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EUROPEAN CENTRAL BANK

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# MONTHLY BULLETIN
# JULY


MONTHLY BULLETIN 07 | 2006

EUROPEAN CENTRAL BANK

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In 2006 all ECB publications will feature a motif taken from the €5 banknote.

# MONTHLY BULLETIN
# JULY 2006

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# ABBREVIATIONS

## COUNTRIES

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

## 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 |
| HWWA | Hamburg Institute of International Economics |
| ILO | International Labour Organization |
| IMF | International Monetary Fund |
| MFI | monetary financial institution |
| NACE Rev. 1 | Statistical classification of economic activities in the European Community |
| NCB | national central bank |
| PPI | Producer Price Index |
| SITC Rev. 3 | Standard International Trade Classification (revision 3) |
| ULCM | unit labour costs in manufacturing |
| ULCT | unit labour costs in the total economy |

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

# EDITORIAL

On the basis of its regular economic and monetary analyses, the Governing Council decided to leave the key ECB interest rates unchanged at its meeting on 6 July 2006. The information that had become available since the previous meeting on 8 June confirmed that a further withdrawal of monetary accommodation had been warranted to contain upside risks to price stability. Indeed, acting in a timely manner to contain such risks remains essential to ensure that inflation expectations in the euro area are kept solidly anchored at levels consistent with price stability. Such anchoring of inflation expectations is a prerequisite for monetary policy to make an ongoing contribution towards supporting sustainable economic growth and job creation in the euro area. With key ECB interest rates at still low levels in both nominal and real terms, money and credit growth dynamic, and liquidity ample by all plausible measures, monetary policy continues to be accommodative. Therefore, if the Governing Council's assumptions and baseline scenario are confirmed, a progressive withdrawal of monetary accommodation remains warranted. Against this background, the Governing Council will exercise strong vigilance so as to ensure that risks to price stability over the medium term do not materialise.

Turning first to the economic analysis, the latest data and survey releases remain positive and, in general, have improved further over recent months. On balance, this confirms the Governing Council's assessment that economic growth has both regained momentum and become more broadly based and sustained in the first half of 2006. Looking ahead, the conditions remain in place for continued economic growth at rates around potential, despite possible volatility in the quarterly figures. Global economic activity remains strong, providing support for euro area exports. Investment is expected to pick up, benefiting from an extended period of very favourable financing conditions, balance sheet restructuring and accumulated and ongoing gains in earnings and business efficiency. Consumption growth in the euro area should also strengthen gradually over time, in line with developments in real disposable income, as employment conditions improve further. This broadly favourable outlook for economic activity is also reflected in the June Eurosystem staff macroeconomic projections and forecasts by international organisations and public and private sector institutions.

The risks to the outlook for economic growth appear to be balanced over the shorter term, while in the longer term downside risks prevail, relating mainly to potential further oil price rises, a disorderly unwinding of global imbalances and potential pressures for increased protectionism.

With respect to price developments, according to Eurostat's flash estimate, annual HICP inflation was 2.5% in June 2006, compared with the same rate in May and 2.4% in April. During the second half of 2006, and on average in 2007, inflation rates are likely to remain above 2%, the precise levels depending on future energy price developments. This assessment is supported by the Eurosystem staff projections and available public and private sector forecasts. While the moderate evolution of labour costs in the euro area is expected to continue in 2007 – also reflecting ongoing global competitive pressures, particularly in the manufacturing sector – indirect effects of past oil price increases and already announced changes in indirect taxes are expected to exert a significant upward effect on inflation in the course of next year. Against this background, and also in the context of a more favourable environment for economic activity and employment, it is crucial that the social partners continue to meet their responsibilities.

Risks to the outlook for price developments remain on the upside and include further increases in oil prices, a stronger pass-through of oil price rises into consumer prices than currently expected, additional increases in administered prices and indirect taxes and, more fundamentally, stronger than expected wage

and price developments due to second-round effects of past oil price increases.

Regarding prospects for inflation over medium to longer horizons, the Governing Council's assessment that upside risks to price stability prevail is confirmed by the monetary analysis. Money and credit growth have strengthened further over recent quarters, with the latest data showing the annual growth rate of M3 increasing to 8.9% in May – the highest annual growth of M3 since the start of Stage Three of EMU. The stimulative impact of the low level of interest rates in the euro area remains an important driving factor behind the high trend rate of monetary expansion. On an annual basis, loans to the private sector as a whole have continued to increase at double-digit rates over recent months, with borrowing both by households and by non-financial corporations rising rapidly. Ongoing strong lending activity to households continues to be explained, in particular, by borrowing for house purchases, which has stood at an annual rate of above 12% in recent months. The dynamic growth of money and the strong expansion of credit, in an environment of already ample liquidity, point to increased upside risks to price stability at medium to longer horizons. Monetary developments, therefore, require enhanced monitoring, particularly in the light of strong dynamics in housing markets.

To sum up, annual inflation rates are projected to remain elevated in 2006 and 2007, with risks to this outlook continuing to be on the upside. Given the dynamism of monetary growth in an environment of already ample liquidity, a cross-check of the outcome of the economic analysis with that of the monetary analysis supports the assessment that upside risks to price stability prevail over the medium term. It is essential that inflation expectations remain firmly anchored at levels consistent with price stability. Accordingly, the Governing Council will exercise strong vigilance so as to ensure that risks to price stability do not materialise, thereby making an ongoing contribution to sustainable economic growth and job creation.

In terms of fiscal policy, the overall pace of consolidation is disappointing against the background of the favourable outlook for growth. Consolidation targets continue to be at risk, notably in a number of countries with an excessive deficit. The Governing Council therefore reiterates its position that it is crucial to avoid the mistakes of the past. It also wishes to express its broad agreement with the main fiscal challenges as generally identified by the European Commission. These concern, in particular, the need for a rigorous implementation of the revised Stability and Growth Pact with a view to speeding up fiscal consolidation and improving the outlook for fiscal sustainability. This needs to be underpinned by medium term-oriented structural reform strategies and appropriate national fiscal institutions and procedures. Finally, reliable compilation and timely reporting of government finance statistics remain essential for the European fiscal framework. Meeting these challenges will support confidence in the soundness of public finances and in economic prospects in Europe.

As regards structural reforms, enhancing the growth potential of the euro area, increasing job opportunities and strengthening the euro area's ability to cope with the challenges of globalisation are among the most demanding economic policy issues of our time. In order to translate the opportunities offered by globalisation – in terms of higher living standards – into achievements, the euro area would greatly benefit from more flexible labour and product markets. It would also gain from a more favourable business environment and a fully-fledged internal market – including in the services sector – that foster innovation, investment and the creation of new firms. Indeed, implementing the necessary reforms in a decisive manner would help to reap the benefits that globalisation and the single market

offer euro area citizens and also raise the production capacity of the euro area economy.

This issue of the Monthly Bulletin contains two articles. The first article reviews various measures of inflation expectations, at horizons longer than one year, in the euro area. The second article analyses trends in the export performance of the euro area.

# ECONOMIC AND MONETARY DEVELOPMENTS

# I THE EXTERNAL ENVIRONMENT OF THE EURO AREA

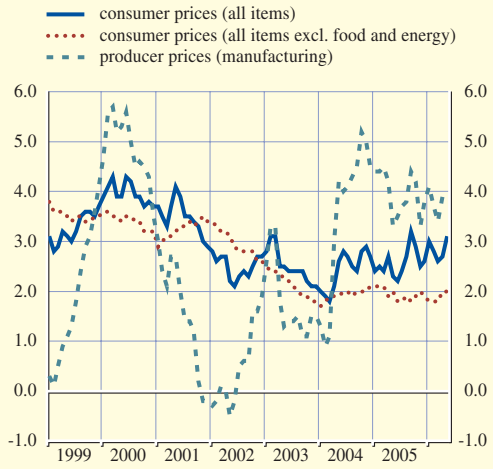
*Since the beginning of the year, the global economy has continued to expand at a robust pace. At the same time, consumer price inflation has remained highly influenced by energy price changes. Recent economic indicators still point to a strong, broadly based economic expansion. Risks to the global economic outlook continue to be related to oil market developments and the persistence of economic imbalances at the global level.*

## 1.1 DEVELOPMENTS IN THE WORLD ECONOMY

Since the beginning of the year, the global economy has continued to expand at a robust pace. Industrial production growth in the OECD countries increased further in April for the third month in a row. Survey evidence also points to a strong, broadly based economic expansion, including a rebalancing of growth across the different regions, with some deceleration in the United States, partially offset by some acceleration in Europe and continuing strong growth in Asia.

**Chart 1 Price developments in the OECD countries**

(annual percentage changes; monthly data)




Source: OECD.

With regard to price developments, annual consumer price inflation has remained highly influenced by energy price changes. For the OECD countries the annual rate of change of the CPI increased to 3.1% in May, from 2.7% in April. Excluding food and energy, consumer price inflation also increased for the OECD countries to 2.0% in May, from 1.9% in April (see Chart 1).

### UNITED STATES

In the United States, final estimates confirm that economic activity strongly rebounded in the first half of 2006, with real GDP growing by 5.6% on a quarter-on-quarter annualised basis in the first quarter of 2006. The strong expansion in real GDP remained largely domestic driven, stemming primarily from very robust growth in personal consumption expenditures, business investment and federal spending. While export growth increased significantly in the first quarter and outpaced import growth by a sizeable margin, net trade continued to make a negative contribution to economic growth. At the same time, the current account deficit narrowed to 6.4% of GDP in the first quarter of this year from its record high of 7.0% reached in the fourth quarter of 2005. This was due to a narrowing of the deficit on goods, an improvement in the income balance and a decrease in net unilateral current transfers.

Incoming information suggests that the economic expansion continued at a somewhat milder pace in the second quarter of 2006. Data for industrial production, durable goods orders and business confidence indicate that the momentum of manufacturing activity remains solid on a year-on-year basis, although sliding back from the robust first quarter. Consistent with easing production trends, capacity utilisation retreated in May somewhat from its peak in April 2006. Looking ahead, the economy should continue to expand, though its pace may remain somewhat milder compared with the rapid pace witnessed at the beginning of the year.

Price pressures remain rather sustained. Annual consumer price inflation increased to 4.2% in May, up from 3.6% in April. At the same time the increase in consumer price inflation excluding food and energy edged up by 0.1 percentage point to 2.4%, following similar increases in March and April. The monthly increase in the headline consumer price index was due primarily to strong gains in energy prices and shelter. As in April, the index for shelter was responsible for about half of the rise in the price index excluding food and energy. The personal consumption expenditures deflator followed a pattern broadly comparable to that of the CPI.

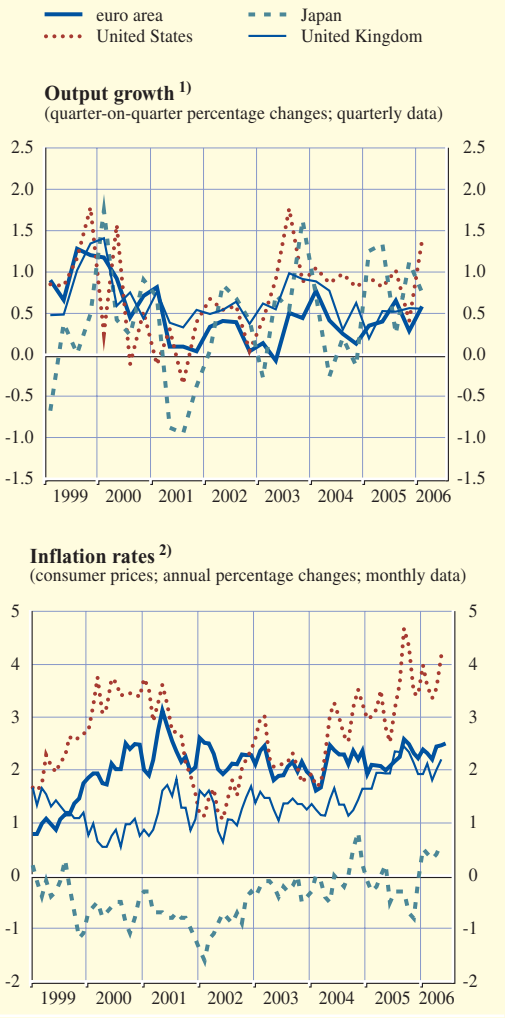
With regard to monetary policy, at its meeting on 28-29 June 2006, the US Federal Open Market Committee decided to raise its target for the federal funds rate by 25 basis points for the 17th consecutive time, bringing the policy rate to 5.25%.

## JAPAN

In Japan, economic activity continues to recover steadily, as confirmed by revised national account data. In the first quarter of 2006, real GDP growth was revised upwards from 0.5% to 0.8% on a quarterly basis. This was mainly due to a significant upward revision of real business investment growth, from 1.4% to 3.1% on a quarterly basis. Overall, the latest data release confirmed the role of private domestic demand as the main driver of the strong economic recovery. In June, the Bank of Japan's Tankan survey confirmed the strength of business conditions. The diffusion index of business conditions for large manufacturers increased while that for large non-manufacturers improved for the third straight quarter, reaching its highest level since March 1992. Looking ahead, the outlook remains favourable, as the economy is expected to reap the benefits of past structural adjustment in the labour market and in corporate and banking sectors.

As regards price developments, consumer prices continue to increase moderately, although the GDP deflator is still decreasing. In May both the headline CPI and the CPI excluding fresh food rose by 0.6% on an annual basis. By contrast, in the first quarter of 2006, the GDP deflator decreased by 1.2% on an annual basis.

**Chart 2 Main developments in major industrialised economies**




Sources: National data, BIS, Eurostat and ECB calculations.
1) Eurostat data are used for the euro area and the United Kingdom; for the United States and Japan, national data are used. GDP figures have been seasonally adjusted.
2) HICP for the euro area and the United Kingdom; CPI for the United States and Japan.

At its meeting on 14-15 June, the Bank of Japan left its policy rate – the overnight uncollateralised call rate – unchanged at zero. On 20 June, however, the Bank of Japan announced that the process of reducing the outstanding balance of current accounts – which had been initiated in March 2006 – was almost complete. Throughout this process, the uncollateralised overnight call rate has been stable at around 0%, despite small temporary increases.

### UNITED KINGDOM

According to the latest data release, the quarterly growth rate of real GDP in the first quarter of 2006 remained unchanged from the previous quarter at 0.7% and was close to its long-term trend. In the light of robust growth of retail sales in April and May 2006, household consumption is estimated to have recovered in the second quarter of 2006 from its recent low at the beginning of the year. Business survey data point to a firming of manufacturing output – mainly due to a rise in foreign orders. In this context, exports are expected to have accelerated in the second quarter of 2006. In the three months to April 2006, the unemployment rate rose somewhat to 5.3%. Looking ahead, the growth momentum is expected to pick up in the second half of the year, bolstered by stronger private consumption and exports.

In recent months annual HICP inflation moved up gradually from 1.8% in March to 2.2% in May 2006. This trend has been driven mainly by higher gas and electricity bills and, more recently, higher vegetables prices. Wage pressures, however, remained contained. House price increases remained robust: while the Halifax index rose to 10.1% in May, the Nationwide index showed a less buoyant development growing by 4.6% in the same period.

At its meeting on 5-6 July 2006, the Bank of England's Monetary Policy Committee voted to maintain the repo rate at 4.5%.

### OTHER EUROPEAN COUNTRIES

In most other non-euro area EU countries, output growth remained strong in the first quarter of 2006, with domestic demand being the main driver in many countries. Average HICP inflation increased in April and May – mainly on account of higher energy and food prices – although there were marked differences across countries. Overall, HICP inflation has been higher in the fast-growing economies. So far, second-round effects on wages from earlier increases in energy prices appear to have been contained, although it cannot be ruled out that these may arise in the future.

In Denmark and Sweden, the quarterly rate of real GDP growth strengthened in the first quarter of 2006, to 0.4% and 1.1% respectively. In both countries, the pick-up in economic activity has been fuelled by domestic demand and, in the case of Sweden, also by net exports. In the period ahead, growth is expected to remain robust in both countries. HICP inflation increased in both countries, to an annual rate of 2.1% and 1.9% respectively in May. Whereas HICP inflation in Denmark has fluctuated around that rate since late 2005, it has been on a gradual upward path in Sweden.

In Poland, the Czech Republic and Hungary, output growth continued to be strong in the first quarter of 2006. In Hungary, real GDP growth remained unchanged compared with the previous quarter, at a quarterly rate of 1.0%, whereas in Poland it declined slightly to 1.2%. In all three countries, external demand has supported growth significantly. Looking ahead, economic growth is expected to remain strong, with domestic demand as a key driver. Annual HICP inflation picked up in May in these countries, although it remained at a rather subdued level in Poland, partly as a

result of the past appreciation of the Polish zloty, past monetary policy decisions and reduced excise duties on petrol and lower distribution margins.

In the other EU Member States, economic activity has remained robust, particularly in the Baltic States, where inflation is also relatively high. Overall, the prospects for economic activity continue to be favourable, despite downside risks relating to the impact of oil prices.

### EMERGING ASIA

In emerging Asia, economic activity continues to be strong, mainly supported by improved domestic demand and a further pick-up in export growth in the larger economies in the region. At the same time, a modest increase in CPI inflation was evident in several countries in May.

In China, the economy has shown no signs of slowing down, following the strong performance in the first quarter. Both a rising trade surplus and continued robust investment growth have supported recent economic activity. In the first five months of this year, the trade surplus widened to USD 46.8 billion, compared with USD 30 billion in the same period of 2005 – an annual increase of 57%. Industrial production accelerated further in May and retail sales picked up while investment remained strong, despite the tightening measures on bank lending introduced in the past months. Turning to price developments, inflationary pressures picked up further, with annual CPI inflation rising from 1.2% in April to 1.4% in May. Citing excessive growth in money and credit aggregates as well as in investment, on 16 June the People's Bank of China announced a hike of reserve requirements on deposits by 0.5 percentage point, to 8%, with effect from 5 July 2006.

Looking ahead, economic prospects remain favourable for emerging Asia in the near term, supported by a continued strong expansion of domestic activity in the major economies and robust export growth. However, high oil prices and excessive capacity in certain sectors in China remain significant downside risks to this outlook.

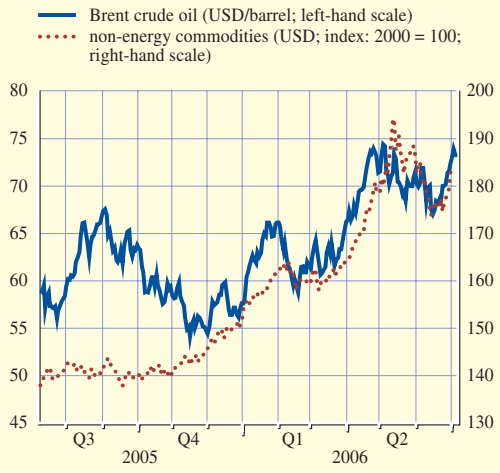
### LATIN AMERICA

In Latin America, the economic expansion in major economies continues to consolidate, with real GDP increasing, on an annual basis, by 5.5% in Mexico, 3.5% in Brazil, and 8.6% in Argentina, during the first quarter of 2006. Recent indicators of economic activity for the second quarter of 2006 – such as industrial production in April – have been weak in Mexico and Brazil, although this may also have been influenced by base effects caused by the different timing of Easter holidays. Annual inflation in Brazil and Mexico continued to decline in May to 4.2% and 3% respectively. In Argentina, annual inflation remained high in May at 11.5%. Prospects for the region as a whole remain favourable in the near term amid a positive external environment.

## 1.2 COMMODITY MARKETS

After easing somewhat in June, oil prices rose sharply in early July. On 5 July the price of Brent crude oil stood at USD 73.3 per barrel, close to the historical high of USD 74.4 reached in early May and approximately 27% higher than at the beginning of the year. Strong US demand for refined products, in particular for petrol during the peak driving season, added upward pressures to crude oil prices. Moreover, the geopolitical environment and the ensuing concerns over the security of future oil supplies remain an important factor supporting oil prices. In particular, the international dispute over Iran's nuclear stand-off and the possible repercussions for global oil supplies are keeping prices at elevated levels. Uncertainty surrounding near-term oil prices

**Chart 3 Main developments in commodity markets**




Sources: Bloomberg and HWWA.

is considerable, with market participants now expecting prices to remain at elevated levels also in the medium term, with December 2008 oil future contracts currently trading at USD 73.5.

Non-energy commodity prices have likewise risen considerably over recent months. Based on continued solid demand for most commodities, in particular for metals, total non-energy commodity prices peaked in mid-May. Since then, however, non-energy commodity prices have experienced some downward corrections, standing on 30 June 6% below the peak. Expressed in US dollar terms, non-energy commodity prices were approximately 27% higher in June than one year earlier.

## 1.3 OUTLOOK FOR THE EXTERNAL ENVIRONMENT

Overall, the outlook for the external environment, and thus for the foreign demand facing the euro area, remains favourable. The financial market corrections which have taken place to date should have a limited impact on the global outlook. In the short term, the six-month rate of change of the OECD's Composite Leading Indicator in April points to some moderate expansion going forward, with some improvements in Japan and the United Kingdom but a slight weakening in Canada and the United States.

The risks to the outlook remain tilted somewhat to the downside. Oil prices remain one of the main sources of risk to the global outlook, owing to their possible impacts on growth and inflation. The recent increases in consumer prices in many OECD countries underline inflationary risks related to oil price increases in the context of high capacity utilisation levels. The persistence of global economic imbalances, associated with concerns related to increased protectionist pressures, also continues to pose a downside risk.

# 2 MONETARY AND FINANCIAL DEVELOPMENTS

## 2.1 MONEY AND MFI CREDIT

*In May 2006 annual M3 growth rose to 8.9%, the strongest rate observed since the introduction of the euro in 1999. The low level of interest rates remains the key factor driving underlying monetary and credit dynamics. Given the robust growth of money and credit over the past few quarters, liquidity remains ample in the euro area. Strong money and credit growth in a context of already ample liquidity points to continued upside risks to price stability over the medium to longer term, particularly in an environment of improved economic sentiment and robust housing market dynamics.*

### THE BROAD MONETARY AGGREGATE M3

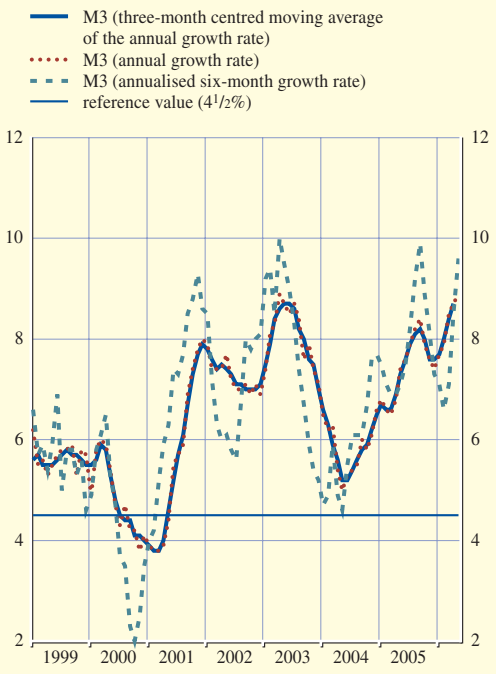
The annual growth rate of the broad monetary aggregate M3 increased to 8.9% in May 2006, from 8.7% in April. This represents the highest annual growth rate of M3 since the introduction of the euro in 1999 (see Chart 4). The renewed strengthening of annual M3 growth observed since the start of the year thus continued. The three-month average of annual M3 growth rates stood at 8.7% in the period between March and May 2006, up from 8.4% in the period between February and April 2006. The strength of M3 growth was also apparent from its shorter-term dynamics, as measured, for example, by the annualised six-month rate of growth, which rose by 1.2 percentage points to 9.6% in May.

Taking a somewhat longer-term perspective, the monetary data for May continue to suggest that the key factor driving M3 growth is the prevailing low level of interest rates. This contrasts with the previous period of strong M3 growth observed between 2001 and mid-2003, which was driven mainly by portfolio shifts into monetary assets during that period of heightened economic and financial uncertainty. The important stimulative role played by the low level of interest rates is reflected, on the components side, in the fact that the narrow aggregate M1 continues to make the largest contribution to annual M3 growth and, on the counterparts side, in the ongoing strength of the annual growth rate of MFI loans to the private sector.

The dampening of M3 growth observed in the fourth quarter of 2005, which stemmed from an unwinding of past portfolio shifts, appears to have ceased in the first few months of this year. In particular, the shift in the net external asset position from net capital outflows to net capital inflows may reflect the greater appetite for euro area assets on the part of international investors, which more than offsets the dampening effect associated with stronger investment in longer-term deposits.

**Chart 4 M3 growth and the reference value**

(percentage changes; adjusted for seasonal and calendar effects)




Source: ECB.

Given the robust growth of money and credit over the past few quarters, liquidity remains ample in the euro area. Strong money and credit growth in a context of already ample liquidity points to continued upside risks to price stability over the medium to longer term, particularly in an environment of improved economic sentiment and robust housing market dynamics.

## MAIN COMPONENTS OF M3

The rise in the annual growth rate of M3 in May reflects an increase in the contributions of both marketable instruments and the most liquid components contained in the narrow aggregate M1. Overall, M1 remained the largest contributor to annual M3 growth. Looking at the sub-components of M1, the slight further decline in the annual growth rate of currency in circulation was more than offset by a strengthening in the annual growth rate of overnight deposits (see Table 1).

The annual rate of growth of short-term deposits other than overnight deposits decreased in May as a result of a slowdown in the annual growth rates of both time deposits (i.e. deposits with an agreed maturity of up to two years) and savings deposits (i.e. deposits redeemable at notice of up to three months).

By contrast, the annual growth rate of marketable instruments included in M3 increased strongly in May. This was essentially due to a strong rise, to 46.8%, in the annual growth rate of debt securities with a maturity of up to two years. The buoyant demand for these instruments in the first few months of this year may reflect some substitution of shorter-term debt securities for longer-term financial instruments in an environment where short-term interest rates are expected to rise. The annual rate of change of money market fund shares/units – safe and liquid assets which are often held by households and firms to "park" liquidity at times of heightened uncertainty – remained negative in May. However, while developments in these instruments have remained subdued, monthly outflows from money market fund shares/units – as seen, for instance, between October 2005 and January 2006 – were not observed in April or May.

**Table 1 Summary table of monetary variables**

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

| | Outstanding amount as a percentage of M3 [1] | Annual growth rates | | | | | |
|---|---|---|---|---|---|---|---|
| | | 2005 Q2 | 2005 Q3 | 2005 Q4 | 2006 Q1 | 2006 Apr. | 2006 May |
| **M1** | **48.4** | **9.8** | **11.2** | **10.9** | **10.3** | **9.8** | **10.2** |
| Currency in circulation | 7.4 | 17.3 | 16.0 | 14.8 | 13.4 | 12.2 | 11.9 |
| Overnight deposits | 41.0 | 8.5 | 10.4 | 10.2 | 9.8 | 9.4 | 9.9 |
| M2 - M1 (= other short-term deposits) | 37.4 | 5.1 | 5.5 | 5.9 | 6.8 | 8.9 | 8.0 |
| Deposits with an agreed maturity of up to two years | 16.0 | 2.6 | 4.5 | 6.5 | 9.8 | 16.1 | 14.6 |
| Deposits redeemable at notice of up to three months | 21.4 | 6.6 | 6.0 | 5.3 | 4.6 | 3.9 | 3.5 |
| **M2** | **85.8** | **7.5** | **8.4** | **8.5** | **8.6** | **9.3** | **9.2** |
| M3 - M2 (= marketable instruments) | 14.2 | 4.4 | 5.6 | 3.8 | 3.4 | 5.0 | 7.0 |
| **M3** | **100.0** | **7.1** | **8.0** | **7.8** | **7.9** | **8.7** | **8.9** |
| **Credit to euro area residents** | | **6.6** | **7.0** | **8.0** | **8.7** | **9.5** | **9.3** |
| Credit to general government | | 2.1 | 1.3 | 2.7 | 2.6 | 1.0 | -0.1 |
| Loans to general government | | -0.8 | -0.9 | 0.6 | 1.4 | 1.1 | -0.4 |
| Credit to the private sector | | 7.8 | 8.6 | 9.4 | 10.4 | 11.8 | 11.8 |
| Loans to the private sector | | 7.6 | 8.4 | 9.0 | 10.1 | 11.4 | 11.4 |
| **Longer-term financial liabilities (excluding capital and reserves)** | | **9.7** | **10.1** | **9.5** | **8.8** | **8.8** | **9.1** |

Source: ECB.

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

The annual growth rate of the private sector's short-term deposits and repurchase agreements held with MFIs − which represent the broadest aggregation of M3 components for which information is available by holding sector − decreased in May. This decrease reflects, to a large extent, a decline in the contribution of non-monetary financial intermediaries (other than insurance corporations and pension funds). Households' demand for deposits continues to explain a substantial part of the high level of growth observed in short-term deposits and repurchase agreements. While the contribution of households to this aggregate remained broadly unchanged in May, that of non-financial corporations increased.

## MAIN COUNTERPARTS OF M3

On the counterparts side, the annual growth rate of MFI loans to the private sector remained unchanged at 11.4% in May – the highest growth rate seen since the introduction of the euro in 1999. The strong demand for loans continued to be broadly based across the private sector, reflecting the stimulative impact of the low level of interest rates and improved economic sentiment on demand for credit.

Developments in MFI loans to households continued to be driven mainly by strong borrowing for house purchase, the annual growth rate of which stood at 12.1% in May, compared with 12.2% in April. The strong borrowing for house purchase reflects the low mortgage lending rates prevailing in the euro area as a whole and the robust housing market dynamics in many regions. At the same time, the annual growth rate of consumer credit increased to 8.4%, up from 7.9% in April (see Table 2).

The annual growth rate of MFI loans to non-financial corporations rose further in May, reaching 11.3% and thus continuing the upward trend observed since early 2004. The rise in May was driven by stronger demand for loans with a maturity of over one year.

Among the other counterparts of M3, the annual growth rate of MFI longer-term financial liabilities (excluding capital and reserves) increased further to 9.1% in May, from 8.8% in April.

**Table 2 MFI loans to the private sector**

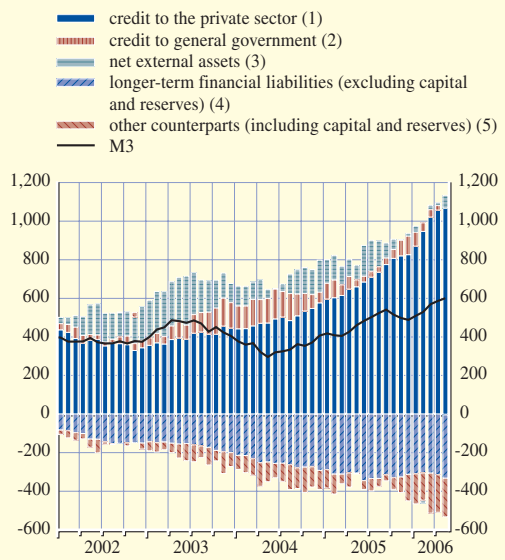
(quarterly figures are averages; not adjusted for seasonal and calendar effects)

| | Outstanding amount as a percentage of the total [1] | Annual growth rates | | | | | |
|---|---|---|---|---|---|---|---|
| | | 2005 Q2 | 2005 Q3 | 2005 Q4 | 2006 Q1 | 2006 Apr. | 2006 May |
| **Non-financial corporations** | **41.3** | **6.2** | **7.0** | **7.7** | **9.2** | **10.9** | **11.3** |
| Up to one year | 30.2 | 4.7 | 5.6 | 5.2 | 6.7 | 9.1 | 9.1 |
| Over one and up to five years | 18.0 | 6.5 | 6.6 | 8.5 | 11.5 | 15.1 | 16.2 |
| Over five years | 51.8 | 6.9 | 7.9 | 8.9 | 10.0 | 10.6 | 11.0 |
| **Households [2]** | **49.8** | **8.1** | **8.5** | **9.0** | **9.6** | **9.8** | **9.8** |
| Consumer credit [3] | 13.1 | 6.5 | 6.9 | 7.8 | 8.2 | 7.9 | 8.4 |
| Lending for house purchase [3] | 70.3 | 10.2 | 10.7 | 11.1 | 11.8 | 12.2 | 12.1 |
| Other lending | 16.6 | 2.1 | 2.2 | 2.3 | 2.1 | 2.3 | 2.0 |
| **Insurance corporations and pension funds** | **1.0** | **14.4** | **16.5** | **29.3** | **33.1** | **47.4** | **40.2** |
| **Other non-monetary financial intermediaries** | **7.8** | **11.2** | **15.5** | **14.1** | **16.2** | **20.7** | **19.4** |

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) As defined in the ESA 95.
3) The definitions of consumer credit and lending for house purchase are not fully consistent across the euro area.

**Chart 5 Counterparts of M3**

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




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.

This rise was mainly the result of an increase in the annual growth rate of deposits with an agreed maturity of over two years, while the growth rate of debt securities with a maturity of over two years remained broadly unchanged at a robust level. Developments in longer-term financial liabilities support the view that there is a continued inclination within the euro area money-holding sector to invest in longer-term euro area financial instruments (see also Box 1, entitled "Recent developments in MFI longer-term financial liabilities").

The dampening impact on M3 dynamics of declines in the net external asset position of MFIs observed up to the end of 2005 appears to have ceased in recent months. The annual flow in the net external asset position increased to €66 billion in the year to end-May, from €15 billion in the twelve-month period to the end of April (see Chart 5). On a monthly basis, an inflow of €17 billion was recorded in May, after an inflow of €5 billion in April. The recent developments in the net external asset position may reflect a stronger appetite for euro area assets on the part of both euro area residents and non-residents in the light of expectations of an appreciation in the nominal exchange rate of the euro.

Summing up the information from the counterparts, the low level of interest rates fostered the ongoing dynamism of MFI loans to the private sector in May, which continued to account for the strength of annual M3 growth. The robust demand for MFI longer-term financial liabilities only partly offset the credit-driven monetary dynamics, all the more so as there was no further dampening impact on M3 dynamics from developments in the net external asset position.

**Box 1**

### RECENT DEVELOPMENTS IN MFI LONGER-TERM FINANCIAL LIABILITIES

MFI longer-term financial liabilities are liabilities of MFIs which are not included in M3. They comprise deposits with an agreed maturity of over two years, deposits redeemable at notice of over three months and debt securities issued with a maturity of over two years, as well as capital and reserves. The annual growth rate of longer-term financial liabilities excluding capital and reserves (LTFLs) has been at high levels for much of the past two years, standing at 9.1% in May 2006.

In an accounting sense, robust growth in this counterpart to money exerts a dampening effect on the expansion of M3. Such a relationship is clear in cases where, for instance, the money-

holding sector shifts funds from short-term deposits included in M3 into longer-term deposits included in LTFLs. However, changes in the growth of LTFLs may also simply be a reflection of developments in other counterparts of M3, in which case the link with M3 growth is less straightforward. For example, in the context of securitisation operations, MFIs may transfer loans (or the risk associated with them) to another institution, but this might be associated with a corresponding change in LTFLs. Against this background, this box looks into the structure of and recent developments in LTFLs in the euro area.

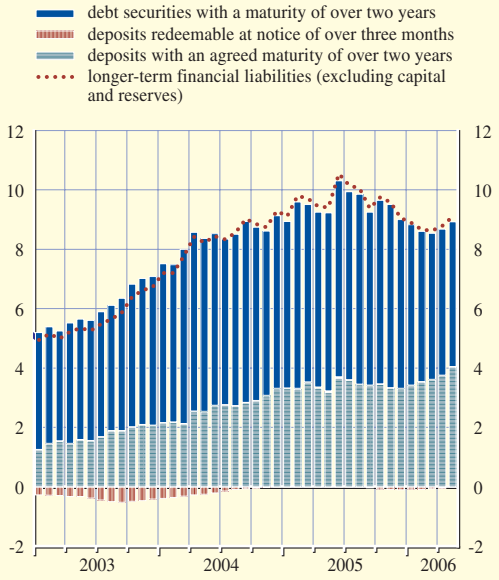
### The recent strong growth of LTFLs comes from both longer-term debt securities and longer-term time deposits

In May 2006 debt securities issued with a maturity of over two years represented around 57% of the stock of LTFLs, while (time) deposits with an agreed maturity of over two years accounted for 40% and (savings) deposits redeemable at notice of over three months accounted for the remainder. Reflecting in large part the respective shares, longer-term time deposits contributed 4.0 percentage points to the annual growth rate of LTFLs in May 2006, while longer-term debt securities contributed 4.9 percentage points (see Chart A).

In recent months deposits with an agreed maturity of over two years and debt securities with a maturity of over two years have been growing at a broadly similar pace (see Chart B). However, looking at the respective developments over a longer horizon suggests that the dynamics of these instruments can be quite different. For instance, the annual growth rate of deposits with an agreed maturity of over two years registered a sharp decline at the height of the stock market boom in the early 2000s, which may have been related to substitution into equities in the wealth

**Chart A Longer-term financial liabilities (excluding capital and reserves)**

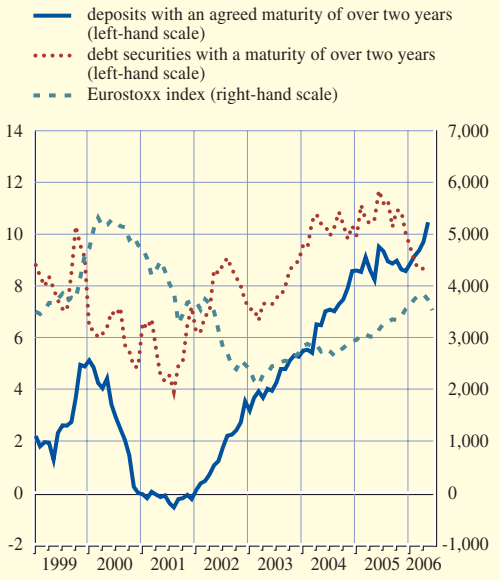
(annual percentage changes; contributions in percentage points; adjusted for seasonal and calendar effects)




Source: ECB.

**Chart B Deposits and debt securities included in LTFLs**

(annual percentage changes; adjusted for seasonal and calendar effects)




Source: ECB.

portfolio of the money-holding sector at a time of strong stock market performance. The growth rate recovered in 2002, when – in the context of heightened economic, financial and geopolitical uncertainty – investors (more than 50% of longer-term time deposits are held by households) sought safer, capital-certain assets such as deposits as a shelter from the prevailing market volatility.

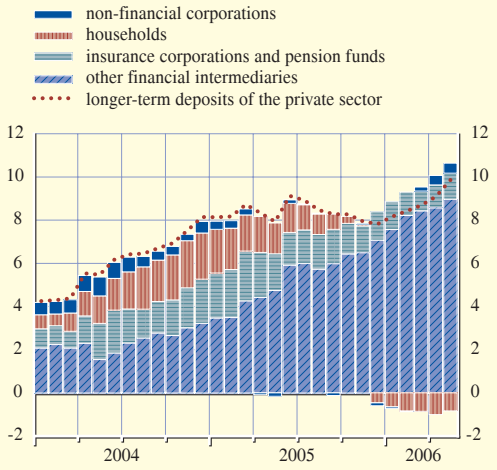
Developments in longer-term debt securities showed a somewhat different pattern. During the stock market boom the annual growth rate remained relatively robust at above 4%, which suggests that these securities were less profoundly affected by substitution into equities than the longer-term time deposits. Longer-term debt securities are held to a large extent by institutional investors who have regulatory constraints, financing needs and investment horizons which may prevent, or at least slow, their ability to switch quickly between debt securities and equities.

### Developments in synthetic securitisation may partly account for the recent strong growth in LTFLs

The strong growth of longer-term deposits observed since mid-2004 is explained mainly by the accumulation of such deposits by other (non-monetary) financial intermediaries (OFIs). The latter's contribution to the annual growth rate of longer-term deposits has risen over recent quarters to stand at 9.0 percentage points in May 2006 (see Chart C). Moreover, it appears that the extent of OFI accumulation of longer-term deposits varies widely across euro area countries. This suggests that the marked growth in longer-term deposits reflects factors related to changes in the nature of financial intermediation associated with OFIs and to country-specific developments, rather than a general euro area-wide trend.

**Chart C Longer-term deposits of the private sector**

(annual percentage changes; contributions in percentage points; neither seasonally nor calendar effect-adjusted)




Source: ECB.

The strong growth in LTFLs and the large contribution from OFIs may reflect a shift from true-sale securitisation to synthetic securitisation.[1] Under the former type, the loan is transferred from the MFI balance sheet to the balance sheet of the OFI (specifically a financial vehicle corporation (FVC)), and this transfer may be directly financed by a corresponding reduction in OFIs' holdings of longer-term deposits. Both the growth in loans and the growth in LTFLs would then decline, but there would be no impact on M3 dynamics. In the case of synthetic securitisation, only the risk associated with the MFI loan is transferred to the FVC, with no direct impact on loans and LTFLs. Hence, increased use of synthetic securitisation rather than true-sale securitisation could imply somewhat higher growth in LTFLs (and MFI loans). In some countries of the euro area, recent regulatory changes have reduced

1 See Box 1, entitled "The impact of MFI loan securitisation on monetary analysis in the euro area", in the September 2005 issue of the Monthly Bulletin for details of these two types of securitisation.

the scope for removing asset-backed securities from the originator's balance sheet, in order to preserve the possibility of the holder having recourse against the issuer. This has led to more synthetic securitisation than in the past (and hence higher LTFLs).

The high degree of heterogeneity across countries in terms of contributions to the growth of longer-term debt securities probably reflects the fact that considerable differences remain in terms of legal and tax frameworks within the euro area, especially concerning the issuance of covered bonds. Such bonds, which are securitised by a dynamic pool of assets according to a mechanism set out in law, remain on the balance sheet of the MFI issuer. In 2005 an extremely pronounced rise in the issuance of covered bonds took place in most euro area countries. Thus, covered bonds appear to have progressively replaced asset-backed and mortgage-backed securities. As these bonds are typically issued in the form of securities with a maturity of over two years, they contribute to the rise in the growth rate of LTFLs.

For the issuer, the main attraction of covered bonds is that they provide access to more attractively priced financing in greater volumes and at longer maturities than in unsecured markets. Moreover, covered bonds enable their issuers to transfer the risk to other entities, which can help them to comply with regulatory requirements without reducing the size of their balance sheets. For the investor, such bonds offer portfolio diversification and the protection of a strong legal framework. Moreover, in the context of the new bank capital adequacy regulations embodied in Basel II, banks buying these bonds can decrease the risk-weighting if they opt for the "internal rating-based" approach. Moreover, this class of assets offers a good spread performance against government bonds.

**As shown by recent developments in LTFLs, monetary analysis has become more complex**

In terms of monetary analysis, recent developments in securitisation have several implications. First, shifts from true-sale securitisation to synthetic securitisation imply changes in the dynamics of the counterparts of M3, especially loans and LTFLs. Second, the increasing importance of OFIs may lead to greater volatility in the money series and, insofar as their holders are not known, can make it more difficult to gain insight into monetary and financial behaviour. Thus, it is crucial to monitor all counterparts to money (including LTFLs) as well as their sectoral composition to uncover the underlying monetary dynamics.

## 2.2 SECURITIES ISSUANCE

*In April 2006 the annual growth rate of debt securities issued by euro area residents, although declining, remained strong at 7.3%. While the annual growth of debt securities issued by non-monetary financial institutions and, to a lesser extent, by MFIs was strong, issuance by non-financial corporations decreased for the fourth consecutive month. The annual rate of growth of quoted shares issued by euro area residents remained at a relatively subdued level.*

### DEBT SECURITIES

The annual growth rate of debt securities issued by euro area residents declined slightly to 7.3% in April 2006 (see Table 3). The overall growth rate continued to be driven mainly by strong

issuance of long-term debt securities, although that of the latter decreased slightly to 7.5% in April. At the same time, the annual growth rate of short-term debt securities decreased to 5.5%, nevertheless remaining relatively high in comparison with the previous year. Long-term debt securities issuance was driven mainly by strong issuance of debt securities at variable rates, the rate of growth of which stood at 17.1% in April, compared with an annual growth rate of 4.1% for fixed rate long-term debt securities over the same period. In terms of gross issuance, however, sharp increases have been observed for the latter instrument since December 2005. This may indicate an increasing preference on the part of borrowers for raising new long-term funds at fixed – rather than variable – rates.

As regards sectoral issuance activity, the annual growth rate of debt securities issued by non-financial corporations declined to 2.4% in April (see Chart 6). One factor potentially explaining the current moderate growth in net issuance of debt securities by non-financial corporations is their replacement with loan financing, which seems to be particularly pronounced for short-term debt. In April the annual rate of growth of short-term debt securities issuance by non-financial corporations declined further, while that of short-term MFI loans to non-financial corporations continued to increase significantly. Another factor may be the relatively high level of redemptions, in particular of paper issued in 1999-2001, i.e. in a period when the corporate bond market was booming. Net debt securities issuance remained weak despite intense merger and acquisition activity, a factor that had supported the issuance of corporate debt in the past (see Box 4).

The annual growth rate of debt securities issued by MFIs remained high, although it declined slightly to 8.9% in April, from 9.3% in the previous month. This development was mainly the result of continued strong issuance by MFIs, in particular of variable rate securities, while issuance of securities at fixed rates remained subdued. The strong growth in debt issuance by the banking sector reflects, to some extent, MFIs' demand for funds as a result of the fairly robust growth of MFI loans to the private sector and, in particular, the strong growth of loans to households for house purchase.

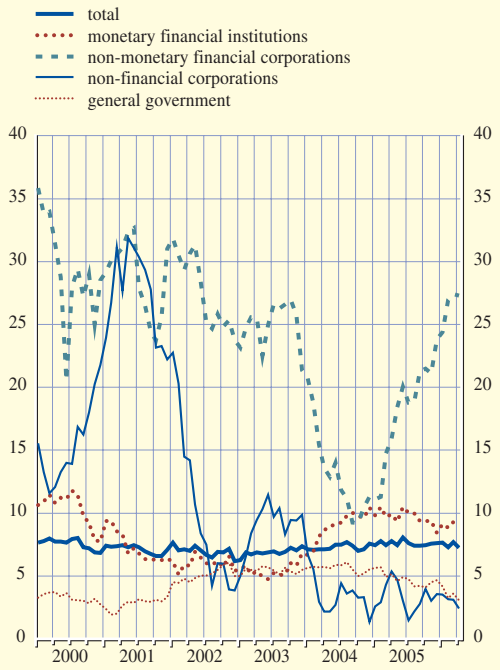
**Table 3 Securities issued by euro area residents**

| Issuing sector | Amount outstanding (EUR billions) 2006 Apr. | Annual growth rates [1] 2005 Q2 | 2005 Q3 | 2005 Q4 | 2006 Q1 | 2006 Mar. | 2006 Apr. |
|---|---|---|---|---|---|---|---|
| **Debt securities:** | **10,573** | **7.7** | **7.6** | **7.5** | **7.5** | **7.7** | **7.3** |
| MFIs | 4,294 | 9.8 | 10.0 | 9.2 | 8.9 | 9.3 | 8.9 |
| Non-monetary financial corporations | 986 | 17.3 | 19.4 | 21.7 | 25.7 | 27.4 | 27.3 |
| Non-financial corporations | 627 | 4.6 | 2.2 | 3.4 | 3.3 | 3.1 | 2.4 |
| General government | 4,666 | 4.9 | 4.5 | 4.3 | 3.8 | 3.6 | 3.1 |
| *of which:* | | | | | | | |
| Central government | 4,377 | 4.5 | 4.0 | 3.9 | 3.4 | 3.1 | 2.6 |
| Other general government | 289 | 12.0 | 12.2 | 12.2 | 11.8 | 11.7 | 10.2 |
| **Quoted shares:** | **5,653** | **1.0** | **1.1** | **1.2** | **1.2** | **1.2** | **1.0** |
| MFIs | 949 | 2.2 | 2.7 | 2.2 | 1.2 | 1.8 | 1.4 |
| Non-monetary financial corporations | 573 | 2.1 | 2.5 | 3.1 | 3.4 | 3.4 | 2.0 |
| Non-financial corporations | 4,132 | 0.6 | 0.6 | 0.7 | 0.9 | 0.7 | 0.7 |

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

**Chart 6 Sectoral breakdown of debt securities issued by euro area residents**

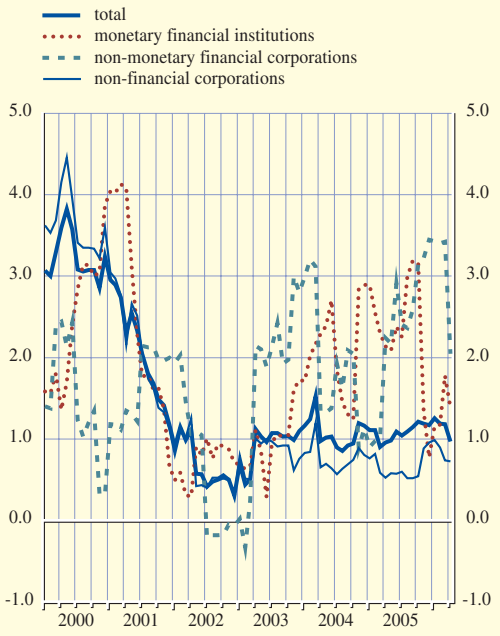
(annual growth rates)




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

**Chart 7 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.

Non-financial corporations and MFIs also use non-monetary financial corporations to raise external funds indirectly. Although remaining basically unchanged at 27.3% in April, the annual growth rate of debt securities issued by non-monetary financial corporations remained strong, possibly reflecting the issuance activity of the MFI sector, which is increasingly using this sector to securitise part of its loan portfolio by transferring some of the loans to the financial markets in the form of marketable debt securities.

The annual growth rate of debt securities issued by the general government sector decreased to 3.1% in April, from 3.6% in March. This decline was mainly due to a decrease in the growth rate of issuance by the central government sector from 3.1% in March to 2.6% in April.

## QUOTED SHARES

The annual growth rate of quoted shares issued by euro area residents decreased slightly to 1.0% in April, from 1.2% in the two preceding quarters. In terms of sectoral issuance, the annual growth rate of quoted shares issued by non-financial corporations, which account for around three-quarters of the quoted shares outstanding, remained unchanged from the previous month, namely 0.7% in April (see Chart 7). This notwithstanding, the increase in gross equity issuance by non-financial corporations seems to be supported by both initial and secondary public offerings. The annual growth rate of quoted shares issued by MFIs decreased to 1.4%, from 1.8% in March.

## 2.3 MONEY MARKET INTEREST RATES

*In June 2006 money market interest rates increased across the whole maturity spectrum, with the largest increases being observed for longer-term rates. As a result, the slope of the money market yield curve steepened somewhat over the month.*

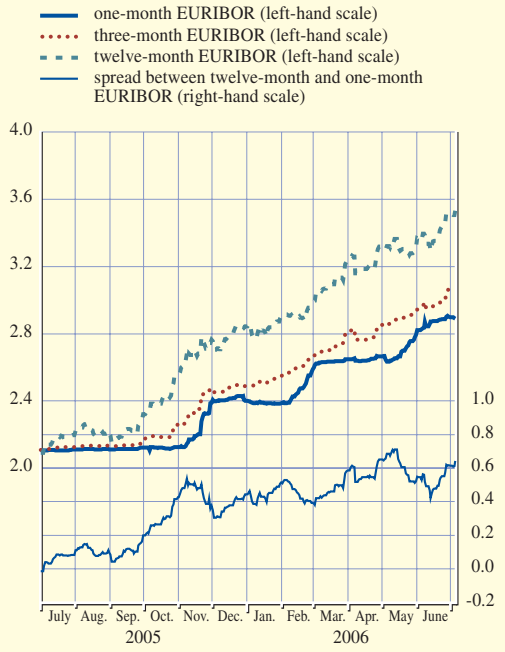
Over the period from the end of May to 5 July 2006 money market rates at the one, three, six and twelve-month maturities rose appreciably, by 10, 13, 16 and 22 basis points respectively, to stand at 2.89%, 3.06%, 3.25% and 3.53%. As a result, the slope of the money market yield curve steepened somewhat over the review period. The spread between the twelve-month and the one-month EURIBOR increased from 52 basis points at the end of May to 64 basis points on 5 July (see Chart 8).

The interest rates implied by the prices of three-month EURIBOR futures contracts maturing in September and December 2006 and March 2007 stood at 3.33%, 3.64% and 3.81% respectively on 5 July. Compared with the levels observed at the end of May, this represented an increase of 6, 17 and 22 basis points respectively.

The EONIA rose to 2.62% at the end of May, reflecting end-of-month effects, having been stable at around 2.60% over the preceding weeks. The EONIA decreased somewhat in early June to levels below the minimum bid rate owing to loose liquidity conditions towards the end of the maintenance period ending on 14 June. This situation was mainly attributable to the loose liquidity policy carried out by the ECB during the maintenance period. The size of the liquidity surplus foreseen

**Chart 8 Short-term money market interest rates**

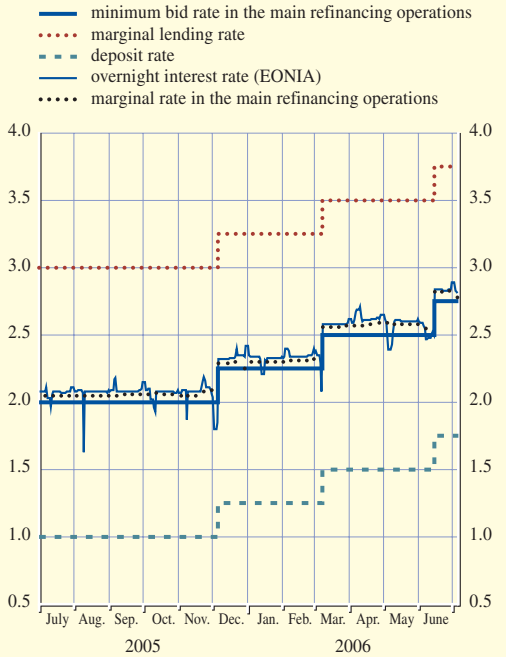
(percentages per annum; percentage points; daily data)




Source: Reuters.

**Chart 9 ECB interest rates and the overnight interest rate**

(percentages per annum; daily data)




Sources: ECB and Reuters.

by both the ECB and market participants at the end of the maintenance period made it clear that a liquidity-absorbing fine-tuning operation would be necessary on 14 June. The ECB therefore conducted a liquidity-absorbing operation of €5 billion on 14 June, in which market participants offered €4.9 billion.

At the start of the maintenance period beginning on 15 June the EONIA rose to around 2.84% in line with the 25 basis point increase in the minimum bid rate in the main refinancing operations on that day. This level implied a spread of 9 basis points between the EONIA and the minimum bid rate in the Eurosystem's main refinancing operations. This spread between the EONIA and the minimum bid rate was around 1 basis point lower than that observed in the first few weeks of the previous maintenance period. On 30 June the EONIA rose to 2.89% on account of end-of-semester effects. Box 2 shows that the volatility of the overnight interest rate has declined since the introduction of changes to the operational framework in March 2004.

During the maintenance period starting on 15 June the marginal and average rates in the Eurosystem's main refinancing operations remained stable at 2.82% and 2.83% respectively, before rising by 1 basis point in the last operation in June owing to end-of-month effects. In the Eurosystem's longer-term refinancing operation conducted on 29 June, the fifth such operation with the higher allotment volume of €40 billion, the marginal and weighted average rates rose to 3.00% and 3.01% respectively, 13 basis points higher than the corresponding rates in the previous operation. Compared with the three-month EURIBOR prevailing on that date, tender rates were lower by 6 and 5 basis points respectively.

**Box 2**

### THE EUROSYSTEM'S OPERATIONAL FRAMEWORK AND THE VOLATILITY OF THE OVERNIGHT INTEREST RATE

This box updates the analysis previously presented in a box entitled "The volatility of the overnight interest rate from a medium-term perspective" which was published in the March 2005 issue of the Monthly Bulletin. Using the most recent data and alternative measures of volatility in the overnight interest rate, the exercise presented here provides further evidence in support of the conclusion that the volatility of the overnight interest rate has declined since the introduction of changes to the operational framework in March 2004.

The ECB implements monetary policy by steering short-term money market interest rates. In this context, the overnight interest rate plays a key role in signalling the stance of monetary policy. It is therefore essential for the overnight interest rate to stand close to the minimum bid rate in the main refinancing operations as determined by the Governing Council and for its volatility to remain well contained. Thus, the Eurosystem's operational framework – the procedures and rules governing the implementation of monetary policy – was designed with the desire to ensure that the volatility of the overnight rate does not reach levels which would blur this crucial signalling mechanism.

Unlike money market interest rates with longer maturities, the overnight interest rate is not usually directly responsive to macroeconomic factors. Instead, within the current design of the operational framework, the movements of the overnight interest rate tend to be influenced mostly by the balance between the supply of and demand for liquidity in the overnight money

market. In the case of the Eurosystem, the existence of an averaging mechanism for reserve requirements over a predetermined period (called the reserve maintenance period) means that the overnight interest rate's volatility tends to be relatively low throughout the maintenance period, usually with the exception of the last few days, namely those between the last main refinancing operation (MRO) and the end of the maintenance period. This systematic increase in volatility is a direct consequence of the increase in the sensitivity of the overnight interest rate with regard to changes in the liquidity situation towards the end of the maintenance period, when individual banks' positions as regards the fulfilment of reserve requirements become clearer and those requirements thus become more stringent.

### The changes to the Eurosystem's operational framework in March 2004

Since the introduction of the euro in January 1999 the Eurosystem's operational framework has functioned smoothly overall. However, some challenges have emerged on occasion and procedures have been adapted to nullify – or at least limit – their impact in the money market. The most recent changes took effect in March 2004. Those changes were, inter alia, intended to reduce operational risks implied by underbidding in the weekly refinancing operations. Underbidding took place when market expectations of a cut in key ECB interest rates materialised. Counterparties in the Eurosystem's regular open market operations chose to bid less than their liquidity needs, in the hope that they would subsequently be able to fulfil those needs at a lower interest rate cost once key ECB interest rates had been reduced. In such circumstances, the volatility of the overnight interest rate increased to undesirable levels, endangering the signalling mechanism.

The changes introduced in March 2004 have been extensively described in the Monthly Bulletin.[1] Nonetheless, it is useful to briefly recall the main elements of these changes. First, the maturity of the Eurosystem's main refinancing operations was shortened from two weeks to one week, with the bulk of the banking sector's liquidity needs being met through single and non-overlapping weekly operations. Second, the starting dates of the maintenance periods for holdings of required reserves were linked to the timing of those Governing Council meetings for which decisions on policy rates are scheduled. Third, it was decided to apply the new level of key ECB interest rates as set by the Governing Council as of the start of the new reserve maintenance period. The first measure was aimed at better segmenting maintenance periods through non-overlapping operations, whereas the second and third were intended to eliminate the impact that any expectations of changes in the key ECB interest rates might have on counterparties' bidding behaviour in MROs.

### Realised volatility and conditional volatility

In financial markets, asset prices and returns are characterised by movements which are more or less marked depending on the nature of the assets. How to measure the corresponding volatility represents a key issue in the analysis of financial markets. Although various methods are available, this box considers two alternative measures: realised volatility and conditional volatility.[2]

1 See, for instance, the articles entitled "Changes to the Eurosystem's operational framework for monetary policy" and "Initial experience with the changes to the Eurosystem's operational framework for monetary policy implementation", published in the August 2003 and February 2005 issues of the Monthly Bulletin respectively.

2 Another widely used measure of volatility in financial yields is implied volatility, which is derived from the price of options on the underlying instrument. However, this approach cannot be applied to the overnight interest rate owing to the lack of traded options on the overnight rate in the euro area money market (options only exist for three-month EURIBOR futures).

*Realised volatility* is calculated as the sum of the squared differences between high-frequency (generally five-minutely) returns offered by a given financial asset. When applied to the overnight rate, it simply measures the high-frequency movements of overnight yields. Realised volatility has the advantage that it can be measured independently of the mean level of the time series in the sample, and can thus provide meaningful estimates of volatility even in time series which show trend behaviour. Moreover, it is not based on a specific model and can be calculated in all circumstances, even when the series may be subject to structural breaks owing to changes made to the institutional framework governing the implementation of the ECB's monetary policy.[3]

By contrast, *conditional volatility* is computed on the basis of a model which describes the dynamic pattern of the variance of the returns for a given financial asset as a function of its own past values and, in some cases, as a function of other variables which may influence its evolution over time. Prominent among the models used to construct conditional volatility measures are (Generalised) Autoregressive Conditional Heteroscedasticity or (G)ARCH models.[4] Conditional volatility measures have some advantages. In particular, they rely on a relatively standard econometric framework which facilitates the estimation of models and their testing on data and allows forecasts to be computed. However, as stressed above, one weakness in the models underlying the construction of conditional volatility is their potential lack of robustness in cases where structural changes occur, as models typically respond slowly to breaks in time series and need a certain amount of data before model misspecifications can be identified.

### Construction of the two measures and the data used

As described above, the measure of daily realised volatility was constructed as the sum of the squared returns for the overnight interest rate across each five-minute interval between 8 a.m. and 7 p.m. over the period 29 November 2000-14 June 2006.[5]

For the conditional volatility measure, a model was estimated using the daily euro overnight index average (EONIA) over the same period, i.e. using data both before and after the March 2004 changes to the operational framework. The conditional mean of the EONIA taken in the first difference (Δ) was modelled using its own lagged values (up to two lags), plus some dummy variables, i.e.:

$$\Delta EONIA_t = \phi_0 + \phi_1 \Delta EONIA_{t-1} + \phi_2 \Delta EONIA_{t-2} + \gamma_1 MP\_change + \gamma_2 month\_end + res_t$$

where *MP_change* indicates days when key ECB interest rates were changed and *month_end* indicates the last trading day of the month. The variance was modelled using the lagged variance and once lagged squared residual from the previous model ($res^2_{t-1}$), plus some indicator variables, i.e.:

$$\sigma_t^2 = \alpha_0 + \alpha_1 \sigma_{t-1}^2 + \beta_1 res_{t-1}^2 + \lambda_1 lastdays_t$$

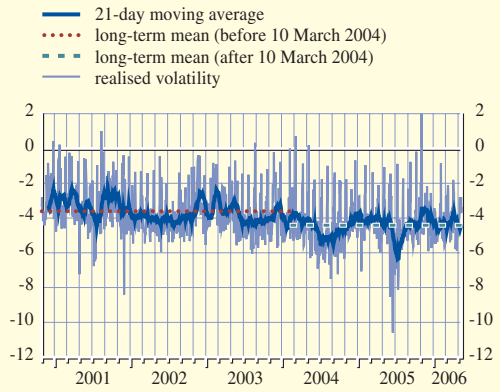
3 For more details and a technical description of the measure and properties of realised volatility, see T. G. Andersen and T. Bollerslev (1997), "Intraday periodicity and volatility persistence in financial markets", *Journal of Empirical Finance*, pp. 115-158.

4 For details, see R. F. Engle (1982), "Autoregressive Conditional Heteroscedasticity with Estimates of the Variance of United Kingdom Inflation", *Econometrica*, Vol. 50(4), pp. 987-1008. For the GARCH extension, see T. Bollerslev (1986), "Generalized Autoregressive Conditional Heteroskedasticity", *Journal of Econometrics*, Vol. 31, pp. 307-327.

5 For technical reasons – specifically, to avoid the measure being inherently non-negative and asymmetrical (which would complicate the statistical analysis) – the exercise presented in this box focuses on the logarithm of this measure. The same transformation is made for the results of the conditional volatility model to ensure comparability between the two measures.

**Chart A Realised volatility of the overnight interest rate returns**

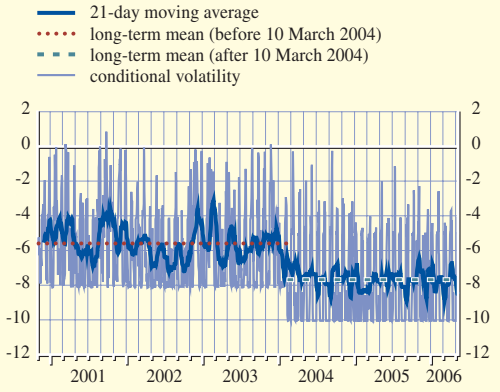
(logarithm of the realised volatility)




Sources: Reuters and ECB calculations.

**Chart B Conditional volatility of the EONIA computed from GARCH models**

(logarithm of the conditional volatility)




Sources: Reuters and ECB calculations.

where *lastdays* indicates the days between the last MRO allotment and the end of the reserve maintenance period, to account for the increase in volatility at the end of the reserve maintenance period. The conditional volatility corresponds to the series $\sigma_t^2$.

The dummy variables in the two equations account for some factors which have a systematic impact on the level of either the conditional mean or the conditional variance to improve the statistical quality of the estimates.

Of the various specifications tried, the one eventually chosen ensured a good overall statistical fit with the daily EONIA series both prior to and since March 2004, in terms of both the statistical significance of the estimated model parameters and the standard test statistics measuring the presence of autocorrelation in the model residuals.[6]

## Results

Chart A shows the evolution of the overnight interest rate's realised volatility since November 2000. To reveal the more persistent developments in the realised volatility series, a 21-day (corresponding approximately to one trading month) moving average of daily realised volatility is also shown in the chart. Finally, long-term averages are displayed for both before and after the changes introduced in March 2004.

Chart A suggests that the volatility of the overnight interest rate has fallen significantly since the introduction of the changes to the operational framework. With some exceptions, notably the last few months of 2005, realised volatility has generally been more subdued than was observed before March 2004. More specifically, the level of (log) realised volatility declined from an average of -3.61 before the changes to the operational framework were introduced to

6 The decision to specify the same model structure before and after March 2004 was motivated by a desire to ensure some degree of comparability in terms of results, even in the presence of a possible structural break. Owing to space constraints, the results of the two models cannot be reported in detail here. The estimates of the three parameters in the conditional model for the variance of the EONIA are significantly higher for the sub-sample including data before the changes than for the other sub-sample. This reflects the observation that volatility has declined in the period following the introduction of the changes to the operational framework.

**Descriptive statistics and t-tests for the difference in means of log-realised volatility**

| | All days | | Days between the last allotment and the end of the reserve maintenance period | |
|---|---|---|---|---|
| | Before 10 March 2004 | After 10 March 2004 | Before 10 March 2004 | After 10 March 2004 |
| Mean | -3.61 | -4.42 | -2.56 | -3.32 |
| Standard deviation | 1.22 | 1.29 | 1.33 | 1.47 |
| Number of observations | 834 | 583 | 158 | 157 |
| T-statistics (difference in means) | | 11.89 (1,203 degrees of freedom) | | 4.86 (309 degrees of freedom) |
| P-value (unilateral test) | | 1.00 | | 1.00 |

an average of -4.42 thereafter. When one considers only the days between the last MRO allotment and the end of the maintenance period, the comparison of volatility levels still suggests a decline after March 2004, although to a somewhat lesser extent (with the long-term mean declining from -2.56 before the changes to -3.32 thereafter).

A standard statistical test of whether or not mean realised volatility was higher prior to the introduction of the changes to the operational framework confirms that this was indeed the case both in general and for the last few days of the maintenance period. As shown in the table above, the hypothesis that the average level of volatility was higher prior to the changes is accepted in both cases because the t-statistics are larger than the critical value for both samples, as indicated by the high P-values.

Further confirmation of this conclusion emerges from an analysis of the conditional volatility measure. Chart B shows the evolution of the conditional volatility of the overnight interest rate. The decline in the level of conditional volatility after the changes to the operational framework (visible in the daily conditional variance of the EONIA) is amplified as a consequence of the lower parameter estimates in the conditional variance model when estimating the model for the sub-sample after March 2004.

As with realised volatility, the chart also shows a smoothed series for conditional volatility (again calculated as a 21-day moving average). The picture of how conditional volatility has evolved since November 2000 is broadly similar to that for realised volatility. The decline in average conditional volatility since March 2004 is more marked than for realised volatility, with the average level decreasing from -5.59 before the changes to the operational framework to -7.68 afterwards. As regards the last few days of the reserve maintenance period, the long-term average also declined, from -3.56 before the changes to -4.74 thereafter.[7]

## Concluding remarks

The results presented in this box update a similar analysis published in the March 2005 issue of the Monthly Bulletin. The new data and techniques employed here confirm the earlier findings. Indeed, the conclusions drawn from the exercise presented are more authoritative

7 Given the conditional nature of the series, a t-statistic to test the difference between long-term averages would be less meaningful than for the previous measure. A more correct comparison is that referred to in the previous footnote on the parameter estimates of the two GARCH models.

because they are based on a larger dataset (which includes approximately one and a half years of additional data) and on a wider set of volatility measures.

In conclusion, when viewed from a long-term perspective, the volatility of the overnight interest rate has declined, in particular after the introduction of the changes to the operational framework in March 2004.

In judging these changes from a broader perspective, however, some caution is required. Indeed, some of the conditions (e.g. market expectations of interest rate cuts) which fomented volatility prior to March 2004 have not emerged subsequently. In this respect, it may be that a true test of the robustness of the new procedures has yet to take place, and any firm conclusions on the changes to the operational framework should be regarded as tentative.

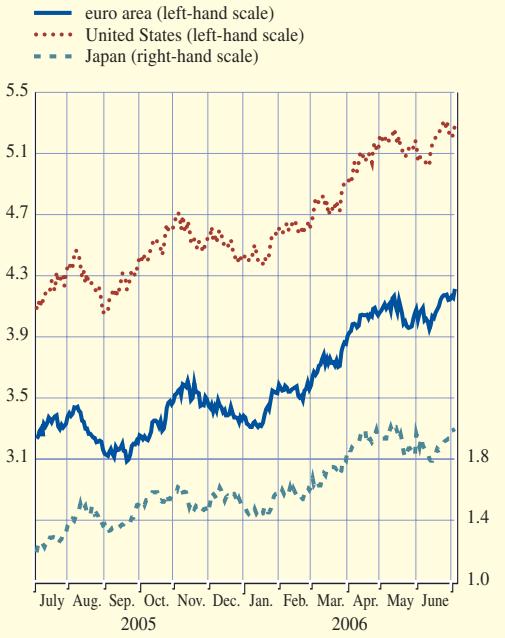
## 2.4 BOND MARKETS

*Long-term government bond yields increased in the major bond markets in the course of June. In particular, real bond yields rose significantly, probably reflecting market participants' perceptions of a favourable economic outlook and rising risk premia. At the same time, longer-term break-even inflation rates remained broadly unchanged in the euro area and declined slightly in the United States, notably at shorter maturities.*

All in all, long-term government bond yields in the major bond markets rose in June, after some declines earlier in that month. The initial decrease in yields took place in the wake of the stock market downturn that had started around mid-May, with government bonds acting as a "safe haven" for investors who reshuffled their portfolios (see Chart 10). Overall, ten-year government bond yields in the euro area increased by 15 basis points between end-May and 5 July 2006, to stand at 4.2% on the latter date. In the United States, ten-year government bond yields rose by 10 basis points to reach a level of 5.3% on the same day. As a result, the differential between US and euro area ten-year government bond yields decreased slightly and stood at around 110 basis points on 5 July. At the end of the period under review, ten-year government bond yields in Japan likewise stood about 15 basis points higher than at end-May. As indicated by the implied bond market volatility, market participants' uncertainty regarding near-term bond market developments in both the United States and the euro area decreased slightly in June.

**Chart 10 Long-term government bond yields**

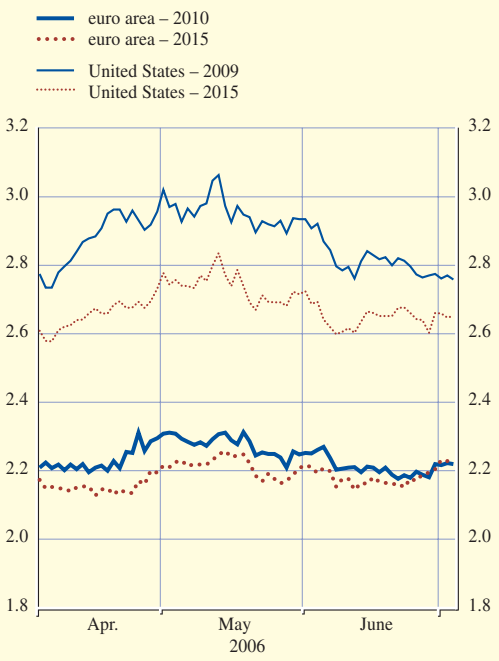
(percentages per annum; daily data)




Sources: Bloomberg and Reuters.
Note: Long-term government bond yields refer to ten-year bonds or to the closest available bond maturity.

**Chart 11 Break-even inflation rates**

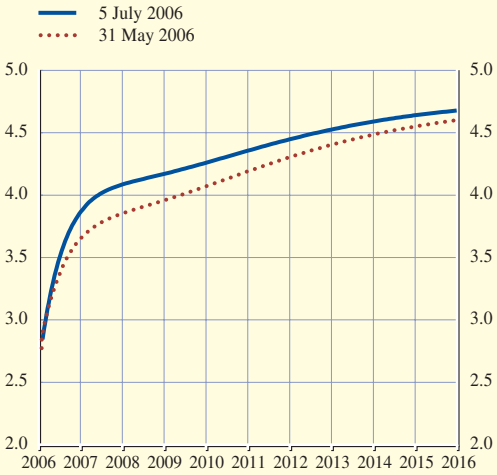
(percentages per annum; daily data)




Sources: Reuters and ECB calculations.

**Chart 12 Implied forward euro area overnight interest rates**

(percentages per annum; daily data)




Sources: ECB estimate and Reuters.
Notes: The implied forward yield curve, which is derived from the term structure of interest rates observed in the market, reflects the market expectation of future levels for short-term interest rates. The method used to calculate these implied forward yield curves was outlined in Box 4 of the January 1999 issue of the Monthly Bulletin. The data used in the estimate are zero coupon swap rates.

In the United States, government bond yields have increased since the end of May, especially at shorter maturities. This increase in bond yields was driven by higher real bond yields notably at shorter horizons. These rises in real bond yields, in turn, reflected not only a more favourable economic outlook as anticipated by market participants despite somewhat mixed signals from data releases on economic activity in the United States, but probably also risk premia that are rising from previously low levels. In most of June longer-term bond yields were also generally supported by market expectations about the possibility of monetary policy becoming tighter than previously expected in the context of inflationary risks. For instance, the US consumer price index released in mid-June was higher than expected by market participants. However, the statement of the Federal Open Market Committee that accompanied the decision of the Federal Reserve to raise its target for the federal funds rate by 25 basis points on 29 June triggered some declines in bond yields. It apparently lowered, to some extent, market expectations about the future path of US policy rates. All in all, market participants' inflation expectations in the United States – as measured by break-even inflation rates – decreased slightly in June, in particular over short to medium-term horizons (see Chart 11).

In the euro area, long-term government bond yields also generally increased in June. The upturn in long-term interest rates supports the view that economic growth is gaining momentum in the euro area. The market participants' perception of a strengthening outlook for economic activity in the euro area is evidenced by higher index-linked bond yields, especially at shorter horizons. At the same time, longer-term break-even inflation rates in the euro area did not change much in June. The longer-term break-even inflation rate, as derived from the difference between the yields on

Box 3

## ESTIMATION OF CONSTANT-MATURITY INDEX-LINKED BOND YIELDS AND BREAK-EVEN INFLATION RATES FOR THE EURO AREA

Since the issuance of the first inflation-linked bond indexed to the euro area HICP (excluding tobacco) in 2001, the ECB has been monitoring the yields of such bonds, which measure (expected) real interest rates, as well as so-called break-even inflation rates which – being calculated as the yield differential between nominal and index-linked bonds – are an important indicator of market participants' inflation expectations.

This box introduces new complementary indicators for euro area break-even inflation rates and real interest rates based on the estimation of comparable zero-coupon yield curves for index-linked and conventional nominal bonds.[1] The estimation of zero-coupon break-even inflation rates and real yields offers two major advantages. First, it allows the calculation of time series of real yields and break-even inflation rates with constant maturity, for example a break-even inflation rate with always exactly ten years to maturity. By contrast, the break-even inflation rates calculated directly from observed yields of nominal and index-linked bonds refer to periods of time that are not constant but decline gradually with the residual maturity of the bonds used in their calculation. This may pose problems for the interpretation of developments in index-linked bond yields and break-even inflation rates, in particular over a long period of time. For example, changes in the maturity of bonds may lead to changes in break-even inflation rates even if inflation expectations remain constant. Second, the calculation of zero-coupon rates makes it possible to avoid potential distortions related to the different duration of the bonds used in the calculation of break-even inflation rates, distortions that stem from the differences in the cash-flow structure of index-linked and nominal bonds of similar maturity.[2]

A comparison of the new indicators of constant-maturity zero-coupon real yields and break-even inflation rates with standard real yields and break-even inflation rates – like the euro area break-even inflation rates reported in Chart 11 of the main text – suggests that, at least over the last two years or so, the measures of real rates and break-even inflation rates regularly reported so far seem to be rather good approximations of the preferable zero-coupon constant-maturity measures and are little biased by potential distortions related to duration mismatching.

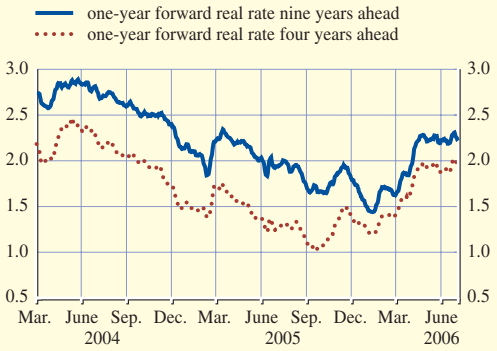
A further advantage of the estimation of term structures of zero-coupon real rates and break-even inflation rates is the possibility of calculating implied forward rates at any horizon of interest, which is also constant over time. However, the lack of a sufficient number of index-linked bonds at short maturities in the euro area market at present calls for extreme caution when using such measures for horizons below three years, but reliable estimates of the market's real interest rate and inflation expectations over medium and long-term horizons can be constructed from available bonds. For example, one-year forward real rates and break-even

1 The term structures are estimated on the basis of the widely-used parametric approach proposed by Nelson and Siegel (1987) "Parsimonious Modeling of Yield Curves for U.S. Treasury Yields", Journal of Business, Vol. 60, pp. 473-489. This approach is motivated by the number of the available inflation-linked bonds in the euro area. Specifically, the estimates since mid-May 2005 have been based entirely on index-linked bonds with AAA ratings. Due to the lack of a sufficient number of AAA-rated bonds, backward series are estimated including also bonds rated only AA.

2 The duration is defined as the weighted average maturity of the bond's cash-flows, where the weights are the present values of each of the payments as a proportion of the total present value of all cash flows.

**Chart A One-year implied forward real rates four and nine years ahead**

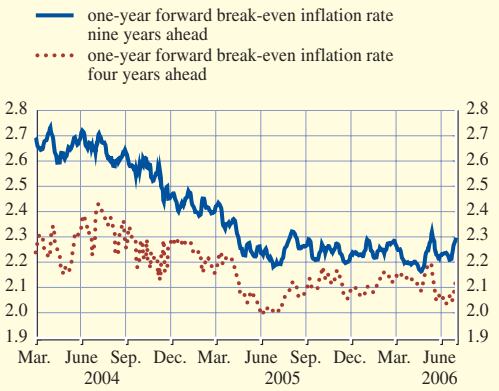
(percentages per annum; daily data)




Sources: Reuters and ECB calculations.

**Chart B One-year implied forward break-even inflation rates four and nine years ahead**

(percentages per annum; daily data)




Sources: Reuters and ECB calculations.

inflation rates four and nine years ahead (see Charts A and B) provide valuable information on developments in market expectations four and nine years ahead for monetary policy purposes.

Chart B, for example, suggests that euro area medium to long-term inflation expectations have remained broadly unchanged in the last three months, despite the increase in actual inflation and shorter-term inflation expectations indicators (see also Chart 11 in the main text). Moreover, from a somewhat longer perspective, forward break-even inflation rates declined sharply in the course of 2004 and early 2005, and remained rather stable thereafter.[3] As regards real yields, the rise in medium to long-term index-linked bond yields since Autumn 2005 is also evident in Chart A.

3 For further information, see the article entitled "Measures of inflation expectations in the euro area" in this issue of the Monthly Bulletin.

French nominal and index-linked government bonds maturing in 2015, have remained broadly unchanged since the end of May and stood at 2.2% on 5 July (see Chart 11). However, this level was higher than at the end of 2005. A similar picture emerges when looking at constant-maturity real and break-even inflation rates (see Box 3 for details). Keeping in mind that inflation expectations derived from financial market instruments are affected by unobservable premia, it appears that longer-term inflation expectations remained relatively well-anchored at levels consistent with price stability.

Implied forward overnight interest rates in the euro area in early July suggest that markets participants by then expected the key ECB interest rates to be higher than envisaged a month ago, especially at medium-term horizons (see Chart 12). Generally favourable data releases on economic activity and business climates are likely to have contributed to this upward shift. By contrast, the Governing Council decision on 8 June to raise the key ECB interest rates by 25 basis points, which had been clearly anticipated by market participants, had an only muted effect on the term structure of interest rates.

## 2.5 INTEREST RATES ON LOANS AND DEPOSITS

*In April 2006 interest rates on most forms of MFI lending continued to increase somewhat, in line with developments in comparable market rates.*

In April 2006 short-term interest rates on most MFI loans to households and non-financial corporations continued to rise. These increases, however, were close to, or smaller than, those observed for the corresponding money market rates (see Table 4 and Chart 13). The main exception to this trend was the sharp increase in April in the rate on loans with a floating rate and an initial rate fixation of up to one year to households for consumption, which has tended to be relatively volatile over time.

From a somewhat longer-term perspective, most short-term MFI rates have increased in parallel with the money market rates since the start of the upward trend in September 2005, albeit to a

**Table 4 MFI interest rates on new business**

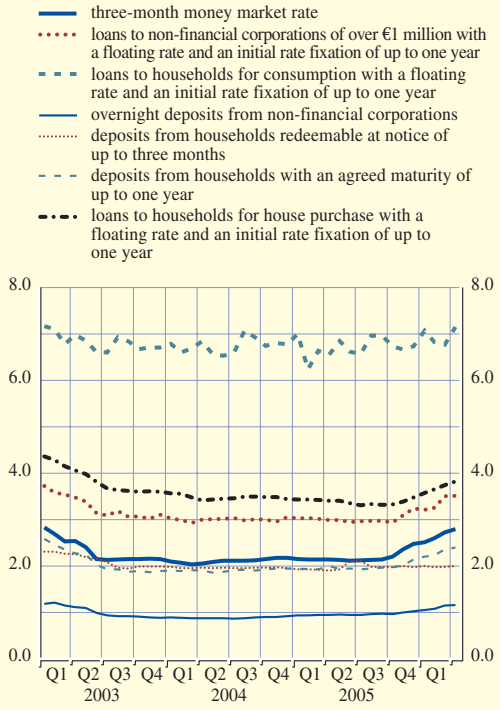
(percentages per annum; basis points; weight-adjusted[1, 2])

| | | | | | | | Change in basis points up to Apr. 2006[3] | | |
|---|---|---|---|---|---|---|---|---|---|
| | 2005 Q1 | 2005 Q2 | 2005 Q3 | 2005 Q4 | 2006 Mar. | 2006 Apr. | 2005 Sep. | 2005 Dec. | 2006 Mar. |
| **MFI interest rates on deposits** | | | | | | | | | |
| Deposits from households | | | | | | | | | |
| with an agreed maturity of up to one year | 1.92 | 1.94 | 1.96 | 2.14 | 2.36 | 2.40 | 44 | 26 | 4 |
| with an agreed maturity of over two years | 2.36 | 2.19 | 2.02 | 2.18 | 2.43 | 2.47 | 45 | 29 | 4 |
| redeemable at notice of up to three months | 1.92 | 2.11 | 1.98 | 1.97 | 1.98 | 2.00 | 2 | 3 | 2 |
| redeemable at notice of over three months | 2.47 | 2.38 | 2.29 | 2.30 | 2.37 | 2.42 | 13 | 12 | 5 |
| Overnight deposits from non-financial corporations | 0.94 | 0.95 | 0.97 | 1.03 | 1.14 | 1.16 | 19 | 13 | 2 |
| Deposits from non-financial corporations | | | | | | | | | |
| with an agreed maturity of up to one year | 2.00 | 2.01 | 2.04 | 2.26 | 2.48 | 2.52 | 48 | 26 | 4 |
| with an agreed maturity of over two years | 3.34 | 3.63 | 2.98 | 3.55 | 3.34 | 3.70 | 72 | 15 | 36 |
| **MFI interest rates on loans** | | | | | | | | | |
| Loans to households for consumption | | | | | | | | | |
| with a floating rate and an initial rate fixation of up to one year | 6.64 | 6.62 | 6.97 | 6.73 | 6.77 | 7.15 | 18 | 42 | 38 |
| Loans to households for house purchase | | | | | | | | | |
| with a floating rate and an initial rate fixation of up to one year | 3.42 | 3.35 | 3.32 | 3.48 | 3.74 | 3.82 | 50 | 34 | 8 |
| with an initial rate fixation of over five and up to ten years | 4.36 | 4.15 | 4.00 | 4.03 | 4.23 | 4.35 | 35 | 32 | 12 |
| Bank overdrafts to non-financial corporations | 5.24 | 5.11 | 5.13 | 5.14 | 5.30 | 5.41 | 28 | 27 | 11 |
| Loans to non-financial corporations of up to €1 million | | | | | | | | | |
| with a floating rate and an initial rate fixation of up to one year | 3.92 | 3.88 | 3.81 | 3.99 | 4.23 | 4.34 | 53 | 35 | 11 |
| with an initial rate fixation of over five years | 4.35 | 4.22 | 4.06 | 4.10 | 4.19 | 4.19 | 13 | 9 | 0 |
| Loans to non-financial corporations of over €1 million | | | | | | | | | |
| with a floating rate and an initial rate fixation of up to one year | 3.01 | 2.94 | 2.97 | 3.24 | 3.50 | 3.51 | 54 | 27 | 1 |
| with an initial rate fixation of over five years | 4.04 | 3.87 | 3.88 | 3.98 | 4.22 | 4.22 | 34 | 24 | 0 |
| **Memo items** | | | | | | | | | |
| Three-month money market interest rate | 2.14 | 2.11 | 2.14 | 2.47 | 2.72 | 2.79 | 65 | 32 | 7 |
| Two-year government bond yield | 2.49 | 2.07 | 2.21 | 2.80 | 3.22 | 3.37 | 116 | 57 | 15 |
| Five-year government bond yield | 3.08 | 2.58 | 2.60 | 3.07 | 3.47 | 3.71 | 111 | 64 | 24 |

Source: ECB.
1) The weight-adjusted MFI interest rates are calculated using country weights constructed from a 12-month moving average of new business volumes. For further information, see the box entitled "Analysing MFI interest rates at the euro area level" in the August 2004 issue of the Monthly Bulletin.
2) Quarterly data refer to the end of the quarter.
3) Figures may not add up due to rounding.

**Chart 13 Short-term MFI interest rates and a short-term market rate**

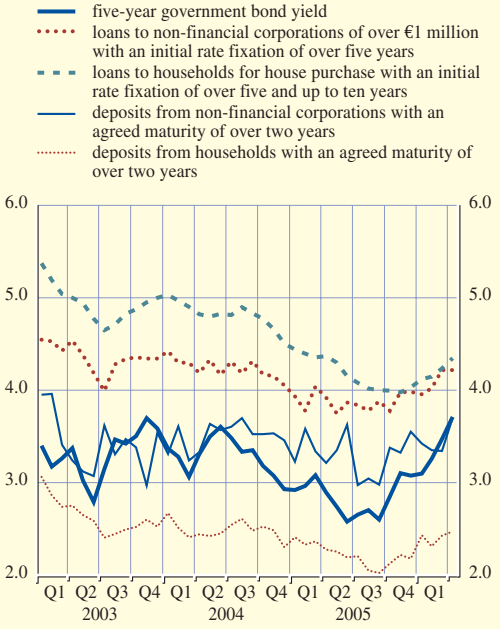
(percentages per annum; rates on new business; weight-adjusted[1])




Source: ECB.
1) For the period from December 2003 onwards, the weight-adjusted MFI interest rates are calculated using country weights constructed from a 12-month moving average of new business volumes. For the preceding period, from January to November 2003, the weight-adjusted MFI interest rates are calculated using country weights constructed from the average of new business volumes in 2003. For further information, see the box entitled "Analysing MFI interest rates at the euro area level" in the August 2004 issue of the Monthly Bulletin.

**Chart 14 Long-term MFI interest rates and a long-term market rate**

(percentages per annum; rates on new business; weight-adjusted[1])




Source: ECB.
1) For the period from December 2003 onwards, the weight-adjusted MFI interest rates are calculated using country weights constructed from a 12-month moving average of new business volumes. For the preceding period, from January to November 2003, the weight-adjusted MFI interest rates are calculated using country weights constructed from the average of new business volumes in 2003. For further information, see the box entitled "Analysing MFI interest rates at the euro area level" in the August 2004 issue of the Monthly Bulletin.

lesser extent. In this respect, the increases in short-term lending rates were, in general, somewhat higher than those observed for short-term deposit rates. The main exception to the general increase in MFIs' short-term deposit rates was the rate on households' deposits redeemable at notice of up to three months, which remained broadly unchanged between September 2005 and April 2006.

In April 2006 most long-term MFI interest rates remained unchanged or increased slightly, although less than comparable market rates (see Table 4). There was a notable exception, namely the rate on non-financial corporations' deposits with an agreed maturity of over two years, which rose by around 36 basis points (Chart 14).

Taking a somewhat longer-term perspective, most long-term MFI interest rates increased between September 2005 and April 2006, by between around 10 and 45 basis points. The most significant rise was recorded for MFI rates on non-financial corporations' deposits with an agreed maturity of over two years, which increased by around 72 basis points. By comparison, two and five-year government bond yields rose by around 116 and 111 basis points respectively in that period. As the increases in long-term MFI lending rates were, in general, significantly smaller than those

observed in comparable market rates, spreads for long-term MFI lending interest rates have tended to decrease since September 2005.

## 2.6 EQUITY MARKETS

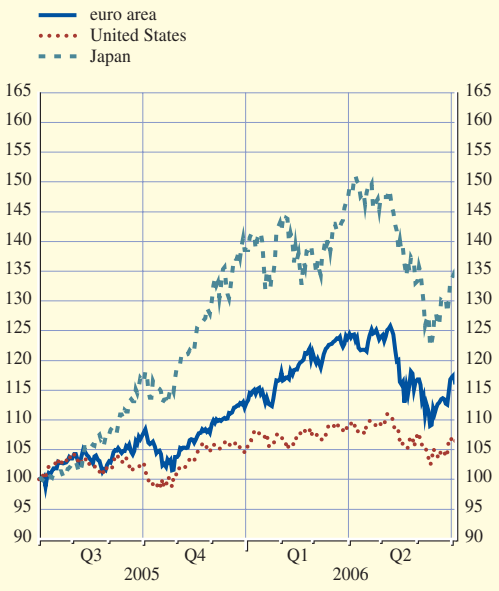
*The sharp decline in global stock prices that started around mid-May came to a halt in the course of June. Overall, in early July global stock prices stood at similar levels as at the end of May. These developments show that a period of rising caution among investors has not continued against the background of tempered concerns about borrowing costs and their potentially adverse impact on economic growth.*

In early July equity prices in the major economies stood at levels similar to those at the end of May, thereby halting the downward movement that had started in mid-May (see Chart 15). As measured by the Dow Jones EURO STOXX index, euro area stock prices did not change much overall between the end of May and 5 July. Both US and Japanese stock prices, as measured by the Standard & Poor's 500 index and the Nikkei 225 index respectively, also remained broadly unchanged over the same period. At the same time, stock market uncertainty, as measured by the implied volatility extracted from stock options, moderated in the major markets in the course of June, after the very elevated levels earlier that month (see Chart 16).

The broadly unchanged level of US stock prices reflected the fact, on the one hand, that the increasing caution among investors came to a halt against the background of less pessimistic

**Chart 15 Stock price indices**

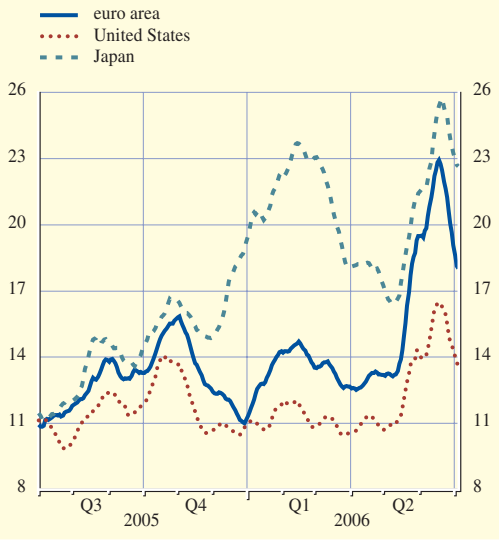
(index: 1 July 2005 = 100; daily data)




Sources: Reuters and Thomson Financial Datastream.
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 16 Implied stock market volatility**

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




Source: Bloomberg.
Note: The implied volatility series reflects the expected standard deviation of percentage stock price changes 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.

market views about the potentially adverse consequences of the rise in policy rates for economic growth. On the other hand, higher real bond yields, acting as a discount factor on future corporate earnings, have put downward pressure on stock prices.

In line with the global stock market environment, euro area stock prices also ended the review period close to their end-May levels. This reflected the impact of several factors. Long-term interest rates rose in June, thereby lowering the expected present value of future dividend payouts. Investors' preference for risky assets such as stocks may have declined further, leading to higher equity risk premia in June and, accordingly, to additional downward pressure on stock prices. Indeed, the ongoing comparatively better performance in June of less risky sectors, such as the healthcare sector, and the relative underperformance of more risky sectors, such as the technology sector, suggest that appetite for risk among investors remained low in an environment of still high stock market uncertainty. As a countervailing factor, the growth of corporate profits, both actual and expected, remained strong. In June stock market analysts expected the annual growth of the earnings per share of companies included in the Dow Jones EURO STOXX stock price index to remain robust at a rate of about 10% both in the next twelve months and three to five years ahead. This earnings outlook may to some extent be related to perceived positive implications for profits of the rise in mergers and acquisitions (see Box 4 below).

**Box 4**

## RECENT TRENDS IN MERGER AND ACQUISITION ACTIVITY IN THE EURO AREA

In 2005 and the first part of 2006, the value of mergers and acquisitions (M&As) in which euro area firms acted as acquirers surged to levels relatively close to those seen during the stock market-driven M&A boom in the late 1990s and early 2000s. It is important, for monetary policy purposes, to understand the reasons behind such a development and its potential implications for corporate profitability and the balance sheet situation of the euro area corporate sector, in particular in conjunction with ample global liquidity and strong equity markets for most of this period. Against this background, this box discusses the characteristics of the current wave of M&As in the euro area.

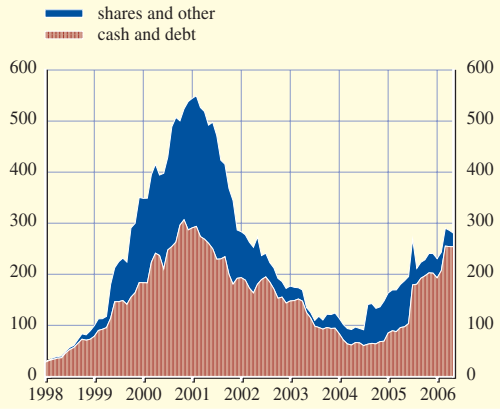
In May 2006 the value of M&A transactions conducted during the preceding 12 months in which euro area corporations acted as acquirer reached €466 billion, of which the value of deals conducted by euro area non-financial corporations and by euro area financial corporations amounted to €280 billion and €186 billion respectively. By comparison, at the peak of the previous boom in M&A activity in early 2001 the corresponding annual sum of the value of acquisitions by euro area corporations had reached €782 billion, with non-financial corporate deals accounting for €550 billion and financial corporate deals for €232 billion. As in previous periods, the current value of M&A transactions conducted by euro area corporations was lower than the value of deals in which US corporations acted as acquirer. The latter thus reached an accumulated annual sum of €904 billion in May 2006.

### Non-financial corporate sector

The strong growth in euro area M&A transactions observed in the last two years seems mainly to have been driven by very favourable financing conditions, reflected in low debt financing

**Chart A Value of M&A transactions in which euro area non-financial corporations act as acquirer, broken down by method of payment**

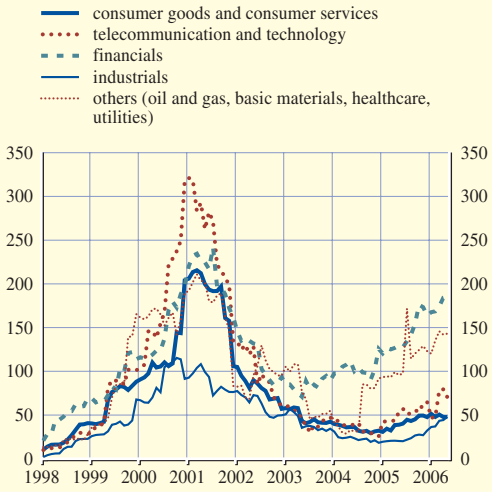
(EUR billions; 12-month moving sums)




Source: Bureau van Dijk (Zephyr database).
Note: Figures refer to completed deals.

**Chart B Value of euro area M&A transactions broken down by acquiring sector**

(EUR billions; 12-month moving sums)




Source: Bureau van Dijk (Zephyr database).
Note: Figures refer to completed deals.

costs and an abundant supply of credit, and strong profit developments at a time when business investment had remained relatively subdued.[1] In particular, following a period of balance sheet restructuring and continued strong profit growth, cash holdings of euro area non-financial corporations have surged in recent quarters. At the same time, non-financial corporate loan annual growth increased to more than 10% in the first quarter, while the growth rate of fixed capital investment, which has traditionally been the main driver of total loan developments, stood at around 6% in annual nominal terms in the same period. These developments may suggest that the combination of substantial cash holdings and the rise in loan growth have increasingly been used to finance M&As. This is supported by the predominance of cash-based transactions characterising the current surge in M&As, which, in the first quarter of 2006, reached a level close to the high of 2000 in terms of value (see Chart A). It may, in part, also be a reflection of the fact that the cost of equity remains significantly above the cost of debt financing, implying that stock-based deals are still relatively costly as compared with cash-based deals.

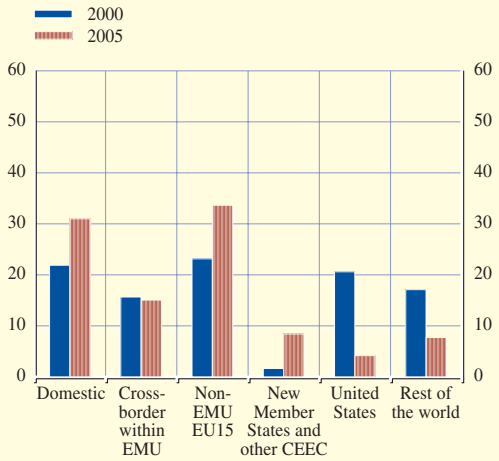
In terms of sectoral composition, current M&A activity contrasts with the wave of M&As in the late 1990s and early 2000s, which was to a large extent driven by the boom in information technology-related business and the consolidation of the telecommunication sectors (see Chart B). Thus, compared with the 1999-2001 period, the telecommunications, media and technology sector has so far played only a minor role in the deal-making of the past two years.

Looking at the direction of deals, M&A transactions between domestic firms continue to be the most common form of transaction, while cross-border transactions are more limited in number (though often substantially larger in size).[2] In particular, the importance of cross-border

1 For details on recent profit developments in the euro area non-financial corporate sector, see also Box 5 entitled "Profitability and leverage developments of listed non-financial corporations in the euro area" in the June 2006 Monthly Bulletin.
2 For example, domestic M&As constituted 63% of the total number of deals in 2005.

**Chart C Geographical breakdown of the value of M&A transactions in which euro area non-financial corporations act as acquirer**

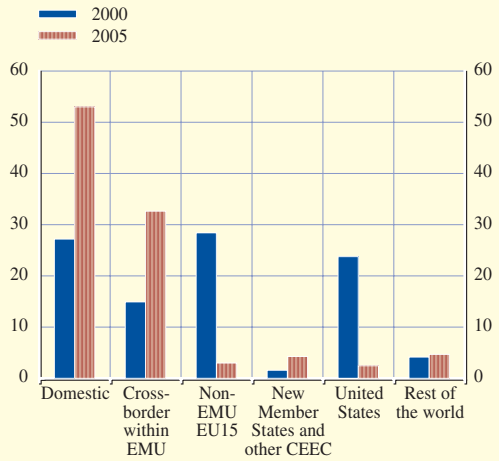
(percentages of annual sums)




Source: Bureau van Dijk (Zephyr database).
Note: Figures refer to completed deals in value terms. "Non-EMU EU15" consists of Denmark, Sweden and the United Kingdom. "New Member States and other CEEC" consists of the ten new EU Member States and other Central and Eastern European Countries (Bulgaria, Romania, Moldavia, Ukraine, Russia and the countries of the former Yugoslavia).

**Chart D Geographical breakdown of the value of M&A transactions in which euro area financial corporations act as acquirer**

(percentages of annual sums)




Source: Bureau van Dijk (Zephyr database).
Note: Figures refer to completed deals in value terms. "Non-EMU EU15" consists of Denmark, Sweden and the United Kingdom. "New Member States and other CEEC" consists of the ten new EU Member States and other Central and Eastern European Countries (Bulgaria, Romania, Moldavia, Ukraine, Russia and the countries of the former Yugoslavia).

deals within the euro area remains subdued (amounting to 14% of the total number of deals in 2005), which may suggest that the benefits of the Single Market and the euro have not yet been exploited to their full potential. With regard to the direction of cross-border acquisitions by euro area non-financial corporations, acquisitions of US firms are currently less important in terms of value than they were during the previous wave of M&As, while acquisitions of UK firms and of firms located in the new Member States and other Central and Eastern European countries have grown in importance (see Chart C).

## Financial corporate sector

The financial sector continues to play a dominant role in overall M&A activity (see Chart B). This might indicate that the consolidation of the European banking sector is still ongoing, thereby continuing the trend observed over the past two decades. In addition, it may also reflect the growing importance of the private equity industry in the euro area.[3]

Similarly to what has been observed in the non-financial corporate sector, the recent surge in the M&A activity in which euro area financial corporations acted as acquirer is characterised by the high proportion of cash-based transactions which, over the last couple of years, represented between 70% and 90% of the overall value of M&As.

Looking at the direction of M&A transactions conducted by euro area financial corporations, domestic deals were predominant in 2005, both in terms of numbers and in terms of value

3 See also Box 2 entitled "The development in private equity and venture capital in Europe" in the October 2005 issue of the Monthly Bulletin.

(Chart D). This most probably reflects the continuing consolidation process in the national banking sectors. At the same time, in 2005 a marked increase was observed in the share of cross-border M&As in the euro area financial sector as compared with 2000. Likewise, the value of M&A transactions targeting financial institutions in the new Member States was, in relative terms, higher in 2005 than in 2000, while the opposite was true for transactions targeting financial institutions in the United States.

To sum up, the surge in M&A transactions involving euro area non-financial corporations in recent years has taken place against a background of improved balance sheet positions and very favourable financing conditions, which has fuelled a strong increase in cash-based deals, in particular. Moreover, as compared with the M&A boom of the late 1990s and early 2000s, the role of the telecommunications, media and technology sector plays a far smaller role in current M&A activity. Furthermore, a significant share of merger activity continues to take place within national borders. At the same time, while the United States was the dominant target destination for cross-border M&A transactions during the late 1990s and early 2000s, in recent years the companies targeted by euro area non-financial corporations have to a larger extent been located in the new Member States and in the United Kingdom. Finally, with respect to M&A transactions conducted by euro area financial corporations, cross-border mergers within the euro area have grown in importance in recent years.

# 3 PRICES AND COSTS

*Euro area inflation was estimated at 2.5% in June 2006, unchanged from the previous month. Upward pressure from commodity price increases has continued and there are increasing signs of pass-through effects on prices towards the later stages of the production chain. By contrast, labour cost growth has remained contained and is expected to develop at a moderate pace. Nevertheless, inflation rates are likely to remain above 2% during the second half of 2006 and on average in 2007, reflecting the impact of commodity price increases and planned rises in indirect taxes. Risks to this outlook remain on the upside.*

## 3.1 CONSUMER PRICES

### FLASH ESTIMATE FOR JUNE 2006

According to Eurostat's flash estimate, HICP inflation stood at 2.5% in June 2006, unchanged from May (see Table 5). Although a detailed breakdown of the HICP components is not yet available, partial data indicate that the unchanged rate of headline inflation may mask divergent developments in its components. The annual rate of growth in energy prices may have declined somewhat in June, reflecting the moderation in oil prices, as well as a favourable base effect. By contrast, the annual rate of change in services prices is expected to have increased, possibly reflecting a calendar effect. However, given the preliminary nature of the data, there is significant uncertainty surrounding the sectoral breakdown.

### HICP INFLATION UP TO MAY 2006

In May 2006, euro area HICP inflation increased to 2.5%, up from 2.4% in April. This increase was mainly a result of the contribution from the energy price component, primarily reflecting a base effect. This upward impact from energy prices was, however, dampened by the decline in services price inflation (see Chart 17).

Short-term developments in energy prices eased somewhat in May, growing by 1.0% on a month-on-month basis, compared with 2.8% in April. This reflected the moderation in oil prices. However, the annual growth rate in the energy price component of the HICP increased in May, on account of an unfavourable base effect, as energy prices decreased on a month-on-month basis in the same month last year. The annual rate of change in unprocessed food prices also increased in May.

**Table 5 Price developments**

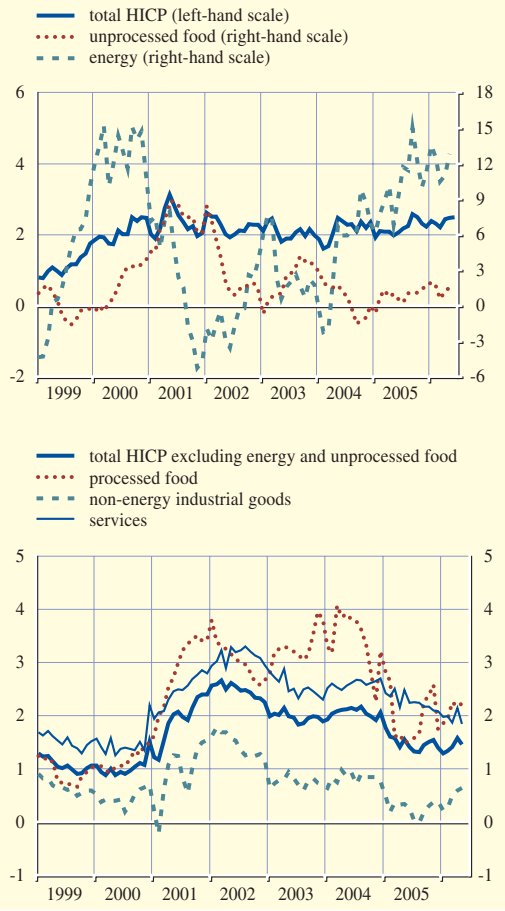
(annual percentage changes, unless otherwise indicated)

| | 2004 | 2005 | 2006 Jan. | 2006 Feb. | 2006 Mar. | 2006 Apr. | 2006 May | 2006 June |
|---|---|---|---|---|---|---|---|---|
| **HICP and its components** | | | | | | | | |
| Overall index [1] | 2.1 | 2.2 | 2.4 | 2.3 | 2.2 | 2.4 | 2.5 | *2.5* |
| Energy | 4.5 | 10.1 | 13.6 | 12.5 | 10.5 | 11.0 | 12.9 | . |
| Unprocessed food | 0.6 | 0.8 | 2.0 | 1.7 | 0.6 | 1.2 | 1.5 | . |
| Processed food | 3.4 | 2.0 | 1.9 | 1.9 | 2.3 | 2.2 | 2.2 | . |
| Non-energy industrial goods | 0.8 | 0.3 | 0.2 | 0.3 | 0.5 | 0.6 | 0.6 | . |
| Services | 2.6 | 2.3 | 2.0 | 2.0 | 1.9 | 2.2 | 1.8 | . |
| **Other price indicators** | | | | | | | | |
| Industrial producer prices | 2.3 | 4.1 | 5.3 | 5.4 | 5.1 | 5.5 | 6.0 | . |
| Oil prices (EUR per barrel) | 30.5 | 44.6 | 52.5 | 51.8 | 52.6 | 57.6 | 55.7 | 55.4 |
| Non-energy commodity prices | 10.8 | 9.4 | 25.5 | 25.5 | 20.0 | 25.4 | 31.5 | 22.0 |

Sources: Eurostat, HWWA and ECB calculations based on Thomson Financial Datastream.
1) HICP inflation in June 2006 refers to Eurostat's flash estimate.

**Chart 17 Breakdown of HICP inflation: main components**

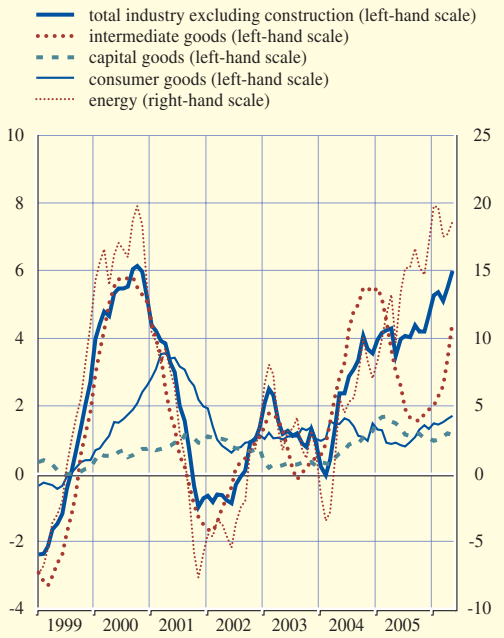
(annual percentage changes; monthly data)




Source: Eurostat.

**Chart 18 Breakdown of industrial producer prices**

(annual percentage changes; monthly data)




Sources: Eurostat and ECB calculations.

By contrast, the annual growth rate in the HICP excluding unprocessed food and energy (HICPX) decreased slightly in May to 1.5%, down from 1.6% in April, as a result of a decline in services price inflation. This was mainly the result of a calendar effect which affected, in particular, developments in package holiday prices, related to the earlier timing of the Spring holiday season (public holidays for Easter and Pentecost) in 2005 compared with 2006. The annual growth rates in both of the other components of the HICPX, namely processed food and non-energy industrial goods prices, remained stable in May. However, the gradual increase in the annual rate of change in non-energy industrial goods prices since mid-2005 may point to some indirect effects from high energy costs on consumer prices, although these may be contained in the context of strong international competition.

## 3.2 INDUSTRIAL PRODUCER PRICES

Developments in industrial producer prices in May suggest a further gradual pass-through of higher input costs to the later stages of production. The annual rate of change in overall industrial producer prices (excluding construction) rose to 6.0%, up by 0.5 percentage point compared with April. It has now almost reached the maximum rate of change registered during the previous period

of sharp oil price increases between 1999 and 2000, and is also one of the highest rates observed since the beginning of the 1990s.

Almost all of the main components of industrial producer prices (i.e. intermediate, capital, consumer and energy goods prices) contributed to the latest rise, but the increase in intermediate goods prices was particularly pronounced (see Chart 18). Intermediate goods prices increased by 4.5% in annual terms, up from 3.4% in April, and by 0.8% on a monthly basis. These developments are in line with the strong increase registered in May for industrial raw materials prices, mainly metals, but possibly also reflect lagged effects from persistently high oil prices. Box 5 provides a more detailed analysis of the link between developments in the prices of industrial raw materials and producer prices. As regards prices of energy producers, they remained flat in month-on-month terms reflecting small fluctuations in oil prices in May, but they increased on an annual basis due to oil price developments in May 2005.

**Box 5**

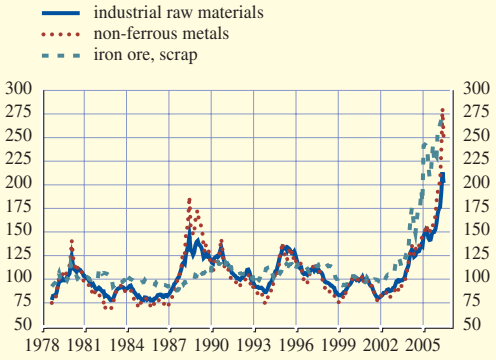
## PRICES OF INDUSTRIAL RAW MATERIALS AND PRODUCER PRICE PRESSURES IN THE EURO AREA

Over the past year, the prices of industrial raw materials have surged to all-time highs on global markets. As these raw materials are important inputs into the production process[1], this box considers the implications of the increase in the prices of industrial raw materials for pressures on producer prices, and ultimately, as they pass through the production chain, on consumer goods prices in the euro area.

Although the prices of industrial raw materials have surged significantly on the world market since the middle of 2005, they have in fact been increasing steadily since 2002 and now stand at an all-time high (in nominal terms) compared with levels observed over the last 30 years (see Chart A). In US dollar terms, the HWWA industrial raw materials price index rose by over 40% in the year to June 2006, mainly driven by a strong increase in metal prices. Increases in other components, such as spinning material or wood, have been much more modest. Although some metal prices declined in the last month, prices still remain at high levels.

**Chart A World market prices of industrial raw materials (in US dollar terms)**

(index: 2000 = 100)



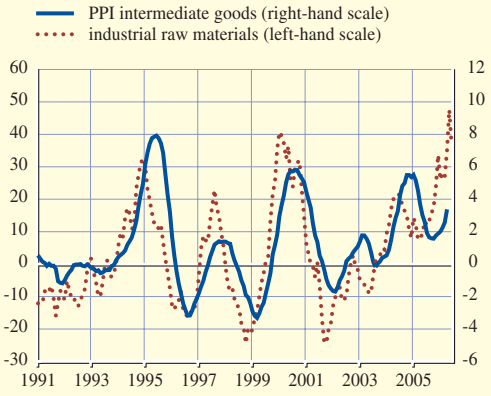

Source: HWWA.

The increase in metal prices can be mainly attributed to strong demand from Asian emerging economies, in particular China. At the same time, limited production growth and high energy prices have also contributed to a rise in prices for many non-energy commodities

1 This box focuses on industrial raw materials, which are commodities that are used in industrial production processes. They include some agricultural raw materials, for example spinning material and wood, as well as metals, both non-ferrous metals and iron ore and steel scrap.

**Chart B Industrial raw materials (in euro terms) and intermediate goods producer prices**

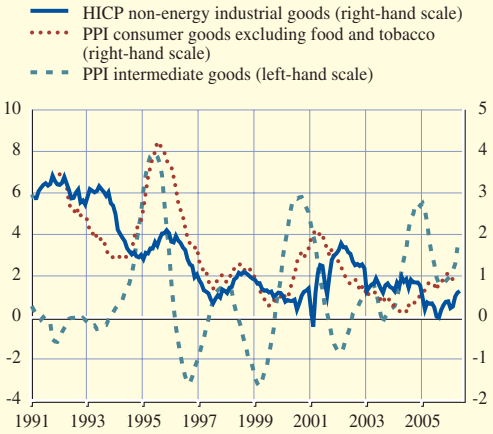
(annual percentage changes)




Sources: HWWA and Eurostat.

**Chart C Intermediate and consumer goods prices**

(annual percentage changes)




Source: Eurostat.

– such as energy-intensive aluminium and steel. Given significant adjustment costs, the response of producers to increasing demand has not been immediate, thus giving rise to some bottlenecks in the supply chain and low inventory levels. In addition, anecdotal evidence suggests that growing interest on the part of financial investors in diversifying into overall commodities markets may have added to the pressures on prices in some commodity markets.

The increase in the prices of industrial raw materials has already started to show up in prices at the earlier stages of the production chain in the euro area. Chart B illustrates the historical co-movement between the prices of industrial raw materials and industrial producer prices for intermediate goods. Since late 2005 the annual rate of change in the latter has started to increase again. This recent acceleration is consistent with the historical co-movement observed with the prices of industrial raw materials, as well as with survey evidence (from the Eurozone Manufacturing Purchasing Managers' Index) in which respondents cite the need to pass through higher prices for energy and various other commodities (especially metals) as a factor behind the increases in output prices.

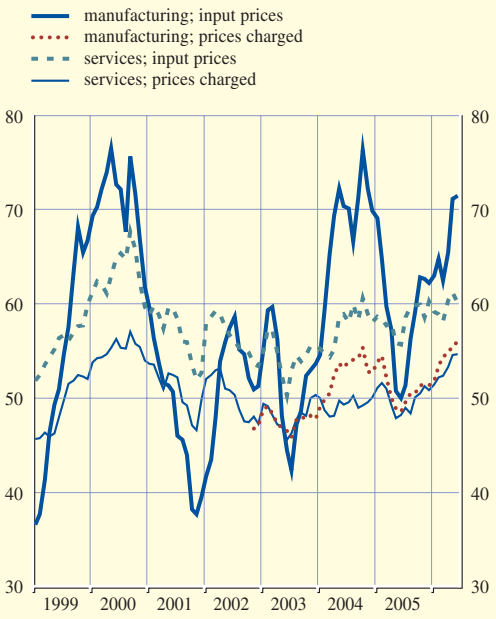
These price increases at the earlier stages of the production chain will add to the pressure on prices towards the latter stages, in particular, consumer goods prices. Chart C illustrates developments in industrial producer prices for intermediate goods and for consumer goods excluding food and tobacco, alongside the evolution of HICP non-energy industrial goods prices. The annual rate of change in industrial producer prices for consumer goods (excluding food and tobacco) has increased since 2004. This increase reflects higher industrial raw materials prices as well as higher oil prices. On the other hand, other factors, such as subdued GDP growth, strong competition and exchange rate and labour cost developments, may have served to attenuate the pass-through from higher commodity prices, particularly in comparison with the period 2000-2001. Nonetheless, some further impact on consumer goods prices can be expected in the future as indirect effects from past commodity price increases are passed through the production chain, especially in the context of strengthening economic activity.

By contrast with developments in energy and intermediate goods prices, the contribution from consumer goods prices to the overall increase in producer prices remained small. However, the annual rate of change in consumer goods prices (also when excluding the volatile food and tobacco components) increased further in May, signalling a continuation of the gradual pass-through from higher input costs to prices at the later stages of the production chain. Finally, the annual rate of change in capital goods prices fell slightly in May. It has remained largely unchanged at a level slightly above 1% for almost one year.

Price-related survey data suggest continued upward pressure on producer prices in June with a further pass-through of input costs to selling prices. As reported by NTC Economics, in the manufacturing sector, the input price index rose further in June, although at a slower rate than in May (see Chart 19). The rise was largely associated with higher prices for energy and metal products. Prices charged in manufacturing also rose in June, reaching a new record high and signalling a further pass-through of higher input costs to customers in the context of increasing pricing power and strong demand. The input price index in the services sector declined slightly in June 2006, but remained at a high level. In addition to high energy costs, there were further reports of rising staff costs. The index of prices charged in the services sector was broadly stable in June 2006.

**Chart 19 Producer input and output price surveys**

(diffusion indices; monthly data)




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

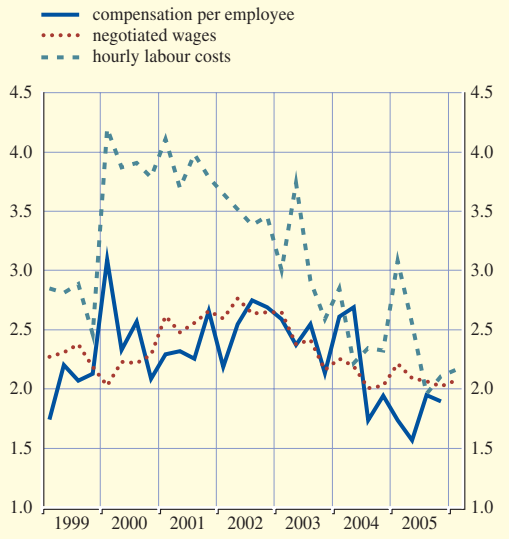
## 3.3 LABOUR COST INDICATORS

The latest signals from labour cost indicators are in line with the assessment of moderate wage developments up to early 2006 (see Chart 20). Annual growth in the hourly labour cost index increased slightly in the first quarter of 2006 to 2.2%, up from 2.1% in the previous quarter. Following downward revisions across a number of euro area countries, which lowered the estimated growth rate in the euro area by 0.2 percentage point to 2.4% on average in 2005 (see Table 6), the overall picture suggests that the annual growth rate of the hourly labour cost index has fluctuated at around 2¼% since the second half of 2004.

As regards the breakdown of hourly labour costs, the annual growth rate in the wage costs component picked up, rising to 2.5% compared with 2.0% in the previous quarter (see also Table 5.1.3 in the section on Euro area statistics), but this was largely offset by a sharp fall in the annual growth rate in the non-wage cost component (from 2.7% to 1.2%), which covers social contributions paid by employers. In the light of these developments, it remains to be seen whether the recent rise in the growth rate of wage costs is temporary, similar to that seen in the first quarter of 2005, or more persistent.

**Chart 20 Selected labour cost indicators**

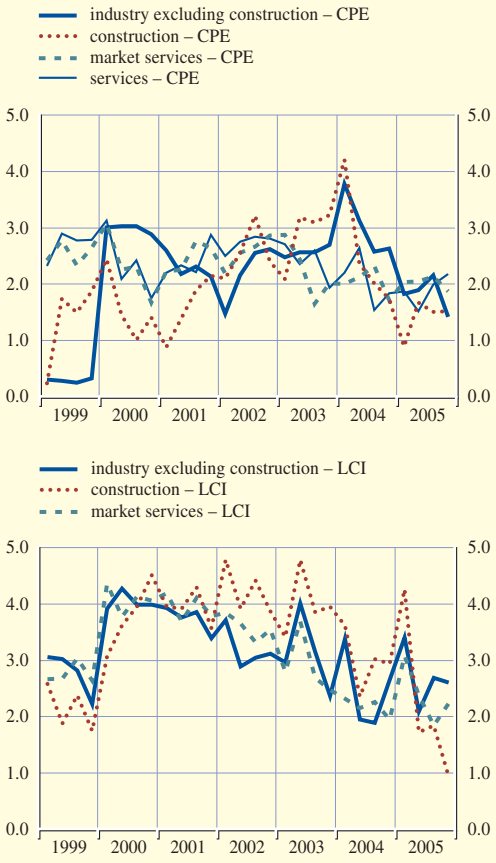
(annual percentage changes; quarterly data)




Sources: Eurostat, national data and ECB calculations.

**Chart 21 Sectoral labour cost developments**

(annual percentage changes; quarterly data)




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

Sectoral developments in hourly labour costs continued to diverge in the first quarter of 2006, but the wedge between hourly labour cost growth in industry and (market) services decreased somewhat (see Chart 21). As described in the box "Latest developments in sectoral wages and labour costs in the euro area" in the April 2006 issue of the Monthly Bulletin, differences between the series for compensation per employee and hourly labour cost should mainly reflect the fact that the latter series is based on hourly data, while compensation is per head. In the absence of reliable information on working hours for the first quarter of 2006, at this stage, it is difficult to draw any conclusions on sectoral compensation per employee developments at the beginning of 2006.

Information regarding developments in other labour cost indicators in the euro area also suggests that overall wage developments in the first quarter of 2006 remained moderate. Negotiated wage growth was 2.1% in the first quarter of 2006, similar to the average rate in 2005. Furthermore, available information on growth in compensation per employee at the country level for the first quarter of this year also points to a continued modest pace for the euro area as a whole, following an annual growth rate of 1.9% in the second half of 2005. Since productivity growth levelled off at 1.0% in the first quarter of the year, unit labour cost growth should also have remained subdued in this period, keeping inflationary pressures from the labour market in check.

**Table 6 Labour cost indicators**

(annual percentage changes, unless otherwise indicated)

| | 2004 | 2005 | 2005 Q1 | 2005 Q2 | 2005 Q3 | 2005 Q4 | 2006 Q1 |
|---|---|---|---|---|---|---|---|
| Negotiated wages | 2.1 | 2.1 | 2.2 | 2.1 | 2.1 | 2.0 | 2.1 |
| Total hourly labour costs | 2.4 | 2.4 | 3.1 | 2.6 | 2.0 | 2.1 | 2.2 |
| Compensation per employee | 2.2 | 1.8 | 1.7 | 1.6 | 1.9 | 1.9 | . |
| *Memo items:* | | | | | | | |
| Labour productivity | 1.3 | 0.7 | 0.4 | 0.4 | 0.9 | 1.0 | 1.0 |
| Unit labour costs | 1.0 | 1.1 | 1.3 | 1.1 | 1.0 | 0.9 | . |

Sources: Eurostat, national data and ECB calculations.

## 3.4 THE OUTLOOK FOR INFLATION

During the remainder of this year, and on average in 2007, headline inflation rates are likely to remain above 2.0%, the price levels depending on future energy price developments. Inflationary pressures from labour costs are expected to remain contained in 2007, particularly in the manufacturing sector, against a background of strong global competitive pressure. However, further indirect effects of past energy price increases and announced changes in indirect taxes are likely to have an upward effect on euro area inflation, as indicated in the Eurosystem staff projections released in June 2006.

The above outlook is subject to a number of upward risks, including possible further sharp increases in oil and non-energy commodity prices, a stronger pass-through of past energy prices to consumer prices than is currently expected, and additional increases in administered prices and indirect taxes. Finally and more fundamentally, an upside risk could stem from stronger than expected wage and price developments owing to second-round effects of past energy price increases.

# 4 OUTPUT, DEMAND AND THE LABOUR MARKET

*Euro area real GDP growth strengthened in the first quarter of 2006 compared with the last quarter of 2005. This pick-up reflected strong contributions from both private consumption and net exports. The rise in private consumption was underpinned by modest improvements in labour market conditions and was in line with stronger consumer confidence. The rebound in export growth was linked to favourable global economic activity. Looking ahead, conditions remain in place for an ongoing economic expansion in the euro area. In particular, survey indicators have strengthened further. The risks to this outlook in the longer term are associated with potential further oil price increases, a disorderly unwinding of persisting global imbalances and potential pressures for increased protectionism.*

## 4.1 OUTPUT AND DEMAND DEVELOPMENTS

### REAL GDP AND EXPENDITURE COMPONENTS

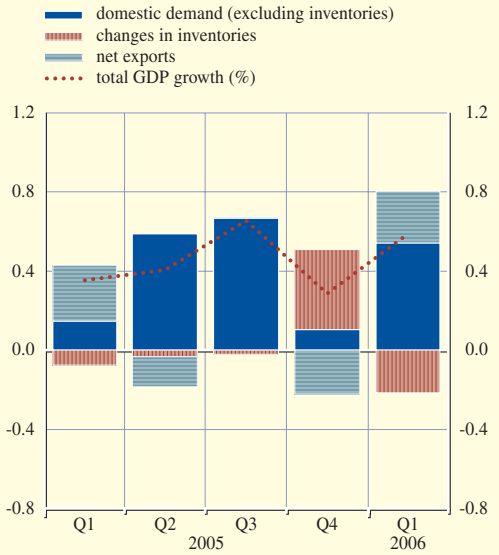
The first release of national accounts data for the first quarter of 2006, reported in the June 2006 issue of the Monthly Bulletin, confirmed the assessment of sustained economic growth. Euro area real GDP rose by 0.6% quarter on quarter. The contribution to growth from domestic demand (excluding inventories) in the first quarter of 2006 was 0.5 percentage point (see Chart 22). In particular, developments in private consumption were positive, with growth of 0.7% quarter on quarter. Available monthly economic indicators of household spending did not reflect this strong growth in consumption in the first quarter. The estimated contribution from retail sales to private consumption in the first quarter was close to zero, while the contribution from new passenger car registrations was slightly positive. Thus, the strong growth in private consumption resulted from very positive developments in the non-retail sales component. The gradual pick-up in private consumption over recent quarters seems to have been underpinned by modest improvements in the labour market and is in line with stronger consumer confidence.

Investment growth increased by 0.3% in the first quarter of 2006, following growth of 0.2% in the fourth quarter of 2005 (revised downwards by 0.1 percentage point). Euro area investment growth has been subdued in recent quarters. An analysis of euro area investment growth based on available country data and economic indicators on construction production suggests that the weak performance in the first quarter of 2006 was mainly attributable to subdued developments in the construction sector. These subdued developments, in turn, largely stemmed from the situation in Germany, probably reflecting unusually harsh winter conditions. Available country data signal more positive developments in construction investment in the second quarter of 2006.

The contribution to growth of net exports in the first quarter of 2006 was 0.3 percentage point, reflecting a strong increase in the growth of

**Chart 22 Real GDP growth and contributions**

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




Sources: Eurostat and ECB calculations.

both exports and imports. The increase in export growth was underpinned by favourable global economic activity, while the acceleration in imports may be partly linked to the faster growth in consumption.

## SECTORAL OUTPUT AND INDUSTRIAL PRODUCTION

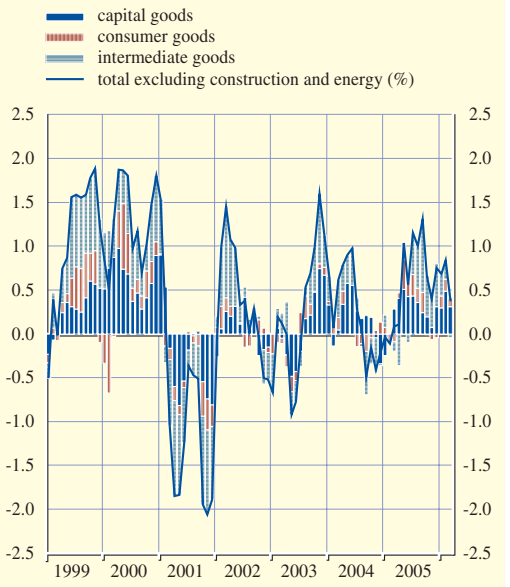
The sectoral breakdown of growth in the first quarter of 2006 confirms that the recovery is relatively broadly based. Value added growth in industry (excluding construction) and in services increased in the first quarter. At the same time, value added in construction declined as a result of the developments in this sector in Germany, as mentioned above.

Industrial production (excluding construction) contracted in April 2006, by 0.5% month on month, following an increase of the same magnitude in the previous month. The decline in production was broadly based across countries and was somewhat surprising, given recent positive movements in various survey indicators. However, the latest developments in industrial production could reflect short-term volatility. On a three-month centred moving average basis, industrial production (excluding construction) increased by 0.4% in March, following an increase of 1.0% in February (see Chart 23). The decline in growth between March and April was also broadly based across sectors, although it was more pronounced in the energy sector.

Industrial new orders in the euro area declined on a three-month moving average basis by 0.3% in April, following a slight increase in the first quarter of 2006. However, the less volatile new orders data that exclude other transport equipment, including ships, railway and aerospace

**Chart 23 Industrial production growth and contributions**

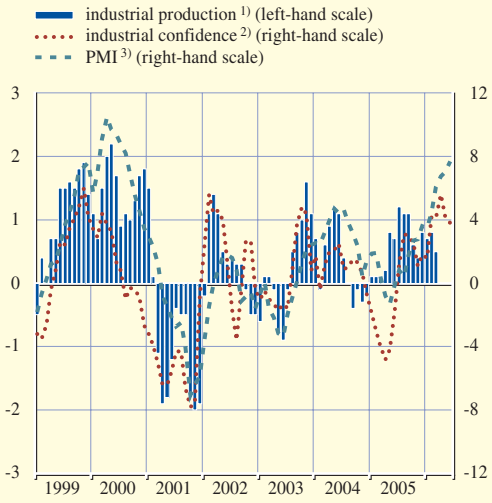
(growth rate and percentage point contributions; monthly data; seasonally adjusted)




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

**Chart 24 Industrial production, industrial confidence and the PMI**

(monthly data; seasonally adjusted)




Sources: Eurostat, European Commission Business and Consumer Surveys, NTC Economics and ECB calculations.
1) Manufacturing; three-month-on-three-month percentage changes.
2) Percentage balances; changes compared with three months earlier.
3) Purchasing Managers' Index; deviations from an index value of 50.

equipment, show that the upward trend observed since March 2005 continued. Nevertheless, some caution is required when interpreting the latest developments in new orders as recent euro area estimates from Eurostat do not as yet incorporate data for Germany.

## SURVEY DATA FOR THE INDUSTRIAL AND SERVICES SECTORS

The latest survey data released for June continue to provide a positive signal for economic activity in the second quarter of 2006 in both the industrial and the services sectors.

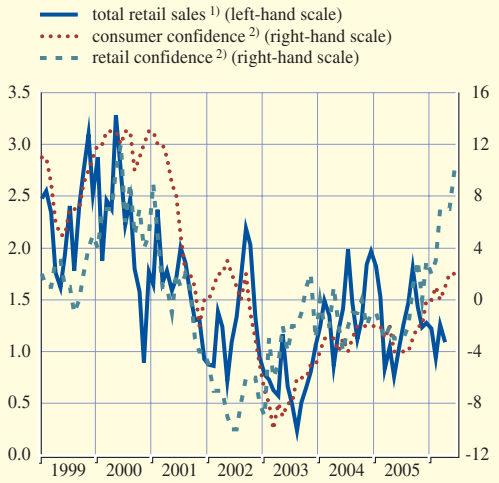
Both the European Commission's confidence indicator and the Purchasing Managers' Index (PMI) for the manufacturing sector rose further in June, continuing the upward trend which started in mid-2005. The increase in the Commission's indicator of industrial confidence was attributable to improvements in the assessment of domestic and export orders and the production trend observed in recent months. Among the main industrial groupings, increases were recorded for both intermediate and consumer goods industries, whereas confidence in capital goods industries remained unchanged. The largest contribution to the increase in the PMI resulted from the improvement in the employment index. Overall, the increase in the PMI in June, together with the rise in the European Commission's industrial confidence indicator, points to a strengthening of industrial activity in the second quarter of 2006 (see Chart 24).

Survey data for the services sector remained broadly unchanged in June. The European Commission's indicator of confidence in the services sector fell slightly in June, mainly reflecting the assessment of the evolution of employment in recent months and the business climate, while the assessment of expected demand remained unchanged. Nonetheless, services confidence remains slightly above its historical average and clearly improved in the second quarter of 2006 by comparison with the first quarter.

The business activity index of the PMI survey for the services sector increased further in June. The improvement was also reflected in other components of the survey, with the exception of business activity expectations, which showed a further decline. Overall, the current level of confidence indicators for the services sector suggests a further strengthening of economic activity in services in the second quarter of 2006.

**Chart 25 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 centred moving averages; working day-adjusted.
2) Percentage balances; seasonally and mean-adjusted. For consumer confidence, euro area results from January 2004 onwards are not fully comparable with previous figures due to changes in the questionnaire used for the French survey.

## INDICATORS OF HOUSEHOLD SPENDING

Following relatively subdued growth in euro area private consumption in the course of last year, recent data provide a slightly more positive picture of developments. Private consumption rose in the first quarter of 2006 by 0.7%, largely on account of non-retail sales. The volume of retail sales fell by 0.6% month on month in May, following an increase of 1.0% in April and a decline of 0.6% in March. The volume growth of retail sales thus remained subdued, declining by 0.1% on a three-month centred moving

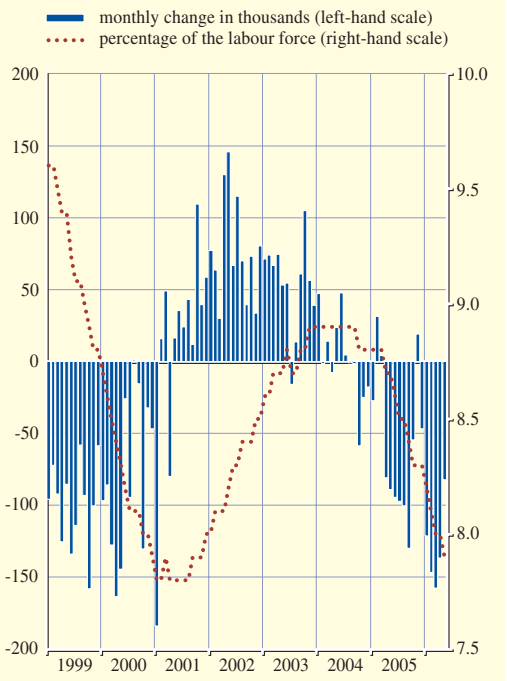
average basis in April. However, new passenger car registrations in May continued the strong growth pattern observed since the beginning of the year.

The European Commission's indicator of consumer confidence remained unchanged in June at a level slightly above its long-term average (see Chart 25). The slight improvement in responses associated with past or current developments was offset by a slight decrease in responses associated with expectations over the coming months.

Overall, while the latest developments in retail sales volumes continue to be subdued, other indicators, such as new passenger car registrations, together with surveys and labour market indicators, provide a positive signal for consumption in the second quarter of 2006.

**Chart 26 Unemployment**

(monthly data; seasonally adjusted)




Source: Eurostat.

## 4.2 LABOUR MARKET

The latest available data corroborate the assessment of a gradual improvement in labour market conditions. Employment strengthened in the first quarter of 2006, while the unemployment rate has shown a further decline over recent months.

### UNEMPLOYMENT

The unemployment rate decreased in May to 7.9%, thereby continuing the declining path observed since mid-2004, when it stood at 8.9%. The number of unemployed persons fell in May by about 80,000, following declines of around 150,000 in the previous three months (see Chart 26). Although there are clear signs that underlying developments in the labour market are positive, the unemployment data need to be interpreted with caution as short-run movements in unemployment are still affected by statistical factors.

### EMPLOYMENT

Employment increased by 0.3% in the first quarter of 2006 (see Table 7). This is the first time that Eurostat has officially released quarterly data for total employment based on national accounts data. In the past the ECB provided estimates of euro area employment on the basis of national accounts data supplied by Eurostat. This first release is available only for euro area total employment; a breakdown for the six main activity sectors will be available with the second release, scheduled for July.

Labour productivity growth stood at 1.0% year on year in the first quarter of 2006, for the second consecutive quarter. Labour productivity growth has increased since mid-2005 in both the industrial and the services sector, although the pace has been more subdued in the services sector.

**Table 7 Employment growth**

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

| | Annual rates | | Quarterly rates | | | | |
|---|---|---|---|---|---|---|---|
| | 2004 | 2005 | 2005 Q1 | 2005 Q2 | 2005 Q3 | 2005 Q4 | 2006 Q1 |
| Whole economy | 0.6 | 0.7 | 0.1 | 0.1 | 0.2 | 0.3 | 0.3 |
| *of which:* | | | | | | | |
| Agriculture and fishing | -1.4 | -0.9 | -0.8 | 0.3 | 0.0 | -0.3 | . |
| Industry | -0.8 | -0.2 | -0.1 | -0.1 | 0.0 | 0.1 | . |
| Excluding construction | -1.7 | -1.2 | -0.5 | -0.3 | -0.1 | -0.2 | . |
| Construction | 1.5 | 2.3 | 0.7 | 0.4 | 0.1 | 1.0 | . |
| Services | 1.2 | 1.1 | 0.3 | 0.2 | 0.2 | 0.4 | . |
| Trade and transport | 0.7 | 0.7 | 0.3 | 0.1 | -0.1 | 0.2 | . |
| Finance and business | 1.7 | 1.9 | 0.3 | 0.2 | 0.7 | 0.9 | . |
| Public administration | 1.3 | 1.1 | 0.2 | 0.3 | 0.3 | 0.2 | . |

Sources: Eurostat and ECB calculations.

Employment expectations from the European Commission surveys and the PMI signal a further gradual improvement in labour market conditions in the second quarter. Although employment expectations from the European Commission surveys were broadly unchanged in June for both the industrial and the services sector, they have increased significantly since mid-2005 for both sectors. The employment index of the PMI improved further for both the services sector and the manufacturing sector in June. Taking a somewhat longer-term perspective, the PMI employment index has been on an upward trend since mid-2003 for the services sector and since April 2005 for the manufacturing sector.

## 4.3 THE OUTLOOK FOR ECONOMIC ACTIVITY

The assessment of recent developments in euro area economic activity confirms that economic growth has both regained momentum and become more broadly based and sustained in the first half of 2006. The latest survey data and some of the other available indicators point to a continued positive development in activity in the second quarter of 2006. Improvements in labour market conditions in the last few months as well as favourable employment expectations support the assessment of ongoing positive developments in private consumption. Overall, the most recent data confirm the previous assessment of a gradual reconciliation between survey and hard data developments. Oil prices, the disorderly unwinding of persisting global imbalances and potential pressures for increased protectionism remain the main downward risks to the outlook for euro area economic activity in the longer term.

# 5 EXCHANGE RATE AND BALANCE OF PAYMENTS DEVELOPMENTS

## 5.1 EXCHANGE RATES

*The euro, following its continuous appreciation since March 2006, remained broadly stable in effective terms in June and early July. A sizeable downward correction against the US dollar in early June was partly offset by a rebound of the euro at the end of June and by its rise against the Japanese yen and the currencies of several new EU Member States.*

### US DOLLAR/EURO

After reaching a peak of USD 1.30 on 5 June 2006, the euro depreciated against the US dollar in early June, to then rebound at the end of the month and in early July (see Chart 27). The depreciation was primarily associated with near-term expectations of rising interest rate differentials in favour of the United States against the backdrop of market concerns about inflation developments in the United States. Technical factors relating to the unwinding of market positions vis-à-vis the euro/US dollar exchange rate, coupled with the demand for US assets (given the recent losses in the financial markets of the emerging economies), appear to have also supported the US currency during this period. After the decision by the Federal Open Market Committee to raise the federal funds rate by 25 basis points to 5.25% on 29 June, changing market expectations over the future course of monetary policy in the United States and in the euro area, coupled with an improved economic outlook in the euro area, seem to have provided renewed strength to the euro. On 5 July, the euro stood at USD 1.28, 0.6% below its end-May level and 2.8% above its 2005 average.

### JAPANESE YEN/EURO

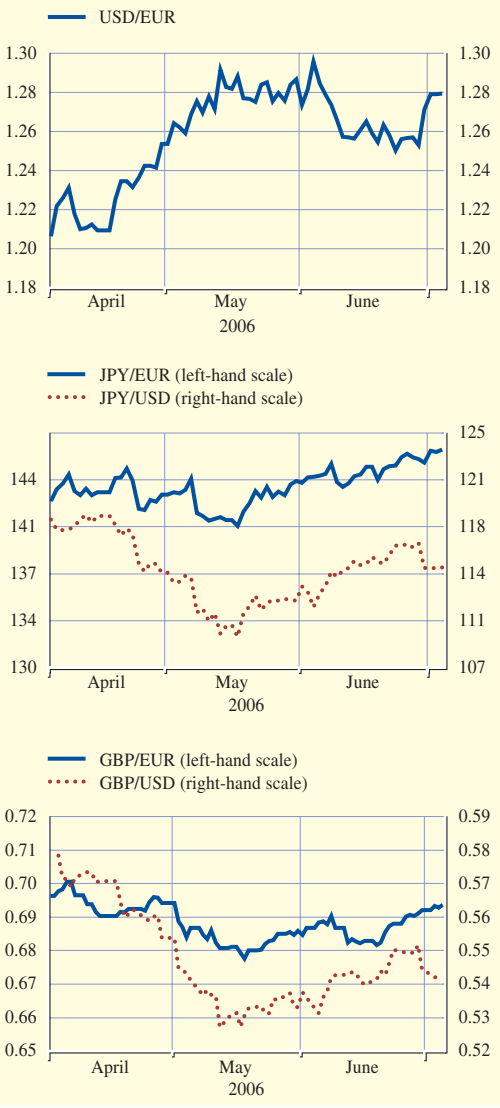
The euro appreciated against the Japanese yen in June and early July, reaching a historical high of JPY 146.7 on 5 July, 1.7% above its end-May level and 7.2% above its 2005 average (see Chart 27). Market sentiment over the future course of monetary policy in both Japan and the euro area, together with technical factors relating to market positions on the euro/yen exchange rate, appear to have also supported the euro during this period.

### EU MEMBER STATES' CURRENCIES

In June and early July, most currencies participating in ERM II remained stable and continued to trade at or close to their respective

**Chart 27 Patterns in exchange rates**

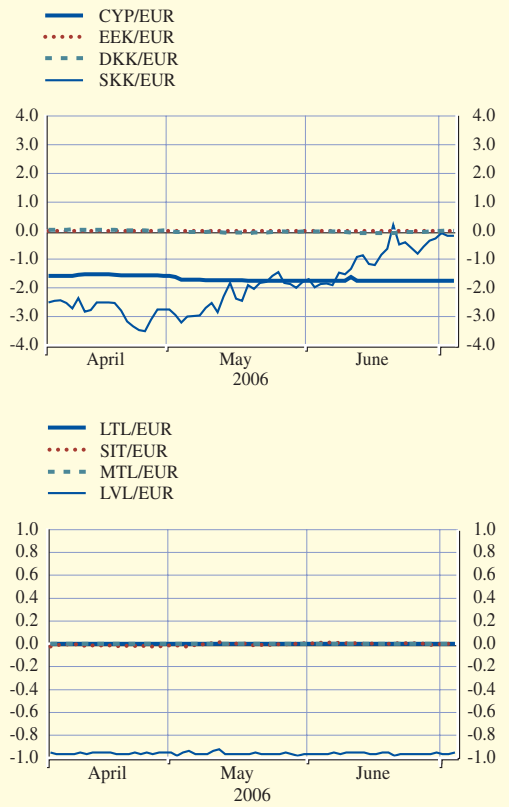
(daily data)




Source: ECB.

**Chart 28 Patterns in exchange rates in ERM II**

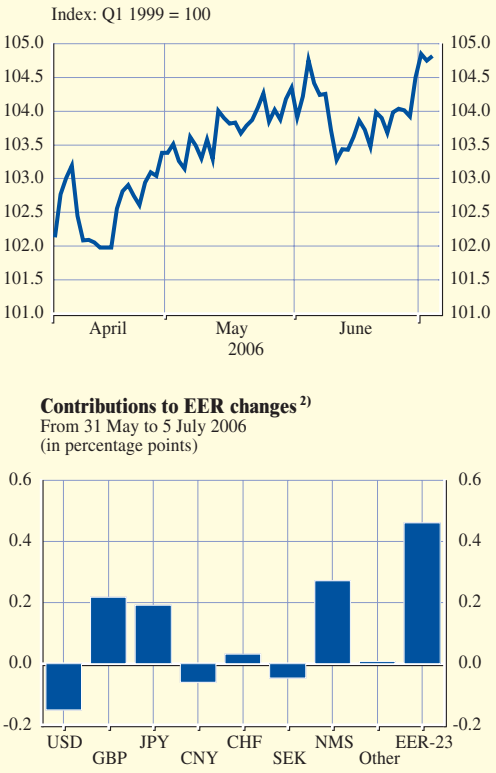
(daily data; deviation from the central parity in percentage points)




Source: ECB.
Note: A positive (negative) deviation from the central parity against the euro implies that the currency is on the weak (strong) side of the band. For the Danish krone, the fluctuation band is ±2.25%; for all other currencies, the standard fluctuation band of ±15% applies.

**Chart 29 Euro effective exchange rate and its decomposition [1]**

(daily data)




Source: ECB.
1) An upward movement of the index represents an appreciation of the euro against the currencies of the most important trading partners of the euro area and all non-euro area EU Member States.
2) Contributions to EER-23 changes are displayed individually for the currencies of the six main trading partners of the euro area. The category "NMS" refers to the aggregate contribution of the currencies of the ten new Member States that joined the EU on 1 May 2004. The category "Other" refers to the aggregate contribution of the remaining seven trading partners of the euro area in the EER-23 index. Changes are calculated using the corresponding overall trade weights in the EER-23 index.

central rates (see Chart 28). One exception was the Slovak koruna, which was subject to downward pressure triggered primarily by market concerns over the future stance of fiscal policy in Slovakia following national elections. The koruna was supported by the intervention of the National Bank of Slovakia and on 5 July was trading close to its ERM II central parity. With regard to the currencies of other EU Member States, the euro appreciated against the pound sterling – being quoted on 5 July at GBP 0.69, 1.1% above its end-May level and 1.4% higher than its 2005 average – while it depreciated against the Swedish krona. The euro strengthened against the currencies of the largest new EU Member States in June and early July. Between 31 May and 5 July, its appreciation was most notable against the Hungarian forint, by 6.8%, amid renewed market concerns over Hungary's medium-term fiscal outlook. It appreciated by 2.2% against the Polish zloty and by 0.9% against the Czech koruna.

### OTHER CURRENCIES

Between end-May and 5 July the euro appreciated against the Norwegian krone (1.8%) and the Australian dollar (1.3%), remained stable against the Canadian dollar and the Swiss franc and weakened against several Asian currencies, most notably the Chinese renminbi.

### EFFECTIVE EXCHANGE RATE OF THE EURO

In view of these developments in the bilateral exchange rates of the euro, on 5 July the nominal effective exchange rate – as measured against the currencies of 23 of the euro area's most important trading partners – was close to its level at the end of May and 1.8% above its average level in 2005 (see Chart 29).

## 5.2 BALANCE OF PAYMENTS

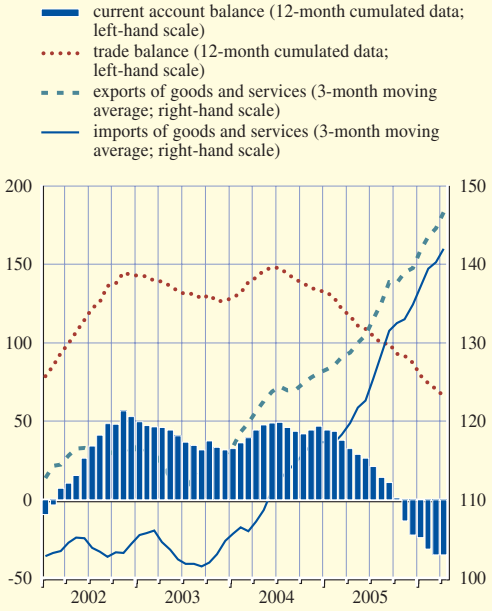
*The latest balance of payments data show continued solid growth for both imports and exports. In April the 12-month cumulated current account registered a deficit, compared with a surplus a year earlier. A decline in the goods surplus, which was almost entirely due to the increased cost of oil imports, explains most of the shift in the current account from surplus to deficit. In the financial account, the net inflows in cumulated combined direct and portfolio investment continued to rise over the 12 months to April, reflecting higher net inflows in portfolio investment.*

### TRADE AND THE CURRENT ACCOUNT

The latest balance of payments data show that the growth of imports and exports has continued to be solid (see Chart 30). The three-month moving average of the value of exports of goods and services rose by 3.4% in April compared with the three-month moving average ending in January. Imports of goods and services registered a broadly similar increase over the same period. This was the result of robust growth in the values of both imports and exports of goods, 4.1% and 4.3% respectively. In the case of services, however, growth in imports and exports was significantly weaker over the same period (1.5% and 0.6% respectively; see Table 8).

**Chart 30 The euro area current account and trade balances**

(EUR billions; monthly data; seasonally adjusted)




Source: ECB.

The breakdown of extra-euro area trade in goods into volumes and prices (available up to March 2006) shows that export price growth picked up significantly in the first quarter of 2006, partly reflecting higher oil and non-oil commodity prices. Rising export prices may also be partly due to the lagged effects of last year's depreciation of the effective exchange rate of the euro. During phases in which the euro depreciates, euro area exporters generally tend to increase their profit margins by raising prices (in euro terms), thereby only partially passing through the depreciation to gains in

## Table 8 Main items of the euro area balance of payments

(Seasonally adjusted, unless otherwise indicated)

| | 2006 Mar. | 2006 Apr. | Three-month moving average figures ending 2005 July | 2005 Oct. | 2006 Jan. | 2006 Apr. | 12-month cumulated figures ending 2005 Apr. | 2006 Apr. |
|---|---|---|---|---|---|---|---|---|
| | *EUR billions* | | | | | | | |
| **Current account** | -1.8 | -0.0 | -0.3 | -4.4 | -5.1 | -2.0 | 32.6 | -35.3 |
| Goods balance | 2.7 | 0.9 | 5.2 | 2.4 | 1.3 | 1.6 | 85.9 | 31.3 |
| Exports | 111.6 | 113.7 | 100.4 | 104.0 | 107.7 | 112.3 | 1,143.2 | 1,273.3 |
| Imports | 108.9 | 112.9 | 95.2 | 101.6 | 106.4 | 110.7 | 1,057.4 | 1,242.0 |
| Services balance | 2.8 | 3.1 | 2.5 | 2.8 | 3.3 | 3.1 | 31.4 | 34.8 |
| Exports | 33.3 | 35.0 | 32.6 | 33.6 | 34.2 | 34.4 | 370.7 | 404.3 |
| Imports | 30.5 | 32.0 | 30.1 | 30.9 | 30.8 | 31.3 | 339.3 | 369.4 |
| Income balance | -2.7 | 2.3 | -3.2 | -3.7 | -4.4 | -1.0 | -24.7 | -37.0 |
| Current transfers balance | -4.7 | -6.2 | -4.7 | -5.8 | -5.3 | -5.6 | -59.9 | -64.4 |
| **Financial account** [1] | 34.7 | 3.1 | 18.7 | 9.0 | -5.8 | 17.0 | 31.2 | 116.7 |
| Combined net direct and portfolio investment | 57.1 | -8.1 | 35.6 | -1.8 | -26.0 | 14.7 | -4.6 | 67.3 |
| Net direct investment | 8.6 | -2.5 | -28.7 | -6.8 | 1.2 | -6.4 | -56.3 | -122.3 |
| Net portfolio investment | 48.4 | -5.7 | 64.3 | 5.0 | -27.2 | 21.1 | 51.7 | 189.6 |
| Equities | 39.8 | -13.6 | 53.2 | 5.3 | 2.0 | 12.1 | 22.2 | 218.0 |
| Debt instruments | 8.7 | 7.9 | 11.1 | -0.3 | -29.2 | 8.9 | 29.5 | -28.3 |
| Bonds and notes | 11.0 | 5.1 | 9.9 | -10.3 | -20.2 | 3.5 | 20.5 | -51.3 |
| Money market instruments | -2.3 | 2.8 | 1.2 | 10.0 | -9.0 | 5.4 | 9.0 | 23.0 |
| | *Percentage changes over previous period* | | | | | | | |
| **Goods and services** | | | | | | | | |
| Exports | -0.9 | 2.6 | 3.3 | 3.5 | 3.0 | 3.4 | 8.8 | 10.8 |
| Imports | -1.8 | 3.9 | 4.7 | 5.7 | 3.5 | 3.5 | 11.7 | 15.4 |
| **Goods** | | | | | | | | |
| Exports | 0.0 | 1.9 | 3.4 | 3.6 | 3.5 | 4.3 | 8.4 | 11.4 |
| Imports | -1.4 | 3.7 | 5.1 | 6.7 | 4.7 | 4.1 | 13.2 | 17.5 |
| **Services** | | | | | | | | |
| Exports | -4.0 | 5.0 | 2.8 | 3.2 | 1.6 | 0.6 | 10.0 | 9.0 |
| Imports | -3.0 | 4.8 | 3.4 | 2.4 | -0.1 | 1.5 | 7.4 | 8.9 |

Source: ECB.
Note: Figures may not add up due to rounding.
1) Figures refer to balances (net flows). A positive (negative) sign indicates a net inflow (outflow). Not seasonally adjusted.

competitiveness.[1] However, due to the pro-competitive effects of globalisation, their ability to do so may be limited.

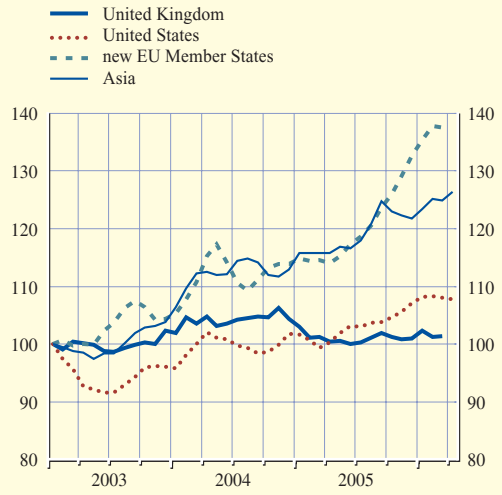
Meanwhile, export volumes also rose in the first quarter, supported by favourable conditions in global demand and possibly the lagged effects of the aforementioned gains in competitiveness. The strong performance of exports to Asia and the new EU Member States (see Chart 31) accounted for most of the growth in export volumes, reflecting robust demand in these regions, while exports to the United Kingdom and the United States were rather subdued. In terms of products, export volumes of consumer goods grew somewhat more rapidly in the first quarter than export volumes of capital and intermediate goods.

Turning to goods imports, significant increases in both oil and non-oil commodity prices largely explain the robust growth in import values since the start of the year. In addition, import prices

1 Further details of how these mechanisms operate, along with a broader overview of trends in euro area exports and competitiveness, are given in the article entitled "Competitiveness and the export performance of the euro area" in this issue of the Monthly Bulletin.

**Chart 31 Euro area export volumes to selected trading partners**

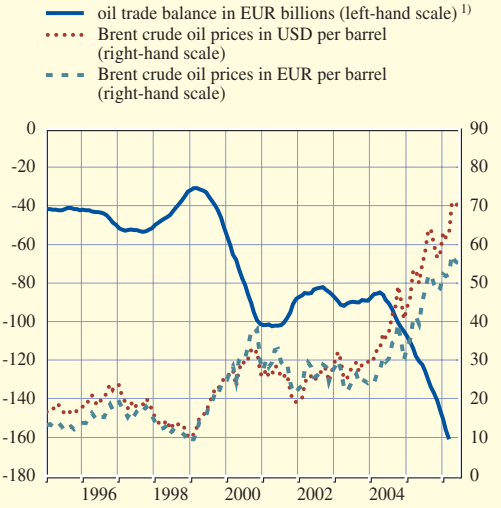
(indices: January 2003 = 100; seasonally adjusted; three-month moving averages)




Sources: Eurostat and ECB calculations.
Note: The latest observations are for April 2006, except for export volumes to the United Kingdom and to the new EU Member States (March 2006).

**Chart 32 The euro area oil trade balance and Brent crude oil prices**

(monthly data)




Sources: Eurostat and Bloomberg.
Note: The last observation refers to May 2006 except for the oil trade balance cumulated over 12 months (March 2006).
1) Oil trade balance cumulated over 12 months.

of manufactured goods are also increasing, partly due to import suppliers' higher costs that have resulted from the hike in commodity prices, while the lagged impact of the depreciation of the euro may also be feeding through to import prices. However, the appreciation of the euro effective exchange rate over the last few months could have dampened upward pressure on import prices. Furthermore, rising imports of relatively lower-priced products from countries such as China are having a longer-term dampening effect on import prices. Meanwhile, import volume growth was somewhat subdued in the first quarter, possibly reflecting the slow growth of import-intensive categories of euro area domestic expenditure, such as gross fixed capital formation, over the same period.

Taking a longer-term view, the 12-month cumulated current account up to April 2006 registered a deficit of €35.3 billion (almost 0.5% of GDP), compared with a surplus of €32.6 billion (or 0.4% of GDP) a year earlier. A €54.6 billion decline in the goods surplus, which was almost entirely due to the increased cost of oil imports, explains most of the shift in the current account from surplus to deficit. The euro area's 12-month cumulated oil trade deficit stood at around €160 billion in March 2006, approximately €46 billion higher than a year earlier (See Chart 32).

## FINANCIAL ACCOUNT

In the three-month period to April 2006, euro area combined direct and portfolio investment showed net inflows of €14.7 billion (see Table 8). This was mainly the result of net inflows in both equity portfolio investment (€12.1 billion) and debt instruments (€8.9 billion), while direct investment recorded net outflows (€6.4 billion).

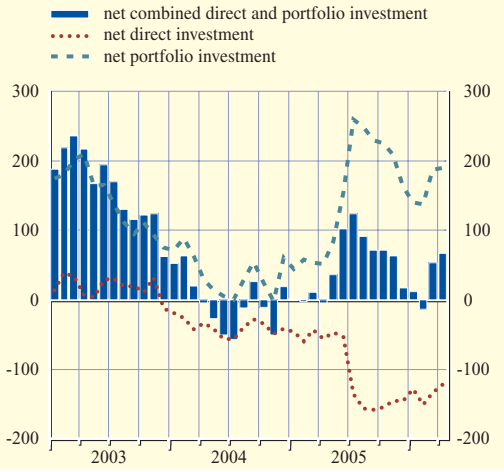
Looking at 12-month cumulated data, combined direct and portfolio investment recorded net inflows of €67.3 billion in the period to April 2006, compared with net outflows of €4.6 billion

in the same period a year earlier. Since early 2005, combined direct and portfolio investment has shown a fluctuating pattern: after having increased in the first half of 2005, net inflows declined sharply in the second half of the year, before picking up again (see Chart 33). These fluctuations mostly reflected movements in net portfolio equity flows.

Net portfolio equity inflows, which declined in the second half of 2005, started recovering in February 2006, reflecting the rise in foreign investment in euro area equity securities. This development is partly associated with stronger corporate earnings growth and equity returns in the euro area than in the United States. In addition, growing evidence of an improving economic outlook in the euro area since the beginning of this year may have been a key factor behind these developments.

**Chart 33 Net direct and portfolio investment flows**

(EUR billions; 12-month cumulated data)




Source: ECB.
Note: A positive (negative) number indicates a net inflow (outflow) into (out of) the euro area.

With regard to cross-border fixed income investment, net outflows in debt instruments were recorded in the 12-month period to April 2006, as net outflows in bonds and notes (€51.3 billion) were only partly offset by net inflows in money market instruments (€23.0 billion). The contraction in net inflows in bonds and notes, which started in the fourth quarter of 2004, turned into net outflows by the end of 2005. These developments may have been associated with the lower returns on euro area bonds and notes vis-à-vis US long-term debt securities over this period. However, the decline in investment in euro area bonds and notes by non-residents appears to have ceased given the sizeable purchases of euro area long-term debt securities between February and April 2006, a development that coincided, in turn, with rising returns on euro area fixed income securities. In 12-month cumulative terms, net outflows in direct investment have been quite stable since mid-2005 (see Chart 33).

# ARTICLES

# MEASURES OF INFLATION EXPECTATIONS IN THE EURO AREA

*The analysis and assessment of private sector expectations for euro area inflation is of great importance for the ECB. The ECB uses measures of inflation expectations to cross-check its own assessment of the inflation outlook in the short to medium term. In addition, longer-term measures of inflation expectations provide indications of the overall credibility of the ECB in the eyes of survey respondents and financial market participants as regards the achievement of its price stability objective.*

*This article reviews measures of inflation expectations in the euro area beyond the one-year horizon. Surveys ask participants directly about their views on expected inflation and can thus be interpreted as direct measures of inflation expectations. Inflation expectations can also be extracted from financial market instruments for a wide range of horizons. However, these measures may be distorted by unobservable premia, in particular inflation risk premia, which make them more difficult to interpret and analyse.*

*The strengths and weaknesses of the various indicators argue in favour of a broad range of measures that combine analysis and a regular cross-checking of different sources. Available evidence suggests that, despite a number of upside price shocks and the ongoing deviation of shorter-term inflation expectations from actual inflation outcomes, longer-term inflation expectations have remained well-anchored, consistent with a high degree of credibility for monetary policy as regards the maintenance of price stability in the medium to long term.*

## 1 INTRODUCTION

Stabilising the private sector's inflation expectations is a prerequisite for monetary policy to be able efficiently to achieve the objective of price stability. Given the substantial costs associated with inflation (and deflation), this objective helps to increase economic welfare and the growth potential of an economy.[1] Thus, the analysis and assessment of private sector expectations for euro area inflation is of key importance for the ECB. Moreover, the ECB can also use measures of inflation expectations to cross-check its own assessment of the outlook for future inflation.

This article reviews the available measures of inflation expectations in the euro area beyond the one-year horizon, and considers the main aspects that should be borne in mind when interpreting such indicators. It explores several factors that have important implications for the way in which the different measures of inflation expectations should be interpreted: the different sources of price expectations (surveys and financial markets); the different agents (households, professional forecasters and financial market participants) involved in the formulation of the expectations; and the different horizons of those expectations. The table below summarises the available measures of inflation expectations in terms of their differences and similarities with regard to agents, frequency and forecasting horizons.

Section 2 describes survey-based measures of inflation expectations and Section 3 reviews financial market-based measures. Section 4 concludes by reviewing the relative advantages and disadvantages of both sets of measures and stressing the need to cross-check the signals they provide.

1 For more information regarding the role of monetary policy and the benefits of price stability, see ECB, "The Monetary Policy of the ECB", 2004.

**Summary of available measures of euro area inflation expectations more than twelve months ahead**

| Source | Agents | Frequency | Horizons |
|---|---|---|---|
| **Survey-based measures** | | | |
| European Commission consumer survey | Consumers | Monthly | Twelve months ahead |
| ECB Survey of Professional Forecasters | Professional forecasters | Quarterly | – Current and next calendar years (and rolling horizons one and two years ahead)<br>– Five years ahead |
| Consensus Economics | Professional forecasters | Monthly<br>Biannual | – Current and next calendar years<br>– Six to ten years ahead |
| Euro Zone Barometer | Professional forecasters | Monthly<br>Quarterly | – Current and next calendar years<br>– Four years ahead |
| **Financial market-based measures** | | | |
| Break-even inflation rates | Financial market participants | Intra-day | At present, between two and around thirty years ahead |
| Inflation-linked swap rates | Financial market participants | Intra-day | Two to thirty years ahead |

## 2 SURVEY-BASED MEASURES OF INFLATION EXPECTATIONS

There are several available surveys of private sector inflation expectations in the euro area. These fall into two broad categories: short-term – i.e. one to two years ahead – and longer-term. Private sector inflation expectations up to two years ahead are relevant for monetary policy, since they may help in assessing the possible reaction of agents to different shocks to prices, as well as indicating the nature of shocks as perceived by the private sector. They may help to assess, for example, the risk of second-round effects following an oil price shock. The longer the horizons of inflation expectations, the less they should be affected by the short-term propagation of shocks and the more they reflect the level of credibility accorded to the ECB by economic agents as regards its commitment to achieving price stability for the euro area.

### THE EUROPEAN COMMISSION CONSUMER SURVEY ON INFLATION EXPECTATIONS

Every month since 1985 the European Commission has reported consumers' expectations for consumer price trends over the following 12 months on the basis of a survey of nearly 20,000 consumers in the euro area. This consumer survey is conducted at the national level and the results for the euro area are compiled by aggregating the country data. Consumers are not asked to put a precise figure to the average rate of inflation they anticipate, but simply to indicate whether they expect inflation to rise, fall or remain unchanged.[2] The indicator of expected inflation thus remains qualitative in nature and, as a result, provides information only on the expected direction and pace of change in prices, and therefore inflation expectations, over the following 12 months.[3] The results of the survey are generally summarised using a balance statistic indicating the difference between the percentage of

2 Participants in the European Commission's survey of consumers specifically reply to the following question, which is harmonised across countries: "By comparison with the past 12 months, how do you expect that consumer prices will develop in the next 12 months? They will ...
– increase more rapidly;
– increase at the same rate;
– increase at a slower rate;
– stay about the same;
– fall".
See also http://europa.eu.int/comm/economy_finance/indicators/businessandconsumersurveys_en.htm.

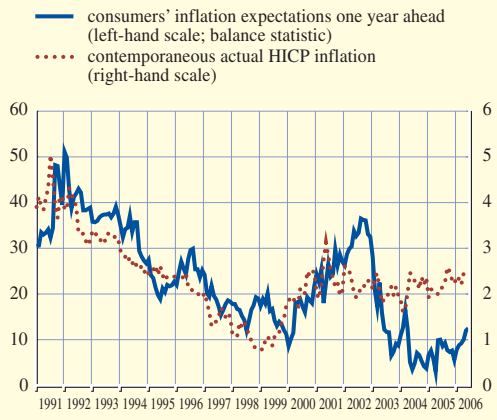
3 It is also possible to derive a quantified measure of inflation expectations from the qualitative replies to the European Commission's survey. See Forsells, M., and Kenny, G., "Survey Expectations, Rationality and the Dynamics of Euro Area Inflation", *Journal of Business Cycle Measurement and Analysis*, Vol. 1, No 1, 2004, pp. 13-41.

consumers thinking that consumer prices will increase and the percentage of consumers stating that prices will decrease or remain unchanged.

Prior to the euro cash changeover in January 2002, there was a close relationship between the European Commission's qualitative indicator of consumers' inflation expectations and actual inflation developments, with a correlation coefficient close to 1 (see Chart 1). A cross-correlation analysis between the two series reveals that consumers' inflation expectations tend to be more strongly correlated with inflation developments in the recent past, at the time of the survey and up to seven months ahead, than with the inflation levels one year ahead, on which they purport to focus. This suggests that the indicator of consumers' inflation expectations may contain information about horizons that are shorter than the 12-month horizon to which the survey question refers, and also that consumers' expectations may be strongly influenced by recent and current inflation developments.

After the euro cash changeover, the close relationship between consumers' expectations and actual inflation broke down and the correlation between the two series dropped (to stand at around 0.4 since 2002). It thus appears that the surge in consumers' perceptions of past inflation linked to the introduction of the euro banknotes and coins distorted, at least for a while, consumers' expectations of future inflation (see the box entitled "Consumers' inflation perceptions: still at odds with official statistics?" in the April 2005 issue of the Monthly Bulletin).

**Chart 1 Consumers' inflation expectations and actual HICP**




Sources: Eurostat and European Commission.

## THE ECB SURVEY OF PROFESSIONAL FORECASTERS

Every quarter since the beginning of 1999 the ECB has carried out its Survey of Professional Forecasters (SPF). The SPF collects information about forecasts for euro area HICP inflation one, two and five years ahead, as well as for a few other relevant variables (mainly real GDP growth and the unemployment rate).[4] The panel comprises more than 70 forecasters located across the European Union. These forecasters are required to possess the necessary expertise to provide macroeconomic forecasts relating to the euro area. Around 60% of the SPF panel are participants from the financial sector (mainly banks), while the remainder are non-financial research institutes, employers' associations and labour organisations.

Since the beginning of the SPF in 1999, SPF panellists have underestimated inflation by an average of 0.5 percentage point at both one and two-year forecasting horizons. SPF average errors appear to be strongly correlated with the cluster of large, unanticipated and generally upward shocks that have hit HICP inflation between 1999 and 2006 (e.g. oil price increases in 2000 and between 2004 and 2006; unprocessed food price increases linked to the outbreaks of BSE and foot-and-mouth disease in 2001; and rises in administered prices and tobacco taxes announced in late 2004).

Despite this underestimation of inflation, there is some evidence that inflation expectations derived from the SPF compare reasonably well

4 See Garcia, J. A., "An introduction to the ECB's Survey of Professional Forecasters", ECB Occasional Paper No 8, September 2003.

with those of other available surveys and indicators. Standard forecast performance statistics, such as the root mean square error, show that SPF forecasts are more accurate than a naive, purely backward-looking forecast, and that they contain information about future inflation rates beyond that already contained in the inflation rate for the most recent past. Since 1999, SPF forecasts have also been slightly more accurate than a quantified measure of consumers' inflation expectations derived from the replies to the European Commission survey described earlier. This is in line with the idea that professional forecasters have specialist knowledge that allows them to form more accurate estimates of future inflation.

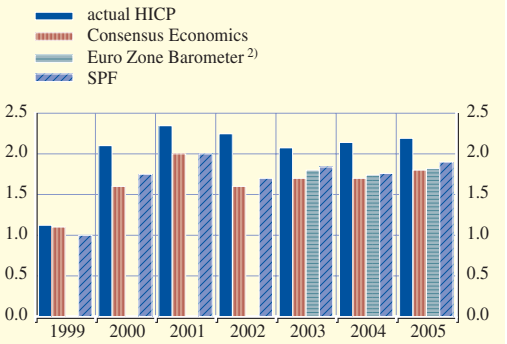
The SPF forecasters also report longer-term inflation expectations (five years ahead). Evidence up to the latest SPF round conducted in April 2006 has shown long-term average inflation expectations remaining unchanged at 1.9% for 18 consecutive quarters. However, this unchanged mean since early 2002 conceals regular revisions by individual forecasters which have offset each other. In fact, many respondents continuously review and update their estimates of longer-term inflation expectations. An analysis of individual responses shows that, on average between 2002 and the first half of 2006, around half of all survey participants changed their long-term expectations from one year to the next.

Finally, another feature of the SPF is that it provides a probability distribution for expected inflation at both shorter and longer-term horizons. This useful information helps to assess risks to the average inflation forecasts as perceived by the private sector over various horizons.

## OTHER SURVEYS ON INFLATION EXPECTATIONS

Two other surveys also report forecast averages derived from panels of professional forecasters. Consensus Economics Inc., a private company, has published monthly average forecasts for major economic variables for several countries since 1989. It publishes the forecast averages of professional forecasters (mainly banks and financial institutions) for euro area consumer prices for the year in question and for the following calendar year based on a panel of around 30 participants. Twice a year, in April and October, it also publishes longer-term forecasts (i.e. six to ten years ahead), which, although based on a smaller panel than the SPF, provide an additional, complementary measure of longer-term inflation expectations.

**Chart 2 Professional forecasters inflation expectations[1] versus actual HICP**

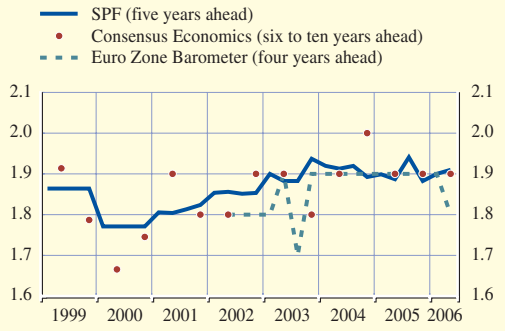



Sources: Eurostat, ECB, MJEconomics and Consensus Economics.
1) Forecasts made in January for the current year.
2) Started in 2003.

Similarly, since 2002, MJEconomics, a London-based consultancy, has been publishing its "Euro Zone Barometer", which also contains forecasts for euro area HICP inflation one and two calendar years ahead, based on a panel of professional forecasters, as well as a quarterly breakdown of the outlook over the two years ahead. Longer-term forecasts (up to four years ahead) are available on a quarterly basis.

Looking at recent years, inflation expectations one year ahead derived from these surveys have, like those of the SPF, not surprisingly failed to predict the impact of the cluster of upward shocks to prices experienced since 1999 (see Chart 2). However, this period has also been quite exceptional, and one should not generalise on the basis of such a small sample. For example, the average root mean square error of the Consensus Economics forecasts between 1990

**Chart 3 Longer-term inflation expectations**




Sources: ECB, MJEconomics and Consensus Economics.
Note: In 1999 and 2000 longer-term inflation expectations were only polled in the January SPF.

and 1998 was twice as small as that of the most recent period. In general, evidence shows that by pooling individual private sector forecasts, the forecast error variance tends to be reduced. As a result, pooled forecasts typically outperform individual forecasts.

Turning to longer-term horizons, the inflation expectations of Consensus Economics and the Euro Zone Barometer have, as in the case of the SPF, remained broadly stable in recent years, below but close to 2% (see Chart 3).

## 3 FINANCIAL MARKET-BASED MEASURES

Financial market-based measures of euro area inflation expectations refer mainly to the so-called break-even inflation rates extracted from index-linked and conventional nominal government bonds and inflation-linked swap rates. This section describes inflation expectations in the euro area based on these measures at different longer-term horizons (i.e. more than two and, especially, more than five years ahead). Given the longer-term horizons and the fact that these financial instruments have all become available only after the introduction of the euro, their predictive relationship with realised inflation cannot yet be properly assessed.

### BREAK-EVEN INFLATION RATES

The market for inflation-linked bonds represents an important source of information from which to extract market participants' inflation expectations. Index-linked bonds are bonds with a principal value and coupon payments that are linked to a price index. The spread between the yield on a conventional nominal bond and that on an index-linked bond of the same maturity is often referred to as the "break-even" inflation rate, as it would be the hypothetical rate of inflation at which the expected real (i.e. inflation-adjusted) return on the two bonds would be the same if both were held until maturity. Therefore, break-even inflation rates provide information, on the basis of market trades, about market participants' average inflation expectations over the residual maturity of the bonds.

Some caution is warranted, however, in the interpretation of break-even inflation rates as an indication of market participants' inflation expectations.

First, the typical reference index used for bonds linked to euro area inflation is the HICP excluding tobacco. As the inflation rate measured by the total HICP (i.e. including tobacco) has, over recent years, been slightly higher than that derived from the HICP excluding tobacco, there has been a small negative bias in those break-even inflation rates when regarded as indicators of expectations for total HICP inflation.

Second, the break-even inflation rate tends to overstate inflation expectations because of an inflation risk premium and to understate them because of a liquidity premium. As future inflation will erode the stream of payments from the conventional nominal bond, but not that from the index-linked bond, investors are likely to request a risk premium for holding nominal bonds. The difference between comparable nominal and index-linked bond yields is likely, then, to incorporate an inflation risk premium required by investors as compensation for inflation uncertainty

encountered when holding nominal bonds with long maturities.[5] Moreover, as the liquidity of the index-linked bond is typically lower than that of the conventional nominal bond, this may lead to a higher liquidity premium being embedded in the yields on index-linked bonds than would be the case for the comparable nominal bond. The bid-ask spreads on bonds indexed to the euro area HICP excluding tobacco do indeed tend to be a few basis points higher than those on conventional nominal bonds.

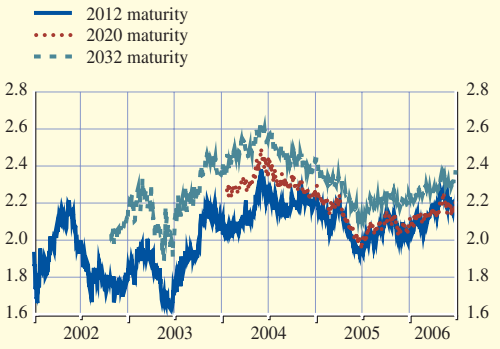
The third and final note of caution regarding the interpretation of break-even inflation rates is that their movements may occasionally reflect institutional and technical market factors. Such factors could be, for instance, tax-related distortions, changes in regulations affecting investors' tax liabilities, incentives affecting the prevailing demand for index-linked instruments or seasonal patterns in inflation owing to the existence of a lag in the indexation structure of index-linked bonds. The last factor particularly affects shorter-term break-even inflation rates, and the way in which this effect manifests itself depends on the circumstances.

All of these potential distortions, although difficult to isolate and quantify, should always be taken into account in the interpretation of break-even inflation rates as a market-based measure of inflation expectations. In particular, the yield spread between nominal and index-linked bonds should be interpreted as reflecting the entire inflation compensation required by market participants, rather than a "simple" expected break-even inflation rate.

Chart 4 depicts the break-even inflation rates calculated from index-linked bonds of different maturities (2012, 2020 and 2032) issued by the French Treasury, starting in January 2002. The first bond indexed against euro area inflation was issued in November 2001. Other maturities of bonds issued by the French, Italian, Greek, and – since March 2006 – German governments are also available. All of those bonds are indexed to the euro area HICP excluding tobacco. Several observations emerge from the chart.

**Chart 4 Euro area break-even inflation rates at different maturities**

(daily data; percentages per annum)




Sources: Reuters and ECB calculations.

First, as expected, break-even inflation rates vary over time and across maturities. In particular, until mid-2004, break-even inflation rates fluctuated substantially. Second, the longer the maturity, the higher the break-even inflation rate tends to be, probably reflecting the fact that the inflation risk premium increases with the horizon. Looking at developments since 2005, the break-even inflation rates derived from the index-linked bonds maturing in 2012 and 2020 have been between 2% and 2¼%, while the break-even inflation rates derived from the bonds maturing in 2032 have fluctuated between 2.1% and 2.4%.

The growing range of maturities for which bonds indexed to the euro area HICP have become available allows a direct comparison of average inflation expectations over different horizons. In this respect, the calculation of the "implied forward break-even inflation rates" embodied in "spot" break-even inflation rates proves to be particularly useful. Spot break-

5 Quantitative estimates for the US inflation risk premium vary substantially, ranging over time between 20 and 140 basis points. See Ang, A., and Bekaert, G., "The Term Structure of Real Interest Rates and Expected Inflation", Columbia Business School, Working Paper, September 2003, and Buraschi, A., and Jiltsov, A., "Inflation risk premia and the expectations hypothesis", *Journal of Financial Economics,* 75, 2, 2005, pp. 429-490. Reliable quantitative estimates for the euro area are even harder to achieve, given the very small euro area sample. Indications of the level of such estimates are provided at the end of this section.

even inflation rates should reflect the average inflation compensation required by investors over the residual maturity of the bond. This period can, for example, be decomposed into the average inflation compensation up to 2012, as measured by the spot break-even inflation rates derived from the French index-linked bonds maturing in 2012, and the average inflation compensation between 2012 and 2015, as measured by the implied forward break-even inflation rate derived from the French bonds maturing in 2012 and 2015. The broadening range of index-linked bonds with different maturities in the euro area also allows the calculation of constant-maturity index-linked bond yields, and thus also constant-maturity break-even inflation rates (see the box entitled "Estimation of constant-maturity index-linked bond yields and break-even inflation rates for the euro area" in this issue of the Monthly Bulletin).

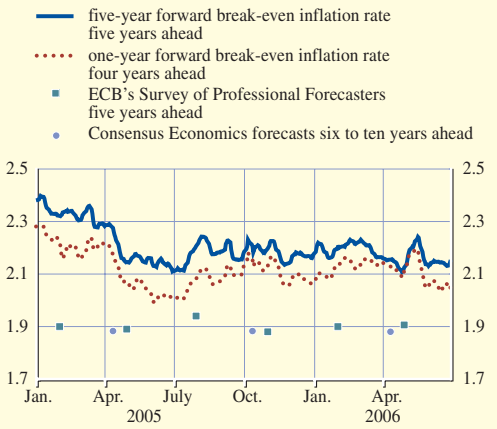
The differential between, for instance, one-year implied forward break-even inflation rates nine and nineteen years ahead can be viewed as a proxy for the additional inflation risk premium over this ten-year period, because there is no reason to alter inflation expectations so far ahead in the future, given the lack of any additional information. Put differently, given that inflation expectations beyond the ten-year forecasting horizon can be expected to remain unchanged, the difference between the two implied forward break-even inflation rates reflects an additional inflation risk premium for very long maturities. Following this approach and ignoring the size of any liquidity premium and technical market factors, the additional inflation risk premium over this ten-year period has, since January 2005, averaged around 25 basis points. It is important to note that the level of the additional inflation risk premium depends on the horizons used in the calculations, because the marginal increases in the inflation risk premium tend to decrease as maturities lengthen.

Another way of providing a crude quantification of the inflation risk premium embodied in break-even inflation rates is to examine the long-run average of differences between implied forward break-even inflation rates and survey-based inflation expectations for a given maturity. This proxy for the inflation risk premium assumes that the expectations of market participants do not generally deviate significantly for long periods of time from those of survey respondents, and that the survey-based measure of inflation expectations provides an unbiased measure of inflation expectations. In addition, this proxy ignores the size of the liquidity risk premium and technical market factors, and can therefore be seen only as a very crude measure of the inflation risk premium.

Following this method, a comparison of the five-year implied forward break-even inflation rate five years ahead with the expected inflation rate six to ten years ahead, as determined by Consensus Economics and plotted in Chart 5, shows that this proxy for the inflation risk premium has averaged around 30 basis points since 2005. Similarly, comparing the one-year implied forward break-even inflation rate four years ahead with the inflation expectations derived from the ECB's SPF five years ahead shows that this crude proxy of the inflation risk

**Chart 5 Euro area implied forward break-even inflation rates and survey measures of inflation expectations**

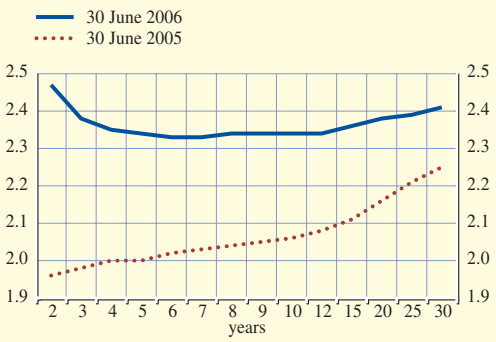
(percentages per annum)




Sources: Consensus Economics, ECB, Reuters and ECB calculations.

**Chart 6 Euro area inflation curve derived from inflation-linked swap rates**

(percentages per annum)




Sources: Reuters, ICAP and ECB calculations.

**Chart 7 Euro area five-year spot and implied forward inflation-linked swap rates**

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


Sources: Reuters, ICAP and ECB calculations.

premium for this shorter horizon has stood at between 15 and 40 basis points since 2005 (see also Chart 5).

## INFLATION-LINKED SWAP RATES

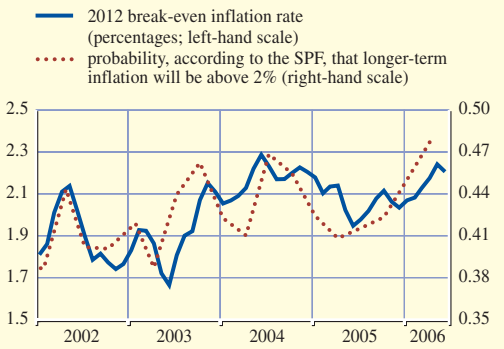
Inflation-linked swap quotations are an additional source of information about market participants' inflation expectations (see the box entitled "Deriving euro area inflation expectations from inflation-linked swaps" in the September 2003 issue of the Monthly Bulletin). In an inflation-linked swap agreement, an investor commits to a single payment (zero coupon) on the basis of a fixed rate agreed at the outset and, in return, receives payments based on realised inflation over the life of the contract. The euro area inflation-linked swap market has grown significantly since 2002, probably helped by the increasing demand for inflation-linked instruments. Institutional investors have used this market to hedge against the risk of high inflation, given that their liabilities are linked to inflation, while corporations with revenues linked to inflation, such as utilities and retailers, have used it to hedge against the risk of low inflation.

Inflation-linked swaps offer a wide range of maturities, particularly for medium-term horizons, making it possible to observe a clear term structure for inflation-linked swap rates (see Chart 6). The slope of the inflation-linked swap rate curve tends to point upwards, probably owing to term premia and inflation uncertainty rising as maturities lengthen. In addition to this inflation risk premium, these rates can also be distorted by a counterparty risk. The latter risk, however, is usually mitigated through collateral. The exact magnitude of these distortions is not known. The resulting inflation-linked swap rates should, therefore, not be interpreted as direct market expectations of future inflation rates. Nevertheless, the inflation-linked swap rate curves suggest that inflation expectations among financial market participants across all horizons were higher in June 2006 than they had been one year previously.

As in the case of break-even inflation rates, it is also possible to calculate corresponding long-term implied forward inflation-linked swap rates. However, inflation-linked swap rates display comparatively pronounced day-to-day fluctuations, which tend to distort the implied forward rates particularly strongly. It is therefore advisable to assess developments in inflation-linked swap rates and implied forward inflation-linked swap rates over time. Chart 7 plots time series for the five-year spot inflation-linked swap rate and the five-year implied forward inflation-linked swap rate five years ahead, starting in April 2005. The five-year

implied forward inflation-linked swap rate five years ahead has fluctuated within a narrow range of between 2.1% and 2.3%, whereas the five-year spot inflation-linked swap rate has varied a little more and has typically been lower than the five-year implied forward inflation-linked swap rate five years ahead owing to the fact that inflation risk premia tend to increase as maturities lengthen. Inflation risk and other premia imply that inflation-linked swap rates cannot be interpreted as a direct measure of inflation expectations among market participants.

**Chart 8 Selected indicators for cross-checking the inflation outlook**




Sources: ECB, Reuters and ECB calculations.

## 4 CONCLUSIONS

The ECB uses measures of inflation expectations to gain insight into the expectations of the private sector, to cross-check its own assessment of the outlook for future inflation and as part of a set of indicators used to evaluate the credibility of its monetary policy. However, both types of measure described in Sections 2 and 3 are only an imperfect gauge of inflation expectations. While survey-based measures provide direct measures of inflation expectations that are not distorted by unobservable risk premia, these expectations are not necessarily directly linked to actual economic behaviour. Moreover, these measures of inflation expectations may in part be "backward-looking", i.e. inflation expectations may to some extent be shaped by past inflation developments or may not be fully "rational". On the other hand, inflation expectations derived from financial instruments, which are based on market trades and basically available in real time for a wide range of maturities, are distorted by unobservable time-varying premia. A comprehensive assessment of these limitations and of the comparative strengths and weaknesses of both kinds of measure strongly argues in favour of a combined analysis, the cross-checking of both types of source and the use of several measures of inflation expectations involving different horizons and different agents.

Chart 8 shows an example of the cross-checking of different measures. It plots the probability that longer-term inflation may eventually be equal to or above 2% according to the SPF and the 2012 spot break-even inflation rate. Both measures can be seen as an indicator of the private sector's perception of the risk of the ECB failing to meet its price stability objective, bearing in mind that the latter measure is particularly influenced by an inflation risk premium. It is therefore not surprising that there appears to be some co-movement between the two measures.

All in all, the main message derived from the cross-checking of the various sources of inflation expectations in the euro area is that euro area longer-term inflation expectations have in recent years been well-anchored at levels consistent with price stability. Survey-based measures of longer-term inflation expectations have been below but close to 2%. A broadly similar picture emerges from longer-term inflation expectations derived from financial market instruments, at least when one takes into account the fact that break-even inflation rates and inflation-linked swap rates include a sizeable inflation risk premium that overstates inflation expectations among market participants. These findings, in turn, suggest that the ECB's commitment to promoting price stability is viewed as credible,

while this is no reason for complacency. The indicators available point to the continued existence of non-negligible inflation risk premia in financial markets. This is why it is so important that the ECB's monetary policy delivers price stability and remains credible in ensuring price stability over time, in the medium and long run. Ultimately, if investors and other economic agents can be sure that prices will remain stable in the future as a result of that credible monetary policy, inflation expectations will not only remain anchored, but investors and agents will also tend to demand low inflation risk premia, which will help to provide a more favourable environment for growth in the euro area.

# COMPETITIVENESS AND THE EXPORT PERFORMANCE OF THE EURO AREA

*The euro area is a relatively open economy and export performance represents an important element of its real sector. From a long-term perspective, what is now the euro area has fared somewhat better than most other large economies in the world in terms of maintaining its export market share since the early 1990s. In the more recent period starting with the introduction of the euro in 1999, the euro experienced a depreciation until 2001 and an appreciation between 2002 and 2004, reaching roughly the same level at the end of 2005 as at the beginning of 1999, in both nominal and real terms. As expected, the depreciation episode was associated with gains for the euro area in terms of both price competitiveness and export market share, and the appreciation episode with losses in competitiveness and market share. So far, the effect of the appreciation has been partly attenuated by the pricing behaviour of euro area exporters, which lowered their prices (in euro) in an effort to partly offset the impact of the exchange rate appreciation. The loss in price competitiveness also reflected, among other things, different trends in labour costs and was thus not spread equally across euro area countries, which partly explains the diverse developments in export performance observed at the country level. Other factors also seem to influence export performance, although their effects are more difficult to measure. These relate, in particular, to technological competitiveness and foreign direct investment – two factors that can broadly be referred to as indicators of non-price competitiveness – and to the sectoral composition of foreign demand.*

## 1 INTRODUCTION

The euro area is a relatively open economy: extra-euro area exports of goods and services amount to around 20% of euro area GDP, which is significantly higher than the corresponding figure for the United States (10%) and Japan (14%).[1] Consequently, export performance constitutes an important element of the euro area's real sector.

An analysis of the determinants of export performance therefore sheds light on past and future developments in the real economic activity of the euro area. Price competitiveness, defined as the relative price of euro area exports in foreign markets, is one of the most important determinants: all other things being equal, the demand for euro area exports is a decreasing function of euro area export prices in foreign currency, relative to competitors' prices. For instance, the nominal effective exchange rate depreciation of the euro between 1999 and 2001 had a favourable impact on the euro area's export market share in real terms, whereas the subsequent appreciation, from 2002 onwards, has been associated with a decline in the euro area's export market share. However, other factors related to the sectoral composition of exports and to non-price competitiveness – in particular technological competitiveness and foreign direct investment (FDI) abroad – may also play a role.

The purpose of this article is to investigate the link between export performance and competitiveness in the euro area over the past 10 to 15 years.[2] All data related to the euro area in this article, including data prior to the introduction of the euro in 1999, refer to the 12 countries which have adopted the euro as the single currency. The article describes developments since 1992, in so far as data are available, focusing particularly on the period starting in 1999. Section 2 reviews the key definitions of export performance and presents selected stylised facts, while Section 3 looks at the different measures of price competitiveness and how they relate to market share developments. Section 3 also takes a disaggregated approach and provides a breakdown of euro area exports by trading

1 Unless otherwise indicated, euro area exports refer here to extra-euro area exports, i.e. exports from euro area countries to countries outside the euro area. Trade among euro area countries is referred to as intra-euro area trade.

2 This article draws partly on ECB Occasional Paper No 30 entitled "Competitiveness and the export performance of the euro area", June 2005.

partner and by individual euro area country. Section 4 examines the role of the sectoral composition of exports and foreign demand and the role of non-price competitiveness factors, and Section 5 concludes.

## 2 MEASURING EXPORT PERFORMANCE

To fully understand the impact of competitiveness on export performance, a number of measurement issues must be resolved: first, in relation to exports or export market shares, and second, in relation to the definition of variables in volume or value terms. To start with, it is necessary to distinguish between exports and export market shares, the latter being defined as exports divided by foreign demand.[3] Robust growth in exports may not reflect a gain in competitiveness and may simply result from strong world demand. That is why this article focuses on market share developments.

The measurement of export market shares may lead to different conclusions depending on whether trade flows are defined in value or in volume terms.[4] In particular, developments in export market shares expressed in value terms partly reflect variations in the exchange rate of the euro against other currencies and therefore may not correspond entirely to real changes. In order to improve the understanding of real economic activity, the use of export market shares in volume terms is therefore preferable.

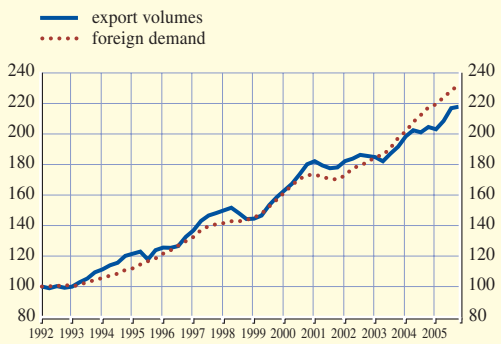
Three main conclusions can be derived from developments in export market shares. First, the export market share of the euro area has declined slightly since 1992 (see Chart 1). Between the beginning of 1992 and the end of 2005, euro area foreign demand increased by around 130%, and euro area exports rose slightly less, by around 120%. This development in itself should not be surprising: some decline in the export market share of developed economies is to be expected as emerging economies catch up. In turn, this can be explained by the fact that more countries have opened up to free trade (for instance, by joining the World Trade Organization). China, for example, has emerged as a major player in world markets, its share of

3 Foreign demand is a weighted average of the real imports of the euro area's main trading partners, the weights reflecting the share of these countries in extra-euro area exports.

4 See Box 1 of ECB Occasional Paper No 30, June 2005, for a comprehensive review of market share concepts.

**Chart 1 Euro area export volumes and foreign demand**

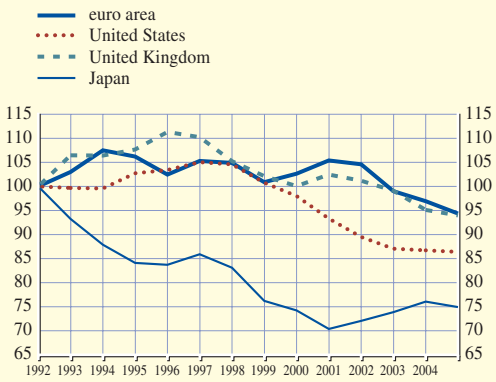
(volume indices; 1992 = 100; quarterly data)




Source: ECB calculations based on IMF and Eurostat data.

**Chart 2 Export market shares**

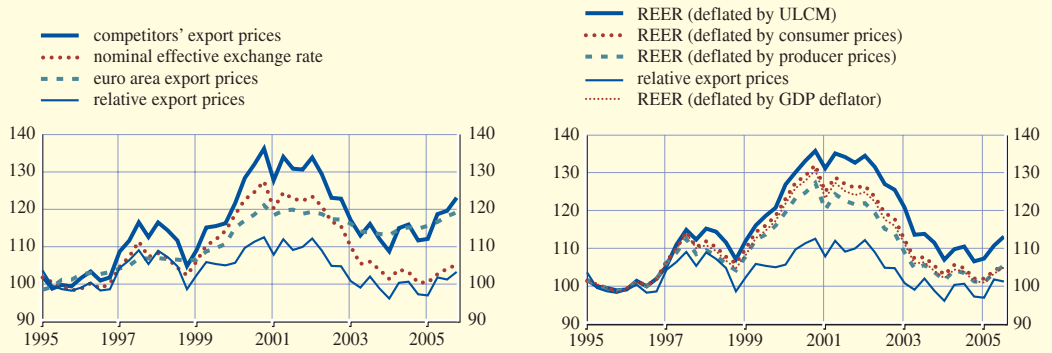
(volume indices; 1992 = 100; annual data)




Source: ECB calculations based on IMF and Eurostat data.
Note: For the United States, the United Kingdom and Japan, the chart is based on national accounts data (goods and services), whereas for the euro area it is based on external trade statistics (goods). Foreign demand corresponds to a weighted sum of foreign import volumes.

**Chart 3 Euro area nominal and real effective exchange rates and relative export prices**

(index: 1995 = 100; quarterly data)




Source: ECB calculations based on IMF and Eurostat data.
Note: REER refers to the real effective exchange rate; it is calculated using different deflators, indicated in brackets. Relative export prices are defined as competitors' export prices divided by euro area export prices. Increases in relative export prices and in the exchange rate (both nominal and real) imply an improvement in euro area competitiveness. Competitors' and euro area export prices are measured here in euro (competitors' prices, originally expressed in foreign currency, were converted to euro and aggregated using the same weights as the effective exchange rate). The charts start at 1995, as some of the data for the calculation of the REER are missing for the period 1992-94.

world exports increasing from 2.3% in 1995 to 6.6% in 2005, in line with its economic development and closer integration into world markets. Chart 1 suggests that foreign demand is a key determinant of export volumes. In particular, it seems that euro area exports were affected by the slowdown in foreign demand recorded in 2001, but that they have benefited from the strong demand registered since the second half of 2002.

Second, the decline in the export market share of the euro area over the sample period has been smaller than that of the United States and Japan (see Chart 2). The euro area's market share actually remained roughly constant – with some short-term fluctuations – until 2002, before declining. By contrast, the United States and Japan, in particular, lost market share by a larger magnitude between 1992 and 2005. In the case of Japan, the relocation of production to other Asian countries, particularly China, may account for a large proportion of the recorded decline; indeed, Japan's share bottomed out in 2001, regaining ground thereafter. The market share of the United States increased slightly between 1992 and 1998. Thereafter it decreased (partly due to the US dollar appreciation that started in 1999) and stabilised in 2004 and 2005 following a protracted depreciation of the US dollar. In the case of the United Kingdom, a gain in market share was registered between 1992 and 1995, which was possibly attributable to the gain in price competitiveness resulting from the 1992 depreciation of the pound sterling. Since 1997 the United Kingdom has lost market share almost continuously.

Third, changes in the export market share of the euro area seem to broadly correspond to movements in the exchange rate (see Chart 3 for an overview of nominal and real exchange rate developments for the euro, and relative export prices). For instance, the depreciation of the effective exchange rate of the euro between 1999 and 2001 coincided with a gain in the euro area's market share in real terms. This can be explained by the fact that, all other things being equal, the price of euro area exports expressed in foreign currency tends to drop following a depreciation of the euro, which should lead to higher demand for euro area exports in foreign markets. The same mechanism has been working in reverse following the appreciation of the euro since 2002, which has coincided with a loss in the euro area's market share.

## 3 THE ROLE OF PRICE COMPETITIVENESS

Price competitiveness does not depend on the change in euro area prices per se, but on how euro area prices compare with the prices of goods produced in other countries. Thus, to capture the role of price competitiveness, it is necessary to distinguish between nominal and real effective exchange rate changes.[5] This section describes the relationship between price competitiveness and export performance for the euro area.

### REAL EFFECTIVE EXCHANGE RATE INDICATORS

The real effective exchange rate corresponds to the nominal effective exchange rate deflated by domestic and foreign prices. In this regard, both domestic and foreign prices tend to react to nominal exchange rate changes: when the euro appreciates in nominal terms, euro area exporters generally lower their export prices in euro terms by decreasing their profit margins in an effort to partly offset the loss in price competitiveness resulting from the nominal appreciation. Consequently, the price of euro area exports in foreign currency increases by less than the amount of the nominal appreciation.[6] In turn, the domestic prices of foreign partner countries generally increase following an appreciation of the euro: the depreciation of their own currency implies a rise in their import prices (in local currency terms), which is ultimately passed through, at least in part, to consumer prices. Given that prices tend to be sticky in the short term, the change in export prices in euro terms is not immediate, but rather spread over time.

The real effective exchange rate is also influenced by domestic factors. For example, a rise in domestic costs mechanically reduces the competitiveness of euro area exported goods, unless it is counterbalanced by a reduction in the profit margins of euro area exporters. Similarly, changes in domestic prices abroad modify the relative prices of euro area exports independently of changes in the nominal exchange rate.

Various measures of the real effective exchange rate have been developed, using different deflators (see Chart 3). The deflators used to calculate the real effective exchange rate include consumer prices, producer prices, unit labour costs in the manufacturing sector, and the GDP deflator. Relative export prices can also be understood as a real effective exchange rate deflated by export prices.

Overall, the different measures of the real effective exchange rate tend to show strong co-movement. However, relative export prices are much less volatile than the other measures. This is partly because, by definition, they include only traded goods, whereas the price indices used in the other real exchange rate measures include goods that are non-traded.

### THE RELATIONSHIP BETWEEN PRICE COMPETITIVENESS AND EXPORT PERFORMANCE

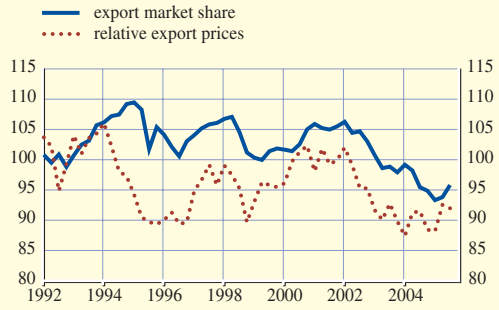
Relative export prices seem to be a good indicator of euro area market share developments over the past decade (see Chart 4). It appears that there is a delay in the reaction of the export market share to changes in relative export prices. This may be due to the presence of market frictions: when a particular good becomes cheaper, it takes time for quantities to adjust. For example, the producers of a good for which demand increases need to boost production, which they can do only gradually, especially if they are already close to full capacity. In addition, in the presence of

5 As the focus here is on total euro area exports to all foreign markets rather than to one particular country only, the relevant concept is the effective, rather than the bilateral, exchange rate. The effective exchange rate is a weighted average of bilateral exchange rates across the euro area's trading partners. The weights reflect the importance of each partner country in euro area exports, as well as competition in third markets. For further information, see ECB Occasional Paper No 2 entitled "The effective exchange rates of the euro", February 2002.

6 For further details of the mechanisms and magnitudes of the exchange rate pass-through to euro area export prices, see Table 6 in ECB Occasional Paper No 12, April 2004. Another reason why nominal and real exchange rates differ is the reaction of the nominal exchange rate to changes in domestic or foreign prices, if purchasing power parity holds. See also the article entitled "Developments in the euro area's international cost and price competitiveness" in the August 2003 issue of the Monthly Bulletin.

**Chart 4 Relative export prices and export market shares**

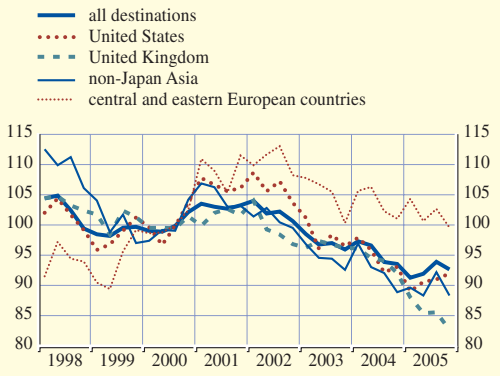
(index: 1992 = 100; quarterly data)




Source: ECB calculations based on IMF and Eurostat data.
Note: Relative export prices are defined as competitors' export prices (converted to euro) divided by euro area export prices. An increase in relative export prices implies an improvement in competitiveness.

**Chart 5 Euro area export market shares in selected markets**

(index: 2000 = 100; quarterly data)




Sources: Eurostat and ECB data.

switching costs (defined as the cost of shifting from one product to another),[7] the price difference may need to persist for some time before triggering a shift in demand.

A few episodes highlight the nature of the relationship between relative export prices and export performance. To focus on two recent periods, the initial depreciation of the euro between 1999 and 2001 can be associated with the rise in market share in 2000; the share remained at this higher level for more than a year. The subsequent appreciation of the euro, starting in 2002, was associated with a decline in market share from 2003 onwards. Of course, it is difficult to disentangle the effect of relative export prices from that of other factors that may have been at play at the same time. As already mentioned, the rapid increase in China's trade flows, which have actually been accelerating since the late 1990s, as well as the integration of the new EU Member States into world markets, may also have played a role in the euro area's loss of market share between 2002 and 2005. Overall, available evidence indicates a strong correlation between relative export prices and the euro area's real export market share, suggesting that the link between these two variables is relatively robust, although the quantification of that link may not be unambiguous.

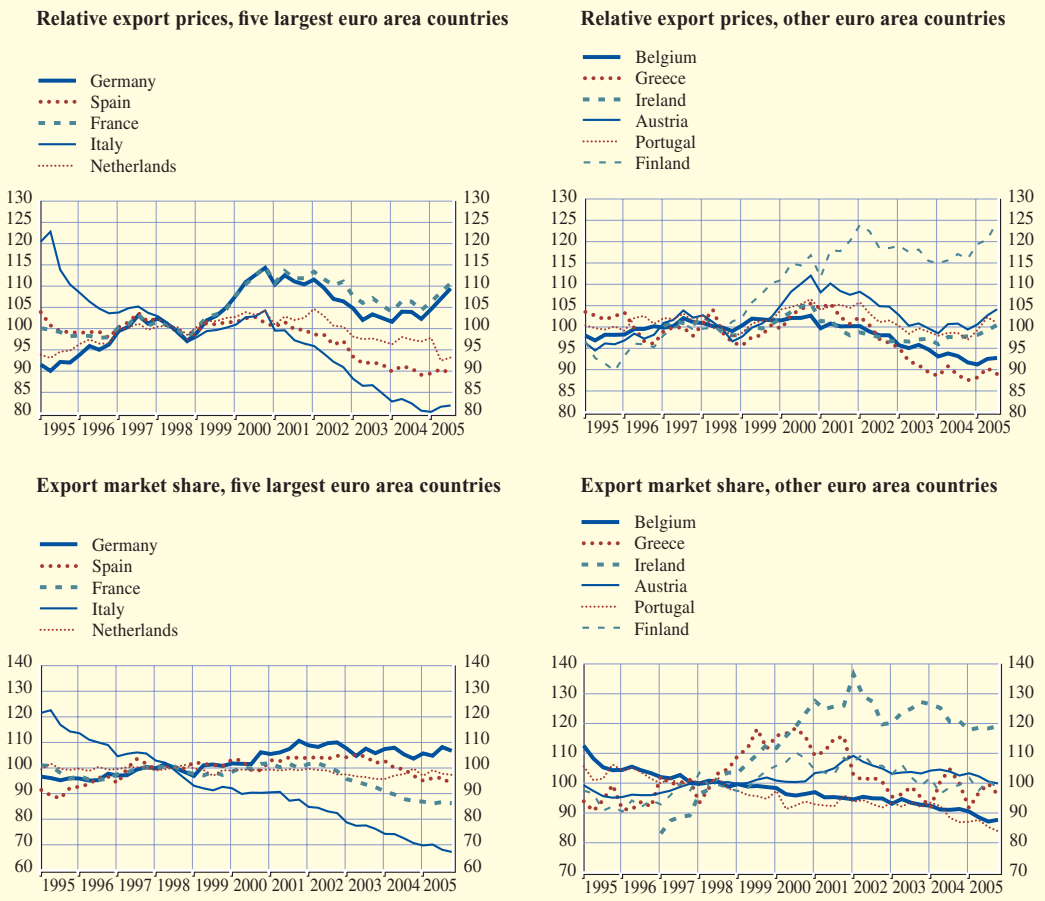
Taking a more disaggregated approach, euro area export volumes to key trading partners are partly related to price competitiveness vis-à-vis those destinations (see Chart 5). For instance, the fact that the euro area's loss of market share to "all destinations" between 2002 and 2005 was smaller than that in the United States can be partly explained by relative developments in the bilateral exchange rates. In particular, the appreciation of the euro between 2002 and 2004 was stronger against the US dollar (nearly 39%) than in effective terms (less than 19%)[8] and therefore triggered a greater loss in competitiveness against the United States. However, factors other than price competitiveness also influence developments in bilateral market

7 Switching costs can arise for a variety of reasons. For example, it may be costly for a factory using machines to switch to a different brand, as workers need to be trained to use the new machinery.

8 These figures refer to the comparison of the average value of the euro in 2005 with the average value in 2001.

## Chart 6 Relative export prices and export market shares at the country level

(index: 1998 = 100; quarterly data; seasonally adjusted)




Source: Eurostat national accounts data.
Notes: An increase in relative export prices implies an improvement in competitiveness. Last observation refers to the fourth quarter of 2005. At the country level, exports refer to intra- and extra-euro area exports.

shares. For instance, developments in the euro area market share in central and eastern European countries (CEECs) may be related to FDI activities in these countries (euro area firms investing in CEECs may export more to these countries if FDI and exports are complements; see the box for further details).

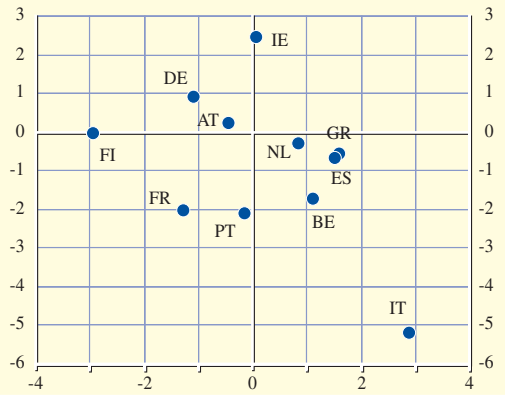
Developments in relative export prices clearly also have an effect on the export performance of the individual euro area countries[9] (see Chart 6). Developments in price competitiveness between 1995 and 2005 indicate that, for some countries, the loss in price competitiveness was substantial, especially for Belgium, Greece, Spain and Italy. By contrast, the gain in price competitiveness was strong for Germany, France, Austria and Finland, while the other countries (Ireland, the Netherlands and Portugal) did not record a substantial change either way. Such developments could explain why Italy and Belgium, for instance, lost market share, while Germany gained market share over this period. However, other factors may have played a role and it needs to be kept in mind that these data do not take into account the initial level of the

9 At the country level, the focus is on total exports (both intra- and extra-euro area exports), whereas for the euro area as an aggregate, the focus is on extra-euro area exports only.

**Chart 7 Relative export prices and export market shares across euro area countries**

(annual percentage change)

x-axis: change in relative export prices
y-axis: change in export market shares




Source: ECB calculations based on Eurostat data.
Note: The data show average annual rates of change for the period 1998-2005. Relative export prices correspond to country export prices divided by competitors' export prices. An increase in relative export prices implies a fall in competitiveness.

relative prices. Focusing on the period following the introduction of the euro (for which nominal effective exchange rate changes were broadly similar across countries[10]), there appears to be a correlation between relative export prices and export performance at the euro area country level, although it is not particularly strong, also suggesting that other determinants influence export performance at the country level (see Chart 7).

## 4 THE ROLE OF THE SECTORAL COMPOSITION OF DEMAND AND OF NON-PRICE COMPETITIVENESS

While the above analysis focused on price competitiveness, other factors also play a role in explaining export performance, although they are more difficult to measure. The aim of this section is to highlight the role of such factors, focusing in particular on the role of the sectoral composition of demand, as well as on factors that can broadly be referred to as indicators of non-price competitiveness. Although the concept of non-price competitiveness covers many issues, this section will focus on two major elements: technological competitiveness (proxied by, for example, patenting activity or spending on research and development) and the role of FDI.

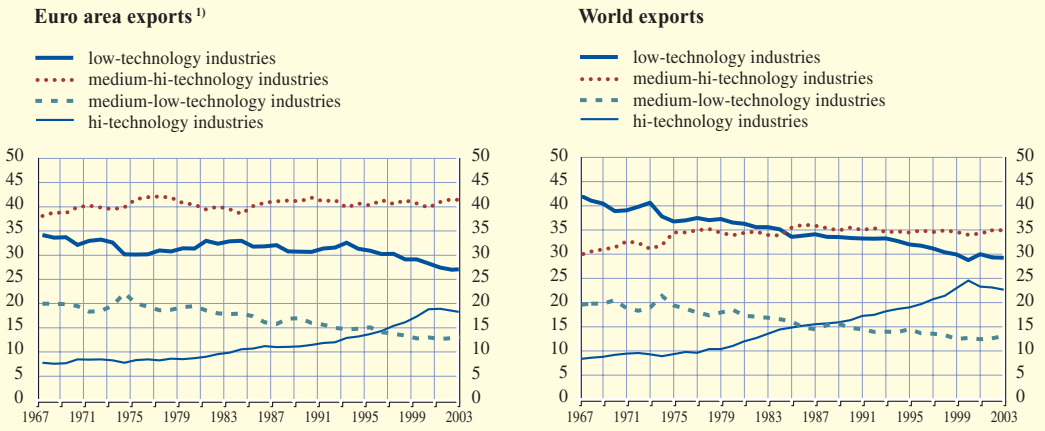
### THE ROLE OF THE SECTORAL COMPOSITION OF DEMAND

Although looking at total trade yields important insights into the evolution of exports, it does not take into account an important aspect of world trade related to the changing sectoral composition of trade flows (see Chart 8). Disaggregated databases show, in particular, that the sectoral composition of euro area exports differs substantially from the composition of world exports. Overall, euro area exports tend to be less intensive than world exports in key categories that can be classified as "hi-tech" goods.[11,12] By contrast, euro area exports are more intensive in several goods usually classified as "medium-hi-tech" goods.[13] World exports appear to have been increasingly concentrated in the share of the hi-tech industries (from less than 10% in the 1960s to nearly 25% in 2003), although the share of these goods ceased to increase in 2001. The main counterpart of the rise in the share of hi-tech goods was a fall in the shares of low and medium-low-tech goods (from more than 40% to around 30% and from 20% to less than 15% respectively). Meanwhile, the share of medium-hi-tech goods rose by 5 percentage points in the mid-1970s and since then has remained broadly unchanged at 35%.

10 Except for Greece, which joined in 2001.
11 Like any classification, the classification of exported goods into categories reflecting their technological intensity is somewhat arbitrary. For instance, some tasks performed during the production process of an electronic good can have a low technological content, whereas some parts of the production of goods commonly classified as "low-tech", such as textiles, can be of an inherently "hi-tech" nature. However, the aim here is just to illustrate the difference between the composition of euro area exports and the composition of world demand.
12 The category "hi-tech goods" includes in particular "aircraft and spacecraft", "office and computing machinery", as well as "electronics and communication equipment".
13 The category "medium-hi-tech" covers such items as "motor vehicles, railroad and transport equipment", "chemicals excluding pharmaceuticals" and "machinery and equipment".

**Chart 8 Sectoral composition of euro area and world exports by technological intensity**

(percentage shares)




Sources: Chelem database and ECB staff calculations.
1) Euro area exports refer to intra- and extra-euro area exports.

Accordingly, the reaction of euro area exports to a rise in world demand can differ depending on the sectoral composition of the increase. If demand grows for goods in which the euro area specialises, it is more likely that the volume of euro area exported goods will increase to meet this rising demand than if demand rises for goods for which the euro area is not so well positioned. An empirical analysis of the euro area market share for the period 1985-2001[14] shows that the euro area's specialisation in medium-tech products helped to support export performance, as world demand in medium-tech sectors maintained a robust pace of growth over this period. However, the euro area was unable to capitalise fully on the relatively faster growth of world export demand in the hi-tech sectors over much of the sample period, as hi-tech products represent a smaller share of euro area exports relative to world exports. At the same time, euro area exporters benefited from being less exposed to the volatility of the hi-tech sector associated with the boom and bust related to information and communication technology (ICT) that took place in the second half of the 1990s and early 2000s.

14 For full details of the constant market share analysis, see Section 2 of ECB Occasional Paper No 30, June 2005.

**Box**

## THE ROLE OF NON-PRICE COMPETITIVENESS

This box discusses the role of two factors – technological advances and foreign direct investment (FDI) – that may affect export performance and that can broadly be described as indicators of non-price competitiveness.

### Technological advances

Although price competitiveness is a key factor behind export performance, technological competitiveness – driven by the capacity to innovate and serve fast-growing sectors of world demand, as well as to increase efficiency and reduce costs – may also be an important element

influencing export performance, especially in the longer run. Despite the difficulty in measuring the ability to innovate, several proxies have been used, such as the intensity of patenting activity. A comparison with other large industrialised economies indicates that the euro area has been lagging behind its competitors in this respect since the mid-1990s.[1] Although the link between patenting activity and export performance is difficult to estimate, this lag may have notable negative repercussions on euro area exports in the long run and calls for enhanced innovation efforts if the euro area is to keep up with its international competitors.

An additional indicator of technological advances is provided by R&D intensity, calculated as spending on research and development expressed as a percentage of value added in the manufacturing sector (see table). A comparison with other large developed economies reveals that the level of R&D intensity is lower for the euro area (5.8%) than for the United States (8.5%) and Japan (9.6%) (these figures refer to the average for 2000-01, as more recent data are not available on a consistent basis). The higher level in the United States and Japan is mostly attributable to R&D on hi-tech goods, although R&D spending on low and medium-tech goods is also slightly higher in these two countries. R&D spending in the hi-tech sector is particularly low in Germany, Italy and Spain. Meanwhile, according to this measure, there is substantial heterogeneity across the euro area countries in terms of their technological competitiveness, i.e. R&D intensity for Italy is one-third of that for Germany, which may explain some of the diversity in export performance among the euro area countries.

**R&D intensity according to technological intensity**

(percentages; 2000-2001 averages)

| | Belgium | Germany | Spain | France | Italy | Netherlands |
|---|---|---|---|---|---|---|
| Low | 1.9 | 0.8 | 0.6 | 1.0 | 0.2 | 1.2 |
| Medium | 9.5 | 12.6 | 3.0 | 11.0 | 4.2 | 7.7 |
| High | 20.2 | 11.1 | 6.6 | 17.5 | 10.4 | 24.2 |
| Total | 7.3 | 7.7 | 1.8 | 6.9 | 2.3 | 5.7 |

| | Finland | Euro area | United Kingdom | United States | Japan |
|---|---|---|---|---|---|
| Low | 1.7 | 0.7 | 0.7 | 1.3 | 1.7 |
| Medium | 8.4 | 9.9 | 12.4 | 10.6 | 11.3 |
| High | 22.9 | 13.3 | 9.8 | 21.4 | 20.7 |
| Total | 9.1 | 5.8 | 6.4 | 8.5 | 9.6 |

Sources: OECD STAN and ANBERD databases (see ECB Occasional Paper No 30).
Notes: R&D intensity is calculated as spending on research and development expressed as a percentage of value added in the manufacturing sector. R&D data are missing for Greece, Luxembourg, Austria, Portugal and Ireland for some years. Accordingly, the R&D intensity for the euro area is proxied by a weighted average of the seven euro area countries in the table.

## Foreign direct investment

The role of FDI has received increasing attention given the rise in cross-border FDI activity over the past 20 years. For instance, at the world level, the share of inward FDI as a percentage of GDP has roughly doubled in the past ten years, according to data from the United Nations Conference on Trade and Development. In the case of the ten new EU Member States, the

1 See Chart 21 in Section 3 of ECB Occasional Paper No 30, June 2005.

increase has been even greater. The relationship between trade and FDI is complex, mostly because of the heterogeneous nature of FDI. The key issue is whether FDI is a complement to or a substitute for trade, which is important in the analysis of market shares: for instance, the loss in Japan's market share in the 1990s is largely related to the fact that Japanese firms relocated part of their production facilities to other countries, such as China. A loss or gain in export market share may therefore not necessarily be due to developments in price competitiveness.

One relevant distinction to make is that of vertical versus horizontal FDI. Multinational firms engaging in vertical FDI geographically divide the production process along the value-added chain; in other words, they outsource part of the production process to a foreign affiliate. Multinational firms engaging in horizontal FDI, by contrast, aim to replicate the entire production process in the host country. Vertical FDI is likely to have a positive effect on exports, as it increases trade between the parent company and its affiliate (for example, the parent company can export individual components to be assembled in the host country, the final good being subsequently imported back to the country of the multinational). In this case, FDI is a complement to, rather than a substitute for, exports. However, if the final good is re-exported to a third market (instead of being entirely produced in the home country of the multinational firm and exported to the destination market), then FDI can reduce exports. By contrast, horizontal FDI is more likely to have a negative direct effect on exports. If a multinational invests in a foreign country to serve the local market, then FDI is clearly a substitute for trade in the short term.

However, the impact of FDI is also influenced by other factors. For instance, one of the motives of horizontal FDI activities is to acquire technology, in which case FDI may improve technological competitiveness and stimulate exports in the longer run. Generally, FDI flows aim to increase efficiency and reduce costs, which in turn is likely to have a positive effect on export performance and economic development. Accordingly, the acquisition of technology via M&A activities may compensate somewhat for weak euro area performance in terms of technological competitiveness, as measured by patenting activity and R&D. However, vertical FDI and the associated relocation of production to the new EU Member States has entailed a regional shift in trade patterns away from some euro area countries, while increasing the competitiveness of the parent firms (primarily German).[2]

2 This hypothesis seems to be supported by some recent empirical work based on firm-level data which shows that German outward FDI to eastern European countries has increased German imports from those countries as well as enhancing German exports to those destinations (see Box 7 of ECB Occasional Paper No 30).

## 5 CONCLUSION

This article has reviewed the main determinants of the export performance of the euro area and has shown that, particularly in comparison with its major competitors, the euro area's export performance has been fairly resilient since 1992. In recent years, the euro's depreciation between 1999 and 2001 was associated with a gain in market share, and its subsequent appreciation was associated with a loss. Overall, price competitiveness – as measured by real exchange rate indicators and, in particular, by relative export prices – appears to have had a large impact on the export market share. It seems to explain a large part of the evolution of export market share at the euro area aggregate level, as well as developments in bilateral exports and in the export performance of the individual euro area countries.

In addition, other factors related to non-price competitiveness influence export performance, although their effects are more difficult to

measure. In particular, the ability of euro area firms to innovate appears to play an important role, as does FDI and the sectoral composition of world demand. Accordingly, further structural reforms in the labour and product markets of the euro area countries are necessary in order to cope with the challenges arising from globalisation and to speed up the adjustment process, thereby enhancing the ability of euro area firms to innovate and to move flexibly towards expanding sectors, as well as helping to contain cost pressures and improve competitiveness.

# EURO AREA STATISTICS

# CONTENTS[1]



1) For further information, please contact us at: statistics@ecb.int. See the ECB's website (www.ecb.int) for longer runs and more detailed data.

**Conventions used in the tables**

| | |
|---|---|
| "-" | data do not exist/data are not applicable |
| "." | data are not yet available |
| ".." | nil or negligible |
| "billion" | $10^9$ |
| (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

| | M1 [1] | M2 [1] | M3 [1), 2)] | M3 [1), 2)] 3-month moving average (centred) | MFI loans to euro area residents excluding MFIs and general government [1] | Securities other than shares issued in euro by non-financial and non-monetary financial corporations [1] | 3-month interest rate (EURIBOR, % per annum, period averages) | 10-year government bond yield (% per annum, period averages) |
|---|---|---|---|---|---|---|---|---|
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
| 2004 | 10.0 | 6.3 | 5.9 | - | 6.1 | 10.0 | 2.11 | 4.14 |
| 2005 | 10.4 | 7.9 | 7.4 | - | 8.1 | 12.6 | 2.18 | 3.44 |
| 2005 Q3 | 11.2 | 8.4 | 8.0 | - | 8.4 | 13.3 | 2.13 | 3.26 |
| Q4 | 10.9 | 8.5 | 7.8 | - | 9.0 | 14.7 | 2.34 | 3.42 |
| 2006 Q1 | 10.3 | 8.6 | 7.9 | - | 10.1 | 16.3 | 2.61 | 3.56 |
| Q2 | . | . | . | - | . | . | 2.90 | 4.05 |
| 2006 Jan. | 10.3 | 8.4 | 7.7 | 7.7 | 9.7 | 15.8 | 2.51 | 3.39 |
| Feb. | 9.9 | 8.7 | 7.9 | 8.0 | 10.4 | 16.8 | 2.60 | 3.55 |
| Mar. | 10.1 | 9.0 | 8.5 | 8.4 | 10.8 | 16.7 | 2.72 | 3.73 |
| Apr. | 9.8 | 9.3 | 8.7 | 8.7 | 11.4 | 16.0 | 2.79 | 4.01 |
| May | 10.2 | 9.2 | 8.9 | . | 11.4 | . | 2.89 | 4.06 |
| June | . | . | . | . | . | . | 2.99 | 4.07 |

### 2. Prices, output, demand and labour markets

| | HICP | Industrial producer prices | Hourly labour costs | Real GDP | Industrial production excluding construction | Capacity utilisation in manufacturing (percentages) | Employment | Unemployment (% of labour force) |
|---|---|---|---|---|---|---|---|---|
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
| 2004 | 2.1 | 2.3 | 2.4 | 2.1 | 2.0 | 81.6 | 0.6 | 8.9 |
| 2005 | 2.2 | 4.1 | 2.4 | 1.3 | 1.2 | 81.3 | 0.7 | 8.6 |
| 2005 Q3 | 2.3 | 4.2 | 2.0 | 1.6 | 1.5 | 81.0 | 0.6 | 8.5 |
| Q4 | 2.3 | 4.4 | 2.1 | 1.7 | 2.1 | 81.5 | 0.7 | 8.3 |
| 2006 Q1 | 2.3 | 5.2 | 2.2 | 1.9 | 3.5 | 82.2 | 0.9 | 8.1 |
| Q2 | . | . | . | . | . | . | . | . |
| 2006 Jan. | 2.4 | 5.3 | - | - | 2.9 | 82.0 | - | 8.2 |
| Feb. | 2.3 | 5.4 | - | - | 3.2 | - | - | 8.1 |
| Mar. | 2.2 | 5.1 | - | - | 4.2 | - | - | 8.0 |
| Apr. | 2.4 | 5.5 | - | - | 2.1 | 82.4 | - | 8.0 |
| May | 2.5 | 6.0 | - | - | . | - | - | 7.9 |
| June | 2.5 | . | - | - | . | - | - | . |

### 3. Balance of payments, reserve assets and exchange rates

*(EUR billions, unless otherwise indicated)*

| | Balance of payments (net transactions) | | | | Reserve assets (end-of-period positions) | Effective exchange rate of the euro: EER-23 [3] (index, 1999 Q1 = 100) | | USD/EUR exchange rate |
|---|---|---|---|---|---|---|---|---|
| | Current and capital accounts | Goods | Direct investment | Portfolio investment | | Nominal | Real (CPI) | |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
| 2004 | 67.3 | 105.3 | -41.2 | 60.3 | 280.7 | 103.8 | 105.8 | 1.2439 |
| 2005 | -10.1 | 53.0 | -145.5 | 162.5 | 320.3 | 103.0 | 105.1 | 1.2441 |
| 2005 Q3 | 1.5 | 16.0 | -97.6 | 89.8 | 311.7 | 101.9 | 104.1 | 1.2199 |
| Q4 | -7.6 | 3.8 | -9.4 | -42.0 | 320.3 | 100.9 | 103.1 | 1.1884 |
| 2006 Q1 | -7.3 | -3.5 | -11.9 | 31.8 | 327.1 | 101.2 | 103.5 | 1.2023 |
| Q2 | . | . | . | . | . | 103.5 | 105.7 | 1.2582 |
| 2006 Jan. | -8.7 | -6.4 | 4.9 | -37.1 | 332.1 | 101.4 | 103.6 | 1.2103 |
| Feb. | 0.6 | 0.3 | -25.4 | 20.5 | 332.1 | 100.7 | 103.0 | 1.1938 |
| Mar. | 0.8 | 2.6 | 8.6 | 48.4 | 327.1 | 101.5 | 103.8 | 1.2020 |
| Apr. | -7.5 | -0.1 | -2.5 | -5.7 | 336.8 | 102.7 | 105.1 | 1.2271 |
| May | . | . | . | . | 333.2 | 103.8 | 106.0 | 1.2770 |
| June | . | . | . | . | . | 103.9 | 106.2 | 1.2650 |

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

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

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

2) 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.

3) For the definition of the trading partner groups and other information, please refer to the General notes.

# MONETARY POLICY STATISTICS

## 1.1 Consolidated financial statement of the Eurosystem

(EUR millions)

### 1. Assets

| | 2006 9 June | 2006 16 June | 2006 23 June | 2006 30 June |
|---|---|---|---|---|
| **Gold and gold receivables** | 179,469 | 179,449 | 179,422 | 175,541 |
| **Claims on non-euro area residents in foreign currency** | 147,601 | 149,294 | 149,660 | 142,060 |
| **Claims on euro area residents in foreign currency** | 25,525 | 25,149 | 26,226 | 25,727 |
| **Claims on non-euro area residents in euro** | 13,192 | 12,366 | 13,314 | 13,526 |
| **Lending to euro area credit institutions in euro** | 406,190 | 412,010 | 436,000 | 448,556 |
| Main refinancing operations | 286,000 | 292,002 | 315,999 | 328,500 |
| Longer-term refinancing operations | 120,001 | 120,001 | 120,001 | 120,000 |
| Fine-tuning reverse operations | 0 | 0 | 0 | 0 |
| Structural reverse operations | 0 | 0 | 0 | 0 |
| Marginal lending facility | 189 | 5 | 0 | 55 |
| Credits related to margin calls | 0 | 2 | 0 | 1 |
| **Other claims on euro area credit institutions in euro** | 5,503 | 6,144 | 6,050 | 6,112 |
| **Securities of euro area residents in euro** | 94,215 | 93,834 | 92,147 | 91,607 |
| **General government debt in euro** | 40,551 | 40,551 | 40,551 | 40,048 |
| **Other assets** | 168,286 | 168,459 | 169,148 | 169,593 |
| **Total assets** | 1,080,532 | 1,087,256 | 1,112,518 | 1,112,770 |

### 2. Liabilities

| | 2006 9 June | 2006 16 June | 2006 23 June | 2006 30 June |
|---|---|---|---|---|
| **Banknotes in circulation** | 576,537 | 576,449 | 575,185 | 580,132 |
| **Liabilities to euro area credit institutions in euro** | 160,561 | 165,846 | 162,556 | 158,523 |
| Current accounts (covering the minimum reserve system) | 159,889 | 165,827 | 162,500 | 157,350 |
| Deposit facility | 672 | 16 | 47 | 1,164 |
| Fixed-term deposits | 0 | 0 | 0 | 0 |
| Fine-tuning reverse operations | 0 | 0 | 0 | 0 |
| Deposits related to margin calls | 0 | 3 | 9 | 9 |
| **Other liabilities to euro area credit institutions in euro** | 139 | 87 | 89 | 89 |
| **Debt certificates issued** | 0 | 0 | 0 | 0 |
| **Liabilities to other euro area residents in euro** | 52,657 | 52,223 | 83,352 | 94,027 |
| **Liabilities to non-euro area residents in euro** | 14,274 | 14,513 | 14,518 | 14,548 |
| **Liabilities to euro area residents in foreign currency** | 128 | 130 | 127 | 119 |
| **Liabilities to non-euro area residents in foreign currency** | 9,486 | 10,940 | 10,001 | 8,706 |
| **Counterpart of special drawing rights allocated by the IMF** | 5,825 | 5,825 | 5,825 | 5,692 |
| **Other liabilities** | 65,711 | 66,029 | 65,650 | 66,168 |
| **Revaluation accounts** | 132,437 | 132,437 | 132,437 | 121,984 |
| **Capital and reserves** | 62,777 | 62,777 | 62,778 | 62,782 |
| **Total liabilities** | 1,080,532 | 1,087,256 | 1,112,518 | 1,112,770 |

Source: ECB.

## 1.2 Key ECB interest rates

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

| With effect from [1] | Deposit facility | | Main refinancing operations | | | Marginal lending facility | |
|---|---|---|---|---|---|---|---|
| | | | Fixed rate tenders | Variable rate tenders | | | |
| | | | Fixed rate | Minimum bid rate | | | |
| | Level | Change | Level | Level | Change | Level | Change |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 1999 1 Jan. | 2.00 | - | 3.00 | - | - | 4.50 | - |
| 4 [2] | 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 [3] | 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 |

Source: ECB.

1) 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 to the deposit and marginal lending facilities and to the main refinancing operations (changes effective from the first main refinancing operation following the Governing Council discussion), unless otherwise indicated.

2) 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.

3) 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.

## 1.3 Eurosystem monetary policy operations allotted through tenders [1), 2)]

(EUR millions; interest rates in percentages per annum)

### 1. Main and longer-term refinancing operations [3)]

| Date of settlement | Bids (amount) | Number of participants | Allotment (amount) | Variable rate tenders | | | Running for (...) days |
|---|---|---|---|---|---|---|---|
| | | | | Minimum bid rate | Marginal rate [4)] | Weighted average rate | |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| | Main refinancing operations | | | | | | |
| 2006 8 Mar. | 379,105 | 393 | 298,000 | 2.50 | 2.56 | 2.57 | 7 |
| 15 | 366,649 | 411 | 290,500 | 2.50 | 2.56 | 2.57 | 7 |
| 22 | 395,001 | 419 | 298,000 | 2.50 | 2.56 | 2.57 | 7 |
| 29 | 362,447 | 391 | 284,000 | 2.50 | 2.57 | 2.58 | 7 |
| 5 Apr. | 380,014 | 397 | 280,000 | 2.50 | 2.57 | 2.58 | 7 |
| 12 | 404,763 | 408 | 288,500 | 2.50 | 2.57 | 2.58 | 7 |
| 19 | 395,069 | 414 | 298,000 | 2.50 | 2.58 | 2.58 | 8 |
| 27 | 372,454 | 394 | 291,000 | 2.50 | 2.59 | 2.60 | 7 |
| 4 May | 372,850 | 380 | 286,000 | 2.50 | 2.59 | 2.60 | 6 |
| 10 | 372,864 | 381 | 284,000 | 2.50 | 2.58 | 2.59 | 7 |
| 17 | 376,580 | 392 | 283,000 | 2.50 | 2.58 | 2.59 | 7 |
| 24 | 372,247 | 401 | 291,500 | 2.50 | 2.58 | 2.59 | 7 |
| 31 | 371,542 | 381 | 290,500 | 2.50 | 2.58 | 2.59 | 7 |
| 7 June | 339,282 | 357 | 286,000 | 2.50 | 2.55 | 2.57 | 8 |
| 15 | 350,472 | 374 | 292,000 | 2.75 | 2.82 | 2.83 | 6 |
| 21 | 391,122 | 395 | 316,000 | 2.75 | 2.82 | 2.83 | 7 |
| 28 | 371,979 | 394 | 328,500 | 2.75 | 2.83 | 2.84 | 7 |
| 5 July | 376,624 | 381 | 326,000 | 2.75 | 2.78 | 2.81 | 7 |
| | Longer-term refinancing operations | | | | | | |
| 2005 28 July | 46,758 | 166 | 30,000 | - | 2.07 | 2.08 | 92 |
| 1 Sep. | 62,563 | 153 | 30,000 | - | 2.08 | 2.09 | 91 |
| 29 | 52,795 | 142 | 30,000 | - | 2.09 | 2.10 | 84 |
| 28 Oct. | 51,313 | 168 | 30,000 | - | 2.17 | 2.19 | 90 |
| 1 Dec. | 52,369 | 152 | 30,000 | - | 2.40 | 2.41 | 84 |
| 22 [5)] | 89,877 | 165 | 12,500 | - | 2.45 | 2.46 | 98 |
| 23 [5)] | 45,003 | 127 | 17,500 | - | 2.44 | 2.45 | 97 |
| 2006 26 Jan. | 69,438 | 168 | 40,000 | - | 2.47 | 2.48 | 91 |
| 23 Feb. | 63,980 | 164 | 40,000 | - | 2.57 | 2.57 | 98 |
| 30 Mar. | 56,708 | 170 | 40,000 | - | 2.73 | 2.75 | 91 |
| 27 Apr. | 63,596 | 188 | 40,000 | - | 2.76 | 2.78 | 91 |
| 1 June | 59,771 | 161 | 40,000 | - | 2.87 | 2.88 | 91 |
| 29 | 57,185 | 167 | 40,000 | - | 3.00 | 3.01 | 91 |

### 2. Other tender operations

| Date of settlement | Type of operation | Bids (amount) | Number of participants | Allotment (amount) | Fixed rate tenders | Variable rate tenders | | | Running for (...) days |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | Fixed rate | Minimum bid rate | Marginal rate [4)] | Weighted average rate | |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
| 2005 18 Jan. | Reverse transaction | 33,065 | 28 | 8,000 | - | 2.00 | 2.05 | 2.05 | 1 |
| 7 Feb. | Reverse transaction | 17,715 | 24 | 2,500 | - | 2.00 | 2.05 | 2.05 | 1 |
| 8 Mar. | Collection of fixed-term deposits | 4,300 | 5 | 3,500 | 2.00 | - | - | - | 1 |
| 7 June | Collection of fixed-term deposits | 3,708 | 6 | 3,708 | 2.00 | - | - | - | 1 |
| 12 July | Collection of fixed-term deposits | 9,605 | 11 | 9,605 | 2.00 | - | - | - | 1 |
| 9 Aug. | Collection of fixed-term deposits | 500 | 1 | 500 | 2.00 | - | - | - | 1 |
| 6 Sep. | Reverse transaction | 51,060 | 41 | 9,500 | - | 2.00 | 2.09 | 2.10 | 1 |
| 11 Oct. | Collection of fixed-term deposits | 23,995 | 22 | 8,500 | 2.00 | - | - | - | 1 |
| 5 Dec. | Collection of fixed-term deposits | 21,240 | 18 | 7,500 | 2.00 | - | - | - | 1 |
| 2006 17 Jan. | Reverse transaction | 24,900 | 28 | 7,000 | - | 2.25 | 2.27 | 2.28 | 1 |
| 7 Feb. | Reverse transaction | 28,260 | 28 | 6,500 | - | 2.25 | 2.31 | 2.32 | 1 |
| 7 Mar. | Collection of fixed-term deposits | 2,600 | 3 | 2,600 | 2.25 | - | - | - | 1 |
| 11 Apr. | Reverse transaction | 47,545 | 29 | 26,000 | - | 2.50 | 2.55 | 2.58 | 1 |
| 9 May | Collection of fixed-term deposits | 15,810 | 16 | 11,500 | 2.50 | - | - | - | 1 |
| 14 June | Collection of fixed-term deposits | 4,910 | 8 | 4,910 | 2.50 | - | - | - | 1 |

Source: ECB.

1) The amounts shown may differ slightly from those in Section 1.1 due to operations allotted but not settled.
2) With effect from April 2002, split tender operations, i.e. operations with one-week maturity conducted as standard tenders in parallel with a main refinancing operation, are classified as main refinancing operations. For split tender operations conducted before this month, see Table 2 in Section 1.3.
3) 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.
4) In liquidity-providing (absorbing) operations, the marginal rate refers to the lowest (highest) rate at which bids were accepted.
5) An exceptional operation based on longer-term refinancing operation (LTRO) procedures was carried out because an erroneous bid had prevented the ECB from executing its LTRO in the full amount on the previous day.

## 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 [1]: | Total | Liabilities to which a 2% reserve coefficient is applied | | Liabilities to which a 0% reserve coefficient is applied | | |
|---|---|---|---|---|---|---|
| | | Deposits (overnight, up to 2 years' agreed maturity and notice period) | Debt securities up to 2 years' agreed maturity | Deposits (over 2 years' agreed maturity and notice period) | Repos | Debt securities over 2 years' agreed maturity |
| | 1 | 2 | 3 | 4 | 5 | 6 |
| 2004 | 12,415.9 | 6,593.7 | 458.1 | 1,565.2 | 913.7 | 2,885.3 |
| 2005 | 14,040.7 | 7,409.5 | 499.2 | 1,753.5 | 1,174.9 | 3,203.6 |
| 2006 Jan. | 14,165.7 | 7,451.5 | 517.8 | 1,766.1 | 1,215.4 | 3,215.0 |
| Feb. | 14,353.6 | 7,511.1 | 534.2 | 1,804.6 | 1,241.7 | 3,262.0 |
| Mar. | 14,500.2 | 7,604.7 | 550.2 | 1,825.1 | 1,241.5 | 3,278.8 |
| Apr. | 14,649.5 | 7,740.4 | 563.8 | 1,833.1 | 1,231.5 | 3,280.7 |

### 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 |
| 2004 | 137.9 | 138.5 | 0.6 | 0.0 | 2.05 |
| 2005 | 152.0 | 153.0 | 1.0 | 0.0 | 2.07 |
| 2006 Q1 | 157.7 | 158.3 | 0.6 | 0.0 | 2.31 |
| 2006 11 Apr. | 158.9 | 159.5 | 0.6 | 0.0 | 2.56 |
| 9 May | 160.4 | 161.2 | 0.8 | 0.0 | 2.58 |
| 14 June | 162.6 | 163.3 | 0.7 | 0.0 | 2.57 |
| 11 July | 165.6 | . | . | . | . |

### 3. Liquidity

| Maintenance period ending on: | Liquidity-providing factors | | | | | Liquidity-absorbing factors | | | | | Credit institutions' current accounts | Base money |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Monetary policy operations of the Eurosystem | | | | | | | | | | |
| | Eurosystem's net assets in gold and foreign currency | Main refinancing operations | Longer-term refinancing operations | Marginal lending facility | Other liquidity-providing operations | Deposit facility | Other liquidity-absorbing operations | Banknotes in circulation | Central government deposits with the Eurosystem | Other factors (net) | | |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 |
| 2004 | 298.0 | 265.7 | 75.0 | 0.1 | 0.0 | 0.1 | 0.5 | 475.4 | 60.2 | -36.0 | 138.5 | 614.1 |
| 2005 | 313.2 | 301.3 | 90.0 | 0.0 | 0.0 | 0.1 | 0.3 | 539.8 | 51.0 | -39.6 | 153.0 | 692.9 |
| 2006 17 Jan. | 317.6 | 316.4 | 89.6 | 0.2 | 0.2 | 0.1 | 0.0 | 559.2 | 44.2 | -33.5 | 154.1 | 713.3 |
| 7 Feb. | 325.2 | 310.0 | 96.2 | 0.0 | 0.3 | 0.1 | 0.0 | 548.4 | 56.6 | -28.7 | 155.4 | 703.9 |
| 7 Mar. | 324.7 | 299.3 | 104.7 | 0.1 | 0.0 | 0.2 | 0.1 | 550.8 | 53.3 | -34.0 | 158.3 | 709.2 |
| 11 Apr. | 327.9 | 290.1 | 113.7 | 0.1 | 0.7 | 0.3 | 0.0 | 556.4 | 51.6 | -35.2 | 159.5 | 716.2 |
| 9 May | 337.0 | 291.3 | 120.0 | 0.2 | 0.0 | 0.2 | 0.4 | 569.1 | 51.1 | -33.5 | 161.2 | 730.5 |
| 14 June | 336.9 | 287.0 | 120.0 | 0.1 | 0.0 | 0.1 | 0.1 | 572.0 | 45.5 | -37.0 | 163.3 | 735.4 |

Source: ECB.

1) End of period.

# MONEY, BANKING AND INVESTMENT FUNDS

## 2.1 Aggregated balance sheet of euro area MFIs

(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 [1] | Holdings of shares/ other equity issued by euro area residents | External assets | Fixed assets | Remaining assets |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | 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 |
| | Eurosystem | | | | | | | | | | | | | |
| 2004 | 1,197.3 | 546.5 | 21.5 | 0.6 | 524.3 | 154.8 | 140.0 | 1.7 | 13.1 | - | 14.2 | 294.1 | 14.0 | 173.8 |
| 2005 | 1,404.8 | 635.5 | 20.7 | 0.6 | 614.2 | 185.7 | 165.6 | 2.1 | 18.1 | - | 14.8 | 337.0 | 14.7 | 217.1 |
| 2006 Jan. | 1,445.6 | 664.4 | 20.7 | 0.6 | 643.1 | 187.5 | 167.6 | 2.2 | 17.6 | - | 14.9 | 349.5 | 14.8 | 214.6 |
| Feb. | 1,445.2 | 657.6 | 20.7 | 0.6 | 636.3 | 187.1 | 167.2 | 2.2 | 17.8 | - | 15.1 | 353.6 | 14.7 | 217.2 |
| Mar. | 1,431.3 | 636.9 | 20.7 | 0.6 | 615.6 | 188.2 | 168.0 | 2.3 | 18.0 | - | 15.8 | 348.9 | 14.7 | 226.7 |
| Apr. | 1,468.7 | 661.0 | 20.7 | 0.6 | 639.7 | 189.9 | 168.6 | 2.3 | 19.0 | - | 16.8 | 360.7 | 14.7 | 225.6 |
| May [p] | 1,472.2 | 662.3 | 20.7 | 0.6 | 641.0 | 194.0 | 171.4 | 2.3 | 20.3 | - | 16.4 | 357.2 | 14.6 | 227.6 |
| | MFIs excluding the Eurosystem | | | | | | | | | | | | | |
| 2004 | 21,351.8 | 12,825.3 | 811.9 | 7,555.6 | 4,457.8 | 3,187.7 | 1,299.9 | 465.2 | 1,422.6 | 72.5 | 942.9 | 2,942.9 | 159.6 | 1,220.9 |
| 2005 | 23,650.1 | 13,687.8 | 831.9 | 8,287.5 | 4,568.4 | 3,492.7 | 1,429.3 | 549.4 | 1,514.0 | 83.1 | 1,004.7 | 3,678.5 | 165.7 | 1,537.7 |
| 2006 Jan. | 24,003.6 | 13,810.9 | 826.8 | 8,386.0 | 4,598.1 | 3,536.3 | 1,448.5 | 554.2 | 1,533.6 | 87.0 | 1,033.1 | 3,779.6 | 164.8 | 1,591.9 |
| Feb. | 24,180.1 | 13,895.6 | 817.4 | 8,468.5 | 4,609.7 | 3,575.1 | 1,455.4 | 566.0 | 1,553.7 | 85.4 | 1,048.5 | 3,820.3 | 165.0 | 1,590.3 |
| Mar. | 24,398.3 | 14,021.5 | 821.0 | 8,543.7 | 4,656.8 | 3,572.7 | 1,428.7 | 573.6 | 1,570.4 | 83.4 | 1,089.6 | 3,886.2 | 166.2 | 1,578.7 |
| Apr. | 24,755.6 | 14,221.0 | 821.2 | 8,637.7 | 4,762.0 | 3,581.7 | 1,424.1 | 581.7 | 1,575.8 | 82.7 | 1,147.8 | 3,925.3 | 166.4 | 1,630.7 |
| May [p] | 24,968.7 | 14,355.0 | 806.1 | 8,701.2 | 4,847.7 | 3,589.7 | 1,396.5 | 590.4 | 1,602.7 | 85.2 | 1,153.9 | 3,962.3 | 166.7 | 1,655.9 |

### 2. Liabilities

| | Total | Currency in circulation | Deposits of euro area residents | | | | Money market fund shares/ units [2] | Debt securities issued [3] | Capital and reserves | External liabilities | Remaining liabilities |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Total | Central government | Other general government/ other euro area residents | MFIs | | | | | |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 |
| | Eurosystem | | | | | | | | | | |
| 2004 | 1,197.3 | 517.3 | 346.6 | 24.7 | 15.0 | 306.8 | - | 0.5 | 138.4 | 27.2 | 167.4 |
| 2005 | 1,404.8 | 582.7 | 385.4 | 24.4 | 14.5 | 346.5 | - | 0.1 | 201.9 | 27.6 | 207.2 |
| 2006 Jan. | 1,445.6 | 564.4 | 438.8 | 57.9 | 17.6 | 363.3 | - | 0.1 | 208.2 | 30.7 | 203.4 |
| Feb. | 1,445.2 | 568.6 | 429.2 | 56.5 | 19.7 | 353.0 | - | 0.1 | 210.8 | 29.7 | 206.8 |
| Mar. | 1,431.3 | 574.7 | 405.0 | 45.0 | 15.0 | 345.0 | - | 0.1 | 214.5 | 30.3 | 206.6 |
| Apr. | 1,468.7 | 586.6 | 425.9 | 45.8 | 17.4 | 362.6 | - | 0.1 | 218.3 | 28.4 | 209.4 |
| May [p] | 1,472.2 | 588.6 | 427.8 | 34.8 | 19.4 | 373.6 | - | 0.1 | 217.4 | 31.2 | 207.1 |
| | MFIs excluding the Eurosystem | | | | | | | | | | |
| 2004 | 21,351.8 | - | 11,487.5 | 137.7 | 6,640.9 | 4,709.0 | 677.4 | 3,496.9 | 1,199.5 | 2,815.0 | 1,675.6 |
| 2005 | 23,650.1 | - | 12,215.7 | 149.2 | 7,215.7 | 4,850.9 | 698.9 | 3,858.3 | 1,307.7 | 3,516.8 | 2,052.7 |
| 2006 Jan. | 24,003.6 | - | 12,231.3 | 133.7 | 7,222.4 | 4,875.1 | 695.4 | 3,888.8 | 1,340.1 | 3,614.7 | 2,233.3 |
| Feb. | 24,180.1 | - | 12,277.2 | 143.1 | 7,243.8 | 4,890.3 | 695.6 | 3,952.7 | 1,354.6 | 3,695.3 | 2,204.7 |
| Mar. | 24,398.3 | - | 12,414.0 | 148.0 | 7,319.5 | 4,946.5 | 686.7 | 3,989.6 | 1,361.9 | 3,739.3 | 2,206.8 |
| Apr. | 24,755.6 | - | 12,606.5 | 136.7 | 7,424.9 | 5,044.9 | 696.0 | 4,005.8 | 1,362.0 | 3,795.8 | 2,289.5 |
| May [p] | 24,968.7 | - | 12,700.8 | 132.1 | 7,450.9 | 5,117.8 | 706.2 | 4,060.7 | 1,367.4 | 3,820.1 | 2,313.6 |

Source: ECB.

1) Amounts issued by euro area residents. Amounts issued by non-euro area residents are included in external assets.

2) Amounts held by euro area residents.

3) Amounts issued with maturity up to two years held by non-euro area residents are included in external liabilities.

## 2.2 Consolidated balance sheet of euro area MFIs

(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 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | 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 |
| | Outstanding amounts | | | | | | | | | | |
| 2004 | 15,719.1 | 8,389.6 | 833.4 | 7,556.3 | 1,906.8 | 1,439.9 | 466.9 | 666.2 | 3,236.9 | 173.6 | 1,345.9 |
| 2005 | 17,893.1 | 9,140.6 | 852.5 | 8,288.1 | 2,146.3 | 1,594.8 | 551.5 | 705.3 | 4,015.5 | 180.4 | 1,705.0 |
| 2006 Jan. | 18,199.5 | 9,234.1 | 847.5 | 8,386.6 | 2,172.5 | 1,616.1 | 556.4 | 721.3 | 4,129.0 | 179.5 | 1,763.1 |
| Feb. | 18,356.3 | 9,307.2 | 838.0 | 8,469.2 | 2,190.8 | 1,622.6 | 568.2 | 741.2 | 4,173.9 | 179.6 | 1,763.7 |
| Mar. | 18,514.9 | 9,386.0 | 841.7 | 8,544.3 | 2,172.6 | 1,596.7 | 575.9 | 777.3 | 4,235.2 | 181.0 | 1,762.9 |
| Apr. | 18,762.3 | 9,480.3 | 841.9 | 8,638.4 | 2,176.7 | 1,592.7 | 584.0 | 828.2 | 4,286.1 | 181.1 | 1,810.0 |
| May (p) | 18,846.8 | 9,528.7 | 826.8 | 8,701.8 | 2,160.7 | 1,567.9 | 592.8 | 818.3 | 4,319.5 | 181.4 | 1,838.3 |
| | Transactions | | | | | | | | | | |
| 2004 | 1,270.8 | 499.7 | -6.7 | 506.5 | 91.9 | 58.1 | 33.8 | 37.2 | 437.7 | 2.7 | 201.5 |
| 2005 | 1,611.7 | 716.2 | 17.8 | 698.4 | 150.5 | 72.7 | 77.8 | 48.7 | 457.8 | 1.4 | 237.1 |
| 2006 Jan. | 315.8 | 80.3 | -4.9 | 85.2 | 32.8 | 26.1 | 6.7 | 12.9 | 127.0 | -1.2 | 63.9 |
| Feb. | 118.0 | 71.6 | -9.6 | 81.2 | 18.2 | 6.4 | 11.8 | 16.7 | 11.8 | 0.1 | -0.4 |
| Mar. | 209.5 | 86.5 | 3.8 | 82.7 | -6.1 | -15.6 | 9.5 | 35.7 | 97.4 | 0.8 | -4.8 |
| Apr. | 298.1 | 99.3 | 0.4 | 98.9 | 10.8 | 1.7 | 9.1 | 50.9 | 91.2 | 0.2 | 45.9 |
| May (p) | 128.3 | 52.0 | -15.0 | 67.1 | -9.5 | -18.4 | 8.9 | -4.0 | 62.7 | 0.3 | 26.7 |

### 2. Liabilities

| | Total | Currency in circulation | Deposits of central government | Deposits of other general government/ other euro area residents | Money market fund shares/ units [1] | Debt securities issued [2] | Capital and reserves | External liabilities | Remaining liabilities | Excess of inter-MFI liabilities |
|---|---|---|---|---|---|---|---|---|---|---|
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
| | Outstanding amounts | | | | | | | | | |
| 2004 | 15,719.1 | 468.4 | 162.4 | 6,655.9 | 604.9 | 2,061.7 | 1,047.0 | 2,842.2 | 1,842.9 | 33.6 |
| 2005 | 17,893.1 | 532.8 | 173.6 | 7,230.2 | 615.8 | 2,326.2 | 1,195.5 | 3,544.4 | 2,259.9 | 14.7 |
| 2006 Jan. | 18,199.5 | 520.9 | 191.6 | 7,240.1 | 608.4 | 2,337.7 | 1,221.6 | 3,645.4 | 2,436.7 | -2.7 |
| Feb. | 18,356.3 | 524.9 | 199.6 | 7,263.5 | 610.2 | 2,381.3 | 1,243.0 | 3,725.0 | 2,411.5 | -2.7 |
| Mar. | 18,514.9 | 532.3 | 193.0 | 7,334.5 | 603.3 | 2,401.4 | 1,248.3 | 3,769.7 | 2,413.4 | 19.1 |
| Apr. | 18,762.3 | 540.3 | 182.5 | 7,442.3 | 613.3 | 2,411.1 | 1,243.9 | 3,824.2 | 2,498.9 | 5.9 |
| May (p) | 18,846.8 | 543.4 | 166.9 | 7,470.3 | 620.9 | 2,437.8 | 1,232.8 | 3,851.3 | 2,520.7 | 2.7 |
| | Transactions | | | | | | | | | |
| 2004 | 1,270.8 | 70.5 | 6.1 | 377.4 | 22.3 | 197.1 | 50.5 | 276.8 | 232.1 | 37.7 |
| 2005 | 1,611.7 | 64.4 | 10.8 | 502.5 | -3.0 | 217.2 | 87.7 | 443.8 | 338.1 | -49.8 |
| 2006 Jan. | 315.8 | -11.9 | 18.0 | 14.1 | 6.6 | 8.1 | 1.9 | 124.9 | 160.2 | -6.0 |
| Feb. | 118.0 | 4.0 | 8.0 | 19.5 | 3.2 | 34.0 | 18.6 | 45.0 | -14.1 | -0.2 |
| Mar. | 209.5 | 7.4 | -6.6 | 71.1 | -0.7 | 30.1 | 4.6 | 79.3 | -10.2 | 34.4 |
| Apr. | 298.1 | 8.0 | -10.5 | 113.0 | 10.1 | 19.1 | -5.2 | 96.0 | 71.2 | -3.5 |
| May (p) | 128.3 | 3.1 | -15.6 | 30.3 | 9.1 | 36.0 | -5.8 | 54.3 | 13.5 | 3.3 |

Source: ECB.

1) Amounts held by euro area residents.

2) Amounts issued with maturity up to two years held by non-euro area residents are included in external liabilities.

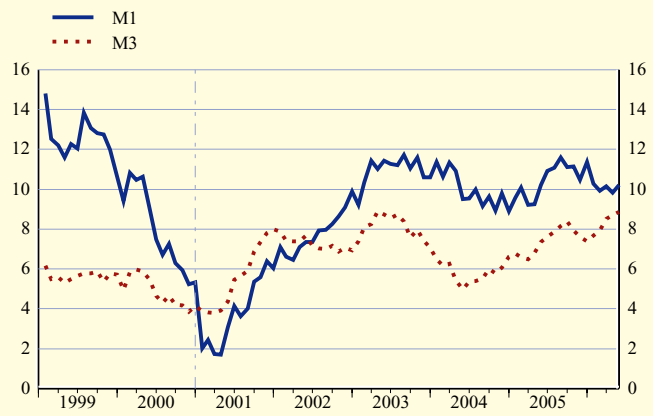
## 2.3 Monetary statistics

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

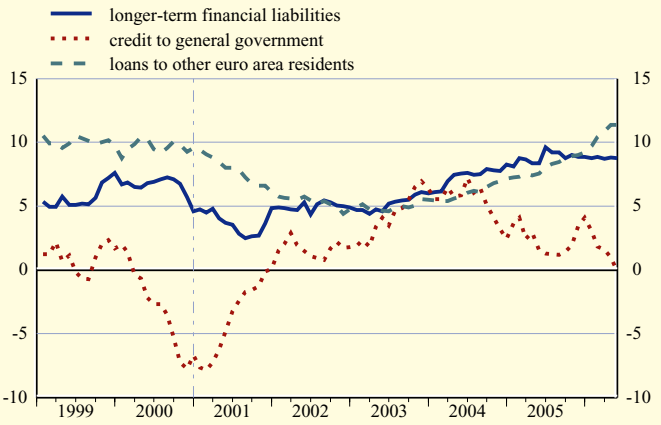
### 1. Monetary aggregates [1] and counterparts

| | M1 | M2-M1 | M2 | M3-M2 | M3 | M3 3-month moving average (centred) | Longer-term financial liabilities | Credit to general government | Credit to other euro area residents | | Net external assets [2] |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | | Loans | |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 |
| | Outstanding amounts | | | | | | | | | | |
| 2004 | 2,908.7 | 2,660.5 | 5,569.2 | 963.8 | 6,533.0 | - | 4,460.8 | 2,294.6 | 8,686.1 | 7,548.8 | 385.4 |
| 2005 | 3,423.4 | 2,651.6 | 6,075.0 | 996.1 | 7,071.1 | - | 5,001.1 | 2,472.8 | 9,542.9 | 8,281.4 | 463.5 |
| 2006 Jan. | 3,447.5 | 2,673.5 | 6,121.0 | 995.8 | 7,116.8 | - | 5,042.2 | 2,470.2 | 9,651.3 | 8,375.7 | 483.2 |
| Feb. | 3,468.3 | 2,696.7 | 6,164.9 | 992.1 | 7,157.0 | - | 5,103.5 | 2,462.0 | 9,779.9 | 8,476.9 | 448.4 |
| Mar. | 3,496.8 | 2,722.2 | 6,219.0 | 1,005.2 | 7,224.2 | - | 5,131.6 | 2,432.0 | 9,894.5 | 8,553.8 | 472.4 |
| Apr. | 3,509.1 | 2,763.1 | 6,272.2 | 1,009.8 | 7,282.0 | - | 5,155.6 | 2,424.1 | 10,017.6 | 8,636.9 | 478.7 |
| May (p) | 3,550.3 | 2,744.0 | 6,294.3 | 1,041.3 | 7,335.7 | - | 5,173.0 | 2,377.5 | 10,076.4 | 8,697.1 | 493.6 |
| | Transactions | | | | | | | | | | |
| 2004 | 238.6 | 110.7 | 349.3 | 57.2 | 406.5 | - | 342.7 | 54.5 | 577.0 | 506.1 | 166.1 |
| 2005 | 338.6 | 139.4 | 478.1 | 9.7 | 487.8 | - | 400.1 | 94.9 | 826.8 | 699.4 | 15.7 |
| 2006 Jan. | 25.6 | 23.9 | 49.5 | 7.6 | 57.1 | - | 20.3 | 2.4 | 93.8 | 81.0 | 9.2 |
| Feb. | 19.3 | 21.4 | 40.7 | -2.8 | 37.9 | - | 48.6 | -8.3 | 124.1 | 99.8 | -33.3 |
| Mar. | 30.3 | 27.7 | 58.0 | 19.3 | 77.3 | - | 33.7 | -19.5 | 123.4 | 84.4 | 25.5 |
| Apr. | 14.1 | 43.3 | 57.4 | 4.4 | 61.8 | - | 34.0 | -2.2 | 128.9 | 87.9 | 5.2 |
| May (p) | 42.3 | -17.4 | 24.9 | 35.3 | 60.2 | - | 29.3 | -40.2 | 68.3 | 63.8 | 16.9 |
| | Growth rates | | | | | | | | | | |
| 2004 Dec. | 8.9 | 4.3 | 6.7 | 6.3 | 6.6 | 6.5 | 8.3 | 2.4 | 7.1 | 7.2 | 166.1 |
| 2005 Dec. | 11.4 | 5.4 | 8.5 | 1.0 | 7.4 | 7.6 | 8.8 | 4.1 | 9.5 | 9.2 | 15.7 |
| 2006 Jan. | 10.3 | 6.4 | 8.4 | 3.2 | 7.7 | 7.7 | 8.8 | 3.0 | 9.9 | 9.7 | 32.1 |
| Feb. | 9.9 | 7.3 | 8.7 | 3.6 | 7.9 | 8.0 | 8.8 | 1.9 | 10.7 | 10.4 | -16.3 |
| Mar. | 10.1 | 7.8 | 9.0 | 5.6 | 8.5 | 8.4 | 8.7 | 1.6 | 11.5 | 10.8 | 23.4 |
| Apr. | 9.8 | 8.9 | 9.3 | 5.0 | 8.7 | 8.7 | 8.8 | 1.0 | 11.8 | 11.4 | 14.9 |
| May (p) | 10.2 | 8.0 | 9.2 | 7.0 | 8.9 | . | 8.8 | -0.1 | 11.8 | 11.4 | 66.3 |

C1 Monetary aggregates
(annual growth rates; seasonally adjusted)




C2 Counterparts
(annual growth rates; seasonally adjusted)




Source: ECB.

1) Monetary liabilities of MFIs and central government (post office, treasury) vis-à-vis non-MFI euro area residents excluding central government (M1, M2, M3: see glossary).

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

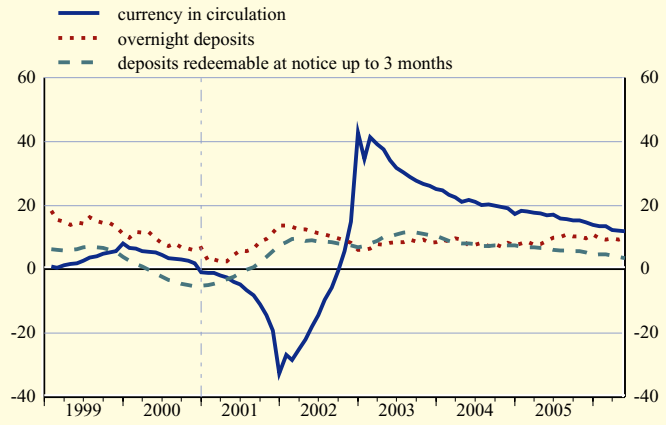
## 2.3 Monetary statistics

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

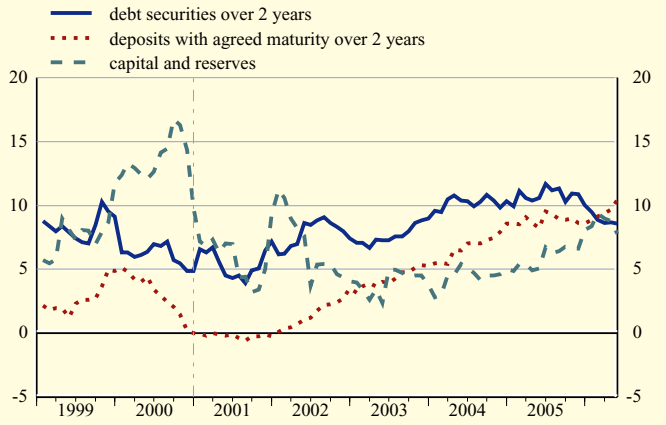
### 2. Components of monetary aggregates and longer-term financial liabilities

| | Currency in circulation | Overnight deposits | Deposits with agreed maturity up to 2 years | Deposits redeemable at notice up to 3 months | Repos | Money market fund shares/units | Debt securities up to 2 years | Debt securities over 2 years | Deposits redeemable at notice over 3 months | Deposits with agreed maturity over 2 years | Capital and reserves |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 |
| | Outstanding amounts | | | | | | | | | | |
| 2004 | 456.4 | 2,452.3 | 1,024.5 | 1,636.0 | 241.4 | 620.1 | 102.3 | 1,964.9 | 90.2 | 1,359.5 | 1,046.3 |
| 2005 | 520.4 | 2,903.0 | 1,108.5 | 1,543.1 | 235.5 | 630.8 | 129.8 | 2,203.9 | 87.0 | 1,515.7 | 1,194.5 |
| 2006 Jan. | 528.3 | 2,919.2 | 1,119.3 | 1,554.2 | 240.2 | 611.7 | 144.0 | 2,207.8 | 88.0 | 1,524.5 | 1,221.8 |
| Feb. | 535.2 | 2,933.1 | 1,138.0 | 1,558.7 | 227.6 | 611.2 | 153.4 | 2,234.3 | 87.9 | 1,537.7 | 1,243.6 |
| Mar. | 535.5 | 2,961.3 | 1,158.8 | 1,563.3 | 238.8 | 603.7 | 162.7 | 2,239.0 | 88.4 | 1,557.1 | 1,247.0 |
| Apr. | 540.5 | 2,968.6 | 1,199.5 | 1,563.6 | 239.5 | 605.8 | 164.5 | 2,247.5 | 89.2 | 1,570.0 | 1,249.0 |
| May (p) | 544.5 | 3,005.9 | 1,174.9 | 1,569.1 | 253.4 | 612.6 | 175.3 | 2,258.2 | 90.7 | 1,584.6 | 1,239.5 |
| | Transactions | | | | | | | | | | |
| 2004 | 67.7 | 170.9 | -2.2 | 112.9 | 24.1 | 21.9 | 11.2 | 185.8 | -0.9 | 107.2 | 50.5 |
| 2005 | 64.0 | 274.7 | 69.9 | 69.5 | -7.0 | -3.2 | 20.0 | 199.2 | -4.3 | 117.8 | 87.5 |
| 2006 Jan. | 7.9 | 17.6 | 12.8 | 11.1 | 4.7 | -5.1 | 7.9 | 6.8 | 1.0 | 9.4 | 3.1 |
| Feb. | 6.9 | 12.4 | 17.0 | 4.4 | -12.7 | 1.0 | 9.0 | 17.3 | -0.1 | 12.5 | 18.9 |
| Mar. | 0.4 | 29.9 | 23.0 | 4.8 | 11.3 | -1.3 | 9.2 | 14.8 | 0.6 | 15.5 | 2.8 |
| Apr. | 5.0 | 9.1 | 43.0 | 0.4 | 0.8 | 2.2 | 1.4 | 18.3 | 0.8 | 13.8 | 1.1 |
| May (p) | 3.9 | 38.4 | -23.0 | 5.6 | 13.1 | 8.3 | 13.9 | 16.9 | 1.5 | 14.9 | -4.0 |
| | Growth rates | | | | | | | | | | |
| 2004 Dec. | 17.4 | 7.5 | -0.2 | 7.4 | 11.1 | 3.7 | 12.3 | 10.3 | -1.0 | 8.6 | 5.0 |
| 2005 Dec. | 14.0 | 10.9 | 6.6 | 4.4 | -3.0 | -0.5 | 19.0 | 10.0 | -4.7 | 8.6 | 8.1 |
| 2006 Jan. | 13.5 | 9.7 | 8.6 | 4.8 | 3.5 | -1.4 | 30.8 | 9.5 | -3.8 | 8.9 | 8.4 |
| Feb. | 13.6 | 9.3 | 11.2 | 4.6 | 2.8 | -0.5 | 27.4 | 8.9 | -4.1 | 9.2 | 9.4 |
| Mar. | 12.4 | 9.8 | 12.7 | 4.4 | 3.8 | -0.5 | 43.3 | 8.6 | -3.2 | 9.4 | 9.0 |
| Apr. | 12.2 | 9.4 | 16.1 | 3.9 | 9.9 | -1.1 | 26.9 | 8.7 | -2.4 | 9.7 | 8.8 |
| May (p) | 11.9 | 9.9 | 14.6 | 3.5 | 7.9 | -0.8 | 46.8 | 8.6 | -0.5 | 10.5 | 7.8 |

C3 Components of monetary aggregates
(annual growth rates; seasonally adjusted)




C4 Components of longer-term financial liabilities
(annual growth rates; seasonally adjusted)




Source: ECB.

## 2.4 MFI loans, breakdown [1]

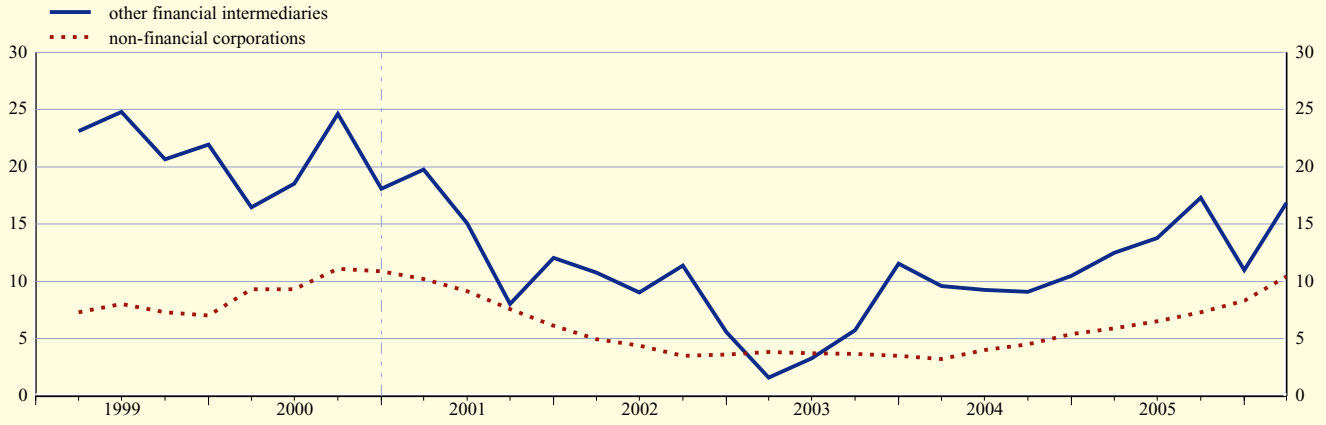
(EUR billions and annual growth rates; outstanding amounts and growth rates at end of period, transactions during period)

### 1. Loans to financial intermediaries and non-financial corporations [2]

| | Insurance corporations and pension funds | | Other financial intermediaries [3] | | Non-financial corporations | | | |
|---|---|---|---|---|---|---|---|---|
| | Total | Up to 1 year | Total | Up to 1 year | Total | Up to 1 year | Over 1 year and up to 5 years | Over 5 years |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
| | Outstanding amounts | | | | | | | |
| 2004 | 48.6 | 31.4 | 546.3 | 334.4 | 3,152.2 | 973.8 | 547.3 | 1,631.2 |
| 2005 | 64.6 | 41.6 | 620.4 | 370.2 | 3,409.1 | 1,037.7 | 594.0 | 1,777.3 |
| 2006 Jan. | 76.5 | 52.9 | 641.1 | 392.2 | 3,444.6 | 1,045.6 | 601.9 | 1,797.1 |
| Feb. | 75.7 | 51.8 | 665.7 | 414.7 | 3,483.9 | 1,055.8 | 614.1 | 1,814.1 |
| Mar. | 82.2 | 57.8 | 661.1 | 412.0 | 3,524.8 | 1,065.4 | 628.9 | 1,830.5 |
| Apr. | 87.9 | 63.3 | 677.3 | 428.6 | 3,567.4 | 1,085.3 | 637.0 | 1,845.1 |
| May (p) | 87.2 | 62.4 | 680.2 | 431.7 | 3,596.7 | 1,084.9 | 647.7 | 1,864.1 |
| | Transactions | | | | | | | |
| 2004 | 13.1 | 9.1 | 52.1 | 27.7 | 163.9 | 24.5 | 31.1 | 108.3 |
| 2005 | 15.0 | 9.8 | 60.8 | 29.2 | 262.7 | 56.8 | 54.3 | 151.6 |
| 2006 Jan. | 11.9 | 11.3 | 25.3 | 25.1 | 26.9 | 8.5 | 8.0 | 10.4 |
| Feb. | -1.0 | -1.3 | 23.2 | 21.7 | 38.8 | 10.2 | 12.0 | 16.6 |
| Mar. | 6.5 | 6.0 | -2.7 | -1.6 | 43.3 | 10.8 | 14.9 | 17.6 |
| Apr. | 5.8 | 5.5 | 17.8 | 17.8 | 45.2 | 20.8 | 9.1 | 15.4 |
| May (p) | -0.7 | -0.9 | 3.4 | 3.1 | 31.9 | 0.4 | 11.6 | 19.9 |
| | Growth rates | | | | | | | |
| 2004 Dec. | 36.9 | 41.5 | 10.5 | 9.1 | 5.4 | 2.6 | 6.0 | 7.0 |
| 2005 Dec. | 30.6 | 31.2 | 11.0 | 8.7 | 8.3 | 5.8 | 9.9 | 9.3 |
| 2006 Jan. | 36.2 | 36.5 | 15.7 | 14.7 | 8.6 | 6.0 | 9.6 | 9.8 |
| Feb. | 27.4 | 26.4 | 18.9 | 18.8 | 9.7 | 7.2 | 12.6 | 10.3 |
| Mar. | 40.8 | 45.1 | 16.9 | 16.8 | 10.5 | 8.0 | 14.7 | 10.6 |
| Apr. | 47.4 | 54.5 | 20.7 | 24.0 | 10.9 | 9.1 | 15.1 | 10.6 |
| May (p) | 40.2 | 45.0 | 19.4 | 22.4 | 11.3 | 9.1 | 16.2 | 11.0 |

## C5 Loans to financial intermediaries and non-financial corporations

(annual growth rates)




Source: ECB.

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

2) Before January 2003 data were collected in March, June, September and December each year. Monthly data prior to January 2003 are derived from quarterly data.

3) This category includes investment funds.

## 2.4 MFI loans, breakdown [1]

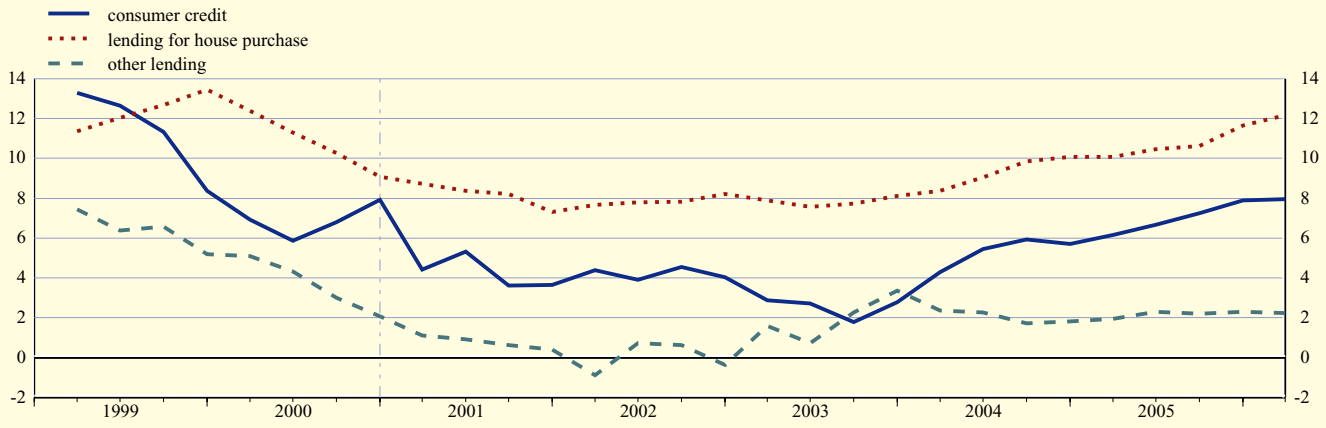
(EUR billions and annual growth rates; outstanding amounts and growth rates at end of period, transactions during period)

### 2. Loans to households [2), 3)]

| | Total | Consumer credit | | | | Lending for house purchase | | | | Other lending | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Total | Up to 1 year | Over 1 year and up to 5 years | Over 5 years | Total | Up to 1 year | Over 1 year and up to 5 years | Over 5 years | Total | Up to 1 year | Over 1 year and up to 5 years | Over 5 years |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 |
| | Outstanding amounts | | | | | | | | | | | | |
| 2004 | 3,808.4 | 515.4 | 120.3 | 189.6 | 205.6 | 2,591.5 | 14.6 | 65.8 | 2,511.1 | 701.5 | 144.1 | 99.2 | 458.2 |
| 2005 | 4,193.3 | 554.1 | 129.2 | 200.7 | 224.2 | 2,917.6 | 15.2 | 67.5 | 2,834.9 | 721.6 | 147.3 | 99.9 | 474.4 |
| 2006 Jan. | 4,223.8 | 554.6 | 128.5 | 200.3 | 225.9 | 2,949.9 | 15.1 | 67.4 | 2,867.4 | 719.3 | 146.4 | 97.3 | 475.6 |
| Feb. | 4,243.2 | 555.9 | 127.5 | 201.2 | 227.2 | 2,969.8 | 15.1 | 67.7 | 2,887.1 | 717.5 | 145.8 | 97.9 | 473.7 |
| Mar. | 4,275.5 | 556.3 | 126.9 | 200.5 | 228.9 | 2,999.8 | 15.1 | 67.9 | 2,916.7 | 719.4 | 146.5 | 98.7 | 474.2 |
| Apr. | 4,305.1 | 560.6 | 127.7 | 202.0 | 230.9 | 3,024.1 | 15.0 | 67.7 | 2,941.3 | 720.4 | 146.1 | 98.2 | 476.1 |
| May [p] | 4,337.1 | 568.1 | 129.9 | 204.5 | 233.8 | 3,047.8 | 15.1 | 68.5 | 2,964.2 | 721.2 | 144.7 | 98.1 | 478.5 |
| | Transactions | | | | | | | | | | | | |
| 2004 | 277.4 | 27.7 | 6.4 | 8.4 | 12.9 | 237.4 | 0.8 | 2.7 | 233.9 | 12.3 | -0.9 | 2.0 | 11.1 |
| 2005 | 359.8 | 40.7 | 9.1 | 11.6 | 20.0 | 302.9 | 0.8 | 4.8 | 297.3 | 16.2 | 3.9 | 1.3 | 11.1 |
| 2006 Jan. | 21.2 | 1.2 | -0.5 | -0.3 | 2.0 | 19.8 | -0.1 | -0.1 | 20.0 | 0.2 | -0.5 | -0.6 | 1.3 |
| Feb. | 20.2 | 1.6 | -0.9 | 1.0 | 1.4 | 20.1 | 0.0 | 0.2 | 19.8 | -1.4 | -0.5 | 0.6 | -1.5 |
| Mar. | 35.6 | 2.2 | -0.4 | 0.1 | 2.5 | 30.5 | 0.1 | 0.2 | 30.2 | 2.8 | 0.9 | 0.9 | 1.1 |
| Apr. | 30.0 | 4.5 | 0.8 | 1.3 | 2.4 | 24.5 | -0.2 | 0.0 | 24.7 | 1.0 | -0.3 | -0.5 | 1.8 |
| May [p] | 32.5 | 7.6 | 2.1 | 2.4 | 3.0 | 23.6 | 0.0 | 0.4 | 23.1 | 1.4 | -1.4 | 0.3 | 2.5 |
| | Growth rates | | | | | | | | | | | | |
| 2004 Dec. | 7.9 | 5.7 | 5.8 | 4.6 | 6.7 | 10.1 | 5.3 | 4.4 | 10.3 | 1.8 | -0.6 | 2.1 | 2.5 |
| 2005 Dec. | 9.4 | 7.9 | 7.6 | 6.1 | 9.7 | 11.6 | 5.6 | 7.5 | 11.8 | 2.3 | 2.7 | 1.3 | 2.4 |
| 2006 Jan. | 9.5 | 8.2 | 6.9 | 6.4 | 10.5 | 11.7 | 7.6 | 7.7 | 11.8 | 2.2 | 2.3 | 1.4 | 2.4 |
| Feb. | 9.5 | 8.5 | 7.0 | 6.8 | 10.8 | 11.8 | 8.6 | 7.9 | 11.9 | 1.8 | 1.9 | 2.1 | 1.8 |
| Mar. | 9.8 | 7.9 | 6.3 | 5.6 | 11.0 | 12.2 | 7.4 | 6.0 | 12.4 | 2.2 | 1.7 | 2.7 | 2.3 |
| Apr. | 9.8 | 7.9 | 7.3 | 5.4 | 10.7 | 12.2 | 6.0 | 7.1 | 12.3 | 2.3 | 2.7 | 2.0 | 2.2 |
| May [p] | 9.8 | 8.4 | 7.7 | 5.5 | 11.4 | 12.1 | 6.6 | 7.5 | 12.2 | 2.0 | 1.7 | 1.6 | 2.2 |

### C6 Loans to households

(annual growth rates)




Source: ECB.

1) MFI sector excluding the Eurosystem; sectoral classification is based on ESA 95.
2) Before January 2003 data were collected in March, June, September and December each year. Monthly data prior to January 2003 are derived from quarterly data.
3) Including non-profit institutions serving households.

## 2.4 MFI loans, breakdown [1]

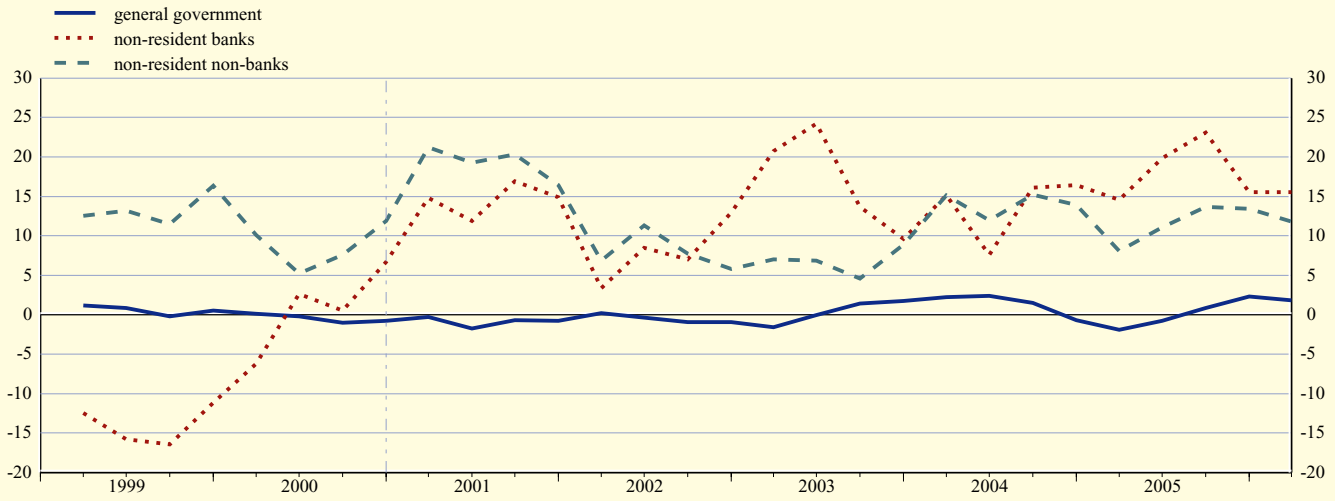
(EUR billions and annual growth rates; outstanding amounts and growth rates at end of period, transactions during period)

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

| | General government | | | | | Non-euro area residents | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Total | Central government | Other general government | | | Total | Banks [2] | 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 | | | | | | | | | |
| 2003 | 817.5 | 128.4 | 265.1 | 388.9 | 35.0 | 1,757.9 | 1,182.2 | 575.7 | 59.3 | 516.4 |
| 2004 | 811.9 | 130.1 | 252.3 | 405.7 | 23.8 | 1,974.7 | 1,342.2 | 632.5 | 61.3 | 571.1 |
| 2005 Q1 | 806.0 | 128.7 | 248.1 | 406.6 | 22.5 | 2,136.5 | 1,463.8 | 672.7 | 62.0 | 610.7 |
| Q2 | 809.2 | 124.3 | 247.9 | 408.4 | 28.6 | 2,292.5 | 1,582.4 | 710.1 | 62.1 | 648.0 |
| Q3 | 816.7 | 124.6 | 247.4 | 412.0 | 32.7 | 2,376.2 | 1,633.8 | 742.5 | 64.1 | 678.4 |
| Q4 | 831.9 | 130.1 | 246.8 | 425.8 | 29.2 | 2,485.3 | 1,723.6 | 761.6 | 66.0 | 695.6 |
| 2006 Q1 [p] | 821.0 | 123.9 | 240.9 | 427.6 | 28.6 | 2,610.9 | 1,838.4 | 772.5 | 65.2 | 707.4 |
| | Transactions | | | | | | | | | |
| 2003 | 13.7 | -5.9 | -12.2 | 16.6 | 15.3 | 159.4 | 109.2 | 50.1 | -5.0 | 55.0 |
| 2004 | -5.6 | 2.2 | -13.9 | 17.3 | -11.2 | 275.6 | 194.9 | 80.4 | 1.8 | 78.6 |
| 2005 Q1 | -6.6 | -1.6 | -4.2 | 0.5 | -1.3 | 124.8 | 98.6 | 26.2 | 0.6 | 25.5 |
| Q2 | 2.6 | -4.7 | -0.4 | 1.7 | 6.0 | 93.9 | 81.1 | 12.9 | 0.2 | 12.7 |
| Q3 | 7.7 | 0.3 | -0.5 | 3.7 | 4.1 | 86.0 | 52.8 | 33.4 | 2.0 | 31.4 |
| Q4 | 15.0 | 5.4 | -3.0 | 16.1 | -3.4 | -6.4 | -21.5 | 15.1 | 2.0 | 13.1 |
| 2006 Q1 [p] | -10.7 | -5.9 | -5.9 | 1.8 | -0.7 | 147.3 | 126.9 | 20.4 | -0.8 | 21.2 |
| | Growth rates | | | | | | | | | |
| 2003 Dec. | 1.7 | -4.4 | -4.4 | 4.4 | 77.5 | 9.3 | 9.6 | 8.8 | -7.7 | 11.0 |
| 2004 Dec. | -0.7 | 1.7 | -5.2 | 4.4 | -32.1 | 15.6 | 16.4 | 13.9 | 3.1 | 15.2 |
| 2005 Mar. | -1.9 | -2.3 | -5.5 | 4.6 | -42.1 | 12.4 | 14.6 | 8.0 | 1.1 | 8.8 |
| June | -0.8 | -1.1 | -2.5 | 4.2 | -34.7 | 17.0 | 19.9 | 11.0 | 2.1 | 12.0 |
| Sep. | 0.8 | 1.2 | -2.3 | 4.4 | -15.6 | 20.0 | 23.0 | 13.6 | 5.3 | 14.5 |
| Dec. | 2.3 | -0.5 | -3.2 | 5.4 | 22.9 | 14.9 | 15.5 | 13.4 | 7.7 | 14.0 |
| 2006 Mar. [p] | 1.8 | -3.8 | -3.9 | 5.7 | 27.0 | 14.4 | 15.5 | 11.8 | 5.4 | 12.4 |

### C7 Loans to government and non-euro area residents

(annual growth rates)




Source: ECB.

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

2) The term "banks" is used in this table to indicate institutions of a similar type to MFIs resident outside the euro area.

## 2.5 Deposits held with MFIs, breakdown [1]

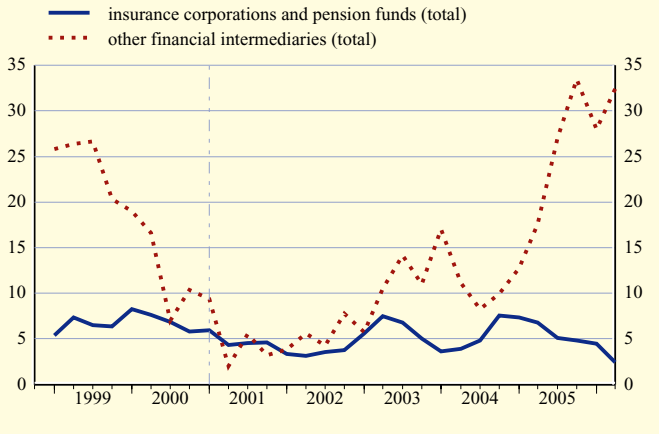
(EUR billions and annual growth rates; outstanding amounts and growth rates at end of period, transactions during period)

### 1. Deposits by financial intermediaries [2]

| | Insurance corporations and pension funds | | | | | | | Other financial intermediaries [3] | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Total | Overnight | With agreed maturity | | Redeemable at notice | | Repos | Total | Overnight | With agreed maturity | | Redeemable at notice | | 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 | | | | | | | | | | | | | |
| 2004 | 583.2 | 59.2 | 51.4 | 449.4 | 1.2 | 1.3 | 20.8 | 636.6 | 180.3 | 139.0 | 187.3 | 10.1 | 0.1 | 119.8 |
| 2005 | 612.6 | 67.8 | 51.9 | 469.7 | 1.2 | 1.4 | 20.6 | 884.2 | 233.9 | 185.6 | 333.0 | 10.5 | 0.1 | 121.1 |
| 2006 Jan. | 621.1 | 72.5 | 49.8 | 471.5 | 1.2 | 1.4 | 24.6 | 918.1 | 259.5 | 178.8 | 339.4 | 10.0 | 0.1 | 130.4 |
| Feb. | 614.8 | 68.8 | 47.4 | 473.4 | 1.2 | 1.4 | 22.6 | 944.4 | 256.8 | 191.5 | 352.8 | 10.2 | 0.1 | 133.0 |
| Mar. | 613.0 | 65.6 | 50.4 | 474.8 | 1.1 | 1.4 | 19.7 | 987.3 | 271.5 | 194.5 | 374.8 | 11.0 | 0.1 | 135.4 |
| Apr. | 627.9 | 67.8 | 50.4 | 479.5 | 1.1 | 1.4 | 27.7 | 1,032.8 | 275.4 | 221.9 | 382.4 | 10.5 | 0.1 | 142.6 |
| May [p] | 621.1 | 66.2 | 45.9 | 481.0 | 1.1 | 1.4 | 25.6 | 1,034.4 | 274.1 | 207.3 | 392.7 | 11.7 | 0.2 | 148.4 |
| | Transactions | | | | | | | | | | | | | |
| 2004 | 39.9 | 0.7 | 10.3 | 27.7 | -0.1 | -0.1 | 1.5 | 72.2 | 0.9 | 5.8 | 43.7 | 4.1 | 0.0 | 17.7 |
| 2005 | 26.3 | 7.4 | -0.6 | 19.2 | 0.4 | 0.0 | -0.2 | 182.9 | 40.1 | 37.9 | 103.0 | 1.5 | 0.0 | 0.4 |
| 2006 Jan. | 8.6 | 4.8 | -2.0 | 1.8 | 0.0 | 0.0 | 4.0 | 35.7 | 26.1 | -6.2 | 6.9 | -0.5 | 0.0 | 9.4 |
| Feb. | -6.4 | -3.7 | -2.5 | 1.8 | 0.0 | 0.0 | -2.0 | 24.4 | -3.3 | 12.0 | 12.9 | 0.2 | 0.0 | 2.6 |
| Mar. | -1.6 | -3.1 | 3.1 | 1.4 | -0.1 | 0.0 | -2.9 | 40.5 | 15.5 | 3.7 | 18.1 | 0.8 | 0.0 | 2.4 |
| Apr. | 15.1 | 2.3 | 0.1 | 4.8 | 0.0 | 0.0 | 8.0 | 47.8 | 4.6 | 28.1 | 8.3 | -0.5 | 0.0 | 7.3 |
| May [p] | -6.7 | -1.6 | -4.5 | 1.5 | 0.0 | 0.0 | -2.1 | 1.0 | -1.0 | -14.8 | 10.4 | 1.2 | 0.1 | 5.0 |
| | Growth rates | | | | | | | | | | | | | |
| 2004 Dec. | 7.4 | 1.2 | 24.6 | 6.6 | -8.0 | -43.1 | 7.9 | 12.7 | 0.5 | 4.3 | 30.4 | 67.6 | - | 17.1 |
| 2005 Dec. | 4.5 | 12.4 | -1.2 | 4.3 | 36.0 | 2.9 | -0.8 | 28.0 | 22.2 | 25.4 | 51.0 | 14.3 | - | 0.4 |
| 2006 Jan. | 3.8 | 6.0 | -3.7 | 4.2 | 18.3 | 1.3 | 4.4 | 27.8 | 16.7 | 29.5 | 54.4 | -4.5 | - | 3.9 |
| Feb. | 3.6 | 11.6 | -5.1 | 3.6 | 27.2 | 1.0 | 1.6 | 29.6 | 13.4 | 39.0 | 57.9 | -1.7 | - | 3.8 |
| Mar. | 2.4 | -1.7 | 2.2 | 3.1 | 11.4 | 0.9 | -0.3 | 32.4 | 20.7 | 41.4 | 55.0 | 6.1 | - | 4.8 |
| Apr. | 3.9 | 1.8 | -1.9 | 3.6 | 12.6 | 0.7 | 31.2 | 36.6 | 25.0 | 51.0 | 54.3 | -10.8 | - | 11.7 |
| May [p] | 3.0 | 0.3 | -9.7 | 4.1 | -9.6 | 1.1 | 17.4 | 32.4 | 20.5 | 40.6 | 55.6 | 4.3 | - | 5.4 |

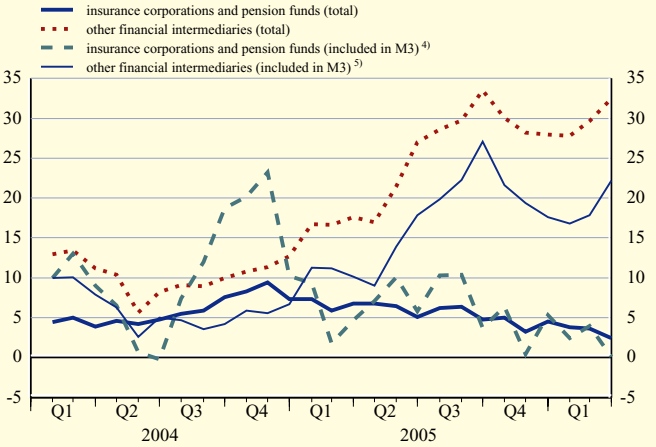
### C8 Total deposits by sector

(annual growth rates)




### C9 Total deposits and deposits included in M3 by sector

(annual growth rates)




Source: ECB.

1) MFI sector excluding the Eurosystem; sectoral classification is based on ESA 95.
2) Before January 2003 data were collected in March, June, September and December each year. Monthly data prior to January 2003 are derived from quarterly data.
3) This category includes investment funds.
4) Covers deposits in columns 2, 3, 5 and 7.
5) Covers deposits in columns 9, 10, 12 and 14.

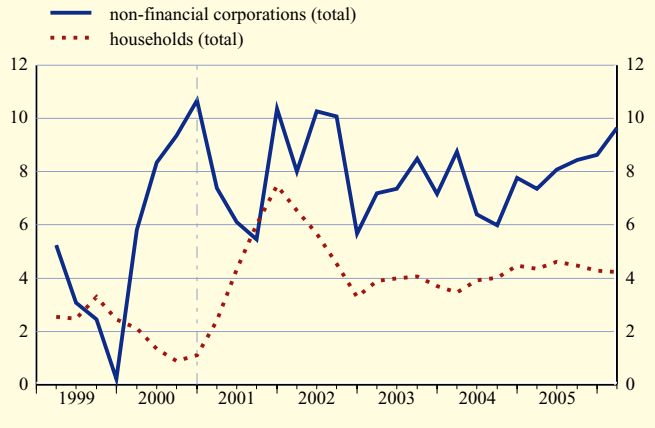
## 2.5 Deposits held with MFIs, breakdown [1]

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

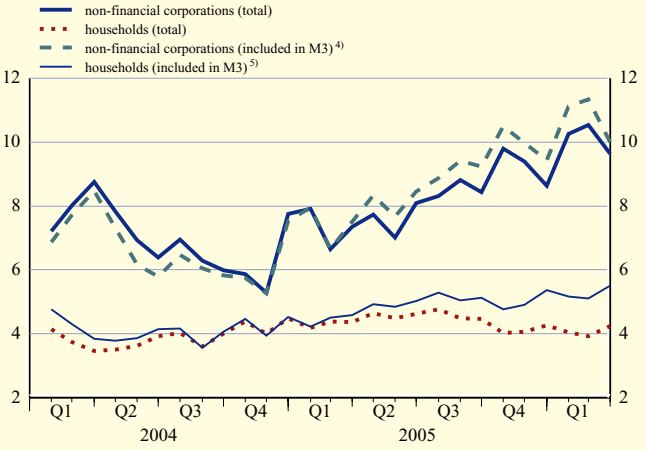
### 2. Deposits by non-financial corporations and households [2]

| | Non-financial corporations | | | | | | | Households [3] | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Total | Overnight | With agreed maturity | | Redeemable at notice | | Repos | Total | Overnight | With agreed maturity | | Redeemable at notice | | 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 | | | | | | | | | | | | | |
| 2004 | 1,114.6 | 674.7 | 291.1 | 73.8 | 44.2 | 1.1 | 29.7 | 4,162.0 | 1,403.1 | 515.0 | 634.3 | 1,466.1 | 88.0 | 55.6 |
| 2005 | 1,211.8 | 769.2 | 305.1 | 67.2 | 44.5 | 1.2 | 24.6 | 4,343.1 | 1,685.9 | 534.0 | 631.3 | 1,354.6 | 84.5 | 52.8 |
| 2006 Jan. | 1,183.3 | 740.6 | 302.0 | 66.7 | 47.2 | 1.2 | 25.5 | 4,338.1 | 1,668.6 | 535.5 | 629.3 | 1,366.2 | 85.2 | 53.2 |
| Feb. | 1,179.4 | 737.3 | 304.6 | 67.4 | 46.8 | 1.2 | 22.0 | 4,342.6 | 1,667.1 | 542.4 | 626.4 | 1,367.6 | 85.5 | 53.7 |
| Mar. | 1,199.3 | 745.7 | 313.1 | 71.2 | 46.4 | 1.2 | 21.6 | 4,355.9 | 1,673.9 | 549.4 | 623.2 | 1,368.0 | 86.3 | 55.1 |
| Apr. | 1,211.5 | 751.5 | 319.8 | 71.5 | 45.6 | 1.3 | 21.7 | 4,384.6 | 1,703.9 | 552.6 | 620.7 | 1,366.8 | 86.5 | 54.1 |
| May [p] | 1,229.1 | 772.3 | 314.1 | 71.7 | 45.3 | 1.4 | 24.3 | 4,389.7 | 1,702.2 | 560.3 | 618.5 | 1,364.5 | 87.7 | 56.6 |
| | Transactions | | | | | | | | | | | | | |
| 2004 | 80.8 | 48.5 | 17.1 | 6.6 | 8.0 | 0.7 | -0.2 | 178.1 | 90.5 | -29.6 | 31.1 | 85.2 | -1.9 | 2.7 |
| 2005 | 96.6 | 88.9 | 11.4 | -1.6 | 3.7 | -0.4 | -5.4 | 177.7 | 125.1 | 16.3 | -2.8 | 45.9 | -4.0 | -2.9 |
| 2006 Jan. | -27.1 | -28.0 | -2.3 | -0.4 | 2.7 | 0.0 | 0.9 | -4.2 | -17.1 | 2.1 | -2.0 | 11.7 | 0.7 | 0.4 |
| Feb. | -5.0 | -3.9 | 2.1 | 0.7 | -0.4 | 0.0 | -3.5 | 3.8 | -1.7 | 6.4 | -2.9 | 1.3 | 0.3 | 0.5 |
| Mar. | 21.3 | 9.0 | 9.3 | 3.8 | -0.4 | 0.0 | -0.4 | 14.1 | 7.0 | 7.5 | -3.1 | 0.5 | 0.8 | 1.4 |
| Apr. | 14.1 | 6.6 | 7.5 | 0.6 | -0.8 | 0.1 | 0.1 | 29.6 | 30.2 | 3.8 | -2.5 | -1.2 | 0.2 | -1.0 |
| May [p] | 19.6 | 21.2 | -4.3 | 0.4 | -0.3 | 0.0 | 2.6 | 5.8 | -1.5 | 8.1 | -2.2 | -2.2 | 1.2 | 2.5 |
| | Growth rates | | | | | | | | | | | | | |
| 2004 Dec. | 7.8 | 7.7 | 6.2 | 9.9 | 21.2 | 72.2 | -0.8 | 4.5 | 6.9 | -5.4 | 5.2 | 6.2 | -2.1 | 5.2 |
| 2005 Dec. | 8.6 | 13.1 | 3.8 | -2.0 | 9.0 | -29.0 | -18.2 | 4.3 | 8.5 | 3.2 | -0.4 | 3.3 | -4.5 | -5.1 |
| 2006 Jan. | 10.3 | 11.9 | 9.1 | -1.0 | 18.8 | -27.9 | 1.2 | 4.0 | 7.6 | 3.7 | -1.0 | 3.4 | -3.4 | 1.9 |
| Feb. | 10.5 | 11.7 | 11.3 | 0.1 | 15.9 | -27.7 | -4.7 | 3.9 | 7.2 | 4.6 | -1.5 | 3.3 | -3.7 | 4.0 |
| Mar. | 9.6 | 9.8 | 11.6 | 5.5 | 14.2 | -27.6 | -9.7 | 4.2 | 7.4 | 6.7 | -1.7 | 3.2 | -2.7 | 7.6 |
| Apr. | 10.4 | 10.2 | 12.4 | 10.8 | 10.5 | -20.0 | -8.7 | 4.2 | 7.4 | 7.1 | -2.2 | 2.9 | -1.9 | 6.6 |
| May [p] | 11.4 | 11.4 | 12.1 | 11.7 | 8.0 | -20.7 | 10.8 | 4.2 | 6.9 | 8.9 | -2.1 | 2.4 | -0.1 | 8.7 |

C10 Total deposits by sector
(annual growth rates)




C11 Total deposits and deposits included in M3 by sector (annual growth rates)




Source: ECB.
1) MFI sector excluding the Eurosystem; sectoral classification is based on ESA 95.
2) Before January 2003 data were collected in March, June, September and December each year. Monthly data prior to January 2003 are derived from quarterly data.
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 [1]

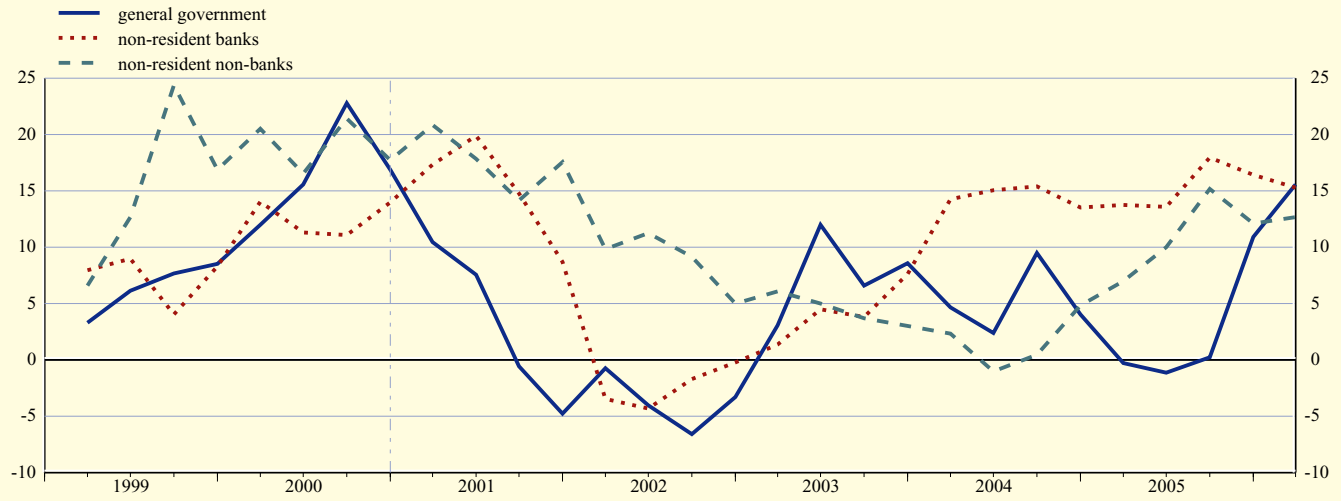
(EUR billions and annual growth rates; outstanding amounts and growth rates at end of period, transactions during period)

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

| | General government | | | | | Non-euro area residents | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Total | Central government | Other general government | | | Total | Banks [2] | 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 | | | | | | | | | |
| 2003 | 273.3 | 134.4 | 31.1 | 66.9 | 40.9 | 2,245.1 | 1,580.8 | 664.3 | 96.1 | 568.2 |
| 2004 | 282.2 | 137.7 | 30.5 | 69.6 | 44.3 | 2,428.9 | 1,748.0 | 680.9 | 103.4 | 577.5 |
| 2005 Q1 | 269.9 | 126.3 | 33.4 | 67.5 | 42.7 | 2,669.0 | 1,935.6 | 733.4 | 105.4 | 628.0 |
| Q2 | 288.3 | 135.1 | 35.1 | 69.7 | 48.4 | 2,784.4 | 2,034.1 | 750.3 | 118.6 | 631.7 |
| Q3 | 287.5 | 135.1 | 36.0 | 71.3 | 45.2 | 2,907.1 | 2,108.2 | 798.9 | 125.2 | 673.7 |
| Q4 | 313.1 | 149.2 | 38.3 | 80.9 | 44.7 | 3,049.1 | 2,250.4 | 798.6 | 125.8 | 672.8 |
| 2006 Q1 [p] | 312.0 | 148.0 | 38.1 | 77.2 | 48.7 | 3,246.0 | 2,403.2 | 842.8 | 128.6 | 714.3 |
| | Transactions | | | | | | | | | |
| 2003 | 21.5 | 23.3 | -0.5 | -2.3 | 1.0 | 138.7 | 117.5 | 21.1 | -1.1 | 22.3 |
| 2004 | 11.0 | 2.7 | 1.8 | 2.8 | 3.8 | 247.1 | 214.8 | 32.0 | 6.9 | 25.1 |
| 2005 Q1 | -12.2 | -11.4 | 2.8 | -2.1 | -1.6 | 188.1 | 147.1 | 41.0 | 2.0 | 39.1 |
| Q2 | 18.3 | 8.8 | 1.7 | 2.2 | 5.7 | 41.7 | 42.7 | -1.0 | 13.2 | -14.2 |
| Q3 | -0.9 | -0.3 | 0.9 | 1.7 | -3.2 | 123.2 | 74.9 | 48.3 | 6.7 | 41.7 |
| Q4 | 25.6 | 14.1 | 2.4 | 9.7 | -0.5 | 23.6 | 28.1 | -4.5 | 0.6 | -5.0 |
| 2006 Q1 [p] | -1.1 | -1.1 | -0.2 | -3.7 | 4.0 | 217.8 | 165.4 | 52.4 | 2.8 | 49.5 |
| | Growth rates | | | | | | | | | |
| 2003 Dec. | 8.6 | 21.3 | -1.5 | -3.4 | 2.6 | 6.2 | 7.6 | 3.0 | -1.2 | 3.7 |
| 2004 Dec. | 4.0 | 2.0 | 5.6 | 4.1 | 9.2 | 11.0 | 13.5 | 4.8 | 7.2 | 4.4 |
| 2005 Mar. | -0.3 | -10.5 | 19.6 | 8.3 | 8.6 | 11.8 | 13.7 | 7.0 | 4.1 | 7.5 |
| June | -1.2 | -13.8 | 19.3 | 8.3 | 16.9 | 12.6 | 13.5 | 10.0 | 15.8 | 8.9 |
| Sep. | 0.2 | -7.9 | 14.1 | 7.9 | 5.9 | 17.2 | 18.0 | 15.1 | 18.7 | 14.5 |
| Dec. | 10.9 | 8.1 | 25.4 | 16.6 | 0.7 | 15.2 | 16.4 | 12.1 | 21.6 | 10.4 |
| 2006 Mar. [p] | 15.5 | 17.0 | 14.1 | 14.6 | 14.0 | 14.6 | 15.3 | 12.6 | 22.0 | 11.0 |

### C12 Deposits by government and non-euro area residents

(annual growth rates)




Source: ECB.

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

2) The term "banks" is used in this table to indicate institutions of a similar type to MFIs resident outside the euro area.

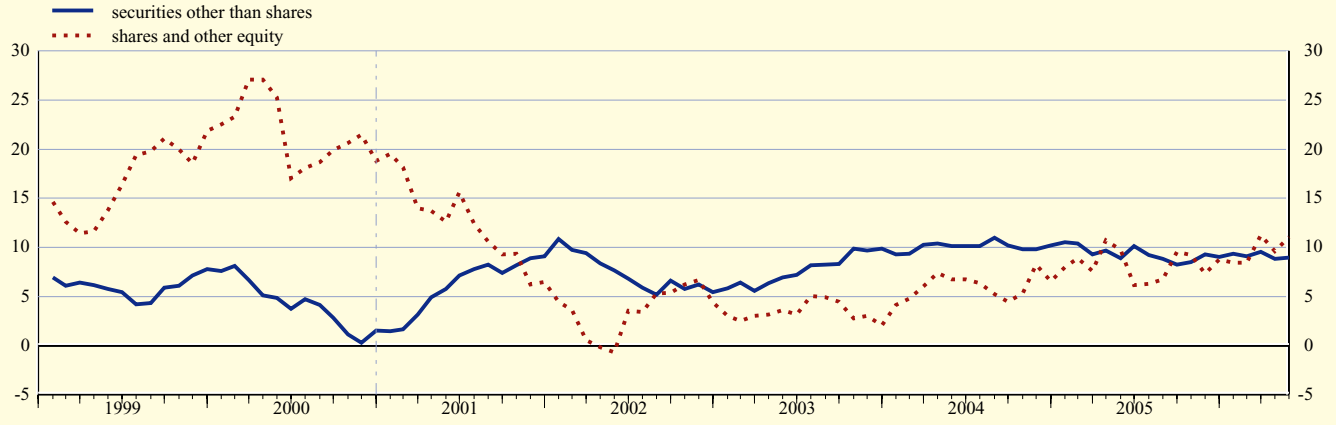
## 2.6 MFI holdings of securities, breakdown [1)]

(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 | | | | | | | | | | | |
| 2004 | 3,939.5 | 1,362.7 | 59.9 | 1,284.1 | 15.8 | 449.0 | 16.3 | 751.7 | 1,158.1 | 286.4 | 656.4 | 215.2 |
| 2005 | 4,435.7 | 1,450.2 | 63.8 | 1,412.3 | 17.0 | 525.3 | 24.1 | 943.0 | 1,253.7 | 309.7 | 695.0 | 249.0 |
| 2006 Jan. | 4,515.3 | 1,470.9 | 62.7 | 1,431.6 | 16.8 | 528.5 | 25.7 | 979.0 | 1,293.9 | 322.3 | 710.8 | 260.8 |
| Feb. | 4,564.3 | 1,487.0 | 66.8 | 1,437.9 | 17.6 | 539.7 | 26.2 | 989.2 | 1,317.8 | 318.0 | 730.5 | 269.3 |
| Mar. | 4,573.0 | 1,501.7 | 68.6 | 1,412.1 | 16.6 | 546.5 | 27.1 | 1,000.4 | 1,363.3 | 323.7 | 765.9 | 273.7 |
| Apr. | 4,586.1 | 1,506.4 | 69.4 | 1,407.6 | 16.6 | 553.6 | 28.1 | 1,004.4 | 1,419.1 | 332.0 | 815.8 | 271.3 |
| May [p] | 4,602.7 | 1,535.5 | 67.2 | 1,380.2 | 16.4 | 563.0 | 27.5 | 1,013.0 | 1,423.2 | 347.6 | 806.3 | 269.3 |
| | Transactions | | | | | | | | | | | |
| 2004 | 368.4 | 148.1 | 4.9 | 40.3 | 1.3 | 34.8 | -1.3 | 140.4 | 70.3 | 2.2 | 37.1 | 31.0 |
| 2005 | 358.1 | 85.6 | -1.5 | 48.8 | -0.9 | 71.5 | 5.9 | 148.7 | 101.7 | 27.1 | 48.9 | 25.8 |
| 2006 Jan. | 103.6 | 27.9 | -0.1 | 22.8 | 0.3 | 4.5 | 2.1 | 46.1 | 29.9 | 10.1 | 12.9 | 6.9 |
| Feb. | 39.9 | 16.6 | 3.2 | 6.4 | 0.4 | 11.7 | 0.1 | 1.6 | 18.7 | -5.4 | 16.7 | 7.4 |
| Mar. | 33.4 | 15.0 | 3.2 | -17.3 | -0.5 | 7.9 | 1.5 | 23.6 | 44.0 | 5.1 | 35.0 | 3.9 |
| Apr. | 34.8 | 5.5 | 1.9 | -0.3 | 0.3 | 7.5 | 1.6 | 18.3 | 55.6 | 8.2 | 49.8 | -2.5 |
| May [p] | 25.2 | 25.9 | -1.6 | -20.9 | 0.0 | 9.1 | -0.2 | 12.9 | 13.1 | 16.8 | -4.0 | 0.3 |
| | Growth rates | | | | | | | | | | | |
| 2004 Dec. | 10.2 | 12.2 | 8.4 | 3.3 | 7.7 | 8.4 | -7.3 | 22.0 | 6.5 | 0.8 | 6.0 | 17.4 |
| 2005 Dec. | 9.0 | 6.3 | -1.8 | 3.9 | -4.5 | 15.9 | 33.8 | 19.2 | 8.8 | 9.5 | 7.4 | 11.9 |
| 2006 Jan. | 9.4 | 8.1 | -7.9 | 2.9 | -16.1 | 15.7 | 49.1 | 19.9 | 8.5 | 10.7 | 7.5 | 8.2 |
| Feb. | 9.1 | 8.1 | -2.6 | 1.1 | -10.6 | 15.5 | 52.1 | 21.4 | 8.5 | 9.0 | 10.0 | 3.4 |
| Mar. | 9.6 | 8.3 | 0.2 | 0.5 | -0.5 | 16.8 | 59.2 | 22.9 | 11.2 | 9.4 | 14.4 | 4.5 |
| Apr. | 8.8 | 7.0 | 6.4 | -0.2 | -9.9 | 16.3 | 56.4 | 22.3 | 9.6 | 6.4 | 12.1 | 6.6 |
| May [p] | 9.0 | 9.0 | 3.2 | -1.2 | -7.9 | 17.0 | 46.7 | 21.0 | 11.1 | 10.6 | 12.1 | 8.8 |

## C13 MFI holdings of securities

(annual growth rates)




Source: ECB.

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

## 2.7 Revaluation of selected MFI balance sheet items [1]

(EUR billions)

### 1. Write-offs/write-downs of loans to households [2]

| | Consumer credit | | | | Lending for house purchase | | | | Other lending | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Total | Up to 1 year | Over 1 year and up to 5 years | Over 5 years | Total | Up to 1 year | Over 1 year and up to 5 years | Over 5 years | Total | Up to 1 year | Over 1 year and up to 5 years | Over 5 years |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 |
| 2004 | -3.2 | -1.3 | -0.7 | -1.3 | -3.4 | -0.3 | -0.1 | -3.0 | -6.7 | -2.3 | -0.3 | -4.1 |
| 2005 | -4.1 | -1.7 | -0.9 | -1.5 | -4.4 | -0.3 | -1.1 | -3.0 | -9.8 | -2.7 | -3.2 | -3.9 |
| 2006 Jan. | -0.6 | -0.2 | -0.1 | -0.2 | -0.9 | 0.0 | 0.0 | -0.8 | -1.0 | -0.3 | -0.1 | -0.6 |
| Feb. | -0.3 | -0.1 | 0.0 | -0.1 | -0.2 | 0.0 | 0.0 | -0.2 | -0.5 | -0.1 | -0.1 | -0.3 |
| Mar. | -0.2 | -0.1 | -0.1 | -0.1 | -0.2 | 0.0 | 0.0 | -0.2 | -0.5 | -0.1 | -0.1 | -0.3 |
| Apr. | -0.3 | -0.1 | -0.1 | -0.1 | 0.1 | 0.1 | 0.0 | 0.1 | -0.3 | -0.1 | -0.1 | -0.2 |
| May [p] | -0.2 | -0.1 | 0.0 | -0.1 | -0.1 | 0.0 | 0.0 | -0.1 | -0.6 | 0.0 | -0.4 | -0.2 |

### 2. Write-offs/write-downs of loans to non-financial corporations and non-euro area residents

| | Non-financial corporations | | | | Non-euro area residents | | |
|---|---|---|---|---|---|---|---|
| | Total | Up to 1 year | Over 1 year and up to 5 years | Over 5 years | Total | Up to 1 year | Over 1 year |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 2004 | -16.1 | -8.8 | -0.8 | -6.5 | -1.6 | -0.5 | -1.1 |
| 2005 | -19.3 | -7.4 | -5.6 | -6.2 | -1.2 | -0.3 | -0.9 |
| 2006 Jan. | -1.7 | -0.8 | -0.2 | -0.7 | -0.1 | 0.0 | -0.1 |
| Feb. | -0.7 | -0.3 | -0.1 | -0.3 | 0.0 | 0.0 | 0.0 |
| Mar. | -1.1 | -0.2 | -0.4 | -0.6 | -0.1 | 0.0 | -0.1 |
| Apr. | -0.4 | -0.1 | -0.1 | -0.2 | -0.1 | 0.0 | 0.0 |
| May [p] | -1.1 | -0.3 | -0.6 | -0.3 | 0.0 | 0.0 | 0.0 |

### 3. Revaluation of securities held by MFIs

| | 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 |
| 2004 | 13.5 | 1.5 | -0.1 | 10.8 | -0.2 | 0.9 | -0.1 | 0.6 | 5.4 | 1.3 | 0.8 | 3.3 |
| 2005 | 24.8 | 3.4 | 0.5 | 7.5 | 0.7 | 1.6 | 0.3 | 10.7 | 37.4 | 4.6 | 17.4 | 15.4 |
| 2006 Jan. | -2.0 | -0.9 | -0.1 | -0.5 | -0.1 | 0.0 | 0.0 | -0.4 | 9.8 | 2.2 | 2.9 | 4.7 |
| Feb. | 2.4 | 0.1 | 0.0 | 0.1 | 0.0 | -0.3 | 0.1 | 2.4 | 5.2 | 1.1 | 3.0 | 1.1 |
| Mar. | -5.5 | -0.3 | -0.1 | -3.7 | -0.1 | -0.4 | -0.1 | -0.9 | 2.0 | 0.6 | 0.8 | 0.5 |
| Apr. | -8.8 | -0.6 | -0.1 | -4.2 | -0.1 | -0.4 | -0.1 | -3.3 | 0.1 | 0.1 | 0.0 | 0.0 |
| May [p] | -0.4 | 0.5 | 0.0 | 2.2 | 0.0 | 0.4 | -0.1 | -3.3 | -11.0 | -1.2 | -5.5 | -4.3 |

Source: ECB.

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

2) Including non-profit institutions serving households.

## 2.8 Currency breakdown of selected MFI balance sheet items [1]

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

### 1. Deposits

| | MFIs [2] | | | | | | | Non-MFIs | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | All currencies (outstanding amount) | Euro [3] | Non-euro currencies | | | | | All currencies (outstanding amount) | Euro [3] | 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 |
| | By euro area residents | | | | | | | | | | | | | |
| 2003 | 4,364.9 | 91.3 | 8.7 | 5.4 | 0.5 | 1.5 | 0.9 | 6,409.9 | 97.3 | 2.7 | 1.7 | 0.3 | 0.1 | 0.3 |
| 2004 | 4,709.0 | 91.4 | 8.6 | 5.0 | 0.5 | 1.5 | 1.1 | 6,778.5 | 97.2 | 2.8 | 1.7 | 0.3 | 0.1 | 0.4 |
| 2005 Q1 | 4,820.8 | 91.0 | 9.0 | 5.4 | 0.5 | 1.4 | 1.1 | 6,832.4 | 97.0 | 3.0 | 1.9 | 0.3 | 0.1 | 0.4 |
| Q2 | 4,792.3 | 90.9 | 9.1 | 5.5 | 0.4 | 1.4 | 1.1 | 7,061.4 | 96.9 | 3.1 | 1.9 | 0.3 | 0.1 | 0.4 |
| Q3 | 4,783.0 | 90.6 | 9.4 | 5.7 | 0.5 | 1.5 | 1.1 | 7,127.9 | 96.7 | 3.3 | 2.0 | 0.3 | 0.1 | 0.4 |
| Q4 | 4,850.9 | 90.9 | 9.1 | 5.6 | 0.4 | 1.5 | 1.0 | 7,364.8 | 96.8 | 3.2 | 2.0 | 0.3 | 0.1 | 0.5 |
| 2006 Q1 (p) | 4,946.5 | 89.8 | 10.2 | 6.1 | 0.5 | 1.5 | 1.3 | 7,467.5 | 96.6 | 3.4 | 2.0 | 0.3 | 0.1 | 0.6 |
| | By non-euro area residents | | | | | | | | | | | | | |
| 2003 | 1,580.8 | 46.9 | 53.1 | 35.6 | 1.8 | 3.6 | 9.4 | 664.3 | 51.0 | 49.0 | 32.1 | 2.1 | 2.2 | 9.6 |
| 2004 | 1,748.0 | 46.7 | 53.3 | 35.8 | 2.1 | 3.2 | 9.5 | 680.9 | 55.4 | 44.6 | 28.9 | 1.5 | 2.2 | 9.3 |
| 2005 Q1 | 1,935.6 | 46.9 | 53.1 | 35.2 | 2.4 | 2.9 | 9.7 | 733.4 | 54.6 | 45.4 | 29.4 | 1.5 | 2.0 | 9.2 |
| Q2 | 2,034.1 | 45.8 | 54.2 | 36.0 | 2.4 | 3.1 | 9.5 | 750.3 | 52.5 | 47.5 | 30.6 | 1.5 | 2.3 | 9.9 |
| Q3 | 2,108.2 | 46.8 | 53.2 | 34.3 | 2.5 | 3.0 | 9.7 | 798.9 | 51.9 | 48.1 | 31.1 | 1.8 | 2.0 | 9.9 |
| Q4 | 2,250.4 | 46.2 | 53.8 | 35.4 | 2.7 | 2.8 | 10.0 | 798.6 | 51.9 | 48.1 | 32.0 | 1.7 | 2.2 | 9.2 |
| 2006 Q1 (p) | 2,403.2 | 47.4 | 52.6 | 34.4 | 2.8 | 2.6 | 9.7 | 842.8 | 52.1 | 47.9 | 32.6 | 1.3 | 2.1 | 9.0 |

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

| | All currencies (outstanding amount) | Euro [3] | Non-euro currencies | | | | |
|---|---|---|---|---|---|---|---|
| | | | Total | USD | JPY | CHF | GBP |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 2003 | 3,304.0 | 85.4 | 14.6 | 7.9 | 1.5 | 1.7 | 2.3 |
| 2004 | 3,653.9 | 84.6 | 15.4 | 7.6 | 1.7 | 1.9 | 2.7 |
| 2005 Q1 | 3,795.0 | 83.4 | 16.6 | 8.2 | 1.7 | 1.9 | 2.9 |
| Q2 | 3,943.1 | 82.4 | 17.6 | 9.0 | 1.8 | 1.9 | 2.9 |
| Q3 | 3,994.3 | 81.9 | 18.1 | 9.0 | 1.8 | 2.0 | 3.2 |
| Q4 | 4,051.7 | 81.2 | 18.8 | 9.6 | 1.8 | 1.9 | 3.2 |
| 2006 Q1 (p) | 4,203.8 | 81.2 | 18.8 | 9.6 | 1.8 | 1.9 | 3.2 |

Source: ECB.

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

2) For non-euro area residents, the term "MFIs" refers to institutions of a similar type to euro area MFIs.

3) Including items expressed in the national denominations of the euro.

## 2.8 Currency breakdown of selected MFI balance sheet items [1]

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

### 3. Loans

| | MFIs [2] | | | | | | | Non-MFIs | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | All currencies (outstanding amount) | Euro [3] | Non-euro currencies | | | | | All currencies (outstanding amount) | Euro [3] | 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 |
| | To euro area residents | | | | | | | | | | | | | |
| 2003 | 4,193.9 | - | - | - | - | - | - | 7,919.3 | 96.5 | 3.5 | 1.6 | 0.3 | 1.2 | 0.3 |
| 2004 | 4,457.8 | - | - | - | - | - | - | 8,367.5 | 96.6 | 3.4 | 1.4 | 0.2 | 1.3 | 0.4 |
| 2005 Q1 | 4,575.4 | - | - | - | - | - | - | 8,474.8 | 96.5 | 3.5 | 1.5 | 0.2 | 1.3 | 0.4 |
| Q2 | 4,528.9 | - | - | - | - | - | - | 8,732.7 | 96.4 | 3.6 | 1.6 | 0.2 | 1.3 | 0.4 |
| Q3 | 4,546.7 | - | - | - | - | - | - | 8,889.4 | 96.3 | 3.7 | 1.6 | 0.2 | 1.3 | 0.4 |
| Q4 | 4,568.4 | - | - | - | - | - | - | 9,119.3 | 96.3 | 3.7 | 1.6 | 0.2 | 1.3 | 0.5 |
| 2006 Q1 (p) | 4,656.8 | - | - | - | - | - | - | 9,364.6 | 96.3 | 3.7 | 1.7 | 0.2 | 1.2 | 0.5 |
| | To non-euro area residents | | | | | | | | | | | | | |
| 2003 | 1,182.2 | 50.2 | 49.8 | 29.3 | 4.7 | 2.5 | 9.2 | 575.7 | 38.8 | 61.2 | 43.6 | 2.4 | 4.6 | 7.0 |
| 2004 | 1,342.2 | 51.4 | 48.6 | 29.9 | 3.7 | 2.2 | 8.7 | 632.5 | 42.2 | 57.8 | 40.1 | 2.6 | 4.5 | 7.2 |
| 2005 Q1 | 1,463.8 | 51.8 | 48.2 | 29.2 | 3.4 | 2.1 | 9.2 | 672.7 | 41.8 | 58.2 | 42.1 | 1.4 | 4.3 | 7.1 |
| Q2 | 1,582.4 | 49.3 | 50.7 | 31.0 | 4.2 | 2.0 | 9.0 | 710.1 | 41.0 | 59.0 | 43.1 | 1.1 | 4.4 | 7.2 |
| Q3 | 1,633.8 | 49.3 | 50.7 | 29.5 | 4.3 | 2.0 | 10.1 | 742.5 | 40.1 | 59.9 | 42.4 | 1.6 | 3.9 | 8.4 |
| Q4 | 1,723.6 | 48.5 | 51.5 | 30.5 | 4.3 | 2.0 | 10.1 | 761.6 | 38.2 | 61.8 | 43.6 | 1.8 | 4.2 | 8.6 |
| 2006 Q1 (p) | 1,838.4 | 49.9 | 50.1 | 30.2 | 3.5 | 2.2 | 9.4 | 772.5 | 39.2 | 60.8 | 43.6 | 1.6 | 3.9 | 8.2 |

### 4. Holdings of securities other than shares

| | Issued by MFIs [2] | | | | | | | Issued by non-MFIs | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | All currencies (outstanding amount) | Euro [3] | Non-euro currencies | | | | | All currencies (outstanding amount) | Euro [3] | 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 |
| | Issued by euro area residents | | | | | | | | | | | | | |
| 2003 | 1,273.6 | 95.5 | 4.5 | 1.7 | 0.3 | 0.9 | 1.3 | 1,670.3 | 98.0 | 2.0 | 1.0 | 0.5 | 0.3 | 0.2 |
| 2004 | 1,422.6 | 95.8 | 4.2 | 1.8 | 0.3 | 0.5 | 1.3 | 1,765.1 | 98.2 | 1.8 | 0.9 | 0.5 | 0.1 | 0.3 |
| 2005 Q1 | 1,455.5 | 95.4 | 4.6 | 2.1 | 0.4 | 0.4 | 1.5 | 1,839.7 | 98.3 | 1.7 | 0.9 | 0.4 | 0.1 | 0.3 |
| Q2 | 1,503.5 | 95.5 | 4.5 | 2.1 | 0.3 | 0.4 | 1.5 | 1,889.8 | 98.2 | 1.8 | 1.0 | 0.4 | 0.1 | 0.3 |
| Q3 | 1,507.1 | 95.5 | 4.5 | 2.0 | 0.3 | 0.4 | 1.5 | 1,865.4 | 98.1 | 1.9 | 1.0 | 0.3 | 0.1 | 0.4 |
| Q4 | 1,514.0 | 95.8 | 4.2 | 2.0 | 0.3 | 0.4 | 1.3 | 1,978.7 | 97.9 | 2.1 | 1.1 | 0.3 | 0.1 | 0.5 |
| 2006 Q1 (p) | 1,570.4 | 95.6 | 4.4 | 2.0 | 0.2 | 0.4 | 1.4 | 2,002.3 | 97.8 | 2.2 | 1.1 | 0.3 | 0.2 | 0.6 |
| | Issued by non-euro area residents | | | | | | | | | | | | | |
| 2003 | 276.9 | 45.1 | 54.9 | 30.6 | 1.2 | 4.9 | 15.4 | 355.5 | 45.8 | 54.2 | 31.1 | 5.8 | 5.8 | 6.4 |
| 2004 | 341.3 | 50.3 | 49.7 | 28.6 | 1.0 | 0.5 | 17.0 | 410.4 | 44.8 | 55.2 | 30.5 | 8.6 | 0.7 | 9.2 |
| 2005 Q1 | 359.5 | 48.9 | 51.1 | 30.3 | 1.0 | 0.5 | 16.6 | 438.4 | 43.8 | 56.2 | 32.7 | 7.2 | 0.8 | 9.1 |
| Q2 | 397.4 | 47.9 | 52.1 | 30.3 | 0.8 | 0.5 | 17.8 | 477.4 | 41.1 | 58.9 | 34.0 | 7.9 | 0.8 | 9.9 |
| Q3 | 407.2 | 49.5 | 50.5 | 29.1 | 0.8 | 0.6 | 17.0 | 489.2 | 40.2 | 59.8 | 36.0 | 6.1 | 0.9 | 11.1 |
| Q4 | 401.9 | 48.7 | 51.3 | 29.8 | 0.8 | 0.6 | 16.5 | 541.2 | 36.1 | 63.9 | 36.3 | 8.6 | 0.8 | 12.6 |
| 2006 Q1 (p) | 433.1 | 50.9 | 49.1 | 27.8 | 0.8 | 0.5 | 16.5 | 567.2 | 38.1 | 61.9 | 35.3 | 7.0 | 0.8 | 13.3 |

Source: ECB.

1) MFI sector excluding the Eurosystem; sectoral classification is based on ESA 95.
2) For non-euro area residents, the term "MFIs" refers to institutions of a similar type to euro area MFIs.
3) Including items expressed in the national denominations of the euro.

## 2.9 Aggregated balance sheet of euro area investment funds [1)]

(EUR billions; outstanding amounts at end of period)

### 1. Assets

| | Total | Deposits | Holdings of securities other than shares | | | Holdings of shares/ other equity | Holdings of investment fund shares | Fixed assets | Other assets |
|---|---|---|---|---|---|---|---|---|---|
| | | | Total | Up to 1 year | Over 1 year | | | | |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
| 2004 Q3 | 3,688.2 | 266.5 | 1,588.9 | 78.8 | 1,510.1 | 1,179.8 | 325.6 | 155.4 | 172.2 |
| Q4 | 3,830.2 | 260.5 | 1,622.4 | 78.6 | 1,543.8 | 1,251.1 | 342.2 | 158.5 | 195.5 |
| 2005 Q1 | 4,058.7 | 287.8 | 1,692.2 | 79.3 | 1,612.9 | 1,325.5 | 371.3 | 163.1 | 218.8 |
| Q2 | 4,314.0 | 295.9 | 1,783.6 | 91.4 | 1,692.2 | 1,405.7 | 412.1 | 167.5 | 249.2 |
| Q3 | 4,631.9 | 302.9 | 1,861.7 | 101.0 | 1,760.7 | 1,559.5 | 454.0 | 171.6 | 282.2 |
| Q4 (p) | 4,793.3 | 291.9 | 1,849.7 | 109.3 | 1,740.4 | 1,690.6 | 498.5 | 176.0 | 286.5 |

### 2. Liabilities

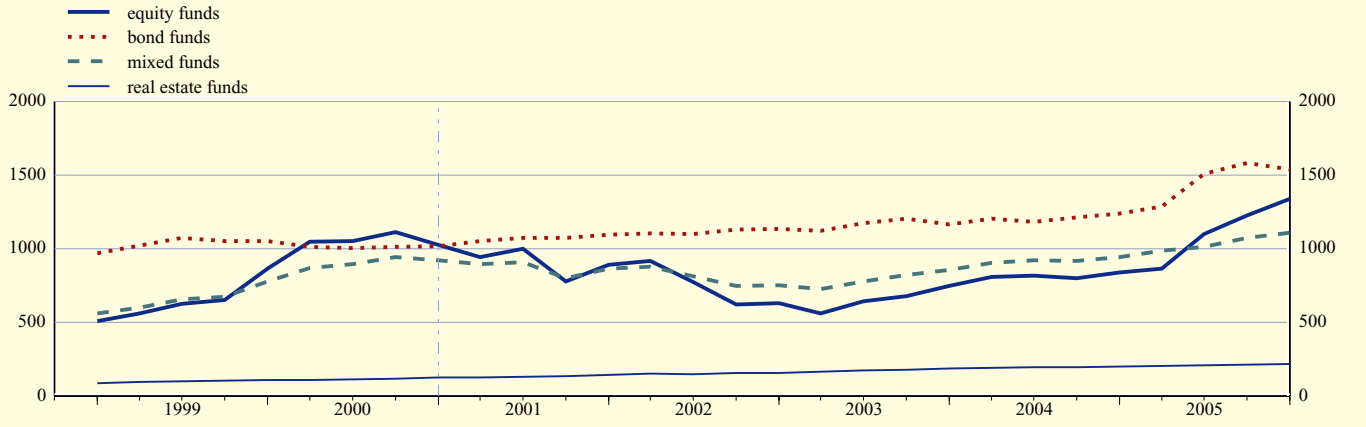
| | Total | Deposits and loans taken | Investment fund shares | Other liabilities |
|---|---|---|---|---|
| | 1 | 2 | 3 | 4 |
| 2004 Q3 | 3,688.2 | 53.7 | 3,490.7 | 143.9 |
| Q4 | 3,830.2 | 53.1 | 3,619.6 | 157.5 |
| 2005 Q1 | 4,058.7 | 61.7 | 3,798.9 | 198.2 |
| Q2 | 4,314.0 | 58.7 | 4,035.4 | 219.8 |
| Q3 | 4,631.9 | 60.5 | 4,352.9 | 218.6 |
| Q4 (p) | 4,793.3 | 61.6 | 4,520.3 | 211.4 |

### 3. Total assets/liabilities broken down by investment policy and type of investor

| | Total | Funds by investment policy | | | | | Funds by type of investor | |
|---|---|---|---|---|---|---|---|---|
| | | Equity funds | Bond funds | Mixed funds | Real estate funds | Other funds | General public funds | Special investors' funds |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
| 2004 Q3 | 3,688.2 | 798.9 | 1,211.2 | 916.5 | 196.2 | 565.4 | 2,739.4 | 948.9 |
| Q4 | 3,830.2 | 836.8 | 1,238.7 | 941.4 | 196.8 | 616.6 | 2,850.9 | 979.2 |
| 2005 Q1 | 4,058.7 | 864.6 | 1,285.7 | 984.4 | 201.1 | 722.8 | 3,041.4 | 1,017.3 |
| Q2 | 4,314.0 | 1,097.2 | 1,510.1 | 1,011.1 | 207.1 | 488.5 | 3,245.6 | 1,068.3 |
| Q3 | 4,631.9 | 1,224.8 | 1,581.9 | 1,071.1 | 213.2 | 541.0 | 3,507.5 | 1,124.4 |
| Q4 (p) | 4,793.3 | 1,339.7 | 1,539.1 | 1,107.9 | 215.8 | 590.8 | 3,663.0 | 1,130.2 |

## C14 Total assets of investment funds

(EUR billions)




Source: ECB.

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

## 2.10 Assets of euro area investment funds broken down by investment policy and type of investor

(EUR billions; outstanding amounts at end of period)

### 1. Funds by investment policy

| | Total | Deposits | Holdings of securities other than shares | | | Holdings of shares/ other equity | Holdings of investment fund shares | Fixed assets | Other assets |
|---|---|---|---|---|---|---|---|---|---|
| | | | Total | Up to 1 year | Over 1 year | | | | |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
| | Equity funds | | | | | | | | |
| 2004 Q3 | 798.9 | 34.0 | 35.8 | 4.0 | 31.8 | 673.2 | 28.7 | - | 27.2 |
| Q4 | 836.8 | 30.9 | 37.0 | 4.1 | 32.9 | 705.8 | 32.2 | - | 30.9 |
| 2005 Q1 | 864.6 | 33.8 | 37.0 | 4.0 | 33.0 | 729.9 | 33.3 | - | 30.6 |
| Q2 | 1,097.2 | 45.0 | 41.6 | 4.5 | 37.1 | 936.5 | 40.0 | - | 34.1 |
| Q3 | 1,224.8 | 48.3 | 43.4 | 4.9 | 38.5 | 1,044.8 | 52.4 | - | 35.9 |
| Q4 (p) | 1,339.7 | 52.2 | 45.9 | 5.7 | 40.2 | 1,146.5 | 60.3 | - | 34.9 |
| | Bond funds | | | | | | | | |
| 2004 Q3 | 1,211.2 | 87.1 | 1,006.4 | 42.4 | 964.0 | 34.4 | 28.8 | - | 54.5 |
| Q4 | 1,238.7 | 84.1 | 1,020.9 | 43.6 | 977.3 | 39.9 | 29.4 | - | 64.3 |
| 2005 Q1 | 1,285.7 | 97.8 | 1,046.0 | 44.8 | 1,001.2 | 39.4 | 34.5 | - | 68.0 |
| Q2 | 1,510.1 | 110.5 | 1,229.4 | 58.4 | 1,171.1 | 38.4 | 40.1 | - | 91.7 |
| Q3 | 1,581.9 | 110.3 | 1,289.1 | 67.0 | 1,222.1 | 38.4 | 43.8 | - | 100.2 |
| Q4 (p) | 1,539.1 | 100.3 | 1,252.9 | 67.7 | 1,185.2 | 38.6 | 46.3 | - | 101.0 |
| | Mixed funds | | | | | | | | |
| 2004 Q3 | 916.5 | 57.0 | 375.0 | 23.7 | 351.3 | 291.9 | 142.2 | 0.3 | 50.1 |
| Q4 | 941.4 | 55.2 | 375.4 | 21.8 | 353.5 | 304.9 | 149.7 | 0.3 | 55.9 |
| 2005 Q1 | 984.4 | 61.1 | 388.4 | 22.5 | 365.9 | 315.0 | 155.3 | 0.2 | 64.5 |
| Q2 | 1,011.1 | 65.5 | 418.3 | 21.2 | 397.0 | 277.6 | 170.1 | 0.2 | 79.4 |
| Q3 | 1,071.1 | 67.0 | 426.0 | 21.7 | 404.3 | 301.2 | 185.5 | 0.2 | 91.3 |
| Q4 (p) | 1,107.9 | 60.9 | 439.7 | 26.8 | 412.9 | 315.5 | 201.9 | 0.1 | 89.8 |
| | Real estate funds | | | | | | | | |
| 2004 Q3 | 196.2 | 15.5 | 9.2 | 0.7 | 8.5 | 0.8 | 8.1 | 154.0 | 8.7 |
| Q4 | 196.8 | 15.7 | 7.6 | 0.7 | 6.9 | 1.0 | 7.5 | 156.3 | 8.7 |
| 2005 Q1 | 201.1 | 14.3 | 8.4 | 0.7 | 7.7 | 1.1 | 7.5 | 160.8 | 9.0 |
| Q2 | 207.1 | 14.0 | 8.2 | 0.8 | 7.5 | 1.1 | 7.5 | 167.1 | 9.0 |
| Q3 | 213.2 | 15.2 | 8.8 | 1.2 | 7.6 | 1.3 | 8.1 | 171.0 | 8.7 |
| Q4 (p) | 215.8 | 14.2 | 7.8 | 1.5 | 6.3 | 1.4 | 6.9 | 175.1 | 10.4 |

### 2. Funds by type of investor

| | Total | Deposits | Holdings of securities other than shares | Holdings of shares/ other equity | Holdings of investment fund shares | Fixed assets | Other assets |
|---|---|---|---|---|---|---|---|
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| | General public funds | | | | | | |
| 2004 Q3 | 2,739.4 | 221.6 | 1,051.9 | 939.0 | 249.8 | 133.4 | 143.7 |
| Q4 | 2,850.9 | 217.9 | 1,077.4 | 999.7 | 261.0 | 137.5 | 157.6 |
| 2005 Q1 | 3,041.4 | 241.7 | 1,134.4 | 1,058.3 | 285.7 | 141.1 | 180.2 |
| Q2 | 3,245.6 | 247.7 | 1,207.1 | 1,125.1 | 313.6 | 144.8 | 207.3 |
| Q3 | 3,507.5 | 251.6 | 1,260.9 | 1,257.8 | 353.3 | 146.5 | 237.4 |
| Q4 (p) | 3,663.0 | 244.1 | 1,277.9 | 1,372.1 | 380.9 | 150.1 | 237.8 |
| | Special investors' funds | | | | | | |
| 2004 Q3 | 948.9 | 44.9 | 537.0 | 240.8 | 75.8 | 22.0 | 28.5 |
| Q4 | 979.2 | 42.6 | 545.0 | 251.4 | 81.2 | 21.0 | 37.9 |
| 2005 Q1 | 1,017.3 | 46.1 | 557.8 | 267.1 | 85.6 | 22.0 | 38.6 |
| Q2 | 1,068.3 | 48.2 | 576.5 | 280.6 | 98.5 | 22.8 | 41.9 |
| Q3 | 1,124.4 | 51.3 | 600.7 | 301.7 | 100.8 | 25.2 | 44.8 |
| Q4 (p) | 1,130.2 | 47.8 | 571.8 | 318.4 | 117.6 | 25.9 | 48.7 |

Source: ECB.

# FINANCIAL AND NON-FINANCIAL ACCOUNTS

## 3.1 Main financial assets of non-financial sectors

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

| | Total | Currency and deposits | | | | | | | | | Memo: deposits of non-MFIs with banks outside the euro area |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Total | Currency | Deposits of non-financial sectors other than central government with euro area MFIs | | | | | Deposits of central government with euro area MFIs | Deposits with non-MFIs | |
| | | | | Total | Overnight | With agreed maturity | Redeemable at notice | Repos | | | |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 |
| | Outstanding amounts | | | | | | | | | | |
| 2004 Q3 | 16,340.6 | 6,191.5 | 383.5 | 5,284.3 | 2,104.2 | 1,532.2 | 1,565.1 | 82.8 | 204.1 | 319.6 | 354.7 |
| Q4 | 16,705.4 | 6,343.4 | 413.7 | 5,435.0 | 2,165.2 | 1,577.9 | 1,603.7 | 88.2 | 162.4 | 332.4 | 336.1 |
| 2005 Q1 | 16,989.7 | 6,355.0 | 408.4 | 5,432.8 | 2,174.3 | 1,560.0 | 1,620.0 | 78.5 | 187.4 | 326.3 | 371.9 |
| Q2 | 17,444.5 | 6,525.5 | 430.7 | 5,549.2 | 2,448.4 | 1,552.8 | 1,471.1 | 76.8 | 211.5 | 334.1 | 369.0 |
| Q3 | 17,779.8 | 6,526.4 | 439.5 | 5,565.0 | 2,440.3 | 1,571.7 | 1,475.5 | 77.6 | 182.4 | 339.4 | 396.6 |
| Q4 | 18,229.4 | 6,727.1 | 467.6 | 5,732.3 | 2,559.1 | 1,604.0 | 1,489.0 | 80.3 | 173.6 | 353.7 | 392.3 |
| | Transactions | | | | | | | | | | |
| 2004 Q3 | 126.9 | 29.8 | 11.3 | 24.8 | 4.6 | 5.5 | 11.3 | 3.4 | -19.7 | 13.3 | 11.0 |
| Q4 | 157.1 | 163.1 | 30.2 | 159.4 | 65.2 | 49.9 | 38.9 | 5.4 | -41.7 | 15.2 | -16.3 |
| 2005 Q1 | 156.0 | 14.0 | -5.2 | -4.0 | 7.4 | -17.4 | 15.7 | -9.7 | 25.0 | -1.8 | 26.7 |
| Q2 | 301.0 | 167.1 | 22.3 | 110.0 | 110.9 | -10.1 | 10.9 | -1.7 | 24.1 | 10.7 | -9.5 |
| Q3 | 96.7 | 4.5 | 8.7 | 16.7 | -7.3 | 18.8 | 4.4 | 0.7 | -29.4 | 8.4 | 14.2 |
| Q4 | 301.9 | 209.8 | 28.1 | 170.7 | 119.2 | 34.9 | 14.2 | 2.4 | -8.9 | 19.9 | -5.7 |
| | Growth rates | | | | | | | | | | |
| 2004 Q3 | 4.7 | 6.0 | 18.8 | 4.4 | 8.1 | -1.1 | 6.2 | -8.5 | 10.7 | 16.4 | 5.8 |
| Q4 | 4.8 | 6.2 | 17.4 | 5.1 | 7.1 | 1.6 | 6.2 | 3.6 | 3.9 | 12.2 | 3.8 |
| 2005 Q1 | 4.8 | 6.0 | 16.4 | 5.1 | 7.9 | 1.5 | 5.6 | -3.3 | 1.7 | 10.9 | 5.1 |
| Q2 | 4.6 | 6.1 | 15.7 | 5.5 | 9.0 | 1.8 | 4.9 | -3.2 | -5.5 | 12.1 | 3.5 |
| Q3 | 4.4 | 5.6 | 14.6 | 5.3 | 8.4 | 2.7 | 4.5 | -6.3 | -10.8 | 10.2 | 4.3 |
| Q4 | 5.1 | 6.2 | 13.0 | 5.4 | 10.6 | 1.7 | 2.8 | -9.3 | 6.7 | 11.2 | 7.6 |

| | Securities other than shares | | | Shares [1] | | | | Insurance technical reserves | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Total | Short-term | Long-term | Total | Quoted shares | Mutual fund shares | Money market fund shares/units | Total | Net equity of households in life insurance reserves and pension fund reserves | Prepayments of insurance premiums and reserves for outstanding claims |
| | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 | 21 |
| | Outstanding amounts | | | | | | | | | |
| 2004 Q3 | 2,011.0 | 240.5 | 1,770.5 | 4,033.2 | 2,064.8 | 1,968.4 | 421.6 | 4,104.8 | 3,725.9 | 378.9 |
| Q4 | 2,017.5 | 260.8 | 1,756.8 | 4,148.1 | 2,165.5 | 1,982.6 | 405.0 | 4,196.4 | 3,814.4 | 382.0 |
| 2005 Q1 | 2,023.7 | 255.5 | 1,768.2 | 4,302.7 | 2,269.9 | 2,032.8 | 411.2 | 4,308.4 | 3,917.4 | 391.0 |
| Q2 | 2,069.8 | 256.4 | 1,813.4 | 4,436.2 | 2,347.0 | 2,089.2 | 408.4 | 4,413.1 | 4,019.5 | 393.5 |
| Q3 | 2,054.7 | 251.4 | 1,803.3 | 4,692.1 | 2,520.6 | 2,171.5 | 409.5 | 4,506.7 | 4,109.1 | 397.6 |
| Q4 | 2,049.6 | 240.4 | 1,809.2 | 4,839.2 | 2,656.3 | 2,182.9 | 399.8 | 4,613.5 | 4,212.6 | 400.9 |
| | Transactions | | | | | | | | | |
| 2004 Q3 | 20.5 | 9.8 | 10.7 | 14.8 | 7.4 | 7.4 | -3.2 | 61.8 | 58.0 | 3.8 |
| Q4 | -6.3 | 3.2 | -9.5 | -62.6 | -51.6 | -10.9 | -16.4 | 62.9 | 59.8 | 3.2 |
| 2005 Q1 | 31.2 | -5.5 | 36.7 | 36.8 | 1.8 | 35.0 | 6.3 | 74.0 | 65.1 | 9.0 |
| Q2 | 25.8 | 2.0 | 23.8 | 37.8 | 19.6 | 18.3 | -1.0 | 70.2 | 67.5 | 2.7 |
| Q3 | -5.8 | 0.4 | -6.1 | 26.3 | -8.6 | 34.9 | 3.0 | 71.7 | 67.8 | 4.0 |
| Q4 | 5.7 | -12.9 | 18.6 | 14.7 | 11.9 | 2.8 | -8.3 | 71.7 | 68.6 | 3.2 |
| | Growth rates | | | | | | | | | |
| 2004 Q3 | 1.2 | 11.2 | 0.3 | 2.6 | 3.0 | 2.3 | 0.1 | 6.6 | 6.8 | 5.3 |
| Q4 | 3.8 | 31.4 | 0.8 | 1.4 | 1.1 | 1.7 | -1.6 | 6.7 | 6.8 | 5.9 |
| 2005 Q1 | 4.6 | 15.4 | 3.2 | 1.4 | 0.9 | 1.9 | -3.3 | 6.5 | 6.6 | 5.5 |
| Q2 | 3.6 | 4.1 | 3.5 | 0.7 | -1.1 | 2.5 | -3.4 | 6.6 | 6.8 | 5.0 |
| Q3 | 2.2 | 0.0 | 2.5 | 1.0 | -1.9 | 3.9 | -1.9 | 6.8 | 7.0 | 5.0 |
| Q4 | 2.8 | -6.2 | 4.2 | 2.8 | 1.1 | 4.6 | 0.0 | 6.9 | 7.0 | 4.9 |

Source: ECB.

1) Excluding unquoted shares.

## 3.2 Main liabilities of non-financial sectors

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

| | Total | Loans taken from euro area MFIs and other financial corporations by | | | | | | | | | | | Memo: loans taken from outside the euro area by non-MFIs |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Total | | General government | | | Non-financial corporations | | | Households [1] | | | |
| | | | Taken from euro area MFIs | Total | Short-term | Long-term | Total | Short-term | Long-term | Total | Short-term | Long-term | |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 |
| | Outstanding amounts | | | | | | | | | | | | |
| 2004 Q3 | 17,495.7 | 8,812.5 | 7,671.3 | 930.7 | 90.1 | 840.6 | 3,743.4 | 1,172.0 | 2,571.4 | 4,138.5 | 287.8 | 3,850.7 | 426.2 |
| Q4 | 17,859.6 | 8,939.7 | 7,794.7 | 929.7 | 80.8 | 848.9 | 3,784.5 | 1,192.2 | 2,592.3 | 4,225.4 | 292.3 | 3,933.2 | 435.0 |
| 2005 Q1 | 18,216.3 | 9,027.6 | 7,877.9 | 924.3 | 77.4 | 846.9 | 3,815.2 | 1,191.4 | 2,623.8 | 4,288.1 | 292.1 | 3,996.0 | 451.3 |
| Q2 | 18,765.2 | 9,245.6 | 8,110.3 | 925.7 | 82.2 | 843.5 | 3,911.3 | 1,240.1 | 2,671.2 | 4,408.6 | 302.6 | 4,105.9 | 518.3 |
| Q3 | 19,239.1 | 9,379.6 | 8,245.1 | 934.9 | 87.5 | 847.4 | 3,942.5 | 1,222.7 | 2,719.8 | 4,502.2 | 300.1 | 4,202.1 | 527.8 |
| Q4 | 19,515.5 | 9,620.8 | 8,455.6 | 947.2 | 79.9 | 867.3 | 4,055.5 | 1,265.1 | 2,790.3 | 4,618.2 | 306.6 | 4,311.6 | 587.6 |
| | Transactions | | | | | | | | | | | | |
| 2004 Q3 | 142.1 | 80.9 | 86.1 | -5.2 | -1.4 | -3.8 | 4.9 | -11.3 | 16.1 | 81.2 | -2.6 | 83.8 | 2.0 |
| Q4 | 106.9 | 147.6 | 139.7 | 1.9 | -9.2 | 11.1 | 58.1 | 23.1 | 35.1 | 87.5 | 5.8 | 81.7 | 1.7 |
| 2005 Q1 | 229.3 | 89.9 | 87.2 | -6.2 | -3.4 | -2.7 | 31.1 | 5.9 | 25.1 | 65.0 | 0.7 | 64.3 | 7.6 |
| Q2 | 334.7 | 204.3 | 187.8 | 0.8 | 4.8 | -4.0 | 90.4 | 39.3 | 51.1 | 113.1 | 10.4 | 102.6 | 60.9 |
| Q3 | 215.7 | 131.4 | 138.4 | 9.4 | 5.3 | 4.1 | 26.2 | -16.6 | 42.7 | 95.8 | -2.5 | 98.3 | 23.4 |
| Q4 | 285.7 | 272.3 | 227.0 | 13.5 | -7.3 | 20.8 | 140.8 | 46.0 | 94.9 | 118.0 | 6.7 | 111.3 | 46.1 |
| | Growth rates | | | | | | | | | | | | |
| 2004 Q3 | 4.4 | 4.9 | 5.7 | 1.0 | 24.0 | -1.0 | 2.3 | -1.3 | 4.0 | 8.3 | 0.9 | 8.9 | 5.5 |
| Q4 | 4.3 | 5.1 | 5.9 | -0.9 | -1.7 | -0.8 | 3.4 | 2.0 | 4.0 | 8.1 | 1.9 | 8.6 | 2.3 |
| 2005 Q1 | 4.5 | 5.5 | 6.0 | -2.0 | -10.1 | -1.1 | 4.5 | 3.1 | 5.2 | 8.2 | 3.9 | 8.5 | 1.7 |
| Q2 | 4.7 | 6.0 | 6.6 | -0.9 | -10.1 | 0.1 | 4.9 | 4.8 | 5.0 | 8.5 | 4.9 | 8.8 | 16.7 |
| Q3 | 5.1 | 6.5 | 7.2 | 0.6 | -2.8 | 1.0 | 5.5 | 4.4 | 6.0 | 8.7 | 5.0 | 9.0 | 21.9 |
| Q4 | 6.0 | 7.8 | 8.2 | 1.9 | -0.7 | 2.1 | 7.6 | 6.3 | 8.2 | 9.3 | 5.2 | 9.6 | 31.7 |

| | Securities other than shares issued by | | | | | | | Quoted shares issued by non-financial corporations | Deposit liabilities of general government | Pension fund reserves of non-financial corporations |
|---|---|---|---|---|---|---|---|---|---|---|
| | Total | General government | | | Non-financial corporations | | | | | |
| | | Total | Short-term | Long-term | Total | Short-term | Long-term | | | |
| | 14 | 15 | 16 | 17 | 18 | 19 | 20 | 21 | 22 | 23 |
| | Outstanding amounts | | | | | | | | | |
| 2004 Q3 | 5,370.8 | 4,716.4 | 615.5 | 4,100.9 | 654.4 | 225.5 | 428.9 | 2,763.8 | 250.8 | 297.7 |
| Q4 | 5,380.6 | 4,728.9 | 590.8 | 4,138.0 | 651.7 | 221.3 | 430.4 | 2,980.4 | 257.9 | 300.9 |
| 2005 Q1 | 5,498.3 | 4,834.9 | 601.3 | 4,233.6 | 663.4 | 235.5 | 428.0 | 3,138.6 | 248.1 | 303.7 |
| Q2 | 5,709.1 | 5,031.3 | 622.8 | 4,408.5 | 677.8 | 240.7 | 437.1 | 3,243.6 | 259.9 | 307.0 |
| Q3 | 5,705.9 | 5,026.8 | 610.7 | 4,416.1 | 679.1 | 237.2 | 441.9 | 3,580.2 | 263.0 | 310.4 |
| Q4 | 5,627.1 | 4,956.5 | 586.5 | 4,369.9 | 670.7 | 235.6 | 435.1 | 3,676.1 | 278.2 | 313.3 |
| | Transactions | | | | | | | | | |
| 2004 Q3 | 47.1 | 39.8 | 0.7 | 39.2 | 7.3 | -3.4 | 10.7 | 6.3 | 4.6 | 3.2 |
| Q4 | -54.3 | -44.9 | -25.2 | -19.7 | -9.4 | -7.3 | -2.1 | 2.8 | 6.8 | 4.0 |
| 2005 Q1 | 140.4 | 123.7 | 9.1 | 114.7 | 16.7 | 15.4 | 1.3 | 4.8 | -8.5 | 2.8 |
| Q2 | 117.0 | 111.3 | 22.7 | 88.5 | 5.7 | 5.0 | 0.7 | -1.7 | 11.9 | 3.3 |
| Q3 | -1.4 | -1.6 | -12.0 | 10.5 | 0.2 | -3.6 | 3.7 | 79.3 | 3.1 | 3.4 |
| Q4 | -23.5 | -20.5 | -24.0 | 3.5 | -3.0 | -4.4 | 1.4 | 19.9 | 13.9 | 3.1 |
| | Growth rates | | | | | | | | | |
| 2004 Q3 | 5.2 | 5.2 | 6.7 | 5.0 | 5.2 | 12.7 | 1.8 | 0.5 | 7.2 | 4.9 |
| Q4 | 4.8 | 5.2 | 6.2 | 5.1 | 2.0 | 8.4 | -1.0 | 0.5 | 8.2 | 4.6 |
| 2005 Q1 | 4.8 | 4.8 | 1.0 | 5.3 | 5.6 | 8.4 | 4.1 | 0.6 | 4.3 | 4.5 |
| Q2 | 4.7 | 5.0 | 1.2 | 5.5 | 3.1 | 4.3 | 2.5 | 0.4 | 6.0 | 4.5 |
| Q3 | 3.8 | 4.0 | -0.9 | 4.7 | 2.0 | 4.2 | 0.9 | 3.1 | 5.3 | 4.5 |
| Q4 | 4.3 | 4.5 | -0.7 | 5.2 | 3.0 | 5.6 | 1.6 | 3.4 | 7.9 | 4.2 |

Source: ECB.

1) Including non-profit institutions serving households.

## 3.3 Main financial assets and liabilities of insurance corporations and pension funds

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

| | Main financial assets | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Total | Deposits with euro area MFIs | | | | | Loans | | | Securities other than shares | | |
| | | Total | Overnight | With agreed maturity | Redeemable at notice | Repos | Total | Short-term | Long-term | Total | Short-term | Long-term |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 |
| | Outstanding amounts | | | | | | | | | | | |
| 2004 Q3 | 4,116.0 | 573.6 | 61.5 | 489.8 | 2.3 | 20.0 | 369.9 | 64.0 | 305.9 | 1,652.2 | 67.7 | 1,584.5 |
| Q4 | 4,229.5 | 583.2 | 59.2 | 500.8 | 2.5 | 20.8 | 361.4 | 63.4 | 297.9 | 1,716.6 | 80.0 | 1,636.7 |
| 2005 Q1 | 4,354.0 | 597.0 | 65.7 | 508.8 | 2.7 | 19.8 | 359.9 | 64.0 | 295.9 | 1,761.5 | 78.3 | 1,683.2 |
| Q2 | 4,487.9 | 595.8 | 61.2 | 511.3 | 2.7 | 20.6 | 354.6 | 65.6 | 288.9 | 1,826.5 | 78.2 | 1,748.4 |
| Q3 | 4,653.0 | 602.9 | 60.0 | 517.7 | 2.7 | 22.4 | 360.2 | 71.4 | 288.8 | 1,869.9 | 75.4 | 1,794.5 |
| Q4 | 4,729.4 | 612.6 | 67.8 | 521.6 | 2.6 | 20.6 | 362.9 | 77.4 | 285.5 | 1,893.7 | 79.7 | 1,814.0 |
| | Transactions | | | | | | | | | | | |
| 2004 Q3 | 51.1 | 8.2 | 1.6 | 7.8 | -0.1 | -1.1 | -0.2 | -0.2 | 0.0 | 27.0 | -0.4 | 27.4 |
| Q4 | 61.7 | 9.9 | -1.7 | 10.6 | 0.2 | 0.7 | -8.6 | -0.6 | -8.0 | 49.3 | 3.4 | 45.8 |
| 2005 Q1 | 86.4 | 12.5 | 6.4 | 6.9 | 0.2 | -1.0 | -3.3 | 0.9 | -4.3 | 50.7 | -1.6 | 52.3 |
| Q2 | 55.0 | -2.0 | -5.3 | 2.2 | 0.2 | 0.8 | -5.5 | 1.6 | -7.1 | 36.9 | -1.1 | 38.1 |
| Q3 | 76.5 | 7.1 | -1.2 | 6.4 | 0.1 | 1.8 | 1.1 | 1.3 | -0.2 | 33.0 | -2.8 | 35.8 |
| Q4 | 62.3 | 8.7 | 7.4 | 3.1 | 0.0 | -1.9 | 0.9 | 5.5 | -4.7 | 43.2 | 3.4 | 39.8 |
| | Growth rates | | | | | | | | | | | |
| 2004 Q3 | 6.9 | 7.5 | 6.8 | 7.7 | -12.8 | 6.7 | 5.2 | -0.5 | 6.4 | 9.9 | 3.0 | 10.2 |
| Q4 | 6.1 | 7.4 | 1.2 | 8.2 | -12.0 | 7.8 | -0.2 | 3.0 | -0.8 | 9.6 | 8.9 | 9.7 |
| 2005 Q1 | 5.8 | 6.8 | 2.2 | 8.3 | -11.6 | -10.5 | -3.5 | 1.8 | -4.6 | 9.5 | 3.4 | 9.8 |
| Q2 | 6.3 | 5.1 | 1.8 | 5.7 | 23.8 | -2.8 | -4.8 | 2.7 | -6.3 | 10.2 | 0.4 | 10.6 |
| Q3 | 6.8 | 4.8 | -2.8 | 5.3 | 30.1 | 12.0 | -4.4 | 5.0 | -6.4 | 10.3 | -3.1 | 10.9 |
| Q4 | 6.6 | 4.5 | 12.5 | 3.7 | 18.4 | -0.8 | -1.9 | 14.7 | -5.4 | 9.5 | -2.6 | 10.1 |

| | Main financial assets | | | | | Main liabilities | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Shares [1] | | | | Prepayments of insurance premiums and reserves for outstanding claims | Total | Loans taken from euro area MFIs and other financial corporations | | Securities other than shares | Quoted shares | Insurance technical reserves | | |
| | Total | Quoted shares | Mutual fund shares | Money market fund shares/ units | | | Total | Taken from euro area MFIs | | | Total | Net equity of households in life insurance reserves and pension fund reserves | Prepayments of insurance premiums and reserves for outstanding claims |
| | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 | 21 | 22 | 23 | 24 | 25 |
| | Outstanding amounts | | | | | | | | | | | | |
| 2004 Q3 | 1,392.9 | 657.9 | 735.0 | 62.2 | 127.5 | 4,274.0 | 90.7 | 52.5 | 21.1 | 186.4 | 3,975.8 | 3,386.1 | 589.7 |
| Q4 | 1,439.9 | 688.7 | 751.2 | 67.4 | 128.5 | 4,371.7 | 79.5 | 48.6 | 21.2 | 207.9 | 4,063.2 | 3,469.7 | 593.4 |
| 2005 Q1 | 1,503.5 | 716.5 | 787.0 | 67.1 | 132.0 | 4,511.3 | 90.1 | 58.2 | 21.4 | 220.3 | 4,179.5 | 3,573.4 | 606.0 |
| Q2 | 1,576.8 | 747.4 | 829.4 | 87.2 | 134.2 | 4,633.0 | 92.8 | 63.8 | 21.5 | 223.3 | 4,295.3 | 3,685.8 | 609.5 |
| Q3 | 1,683.5 | 816.0 | 867.5 | 88.1 | 136.6 | 4,726.8 | 92.4 | 65.2 | 22.2 | 251.2 | 4,361.0 | 3,774.1 | 586.9 |
| Q4 | 1,721.5 | 833.5 | 888.0 | 80.8 | 138.7 | 4,874.8 | 66.3 | 64.6 | 22.2 | 285.9 | 4,500.4 | 3,872.5 | 627.9 |
| | Transactions | | | | | | | | | | | | |
| 2004 Q3 | 14.0 | 9.2 | 4.8 | -0.6 | 2.1 | 61.3 | 1.7 | -1.1 | -1.9 | 2.1 | 59.5 | 53.9 | 5.6 |
| Q4 | 10.0 | 2.7 | 7.3 | 5.1 | 1.1 | 43.3 | -11.0 | -3.6 | 0.0 | 0.1 | 54.3 | 50.5 | 3.8 |
| 2005 Q1 | 23.0 | 5.5 | 17.6 | -0.2 | 3.5 | 83.1 | 9.7 | 8.6 | 0.6 | 0.0 | 72.7 | 60.2 | 12.6 |
| Q2 | 23.6 | 1.4 | 22.2 | 6.7 | 2.0 | 72.6 | 2.8 | 5.5 | 0.0 | 0.5 | 69.3 | 65.6 | 3.7 |
| Q3 | 32.9 | 16.5 | 16.4 | 1.0 | 2.4 | 73.8 | -0.4 | 1.4 | 0.5 | 1.1 | 72.6 | 65.9 | 6.7 |
| Q4 | 8.0 | -10.0 | 18.0 | -8.2 | 1.6 | 76.9 | -0.5 | -0.6 | 0.1 | 4.6 | 72.7 | 66.6 | 6.2 |
| | Growth rates | | | | | | | | | | | | |
| 2004 Q3 | 4.3 | 2.2 | 6.2 | 3.0 | -0.7 | 6.4 | 6.1 | 17.5 | 0.2 | 4.8 | 6.5 | 6.8 | 4.5 |
| Q4 | 3.1 | 1.3 | 4.8 | 4.8 | 6.1 | 6.2 | 5.5 | 36.9 | -9.1 | 1.6 | 6.5 | 6.8 | 4.8 |
| 2005 Q1 | 3.6 | 2.2 | 4.8 | 6.4 | 6.3 | 6.0 | 5.4 | 23.7 | -6.5 | 1.2 | 6.3 | 6.6 | 4.7 |
| Q2 | 5.1 | 2.8 | 7.1 | 17.4 | 6.9 | 6.2 | 3.5 | 17.6 | -5.6 | 1.4 | 6.5 | 6.9 | 4.4 |
| Q3 | 6.4 | 4.0 | 8.6 | 20.3 | 7.1 | 6.4 | 1.2 | 22.8 | 5.4 | 0.9 | 6.8 | 7.2 | 4.5 |
| Q4 | 6.1 | 1.9 | 9.9 | -1.1 | 7.4 | 7.0 | 14.5 | 30.8 | 6.2 | 3.0 | 7.1 | 7.4 | 4.9 |

Source: ECB.

1) Excluding unquoted shares.

## 3.4 Annual saving, investment and financing

(EUR billions, unless otherwise indicated)

### 1. All sectors in the euro area

| | Net acquisition of non-financial assets | | | | | Net acquisition of financial assets | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Total | Gross fixed capital formation | Consumption of fixed capital (-) | Changes in inventories [1] | Non-produced assets | Total | Monetary gold and SDRs | Currency and deposits | Securities other than shares [2] | Loans | Shares and other equity | Insurance technical reserves | Other investment (net) [3] |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 |
| 1999 | 508.0 | 1,353.7 | -871.5 | 25.7 | 0.1 | 3,313.5 | -1.3 | 566.5 | 499.5 | 879.5 | 1,090.1 | 264.7 | 14.4 |
| 2000 | 565.4 | 1,456.0 | -927.2 | 36.3 | 0.3 | 3,282.1 | -1.3 | 369.1 | 334.9 | 797.9 | 1,506.6 | 251.4 | 23.5 |
| 2001 | 517.6 | 1,483.0 | -976.7 | 10.6 | 0.6 | 2,797.7 | 0.5 | 583.2 | 578.4 | 693.8 | 727.1 | 254.4 | -39.6 |
| 2002 | 453.0 | 1,481.8 | -1,013.9 | -15.3 | 0.5 | 2,545.7 | -0.9 | 802.0 | 376.5 | 520.7 | 599.7 | 226.2 | 21.5 |
| 2003 | 464.0 | 1,507.3 | -1,043.4 | -0.3 | 0.4 | 2,756.8 | -1.7 | 737.8 | 576.0 | 613.6 | 577.0 | 240.9 | 13.2 |
| 2004 | 509.7 | 1,573.2 | -1,086.0 | 22.6 | -0.2 | 3,148.8 | -1.6 | 1,007.4 | 647.0 | 710.5 | 520.3 | 257.7 | 7.6 |

| | Changes in net worth [4] | | | | Net incurrence of liabilities | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Total | Gross saving | Consumption of fixed capital (-) | Net capital transfers receivable | Total | Currency and deposits | Securities other than shares [2] | Loans | Shares and other equity | Insurance technical reserves |
| | 14 | 15 | 16 | 17 | 18 | 19 | 20 | 21 | 22 | 23 |
| 1999 | 488.6 | 1,347.3 | -871.5 | 12.8 | 3,333.0 | 842.5 | 554.4 | 773.5 | 894.5 | 268.0 |
| 2000 | 505.3 | 1,419.7 | -927.2 | 12.8 | 3,342.1 | 507.7 | 474.0 | 903.2 | 1,200.7 | 256.6 |
| 2001 | 481.8 | 1,451.1 | -976.7 | 7.4 | 2,833.4 | 614.0 | 512.4 | 673.2 | 773.1 | 260.7 |
| 2002 | 517.9 | 1,521.3 | -1,013.9 | 10.6 | 2,480.7 | 637.8 | 437.7 | 565.4 | 610.0 | 229.8 |
| 2003 | 500.3 | 1,528.8 | -1,043.4 | 14.9 | 2,720.5 | 672.9 | 587.1 | 581.0 | 629.1 | 250.4 |
| 2004 | 538.9 | 1,608.4 | -1,086.0 | 16.5 | 3,119.5 | 1,120.9 | 684.5 | 548.1 | 506.5 | 259.5 |

### 2. Non-financial corporations

| | Net acquisition of non-financial assets | | | Net acquisition of financial assets | | | | | Changes in net worth [4] | | Net incurrence of liabilities | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Total | Gross fixed capital formation | Consumption of fixed capital (-) | Total | Currency and deposits | Securities other than shares [2] | Loans | Shares and other equity | Total | Gross saving | Total | Securities other than shares [2] | Loans | Shares and other equity |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 |
| 1999 | 257.5 | 728.5 | -489.2 | 619.9 | 29.9 | 79.6 | 187.4 | 319.4 | 96.6 | 529.8 | 780.8 | 46.8 | 433.4 | 289.7 |
| 2000 | 380.8 | 803.4 | -524.2 | 938.4 | 68.2 | 68.5 | 244.2 | 543.7 | 83.4 | 557.3 | 1,235.8 | 70.3 | 632.6 | 521.1 |
| 2001 | 279.6 | 821.3 | -554.9 | 623.3 | 106.5 | 45.6 | 183.2 | 234.3 | 95.6 | 587.9 | 807.3 | 104.1 | 381.0 | 310.8 |
| 2002 | 219.8 | 810.8 | -576.9 | 408.8 | 24.9 | 22.1 | 65.5 | 256.7 | 123.2 | 639.8 | 505.3 | 17.8 | 268.5 | 206.5 |
| 2003 | 218.6 | 814.5 | -592.0 | 378.0 | 91.2 | -26.0 | 150.5 | 202.1 | 116.3 | 663.2 | 480.2 | 72.5 | 210.4 | 183.5 |
| 2004 | 254.8 | 850.6 | -614.2 | 267.5 | 83.5 | -48.6 | 85.2 | 164.9 | 156.0 | 714.6 | 366.3 | 16.8 | 165.9 | 170.5 |

### 3. Households [5]

| | Net acquisition of non-financial assets | | | Net acquisition of financial assets | | | | | Changes in net worth [4] | | Net incurrence of liabilities | | Memo: | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Total | Gross fixed capital formation | Consumption of fixed capital (-) | Total | Currency and deposits | Securities other than shares [2] | Shares and other equity | Insurance technical reserves | Total | Gross saving | Total | Loans | Gross disposable income | Gross saving ratio [6] |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 |
| 1999 | 199.1 | 427.4 | -232.9 | 472.0 | 116.6 | -60.7 | 190.4 | 250.0 | 400.9 | 608.5 | 270.3 | 268.8 | 4,230.0 | 14.2 |
| 2000 | 201.4 | 445.2 | -245.1 | 422.5 | 78.7 | 28.8 | 119.8 | 245.5 | 392.7 | 612.0 | 231.3 | 229.3 | 4,436.0 | 13.7 |
| 2001 | 184.8 | 443.9 | -257.6 | 433.2 | 168.1 | 59.4 | 35.7 | 234.2 | 435.9 | 675.6 | 182.1 | 180.4 | 4,667.4 | 14.3 |
| 2002 | 185.9 | 455.4 | -267.9 | 493.2 | 219.6 | 16.2 | 0.1 | 216.3 | 458.1 | 719.0 | 221.0 | 218.9 | 4,824.2 | 14.7 |
| 2003 | 190.1 | 465.1 | -278.6 | 531.0 | 217.5 | -45.6 | 92.3 | 240.0 | 470.7 | 735.9 | 250.4 | 248.3 | 4,958.7 | 14.7 |
| 2004 | 202.5 | 491.4 | -291.9 | 601.6 | 237.3 | 62.8 | 18.9 | 246.4 | 485.9 | 761.9 | 318.1 | 315.8 | 5,128.9 | 14.7 |

Source: ECB.

1) Including net acquisition of valuables.
2) Excluding financial derivatives.
3) Financial derivatives and other accounts receivable/payable.
4) Arising from saving and net capital transfers receivable, after allowance for consumption of fixed capital (-).
5) Including non-profit institutions serving households.
6) Gross saving divided by gross disposable income and net increase in claims on pension funds reserves.

# 4 FINANCIAL MARKETS

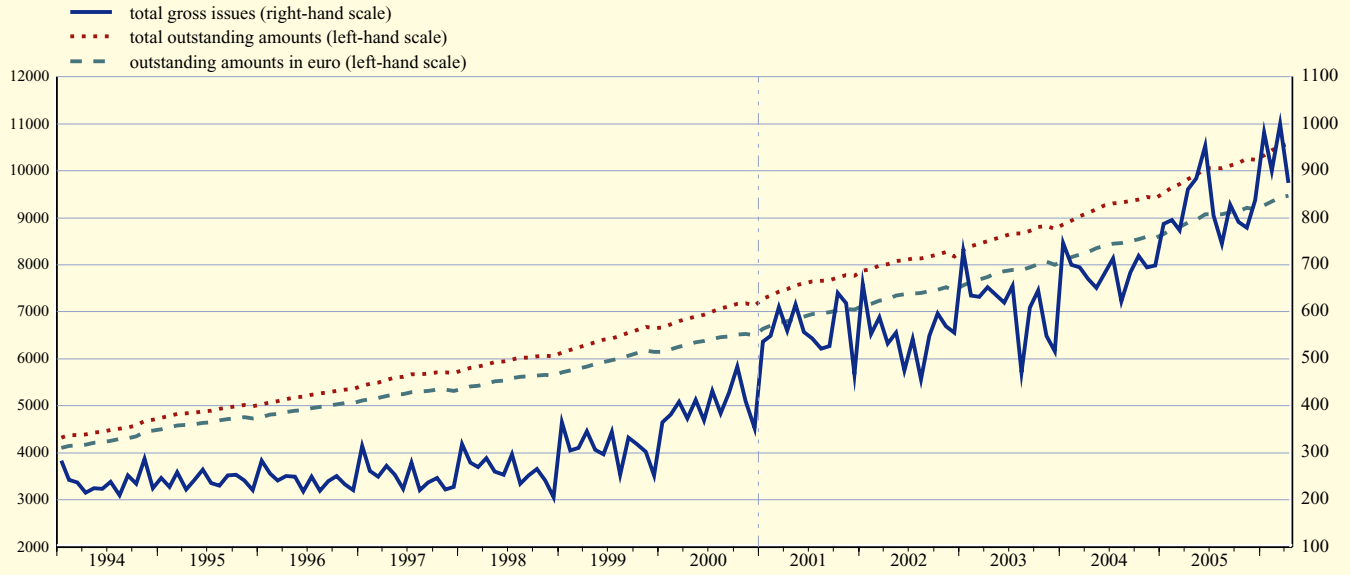
## 4.1 Securities, other than shares, by original maturity, residency of the issuer and currency

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

| | Total in euro [1] | | | By euro area residents | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | In euro | | | In all currencies | | | | | |
| | Outstanding amounts | Gross issues | Net issues | Outstanding amounts | Gross issues | Net issues | Outstanding amounts | Gross issues | Net issues | Annual growth rates | Seasonally adjusted [2] | |
| | | | | | | | | | | | Net issues | 6-month growth rates |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 |
| | Total | | | | | | | | | | | |
| 2005 Apr. | 10,382.8 | 861.7 | 56.1 | 8,892.8 | 814.6 | 84.8 | 9,819.8 | 861.1 | 101.1 | 7.8 | 85.8 | 8.6 |
| May | 10,447.4 | 899.0 | 65.8 | 8,952.7 | 844.0 | 60.9 | 9,909.6 | 883.7 | 65.5 | 7.4 | 35.7 | 7.9 |
| June | 10,641.0 | 1,027.0 | 193.7 | 9,077.6 | 903.0 | 125.5 | 10,050.2 | 952.6 | 135.1 | 8.1 | 138.3 | 9.2 |
| July | 10,618.2 | 818.5 | -23.0 | 9,080.5 | 762.7 | 2.8 | 10,056.6 | 804.1 | 5.9 | 7.6 | 2.9 | 8.1 |
| Aug. | 10,625.6 | 757.8 | 3.7 | 9,073.2 | 705.2 | -11.1 | 10,058.3 | 744.4 | -2.7 | 7.4 | 35.2 | 7.0 |
| Sep. | 10,724.6 | 893.7 | 100.4 | 9,109.3 | 786.8 | 37.5 | 10,112.5 | 828.0 | 46.3 | 7.4 | 45.6 | 7.2 |
| Oct. | 10,739.1 | 797.4 | 14.9 | 9,145.5 | 744.0 | 36.3 | 10,166.5 | 790.6 | 53.1 | 7.5 | 51.7 | 6.4 |
| Nov. | 10,817.2 | 801.5 | 79.8 | 9,206.2 | 734.4 | 62.3 | 10,255.8 | 779.4 | 76.7 | 7.6 | 77.5 | 7.2 |
| Dec. | 10,831.2 | 870.5 | 12.7 | 9,183.1 | 794.3 | -24.2 | 10,237.7 | 838.1 | -25.1 | 7.6 | 76.7 | 5.9 |
| 2006 Jan. | 10,880.4 | 971.4 | 55.2 | 9,262.1 | 927.0 | 84.9 | 10,321.9 | 982.0 | 104.1 | 7.7 | 66.2 | 7.2 |
| Feb. | 10,984.6 | 911.6 | 101.6 | 9,343.2 | 845.7 | 78.4 | 10,431.6 | 900.6 | 91.9 | 7.3 | 55.0 | 7.5 |
| Mar. | 11,138.6 | 1,054.4 | 153.8 | 9,423.9 | 938.9 | 80.5 | 10,516.8 | 999.3 | 98.1 | 7.7 | 80.7 | 8.2 |
| Apr. | . | . | . | 9,473.3 | 816.1 | 47.0 | 10,573.0 | 874.0 | 66.4 | 7.3 | 47.2 | 8.1 |
| | Long-term | | | | | | | | | | | |
| 2005 Apr. | 9,425.7 | 186.0 | 52.9 | 8,035.5 | 166.9 | 58.7 | 8,839.3 | 184.7 | 70.1 | 8.4 | 65.9 | 9.4 |
| May | 9,495.5 | 182.9 | 70.2 | 8,096.1 | 153.3 | 60.9 | 8,926.9 | 168.7 | 67.2 | 8.0 | 40.3 | 8.7 |
| June | 9,679.4 | 306.4 | 183.8 | 8,242.8 | 238.9 | 147.1 | 9,093.2 | 261.4 | 157.1 | 8.9 | 144.7 | 10.6 |
| July | 9,678.8 | 160.1 | -0.9 | 8,235.9 | 131.4 | -7.0 | 9,089.6 | 146.1 | -2.4 | 8.4 | -2.7 | 8.8 |
| Aug. | 9,677.5 | 86.9 | -4.9 | 8,222.9 | 63.8 | -16.8 | 9,087.1 | 77.3 | -9.3 | 8.1 | 22.0 | 7.4 |
| Sep. | 9,745.4 | 188.5 | 68.7 | 8,265.9 | 143.8 | 43.7 | 9,147.2 | 163.2 | 55.1 | 8.0 | 48.0 | 7.4 |
| Oct. | 9,776.9 | 166.4 | 32.5 | 8,283.5 | 137.4 | 18.4 | 9,181.6 | 159.3 | 31.6 | 8.0 | 41.8 | 6.7 |
| Nov. | 9,859.3 | 168.3 | 83.3 | 8,348.5 | 131.9 | 65.8 | 9,271.2 | 152.6 | 80.5 | 8.2 | 83.2 | 7.7 |
| Dec. | 9,902.6 | 178.2 | 41.5 | 8,375.1 | 147.0 | 25.0 | 9,303.4 | 165.8 | 27.2 | 8.3 | 75.4 | 6.0 |
| 2006 Jan. | 9,946.0 | 195.6 | 48.5 | 8,414.8 | 173.2 | 44.8 | 9,344.1 | 195.2 | 57.2 | 8.1 | 59.0 | 7.4 |
| Feb. | 10,029.9 | 208.9 | 82.4 | 8,476.2 | 170.4 | 59.8 | 9,429.6 | 196.0 | 72.0 | 7.6 | 39.6 | 7.8 |
| Mar. | 10,130.3 | 247.5 | 100.7 | 8,548.6 | 195.7 | 72.8 | 9,500.3 | 221.5 | 81.5 | 7.8 | 72.0 | 8.3 |
| Apr. | . | . | . | 8,574.5 | 137.6 | 25.1 | 9,533.4 | 165.5 | 43.8 | 7.5 | 38.0 | 8.2 |

## 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 the calculation of the growth rates, see the Technical notes. The 6-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 | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Total | MFIs (including Eurosystem) | Non-MFI corporations | | General government | | Total | MFIs (including Eurosystem) | Non-MFI corporations | | General government | |
| | | | Non-monetary financial corporations | Non-financial corporations | Central government | Other general government | | | Non-monetary financial corporations | Non-financial corporations | Central government | Other general government |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 |
| | Total | | | | | | | | | | | |
| 2004 | 9,416 | 3,713 | 737 | 595 | 4,120 | 250 | 8,277 | 5,480 | 223 | 1,028 | 1,464 | 83 |
| 2005 | 10,238 | 4,109 | 927 | 614 | 4,305 | 283 | 9,838 | 6,983 | 325 | 1,031 | 1,404 | 95 |
| 2005 Q2 | 10,050 | 3,993 | 831 | 619 | 4,342 | 266 | 2,697 | 1,883 | 109 | 281 | 400 | 23 |
| Q3 | 10,113 | 4,046 | 843 | 617 | 4,337 | 271 | 2,377 | 1,732 | 49 | 251 | 323 | 21 |
| Q4 | 10,238 | 4,109 | 927 | 614 | 4,305 | 283 | 2,408 | 1,747 | 116 | 250 | 270 | 26 |
| 2006 Q1 | 10,517 | 4,260 | 970 | 624 | 4,373 | 289 | 2,882 | 2,108 | 83 | 257 | 412 | 22 |
| 2006 Jan. | 10,322 | 4,144 | 926 | 618 | 4,348 | 285 | 982 | 705 | 13 | 94 | 162 | 8 |
| Feb. | 10,432 | 4,210 | 953 | 622 | 4,356 | 289 | 901 | 664 | 37 | 80 | 111 | 9 |
| Mar. | 10,517 | 4,260 | 970 | 624 | 4,373 | 289 | 999 | 738 | 33 | 84 | 139 | 6 |
| Apr. | 10,573 | 4,294 | 986 | 627 | 4,377 | 289 | 874 | 639 | 30 | 80 | 121 | 5 |
| | Short-term | | | | | | | | | | | |
| 2004 | 912 | 447 | 7 | 90 | 362 | 5 | 6,338 | 4,574 | 44 | 931 | 756 | 33 |
| 2005 | 934 | 482 | 7 | 90 | 350 | 5 | 7,769 | 6,046 | 45 | 942 | 702 | 33 |
| 2005 Q2 | 957 | 462 | 7 | 105 | 377 | 5 | 2,083 | 1,628 | 11 | 258 | 178 | 8 |
| Q3 | 965 | 475 | 7 | 99 | 379 | 5 | 1,990 | 1,560 | 12 | 235 | 175 | 9 |
| Q4 | 934 | 482 | 7 | 90 | 350 | 5 | 1,931 | 1,531 | 10 | 221 | 160 | 8 |
| 2006 Q1 | 1,016 | 539 | 7 | 98 | 368 | 5 | 2,269 | 1,817 | 13 | 242 | 190 | 8 |
| 2006 Jan. | 978 | 501 | 7 | 96 | 370 | 5 | 787 | 613 | 4 | 88 | 78 | 3 |
| Feb. | 1,002 | 522 | 7 | 96 | 372 | 5 | 705 | 569 | 4 | 76 | 53 | 2 |
| Mar. | 1,016 | 539 | 7 | 98 | 368 | 5 | 778 | 634 | 4 | 78 | 59 | 3 |
| Apr. | 1,040 | 556 | 7 | 101 | 370 | 5 | 708 | 568 | 3 | 74 | 60 | 3 |
| | Long-term [1] | | | | | | | | | | | |
| 2004 | 8,503 | 3,266 | 730 | 505 | 3,758 | 245 | 1,939 | 905 | 179 | 97 | 708 | 49 |
| 2005 | 9,303 | 3,627 | 920 | 524 | 3,955 | 278 | 2,069 | 937 | 279 | 89 | 702 | 61 |
| 2005 Q2 | 9,093 | 3,531 | 823 | 513 | 3,965 | 261 | 615 | 256 | 98 | 24 | 222 | 15 |
| Q3 | 9,147 | 3,571 | 835 | 518 | 3,957 | 265 | 387 | 172 | 38 | 17 | 148 | 12 |
| Q4 | 9,303 | 3,627 | 920 | 524 | 3,955 | 278 | 478 | 216 | 105 | 29 | 109 | 18 |
| 2006 Q1 | 9,500 | 3,721 | 963 | 526 | 4,006 | 285 | 613 | 291 | 70 | 15 | 222 | 15 |
| 2006 Jan. | 9,344 | 3,643 | 919 | 523 | 3,978 | 280 | 195 | 92 | 9 | 5 | 83 | 5 |
| Feb. | 9,430 | 3,688 | 946 | 526 | 3,984 | 284 | 196 | 95 | 32 | 4 | 58 | 6 |
| Mar. | 9,500 | 3,721 | 963 | 526 | 4,006 | 285 | 221 | 104 | 28 | 6 | 81 | 3 |
| Apr. | 9,533 | 3,737 | 979 | 526 | 4,007 | 284 | 166 | 71 | 27 | 6 | 60 | 2 |
| | Of which long-term fixed rate | | | | | | | | | | | |
| 2004 | 6,380 | 1,929 | 416 | 414 | 3,435 | 186 | 1,193 | 408 | 70 | 61 | 620 | 36 |
| 2005 | 6,712 | 2,016 | 459 | 413 | 3,607 | 217 | 1,227 | 413 | 91 | 54 | 620 | 48 |
| 2005 Q2 | 6,673 | 2,003 | 445 | 417 | 3,606 | 203 | 342 | 101 | 27 | 15 | 187 | 12 |
| Q3 | 6,672 | 2,014 | 436 | 415 | 3,600 | 207 | 235 | 80 | 8 | 8 | 133 | 8 |
| Q4 | 6,712 | 2,016 | 459 | 413 | 3,607 | 217 | 263 | 95 | 35 | 16 | 103 | 14 |
| 2006 Q1 | 6,814 | 2,061 | 475 | 409 | 3,645 | 225 | 402 | 157 | 31 | 8 | 195 | 12 |
| 2006 Jan. | 6,742 | 2,037 | 456 | 408 | 3,621 | 220 | 142 | 61 | 3 | 1 | 72 | 4 |
| Feb. | 6,771 | 2,049 | 465 | 410 | 3,622 | 225 | 119 | 47 | 11 | 2 | 54 | 5 |
| Mar. | 6,814 | 2,061 | 475 | 409 | 3,645 | 225 | 140 | 49 | 16 | 5 | 68 | 2 |
| Apr. | 6,824 | 2,060 | 482 | 407 | 3,651 | 224 | 98 | 31 | 14 | 2 | 51 | 1 |
| | Of which long-term variable rate | | | | | | | | | | | |
| 2004 | 1,870 | 1,148 | 310 | 77 | 276 | 59 | 620 | 404 | 110 | 32 | 60 | 14 |
| 2005 | 2,258 | 1,343 | 457 | 94 | 303 | 61 | 715 | 429 | 187 | 28 | 58 | 12 |
| 2005 Q2 | 2,117 | 1,292 | 375 | 83 | 310 | 57 | 238 | 128 | 71 | 7 | 29 | 3 |
| Q3 | 2,165 | 1,310 | 396 | 86 | 315 | 58 | 124 | 76 | 30 | 6 | 8 | 5 |
| Q4 | 2,258 | 1,343 | 457 | 94 | 303 | 61 | 185 | 95 | 70 | 11 | 4 | 4 |
| 2006 Q1 | 2,331 | 1,384 | 484 | 97 | 307 | 60 | 171 | 108 | 39 | 4 | 18 | 3 |
| 2006 Jan. | 2,265 | 1,342 | 459 | 96 | 308 | 60 | 39 | 24 | 6 | 2 | 6 | 1 |
| Feb. | 2,313 | 1,369 | 477 | 97 | 310 | 60 | 66 | 41 | 21 | 1 | 2 | 1 |
| Mar. | 2,331 | 1,384 | 484 | 97 | 307 | 60 | 67 | 43 | 12 | 1 | 10 | 1 |
| Apr. | 2,355 | 1,393 | 492 | 100 | 309 | 60 | 52 | 28 | 13 | 4 | 6 | 1 |

Source: ECB.

1) 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

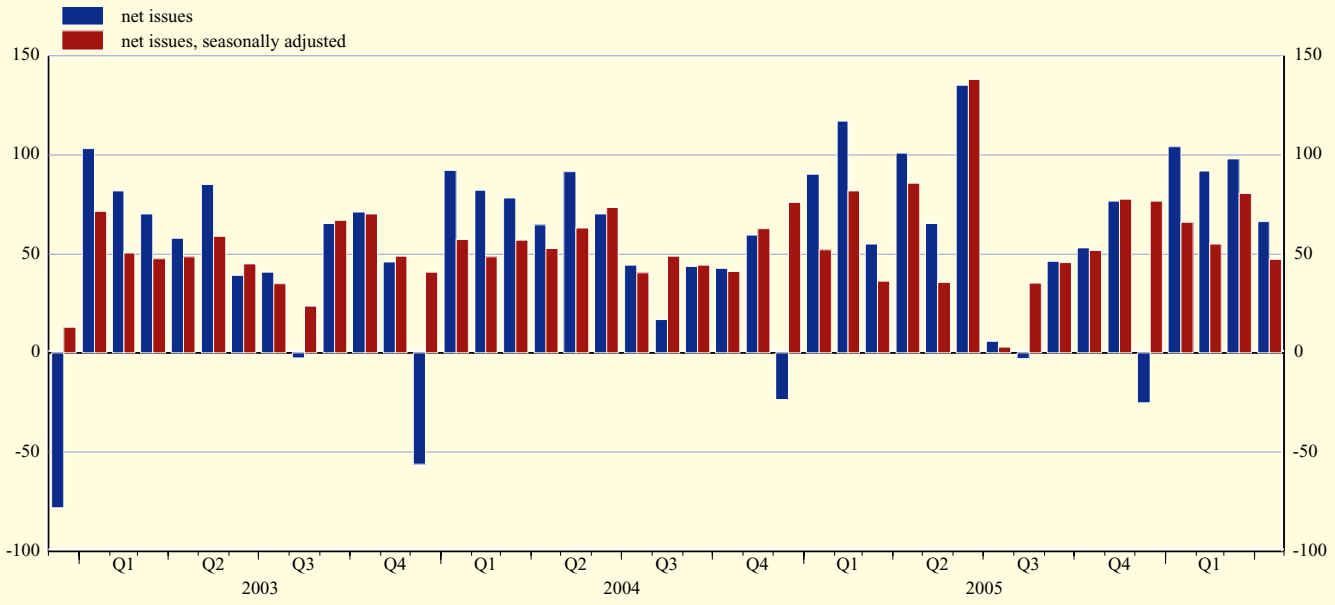
(EUR billions unless otherwise indicated; transactions during the period; nominal values)

### 2. Net issues

| | Non-seasonally adjusted | | | | | | Seasonally adjusted | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Total | MFIs (including Eurosystem) | Non-MFI corporations | | General government | | Total | MFIs (including Eurosystem) | Non-MFI corporations | | General government | |
| | | | Non-monetary financial corporations | Non-financial corporations | Central government | Other general government | | | Non-monetary financial corporations | Non-financial corporations | Central government | Other general government |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 |
| | Total | | | | | | | | | | | |
| 2004 | 662.4 | 350.4 | 75.2 | 8.2 | 197.3 | 31.5 | 666.4 | 353.1 | 73.3 | 7.9 | 200.4 | 31.7 |
| 2005 | 717.9 | 315.4 | 177.5 | 21.1 | 171.4 | 32.3 | 719.8 | 317.8 | 173.9 | 21.3 | 174.1 | 32.6 |
| 2005 Q2 | 301.6 | 117.8 | 69.2 | 8.8 | 99.1 | 6.5 | 259.8 | 122.2 | 62.1 | 4.9 | 64.5 | 6.1 |
| Q3 | 49.4 | 38.3 | 12.5 | -0.8 | -5.0 | 4.5 | 83.7 | 49.8 | 18.5 | 1.0 | 8.1 | 6.3 |
| Q4 | 104.7 | 44.7 | 81.3 | -0.5 | -33.1 | 12.4 | 205.9 | 73.7 | 62.7 | 5.1 | 52.4 | 12.0 |
| 2006 Q1 | 294.1 | 159.1 | 45.5 | 11.4 | 71.1 | 6.9 | 201.9 | 113.3 | 67.1 | 8.1 | 7.6 | 5.8 |
| 2006 Jan. | 104.1 | 50.0 | 0.5 | 5.2 | 45.8 | 2.5 | 66.2 | 37.5 | 13.4 | 2.5 | 10.9 | 1.8 |
| Feb. | 91.9 | 53.9 | 25.9 | 3.3 | 4.8 | 4.1 | 55.0 | 36.4 | 29.4 | 3.3 | -17.7 | 3.6 |
| Mar. | 98.1 | 55.3 | 19.1 | 2.9 | 20.5 | 0.3 | 80.7 | 39.4 | 24.2 | 2.3 | 14.4 | 0.4 |
| Apr. | 66.4 | 38.9 | 17.5 | 4.2 | 6.1 | -0.4 | 47.2 | 29.7 | 13.1 | 2.9 | 2.6 | -1.1 |
| | Long-term | | | | | | | | | | | |
| 2004 | 615.1 | 297.7 | 73.8 | 11.8 | 202.0 | 29.7 | 618.1 | 298.7 | 72.0 | 11.6 | 205.8 | 30.0 |
| 2005 | 708.7 | 292.8 | 178.0 | 21.6 | 183.8 | 32.6 | 710.8 | 294.4 | 174.4 | 21.5 | 187.6 | 32.8 |
| 2005 Q2 | 294.4 | 112.6 | 69.5 | 8.7 | 97.0 | 6.6 | 250.9 | 110.7 | 62.1 | 3.5 | 68.3 | 6.3 |
| Q3 | 43.5 | 28.1 | 12.8 | 5.8 | -7.7 | 4.5 | 67.2 | 29.1 | 18.9 | 7.7 | 5.3 | 6.2 |
| Q4 | 139.2 | 40.5 | 81.5 | 8.3 | -3.9 | 12.8 | 200.3 | 69.3 | 63.0 | 7.2 | 48.1 | 12.7 |
| 2006 Q1 | 210.7 | 101.6 | 45.4 | 3.3 | 53.4 | 7.0 | 170.6 | 72.9 | 67.1 | 7.8 | 17.3 | 5.5 |
| 2006 Jan. | 57.2 | 28.1 | 0.7 | -0.2 | 25.9 | 2.7 | 59.0 | 34.5 | 13.5 | 2.6 | 6.5 | 1.8 |
| Feb. | 72.0 | 36.6 | 25.5 | 3.0 | 2.9 | 4.0 | 39.6 | 17.8 | 29.2 | 5.1 | -16.3 | 3.7 |
| Mar. | 81.5 | 36.9 | 19.2 | 0.6 | 24.6 | 0.3 | 72.0 | 20.6 | 24.3 | 0.1 | 27.0 | -0.1 |
| Apr. | 43.8 | 21.9 | 17.5 | 1.5 | 3.5 | -0.6 | 38.0 | 20.7 | 13.2 | 2.1 | 3.2 | -1.2 |

## C16 Net issues of securities, other than shares, seasonally adjusted and non-seasonally adjusted

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




Source: ECB.

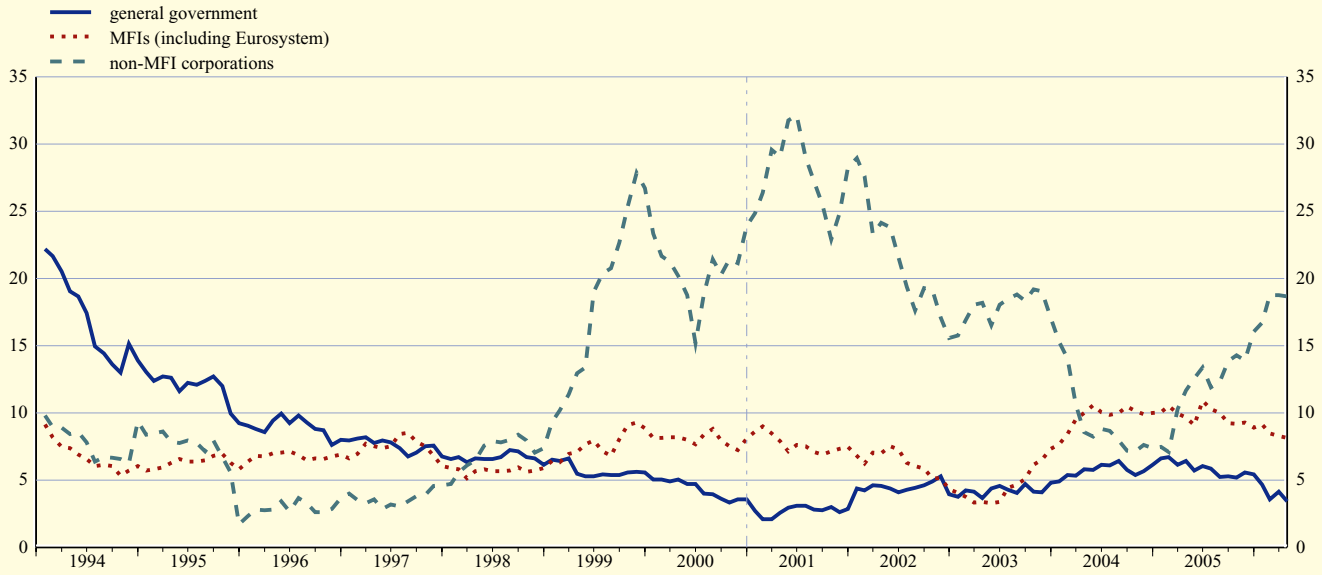
## 4.3 Growth rates of securities, other than shares, issued by euro area residents [1)]

(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 | |
| | | | Non-monetary financial corporations | Non-financial corporations | Central government | Other general government | | | Non-monetary financial corporations | Non-financial corporations | Central government | Other general government |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 |
| | Total | | | | | | | | | | | |
| 2005 Apr. | 7.8 | 9.9 | 15.9 | 5.4 | 4.7 | 12.7 | 8.6 | 10.4 | 19.6 | 5.9 | 5.2 | 15.6 |
| May | 7.4 | 9.3 | 18.4 | 4.7 | 4.2 | 11.7 | 7.9 | 9.8 | 19.6 | 5.2 | 4.6 | 10.4 |
| June | 8.1 | 10.5 | 20.1 | 3.0 | 4.6 | 11.3 | 9.2 | 10.6 | 26.9 | 5.1 | 5.5 | 11.8 |
| July | 7.6 | 10.0 | 18.8 | 1.5 | 4.3 | 12.9 | 8.1 | 10.6 | 22.3 | 2.6 | 4.1 | 9.8 |
| Aug. | 7.4 | 10.0 | 18.8 | 2.2 | 3.7 | 12.1 | 7.0 | 9.8 | 21.8 | 1.8 | 2.7 | 8.7 |
| Sep. | 7.4 | 9.4 | 21.3 | 2.8 | 3.8 | 11.7 | 7.2 | 9.1 | 22.2 | 2.0 | 3.5 | 9.7 |
| Oct. | 7.5 | 9.4 | 21.5 | 4.0 | 3.6 | 12.1 | 6.4 | 8.5 | 23.5 | 2.1 | 2.0 | 8.8 |
| Nov. | 7.6 | 9.4 | 21.1 | 3.0 | 4.0 | 12.3 | 7.2 | 8.9 | 22.5 | 0.9 | 3.5 | 14.2 |
| Dec. | 7.6 | 8.4 | 23.8 | 3.6 | 4.2 | 12.9 | 5.9 | 6.3 | 20.6 | 2.0 | 2.8 | 14.2 |
| 2006 Jan. | 7.7 | 9.1 | 24.4 | 3.5 | 3.7 | 11.3 | 7.2 | 7.6 | 26.3 | 4.4 | 3.3 | 12.9 |
| Feb. | 7.3 | 8.9 | 26.9 | 3.2 | 2.7 | 11.9 | 7.5 | 7.9 | 32.3 | 4.6 | 2.7 | 15.1 |
| Mar. | 7.7 | 9.3 | 27.4 | 3.1 | 3.1 | 11.7 | 8.2 | 9.4 | 32.9 | 4.3 | 2.8 | 13.5 |
| Apr. | 7.3 | 8.9 | 27.3 | 2.4 | 2.6 | 10.2 | 8.1 | 9.2 | 31.1 | 2.7 | 3.2 | 11.6 |
| | Long-term | | | | | | | | | | | |
| 2005 Apr. | 8.4 | 9.7 | 15.7 | 6.1 | 6.0 | 12.6 | 9.4 | 10.0 | 19.2 | 3.0 | 7.5 | 16.2 |
| May | 8.0 | 9.1 | 18.2 | 4.8 | 5.4 | 11.7 | 8.7 | 9.7 | 19.4 | 1.8 | 6.5 | 11.3 |
| June | 8.9 | 10.9 | 19.9 | 4.3 | 5.7 | 11.4 | 10.6 | 12.2 | 27.2 | 2.7 | 7.2 | 11.6 |
| July | 8.4 | 10.3 | 18.6 | 2.6 | 5.4 | 13.2 | 8.8 | 10.8 | 22.5 | 2.7 | 5.3 | 10.4 |
| Aug. | 8.1 | 10.0 | 18.8 | 3.4 | 4.8 | 12.3 | 7.4 | 9.3 | 22.3 | 4.3 | 3.4 | 9.2 |
| Sep. | 8.0 | 9.3 | 21.3 | 3.6 | 4.8 | 12.2 | 7.4 | 8.4 | 22.5 | 4.5 | 3.8 | 10.1 |
| Oct. | 8.0 | 9.2 | 21.6 | 4.2 | 4.7 | 12.5 | 6.7 | 8.4 | 24.1 | 5.4 | 2.1 | 8.9 |
| Nov. | 8.2 | 9.3 | 21.2 | 3.5 | 5.1 | 12.9 | 7.7 | 8.8 | 23.0 | 5.3 | 3.6 | 14.6 |
| Dec. | 8.3 | 8.9 | 24.1 | 4.3 | 4.9 | 13.3 | 6.0 | 5.6 | 21.0 | 5.9 | 2.7 | 15.1 |
| 2006 Jan. | 8.1 | 9.1 | 24.7 | 5.0 | 4.2 | 11.8 | 7.4 | 7.5 | 26.7 | 7.4 | 3.1 | 13.3 |
| Feb. | 7.6 | 8.5 | 27.3 | 6.0 | 3.0 | 12.6 | 7.8 | 7.7 | 32.5 | 7.8 | 2.5 | 15.9 |
| Mar. | 7.8 | 8.3 | 27.8 | 5.2 | 3.6 | 12.2 | 8.3 | 8.1 | 33.4 | 5.9 | 3.3 | 14.2 |
| Apr. | 7.5 | 8.1 | 27.7 | 5.0 | 3.0 | 10.5 | 8.2 | 7.9 | 31.4 | 4.5 | 3.9 | 12.1 |

## 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 the calculation of the growth rates, see the Technical notes.The 6-month growth rates have been annualised.

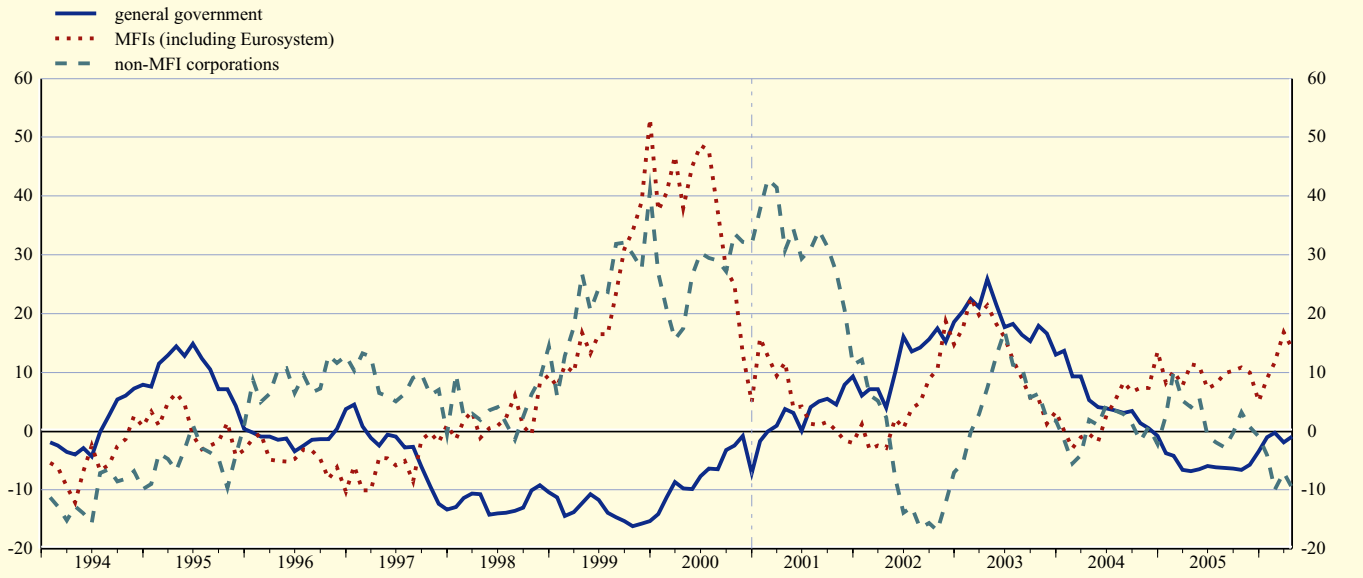
## 4.3 Growth rates of securities, other than shares, issued by euro area residents [1] (cont'd)

(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 | |
| | | | Non-monetary financial corporations | Non-financial corporations | Central government | Other general government | | | Non-monetary financial corporations | Non-financial corporations | Central government | Other general government |
| | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 | 21 | 22 | 23 | 24 |
| | In all currencies combined | | | | | | | | | | | |
| 2004 | 5.1 | 3.1 | 6.5 | 3.3 | 5.8 | 14.7 | 16.2 | 18.5 | 27.1 | 8.6 | 0.3 | 26.4 |
| 2005 | 4.7 | 3.1 | 5.7 | 0.3 | 5.5 | 15.0 | 19.4 | 18.3 | 35.8 | 22.4 | 9.9 | 4.6 |
| 2005 Q2 | 4.7 | 2.5 | 6.0 | 1.2 | 5.8 | 14.8 | 19.4 | 18.9 | 35.0 | 26.5 | 8.5 | 3.1 |
| Q3 | 4.5 | 3.0 | 6.4 | 0.6 | 5.0 | 15.6 | 20.7 | 19.7 | 38.8 | 17.5 | 11.5 | 1.6 |
| Q4 | 4.7 | 3.9 | 6.4 | 0.5 | 4.8 | 15.9 | 19.1 | 15.3 | 43.9 | 19.2 | 11.8 | 1.9 |
| 2006 Q1 | 4.3 | 4.3 | 9.0 | 0.7 | 3.5 | 15.6 | 19.0 | 14.3 | 48.9 | 23.9 | 7.9 | 1.2 |
| 2005 Nov. | 4.9 | 4.3 | 5.1 | -0.1 | 5.1 | 16.5 | 18.5 | 14.7 | 44.2 | 19.2 | 10.5 | 0.9 |
| Dec. | 4.7 | 3.7 | 8.1 | 0.3 | 4.6 | 16.8 | 19.1 | 14.8 | 45.6 | 22.9 | 9.7 | 1.5 |
| 2006 Jan. | 4.5 | 4.6 | 8.1 | 0.4 | 3.9 | 14.9 | 19.3 | 15.1 | 47.1 | 23.7 | 8.7 | 1.2 |
| Feb. | 3.9 | 4.1 | 9.6 | 1.4 | 2.6 | 16.2 | 19.1 | 14.0 | 51.0 | 24.6 | 7.7 | 0.1 |
| Mar. | 4.4 | 4.4 | 10.3 | 0.4 | 3.6 | 14.5 | 18.0 | 12.7 | 51.4 | 24.3 | 5.0 | 3.4 |
| Apr. | 4.1 | 4.3 | 11.6 | -0.1 | 3.1 | 12.3 | 17.1 | 12.3 | 49.0 | 25.9 | 2.1 | 3.6 |
| | In euro | | | | | | | | | | | |
| 2004 | 4.8 | 1.3 | 10.5 | 2.0 | 5.9 | 14.7 | 15.6 | 17.8 | 27.2 | 8.9 | 0.2 | 25.3 |
| 2005 | 4.3 | 0.9 | 9.2 | -0.2 | 5.4 | 15.3 | 18.8 | 17.2 | 35.2 | 22.4 | 10.3 | 5.2 |
| 2005 Q2 | 4.4 | 0.3 | 10.1 | 0.8 | 5.8 | 15.1 | 18.9 | 18.0 | 35.1 | 24.6 | 8.9 | 3.7 |
| Q3 | 4.1 | 1.0 | 10.0 | 0.3 | 4.9 | 16.0 | 20.5 | 18.9 | 38.4 | 18.3 | 12.1 | 2.5 |
| Q4 | 4.2 | 1.9 | 8.6 | 0.5 | 4.7 | 16.2 | 18.3 | 13.9 | 41.6 | 20.7 | 12.3 | 2.2 |
| 2006 Q1 | 3.7 | 2.4 | 9.1 | 0.6 | 3.5 | 16.1 | 18.2 | 12.9 | 46.2 | 25.8 | 8.3 | 1.1 |
| 2005 Nov. | 4.4 | 2.2 | 7.1 | -0.1 | 5.1 | 16.9 | 17.7 | 13.2 | 41.8 | 20.9 | 11.0 | 1.0 |
| Dec. | 4.2 | 1.8 | 9.0 | 0.4 | 4.5 | 17.2 | 18.3 | 13.3 | 43.4 | 24.4 | 10.2 | 1.7 |
| 2006 Jan. | 4.0 | 2.7 | 8.6 | 0.1 | 3.9 | 15.4 | 18.6 | 13.7 | 44.7 | 25.5 | 9.1 | 1.3 |
| Feb. | 3.3 | 2.3 | 9.7 | 1.3 | 2.6 | 16.7 | 18.3 | 12.5 | 47.9 | 26.6 | 8.1 | -0.2 |
| Mar. | 3.8 | 2.7 | 9.2 | 0.3 | 3.5 | 15.1 | 17.3 | 11.5 | 48.2 | 26.2 | 5.1 | 3.0 |
| Apr. | 3.5 | 2.5 | 10.4 | -0.2 | 3.1 | 12.7 | 15.9 | 10.6 | 44.8 | 29.2 | 2.2 | 3.0 |

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

(annual percentage changes)




Source: ECB.

1) For the calculation of the growth rates, see the Technical notes.

## 4.4 Quoted shares issued by euro area residents [1)]

(EUR billions, unless otherwise indicated; market values)

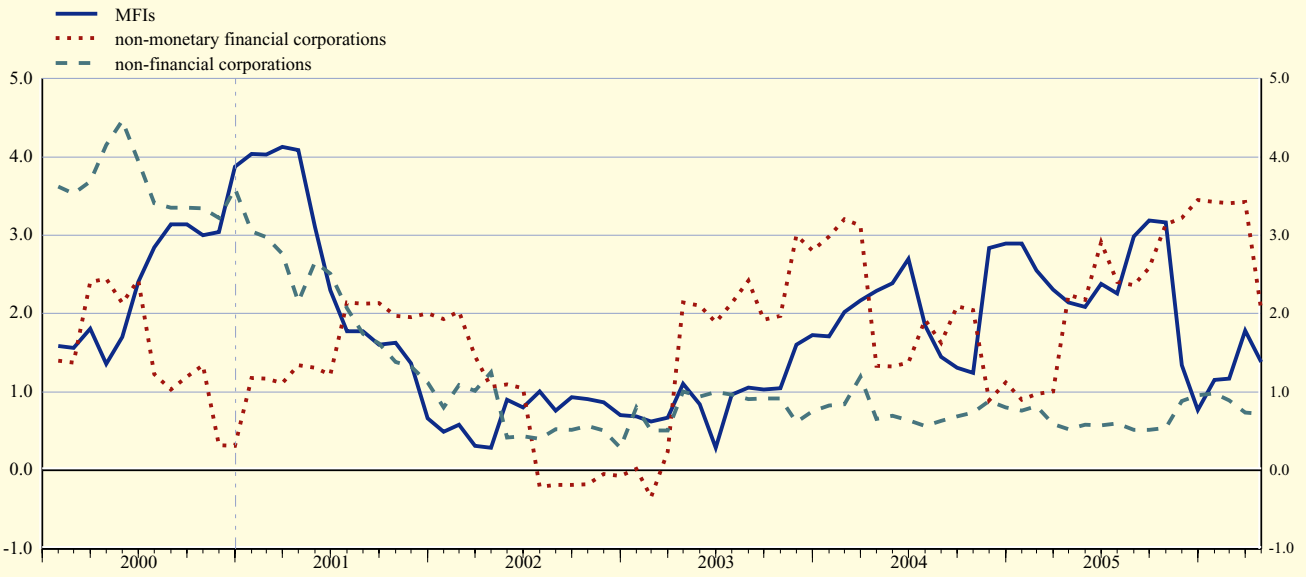
### 1. Outstanding amounts and annual growth rates

*(outstanding amounts as end-of-period)*

| | Total | | | MFIs | | Non-monetary financial corporations | | Non-financial corporations | |
|---|---|---|---|---|---|---|---|---|---|
| | Total | Index Dec. 01 = 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 |
| 2004 Apr. | 3,748.5 | 101.9 | 1.0 | 579.4 | 2.3 | 363.7 | 1.3 | 2,805.4 | 0.7 |
| May | 3,687.9 | 101.9 | 1.0 | 568.1 | 2.4 | 353.0 | 1.3 | 2,766.8 | 0.7 |
| June | 3,790.1 | 102.0 | 1.0 | 582.5 | 2.7 | 364.4 | 1.4 | 2,843.2 | 0.6 |
| July | 3,679.8 | 102.1 | 0.9 | 562.3 | 1.8 | 356.2 | 1.9 | 2,761.3 | 0.6 |
| Aug. | 3,621.2 | 102.0 | 0.9 | 562.5 | 1.4 | 355.3 | 1.6 | 2,703.4 | 0.6 |
| Sep. | 3,707.9 | 102.1 | 0.9 | 579.6 | 1.3 | 364.2 | 2.1 | 2,764.1 | 0.7 |
| Oct. | 3,787.6 | 102.2 | 0.9 | 598.0 | 1.2 | 374.6 | 2.0 | 2,815.0 | 0.7 |
| Nov. | 3,906.5 | 102.5 | 1.2 | 623.9 | 2.8 | 388.6 | 0.9 | 2,894.1 | 0.9 |
| Dec. | 4,033.8 | 102.6 | 1.2 | 643.7 | 2.9 | 407.7 | 1.1 | 2,982.4 | 0.8 |
| 2005 Jan. | 4,138.0 | 102.6 | 1.1 | 662.6 | 2.9 | 414.2 | 0.9 | 3,061.3 | 0.8 |
| Feb. | 4,254.5 | 102.6 | 1.1 | 681.1 | 2.6 | 434.1 | 1.0 | 3,139.2 | 0.8 |
| Mar. | 4,242.4 | 102.7 | 0.9 | 677.7 | 2.3 | 424.0 | 1.0 | 3,140.7 | 0.6 |
| Apr. | 4,094.7 | 102.9 | 1.0 | 656.0 | 2.1 | 409.4 | 2.2 | 3,029.3 | 0.5 |
| May | 4,272.7 | 102.9 | 1.0 | 678.1 | 2.1 | 424.0 | 2.2 | 3,170.5 | 0.6 |
| June | 4,381.2 | 103.1 | 1.1 | 698.0 | 2.4 | 441.5 | 2.9 | 3,241.6 | 0.6 |
| July | 4,631.2 | 103.1 | 1.0 | 727.9 | 2.3 | 466.7 | 2.4 | 3,436.6 | 0.6 |
| Aug. | 4,605.9 | 103.1 | 1.1 | 723.4 | 3.0 | 457.1 | 2.4 | 3,425.4 | 0.5 |
| Sep. | 4,827.2 | 103.3 | 1.1 | 764.1 | 3.2 | 483.7 | 2.6 | 3,579.3 | 0.5 |
| Oct. | 4,659.4 | 103.4 | 1.2 | 752.4 | 3.2 | 480.5 | 3.1 | 3,426.6 | 0.5 |
| Nov. | 4,882.0 | 103.7 | 1.2 | 809.2 | 1.3 | 513.6 | 3.2 | 3,559.2 | 0.9 |
| Dec. | 5,056.3 | 103.8 | 1.2 | 836.4 | 0.8 | 540.8 | 3.4 | 3,679.1 | 1.0 |
| 2006 Jan. | 5,289.1 | 103.9 | 1.3 | 884.8 | 1.2 | 535.8 | 3.4 | 3,868.5 | 1.0 |
| Feb. | 5,429.2 | 103.9 | 1.2 | 938.8 | 1.2 | 561.8 | 3.4 | 3,928.7 | 0.9 |
| Mar. | 5,629.8 | 103.9 | 1.2 | 962.3 | 1.8 | 579.1 | 3.4 | 4,088.4 | 0.7 |
| Apr. | 5,653.2 | 103.9 | 1.0 | 948.8 | 1.4 | 572.9 | 2.0 | 4,131.5 | 0.7 |

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

(annual percentage changes)




Source: ECB.

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

## 4.4 Quoted shares issued by euro area residents [1]

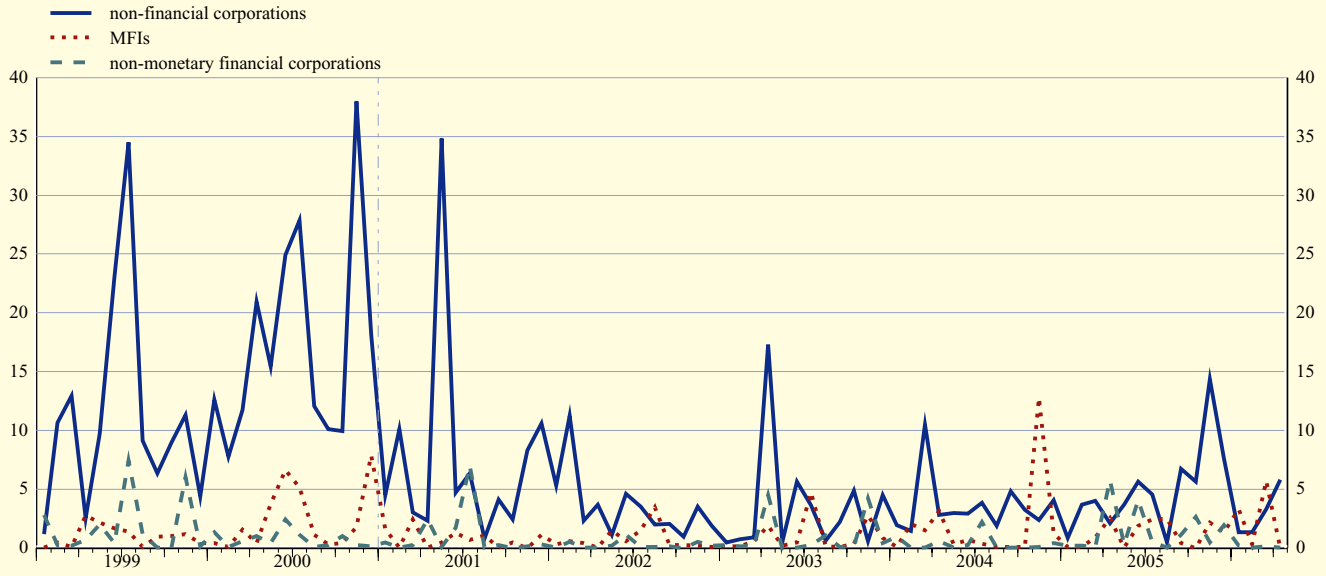
(EUR billions; market values)

### 2. Transactions during the month

| | Total | | | MFIs | | | Non-monetary financial corporations | | | 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 |
| 2004 Apr. | 6.5 | 1.3 | 5.2 | 3.1 | 0.1 | 3.1 | 0.6 | 0.1 | 0.5 | 2.8 | 1.2 | 1.6 |
| May | 3.3 | 3.7 | -0.4 | 0.3 | 0.0 | 0.3 | 0.0 | 0.0 | 0.0 | 3.0 | 3.6 | -0.6 |
| June | 3.9 | 2.2 | 1.7 | 0.7 | 1.6 | -0.9 | 0.3 | 0.0 | 0.2 | 2.9 | 0.6 | 2.4 |
| July | 6.4 | 3.8 | 2.6 | 0.4 | 0.0 | 0.4 | 2.2 | 0.0 | 2.2 | 3.9 | 3.8 | 0.1 |
| Aug. | 2.0 | 3.1 | -1.1 | 0.1 | 2.2 | -2.1 | 0.0 | 0.0 | 0.0 | 1.9 | 1.0 | 0.9 |
| Sep. | 4.9 | 2.2 | 2.8 | 0.1 | 0.9 | -0.8 | 0.0 | 0.0 | 0.0 | 4.8 | 1.3 | 3.5 |
| Oct. | 3.3 | 0.7 | 2.6 | 0.1 | 0.0 | 0.1 | 0.0 | 0.0 | 0.0 | 3.2 | 0.7 | 2.5 |
| Nov. | 15.3 | 3.6 | 11.7 | 12.8 | 0.3 | 12.5 | 0.1 | 0.0 | 0.1 | 2.4 | 3.3 | -0.9 |
| Dec. | 5.7 | 2.2 | 3.5 | 1.2 | 0.0 | 1.2 | 0.4 | 0.1 | 0.3 | 4.1 | 2.1 | 2.0 |
| 2005 Jan. | 1.1 | 1.2 | 0.0 | 0.1 | 0.0 | 0.1 | 0.2 | 0.0 | 0.2 | 0.9 | 1.2 | -0.3 |
| Feb. | 4.0 | 1.3 | 2.7 | 0.1 | 0.0 | 0.1 | 0.2 | 0.1 | 0.1 | 3.7 | 1.2 | 2.5 |
| Mar. | 5.0 | 1.8 | 3.2 | 0.9 | 0.8 | 0.1 | 0.1 | 0.1 | 0.0 | 4.0 | 0.8 | 3.2 |
| Apr. | 10.4 | 2.3 | 8.1 | 2.5 | 0.0 | 2.5 | 5.8 | 0.0 | 5.7 | 2.1 | 2.3 | -0.2 |
| May | 4.0 | 3.2 | 0.7 | 0.0 | 0.0 | 0.0 | 0.3 | 0.6 | -0.3 | 3.7 | 2.7 | 1.0 |
| June | 11.6 | 4.9 | 6.7 | 1.9 | 1.0 | 0.9 | 4.1 | 0.7 | 3.3 | 5.6 | 3.2 | 2.5 |
| July | 7.5 | 6.6 | 0.9 | 2.4 | 2.9 | -0.4 | 0.5 | 0.0 | 0.5 | 4.5 | 3.7 | 0.8 |
| Aug. | 2.9 | 2.2 | 0.8 | 2.5 | 0.0 | 2.5 | 0.0 | 0.2 | -0.1 | 0.4 | 2.0 | -1.6 |
| Sep. | 8.2 | 2.3 | 5.9 | 0.4 | 0.0 | 0.4 | 1.1 | 0.1 | 1.0 | 6.7 | 2.2 | 4.5 |
| Oct. | 8.3 | 1.6 | 6.7 | 0.0 | 0.1 | -0.1 | 2.6 | 0.0 | 2.6 | 5.6 | 1.4 | 4.2 |
| Nov. | 17.0 | 3.8 | 13.2 | 2.1 | 0.0 | 2.1 | 0.5 | 0.0 | 0.5 | 14.4 | 3.8 | 10.6 |
| Dec. | 10.9 | 7.3 | 3.5 | 1.3 | 4.3 | -3.0 | 1.9 | 0.4 | 1.5 | 7.6 | 2.6 | 5.0 |
| 2006 Jan. | 4.8 | 0.8 | 4.1 | 3.3 | 0.0 | 3.3 | 0.2 | 0.0 | 0.2 | 1.3 | 0.7 | 0.6 |
| Feb. | 1.7 | 1.7 | 0.0 | 0.3 | 0.1 | 0.2 | 0.0 | 0.0 | 0.0 | 1.3 | 1.6 | -0.3 |
| Mar. | 9.1 | 5.4 | 3.7 | 5.7 | 0.0 | 5.7 | 0.1 | 0.0 | 0.1 | 3.3 | 5.4 | -2.1 |
| Apr. | 5.8 | 6.8 | -1.0 | 0.0 | 0.2 | -0.1 | 0.0 | 0.0 | 0.0 | 5.8 | 6.6 | -0.8 |

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

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




Source: ECB.

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

## 4.5 MFI interest rates on euro-denominated deposits and loans by euro area residents

(percentages per annum; outstanding amounts as 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 [1] | With agreed maturity | | | Redeemable at notice [1), 2)] | | Overnight [1] | With agreed maturity | | | |
| | | 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 |
| 2005 May | 0.75 | 1.94 | 2.01 | 2.20 | 1.93 | 2.43 | 0.95 | 2.01 | 2.12 | 3.30 | 2.00 |
| June | 0.70 | 1.95 | 2.20 | 2.19 | 2.11 | 2.38 | 0.94 | 2.01 | 2.05 | 3.54 | 2.00 |
| July | 0.68 | 1.93 | 2.01 | 2.18 | 2.10 | 2.34 | 0.94 | 2.02 | 2.21 | 3.12 | 2.00 |
| Aug. | 0.68 | 1.95 | 2.07 | 2.09 | 1.98 | 2.31 | 0.97 | 2.02 | 2.23 | 2.91 | 2.01 |
| Sep. | 0.69 | 1.97 | 2.05 | 2.04 | 1.98 | 2.29 | 0.97 | 2.04 | 2.23 | 2.97 | 2.03 |
| Oct. | 0.69 | 1.99 | 2.28 | 2.16 | 1.97 | 2.27 | 0.97 | 2.04 | 2.58 | 3.54 | 2.01 |
| Nov. | 0.70 | 2.02 | 2.34 | 2.18 | 2.00 | 2.27 | 1.00 | 2.08 | 2.18 | 3.52 | 2.02 |
| Dec. | 0.71 | 2.15 | 2.25 | 2.21 | 1.97 | 2.30 | 1.02 | 2.25 | 2.48 | 3.55 | 2.22 |
| 2006 Jan. | 0.73 | 2.21 | 2.47 | 2.56 | 2.00 | 2.32 | 1.05 | 2.27 | 2.40 | 3.52 | 2.25 |
| Feb. | 0.74 | 2.24 | 2.52 | 2.36 | 1.97 | 2.34 | 1.08 | 2.31 | 2.69 | 3.37 | 2.26 |
| Mar. | 0.76 | 2.37 | 2.60 | 2.45 | 1.98 | 2.37 | 1.14 | 2.48 | 2.93 | 3.28 | 2.44 |
| Apr. | 0.79 | 2.40 | 2.81 | 2.49 | 2.00 | 2.42 | 1.16 | 2.51 | 2.92 | 3.71 | 2.49 |

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

| | Bank overdrafts [1] | Consumer credit | | | | Lending for house purchase | | | | | Other lending by initial rate fixation | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | By initial rate fixation | | | Annual percentage rate of charge [3] | By initial rate fixation | | | | Annual percentage rate of charge [3] | 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 |
| 2005 May | 9.64 | 6.98 | 6.59 | 8.03 | 7.84 | 3.38 | 3.85 | 4.28 | 4.20 | 3.93 | 3.86 | 4.67 | 4.60 |
| June | 9.61 | 6.63 | 6.52 | 7.94 | 7.74 | 3.32 | 3.76 | 4.14 | 4.11 | 3.87 | 3.83 | 4.59 | 4.55 |
| July | 9.52 | 6.70 | 6.59 | 8.01 | 7.82 | 3.33 | 3.71 | 4.07 | 4.06 | 3.85 | 3.89 | 4.54 | 4.38 |
| Aug. | 9.58 | 7.00 | 6.66 | 8.13 | 7.98 | 3.32 | 3.72 | 4.01 | 4.01 | 3.87 | 3.80 | 4.59 | 4.44 |
| Sep. | 9.61 | 7.03 | 6.43 | 7.94 | 7.83 | 3.31 | 3.69 | 3.99 | 3.97 | 3.82 | 3.85 | 4.51 | 4.29 |
| Oct. | 9.65 | 6.82 | 6.43 | 8.01 | 7.74 | 3.33 | 3.68 | 3.99 | 3.96 | 3.81 | 3.88 | 4.50 | 4.33 |
| Nov. | 9.70 | 6.75 | 6.40 | 7.85 | 7.61 | 3.38 | 3.71 | 3.98 | 3.98 | 3.84 | 4.00 | 4.28 | 4.37 |
| Dec. | 9.67 | 6.76 | 6.36 | 7.43 | 7.45 | 3.49 | 3.85 | 4.03 | 4.01 | 3.98 | 4.06 | 4.57 | 4.40 |
| 2006 Jan. | 9.81 | 6.94 | 6.48 | 8.13 | 7.87 | 3.61 | 3.91 | 4.14 | 4.06 | 4.09 | 4.15 | 4.59 | 4.34 |
| Feb. | 9.61 | 6.88 | 6.34 | 7.95 | 7.76 | 3.66 | 3.97 | 4.14 | 4.06 | 4.08 | 4.24 | 4.66 | 4.35 |
| Mar. | 9.90 | 6.79 | 6.28 | 7.88 | 7.65 | 3.73 | 3.99 | 4.22 | 4.10 | 4.15 | 4.33 | 4.72 | 4.49 |
| Apr. | 9.76 | 7.06 | 6.31 | 7.92 | 7.76 | 3.84 | 4.07 | 4.33 | 4.17 | 4.29 | 4.30 | 4.85 | 4.62 |

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

| | Bank overdrafts [1] | Other loans up to EUR 1 million by initial rate fixation | | | Other loans over EUR 1 million 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 years |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 2005 May | 5.13 | 3.91 | 4.45 | 4.24 | 2.99 | 3.61 | 3.80 |
| June | 5.10 | 3.87 | 4.43 | 4.19 | 2.95 | 3.44 | 3.85 |
| July | 5.09 | 3.86 | 4.39 | 4.15 | 2.96 | 3.57 | 3.74 |
| Aug. | 5.10 | 3.91 | 4.45 | 4.16 | 3.00 | 3.53 | 3.80 |
| Sep. | 5.13 | 3.81 | 4.36 | 4.05 | 2.97 | 3.40 | 3.88 |
| Oct. | 5.11 | 3.88 | 4.43 | 4.04 | 2.94 | 3.58 | 3.80 |
| Nov. | 5.09 | 3.91 | 4.44 | 4.03 | 3.10 | 3.60 | 3.98 |
| Dec. | 5.12 | 3.99 | 4.50 | 4.12 | 3.25 | 3.58 | 3.96 |
| 2006 Jan. | 5.23 | 4.07 | 4.59 | 4.13 | 3.18 | 3.72 | 3.96 |
| Feb. | 5.29 | 4.13 | 4.69 | 4.16 | 3.26 | 4.36 | 4.02 |
| Mar. | 5.30 | 4.23 | 4.59 | 4.16 | 3.50 | 3.83 | 4.18 |
| Apr. | 5.40 | 4.34 | 4.74 | 4.16 | 3.51 | 3.94 | 4.22 |

Source: ECB.

1) For this instrument category, new business and outstanding amounts coincide. End-of-period.

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 in all participating Member States combined.

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

## 4.5 MFI interest rates on euro-denominated deposits and loans by euro area residents

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

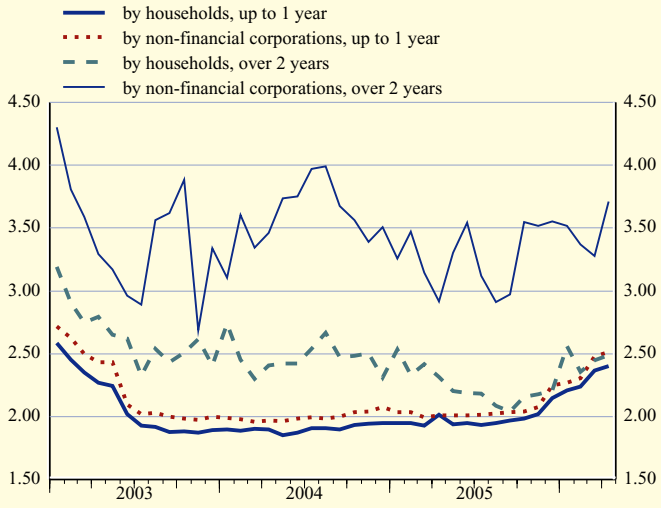
### 4. Interest rates on deposits (outstanding amounts)

| | Deposits from households | | | | | Deposits from non-financial corporations | | | Repos |
|---|---|---|---|---|---|---|---|---|---|
| | Overnight [1] | With agreed maturity | | Redeemable at notice [1,2] | | Overnight [1] | With agreed maturity | | |
| | | 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 |
| 2005 May | 0.75 | 1.92 | 3.19 | 1.93 | 2.43 | 0.95 | 2.11 | 3.51 | 2.00 |
| June | 0.70 | 1.92 | 3.22 | 2.11 | 2.38 | 0.94 | 2.10 | 3.55 | 2.01 |
| July | 0.68 | 1.91 | 3.18 | 2.10 | 2.34 | 0.94 | 2.11 | 3.57 | 1.98 |
| Aug. | 0.68 | 1.92 | 3.18 | 1.98 | 2.31 | 0.97 | 2.10 | 3.46 | 2.00 |
| Sep. | 0.69 | 1.92 | 3.19 | 1.98 | 2.29 | 0.97 | 2.11 | 3.55 | 2.01 |
| Oct. | 0.69 | 1.93 | 3.17 | 1.97 | 2.27 | 0.97 | 2.12 | 3.39 | 2.03 |
| Nov. | 0.70 | 1.96 | 3.15 | 2.00 | 2.27 | 1.00 | 2.16 | 3.43 | 2.06 |
| Dec. | 0.71 | 2.01 | 3.15 | 1.97 | 2.30 | 1.02 | 2.30 | 3.41 | 2.16 |
| 2006 Jan. | 0.73 | 2.05 | 3.10 | 2.00 | 2.32 | 1.05 | 2.32 | 3.47 | 2.21 |
| Feb. | 0.74 | 2.09 | 3.12 | 1.97 | 2.34 | 1.08 | 2.38 | 3.37 | 2.27 |
| Mar. | 0.76 | 2.16 | 3.00 | 1.98 | 2.37 | 1.14 | 2.48 | 3.35 | 2.38 |
| Apr. | 0.79 | 2.21 | 3.01 | 2.00 | 2.42 | 1.16 | 2.53 | 3.40 | 2.42 |

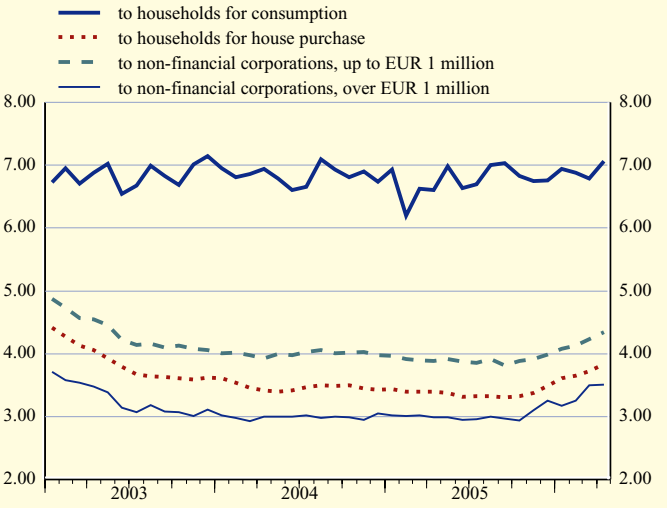
### 5. Interest rates on loans (outstanding amounts)

| | Loans to households | | | | | | Loans to non-financial corporations | | |
|---|---|---|---|---|---|---|---|---|---|
| | Lending for house purchase, with maturity | | | Consumer credit and other loans, with maturity | | | With maturity | | |
| | 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 |
| 2005 May | 4.64 | 4.36 | 4.71 | 7.97 | 6.87 | 5.78 | 4.33 | 3.85 | 4.35 |
| June | 4.61 | 4.33 | 4.67 | 7.91 | 6.93 | 5.78 | 4.32 | 3.85 | 4.35 |
| July | 4.53 | 4.29 | 4.63 | 7.88 | 6.86 | 5.70 | 4.30 | 3.82 | 4.29 |
| Aug. | 4.52 | 4.24 | 4.60 | 7.92 | 6.86 | 5.60 | 4.25 | 3.80 | 4.28 |
| Sep. | 4.49 | 4.23 | 4.59 | 7.91 | 6.85 | 5.67 | 4.25 | 3.78 | 4.26 |
| Oct. | 4.49 | 4.19 | 4.58 | 7.92 | 6.80 | 5.64 | 4.24 | 3.77 | 4.25 |
| Nov. | 4.48 | 4.17 | 4.53 | 7.86 | 6.77 | 5.66 | 4.29 | 3.79 | 4.25 |
| Dec. | 4.54 | 4.14 | 4.52 | 7.89 | 6.77 | 5.62 | 4.35 | 3.84 | 4.24 |
| 2006 Jan. | 4.62 | 4.14 | 4.50 | 7.99 | 6.78 | 5.60 | 4.42 | 3.88 | 4.26 |
| Feb. | 4.58 | 4.16 | 4.54 | 7.97 | 6.79 | 5.68 | 4.49 | 3.95 | 4.31 |
| Mar. | 4.60 | 4.15 | 4.52 | 8.06 | 6.80 | 5.73 | 4.53 | 3.98 | 4.31 |
| Apr. | 4.63 | 4.16 | 4.52 | 8.10 | 6.73 | 5.75 | 4.59 | 4.05 | 4.34 |

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




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




Source: ECB.

## 4.6 Money market interest rates

(percentages per annum; period averages)

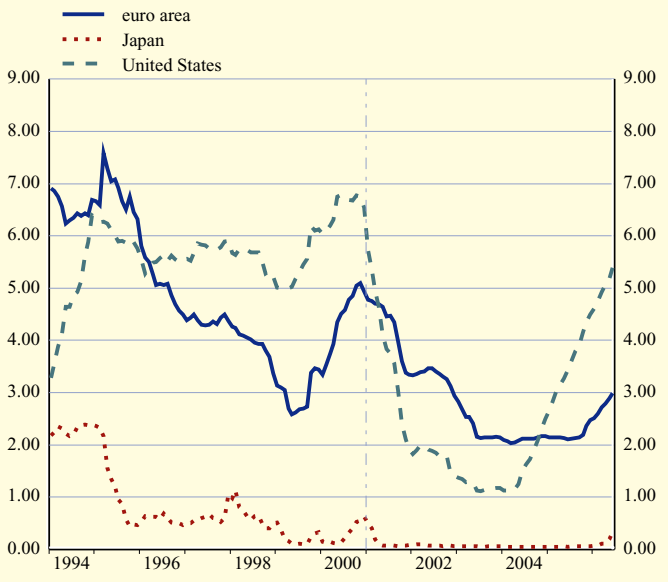
| | Euro area [1] | | | | | United States | Japan |
|---|---|---|---|---|---|---|---|
| | Overnight deposits (EONIA) | 1-month deposits (EURIBOR) | 3-month deposits (EURIBOR) | 6-month deposits (EURIBOR) | 12-month deposits (EURIBOR) | 3-month deposits (LIBOR) | 3-month deposits (LIBOR) |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 2003 | 2.32 | 2.35 | 2.33 | 2.31 | 2.34 | 1.22 | 0.06 |
| 2004 | 2.05 | 2.08 | 2.11 | 2.15 | 2.27 | 1.62 | 0.05 |
| 2005 | 2.09 | 2.14 | 2.18 | 2.23 | 2.33 | 3.56 | 0.06 |
| 2005 Q2 | 2.07 | 2.10 | 2.12 | 2.14 | 2.19 | 3.28 | 0.05 |
| Q3 | 2.08 | 2.11 | 2.13 | 2.15 | 2.20 | 3.77 | 0.06 |
| Q4 | 2.14 | 2.25 | 2.34 | 2.46 | 2.63 | 4.34 | 0.06 |
| 2006 Q1 | 2.40 | 2.50 | 2.61 | 2.75 | 2.95 | 4.76 | 0.08 |
| Q2 | 2.63 | 2.74 | 2.90 | 3.06 | 3.32 | 5.21 | 0.21 |
| 2005 June | 2.06 | 2.10 | 2.11 | 2.11 | 2.10 | 3.43 | 0.05 |
| July | 2.07 | 2.11 | 2.12 | 2.13 | 2.17 | 3.61 | 0.06 |
| Aug. | 2.06 | 2.11 | 2.13 | 2.16 | 2.22 | 3.80 | 0.06 |
| Sep. | 2.09 | 2.12 | 2.14 | 2.17 | 2.22 | 3.91 | 0.06 |
| Oct. | 2.07 | 2.12 | 2.20 | 2.27 | 2.41 | 4.17 | 0.06 |
| Nov. | 2.09 | 2.22 | 2.36 | 2.50 | 2.68 | 4.35 | 0.06 |
| Dec. | 2.28 | 2.41 | 2.47 | 2.60 | 2.78 | 4.49 | 0.07 |
| 2006 Jan. | 2.33 | 2.39 | 2.51 | 2.65 | 2.83 | 4.60 | 0.07 |
| Feb. | 2.35 | 2.46 | 2.60 | 2.72 | 2.91 | 4.76 | 0.07 |
| Mar. | 2.52 | 2.63 | 2.72 | 2.87 | 3.11 | 4.92 | 0.10 |
| Apr. | 2.63 | 2.65 | 2.79 | 2.96 | 3.22 | 5.07 | 0.11 |
| May | 2.58 | 2.69 | 2.89 | 3.06 | 3.31 | 5.18 | 0.19 |
| June | 2.70 | 2.87 | 2.99 | 3.16 | 3.40 | 5.38 | 0.32 |

### C23 Euro area money market rates

(monthly; percentages per annum)


### C24 3-month money market rates

(monthly; 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.

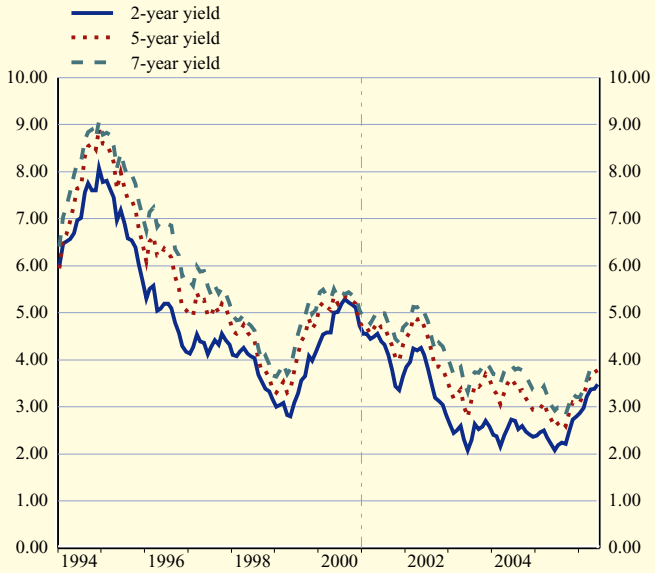
## 4.7 Government bond yields

(percentages per annum; period averages)

| | Euro area [1] | | | | | United States | Japan |
|---|---|---|---|---|---|---|---|
| | 2 years | 3 years | 5 years | 7 years | 10 years | 10 years | 10 years |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 2003 | 2.49 | 2.74 | 3.32 | 3.74 | 4.16 | 4.00 | 0.99 |
| 2004 | 2.47 | 2.77 | 3.29 | 3.70 | 4.14 | 4.26 | 1.50 |
| 2005 | 2.38 | 2.55 | 2.85 | 3.14 | 3.44 | 4.28 | 1.39 |
| 2005 Q2 | 2.21 | 2.40 | 2.73 | 3.07 | 3.41 | 4.16 | 1.28 |
| Q3 | 2.21 | 2.36 | 2.65 | 2.94 | 3.26 | 4.21 | 1.36 |
| Q4 | 2.66 | 2.79 | 3.01 | 3.18 | 3.42 | 4.48 | 1.53 |
| 2006 Q1 | 3.02 | 3.11 | 3.28 | 3.39 | 3.56 | 4.57 | 1.58 |
| Q2 | 3.41 | 3.53 | 3.75 | 3.88 | 4.05 | 5.07 | 1.90 |
| 2005 June | 2.07 | 2.24 | 2.58 | 2.93 | 3.25 | 4.00 | 1.24 |
| July | 2.19 | 2.34 | 2.66 | 2.99 | 3.32 | 4.16 | 1.26 |
| Aug. | 2.24 | 2.40 | 2.70 | 2.99 | 3.32 | 4.26 | 1.43 |
| Sep. | 2.21 | 2.34 | 2.60 | 2.84 | 3.16 | 4.19 | 1.38 |
| Oct. | 2.45 | 2.61 | 2.85 | 3.05 | 3.32 | 4.45 | 1.54 |
| Nov. | 2.73 | 2.86 | 3.10 | 3.28 | 3.53 | 4.53 | 1.52 |
| Dec. | 2.80 | 2.88 | 3.07 | 3.21 | 3.41 | 4.46 | 1.54 |
| 2006 Jan. | 2.86 | 2.94 | 3.10 | 3.21 | 3.39 | 4.41 | 1.47 |
| Feb. | 2.97 | 3.07 | 3.26 | 3.37 | 3.55 | 4.56 | 1.57 |
| Mar. | 3.22 | 3.30 | 3.47 | 3.57 | 3.73 | 4.72 | 1.70 |
| Apr. | 3.37 | 3.49 | 3.71 | 3.83 | 4.01 | 4.99 | 1.91 |
| May | 3.38 | 3.52 | 3.74 | 3.89 | 4.06 | 5.10 | 1.91 |
| June | 3.47 | 3.59 | 3.78 | 3.91 | 4.07 | 5.10 | 1.87 |

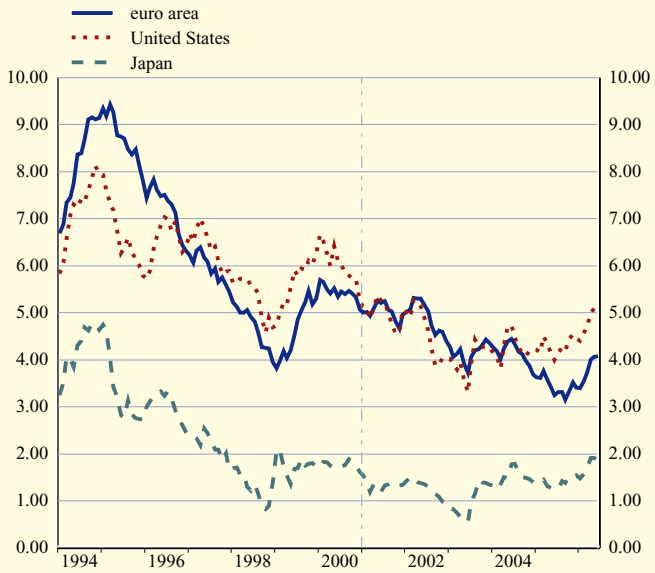
### C25 Euro area government bond yields

(monthly; percentages per annum)




### C26 10-year government bond yields

(monthly; percentages per annum)




Source: ECB.

1) To December 1998, euro area yields are calculated on the basis of harmonised national government bond yields weighted by GDP. Thereafter, the weights are the nominal outstanding amounts of government bonds in each maturity band.

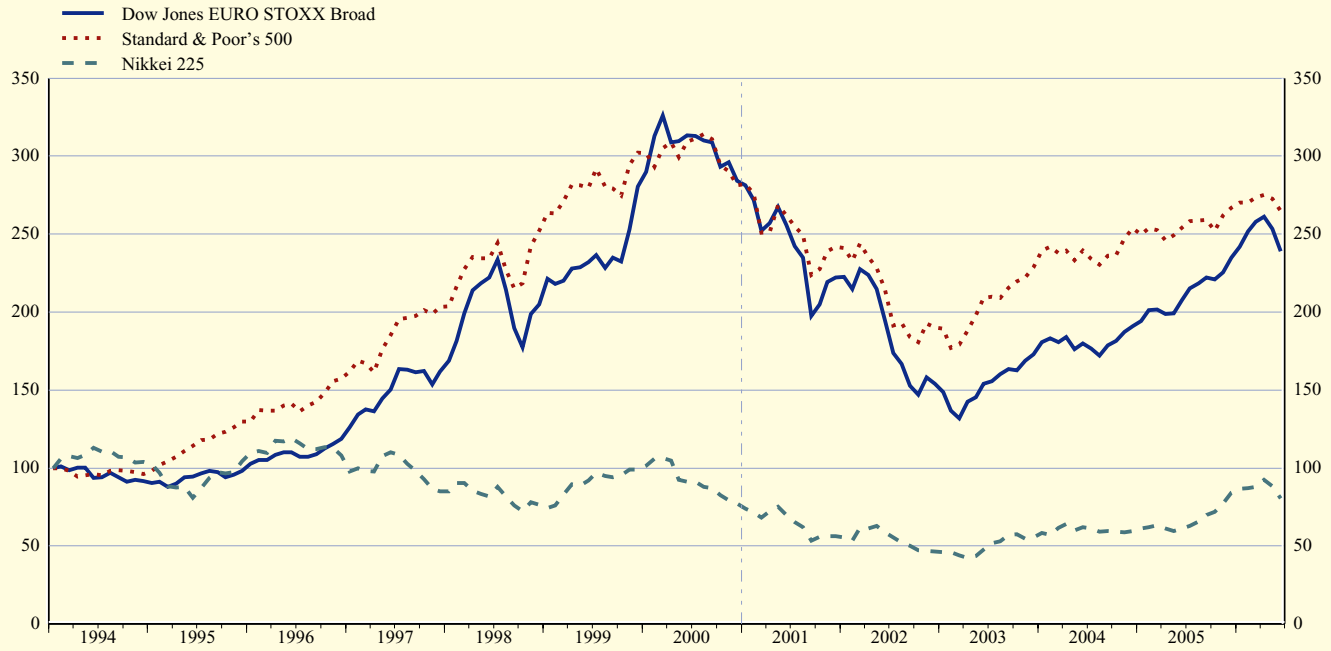
## 4.8 Stock market indices

(index levels in points; period averages)

| | Dow Jones EURO STOXX indices | | | | | | | | | | | | United States | Japan |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Benchmark | | Main industry indices | | | | | | | | | | | |
| | Broad | 50 | Basic materials | Consumer services | Consumer goods | Oil & gas | Financials | Industrials | Technology | Utilities | Telecom. | Health care | Standard & Poor's 500 | Nikkei 225 |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 |
| 2003 | 213.3 | 2,422.7 | 212.5 | 144.9 | 193.8 | 259.5 | 199.3 | 213.5 | 275.2 | 210.7 | 337.5 | 304.5 | 964.9 | 9,312.9 |
| 2004 | 251.1 | 2,804.8 | 251.4 | 163.4 | 219.9 | 300.5 | 238.2 | 258.6 | 298.3 | 266.3 | 399.2 | 395.9 | 1,131.1 | 11,180.9 |
| 2005 | 293.8 | 3,208.6 | 307.0 | 181.3 | 245.1 | 378.6 | 287.7 | 307.3 | 297.2 | 334.1 | 433.1 | 457.0 | 1,207.4 | 12,421.3 |
| 2005 Q2 | 280.1 | 3,063.7 | 291.1 | 177.7 | 232.4 | 354.5 | 271.2 | 291.7 | 284.8 | 321.7 | 423.0 | 455.7 | 1,182.2 | 11,282.4 |
| Q3 | 303.4 | 3,308.0 | 311.9 | 185.0 | 256.7 | 411.3 | 293.4 | 318.6 | 303.8 | 346.0 | 439.7 | 466.5 | 1,223.6 | 12,310.9 |
| Q4 | 315.2 | 3,433.1 | 334.0 | 185.5 | 262.8 | 411.8 | 316.8 | 327.6 | 325.0 | 358.6 | 423.4 | 478.3 | 1,231.6 | 14,487.0 |
| 2006 Q1 | 347.6 | 3,729.4 | 373.1 | 199.2 | 286.5 | 423.6 | 358.4 | 379.7 | 354.5 | 413.3 | 415.8 | 522.4 | 1,283.2 | 16,207.8 |
| Q2 | 348.2 | 3,692.9 | 386.0 | 199.6 | 285.5 | 412.8 | 357.5 | 387.5 | 358.0 | 417.7 | 403.5 | 539.1 | 1,280.9 | 16,190.0 |
| 2005 June | 288.2 | 3,151.7 | 297.7 | 181.0 | 240.4 | 373.4 | 277.4 | 302.0 | 301.5 | 331.2 | 421.7 | 462.8 | 1,202.3 | 11,402.8 |
| July | 298.4 | 3,267.1 | 302.0 | 184.9 | 249.5 | 398.3 | 288.2 | 313.8 | 308.6 | 336.8 | 437.5 | 463.4 | 1,220.9 | 11,718.9 |
| Aug. | 303.1 | 3,303.3 | 311.5 | 185.7 | 257.1 | 405.8 | 293.4 | 318.9 | 297.6 | 343.9 | 444.7 | 473.0 | 1,224.3 | 12,205.0 |
| Sep. | 308.4 | 3,351.8 | 321.7 | 184.4 | 263.0 | 429.3 | 298.5 | 322.9 | 305.7 | 357.0 | 436.5 | 462.5 | 1,225.6 | 12,986.6 |
| Oct. | 306.8 | 3,340.1 | 322.4 | 182.4 | 260.6 | 405.3 | 302.6 | 317.3 | 312.4 | 347.7 | 434.0 | 466.8 | 1,192.0 | 13,384.9 |
| Nov. | 312.7 | 3,404.9 | 330.8 | 183.2 | 259.3 | 411.2 | 316.4 | 322.3 | 322.9 | 354.0 | 418.2 | 471.6 | 1,238.7 | 14,362.0 |
| Dec. | 325.7 | 3,550.1 | 348.4 | 190.8 | 268.4 | 418.5 | 330.8 | 342.7 | 339.2 | 373.5 | 418.5 | 496.1 | 1,262.4 | 15,664.0 |
| 2006 Jan. | 335.5 | 3,626.9 | 356.5 | 196.1 | 276.1 | 429.6 | 340.6 | 361.4 | 344.6 | 391.3 | 414.6 | 519.2 | 1,277.7 | 16,103.4 |
| Feb. | 349.0 | 3,743.8 | 375.9 | 198.0 | 288.5 | 424.3 | 361.7 | 383.9 | 351.7 | 417.8 | 409.1 | 513.8 | 1,277.2 | 16,187.6 |
| Mar. | 358.0 | 3,814.9 | 386.5 | 203.1 | 294.9 | 417.4 | 372.5 | 393.6 | 366.3 | 430.4 | 422.7 | 532.9 | 1,293.7 | 16,325.2 |
| Apr. | 362.3 | 3,834.6 | 399.0 | 204.8 | 299.9 | 433.6 | 372.9 | 404.0 | 381.1 | 429.3 | 415.8 | 545.4 | 1,301.5 | 17,233.0 |
| May | 351.7 | 3,726.8 | 392.2 | 200.9 | 287.9 | 415.8 | 362.7 | 394.5 | 358.9 | 420.4 | 401.0 | 542.2 | 1,289.6 | 16,430.7 |
| June | 331.8 | 3,528.7 | 367.8 | 193.6 | 269.8 | 390.7 | 338.2 | 365.2 | 336.0 | 404.4 | 394.8 | 530.2 | 1,253.1 | 14,990.3 |

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

(January 1994 = 100; monthly averages)




Source: ECB.

# 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

| | Total | | | | | Total (s.a., percentage change on previous period) | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Index 2005 = 100 | Total | | Goods | Services | Total | Processed food | Unprocessed food | Non-energy industrial goods | Energy (n.s.a.) | Services |
| | | | Total excl. unprocessed food and energy | | | | | | | | |
| % of total [1] | 100.0 | 100.0 | 83.4 | 59.2 | 40.8 | 100.0 | 11.8 | 7.4 | 30.7 | 9.2 | 40.8 |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 |
| 2002 | 93.9 | 2.2 | 2.5 | 1.7 | 3.1 | - | - | - | - | - | - |
| 2003 | 95.8 | 2.1 | 2.0 | 1.8 | 2.5 | - | - | - | - | - | - |
| 2004 | 97.9 | 2.1 | 2.1 | 1.8 | 2.6 | - | - | - | - | - | - |
| 2005 | 100.0 | 2.2 | 1.5 | 2.1 | 2.3 | - | - | - | - | - | - |
| 2005 Q1 | 98.8 | 2.0 | 1.7 | 1.8 | 2.4 | 0.4 | 0.7 | 0.6 | 0.0 | 0.3 | 0.5 |
| Q2 | 99.9 | 2.0 | 1.5 | 1.8 | 2.3 | 0.7 | 0.3 | 0.2 | 0.1 | 4.5 | 0.5 |
| Q3 | 100.3 | 2.3 | 1.4 | 2.4 | 2.2 | 0.8 | 0.6 | 0.0 | 0.0 | 5.6 | 0.6 |
| Q4 | 101.0 | 2.3 | 1.5 | 2.4 | 2.1 | 0.4 | 0.7 | 0.6 | 0.2 | 0.4 | 0.5 |
| 2006 Q1 | 101.0 | 2.3 | 1.4 | 2.6 | 1.9 | 0.4 | 0.5 | 0.6 | 0.1 | 1.3 | 0.4 |
| 2006 Jan. | 100.7 | 2.4 | 1.3 | 2.7 | 2.0 | 0.3 | 0.1 | 0.1 | 0.0 | 2.4 | 0.1 |
| Feb. | 100.9 | 2.3 | 1.3 | 2.6 | 2.0 | 0.2 | 0.1 | 0.3 | 0.0 | 0.4 | 0.2 |
| Mar. | 101.5 | 2.2 | 1.4 | 2.4 | 1.9 | 0.1 | 0.3 | -0.4 | 0.1 | 0.5 | 0.1 |
| Apr. | 102.2 | 2.4 | 1.6 | 2.6 | 2.2 | 0.4 | 0.0 | 0.2 | 0.1 | 2.8 | 0.2 |
| May | 102.5 | 2.5 | 1.5 | 2.9 | 1.8 | 0.3 | 0.1 | 0.3 | 0.1 | 1.0 | 0.2 |
| June [2] | . | 2.5 | . | . | . | . | . | . | . | . | . |

| | Goods | | | | | | Services | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Food (incl. alcoholic beverages and tobacco) | | | Industrial goods | | | Housing | | Transport | Communication | Recreation and personal | Miscellaneous |
| | Total | Processed food | Unprocessed food | Total | Non-energy industrial goods | Energy | | Rents | | | | |
| % of total [1] | 19.3 | 11.8 | 7.4 | 39.9 | 30.7 | 9.2 | 10.3 | 6.3 | 6.4 | 2.9 | 14.5 | 6.6 |
| | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 | 21 | 22 | 23 |
| 2002 | 3.1 | 3.1 | 3.1 | 1.0 | 1.5 | -0.6 | 2.4 | 2.0 | 3.2 | -0.3 | 4.2 | 3.4 |
| 2003 | 2.8 | 3.3 | 2.1 | 1.2 | 0.8 | 3.0 | 2.4 | 2.0 | 2.9 | -0.6 | 2.7 | 3.4 |
| 2004 | 2.3 | 3.4 | 0.6 | 1.6 | 0.8 | 4.5 | 2.4 | 1.9 | 2.8 | -2.0 | 2.4 | 5.1 |
| 2005 | 1.6 | 2.0 | 0.8 | 2.4 | 0.3 | 10.1 | 2.6 | 2.0 | 2.7 | -2.2 | 2.3 | 3.1 |
| 2005 Q1 | 1.6 | 2.4 | 0.5 | 1.9 | 0.3 | 7.6 | 2.6 | 2.1 | 3.1 | -1.9 | 2.4 | 3.5 |
| Q2 | 1.2 | 1.6 | 0.8 | 2.1 | 0.3 | 8.8 | 2.7 | 2.1 | 2.4 | -2.0 | 2.3 | 3.4 |
| Q3 | 1.4 | 1.8 | 0.8 | 2.8 | 0.1 | 12.7 | 2.5 | 2.1 | 2.6 | -2.2 | 2.3 | 3.0 |
| Q4 | 1.9 | 2.2 | 1.4 | 2.7 | 0.4 | 11.1 | 2.5 | 1.9 | 2.7 | -2.7 | 2.3 | 2.7 |
| 2006 Q1 | 1.8 | 2.0 | 1.4 | 3.0 | 0.3 | 12.2 | 2.5 | 2.0 | 2.4 | -3.3 | 2.2 | 2.3 |
| 2005 Dec. | 1.7 | 1.8 | 1.5 | 2.7 | 0.4 | 11.2 | 2.5 | 2.0 | 2.6 | -2.7 | 2.2 | 2.8 |
| 2006 Jan. | 1.9 | 1.9 | 2.0 | 3.1 | 0.2 | 13.6 | 2.5 | 2.0 | 2.3 | -2.9 | 2.2 | 2.4 |
| Feb. | 1.8 | 1.9 | 1.7 | 3.0 | 0.3 | 12.5 | 2.6 | 2.1 | 2.6 | -3.4 | 2.3 | 2.2 |
| Mar. | 1.6 | 2.3 | 0.6 | 2.7 | 0.5 | 10.5 | 2.6 | 2.1 | 2.3 | -3.5 | 2.1 | 2.3 |
| Apr. | 1.8 | 2.2 | 1.2 | 2.9 | 0.6 | 11.0 | 2.6 | 2.1 | 3.1 | -3.7 | 2.7 | 2.1 |
| May | 2.0 | 2.2 | 1.5 | 3.4 | 0.6 | 12.9 | 2.5 | 2.1 | 2.6 | -3.5 | 1.9 | 2.2 |

Sources: Eurostat and ECB calculations.

1) Referring to the index period 2006.

2) Estimate based on provisional national releases covering 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, residential property and commodity prices

| | Industrial producer prices excluding construction | | | | | | | | | | Construction [1] | Residential property prices [2] | World market prices of raw materials [3] | | Oil prices [4] (EUR per barrel) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Total (index 2000 = 100) | Total | | Industry excluding construction and energy | | | | | | Energy | | | Total | | |
| | | | Manufacturing | Total | Intermediate goods | Capital goods | Consumer goods | | | | | | | Total excluding energy | |
| | | | | | | | Total | Durable | Non-durable | | | | | | |
| % of total [5] | 100.0 | 100.0 | 89.5 | 82.5 | 31.6 | 21.3 | 29.5 | 4.0 | 25.5 | 17.5 | | | 100.0 | 32.8 | |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 |
| 2002 | 101.9 | -0.1 | 0.3 | 0.5 | -0.3 | 0.9 | 1.0 | 1.3 | 1.0 | -2.3 | 2.7 | 6.8 | -4.1 | -0.9 | 26.5 |
| 2003 | 103.4 | 1.4 | 0.9 | 0.8 | 0.8 | 0.3 | 1.1 | 0.6 | 1.2 | 3.8 | 2.1 | 6.8 | -4.0 | -4.5 | 25.1 |
| 2004 | 105.7 | 2.3 | 2.5 | 2.0 | 3.5 | 0.7 | 1.3 | 0.7 | 1.4 | 3.9 | 2.6 | 7.2 | 18.4 | 10.8 | 30.5 |
| 2005 | 110.1 | 4.1 | 3.2 | 1.8 | 2.9 | 1.3 | 1.1 | 1.3 | 1.0 | 13.4 | 3.1 | 7.6 | 28.5 | 9.4 | 44.6 |
| 2005 Q2 | 109.4 | 3.9 | 3.1 | 1.9 | 3.1 | 1.5 | 0.9 | 1.4 | 0.8 | 12.1 | 3.0 | 8.0 [6] | 22.4 | 2.2 | 42.2 |
| Q3 | 110.8 | 4.2 | 3.0 | 1.3 | 1.7 | 1.2 | 0.9 | 1.2 | 0.9 | 15.7 | 3.0 | - | 33.5 | 11.6 | 50.9 |
| Q4 | 111.9 | 4.4 | 2.8 | 1.4 | 1.7 | 1.1 | 1.4 | 1.2 | 1.4 | 15.6 | 2.9 | 7.2 [6] | 34.2 | 23.2 | 48.6 |
| 2006 Q1 | 113.9 | 5.2 | 3.2 | 1.7 | 2.3 | 1.0 | 1.5 | 1.4 | 1.5 | 19.0 | . | - | 36.4 | 23.6 | 52.3 |
| Q2 | . | . | . | . | . | . | . | . | . | . | . | . | 30.0 | 26.2 | 56.2 |
| 2006 Jan. | 113.4 | 5.3 | 3.3 | 1.6 | 2.0 | 1.0 | 1.5 | 1.3 | 1.5 | 19.8 | - | - | 44.1 | 25.5 | 52.5 |
| Feb. | 113.9 | 5.4 | 3.3 | 1.7 | 2.3 | 1.0 | 1.5 | 1.4 | 1.5 | 19.7 | - | - | 38.7 | 25.5 | 51.8 |
| Mar. | 114.4 | 5.1 | 3.0 | 1.8 | 2.6 | 1.1 | 1.5 | 1.4 | 1.5 | 17.5 | - | - | 27.4 | 20.0 | 52.6 |
| Apr. | 115.4 | 5.5 | 3.5 | 2.2 | 3.4 | 1.2 | 1.6 | 1.5 | 1.6 | 17.7 | - | - | 35.0 | 25.4 | 57.6 |
| May | 115.7 | 6.0 | 4.2 | 2.7 | 4.5 | 1.1 | 1.7 | 1.7 | 1.7 | 18.6 | - | - | 36.2 | 31.5 | 55.7 |
| June | . | . | . | . | . | . | . | . | . | . | - | - | 20.0 | 22.0 | 55.4 |

### 3. Hourly labour costs [7]

| | Total (s.a. index 2000 = 100) | Total | By component | | By selected economic activity | | | Memo: indicator of negotiated wages |
|---|---|---|---|---|---|---|---|---|
| | | | Wages and salaries | Employers' social contributions | Mining, manufacturing and energy | Construction | Services | |
| % of total [5] | 100.0 | 100.0 | 73.1 | 26.9 | 34.6 | 9.1 | 56.3 | |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
| 2002 | 107.5 | 3.5 | 3.3 | 4.4 | 3.2 | 4.3 | 3.6 | 2.7 |
| 2003 | 110.8 | 3.1 | 2.9 | 3.9 | 3.0 | 4.0 | 2.9 | 2.4 |
| 2004 | 113.5 | 2.4 | 2.3 | 2.8 | 2.7 | 3.1 | 2.2 | 2.1 |
| 2005 | 116.3 | 2.4 | 2.2 | 2.7 | 2.6 | 2.1 | 2.4 | 2.1 |
| 2005 Q1 | 115.4 | 3.1 | 2.7 | 3.6 | 3.1 | 3.5 | 3.1 | 2.2 |
| Q2 | 116.0 | 2.6 | 2.2 | 3.3 | 2.5 | 2.5 | 2.4 | 2.1 |
| Q3 | 116.5 | 2.0 | 2.1 | 1.2 | 2.4 | 1.3 | 1.8 | 2.1 |
| Q4 | 117.2 | 2.1 | 2.0 | 2.7 | 2.3 | 1.0 | 2.2 | 2.0 |
| 2006 Q1 | 117.8 | 2.2 | 2.5 | 1.2 | 2.5 | 2.1 | 2.0 | 2.1 |

Sources: Eurostat, HWWA (columns 13 and 14 in Table 2 in Section 5.1), ECB calculations based on Thomson Financial Datastream data (column 15 in Table 2 in Section 5.1), ECB calculations based on Eurostat data (column 6 in Table 2 in Section 5.1 and column 7 in Table 3 in Section 5.1) and ECB calculations (column 12 in Table 2 in Section 5.1 and column 8 in Table 3 in Section 5.1).

1) Residential buildings, based on non-harmonised data.
2) Residential property price indicator for the euro area, based on non-harmonised sources.
3) Refers to the prices expressed in euro.
4) Brent Blend (for one-month forward delivery).
5) In 2000.
6) The quarterly data for the second (fourth) quarter refer to semi-annual averages of the first (second) half of the year, respectively. Since some national data are only available at annual frequency, the semi-annual estimate is partially derived from annual results; therefore, the accuracy of semi-annual data is lower than the accuracy of annual data.
7) Hourly labour costs for the whole economy, excluding agriculture, public administration, education, health and services not elsewhere classified. Owing to differences in coverage, the estimates for the components may not be consistent with the total.

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

*(seasonally adjusted)*

| | Total (index 2000 = 100) | Total | By economic activity | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | | Agriculture, hunting, forestry and fishing | Mining, manufacturing and energy | Construction | Trade, repairs, hotels and restaurants, transport and communication | Financial, real estate, renting and business services | Public administration, education, health and other services |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
| | Unit labour costs [1] | | | | | | | |
| 2002 | 104.3 | 2.3 | 2.0 | 0.7 | 3.3 | 1.8 | 3.1 | 3.0 |
| 2003 | 106.4 | 2.0 | 6.0 | 0.4 | 3.7 | 2.6 | 1.3 | 3.1 |
| 2004 | 107.4 | 1.0 | -9.0 | -1.4 | 2.1 | 0.6 | 2.6 | 2.4 |
| 2005 | 108.6 | 1.1 | 5.5 | -0.5 | 2.9 | 0.3 | 2.0 | 2.0 |
| 2004 Q4 | 107.9 | 0.9 | -8.8 | -0.2 | 2.8 | -0.2 | 1.8 | 2.4 |
| 2005 Q1 | 108.4 | 1.3 | 2.8 | -0.4 | 4.7 | 0.8 | 1.7 | 1.7 |
| Q2 | 108.6 | 1.1 | 6.9 | 0.1 | 3.4 | 0.4 | 2.2 | 1.4 |
| Q3 | 108.4 | 1.0 | 5.3 | 0.0 | 1.6 | 0.0 | 2.0 | 2.2 |
| Q4 | 108.8 | 0.9 | 7.1 | -1.6 | 2.0 | -0.2 | 1.8 | 2.6 |
| | Compensation per employee | | | | | | | |
| 2002 | 105.0 | 2.5 | 3.1 | 2.2 | 2.6 | 2.4 | 2.6 | 3.0 |
| 2003 | 107.5 | 2.4 | 3.0 | 2.6 | 2.9 | 2.4 | 2.0 | 2.5 |
| 2004 | 109.9 | 2.2 | 1.6 | 3.0 | 2.6 | 1.7 | 2.4 | 2.1 |
| 2005 | 111.9 | 1.8 | 2.0 | 1.8 | 1.4 | 1.9 | 2.1 | 1.8 |
| 2004 Q4 | 110.4 | 1.9 | 1.7 | 2.6 | 1.7 | 1.6 | 1.7 | 2.0 |
| 2005 Q1 | 111.2 | 1.7 | 2.8 | 1.8 | 0.9 | 2.1 | 2.0 | 1.7 |
| Q2 | 111.7 | 1.6 | 2.3 | 1.9 | 1.7 | 1.7 | 2.5 | 1.0 |
| Q3 | 112.1 | 1.9 | 1.4 | 2.2 | 1.5 | 2.0 | 2.2 | 1.9 |
| Q4 | 112.5 | 1.9 | 1.7 | 1.4 | 1.5 | 1.7 | 1.9 | 2.6 |
| | Labour productivity [2] | | | | | | | |
| 2002 | 100.7 | 0.3 | 1.1 | 1.5 | -0.7 | 0.6 | -0.4 | -0.1 |
| 2003 | 101.1 | 0.4 | -2.8 | 2.2 | -0.8 | -0.2 | 0.7 | -0.6 |
| 2004 | 102.4 | 1.3 | 11.7 | 4.5 | 0.5 | 1.1 | -0.3 | -0.3 |
| 2005 | 103.1 | 0.7 | -3.3 | 2.3 | -1.5 | 1.6 | 0.2 | -0.2 |
| 2005 Q1 | 102.6 | 0.4 | 0.0 | 2.3 | -3.7 | 1.3 | 0.3 | 0.0 |
| Q2 | 102.9 | 0.4 | -4.4 | 1.8 | -1.7 | 1.2 | 0.3 | -0.4 |
| Q3 | 103.4 | 0.9 | -3.7 | 2.1 | -0.1 | 2.0 | 0.1 | -0.3 |
| Q4 | 103.4 | 1.0 | -5.0 | 3.0 | -0.5 | 1.9 | 0.1 | 0.0 |
| 2006 Q1 | 103.7 | 1.0 | . | . | . | . | . | . |

## 5. Gross domestic product deflators

| | Total (s.a. index 2000 = 100) | Total | Domestic demand | | | | Exports [3] | Imports [3] |
|---|---|---|---|---|---|---|---|---|
| | | | Total | Private consumption | Government consumption | Gross fixed capital formation | | |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
| 2002 | 105.0 | 2.6 | 2.0 | 1.9 | 3.1 | 1.4 | -0.3 | -2.1 |
| 2003 | 107.1 | 2.1 | 1.9 | 2.1 | 2.3 | 1.1 | -1.2 | -1.8 |
| 2004 | 109.2 | 1.9 | 2.0 | 2.0 | 2.4 | 2.6 | 1.1 | 1.5 |
| 2005 | 111.2 | 1.9 | 2.3 | 2.1 | 2.2 | 2.3 | 2.6 | 3.7 |
| 2005 Q1 | 110.4 | 2.0 | 2.2 | 2.0 | 2.0 | 2.8 | 2.9 | 3.7 |
| Q2 | 110.9 | 1.7 | 2.0 | 1.9 | 1.5 | 2.2 | 2.3 | 3.1 |
| Q3 | 111.3 | 1.8 | 2.4 | 2.1 | 2.1 | 2.0 | 2.3 | 3.9 |
| Q4 | 112.3 | 2.1 | 2.5 | 2.3 | 3.0 | 2.3 | 2.8 | 4.0 |
| 2006 Q1 | 112.6 | 2.0 | 2.8 | 2.4 | 3.7 | 2.7 | 3.3 | 5.7 |

Sources: ECB calculations based on Eurostat data.
1) Compensation (at current prices) per employee divided by value added (volumes) per person employed.
2) Value added (volumes) per person employed.
3) Deflators for exports and imports refer to goods and services and include cross-border trade within the euro area.

## 5.2 Output and demand

### 1. GDP and expenditure components

| | GDP | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Total | Domestic demand | | | | | External balance [1] | | |
| | | Total | Private consumption | Government consumption | Gross fixed capital formation | Changes in inventories [2] | Total | Exports [1] | Imports [1] |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
| | Current prices (EUR billions, seasonally adjusted) | | | | | | | | |
| 2002 | 7,250.8 | 7,062.6 | 4,144.9 | 1,465.5 | 1,465.9 | -13.7 | 188.3 | 2,624.3 | 2,436.1 |
| 2003 | 7,458.9 | 7,298.8 | 4,280.3 | 1,524.0 | 1,495.2 | -0.7 | 160.1 | 2,624.5 | 2,464.4 |
| 2004 | 7,737.8 | 7,579.0 | 4,428.3 | 1,575.8 | 1,561.5 | 13.4 | 158.9 | 2,814.8 | 2,655.9 |
| 2005 | 7,992.7 | 7,880.1 | 4,583.4 | 1,630.1 | 1,638.5 | 28.1 | 112.5 | 3,001.7 | 2,889.2 |
| 2005 Q1 | 1,969.9 | 1,934.2 | 1,129.4 | 400.1 | 399.7 | 5.0 | 35.7 | 722.2 | 686.6 |
| Q2 | 1,986.0 | 1,955.1 | 1,139.0 | 405.0 | 407.5 | 3.6 | 30.8 | 737.8 | 707.0 |
| Q3 | 2,006.9 | 1,982.9 | 1,153.6 | 408.5 | 413.8 | 6.9 | 23.9 | 764.4 | 740.5 |
| Q4 | 2,030.0 | 2,007.9 | 1,161.4 | 416.5 | 417.4 | 12.6 | 22.1 | 777.3 | 755.1 |
| 2006 Q1 | 2,048.0 | 2,031.1 | 1,175.3 | 422.2 | 422.7 | 10.9 | 16.8 | 808.2 | 791.4 |
| | *percentage of GDP* | | | | | | | | |
| 2005 | 100.0 | 98.6 | 57.3 | 20.4 | 20.5 | 0.4 | 1.4 | - | - |
| | Chain-linked volumes (prices of the previous year, seasonally adjusted [3]) | | | | | | | | |
| | *quarter-on-quarter percentage changes* | | | | | | | | |
| 2005 Q1 | 0.4 | 0.0 | 0.1 | 0.3 | 0.2 | - | - | -0.2 | -1.0 |
| Q2 | 0.4 | 0.6 | 0.3 | 0.6 | 1.4 | - | - | 1.5 | 2.0 |
| Q3 | 0.7 | 0.7 | 0.5 | 0.7 | 1.0 | - | - | 2.8 | 2.9 |
| Q4 | 0.3 | 0.5 | 0.1 | 0.0 | 0.2 | - | - | 0.7 | 1.3 |
| 2006 Q1 | 0.6 | 0.3 | 0.7 | 0.5 | 0.3 | - | - | 3.1 | 2.5 |
| | *annual percentage changes* | | | | | | | | |
| 2002 | 0.9 | 0.4 | 0.9 | 2.4 | -1.5 | - | - | 1.7 | 0.3 |
| 2003 | 0.8 | 1.4 | 1.2 | 1.7 | 0.8 | - | - | 1.2 | 3.0 |
| 2004 | 2.1 | 2.0 | 1.6 | 1.0 | 2.3 | - | - | 6.6 | 6.6 |
| 2005 | 1.3 | 1.6 | 1.3 | 1.2 | 2.3 | - | - | 3.8 | 4.7 |
| 2005 Q1 | 1.2 | 1.5 | 1.3 | 0.8 | 1.6 | - | - | 3.5 | 4.5 |
| Q2 | 1.1 | 1.8 | 1.5 | 1.1 | 2.5 | - | - | 2.7 | 4.4 |
| Q3 | 1.6 | 1.7 | 1.8 | 1.5 | 3.2 | - | - | 4.9 | 5.4 |
| Q4 | 1.7 | 1.9 | 1.0 | 1.6 | 2.9 | - | - | 4.8 | 5.3 |
| 2006 Q1 | 1.9 | 2.2 | 1.7 | 1.8 | 2.9 | - | - | 8.3 | 9.0 |
| | *contributions to quarter-on-quarter percentage changes of GDP in percentage points* | | | | | | | | |
| 2005 Q1 | 0.4 | 0.1 | 0.0 | 0.1 | 0.0 | -0.1 | 0.3 | - | - |
| Q2 | 0.4 | 0.6 | 0.2 | 0.1 | 0.3 | 0.0 | -0.2 | - | - |
| Q3 | 0.7 | 0.6 | 0.3 | 0.2 | 0.2 | 0.0 | 0.0 | - | - |
| Q4 | 0.3 | 0.5 | 0.1 | 0.0 | 0.1 | 0.4 | -0.2 | - | - |
| 2006 Q1 | 0.6 | 0.3 | 0.4 | 0.1 | 0.1 | -0.2 | 0.3 | - | - |
| | *contributions to annual percentage changes of GDP in percentage points* | | | | | | | | |
| 2002 | 0.9 | 0.4 | 0.5 | 0.5 | -0.3 | -0.3 | 0.5 | - | - |
| 2003 | 0.8 | 1.4 | 0.7 | 0.3 | 0.2 | 0.2 | -0.6 | - | - |
| 2004 | 2.1 | 1.9 | 0.9 | 0.2 | 0.5 | 0.4 | 0.1 | - | - |
| 2005 | 1.3 | 1.5 | 0.8 | 0.2 | 0.5 | 0.0 | -0.2 | - | - |
| 2005 Q1 | 1.2 | 1.4 | 0.7 | 0.2 | 0.3 | 0.2 | -0.3 | - | - |
| Q2 | 1.1 | 1.7 | 0.8 | 0.2 | 0.5 | 0.1 | -0.5 | - | - |
| Q3 | 1.6 | 1.6 | 1.0 | 0.3 | 0.6 | -0.3 | -0.1 | - | - |
| Q4 | 1.7 | 1.8 | 0.6 | 0.3 | 0.6 | 0.3 | -0.1 | - | - |
| 2006 Q1 | 1.9 | 2.1 | 1.0 | 0.4 | 0.6 | 0.2 | -0.1 | - | - |

Sources: Eurostat and ECB calculations.
1) Exports and imports cover goods and services and include cross-border intra-euro area trade. They are not fully consistent with Table 1 in Section 7.3.
2) Including acquisitions less disposals of valuables.
3) Annual data are not adjusted for the variations in the number of working days.

## 2. Value added by economic activity

| | Gross value added (basic prices) | | | | | | | Taxes less subsidies on products |
|---|---|---|---|---|---|---|---|---|
| | Total | Agriculture, hunting, forestry and fishing activities | Mining, manufacturing and energy | Construction | Trade, repairs, hotels and restaurants, transport and communication | Financial, real estate, renting and business activities | Public administration, education, health and other services | |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
| | Current prices (EUR billions, seasonally adjusted) | | | | | | | |
| 2002 | 6,517.3 | 152.1 | 1,377.3 | 373.0 | 1,392.1 | 1,749.7 | 1,473.1 | 733.5 |
| 2003 | 6,702.1 | 150.8 | 1,381.4 | 388.8 | 1,425.5 | 1,827.1 | 1,528.4 | 756.8 |
| 2004 | 6,945.4 | 151.9 | 1,434.5 | 414.3 | 1,474.5 | 1,893.4 | 1,576.8 | 792.4 |
| 2005 | 7,161.1 | 141.7 | 1,471.6 | 434.5 | 1,525.4 | 1,963.9 | 1,624.0 | 831.5 |
| 2005 Q1 | 1,767.4 | 35.9 | 364.0 | 105.5 | 376.2 | 484.5 | 401.3 | 202.4 |
| Q2 | 1,781.6 | 35.4 | 367.3 | 107.5 | 379.9 | 488.1 | 403.5 | 204.3 |
| Q3 | 1,796.3 | 35.0 | 368.2 | 109.6 | 384.2 | 493.5 | 405.7 | 210.6 |
| Q4 | 1,815.8 | 35.4 | 372.0 | 111.9 | 385.1 | 497.8 | 413.5 | 214.2 |
| 2006 Q1 | 1,833.0 | 35.3 | 372.6 | 112.9 | 386.3 | 509.5 | 416.4 | 215.0 |
| | *percentage of value added* | | | | | | | |
| 2005 | 100.0 | 2.0 | 20.5 | 6.1 | 21.3 | 27.4 | 22.7 | - |
| | Chain-linked volumes (prices of the previous year, seasonally adjusted [1]) | | | | | | | |
| | *quarter-on-quarter percentage changes* | | | | | | | |
| 2005 Q1 | 0.4 | -4.3 | 0.2 | -0.8 | 0.6 | 0.9 | 0.6 | -0.2 |
| Q2 | 0.4 | -1.9 | 0.5 | 1.6 | 0.7 | 0.4 | -0.1 | 0.3 |
| Q3 | 0.5 | 0.4 | 0.8 | 0.1 | 0.6 | 0.6 | 0.3 | 1.6 |
| Q4 | 0.3 | 0.1 | 0.4 | 0.8 | 0.6 | 0.2 | 0.1 | -0.1 |
| 2006 Q1 | 0.6 | 0.1 | 0.6 | -0.9 | 0.4 | 1.1 | 0.4 | 0.9 |
| | *annual percentage changes* | | | | | | | |
| 2002 | 1.0 | -0.3 | 0.0 | 0.0 | 1.1 | 1.5 | 1.7 | 0.2 |
| 2003 | 0.7 | -5.1 | 0.6 | 0.2 | 0.3 | 1.5 | 1.0 | 1.5 |
| 2004 | 2.2 | 10.5 | 2.7 | 2.1 | 2.1 | 1.9 | 1.5 | 0.8 |
| 2005 | 1.3 | -4.2 | 1.1 | 0.8 | 2.2 | 1.9 | 0.8 | 1.1 |
| 2005 Q1 | 1.4 | -1.0 | 0.9 | -0.7 | 2.2 | 2.0 | 1.0 | -0.8 |
| Q2 | 1.1 | -4.8 | 0.3 | 0.8 | 1.9 | 2.0 | 0.8 | 1.4 |
| Q3 | 1.5 | -5.1 | 1.0 | 1.5 | 2.5 | 2.0 | 0.9 | 2.1 |
| Q4 | 1.7 | -5.7 | 1.9 | 1.7 | 2.5 | 2.2 | 1.0 | 1.6 |
| 2006 Q1 | 1.9 | -1.4 | 2.3 | 1.6 | 2.3 | 2.4 | 0.8 | 2.6 |
| | *contributions to quarter-on-quarter percentage changes of value added in percentage points* | | | | | | | |
| 2005 Q1 | 0.4 | -0.1 | 0.0 | 0.0 | 0.1 | 0.3 | 0.1 | - |
| Q2 | 0.4 | 0.0 | 0.1 | 0.1 | 0.2 | 0.1 | 0.0 | - |
| Q3 | 0.5 | 0.0 | 0.2 | 0.0 | 0.1 | 0.2 | 0.1 | - |
| Q4 | 0.3 | 0.0 | 0.1 | 0.0 | 0.1 | 0.1 | 0.0 | - |
| 2006 Q1 | 0.6 | 0.0 | 0.1 | -0.1 | 0.1 | 0.3 | 0.1 | - |
| | *contributions to annual percentage changes of value added in percentage points* | | | | | | | |
| 2002 | 1.0 | 0.0 | 0.0 | 0.0 | 0.2 | 0.4 | 0.4 | - |
| 2003 | 0.7 | -0.1 | 0.1 | 0.0 | 0.1 | 0.4 | 0.2 | - |
| 2004 | 2.2 | 0.2 | 0.5 | 0.1 | 0.4 | 0.5 | 0.3 | - |
| 2005 | 1.3 | -0.1 | 0.2 | 0.0 | 0.5 | 0.5 | 0.2 | - |
| 2005 Q1 | 1.4 | 0.0 | 0.2 | 0.0 | 0.5 | 0.6 | 0.2 | - |
| Q2 | 1.1 | -0.1 | 0.1 | 0.0 | 0.4 | 0.5 | 0.2 | - |
| Q3 | 1.5 | -0.1 | 0.2 | 0.1 | 0.5 | 0.6 | 0.2 | - |
| Q4 | 1.7 | -0.1 | 0.4 | 0.1 | 0.5 | 0.6 | 0.2 | - |
| 2006 Q1 | 1.9 | 0.0 | 0.5 | 0.1 | 0.5 | 0.7 | 0.2 | - |

Sources: Eurostat and ECB calculations.
1) Annual data are not adjusted for the variations in the number of working days.

## 5.2 Output and demand

(annual percentage changes, unless otherwise indicated)

### 3. Industrial production

| | Total | Industry excluding construction | | | | | | | | | | Construction |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Total (s.a. index 2000 = 100) | Total | | Industry excluding construction and energy | | | | | | Energy | |
| | | | | Manufacturing | Total | Intermediate goods | Capital goods | Consumer goods | | | | |
| | | | | | | | | Total | Durable | Non-durable | | |
| % of total [1] | 100.0 | 82.9 | 82.9 | 75.0 | 74.0 | 30.0 | 22.4 | 21.5 | 3.6 | 17.9 | 8.9 | 17.1 |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 |
| 2003 | 0.4 | 100.3 | 0.3 | 0.0 | 0.0 | 0.3 | -0.1 | -0.4 | -4.5 | 0.3 | 3.0 | 0.7 |
| 2004 | 2.1 | 102.3 | 2.0 | 2.1 | 1.9 | 2.2 | 3.2 | 0.5 | 0.1 | 0.6 | 2.0 | 0.2 |
| 2005 | 1.0 | 103.6 | 1.2 | 1.3 | 1.1 | 0.9 | 2.7 | 0.6 | -0.9 | 0.8 | 1.2 | -0.3 |
| 2005 Q2 | 1.1 | 103.3 | 0.7 | 0.8 | 0.5 | -0.3 | 2.2 | 0.7 | -1.5 | 1.1 | 1.0 | 0.1 |
| Q3 | 1.3 | 104.2 | 1.5 | 1.6 | 1.5 | 0.9 | 3.0 | 1.6 | -0.1 | 1.9 | 0.4 | 1.0 |
| Q4 | 1.8 | 104.7 | 2.1 | 2.2 | 2.3 | 2.4 | 3.1 | 0.9 | 1.8 | 0.8 | 1.8 | 0.6 |
| 2006 Q1 | 3.7 | 105.8 | 3.5 | 3.6 | 3.5 | 3.1 | 5.2 | 2.0 | 3.0 | 1.8 | 4.2 | 0.9 |
| 2005 Nov. | 2.6 | 105.1 | 3.1 | 3.5 | 3.4 | 3.7 | 4.9 | 0.9 | 3.2 | 0.5 | 2.1 | -0.7 |
| Dec. | 2.8 | 105.4 | 2.9 | 2.5 | 2.8 | 2.7 | 4.1 | 1.4 | 3.4 | 1.1 | 3.8 | 4.3 |
| 2006 Jan. | 2.5 | 105.5 | 2.9 | 2.3 | 2.3 | 2.1 | 4.2 | 0.8 | 2.7 | 0.5 | 5.9 | -1.2 |
| Feb. | 3.0 | 105.6 | 3.2 | 3.2 | 3.0 | 2.1 | 5.7 | 2.3 | 2.5 | 2.3 | 3.2 | 2.8 |
| Mar. | 5.5 | 106.2 | 4.2 | 5.1 | 5.1 | 4.9 | 5.4 | 2.8 | 3.7 | 2.7 | 3.4 | 3.3 |
| Apr. | . | 105.6 | 2.1 | 1.1 | 1.1 | 2.9 | 2.7 | 0.1 | -0.6 | 0.2 | 1.8 | . |
| | *month-on-month percentage changes (s.a.)* | | | | | | | | | | | |
| 2005 Nov. | 1.2 | - | 1.4 | 1.3 | 1.3 | 1.8 | 1.6 | 0.2 | 1.9 | -0.1 | 2.8 | 1.1 |
| Dec. | 0.8 | - | 0.2 | -0.1 | 0.0 | -0.4 | -0.4 | 0.7 | 0.0 | 0.8 | 3.0 | 2.8 |
| 2006 Jan. | 0.0 | - | 0.2 | 0.2 | 0.1 | 0.3 | 1.0 | -0.4 | 0.2 | -0.6 | -0.8 | -3.3 |
| Feb. | -0.3 | - | 0.0 | 0.1 | -0.1 | -0.7 | 0.5 | 0.5 | -0.3 | 0.7 | 0.3 | 1.2 |
| Mar. | 1.0 | - | 0.6 | 0.6 | 1.0 | 1.3 | 0.5 | 0.1 | 0.4 | 0.1 | 0.0 | -1.4 |
| Apr. | . | - | -0.5 | -0.3 | -0.9 | -0.2 | -0.7 | -0.5 | -1.1 | -0.4 | -2.5 | . |

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

| | Industrial new orders | | Industrial turnover | | Retail sales | | | | | | | New passenger car registrations | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Manufacturing [2] (current prices) | | Manufacturing (current prices) | | Current prices | Constant prices | | | | | | | |
| | Total (s.a. index 2000 = 100) | Total | Total (s.a. index 2000 = 100) | Total | Total | Total (s.a. index 2000 = 100) | Total | Food, beverages, tobacco | Non-food | | | Total (s.a., thousands) [3] | Total |
| | | | | | | | | | | Textiles, clothing, footwear | Household equipment | | |
| % of total [1] | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 43.7 | 56.3 | 10.6 | 14.8 | | |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 |
| 2003 | 98.4 | 0.2 | 101.3 | -0.2 | 2.2 | 103.7 | 0.7 | 1.3 | 0.2 | -1.8 | 0.6 | 911 | -1.5 |
| 2004 | 105.3 | 7.3 | 106.5 | 5.1 | 2.3 | 105.2 | 1.5 | 1.2 | 1.7 | 1.8 | 3.3 | 922 | 1.1 |
| 2005 | 110.8 | 4.6 | 110.5 | 3.7 | 2.2 | 106.6 | 1.2 | 0.7 | 1.6 | 2.1 | 1.2 | 934 | 1.4 |
| 2005 Q2 | 109.0 | 3.1 | 110.9 | 4.2 | 1.6 | 106.1 | 0.8 | 0.3 | 1.0 | 1.7 | 0.4 | 937 | 1.4 |
| Q3 | 110.4 | 4.5 | 111.7 | 3.9 | 2.5 | 106.8 | 1.5 | 0.5 | 2.2 | 2.5 | 1.9 | 942 | 4.6 |
| Q4 | 117.3 | 7.4 | 112.6 | 4.2 | 2.3 | 107.2 | 1.2 | 0.6 | 1.7 | 2.7 | 1.6 | 933 | -1.2 |
| 2006 Q1 | 117.8 | 12.4 | 116.2 | 9.0 | 2.3 | 107.3 | 0.9 | 0.3 | 1.4 | 1.4 | 2.4 | 947 | 2.0 |
| 2005 Dec. | 123.6 | 7.8 | 115.0 | 5.1 | 2.0 | 107.1 | 1.0 | 0.1 | 1.8 | 2.7 | 1.9 | 924 | -1.8 |
| 2006 Jan. | 115.5 | 9.3 | 114.6 | 8.0 | 3.0 | 107.6 | 1.5 | 0.6 | 1.8 | 4.2 | 2.1 | 946 | 2.1 |
| Feb. | 119.8 | 14.2 | 114.6 | 7.2 | 2.7 | 107.5 | 1.3 | 1.2 | 1.5 | 2.4 | 2.4 | 942 | 2.6 |
| Mar. | 118.0 | 13.5 | 119.4 | 11.5 | 1.3 | 106.8 | 0.1 | -0.8 | 0.9 | -2.2 | 2.6 | 953 | 1.5 |
| Apr. | 117.3 | 4.0 | 111.2 | -0.3 | 3.3 | 107.9 | 2.4 | 1.5 | 2.8 | 1.5 | 3.4 | 958 | 1.7 |
| May | . | . | . | . | 3.1 | 107.3 | 0.8 | -0.6 | 2.0 | . | . | 973 | 8.9 |
| | *month-on-month percentage changes (s.a.)* | | | | | | | | | | | | |
| 2005 Dec. | - | 5.4 | - | -0.3 | 0.0 | - | -0.1 | -0.3 | 0.1 | -0.3 | 0.9 | - | -0.9 |
| 2006 Jan. | - | -6.5 | - | -0.4 | 0.7 | - | 0.5 | 0.8 | 0.2 | 0.6 | 0.2 | - | 2.3 |
| Feb. | - | 3.7 | - | 0.0 | 0.0 | - | -0.2 | 0.0 | -0.2 | -1.2 | -0.2 | - | -0.4 |
| Mar. | - | -1.4 | - | 4.2 | -0.4 | - | -0.6 | -1.1 | -0.1 | -1.4 | 0.2 | - | 1.2 |
| Apr. | - | -0.6 | - | -6.9 | 0.7 | - | 1.0 | 0.9 | 1.0 | 1.9 | 0.7 | - | 0.5 |
| May | - | . | - | . | 0.2 | - | -0.6 | -0.8 | -0.4 | . | . | - | 1.6 |

Sources: Eurostat, except columns 12 and 13 in Table 4 in Section 5.2 (ECB calculations based on data from the ACEA, European Automobile Manufacturers' Association).

1) In 2000.

2) Includes manufacturing industries working mainly on the basis of orders, representing 62.6% of total manufacturing in 2000.

3) Annual and quarterly figures are averages of monthly figures in the period concerned.

## 5.2 Output and demand

(percentage balances, [1] unless otherwise indicated; seasonally adjusted)

### 5. Business and Consumer Surveys

| | Economic sentiment indicator [2] (long-term average = 100) | Manufacturing industry | | | | | Consumer confidence indicator [3] | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Industrial confidence indicator | | | | Capacity utilisation [4] (percentages) | Total [5] | Financial situation over next 12 months | Economic situation over next 12 months | Unemployment situation over next 12 months | Savings over next 12 months |
| | | Total [5] | Order books | Stocks of finished products | Production expectations | | | | | | |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 |
| 2002 | 94.5 | -11 | -25 | 11 | 3 | 81.2 | -11 | -1 | -12 | 27 | -3 |
| 2003 | 93.6 | -11 | -25 | 10 | 3 | 81.0 | -18 | -5 | -21 | 38 | -9 |
| 2004 | 99.4 | -5 | -16 | 8 | 10 | 81.6 | -14 | -4 | -14 | 30 | -8 |
| 2005 | 98.1 | -7 | -17 | 11 | 6 | 81.3 | -14 | -4 | -15 | 28 | -8 |
| 2005 Q2 | 96.1 | -10 | -20 | 13 | 3 | 81.0 | -14 | -3 | -16 | 31 | -7 |
| Q3 | 97.7 | -8 | -18 | 11 | 6 | 81.0 | -15 | -4 | -17 | 29 | -8 |
| Q4 | 100.1 | -6 | -15 | 10 | 7 | 81.5 | -12 | -4 | -15 | 22 | -9 |
| 2006 Q1 | 102.6 | -2 | -9 | 9 | 11 | 82.2 | -11 | -3 | -11 | 20 | -8 |
| Q2 | 106.5 | 2 | -1 | 6 | 13 | . | -9 | -3 | -10 | 16 | -8 |
| 2006 Jan. | 101.5 | -4 | -12 | 10 | 9 | 82.0 | -11 | -3 | -11 | 19 | -9 |
| Feb. | 102.7 | -2 | -10 | 8 | 11 | - | -10 | -3 | -11 | 19 | -8 |
| Mar. | 103.6 | -1 | -6 | 8 | 12 | - | -11 | -3 | -12 | 21 | -7 |
| Apr. | 105.7 | 1 | -1 | 7 | 13 | 82.4 | -10 | -3 | -8 | 22 | -8 |
| May | 106.7 | 2 | -2 | 6 | 14 | - | -9 | -3 | -10 | 14 | -7 |
| June | 107.2 | 3 | 2 | 5 | 13 | - | -9 | -4 | -11 | 13 | -9 |

| | Construction confidence indicator | | | Retail trade confidence indicator | | | | Services confidence indicator | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Total [5] | Order books | Employment expectations | Total [5] | Present business situation | Volume of stocks | Expected business situation | Total [5] | Business climate | Demand in recent months | Demand in the months ahead |
| | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 | 21 | 22 |
| 2002 | -17 | -25 | -10 | -15 | -18 | 17 | -11 | 2 | -3 | -4 | 14 |
| 2003 | -18 | -25 | -11 | -11 | -14 | 17 | -2 | 4 | -5 | 3 | 14 |
| 2004 | -14 | -22 | -6 | -9 | -14 | 14 | 0 | 11 | 7 | 8 | 17 |
| 2005 | -9 | -15 | -3 | -9 | -14 | 14 | 2 | 11 | 6 | 10 | 17 |
| 2005 Q2 | -11 | -18 | -5 | -10 | -16 | 13 | -1 | 9 | 0 | 9 | 17 |
| Q3 | -9 | -16 | -2 | -9 | -15 | 15 | 1 | 11 | 6 | 10 | 17 |
| Q4 | -5 | -11 | 0 | -6 | -11 | 16 | 9 | 14 | 10 | 13 | 18 |
| 2006 Q1 | -4 | -10 | 2 | -4 | -5 | 16 | 8 | 15 | 11 | 14 | 19 |
| Q2 | -2 | -8 | 3 | 0 | 0 | 14 | 15 | 19 | 15 | 18 | 23 |
| 2006 Jan. | -4 | -9 | 1 | -6 | -7 | 17 | 5 | 15 | 13 | 17 | 17 |
| Feb. | -5 | -12 | 2 | -5 | -5 | 16 | 7 | 14 | 8 | 13 | 21 |
| Mar. | -3 | -10 | 4 | -1 | -1 | 14 | 11 | 15 | 11 | 13 | 21 |
| Apr. | -3 | -9 | 3 | -1 | -1 | 16 | 15 | 18 | 14 | 17 | 23 |
| May | -2 | -8 | 3 | -1 | -2 | 15 | 13 | 20 | 16 | 20 | 23 |
| June | -2 | -7 | 3 | 2 | 3 | 12 | 16 | 19 | 14 | 19 | 23 |

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 of the economic sentiment indicator above (below) 100 indicate above-average (below-average) economic sentiment, calculated for the period from January 1985.

3) Owing to changes in the questionnaire used for the French survey, euro area results from January 2004 onwards are not fully comparable with previous results.

4) 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.

5) 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 [1]

(annual percentage changes, unless otherwise indicated)

### 1. Employment

| | Whole economy | | By employment status | | By economic activity | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Millions (s.a.) | | Employees | Self-employed | Agriculture, hunting, forestry and fishing | Mining, manufacturing and energy | Construction | Trade, repairs, hotels and restaurants, transport and communication | Financial, real estate, renting and business services | Public administration, education, health and other services |
| % of total [2] | 100.0 | 100.0 | 84.4 | 15.6 | 4.4 | 17.7 | 7.7 | 24.9 | 15.0 | 30.3 |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
| 2002 | 134.878 | 0.7 | 0.8 | 0.0 | -1.3 | -1.4 | 0.7 | 0.6 | 1.9 | 1.9 |
| 2003 | 135.375 | 0.4 | 0.1 | 1.9 | -2.3 | -1.6 | 1.1 | 0.5 | 0.8 | 1.5 |
| 2004 | 136.125 | 0.6 | 0.5 | 0.8 | -1.4 | -1.7 | 1.5 | 0.7 | 1.7 | 1.3 |
| 2005 | 137.079 | 0.7 | 0.8 | -0.1 | -0.9 | -1.2 | 2.3 | 0.7 | 1.9 | 1.1 |
| 2005 Q1 | 136.726 | 0.9 | 0.9 | 0.6 | -1.1 | -1.1 | 3.5 | 1.0 | 1.8 | 1.1 |
| Q2 | 136.921 | 0.7 | 0.7 | 0.3 | -0.7 | -1.7 | 2.4 | 0.8 | 1.7 | 1.2 |
| Q3 | 137.137 | 0.6 | 0.8 | -0.6 | -1.3 | -1.0 | 1.5 | 0.4 | 1.9 | 1.2 |
| Q4 | 137.531 | 0.7 | 0.9 | -0.7 | -0.4 | -1.1 | 2.0 | 0.5 | 2.0 | 0.9 |
| 2006 Q1 | 137.958 | 0.9 | . | . | . | . | . | . | . | . |
| | *quarter-on-quarter percentage changes (s.a.)* | | | | | | | | | |
| 2005 Q1 | 0.170 | 0.1 | 0.2 | -0.3 | -0.8 | -0.5 | 0.7 | 0.3 | 0.3 | 0.2 |
| Q2 | 0.195 | 0.1 | 0.2 | 0.1 | 0.3 | -0.3 | 0.4 | 0.1 | 0.2 | 0.3 |
| Q3 | 0.216 | 0.2 | 0.3 | -0.5 | 0.0 | -0.1 | 0.1 | -0.1 | 0.7 | 0.3 |
| Q4 | 0.394 | 0.3 | 0.3 | 0.2 | -0.3 | -0.2 | 1.0 | 0.2 | 0.9 | 0.2 |
| 2006 Q1 | 0.427 | 0.3 | . | . | . | . | . | . | . | . |

### 2. Unemployment

*(seasonally adjusted)*

| | Total | | By age [3] | | | | By gender [4] | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 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 [2] | 100.0 | | 75.6 | | 24.4 | | 48.5 | | 51.5 | |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
| 2002 | 11.760 | 8.3 | 8.740 | 7.0 | 3.020 | 16.8 | 5.515 | 6.9 | 6.245 | 10.1 |
| 2003 | 12.548 | 8.7 | 9.420 | 7.5 | 3.128 | 17.6 | 5.975 | 7.4 | 6.573 | 10.5 |
| 2004 | 12.899 | 8.9 | 9.751 | 7.6 | 3.149 | 18.0 | 6.186 | 7.6 | 6.713 | 10.5 |
| 2005 | 12.543 | 8.6 | 9.485 | 7.3 | 3.058 | 17.7 | 6.085 | 7.4 | 6.458 | 10.0 |
| 2005 Q1 | 12.845 | 8.8 | 9.626 | 7.5 | 3.219 | 18.3 | 6.217 | 7.6 | 6.628 | 10.3 |
| Q2 | 12.686 | 8.7 | 9.608 | 7.4 | 3.078 | 17.7 | 6.165 | 7.5 | 6.521 | 10.1 |
| Q3 | 12.386 | 8.5 | 9.408 | 7.3 | 2.977 | 17.3 | 6.044 | 7.4 | 6.342 | 9.9 |
| Q4 | 12.209 | 8.3 | 9.212 | 7.1 | 2.997 | 17.5 | 5.879 | 7.2 | 6.330 | 9.8 |
| 2006 Q1 | 11.913 | 8.1 | 8.927 | 6.9 | 2.985 | 17.4 | 5.734 | 7.0 | 6.179 | 9.6 |
| 2005 Dec. | 12.184 | 8.3 | 9.183 | 7.1 | 3.001 | 17.6 | 5.831 | 7.1 | 6.353 | 9.9 |
| 2006 Jan. | 12.063 | 8.2 | 9.065 | 7.0 | 2.997 | 17.4 | 5.779 | 7.1 | 6.283 | 9.8 |
| Feb. | 11.916 | 8.1 | 8.920 | 6.9 | 2.996 | 17.5 | 5.736 | 7.0 | 6.180 | 9.6 |
| Mar. | 11.759 | 8.0 | 8.797 | 6.8 | 2.962 | 17.3 | 5.685 | 6.9 | 6.074 | 9.4 |
| Apr. | 11.622 | 8.0 | 8.718 | 6.8 | 2.904 | 17.0 | 5.649 | 6.9 | 5.973 | 9.3 |
| May | 11.540 | 7.9 | 8.686 | 6.7 | 2.854 | 16.7 | 5.631 | 6.9 | 5.909 | 9.2 |

Source: Eurostat.

1) Data for employment refer to persons and are based on the ESA 95. Data for unemployment refer to persons and follow ILO recommendations.
2) In 2005.
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 [1]

(as a percentage of GDP)

### 1. Euro area – revenue

| | Total | Current revenue | | | | | | | | | | Capital revenue | | Memo: fiscal burden [2] |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Direct taxes | | | Indirect taxes | | Social contributions | | | Sales | | Capital taxes | |
| | | | | Households | Corporations | | Received by EU institutions | | Employers | Employees | | | | |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 |
| 1997 | 47.1 | 46.6 | 11.9 | 9.0 | 2.6 | 13.3 | 0.7 | 17.2 | 8.6 | 5.4 | 2.3 | 0.5 | 0.3 | 42.7 |
| 1998 | 46.6 | 46.3 | 12.2 | 9.5 | 2.3 | 13.9 | 0.6 | 16.2 | 8.3 | 4.9 | 2.3 | 0.3 | 0.3 | 42.6 |
| 1999 | 47.1 | 46.8 | 12.6 | 9.7 | 2.5 | 14.2 | 0.6 | 16.1 | 8.3 | 4.9 | 2.3 | 0.3 | 0.3 | 43.1 |
| 2000 | 46.7 | 46.4 | 12.7 | 9.8 | 2.7 | 13.9 | 0.6 | 15.9 | 8.2 | 4.8 | 2.2 | 0.3 | 0.3 | 42.8 |
| 2001 | 45.8 | 45.6 | 12.3 | 9.6 | 2.4 | 13.6 | 0.6 | 15.7 | 8.2 | 4.7 | 2.2 | 0.2 | 0.3 | 41.8 |
| 2002 | 45.2 | 44.9 | 11.9 | 9.4 | 2.2 | 13.5 | 0.4 | 15.7 | 8.2 | 4.6 | 2.1 | 0.3 | 0.3 | 41.3 |
| 2003 | 45.2 | 44.5 | 11.5 | 9.1 | 2.1 | 13.5 | 0.4 | 15.8 | 8.3 | 4.7 | 2.1 | 0.6 | 0.5 | 41.3 |
| 2004 | 44.7 | 44.3 | 11.4 | 8.8 | 2.3 | 13.6 | 0.3 | 15.6 | 8.2 | 4.6 | 2.1 | 0.5 | 0.4 | 40.9 |
| 2005 | 45.1 | 44.7 | 11.6 | 8.9 | 2.5 | 13.7 | 0.3 | 15.6 | 8.2 | 4.5 | 2.2 | 0.5 | 0.3 | 41.2 |

### 2. Euro area – expenditure

| | Total | Current expenditure | | | | | | | | Capital expenditure | | | | Memo: primary expenditure [3] |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Total | Compensation of employees | Intermediate consumption | Interest | Current transfers | Social payments | Subsidies | Paid by EU institutions | | Investment | Capital transfers | Paid by EU institutions | |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 |
| 1997 | 49.7 | 46.1 | 10.9 | 4.8 | 5.0 | 25.4 | 22.6 | 2.1 | 0.6 | 3.6 | 2.4 | 1.2 | 0.1 | 44.7 |
| 1998 | 48.9 | 45.1 | 10.6 | 4.6 | 4.6 | 25.2 | 22.2 | 2.1 | 0.5 | 3.8 | 2.4 | 1.3 | 0.1 | 44.2 |
| 1999 | 48.5 | 44.6 | 10.6 | 4.8 | 4.1 | 25.2 | 22.2 | 2.1 | 0.5 | 3.9 | 2.5 | 1.4 | 0.1 | 44.4 |
| 2000 | 47.7 | 43.9 | 10.4 | 4.8 | 3.9 | 24.8 | 21.8 | 2.0 | 0.5 | 3.8 | 2.5 | 1.3 | 0.0 | 43.8 |
| 2001 | 47.7 | 43.8 | 10.3 | 4.8 | 3.8 | 24.9 | 21.8 | 1.9 | 0.5 | 3.9 | 2.5 | 1.4 | 0.0 | 43.9 |
| 2002 | 47.8 | 44.0 | 10.4 | 4.9 | 3.5 | 25.2 | 22.2 | 1.9 | 0.5 | 3.8 | 2.4 | 1.4 | 0.0 | 44.3 |
| 2003 | 48.2 | 44.3 | 10.5 | 4.9 | 3.3 | 25.5 | 22.6 | 1.8 | 0.5 | 3.9 | 2.5 | 1.4 | 0.1 | 44.9 |
| 2004 | 47.5 | 43.7 | 10.4 | 5.0 | 3.1 | 25.2 | 22.4 | 1.8 | 0.5 | 3.8 | 2.4 | 1.4 | 0.0 | 44.4 |
| 2005 | 47.5 | 43.8 | 10.4 | 5.0 | 3.0 | 25.3 | 22.5 | 1.7 | 0.5 | 3.8 | 2.4 | 1.3 | 0.0 | 44.5 |

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

| | Deficit (-)/surplus (+) | | | | | Primary deficit (-)/ surplus (+) | Government consumption [4] | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 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 |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 |
| 1997 | -2.6 | -2.4 | -0.4 | 0.1 | 0.1 | 2.4 | 20.1 | 10.9 | 4.8 | 4.9 | 1.9 | 2.3 | 8.2 | 11.9 |
| 1998 | -2.3 | -2.2 | -0.2 | 0.1 | 0.1 | 2.3 | 19.8 | 10.6 | 4.6 | 4.8 | 1.9 | 2.3 | 8.0 | 11.7 |
| 1999 | -1.4 | -1.7 | -0.1 | 0.1 | 0.4 | 2.7 | 19.9 | 10.6 | 4.8 | 4.9 | 1.9 | 2.3 | 8.1 | 11.8 |
| 2000 | -1.0 | -1.4 | -0.1 | 0.1 | 0.5 | 2.9 | 19.8 | 10.4 | 4.8 | 4.9 | 1.8 | 2.2 | 8.0 | 11.8 |
| 2001 | -1.9 | -1.7 | -0.4 | 0.1 | 0.4 | 2.0 | 19.8 | 10.3 | 4.8 | 5.0 | 1.8 | 2.2 | 7.9 | 11.9 |
| 2002 | -2.6 | -2.1 | -0.5 | -0.2 | 0.2 | 0.9 | 20.2 | 10.4 | 4.9 | 5.1 | 1.8 | 2.1 | 8.0 | 12.2 |
| 2003 | -3.1 | -2.4 | -0.5 | -0.2 | 0.0 | 0.3 | 20.4 | 10.5 | 4.9 | 5.2 | 1.8 | 2.1 | 8.0 | 12.4 |
| 2004 | -2.8 | -2.4 | -0.3 | -0.3 | 0.1 | 0.3 | 20.3 | 10.4 | 5.0 | 5.2 | 1.8 | 2.1 | 8.0 | 12.4 |
| 2005 | -2.4 | -2.1 | -0.3 | -0.2 | 0.2 | 0.6 | 20.4 | 10.4 | 5.0 | 5.2 | 1.8 | 2.2 | 8.0 | 12.4 |

### 4. Euro area countries – deficit (-)/surplus (+) [5]

| | BE | DE | GR | ES | FR | IE | IT | LU | NL | AT | PT | FI |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 |
| 2002 | 0.0 | -3.7 | -4.9 | -0.3 | -3.2 | -0.4 | -2.9 | 2.0 | -2.0 | -0.5 | -2.9 | 4.1 |
| 2003 | 0.1 | -4.0 | -5.8 | 0.0 | -4.2 | 0.2 | -3.4 | 0.2 | -3.1 | -1.5 | -2.9 | 2.5 |
| 2004 | 0.0 | -3.7 | -6.9 | -0.1 | -3.7 | 1.5 | -3.4 | -1.1 | -1.9 | -1.1 | -3.2 | 2.3 |
| 2005 | 0.1 | -3.3 | -4.5 | 1.1 | -2.9 | 1.0 | -4.1 | -1.9 | -0.3 | -1.5 | -6.0 | 2.6 |

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

1) Revenue, expenditure and deficit/surplus are based on the ESA 95, but the figures exclude proceeds from the sale of UMTS licences in 2000 (the euro area deficit/surplus including those proceeds is equal to 0.0% of GDP). 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 proceeds from the sale of UMTS licences and settlements under swaps and forward rate agreements.

## 6.2 Debt [1]

(as a percentage of GDP)

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

| | Total | Financial instruments | | | | Holders | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Coins and deposits | Loans | Short-term securities | Long-term securities | Domestic creditors [2] | | | | Other creditors [3] |
| | | | | | | Total | MFIs | Other financial corporations | Other sectors | |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
| 1996 | 75.1 | 2.8 | 17.0 | 7.9 | 47.4 | 58.7 | 32.5 | 10.0 | 16.1 | 16.4 |
| 1997 | 74.2 | 2.8 | 16.0 | 6.5 | 48.9 | 56.2 | 31.1 | 11.8 | 13.3 | 18.0 |
| 1998 | 72.8 | 2.7 | 15.0 | 5.6 | 49.4 | 53.0 | 29.3 | 12.8 | 10.9 | 19.8 |
| 1999 | 72.1 | 2.9 | 14.2 | 4.3 | 50.7 | 48.4 | 27.4 | 9.8 | 11.3 | 23.7 |
| 2000 | 69.6 | 2.7 | 13.1 | 3.7 | 50.1 | 43.9 | 24.0 | 8.9 | 11.0 | 25.6 |
| 2001 | 68.3 | 2.8 | 12.3 | 4.0 | 49.2 | 42.0 | 22.9 | 8.0 | 11.1 | 26.3 |
| 2002 | 68.1 | 2.7 | 11.7 | 4.6 | 49.2 | 40.0 | 21.6 | 7.6 | 10.8 | 28.2 |
| 2003 | 69.3 | 2.1 | 12.3 | 5.1 | 49.9 | 39.1 | 21.6 | 8.3 | 9.2 | 30.3 |
| 2004 | 69.8 | 2.2 | 11.9 | 5.1 | 50.6 | 37.9 | 20.7 | 8.2 | 8.9 | 31.9 |
| 2005 | 70.7 | 2.4 | 11.7 | 4.9 | 51.7 | 36.9 | 20.3 | 8.2 | 8.4 | 33.8 |

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

| | Total | Issued by [4] | | | | 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 year and up to 5 years | Over 5 years | Euro or participating currencies [5] | Other currencies |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 |
| 1996 | 75.1 | 63.0 | 5.9 | 5.7 | 0.5 | 11.6 | 63.5 | 7.1 | 19.1 | 26.3 | 29.8 | 72.5 | 2.6 |
| 1997 | 74.2 | 62.2 | 6.1 | 5.4 | 0.6 | 9.9 | 64.3 | 6.8 | 18.1 | 26.0 | 30.1 | 71.4 | 2.8 |
| 1998 | 72.8 | 61.2 | 6.1 | 5.2 | 0.4 | 8.9 | 64.0 | 6.3 | 15.6 | 27.0 | 30.3 | 70.1 | 2.7 |
| 1999 | 72.1 | 60.6 | 6.0 | 5.1 | 0.4 | 7.7 | 64.4 | 5.6 | 13.4 | 28.3 | 30.5 | 70.1 | 2.0 |
| 2000 | 69.6 | 58.3 | 5.9 | 4.9 | 0.4 | 6.8 | 62.8 | 4.9 | 13.2 | 28.9 | 27.4 | 67.8 | 1.8 |
| 2001 | 68.3 | 57.1 | 6.1 | 4.8 | 0.4 | 7.2 | 61.2 | 3.7 | 13.6 | 27.5 | 27.2 | 66.8 | 1.5 |
| 2002 | 68.1 | 56.7 | 6.3 | 4.8 | 0.4 | 8.2 | 59.9 | 3.9 | 15.2 | 25.8 | 27.2 | 66.8 | 1.3 |
| 2003 | 69.3 | 57.0 | 6.6 | 5.1 | 0.6 | 8.6 | 60.7 | 4.0 | 14.4 | 26.6 | 28.3 | 68.3 | 1.0 |
| 2004 | 69.8 | 57.5 | 6.7 | 5.2 | 0.4 | 8.5 | 61.3 | 3.9 | 14.4 | 27.4 | 28.0 | 68.8 | 1.0 |
| 2005 | 70.7 | 58.1 | 6.8 | 5.3 | 0.5 | 8.7 | 62.0 | 3.8 | 14.4 | 28.0 | 28.3 | 69.7 | 1.1 |

### 3. Euro area countries

| | BE | DE | GR | ES | FR | IE | IT | LU | NL | AT | PT | FI |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 |
| 2002 | 103.2 | 60.3 | 110.7 | 52.5 | 58.2 | 32.1 | 105.5 | 6.5 | 50.5 | 66.0 | 55.5 | 41.3 |
| 2003 | 98.5 | 63.8 | 107.8 | 48.9 | 62.4 | 31.1 | 104.2 | 6.3 | 51.9 | 64.4 | 57.0 | 44.3 |
| 2004 | 94.7 | 65.5 | 108.5 | 46.4 | 64.4 | 29.4 | 103.8 | 6.6 | 52.6 | 63.6 | 58.7 | 44.3 |
| 2005 | 93.3 | 67.7 | 107.5 | 43.2 | 66.8 | 27.6 | 106.4 | 6.2 | 52.9 | 62.9 | 63.9 | 41.1 |

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. 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.
5) Before 1999, this comprises debt in ECU, in domestic currency and in the currencies of other Member States which have adopted the euro.

## 6.3 Change in debt [1]

(as a percentage of GDP)

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

| | Total | Source of change | | | | Financial instruments | | | | Holders | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Borrowing requirement [2] | Valuation effects [3] | Other changes in volume [4] | Aggregation effect [5] | Coins and deposits | Loans | Short-term securities | Long-term securities | Domestic creditors [6] | MFIs | Other financial corporations | Other creditors [7] |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 |
| 1997 | 1.9 | 2.3 | 0.0 | -0.2 | -0.2 | 0.0 | -0.3 | -1.1 | 3.3 | -0.3 | -0.2 | 2.1 | 2.2 |
| 1998 | 1.8 | 2.3 | -0.3 | -0.1 | -0.1 | 0.1 | -0.3 | -0.6 | 2.6 | -0.8 | -0.4 | 1.5 | 2.5 |
| 1999 | 2.0 | 1.6 | 0.4 | 0.1 | -0.1 | 0.2 | -0.2 | -1.2 | 3.1 | -2.6 | -0.9 | -2.5 | 4.6 |
| 2000 | 1.0 | 1.1 | 0.0 | 0.0 | -0.1 | 0.0 | -0.5 | -0.4 | 1.9 | -2.1 | -2.0 | -0.4 | 3.1 |
| 2001 | 1.9 | 1.9 | -0.1 | 0.1 | 0.0 | 0.2 | -0.2 | 0.5 | 1.3 | 0.0 | -0.1 | -0.5 | 1.8 |
| 2002 | 2.1 | 2.7 | -0.5 | 0.0 | 0.0 | 0.0 | -0.2 | 0.7 | 1.6 | -0.6 | -0.5 | -0.2 | 2.7 |
| 2003 | 3.1 | 3.3 | -0.2 | 0.0 | 0.0 | -0.6 | 0.9 | 0.6 | 2.1 | 0.2 | 0.6 | 0.9 | 2.9 |
| 2004 | 3.1 | 3.2 | -0.1 | 0.0 | 0.0 | 0.2 | 0.1 | 0.2 | 2.6 | 0.3 | 0.0 | 0.3 | 2.8 |
| 2005 | 3.1 | 3.0 | 0.0 | 0.1 | 0.0 | 0.3 | 0.2 | 0.0 | 2.6 | 0.2 | 0.2 | 0.2 | 2.9 |

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

| | Change in debt | Deficit (-) / surplus (+) [8] | Deficit-debt adjustment [9] | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Total | Transactions in main financial assets held by general government | | | | | | | Valuation effects | Exchange rate effects | Other changes in volume | Other [10] |
| | | | | Total | Currency and deposits | Securities [11] | Loans | Shares and other equity | Privatisations | Equity injections | | | | |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 |
| 1997 | 1.9 | -2.6 | -0.7 | -0.6 | 0.1 | 0.0 | -0.2 | -0.5 | -0.7 | 0.1 | 0.0 | 0.2 | -0.2 | 0.1 |
| 1998 | 1.8 | -2.3 | -0.5 | -0.3 | 0.2 | 0.0 | 0.0 | -0.4 | -0.7 | 0.2 | -0.3 | 0.0 | -0.1 | 0.1 |
| 1999 | 2.0 | -1.4 | 0.6 | 0.0 | 0.4 | 0.0 | 0.1 | -0.5 | -0.8 | 0.1 | 0.4 | 0.2 | 0.1 | 0.2 |
| 2000 | 1.0 | 0.0 | 1.0 | 1.1 | 0.7 | 0.2 | 0.2 | 0.0 | -0.4 | 0.2 | 0.0 | 0.1 | 0.0 | 0.0 |
| 2001 | 1.9 | -1.8 | 0.0 | -0.4 | -0.6 | 0.1 | 0.1 | -0.1 | -0.3 | 0.2 | -0.1 | 0.0 | 0.1 | 0.5 |
| 2002 | 2.1 | -2.6 | -0.5 | 0.1 | 0.0 | 0.0 | 0.0 | 0.0 | -0.3 | 0.1 | -0.5 | -0.1 | 0.0 | 0.0 |
| 2003 | 3.1 | -3.1 | 0.0 | 0.1 | 0.1 | 0.0 | 0.0 | 0.1 | -0.4 | 0.1 | -0.2 | -0.1 | 0.0 | 0.1 |
| 2004 | 3.1 | -2.8 | 0.3 | 0.4 | 0.2 | 0.1 | 0.1 | 0.0 | -0.4 | 0.2 | -0.1 | 0.0 | 0.0 | 0.1 |
| 2005 | 3.1 | -2.4 | 0.6 | 0.7 | 0.3 | 0.2 | 0.1 | 0.1 | -0.3 | 0.2 | 0.0 | 0.0 | 0.1 | -0.1 |

Source: ECB.

1) Data are partially estimated. Annual change in gross nominal consolidated debt is expressed as a percentage of GDP, i.e. [debt(t) - debt(t-1)] ÷ GDP(t).
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) The difference between the changes in the aggregated debt, resulting from the aggregation of countries' debt, and the aggregation of countries' change in debt is due to variations in the exchange rates used for aggregation before 1999.
6) Holders resident in the country whose government has issued the debt.
7) Includes residents of euro area countries other than the country whose government has issued the debt.
8) Including proceeds from sales of UMTS licences.
9) The difference between the annual change in gross nominal consolidated debt and the deficit as a percentage of GDP.
10) Mainly composed of transactions in other assets and liabilities (trade credits, other receivables/payables and financial derivatives).
11) Excluding financial derivatives.

## 6.4 Quarterly revenue, expenditure and deficit/surplus [1]

(as a percentage of GDP)

### 1. Euro area – quarterly revenue

| | Total | Current revenue | | | | | | Capital revenue | | Memo: fiscal burden [2] |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | Direct taxes | Indirect taxes | Social contributions | Sales | Property income | | Capital taxes | |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
| 1999 Q4 | 51.1 | 50.4 | 14.3 | 14.6 | 16.8 | 2.9 | 0.9 | 0.7 | 0.3 | 45.9 |
| 2000 Q1 | 43.6 | 43.1 | 11.1 | 13.1 | 15.5 | 1.9 | 0.7 | 0.5 | 0.3 | 39.9 |
| Q2 | 47.7 | 47.2 | 13.9 | 13.4 | 15.8 | 2.1 | 1.2 | 0.5 | 0.3 | 43.3 |
| Q3 | 44.2 | 43.8 | 11.9 | 12.6 | 15.7 | 2.0 | 0.8 | 0.4 | 0.2 | 40.4 |
| Q4 | 49.9 | 49.4 | 14.0 | 14.1 | 16.6 | 2.8 | 1.0 | 0.5 | 0.3 | 45.0 |
| 2001 Q1 | 42.4 | 41.9 | 10.5 | 12.7 | 15.3 | 1.8 | 0.9 | 0.4 | 0.2 | 38.7 |
| Q2 | 46.9 | 46.5 | 13.4 | 13.0 | 15.6 | 2.0 | 1.6 | 0.4 | 0.2 | 42.2 |
| Q3 | 43.5 | 43.1 | 11.6 | 12.4 | 15.5 | 1.9 | 0.9 | 0.4 | 0.3 | 39.7 |
| Q4 | 49.2 | 48.7 | 13.6 | 13.9 | 16.3 | 2.9 | 1.1 | 0.5 | 0.3 | 44.0 |
| 2002 Q1 | 42.1 | 41.6 | 10.1 | 12.8 | 15.5 | 1.7 | 0.8 | 0.4 | 0.2 | 38.6 |
| Q2 | 45.6 | 45.1 | 12.5 | 12.7 | 15.5 | 2.0 | 1.5 | 0.5 | 0.3 | 41.0 |
| Q3 | 43.5 | 43.0 | 11.2 | 12.7 | 15.4 | 2.0 | 0.8 | 0.4 | 0.3 | 39.6 |
| Q4 | 49.1 | 48.5 | 13.4 | 14.1 | 16.2 | 2.9 | 0.9 | 0.6 | 0.3 | 44.0 |
| 2003 Q1 | 42.0 | 41.5 | 9.8 | 12.8 | 15.6 | 1.7 | 0.7 | 0.4 | 0.2 | 38.5 |
| Q2 | 45.9 | 44.4 | 12.1 | 12.7 | 15.8 | 2.0 | 1.3 | 1.5 | 1.2 | 41.7 |
| Q3 | 42.9 | 42.4 | 10.8 | 12.7 | 15.5 | 1.9 | 0.7 | 0.5 | 0.2 | 39.2 |
| Q4 | 49.3 | 48.3 | 13.1 | 14.2 | 16.2 | 2.9 | 0.8 | 1.0 | 0.3 | 43.8 |
| 2004 Q1 | 41.6 | 41.1 | 9.6 | 12.9 | 15.4 | 1.7 | 0.7 | 0.5 | 0.3 | 38.1 |
| Q2 | 44.9 | 44.1 | 12.1 | 12.9 | 15.4 | 2.0 | 0.9 | 0.8 | 0.6 | 41.0 |
| Q3 | 42.7 | 42.2 | 10.7 | 12.7 | 15.4 | 1.9 | 0.7 | 0.5 | 0.3 | 38.9 |
| Q4 | 49.4 | 48.3 | 13.0 | 14.5 | 16.2 | 2.9 | 0.8 | 1.0 | 0.4 | 44.1 |
| 2005 Q1 | 42.4 | 41.9 | 10.0 | 13.1 | 15.4 | 1.7 | 0.6 | 0.6 | 0.3 | 38.7 |
| Q2 | 44.7 | 44.1 | 11.9 | 13.1 | 15.3 | 2.0 | 0.9 | 0.6 | 0.3 | 40.6 |
| Q3 | 43.5 | 42.9 | 11.1 | 12.9 | 15.4 | 1.9 | 0.7 | 0.6 | 0.3 | 39.7 |
| Q4 | 49.3 | 48.5 | 13.4 | 14.4 | 16.1 | 2.9 | 0.8 | 0.8 | 0.3 | 44.2 |

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

| | Total | Current expenditure | | | | | | | Capital expenditure | | | Deficit (-)/ surplus (+) | Primary deficit (-)/ surplus (+) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Total | Compensation of employees | Intermediate consumption | Interest | Current transfers | Social benefits | Subsidies | | Investment | Capital transfers | | |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 |
| 1999 Q4 | 50.9 | 46.0 | 11.1 | 5.3 | 3.7 | 25.9 | 22.2 | 1.7 | 4.9 | 3.1 | 1.7 | 0.2 | 3.9 |
| 2000 Q1 | 46.3 | 43.0 | 10.2 | 4.6 | 4.1 | 24.2 | 20.9 | 1.3 | 3.3 | 2.0 | 1.3 | -2.7 | 1.3 |
| Q2 | 46.4 | 43.0 | 10.3 | 4.6 | 3.9 | 24.2 | 20.9 | 1.4 | 3.4 | 2.3 | 1.1 | 1.3 | 5.2 |
| Q3 | 43.0 | 42.7 | 10.1 | 4.5 | 4.0 | 24.1 | 20.8 | 1.5 | 0.3 | 2.5 | 1.0 | 1.2 | 5.2 |
| Q4 | 49.7 | 45.9 | 11.1 | 5.3 | 3.8 | 25.8 | 21.9 | 1.6 | 3.8 | 3.1 | 1.5 | 0.2 | 4.0 |
| 2001 Q1 | 45.7 | 42.4 | 10.1 | 4.2 | 4.0 | 24.1 | 20.9 | 1.3 | 3.4 | 1.9 | 1.5 | -3.4 | 0.6 |
| Q2 | 46.3 | 42.8 | 10.3 | 4.6 | 3.9 | 24.1 | 20.8 | 1.3 | 3.5 | 2.3 | 1.1 | 0.6 | 4.5 |
| Q3 | 46.1 | 42.4 | 10.0 | 4.6 | 3.8 | 24.1 | 20.8 | 1.4 | 3.7 | 2.5 | 1.2 | -2.6 | 1.2 |
| Q4 | 51.1 | 46.2 | 11.0 | 5.7 | 3.6 | 25.9 | 22.1 | 1.7 | 4.9 | 3.2 | 1.7 | -1.9 | 1.7 |
| 2002 Q1 | 46.2 | 42.8 | 10.3 | 4.3 | 3.7 | 24.5 | 21.2 | 1.3 | 3.4 | 1.9 | 1.5 | -4.2 | -0.5 |
| Q2 | 46.7 | 43.3 | 10.3 | 4.9 | 3.6 | 24.4 | 21.1 | 1.3 | 3.4 | 2.3 | 1.1 | -1.1 | 2.4 |
| Q3 | 46.8 | 43.1 | 10.0 | 4.7 | 3.5 | 24.9 | 21.4 | 1.4 | 3.7 | 2.5 | 1.2 | -3.3 | 0.2 |
| Q4 | 50.8 | 46.4 | 11.0 | 5.7 | 3.3 | 26.4 | 22.6 | 1.6 | 4.4 | 2.8 | 1.6 | -1.7 | 1.6 |
| 2003 Q1 | 46.9 | 43.4 | 10.4 | 4.5 | 3.5 | 25.0 | 21.6 | 1.3 | 3.5 | 1.9 | 1.6 | -4.9 | -1.4 |
| Q2 | 47.4 | 43.8 | 10.4 | 4.8 | 3.4 | 25.2 | 21.7 | 1.3 | 3.5 | 2.4 | 1.2 | -1.5 | 1.9 |
| Q3 | 46.9 | 43.3 | 10.2 | 4.8 | 3.3 | 25.1 | 21.6 | 1.3 | 3.6 | 2.5 | 1.1 | -4.1 | -0.8 |
| Q4 | 51.2 | 46.3 | 11.0 | 5.7 | 3.1 | 26.6 | 22.8 | 1.5 | 4.8 | 3.2 | 1.6 | -1.9 | 1.2 |
| 2004 Q1 | 46.5 | 43.1 | 10.3 | 4.6 | 3.2 | 25.0 | 21.5 | 1.2 | 3.4 | 2.0 | 1.4 | -4.9 | -1.7 |
| Q2 | 46.7 | 43.3 | 10.4 | 4.9 | 3.1 | 24.8 | 21.5 | 1.2 | 3.4 | 2.3 | 1.0 | -1.7 | 1.4 |
| Q3 | 46.0 | 42.6 | 10.0 | 4.6 | 3.2 | 24.9 | 21.4 | 1.3 | 3.3 | 2.4 | 0.9 | -3.3 | -0.2 |
| Q4 | 50.7 | 45.8 | 10.9 | 5.7 | 3.0 | 26.1 | 22.5 | 1.4 | 4.9 | 3.1 | 1.8 | -1.3 | 1.7 |
| 2005 Q1 | 46.7 | 43.4 | 10.3 | 4.7 | 3.1 | 25.3 | 21.6 | 1.2 | 3.3 | 1.9 | 1.4 | -4.3 | -1.2 |
| Q2 | 46.3 | 43.0 | 10.3 | 5.0 | 3.1 | 24.6 | 21.5 | 1.1 | 3.3 | 2.3 | 1.0 | -1.6 | 1.4 |
| Q3 | 45.7 | 42.4 | 9.9 | 4.8 | 3.0 | 24.7 | 21.4 | 1.2 | 3.3 | 2.4 | 0.9 | -2.2 | 0.8 |
| Q4 | 50.8 | 45.9 | 11.1 | 5.7 | 2.9 | 26.2 | 22.6 | 1.4 | 4.9 | 3.1 | 1.7 | -1.5 | 1.3 |

Source: ECB calculations based on Eurostat and national data.

1) Revenue, expenditure and deficit/surplus are based on the ESA 95. Transactions involving the EU budget are not included. Otherwise, and except for different data transmission deadlines, the quarterly data are consistent with the annual data. The data are not seasonally adjusted.

2) The fiscal burden comprises taxes and social contributions.

## 6.5 Quarterly debt and change in debt
(as a percentage of GDP)

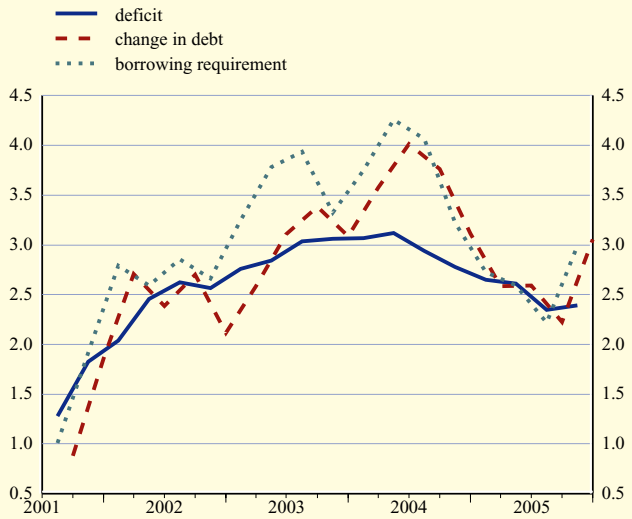
### 1. Euro area – Maastricht debt by financial instrument [1)]

| | Total | Financial instruments | | | |
|---|---|---|---|---|---|
| | | Coins and deposits | Loans | Short-term securities | Long-term securities |
| | 1 | 2 | 3 | 4 | 5 |
| 2003 Q1 | 69.5 | 2.6 | 11.7 | 5.2 | 50.0 |
| Q2 | 70.1 | 2.7 | 11.6 | 5.5 | 50.3 |
| Q3 | 70.5 | 2.7 | 11.6 | 5.6 | 50.6 |
| Q4 | 69.3 | 2.1 | 12.3 | 5.1 | 49.9 |
| 2004 Q1 | 71.0 | 2.1 | 12.4 | 5.5 | 50.9 |
| Q2 | 71.7 | 2.2 | 12.4 | 5.5 | 51.5 |
| Q3 | 71.6 | 2.2 | 12.3 | 5.6 | 51.5 |
| Q4 | 69.8 | 2.2 | 11.9 | 5.1 | 50.6 |
| 2005 Q1 | 71.1 | 2.2 | 11.9 | 5.2 | 51.8 |
| Q2 | 72.0 | 2.4 | 11.7 | 5.4 | 52.6 |
| Q3 | 71.6 | 2.4 | 11.7 | 5.2 | 52.2 |
| Q4 | 70.7 | 2.4 | 11.7 | 4.9 | 51.7 |

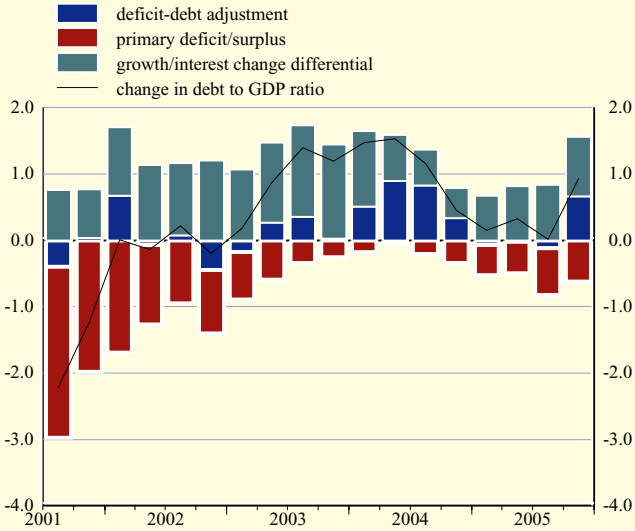
### 2. Euro area – deficit-debt adjustment

| | Change in debt | Deficit (-)/ surplus (+) | Deficit-debt adjustment | | | | | | | | Memo: Borrowing requirement |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Total | Transactions in main financial assets held by general government | | | | | Valuation effects and other changes in volume | Other | |
| | | | | Total | Currency and deposits | Securities | Loans | Shares and other equity | | | |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 |
| 2003 Q1 | 7.7 | -4.9 | 2.7 | 3.1 | 2.0 | 0.2 | 0.4 | 0.4 | -0.1 | -0.2 | 7.8 |
| Q2 | 4.1 | -1.5 | 2.7 | 3.1 | 2.2 | -0.1 | -0.2 | 1.2 | -0.3 | -0.2 | 4.4 |
| Q3 | 3.2 | -4.1 | -0.9 | -1.6 | -1.5 | -0.1 | -0.1 | 0.2 | 0.4 | 0.3 | 2.7 |
| Q4 | -2.2 | -1.9 | -4.1 | -3.8 | -2.3 | -0.1 | -0.1 | -1.3 | -1.0 | 0.7 | -1.3 |
| 2004 Q1 | 9.4 | -4.9 | 4.6 | 2.1 | 1.4 | 0.2 | 0.0 | 0.5 | 0.1 | 2.4 | 9.3 |
| Q2 | 5.8 | -1.7 | 4.1 | 3.9 | 3.3 | 0.3 | 0.1 | 0.3 | -0.5 | 0.7 | 6.4 |
| Q3 | 2.2 | -3.3 | -1.1 | -0.8 | -1.2 | 0.2 | 0.0 | 0.1 | 0.2 | -0.5 | 2.0 |
| Q4 | -4.5 | -1.3 | -5.8 | -3.5 | -2.7 | -0.2 | 0.1 | -0.7 | -0.2 | -2.1 | -4.3 |
| 2005 Q1 | 7.1 | -4.3 | 2.8 | 2.5 | 1.4 | 0.4 | 0.3 | 0.4 | 0.0 | 0.3 | 7.1 |
| Q2 | 5.8 | -1.6 | 4.2 | 3.7 | 2.7 | 0.3 | 0.2 | 0.4 | 0.1 | 0.4 | 5.7 |
| Q3 | 0.7 | -2.2 | -1.5 | -2.5 | -2.5 | 0.3 | -0.1 | -0.3 | 0.2 | 0.8 | 0.6 |
| Q4 | -1.1 | -1.5 | -2.6 | -0.8 | -0.3 | -0.4 | -0.2 | 0.0 | 0.0 | -1.8 | -1.1 |

### C28 Deficit, borrowing requirement and change in debt
(four-quarter moving sum as a percentage of GDP)




### C29 Maastricht debt
(annual change in the debt to GDP ratio and underlying factors)




Source: ECB calculations based on Eurostat and national data.
1) The stock data in quarter t are expressed as a percentage of the sum of GDP in t and the previous three quarters.

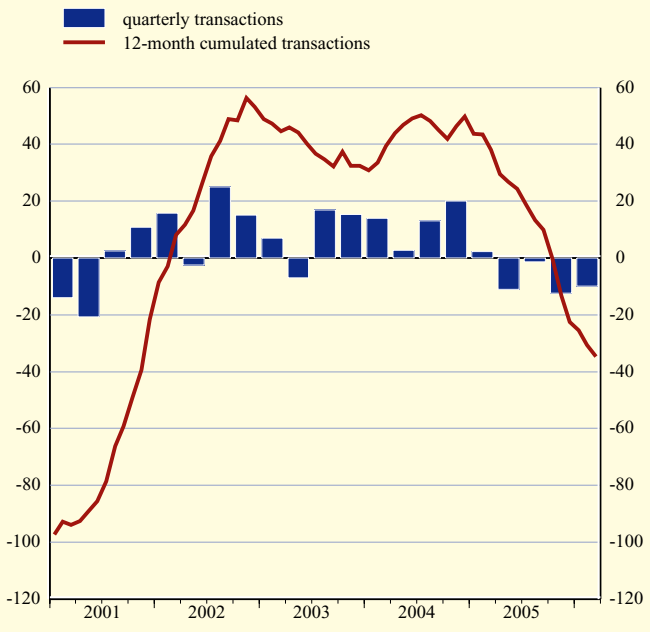
# 7 EXTERNAL TRANSACTIONS AND POSITIONS

## 7.1 Balance of payments
(EUR billions; net transactions)

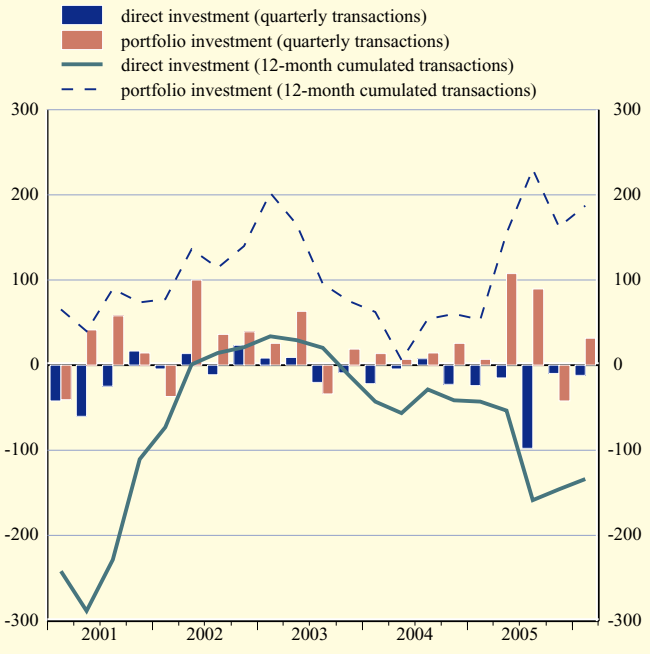
### 1. Summary balance of payments

| | 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 |
| 2003 | 32.4 | 106.1 | 19.5 | -37.2 | -56.0 | 12.9 | 45.4 | -1.3 | -12.3 | 74.9 | -13.0 | -79.1 | 28.2 | -44.1 |
| 2004 | 49.9 | 105.3 | 29.0 | -28.0 | -56.4 | 17.5 | 67.3 | -10.9 | -41.2 | 60.3 | -5.0 | -37.5 | 12.5 | -56.4 |
| 2005 | -22.6 | 53.0 | 34.3 | -41.5 | -68.3 | 12.5 | -10.1 | 90.0 | -145.5 | 162.5 | -13.6 | 67.8 | 18.7 | -79.9 |
| 2005 Q1 | 2.2 | 15.1 | 4.0 | -0.7 | -16.2 | 1.0 | 3.2 | 18.8 | -23.7 | 7.0 | -7.3 | 38.1 | 4.8 | -22.1 |
| Q2 | -11.2 | 18.1 | 10.3 | -23.6 | -16.0 | 4.0 | -7.2 | 49.5 | -14.7 | 107.8 | 1.3 | -48.0 | 3.1 | -42.3 |
| Q3 | -1.4 | 16.0 | 9.6 | -7.1 | -19.8 | 2.8 | 1.5 | 34.6 | -97.6 | 89.8 | -0.4 | 40.8 | 2.0 | -36.0 |
| Q4 | -12.3 | 3.8 | 10.3 | -10.1 | -16.3 | 4.7 | -7.6 | -12.9 | -9.4 | -42.0 | -7.2 | 36.9 | 8.8 | 20.5 |
| 2006 Q1 | -10.0 | -3.5 | 3.5 | 0.7 | -10.7 | 2.7 | -7.3 | 36.9 | -11.9 | 31.8 | -7.4 | 18.8 | 5.5 | -29.5 |
| 2005 Apr. | -10.5 | 3.5 | 2.3 | -12.2 | -4.1 | 0.3 | -10.2 | -5.5 | -13.7 | -7.9 | -0.4 | 17.4 | -0.8 | 15.7 |
| May | -2.9 | 5.7 | 3.3 | -6.3 | -5.5 | 1.6 | -1.3 | 41.5 | 6.7 | 19.0 | 0.8 | 12.5 | 2.6 | -40.3 |
| June | 2.2 | 8.8 | 4.7 | -5.0 | -6.4 | 2.1 | 4.3 | 13.5 | -7.7 | 96.7 | 1.0 | -77.9 | 1.4 | -17.7 |
| July | 3.0 | 9.5 | 4.5 | -5.5 | -5.5 | 0.8 | 3.8 | 1.0 | -85.1 | 77.1 | 1.4 | 5.0 | 2.6 | -4.8 |
| Aug. | -2.7 | 1.0 | 1.5 | 1.0 | -6.2 | 0.8 | -2.0 | 0.4 | -12.0 | -13.3 | -0.7 | 26.5 | -0.1 | 1.6 |
| Sep. | -1.6 | 5.5 | 3.6 | -2.6 | -8.1 | 1.2 | -0.4 | 33.2 | -0.5 | 26.0 | -1.2 | 9.3 | -0.5 | -32.8 |
| Oct. | -6.5 | 1.5 | 4.6 | -7.2 | -5.4 | 0.6 | -5.9 | -6.5 | -8.0 | 2.4 | -4.3 | 3.1 | 0.2 | 12.4 |
| Nov. | -5.6 | 1.0 | 2.7 | -4.4 | -5.0 | 0.9 | -4.7 | 5.8 | -2.0 | -39.2 | -0.4 | 46.2 | 1.2 | -1.1 |
| Dec. | -0.2 | 1.3 | 3.0 | 1.4 | -5.9 | 3.2 | 3.0 | -12.2 | 0.6 | -5.2 | -2.5 | -12.4 | 7.3 | 9.2 |
| 2006 Jan. | -9.7 | -6.4 | 0.1 | -1.0 | -2.3 | 1.0 | -8.7 | -11.0 | 4.9 | -37.1 | -2.3 | 25.8 | -2.3 | 19.7 |
| Feb. | -0.4 | 0.3 | 1.8 | 1.0 | -3.5 | 1.0 | 0.6 | 13.2 | -25.4 | 20.5 | -3.0 | 19.2 | 1.9 | -13.8 |
| Mar. | 0.1 | 2.6 | 1.5 | 0.8 | -4.8 | 0.6 | 0.8 | 34.7 | 8.6 | 48.4 | -2.1 | -26.3 | 6.0 | -35.4 |
| Apr. | -8.0 | -0.1 | 3.0 | -4.8 | -6.0 | 0.5 | -7.5 | 3.1 | -2.5 | -5.7 | -5.8 | 18.3 | -1.2 | 4.3 |
| | *12-month cumulated transactions* | | | | | | | | | | | | | |
| 2006 Apr. | -32.4 | 30.7 | 34.4 | -32.6 | -64.8 | 14.4 | -18.0 | 116.7 | -122.3 | 189.6 | -19.0 | 49.4 | 19.0 | -98.7 |

C30 B.o.p. current account balance
(EUR billions)




C31 B.o.p. net direct and portfolio investment
(EUR billions)



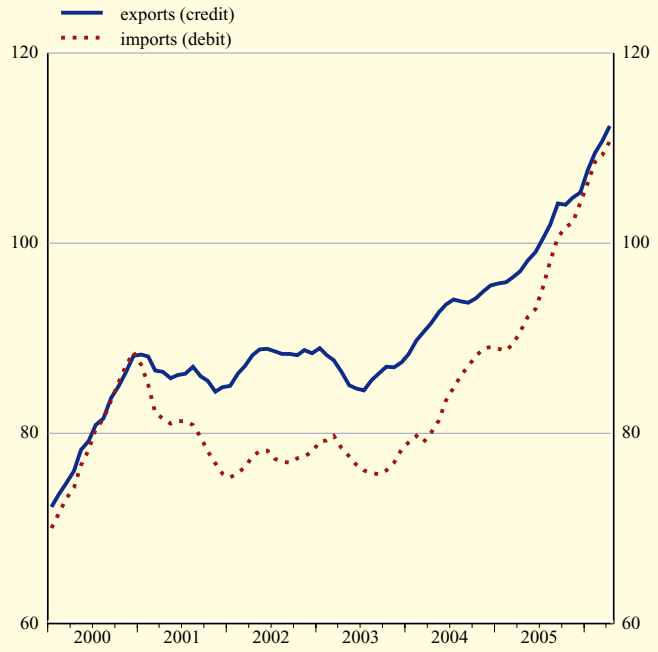

Source: ECB.

## 7.1 Balance of payments
(EUR billions; transactions)

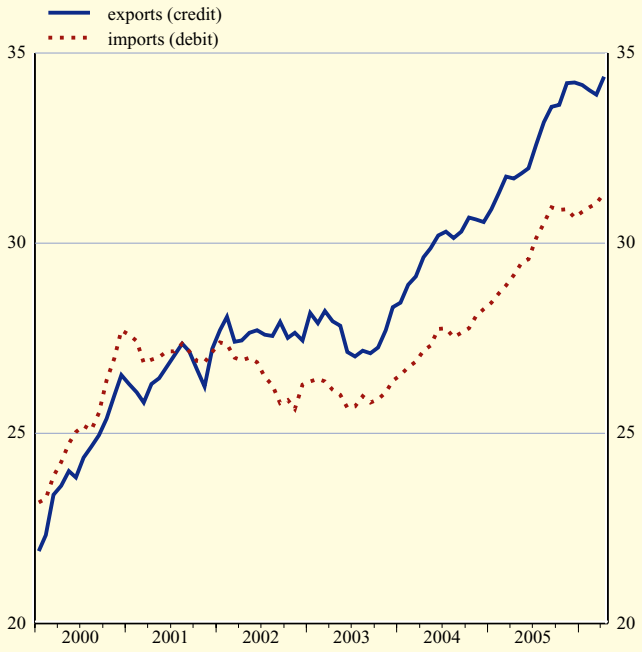
### 2. Current and capital accounts

| | Current account | | | | | | | | | | | Capital account | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Total | | | Goods | | Services | | Income | | Current transfers | | | |
| | Credit | Debit | Net | Credit | Debit | Credit | Debit | Credit | Debit | Credit | Debit | Credit | Debit |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 |
| 2003 | 1,693.2 | 1,660.8 | 32.4 | 1,036.0 | 929.9 | 331.8 | 312.3 | 243.3 | 280.5 | 82.1 | 138.1 | 23.7 | 10.8 |
| 2004 | 1,843.0 | 1,793.2 | 49.9 | 1,128.2 | 1,022.9 | 362.1 | 333.1 | 270.9 | 298.9 | 81.9 | 138.3 | 24.1 | 6.6 |
| 2005 | 2,018.1 | 2,040.7 | -22.6 | 1,218.6 | 1,165.6 | 395.5 | 361.1 | 320.7 | 362.2 | 83.4 | 151.7 | 23.4 | 10.9 |
| 2005 Q1 | 460.8 | 458.6 | 2.2 | 278.5 | 263.4 | 85.3 | 81.2 | 68.0 | 68.8 | 29.0 | 45.2 | 4.9 | 3.8 |
| Q2 | 503.4 | 514.5 | -11.2 | 305.2 | 287.1 | 97.3 | 87.0 | 83.8 | 107.3 | 17.1 | 33.1 | 5.8 | 1.8 |
| Q3 | 509.7 | 511.1 | -1.4 | 309.0 | 293.0 | 108.9 | 99.3 | 76.5 | 83.6 | 15.3 | 35.1 | 4.6 | 1.8 |
| Q4 | 544.2 | 556.5 | -12.3 | 325.9 | 322.1 | 103.9 | 93.6 | 92.4 | 102.5 | 21.9 | 38.3 | 8.1 | 3.5 |
| 2006 Q1 | 531.4 | 541.4 | -10.0 | 326.7 | 330.2 | 92.3 | 88.9 | 79.6 | 78.9 | 32.8 | 43.5 | 4.7 | 2.0 |
| 2006 Feb. | 175.4 | 175.9 | -0.4 | 104.8 | 104.5 | 30.1 | 28.2 | 24.2 | 23.3 | 16.3 | 19.8 | 1.4 | 0.4 |
| Mar. | 191.7 | 191.6 | 0.1 | 121.1 | 118.5 | 32.2 | 30.7 | 31.4 | 30.6 | 6.9 | 11.8 | 1.6 | 0.9 |
| Apr. | 173.8 | 181.8 | -8.0 | 107.3 | 107.4 | 32.6 | 29.7 | 29.1 | 33.9 | 4.8 | 10.8 | 1.1 | 0.6 |
| | Seasonally adjusted | | | | | | | | | | | | |
| 2005 Q1 | 478.7 | 472.6 | 6.1 | 289.3 | 268.3 | 95.2 | 86.7 | 74.2 | 79.1 | 20.0 | 38.6 | . | . |
| Q2 | 491.6 | 490.6 | 1.0 | 297.1 | 279.2 | 95.9 | 88.7 | 77.0 | 87.3 | 21.5 | 35.4 | . | . |
| Q3 | 513.5 | 522.6 | -9.1 | 312.5 | 301.8 | 100.7 | 92.8 | 80.2 | 91.0 | 20.0 | 37.0 | . | . |
| Q4 | 527.6 | 548.3 | -20.6 | 316.0 | 312.7 | 102.7 | 92.0 | 87.3 | 104.5 | 21.7 | 39.0 | . | . |
| 2006 Q1 | 546.8 | 553.4 | -6.6 | 332.1 | 327.7 | 101.7 | 93.1 | 85.1 | 90.4 | 28.0 | 42.2 | . | . |
| 2005 Aug. | 171.2 | 176.5 | -5.4 | 103.9 | 102.5 | 33.5 | 31.1 | 27.0 | 30.1 | 6.8 | 12.8 | . | . |
| Sep. | 172.9 | 174.7 | -1.8 | 106.5 | 100.5 | 33.6 | 30.9 | 26.7 | 30.6 | 6.1 | 12.8 | . | . |
| Oct. | 170.5 | 176.5 | -6.0 | 101.8 | 101.9 | 33.8 | 30.7 | 27.9 | 32.1 | 7.0 | 11.8 | . | . |
| Nov. | 177.7 | 188.9 | -11.2 | 106.1 | 104.0 | 35.2 | 31.1 | 29.4 | 40.8 | 7.0 | 13.0 | . | . |
| Dec. | 179.4 | 182.9 | -3.4 | 108.1 | 106.8 | 33.7 | 30.2 | 29.9 | 31.6 | 7.8 | 14.2 | . | . |
| 2006 Jan. | 174.3 | 175.0 | -0.7 | 108.9 | 108.4 | 33.6 | 31.2 | 27.6 | 27.6 | 4.2 | 7.8 | . | . |
| Feb. | 191.3 | 195.3 | -4.0 | 111.6 | 110.5 | 34.7 | 31.5 | 27.4 | 30.1 | 17.5 | 23.3 | . | . |
| Mar. | 181.3 | 183.1 | -1.8 | 111.6 | 108.9 | 33.3 | 30.5 | 30.0 | 32.7 | 6.3 | 11.1 | . | . |
| Apr. | 182.9 | 183.0 | 0.0 | 113.7 | 112.9 | 35.0 | 32.0 | 28.0 | 25.7 | 6.2 | 12.4 | . | . |

### C32 B.o.p. goods
(EUR billions, seasonally adjusted; three-month moving average)




### C33 B.o.p. services
(EUR billions, seasonally adjusted; three-month moving average)




Source: ECB.

## 7.1 Balance of payments
(EUR billions)

### 3. Income account
*(transactions)*

| | Compensation of employees | | Investment income | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Total | | Direct investment | | | | Portfolio investment | | | | Other investment | |
| | | | | | Equity | | Debt | | Equity | | Debt | | | |
| | Credit | Debit | Credit | Debit | Credit | Debit | Credit | Debit | Credit | Debit | Credit | Debit | Credit | Debit |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 |
| 2003 | 14.8 | 7.2 | 228.5 | 273.3 | 66.3 | 56.3 | 10.0 | 10.2 | 18.6 | 53.5 | 65.5 | 80.7 | 68.1 | 72.6 |
| 2004 | 15.3 | 7.7 | 255.6 | 291.1 | 87.0 | 72.0 | 12.1 | 11.8 | 23.8 | 56.9 | 67.5 | 79.0 | 65.2 | 71.5 |
| 2005 | 15.3 | 9.2 | 305.3 | 353.0 | 97.1 | 95.6 | 12.9 | 13.0 | 30.8 | 71.1 | 79.8 | 78.9 | 84.7 | 94.3 |
| 2004 Q4 | 4.0 | 1.9 | 72.6 | 70.9 | 28.4 | 16.3 | 3.3 | 3.4 | 5.4 | 10.5 | 17.6 | 20.9 | 18.0 | 19.9 |
| 2005 Q1 | 3.7 | 1.6 | 64.3 | 67.1 | 18.7 | 14.8 | 2.9 | 2.8 | 6.1 | 11.3 | 17.5 | 17.3 | 19.1 | 20.9 |
| Q2 | 3.8 | 2.3 | 80.0 | 105.0 | 27.4 | 26.1 | 3.3 | 3.5 | 9.9 | 30.2 | 19.5 | 22.0 | 19.9 | 23.1 |
| Q3 | 3.8 | 2.8 | 72.6 | 80.7 | 19.9 | 22.3 | 2.9 | 2.9 | 7.6 | 15.8 | 21.5 | 17.0 | 20.7 | 22.7 |
| Q4 | 4.0 | 2.4 | 88.4 | 100.1 | 31.1 | 32.4 | 3.8 | 3.8 | 7.3 | 13.8 | 21.3 | 22.6 | 24.9 | 27.5 |

### 4. Direct investment
*(net transactions)*

| | 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 excluding Eurosystem | Non-MFIs | Total | MFIs excluding Eurosystem | Non-MFIs | | Total | MFIs excluding Eurosystem | Non-MFIs | Total | MFIs excluding Eurosystem | Non-MFIs |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 |
| 2003 | -147.2 | -130.0 | -1.9 | -128.2 | -17.1 | 0.0 | -17.1 | 134.9 | 124.4 | 3.1 | 121.3 | 10.5 | 0.1 | 10.5 |
| 2004 | -141.7 | -152.0 | -17.3 | -134.7 | 10.3 | 0.1 | 10.2 | 100.5 | 86.5 | 1.2 | 85.3 | 14.0 | 0.6 | 13.4 |
| 2005 | -216.1 | -155.5 | -9.2 | -146.3 | -60.7 | 0.4 | -61.1 | 70.7 | 43.6 | -0.1 | 43.7 | 27.1 | 1.1 | 26.0 |
| 2005 Q1 | -41.2 | -23.3 | -2.3 | -21.0 | -17.9 | 0.1 | -17.9 | 17.4 | 18.0 | 0.3 | 17.6 | -0.5 | 0.3 | -0.9 |
| Q2 | -28.4 | -23.6 | -1.9 | -21.8 | -4.7 | 0.0 | -4.8 | 13.7 | 4.2 | 0.4 | 3.8 | 9.5 | -0.1 | 9.6 |
| Q3 | -115.9 | -92.0 | -4.9 | -87.1 | -23.9 | 0.1 | -24.0 | 18.3 | 5.5 | 0.9 | 4.7 | 12.8 | 0.4 | 12.3 |
| Q4 | -30.7 | -16.5 | -0.1 | -16.5 | -14.1 | 0.2 | -14.3 | 21.3 | 15.9 | -1.7 | 17.6 | 5.3 | 0.4 | 4.9 |
| 2006 Q1 | -37.0 | -31.9 | -1.1 | -30.7 | -5.2 | 0.0 | -5.2 | 25.2 | 15.4 | 0.5 | 14.8 | 9.8 | -0.4 | 10.2 |
| 2005 Apr. | -16.4 | 1.1 | -1.8 | 3.0 | -17.5 | 0.0 | -17.5 | 2.7 | 6.5 | -0.2 | 6.7 | -3.8 | 0.1 | -3.9 |
| May | 6.8 | -5.7 | -0.5 | -5.3 | 12.5 | 0.0 | 12.5 | -0.1 | -1.9 | 0.2 | -2.1 | 1.9 | 0.0 | 1.8 |
| June | -18.8 | -19.0 | 0.4 | -19.4 | 0.3 | 0.0 | 0.3 | 11.0 | -0.4 | 0.4 | -0.8 | 11.4 | -0.3 | 11.8 |
| July | -93.1 | -85.9 | -3.3 | -82.6 | -7.1 | 0.1 | -7.2 | 8.0 | 10.4 | 0.2 | 10.1 | -2.4 | 0.0 | -2.4 |
| Aug. | -11.7 | -4.7 | -0.5 | -4.1 | -7.0 | 0.0 | -7.0 | -0.4 | -0.8 | 0.2 | -1.0 | 0.4 | 0.1 | 0.3 |
| Sep. | -11.2 | -1.4 | -1.0 | -0.3 | -9.8 | 0.0 | -9.9 | 10.7 | -4.1 | 0.4 | -4.5 | 14.7 | 0.3 | 14.4 |
| Oct. | -11.4 | -0.8 | 0.3 | -1.1 | -10.6 | 0.1 | -10.6 | 3.4 | 6.4 | 0.2 | 6.2 | -3.0 | 0.2 | -3.3 |
| Nov. | -6.2 | -4.4 | 0.3 | -4.7 | -1.7 | 0.1 | -1.8 | 4.2 | 4.6 | -1.7 | 6.3 | -0.4 | 0.2 | -0.6 |
| Dec. | -13.1 | -11.3 | -0.6 | -10.7 | -1.8 | 0.0 | -1.9 | 13.7 | 4.9 | -0.2 | 5.2 | 8.8 | 0.0 | 8.7 |
| 2006 Jan. | 0.8 | 6.4 | -0.6 | 7.0 | -5.5 | -0.2 | -5.4 | 4.1 | 6.4 | 0.1 | 6.2 | -2.3 | -0.1 | -2.2 |
| Feb. | -33.6 | -28.7 | -1.1 | -27.6 | -4.9 | 0.2 | -5.1 | 8.2 | 5.0 | 0.3 | 4.7 | 3.1 | 0.1 | 3.1 |
| Mar. | -4.3 | -9.5 | 0.7 | -10.2 | 5.2 | -0.1 | 5.3 | 12.9 | 4.0 | 0.1 | 3.9 | 9.0 | -0.4 | 9.3 |
| Apr. | -12.4 | -2.2 | -1.6 | -0.6 | -10.2 | -0.3 | -9.8 | 9.9 | 3.8 | 0.2 | 3.7 | 6.1 | 0.1 | 6.0 |

Source: ECB.

## 7.1 Balance of payments

(EUR billions; transactions)

### 5. Portfolio investment by instrument and sector of holder

| | Equity | | | | | Debt instruments | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | Bonds and notes | | | | | Money market instruments | | | | | |
| | Assets | | | | Liabilities | Assets | | | | Liabilities | Assets | | | | Liabilities |
| | Eurosystem | MFIs excluding Eurosystem | Non-MFIs | | | Eurosystem | MFIs excluding Eurosystem | Non-MFIs | | | Eurosystem | MFIs excluding Eurosystem | Non-MFIs | | |
| | | | | General gov. | | | | | General gov. | | | | | General gov. | |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 |
| 2003 | -0.3 | -13.9 | -64.4 | -2.6 | 110.3 | -2.4 | -45.0 | -128.3 | -0.2 | 198.9 | 0.2 | -45.9 | 23.7 | 0.6 | 42.2 |
| 2004 | 0.0 | -22.4 | -81.0 | -3.4 | 128.1 | 1.2 | -81.8 | -97.1 | -2.1 | 254.9 | -0.1 | -43.2 | -13.7 | 0.1 | 15.4 |
| 2005 | -0.1 | -15.6 | -124.7 | -3.9 | 280.2 | -0.7 | -121.0 | -161.6 | -0.5 | 260.3 | 0.1 | -15.1 | -4.2 | 0.1 | 65.2 |
| 2005 Q1 | 0.0 | -27.5 | -21.2 | -1.1 | 41.2 | -0.1 | -35.7 | -41.0 | -0.4 | 46.7 | 0.3 | 5.8 | -6.0 | -3.6 | 44.5 |
| Q2 | 0.0 | 21.7 | -22.8 | -0.8 | 25.0 | -0.7 | -39.5 | -34.3 | -0.1 | 158.1 | -0.4 | -9.1 | -5.2 | -2.4 | 14.9 |
| Q3 | -0.1 | -4.9 | -26.9 | -1.1 | 150.7 | -0.4 | -21.3 | -49.7 | 0.1 | 24.5 | 0.1 | -7.1 | 1.6 | 0.2 | 23.4 |
| Q4 | 0.0 | -4.8 | -53.8 | -0.9 | 63.2 | 0.6 | -24.5 | -36.6 | -0.1 | 31.0 | 0.1 | -4.9 | 5.4 | 5.9 | -17.5 |
| 2006 Q1 | 0.0 | -17.6 | -44.7 | . | 103.8 | -0.1 | -53.9 | -34.8 | . | 58.6 | 0.3 | 0.5 | -6.1 | . | 25.6 |
| 2005 Apr. | 0.0 | 9.9 | -5.4 | - | -47.3 | -0.9 | -12.4 | -11.4 | - | 58.0 | -0.3 | -10.5 | 1.2 | - | 11.0 |
| May | 0.0 | 6.7 | -15.6 | - | 22.4 | -0.1 | -16.1 | -5.8 | - | 28.7 | 0.0 | -2.1 | -6.1 | - | 7.0 |
| June | 0.0 | 5.1 | -1.8 | - | 49.9 | 0.2 | -11.0 | -17.1 | - | 71.4 | 0.0 | 3.5 | -0.3 | - | -3.1 |
| July | -0.1 | -3.5 | -14.8 | - | 111.4 | 0.2 | -4.1 | -14.5 | - | -2.4 | -0.6 | 0.0 | -1.6 | - | 7.0 |
| Aug. | 0.0 | 2.0 | -8.8 | - | 23.4 | -0.5 | -5.7 | -13.8 | - | -6.9 | 0.3 | -11.5 | -0.1 | - | 8.2 |
| Sep. | 0.0 | -3.4 | -3.4 | - | 15.9 | -0.2 | -11.5 | -21.4 | - | 33.7 | 0.4 | 4.4 | 3.3 | - | 8.2 |
| Oct. | 0.0 | 4.6 | -10.6 | - | -3.9 | 0.6 | -17.2 | -14.8 | - | 26.9 | 0.1 | 7.1 | 3.7 | - | 5.9 |
| Nov. | 0.0 | -6.7 | -21.5 | - | 11.5 | 0.1 | -3.7 | -15.7 | - | 7.4 | 0.0 | -4.6 | -0.3 | - | -5.7 |
| Dec. | 0.0 | -2.7 | -21.7 | - | 55.6 | -0.1 | -3.6 | -6.1 | - | -3.3 | 0.0 | -7.3 | 1.9 | - | -17.8 |
| 2006 Jan. | 0.0 | -5.2 | -23.7 | - | 20.4 | 0.2 | -31.7 | -2.4 | - | -1.7 | 0.4 | 1.6 | -6.1 | - | 11.0 |
| Feb. | 0.0 | -3.8 | -17.6 | - | 31.6 | -0.2 | -7.8 | -15.5 | - | 18.0 | -0.1 | 1.2 | -1.0 | - | 15.8 |
| Mar. | 0.0 | -8.6 | -3.4 | - | 51.8 | -0.1 | -14.3 | -16.9 | - | 42.3 | 0.0 | -2.3 | 1.1 | - | -1.2 |
| Apr. | 0.0 | 2.6 | -6.2 | - | -9.9 | 0.2 | -4.8 | -15.2 | - | 24.9 | -0.8 | -7.3 | 0.0 | - | 11.0 |

### 6. Other investment by sector

| | Total | | Eurosystem | | General government | | | MFIs (excluding Eurosystem) | | | | | | Other sectors | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | Total | | Long-term | | Short-term | | | | |
| | Assets | Liabilities | Assets | Liabilities | Assets | | Liabilities | Assets | Liabilities | Assets | Liabilities | Assets | Liabilities | Assets | | Liabilities |
| | | | | | | Currency and deposits | | | | | | | | | Currency and deposits | |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 |
| 2003 | -253.1 | 174.1 | -0.8 | 10.0 | -0.4 | - | -3.4 | -152.6 | 134.8 | -50.7 | 52.3 | -101.9 | 82.5 | -99.3 | - | 32.7 |
| 2004 | -312.5 | 275.0 | -0.2 | 6.9 | -2.3 | -2.0 | -3.6 | -259.4 | 246.9 | -20.1 | -3.6 | -239.3 | 250.5 | -50.6 | -10.5 | 24.7 |
| 2005 | -565.5 | 633.3 | -1.7 | 6.1 | 5.1 | -2.3 | -2.4 | -385.7 | 477.0 | -102.9 | 47.0 | -282.9 | 430.0 | -183.2 | -23.4 | 152.6 |
| 2005 Q1 | -178.2 | 216.3 | 0.5 | 4.9 | 7.3 | 2.7 | 0.3 | -126.7 | 195.8 | -21.5 | 10.3 | -105.2 | 185.5 | -59.4 | -29.4 | 15.3 |
| Q2 | -156.6 | 108.5 | -1.3 | 0.3 | -7.6 | -8.6 | -1.9 | -97.1 | 45.0 | -18.5 | 22.5 | -78.6 | 22.5 | -50.5 | 18.0 | 65.2 |
| Q3 | -108.4 | 149.2 | 0.4 | 4.3 | 7.7 | 4.7 | 1.2 | -87.8 | 122.9 | -21.9 | 14.6 | -65.8 | 108.3 | -28.9 | -18.9 | 20.8 |
| Q4 | -122.3 | 159.2 | -1.3 | -3.4 | -2.3 | -1.1 | -2.0 | -74.2 | 113.3 | -40.9 | -0.3 | -33.2 | 113.6 | -44.4 | 6.9 | 51.3 |
| 2006 Q1 | -230.2 | 249.0 | -3.7 | 8.9 | 4.3 | 2.8 | -3.5 | -149.1 | 225.2 | -12.6 | 10.4 | -136.5 | 214.8 | -81.6 | -30.4 | 18.4 |
| 2005 Apr. | -119.0 | 136.4 | 0.1 | -0.2 | -5.4 | -5.3 | -2.1 | -98.0 | 94.6 | -9.0 | 0.1 | -89.0 | 94.5 | -15.7 | 13.4 | 44.1 |
| May | -10.1 | 22.6 | -0.8 | -0.2 | 0.3 | 2.3 | 0.4 | 17.6 | 21.0 | -3.4 | 11.0 | 21.0 | 10.0 | -27.3 | -1.4 | 1.4 |
| June | -27.5 | -50.5 | -0.7 | 0.7 | -2.5 | -5.5 | -0.2 | -16.7 | -70.6 | -6.1 | 11.4 | -10.6 | -82.1 | -7.5 | 6.1 | 19.7 |
| July | -43.6 | 48.6 | 0.3 | -1.1 | -0.7 | -4.6 | 0.9 | -38.6 | 48.2 | -6.3 | 5.5 | -32.3 | 42.7 | -4.5 | -3.3 | 0.6 |
| Aug. | 19.6 | 6.9 | 0.2 | 0.8 | 6.3 | 8.4 | 0.5 | 20.1 | -2.0 | -1.4 | 3.1 | 21.4 | -5.1 | -7.0 | -6.5 | 7.6 |
| Sep. | -84.4 | 93.7 | -0.1 | 4.6 | 2.1 | 0.9 | -0.2 | -69.2 | 76.6 | -14.3 | 6.0 | -54.9 | 70.7 | -17.3 | -9.0 | 12.6 |
| Oct. | -53.8 | 57.0 | -0.2 | -1.0 | 0.7 | -0.3 | 1.8 | -47.0 | 53.1 | -5.1 | 2.1 | -42.0 | 51.0 | -7.4 | 4.1 | 3.0 |
| Nov. | -148.3 | 194.5 | -1.1 | 1.7 | -1.2 | 1.2 | 0.2 | -112.2 | 172.7 | -0.9 | -2.3 | -111.4 | 175.1 | -33.7 | -6.3 | 19.8 |
| Dec. | 79.9 | -92.3 | -0.1 | -4.1 | -1.8 | -2.1 | -4.1 | 85.1 | -112.5 | -35.0 | -0.1 | 120.1 | -112.4 | -3.3 | 9.1 | 28.5 |
| 2006 Jan. | -103.9 | 129.7 | -0.2 | 8.0 | 1.2 | 1.8 | -2.4 | -71.1 | 117.9 | 6.8 | -1.8 | -77.9 | 119.7 | -33.7 | -18.0 | 6.2 |
| Feb. | -24.7 | 43.9 | -4.4 | 0.2 | 1.0 | 0.8 | -1.0 | -1.6 | 35.7 | -6.5 | 10.0 | 4.9 | 25.7 | -19.7 | -7.5 | 9.0 |
| Mar. | -101.6 | 75.4 | 0.9 | 0.7 | 2.1 | 0.3 | -0.1 | -76.4 | 71.6 | -12.9 | 2.2 | -63.5 | 69.4 | -28.2 | -4.8 | 3.2 |
| Apr. | -92.6 | 110.9 | 0.2 | -2.3 | -5.5 | -5.1 | 4.6 | -65.7 | 83.1 | -6.2 | 10.2 | -59.5 | 72.9 | -21.6 | 1.9 | 25.6 |

Source: ECB.

## 7.1 Balance of payments

(EUR billions; transactions)

### 7. Other investment by sector and instrument

| | Eurosystem | | | | General government | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Assets | | Liabilities | | Assets | | | | | Liabilities | | |
| | Loans/currency and deposits | Other assets | Loans/currency and deposits | Other liabilities | Trade credits | Loans/currency and deposits | | | Other assets | Trade credits | Loans | Other liabilities |
| | | | | | | Total | Loans | Currency and deposits | | | | |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 |
| 2003 | -0.8 | 0.0 | 10.0 | 0.0 | -0.1 | 0.7 | -0.3 | 0.9 | -1.0 | 0.0 | -3.7 | 0.3 |
| 2004 | 0.1 | -0.3 | 6.9 | 0.1 | 0.0 | -0.6 | 1.4 | -2.0 | -1.7 | 0.0 | -3.5 | 0.0 |
| 2005 | -1.6 | -0.1 | 6.1 | 0.0 | 0.0 | 6.6 | 8.9 | -2.3 | -1.5 | 0.0 | -2.2 | -0.3 |
| 2004 Q4 | 1.7 | -0.3 | 3.4 | 0.0 | 0.0 | 0.0 | -3.6 | 3.6 | -0.2 | 0.0 | -2.2 | -0.1 |
| 2005 Q1 | 0.5 | 0.0 | 4.9 | 0.0 | 0.0 | 7.8 | 5.0 | 2.7 | -0.5 | 0.0 | 0.6 | -0.3 |
| Q2 | -1.2 | -0.1 | 0.3 | 0.0 | 0.0 | -7.1 | 1.5 | -8.6 | -0.5 | 0.0 | -2.0 | 0.0 |
| Q3 | 0.4 | 0.0 | 4.3 | 0.0 | 0.0 | 8.0 | 3.3 | 4.7 | -0.3 | 0.0 | 1.3 | -0.1 |
| Q4 | -1.3 | 0.0 | -3.4 | 0.0 | 0.0 | -2.1 | -1.0 | -1.1 | -0.2 | 0.0 | -2.1 | 0.0 |

| | MFIs (excluding Eurosystem) | | | | Other sectors | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Assets | | Liabilities | | Assets | | | | | Liabilities | | |
| | Loans/currency and deposits | Other assets | Loans/currency and deposits | Other liabilities | Trade credits | Loans/currency and deposits | | | Other assets | Trade credits | Loans | Other liabilities |
| | | | | | | Total | Loans | Currency and deposits | | | | |
| | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 | 21 | 22 | 23 | 24 |
| 2003 | -152.1 | -0.5 | 134.8 | -0.1 | -1.2 | -95.8 | -9.6 | -86.3 | -2.3 | 4.2 | 28.4 | 0.2 |
| 2004 | -256.3 | -3.1 | 244.0 | 2.9 | -6.0 | -39.5 | -29.0 | -10.5 | -5.1 | 8.6 | 13.4 | 2.7 |
| 2005 | -381.6 | -4.1 | 475.0 | 2.0 | -6.8 | -164.0 | -140.6 | -23.4 | -12.4 | 8.6 | 140.2 | 3.9 |
| 2004 Q4 | -75.6 | 1.8 | 59.0 | -0.3 | -0.2 | 1.3 | -11.4 | 12.6 | -1.9 | 2.4 | 3.9 | -0.1 |
| 2005 Q1 | -124.8 | -1.9 | 193.0 | 2.8 | -2.7 | -53.9 | -24.5 | -29.4 | -2.7 | 3.0 | 7.0 | 5.2 |
| Q2 | -97.0 | -0.1 | 43.8 | 1.2 | -5.4 | -43.1 | -61.1 | 18.0 | -2.1 | 1.1 | 62.8 | 1.3 |
| Q3 | -82.5 | -5.2 | 120.2 | 2.7 | 2.0 | -24.3 | -5.4 | -18.9 | -6.6 | 0.5 | 22.1 | -1.7 |
| Q4 | -77.4 | 3.2 | 118.0 | -4.7 | -0.7 | -42.7 | -49.6 | 6.9 | -1.0 | 4.0 | 48.2 | -0.9 |

### 8. Reserve assets

| | Total | Monetary gold | Special drawing rights | Reserve position in the IMF | Foreign exchange | | | | | | | Other claims |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Total | Currency and deposits | | Securities | | | Financial derivatives | |
| | | | | | | With monetary authorities and the BIS | With banks | Equity | Bonds and notes | Money market instruments | | |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 |
| 2003 | 28.2 | 1.7 | 0.0 | -1.6 | 28.1 | -2.5 | 1.9 | -0.1 | 22.1 | 6.7 | 0.1 | 0.0 |
| 2004 | 12.5 | 1.2 | 0.5 | 4.0 | 6.9 | -3.8 | 4.0 | 0.4 | 18.3 | -11.9 | -0.1 | 0.0 |
| 2005 | 18.7 | 3.9 | -0.2 | 8.6 | 6.5 | 0.1 | 7.8 | 0.0 | -4.8 | 3.5 | 0.0 | 0.0 |
| 2004 Q4 | 2.4 | 0.8 | 0.5 | 1.1 | 0.0 | -3.9 | 3.4 | 0.0 | 3.1 | -2.6 | -0.1 | 0.0 |
| 2005 Q1 | 4.8 | 0.8 | 0.0 | 1.6 | 2.4 | 5.2 | -1.1 | 0.0 | 1.3 | -2.9 | 0.0 | 0.0 |
| Q2 | 3.1 | 1.3 | 0.0 | 1.3 | 0.5 | -4.4 | 1.1 | 0.0 | 0.9 | 2.9 | 0.0 | 0.0 |
| Q3 | 2.0 | 0.5 | 0.0 | 2.6 | -1.1 | 1.6 | 0.9 | 0.0 | -4.9 | 1.4 | -0.1 | 0.0 |
| Q4 | 8.8 | 1.2 | -0.1 | 3.0 | 4.6 | -2.3 | 6.9 | 0.0 | -2.0 | 2.1 | 0.0 | 0.0 |

Source: ECB.

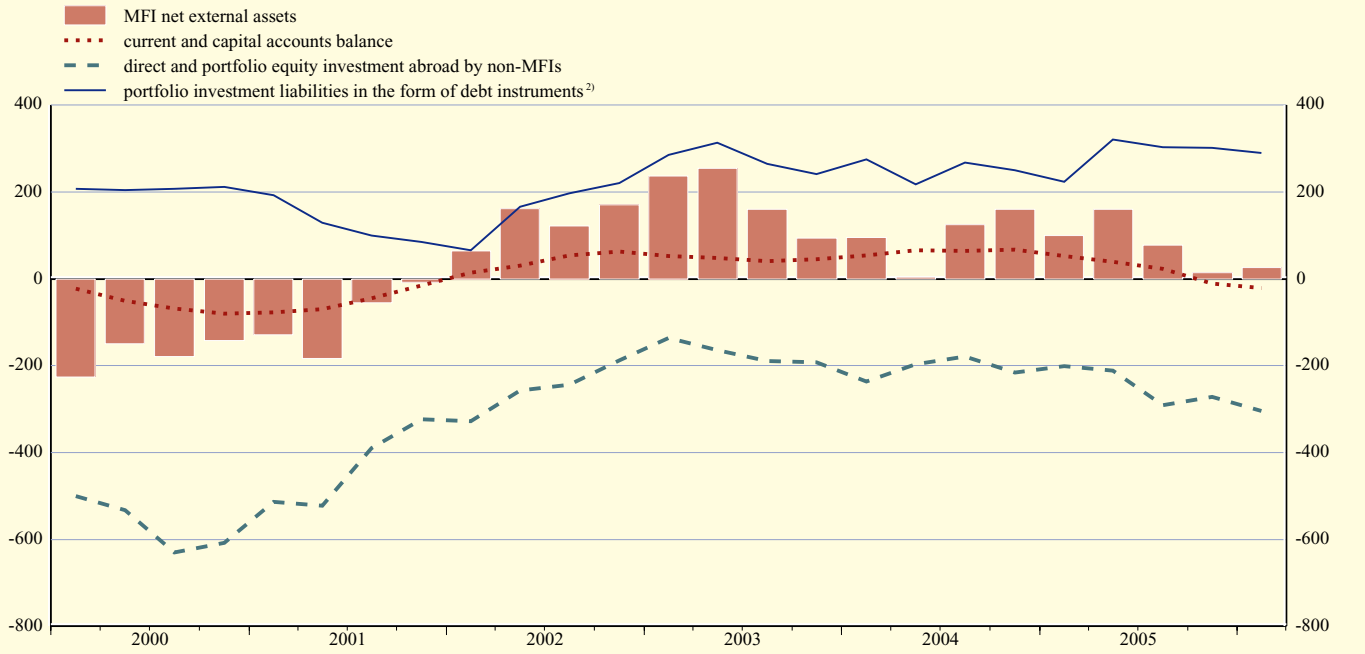
## 7.2 Monetary presentation of the balance of payments

(EUR billions; transactions)

| | B.o.p. items balancing transactions in the external counterpart of M3 | | | | | | | | | | | Memo: Transactions in the external counterpart of M3 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Current and capital accounts balance | Direct investment | | Portfolio investment | | | Other investment | | Financial derivatives | Errors and omissions | Total of columns 1 to 10 | |
| | | By resident units abroad (non-MFIs) | By non-resident units in the euro area | Assets | Liabilities | | Assets | Liabilities | | | | |
| | | | | Non-MFIs | Equity [1] | Debt instruments [2] | Non-MFIs | Non-MFIs | | | | |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 |
| 2003 | 45.4 | -145.3 | 134.8 | -169.0 | 114.5 | 241.3 | -99.7 | 29.3 | -13.0 | -44.1 | 94.2 | 94.2 |
| 2004 | 67.3 | -124.5 | 99.9 | -191.9 | 118.0 | 250.4 | -52.9 | 21.2 | -5.0 | -56.4 | 126.2 | 160.9 |
| 2005 | -10.1 | -207.3 | 69.6 | -290.6 | 236.7 | 301.4 | -178.1 | 150.2 | -13.6 | -79.9 | -21.7 | 13.9 |
| 2005 Q1 | 3.2 | -38.9 | 17.1 | -68.3 | 34.0 | 72.0 | -52.1 | 15.6 | -7.3 | -22.1 | -46.7 | -24.6 |
| Q2 | -7.2 | -26.5 | 13.8 | -62.2 | -0.8 | 178.6 | -58.1 | 63.3 | 1.3 | -42.3 | 59.9 | 64.5 |
| Q3 | 1.5 | -111.1 | 17.9 | -75.0 | 155.3 | 41.1 | -21.1 | 22.0 | -0.4 | -36.0 | -6.0 | -19.3 |
| Q4 | -7.6 | -30.8 | 20.8 | -85.0 | 48.2 | 9.7 | -46.8 | 49.3 | -7.2 | 20.5 | -28.8 | -6.6 |
| 2006 Q1 | -7.3 | -35.9 | 25.6 | -85.5 | 98.8 | 60.7 | -77.3 | 14.9 | -7.4 | -29.5 | -42.9 | -13.0 |
| 2005 Apr. | -10.2 | -14.5 | 2.5 | -15.5 | -57.6 | 66.1 | -21.1 | 41.9 | -0.4 | 15.7 | 6.8 | 2.7 |
| May | -1.3 | 7.2 | -0.1 | -27.5 | 10.7 | 33.7 | -26.9 | 1.9 | 0.8 | -40.3 | -41.8 | -39.1 |
| June | 4.3 | -19.2 | 11.4 | -19.2 | 46.2 | 78.9 | -10.0 | 19.5 | 1.0 | -17.7 | 94.9 | 100.8 |
| July | 3.8 | -89.8 | 8.0 | -31.0 | 118.4 | 2.8 | -5.3 | 1.5 | 1.4 | -4.8 | 5.1 | 0.5 |
| Aug. | -2.0 | -11.1 | -0.4 | -22.6 | 25.0 | 0.2 | -0.7 | 8.1 | -0.7 | 1.6 | -2.6 | 1.9 |
| Sep. | -0.4 | -10.2 | 10.3 | -21.5 | 11.9 | 38.0 | -15.2 | 12.4 | -1.2 | -32.8 | -8.5 | -21.7 |
| Oct. | -5.9 | -11.7 | 3.2 | -21.6 | -4.6 | 26.9 | -6.7 | 4.9 | -4.3 | 12.4 | -7.5 | -5.3 |
| Nov. | -4.7 | -6.5 | 4.0 | -37.5 | 11.5 | 2.2 | -35.0 | 20.1 | -0.4 | -1.1 | -47.4 | -43.4 |
| Dec. | 3.0 | -12.6 | 13.7 | -25.9 | 41.4 | -19.4 | -5.1 | 24.4 | -2.5 | 9.2 | 26.1 | 42.1 |
| 2006 Jan. | -8.7 | 1.6 | 4.2 | -32.2 | 17.0 | 1.7 | -32.5 | 3.8 | -2.3 | 19.7 | -27.7 | 2.1 |
| Feb. | 0.6 | -32.6 | 8.1 | -34.1 | 26.7 | 27.8 | -18.7 | 8.0 | -3.0 | -13.8 | -31.0 | -33.3 |
| Mar. | 0.8 | -4.9 | 13.3 | -19.2 | 55.0 | 31.2 | -26.1 | 3.1 | -2.1 | -35.4 | 15.8 | 18.1 |
| Apr. | -7.5 | -10.5 | 9.8 | -21.5 | -14.1 | 26.1 | -27.1 | 30.1 | -5.8 | 4.3 | -16.0 | -4.8 |
| | *12-month cumulated transactions* | | | | | | | | | | | |
| 2006 Apr. | -18.0 | -200.3 | 85.4 | -313.7 | 345.0 | 250.2 | -209.3 | 137.7 | -19.0 | -98.7 | -40.7 | 18.0 |

## C34 Main b.o.p. transactions underlying the developments in MFI net external assets

(EUR billions; 12-month cumulated transactions)




Source: ECB.

1) Excluding money market fund shares/units.

2) Excluding debt securities with a maturity of up to two years issued by euro area MFIs.

## 7.3 Geographical breakdown of the balance of payments and international investment position

(EUR billions)

### 1. Balance of payments: current and capital accounts

*(cumulated transactions)*

| 2005 Q1 to 2005 Q4 | Total | European Union (outside the euro area) | | | | | | Canada | Japan | Switzerland | United States | Other |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Total | Denmark | Sweden | United Kingdom | Other EU countries | EU institutions | | | | | |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 |
| | Credits | | | | | | | | | | | |
| **Current account** | 2,018.1 | 740.3 | 42.4 | 65.1 | 394.6 | 178.7 | 59.5 | 25.6 | 51.1 | 135.0 | 345.7 | 720.5 |
| Goods | 1,218.6 | 421.9 | 28.7 | 44.5 | 206.2 | 142.4 | 0.2 | 15.5 | 33.6 | 68.4 | 181.8 | 497.4 |
| Services | 395.5 | 141.4 | 7.8 | 10.5 | 98.4 | 19.6 | 5.0 | 5.4 | 11.2 | 38.7 | 76.4 | 122.4 |
| Income | 320.7 | 115.3 | 5.6 | 9.5 | 80.4 | 14.6 | 5.3 | 4.2 | 5.5 | 21.7 | 80.8 | 93.1 |
| of which: investment income | 305.3 | 110.0 | 5.5 | 9.3 | 78.7 | 14.4 | 2.2 | 4.1 | 5.4 | 15.7 | 79.3 | 90.7 |
| Current transfers | 83.4 | 61.7 | 0.4 | 0.6 | 9.5 | 2.1 | 49.0 | 0.5 | 0.8 | 6.2 | 6.7 | 7.6 |
| **Capital account** | 23.4 | 20.4 | 0.0 | 0.0 | 0.9 | 0.1 | 19.4 | 0.0 | 0.1 | 0.5 | 0.5 | 1.8 |
| | Debits | | | | | | | | | | | |
| **Current account** | 2,040.7 | 658.9 | 35.4 | 62.2 | 318.5 | 148.8 | 94.0 | 19.7 | 78.9 | 127.5 | 315.5 | 840.1 |
| Goods | 1,165.6 | 336.7 | 25.4 | 40.8 | 152.9 | 117.6 | 0.0 | 9.2 | 51.1 | 59.1 | 114.6 | 594.8 |
| Services | 361.1 | 114.5 | 6.3 | 8.6 | 76.2 | 23.2 | 0.2 | 5.4 | 7.4 | 30.0 | 78.5 | 125.3 |
| Income | 362.2 | 107.8 | 3.2 | 11.9 | 81.3 | 6.4 | 5.0 | 3.6 | 20.1 | 33.1 | 113.6 | 83.9 |
| of which: investment income | 353.0 | 102.8 | 3.1 | 11.8 | 80.2 | 2.6 | 5.0 | 3.5 | 20.0 | 32.4 | 112.6 | 81.6 |
| Current transfers | 151.7 | 99.8 | 0.4 | 0.9 | 8.2 | 1.5 | 88.8 | 1.5 | 0.3 | 5.3 | 8.8 | 36.1 |
| **Capital account** | 10.9 | 1.1 | 0.0 | 0.1 | 0.7 | 0.2 | 0.1 | 0.1 | 0.0 | 0.5 | 0.5 | 8.6 |
| | Net | | | | | | | | | | | |
| **Current account** | -22.6 | 81.4 | 7.0 | 2.9 | 76.0 | 29.9 | -34.5 | 5.8 | -27.8 | 7.5 | 30.2 | -119.6 |
| Goods | 53.0 | 85.1 | 3.2 | 3.7 | 53.3 | 24.8 | 0.2 | 6.3 | -17.6 | 9.2 | 67.2 | -97.4 |
| Services | 34.3 | 26.8 | 1.4 | 1.9 | 22.3 | -3.6 | 4.8 | 0.0 | 3.9 | 8.7 | -2.1 | -2.9 |
| Income | -41.5 | 7.5 | 2.4 | -2.5 | -0.9 | 8.1 | 0.3 | 0.6 | -14.6 | -11.3 | -32.8 | 9.2 |
| of which: investment income | -47.7 | 7.3 | 2.3 | -2.5 | -1.5 | 11.7 | -2.8 | 0.6 | -14.6 | -16.7 | -33.3 | 9.1 |
| Current transfers | -68.3 | -38.1 | 0.0 | -0.3 | 1.4 | 0.6 | -39.7 | -1.1 | 0.5 | 0.9 | -2.1 | -28.5 |
| **Capital account** | 12.5 | 19.3 | 0.0 | 0.0 | 0.2 | 0.0 | 19.2 | -0.1 | 0.1 | 0.0 | 0.0 | -6.8 |

### 2. Balance of payments: direct investment

*(cumulated transactions)*

| 2005 Q1 to 2005 Q4 | Total | European Union (outside the euro area) | | | | | | Canada | Japan | Switzerland | United States | Offshore financial centres | Other |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Total | Denmark | Sweden | United Kingdom | Other EU countries | EU institutions | | | | | | |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 |
| **Direct investment** | -145.5 | -109.6 | -0.6 | 8.6 | -113.1 | -4.6 | 0.0 | 0.0 | 1.4 | 1.7 | -0.2 | -0.6 | -38.2 |
| Abroad | -216.1 | -147.5 | -1.8 | 1.7 | -128.5 | -18.8 | 0.0 | -5.3 | -0.2 | -6.8 | -2.7 | -8.0 | -45.6 |
| Equity/reinvested earnings | -155.5 | -122.1 | -5.1 | -3.1 | -93.4 | -20.5 | 0.0 | -4.3 | -0.7 | -7.3 | 13.7 | -4.4 | -30.4 |
| Other capital | -60.7 | -25.4 | 3.3 | 4.8 | -35.1 | 1.7 | 0.0 | -1.0 | 0.4 | 0.5 | -16.4 | -3.6 | -15.2 |
| In the euro area | 70.7 | 37.9 | 1.2 | 7.0 | 15.4 | 14.2 | 0.0 | 5.3 | 1.6 | 8.5 | 2.5 | 7.4 | 7.4 |
| Equity/reinvested earnings | 43.6 | 25.7 | 0.4 | 4.3 | 20.7 | 0.3 | 0.0 | 4.0 | 1.0 | 0.6 | 1.1 | 6.8 | 4.5 |
| Other capital | 27.1 | 12.2 | 0.9 | 2.6 | -5.3 | 14.0 | 0.0 | 1.3 | 0.6 | 7.9 | 1.5 | 0.6 | 2.9 |

Source: ECB.

## 7.3 Geographical breakdown of the balance of payments and international investment position
(EUR billions)

### 3. Balance of payments: portfolio investment assets by instrument
*(cumulated transactions)*

| | Total | European Union (outside the euro area) | | | | | | Canada | Japan | Switzerland | United States | Offshore financial centres | Other |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Total | Denmark | Sweden | United Kingdom | Other EU countries | EU institutions | | | | | | |
| 2005 Q1 to 2005 Q4 | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 |
| **Portfolio investment assets** | -443.1 | -179.9 | -11.6 | -11.2 | -128.1 | -18.9 | -10.0 | -9.2 | -36.2 | -5.5 | -71.2 | -60.5 | -80.7 |
| Equity | -140.4 | -43.6 | -1.9 | -5.0 | -33.5 | -3.2 | 0.0 | -3.5 | -21.0 | -4.4 | -14.4 | -16.2 | -37.4 |
| Debt instruments | -302.7 | -136.3 | -9.8 | -6.2 | -94.6 | -15.7 | -10.0 | -5.7 | -15.2 | -1.1 | -56.8 | -44.2 | -43.3 |
| Bonds and notes | -283.4 | -110.4 | -8.7 | -5.7 | -69.5 | -16.1 | -10.4 | -6.0 | -15.5 | 0.9 | -77.6 | -36.7 | -38.2 |
| Money market instruments | -19.3 | -26.0 | -1.1 | -0.5 | -25.1 | 0.4 | 0.4 | 0.3 | 0.3 | -2.0 | 20.8 | -7.6 | -5.1 |

### 4. Balance of payments: other investment by sector
*(cumulated transactions)*

| | Total | European Union (outside the euro area) | | | | | | Canada | Japan | Switzerland | United States | Offshore financial centres | Internat. organisations | Other |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Total | Denmark | Sweden | United Kingdom | Other EU countries | EU institutions | | | | | | | |
| 2005 Q1 to 2005 Q4 | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 |
| **Other investment** | 67.8 | 35.9 | -5.5 | 20.7 | 20.3 | -13.8 | 14.1 | -3.3 | 13.4 | -4.8 | 15.4 | -7.2 | 1.9 | 16.4 |
| Assets | -565.5 | -385.6 | -15.2 | 14.9 | -356.1 | -27.4 | -1.9 | -6.3 | 0.1 | -20.8 | -26.0 | -58.5 | -2.8 | -65.6 |
| General government | 5.1 | -1.3 | 1.1 | -0.3 | -3.5 | 1.3 | 0.0 | -0.1 | 0.0 | -0.1 | 0.3 | 0.0 | -1.6 | 7.7 |
| MFIs | -387.4 | -231.1 | -15.1 | 14.8 | -202.7 | -26.6 | -1.5 | -5.2 | 4.2 | -15.6 | -39.9 | -43.2 | -0.8 | -55.9 |
| Other sectors | -183.2 | -153.2 | -1.1 | 0.4 | -150.0 | -2.1 | -0.4 | -1.1 | -4.1 | -5.1 | 13.5 | -15.3 | -0.4 | -17.5 |
| Liabilities | 633.3 | 421.4 | 9.7 | 5.9 | 376.4 | 13.5 | 15.9 | 3.0 | 13.3 | 16.0 | 41.4 | 51.3 | 4.7 | 82.0 |
| General government | -2.4 | -1.0 | 0.0 | 0.0 | -2.8 | 0.0 | 1.8 | 0.0 | -0.1 | 0.0 | 0.0 | -0.1 | -0.4 | -0.8 |
| MFIs | 483.1 | 300.0 | 9.1 | 4.5 | 265.9 | 12.3 | 8.2 | 3.1 | 12.8 | 11.2 | 22.9 | 48.3 | 5.3 | 79.5 |
| Other sectors | 152.6 | 122.4 | 0.6 | 1.3 | 113.3 | 1.3 | 5.9 | -0.1 | 0.6 | 4.8 | 18.6 | 3.1 | -0.2 | 3.4 |

### 5. International investment position
*(end-of-period outstanding amounts)*

| | Total | European Union (outside the euro area) | | | | | | Canada | Japan | Switzerland | United States | Offshore financial centres | Internat. organisations | Other |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Total | Denmark | Sweden | United Kingdom | Other EU countries | EU institutions | | | | | | | |
| 2004 | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 |
| **Direct investment** | 33.1 | -273.1 | -10.4 | -11.8 | -361.5 | 110.8 | -0.2 | 22.7 | -4.0 | 35.3 | -63.5 | -30.9 | 0.0 | 346.7 |
| Abroad | 2,265.1 | 759.8 | 26.1 | 71.1 | 537.6 | 125.1 | 0.0 | 66.8 | 55.9 | 220.3 | 486.6 | 272.2 | 0.0 | 403.5 |
| Equity/reinvested earnings | 1,825.7 | 608.4 | 22.9 | 43.8 | 432.7 | 108.9 | 0.0 | 58.3 | 50.5 | 171.0 | 377.2 | 255.7 | 0.0 | 304.8 |
| Other capital | 439.3 | 151.4 | 3.1 | 27.2 | 104.9 | 16.2 | 0.0 | 8.5 | 5.4 | 49.4 | 109.4 | 16.5 | 0.0 | 98.7 |
| In the euro area | 2,231.9 | 1,032.9 | 36.5 | 82.8 | 899.1 | 14.3 | 0.2 | 44.1 | 59.8 | 185.1 | 550.2 | 303.0 | 0.1 | 56.8 |
| Equity/reinvested earnings | 1,642.1 | 814.3 | 23.0 | 67.4 | 719.4 | 4.4 | 0.1 | 40.4 | 48.8 | 129.6 | 387.7 | 177.0 | 0.0 | 44.2 |
| Other capital | 589.9 | 218.6 | 13.4 | 15.4 | 179.8 | 9.9 | 0.1 | 3.7 | 11.1 | 55.4 | 162.4 | 126.1 | 0.0 | 12.6 |
| **Portfolio investment assets** | 2,984.0 | 941.1 | 45.1 | 100.8 | 680.8 | 56.8 | 57.6 | 63.4 | 174.3 | 91.9 | 1,050.2 | 310.3 | 28.4 | 324.4 |
| Equity | 1,238.7 | 315.3 | 6.6 | 32.9 | 261.4 | 14.4 | 0.0 | 12.6 | 109.5 | 82.3 | 483.3 | 106.8 | 0.9 | 128.0 |
| Debt instruments | 1,745.3 | 625.8 | 38.5 | 67.9 | 419.4 | 42.4 | 57.6 | 50.8 | 64.8 | 9.7 | 566.9 | 203.5 | 27.5 | 196.3 |
| Bonds and notes | 1,458.6 | 513.8 | 34.4 | 58.7 | 322.5 | 41.1 | 57.1 | 48.7 | 39.9 | 8.5 | 463.5 | 185.9 | 27.1 | 171.2 |
| Money market instruments | 286.7 | 112.1 | 4.1 | 9.2 | 96.9 | 1.3 | 0.5 | 2.1 | 25.0 | 1.2 | 103.4 | 17.6 | 0.3 | 25.1 |
| **Other investment** | -195.9 | 34.7 | 26.1 | 30.2 | 90.7 | 20.8 | -133.0 | 3.6 | 20.0 | -68.9 | -42.6 | -232.8 | -13.4 | 103.4 |
| Assets | 2,940.3 | 1,472.4 | 53.8 | 67.1 | 1,261.0 | 85.5 | 5.0 | 14.5 | 85.0 | 174.1 | 415.3 | 258.2 | 39.8 | 481.0 |
| General government | 98.6 | 10.4 | 1.1 | 0.0 | 4.1 | 2.2 | 3.1 | 0.0 | 0.2 | 0.1 | 2.8 | 1.2 | 34.3 | 49.6 |
| MFIs | 2,004.7 | 1,136.1 | 45.0 | 54.2 | 971.8 | 64.0 | 1.1 | 7.4 | 67.1 | 106.8 | 244.4 | 171.5 | 4.8 | 266.7 |
| Other sectors | 837.0 | 325.9 | 7.8 | 12.9 | 285.2 | 19.3 | 0.8 | 7.1 | 17.7 | 67.2 | 168.1 | 85.6 | 0.7 | 164.6 |
| Liabilities | 3,136.2 | 1,437.6 | 27.7 | 36.9 | 1,170.3 | 64.8 | 138.0 | 10.9 | 65.0 | 243.0 | 457.9 | 491.1 | 53.2 | 377.5 |
| General government | 43.6 | 24.0 | 0.0 | 0.2 | 5.3 | 0.0 | 18.5 | 0.0 | 0.9 | 0.1 | 4.1 | 0.3 | 2.9 | 11.3 |
| MFIs | 2,539.5 | 1,143.3 | 23.9 | 20.5 | 955.2 | 52.2 | 91.6 | 6.9 | 44.5 | 207.0 | 355.4 | 449.5 | 48.7 | 284.2 |
| Other sectors | 553.2 | 270.2 | 3.8 | 16.2 | 209.8 | 12.5 | 27.9 | 4.0 | 19.6 | 35.9 | 98.4 | 41.3 | 1.6 | 82.1 |

Source: ECB.

## 7.4 International investment position (including international reserves)

(EUR billions, unless otherwise indicated; end-of-period outstanding amounts)

### 1. Summary international investment position

| | Total | Total as a % of GDP | Direct investment | Portfolio investment | Financial derivatives | Other investment | Reserve assets |
|---|---|---|---|---|---|---|---|
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| | Net international investment position | | | | | | |
| 2001 | -389.0 | -5.6 | 422.9 | -834.8 | 2.5 | -372.3 | 392.7 |
| 2002 | -703.6 | -9.7 | 184.5 | -937.6 | -12.0 | -304.6 | 366.1 |
| 2003 | -809.3 | -10.9 | 43.1 | -914.0 | -8.3 | -236.8 | 306.6 |
| 2004 | -946.2 | -12.2 | 33.1 | -1,049.4 | -14.8 | -195.9 | 280.8 |
| 2005 Q3 | -1,105.2 | -13.8 | 216.2 | -1,387.3 | -22.4 | -223.3 | 311.6 |
| Q4 | -1,048.5 | -13.1 | 233.4 | -1,308.6 | -17.6 | -276.0 | 320.3 |
| | Outstanding assets | | | | | | |
| 2001 | 7,758.3 | 110.8 | 2,086.0 | 2,513.0 | 129.9 | 2,636.7 | 392.7 |
| 2002 | 7,429.3 | 102.5 | 2,008.7 | 2,292.7 | 136.0 | 2,625.9 | 366.1 |
| 2003 | 7,934.3 | 106.4 | 2,152.0 | 2,634.6 | 158.0 | 2,683.1 | 306.6 |
| 2004 | 8,632.6 | 111.4 | 2,265.1 | 2,984.0 | 162.3 | 2,940.3 | 280.8 |
| 2005 Q3 | 10,139.3 | 126.8 | 2,520.9 | 3,547.6 | 218.1 | 3,541.1 | 311.6 |
| Q4 | 10,544.6 | 131.8 | 2,560.8 | 3,761.1 | 230.5 | 3,672.0 | 320.3 |
| | Outstanding liabilities | | | | | | |
| 2001 | 8,147.3 | 116.4 | 1,663.1 | 3,347.8 | 127.4 | 3,009.0 | - |
| 2002 | 8,132.9 | 112.2 | 1,824.3 | 3,230.2 | 147.9 | 2,930.5 | - |
| 2003 | 8,743.6 | 117.3 | 2,108.9 | 3,548.6 | 166.3 | 2,919.8 | - |
| 2004 | 9,578.8 | 123.6 | 2,231.9 | 4,033.4 | 177.2 | 3,136.2 | - |
| 2005 Q3 | 11,244.6 | 140.6 | 2,304.7 | 4,934.8 | 240.6 | 3,764.4 | - |
| Q4 | 11,593.1 | 144.9 | 2,327.3 | 5,069.7 | 248.1 | 3,948.1 | - |

### 2. Direct investment

| | By resident units abroad | | | | | | By non-resident units in the euro area | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Equity capital and reinvested earnings | | | Other capital (mostly inter-company loans) | | | Equity capital and reinvested earnings | | | Other capital (mostly inter-company loans) | | |
| | Total | MFIs excluding Eurosystem | Non-MFIs | Total | MFIs excluding Eurosystem | Non-MFIs | Total | MFIs excluding Eurosystem | Non-MFIs | Total | MFIs excluding Eurosystem | Non-MFIs |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 |
| 2001 | 1,557.6 | 124.1 | 1,433.5 | 528.4 | 2.1 | 526.3 | 1,165.5 | 43.9 | 1,121.6 | 497.6 | 2.8 | 494.8 |
| 2002 | 1,547.4 | 133.3 | 1,414.1 | 461.4 | 1.6 | 459.7 | 1,293.1 | 42.1 | 1,251.0 | 531.2 | 2.9 | 528.3 |
| 2003 | 1,702.8 | 125.9 | 1,577.0 | 449.2 | 1.4 | 447.8 | 1,526.9 | 46.6 | 1,480.3 | 582.0 | 2.9 | 579.1 |
| 2004 | 1,825.7 | 139.9 | 1,685.9 | 439.3 | 1.2 | 438.1 | 1,642.1 | 46.1 | 1,596.0 | 589.9 | 3.4 | 586.5 |
| 2005 Q3 | 2,021.8 | 158.4 | 1,863.4 | 499.1 | 1.0 | 498.1 | 1,668.4 | 51.5 | 1,616.9 | 636.3 | 4.2 | 632.1 |
| Q4 | 2,045.4 | 159.2 | 1,886.2 | 515.3 | 0.9 | 514.5 | 1,688.6 | 49.3 | 1,639.3 | 638.7 | 4.6 | 634.1 |

### 3. Portfolio investment assets by instrument and sector of holder

| | Equity | | | | | Debt instruments | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | Bonds and notes | | | | | Money market instruments | | | | | |
| | Assets | | | | Liabilities | Assets | | | | Liabilities | Assets | | | | Liabilities |
| | Eurosystem | MFIs excluding Eurosystem | Non-MFIs | | | Eurosystem | MFIs excluding Eurosystem | Non-MFIs | | | Eurosystem | MFIs excluding Eurosystem | Non-MFIs | | |
| | | | General gov. | Other sectors | | | | General gov. | Other sectors | | | | General gov. | Other sectors | |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 |
| 2001 | 0.6 | 38.5 | 6.7 | 1,068.8 | 1,643.9 | 2.0 | 424.8 | 8.2 | 783.5 | 1,517.4 | 2.8 | 135.1 | 0.2 | 41.8 | 186.5 |
| 2002 | 0.7 | 43.6 | 8.3 | 799.2 | 1,364.3 | 6.4 | 402.9 | 8.0 | 784.6 | 1,654.4 | 1.2 | 189.4 | 1.3 | 47.1 | 211.5 |
| 2003 | 1.7 | 53.6 | 11.5 | 1,008.2 | 1,555.0 | 8.3 | 459.2 | 8.0 | 842.5 | 1,744.1 | 1.1 | 191.5 | 0.6 | 48.4 | 249.5 |
| 2004 | 2.1 | 74.1 | 15.8 | 1,146.7 | 1,782.6 | 6.2 | 538.4 | 9.7 | 904.3 | 2,011.2 | 1.0 | 231.6 | 0.5 | 53.7 | 239.6 |
| 2005 Q3 | 2.9 | 96.6 | 22.0 | 1,377.6 | 2,307.5 | 7.3 | 661.7 | 9.8 | 1,057.4 | 2,300.5 | 0.8 | 249.3 | 6.2 | 56.0 | 326.9 |
| Q4 | 2.9 | 105.4 | 24.0 | 1,517.0 | 2,440.4 | 6.7 | 694.9 | 9.9 | 1,084.8 | 2,313.5 | 0.8 | 255.1 | 0.3 | 59.4 | 315.7 |

Source: ECB.

## 7.4 International investment position (including international reserves)

(EUR billions, unless stated otherwise; end-of-period outstanding amounts)

### 4. Other investment by instrument

| | Eurosystem | | | | General government | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Assets | | Liabilities | | Assets | | | | | Liabilities | | |
| | Loans/currency and deposits | Other assets | Loans/currency and deposits | Other liabilities | Trade credits | Loans/currency and deposits | | | Other assets | Trade credits | Loans | Other liabilities |
| | | | | | | Total | Loans | Currency and deposits | | | | |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 |
| 2002 | 3.6 | 0.1 | 57.2 | 0.2 | 1.3 | 59.4 | 54.7 | 4.7 | 54.5 | 0.1 | 42.2 | 13.8 |
| 2003 | 4.4 | 0.6 | 65.3 | 0.2 | 1.4 | 54.2 | 50.1 | 4.1 | 39.1 | 0.0 | 40.2 | 3.8 |
| 2004 | 4.5 | 0.1 | 73.0 | 0.2 | 1.4 | 57.6 | 51.0 | 6.7 | 39.6 | 0.0 | 40.1 | 3.5 |
| 2005 Q3 | 4.4 | 0.2 | 83.3 | 0.3 | 1.4 | 54.9 | 45.1 | 9.8 | 42.3 | 0.0 | 42.4 | 2.4 |
| Q4 | 5.3 | 0.2 | 80.1 | 0.2 | 1.3 | 57.1 | 46.2 | 10.9 | 42.9 | 0.0 | 40.6 | 2.5 |

| | MFIs (excluding Eurosystem) | | | | Other sectors | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Assets | | Liabilities | | Assets | | | | | Liabilities | | |
| | Loans/currency and deposits | Other assets | Loans/currency and deposits | Other liabilities | Trade credits | Loans/currency and deposits | | | Other assets | Trade credits | Loans | Other liabilities |
| | | | | | | Total | Loans | Currency and deposits | | | | |
| | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 | 21 | 22 | 23 | 24 |
| 2002 | 1,686.3 | 60.8 | 2,251.1 | 48.5 | 174.5 | 492.6 | 204.4 | 288.1 | 92.7 | 104.4 | 365.2 | 47.8 |
| 2003 | 1,739.6 | 38.4 | 2,242.9 | 30.9 | 170.3 | 538.4 | 208.7 | 329.8 | 96.7 | 106.6 | 383.5 | 46.3 |
| 2004 | 1,955.8 | 44.3 | 2,424.3 | 42.0 | 172.3 | 558.6 | 227.5 | 331.1 | 106.2 | 109.5 | 394.7 | 48.9 |
| 2005 Q3 | 2,360.4 | 64.9 | 2,903.2 | 66.1 | 184.3 | 693.2 | 306.4 | 386.8 | 135.0 | 120.6 | 485.4 | 60.8 |
| Q4 | 2,447.7 | 58.3 | 3,037.7 | 54.6 | 184.7 | 737.3 | 355.9 | 381.4 | 137.3 | 122.9 | 547.0 | 62.5 |

### 5. International reserves

| | Reserve assets | | | | | | | | | | | | | | Memo | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | | | | | | | Assets | Liabilities |
| | Total | Monetary gold | | Special drawing rights | Reserve position in the IMF | Foreign exchange | | | | | | | | Other claims | Claims on euro area residents in foreign currency | Predetermined short-term net drains in foreign currency |
| | | 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 |
| | Eurosystem | | | | | | | | | | | | | | | |
| 2002 | 366.1 | 130.4 | 399.022 | 4.8 | 25.0 | 205.8 | 10.3 | 35.3 | 159.8 | 1.0 | 120.2 | 38.5 | 0.4 | 0.0 | 22.4 | -26.3 |
| 2003 | 306.6 | 130.0 | 393.543 | 4.4 | 23.3 | 148.9 | 10.0 | 30.4 | 107.7 | 1.0 | 80.2 | 26.5 | 0.9 | 0.0 | 20.3 | -16.3 |
| 2004 | 280.8 | 125.4 | 389.998 | 3.9 | 18.6 | 132.9 | 12.5 | 25.5 | 94.7 | 0.5 | 58.5 | 35.6 | 0.2 | 0.0 | 19.1 | -12.8 |
| 2005 Q2 | 302.3 | 138.2 | 382.323 | 4.2 | 16.5 | 143.4 | 12.4 | 28.3 | 103.0 | 0.5 | 62.4 | 40.1 | -0.3 | 0.0 | 23.4 | -17.7 |
| Q3 | 311.6 | 149.4 | 380.258 | 4.2 | 13.8 | 144.1 | 10.8 | 27.3 | 106.3 | 0.5 | 66.8 | 39.0 | -0.2 | 0.0 | 24.0 | -19.5 |
| Q4 | 320.3 | 163.4 | 375.861 | 4.3 | 10.6 | 141.9 | 12.7 | 21.4 | 107.9 | 0.6 | 69.6 | 37.7 | 0.0 | 0.0 | 25.6 | -17.9 |
| 2006 Mar. | 327.1 | 179.7 | 373.695 | 4.3 | 6.9 | 136.3 | 6.5 | 26.0 | 103.7 | - | - | - | 0.1 | 0.0 | 27.7 | -19.4 |
| Apr. | 336.8 | 191.7 | 373.166 | 4.2 | 6.7 | 134.1 | 5.5 | 25.5 | 102.8 | - | - | - | 0.4 | 0.0 | 25.0 | -17.0 |
| May | 333.2 | 188.3 | 370.982 | 4.2 | 6.2 | 134.6 | 4.9 | 25.0 | 104.0 | - | - | - | 0.6 | 0.0 | 25.9 | -20.4 |
| | of which held by the European Central Bank | | | | | | | | | | | | | | | |
| 2002 | 45.5 | 8.1 | 24.656 | 0.2 | 0.0 | 37.3 | 1.2 | 9.9 | 26.1 | 0.0 | 19.5 | 6.7 | 0.0 | 0.0 | 3.0 | -5.2 |
| 2003 | 36.9 | 8.1 | 24.656 | 0.2 | 0.0 | 28.6 | 1.4 | 5.0 | 22.2 | 0.0 | 14.9 | 7.3 | 0.0 | 0.0 | 2.8 | -1.5 |
| 2004 | 35.1 | 7.9 | 24.656 | 0.2 | 0.0 | 27.0 | 2.7 | 3.3 | 21.1 | 0.0 | 9.7 | 11.3 | 0.0 | 0.0 | 2.6 | -1.3 |
| 2005 Q2 | 39.7 | 8.4 | 23.145 | 0.2 | 0.0 | 31.2 | 3.8 | 5.1 | 22.3 | 0.0 | 8.2 | 14.1 | 0.0 | 0.0 | 2.6 | -1.4 |
| Q3 | 41.1 | 9.1 | 23.145 | 0.2 | 0.0 | 31.8 | 4.7 | 5.1 | 22.0 | 0.0 | 8.9 | 13.1 | 0.0 | 0.0 | 2.3 | -1.5 |
| Q4 | 41.5 | 10.1 | 23.145 | 0.2 | 0.0 | 31.2 | 5.1 | 2.5 | 23.6 | 0.0 | 10.6 | 12.9 | 0.0 | 0.0 | 2.9 | -0.9 |
| 2006 Mar. | 40.5 | 11.1 | 23.145 | 0.2 | 0.0 | 29.2 | 2.6 | 3.6 | 23.1 | - | - | - | 0.0 | 0.0 | 3.9 | -0.5 |
| Apr. | 41.7 | 11.9 | 23.145 | 0.2 | 0.0 | 29.7 | 2.2 | 5.8 | 21.7 | - | - | - | -0.1 | 0.0 | 2.4 | -0.5 |
| May | 41.3 | 10.8 | 21.312 | 0.2 | 0.0 | 30.3 | 1.2 | 6.3 | 22.8 | - | - | - | 0.0 | 0.0 | 2.7 | -1.0 |

Source: ECB.

## 7.5 Trade in goods

(seasonally adjusted, unless otherwise indicated)

### 1. Values, volumes and unit values by product group

| | Total (n.s.a.) | | Exports (f.o.b.) | | | | | Imports (c.i.f.) | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Total | | | | Memo: | Total | | | | Memo: | |
| | Exports | Imports | | Intermediate | Capital | Consumption | Manufactures | | Intermediate | Capital | Consumption | Manufactures | 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) | | | | | | | | | | | | |
| 2002 | 2.0 | -3.0 | 1,083.4 | 512.4 | 227.8 | 309.6 | 949.1 | 984.4 | 559.4 | 163.1 | 234.4 | 717.3 | 105.2 |
| 2003 | -2.3 | 0.5 | 1,060.1 | 501.3 | 222.8 | 300.5 | 925.0 | 990.6 | 554.0 | 164.0 | 240.9 | 716.3 | 109.0 |
| 2004 | 8.9 | 9.4 | 1,147.4 | 547.6 | 246.9 | 313.4 | 997.4 | 1,075.1 | 604.5 | 183.5 | 256.1 | 769.9 | 129.5 |
| 2005 | 7.4 | 12.3 | 1,237.0 | 586.4 | 265.2 | 329.4 | 1,068.6 | 1,213.3 | 692.6 | 201.4 | 272.1 | 842.2 | 180.9 |
| 2004 Q4 | 8.9 | 12.7 | 291.8 | 139.3 | 62.7 | 78.1 | 253.3 | 278.7 | 158.7 | 47.3 | 65.0 | 198.9 | 36.7 |
| 2005 Q1 | 3.4 | 8.6 | 292.0 | 138.2 | 62.5 | 77.9 | 255.7 | 279.0 | 157.4 | 44.5 | 64.2 | 198.2 | 36.1 |
| Q2 | 6.2 | 10.8 | 302.4 | 144.0 | 63.7 | 80.8 | 258.9 | 292.0 | 165.9 | 49.5 | 66.0 | 201.9 | 40.5 |
| Q3 | 9.9 | 14.5 | 318.6 | 149.9 | 70.0 | 84.8 | 274.6 | 316.4 | 182.4 | 52.8 | 69.9 | 217.5 | 51.4 |
| Q4 | 9.7 | 15.0 | 323.9 | 154.3 | 69.0 | 86.0 | 279.4 | 325.9 | 186.8 | 54.6 | 72.0 | 224.6 | 52.9 |
| 2006 Q1 | 16.1 | 22.9 | 332.5 | 157.8 | 70.5 | 88.1 | 285.0 | 336.7 | 196.1 | 51.0 | 73.3 | 223.3 | 55.6 |
| 2005 Nov. | 11.0 | 14.8 | 108.8 | 51.9 | 22.9 | 28.9 | 93.4 | 107.5 | 61.8 | 19.2 | 24.1 | 74.4 | 17.9 |
| Dec. | 11.3 | 18.3 | 110.4 | 52.6 | 23.8 | 29.1 | 95.8 | 112.6 | 65.1 | 17.9 | 24.5 | 77.8 | 17.2 |
| 2006 Jan. | 14.6 | 23.5 | 110.3 | 51.9 | 23.8 | 29.1 | 95.0 | 111.4 | 64.5 | 17.1 | 24.5 | 74.3 | 18.2 |
| Feb. | 15.2 | 23.0 | 110.1 | 52.4 | 23.4 | 29.3 | 95.0 | 112.9 | 65.4 | 17.2 | 24.2 | 75.2 | 17.6 |
| Mar. | 18.1 | 22.2 | 112.0 | 53.5 | 23.3 | 29.7 | 94.9 | 112.4 | 66.1 | 16.7 | 24.6 | 73.8 | 19.8 |
| Apr. | 6.8 | 10.6 | 113.8 | 53.0 | 24.3 | 30.2 | 96.4 | 114.6 | 65.4 | 17.5 | 25.0 | 75.6 | . |
| | Volume indices (2000 = 100; annual percentage changes for columns 1 and 2) | | | | | | | | | | | | |
| 2002 | 2.9 | -0.7 | 107.9 | 105.0 | 106.2 | 115.0 | 108.2 | 98.2 | 98.9 | 89.6 | 104.1 | 96.3 | 101.4 |
| 2003 | 1.0 | 3.8 | 109.1 | 105.9 | 108.0 | 114.8 | 109.2 | 101.9 | 100.5 | 95.2 | 110.4 | 100.0 | 104.9 |
| 2004 | 9.1 | 6.7 | 118.3 | 115.4 | 121.2 | 119.8 | 118.3 | 108.0 | 104.2 | 107.8 | 118.5 | 107.5 | 105.7 |
| 2005 | 4.4 | 4.2 | 123.9 | 118.8 | 128.6 | 123.2 | 124.1 | 113.0 | 105.9 | 119.1 | 122.8 | 115.2 | 107.4 |
| 2004 Q4 | 7.8 | 6.3 | 119.9 | 116.2 | 123.0 | 119.3 | 119.8 | 109.4 | 104.8 | 112.0 | 120.5 | 110.4 | 106.1 |
| 2005 Q1 | 1.0 | 2.3 | 118.8 | 113.9 | 122.5 | 118.4 | 120.0 | 109.4 | 103.9 | 106.4 | 118.4 | 109.8 | 105.2 |
| Q2 | 4.1 | 5.0 | 122.1 | 117.8 | 123.9 | 121.8 | 121.0 | 111.7 | 105.0 | 118.4 | 121.4 | 111.7 | 103.1 |
| Q3 | 6.7 | 4.8 | 126.9 | 120.8 | 135.2 | 126.0 | 127.1 | 114.6 | 107.2 | 123.8 | 124.8 | 118.2 | 110.4 |
| Q4 | 5.5 | 4.7 | 127.9 | 122.5 | 132.8 | 126.7 | 128.3 | 116.4 | 107.7 | 127.8 | 126.7 | 120.9 | 110.8 |
| 2006 Q1 | 10.8 | 8.8 | 129.1 | 123.5 | 133.9 | 128.4 | 129.5 | 116.7 | 109.0 | 116.4 | 127.4 | 118.0 | 108.6 |
| 2005 Nov. | 7.5 | 5.1 | 129.2 | 123.9 | 131.9 | 128.8 | 129.0 | 115.7 | 107.3 | 134.7 | 128.1 | 120.5 | 115.3 |
| Dec. | 6.1 | 5.4 | 130.1 | 124.4 | 136.9 | 128.1 | 131.3 | 119.1 | 110.7 | 126.2 | 128.0 | 124.7 | 104.7 |
| 2006 Jan. | 9.0 | 7.7 | 128.7 | 122.0 | 135.4 | 127.3 | 129.6 | 116.2 | 108.5 | 116.8 | 127.5 | 117.9 | 109.2 |
| Feb. | 10.3 | 8.7 | 128.5 | 123.2 | 133.6 | 128.5 | 129.8 | 117.2 | 108.7 | 118.4 | 126.4 | 119.4 | 100.3 |
| Mar. | 12.8 | 9.8 | 130.0 | 125.2 | 132.7 | 129.5 | 129.1 | 116.6 | 109.9 | 114.0 | 128.4 | 116.7 | 116.3 |
| Apr. | . | . | . | . | . | . | . | . | . | . | . | . | . |
| | Unit value indices (2000 = 100; annual percentage changes for columns 1 and 2) | | | | | | | | | | | | |
| 2002 | -0.9 | -2.3 | 100.1 | 99.1 | 99.2 | 102.4 | 100.1 | 97.8 | 95.8 | 99.6 | 101.9 | 100.0 | 84.5 |
| 2003 | -3.2 | -3.1 | 96.9 | 96.1 | 95.4 | 99.5 | 96.6 | 94.8 | 93.3 | 94.2 | 98.8 | 96.1 | 85.0 |
| 2004 | -0.2 | 2.4 | 96.7 | 96.3 | 94.2 | 99.6 | 96.2 | 97.1 | 98.1 | 93.0 | 97.8 | 96.1 | 99.5 |
| 2005 | 2.8 | 7.7 | 99.4 | 100.2 | 95.3 | 101.7 | 98.2 | 104.6 | 110.5 | 92.4 | 100.2 | 98.1 | 136.9 |
| 2004 Q4 | 1.0 | 6.0 | 97.0 | 97.4 | 94.2 | 99.5 | 96.5 | 99.4 | 102.5 | 92.3 | 97.7 | 96.8 | 112.7 |
| 2005 Q1 | 2.3 | 6.2 | 98.0 | 98.5 | 94.4 | 100.1 | 97.3 | 99.6 | 102.5 | 91.4 | 98.1 | 96.9 | 111.9 |
| Q2 | 2.0 | 5.5 | 98.7 | 99.3 | 95.0 | 100.9 | 97.7 | 102.0 | 107.0 | 91.4 | 98.5 | 97.0 | 128.3 |
| Q3 | 3.0 | 9.2 | 100.1 | 100.8 | 95.7 | 102.4 | 98.6 | 107.7 | 115.2 | 93.3 | 101.3 | 98.8 | 151.6 |
| Q4 | 4.0 | 9.9 | 100.9 | 102.3 | 96.2 | 103.3 | 99.4 | 109.2 | 117.4 | 93.5 | 102.9 | 99.7 | 155.7 |
| 2006 Q1 | 4.7 | 13.0 | 102.7 | 103.8 | 97.3 | 104.4 | 100.5 | 112.6 | 121.7 | 95.8 | 104.1 | 101.6 | 167.1 |
| 2005 Nov. | 3.3 | 9.2 | 100.7 | 102.2 | 96.2 | 102.5 | 99.1 | 108.8 | 117.1 | 93.6 | 102.1 | 99.5 | 152.3 |
| Dec. | 4.9 | 12.2 | 101.5 | 103.0 | 96.5 | 103.8 | 99.9 | 110.7 | 119.4 | 93.0 | 104.1 | 100.5 | 161.1 |
| 2006 Jan. | 5.1 | 14.7 | 102.5 | 103.7 | 97.5 | 104.4 | 100.4 | 112.2 | 120.7 | 96.2 | 104.2 | 101.6 | 162.5 |
| Feb. | 4.4 | 13.1 | 102.5 | 103.7 | 97.1 | 104.3 | 100.3 | 112.9 | 122.1 | 95.1 | 104.2 | 101.4 | 172.1 |
| Mar. | 4.7 | 11.3 | 103.0 | 104.1 | 97.5 | 104.7 | 100.7 | 112.8 | 122.2 | 96.1 | 104.1 | 101.9 | 166.7 |
| Apr. | . | . | . | . | . | . | . | . | . | . | . | . | . |

Sources: Eurostat and ECB calculations based on Eurostat data (volume indices and seasonal adjustment of unit value indices).

## 7.5 Trade in goods

(EUR billions, unless otherwise indicated; seasonally adjusted)

### 2. Geographical breakdown

| | Total | European Union (outside the euro area) | | | | Russia | Switzer-land | Turkey | United States | Asia | | | Africa | Latin America | Other countries |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Denmark | Sweden | United Kingdom | Other EU countries | | | | | China | Japan | Other Asian countries | | | |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 |
| | Exports (f.o.b.) | | | | | | | | | | | | | | |
| 2002 | 1,083.4 | 25.3 | 37.1 | 205.7 | 112.1 | 27.1 | 64.0 | 21.4 | 184.1 | 29.9 | 33.1 | 140.5 | 59.5 | 43.4 | 100.3 |
| 2003 | 1,060.1 | 24.9 | 38.7 | 194.8 | 117.6 | 29.2 | 63.4 | 24.9 | 166.3 | 35.2 | 31.3 | 135.4 | 59.5 | 37.9 | 100.9 |
| 2004 | 1,147.4 | 25.7 | 41.8 | 203.9 | 128.0 | 35.6 | 66.1 | 31.8 | 173.8 | 40.3 | 33.1 | 149.9 | 63.8 | 40.3 | 113.4 |
| 2005 | 1,237.0 | 28.6 | 44.9 | 202.8 | 141.9 | 43.0 | 70.2 | 34.6 | 184.9 | 43.6 | 34.1 | 165.7 | 72.8 | 46.7 | 123.3 |
| 2004 Q4 | 291.8 | 6.7 | 10.7 | 51.3 | 32.7 | 9.2 | 17.1 | 7.7 | 43.7 | 10.0 | 8.2 | 37.8 | 15.9 | 10.5 | 30.3 |
| 2005 Q1 | 292.0 | 6.7 | 10.9 | 49.8 | 33.1 | 9.8 | 17.4 | 8.0 | 43.4 | 10.3 | 8.5 | 39.0 | 17.1 | 11.0 | 27.0 |
| Q2 | 302.4 | 7.0 | 11.2 | 49.9 | 34.0 | 10.6 | 16.9 | 8.2 | 45.5 | 10.1 | 8.4 | 40.5 | 17.2 | 11.2 | 31.8 |
| Q3 | 318.6 | 7.3 | 11.4 | 51.4 | 36.1 | 11.3 | 17.9 | 9.0 | 47.1 | 11.4 | 8.5 | 43.9 | 19.3 | 12.3 | 31.7 |
| Q4 | 323.9 | 7.6 | 11.4 | 51.7 | 38.8 | 11.2 | 18.0 | 9.4 | 48.8 | 11.8 | 8.7 | 42.3 | 19.2 | 12.3 | 32.8 |
| 2006 Q1 | 332.5 | 7.5 | 11.5 | 52.6 | 40.6 | 12.1 | 17.8 | 9.8 | 50.4 | 12.5 | 8.8 | 43.8 | 19.0 | 13.3 | 32.8 |
| 2005 Nov. | 108.8 | 2.6 | 3.8 | 17.6 | 12.8 | 3.9 | 5.9 | 2.9 | 16.3 | 3.9 | 2.9 | 14.2 | 6.4 | 4.2 | 11.4 |
| Dec. | 110.4 | 2.5 | 3.9 | 17.4 | 13.4 | 3.7 | 6.2 | 3.4 | 16.7 | 4.2 | 3.0 | 14.4 | 6.7 | 4.0 | 10.8 |
| 2006 Jan. | 110.3 | 2.5 | 3.8 | 17.7 | 13.4 | 4.0 | 6.1 | 3.2 | 16.9 | 4.1 | 3.0 | 14.5 | 6.3 | 4.6 | 10.5 |
| Feb. | 110.1 | 2.5 | 3.8 | 17.3 | 13.7 | 4.0 | 5.9 | 3.3 | 16.7 | 4.2 | 3.0 | 14.8 | 6.5 | 4.4 | 10.0 |
| Mar. | 112.0 | 2.5 | 3.8 | 17.6 | 13.5 | 4.1 | 5.9 | 3.3 | 16.8 | 4.2 | 2.8 | 14.5 | 6.2 | 4.3 | 12.3 |
| Apr. | 113.8 | . | . | . | . | 4.0 | 6.0 | 3.2 | 16.5 | 4.2 | 2.7 | 15.2 | 6.3 | 4.4 | . |
| | *% share of total exports* | | | | | | | | | | | | | | |
| 2005 | 100.0 | 2.3 | 3.6 | 16.4 | 11.5 | 3.5 | 5.7 | 2.8 | 14.9 | 3.5 | 2.8 | 13.4 | 5.9 | 3.8 | 10.0 |
| | Imports (c.i.f.) | | | | | | | | | | | | | | |
| 2002 | 984.4 | 23.0 | 35.6 | 149.7 | 93.5 | 42.0 | 52.1 | 17.7 | 125.6 | 61.7 | 52.7 | 142.8 | 67.8 | 39.4 | 80.8 |
| 2003 | 990.6 | 23.7 | 36.9 | 138.9 | 102.0 | 47.4 | 50.4 | 19.3 | 110.3 | 74.5 | 52.2 | 140.7 | 68.9 | 39.8 | 85.6 |
| 2004 | 1,075.1 | 25.3 | 39.6 | 144.0 | 107.2 | 56.4 | 53.5 | 22.8 | 113.8 | 92.1 | 53.9 | 162.9 | 72.8 | 45.1 | 85.8 |
| 2005 | 1,213.3 | 25.3 | 41.9 | 150.6 | 116.6 | 73.1 | 58.1 | 24.8 | 120.6 | 117.7 | 52.8 | 188.0 | 95.0 | 52.8 | 95.8 |
| 2004 Q4 | 278.7 | 6.5 | 10.2 | 36.6 | 27.3 | 15.9 | 13.8 | 6.1 | 28.8 | 25.2 | 13.4 | 42.8 | 19.8 | 11.6 | 20.6 |
| 2005 Q1 | 279.0 | 6.1 | 10.0 | 36.0 | 27.1 | 16.5 | 13.5 | 6.3 | 28.8 | 26.3 | 12.9 | 41.1 | 20.2 | 12.1 | 22.2 |
| Q2 | 292.0 | 6.4 | 10.3 | 36.7 | 28.8 | 17.5 | 14.4 | 5.8 | 30.1 | 27.8 | 12.6 | 46.6 | 21.9 | 12.1 | 20.8 |
| Q3 | 316.4 | 6.3 | 10.6 | 38.8 | 29.9 | 18.9 | 15.0 | 6.1 | 30.8 | 31.1 | 13.6 | 49.4 | 26.8 | 13.9 | 25.1 |
| Q4 | 325.9 | 6.5 | 11.0 | 39.0 | 30.8 | 20.1 | 15.1 | 6.6 | 30.9 | 32.5 | 13.8 | 50.8 | 26.2 | 14.8 | 27.7 |
| 2006 Q1 | 336.7 | 6.7 | 11.4 | 40.3 | 32.1 | 23.7 | 15.0 | 6.8 | 31.7 | 33.5 | 13.8 | 52.5 | 26.7 | 15.5 | 27.0 |
| 2005 Nov. | 107.5 | 2.1 | 3.7 | 13.2 | 10.2 | 6.5 | 5.0 | 2.2 | 10.2 | 10.7 | 4.6 | 17.0 | 9.1 | 5.0 | 8.0 |
| Dec. | 112.6 | 2.2 | 3.7 | 13.1 | 10.5 | 7.0 | 5.1 | 2.4 | 10.5 | 11.5 | 4.8 | 17.2 | 8.8 | 5.1 | 10.6 |
| 2006 Jan. | 111.4 | 2.3 | 3.8 | 13.2 | 10.5 | 7.7 | 5.1 | 2.2 | 10.6 | 11.2 | 4.6 | 18.2 | 8.6 | 5.1 | 8.3 |
| Feb. | 112.9 | 2.1 | 3.8 | 13.4 | 11.1 | 7.7 | 5.0 | 2.3 | 10.6 | 11.1 | 4.7 | 17.4 | 9.2 | 5.2 | 9.4 |
| Mar. | 112.4 | 2.3 | 3.8 | 13.7 | 10.5 | 8.2 | 5.0 | 2.4 | 10.5 | 11.2 | 4.4 | 17.0 | 9.0 | 5.2 | 9.3 |
| Apr. | 114.6 | . | . | . | . | 7.8 | 5.0 | 2.6 | 10.4 | 11.2 | 4.3 | 16.7 | 8.6 | 5.1 | . |
| | *% share of total imports* | | | | | | | | | | | | | | |
| 2005 | 100.0 | 2.1 | 3.5 | 12.4 | 9.6 | 6.0 | 4.8 | 2.1 | 10.0 | 9.7 | 4.4 | 15.5 | 7.8 | 4.3 | 7.9 |
| | Balance | | | | | | | | | | | | | | |
| 2002 | 99.0 | 2.3 | 1.5 | 56.0 | 18.6 | -14.9 | 12.0 | 3.8 | 58.5 | -31.8 | -19.6 | -2.4 | -8.3 | 4.0 | 19.5 |
| 2003 | 69.4 | 1.1 | 1.7 | 56.0 | 15.5 | -18.2 | 12.9 | 5.5 | 56.0 | -39.3 | -20.9 | -5.2 | -9.4 | -1.8 | 15.3 |
| 2004 | 72.3 | 0.5 | 2.2 | 59.9 | 20.9 | -20.8 | 12.6 | 9.0 | 59.9 | -51.8 | -20.8 | -13.0 | -9.0 | -4.8 | 27.6 |
| 2005 | 23.8 | 3.3 | 2.9 | 52.2 | 25.3 | -30.1 | 12.1 | 9.8 | 64.3 | -74.1 | -18.8 | -22.3 | -22.3 | -6.1 | 27.5 |
| 2004 Q4 | 13.1 | 0.2 | 0.5 | 14.6 | 5.4 | -6.7 | 3.3 | 1.5 | 14.9 | -15.2 | -5.2 | -5.0 | -3.9 | -1.2 | 9.8 |
| 2005 Q1 | 13.0 | 0.6 | 0.9 | 13.8 | 6.0 | -6.8 | 4.0 | 1.7 | 14.6 | -16.0 | -4.5 | -2.1 | -3.0 | -1.1 | 4.9 |
| Q2 | 10.5 | 0.6 | 0.9 | 13.2 | 5.2 | -6.9 | 2.5 | 2.4 | 15.4 | -17.8 | -4.2 | -6.2 | -4.7 | -0.9 | 11.0 |
| Q3 | 2.3 | 1.1 | 0.8 | 12.6 | 6.2 | -7.6 | 2.8 | 2.9 | 16.4 | -19.7 | -5.0 | -5.5 | -7.5 | -1.6 | 6.5 |
| Q4 | -2.0 | 1.0 | 0.4 | 12.6 | 8.0 | -8.9 | 2.9 | 2.8 | 17.9 | -20.6 | -5.1 | -8.5 | -7.0 | -2.6 | 5.1 |
| 2006 Q1 | -4.2 | 0.8 | 0.1 | 12.3 | 8.5 | -11.6 | 2.8 | 3.0 | 18.6 | -21.0 | -5.0 | -8.8 | -7.7 | -2.2 | 5.9 |
| 2005 Nov. | 1.3 | 0.4 | 0.1 | 4.4 | 2.6 | -2.6 | 0.9 | 0.7 | 6.1 | -6.9 | -1.7 | -2.8 | -2.7 | -0.7 | 3.4 |
| Dec. | -2.2 | 0.3 | 0.2 | 4.3 | 3.0 | -3.3 | 1.1 | 1.1 | 6.2 | -7.3 | -1.8 | -2.9 | -2.1 | -1.1 | 0.2 |
| 2006 Jan. | -1.0 | 0.2 | 0.0 | 4.4 | 2.9 | -3.8 | 1.0 | 1.0 | 6.2 | -7.1 | -1.6 | -3.7 | -2.3 | -0.5 | 2.2 |
| Feb. | -2.8 | 0.4 | 0.0 | 3.9 | 2.6 | -3.7 | 0.9 | 1.0 | 6.0 | -6.9 | -1.7 | -2.5 | -2.7 | -0.8 | 0.7 |
| Mar. | -0.3 | 0.2 | 0.1 | 4.0 | 3.0 | -4.1 | 0.9 | 0.9 | 6.4 | -6.9 | -1.6 | -2.5 | -2.7 | -0.9 | 3.0 |
| Apr. | -0.9 | . | . | . | . | -3.7 | 1.1 | 0.7 | 6.1 | -7.0 | -1.6 | -1.5 | -2.3 | -0.6 | . |

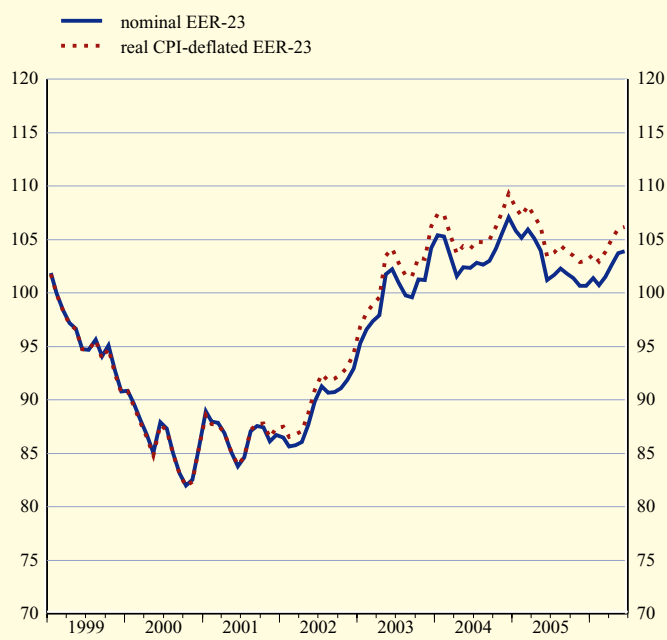
Sources: Eurostat and ECB calculations based on Eurostat data (balance and columns 5, 12 and 15).

# 8 EXCHANGE RATES

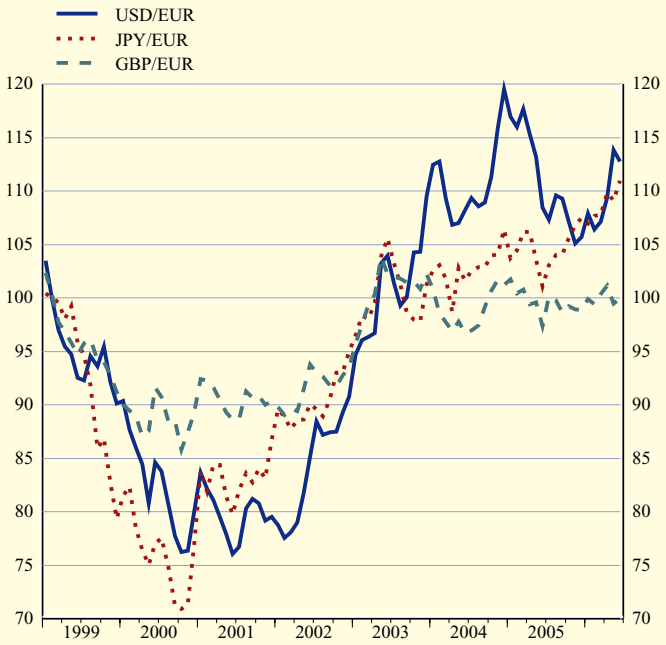
## 8.1 Effective exchange rates [1]
(period averages; index 1999 Q1=100)

| | EER-23 | | | | | | EER-42 | |
|---|---|---|---|---|---|---|---|---|
| | Nominal | Real CPI | Real PPI | Real GDP deflator | Real ULCM | Real ULCT | Nominal | Real CPI |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
| 2003 | 99.9 | 101.7 | 102.2 | 101.2 | 96.0 | 99.3 | 106.6 | 101.6 |
| 2004 | 103.8 | 105.8 | 105.2 | 104.9 | 100.6 | 103.4 | 111.0 | 105.4 |
| 2005 | 102.9 | 105.1 | 103.6 | 104.2 | 98.5 | 101.4 | 109.5 | 103.5 |
| 2005 Q2 | 103.4 | 105.6 | 104.2 | 104.6 | 99.0 | 102.1 | 110.1 | 104.1 |
| Q3 | 101.9 | 104.1 | 102.4 | 103.0 | 97.2 | 100.1 | 108.3 | 102.3 |
| Q4 | 100.9 | 103.1 | 101.1 | 102.4 | 96.2 | 99.3 | 107.2 | 101.1 |
| 2006 Q1 | 101.2 | 103.5 | 102.1 | 102.5 | 96.5 | 99.5 | 107.2 | 101.0 |
| Q2 | 103.5 | 105.7 | 104.5 | . | . | . | 109.9 | 103.5 |
| 2005 June | 101.2 | 103.5 | 102.1 | - | - | - | 107.6 | 101.9 |
| July | 101.7 | 103.8 | 102.3 | - | - | - | 108.0 | 102.0 |
| Aug. | 102.3 | 104.4 | 102.8 | - | - | - | 108.7 | 102.7 |
| Sep. | 101.8 | 103.9 | 101.9 | - | - | - | 108.2 | 102.2 |
| Oct. | 101.4 | 103.5 | 101.5 | - | - | - | 107.8 | 101.6 |
| Nov. | 100.7 | 102.9 | 100.9 | - | - | - | 106.9 | 100.8 |
| Dec. | 100.7 | 103.0 | 101.0 | - | - | - | 106.9 | 100.9 |
| 2006 Jan. | 101.4 | 103.6 | 101.9 | - | - | - | 107.5 | 101.3 |
| Feb. | 100.7 | 103.0 | 101.8 | - | - | - | 106.6 | 100.4 |
| Mar. | 101.5 | 103.8 | 102.6 | - | - | - | 107.4 | 101.2 |
| Apr. | 102.7 | 105.1 | 103.8 | - | - | - | 108.6 | 102.4 |
| May | 103.8 | 106.0 | 104.9 | - | - | - | 110.3 | 103.7 |
| June | 103.9 | 106.2 | 105.0 | - | - | - | 110.9 | 104.2 |
| | *% change versus previous month* | | | | | | | |
| 2006 June | 0.2 | 0.2 | 0.1 | - | - | - | 0.5 | 0.5 |
| | *% change versus previous year* | | | | | | | |
| 2006 June | 2.7 | 2.6 | 2.8 | - | - | - | 3.0 | 2.3 |

### C35 Effective exchange rates
(monthly averages; index 1999 Q1=100)




### C36 Bilateral exchange rates
(monthly averages; index 1999 Q1=100)




Source: ECB.
1) For the 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)

| | Danish krone | Swedish krona | Pound sterling | US dollar | Japanese yen | Swiss franc | South Korean won | Hong Kong dollar | Singapore dollar | Canadian dollar | Norwegian krone | Australian dollar |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 |
| 2003 | 7.4307 | 9.1242 | 0.69199 | 1.1312 | 130.97 | 1.5212 | 1,346.90 | 8.8079 | 1.9703 | 1.5817 | 8.0033 | 1.7379 |
| 2004 | 7.4399 | 9.1243 | 0.67866 | 1.2439 | 134.44 | 1.5438 | 1,422.62 | 9.6881 | 2.1016 | 1.6167 | 8.3697 | 1.6905 |
| 2005 | 7.4518 | 9.2822 | 0.68380 | 1.2441 | 136.85 | 1.5483 | 1,273.61 | 9.6768 | 2.0702 | 1.5087 | 8.0092 | 1.6320 |
| 2005 Q4 | 7.4586 | 9.4731 | 0.67996 | 1.1884 | 139.41 | 1.5472 | 1,231.69 | 9.2157 | 2.0065 | 1.3956 | 7.8785 | 1.5983 |
| 2006 Q1 | 7.4621 | 9.3525 | 0.68625 | 1.2023 | 140.51 | 1.5590 | 1,173.72 | 9.3273 | 1.9567 | 1.3894 | 8.0227 | 1.6274 |
| Q2 | 7.4581 | 9.2979 | 0.68778 | 1.2582 | 143.81 | 1.5631 | 1,194.34 | 9.7618 | 1.9989 | 1.4108 | 7.8314 | 1.6838 |
| 2005 Dec. | 7.4541 | 9.4316 | 0.67922 | 1.1856 | 140.58 | 1.5479 | 1,212.30 | 9.1927 | 1.9855 | 1.3778 | 7.9737 | 1.5979 |
| 2006 Jan. | 7.4613 | 9.3111 | 0.68598 | 1.2103 | 139.82 | 1.5494 | 1,190.02 | 9.3851 | 1.9761 | 1.4025 | 8.0366 | 1.6152 |
| Feb. | 7.4641 | 9.3414 | 0.68297 | 1.1938 | 140.77 | 1.5580 | 1,157.96 | 9.2640 | 1.9448 | 1.3723 | 8.0593 | 1.6102 |
| Mar. | 7.4612 | 9.4017 | 0.68935 | 1.2020 | 140.96 | 1.5691 | 1,171.84 | 9.3270 | 1.9486 | 1.3919 | 7.9775 | 1.6540 |
| Apr. | 7.4618 | 9.3346 | 0.69463 | 1.2271 | 143.59 | 1.5748 | 1,168.67 | 9.5182 | 1.9643 | 1.4052 | 7.8413 | 1.6662 |
| May | 7.4565 | 9.3310 | 0.68330 | 1.2770 | 142.70 | 1.5564 | 1,202.04 | 9.9019 | 2.0133 | 1.4173 | 7.7988 | 1.6715 |
| June | 7.4566 | 9.2349 | 0.68666 | 1.2650 | 145.11 | 1.5601 | 1,207.64 | 9.8210 | 2.0129 | 1.4089 | 7.8559 | 1.7104 |
| | *% change versus previous month* | | | | | | | | | | | |
| 2006 June | 0.0 | -1.0 | 0.5 | -0.9 | 1.7 | 0.2 | 0.5 | -0.8 | 0.0 | -0.6 | 0.7 | 2.3 |
| | *% change versus previous year* | | | | | | | | | | | |
| 2006 June | 0.2 | -0.3 | 2.6 | 4.0 | 9.8 | 1.4 | -1.9 | 3.8 | -1.0 | -6.8 | -0.5 | 7.7 |

| | Czech koruna | Estonian kroon | Cyprus pound | Latvian lats | Lithuanian litas | Hungarian forint | Maltese lira | Polish zloty | Slovenian tolar | Slovak koruna | Bulgarian lev | New Romanian leu [1] |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 | 21 | 22 | 23 | 24 |
| 2003 | 31.846 | 15.6466 | 0.58409 | 0.6407 | 3.4527 | 253.62 | 0.4261 | 4.3996 | 233.85 | 41.489 | 1.9490 | 37,551 |
| 2004 | 31.891 | 15.6466 | 0.58185 | 0.6652 | 3.4529 | 251.66 | 0.4280 | 4.5268 | 239.09 | 40.022 | 1.9533 | 40,510 |
| 2005 | 29.782 | 15.6466 | 0.57683 | 0.6962 | 3.4528 | 248.05 | 0.4299 | 4.0230 | 239.57 | 38.599 | 1.9558 | 3.6209 |
| 2005 Q4 | 29.304 | 15.6466 | 0.57339 | 0.6965 | 3.4528 | 251.84 | 0.4293 | 3.9152 | 239.51 | 38.494 | 1.9558 | 3.6379 |
| 2006 Q1 | 28.599 | 15.6466 | 0.57449 | 0.6961 | 3.4528 | 254.56 | 0.4293 | 3.8346 | 239.51 | 37.456 | 1.9558 | 3.5638 |
| Q2 | 28.378 | 15.6466 | 0.57538 | 0.6960 | 3.4528 | 266.83 | 0.4293 | 3.9482 | 239.63 | 37.690 | 1.9558 | 3.5172 |
| 2005 Dec. | 28.972 | 15.6466 | 0.57346 | 0.6967 | 3.4528 | 252.68 | 0.4293 | 3.8501 | 239.51 | 37.872 | 1.9558 | 3.6589 |
| 2006 Jan. | 28.722 | 15.6466 | 0.57376 | 0.6960 | 3.4528 | 250.71 | 0.4293 | 3.8201 | 239.49 | 37.492 | 1.9558 | 3.6449 |
| Feb. | 28.407 | 15.6466 | 0.57436 | 0.6961 | 3.4528 | 251.57 | 0.4293 | 3.7941 | 239.49 | 37.390 | 1.9558 | 3.5393 |
| Mar. | 28.650 | 15.6466 | 0.57530 | 0.6961 | 3.4528 | 260.85 | 0.4293 | 3.8837 | 239.55 | 37.478 | 1.9558 | 3.5074 |
| Apr. | 28.501 | 15.6466 | 0.57613 | 0.6960 | 3.4528 | 265.47 | 0.4293 | 3.9177 | 239.60 | 37.374 | 1.9558 | 3.4892 |
| May | 28.271 | 15.6466 | 0.57510 | 0.6960 | 3.4528 | 262.37 | 0.4293 | 3.8954 | 239.63 | 37.578 | 1.9558 | 3.5072 |
| June | 28.386 | 15.6466 | 0.57504 | 0.6960 | 3.4528 | 272.39 | 0.4293 | 4.0261 | 239.65 | 38.062 | 1.9558 | 3.5501 |
| | *% change versus previous month* | | | | | | | | | | | |
| 2006 June | 0.4 | 0.0 | 0.0 | 0.0 | 0.0 | 3.8 | 0.0 | 3.4 | 0.0 | 1.3 | 0.0 | 1.2 |
| | *% change versus previous year* | | | | | | | | | | | |
| 2006 June | -5.5 | 0.0 | 0.2 | 0.0 | 0.0 | 9.4 | 0.0 | -0.9 | 0.1 | -1.2 | 0.0 | - |

| | Chinese yuan renminbi [2] | Croatian kuna [2] | Icelandic krona | Indonesian rupiah [2] | Malaysian ringgit [2] | New Zealand dollar | Philippine peso [2] | Russian rouble [2] | South African rand | Thai baht [2] | New Turkish lira [3] |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | 25 | 26 | 27 | 28 | 29 | 30 | 31 | 32 | 33 | 34 | 35 |
| 2003 | 9.3626 | 7.5688 | 86.65 | 9,685.54 | 4.2983 | 1.9438 | 61.336 | 34.6699 | 8.5317 | 46.923 | 1,694,851 |
| 2004 | 10.2967 | 7.4967 | 87.14 | 11,127.34 | 4.7273 | 1.8731 | 69.727 | 35.8192 | 8.0092 | 50.077 | 1,777,052 |
| 2005 | 10.1955 | 7.4008 | 78.23 | 12,072.83 | 4.7119 | 1.7660 | 68.494 | 35.1884 | 7.9183 | 50.068 | 1.6771 |
| 2005 Q4 | 9.6057 | 7.3831 | 73.86 | 11,875.37 | 4.4881 | 1.7124 | 64.821 | 34.1294 | 7.7706 | 48.780 | 1.6132 |
| 2006 Q1 | 9.6793 | 7.3426 | 78.43 | 11,178.36 | 4.4814 | 1.8128 | 62.292 | 33.8349 | 7.4067 | 47.273 | 1.6026 |
| Q2 | 10.0815 | 7.2786 | 92.72 | 11,479.67 | 4.5853 | 2.0172 | 65.819 | 34.1890 | 8.1745 | 47.981 | 1.8473 |
| 2005 Dec. | 9.5746 | 7.3882 | 75.36 | 11,675.40 | 4.4796 | 1.7072 | 63.454 | 34.1538 | 7.5439 | 48.731 | 1.6038 |
| 2006 Jan. | 9.7630 | 7.3772 | 74.58 | 11,472.89 | 4.5425 | 1.7616 | 63.590 | 34.3284 | 7.3811 | 47.965 | 1.6158 |
| Feb. | 9.6117 | 7.3191 | 76.57 | 11,048.98 | 4.4487 | 1.7741 | 61.776 | 33.6802 | 7.3079 | 47.014 | 1.5830 |
| Mar. | 9.6581 | 7.3300 | 83.74 | 11,009.15 | 4.4514 | 1.8956 | 61.499 | 33.4973 | 7.5171 | 46.836 | 1.6071 |
| Apr. | 9.8361 | 7.3111 | 91.94 | 10,956.51 | 4.4918 | 1.9733 | 63.077 | 33.7987 | 7.4656 | 46.619 | 1.6381 |
| May | 10.2353 | 7.2731 | 91.69 | 11,536.41 | 4.6107 | 2.0240 | 66.622 | 34.5386 | 8.0859 | 48.534 | 1.8400 |
| June | 10.1285 | 7.2575 | 94.38 | 11,850.97 | 4.6364 | 2.0462 | 67.259 | 34.1587 | 8.8431 | 48.541 | 2.0258 |
| | *% change versus previous month* | | | | | | | | | | |
| 2006 June | -1.0 | -0.2 | 2.9 | 2.7 | 0.6 | 1.1 | 1.0 | -1.1 | 9.4 | 0.0 | 10.1 |
| | *% change versus previous year* | | | | | | | | | | |
| 2006 June | 0.6 | -0.8 | 19.0 | 1.1 | 0.3 | 19.1 | 0.1 | -1.5 | 7.6 | -2.5 | 22.3 |

Source: ECB.

1) Data prior to July 2005 refer to the Romanian leu; 1 new Romanian leu is equivalent to 10,000 old Romanian lei.

2) For these currencies the ECB computes and publishes euro reference exchange rates as from 1 April 2005. Previous data are indicative.

3) Data prior to January 2005 refer to the Turkish lira; 1 new Turkish lira is equivalent to 1,000,000 old Turkish liras.


# DEVELOPMENTS OUTSIDE THE EURO AREA

## 9.1 In other EU Member States

(annual percentage changes, unless otherwise indicated)

### 1. Economic and financial developments

| | Czech Republic | Denmark | Estonia | Cyprus | Latvia | Lithuania | Hungary | Malta | Poland | Slovenia | Slovakia | Sweden | United Kingdom |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 |
| | HICP | | | | | | | | | | | | |
| 2004 | 2.6 | 0.9 | 3.0 | 1.9 | 6.2 | 1.2 | 6.8 | 2.7 | 3.6 | 3.7 | 7.5 | 1.0 | 1.3 |
| 2005 | 1.6 | 1.7 | 4.1 | 2.0 | 6.9 | 2.7 | 3.5 | 2.5 | 2.2 | 2.5 | 2.8 | 0.8 | 2.1 |
| 2005 Q3 | 1.6 | 2.2 | 4.3 | 1.7 | 6.7 | 2.2 | 3.5 | 2.1 | 1.8 | 2.3 | 2.2 | 0.9 | 2.4 |
| Q4 | 2.2 | 2.0 | 4.0 | 1.9 | 7.5 | 3.0 | 3.2 | 3.5 | 1.2 | 2.6 | 3.7 | 1.1 | 2.1 |
| 2006 Q1 | 2.4 | 2.0 | 4.4 | 2.3 | 7.0 | 3.3 | 2.4 | 2.5 | 0.9 | 2.3 | 4.2 | 1.2 | 2.0 |
| 2006 Jan. | 2.4 | 2.0 | 4.7 | 2.0 | 7.6 | 3.5 | 2.5 | 2.4 | 0.9 | 2.6 | 4.1 | 1.1 | 1.9 |
| Feb. | 2.4 | 2.1 | 4.5 | 2.3 | 7.0 | 3.4 | 2.3 | 2.3 | 0.9 | 2.3 | 4.3 | 1.1 | 2.0 |
| Mar. | 2.4 | 1.8 | 4.0 | 2.6 | 6.6 | 3.1 | 2.4 | 2.9 | 0.9 | 2.0 | 4.3 | 1.5 | 1.8 |
| Apr. | 2.3 | 1.8 | 4.3 | 2.5 | 6.1 | 3.4 | 2.4 | 3.5 | 1.2 | 2.8 | 4.4 | 1.8 | 2.0 |
| May | 2.8 | 2.1 | 4.6 | 2.5 | 7.1 | 3.6 | 2.9 | 3.5 | 1.5 | 3.4 | 4.8 | 1.9 | 2.2 |
| | General government deficit (-)/surplus (+) as a % of GDP [1] | | | | | | | | | | | | |
| 2003 | -6.6 | 1.0 | 2.4 | -6.3 | -1.2 | -1.2 | -6.4 | -10.2 | -4.7 | -2.8 | -3.7 | 0.1 | -3.3 |
| 2004 | -2.9 | 2.7 | 1.5 | -4.1 | -0.9 | -1.5 | -5.4 | -5.1 | -3.9 | -2.3 | -3.0 | 1.8 | -3.3 |
| 2005 | -2.6 | 4.9 | 1.6 | -2.4 | 0.2 | -0.5 | -6.1 | -3.3 | -2.5 | -1.8 | -2.9 | 2.9 | -3.6 |
| | General government gross debt as a % of GDP [1] | | | | | | | | | | | | |
| 2003 | 30.0 | 44.4 | 6.0 | 69.7 | 14.4 | 21.2 | 56.7 | 71.3 | 43.9 | 29.1 | 42.7 | 51.8 | 39.0 |
| 2004 | 30.6 | 42.6 | 5.4 | 71.7 | 14.6 | 19.5 | 57.1 | 76.2 | 41.9 | 29.5 | 41.6 | 50.5 | 40.8 |
| 2005 | 30.5 | 35.8 | 4.8 | 70.3 | 11.9 | 18.7 | 58.4 | 74.7 | 42.5 | 29.1 | 34.5 | 50.3 | 42.8 |
| | Long-term government bond yield as a % per annum, period average | | | | | | | | | | | | |
| 2005 Dec. | 3.61 | 3.35 | - | 4.09 | 3.59 | 3.79 | 6.89 | 4.39 | 5.16 | 3.69 | 3.62 | 3.37 | 4.27 |
| 2006 Jan. | 3.39 | 3.31 | - | 3.96 | 3.60 | 3.62 | 6.66 | 4.39 | 4.95 | 3.73 | 3.59 | 3.33 | 3.97 |
| Feb. | 3.41 | 3.48 | - | 3.96 | 3.60 | 3.53 | 6.71 | 4.38 | 4.79 | 3.72 | 3.75 | 3.42 | 4.05 |
| Mar. | 3.58 | 3.70 | - | 3.97 | 3.60 | 3.75 | 7.00 | 4.35 | 4.79 | 3.80 | 4.01 | 3.55 | 4.19 |
| Apr. | 3.85 | 3.98 | - | 4.07 | 3.60 | 3.92 | 7.00 | 4.19 | 5.03 | 3.73 | 4.27 | 3.84 | 4.37 |
| May | 3.93 | 4.02 | - | 4.07 | 3.60 | 4.13 | 6.85 | 4.24 | 5.27 | 3.73 | 4.50 | 3.89 | 4.49 |
| | 3-month interest rate as a % per annum, period average | | | | | | | | | | | | |
| 2005 Dec. | 2.17 | 2.48 | 2.59 | 3.47 | 3.16 | 2.53 | 6.21 | 3.22 | 4.62 | 4.00 | 3.12 | 1.89 | 4.64 |
| 2006 Jan. | 2.14 | 2.52 | 2.61 | 3.42 | 4.03 | 2.56 | 6.02 | 3.20 | 4.49 | 4.00 | 3.17 | 2.03 | 4.60 |
| Feb. | 2.00 | 2.66 | 2.62 | 3.24 | 4.03 | 2.61 | - | 3.18 | 4.26 | 3.84 | 3.34 | 2.11 | 4.58 |
| Mar. | 2.08 | 2.85 | 2.87 | 3.19 | 3.97 | 2.75 | - | 3.20 | 4.12 | 3.53 | 3.75 | 2.23 | 4.59 |
| Apr. | 2.11 | 2.92 | 2.91 | 3.22 | 3.91 | 2.84 | 6.26 | 3.24 | 4.14 | 3.50 | 3.86 | 2.27 | 4.63 |
| May | 2.12 | 2.98 | 2.92 | 3.22 | 4.48 | 2.90 | - | 3.24 | 4.15 | 3.50 | 3.96 | 2.31 | 4.70 |
| | Real GDP | | | | | | | | | | | | |
| 2004 | 4.2 | 1.9 | 7.8 | 3.9 | 8.6 | 7.0 | 5.2 | -0.5 | 5.3 | 4.2 | 5.4 | 3.7 | 3.1 |
| 2005 | 6.1 | 3.1 | 9.8 | 3.8 | 10.2 | 7.5 | 4.1 | 2.4 | 3.3 | 3.9 | 6.1 | 2.7 | 1.8 |
| 2005 Q3 | 5.9 | 4.4 | 10.4 | 4.0 | 11.4 | 8.1 | 4.4 | 6.7 | 3.6 | 4.0 | 6.3 | 2.9 | 1.9 |
| Q4 | 6.9 | 3.4 | 11.5 | 3.6 | 10.6 | 8.1 | 4.2 | 2.0 | 4.7 | 5.0 | 7.4 | 3.1 | 1.8 |
| 2006 Q1 | 7.4 | 3.4 | 11.1 | . | 13.1 | 7.9 | 4.3 | -1.3 | 4.6 | 4.7 | 6.3 | 3.9 | 2.2 |
| | Current and capital accounts balance as a % of GDP | | | | | | | | | | | | |
| 2004 | -6.6 | 2.4 | -12.2 | -4.9 | -11.9 | -6.4 | -8.3 | -6.0 | -3.9 | -2.5 | -3.3 | 6.9 | -1.9 |
| 2005 | -1.9 | 3.0 | -9.9 | -5.3 | -11.3 | -5.6 | -6.5 | -7.8 | -1.1 | -1.5 | -8.6 | 6.2 | -2.4 |
| 2005 Q3 | -4.1 | 4.6 | -8.9 | 4.9 | -11.1 | -6.4 | -7.4 | 6.6 | -1.3 | 0.6 | -4.7 | 6.8 | -3.7 |
| Q4 | -2.4 | 1.9 | -8.5 | -19.7 | -13.8 | -5.2 | -5.2 | -20.8 | -1.3 | -4.9 | -14.9 | 5.5 | -2.6 |
| 2006 Q1 | 0.4 | -1.6 | -13.4 | . | . | . | . | -12.6 | . | -2.2 | . | 8.2 | . |
| | Unit labour costs | | | | | | | | | | | | |
| 2004 | 1.8 | 0.2 | 3.0 | - | 7.2 | 1.0 | 5.2 | - | -1.5 | 3.8 | 3.2 | -0.6 | 2.1 |
| 2005 | -0.6 | 1.2 | 3.7 | - | 5.4 | 3.8 | . | - | -0.4 | . | 1.3 | 1.4 | . |
| 2005 Q3 | 0.6 | -1.0 | 4.1 | - | - | 2.9 | - | - | -0.4 | - | 1.1 | 0.6 | . |
| Q4 | -1.3 | 1.1 | 5.6 | - | - | 6.8 | - | - | -0.4 | - | 1.2 | 2.6 | . |
| 2006 Q1 | -0.6 | 1.0 | 5.1 | - | - | . | - | - | . | - | 3.7 | -1.3 | . |
| | Standardised unemployment rate as a % of labour force (s.a.) | | | | | | | | | | | | |
| 2004 | 8.3 | 5.5 | 9.7 | 4.7 | 10.4 | 11.4 | 6.1 | 7.3 | 19.0 | 6.3 | 18.2 | 7.7 | 4.7 |
| 2005 | 7.9 | 4.8 | 7.9 | 5.3 | 8.9 | 8.2 | 7.2 | 7.3 | 17.7 | 6.5 | 16.3 | 7.8 | 4.7 |
| 2005 Q4 | 7.8 | 4.1 | 7.3 | 5.4 | 8.0 | 7.0 | 7.5 | 7.5 | 17.1 | 6.8 | 15.8 | 7.7 | 5.0 |
| 2006 Q1 | 7.7 | 4.2 | 5.6 | 5.4 | 8.0 | 6.5 | 7.5 | 8.1 | 16.9 | 6.4 | 15.3 | 7.8 | 5.1 |
| Q2 | . | . | . | . | . | . | 7.3 | . | . | . | . | . | . |
| 2006 Feb. | 7.8 | 4.3 | 5.6 | 5.4 | 7.9 | 6.5 | 7.6 | 8.1 | 16.8 | 6.4 | 15.3 | 7.7 | 5.1 |
| Mar. | 7.7 | 4.2 | 5.3 | 5.5 | 7.8 | 6.3 | 7.4 | 8.3 | 16.8 | 6.4 | 15.3 | 7.8 | 5.2 |
| Apr. | 7.5 | 4.0 | 5.1 | 6.6 | 7.8 | 5.9 | 7.4 | 8.4 | 16.5 | 6.5 | 15.5 | . | . |
| May | 7.4 | 3.9 | 4.9 | 6.8 | 7.7 | 5.6 | 7.3 | 8.3 | 16.4 | 6.5 | 15.5 | . | . |
| June | . | . | . | . | . | . | 7.3 | . | . | . | . | . | . |

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

1) Ratios are computed using GDP excluding financial intermediation services indirectly measured (FISIM).

## 9.2 In the United States and Japan

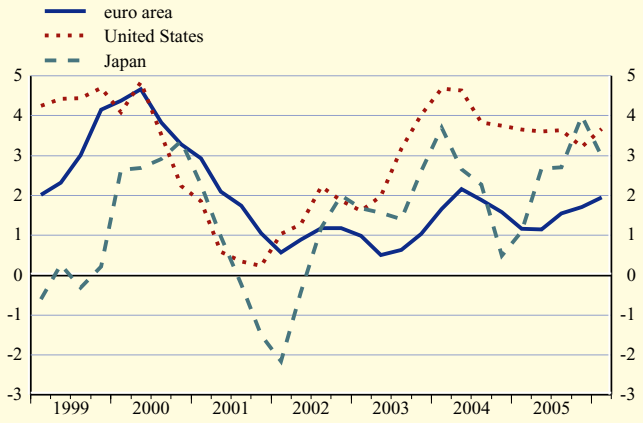
(annual percentage changes, unless otherwise indicated)

### 1. Economic and financial developments

| | Consumer price index | Unit labour costs [1] (manufacturing) | Real GDP | Industrial production index (manufacturing) | Unemployment rate as a % of labour force (s.a.) | Broad money [2] | 3-month interbank deposit rate [3] as a % per annum | 10-year government bond yield [3] as a % per annum | Exchange rate [4] as national currency per euro | Fiscal deficit (-)/ surplus (+) as a % of GDP | Gross public debt [5] as a % of GDP |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 |
| | United States | | | | | | | | | | |
| 2002 | 1.6 | 0.6 | 1.6 | 0.3 | 5.8 | 8.0 | 1.80 | 4.60 | 0.9456 | -3.8 | 45.2 |
| 2003 | 2.3 | 2.5 | 2.7 | 0.7 | 6.0 | 6.4 | 1.22 | 4.00 | 1.1312 | -5.0 | 47.9 |
| 2004 | 2.7 | -3.1 | 4.2 | 5.0 | 5.5 | 5.1 | 1.62 | 4.26 | 1.2439 | -4.7 | 48.6 |
| 2005 | 3.4 | 1.7 | 3.5 | 3.9 | 5.1 | 6.0 | 3.56 | 4.28 | 1.2441 | -3.8 | 49.0 |
| 2005 Q2 | 2.9 | 3.0 | 3.6 | 3.4 | 5.1 | 4.9 | 3.28 | 4.16 | 1.2594 | -3.5 | 48.6 |
| Q3 | 3.8 | 2.2 | 3.6 | 3.1 | 5.0 | 5.8 | 3.77 | 4.21 | 1.2199 | -4.4 | 48.6 |
| Q4 | 3.7 | -0.8 | 3.2 | 4.3 | 4.9 | 7.4 | 4.34 | 4.48 | 1.1884 | -3.7 | 49.0 |
| 2006 Q1 | 3.6 | -1.8 | 3.7 | 4.8 | 4.7 | 8.2 | 4.76 | 4.57 | 1.2023 | -2.9 | 49.6 |
| Q2 | . | . | . | . | . | . | 5.21 | 5.07 | 1.2582 | . | . |
| 2006 Feb. | 3.6 | - | - | 4.2 | 4.8 | 8.1 | 4.76 | 4.56 | 1.1938 | - | - |
| Mar. | 3.4 | - | - | 5.2 | 4.7 | 8.5 | 4.92 | 4.72 | 1.2020 | - | - |
| Apr. | 3.5 | - | - | 5.9 | 4.7 | 8.7 | 5.07 | 4.99 | 1.2271 | - | - |
| May | 4.2 | - | - | 5.4 | 4.6 | 9.2 | 5.18 | 5.10 | 1.2770 | - | - |
| June | . | - | - | . | . | . | 5.38 | 5.10 | 1.2650 | - | - |
| | Japan | | | | | | | | | | |
| 2002 | -0.9 | -3.2 | 0.1 | -1.2 | 5.4 | 3.3 | 0.08 | 1.27 | 118.06 | -8.4 | 143.9 |
| 2003 | -0.3 | -3.8 | 1.8 | 3.2 | 5.2 | 1.7 | 0.06 | 0.99 | 130.97 | -7.8 | 151.3 |
| 2004 | 0.0 | -5.2 | 2.3 | 5.5 | 4.7 | 1.9 | 0.05 | 1.50 | 134.44 | -5.6 | 157.9 |
| 2005 | -0.3 | -0.5 | 2.6 | 1.1 | 4.4 | 1.9 | 0.06 | 1.39 | 136.85 | . | . |
| 2005 Q2 | -0.1 | 0.9 | 2.7 | 0.3 | 4.4 | 1.7 | 0.05 | 1.28 | 135.42 | . | . |
| Q3 | -0.3 | 0.3 | 2.7 | -0.2 | 4.3 | 1.8 | 0.06 | 1.36 | 135.62 | . | . |
| Q4 | -0.5 | -2.1 | 4.0 | 3.0 | 4.5 | 2.0 | 0.06 | 1.53 | 139.41 | . | . |
| 2006 Q1 | 0.4 | -1.6 | 3.5 | 3.2 | 4.2 | 1.7 | 0.08 | 1.58 | 140.51 | . | . |
| Q2 | . | . | . | . | . | . | 0.21 | 1.90 | 143.81 | . | . |
| 2006 Feb. | 0.4 | -2.2 | - | 3.9 | 4.1 | 1.8 | 0.07 | 1.57 | 140.77 | - | - |
| Mar. | 0.3 | -1.5 | - | 3.1 | 4.1 | 1.4 | 0.10 | 1.70 | 140.96 | - | - |
| Apr. | 0.4 | . | - | 3.6 | 4.1 | 1.7 | 0.11 | 1.91 | 143.59 | - | - |
| May | 0.6 | . | - | 4.2 | 4.0 | 1.4 | 0.19 | 1.91 | 142.70 | - | - |
| June | . | . | - | . | . | . | 0.32 | 1.87 | 145.11 | - | - |

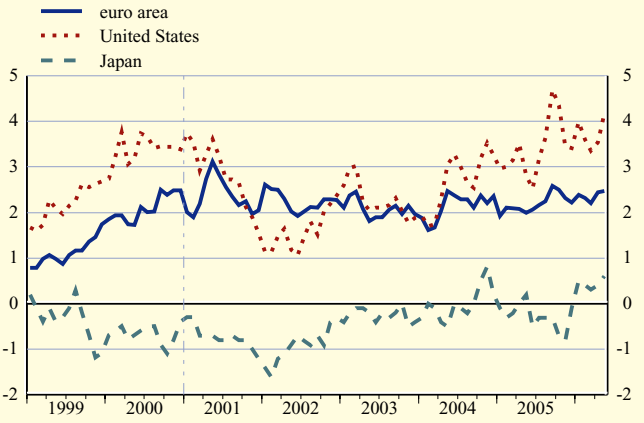
### C37 Real gross domestic product

(annual percentage changes; quarterly)




### C38 Consumer price indices

(annual percentage changes; monthly)




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); Reuters (columns 7 and 8); ECB calculations (column 11).

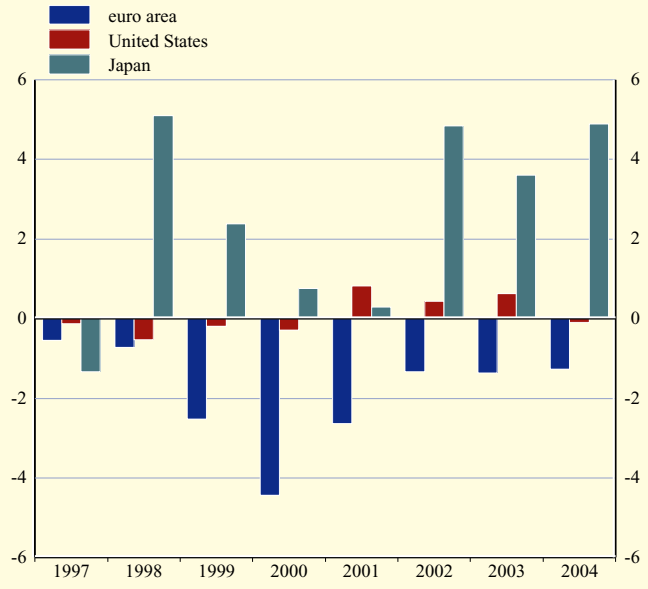
1) Data for the United States are seasonally adjusted.
2) Average-of-period values; M3 for US, M2+CDs for Japan.
3) For more information, see Sections 4.6 and 4.7.
4) For more information, see Section 8.2.
5) Gross consolidated general government debt (end of period).

## 9.2 In the United States and Japan
(as a percentage of GDP)

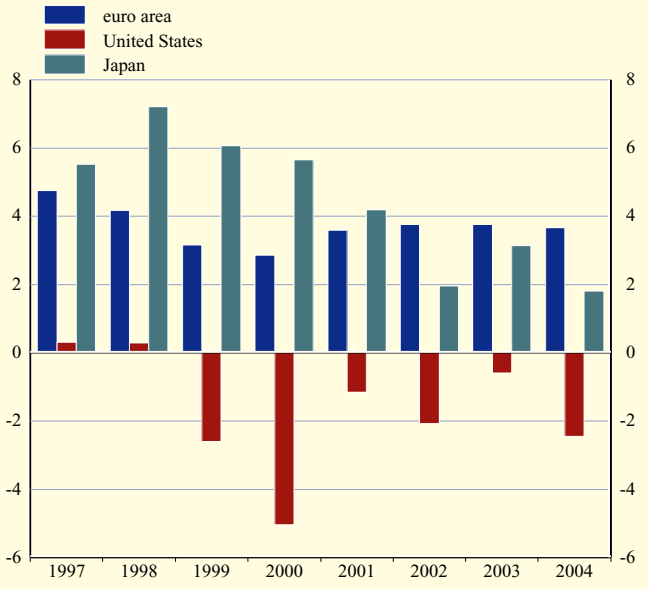
### 2. Saving, investment and financing

| | National saving and investment | | | Investment and financing of non-financial corporations | | | | | | Investment and financing of households [1] | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Gross saving | Gross capital formation | Net lending to the rest of the world | Gross capital formation | Gross fixed capital formation | Net acquisition of financial assets | Gross saving | Net incurrence of liabilities | Securities and shares | Capital expend-itures [2] | Net acquisition of financial assets | Gross saving [3] | Net incurrence of liabilities |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 |
| | United States | | | | | | | | | | | | |
| 2002 | 14.2 | 18.4 | -4.4 | 7.0 | 7.0 | 1.2 | 7.7 | 0.8 | -0.1 | 13.0 | 4.5 | 11.4 | 6.6 |
| 2003 | 13.4 | 18.5 | -4.6 | 6.8 | 6.8 | 0.8 | 8.0 | 0.1 | 0.3 | 13.3 | 8.4 | 11.3 | 9.0 |
| 2004 | 13.4 | 19.6 | -5.6 | 7.3 | 7.0 | 4.2 | 8.0 | 4.2 | 0.3 | 13.5 | 7.1 | 11.0 | 9.6 |
| 2005 | 13.4 | 20.1 | -6.3 | 7.4 | 7.3 | 2.3 | 8.2 | 2.2 | -0.6 | 13.7 | 4.6 | 9.5 | 9.5 |
| 2004 Q2 | 13.3 | 19.8 | -5.6 | 7.4 | 7.0 | 3.0 | 8.1 | 2.7 | -0.5 | 13.6 | 6.5 | 10.7 | 9.2 |
| Q3 | 13.5 | 19.8 | -5.5 | 7.3 | 7.1 | 4.1 | 8.4 | 4.0 | -0.1 | 13.6 | 6.8 | 10.9 | 8.9 |
| Q4 | 13.5 | 19.9 | -6.2 | 7.5 | 7.2 | 4.1 | 7.3 | 5.1 | 0.8 | 13.6 | 8.2 | 11.4 | 10.7 |
| 2005 Q1 | 13.4 | 20.2 | -6.4 | 7.6 | 7.2 | 2.5 | 7.7 | 3.1 | 0.3 | 13.7 | 4.8 | 10.0 | 8.4 |
| Q2 | 13.2 | 19.8 | -6.0 | 7.2 | 7.3 | 2.3 | 8.1 | 2.1 | -0.1 | 13.9 | 4.6 | 9.4 | 10.1 |
| Q3 | 13.6 | 19.9 | -5.9 | 7.2 | 7.4 | 2.4 | 8.6 | 1.7 | -1.7 | 13.8 | 5.1 | 9.9 | 10.4 |
| Q4 | 13.2 | 20.5 | -6.9 | 7.7 | 7.4 | 2.1 | 8.3 | 2.0 | -1.0 | 13.5 | 4.0 | 8.8 | 9.0 |
| 2006 Q1 | 13.8 | 20.7 | -6.7 | 7.8 | 7.5 | 2.1 | 8.5 | 2.1 | -0.6 | 13.7 | 6.6 | 8.4 | 10.8 |
| | Japan | | | | | | | | | | | | |
| 2002 | 25.3 | 23.3 | 2.8 | 12.8 | 13.2 | -1.7 | 16.0 | -7.5 | -0.9 | 4.9 | -0.2 | 7.7 | -2.1 |
| 2003 | 25.6 | 22.9 | 3.1 | 13.3 | 13.4 | 2.3 | 17.0 | -5.4 | 0.2 | 4.7 | 0.3 | 7.1 | -0.7 |
| 2004 | 25.5 | 22.9 | 3.6 | 13.3 | 13.6 | 4.2 | 17.7 | -0.5 | 1.0 | 4.7 | 3.1 | 6.6 | -1.0 |
| 2005 | . | 23.2 | . | . | . | 4.4 | . | 1.5 | 1.2 | . | 2.9 | . | 0.7 |
| 2004 Q2 | 21.4 | 20.2 | 3.6 | . | . | -13.7 | . | -11.2 | 0.6 | . | 7.9 | . | -6.2 |
| Q3 | 23.9 | 22.9 | 3.9 | . | . | 10.2 | . | 0.0 | 0.1 | . | -1.3 | . | 1.9 |
| Q4 | 26.1 | 21.4 | 3.0 | . | . | 11.7 | . | 14.0 | 2.6 | . | 9.7 | . | -0.6 |
| 2005 Q1 | 31.5 | 25.4 | 3.7 | . | . | 10.3 | . | -3.4 | -1.7 | . | -12.1 | . | 2.9 |
| Q2 | . | 23.7 | . | . | . | -15.3 | . | -13.8 | 2.2 | . | 8.9 | . | -6.3 |
| Q3 | . | 23.5 | . | . | . | 6.3 | . | 6.2 | 0.8 | . | -2.4 | . | 2.8 |
| Q4 | . | 23.9 | . | . | . | 15.9 | . | 16.2 | 3.1 | . | 15.8 | . | 3.5 |
| 2006 Q1 | . | 23.7 | . | . | . | 9.2 | . | -2.4 | -2.2 | . | -7.2 | . | 5.5 |

## C39 Net lending of non-financial corporations
(as a percentage of GDP)




## C40 Net lending of households [1]
(as a percentage of GDP)




Sources: ECB, Federal Reserve Board, Bank of Japan and Economic and Social Research Institute.
1) Including non-profit institutions serving households.
2) Gross capital formation in Japan. Capital expenditures in the United States include purchases of consumer durable goods.
3) Gross saving in the United States is increased by expenditures on consumer durable goods.

# LIST OF CHARTS

# TECHNICAL NOTES

## RELATING TO THE EURO AREA OVERVIEW

### CALCULATION OF GROWTH RATES FOR MONETARY DEVELOPMENTS

The average growth rate for the quarter ending in month t is calculated as:

a) $$\left( \frac{0.5I_t + \sum_{i=1}^{2} I_{t-i} + 0.5I_{t-3}}{0.5I_{t-12} + \sum_{i=1}^{2} I_{t-i-12} + 0.5I_{t-15}} - 1 \right) \times 100$$

where $I_t$ is the index of adjusted outstanding amounts as at month t (see also below). Likewise, for the year ending in month t, the average growth rate is calculated as:

b) $$\left( \frac{0.5I_t + \sum_{i=1}^{11} I_{t-i} + 0.5I_{t-12}}{0.5I_{t-12} + \sum_{i=1}^{11} I_{t-i-12} + 0.5I_{t-24}} - 1 \right) \times 100$$

## RELATING TO 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:

c) $$F_t^M = (L_t - L_{t-1}) - C_t^M - E_t^M - V_t^M$$

Similarly, the quarterly transactions $F_t^Q$ for the quarter ending in month t are defined as:

d) $$F_t^Q = (L_t - L_{t-3}) - C_t^Q - E_t^Q - V_t^Q$$

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 may 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:

e) $$I_t = I_{t-1} \times \left( 1 + \frac{F_t}{L_{t-1}} \right)$$

The base of the index (of the non-seasonally adjusted series) is currently set as December 2001 = 100. Time series of the index of adjusted outstanding amounts are available on the ECB's website (www.ecb.int) under the "Money, banking and financial markets" 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 – may be calculated using either of the following two formulae:

f) $$a_t = \left[ \prod_{i=0}^{11} \left( 1 + F_{t-i}^M / L_{t-1-i} \right) - 1 \right] \times 100$$

g) $$a_t = \left( I_t / I_{t-12} - 1 \right) \times 100$$

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 g) by dividing the index of December 2002 by the index of December 2001.

Growth rates for intra-annual periods may be derived by adapting formula g). For example, the month-on-month growth rate $a_t^M$ may be calculated as:

$$h) \quad a_t^M = \left( I_t / I_{t-1} - 1 \right) \times 100$$

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 f) or g) 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:

$$i) \quad I_t = I_{t-3} \times \left( 1 + \frac{F_t^Q}{L_{t-3}} \right)$$

The annual growth rate in the four quarters ending in month t, i.e. $a_t$, may be calculated using formula g).

## SEASONAL ADJUSTMENT OF THE EURO AREA MONETARY STATISTICS[1]

The approach used relies on a multiplicative decomposition through X-12-ARIMA.[2] The seasonal adjustment may include a day-of-the-week adjustment, and for some series is carried out indirectly by means of a linear combination of components. In particular, this is the case for M3, 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.[3] The resulting estimates of the 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.

## RELATING TO SECTIONS 3.1 TO 3.3

## CALCULATION OF GROWTH RATES

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.

If $T_t$ represents the transactions in quarter t and $L_t$ represents the outstanding amount at the end of quarter t, then the growth rate for the quarter t is calculated as:

$$j) \quad \frac{\sum_{i=0}^{3} T_{t-i}}{L_{t-4}} \times 100$$

## RELATING TO SECTION 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 may be calculated from transactions or from the index of notional stocks. If $N_t^M$ represents the transactions (net

1 For details, see "Seasonal adjustment of monetary aggregates and HICP for the euro area", ECB (August 2000) and the "Statistics" section of the ECB's website (www.ecb.int), under the "Money, banking and financial markets" sub-section.

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 on 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 2001, generally differs from 100, reflecting the seasonality of that month.

issues) in month t and $L_t$ the level outstanding at the end of the month t, the index $I_t$ of notional stocks in month t is defined as:

k) $$I_t = I_{t-1} \times \left(1 + \frac{N_t}{L_{t-1}}\right)$$

As a base, the index is set equal to 100 on December 2001. The growth rate $a_t$ for month t corresponding to the change in the 12 months ending in month t, may be calculated using either of the following two formulae:

l) $$a_t = \left[\prod_{i=0}^{11}\left(1 + N^M_{t-i} / L_{t-1-i}\right) - 1\right] \times 100$$

m) $$a_t = \left(I_t / I_{t-12} - 1\right) \times 100$$

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 rather than an "F". The reason for this is to distinguish between the different ways of obtaining "net issues" for securities issues statistics and the equivalent "transactions" calculated used for the monetary aggregates.

The average growth rate for the quarter ending in month t is calculated as:

n) $$\left(\frac{0.5I_t + \sum_{i=1}^{2} I_{t-i} + 0.5I_{t-3}}{0.5I_{t-12} + \sum_{i=1}^{2} I_{t-i-12} + 0.5I_{t-15}} - 1\right) \times 100$$

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) $$\left(\frac{0.5I_t + \sum_{i=1}^{11} I_{t-i} + 0.5I_{t-12}}{0.5I_{t-12} + \sum_{i=1}^{11} I_{t-i-12} + 0.5I_{t-24}} - 1\right) \times 100$$

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 basis for the calculation are financial transactions, which exclude reclassifications, revaluations or 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[4]

The approach used relies on a multiplicative decomposition through X-12-ARIMA. The seasonal adjustment for the securities issues total 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 the 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.

Similar as depicted in formula l) and m), the growth rate $a_t$ for month t corresponding to the change in the 6 months ending in month t, may be calculated using either of the following two formulae:

p) $$a_t = \left[\prod_{i=0}^{5}\left(1 + N^M_{t-i} / L_{t-1-i}\right) - 1\right] x100$$

q) $$a_t = \left(I_t / I_{t-6} - 1\right) x100$$

4 For details, see "Seasonal adjustment of monetary aggregates and HICP for the euro area", ECB (August 2000) and the "Statistics" section of the ECB's website (www.ecb.int), under the "Money, banking and financial markets" sub-section.

## RELATING TO TABLE 1 IN SECTION 5.1

### SEASONAL ADJUSTMENT OF THE HICP[4]

The approach used relies on multiplicative decomposition through X-12-ARIMA (see footnote 2 on page S74). 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.

## RELATING TO TABLE 2 IN SECTION 7.1

### SEASONAL ADJUSTMENT OF THE BALANCE OF PAYMENTS CURRENT ACCOUNT

The approach relies on multiplicative decomposition through X-12-ARIMA (see footnote 2 on page S74). The raw data for goods, services, income and current transfers are pre-adjusted to take a working-day effect into account. For goods, services and income, the working-day adjustment is corrected for national public holidays. Data on goods credits are also pre-adjusted for Easter. The seasonal adjustment for 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 semi-annual intervals or as required.

# 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.int). Services available under the "Data services" sub-section include a browser interface with search facilities, subscription to different datasets and a facility for downloading data directly as compressed Comma Separated Value (CSV) files. For further information, please contact us at: statistics@ecb.int.

In general, the cut-off date for the statistics included in the Monthly Bulletin is the day preceding the first meeting in the month of the Governing Council. For this issue, the cut-off date was 5 July 2006.

All data relate to the Euro 12, unless otherwise indicated. For the monetary data, the Harmonised Index of Consumer Prices (HICP), investment fund and financial market statistics, the statistical series relating to the euro area cover the EU Member States that had adopted the euro at the time to which the statistics relate. Where applicable, this is shown in the tables by means of a footnote; in the charts, the break is indicated by a dotted line. In these cases, where underlying data are available, absolute and percentage changes for 2001, calculated from a base in 2000, use a series which takes into account the impact of Greece's entry into the euro area.

Given that the composition of the ECU does not coincide with the former currencies of the countries which have adopted the single currency, pre-1999 amounts converted from the participating currencies into ECU at current ECU exchange rates are affected by movements in the currencies of EU Member States which have not adopted the euro. To avoid this effect on the monetary statistics, the pre-1999 data in Sections 2.1 to 2.8 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 the Czech Republic, Denmark, Estonia, Cyprus, Latvia, Lithuania, Hungary, Malta, Poland, Slovenia, Slovakia, Sweden and 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 (ESA 95) 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 term "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. Annual and quarterly observations refer to averages of the last reserve maintenance period of the year/quarter. Until December 2003, the maintenance periods started on the 24th calendar day of a month and ran to the 23rd of the following month. On 23 January 2003 the ECB announced changes to the operational

framework, which were implemented on 10 March 2004. As a result of these changes, maintenance periods start on the settlement day of the main refinancing operation (MRO) following the Governing Council meeting at which the monthly assessment of the monetary policy stance is scheduled. A transitional maintenance period was defined to cover the period from 24 January to 9 March 2004.

Table 1 in Section 1.4 shows the components of the reserve base of credit institutions subject to reserve requirements. The 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 held by the institutions mentioned above, it may deduct a certain percentage of these liabilities from its reserve base. The percentage for calculating the reserve base was 10% until November 1999 and 30% thereafter.

Table 2 in Section 1.4 contains average data for completed maintenance periods. The amount of the reserve requirement of each individual credit institution is first calculated by applying the reserve ratio for the corresponding categories of liabilities 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). The current account holdings (column 2) are the aggregate average daily current account holdings of credit institutions, including those that serve the fulfilment of reserve requirements. The excess reserves (column 3) are the average current account holdings over the maintenance period in excess of the required reserves. The 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 requirement. 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 main refinancing operations (see Section 1.3).

Table 3 in Section 1.4 shows the banking system's liquidity position, which is defined as the current account holdings in euro of credit institutions in the euro area with the Eurosystem. All amounts are derived from the consolidated financial statement of the Eurosystem. The other liquidity-absorbing operations (column 7) exclude the issuance of debt certificates initiated by national central banks in Stage Two of EMU. The net other factors (column 10) represent the netted remaining items in the consolidated financial statement of the Eurosystem. The 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). The base money (column 12) is calculated as the sum of the deposit facility (column 6), the banknotes in circulation (column 8) and the credit institutions' current account holdings (column 11).

## MONEY, BANKING AND INVESTMENT FUNDS

Section 2.1 shows the aggregated balance sheet of the monetary financial institution (MFI) sector, i.e. the sum of the harmonised balance sheets of all MFIs resident in the euro area. MFIs are central banks, credit institutions as defined under Community 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 credits 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 between MFIs in the euro area. Due to limited 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 of 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 an analysis by sector, type and original maturity of loans granted by MFIs other than the Eurosystem (the banking system) resident in the euro area. Section 2.5 shows a sectoral and instrument analysis of deposits held with the euro area banking system. Section 2.6 shows the securities held by the euro area banking system, by type of issuer.

Sections 2.2 to 2.6 include transactions, which are derived as differences in outstanding amounts adjusted for reclassifications, revaluations, exchange rate variations and any other changes which do not arise from transactions. Section 2.7 shows selected revaluations which are used in the derivation of transactions. Sections 2.2 to 2.6 also provide growth rates in terms of annual percentage changes based on the transactions. Section 2.8 shows a quarterly currency breakdown of selected MFI balance sheet items.

Details of the sector definitions are set out in the "Money and Banking Statistics Sector Manual – Guidance for the statistical classification of customers" (ECB, November 1999). The "Guidance Notes to the Regulation ECB/2001/13 on the MFI Balance Sheet Statistics" (ECB, November 2002) explains practices recommended to be followed by the NCBs. Since 1 January 1999 the statistical information has been collected and compiled on the basis of Regulation ECB/1998/16 of 1 December 1998 concerning the consolidated balance sheet of the Monetary Financial Institutions sector[1], as last amended by Regulation ECB/2003/10[2].

In line with this Regulation, the balance sheet item "money market paper" has been merged with the item "debt securities" on both the assets and liabilities side of the MFI balance sheet.

Section 2.9 shows end-of-quarter outstanding amounts for the balance sheet of the euro area investment funds (other than money market funds). The balance sheet is aggregated and therefore includes, among the liabilities, holdings by investment funds of shares/units issued by other investment funds. Total assets/liabilities are also broken down by investment policy (equity funds, bond funds, mixed funds, real estate funds and other funds) and by type of investor (general public funds and special investors' funds). Section 2.10 shows the aggregated balance sheet for each investment fund sector as identified by investment policy and type of investor.

## FINANCIAL AND NON-FINANCIAL ACCOUNTS

Sections 3.1 and 3.2 show quarterly data on financial accounts for non-financial sectors in the euro area, comprising general government (S.13 in the ESA 95), non-financial

1 OJ L 356, 30.12.1998, p. 7.
2 OJ L 250, 2.10.2003, p. 19.

corporations (S.11 in the ESA 95), and households (S.14 in the ESA 95) including non-profit institutions serving households (S.15 in the ESA 95). The data cover non-seasonally adjusted amounts outstanding and financial transactions classified according to the ESA 95 and show the main financial investment and financing activities of the non-financial sectors. On the financing side (liabilities), the data are presented by ESA 95 sector and original maturity ("short-term" refers to an original maturity of up to one year; "long-term" refers to an original maturity of over one year). Whenever possible, the financing taken from MFIs is presented separately. The information on financial investment (assets) is currently less detailed than that on financing, especially since a breakdown by sector is not possible.

Section 3.3 shows quarterly data on financial accounts for insurance corporations and pension funds (S.125 in the ESA 95) in the euro area. As in Sections 3.1 and 3.2, the data cover non-seasonally adjusted amounts outstanding and financial transactions, and show the main financial investment and financing activities of this sector.

The quarterly data in these three sections are based on quarterly national financial accounts data and MFI balance sheet and securities issues statistics. Sections 3.1 and 3.2 also refer to data taken from the BIS international banking statistics.

Section 3.4 shows annual data on saving, investment (financial and non-financial) and financing for the euro area as a whole, and separately for non-financial corporations and households. These annual data provide, in particular, fuller sectoral information on the acquisition of financial assets and are consistent with the quarterly data in the two previous sections.

## FINANCIAL MARKETS

The series on financial market statistics for the euro area cover the EU Member States that had adopted the euro at the time to which the statistics relate.

Statistics on securities other than shares and 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 and loans by 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 securities other than shares (debt securities), which are presented in Sections 4.1, 4.2 and 4.3, and quoted shares, which 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 a longer maturity, or with optional maturity dates, the latest of which is more than one year away, or with indefinite maturity dates, are classified as "long-term". Long-term debt securities issued by euro area residents are further broken down into fixed and variable rate issues. Fixed rate issues consist of issues where the coupon rate does not change during the life of the issues. Variable rate issues include all issues where the coupon is periodically refixed by reference to an independent interest rate or index. The statistics on debt securities are estimated to cover approximately 95% of total issues by euro area residents. 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, by original maturity, residency of the issuer and currency. The section presents outstanding amounts, gross issues and net issues of

securities other than shares denominated in euro and securities other than shares issued by euro area residents in euro and in all currencies for total and long-term debt securities. 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 annualised six-month seasonally adjusted growth rates for total and long-term debt securities. The latter are calculated from the seasonally adjusted 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, corresponds 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, Section 4.2 are broadly comparable with data for debt securities issued as shown on the liabilities side of the aggregated MFI balance sheet in column 8 of table 2, 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, Section 4.2 consists of zero coupon bonds and revaluation effects.

Section 4.3 shows non-seasonally and 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 which do not arise from transactions. The seasonally adjusted growth rates have been annualised for presentational purposes. See the Technical notes for details.

Section 4.4, columns 1, 4, 6 and 8, 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 3.2 (main liabilities, column 21).

Section 4.4, columns 3, 5, 7 and 9, 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 sells or redeems shares for cash excluding investments in the issuers' own shares. Transactions include the quotation of an issuer on a stock exchange for the first time and the creation or deletion of new instruments. The calculation of annual growth rates excludes reclassifications, revaluations and any other changes which 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. The new MFI interest rate statistics replace the ten transitional statistical series on euro area retail interest rates that have been published in the ECB's Monthly Bulletin since 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 spanning 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 to December 1998, monthly, quarterly and yearly values are period averages. Overnight deposits are represented by interbank deposit bid rates up to December 1998. From January 1999 column 1 of Section 4.6 shows the euro overnight index average (EONIA). These are end-of-period rates up to December 1998 and period averages thereafter. From January 1999 interest rates on one-, three-, six- and twelve-month deposits are euro interbank offered rates (EURIBOR); until December 1998, 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 presents government bond yields for the euro area, the United States and Japan. Until December 1998, two-, three-, five- and seven-year euro area yields were end-of-period values and ten-year yields period averages. Thereafter, all yields are period averages. Until December 1998, euro area yields were calculated on the basis of harmonised national government bond yields weighted by GDP; thereafter, the weights are the nominal outstanding amounts of government bonds in each maturity band. For the United States and Japan, ten-year yields are period averages.

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 hourly labour costs, GDP and expenditure components, value added by economic activity, industrial production, retail sales and passenger car registrations are adjusted for the variations in the number of working days.

The Harmonised Index of Consumer Prices (HICP) for the euro area (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 by goods and services components is derived from the Classification of individual consumption by purpose (Coicop/HICP). The HICP covers monetary expenditure on final consumption by households on the economic territory of the euro area. The table includes seasonally adjusted HICP data which are compiled by the ECB.

Industrial producer prices (Table 2 in Section 5.1), industrial production, industrial new orders, 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[3]. The breakdown by end-use of products for industrial producer prices and industrial production is the harmonised sub-division of industry excluding construction (NACE sections C to E) into Main Industrial Groupings (MIGs) as defined by Commission Regulation (EC) No 586/2001 of 26 March 2001[4]. 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.

World market prices of raw materials (Table 2 in Section 5.1) measures price changes of euro-denominated euro area imports compared with the base period.

3 OJ L 162, 5.6.1998, p. 1.
4 OJ L 86, 27.3.2001, p. 11.

The labour cost indices (Table 3 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[5] and in the implementing Commission Regulation (EC) No 1216/2003 of 7 July 2003[6]. A breakdown of hourly labour costs 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 3 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 5 in Section 5.1) and employment statistics (Table 1 in Section 5.3) are results of the ESA 95 quarterly national accounts.

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 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, and except repairs. New passenger car registrations covers 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 2 in Section 5.3) conform to International Labour Organisation (ILO) 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 from harmonised data provided by the NCBs, which are regularly updated. The deficit and debt data for the euro area countries may therefore differ from those used by the European Commission within the excessive deficit procedure. 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[7] 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 in the framework of the Stability and Growth Pact. The deficits/surpluses presented for the individual euro area countries correspond to EDP B.9 as defined by Commission Regulation (EC) No 351/2002 of 25 February 2002

5 OJ L 69, 13.3.2003, p. 1.
6 OJ L 169, 8.7.2003, p. 37.
7 OJ L 172, 12.7.2000, p. 3.

amending Council Regulation (EC) No 3605/93 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 quarterly figures on general government revenue and expenditure on the basis of definitions laid down in the Regulation (EC) No 1221/2002 of the European Parliament and of the Council of 10 June 2002[8] on quarterly non-financial accounts for general government. 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 Regulations (EC) No 501/2004 and 1222/2004 and data provided by the National Central Banks.

## EXTERNAL TRANSACTIONS AND POSITIONS

The concepts and definitions used in balance of payments (b.o.p.) 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)[9], and Eurostat documents. Additional references about 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" (November 2005), and in the following task force reports: "Portfolio investment collection systems" (June 2002), "Portfolio investment income" (August 2003) and "Foreign direct investment" (March 2004), which can be downloaded from the ECB's website. In addition, the report of the ECB/Commission (Eurostat) Task Force on Quality of 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). The annual quality report on the euro area b.o.p./i.i.p., which is based on the Task Force's recommendations, is available on the ECB's website.

The presentation of net transactions in the financial account follows the sign convention of the IMF Balance of Payments Manual: an increase of assets appears with a minus sign, while an increase of liabilities appears with a plus sign. In the current account and capital account, both credit and debit transactions are presented with a plus sign.

The euro area b.o.p. is compiled by the ECB. The recent monthly figures should be regarded as provisional. Data are revised when figures for the following month and/or the detailed quarterly b.o.p. are published. Earlier data are revised periodically or as a result of methodological changes in the compilation of the source data.

In Section 7.1, Table 2 contains seasonally adjusted data for the current account. Where appropriate, the adjustment covers also working-day, leap year and/or Easter effects. Table 5 provides a sectoral breakdown of euro area purchasers of securities issued by non-residents of the euro area. It is not yet possible to show a sectoral breakdown of euro area issuers of securities acquired by non-residents. In Tables 6 and 7 the breakdown between "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.

8 OJ L 179, 9.7.2002, p. 1.
9 OJ L 354, 30.11.2004, p. 34.

Section 7.2 contains a monetary presentation of the b.o.p.: the b.o.p. transactions mirroring the transactions in the external counterpart of M3. The data follow the sign conventions of the b.o.p., except for the transactions in the external counterpart of M3 taken from money and banking statistics (column 12), where a positive sign denotes an increase of assets or a decrease of liabilities. In portfolio investment liabilities (columns 5 and 6), the b.o.p. transactions include sales and purchases of equity and debt securities issued by MFIs in the euro area, apart from shares of money market funds and debt securities with a maturity of up to two years. A methodological note on the monetary presentation of the euro area b.o.p. 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 7.3 presents a geographical breakdown of the euro area b.o.p. (Tables 1 to 4) and i.i.p. (Table 5) vis-à-vis main partner countries individually or as a group, distinguishing between EU Member States outside the euro area and countries or areas outside the European Union. The breakdown also shows transactions and positions vis-à-vis EU institutions (which, apart from the ECB, are treated statistically as outside the euro area, regardless of their physical location) and for some purposes also offshore centres and international organisations. Tables 1 to 4 show cumulative b.o.p. transactions in the latest four quarters; Table 5 shows a geographical breakdown of the i.i.p. for the latest end-year. The breakdown does not cover transactions or positions in portfolio investment liabilities, financial derivatives and international reserves. 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 i.i.p. in Section 7.4 are based on positions vis-à-vis non-residents of the euro area, considering the euro area as a single economic entity (see also Box 9 in the December 2002 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 to a large extent. 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 and asset prices and foreign exchange developments.

The outstanding amounts of the Eurosystem's international reserves and related assets and liabilities are shown in Section 7.4, Table 5, together with the part held by the ECB. These figures are not fully comparable with those of the Eurosystem's weekly financial statement owing to differences in coverage and valuation. The data in Table 5 are in line with the recommendations for the IMF/BIS template on international reserves and foreign currency liquidity. 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, updated on 8 March 2004. 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.

Section 7.5 shows data on euro area external trade in goods. The main source is Eurostat. The ECB derives volume indices from Eurostat value and unit value indices, and performs seasonal adjustment of unit value indices, while value data are seasonally and working-day adjusted by Eurostat.

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 by Broad Economic Categories. Manufactured goods (columns 7

and 12) and oil (column 13) are in line with the SITC Rev. 3 definition. The geographical breakdown (Table 2 in Section 7.5) shows main trading partners individually or in regional groups. Mainland China excludes Hong Kong.

Owing to 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 balance of payments statistics (Sections 7.1 to 7.3). The difference for imports has been around 5% in recent years (ECB estimate), a significant part of which relates to the inclusion of insurance and freight services in the external trade data (c.i.f. basis).

## EXCHANGE RATES

Section 8.1 shows nominal and real effective exchange rate (EER) indices for the euro calculated by the ECB on the basis of weighted averages of bilateral exchange rates of the euro against the currencies of the euro area's trading partners. A positive change denotes an appreciation of the euro. Weights are based on trade in manufactured goods with the trading partners in the periods 1995-1997 and 1999-2001, and are calculated to account for third-market effects. The EER indices result from the linking at the beginning of 1999 of the indices based on 1995-1997 weights to those based on 1999-2001 weights. The EER-23 group of trading partners is composed of the 13 non-euro area EU Member States, Australia, Canada, China, Hong Kong, Japan, Norway, Singapore, South Korea, Switzerland and the United States. The EER-42 group includes, in addition to the EER-23, the following countries: Algeria, Argentina, Brazil, Bulgaria, Croatia, India, Indonesia, Israel, Malaysia, Mexico, Morocco, New Zealand, the Philippines, Romania, Russia, South Africa, Taiwan, Thailand and Turkey. Real EERs are calculated using consumer price indices, producer price indices, gross domestic product deflators, unit labour costs in manufacturing and unit labour costs in the total economy.

For more detailed information on the calculation of the EERs, see Box 10 entitled "Update of the overall trade weights for the effective exchange rates of the euro and computation of a new set of euro indicators" in the September 2004 issue of the Monthly Bulletin and the ECB's Occasional Paper No 2 ("The effective exchange rates of the euro" by Luca Buldorini, Stelios Makrydakis and Christian Thimann, February 2002), which can be downloaded from the ECB's website.

The bilateral rates shown in Section 8.2 are monthly averages of those published daily as reference rates for these currencies.

## DEVELOPMENTS OUTSIDE THE EURO AREA

Statistics on other EU Member States (Section 9.1) follow the same principles as those for data relating to the euro area. Data for the United States and Japan contained in Section 9.2 are obtained from national sources.

# ANNEXES

## CHRONOLOGY OF MONETARY POLICY MEASURES OF THE EUROSYSTEM[1]

### 8 JANUARY 2004

The Governing Council of the ECB decides that the minimum bid rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 2.0%, 3.0% and 1.0% respectively.

### 12 JANUARY 2004

The Governing Council of the ECB decides to increase the allotment amount for each of the longer-term refinancing operations to be conducted in the year 2004 from €15 billion to €25 billion. This increased amount takes into consideration the higher liquidity needs of the euro area banking system anticipated for the year 2004. The Eurosystem will, however, continue to provide the bulk of liquidity through its main refinancing operations. The Governing Council may decide to adjust the allotment amount again at the beginning of 2005.

### 5 FEBRUARY, 4 MARCH 2004

The Governing Council of the ECB decides that the minimum bid rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 2.0%, 3.0% and 1.0% respectively.

### 10 MARCH 2004

In accordance with the Governing Council's decision of 23 January 2003, the maturity of the Eurosystem's main refinancing operations is reduced from two weeks to one week and the maintenance period for the Eurosystem's required reserve system is redefined to start on the settlement day of the main refinancing operation following the Governing Council meeting at which the monthly assessment of the monetary policy stance is pre-scheduled, rather than on the 24th day of the month.

### 1 APRIL, 6 MAY, 3 JUNE, 1 JULY, 5 AUGUST, 2 SEPTEMBER, 7 OCTOBER, 4 NOVEMBER, 2 DECEMBER 2004 AND 13 JANUARY 2005

The Governing Council of the ECB decides that the minimum bid rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 2.0%, 3.0% and 1.0% respectively.

### 14 JANUARY 2005

The Governing Council of the ECB decides to increase the allotment amount for each of the longer-term refinancing operations to be conducted in the year 2005 from €25 billion to €30 billion. This increased amount takes into consideration the higher liquidity needs of the euro area banking system anticipated in 2005. The Eurosystem will however continue to provide the bulk of liquidity through its main refinancing operations. The Governing Council may decide to adjust the allotment amount again at the beginning of 2006.

### 3 FEBRUARY, 3 MARCH, 7 APRIL, 4 MAY, 2 JUNE, 7 JULY, 4 AUGUST, 1 SEPTEMBER, 6 OCTOBER AND 3 NOVEMBER 2005

The Governing Council of the ECB decides that the minimum bid rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will

1 The chronology of monetary policy measures of the Eurosystem taken between 1999 and 2003 can be found on pages 176 to 180 of the ECB's Annual report 1999, on pages 205 to 208 of the ECB's Annual report 2000, on pages 219 to 220 of the ECB's Annual Report 2001, on pages 234 to 235 of the ECB's Annual Report 2002 and on pages 217 to 218 of the ECB's Annual Report 2003 respectively.

remain unchanged at 2.0%, 3.0% and 1.0% respectively.

### 1 DECEMBER 2005

The Governing Council of the ECB decides to increase the minimum bid rate on the main refinancing operations by 0.25 percentage point to 2.25%, starting from the operation to be settled on 6 December 2005. In addition, it decides to increase the interest rates on both the marginal lending facility and the deposit facility by 0.25 percentage point, to 3.25% and 1.25% respectively, both with effect from 6 December 2005.

### 16 DECEMBER 2005

The Governing Council of the ECB decides to increase the allotment amount for each of the longer-term refinancing operations to be conducted in the year 2006 from €30 billion to €40 billion. This increased amount takes two aspects into consideration. First, the liquidity needs of the euro area banking system are expected to increase further in the year 2006. Second, the Eurosystem has decided to increase slightly the share of the liquidity needs satisfied by the longer-term refinancing operations. The Eurosystem will, however, continue to provide the bulk of liquidity through its main refinancing operations. The Governing Council may decide to adjust the allotment amount again at the beginning of 2007.

### 12 JANUARY AND 2 FEBRUARY 2006

The Governing Council of the ECB decides that the minimum bid rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 2.25%, 3.25% and 1.25% respectively.

### 2 MARCH 2006

The Governing Council of the ECB decides to increase the minimum bid rate on the main refinancing operations by 25 basis points to 2.50%, starting from the operation to be settled on 8 March 2006. In addition, it decides to increase the interest rates on both the marginal lending facility and the deposit facility by 25 basis points, to 3.50% and 1.50% respectively, both with effect from 8 March 2006.

### 6 APRIL AND 4 MAY 2006

The Governing Council of the ECB decides that the minimum bid rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 2.50%, 3.50% and 1.50% respectively.

### 8 JUNE 2006

The Governing Council of the ECB decides to increase the minimum bid rate on the main refinancing operations by 25 basis points to 2.75%, starting from the operation to be settled on 15 June 2006. In addition, it decides to increase the interest rates on both the marginal lending facility and the deposit facility by 25 basis points, to 3.75% and 1.75% respectively, both with effect from 15 June 2006.

### 6 JULY 2006

The Governing Council of the ECB decides that the minimum bid rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 2.75%, 3.75% and 1.75% respectively.

# DOCUMENTS PUBLISHED BY THE EUROPEAN CENTRAL BANK SINCE 2005

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"Annual Report 2005", April 2006.

## CONVERGENCE REPORT

"Convergence Report May 2006".

## MONTHLY BULLETIN ARTICLES

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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.int/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.

**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 general government.

**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:** 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.

**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. 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.

**Debt (financial accounts):** loans, deposit liabilities, debt securities issued and pension fund reserves of non-financial corporations (resulting from employers' direct pension commitments on behalf of their employees), valued at market value at the end of the period. However, due to data limitations, the debt given in the quarterly financial accounts does not include loans granted by non-financial sectors (e.g. inter-company loans) or by banks outside the euro area, whereas these components are included in the annual financial accounts.

**Debt (general government):** the gross debt (deposits, loans and debt securities excluding financial derivatives) 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) at 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 104 (2) of the Treaty establishing the European Community 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 104 (2) of the Treaty establishing the European Community 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 decline in the general price level, e.g. in the consumer price index.

**Deposit facility:** a standing facility of the Eurosystem which counterparties may use to make overnight deposits, remunerated at a pre-specified interest rate, at a national central bank.

**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 ECB publishes nominal EER indices for the euro against two groups of trading partners: the EER-23 (comprising the 13 non-euro area EU Member States and the 10 main trading partners outside the EU) and the EER-42 (composed of the EER-23 and 19 additional countries). The weights used reflect the share of each partner country in euro area trade 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.

**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. They comprise 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 a prime bank is willing to lend funds in euro to another prime bank, computed daily for interbank deposits with 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.

**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 European Central Bank and the national central banks of those EU Member States that have already adopted 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 to be found in the fact 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.

**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.

**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).

**Harmonised Index of Consumer Prices (HICP):** a measure 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.

**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.

**International reserves:** external assets readily available to and controlled by monetary authorities for directly financing or regulating the magnitude of payments 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 (SDRs) and the reserve positions in the IMF which are held by the Eurosystem.

**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.

**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 taken recent 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 minimum bid rate on the main refinancing operations, the interest rate on the marginal lending facility and the interest rate 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 at constant prices divided by either total employment or total hours worked.

**Longer-term refinancing operation:** a regular open market operation executed by the Eurosystem in the form of reverse transactions. Such operations are carried out through a monthly standard tender and normally have a maturity of three months.

**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:** 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 which counterparties may use to receive overnight credit from a national central bank at a pre-specified interest rate against eligible assets.

**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 the Eurosystem, resident credit institutions (as defined in Community law) and all other resident 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. The latter group consists predominantly of money market funds.

**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:** the maintenance of price stability is the primary objective of the Eurosystem. The Governing Council defines price stability as a year-on-year increase in the Harmonised Index of Consumer Prices (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.

**Reference value for M3 growth:** the annual growth rate of M3 over the medium term that is consistent with the maintenance of price stability. At present, the reference value for annual M3 growth is 4½%.

**Reserve requirement:** the minimum amount of reserves a credit institution is required to hold with the Eurosystem. Compliance is determined on the basis of the average of the daily balances over a maintenance period of around one month.

**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 at constant prices 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.

**Yield curve:** a graphical representation of the relationship between the interest rate or yield and the maturity at a given point in time for debt securities with the same credit risk but different maturity dates. The slope of the yield curve can be measured as the difference between the interest rates at two selected maturities.

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