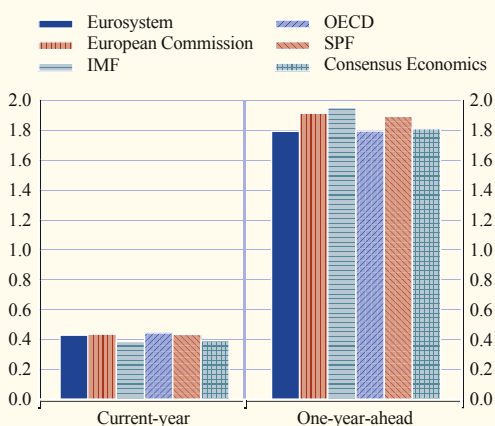
The assessment in the previous section needs to be accompanied by a comparison of the performance of different forecasters, to put errors in Eurosystem staff macroeconomic projections in perspective. This section compares the projection errors of the Eurosystem with those of the IMF, the OECD, the European Commission and private sector forecasters (included in the ECB's Survey of Professional Forecasters (SPF) and Consensus Economics), covering all available exercises from December 2000 to December 2012.<sup>17</sup> In order to provide appropriate points of comparison with the other institutions, only the biannual Eurosystem staff macroeconomic projections are evaluated (not the ECB staff projections). To calculate the errors, the same approach is employed as in the previous section.

Charts 11 and 12 present the RMSEs for annual euro area projections of GDP growth and HICP inflation respectively, for the period 2000-2012. For the current-year projections of GDP growth, the errors in the Eurosystem staff projections are slightly larger than in the projections of the IMF and Consensus Economics, and marginally smaller than in those of the European Commission and the OECD. The Eurosystem's performance in forecasting current-year HICP inflation compares more favourably, having the lowest RMSE among the group of institutions. For the one-year-ahead projections, the Eurosystem's performance compares reasonably favourably for GDP growth, while it again has the highest relative accuracy for euro area HICP inflation.

<sup>17</sup> The assumptions upon which the projections are conditioned cover broadly similar variables for all the international institutions.

**Chart 11 Root mean squared errors in real GDP projections: comparison among forecasters from 2000 to 2012**

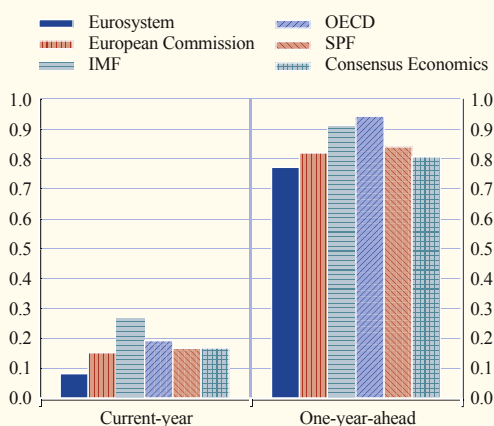
(percentage points)



Sources: ECB, OECD, IMF, European Commission, Survey of Professional Forecasters (SPF) and Consensus Economics.

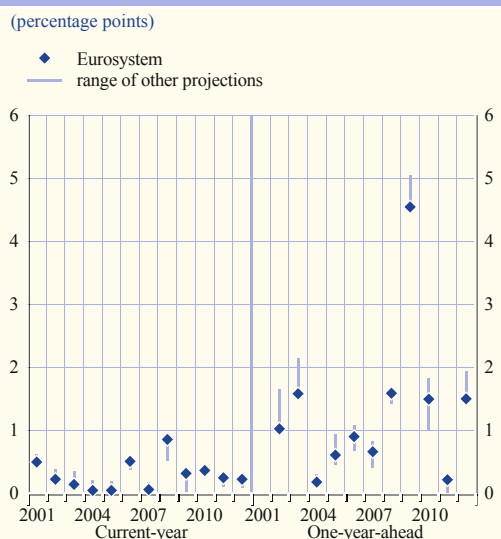
**Chart 12 Root mean squared errors in HICP inflation projections: comparison among forecasters from 2000 to 2012**

(percentage points)



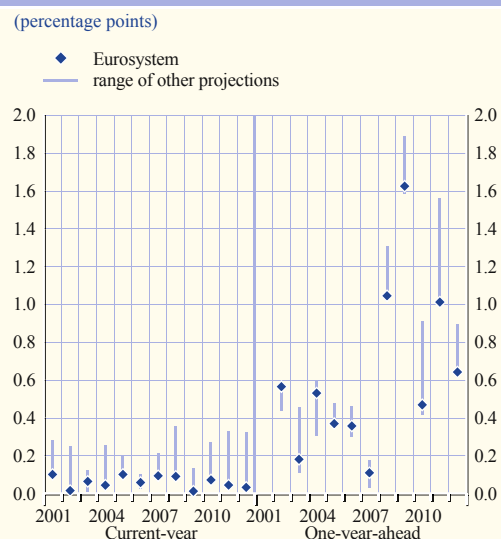
Sources: ECB, OECD, IMF, European Commission, Survey of Professional Forecasters (SPF) and Consensus Economics.

**Chart 13 Real GDP: range of projection errors (mean absolute errors), compared among forecasters**



Sources: ECB, OECD, IMF, European Commission, Survey of Professional Forecasters (SPF) and Consensus Economics.

**Chart 14 HICP inflation: range of projection errors (mean absolute errors), compared among forecasters**



Sources: ECB, OECD, IMF, European Commission, Survey of Professional Forecasters (SPF) and Consensus Economics.

The projection accuracy of all institutions was influenced substantially by the financial crisis. The impact of the crisis on the forecasting performance is displayed in Charts 13 and 14, which show the range of mean absolute errors in the projections for real GDP and HICP inflation among the institutions for the period 2001-2012. Both the variation in projections (among the institutions) and the magnitude of the errors are higher for one-year-ahead projections than for current-year projections. Moreover, one-year-ahead projection errors increased substantially following the global financial crisis in 2008 and the subsequent recession, as did the variation in projections between different institutions. In particular, the one-year-ahead projections for 2009 clearly contain the largest errors. All institutions overestimated both GDP and HICP inflation in their one-year-ahead forecasts for 2009, demonstrating that the failure to predict the depth of the crisis was widespread across institutions and not limited to the Eurosystem staff projections.<sup>18</sup> By contrast, the strength of the recovery in both GDP and HICP inflation was clearly underestimated in 2010. Thus, the crisis had a significant impact on forecasting accuracy, and on one-year-ahead forecasting performance in particular.

Although forecasting accuracy clearly deteriorated during the crisis, the Eurosystem's performance compares reasonably well with that of other forecasters. For the current-year projections of GDP growth, the Eurosystem's projections were among the most accurate until 2008. At the same time, as seen in Chart 14, the Eurosystem had among the smallest projection errors for both current-year and one-year-ahead euro area HICP inflation for each year after the crisis began.

One caveat in comparing forecasts from various institutions is that they are prepared at different points in time, which in practice implies that institutions have different information sets when they conduct their forecasts. This may have an impact on relative performance, although the problem

<sup>18</sup> See Kenny, G. and Morgan, J., "Some lessons from the financial crisis for the economic analysis", *Occasional Paper Series*, No 130, ECB, October 2011.

is partly mitigated by comparing forecasts that are produced at almost the same point in time. However, a fair comparison of the forecasting performance among institutions should, ideally, quantitatively correct for the differences in timing, i.e. the different cut-off dates for the data used to produce the projections, otherwise the comparison may still be misleading.<sup>19</sup>

## 5 CONCLUDING REMARKS

It is extremely important that the ECB publishes economic projections that are as accurate and reliable as possible. This article reviews the Eurosystem staff macroeconomic projections and evaluates their accuracy in projecting euro area real GDP growth and HICP inflation. The assessment of the annual projections is made by analysing projection errors for the current year and for one year ahead, covering all available exercises from December 2000 to December 2012.

Overall, while euro area GDP has, on average, been overestimated, there has been a tendency to underestimate HICP inflation. The accuracy of the projections deteriorated following the start of the global financial crisis in 2008 and the subsequent recession, indicating that projecting economic activity and price developments is particularly difficult in turbulent times. Although projection accuracy clearly deteriorated during the crisis, the Eurosystem nevertheless performed reasonably well compared with other international institutions and private forecasters. In fact, the Eurosystem achieved the highest relative accuracy among institutions for current-year and one-year-ahead HICP inflation projections. A number of factors may have contributed to the overall projection errors, such as the assumptions upon which the projections are conditioned. Although there are clearly many potential sources of error, it seems that errors in projecting oil prices had the most significant effect on the overall error. Correctly anticipating oil price developments would have reduced the projection errors for both euro area GDP growth and, particularly, for HICP inflation. In addition, fiscal policy assumptions in particular (e.g. indirect tax changes) have, in recent years, been a significant source of error in HICP inflation projections. Moreover, unexpected food price developments and exchange rate changes that were not fully anticipated had an impact on the overall projection errors. However, other factors, such as errors in projecting potential output, may also have played an important role.

<sup>19</sup> This has also been discussed in Andersson, M. K. and Aranki, T., "Forecasters' ability – what do we usually assess and what would we like to assess?", *Sveriges Riksbank Economic Review*, No 3, Sveriges Riksbank, 2009, pp. 26-51.



# COUNTRY ADJUSTMENT IN THE EURO AREA: WHERE DO WE STAND?

## ARTICLES

Country adjustment  
in the euro area:  
where do we stand?

*Almost five years since the start of the financial crisis, a number of euro area countries have seen a significant correction of their external and domestic imbalances. In this article, the progress made so far in the adjustment process is examined using a number of key macroeconomic and structural indicators. It shows that significant adjustment has been achieved over the past five years; however, with some heterogeneity across countries. Although driven, to a large extent, by the cyclical weakness in domestic demand, part of the adjustment has been structural, and supported by national policies. In particular, many countries have started a long-awaited process of structural reform, the potential pay-off of which – in terms of increased productivity, growth and employment – could be very large, if reforms are properly implemented. Notwithstanding these improvements, the process of adjustment is clearly not yet complete, not least with regard to stock imbalances (e.g. the reduction of debt ratios). There is, therefore, an urgent need to proceed with a comprehensive reform effort in a determined manner, especially in those countries which have the most demanding agenda, in terms of policy response and economic adjustment.*

## I INTRODUCTION

Since the start of European Monetary Union (EMU), euro area countries have experienced very diverse macroeconomic developments.<sup>1</sup> Some countries saw a boom in external demand and a significant improvement in their current account balances during the period preceding the 2008-09 crisis; this was supported by significant competitiveness gains, as reflected, for example, in the sizeable reductions in unit labour cost (ULC) relative to their trading partners. In contrast, other countries experienced a sustained loss of competitiveness, often associated with mounting current account deficits. For most countries, large and persistent competitiveness losses were linked to booms in domestic demand, as nominal interest rates declined significantly and consumers, firms and banks were overly optimistic about future income and profit prospects. This was often accompanied or intensified by countries' insufficiently tight underlying fiscal stance, even where fiscal headlines (such as the deficit or the debt ratio) were in line with the Maastricht fiscal criteria.

Excessive demand and the associated credit boom led to the build-up of large domestic and external debt in several euro area countries. In some cases, this was associated with unsustainable booms in real estate markets. House prices nearly tripled between 1998 and 2007 in Spain and Ireland, and they more than doubled in Greece. On the supply side, capital inflows were not sufficiently channelled towards investment in the tradable sector, which would have yielded the returns necessary to service and repay the accumulated external debt. The heavy reliance on debt financing, rather than on equity-based foreign direct investment, tended to further accentuate the problem of repayment. The lack of ambitious reform efforts to tackle the existing structural rigidities and inefficiencies led to a further weakening of the supply side, and made the subsequent adjustment more difficult.

The correction of macroeconomic imbalances and structural vulnerabilities began in 2008; the pace of adjustment varied significantly across countries and accelerated after the 2010 sovereign debt crisis. Between 2010 and 2012, Greece, Ireland and Portugal entered into fully fledged European Union (EU)/International Monetary Fund (IMF) financial assistance programmes, involving far-reaching economic policy adjustments, including those pertaining to structural reform. Spain entered into an EU

<sup>1</sup> This article focuses on the countries which adopted the euro prior to 2007 and started a rebalancing process after the 2008-09 global financial crisis. For this group of countries, a clear path of accumulation and subsequent unwinding of imbalances can be identified.

financial assistance programme for the recapitalisation of its financial institutions, and other vulnerable countries such as Italy implemented a series of fiscal consolidation measures and some structural reforms. However, there are some countries in which the adjustment, both in terms of underlying imbalances and policy response, has, so far, been relatively limited.

In this article, the adjustment observed for the period up until 2012 will be examined, and some policy lessons derived. This article is structured as follows: Section 2 describes the adjustment in current account balances and competitiveness; Section 3 deals with the adjustment observed in private and public sector debt levels; Section 4 discusses the role of structural reforms in the adjustment process; and Section 5 concludes with some policy considerations.

## 2 THE ADJUSTMENT IN CURRENT ACCOUNT BALANCES AND COMPETITIVENESS

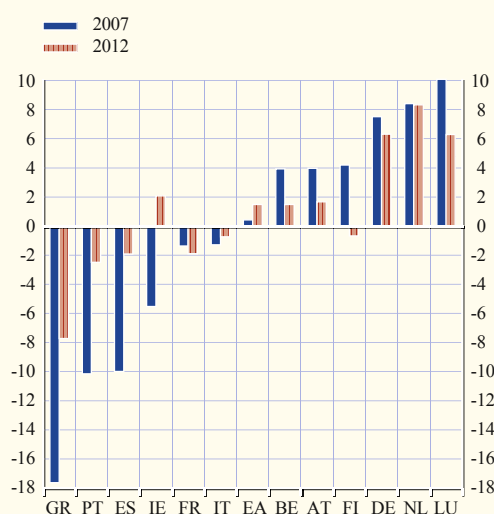
Some divergence in current account balances across euro area countries is to be expected, as capital flows favour Member States and regions with better growth prospects and higher expected rates of return on capital (e.g. the catching-up economies). These considerations were particularly relevant at the start of EMU, which triggered greater integration in the product and financial markets.<sup>2</sup> While ex ante expectations of fast convergence across euro area countries might have been reasonable, given the favourable environment created by EMU, the degree of sustainable convergence ex post turned out to be relatively limited in some cases. The acceleration of productivity expected to follow euro area membership did not fully materialise and investment spending was often not channelled towards activities capable of generating high future returns. As a result, the high current account deficits proved to be unsustainable.

### THE ROLE OF DOMESTIC DEMAND

The adjustment of external imbalances started in 2008. By the end of 2012, the correction of current account deficits had been sizeable in Greece, Portugal, Spain and Ireland (see Chart 1). While adjustment also took place in most surplus countries, it was more limited overall. As a result, the euro area experienced a slight improvement in its current account balance. In the countries which had been characterised by high deficits, the sharp fall in domestic demand appears to have been a strong driving force behind the significant current account corrections. This is, for example, suggested by the very strong correlation between changes in domestic demand and current account balances over the period 2008-12 (see Chart 2).

Chart 1 Current account balances

(as a percentage of GDP)



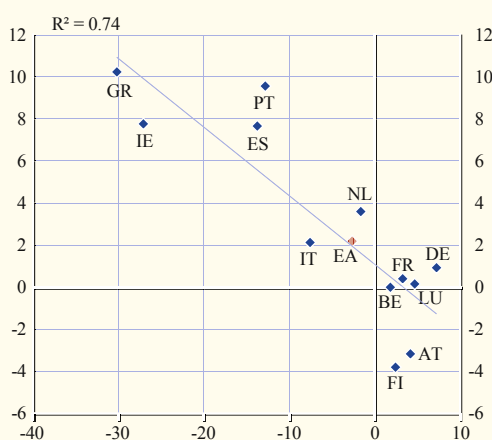
Source: European Commission.

Note: Countries are listed in ascending order according to their current account balances in 2007.

<sup>2</sup> For more details, see Blanchard, O. and Giavazzi, F., "Current account deficits in the euro area. The end of the Feldstein Horioka puzzle?", *Brookings papers on Economic Activity*, Vol. 33, No 2, September 2002, pp. 147-210.

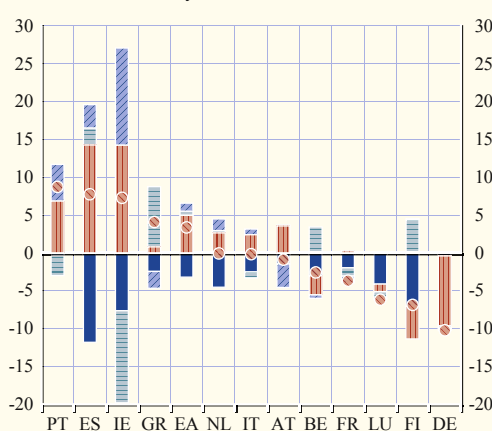
**Chart 2 Changes in the current account and domestic demand (2008-12)**

(as a percentage of GDP; in percentage points)

x-axis: cumulated change in domestic demand  
y-axis: change in the current accountSources: European Commission and ECB computations.  
Note: The starting point is 2007.**Chart 3 Changes in the net lending/borrowing of institutional sectors (2008-12)**

(as a percentage of GDP; in percentage points)

- government
- non-financial corporations
- financial corporations
- households
- total economy



Source: Eurostat.

Notes: Countries listed in descending order according to changes in net lending/borrowing. The starting point is 2007. The latest data are for the third quarter of 2012. The changes for Luxembourg are for 2008-11.

From an institutional sector perspective, the adjustment of current account deficits was driven by the private sector (see Chart 3). This reflected adjustments made by both non-financial corporations (NFCs) and households, especially in Portugal, Spain and Ireland. Both sectors increased their savings rates, with NFCs also reducing their investment spending. A large part of the NFCs' investment decline reflects developments in the construction sector, which underwent significant adjustment in Greece, Spain and Ireland, following unsustainable trends up until 2007.<sup>3</sup>

The improvement in the private sector borrowing position was, to some extent, offset by an increase in net borrowing by the government sector, especially in Spain and Ireland. This reflected, at least initially, attempts to stabilise the economy by adopting a counter-cyclical fiscal policy stance and by introducing fiscal measures to support the financial sector, combined with a sharp fall in revenues.

### HOW MUCH FURTHER EXTERNAL ADJUSTMENT IS NEEDED?

In order to assess how much further external adjustment is needed, it is useful to focus on three issues: (i) the link between current account balances and net international investment positions (NIIPs), with the aim of bringing the latter to sustainable levels; (ii) the breakdown of the observed demand-driven current account adjustment into structural and cyclical elements in order to gauge the sustainability of the adjustment; and (iii) the structural improvements made in countries' export performance, as opposed to cyclical improvements driven merely by foreign demand.

<sup>3</sup> See the box entitled "Changes in the allocation of gross value added in the euro area: a sectoral perspective", *Monthly Bulletin*, ECB, Frankfurt am Main, February 2013.



With regard to the first issue, stressed countries have accumulated substantial net external liabilities, as reflected in large negative NIIPs; this being a consequence of the large current account deficits. High net external liabilities normally imply high debt servicing costs and make the economy vulnerable to changes in asset prices and financing conditions. Reversing the trend in the NIIP would require further improvements in the current account balances of the countries with the highest net external liabilities. For example, to bring the net external liabilities down from a level of 100% of GDP – which corresponds to the average NIIP reached in 2012 by the programme countries – to the sustainable threshold of 35% of GDP within 15 years (in line with the macroeconomic imbalance procedure), a positive current account balance of close to 3% per year would need to be maintained over the whole period. This suggests that significant and sustained further improvements in current account balances may be necessary in some countries.

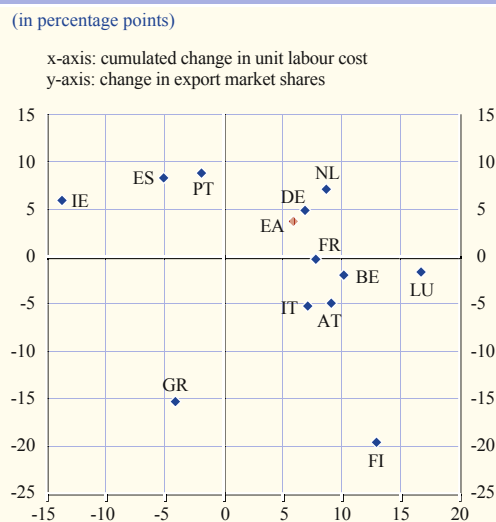
As to the second issue, in order to sustain current account improvements in the years ahead, it is important not to reverse the observed import compression once the economic recovery gains traction. Breaking down the observed current account adjustment into cyclical and structural component parts is not straightforward. This is due to the fact that the breakdown depends on variables which are either not observable, such as potential output, or measurable with some delay, such as improvements in export specialisation or sustained improvements in cost competitiveness. Bearing these caveats in mind, part of the domestic demand-driven current account adjustment observed so far can be considered to be structural and thus likely to be sustainable. This reflects the fact that the crisis has resulted in a reduction in the growth rate of potential output and domestic demand, and has triggered a series of structural policies aimed at rebalancing the economy towards the tradable sector. It is, therefore, unlikely that current account balances will return to pre-crisis levels for some time.

Regarding the third issue, exports from Ireland, Portugal and Spain have not only benefited from the recovery in global trade following the 2009 collapse, but they have also been supported by an increase in export market shares outside the euro area. Partly as a result of this, the export contribution to growth for 2010-12 has been almost twice as large as that in the pre-crisis period in Portugal and Spain. While there is still no conclusive evidence that this export improvement can be sustained, a clear positive correlation between the developments in exports and the adjustment of cost competitiveness, as measured by the change in ULC since 2008, can be observed.

Chart 4 shows that the countries that saw the strongest increase in export market shares were also those that improved their cost competitiveness to a greater extent, with the notable exception of Greece, where structural rigidities may have inhibited the shift in specialisation and the expansion of exports.

The role of non-price factors, which is more difficult to assess, is also gaining prominence in some of the euro area countries, thereby suggesting that there has been a structural improvement in export performance (see Box 1).

**Chart 4 Cumulated changes in unit labour costs and changes in the export market shares (2008-12)**



Sources: European Commission and ECB.

## Box 1

**BOOSTING EXPORTS VIA NON-PRICE COMPETITIVENESS: THE ROLE OF TECHNOLOGICAL SPECIALISATION**

Cost and price competitiveness is only one driver of export performance: non-price aspects, such as the quality and level of innovation of a product, are just as important in supporting export growth.<sup>1</sup> This box looks at one specific aspect of non-price competitiveness: the technological content of exports, and finds that it has evolved in a direction that potentially supports export growth in the euro area countries which had experienced a loss in price competitiveness before the 2008 crisis. Exports can be classified as having high, medium-high, medium-low or low technology content, based on the intensity of the research and development (R&D) invested. Information and Communications Technology (ICT) goods are also considered (in line with the Organisation for Economic Co-operation and Development (OECD) methodology).

Having a high level of technical specialisation can work in favour of a country's export performance for two reasons: first, high-tech products, which are innovative and made up of high value added components, can command higher prices than low-tech, undifferentiated products. Second, approximately half of world trade takes place in medium-high-tech and high-tech goods (about 30% and 20% respectively) and the share of medium-low-tech goods has increased most dramatically, from about 13% in 2000 to 19% in 2011. By contrast, the shares of low-tech and ICT goods in world exports have been falling continuously since 2000. As a consequence, countries specialising in low-tech goods are facing falling world demand for their products, with respect to those countries which specialise in more high-tech products.

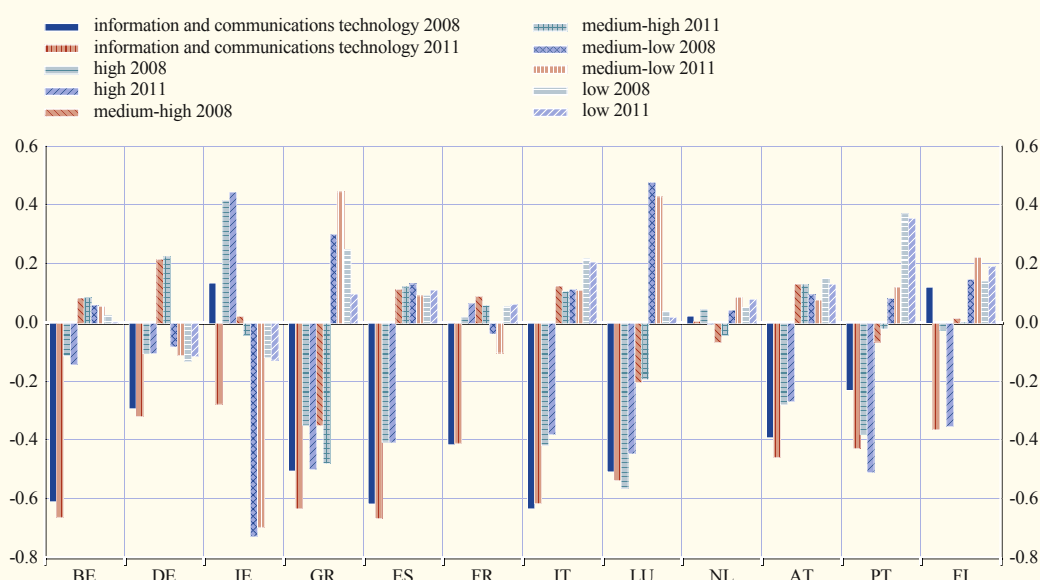
Specialisation patterns generally tend to change very slowly; nonetheless, important signs of improvement in the technological content of exports emerged in some countries between 2008 and 2011 (the last year for which data are available; see the chart below).

A standard measure of a country's level of export specialisation is the revealed comparative advantage (RCA) index. The RCA is calculated by dividing the share of a country's exports in a given industry by the share of that industry in world exports. After normalisation, the RCA is given as a figure between -1 and 1, where 1 indicates the maximum comparative advantage in an industry and 0 indicates that a country's specialisation does not deviate from the world's average. Increases in the comparative advantage in a class of goods typically correspond to improved export performance in that product class.

In line with the normal sluggish change in specialisation patterns, countries such as Germany and Italy have kept their specialisation almost unchanged, with Germany's comparative advantage being in medium-high technology goods (which include chemicals, machinery and motor vehicles) and Italy's in a wider range of goods (from low to medium-high technology goods). By contrast, Ireland has shifted further from ICT and more towards high-tech industries including pharmaceuticals. This can be seen in the light of a general tendency in the production of ICT goods – particularly of lower value added goods – to shift towards countries where the costs are lower. Greece has shifted very quickly from low-tech to medium-low-tech products,

<sup>1</sup> For a comprehensive review of the role of price and non-price competitiveness in the rebalancing process, see Dieppe, A. et al., "Competitiveness and external imbalances within the euro area", *Occasional Paper Series*, No 139, ECB, Frankfurt am Main, December 2012.

## Technological content specialisation of exports (2008-11)



Source: OECD STAN Bilateral Trade Database.

Notes: Normalised revealed comparative advantage. Positive numbers indicate a comparative advantage. The latest data for Spain refer to 2010.

which include plastics, basic metals, and ship building and repairing materials, thus aligning its export goods supply to better satisfy the increasing global demand for such goods. Portugal has also increased its specialisation in medium-low technology goods, but has not reduced its specialisation in low-tech products as drastically as Greece.

To summarise, this analysis indicates that the export specialisation of euro area countries which had accumulated current account deficits has been shifting in a direction which could potentially support further structural export expansion and contribute positively to the external adjustment process.

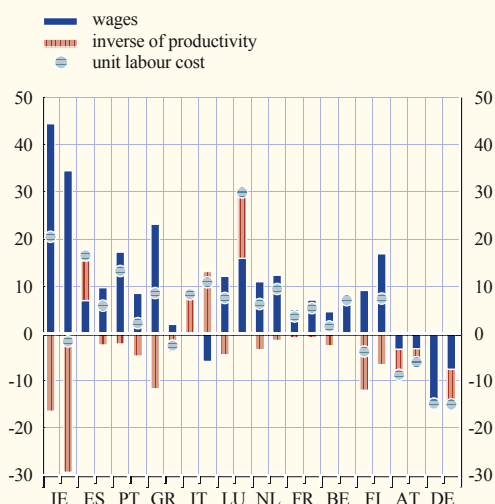
### THE ADJUSTMENT OF RELATIVE COSTS AND PRICES

Since 2008, a competitiveness adjustment process has been underway in some euro area countries where labour costs had previously increased persistently and significantly to a rate above the euro area average. The contribution of nominal wage growth to the adjustment in ULC has been particularly strong in Greece (see Chart 5). In contrast, in Ireland, Spain and Portugal, the largest contribution to improved labour cost competitiveness has come from increased average productivity, largely reflecting labour shedding in low productivity sectors.<sup>4</sup> Nominal wage adjustment was instead limited and, to a large extent, driven by wage cuts in the public sector in these three countries. In Italy, cost competitiveness has not improved since 2008. Among the countries with a sizeable current account

<sup>4</sup> See the box entitled “Rebalancing of competitiveness within the euro area and its implication for inflation”, *Monthly Bulletin*, ECB, Frankfurt am Main, June 2012.

**Chart 5 Cumulative unit labour cost, wage and productivity growth relative to the euro area**

(in percentage points)

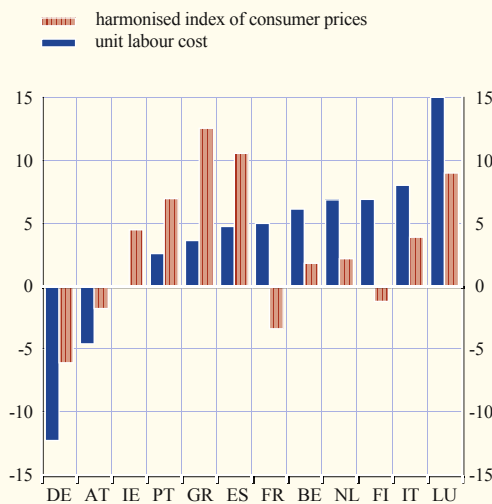


Source: European Commission.

Notes: Countries are listed in descending order according to cumulative unit labour cost growth in 1999-2007. For each country, the left-hand bar refers to the period 1999-2007 and the right-hand bar refers to the period 1999-2012.

**Chart 6 Cumulative growth of HICP and unit labour cost relative to the euro area**

(in percentage points)



Source: European Commission.

Notes: Countries are listed in ascending order according to cumulative unit labour cost growth in 1999-2012. The cumulative growth for Greece starts in 2001.

surplus prior to the crisis, Finland lost significant cost competitiveness in cumulative terms in 2008-12, in line with the significant deterioration in its current account position.

Although the adjustment of labour cost is underway, the corresponding relative price adjustment was relatively limited up until 2012 (see Chart 6), owing to indirect taxation and the resilience of profit margins<sup>5</sup>. Composition effects (e.g. only profitable firms have been able to survive the crisis) and capital deepening (via labour shedding) may explain a proportion of the increase in profit mark-ups. However, the resilience of relative domestic prices may also reflect a lack of competition in certain sectors of the economy, which allows firms to earn excessive economic rents, as they are not forced – by competition – to transfer any improvements in labour costs to final prices.

### THE IMPACT OF ADJUSTMENT ON EMPLOYMENT

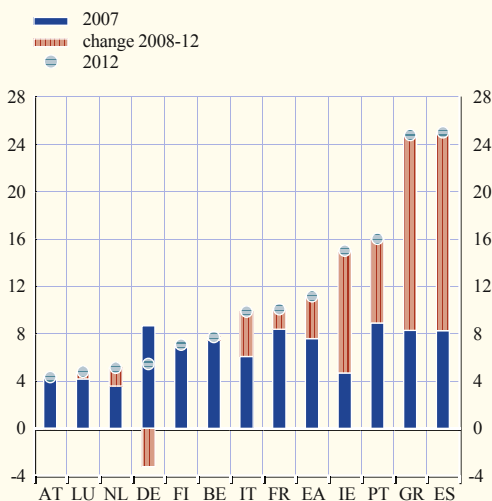
As can be seen in Chart 5, labour productivity has contributed, in large part, to the competitiveness adjustment observed over the past five years. The decline in employment has exceeded that in output, especially in Ireland, Spain and Portugal, and struck low-skilled workers hardest, leading to a labour market composition effect that may have underpinned the observed increase in the average measured productivity per worker.<sup>6</sup> As employment has fallen, unemployment (particularly that among young people) has risen; this has been most acute in the countries where the crisis has been most intense; for example, unemployment reached rates of around 25% in Greece and Spain in 2012 (see Chart 7).

5 For more details on the resilience of profit margins, see the article entitled “Inflation differentials in the euro area during the last decade”, *Monthly Bulletin*, ECB, Frankfurt am Main, November 2012.

6 See Anderton, R. et al., “Euro area labour market and the crisis”, *Occasional Paper Series*, No 138, ECB, Frankfurt am Main, October 2012.

**Chart 7 Unemployment rate**

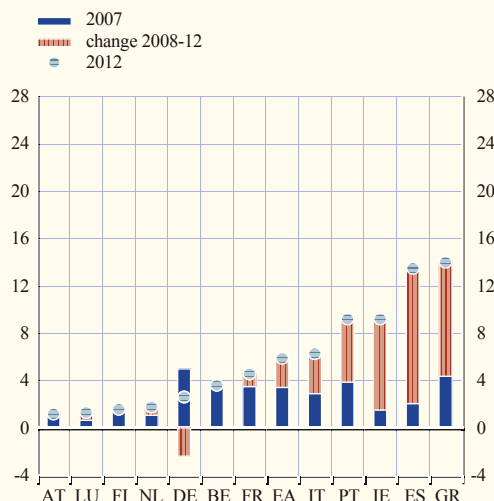
(as a percentage of the labour force)



Source: Labour Force Survey.  
 Note: Countries are listed in ascending order according to their unemployment rate.

**Chart 8 Long-term unemployment rate**

(as a percentage of the labour force)



Source: Labour Force Survey.  
 Notes: Long-term unemployment is defined as a period of unemployment of 12 months or more. Countries are listed in ascending order according to their long-term unemployment rate.

As long as unemployment rates remain high, particularly for the programme countries, further adjustments in labour costs are likely because of the associated downward pressure on compensation. Whether the measured improvement in productivity, and thus labour costs, can be sustained once those who are currently unemployed are reabsorbed into the labour market will depend largely on whether they can find sufficiently productive jobs. The continuous increase in the unemployment rate, particularly the notable increase in the long-term unemployment rate (see Chart 8), indicates some persisting rigidities in euro area labour markets (see Section 4).

### 3 REDUCING DEBT: HOW MUCH HAS BEEN ACHIEVED SO FAR?

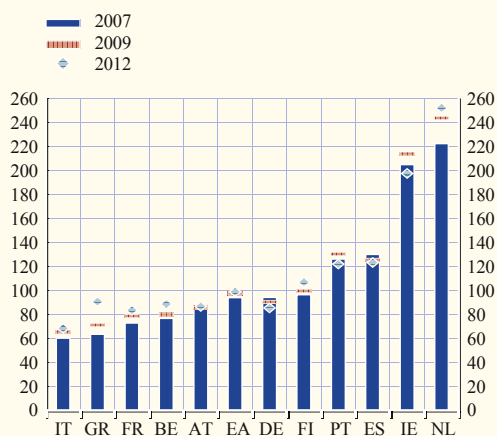
#### PRIVATE DEBT DELEVERAGING

Empirical studies have shown that high levels of debt make economies more vulnerable to adverse shocks, as they hinder the ability of households and firms to smooth consumption and investment spending decisions, and the ability of governments to cushion adverse shocks.<sup>7</sup> Following significant increases in the run-up to the crisis, household debt increased by only a relatively small amount across all euro area countries during the 2008-09 global financial crisis (see Chart 9). This was due to the fact that the household saving ratio increased sharply in most countries, as the crisis brought about high uncertainty as to the developments in income and employment. In contrast, the increase in NFC debt was significantly more pronounced than that in household debt between 2008 and 2009, partly reflecting the rise in the real

<sup>7</sup> For a summary of the literature, see Sutherland, D. and Hoeller, P., "Debt and macroeconomic stability: an overview of the literature and some empirics", *Working Papers*, No 1006, OECD Economics Department, December 2012.

Chart 9 Household debt

(as a percentage of disposable income)

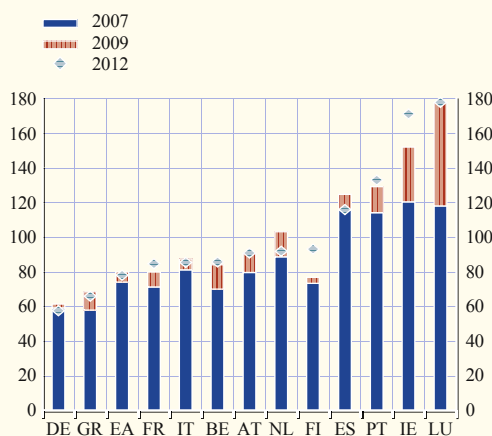


Sources: ECB and Eurostat.

Notes: Countries are shown in ascending order according to household debt in 2012. The data are not consolidated. The latest data are for the third quarter of 2012. Data on disposable income for Luxembourg are not available.

Chart 10 Non-financial corporations' debt

(as a percentage of GDP)



Sources: ECB and Eurostat.

Notes: Countries are shown in ascending order according to the non-financial corporations' debt in 2012. Non-financial corporation debt is consolidated for domestic inter-sectoral loans. The latest data are for the third quarter of 2012. The data for Luxembourg are truncated – non-financial corporation debt fell from 259% of GDP in 2009 to 229% of GDP in the third quarter of 2012.

cost of financing and, in the case of Ireland, the ability of multinational corporations to increase borrowing from non-domestic firms (see Chart 10)<sup>8</sup>.

After 2009, the general upward trend in private sector debt was brought to a halt as the deleveraging efforts of households and corporations resulted in some actual reductions in debt levels. However, owing to the sizeable fall in nominal GDP, private sector debt-to-GDP ratios are not yet visibly decreasing. The most pronounced household debt adjustment so far has taken place in Ireland, Spain and, to a lesser extent, Portugal. Ireland and Spain are also the two countries which experienced the largest run-up in house prices and household leverage prior to 2008. In Greece, the reduction in household debt has, so far, been more than compensated for by the sharp fall in nominal disposable income.

Among the stressed countries, corporate debt has fallen most prominently in Spain; it has broadly stabilised in Greece and Portugal, and continued to increase in Ireland – mainly owing to the increased activity of multinational corporations.

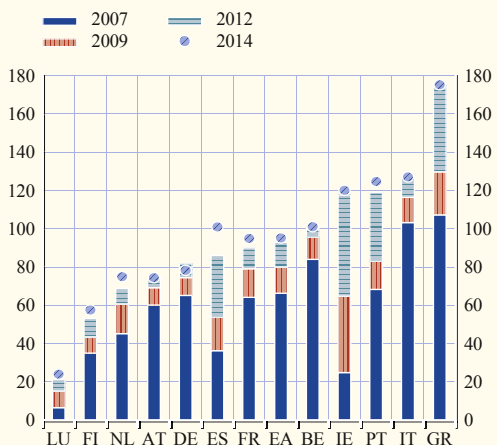
## PUBLIC DEBT AND THE ROLE OF FISCAL POLICY IN THE ADJUSTMENT PROCESS

Many euro area countries have not only had to deal with an elevated level of private sector debt, but also with a high stock of public debt – the main focus of the sovereign debt crisis. Public sector debt levels continued to increase between 2009 and 2012, especially in Ireland, Greece, Portugal and Spain (see Chart 11); this partly reflected the fact that, where there were high levels of debt across

<sup>8</sup> In Ireland, the large increase in NFCs' debt can be explained by the substantial and increasing activity of multinational corporations. While NFCs have significantly reduced borrowing from credit institutions through net loan repayments and loan write-downs, their borrowing from non-residents has increased substantially. See Central Bank of Ireland, *Quarterly Financial Accounts for Ireland Q2 2012*, November 2012.

**Chart 11 Government debt**

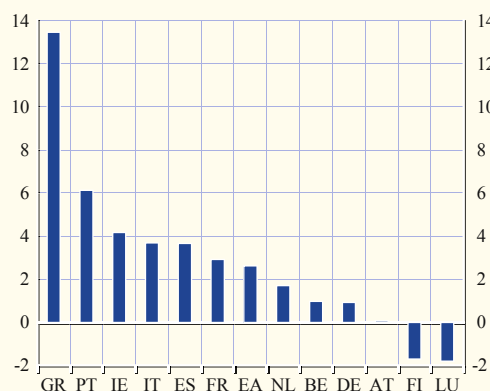
(as a percentage of GDP)



Source: European Commission.  
Notes: Data for 2014 are forecasts from the European Commission. Countries are shown in ascending order according to government debt in 2012.

**Chart 12 Cumulative change in the structural primary balance (2010-12)**

(in percentage points)



Source: European Commission.  
Notes: Structural primary balance is the fiscal primary balance adjusted for the business cycle and one-off factors. The year 2009, as opposed to 2007, is taken as the starting point, as the fiscal consolidation effort started two years after the financial crisis began. Countries are listed in descending order according to the cumulative change in the structural primary balance.

sectors, balance sheet problems in one sector migrated to others, particularly the government sector. Following the 2008-09 recession, government budgets were affected by a contraction in domestic demand, as boom-related revenues faded away and counter-cyclical automatic stabilisers intensified. In some countries, discretionary counter-cyclical measures were adopted, mainly in 2009, to compensate for declining private demand. Moreover, a number of euro area governments have provided financial support to the financial sector and, sometimes, even to parts of the non-financial (often state-owned) corporate sector.

From 2010 onwards, the fiscal stance of many euro area countries became significantly more restrictive in response to market participants' concerns over the sustainability of government finances, which was reflected in increasing sovereign debt risk premia. Therefore, the public sector adjustment followed private sector deleveraging with a lag of one-to-two years. Owing to strong economic headwinds, the magnitude of measures that were needed to improve the budgetary positions was much higher than the actual reductions in headline fiscal deficits, particularly in the stressed countries.

While some of the short-run reduction in growth was probably also a reflection of the adjustment measures, the latter were unavoidable in addressing the crisis, as the cost of financing would have increased even more dramatically in the absence of fiscal consolidation.<sup>9</sup> Since 2010 the increase in public debt ratios has been driven mainly by unfavourable output developments and rising interest costs. By contrast, structural primary balances

<sup>9</sup> For a comprehensive review of the issue of fiscal sustainability, see the article entitled "Ensuring fiscal sustainability in the euro area", *Monthly Bulletin*, ECB, Frankfurt am Main, April 2011.



improved, especially in the countries which had seen the largest increase in government debt (see Chart 12). This was especially the case in Greece, Portugal, Ireland, Italy and Spain, as dictated by the need to ensure fiscal sustainability.<sup>10</sup> Government debt ratios are expected to level off significantly above pre-crisis levels in the most highly indebted countries in 2014 and then gradually decline thereafter, assuming that an appropriately prudent policy stance is maintained.

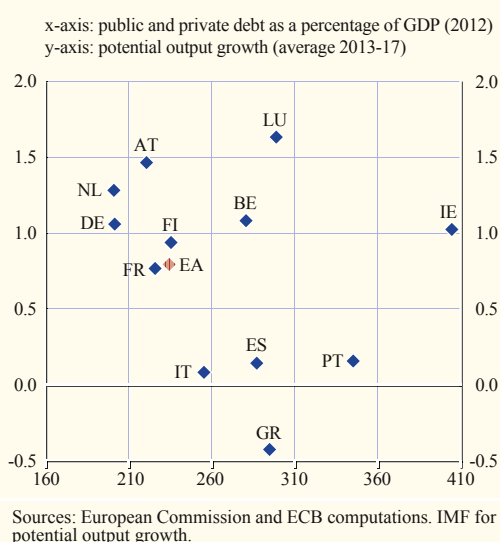
## INDEBTEDNESS AND GROWTH

Empirical literature has increasingly shown that high levels of debt (both public and private) are detrimental to growth. Some of these studies derive implicit thresholds for debt ratios and find that, beyond a certain level of debt which is maintained for a number of years, there is evidence that GDP growth remains subdued. While there is significant uncertainty surrounding such threshold estimates, there appears to be some empirical evidence that, on average, levels of public or private sector debt above 90% of GDP impair an economy's growth.<sup>11</sup>

While high debt usually has a negative effect on growth, low growth can equally make it difficult for a country to reduce its indebtedness. Thus, some of the highly indebted euro area countries with low rates of potential output growth may find it particularly difficult to reduce their debt levels quickly, especially where financing costs are high owing to elevated sovereign risk premia. In particular, Greece, Italy, Portugal and Spain are characterised by very low expected growth potential while, at the same time, also having debt levels significantly above the euro area average in most cases (see Chart 13).

The fact that high debt levels depress growth implies that efforts to reduce debt should contribute to strengthening an economy's growth potential, at least in the medium-term to long-term.<sup>12</sup> Nevertheless, there may be tension in the short-term between the need to repair private and public sector balance sheets by increasing net savings, and the need to support growth. However, an adjustment is inevitable and, if adequately frontloaded, can be expected to reduce the overall costs in terms of growth and employment. The Japanese case shows that, if financial sector adjustments are delayed

Chart 13 Public and private debt, and potential output growth



10 It should be noted that measuring the consolidation effort by looking at the structural primary balance gives only an approximation of the underlying adjustment effort because of the difficulties involved in taking account of the impact of the cycle, particularly at a time of severe crisis.

11 For the relationship between public debt and growth, see Checherita-Westphal, C. and Rother, P., "The impact of high government debt on economic growth and its channels: An empirical investigation for the euro area", *European Economic Review*, Vol. 56, No 7, October 2012, pp. 1392-1405.

For the relationship between private debt and growth, see Cecchetti, S., Mohanty, M. and Zampolli, F., "The real effects of debt", *Working Papers*, No 352, Bank of International Settlements, September 2011.

For a summary, see the box entitled "Growth effects of high government debt", *Monthly Bulletin*, ECB, Frankfurt am Main, March 2013.

12 See Tang G. and Upper, C., "Debt reduction after crises", *Quarterly Review*, Bank of International Settlements, September 2010, pp. 25-38.

and structural deficiencies not sufficiently addressed, balance sheet adjustments can have a very protracted impact on GDP growth.<sup>13</sup>

#### 4 THE ROLE OF STRUCTURAL REFORMS IN THE ADJUSTMENT PROCESS

The sovereign crisis has served as a catalyst for some countries to start a long-needed process of structural reform. Notable progress has been made in the EU/IMF programme countries, where a deep-seated and far-reaching reform agenda has been undertaken. There has been a surge in the implementation of politically sensitive reforms, to different extents in different countries, including those on public administration, health and pension systems, education, judicial systems, competition frameworks, industrial relations, labour markets, energy markets, network industries, services sectors and regulated professions. If well designed and fully implemented, these reforms support the overall adjustment process, thanks to their strong positive impact on price competitiveness, medium-term to long-term growth, employment and fiscal sustainability. Studies based on general equilibrium model simulations have confirmed that the impact of such reforms on growth in the euro area in the long-run is, indeed, positive and potentially substantial (see Box 2).<sup>14</sup> Nevertheless, the structural adjustment process is still at an early stage and there are numerous bottlenecks and challenges relating to fiscal, structural, and product and labour market reform still to be tackled.

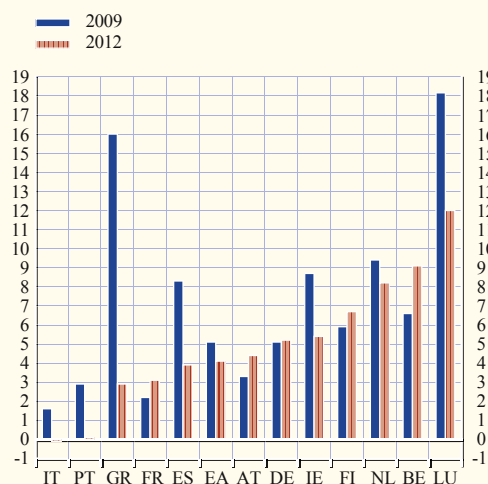
#### LONG-TERM FISCAL SUSTAINABILITY AND GROWTH-FRIENDLY FISCAL CONSOLIDATION

In an effort to minimise the potential negative short-term growth effects of the necessary fiscal consolidation, many euro area countries have implemented a number of growth-friendly consolidation measures aimed at improving longer-term fiscal sustainability. There has been, for example, significant progress made in reforming pension and early retirement schemes, particularly in the programme countries. Partly as a reflection of such reforms, there was an increase in labour market participation and the employment rates of older workers during the 2008-09 crisis, unlike in previous crises.<sup>15</sup>

Growth-friendly fiscal consolidation strategies have also included tax reforms to broaden the tax base, tackle tax evasion, simplify tax collection, reduce tax compliance costs (e.g. in Greece, Italy and Portugal), reform property taxation (e.g. in Greece, Ireland and Portugal) and increase the efficiency of the tax structure.

**Chart 14 Total increase in age-related expenditure (for the period 2010-60) projected in 2009 and 2012**

(as a percentage of GDP; in percentage points)



Source: The 2012 Ageing Report, European Commission.

Notes: The total age-related expenditure includes pensions, health and long-term care, education and unemployment benefits. The study does not include reforms implemented after December 2011, which would likely reduce the projected expenditures in Belgium, France, the Netherlands and Austria. Countries are listed in ascending order according to their total increase in age-related expenditure as projected in 2012.

13 See the article entitled "Comparing the recent financial crisis in the United States and the euro area with the experience of Japan in the 1990s", *Monthly Bulletin*, ECB, Frankfurt am Main, May 2012.

14 See Bayoumi, T., Laxton, D. and Pesenti, P., "Benefits and spillovers of greater competition in Europe: a macroeconomic assessment", *Discussion Paper*, No 4481, Centre for Economic Policy Research, July 2004.

15 See "Euro area labour markets and the crisis", *Structural Issues Report*, ECB, Frankfurt am Main, October 2012.

The depth of these reforms has, however, varied somewhat across countries and there has been less emphasis on growth-friendly tax reforms that shift the tax burden away from the labour force and reduce the impediments to work and investment.

On the spending side, the focus has been on improving the efficiency of public expenditure and efforts have been made to reorganise and rationalise public services. In the most financially stressed countries, public procurement processes (e.g. in Greece, Italy and Portugal) and public health measures have been reformed in order to rationalise procurement, and strengthen and better monitor prescription rules (e.g. in Greece and Portugal). Furthermore, means-tested benefits have been introduced (e.g. in Greece); unemployment benefit rates or duration have been reduced (e.g. in Ireland and Portugal); and public remuneration scales and benefits have been redesigned (e.g. in Greece). As a result of pension and health care reforms, the increase in projected age-related spending has also drastically declined in some countries (see Chart 14).

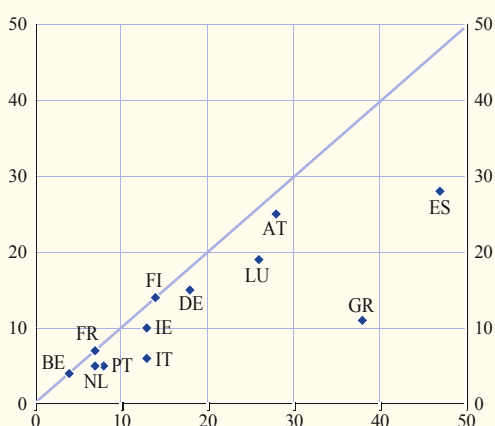
### COMPETITION AND PRODUCTIVITY-ENHANCING REFORMS

Reforming the euro area product markets and easing unduly restrictive regulations are important for better growth performance, particularly in those economies that have been characterised by relatively low productivity growth in the past. Many euro area countries have begun working towards implementing potentially far-reaching measures. Reforms implemented since 2008, particularly in the EU/IMF programme countries, include moves to streamline registration and licensing procedures; create one-stop shops to facilitate start-ups; strengthen the competition framework, including in the energy sector, services sector and network industries; and reduce barriers to competition in retail trade and professional services (see Charts 15 and 16). Privatisation

Chart 15 Time taken to start a business

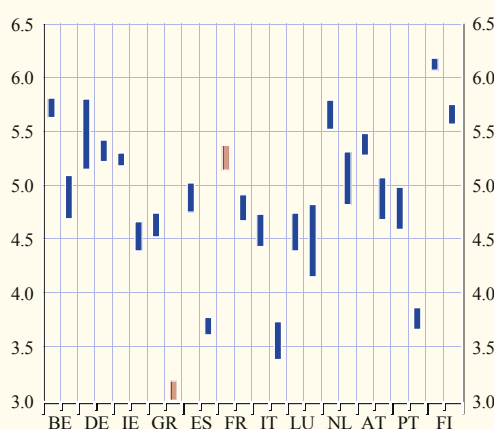
(in number of days)

x-axis: 2008  
y-axis: 2013



Source: Doing Business 2012, The International Bank for Reconstruction and Development/The World Bank.  
Note: Countries to the right of the 45 degree line have reduced the number of days it takes to start a business.

Chart 16 Progress with higher education and training, and innovation



Sources: Global Competitiveness Report 2008-2009 and 2012-2013, World Economic Forum.  
Notes: Units are scores on a scale of one to seven, where a higher number indicates more higher education and training, and innovation. Red bars indicate declining efficiency between 2008 and 2012; blue bars indicate an improvement. For each country, the left-hand bar refers to higher education and training and the right-hand bar refers to innovation.

programmes have been designed to raise public revenues and reorganise public-private partnerships (e.g. in Portugal), and some countries have been active in improving the design of their innovation policies (e.g. Ireland and Italy) and strengthening the links between universities and industry (e.g. Ireland). Less progress has been made towards removing barriers to foreign direct investment.<sup>16</sup> The evidence presented in Section 2, showing the resilience of profit margins and the slow downward adjustment of relative prices in the stressed euro area countries up until 2012, may be indicative of a possible lack of competition in certain sectors of the economy.

### EMPLOYMENT-ENHANCING REFORMS

As a result of the 2008-09 recession, there were almost 4 million fewer people in employment in the euro area. As an immediate response to the recession, some countries tried to improve the social safety net for workers who were losing their jobs by increasing the generosity and coverage of unemployment benefits. Some of these temporary measures were subsequently phased out. At the same time, resources for job assistance and training programmes were increased. Most effective in mitigating the impact of the crisis on employment, and undertaken in two thirds of euro area countries, were measures encouraging flexible working time arrangements. Such policies tend to lead to labour hoarding and a greater attachment of workers to the labour market, although they risk hindering the reallocation of labour from declining to growing sectors if subsidised by the public sector.

Relatively limited wage adjustment was initially observed in several countries, despite the severity of the recession; this was consistent with the presence of downward wage rigidity in the euro area.<sup>17</sup> More recently, labour market reforms to deliver greater wage and employment flexibility have begun to be implemented. The ongoing labour market reforms in countries such as Greece, Ireland, Portugal, Spain and Italy include some important measures to increase the flexibility of wage bargaining structures and working time arrangements, and reduce excessive employment protection; they constitute first steps towards improving labour market performance and competitiveness in these countries, and in the euro area as a whole. There are also signs that downward wage flexibility has been increasing, particularly in the programme countries.

16 See “Economic Policy Reforms 2012: Going for growth”, OECD, February 2012.

17 See Du Caju P., Gautier E., Momferatou D. and Ward-Warmedinger M., “Institutional features of wage bargaining in 23 European countries, the US and Japan”, *Ekonomia*, Vol 12, No 2, 2009, pp. 57-108.

#### Box 2

### MODEL SIMULATIONS OF THE SHORT-TERM AND MEDIUM-TERM IMPACT OF STRUCTURAL REFORMS

This box illustrates model simulations of the impact of structural reforms on a small euro area economy. In line with most of the literature, these reforms are modelled as a reduction in the level of wage and price mark-ups, reflecting increased competition and efficiency in product and labour markets. The EAGLE model, a large-scale new-Keynesian dynamic general equilibrium model of the euro area and the global economy, is used to simulate the impact.<sup>1</sup>

1 Gomes S., Jacquinot, P. and Pisani, M., “The EAGLE: A model for policy analysis of macroeconomic interdependence in the euro area”, *Working Paper Series*, No 1195, ECB, Frankfurt am Main, May 2010; and Gomes S., Jacquinot, P., Mohr, M. and Pisani, M., “Structural reforms and macroeconomic performance in the euro area countries: A model-based assessment”, *Working Paper Series*, No 1323, ECB, Frankfurt am Main, April 2011.

The model features monopolistic competition in product and labour markets. There is a mark-up between the marginal cost and output prices, and between the marginal rate of substitution between consumption and leisure, and wages. A reduction of both mark-ups can be obtained by implementing labour and product market reforms which increase flexibility in wage setting and improve responsiveness to productivity and labour market developments, as well as boost competition in product markets.

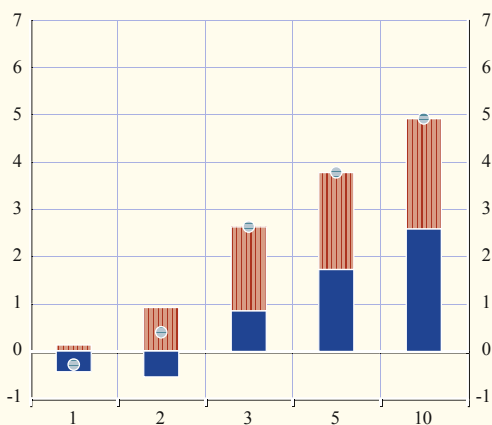
Regarding labour market reforms, the simulation entails a wage mark-up reduction of ten percentage points over a period of five years. The size of the reduction reflects the cumulative gross wage differential between Germany and the rest of the euro area countries between

### The macroeconomic impact of a reduction in wage and price mark-ups

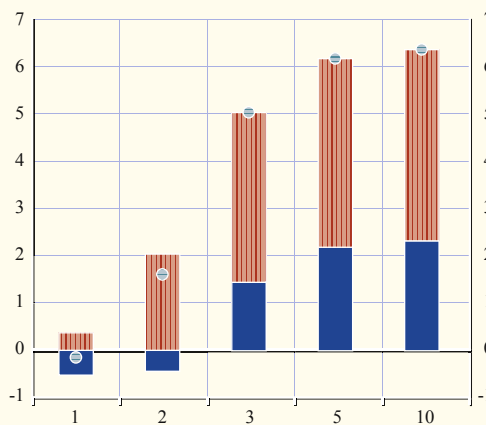
x-axis: year  
y-axis: percentage change (charts a — c); percentage points (chart d)

■ price mark-up  
■ wage mark-up  
● price and wage mark-up

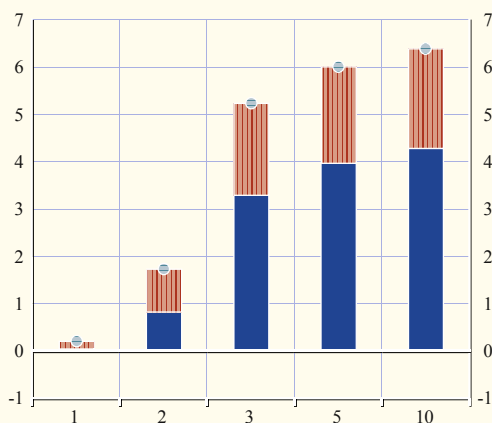
a) Impact on GDP



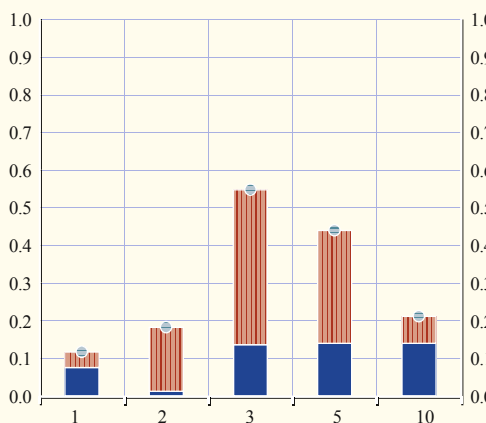
b) Impact on employment



c) Impact on exports



d) Impact on trade balance as a percentage of GDP



Source: EAGLE.

2005 and 2010. In order to obtain a comparable set of results for product market reforms, the price mark-up is also reduced by ten percentage points over five years, by means of a gradual adjustment mechanism.

The simulation results are shown in the chart in this box. Focusing on the wage mark-up reduction, the simulation indicates that, in the first year, the reform – which is gradually implemented – has a negligible but positive impact on GDP, employment and the trade balance. This is because a short-term reduction in real wages boosts employment and the number of hours worked, given that firms have a stronger incentive to increase labour input; competitiveness also improves immediately, thanks to reduced labour costs. Therefore, in the first year, the competitiveness and employment channels – which lead to an increase in exports and labour supply – compensate for the weakened income channel – which instead leads to a reduction in private consumption. From the second year onwards, the impact of the declining wage mark-up on GDP and employment increases, with sizeable gains being felt from the third year onwards.

Turning to the price mark-up reduction, which is assumed to take place both in the tradable and in the non-tradable sectors, the simulation shows that, in the very short term, the impact on GDP is marginally negative. This is due to the fact that a cut in the price mark-up immediately leads to higher real wages, which trigger a reduction in employment in the short run. Therefore the competitiveness and the employment channels – which lead to a decrease in exports and labour supply – initially override the income channel – which leads to an increase in private consumption. This negative impact is reversed after two years, thanks to strong competitiveness gains arising from falling prices, the positive effects of which are passed on to wages and which, in turn, lead to a reduction in relative prices.

According to the model, the impact on exports is larger in the case of product market reform than in the case of labour market reform; however, the impetus given to investment leads to increased imports and, therefore, the overall impact on the trade balance is not sizeable for either type of reform. In view of this, structural reforms should not necessarily be counted upon to contribute to the adjustment of external imbalances. The primary objective should be to increase the capacity of economies to adjust to various shocks, stimulate employment and raise growth potential.

While the quantitative impact clearly depends on calibrated elasticities, the presented findings are in line with related recent findings in the literature.<sup>2</sup> All in all, the two simulations show that labour and product market reforms have a positive impact on GDP and employment. The simulations also show that the impact on GDP may be mildly negative in the first year but, over time, the impact is very positive. Given that confidence effects are not taken into consideration, implementing reforms may also generally boost confidence and lead to higher short-run gains than those emerging from the model simulations.

2 Vogel, L., “Structural reforms and external rebalancing in the euro area: a model-based analysis”, *Economic Paper Series*, No 443, European Economy, July 2011; and Cacciatore, M., Duval, R. and Fiori, G., “Short-Term Gain or Pain? A DSGE Model-Based Analysis of the Short-Term Effects of Structural Reforms in Labour and Product Markets”, *Working Papers*, No 948, OECD Economics Department, March 2012.

## 5 CONCLUSIONS

In this article, the developments in macroeconomic and structural indicators over the past five years have been examined. The article has shown a number of ways in which the adjustment of macroeconomic imbalances has been advancing. In particular, countries which had accumulated

sizeable competitiveness losses have significantly improved their current account positions; this has been supported by adjustments in relative labour costs, and gains in export market shares. It appears that the improvement is both cyclical and structural, and can thus be expected to be, in part, sustainable.

Improvements on the structural side are, by and large, encouraging. Further efforts are needed to complete the adjustment process, especially with regard to reducing high levels of debt, and to lay the foundations for robust and sustainable growth in the future. Measures also need to be taken to ensure a reduction in the high rates of unemployment, particularly youth unemployment. Reforms to reduce structural rigidities in labour markets would provide a cost-effective tool to this end. Furthermore, product market reforms, which, to date, may have been held back in several countries, are particularly important for enhancing competition and allowing flexible price adjustment.

While efforts are needed most in the countries with the largest remaining imbalances, reform is required in all euro area countries, albeit to varying degrees and in different areas. In the absence of a fully fledged financial assistance programme and the associated conditionality, the adjustment process is to be supported by a strengthened economic governance framework at the EU level, most notably the macroeconomic imbalance procedure. The effective implementation of this framework – at the EU and the national levels – is essential for ensuring an orderly unwinding of existing imbalances and preventing the renewed emergence of such imbalances in the future.<sup>18</sup>

18 See the box entitled “The 2012 macroeconomic imbalance procedure”, *Monthly Bulletin*, ECB, Frankfurt am Main, June 2012.





# TARGET BALANCES AND MONETARY POLICY OPERATIONS

*Large cross-border payment flows between banks are a normal feature of a financially integrated area. The settlement of cross-border payment flows in the euro area in central bank money creates balances for each national central bank (NCB): the TARGET<sup>1</sup> balances. These balances also reflect the decentralised distribution of central bank liquidity within the Eurosystem. Banking communities in countries facing net payment outflows need more central bank liquidity than those in countries where commercial bank money is flowing in. The decentralised distribution of central bank liquidity within the Eurosystem provides stability, because it allows financially sound banks, including those in countries under financial stress, to cover their liquidity needs, thereby contributing to the effective transmission of the European Central Bank's interest rate decisions to the wider euro area economy, and facilitating the aim of maintaining price stability in the euro area over the medium term.*

*In mid-2012, the total of TARGET claims (or equivalent liabilities) on the balance sheets of the euro area NCBs reached €1 trillion, before declining on the back of improving conditions and declining fragmentation in the euro area financial markets.*

*This article explains how, in a context of dysfunctional bank funding markets, large TARGET claims emerged when the Governing Council of the European Central Bank (ECB), in order to maintain price stability over the medium term, decided to accommodate the liquidity needs of solvent banks. The article also shows that figures relating to “cross-border” payments are to be interpreted with caution, as such payments also reflect transactions among multi-country banking groups. It further emphasises that any risk is attached to the Eurosystem operations themselves in the context of the monetary union, and not to the TARGET balances per se. Overall, the TARGET balances are a manifestation of underlying tensions in the Economic and Monetary Union (EMU), highlighting the need for macroeconomic imbalances to be addressed, trust in banking systems to be re-established, and the institutional foundations of EMU to be strengthened.*

## I INTRODUCTION

TARGET balances are positions on the balance sheets of the central banks in the euro area.<sup>2</sup> These positions, which were relatively small and stable before the financial and sovereign debt crisis, are large and negative in the euro area countries most under strain and large and positive in the more resilient euro area countries (see Chart 1). Large TARGET balances are essentially the result of the implementation of monetary policy in the euro area in the specific context of the crisis. Given the integrity of the monetary union, TARGET balances do not represent financial risk beyond that inherent in the Eurosystem operations underlying the balances. Such risk is mitigated, in particular through collateral policies.

Making sense of TARGET balances is essential in order to understand the discussion on the potential risk associated with rising TARGET claims. Shedding light on the dynamics of

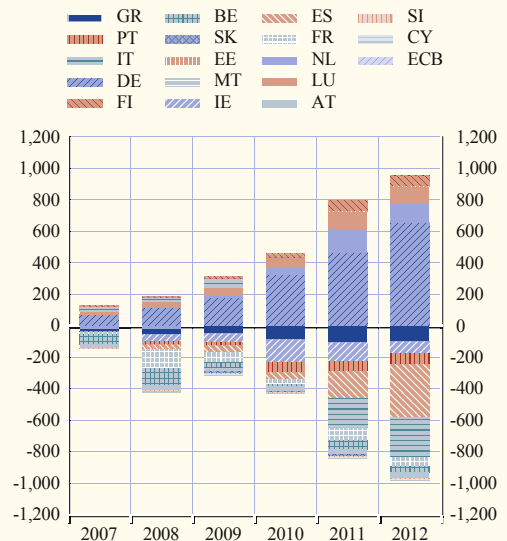
1 TARGET is the “Trans-European Automated Real-time Gross settlement Express Transfer” system. It was replaced by TARGET2 in November 2007, with a transition period lasting until May 2008, by which time all national platforms were replaced by a single platform. For convenience, and except in Box 1, in this article both TARGET and TARGET2 are referred to as “TARGET”. For more information on TARGET, see also the “TARGET Annual Report 2011” of the ECB, May 2012, in the quarterly annex to the Monthly Bulletin (last published in March 2013).

2 See also the box entitled “TARGET2 balances of national central banks in the euro area”, *Monthly Bulletin*, ECB, October 2011 and the references therein, as well as the box entitled “TARGET2 balances in the Eurosystem in a context of impaired money markets”, *Annual Report*, ECB, 2011.

the crisis in the euro area is also helpful.<sup>3</sup> TARGET balances emerge as a result of imbalanced cross-border payment flows between banks in the euro area and the Eurosystem's accommodation, in its operations, of the ensuing liquidity needs of solvent banks, against adequate collateral. TARGET balances reflect funding stress in the banking systems of certain countries. Nevertheless, the notion of "cross-border" itself is blurred in a financially integrated area, such as in the case of transactions within a banking group. This article analyses the TARGET balances in conjunction with the ECB's monetary policy operations. After presenting a number of key facts on the TARGET payment system and describing how TARGET balances emerge from cross-border payments (Section 2), it takes a look at TARGET balances in the light of bank funding stress and Eurosystem operations (Section 3). The article concludes with the economic and policy relevance of TARGET balances (Section 4).

**Chart 1 TARGET balances of euro area central banks**

(EUR billions)



Source: NCBs and ECB.

Note: The claims or liabilities that relate to TARGET are published regularly by all euro area NCBs as part of their balance sheets.

## 2 TARGET BALANCES AND CROSS-BORDER PAYMENT FLOWS

### 2.1 TARGET, THE PAYMENT AND SETTLEMENT SYSTEM

TARGET – “Trans-European Automated Real-time Gross settlement Express Transfer” – is the Eurosystem's real-time gross settlement system, which operates in central bank money. The processing and settlement of euro-denominated payments takes place on an individual basis on the participants' accounts at NCBs connected to TARGET. The transactions are settled in real time with immediate finality, thus enabling the beneficiary bank to reuse the liquidity to make other payments on that day. The system was developed with state-of-the-art technology and thus offers the highest standards of reliability and resilience to its users. Overall, TARGET provides settlement services to approximately 1,000 participants via the 24 central banks that are connected to the system, comprising all euro area NCBs, the ECB, and other NCBs in the European Union (EU) that decided to join TARGET on a voluntary basis.<sup>4</sup>

The payments settled via TARGET relate mainly to transactions between credit institutions and settlements of transactions stemming from other financial market infrastructures; operations with the central bank only account for a relatively small share of the transactions. TARGET settles both interbank and commercial payments without any upper or lower value limit for the transactions.

<sup>3</sup> See, for instance, Bindseil, U. and König, P.J., “TARGET and the European sovereign debt crisis”, *Kredit und Kapital*, February 2012; Bindseil, U. and Winkler, A., “Dual liquidity crises under alternative monetary policy frameworks: a financial accounts perspective”, *Working Paper Series*, No 1478, ECB, 2012; and Cour-Thimann, P., “TARGET balances and the crisis in the euro area”, CESifo Forum 14, Special Issue, April 2013.

<sup>4</sup> These are the NCBs of Bulgaria, Denmark, Latvia, Lithuania, Poland and Romania.

In providing payment services to its customers, TARGET plays a key role in ensuring the smooth conduct of monetary policy, the correct functioning of financial markets, and banking and financial stability in the euro area, by substantially reducing systemic risk. The settlement of cross-border payments between participants in TARGET results in intra-Eurosystem balances – that is, positions on the balance sheets of the respective central banks that reflect claims/liabilities on/to the Eurosystem. They are reported on the NCBs' balance sheets as TARGET claims – if positive – or TARGET liabilities – if negative (*vis-à-vis* the ECB as the central counterparty).

## 2.2 MECHANISM LEADING TO THE EMERGENCE OF BALANCES

TARGET balances occur in the course of the normal business of banks and the cross-border flow of capital. Prior to the onset of the financial crisis, such claims and liabilities of the various NCBs already existed but fluctuated at significantly lower levels. When a bank makes a payment to another bank through TARGET, the current account of the payer at its NCB is debited and the current account of the recipient bank at its NCB is credited. If the transaction is domestic, it has no impact on the aggregate current account of banks at that NCB and thus it does not lead to any change in the NCB's balance in TARGET. If the transaction is cross-border – that is, if it involves banks that are connected to TARGET from two different countries – it affects the aggregate current accounts of banks at the NCBs. The NCB of the payee sees a reduction in its current account and the NCB of the recipient bank sees an increase in its current account.

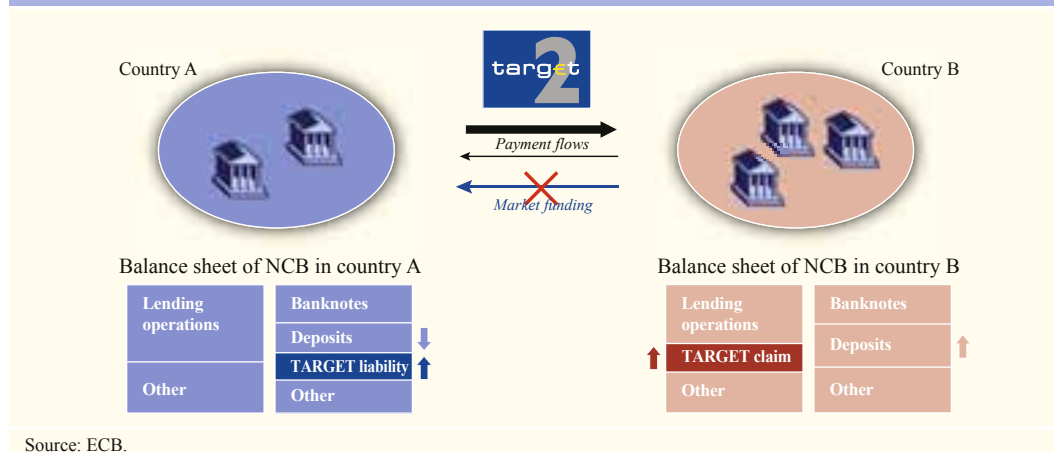
At the end of each day, the central banks' balance sheets are adjusted by assigning to the central banks with a reduction in their current accounts a corresponding liability in TARGET, and to those with an increase in their current accounts a corresponding claim in TARGET. The constellation of bilateral flows between the Eurosystem central banks is then aggregated and netted out, so that each NCB remains with a single net position *vis-à-vis* the ECB.<sup>5</sup> As a result of this, some NCBs have a TARGET claim and others a TARGET liability *vis-à-vis* the ECB. The net sum of all cross-border payments from and to banks in other euro area countries that have been settled at an individual NCB on a given day results in a daily change in the TARGET balance of that NCB, as illustrated below:

$$\Delta \text{TARGET balance} = \text{TARGET inflows} - \text{TARGET outflows}$$

An example of the mechanism behind the emergence of TARGET claims and liabilities is illustrated in Chart 2. It considers a transfer of funds between banks in two different euro area countries (from country A to country B) – for example, related to a payment for imports of goods and services or the acquisition of a foreign asset – which is conducted through TARGET, where it is settled in central bank money. As an immediate effect, the transfer of funds implies a reduction in the deposits on the current account of the paying commercial bank at its NCB (NCB A) and an increase in those on the current account of the recipient commercial bank at its NCB (NCB B). At the end of the day, the bank facing a reduction in its deposits would either seek funding in the market or borrow from the Eurosystem. In this simple two-country example, unless the bank in country A compensates for the

<sup>5</sup> In order to reduce the size of bilateral imbalances built up quite rapidly in all NCB/ECB intra-system positions, the Governing Council of the ECB decided in 1999 that the TARGET balances, i.e. all TARGET-related claims and liabilities between ESCB NCBs and the ECB, should be netted out daily at close of business by “novation”, i.e. by the substitution of all NCB obligations by ECB obligations, leaving each NCB with a single net bilateral position *vis-à-vis* the ECB only. Such an arrangement was considered to be in line with the principle of an integrated euro area. It came into effect on 30 November 2000.

Chart 2 How TARGET balances emerge



Source: ECB.

initial transfer of funds with fresh money from banks in country B (for example, through borrowing on the interbank market), at the end of the day, NCB A displays a negative TARGET balance and NCB B a positive balance, each vis-à-vis the ECB as the central counterparty.

The mechanism described above operates on a large scale between national banking systems in the euro area. In fact, around one-third of TARGET traffic is made up of cross-border payments. TARGET balances thus reflect the imbalances in payment flows between national banking systems. Banks that have a TARGET account at a given NCB essentially fall under the sector of monetary financial institutions (MFIs) in that country. However, the TARGET balance of the “host” central bank can also be affected by transactions initiated by banking entities that are not part of the MFI sector in that country. For example, any bank established in a European Economic Area (EEA) country with an NCB not connected to TARGET may access TARGET via the NCB of another country, one that is connected to TARGET. Likewise, banks established outside the EEA, which are not eligible to have an account in TARGET, can access the system via a subsidiary in one of the countries connected to TARGET. Additional distortions may also be attributed to banking services in euro which rely on TARGET and are conducted by TARGET participants on behalf of a non-EEA bank.

Another “geographical” feature that may arise in the TARGET balances relates to the centralisation of liquidity management in multi-country banking groups. That is, TARGET allows multi-country banks to carry out their payment activities and manage their euro liquidity from one single account, irrespective of the number of countries in which these groups are active. Typically the single TARGET account is opened at the NCB of the head office, and the other branches or subsidiaries within the banking group channel their payments via the head office (indirect participation). This centralisation gives rise to cross-border flows which would not exist if the group managed its liquidity in a decentralised manner.

### 3 TARGET BALANCES, BANK FUNDING STRAINS AND EUROSISTEM OPERATIONS

This section explains how sizeable TARGET balances built up on the NCBs' balance sheets as the financial and sovereign debt crises unfolded, as a result of the high demand for liquidity provided via the Eurosystem's operations at certain NCBs. These large balances reflect the funding strains in some countries and the capital flows into other more resilient countries that arise when the Eurosystem, in its operations, accommodates the liquidity needs of solvent banks, against adequate collateral.

#### 3.1 TARGET BALANCES AND THE IMPLEMENTATION OF MONETARY POLICY

The Eurosystem implements its monetary policy in a decentralised manner, in particular in its monetary policy tender operations. In this context, the 17 NCBs collect bids for central bank liquidity from counterparties and manage the collateral submitted by those counterparties. The ECB receives aggregated information from each NCB and decides on the overall amount to be provided to the counterparties. NCBs inform their counterparties of the results and settle the transactions. Normally the aggregate amount provided to counterparties via all 17 NCBs is equal to the liquidity needs<sup>6</sup> of the euro area banking sector as a whole. Private flows of capital redistribute liquidity between banks with a need and banks with a surplus mainly through the interbank market.

Following the US subprime crisis and the subsequent bankruptcy of Lehman Brothers in September 2008, however, the interbank lending markets ceased to function properly. Secured and unsecured markets became increasingly fragmented<sup>7</sup> and the cross-border flow of private capital became impaired (see Box 1). In order to support the smooth transmission of its interest rate decisions to the wider economy, the ECB decided to accommodate the liquidity needs of banks that could not be satisfied in the financial market. Thus, since October 2008 the Eurosystem has been conducting most of its liquidity-providing tenders with a fixed-rate, full allotment procedure. This means that all bids received from counterparties are fully satisfied, against adequate collateral. In the context of a dysfunctional interbank market, banks could thus turn to the Eurosystem for liquidity. This enabled them to build up buffers to meet future liquidity needs while access to interbank funding was uncertain. As a consequence the Eurosystem provided more liquidity than needed on aggregate by the banking sector, at the same time taking on an intermediation function. This prevented a disorderly deleveraging process and ensuing adverse consequences for the euro area economy and price stability.

As the sovereign debt crisis emerged in some euro area countries, starting in spring 2010, the segmentation in funding markets for banks became more marked along national borders. The central bank intermediation allowed the banking systems in those countries to withstand the withdrawal of private capital and the reversal of cross-border capital flows. The recourse to central bank funding is therefore closely linked to the emergence of significant TARGET liabilities for countries most affected by the crisis and, on aggregate, at the euro area level, as illustrated in Chart 3.<sup>8</sup> The sovereign debt crisis and resulting bank funding market segmentation also led to a flow of capital into the more

6 The liquidity needs of the banking system correspond to the sum of the reserve requirements and the autonomous factors. Autonomous factors essentially include government deposits with the central bank, banknotes, net foreign assets and net assets denominated in euro.

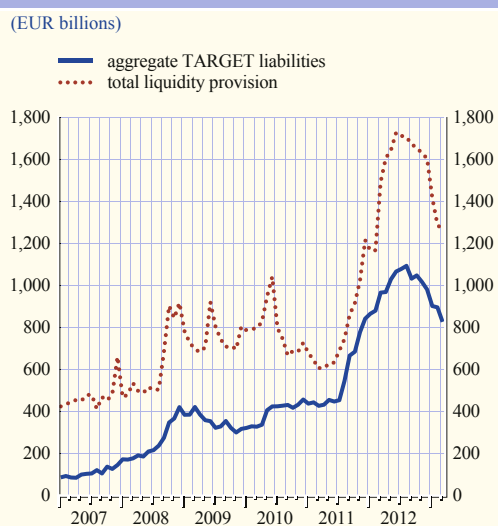
7 See, for instance, "Indicators of market segmentation – media request following the ECB press conference on 2 August 2012" (available at <http://www.ecb.europa.eu>), and "Financial integration in Europe", ECB, April 2012.

8 Chart 3 represents the sum of the TARGET liabilities of euro area NCBs vis-à-vis the ECB. In the consolidated balance sheet of the Eurosystem, intra-Eurosystem balances (such as those related to TARGET) are not reflected since their sum is zero.

resilient countries, resulting in significant amounts being directed towards the central banks' liquidity-absorbing facilities, for example via use of the deposit facility or via counterparties accruing amounts in excess of their reserve requirements in their current accounts at the central bank.<sup>9</sup> In particular, the repatriation of previous investments and the lack of renewed lending to banks in crisis-hit countries led to significant net payment inflows, a concurrent increase in the TARGET claims of the NCBs in the more resilient countries and an increase in liquidity in the banking systems of those countries. Chart 4 shows the resulting increased liquidity absorption in the form of excess liquidity at the euro area level, the pattern of which is broadly mirrored in the evolution of the overall TARGET claims.

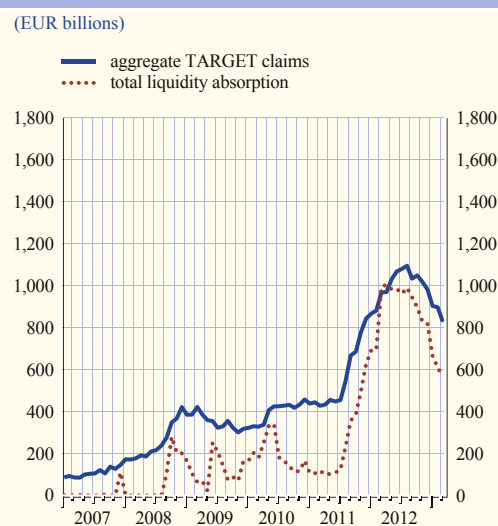
In the second half of 2011 and the first half of 2012 the sharp increase in TARGET liabilities and claims was also due to concerns about the integrity of the monetary union. A number of banks from resilient countries had decided to replace head office funding for subsidiaries in financially stressed jurisdictions with local funding. This meant that borrowing from the Eurosystem replaced inter-group funding from resilient countries. This behaviour was in some cases encouraged by national banking regulators aiming to safeguard their domestic banking system. As will be explained in Section 3.2, the ECB's actions to address concerns about the integrity of the monetary union led to a decline in TARGET balances.

**Chart 3 Aggregate TARGET liabilities and total liquidity provision of the Eurosystem**



Source: ECB.  
 Note: Total liquidity provision includes main refinancing operations, long-term refinancing operations, the marginal lending facility, outright portfolios (the covered bond purchase programmes and the Securities Markets Programme) and other items (which include Emergency Liquidity Assistance).

**Chart 4 Aggregate TARGET claims and total liquidity absorption in the Eurosystem**



Source: ECB.  
 Notes: Liquidity absorption includes recourse to the deposit facility, liquidity-absorbing fine-tuning operations and current account holdings in excess of the reserve requirements.

<sup>9</sup> These excess holdings have become particularly large as the interest paid on the deposit facility was reduced to 0%, providing no relative advantage in using this facility.



## Box 1

## USING TARGET2 PAYMENT DATA TO ANALYSE MONEY MARKET CONDITIONS

Interbank money markets are essential for the stability and efficiency of the financial system, and for the distribution of central bank liquidity. Money market rates such as EONIA and EURIBOR are important benchmarks that serve, among other things, as a basis for the pricing of fixed income securities throughout the economy. Well-functioning money markets allow banks to smooth out liquidity imbalances and thus avoid costly asset sales. These markets also play an important monitoring and disciplinary role, as banks constantly assess the quality of their counterparties.<sup>1</sup>

Despite their fundamental importance, relatively little is known about actual transactions in interbank markets since, for the most part, banks trade short-term debt over the counter. Hence, information about the functioning of euro interbank markets currently relies on limited data from electronic trading platforms, or on surveys.<sup>2</sup>

Academics, and central bank researchers in particular, have, however, employed an indirect method of obtaining detailed and comprehensive data on unsecured overnight interbank loan transactions. They have used data from payment systems to reconstruct the unsecured overnight interbank loans that are responsible for the observed payments.<sup>3</sup> For example, an overnight loan of €1 million at 1% interest from bank A to bank B, agreed over the counter, involves two transactions that will be visible in the payment system: a transfer from bank A to bank B of €1 million and, on the following day, a transfer from bank B to bank A of €1,000,027.78.<sup>4</sup> When banks trade liquidity in central bank money, the comprehensive data from payment systems that settle in central bank money can be used to identify overnight interbank transactions. While there is some analysis of interbank markets in the United States (using Fedwire Funds) and in some European countries, reliable and complete information for the entire unsecured euro area interbank money market has only recently been obtained from TARGET2 data.<sup>5</sup>

1 See Rochet, J. C. and Tirole, J., "Interbank Lending and Systemic Risk", *Journal of Money, Credit and Banking*, Vol. 28, No 4, 1996.

2 See, for example, Brunetti, C., di Filippo, M. and Harris, J., "Effects of Central Bank Intervention on the Interbank Market During the Sub-Prime Crisis", *Review of Financial Studies*, Vol. 24, No 6, 2011, which uses data from the Italian e-MID platform. For an example of a survey, see *Euro Money Market Survey*, ECB, Frankfurt am Main, September 2012. Money market rates such as EONIA, EURIBOR or LIBOR and associated volumes, if available, are also survey-based.

3 This method was first published in Furfine, C., "Banks as Monitors of Other Banks: Evidence from the Overnight Federal Funds Market", *Journal of Business*, Vol. 74, No 1, January 2001.

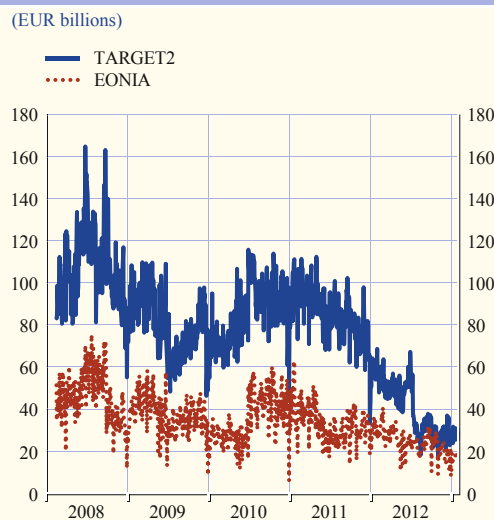
4 Note that the interest is per annum but accrues only for one day. The method usually requires banks to charge some interest, although 1 cent is enough. In practice, matters are more complicated: not all payments relate to interbank transactions (for example, it is not known whether transactions are on behalf of banks' clients); overnight transactions could also involve spot/next and tomorrow/next trades; payments could relate to different transactions at different rates and maturities, making it difficult to extend the method beyond overnight loans (see, however, the references in the next footnote); multiple matches can occur; and holidays and weekends etc. need to be taken into account. Note also that secured transactions using TARGET2 regularly involve simultaneous settlement via central clearing, settlement and security repositories and are therefore easily screened out.

5 See Arciero, L., Heijmans, R., Heuver, R., Massarenti, M., Picillo, C. and Vacirca, F., "How to measure the unsecured money market? The Eurosystem's implementation and validation using TARGET2 data", *DNB Working Paper*, No 369, De Nederlandsche Bank, January 2013. The paper uses payment data to reconstruct overnight as well as longer-term loans, and thus uses an implementation of the Furfine method that differs from the one used for the results presented in this box. For applying the Furfine method to longer maturities, see Kuo, D., Skeie, D., Vickery, J. and Youle, T., "Identifying Term Interbank Loans from Fedwire Payments Data", *Staff Report*, No 603, Federal Reserve Bank of New York, March 2013. For analysis confined to individual countries, see: Afonso, G., Kovner, A. and Schoar, A., "Stressed, Not Frozen: The Federal Funds Market in the Financial Crisis", *The Journal of Finance*, Vol. 66, No 4, August 2011 (United States); Acharya, V. and Merrouche, O., "Precautionary Hoarding of Liquidity and Interbank Markets: Evidence from the Subprime Crisis", *Review of Finance*, forthcoming (United Kingdom); Akram, F. and Christophersen, C., "Norwegian Overnight Interbank Interest Rates", *Computational Economics*, Vol. 41, No 1, January 2013 (Norway); and Guggenheim, B., Kraenzlin, S. and Schumacher, S., "Exploring an uncharted market: Evidence on the unsecured Swiss franc money market", *Swiss National Bank Working Paper*, No 2011-5, Swiss National Bank (Switzerland).

Examining the TARGET2 payment data in their entirety makes monitoring euro area-wide developments possible. Chart A shows one of the benefits of assessing the unsecured overnight euro area interbank market as a whole. The red line represents the value in euro of unsecured overnight interbank lending reported daily by the banks on the EONIA panel.<sup>6</sup> The blue line represents the value in euro of unsecured interbank activity according to the TARGET2 payment data. EONIA panel banks account for about half of the total activity. Prior to the Lehman Brothers bankruptcy in September 2008, banks on the EONIA panel reported unsecured overnight lending with a value of approximately €60 billion. At the same point in time, the value constructed from TARGET2 payment data, which consist of the trading activities of several hundred banks, was around €120 billion. While the EONIA data provide reliable information about trends – note the reduction in value after the Lehman Brothers bankruptcy and after 2010 as the sovereign debt crisis worsened – these trends are more pronounced in the TARGET2 data. This is consistent with larger banks, such as those on the EONIA panel, being more resistant to adverse market developments. In particular, the drop in TARGET2 values since 2011 indicates an imperfect functioning of the unsecured overnight money market.

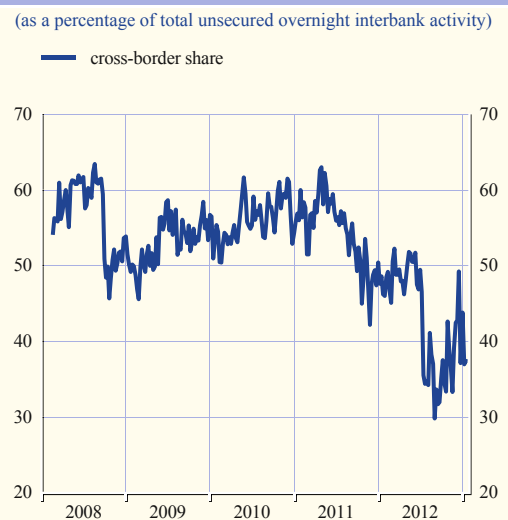
Chart B shows another benefit of monitoring money markets using payment data. Since the underlying information is at the level of individual transactions, it can be aggregated at different levels to examine specific questions. Chart B, for example, plots cross-border unsecured overnight interbank activity as a percentage of total unsecured overnight interbank activity. This cannot be done with the EONIA data, which are aggregated at the level of the lending bank and then reported publicly as an overall aggregate number.

**Chart A Unsecured overnight interbank activity: a comparison between EONIA and TARGET2 data**



Source: ECB.  
Note: Data exclude intra-banking group transactions.

**Chart B Cross-border unsecured overnight interbank activity**



Source: ECB.  
Note: Data exclude intra-banking group transactions.

6 The EONIA panel consists of banks with the highest volume of business in the euro area money markets (see <http://www.euribor-ebf.eu>). The composition of the panel changes over time. It currently consists of 39 banks. Note that EONIA volumes do not necessarily reflect transactions settled in central bank money. Hence, there is no perfect correspondence between EONIA and TARGET2 volumes even for the set of EONIA panel banks.

The share of cross-border unsecured overnight interbank activity declined after the Lehman Brothers bankruptcy in September 2008. It then recovered gradually before declining markedly during the intensification of the sovereign debt crisis. This suggests that not only has the unsecured overnight euro area money market shrunk (see Chart A), it has also fragmented.<sup>7</sup>

Using payment data to reconstruct interbank loans offers significant advantages, despite being an indirect method. The information is based on actual transactions, is highly granular and is available in real time. First developed for research, this methodology, when complemented with other, more standard, information sources (e.g. surveys or private sector analysis), allows policy-makers to better understand money market developments.

<sup>7</sup> For an assessment of developments in euro area money markets, see Cœuré, B., “The importance of money markets”, speech, June 2012, available on the ECB’s website (<http://www.ecb.europa.eu>).

### 3.2 TARGET BALANCES AND FINANCIAL RISK

TARGET balances arise in conjunction with the implementation of monetary policy by the Eurosystem. Thus, they do not represent financial risk beyond that inherent in the Eurosystem operations. This risk is mitigated through a protective risk control framework by virtue of which only financially sound counterparties can receive funding from Eurosystem credit operations, and always against adequate collateral. Any specific risk mitigation measures for TARGET balances would be redundant.

All Eurosystem credit is given to counterparties only against eligible collateral, to protect the central bank against losses arising from the potential default of a counterparty. In principle, the list of eligible collateral is uniform throughout the euro area and encompasses a wide range of assets. The value of collateral posted by counterparties is calculated daily and haircuts are applied to safeguard against possible liquidation losses should a counterparty default. These measures are important elements of the Eurosystem’s risk control framework.

In the event of a counterparty’s default on an obligation arising from Eurosystem credit operations, the collateral is seized and sold in the market to mitigate potential losses. In general, if the anticipated cash receipts linked to the collateral are insufficient to cover the counterparty’s obligation, then at the time of the default each euro area NCB records a provision equal to its share in the total amount of that expected loss. This share is determined according to the capital key prevailing at the time of the default. These provisions are reviewed and adjusted accordingly at the end of each financial year by the Governing Council of the ECB.

An exception to the Eurosystem risk-sharing practice is the framework for Emergency Liquidity Assistance (ELA). The use of ELA by counterparties<sup>10</sup> is subject to comprehensive and regular evaluation by the Governing Council of the ECB and is only available for solvent institutions. In the case of ELA, the risk is borne by the NCB granting it and is not shared by the Eurosystem; however, it is still always backed by adequate collateral. Additionally, the cost of ELA is substantially higher than that of Eurosystem facilities, thereby reducing the incentive for counterparties and compensating NCBs to take on the additional risk. In relation to the TARGET

<sup>10</sup> On 31 December 2012 the balance sheet item “Other claims on euro area credit institutions denominated in euro” (which includes ELA) amounted to 13% of the liquidity provided by the Eurosystem, as defined by the aggregate described in Chart 3.

balances, refinancing provided under ELA can also be used to offset a decline in cross-border funding and would increase TARGET liabilities if used to repay maturing cross-border liabilities.

In order to ensure that solvent banks are not liquidity-constrained, with associated implications for the funding of the euro area economy and for price stability, the Eurosystem has taken a variety of measures to extend the availability of collateral. This has included allowing for a wider range of non-marketable assets (additional credit claims<sup>11</sup>), lowering the rating threshold and allowing assets denominated in pounds sterling, US dollars and Japanese yen. In addition to its efforts to broaden collateral availability, the Eurosystem continually monitors and revises its risk control framework, for example with regard to eligibility criteria and applicable haircuts and limits, with the aim of maintaining the Eurosystem's risk exposure at appropriate levels.

The presence of TARGET claims and liabilities is natural given the decentralised structure of the Eurosystem. Internal positions also exist among the 12 Reserve Banks of the US Federal Reserve System (see Box 2). However, the current high levels of TARGET balances reflect the supportive role played by the Eurosystem in relation to the banking system and its intermediation role on the money markets during the ongoing financial market tensions. To some extent, TARGET balances thus constitute a substitute provided by the public (central bank) sector for what would normally be private claims among commercial banks, with associated implications in terms of risk shifting from the private sector to the balance sheet of the Eurosystem. Nevertheless, the size of the TARGET balances does not pose additional risk to the Eurosystem or the NCBs given the irreversibility of the euro and the integrity of the Eurosystem. Any measures designed to contain the size of TARGET balances would imply the introduction of other policy objectives alongside the Eurosystem's primary objective of price stability.

As illustrated above, the presence of TARGET imbalances is in fact strongly connected to the non-standard measures taken by the Eurosystem (fixed-rate, full allotment procedures, an expanded collateral framework, long-term refinancing operations) and, just as these measures are by design temporary, the concurrent TARGET imbalances can be expected to decline to levels more consistent with historical norms as financial market conditions normalise.

As can be seen in Charts 3 and 4, a marked decline already took place after the summer of 2012, reversing the increase observed in the previous months. At that time, fears about the reversibility of the euro had been adding to bank funding stress and capital flight from countries such as Spain and Italy. The ECB President's declaration on 26 July 2012 that "within its mandate, the ECB is ready to do whatever it takes to preserve the euro" showed the ECB's commitment to preventing such fears from materialising. The subsequent decision by the Governing Council of the ECB to introduce Outright Monetary Transactions as a "fully effective backstop to prevent destructive scenarios from materialising", the modalities of which were announced on 6 September 2012, was followed by a return of capital flows to countries under stress and in turn a decline in TARGET balances. The early repayments in the context of the three-year longer-term refinancing operations as from January 2013 also led to a further decline in the outstanding amount of Eurosystem liquidity provided to banks in the euro area and a commensurate decline in TARGET balances.

11 Decisions on the risk control measures applied to additional credit claims are taken by the NCBs accepting this collateral. The NCBs also assume the risk associated with the acceptance of this collateral.

## Box 2

## INTERNAL POSITIONS AMONG THE RESERVE BANKS OF THE US FEDERAL RESERVE SYSTEM

The US Federal Reserve System, like the Eurosystem, has a decentralised structure. The 12 district Reserve Banks used to have relatively small and stable interdistrict positions, but these grew during the financial crisis (see Chart). The Reserve Banks have either positive or negative positions, called interdistrict settlement accounts, which can be seen as being similar to the intra-Eurosystem balances in the euro area. During the crisis, sizeable balances also arose in the Federal Reserve System as a result of imbalanced payment flows between banks across the US districts.

During the crisis, the Federal Reserve also increased its provision of central bank liquidity, largely through asset purchases conducted by one Reserve Bank (the Federal Reserve Bank of New York) on behalf of the whole system. Even if this differs from liquidity provision in the Eurosystem, which takes place, essentially, through lending operations, the result is similar and internal positions are generated among Reserve Banks. Central bank liquidity flows into the bank accounts of the asset sellers at the various Reserve Banks. Thus, like in the euro area, it was the difference in cross-district payment flows, combined with the distribution of central bank liquidity throughout the US districts, that generated balances among the Reserve Banks.

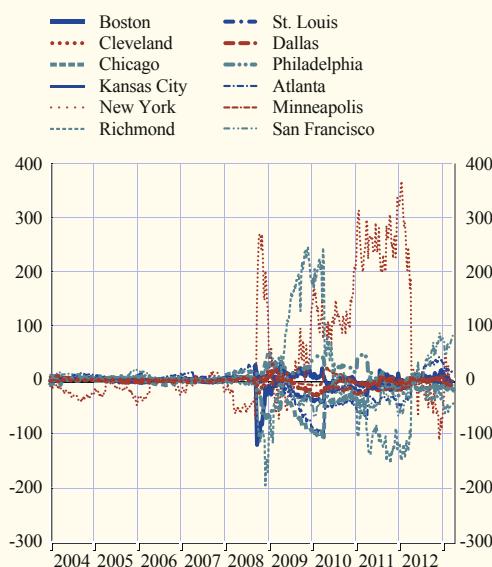
In contrast to the Eurosystem, the internal balances in the Federal Reserve System are settled once a year against the assets held by the system as a whole. This means that the balances are brought back to more neutral positions once a year.<sup>1</sup> As a result of this process, the Reserve Banks with negative internal balances receive a smaller share of the asset holdings, and thus a smaller share of profits, than the Reserve Banks with positive internal balances.

However, this settlement process, has no practical consequences for the individual Reserve Banks, or for cross-district payment flows. It is, rather, an accounting exercise within a politically integrated area. The districts do not correspond to geographical borders of political entities in the United States – they do not even correspond to the borders of the states – and the net profits of the Reserve Banks eventually go to the Federal Government.

<sup>1</sup> The positions are not brought back to zero given that the average position over the preceding 12 months is considered for settlement.

## Interdistrict settlement accounts of the US Federal Reserve System

(USD billions)



Source: Archival Federal Reserve Economic Data.  
Notes: Last observation: 24 April 2013. The sum of the balances amounts to zero.

In the euro area, a requirement to settle TARGET balances against assets could not be implemented in practice, as a commensurate pool of homogenous assets is not available to the NCBs. If such a requirement were to translate into creating disincentives to cross-border payment outflows or discouraging access to the Eurosystem operations at certain NCBs, this would imply a renationalisation of monetary policy, which is incompatible with an integrated currency area.<sup>2</sup>

2 Cour-Thimann, P., "TARGET balances and the crisis in the euro area", CESifo Forum 14, Special Issue, April 2013.

#### 4 CONCLUSION

Large TARGET balances are a manifestation of underlying tensions in EMU in terms of banks' access to market funding across the euro area. At the same time, they reflect the increased intermediation of the Eurosystem in bank funding, which resulted from the decisions taken by the Governing Council of the ECB during the crisis in the interests of maintaining price stability over the medium term in the euro area.

TARGET balances emerged as a result of the measures taken by the Eurosystem to repair the transmission mechanism for monetary policy so as to ensure price stability. The increased liquidity provision by the Eurosystem prevented the disorderly deleveraging of banks within the euro area, despite the sudden halt in private financial flows, meaning that solvent banks in crisis-hit countries could remain liquid.

The possibility for internal positions to emerge between central banks is at the core of the functioning of a currency union. Discouraging TARGET balances would imply the imposition of objectives other than price stability on monetary policy. In addition, it would imply the discouragement of certain cross-border capital flows and of access to Eurosystem operations by certain NCBs, which would be at odds with a single monetary policy for an integrated area.

TARGET balances do not represent any financial risk beyond that inherent in the Eurosystem operations against the background of a cohesive monetary union. The way to obtain a durable reduction in the reliance of banking systems on central bank liquidity and thereby in TARGET balances is to address the root causes of the crisis. This means improving fiscal and economic policies, particularly in the countries under strain; re-establishing trust in the banking systems and overcoming financial market segmentation in the euro area; and strengthening the institutional foundations of EMU. In particular, an integrated bank supervision and resolution scheme at the euro area level would contribute to breaking the adverse link between sovereigns and banks, as well as to overcoming market segmentation along national borders.

# 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	0.6	1.39	2.65
2012	4.1	3.1	2.9	-	-0.2	1.2	0.58	1.72
2012 Q2	2.9	2.7	2.7	-	-0.1	2.6	0.69	2.32
Q3	4.7	3.2	3.0	-	-0.6	0.9	0.36	1.94
Q4	6.3	4.2	3.6	-	-0.8	0.9	0.20	1.72
2013 Q1	6.8	4.3	3.2	-	-0.8	.	0.21	1.76
2012 Nov.	6.5	4.4	3.7	3.7	-0.8	0.6	0.19	1.80
Dec.	6.5	4.5	3.5	3.6	-0.7	2.6	0.19	1.72
2013 Jan.	6.6	4.4	3.5	3.4	-0.9	2.0	0.20	2.02
Feb.	7.0	4.3	3.1	3.0	-0.8	1.7	0.22	1.88
Mar.	7.1	4.2	2.6	.	-0.8	.	0.21	1.76
Apr.	.	.	.	.	.	.	0.21	1.55

### 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	5.8	2.2	1.4	3.2	80.6	0.3	10.2
2012	2.5	2.9	1.6	-0.6	-2.4	78.5	-0.6	11.4
2012 Q3	2.5	2.6	1.8	-0.7	-2.2	77.6	-0.6	11.5
Q4	2.3	2.4	1.3	-0.9	-3.1	77.3	-0.7	11.8
2013 Q1	1.9	.	.	.	.	77.5	.	12.0
2012 Nov.	2.2	2.3	-	-	-4.0	-	-	11.8
Dec.	2.2	2.2	-	-	-2.0	-	-	11.8
2013 Jan.	2.0	1.7	-	-	-2.4	77.5	-	12.0
Feb.	1.8	1.3	-	-	-3.1	-	-	12.0
Mar.	1.7	.	-	-	.	-	-	12.1
Apr.	1.2	.	-	-	.	77.5	-	.

### 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	26.0	6.8	133.9	667.1	-13.9	121.3	103.4	100.7	1.3920
2012	131.1	100.6	7.4	689.4	-7.5	123.8	97.8	95.5	1.2848
2012 Q2	19.8	25.7	81.5	701.5	-12.4	124.4	98.2	95.9	1.2814
Q3	44.9	30.3	-19.7	733.8	-11.9	126.0	95.9	93.7	1.2502
Q4	66.1	37.9	26.0	689.4	-12.0	123.8	97.8	95.5	1.2967
2013 Q1	.	.	.	687.9	.	.	100.7	98.2	1.3206
2012 Nov.	22.6	15.1	44.7	718.2	-	-	97.2	94.9	1.2828
Dec.	28.3	12.2	-48.1	689.4	-	-	98.7	96.2	1.3119
2013 Jan.	-4.9	-2.7	20.8	675.3	-	-	100.4	98.0	1.3288
Feb.	13.7	12.0	-10.6	671.8	-	-	101.6	99.0	1.3359
Mar.	.	.	.	687.9	-	-	100.2	97.7	1.2964
Apr.	.	.	.	.	-	-	100.4	98.0	1.3026

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

	29 March 2013	5 April 2013	12 April 2013	19 April 2013	26 April 2013
<b>Gold and gold receivables</b>	435,316	435,316	435,317	435,317	435,316
<b>Claims on non-euro area residents in foreign currency</b>	254,369	254,649	254,638	253,657	253,124
Claims on euro area residents in foreign currency	31,563	34,312	34,512	34,864	35,630
Claims on non-euro area residents in euro	22,101	21,799	22,157	21,216	21,650
<b>Lending to euro area credit institutions in euro</b>	903,619	896,763	884,212	869,916	852,233
Main refinancing operations	123,239	124,876	119,347	116,368	110,407
Longer-term refinancing operations	778,872	771,867	764,290	753,497	741,820
Fine-tuning reverse operations	0	0	0	0	0
Structural reverse operations	0	0	0	0	0
Marginal lending facility	1,507	19	575	51	5
Credits related to margin calls	0	0	0	0	0
<b>Other claims on euro area credit institutions in euro</b>	88,538	90,059	93,264	97,728	107,304
<b>Securities of euro area residents in euro</b>	618,064	618,953	617,971	613,129	611,575
Securities held for monetary policy purposes	269,340	269,340	269,022	265,590	265,590
Other securities	348,724	349,613	348,949	347,539	345,985
<b>General government debt in euro</b>	29,894	29,894	29,894	29,894	29,894
<b>Other assets</b>	264,663	265,354	262,490	261,542	264,526
<b>Total assets</b>	<b>2,648,126</b>	<b>2,647,097</b>	<b>2,634,454</b>	<b>2,617,263</b>	<b>2,611,252</b>

### 2. Liabilities

	29 March 2013	5 April 2013	12 April 2013	19 April 2013	26 April 2013
<b>Banknotes in circulation</b>	896,357	895,207	894,494	894,121	896,964
<b>Liabilities to euro area credit institutions in euro</b>	669,859	677,435	669,067	641,570	628,149
Current accounts (covering the minimum reserve system)	319,275	336,912	343,051	329,801	315,952
Deposit facility	144,648	134,902	119,906	105,590	109,662
Fixed-term deposits	205,500	205,500	206,000	206,000	202,500
Fine-tuning reverse operations	0	0	0	0	0
Deposits related to margin calls	437	120	110	179	35
<b>Other liabilities to euro area credit institutions in euro</b>	6,532	6,332	6,061	5,801	6,080
<b>Debt certificates issued</b>	0	0	0	0	0
<b>Liabilities to other euro area residents in euro</b>	120,596	110,740	110,206	120,665	116,508
<b>Liabilities to non-euro area residents in euro</b>	157,652	158,748	155,010	153,854	162,956
<b>Liabilities to euro area residents in foreign currency</b>	4,082	4,542	6,533	5,598	5,444
<b>Liabilities to non-euro area residents in foreign currency</b>	5,270	6,990	6,197	6,494	5,492
<b>Counterpart of special drawing rights allocated by the IMF</b>	55,145	55,145	55,145	55,145	55,145
<b>Other liabilities</b>	237,078	236,404	236,192	238,464	238,963
<b>Revaluation accounts</b>	406,639	406,639	406,635	406,635	406,635
<b>Capital and reserves</b>	88,917	88,917	88,917	88,917	88,917
<b>Total liabilities</b>	<b>2,648,126</b>	<b>2,647,097</b>	<b>2,634,454</b>	<b>2,617,263</b>	<b>2,611,252</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			
	Level	Change	Fixed rate	Minimum bid rate	Change	Level	Change
			Level	Level			
	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
2013 8 May	0.00	...	0.50	-	-0.25	1.00	-0.50

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								
2013 23 Jan.	125,302	71	125,302	0.75	-	-	-	7
30	124,149	74	124,149	0.75	-	-	-	7
6 Feb.	129,308	73	129,308	0.75	-	-	-	7
13	128,680	73	128,680	0.75	-	-	-	7
20	132,172	75	132,172	0.75	-	-	-	7
27	131,116	79	131,116	0.75	-	-	-	7
6 Mar.	129,804	80	129,804	0.75	-	-	-	7
13	127,305	78	127,305	0.75	-	-	-	7
20	119,375	76	119,375	0.75	-	-	-	7
27	123,239	75	123,239	0.75	-	-	-	7
3 Apr.	124,876	74	124,876	0.75	-	-	-	7
10	119,347	70	119,347	0.75	-	-	-	7
17	116,368	70	116,368	0.75	-	-	-	7
24	110,407	71	110,407	0.75	-	-	-	8
2 May	105,011	70	105,011	0.75	-	-	-	6
Longer-term refinancing operations <sup>5)</sup>								
2012 14 Nov.	15,926	30	15,926	0.75	-	-	-	28
29	7,371	37	7,371	0.75	-	-	-	91
12 Dec.	15,296	26	15,296	0.75	-	-	-	35
20	14,962	50	14,962	0.75	-	-	-	98
2013 16 Jan.	10,455	19	10,455	0.75	-	-	-	28
31	3,713	46	3,713	0.75	-	-	-	84
13 Feb.	7,759	16	7,759	0.75	-	-	-	28
28 <sup>6)</sup>	8,328	36	8,328	.	-	-	-	91
13 Mar.	4,208	19	4,208	0.75	-	-	-	28
28 <sup>6)</sup>	9,113	46	9,113	.	-	-	-	91
10 Apr.	5,159	17	5,159	0.75	-	-	-	28
25 <sup>6)</sup>	2,977	40	2,977	.	-	-	-	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
2013 23 Jan.	Collection of fixed-term deposits	298,933	60	208,500	-	-	0.75	0.01	0.01	7	
30	Collection of fixed-term deposits	284,235	66	208,500	-	-	0.75	0.20	0.04	7	
6 Feb.	Collection of fixed-term deposits	335,198	91	205,500	-	-	0.75	0.10	0.04	7	
13	Collection of fixed-term deposits	349,536	93	205,500	-	-	0.75	0.06	0.04	7	
20	Collection of fixed-term deposits	349,191	90	205,500	-	-	0.75	0.04	0.03	7	
27	Collection of fixed-term deposits	311,971	89	205,500	-	-	0.75	0.04	0.03	7	
6 Mar.	Collection of fixed-term deposits	301,604	91	205,500	-	-	0.75	0.04	0.03	7	
13	Collection of fixed-term deposits	286,410	78	205,500	-	-	0.75	0.04	0.03	7	
20	Collection of fixed-term deposits	272,719	72	205,500	-	-	0.75	0.04	0.03	7	
27	Collection of fixed-term deposits	225,224	64	205,500	-	-	0.75	0.24	0.06	7	
3 Apr.	Collection of fixed-term deposits	270,436	72	205,500	-	-	0.75	0.07	0.04	7	
10	Collection of fixed-term deposits	287,542	91	206,000	-	-	0.75	0.06	0.04	7	
17	Collection of fixed-term deposits	264,416	82	206,000	-	-	0.75	0.05	0.04	7	
24	Collection of fixed-term deposits	253,820	77	202,500	-	-	0.75	0.14	0.05	8	
2 May	Collection of fixed-term deposits	255,806	79	202,500	-	-	0.75	0.10	0.05	6	

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	18,564.7	9,971.7	637.5	2,583.9	1,163.1	4,208.4
2012 Oct.	18,807.8	9,973.0	675.6	2,607.6	1,304.6	4,247.0
Nov.	18,752.3	9,923.7	667.7	2,603.1	1,315.7	4,242.1
Dec.	18,564.7	9,971.7	637.5	2,583.9	1,163.1	4,208.4
2013 Jan.	18,558.8	9,900.6	636.4	2,569.8	1,259.2	4,192.8
Feb.	18,651.2	9,899.4	635.6	2,562.2	1,368.4	4,185.6

**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 11 Dec.	106.4	509.9	403.5	0.0	0.75
2013 15 Jan.	106.0	489.0	383.0	0.0	0.75
12 Feb.	105.4	466.3	360.8	0.0	0.75
12 Mar.	105.6	403.0	297.3	0.0	0.75
9 Apr.	104.9	346.0	241.1	0.0	0.75
7 May	104.9	.	.	.	.

**3. Liquidity**

Maintenance period ending on:	Liquidity-providing factors					Liquidity-absorbing factors					Credit institutions' current accounts	Base money
	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)		
	Eurosystem's net assets in gold and foreign currency	Main refinancing operations	Longer-term refinancing operations	Marginal lending facility	Other liquidity-providing operations <sup>2)</sup>							
	1	2	3	4	5	6	7	8	9	10	11	12
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 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
2013 15 Jan.	683.9	78.2	1,036.8	3.7	276.8	238.4	206.6	903.5	100.1	141.7	489.0	1,630.9
12 Feb.	656.5	127.5	960.3	0.3	273.4	184.3	207.8	883.5	90.8	185.5	466.3	1,534.1
12 Mar.	655.7	130.5	843.2	0.9	269.9	145.3	205.5	880.5	78.8	187.1	403.0	1,428.8
9 Apr.	656.8	123.7	782.9	0.5	269.1	133.8	205.5	889.2	89.7	168.7	346.0	1,369.1

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>

# 2

## 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
Eurosysteem														
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	5,287.4	3,351.2	16.9	1.0	3,333.3	723.1	568.3	10.5	144.3	-	23.4	799.9	8.3	381.6
2012 Q4	5,287.4	3,351.2	16.9	1.0	3,333.3	723.1	568.3	10.5	144.3	-	23.4	799.9	8.3	381.6
2013 Q1 <sup>(p)</sup>	4,675.5	2,727.1	16.9	1.2	2,709.0	747.5	590.6	24.6	132.4	-	23.9	792.1	8.2	376.7
2012 Dec.	5,287.4	3,351.2	16.9	1.0	3,333.3	723.1	568.3	10.5	144.3	-	23.4	799.9	8.3	381.6
2013 Jan.	4,930.1	3,015.3	16.9	1.0	2,997.4	719.9	567.9	11.2	140.8	-	23.6	784.4	8.1	378.8
Feb.	4,821.0	2,886.9	16.9	1.0	2,869.0	732.6	589.0	12.1	131.5	-	23.7	784.5	8.1	385.2
Mar. <sup>(p)</sup>	4,675.5	2,727.1	16.9	1.2	2,709.0	747.5	590.6	24.6	132.4	-	23.9	792.1	8.2	376.7
MFIs excluding the Eurosysteem														
2011	33,540.3	18,483.3	1,159.6	11,162.9	6,160.7	4,765.3	1,395.9	1,517.5	1,852.0	50.2	1,211.8	4,253.3	232.3	4,544.2
2012	32,698.9	17,992.6	1,153.0	11,043.2	5,796.4	4,906.6	1,628.9	1,423.1	1,854.6	66.9	1,227.8	4,045.2	214.6	4,245.3
2012 Q4	32,698.9	17,992.6	1,153.0	11,043.2	5,796.4	4,906.6	1,628.9	1,423.1	1,854.6	66.9	1,227.8	4,045.2	214.6	4,245.3
2013 Q1 <sup>(p)</sup>	32,771.2	17,790.7	1,123.9	11,044.6	5,622.2	4,939.7	1,705.7	1,406.4	1,827.7	64.0	1,234.1	4,052.5	210.0	4,480.1
2012 Dec.	32,698.9	17,992.6	1,153.0	11,043.2	5,796.4	4,906.6	1,628.9	1,423.1	1,854.6	66.9	1,227.8	4,045.2	214.6	4,245.3
2013 Jan.	32,772.3	17,910.3	1,156.9	11,045.2	5,708.2	4,937.7	1,656.8	1,404.6	1,876.2	60.3	1,244.7	4,014.8	214.0	4,390.6
Feb.	32,820.0	17,852.8	1,118.7	11,036.7	5,697.4	4,938.3	1,674.3	1,406.4	1,857.5	63.4	1,229.5	4,040.7	211.6	4,483.7
Mar. <sup>(p)</sup>	32,771.2	17,790.7	1,123.9	11,044.6	5,622.2	4,939.7	1,705.7	1,406.4	1,827.7	64.0	1,234.1	4,052.5	210.0	4,480.1

#### 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
Eurosysteem											
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	5,287.4	938.2	3,062.2	81.4	64.5	2,916.4	-	0.0	535.9	298.7	452.4
2012 Q4	5,287.4	938.2	3,062.2	81.4	64.5	2,916.4	-	0.0	535.9	298.7	452.4
2013 Q1 <sup>(p)</sup>	4,675.5	921.9	2,500.3	93.4	38.0	2,368.9	-	0.0	539.6	268.2	445.4
2012 Dec.	5,287.4	938.2	3,062.2	81.4	64.5	2,916.4	-	0.0	535.9	298.7	452.4
2013 Jan.	4,930.1	908.0	2,775.8	103.3	55.5	2,617.0	-	0.0	524.2	277.7	444.5
Feb.	4,821.0	905.4	2,684.6	82.7	53.8	2,548.1	-	0.0	518.7	270.1	442.3
Mar. <sup>(p)</sup>	4,675.5	921.9	2,500.3	93.4	38.0	2,368.9	-	0.0	539.6	268.2	445.4
MFIs excluding the Eurosysteem											
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	32,698.9	-	17,202.7	171.7	10,869.2	6,161.9	522.9	4,854.9	2,348.6	3,498.5	4,271.3
2012 Q4	32,698.9	-	17,202.7	171.7	10,869.2	6,161.9	522.9	4,854.9	2,348.6	3,498.5	4,271.3
2013 Q1 <sup>(p)</sup>	32,771.2	-	17,124.4	209.0	11,016.5	5,898.9	522.8	4,737.3	2,348.0	3,531.3	4,507.4
2012 Dec.	32,698.9	-	17,202.7	171.7	10,869.2	6,161.9	522.9	4,854.9	2,348.6	3,498.5	4,271.3
2013 Jan.	32,772.3	-	17,102.0	181.8	10,870.1	6,050.0	518.7	4,827.6	2,353.2	3,493.1	4,477.8
Feb.	32,820.0	-	17,095.5	208.9	10,908.5	5,978.2	528.1	4,798.9	2,337.8	3,529.3	4,530.5
Mar. <sup>(p)</sup>	32,771.2	-	17,124.4	209.0	11,016.5	5,898.9	522.8	4,737.3	2,348.0	3,531.3	4,507.4

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>											
2011	26,717.5	12,341.5	1,177.6	11,163.9	3,480.3	1,952.8	1,527.6	739.7	5,032.5	240.4	4,883.0
2012	26,245.5	12,214.1	1,169.9	11,044.2	3,630.8	2,197.2	1,433.6	767.1	4,845.1	222.9	4,565.5
2012 Q4	26,245.5	12,214.1	1,169.9	11,044.2	3,630.8	2,197.2	1,433.6	767.1	4,845.1	222.9	4,565.5
2013 Q1 <sup>(p)</sup>	26,563.7	12,186.6	1,140.8	11,045.7	3,727.2	2,296.2	1,430.9	784.7	4,844.6	218.2	4,802.4
2012 Dec.	26,245.5	12,214.1	1,169.9	11,044.2	3,630.8	2,197.2	1,433.6	767.1	4,845.1	222.9	4,565.5
2013 Jan.	26,381.2	12,220.0	1,173.8	11,046.2	3,640.5	2,224.7	1,415.9	781.0	4,799.2	222.0	4,718.4
Feb.	26,495.1	12,173.2	1,135.6	11,037.7	3,681.9	2,263.3	1,418.5	775.9	4,825.2	219.7	4,819.3
Mar. <sup>(p)</sup>	26,563.7	12,186.6	1,140.8	11,045.7	3,727.2	2,296.2	1,430.9	784.7	4,844.6	218.2	4,802.4
<b>Transactions</b>											
2011	992.9	60.3	-55.6	115.8	127.6	151.8	-24.2	-29.9	-37.3	7.8	864.3
2012	79.5	-40.1	-5.1	-35.0	112.4	182.8	-70.5	39.6	-150.7	-14.0	132.3
2012 Q4	-408.3	-101.2	-10.1	-91.1	23.3	-22.0	45.3	15.9	-94.0	-4.1	-248.2
2013 Q1 <sup>(p)</sup>	-70.6	-7.0	-29.5	22.5	99.0	101.1	-2.1	17.9	10.9	-3.5	-188.0
2012 Dec.	-361.7	-90.0	-15.2	-74.8	12.5	-50.8	63.3	7.3	-90.8	-5.5	-195.2
2013 Jan.	-158.8	24.5	4.1	20.4	10.0	26.3	-16.2	14.1	59.8	-0.8	-266.4
Feb.	86.5	-43.2	-38.8	-4.4	47.6	45.4	2.2	-5.2	-8.6	-1.2	97.2
Mar. <sup>(p)</sup>	1.7	11.7	5.2	6.5	41.4	29.5	11.9	9.1	-40.2	-1.5	-18.8

**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>										
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	26,245.5	876.8	253.0	10,933.7	456.0	2,856.1	2,400.5	3,797.2	4,723.8	-51.5
2012 Q4	26,245.5	876.8	253.0	10,933.7	456.0	2,856.1	2,400.5	3,797.2	4,723.8	-51.5
2013 Q1 <sup>(p)</sup>	26,563.7	867.5	302.3	11,054.5	458.7	2,777.2	2,414.4	3,799.5	4,952.8	-63.4
2012 Dec.	26,245.5	876.8	253.0	10,933.7	456.0	2,856.1	2,400.5	3,797.2	4,723.8	-51.5
2013 Jan.	26,381.2	857.0	285.1	10,925.6	458.4	2,810.6	2,390.1	3,770.7	4,922.3	-38.6
Feb.	26,495.1	855.8	291.6	10,962.3	464.7	2,809.8	2,379.1	3,799.4	4,972.7	-40.2
Mar. <sup>(p)</sup>	26,563.7	867.5	302.3	11,054.5	458.7	2,777.2	2,414.4	3,799.5	4,952.8	-63.4
<b>Transactions</b>										
2011	992.9	49.1	-0.8	168.0	-29.0	49.9	141.6	-200.0	860.7	-46.6
2012	79.5	19.4	-4.2	184.8	-20.1	-124.4	165.0	-253.5	136.6	-24.2
2012 Q4	-408.3	10.1	-43.8	93.6	-22.1	-63.6	53.8	-215.5	-233.6	12.6
2013 Q1 <sup>(p)</sup>	-70.6	-9.3	50.3	113.5	7.8	-69.4	33.0	-16.6	-170.4	-9.5
2012 Dec.	-361.7	12.7	-60.6	31.6	-26.6	-25.0	45.8	-125.6	-236.0	21.9
2013 Jan.	-158.8	-19.8	33.9	-0.3	7.3	-14.0	4.6	30.5	-218.4	17.4
Feb.	86.5	-1.2	5.6	28.6	6.3	-15.6	10.4	-8.3	64.2	-3.5
Mar. <sup>(p)</sup>	1.7	11.7	10.8	85.2	-5.9	-39.8	18.0	-38.8	-16.1	-23.4

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>

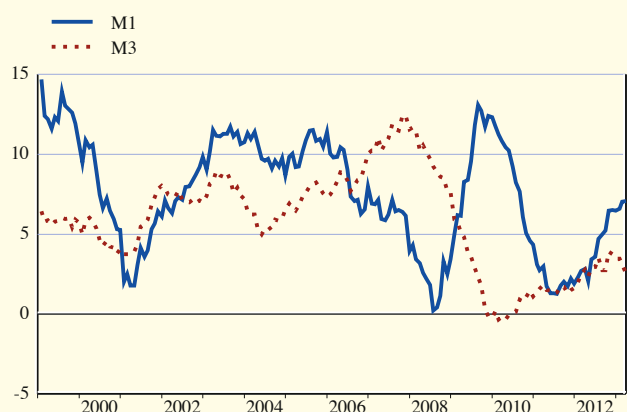
(EUR billions and annual growth rates; seasonally adjusted; outstanding amounts and growth rates at end of period; transactions during period)

### 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												
2011	4,799.5	3,806.7	8,606.2	894.0	9,500.2	-	7,679.6	3,165.2	13,282.1	11,016.5	-	928.9
2012	5,105.4	3,885.8	8,991.2	782.1	9,773.3	-	7,571.3	3,407.7	13,056.5	10,857.2	-	1,030.6
2012 Q4	5,105.4	3,885.8	8,991.2	782.1	9,773.3	-	7,571.3	3,407.7	13,056.5	10,857.2	-	1,030.6
2013 Q1 <sup>(p)</sup>	5,202.7	3,887.1	9,089.7	720.1	9,809.9	-	7,559.5	3,431.8	13,047.9	10,832.2	-	1,058.1
2012 Dec.	5,105.4	3,885.8	8,991.2	782.1	9,773.3	-	7,571.3	3,407.7	13,056.5	10,857.2	-	1,030.6
2013 Jan.	5,121.4	3,895.9	9,017.3	767.7	9,785.0	-	7,533.2	3,405.7	13,024.5	10,832.4	-	1,020.4
Feb.	5,173.5	3,888.4	9,061.9	748.4	9,810.3	-	7,530.3	3,401.2	13,016.4	10,826.4	-	1,013.7
Mar. <sup>(p)</sup>	5,202.7	3,887.1	9,089.7	720.1	9,809.9	-	7,559.5	3,431.8	13,047.9	10,832.2	-	1,058.1
Transactions												
2011	88.5	71.4	159.9	-7.4	152.5	-	211.6	95.8	48.8	103.6	130.2	162.1
2012	311.2	76.0	387.2	-58.5	328.6	-	-109.6	183.4	-104.0	-72.7	-17.9	101.4
2012 Q4	84.4	36.4	120.8	-34.6	86.1	-	-13.2	-0.4	-4.0	-41.6	-8.7	108.9
2013 Q1 <sup>(p)</sup>	94.8	0.1	94.9	-44.4	50.5	-	0.9	25.8	13.2	-4.0	0.7	57.8
2012 Dec.	5.2	7.7	13.0	-18.8	-5.8	-	7.1	-21.7	48.7	-24.5	2.4	20.4
2013 Jan.	21.1	13.1	34.3	3.0	37.3	-	-4.2	-2.9	-11.8	-6.3	-9.9	38.5
Feb.	47.5	-9.3	38.2	-20.1	18.1	-	3.0	1.6	-4.5	-1.9	7.1	-4.4
Mar. <sup>(p)</sup>	26.2	-3.8	22.4	-27.3	-4.9	-	2.1	27.1	29.6	4.2	3.5	23.7
Growth rates												
2011	1.9	1.9	1.9	-0.9	1.6	1.7	2.9	3.2	0.4	0.9	1.2	162.1
2012	6.5	2.0	4.5	-6.9	3.5	3.6	-1.4	5.8	-0.8	-0.7	-0.2	101.4
2012 Q4	6.5	2.0	4.5	-6.9	3.5	3.6	-1.4	5.8	-0.8	-0.7	-0.2	101.4
2013 Q1 <sup>(p)</sup>	7.1	0.5	4.2	-13.8	2.6	3.0	-1.1	3.5	-0.9	-0.8	-0.3	179.9
2012 Dec.	6.5	2.0	4.5	-6.9	3.5	3.6	-1.4	5.8	-0.8	-0.7	-0.2	101.4
2013 Jan.	6.6	1.7	4.4	-6.1	3.5	3.4	-1.6	4.5	-1.1	-0.9	-0.5	174.8
Feb.	7.0	0.8	4.3	-8.8	3.1	3.0	-1.5	3.6	-1.1	-0.8	-0.4	155.3
Mar. <sup>(p)</sup>	7.1	0.5	4.2	-13.8	2.6	.	-1.1	3.5	-0.9	-0.8	-0.3	179.9

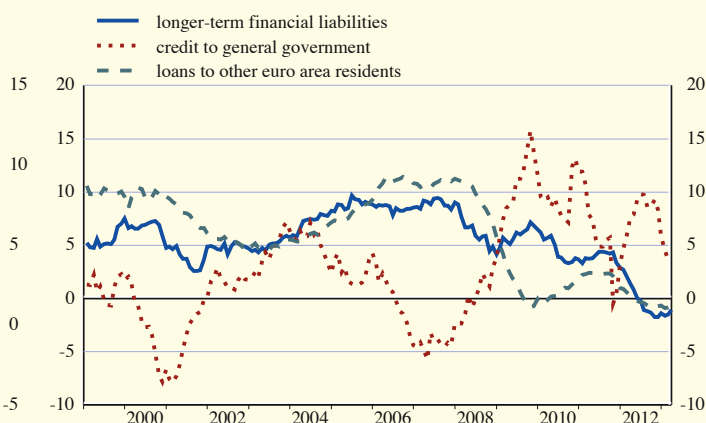
### C1 Monetary aggregates <sup>1)</sup>

(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>**

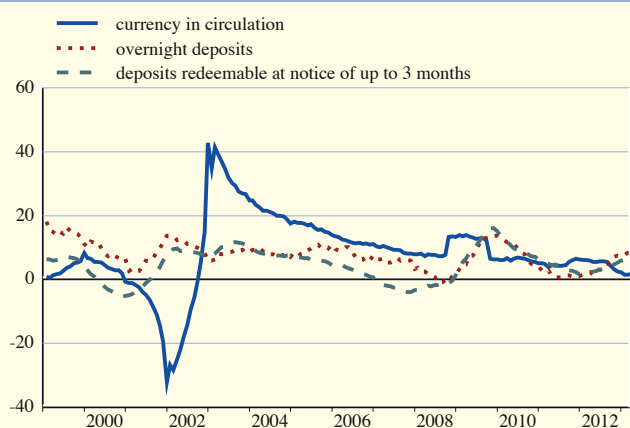
(EUR billions and annual growth rates; seasonally adjusted; outstanding amounts and growth rates at end of period; transactions during period)

**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											
2011	843.7	3,955.7	1,845.8	1,960.9	147.2	536.8	210.0	2,815.6	115.3	2,543.5	2,205.2
2012	863.3	4,242.0	1,806.3	2,079.5	125.0	470.0	187.1	2,689.1	106.0	2,391.3	2,384.9
2012 Q4	863.3	4,242.0	1,806.3	2,079.5	125.0	470.0	187.1	2,689.1	106.0	2,391.3	2,384.9
2013 Q1 <sup>(p)</sup>	866.7	4,336.0	1,784.9	2,102.2	122.3	457.8	140.0	2,631.4	100.9	2,406.4	2,420.8
2012 Dec.	863.3	4,242.0	1,806.3	2,079.5	125.0	470.0	187.1	2,689.1	106.0	2,391.3	2,384.9
2013 Jan.	861.5	4,259.9	1,807.3	2,088.6	131.5	463.4	172.8	2,655.6	104.0	2,388.6	2,385.0
Feb.	863.3	4,310.2	1,791.1	2,097.2	126.2	465.6	156.7	2,661.1	102.4	2,386.7	2,380.1
Mar. <sup>(p)</sup>	866.7	4,336.0	1,784.9	2,102.2	122.3	457.8	140.0	2,631.4	100.9	2,406.4	2,420.8
Transactions											
2011	49.2	39.3	38.2	33.3	-16.7	-29.7	39.0	17.9	-2.5	55.8	140.4
2012	19.7	291.4	-40.0	116.0	-16.6	-22.1	-19.8	-103.7	-11.6	-158.5	164.2
2012 Q4	-3.8	88.1	-3.0	39.4	0.5	-11.2	-24.0	-10.7	-4.2	-37.4	39.2
2013 Q1 <sup>(p)</sup>	3.4	91.5	-21.8	21.9	-2.8	-7.1	-34.5	-60.4	-5.1	11.7	54.8
2012 Dec.	-0.5	5.8	-1.4	9.2	1.5	-11.6	-8.7	-5.9	-1.6	-18.1	32.7
2013 Jan.	-1.8	22.9	3.9	9.2	6.7	-1.6	-2.1	-13.8	-2.0	-3.4	15.0
Feb.	1.8	45.7	-17.8	8.6	-5.5	2.3	-16.9	-8.5	-1.7	-3.3	16.5
Mar. <sup>(p)</sup>	3.4	22.8	-7.9	4.1	-4.0	-7.8	-15.5	-38.1	-1.5	18.4	23.3
Growth rates											
2011	6.2	1.0	2.1	1.7	-9.7	-5.1	29.1	0.7	-2.1	2.3	6.9
2012	2.3	7.4	-2.2	5.9	-11.4	-4.4	-10.1	-3.7	-10.0	-6.2	7.3
2012 Q4	2.3	7.4	-2.2	5.9	-11.4	-4.4	-10.1	-3.7	-10.0	-6.2	7.3
2013 Q1 <sup>(p)</sup>	1.8	8.2	-5.2	5.9	-7.7	-6.5	-33.8	-4.3	-12.5	-5.1	7.8
2012 Dec.	2.3	7.4	-2.2	5.9	-11.4	-4.4	-10.1	-3.7	-10.0	-6.2	7.3
2013 Jan.	1.5	7.7	-3.0	6.2	-8.2	-4.0	-9.6	-3.8	-11.2	-6.5	7.0
Feb.	1.4	8.2	-4.8	6.2	-9.2	-3.1	-21.8	-3.7	-11.8	-6.7	7.5
Mar. <sup>(p)</sup>	1.8	8.2	-5.2	5.9	-7.7	-6.5	-33.8	-4.3	-12.5	-5.1	7.8

**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

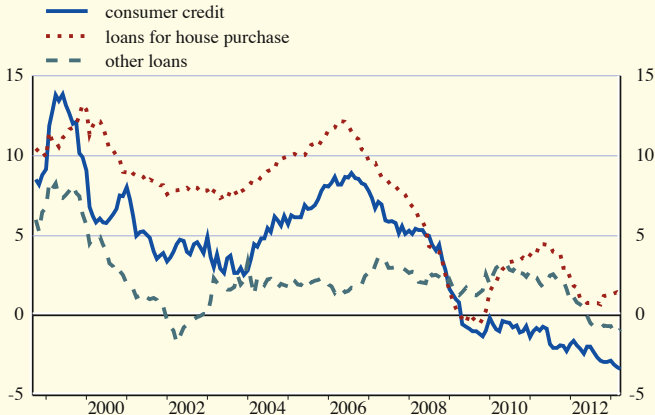
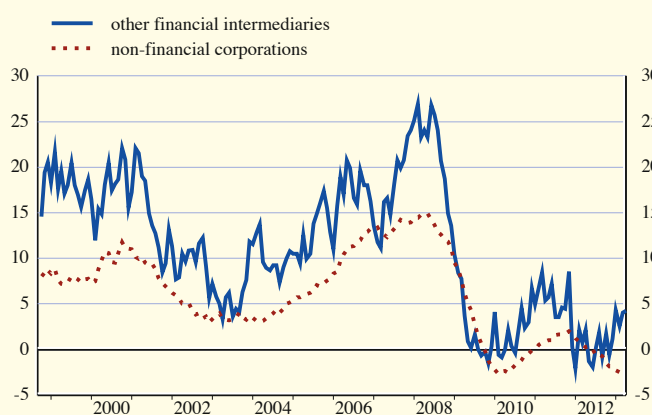
	Insurance corporations and pension funds		Non-financial corporations				Households <sup>3)</sup>					
	Total	Total	Total		Up to 1 year	Over 1 and up to 5 years	Over 5 years	Total		Consumer credit	Loans for house purchase	Other loans
			Loans adjusted for sales and securitisation <sup>4)</sup>					Loans adjusted for sales and securitisation <sup>4)</sup>				
	1	2	3	4	5	6	7	8	9	10	11	12
<b>Outstanding amounts</b>												
2011	91.0	968.0	4,725.1	-	1,148.0	860.7	2,716.5	5,232.3	-	626.2	3,777.2	828.9
2012	88.9	977.1	4,548.0	-	1,133.6	795.9	2,618.5	5,243.1	-	601.9	3,824.3	816.9
2012 Q4	88.9	977.1	4,548.0	-	1,133.6	795.9	2,618.5	5,243.1	-	601.9	3,824.3	816.9
2013 Q1 <sup>(p)</sup>	92.5	973.6	4,514.7	-	1,143.6	779.4	2,591.7	5,251.3	-	593.9	3,843.1	814.3
2012 Dec.	88.9	977.1	4,548.0	-	1,133.6	795.9	2,618.5	5,243.1	-	601.9	3,824.3	816.9
2013 Jan.	92.8	965.0	4,529.6	-	1,126.4	791.0	2,612.1	5,245.0	-	600.0	3,830.5	814.4
Feb.	92.5	969.9	4,515.1	-	1,134.4	784.3	2,596.4	5,249.0	-	596.8	3,838.6	813.6
Mar. <sup>(p)</sup>	92.5	973.6	4,514.7	-	1,143.6	779.4	2,591.7	5,251.3	-	593.9	3,843.1	814.3
<b>Transactions</b>												
2011	1.3	-37.4	58.1	64.0	23.4	-22.1	56.8	81.6	102.2	-11.6	85.7	7.4
2012	-2.0	9.5	-106.4	-60.0	1.0	-45.1	-62.2	26.1	34.8	-17.8	49.4	-5.5
2012 Q4	2.0	15.4	-63.8	-31.3	-1.5	-17.6	-44.6	4.9	5.2	-1.7	9.1	-2.4
2013 Q1 <sup>(p)</sup>	3.6	-5.8	-12.2	-4.0	13.6	-11.8	-14.0	10.5	5.2	-6.1	17.3	-0.7
2012 Dec.	0.9	21.2	-46.7	-16.0	-0.3	-11.1	-35.3	0.1	-3.6	0.3	3.4	-3.6
2013 Jan.	4.0	-8.4	-8.1	-7.8	-4.2	-2.6	-1.2	6.2	1.6	-0.7	8.0	-1.2
Feb.	-0.4	2.7	-6.5	4.2	8.9	-4.4	-11.0	2.4	0.6	-2.8	5.9	-0.8
Mar. <sup>(p)</sup>	0.0	-0.1	2.3	-0.4	8.9	-4.8	-1.8	2.0	3.0	-2.6	3.3	1.2
<b>Growth rates</b>												
2011	1.5	-3.8	1.2	1.4	2.1	-2.5	2.1	1.6	2.0	-1.8	2.3	0.9
2012	-2.2	1.0	-2.3	-1.3	0.1	-5.3	-2.3	0.5	0.7	-2.9	1.3	-0.7
2012 Q4	-2.2	1.0	-2.3	-1.3	0.1	-5.3	-2.3	0.5	0.7	-2.9	1.3	-0.7
2013 Q1 <sup>(p)</sup>	6.1	0.1	-2.4	-1.3	1.5	-5.7	-3.0	0.4	0.4	-3.4	1.3	-0.9
2012 Dec.	-2.2	1.0	-2.3	-1.3	0.1	-5.3	-2.3	0.5	0.7	-2.9	1.3	-0.7
2013 Jan.	7.3	-1.4	-2.5	-1.5	-0.5	-4.9	-2.5	0.5	0.4	-3.1	1.4	-1.1
Feb.	9.4	-0.6	-2.5	-1.4	0.5	-5.2	-3.0	0.5	0.4	-3.3	1.4	-1.1
Mar. <sup>(p)</sup>	6.1	0.1	-2.4	-1.3	1.5	-5.7	-3.0	0.4	0.4	-3.4	1.3	-0.9

### 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	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	
													Reverse repos to central counterparties
1	2	3	4	5	6	7	8	9	10	11	12	13	
<b>Outstanding amounts</b>													
2012	81.6	64.2	4.5	12.9	1,166.2	196.2	599.7	229.3	337.1	4,542.5	1,125.4	794.8	2,622.3
2012 Q4	81.6	64.2	4.5	12.9	1,166.2	196.2	599.7	229.3	337.1	4,542.5	1,125.4	794.8	2,622.3
2013 Q1 <sup>(p)</sup>	91.4	75.4	3.9	12.2	1,201.8	234.7	628.2	219.6	354.0	4,510.1	1,139.8	779.7	2,590.6
2013 Jan.	90.5	73.3	4.3	13.0	1,181.3	223.8	617.2	222.8	341.2	4,530.9	1,129.0	787.4	2,614.5
Feb.	90.6	73.5	4.1	12.9	1,192.6	236.3	621.4	219.6	351.6	4,514.6	1,134.4	782.6	2,597.6
Mar. <sup>(p)</sup>	91.4	75.4	3.9	12.2	1,201.8	234.7	628.2	219.6	354.0	4,510.1	1,139.8	779.7	2,590.6
<b>Transactions</b>													
2012	-1.7	0.6	-1.8	-0.5	48.4	38.7	20.7	13.1	14.6	-107.3	0.3	-45.2	-62.5
2012 Q4	-8.2	-7.6	-1.2	0.6	-28.1	-25.5	-26.0	3.5	-5.7	-67.1	-7.3	-19.9	-39.8
2013 Q1 <sup>(p)</sup>	9.9	11.2	-0.6	-0.7	33.0	38.4	28.4	-4.6	9.3	-11.3	18.0	-10.3	-18.9
2013 Jan.	9.0	9.1	-0.2	0.1	18.7	27.6	19.3	-5.8	5.2	-1.1	6.6	-5.1	-2.6
Feb.	0.1	0.2	-0.2	0.0	9.2	12.4	3.2	1.5	4.4	-8.3	6.3	-2.5	-12.1
Mar. <sup>(p)</sup>	0.8	1.8	-0.3	-0.8	5.1	-1.6	5.8	-0.4	-0.3	-1.8	5.1	-2.7	-4.2
<b>Growth rates</b>													
2012	-2.0	0.9	-28.6	-3.5	4.3	24.7	3.5	6.1	4.5	-2.3	0.0	-5.3	-2.3
2012 Q4	-2.0	0.9	-28.6	-3.5	4.3	24.7	3.5	6.1	4.5	-2.3	0.0	-5.3	-2.3
2013 Q1 <sup>(p)</sup>	6.1	11.7	-27.5	-8.8	4.2	25.6	6.1	0.4	3.6	-2.4	1.4	-5.7	-3.0
2013 Jan.	7.2	12.6	-29.4	-2.8	2.6	24.2	2.3	-1.1	5.6	-2.5	-0.5	-5.0	-2.5
Feb.	9.5	16.0	-32.4	-2.4	4.0	27.9	4.4	-0.5	6.4	-2.5	0.5	-5.2	-3.0
Mar. <sup>(p)</sup>	6.1	11.7	-27.5	-8.8	4.2	25.6	6.1	0.4	3.6	-2.4	1.4	-5.7	-3.0

**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
<b>Outstanding amounts</b>														
2012	5,253.0	604.2	136.3	175.2	292.7	3,831.1	14.3	56.6	3,760.2	817.7	419.4	139.9	80.7	597.1
2012 Q4	5,253.0	604.2	136.3	175.2	292.7	3,831.1	14.3	56.6	3,760.2	817.7	419.4	139.9	80.7	597.1
2013 Q1 <sup>(p)</sup>	5,241.2	591.6	130.5	172.3	288.8	3,837.9	13.6	56.0	3,768.4	811.7	415.0	139.0	78.5	594.2
2013 Jan.	5,242.4	598.1	133.5	174.4	290.3	3,830.7	14.4	56.4	3,759.9	813.6	417.1	138.8	79.6	595.2
Feb.	5,238.8	592.4	131.9	172.1	288.5	3,834.0	14.3	56.1	3,763.6	812.4	416.6	138.1	78.9	595.4
Mar. <sup>(p)</sup>	5,241.2	591.6	130.5	172.3	288.8	3,837.9	13.6	56.0	3,768.4	811.7	415.0	139.0	78.5	594.2
<b>Transactions</b>														
2012	25.5	-17.8	-3.2	-6.1	-8.5	48.9	0.1	0.3	48.5	-5.5	-6.1	-1.2	-5.7	1.3
2012 Q4	12.2	-0.7	2.4	-1.5	-1.6	14.2	0.0	-0.2	14.5	-1.4	2.7	1.5	-1.7	-1.2
2013 Q1 <sup>(p)</sup>	-9.3	-10.6	-4.5	-3.4	-2.7	5.5	-0.4	-0.9	6.8	-4.2	-4.3	-1.0	-1.8	-1.4
2013 Jan.	-6.3	-4.9	-1.6	-1.5	-1.8	1.4	0.1	-0.1	1.4	-2.8	-1.9	-0.8	-1.1	-0.9
Feb.	-5.3	-5.3	-1.6	-2.2	-1.5	1.2	-0.1	-0.4	1.7	-1.2	-0.8	-1.0	-0.5	0.3
Mar. <sup>(p)</sup>	2.2	-0.5	-1.3	0.3	0.6	2.9	-0.4	-0.4	3.7	-0.2	-1.6	0.9	-0.3	-0.8
<b>Growth rates</b>														
2012	0.5	-2.8	-2.3	-3.3	-2.8	1.3	0.6	0.6	1.3	-0.7	-1.5	-0.8	-6.5	0.2
2012 Q4	0.5	-2.8	-2.3	-3.3	-2.8	1.3	0.6	0.6	1.3	-0.7	-1.5	-0.8	-6.5	0.2
2013 Q1 <sup>(p)</sup>	0.4	-3.4	-2.4	-4.1	-3.4	1.3	0.2	-1.2	1.4	-0.9	-1.9	-1.0	-7.5	0.1
2013 Jan.	0.5	-3.1	-2.9	-3.6	-2.8	1.4	2.8	0.3	1.4	-1.1	-1.7	-1.8	-7.6	0.1
Feb.	0.5	-3.3	-2.4	-4.2	-3.1	1.4	3.5	-0.2	1.4	-1.1	-1.8	-2.6	-7.3	0.1
Mar. <sup>(p)</sup>	0.4	-3.4	-2.4	-4.1	-3.4	1.3	0.2	-1.2	1.4	-0.9	-1.9	-1.0	-7.5	0.1

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>

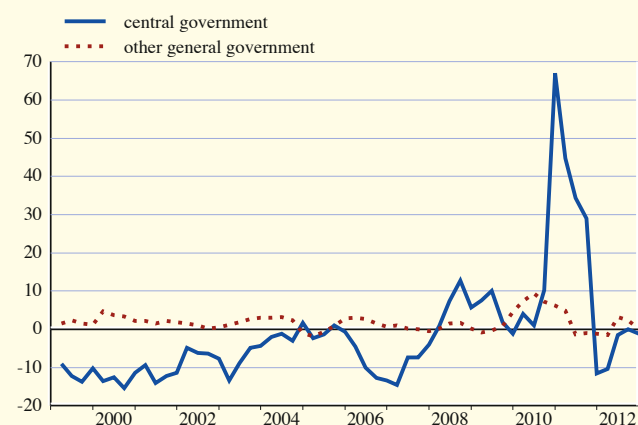
(EUR billions and annual growth rates; not seasonally adjusted; outstanding amounts and growth rates at end of period; transactions during period)

### 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
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	965.0
Q3	1,163.0	341.4	231.5	564.0	26.2	3,006.8	1,988.9	1,017.9	59.7	958.1
Q4 <sup>4)</sup>	1,153.0	341.8	221.6	565.3	24.1	2,867.2	1,909.8	959.1	60.9	898.2
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	-26.4	41.6	13.0	28.7
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	-7.7	1.8	-9.3	-1.3	1.1	-54.5	-59.4	5.0	2.3	2.7
Q4 <sup>4)</sup>	-10.0	0.6	-9.9	1.3	-1.9	-101.9	-54.9	-45.2	2.1	-47.4
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	-1.2	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	1.7	0.0	2.7	2.1	6.9	-5.6	-7.1	-2.6	-7.0	-2.3
Q4 <sup>4)</sup>	-0.3	-1.2	-2.2	0.4	12.3	-4.2	-4.9	-2.8	-1.4	-2.8

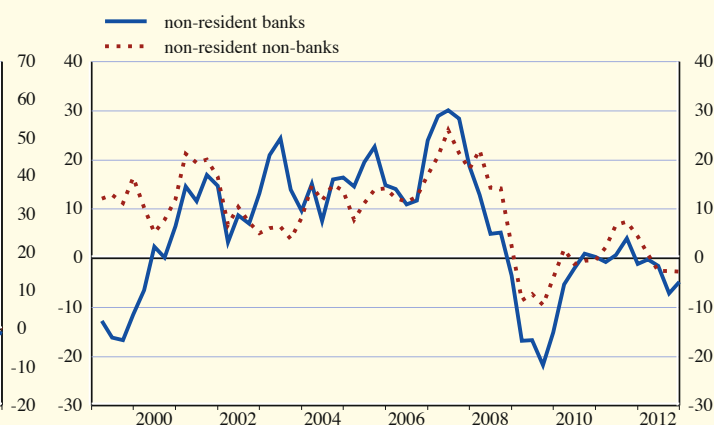
### C7 Loans to government <sup>2)</sup>

(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>**

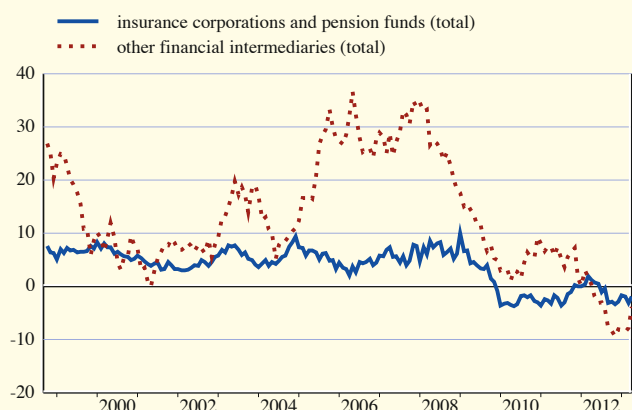
(EUR billions and annual growth rates; outstanding amounts and growth rates at end of period; transactions during period)

**1. Deposits by financial intermediaries**

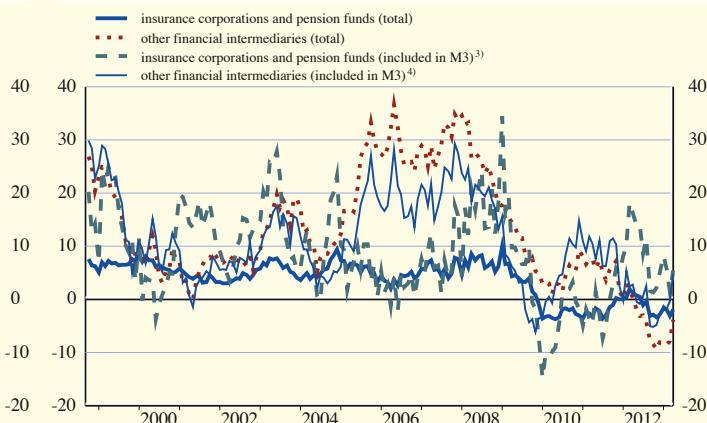
	Insurance corporations and pension funds							Other financial intermediaries							
	Total	Overnight	With an agreed maturity of:		Redeemable at notice of:		Repos	Total	Overnight	With an agreed maturity of:		Redeemable at notice of:		Repos	
			Up to 2 years	Over 2 years	Up to 3 months	Over 3 months				Up to 2 years	Over 2 years	Up to 3 months	Over 3 months		
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	With central counter-parties 15
<b>Outstanding amounts</b>															
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	691.5	107.1	81.4	483.8	6.4	0.2	12.6	2,013.1	410.0	236.6	1,018.2	13.6	0.3	334.4	256.7
2012 Q4	691.5	107.1	81.4	483.8	6.4	0.2	12.6	2,013.1	410.0	236.6	1,018.2	13.6	0.3	334.4	256.7
2013 Q1 <sup>(p)</sup>	697.0	114.2	83.3	479.9	7.9	0.3	11.4	2,108.0	442.1	238.0	1,013.5	15.0	0.2	399.2	314.3
2012 Dec.	691.5	107.1	81.4	483.8	6.4	0.2	12.6	2,013.1	410.0	236.6	1,018.2	13.6	0.3	334.4	256.7
2013 Jan.	705.8	120.4	82.5	482.9	6.9	0.4	12.6	2,034.2	426.0	238.2	1,012.8	14.2	0.2	342.8	256.5
Feb.	699.6	115.5	82.1	481.7	7.1	0.4	12.7	2,053.5	430.0	235.1	1,002.2	14.6	0.2	371.4	287.9
Mar. <sup>(p)</sup>	697.0	114.2	83.3	479.9	7.9	0.3	11.4	2,108.0	442.1	238.0	1,013.5	15.0	0.2	399.2	314.3
<b>Transactions</b>															
2011	0.2	11.7	4.2	-14.2	1.1	-0.1	-2.6	2.4	28.8	-29.2	5.6	-2.6	0.1	-0.4	5.5
2012	-12.1	15.5	2.6	-27.6	2.0	0.0	-4.6	-179.5	23.2	-49.5	-168.4	-2.0	-0.2	17.4	13.3
2012 Q4	-1.7	5.2	3.2	-10.7	-0.3	0.0	1.0	-91.9	-21.7	-1.4	-15.2	0.2	0.0	-53.9	-40.8
2013 Q1 <sup>(p)</sup>	6.7	7.9	1.9	-4.2	1.5	0.1	-0.6	88.4	29.2	1.0	-7.2	1.5	-0.1	64.0	57.5
2012 Dec.	6.3	3.7	5.3	-1.8	-0.2	0.0	-0.7	-60.1	-10.7	0.8	-10.1	0.2	-0.1	-40.2	-36.1
2013 Jan.	14.3	13.5	1.2	-1.1	0.5	0.2	0.0	23.9	17.9	2.3	-5.6	0.7	-0.1	8.6	0.0
Feb.	-6.1	-5.0	-0.4	-1.3	0.3	0.0	0.3	14.7	1.8	-3.6	-11.7	0.4	0.0	27.8	31.2
Mar. <sup>(p)</sup>	-1.5	-0.6	1.1	-1.8	0.7	-0.1	-0.8	49.8	9.5	2.3	10.0	0.4	0.0	27.6	26.2
<b>Growth rates</b>															
2011	0.0	14.4	5.6	-2.7	43.3	-	-13.1	0.2	8.1	-9.3	0.4	-10.0	-	-0.2	2.1
2012	-1.7	16.9	3.4	-5.4	50.8	-	-31.3	-8.2	5.9	-17.3	-14.2	-14.0	-	4.3	4.2
2012 Q4	-1.7	16.9	3.4	-5.4	50.8	-	-31.3	-8.2	5.9	-17.3	-14.2	-14.0	-	4.3	4.2
2013 Q1 <sup>(p)</sup>	-1.9	17.3	-2.4	-4.9	65.3	-	-39.9	-3.9	5.1	-11.4	-11.8	-9.6	-	17.2	20.4
2012 Dec.	-1.7	16.9	3.4	-5.4	50.8	-	-31.3	-8.2	5.9	-17.3	-14.2	-14.0	-	4.3	4.2
2013 Jan.	-1.9	11.0	0.8	-5.1	59.1	-	-22.7	-8.5	3.6	-13.8	-14.5	-4.8	-	0.9	0.3
Feb.	-3.1	8.3	-4.1	-4.9	60.6	-	-32.6	-7.8	5.8	-15.9	-14.7	-3.0	-	4.9	6.4
Mar. <sup>(p)</sup>	-1.9	17.3	-2.4	-4.9	65.3	-	-39.9	-3.9	5.1	-11.4	-11.8	-9.6	-	17.2	20.4

**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>

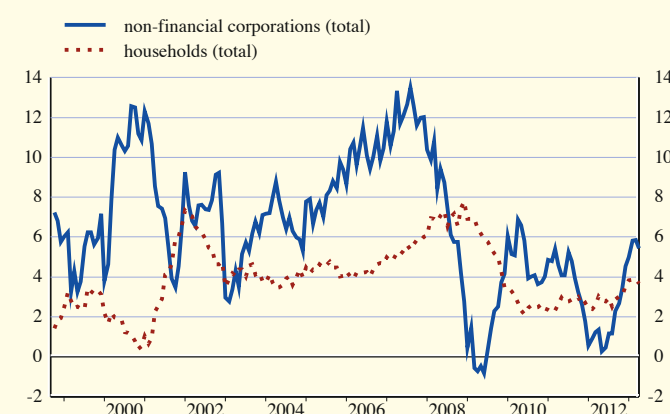
(EUR billions and annual growth rates; outstanding amounts and growth rates at end of period; transactions during period)

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

	Non-financial corporations							Households <sup>3)</sup>						
	Total	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	
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
Outstanding amounts														
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	1,766.6	1,153.2	408.3	106.8	85.4	2.0	10.9	6,119.8	2,346.6	980.0	747.5	1,937.3	98.0	10.4
2012 Q4	1,766.6	1,153.2	408.3	106.8	85.4	2.0	10.9	6,119.8	2,346.6	980.0	747.5	1,937.3	98.0	10.4
2013 Q1 <sup>4)</sup>	1,753.7	1,127.6	410.0	110.6	92.6	1.7	11.1	6,166.1	2,376.7	966.0	757.9	1,963.4	93.1	8.8
2012 Dec.	1,766.6	1,153.2	408.3	106.8	85.4	2.0	10.9	6,119.8	2,346.6	980.0	747.5	1,937.3	98.0	10.4
2013 Jan.	1,720.2	1,110.9	397.6	107.7	88.3	1.9	13.9	6,130.8	2,336.8	982.5	750.0	1,954.6	96.2	10.7
Feb.	1,722.8	1,103.1	403.5	110.1	90.5	1.8	13.9	6,150.9	2,357.9	977.6	752.4	1,959.9	94.3	8.9
Mar. <sup>4)</sup>	1,753.7	1,127.6	410.0	110.6	92.6	1.7	11.1	6,166.1	2,376.7	966.0	757.9	1,963.4	93.1	8.8
Transactions														
2011	9.4	8.9	-3.5	8.7	-5.0	0.4	-0.2	139.0	7.4	42.5	55.3	43.5	-2.6	-7.0
2012	84.2	105.7	-39.6	12.9	9.5	0.0	-4.3	225.0	90.5	33.7	21.8	102.2	-11.0	-12.3
2012 Q4	68.3	59.5	7.6	2.0	-0.9	0.3	-0.2	104.9	51.0	11.3	1.2	46.8	-3.0	-2.3
2013 Q1 <sup>4)</sup>	-13.3	-25.4	1.9	3.9	6.4	-0.3	0.1	45.8	30.0	-13.3	9.7	26.0	-4.9	-1.6
2012 Dec.	39.5	38.6	2.6	0.4	-1.6	0.0	-0.4	85.3	47.3	6.4	6.6	27.8	-1.4	-1.3
2013 Jan.	-43.2	-40.3	-9.8	1.0	2.9	-0.1	3.0	12.6	-9.0	4.0	1.8	17.3	-1.9	0.3
Feb.	-0.2	-9.5	5.3	2.0	2.1	0.0	-0.1	18.9	20.5	-5.4	2.3	5.2	-1.9	-1.8
Mar. <sup>4)</sup>	30.1	24.4	6.5	0.9	1.3	-0.1	-2.9	14.3	18.4	-12.0	5.6	3.5	-1.1	0.0
Growth rates														
2011	0.6	0.9	-0.8	9.9	-6.5	28.9	-3.4	2.4	0.3	4.7	8.3	2.4	-2.4	-23.6
2012	5.0	10.1	-8.8	13.4	13.0	-1.4	-26.5	3.8	4.0	3.6	3.0	5.6	-10.2	-54.2
2012 Q4	5.0	10.1	-8.8	13.4	13.0	-1.4	-26.5	3.8	4.0	3.6	3.0	5.6	-10.2	-54.2
2013 Q1 <sup>4)</sup>	5.4	9.8	-7.5	12.7	16.3	-21.1	-12.6	3.7	6.9	-2.7	2.4	5.3	-12.5	-55.7
2012 Dec.	5.0	10.1	-8.8	13.4	13.0	-1.4	-26.5	3.8	4.0	3.6	3.0	5.6	-10.2	-54.2
2013 Jan.	5.8	11.1	-9.2	13.5	15.3	-8.3	1.4	3.9	4.8	2.0	2.8	5.6	-11.3	-52.5
Feb.	5.9	10.9	-8.7	12.2	17.6	-13.4	7.8	3.9	6.3	-0.2	2.1	5.5	-12.0	-57.5
Mar. <sup>4)</sup>	5.4	9.8	-7.5	12.7	16.3	-21.1	-12.6	3.7	6.9	-2.7	2.4	5.3	-12.5	-55.7

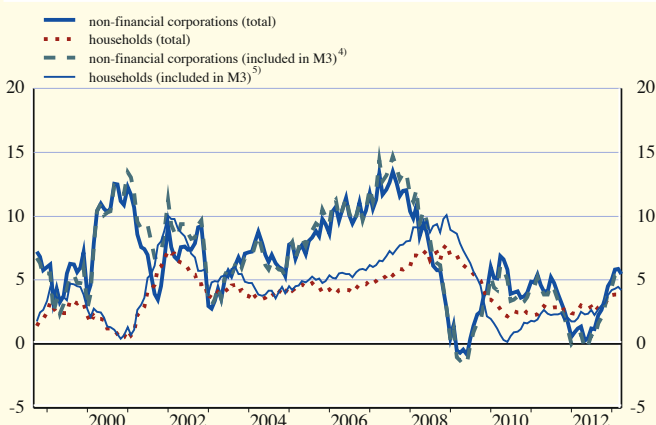
### C11 Total deposits by sector <sup>2)</sup>

(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>**

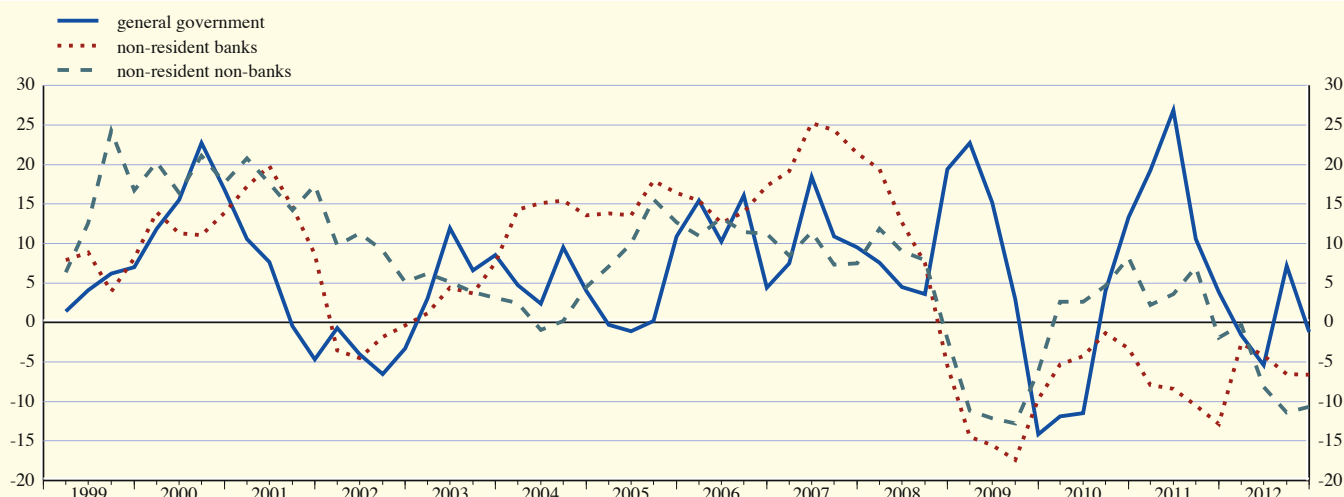
(EUR billions and annual growth rates; outstanding amounts and growth rates at end of period; transactions during period)

**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	2,175.0	978.6	44.3	934.3
2012 Q1	466.7	192.5	65.0	113.4	95.9	3,314.2	2,331.4	982.8	54.7	928.1
Q2	507.1	190.9	98.4	112.3	105.5	3,243.7	2,290.4	953.3	41.6	911.7
Q3	512.0	204.5	93.1	111.3	103.1	3,131.2	2,176.6	954.5	42.8	911.8
Q4 <sup>(p)</sup>	449.9	171.7	62.8	111.4	104.0	2,891.3	2,009.0	876.9	38.8	838.1
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	-314.6	-20.3	-2.1	-18.2
2012 Q1	25.9	-2.9	16.5	1.3	11.0	193.5	180.6	12.9	11.0	1.8
Q2	25.0	0.8	18.9	-1.3	6.6	-133.6	-76.4	-57.2	-13.9	-43.3
Q3	4.8	13.7	-5.5	-0.9	-2.5	-93.1	-101.1	8.0	1.4	6.6
Q4 <sup>(p)</sup>	-62.5	-33.3	-30.2	0.1	0.9	-210.0	-146.8	-68.8	-3.6	-65.2
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	-1.9	-4.4	-1.8
2012 Q1	-1.6	-18.3	23.5	5.6	21.4	-1.9	-2.7	-0.3	29.7	-1.6
Q2	-5.5	-27.4	51.5	0.8	17.5	-5.3	-4.2	-8.2	-16.3	-7.8
Q3	7.1	-2.0	45.5	1.1	14.0	-7.9	-6.5	-11.4	-15.8	-11.2
Q4 <sup>(p)</sup>	-1.2	-11.2	10.3	-0.7	18.8	-7.6	-6.6	-10.7	-11.7	-10.7

**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.

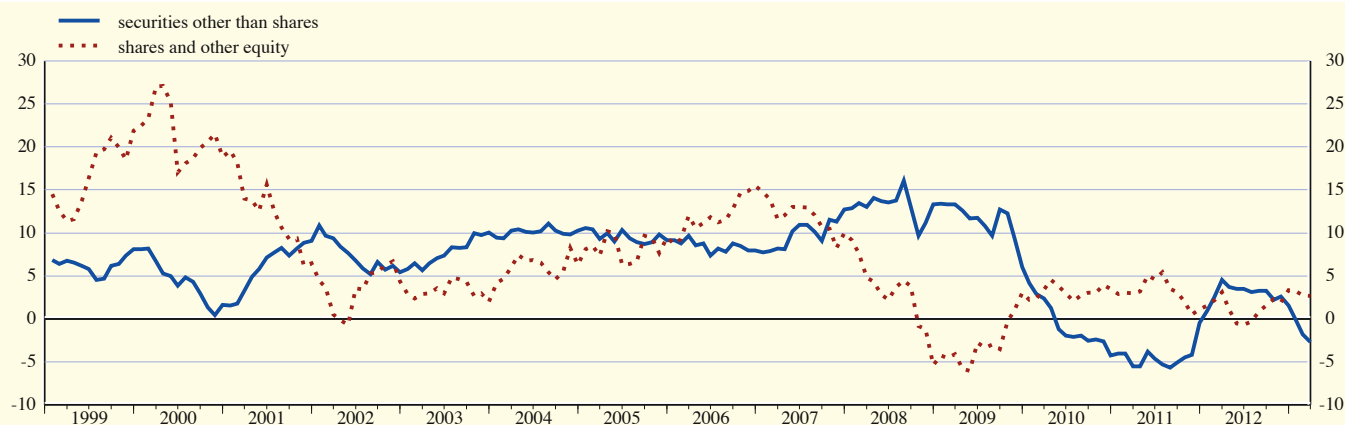
## 2.6 MFI holdings of securities: breakdown <sup>1), 2)</sup>

(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												
2011	5,697.7	1,764.2	87.8	1,373.0	22.9	1,489.2	28.3	932.5	1,507.2	485.1	726.6	295.4
2012	5,779.9	1,751.9	102.7	1,596.1	32.8	1,399.5	23.7	873.3	1,528.5	475.5	752.2	300.7
2012 Q4	5,779.9	1,751.9	102.7	1,596.1	32.8	1,399.5	23.7	873.3	1,528.5	475.5	752.2	300.7
2013 Q1 <sup>(p)</sup>	5,787.3	1,718.7	108.9	1,674.0	31.7	1,379.3	27.1	847.6	1,543.9	464.7	769.3	309.8
2012 Dec.	5,779.9	1,751.9	102.7	1,596.1	32.8	1,399.5	23.7	873.3	1,528.5	475.5	752.2	300.7
2013 Jan.	5,767.9	1,770.1	106.1	1,625.3	31.5	1,381.7	23.0	830.2	1,545.7	478.8	765.9	301.0
Feb.	5,777.5	1,751.7	105.9	1,642.6	31.7	1,382.3	24.1	839.2	1,527.8	468.9	760.7	298.3
Mar. <sup>(p)</sup>	5,787.3	1,718.7	108.9	1,674.0	31.7	1,379.3	27.1	847.6	1,543.9	464.7	769.3	309.8
Transactions												
2011	-29.2	45.1	7.8	-2.6	5.5	-24.9	-0.1	-60.1	17.0	60.2	-31.5	-11.7
2012	88.0	-12.7	16.3	190.8	10.6	-67.5	-3.9	-45.6	50.8	6.5	38.9	5.4
2012 Q4	-18.2	-36.1	0.0	-11.9	1.7	46.7	-1.8	-16.7	18.5	-8.7	15.7	11.5
2013 Q1 <sup>(p)</sup>	9.7	-46.7	6.4	79.8	-1.4	-19.5	3.4	-12.2	21.4	-10.3	17.5	14.1
2012 Dec.	-3.1	-11.4	-4.7	-49.6	0.0	62.7	0.5	-0.6	19.1	-0.4	7.2	12.2
2013 Jan.	12.3	5.9	7.0	28.3	-0.1	-17.0	0.1	-11.8	14.0	-0.3	14.0	0.3
Feb.	2.9	-18.2	-1.5	21.1	-0.5	0.5	0.9	0.7	-11.0	-7.5	-5.5	2.1
Mar. <sup>(p)</sup>	-5.5	-34.4	0.9	30.3	-0.7	-2.9	2.4	-1.1	18.3	-2.4	9.0	11.7
Growth rates												
2011	-0.5	2.7	7.7	-0.2	33.7	-1.6	-0.8	-6.2	1.1	13.8	-4.1	-3.8
2012	1.5	-0.7	18.7	14.0	48.5	-4.6	-13.7	-4.8	3.4	1.3	5.3	1.8
2012 Q4	1.5	-0.7	18.7	14.0	48.5	-4.6	-13.7	-4.8	3.4	1.3	5.3	1.8
2013 Q1 <sup>(p)</sup>	-2.7	-6.5	9.8	8.7	-4.1	-6.3	5.5	-9.1	2.7	-3.4	5.0	6.7
2012 Dec.	1.5	-0.7	18.7	14.0	48.5	-4.6	-13.7	-4.8	3.4	1.3	5.3	1.8
2013 Jan.	-0.2	-1.9	22.5	11.3	40.4	-6.5	-2.4	-7.6	3.2	-0.6	6.1	2.1
Feb.	-1.8	-4.6	15.9	9.7	2.6	-6.9	0.6	-8.0	2.7	-2.2	5.6	3.9
Mar. <sup>(p)</sup>	-2.7	-6.5	9.8	8.7	-4.1	-6.3	5.5	-9.1	2.7	-3.4	5.0	6.7

## CI4 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 Q3	6,105.8	-	-	-	-	-	12,349.8	96.3	3.7	1.8	0.2	1.0	0.4	
Q4 <sup>(p)</sup>	5,796.4	-	-	-	-	-	12,196.2	96.4	3.6	1.7	0.2	1.0	0.5	
<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 Q3	1,988.9	47.2	52.8	31.3	2.6	3.2	10.0	1,017.9	39.2	60.8	38.9	2.5	2.9	9.4
Q4 <sup>(p)</sup>	1,909.8	47.3	52.7	31.8	1.9	3.5	10.2	959.1	40.3	59.7	38.2	2.0	2.9	9.6
<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 Q3	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
Q4 <sup>(p)</sup>	1,854.6	94.5	5.5	2.7	0.1	0.3	2.0	3,052.0	98.2	1.8	1.2	0.1	0.1	0.4
<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	475.4	32.2	67.8	39.4	5.8	0.7	13.7
2012 Q3	446.8	54.3	45.7	19.2	0.3	0.6	19.9	454.8	33.7	66.3	37.7	6.3	0.7	12.6
Q4 <sup>(p)</sup>	434.6	54.9	45.1	19.7	0.3	0.3	19.0	438.7	34.2	65.8	38.9	5.4	0.9	11.9
<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 Q3	6,399.1	93.5	6.5	3.9	0.2	1.1	0.7	11,031.7	97.0	3.0	2.0	0.1	0.1	0.4
Q4 <sup>(p)</sup>	6,161.9	93.7	6.3	3.8	0.2	1.1	0.6	11,040.9	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	2,175.0	59.2	40.8	25.6	2.1	1.8	7.2	978.6	56.1	43.9	30.0	2.0	1.5	5.1
2012 Q3	2,176.6	59.8	40.2	25.5	2.1	1.1	7.3	954.5	53.8	46.2	30.1	2.1	1.3	5.8
Q4 <sup>(p)</sup>	2,009.0	58.3	41.7	27.9	1.6	1.0	7.3	876.9	52.3	47.7	31.3	1.9	1.1	6.3

**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	2.1	2.5
2011	5,236.8	82.0	18.0	9.4	1.7	2.0	2.6
2012 Q3	5,197.5	82.0	18.0	9.5	1.6	1.9	2.5
Q4 <sup>(p)</sup>	5,073.9	81.8	18.2	9.6	1.6	1.9	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 Aug.	6,956.7	483.9	2,843.5	1,887.5	917.7	244.5	579.5
Sep.	7,033.5	501.9	2,855.0	1,919.2	924.9	243.8	588.7
Oct.	7,043.6	493.5	2,896.8	1,911.8	931.4	246.6	563.6
Nov.	7,138.5	494.0	2,938.5	1,936.5	944.2	246.5	578.8
Dec.	7,173.4	472.6	2,966.4	1,986.3	961.4	246.5	540.2
2013 Jan.	7,266.3	488.0	2,952.6	2,031.9	972.4	246.5	575.0
Feb. <sup>(p)</sup>	7,431.6	507.5	3,006.0	2,079.3	996.2	247.1	595.6
Transactions							
2012 Q2	13.9	12.1	34.2	-13.8	-6.0	2.7	-15.4
Q3	122.4	24.4	62.6	0.2	15.1	0.4	19.7
Q4	37.4	-26.3	81.7	20.2	28.8	3.5	-70.6

### 2. Liabilities

	Total	Loans and deposits received	Investment fund shares issued			Other liabilities (incl. financial derivatives)	
			Total	Held by euro area residents			
				Investment funds	Held by non-euro area residents		
	1	2	3	4	5	6	7
Outstanding amounts							
2012 Aug.	6,956.7	140.9	6,292.4	4,653.3	703.4	1,639.1	523.4
Sep.	7,033.5	150.7	6,348.1	4,667.5	717.0	1,680.6	534.7
Oct.	7,043.6	146.6	6,383.5	4,684.0	725.9	1,699.5	513.6
Nov.	7,138.5	150.1	6,464.1	4,741.1	739.1	1,723.0	524.3
Dec.	7,173.4	144.1	6,560.1	4,805.3	757.4	1,754.8	469.2
2013 Jan.	7,266.3	150.2	6,622.3	4,846.9	770.6	1,775.5	493.8
Feb. <sup>(p)</sup>	7,431.6	158.1	6,737.3	4,907.4	787.3	1,829.9	536.2
Transactions							
2012 Q2	13.9	6.6	35.6	-3.8	-12.4	39.6	-28.2
Q3	122.4	19.6	77.2	25.0	29.1	52.2	25.6
Q4	37.4	-6.6	122.1	68.1	32.9	54.0	-78.2

### 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 July	6,277.9	2,249.1	1,630.8	1,529.9	317.5	140.8	409.8	6,196.5	81.5	964.5
Aug.	6,292.4	2,261.3	1,625.6	1,538.1	315.8	138.6	413.0	6,211.3	81.1	970.0
Sep.	6,348.1	2,273.8	1,654.9	1,551.5	315.8	139.7	412.5	6,265.8	82.3	942.3
Oct.	6,383.5	2,311.4	1,647.7	1,557.8	318.9	137.4	410.2	6,301.1	82.4	945.4
Nov.	6,464.1	2,350.4	1,668.3	1,573.3	320.2	136.2	415.8	6,381.5	82.6	945.6
Dec.	6,560.1	2,372.5	1,707.3	1,598.8	320.5	141.0	419.9	6,477.2	82.9	911.1
2013 Jan.	6,622.3	2,365.9	1,753.2	1,621.4	322.0	140.4	419.5	6,538.6	83.7	894.9
Feb. <sup>(p)</sup>	6,737.3	2,401.7	1,795.3	1,647.0	322.9	143.8	426.6	6,653.3	84.0	899.4
Transactions										
2012 Aug.	16.9	17.4	-2.8	2.7	0.7	-1.0	-0.1	17.0	-0.1	13.1
Sep.	22.2	12.3	5.0	5.9	1.0	-0.4	-1.6	22.0	0.2	-22.0
Oct.	38.5	30.6	1.5	5.8	2.1	-1.4	-0.1	38.5	-0.1	6.3
Nov.	31.6	27.4	-1.2	4.5	0.3	-1.9	2.5	31.4	0.2	1.6
Dec.	52.1	16.0	17.8	11.7	0.2	3.8	2.5	51.5	0.5	-29.5
2013 Jan.	54.1	19.1	14.8	18.6	1.4	0.3	-0.1	53.6	0.5	-2.9
Feb. <sup>(p)</sup>	43.2	12.9	10.7	14.7	0.6	0.0	4.2	43.2	-0.1	-0.7

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>											
2012 Q1	2,675.6	1,503.5	424.7	679.2	209.2	5.7	184.6	1,172.0	313.1	453.9	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	2,855.0	1,568.3	416.5	711.7	231.9	6.1	202.1	1,286.7	322.6	494.0	18.3
Q4 <sup>(p)</sup>	2,966.4	1,622.9	418.0	744.9	240.7	7.8	211.2	1,343.5	331.9	510.9	16.1
<b>Transactions</b>											
2012 Q2	34.2	9.8	-9.5	16.4	0.6	-0.5	2.9	24.4	-5.9	-8.8	1.1
Q3	62.6	18.6	-7.4	-4.4	18.2	0.5	11.7	44.0	-0.8	28.2	-0.4
Q4 <sup>(p)</sup>	81.7	28.0	-3.5	21.0	2.9	1.2	6.5	53.7	8.8	16.8	-1.4

**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>											
2012 Q1	1,887.3	688.9	56.4	-	41.7	24.1	566.6	1,198.4	162.7	389.8	75.3
Q2	1,816.3	638.9	45.5	-	39.1	21.9	532.5	1,177.3	163.6	391.9	78.1
Q3	1,919.2	684.4	52.9	-	44.4	24.1	563.0	1,234.7	172.0	412.1	72.1
Q4 <sup>(p)</sup>	1,986.3	721.7	60.8	-	51.0	27.6	582.3	1,264.6	175.8	407.8	78.1
<b>Transactions</b>											
2012 Q2	-13.8	-9.2	-2.8	-	-0.9	-0.2	-5.2	-4.3	0.2	-0.9	3.6
Q3	0.2	-3.5	0.5	-	3.3	-0.5	-6.7	3.7	-0.3	4.7	-3.9
Q4 <sup>(p)</sup>	20.2	-0.1	1.8	-	3.9	0.5	-6.4	20.3	0.7	6.1	4.6

**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>											
2012 Q1	890.2	753.6	69.6	-	684.0	-	-	136.6	25.2	41.5	0.6
Q2	880.8	743.9	79.5	-	664.4	-	-	136.9	24.9	43.3	0.6
Q3	924.9	792.1	75.1	-	717.0	-	-	132.8	27.4	40.0	0.6
Q4 <sup>(p)</sup>	961.4	829.8	72.4	-	757.4	-	-	131.6	28.7	40.2	0.6
<b>Transactions</b>											
2012 Q2	-6.0	-3.8	8.6	-	-12.4	-	-	-2.1	-0.2	0.4	0.0
Q3	15.1	22.3	-6.8	-	29.1	-	-	-7.2	1.0	-3.3	0.0
Q4 <sup>(p)</sup>	28.8	29.5	-3.3	-	32.9	-	-	-0.7	1.2	0.5	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	
<b>Outstanding amounts</b>													
2011 Q4	2,283.6	328.1	1,533.6	1,218.7	581.2	154.6	23.4	4.8	132.0	225.9	89.5	37.0	69.5
2012 Q1	2,232.4	321.3	1,504.6	1,197.8	551.6	149.5	23.6	4.8	129.0	213.1	86.7	35.9	70.8
Q2	2,156.1	306.2	1,458.7	1,149.4	513.2	154.1	22.9	4.4	127.9	210.5	84.8	30.8	65.1
Q3	2,078.1	302.0	1,397.7	1,086.1	476.1	158.5	23.4	4.4	125.3	196.2	86.0	28.6	67.6
Q4	2,041.6	284.0	1,377.1	1,061.8	469.8	162.8	24.3	4.0	124.2	198.9	87.9	27.9	65.7
<b>Transactions</b>													
2011 Q4	72.2	2.8	67.2	62.7	-	7.4	0.8	-0.4	-3.3	0.0	1.5	-1.0	1.6
2012 Q1	-52.4	-6.5	-26.9	-19.1	-	-5.0	0.3	0.0	-3.1	-13.2	-1.8	-1.0	-3.0
Q2	-83.0	-14.8	-48.6	-51.0	-	5.0	-0.7	-0.4	-1.5	-3.0	-1.9	-5.3	-9.4
Q3	-80.6	-4.1	-61.3	-64.2	-	4.3	0.5	0.0	-2.0	-15.0	1.5	-2.2	0.5
Q4	-39.9	-17.8	-18.6	-22.4	-	4.1	1.1	-0.4	-1.0	0.7	2.4	-0.6	-6.1

### 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	
<b>Outstanding amounts</b>							
2011 Q4	2,283.6	154.9	1,876.6	66.4	1,810.2	35.5	216.6
2012 Q1	2,232.4	155.2	1,820.6	59.5	1,761.1	34.7	221.9
Q2	2,156.1	150.4	1,750.6	55.7	1,694.9	28.5	226.6
Q3	2,078.1	144.4	1,680.5	54.6	1,626.0	27.0	226.1
Q4	2,041.6	138.1	1,655.3	54.1	1,601.3	27.0	221.1
<b>Transactions</b>							
2011 Q4	72.2	18.6	63.6	3.8	59.8	-0.6	-9.5
2012 Q1	-52.4	1.2	-54.9	-7.6	-47.3	-0.9	2.2
Q2	-83.0	-5.1	-72.6	-3.8	-68.8	-5.8	0.4
Q3	-80.6	-5.7	-71.4	-1.4	-70.1	-0.9	2.6
Q4	-39.9	-5.4	-26.3	-0.4	-25.8	-0.1	-8.0

### 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	
<b>Outstanding amounts</b>													
2011 Q4	1,218.7	890.1	254.6	18.0	0.2	6.6	32.5	225.9	123.7	42.1	81.6	33.4	102.1
2012 Q1	1,197.8	879.5	245.6	18.2	0.2	6.4	32.2	213.1	117.8	41.4	76.4	32.9	95.3
Q2	1,149.4	833.0	244.6	18.7	0.2	6.3	33.1	210.5	117.7	42.6	75.2	31.7	92.8
Q3	1,086.1	787.5	231.8	17.1	0.2	5.5	31.4	196.2	110.7	38.6	72.2	29.9	85.5
Q4	1,061.8	770.3	228.6	17.4	0.2	5.4	28.9	198.9	113.7	39.7	74.1	30.8	85.1
<b>Transactions</b>													
2011 Q4	62.7	66.4	6.5	-0.8	-0.1	-3.0	-4.2	0.0	-0.6	-1.5	0.9	0.5	0.6
2012 Q1	-19.1	-10.4	-8.2	0.3	0.0	-0.2	0.6	-13.2	-6.0	-0.7	-5.3	-0.5	-7.2
Q2	-51.0	-48.5	-1.1	0.5	0.0	-0.1	0.3	-3.0	0.1	0.9	-0.7	-1.4	-3.1
Q3	-64.2	-47.0	-12.6	-1.0	0.0	-0.8	-1.8	-15.0	-7.1	-4.4	-2.7	-1.1	-7.9
Q4	-22.4	-17.8	-2.1	0.4	0.0	-0.1	-1.1	0.7	2.5	0.7	1.8	1.2	-1.8

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
2010 Q1	6,866.3	781.1	434.9	2,612.1	803.8	1,524.3	93.5	245.6	226.8	144.1
Q2	6,886.4	781.8	438.6	2,642.5	780.7	1,511.3	92.0	251.0	242.3	146.2
Q3	7,063.4	780.2	447.0	2,733.0	796.5	1,552.0	89.9	253.1	265.4	146.4
Q4	7,040.4	768.3	451.6	2,682.9	830.6	1,601.6	80.7	253.8	222.0	148.9
2011 Q1	7,124.8	768.9	452.7	2,735.8	838.0	1,613.5	80.0	261.7	223.6	150.7
Q2	7,138.7	771.5	460.5	2,746.1	838.0	1,613.7	83.3	254.1	222.0	149.4
Q3	7,138.2	788.4	459.4	2,770.2	788.8	1,565.8	92.4	255.4	268.7	149.1
Q4	7,144.1	780.8	469.0	2,729.5	797.3	1,597.0	95.1	253.4	271.3	150.7
2012 Q1	7,401.6	793.1	467.3	2,845.6	807.3	1,702.8	98.3	255.2	280.7	151.4
Q2	7,464.0	782.7	467.2	2,872.8	822.7	1,702.5	102.9	258.2	302.2	152.9
Q3	7,676.7	782.6	475.8	2,981.5	841.9	1,778.4	106.5	259.7	296.8	153.5
Q4	7,778.0	786.3	480.5	3,039.9	834.0	1,817.7	107.7	258.6	298.1	155.1

**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
2010 Q1	2,612.1	2,190.2	574.2	1,216.3	235.3	16.1	148.2	422.0
Q2	2,642.5	2,219.0	577.2	1,228.6	244.9	16.2	152.1	423.5
Q3	2,733.0	2,303.5	593.6	1,282.6	254.0	18.7	154.6	429.4
Q4	2,682.9	2,255.0	592.6	1,253.1	234.2	17.7	157.4	427.9
2011 Q1	2,735.8	2,314.8	614.6	1,289.6	237.9	17.4	155.3	421.0
Q2	2,746.1	2,324.6	618.7	1,292.6	237.3	16.9	159.1	421.5
Q3	2,770.2	2,342.5	628.4	1,306.2	228.8	17.0	162.1	427.6
Q4	2,729.5	2,298.2	625.2	1,263.5	226.4	16.7	166.4	431.3
2012 Q1	2,845.6	2,389.0	653.3	1,307.9	229.7	17.1	180.8	456.6
Q2	2,872.8	2,397.9	657.8	1,301.1	234.2	17.0	187.7	474.9
Q3	2,981.5	2,482.1	685.9	1,333.4	243.2	17.5	202.1	499.3
Q4	3,039.9	2,528.6	684.5	1,366.4	246.1	18.1	213.5	511.3

**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
2010 Q1	6,625.4	248.3	39.5	457.8	5,691.7	3,126.8	1,754.3	810.6	188.1	240.9
Q2	6,708.3	251.1	39.5	431.8	5,793.6	3,156.9	1,823.8	813.0	192.2	178.2
Q3	6,871.2	276.3	39.7	440.3	5,935.9	3,220.7	1,905.8	809.4	179.0	192.2
Q4	6,863.8	250.3	42.5	448.9	5,954.6	3,257.8	1,886.6	810.2	167.5	176.6
2011 Q1	6,910.1	262.5	40.5	465.1	5,967.9	3,283.7	1,858.2	826.1	174.1	214.7
Q2	6,931.0	261.7	43.1	454.1	5,997.3	3,304.6	1,870.8	821.9	174.8	207.7
Q3	7,039.4	269.0	42.2	409.2	6,130.8	3,286.5	2,023.2	821.1	188.2	98.7
Q4	7,058.7	262.9	42.2	407.1	6,160.1	3,297.3	2,046.9	815.8	186.5	85.4
2012 Q1	7,223.1	271.8	44.5	438.6	6,278.6	3,340.3	2,103.7	834.6	189.7	178.5
Q2	7,294.7	279.3	43.5	421.8	6,346.3	3,345.3	2,165.3	835.7	203.7	169.3
Q3	7,368.1	290.9	44.9	450.9	6,387.8	3,394.2	2,154.6	838.9	193.7	308.5
Q4	7,477.3	268.2	48.1	481.0	6,461.4	3,430.8	2,188.1	842.6	218.6	300.8

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 Q4</b>						
<b>External account</b>						
Exports of goods and services						641
<i>Trade balance</i> <sup>1)</sup>						-56
<b>Generation of income account</b>						
Gross value added (basic prices)						
Taxes less subsidies on products						
Gross domestic product (market prices)						
Compensation of employees	1,254	128	793	65	268	
Other taxes less subsidies on production	34	13	10	5	6	
Consumption of fixed capital	376	101	213	11	51	
<i>Net operating surplus and mixed income</i> <sup>1)</sup>	506	260	224	22	-2	
<b>Allocation of primary income account</b>						
Net operating surplus and mixed income						7
Compensation of employees						
Taxes less subsidies on production						
Property income	662	34	255	295	78	111
Interest	359	31	61	190	78	51
Other property income	302	3	194	106	0	60
<i>Net national income</i> <sup>1)</sup>	2,075	1,697	89	39	250	
<b>Secondary distribution of income account</b>						
Net national income						
Current taxes on income, wealth, etc.	345	265	69	12	0	1
Social contributions	483	483				1
Social benefits other than social transfers in kind	495	1	18	36	440	1
Other current transfers	201	72	26	50	53	11
Net non-life insurance premiums	46	34	11	1	1	2
Non-life insurance claims	47			47		1
Other	108	38	16	2	53	8
<i>Net disposable income</i> <sup>1)</sup>	2,049	1,462	10	41	537	
<b>Use of income account</b>						
Net disposable income						
Final consumption expenditure	1,940	1,383			557	
Individual consumption expenditure	1,723	1,383			340	
Collective consumption expenditure	217				217	
Adjustment for the change in the net equity of households in pension fund reserves	15	0	1	14	0	0
<i>Net saving/current external account</i> <sup>1)</sup>	109	94	9	27	-21	-56
<b>Capital account</b>						
Net saving/current external account						
Gross capital formation	430	141	221	13	55	
Gross fixed capital formation	453	141	245	13	55	
Changes in inventories and acquisitions less disposals of valuables	-24	0	-24	0	0	
Consumption of fixed capital						
Acquisitions less disposals of non-produced non-financial assets	0	-1	1	0	0	0
Capital transfers	84	10	3	3	68	11
Capital taxes	7	6	1	0		0
Other capital transfers	77	4	2	3	68	11
<i>Net lending (+)/net borrowing (-) (from capital account)</i> <sup>1)</sup>	63	57	22	58	-75	-63
Statistical discrepancy	0	-7	7	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
<b>2012 Q4</b>						
<b>External account</b>						
Imports of goods and services						585
<i>Trade balance</i>						
<b>Generation of income account</b>						
Gross value added (basic prices)	2,170	502	1,241	103	323	
Taxes less subsidies on products	256					
Gross domestic product (market prices) <sup>2)</sup>	2,425					
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	506	260	224	22	-2	
Compensation of employees	1,257	1,257				3
Taxes less subsidies on production	304				304	-14
Property income	670	214	119	312	25	102
Interest	354	54	41	248	11	57
Other property income	317	160	78	64	14	46
<i>Net national income</i>						
<b>Secondary distribution of income account</b>						
Net national income	2,075	1,697	89	39	250	
Current taxes on income, wealth, etc.	345				345	1
Social contributions	483	1	19	51	411	1
Social benefits other than social transfers in kind	493	493				3
Other current transfers	177	91	15	48	23	35
Net non-life insurance premiums	47			47		1
Non-life insurance claims	45	35	9	1	0	3
Other	85	56	6	0	23	31
<i>Net disposable income</i>						
<b>Use of income account</b>						
Net disposable income	2,049	1,462	10	41	537	
Final consumption expenditure						
Individual consumption expenditure						
Collective consumption expenditure						
Adjustment for the change in the net equity of households in pension fund reserves	15	15				0
<i>Net saving/current external account</i>						
<b>Capital account</b>						
Net saving/current external account	109	94	9	27	-21	-56
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	90	13	25	35	17	5
Capital taxes	7				7	0
Other capital transfers	83	13	25	35	10	5
<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 inter- mediaries	Insurance corporations and pension funds	General govern- ment	Rest of the world
2012 Q4								
<b>Opening balance sheet, financial assets</b>								
Total financial assets		19,363	17,055	35,464	16,041	7,271	4,121	17,879
Monetary gold and special drawing rights (SDRs)				530				
Currency and deposits		6,926	2,073	11,783	2,236	801	816	3,576
Short-term debt securities		58	86	573	421	73	34	618
Long-term debt securities		1,310	307	6,378	2,733	2,909	421	4,128
Loans		77	3,092	13,424	3,806	487	686	2,195
<i>of which: Long-term</i>		57	1,915	10,411	2,639	361	601	.
Shares and other equity		4,268	7,761	1,780	6,529	2,624	1,435	6,528
Quoted shares		735	1,042	351	2,063	390	201	.
Unquoted shares and other equity		2,150	6,346	1,140	3,393	432	1,056	.
Mutual fund shares		1,383	374	289	1,073	1,801	178	.
Insurance technical reserves		6,147	177	3	0	240	4	266
Other accounts receivable and financial derivatives		578	3,558	993	316	138	725	567
<i>Net financial worth</i>								
<b>Financial account, transactions in financial assets</b>								
Total transactions in financial assets		81	115	-699	235	56	117	-66
Monetary gold and SDRs				0				0
Currency and deposits		110	87	-460	-74	-1	-69	-211
Short-term debt securities		-12	-5	-20	-23	-6	3	-2
Long-term debt securities		-52	-4	-5	119	29	4	65
Loans		0	-42	-148	162	4	125	-23
<i>of which: Long-term</i>		0	-10	-72	116	3	110	.
Shares and other equity		30	24	49	78	29	45	84
Quoted shares		-1	-5	20	28	10	4	.
Unquoted shares and other equity		22	20	15	24	2	49	.
Mutual fund shares		8	9	14	27	17	-8	.
Insurance technical reserves		33	-1	0	0	1	0	5
Other accounts receivable and financial derivatives		-26	56	-115	-28	0	8	16
<i>Changes in net financial worth due to transactions</i>								
<b>Other changes account, financial assets</b>								
Total other changes in financial assets		181	136	-116	94	57	20	15
Monetary gold and SDRs				-23				
Currency and deposits		-1	-3	-80	-1	1	0	-32
Short-term debt securities		3	-1	-1	-5	0	0	-9
Long-term debt securities		33	8	39	27	28	7	14
Loans		0	-27	-66	7	0	0	22
<i>of which: Long-term</i>		0	-22	-32	2	0	5	.
Shares and other equity		101	179	14	74	28	13	45
Quoted shares		24	95	-1	57	6	4	.
Unquoted shares and other equity		57	81	17	2	-2	7	.
Mutual fund shares		20	3	-2	15	24	2	.
Insurance technical reserves		43	0	0	0	0	0	2
Other accounts receivable and financial derivatives		2	-20	0	-8	0	0	-27
<i>Other changes in net financial worth</i>								
<b>Closing balance sheet, financial assets</b>								
Total financial assets		19,626	17,306	34,649	16,370	7,383	4,258	17,827
Monetary gold and SDRs				508				
Currency and deposits		7,035	2,157	11,244	2,161	800	747	3,333
Short-term debt securities		48	80	552	394	67	37	607
Long-term debt securities		1,291	312	6,412	2,879	2,966	433	4,207
Loans		77	3,023	13,210	3,974	491	812	2,194
<i>of which: Long-term</i>		57	1,882	10,307	2,757	363	716	.
Shares and other equity		4,399	7,965	1,843	6,681	2,681	1,493	6,657
Quoted shares		758	1,131	370	2,148	406	209	.
Unquoted shares and other equity		2,229	6,448	1,173	3,419	432	1,111	.
Mutual fund shares		1,412	386	301	1,114	1,843	173	.
Insurance technical reserves		6,222	175	3	0	240	4	273
Other accounts receivable and financial derivatives		554	3,594	878	280	138	733	556
<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	MFIs	Other financial intermediaries	Insurance corporations and pension funds	General government	Rest of the world
<b>2012 Q4</b>								
<b>Opening balance sheet, liabilities</b>								
Total liabilities		6,807	26,187	34,393	15,725	7,296	10,199	16,058
Monetary gold and special drawing rights (SDRs)								
Currency and deposits			31	25,170	32	0	275	2,702
Short-term debt securities			91	696	72	3	704	298
Long-term debt securities			927	4,697	2,783	46	6,522	3,211
Loans		6,188	8,462		3,530	301	2,067	3,221
<i>of which: Long-term</i>		5,840	6,189		1,882	106	1,756	.
Shares and other equity		8	12,761	2,582	9,199	438	4	5,934
Quoted shares			3,550	367	214	117	0	.
Unquoted shares and other equity		8	9,211	1,273	2,852	320	4	.
Mutual fund shares				942	6,133			.
Insurance technical reserves		36	348	67	1	6,384	1	.
Other accounts payable and financial derivatives		575	3,567	1,182	108	124	627	692
<i>Net financial worth <sup>1)</sup></i>	-1,291	12,557	-9,132	1,071	316	-25	-6,078	
<b>Financial account, transactions in liabilities</b>								
Total transactions in liabilities		31	87	-715	195	54	192	-4
Monetary gold and SDRs								
Currency and deposits			1	-564	4	0	6	-65
Short-term debt securities			-8	-58	37	0	-34	-2
Long-term debt securities			29	-43	81	3	62	23
Loans		15	-67		-27	-27	201	-18
<i>of which: Long-term</i>		11	-61		-28	3	212	.
Shares and other equity		0	56	21	171	-1	0	92
Quoted shares			14	6	2	0	0	.
Unquoted shares and other equity		0	42	37	42	-1	0	.
Mutual fund shares				-22	127			.
Insurance technical reserves		0	1	1	0	36	0	.
Other accounts payable and financial derivatives		16	75	-72	-73	43	-43	-33
<i>Changes in net financial worth due to transactions <sup>1)</sup></i>	63	51	29	16	40	2	-75	-63
<b>Other changes account, liabilities</b>								
Total other changes in liabilities		-13	337	-64	88	37	135	-112
Monetary gold and SDRs								
Currency and deposits			0	-95	0	0	0	-21
Short-term debt securities			0	-4	-1	0	-1	-8
Long-term debt securities			1	10	13	1	137	-5
Loans		-11	-47		7	0	4	-17
<i>of which: Long-term</i>		-10	-35		14	0	4	.
Shares and other equity		0	390	16	63	26	0	-41
Quoted shares			183	32	18	16	0	.
Unquoted shares and other equity		0	207	-6	-32	10	0	.
Mutual fund shares				-10	77			.
Insurance technical reserves		0	0	0	0	43	0	.
Other accounts payable and financial derivatives		-2	-6	9	6	-33	-6	-20
<i>Other changes in net financial worth <sup>1)</sup></i>	-149	194	-201	-52	6	19	-115	126
<b>Closing balance sheet, liabilities</b>								
Total liabilities		6,824	26,611	33,614	16,007	7,387	10,526	15,942
Monetary gold and SDRs								
Currency and deposits			32	24,511	37	0	281	2,616
Short-term debt securities			83	634	108	3	670	289
Long-term debt securities			956	4,664	2,878	51	6,721	3,229
Loans		6,192	8,347		3,510	273	2,273	3,185
<i>of which: Long-term</i>		5,840	6,093		1,868	109	1,972	.
Shares and other equity		8	13,208	2,619	9,433	463	4	5,985
Quoted shares			3,747	404	234	134	0	.
Unquoted shares and other equity		8	9,461	1,304	2,862	328	4	.
Mutual fund shares				911	6,337			.
Insurance technical reserves		36	349	68	1	6,463	1	.
Other accounts payable and financial derivatives		588	3,636	1,119	41	133	577	639
<i>Net financial worth <sup>1)</sup></i>	-1,377	12,802	-9,304	1,035	363	-4	-6,268	

Source: ECB.



### 3.2 Euro area non-financial accounts

(EUR billions; four-quarter cumulated flows)

Uses	2008	2009	2010	2011 Q1- 2011 Q4	2011 Q2- 2012 Q1	2011 Q3- 2012 Q2	2011 Q4- 2012 Q3	2012 Q1- 2012 Q4
<b>Generation of income account</b>								
Gross value added (basic prices)								
Taxes less subsidies on products								
Gross domestic product (market prices)								
Compensation of employees	4,464	4,448	4,508	4,625	4,641	4,652	4,665	4,669
Other taxes less subsidies on production	94	86	83	96	104	112	117	127
Consumption of fixed capital	1,361	1,387	1,418	1,466	1,476	1,484	1,491	1,497
<i>Net operating surplus and mixed income</i> <sup>1)</sup>	2,357	2,099	2,204	2,243	2,240	2,226	2,210	2,190
<b>Allocation of primary income account</b>								
Net operating surplus and mixed income								
Compensation of employees								
Taxes less subsidies on production								
Property income	3,949	2,964	2,823	2,986	3,011	3,003	2,980	2,951
Interest	2,386	1,596	1,384	1,543	1,561	1,549	1,523	1,482
Other property income	1,563	1,369	1,439	1,443	1,450	1,454	1,457	1,469
<i>Net national income</i> <sup>1)</sup>	7,801	7,541	7,753	7,926	7,962	7,974	8,001	8,003
<b>Secondary distribution of income account</b>								
Net national income								
Current taxes on income, wealth, etc.	1,145	1,028	1,055	1,111	1,123	1,140	1,155	1,177
Social contributions	1,672	1,677	1,704	1,755	1,763	1,773	1,780	1,789
Social benefits other than social transfers in kind	1,652	1,768	1,813	1,842	1,852	1,863	1,875	1,886
Other current transfers	773	773	777	785	787	790	792	787
Net non-life insurance premiums	188	180	181	184	186	186	187	186
Non-life insurance claims	190	182	182	186	187	188	189	188
Other	395	411	413	414	415	416	415	412
<i>Net disposable income</i> <sup>1)</sup>	7,699	7,433	7,641	7,816	7,850	7,859	7,887	7,891
<b>Use of income account</b>								
Net disposable income								
Final consumption expenditure	7,138	7,151	7,316	7,473	7,499	7,507	7,513	7,518
Individual consumption expenditure	6,403	6,382	6,542	6,697	6,722	6,730	6,734	6,741
Collective consumption expenditure	735	769	774	776	777	777	778	777
Adjustment for the change in the net equity of households in pension fund reserves	70	61	56	59	60	61	60	60
<i>Net saving</i> <sup>1)</sup>	561	282	325	344	351	352	374	374
<b>Capital account</b>								
Net saving								
Gross capital formation	2,072	1,705	1,786	1,867	1,852	1,821	1,792	1,769
Gross fixed capital formation	2,010	1,753	1,762	1,827	1,826	1,812	1,796	1,777
Changes in inventories and acquisitions less disposals of valuables	62	-48	24	40	26	9	-4	-9
Consumption of fixed capital								
Acquisitions less disposals of non-produced non-financial assets	1	1	1	0	0	1	1	0
Capital transfers	152	184	222	175	170	176	185	196
Capital taxes	24	34	25	31	30	29	29	26
Other capital transfers	128	150	197	144	140	147	156	171
<i>Net lending (+)/net borrowing (-) (from capital account)</i> <sup>1)</sup>	-142	-28	-34	-46	-15	25	86	115

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	2011 Q1- 2011 Q4	2011 Q2- 2012 Q1	2011 Q3- 2012 Q2	2011 Q4- 2012 Q3	2012 Q1- 2012 Q4
<b>Generation of income account</b>								
Gross value added (basic prices)	8,276	8,020	8,214	8,430	8,460	8,474	8,483	8,483
Taxes less subsidies on products	946	894	942	974	976	972	972	976
Gross domestic product (market prices) <sup>2)</sup>	9,222	8,914	9,156	9,404	9,436	9,447	9,455	9,459
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	2,357	2,099	2,204	2,243	2,240	2,226	2,210	2,190
Compensation of employees	4,473	4,459	4,520	4,637	4,654	4,665	4,677	4,682
Taxes less subsidies on production	1,047	997	1,039	1,080	1,089	1,094	1,098	1,114
Property income	3,873	2,950	2,812	2,951	2,991	2,992	2,996	2,969
Interest	2,330	1,551	1,338	1,495	1,515	1,511	1,494	1,458
Other property income	1,544	1,399	1,474	1,456	1,475	1,481	1,502	1,512
<i>Net national income</i>								
<b>Secondary distribution of income account</b>								
Net national income	7,801	7,541	7,753	7,926	7,962	7,974	8,001	8,003
Current taxes on income, wealth, etc.	1,154	1,033	1,059	1,118	1,129	1,144	1,158	1,180
Social contributions	1,670	1,675	1,703	1,753	1,762	1,772	1,778	1,787
Social benefits other than social transfers in kind	1,644	1,762	1,806	1,836	1,846	1,856	1,868	1,879
Other current transfers	672	668	668	676	677	679	682	680
Net non-life insurance premiums	190	182	182	186	187	188	189	188
Non-life insurance claims	185	178	178	180	181	182	183	181
Other	297	308	308	310	309	309	310	310
<i>Net disposable income</i>								
<b>Use of income account</b>								
Net disposable income	7,699	7,433	7,641	7,816	7,850	7,859	7,887	7,891
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	59	60	61	60	60
<i>Net saving</i>								
<b>Capital account</b>								
Net saving	561	282	325	344	351	352	374	374
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	1,466	1,476	1,484	1,491	1,497
Acquisitions less disposals of non-produced non-financial assets								
Capital transfers	161	193	232	185	180	188	197	209
Capital taxes	24	34	25	31	30	29	29	26
Other capital transfers	137	159	207	154	150	159	168	184
<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	2011 Q1- 2011 Q4	2011 Q2- 2012 Q1	2011 Q3- 2012 Q2	2011 Q4- 2012 Q3	2012 Q1- 2012 Q4
<b>Income, saving and changes in net worth</b>								
Compensation of employees (+)	4,473	4,459	4,520	4,637	4,654	4,665	4,677	4,682
Gross operating surplus and mixed income (+)	1,525	1,441	1,439	1,476	1,481	1,481	1,482	1,479
Interest receivable (+)	347	233	201	228	233	232	231	226
Interest payable (-)	251	146	124	145	146	143	139	132
Other property income receivable (+)	787	726	725	745	757	754	749	748
Other property income payable (-)	10	10	10	10	10	10	10	10
Current taxes on income and wealth (-)	873	842	848	882	894	909	924	940
Net social contributions (-)	1,668	1,672	1,699	1,750	1,758	1,768	1,775	1,784
Net social benefits (+)	1,639	1,757	1,801	1,831	1,841	1,851	1,863	1,873
Net current transfers receivable (+)	69	72	71	70	68	69	68	70
<b>= Gross disposable income</b>	<b>6,038</b>	<b>6,017</b>	<b>6,077</b>	<b>6,201</b>	<b>6,225</b>	<b>6,221</b>	<b>6,222</b>	<b>6,212</b>
Final consumption expenditure (-)	5,232	5,155	5,292	5,435	5,457	5,463	5,465	5,471
Changes in net worth in pension funds (+)	70	60	56	58	59	60	59	59
<b>= Gross saving</b>	<b>876</b>	<b>922</b>	<b>840</b>	<b>824</b>	<b>827</b>	<b>818</b>	<b>816</b>	<b>800</b>
Consumption of fixed capital (-)	375	379	385	395	398	400	401	402
Net capital transfers receivable (+)	0	10	13	9	8	7	6	6
Other changes in net worth (+)	-1,053	-93	812	-44	-145	-621	-420	-420
<b>= Changes in net worth</b>	<b>-553</b>	<b>460</b>	<b>1,281</b>	<b>393</b>	<b>291</b>	<b>-195</b>	<b>2</b>	<b>-16</b>
<b>Investment, financing and changes in net worth</b>								
Net acquisition of non-financial assets (+)	648	554	558	577	577	572	566	561
Consumption of fixed capital (-)	375	379	385	395	398	400	401	402
Main items of financial investment (+)								
Short-term assets	449	6	38	124	148	159	171	192
Currency and deposits	437	121	118	118	155	165	176	226
Money market fund shares	-3	-40	-59	-21	-22	-20	-27	-30
Debt securities <sup>1)</sup>	15	-74	-20	28	15	14	22	-3
Long-term assets	64	450	406	223	238	204	152	99
Deposits	-25	71	57	55	52	43	26	10
Debt securities	31	6	-11	55	41	-11	-26	-122
Shares and other equity	-75	143	110	-1	45	74	51	90
Quoted and unquoted shares and other equity	69	117	101	45	78	100	69	65
Mutual fund shares	-144	26	9	-46	-33	-26	-18	25
Life insurance and pension fund reserves	133	230	249	115	100	98	101	122
Main items of financing (-)								
Loans	257	107	120	84	68	39	19	15
of which: From euro area MFIs	83	65	147	81	34	13	1	26
Other changes in assets (+)								
Non-financial assets	296	-393	723	271	-37	-408	-903	-915
Financial assets	-1,427	300	133	-376	-191	-264	452	472
Shares and other equity	-1,166	99	36	-346	-302	-350	247	241
Life insurance and pension fund reserves	-235	186	123	23	108	107	184	171
Remaining net flows (+)	49	29	-72	53	23	-20	-17	-9
<b>= Changes in net worth</b>	<b>-553</b>	<b>460</b>	<b>1,281</b>	<b>393</b>	<b>291</b>	<b>-195</b>	<b>2</b>	<b>-16</b>
<b>Balance sheet</b>								
Non-financial assets (+)	25,346	25,128	26,025	26,478	26,243	26,140	25,933	25,721
Financial assets (+)								
Short-term assets	5,777	5,772	5,814	5,952	5,969	6,022	6,032	6,117
Currency and deposits	5,321	5,474	5,596	5,726	5,755	5,822	5,839	5,949
Money market fund shares	320	246	189	172	156	145	135	120
Debt securities <sup>1)</sup>	136	52	29	53	57	54	58	48
Long-term assets	10,794	11,596	12,112	11,964	12,268	12,160	12,372	12,575
Deposits	908	960	1,018	1,073	1,082	1,092	1,087	1,086
Debt securities	1,328	1,387	1,327	1,339	1,389	1,332	1,310	1,291
Shares and other equity	3,857	4,132	4,277	3,925	4,072	3,982	4,133	4,279
Quoted and unquoted shares and other equity	2,892	2,988	3,049	2,802	2,873	2,790	2,885	2,987
Mutual fund shares	965	1,144	1,228	1,123	1,199	1,192	1,248	1,291
Life insurance and pension fund reserves	4,701	5,117	5,490	5,627	5,725	5,753	5,843	5,920
Remaining net assets (+)	295	302	309	345	314	316	341	302
Liabilities (-)								
Loans	5,806	5,932	6,112	6,199	6,183	6,197	6,188	6,192
of which: From euro area MFIs	4,914	4,968	5,213	5,281	5,269	5,294	5,283	5,291
<b>= Net worth</b>	<b>36,406</b>	<b>36,866</b>	<b>38,147</b>	<b>38,540</b>	<b>38,610</b>	<b>38,440</b>	<b>38,490</b>	<b>38,524</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	2011 Q1- 2011 Q4	2011 Q2- 2012 Q1	2011 Q3- 2012 Q2	2011 Q4- 2012 Q3	2012 Q1- 2012 Q4
<b>Income and saving</b>								
Gross value added (basic prices) (+)	4,758	4,519	4,672	4,829	4,848	4,857	4,862	4,865
Compensation of employees (-)	2,841	2,787	2,827	2,927	2,941	2,952	2,963	2,970
Other taxes less subsidies on production (-)	46	41	35	42	44	48	49	53
<b>= Gross operating surplus (+)</b>	<b>1,870</b>	<b>1,691</b>	<b>1,810</b>	<b>1,859</b>	<b>1,862</b>	<b>1,856</b>	<b>1,850</b>	<b>1,842</b>
Consumption of fixed capital (-)	765	782	800	830	836	840	845	848
<b>= Net operating surplus (+)</b>	<b>1,106</b>	<b>910</b>	<b>1,011</b>	<b>1,029</b>	<b>1,026</b>	<b>1,016</b>	<b>1,005</b>	<b>994</b>
Property income receivable (+)	629	528	565	552	557	565	579	578
Interest receivable	239	168	160	169	171	171	168	164
Other property income receivable	390	360	405	383	386	394	410	414
Interest and rents payable (-)	427	299	259	291	294	289	283	274
<b>= Net entrepreneurial income (+)</b>	<b>1,308</b>	<b>1,139</b>	<b>1,316</b>	<b>1,290</b>	<b>1,289</b>	<b>1,291</b>	<b>1,301</b>	<b>1,298</b>
Distributed income (-)	1,009	927	951	975	976	989	990	995
Taxes on income and wealth payable (-)	235	151	168	188	187	189	189	196
Social contributions receivable (+)	68	71	69	74	74	74	74	74
Social benefits payable (-)	66	68	69	70	70	70	71	71
Other net transfers (-)	48	47	45	47	47	47	47	47
<b>= Net saving</b>	<b>17</b>	<b>16</b>	<b>152</b>	<b>84</b>	<b>82</b>	<b>71</b>	<b>78</b>	<b>64</b>
<b>Investment, financing and saving</b>								
Net acquisition of non-financial assets (+)	367	71	157	199	183	161	137	114
Gross fixed capital formation (+)	1,073	902	933	991	992	989	982	972
Consumption of fixed capital (-)	765	782	800	830	836	840	845	848
Net acquisition of other non-financial assets (+)	58	-50	24	38	27	12	0	-10
Main items of financial investment (+)								
Short-term assets	61	96	43	-26	-4	-1	19	56
Currency and deposits	14	88	68	6	16	16	38	77
Money market fund shares	33	39	-23	-43	-35	-30	-24	-14
Debt securities <sup>1)</sup>	15	-31	-2	11	15	13	5	-7
Long-term assets	598	132	439	452	448	371	306	202
Deposits	34	0	20	87	45	21	-27	-3
Debt securities	-24	25	5	-1	-5	11	12	9
Shares and other equity	323	96	251	232	251	164	128	99
Other (mainly intercompany loans)	265	11	163	134	157	175	193	98
Remaining net assets (+)	-18	57	-22	-44	-25	-5	71	67
Main items of financing (-)								
Debt	633	14	152	218	216	168	196	102
of which: Loans from euro area MFIs	391	-107	-17	74	-1	-42	-89	-143
of which: Debt securities	46	90	61	50	74	92	106	115
Shares and other equity	281	240	245	210	238	220	187	198
Quoted shares	-7	59	31	27	19	15	16	26
Unquoted shares and other equity	288	181	214	184	218	205	172	172
Net capital transfers receivable (-)	74	82	66	69	67	67	69	68
<b>= Net saving</b>	<b>17</b>	<b>16</b>	<b>152</b>	<b>84</b>	<b>82</b>	<b>71</b>	<b>78</b>	<b>64</b>
<b>Financial balance sheet</b>								
Financial assets								
Short-term assets	1,849	1,934	1,968	1,944	1,920	1,923	1,929	1,992
Currency and deposits	1,538	1,632	1,696	1,706	1,682	1,698	1,717	1,782
Money market fund shares	192	214	192	147	141	135	126	130
Debt securities <sup>1)</sup>	118	88	81	91	97	90	86	80
Long-term assets	9,492	10,245	10,752	10,698	11,198	11,087	11,390	11,545
Deposits	246	236	245	336	360	358	355	375
Debt securities	218	240	254	268	299	300	307	312
Shares and other equity	6,388	7,141	7,444	7,134	7,558	7,367	7,635	7,835
Other (mainly intercompany loans)	2,640	2,628	2,809	2,961	2,980	3,062	3,092	3,023
Remaining net assets	278	298	96	104	190	125	199	166
Liabilities								
Debt	9,247	9,206	9,478	9,638	9,679	9,755	9,828	9,735
of which: Loans from euro area MFIs	4,856	4,701	4,675	4,719	4,686	4,691	4,631	4,499
of which: Debt securities	695	815	877	886	936	965	1,018	1,040
Shares and other equity	11,186	12,421	12,948	12,190	12,767	12,354	12,761	13,208
Quoted shares	2,953	3,502	3,799	3,281	3,569	3,331	3,550	3,747
Unquoted shares and other equity	8,233	8,919	9,150	8,909	9,199	9,022	9,211	9,461

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	2011 Q1- 2011 Q4	2011 Q2- 2012 Q1	2011 Q3- 2012 Q2	2011 Q4- 2012 Q3	2012 Q1- 2012 Q4
<b>Financial account, financial transactions</b>								
<b>Main items of financial investment (+)</b>								
Short-term assets	69	-47	-16	49	88	76	59	49
Currency and deposits	57	-33	-9	14	29	15	3	16
Money market fund shares	12	0	-17	11	47	48	45	39
Debt securities <sup>1)</sup>	1	-14	11	24	12	13	10	-6
Long-term assets	130	292	292	146	87	88	101	179
Deposits	5	15	-5	7	-4	-5	-15	-17
Debt securities	78	102	181	54	27	42	74	125
Loans	20	8	32	9	6	0	13	13
Quoted shares	-12	-51	-2	-12	-16	-13	-15	-4
Unquoted shares and other equity	14	-14	11	15	10	15	8	7
Mutual fund shares	25	233	75	72	63	49	36	55
Remaining net assets (+)	14	12	10	-51	-57	-18	-14	-45
<b>Main items of financing (-)</b>								
Debt securities	5	5	1	3	5	1	3	6
Loans	30	-4	7	6	-3	1	4	-12
Shares and other equity	8	5	7	2	1	3	2	0
Insurance technical reserves	127	246	281	115	103	109	124	150
Net equity of households in life insurance and pension fund reserves	124	240	262	110	100	98	109	126
Prepayments of insurance premiums and reserves for outstanding claims	2	6	19	5	3	11	15	24
<b>= Changes in net financial worth due to transactions</b>	43	4	-9	19	11	32	13	38
<b>Other changes account</b>								
<b>Other changes in financial assets (+)</b>								
Shares and other equity	-546	200	113	-108	-6	-26	192	184
Other net assets	46	44	1	18	138	109	146	221
<b>Other changes in liabilities (-)</b>								
Shares and other equity	-171	12	-1	-49	-31	-36	42	68
Insurance technical reserves	-253	165	141	25	115	115	191	177
Net equity of households in life insurance and pension fund reserves	-246	193	130	23	111	115	193	182
Prepayments of insurance premiums and reserves for outstanding claims	-8	-28	11	2	4	0	-3	-5
<b>= Other changes in net financial worth</b>	-76	66	-26	-66	49	4	106	160
<b>Financial balance sheet</b>								
<b>Financial assets (+)</b>								
Short-term assets	376	324	313	350	382	372	387	388
Currency and deposits	224	195	190	193	208	195	200	210
Money market fund shares	98	90	74	84	107	110	113	111
Debt securities <sup>1)</sup>	54	39	49	74	66	68	73	67
Long-term assets	5,097	5,665	6,058	6,060	6,301	6,303	6,507	6,617
Deposits	599	611	605	608	609	606	601	591
Debt securities	2,290	2,468	2,638	2,659	2,787	2,803	2,909	2,966
Loans	431	434	467	477	476	476	487	491
Quoted shares	384	397	421	376	386	373	390	406
Unquoted shares and other equity	419	413	417	427	432	433	432	432
Mutual fund shares	974	1,341	1,510	1,514	1,610	1,612	1,688	1,731
Remaining net assets (+)	237	214	238	251	241	253	253	245
<b>Liabilities (-)</b>								
Debt securities	36	42	43	46	48	48	49	54
Loans	281	270	282	285	285	290	301	273
Shares and other equity	419	437	443	396	427	408	438	463
Insurance technical reserves	5,164	5,575	5,997	6,136	6,254	6,287	6,384	6,463
Net equity of households in life insurance and pension fund reserves	4,364	4,796	5,188	5,321	5,423	5,456	5,551	5,630
Prepayments of insurance premiums and reserves for outstanding claims	800	778	809	815	830	831	834	834
<b>= Net financial wealth</b>	-190	-120	-155	-202	-90	-105	-25	-4

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

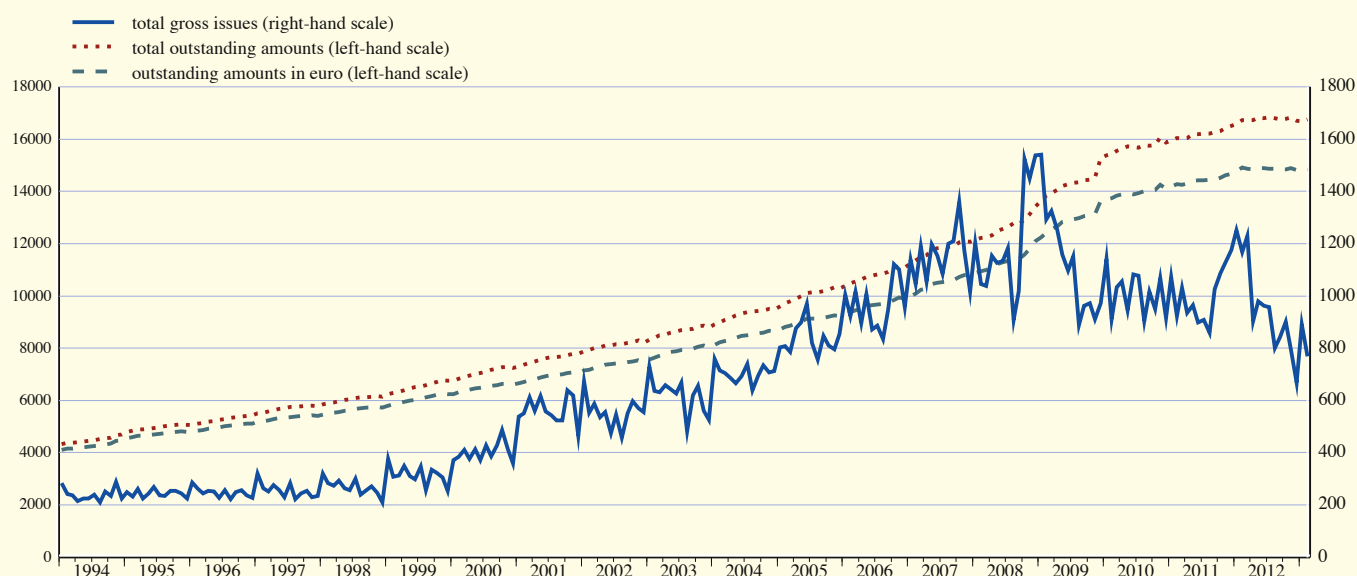
### 4.1 Securities other than shares by original maturity, residency of the issuer and currency

(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	Net issues 11	6-month growth rates 12	
<b>Total</b>												
2012 Feb.	17,130.8	1,137.0	186.4	14,911.8	1,050.0	144.3	16,734.4	1,168.2	160.9	4.2	96.5	5.7
Mar.	17,178.6	1,237.3	142.8	14,859.8	1,094.3	42.3	16,723.4	1,229.1	78.7	4.7	81.1	5.9
Apr.	17,132.5	839.1	-35.4	14,840.7	801.2	-8.5	16,723.8	904.6	-2.0	4.4	-8.5	5.0
May	17,173.9	919.0	42.7	14,882.0	866.6	42.6	16,826.8	980.1	59.6	4.0	-2.0	4.6
June	17,179.9	932.7	6.4	14,880.1	871.4	-1.3	16,795.6	961.5	-18.4	3.7	13.5	3.0
July	17,174.9	890.0	-4.7	14,871.4	832.8	-8.3	16,847.3	957.1	28.9	4.0	56.4	2.9
Aug.	17,157.0	752.1	-20.5	14,860.9	708.1	-13.0	16,794.2	800.1	-36.2	3.6	-5.8	1.6
Sep.	17,141.3	809.3	-6.4	14,840.2	757.4	-11.5	16,745.0	842.9	-25.0	3.4	31.2	1.0
Oct.	17,142.4	816.6	2.6	14,851.3	777.5	12.6	16,768.6	900.2	32.3	3.2	21.7	1.4
Nov.	17,173.6	720.5	28.9	14,882.2	680.9	28.7	16,815.9	795.8	48.4	2.8	-24.7	1.1
Dec.	17,104.9	627.4	-102.9	14,810.1	587.7	-106.3	16,715.2	669.3	-120.8	1.8	-30.6	0.6
2013 Jan.	.	.	.	14,798.6	762.4	-8.8	16,683.8	892.2	0.0	1.2	-18.6	-0.3
Feb.	.	.	.	14,834.1	639.7	20.6	16,749.2	767.6	32.1	0.5	-32.0	-0.6
<b>Long-term</b>												
2012 Feb.	15,629.8	366.7	170.0	13,499.2	310.1	135.8	15,094.7	340.8	145.6	4.2	86.7	5.6
Mar.	15,664.7	388.6	130.4	13,456.1	281.0	51.7	15,077.3	331.5	75.1	4.6	75.5	5.9
Apr.	15,631.3	188.7	-22.6	13,434.3	175.0	-11.2	15,078.2	206.5	1.5	4.1	-8.3	4.9
May	15,681.8	233.0	50.4	13,484.0	208.6	49.4	15,185.9	244.3	68.2	4.1	15.3	4.8
June	15,716.2	278.6	35.3	13,521.8	246.2	38.9	15,194.9	261.9	20.5	3.8	13.8	3.5
July	15,696.0	264.8	-20.3	13,493.4	233.1	-28.3	15,215.1	271.7	-0.1	3.9	38.1	3.0
Aug.	15,687.5	147.0	-10.5	13,486.5	126.8	-8.8	15,178.6	142.0	-21.4	3.8	20.3	2.1
Sep.	15,704.4	256.7	24.9	13,502.9	225.3	24.4	15,180.0	251.2	22.5	4.0	80.2	2.1
Oct.	15,735.2	237.2	31.1	13,530.1	212.5	27.6	15,215.5	249.4	42.4	3.8	39.6	2.8
Nov.	15,789.5	220.1	54.1	13,576.8	195.3	46.4	15,272.6	223.5	60.2	3.6	-8.1	2.4
Dec.	15,760.9	194.2	-50.6	13,545.6	170.3	-53.1	15,219.5	190.0	-62.4	2.7	-15.1	2.1
2013 Jan.	.	.	.	13,534.8	221.1	-8.3	15,178.9	253.9	-12.2	2.3	2.7	1.6
Feb.	.	.	.	13,574.9	196.1	28.3	15,238.1	220.1	30.8	1.5	-28.6	0.9

### 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>b)</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											
2011	16,516	5,525	3,276	873	6,217	625	1,001	609	99	62	191	39
2012	16,715	5,433	3,340	989	6,268	684	955	588	81	67	187	32
2012 Q1	16,723	5,627	3,311	905	6,209	671	1,216	765	108	71	223	49
Q2	16,796	5,590	3,285	938	6,285	698	949	584	80	71	183	30
Q3	16,745	5,559	3,218	970	6,299	699	867	538	63	63	177	26
Q4	16,715	5,433	3,340	989	6,268	684	788	463	72	64	164	25
2012 Nov. Dec.	16,816 16,715	5,515 5,433	3,253 3,340	985 989	6,368 6,268	696 684	796 669	459 401	56 89	59 62	194 99	28 19
2013 Jan. Feb.	16,684 16,749	5,397 5,362	3,310 3,326	994 1,004	6,298 6,378	683 679	892 768	516 434	52 47	63 48	224 215	38 23
	Short-term											
2011	1,599	702	106	79	634	77	748	511	48	53	107	29
2012	1,496	601	139	81	610	64	701	489	36	52	104	21
2012 Q1	1,646	711	121	83	641	91	881	609	63	55	125	29
Q2	1,601	678	120	97	624	83	711	498	33	58	102	20
Q3	1,565	667	106	89	626	77	645	455	24	48	100	17
Q4	1,496	601	139	81	610	64	567	392	25	46	88	16
2012 Nov. Dec.	1,543 1,496	638 601	108 139	84 81	641 610	72 64	572 479	393 332	21 28	43 44	100 62	15 12
2013 Jan. Feb.	1,505 1,511	599 592	137 144	84 90	624 625	60 60	638 548	420 357	23 24	49 42	124 107	23 18
	Long-term <sup>2)</sup>											
2011	14,917	4,822	3,170	794	5,583	548	253	98	51	9	84	10
2012	15,219	4,832	3,201	908	5,658	621	254	99	44	15	83	12
2012 Q1	15,077	4,916	3,190	822	5,568	581	335	156	45	16	99	20
Q2	15,195	4,912	3,166	841	5,661	615	238	86	48	13	81	10
Q3	15,180	4,892	3,112	881	5,673	622	222	82	38	16	77	8
Q4	15,219	4,832	3,201	908	5,658	621	221	71	46	18	77	9
2012 Nov. Dec.	15,273 15,219	4,876 4,832	3,145 3,201	900 908	5,727 5,658	624 621	224 190	66 69	35 60	16 18	94 37	13 6
2013 Jan. Feb.	15,179 15,238	4,798 4,769	3,173 3,182	911 914	5,674 5,752	623 620	254 220	97 77	29 23	14 6	100 108	15 5
	of which: Long-term fixed rate											
2011	10,016	2,764	1,150	699	4,994	408	150	54	12	8	70	7
2012	10,574	2,838	1,331	812	5,149	444	164	54	18	15	71	7
2012 Q1	10,227	2,875	1,198	727	5,004	422	229	103	17	15	83	11
Q2	10,407	2,876	1,244	748	5,101	438	148	42	21	12	68	6
Q3	10,497	2,859	1,278	786	5,132	441	139	37	14	15	68	4
Q4	10,574	2,838	1,331	812	5,149	444	142	36	20	17	64	6
2012 Nov. Dec.	10,631 10,574	2,849 2,838	1,331 1,331	804 812	5,202 5,149	446 444	155 102	28 33	23 13	15 16	82 35	8 4
2013 Jan. Feb.	10,588 10,647	2,825 2,816	1,344 1,355	814 817	5,157 5,209	449 449	190 130	63 33	21 12	13 5	81 76	13 4
	of which: Long-term variable rate											
2011	4,399	1,789	1,867	91	513	139	85	37	32	1	11	3
2012	4,215	1,740	1,771	93	437	175	77	38	24	1	8	5
2012 Q1	4,340	1,774	1,832	92	486	156	90	46	25	1	10	8
Q2	4,329	1,769	1,810	89	486	175	77	38	24	1	9	4
Q3	4,235	1,768	1,731	91	466	179	72	41	23	1	4	4
Q4	4,215	1,740	1,771	93	437	175	69	30	24	1	10	4
2012 Nov. Dec.	4,192 4,215	1,767 1,740	1,712 1,771	93 93	443 437	176 175	55 82	32 31	11 46	1 2	7 1	5 2
2013 Jan. Feb.	4,151 4,154	1,720 1,704	1,732 1,730	93 94	434 457	172 169	43 80	28 39	5 10	1 1	7 29	2 1

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

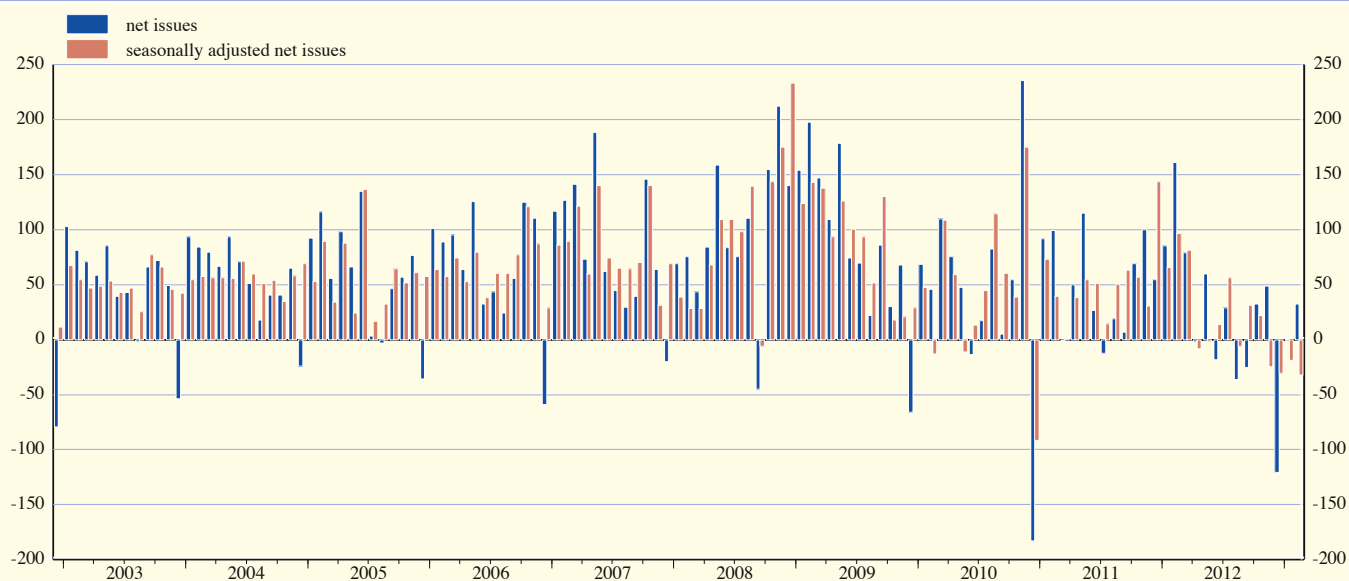
(EUR billions unless otherwise indicated; transactions during the period; nominal values)

### 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											
2011	51.5	22.6	-3.6	3.7	23.2	5.6	-	-	-	-	-	-
2012	24.3	-5.9	3.9	10.1	13.1	3.1	-	-	-	-	-	-
2012 Q1	108.4	38.0	13.0	11.8	29.6	15.9	81.0	16.5	23.1	9.5	15.7	16.3
Q2	13.0	-19.7	-5.9	10.1	27.8	0.7	1.0	-14.3	-8.5	7.7	13.4	2.7
Q3	-10.8	-4.7	-21.8	10.7	4.3	0.7	27.3	0.1	-7.8	11.9	20.7	2.3
Q4	-13.3	-37.3	30.4	7.9	-9.5	-4.9	-11.2	-26.4	9.7	11.7	2.0	-8.3
2012 Nov.	48.4	-18.4	14.3	5.7	52.3	-5.5	-24.7	-21.8	-17.4	5.5	14.1	-5.2
Dec.	-120.8	-73.5	55.1	7.2	-98.6	-11.0	-30.6	-52.3	43.5	19.8	-27.7	-13.8
2013 Jan.	0.0	-20.1	-21.0	8.3	32.2	0.6	-18.6	-34.4	-5.3	4.6	8.1	8.3
Feb.	32.1	-46.1	-2.0	7.3	78.0	-5.1	-32.0	-85.7	6.0	3.9	51.6	-7.8
	Long-term											
2011	47.3	11.9	-2.3	2.8	31.0	3.9	-	-	-	-	-	-
2012	34.0	2.6	2.1	9.9	15.1	4.2	-	-	-	-	-	-
2012 Q1	92.1	35.0	8.0	10.5	27.5	11.1	78.4	20.6	18.8	10.0	19.2	9.8
Q2	30.1	-7.6	-5.4	5.7	33.6	3.8	6.9	-13.2	-7.2	3.2	21.5	2.7
Q3	0.3	-1.9	-17.2	13.3	3.4	2.7	46.2	4.8	-5.4	15.0	26.3	5.5
Q4	13.4	-15.0	22.9	10.4	-4.1	-0.7	5.5	-1.5	2.8	11.8	-6.7	-1.0
2012 Nov.	60.2	-2.0	12.1	8.7	38.3	3.2	-8.1	6.7	-21.1	8.2	-4.5	2.7
Dec.	-62.4	-36.4	34.5	10.1	-67.9	-2.7	-15.1	-16.3	24.7	15.0	-36.3	-2.2
2013 Jan.	-12.2	-20.7	-18.6	5.8	17.5	3.8	2.7	-22.9	-1.3	7.1	13.2	6.6
Feb.	30.8	-36.5	-4.7	1.4	75.1	-4.3	-28.6	-70.1	0.4	-1.2	49.5	-7.2

### 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.

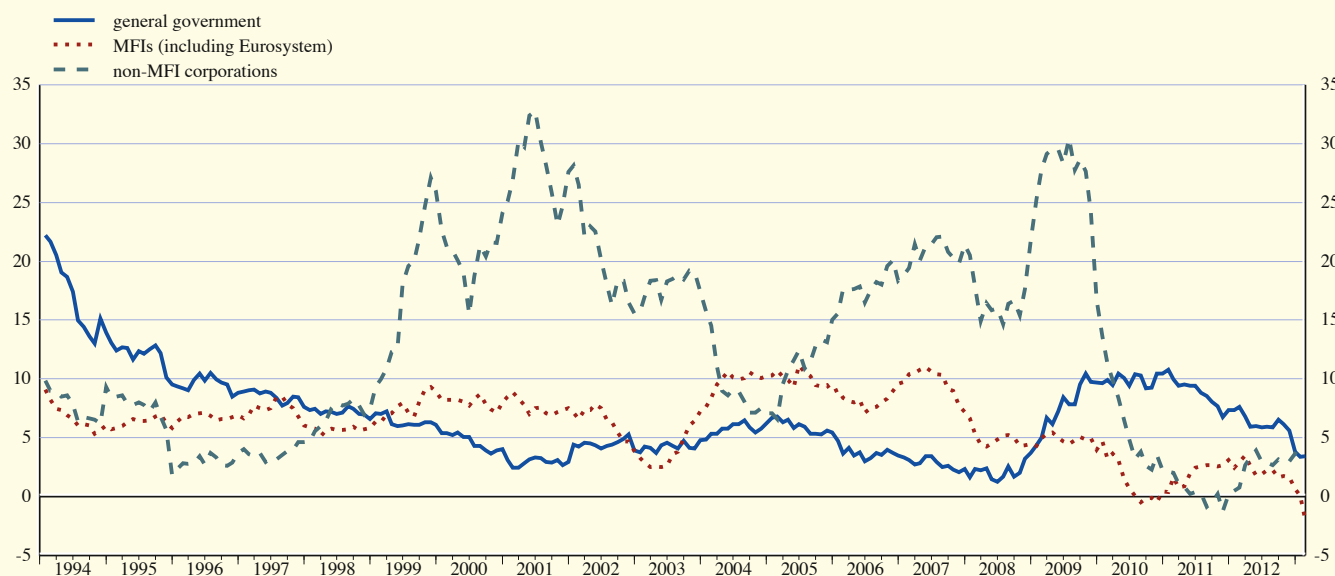
### 4.3 Growth rates of securities other than shares issued by euro area residents <sup>1)</sup>

(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												
2012 Feb.	4.2	4.5	-0.7	7.1	4.8	19.8	5.7	7.0	2.8	9.5	4.6	16.2
Mar.	4.7	4.8	1.7	8.0	4.5	17.9	5.9	6.4	3.7	11.7	4.6	17.8
Apr.	4.4	4.1	2.5	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	9.2	3.8	12.6	4.6	2.3	6.3	11.4	4.0	14.1
June	3.7	3.4	1.4	10.5	3.5	11.7	3.0	0.2	2.7	12.0	2.8	19.2
July	4.0	4.1	1.1	10.4	3.4	14.7	2.9	1.7	1.4	11.3	2.3	15.4
Aug.	3.6	3.6	0.6	10.8	3.3	12.5	1.6	0.5	-1.6	12.3	2.1	9.0
Sep.	3.4	2.4	0.4	12.5	3.9	10.9	1.0	-1.5	-2.9	13.3	3.3	4.4
Oct.	3.2	2.0	0.1	12.6	3.8	10.8	1.4	-0.6	-4.1	13.4	4.2	3.6
Nov.	2.8	1.1	0.3	12.3	3.9	8.0	1.1	0.0	-5.4	13.4	3.8	2.2
Dec.	1.8	-1.3	1.5	13.9	2.5	6.1	0.6	-2.8	0.4	15.7	2.2	-5.1
2013 Jan.	1.2	-2.0	1.1	13.4	2.2	4.6	-0.3	-5.4	0.8	15.6	2.0	-4.8
Feb.	0.5	-4.1	0.7	12.9	2.7	0.3	-0.6	-8.3	3.0	13.5	3.3	-7.4
Long-term												
2012 Feb.	4.2	2.9	-0.6	6.5	7.0	13.5	5.6	4.2	2.8	9.8	7.1	14.3
Mar.	4.6	3.5	1.5	7.5	6.3	12.7	5.9	4.3	3.4	13.4	6.9	15.2
Apr.	4.1	2.6	2.3	7.2	5.4	11.7	4.9	3.0	3.5	10.9	5.5	14.4
May	4.1	1.8	3.1	7.1	5.5	10.6	4.8	1.5	5.5	9.2	5.9	11.9
June	3.8	1.9	1.5	8.7	5.4	10.7	3.5	0.9	2.2	10.1	4.4	14.2
July	3.9	2.2	1.2	9.7	5.3	12.1	3.0	1.3	0.9	10.3	3.6	13.8
Aug.	3.8	2.2	0.6	10.6	5.3	11.4	2.1	0.3	-1.4	11.6	3.6	8.6
Sep.	4.0	1.6	0.6	13.5	6.0	11.8	2.1	-1.0	-2.3	13.6	5.2	8.5
Oct.	3.8	1.7	0.1	13.8	5.7	10.7	2.8	0.4	-3.3	16.9	5.9	7.0
Nov.	3.6	1.6	0.2	13.9	5.2	9.5	2.4	1.7	-4.9	18.8	4.6	7.2
Dec.	2.7	0.7	0.8	15.0	3.3	9.2	2.1	0.4	-0.5	20.2	2.1	4.5
2013 Jan.	2.3	0.0	0.5	14.7	2.8	8.6	1.6	-1.2	0.1	19.4	2.0	3.8
Feb.	1.5	-2.0	0.2	13.6	3.3	4.5	0.9	-4.3	1.8	15.7	2.9	0.5

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

(annual percentage changes)



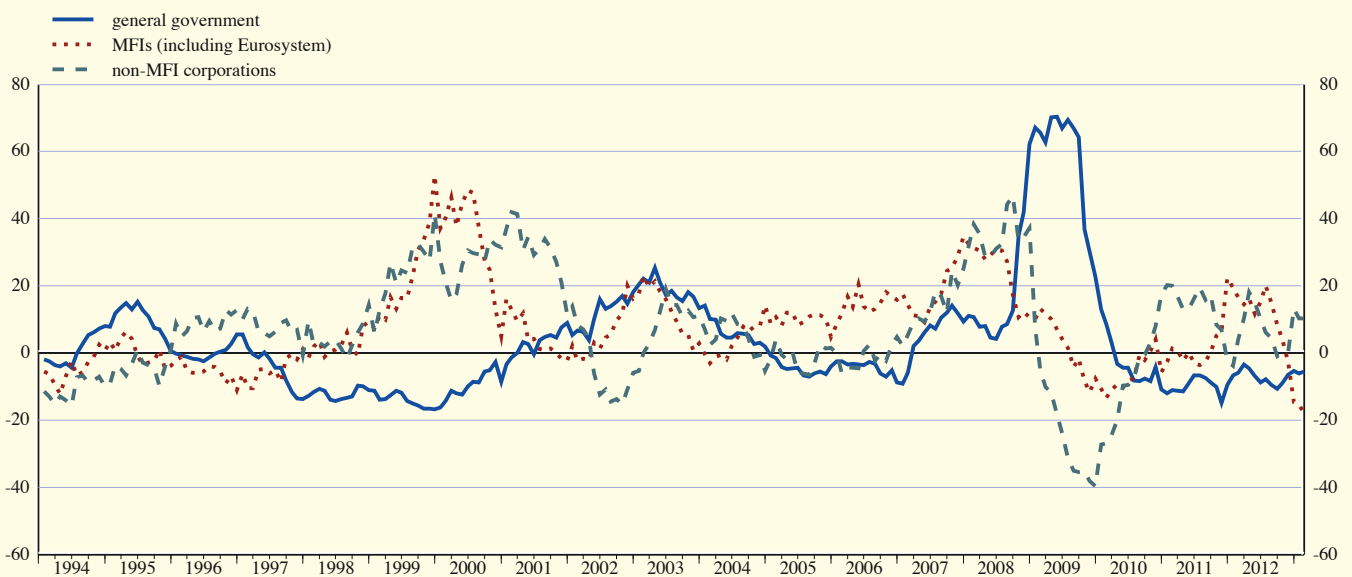
Source: ECB.

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												
2011	6.4	4.8	3.6	6.3	7.8	7.7	-0.8	-1.3	-5.8	-2.0	22.3	16.1
2012	5.4	4.5	2.2	10.3	5.8	7.3	-0.7	-0.1	-4.7	-0.8	6.6	23.3
2012 Q1	5.7	5.3	2.0	6.7	6.4	9.0	0.0	0.6	-5.4	-1.0	15.3	21.5
Q2	5.2	5.0	1.8	8.1	5.6	6.7	0.5	-0.2	-2.4	-1.4	8.1	25.9
Q3	5.0	4.0	1.2	11.1	5.5	6.9	0.0	-0.1	-3.5	0.4	6.6	25.5
Q4	5.7	3.5	3.8	15.2	5.9	6.8	-3.2	-0.6	-7.7	-1.0	-2.4	20.2
2012 Sep.	5.6	3.4	1.7	14.3	6.4	7.7	-1.2	-0.4	-4.9	1.2	1.6	24.0
Oct.	5.7	3.6	3.3	15.0	6.0	6.5	-2.4	-0.2	-7.7	-1.0	2.8	22.9
Nov.	6.0	3.6	4.8	15.2	6.2	6.8	-3.9	-0.2	-8.6	-1.7	-6.4	17.6
Dec.	5.2	3.3	5.2	16.4	4.6	6.6	-5.1	-2.6	-8.4	-1.8	-8.6	16.7
2013 Jan.	4.8	2.3	5.8	15.8	4.2	7.5	-5.9	-2.8	-9.4	-1.4	-10.4	11.6
Feb.	3.8	0.0	5.2	14.9	4.0	5.1	-6.4	-4.5	-9.6	-1.2	-5.7	3.9
In euro												
2011	6.5	4.0	3.6	6.7	8.1	7.3	-0.4	0.2	-6.5	-3.0	22.2	15.3
2012	5.7	5.0	2.0	10.8	5.9	7.2	-0.4	2.3	-6.4	-1.5	6.3	22.9
2012 Q1	6.1	5.6	2.4	6.6	6.6	9.8	0.6	2.6	-6.0	-2.2	15.0	20.2
Q2	5.5	5.4	1.5	8.6	5.7	6.5	0.7	2.2	-4.2	-2.6	7.9	25.3
Q3	5.3	4.9	0.7	11.4	5.5	6.4	0.2	2.6	-5.8	0.3	6.3	25.5
Q4	5.8	3.9	3.3	16.5	5.9	6.3	-3.2	1.6	-9.7	-1.3	-2.9	20.5
2012 Sep.	6.0	4.2	1.5	15.1	6.5	7.1	-1.0	2.1	-6.8	0.6	1.2	24.2
Oct.	5.9	4.1	3.0	16.0	6.0	6.0	-2.4	2.1	-10.0	-1.6	2.5	23.5
Nov.	6.1	3.8	3.9	16.8	6.3	6.3	-4.1	1.9	-10.6	-1.7	-7.2	17.6
Dec.	5.2	3.4	4.2	18.1	4.6	5.9	-5.0	-0.6	-9.8	-1.8	-9.2	16.9
2013 Jan.	4.7	2.3	4.6	18.0	4.2	6.4	-6.1	-1.4	-10.8	-1.2	-11.2	11.4
Feb.	3.7	-0.5	4.0	17.1	4.0	4.7	-6.7	-3.4	-11.1	-1.2	-6.4	4.2

**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)

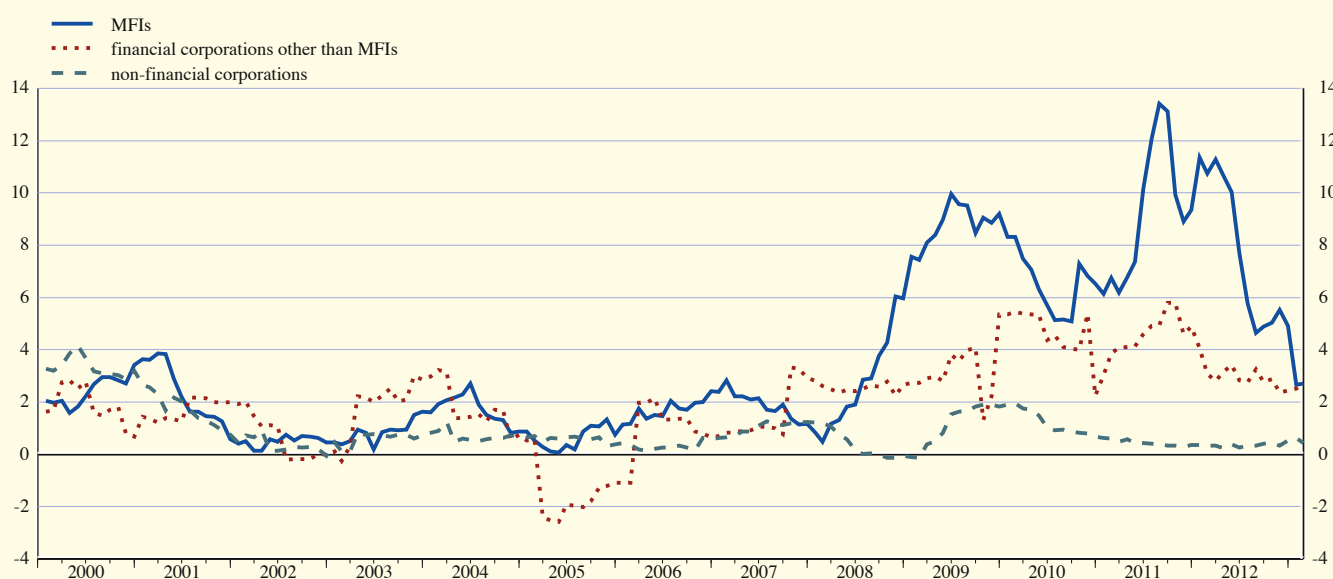
##### 1. Outstanding amounts and annual growth rates

(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
2011 Feb.	4,829.6	104.7	1.5	534.6	6.7	379.0	3.9	3,916.0	0.6
Mar.	4,751.4	104.8	1.4	491.3	6.2	363.3	4.1	3,896.8	0.5
Apr.	4,874.7	105.0	1.5	497.3	6.8	371.5	4.1	4,005.9	0.6
May	4,758.4	105.0	1.5	475.8	7.4	356.2	4.1	3,926.5	0.4
June	4,703.3	105.5	1.7	491.5	10.2	350.5	4.6	3,861.3	0.4
July	4,485.9	105.7	1.9	458.6	12.1	325.5	4.9	3,701.7	0.4
Aug.	3,958.3	105.9	2.1	382.9	13.4	281.6	4.9	3,293.9	0.4
Sep.	3,724.7	105.9	2.0	350.5	13.1	264.1	5.8	3,110.1	0.3
Oct.	4,017.0	105.9	1.7	360.5	9.9	287.6	5.8	3,369.0	0.3
Nov.	3,866.3	106.0	1.5	329.8	8.9	271.2	4.6	3,265.3	0.3
Dec.	3,878.3	106.1	1.6	339.3	9.3	270.4	4.9	3,268.6	0.4
2012 Jan.	4,091.3	106.3	1.7	375.5	11.4	297.7	4.0	3,418.2	0.4
Feb.	4,257.4	106.3	1.5	394.7	10.7	310.9	3.1	3,551.9	0.3
Mar.	4,241.3	106.4	1.5	373.1	11.3	310.7	2.8	3,557.5	0.3
Apr.	4,068.4	106.5	1.4	327.3	10.7	291.6	3.1	3,449.5	0.2
May	3,762.9	106.5	1.5	280.9	10.0	259.8	3.4	3,222.1	0.4
June	3,925.6	106.6	1.1	317.6	7.7	279.9	2.8	3,328.0	0.3
July	4,051.7	106.8	1.0	309.9	5.8	287.1	2.8	3,454.7	0.3
Aug.	4,176.4	106.8	0.9	349.7	4.6	304.3	3.3	3,522.5	0.3
Sep.	4,242.3	106.9	0.9	365.0	4.9	319.2	2.8	3,558.1	0.4
Oct.	4,309.6	107.0	1.0	383.6	5.0	329.5	2.9	3,596.5	0.4
Nov.	4,397.5	106.9	0.9	395.7	5.5	337.8	2.4	3,664.0	0.3
Dec.	4,497.8	107.2	1.0	402.4	4.9	352.9	2.4	3,742.5	0.5
2013 Jan.	4,644.2	107.3	0.9	441.6	2.7	365.6	2.5	3,837.1	0.6
Feb.	4,612.5	107.1	0.8	416.1	2.7	359.1	2.7	3,837.3	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

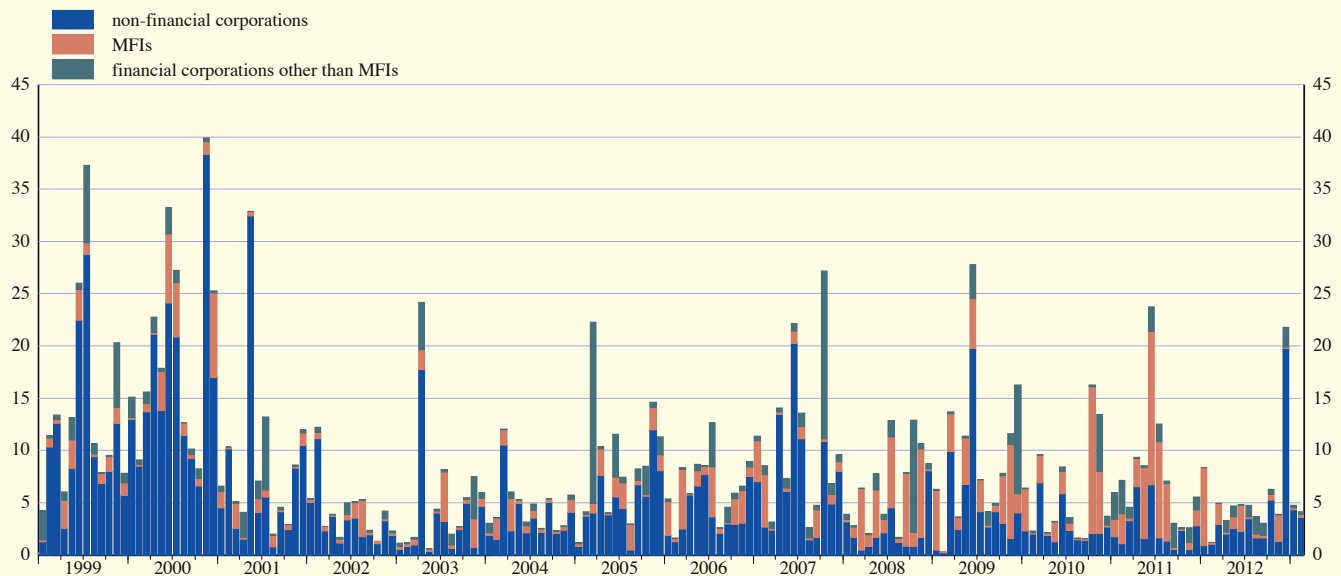
(EUR billions; market values)

##### 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
2011 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.	2.9	0.5	2.3	0.1	0.0	0.1	1.2	0.1	1.0	1.7	0.4	1.3
Oct.	6.3	1.8	4.5	0.5	0.0	0.5	0.5	0.1	0.4	5.3	1.7	3.6
Nov.	3.9	5.9	-2.0	2.5	0.0	2.5	0.1	0.1	0.0	1.3	5.8	-4.5
Dec.	21.6	11.4	10.2	0.0	0.5	-0.5	1.8	0.0	1.8	19.7	10.8	8.9
2013 Jan.	4.6	0.3	4.3	0.0	0.0	0.0	0.2	0.1	0.1	4.3	0.2	4.1
Feb.	4.2	11.4	-7.2	0.3	0.0	0.3	0.3	0.0	0.3	3.6	11.4	-7.8

#### 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
2012 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	2.85	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	1.92	0.54	1.07	2.31	2.75	0.93
June	0.47	2.72	2.73	2.64	1.73	1.88	0.52	1.11	2.32	2.69	0.98
July	0.45	2.80	2.89	2.62	1.70	1.85	0.47	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	2.43	1.65	1.77	0.46	1.13	2.37	2.53	1.41
Oct.	0.41	2.74	2.56	2.50	1.62	1.71	0.45	1.05	2.18	2.21	1.50
Nov.	0.40	2.73	2.46	2.35	1.61	1.65	0.43	1.04	2.03	2.21	1.12
Dec.	0.39	2.73	2.59	2.25	1.59	1.59	0.42	1.09	1.92	2.16	1.53
2013 Jan.	0.38	2.61	2.37	2.42	1.53	1.53	0.40	1.12	2.00	2.16	1.17
Feb.	0.36	2.44	2.23	2.29	1.39	1.48	0.39	1.05	2.03	2.21	0.63

### 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
2012 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	3.10	3.48	3.46	3.69	3.65	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	6.28	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	7.25	2.92	3.27	3.21	3.49	3.45	3.23	4.48	3.31
Oct.	8.04	16.97	5.62	6.13	7.67	7.15	2.88	3.24	3.15	3.49	3.42	3.25	4.25	3.34
Nov.	7.96	16.95	5.62	6.09	7.67	7.13	2.87	3.18	3.14	3.40	3.35	3.33	4.23	3.23
Dec.	7.94	17.04	5.32	6.05	7.55	6.93	2.86	3.24	3.25	3.45	3.41	3.15	4.13	3.01
2013 Jan.	7.97	17.06	5.73	6.11	7.87	7.24	2.86	3.17	3.03	3.35	3.33	3.19	4.06	3.08
Feb.	7.97	17.04	5.85	6.03	7.81	7.23	2.86	3.18	3.05	3.35	3.34	3.16	4.07	3.21

### 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
2012 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	3.01	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
Dec.	4.18	4.62	4.54	4.24	4.24	3.68	3.51	2.17	2.79	2.84	3.32	2.79	3.01
2013 Jan.	4.21	4.68	4.70	4.03	4.16	3.62	3.68	2.09	2.88	3.32	4.29	2.92	3.02
Feb.	4.20	4.69	4.70	4.05	4.25	3.70	3.65	2.02	2.85	3.13	4.42	2.96	3.15

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)

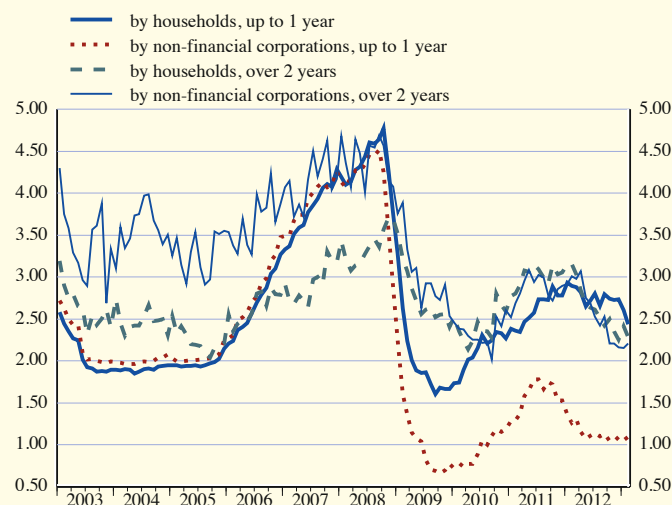
	Deposits from households					Deposits from non-financial corporations			Repos
	Overnight <sup>2)</sup>	With an agreed maturity of:		Redeemable at notice of: <sup>2)3)</sup>		Overnight <sup>2)</sup>	With an agreed maturity of:		
		Up to 2 years	Over 2 years	Up to 3 months	Over 3 months		Up to 2 years	Over 2 years	
	1	2	3	4	5	6	7	8	9
2012 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	1.99	3.09	2.57
May	0.48	2.76	2.80	1.74	1.92	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	0.47	1.89	3.04	2.47
Aug.	0.44	2.70	2.78	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
Dec.	0.39	2.64	2.73	1.59	1.59	0.42	1.80	2.91	2.65
2013 Jan.	0.38	2.59	2.69	1.53	1.53	0.40	1.76	2.86	2.33
Feb.	0.36	2.55	2.75	1.39	1.48	0.39	1.72	2.91	2.00

#### 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
2012 Mar.	4.03	3.68	3.85	8.07	6.37	5.25	4.15	3.67	3.60
Apr.	3.93	3.64	3.80	7.97	6.31	5.20	4.05	3.62	3.54
May	3.88	3.62	3.77	7.95	6.29	5.16	3.99	3.58	3.50
June	3.87	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.	3.74	3.51	3.67	7.77	6.23	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	7.76	6.25	4.97	3.76	3.29	3.26
Nov.	3.53	3.42	3.60	7.59	6.23	4.95	3.72	3.30	3.25
Dec.	3.49	3.39	3.56	7.75	6.18	4.92	3.71	3.28	3.22
2013 Jan.	3.46	3.35	3.55	7.75	6.21	4.90	3.75	3.29	3.21
Feb.	3.45	3.35	3.51	7.77	6.24	4.91	3.72	3.26	3.19

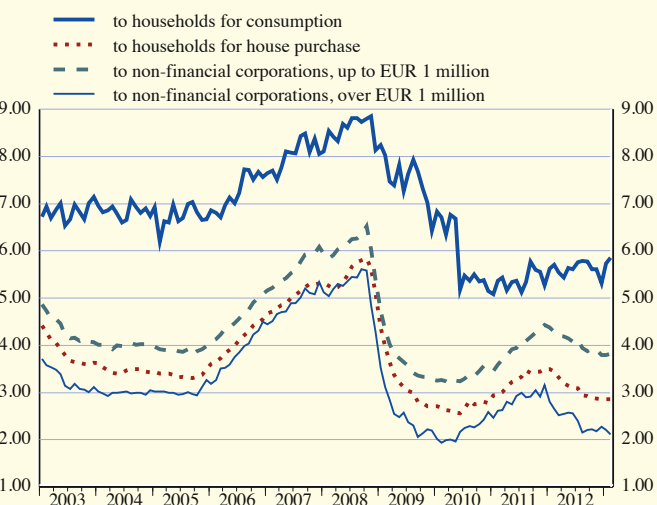
#### C21 New deposits with an agreed maturity

(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)

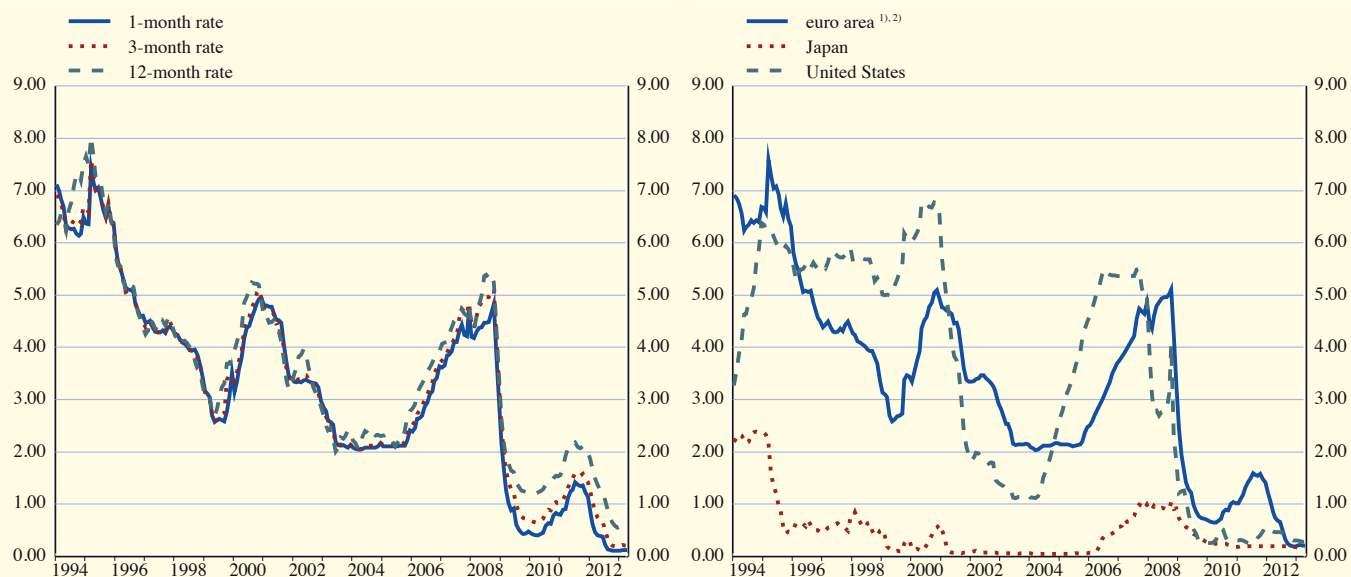
	Euro area <sup>1,2)</sup>					United States	Japan
	Overnight deposits (EONIA)	1-month deposits (EURIBOR)	3-month deposits (EURIBOR)	6-month deposits (EURIBOR)	12-month deposits (EURIBOR)	3-month deposits (LIBOR)	3-month deposits (LIBOR)
	1	2	3	4	5	6	7
2010	0.44	0.57	0.81	1.08	1.35	0.34	0.23
2011	0.87	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
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
2013 Q1	0.07	0.12	0.21	0.34	0.57	0.29	0.16
2012 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
2013 Jan.	0.07	0.11	0.20	0.34	0.58	0.30	0.17
Feb.	0.07	0.12	0.22	0.36	0.59	0.29	0.16
Mar.	0.07	0.12	0.21	0.33	0.54	0.28	0.16
Apr.	0.08	0.12	0.21	0.32	0.53	0.28	0.16

### 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.



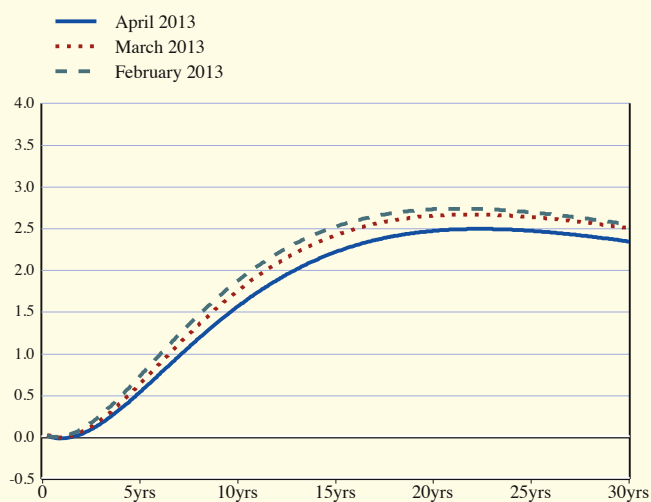
**4.7 Euro area yield curves <sup>1)</sup>**

(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
2012 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
2013 Q1	0.04	0.00	0.07	0.65	1.12	1.76	1.72	1.69	0.01	0.29	1.83	3.60
Q2	0.03	-0.01	0.04	0.54	0.96	1.55	1.52	1.51	-0.01	0.23	1.58	3.28
2012 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
2013 Jan.	0.07	0.15	0.32	0.99	1.45	2.02	1.95	1.71	0.28	0.70	2.18	3.62
Feb.	0.03	0.01	0.10	0.74	1.24	1.88	1.86	1.78	0.05	0.38	1.99	3.72
Mar.	0.04	0.00	0.07	0.65	1.12	1.76	1.72	1.69	0.01	0.29	1.83	3.60
Apr.	0.03	-0.01	0.04	0.54	0.96	1.55	1.52	1.51	-0.01	0.23	1.58	3.28

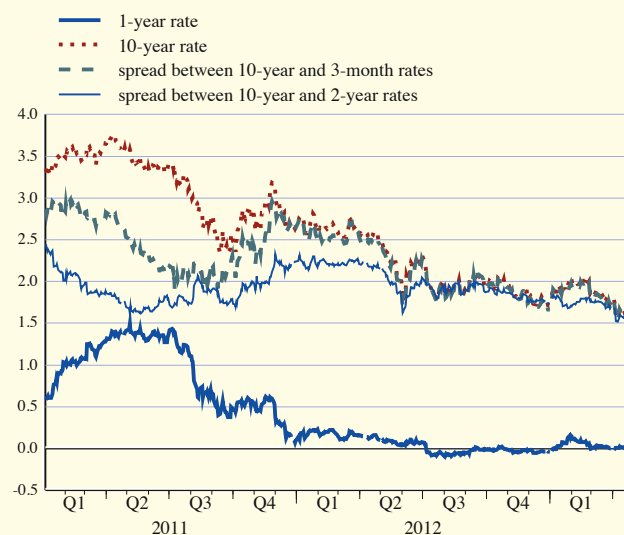
**C25 Euro area spot yield curves <sup>2)</sup>**

(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.

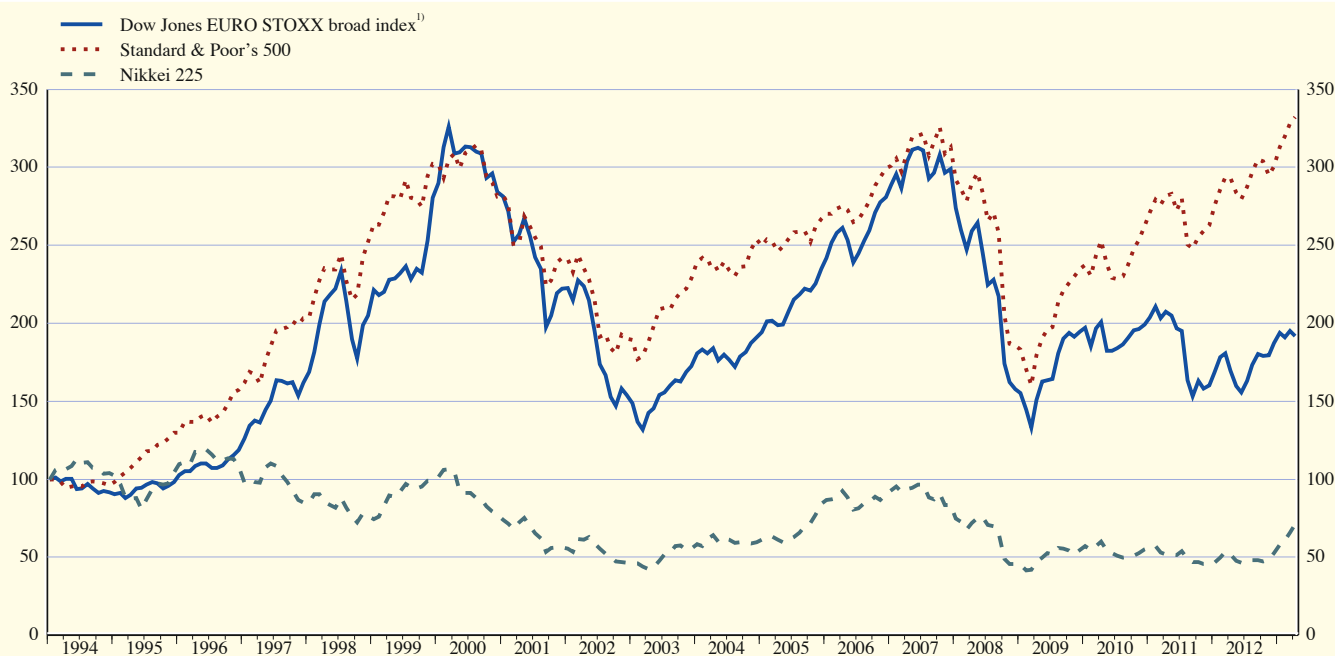
## 4.8 Stock market indices

(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
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
2013 Q1	268.2	2,676.6	568.7	181.2	443.1	309.8	144.1	378.1	257.2	222.9	241.3	600.1	1,514.0	11,457.6
2012 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
2013 Jan.	269.1	2,715.3	568.4	176.4	434.1	319.7	148.6	373.9	255.3	228.5	251.7	588.6	1,480.4	10,750.9
Feb.	264.7	2,630.4	561.0	180.7	439.1	301.4	143.2	372.7	256.0	218.5	231.1	586.7	1,512.3	11,336.4
Mar.	270.8	2,680.2	576.6	187.2	457.1	307.4	140.1	388.2	260.6	221.0	240.2	626.1	1,550.8	12,244.0
Apr.	265.9	2,636.3	560.9	187.0	449.8	299.6	136.0	374.1	250.5	225.2	238.6	650.8	1,570.7	13,224.1

## 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	81.7	57.7	42.3	100.0	12.0	7.3	27.4	11.0	42.3	87.9	12.3
	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	1.7
2010	109.8	1.6	1.0	1.8	1.4	-	-	-	-	-	-	1.6	1.7
2011	112.8	2.7	1.7	3.3	1.8	-	-	-	-	-	-	2.6	3.6
2012	115.6	2.5	1.8	3.0	1.8	-	-	-	-	-	-	2.3	3.8
2012 Q1	114.3	2.7	1.9	3.3	1.8	0.9	0.7	0.7	0.3	4.1	0.5	2.6	3.5
Q2	115.9	2.5	1.8	3.0	1.8	0.5	0.6	0.8	0.3	1.0	0.5	2.3	3.5
Q3	115.7	2.5	1.7	3.1	1.8	0.5	0.4	1.1	0.1	1.2	0.5	2.3	4.0
Q4	116.7	2.3	1.6	2.7	1.7	0.4	0.7	1.5	0.3	-0.1	0.3	2.0	4.1
2013 Q1	116.4	1.9	1.5	2.0	1.7	0.4	0.6	0.4	0.2	1.0	0.4	1.7	3.1
2012 Nov.	116.5	2.2	1.5	2.6	1.6	-0.1	0.2	0.2	0.1	-1.4	0.0	1.9	4.1
Dec.	116.9	2.2	1.6	2.5	1.8	0.1	0.2	0.4	0.1	-0.5	0.3	2.0	4.1
2013 Jan.	115.7	2.0	1.5	2.2	1.6	0.2	0.2	0.2	0.0	1.3	0.1	1.8	3.1
Feb.	116.1	1.8	1.4	2.1	1.5	0.2	0.2	-0.3	0.1	1.2	0.0	1.7	3.1
Mar.	117.5	1.7	1.6	1.7	1.8	0.2	0.2	0.3	0.1	-0.6	0.4	1.6	3.1
Apr. <sup>3)</sup>	117.4	1.2	.	.	1.1	.	.	.	.	-1.0	.	.	.

	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	Rents					
% of total in 2012	19.4	12.0	7.3	38.3	27.4	11.0	10.3	6.0	7.2	3.1	14.7	7.1
	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	3.1	3.0	3.0	1.2	7.6	1.8	1.5	2.9	-3.2	2.2	2.0
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	2.4	4.3	2.5	1.1	6.3	1.8	1.5	3.1	-3.8	2.1	1.9
2013 Q1	2.9	2.3	3.9	1.5	0.8	3.2	1.8	1.5	3.1	-4.6	2.8	0.7
2012 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.	3.2	2.4	4.4	2.2	1.0	5.2	1.8	1.4	3.4	-3.8	2.3	1.7
2013 Jan.	3.2	2.3	4.8	1.7	0.8	3.9	1.8	1.5	3.3	-4.0	2.5	0.7
Feb.	2.7	2.3	3.5	1.7	0.8	3.9	1.8	1.5	3.0	-4.8	2.5	0.7
Mar.	2.7	2.2	3.5	1.2	1.0	1.7	1.8	1.5	3.0	-5.0	3.4	0.8
Apr. <sup>3)</sup>	2.9	.	.	.	0.8	-0.4	.	.	.	.	.	.

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: 2010 = 100)	Total		Industry excluding construction and energy						Energy		
		Manu- facturing	Total	Intermediate goods	Capital goods	Consumer goods						
						Total	Durable	Non-durable				
% of total in 2010	100.0	100.0	75.4	68.1	27.5	18.7	21.9	2.2	19.7	31.9		
	1	2	3	4	5	6	7	8	9	10	11	12
2009	97.4	-4.8	-5.1	-2.7	-5.4	0.4	-2.1	1.2	-2.5	-10.9	0.3	-3.3
2010	100.0	2.7	3.3	1.7	3.6	0.3	0.4	0.7	0.4	5.5	2.0	1.0
2011	105.8	5.8	5.4	3.9	5.9	1.5	3.3	2.0	3.5	11.0	3.3	1.0
2012	108.9	2.9	2.1	1.4	0.8	1.0	2.4	1.6	2.6	6.4	1.6	-2.1
2011 Q4	106.8	5.3	4.4	2.9	3.5	1.5	3.4	2.2	3.6	11.2	3.0	-0.4
2012 Q1	108.3	4.0	3.0	1.8	1.3	1.2	2.9	2.1	3.0	9.3	2.0	-1.1
Q2	108.7	2.7	1.7	1.2	0.4	1.1	2.1	1.7	2.2	6.1	1.8	-1.9
Q3	109.3	2.6	1.9	1.1	0.3	0.9	2.3	1.5	2.4	6.0	1.4	-2.9
Q4	109.4	2.4	1.9	1.6	1.4	0.8	2.5	1.1	2.6	4.2	1.4	-2.4
2012 Sep.	109.7	2.9	2.3	1.3	0.7	0.8	2.5	1.3	2.7	6.4	-	-
Oct.	109.6	2.7	2.3	1.6	1.2	0.8	2.5	1.3	2.7	5.2	-	-
Nov.	109.4	2.3	1.8	1.6	1.4	0.9	2.4	1.1	2.6	3.8	-	-
Dec.	109.2	2.2	1.7	1.6	1.6	0.9	2.4	1.0	2.6	3.6	-	-
2013 Jan.	109.6	1.7	1.2	1.5	1.3	0.7	2.3	0.8	2.5	2.2	-	-
Feb.	109.8	1.3	1.0	1.2	0.7	0.8	2.1	0.7	2.3	1.6	-	-

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

	Oil prices <sup>3)</sup> (EUR per barrel)	Non-energy commodity prices						Total (s.a.; index: 2005 = 100)	Total	GDP deflators				Exports <sup>6)</sup>	Imports <sup>6)</sup>
		Import-weighted <sup>4)</sup>			Use-weighted <sup>5)</sup>					Domestic demand					
		Total	Food	Non-food	Total	Food	Non-food			Total	Private consump- tion	Government consump- tion	Gross fixed capital formation		
% of total	100.0	35.0	65.0	100.0	45.0	55.0									
	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	0.9	3.1	5.0
2011	79.7	12.2	22.4	7.7	12.8	20.7	7.5	109.4	1.2	2.1	2.5	0.9	2.0	3.6	5.7
2012	86.6	0.5	1.1	0.3	2.6	6.4	-0.3	110.8	1.3	1.7	2.1	0.8	1.2	1.6	2.4
2012 Q1	90.1	-5.8	-7.6	-4.9	-4.8	-3.7	-5.6	110.2	1.3	1.8	2.4	1.0	1.6	1.9	3.2
Q2	84.6	-1.1	-3.4	0.1	1.1	4.1	-1.2	110.6	1.3	1.7	2.1	1.1	1.2	1.4	2.3
Q3	87.3	5.3	10.4	2.7	7.8	16.0	1.6	111.1	1.3	1.7	2.1	1.1	1.1	1.6	2.4
Q4	84.4	4.4	6.0	3.7	7.0	10.2	4.5	111.4	1.3	1.5	1.8	0.2	0.9	1.3	1.7
2013 Q1	85.0	-3.0	-2.3	-3.3	-1.6	0.0	-2.8	.	.	.	.	.	.	.	.
2012 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	7.1	3.5	-	-	-	-	-	-	-	-
2013 Jan.	84.2	-3.7	-3.4	-3.9	-1.6	0.2	-3.1	-	-	-	-	-	-	-	-
Feb.	86.7	-3.6	-3.4	-3.7	-2.4	-1.3	-3.2	-	-	-	-	-	-	-	-
Mar.	84.2	-1.6	-0.2	-2.2	-0.7	1.2	-2.2	-	-	-	-	-	-	-	-
Apr.	79.3	.	.	.	.	.	.	-	-	-	-	-	-	-	-

Sources: Eurostat, ECB calculations based on Eurostat data (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>												
2011	110.5	0.9	-2.7	0.0	0.9	0.9	2.0	1.3	4.0	3.0	0.5	1.4
2012	112.4	1.7	1.0	2.9	2.2	1.6	3.2	0.8	0.9	2.2	0.4	2.0
2012 Q1	111.7	1.6	-0.4	2.5	1.6	1.7	2.8	1.4	1.8	2.0	0.8	1.4
Q2	112.3	1.6	0.4	3.0	1.7	1.3	2.8	-0.1	1.5	1.9	0.6	1.4
Q3	112.6	2.0	2.3	3.0	2.1	2.0	3.3	0.1	1.0	2.8	1.0	2.2
Q4	113.2	1.6	1.6	3.0	3.6	1.3	3.9	2.1	-0.5	2.2	-0.5	3.1
Compensation per employee												
2011	114.3	2.1	1.8	3.1	4.0	1.8	2.4	1.2	2.4	2.8	1.4	1.6
2012	116.2	1.7	1.2	2.7	3.1	1.5	2.3	1.4	1.2	2.0	0.9	1.6
2012 Q1	115.8	2.0	1.6	2.1	2.8	1.9	2.8	1.7	2.1	2.7	1.5	2.3
Q2	116.2	1.8	1.0	3.0	2.9	1.5	2.4	0.8	0.7	2.3	1.0	1.6
Q3	116.5	1.9	1.2	2.9	3.4	1.6	2.5	1.2	1.2	1.8	1.4	1.3
Q4	116.8	1.4	1.1	2.9	3.7	1.1	1.9	2.3	1.0	1.6	0.0	1.5
Labour productivity per person employed <sup>2)</sup>												
2011	103.4	1.2	4.6	3.1	3.1	0.9	0.4	0.0	-1.5	-0.2	0.9	0.2
2012	103.4	0.0	0.1	-0.3	0.8	-0.2	-0.8	0.6	0.3	-0.2	0.5	-0.4
2012 Q1	103.6	0.3	2.1	-0.4	1.1	0.1	0.0	0.3	0.3	0.7	0.6	0.8
Q2	103.5	0.2	0.6	0.0	1.1	0.2	-0.5	1.0	-0.7	0.4	0.4	0.1
Q3	103.5	-0.1	-1.1	0.0	1.3	-0.4	-0.7	1.1	0.2	-0.9	0.4	-0.9
Q4	103.2	-0.2	-0.5	-0.1	0.1	-0.2	-1.9	0.2	1.5	-0.6	0.5	-1.6
Compensation per hour worked												
2011	116.0	2.1	0.1	2.4	4.6	2.0	2.5	0.9	2.0	2.6	1.4	1.7
2012	118.8	2.4	2.9	3.7	4.9	2.1	2.3	1.5	1.8	2.2	1.0	2.4
2012 Q1	117.7	2.5	4.7	2.5	4.4	2.4	3.0	1.8	2.6	2.9	1.7	3.1
Q2	119.0	2.6	1.9	4.2	5.1	2.3	2.2	0.9	0.3	2.2	1.2	2.4
Q3	119.1	2.5	1.7	4.1	5.2	2.2	2.2	0.9	0.8	2.2	1.5	1.8
Q4	119.7	2.1	3.7	4.4	5.2	1.8	2.0	2.9	3.8	1.9	-0.2	2.5
Hourly labour productivity <sup>2)</sup>												
2011	105.4	1.2	4.7	2.5	3.4	1.2	0.4	-0.2	-2.1	-0.3	0.8	0.3
2012	106.1	0.6	0.6	0.8	2.2	0.4	-0.8	0.7	1.0	0.1	0.6	0.4
2012 Q1	105.9	0.9	2.7	0.1	2.3	0.9	0.2	0.2	1.0	0.7	0.8	1.4
Q2	106.4	0.9	0.5	1.1	2.9	0.8	-0.5	1.0	-0.8	0.4	0.7	1.0
Q3	106.2	0.4	-1.0	1.1	2.6	0.0	-1.2	0.8	0.3	-0.6	0.5	-0.3
Q4	106.3	0.6	0.7	1.3	1.2	0.5	-1.7	0.8	3.7	0.0	0.4	-0.5

### 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
2011	106.5	2.2	2.0	2.8	3.0	2.6	2.5	2.0
2012	108.3	1.6	1.8	1.3	2.4	2.0	1.9	2.1
2012 Q1	100.3	1.5	1.6	1.4	1.3	1.5	1.8	2.0
Q2	112.3	1.9	2.1	1.4	3.0	2.3	2.2	2.2
Q3	105.9	1.8	2.0	1.4	2.7	2.2	2.0	2.2
Q4	114.5	1.3	1.4	1.0	2.5	2.1	1.5	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>								
2009	8,922.3	8,804.1	5,134.2	1,988.2	1,730.7	-49.0	118.2	3,285.4	3,167.2
2010	9,175.2	9,052.8	5,271.6	2,016.8	1,739.9	24.6	122.4	3,769.5	3,647.1
2011	9,420.0	9,284.6	5,410.3	2,030.1	1,801.9	42.3	135.4	4,149.3	4,013.9
2012	9,487.4	9,233.0	5,451.0	2,039.7	1,749.3	-7.0	254.3	4,326.1	4,071.7
2011 Q4	2,361.4	2,316.2	1,357.9	510.0	450.1	-1.8	45.2	1,049.6	1,004.4
2012 Q1	2,366.1	2,318.5	1,362.9	509.3	445.7	0.6	47.6	1,063.6	1,016.0
Q2	2,371.7	2,311.0	1,359.6	510.6	438.1	2.7	60.7	1,080.2	1,019.5
Q3	2,379.7	2,306.1	1,362.9	510.5	436.1	-3.4	73.6	1,097.1	1,023.5
Q4	2,371.4	2,298.9	1,364.0	509.3	431.7	-6.1	72.5	1,087.7	1,015.2
	<i>percentage of GDP</i>								
2012	100.0	97.3	57.5	21.5	18.4	-0.1	2.7	-	-
	<i>Chain-linked volumes (prices for the previous year)</i>								
	<i>quarter-on-quarter percentage changes</i>								
2011 Q4	-0.3	-0.9	-0.7	0.0	-0.5	-	-	0.0	-1.2
2012 Q1	-0.1	-0.5	-0.2	-0.1	-1.4	-	-	0.5	-0.4
Q2	-0.2	-0.6	-0.5	-0.3	-1.6	-	-	1.7	0.6
Q3	-0.1	-0.5	-0.2	-0.1	-0.8	-	-	0.9	0.1
Q4	-0.6	-0.6	-0.5	0.1	-1.2	-	-	-0.8	-0.9
	<i>annual percentage changes</i>								
2009	-4.4	-3.8	-1.0	2.6	-12.7	-	-	-12.4	-11.1
2010	2.0	1.3	1.0	0.8	-0.4	-	-	11.2	9.6
2011	1.4	0.5	0.1	-0.2	1.5	-	-	6.3	4.2
2012	-0.6	-2.2	-1.3	-0.4	-4.1	-	-	2.7	-0.9
2011 Q4	0.6	-0.7	-1.0	-0.3	0.8	-	-	3.6	0.6
2012 Q1	-0.1	-1.6	-1.1	-0.2	-2.5	-	-	2.4	-1.1
Q2	-0.5	-2.3	-1.2	-0.4	-3.9	-	-	3.5	-0.5
Q3	-0.7	-2.5	-1.6	-0.4	-4.3	-	-	3.2	-0.9
Q4	-0.9	-2.2	-1.4	-0.3	-4.9	-	-	2.3	-0.6
	<i>contributions to quarter-on-quarter percentage changes in GDP; percentage points</i>								
2011 Q4	-0.3	-0.8	-0.4	0.0	-0.1	-0.3	0.5	-	-
2012 Q1	-0.1	-0.5	-0.1	0.0	-0.3	-0.1	0.4	-	-
Q2	-0.2	-0.6	-0.3	-0.1	-0.3	0.0	0.5	-	-
Q3	-0.1	-0.5	-0.1	0.0	-0.1	-0.2	0.4	-	-
Q4	-0.6	-0.6	-0.3	0.0	-0.2	-0.1	0.0	-	-
	<i>contributions to annual percentage changes in GDP; percentage points</i>								
2009	-4.4	-3.7	-0.6	0.5	-2.7	-0.9	-0.7	-	-
2010	2.0	1.3	0.6	0.2	-0.1	0.6	0.7	-	-
2011	1.4	0.5	0.1	0.0	0.3	0.2	0.9	-	-
2012	-0.6	-2.2	-0.8	-0.1	-0.8	-0.5	1.6	-	-
2011 Q4	0.6	-0.7	-0.6	-0.1	0.2	-0.2	1.3	-	-
2012 Q1	-0.1	-1.6	-0.7	0.0	-0.5	-0.4	1.5	-	-
Q2	-0.5	-2.3	-0.7	-0.1	-0.7	-0.8	1.8	-	-
Q3	-0.7	-2.4	-0.9	-0.1	-0.8	-0.6	1.8	-	-
Q4	-0.9	-2.2	-0.8	-0.1	-0.9	-0.4	1.3	-	-

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>												
2009	8,028.5	124.0	1,461.4	531.6	1,537.8	369.8	421.3	902.0	803.9	1,581.7	295.0	893.9
2010	8,233.3	135.8	1,568.8	499.6	1,579.6	369.0	438.6	912.4	819.2	1,610.1	300.2	941.9
2011	8,446.5	143.5	1,639.0	504.9	1,630.4	370.0	434.6	942.9	845.4	1,630.4	305.5	973.5
2012	8,509.2	150.4	1,644.5	495.0	1,644.6	364.1	426.4	964.3	861.7	1,646.4	311.7	978.2
2011 Q4	2,119.1	36.1	408.1	126.6	410.3	92.5	108.2	238.2	213.4	408.6	77.0	242.3
2012 Q1	2,123.8	36.9	409.3	125.4	409.9	92.2	108.8	238.3	214.6	411.0	77.3	242.3
Q2	2,127.2	37.1	411.6	124.3	409.5	91.3	107.8	240.5	215.1	412.8	77.3	244.5
Q3	2,134.0	37.7	414.1	123.4	411.7	90.8	105.7	242.3	216.6	413.5	78.4	245.7
Q4	2,125.5	38.7	409.8	122.1	413.7	89.9	104.2	243.3	215.8	409.2	78.8	245.9
<i>percentage of value added</i>												
2012	100.0	1.8	19.3	5.8	19.3	4.3	5.0	11.3	10.1	19.3	3.7	-
<i>Chain-linked volumes (prices for the previous year)</i>												
<i>quarter-on-quarter percentage changes</i>												
2011 Q4	-0.3	0.4	-1.4	-0.2	-0.4	0.5	0.0	0.2	0.0	0.0	0.4	-0.6
2012 Q1	-0.1	-1.0	0.2	-1.5	-0.1	-0.1	-0.2	0.2	0.3	-0.2	-0.1	-0.1
Q2	-0.1	-0.2	-0.1	-1.2	-0.4	-0.1	0.0	0.2	-0.1	0.3	-0.4	-0.6
Q3	-0.1	-1.4	0.0	-1.0	-0.3	0.0	0.0	0.3	0.3	0.0	0.5	-0.3
Q4	-0.5	0.6	-1.7	-1.1	-0.4	0.1	-0.7	0.1	-0.8	0.2	0.1	-1.3
<i>annual percentage changes</i>												
2009	-4.4	1.2	-13.4	-8.1	-4.5	2.9	0.4	0.4	-7.9	1.5	-0.6	-4.2
2010	2.1	-3.1	8.8	-5.6	2.2	1.9	0.5	-0.6	1.5	1.3	0.1	1.4
2011	1.6	2.3	3.3	-0.9	1.6	1.9	-0.4	1.4	2.5	0.9	0.3	0.2
2012	-0.5	-1.3	-1.4	-4.0	-0.9	0.5	-0.2	1.0	0.6	0.2	0.2	-1.8
2011 Q4	0.9	2.6	0.1	0.5	0.7	2.1	0.5	1.6	2.0	0.8	0.6	-1.8
2012 Q1	0.0	0.4	-1.1	-3.5	-0.1	1.2	0.1	1.2	1.6	0.4	0.5	-1.4
Q2	-0.3	-0.7	-1.2	-3.6	-0.6	0.8	0.4	0.9	0.7	0.2	0.2	-2.0
Q3	-0.5	-2.2	-1.2	-3.8	-1.2	0.4	-0.2	0.9	0.6	0.1	0.4	-1.6
Q4	-0.8	-2.0	-1.6	-4.7	-1.2	0.0	-0.9	0.8	-0.3	0.3	0.0	-2.2
<i>contributions to quarter-on-quarter percentage changes in value added; percentage points</i>												
2011 Q4	-0.3	0.0	-0.3	0.0	-0.1	0.0	0.0	0.0	0.0	0.0	0.0	-
2012 Q1	-0.1	0.0	0.0	-0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-
Q2	-0.1	0.0	0.0	-0.1	-0.1	0.0	0.0	0.0	0.0	0.1	0.0	-
Q3	-0.1	0.0	0.0	-0.1	-0.1	0.0	0.0	0.0	0.0	0.0	0.0	-
Q4	-0.5	0.0	-0.3	-0.1	-0.1	0.0	0.0	0.0	-0.1	0.0	0.0	-
<i>contributions to annual percentage changes in value added; percentage points</i>												
2009	-4.4	0.0	-2.6	-0.5	-0.9	0.1	0.0	0.0	-0.8	0.3	0.0	-
2010	2.1	0.0	1.6	-0.4	0.4	0.1	0.0	-0.1	0.2	0.2	0.0	-
2011	1.6	0.0	0.6	-0.1	0.3	0.1	0.0	0.2	0.2	0.2	0.0	-
2012	-0.5	0.0	-0.3	-0.2	-0.2	0.0	0.0	0.1	0.1	0.0	0.0	-
2011 Q4	0.9	0.0	0.0	0.0	0.1	0.1	0.0	0.2	0.2	0.2	0.0	-
2012 Q1	0.0	0.0	-0.2	-0.2	0.0	0.1	0.0	0.1	0.2	0.1	0.0	-
Q2	-0.3	0.0	-0.2	-0.2	-0.1	0.0	0.0	0.1	0.1	0.0	0.0	-
Q3	-0.5	0.0	-0.2	-0.2	-0.2	0.0	0.0	0.1	0.1	0.0	0.0	-
Q4	-0.8	0.0	-0.3	-0.3	-0.2	0.0	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 2010	Total (s.a.; index: 2010 = 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	
	100.0	79.4	79.4	68.3	67.7	26.7	23.2	17.8	2.3	15.5	11.7	20.6
2010	3.9	100.0	7.2	7.6	7.6	9.8	8.9	2.8	2.7	2.9	3.9	-7.9
2011	2.1	103.2	3.2	4.4	4.5	3.8	8.2	0.8	0.6	0.9	-4.6	-2.1
2012	-3.0	100.8	-2.4	-2.6	-2.4	-4.4	-1.1	-2.4	-4.4	-2.1	-0.2	-5.5
2012 Q1	-2.8	101.7	-1.9	-1.8	-1.9	-4.0	1.0	-2.6	-3.1	-2.5	-1.9	-6.6
Q2	-3.0	101.2	-2.3	-2.8	-2.9	-4.4	-1.2	-2.8	-4.3	-2.6	2.0	-6.1
Q3	-2.7	101.3	-2.2	-2.2	-2.1	-4.3	-0.7	-2.2	-5.3	-1.7	0.0	-4.7
Q4	-3.4	99.2	-3.1	-3.4	-2.8	-4.8	-3.2	-2.1	-5.0	-1.6	-0.3	-4.5
2012 Oct.	-3.1	99.4	-3.1	-3.3	-2.7	-4.2	-3.5	-2.3	-5.2	-1.9	-0.3	-3.8
Nov.	-4.2	98.7	-4.0	-4.4	-3.7	-5.6	-4.4	-3.0	-6.5	-2.5	-0.3	-5.0
Dec.	-2.5	99.4	-2.0	-2.3	-2.0	-4.7	-1.5	-0.8	-2.7	-0.5	-0.3	-4.2
2013 Jan.	-3.5	98.8	-2.4	-2.6	-2.5	-4.0	-3.7	0.7	-7.3	1.8	-0.9	-9.0
Feb.	-2.5	99.3	-3.1	-2.4	-2.1	-3.0	-3.5	-0.4	-4.8	0.1	-6.1	0.8
<i>month-on-month percentage changes (s.a.)</i>												
2012 Oct.	-0.7	-	-0.7	-0.7	-0.8	-0.7	-2.0	0.5	-1.7	1.0	-1.1	0.2
Nov.	-0.5	-	-0.6	-0.8	-0.7	-0.9	0.2	-1.3	-1.3	-1.4	-0.4	-1.0
Dec.	0.6	-	0.7	1.2	1.2	0.2	1.0	1.8	1.8	1.9	-1.5	-0.1
2013 Jan.	-0.7	-	-0.6	-0.8	-0.6	0.0	-1.7	0.3	-1.7	0.3	0.1	-2.1
Feb.	0.4	-	0.4	0.0	-0.1	-0.1	0.9	-1.4	1.3	-1.5	2.6	-0.8

### 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: 2010 = 100)	Total	Total	Total (s.a.; index: 2010 = 100)	Total	Food, beverages, tobacco	Non-food		Fuel			
									Textiles, clothing, footwear	Household equipment				
% of total in 2010	100.0	100.0	100.0	100.0	100.0	100.0	40.1	51.1	9.4	11.9	8.8	13	14	
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
2010	102.8	17.7	100.0	10.2	2.1	100.0	0.6	0.3	1.4	2.2	0.1	-3.0	843	-8.5
2011	111.6	8.6	109.1	9.0	1.7	99.6	-0.4	-1.0	0.4	1.3	-0.2	-3.3	838	-1.1
2012	.	.	108.6	-0.5	0.3	97.8	-1.9	-1.3	-1.9	-4.3	-2.5	-5.0	743	-11.0
2012 Q2	.	.	108.5	-0.7	0.4	97.9	-1.9	-1.4	-1.9	-7.3	-2.0	-5.0	768	-6.8
Q3	.	.	109.0	-0.7	0.6	98.0	-1.6	-0.9	-1.7	-2.8	-2.0	-4.3	721	-12.7
Q4	.	.	107.2	-1.8	-1.1	96.5	-2.9	-2.0	-3.1	-4.7	-4.3	-5.3	708	-14.2
2013 Q1	.	.	.	.	.	.	.	.	.	.	.	.	687	-11.3
2012 Nov.	.	.	106.7	-2.8	-0.4	96.7	-2.2	-1.6	-2.7	-4.6	-3.3	-4.9	700	-15.1
Dec.	.	.	107.2	-1.9	-1.5	96.1	-3.0	-2.2	-3.2	-3.8	-4.0	-3.9	731	-12.1
2013 Jan.	.	.	106.4	-3.1	-1.0	96.9	-1.9	-1.8	-1.6	3.7	-4.0	-5.2	664	-14.2
Feb.	.	.	.	.	-0.8	96.6	-1.4	-1.8	-1.5	.	.	1.4	696	-8.8
Mar.	.	.	.	.	.	.	.	.	.	.	.	.	701	-10.9
<i>month-on-month percentage changes (s.a.)</i>														
2012 Nov.	-	-	-	-0.9	0.1	-	0.2	-0.4	-0.2	0.0	0.5	1.1	-	0.9
Dec.	-	-	-	0.4	-0.7	-	-0.7	-0.5	-0.6	0.2	-1.0	0.0	-	4.4
2013 Jan.	-	-	-	-0.7	0.6	-	0.9	0.5	1.5	4.8	1.5	-0.9	-	-9.1
Feb.	-	-	-	.	-0.1	-	-0.3	-0.1	-1.1	.	.	-0.5	-	4.8
Mar.	-	-	-	.	.	-	.	.	.	.	.	.	-	0.7

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).

1) 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.

2) Includes manufacturing industries working mainly on the basis of orders, which represented 61.2% of total manufacturing in 2005.

3) 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	80.7	-28.8	-56.6	14.8	-14.9	70.9	-24.8	-7.0	-26.1	55.3	-10.7
2010	101.0	-4.6	-24.4	1.0	11.5	77.0	-14.2	-5.3	-12.3	31.2	-8.0
2011	101.7	0.2	-6.6	2.3	9.4	80.6	-14.5	-7.4	-18.1	23.2	-9.1
2012	90.4	-11.7	-24.5	6.8	-4.0	78.5	-22.3	-11.3	-27.6	38.4	-12.0
2012 Q1	95.0	-6.1	-15.0	5.9	2.6	80.0	-19.9	-10.0	-24.1	34.4	-10.9
Q2	92.3	-10.5	-22.0	6.5	-3.0	79.0	-19.5	-10.3	-24.2	32.3	-10.9
Q3	87.4	-14.9	-28.6	8.1	-8.1	77.6	-23.8	-11.8	-30.4	40.7	-12.4
Q4	86.8	-15.4	-32.1	6.8	-7.4	77.3	-26.2	-13.0	-31.7	46.3	-13.7
2013 Q1	90.1	-12.3	-29.7	5.4	-1.6	77.5	-23.7	-11.4	-27.3	42.6	-13.4
2012 Nov.	86.9	-14.7	-31.2	6.0	-6.8	-	-26.7	-13.8	-31.8	46.9	-14.2
Dec.	88.0	-13.8	-30.7	6.0	-4.7	-	-26.3	-12.3	-31.5	47.7	-13.8
2013 Jan.	89.7	-13.4	-30.9	5.2	-4.0	77.5	-23.9	-11.7	-28.9	42.7	-12.4
Feb.	90.4	-11.1	-27.8	5.1	-0.4	-	-23.6	-11.2	-26.4	43.2	-13.7
Mar.	90.1	-12.3	-30.3	6.0	-0.5	-	-23.5	-11.4	-26.7	42.0	-14.1
Apr.	88.6	-13.8	-33.7	6.3	-1.6	77.5	-22.3	-11.0	-26.4	37.9	-13.8
	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	-16.1	-21.2	-18.0	-9.3
2010	-28.7	-39.4	-18.2	-4.1	-6.6	7.2	1.6	4.0	1.5	3.1	7.3
2011	-26.2	-33.9	-18.5	-5.4	-5.6	11.1	0.6	5.3	2.2	5.3	8.3
2012	-28.7	-35.1	-22.3	-15.2	-18.9	14.2	-12.6	-6.9	-11.9	-7.7	-1.1
2012 Q1	-25.0	-30.7	-19.3	-13.7	-14.4	16.3	-10.5	-1.4	-6.2	-1.5	3.6
Q2	-27.2	-32.3	-22.1	-14.4	-18.2	14.8	-10.4	-4.5	-10.1	-4.8	1.3
Q3	-29.7	-36.9	-22.5	-16.8	-21.8	14.5	-14.1	-10.6	-15.8	-11.7	-4.2
Q4	-33.0	-40.5	-25.5	-16.0	-21.3	11.4	-15.4	-11.1	-15.3	-12.9	-5.0
2013 Q1	-29.5	-37.5	-21.7	-16.2	-24.4	10.7	-13.7	-7.8	-12.6	-8.9	-1.8
2012 Nov.	-34.1	-41.9	-26.4	-14.8	-19.5	11.2	-13.8	-11.4	-15.2	-12.6	-6.5
Dec.	-33.3	-39.8	-26.8	-15.9	-23.0	10.5	-14.3	-9.8	-14.7	-11.4	-3.3
2013 Jan.	-28.5	-36.3	-20.8	-15.5	-23.0	11.4	-12.1	-7.9	-12.4	-9.4	-1.8
Feb.	-29.7	-37.7	-21.8	-16.1	-25.0	10.2	-13.3	-8.5	-14.3	-9.6	-1.5
Mar.	-30.4	-38.4	-22.4	-17.1	-25.3	10.5	-15.6	-7.0	-11.2	-7.8	-2.1
Apr.	-31.8	-39.3	-24.4	-18.1	-25.7	11.7	-16.8	-11.1	-16.0	-14.5	-2.8

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
<b>Persons employed</b>													
<i>levels (thousands)</i>													
2012	146,176	125,078	21,098	4,985	22,932	9,484	35,912	4,080	4,060	1,321	18,254	34,308	10,840
<i>percentage of total persons employed</i>													
2012	100.0	85.6	14.4	3.4	15.7	6.5	24.6	2.8	2.8	0.9	12.5	23.5	7.4
<i>annual percentage changes</i>													
2010	-0.5	-0.5	-0.6	-1.1	-2.8	-3.9	-0.7	-1.3	-0.7	-0.3	1.7	1.0	0.9
2011	0.3	0.5	-0.8	-2.2	0.2	-3.8	0.7	1.5	-0.3	3.0	2.7	0.1	0.1
2012	-0.6	-0.7	0.0	-1.4	-1.1	-4.7	-0.7	1.4	-0.8	0.6	0.8	-0.3	0.7
2012 Q1	-0.4	-0.4	-0.6	-1.7	-0.7	-4.6	-0.2	1.2	-0.3	1.0	0.9	-0.2	-0.4
Q2	-0.7	-0.8	-0.2	-1.3	-1.2	-4.7	-0.8	1.2	-0.6	1.6	0.3	-0.2	0.1
Q3	-0.6	-0.8	0.6	-1.1	-1.2	-5.0	-0.8	1.1	-1.3	0.7	1.5	-0.4	1.3
Q4	-0.7	-0.9	0.2	-1.4	-1.4	-4.8	-1.0	1.9	-1.1	-0.7	0.3	-0.2	1.7
<i>quarter-on-quarter percentage changes</i>													
2012 Q1	-0.3	-0.4	0.7	0.0	-0.5	-1.3	-0.3	0.5	0.0	-1.2	-0.2	-0.2	0.7
Q2	-0.1	0.0	-0.2	0.3	-0.4	-0.6	-0.1	0.5	-0.7	0.6	0.4	0.1	0.0
Q3	-0.1	-0.1	0.2	-0.7	-0.1	-1.7	-0.1	-0.5	-1.0	-2.0	1.2	-0.1	0.6
Q4	-0.3	-0.3	-0.5	-1.0	-0.5	-1.3	-0.4	1.5	0.6	2.0	-1.0	-0.1	0.4
<b>Hours worked</b>													
<i>levels (millions)</i>													
2012	229,973	185,007	44,966	10,257	36,080	16,562	60,018	6,569	6,435	2,040	27,911	48,883	15,219
<i>percentage of total hours worked</i>													
2012	100.0	80.4	19.6	4.5	15.7	7.2	26.1	2.9	2.8	0.9	12.1	21.3	6.6
<i>annual percentage changes</i>													
2010	0.0	0.0	-0.4	-0.9	-0.4	-3.9	-0.4	-0.7	-0.2	0.8	2.3	1.0	0.6
2011	0.2	0.5	-1.0	-2.3	0.8	-4.1	0.4	1.4	-0.2	3.5	2.8	0.1	0.0
2012	-1.2	-1.3	-0.7	-1.8	-2.2	-6.0	-1.3	1.4	-0.9	0.0	0.5	-0.4	-0.1
2012 Q1	-1.0	-1.0	-1.0	-2.2	-1.2	-5.6	-0.9	0.9	-0.2	0.3	0.8	-0.4	-0.9
Q2	-1.4	-1.5	-0.8	-1.2	-2.3	-6.3	-1.5	1.3	-0.7	1.7	0.3	-0.5	-0.8
Q3	-1.1	-1.4	0.1	-1.2	-2.4	-6.2	-1.1	1.5	-1.0	0.7	1.2	-0.5	0.7
Q4	-1.5	-1.6	-1.1	-2.6	-2.9	-5.8	-1.6	1.7	-1.7	-2.8	-0.2	-0.1	0.5
<i>quarter-on-quarter percentage changes</i>													
2012 Q1	-0.3	-0.3	-0.1	-0.2	-0.4	-0.6	-0.7	0.8	0.1	-0.8	-0.1	0.0	0.5
Q2	-0.6	-0.7	-0.3	-0.5	-1.4	-2.2	-0.2	-0.2	-1.2	0.5	-0.2	-0.3	-0.8
Q3	0.2	0.1	0.4	-0.5	0.0	-1.4	0.2	0.5	0.0	-0.4	0.7	0.2	1.3
Q4	-0.7	-0.6	-1.1	-1.4	-1.1	-1.9	-1.0	0.6	-0.6	-2.0	-0.6	0.1	-0.4
<b>Hours worked per person employed</b>													
<i>levels (thousands)</i>													
2012	1,573	1,479	2,131	2,058	1,573	1,746	1,671	1,610	1,585	1,544	1,529	1,425	1,404
<i>annual percentage changes</i>													
2010	0.5	0.6	0.2	0.2	2.5	0.0	0.3	0.6	0.5	1.1	0.6	0.1	-0.3
2011	-0.1	0.1	-0.2	-0.1	0.6	-0.3	-0.3	0.0	0.2	0.5	0.1	0.0	-0.1
2012	-0.6	-0.6	-0.7	-0.4	-1.0	-1.3	-0.6	0.0	-0.1	-0.7	-0.2	-0.1	-0.8
2012 Q1	-0.5	-0.5	-0.5	-0.5	-0.5	-1.1	-0.8	-0.2	0.1	-0.7	-0.1	-0.2	-0.5
Q2	-0.6	-0.7	-0.7	0.1	-1.1	-1.8	-0.6	0.0	-0.1	0.1	0.0	-0.2	-0.9
Q3	-0.5	-0.6	-0.5	-0.1	-1.1	-1.3	-0.3	0.4	0.3	-0.1	-0.3	-0.1	-0.6
Q4	-0.8	-0.7	-1.3	-1.2	-1.4	-1.1	-0.7	-0.3	-0.6	-2.1	-0.6	0.1	-1.1
<i>quarter-on-quarter percentage changes</i>													
2012 Q1	0.7	1.0	-1.5	-2.4	1.0	0.2	0.2	2.1	1.7	1.2	0.0	2.2	0.1
Q2	-2.8	-3.8	1.1	4.6	-4.1	-1.3	-1.9	-5.2	-4.3	-2.8	-3.9	-4.5	-2.1
Q3	-1.0	-0.9	-1.0	-0.1	-1.8	-0.2	-1.1	0.1	-0.3	0.3	-1.6	-0.9	0.0
Q4	2.5	3.1	0.3	-2.4	3.6	0.1	2.2	3.0	2.5	0.1	5.0	3.6	0.9

Source: ECB calculations based on Eurostat data.

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

**5.3 Labour markets**

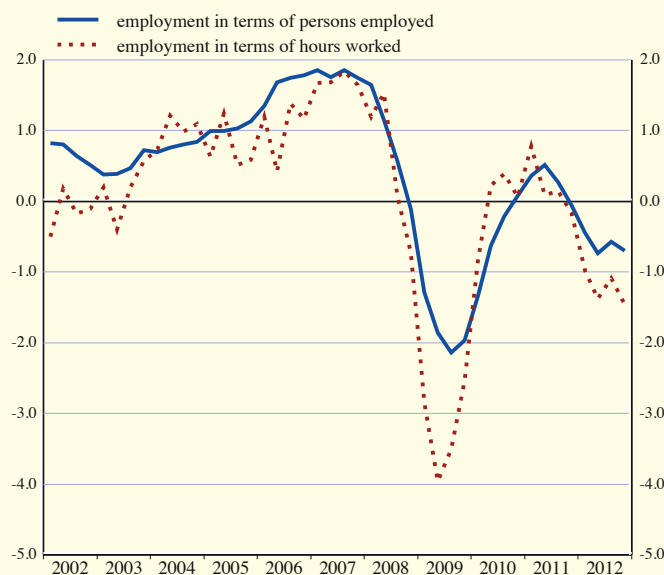
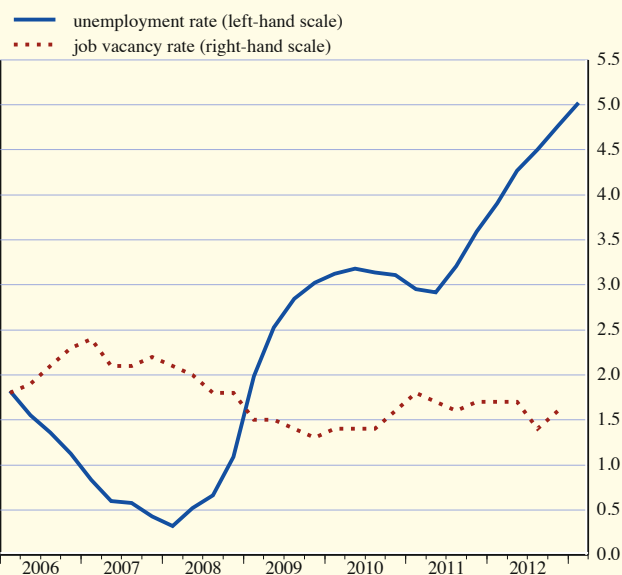
(seasonally adjusted, unless otherwise indicated)

**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
2009	15.055	9.6	11.768	8.4	3.287	20.3	8.147	9.4	6.909	9.8	1.4
2010	15.936	10.1	12.655	8.9	3.280	20.9	8.604	10.0	7.331	10.3	1.5
2011	16.041	10.2	12.828	9.0	3.213	20.9	8.550	9.9	7.491	10.5	1.7
2012	18.055	11.4	14.578	10.1	3.477	23.0	9.692	11.2	8.363	11.5	1.6
2012 Q1	17.277	10.9	13.896	9.7	3.382	22.2	9.242	10.7	8.035	11.1	1.7
Q2	17.908	11.3	14.453	10.1	3.455	22.8	9.631	11.1	8.277	11.4	1.7
Q3	18.304	11.5	14.789	10.3	3.515	23.4	9.839	11.4	8.465	11.7	1.4
Q4	18.731	11.8	15.173	10.5	3.558	23.7	10.057	11.6	8.674	11.9	1.6
2013 Q1	19.153	12.0	15.544	10.8	3.609	24.0	10.292	11.9	8.861	12.2	.
2012 Oct.	18.654	11.7	15.108	10.5	3.545	23.6	10.003	11.6	8.651	11.9	-
Nov.	18.771	11.8	15.207	10.5	3.565	23.7	10.059	11.6	8.713	12.0	-
Dec.	18.768	11.8	15.204	10.6	3.564	23.7	10.110	11.7	8.658	11.9	-
2013 Jan.	19.099	12.0	15.481	10.7	3.617	24.1	10.255	11.9	8.844	12.2	-
Feb.	19.149	12.0	15.538	10.8	3.611	24.0	10.294	11.9	8.856	12.2	-
Mar.	19.211	12.1	15.612	10.8	3.599	24.0	10.328	11.9	8.882	12.2	-

**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.

# 6

## 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	Social contributions		Sales	Capital taxes		12	13			
			Households	Corporations		Employers	Employees		Capital taxes						
			3	4	5	6	7	8	9	10	11			14	
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	8.7	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	4.5	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	15.7	8.2	4.5	2.6	0.3	0.3	40.4	
2011	45.3	45.0	11.9	9.1	2.6	13.0	0.3	15.7	8.2	4.5	2.6	0.3	0.3	40.9	
2012	46.2	46.0	12.4	9.6	2.7	13.3	0.3	15.9	8.3	4.6	2.6	0.2	0.3	41.8	

#### 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						
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	24.1	1.8	0.4	4.4	2.6	1.8	0.0	48.1
2011	49.5	46.0	10.6	5.5	3.0	26.9	23.8	1.7	0.4	3.5	2.3	1.2	0.0	46.5
2012	49.9	46.2	10.5	5.5	3.1	27.1	24.2	1.6	0.4	3.7	2.1	1.6	0.1	46.8

#### 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		Total	Compensation of employees	Intermediate consumption	Transfers in kind via market producers	Consumption of fixed capital	Sales (minus)	Collective consumption	Individual consumption
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	20.5	10.5	5.0	5.2	1.9	2.3	8.0	12.5
2006	-1.4	-1.5	-0.1	-0.2	0.4	1.5	20.3	10.3	5.0	5.3	1.9	2.3	7.9	12.5
2007	-0.7	-1.2	0.0	0.0	0.6	2.3	20.1	10.1	5.0	5.2	1.9	2.3	7.7	12.3
2008	-2.1	-2.3	-0.2	-0.2	0.5	0.9	20.6	10.3	5.2	5.4	1.9	2.3	8.0	12.7
2009	-6.4	-5.2	-0.5	-0.3	-0.4	-3.5	22.4	11.1	5.7	5.9	2.1	2.5	8.6	13.7
2010	-6.2	-5.1	-0.7	-0.3	-0.1	-3.4	22.1	10.9	5.7	5.9	2.1	2.6	8.4	13.6
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	13.4
2012	-3.7	-3.4	-0.3	0.0	0.0	-0.6	21.6	10.5	5.5	5.9	2.1	2.6	8.2	13.4

#### 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
2009	-5.6	-3.1	-2.0	-13.9	-15.6	-11.2	-7.5	-5.5	-6.1	-0.8	-3.7	-5.6	-4.1	-10.2	-6.2	-8.0	-2.5
2010	-3.8	-4.1	0.2	-30.8	-10.7	-9.7	-7.1	-4.5	-5.3	-0.9	-3.6	-5.1	-4.5	-9.8	-5.9	-7.7	-2.5
2011	-3.7	-0.8	1.2	-13.4	-9.5	-9.4	-5.3	-3.8	-6.3	-0.2	-2.8	-4.5	-2.5	-4.4	-6.4	-5.1	-0.8
2012	-3.9	0.2	-0.3	-7.6	-10.0	-10.6	-4.8	-3.0	-6.3	-0.8	-3.3	-4.1	-2.5	-6.4	-4.0	-4.3	-1.9

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	
2003	69.2	2.1	12.5	5.1	49.6	40.2	20.5	11.3	8.4	29.1
2004	69.7	2.2	12.2	4.8	50.5	38.7	19.7	11.2	7.9	30.9
2005	70.5	2.4	12.3	4.5	51.3	37.0	19.0	11.3	6.8	33.5
2006	68.7	2.5	11.9	4.0	50.3	34.9	19.1	9.3	6.5	33.7
2007	66.4	2.2	11.3	3.9	48.9	32.7	17.8	8.6	6.3	33.6
2008	70.2	2.3	11.6	6.5	49.8	33.2	18.4	7.9	6.9	37.0
2009	80.0	2.5	12.7	8.3	56.5	37.4	21.4	9.2	6.8	42.6
2010	85.4	2.4	15.4	7.3	60.2	40.5	24.3	10.6	5.6	44.9
2011	87.3	2.4	15.4	7.4	62.1	42.8	24.7	11.3	6.9	44.5
2012	90.6	2.6	17.4	6.8	63.9	46.6	26.5	12.4	7.7	44.0

### 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
2003	69.2	56.7	6.5	5.1	1.0	7.9	61.4	5.0	14.9	26.1	28.3	68.4	0.9
2004	69.7	56.7	6.6	5.1	1.3	7.7	62.0	4.7	14.7	26.3	28.6	68.7	1.0
2005	70.5	57.2	6.7	5.2	1.4	7.8	62.8	4.5	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	4.3	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	4.2	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	4.9	17.7	23.5	29.1	69.3	1.0
2009	80.0	64.8	7.7	5.8	1.7	12.0	68.0	5.0	19.5	27.3	33.2	78.8	1.2
2010	85.4	69.2	8.3	5.9	1.9	13.0	72.3	5.1	21.2	29.3	34.9	84.2	1.2
2011	87.3	70.7	8.5	5.9	2.2	12.6	74.7	6.0	20.8	30.4	36.1	85.6	1.7
2012	90.6	73.5	8.8	6.0	2.2	11.7	78.9	7.0	20.6	32.1	37.9	88.6	2.0

### 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
2009	95.7	74.5	7.2	64.8	129.7	53.9	79.2	116.4	58.5	15.3	66.4	60.8	69.2	83.7	35.0	35.6	43.5
2010	95.5	82.4	6.7	92.1	148.3	61.5	82.4	119.3	61.3	19.2	67.4	63.1	72.0	94.0	38.6	41.0	48.6
2011	97.8	80.4	6.2	106.4	170.3	69.3	85.8	120.8	71.1	18.3	70.3	65.5	72.5	108.3	46.9	43.3	49.0
2012	99.6	81.9	10.1	117.6	156.9	84.2	90.2	127.0	85.8	20.8	72.1	71.2	73.4	123.6	54.1	52.1	53.0

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>	MFI	Other financial corporations	
	1	2	3	4	5	6	7	8	9	10	11	12
2004	3.2	3.3	-0.1	0.0	0.2	0.1	-0.1	2.9	0.2	0.0	0.3	3.0
2005	3.3	3.1	0.2	0.0	0.3	0.5	-0.1	2.6	-0.4	0.0	0.5	3.7
2006	1.6	1.5	0.1	0.0	0.2	0.2	-0.3	1.5	-0.3	1.1	-1.4	1.9
2007	1.2	1.2	0.0	0.0	-0.1	0.0	0.1	1.2	-0.4	-0.4	-0.3	1.6
2008	5.3	5.2	0.1	0.0	0.1	0.5	2.7	2.0	1.3	1.0	-0.5	4.1
2009	7.3	7.5	-0.2	0.0	0.1	0.7	1.6	4.9	3.0	2.3	1.0	4.3
2010	7.6	7.7	-0.1	0.0	0.0	3.0	-0.7	5.2	4.1	3.5	1.6	3.4
2011	4.2	4.0	0.1	0.0	0.0	0.4	0.2	3.5	3.4	1.0	1.0	0.8
2012	4.0	5.4	-1.4	0.0	0.2	2.1	-0.5	2.2	4.1	2.0	1.2	-0.2

### 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	
2004	3.2	-2.9	0.3	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	0.2	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	7.3	-6.4	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	1.0	0.2	0.0	0.2	-0.1	0.0	0.0	-0.3
2011	4.2	-4.1	0.0	-0.3	0.2	-0.2	-0.2	-0.1	-0.1	0.2	0.1	0.0	0.0	0.2
2012	4.0	-3.7	0.2	1.4	0.3	0.6	-0.1	0.6	-0.1	0.3	-1.4	0.0	0.0	0.3

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 Q4	49.0	48.4	14.4	14.0	15.8	2.4	0.9	0.6	0.3	44.5
2007 Q1	42.3	41.9	10.4	12.9	14.8	2.2	0.9	0.4	0.3	38.3
2007 Q2	45.8	45.4	13.0	13.0	15.0	2.2	1.4	0.4	0.3	41.2
2007 Q3	43.6	43.1	12.3	12.4	14.7	2.2	0.7	0.5	0.3	39.6
2007 Q4	49.3	48.7	14.8	13.8	15.7	2.5	1.0	0.6	0.3	44.6
2008 Q1	42.4	42.1	10.8	12.3	14.8	2.2	1.1	0.3	0.2	38.2
2008 Q2	45.3	44.9	12.9	12.4	15.1	2.3	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	48.8	48.3	13.9	13.4	16.3	2.6	1.1	0.5	0.3	43.9
2009 Q1	42.4	42.3	10.4	12.0	15.6	2.4	1.1	0.1	0.2	38.2
2009 Q2	45.3	44.7	11.8	12.5	15.7	2.5	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	48.7	47.8	13.0	13.6	16.4	2.7	1.0	0.8	0.5	43.5
2010 Q1	42.2	42.0	10.1	12.2	15.5	2.4	0.9	0.2	0.3	38.0
2010 Q2	45.1	44.6	11.8	12.6	15.4	2.6	1.3	0.5	0.3	40.2
2010 Q3	43.0	42.7	10.9	12.5	15.3	2.5	0.7	0.3	0.3	39.0
2010 Q4	48.6	47.8	13.2	13.4	16.4	2.8	1.0	0.7	0.3	43.3
2011 Q1	42.9	42.7	10.6	12.5	15.3	2.5	1.0	0.3	0.3	38.7
2011 Q2	45.2	44.9	12.0	12.7	15.4	2.5	1.5	0.3	0.3	40.3
2011 Q3	43.7	43.4	11.4	12.5	15.4	2.5	0.8	0.3	0.3	39.6
2011 Q4	49.3	48.3	13.4	13.4	16.7	2.8	1.0	1.1	0.4	43.8
2012 Q1	43.4	43.2	10.9	12.6	15.4	2.5	1.0	0.2	0.2	39.1
2012 Q2	46.1	45.8	12.6	12.8	15.6	2.6	1.4	0.3	0.3	41.2
2012 Q3	44.7	44.3	12.0	12.6	15.5	2.6	0.8	0.4	0.3	40.4
2012 Q4	50.6	49.9	14.2	13.9	16.9	2.9	1.0	0.7	0.3	45.3

**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 benefits	Subsidies	Investment	Capital transfers		
2006 Q4	49.5	44.6	10.8	5.9	2.8	25.0	21.3	1.3	4.9	2.7	2.2	-0.5	2.3
2007 Q1	44.9	41.4	9.9	4.5	2.9	24.1	20.7	1.1	3.5	2.3	1.2	-2.7	0.2
2007 Q2	45.0	41.6	10.0	4.8	3.2	23.6	20.6	1.1	3.4	2.5	0.9	0.8	4.0
2007 Q3	44.6	41.0	9.6	4.8	2.9	23.8	20.5	1.1	3.6	2.6	0.9	-1.0	1.9
2007 Q4	49.3	44.7	10.8	5.9	2.9	25.1	21.2	1.5	4.5	2.8	1.7	0.0	2.9
2008 Q1	45.5	41.9	9.9	4.5	3.0	24.4	20.8	1.2	3.6	2.3	1.2	-3.1	0.0
2008 Q2	46.0	42.4	10.2	5.0	3.3	23.9	20.8	1.1	3.6	2.6	1.0	-0.7	2.6
2008 Q3	45.7	42.0	9.8	4.9	3.0	24.4	21.2	1.1	3.7	2.7	1.0	-2.3	0.6
2008 Q4	51.3	46.7	11.2	6.3	2.9	26.3	22.2	1.4	4.6	2.9	1.7	-2.5	0.4
2009 Q1	49.4	45.6	10.7	5.1	2.8	26.9	23.0	1.3	3.8	2.6	1.2	-6.9	-4.1
2009 Q2	50.7	46.5	11.1	5.5	3.0	26.9	23.3	1.3	4.2	2.8	1.3	-5.4	-2.4
2009 Q3	50.0	46.0	10.5	5.5	2.8	27.1	23.5	1.3	4.1	2.9	1.1	-7.1	-4.3
2009 Q4	54.6	49.7	11.8	6.7	2.8	28.4	24.0	1.5	4.9	3.0	1.9	-6.0	-3.2
2010 Q1	50.4	46.5	10.8	5.1	2.7	27.9	23.6	1.4	3.9	2.4	1.5	-8.2	-5.5
2010 Q2	49.6	46.1	11.0	5.5	3.0	26.7	23.2	1.3	3.5	2.5	1.1	-4.5	-1.5
2010 Q3	50.4	45.2	10.2	5.4	2.7	26.8	23.1	1.3	5.2	2.6	2.6	-7.4	-4.7
2010 Q4	53.4	48.7	11.5	6.6	2.9	27.7	23.6	1.5	4.7	2.7	2.0	-4.8	-1.9
2011 Q1	48.6	45.5	10.5	5.0	2.9	27.2	23.1	1.3	3.1	2.1	0.9	-5.6	-2.8
2011 Q2	48.5	45.3	10.6	5.3	3.2	26.2	22.8	1.2	3.2	2.3	0.9	-3.3	-0.1
2011 Q3	48.1	44.6	10.1	5.3	2.9	26.4	23.0	1.2	3.5	2.3	1.1	-4.3	-1.5
2011 Q4	52.6	48.6	11.2	6.5	3.2	27.7	23.6	1.5	3.9	2.5	1.7	-3.3	-0.1
2012 Q1	48.2	45.5	10.3	4.9	3.0	27.3	23.3	1.2	2.7	1.9	0.8	-4.8	-1.8
2012 Q2	49.2	45.8	10.5	5.3	3.3	26.6	23.2	1.1	3.3	2.1	1.2	-3.0	0.3
2012 Q3	48.5	44.9	10.0	5.3	2.9	26.7	23.4	1.1	3.7	2.2	1.5	-3.9	-1.0
2012 Q4	53.7	48.7	11.0	6.5	3.2	28.0	24.1	1.4	5.0	2.2	2.8	-3.1	0.1

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

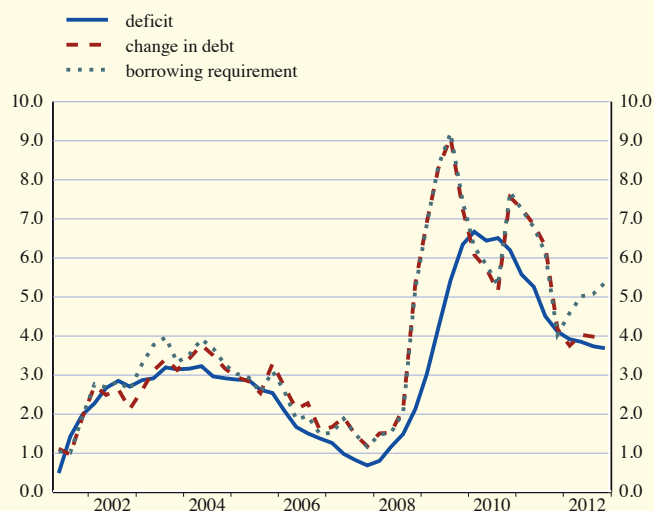
	Total 1	Financial instruments			
		Currency and deposits 2	Loans 3	Short-term securities 4	Long-term securities 5
2010 Q1	81.6	2.4	12.9	8.2	58.2
Q2	82.9	2.4	13.5	7.8	59.2
Q3	83.0	2.4	13.4	7.9	59.2
Q4	85.4	2.4	15.4	7.3	60.2
2011 Q1	86.3	2.4	15.2	7.4	61.2
Q2	87.2	2.4	15.0	7.5	62.3
Q3	86.8	2.4	15.2	7.8	61.4
Q4	87.3	2.4	15.4	7.4	62.1
2012 Q1	88.2	2.5	15.8	7.6	62.3
Q2	89.9	2.5	16.7	7.3	63.4
Q3	89.9	2.5	16.5	7.2	63.6
Q4	90.6	2.6	17.4	6.8	63.9

### 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
2010 Q1	8.1	-8.2	-0.1	0.8	0.9	-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	-0.1	7.7
Q3	2.7	-7.4	-4.6	-2.9	-2.3	-0.6	-0.1	0.1	0.0	-1.7	2.8
Q4	11.6	-4.8	6.8	5.6	-0.4	1.6	4.4	0.0	0.0	1.2	11.6
2011 Q1	6.9	-5.6	1.2	0.7	2.1	-0.8	-0.6	-0.1	0.2	0.4	6.7
Q2	6.0	-3.3	2.7	2.6	2.8	0.6	-0.3	-0.5	0.1	0.0	5.9
Q3	0.7	-4.3	-3.6	-3.7	-3.7	-0.4	0.2	0.2	0.5	-0.3	0.3
Q4	3.2	-3.3	-0.1	-0.6	-0.3	-0.2	-0.1	0.1	-0.1	0.6	3.3
2012 Q1	5.1	-4.8	0.3	3.8	4.2	0.0	-0.4	0.0	-3.8	0.3	9.0
Q2	7.1	-3.0	4.1	3.8	1.6	1.1	0.4	0.7	-0.5	0.8	7.6
Q3	0.6	-3.9	-3.3	-1.3	-1.7	0.6	-0.4	0.1	0.0	-2.0	0.6
Q4	3.0	-3.1	-0.1	-0.7	-2.9	0.5	0.1	1.6	-1.4	2.0	4.4

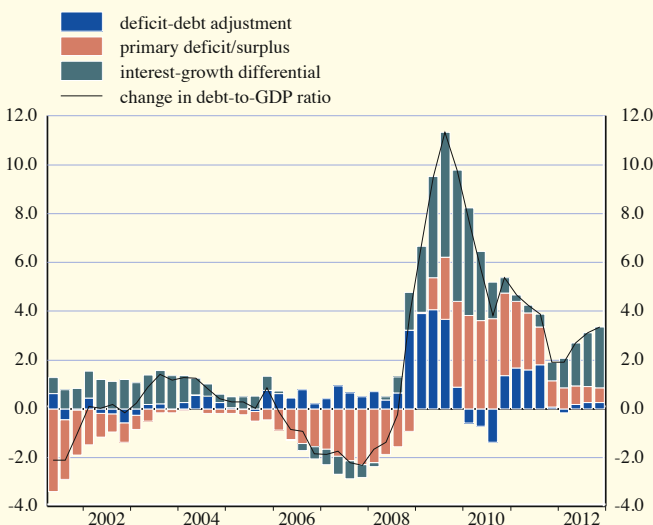
### C30 Deficit, borrowing requirement and change in debt

(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

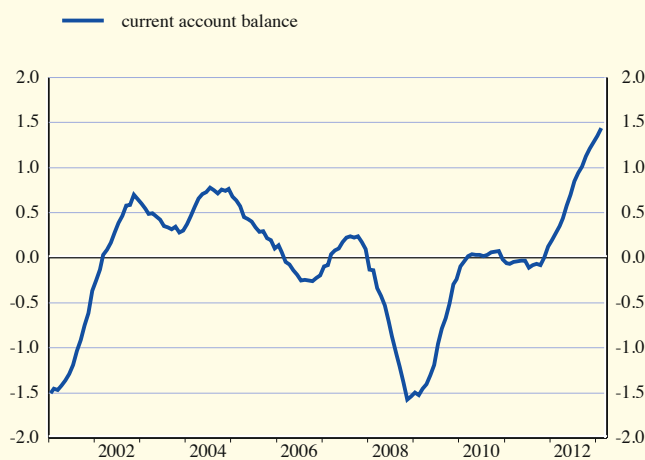
### 7.1 Summary balance of payments <sup>1)</sup>

(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
2010	3.5	17.2	56.5	38.9	-109.2	5.7	9.2	9.1	-88.8	119.5	18.4	-29.5	-10.5	-18.3
2011	14.9	6.8	73.2	42.1	-107.2	11.2	26.0	-42.7	-118.7	252.5	-5.3	-161.0	-10.2	16.6
2012	116.0	100.6	90.9	32.2	-107.8	15.1	131.1	-133.2	-44.8	52.3	5.6	-132.1	-14.1	2.1
2011 Q4	35.9	14.5	20.9	20.9	-20.4	6.1	42.0	-42.2	-14.7	-46.1	-11.2	36.5	-6.7	0.3
2012 Q1	-2.8	6.8	16.6	12.5	-38.7	3.2	0.4	2.0	-3.6	-76.8	-5.3	89.8	-2.1	-2.4
Q2	18.3	25.7	26.3	-8.6	-25.1	1.4	19.8	-19.5	-15.2	96.7	-8.0	-84.0	-9.0	-0.3
Q3	40.8	30.3	27.0	13.0	-29.4	4.0	44.9	-41.6	-4.9	-14.8	2.8	-24.6	-0.1	-3.2
Q4	59.6	37.9	21.0	15.3	-14.6	6.5	66.1	-74.2	-21.2	47.2	16.1	-113.3	-3.0	8.1
2012 Feb.	-2.6	3.2	5.5	6.0	-17.3	2.0	-0.6	9.3	8.2	12.5	4.5	-14.3	-1.6	-8.8
Mar.	10.0	11.3	6.7	4.0	-12.0	0.7	10.7	-19.2	-12.6	-46.0	-4.2	43.0	0.7	8.4
Apr.	2.9	4.4	7.6	0.1	-9.1	0.2	3.2	-2.4	-2.6	3.4	1.7	-2.0	-3.0	-0.7
May	-2.8	7.4	8.9	-10.8	-8.2	1.4	-1.4	-0.4	3.5	30.1	-7.5	-25.0	-1.5	1.7
June	18.2	13.9	9.9	2.1	-7.7	-0.2	18.0	-16.7	-16.1	63.2	-2.2	-57.0	-4.5	-1.3
July	21.8	14.5	9.9	5.2	-7.9	0.7	22.4	-17.5	2.5	4.8	-1.7	-23.6	0.5	-5.0
Aug.	8.8	5.6	7.9	5.9	-10.6	1.6	10.5	-7.7	12.6	-19.1	6.2	-5.9	-1.6	-2.8
Sep.	10.2	10.2	9.1	1.9	-11.0	1.7	11.9	-16.4	-20.0	-0.5	-1.7	4.9	1.0	4.5
Oct.	12.8	10.6	6.9	4.3	-9.0	2.4	15.2	-15.6	-15.1	44.4	6.3	-48.6	-2.6	0.4
Nov.	20.3	15.1	5.2	5.3	-5.2	2.3	22.6	-28.9	21.4	23.3	7.6	-80.2	-1.0	6.3
Dec.	26.5	12.2	9.0	5.8	-0.4	1.8	28.3	-29.7	-27.6	-20.5	2.2	15.5	0.7	1.4
2013 Jan.	-5.6	-2.7	5.2	4.7	-12.8	0.7	-4.9	1.5	-8.3	29.0	6.7	-21.3	-4.7	3.4
Feb.	12.1	12.0	5.9	8.4	-14.1	1.6	13.7	-18.1	-1.7	-8.9	5.9	-16.0	2.6	4.5
<i>12-month cumulated transactions</i>														
2013 Feb.	135.3	114.4	92.1	36.8	-108.0	14.9	150.2	-171.1	-63.8	103.1	19.3	-216.3	-13.5	20.9
<i>12-month cumulated transactions as a percentage of GDP</i>														
2013 Feb.	1.4	1.2	1.0	0.4	-1.1	0.2	1.6	-1.8	-0.7	1.1	0.2	-2.3	-0.1	0.2

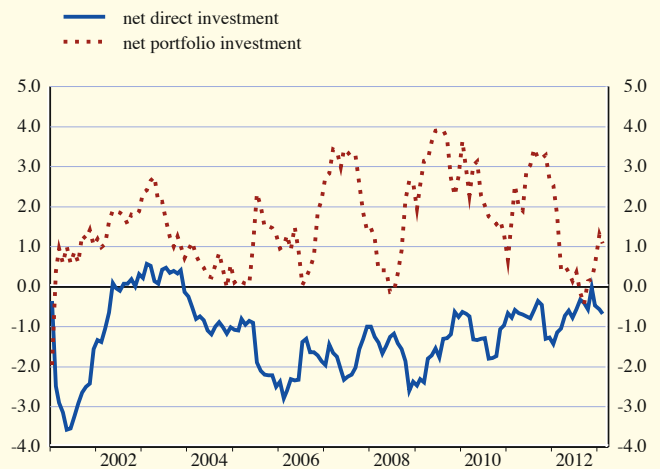
### C32 Euro area b.o.p.: current account

(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

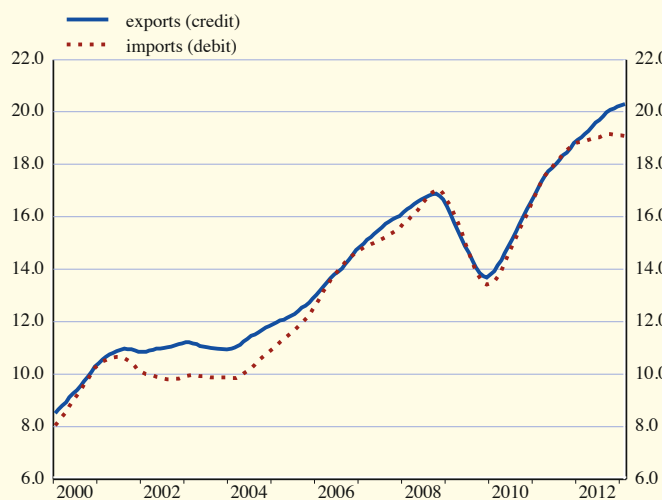
(EUR billions; transactions)

### 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	
2010	2,710.8	2,707.3	3.5	1,576.9	1,559.6	543.9	487.5	502.8	463.9	87.1	6.3	196.3	27.1	20.3	14.7
2011	2,985.1	2,970.2	14.9	1,787.9	1,781.1	581.5	508.4	521.2	479.1	94.5	6.6	201.7	27.8	25.4	14.2
2012	3,142.2	3,026.2	116.0	1,916.9	1,816.2	624.6	533.7	503.2	471.0	97.5	6.8	205.3	26.2	29.0	13.8
2011 Q4	785.2	749.3	35.9	465.8	451.4	153.2	132.3	134.0	113.1	32.2	1.6	52.6	7.0	11.4	5.3
2012 Q1	756.4	759.3	-2.8	468.1	461.4	140.6	124.0	121.6	109.0	26.1	1.6	64.8	6.3	5.4	2.2
Q2	791.5	773.1	18.3	480.5	454.8	156.8	130.4	133.0	141.6	21.2	1.6	46.3	6.6	5.8	4.3
Q3	789.7	748.9	40.8	480.1	449.8	167.2	140.2	125.1	112.2	17.3	1.9	46.7	6.6	7.0	2.9
Q4	804.5	744.9	59.6	488.1	450.2	160.1	139.1	123.5	108.2	32.9	1.7	47.5	6.7	10.8	4.3
2012 Dec.	267.6	241.1	26.5	147.7	135.5	56.2	47.2	46.9	41.1	16.8	-	17.2	-	3.7	1.9
2013 Jan.	247.4	253.0	-5.6	151.5	154.2	47.9	42.7	37.1	32.4	11.0	-	23.8	-	1.6	0.9
Feb.	247.4	235.3	12.1	152.5	140.5	46.0	40.1	37.1	28.7	11.8	-	25.9	-	2.3	0.7
	Seasonally adjusted														
2012 Q2	790.6	760.8	29.8	481.8	456.4	156.9	133.2	127.3	119.2	24.6	-	51.9	-	-	-
Q3	796.8	766.6	30.2	485.0	459.5	157.9	135.6	129.0	119.3	24.8	-	52.2	-	-	-
Q4	781.9	743.8	38.1	479.8	447.1	156.9	135.4	120.7	113.8	24.5	-	47.5	-	-	-
2012 Dec.	262.1	249.1	13.0	161.6	148.8	53.0	45.5	39.3	38.6	8.2	-	16.3	-	-	-
2013 Jan.	263.2	249.4	13.8	161.1	149.2	51.7	43.5	40.3	34.2	10.1	-	22.6	-	-	-
Feb.	261.3	245.0	16.3	160.3	148.1	52.7	44.7	39.9	34.0	8.4	-	18.2	-	-	-
	12-month cumulated transactions														
2013 Feb.	3,154.6	3,017.9	136.7	1,926.4	1,811.4	627.3	535.1	500.0	461.5	100.9	-	209.9	-	-	-
	12-month cumulated transactions as a percentage of GDP														
2013 Feb.	33.2	31.8	1.4	20.3	19.1	6.6	5.6	5.3	4.9	1.1	-	2.2	-	-	-

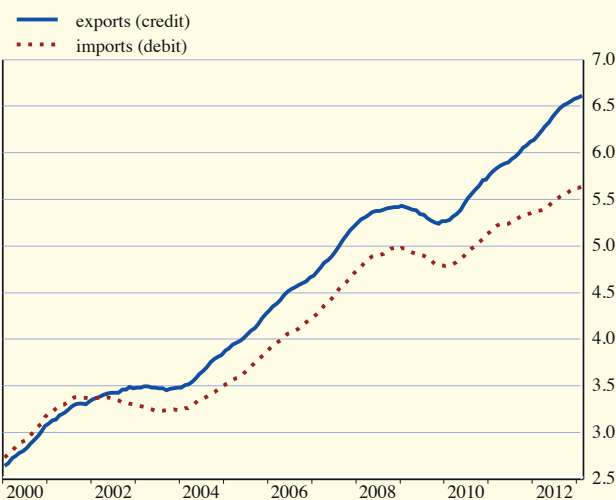
### C34 Euro area b.o.p.: goods

(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
2010	25.1	12.4	477.7	451.5	245.8	48.6	154.7	45.2	23.4	24.3	28.8	84.0	102.1	123.8	77.6	64.7
2011	27.1	13.0	494.1	466.1	248.9	25.6	154.0	53.2	24.7	23.0	35.3	97.6	103.3	127.0	81.9	64.6
2012	28.6	13.3	474.6	457.7	229.1	45.9	155.7	33.0	25.3	23.8	42.3	104.0	98.6	119.1	79.3	55.1
2011 Q4	7.0	3.4	127.0	109.7	66.1	1.7	35.5	-2.2	7.2	7.1	7.1	18.4	25.6	32.8	21.0	15.9
2012 Q1	6.9	2.5	114.7	106.5	55.4	23.1	36.8	17.5	5.7	5.4	8.9	16.8	24.2	32.3	20.6	15.3
Q2	7.2	3.5	125.8	138.1	59.1	-0.4	44.2	8.0	6.3	5.8	15.6	45.4	24.7	28.7	20.1	14.1
Q3	7.1	3.9	118.0	108.2	56.9	15.7	38.7	13.9	6.7	5.5	9.9	21.2	24.9	29.8	19.5	13.0
Q4	7.5	3.4	116.0	104.8	57.7	7.5	36.1	-6.4	6.7	7.1	8.0	20.6	24.7	28.2	19.0	12.7

### 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									
2012 Q1 to 2012 Q4	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
Credits																
<b>Current account</b>	3,142.2	1,004.8	54.3	91.4	486.0	310.1	63.0	63.4	47.7	153.8	40.6	72.1	121.7	250.6	417.5	970.0
Goods	1,916.9	592.1	35.2	58.2	253.5	245.1	0.2	33.1	22.8	119.8	30.2	44.5	90.0	136.1	228.3	619.8
Services	624.6	188.1	12.3	17.1	117.6	34.3	6.8	10.4	10.8	22.4	7.5	15.8	20.8	62.3	94.6	192.0
Income	503.2	161.1	5.8	13.9	103.8	27.5	10.1	19.5	13.1	11.0	2.6	10.9	10.4	43.3	87.7	143.5
Investment income	474.6	153.3	5.0	13.8	102.1	26.7	5.7	19.5	13.0	10.9	2.6	10.9	10.3	28.3	86.1	139.7
Current transfers	97.5	63.5	0.9	2.2	11.1	3.2	46.0	0.4	0.9	0.7	0.2	0.8	0.5	8.9	6.9	14.7
<b>Capital account</b>	29.0	24.9	0.0	0.0	2.9	0.6	21.3	0.0	0.0	0.0	0.0	0.0	0.2	0.9	0.4	2.5
Debits																
<b>Current account</b>	3,026.2	949.8	49.5	89.1	422.9	280.3	108.0	39.1	31.3	-	34.6	98.3	154.4	213.3	406.9	-
Goods	1,816.2	509.3	29.9	50.7	202.5	226.2	0.0	29.8	14.2	203.8	26.0	47.9	136.4	108.3	152.1	588.5
Services	533.7	154.5	9.4	14.4	91.6	38.8	0.3	5.9	7.1	15.4	6.7	9.9	11.1	48.0	111.0	164.0
Income	471.0	163.1	9.1	22.2	116.8	10.0	4.9	2.1	7.9	-	1.0	39.8	6.0	47.2	137.4	-
Investment income	457.7	155.9	9.0	22.1	115.1	4.7	4.9	2.0	7.7	-	0.8	39.6	5.9	46.6	136.1	-
Current transfers	205.3	122.9	1.1	1.8	12.1	5.2	102.8	1.3	2.0	4.4	1.0	0.6	0.8	9.8	6.5	55.8
<b>Capital account</b>	13.8	2.0	0.1	0.1	1.2	0.5	0.2	0.2	0.1	0.3	0.3	0.0	0.1	0.5	3.6	6.8
Net																
<b>Current account</b>	116.0	55.0	4.8	2.4	63.1	29.8	-45.0	24.3	16.4	-	6.0	-26.2	-32.7	37.3	10.5	-
Goods	100.6	82.8	5.3	7.5	51.0	18.8	0.2	3.3	8.7	-84.0	4.3	-3.4	-46.4	27.8	76.2	31.4
Services	90.9	33.6	3.0	2.7	26.0	-4.5	6.4	4.5	3.7	6.9	0.8	5.9	9.7	14.3	-16.4	28.0
Income	32.2	-2.0	-3.3	-8.3	-13.0	17.5	5.1	17.4	5.2	-	1.6	-28.9	4.4	-3.8	-49.6	-
Investment income	16.9	-2.6	-4.0	-8.3	-13.0	22.0	0.8	17.5	5.3	-	1.8	-28.8	4.5	-18.3	-50.1	-
Current transfers	-107.8	-59.4	-0.1	0.4	-1.0	-2.0	-56.7	-0.9	-1.1	-3.7	-0.8	0.1	-0.3	-0.9	0.4	-41.1
<b>Capital account</b>	15.1	22.9	0.0	0.0	1.7	0.1	21.2	-0.2	0.0	-0.3	-0.3	0.0	0.1	0.4	-3.2	-4.3

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>														
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	15,843.0	17,152.6	-1,309.6	168.2	182.1	-13.9	5,564.7	4,392.0	4,762.6	7,628.4	-24.3	4,876.7	5,132.3	663.4
2012 Q2	16,516.8	17,695.2	-1,178.3	174.5	186.9	-12.4	5,868.8	4,607.8	5,032.9	7,818.2	-27.5	4,941.2	5,269.1	701.5
Q3	16,469.2	17,596.5	-1,127.3	173.8	185.7	-11.9	5,645.1	4,254.9	5,187.8	8,122.4	-21.2	4,923.7	5,219.2	733.8
Q4	16,342.6	17,482.5	-1,139.9	172.3	184.3	-12.0	5,656.5	4,262.5	5,270.1	8,276.1	-16.7	4,721.5	4,943.9	711.3
<b>Changes to outstanding amounts</b>														
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	626.2	673.6	-47.3	6.6	7.2	-0.5	618.0	483.3	-144.7	157.5	8.3	69.1	32.8	75.6
2012	499.6	-100.3	600.0	5.3	-1.1	6.3	91.8	-129.5	507.5	647.7	7.5	-155.1	-618.6	47.9
2012 Q3	-47.6	-98.7	51.0	-2.0	-4.2	2.2	-223.7	-352.9	155.0	304.2	6.3	-17.5	-49.9	32.3
Q4	-126.6	-114.0	-12.6	-5.2	-4.7	-0.5	11.4	7.6	82.2	153.7	4.4	-202.2	-275.3	-22.5
<b>Transactions</b>														
2009	-89.4	-74.4	-15.0	-1.0	-0.8	-0.2	352.9	285.9	96.0	342.8	-19.0	-514.7	-703.1	-4.6
2010	657.7	666.8	-9.1	7.2	7.3	-0.1	362.4	273.6	134.2	253.7	-18.4	169.0	139.5	10.5
2011	583.2	540.6	42.7	6.2	5.7	0.5	447.0	328.4	-55.9	196.6	5.3	176.6	15.6	10.2
2012	425.9	292.7	133.2	4.5	3.1	1.4	237.5	192.7	184.6	236.8	-5.6	-4.7	-136.8	14.1
2012 Q2	66.7	47.3	19.5	2.8	2.0	0.8	65.8	50.7	-60.1	36.6	8.0	44.0	-40.0	9.0
Q3	68.8	27.2	41.6	2.9	1.2	1.8	52.6	47.7	40.0	25.2	-2.8	-21.0	-45.7	0.1
Q4	-7.5	-81.6	74.2	-0.3	-3.4	3.1	39.2	18.0	80.1	127.3	-16.1	-113.7	-226.9	3.0
2012 Oct.	46.4	30.8	15.6	-	-	-	11.0	-4.0	-1.0	43.4	-6.3	40.1	-8.5	2.6
Nov.	36.3	7.4	28.9	-	-	-	2.7	24.1	37.4	60.7	-7.6	2.7	-77.5	1.0
Dec.	-90.2	-119.9	29.7	-	-	-	25.4	-2.1	43.7	23.2	-2.2	-156.4	-141.0	-0.7
2013 Jan.	89.6	91.1	-1.5	-	-	-	9.0	0.7	27.4	56.5	-6.7	55.2	33.9	4.7
Feb.	62.2	44.1	18.1	-	-	-	14.8	13.2	39.0	30.1	-5.9	16.9	0.8	-2.6
<b>Other changes</b>														
2008	-1,174.6	-972.6	-202.0	-12.7	-10.5	-2.2	-149.2	-81.4	-808.6	-816.1	-56.2	-184.3	-75.1	23.7
2009	593.6	462.0	131.6	6.7	5.2	1.5	144.1	-13.4	417.6	554.1	18.2	-76.3	-78.7	90.0
2010	819.9	586.7	233.3	8.9	6.4	2.5	171.5	102.5	432.2	353.5	-12.8	111.4	130.7	117.7
2011	43.0	133.0	-90.0	0.5	1.4	-1.0	170.9	154.9	-88.8	-39.2	3.0	-107.5	17.2	65.4
<b>Other changes due to exchange rate changes</b>														
2008	-49.7	28.1	-77.8	-0.5	0.3	-0.8	-25.0	-33.8	6.6	41.8	.	-40.6	20.1	9.3
2009	-49.3	-56.1	6.8	-0.6	-0.6	0.1	-5.3	5.6	-29.8	-34.5	.	-11.6	-27.2	-2.7
2010	537.3	325.5	211.8	5.9	3.5	2.3	165.6	50.1	199.0	115.1	.	159.8	160.3	12.9
2011	221.9	172.3	49.6	2.4	1.8	0.5	64.0	23.0	87.9	60.1	.	62.4	89.1	7.6
<b>Other changes due to price changes</b>														
2008	-1,003.0	-976.3	-26.7	-10.9	-10.6	-0.3	-159.3	-60.7	-809.5	-915.6	-56.2	.	.	22.0
2009	634.8	492.7	142.1	7.1	5.5	1.6	147.4	29.4	423.5	463.4	18.2	.	.	45.8
2010	300.8	153.8	147.0	3.3	1.7	1.6	47.0	2.1	165.1	151.8	-12.8	.	.	101.5
2011	-442.5	-250.9	-191.6	-4.7	-2.7	-2.0	-95.5	0.0	-409.2	-250.9	3.0	.	.	59.3
<b>Other changes due to other adjustments</b>														
2008	-120.1	-19.3	-100.8	-1.3	-0.2	-1.1	35.1	25.2	-5.7	50.8	.	-141.8	-95.3	-7.7
2009	8.4	25.5	-17.1	0.1	0.3	-0.2	2.0	-48.3	24.0	124.6	.	-64.4	-50.8	46.9
2010	-18.2	107.4	-125.6	-0.2	1.2	-1.4	-41.2	50.3	68.1	86.6	.	-48.4	-29.5	3.3
2011	263.6	211.6	52.0	2.8	2.2	0.6	202.4	131.9	232.5	151.5	.	-169.9	-71.9	-1.5
<b>Growth rates of outstanding amounts</b>														
2008	3.0	3.6	-	.	.	.	9.2	3.7	-0.2	3.9	.	-0.2	3.3	1.0
2009	-0.7	-0.5	-	.	.	.	8.9	8.8	2.4	5.6	.	-10.1	-12.5	-1.3
2010	4.6	4.3	-	.	.	.	7.9	7.5	3.0	3.6	.	3.7	2.8	2.0
2011	3.9	3.3	-	.	.	.	9.1	8.5	-1.2	2.6	.	3.8	0.4	1.6
2012 Q2	3.0	2.4	-	.	.	.	7.1	7.3	-1.2	-0.6	.	2.4	3.0	2.1
Q3	2.5	1.7	-	.	.	.	6.4	7.3	1.2	0.2	.	-0.8	-0.6	2.7
Q4	2.7	1.7	-	.	.	.	4.2	4.4	3.8	3.0	.	-0.1	-2.7	2.1

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
<b>Outstanding amounts (international investment position)</b>														
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 Q3	5,645.1	4,195.2	294.5	3,900.7	1,449.9	13.0	1,436.9	4,254.9	3,035.2	98.9	2,936.3	1,219.7	11.9	1,207.8
Q4	5,656.5	4,177.6	291.1	3,886.5	1,478.9	12.9	1,466.0	4,262.5	3,054.0	100.4	2,953.6	1,208.5	11.0	1,197.5
<b>Transactions</b>														
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	362.4	231.2	21.2	210.0	131.2	1.6	129.6	273.6	294.8	8.8	286.0	-21.2	-7.7	-13.5
2011	447.0	380.7	22.5	358.2	66.3	-3.5	69.8	328.4	332.5	5.1	327.4	-4.1	-0.9	-3.3
2012 Q2	65.8	52.8	-0.6	53.4	13.1	-1.0	14.1	50.7	46.5	1.3	45.2	4.2	0.1	4.0
Q3	52.6	30.7	1.5	29.1	21.9	0.1	21.8	47.7	38.0	2.0	36.0	9.7	1.7	8.0
Q4	39.2	34.8	0.4	34.4	4.4	0.1	4.3	18.0	21.4	1.0	20.4	-3.4	-0.6	-2.8
2012 Oct.	11.0	13.0	1.1	11.9	-1.9	0.1	-2.0	-4.0	9.5	0.8	8.7	-13.5	-2.1	-11.4
Nov.	2.7	3.0	-1.6	4.6	-0.3	0.1	-0.4	24.1	8.8	0.5	8.3	15.3	1.3	14.0
Dec.	25.4	18.8	0.9	18.0	6.6	-0.2	6.8	-2.1	3.1	-0.3	3.4	-5.2	0.3	-5.5
2013 Jan.	9.0	18.6	0.1	18.4	-9.6	0.8	-10.4	0.7	5.1	0.3	4.8	-4.4	1.8	-6.2
Feb.	14.8	9.3	0.3	9.0	5.6	0.3	5.3	13.2	5.2	0.4	4.8	8.0	0.8	7.1
<b>Growth rates</b>														
2010	7.9	6.4	8.9	6.2	13.2	10.6	13.3	7.5	11.0	11.1	11.0	-2.5	-37.9	-1.8
2011	9.1	10.1	8.4	10.2	6.0	-21.4	6.4	8.5	11.3	5.7	11.5	-0.6	-7.6	-0.5
2012 Q2	7.1	7.9	0.7	8.5	4.6	-7.6	4.8	7.3	9.8	6.9	9.9	-0.8	-5.9	-0.7
Q3	6.4	7.2	-0.5	7.8	3.7	4.6	3.7	7.3	8.8	7.3	8.9	2.3	16.0	2.2
Q4	4.2	4.4	-0.2	4.7	4.0	0.6	4.0	4.4	5.2	6.8	5.1	2.1	6.0	2.1

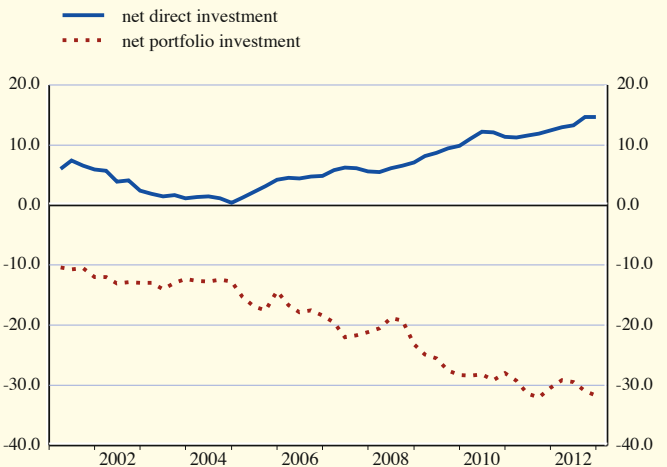
**C36 Euro area international investment position**

(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									
	1	2	MFIs		Non-MFIs		Bonds and notes			Money market instruments			15	16		
			3	4	5	6	7	MFIs		10	11	12			MFIs	
								8	9						13	14
Euro-system		General government		Euro-system		General government										
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 Q3	5,187.8	1,877.1	58.8	2.8	1,818.3	41.4	2,816.8	675.9	15.1	2,140.9	102.5	494.0	318.2	55.1	175.7	0.4
Q4	5,270.1	1,949.3	75.8	2.8	1,873.5	42.4	2,854.8	675.5	15.6	2,179.3	98.3	466.0	287.1	54.0	178.9	0.7
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	134.2	77.3	4.1	-0.2	73.2	1.7	103.0	-126.3	-0.8	229.3	51.5	-46.1	-64.9	-11.7	18.8	-1.9
2011	-55.9	-70.8	-15.7	-0.2	-55.1	-7.3	-15.7	-55.1	0.3	39.4	-3.0	30.6	24.3	10.5	6.4	0.2
2012 Q2	-60.1	-26.5	-7.5	0.0	-19.1	0.0	-8.0	-28.5	-0.3	20.6	-3.4	-25.6	-21.8	-1.8	-3.9	0.2
Q3	40.0	4.4	-1.7	0.0	6.0	0.8	34.4	-10.0	-0.4	44.4	0.0	1.1	-2.6	2.8	3.7	-0.2
Q4	80.1	60.0	10.6	0.0	49.3	0.9	39.0	7.1	0.5	32.0	-3.1	-18.9	-20.5	5.6	1.7	0.3
2012 Oct.	-1.0	11.6	3.5	0.0	8.2	-	7.1	-2.6	0.1	9.7	-	-19.8	-22.1	-3.8	2.3	-
Nov.	37.4	6.6	-1.7	0.0	8.3	-	20.2	4.1	0.2	16.1	-	10.6	5.6	8.1	5.0	-
Dec.	43.7	41.8	8.9	0.0	32.9	-	11.7	5.5	0.2	6.1	-	-9.7	-4.0	1.3	-5.7	-
2013 Jan.	27.4	19.5	2.0	0.0	17.5	-	6.0	-6.4	1.0	12.4	-	1.9	-2.8	2.9	4.7	-
Feb.	39.0	16.8	1.6	0.0	15.2	-	11.9	-4.6	-0.3	16.4	-	10.3	2.7	1.2	7.6	-
Growth rates																
2010	3.0	4.9	5.6	-5.1	4.8	4.8	4.1	-13.6	-4.9	14.7	124.1	-10.3	-17.9	-25.4	22.3	-91.7
2011	-1.2	-4.1	-20.3	-6.0	-3.4	-15.9	-0.6	-7.0	2.2	2.2	-3.1	7.5	8.0	26.6	6.1	120.7
2012 Q2	-1.2	-5.6	-28.7	-6.2	-4.5	-11.3	0.1	-9.9	-15.2	4.2	-6.1	9.0	6.9	-2.9	12.6	34.3
Q3	1.2	-2.3	-20.3	-5.9	-1.5	-4.7	2.1	-9.3	-17.0	6.6	-6.3	9.5	7.6	-5.0	11.5	-21.6
Q4	3.8	3.2	8.8	2.8	3.0	-0.2	4.7	-5.5	-5.5	8.5	-7.5	0.5	-5.5	3.4	12.1	37.9

### 4. Portfolio investment liabilities

	Total		Equity				Debt instruments								
	1	2	MFIs		Non-MFIs		Bonds and notes			Money market instruments			15	16	
			3	4	5	6	7	MFIs		10	11	12			
								8	9						13
Euro-system		General government		Euro-system		General government									
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	7,628.4	3,042.7	556.9	2,485.7	4,142.3	1,273.5	2,868.7	1,772.1	443.5	87.2	356.2	316.5			
2012 Q3	8,122.4	3,363.3	544.5	2,818.8	4,324.5	1,220.8	3,103.7	1,913.8	434.6	77.2	357.4	308.0			
Q4	8,276.1	3,447.0	536.6	2,910.4	4,375.7	1,208.1	3,167.7	1,959.7	453.4	85.0	368.5	299.6			
Transactions															
2009	342.8	87.0	15.5	71.5	143.0	-10.0	153.0	109.4	112.8	-11.1	123.9	145.5			
2010	253.7	123.1	-13.1	136.2	175.1	55.8	119.3	186.8	-44.5	15.0	-59.5	-38.9			
2011	196.6	78.7	19.5	59.2	165.4	78.5	87.0	89.1	-47.5	2.2	-49.7	-37.5			
2012 Q2	36.6	-2.1	-11.7	9.6	32.0	-17.4	49.4	41.7	6.7	8.6	-1.8	-11.9			
Q3	25.2	21.8	-4.8	26.6	45.0	-8.4	53.3	60.0	-41.6	-16.8	-24.9	-12.6			
Q4	127.3	57.5	-10.9	68.4	49.4	1.1	48.2	24.3	20.4	6.8	13.6	-9.2			
2012 Oct.	43.4	25.8	-0.1	25.9	7.0	3.6	3.4	-	10.6	11.0	-0.5	-			
Nov.	60.7	17.6	0.2	17.3	39.5	2.9	36.6	-	3.7	-7.9	11.5	-			
Dec.	23.2	14.1	-11.1	25.2	2.9	-5.4	8.3	-	6.2	3.7	2.5	-			
2013 Jan.	56.5	28.9	-6.0	34.9	14.0	3.1	10.9	-	13.6	2.9	10.7	-			
Feb.	30.1	8.8	7.0	1.9	-0.9	-3.8	2.9	-	22.2	11.3	10.9	-			
Growth rates															
2010	3.6	4.3	-2.0	6.2	4.9	4.9	4.8	12.4	-8.8	18.5	-13.4	-9.8			
2011	2.6	2.5	3.1	2.2	4.4	6.9	3.3	5.5	-9.1	5.2	-12.1	-10.9			
2012 Q2	-0.6	0.9	2.1	0.3	0.2	-3.8	2.0	1.9	-14.9	-24.4	-12.9	-15.1			
Q3	0.2	1.9	3.1	1.3	1.1	-5.8	4.2	6.5	-17.2	-8.7	-19.3	-22.9			
Q4	3.0	3.6	-3.5	5.1	3.0	-3.7	6.0	8.3	-1.1	2.0	-2.0	-8.3			

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

	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
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	4,876.7	35.7	35.4	0.3	3,067.6	3,006.6	61.0	162.8	6.7	116.4	30.2	1,610.6	228.4	1,214.6	506.9
2012 Q3	4,923.7	37.3	37.0	0.3	3,086.0	3,000.8	85.2	147.2	5.1	103.0	25.1	1,653.2	263.7	1,159.7	517.0
Q4	4,721.5	40.1	39.9	0.3	2,920.3	2,849.9	70.4	167.6	5.1	121.5	29.2	1,593.5	263.4	1,126.6	502.3
Transactions															
2009	-514.7	-0.1	-0.1	0.0	-420.4	-399.9	-20.5	11.8	-0.4	10.4	0.2	-106.0	7.4	-108.2	-20.1
2010	169.0	-2.9	-2.8	0.0	10.1	1.3	8.9	41.5	-0.3	41.1	4.9	120.3	8.7	87.8	53.6
2011	176.6	-2.7	-2.8	0.1	50.4	20.6	29.9	4.4	-0.2	4.2	10.3	124.4	8.1	91.2	47.7
2012 Q2	44.0	-2.4	-2.4	0.0	-0.2	-15.0	14.8	6.2	0.0	6.3	5.4	40.5	1.7	42.1	14.3
Q3	-21.0	6.2	6.2	0.0	-40.5	-47.5	7.0	-9.0	-1.5	-7.7	-4.9	22.4	-7.0	15.0	11.2
Q4	-113.7	5.8	5.8	0.0	-117.1	-106.9	-10.2	18.7	0.1	17.8	4.1	-21.1	0.9	-8.2	-19.4
2012 Oct.	40.1	4.8	-	-	11.7	-	-	9.2	-	-	-0.8	14.3	-	-	2.0
Nov.	2.7	-2.1	-	-	-15.7	-	-	7.2	-	-	4.4	13.4	-	-	-5.1
Dec.	-156.4	3.1	-	-	-113.0	-	-	2.3	-	-	0.6	-48.8	-	-	-16.3
2013 Jan.	55.2	-1.4	-	-	61.3	-	-	-9.1	-	-	-6.3	4.4	-	-	4.2
Feb.	16.9	1.5	-	-	-8.8	-	-	-0.8	-	-	2.8	25.0	-	-	12.2
Growth rates															
2010	3.7	-12.7	-12.5	-9.9	0.4	0.1	23.6	33.9	-3.1	53.7	32.8	7.8	4.2	7.3	13.0
2011	3.8	-5.4	-5.5	40.4	1.8	0.8	76.6	3.0	-3.2	4.2	51.5	7.8	3.8	7.4	11.1
2012 Q2	2.4	-27.0	-27.3	40.1	-1.2	-2.0	48.2	7.3	-3.9	11.0	64.2	9.7	8.8	9.5	9.1
Q3	-0.8	-8.1	-8.2	-1.0	-5.0	-5.6	28.1	5.1	-24.4	9.4	47.0	7.1	4.7	7.8	7.6
Q4	-0.1	31.2	31.5	-0.7	-4.0	-4.3	11.3	3.2	-23.5	5.8	-3.4	6.5	5.0	6.6	6.9

#### 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
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	5,132.3	411.3	408.5	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 Q3	5,219.2	432.0	430.8	1.3	3,206.5	3,125.1	81.4	231.5	0.1	224.7	6.7	1,349.2	230.4	880.8	237.9
Q4	4,943.9	428.9	428.0	0.9	2,966.2	2,882.7	83.5	228.5	0.1	221.3	7.2	1,320.3	229.4	862.2	228.7
Transactions															
2009	-703.1	-232.3	-232.5	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	139.5	9.4	6.8	2.6	-8.7	-14.6	5.9	65.1	0.0	64.6	0.5	73.7	15.9	31.6	26.2
2011	15.6	135.1	135.3	-0.2	-289.1	-327.7	38.7	74.1	0.0	74.1	0.0	95.4	10.4	65.2	19.9
2012 Q2	-40.0	73.4	74.7	-1.3	-121.1	-135.3	14.2	7.3	0.0	6.9	0.5	0.4	-0.2	7.0	-6.4
Q3	-45.7	21.0	21.3	-0.3	-89.5	-93.2	3.7	-4.5	0.0	-4.7	0.2	27.4	-3.5	15.6	15.2
Q4	-226.9	-0.2	0.2	-0.3	-204.5	-207.2	2.7	-5.4	0.0	-5.5	0.1	-16.9	0.8	-33.1	15.4
2012 Oct.	-8.5	-12.3	-	-	-6.7	-	-	3.0	-	-	-	7.5	-	-	-
Nov.	-77.5	1.9	-	-	-71.4	-	-	3.6	-	-	-	-11.6	-	-	-
Dec.	-141.0	10.2	-	-	-126.5	-	-	-12.0	-	-	-	-12.7	-	-	-
2013 Jan.	33.9	-22.1	-	-	37.0	-	-	2.0	-	-	-	17.0	-	-	-
Feb.	0.8	-10.3	-	-	5.1	-	-	-1.9	-	-	-	7.9	-	-	-
Growth rates															
2010	2.8	3.6	2.6	-	-0.2	-0.3	15.5	78.8	-	83.7	5.8	6.4	8.8	3.7	17.8
2011	0.4	50.4	51.0	-	-8.3	-9.6	89.7	50.5	-	52.6	0.2	8.2	5.1	7.9	13.7
2012 Q2	3.0	43.0	43.8	-	-4.2	-5.4	74.7	25.2	-	25.5	15.9	10.2	6.4	10.9	10.4
Q3	-0.6	36.6	37.4	-	-7.4	-8.2	37.1	9.1	-	8.9	19.0	7.2	1.7	8.2	5.8
Q4	-2.7	4.8	5.2	-	-7.0	-7.7	25.7	2.0	-	1.8	11.5	5.2	2.0	1.4	25.0

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)																	
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	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 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
Q3	733.8	476.4	346.827	53.8	34.2	168.9	5.4	8.2	155.2	0.2	136.1	18.9	0.2	0.5	39.9	-39.5	56.2
Q4	705.5	453.4	346.693	52.8	31.9	166.8	6.1	8.8	151.3	0.2	130.9	20.2	0.6	0.6	32.8	-35.0	55.0
2013 Feb.	671.8	419.5	346.696	51.9	31.7	168.2	4.3	10.8	152.8	0.2	129.6	23.0	0.3	0.6	30.4	-37.1	54.4
Mar.	687.9	432.7	346.696	52.5	32.4	169.6	5.3	10.0	154.4	0.2	132.6	21.6	-0.1	0.6	31.2	-35.8	55.1
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	0.1	0.0	-	-	-
2012 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	0.0	-	0.0	2.4	-2.4	-0.5	-0.2	-1.7	-0.3	1.2	-2.6	0.0	0.1	-	-	-
Q4	3.0	0.0	-	0.3	-1.5	4.2	0.6	1.0	2.4	0.0	-0.5	2.9	0.1	0.1	-	-	-
Growth rates																	
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	-52.7	6.9	27.4	14.3	-45.2	-	-	-	-	-
2012 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	0.0	-	-1.7	30.0	6.8	-6.1	-25.4	9.7	-53.5	6.9	41.2	-	-	-	-	-
Q4	2.1	0.0	-	-0.5	11.1	6.6	15.1	15.2	5.6	-53.5	-0.6	82.8	-	-	-	-	-

### 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)											
2009	10,341.7	4,469.0	525.7	3,523.2	176.9	184.9	1,462.1	1,966.1	253.4	4,579.8	2,080.3
2010	10,919.2	4,696.9	454.0	3,841.4	202.7	201.9	1,522.3	2,143.7	271.0	4,750.4	2,231.8
2011	11,421.3	4,637.9	443.5	4,142.3	224.0	270.4	1,703.3	2,312.6	411.3	4,569.0	2,425.2
2012 Q2	11,768.7	4,733.0	471.1	4,141.1	238.6	297.6	1,887.4	2,384.2	413.4	4,632.7	2,451.0
Q3	11,939.1	4,661.4	434.6	4,324.5	230.5	327.3	1,960.8	2,453.3	432.0	4,504.5	2,588.4
Q4	11,745.6	4,394.2	453.4	4,375.7	229.4	320.3	1,972.5	2,487.9	428.9	4,259.2	2,597.0
Outstanding amounts as a percentage of GDP											
2009	115.9	50.1	5.9	39.5	2.0	2.1	16.4	22.0	2.8	51.3	23.3
2010	119.1	51.2	5.0	41.9	2.2	2.2	16.6	23.4	3.0	51.8	24.3
2011	121.3	49.3	4.7	44.0	2.4	2.9	18.1	24.6	4.4	48.5	25.8
2012 Q2	124.4	50.0	5.0	43.8	2.5	3.1	19.9	25.2	4.4	49.0	25.9
Q3	126.0	49.2	4.6	45.6	2.4	3.5	20.7	25.9	4.6	47.5	27.3
Q4	123.8	46.3	4.8	46.1	2.4	3.4	20.8	26.2	4.5	44.9	27.4

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>	-255.6	-287.7	45.5	-30.0	-154.0	71.4	-220.6	-10.1	-13.5	10.9	-75.1	63.8	82.5	-71.6	45.2
Assets	4,876.7	2,159.9	92.3	91.0	1,777.6	182.7	16.3	26.8	46.1	99.5	257.4	763.5	588.8	36.7	898.0
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	1,610.6	598.7	19.0	37.2	507.7	34.2	0.7	10.2	22.0	17.0	126.3	281.6	146.8	0.6	407.4
Liabilities	5,132.3	2,447.6	46.8	121.0	1,931.6	111.3	236.9	36.8	59.6	88.6	332.5	699.7	506.3	108.3	852.8
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	3,619.5	1,758.6	36.4	84.8	1,436.3	86.2	115.0	24.8	30.8	61.4	256.7	416.0	414.0	38.8	618.3
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>2012 Q1 to 2012 Q4</b>	Cumulated transactions														
<b>Direct investment</b>	44.8	71.6	0.6	6.7	50.6	13.7	0.0	-6.3	6.7	-3.2	2.7	-82.9	-6.6	0.0	62.8
Abroad	237.5	125.0	5.6	4.8	98.5	16.0	0.0	11.1	8.5	1.6	-6.9	12.4	-5.4	0.0	91.3
Equity/reinvested earnings	183.9	126.8	2.4	5.8	106.9	11.7	0.0	4.7	6.1	-1.2	-13.7	15.1	-17.7	0.0	63.8
Other capital	53.6	-1.9	3.2	-1.0	-8.4	4.3	0.0	6.3	2.3	2.8	6.8	-2.7	12.3	0.0	27.5
In the euro area	192.7	53.3	5.0	-1.9	48.0	2.3	0.0	17.4	1.8	4.8	-9.6	95.3	1.2	0.0	28.5
Equity/reinvested earnings	169.8	22.6	9.2	-3.7	11.8	5.2	0.0	15.5	1.5	5.1	4.0	86.6	11.5	0.0	23.0
Other capital	22.8	30.7	-4.2	1.7	36.2	-2.9	0.0	1.9	0.2	-0.3	-13.6	8.7	-10.3	0.0	5.5
<b>Portfolio investment assets</b>	184.6	34.4	10.2	18.5	-20.9	4.3	22.3	5.4	2.5	9.5	-1.3	26.9	-20.2	-2.6	130.0
Equity	58.6	22.3	2.9	4.1	15.3	0.0	0.0	4.4	2.6	7.9	2.0	4.1	-12.1	0.0	27.4
Debt instruments	126.0	12.1	7.3	14.5	-36.2	4.2	22.3	1.0	-0.1	1.6	-3.3	22.8	-8.0	-2.6	102.6
Bonds and notes	123.9	6.2	6.0	18.0	-48.8	5.9	25.0	0.7	-0.2	-7.0	0.9	31.8	-5.7	-2.7	99.9
Money market instruments	2.1	5.9	1.3	-3.6	12.6	-1.7	-2.7	0.2	0.1	8.6	-4.2	-9.0	-2.3	0.0	2.7
<b>Other investment</b>	132.1	166.1	-33.9	-2.5	225.5	-20.8	-2.2	12.5	-2.9	-5.1	-13.4	24.4	-10.0	-11.7	-27.7
Assets	-4.7	57.1	-12.7	-0.7	84.5	-14.0	0.0	6.0	1.2	-7.5	8.3	-40.2	-40.6	0.2	10.8
General government	5.0	0.4	-0.5	0.3	-0.5	0.4	0.7	0.0	-0.1	-1.2	0.4	3.2	0.8	0.0	1.4
MFIs	-113.1	19.6	-12.8	0.6	51.1	-18.6	-0.7	1.2	3.8	-6.1	10.9	-70.3	-44.4	-0.1	-27.7
Other sectors	103.4	37.0	0.5	-1.6	33.9	4.3	0.0	4.9	-2.5	-0.2	-3.0	26.8	3.1	0.2	37.2
Liabilities	-136.8	-109.0	21.1	1.9	-141.0	6.8	2.2	-6.5	4.1	-2.5	21.7	-64.6	-30.6	11.9	38.6
General government	4.6	-15.6	0.2	0.3	-27.5	0.0	11.4	0.1	0.0	0.0	-0.3	-2.4	-0.1	21.8	1.2
MFIs	-207.8	-112.9	20.1	1.0	-127.3	6.4	-13.1	-8.6	3.9	-6.2	-20.1	-67.8	-35.7	-9.9	49.5
Other sectors	66.4	19.5	0.8	0.6	13.7	0.4	4.0	2.0	0.2	3.8	42.1	5.6	5.2	0.1	-12.1

Source: ECB.

## 7.4 Monetary presentation of the balance of payments <sup>1)</sup>

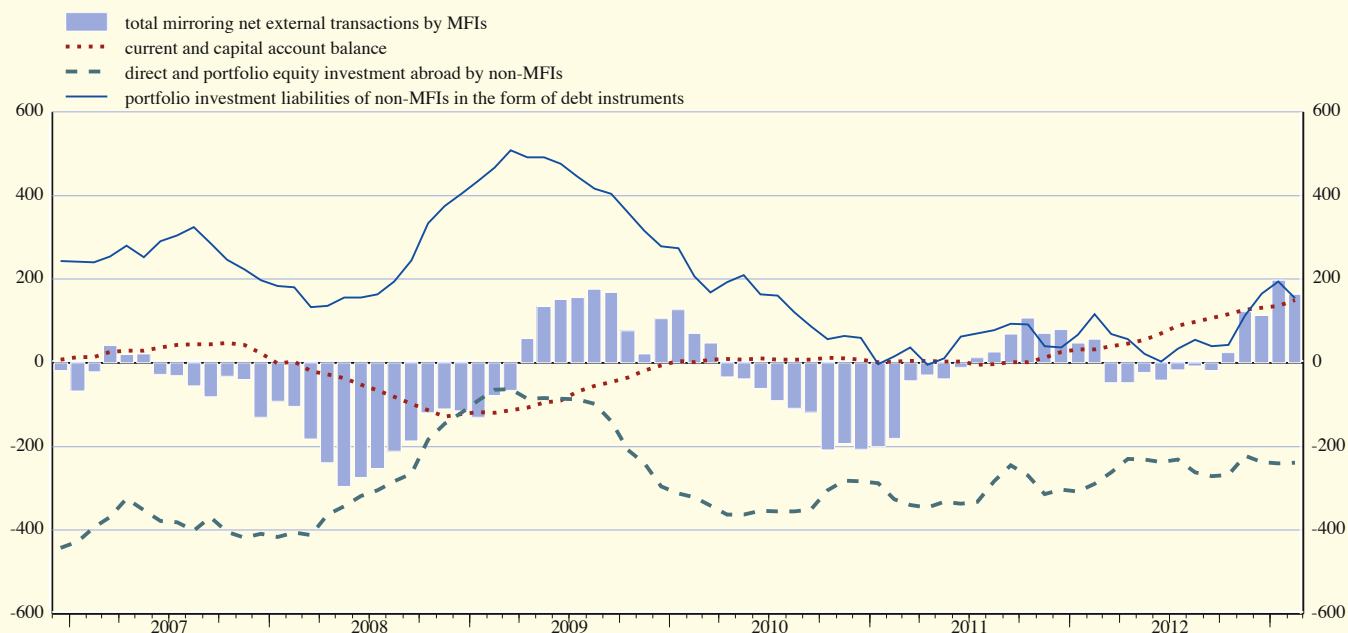
(EUR billions; transactions)

### 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	By non-resident units in euro area	Assets		Liabilities		Assets	Liabilities		
					Equity	Debt instruments	Equity	Debt instruments				
			1	2	3	4	5	6	7	8		
2010	-207.0	7.8	-339.3	272.2	-73.0	-248.0	136.2	59.8	-160.9	138.6	18.3	-18.8
2011	80.0	26.0	-428.0	324.1	55.1	-45.8	59.2	37.3	-128.8	169.6	-5.3	16.6
2012	113.0	131.1	-237.8	185.8	-53.2	-183.3	135.1	164.9	-108.3	71.0	5.6	2.1
2011 Q4	-34.9	42.0	-144.8	128.1	28.0	4.9	-27.7	-63.7	-7.6	16.8	-11.2	0.3
2012 Q1	-45.2	0.4	-80.7	74.9	-16.8	-84.8	30.5	27.1	-50.7	62.7	-5.3	-2.4
Q2	13.7	19.8	-67.5	49.2	19.1	-16.7	9.6	47.6	-46.7	7.7	-8.0	-0.3
Q3	48.0	44.9	-50.9	44.0	-6.0	-48.2	26.6	28.5	-13.3	22.8	2.8	-3.2
Q4	96.4	66.1	-38.7	17.6	-49.3	-33.6	68.4	61.8	2.4	-22.3	16.1	8.1
2012 Feb.	12.7	-0.6	-19.4	23.0	-5.3	-35.0	-3.0	53.9	-16.2	19.5	4.5	-8.8
Mar.	-15.2	10.7	-28.5	15.9	-9.5	-25.4	32.6	-19.3	-16.5	20.6	-4.2	8.4
Apr.	-24.8	3.2	-26.8	23.2	-1.8	-9.7	-6.2	-8.3	5.0	-4.3	1.7	-0.7
May	24.1	-1.4	-18.4	21.0	8.3	-7.3	0.0	36.8	-29.4	20.3	-7.5	1.7
June	14.3	18.0	-22.3	5.1	12.5	0.2	15.7	19.1	-22.3	-8.2	-2.2	-1.3
July	12.8	22.4	-15.8	20.0	3.5	-19.2	-0.2	10.8	-28.4	26.2	-1.7	-5.0
Aug.	25.5	10.5	-24.4	38.2	-0.2	-15.6	3.2	3.4	10.3	-3.3	6.2	-2.8
Sep.	9.7	11.9	-10.7	-14.1	-9.4	-13.4	23.7	14.2	4.8	-0.1	-1.7	4.5
Oct.	4.8	15.2	-9.8	-2.7	-8.2	-12.1	25.9	2.9	-23.6	10.5	6.3	0.4
Nov.	62.2	22.6	-4.1	22.4	-8.3	-21.1	17.3	48.2	-20.6	-8.1	7.6	6.3
Dec.	29.5	28.3	-24.8	-2.1	-32.9	-0.5	25.2	10.7	46.5	-24.7	2.2	1.4
2013 Jan.	41.3	-4.9	-8.1	-1.4	-17.5	-17.1	34.9	21.6	4.7	19.0	6.7	3.4
Feb.	-20.0	13.7	-14.3	12.0	-15.2	-24.0	1.9	13.8	-24.2	6.1	5.9	4.5
<i>12-month cumulated transactions</i>												
2013 Feb.	164.3	150.2	-208.0	137.3	-78.5	-165.1	174.0	153.8	-93.7	53.9	19.3	20.9

### 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)													
2011	13.3	13.3	1,745.9	880.4	353.1	474.3	1,426.5	1,762.7	1,129.2	241.2	367.6	1,104.7	324.2
2012	7.4	1.7	1,870.2	927.3	384.0	515.8	1,524.5	1,790.1	1,146.5	244.6	367.3	1,091.4	361.5
2012 Q1	8.5	4.1	463.5	233.4	94.9	126.1	376.5	453.7	293.4	61.6	92.1	274.0	90.2
Q2	8.1	1.3	467.0	230.6	96.7	128.6	383.0	448.4	287.0	62.5	91.1	276.2	89.2
Q3	7.4	0.5	473.6	232.8	96.5	131.8	386.7	448.6	285.3	61.9	92.7	273.8	90.6
Q4	5.6	0.8	466.1	230.5	95.9	129.2	378.3	439.4	280.8	58.7	91.4	267.4	91.5
2012 Sep.	1.1	-4.0	158.0	77.3	32.4	43.8	127.2	147.9	94.3	19.8	30.7	89.4	29.5
Oct.	14.5	7.4	155.4	77.5	31.5	43.1	126.5	148.8	95.5	20.1	31.1	90.2	31.5
Nov.	5.5	0.0	156.9	77.5	32.7	43.3	126.9	146.8	93.4	19.3	30.3	88.9	30.4
Dec.	-3.1	-5.3	153.8	75.5	31.8	42.8	124.8	143.8	91.8	19.2	30.0	88.4	29.6
2013 Jan.	5.1	1.8	156.7	77.8	31.0	44.2	126.6	148.0	93.3	20.3	30.5	90.7	30.6
Feb.	-1.1	-7.2	156.9	77.8	30.9	45.1	122.6	144.9	93.0	19.4	30.4	84.9	.
Volume indices (2000 = 100; annual percentage changes for columns 1 and 2)													
2011	7.7	4.1	148.6	143.5	153.4	155.5	145.2	126.4	119.5	136.2	144.6	133.5	102.6
2012	3.3	-3.0	153.0	145.9	160.4	161.0	150.1	122.2	115.9	129.9	137.6	127.2	103.9
2012 Q1	4.3	-1.2	152.9	147.6	160.8	159.3	149.6	124.4	118.3	132.3	139.8	129.0	101.2
Q2	3.6	-3.2	153.2	145.4	162.0	161.3	151.2	123.1	116.3	132.8	138.4	129.7	102.7
Q3	2.9	-5.3	153.9	146.1	158.9	163.2	151.3	121.3	114.7	129.1	136.3	125.9	105.2
Q4	2.4	-2.3	151.9	144.7	160.0	160.3	148.5	120.2	114.1	125.3	135.8	124.2	106.4
2012 Aug.	5.1	-4.3	155.5	148.2	160.1	164.1	153.1	121.7	116.5	131.6	135.0	126.5	107.9
Sep.	-2.8	-10.1	154.2	145.5	160.3	163.4	149.9	119.0	112.1	123.8	136.3	123.7	97.8
Oct.	11.0	3.1	152.1	146.1	158.0	161.0	149.5	121.8	115.1	130.2	140.2	126.6	108.1
Nov.	2.1	-3.3	153.7	146.0	164.0	161.7	149.6	120.7	114.5	123.3	134.2	123.3	106.5
Dec.	-5.9	-7.1	150.0	142.1	158.0	158.3	146.4	118.3	112.6	122.5	133.0	122.6	104.5
2013 Jan.	3.5	1.7	153.8	146.9	155.2	165.7	149.5	122.8	115.6	129.0	136.7	127.0	108.5

### 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: 2010 = 100)	Total				Memo item: Manufac- turing	Total (index: 2010 = 100)	Total				Memo item: Manufac- turing		
		Intermediate goods	Capital goods	Consumer goods	Energy			Intermediate goods	Capital goods	Consumer goods	Energy			
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
% of total	100.0	100.0	30.1	42.0	18.5	9.4	96.4	100.0	100.0	29.0	25.4	23.3	22.4	80.4
2011	104.3	4.2	5.7	1.3	1.5	23.0	3.9	108.4	8.4	5.3	-0.8	3.5	25.7	3.9
2012	107.2	2.8	1.3	1.8	2.2	9.8	2.7	111.7	3.1	0.9	1.3	2.8	7.5	1.9
2012 Q2	107.1	2.9	1.5	2.1	2.4	8.3	2.7	111.7	3.1	1.4	1.9	3.1	6.2	2.0
Q3	107.8	3.1	0.7	2.1	2.5	11.0	3.0	112.4	3.5	1.0	2.4	3.7	7.5	2.5
Q4	107.2	1.9	0.8	1.2	2.0	3.7	1.9	110.8	1.2	0.7	0.5	2.2	2.3	1.3
2012 Sep.	107.8	2.8	0.8	1.7	2.4	11.0	2.7	112.2	2.8	0.3	1.7	2.7	6.7	2.0
Oct.	107.5	2.5	0.9	1.4	2.3	7.7	2.5	111.3	2.0	1.0	0.9	2.4	4.5	1.8
Nov.	107.4	2.1	0.9	1.3	2.1	3.4	2.0	111.0	1.3	0.8	0.7	2.4	2.0	1.4
Dec.	106.7	1.2	0.7	0.9	1.7	0.1	1.2	110.2	0.3	0.4	-0.2	1.7	0.5	0.6
2013 Jan.	106.8	0.3	-0.2	0.2	1.5	-1.9	0.2	110.5	-0.6	-0.4	-1.0	0.8	-2.0	-0.5
Feb.	107.0	0.2	-0.5	0.3	1.3	-2.2	0.2	110.8	-1.0	-1.2	-0.8	0.9	-3.1	-0.5

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>															
2011	1,745.9	32.9	60.5	213.5	241.5	79.9	109.2	56.8	200.6	405.5	115.6	39.4	112.3	84.6	148.8
2012	1,870.2	34.0	59.2	229.8	245.0	90.1	116.5	59.4	223.7	439.2	120.7	44.7	126.1	97.3	149.9
2011 Q3	435.3	8.4	15.7	53.7	61.1	20.6	28.8	13.8	49.1	101.7	28.8	10.1	28.0	21.5	33.0
2011 Q4	447.6	8.3	14.3	54.2	60.5	20.7	28.3	13.6	52.2	106.1	30.6	10.5	28.7	22.3	38.5
2012 Q1	463.5	8.4	15.0	56.5	61.3	22.2	29.4	14.6	55.4	108.6	31.4	10.6	31.1	23.7	37.3
2012 Q2	467.0	8.6	14.9	57.2	61.1	22.7	29.2	14.6	56.2	109.1	30.4	11.4	31.4	24.4	37.6
2012 Q3	473.6	8.5	14.9	57.9	61.6	22.7	29.2	15.0	58.3	110.4	29.8	11.5	31.2	24.5	39.4
2012 Q4	466.1	8.6	14.4	58.2	60.9	22.5	28.7	15.2	53.8	111.1	29.1	11.2	32.5	24.6	35.6
2012 Sep.	158.0	2.8	4.7	18.9	20.2	7.2	9.6	4.9	19.2	36.8	9.8	3.7	10.5	8.0	15.1
2012 Oct.	155.4	2.8	4.9	19.6	20.8	7.7	9.6	5.1	18.1	36.1	9.8	3.8	10.7	8.2	11.8
2012 Nov.	156.9	2.9	4.9	19.2	20.4	7.7	10.0	5.3	18.1	37.6	9.9	3.8	10.7	8.1	12.0
2012 Dec.	153.8	2.9	4.6	19.4	19.8	7.0	9.1	4.9	17.6	37.4	9.5	3.6	11.0	8.3	11.8
2013 Jan.	156.7	2.9	5.1	19.5	20.9	8.1	9.8	5.4	18.2	36.9	10.1	3.7	11.5	8.1	10.3
2013 Feb.	156.9	.	.	.	.	7.7	8.8	5.1	17.5	35.0	9.3	3.5	11.7	7.8	.
<b>Percentage share of total exports</b>															
2012	100.0	1.8	3.2	12.3	13.1	4.8	6.2	3.2	12.0	23.5	6.5	2.4	6.7	5.2	8.0
<b>Imports (c.i.f.)</b>															
2011	1,762.7	29.9	53.2	166.9	226.8	138.8	81.7	35.0	140.8	553.5	218.5	52.6	129.2	91.2	115.8
2012	1,790.1	29.0	52.6	168.1	229.7	143.1	81.0	33.8	150.3	538.4	213.7	48.5	156.9	92.5	114.8
2011 Q3	443.1	7.4	13.6	42.4	57.2	33.4	22.1	8.6	34.8	141.1	55.1	13.3	30.9	23.5	28.0
2011 Q4	440.3	7.6	12.8	42.3	57.5	35.5	20.3	8.5	35.7	135.8	52.6	12.9	31.2	23.6	29.5
2012 Q1	453.7	7.2	13.2	42.5	57.3	37.6	20.0	8.4	37.8	137.6	53.3	12.6	39.8	23.9	28.5
2012 Q2	448.4	7.3	13.1	41.1	56.8	35.0	19.8	8.4	37.7	137.7	55.9	12.6	38.4	22.9	30.3
2012 Q3	448.6	7.3	13.6	42.7	57.9	33.7	21.3	8.4	39.1	133.2	53.6	12.1	39.3	23.2	28.9
2012 Q4	439.4	7.1	12.7	41.8	57.7	36.8	19.9	8.6	35.7	130.0	50.9	11.2	39.5	22.4	27.1
2012 Sep.	147.9	2.5	4.4	14.1	19.3	11.7	6.6	2.8	12.7	43.4	17.0	4.0	12.6	7.4	10.4
2012 Oct.	148.8	2.4	4.5	13.8	19.6	12.6	6.8	2.9	12.4	44.0	16.8	3.8	13.3	7.5	9.1
2012 Nov.	146.8	2.5	4.2	14.0	19.1	12.0	6.9	2.9	11.8	42.9	16.7	3.8	13.5	7.5	9.6
2012 Dec.	143.8	2.2	4.1	14.0	19.0	12.2	6.2	2.9	11.5	43.1	17.3	3.6	12.8	7.5	8.3
2013 Jan.	148.0	2.5	4.3	14.2	19.6	13.2	7.0	3.0	11.9	43.9	17.5	3.6	13.4	7.2	7.8
2013 Feb.	144.9	.	.	.	.	12.7	6.3	3.0	11.6	40.9	16.4	3.4	13.0	6.8	.
<b>Percentage share of total imports</b>															
2012	100.0	1.6	2.9	9.4	12.8	8.0	4.5	1.9	8.4	30.1	11.9	2.7	8.8	5.2	6.4
<b>Balance</b>															
2011	-16.9	3.0	7.2	46.6	14.7	-58.9	27.5	21.7	59.8	-148.0	-102.9	-13.2	-16.9	-6.6	32.9
2012	80.1	5.1	6.5	61.7	15.3	-53.0	35.5	25.6	73.4	-99.2	-93.0	-3.7	-30.8	4.8	35.2
2011 Q3	-7.8	1.0	2.1	11.3	3.9	-12.8	6.7	5.1	14.3	-39.4	-26.2	-3.2	-2.9	-2.0	5.0
2011 Q4	7.3	0.7	1.5	11.9	3.0	-14.7	7.9	5.1	16.5	-29.7	-21.9	-2.4	-2.5	-1.3	9.0
2012 Q1	9.8	1.1	1.8	14.0	4.0	-15.5	9.4	6.2	17.6	-28.9	-22.0	-2.0	-8.7	-0.1	8.8
2012 Q2	18.6	1.3	1.8	16.1	4.3	-12.2	9.4	6.2	18.4	-28.5	-25.5	-1.2	-7.0	1.5	7.3
2012 Q3	25.0	1.2	1.2	15.2	3.8	-11.0	7.9	6.6	19.2	-22.8	-23.7	-0.6	-8.1	1.3	10.5
2012 Q4	26.7	1.4	1.6	16.4	3.2	-14.3	8.8	6.6	18.1	-18.9	-21.8	0.0	-7.1	2.2	8.5
2012 Sep.	10.2	0.3	0.3	4.8	0.9	-4.5	3.0	2.1	6.6	-6.6	-7.3	-0.2	-2.2	0.7	4.7
2012 Oct.	6.6	0.4	0.4	5.8	1.2	-4.8	2.9	2.2	5.7	-7.9	-7.1	0.1	-2.6	0.7	2.6
2012 Nov.	10.1	0.4	0.7	5.3	1.2	-4.3	3.1	2.4	6.3	-5.3	-6.9	0.0	-2.7	0.6	2.3
2012 Dec.	10.0	0.7	0.5	5.4	0.8	-5.2	2.8	2.0	6.1	-5.8	-7.8	0.0	-1.7	0.9	3.5
2013 Jan.	8.7	0.4	0.8	5.2	1.3	-5.2	2.8	2.4	6.3	-7.0	-7.4	0.1	-1.9	1.0	2.5
2013 Feb.	12.0	.	.	.	.	-5.0	2.5	2.1	5.9	-5.9	-7.1	0.1	-1.3	1.0	.

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	98.3	96.9	109.2	98.4	111.4	98.1	
2011	103.4	100.7	97.7	95.1	107.7	96.2	112.1	97.6	
2012	97.8	95.5	93.4	89.8	103.1	90.8	107.0	92.9	
2012 Q1	99.5	96.9	94.5	91.4	104.7	92.3	108.3	94.1	
Q2	98.2	95.9	93.5	90.3	103.7	91.2	107.4	93.2	
Q3	95.9	93.7	91.9	88.0	100.9	88.9	105.1	91.3	
Q4	97.8	95.5	93.9	89.6	103.3	90.7	107.4	92.9	
2013 Q1	100.7	98.2	96.6	.	.	.	110.1	94.9	
2012 Apr.	99.5	97.1	94.7	-	-	-	108.4	94.2	
May	98.0	95.7	93.3	-	-	-	107.2	93.1	
June	97.2	94.8	92.5	-	-	-	106.6	92.4	
July	95.3	93.2	91.1	-	-	-	104.4	90.7	
Aug.	95.2	93.1	91.3	-	-	-	104.3	90.7	
Sep.	97.2	95.0	93.3	-	-	-	106.6	92.5	
Oct.	97.8	95.5	93.8	-	-	-	107.2	92.8	
Nov.	97.2	94.9	93.2	-	-	-	106.7	92.2	
Dec.	98.7	96.2	94.6	-	-	-	108.2	93.5	
2013 Jan.	100.4	98.0	96.3	-	-	-	109.8	94.8	
Feb.	101.6	99.0	97.4	-	-	-	111.1	95.7	
Mar.	100.2	97.7	96.2	-	-	-	109.4	94.3	
Apr.	100.4	98.0	96.5	-	-	-	109.7	94.4	
	<i>Percentage change versus previous month</i>								
2013 Apr.	0.2	0.2	0.3	-	-	-	0.2	0.2	
	<i>Percentage change versus previous year</i>								
2013 Apr.	1.0	0.8	1.9	-	-	-	1.2	0.2	

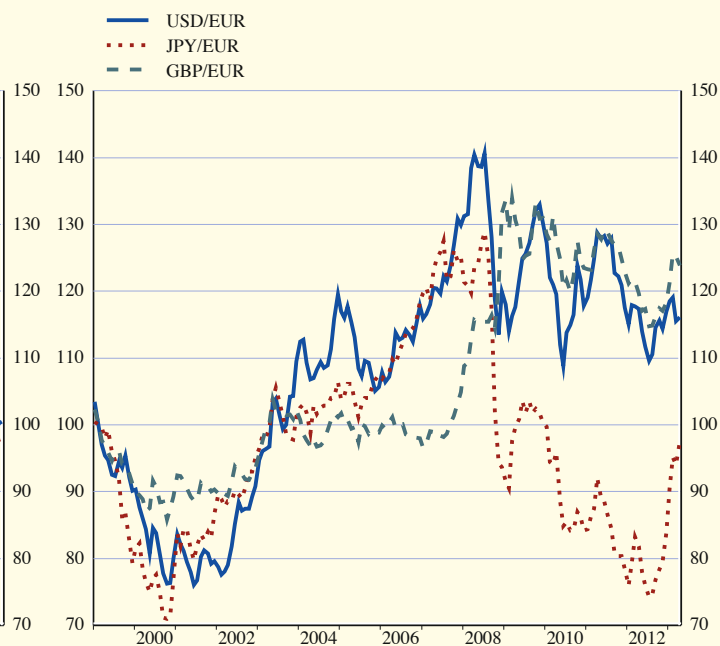
### C39 Effective exchange rates

(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 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
2013 Q1	1.9558	25.565	7.4589	0.6996	3.4528	296.50	4.1558	4.3865	8.4965	0.85111	7.5838	2.3577
2012 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
2013 Jan.	1.9558	25.563	7.4614	0.6978	3.4528	294.01	4.1424	4.3835	8.6217	0.83271	7.5746	2.3543
Feb.	1.9558	25.475	7.4598	0.6999	3.4528	292.73	4.1700	4.3839	8.5083	0.86250	7.5868	2.3738
Mar.	1.9558	25.659	7.4553	0.7013	3.4528	303.01	4.1565	4.3923	8.3470	0.85996	7.5909	2.3453
Apr.	1.9558	25.841	7.4553	0.7006	3.4528	298.67	4.1359	4.3780	8.4449	0.85076	7.6076	2.3406
	<i>Percentage change versus previous month</i>											
2013 Apr.	0.0	0.7	0.0	-0.1	0.0	-1.4	-0.5	-0.3	1.2	-1.1	0.2	-0.2
	<i>Percentage change versus previous year</i>											
2013 Apr.	0.0	4.2	0.2	0.2	0.0	1.3	-1.0	0.0	-4.7	3.5	1.4	-0.5

	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 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
2013 Q1	1.2714	2.6368	1.3313	8.2209	10.2428	71.5390	12,789.08	4.8969	121.80	4.0699
2012 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
2013 Jan.	1.2658	2.6993	1.3189	8.2698	10.3027	72.0716	12,837.99	4.9706	118.34	4.0413
Feb.	1.2951	2.6354	1.3477	8.3282	10.3608	71.9342	12,933.75	4.9359	124.40	4.1403
Mar.	1.2537	2.5694	1.3285	8.0599	10.0588	70.5579	12,590.61	4.7769	122.99	4.0309
Apr.	1.2539	2.6060	1.3268	8.0564	10.1110	70.7738	12,664.51	4.7164	127.54	3.9686
	<i>Percentage change versus previous month</i>									
2013 Apr.	0.0	1.4	-0.1	0.0	0.5	0.3	0.6	-1.3	3.7	-1.5
	<i>Percentage change versus previous year</i>									
2013 Apr.	-1.4	6.8	1.5	-2.8	-1.0	3.8	4.9	-4.5	19.2	-1.5

	Mexican peso	New Zealand dollar	Norwegian krone	Philippine peso	Russian rouble	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 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
2013 Q1	16.7042	1.5823	7.4290	53.769	40.1518	1.6345	11.8264	1,433.09	1.2284	39.361	1.3206
2012 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
2013 Jan.	16.8760	1.5877	7.3821	54.105	40.1847	1.6326	11.6957	1,417.69	1.2288	39.924	1.3288
Feb.	16.9872	1.5929	7.4232	54.355	40.3342	1.6546	11.8796	1,452.82	1.2298	39.839	1.3359
Mar.	16.2322	1.5657	7.4863	52.813	39.9332	1.6164	11.9169	1,430.31	1.2266	38.264	1.2964
Apr.	15.8895	1.5348	7.5444	53.649	40.7995	1.6120	11.8592	1,460.89	1.2199	37.857	1.3026
	<i>Percentage change versus previous month</i>										
2013 Apr.	-2.1	-2.0	0.8	1.6	2.2	-0.3	-0.5	2.1	-0.5	-1.1	0.5
	<i>Percentage change versus previous year</i>										
2013 Apr.	-7.6	-4.6	-0.3	-4.4	5.1	-2.1	15.1	-2.3	1.5	-6.8	-1.0

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
<b>HICP</b>										
2011	3.4	2.1	2.7	4.2	4.1	3.9	3.9	5.8	1.4	4.5
2012	2.4	3.5	2.4	2.3	3.2	5.7	3.7	3.4	0.9	2.8
2012 Q4	2.8	2.9	2.1	1.6	3.0	5.5	2.8	4.7	1.0	2.7
2013 Q1	2.1	1.7	0.9	0.4	2.2	2.7	1.3	4.8	0.6	.
2013 Jan.	2.6	1.8	1.0	0.6	2.7	2.8	1.6	5.1	0.7	2.7
Feb.	2.2	1.8	1.0	0.3	2.3	2.9	1.2	4.8	0.5	2.8
Mar.	1.6	1.5	0.7	0.3	1.6	2.3	1.0	4.4	0.5	.
<b>General government deficit (-)/surplus (+) as a percentage of GDP</b>										
2010	-3.1	-4.8	-2.5	-8.1	-7.2	-4.3	-7.9	-6.8	0.3	-10.2
2011	-2.0	-3.3	-1.8	-3.6	-5.5	4.3	-5.0	-5.6	0.2	-7.8
2012	-0.8	-4.4	-4.0	-1.2	-3.2	-1.9	-3.9	-2.9	-0.5	-6.3
<b>General government gross debt as a percentage of GDP</b>										
2010	16.2	37.8	42.7	44.4	37.9	81.8	54.8	30.5	39.4	79.4
2011	16.3	40.8	46.4	41.9	38.5	81.4	56.2	34.7	38.4	85.5
2012	18.5	45.8	45.8	40.7	40.7	79.2	55.6	37.8	38.2	90.0
<b>Long-term government bond yield as a percentage per annum; period average</b>										
2012 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
Dec.	3.44	1.92	1.07	3.24	4.00	6.44	3.88	6.65	1.51	1.60
2013 Jan.	3.27	1.96	1.61	3.21	3.97	6.23	3.91	5.90	1.80	1.82
Feb.	3.25	2.01	1.73	3.22	4.06	6.29	3.99	5.72	2.00	1.92
Mar.	3.54	1.98	1.59	3.17	4.15	6.38	3.93	5.86	1.92	1.65
<b>3-month interest rate as a percentage per annum; period average</b>										
2012 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
Dec.	1.39	0.50	0.28	0.53	0.70	-	4.26	5.79	1.37	0.52
2013 Jan.	1.27	0.50	0.30	0.50	0.53	5.80	4.03	5.71	1.21	0.51
Feb.	1.23	0.50	0.33	0.49	0.47	-	3.80	5.60	1.19	0.51
Mar.	1.23	0.49	0.27	0.47	0.47	-	3.48	5.10	1.25	0.51
<b>Real GDP</b>										
2011	1.8	1.9	1.1	5.5	5.9	1.6	4.5	2.2	3.7	1.0
2012	0.8	-1.3	-0.5	5.6	3.6	-1.7	1.9	0.7	0.8	0.3
2012 Q3	0.6	-1.5	0.0	5.4	3.4	-1.8	1.7	0.1	0.6	0.4
Q4	0.5	-1.7	-0.7	5.8	3.0	-2.8	0.7	0.7	1.5	0.2
2013 Q1	.	.	.	.	.	.	.	.	.	0.6
<b>Current and capital account balance as a percentage of GDP</b>										
2010	-0.7	-3.0	5.9	4.9	2.7	2.9	-3.3	-4.2	6.7	-3.1
2011	1.4	-2.3	5.9	0.0	-1.3	3.1	-2.9	-4.0	6.9	-1.1
2012 Q2	-3.5	-2.7	7.0	-1.1	7.8	4.4	0.1	-4.6	6.6	-3.9
Q3	9.8	-4.4	7.7	4.8	2.7	5.6	-0.8	-3.9	7.3	-4.3
Q4	-1.7	0.8	6.1	3.5	4.9	5.1	-1.0	-0.9	6.5	-2.7
<b>Gross external debt as a percentage of GDP</b>										
2010	102.7	56.2	190.5	164.8	83.2	144.8	66.4	75.7	190.5	413.1
2011	94.1	59.4	183.2	145.0	77.8	147.7	71.7	77.2	195.3	425.4
2012 Q2	96.0	61.0	191.7	144.0	78.0	134.4	71.7	77.9	200.4	416.2
Q3	96.5	59.8	187.4	139.2	79.0	128.3	70.8	78.0	199.6	416.5
Q4	94.8	60.3	.	136.2	75.6	127.7	70.8	74.6	189.2	415.0
<b>Unit labour costs</b>										
2011	3.0	1.1	0.1	2.1	-0.1	1.8	0.5	0.8	-0.6	1.4
2012	0.2	3.6	1.2	2.8	1.9	6.5	.	6.4	2.6	.
2012 Q2	-1.2	3.5	2.1	2.5	4.2	7.5	0.8	5.1	2.7	4.1
Q3	1.0	2.4	0.3	3.2	1.6	6.8	1.4	8.5	3.0	2.9
Q4	1.2	3.9	1.4	1.0	-0.1	6.2	.	6.7	3.5	.
<b>Standardised unemployment rate as a percentage of labour force (s.a.)</b>										
2011	11.3	6.7	7.6	16.4	15.3	11.0	9.6	7.4	7.8	8.0
2012	12.3	7.0	7.5	14.8	13.3	10.9	10.1	7.0	8.0	7.9
2012 Q4	12.5	7.2	7.4	14.3	13.2	11.0	10.4	6.7	8.1	7.7
2013 Q1	12.6	7.2	7.3	.	13.1	.	10.6	6.7	8.2	.
2013 Jan.	12.6	7.1	7.4	.	13.1	11.2	10.6	6.6	8.0	7.8
Feb.	12.6	7.2	7.4	.	13.2	11.2	10.6	6.7	8.2	.
Mar.	12.6	7.3	7.2	.	13.1	.	10.7	6.7	8.4	.

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

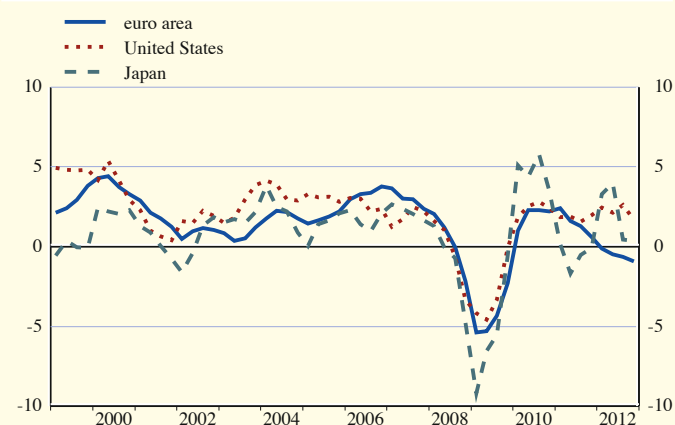
## 9.2 Economic and financial developments in the United States and Japan

(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>5)</sup> end of period	Exchange rate <sup>6)</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	-13.6	9.3	8.0	0.69	4.17	1.3948	-11.9	73.3
2010	1.6	-1.1	2.4	6.6	9.6	2.5	0.34	3.57	1.3257	-11.4	82.1
2011	3.2	1.9	1.8	3.6	8.9	7.3	0.34	2.10	1.3920	-10.2	86.0
2012	2.1	0.7	2.2	4.2	8.1	8.5	0.43	1.88	1.2848	.	.
2012 Q1	2.8	0.2	2.4	4.6	8.3	10.1	0.51	2.38	1.3108	-8.7	87.7
Q2	1.9	0.5	2.1	5.2	8.2	9.6	0.47	1.83	1.2814	-8.8	88.2
Q3	1.7	0.1	2.6	3.9	8.0	7.0	0.43	1.77	1.2502	-8.6	88.7
Q4	1.9	2.2	1.7	3.3	7.8	7.5	0.32	1.88	1.2967	.	.
2013 Q1	1.7	.	.	2.6	.	7.1	0.29	2.09	1.3206	.	.
2012 Dec.	1.7	.	.	3.6	7.8	7.9	0.31	1.88	1.3119	.	.
2013 Jan.	1.6	.	.	2.2	7.9	7.5	0.30	2.14	1.3288	.	.
Feb.	2.0	.	.	2.5	7.7	6.8	0.29	2.05	1.3359	.	.
Mar.	1.5	.	.	3.0	.	6.8	0.28	2.09	1.2964	.	.
Apr.	.	.	.	.	.	.	0.28	1.92	1.3026	.	.
Japan											
2009	-1.3	0.3	-5.5	-21.9	5.1	2.7	0.47	1.42	130.34	-8.8	180.1
2010	-0.7	-4.8	4.7	16.6	5.1	2.8	0.23	1.18	116.24	-8.3	188.3
2011	-0.3	0.8	-0.5	-2.5	4.6	2.7	0.19	1.00	110.96	-8.9	204.4
2012	0.0	.	2.0	-0.3	4.4	2.5	0.19	0.84	102.49	.	.
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	2.4	0.20	0.84	102.59	.	.
Q3	-0.4	.	0.4	-4.6	4.3	2.4	0.19	0.78	98.30	.	.
Q4	-0.2	.	0.4	-5.9	4.2	2.3	0.19	0.84	105.12	.	.
2013 Q1	.	.	.	.	.	2.9	0.16	0.70	121.80	.	.
2012 Dec.	-0.1	.	.	-7.9	4.3	2.6	0.18	0.84	109.71	.	.
2013 Jan.	-0.3	.	.	-5.8	4.2	2.7	0.17	0.80	118.34	.	.
Feb.	-0.7	.	.	-11.0	4.3	2.9	0.16	0.74	124.40	.	.
Mar.	-0.9	.	.	.	.	3.0	0.16	0.70	122.99	.	.
Apr.	.	.	.	.	.	.	0.16	0.76	127.54	.	.

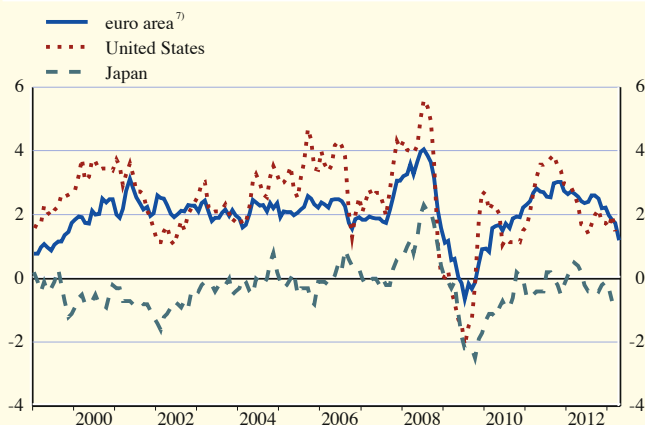
### C41 Real gross domestic product

(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:

$$\text{a) } \left( \frac{0.5I_t + \sum_{i=1}^2 I_{t-i} + 0.5I_{t-3}}{0.5I_{t-12} + \sum_{i=1}^2 I_{t-i-12} + 0.5I_{t-15}} - 1 \right) \times 100$$

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:

$$\text{b) } \left( \frac{0.5I_t + \sum_{i=1}^{11} I_{t-i} + 0.5I_{t-12}}{0.5I_{t-12} + \sum_{i=1}^{11} I_{t-i-12} + 0.5I_{t-24}} - 1 \right) \times 100$$

### 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  $R_{1, \text{MRO}}$  (over  $D_1$  days),  $R_{2, \text{MRO}}$  (over  $D_2$  days), etc., until  $R_{i, \text{MRO}}$  (over  $D_i$  days), where  $D_1 + D_2 + \dots + D_i = D$ , the applicable annualised rate ( $R_{\text{LTRO}}$ ) is calculated as:

$$\text{c) } R_{\text{LTRO}} = \frac{D_1 R_{1, \text{MRO}} + D_2 R_{2, \text{MRO}} + \dots + D_i R_{i, \text{MRO}}}{D}$$

### 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:

$$\text{d) } F_t^M = (L_t - L_{t-1}) - C_t^M - E_t^M - V_t^M$$

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:

$$k) \quad I_t = I_{t-1} \times \left( 1 + \frac{N_t}{L_{t-1}} \right)$$

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:

$$l) \quad a_t = \left[ \prod_{i=0}^{11} \left( 1 + \frac{N_{t-i}^M}{L_{t-1-i}} \right) - 1 \right] \times 100$$

$$m) \quad a_t = \left( \frac{I_t}{I_{t-12}} - 1 \right) \times 100$$

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 30 April 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 and international organisations (which, with the exception of the ECB and the European Stability Mechanism, are considered to be outside the euro area for statistical purposes, regardless of their physical location) as well as offshore centres. 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 134 ("Revisiting the effective exchange rates of the euro" by Martin Schmitz, Maarten De Clercq, Michael Fidora, Bernadette Lauro and Cristina Pinheiro, June 2012), 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 EUROSISTEM<sup>1</sup>



### 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.

<sup>1</sup> The chronology of monetary policy measures taken by the Eurosystem between 1999 and 2010 can be found in the ECB's Annual Report for the respective years.

#### **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, 7 FEBRUARY, 7 MARCH AND 4 APRIL 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.

## **2 MAY 2013**

The Governing Council of the ECB decides to decrease the interest rate on the main refinancing operations by 25 basis points to 0.50%, starting from the operation to be settled on 8 May 2013. In addition, it decides to decrease the interest rate on the marginal lending facility by 50 basis points to 1.00%, with effect from 8 May 2013, and to keep the interest rate on the deposit facility unchanged at 0.00%. It also decides on the details as regards the tender procedures and modalities to be applied in its refinancing operations up to 8 July 2014, notably to continue its fixed rate tender procedures with full allotment.



## **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.

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## 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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