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ABBREVIATIONS

COUNTRIES

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

OTHERS

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

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

EDITORIAL

Based on its regular economic and monetary analyses, the Governing Council decided at its meeting on 4 October to keep the key ECB interest rates unchanged. Owing to high energy prices and increases in indirect taxes in some euro area countries, inflation rates are expected to remain above 2% throughout 2012, but then to fall below that level again in the course of next year and to remain in line with price stability over the policy-relevant horizon. Consistent with this picture, the underlying pace of monetary expansion remains subdued. Inflation expectations for the euro area continue to be firmly anchored in line with the Governing Council's aim of maintaining inflation rates below, but close to, 2% over the medium term. Economic growth in the euro area is expected to remain weak, with ongoing tensions in some euro area financial markets and high uncertainty still weighing on confidence and sentiment. The Governing Council's decisions as regards Outright Monetary Transactions (OMTs) have helped to alleviate such tensions over the past few weeks, thereby reducing concerns about the materialisation of destructive scenarios. It is now essential that governments continue to implement the necessary steps to reduce both fiscal and structural imbalances and proceed with financial sector restructuring measures.

The Governing Council remains firmly committed to preserving the singleness of its monetary policy and to ensuring the proper transmission of the policy stance to the real economy throughout the euro area. OMTs will enable the Governing Council to provide, under appropriate conditions, a fully effective backstop to avoid destructive scenarios with potentially severe challenges for price stability in the euro area. The Governing Council acts strictly within its mandate to maintain price stability over the medium term; it acts independently in determining monetary policy; and the euro is irreversible.

The Governing Council is ready to undertake OMTs, once all the prerequisites are in place. It will consider entering into OMTs to the extent that they are warranted from a monetary policy perspective as long as programme conditionality is fully respected. The Governing Council would exit from OMTs once their objectives have been achieved or when there is a failure to comply with a programme. OMTs would not take place while a given programme is under review and would resume after the review period once programme compliance has been assured.

As regards the economic analysis, euro area real GDP contracted by 0.2%, quarter on quarter, in the second quarter of 2012, following flat growth in the previous quarter. Economic indicators, in particular survey results, confirm the continuation of weak economic activity in the third quarter of 2012, in an environment characterised by high uncertainty. The Governing Council expects the euro area economy to remain weak in the near term and to recover only very gradually thereafter. The growth momentum is supported by the Governing Council's standard and non-standard monetary policy measures, but is expected to remain dampened by the necessary process of balance sheet adjustment in the financial and non-financial sectors, the existence of high unemployment and an uneven global recovery.

The risks surrounding the economic outlook for the euro area continue to be on the downside. They relate, in particular, to ongoing tensions in several euro area financial markets and the potential spillover to the euro area real economy. These risks should be contained by effective action by all policy-makers in the euro area.

Euro area annual HICP inflation was 2.7% in September 2012, according to Eurostat's flash estimate, compared with 2.6% in the previous month. This is higher than expected and mainly reflects past increases in indirect taxes and euro-denominated energy prices. On the basis of current futures prices for oil, inflation rates could remain at elevated levels, before declining to below 2% again in the course of next year. Over the policy-relevant horizon, in an environment of modest growth in the euro area and well-anchored long-term inflation expectations, underlying price pressures should remain moderate. Current levels of inflation should thus remain transitory and not give rise to second-round effects. The Governing Council will continue to monitor closely further developments in costs, wages and prices.

Risks to the outlook for price developments continue to be broadly balanced over the medium term. Upside risks pertain to further increases in indirect taxes owing to the need for fiscal consolidation. The main downside risks relate to the impact of weaker than expected growth in the euro area, in the event of a renewed intensification of financial market tensions, and its effects on the domestic components of inflation. If not contained by effective action by all policy-makers in the euro area, such intensification has the potential to affect the balance of risks on the downside.

Turning to the monetary analysis, recent data confirm the subdued underlying pace of monetary expansion. In August the annual growth rate of M3 decreased to 2.9%, from 3.6% in July. While this decline was mainly due to a base effect, monthly inflows were also relatively contained. Conversely, strong monthly inflows into overnight deposits contributed to a further increase in the annual rate of growth of M1 to 5.1% in August, compared with 4.5% in July. This increase reflects a continuing high preference for liquidity in an environment of low interest rates and high uncertainty.

The annual growth rate of loans to the private sector (adjusted for loan sales and securitisation) declined in August to -0.2% (from 0.1% in July), reflecting a decrease in the annual rate of growth of loans to non-financial corporations to -0.5%, from -0.2% in July. By contrast, the annual growth of loans to households remained unchanged, at 1.0%, in August. To a large extent, subdued loan dynamics reflect the weak outlook for GDP, heightened risk aversion and the ongoing adjustment in the balance sheets of households and enterprises, all of which weigh on credit demand. At the same time, in a number of euro area countries, the segmentation of financial markets and capital constraints for banks restrict credit supply.

The soundness of banks' balance sheets will be a key factor in facilitating both an appropriate provision of credit to the economy and the normalisation of all funding channels, thereby contributing to an adequate transmission of monetary policy to the financing conditions of the non-financial sectors in the different countries of the euro area. It is thus essential that the resilience of banks continues to be strengthened where needed.

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

Other economic policy areas need to make substantial contributions to ensure a further stabilisation of financial markets and an improvement in the outlook for growth. As regards fiscal policies, euro area countries are progressing with consolidation. It is crucial that efforts are maintained to restore sound fiscal positions, in line with the commitments under the Stability and Growth Pact and the 2012 European Semester recommendations. A rapid implementation of the fiscal compact will also play a major role in strengthening confidence in the soundness of public finances. At the same time, structural reforms are as essential as fiscal consolidation efforts and measures to improve the functioning of the financial sector. In the countries most strongly affected by the crisis, noticeable progress is being made in the correction of unit labour cost and current account developments. Decisive product and labour market reforms will further improve the competitiveness of these countries and their capacity to adjust.

Finally, it is essential to push ahead with European institution-building. The ECB welcomes the Commission proposal of

12 September 2012 for a single supervisory mechanism (SSM) involving the ECB, to be established through a Council regulation on the basis of Article 127(6) of the Treaty. The Governing Council considers an SSM to be one of the fundamental pillars of a financial union and one of the main building blocks towards a genuine Economic and Monetary Union. The ECB will formally issue a legal opinion in which it will, in particular, take into account the following principles: a clear and robust separation between supervisory decision-making and monetary policy; appropriate accountability channels; a decentralisation of tasks within the Eurosystem; an effective supervisory framework ensuring coherent oversight of the euro area banking system; and full compatibility with the Single Market framework, including the role and prerogatives of the European Banking Authority. As the Commission proposal sets out an ambitious transition schedule towards the SSM, the ECB has started preparatory work so as to be able to implement the provisions of the Council regulation as soon as it enters into force.

This issue of the Monthly Bulletin contains two articles. The first article provides a detailed definition of global liquidity, assesses how it can ultimately influence domestic price stability and discusses the implications for monetary policy. The second article documents developments in euro area labour markets since the start of the economic and financial crisis in 2008 and reviews the impact of the crisis on structural features of euro area labour markets.

Box 1

COMPLIANCE OF OUTRIGHT MONETARY TRANSACTIONS WITH THE PROHIBITION ON MONETARY FINANCING

On 6 September 2012 the Governing Council of the ECB decided on the modalities for undertaking Outright Monetary Transactions (OMTs) in secondary markets for sovereign bonds in the euro area.[1] While the acceptance of government bonds or other public debt instruments as collateral by Eurosystem central banks in the context of credit operations with monetary policy counterparties has been considered compatible with the monetary financing prohibition since the start of EMU, this box deals briefly with the compliance of OMTs with the prohibition on monetary financing.

From the ECB's perspective, OMTs are a necessary, proportional and effective monetary policy instrument. They aim at ensuring an effective transmission of the Eurosystem's monetary policy and, thereby, at securing the conditions for an effective conduct of the single monetary policy within the euro area, with a view to achieving its primary objective of maintaining price stability. In defining the operational modalities for OMTs, particular care has been given to the need to comply with the prohibition on monetary financing laid down in Article 123 of the Treaty on the Functioning of the European Union (TFEU). This Article prohibits the ECB or NCBs from purchasing public debt instruments on the primary market. Moreover, secondary-market purchases of public debt instruments – although allowed, in principle, under the monetary financing prohibition – must not be used to circumvent the objectives of the prohibition on monetary financing. Such clarification is provided for in Council Regulation (EC) No 3603/93.[2] In the context of OMTs, secondary-market

1 See the box entitled "Monetary policy measures decided by the Governing Council on 6 September 2012", *Monthly Bulletin*, ECB, September 2012.

2 Council Regulation (EC) No 3603/93 of 13 December 1993 specifying definitions for the application of the prohibitions referred to in Articles 104 [renumbered after the Lisbon Treaty as Article 123 TFEU] and 104b(1) [renumbered after the Lisbon Treaty as Article 125 TFEU] of the Treaty (OJ L 332, 31.12.1993, p. 1).

purchases of public debt instruments will, under no circumstances, be used to circumvent the objectives of the prohibition on monetary financing. In particular, specific operational modalities have been set up to ensure that OMTs do not interfere with the three objectives of the monetary financing prohibition, namely safeguarding (i) the primary objective of price stability, (ii) central bank independence, and (iii) fiscal discipline. A major concern has been the need to ensure that this monetary policy instrument could not ultimately weaken fiscal discipline.

OMTs as a monetary policy measure to achieve the primary objective of price stability

A necessary monetary policy measure

The current situation is characterised by severe distortions in government bond markets which originate, in particular, from unfounded fears on the part of investors of the reversibility of the euro. This translates into severe cases of malfunctioning in the price formation process in the government bond markets, which undermines the functioning of the monetary policy transmission mechanism. Government bond markets play a key role at various stages of the transmission mechanism in the euro area. Thus, the efficacy of standard monetary policy tools in the affected jurisdictions has been reduced by market dysfunctions impairing the transmission mechanism. This warrants action by the ECB to mitigate medium-term risks to price stability. Thus, OMTs are a non-standard, but necessary, monetary policy instrument in the current exceptional circumstances in financial markets. The use of outright purchases of bonds as a monetary policy tool is expressly provided for in Article 18.1 of the Statute of the ESCB.

A proportional monetary policy measure

OMTs will only be used to the extent necessary to achieve the objective of maintaining price stability. The Governing Council will consider them as a monetary policy tool insofar as they are warranted from a monetary policy perspective. Following a thorough assessment, the Governing Council will decide on the OMTs necessary to address the malfunctioning of certain market segments. This assessment implies a strict selection of the Member States for which OMTs are carried out. Moreover, OMTs will be focused on purchases of government bonds with maturities of between one and three years, thereby underlining the close link to traditional monetary policy. Furthermore, the Governing Council will terminate OMTs once their objectives have been achieved.

An effective monetary policy measure

Specific modalities for undertaking OMTs have been established in order to maximise the OMTs' positive impact on the functioning of the monetary policy transmission mechanism. The effectiveness of OMTs is linked to the due and timely adoption by Member States of macroeconomic, structural, fiscal and financial measures aimed at restoring and maintaining their macroeconomic fundamentals. The undertaking by the Eurosystem of OMTs in the sovereign bond market of a Member State is therefore based on that State's compliance with its commitments and timelines under the economic governance framework applying to the euro area. Strict and effective conditionality attached to an appropriate European Financial Stability Facility/European Stability Mechanism (EFSF/ESM) programme, including the possibility of EFSF/ESM primary-market purchases, will be essential, while IMF involvement will be sought. This will not, however, be sufficient. The Governing Council will have full discretion in deciding on the start, continuation and suspension of OMTs and will act in accordance with its monetary policy mandate. It will consider OMTs to the extent that they are warranted from a monetary policy perspective and will terminate them once their objectives have been achieved or in cases where there is non-compliance with the programme. For this purpose, the Governing Council will closely monitor all developments and make the necessary assessments.

Neutral impact on liquidity conditions
The liquidity created through OMTs will be fully sterilised. With the total absorption, there will be no increase in the supply of base money and no change in the liquidity conditions.

Fiscal discipline

In order to ensure and maintain fiscal discipline, OMTs will be restricted to Member States which are subject to strict conditionality covering the necessary macroeconomic, structural, fiscal and financial adjustment needs. Any purchases of government bonds of those Member States will be focused on bonds with maturities of between one and three years. These operational modalities are essential to ensure that OMTs do not impair simultaneous tangible progress by those Member States in the areas of fiscal consolidation and, in particular, longer-term structural reforms.

Central bank independence

The operational modalities for OMTs have been designed by the Governing Council, in full independence, from the perspective of what is necessary, proportional and effective for monetary policy purposes. The Governing Council will have full discretion in deciding on the start, continuation and suspension of OMTs in accordance with its monetary policy mandate.

ECONOMIC AND MONETARY DEVELOPMENTS

1 THE EXTERNAL ENVIRONMENT OF THE EURO AREA

While the recovery of the world economy is continuing, the latest survey data suggest that growth has slowed in both advanced and emerging economies in recent months. Notwithstanding this rather synchronised growth moderation, the overall pace of expansion in emerging markets has remained solid in comparison with advanced economies. Headline global inflation picked up slightly in August, mainly on the back of commodity price developments, while core inflation continued to ease.

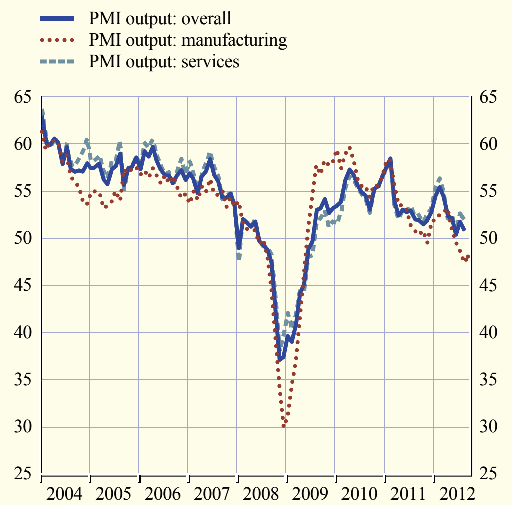
1.1 DEVELOPMENTS IN THE WORLD ECONOMY

While the gradual recovery of the world economy is continuing, the pace of global growth has slowed again, mainly led by developments in the euro area. Meanwhile, the pace of expansion also slowed in a number of emerging market economies. This is partly related to the weaker external environment, but also reflects past policy tightening in some major countries. According to the latest survey data, activity remained weak in the third quarter as business sentiment continued to deteriorate. In August the Purchasing Managers' Index (PMI) for global all-industry output declined to 51.1, from 51.7 in July, as new business stagnated. The latest PMI for global manufacturing output picked up slightly in September, as the pace of contraction eased in the United States, the EU and Asia. Weak consumer and business confidence, fragile labour markets and ongoing balance sheet repair will continue to restrain the pace of growth in a number of advanced economies, while GDP growth in emerging economies, albeit decelerating, is expected to remain solid by comparison.

Global inflation picked up slightly in August, largely driven by higher oil and energy prices. In the OECD area, consumer price inflation rose to 2.0% in the year to August, from 1.9% in July. Excluding food and energy, the annual rate of inflation declined further to 1.6% in August, from 1.8% in July. In several emerging markets, annual rates of inflation also increased, but remain significantly below the peaks recorded last year.

Chart 1 Global PMI output

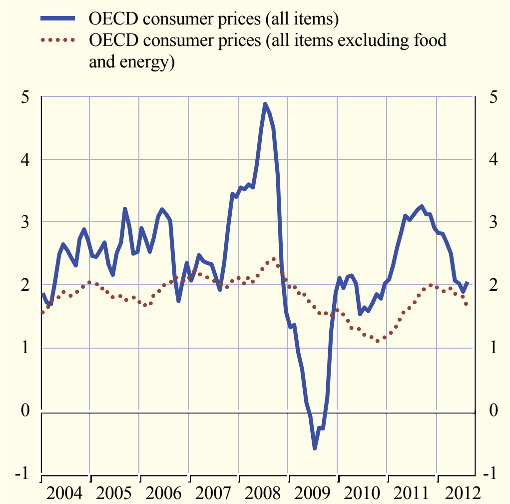
(diffusion index; seasonally adjusted; monthly data)



Source: Markit.

Chart 2 International price developments

(monthly data; annual percentage changes)



Source: OECD.

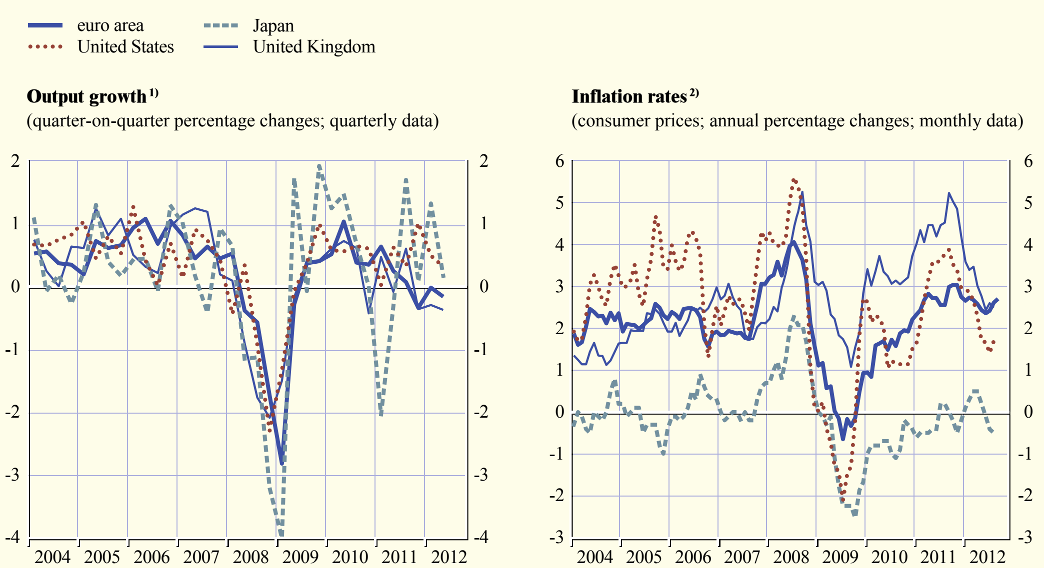
UNITED STATES

In the United States, real GDP growth lost some momentum in the second quarter of 2012. According to the third estimate by the Bureau of Economic Analysis, real GDP increased at an annualised rate of 1.3% (0.3% quarter on quarter) in the second quarter of 2012, down from 2.0% (0.5% quarter on quarter) in the first quarter. This represents a downward revision of 0.4 percentage point from the previously reported 1.7%. The revision in GDP growth reflects broad-based downward revisions to domestic demand and exports, which were partly offset by a smaller decrease in government consumption. The increase in real GDP in the second quarter mainly reflects positive contributions from personal consumption expenditure and, to a lesser extent, private investment and net exports, which were partly offset by negative contributions from private inventories and government spending. Real disposable personal income growth slowed down to 3.1% (annualised), from 3.7% in the first quarter.

Recent data releases have given mixed signals, suggesting a moderate economic expansion in the third quarter of 2012. On the negative side, business confidence in the third quarter was lower than in the second quarter, whereas industrial production fell considerably in August, suggesting a slowdown in business investment. In addition, employment data for the first two months of the third quarter were somewhat weak, while external trade developments in July were sluggish. On a more positive note, consumer confidence increased sharply in September, suggesting that private consumption could have rebounded in the third quarter. Furthermore, housing market indicators continued to improve, providing further evidence that the housing market is steadily picking up and is expected to have continued to contribute positively to growth in the third quarter of 2012.

As regards price developments, annual CPI inflation increased from 1.4% in July to 1.7% in August, reaching its highest level since May 2012. The rise in headline inflation reflected mainly

Chart 3 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; national data are used for the United States and Japan. GDP figures have been seasonally adjusted.
2) HICP for the euro area and the United Kingdom; CPI for the United States and Japan.

the rebound in energy prices in August, halting the downward trend. Annual food price inflation continued to ease further, standing at 2.0%, down from the peak of 4.7% in October 2011. Annual inflation, excluding food and energy, declined to 1.9%, from 2.1% in July.

On 13 September 2012 the Federal Open Market Committee (FOMC) decided to launch a third round of quantitative easing measures – referred to as "QE3" – to further stimulate the economy. The FOMC plans to purchase additional agency mortgage-backed securities at a pace of USD 40 billion per month. It will also continue with its programme to extend the average maturity of its holdings of securities until the end of the year, as announced in June, as well as with its existing policy of reinvesting principal payments from its holding of agency debt and agency mortgage-backed securities. With these actions, the FOMC expects to put downward pressure on longer-term interest rates, support mortgage markets and help to make broader financial conditions more accommodative. The FOMC also decided to keep the target range for the federal funds rate at 0% to 0.25% and anticipated that exceptionally low levels for the federal funds rate were likely to be warranted at least until mid-2015.

JAPAN

In Japan, the second release of national accounts data showed that real GDP growth decelerated to 0.2% (revised downwards from 0.3%) quarter on quarter in the second quarter of the year, compared with 1.3% in the first quarter. The slowdown was partly due to stagnating private consumption, which contributed a mere 0.1 percentage point to GDP growth in the second quarter of 2012 (compared with 0.7 percentage point in the previous quarter). Moreover, the contribution to real GDP of both net exports of goods and services and private inventories was negative in the second quarter (around -0.1 and -0.2 percentage point, respectively). The latest high-frequency data seem to point to some loss in growth momentum in the third quarter. Industrial production declined further in August, by 1.3%. At the same time, real exports of goods declined for the fourth consecutive month in August (by 0.6%), while real imports declined by almost 4%. The Bank of Japan's Tankan diffusion index of business conditions for large manufacturing firms stood at -3 in the third quarter of 2012 (compared with -1 in the previous quarter), confirming the weak outlook for this quarter.

Annual CPI inflation remained at -0.4% in August, and core CPI inflation (excluding food, beverages and energy) remained unchanged at -0.61%. On 19 September 2012 the Bank of Japan announced an amendment to its asset purchase programme. The maximum outstanding amount of financial assets purchased through the programme now totals JPY 55 trillion. This corresponds to a JPY 10 trillion increase in the maximum outstanding amount, which is made up of JPY 5 trillion in Japanese government bonds and JPY 5 trillion in treasury discount bills. The minimum bid yield for both Japanese government bonds and corporate bonds was removed. The increased purchases under the programme will be completed by around the end of June 2013 for treasury discount bills and by around the end of 2013 for Japanese government bonds. The Bank of Japan kept its target interest rate unchanged at around 0% to 0.1%.

UNITED KINGDOM

In the United Kingdom, real GDP declined by 0.4% quarter on quarter in the second quarter of 2012, mainly owing to temporary factors. Real GDP is likely to have increased in the third quarter, again largely on account of temporary factors. Survey indicators for manufacturing and services mostly improved in August and industrial production rebounded in July. However, forward-looking indicators remain relatively subdued, and consumer confidence is still low, confirming the underlying weak growth momentum of the economy. The labour market situation has shown signs of improvement, with the unemployment rate standing at 8.1% and employment growing by 0.8% in the three months to July 2012. Looking ahead, the economic recovery is likely to gather pace only very gradually, as domestic demand is expected to remain constrained by tight credit conditions, ongoing household balance sheet adjustment and substantial fiscal tightening.

Annual CPI inflation slowed down to 2.5% in August from 2.6% in July, while CPI inflation excluding energy and unprocessed food decreased to 2.2% from 2.4%. Looking ahead, the existence of spare capacity and the sluggish recovery in economic activity should help contain inflationary pressures. At its meeting on 6 September 2012, the Bank of England's Monetary Policy Committee maintained the policy rate at 0.5% and the size of its asset purchase programme at GBP 375 billion.

CHINA

In China, economic indicators showed a mixed picture, suggesting that growth might have bottomed out, although there are no convincing signs as yet of it picking up. Industrial production growth continued to weaken, standing at 8.9% year on year in August 2012. Both the private sector and the official PMI for manufacturing for September increased moderately, but remained below the expansion/contraction threshold of 50. The forward-looking sub-component new orders rose more strongly, although remaining below the threshold of 50, while the build-up of inventories seems to have stopped. The housing market continued to improve in August, with activity indicators once again showing positive growth in year-on-year terms and prices increasing for the third month in a row (see also Box 2). Retail sales growth stabilised while external trade remained subdued in August. Total export growth remained weak, with exports to the euro area continuing to decline in year-on-year terms, while exports to Asia and the United States picked up. As imports declined in August, the monthly trade surplus increased further, to USD 26.6 billion. Annual CPI inflation increased to 2.0% in August, from 1.8% in the previous month, remaining well below the government's 4% target for 2012. Renminbi-denominated loans and broad money continued to grow robustly.

Box 2

DEVELOPMENTS IN THE HOUSING MARKET IN CHINA

Following sharp increases in housing prices and activity between 2005 and 2011, recent weakness in the Chinese housing market has rekindled concerns that a strong correction might have a negative impact on China's growth outlook and, in turn, on the global economy. This box investigates the likelihood of such an event materialising by looking at the fundamentals of the Chinese housing market and its importance for the Chinese economy.

Housing investment has been an increasingly important source of growth for China in recent years. Real estate investment accounts for about 25% of total fixed asset investment, with the latter having driven 50% of GDP growth since 2006. In terms of its share in GDP, real estate investment rose from 10% in 2006 to 16% in 2011. Construction and real estate services together employ over 10% of the workforce and contribute to 13% of total added value. Real estate investment also has strong linkages to other industries such as machinery and equipment.

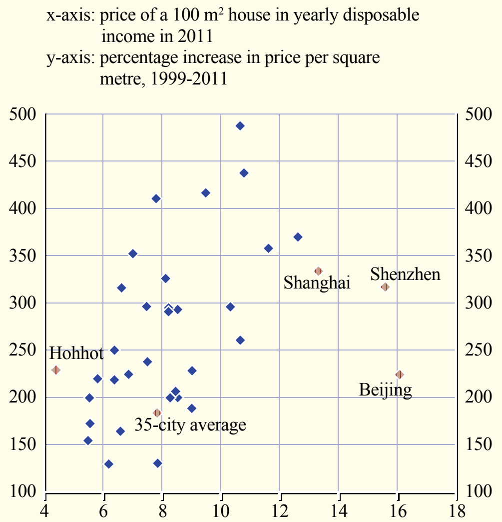
House prices in China have risen sharply in recent years and are high compared with incomes. On average, the price per square metre of housing across a sample of 35 large and mid-sized

Chinese cities nearly tripled between 1999 and 2011, although this average masks great disparities. The price of a 100 m² house expressed in multiples of the annual disposable income of an average family of 3.3 persons also varies widely, from 4.4 times yearly income in peripheral cities (Hohhot, Inner Mongolia), to close to 16 in large, booming cities such as Beijing and Shenzhen (see Chart A). On average, the ratio fell between 1999 and 2011 as disposable income rose faster than the square metre price (11% compared with 9% annually – see the red dotted line in Chart B).

However, when one considers the increase in the size of the average house, a different picture begins to emerge. Over recent years, living space has increased from an average of 19.4 m² per capita in 1999 to 32.7 m² in 2011, while the average household size has decreased from 3.6 persons to 3.1, implying that the average house has grown from 70 m² to 101 m². As a result, the price of the average house (expressed in multiples of income) rose from 6.4 in 1999 to 8.6 in 2011 (see the blue line in Chart B).

While housing investment and house prices have risen sharply in recent years, a number of factors suggest that a sharp correction seems unlikely. First, housing demand remains high on account of continuing urbanisation. In addition, new construction partly reflects the replacement of old, low-quality housing, and does not add to the net housing supply. At the same time, tight administrative restrictions, in particular on the purchase of second and third homes, discourage speculation. Should the housing market suddenly cool off, such measures could be reversed in order to stimulate demand, as could the recent preference for larger housing in case of affordability concerns. Finally, the overhang of unsold housing owing to the recent cooling of the real estate market has recently begun to decline in major cities such as Beijing.

Chart A House prices across 35 cities



Sources: National Bureau of Statistics of China and ECB calculations.

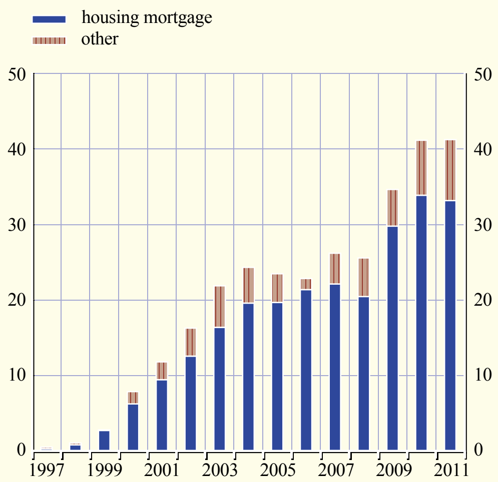
Chart B House prices (1999-2011, 35-city average)

Sources: National Bureau of Statistics of China and ECB calculations.
Notes: The price of a 100 m² house is based on a constant family size and living space per person. The price of an average house takes into account changes in family size and living space per person.

There could be a concern that, if households have extrapolated recent rates of income growth into the future, assessments of housing affordability – reflected in the demand for larger housing – might prove to have been overly optimistic, particularly since China's potential growth rate is expected to slow in the coming years. This could induce a fall in prices, temporarily depressing housing sales as prices adjust and creating an overhang of unsold housing stock. Consumers are not highly leveraged, so the impact on consumption from a downward housing shock would likely be small. Mortgage debt as a percentage of disposable income has increased markedly over recent years to reach 33% in 2011 (see Chart C). Loan-to-value ratios for household mortgages are typically low, so household sector deleveraging linked to falling property prices is expected to be limited. However, a large housing market correction would negatively affect real estate transactions and construction activity, which could spill over to other industries. That said, in view of the reasons mentioned above, a broad and sharp correction of house prices seems unlikely, though house prices in individual cities might exhibit some volatility.

Chart C Consumer loans

(as a percentage of disposable income)



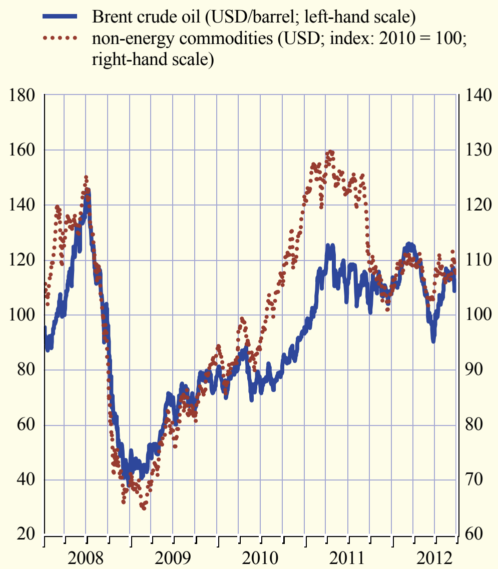
Sources: CEIC, People's Bank of China, National Bureau of Statistics.

1.2 COMMODITY MARKETS

Oil prices declined by about 1.5% in September, partly reversing the increase that began in July. Brent crude oil prices stood at USD 112 per barrel on 2 October, implying an increase of 24% with respect to their lowest level recorded in 2012 on 26 June, but still 11% below the 2012 peak reached on 14 March. Looking ahead, market participants expect lower oil prices over the medium term, with futures contracts for December 2013 trading at USD 105 per barrel (see also Box 4).

The recent decline in oil prices reflects a combination of supply and demand factors. On the supply side, Saudi Arabia announced an increase in oil supply in response to the losses in production following the oil sanctions against Iran in particular. This announcement partially offset the upward pressure on oil prices caused by a fall in oil supply in both OPEC and

Chart 4 Main developments in commodity prices



Sources: Bloomberg and HWWI.

non-OPEC countries in the previous months. Market reports on a potential strategic oil inventory release by industrialised countries also contributed to lower oil prices. On the demand side, although oil demand is generally expected to grow at a steady pace in 2013, the International Energy Agency revised its expectations on oil demand growth slightly downwards on account of slowing global economic activity.

Prices of non-energy commodities increased again in September, after slight declines in August. The increase was mainly driven by higher prices for metals and iron ore. Agricultural commodity prices continued their decline after the spikes of June and July caused by droughts in the United States. In aggregate terms, the price index for non-energy commodities (denominated in US dollars) stood 3.0% higher towards the end of September than at the beginning of the year.

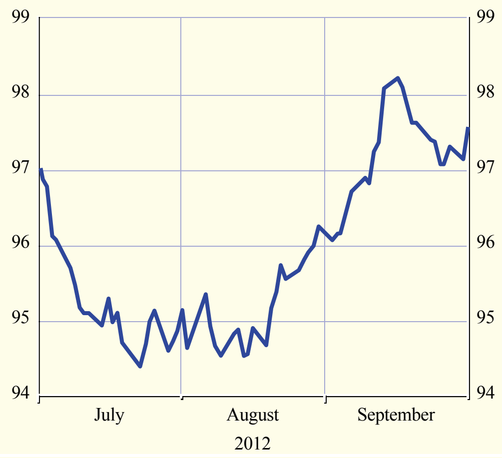
1.3 EXCHANGE RATES

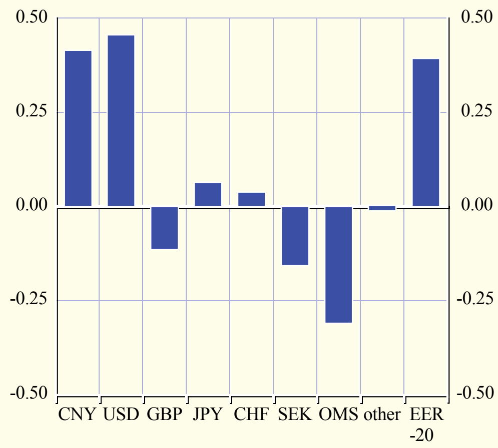
Between the end of June and early October 2012 the effective exchange rate of the euro remained broadly unchanged in an environment of declining volatility. The continued depreciation of the effective exchange rate of the euro throughout July started to reverse in mid-August and on 2 October 2012 the nominal effective exchange rate of the euro, as measured against the currencies of 20 of the euro area's most important trading partners, stood 0.4% above its level at the end of June 2012 and 5.6% below its average level in 2011 (see Chart 5).

In bilateral terms, over the past three months the euro has appreciated against most major currencies. Between 29 June and 2 October 2012 the euro appreciated against the US dollar (by 2.7%), the

Chart 5 Euro effective exchange rate (EER-20) 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 20 of the most important trading partners of the euro area (including all non-euro area EU Member States).
2) Contributions to EER-20 changes are displayed individually for the currencies of the main trading partners of the euro area. The category "other Member States" (OMS) refers to the aggregate contribution of the currencies of the non-euro area Member States (except the pound sterling and the Swedish krona). The category "other" refers to the aggregate contribution of the currencies of the remaining six trading partners of the euro area in the EER-20 index. Changes are calculated using the corresponding overall trade weights in the EER-20 index.

Table 1 Euro exchange rate developments [1]

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

	Weight in EER-20	Level on 2 October 2012	Appreciation (+)/ depreciation (-) of the euro as at 2 October 2012 since: 29 June 2012	since: 2 January 2012	compared with: average for 2011
Chinese renminbi	18.8	8.178	2.2	0.3	-9.1
US dollar	16.9	1.293	2.7	0.0	-7.1
Pound sterling	14.9	0.801	-0.8	-4.1	-7.8
Japanese yen	7.2	101.0	0.9	1.5	-9.0
Swiss franc	6.5	1.210	0.6	-0.4	-1.8
Polish zloty	6.2	4.103	-3.4	-8.3	-0.4
Czech koruna	5.0	25.06	-2.3	-1.7	1.9
Swedish krona	4.7	8.533	-2.7	-4.4	-5.5
Korean won	3.9	1,439	-0.2	-3.7	-6.7
Hungarian forint	3.2	285.6	-0.8	-9.2	2.2
NEER [2]		97.6	0.4	-1.9	-5.6

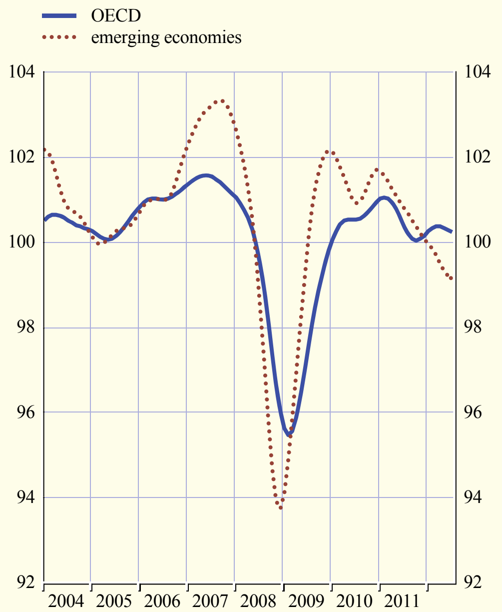
Source: ECB.
1) Bilateral exchange rates in descending order based on the corresponding currencies' trade weights in the EER-20 index.
2) Euro nominal effective exchange rate against the currencies of 20 of the most important trading partners of the euro area (EER-20).

Japanese yen (by 0.9%) and the Swiss franc (by 0.6%), but depreciated against the pound sterling (by 0.8%). Over the same horizon, the euro also depreciated vis-à-vis some other European currencies (see Table 1), including the Polish zloty (by 3.4%), the Czech koruna (by 2.3%) and the Hungarian forint (by 0.8%). Market volatility – as measured on the basis of foreign exchange option prices – has decreased overall over the past three months and remains below historical averages.

Between 29 June and 2 October 2012 the currencies participating in ERM II remained broadly stable against the euro, trading at, or close to, their respective central rates. The Latvian lats traded on the stronger side of its central rate within the unilaterally set fluctuation band of ±1%.

Chart 6 OECD composite leading indicators

(monthly data; amplitude-adjusted)



Source: OECD.
Note: The emerging market indicator is a weighted average of the composite leading indicators for Brazil, Russia and China.

1.4 OUTLOOK FOR THE EXTERNAL ENVIRONMENT

Looking ahead, the loss of momentum in global growth is likely to persist in the coming months. The new orders component of the global manufacturing PMI shows signs of stabilisation at low levels, rising modestly to 48.9 in September, from 46.7 in August. It remains below the expansion/contraction threshold of 50 and well below its long-term average, thus suggesting weak prospects for business activity. The OECD's composite leading indicator, designed to anticipate turning points in economic activity relative to trend, continues to signal low growth momentum in the OECD area, and in the major non-member economies.

The outlook for the external environment of the euro area remains subject to high uncertainty related to tensions in key financial market segments as well as fiscal and global imbalances. Risks to the global outlook remain on the downside and mainly relate to spillover effects from developments in the euro area, through both trade and confidence channels and, to a lesser extent, the uncertain scale of fiscal measures, most notably in the United States.

2 MONETARY AND FINANCIAL DEVELOPMENTS

2.1 MONEY AND MFI CREDIT

Monetary data of August 2012 confirm the subdued underlying pace of money and credit expansion that has already been observed for a protracted period. At the same time, the annual growth rate of M1 continued to increase, reflecting the money-holding sector's preference for highly liquid assets in an environment of low interest rates and high uncertainty. MFI lending to the non-financial private sector in the euro area remained weak by historical standards and continued to conceal significant heterogeneous developments across countries. Demand conditions explain much of the current weakness in lending, but supply constraints also persist in a number of countries. In order to ensure the appropriate financing of the economy once demand picks up, credit institutions in a number of euro area countries will need to make progress with the adjustment of their balance sheets.

THE BROAD MONETARY AGGREGATE M3

The annual growth rate of M3 declined to 2.9% in August 2012, down from 3.6% in July (see Chart 7).[1] This moderation of the annual rate of change in M3 reflects mainly a base effect and only a modest monthly inflow to monetary assets in August (month-on-month growth of 0.2%).

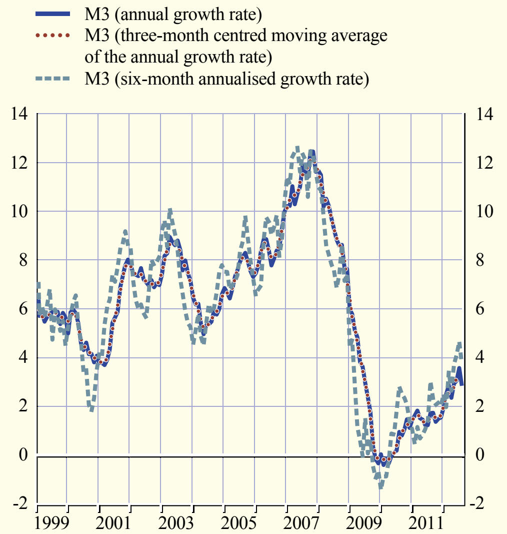
On the components side, the money-holding sector continued to shift large amounts of funds from other assets within and outside M3 to highly liquid monetary assets. This development was broadly based across sectors. It primarily reflects a strong preference for liquidity in the current environment of very low interest rates (see Box 3, entitled "The impact of very low interest rates on monetary dynamics") and prevailing high uncertainty.

With regard to counterparties, the annual rate of growth in credit to the general government sector, while declining, remained high in August. MFI loans to the non-financial private sector contracted further, largely as a result of significant monthly net redemptions in loans to non-financial corporations. MFIs' net external asset position registered a modest monthly inflow, supporting the view that foreign investors have purchased government bonds issued by euro area countries.

The volume of euro area MFIs' main assets contracted substantially in August. This mainly reflected a marked reduction in interbank lending and external assets.

Chart 7 M3 growth

(percentage changes; adjusted for seasonal and calendar effects)



Source: ECB.

1 Starting with August 2012 data, M3 excludes repurchase agreements with central counterparties, while private sector loans in the counterparts to M3 exclude reverse repos of MFIs with central counterparties. The change applies for monetary data since June 2010. For details, see Box 3, entitled "The adjustment of monetary statistics for repurchase agreement transactions with central counterparties", *Monthly Bulletin*, ECB, September 2012.

Box 3

THE IMPACT OF VERY LOW INTEREST RATES ON MONETARY DYNAMICS

At its meeting on 5 July 2012, the Governing Council decided to reduce the key ECB interest rates to unprecedented low levels. In such an environment, well-established empirical relationships derived from historically observed levels of interest rates might be significantly affected due to potential non-linear phenomena. Concerning monetary analysis, these effects may relate to: (i) money demand, including the implications for the signalling properties of money for economic activity and inflation; and (ii) money market funds and their role in providing funding to banks. This box concludes that non-linearities in a close to zero interest rate environment do exist for money demand, although their significance can be assessed as limited at current interest rate levels.

Money demand at very low interest rates

Theoretical considerations suggest that extrapolating money demand behaviour that has been observed within a range of usual levels of interest rates to the case where interest rates approach zero might not provide reliable information.[1] However, the possibility that money demand may be subject to significant changes as interest rates become very low has important implications for monetary policy. This is because an atypical increase in money holdings as interest rates approach zero may be erroneously interpreted as signalling the transmission of monetary stimulus and therefore the build-up of expansionary pressure, when in fact it may reflect a change in conventional money demand behaviour.

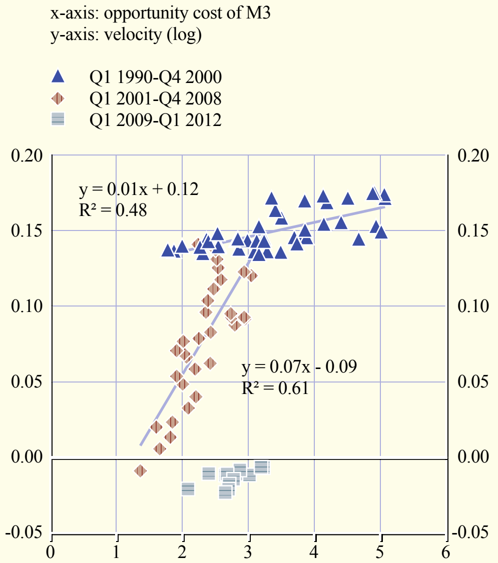
Empirical evidence for the effects of very low policy rates over an extended period of time is scarce, but is for example available for the United States and Japan. For Japan, for instance, there is strong evidence of non-linearities in the demand for M1 at low rates. This pattern is in line with standard theoretical predictions of money demand at low opportunity costs. However, it cannot be ruled out that this observation was affected by the Bank of Japan's explicit quantitative easing policy over the period in which the described pattern was observed. For the United States, by contrast, evidence for the existence of non-linearities in money demand is somewhat weaker. Empirical results also suggest that new funds tend to be placed in longer-term and riskier assets in order to benefit from these assets' yield pick-up. At the same time, there are no empirical indications of large-scale stock adjustments out of monetary liabilities, which could put banks under significant funding stress.

Looking at the link between opportunity costs and income velocity in the euro area reveals a behaviour that is in line with standard theoretical predictions. The regression line between these two factors is broadly upward sloping, as higher interest rates lead to a decline in the holdings of money relative to GDP. However, this linear relationship seems to be far from stable and is less pronounced for M3 (see Chart A) than for M1 (see Chart B). Since early 2009 when policy rates in the euro area were cut to unprecedentedly low levels, velocity in both cases exhibited only minor

1 See, among others, Mulligan, C. and Sala-i-Martin, X., "Extensive margins and the demand for money at low interest rates", *Journal of Political Economy*, Vol. 108 (5), October 2000, pp. 961-991; Nagayasu, J., "A re-examination of the Japanese money demand function and structural shifts", *Journal of Policy Modeling*, Vol. 25 (4), June 2003, pp. 359-375; and Nakashima, K., "An extremely-low-interest-rate policy and the shape of the Japanese money demand function", *Macroeconomic Dynamics*, Vol. 13 (5), November 2009, pp. 553-579.

Chart A Euro area M3 income velocity and the opportunity cost of M3

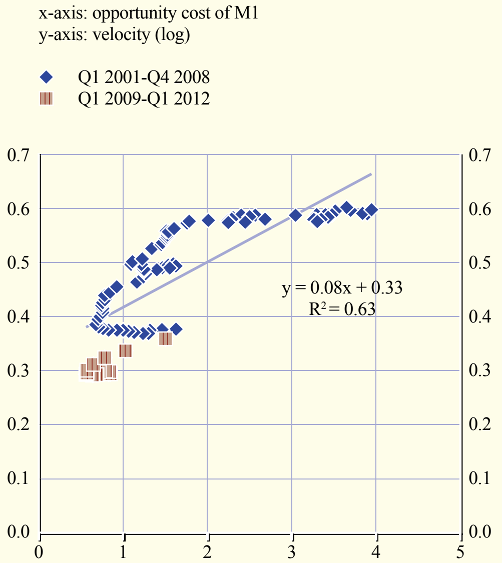
(percentages; logarithmic scale)



Sources: ECB and ECB calculations.

Chart B Euro area M1 income velocity and the opportunity cost of M1

(percentages; logarithmic scale)



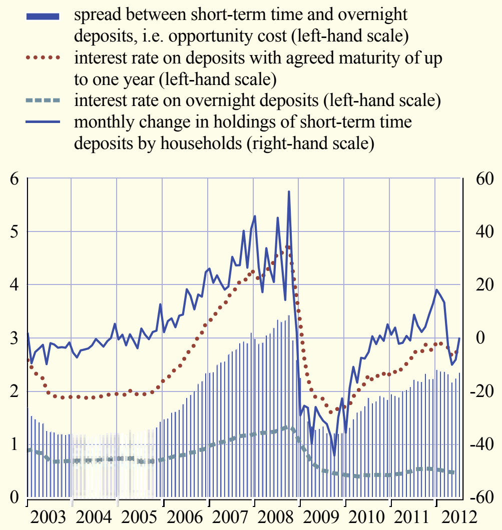
Sources: ECB and ECB calculations.

movements. However, despite the decline of policy rates to historical lows, opportunity costs, after having sharply declined in late 2008, have in fact increased in the euro area over the last three years, reflecting the impact of the sovereign debt crisis on the government bond yields of a number of euro area countries (see Chart C). Overall, therefore, the euro area experience does not point to a rapid decline in M1 velocity as opportunity costs fall, although the slope of the regression line has clearly flattened as opportunity costs became rather low.[2]

The issue of a higher preference for narrow money in times of low interest rates also touches upon the question of whether overnight deposits or banknotes are preferred. So far, portfolio shifts from other types of assets into liquid deposits rather than banknotes have predominantly been observed. This is not least

Chart C Remuneration of short-term time and overnight deposits and flows into short-term time deposits in the euro area

(percentages per annum; flows in EUR billions)



Sources: ECB and ECB calculations.

2 Opportunity costs in the euro area have, as yet, never dropped to the very low levels where non-linear effects would be expected to manifest themselves. In the United States, where declining long-term yields resulted in opportunity costs close to zero, the demand for money has indeed increased, resulting in a decline in velocity.

because deposits and banknotes are not perfect substitutes, since banknotes can be less readily mobilised and – beyond a certain threshold – entail significant logistical costs associated with transport, storage, security and insurance issues. Experience at very low interest rates observed so far in large currency areas does not point to a large substitution into banknotes.

The consequences of low interest rates for banks' market-based funding

As a consequence of historically low policy rates in the euro area, net returns on short-term financial instruments have been meagre for quite some time. In such an environment, money market funds (MMFs), for instance, experienced withdrawals in recent quarters. Against the backdrop of declining assets under management at MMFs, the amount of liquidity available for MMFs' purchases of banks' debt securities faded as well. Such a situation could thus lead to further constraints on credit institutions' access to funding. As a consequence, the Governing Council's decision to cut the interest rate on the ECB's deposit facility to zero on 5 July triggered some concerns that further declining money market yields might cause intensifying pressure on MMFs with potential negative consequences for banks' funding situation. Besides this, forthcoming regulatory requirements regarding banks' funding strategies tend to favour retail funding sources over market-based funding. These developments might thus weigh on banks' security-based funding efforts.

The banking industry in the euro area already seems to have anticipated these progressions, for example by attracting and maintaining retail deposits held by the non-financial private sector. For instance, to the extent that the increase in overnight deposits stems from money-holding sector entities' selling of risky non-bank assets to non-euro area residents, the respective flows ultimately mirror an improvement in banks' funding position. At the same time, insofar as the expansion in M1 deposits reflects portfolio shifts at the expense of other bank liabilities, banks' funding position is concerned mainly with respect to its maturity.

MAIN COMPONENTS OF M3

As regards the components of M3, the annual growth of M1 increased to 5.1% in August, from 4.5% in July. This was driven by a sizeable monthly inflow to overnight deposits, which was broadly based across sectors. M1 is currently the main contributor to broad money growth, accounting for 2.6 percentage points of the annual M3 growth of 2.9% in August. The annual growth of short-term deposits other than overnight deposits (M2 minus M1) declined to 0.8% in August, from 2.2% in July. This reflected the shift of funds from short-term time deposits (i.e. deposits with an agreed maturity of up to two years) into overnight deposits. In addition to the heightened level of uncertainty, as reflected in low consumer and business confidence, the narrowing of the spread between the remuneration on these two types of deposit partly explains this shift of funds. By contrast, short-term saving deposits (i.e. deposits redeemable at notice of up to three months) continued to register a robust monthly inflow.

The annual growth of marketable instruments (M3 minus M2), which had been on an upward trend since summer 2011, fell to -0.5% in August, from 4.3% in July, mirroring a strong negative monthly flow. The outflows were concentrated predominantly on holdings of MFI debt securities issued with a maturity of up to two years. In addition, in the current challenging business environment for money market funds, the money holding sector sold shares/units of those funds, as it had done in previous months.

The annual growth rate of M3 deposits (including repurchase agreements) declined to 2.4% in August, from 2.9% in July. The contribution of non-monetary financial intermediaries other than insurance corporations and pension funds (OFIs) to annual growth in M3 deposits turned negative in August, owing to sizeable outflows in short-term deposits other than overnight deposits. This might be related to institutional investors having shifted funds to alternative assets outside M3. Households continued to be the largest contributor to M3 deposits, as reflected in the large monthly flow to households' overnight deposits.

MAIN COUNTERPARTS OF M3

The annual rate of increase in MFI credit to euro area residents declined to 0.5% in August, from 1.0% in July (see Table 2). Credit to the general government continued to grow at a high rate, although it was significantly lower than that observed in July, primarily on account of a base effect. Among the components of credit to general government, loans saw modest net redemptions in August. By contrast, MFIs increased their holdings of government debt securities slightly. At the same time, MFIs in some countries sold sizeable amounts of these instruments, in part to non-residents in the context of the improved market sentiment that was also reflected in the reduced sovereign bond yields.

The annual growth of credit to the private sector declined further in August, to -1.2%, after -0.9% in July, mainly reflecting two developments. First, sizeable monthly net redemptions in MFI loans to non-financial corporations were observed in August, so that the annual growth of MFI loans to the private sector (adjusted for loan sales and securitisation) turned negative and stood at -0.2% in that month, down from 0.1% in July. Second, the annual growth of MFIs' holdings of securities other than shares issued by the private sector became significantly more negative. This partly reflected an unwinding of past securitisation activities.

Table 2 Summary table of monetary variables

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

	Outstanding amounts as a percentage of M3 [1]	Annual growth rates					
		2011 Q3	2011 Q4	2012 Q1	2012 Q2	2012 July	2012 August
M1	**51.9**	**1.4**	**1.9**	**2.3**	**2.8**	**4.5**	**5.1**
Currency in circulation	8.9	4.5	6.2	6.1	5.5	5.9	5.2
Overnight deposits	43.0	0.8	1.0	1.5	2.2	4.3	5.0
M2-M1 (=other short-term deposits)	39.4	3.4	2.3	2.7	2.8	2.2	0.8
Deposits with an agreed maturity of up to two years	18.6	3.1	2.0	3.4	2.7	0.7	-2.3
Deposits redeemable at notice of up to three months	20.9	3.7	2.5	2.1	2.9	3.6	3.8
M2	**91.3**	**2.3**	**2.1**	**2.5**	**2.8**	**3.5**	**3.2**
M3-M2 (=marketable instruments)	8.7	-5.9	-3.6	-0.1	2.6	4.3	-0.5
M3	**100.0**	**1.5**	**1.5**	**2.2**	**2.8**	**3.6**	**2.9**
Credit to euro area residents		**2.2**	**1.1**	**1.2**	**1.3**	**1.0**	**0.5**
Credit to general government		5.2	1.4	5.2	8.4	9.4	8.0
Loans to general government		7.0	-2.1	-4.6	-1.7	1.3	1.7
Credit to the private sector		1.6	1.1	0.3	-0.3	-0.9	-1.2
Loans to the private sector		2.3	1.8	0.7	-0.1	-0.4	-0.6
Loans to the private sector adjusted for sales and securitisation [2]		2.5	2.0	1.1	0.5	0.1	-0.2
Longer-term financial liabilities (excluding capital and reserves)		**3.5**	**2.6**	**0.4**	**-2.4**	**-4.4**	**-4.4**

Source: ECB.
1) As at the end of the last month available. Figures may not add up due to rounding.
2) Adjusted for the derecognition of loans from the MFI statistical balance sheet owing to their sale or securitisation.

Table 3 MFI loans to the private sector

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

	Outstanding amount as a percentage of the total[1)]	Annual growth rates					
		2011 Q3	2011 Q4	2012 Q1	2012 Q2	2012 July	2012 August
Non-financial corporations	**42.7**	**1.6**	**1.7**	**0.7**	**0.1**	**-0.4**	**-0.8**
Adjusted for sales and securitisation[2)]	*-*	*2.3*	*2.0*	*0.9*	*0.3*	*-0.2*	*-0.5*
Up to one year	24.7	4.1	3.7	0.6	0.1	0.1	-0.3
Over one and up to five years	17.8	-2.8	-2.6	-3.0	-2.6	-2.7	-3.3
Over five years	57.4	2.1	2.3	2.0	1.0	0.1	-0.1
Households[3)]	**47.8**	**3.0**	**2.2**	**1.2**	**0.4**	**0.3**	**0.2**
Adjusted for sales and securitisation[2)]	*-*	*2.7*	*2.3*	*1.9*	*1.4*	*1.0*	*1.0*
Consumer credit[4)]	11.6	-2.0	-2.0	-1.8	-2.1	-2.1	-2.4
Lending for house purchase[4)]	72.6	4.0	3.0	1.8	0.9	0.8	0.8
Other lending	15.8	2.4	1.8	0.9	0.2	-0.5	-0.4
Insurance corporations and pension funds	**0.8**	**7.1**	**4.2**	**-3.1**	**-5.4**	**-8.6**	**-11.2**
Other non-monetary financial intermediaries	**8.8**	**1.5**	**-0.2**	**-1.8**	**-3.3**	**-2.8**	**-3.4**

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) Adjusted for the derecognition of loans from the MFI statistical balance sheet owing to their sale or securitisation.
3) As defined in the ESA 95.
4) Definitions of consumer credit and lending for house purchase are not fully consistent across the euro area.

The annual growth of MFI loans to non-financial corporations (adjusted for loan sales and securitisation) declined further to -0.5% in August, from -0.2% in July (see Table 3). This largely reflected the previously mentioned sizeable monthly net redemptions in August. The net redemptions were concentrated on short-term and medium-term loans, while the flow to long-term loans was zero. The annual rate of increase in MFIs' lending to households (adjusted for loan sales and securitisation) remained unchanged at 1.0% in August. The monthly flow was modestly positive, and was due mainly to lending for house purchase.

Overall, lending to the non-financial private sector in the euro area remains weak by historical standards and continues to conceal apparent heterogeneous developments across countries, not least due to differences in the importance of supply and demand factors.

On the demand side, the persistently weak level of economic activity in an environment of high uncertainty, low consumer and business confidence and the need to reduce the high debt levels of both households and corporates have continued to weigh on borrowing in a number of euro area countries. In addition, cash-rich and large enterprises in some countries have substituted internal and market-based funding for bank-based funding.

On the supply side, the capital constraints of banks continue to hamper the supply of credit to the real economy in a number of euro area countries. The fragmentation of financial markets is also curbing credit growth, albeit to varying degrees across countries. At the same time, the two three-year longer-term refinancing operations (LTROs) have substantially alleviated funding pressures and liquidity concerns for the banking system, thereby preventing disorderly and abrupt deleveraging.

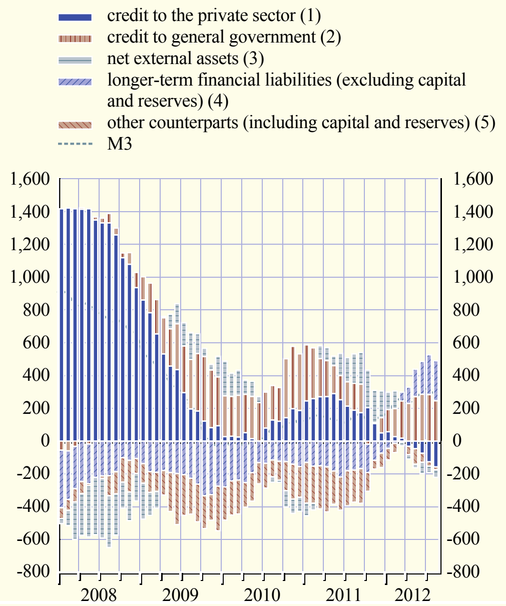
The annual growth of longer-term financial liabilities (excluding capital and reserves) continued to decline in August, standing at -4.4%. Long-term time deposits (i.e. deposits with an agreed maturity of over two years) recorded a small inflow in August, after the strong outflow in the previous month. The inflow to the money-holding sector's holdings of long-term debt securities issued by MFIs (i.e. debt securities issued with a maturity of over two years) remained negligible. MFIs under stress probably continued to replace partly maturing debt securities with liquidity received via the two three-year LTROs. At the same time, credit institutions have continued to buy back their debt securities in order to improve their capital ratios.

The net external asset position of euro area MFIs decreased by €46 billion in the 12 months to August (see Chart 8). On a monthly basis, a moderate capital inflow was observed in August, although it was smaller than in July. This mirrors foreign investors' purchases of euro area government bonds. On a net basis, the euro area money-holding sector has also stopped shifting funds outside the euro area.

Overall, August data confirm that the underlying dynamics of money and credit growth have remained subdued over a protracted period. Demand conditions explain much of the current weakness in MFI lending. At the same time, constraints on the supply side weigh on credit growth in several euro area countries. In other countries, a number of non-financial corporations currently finance their working capital needs and fund their investment by tapping internal and external sources of funding instead of using MFI loans.

Chart 8 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.

2.2 SECURITIES ISSUANCE

The annual growth rate of debt securities issued by euro area residents rose to 4.0% in July 2012 as a result of increasing debt issuance by most sectors, with the exception of non-monetary financial corporations. The year-on-year increase in debt securities issued by non-financial corporations continued the upward trend recorded over the past year, possibly associated with subdued developments in bank loans. By contrast, the annual growth rate of issuance of quoted shares continued to decline, falling to 1.0% in July.

DEBT SECURITIES

In July 2012 the annual growth rate of debt securities issued by euro area residents increased by almost 30 basis points compared with the previous month, to stand at 4.0% (see Table 4). The main factor behind this increase was higher short-term debt securities issuance, which stood at 4.5%, around 2 percentage points higher than in June. The annual growth rate of long-term debt issuance increased marginally to just below 4.0%. However, the annualised and seasonally adjusted six-month growth rate of debt securities issuance, which better captures short-term trends, declined

Table 4 Securities issued by euro area residents

Issuing sector	Amount outstanding (EUR billions) 2012 July	Annual growth rates [1] 2011 Q3	2011 Q4	2012 Q1	2012 Q2	2012 June	2012 July
Debt securities	**16,858**	**3.5**	**3.1**	**4.1**	**4.2**	**3.8**	**4.0**
MFIs	5,644	1.9	3.3	4.6	3.8	3.4	4.2
Non-monetary financial corporations	3,289	-0.4	-1.2	-0.5	2.6	1.7	1.4
Non-financial corporations	947	4.9	5.0	6.6	9.1	10.1	10.2
General government	6,977	6.6	4.9	5.8	4.7	4.2	4.4
of which:							
Central government	6,271	5.9	4.2	4.8	3.8	3.5	3.4
Other general government	706	14.6	13.2	16.8	14.3	11.7	14.8
Quoted shares	**4,062**	**1.9**	**1.6**	**1.6**	**1.4**	**1.1**	**1.0**
MFIs	310	12.4	10.0	10.8	10.0	7.7	5.8
Non-monetary financial corporations	287	5.0	5.2	3.6	3.1	2.8	2.8
Non-financial corporations	3,464	0.4	0.3	0.3	0.3	0.3	0.3

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

slightly to 3.0%. Using the same measure, debt issuance decreased, or remained broadly unchanged, in all sectors, with the notable exception of the MFI sector (see Chart 9). Specifically, public borrowing decreased to 3.4% in July, down from 4.2% in the previous month, whereas issuance by non-financial corporations remained broadly unchanged at 11.0%.

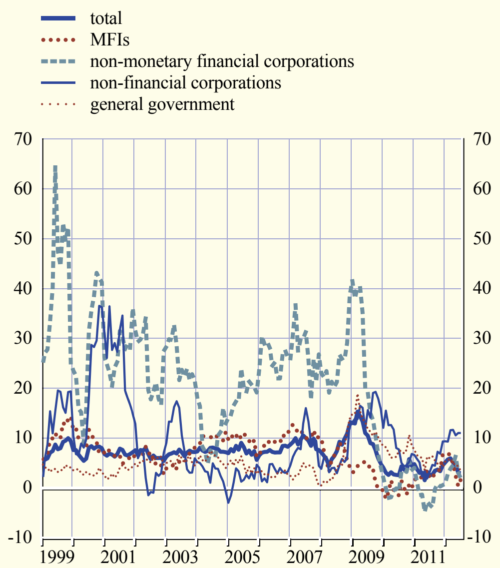
Over recent months, despite some signs of recovery in short-term debt securities issuance, refinancing activity has remained concentrated on issuance in the long-term segment, notably at fixed rates. The annual rate of increase in the issuance of fixed rate long-term debt securities edged up to 4.9% in July, from 4.8% in June. At the same time, floating rate long-term debt securities issuance declined to 0.4% in July, thus remaining at a subdued level.

From a sectoral perspective, and on the basis of annual rates of growth, debt issuance increased primarily on the part of MFIs and general government. Issuance by non-financial corporations also edged up marginally to 10.2% in annual terms, thereby continuing the upward trend recorded since 2011. Specifically, in July a higher pace of expansion in long-term debt securities issuance more than compensated for the decline in short-term issuance.

The annual growth of debt securities issued by the general government sector increased to 4.4% from 4.2% in June, thereby halting the decline observed since late 2011. Taking a longer-term perspective, since the second half of 2009 debt issuance by the general government sector has

Chart 9 Sectoral breakdown of debt securities issued by euro area residents

(six-month annualised growth rates; seasonally adjusted)



Source: ECB.

moderated substantially, reflecting the fiscal consolidation efforts undertaken by euro area countries.

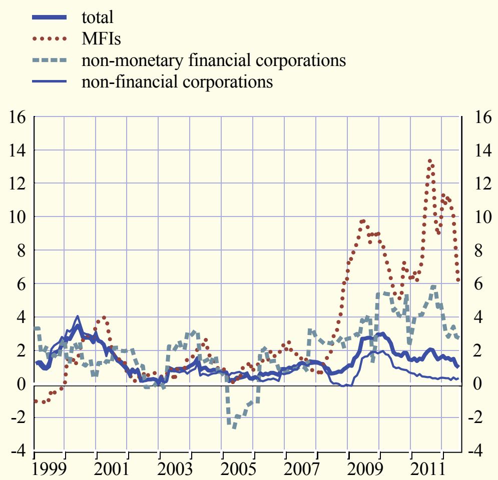
Turning to the financial sector, the annual growth rate of debt securities issued by MFIs rose for the second month in a row to 4.2%, up 70 basis points compared with June. This rise was due primarily to buoyant short-term debt securities issuance. Finally, the annual growth rate of debt securities issued by non-monetary financial corporations fell from 1.7% in June to 1.4% in July.

QUOTED SHARES

The annual growth rate of all quoted shares issued by euro area residents declined to 1.0% in July, mainly on account of a moderation in equity issuance by MFIs (see Chart 10). Indeed, the annual rate of increase in equity issuance by MFIs dropped from 7.7% in June to 5.8% in July – its lowest level since the beginning of 2011. In the first six months of 2012 the sustained level of equity issuance by MFIs reflected the need for euro area banks to strengthen their balance sheets by replenishing their capital bases. The annual growth of quoted shares issued by non-financial corporations and by non-monetary financial corporations remained broadly unchanged in July at 0.3% and 2.8% respectively.

Chart 10 Sectoral breakdown of quoted shares issued by euro area residents

(annual growth rates)



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

2.3 MONEY MARKET INTEREST RATES

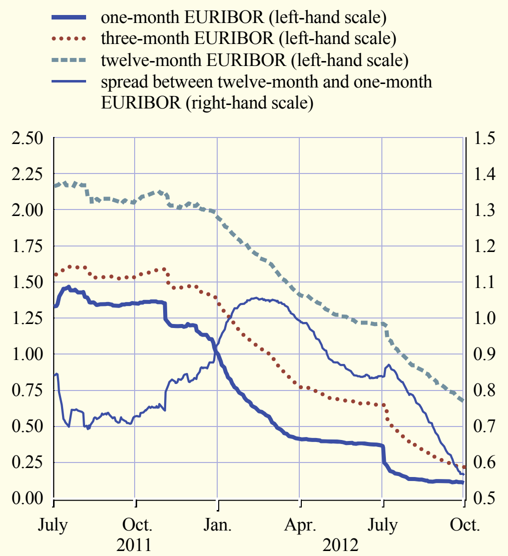
Money market interest rates decreased slightly between early September and early October 2012. In the ninth maintenance period of 2012, which began on 12 September, the EONIA remained at a low level, reflecting large amounts of excess liquidity.

Unsecured money market interest rates, as measured by the EURIBOR, decreased slightly between early September and early October 2012. On 2 October the one-month, three-month, six-month and twelve-month EURIBOR stood at 0.12%, 0.22%, 0.44% and 0.68% respectively – i.e. 1, 5, 9 and 10 basis points lower than the levels observed on 5 September. Consequently, the spread between the twelve-month and the one-month EURIBOR – an indicator of the slope of the money market yield curve – decreased by 10 basis points, to 57 basis points on 2 October (see Chart 11).

The three-month EONIA swap rate stood at 0.09% on 2 October, 1 basis point higher than on 5 September. The corresponding EURIBOR decreased by 5 basis points, to 0.22% on 2 October. This resulted in the spread between the three-month EURIBOR and the three-month EONIA swap rate decreasing by 6 basis points to stand at 14 basis points, thus remaining broadly in line with the levels seen prior to summer 2011.

Chart 11 Money market interest rates

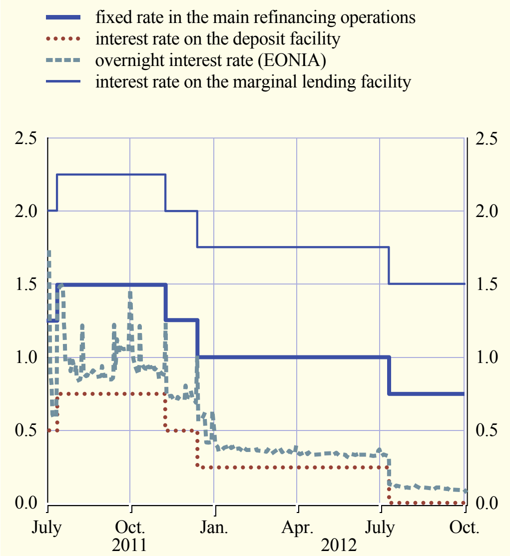
(percentages per annum; spread in percentage points; daily data)



Sources: ECB and Thomson Reuters.

Chart 12 ECB interest rates and the overnight interest rate

(percentages per annum; daily data)



Sources: ECB and Thomson Reuters.

The interest rates implied by the prices of three-month EURIBOR futures maturing in December 2012 and in March, June and September 2013 stood at 0.19%, 0.20%, 0.23% and 0.26% respectively on 2 October, thus rising by 2, 2, 1 and 0 basis points respectively in comparison with the levels observed on 5 September.

Fluctuations in the EONIA were extremely limited in September, continuing the pattern observed since the beginning of the year. The negative spread between the EONIA and the rate on the main refinancing operations reflected the total amount of excess liquidity. Between 5 September and the end of the eighth maintenance period of the year on 11 September, the EONIA remained stable at between 0.10% and 0.11%, amid continued excess liquidity. On 2 October, the EONIA stood at 0.087% (see Chart 12).

The Eurosystem conducted several refinancing operations between 5 September and 2 October, all as fixed rate tender procedures with full allotment. In the main refinancing operations of the ninth maintenance period, which were conducted on 11, 18 and 25 September and 2 October, the Eurosystem allotted €130.3 billion, €119.9 billion, €117.3 billion and €102.9 billion respectively. The Eurosystem also conducted two longer-term refinancing operations (LTROs) in September: a special term refinancing operation with a maturity of one maintenance period on 11 September (in which €13.8 billion was allotted) and a three-month LTRO on 26 September (in which €18.7 billion was allotted).

Moreover, the Eurosystem conducted four one-week liquidity-absorbing operations as variable rate tender procedures with a maximum bid rate of 0.75% on 11, 18 and 25 September and 2 October. With these operations, the Eurosystem absorbed in full the liquidity associated with purchases carried out under the Securities Markets Programme, the outstanding amount of which totalled €209.5 billion on 2 October.

In the ninth maintenance period of the year, which began on 12 September, average daily recourse to the deposit facility stood at €311 billion on 2 October.

2.4 BOND MARKETS

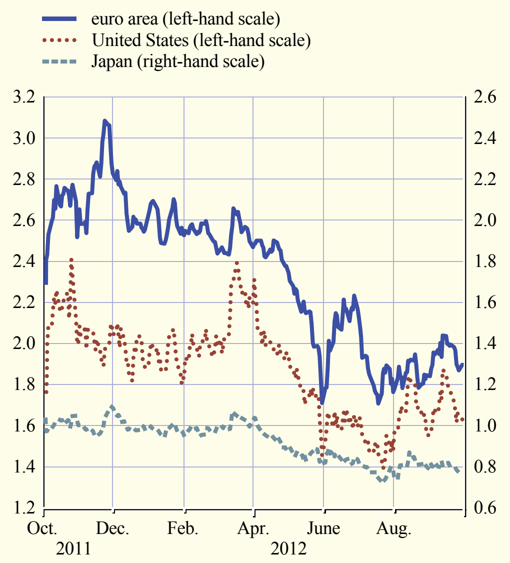
Yields on AAA-rated long-term government bonds increased by around 20 basis points in the euro area in the first half of September, before falling back to the levels observed at the end of August. On 2 October they stood at around 1.9%. In the United States, long-term government bond yields increased by around 10 basis points between the end of August and 2 October 2012 to stand at around 1.6% on 2 October. Long-term government bond yields of euro area countries under financial stress fell significantly and, as a result, government bond spreads vis-à-vis Germany narrowed. Over the review period developments in bond markets primarily reflected improvements in market sentiment following the ECB's announcement of the modalities for undertaking Outright Monetary Transactions (OMTs) and the final approval of the European Stability Mechanism (ESM) by the German Federal Constitutional Court. Late in the review period market concerns about the economic outlook and fiscal developments in some euro area countries weighed negatively on market sentiment. Uncertainty about future bond market developments in the euro area, as measured by implied bond market volatility, continued to decline. Market-based indicators, although volatile, suggest that inflation expectations remain firmly anchored at levels consistent with price stability.

Between the end of August and 2 October 2012, yields on AAA-rated long-term euro area government bonds increased by approximately 20 basis points in the first half of the period before falling back to the levels observed at the end of August. On 2 October they stood at around 1.9%. Long-term government bond yields in the United States increased by 10 basis points over the review period to around 1.6% on 2 October, following the same pattern of an increase in the first half of September with a subsequent decrease in the second half of the month (see Chart 13).

Developments in sovereign bond markets in the first half of September reflect positive market sentiment in anticipation of the ECB's announcement of the OMT modalities and a further improvement in market sentiment following the announcement. This was accompanied by an increase in investors' appetite for government bonds of euro area countries under financial stress, which facilitated an unwinding of previously observed flight-to-safety flows. The positive market momentum in the euro area was further supported by the final approval of

Chart 13 Long-term government bond yields

(percentages per annum; daily data)



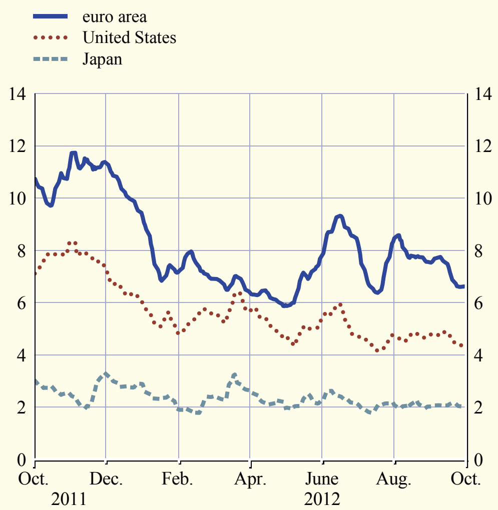
Sources: EuroMTS, ECB, Bloomberg and Thomson Reuters.
Notes: Long-term government bond yields refer to ten-year bonds or to the closest available bond maturity. The euro area bond yield is based on the ECB's data on AAA-rated bonds, which currently include bonds from Austria, Finland, France, Germany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

the ESM by the German Federal Constitutional Court. Furthermore, the open-ended purchase programme of agency mortgage-backed securities announced by the US Federal Reserve System provided support for riskier assets and helped to reduce tail risks, thereby pushing up yields on bonds issued by AAA-rated sovereigns in general. In the second half of September, however, market concerns about the economic outlook and fiscal developments in some euro area countries, particularly Spain, as well as the looming "fiscal cliff" in the United States, offset, to some extent, the positive news that prevailed in the first half of the month.

The nominal interest rate differential between ten-year government bond yields in the United States and those in the euro area slightly decreased to stand at around 30 basis points on 2 October. In Japan, ten-year government bond yields remained close to 0.8% over the review period, staying slightly above the lowest levels recorded since 2003.

Chart 14 Implied government bond market volatility

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



Source: Bloomberg.
Notes: The implied volatility series reflects the annualised expected percentage changes in German, Japanese and US ten-year government bond prices over a period of up to three months. It is based on the market values of related traded options contracts.

Investors' uncertainty about short-term bond market developments in the euro area, as measured by option-implied volatility, further decreased in September by around 100 basis points to stand at 6.5% on 2 October. Despite the recent decrease, bond market volatility in the euro area remains high by historical standards, and at levels close to those prevailing just before the default of Lehman Brothers. In the United States, implied volatility declined by 50 basis points to stand at around 4.3% in early October, which is around 200 basis points below the levels prevailing just before the default of Lehman Brothers. Implied volatility in Japan remained broadly unchanged, standing at around 2.0%.

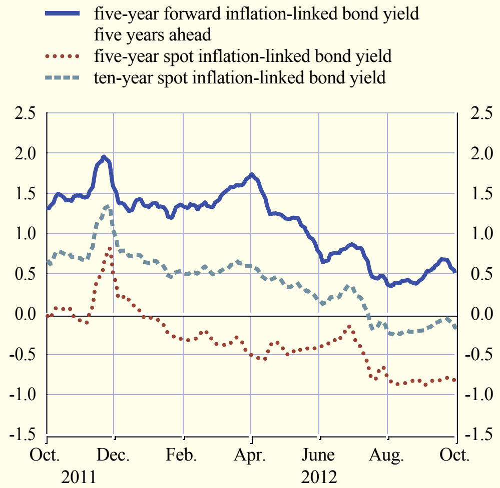
Focusing on developments in the euro area sovereign debt markets, the overall increase in yields on bonds issued by AAA-rated sovereigns was accompanied by a decline in yields on bonds issued by sovereigns under financial stress, resulting in the narrowing of government bond spreads across the majority of euro area countries. More specifically, in the period under review the yield spreads on ten-year sovereign bonds vis-à-vis German sovereign bonds decreased for all euro area countries but one. By far the largest decrease in the spread – of over 400 basis points – was experienced by Greece, while the spreads of the other two countries under financial assistance programmes, Ireland and Portugal, declined by around 100 basis points and 40 basis points respectively. Italy and Spain also saw significant declines in their spreads of over 100 basis points. The declines took place in the context of the ECB's announcement of the OMT modalities, which appeared to lower risk premia, including those related to fears about a possible break-up of the euro area. Similar or even more significant improvements for these countries could be observed in market segments for short-term maturities. As government bond yields of most other euro area countries remained broadly unchanged, their spreads vis-à-vis German government bonds decreased owing to an increase in the yield on German government bonds. Only Finnish government bond yields grew more than those on the German Bund, resulting in a wider spread in early October than at the end of August.

The yields on ten-year inflation-linked euro area government bonds increased by around 20 basis points in the first half of September, before falling back to the levels observed at the end of August of around -0.2% (see Chart 15).The yields on the corresponding five-year bonds remained broadly unchanged, at around -0.8%. The depressed levels of long-term real rates continue to reflect investors' rather gloomy perception of medium-term growth prospects and downside risks to the economic outlook.

Regarding inflation perceptions, the implied forward break-even inflation rate in the euro area (five-year forward five years ahead) continued to hover around 2.6% in a volatile environment, influenced by the sovereign debt crisis, over the review period (see Chart 16). The inflation swap rate with the same time horizon remained broadly unchanged over the period, at around 2.3%. The somewhat elevated levels of the break-even inflation rates reflect a number of technical factors. First, the partial unwinding of the previous flight-to-safety flows into AAA-rated nominal bonds exerted some upward pressure on long-term break-even inflation rates. Second, Italian non-AAA-rated inflation-linked bonds were dropped from some major market indices which led to portfolio reallocation from these bonds to AAA-rated inflation-linked bonds, thereby pushing long-term break-even inflation rates further upwards. In addition, overall demand for inflation protection in the euro area has increased since the ceiling on French bank savings accounts linked to inflation ("Livret A" accounts) was raised on 1 October and is expected to be raised again in the coming

Chart 15 Euro area zero coupon inflation-linked bond yields

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



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

Chart 16 Euro area zero coupon break-even inflation rates and inflation-linked swap rates

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

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

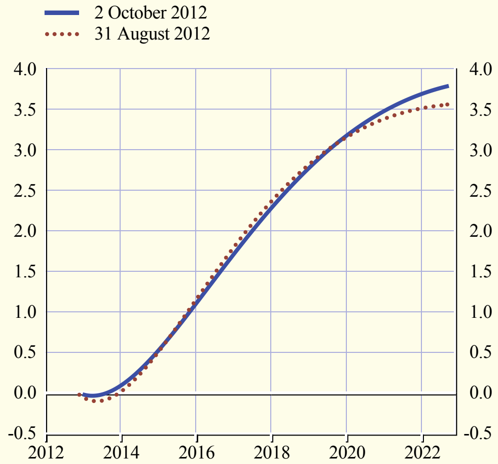
months. Overall, market-based indicators suggest that inflation expectations remain firmly anchored at levels consistent with price stability.[2]

The general pattern of yields on AAA-rated long-term euro area government bonds can be broken down into changes in interest rate expectations (and related risk premia) at different horizons (see Chart 17). For long maturities, the implied forward euro area overnight interest rate prevailing on 2 October shifted upwards by around 20 basis points compared with that prevailing at the end of August. For shorter maturities, however, the implied forward rate remained broadly unchanged.

Between the end of August and 2 October 2012, spreads on investment-grade corporate bonds issued by financial corporations in the euro area fell (relative to the Merrill Lynch EMU AAA-rated government bond index). The declines were more pronounced for lower rated issuers, while spreads for AA and AAA-rated bonds decreased only marginally. Over the same period spreads on investment-grade corporate bonds issued by non-financial corporations increased slightly for all rating classes except for BBB-rated issuers whose spreads decreased by around 10 basis points. Overall, recent developments in corporate bond yields suggest an improvement in market-based financing conditions for firms, especially in the financial sector.

Chart 17 Implied forward euro area overnight interest rates

(percentages per annum; daily data)



Sources: ECB, EuroMTS (underlying data) and Fitch Ratings (ratings).
Notes: The implied forward yield curve, which is derived from the term structure of interest rates observed in the market, reflects market expectations of future levels for short-term interest rates. The method used to calculate these implied forward yield curves is outlined in the "Euro area yield curve" section of the ECB's website. The data used in the estimate are AAA-rated euro area government bond yields.

2.5 INTEREST RATES ON LOANS AND DEPOSITS

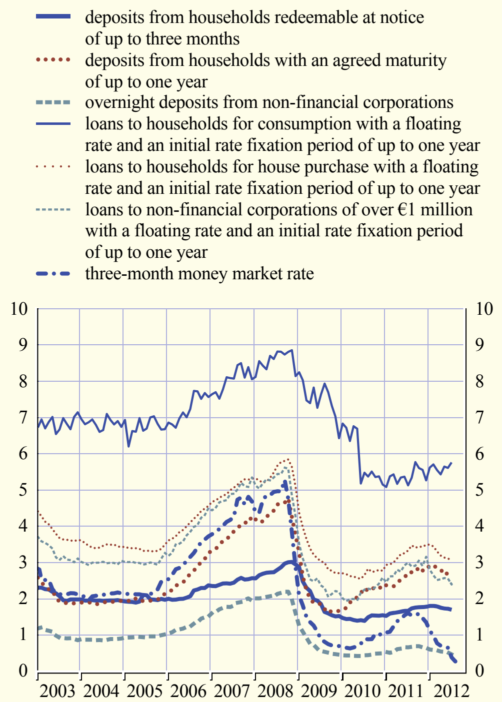
In July 2012 most MFI interest rates on loans to non-financial corporations and loans to households for house purchase declined or remained broadly unchanged. By contrast, interest rates on loans to households for consumer credit edged up somewhat. The spread between long-term lending rates and the yield on AAA-rated seven-year government bonds widened in July, in a context of high volatility in government bond markets.

In July 2012 the vast majority of short-term MFI interest rates on deposits from households remained broadly unchanged or increased marginally, while those on deposits from non-financial corporations declined somewhat. Similarly, short-term interest rates on loans to households remained broadly unchanged, while those on loans to non-financial corporations declined (see Chart 18). More precisely, short-term interest rates on loans to households for house purchase remained broadly unchanged at 3.1%, while those on consumer credit, which are more volatile, increased to 5.8% in

2 For a more thorough analysis of the anchoring of long-term inflation expectations, see the article entitled "Assessing the anchoring of longer-term inflation expectations", *Monthly Bulletin,* ECB, July 2012.

Chart 18 Short-term MFI interest rates and a short-term market rate

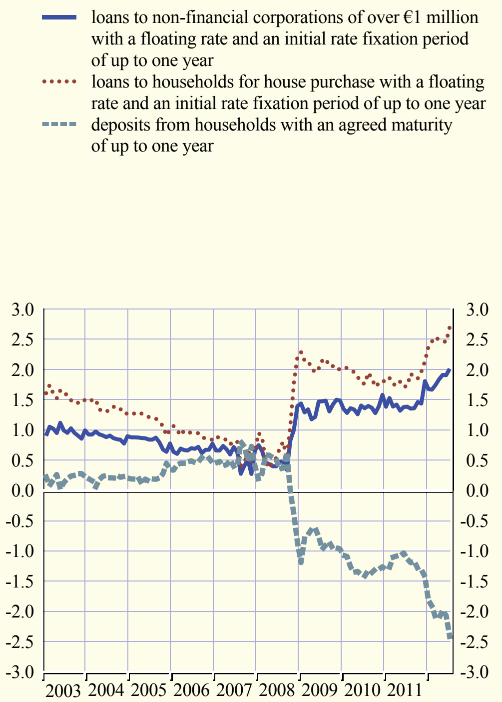
(percentages per annum; rates on new business)



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

Chart 19 Spreads of short-term MFI interest rates vis-à-vis the three-month money market rate

(percentage points; rates on new business)



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

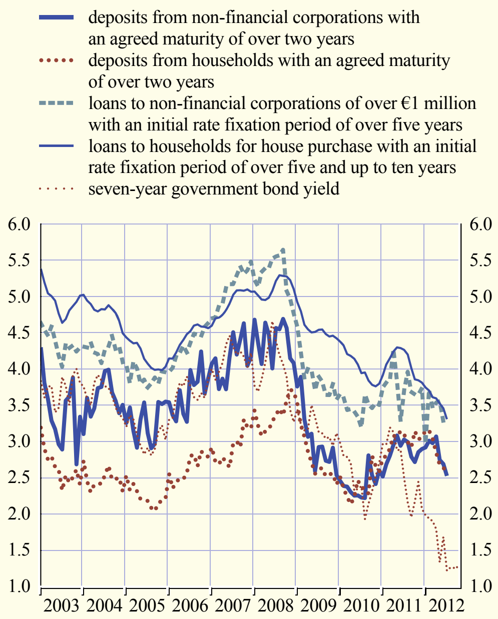
July from 5.6% in June. On average, rates on households' overdrafts fell by 15 basis points to 8.5%. As regards non-financial corporations, banks' short-term interest rates on small loans (i.e. loans of up to €1 million) remained broadly unchanged at 4.1%, while those on large loans (i.e. loans of more than €1 million) declined by 16 basis points to stand at 2.4%. Interest rates on overdrafts for non-financial corporations also decreased, falling by 12 basis points to 4.1%. Overall, as the EURIBOR declined by around 25 basis points in July 2012, the spread between the three-month money market rate and short-term MFI interest rates on loans to households and to non-financial corporations widened (see Chart 19).

Taking a longer-term perspective, since the beginning of 2012 short-term MFI interest rates on both loans to households for house purchase and loans to non-financial corporations have decreased. This development may reflect the pass-through of changes in market rates to bank lending rates following the cuts in the key ECB interest rates enacted since November 2011. In addition, the decline in short-term lending rates may also reflect the improvements in banks' liquidity position, against the background of the two three-year longer-term refinancing operations conducted in December 2011 and February 2012 and the broadening of the list of collateral eligible for use in Eurosystem operations.

Turning to longer maturities, MFI interest rates on long-term deposits from households remained broadly unchanged in July, while those on deposits from non-financial corporations declined. Most interest rates on longer-term loans to households for house purchase continued to decline, while developments in interest rates on loans to non-financial corporations were mixed (see Chart 20). Specifically, rates on loans to households for house purchase with an initial rate fixation period of over five and up to ten years fell to all-time lows, decreasing by 15 basis points to 3.3%. As regards non-financial corporations, on average, rates on small loans with an initial rate fixation period of over one and up to five years declined by around 10 basis points to 4.3%. By contrast, the average rates on large loans with a fixation period of over one and up to five years increased by almost 10 basis points to stand at 3.4%, and those on large loans with a fixation period of over five years remained broadly unchanged at 3.3%.

Chart 20 Long-term MFI interest rates and a long-term market rate

(percentages per annum; rates on new business)



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

Taking a longer-term perspective, from January to July 2012 the spread between long-term lending rates and the yields on AAA-rated seven-year government bonds widened overall, primarily reflecting the downward pressure on yields on AAA-rated government bonds in the context of flight-to-safety flows. At the same time, most long-term lending rates declined, reflecting the pass-through of past cuts in the key ECB interest rates as well the effectiveness of the ECB's non-standard monetary policy measures in addressing bank funding constraints.

2.6 EQUITY MARKETS

Between the end of August and 2 October 2012 stock prices in both the euro area and the United States increased by around 3%. In particular, financial stock prices in the euro area recorded large increases following the ECB's announcement of the modalities for undertaking OMTs and the German court ruling on the ESM. Market concerns about financial stability declined, thereby reducing market participants' worries about tail risks. In the United States, the announcement of further monetary stimulus, with a focus on riskier assets, also significantly reduced risk aversion, thereby bolstering equity prices. In late September data releases pointing to a deterioration in the short-term economic outlook weighed on stock prices in both the euro area and the United States. Stock market uncertainty, as measured by implied volatility, continued to decrease over the review period in both economic areas.

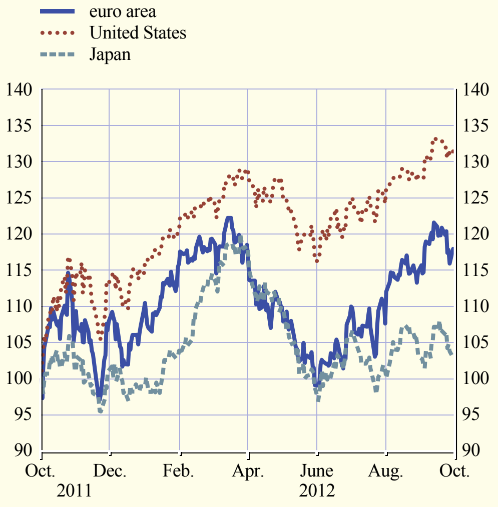
In the first half of September stock prices in the euro area, the United States and Japan increased significantly, but they declined in the second half of the month (see Chart 21). Overall, stock prices in the euro area, as measured by the broad-based Dow Jones EURO STOXX index, and stock prices in the United States, as measured by the Standard & Poor's 500 index, increased by around 3% between the end of August and 2 October. Over the same period, stock prices in Japan, as measured by the Nikkei 225 index, remained broadly unchanged.

The increase in the euro area was mainly driven by the strong recovery in financial equity prices, which increased by around 6% over the review period. Non-financial equity prices also rose, but at a slower pace, increasing by around 2%. Similarly, in the United States, the financial sector outperformed the non-financial sector, albeit to a lesser extent.

Market participants' perceptions of policy-makers' commitment to taking the necessary steps to resolve the crisis, as well as the political initiatives to strengthen financial stability, contributed to the strong performance of the financial market segment in the euro area. In particular, strong increases in stock prices were recorded following the ECB's announcement at the beginning of September of the modalities for undertaking OMTs. The German court ruling on the ESM also contributed to an improvement in market sentiment. In the United States, the announcement of further monetary stimulus in mid-September, with a focus on riskier assets, also boosted investors' risk appetite significantly. The positive momentum was reversed towards the end of the month, owing to weaker than expected data releases pointing to a deterioration in the short-term economic outlook. In particular, the latest survey data signalled weak dynamics in euro area activity, notably in Germany and France. In the United States, recent data releases provided

Chart 21 Stock price indices

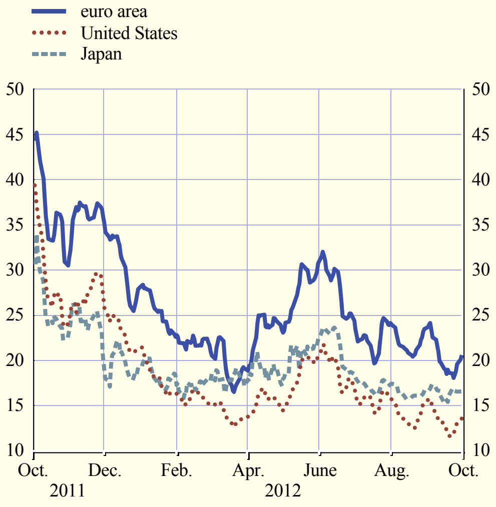
(index: 1 October 2011 = 100; daily data)



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

Chart 22 Implied stock market volatility

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



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

mixed signals: GDP growth in the second quarter of 2012 was revised down, whereas the housing market continued to recover. Furthermore, market concerns about fiscal developments in some euro area countries, particularly Spain, as well as the looming "fiscal cliff" in the United States, weighed negatively on stock prices. Earnings announcements remained broadly neutral on both sides of the Atlantic and were not a significant driver of developments in equity prices.

At the country level, stock prices increased in most euro area countries, especially in the first half of September. Nevertheless, the size of the increases differed across countries, with those where sovereign debt market tensions have been particularly acute in recent months recording higher increases.

Stock market uncertainty, as measured by implied volatility, continued to decrease in both the euro area and the United States, before increasing towards the end of September. Overall, in annualised terms implied volatility dropped by 3 percentage points to 21% in the euro area and by 2 percentage points to 13% in the United States (see Chart 22). While implied volatility continues to be lower in the United States than in the euro area, in both cases the current levels are close to the lowest levels recorded since the beginning of the year and close to the levels prevailing before the collapse of Lehman Brothers.

3 PRICES AND COSTS

Euro area annual HICP inflation was 2.7% in September 2012, according to Eurostat's flash estimate, compared with 2.6% in the previous month. This is higher than expected and mainly reflects increases in indirect taxes and past increases in euro-denominated energy prices. On the basis of current futures prices for oil, inflation rates could remain at elevated levels, before declining to below 2% again in the course of next year. Over the policy-relevant horizon, in an environment of modest growth in the euro area and well-anchored long-term inflation expectations, underlying price pressures should remain moderate. Risks to the outlook for price developments continue to be broadly balanced over the medium term.

3.1 CONSUMER PRICES

According to Eurostat's flash estimate, headline HICP inflation was 2.7% in September 2012, compared with 2.6% in August (see Table 5). This increase probably reflects both a lagged response to past increases in euro-denominated energy prices and increases in indirect taxes. Based on information from the European Commission's weekly Oil Bulletin, average consumer prices for oil products (transport and home heating fuels) in the euro area hit record highs during the summer of 2012, despite the fact that crude oil prices in US dollar terms remained some way below the levels reached briefly in mid-2008. Box 4, entitled "Recent developments in consumer prices for oil products", discusses in detail the main components of the pricing chain between crude oil prices and final consumer prices for oil products, such as exchange rates, refining and distribution margins, and the imposition of taxes.

Table 5 Price developments

(annual percentage changes, unless otherwise indicated)

	2010	2011	2012 Apr.	2012 May	2012 June	2012 July	2012 Aug.	2012 Sep.
HICP and its components [1]								
Overall index	1.6	2.7	2.6	2.4	2.4	2.4	2.6	*2.7*
Energy	7.4	11.9	8.1	7.3	6.1	6.1	8.9	*9.2*
Food	1.1	2.7	3.1	2.8	3.2	2.9	3.0	*2.9*
Unprocessed food	1.3	1.8	2.1	1.8	3.1	2.9	3.5	.
Processed food	0.9	3.3	3.7	3.4	3.2	2.9	2.7	.
Non-energy industrial goods	0.5	0.8	1.3	1.3	1.3	1.5	1.1	*0.8*
Services	1.4	1.8	1.7	1.8	1.7	1.8	1.8	*2.0*
Other price indicators								
Industrial producer prices	2.9	5.9	2.6	2.3	1.8	1.6	2.7	.
Oil prices (EUR per barrel)	60.7	79.7	91.4	86.0	76.4	83.4	90.5	87.9
Non-energy commodity prices	44.6	12.2	-3.8	-0.3	0.8	4.7	6.5	4.6

Sources: Eurostat, ECB and ECB calculations based on Thomson Reuters data.
1) HICP inflation and its components (excluding unprocessed food and processed food) in September 2012 refer to Eurostat's flash estimates.

Box 4

RECENT DEVELOPMENTS IN CONSUMER PRICES FOR OIL PRODUCTS

During September 2012 average consumer prices for oil products (transport and home heating fuels) in the euro area reached record highs, despite the fact that crude oil prices in US dollar terms remained some way below the levels reached briefly in mid-2008. Against this background, this box discusses the main components of the pricing chain between crude oil prices and final consumer prices for oil products, such as exchange rates, refining and distribution margins, and the imposition of taxes.[1]

Crude and refined oil prices

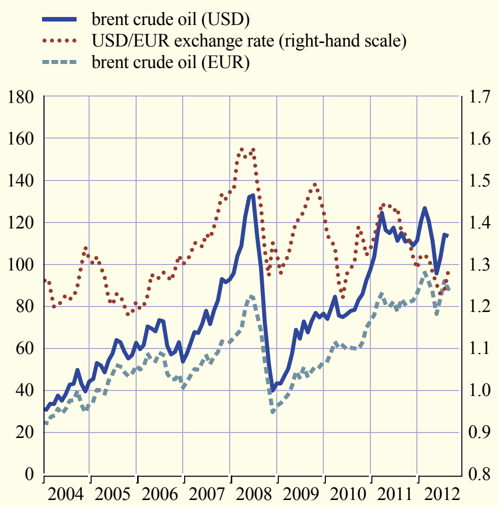
Oil products (both crude and refined) traded on international markets are generally quoted in US dollar terms, but it is their price in euro terms that has an impact on euro area consumer prices. In this regard, the USD/EUR exchange rate stood at around 1.28 in September 2012, compared with 1.58 in July 2008. Consequently, crude oil prices, which in US dollar terms were considerably lower in September 2012 than in July 2008 (USD 114 per barrel compared with USD 134 per barrel), were actually somewhat higher in euro terms (€89 per barrel compared with €85 per barrel; see Chart A).

Going through the pricing chain, the refining of crude oil into either petrol (gasoline) or diesel (gas oil) adds a further price element. Chart B shows the refining margins (or "crack spreads") for refined petrol and refined diesel, which are calculated simply as the difference between the price of the refined product and the price of the crude oil. Refining margins are reported in US dollar terms, as market prices are quoted in US dollars, although it should be noted that it is the level of refining margins in euro terms that matters most for consumer prices for oil products in the euro area.[2] Compared with mid-2008, the refining margins for petrol and diesel have moved in different directions. Those for diesel and gas oil, although still relatively high in a historical

1 See also the box entitled "The evolution of consumer prices for oil products in 2011", *Monthly Bulletin*, ECB, Frankfurt am Main, January 2012.
2 In this box, Brent oil prices are used for crude oil and Rotterdam prices are used for refined oil. This is because they are considered to be the main benchmarks for these prices in Europe.

Chart A Crude oil prices in US dollar and euro terms and the USD/EUR exchange rate

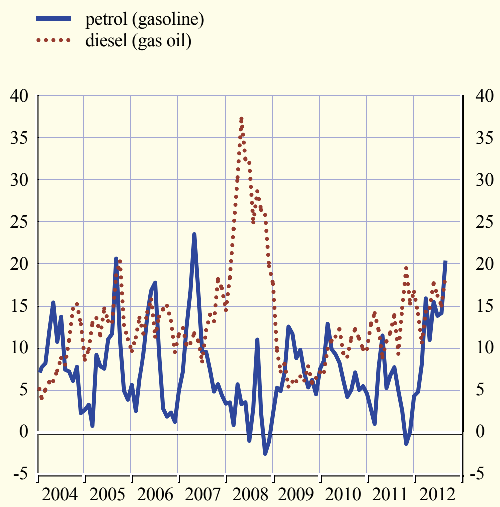
(USD/EUR per barrel; monthly averages)



Sources: Bloomberg, Thomson Reuters and ECB staff calculations.

Chart B Refining margins (crack spreads)

(USD per barrel; monthly averages)

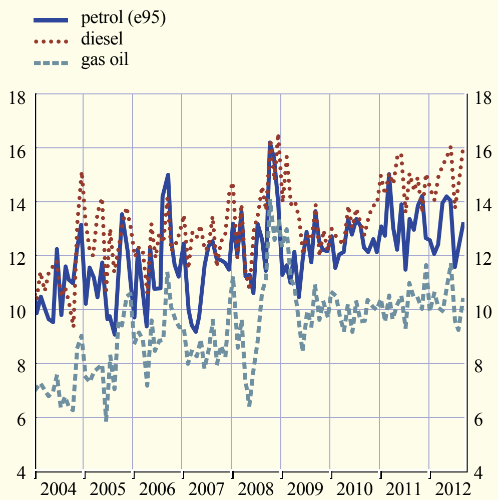


Sources: Bloomberg, Thomson Reuters and ECB staff calculations.

context at USD 20 per barrel, are lower, whereas those for petrol are higher.[3] The current level of crack spreads for petrol is also very different to that at the end of 2011, when crack spreads for petrol products were even in negative territory. Industry analysts attribute this more recent turnaround in refining margins to a reduction in excess capacity resulting from a combination of temporary and permanent refinery closures.[4] In addition to impacting on margin levels, the reduction in the amount of excess supply may also result in higher volatility in refining margins.

Chart C Distribution costs and margins

(euro cent per litre; monthly averages)



Sources: European Commission's weekly Oil Bulletin and ECB staff calculations.
Note: Oil Bulletin data available up to 24 September 2012.

Distribution costs and margins

The next steps in the pricing chain are the costs and margins for the distribution of refined products to consumers. These can be estimated using data on consumer prices for transport and liquid heating fuels from the European Commission's weekly Oil Bulletin and are calculated on the basis of the difference between refined prices and pre-tax consumer prices. With regard to distribution costs and margins, most of the movements in prices for refined oil products (in euro terms) tend to be passed on to consumer prices relatively quickly, with a slight lag of about three to five weeks before they are fully passed through.[5] This implies that, in the very short run, distribution margins to some extent buffer movements in oil prices. Overall, although there appears to have been some slight upward drift over time, distribution margins do not appear to be a set percentage mark-up over crude or refined oil prices and have not been a key factor driving movements in consumer oil prices (see Chart C). Compared with mid-2008, the current levels of distribution costs and margins for petrol are slightly lower, while those for diesel and gas oil are slightly higher.

Indirect taxes

With regard to indirect taxes, these can be imposed either as an excise duty (as a specified amount per litre) or as a value added tax (VAT, which is specified as a percentage of both the pre-tax price and the excise duty). As excise duties are levied as a fixed amount, they do not vary as pre-tax prices vary. However, as VAT is levied as a percentage of the pre-tax price, an increase

3 In 2008 refining margins for diesel and gas oil were particularly elevated. This was most likely due to a combination of factors, including strong demand both inside and outside Europe, and constrained supply.

4 The International Energy Agency (IEA) reports in its August 2012 Oil Market Report that "European refinery runs stood 280 kb/d below year-earlier rates, with the closure of more than 0.8 mb/d of capacity since early 2011". This 0.8 mb/d equates to approximately 5% of total estimated capacity. The IEA estimated capacity utilisation rates at around 77% in June 2012. For a detailed discussion of the European refining industry, see Muller, I., "Can Europe retain its domestic refining industry?", *European Energy Journal*, Vol. 2, No 2, April 2012, pp. 21-36.

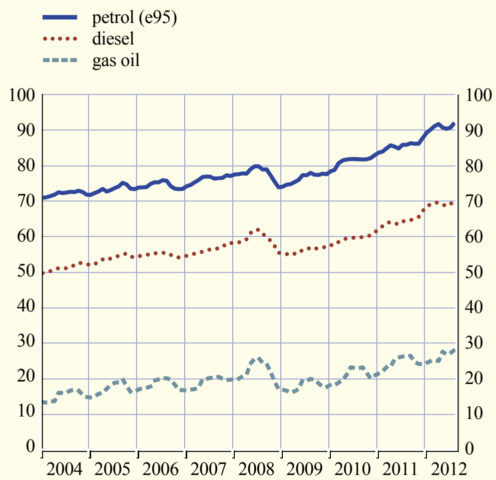
5 For a more detailed description and discussion, see Meyler, A., "The pass-through of oil prices into euro area consumer liquid fuel prices in an environment of high and volatile oil prices", *Energy Economics*, Vol. 31, No 6, November 2009, pp. 867-881.

in crude oil prices which is passed on to consumer prices will also result in an increase in the amount of VAT included in the final price.

In recent years, partly as a reflection of the strong pressures on public finances, there have been a number of increases in both excise duties on energy products and general VAT rates, in particular since 2010. Compared with mid-2008, excise duty and VAT in fuel prices has increased for all fuel types (see Chart D). On average, VAT rates have increased by slightly less than 1 percentage point, while the amount of excise duty levied has increased more for petrol and diesel than for gas oil.

Chart D Total indirect taxes

(euro cent per litre; monthly averages)



Sources: European Commission's weekly Oil Bulletin and ECB staff calculations.
Note: Oil Bulletin data available up to 24 September 2012.

Overview

The table illustrates numerically why consumer prices for oil products in the euro area have recently reached record highs. Each component has been converted into euro cent per litre terms for comparability purposes. Considering first final consumer petrol prices including taxes, in September 2012 these stood, on average, at 171.2 euro cent per litre in the euro area (up 25.1 euro cent from the level – 146.1 euro cent per litre – they stood at in July 2008, when crude oil prices peaked in US dollar terms). Of this increase, approximately half was attributable to indirect taxes (which rose from 79.9 euro cent per litre to 92.4 euro cent per litre, reflecting a combination of higher excise duties, higher VAT rates and the interaction of VAT with the increase in pre-tax prices). Pre-tax consumer prices also rose, notwithstanding the decline in crude oil prices in US dollar terms, reflecting both exchange rate movements and the increase

Decomposition of euro area consumer prices for oil products

(euro cent per litre, unless otherwise indicated)

	Petrol				Diesel				Gas oil			
	July 2008		September 2012		July 2008		September 2012		July 2008		September 2012	
Crude oil (USD/barrel)	133.9		113.9		133.9		113.9		133.9		133.9	
USD/EUR exchange rate	1.58		1.28		1.58		1.28		1.58		1.28	
Crude oil (EUR/barrel)	84.9		88.8		84.9		88.8		84.9		88.8	
(1) Crude oil	**53.4**	**37%**	**55.8**	**33%**	**53.4**	**38%**	**55.8**	**37%**	**53.4**	**53%**	**55.8**	**54%**
(2) Refining costs and margins	-0.4	0%	9.8	6%	13.2	9%	8.9	6%	13.2	13%	8.9	9%
(3) Distribution costs and margins	13.2	9%	13.2	8%	13.6	10%	16.0	11%	8.8	9%	10.4	10%
(4) Pre-tax consumer price	**66.2**	**45%**	**78.8**	**46%**	**80.2**	**56%**	**80.7**	**53%**	**75.4**	**75%**	**75.2**	**73%**
(5) Taxes	**79.9**	**55%**	**92.4**	**54%**	**62.0**	**44%**	**70.5**	**47%**	**25.8**	**25%**	**28.4**	**27%**
of which:												
(5a) Excise duties	*56.4*	*39%*	*63.8*	*37%*	*39.4*	*28%*	*45.7*	*30%*	*9.6*	*10%*	*11.4*	*11%*
VAT rate (%)	*19.1*		*20.0*		*18.8*		*19.7*		*19.0*		*19.7*	
(5b) VAT	*23.4*	*16%*	*28.6*	*17%*	*22.5*	*16%*	*24.8*	*16%*	*16.2*	*16%*	*17.0*	*16%*
(6) Final consumer price	**146.1**	**100%**	**171.2**	**100%**	**142.1**	**100%**	**151.2**	**100%**	**101.2**	**100%**	**103.6**	**100%**

Sources: Bloomberg, Thomson Reuters, European Commission's weekly Oil Bulletin and ECB staff calculations.
Note: Oil Bulletin data available up to 24 September 2012.

in refining margins. The latter were slightly negative in July 2008, but reached 9.8 euro cent per litre in September 2012. By contrast, average distribution costs and margins for petrol remained unchanged at 13.2 euro cent per litre.

With regard to consumer prices for diesel and gas oil, there are some similarities to developments in petrol prices, but also some noteworthy differences. In terms of similarities, both developments in exchange rates and indirect taxes contributed to driving up prices, although the increase in indirect taxes was less strong. However, refining margins for diesel and gas oil in September 2012 were lower than the record high levels that prevailed in mid-2008 (accounting for 8.9 euro cent per litre compared with 13.2 euro cent per litre). Another difference is that average distribution costs and margins increased somewhat for diesel and gas oil (to 16.0 euro cent per litre and 10.4 euro cent per litre respectively).

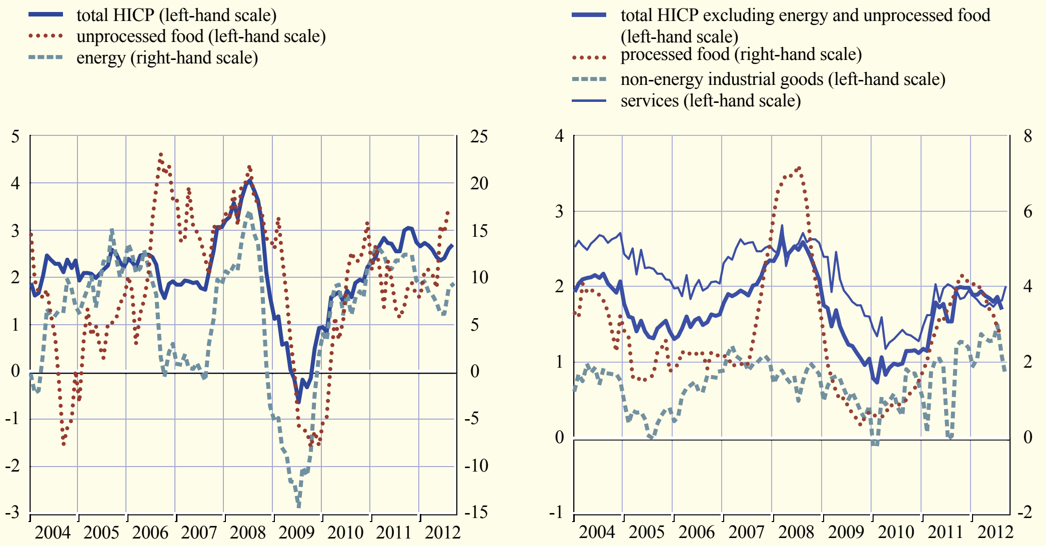
To sum up, although crude oil prices in US dollar terms in September 2012 were some way below their peak in 2008, consumer prices for oil products reached record high levels, owing to a combination of factors: the lower USD/EUR exchange rate, higher refining margins (especially for petrol) and increases in indirect taxes (both excise duties and VAT).

The most recent data from Eurostat include, for the first time, flash estimates for the main components of the HICP, i.e. energy, food, services and non-energy industrial goods. This information shows that the increase in the annual rate of inflation in September was due mainly to increases in the energy and services components, which were only partially offset by decreases in the food and non-energy industrial goods components.

On the basis of the flash estimates published by Eurostat, some preliminary tentative explanations can be given. The overall increase in HICP inflation in September 2012 was most likely associated

Chart 23 Breakdown of HICP inflation: main components

(annual percentage changes; monthly data)



Source: Eurostat.

with increases in indirect taxes in a number of countries. Looking at the main components of the HICP in more detail, energy inflation rose to 9.2% in September 2012, from 8.9% in August (see Chart 23). This increase in all likelihood reflected a combination of a lagged response to the cumulative increase observed in oil and gas prices earlier this year.

The rate of inflation in the food component, which comprises processed and unprocessed food, decreased from 3.0% in August 2012 to 2.9% in September. The downward trend, mainly in processed food prices, can be attributed to the easing in commodity prices earlier in the year. The recent increases in international food commodity prices appear to have been short-lived and any pass-through to consumer prices would take several months.

Eurostat does not publish a flash estimate for annual HICP inflation excluding all food and energy items, which stood at 1.5% in August 2012, down from 1.7% in July. HICP inflation excluding food and energy consists of two main components: non-energy industrial goods and services, which developed differently.

The annual rate of change in non-energy industrial goods prices fell further to 0.8% in September 2012, from 1.1% in August. Services inflation stood at 2.0% in September, up from 1.8% in August. This increase may to some extent reflect higher indirect taxes and may also be linked to some pass-through of higher energy prices to components such as transport services. These are transitory factors and should not affect the underlying inflationary pressures, which are expected to remain muted in the current environment.

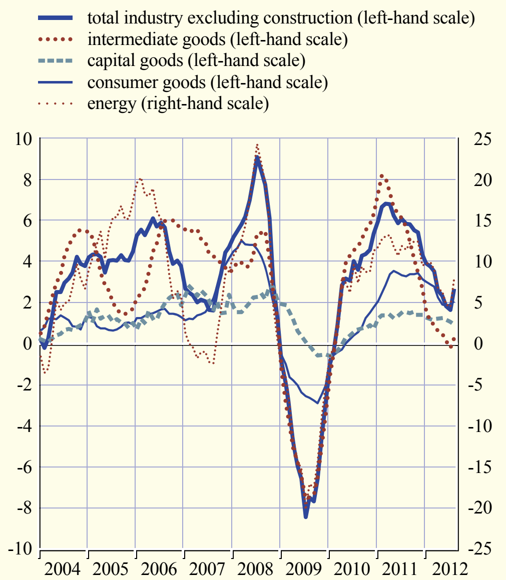
3.2 INDUSTRIAL PRODUCER PRICES

Industrial producer price inflation (excluding construction) stood at 2.7% in August 2012, up from 1.6% in July (see Table 5 and Chart 24). This increase is attributable mainly to a strong increase in the energy component, from 4.5% in July to 7.9% in August. The producer price index for industry excluding construction and energy grew by 1.0% in August year on year, up from 0.8% in July.

Focusing on the later stages of the production chain, the annual rate of change in the consumer food component of the producer price index rose from 2.7% in July to 3.1% in August. In particular, this increase was driven by hikes in producer prices for oils and fats that were most likely related to the recent rise in international import prices for soybeans and some cereals. EU import prices for food commodities also increased in July (see Chart 24), but to a far lesser extent than international import prices.

Chart 24 Breakdown of industrial producer prices

(annual percentage changes; monthly data)



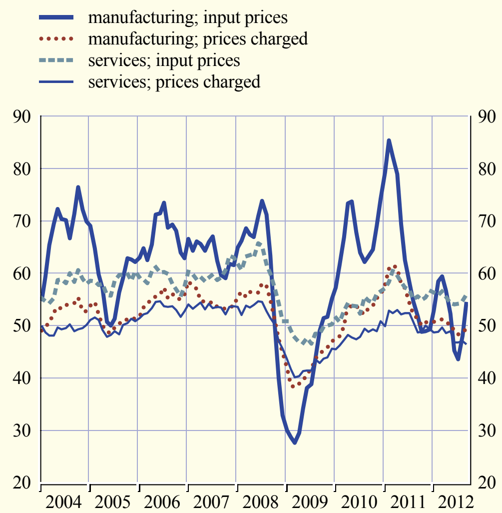
Sources: Eurostat and ECB calculations.

The annual rate of change in the non-food consumer goods component decreased slightly to 0.7% in August from 0.8% in July. The downward trend in non-food consumer goods prices since the start of 2012, together with moderate developments in prices for imported raw materials and intermediate goods, suggests that pipeline pressures in the non-energy industrial goods component of the HICP remain subdued.

Turning to the results of surveys on industrial producer prices, both the Purchasing Managers' Index (PMI) survey and European Commission surveys indicate that price expectations rose again in September, but nevertheless remained well below their historical averages (see Chart 25). The survey data also suggest that the downward pressure on both input and output prices in industry continued to wane in September. With regard to the PMI, the input price index for the manufacturing sector increased from 48.1 in August to 54.5 in September, while the output price index also increased, albeit more moderately, from 48.6 to 49.5 over the same period, remaining just below the threshold value of 50. Forward-looking European Commission survey data on selling price expectations, in particular for consumer goods, also increased slightly in September.

Chart 25 Producer input and output price surveys

(diffusion indices; monthly data)



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

Overall, pipeline pressures at the earlier stages of the production and retail chain have remained relatively muted.

3.3 LABOUR COST INDICATORS

Consistent with the weakness in economic activity and continued slack in the labour market, recent labour cost indicators have pointed to subdued domestic price pressures (see Table 6 and Chart 26).

Table 6 Labour cost indicators

(annual percentage changes, unless otherwise indicated)

	2010	2011	2011 Q2	2011 Q3	2011 Q4	2012 Q1	2012 Q2
Negotiated wages	1.7	2.0	1.9	2.1	2.0	2.0	2.2
Hourly labour cost index	1.6	2.1	2.4	2.2	2.2	1.5	1.6
Compensation per employee	1.7	2.2	2.2	2.2	2.2	1.9	1.6
Memo items:							
Labour productivity	2.5	1.2	1.2	1.0	0.7	0.4	0.2
Unit labour costs	-0.9	1.0	1.0	1.1	1.5	1.5	1.5

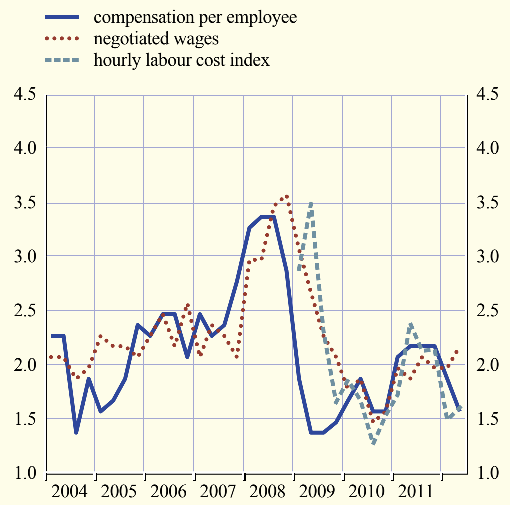
Sources: Eurostat, national data and ECB calculations.

Compensation per employee grew by 1.6% year on year in the second quarter of 2012, compared with 1.9% in the previous quarter. However, as annual labour productivity growth fell from 0.4% in the first quarter to 0.2% in the second quarter, year-on-year unit labour cost growth remained stable, at 1.5%, in the second quarter of this year.

By contrast, total hourly labour costs in the euro area grew slightly faster, on average, in the three months from April to June 2012, by 1.6% year on year, compared with 1.5% in the previous quarter (see Chart 27). In particular, this increase was due to an acceleration in hourly labour cost growth in the industrial and construction sectors, with hourly labour cost growth in the services sector remaining unchanged. In the non-business economy, there was a slowdown in hourly labour cost growth. Wages and salaries per hour grew at nearly the same rate as non-wage costs. Preliminary data on negotiated wages up to July 2012 confirm the picture of subdued labour market conditions, which should help to contain wage pressures via a negative wage drift.

Chart 26 Selected labour cost indicators

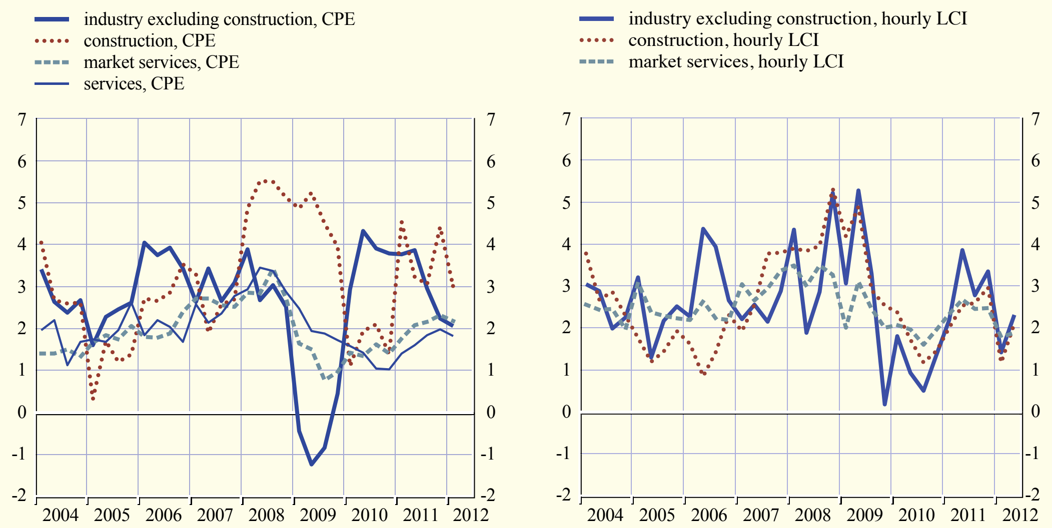
(annual percentage changes; quarterly data)



Sources: Eurostat, national data and ECB calculations.

Chart 27 Sectoral labour cost developments

(annual percentage changes; quarterly data)



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

3.4 THE OUTLOOK FOR INFLATION

Euro area annual HICP inflation was 2.7% in September 2012, according to Eurostat's flash estimate, compared with 2.6% in the previous month. This is higher than expected and mainly reflects increases in indirect taxes and past increases euro-denominated energy prices. On the basis of current futures prices for oil, inflation rates could remain at elevated levels, before declining to below 2% again in the course of next year. Over the policy-relevant horizon, in an environment of modest growth in the euro area and well-anchored long-term inflation expectations, underlying price pressures should remain moderate. Current levels of inflation should thus remain transitory and not give rise to second-round effects.

Risks to the outlook for price developments continue to be broadly balanced over the medium term. Upside risks pertain mainly to further increases in indirect taxes, owing to the need for fiscal consolidation. The main downside risks relate to the impact of weaker than expected growth in the euro area, in the event of a renewed intensification of financial market tensions, and its effects on the domestic components of inflation. If not contained by effective action by all policy-makers in the euro area, such intensification has the potential to affect the balance of risks on the downside.

4 OUTPUT, DEMAND AND THE LABOUR MARKET

Euro area real GDP contracted by 0.2%, quarter on quarter, in the second quarter of 2012, following flat growth in the previous quarter. Economic indicators, in particular survey results, confirm the continuation of weak economic activity in the third quarter of 2012, in an environment characterised by high uncertainty. The euro area economy is expected to remain weak in the near term and to recover only very gradually thereafter. The growth momentum is supported by the standard and non-standard monetary policy measures, but is expected to remain dampened by the necessary process of balance sheet adjustment in the financial and non-financial sectors, the existence of high unemployment and an uneven global recovery. The risks surrounding the economic outlook for the euro area continue to be on the downside.

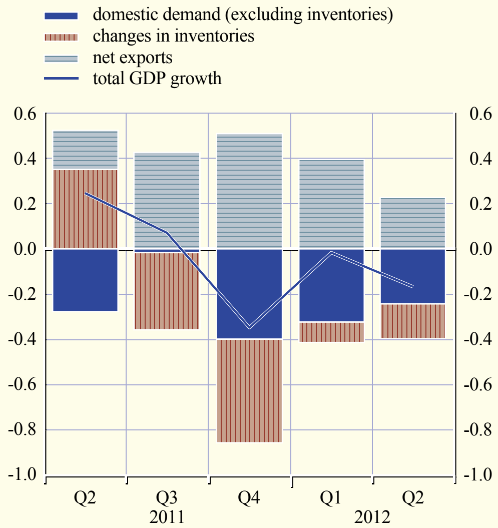
4.1 REAL GDP AND DEMAND COMPONENTS

Real GDP declined by 0.2% in the second quarter of 2012, following flat growth in the previous quarter (see Chart 28). Continued positive impetus from external trade was offset by negative developments in domestic demand and changes in inventories. Output was thus at a level almost 2.5% below its pre-recession peak in the first quarter of 2008. Short-term indicators point to continued weak developments in the second half of 2012. Box 5 describes the information content of stock prices for economic growth.

Private consumption contracted by 0.2% in the second quarter of 2012, which was the same rate as in the previous quarter. The outcome for the second quarter of 2012 most likely reflects lower consumption of retail goods and fewer car purchases, which were partly offset by a slight positive contribution from consumption of services.

Chart 28 Real GDP growth and contributions

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



Sources: Eurostat and ECB calculations.

Box 5

STOCK PRICES AND ECONOMIC GROWTH

Euro area stock prices have risen considerably since June this year (see Chart 20 in Section 2.6), and all sectors have contributed to this rise. In early October the Dow Jones EURO STOXX stood at around 250 points, compared with 209 points in early June. The question is whether these rises in stock prices anticipate an economic recovery. While stock prices often have leading indicator properties for economic growth, it is well known that they are much more volatile than the real economy and might provide false signals about economic growth. Moreover, stock price changes are not necessarily driven by economic fundamentals. This box describes the relationship between stock prices and economic growth from a theoretical and empirical perspective.

Theory

According to common theory, the price of a share equals the sum of all future dividend payments discounted to its present value. Dividends are often replaced by earnings, assuming a constant dividend pay-out ratio. The discount factor can be split into a risk-free component and an equity risk premium. This present value model for the share price implies a forward-looking passive, or indicator role for stock prices. Higher stock prices reflect an increase in the discounted expected earnings, providing potentially useful information about future economic growth.

Stock prices also play an active role in the economy through various channels. Higher equity prices provide an extra stimulus for households and firms that own, whether directly or indirectly, for example via pension funds, shares via positive wealth effects. Furthermore, the stock market is seen as a general measure of the state of the economy through which stock prices affect the real economy via a confidence channel. An increase in stock prices provides a stimulus to the confidence of households and firms and reduces the uncertainty they have about their future economic situation. Investment also benefits from higher stock prices via a lower cost of equity capital. Firms with a stock exchange notation can finance investment more cheaply by issuing new shares. Higher stock prices also increase the ratio between the market value of installed capital and the replacement cost of capital. An increase in this ratio, also known as Tobin's Q, encourages firms to invest more in capital. Higher stock prices also reflect an increase in the expected profits and thus in the sources of internal finance that are ultimately available for investment. This internal financing channel plays a particularly important role when external finance is not available or is only available against high cost. Another mechanism, through which stock prices affect the availability and costs of credit, is that higher stock prices improve the financial position of households and firms. This, in turn, allows households and firms to borrow more easily and cheaply and is known as a balance sheet channel. Finally, the equity risk premium provides an insight into the degree of risk aversion in the economy which, in turn, can affect the real economy. This channel works through the perceived riskiness of equity and the risk compensation desired by investors.[1]

Empirics

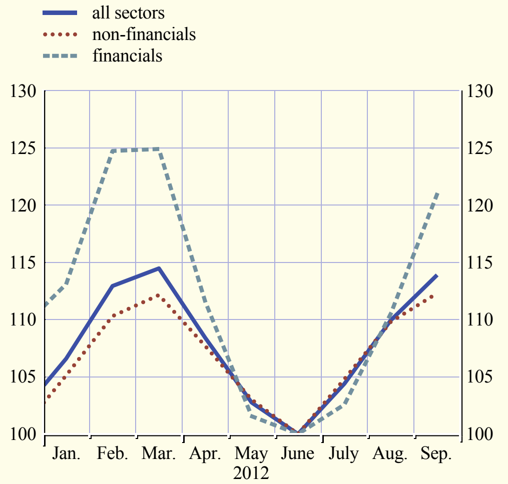
Despite a vast empirical literature about the predictive content of stock prices for economic activity, there is no convincing conclusion. Some studies provide evidence in favour of a positive relationship between stock prices and economic growth, whereas others argue that this relationship has broken down.[2] A likely explanation for a potential loss of predictive content is more prolonged bubbles in the stock markets. Stock prices can rise beyond their fundamental or intrinsic value if they are (temporarily) driven by non-fundamental factors.

1 See the box entitled "Risk-taking and risk compensation as elements in the monetary policy transmission process", *Monthly Bulletin*, ECB, August 2008.

2 For example, using one century of US data, Schwert, G.W. in "Stock returns and real activity: a century of evidence", *Journal of Finance* 45(4), 1990, pp. 1237-57, shows that stock prices contain useful information about future economic growth, whereas Binswanger, M. in "Does the stock market still lead real activity? An investigation for the G-7 countries", *Financial Markets and Portfolio Management* 15(1), 2001, pp. 15-29, argues that this relation has broken down in the 1980s and 90s. In a similar vein, Stock J.H. and Watson M.W. in "Forecasting output and inflation: the role of asset prices", *NBER Working Paper Series* 8180, 2001, show in their seminal paper that certain asset prices predict output growth in some countries in some periods.

Chart A Stock prices in the euro area

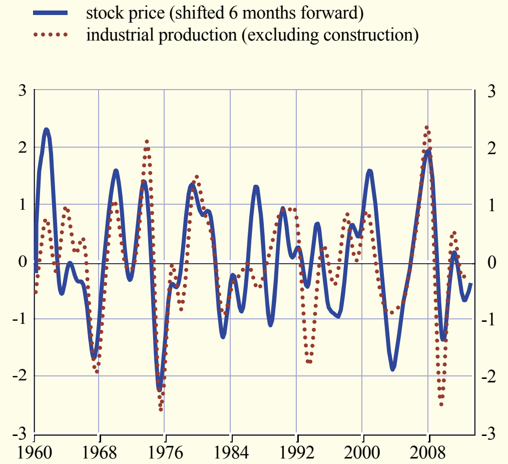
(index: June 2012 = 100; monthly averages of daily data)



Source: Datastream.

Chart B Stock price and industrial production cycles in the euro area

(standardised percentage deviation from trend)



Sources: Datastream, Eurostat, Global Financial Data and ECB calculations.
Notes: Cyclical components are derived by applying a one-sided band pass filter. For more details, see the box entitled "The measurement and prediction of the euro area business cycle", *Monthly Bulletin*, ECB, May 2011. The latest observations for industrial production are from July 2012, and for stock prices from September 2012.

One can mitigate this distortion by analysing the predictive content of the fundamental component of stock prices: dividends or earnings and the factor by which future dividends or earnings must be multiplied in order to obtain the present value. The latter is better known as the discount factor. From this fundamental perspective, stock prices tend to contain information about future economic growth.[3] For example, a stock price fundamental in support of a forthcoming turn in economic growth is the recent fall in the discount factor.

Another possibility is to analyse stock prices at a sector level, knowing that not every sector necessarily adjusts to the business cycle to the same extent. Notwithstanding the fact that all sectors have contributed to the rise in the overall stock price index in the euro area since June this year, Chart A shows that stock prices of the euro area financial sector, a sector which is known to be quite pro-cyclical, have increased markedly.[4]

Another method to extract the predictive power of stock prices for the real economy is to relate the cyclical component of the stock price with that of industrial production (excluding construction). The correlation between stock prices (shifted forward by six months) and the business cycle, as represented by the industrial production cycle, is 0.70 (see Chart B). Indeed, by focusing on the right-hand tail of this chart one could conclude that the stock price cycle currently signals a

3 For evidence on industrial countries, see de Bondt, G.J., "Predictive content of the stock market for output revisited", *Applied Economics Letters* 16(13), 2009, pp. 1289-94 and, for euro area and US evidence, Table 5 in Andersson, M., D'Agostino, A., de Bondt, G.J. and Roma, M., "The predictive content of sectoral stock prices: a US-euro area comparison", *Working Paper Series*, No 1343, ECB, Frankfurt am Main, May 2011. For evidence in favour of fundamental-driven equity wealth effects, see de Bondt, G.J., "Equity wealth effects: fundamental or bubble-driven?", *Applied Economics Letters* 18(7), 2011, pp. 601-05.

4 For evidence in favour of the financial sector as the sector containing the most promising information content for future GDP growth in the euro area as well as in the United States, see Andersson, M., D'Agostino, A., de Bondt, G.J. and Roma, M., op. cit.

recovery in the euro area growth cycle. However, Chart B also shows that the stock price cycle did provide false signals in the past. A notable deviation between the two cycles is, for example, the period between 1986 and early 1987, when the industrial production cycle indicators declined but the six-month leading stock price cycle picked up strongly and thus provided a clear positive signal for the growth cycle.

Conclusions

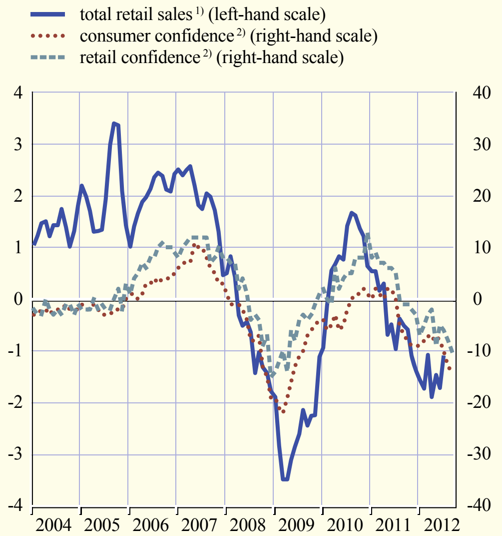
In sum, there are several factors supporting the view that rises in stock prices may anticipate economic growth, but important caveats apply. From a theoretical perspective, owing to their passive forward-looking indicator role stock prices have information content for future economic growth because they are the outcome of discounted future dividends. Stock prices also play an active role via a wide spectrum of channels through which they affect economic growth. Empirically speaking the predictive content of stock prices for economic growth is, however, less clear-cut.

As regards the short-term outlook, available information tends to confirm persistent muted developments in consumer spending. Although retail sales declined by 0.1% in July, they nonetheless recorded a level somewhat above the average of the second quarter of 2012. Euro area new passenger car registrations rose by 5.8%, month on month, in August, thereby only partly reversing the decline of 10.2% in the previous month. The latest volatile developments in car registrations, which are by no means unusual in a historical comparison, reflect, at least partly, the impact of fiscal measures on car purchases in some countries. In the first two months of the third quarter, car registrations stood almost 7% below the average level in the second quarter. This represents a significant deterioration compared with the second quarter when registrations declined, quarter on quarter, by 0.5%.

Retail sector survey data for the third quarter suggest further weakness in the consumption of retail goods (see Chart 29). Although the Purchasing Managers' Index (PMI) for the retail sector rose from 44.3 in the second quarter to 46.0 in the third quarter, it still remains below 50 thereby indicating a further shrinking of sales. Moreover, according to the European Commission's consumer survey, the indicator on consumer confidence declined further in September. The average level for the third quarter was significantly below that for the second quarter. The indicator, which remains below its long-term average, thus points towards lacklustre developments in consumer spending. The indicator of expected major purchases, which declined in September, continues to stand at a historically low level, suggesting that consumers remain cautious when deciding whether or not to purchase durable goods.

Chart 29 Retail sales and confidence in the retail trade and household sectors

(monthly data)



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

Gross fixed capital formation contracted further, by 0.8% quarter on quarter, in the second quarter of 2012. Investment has thus fallen for five consecutive quarters, with a cumulative drop of more than 3% since the first quarter of 2011. With regard to the breakdown of investment in the second quarter, non-construction as well as construction investment – both accounting for around half of total investment – fell on a quarterly basis. In line with subdued overall economic activity, capital formation is expected to continue to contract in the short term.

Industrial production of capital goods (an indicator of future non-construction investment) rose in July 2012 by 2.1%, month on month. Capital goods production, which declined by 1.4%, quarter on quarter, in the second quarter, stood in July almost 2% above its average level in the second quarter. By contrast, more timely survey results, which already cover the three months of the third quarter, point towards a further decline in the level of non-construction investment activity in that quarter. The European Commission's industrial confidence indicator was well below its historical average, while the manufacturing PMI remained below the theoretical no-growth threshold of 50 throughout the third quarter of 2012.

In July 2012 construction production displayed flat growth, month on month, following a decline of 0.5% in the previous month. Meanwhile, the construction confidence indicator published by the European Commission was still below its historical average in the third quarter. At the same time, the PMI for construction in the euro area stood significantly below 50 in July and August, pointing towards further negative developments.

Turning to euro area trade flows, they rose in the second quarter of 2012 after a stabilisation in the first quarter of 2012. Exports of goods and services increased, quarter on quarter, by 1.3%, while imports rose by 0.9%. Available evidence suggests that both imports and exports slightly decelerated in the third quarter. The trade flows recorded in July were, on average, below the average level seen in the second quarter. Survey data relating to euro area exports also deteriorated. In September the PMI new export orders increased to 45.3, but still remained below the theoretical expansion/contraction threshold of 50. Looking further ahead, growth in euro area exports is expected to continue at a more moderate pace, on the back of a very gradual, albeit sustained, strengthening of global economic activity. Broadly consistent with the prospects for economic activity in the euro area, the near-term outlook for imports remains rather subdued.

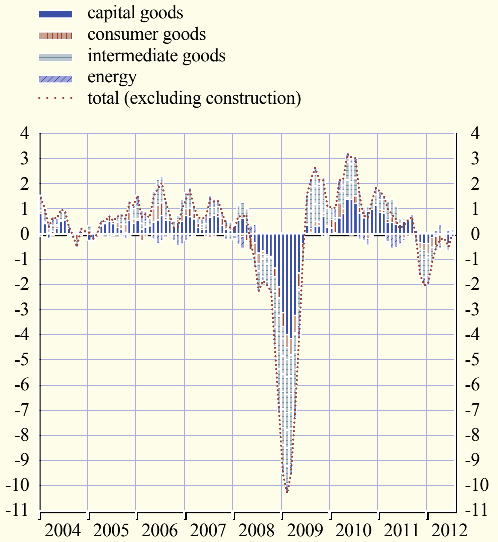
4.2 SECTORAL OUTPUT

Real value added shrank, quarter on quarter, by 0.1% in the second quarter of 2012, affected by weak activity in industry (excluding construction) as well as construction. At the same time, value added in services recorded flat growth. The most recent decline in value added, which started in the third quarter of 2011, is entirely explained by developments in the industrial sector.

With regard to developments in the third quarter of 2012, industrial production (excluding construction) rose by 0.6% month on month in July, following a decline of the same magnitude in the previous month. Production in July stood 0.6% above its average level in the second quarter. This represents an improvement compared with the quarterly decline of 0.5% in the second quarter of 2012 (see Chart 30). However, considering the volatility of these data, caution is warranted before drawing conclusions for the quarter as a whole. Furthermore, survey data, which are available for all months of the third quarter, point to a weakening of industrial activity (see Chart 31). For example,

Chart 30 Industrial production growth and contributions

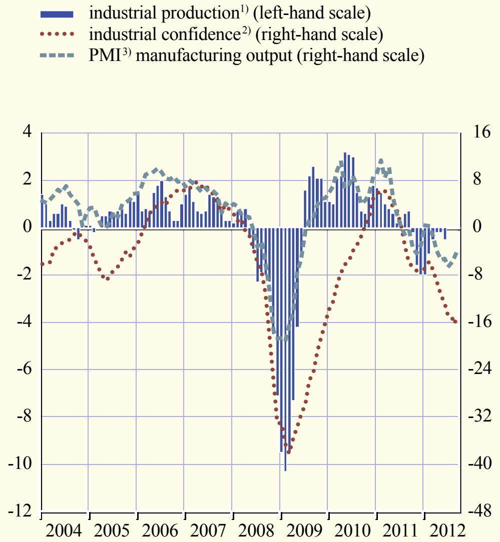
(growth rate and percentage point contributions; monthly data; seasonally adjusted)



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

Chart 31 Industrial production, industrial confidence and PMI manufacturing output

(monthly data; seasonally adjusted)



Sources: Eurostat, European Commission Business and Consumer Surveys, Markit and ECB calculations.
Note: Survey data refer to manufacturing.
1) Three-month-on-three-month percentage changes.
2) Percentage balances.
3) Purchasing Managers' Index; deviations from an index value of 50.

the PMI manufacturing output index declined from 45.2 in the second quarter to 44.6 in the third quarter, i.e. sliding further below the no-growth threshold of 50.

The latest data confirm that the underlying growth momentum in the construction industry remains weak. Production in construction remained stable between June and July, thereby reaching a level some 0.2% below the outcome for the second quarter. Overall, the feeble start to the third quarter, combined with negative results from more timely surveys, points to an ongoing contraction in the construction sector.

Although the PMI index of activity in business services declined between August and September, it nonetheless marginally improved between the second and third quarters of 2012. The index continues, however, to record levels below 50, which would be consistent with negative output developments in the services sector in the third quarter of 2012. Other business surveys, such as those of the European Commission, paint a slightly more negative picture.

4.3 LABOUR MARKET

The economic and financial crisis has taken a heavy toll on euro area labour markets. Employment declined further in the first half of 2012, while unemployment has continued to rise. Survey data do not anticipate an improvement in the period ahead.

Table 7 Employment growth

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

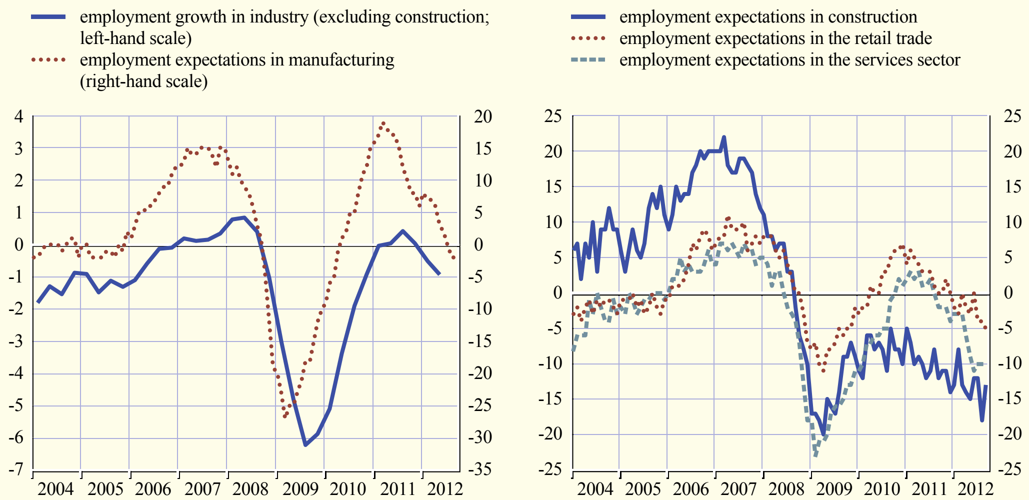
	Persons					Hours				
	Annual rates		Quarterly rates			Annual rates		Quarterly rates		
	2010	2011	2011 Q4	2012 Q1	2012 Q2	2010	2011	2011 Q4	2012 Q1	2012 Q2
Whole economy										
of which:	-0.5	0.2	-0.2	-0.3	0.0	0.1	0.1	-0.4	-0.1	-0.3
Agriculture and fishing	-0.9	-2.5	-0.9	0.0	0.5	-0.2	-1.5	-0.3	-0.4	-0.3
Industry	-3.1	-1.1	-0.8	-0.7	-0.5	-1.5	-1.0	-1.1	0.0	-1.1
Excluding construction	-2.9	0.1	-0.3	-0.3	-0.4	-0.3	0.6	-0.4	0.2	-0.6
Construction	-3.8	-4.0	-1.8	-1.5	-0.6	-3.8	-4.1	-2.7	-0.5	-2.2
Services	0.4	0.8	-0.1	-0.2	0.2	0.6	0.6	-0.1	-0.1	-0.1
Trade and transport	-0.7	0.6	-0.4	-0.3	0.2	-0.3	0.2	-0.7	-0.3	0.1
Information and communication	-1.2	1.7	0.6	0.7	0.6	-0.6	1.7	0.6	0.8	0.3
Finance and insurance	-0.8	-0.3	0.1	0.0	-0.8	-0.3	0.0	-0.3	-0.2	-1.4
Real estate activities	-0.4	3.0	2.4	-1.2	0.7	0.6	3.6	0.9	-1.5	0.9
Professional services	1.7	2.6	0.3	-0.6	0.7	2.3	2.7	0.4	-0.6	0.3
Public administration	1.0	0.1	-0.2	-0.1	0.1	1.1	0.1	0.1	0.3	-0.2
Other services [1]	0.9	0.2	0.2	0.6	-0.5	0.6	-0.3	0.0	0.8	-1.1

Sources: Eurostat and ECB calculations.
1) Also includes household services, the arts and activities of extraterritorial organisations.

The level of employment remained stable between the first and second quarters of 2012, following three consecutive quarters of declines (see Table 7). At the sectoral level, on a quarter-on-quarter basis, the latest figure reflects employment reductions in industry excluding construction as well as in construction, which were counterbalanced by positive employment growth in the services sector. In slight contrast to headcount employment, hours worked declined further, by 0.3% quarter on quarter in the second quarter. The latest survey results point to a further weakening of labour markets in the third quarter of 2012 (see Chart 32).

Chart 32 Employment growth and employment expectations

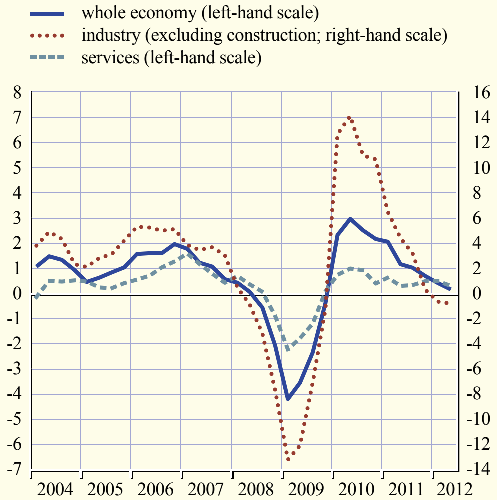
(annual percentage changes; percentage balances; seasonally adjusted)



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

Chart 33 Labour productivity per person employed

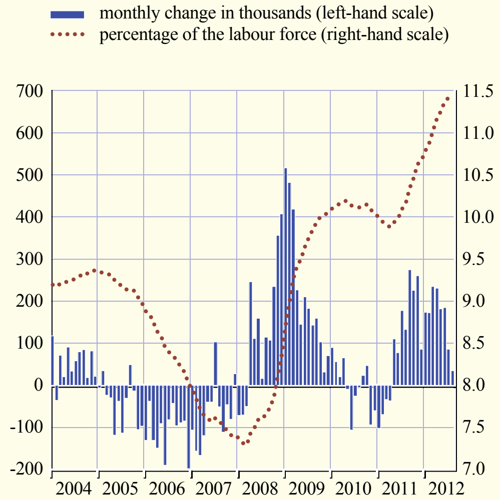
(annual percentage changes)



Sources: Eurostat and ECB calculations.

Chart 34 Unemployment

(monthly data; seasonally adjusted)



Source: Eurostat.

The annual rate of change in productivity per person employed eased further from 0.4% in the first quarter of 2012 to 0.2% in the second quarter (see Chart 33). This slowdown reflected developments in industry excluding construction and services. Similarly, the annual growth rate of hourly labour productivity decreased further, by 0.4 percentage point, to 0.3% over the same period. Looking ahead, the latest readings of the PMI productivity index suggest continued low productivity growth in the third quarter of 2012.

Although the unemployment rate remained unchanged at 11.4% between July and August 2012, the number of unemployed persons displayed a further rise. The latest outcome is more than 4 percentage points higher than in March 2008, the cyclical low that occurred before the onset of the financial crisis (see Chart 34).

4.4 THE OUTLOOK FOR ECONOMIC ACTIVITY

Economic indicators, in particular survey results, confirm the continuation of weak economic activity in the third quarter of 2012, in an environment characterised by high uncertainty. The euro area economy is expected to remain weak in the near term and to recover only very gradually thereafter. The growth momentum is supported by the standard and non-standard monetary policy measures, but is expected to remain dampened by the necessary process of balance sheet adjustment in the financial and non-financial sectors, the existence of high unemployment and an uneven global recovery.

The risks surrounding the economic outlook for the euro area continue to be on the downside. They relate, in particular, to ongoing tensions in several euro area financial markets and the potential spillover to the euro area real economy. These risks should be contained by effective action by all policy-makers in the euro area.

ARTICLES

GLOBAL LIQUIDITY: CONCEPTS, MEASUREMENTS AND IMPLICATIONS FROM A MONETARY POLICY PERSPECTIVE

Global liquidity is a multifaceted concept that can be defined and measured in many different ways. There is a broad consensus, however, that in the run-up to the financial crisis the level of global liquidity was an important determinant of asset price and consumer price dynamics in several economic regions. There is also evidence that, more generally, measures of global liquidity are one of the best performing leading indicators of asset price booms and busts. Liquidity is highly pro-cyclical and can quickly evaporate, setting in motion self-sustaining adverse dynamics, as has been observed during the financial crisis.

From a monetary policy perspective, the key issue is the need to understand and assess how domestic and global liquidity can ultimately influence domestic price stability. The ECB's monetary policy strategy, with its monetary pillar and its medium-term orientation, allows for the implications of global liquidity for inflation to be taken into account and for the adoption of a "leaning against the wind" approach towards financial imbalances, which are often fuelled by global liquidity.

1 INTRODUCTION

Global liquidity is a multidimensional and complex phenomenon, which has repeatedly been proffered as one explanation for financial developments. It has, at times, been associated with a number of different developments: stock market rallies, low bond yields, rising commodity prices, real estate booms or strong increases in global monetary and credit aggregates. It has also been found to influence price and output fluctuations. The global financial crisis triggered shortages in global liquidity, at least in certain markets and regions, risking the setting in motion of self-sustaining adverse dynamics.

There are several distinct definitions of liquidity, and the most relevant for policy-making are the following: (i) "monetary liquidity", which is defined as the ease of converting monetary assets into goods and services, and (ii) "financial market liquidity", which is defined as the ease with which large volumes of financial securities can be bought or sold without affecting the market price. Moreover, in the context of financial stability, the concepts of "official liquidity" – comprising central bank money including foreign reserves – and "private liquidity" – largely created in the private sector – have been defined.[1]

For the conduct of monetary policy, it is important to understand how global liquidity can affect price developments via its impact on international asset and commodity prices, on risk and term premia in international asset markets and on money and credit aggregates.

Against this background, Section 2 of this article provides a detailed definition of global liquidity and discusses possible transmission channels from a conceptual point of view. Section 3 then describes the construction and evolution of various empirical measures of global liquidity. Section 4 discusses the implications for monetary policy and Section 5 concludes.

2 UNDERSTANDING GLOBAL LIQUIDITY

Global liquidity is a multifaceted concept, which cannot be encapsulated by one catch-all definition. This section explores the definition of global liquidity that is most useful from a perspective of monetary policy geared towards price stability over the medium term. Further, this section examines the various sources and implications of global liquidity conditions from a conceptual viewpoint. Finally, it discusses the possible transmission channels of global liquidity.

2.1 DEFINING GLOBAL LIQUIDITY

From a monetary policy perspective, the relevance of global liquidity derives from its

1 See *Global liquidity – concept, measurement and policy implications*, CGFS Publications, No 45, Bank for International Settlements (BIS), November 2011, to which the ECB contributed.

ultimate effects on consumer price inflation over the medium term. Generally, one important aspect of liquidity is the ease with which an instrument can be exchanged for goods and services, giving prominence to the transactions' motive and suggesting that money can provide a useful benchmark for liquidity. Money, notably currency and overnight deposits, is the asset with the highest degree of liquidity, as it is the generally accepted medium of exchange for goods and services. The exchangeability criterion, therefore, suggests classifying liquidity into monetary liquidity – closely associated with the transactions' motive – and financial market liquidity – reflecting the ease of trading in assets compared with trading in money. These concepts can be extended to the global economy.

2.1.1 GLOBAL MONETARY LIQUIDITY

Monetary liquidity can be defined as the ease of converting monetary assets into goods and services, domestically and across borders. Global monetary liquidity comprises the holdings of liquid financial assets by domestic residents and the portfolio investment in such liquid assets by non-residents. The former is largely accounted for by domestic monetary liquidity, while the cross-border liquidity provided by international financial markets and internationally active banks constitutes the incremental element in global liquidity. However, cross-border capital flows would only constitute liquidity if they resulted from additional funds provided across borders, rather than simply from the reallocation of existing investments.

The concept of monetary liquidity attempts to capture the ability of economic agents to settle their transactions using money, an asset the agents cannot create themselves. Money is typically seen as the asset which, first, can be transformed into consumption without incurring transaction costs, and second, has an exchange value that is not subject to uncertainty in nominal terms, rendering it the most liquid asset in the economy. Strictly speaking, these characteristics apply only to currency. The question of which other assets can be defined as money depends on the degree of substitutability between currency and these other assets. In practice, the definition of money in an economy generally includes those other assets which can be easily converted into currency: short-term bank deposits are an obvious example.

Generally, a higher level of money holdings allows for a higher volume of immediate transaction settlement. However, agents' liquidity, for instance, varies according to the synchronisation of their receipts and payments. For a given amount of money held, the more synchronised the agents' receipts and payments, the greater the agents' liquidity. Additional factors may affect agents' ability to obtain liquidity and thus their "potential" liquidity situation. For instance, the soundness of agents' balance sheets determines their credibility as sound counterparties and, therefore, their ability to trade less liquid assets for liquid assets.

Translating the main aspects of defining monetary liquidity (i.e. the ease of convertibility into consumption and capital certainty) into a multi-country setting is not straightforward, implying that even if liquidity were appropriately determined at the domestic level, a similar measure used for different countries may not correctly capture the global dimension of liquidity.

2.1.2 GLOBAL FINANCIAL MARKET LIQUIDITY

Financial market liquidity is generally defined as the ease of trading in assets compared to trading in money, thus reflecting the cost of converting a financial asset into money. Since trading implies a cost to those conducting the transaction, this notion of liquidity also embodies the ability of financial markets to absorb large transactions in securities without any significant effect on prices.[2]

In practice, there are few markets in which the assumption of ideal financial market liquidity conditions can be maintained on a continuous basis. Rather, in most cases, financial market

2 Amihud, Y., Mendelson, H. and Pedersen, L., "Liquidity and Asset Prices", *Foundations and Trends in Finance*, Vol. 1, No 4, 2005, pp. 269-364.

liquidity is imperfect, mainly reflecting the existence of information asymmetries (e.g. the cost of acquiring and processing relevant information, and the existence of private information) and transaction costs (e.g. brokerage fees).

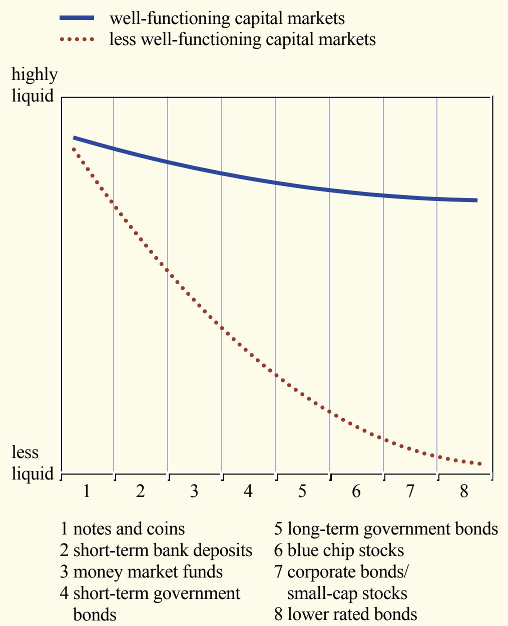
Greater financial market liquidity brings markets closer to the theoretical ideal of a frictionless environment in which two agents can conduct a mutually beneficial trade.

2.1.3 THE RELATIONSHIP BETWEEN MONETARY AND FINANCIAL MARKET LIQUIDITY

Monetary liquidity and financial market liquidity are related. First, as financial market liquidity increases for a particular instrument, the cost of transforming that instrument into money diminishes, so that at the limit of zero cost, the instrument could be defined as money. Generally, the choice of which assets to define as money is based on the degree of substitutability between banknotes and coins, and these other assets. This degree of substitutability reflects the capital certainty of the assets, which is in turn related to the volatility of their prices. Thus, the definition of money in an economy generally includes assets with high financial market liquidity, in addition to banknotes and coins. The higher the financial market liquidity of an asset, the more likely it is to be included in a specific measure of money. There is thus no absolute standard by which to classify liquidity, but rather a continuous scale, as illustrated in Chart 1.

Second, negative interaction between financial market and monetary liquidity can arise in a situation of both high volatility and weakening financial soundness. Financial market volatility heightens uncertainty in relation to the appropriate valuation of assets, thereby exacerbating information asymmetries and increasing the premia on risky assets, implying lower asset valuations that lead to higher margin requirements and less trading. During such periods of financial market uncertainty, financial market participants face increased funding requirements, as they have to cover their margin calls and attempt to stabilise their liquidity situation. Some agents in the economy may experience a "liquidity squeeze". Uncertainty regarding the degree to which agents are affected by such a liquidity squeeze can bring trading to a standstill and thus dry up financial market liquidity. At the same time, for those agents not trading on the financial markets and for the economy more widely, monetary liquidity may still be ample, for example as a result of monetary policy supporting the functioning of money markets via non-standard measures, with the ultimate goal of countering downward risks to price stability.

Chart 1 Conceptual representation of a liquidity spectrum



Source: ECB.
Note: Asset classes are ordered by a priori considerations with regard to their liquidity.

2.2 SOURCES OF GLOBAL LIQUIDITY

It is useful to distinguish between two major categories of sources/drivers of global liquidity: (i) macroeconomic factors including (among other things) the monetary policy stance and current account imbalances; and (ii) financial factors.

As regards macroeconomic factors, the chosen monetary policy stance is an important determinant of money and credit growth domestically, but also at the global level.[3] Monetary policy actions affect the setting of market interest rates and prices in the economy through various channels, thereby affecting economic activity and inflation. Through its influence on market interest rates, monetary policy can also affect liquidity conditions in financial markets, for instance through the risk-taking behaviour of economic agents. Another important factor is the existence of global imbalances, which also have a significant effect on global liquidity conditions. Over the past two decades, the magnitude of current account imbalances, as a share of GDP in the main external surplus and deficit economies, has pointed to widening global imbalances, reaching a peak in the years 2006-08. The bulk of these global imbalances reflect a large current account deficit in the United States, and a high level of foreign exchange reserves resulting from substantial surpluses built up by China and oil-exporting countries. Many surplus economies have accumulated large foreign exchange reserves in order to control the appreciation effect of capital inflows on the exchange rate. The bulk of the assets consisted of low-risk instruments (such as US Treasury securities or dollar deposits). Given the tight linkages between advanced economies' bond markets, the low levels of interest rates in the United States have also created spillover effects in other major markets. Hence, the widening of global imbalances and the resulting feedback loop on asset prices worldwide has also had a marked impact on global liquidity conditions.

There are well-founded reasons for believing that certain common global financial factors affect individual countries' financial market liquidity trends. In particular, the following three factors have probably driven global financial market liquidity conditions. First, over recent decades national financial markets have become better integrated at the global level, which has, inter alia, reduced information asymmetries. This has promoted larger cross-border financial flows and increased the diversity of investors, which, in turn, has had a positive impact on global market liquidity. The current financial crisis has partly reversed the integration of European financial markets,[4] however, the financial integration of emerging market economies continues. Second, financial market deregulation has brought about many new financial instruments, leading to an increase in risk-sharing and hedging possibilities. It has also boosted competition, which has resulted in lower brokerage fees (i.e. lower transaction costs). Overall, the many new financial instruments have increased financial market liquidity.[5] Third, financial integration and innovation have also influenced agents' attitudes towards risk, spurring elevated risk appetite during boom periods. More financial innovation and deeper financial integration have contributed to a surge in global liquidity, bringing with it the risk of costly asset price booms and busts with ultimate risks to price stability.

2.3 GLOBAL LIQUIDITY TRANSMISSION CHANNELS

From a monetary policy perspective, the key issue is the need to understand how global liquidity can ultimately influence domestic price stability. This issue is closely related to the mechanisms of monetary transmission at the international level.

In theory, an accommodative monetary policy stance may generate liquidity spillovers at the global level via two mechanisms. First, via a "push effect", in the event of monetary policy supporting the ample provision of monetary liquidity in one country through strong money and credit growth and thus inducing capital outflows to foreign asset markets, with the effect of raising demand for assets abroad and thereby exerting upward pressure on prices of financial

3 See the article entitled "The ECB's monetary policy stance during the financial crisis", *Monthly Bulletin*, ECB, January 2010.

4 *Financial integration in Europe*, ECB, Frankfurt am Main, April 2012.

5 Stark, J., "Globalisation and monetary policy: from virtue to vice?", speech, Dallas, United States, 29 November 2011.

and real assets. Second, via a "pull effect", in the event of an accommodative monetary policy stance supporting ample domestic monetary liquidity reflected in strong money and credit growth. This could fuel robust economic growth accompanied by higher asset prices inducing foreign capital inflows.[6]

The exchange rate regime, capital controls, and the main financial and trading partners of a country determine the strength of the effects described above. A spectrum of alternative outcomes between the following two polar cases is possible. First, in the case of fixed exchange rates, capital inflows and outflows will be the main mechanism by which global liquidity transmits to the domestic economy. Second, in the case of free-floating exchange rates, global liquidity leads to adjustments via relative prices. Currently, a large number of countries still manage their currency exchange rates (only 30 countries – mainly advanced economies – were categorised as free-floating by the IMF in 2011).[7] As a result, the ultimate transmission effects of global liquidity are composed of the effects associated with the two polar cases, i.e. of capital flows and relative price changes.

The effects of global liquidity on the domestic economy can be transmitted via persistent interest rate differentials and via capital flows. More importantly, recently, international commodity prices (and import prices more generally) played an important role in domestic price developments. From a euro area perspective, the impact of commodity prices on inflation can be direct, that is via unprocessed food and energy, or indirect, via higher import prices for materials. The likelihood of such an impact is, *ceteris paribus*, greater the more accommodative the monetary policy and the more liquidity there is in the euro area. The situation in emerging market economies also plays an important role in the transmission of the effects of global liquidity: commodity prices typically have a large, direct inflationary effect on both consumers and producers in commodity-importing emerging economies if exchange rate adjustment is only partial. If this effect coincides with high liquidity and income growth in these countries, the price pressures are likely to spill over into euro area import prices. Moreover, even if the surge in commodity prices were originally due to a temporary shock (e.g. a drought or flooding in the case of food), a situation of ample liquidity and strong growth in emerging economies could render the effects of the shock more persistent.

The situation may give rise to self-sustaining spirals if advanced economies also experience abundant liquidity and direct some of this to emerging economies in view of the stronger growth and higher returns to be gained there. A global monetary spillover would raise the euro prices for imports from these countries even further. In the absence of an exchange rate appreciation, the adjustment would be transmitted via higher wages and inflation to the emerging countries, which would ultimately also lead to higher import prices for the euro area.

Whether terms-of-trade developments exert positive or negative pressure on aggregate inflation in the short run depends on their net effect on aggregate supply and demand. For a given level of aggregate demand, an adverse permanent terms-of-trade shock reduces potential output, so that the resulting positive output gap causes upward pressure on inflation. A negative aggregate demand effect materialises if a permanent commodity price shock impinges on the wealth of individuals via its impact on current and expected future income. For a given level of potential output growth, the negative wealth effect gives rise to excess aggregate supply, thereby leading to downward pressure on domestic inflation.

6 See Baks, K. and Kramer, C., "Global Liquidity and Asset Prices: Measurement, Implications, and Spill-overs", *IMF Working Papers*, No 99/168, 1999, and Sousa, J. and Zaghini, A., "Monetary policy shocks in the euro area and global liquidity spillovers", *International Journal of Finance and Economics*, Vol. 13, 2008, pp. 205-218.

7 See "De Facto Classification of Exchange Rate Arrangements and Monetary Policy Frameworks", *Annual Report*, IMF, April 2011, Appendix Table II.9.

The discussion in this section shows that the transmission channels of global liquidity are complex and that they may be difficult to identify. Therefore, a broad range of indicators should be used to measure global liquidity.

3 MEASURING GLOBAL LIQUIDITY

This section provides selected examples of empirical measures of global liquidity conditions, most of which have also been identified as useful in the work of the BIS Committee on the Global Financial System.[8] The indicators discussed below are imperfect measures and are influenced by a variety of factors. For policy-makers, it is, therefore, important to look at a broad set of indicators when gauging global liquidity conditions.

In line with the conceptual distinction made between monetary and financial market liquidity, a similar distinction is made below between the indicators of global liquidity.

3.1 GLOBAL MONETARY LIQUIDITY INDICATORS

Many empirical indicators can be used as global monetary liquidity indicators. This section limits the indicators to a core set: those derived from money and credit aggregates, banking statistics and interest rates. To gauge global monetary liquidity conditions, the measures are aggregated for advanced economies and emerging markets.

Measures of global monetary and credit growth aggregated from national data are typically used to construct a proxy for global monetary liquidity. Such proxies vary according to choices made regarding (i) the breadth of the selected monetary or credit aggregate; (ii) the geographical coverage; and/or (iii) the exchange rates used to convert the quantities in national currencies into one single currency.

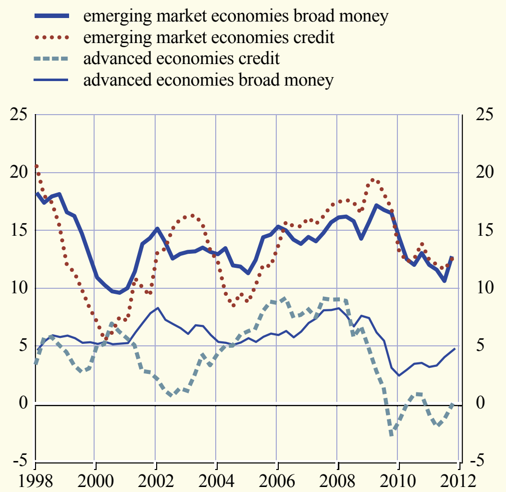
A measure of global liquidity can be constructed based on narrow monetary aggregates (typically banknotes and coins plus highly liquid bank deposits, such as overnight deposits) or based on broad monetary aggregates (that also include less liquid bank deposits and marketable instruments issued by monetary financial institutions). A narrow monetary aggregate has the advantage of components being typically more homogenous across economies, rendering the resulting measure easier to interpret. However, broad monetary aggregates typically provide a less volatile picture of monetary growth in individual economies, as they internalise substitution among the different liquid assets. At the same time, the broader the monetary aggregate, the greater its capacity to measure monetary as well as financial market liquidity.

A comparison of a measure of money growth for advanced economies (Canada, Japan, the United Kingdom, the United States and the euro area) with a similar measure for ten major emerging market economies (see Chart 2)

8 See the report mentioned in footnote 1.

Chart 2 Nominal money and credit growth in advanced economies and emerging market economies

(annual percentage changes)



Sources: ECB, Eurostat, BIS, IMF and ECB calculations.
Note: Advanced economies broad money and credit is the simple sum of broad money and credit aggregates in Canada, Japan, the United Kingdom and the United States converted into euro using purchasing power parity exchange rates as well as in the euro area. Emerging market economies broad money and credit is the simple sum of broad money and credit aggregates in Brazil, Chile, China, India, Malaysia, Mexico, Russia, South Africa, South Korea, Saudi Arabia converted into euro using purchasing power parity exchange rates.

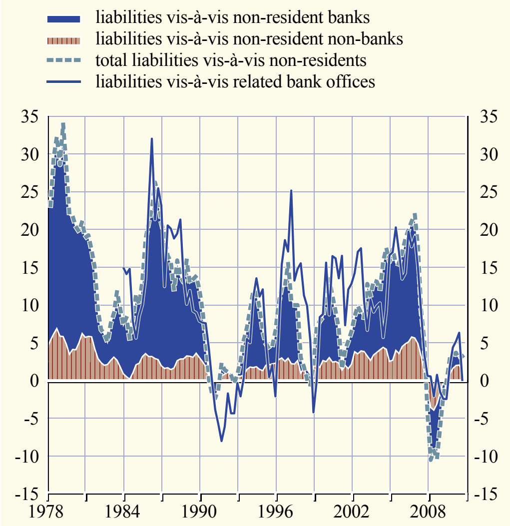
suggests that the patterns are broadly similar, at least prior to the onset of the financial crisis. In the period leading up to the financial crisis, i.e. from 2003 to 2007, both groups of countries saw high and increasing money and credit growth, potentially signalling strong increases in monetary and financial market liquidity. These developments reflected financial innovation and deeper financial integration, which contributed to improving the financial intermediation process, ultimately facilitating the provision of money and credit to the economies. The difference between the aggregated broad money growth rates of the two groups was reasonably stable in the eight years until 2009. It mostly reflected different real output growth and inflation rates.

Monetary growth in the advanced economies group has slowed considerably during the financial crisis, following a period of strong growth. The counterparts of money may provide some information on the sources and strength of liquidity creation. Therefore, Chart 2 also shows credit aggregates constructed in a manner similar to the monetary aggregates. These credit growth measures have tended to move closely in line with broad money growth in advanced and emerging market economies, with the notable exception of the period 2001-04. This period was characterised by heightened financial market and geopolitical uncertainty, leading to an unusually widespread preference for holding liquid instruments that are included in monetary aggregates. Thus money growth during this period led to an exaggerated perception of risks to price stability.[9]

By design, monetary aggregates generally focus on the holdings of monetary assets by the resident money-holding sectors in each country.[10] For the analysis of global asset price developments, global measures based on cross-border short-term capital flows may provide useful information,[11] as these flows are likely to reflect the speculative short-term arbitrage transactions. Developments in banks' cross-border asset stocks reported by the Bank for International Settlements (BIS)[12] can provide insight into the strengthening of international

Chart 3 Bank liabilities vis-à-vis non-residents

(annual percentage changes; contributions in percentage points)



Sources: ECB, BIS locational banking statistics and ECB calculations.
Note: Series in US dollar are converted in EUR with purchasing power parity exchange rates.

financial flows. An analysis that examines linkages between global imbalances and capital flows and/or short-term speculative capital flows needs to include global interbank/credit relationships and foreign currency holdings of central banks in a global liquidity aggregate. Chart 3 illustrates that bank liabilities to non-resident non-banks and to non-resident banks follow a broadly similar cycle, with the former exhibiting, however, much larger fluctuations. The measure of bank liabilities to non-resident affiliates provides an indication of the type of capital flows that may be passed on from a jurisdiction (where deposits are collected) to

9 See the article entitled "Money demand and uncertainty", *Monthly Bulletin*, ECB, October 2005.
10 According to the IMF's Monetary and Financial Statistics Manual, money holders are "usually defined to include all resident sectors except depository corporations and the central government".
11 For each national monetary aggregate, cross-border short-term flows are treated as holdings of non-residents.
12 For recent reports see the "Statistical release: preliminary locational and consolidated international banking statistics at end-March 2012", *BIS*, July 2012 and "International banking and financial market developments", *BIS Quarterly Review*, BIS, September 2012, pp. 1-20.

another jurisdiction (where they are then invested by the bank's affiliate). The analysis of the leveraging behaviour of global banking networks is important from a monetary policy perspective, because it provides a better understanding of the transmission of global liquidity conditions to certain regions of the world.[13]

In addition to quantity measures, measures based on financial market prices may also be informative about global liquidity conditions. Short-term real interest rates provide an example, as they constitute a key determinant of liquidity conditions in an economy. An aggregated measure of real interest rates across major markets provides information on the influence of global financial market conditions on global liquidity conditions.[14]

Chart 4 shows GDP-weighted, ex ante real short-term interest rates for advanced economies and emerging market economies. The chart gives rise to two observations. First, real rates in advanced and emerging market economies have declined overall over the past decade. Since early 2010, ex ante real interest rates in advanced economies have been negative, resulting from low policy rates and substantial liquidity provision from major central banks. Second, ex ante real interest rates in emerging markets have remained at levels above those in advanced economies, but the gap has narrowed over most of the last decade, before widening slightly over the past two years. The higher real rates in emerging markets probably reflect higher economic growth prospects coupled with somewhat higher risk premia on government bonds issued by emerging market economies.

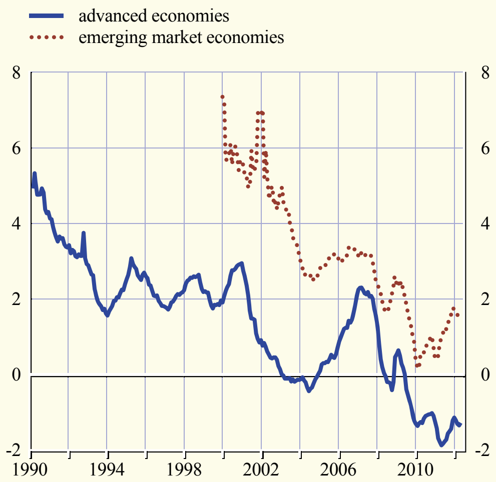
Theoretically, a normative and thus more appropriate measure of the global monetary policy stance, which ultimately drives global liquidity conditions, is provided by the real interest rate gap, i.e. the difference between the real interest rate and the natural real interest rate – the latter being defined as the real short-term interest rate which is consistent with output at its potential level and a stable rate of inflation. However, there is no established measure of a global natural real interest rate, and existing estimates normally carry substantial uncertainty, rendering the construction of a normative measure difficult.

13 See for instance Bruno, V. and Shin, H.Y., "Capital Flows and the Risk-Taking Channel of Monetary Policy", paper presented at the joint workshop of the European Central Bank and the Bank for International Settlements entitled "Global Liquidity Conditions and its International Repercussions" of 6 and 7 February 2012, and the series of papers by Cetorelli, N. and Goldberg, L.: "Liquidity management of U.S. Global Banks: Internal Capital Markets in the Great Recession", *Journal of International Economics* (forthcoming), 2012; "Banking Globalization and Monetary Transmission", *Journal of Finance* (forthcoming), 2012; and "Global Banks and International Shock Transmission: Evidence from the Crisis", *International Monetary Fund Economic Review*, Vol. 59, No 1, 2011, pp. 41-46.

14 The aggregation can be carried out in various ways (equally weighted, GDP-weighted, weighted according to volumes traded on the market, etc.).

Chart 4 Ex ante real short-term interest rates

(percentages per annum; monthly observations)



Sources: Haver Analytics, Consensus Economics and ECB calculations.
Note: The ex-ante real rates are computed as the difference between money-market interest rates and the twelve-month-ahead average of Consensus Forecasts inflation expectations.
Advanced economies: Canada, France, Germany, Italy, Japan, Netherlands, Norway, Spain, Sweden, Switzerland, United Kingdom, United States.
Emerging market economies: Albania, Argentina, Azerbaijan, Bangladesh, Belarus, Bolivia, Costa Rica, Bosnia and Herzegovina, Brazil, Bulgaria, Chile, China, Colombia, Croatia, Czech Republic, Dominican Republic, Ecuador, Hong Kong, Hungary, India, Indonesia, Kazakhstan, Korea, Latvia, Lithuania, Malaysia, Mexico, Pakistan, Peru, Philippines, Poland, Russia, Serbia, Singapore, Sri Lanka, Taiwan, Thailand, Turkey, Ukraine, Venezuela, Vietnam.

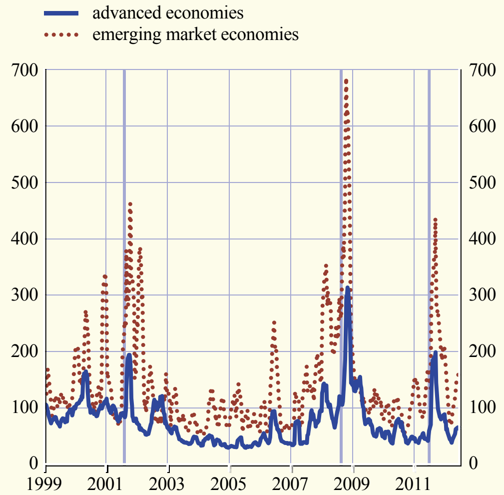
3.2 GLOBAL FINANCIAL MARKET LIQUIDITY INDICATORS

This section puts forward two specific examples of how financial market indicators can provide complementary insight into global liquidity conditions.

As stated in Section 2, one important aspect of global liquidity is the ease with which an instrument can be exchanged for goods and services. This concept can be applied to financial market instruments by computing the "illiquidity ratio" (ILR) for various assets. In its basic version, the ILR captures the extent to which the price of a certain security changes for each volume unit of trades, and can therefore be characterised as an elasticity measure. As its name suggests, the ILR attempts to quantify the lack of liquidity in the market, so that a high ILR estimate indicates low liquidity since it reflects a high price impact conditional on the trading volume. This concept is generalised here to serve as a measure of global liquidity by aggregating a large number of individual equity firm data on prices and volumes into indicators for advanced and emerging market economies.

Chart 5 Financial market illiquidity indicator for advanced economies and emerging markets

(index: 25 January 1999 = 100; weekly observations)



Sources: Datastream and ECB calculations.
Notes: The vertical lines correspond to the terrorist attacks on 11 September 2001, the Lehman collapse in September 2008, and the intensification of the EMU sovereign debt crisis in August 2011. Advanced economies: Australia, Canada, France, Germany, Italy, Japan, Spain, United Kingdom, United States. Emerging market economies: China, India, Indonesia, South Africa, South Korea. Latest observations: July 2012.

The indicators in Chart 5 seem to support the general perception that financial market liquidity conditions in the two groups of countries largely improved between 2003 and the onset of the financial crisis in mid-2007. This pattern can probably be attributed to financial innovation and deeper real and financial integration, but the misperception of risk by market participants probably also played a role. Moreover, the illiquidity indicator peaked, understandably, during periods of severe financial stress: (i) in the aftermath of 11 September 2001; (ii) following the Lehman collapse in the autumn of 2008 and; (iii) during the intensification of the sovereign debt crisis in some euro area countries in the summer of 2011.

Further information about liquidity conditions can be inferred from developments in global bond markets. These markets have taken centre stage in international policy debates over the past decade and there is broad agreement that abundant global liquidity in the years leading up to the financial crisis contributed to the surge in private sector leverage and risk-taking in many economies. Chart 6 compares long-term government bond yields in advanced economies with nominal economic growth expectations, which, under certain mild conditions, should be closely correlated. The chart shows GDP-weighted ten-year government bond yields for Japan, the United Kingdom, the United States, and the euro area, and comparable nominal long-term GDP growth expectations proxied by summing consumer price inflation expectations and real GDP growth expectations provided by Consensus Economics. In the years from 2002 to 2006, advanced economies' bond yields diverged from nominal growth expectations, falling to lower levels, signalling that global liquidity increased. This decoupling has intensified during the financial crisis, largely reflecting the strong actions taken by monetary authorities to improve liquidity conditions and

Chart 6 Ten-year bond yields and long-term nominal economic growth expectations for advanced economies

(annual percentage changes; percentages per annum)

Sources: ECB, IMF, Consensus Economics and ECB calculations.
Note: GDP-weighted data based on data from Japan, the United Kingdom, the United States, and the euro area. Long-term nominal economic growth expectations for each economic region are computed as the sum of real GDP growth expectations and consumer price inflation expectations.

to counteract the economic downturn and the associated risks to price stability. Although, at the present time, the bond markets indicator depicts ample liquidity conditions at the global level, the signal from this indicator is probably blurred.

4 IMPLICATIONS FOR MONETARY POLICY

The link between global liquidity conditions and both consumer price inflation and asset price inflation (see the box for a survey of available empirical evidence), and, more generally, the destabilising potential of global liquidity, raises several issues for monetary policy.

First, money, credit and, more broadly, domestic liquidity conditions have long been part of monetary policy considerations, although they have faded into oblivion in most monetary policy frameworks over the past couple of decades owing to the prevalence of inflation targeting strategies. However, monetary developments convey important information that is relevant to the assessment of risks to price stability over the medium to longer term, as the money stock and the price level are closely related in the long run. Furthermore, the empirical evidence points to monetary trends leading inflationary trends, thus supporting the case for monetary analysis in a forward-looking monetary policy framework. However, there is, as yet, no consensus among central banks on how best to include money, credit and, more broadly, (global) liquidity in monetary policy strategies.

Second, the ECB's monetary policy strategy is an exception, as it enables liquidity conditions to be taken into account, mainly via its medium-term orientation. The monetary analysis under the monetary pillar allows the ECB to filter out the information in monetary data that is relevant for the longer term and more persistent trends in inflation. However, the detailed analysis of monetary dynamics also generates a wealth of information on monetary developments and on the transmission of monetary shocks and price formation. Analysing higher-frequency data on monetary developments also facilitates the assessment and comprehension of shorter-term macroeconomic and financial phenomena, which can give rise to risks to price stability in the longer run, if left unchecked. Monetary developments may also provide useful information on the state of the business cycle, liquidity conditions, financing conditions, monetary policy transmission and the condition and behaviour of banks. Moreover, the analysis of monetary dynamics helps to put asset price dynamics into perspective and to provide an indication as to the possible build-up of financial imbalances. The external dimension of monetary analysis – on which further analytical work is underway at the ECB – can complement the domestic analysis via the monitoring of global liquidity and the study of both its impact on commodity, equity and bond prices (i.e. international asset prices) and its influence on domestic inflation. In addition, monitoring the effects of capital flows and international asset prices can lead to a better measure of the underlying domestic monetary trends and the associated signals concerning price developments.[15]

Third, the ECB's monetary pillar implicitly facilitates a forward-looking "leaning against the wind" approach to financial cycles and the associated risks to medium-term price stability. Leaning against the wind can be defined as a strategy whereby a central bank, confronted with an inflating financial bubble, adopts a somewhat tighter policy stance than would be the case under circumstances with a similar macroeconomic outlook but with more normal financial market conditions.[16] Importantly, leaning against the wind does not mean that monetary policy targets asset prices or implicitly adopts a financial stability mandate. Rather, it means that monetary policy duly takes into account the adverse implications of increasing systemic risk for medium-term price stability. A "leaning against the wind" approach is, therefore, fully consistent with the ECB's mandate to maintain price stability in the euro area on a lasting basis.[17]

Fourth, in the long term, under normal economic conditions and a flexible exchange rate regime, active domestic monetary policy is the vehicle best suited to addressing the effects of global liquidity on domestic inflation. Even if global developments affect domestic price developments in the short term, this does not impinge on the central bank's ability to control domestic inflation through its domestically-oriented monetary policy, as monetary policy probably continues to exert the most influence on domestic price developments. Policy-makers should, therefore, be responsible for safeguarding the stability of consumer prices at the domestic level.[18]

Fifth, given the high degree of financial integration at the global level, there is a need for shared principles in terms of stability orientation in all macroeconomic policy domains. These have to encompass the principles of fiscal and economic sustainability, monetary and financial stability. In this respect, central banks are working together, notably on global liquidity in the scope of the Committee on the Global Financial System.[19] They also collaborate more broadly, for example within the scope of the G20 meetings and the Basel III consultations, to strengthen the overall resilience of banks. Central banks also have the opportunity to cooperate in a broader setting, for instance through the exchange of views on the economic outlook in international fora, such as the meetings of central bank governors at the BIS or the Working Party No 3 work stream at the OECD. Clearly, these initiatives do not equate to monetary policy coordination in the traditional sense, but the idea behind them is to share the goal of stability and the "rules of the game".

At the same time, in truly exceptional circumstances, monetary authorities have also coordinated interest rate decisions: in September 2001, the Federal Reserve System and the ECB coordinated their response to the financial consequences of the terrorist attacks in New York. In addition, on 8 October 2008, in a concerted and historic move, the ECB and other major central banks reduced policy interest rates by 50 basis points. However, in the case of the

15 For more details, see the article entitled "The external dimension of monetary analysis", *Monthly Bulletin*, ECB, August 2008.

16 With regard to the "leaning against the wind" approach, see the article entitled "Asset price bubbles and monetary policy revisited", Monthly Bulletin, ECB, November 2010, and Papademos, L.D. and Stark, J. (eds.), Enhancing Monetary Analysis, ECB, 2010, Chapter 6.

17 Scepticism toward the "leaning against the wind" approach is primarily based on the view that it involves high output costs (see, for example, Assenmacher-Wesche, K. and Gerlach, S., "Monetary policy and financial imbalances: facts and fiction", Economic Policy, Vol. 25, No 63, 2010, pp. 437-482, and Bean, C., Paustian, M., Penalver, A. and Taylor, T., "Monetary policy after the fall", a paper presented at the Federal Reserve Bank of Kansas City Annual Conference, Jackson Hole, Wyoming, August 2010.) Yet the high output costs associated with the current global crisis, together with the evidence mentioned earlier, which suggests that too loose a monetary policy might have played an important role in the run-up to the crisis, have probably strengthened the case for leaning against the wind.

18 See Woodford, M., "Globalization and Monetary Control", in Galí, J. and Gertler, M. (eds.), *International Dimensions of Monetary Policy*, Chapter 1, University of Chicago Press, 2010.

19 See the report mentioned in footnote 1.

ECB, even in exceptional circumstances, monetary policy has always remained clearly focused on its primary objective of maintaining price stability in the euro area. Overall, no general conclusions regarding monetary policy can be drawn from such exceptional events. The economic literature on monetary policy coordination is vast but not conclusive. A number of empirical investigations suggest that, in general, gains from monetary policy coordination seem to be small.[20] The results of theoretical studies tend to point to a similar conclusion,[21] although some authors can generate significant gains in specifically parameterised models.[22] In practice, a number of aspects are likely to hamper the implementation of formal monetary policy coordination.[23] First, some kind of commitment would be required to reflect the agreed policy plans. The implementation of these plans would also require a common understanding of the nature and propagation of economic disturbances in real time. Second, the different mandates of central banks would make it difficult to reach common policy conclusions. Third, it would be difficult to hold policy-makers accountable at the national level if their policy actions were based on considerations that go beyond their assigned mandate. Fourth, individual policy-makers may neglect to implement coordinated policy actions in their countries owing to the possible lack of enforcement mechanisms.

20 Coenen, G., Lombardo, G., Smets, F. and Straub, R., "International transmission and monetary policy cooperation", in Galí, J. and Gertler, M. (eds.), *International Dimensions of Monetary Policy*, Chapter 3, University of Chicago Press, 2008.

21 Corsetti, G. and Pesenti, P., "Welfare and Macroeconomic Interdependence," *Journal of Quarterly Economics*, Vol. 116, 2001, pp. 421-446 and Obstfeld, M. and Rogoff, K., "Global Implications of Self-Oriented National Monetary Rules", *Journal of Quarterly Economics,* Vol. 17 , 2002, pp. 503-535.

22 Sutherland, A., "International Monetary Policy Coordination and Financial Market Integration", *CEPR Discussion Papers*, No 4251, 2004, and Pappa, E. and Liu, Z., "Gains from International Monetary Policy Coordination: Does it Pay to be Different?", *Journal of Economic Dynamics and Control*, Vol. 32, No 7, 2008, pp. 2085-2117.

23 Issing, O., "On Macroeconomic Policy Co-ordination in EMU", *Journal of Common Market Studies*, Vol. 40, No 2, 2002, pp. 345-358.

Box

THE EFFECTS OF GLOBAL LIQUIDITY ON CONSUMER AND ASSET PRICE INFLATION

Disentangling empirical evidence of the effects of global liquidity on asset and consumer price inflation is not a straightforward exercise. Recent academic literature has put most of the emphasis on the effects of global monetary liquidity, which is therefore the focus of this box.

Effects on consumer price inflation

Berger and Harjes find that in the euro area excess liquidity, measured as the difference between M2 and estimated long-run demand for M2, shows strong co-movement with excess liquidity in the United States and Japan. They show that US excess liquidity exerts a positive impact on euro area inflation for up to 12 quarters.[1] Sousa and Zaghini use a similar approach and find a positive effect of global liquidity on euro area inflation. While the authors find that the precise contribution of global liquidity shocks to euro area inflation depends on the model specification and the metric used to measure global liquidity, it is always sizeable, and can account for up to around a third of the variability of the price level in the longer run.[2] Rüffer and Stracca estimate a vector autoregression (VAR), including a measure of global liquidity, proxied by a global broad

1 Berger, H. and Harjes, T., "Does Global Liquidity Matter for Monetary Policy in the Euro Area?", *IMF Working Papers*, No 09/17, 2009.

2 Sousa, J.M. and Zaghini, A., "Monetary Policy Shocks in the Euro Area and Global Liquidity Spillovers", *International Journal of Finance and Economics*, Vol. 13, 2008, pp. 205-218.

monetary aggregate constructed as the GDP-weighted sum of the domestic broad monetary aggregates of Canada, Japan, the United Kingdom, the United States, and the euro area.[3] They find that global liquidity has a significant positive impact on the price level in the euro area economy.

These findings for the euro area are in line with related studies for the United Kingdom. Mumtaz and Surico, for instance, provide evidence that monetary easing in the rest of the world leads to an increase in CPI inflation and real house price inflation in the United Kingdom.[4] Moreover, D'Agostino and Surico show that forecasts of US inflation that are based, inter alia, on measures of global liquidity constructed with monetary aggregates are significantly more accurate than those of other models including only national variables.[5]

Effects on asset price inflation

When assessing the effects of global liquidity on asset prices, it is useful to distinguish between different asset price categories, such as house prices and commodity prices.

Belke, Bordon and Hendricks study aggregate data for ten OECD countries and the euro area, and find that a global liquidity measure based on broad money aggregates is a useful indicator of commodity price inflation.[6] Belke, Orth and Setzer show that ample global liquidity, measured by broad monetary aggregates, contributed to house price inflation between 2002 and 2006. They also suggest that the fall in house prices resulting from the subprime crisis caused liquidity to inflate commodity prices.[7] In addition, the IMF has recently examined the links between global liquidity expansion, asset prices and capital inflows in emerging market economies.[8] It found that rising global liquidity is associated with rising equity returns and declining real interest rates in 34 "liquidity-receiving" economies. Alessi and Detken show that global monetary liquidity measures derived from a narrow money aggregate and a credit aggregate are more informative than real variables in detecting boom and bust cycles.[9]

Using a measure of global monetary liquidity constructed by obtaining the sum of the US monetary base and international reserves, Darius and Radde find an asymmetric impact on the different asset price classes, with a much stronger effect on house prices compared to equity and commodity prices.[10] Their result is broadly consistent with the findings of other studies in the literature that are based on more standard measures of global liquidity.

3 Rüffer, R. and Stracca, L., "What is Global Excess Liquidity, and does it Matter?", *Working Paper Series*, No 696, ECB, 2006.
4 Mumtaz, H. and Surico, P., "The Transmission of International Shocks: A Factor-Augmented VAR Approach", *Journal of Money Credit and Banking*, Vol. 41, No 1, 2009, pp. 71-100.
5 D'Agostino, A. and Surico, P., "Does Global Liquidity Help to Forecast U.S. Inflation?", *Journal of Money Credit and Banking*, Vol. 41, No 2-3, 2009, pp. 479-489.
6 Belke, A., Bordon, I.G. and Hendricks, T.W., "Global Liquidity and Commodity Prices – a Cointegrated VAR Approach for OECD Countries", *Applied Financial Economics*, Vol. 20, 2010, pp. 227-242.
7 Belke, A., Orth, W. and Setzer, R., "Liquidity and the Dynamic Pattern of Asset Price Adjustment: A Global View", *Journal of Banking and Finance*, Vol. 34, 2010, pp. 1933-1945.
8 "Global Liquidity Expansion: Effects on 'Receiving' Economies and Policy Response Options", *Global Financial Stability Report*, IMF, Chapter 4, April 2010.
9 Alessi, L. and Detken, C., "Quasi realtime early warning indicators for costly asset price boom/bust cycles: a role for global liquidity", *European Journal of Political Economy*, Vol. 27, No 3, 2011, pp. 520-533.
10 Darius, R. and Radde, S., "Can Global Liquidity Forecast Asset Prices?", *IMF Working Papers*, No 10/196, 2010.

5 CONCLUSIONS

This article has defined global liquidity from the viewpoint that is most convenient for the purpose of monetary policy. This definition of global liquidity builds on the two concepts of global monetary liquidity, defined as the ease of converting monetary assets into goods and services, domestically and across borders, and global financial market liquidity, defined as the ease of trading in assets relative to trading in money, reflecting the cost of converting a financial asset into money. From a monetary policy perspective, monetary and financial market liquidity should not be seen in isolation, but as two concepts that influence each other. Global monetary liquidity conditions have an impact on domestic price developments. Global financial market liquidity is important for the functioning of financial markets. However, excessive financial market liquidity can trigger asset price inflation, with ultimate consequences for domestic price stability. The financial crisis has shown that liquidity can evaporate quickly, with important consequences for output and for risks to price stability.

These observations suggest that the implications of global liquidity need to be adequately reflected in the monetary policy strategies of central banks. In particular, monetary policy needs to take into account the impact of global liquidity in its assessment of risks to price stability over the medium term, granting a significant role to the analysis from a domestic and global perspective of money, credit and, more broadly, liquidity conditions.

Given the multi-dimensional nature of global liquidity and the lack of a catch-all indicator to capture its development, it is important that a broad range of measures are monitored, with a view to maximising the information available to policy-makers.

EURO AREA LABOUR MARKETS AND THE CRISIS

Between the start of the economic and financial crisis in 2008 and the beginning of 2010, almost 4 million jobs were lost in the euro area. This notwithstanding, in historical comparison, given the extent of the fall in GDP, the employment adjustment was relatively muted at the euro area aggregate level. However, the impact on some countries and some specific worker groups was especially strong. The heterogeneity of cross-country reactions reflects not only differences in the severity of the crisis and policy responses, but also the different nature of the shocks hitting euro area economies and the presence of imbalances in the run-up to the crisis.

Regarding the more medium-term consequences of the crisis, increasing signs of a growing mismatch between worker attributes and job requirements can be observed, as well as recent increases in structural unemployment across the euro area countries. In addition, downward wage rigidities limit the necessary flexible response of wages to labour market conditions to foster employment creation. The rise in structural unemployment underlines the urgent need for continued and further comprehensive reforms to remove rigidities in the labour markets of euro area countries.

1 INTRODUCTION

Since 2008 the condition of euro area labour markets has worsened dramatically, with a sharp increase in the unemployment rate, which reached 11.3% in July 2012. However, substantial cross-country heterogeneity emerged and some euro area countries experienced dramatic changes in employment and unemployment rates, while the crisis had a more limited impact in other countries. The main goal of this article is to document these developments, to analyse the role of different factors in shaping countries' labour market reactions and to assess what this implies for euro area labour market prospects.[1]

The first section presents labour market developments since the start of the crisis by analysing heterogeneity across countries and identifying those worker groups more heavily affected by the crisis. The impact of the crisis on the labour force is also examined and the extent of wage adjustment in response to the weakening of the labour market is shown. In the second section, the possible impact of these developments on some key structural features of euro area labour markets is examined. In particular, the possible increase in mismatch between labour demand and supply arising from the crisis and its impact on structural unemployment is investigated. This is followed by a description of the main policy responses adopted since the start of the crisis. A final section concludes.

2 LABOUR MARKET DEVELOPMENTS SINCE THE START OF THE CRISIS

2.1 EMPLOYMENT AND UNEMPLOYMENT EVOLUTION

After the start of the financial crisis in 2008, almost 4 million jobs were lost in euro area labour markets, with employment decreasing by 2.6% from the peak in the first quarter of 2008 to the trough in the first quarter of 2010.[2] In the same period the employment rate fell by 1.7 percentage points to 64.2%. The unemployment rate increased from 7.3% in the first quarter of 2008 – its lowest level since the introduction of the euro – to 10.1% at the beginning of 2010 and, after a brief decline, rose further to 11.3% by July 2012.

However, given the severity of the crisis (see Chart 1), which entailed a fall of euro area GDP of 5.6% between the first quarter of 2008 and the second quarter of 2009,[3] employment adjustment was relatively muted at the aggregate euro area level. Labour hoarding practices in euro area labour markets during the initial phases of the crisis contributed to mitigate employment adjustment (measured in heads) as firms showed

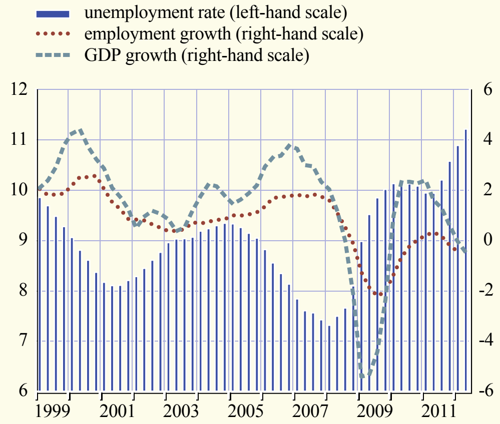
1 This article is based on "Euro area labour markets and the crisis", *Structural Issues Report*, ECB, September 2012.

2 By the first quarter of 2012 employment had declined by more than 4 million (or 2.8%) compared with its peak.

3 This was the most severe recession experienced in euro area economies since the Second World War.

Chart 1 Euro area GDP, employment and unemployment

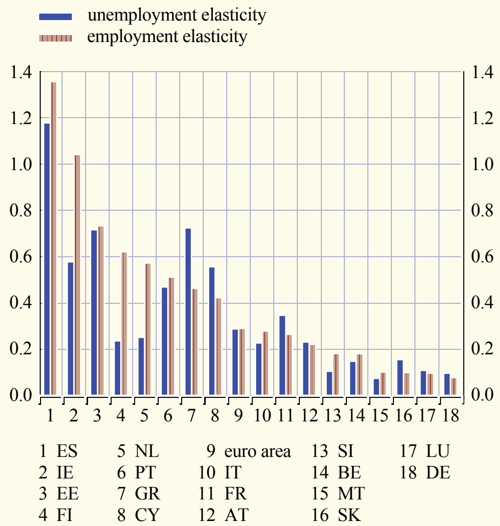
(percentages; year-on-year growth)



Sources: European Commission (national accounts for GDP and employment, and Labour Force Survey for unemployment).

Chart 2 Elasticity of employment and unemployment with respect to output during the crisis

(change in employment or unemployment divided by change in output)



Sources: European Commission (national accounts), EU Labour Force Survey and ECB calculations.
Notes: Elasticities are computed using country-specific peak-to-trough data and annualised growth rates. Peaks are chosen in the period from the first quarter of 2007 to the first quarter of 2009 and troughs in the period from the first quarter of 2009 to the fourth quarter of 2011. Unemployment elasticities are shown in absolute value using the percentage point change in the unemployment rate as numerator.

a widespread preference for forms of internal flexibility, such as cutting overtime and making use of short-time working schemes. In particular, the fall in total hours worked in the euro area (-4.5%) was considerably larger than the decline in headcount employment (-2.6%).[4]

Indeed, a key feature of the crisis is the very substantial degree of heterogeneity observed across individual euro area countries, where accumulated employment losses from peak to trough ranged from -16% to -0.4%. For instance, the number of jobs declined by less than 1% in Belgium, Germany and Luxembourg, despite their GDP fall being similar to the euro area average. By contrast, the number of jobs fell by more than 15% in Estonia and Ireland and by more than 10% in Greece and Spain. Differences in the severity of the crisis provide only a partial explanation of these developments since employment and unemployment elasticities to GDP differed remarkably across the euro area countries over this period (see Chart 2). In particular, the employment reaction to the change in economic activity was very strong in Spain and Ireland.

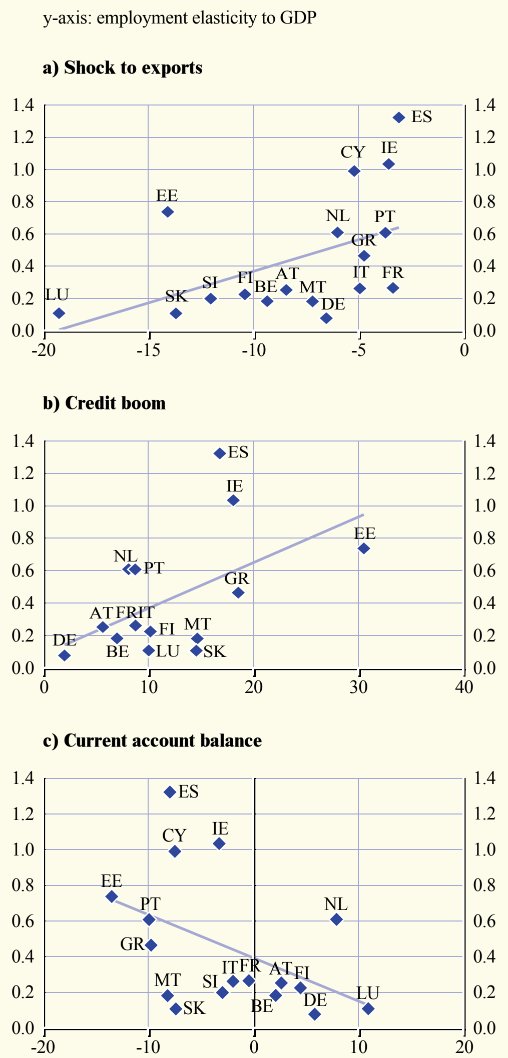
The nature of the shock may be a crucial factor influencing the transmission of the decline in GDP to the labour market. For example, the external component of the downturn (i.e. the collapse in world trade and exports during the initial quarters of the crisis) turned out to be temporary. As firms may have expected the output loss to be transitory, they may have retained workers in anticipation of the trade recovery. In contrast, a bursting property bubble (implying more permanent restructuring) implied a need for more labour adjustment so that firms were less able to retain staff. In this respect, panel a) of Chart 3 suggests a positive (and significant) link between the relative size of the change in exports (in percentage points of

4 This is the peak-to-trough decline between the second quarter of 2008 and the third quarter of 2009 and between the first quarter of 2008 and the first quarter of 2010 respectively.

GDP) and the observed employment elasticity across countries.[5]

By contrast, panels b) and c) of Chart 3 show that countries with strong pre-crisis credit growth and current account deficits had a higher employment elasticity. Other country-specific factors also had an impact on the extent of employment adjustment during the crisis; for instance, labour markets characterised by higher shares of temporary contracts before the crisis exhibited disproportionately higher employment losses and increases in unemployment.

Chart 3 Selected explanatory factors of the employment elasticity to GDP



Sources: Eurostat, European Commission, ECB calculations, national sources for Estonia, Malta and Slovakia, and IMF World Economic Outlook database.
Notes: (a) The export shock is measured as the percentage point change of exports from 2008 to 2009 relative to 2008 GDP (chain-linked volumes). Data for Greece are provisional. (b) Measured as the average yearly credit growth between 2000 and 2008, except for Malta (2005-08) and Slovakia (2002-08). (c) Current account balance as a percentage of GDP; average for the period 2004-07.

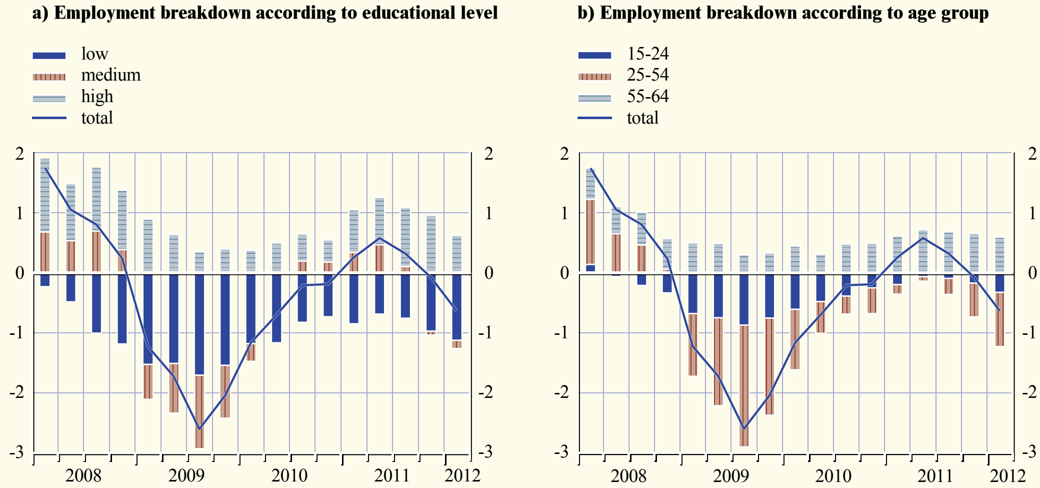
Large divergences were also observed across worker groups in euro area countries. Employment losses were heavily concentrated in manufacturing and construction. The employment adjustment in construction was especially significant in Estonia, Ireland and Spain, in part reflecting a correction to the previous boom in the housing sector. Partly as a result of the strong employment losses in manufacturing and construction, the less-skilled and young workers were the hardest hit by the crisis. In particular, low-skilled workers were more severely affected (see Chart 4a). By contrast, high-skilled employment continued to grow over the whole period, albeit at a slower pace than before. Younger workers were especially hit by the crisis. In contrast, it is remarkable that the employment of older workers (55-64 year olds) showed a clear rise over the crisis period (see Chart 4b). This better labour market performance of older workers may reflect the impact of several recent reforms in a number of countries in previous years, particularly pension reforms encouraging longer participation in employment of older persons.

Finally, developments in long-term unemployment show a significant impact of the crisis. The initial increase in unemployment was due to the newly unemployed who had lost their job. Hence, short-term unemployment rapidly increased between 2008 and 2009. As the crisis continued and the unemployed still experienced difficulties in finding a job, the number of long-term

5 Regarding this result, estimates based on Okun's law (which relates changes in GDP to changes in the unemployment rate) for separate components of GDP also show that unemployment is most sensitive to the consumption component of output, while foreign trade has the lowest impact on unemployment. Thus, the relatively low trade component elasticity seems to help explain why the unemployment rate in some countries did not increase as much as the typical Okun relationship would imply.

Chart 4 Employment developments in the euro area

(annual percentage changes and contributions in percentage points)



Sources: EU Labour Force Survey and ECB calculations.

unemployed (defined as unemployment spells lasting longer than six months) started to increase at the beginning of 2009. Long-term unemployment in the euro area reached 67.3% of total unemployment in the second quarter of 2010, 7 percentage points higher than in the first quarter of 2008.[6] Box 1 below adds to the above analysis by looking at labour market flows.

6 See Box 2 for a comparison between euro area and US unemployment developments.

Box 1

A FLOWS ANALYSIS OF THE IMPACT OF THE CRISIS IN EURO AREA LABOUR MARKETS

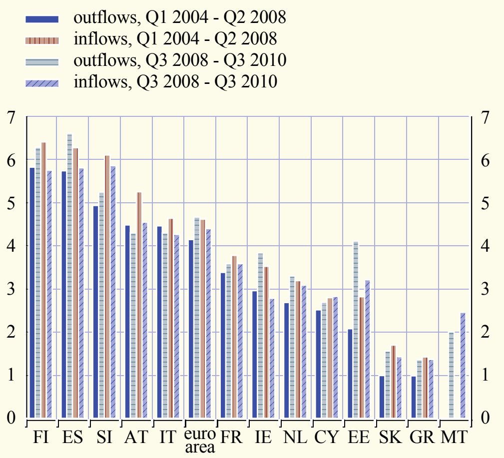
An analysis of the recent evolution of gross worker flows (i.e. movements between employment, unemployment and inactivity) in euro area countries[1] can be very useful in gaining insights into labour market dynamics, since it may uncover differences in the dynamic properties of labour markets across euro area countries and their capacity to adjust to different shocks. This box uses Labour Force Survey (LFS) microdata for 13 euro area countries to analyse labour market dynamics, as these data allow changes in the labour market status of individuals to be tracked.

Chart A shows the average size of flows into and out of employment over the pre-crisis period (from the first quarter of 2004 to the second quarter of 2008) compared with the period since the start of the crisis (from the third quarter of 2008 to the third quarter of 2010). For the euro area 13 as a whole, workers representing around 4% of the total labour force have on average moved out of employment in each quarter since 2004. However, there are large differences across euro area countries: flows are around five times higher in countries such as Spain and Finland than in

1 Belgium, Germany, Luxembourg and Portugal are excluded from this analysis due to the lack of EU Labour Force Survey linked microdata.

Chart A Employment inflows and outflows

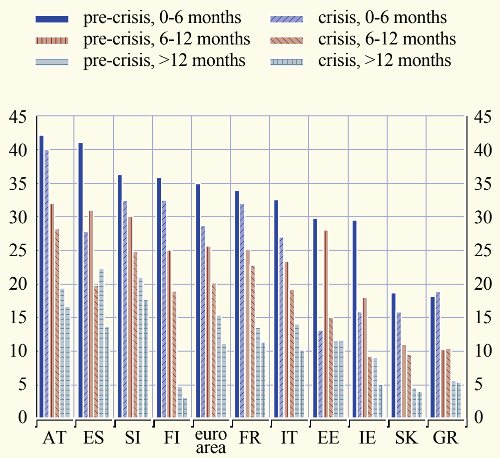
(percentage of labour force)



Sources: EU Labour Force Survey and ECB calculations.
Note: BE, DE, LU and PT are not included in the euro area.

Chart B Unemployment outflows by duration

(percentage of unemployment)



Sources: EU Labour Force Survey and ECB calculations.
Note: BE, CY, DE, LU, MT, NL and PT are not included in the euro area.

Greece and Slovakia. Focusing solely upon the period since 2008, as expected, the fall in activity led to an increase in the job destruction rate (measuring movements out of employment) and a decrease in the job creation rate (measuring inflows into a new job). However, a larger increase was observed in the job destruction rate, with flows out of employment increasing from 4.2% to 4.7% of the labour force for the euro area 13 as a whole.

Regarding the impact of the crisis, the differences across countries are considerable. Employment outflows increased markedly in Estonia, Ireland and Spain. In this respect, the increase in exit flows from employment since the start of the crisis was significantly associated with the severity of the GDP fall, with a correlation coefficient of 0.7 between the changes in employment outflows and the accumulated fall in GDP across euro area countries.

LFS microdata allow an analysis of the impact of personal and job-related characteristics on these flows. The main results show that there is a clear pattern between age and the probability of losing a job, with younger workers facing much higher exit probabilities than older workers.[2] There is also a clear inverse correlation between educational level and the probability of exiting from employment. As regards job characteristics, the employment adjustment is concentrated amongst those on fixed-term (i.e. temporary) contracts, especially in some euro area countries (Spain, France and Finland). Looking at sectors of activity, construction tends to show higher exit rates from employment to unemployment as the scale of the employment adjustment in the construction sector was much more pronounced than in other sectors.

Regarding unemployment flows, unemployment exit probabilities generally decreased in euro area countries during the crisis, albeit to varying degrees (see Chart B, which shows the flows out of unemployment as a percentage of unemployment). As expected, a marked negative relationship is observed between the exit rate probability and the duration of unemployment, suggesting

2 This result holds after controlling for the varying incidence of non-regular contracts and the sectoral composition of employment.

the existence of difficulties faced by the longer-term unemployed in returning to employment. However, short-term unemployment spells have also been directly affected by the crisis. In a number of countries, short-term unemployment has increased rapidly as the probability of finding a new job has decreased markedly given low job creation rates.

Box 2

COMPARING RECENT UNEMPLOYMENT DEVELOPMENTS IN THE EURO AREA AND THE UNITED STATES

Between the start of the recession in 2008 and the end of 2011, total employment decreased by almost 6 million in the United States (around 4.5% of the total prior to the recession), while euro area employment contracted by around 4 million (i.e. 2.6%).[1] At the same time, the contraction in economic activity was of a similar magnitude, with peak-to-trough declines in real GDP of around 5% in both economies.

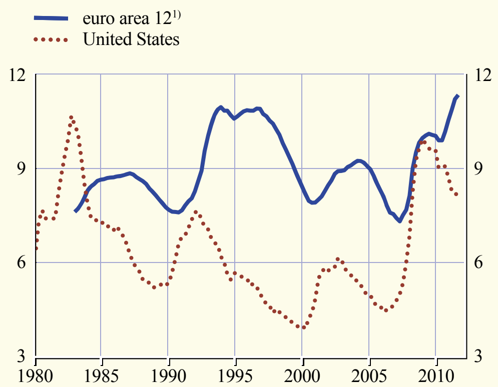
There are a number of reasons which may help to explain the lower employment losses observed in the euro area relative to the United States. These include a relatively lower overall exposure of the euro area to sectoral shocks in the construction and financial sectors, and a greater reliance on short-time working schemes in many euro area countries. The United States also experienced considerable labour supply reductions, which – though adverse in nature – helped to contain the rise in the unemployment rate.

These different labour market dynamics have led to a smaller increase in unemployment in the euro area than in the United States – albeit from a higher initial level (see Chart A). Overall, since the beginning of the crisis, the aggregate euro area unemployment rate has risen by around 4.0 percentage points to 11.3% in July 2012. The US unemployment rate rose initially from 4.8% in February 2008 to a peak of 10.1% in October 2009. By early 2010 both economies recorded unemployment rates of around 10%, but since then developments have been rather different. While the US unemployment rate has been declining, euro area unemployment has continued to climb.

Both economies have seen a considerable increase in the duration of unemployment since the onset of the crisis. Chart B shows

Chart A Evolution of unemployment in the euro area and the United States

(percentage of the civilian labour force)



Sources: Eurostat, US Bureau of Labor Statistics and ECB calculations.
Note: The latest observations are for the first quarter of 2012.
1) Data to 1995 are computed on the basis of developments in the euro area 12, i.e. excluding Cyprus, Estonia, Malta, Slovakia and Slovenia (as data are not available for all euro area countries). Subsequent data are for all 17 euro area countries.

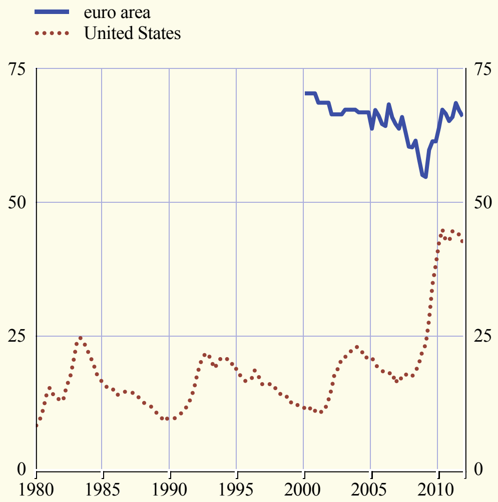
1 For methodological differences in the compilation of employment data in the euro area and the United States, see the article entitled "Comparability of statistics for the euro area, the United States and Japan", *Monthly Bulletin*, ECB, April 2005.

the marked increases in the proportions of long-term unemployment (those out of work for six months or more as a percentage of total unemployment). Typically, the share of long-term unemployed in the United States is generally much lower than in the euro area. By contrast, the latest recession has resulted in a considerable increase in long-term unemployment in the United States due, in part, to the severity of the recession, but part is also likely to be due to the extension of unemployment benefit duration from 26 to 99 weeks in 2008, which raised the incentive to register as unemployed beyond the six-month horizon.

All in all, the impact of the crisis was deep in both economies, with a marked increase in unemployment rates, which raises some concerns about a possible increase in unemployment persistence due to the current crisis in both the euro area and the United States.

Chart B Unemployment duration in the euro area and the United States

(those out of work for at least six months as a percentage share of total unemployment)



Sources: Eurostat, US Bureau of Labor Statistics and ECB calculations.
Notes: Euro area data from the first quarter of 2000. The latest observations are for the fourth quarter of 2011.

2.2 THE LABOUR SUPPLY REACTION TO THE CRISIS

Regarding labour supply developments, in the years preceding the crisis, the euro area labour force was growing at an annual average rate of around 1.3%. In 2009 and 2010 labour force growth decelerated to an annual average of 0.2%. The latest data (up to the fourth quarter of 2011) show a similar picture, with an annual growth of 0.3% in total labour supply. Both population growth and participation rate evolutions contributed to this deceleration, although the slowdown in participation rates was stronger than that in population growth. Developments by age and gender show that the female labour force only experienced a deceleration in the positive growth rate, while the male labour force actually shrank during the crisis. By age groups, the labour supply of older workers (55-64 year olds) continued to grow during the crisis at rates similar to previous years, while the labour force of prime-age workers and especially younger workers was heavily negatively affected by the crisis.

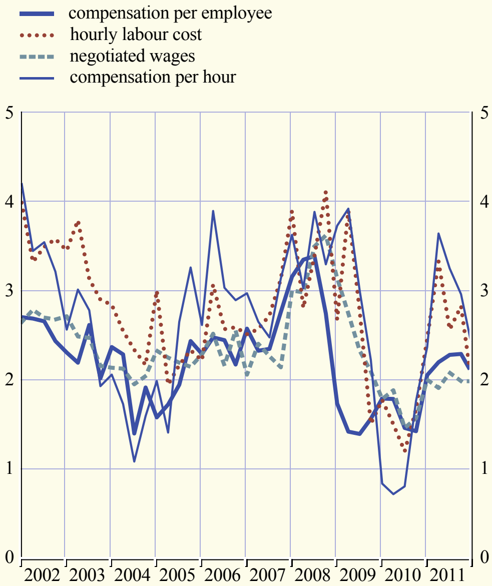
Overall, given the intensity of the crisis, labour supply seems to have shown a relatively mild reaction to the deterioration of the euro area labour market. This may be linked to the “added worker effect” (i.e. women entering the labour force in order to replace the lost income when the male of the same household loses his job), as well as the increased participation of older workers partly related to past pension reforms.

2.3 WAGE RESPONSES TO THE ECONOMIC DOWNTURN

Turning to the evolution of wages, all four euro area nominal wage indicators presented in Chart 5 continued their upward movement at the beginning of the downturn in 2008. As regards compensation per employee and negotiated wages, this mostly reflected stipulations in wage contracts concluded before the crisis, since the average length of wage contracts in the euro area ranges between one and three years. The upward trend in negotiated wages and compensation per employee started to reverse around the second half of 2008. When hours worked are taken into

Chart 5 Euro area wage indicators

(annual percentage changes)



Sources: Eurostat and ECB calculations.

account, the upward movement in labour costs continued until the beginning of 2009. This reflected the downward adjustment in hours worked in some euro area countries.

In terms of labour costs, labour hoarding resulted in a sharp drop in productivity per employee during the recession. As a consequence, unit labour costs increased sharply during the early stages of the recession, and then decelerated in the course of 2009 before falling in 2010 as compensation growth moderated and productivity growth rebounded strongly.

However, taking into account the intensity of the crisis, the wage response in euro area countries appears to have been rather limited. This reflects general downward wage rigidities in the euro area countries.[7] Meanwhile, Box 3 gives a different perspective of wage developments by taking into account employment composition effects.

7 See Section 2.4 of "Euro area labour markets and the crisis", *Structural Issues Report*, ECB, September 2012.

Box 3

REAL WAGE EVOLUTION NET OF COMPOSITION EFFECTS IN EMPLOYMENT

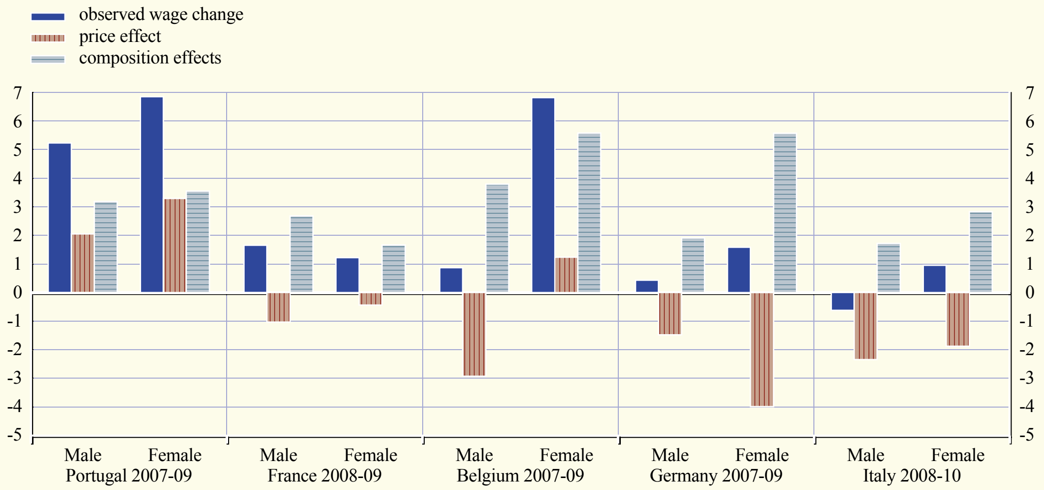
The dynamics of the aggregate wage not only reflect changes in wages of individual workers, but are also influenced by changes in the composition of employment. Composition effects appear to have been particularly important during the most recent recession episode and, in this respect, may also partly explain the limited wage adjustment in the euro area since the start of the crisis. Therefore, this box investigates the relevance of these composition effects in explaining the moderate changes in real wages before and after the recession in five euro area countries, namely Belgium, Germany, France, Italy and Portugal.

The characteristics of the employed have changed in the aftermath of the crisis because many workers with low wages, such as young workers, immigrants and construction workers became unemployed (see Section 2.1). To investigate the effect of this composition change in the wage structure, the changes in the distribution of real wages during the crisis are decomposed into changes due to employees' characteristics and changes due to wages at constant composition.[1] In the chart, the solid blue bar (for each country) displays the observed change in aggregate

1 To do so, a counterfactual wage density is computed as if the distribution of the chosen characteristics of individuals had stayed the same as in the initial period. For the methodology, see DiNardo, J., Fortin, N. M. and Lemieux, T., "Labour Market Institutions and the Distribution of Wages, 1973-1992: A Semiparametric Approach", *Econometrica*, Vol. 64 (5), September 1996, pp. 1001-44; Chiquiar, D. and Hanson, G., "International Migration, Self-selection, and the Distribution of Wages: Evidence from Mexico and the United States", *Journal of Political Economy*, Vol. 113 (2), April 2005, pp. 239-281; and Machado, J. A. F. and Mata, J., "Counterfactual Decomposition of Changes in Wage Distributions Using Quantile Regression", *Journal of Applied Econometrics*, Vol. 20 (4), 2005, pp. 445-465.

Changes in real wages and composition effects during the crisis

(percentages)



Sources: Labour Force Survey for France and Italy, GSOEP for Germany, Structure of Earnings Survey for Belgium, Quadros de Pessoal for Portugal and ECB calculations.
Note: Countries ordered from highest to lowest according to observed wage change for males.

wages by gender over the crisis period, while the brown bar (price effect) indicates changes which would have occurred if the distribution of education and experience of employees had stayed the same over the period and workers had been paid according to the wage schedule observed at the end of the period. The light blue bar (composition effects) indicates the increase in the wage which would have resulted only from changes in the composition of workers over the period, if wages had stayed at their initial level.

The chart shows that real wages across the entire distribution have increased over the crisis period but, if the composition of employment had remained constant, the mean wage of males would have declined in all five countries except Portugal. For females, the results are similar, although in this case also in Belgium wages increase over the crisis period when composition effects are controlled for. Overall, this analysis suggests that composition effects – i.e. the shift in employment towards higher-paid workers – account for a large proportion of the increase in aggregate real wages over the crisis.[2]

2 Thus, wage changes may be also reflecting changes in working time and, in particular, they may be affected by the reduction in working time observed in some euro area firms as a reaction to the crisis.

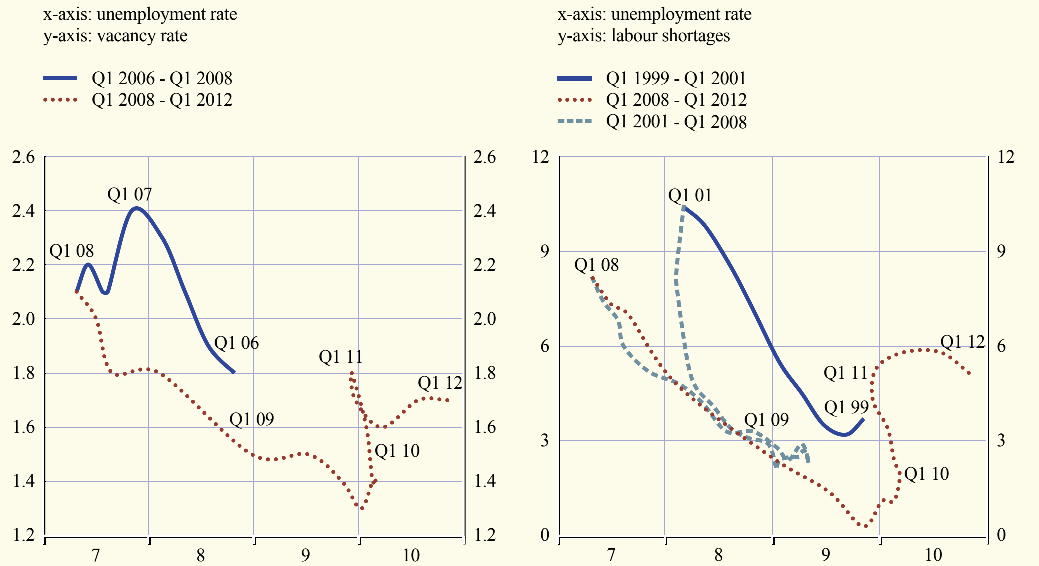
3 THE IMPACT OF THE CRISIS ON SOME STRUCTURAL FEATURES OF EURO AREA LABOUR MARKETS

3.1 INCREASING MISMATCH AS A RESULT OF THE CRISIS?

The rise in euro area unemployment masks large cross-country and sectoral differences in job losses and a major increase in the proportion of long-term unemployed. One way of investigating the extent to which labour market developments reflect growing signs of mismatch between labour supply and demand is to examine developments in unemployment and job vacancies over time, characterised by the Beveridge curve (see Chart 6, left-hand panel). Typically, this curve exhibits a negative relationship between unemployment and vacancy rates over the course of a business

Chart 6 Movements in the euro area Beveridge curve

(percentages)



Sources: Eurostat (harmonised euro area unemployment rate, vacancy rate and manufacturing employers' perceptions of labour shortages) and ECB calculations.
Note: Labour shortages are shown using a diffusion index.

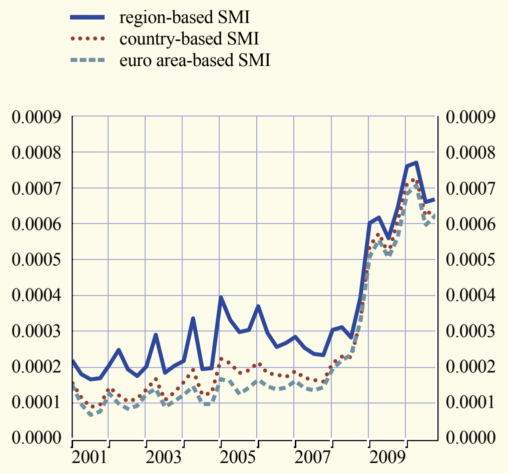
cycle, tracing the evolution of the economy from expansionary phases to contractions in activity. Shifts in the Beveridge curve – to the right or the left – are suggestive of structural changes in the unemployment/vacancy relationship.

Chart 6 (left-hand panel) shows developments in the aggregate euro area Beveridge curve since the first quarter of 2006 on the basis of new vacancy data available from Eurostat.[8] As the recession took hold, the vacancy rate fell sharply and unemployment increased strongly, represented by a downward movement along the Beveridge curve. Since the onset of the recovery in economic growth, and despite a strong initial increase in vacancy rates in many countries, the euro area unemployment rate has further increased, possibly indicating an outward shift of the Beveridge curve. Chart 6 (right-hand panel) uses a longer time series on labour shortages (as a proxy for vacancies) to trace the evolution of the Beveridge curve. This also suggests that, despite some signs of structural improvements following the launch of EMU, in the aftermath of the most recent recession there are signs of an outward shift of the aggregate euro area Beveridge curve, indicating that a higher level of unemployment is associated with a given level of vacancies.

The increase in mismatch between the unemployed and vacancies may be partly related to an increasing discrepancy between the skills of those unemployed and the requirements of new jobs. These mismatches can hinder the reallocation of the labour force and therefore may increase structural unemployment and push down potential growth. A skill mismatch index is computed to assess the extent of skill mismatches in euro area countries by taking the difference between skill demand and supply using EU Labour Force Survey data for the period 1998-2010. Chart 7 shows the skill mismatch index for the euro area as a whole computed at three different levels of aggregation. It shows

8 See "The euro area job vacancy rate: a new statistical series", *Monthly Bulletin*, ECB, October 2010. A number of issues remain with regard to the cross-country comparability of the data and statistical discrepancies in the compilation of the national series which underlie the euro area aggregate.

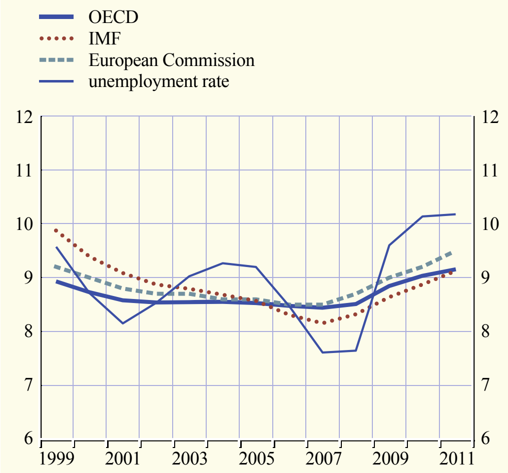
Chart 7 Skill mismatch index (SMI) for the euro area



Sources: EU Labour Force Survey and ECB calculations.
Notes: Skill demand proxied by educational attainment of the employed and skill supply by educational attainment of the labour force. The euro area index is constructed by using the aggregate skill distributions of labour demand and supply at the euro area level. The country index is constructed by aggregating 16 skill mismatch indices computed using country-level skill distributions. Finally, the regions index is the aggregation of the skill mismatch indices computed at the regional level.

Chart 8 NAIRU estimates for the euro area

(annual percentage levels)



Sources: European Commission (Eurostat), IMF and OECD.
Notes: The NAIRU (non-accelerating inflation rate of unemployment) estimates are an aggregation of available structural unemployment rates of each international organisation. The European Commission data represent the aggregation of all Member States, the IMF data exclude Estonia, Malta and Slovakia, and the OECD data exclude Cyprus, Malta and Slovenia.

a strong increase during the crisis period, signalling a substantial intensification of labour market mismatch problems.[9]

3.2 STRUCTURAL UNEMPLOYMENT DEVELOPMENTS

Additional evidence of the impact of the crisis on the structural features of euro area labour markets can be obtained by looking at available estimates of the NAIRU (non-accelerating inflation rate of unemployment) or structural unemployment in euro area countries. In particular, using IMF, European Commission and OECD estimates, Chart 8 shows the recent evolution of NAIRU estimates for the euro area. These estimates show a downward trend prior to the beginning of the crisis, followed by an increase over 2007-11.

Regarding the factors driving these developments, the evidence seems to indicate the presence of hysteresis effects in unemployment developments in the euro area. One of the main operating channels is via changes in long-term unemployment, which depicts strong and significant correlations with structural unemployment.

Identifying the factors behind hysteresis poses a challenging task given the wide range of institutional features across countries. A statistically significant correlation of NAIRU developments with the above indicators of skill mismatch is found, while a statistically significant positive relationship between the NAIRU and the gap between the youth unemployment rate and the unemployment rate for the rest of the labour force is also evident.[10]

9 Regarding individual countries' results, the skill mismatch index has increased sharply in those labour markets severely affected by housing booms, such as in Estonia, Ireland and Spain. For more details, see "Euro area labour markets and the crisis", *Structural Issues Report*, ECB, September 2012.

10 For further details, see "Euro area labour markets and the crisis", *Structural Issues Report*, ECB, September 2012.

3.3 POLICY REACTIONS TO THE CRISIS

Following the financial crisis in 2008, initial policy measures focused on supporting aggregate demand and boosting employment in the euro area. To mitigate the impact of the crisis on employment, measures encouraging shorter working-time arrangements also emerged. As the crisis evolved, policy reactions changed in more fundamental ways, especially in those euro area countries more affected by the crisis where the need for far-reaching structural reforms became more evident.

During the crisis, labour market reforms have been particularly intense in Greece, Ireland and Portugal, which are countries currently receiving international financial assistance. In the case of labour market institutions, in Greece these reforms included the reduction in the level of the minimum wage, the shift away from sectoral-level collective agreements to firm-level collective agreements, the possibility for firms to opt out of the sectoral-level agreement, and the relaxation of severance payments.

In Ireland, sectoral wage agreements are being reformed to ensure that they are more flexible and responsive to economic conditions, while labour market activation and training policies have also been strengthened. In Portugal, a significant reduction of severance payments was implemented, together with an increase in the flexibility of working time and a larger scope for collective bargaining at the firm level. In addition, the unemployment insurance system has been revised by reducing benefit replacement rates and the maximum duration of benefits.

Several other countries, such as Spain and Italy, have also recently implemented labour market reforms with the objectives to increase flexibility and enhance employment.

4 CONCLUSIONS

This article has shown that differences in the severity of the economic downturn during the crisis provide only a partial explanation of heterogeneous labour market developments across countries: other explanatory factors include the different nature of the shocks hitting euro area economies and the presence of imbalances in the run-up to the crisis (such as previous booms in the construction sector). Labour supply reacted in a relatively muted fashion to the downturn compared with previous cyclical adjustments, with participation rates for females and older workers evolving favourably. A relatively limited wage adjustment in euro area countries has been observed despite the severity of the recession, consistent with downward wage rigidities, although the marked changes in employment composition towards higher-paid workers partly explain the aggregate wage evolution.

In terms of the medium-term consequences of the crisis, it seems to have heralded a significant outward shift of the aggregate euro area Beveridge curve – that is, a higher level of unemployment associated with a given level of vacancies, along with a significant increase in skill disparities between labour demand and supply indicative of a higher degree of labour market mismatch. Also, available estimates show a recent marked upward trend in structural unemployment.

In this context, a flexible response of wages to labour market conditions should be a key priority in euro area labour markets, so as to also facilitate the necessary sectoral reallocation which underpins employment creation and reductions in unemployment. This clearly calls for further major labour market reforms across the euro area countries in order to limit the risks of a permanent increase in the NAIRU and a decrease in potential output growth. This reform strategy is also a key ingredient for a solid economic recovery in euro area economies, which would also facilitate additional positive spillovers regarding the correction and prevention of macroeconomic imbalances, fiscal consolidation and financial stability.

EURO AREA STATISTICS

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

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Conventions used in the tables

"-"	data do not exist/data are not applicable
"."	data are not yet available
"…"	nil or negligible
"billion"	10^9
(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 1)

	M1 2)	M2 2)	M3 2), 3)	M3 2), 3) 3-month moving average (centred)	MFI loans to euro area residents excluding MFIs and general government 2)	Securities other than shares issued in euro by non-MFI corporations 2)	3-month interest rate (EURIBOR; % per annum; period averages)	10-year spot rate (% per annum; end of period) 4)
	1	2	3	4	5	6	7	8
2010	8.5	1.8	0.3	-	0.5	4.2	0.81	3.36
2011	2.0	2.3	1.5	-	2.2	0.8	1.39	2.65
2011 Q4	1.9	2.1	1.5	-	1.8	-0.4	1.50	2.65
2012 Q1	2.3	2.5	2.2	-	0.7	0.3	1.04	2.60
Q2	2.8	2.8	2.8	-	-0.1	2.7	0.69	2.32
Q3	.	.	.	-	.	.	0.36	1.94
2012 Apr.	1.8	2.5	2.4	2.7	0.0	2.9	0.74	2.47
May	3.3	2.9	2.9	2.8	-0.2	3.0	0.68	1.89
June	3.5	3.0	3.1	3.2	-0.4	2.1	0.66	2.32
July	4.5	3.5	3.6	3.2	-0.4	1.2	0.50	1.87
Aug.	5.1	3.2	2.9	.	-0.6	.	0.33	1.91
Sep.	.	.	.	.	.	.	0.25	1.94

2. Prices, output, demand and labour markets 5)

	HICP 1)	Industrial producer prices	Hourly labour costs	Real GDP (s.a.)	Industrial production excluding construction	Capacity utilisation in manufacturing (%)	Employment (s.a.)	Unemployment (% of labour force; s.a.)
	1	2	3	4	5	6	7	8
2010	1.6	2.9	1.6	2.0	7.3	76.8	-0.5	10.1
2011	2.7	5.9	2.1	1.4	3.4	80.4	0.2	10.1
2011 Q4	2.9	5.1	2.2	0.6	-0.2	79.8	-0.1	10.6
2012 Q1	2.7	3.7	1.5	0.0	-1.8	79.8	-0.5	10.9
Q2	2.5	2.2	1.6	-0.5	-2.4	78.8	-0.6	11.3
2012 Apr.	2.6	2.6	-	-	-2.6	79.7	-	11.2
May	2.4	2.3	-	-	-2.6	-	-	11.3
June	2.4	1.8	-	-	-2.0	-	-	11.4
July	2.4	1.6	-	-	-2.8	77.8	-	11.4
Aug.	2.6	2.7	-	-	.	-	-	11.4
Sep.	2.7	.	-	-	.	-	-	.

3. External statistics

(EUR billions, unless otherwise indicated)

	Balance of payments (net transactions)			Reserve assets (end-of-period positions)	Net international investment position (as a % of GDP)	Gross external debt (as a % of GDP)	Effective exchange rate of the euro: EER-20 6) (index: 1999 Q1 = 100)		USD/EUR exchange rate
	Current and capital accounts	Goods	Combined direct and portfolio investment				Nominal	Real (CPI)	
	1	2	3	4	5	6	7	8	9
2010	-0.4	15.1	51.2	591.2	-13.4	120.1	103.6	101.6	1.3257
2011	8.4	4.9	156.9	667.1	-11.5	120.4	103.4	100.7	1.3920
2011 Q4	40.8	14.6	-59.4	667.1	-11.5	120.4	102.1	99.4	1.3482
2012 Q1	-4.1	5.3	-82.4	671.2	-11.0	120.8	99.5	96.9	1.3108
Q2	17.7	25.1	57.8	701.5	.	.	98.2	95.9	1.2814
Q3	.	.	.	.	.	.	95.9	93.7	1.2502
2012 Apr.	1.7	5.4	-8.3	679.7	.	.	99.5	97.2	1.3162
May	-1.8	5.5	36.6	695.7	.	.	98.0	95.7	1.2789
June	17.8	14.2	29.5	701.5	.	.	97.2	94.9	1.2526
July	16.2	12.5	17.6	724.8	.	.	95.3	93.2	1.2288
Aug.	.	.	.	716.1	.	.	95.2	93.0	1.2400
Sep.	.	.	.	.	.	.	97.2	95.0	1.2856

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

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

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

MONETARY POLICY STATISTICS

1.1 Consolidated financial statement of the Eurosystem
(EUR millions)

1. Assets

	31 August 2012	7 September 2012	14 September 2012	21 September 2012	28 September 2012
Gold and gold receivables	433,778	433,778	433,778	433,779	479,292
Claims on non-euro area residents in foreign currency	262,946	262,895	262,555	261,479	256,413
Claims on euro area residents in foreign currency	49,048	46,346	42,682	42,001	39,858
Claims on non-euro area residents in euro	19,172	18,654	19,325	17,865	16,512
Lending to euro area credit institutions in euro	1,209,827	1,205,288	1,197,841	1,187,200	1,178,184
Main refinancing operations	131,484	126,334	130,342	119,838	117,383
Longer-term refinancing operations	1,077,721	1,077,721	1,066,386	1,066,296	1,058,750
Fine-tuning reverse operations	0	0	0	0	0
Structural reverse operations	0	0	0	0	0
Marginal lending facility	590	891	1,044	971	2,047
Credits related to margin calls	32	341	70	96	4
Other claims on euro area credit institutions in euro	218,803	216,250	214,542	213,426	212,652
Securities of euro area residents in euro	599,298	598,717	598,416	597,641	597,655
Securities held for monetary policy purposes	279,038	278,923	279,165	279,383	280,207
Other securities	320,259	319,794	319,251	318,259	317,448
General government debt in euro	30,041	30,042	30,042	30,042	30,010
Other assets	261,857	261,523	261,831	266,107	271,857
Total assets	3,084,769	3,073,494	3,061,012	3,049,539	3,082,432

2. Liabilities

	31 August 2012	7 September 2012	14 September 2012	21 September 2012	28 September 2012
Banknotes in circulation	896,434	896,584	894,502	892,185	892,496
Liabilities to euro area credit institutions in euro	1,098,605	1,088,019	1,073,119	1,067,643	1,052,529
Current accounts (covering the minimum reserve system)	541,046	549,287	526,420	550,482	525,830
Deposit facility	345,956	326,805	335,048	305,647	315,754
Fixed-term deposits	209,000	209,000	209,000	209,000	209,000
Fine-tuning reverse operations	0	0	0	0	0
Deposits related to margin calls	2,603	2,927	2,650	2,515	1,945
Other liabilities to euro area credit institutions in euro	4,549	4,692	5,538	5,832	5,224
Debt certificates issued	0	0	0	0	0
Liabilities to other euro area residents in euro	110,410	113,726	121,098	115,778	119,439
Liabilities to non-euro area residents in euro	177,863	174,233	170,176	170,639	171,667
Liabilities to euro area residents in foreign currency	6,205	6,374	5,581	3,560	4,198
Liabilities to non-euro area residents in foreign currency	7,024	7,038	7,899	8,006	6,626
Counterpart of special drawing rights allocated by the IMF	56,886	56,886	56,886	56,886	56,243
Other liabilities	231,206	230,352	230,625	233,421	235,635
Revaluation accounts	409,840	409,840	409,840	409,840	452,824
Capital and reserves	85,750	85,750	85,750	85,749	85,551
Total liabilities	3,084,769	3,073,494	3,061,012	3,049,539	3,082,432

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
9 Aug.	2.00	0.25	-	3.00	0.25	4.00	0.25
11 Oct.	2.25	0.25	-	3.25	0.25	4.25	0.25
13 Dec.	2.50	0.25	-	3.50	0.25	4.50	0.25
2007 14 Mar.	2.75	0.25	-	3.75	0.25	4.75	0.25
13 June	3.00	0.25	-	4.00	0.25	5.00	0.25
2008 9 July	3.25	0.25	-	4.25	0.25	5.25	0.25
8 Oct.	2.75	-0.50	-	-	-	4.75	-0.50
9 [4]	3.25	0.50	-	-	-	4.25	-0.50
15 [5]	3.25	...	3.75	-	-0.50	4.25	...
12 Nov.	2.75	-0.50	3.25	-	-0.50	3.75	-0.50
10 Dec.	2.00	-0.75	2.50	-	-0.75	3.00	-0.75
2009 21 Jan.	1.00	-1.00	2.00	-	-0.50	3.00	...
11 Mar.	0.50	-0.50	1.50	-	-0.50	2.50	-0.50
8 Apr.	0.25	-0.25	1.25	-	-0.25	2.25	-0.25
13 May	0.25	...	1.00	-	-0.25	1.75	-0.50
2011 13 Apr.	0.50	0.25	1.25	-	0.25	2.00	0.25
13 July	0.75	0.25	1.50	-	0.25	2.25	0.25
9 Nov.	0.50	-0.25	1.25	-	-0.25	2.00	-0.25
14 Dec.	0.25	-0.25	1.00	-	-0.25	1.75	-0.25
2012 11 July	0.00	-0.25	0.75	-	-0.25	1.50	-0.25

Source: ECB.

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 both to the deposit and marginal lending facilities and to the main refinancing operations (with changes effective from the first main refinancing operation following the Governing Council decision), unless otherwise indicated.
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.
4) As of 9 October 2008 the ECB reduced the standing facilities corridor from 200 basis points to 100 basis points around the interest rate on the main refinancing operations. The standing facilities corridor was restored to 200 basis points as of 21 January 2009.
5) On 8 October 2008 the ECB announced that, starting from the operation to be settled on 15 October, the weekly main refinancing operations would be carried out through a fixed rate tender procedure with full allotment at the interest rate on the main refinancing operations. This change overrode the previous decision (made on the same day) to cut by 50 basis points the minimum bid rate on the main refinancing operations conducted as variable rate tenders.

1.3 Eurosystem monetary policy operations allotted through tender procedures [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)	Fixed rate tender procedures	Variable rate tender procedures			Running for (...) days
				Fixed rate	Minimum bid rate	Marginal rate [4]	Weighted average rate	
	1	2	3	4	5	6	7	8
	Main refinancing operations							
2012 27 June	180,378	105	180,378	1.00	-	-	-	7
4 July	163,629	92	163,629	1.00	-	-	-	7
11	163,707	90	163,707	0.75	-	-	-	7
18	156,752	98	156,752	0.75	-	-	-	7
25	130,669	98	130,669	0.75	-	-	-	7
1 Aug.	132,768	97	132,768	0.75	-	-	-	7
8	133,426	87	133,426	0.75	-	-	-	7
15	130,578	86	130,578	0.75	-	-	-	7
22	131,245	91	131,245	0.75	-	-	-	7
29	131,484	92	131,484	0.75	-	-	-	7
5 Sep.	126,334	84	126,334	0.75	-	-	-	7
12	130,342	80	130,342	0.75	-	-	-	7
19	119,838	84	119,838	0.75	-	-	-	7
26	117,383	85	117,383	0.75	-	-	-	7
3 Oct.	102,886	84	102,886	0.75	-	-	-	7
	Longer-term refinancing operations [5]							
2012 11 Apr.	11,389	20	11,389	1.00	-	-	-	28
26	21,338	39	21,338	0.96	-	-	-	91
9 May	12,988	20	12,988	1.00	-	-	-	35
31	8,307	33	8,307	0.86	-	-	-	91
13 June	18,905	21	18,905	1.00	-	-	-	28
28	26,295	50	26,295	0.79	-	-	-	91
11 July	24,398	27	24,398	0.75	-	-	-	28
26 [6]	8,450	36	8,450	.	-	-	-	98
8 Aug.	25,180	28	25,180	0.75	-	-	-	35
30 [6]	9,746	36	9,746	.	-	-	-	91
12 Sep.	13,844	26	13,844	0.75	-	-	-	28
27 [6]	18,709	55	18,709	.	-	-	-	84

2. Other tender operations

Date of settlement	Type of operation	Bids (amount)	Number of participants	Allotment (amount)	Fixed rate tender procedures	Variable rate tender procedures				Running for (...) days
					Fixed rate	Minimum bid rate	Maximum bid rate	Marginal rate [4]	Weighted average rate	
	1	2	3	4	5	6	7	8	9	10
2012 27 June	Collection of fixed-term deposits	288,426	62	210,500	-	-	1.00	0.26	0.26	7
4 July	Collection of fixed-term deposits	398,078	73	210,500	-	-	1.00	0.26	0.26	7
11	Collection of fixed-term deposits	424,810	95	211,500	-	-	0.75	0.03	0.02	7
18	Collection of fixed-term deposits	440,138	78	211,500	-	-	0.75	0.02	0.02	7
25	Collection of fixed-term deposits	397,541	69	211,500	-	-	0.75	0.02	0.01	7
1 Aug.	Collection of fixed-term deposits	463,066	72	211,500	-	-	0.75	0.02	0.01	7
8	Collection of fixed-term deposits	419,957	67	211,500	-	-	0.75	0.01	0.01	7
15	Collection of fixed-term deposits	419,503	58	211,500	-	-	0.75	0.01	0.01	7
22	Collection of fixed-term deposits	446,823	57	211,500	-	-	0.75	0.01	0.01	7
29	Collection of fixed-term deposits	452,904	56	209,000	-	-	0.75	0.01	0.01	7
5 Sep.	Collection of fixed-term deposits	460,886	57	209,000	-	-	0.75	0.01	0.01	7
12	Collection of fixed-term deposits	433,177	58	209,000	-	-	0.75	0.01	0.01	7
19	Collection of fixed-term deposits	468,232	59	209,000	-	-	0.75	0.01	0.01	7
26	Collection of fixed-term deposits	385,607	49	209,000	-	-	0.75	0.01	0.01	7
3 Oct.	Collection of fixed-term deposits	420,868	56	209,000	-	-	0.75	0.01	0.01	7

Source: ECB.

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

1.4 Minimum reserve and liquidity statistics

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

1. Reserve base of credit institutions subject to reserve requirements

Reserve base as at (end of period):	Total	Liabilities to which a positive reserve coefficient is applied [1]		Liabilities to which a 0% reserve coefficient is applied		
		Overnight deposits and deposits with an agreed maturity or notice period of up to 2 years	Debt securities issued with a maturity of up to 2 years	Deposits with an agreed maturity or notice period of over 2 years	Repos	Debt securities issued with a maturity of over 2 years
	1	2	3	4	5	6
2008	18,169.6	10,056.8	848.7	2,376.9	1,243.5	3,643.7
2009	18,318.2	9,808.5	760.4	2,475.7	1,170.1	4,103.5
2010	18,948.1	9,962.6	644.3	2,683.3	1,335.4	4,322.5
2011	18,970.0	9,790.9	687.7	2,781.2	1,303.5	4,406.8
2012 Mar.	19,178.8	9,981.7	725.5	2,758.8	1,336.0	4,376.8
Apr.	19,172.3	10,013.4	726.5	2,736.0	1,349.9	4,346.5
May	19,253.6	10,031.6	716.1	2,736.6	1,406.7	4,362.6
June	19,077.1	10,059.8	701.3	2,708.9	1,284.8	4,322.3
July	19,077.4	10,026.0	724.6	2,655.6	1,332.9	4,338.4

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
2008	217.2	218.7	1.5	0.0	3.25
2009	210.2	211.4	1.2	0.0	1.00
2010	211.8	212.5	0.7	0.5	1.00
2011	207.7	212.2	4.5	0.0	1.25
2012 8 May	105.2	110.5	5.3	0.0	1.00
12 June	106.6	110.8	4.2	0.0	1.00
10 July	106.9	111.5	4.6	0.0	1.00
7 Aug.	107.0	510.2	403.2	0.0	0.75
11 Sep.	107.1	540.0	432.9	0.0	0.75
9 Oct.	107.0	.	.	.	.

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 [2]	Deposit facility	Other liquidity-absorbing operations [3]	Banknotes in circulation	Central government deposits with the Eurosystem	Other factors (net)		
	1	2	3	4	5	6	7	8	9	10	11	12
2008	580.5	337.3	457.2	2.7	0.0	200.9	4.9	731.1	107.8	114.3	218.7	1,150.7
2009	407.6	55.8	593.4	0.7	24.6	65.7	9.9	775.2	150.1	-130.2	211.4	1,052.3
2010	511.1	179.5	336.3	1.9	130.4	44.7	70.8	815.9	94.4	-79.1	212.5	1,073.1
2011	622.1	238.0	389.0	4.4	260.3	253.7	200.5	869.4	63.8	-85.9	212.2	1,335.3
2012 10 Apr.	667.6	56.4	1,093.4	3.0	280.6	771.3	215.8	871.2	146.3	-13.3	109.6	1,752.1
8 May	659.3	47.0	1,088.7	1.0	281.3	771.4	214.0	872.7	137.1	-28.5	110.5	1,754.6
12 June	656.8	58.1	1,071.0	1.6	281.1	770.8	212.8	880.8	117.8	-24.2	110.8	1,762.3
10 July	666.7	160.7	1,074.9	1.8	280.7	770.6	210.9	892.5	138.8	60.6	111.5	1,774.6
7 Aug.	678.9	146.0	1,079.9	0.8	281.0	343.1	211.5	897.7	130.7	93.5	510.2	1,751.0
11 Sep.	676.8	130.6	1,076.8	0.8	279.7	328.6	210.5	897.6	107.0	81.0	540.0	1,766.2

Source: ECB.
1) A coefficient of 1% is applied as of the maintenance period beginning on 18 January 2012. A coefficient of 2% is applied to all previous maintenance periods.
2) Includes liquidity provided under the Eurosystem's covered bond purchase programmes and the Eurosystem's Securities Markets Programme.
3) Includes liquidity absorbed as a result of the Eurosystem's foreign exchange swap operations.
For more information, please see: http://www.ecb.europa.eu/mopo/liq/html/index.en.html

2 MONEY, BANKING AND OTHER FINANCIAL CORPORATIONS

2.1 Aggregated balance sheet of euro area MFIs [1]

(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 [2]	Holdings of shares/ other equity issued by euro area residents	External assets	Fixed assets	Remaining assets [3]
		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													
2010	3,212.4	1,566.8	18.6	0.9	1,547.3	573.6	425.4	9.4	138.7	-	18.6	684.1	8.0	361.4
2011	4,700.3	2,780.5	18.0	1.0	2,761.5	717.2	556.9	10.1	150.2	-	20.3	779.2	8.1	395.0
2012 Q1	5,238.2	3,336.2	18.0	1.0	3,317.3	744.4	578.0	10.6	155.9	-	21.0	774.4	8.1	354.1
Q2	5,572.8	3,656.6	17.0	1.0	3,638.7	729.6	569.7	10.1	149.7	-	20.9	793.6	8.2	363.9
2012 May	5,424.5	3,500.7	17.4	1.0	3,482.3	732.6	566.3	11.0	155.2	-	20.5	811.1	8.1	351.5
June	5,572.8	3,656.6	17.0	1.0	3,638.7	729.6	569.7	10.1	149.7	-	20.9	793.6	8.2	363.9
July	5,606.4	3,654.7	16.9	1.0	3,636.8	730.0	569.5	10.4	150.1	-	21.0	828.0	8.3	364.3
Aug. (p)	5,628.0	3,674.8	16.9	1.0	3,656.9	731.1	571.5	10.6	148.9	-	21.6	822.6	8.3	369.6
	MFIs excluding the Eurosystem													
2010	32,205.6	17,761.3	1,217.9	11,026.1	5,517.3	4,948.9	1,524.2	1,538.3	1,886.4	59.9	1,233.1	4,320.9	223.5	3,657.9
2011	33,538.3	18,481.9	1,159.6	11,161.5	6,160.7	4,765.2	1,395.8	1,517.7	1,851.7	50.2	1,211.8	4,253.0	232.3	4,544.0
2012 Q1	33,783.1	18,629.1	1,137.5	11,160.7	6,330.9	4,964.5	1,528.2	1,517.2	1,919.1	60.5	1,232.2	4,258.4	220.9	4,417.4
Q2	34,181.3	18,670.5	1,169.8	11,188.0	6,312.7	4,907.2	1,588.6	1,453.5	1,865.2	64.1	1,204.0	4,292.9	220.7	4,822.0
2012 May	34,818.6	18,635.5	1,143.8	11,173.1	6,318.6	4,946.0	1,547.1	1,510.2	1,888.7	62.0	1,225.4	4,394.1	221.8	5,333.9
June	34,181.3	18,670.5	1,169.8	11,188.0	6,312.7	4,907.2	1,588.6	1,453.5	1,865.2	64.1	1,204.0	4,292.9	220.7	4,822.0
July	34,454.0	18,637.0	1,169.4	11,214.6	6,253.1	4,872.7	1,574.8	1,406.4	1,891.5	61.9	1,210.0	4,352.9	221.1	5,098.5
Aug. (p)	34,158.3	18,475.9	1,160.9	11,159.8	6,155.2	4,879.6	1,575.2	1,390.1	1,914.4	63.8	1,211.1	4,277.7	221.8	5,028.2

2. Liabilities

	Total	Currency in circulation	Deposits of euro area residents				Money market fund shares/ units [4]	Debt securities issued [5]	Capital and reserves	External liabilities	Remaining liabilities [3]
			Total	Central government	Other general government/ other euro area residents	MFIs					
	1	2	3	4	5	6	7	8	9	10	11
	Eurosystem										
2010	3,212.4	863.7	1,394.8	68.0	8.7	1,318.1	-	0.0	428.5	153.8	371.7
2011	4,700.3	913.7	2,609.0	63.8	12.1	2,533.1	-	0.0	481.2	285.3	411.1
2012 Q1	5,238.2	894.8	3,219.6	136.0	9.2	3,074.4	-	0.0	508.8	208.1	406.9
Q2	5,572.8	918.9	3,425.9	142.4	11.3	3,272.2	-	0.0	521.7	284.9	421.4
2012 May	5,424.5	908.1	3,324.0	110.4	9.9	3,203.8	-	0.0	522.0	255.9	414.5
June	5,572.8	918.9	3,425.9	142.4	11.3	3,272.2	-	0.0	521.7	284.9	421.4
July	5,606.4	923.1	3,388.1	112.0	27.9	3,248.1	-	0.0	550.9	318.0	426.1
Aug. (p)	5,628.0	921.8	3,413.2	80.2	24.1	3,309.0	-	0.0	550.8	311.3	430.8
	MFIs excluding the Eurosystem										
2010	32,205.6	-	16,513.5	196.2	10,542.5	5,774.7	612.3	4,848.0	2,045.5	4,213.7	3,972.5
2011	33,538.3	-	17,317.1	195.5	10,750.9	6,370.7	570.6	5,008.2	2,231.1	3,802.8	4,608.5
2012 Q1	33,783.1	-	17,514.3	192.5	10,805.5	6,516.4	558.5	5,066.6	2,260.3	3,939.4	4,444.0
Q2	34,181.3	-	17,651.6	191.9	10,837.3	6,622.3	560.9	4,993.6	2,285.4	3,880.1	4,809.8
2012 May	34,818.6	-	17,558.2	206.8	10,808.4	6,543.0	581.7	5,031.2	2,250.0	4,037.1	5,360.4
June	34,181.3	-	17,651.6	191.9	10,837.3	6,622.3	560.9	4,993.6	2,285.4	3,880.1	4,809.8
July	34,454.0	-	17,562.1	190.5	10,789.1	6,582.6	557.2	5,041.8	2,298.7	3,890.0	5,104.1
Aug. (p)	34,158.3	-	17,415.1	184.8	10,770.0	6,460.3	563.4	5,031.9	2,306.9	3,811.0	5,029.9

Source: ECB.

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

2.2 Consolidated balance sheet of euro area MFIs [1]

(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 [2]
		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										
2010	25,762.1	12,263.6	1,236.5	11,027.1	3,497.4	1,949.7	1,547.7	800.6	5,005.0	231.5	3,964.1
2011	26,715.5	12,340.1	1,177.6	11,162.5	3,480.5	1,952.7	1,527.8	739.4	5,032.2	240.4	4,882.8
2012 Q1	26,690.5	12,317.2	1,155.5	11,161.7	3,633.9	2,106.2	1,527.7	755.9	5,032.9	229.0	4,721.6
Q2	27,179.0	12,375.7	1,186.8	11,189.0	3,621.9	2,158.3	1,463.6	731.3	5,086.5	228.9	5,134.7
2012 May	27,789.2	12,335.2	1,161.2	11,174.1	3,634.7	2,113.4	1,521.2	750.6	5,205.2	229.9	5,633.6
June	27,179.0	12,375.7	1,186.8	11,189.0	3,621.9	2,158.3	1,463.6	731.3	5,086.5	228.9	5,134.7
July	27,519.7	12,401.9	1,186.3	11,215.5	3,561.0	2,144.3	1,416.7	735.5	5,180.9	229.4	5,410.9
Aug. (p)	27,300.7	12,338.6	1,177.9	11,160.8	3,547.4	2,146.7	1,400.7	738.0	5,100.4	230.1	5,346.2
	Transactions										
2010	575.8	409.9	203.3	206.5	139.4	140.4	-1.0	5.7	-112.5	2.4	130.8
2011	990.6	60.4	-55.6	116.0	125.3	149.3	-24.0	-30.1	-37.1	7.8	864.2
2012 Q1	112.8	-0.1	-21.2	21.1	153.8	149.8	4.0	19.2	68.9	-12.2	-116.8
Q2	410.1	54.2	33.8	20.4	-1.1	41.5	-42.6	-11.8	-69.3	-0.1	438.2
2012 May	832.8	6.1	1.6	4.4	26.9	27.5	-0.6	-9.9	29.9	0.3	779.5
June	-543.6	49.1	25.2	23.9	-19.4	17.4	-36.8	-22.8	-85.8	-1.0	-463.7
July	273.1	28.4	-0.6	29.0	-71.6	-17.3	-54.3	5.5	8.9	0.5	301.4
Aug. (p)	-168.5	-55.7	-8.3	-47.3	-26.6	-11.3	-15.4	0.2	-26.4	1.1	-61.2

2. Liabilities

	Total	Currency in circulation	Deposits of central government	Deposits of other general government/ other euro area residents	Money market fund shares/ units [3]	Debt securities issued [4]	Capital and reserves	External liabilities	Remaining liabilities [2]	Excess of inter-MFI liabilities over inter-MFI assets
	1	2	3	4	5	6	7	8	9	10
	Outstanding amounts									
2010	25,762.1	808.6	264.2	10,551.2	552.4	2,823.0	2,022.9	4,367.5	4,344.2	28.2
2011	26,715.5	857.5	259.3	10,763.0	520.4	3,006.4	2,219.6	4,088.2	5,019.5	-18.5
2012 Q1	26,690.5	844.9	328.5	10,814.7	498.0	2,991.6	2,271.8	4,147.5	4,850.9	-57.4
Q2	27,179.0	867.7	334.4	10,848.6	496.8	2,978.7	2,313.4	4,165.1	5,231.2	-56.9
2012 May	27,789.2	856.3	317.2	10,818.2	519.7	2,987.3	2,276.7	4,293.0	5,774.9	-54.2
June	27,179.0	867.7	334.4	10,848.6	496.8	2,978.7	2,313.4	4,165.1	5,231.2	-56.9
July	27,519.7	871.3	302.5	10,817.0	495.3	3,000.2	2,354.2	4,208.0	5,530.3	-59.1
Aug. (p)	27,300.7	870.2	265.0	10,794.0	499.6	2,968.6	2,363.1	4,122.3	5,460.8	-42.8
	Transactions									
2010	575.8	38.6	11.8	332.7	-98.5	39.4	99.8	-26.3	143.4	35.0
2011	990.6	49.1	-0.8	167.8	-29.0	50.6	137.8	-198.9	860.4	-46.6
2012 Q1	112.8	-12.4	69.3	59.1	19.7	-0.4	17.6	117.2	-147.5	-9.8
Q2	410.1	22.8	8.2	31.1	-0.8	-48.6	54.2	-75.6	436.8	-18.0
2012 May	832.8	8.7	27.4	5.2	12.3	-29.5	14.2	15.1	795.2	-15.8
June	-543.6	11.4	17.1	31.5	-22.8	-5.4	35.8	-104.0	-504.3	-2.9
July	273.1	3.7	-31.8	-36.6	-1.5	8.8	11.9	-2.3	323.0	-2.1
Aug. (p)	-168.5	-1.1	-37.7	-16.9	4.2	-10.4	-0.5	-46.8	-73.8	14.6

Source: ECB.

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

2) In December 2010 a change was made to the recording practice for derivatives in one Member State, leading to an increase in this position.

3) Amounts held by euro area residents.

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

2.3 Monetary statistics [1]

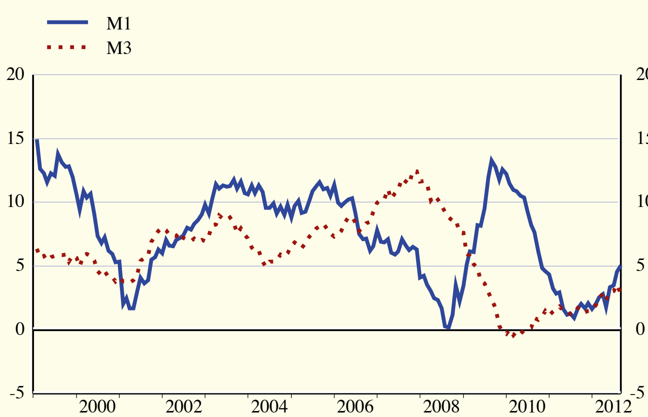
(EUR billions and annual growth rates; seasonally adjusted; outstanding amounts and growth rates at end of period; transactions during period)

1. Monetary aggregates [2] and counterparts

	M3					M3 3-month moving average (centred)	Longer-term financial liabilities	Credit to general government	Credit to other euro area residents [3]			Net external assets [4]
	M2			M3-M2						Loans	Loans adjusted for sales and securitisation [5]	
	M1	M2-M1										
	1	2	3	4	5	6	7	8	9	10	11	12
	Outstanding amounts											
2010	4,702.1	3,707.3	8,409.4	870.2	9,279.6	-	7,292.8	3,212.9	13,244.4	10,898.4	-	623.4
2011	4,785.9	3,804.8	8,590.6	886.6	9,477.2	-	7,680.2	3,156.7	13,287.3	11,022.4	-	929.8
2012 Q1	4,848.3	3,877.3	8,725.6	869.4	9,595.0	-	7,662.0	3,258.8	13,283.3	10,992.8	-	903.7
Q2	4,894.5	3,887.0	8,781.5	859.4	9,640.9	-	7,622.2	3,312.5	13,180.6	10,978.3	-	907.9
2012 May	4,872.2	3,884.8	8,757.0	864.0	9,621.0	-	7,643.0	3,264.1	13,246.0	10,990.5	-	942.2
June	4,894.5	3,887.0	8,781.5	859.4	9,640.9	-	7,622.2	3,312.5	13,180.6	10,978.3	-	907.9
July	4,955.6	3,885.9	8,841.5	867.2	9,708.8	-	7,636.5	3,324.2	13,140.2	10,980.3	-	972.3
Aug. (p)	5,045.1	3,832.5	8,877.6	840.7	9,718.3	-	7,637.7	3,336.3	13,126.2	10,973.6	-	966.7
	Transactions											
2010	195.9	-10.0	185.9	-82.5	103.4	-	251.2	344.0	187.6	183.8	239.9	-85.5
2011	77.6	76.4	154.0	-9.9	144.0	-	207.7	92.3	50.4	104.4	130.9	161.7
2012 Q1	65.8	73.9	139.7	20.7	160.5	-	-30.0	99.4	24.8	-7.7	1.6	-15.8
Q2	37.2	3.6	40.8	-8.4	32.4	-	-68.4	45.9	-74.0	-19.5	-20.5	-25.6
2012 May	71.9	-19.5	52.4	6.0	58.4	-	-48.5	31.3	0.9	-10.0	-5.8	13.5
June	21.2	3.9	25.2	-6.9	18.3	-	-16.0	21.0	-39.2	-3.2	-7.7	-25.3
July	59.7	-2.6	57.1	8.1	65.2	-	-29.1	8.2	-44.2	4.4	10.2	24.3
Aug. (p)	82.9	-43.7	39.2	-17.2	22.0	-	9.5	-1.5	-8.1	0.8	2.2	9.6
	Growth rates											
2010	4.4	-0.3	2.3	-8.3	1.1	1.3	3.6	11.9	1.4	1.7	2.2	-85.5
2011	1.7	2.1	1.8	-1.1	1.5	1.7	2.8	3.1	0.4	1.0	1.2	161.7
2012 Q1	2.8	3.2	3.0	2.2	2.9	2.6	1.3	7.5	0.1	0.2	0.8	-20.4
Q2	3.5	2.4	3.0	3.5	3.1	3.2	-0.4	9.5	-0.6	-0.4	0.1	-69.1
2012 May	3.3	2.3	2.9	3.6	2.9	2.8	-0.2	9.0	-0.3	-0.2	0.3	-21.0
June	3.5	2.4	3.0	3.5	3.1	3.2	-0.4	9.5	-0.6	-0.4	0.1	-69.1
July	4.5	2.2	3.5	4.3	3.6	3.2	-1.3	9.4	-0.9	-0.4	0.1	-38.1
Aug. (p)	5.1	0.8	3.2	-0.5	2.9	.	-1.5	8.0	-1.2	-0.6	-0.2	-46.3

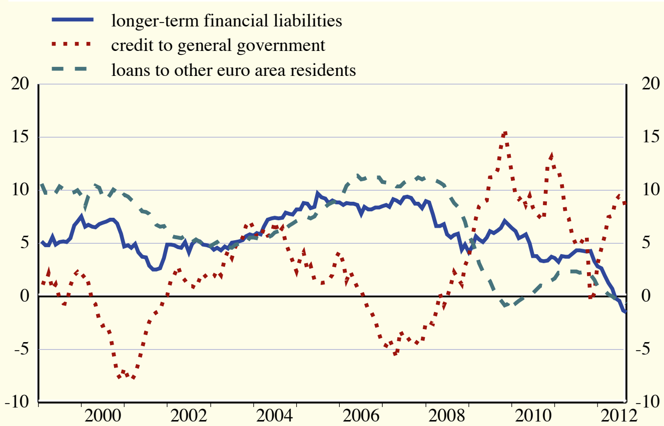
C1 Monetary aggregates [1]

(annual growth rates; seasonally adjusted)



C2 Counterparts [1]

(annual growth rates; seasonally adjusted)



Source: ECB.

1) Data refer to the changing composition of the euro area. For further information, see the General Notes.
Monthly and other shorter-term growth rates for selected items are available at: http://www.ecb.europa.eu/stats/money/aggregates/aggr/html/index.en.html
2) Monetary liabilities of MFIs and central government (post office, treasury, etc.) vis-à-vis non-MFI euro area residents excluding central government.
For definitions of M1, M2 and M3, see glossary.
3) Excludes reverse repos to central counterparties as of June 2010; transactions and growth rates are adjusted for this effect.
4) Values in the section “growth rates” are sums of the transactions during the 12 months ending in the period indicated.
5) Adjustment for the derecognition of loans on the MFI balance sheet on account of their sale or securitisation.

2.3 Monetary statistics [1]

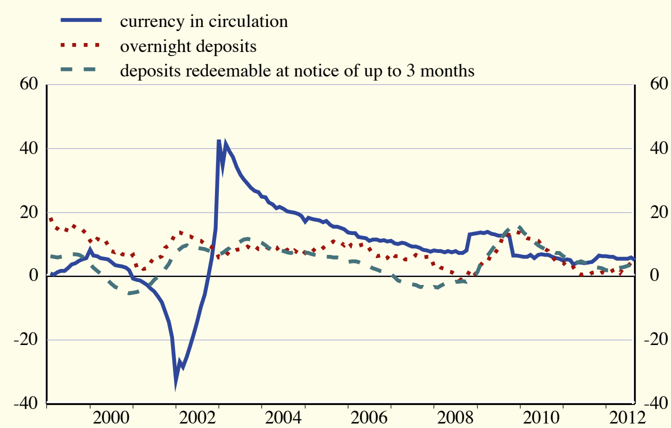
(EUR billions and annual growth rates; seasonally adjusted; outstanding amounts and growth rates at end of period; transactions during period)

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

	Currency in circulation	Overnight deposits	Deposits with an agreed maturity of up to 2 years	Deposits redeemable at notice of up to 3 months	Repos [2]	Money market fund shares/units	Debt securities with a maturity of up to 2 years	Debt securities with a maturity of over 2 years	Deposits redeemable at notice of over 3 months	Deposits with an agreed maturity of over 2 years	Capital and reserves
	1	2	3	4	5	6	7	8	9	10	11
					Outstanding amounts						
2010	794.0	3,908.2	1,794.7	1,912.6	178.4	568.7	123.1	2,719.0	118.9	2,448.2	2,006.8
2011	843.2	3,942.6	1,846.3	1,958.4	144.5	535.5	206.6	2,820.9	115.4	2,542.8	2,201.2
2012 Q1	847.8	4,000.5	1,901.4	1,975.9	131.9	497.0	240.5	2,749.5	113.1	2,522.5	2,276.9
Q2	861.0	4,033.4	1,879.5	2,007.5	126.9	500.6	231.9	2,737.8	112.6	2,463.2	2,308.5
2012 May	856.7	4,015.5	1,887.8	1,997.0	130.7	510.0	223.4	2,754.6	113.2	2,482.3	2,292.9
June	861.0	4,033.4	1,879.5	2,007.5	126.9	500.6	231.9	2,737.8	112.6	2,463.2	2,308.5
July	866.2	4,089.4	1,866.8	2,019.1	138.7	494.7	233.8	2,753.2	111.6	2,417.6	2,354.0
Aug. (p)	868.2	4,176.9	1,802.9	2,029.6	132.9	489.9	217.8	2,739.2	110.5	2,424.1	2,363.9
					Transactions						
2010	36.5	159.5	-122.1	112.1	37.7	-101.6	-18.6	59.8	-7.4	102.3	96.5
2011	49.4	28.2	39.7	36.6	-13.5	-29.7	33.2	19.3	-2.5	55.6	135.2
2012 Q1	4.8	61.0	55.1	18.8	-11.5	3.8	28.5	-51.5	-3.2	-16.7	41.4
Q2	13.1	24.1	-28.0	31.6	-6.1	4.0	-6.3	-49.6	-0.6	-62.5	44.3
2012 May	6.6	65.3	-33.4	14.0	3.2	9.5	-6.7	-28.5	-0.6	-32.6	13.3
June	4.3	16.9	-6.7	10.6	-4.4	-9.2	6.8	-11.9	-0.6	-18.2	14.7
July	5.4	54.4	-14.3	11.7	11.6	-5.9	2.4	2.3	-1.0	-47.1	16.6
Aug. (p)	1.9	81.0	-54.4	10.7	-0.1	-4.9	-12.2	3.4	-1.1	6.7	0.5
					Growth rates						
2010	4.8	4.3	-6.4	6.2	14.9	-15.2	-13.7	2.3	-5.7	4.5	5.2
2011	6.2	0.7	2.2	1.9	-8.1	-5.1	24.1	0.7	-2.1	2.2	6.7
2012 Q1	5.5	2.2	3.9	2.5	-12.4	-0.5	20.0	-2.5	-5.2	1.0	7.0
Q2	5.5	3.1	1.5	3.3	-14.8	3.4	17.7	-5.2	-5.8	-1.8	7.9
2012 May	5.5	2.9	1.6	3.0	-18.7	4.1	23.9	-4.7	-5.1	-1.1	7.1
June	5.5	3.1	1.5	3.3	-14.8	3.4	17.7	-5.2	-5.8	-1.8	7.9
July	5.9	4.3	0.7	3.6	-15.2	4.5	19.8	-5.0	-6.8	-3.7	6.6
Aug. (p)	5.2	5.0	-2.3	3.8	-21.9	1.1	15.7	-4.9	-7.8	-3.7	6.0

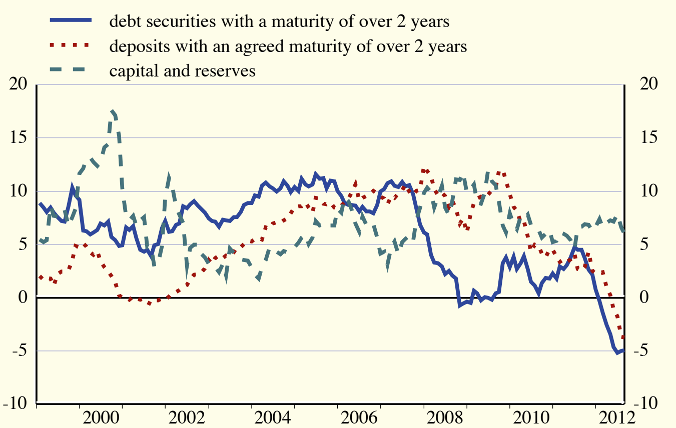
C3 Components of monetary aggregates [1]

(annual growth rates; seasonally adjusted)



C4 Components of longer-term financial liabilities [1]

(annual growth rates; seasonally adjusted)



Source: ECB.

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

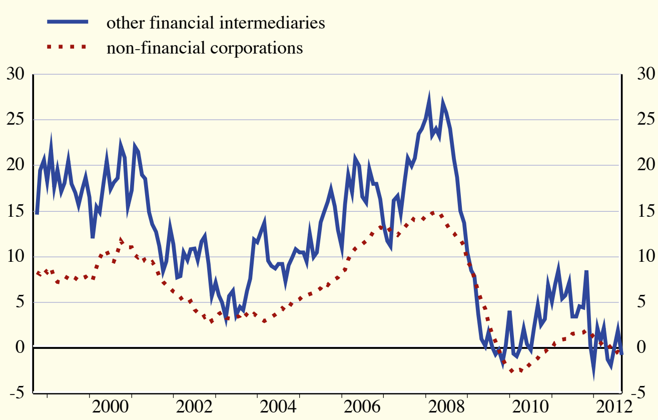
2) Excludes repurchase agreements with central counterpaties as of June 2010; transactions and growth rates are adjusted for this effect.

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

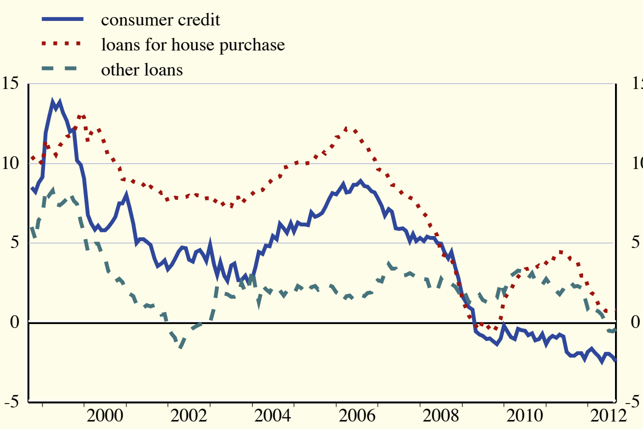
3. Loans as counterpart to M3

	Insurance corporations and pension funds	Other financial inter-mediaries [2]	Non-financial corporations					Households [3]				
	Total	Total	Total	Loans adjusted for sales and securitisation [4]	Up to 1 year	Over 1 and up to 5 years	Over 5 years	Total	Loans adjusted for sales and securitisation [4]	Consumer credit	Loans for house purchase	Other loans
	1	2	3	4	5	6	7	8	9	10	11	12
	Outstanding amounts											
2010	93.8	978.1	4,668.6	-	1,127.7	899.0	2,641.9	5,158.0	-	638.5	3,700.6	819.0
2011	91.1	977.5	4,721.3	-	1,146.7	859.6	2,715.0	5,232.5	-	626.3	3,777.6	828.6
2012 Q1	88.0	965.0	4,698.3	-	1,136.4	846.9	2,715.0	5,241.4	-	620.3	3,792.8	828.3
Q2	83.9	951.7	4,692.0	-	1,151.4	844.6	2,696.0	5,250.7	-	614.1	3,811.0	825.6
2012 May	82.5	959.0	4,698.0	-	1,149.3	844.9	2,703.8	5,251.0	-	620.7	3,802.1	828.2
June	83.9	951.7	4,692.0	-	1,151.4	844.6	2,696.0	5,250.7	-	614.1	3,811.0	825.6
July	83.2	959.0	4,698.7	-	1,165.3	841.5	2,691.9	5,239.3	-	609.2	3,804.4	825.7
Aug. (p)	86.5	960.2	4,682.0	-	1,158.3	835.3	2,688.4	5,245.0	-	607.5	3,810.1	827.4
	Transactions											
2010	6.4	32.3	-1.8	45.1	-37.4	-26.3	62.0	146.9	155.5	-8.5	133.7	21.7
2011	1.3	-35.1	57.7	63.5	23.0	-22.0	56.7	80.5	101.2	-11.5	84.7	7.3
2012 Q1	-2.9	-9.8	-9.7	-6.6	-7.0	-8.6	5.9	14.6	20.4	-2.8	16.4	1.0
Q2	-4.2	-19.4	-6.3	-0.2	13.5	-3.6	-16.3	10.5	3.2	-5.0	18.3	-2.8
2012 May	1.1	-0.8	-10.7	-6.5	-5.4	-1.5	-3.8	0.4	0.3	1.3	-0.2	-0.8
June	1.4	-5.1	-3.2	-1.2	1.1	-1.5	-2.8	3.6	-2.9	-4.6	9.7	-1.5
July	-0.7	4.9	8.6	7.9	15.9	-2.7	-4.6	-8.4	-1.4	-4.0	-4.8	0.5
Aug. (p)	3.3	1.1	-10.1	-9.8	-4.8	-5.0	-0.3	6.6	7.4	-1.4	5.7	2.3
	Growth rates											
2010	7.3	3.6	0.0	1.0	-3.2	-2.8	2.4	2.9	3.1	-1.3	3.8	2.8
2011	1.5	-3.6	1.2	1.4	2.0	-2.5	2.1	1.6	2.0	-1.8	2.3	0.9
2012 Q1	-0.3	-2.2	0.3	0.4	-0.4	-3.1	1.6	0.6	1.7	-2.1	1.1	0.7
Q2	-5.9	-2.1	-0.6	-0.4	-1.7	-2.7	0.5	0.2	1.1	-1.9	0.8	-0.5
2012 May	-6.4	-3.7	0.0	0.3	0.2	-2.7	0.8	0.3	1.3	-1.9	0.8	0.0
June	-5.9	-2.1	-0.6	-0.4	-1.7	-2.7	0.5	0.2	1.1	-1.9	0.8	-0.5
July	-8.6	-2.8	-0.4	-0.2	0.1	-2.7	0.1	0.3	1.0	-2.1	0.8	-0.5
Aug. (p)	-11.2	-3.4	-0.8	-0.5	-0.3	-3.3	-0.1	0.2	1.0	-2.4	0.8	-0.4

C5 Loans to other financial intermediaries and non-financial corporations 1) (annual growth rates; not seasonally adjusted)



C6 Loans to households 1) (annual growth rates; not seasonally adjusted)



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

2.4 MFI loans: breakdown [1), 2)]

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

1. Loans to financial intermediaries and non-financial corporations

	Insurance corporations and pension funds				Other financial intermediaries					Non-financial corporations			
	Total	Up to 1 year	Over 1 and up to 5 years	Over 5 years	Total	Total: Reverse repos to central counterparties	Up to 1 year	Over 1 and up to 5 years	Over 5 years	Total	Up to 1 year	Over 1 and up to 5 years	Over 5 years
	1	2	3	4	5	6	7	8	9	10	11	12	13
	Outstanding amounts												
2011	83.4	63.7	6.3	13.4	1,116.4	155.6	579.0	214.7	322.6	4,719.0	1,138.9	859.5	2,720.5
2012 Q1	86.1	67.5	5.4	13.2	1,145.8	184.8	589.7	222.0	334.2	4,697.7	1,136.8	847.9	2,713.1
Q2	85.3	67.5	5.4	12.4	1,148.4	177.1	582.5	223.3	342.6	4,697.8	1,161.1	843.9	2,692.7
2012 June	85.3	67.5	5.4	12.4	1,148.4	177.1	582.5	223.3	342.6	4,697.8	1,161.1	843.9	2,692.7
July	85.2	67.7	5.0	12.4	1,179.4	209.6	613.9	223.1	342.5	4,703.6	1,166.8	841.3	2,695.5
Aug. (p)	88.7	71.0	5.3	12.5	1,159.3	199.3	588.8	225.0	345.6	4,667.1	1,144.9	833.7	2,688.5
	Transactions												
2011	1.8	2.8	1.0	-2.0	-23.5	12.8	-20.7	-9.0	6.2	56.5	22.1	-22.0	56.4
2012 Q1	3.0	3.9	-0.9	0.0	32.2	29.1	12.9	7.4	11.9	-8.0	1.3	-7.7	-1.6
Q2	-0.9	-0.1	0.0	-0.8	-5.4	-9.6	-12.0	-0.4	6.9	0.0	22.8	-5.2	-17.6
2012 June	0.5	1.4	-0.1	-0.8	5.1	-3.8	2.1	1.8	1.2	-2.6	7.2	-4.0	-5.8
July	-0.2	0.2	-0.4	0.0	28.6	32.5	30.1	-0.7	-0.8	7.8	7.7	-2.2	2.3
Aug. (p)	3.6	3.2	0.3	0.1	-20.2	-10.3	-25.3	1.6	3.5	-30.0	-19.8	-6.4	-3.8
	Growth rates												
2011	1.9	3.9	19.6	-13.3	-2.0	8.9	-3.4	-4.3	2.0	1.2	2.0	-2.5	2.1
2012 Q1	-0.4	1.2	-2.2	-7.6	2.2	34.4	-0.1	4.4	5.1	0.3	-0.4	-3.1	1.6
Q2	-6.0	-5.4	2.1	-11.6	0.3	14.4	-4.6	6.7	5.2	-0.6	-1.7	-2.7	0.5
2012 June	-6.0	-5.4	2.1	-11.6	0.3	14.4	-4.6	6.7	5.2	-0.6	-1.7	-2.7	0.5
July	-8.6	-8.2	-6.0	-11.8	1.9	30.3	-0.7	6.1	4.3	-0.4	0.0	-2.7	0.1
Aug. (p)	-10.9	-11.6	0.0	-11.4	-0.8	12.8	-6.4	6.7	5.1	-0.8	-0.3	-3.3	-0.1

2. Loans to households [3)]

	Total	Consumer credit				Loans for house purchase				Other loans				
		Total	Up to 1 year	Over 1 and up to 5 years	Over 5 years	Total	Up to 1 year	Over 1 and up to 5 years	Over 5 years	Total	Total: Sole proprietors	Up to 1 year	Over 1 and up to 5 years	Over 5 years
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
	Outstanding amounts													
2011	5,242.8	628.5	140.9	183.8	303.7	3,784.4	14.5	56.7	3,713.3	829.9	419.7	142.8	87.5	599.6
2012 Q1	5,231.0	617.6	136.1	179.9	301.7	3,787.2	14.0	56.6	3,716.5	826.2	417.4	141.8	85.9	598.5
Q2	5,256.5	617.2	137.7	179.8	299.6	3,807.9	14.2	56.6	3,737.1	831.4	417.4	144.8	85.4	601.2
2012 June	5,256.5	617.2	137.7	179.8	299.6	3,807.9	14.2	56.6	3,737.1	831.4	417.4	144.8	85.4	601.2
July	5,246.3	611.5	136.7	179.0	295.8	3,809.4	14.3	57.0	3,738.0	825.4	416.6	139.8	84.2	601.4
Aug. (p)	5,244.6	608.0	134.7	178.2	295.0	3,810.6	14.4	57.0	3,739.2	826.0	415.0	138.5	83.7	603.9
	Transactions													
2011	81.1	-11.6	-3.7	-6.3	-1.6	85.2	-0.2	2.7	82.7	7.4	8.8	-6.4	-2.5	16.3
2012 Q1	-6.0	-7.7	-4.5	-2.1	-1.0	4.1	-0.4	0.1	4.3	-2.4	-2.6	-0.7	-1.0	-0.7
Q2	26.7	0.7	1.1	0.4	-0.7	20.7	0.2	0.1	20.4	5.2	-2.9	4.2	-0.8	1.8
2012 June	20.9	0.5	0.2	0.3	0.0	14.8	0.1	-0.2	14.8	5.6	-0.6	5.2	-0.5	0.9
July	-7.2	-4.8	-0.5	-0.9	-3.4	3.3	0.1	0.4	2.7	-5.7	-0.4	-4.7	-1.0	0.0
Aug. (p)	-0.8	-3.2	-1.7	-0.9	-0.6	1.3	0.0	0.0	1.2	1.2	-1.7	-1.4	-0.4	3.0
	Growth rates													
2011	1.6	-1.8	-2.5	-3.3	-0.5	2.3	-1.7	5.0	2.3	0.9	2.1	-4.3	-2.9	2.8
2012 Q1	0.7	-2.1	-1.7	-3.7	-1.3	1.1	1.1	5.2	1.0	0.7	2.0	-4.3	-2.1	2.4
Q2	0.2	-1.9	-2.7	-2.4	-1.3	0.8	-0.7	3.3	0.7	-0.5	0.8	-4.7	-3.2	1.0
2012 June	0.2	-1.9	-2.7	-2.4	-1.3	0.8	-0.7	3.3	0.7	-0.5	0.8	-4.7	-3.2	1.0
July	0.2	-2.1	-1.9	-2.4	-2.1	0.8	-0.7	3.2	0.8	-0.5	1.0	-3.2	-4.3	0.7
Aug. (p)	0.2	-2.4	-3.7	-2.4	-1.8	0.8	-0.3	2.4	0.8	-0.4	0.6	-4.1	-4.1	1.1

Source: ECB.

1) MFI sector excluding the Eurosystem; sectoral classification is based on the ESA 95.
2) Data refer to the changing composition of the euro area. For further information, see the General Notes.
3) Including non-profit institutions serving households.

2.4 MFI loans: breakdown 1), 2)

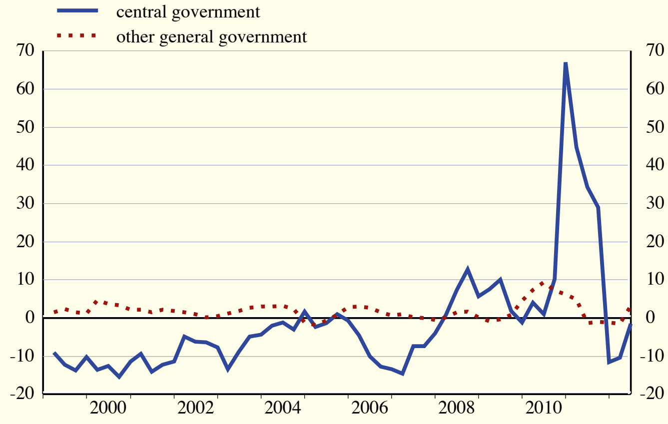
(EUR billions and annual growth rates; not seasonally adjusted; outstanding amounts and growth rates at end of period; transactions during period)

3. Loans to government and non-euro area residents

	General government					Non-euro area residents				
	Total	Central government	Other general government			Total	Banks 3)	Non-banks		
			State government	Local government	Social security funds			Total	General government	Other
	1	2	3	4	5	6	7	8	9	10
	Outstanding amounts									
2010	1,217.9	397.5	225.2	549.1	46.1	2,962.9	2,010.9	952.1	49.5	902.6
2011	1,159.6	348.9	221.7	567.4	21.7	3,020.8	2,022.5	998.3	62.4	935.9
2011 Q3	1,145.4	343.5	224.0	553.2	24.7	3,155.7	2,133.1	1,022.7	62.7	960.0
Q4	1,159.6	348.9	221.7	567.4	21.7	3,020.8	2,022.5	998.3	62.4	935.9
2012 Q1	1,137.5	322.6	224.0	566.9	24.0	3,004.9	1,997.7	1,007.2	59.4	947.8
Q2 (p)	1,169.8	339.7	240.1	565.1	25.1	3,084.7	2,062.3	1,023.7	58.0	965.7
	Transactions									
2010	204.2	156.3	14.9	21.1	11.9	6.3	8.3	-2.3	0.6	-2.9
2011	-54.9	-45.9	-0.4	14.6	-23.3	16.0	-26.1	42.0	13.0	29.1
2011 Q3	-6.7	-3.4	0.6	-1.6	-2.4	65.9	59.6	6.3	1.4	4.9
Q4	13.3	4.7	1.2	10.3	-2.9	-150.7	-107.7	-43.1	-1.4	-41.6
2012 Q1	-21.2	-25.9	-1.7	4.1	2.3	40.2	17.0	23.2	-2.2	25.4
Q2 (p)	34.8	19.6	16.1	-1.8	1.2	-13.3	-3.6	-8.6	-3.0	-5.6
	Growth rates									
2010	20.3	67.1	7.1	4.0	35.1	0.6	0.5	-0.1	0.8	-0.2
2011	-4.5	-11.6	-0.2	2.7	-51.6	0.7	-1.1	4.4	26.7	3.2
2011 Q3	6.3	28.9	0.2	1.9	-43.3	5.2	4.0	7.4	24.6	6.4
Q4	-4.5	-11.6	-0.2	2.7	-51.6	0.7	-1.1	4.4	26.7	3.2
2012 Q1	-4.2	-10.4	-2.8	1.9	-41.6	0.1	-0.3	0.9	7.1	0.6
Q2 (p)	1.8	-1.4	7.2	2.0	-6.6	-1.8	-1.6	-2.2	-8.5	-1.8

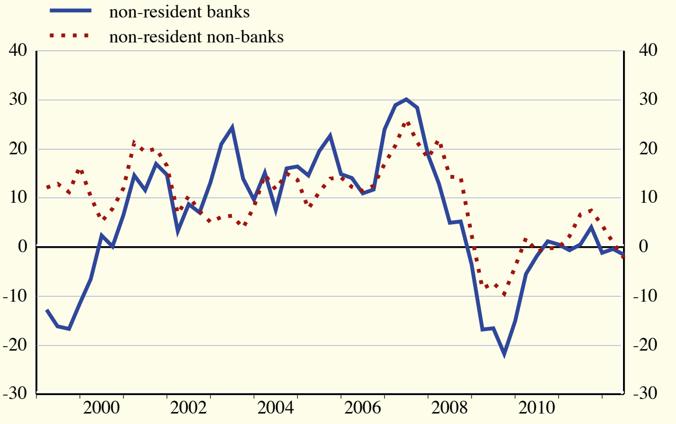
C7 Loans to government 2)

(annual growth rates; not seasonally adjusted)



C8 Loans to non-euro area residents 2)

(annual growth rates; not seasonally adjusted)



Source: ECB.
1) MFI sector excluding the Eurosystem; sectoral classification is based on the ESA 95.
2) Data refer to the changing composition of the euro area. For further information, see the General Notes.
3) The term "banks" is used in this table to indicate institutions similar to MFIs which are resident outside the euro area.

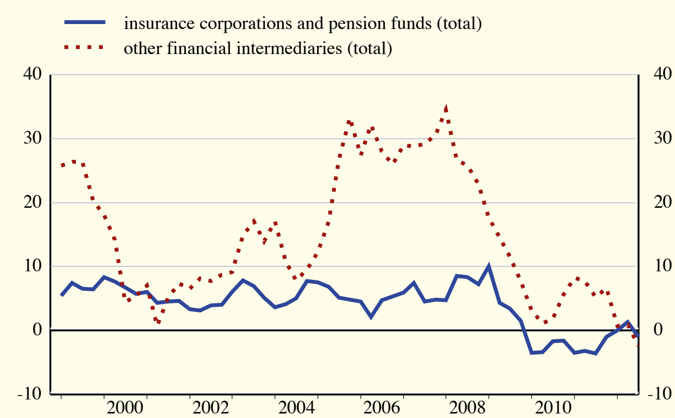
2.5 Deposits held with MFIs: breakdown [1), 2)]

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

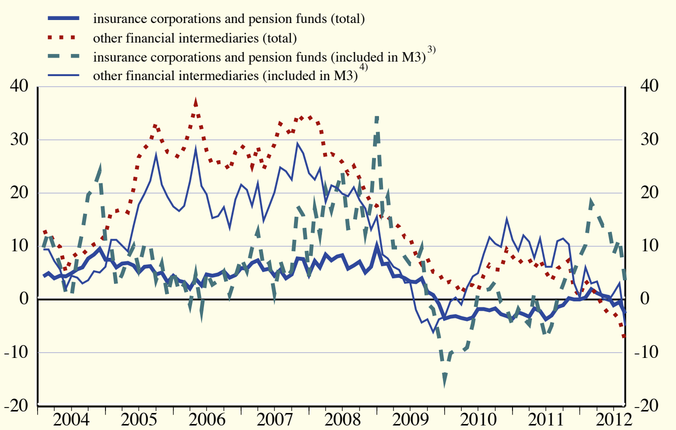
1. Deposits by financial intermediaries

	Insurance corporations and pension funds							Other financial intermediaries							
	Total	Overnight	With an agreed maturity of:		Redeemable at notice of:		Repos	Total	Overnight	With an agreed maturity of:		Redeemable at notice of:		Repos	
			Up to 2 years	Over 2 years	Up to 3 months	Over 3 months				Up to 2 years	Over 2 years	Up to 3 months	Over 3 months		With central counter-parties
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
	Outstanding amounts														
2010	716.9	84.6	79.3	528.3	2.6	0.3	21.9	2,185.3	358.5	305.7	1,149.6	10.7	0.5	360.3	255.0
2011	704.0	92.1	79.9	512.4	4.0	0.2	15.5	2,220.7	390.0	284.9	1,190.7	14.7	0.5	339.9	260.0
2012 Q1	711.3	98.4	86.8	504.6	4.5	0.2	16.9	2,211.2	420.1	265.9	1,149.0	15.5	0.4	360.4	275.9
Q2	692.6	99.0	78.8	499.5	5.8	0.2	9.3	2,149.2	407.7	253.5	1,086.0	13.6	0.3	388.0	295.8
2012 May	709.3	103.6	86.5	501.7	5.4	0.2	11.9	2,185.3	414.5	264.9	1,112.0	14.3	0.3	379.3	289.6
June	692.6	99.0	78.8	499.5	5.8	0.2	9.3	2,149.2	407.7	253.5	1,086.0	13.6	0.3	388.0	295.8
July	701.0	106.2	81.4	497.5	6.1	0.2	9.7	2,101.4	419.0	245.2	1,033.7	12.2	0.2	391.1	295.6
Aug. (p)	694.7	99.6	82.3	496.3	6.2	0.2	10.1	2,072.9	416.0	234.4	1,032.9	12.7	0.3	376.7	287.0
	Transactions														
2010	-26.5	-3.3	-8.4	-23.2	0.2	6.6	1.6	157.9	45.1	-37.6	53.9	-8.0	0.4	104.2	-
2011	0.2	11.7	4.2	-14.2	1.1	-0.1	-2.6	13.9	28.9	-29.1	10.4	3.9	0.1	-0.3	5.5
2012 Q1	7.9	6.4	6.7	-7.1	0.5	0.0	1.4	-6.4	31.1	-18.1	-40.5	0.8	-0.2	20.6	15.5
Q2	-18.5	0.8	-7.5	-4.8	1.3	0.0	-8.3	-38.7	-13.2	-13.8	-54.0	-1.7	0.0	44.0	36.4
2012 May	-9.4	-2.1	-1.4	-1.9	0.7	0.0	-4.7	-4.2	7.0	-6.3	-32.9	-0.9	-0.2	28.9	27.8
June	-15.9	-4.6	-6.4	-2.1	0.4	0.0	-3.3	-20.0	-4.6	-11.2	-12.5	-0.6	0.0	8.9	6.4
July	8.2	7.1	2.5	-2.1	0.3	0.0	0.4	-52.9	10.1	-8.9	-55.4	-1.4	-0.1	2.8	-0.5
Aug. (p)	-6.0	-6.4	1.0	-1.2	0.2	0.0	0.4	-26.1	-2.0	-12.0	-0.6	0.5	0.1	-12.1	-12.0
	Growth rates														
2010	-3.6	-3.4	-9.6	-4.2	9.7	-	7.8	8.2	14.4	-11.1	5.0	-48.5	-	41.1	-
2011	0.0	14.4	5.6	-2.7	43.3	-	-13.1	0.7	8.1	-9.3	0.8	36.1	-	-0.2	2.1
2012 Q1	1.3	17.9	14.8	-3.8	43.3	-	8.9	0.9	11.8	-13.2	-1.3	31.5	-	8.1	14.6
Q2	-1.0	16.5	9.5	-4.2	70.3	-	-48.1	-2.5	8.8	-15.9	-5.9	10.1	-	7.3	7.4
2012 May	0.5	20.9	15.5	-4.1	35.0	-	-30.7	-2.6	10.0	-17.4	-4.9	19.7	-	3.4	6.0
June	-1.0	16.5	9.5	-4.2	70.3	-	-48.1	-2.5	8.8	-15.9	-5.9	10.1	-	7.3	7.4
July	-0.4	27.7	8.1	-4.5	56.0	-	-52.8	-3.7	14.9	-19.8	-9.9	6.5	-	10.5	10.5
Aug. (p)	-2.6	14.0	1.1	-4.7	61.4	-	-48.5	-7.7	10.9	-24.9	-10.4	9.5	-	-4.6	-5.0

C9 Total deposits by sector [2)]
(annual growth rates)



C10 Total deposits and deposits included in M3 by sector [2)]
(annual growth rates)



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

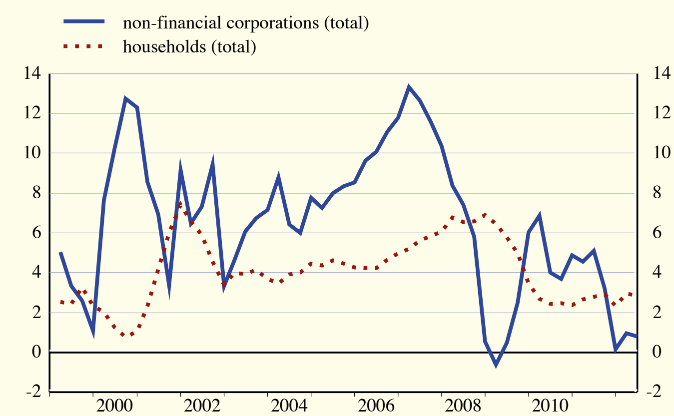
2.5 Deposits held with MFIs: breakdown [1), 2)]

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

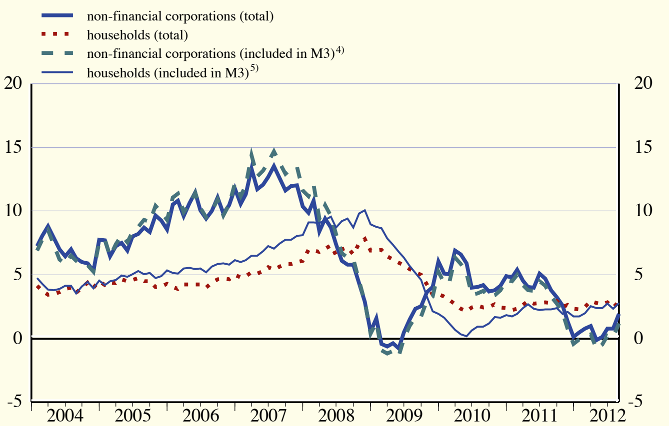
2. Deposits by non-financial corporations and households

	Non-financial corporations							Households [3)]						
	Total	Overnight	With an agreed maturity of:		Redeemable at notice of:		Repos	Total	Overnight	With an agreed maturity of:		Redeemable at notice of:		Repos
			Up to 2 years	Over 2 years	Up to 3 months	Over 3 months				Up to 2 years	Over 2 years	Up to 3 months	Over 3 months	
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
	Outstanding amounts													
2010	1,670.7	1,036.4	455.5	87.2	75.8	1.5	14.2	5,739.1	2,244.5	901.0	665.0	1,788.5	110.3	29.8
2011	1,685.9	1,044.1	453.5	97.7	72.3	2.0	16.3	5,894.0	2,255.7	948.3	723.7	1,837.0	106.7	22.7
2012 Q1	1,663.6	1,019.5	451.5	100.6	76.0	2.2	13.8	5,945.1	2,223.2	995.4	737.0	1,864.7	105.0	19.9
Q2	1,678.5	1,057.9	421.8	103.2	80.5	1.7	13.4	6,000.8	2,288.5	975.3	741.4	1,878.0	103.4	14.3
2012 May	1,661.3	1,031.9	430.8	102.3	79.5	1.7	15.2	5,961.7	2,244.3	983.6	740.9	1,872.4	104.3	16.2
June	1,678.5	1,057.9	421.8	103.2	80.5	1.7	13.4	6,000.8	2,288.5	975.3	741.4	1,878.0	103.4	14.3
July	1,672.3	1,052.7	420.1	104.7	79.9	1.5	13.3	6,000.1	2,280.2	975.9	742.3	1,885.1	102.6	14.1
Aug. (p)	1,689.1	1,080.0	407.8	105.0	81.8	1.6	12.8	6,005.8	2,282.3	973.0	743.6	1,892.5	101.2	13.3
	Transactions													
2010	78.1	40.3	23.2	9.0	7.8	-0.2	-2.1	132.9	81.7	-98.9	58.7	113.6	-14.6	-7.5
2011	2.6	3.6	-2.7	8.7	-7.3	0.4	-0.2	134.3	7.4	42.6	50.5	43.5	-2.6	-7.0
2012 Q1	-20.8	-23.1	-2.8	4.3	3.2	0.2	-2.4	52.4	-32.0	47.2	13.6	28.9	-2.6	-2.8
Q2	9.8	33.7	-30.4	3.2	4.3	-0.4	-0.5	52.2	63.1	-21.3	4.4	13.2	-1.6	-5.6
2012 May	7.5	16.1	-12.7	0.6	2.5	-0.1	1.0	-9.2	-3.3	-10.0	2.0	4.1	-0.7	-1.4
June	15.9	24.3	-8.6	1.0	1.0	0.0	-1.7	39.5	44.2	-8.1	0.5	5.6	-0.9	-1.8
July	-4.8	-4.9	-2.2	3.2	-0.4	-0.2	-0.2	-1.7	-8.8	0.1	0.9	7.1	-0.8	-0.3
Aug. (p)	19.0	19.3	-2.2	0.4	1.9	0.0	-0.4	6.6	2.5	-2.5	1.2	7.4	-1.4	-0.8
	Growth rates													
2010	4.9	4.1	5.3	11.2	11.4	-10.1	-12.8	2.4	3.8	-9.9	9.7	6.8	-11.7	-20.2
2011	0.1	0.3	-0.6	9.9	-9.3	29.0	-3.4	2.3	0.3	4.7	7.5	2.4	-2.4	-23.6
2012 Q1	1.0	1.8	-1.8	12.0	-6.5	3.5	-2.2	2.9	0.0	9.6	7.3	2.8	-4.8	-36.4
Q2	0.8	3.9	-7.3	10.6	0.0	-18.4	-16.7	2.9	1.2	7.5	5.0	3.4	-5.4	-57.2
2012 May	0.1	2.9	-6.4	10.3	-1.9	-14.5	-27.1	2.7	0.4	8.2	5.9	3.0	-4.7	-52.9
June	0.8	3.9	-7.3	10.6	0.0	-18.4	-16.7	2.9	1.2	7.5	5.0	3.4	-5.4	-57.2
July	0.8	4.5	-8.6	13.3	0.5	-25.4	-30.0	2.4	0.6	6.4	4.6	3.6	-6.3	-60.1
Aug. (p)	1.9	7.2	-10.3	14.1	1.8	-12.6	-35.2	2.9	1.9	5.6	5.2	3.7	-7.5	-62.1

C11 Total deposits by sector [2)]
(annual growth rates)



C12 Total deposits and deposits included in M3 by sector [2)]
(annual growth rates)



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

2.5 Deposits held with MFIs: breakdown [1), 2)]

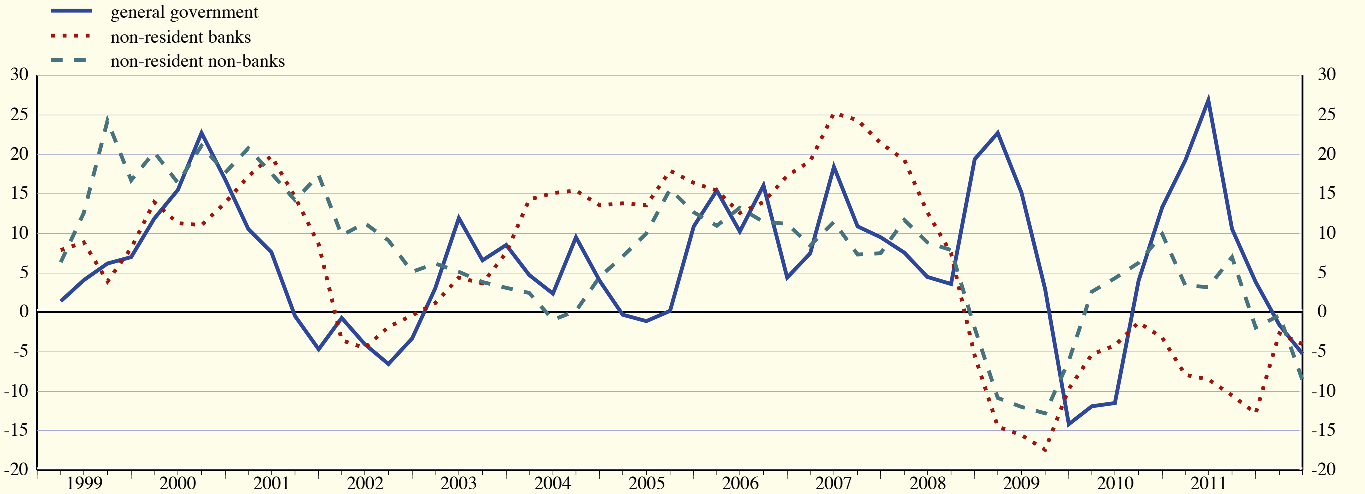
(EUR billions and annual growth rates; outstanding amounts and growth rates at end of period; transactions during period)

3. Deposits by government and non-euro area residents

	General government					Non-euro area residents				
	Total	Central government	Other general government			Total	Banks [3)]	Non-banks		
			State government	Local government	Social security funds			Total	General government	Other
	1	2	3	4	5	6	7	8	9	10
	Outstanding amounts									
2010	426.7	196.2	47.7	108.7	74.1	3,484.4	2,487.5	996.9	45.9	950.9
2011	441.8	195.5	48.6	112.6	85.2	3,153.0	2,175.4	977.5	44.3	933.2
2011 Q3	464.2	211.4	54.3	110.5	88.0	3,343.0	2,295.3	1,047.7	50.0	997.7
Q4	441.8	195.5	48.6	112.6	85.2	3,153.0	2,175.4	977.5	44.3	933.2
2012 Q1	466.7	192.5	65.0	113.4	95.9	3,312.0	2,331.9	980.1	54.7	925.4
Q2 (p)	508.2	191.9	98.4	112.2	105.4	3,239.7	2,293.2	945.9	39.6	906.3
	Transactions									
2010	50.0	47.4	4.3	-5.0	2.9	0.7	-83.9	84.7	7.5	77.1
2011	16.9	3.3	0.6	2.3	10.6	-334.0	-313.5	-20.5	-2.1	-18.4
2011 Q3	-56.7	-55.1	-1.0	-1.2	0.4	0.9	-45.0	45.9	1.4	44.5
Q4	-22.5	-15.9	-5.9	2.1	-2.7	-234.1	-151.5	-82.6	-6.2	-76.4
2012 Q1	25.9	-2.9	16.5	1.3	10.9	190.6	180.2	10.4	10.9	-0.6
Q2 (p)	26.0	1.8	18.8	-1.3	6.6	-135.8	-75.9	-60.4	-15.9	-44.6
	Growth rates									
2010	13.3	32.2	9.9	-4.4	4.1	0.3	-3.2	9.9	12.7	9.6
2011	3.9	1.3	1.3	2.1	14.3	-9.7	-12.8	-2.0	-4.3	-1.9
2011 Q3	10.6	21.6	-7.8	-1.9	17.3	-5.6	-10.5	7.0	3.3	7.2
Q4	3.9	1.3	1.3	2.1	14.3	-9.7	-12.8	-2.0	-4.3	-1.9
2012 Q1	-1.6	-18.3	23.5	5.6	21.2	-1.9	-2.6	-0.4	29.6	-1.7
Q2 (p)	-5.3	-27.0	51.4	0.8	17.4	-5.3	-4.1	-8.6	-20.3	-8.0

C13 Deposits by government and non-euro area residents [2)]

(annual growth rates)



Source: ECB.
1) MFI sector excluding the Eurosystem; sectoral classification is based on the ESA 95.
2) Data refer to the changing composition of the euro area. For further information, see the General Notes.
3) The term “banks” is used in this table to indicate institutions similar to MFIs which are resident outside the euro area.

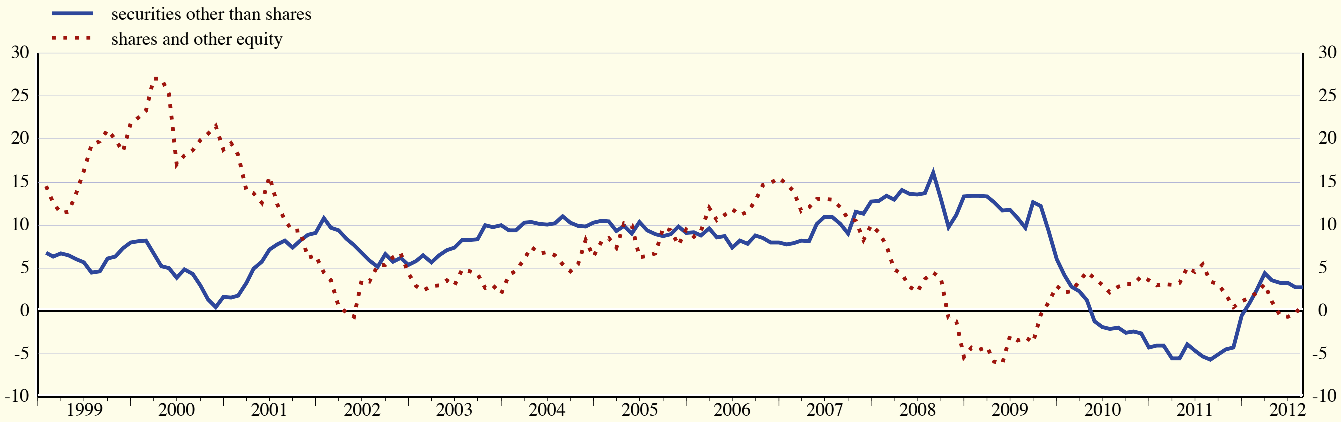
2.6 MFI holdings of securities: breakdown [1], [2]

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

	Securities other than shares								Shares and other equity			
	Total	MFIs		General government		Other euro area residents		Non-euro area residents	Total	MFIs	Non-MFIs	Non-euro area residents
		Euro	Non-euro	Euro	Non-euro	Euro	Non-euro					
	1	2	3	4	5	6	7	8	9	10	11	12
	Outstanding amounts											
2010	6,001.0	1,779.0	107.4	1,507.8	16.4	1,510.0	28.3	1,052.1	1,535.8	445.1	788.0	302.7
2011	5,697.7	1,763.9	87.8	1,373.0	22.9	1,489.4	28.3	932.5	1,507.2	485.4	726.4	295.4
2012 Q1	5,919.6	1,821.1	98.0	1,496.1	32.1	1,492.2	24.9	955.1	1,527.3	490.1	742.2	295.0
Q2	5,826.4	1,766.6	98.5	1,554.6	33.9	1,428.0	25.5	919.1	1,489.3	486.3	717.7	285.4
2012 May	5,900.1	1,786.6	102.1	1,512.5	34.7	1,485.4	24.7	954.1	1,516.5	488.0	737.4	291.1
June	5,826.4	1,766.6	98.5	1,554.6	33.9	1,428.0	25.5	919.1	1,489.3	486.3	717.7	285.4
July	5,789.6	1,790.7	100.8	1,538.5	36.3	1,380.8	25.6	917.0	1,498.9	488.1	721.8	289.0
Aug. (p)	5,785.3	1,807.3	107.1	1,542.6	32.6	1,364.9	25.2	905.7	1,502.4	487.4	723.7	291.3
	Transactions											
2010	-268.6	-166.5	-6.8	42.8	-2.0	11.6	-14.8	-132.9	54.2	28.0	5.2	20.9
2011	-32.7	44.4	7.8	-5.2	5.5	-24.7	-0.1	-60.5	16.5	60.0	-31.8	-11.7
2012 Q1	253.2	60.0	13.0	135.4	10.7	5.6	-1.8	30.3	31.4	12.4	19.2	-0.2
Q2	-95.8	-50.8	-3.7	46.0	-0.2	-41.7	-0.5	-44.9	-19.4	0.6	-12.1	-7.9
2012 May	10.3	-11.3	-0.4	27.1	-0.5	-0.5	-0.2	-3.8	-9.1	1.7	-10.0	-0.8
June	-51.6	-15.7	-2.4	16.9	-0.2	-37.0	1.1	-14.1	-30.6	-1.7	-22.8	-6.1
July	-66.4	22.1	-0.1	-19.4	1.5	-54.0	-0.5	-15.9	10.1	1.6	5.4	3.0
Aug. (p)	-7.2	12.2	7.3	-5.8	-2.9	-15.7	0.1	-2.5	1.8	-1.0	0.1	2.6
	Growth rates											
2010	-4.3	-8.5	-5.4	2.9	-11.1	0.8	-35.4	-11.2	3.6	6.4	0.6	7.5
2011	-0.6	2.6	7.7	-0.4	33.7	-1.6	-0.8	-6.2	1.1	13.7	-4.2	-3.8
2012 Q1	4.4	7.6	22.9	8.8	56.4	1.1	-14.3	-4.4	3.1	16.4	-2.5	-1.8
Q2	3.3	6.8	12.0	8.6	47.6	-0.5	-4.7	-6.4	-0.7	7.5	-3.4	-6.3
2012 May	3.3	6.3	5.5	9.7	60.4	0.5	-10.2	-7.6	-0.5	8.9	-3.9	-6.2
June	3.3	6.8	12.0	8.6	47.6	-0.5	-4.7	-6.4	-0.7	7.5	-3.4	-6.3
July	2.7	8.9	12.5	8.3	59.4	-4.6	-4.3	-6.8	-0.3	6.4	-2.4	-5.6
Aug. (p)	2.8	7.4	25.4	9.4	25.3	-5.2	-13.7	-5.0	0.9	5.8	-1.2	-1.8

C14 MFI holdings of securities [2]

(annual growth rates)



Source: ECB.

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

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

2.7 Currency breakdown of selected MFI balance sheet items [1), 2)]

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

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

	MFIs [3)]							Non-MFIs						
	All currencies (outstanding amount)	Euro [4)]	Non-euro currencies					All currencies (outstanding amount)	Euro [4)]	Non-euro currencies				
			Total							Total				
				USD	JPY	CHF	GBP				USD	JPY	CHF	GBP
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
Loans														
To euro area residents														
2010	5,517.3	-	-	-	-	-	-	12,244.0	96.0	4.0	2.1	0.2	1.1	0.4
2011	6,160.7	-	-	-	-	-	-	12,321.1	96.2	3.8	1.9	0.3	1.1	0.4
2012 Q1	6,330.9	-	-	-	-	-	-	12,298.2	96.3	3.7	1.8	0.2	1.1	0.4
Q2 (p)	6,312.7	-	-	-	-	-	-	12,357.8	96.2	3.8	1.9	0.3	1.0	0.4
To non-euro area residents														
2010	2,010.9	44.9	55.1	30.7	2.9	3.2	11.6	952.1	39.9	60.1	42.8	1.4	3.7	6.7
2011	2,022.5	44.5	55.5	35.6	2.5	2.7	9.3	998.3	38.2	61.8	41.2	2.6	3.3	7.8
2012 Q1	1,997.7	47.8	52.2	32.9	2.5	2.6	8.4	1,007.2	39.0	61.0	41.0	2.4	3.1	7.6
Q2 (p)	2,062.3	46.4	53.6	33.0	2.2	2.9	9.6	1,023.7	38.8	61.2	39.9	2.4	3.0	9.2
Holdings of securities other than shares														
Issued by euro area residents														
2010	1,886.4	94.3	5.7	3.3	0.1	0.3	1.7	3,062.5	98.5	1.5	0.8	0.1	0.1	0.4
2011	1,851.7	95.3	4.7	2.5	0.1	0.3	1.5	2,913.5	98.2	1.8	1.0	0.2	0.1	0.4
2012 Q1	1,919.1	94.9	5.1	2.6	0.1	0.3	1.8	3,045.4	98.1	1.9	1.1	0.1	0.1	0.4
Q2 (p)	1,865.2	94.7	5.3	2.6	0.1	0.4	1.8	3,042.1	98.0	2.0	1.2	0.1	0.1	0.4
Issued by non-euro area residents														
2010	545.9	49.9	50.1	27.6	0.3	0.5	16.8	506.2	33.3	66.7	40.4	3.9	0.9	13.6
2011	457.0	56.4	43.6	21.1	0.3	0.3	16.0	475.5	32.3	67.7	39.3	5.8	0.7	13.7
2012 Q1	489.7	55.4	44.6	19.8	0.3	0.3	20.2	465.3	33.5	66.5	36.2	4.5	0.9	13.6
Q2 (p)	455.3	56.5	43.5	19.0	0.3	0.3	18.7	463.9	34.1	65.9	38.8	5.9	0.8	12.5
Deposits														
By euro area residents														
2010	5,774.7	92.9	7.1	4.1	0.3	1.3	0.8	10,738.7	97.1	2.9	1.9	0.2	0.1	0.4
2011	6,370.7	92.1	7.9	5.1	0.2	1.2	0.7	10,946.4	97.0	3.0	2.0	0.1	0.1	0.4
2012 Q1	6,516.4	93.5	6.5	3.9	0.2	1.2	0.6	10,997.9	97.1	2.9	1.9	0.1	0.1	0.4
Q2 (p)	6,622.3	93.6	6.4	3.9	0.2	1.1	0.7	11,029.3	97.0	3.0	2.0	0.1	0.1	0.4
By non-euro area residents														
2010	2,487.5	52.0	48.0	31.8	2.2	1.8	8.7	996.9	58.8	41.2	29.3	1.2	1.4	5.1
2011	2,175.4	59.2	40.8	25.6	2.1	1.8	7.2	977.5	56.1	43.9	30.0	2.0	1.5	5.1
2012 Q1	2,331.9	60.4	39.6	25.4	1.8	1.6	6.9	980.1	55.3	44.7	29.8	2.0	1.3	5.2
Q2 (p)	2,293.2	60.9	39.1	25.5	1.8	1.2	6.7	945.9	54.6	45.4	29.8	1.9	1.2	5.9

2. Debt securities issued by euro area MFIs

	All currencies (outstanding amount)	Euro [4)]	Non-euro currencies				
			Total				
				USD	JPY	CHF	GBP
	1	2	3	4	5	6	7
2010	5,083.2	81.6	18.4	9.7	1.8	2.1	2.5
2011	5,236.8	82.0	18.0	9.4	1.7	2.0	2.6
2012 Q1	5,295.7	82.5	17.5	9.3	1.5	2.0	2.4
Q2 (p)	5,225.4	81.8	18.2	9.5	1.7	2.0	2.5

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

2.8 Aggregated balance sheet of euro area investment funds [1]

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

1. Assets

	Total	Deposits and loan claims	Securities other than shares	Shares and other equity (excl. investment fund/ money market fund shares)	Investment fund/ money market fund shares	Non-financial assets	Other assets (incl. financial derivatives)
	1	2	3	4	5	6	7
	Outstanding amounts						
2012 Jan.	6,486.9	436.1	2,581.8	1,823.6	865.9	240.0	539.5
Feb.	6,645.5	445.6	2,636.0	1,882.7	885.3	240.2	555.6
Mar.	6,679.8	442.3	2,674.2	1,886.9	889.2	241.2	546.0
Apr.	6,679.3	447.8	2,694.2	1,860.7	886.8	242.1	547.6
May	6,674.6	474.5	2,732.3	1,774.4	879.4	242.7	571.3
June	6,729.6	490.8	2,732.2	1,815.5	876.5	242.8	571.9
July (p)	6,960.8	494.5	2,820.8	1,882.5	912.9	244.4	605.6
	Transactions						
2011 Q4	-179.8	-34.5	-1.0	-24.4	-11.1	1.7	-110.6
2012 Q1	151.1	17.0	73.0	4.6	11.5	4.4	40.6
Q2	40.3	22.2	29.6	-11.0	-5.9	1.8	3.7

2. Liabilities

	Total	Loans and deposits received	Investment fund shares issued				Other liabilities (incl. financial derivatives)
			Total	Held by euro area residents		Held by non-euro area residents	
					Investment funds		
	1	2	3	4	5	6	7
	Outstanding amounts						
2012 Jan.	6,486.9	124.9	5,880.3	4,424.5	650.9	1,455.8	481.8
Feb.	6,645.5	134.1	6,016.6	4,533.6	677.2	1,482.9	494.8
Mar.	6,679.8	127.3	6,066.5	4,562.0	684.1	1,504.5	486.0
Apr.	6,679.3	129.6	6,062.6	4,544.4	678.2	1,518.1	487.2
May	6,674.6	137.6	6,021.5	4,470.6	665.7	1,550.9	515.5
June	6,729.6	142.1	6,065.1	4,492.9	663.3	1,572.2	522.4
July (p)	6,960.8	143.4	6,266.6	4,623.2	698.3	1,643.4	550.8
	Transactions						
2011 Q4	-179.8	-13.7	-37.2	-60.7	-2.9	23.4	-128.9
2012 Q1	151.1	9.4	94.8	60.6	30.9	34.2	46.8
Q2	40.3	15.7	33.9	-0.6	-10.1	34.7	-9.3

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

	Total	Funds by investment policy						Funds by type		Memo item: Money market funds
		Bond funds	Equity funds	Mixed funds	Real estate funds	Hedge funds	Other funds	Open-end funds	Closed-end funds	
	1	2	3	4	5	6	7	8	9	10
	Outstanding amounts									
2011 Dec.	5,665.8	1,924.9	1,500.1	1,429.0	298.5	128.6	384.6	5,580.7	85.1	991.9
2012 Jan.	5,880.3	2,019.4	1,582.8	1,455.9	302.9	128.6	390.6	5,791.6	88.6	949.8
Feb.	6,016.6	2,056.8	1,637.5	1,488.4	304.7	128.3	400.8	5,930.9	85.7	935.4
Mar.	6,066.5	2,087.5	1,640.5	1,498.9	307.5	132.4	399.7	5,980.6	85.9	956.8
Apr.	6,062.6	2,108.8	1,616.3	1,496.0	309.6	133.8	398.0	5,976.3	86.3	972.3
May	6,021.5	2,157.9	1,539.9	1,480.3	311.2	136.3	396.0	5,935.0	86.5	999.9
June	6,065.1	2,172.5	1,568.8	1,478.5	311.3	136.2	397.7	5,984.3	80.9	969.5
July (p)	6,266.6	2,251.0	1,627.4	1,529.3	314.5	138.8	405.5	6,185.3	81.3	964.5
	Transactions									
2012 Jan.	20.6	15.7	4.2	-1.2	3.1	-0.3	-0.8	16.1	4.5	6.1
Feb.	32.7	13.4	2.2	12.2	0.9	-0.8	4.9	35.0	-2.3	2.8
Mar.	41.6	29.3	5.7	5.0	1.7	0.9	-1.0	40.8	0.7	18.5
Apr.	8.3	14.2	-8.8	0.6	1.3	0.4	0.5	8.5	-0.2	9.3
May	15.3	24.5	-5.3	-4.0	0.1	-1.0	1.1	15.5	-0.2	12.0
June	10.3	15.2	-0.6	-5.1	1.1	0.0	-0.4	14.6	-4.3	-25.7
July (p)	33.3	25.1	-4.9	15.0	-0.5	-0.5	-0.9	33.2	0.1	-14.9

Source: ECB.

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

2.9 Securities held by investment funds [1] broken down by issuer of securities
(EUR billions; outstanding amounts at end of period; transactions during period)

1. Securities other than shares

	Total	Euro area						Rest of the world			
		Total	MFIs	General government	Other financial intermediaries	Insurance corporations and pension funds	Non-financial corporations		EU Member States outside the euro area	United States	Japan
	1	2	3	4	5	6	7	8	9	10	11
	Outstanding amounts										
2011 Q3	2,380.3	1,413.4	380.6	680.9	184.0	4.8	163.0	967.0	252.1	368.3	19.0
Q4	2,505.2	1,424.4	390.5	675.2	186.2	4.5	167.8	1,080.8	271.3	436.0	20.5
2012 Q1	2,674.2	1,502.9	424.6	678.9	209.0	5.7	184.5	1,171.3	313.1	453.4	15.5
Q2 (p)	2,732.2	1,507.6	415.4	694.2	207.9	5.1	184.9	1,224.6	315.2	469.5	18.0
	Transactions										
2011 Q4	-1.0	1.3	3.1	-5.4	-0.9	-0.3	4.7	-0.9	-2.5	1.7	-0.2
2012 Q1	73.0	13.7	10.4	-21.1	14.8	0.5	9.1	59.2	20.5	15.6	-4.3
Q2 (p)	29.6	9.3	-9.1	15.9	0.3	-0.5	2.7	20.3	-5.9	-11.3	1.1

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

	Total	Euro area						Rest of the world			
		Total	MFIs	General government	Other financial intermediaries	Insurance corporations and pension funds	Non-financial corporations		EU Member States outside the euro area	United States	Japan
	1	2	3	4	5	6	7	8	9	10	11
	Outstanding amounts										
2011 Q3	1,636.1	620.9	53.8	-	37.7	20.4	508.9	1,015.2	141.5	322.8	71.9
Q4	1,734.6	636.3	47.6	-	39.0	21.4	528.3	1,098.2	154.5	358.1	71.8
2012 Q1	1,886.9	689.1	56.4	-	41.7	24.1	566.7	1,197.8	162.5	389.7	75.3
Q2 (p)	1,815.5	637.7	45.4	-	38.7	21.9	531.7	1,177.7	162.8	392.1	78.3
	Transactions										
2011 Q4	-24.4	-8.7	-1.7	-	-1.9	0.4	-5.6	-15.6	-1.0	-6.6	1.1
2012 Q1	4.6	-3.8	4.1	-	0.8	-1.2	-7.7	8.4	-2.3	-0.1	-1.6
Q2 (p)	-11.0	-8.5	-3.0	-	-0.7	-0.2	-4.6	-2.1	1.6	-0.7	3.7

3. Investment fund/money market fund shares

	Total	Euro area						Rest of the world			
		Total	MFIs [2]	General government	Other financial intermediaries [2]	Insurance corporations and pension funds	Non-financial corporations		EU Member States outside the euro area	United States	Japan
	1	2	3	4	5	6	7	8	9	10	11
	Outstanding amounts										
2011 Q3	830.0	694.5	94.4	-	600.1	-	-	135.5	20.2	43.2	0.6
Q4	839.4	708.0	94.7	-	613.4	-	-	131.4	20.9	40.5	0.6
2012 Q1	889.2	753.1	69.0	-	684.1	-	-	136.1	25.2	41.2	0.6
Q2 (p)	876.5	741.1	77.8	-	663.3	-	-	135.4	25.0	42.7	0.6
	Transactions										
2011 Q4	-11.1	-2.9	0.0	-	-2.9	-	-	-8.2	-0.8	-9.0	0.0
2012 Q1	11.5	11.5	-19.4	-	30.9	-	-	0.0	2.2	-0.6	-0.1
Q2 (p)	-5.9	-2.8	7.3	-	-10.1	-	-	-3.2	-0.1	0.4	0.0

Source: ECB.
1) Other than money market funds. For further details, see the General Notes.
2) Investment fund shares (other than money market fund shares) are issued by other financial intermediaries. Money market fund shares are issued by MFIs.

2.10 Aggregated balance sheet of euro area financial vehicle corporations

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

1. Assets

	Total	Deposits and loan claims	Securitised loans							Securities other than shares	Other securitised assets	Shares and other equity	Other assets
			Total	Originated in euro area					Originated outside euro area				
				MFIs		Other financial intermediaries, insurance corporations and pension funds	Non-financial corporations	General government					
					Remaining on the MFI balance sheet [1]								
	1	2	3	4	5	6	7	8	9	10	11	12	13
	Outstanding amounts												
2011 Q2	2,216.1	340.0	1,461.2	1,167.2	585.5	144.1	20.4	5.2	124.4	232.6	88.6	35.7	58.0
Q3	2,204.5	324.8	1,464.5	1,154.9	590.5	144.9	21.6	5.1	138.0	228.5	86.9	37.8	62.0
Q4	2,276.9	327.4	1,531.6	1,219.2	583.1	149.8	21.9	4.8	135.9	226.9	90.1	36.8	64.1
2012 Q1	2,224.1	320.7	1,500.9	1,198.3	553.7	144.3	21.7	4.8	131.9	214.4	87.0	35.6	65.4
Q2	2,146.4	305.6	1,454.0	1,148.0	515.2	148.9	21.2	4.4	131.6	213.1	83.2	30.2	60.2
	Transactions												
2011 Q2	-43.7	-11.1	-25.7	-20.9	-	1.5	-0.7	-0.3	-5.2	-7.9	0.0	0.0	1.1
Q3	-32.5	-15.9	0.2	10.9	-	-2.1	0.0	0.0	-8.5	-5.5	-2.1	-1.1	-8.1
Q4	67.5	2.7	63.6	63.1	-	4.2	0.3	-0.4	-3.6	-1.3	2.3	-1.0	1.1
2012 Q1	-54.1	-6.4	-28.8	-19.5	-	-5.4	-0.1	0.0	-3.8	-12.9	-1.9	-0.9	-3.2
Q2	-82.8	-14.8	-48.2	-50.5	-	5.1	-0.7	-0.4	-1.8	-2.0	-2.8	-5.3	-9.7

2. Liabilities

	Total	Loans and deposits received	Debt securities issued			Capital and reserves	Other liabilities
			Total	Up to 2 years	Over 2 years		
	1	2	3	4	5	6	7
	Outstanding amounts						
2011 Q2	2,216.1	135.9	1,840.1	66.4	1,773.7	35.2	204.9
Q3	2,204.5	134.8	1,819.2	64.5	1,754.7	34.8	215.7
Q4	2,276.9	152.4	1,879.6	67.3	1,812.3	33.6	211.3
2012 Q1	2,224.1	152.6	1,821.9	60.3	1,761.6	32.7	216.8
Q2	2,146.4	146.9	1,752.3	58.1	1,694.1	27.6	219.7
	Transactions						
2011 Q2	-43.7	1.4	-47.7	-7.5	-40.2	-0.8	3.4
Q3	-32.5	-2.2	-25.5	-3.0	-22.6	-2.4	-2.3
Q4	67.5	17.4	61.7	2.8	58.9	-1.5	-10.1
2012 Q1	-54.1	1.1	-56.3	-8.2	-48.1	-0.9	1.9
Q2	-82.8	-5.4	-72.4	-1.9	-70.5	-5.3	0.3

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

	Securitised loans originated by euro area MFIs							Securities other than shares					
	Total	Euro area borrowing sector [2]					Non-euro area borrowing sector	Total	Euro area residents				Non-euro area residents
		Households	Non-financial corporations	Other financial intermediaries	Insurance corporations and pension funds	General government			Total	MFIs	Non-MFIs		
												Financial vehicle corporations	
	1	2	3	4	5	6	7	8	9	10	11	12	13
	Outstanding amounts												
2011 Q2	1,167.2	820.4	254.9	19.3	0.4	9.8	42.3	232.6	124.2	41.0	83.2	35.4	108.4
Q3	1,154.9	836.8	234.5	18.4	0.3	9.5	36.5	228.5	121.7	42.2	79.5	33.0	106.8
Q4	1,219.2	902.6	242.9	17.6	0.2	6.6	32.5	226.9	119.7	41.0	78.7	32.5	107.2
2012 Q1	1,198.3	891.5	234.5	17.6	0.2	6.4	32.4	214.4	114.2	40.3	73.9	31.8	100.2
Q2	1,148.0	844.4	233.9	18.1	0.2	6.3	31.5	213.1	113.9	41.5	72.4	30.5	99.2
	Transactions												
2011 Q2	-20.9	-21.3	0.8	0.8	0.2	2.6	-1.8	-7.9	0.4	-0.4	0.7	-0.7	-8.3
Q3	10.9	11.8	-0.2	-0.7	0.0	-0.2	1.4	-5.5	-3.1	-0.1	-3.0	-1.3	-2.3
Q4	63.1	65.9	7.5	-0.7	-0.1	-3.0	-4.4	-1.3	-1.7	-1.6	-0.2	-0.2	0.4
2012 Q1	-19.5	-11.2	-7.2	0.1	0.0	-0.2	0.2	-12.9	-5.5	-0.7	-4.8	-0.6	-7.4
Q2	-50.5	-48.7	-0.5	0.5	0.0	-0.1	0.5	-2.0	-0.5	0.7	-1.1	-1.4	-1.6

Source: ECB.

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

2) Excludes securitisations of inter-MFI loans.

2.11 Aggregated balance sheet of euro area insurance corporations and pension funds
(EUR billions; outstanding amounts at end of period)

1. Assets

	Total	Currency and deposits	Loans	Securities other than shares	Shares and other equity	Investment fund shares	Money market fund shares	Prepayments of insurance premiums and reserves for outstanding claims	Other accounts receivable/ payable and financial derivatives	Non-financial assets
	1	2	3	4	5	6	7	8	9	10
2009 Q3	6,506.0	782.0	431.7	2,425.8	790.2	1,364.9	94.0	246.9	221.7	148.9
Q4	6,638.4	785.8	431.5	2,468.5	805.0	1,446.1	92.6	251.5	209.2	148.0
2010 Q1	6,866.2	782.4	437.7	2,592.1	810.5	1,521.5	91.6	259.7	227.3	143.4
Q2	6,884.4	783.6	441.2	2,621.9	787.6	1,508.5	88.2	265.2	242.9	145.2
Q3	7,057.6	782.1	449.6	2,710.8	803.9	1,548.7	84.5	267.1	265.9	145.1
Q4	6,991.5	770.7	453.7	2,650.1	831.5	1,580.9	72.0	267.2	218.2	147.0
2011 Q1	7,083.5	771.6	454.4	2,705.3	841.2	1,594.0	72.5	274.5	220.8	149.2
Q2	7,097.0	774.6	461.7	2,716.6	839.8	1,594.5	78.2	265.5	218.1	148.0
Q3	7,098.8	791.5	458.3	2,745.8	792.2	1,543.0	89.6	265.1	265.5	147.8
Q4	7,087.7	784.5	466.7	2,692.9	801.3	1,570.9	94.4	260.6	266.7	149.7
2012 Q1	7,344.4	794.1	467.1	2,807.2	811.9	1,679.2	97.2	264.4	272.1	151.1
Q2	7,399.4	780.9	467.9	2,847.2	804.2	1,680.0	102.0	268.0	296.4	152.8

2. Holdings of securities other than shares

	Total	Issued by euro area residents						Issued by non-euro area residents
		Total	MFIs	General government	Other financial intermediaries	Insurance corporations and pension funds	Non-financial corporations	
	1	2	3	4	5	6	7	8
2009 Q3	2,425.8	2,022.0	550.0	1,091.5	228.2	15.2	137.2	403.8
Q4	2,468.5	2,059.6	542.4	1,122.0	239.0	16.7	139.4	408.9
2010 Q1	2,592.1	2,170.7	575.7	1,198.5	233.7	15.8	146.9	421.4
Q2	2,621.9	2,196.4	579.4	1,207.5	242.7	15.9	150.9	425.5
Q3	2,710.8	2,278.3	593.4	1,261.1	251.8	18.4	153.5	432.5
Q4	2,650.1	2,221.7	588.9	1,229.8	230.3	17.1	155.6	428.4
2011 Q1	2,705.3	2,282.5	610.4	1,267.4	233.9	16.9	154.0	422.7
Q2	2,716.6	2,293.0	614.9	1,270.3	233.7	16.5	157.6	423.6
Q3	2,745.8	2,313.6	626.8	1,282.2	226.6	16.6	161.4	432.2
Q4	2,692.9	2,258.7	621.5	1,231.8	223.7	16.2	165.5	434.2
2012 Q1	2,807.2	2,346.6	645.6	1,271.4	233.4	16.7	179.4	460.6
Q2	2,847.2	2,365.1	643.7	1,269.0	233.1	16.6	202.8	482.1

3. Liabilities and net worth

	Liabilities									Net worth
	Total	Loans received	Securities other than shares	Shares and other equity	Insurance technical reserves				Other accounts receivable/ payable and financial derivatives	
					Total	Net equity of households in life insurance reserves	Net equity of households in pension fund reserves	Prepayments of insurance premiums and reserves for outstanding claims		
	1	2	3	4	5	6	7	8	9	10
2009 Q3	6,338.8	250.8	36.1	442.1	5,413.9	2,967.4	1,646.3	800.2	195.9	167.2
Q4	6,439.9	233.1	39.4	438.8	5,530.8	3,034.2	1,695.1	801.4	197.8	198.5
2010 Q1	6,633.8	249.8	39.5	456.8	5,697.5	3,121.6	1,751.3	824.6	190.2	232.5
Q2	6,711.7	252.0	40.8	428.6	5,796.3	3,150.7	1,820.6	825.0	193.9	172.7
Q3	6,869.2	276.8	39.7	437.5	5,934.9	3,214.4	1,900.3	820.2	180.3	188.4
Q4	6,823.3	252.4	42.5	445.1	5,914.9	3,252.4	1,843.2	819.3	168.4	168.2
2011 Q1	6,880.6	264.8	40.5	462.2	5,937.8	3,282.4	1,820.2	835.2	175.2	202.8
Q2	6,902.5	265.0	43.5	451.2	5,967.0	3,299.4	1,839.2	828.4	175.8	194.5
Q3	7,013.6	272.6	42.5	406.4	6,102.8	3,283.7	1,991.6	827.4	189.4	85.2
Q4	7,023.5	265.7	42.2	406.6	6,123.9	3,287.5	2,013.4	823.0	185.1	64.2
2012 Q1	7,186.5	274.4	44.5	437.9	6,241.3	3,334.8	2,061.4	845.1	188.4	157.9
Q2	7,254.4	282.4	43.7	423.5	6,300.7	3,364.5	2,088.8	847.4	204.1	145.1

Source: ECB.

3 EURO AREA ACCOUNTS

3.1 Integrated economic and financial accounts by institutional sector
(EUR billions)

Uses 2012 Q1	Euro area	Households	Non-financial corporations	Financial corporations	General government	Rest of the world
External account						
Exports of goods and services						595
Trade balance [1]						-17
Generation of income account						
Gross value added (basic prices)						
Taxes less subsidies on products						
Gross domestic product (market prices)						
Compensation of employees	1,104	115	693	56	240	
Other taxes less subsidies on production	16	4	5	3	4	
Consumption of fixed capital	367	97	209	11	50	
Net operating surplus and mixed income [1]	580	273	266	40	2	
Allocation of primary income account						
Net operating surplus and mixed income						
Compensation of employees						6
Taxes less subsidies on production						
Property income	692	38	269	312	73	115
Interest	395	36	68	218	73	53
Other property income	297	2	201	93	0	61
Net national income [1]	1,951	1,591	103	48	209	
Secondary distribution of income account						
Net national income						
Current taxes on income, wealth, etc.	253	212	32	8	0	1
Social contributions	426	426				1
Social benefits other than social transfers in kind	458	1	18	35	405	1
Other current transfers	203	69	25	48	62	8
Net non-life insurance premiums	46	33	11	1	1	2
Non-life insurance claims	46			46		1
Other	112	36	14	1	61	6
Net disposable income [1]	1,913	1,428	59	55	371	
Use of income account						
Net disposable income						
Final consumption expenditure	1,846	1,359			487	
Individual consumption expenditure	1,666	1,359			307	
Collective consumption expenditure	180				180	
Adjustment for the change in the net equity of households in pension fund reserves	15	0	0	15	0	0
Net saving/current external account [1]	67	83	59	40	-116	15
Capital account						
Net saving/current external account						
Gross capital formation	448	138	254	12	45	
Gross fixed capital formation	433	135	242	11	45	
Changes in inventories and acquisitions less disposals of valuables	15	3	13	0	0	
Consumption of fixed capital						
Acquisitions less disposals of non-produced non-financial assets	1	-1	4	0	-2	-1
Capital transfers	26	6	-1	2	19	4
Capital taxes	5	5	0	0		0
Other capital transfers	20	1	-1	2	19	4
Net lending (+)/net borrowing (-) (from capital account) [1]	-13	48	22	39	-122	13
Statistical discrepancy	0	10	-10	0	0	0

Sources: ECB and Eurostat.
1) For details of the calculation of the balancing items, see the Technical Notes.

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

Resources 2012 Q1	Euro area	Households	Non-financial corporations	Financial corporations	General government	Rest of the world
External account						
Imports of goods and services						577
Trade balance						
Generation of income account						
Gross value added (basic prices)	2,067	489	1,172	110	295	
Taxes less subsidies on products	245					
Gross domestic product (market prices)[2]	2,312					
Compensation of employees						
Other taxes less subsidies on production						
Consumption of fixed capital						
Net operating surplus and mixed income						
Allocation of primary income account						
Net operating surplus and mixed income	580	273	266	40	2	
Compensation of employees	1,108	1,108				2
Taxes less subsidies on production	259				259	2
Property income	696	248	106	320	21	110
Interest	383	63	42	270	8	65
Other property income	313	185	65	50	13	45
Net national income						
Secondary distribution of income account						
Net national income	1,951	1,591	103	48	209	
Current taxes on income, wealth, etc.	254				254	0
Social contributions	425	1	18	50	356	1
Social benefits other than social transfers in kind	457	457				2
Other current transfers	166	87	14	47	19	45
Net non-life insurance premiums	46			46		2
Non-life insurance claims	45	35	8	1	0	2
Other	75	51	5	0	18	42
Net disposable income						
Use of income account						
Net disposable income	1,913	1,428	59	55	371	
Final consumption expenditure						
Individual consumption expenditure						
Collective consumption expenditure						
Adjustment for the change in the net equity of households in pension fund reserves	15	15				0
Net saving/current external account						
Capital account						
Net saving/current external account	67	83	59	40	-116	15
Gross capital formation						
Gross fixed capital formation						
Changes in inventories and acquisitions less disposals of valuables						
Consumption of fixed capital	367	97	209	11	50	
Acquisitions less disposals of non-produced non-financial assets						
Capital transfers	28	10	12	1	5	2
Capital taxes	5				5	0
Other capital transfers	23	10	12	1	0	2
Net lending (+)/net borrowing (-) (from capital account)						
Statistical discrepancy						

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

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

Assets 2012 Q1	Euro area	Households	Non-financial corporations	MFIs	Other financial inter-mediaries	Insurance corporations and pension funds	General govern-ment	Rest of the world
Opening balance sheet, financial assets								
Total financial assets		18,870	16,600	34,231	15,272	6,726	3,809	17,242
Monetary gold and special drawing rights (SDRs)				476				
Currency and deposits		6,810	2,010	11,079	2,365	803	715	3,575
Short-term debt securities		60	89	562	401	67	37	640
Long-term debt securities		1,349	272	6,055	2,435	2,620	442	4,026
Loans		83	3,182	13,379	3,799	472	539	2,000
of which: Long-term		64	1,818	10,510	2,685	349	476	.
Shares and other equity		4,046	7,242	1,754	6,048	2,404	1,338	6,292
Quoted shares		663	1,270	304	1,911	515	206	.
Unquoted shares and other equity		2,131	5,594	1,169	3,161	289	974	.
Mutual fund shares		1,252	379	281	976	1,601	157	.
Insurance technical reserves		5,906	164	3	0	227	4	249
Other accounts receivable and financial derivatives		616	3,640	922	224	132	734	461
Net financial worth								
Financial account, transactions in financial assets								
Total transactions in financial assets		91	102	1,105	266	131	117	304
Monetary gold and SDRs				0				0
Currency and deposits		39	-13	724	-8	16	76	117
Short-term debt securities		2	10	28	33	-5	-7	27
Long-term debt securities		-22	7	231	40	56	-8	-5
Loans		0	45	23	97	2	33	25
of which: Long-term		0	6	-16	15	2	35	.
Shares and other equity		9	55	42	79	54	2	120
Quoted shares		-10	23	25	12	-1	-2	.
Unquoted shares and other equity		19	31	3	50	-1	2	.
Mutual fund shares		0	1	14	17	55	2	.
Insurance technical reserves		36	5	0	0	2	0	5
Other accounts receivable and financial derivatives		28	-7	56	25	5	21	14
Changes in net financial worth due to transactions								
Other changes account, financial assets								
Total other changes in financial assets		199	356	-17	294	162	20	70
Monetary gold and SDRs				8				
Currency and deposits		-2	-3	-24	-5	-2	0	-35
Short-term debt securities		-1	-1	-5	0	2	0	-3
Long-term debt securities		28	26	21	112	68	-3	4
Loans		0	-8	-37	-36	2	0	-24
of which: Long-term		0	-11	-64	-28	1	-5	.
Shares and other equity		123	343	27	219	91	20	130
Quoted shares		59	100	5	151	18	8	.
Unquoted shares and other equity		7	240	15	37	7	7	.
Mutual fund shares		57	4	7	31	66	5	.
Insurance technical reserves		63	0	0	0	2	0	2
Other accounts receivable and financial derivatives		-11	-2	-9	4	-1	3	-4
Other changes in net financial worth								
Closing balance sheet, financial assets								
Total financial assets		19,161	17,058	35,318	15,832	7,020	3,946	17,615
Monetary gold and SDRs				484				
Currency and deposits		6,846	1,995	11,779	2,352	818	791	3,657
Short-term debt securities		61	98	586	435	65	30	663
Long-term debt securities		1,355	305	6,307	2,587	2,744	431	4,025
Loans		83	3,220	13,365	3,859	476	572	2,001
of which: Long-term		63	1,813	10,430	2,672	352	506	.
Shares and other equity		4,178	7,641	1,824	6,346	2,549	1,360	6,542
Quoted shares		712	1,393	335	2,073	532	213	.
Unquoted shares and other equity		2,157	5,865	1,187	3,248	295	983	.
Mutual fund shares		1,309	383	303	1,024	1,722	164	.
Insurance technical reserves		6,004	169	3	0	232	4	255
Other accounts receivable and financial derivatives		633	3,631	969	253	137	758	470
Net financial worth								

Source: ECB.

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

Liabilities 2012 Q1	Euro area	Households	Non-financial corporations	MFIs	Other financial inter-mediaries	Insurance corporations and pension funds	General govern-ment	Rest of the world
Opening balance sheet, liabilities								
Total liabilities		6,736	25,595	33,348	14,966	6,933	9,308	15,387
Monetary gold and special drawing rights (SDRs)								
Currency and deposits			29	24,312	33	0	274	2,708
Short-term debt securities			84	710	72	1	714	276
Long-term debt securities			839	4,554	2,873	33	5,968	2,934
Loans		6,204	8,572		3,411	290	1,804	3,175
of which: Long-term		5,847	6,104		1,875	116	1,491	.
Shares and other equity		7	12,101	2,453	8,409	380	6	5,768
Quoted shares			3,300	333	192	97	0	.
Unquoted shares and other equity		7	8,801	1,129	2,736	281	6	.
Mutual fund shares				992	5,481			.
Insurance technical reserves		35	337	66	1	6,113	1	
Other accounts payable and financial derivatives		490	3,633	1,254	168	117	541	527
Net financial worth [1]	-1,378	12,134	-8,995	883	306	-207	-5,499	
Financial account, transactions in liabilities								
Total transactions in liabilities		34	90	1,099	262	103	239	290
Monetary gold and SDRs								
Currency and deposits			1	937	-2	0	-16	31
Short-term debt securities			4	15	13	0	22	34
Long-term debt securities			32	65	-5	0	126	80
Loans		-7	27		73	9	79	43
of which: Long-term		0	8		-6	0	85	.
Shares and other equity		0	76	45	162	1	0	78
Quoted shares			3	12	0	0	0	.
Unquoted shares and other equity		0	74	6	67	1	0	.
Mutual fund shares				27	95			.
Insurance technical reserves		0	0	-1	0	49	0	
Other accounts payable and financial derivatives		41	-52	37	21	44	28	24
Changes in net financial worth due to transactions [1]	-13	58	12	6	4	29	-122	13
Other changes account, liabilities								
Total other changes in liabilities		0	431	97	288	77	139	43
Monetary gold and SDRs								
Currency and deposits			0	-22	0	0	0	-47
Short-term debt securities			0	-4	-3	0	1	-1
Long-term debt securities			16	102	-12	0	128	21
Loans		-3	-31		-21	0	0	-49
of which: Long-term		-2	-19		-14	1	0	.
Shares and other equity		0	451	17	321	31	0	134
Quoted shares			268	25	25	16	0	.
Unquoted shares and other equity		0	183	54	-9	16	0	.
Mutual fund shares				-63	305			.
Insurance technical reserves		0	0	0	0	67	0	
Other accounts payable and financial derivatives		3	-5	3	4	-22	9	-15
Other changes in net financial worth [1]	-18	199	-75	-114	5	86	-118	26
Closing balance sheet, liabilities								
Total liabilities		6,770	26,116	34,544	15,516	7,113	9,685	15,721
Monetary gold and SDRs								
Currency and deposits			31	25,227	31	0	257	2,692
Short-term debt securities			88	721	81	1	738	309
Long-term debt securities			887	4,722	2,855	34	6,222	3,036
Loans		6,194	8,568		3,463	299	1,883	3,169
of which: Long-term		5,845	6,092		1,855	117	1,576	.
Shares and other equity		7	12,628	2,515	8,892	412	6	5,979
Quoted shares			3,570	370	216	113	0	.
Unquoted shares and other equity		7	9,058	1,188	2,794	297	6	.
Mutual fund shares				957	5,882			.
Insurance technical reserves		36	337	65	1	6,229	1	
Other accounts payable and financial derivatives		533	3,577	1,294	193	140	578	535
Net financial worth [1]	-1,409	12,391	-9,058	774	316	-93	-5,739	

Source: ECB.

3.2 Euro area non-financial accounts
(EUR billions; four-quarter cumulated flows)

Uses	2008	2009	2010	2010 Q2-2011 Q1	2010 Q3-2011 Q2	2010 Q4-2011 Q3	2011 Q1-2011 Q4	2011 Q2-2012 Q1
Generation of income account								
Gross value added (basic prices)								
Taxes less subsidies on products								
Gross domestic product (market prices)								
Compensation of employees	4,462	4,444	4,494	4,521	4,552	4,581	4,606	4,623
Other taxes less subsidies on production	94	85	83	85	88	93	96	98
Consumption of fixed capital	1,361	1,386	1,418	1,429	1,438	1,447	1,454	1,460
Net operating surplus and mixed income [1]	2,364	2,105	2,210	2,238	2,259	2,270	2,269	2,273
Allocation of primary income account								
Net operating surplus and mixed income								
Compensation of employees								
Taxes less subsidies on production								
Property income	3,946	2,973	2,801	2,845	2,911	2,968	2,986	3,021
Interest	2,383	1,606	1,394	1,423	1,466	1,512	1,553	1,574
Other property income	1,563	1,367	1,407	1,422	1,446	1,456	1,433	1,447
Net national income [1]	7,805	7,527	7,745	7,813	7,870	7,923	7,960	7,993
Secondary distribution of income account								
Net national income								
Current taxes on income, wealth, etc.	1,145	1,029	1,055	1,073	1,084	1,102	1,111	1,122
Social contributions	1,672	1,676	1,700	1,710	1,722	1,736	1,751	1,757
Social benefits other than social transfers in kind	1,656	1,773	1,818	1,824	1,830	1,837	1,847	1,857
Other current transfers	771	775	778	778	781	781	780	783
Net non-life insurance premiums	187	181	182	181	181	181	181	181
Non-life insurance claims	188	182	183	182	182	182	181	182
Other	395	412	413	415	418	418	418	421
Net disposable income [1]	7,704	7,419	7,633	7,700	7,760	7,814	7,849	7,881
Use of income account								
Net disposable income								
Final consumption expenditure	7,140	7,146	7,309	7,357	7,403	7,441	7,466	7,497
Individual consumption expenditure	6,403	6,375	6,536	6,584	6,630	6,668	6,693	6,723
Collective consumption expenditure	737	771	773	773	773	772	772	774
Adjustment for the change in the net equity of households in pension fund reserves	70	62	55	55	56	57	57	58
Net saving [1]	564	273	324	344	357	374	383	384
Capital account								
Net saving								
Gross capital formation	2,075	1,710	1,786	1,832	1,857	1,875	1,874	1,850
Gross fixed capital formation	2,010	1,755	1,769	1,796	1,811	1,825	1,834	1,832
Changes in inventories and acquisitions less disposals of valuables	64	-45	16	36	45	51	39	18
Consumption of fixed capital								
Acquisitions less disposals of non-produced non-financial assets	1	1	1	1	1	1	0	1
Capital transfers	152	184	224	212	204	169	165	160
Capital taxes	24	34	25	26	26	27	31	29
Other capital transfers	128	150	199	186	178	142	134	131
Net lending (+)/net borrowing (-) (from capital account) [1]	-141	-43	-34	-50	-53	-46	-25	4

Sources: ECB and Eurostat.
1) For details of the calculation of the balancing items, see the Technical Notes.

3.2 Euro area non-financial accounts (cont'd)
(EUR billions; four-quarter cumulated flows)

Resources	2008	2009	2010	2010 Q2-2011 Q1	2010 Q3-2011 Q2	2010 Q4-2011 Q3	2011 Q1-2011 Q4	2011 Q2-2012 Q1
Generation of income account								
Gross value added (basic prices)	8,280	8,021	8,206	8,272	8,338	8,390	8,426	8,454
Taxes less subsidies on products	946	894	941	958	962	969	974	976
Gross domestic product (market prices)[2]	9,226	8,915	9,147	9,230	9,300	9,360	9,400	9,430
Compensation of employees								
Other taxes less subsidies on production								
Consumption of fixed capital								
Net operating surplus and mixed income								
Allocation of primary income account								
Net operating surplus and mixed income	2,364	2,105	2,210	2,238	2,259	2,270	2,269	2,273
Compensation of employees	4,469	4,454	4,506	4,533	4,565	4,594	4,619	4,635
Taxes less subsidies on production	1,047	997	1,038	1,056	1,063	1,075	1,081	1,085
Property income	3,872	2,944	2,792	2,831	2,895	2,953	2,978	3,020
Interest	2,327	1,561	1,347	1,375	1,416	1,460	1,500	1,522
Other property income	1,544	1,383	1,445	1,456	1,479	1,492	1,477	1,498
Net national income								
Secondary distribution of income account								
Net national income	7,805	7,527	7,745	7,813	7,870	7,923	7,960	7,993
Current taxes on income, wealth, etc.	1,154	1,034	1,060	1,079	1,091	1,108	1,117	1,128
Social contributions	1,670	1,674	1,698	1,709	1,720	1,734	1,749	1,756
Social benefits other than social transfers in kind	1,648	1,767	1,812	1,817	1,823	1,831	1,840	1,850
Other current transfers	671	669	669	669	672	674	672	674
Net non-life insurance premiums	188	182	183	182	182	182	181	182
Non-life insurance claims	184	178	179	178	178	178	177	178
Other	299	308	307	308	313	314	314	314
Net disposable income								
Use of income account								
Net disposable income	7,704	7,419	7,633	7,700	7,760	7,814	7,849	7,881
Final consumption expenditure								
Individual consumption expenditure								
Collective consumption expenditure								
Adjustment for the change in the net equity of households in pension fund reserves	70	62	55	55	56	57	57	58
Net saving								
Capital account								
Net saving	564	273	324	344	357	374	383	384
Gross capital formation								
Gross fixed capital formation								
Changes in inventories and acquisitions less disposals of valuables								
Consumption of fixed capital	1,361	1,386	1,418	1,429	1,438	1,447	1,454	1,460
Acquisitions less disposals of non-produced non-financial assets								
Capital transfers	161	193	235	223	214	179	176	171
Capital taxes	24	34	25	26	26	27	31	29
Other capital transfers	137	159	210	196	188	152	146	142
Net lending (+)/net borrowing (-) (from capital account)								

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

3.3 Households

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

	2008	2009	2010	2010 Q2-2011 Q1	2010 Q3-2011 Q2	2010 Q4-2011 Q3	2011 Q1-2011 Q4	2011 Q2-2012 Q1
Income, saving and changes in net worth								
Compensation of employees (+)	4,469	4,454	4,506	4,533	4,565	4,594	4,619	4,635
Gross operating surplus and mixed income (+)	1,522	1,444	1,450	1,462	1,476	1,484	1,489	1,492
Interest receivable (+)	351	240	212	218	227	235	241	245
Interest payable (-)	249	146	126	130	136	142	146	147
Other property income receivable (+)	785	718	721	728	734	743	744	754
Other property income payable (-)	10	10	10	10	10	10	10	10
Current taxes on income and wealth (-)	872	842	848	857	864	876	881	892
Net social contributions (-)	1,667	1,672	1,695	1,705	1,717	1,731	1,746	1,753
Net social benefits (+)	1,643	1,762	1,806	1,812	1,818	1,825	1,835	1,845
Net current transfers receivable (+)	70	71	72	70	71	70	70	71
= Gross disposable income	6,042	6,020	6,088	6,121	6,163	6,193	6,215	6,241
Final consumption expenditure (-)	5,240	5,157	5,293	5,337	5,380	5,416	5,438	5,463
Changes in net worth in pension funds (+)	69	61	55	55	55	56	57	58
= Gross saving	871	923	849	839	838	833	834	836
Consumption of fixed capital (-)	373	376	383	385	386	387	388	389
Net capital transfers receivable (+)	-1	10	12	11	11	10	8	7
Other changes in net worth (+)	-1,688	-777	770	746	584	-118	-576	-756
= Changes in net worth	-1,190	-220	1,248	1,211	1,047	339	-122	-302
Investment, financing and changes in net worth								
Net acquisition of non-financial assets (+)	646	551	559	566	570	576	579	577
Consumption of fixed capital (-)	373	376	383	385	386	387	388	389
Main items of financial investment (+)								
Short-term assets	448	9	40	100	114	127	125	145
Currency and deposits	437	121	118	137	135	146	118	156
Money market fund shares	-4	-41	-59	-41	-35	-24	-22	-22
Debt securities [1]	15	-72	-19	5	14	5	29	11
Long-term assets	40	463	368	264	240	228	185	179
Deposits	-24	76	55	41	51	51	50	50
Debt securities	27	-2	-20	4	17	39	43	21
Shares and other equity	-96	164	96	17	-4	-17	-31	8
Quoted and unquoted shares and other equity	75	123	92	43	22	30	28	51
Mutual fund shares	-172	41	4	-25	-27	-47	-58	-43
Life insurance and pension fund reserves	133	226	236	201	177	154	122	100
Main items of financing (-)								
Loans	257	111	129	125	140	126	93	76
of which: From euro area MFIs	83	65	147	170	168	148	81	34
Other changes in assets (+)								
Non-financial assets	-375	-1,094	620	663	296	258	-239	-576
Financial assets	-1,392	294	173	107	273	-403	-386	-232
Shares and other equity	-1,138	92	92	120	232	-330	-373	-331
Life insurance and pension fund reserves	-239	190	117	48	67	-24	18	98
Remaining net flows (+)	73	45	1	20	79	66	95	70
= Changes in net worth	-1,190	-220	1,248	1,211	1,047	339	-122	-302
Balance sheet								
Non-financial assets (+)	27,989	27,069	27,865	27,903	27,947	28,206	27,817	27,515
Financial assets (+)								
Short-term assets	5,775	5,774	5,817	5,852	5,890	5,889	5,957	5,969
Currency and deposits	5,321	5,475	5,598	5,596	5,648	5,656	5,729	5,754
Money market fund shares	317	243	186	204	191	188	169	154
Debt securities [1]	137	55	34	52	50	45	60	61
Long-term assets	10,760	11,573	12,105	12,177	12,186	11,762	11,909	12,163
Deposits	913	969	1,026	1,036	1,055	1,069	1,081	1,092
Debt securities	1,344	1,397	1,331	1,330	1,354	1,333	1,349	1,355
Shares and other equity	3,811	4,099	4,286	4,318	4,253	3,828	3,878	4,024
Quoted and unquoted shares and other equity	2,882	2,987	3,094	3,154	3,087	2,762	2,794	2,869
Mutual fund shares	929	1,112	1,192	1,164	1,166	1,066	1,083	1,155
Life insurance and pension fund reserves	4,692	5,108	5,461	5,494	5,523	5,533	5,601	5,692
Remaining net assets (+)	340	351	392	388	467	485	471	453
Liabilities (-)								
Loans	5,820	5,942	6,106	6,113	6,171	6,190	6,204	6,194
of which: From euro area MFIs	4,914	4,968	5,213	5,256	5,304	5,313	5,281	5,269
= Net worth	39,045	38,824	40,073	40,207	40,317	40,151	39,951	39,906

Sources: ECB and Eurostat.

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

3.4 Non-financial corporations

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

	2008	2009	2010	2010 Q2-2011 Q1	2010 Q3-2011 Q2	2010 Q4-2011 Q3	2011 Q1-2011 Q4	2011 Q2-2012 Q1
Income and saving								
Gross value added (basic prices) (+)	4,758	4,499	4,638	4,686	4,732	4,770	4,794	4,811
Compensation of employees (-)	2,833	2,777	2,808	2,831	2,858	2,883	2,905	2,915
Other taxes less subsidies on production (-)	46	40	34	35	37	40	42	44
= Gross operating surplus (+)	1,879	1,682	1,796	1,820	1,837	1,847	1,847	1,852
Consumption of fixed capital (-)	767	784	803	809	816	821	826	830
= Net operating surplus (+)	1,112	898	993	1,011	1,021	1,025	1,020	1,022
Property income receivable (+)	644	535	583	586	583	588	568	565
Interest receivable	239	169	153	154	158	164	169	171
Other property income receivable	405	366	430	432	425	424	400	394
Interest and rents payable (-)	421	297	257	263	272	281	288	290
= Net entrepreneurial income (+)	1,335	1,137	1,319	1,334	1,332	1,332	1,300	1,297
Distributed income (-)	1,023	919	919	939	953	975	976	985
Taxes on income and wealth payable (-)	236	152	168	176	178	183	187	187
Social contributions receivable (+)	68	70	69	69	70	70	70	71
Social benefits payable (-)	65	68	69	69	69	69	70	70
Other net transfers (-)	48	46	44	44	43	43	43	44
= Net saving	31	23	188	175	158	131	95	81
Investment, financing and saving								
Net acquisition of non-financial assets (+)	369	75	157	189	200	211	209	189
Gross fixed capital formation (+)	1,077	906	944	964	977	990	998	999
Consumption of fixed capital (-)	767	784	803	809	816	821	826	830
Net acquisition of other non-financial assets (+)	59	-47	15	34	38	43	37	21
Main items of financial investment (+)								
Short-term assets	62	95	45	36	45	2	-33	10
Currency and deposits	14	88	68	65	68	45	0	9
Money market fund shares	33	39	-23	-25	-24	-40	-43	-18
Debt securities [1]	15	-32	-1	-4	1	-3	11	19
Long-term assets	632	221	538	529	583	577	495	479
Deposits	41	-2	17	44	39	54	66	51
Debt securities	-33	18	21	19	25	13	-2	-4
Shares and other equity	326	99	286	293	334	319	248	232
Other (mainly intercompany loans)	298	106	213	173	185	190	183	200
Remaining net assets (+)	5	20	11	4	-23	-30	-42	-47
Main items of financing (-)								
Debt	648	63	252	261	315	297	256	252
of which: Loans from euro area MFIs	394	-112	-15	27	75	79	46	-4
of which: Debt securities	48	88	67	46	45	49	44	66
Shares and other equity	311	240	238	248	260	260	208	228
Quoted shares	5	53	31	29	28	29	27	20
Unquoted shares and other equity	307	186	207	219	232	231	181	208
Net capital transfers receivable (-)	74	83	72	71	70	70	71	69
= Net saving	31	23	188	175	158	131	95	81
Financial balance sheet								
Financial assets								
Short-term assets	1,848	1,932	1,965	1,933	1,923	1,917	1,940	1,933
Currency and deposits	1,538	1,632	1,694	1,669	1,676	1,681	1,705	1,679
Money market fund shares	192	213	191	184	173	158	146	156
Debt securities [1]	118	87	79	80	75	78	89	98
Long-term assets	9,403	10,299	11,014	11,187	11,279	10,647	10,856	11,325
Deposits	255	243	266	276	261	294	305	316
Debt securities	212	228	264	275	269	266	272	305
Shares and other equity	6,279	7,084	7,506	7,640	7,683	6,936	7,096	7,485
Other (mainly intercompany loans)	2,657	2,744	2,977	2,997	3,066	3,151	3,182	3,220
Remaining net assets	250	247	129	195	142	141	200	253
Liabilities								
Debt	9,313	9,369	9,607	9,648	9,731	9,808	9,831	9,880
of which: Loans from euro area MFIs	4,870	4,711	4,691	4,726	4,751	4,763	4,717	4,701
of which: Debt securities	700	824	888	864	877	920	923	975
Shares and other equity	11,120	12,388	13,036	13,322	13,298	11,857	12,101	12,628
Quoted shares	2,941	3,502	3,813	3,922	3,914	3,142	3,300	3,570
Unquoted shares and other equity	8,179	8,886	9,224	9,401	9,385	8,715	8,801	9,058

Sources: ECB and Eurostat.

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

3.5 Insurance corporations and pension funds

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

	2008	2009	2010	2010 Q2-2011 Q1	2010 Q3-2011 Q2	2010 Q4-2011 Q3	2011 Q1-2011 Q4	2011 Q2-2012 Q1
Financial account, financial transactions								
Main items of financial investment (+)								
Short-term assets	70	-47	-16	-20	-29	8	49	74
Currency and deposits	57	-33	-9	-9	-15	5	16	31
Money market fund shares	12	0	-17	-21	-18	-7	11	30
Debt securities [1]	1	-14	10	10	4	10	22	13
Long-term assets	130	288	288	271	284	234	123	102
Deposits	7	14	-5	5	8	10	9	-1
Debt securities	75	104	177	173	157	96	27	6
Loans	21	7	29	19	18	15	6	8
Quoted shares	-10	-49	13	15	15	10	5	3
Unquoted shares and other equity	13	-20	4	6	6	11	-7	-10
Mutual fund shares	25	232	71	51	80	92	82	96
Remaining net assets (+)	8	17	11	-7	-42	-40	-41	-64
Main items of financing (-)								
Debt securities	4	5	0	0	3	3	3	3
Loans	32	-2	9	10	14	14	6	8
Shares and other equity	7	3	1	4	2	3	3	3
Insurance technical reserves	123	240	273	221	186	150	117	102
Net equity of households in life insurance and pension fund reserves	121	233	253	201	172	139	116	103
Prepayments of insurance premiums and reserves for outstanding claims	1	7	20	20	14	11	2	-1
= Changes in net financial worth due to transactions	43	12	0	8	8	31	1	-4
Other changes account								
Other changes in financial assets (+)								
Shares and other equity	-553	202	111	50	76	-99	-112	-17
Other net assets	41	29	-7	-87	-62	-74	17	143
Other changes in liabilities (-)								
Shares and other equity	-172	10	-7	-6	12	-41	-47	-31
Insurance technical reserves	-253	167	131	57	72	-11	25	105
Net equity of households in life insurance and pension fund reserves	-243	196	122	56	74	-10	24	98
Prepayments of insurance premiums and reserves for outstanding claims	-10	-29	9	1	-3	-1	1	7
= Other changes in net financial worth	-86	55	-21	-88	-70	-122	-72	51
Financial balance sheet								
Financial assets (+)								
Short-term assets	377	325	314	311	312	344	348	368
Currency and deposits	224	195	190	181	181	199	193	208
Money market fund shares	101	93	77	79	81	87	87	95
Debt securities [1]	52	37	46	50	50	58	67	65
Long-term assets	5,084	5,650	6,034	6,112	6,141	6,040	6,019	6,284
Deposits	599	612	604	617	619	618	610	610
Debt securities	2,277	2,452	2,617	2,660	2,674	2,676	2,620	2,744
Loans	433	436	466	466	471	469	472	476
Quoted shares	491	513	553	563	557	508	515	532
Unquoted shares and other equity	313	301	298	297	295	295	289	295
Mutual fund shares	971	1,335	1,497	1,508	1,525	1,474	1,513	1,627
Remaining net assets (+)	236	208	230	221	210	240	242	229
Liabilities (-)								
Debt securities	23	31	33	31	34	31	34	34
Loans	281	272	286	291	294	301	290	299
Shares and other equity	416	429	424	439	426	381	380	412
Insurance technical reserves	5,160	5,566	5,971	6,021	6,046	6,051	6,113	6,229
Net equity of households in life insurance and pension fund reserves	4,359	4,789	5,164	5,199	5,228	5,234	5,303	5,401
Prepayments of insurance premiums and reserves for outstanding claims	800	778	807	822	818	817	810	828
= Net financial wealth	-182	-116	-136	-139	-136	-140	-207	-93

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

4 FINANCIAL MARKETS

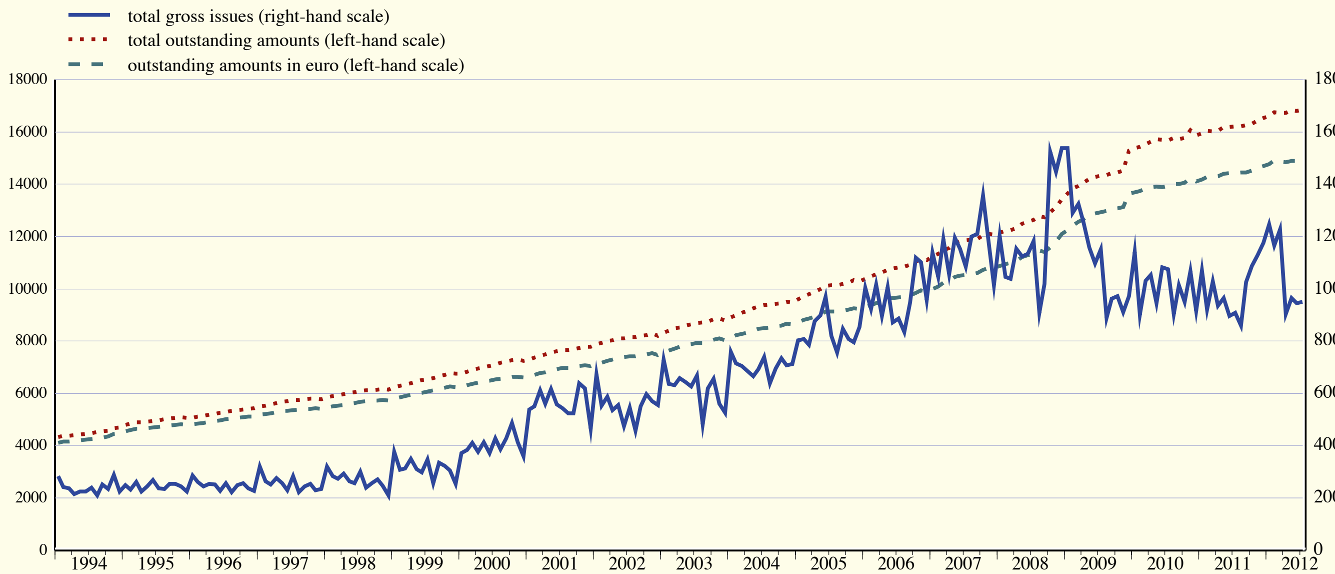
4.1 Securities other than shares by original maturity, residency of the issuer and currency

(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					
											Seasonally adjusted [2]	
	Outstanding amounts	Gross issues	Net issues	Outstanding amounts	Gross issues	Net issues	Outstanding amounts	Gross issues	Net issues	Annual growth rates	Net issues	6-month growth rates
	1	2	3	4	5	6	7	8	9	10	11	12
	Total											
2011 July	16,585.3	852.8	-30.3	14,418.1	825.4	-10.3	16,215.1	907.4	-11.0	3.6	15.5	2.5
Aug.	16,616.6	808.3	31.6	14,450.3	773.9	32.5	16,224.1	859.8	20.2	3.2	51.6	2.7
Sep.	16,647.6	1,002.1	31.3	14,455.0	926.1	5.1	16,268.4	1,026.7	6.9	3.2	63.9	3.5
Oct.	16,698.7	1,034.7	51.9	14,533.7	993.1	79.4	16,312.2	1,086.7	69.8	3.3	57.4	3.7
Nov.	16,784.8	1,064.4	85.5	14,627.1	1,017.2	92.6	16,442.2	1,128.3	100.8	2.4	31.9	3.3
Dec.	16,843.3	1,127.3	58.4	14,684.9	1,084.9	57.8	16,526.8	1,176.1	56.2	3.9	145.2	4.6
2012 Jan.	16,940.9	1,190.1	97.6	14,774.9	1,118.6	90.2	16,600.1	1,247.7	82.7	3.9	62.6	5.2
Feb.	17,127.3	1,134.6	186.9	14,919.3	1,047.6	144.9	16,744.2	1,165.1	162.6	4.2	98.2	5.7
Mar.	17,175.0	1,233.7	142.7	14,868.1	1,091.7	43.1	16,734.3	1,226.2	79.8	4.7	82.2	5.9
Apr.	17,130.7	837.3	-33.5	14,851.0	799.5	-6.5	16,736.5	902.8	-0.2	4.4	-6.7	5.1
May	17,170.2	907.7	41.1	14,891.5	856.4	41.8	16,837.6	963.7	57.5	4.0	-4.0	4.6
June	17,181.1	919.2	11.2	14,893.1	858.0	2.2	16,809.4	945.0	-15.4	3.8	16.3	3.0
July	.	.	.	14,880.2	825.4	-7.5	16,857.5	949.0	30.2	4.0	57.8	3.0
	Long-term											
2011 July	15,190.0	203.4	-20.4	13,095.2	192.2	-13.3	14,667.8	213.9	-12.8	4.4	24.7	2.8
Aug.	15,186.0	123.1	-4.0	13,095.5	113.5	0.2	14,649.0	123.5	-8.4	4.0	32.8	2.8
Sep.	15,175.9	229.2	-9.5	13,081.5	189.8	-13.2	14,675.9	214.0	-5.9	4.0	51.4	3.3
Oct.	15,249.6	278.4	75.6	13,161.3	251.1	81.6	14,722.1	268.1	70.0	4.0	66.6	3.4
Nov.	15,320.7	212.0	70.9	13,243.4	192.7	81.6	14,839.6	213.4	92.0	3.3	25.6	3.4
Dec.	15,369.0	238.1	47.2	13,306.2	228.9	61.7	14,928.8	246.5	63.6	4.0	107.9	4.3
2012 Jan.	15,454.3	347.6	85.7	13,369.0	303.4	63.3	14,973.0	332.4	52.0	3.9	69.3	4.9
Feb.	15,625.7	366.6	171.0	13,506.2	310.0	136.8	15,104.7	340.7	147.5	4.2	88.6	5.7
Mar.	15,660.1	386.9	129.9	13,463.6	280.2	52.1	15,087.6	330.6	75.4	4.6	75.8	6.0
Apr.	15,629.1	188.7	-20.3	13,444.2	175.1	-8.8	15,091.0	206.6	3.9	4.2	-5.8	4.9
May	15,679.8	231.9	50.8	13,495.1	208.4	50.7	15,200.3	244.2	69.7	4.1	16.7	4.8
June	15,719.4	272.8	40.3	13,536.7	240.5	42.7	15,213.0	256.2	24.4	3.9	17.7	3.5
July	.	.	.	13,501.4	228.9	-30.3	15,226.7	267.5	-2.0	4.0	36.2	3.1

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

(EUR billions)



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

1) Total euro-denominated securities other than shares issued by euro area residents and non-euro area residents.

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

4.2 Securities other than shares issued by euro area residents, by sector of the issuer and instrument type
(EUR billions ; transactions during the month and end-of-period outstanding amounts; nominal values)

1. Outstanding amounts and gross issues

	Outstanding amounts						Gross issues 1)					
	Total	MFIs (including Eurosystem)	Non-MFI corporations		General government		Total	MFIs (including Eurosystem)	Non-MFI corporations		General government	
			Financial corporations other than MFIs	Non-financial corporations	Central government	Other general government			Financial corporations other than MFIs	Non-financial corporations	Central government	Other general government
	1	2	3	4	5	6	7	8	9	10	11	12
	Total											
2010	15,870	5,246	3,284	854	5,932	554	1,007	625	80	69	205	29
2011	16,527	5,529	3,285	872	6,216	624	1,000	609	98	62	191	39
2011 Q3	16,268	5,425	3,218	858	6,160	607	931	580	79	60	180	33
Q4	16,527	5,529	3,285	872	6,216	624	1,130	714	138	70	172	36
2012 Q1	16,734	5,633	3,319	904	6,208	670	1,213	765	106	70	223	49
Q2	16,809	5,598	3,298	933	6,284	697	937	577	77	70	183	30
2012 Apr.	16,737	5,610	3,350	921	6,190	665	903	557	59	73	190	24
May	16,838	5,609	3,370	936	6,253	669	964	573	103	69	186	33
June	16,809	5,598	3,298	933	6,284	697	945	600	71	68	171	35
July	16,858	5,644	3,289	947	6,271	706	949	596	69	65	192	27
	Short-term											
2010	1,540	572	120	69	724	54	759	534	34	57	115	19
2011	1,598	702	106	79	634	77	748	511	48	53	107	29
2011 Q3	1,593	613	110	86	712	72	747	512	42	53	114	26
Q4	1,598	702	106	79	634	77	888	629	76	60	94	28
2012 Q1	1,647	711	122	83	641	91	878	609	61	54	125	29
Q2	1,596	678	120	93	623	83	702	491	31	57	102	20
2012 Apr.	1,646	709	126	95	633	83	696	483	33	62	103	15
May	1,637	699	127	100	629	82	719	500	29	61	104	25
June	1,596	678	120	93	623	83	689	490	32	47	99	20
July	1,631	703	117	94	630	87	681	486	24	52	102	17
	Long-term 2)											
2010	14,329	4,674	3,164	785	5,207	499	248	91	46	12	90	9
2011	14,929	4,827	3,178	793	5,583	547	252	98	51	9	84	10
2011 Q3	14,676	4,812	3,108	772	5,448	535	184	67	36	7	66	7
Q4	14,929	4,827	3,178	793	5,583	547	243	85	61	10	78	8
2012 Q1	15,088	4,922	3,196	821	5,567	580	335	156	45	16	98	20
Q2	15,213	4,920	3,178	840	5,661	614	236	86	46	13	81	10
2012 Apr.	15,091	4,901	3,224	827	5,557	582	207	75	26	10	87	8
May	15,200	4,910	3,243	837	5,624	586	244	73	74	8	82	7
June	15,213	4,920	3,178	840	5,661	614	256	111	38	20	72	15
July	15,227	4,941	3,172	853	5,641	619	268	110	45	13	90	10
	of which: Long-term fixed rate											
2010	9,478	2,633	1,098	673	4,697	377	156	50	13	10	77	6
2011	10,028	2,777	1,150	699	4,994	408	151	54	12	8	70	7
2011 Q3	9,889	2,773	1,148	680	4,887	400	112	35	8	6	58	5
Q4	10,028	2,777	1,150	699	4,994	408	123	41	7	9	61	5
2012 Q1	10,239	2,890	1,198	727	5,003	421	228	103	17	15	83	11
Q2	10,420	2,891	1,244	748	5,100	437	148	42	21	12	68	6
2012 Apr.	10,254	2,885	1,207	732	5,008	423	134	37	9	9	73	6
May	10,384	2,893	1,248	742	5,075	425	161	43	37	7	71	3
June	10,420	2,891	1,244	748	5,100	437	149	45	16	19	60	9
July	10,432	2,900	1,264	758	5,073	437	149	42	13	11	79	4
	of which: Long-term variable rate											
2010	4,380	1,761	1,961	106	432	121	78	34	29	1	10	4
2011	4,398	1,781	1,875	90	513	139	84	37	32	1	11	3
2011 Q3	4,281	1,767	1,801	88	491	133	56	26	21	0	5	3
Q4	4,398	1,781	1,875	90	513	139	107	36	51	1	15	3
2012 Q1	4,338	1,766	1,838	91	486	157	90	46	25	1	10	8
Q2	4,334	1,762	1,822	89	486	175	75	37	23	1	9	4
2012 Apr.	4,334	1,749	1,856	91	479	158	60	31	14	1	11	3
May	4,354	1,747	1,879	91	477	159	68	22	33	1	8	4
June	4,334	1,762	1,822	89	486	175	96	60	21	1	9	6
July	4,331	1,772	1,795	91	492	180	106	61	29	2	8	6

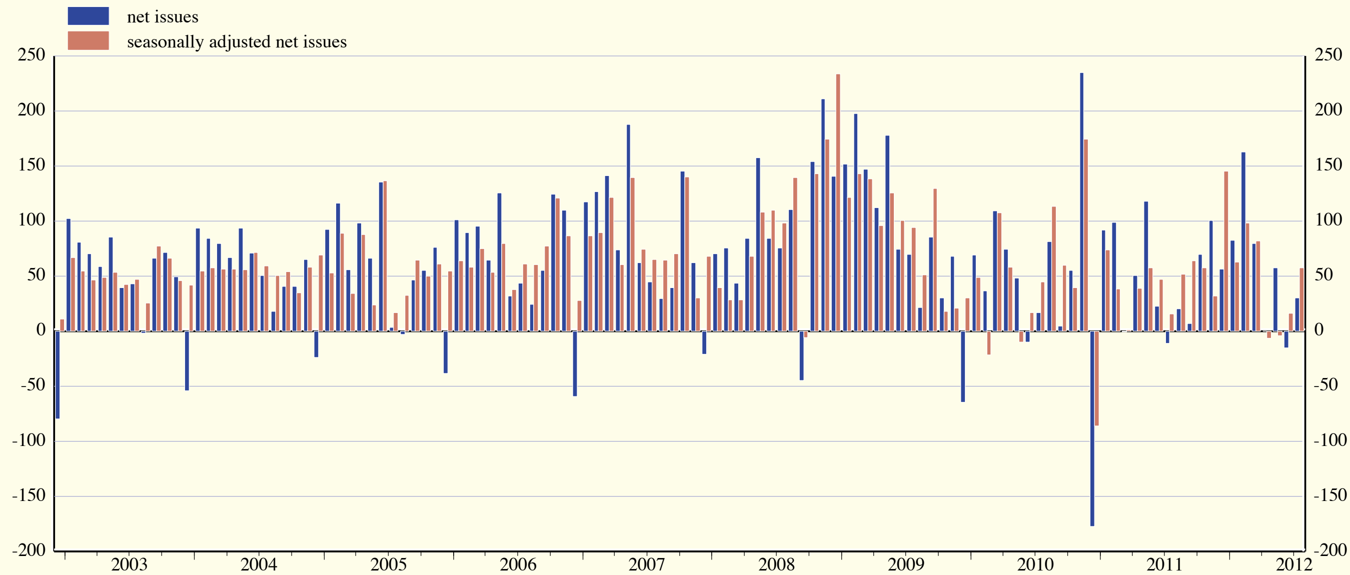
Source: ECB.
1) Monthly data on gross issues refer to transactions during the month. For the purposes of comparison, quarterly and annual data refer to the respective monthly averages.
2) The residual difference between total long-term debt securities and fixed and variable rate long-term debt securities consists of zero coupon bonds and revaluation effects.

4.2 Securities other than shares issued by euro area residents, by sector of the issuer and instrument type
(EUR billions unless otherwise indicated; transactions during the period; nominal values)

2. Net issues

	Non-seasonally adjusted [1]						Seasonally adjusted [1]					
	Total	MFIs (including Eurosystem)	Non-MFI corporations		General government		Total	MFIs (including Eurosystem)	Non-MFI corporations		General government	
			Financial corporations other than MFIs	Non-financial corporations	Central government	Other general government			Financial corporations other than MFIs	Non-financial corporations	Central government	Other general government
	1	2	3	4	5	6	7	8	9	10	11	12
	Total											
2010	45.2	-1.2	4.4	5.0	31.6	5.3	-	-	-	-	-	-
2011	52.0	22.6	-3.3	3.7	23.4	5.6	-	-	-	-	-	-
2011 Q3	5.4	12.8	-10.2	4.6	-3.8	2.0	43.7	18.7	5.0	5.9	10.6	3.5
Q4	75.6	29.7	20.3	3.3	17.6	4.9	78.2	40.8	-1.9	6.8	31.3	1.2
2012 Q1	108.4	38.5	12.6	11.7	29.6	15.9	81.0	16.9	22.7	9.3	15.7	16.3
Q2	14.0	-19.2	-4.0	8.8	27.6	0.7	1.9	-13.8	-6.6	6.4	13.1	2.7
2012 Apr.	-0.2	-29.8	29.2	14.8	-8.2	-6.2	-6.7	-29.5	24.2	8.8	-7.3	-3.0
May	57.5	-23.6	12.7	9.4	59.3	-0.3	-4.0	-37.7	6.3	2.2	25.7	-0.5
June	-15.4	-4.2	-53.7	2.3	31.6	8.6	16.3	25.9	-50.3	8.2	20.9	11.7
July	30.2	36.3	-9.6	10.7	-14.3	7.2	57.8	37.9	-9.9	7.0	15.5	7.4
	Long-term											
2010	53.8	1.9	1.7	5.3	41.3	3.5	-	-	-	-	-	-
2011	47.6	12.0	-2.0	2.8	31.0	3.9	-	-	-	-	-	-
2011 Q3	-9.0	3.0	-6.6	0.9	-6.9	0.6	36.3	10.0	6.5	2.5	14.4	2.9
Q4	75.2	0.7	21.6	5.5	43.8	3.6	66.7	13.7	0.2	6.8	42.7	3.3
2012 Q1	91.6	35.5	7.4	10.4	27.3	11.1	77.9	21.1	18.2	9.9	19.0	9.8
Q2	32.7	-7.0	-3.3	5.6	33.6	3.8	9.5	-12.7	-5.1	3.1	21.5	2.8
2012 Apr.	3.9	-26.2	25.6	3.1	-0.4	1.9	-5.8	-29.5	21.1	-0.3	2.0	0.9
May	69.7	-10.9	11.4	4.2	63.1	1.8	16.7	-24.2	7.2	0.6	31.2	1.9
June	24.4	16.0	-46.8	9.5	38.0	7.7	17.7	15.7	-43.6	9.0	31.1	5.5
July	-2.0	12.6	-6.8	9.1	-21.0	4.0	36.2	13.1	-10.3	9.4	15.3	8.6

C16 Net issues of securities other than shares: seasonally adjusted and non-seasonally adjusted
(EUR billions; transactions during the month; nominal values)



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

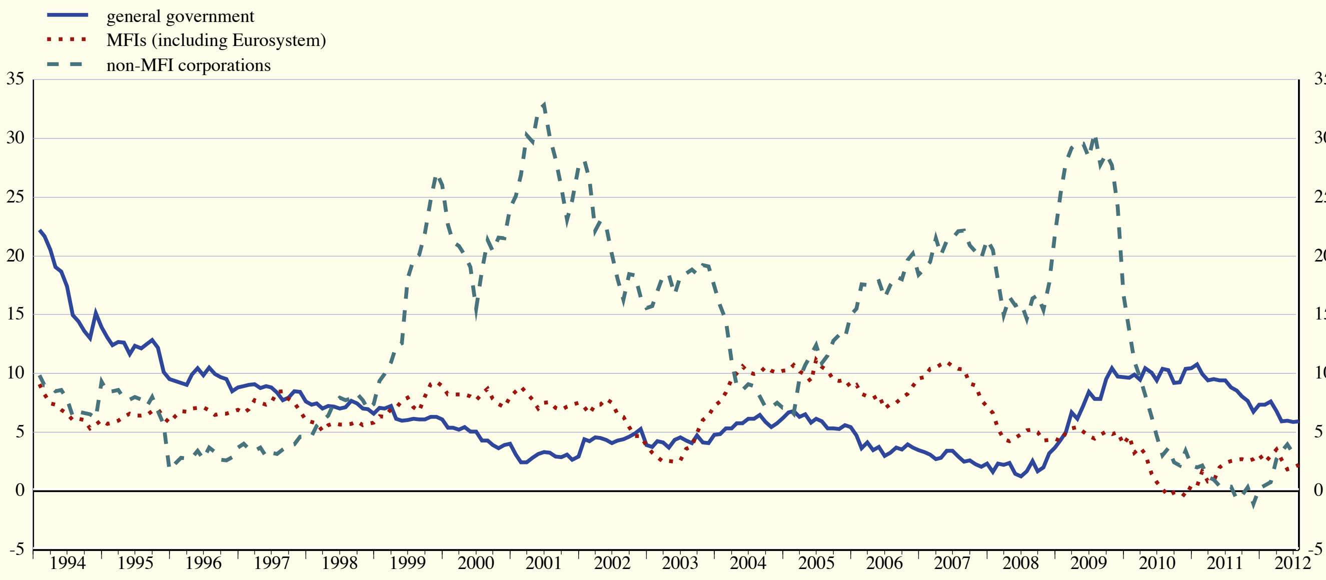
4.3 Growth rates of securities other than shares issued by euro area residents [1)]

(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	
			Financial corporations other than MFIs	Non-financial corporations	Central government	Other general government			Financial corporations other than MFIs	Non-financial corporations	Central government	Other general government
	1	2	3	4	5	6	7	8	9	10	11	12
	Total											
2011 July	3.6	1.8	0.2	4.9	6.2	13.3	2.5	1.9	-3.4	3.2	5.0	16.5
Aug.	3.2	1.9	-1.3	5.2	5.6	15.3	2.7	2.0	-3.9	4.6	4.9	23.4
Sep.	3.2	2.3	-0.8	4.8	5.1	14.2	3.5	3.1	-0.2	4.5	4.4	17.7
Oct.	3.3	2.9	-0.3	4.7	4.7	12.9	3.7	3.5	0.7	7.2	4.1	13.2
Nov.	2.4	3.2	-2.2	5.1	3.0	13.6	3.3	3.6	0.3	6.9	3.5	11.2
Dec.	3.9	5.2	-1.2	5.4	4.7	12.1	4.6	6.7	0.6	9.3	4.1	4.8
2012 Jan.	3.9	4.3	-1.2	6.2	4.8	15.4	5.2	6.8	1.0	9.3	4.5	14.3
Feb.	4.2	4.5	-0.6	6.9	4.8	19.8	5.7	7.0	2.9	9.3	4.6	16.2
Mar.	4.7	4.8	1.8	8.0	4.5	17.9	5.9	6.5	3.9	11.6	4.6	17.8
Apr.	4.4	4.2	2.7	9.5	3.7	15.7	5.1	4.8	4.5	11.6	3.5	18.5
May	4.0	3.0	3.3	8.8	3.8	12.6	4.6	2.4	6.4	10.6	4.0	14.1
June	3.8	3.4	1.7	10.1	3.5	11.7	3.0	0.3	3.0	11.0	2.8	19.2
July	4.0	4.2	1.4	10.2	3.4	14.8	3.0	1.7	1.9	11.0	2.3	15.4
	Long-term											
2011 July	4.4	2.6	-0.7	4.8	8.7	9.8	2.8	1.7	-3.1	2.5	6.7	12.0
Aug.	4.0	2.7	-1.9	4.4	8.4	10.3	2.8	1.6	-3.9	3.3	6.9	12.8
Sep.	4.0	2.7	-1.3	3.5	7.9	9.4	3.3	2.7	-0.4	1.9	5.6	10.3
Oct.	4.0	2.6	-0.4	3.5	7.6	8.7	3.4	2.1	1.2	3.5	5.3	9.1
Nov.	3.3	2.7	-2.3	4.0	6.4	10.0	3.4	2.1	0.8	5.1	5.2	9.2
Dec.	4.0	3.1	-0.8	4.4	7.2	9.4	4.3	3.0	1.3	7.5	6.4	7.2
2012 Jan.	3.9	2.4	-0.7	5.7	7.0	11.1	4.9	3.2	1.6	9.1	7.1	10.3
Feb.	4.2	3.0	-0.6	6.5	7.0	13.5	5.7	4.3	2.8	9.7	7.1	14.4
Mar.	4.6	3.5	1.6	7.6	6.2	12.7	6.0	4.4	3.5	13.4	6.9	15.2
Apr.	4.2	2.7	2.5	7.2	5.4	11.7	4.9	3.2	3.6	10.8	5.5	14.4
May	4.1	1.9	3.2	7.1	5.5	10.6	4.8	1.6	5.6	9.2	5.8	11.9
June	3.9	2.0	1.8	8.7	5.4	10.7	3.5	1.0	2.5	10.0	4.4	14.2
July	4.0	2.2	1.5	9.6	5.3	12.1	3.1	1.3	1.4	10.3	3.6	13.9

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

(annual percentage changes)



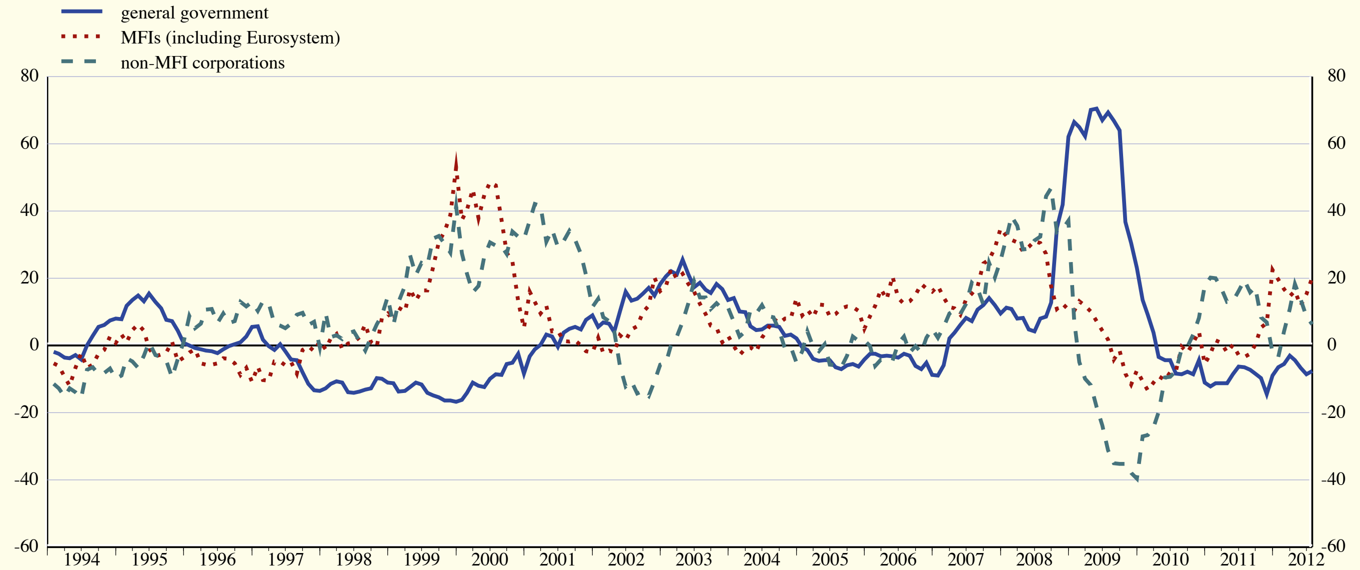
Source: ECB.

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

4.3 Growth rates of securities other than shares issued by euro area residents [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	
			Financial corporations other than MFIs	Non-financial corporations	Central government	Other general government			Financial corporations other than MFIs	Non-financial corporations	Central government	Other general government
	13	14	15	16	17	18	19	20	21	22	23	24
	In all currencies combined											
2010	8.8	5.7	6.4	19.7	9.9	8.8	-0.6	-4.0	0.6	-2.0	6.4	27.6
2011	6.4	5.0	3.4	6.3	7.8	7.7	-0.7	-1.4	-5.5	-1.9	22.3	16.1
2011 Q3	6.6	6.2	4.2	5.2	7.4	8.9	-1.6	-1.3	-7.9	-2.4	25.7	13.0
Q4	5.6	5.7	2.6	4.5	6.1	8.1	-1.1	-0.5	-7.1	-2.5	21.0	13.9
2012 Q1	5.8	5.7	2.1	6.6	6.4	9.0	-0.2	0.2	-5.4	-0.8	15.3	21.5
Q2	5.3	5.3	1.9	8.1	5.6	6.7	0.4	-0.6	-2.2	-1.2	8.1	25.9
2012 Feb.	6.1	5.7	2.9	6.9	6.7	10.1	-0.3	0.4	-6.0	-0.2	15.3	24.4
Mar.	5.8	6.4	2.0	8.1	5.9	8.3	0.6	0.9	-3.8	-1.6	11.4	26.9
Apr.	5.4	5.7	2.0	7.9	5.6	7.3	-0.2	-0.3	-3.4	-0.9	6.4	25.9
May	5.2	4.9	1.9	7.6	5.7	5.7	0.9	-1.4	-0.3	-1.1	7.6	26.0
June	4.8	4.4	1.4	9.4	5.1	6.1	0.6	-0.9	-1.7	-1.7	9.0	24.9
July	4.9	4.7	1.2	10.0	5.0	7.1	0.4	-0.8	-2.6	1.3	9.2	27.1
	In euro											
2010	9.1	5.6	7.4	20.1	10.0	8.3	-0.4	-3.3	0.3	-2.5	5.9	26.2
2011	6.5	4.2	3.6	6.6	8.1	7.2	-0.2	0.0	-6.1	-2.9	22.2	15.3
2011 Q3	6.7	5.5	4.4	5.9	7.6	8.6	-1.3	-0.2	-8.7	-3.6	25.6	11.1
Q4	5.7	5.5	2.6	4.7	6.4	8.6	-0.8	0.9	-7.9	-3.5	20.8	12.3
2012 Q1	6.2	6.0	2.5	6.5	6.6	9.8	0.4	2.1	-6.0	-2.0	15.0	20.2
Q2	5.6	5.8	1.6	8.5	5.7	6.6	0.6	1.8	-4.0	-2.5	7.9	25.3
2012 Feb.	6.4	6.1	3.5	6.6	6.8	10.7	0.5	2.5	-6.4	-1.5	15.1	22.6
Mar.	6.2	7.0	2.3	8.5	6.1	9.1	0.8	2.8	-5.3	-2.9	11.3	26.1
Apr.	5.7	6.0	1.9	8.3	5.8	7.0	-0.1	1.9	-5.2	-2.6	6.2	25.4
May	5.3	5.4	1.2	8.2	5.7	5.3	1.1	1.1	-2.2	-2.4	7.4	24.8
June	5.2	5.2	1.4	9.8	5.2	5.7	1.0	1.9	-3.7	-2.0	8.9	25.1
July	5.1	5.6	0.6	10.3	5.0	6.5	0.6	2.0	-5.0	1.5	8.8	27.1

C18 Annual growth rates of short-term debt securities, by sector of the issuer, in all currencies combined
(annual percentage changes)



Source: ECB.

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

4.4 Quoted shares issued by euro area residents [1]

(EUR billions, unless otherwise indicated; market values)

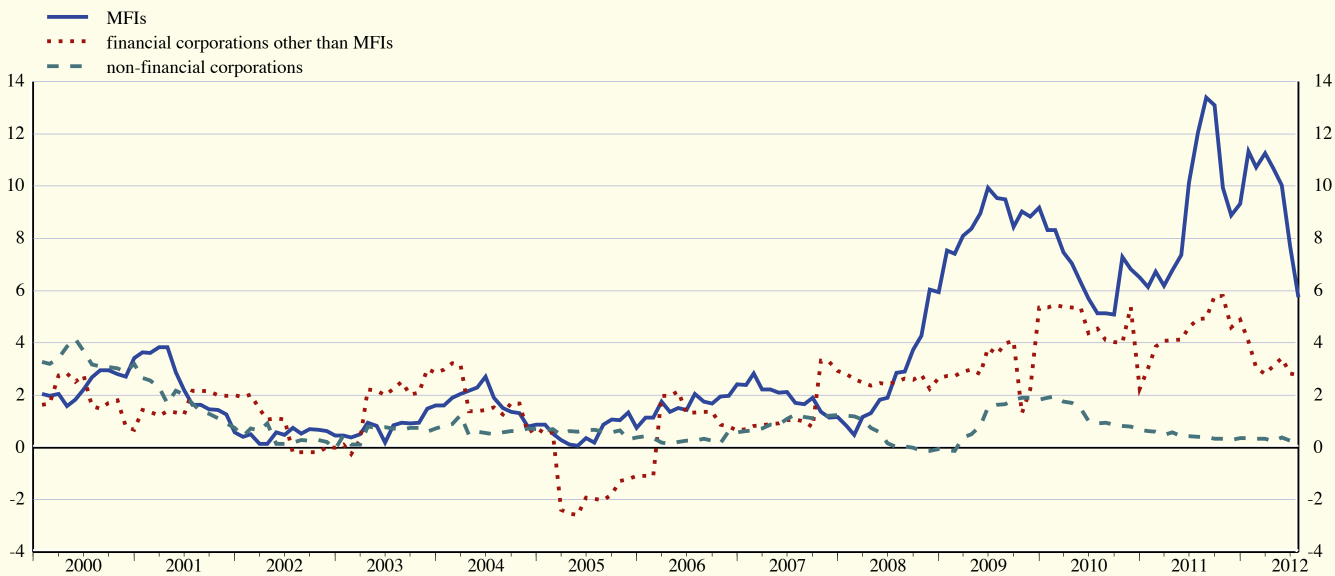
1. Outstanding amounts and annual growth rates

(outstanding amounts as at end of period)

	Total			MFIs		Financial corporations other than MFIs		Non-financial corporations	
	Total	Index: Dec. 2008 = 100	Annual growth rates (%)	Total	Annual growth rates (%)	Total	Annual growth rates (%)	Total	Annual growth rates (%)
	1	2	3	4	5	6	7	8	9
2010 July	4,255.2	103.7	1.7	520.0	5.1	338.1	4.5	3,397.0	0.9
Aug.	4,119.5	103.7	1.7	479.0	5.1	314.4	4.1	3,326.2	1.0
Sep.	4,341.2	103.8	1.6	487.3	5.1	326.7	4.0	3,527.2	0.9
Oct.	4,515.5	104.2	1.8	514.7	7.3	333.6	4.0	3,667.2	0.8
Nov.	4,397.9	104.4	1.8	438.0	6.8	316.6	5.4	3,643.3	0.8
Dec.	4,580.5	104.4	1.4	458.7	6.5	334.0	2.3	3,787.7	0.7
2011 Jan.	4,744.5	104.6	1.4	514.6	6.1	365.9	3.0	3,864.0	0.6
Feb.	4,830.5	104.7	1.5	535.3	6.7	379.0	3.9	3,916.2	0.6
Mar.	4,752.5	104.8	1.4	492.0	6.2	363.3	4.1	3,897.2	0.5
Apr.	4,876.0	105.0	1.5	497.9	6.8	371.6	4.1	4,006.5	0.6
May	4,760.8	105.0	1.5	476.3	7.4	356.3	4.1	3,928.1	0.4
June	4,705.6	105.5	1.7	492.0	10.1	350.6	4.6	3,863.0	0.4
July	4,488.0	105.7	1.9	459.1	12.1	325.6	4.9	3,703.3	0.4
Aug.	3,960.2	105.9	2.1	383.3	13.4	281.7	4.9	3,295.2	0.4
Sep.	3,733.4	105.9	2.0	350.9	13.1	264.4	5.8	3,118.1	0.3
Oct.	4,026.4	105.9	1.7	360.8	9.9	288.0	5.8	3,377.6	0.3
Nov.	3,875.5	106.0	1.5	330.1	8.9	271.6	4.6	3,273.8	0.3
Dec.	3,888.1	106.1	1.6	339.7	9.3	270.8	4.9	3,277.6	0.4
2012 Jan.	4,101.0	106.3	1.7	375.9	11.3	298.1	4.0	3,427.0	0.4
Feb.	4,267.1	106.3	1.5	395.1	10.7	311.4	3.1	3,560.6	0.3
Mar.	4,251.1	106.4	1.5	373.5	11.3	311.1	2.8	3,566.5	0.3
Apr.	4,078.2	106.5	1.4	327.7	10.7	292.0	3.1	3,458.6	0.2
May	3,772.2	106.5	1.5	281.2	10.0	260.2	3.4	3,230.8	0.4
June	3,935.4	106.6	1.1	318.0	7.7	280.3	2.8	3,337.1	0.3
July	4,062.0	106.8	1.0	310.1	5.8	287.5	2.8	3,464.4	0.3

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

(annual percentage changes)



Source: ECB.

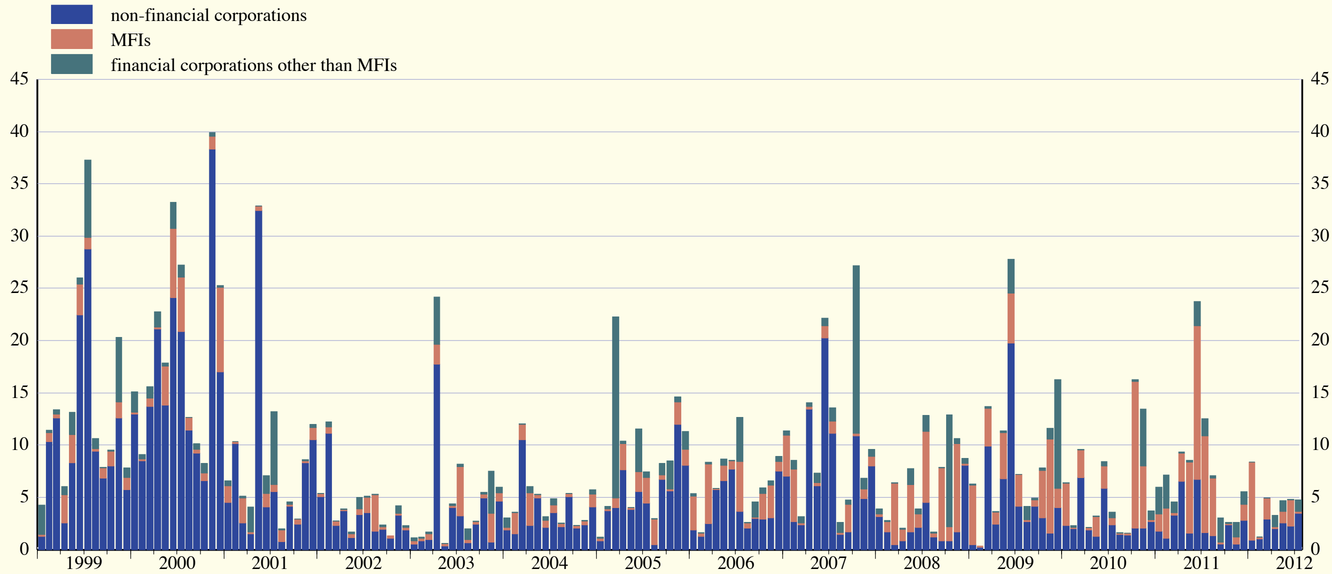
1) For details of the calculation of the index and the growth rates, see the Technical Notes.

4.4 Quoted shares issued by euro area residents
(EUR billions; market values)

2. Transactions during the month

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

C20 Gross issues of quoted shares by sector of the issuer
(EUR billions; transactions during the month; market values)



Source: ECB.

4.5 MFI interest rates on euro-denominated deposits from and loans to euro area residents [1]

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

1. Interest rates on deposits (new business)

	Deposits from households						Deposits from non-financial corporations				Repos
	Overnight	With an agreed maturity of:			Redeemable at notice of: [2]		Overnight	With an agreed maturity of:			
		Up to 1 year	Over 1 and up to 2 years	Over 2 years	Up to 3 months	Over 3 months		Up to 1 year	Over 1 and up to 2 years	Over 2 years	
	1	2	3	4	5	6	7	8	9	10	11
2011 Aug.	0.54	2.73	3.16	2.99	1.74	1.93	0.68	1.67	2.69	2.99	1.42
Sep.	0.55	2.73	3.15	2.92	1.76	1.94	0.70	1.75	2.72	2.79	1.47
Oct.	0.55	2.88	3.17	3.14	1.77	1.96	0.70	1.72	2.74	2.72	1.65
Nov.	0.55	2.78	3.08	3.03	1.78	1.96	0.67	1.53	2.61	2.85	1.62
Dec.	0.54	2.78	3.20	3.06	1.79	1.97	0.65	1.53	2.76	2.90	1.38
2012 Jan.	0.53	2.94	3.49	3.15	1.81	1.96	0.61	1.34	2.95	2.92	1.23
Feb.	0.52	2.90	3.38	3.16	1.81	1.96	0.59	1.26	2.96	3.01	1.05
Mar.	0.51	2.88	3.04	3.03	1.79	1.95	0.58	1.31	2.75	2.98	0.97
Apr.	0.49	2.82	2.92	2.84	1.76	1.95	0.55	1.16	2.70	3.07	1.28
May	0.48	2.65	2.70	2.68	1.74	1.91	0.54	1.07	2.31	2.75	0.93
June	0.47	2.72	2.73	2.63	1.73	1.88	0.52	1.11	2.32	2.69	0.98
July	0.45	2.80	2.89	2.61	1.70	1.85	0.48	1.14	2.01	2.53	1.26

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

	Revolving loans and overdrafts	Extended credit card debt [3]	Consumer credit				Lending for house purchase					Lending to sole proprietors and unincorporated partnerships		
			By initial rate fixation			APRC [4]	By initial rate fixation				APRC [4]	By initial rate fixation		
			Floating rate and up to 1 year	Over 1 and up to 5 years	Over 5 years		Floating rate and up to 1 year	Over 1 and up to 5 years	Over 5 and up to 10 years	Over 10 years		Floating rate and up to 1 year	Over 1 and up to 5 years	Over 5 years
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
2011 Aug.	8.31	17.10	5.34	6.54	7.97	7.57	3.47	3.96	4.20	4.15	4.16	3.95	4.96	4.39
Sep.	8.41	17.18	5.77	6.57	7.94	7.64	3.41	3.86	4.02	4.02	4.02	3.97	4.86	4.21
Oct.	8.43	17.17	5.60	6.53	7.94	7.54	3.44	3.79	3.86	3.94	3.95	3.98	4.76	4.16
Nov.	8.41	17.11	5.56	6.47	7.78	7.39	3.43	3.74	3.84	3.94	3.96	4.22	4.93	4.02
Dec.	8.37	17.08	5.27	6.44	7.64	7.16	3.49	3.74	3.81	3.95	4.02	4.13	4.84	3.92
2012 Jan.	8.46	17.06	5.62	6.58	8.08	7.57	3.50	3.71	3.75	4.03	4.03	3.88	4.76	3.93
Feb.	8.41	17.05	5.70	6.58	8.09	7.63	3.44	3.64	3.70	3.95	3.92	3.86	4.71	4.04
Mar.	8.39	16.98	5.55	6.44	7.94	7.45	3.31	3.57	3.61	3.91	3.83	3.73	4.74	3.90
Apr.	8.26	17.10	5.43	6.31	7.95	7.35	3.20	3.58	3.59	3.96	3.79	3.65	4.68	3.89
May	8.26	17.10	5.65	6.39	7.95	7.48	3.14	3.54	3.53	3.84	3.72	3.80	4.74	3.83
June	8.25	17.06	5.61	6.27	7.73	7.27	3.11	3.48	3.46	3.69	3.66	3.61	4.73	3.71
July	8.14	17.01	5.76	6.26	7.82	7.37	3.09	3.40	3.31	3.62	3.58	3.64	4.45	3.49

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

	Revolving loans and overdrafts	Other loans of up to EUR 0.25 million by initial rate fixation						Other loans of over EUR 1 million by initial rate fixation					
		Floating rate and up to 3 months	Over 3 months and up to 1 year	Over 1 and up to 3 years	Over 3 and up to 5 years	Over 5 and up to 10 years	Over 10 years	Floating rate and up to 3 months	Over 3 months and up to 1 year	Over 1 and up to 3 years	Over 3 and up to 5 years	Over 5 and up to 10 years	Over 10 years
	1	2	3	4	5	6	7	8	9	10	11	12	13
2011 Aug.	4.49	4.44	4.94	4.85	5.03	4.58	4.35	2.79	3.56	3.64	3.99	3.87	4.06
Sep.	4.54	4.59	4.94	4.79	4.94	4.46	4.31	2.84	3.44	3.69	3.63	3.64	3.74
Oct.	4.61	4.70	5.10	4.86	4.99	4.56	4.27	2.98	3.54	3.78	3.89	3.60	3.71
Nov.	4.61	4.77	5.26	4.98	5.10	4.65	4.26	2.80	3.65	3.42	3.92	3.60	3.71
Dec.	4.66	4.89	5.15	4.98	5.05	4.59	4.27	3.04	3.74	3.11	3.95	3.73	3.75
2012 Jan.	4.64	4.93	5.35	4.78	5.04	4.40	4.33	2.66	3.70	3.06	3.45	2.70	3.80
Feb.	4.59	4.86	5.25	4.74	5.02	4.65	4.41	2.50	3.76	3.36	3.89	3.77	3.64
Mar.	4.61	4.81	5.17	4.66	5.00	4.63	4.32	2.39	3.43	3.06	3.09	3.37	3.57
Apr.	4.46	4.96	5.09	4.61	4.85	4.57	4.39	2.39	3.52	3.43	3.40	3.51	3.59
May	4.43	4.82	5.11	4.60	4.84	4.49	4.20	2.37	3.75	3.41	3.48	3.60	3.51
June	4.39	4.81	5.03	4.58	4.76	4.41	4.16	2.44	3.20	3.44	3.03	3.34	3.22
July	4.30	4.86	5.17	4.58	4.56	4.13	4.12	2.23	3.31	3.62	3.13	3.19	3.50

Source: ECB.

1) Data refer to the changing composition of the euro area. For further information, see the General Notes.
2) For this instrument category, households and non-financial corporations are merged and allocated to the household sector, since the outstanding amounts of non-financial corporations are negligible compared with those of the household sector when all participating Member States are combined.
3) This instrument category excludes convenience credit card debt, i.e. credit granted at an interest rate of 0% during the billing cycle.
4) The annual percentage rate of charge (APRC) covers the total cost of a loan. The total cost comprises both an interest rate component and a component incorporating other (related) charges, such as the cost of inquiries, administration, preparation of documents and guarantees.

4.5 MFI interest rates on euro-denominated deposits from and loans to euro area residents [1], *

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

4. Interest rates on deposits (outstanding amounts)

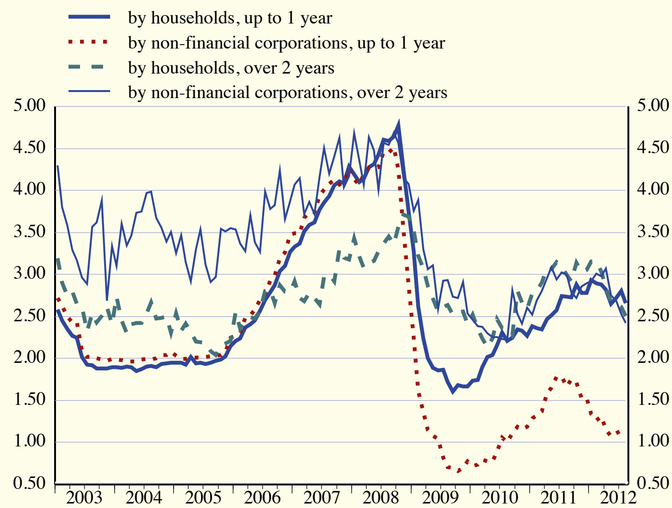
	Deposits from households					Deposits from non-financial corporations			Repos
	Overnight [2]	With an agreed maturity of:		Redeemable at notice of: [2],[3]		Overnight [2]	With an agreed maturity of:		
		Up to 2 years	Over 2 years	Up to 3 months	Over 3 months		Up to 2 years	Over 2 years	
	1	2	3	4	5	6	7	8	9
2011 Aug.	0.54	2.59	2.77	1.74	1.93	0.68	2.14	3.14	1.97
Sep.	0.55	2.62	2.79	1.76	1.94	0.70	2.18	3.15	2.07
Oct.	0.55	2.66	2.78	1.77	1.96	0.70	2.19	3.14	2.15
Nov.	0.55	2.70	2.80	1.78	1.96	0.67	2.18	3.16	2.24
Dec.	0.54	2.73	2.78	1.79	1.97	0.65	2.18	3.13	2.37
2012 Jan.	0.53	2.76	2.78	1.81	1.96	0.61	2.15	3.16	2.46
Feb.	0.52	2.79	2.80	1.81	1.96	0.59	2.13	3.20	2.62
Mar.	0.51	2.81	2.81	1.79	1.95	0.58	2.05	3.13	2.58
Apr.	0.49	2.78	2.82	1.76	1.95	0.55	2.00	3.09	2.57
May	0.48	2.76	2.80	1.74	1.91	0.54	1.96	3.06	2.39
June	0.47	2.73	2.82	1.73	1.88	0.52	1.94	3.08	2.48
July	0.45	2.72	2.78	1.70	1.85	0.48	1.89	3.04	2.47

5. Interest rates on loans (outstanding amounts)

	Loans to households						Loans to non-financial corporations		
	Lending for house purchase with a maturity of:			Consumer credit and other loans with a maturity of:			With a maturity of:		
	Up to 1 year	Over 1 and up to 5 years	Over 5 years	Up to 1 year	Over 1 and up to 5 years	Over 5 years	Up to 1 year	Over 1 and up to 5 years	Over 5 years
	1	2	3	4	5	6	7	8	9
2011 Aug.	4.06	3.78	3.89	8.07	6.42	5.31	4.06	3.84	3.72
Sep.	4.13	3.79	3.92	8.14	6.48	5.32	4.11	3.85	3.73
Oct.	4.12	3.78	3.91	8.17	6.44	5.33	4.19	3.86	3.74
Nov.	4.12	3.77	3.91	8.09	6.44	5.34	4.20	3.89	3.75
Dec.	4.12	3.74	3.89	8.11	6.43	5.31	4.26	3.87	3.72
2012 Jan.	4.06	3.71	3.87	8.14	6.40	5.29	4.24	3.82	3.68
Feb.	4.04	3.69	3.86	8.09	6.39	5.27	4.18	3.78	3.67
Mar.	4.03	3.68	3.85	8.07	6.37	5.25	4.16	3.66	3.60
Apr.	3.93	3.64	3.80	7.97	6.31	5.20	4.05	3.61	3.54
May	3.88	3.62	3.77	7.95	6.29	5.16	3.99	3.58	3.50
June	3.86	3.60	3.76	7.83	6.30	5.14	3.96	3.53	3.46
July	3.78	3.54	3.72	7.78	6.26	5.08	3.89	3.47	3.40

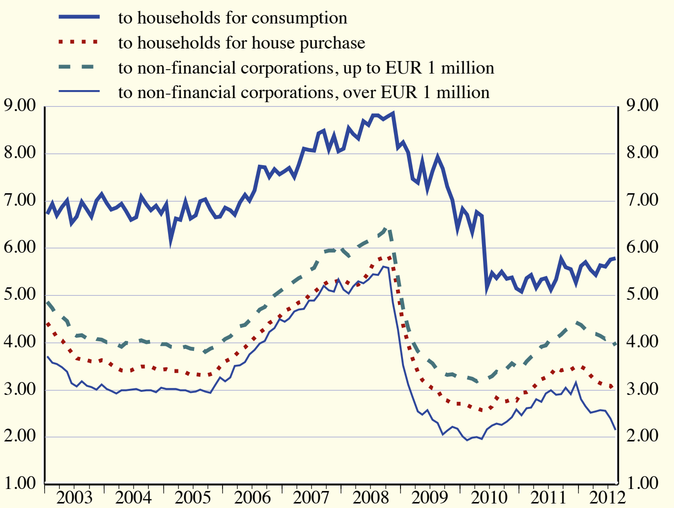
C21 New deposits with an agreed maturity

(percentages per annum excluding charges; period averages)



C22 New loans with a floating rate and up to 1 year's initial rate fixation

(percentages per annum excluding charges; period averages)



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

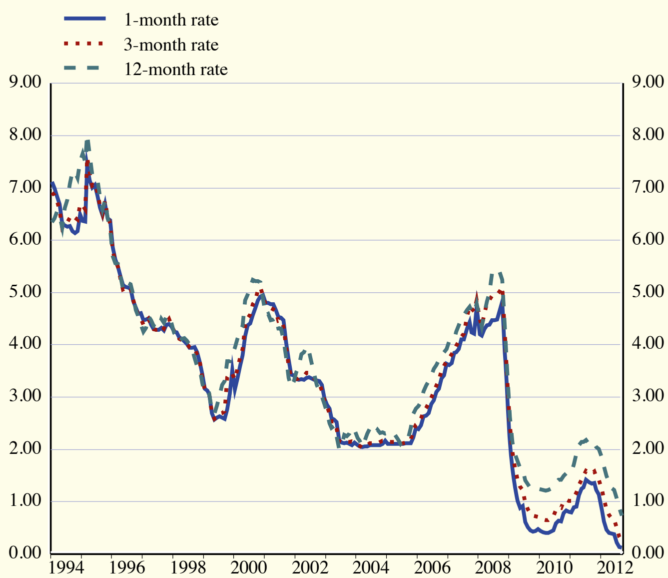
4.6 Money market interest rates

(percentages per annum; period averages)

	Euro area [1), 2)]					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
2009	0.71	0.89	1.22	1.43	1.61	0.69	0.47
2010	0.44	0.57	0.81	1.08	1.35	0.34	0.23
2011	0.87	1.18	1.39	1.64	2.01	0.34	0.19
2011 Q3	0.97	1.38	1.56	1.77	2.11	0.30	0.19
Q4	0.79	1.24	1.50	1.72	2.05	0.48	0.20
2012 Q1	0.37	0.64	1.04	1.34	1.67	0.51	0.20
Q2	0.34	0.39	0.69	0.98	1.28	0.47	0.20
Q3	0.13	0.16	0.36	0.63	0.90	0.43	0.19
2011 Sep.	1.01	1.35	1.54	1.74	2.07	0.35	0.19
Oct.	0.96	1.36	1.58	1.78	2.11	0.41	0.19
Nov.	0.79	1.23	1.48	1.71	2.04	0.48	0.20
Dec.	0.63	1.14	1.43	1.67	2.00	0.56	0.20
2012 Jan.	0.38	0.84	1.22	1.50	1.84	0.57	0.20
Feb.	0.37	0.63	1.05	1.35	1.68	0.50	0.20
Mar.	0.36	0.47	0.86	1.16	1.50	0.47	0.20
Apr.	0.35	0.41	0.74	1.04	1.37	0.47	0.20
May	0.34	0.39	0.68	0.97	1.27	0.47	0.20
June	0.33	0.38	0.66	0.93	1.22	0.47	0.20
July	0.18	0.22	0.50	0.78	1.06	0.45	0.20
Aug.	0.11	0.13	0.33	0.61	0.88	0.43	0.19
Sep.	0.10	0.12	0.25	0.48	0.74	0.39	0.19

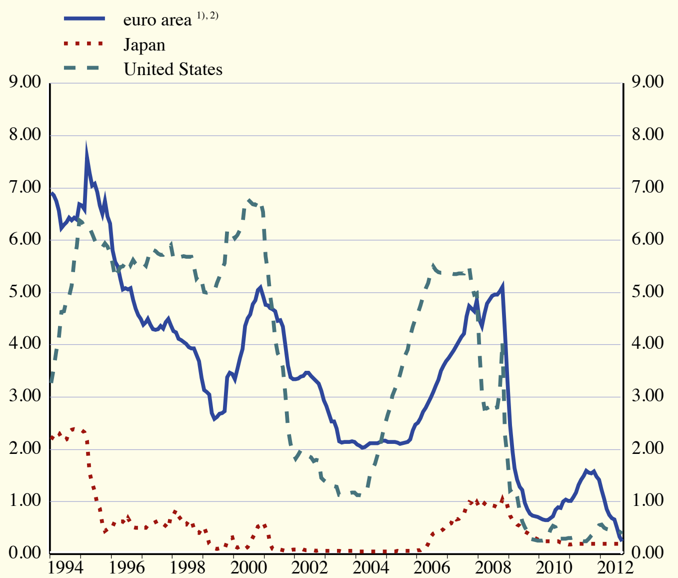
C23 Euro area money market rates [1), 2)]

(monthly averages; percentages per annum)



C24 3-month money market rates

(monthly averages; percentages per annum)



Source: ECB.

1) Before January 1999 synthetic euro area rates were calculated on the basis of national rates weighted by GDP. For further information, see the General Notes.

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

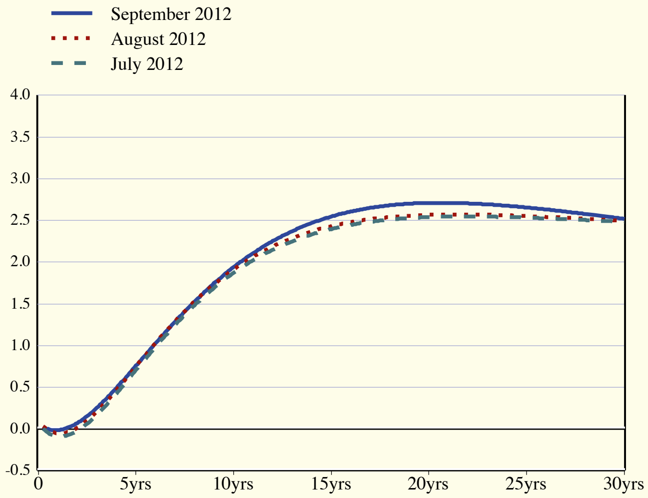
4.7 Euro area yield curves [1]

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

	Spot rates								Instantaneous forward rates			
	3 months	1 year	2 years	5 years	7 years	10 years	10 years - 3 months (spread)	10 years - 2 years (spread)	1 year	2 years	5 years	10 years
	1	2	3	4	5	6	7	8	9	10	11	12
2009	0.38	0.81	1.38	2.64	3.20	3.76	3.38	2.38	1.41	2.44	4.27	5.20
2010	0.49	0.60	0.93	2.15	2.78	3.36	2.87	2.43	0.85	1.70	3.99	4.69
2011	0.00	0.09	0.41	1.56	2.13	2.65	2.65	2.24	0.32	1.15	3.24	3.84
2011 Q4	0.00	0.09	0.41	1.56	2.13	2.65	2.65	2.24	0.32	1.15	3.24	3.84
2012 Q1	0.07	0.16	0.39	1.36	1.95	2.60	2.53	2.21	0.34	0.95	2.97	4.26
Q2	0.04	0.08	0.27	1.17	1.73	2.32	2.27	2.05	0.20	0.76	2.69	3.82
Q3	0.02	-0.01	0.07	0.76	1.29	1.94	1.92	1.87	0.00	0.36	2.10	3.75
2011 Sep.	0.27	0.47	0.75	1.55	1.99	2.48	2.21	1.74	0.74	1.31	2.77	3.79
Oct.	0.38	0.54	0.81	1.71	2.22	2.79	2.41	1.98	0.78	1.39	3.12	4.29
Nov.	0.20	0.38	0.74	1.92	2.51	3.07	2.87	2.33	0.69	1.53	3.64	4.41
Dec.	0.00	0.09	0.41	1.56	2.13	2.65	2.65	2.24	0.32	1.15	3.24	3.84
2012 Jan.	0.11	0.21	0.45	1.44	2.03	2.67	2.55	2.22	0.39	1.03	3.07	4.26
Feb.	0.11	0.15	0.37	1.39	1.99	2.59	2.49	2.22	0.29	0.95	3.06	4.06
Mar.	0.07	0.16	0.39	1.36	1.95	2.60	2.53	2.21	0.34	0.95	2.97	4.26
Apr.	0.03	0.10	0.32	1.26	1.84	2.47	2.44	2.15	0.26	0.85	2.84	4.10
May	0.07	0.05	0.17	0.89	1.36	1.89	1.82	1.72	0.10	0.52	2.17	3.23
June	0.04	0.08	0.27	1.17	1.73	2.32	2.27	2.05	0.20	0.76	2.69	3.82
July	0.00	-0.09	-0.02	0.71	1.25	1.87	1.87	1.89	-0.11	0.26	2.12	3.52
Aug.	0.03	-0.05	0.01	0.75	1.29	1.91	1.88	1.90	-0.08	0.30	2.17	3.55
Sep.	0.02	-0.01	0.07	0.76	1.29	1.94	1.92	1.87	0.00	0.36	2.10	3.75

C25 Euro area spot yield curves [2]

(percentages per annum; end of period)



C26 Euro area spot rates and spreads [2]

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

Sources: ECB calculations based on underlying data provided by EuroMTS and ratings provided by Fitch Ratings.
1) Data refer to the changing composition of the euro area. For further information, see the General Notes.
2) Data cover AAA-rated euro area central government bonds.

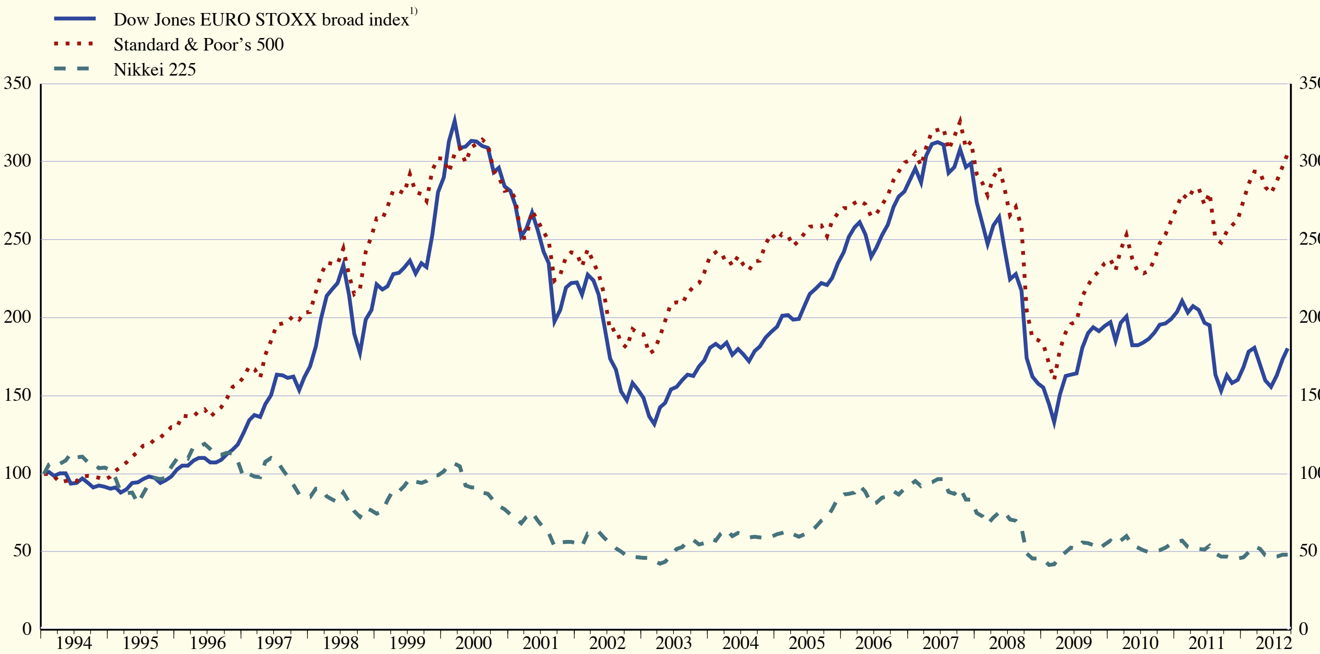
4.8 Stock market indices

(index levels in points; period averages)

	Dow Jones EURO STOXX indices[1]												United States	Japan
	Benchmark		Main industry indices											
	Broad index	50	Basic materials	Consumer services	Consumer goods	Oil and gas	Financials	Industrials	Technology	Utilities	Telecoms	Health care	Standard & Poor's 500	Nikkei 225
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
2009	234.2	2,521.0	353.2	140.5	244.5	293.5	172.1	269.7	200.7	353.7	380.4	363.5	946.2	9,321.6
2010	265.5	2,779.3	463.1	166.2	323.4	307.2	182.8	337.6	224.1	344.9	389.6	408.4	1,140.0	10,006.5
2011	256.0	2,611.0	493.4	158.1	351.2	311.6	152.6	349.4	222.5	301.7	358.4	432.7	1,267.6	9,425.4
2011 Q3	236.0	2,381.6	463.7	146.0	341.5	282.0	133.8	323.0	199.8	270.2	333.0	435.0	1,225.3	9,246.3
Q4	222.4	2,277.8	427.1	142.1	327.1	295.5	117.2	296.6	201.8	256.5	320.3	432.4	1,225.7	8,580.6
2012 Q1	243.7	2,473.6	499.1	150.3	372.3	324.6	129.7	333.3	221.7	253.7	300.6	480.6	1,348.8	9,295.3
Q2	224.0	2,226.2	472.5	140.8	370.7	285.3	108.2	311.6	207.4	223.4	261.9	493.2	1,349.7	9,026.5
Q3	238.7	2,400.9	505.9	152.7	392.3	307.8	117.2	327.7	215.9	234.0	265.6	548.5	1,400.9	8,886.4
2011 Sep.	212.6	2,124.3	401.4	137.0	312.8	262.4	113.3	289.2	190.1	246.7	311.1	419.0	1,173.9	8,695.4
Oct.	226.1	2,312.3	424.8	142.4	325.6	290.2	123.1	302.3	203.0	269.9	334.1	426.1	1,207.2	8,733.6
Nov.	219.2	2,239.6	423.6	141.5	325.9	293.5	112.8	292.2	205.7	250.6	316.6	423.3	1,226.4	8,506.1
Dec.	222.2	2,283.3	433.2	142.4	329.9	302.9	115.9	295.5	196.6	249.3	310.3	448.4	1,243.3	8,506.0
2012 Jan.	233.4	2,382.1	477.6	146.9	351.8	317.3	120.4	319.2	206.9	248.8	305.0	473.6	1,300.6	8,616.7
Feb.	247.2	2,508.2	507.2	152.1	377.3	327.0	134.4	336.3	223.9	254.6	300.1	477.6	1,352.5	9,242.3
Mar.	250.7	2,532.2	512.9	152.0	388.0	329.5	134.6	344.6	234.3	257.7	296.7	490.5	1,389.2	9,962.3
Apr.	235.0	2,340.8	497.6	145.9	380.9	301.1	116.8	327.8	221.2	237.7	275.2	488.5	1,386.4	9,627.4
May	221.9	2,198.5	469.5	139.7	373.7	281.6	105.0	310.4	204.5	218.9	261.4	492.0	1,341.3	8,842.5
June	216.2	2,152.7	453.1	137.4	358.3	275.1	104.0	298.4	198.0	215.4	250.4	498.9	1,323.5	8,638.1
July	226.5	2,258.4	479.1	145.8	379.4	290.4	106.5	313.9	204.4	224.3	257.3	534.2	1,359.8	8,760.7
Aug.	240.5	2,424.5	509.4	154.6	399.7	313.0	116.8	330.3	220.8	231.8	265.7	552.5	1,403.4	8,949.9
Sep.	250.1	2,530.7	531.4	158.2	398.1	321.0	129.5	339.8	223.0	247.2	274.6	559.7	1,443.4	8,948.6

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

(January 1994 = 100; monthly averages)



Source: ECB.

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

PRICES, OUTPUT, DEMAND AND LABOUR MARKETS

5.1 HICP, other prices and costs

(annual percentage changes, unless otherwise indicated)

1. Harmonised Index of Consumer Prices [1)]

	Total					Total (s.a.; percentage change vis-à-vis previous period)						Memo item: Administered prices [2)]	
	Index: 2005 = 100	Total		Goods	Services	Total	Processed food	Unprocessed food	Non-energy industrial goods	Energy (n.s.a.)	Services	Total HICP excluding administered prices	Administered prices
			Total excl. unprocessed food and energy										
% of total in 2012	100.0	100.0	81.8	58.5	41.5	100.0	11.9	7.2	28.5	11.0	41.5	88.2	11.8
	1	2	3	4	5	6	7	8	9	10	11	12	13
2008	107.8	3.3	2.4	3.8	2.6	-	-	-	-	-	-	3.4	2.7
2009	108.1	0.3	1.3	-0.9	2.0	-	-	-	-	-	-	0.1	1.8
2010	109.8	1.6	1.0	1.8	1.4	-	-	-	-	-	-	1.6	1.5
2011	112.8	2.7	1.7	3.3	1.8	-	-	-	-	-	-	2.6	3.5
2011 Q3	112.9	2.7	1.7	3.2	2.0	0.4	1.1	0.0	-0.1	0.4	0.5	2.6	3.5
Q4	114.1	2.9	2.0	3.7	1.9	0.8	1.1	0.9	1.0	1.5	0.3	2.9	3.5
2012 Q1	114.3	2.7	1.9	3.3	1.8	0.8	0.7	0.6	0.1	4.1	0.5	2.6	3.4
Q2	115.9	2.5	1.8	3.0	1.7	0.5	0.6	0.7	0.1	1.0	0.5	2.3	3.4
Q3	115.7	2.6	.	.	1.9	.	.	.	.	1.3	.	.	.
2012 Apr.	116.0	2.6	1.9	3.2	1.7	0.2	0.2	0.0	0.0	1.1	0.2	2.5	3.3
May	115.9	2.4	1.8	2.9	1.8	-0.1	0.2	0.0	0.0	-1.4	0.1	2.3	3.4
June	115.8	2.4	1.8	2.8	1.7	0.0	0.1	1.0	0.0	-1.7	0.2	2.2	3.4
July	115.1	2.4	1.9	2.8	1.8	0.1	0.1	-0.1	-0.2	0.9	0.2	2.2	3.8
Aug.	115.6	2.6	1.7	3.2	1.8	0.4	0.1	0.6	-0.1	2.4	0.2	2.4	3.9
Sep. [3)]	116.5	2.7	.	.	2.0	.	.	.	.	1.3	.	.	.

	Goods						Services					
	Food (incl. alcoholic beverages and tobacco)			Industrial goods			Housing		Transport	Communication	Recreation and personal	Miscellaneous
	Total	Processed food	Unprocessed food	Total	Non-energy industrial goods	Energy		Rents				
% of total in 2012	19.1	11.9	7.2	39.5	28.5	11.0	10.1	6.0	6.5	3.1	14.5	7.3
	14	15	16	17	18	19	20	21	22	23	24	25
2008	5.1	6.1	3.5	3.1	0.8	10.3	2.3	1.9	3.9	-2.2	3.2	2.5
2009	0.7	1.1	0.2	-1.7	0.6	-8.1	2.0	1.8	2.9	-1.0	2.1	2.1
2010	1.1	0.9	1.3	2.2	0.5	7.4	1.8	1.5	2.3	-0.8	1.0	1.5
2011	2.7	3.3	1.8	3.7	0.8	11.9	1.8	1.4	2.9	-1.3	2.0	2.1
2011 Q3	2.8	3.7	1.3	3.4	0.4	12.0	1.8	1.5	3.3	-1.8	2.3	2.1
Q4	3.3	4.2	1.8	3.9	1.2	11.5	1.7	1.4	3.0	-1.8	2.2	2.1
2012 Q1	3.2	4.0	2.0	3.3	1.1	9.1	1.7	1.5	2.9	-2.7	2.1	2.4
Q2	3.0	3.5	2.3	2.9	1.3	7.2	1.7	1.4	2.7	-3.1	2.2	2.0
Q3	3.0	.	.	.	1.1	8.1	.	.	.	.	.	.
2012 Apr.	3.1	3.7	2.1	3.2	1.3	8.1	1.7	1.5	2.5	-3.1	2.3	2.1
May	2.8	3.4	1.8	3.0	1.3	7.3	1.7	1.4	2.7	-3.3	2.4	2.0
June	3.2	3.2	3.1	2.6	1.3	6.1	1.7	1.4	3.0	-2.8	2.1	2.0
July	2.9	2.9	2.9	2.8	1.5	6.1	1.9	1.6	2.9	-3.1	2.3	1.9
Aug.	3.0	2.7	3.5	3.3	1.1	8.9	1.9	1.6	3.3	-3.1	2.2	1.9
Sep. [3)]	2.9	.	.	.	0.8	9.2	.	.	.	.	.	.

Sources: Eurostat and ECB calculations.

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

2) These experimental statistics can only provide an approximate measure of price administration, since changes in administered prices cannot be fully isolated from other influences. Please refer to Eurostat's website (http://epp.eurostat.ec.europa.eu/portal/page/portal/hicp/introduction) for a note explaining the methodology used in the compilation of this indicator.

3) Estimate based on provisional national releases, which usually cover around 95% of the euro area, as well as on early information on energy prices.

2. Industry, construction and residential property prices

	Industrial producer prices excluding construction										Construct-ion[1]	Residential property prices[2]
	Total (index: 2005 = 100)	Total		Industry excluding construction and energy						Energy		
			Manu-facturing	Total	Intermediate goods	Capital goods	Consumer goods					
							Total	Durable	Non-durable			
% of total in 2005	100.0	100.0	82.8	75.6	30.0	22.0	23.7	2.7	21.0	24.4		
	1	2	3	4	5	6	7	8	9	10	11	12
2008	114.4	6.1	4.8	3.4	3.9	2.1	3.9	2.8	4.1	14.2	3.9	1.9
2009	108.6	-5.1	-5.4	-2.9	-5.3	0.4	-2.1	1.2	-2.5	-11.8	0.1	-3.2
2010	111.7	2.9	3.4	1.6	3.5	0.3	0.4	0.9	0.3	6.4	1.9	1.1
2011	118.3	5.9	5.5	3.8	5.9	1.4	3.1	2.1	3.3	11.9	3.3	1.0
2011 Q2	118.5	6.3	5.8	4.3	6.8	1.3	3.4	1.9	3.7	11.9	3.0	1.1
Q3	118.9	5.9	5.5	3.8	5.6	1.5	3.3	2.2	3.5	11.8	3.2	1.1
Q4	119.3	5.1	4.5	2.9	3.4	1.5	3.3	2.5	3.4	11.4	2.8	-0.3
2012 Q1	121.0	3.7	3.0	1.7	1.2	1.2	2.9	2.3	3.0	9.5	1.8	-0.9
Q2	121.1	2.2	1.6	1.1	0.4	1.2	2.0	1.9	2.0	5.9	1.7	-1.4
2012 Mar.	121.7	3.5	2.6	1.6	0.9	1.2	2.8	2.3	2.8	9.0	-	-
Apr.	121.7	2.6	2.0	1.3	0.6	1.2	2.2	2.0	2.3	6.7	-	-
May	121.1	2.3	1.8	1.1	0.5	1.2	1.9	1.9	1.9	6.3	-	-
June	120.5	1.8	1.1	0.9	0.1	1.1	1.8	1.9	1.9	4.7	-	-
July	120.8	1.6	1.1	0.8	-0.2	1.1	1.9	1.8	2.0	4.5	-	-
Aug.	121.9	2.7	2.2	1.0	0.3	0.9	2.1	1.6	2.1	7.9	-	-

3. Commodity prices and gross domestic product deflators

	Oil prices[3] (EUR per barrel)	Non-energy commodity prices						GDP deflators							
		Import-weighted[4]			Use-weighted[5]			Total (s.a.; index: 2005 = 100)	Total	Domestic demand				Exports[6]	Imports[6]
		Total	Food	Non-food	Total	Food	Non-food			Total	Private consump-tion	Government consump-tion	Gross fixed capital formation		
% of total		100.0	35.0	65.0	100.0	45.0	55.0								
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
2008	65.9	2.0	18.4	-4.4	-1.7	9.7	-8.6	106.2	2.0	2.6	2.7	2.7	2.3	2.4	3.9
2009	44.6	-18.5	-8.9	-23.1	-18.0	-11.4	-22.8	107.3	1.0	-0.1	-0.4	2.0	-0.3	-3.5	-6.3
2010	60.7	44.6	21.4	57.9	42.1	27.1	54.5	108.2	0.8	1.5	1.7	0.7	0.9	3.1	5.0
2011	79.7	12.2	22.4	7.7	12.8	20.7	7.5	109.5	1.2	2.0	2.5	1.0	2.0	3.6	5.7
2011 Q3	79.3	3.8	16.7	-1.6	4.9	11.6	0.3	109.6	1.2	2.0	2.4	1.1	2.1	3.1	5.2
Q4	80.7	-2.5	3.6	-5.2	-1.7	4.3	-6.0	109.9	1.3	2.0	2.5	1.3	2.0	2.7	4.6
2012 Q1	90.1	-5.8	-7.6	-4.9	-4.8	-3.7	-5.6	110.3	1.2	1.7	2.3	0.9	2.0	1.9	3.1
Q2	84.6	-1.1	-3.4	0.1	1.1	4.1	-1.2	110.7	1.3	1.7	2.0	0.9	1.6	1.5	2.4
Q3	87.3	5.2	10.4	2.7	7.8	16.0	1.6	.	.	.	.	.	.	.	.
2012 Apr.	91.4	-3.8	-5.1	-3.1	-2.5	0.3	-4.5	-	-	-	-	-	-	-	-
May	86.0	-0.3	-2.9	1.1	2.4	5.3	0.2	-	-	-	-	-	-	-	-
June	76.4	0.8	-2.1	2.3	3.4	6.7	0.9	-	-	-	-	-	-	-	-
July	83.4	4.7	11.6	1.3	7.1	17.4	-0.5	-	-	-	-	-	-	-	-
Aug.	90.5	6.5	11.6	3.9	8.6	16.3	2.6	-	-	-	-	-	-	-	-
Sep.	88.0	4.6	8.0	2.9	7.7	14.2	2.8	-	-	-	-	-	-	-	-

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

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

5.1 HICP, other prices and costs
(annual percentage changes)

4. Unit labour costs, compensation per labour input and labour productivity
(quarterly data seasonally adjusted; annual data unadjusted)

	Total (index: 2005 = 100)	Total	By economic activity									
			Agriculture, forestry and fishing	Manufacturing, energy and utilities	Construction	Trade, transport, accommoda-tion and food services	Information and commu-nication	Finance and insurance	Real estate	Professional, business and support services	Public admi-nistration, education, health and social work	Arts, enter-tainment and other services
	1	2	3	4	5	6	7	8	9	10	11	12
						Unit labour costs [1]						
2010	109.3	-0.9	4.8	-7.6	2.8	-1.0	-0.8	0.7	3.1	0.9	0.9	1.7
2011	110.4	1.0	-2.5	-0.2	0.7	0.9	2.9	0.9	4.3	2.9	0.8	1.3
2011 Q3	110.4	1.1	-3.8	-0.2	0.1	1.8	3.2	-0.1	3.5	2.8	1.0	1.2
Q4	111.2	1.5	-2.8	1.9	-1.2	1.7	3.9	-0.8	4.3	3.5	0.7	1.3
2012 Q1	111.6	1.5	-2.8	2.7	0.7	1.8	4.0	0.3	1.9	2.3	0.7	1.5
Q2	112.1	1.5	.	.	.	.	.	.	.	.	.	.
						Compensation per employee						
2010	111.6	1.7	2.5	3.8	1.7	1.8	2.7	2.0	3.1	0.8	0.9	1.2
2011	114.1	2.2	2.0	3.2	3.8	2.1	2.2	1.1	2.5	2.9	1.2	1.2
2011 Q3	114.3	2.2	1.8	3.0	3.1	2.2	2.2	1.3	3.2	3.0	1.5	1.1
Q4	115.0	2.2	1.6	2.2	4.4	2.3	2.2	-0.2	1.8	3.5	1.6	2.0
2012 Q1	115.7	1.9	1.4	2.1	3.0	2.1	2.6	1.0	2.5	2.7	1.3	2.0
Q2	116.0	1.6	.	.	.	.	.	.	.	.	.	.
						Labour productivity per person employed [2]						
2010	102.1	2.5	-2.2	12.3	-1.1	2.8	3.5	1.3	0.0	-0.1	0.0	-0.5
2011	103.4	1.2	4.5	3.4	3.1	1.2	-0.6	0.2	-1.7	0.0	0.4	-0.1
2011 Q3	103.5	1.0	5.9	3.2	3.0	0.4	-0.9	1.4	-0.3	0.2	0.5	-0.1
Q4	103.4	0.7	4.6	0.3	5.7	0.6	-1.6	0.7	-2.4	-0.1	0.8	0.7
2012 Q1	103.7	0.4	4.3	-0.7	2.3	0.3	-1.4	0.7	0.6	0.4	0.6	0.5
Q2	103.5	0.2	2.7	-0.8	2.9	0.1	-1.5	2.0	-0.6	-0.6	0.6	0.0
						Compensation per hour worked						
2010	113.6	1.1	0.8	1.1	2.0	1.5	1.9	1.6	2.3	0.0	0.8	1.3
2011	116.0	2.1	-0.2	2.4	4.2	2.3	2.2	0.8	1.9	2.7	1.4	1.7
2011 Q3	116.1	2.2	0.1	2.6	3.7	2.2	2.2	0.9	1.9	2.9	1.8	1.8
Q4	117.0	2.2	-0.3	2.4	5.4	2.3	1.9	-0.7	2.4	3.1	1.3	2.0
2012 Q1	117.3	2.1	4.4	1.7	4.2	2.3	3.0	1.6	5.3	3.2	1.0	2.3
Q2	118.1	1.8	.	.	.	.	.	.	.	.	.	.
						Hourly labour productivity [2]						
2010	104.1	2.0	-2.8	9.4	-1.1	2.4	2.8	0.8	-1.0	-0.8	-0.1	-0.2
2011	105.4	1.3	3.5	2.9	3.3	1.6	-0.6	-0.1	-2.4	-0.1	0.5	0.4
2011 Q3	105.6	1.2	5.7	3.1	3.2	0.6	-1.1	1.0	-1.5	0.2	0.8	0.3
Q4	105.7	0.8	3.6	0.5	6.3	0.9	-1.6	0.4	-2.0	-0.3	0.6	0.7
2012 Q1	105.7	0.7	5.5	-0.9	3.4	0.8	-1.1	1.2	2.5	0.8	0.2	0.7
Q2	105.9	0.3	3.3	-1.3	4.6	0.3	-1.6	2.9	0.4	-0.3	0.2	0.2

5. Labour cost indices [3]

	Total (index: 2008 = 100)	Total	By component		For selected economic activities			Memo item: Indicator of negotiated wages [4]
			Wages and salaries	Employers' social contributions	Mining, manufacturing and energy	Construction	Services	
% of total in 2008	100.0	100.0	75.2	24.8	32.4	9.0	58.6	
	1	2	3	4	5	6	7	8
2010	104.3	1.6	1.4	2.2	1.2	1.7	1.9	1.7
2011	106.5	2.1	2.0	2.7	3.0	2.5	2.5	2.0
2011 Q3	104.0	2.2	2.0	2.8	2.8	2.6	2.5	2.1
Q4	113.0	2.2	2.1	2.6	3.3	3.0	2.5	2.0
2012 Q1	100.3	1.5	1.5	1.4	1.4	1.2	1.8	2.0
Q2	112.0	1.6	1.7	1.2	2.3	2.1	1.9	2.2

Sources: Eurostat, ECB calculations based on Eurostat data (Table 4 in Section 5.1) and ECB calculations (column 8 in Table 5 in Section 5.1).
1) Compensation (at current prices) per employee divided by labour productivity per person employed.
2) Total GDP and value added by economic activity (volumes) per labour input (persons employed and hours worked).
3) Hourly labour cost indices for the whole economy, excluding agriculture, forestry and fishing. Owing to differences in coverage, the estimates for the components may not be consistent with the total.
4) Experimental data (see http://www.ecb.europa.eu/stats/intro/html/experiment.en.html for further details).

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)								
2008	9,244.5	9,157.3	5,209.0	1,898.2	1,988.3	61.7	87.2	3,885.8	3,798.6
2009	8,923.5	8,806.3	5,138.3	1,987.1	1,728.8	-47.9	117.2	3,286.4	3,169.2
2010	9,181.0	9,057.8	5,277.0	2,017.3	1,742.0	21.4	123.2	3,767.0	3,643.8
2011	9,425.3	9,286.7	5,414.7	2,033.1	1,802.9	36.1	138.6	4,142.5	4,003.9
2011 Q2	2,355.4	2,328.0	1,349.2	508.3	450.6	20.0	27.4	1,027.1	999.6
Q3	2,363.5	2,325.6	1,357.7	508.2	450.8	8.9	37.8	1,046.3	1,008.5
Q4	2,361.1	2,314.5	1,359.5	509.6	450.1	-4.8	46.7	1,047.4	1,000.7
2012 Q1	2,368.7	2,319.2	1,364.7	512.3	447.8	-5.6	49.5	1,062.5	1,013.0
Q2	2,374.7	2,318.6	1,365.4	513.2	443.9	-3.9	56.1	1,077.4	1,021.3
	percentage of GDP								
2011	100.0	98.5	57.4	21.6	19.1	0.4	1.5	-	-
	Chain-linked volumes (prices for the previous year)								
	quarter-on-quarter percentage changes								
2011 Q2	0.2	0.1	-0.4	0.0	-0.2	-	-	0.6	0.2
Q3	0.1	-0.4	0.2	-0.2	-0.4	-	-	1.5	0.5
Q4	-0.3	-0.9	-0.5	0.0	-0.5	-	-	-0.2	-1.4
2012 Q1	0.0	-0.4	-0.2	0.2	-1.3	-	-	0.7	-0.2
Q2	-0.2	-0.4	-0.2	0.1	-0.8	-	-	1.3	0.9
	annual percentage changes								
2008	0.4	0.3	0.4	2.3	-1.1	-	-	1.1	1.0
2009	-4.4	-3.8	-1.0	2.6	-12.8	-	-	-12.4	-11.0
2010	2.0	1.3	1.0	0.8	-0.1	-	-	11.1	9.5
2011	1.4	0.5	0.1	-0.2	1.4	-	-	6.1	4.0
2011 Q2	1.6	0.9	0.3	0.0	1.3	-	-	6.1	4.5
Q3	1.3	0.4	0.2	-0.4	0.7	-	-	5.7	3.5
Q4	0.6	-0.7	-0.8	-0.3	0.8	-	-	3.4	0.4
2012 Q1	0.0	-1.6	-1.0	0.0	-2.4	-	-	2.6	-0.9
Q2	-0.5	-2.1	-0.7	0.1	-3.0	-	-	3.4	-0.3
	contributions to quarter-on-quarter percentage changes in GDP; percentage points								
2011 Q2	0.2	0.1	-0.2	0.0	0.0	0.4	0.2	-	-
Q3	0.1	-0.4	0.1	0.0	-0.1	-0.3	0.4	-	-
Q4	-0.3	-0.9	-0.3	0.0	-0.1	-0.5	0.5	-	-
2012 Q1	0.0	-0.4	-0.1	0.0	-0.3	-0.1	0.4	-	-
Q2	-0.2	-0.4	-0.1	0.0	-0.2	-0.2	0.2	-	-
	contributions to annual percentage changes in GDP; percentage points								
2008	0.4	0.3	0.2	0.5	-0.2	-0.2	0.1	-	-
2009	-4.4	-3.7	-0.6	0.5	-2.8	-0.9	-0.7	-	-
2010	2.0	1.3	0.6	0.2	0.0	0.6	0.7	-	-
2011	1.4	0.5	0.1	0.0	0.3	0.2	0.9	-	-
2011 Q2	1.6	0.9	0.1	0.0	0.2	0.5	0.7	-	-
Q3	1.3	0.3	0.1	-0.1	0.1	0.2	0.9	-	-
Q4	0.6	-0.7	-0.5	-0.1	0.2	-0.3	1.3	-	-
2012 Q1	0.0	-1.6	-0.6	0.0	-0.5	-0.6	1.5	-	-
Q2	-0.5	-2.0	-0.4	0.0	-0.6	-1.1	1.6	-	-

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: Section 3.1; Table 1 of Section 7.1; Table 3 of Section 7.2; or Tables 1 or 3 of Section 7.5.
2) Including acquisitions less disposals of valuables.

5.2 Output and demand
(quarterly data seasonally adjusted; annual data unadjusted)

2. Value added by economic activity

	Gross value added (basic prices)											Taxes less subsidies on products
	Total	Agriculture, forestry and fishing	Manufacturing, energy and utilities	Construction	Trade, transport, accommodation and food services	Information and communication	Finance and insurance	Real estate	Professional, business and support services	Public administration, education, health and social work	Arts, entertainment and other services	
	1	2	3	4	5	6	7	8	9	10	11	12
	Current prices (EUR billions)											
2008	8,299.3	142.2	1,651.8	561.6	1,595.9	356.8	385.4	931.0	860.1	1,521.8	292.6	945.2
2009	8,030.0	124.5	1,469.1	534.1	1,540.2	360.9	415.4	903.3	803.1	1,582.2	297.2	893.5
2010	8,239.9	136.9	1,579.6	507.5	1,581.4	362.2	426.6	917.8	814.2	1,611.6	302.2	941.1
2011	8,451.7	142.6	1,649.3	511.7	1,634.8	360.1	424.5	947.0	841.4	1,633.6	306.8	973.6
2011 Q2	2,110.7	35.9	412.8	127.6	406.9	89.9	105.8	236.8	210.2	408.7	76.1	244.8
Q3	2,118.6	35.2	414.1	127.4	410.2	90.1	106.6	237.9	211.0	409.1	76.8	244.9
Q4	2,118.9	35.6	410.0	128.1	411.8	89.7	106.1	238.7	211.9	409.4	77.5	242.2
2012 Q1	2,124.8	36.7	410.6	127.0	411.4	89.6	107.0	238.9	213.1	412.4	78.1	243.9
Q2	2,129.9	37.0	412.8	126.9	411.2	89.2	106.3	240.6	213.3	414.9	77.8	244.8
	percentage of value added											
2011	100.0	1.7	19.5	6.1	19.3	4.3	5.0	11.2	10.0	19.3	3.6	-
	Chain-linked volumes (prices for the previous year)											
	quarter-on-quarter percentage changes											
2011 Q2	0.2	0.7	0.3	-1.1	0.2	0.0	-0.2	0.7	0.7	0.4	-0.4	0.3
Q3	0.1	0.7	0.0	-0.7	0.1	0.3	0.5	0.1	0.1	0.2	0.6	-0.2
Q4	-0.3	-0.1	-1.6	-0.1	-0.2	0.1	-0.1	0.3	-0.1	0.2	0.3	-0.9
2012 Q1	0.0	1.7	0.1	-1.0	0.0	-0.1	0.1	0.2	0.0	-0.3	0.3	0.1
Q2	-0.1	-0.4	-0.3	-0.7	-0.4	-0.1	0.6	0.1	-0.4	0.4	-0.7	-0.7
	annual percentage changes											
2008	0.6	2.0	-2.3	-1.1	0.9	2.7	1.3	1.2	1.6	2.0	1.8	-1.3
2009	-4.5	0.7	-13.1	-7.5	-4.7	1.7	0.8	0.4	-7.6	1.2	-0.4	-4.2
2010	2.1	-3.1	9.1	-4.9	2.1	2.2	0.5	-0.4	1.5	1.0	0.4	1.0
2011	1.5	2.0	3.5	-1.0	1.8	1.1	-0.1	1.2	2.6	0.6	0.1	0.4
2011 Q2	1.7	1.9	4.5	-2.1	2.1	1.2	-1.1	1.3	3.1	0.6	-0.7	0.6
Q3	1.5	3.5	3.6	-1.5	1.3	1.0	1.1	1.1	2.2	0.6	0.2	-0.4
Q4	0.8	1.7	0.4	0.3	0.9	0.5	0.6	1.2	1.9	0.7	0.5	-1.3
2012 Q1	0.0	3.0	-1.2	-2.9	0.1	0.2	0.2	1.4	0.6	0.4	0.8	-0.7
Q2	-0.3	1.9	-1.7	-2.5	-0.5	0.2	1.1	0.8	-0.4	0.5	0.6	-1.6
	contributions to quarter-on-quarter percentage changes in value added; percentage points											
2011 Q2	0.2	0.0	0.1	-0.1	0.0	0.0	0.0	0.1	0.1	0.1	0.0	-
Q3	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-
Q4	-0.3	0.0	-0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-
2012 Q1	0.0	0.0	0.0	-0.1	0.0	0.0	0.0	0.0	0.0	-0.1	0.0	-
Q2	-0.1	0.0	0.0	0.0	-0.1	0.0	0.0	0.0	0.0	0.1	0.0	-
	contributions to annual percentage changes in value added; percentage points											
2008	0.6	0.0	-0.5	-0.1	0.2	0.1	0.1	0.1	0.2	0.4	0.1	-
2009	-4.5	0.0	-2.6	-0.5	-0.9	0.1	0.0	0.0	-0.8	0.2	0.0	-
2010	2.1	0.0	1.7	-0.3	0.4	0.1	0.0	0.0	0.2	0.2	0.0	-
2011	1.5	0.0	0.7	-0.1	0.4	0.0	0.0	0.1	0.3	0.1	0.0	-
2011 Q2	1.7	0.0	0.9	-0.1	0.4	0.1	-0.1	0.1	0.3	0.1	0.0	-
Q3	1.5	0.1	0.7	-0.1	0.3	0.0	0.1	0.1	0.2	0.1	0.0	-
Q4	0.8	0.0	0.1	0.0	0.2	0.0	0.0	0.1	0.2	0.1	0.0	-
2012 Q1	0.0	0.1	-0.2	-0.2	0.0	0.0	0.0	0.2	0.1	0.1	0.0	-
Q2	-0.3	0.0	-0.3	-0.2	-0.1	0.0	0.1	0.1	0.0	0.1	0.0	-

Sources: Eurostat and ECB calculations.

5.2 Output and demand

(annual percentage changes, unless otherwise indicated)

3. Industrial production

	Total	Industry excluding construction										Construction
		Total (s.a.; index: 2005 = 100)	Total		Industry excluding construction and energy						Energy	
				Manu-facturing	Total	Intermediate goods	Capital goods	Consumer goods				
								Total	Durable	Non-durable		
% of total in 2005	100.0	77.8	77.8	69.2	68.7	28.1	22.3	18.3	2.6	15.7	9.1	22.2
	1	2	3	4	5	6	7	8	9	10	11	12
2009	-13.7	90.5	-14.9	-15.9	-16.1	-19.2	-20.9	-5.0	-17.4	-3.0	-5.4	-8.0
2010	4.1	97.1	7.3	7.7	7.7	10.0	9.2	3.0	2.7	3.1	3.8	-8.0
2011	2.4	100.5	3.4	4.6	4.6	4.0	8.8	0.5	0.7	0.5	-4.4	-0.9
2011 Q3	3.5	101.4	3.8	4.6	4.6	3.6	9.6	0.5	2.2	0.3	-2.6	1.9
Q4	0.0	99.3	-0.2	0.9	1.0	-0.4	3.8	-0.7	-2.9	-0.3	-7.7	2.1
2012 Q1	-2.5	98.8	-1.8	-1.5	-1.4	-3.1	1.7	-3.0	-5.1	-2.7	-3.5	-6.4
Q2	-3.2	98.3	-2.4	-2.8	-2.8	-4.1	-1.2	-3.0	-5.3	-2.7	1.2	-5.8
2012 Feb.	-3.6	99.1	-1.8	-2.6	-2.6	-4.6	1.0	-4.7	-5.7	-4.5	3.8	-14.9
Mar.	-2.0	99.0	-1.7	-1.1	-0.9	-2.8	2.5	-2.4	-6.1	-1.9	-6.4	-2.8
Apr.	-3.4	97.9	-2.6	-3.3	-3.4	-4.6	-1.0	-4.2	-6.9	-3.8	2.6	-6.0
May	-3.9	98.8	-2.6	-2.9	-3.1	-3.9	-1.8	-2.6	-6.5	-2.1	-0.5	-8.0
June	-2.4	98.3	-2.0	-2.3	-2.0	-3.7	-0.8	-2.2	-2.5	-2.2	1.3	-2.7
July	-3.6	98.9	-2.8	-2.7	-2.6	-4.0	-1.7	-3.5	-10.4	-2.5	0.0	-6.0
	month-on-month percentage changes (s.a.)											
2012 Feb.	-0.9	-	0.7	-0.5	-0.5	-1.3	0.9	-1.3	-1.6	-1.3	8.0	-9.5
Mar.	0.9	-	-0.1	1.1	1.1	1.0	1.2	1.4	-0.1	1.6	-8.4	10.9
Apr.	-1.1	-	-1.1	-1.9	-1.9	-1.3	-2.9	-1.1	-1.0	-1.7	5.3	-3.4
May	0.1	-	0.9	1.2	0.9	0.6	1.2	1.3	0.3	2.0	-1.2	0.2
June	-0.4	-	-0.6	-0.7	-0.8	-0.5	-1.2	-0.6	0.3	-0.9	1.3	-0.5
July	0.3	-	0.6	1.0	0.8	0.3	2.1	-0.7	-0.8	-0.4	-1.1	0.0

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

	Industrial new orders 1)		Industrial turnover		Retail sales (including automotive fuel)								New passenger car registrations	
	Manufacturing 2) (current prices)		Manufacturing (current prices)		Current prices	Constant prices								
	Total (s.a.; index: 2005 = 100)	Total	Total (s.a.; index: 2005 = 100)	Total	Total	Total (s.a.; index: 2005 = 100)	Total	Food, beverages, tobacco	Non-food			Fuel	Total (s.a.; thousands) 3)	Total
										Textiles, clothing, footwear	Household equipment			
% of total in 2005	100.0	100.0	100.0	100.0	100.0	100.0	100.0	38.4	51.0	9.0	12.8	10.6		
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
2009	87.4	-22.8	95.6	-18.3	-4.3	100.5	-2.4	-1.7	-2.4	-1.9	-4.2	-5.7	924	3.3
2010	102.8	17.7	105.2	10.2	2.1	101.5	0.9	0.5	1.8	2.2	1.1	-2.8	843	-8.5
2011	111.6	8.6	114.7	8.9	1.6	100.9	-0.6	-1.0	0.1	-1.3	0.0	-3.6	838	-1.1
2011 Q3	110.9	5.4	115.7	8.8	1.8	101.2	-0.5	-0.9	0.1	-2.1	-0.1	-4.4	823	2.9
Q4	108.6	-0.6	114.6	4.0	0.9	100.0	-1.4	-1.7	-0.9	-4.2	-0.4	-4.0	829	-1.8
2012 Q1	108.2	-3.9	115.1	1.1	1.1	100.2	-1.1	-1.0	-0.6	-0.7	-2.2	-5.6	775	-11.4
Q2	.	.	113.9	-0.7	0.0	99.6	-1.7	-1.6	-1.4	-5.9	-2.0	-4.8	770	-6.8
2012 Apr.	.	.	114.1	-1.0	-1.7	98.9	-3.5	-3.4	-3.0	-12.1	-2.5	-6.9	764	-7.7
May	.	.	114.4	-0.9	1.0	99.8	-0.8	-0.2	-0.6	-1.9	-1.6	-4.8	771	-6.6
June	.	.	113.2	-0.3	0.8	99.9	-0.9	-1.2	-0.7	-3.2	-1.7	-2.8	776	-6.0
July	.	.	114.3	0.3	-0.3	99.8	-1.6	-1.7	-1.0	-3.6	-3.6	-6.3	697	-15.3
Aug.	.	.	.	.	.	.	.	.	.	.	.	.	738	-9.8
	month-on-month percentage changes (s.a.)													
2012 Apr.	-	.	-	-1.2	-1.4	-	-1.4	-0.4	-1.8	-8.1	-0.1	-1.7	-	-4.3
May	-	.	-	0.3	1.0	-	0.9	0.5	1.3	6.0	-0.2	1.5	-	0.8
June	-	.	-	-1.0	0.1	-	0.1	0.0	-0.1	-0.5	0.6	2.0	-	0.7
July	-	.	-	0.9	-0.1	-	-0.1	-0.7	0.6	-0.8	-1.1	-1.5	-	-10.2
Aug.	-	.	-	.	.	-	.	.	.	.	.	.	-	5.8

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

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

5.2 Output and demand

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

5. Business and Consumer Surveys

	Economic sentiment indicator [2] (long-term average = 100)	Manufacturing industry					Consumer confidence indicator				
		Industrial confidence indicator				Capacity utilisation [3] (%)	Total [4]	Financial situation over next 12 months	Economic situation over next 12 months	Unemployment situation over next 12 months	Savings over next 12 months
		Total [4]	Order books	Stocks of finished products	Production expectations						
	1	2	3	4	5	6	7	8	9	10	11
2008	93.5	-8.4	-13.4	10.8	-1.0	82.0	-18.4	-10.1	-25.4	23.9	-14.1
2009	80.2	-28.7	-56.7	14.8	-14.7	70.8	-24.8	-7.0	-26.1	55.3	-10.7
2010	100.5	-4.7	-24.6	0.8	11.1	76.8	-14.2	-5.3	-12.3	31.2	-8.1
2011	101.0	0.1	-6.9	2.3	9.3	80.4	-14.5	-7.5	-18.2	23.3	-9.2
2011 Q3	98.4	-2.8	-9.0	4.5	5.2	80.1	-15.9	-7.4	-21.8	24.1	-10.1
Q4	93.6	-7.0	-14.6	7.0	0.6	79.8	-20.6	-9.7	-28.4	33.8	-10.8
2012 Q1	94.1	-6.6	-15.8	6.2	2.1	79.8	-20.0	-10.1	-24.2	34.7	-11.2
Q2	91.1	-11.1	-22.9	6.8	-3.5	78.8	-19.7	-10.4	-24.4	32.6	-11.2
Q3	86.3	-15.5	-29.4	8.2	-8.8	.	-24.0	-11.9	-30.5	40.9	-12.7
2012 Apr.	92.8	-9.0	-19.3	6.1	-1.6	79.7	-19.9	-10.5	-24.0	33.5	-11.7
May	90.5	-11.4	-23.7	7.2	-3.5	-	-19.3	-10.8	-23.7	30.8	-11.8
June	89.9	-12.8	-25.8	7.1	-5.5	-	-19.8	-10.0	-25.6	33.4	-10.2
July	87.9	-15.1	-28.3	9.2	-7.6	77.8	-21.5	-10.3	-27.9	36.5	-11.2
Aug.	86.1	-15.4	-29.4	8.3	-8.6	-	-24.6	-11.8	-31.0	43.0	-12.7
Sep.	85.0	-16.1	-30.6	7.2	-10.3	-	-25.9	-13.6	-32.7	43.1	-14.3

	Construction confidence indicator			Retail trade confidence indicator				Services confidence indicator			
	Total [4]	Order books	Employment expectations	Total [4]	Present business situation	Volume of stocks	Expected business situation	Total [4]	Business climate	Demand in recent months	Demand in the months ahead
	12	13	14	15	16	17	18	19	20	21	22
2008	-14.2	-20.7	-7.7	-10.0	-11.0	15.8	-3.3	0.4	-3.8	0.5	4.7
2009	-33.1	-42.1	-24.1	-15.5	-21.4	9.8	-15.4	-15.8	-20.8	-18.2	-8.5
2010	-28.8	-39.3	-18.4	-4.1	-6.6	7.2	1.6	4.5	1.9	3.5	8.0
2011	-27.4	-34.9	-20.0	-5.5	-5.8	11.1	0.5	5.4	2.2	5.4	8.6
2011 Q3	-27.7	-35.0	-20.4	-7.5	-7.3	12.8	-2.3	3.5	0.3	3.7	6.5
Q4	-27.4	-32.5	-22.3	-11.1	-13.6	14.0	-5.7	-1.6	-6.4	-1.7	3.3
2012 Q1	-26.5	-31.7	-21.2	-13.8	-14.7	16.2	-10.6	-0.6	-6.6	-0.4	5.1
Q2	-28.6	-33.4	-23.7	-14.5	-18.5	14.7	-10.5	-5.0	-11.0	-4.8	0.9
Q3	-31.2	-38.3	-24.0	-16.9	-22.1	14.5	-14.2	-10.4	-15.8	-11.5	-4.0
2012 Apr.	-27.5	-30.9	-24.0	-11.1	-11.8	12.9	-8.5	-2.4	-8.1	-2.3	3.2
May	-30.2	-35.0	-25.4	-18.1	-24.4	16.9	-13.1	-5.2	-11.1	-4.5	0.2
June	-28.1	-34.3	-21.8	-14.4	-19.2	14.2	-9.8	-7.4	-13.9	-7.6	-0.7
July	-28.5	-35.1	-21.8	-15.0	-18.9	14.2	-11.9	-8.5	-13.7	-9.1	-2.8
Aug.	-33.1	-38.7	-27.5	-17.2	-22.8	14.2	-14.7	-10.8	-16.6	-11.5	-4.4
Sep.	-31.9	-41.1	-22.7	-18.6	-24.6	15.1	-16.0	-12.0	-17.1	-14.0	-4.9

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

1) Difference between the percentages of respondents giving positive and negative replies.

2) The economic sentiment indicator is composed of the industrial, services, consumer, construction and retail trade confidence indicators; the industrial confidence indicator has a weight of 40%, the services confidence indicator a weight of 30%, the consumer confidence indicator a weight of 20% and the two other indicators a weight of 5% each. Values for the economic sentiment indicator of above (below) 100 indicate above-average (below-average) economic sentiment, calculated for the period since 1990.

3) Data are collected in January, April, July and October each year. The quarterly figures shown are averages of two successive surveys. Annual data are derived from quarterly averages.

4) The confidence indicators are calculated as simple averages of the components shown; the assessments of stocks (columns 4 and 17) and unemployment (column 10) are used with inverted signs for the calculation of confidence indicators.

5.3 Labour markets [1)]

(quarterly data seasonally adjusted; annual data unadjusted)

1. Employment

	By employment status			By economic activity									
	Total	Employees	Self-employed	Agriculture, forestry and fishing	Manufacturing, energy and utilities	Construction	Trade, transport, accommodation and food services	Information and communication	Finance and insurance	Real estate	Professional, business and support services	Public administration, education, health and social work	Arts, entertainment and other services
	1	2	3	4	5	6	7	8	9	10	11	12	13
Persons employed													
levels (thousands)													
2011	147,026	125,966	21,060	5,055	23,202	9,952	36,100	4,030	4,061	1,314	18,096	34,436	10,780
percentage of total persons employed													
2011	100.0	85.7	14.3	3.4	15.8	6.8	24.6	2.7	2.8	0.9	12.3	23.4	7.3
annual percentage changes													
2009	-1.8	-1.8	-1.8	-2.2	-5.0	-6.4	-1.6	-0.7	0.4	-3.6	-2.6	1.2	1.0
2010	-0.5	-0.5	-0.7	-0.9	-2.9	-3.8	-0.7	-1.2	-0.8	-0.4	1.7	1.0	0.9
2011	0.2	0.4	-0.9	-2.5	0.1	-4.0	0.6	1.7	-0.3	3.0	2.6	0.1	0.2
2011 Q3	0.3	0.5	-1.1	-2.2	0.4	-4.4	0.9	2.0	-0.2	1.4	2.0	0.1	0.3
Q4	-0.1	0.1	-1.3	-2.7	0.0	-5.1	0.2	2.2	0.0	3.7	1.9	-0.1	-0.2
2012 Q1	-0.5	-0.3	-1.1	-1.3	-0.5	-5.1	-0.2	1.6	-0.4	0.8	0.3	-0.1	0.4
Q2	-0.6	-0.6	-0.9	-0.8	-0.9	-5.2	-0.6	1.7	-0.9	1.4	0.2	-0.2	0.5
quarter-on-quarter percentage changes													
2011 Q3	-0.1	-0.1	-0.5	-0.5	0.1	-1.5	-0.1	-0.1	-0.1	-0.5	-0.1	0.0	0.2
Q4	-0.2	-0.2	-0.3	-0.9	-0.3	-1.8	-0.4	0.6	0.1	2.4	0.3	-0.2	0.2
2012 Q1	-0.3	-0.4	0.4	0.0	-0.3	-1.5	-0.3	0.7	0.0	-1.2	-0.6	-0.1	0.6
Q2	0.0	0.1	-0.5	0.5	-0.4	-0.6	0.2	0.6	-0.8	0.7	0.7	0.1	-0.5
Hours worked													
levels (millions)													
2011	232,753	187,515	45,238	10,590	36,890	17,643	60,646	6,482	6,441	2,044	27,738	49,104	15,175
percentage of total hours worked													
2011	100.0	80.6	19.4	4.5	15.8	7.6	26.1	2.8	2.8	0.9	11.9	21.1	6.5
annual percentage changes													
2009	-3.4	-3.6	-2.7	-3.0	-9.0	-7.4	-2.9	-1.2	-1.0	-3.8	-3.7	0.9	-0.5
2010	0.1	0.2	-0.3	-0.2	-0.3	-3.8	-0.3	-0.6	-0.3	0.6	2.3	1.1	0.6
2011	0.1	0.5	-1.2	-1.5	0.6	-4.1	0.2	1.7	0.0	3.6	2.7	0.1	-0.3
2011 Q3	0.1	0.4	-1.3	-2.1	0.5	-4.5	0.7	2.1	0.1	2.6	2.1	-0.2	-0.1
Q4	-0.2	0.1	-1.5	-1.8	-0.2	-5.6	0.0	2.2	0.3	3.3	2.2	0.1	-0.2
2012 Q1	-0.8	-0.6	-1.6	-2.4	-0.2	-6.1	-0.7	1.3	-1.0	-1.0	-0.1	0.2	0.1
Q2	-0.8	-0.7	-1.0	-1.4	-0.4	-6.7	-0.8	1.8	-1.8	0.4	-0.1	0.2	0.4
quarter-on-quarter percentage changes													
2011 Q3	0.0	0.0	-0.3	-0.5	0.3	-1.5	0.1	0.2	0.2	0.2	-0.1	0.0	0.7
Q4	-0.4	-0.4	-0.4	-0.3	-0.4	-2.7	-0.7	0.6	-0.3	0.9	0.4	0.1	0.0
2012 Q1	-0.1	-0.1	-0.1	-0.4	0.2	-0.5	-0.3	0.8	-0.2	-1.5	-0.6	0.3	0.8
Q2	-0.3	-0.3	-0.2	-0.3	-0.6	-2.2	0.1	0.3	-1.4	0.9	0.3	-0.2	-1.1
Hours worked per person employed													
levels (thousands)													
2011	1,583	1,489	2,148	2,095	1,590	1,773	1,680	1,608	1,586	1,556	1,533	1,426	1,408
annual percentage changes													
2009	-1.6	-1.8	-0.9	-0.9	-4.2	-1.1	-1.3	-0.5	-1.4	-0.2	-1.2	-0.3	-1.5
2010	0.6	0.6	0.4	0.6	2.6	0.0	0.4	0.6	0.5	1.0	0.7	0.2	-0.3
2011	-0.1	0.0	-0.3	1.0	0.5	-0.2	-0.4	-0.1	0.3	0.6	0.1	-0.1	-0.5
2011 Q3	-0.2	-0.1	-0.1	0.2	0.1	-0.2	-0.2	0.1	0.4	1.3	0.1	-0.3	-0.4
Q4	-0.1	0.0	-0.2	0.9	-0.2	-0.6	-0.2	0.0	0.3	-0.4	0.3	0.2	0.0
2012 Q1	-0.3	-0.2	-0.5	-1.1	0.3	-1.1	-0.5	-0.3	-0.5	-1.8	-0.4	0.3	-0.2
Q2	-0.2	-0.2	-0.1	-0.6	0.5	-1.6	-0.2	0.1	-0.9	-1.0	-0.3	0.4	-0.2
quarter-on-quarter percentage changes													
2011 Q3	-1.2	-1.0	-1.8	-0.2	-1.7	-1.1	-1.6	0.1	-0.8	0.7	-1.9	-1.0	-0.4
Q4	2.8	3.2	1.3	-1.9	3.9	0.2	2.7	3.2	3.4	1.0	5.7	3.3	1.9
2012 Q1	1.0	1.2	-1.0	-2.3	1.3	0.1	0.7	1.8	2.0	1.1	-0.1	2.6	0.8
Q2	-2.8	-3.7	1.2	3.9	-3.3	-1.0	-2.1	-5.0	-5.3	-3.1	-4.1	-4.6	-2.0

Source: ECB calculations based on Eurostat data.

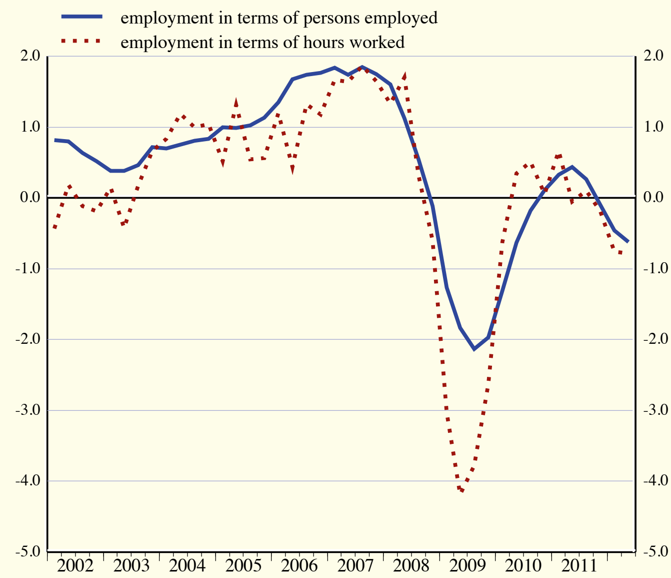
1) Data for employment are based on the ESA 95.

5.3 Labour markets
(seasonally adjusted, unless otherwise indicated)

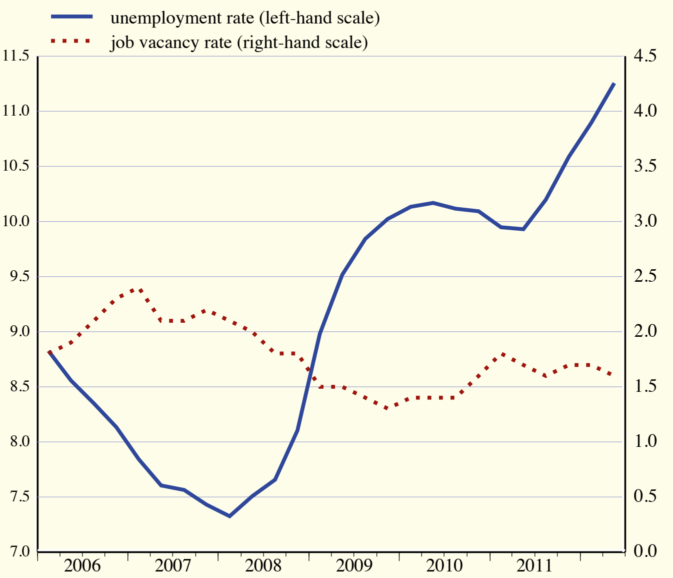
2. Unemployment and job vacancies 1)

	Unemployment										Job vacancy rate 2)
	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 posts
% of total in 2010	100.0		79.5		20.5		54.0		46.0		
	1	2	3	4	5	6	7	8	9	10	11
2008	11.968	7.6	9.293	6.6	2.675	16.0	6.044	7.0	5.924	8.5	1.9
2009	15.047	9.6	11.765	8.4	3.283	20.3	8.142	9.4	6.906	9.8	1.4
2010	15.921	10.1	12.652	8.9	3.269	20.9	8.592	10.0	7.328	10.3	1.5
2011	16.036	10.2	12.835	9.0	3.201	20.8	8.546	9.9	7.490	10.5	1.7
2011 Q2	15.654	9.9	12.514	8.8	3.140	20.4	8.345	9.7	7.309	10.2	1.7
Q3	16.099	10.2	12.905	9.1	3.194	20.8	8.552	9.9	7.548	10.5	1.6
Q4	16.754	10.6	13.452	9.4	3.302	21.6	8.954	10.4	7.800	10.8	1.7
2012 Q1	17.264	10.9	13.895	9.7	3.368	22.2	9.234	10.7	8.030	11.1	1.7
Q2	17.892	11.3	14.480	10.1	3.412	22.6	9.636	11.1	8.256	11.4	1.6
2012 Mar.	17.478	11.0	14.078	9.8	3.400	22.5	9.365	10.8	8.113	11.2	-
Apr.	17.709	11.2	14.301	10.0	3.408	22.5	9.528	11.0	8.181	11.3	-
May	17.891	11.3	14.466	10.1	3.425	22.7	9.640	11.1	8.251	11.4	-
June	18.076	11.4	14.673	10.2	3.403	22.7	9.740	11.2	8.336	11.5	-
July	18.162	11.4	14.751	10.2	3.411	22.9	9.773	11.3	8.389	11.6	-
Aug.	18.196	11.4	14.804	10.3	3.392	22.8	9.790	11.3	8.406	11.6	-

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



C29 Unemployment and job vacancy 2) rates



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

6 GOVERNMENT FINANCE

6.1 Revenue, expenditure and deficit/surplus [1]

(as a percentage of GDP)

1. Euro area – revenue

	Total	Current revenue										Capital revenue		Memo item: Fiscal burden [2]
			Direct taxes	Households	Corporations	Indirect taxes	Received by EU institutions	Social contributions	Employers	Employees	Sales		Capital taxes	
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
2003	44.9	44.2	11.5	8.8	2.7	13.2	0.4	15.7	8.2	4.6	2.3	0.6	0.5	40.9
2004	44.5	44.0	11.5	8.5	2.9	13.2	0.3	15.5	8.1	4.5	2.2	0.5	0.4	40.6
2005	44.8	44.3	11.7	8.6	3.0	13.3	0.3	15.4	8.1	4.5	2.3	0.5	0.3	40.7
2006	45.3	45.0	12.3	8.7	3.4	13.4	0.3	15.3	8.0	4.5	2.3	0.3	0.3	41.3
2007	45.3	45.1	12.7	8.9	3.6	13.3	0.3	15.1	8.0	4.4	2.3	0.3	0.3	41.3
2008	45.1	44.8	12.5	9.1	3.2	12.9	0.3	15.3	8.1	4.5	2.3	0.2	0.3	40.9
2009	44.9	44.5	11.6	9.2	2.3	12.8	0.3	15.8	8.3	4.5	2.5	0.3	0.4	40.6
2010	44.7	44.5	11.6	8.9	2.5	12.9	0.3	15.6	8.2	4.5	2.6	0.3	0.3	40.4
2011	45.3	45.0	11.9	9.1	2.7	13.0	0.3	15.7	8.2	4.6	2.6	0.3	0.3	40.9

2. Euro area – expenditure

	Total	Current expenditure								Capital expenditure				Memo item: 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
2003	48.0	44.1	10.6	5.0	3.3	25.2	22.3	1.8	0.5	4.0	2.6	1.4	0.1	44.7
2004	47.4	43.5	10.5	5.0	3.1	24.9	22.1	1.7	0.5	3.9	2.5	1.5	0.1	44.3
2005	47.3	43.4	10.5	5.0	3.0	24.9	22.1	1.7	0.5	3.9	2.5	1.4	0.0	44.3
2006	46.7	42.8	10.3	5.0	2.9	24.6	21.8	1.6	0.5	3.9	2.5	1.4	0.0	43.8
2007	46.0	42.2	10.1	5.0	3.0	24.2	21.4	1.6	0.4	3.8	2.6	1.2	0.0	43.1
2008	47.2	43.3	10.3	5.2	3.0	24.8	21.9	1.6	0.4	3.9	2.6	1.3	0.0	44.2
2009	51.3	47.0	11.0	5.7	2.9	27.4	24.3	1.8	0.4	4.3	2.8	1.4	0.0	48.4
2010	51.0	46.6	10.8	5.7	2.8	27.3	24.2	1.8	0.4	4.4	2.5	1.9	0.0	48.2
2011	49.4	46.0	10.6	5.5	3.0	26.9	23.9	1.7	0.4	3.4	2.3	1.2	0.0	46.4

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
2003	-3.2	-2.5	-0.5	-0.2	0.1	0.2	20.5	10.6	5.0	5.2	1.9	2.3	8.1	12.3
2004	-2.9	-2.5	-0.4	-0.3	0.2	0.2	20.4	10.5	5.0	5.1	1.9	2.2	8.1	12.3
2005	-2.6	-2.3	-0.3	-0.2	0.2	0.5	20.4	10.5	5.0	5.1	1.9	2.3	8.0	12.4
2006	-1.4	-1.5	-0.1	-0.2	0.4	1.5	20.3	10.3	5.0	5.2	1.9	2.3	7.9	12.4
2007	-0.7	-1.2	0.0	0.0	0.6	2.3	20.0	10.1	5.0	5.1	1.9	2.3	7.7	12.3
2008	-2.1	-2.3	-0.2	-0.2	0.5	0.9	20.5	10.3	5.2	5.3	2.0	2.3	8.0	12.6
2009	-6.4	-5.2	-0.5	-0.3	-0.4	-3.5	22.3	11.0	5.7	5.8	2.1	2.5	8.6	13.6
2010	-6.2	-5.1	-0.7	-0.3	-0.1	-3.4	22.0	10.8	5.7	5.8	2.1	2.6	8.4	13.6
2011	-4.1	-3.2	-0.7	-0.2	0.0	-1.1	21.5	10.6	5.5	5.8	2.1	2.6	8.2	13.3

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

	BE	DE	EE	IE	GR	ES	FR	IT	CY	LU	MT	NL	AT	PT	SI	SK	FI
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
2008	-1.0	-0.1	-2.9	-7.3	-9.8	-4.5	-3.3	-2.7	0.9	3.0	-4.6	0.5	-0.9	-3.6	-1.9	-2.1	4.3
2009	-5.6	-3.2	-2.0	-14.0	-15.6	-11.2	-7.5	-5.4	-6.1	-0.8	-3.8	-5.6	-4.1	-10.2	-6.1	-8.0	-2.5
2010	-3.8	-4.3	0.2	-31.2	-10.3	-9.3	-7.1	-4.6	-5.3	-0.9	-3.7	-5.1	-4.5	-9.8	-6.0	-7.7	-2.5
2011	-3.7	-1.0	1.0	-13.1	-9.1	-8.5	-5.2	-3.9	-6.3	-0.6	-2.7	-4.7	-2.6	-4.2	-6.4	-4.8	-0.5

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

1) The concepts "revenue", "expenditure" and "deficit/surplus" are based on the ESA 95. Transactions involving the EU budget are included and consolidated. Transactions among Member States' governments are not consolidated.
2) The fiscal burden comprises taxes and social contributions.
3) Comprises total expenditure minus interest expenditure.
4) Corresponds to final consumption expenditure (P.3) of general government in the ESA 95.
5) Includes 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				
		Currency 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
2002	68.0	2.7	11.9	4.6	48.8	40.9	19.6	10.8	10.5	27.2
2003	69.2	2.1	12.5	5.1	49.6	40.1	19.8	11.3	9.1	29.1
2004	69.6	2.2	12.1	4.8	50.5	38.7	18.9	11.1	8.7	30.9
2005	70.5	2.4	12.2	4.5	51.3	37.0	18.1	11.2	7.7	33.5
2006	68.6	2.5	11.9	4.0	50.3	34.9	18.3	9.3	7.3	33.8
2007	66.3	2.2	11.3	3.9	48.9	32.6	17.1	8.5	7.0	33.7
2008	70.1	2.3	11.5	6.5	49.8	33.0	17.7	7.8	7.5	37.1
2009	79.9	2.5	12.6	8.3	56.5	37.2	20.7	8.9	7.6	42.7
2010	85.3	2.4	15.3	7.4	60.2	40.5	23.4	9.7	7.3	44.9
2011	87.3	2.4	15.4	7.4	62.1	42.5	23.8	10.5	8.3	44.7

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		Up to 1 year	Over 1 and up to 5 years	Over 5 years	Euro or participating currencies	Other currencies
								Variable interest rate					
	1	2	3	4	5	6	7	8	9	10	11	12	13
2002	68.0	56.3	6.2	4.7	0.8	7.6	60.4	5.3	15.5	25.3	27.2	66.9	1.1
2003	69.2	56.7	6.5	5.0	1.0	7.8	61.4	5.1	14.9	26.0	28.3	68.3	0.9
2004	69.6	56.6	6.6	5.1	1.3	7.7	62.0	4.7	14.7	26.3	28.6	68.6	1.0
2005	70.5	57.1	6.7	5.2	1.4	7.7	62.8	4.6	14.8	25.8	29.9	69.4	1.1
2006	68.6	55.4	6.5	5.4	1.4	7.3	61.3	4.4	14.3	24.2	30.1	67.9	0.7
2007	66.3	53.4	6.2	5.3	1.4	7.1	59.2	4.3	14.5	23.6	28.2	65.8	0.5
2008	70.1	56.9	6.6	5.3	1.3	10.0	60.1	5.0	17.6	23.4	29.1	69.2	0.9
2009	79.9	64.8	7.7	5.8	1.7	12.0	67.9	5.0	19.4	27.3	33.1	78.8	1.1
2010	85.3	69.3	8.3	5.8	1.9	12.9	72.4	5.2	22.6	28.6	34.2	84.1	1.3
2011	87.3	70.7	8.5	5.8	2.2	12.5	74.8	6.2	22.6	29.4	35.3	85.7	1.6

3. Euro area countries

	BE	DE	EE	IE	GR	ES	FR	IT	CY	LU	MT	NL	AT	PT	SI	SK	FI
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
2008	89.3	66.7	4.5	44.2	113.0	40.2	68.2	105.7	48.9	13.7	62.3	58.5	63.8	71.6	21.9	27.9	33.9
2009	95.8	74.4	7.2	65.1	129.4	53.9	79.2	116.0	58.5	14.8	68.1	60.8	69.5	83.1	35.3	35.6	43.5
2010	96.0	83.0	6.7	92.5	145.0	61.2	82.3	118.6	61.5	19.1	69.4	62.9	71.9	93.3	38.8	41.1	48.4
2011	98.0	81.2	6.0	108.2	165.3	68.5	85.8	120.1	71.6	18.2	72.0	65.2	72.2	107.8	47.6	43.3	48.6

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

6.3 Change in debt [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]	Currency and deposits	Loans	Short-term securities	Long-term securities	Domestic creditors [5]	MFIs	Other financial corporations	Other creditors [6]
	1	2	3	4	5	6	7	8	9	10	11	12
2003	3.1	3.3	-0.2	0.0	-0.6	1.0	0.6	2.1	0.5	0.8	0.8	2.7
2004	3.2	3.3	-0.1	0.0	0.2	0.1	-0.1	2.9	0.2	-0.1	0.3	3.0
2005	3.3	3.1	0.2	0.0	0.3	0.5	-0.1	2.6	-0.4	-0.1	0.5	3.7
2006	1.6	1.5	0.1	0.0	0.2	0.2	-0.3	1.5	-0.3	1.1	-1.4	1.9
2007	1.2	1.2	0.0	0.0	-0.1	0.0	0.1	1.2	-0.5	-0.3	-0.3	1.6
2008	5.3	5.2	0.1	0.0	0.1	0.5	2.7	2.0	1.1	1.1	-0.6	4.2
2009	7.2	7.4	-0.2	0.0	0.1	0.7	1.6	4.9	3.0	2.3	0.9	4.3
2010	7.5	7.7	-0.1	0.0	0.0	3.0	-0.7	5.2	4.2	3.3	1.0	3.3
2011	4.2	4.0	0.2	0.0	0.0	0.5	0.2	3.5	3.2	1.0	1.0	1.1

2. Euro area − deficit-debt adjustment

	Change in debt	Deficit (-) / surplus (+) [7]	Deficit-debt adjustment [8]											
			Total	Transactions in main financial assets held by general government							Valuation effects		Other changes in volume	Other [9]
				Total	Currency and deposits	Loans	Securities [10]	Shares and other equity				Exchange rate effects		
									Privatisations	Equity injections				
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
2003	3.1	-3.2	0.0	0.1	0.1	0.0	0.0	0.1	-0.2	0.1	-0.2	-0.1	0.0	0.1
2004	3.2	-2.9	0.3	0.2	0.2	0.0	0.1	0.0	-0.5	0.2	-0.1	0.0	0.0	0.1
2005	3.3	-2.6	0.8	0.6	0.3	0.0	0.1	0.1	-0.3	0.2	0.2	0.0	0.0	0.0
2006	1.6	-1.4	0.2	0.2	0.3	-0.1	0.2	-0.2	-0.4	0.1	0.1	0.0	0.0	-0.1
2007	1.2	-0.7	0.5	0.6	0.2	0.0	0.2	0.1	-0.3	0.2	0.0	0.0	0.0	-0.1
2008	5.3	-2.1	3.2	3.0	0.8	0.7	0.7	0.9	-0.1	0.7	0.1	0.0	0.0	0.0
2009	7.2	-6.4	0.9	1.0	0.3	0.0	0.3	0.4	-0.3	0.5	-0.2	0.0	0.0	0.1
2010	7.5	-6.2	1.3	1.8	0.0	0.5	1.1	0.1	0.0	0.1	-0.1	0.0	0.0	-0.3
2011	4.2	-4.1	0.1	-0.3	0.2	-0.2	-0.2	0.0	-0.1	0.2	0.2	0.0	0.0	0.2

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). Intergovernmental lending in the context of the financial crisis is consolidated.
2) The borrowing requirement is by definition equal to transactions in debt.
3) Includes, in addition to the impact of foreign exchange movements, effects arising from measurement at nominal value (e.g. premia or discounts on securities issued).
4) Includes, in particular, the impact of the reclassification of units and certain types of debt assumption.
5) Holders resident in the country whose government has issued the debt.
6) Includes residents of euro area countries other than the country whose government has issued the debt.
7) Including proceeds from sales of UMTS licences.
8) The difference between the annual change in gross nominal consolidated debt and the deficit as a percentage of GDP.
9) Mainly composed of transactions in other assets and liabilities (trade credits, other receivables/payables and financial derivatives).
10) 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 item: Fiscal burden [2]
			Direct taxes	Indirect taxes	Social contributions	Sales	Property income		Capital taxes	
	1	2	3	4	5	6	7	8	9	10
2006 Q1	42.5	42.0	10.4	12.8	15.1	2.1	0.8	0.4	0.3	38.6
Q2	45.6	45.1	12.5	13.1	15.1	2.2	1.4	0.5	0.3	41.0
Q3	43.6	43.1	11.8	12.4	15.1	2.3	0.8	0.5	0.3	39.5
Q4	49.1	48.5	14.4	14.1	15.8	2.5	0.9	0.6	0.3	44.5
2007 Q1	42.1	41.8	10.4	12.8	14.8	2.1	0.9	0.4	0.3	38.3
Q2	45.9	45.4	13.0	13.1	15.0	2.2	1.4	0.4	0.3	41.3
Q3	43.6	43.1	12.3	12.3	14.7	2.3	0.7	0.5	0.3	39.6
Q4	49.3	48.7	14.8	13.8	15.7	2.6	1.0	0.6	0.3	44.6
2008 Q1	42.3	42.0	10.8	12.3	14.8	2.1	1.1	0.3	0.2	38.2
Q2	45.2	44.9	12.9	12.4	15.1	2.2	1.5	0.4	0.3	40.6
Q3	43.4	43.0	12.2	12.0	15.0	2.3	0.8	0.4	0.3	39.5
Q4	48.9	48.4	13.9	13.4	16.4	2.7	1.1	0.5	0.3	44.0
2009 Q1	42.3	42.2	10.4	12.0	15.6	2.3	1.1	0.1	0.2	38.2
Q2	45.3	44.7	11.8	12.5	15.7	2.4	1.4	0.6	0.5	40.5
Q3	42.8	42.5	11.0	11.9	15.5	2.5	0.7	0.3	0.3	38.7
Q4	48.7	47.9	13.0	13.6	16.4	2.8	1.0	0.8	0.5	43.5
2010 Q1	42.1	41.9	10.1	12.2	15.5	2.3	0.9	0.2	0.3	38.1
Q2	45.1	44.7	11.9	12.8	15.4	2.5	1.3	0.4	0.3	40.4
Q3	42.9	42.6	10.9	12.4	15.2	2.5	0.7	0.3	0.3	38.8
Q4	48.5	47.8	13.2	13.4	16.4	2.9	1.0	0.7	0.3	43.3
2011 Q1	42.8	42.6	10.6	12.4	15.3	2.4	1.0	0.3	0.3	38.7
Q2	45.1	44.8	12.0	12.6	15.4	2.5	1.4	0.3	0.3	40.3
Q3	43.7	43.4	11.4	12.5	15.3	2.6	0.8	0.3	0.3	39.6
Q4	49.3	48.3	13.3	13.4	16.7	2.9	1.0	1.0	0.4	43.8
2012 Q1	43.0	42.8	10.9	12.4	15.3	2.4	0.9	0.2	0.2	38.9

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				Investment	Capital transfers		
							Social benefits	Subsidies					
	1	2	3	4	5	6	7	8	9	10	11	12	13
2006 Q1	45.8	42.3	10.1	4.3	3.0	25.0	21.4	1.1	3.4	2.2	1.3	-3.3	-0.3
Q2	45.7	42.3	10.4	4.7	3.1	24.1	21.1	1.1	3.4	2.5	1.0	-0.1	3.0
Q3	45.4	41.8	9.8	4.8	2.9	24.2	20.9	1.2	3.6	2.6	1.0	-1.8	1.2
Q4	49.6	44.7	10.8	6.1	2.7	25.0	21.3	1.3	4.9	2.7	2.2	-0.4	2.3
2007 Q1	44.8	41.3	9.9	4.3	2.9	24.1	20.7	1.1	3.5	2.3	1.2	-2.7	0.3
Q2	44.9	41.5	10.1	4.6	3.2	23.6	20.6	1.1	3.4	2.5	0.9	0.9	4.1
Q3	44.7	41.1	9.6	4.8	2.9	23.8	20.5	1.1	3.6	2.6	0.9	-1.1	1.8
Q4	49.3	44.8	10.8	6.1	2.8	25.0	21.2	1.5	4.5	2.8	1.7	0.0	2.8
2008 Q1	45.3	41.8	9.9	4.4	3.1	24.5	20.8	1.2	3.6	2.3	1.2	-3.1	0.0
Q2	45.9	42.3	10.3	4.8	3.3	23.9	20.8	1.1	3.6	2.6	1.0	-0.6	2.7
Q3	45.8	42.1	9.7	5.0	3.0	24.3	21.1	1.1	3.7	2.7	1.0	-2.4	0.6
Q4	51.4	46.8	11.2	6.5	2.8	26.3	22.2	1.4	4.6	2.9	1.7	-2.5	0.3
2009 Q1	49.4	45.5	10.7	4.9	2.9	27.0	22.9	1.3	3.8	2.6	1.2	-7.0	-4.1
Q2	50.6	46.4	11.1	5.4	3.0	26.9	23.4	1.3	4.2	2.8	1.3	-5.4	-2.3
Q3	50.1	46.1	10.5	5.6	2.9	27.1	23.5	1.3	4.0	2.8	1.1	-7.3	-4.4
Q4	54.6	49.7	11.8	6.9	2.6	28.4	24.0	1.5	4.9	3.0	1.9	-5.9	-3.3
2010 Q1	50.4	46.5	10.8	4.9	2.8	28.0	23.7	1.4	3.9	2.3	1.5	-8.2	-5.5
Q2	49.5	46.0	11.0	5.3	3.0	26.7	23.2	1.3	3.5	2.5	1.2	-4.4	-1.4
Q3	50.5	45.3	10.2	5.5	2.8	26.8	23.1	1.3	5.2	2.5	2.6	-7.6	-4.9
Q4	53.3	48.6	11.4	6.8	2.7	27.6	23.6	1.5	4.7	2.7	2.1	-4.8	-2.1
2011 Q1	48.4	45.4	10.5	4.7	3.0	27.2	23.2	1.3	3.1	2.1	0.9	-5.6	-2.7
Q2	48.4	45.2	10.6	5.1	3.2	26.3	22.9	1.2	3.2	2.3	0.9	-3.3	-0.1
Q3	48.2	44.8	10.0	5.3	3.0	26.4	22.9	1.2	3.4	2.3	1.1	-4.5	-1.5
Q4	52.4	48.6	11.3	6.7	3.0	27.6	23.6	1.4	3.8	2.5	1.5	-3.1	-0.1
2012 Q1	48.3	45.6	10.3	4.7	3.1	27.4	23.3	1.2	2.6	1.9	0.8	-5.3	-2.1

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

6.5 Quarterly debt and change in debt [1]
(as a percentage of GDP)

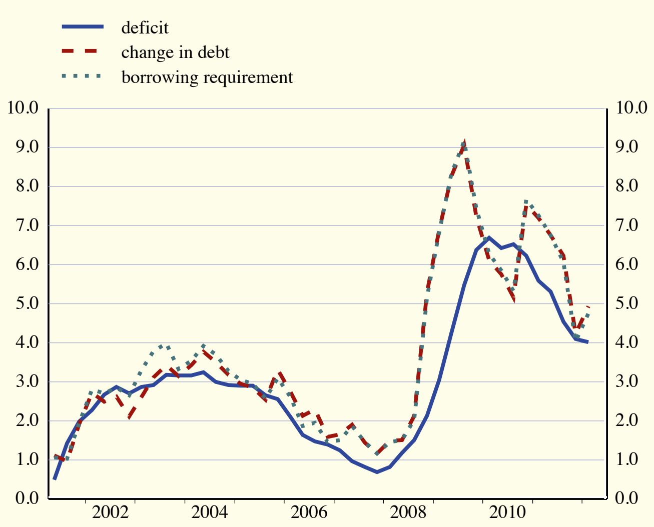
1. Euro area − Maastricht debt by financial instrument

	Total	Financial instruments			
		Currency and deposits	Loans	Short-term securities	Long-term securities
	1	2	3	4	5
2009 Q2	77.1	2.4	12.2	8.2	54.3
Q3	79.0	2.4	12.4	9.0	55.3
Q4	79.9	2.5	12.6	8.3	56.5
2010 Q1	81.6	2.4	12.8	8.2	58.2
Q2	82.9	2.4	13.4	7.8	59.3
Q3	83.0	2.4	13.3	7.9	59.3
Q4	85.3	2.4	15.3	7.4	60.2
2011 Q1	86.2	2.4	15.1	7.4	61.3
Q2	87.1	2.4	14.9	7.5	62.3
Q3	86.7	2.4	15.0	7.8	61.5
Q4	87.3	2.4	15.4	7.4	62.1
2012 Q1	89.3	2.5	16.9	7.6	62.3

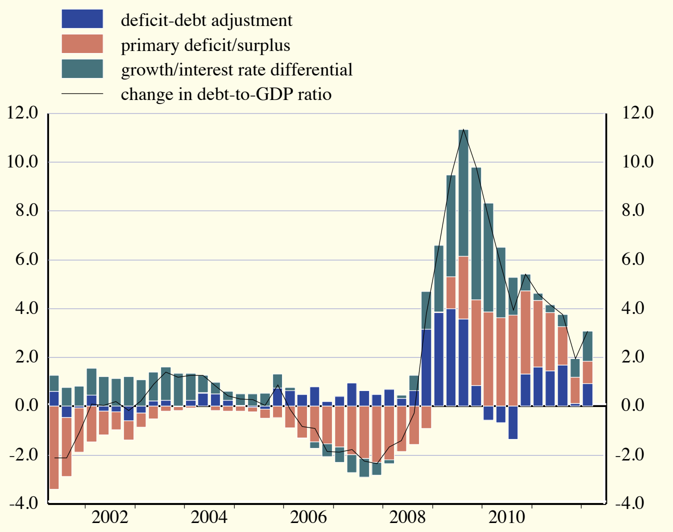
2. Euro area − deficit-debt adjustment

	Change in debt	Deficit (-)/ surplus (+)	Deficit-debt adjustment								Memo item: Borrowing requirement
			Total	Transactions in main financial assets held by general government					Valuation effects and other changes in volume	Other	
				Total	Currency and deposits	Loans	Securities	Shares and other equity			
	1	2	3	4	5	6	7	8	9	10	11
2009 Q2	9.2	-5.4	3.9	3.2	2.3	-0.4	0.2	1.1	-0.4	1.0	9.6
Q3	5.1	-7.3	-2.2	-2.8	-3.1	0.6	-0.1	-0.2	0.2	0.4	4.8
Q4	2.1	-5.9	-3.8	-2.7	-2.9	-0.1	0.1	0.2	-0.2	-0.8	2.4
2010 Q1	8.2	-8.2	0.0	0.8	0.9	-0.1	-0.3	0.3	-0.3	-0.5	8.5
Q2	7.7	-4.4	3.3	3.3	2.0	1.1	-0.2	0.4	-0.1	0.1	7.8
Q3	2.8	-7.6	-4.8	-2.9	-2.3	-0.6	0.0	0.0	0.0	-1.9	2.8
Q4	11.3	-4.8	6.5	5.7	-0.4	1.7	4.7	-0.3	-0.1	0.9	11.4
2011 Q1	6.8	-5.6	1.2	0.8	2.0	-0.7	-0.4	-0.2	-0.1	0.5	6.9
Q2	6.0	-3.3	2.7	2.4	2.8	0.5	-0.4	-0.5	0.2	0.0	5.8
Q3	0.8	-4.5	-3.7	-3.5	-3.7	-0.3	0.1	0.3	0.7	-0.8	0.1
Q4	3.4	-3.1	0.4	-0.7	-0.5	-0.3	-0.2	0.3	0.0	1.0	3.4
2012 Q1	9.6	-5.3	4.4	4.9	4.1	1.2	-0.4	0.1	-0.2	-0.3	9.8

C30 Deficit, borrowing requirement and change in debt
(four-quarter moving sum as a percentage of GDP)



C31 Maastricht debt
(annual change in the debt-to-GDP ratio and underlying factors)



Sources: ECB calculations based on Eurostat and national data.
1) Intergovernmental lending in the context of the financial crisis is consolidated.

7 EXTERNAL TRANSACTIONS AND POSITIONS

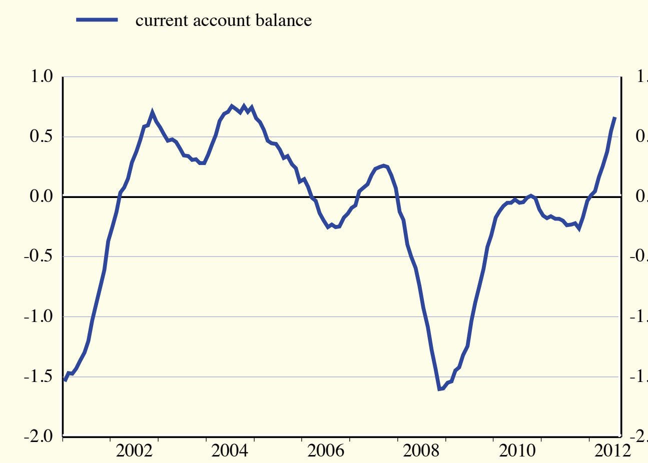
7.1 Summary balance of payments [1]

(EUR billions; net transactions)

	Current account					Capital account	Net lending/ borrowing to/from rest of the world (columns 1+6)	Financial account						Errors and omissions
	Total	Goods	Services	Income	Current transfers			Total	Direct investment	Portfolio investment	Financial derivatives	Other investment	Reserve assets	
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
2009	-21.9	31.3	36.4	3.5	-93.1	6.7	-15.2	9.4	-105.1	265.7	20.0	-175.7	4.6	5.8
2010	-6.8	15.1	49.6	31.8	-103.3	6.4	-0.4	-2.5	-113.9	165.1	18.5	-61.7	-10.5	3.0
2011	-2.3	4.9	63.6	32.5	-103.3	10.7	8.4	-20.8	-148.7	305.6	-21.5	-145.9	-10.2	12.3
2011 Q2	-18.6	-2.4	16.4	-11.7	-20.9	0.8	-17.9	21.2	-31.8	139.1	3.6	-94.1	4.5	-3.3
Q3	2.7	2.8	19.6	8.8	-28.5	1.7	4.4	3.5	-19.2	35.0	-14.8	-1.2	3.7	-7.9
Q4	34.9	14.6	19.7	20.6	-20.0	5.9	40.8	-40.2	-54.9	-4.5	-9.9	35.8	-6.8	-0.6
2012 Q1	-6.0	5.3	15.1	12.0	-38.5	1.9	-4.1	3.3	-5.3	-77.1	-5.4	92.7	-1.6	0.8
Q2	15.4	25.1	20.6	-6.1	-24.2	2.3	17.7	-14.2	-19.3	77.1	-5.9	-57.2	-8.9	-3.5
2011 July	3.4	4.2	7.2	2.7	-10.7	-0.1	3.2	-6.2	-17.3	-24.0	0.3	36.0	-1.2	3.0
Aug.	-1.4	-4.3	5.2	5.6	-7.9	2.1	0.6	-0.6	7.2	26.2	-8.0	-29.4	3.4	-0.1
Sep.	0.8	3.0	7.2	0.5	-9.9	-0.2	0.6	10.3	-9.0	32.7	-7.1	-7.9	1.6	-10.9
Oct.	3.7	0.6	6.7	6.3	-9.9	1.8	5.5	1.4	-5.6	-2.7	-1.6	12.3	-1.1	-6.9
Nov.	9.1	5.5	5.3	5.8	-7.5	2.6	11.6	-19.6	-45.0	37.6	-3.8	-8.2	-0.2	7.9
Dec.	22.1	8.4	7.8	8.5	-2.6	1.6	23.6	-22.0	-4.3	-39.4	-4.5	31.7	-5.4	-1.6
2012 Jan.	-12.4	-8.1	3.1	2.0	-9.4	0.2	-12.1	22.2	3.6	-43.5	-5.5	68.1	-0.5	-10.0
Feb.	-3.4	3.3	5.3	5.2	-17.1	1.8	-1.6	4.4	-0.2	8.7	4.2	-6.6	-1.8	-2.7
Mar.	9.8	10.2	6.7	4.9	-11.9	-0.1	9.6	-23.2	-8.8	-42.2	-4.1	31.2	0.6	13.6
Apr.	1.3	5.4	5.4	-0.8	-8.7	0.4	1.7	-1.8	-9.6	1.3	2.2	7.2	-2.9	0.1
May	-3.2	5.5	7.2	-8.0	-8.0	1.5	-1.8	-0.2	9.9	26.7	-6.2	-29.1	-1.5	1.9
June	17.4	14.2	8.0	2.7	-7.5	0.4	17.8	-12.2	-19.7	49.2	-1.9	-35.3	-4.5	-5.6
July	15.9	12.5	8.5	2.4	-7.4	0.2	16.2	-6.0	-6.7	24.3	-2.4	-21.7	0.5	-10.2
	12-month cumulated transactions													
2012 July	59.6	56.2	76.4	35.0	-108.0	12.2	71.8	-47.4	-88.0	78.8	-38.7	12.5	-11.9	-24.4
	12-month cumulated transactions as a percentage of GDP													
2012 July	0.6	0.6	0.8	0.4	-1.1	0.1	0.8	-0.5	-0.9	0.8	-0.4	0.1	-0.1	-0.3

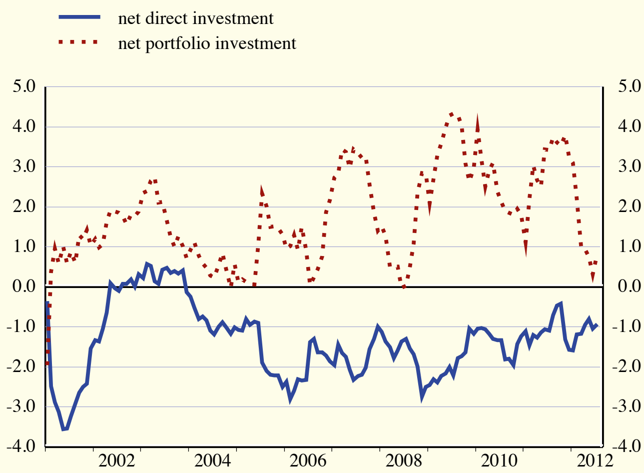
C32 Euro area b.o.p.: current account

(seasonally adjusted; 12-month cumulated transactions as a percentage of GDP)



C33 Euro area b.o.p.: direct and portfolio investment

(12-month cumulated transactions as a percentage of GDP)



Source: ECB.

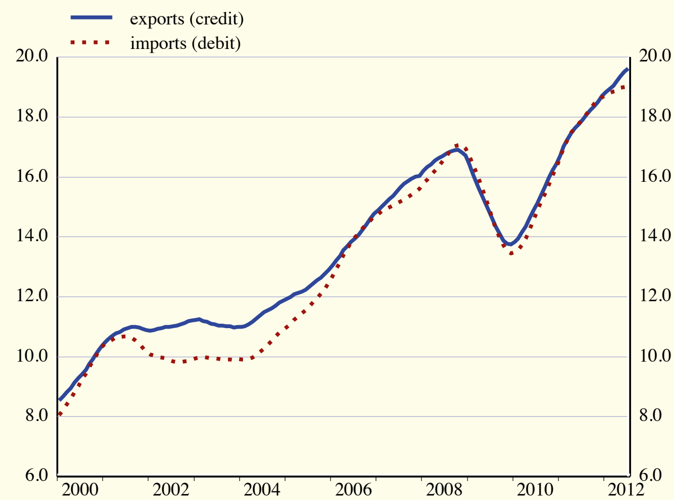
1) The sign convention is explained in the General Notes.

7.2 Current and capital accounts
(EUR billions; transactions)

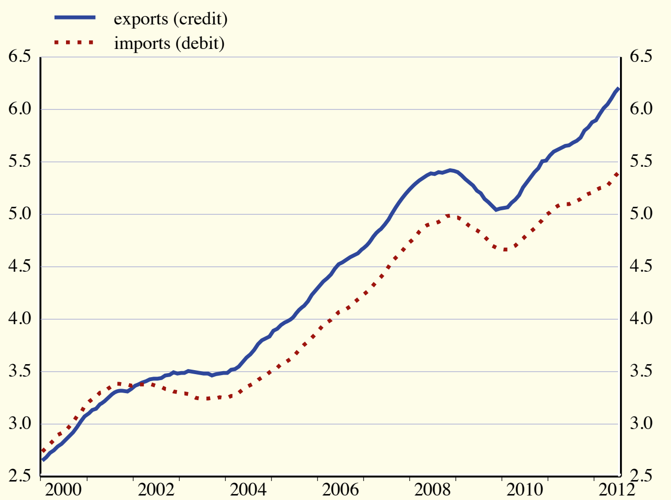
1. Summary current and capital accounts

	Current account													Capital account	
	Total			Goods		Services		Income		Current transfers					
	Credit	Debit	Net	Credit	Debit	Credit	Debit	Credit	Debit	Credit		Debit		Credit	Debit
											Workers' remit-tances		Workers' remit-tances		
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
2009	2,307.2	2,329.2	-21.9	1,304.1	1,272.8	478.9	442.5	429.9	426.5	94.3	6.4	187.4	22.5	20.5	13.7
2010	2,657.8	2,664.6	-6.8	1,566.8	1,551.7	524.0	474.4	479.4	447.6	87.6	6.3	190.9	22.3	21.4	15.0
2011	2,940.8	2,943.1	-2.3	1,773.6	1,768.7	557.3	493.7	516.6	484.1	93.3	6.5	196.6	23.6	25.8	15.0
2011 Q2	727.8	746.4	-18.6	438.7	441.0	134.4	118.0	135.5	147.3	19.1	1.6	40.0	5.6	4.0	3.2
Q3	732.7	730.0	2.7	444.6	441.8	147.3	127.7	124.0	115.3	16.8	1.8	45.3	5.7	5.2	3.5
Q4	782.3	747.4	34.9	462.5	448.0	150.9	131.2	135.9	115.4	32.9	1.6	52.9	7.0	11.6	5.6
2012 Q1	752.6	758.7	-6.0	465.1	459.8	137.2	122.1	124.7	112.7	25.5	1.4	64.1	6.3	5.0	3.1
Q2	781.4	766.0	15.4	478.2	453.1	147.9	127.3	135.9	141.9	19.5	.	43.7	.	5.3	3.0
2012 May	266.7	270.0	-3.2	161.5	156.0	49.8	42.6	48.5	56.4	7.0	.	15.0	.	2.4	0.9
June	271.9	254.6	17.4	165.0	150.8	53.4	45.4	47.4	44.7	6.1	.	13.6	.	1.5	1.1
July	266.9	251.0	15.9	164.1	151.6	55.8	47.3	41.0	38.6	6.0	.	13.4	.	1.0	0.8
	Seasonally adjusted														
2011 Q4	756.9	751.1	5.8	452.2	449.7	147.0	127.4	133.7	123.1	24.0	.	50.9	.	.	.
2012 Q1	772.6	755.7	16.8	471.1	454.3	149.3	127.2	128.1	122.6	24.1	.	51.6	.	.	.
Q2	782.9	752.8	30.1	481.2	453.4	148.9	130.6	129.1	118.3	23.7	.	50.4	.	.	.
2012 May	265.8	255.5	10.3	162.1	153.9	50.1	43.9	45.8	40.7	7.8	.	17.0	.	.	.
June	261.5	247.2	14.3	160.0	147.3	50.8	44.6	42.8	38.9	7.9	.	16.4	.	.	.
July	256.7	247.1	9.7	155.4	147.9	50.6	44.3	42.3	40.6	8.5	.	14.3	.	.	.
	12-month cumulated transactions														
2012 July	3,061.5	2,998.5	62.9	1,857.2	1,801.4	588.1	511.4	519.8	485.8	96.3	.	199.9	.	.	.
	12-month cumulated transactions as a percentage of GDP														
2012 July	32.3	31.7	0.7	19.6	19.0	6.2	5.4	5.5	5.1	1.0	.	2.1	.	.	.

C34 Euro area b.o.p.: goods
(seasonally adjusted; 12-month cumulated transactions as a percentage of GDP)



C35 Euro area b.o.p.: services
(seasonally adjusted; 12-month cumulated transactions as a percentage of GDP)



Source: ECB.

7.2 Current and capital accounts
(EUR billions)

2. Income account
(transactions)

	Compensation of employees		Investment income													
	Credit	Debit	Total		Direct investment						Portfolio investment				Other investment	
			Credit	Debit	Equity				Debt		Equity		Debt		Credit	Debit
					Credit		Debit		Credit	Debit	Credit	Debit	Credit	Debit		
						Reinv. earnings		Reinv. earnings								
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
2009	22.2	12.0	407.7	414.4	156.8	20.7	100.6	15.4	25.0	24.7	24.5	77.5	100.9	121.3	100.4	90.3
2010	24.2	12.0	455.1	435.6	220.5	41.6	137.7	32.7	23.9	22.1	28.7	86.6	102.2	124.0	79.9	65.2
2011	25.0	12.3	491.5	471.8	242.2	64.2	152.6	49.9	25.3	23.3	35.8	96.3	102.6	132.3	85.7	67.3
2011 Q1	6.0	2.2	115.1	104.0	55.4	16.0	35.4	20.6	5.8	4.8	7.4	14.4	25.7	32.7	20.7	16.7
Q2	6.1	3.3	129.4	144.0	65.5	13.7	42.3	9.9	5.4	5.5	12.3	46.6	25.7	32.3	20.5	17.2
Q3	6.0	3.7	118.0	111.5	54.5	21.3	37.6	17.7	6.8	5.5	9.0	18.7	25.9	33.2	21.9	16.5
Q4	6.9	3.2	129.0	112.2	66.7	13.2	37.3	1.7	7.3	7.4	7.1	16.5	25.3	34.1	22.6	16.9
2012 Q1	6.8	2.3	118.0	110.4	57.0	24.5	37.3	17.6	6.2	6.0	8.8	17.0	24.3	33.6	21.7	16.6

3. Geographical breakdown
(cumulated transactions)

2011 Q2 to 2012 Q1	Total	EU Member States outside the euro area						Brazil	Canada	China	India	Japan	Russia	Switzer-land	United States	Other
		Total	Den-mark	Sweden	United Kingdom	Other EU countries	EU insti-tutions									
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
	Credits															
Current account	2,995.4	970.6	54.0	92.1	453.3	309.4	61.7	61.5	44.0	153.5	41.3	65.3	110.6	236.8	389.3	922.6
Goods	1,811.0	571.8	34.2	59.2	234.7	243.5	0.2	31.5	21.3	118.1	31.0	41.0	83.2	128.4	206.1	578.7
Services	569.9	175.0	11.6	16.0	108.1	32.6	6.6	9.8	9.9	19.0	7.0	13.5	18.4	57.9	85.5	173.9
Income	520.2	161.2	7.0	15.2	99.5	30.3	9.2	19.8	12.1	15.6	3.0	9.9	8.5	41.5	91.3	157.4
Investment income	494.5	153.9	6.3	15.0	98.0	29.7	4.9	19.7	11.9	15.6	3.0	9.8	8.5	28.6	89.5	153.9
Current transfers	94.3	62.6	1.2	1.7	10.9	2.9	45.8	0.4	0.7	0.7	0.3	1.0	0.5	9.1	6.5	12.7
Capital account	25.8	20.7	0.0	0.1	1.3	0.4	19.0	0.0	0.0	0.0	0.0	0.1	0.1	0.7	0.4	3.5
	Debits															
Current account	2,982.5	932.3	48.3	90.5	406.6	276.4	110.5	-	32.1	-	-	98.2	-	197.0	388.4	-
Goods	1,790.6	497.0	30.7	51.6	189.7	225.0	0.0	31.6	15.0	209.1	28.0	51.4	136.0	101.6	145.3	575.6
Services	499.0	145.9	8.7	13.4	86.6	36.9	0.3	5.7	6.8	13.9	6.3	9.4	10.2	43.5	102.8	154.5
Income	490.6	166.1	8.0	24.1	118.6	9.7	5.7	-	8.5	-	-	36.7	-	43.8	133.8	-
Investment income	478.1	159.8	7.9	24.0	117.0	5.3	5.7	-	8.3	-	-	36.5	-	43.3	132.5	-
Current transfers	202.3	123.4	0.9	1.5	11.8	4.8	104.5	1.4	1.8	4.2	0.9	0.7	0.6	8.1	6.5	54.6
Capital account	15.5	2.2	0.3	0.1	1.2	0.5	0.2	0.2	0.3	0.3	0.3	0.1	0.0	0.6	2.0	9.4
	Net															
Current account	12.9	38.3	5.7	1.6	46.7	33.0	-48.8	-	11.8	-	-	-32.9	-	39.7	0.9	-
Goods	20.4	74.8	3.5	7.7	45.1	18.5	0.2	0.0	6.2	-91.0	3.0	-10.4	-52.8	26.7	60.9	3.0
Services	70.9	29.1	2.8	2.7	21.5	-4.2	6.3	4.1	3.1	5.1	0.7	4.0	8.2	14.4	-17.3	19.4
Income	29.6	-4.8	-1.0	-8.9	-19.0	20.6	3.5	-	3.5	-	-	-26.8	-	-2.3	-42.5	-
Investment income	16.4	-5.9	-1.6	-9.0	-18.9	24.4	-0.8	-	3.6	-	-	-26.7	-	-14.7	-43.0	-
Current transfers	-108.0	-60.8	0.4	0.2	-0.8	-1.8	-58.7	-1.1	-1.1	-3.5	-0.6	0.3	-0.1	0.9	-0.1	-42.0
Capital account	10.3	18.5	-0.3	-0.1	0.1	-0.1	18.8	-0.2	-0.2	-0.3	-0.2	0.0	0.1	0.1	-1.5	-5.8

Source: ECB.

7.3 Financial account

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

1. Summary financial account

	Total [1]			Total as a % of GDP			Direct investment		Portfolio investment		Net financial derivatives	Other investment		Reserve assets
	Assets	Liabilities	Net	Assets	Liabilities	Net	Assets	Liabilities	Assets	Liabilities		Assets	Liabilities	
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
	Outstanding amounts (international investment position)													
2008	13,377.1	14,961.4	-1,584.3	144.7	161.8	-17.1	3,878.4	3,247.8	3,834.9	5,976.8	-0.5	5,290.0	5,736.7	374.2
2009	13,764.1	15,170.3	-1,406.2	154.2	170.0	-15.8	4,287.2	3,403.0	4,341.3	6,781.9	0.2	4,675.9	4,985.4	459.6
2010	15,234.8	16,461.7	-1,226.9	165.9	179.3	-13.4	4,798.2	3,714.8	4,907.5	7,442.9	-61.6	5,002.9	5,304.0	587.8
2011 Q3	15,558.2	16,782.4	-1,224.2	165.7	178.7	-13.0	5,089.1	3,896.4	4,573.8	7,523.4	-45.9	5,294.5	5,362.6	646.6
Q4	15,938.3	17,023.5	-1,085.2	169.1	180.6	-11.5	5,321.0	4,025.7	4,751.0	7,669.2	-19.1	5,218.4	5,328.5	667.1
2012 Q1	16,303.9	17,344.1	-1,040.2	172.3	183.3	-11.0	5,405.9	4,055.3	5,034.7	7,833.9	-20.3	5,212.4	5,454.9	671.3
	Changes to outstanding amounts													
2008	-615.7	-305.5	-310.3	-6.7	-3.3	-3.4	151.7	25.9	-796.2	-561.3	28.4	-26.7	229.9	27.0
2009	387.1	208.9	178.1	4.3	2.3	2.0	408.8	155.2	506.4	805.1	0.7	-614.1	-751.4	85.4
2010	1,470.7	1,291.5	179.3	16.0	14.1	2.0	511.0	311.8	566.2	661.0	-61.7	327.1	318.7	128.2
2011	703.5	561.7	141.7	7.5	6.0	1.5	522.8	310.9	-156.5	226.3	42.4	215.5	24.5	79.3
2011 Q4	380.1	241.1	139.1	15.7	9.9	5.7	231.8	129.4	177.2	145.8	26.7	-76.1	-34.1	20.5
2012 Q1	365.6	320.6	44.9	15.7	13.8	1.9	84.9	29.5	283.7	164.7	-1.2	-6.1	126.4	4.2
	Transactions													
2008	429.9	551.3	-121.3	4.7	6.0	-1.3	336.6	105.5	5.0	266.4	84.5	0.5	179.4	3.4
2009	-131.4	-121.9	-9.4	-1.5	-1.4	-0.1	337.0	231.9	90.4	356.1	-20.0	-534.2	-709.9	-4.6
2010	589.9	587.4	2.5	6.4	6.4	0.0	275.8	161.8	143.0	308.1	-18.5	179.1	117.4	10.5
2011	489.2	468.5	20.8	5.2	5.0	0.2	347.3	198.6	-49.3	256.3	21.5	159.5	13.6	10.2
2011 Q4	-80.3	-120.5	40.2	-3.3	-5.0	1.7	105.8	51.0	-48.9	-53.4	9.9	-153.9	-118.1	6.8
2012 Q1	295.2	298.5	-3.3	12.7	12.8	-0.1	82.1	76.8	138.2	61.1	5.4	67.8	160.6	1.6
Q2	67.6	53.3	14.2	2.9	2.3	0.6	57.6	38.2	-34.7	42.4	5.9	29.8	-27.3	8.9
2012 Mar.	116.4	93.2	23.2	.	.	.	32.8	24.0	55.3	13.1	4.1	24.8	56.0	-0.6
Apr.	8.8	6.9	1.8	.	.	.	21.6	12.1	-11.4	-10.2	-2.2	-2.2	5.0	2.9
May	105.2	105.1	0.2	.	.	.	6.7	16.7	5.6	32.3	6.2	85.2	56.1	1.5
June	-46.4	-58.6	12.2	.	.	.	29.2	9.5	-28.9	20.3	1.9	-53.1	-88.4	4.5
July	32.7	26.8	6.0	.	.	.	6.0	-0.6	-13.9	10.4	2.4	38.6	17.0	-0.5
	Other changes													
2007	-332.3	-84.4	-247.9	-3.7	-0.9	-2.7	59.9	64.3	-180.8	25.1	-75.1	-152.6	-173.8	16.3
2008	-1,045.7	-856.7	-188.9	-11.3	-9.3	-2.0	-184.9	-79.5	-801.2	-827.7	-56.0	-27.2	50.5	23.7
2009	518.4	330.8	187.6	5.8	3.7	2.1	71.8	-76.7	416.0	449.0	20.7	-80.0	-41.5	89.9
2010	880.8	704.1	176.7	9.6	7.7	1.9	235.2	150.0	423.2	352.9	-43.2	147.9	201.2	117.7
	Other changes due to exchange rate changes													
2007	-522.0	-339.7	-182.3	-5.8	-3.8	-2.0	-104.2	-17.1	-217.4	-146.8	.	-186.6	-175.8	-13.7
2008	-49.8	27.9	-77.7	-0.5	0.3	-0.8	-25.0	-34.0	6.6	41.9	.	-40.7	20.1	9.3
2009	-49.6	-55.1	5.5	-0.6	-0.6	0.1	-4.6	5.7	-30.5	-32.9	.	-11.9	-27.9	-2.7
2010	535.4	323.9	211.5	5.8	3.5	2.3	160.8	57.6	179.4	101.7	.	182.2	164.6	13.0
	Other changes due to price changes													
2007	78.7	113.4	-34.6	0.9	1.3	-0.4	45.2	5.8	77.3	107.6	-75.1	.	.	31.3
2008	-1,002.7	-975.7	-27.1	-10.8	-10.6	-0.3	-159.2	-60.7	-809.5	-915.0	-56.0	.	.	22.0
2009	634.2	483.5	150.7	7.1	5.4	1.7	142.5	28.4	425.2	455.2	20.7	.	.	45.8
2010	296.3	153.8	142.5	3.2	1.7	1.6	50.2	2.2	187.3	151.7	-43.2	.	.	102.0
	Other changes due to other adjustments													
2007	110.9	142.0	-31.0	1.2	1.6	-0.3	118.8	75.6	-40.7	64.3	.	34.1	2.0	-1.3
2008	6.8	91.0	-84.1	0.1	1.0	-0.9	-0.7	15.2	1.8	45.4	.	13.4	30.4	-7.7
2009	-66.2	-97.6	31.4	-0.7	-1.1	0.4	-66.2	-110.8	21.2	26.8	.	-68.1	-13.6	46.8
2010	49.1	226.4	-177.3	0.5	2.5	-1.9	24.2	90.1	56.5	99.6	.	-34.3	36.7	2.7
	Growth rates of outstanding amounts													
2007	15.6	14.3	-	.	.	.	15.8	15.1	10.0	9.4	.	20.2	20.2	1.6
2008	3.0	3.6	-	.	.	.	9.2	3.3	-0.2	4.2	.	0.0	3.3	1.0
2009	-1.0	-0.8	-	.	.	.	8.7	7.3	2.3	5.9	.	-10.1	-12.3	-1.2
2010	4.1	3.8	-	.	.	.	6.2	4.6	3.2	4.4	.	3.8	2.3	2.0
2011 Q4	3.2	2.9	-	.	.	.	7.2	5.3	-1.1	3.5	.	3.3	0.3	1.6
2012 Q1	3.5	3.2	-	.	.	.	6.1	5.0	1.3	2.1	.	2.9	3.4	-0.1
Q2	2.6	2.2	.	.	.	.	5.9	5.2	-0.2	0.3	.	1.4	2.7	2.0

Source: ECB.

1) Net financial derivatives are included in assets.

7.3 Financial account

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

2. Direct investment

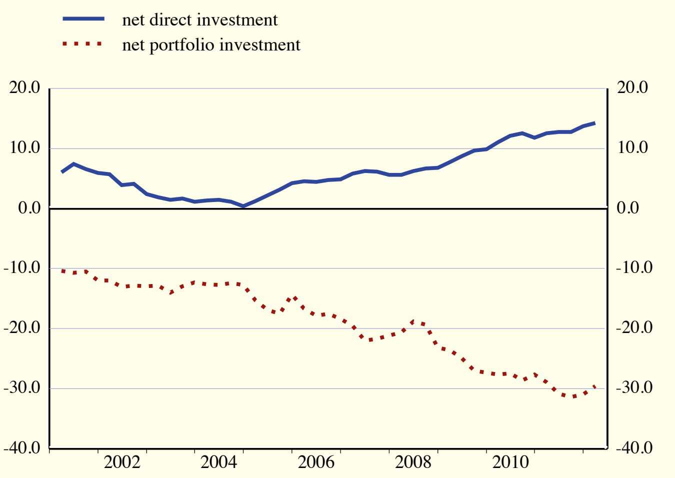
	By resident units abroad							By non-resident units in the euro area						
	Total	Equity capital and reinvested earnings			Other capital (mostly inter-company loans)			Total	Equity capital and reinvested earnings			Other capital (mostly inter-company loans)		
		Total	MFIs	Non-MFIs	Total	MFIs	Non-MFIs		Total	Into MFIs	Into non-MFIs	Total	To MFIs	To non-MFIs
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
	Oustanding amounts (international investment position)													
2009	4,287.2	3,305.5	236.2	3,069.3	981.7	14.8	966.9	3,403.0	2,501.9	74.2	2,427.7	901.1	18.1	883.0
2010	4,798.2	3,667.1	277.9	3,389.2	1,131.1	17.8	1,113.3	3,714.8	2,820.2	83.2	2,737.0	894.6	12.7	881.9
2011 Q4	5,321.0	4,149.9	293.2	3,856.7	1,171.0	14.7	1,156.4	4,025.7	3,150.7	85.2	3,065.4	875.1	10.1	865.0
2012 Q1	5,405.9	4,227.1	289.1	3,937.9	1,178.9	15.0	1,163.9	4,055.3	3,208.5	84.5	3,124.0	846.8	8.8	838.0
	Transactions													
2009	337.0	258.1	21.6	236.5	78.9	2.6	76.3	231.9	236.3	5.6	230.7	-4.4	-0.6	-3.8
2010	275.8	157.0	14.9	142.2	118.7	1.2	117.5	161.8	203.2	6.1	197.1	-41.3	-7.5	-33.8
2011	347.3	305.0	16.3	288.7	42.3	-3.3	45.6	198.6	211.7	3.5	208.3	-13.2	-3.1	-10.0
2011 Q4	105.8	107.7	0.8	106.9	-1.8	1.0	-2.8	51.0	45.4	0.7	44.8	5.5	0.4	5.1
2012 Q1	82.1	60.3	-2.3	62.6	21.8	1.2	20.7	76.8	78.8	1.2	77.6	-2.0	-0.6	-1.3
Q2	57.6	32.1	-2.0	34.1	25.5	-0.5	26.0	38.2	33.5	0.6	33.0	4.7	0.1	4.6
2012 Mar.	32.8	14.6	-1.3	15.9	18.2	0.5	17.7	24.0	22.1	-0.6	22.7	2.0	-1.0	3.0
Apr.	21.6	10.0	-1.0	11.0	11.6	0.1	11.5	12.1	4.0	-0.1	4.0	8.1	0.6	7.6
May	6.7	7.8	-0.3	8.1	-1.1	-0.2	-0.9	16.7	16.1	0.2	15.9	0.6	0.0	0.5
June	29.2	14.2	-0.7	15.0	15.0	-0.4	15.4	9.5	13.5	0.4	13.1	-4.0	-0.5	-3.5
July	6.0	14.7	2.1	12.6	-8.7	-0.1	-8.6	-0.6	11.8	0.7	11.1	-12.4	0.9	-13.3
	Growth rates													
2009	8.7	8.6	9.9	8.5	9.0	20.5	8.8	7.3	10.4	8.6	10.4	-0.5	-3.2	-0.4
2010	6.2	4.5	6.2	4.4	12.0	7.8	12.0	4.6	7.9	8.0	7.9	-4.6	-41.3	-3.8
2011 Q4	7.2	8.2	5.9	8.4	3.8	-19.6	4.1	5.3	7.5	4.2	7.6	-1.5	-25.3	-1.2
2012 Q1	6.1	6.7	3.5	6.9	4.1	-13.5	4.4	5.0	7.3	5.0	7.4	-2.5	-22.9	-2.3
Q2	5.9	6.0	-0.4	6.5	5.8	-1.5	5.9	5.2	7.2	4.1	7.3	-1.4	-8.6	-1.4

C36 Euro area international investment position

(outstanding amounts at end of period; as a percentage of GDP)

C37 Euro area direct and portfolio investment position

(outstanding amounts at end of period; as a percentage of GDP)



Source: ECB.

7.3 Financial account

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

3. Portfolio investment assets

	Total	Equity					Debt instruments									
							Bonds and notes					Money market instruments				
		Total	MFIs		Non-MFIs		Total	MFIs		Non-MFIs		Total	MFIs		Non-MFIs	
				Euro-system		General government			Euro-system		General government			Euro-system		General government
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
	Outstanding amounts (international investment position)															
2009	4,341.3	1,514.5	80.8	3.4	1,433.6	36.6	2,426.6	924.6	17.1	1,502.0	36.6	400.2	330.2	44.9	69.9	2.0
2010	4,907.5	1,914.2	93.8	3.6	1,820.5	47.6	2,588.8	810.7	15.6	1,778.1	75.7	404.5	314.9	41.7	89.6	0.2
2011 Q4	4,751.0	1,704.8	70.4	3.1	1,634.4	39.4	2,584.3	728.2	16.0	1,856.1	94.2	461.9	300.4	57.5	161.5	0.5
2012 Q1	5,034.7	1,847.0	77.5	3.3	1,769.5	39.2	2,680.3	708.7	15.3	1,971.7	97.7	507.4	331.2	48.5	176.1	0.3
	Transactions															
2009	90.4	53.1	-1.3	0.0	54.4	2.5	42.9	-93.0	-3.8	135.9	17.5	-5.6	0.5	-12.9	-6.1	0.9
2010	143.0	76.7	5.6	-0.2	71.1	1.7	106.7	-125.3	-0.9	232.0	51.5	-40.4	-55.7	-11.7	15.3	-1.9
2011	-49.3	-71.4	-19.0	-0.6	-52.4	-7.3	-16.6	-59.4	0.3	42.8	-3.0	38.8	33.0	10.5	5.8	0.2
2011 Q4	-48.9	-39.2	-9.3	-0.3	-29.8	-0.9	-29.2	-22.7	-1.7	-6.5	-1.7	19.5	19.2	0.6	0.3	0.0
2012 Q1	138.2	22.5	4.4	0.0	18.1	-1.8	69.5	-8.1	-0.6	77.6	-0.6	46.1	26.5	-4.2	19.6	-0.1
Q2	-34.7	-11.8	-8.1	0.0	-3.8	.	5.7	-12.5	0.4	18.1	.	-28.5	-40.0	-3.8	11.5	.
2012 Mar.	55.3	14.8	5.6	0.0	9.1	.	18.6	-0.3	0.0	18.9	.	21.9	15.0	-0.4	6.9	.
Apr.	-11.4	5.8	-0.9	0.0	6.7	.	-7.6	-13.4	0.6	5.8	.	-9.6	-16.3	1.9	6.7	.
May	5.6	-6.1	-2.8	0.0	-3.3	.	13.1	4.5	0.6	8.5	.	-1.3	-5.6	0.9	4.3	.
June	-28.9	-11.5	-4.4	0.0	-7.1	.	0.3	-3.6	-0.8	3.8	.	-17.6	-18.1	-6.7	0.5	.
July	-13.9	-3.6	-0.3	0.0	-3.3	.	-1.6	-13.4	1.2	11.8	.	-8.7	-8.1	-5.1	-0.7	.
	Growth rates															
2009	2.3	3.8	-2.4	-0.6	4.2	8.5	1.8	-9.4	-19.0	10.5	93.4	-2.0	-0.9	-22.3	-7.9	67.2
2010	3.2	4.8	7.0	-5.2	4.7	4.8	4.2	-13.5	-4.9	14.8	122.5	-9.5	-16.0	-25.4	21.1	-91.9
2011 Q4	-1.1	-4.2	-21.5	-16.7	-3.2	-15.8	-0.7	-7.5	2.0	2.4	-3.2	10.0	11.3	26.5	6.4	125.8
2012 Q1	1.3	-2.6	-16.7	-4.9	-1.9	-16.1	1.8	-7.1	-11.3	5.7	-3.6	14.4	15.0	13.0	11.3	-63.9
Q2	-0.2	-4.6	-27.9	-6.3	-3.4	.	1.0	-8.2	-11.0	4.9	.	11.3	4.7	-7.1	20.3	.

4. Portfolio investment liabilities

	Total	Equity			Debt instruments							
					Bonds and notes				Money market instruments			
		Total	MFIs	Non-MFIs	Total	MFIs	Non-MFIs		Total	MFIs	Non-MFIs	
								General government				General government
	1	2	3	4	5	6	7	8	9	10	11	12
	Outstanding amounts (international investment position)											
2009	6,781.9	2,781.9	686.2	2,095.7	3,493.1	1,093.2	2,399.9	1,481.2	506.9	66.2	440.7	409.3
2010	7,442.9	3,150.7	658.0	2,492.7	3,823.0	1,165.4	2,657.5	1,680.3	469.2	77.2	392.0	352.6
2011 Q4	7,669.2	3,067.7	559.5	2,508.1	4,142.0	1,260.7	2,881.4	1,796.9	459.5	100.6	358.9	316.8
2012 Q1	7,833.9	3,251.8	556.4	2,695.4	4,106.9	1,216.8	2,890.1	1,810.2	475.3	100.5	374.8	332.6
	Transactions											
2009	356.1	124.6	10.7	113.9	140.5	-14.4	154.9	101.3	90.9	-18.5	109.4	144.3
2010	308.1	144.2	-16.3	160.4	184.2	59.1	125.1	194.5	-20.3	19.2	-39.5	-34.9
2011	256.3	121.7	20.9	100.8	161.7	59.2	102.5	100.6	-27.1	19.1	-46.2	-35.0
2011 Q4	-53.4	43.5	30.0	13.5	-36.8	-29.8	-7.0	-4.0	-60.1	1.3	-61.4	-70.9
2012 Q1	61.1	41.0	8.1	32.8	9.2	-16.6	25.9	10.3	10.9	0.9	10.0	9.2
Q2	42.4	0.5	-8.0	8.5	53.7	-20.5	74.2	.	-11.8	-0.7	-11.1	.
2012 Mar.	13.1	36.8	-0.4	37.2	-11.9	-4.6	-7.3	.	-11.7	7.4	-19.2	.
Apr.	-10.2	-10.1	-3.2	-6.8	-4.5	3.4	-8.0	.	4.4	-7.4	11.8	.
May	32.3	-0.2	6.2	-6.4	26.7	-17.6	44.4	.	5.7	2.2	3.5	.
June	20.3	10.7	-11.0	21.7	31.5	-6.3	37.8	.	-22.0	4.5	-26.5	.
July	10.4	-8.7	-6.1	-2.7	1.4	-0.1	1.5	.	17.7	2.0	15.8	.
	Growth rates											
2009	5.9	5.4	1.7	6.8	4.1	-1.2	7.0	7.2	23.1	-29.1	33.1	53.5
2010	4.4	5.1	-2.4	7.5	5.1	5.2	5.1	12.9	-4.2	26.3	-9.1	-8.7
2011 Q4	3.5	4.0	3.3	4.1	4.4	5.4	3.9	6.1	-5.0	25.6	-11.3	-10.4
2012 Q1	2.1	2.0	3.9	1.5	3.9	1.3	5.1	4.7	-8.3	-2.5	-10.0	-12.2
Q2	0.3	2.2	3.1	1.8	0.7	-4.2	2.8	.	-12.8	-10.0	-13.8	.

Source: ECB.

7.3 Financial account

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

5. Other investment assets

	Total	Eurosystem			MFIs (excluding Eurosystem)			General government				Other sectors			
		Total	Loans/ currency and deposits	Other assets	Total	Loans/ currency and deposits	Other assets		Trade credits	Loans/currency and deposits			Trade credits	Loans/currency and deposits	
											Currency and deposits				Currency and deposits
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
	Outstanding amounts (international investment position)														
2009	4,675.9	30.2	29.8	0.4	2,834.7	2,804.2	30.5	122.1	8.4	74.9	15.9	1,688.9	201.4	1,344.7	402.6
2010	5,002.9	32.6	32.0	0.7	2,972.3	2,939.9	32.4	166.3	7.6	117.6	21.0	1,831.8	214.4	1,468.5	428.6
2011 Q4	5,218.4	35.5	35.2	0.3	3,067.1	3,008.8	58.4	162.8	6.7	116.5	30.2	1,953.0	227.8	1,573.1	489.7
2012 Q1	5,212.4	36.7	36.4	0.3	3,046.9	2,994.4	52.5	150.0	7.3	103.6	24.5	1,978.8	236.3	1,572.9	503.4
	Transactions														
2009	-534.2	0.1	0.0	0.1	-420.4	-399.9	-20.5	11.8	-0.4	10.4	0.2	-125.6	7.5	-129.0	-34.8
2010	179.1	-2.9	-2.9	0.0	8.6	-0.2	8.8	41.7	-0.3	41.3	4.9	131.7	7.6	101.7	46.7
2011	159.5	-2.6	-2.7	0.1	52.2	22.8	29.4	1.1	-0.2	0.8	9.8	108.8	8.0	78.8	45.6
2011 Q4	-153.9	-8.2	-8.2	0.0	-155.0	-155.3	0.3	16.6	0.0	16.9	13.2	-7.3	0.0	3.1	-11.5
2012 Q1	67.8	1.2	1.2	0.0	31.2	36.0	-4.9	-10.4	-0.2	-10.1	-5.7	45.9	9.1	22.3	17.3
Q2	29.8	-8.4	.	.	-6.6	.	.	6.5	.	.	5.5	38.3	.	.	33.9
2012 Mar.	24.8	-0.7	.	.	15.2	.	.	-0.6	.	.	0.1	11.0	.	.	5.9
Apr.	-2.2	-0.1	.	.	5.2	.	.	0.8	.	.	0.7	-8.0	.	.	-3.4
May	85.2	-1.7	.	.	49.8	.	.	5.0	.	.	3.8	32.0	.	.	26.7
June	-53.1	-6.6	.	.	-61.5	.	.	0.7	.	.	1.0	14.3	.	.	10.5
July	38.6	5.1	.	.	20.0	.	.	-0.1	.	.	1.6	13.6	.	.	13.7
	Growth rates														
2009	-10.1	-0.4	-1.4	23.4	-12.8	-12.4	-37.0	10.8	-3.5	17.1	3.5	-6.9	3.8	-8.6	-8.2
2010	3.8	-13.1	-13.0	-9.9	0.4	0.1	27.7	33.2	-3.1	53.2	30.6	7.7	3.7	7.4	11.3
2011 Q4	3.3	-5.3	-5.4	40.4	1.9	0.9	88.4	1.0	-3.2	1.3	51.5	6.1	3.7	5.5	10.9
2012 Q1	2.9	-11.9	-12.2	43.2	0.8	0.2	38.2	-0.1	-3.9	0.4	54.5	7.1	4.8	6.9	13.1
Q2	1.4	-39.8	.	.	-1.5	.	.	4.7	.	.	63.8	7.0	.	.	12.5

6. Other investment liabilities

	Total	Eurosystem			MFIs (excluding Eurosystem)			General government				Other sectors			
		Total	Loans/ currency and deposits	Other liabilities	Total	Loans/ currency and deposits	Other liabilities	Total	Trade credits	Loans	Other liabilities	Total	Trade credits	Loans	Other liabilities
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
	Outstanding amounts (international investment position)														
2009	4,985.4	251.7	251.3	0.4	3,399.7	3,360.7	39.0	85.2	0.0	80.8	4.4	1,248.8	177.8	929.3	141.7
2010	5,304.0	268.8	265.7	3.1	3,508.6	3,462.6	46.0	153.9	0.0	147.2	6.6	1,372.8	200.8	1,016.2	155.8
2011 Q4	5,328.5	408.8	406.0	2.8	3,208.0	3,140.4	67.6	223.5	0.1	216.0	7.4	1,488.3	217.2	1,112.8	158.3
2012 Q1	5,454.9	334.2	331.3	2.9	3,364.6	3,301.1	63.5	231.0	0.1	223.0	7.9	1,525.1	221.1	1,132.7	171.3
	Transactions														
2009	-709.9	-233.2	-233.4	0.2	-352.8	-341.6	-11.2	17.2	0.0	17.2	0.0	-141.1	0.8	-127.6	-14.3
2010	117.4	8.9	6.3	2.6	-10.8	-16.7	5.9	65.6	0.0	64.8	0.8	53.7	15.4	14.9	23.4
2011	13.6	134.6	134.8	-0.2	-285.8	-324.5	38.7	73.0	0.0	73.2	-0.2	91.8	9.8	49.7	32.3
2011 Q4	-118.1	87.9	88.0	0.0	-229.1	-237.1	8.0	9.3	0.0	8.8	0.5	13.7	-0.1	21.7	-7.8
2012 Q1	160.6	-71.5	-71.7	0.1	187.1	190.6	-3.5	8.4	0.0	7.4	1.0	36.7	5.6	18.0	13.1
Q2	-27.3	74.2	.	.	-123.4	.	.	6.4	.	.	.	15.6	.	.	.
2012 Mar.	56.0	-35.6	.	.	85.1	.	.	3.2	.	.	.	3.3	.	.	.
Apr.	5.0	1.0	.	.	2.9	.	.	5.5	.	.	.	-4.4	.	.	.
May	56.1	40.5	.	.	1.4	.	.	2.9	.	.	.	11.4	.	.	.
June	-88.4	32.7	.	.	-127.7	.	.	-2.0	.	.	.	8.6	.	.	.
July	17.0	27.7	.	.	-27.1	.	.	1.4	.	.	.	14.9	.	.	.
	Growth rates														
2009	-12.3	-48.1	-48.1	.	-9.4	-9.2	-19.8	24.9	.	26.5	-0.7	-9.9	0.3	-11.6	-9.2
2010	2.3	3.4	2.4	.	-0.2	-0.4	15.5	75.5	.	79.7	11.8	4.1	8.5	1.4	15.4
2011 Q4	0.3	50.6	51.2	.	-8.2	-9.4	89.7	48.7	.	51.1	-2.7	6.8	4.8	5.0	22.5
2012 Q1	3.4	19.9	19.1	.	-1.1	-1.9	45.9	30.8	.	30.7	32.1	7.7	5.9	6.6	18.1
Q2	2.7	42.8	.	.	-4.2	.	.	25.2	.	.	.	8.3	.	.	.

Source: ECB.

7.3 Financial account

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

7. Reserve assets [1]

	Reserve assets														Memo items		
	Total	Monetary gold		SDR holdings	Reserve position in the IMF	Foreign exchange								Other claims	Other foreign currency assets	Pre-determined short-term net drains on foreign currency	SDR allo-cations
		In EUR billions	In fine troy ounces (millions)			Total	Currency and deposits		Securities				Financial derivatives				
							With monetary authorities and the BIS	With banks	Total	Equity	Bonds and notes	Money market instruments					
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
	Outstanding amounts (international investment position)																
2008	374.2	217.0	349.207	4.7	7.3	145.1	7.6	8.1	129.5	0.6	111.3	17.6	0.0	0.0	262.8	-245.7	5.5
2009	462.4	266.1	347.180	50.8	10.5	134.9	11.7	8.1	115.2	0.5	92.0	22.7	-0.1	0.0	32.1	-24.2	51.2
2010	591.2	366.2	346.962	54.2	15.8	155.0	7.7	16.1	131.3	0.5	111.2	19.5	0.0	0.0	26.3	-24.4	54.5
2011 Q3	646.7	416.3	346.989	52.9	26.1	151.4	5.5	11.1	135.1	0.6	120.5	14.0	-0.4	0.0	31.4	-24.5	54.5
Q4	667.1	422.1	346.846	54.0	30.2	160.9	5.3	7.8	148.1	0.6	134.3	13.3	-0.4	0.0	97.4	-86.0	55.9
2012 Q1	671.1	431.7	346.847	52.5	30.9	155.7	4.5	7.6	143.5	0.5	129.8	13.2	0.1	0.3	55.2	-42.7	54.7
2012 July	724.8	458.0	346.825	55.5	34.1	176.7	5.2	10.6	161.5	-	-	-	-0.6	0.6	58.2	-47.5	57.9
Aug.	716.1	453.4	346.826	54.3	34.6	173.2	5.2	8.6	159.5	-	-	-	-0.1	0.6	49.8	-40.1	56.9
	Transactions																
2009	-4.6	-2.0	-	0.5	3.4	-6.4	3.1	-1.2	-9.5	0.0	-14.1	4.6	1.2	0.0	-	-	-
2010	10.5	0.0	-	-0.1	4.9	5.7	-5.4	6.7	4.3	0.0	10.6	-6.3	0.0	0.0	-	-	-
2011	10.2	0.1	-	-1.6	12.9	-1.1	-2.3	-8.2	9.3	-0.2	16.2	-6.8	0.0	0.0	-	-	-
2011 Q4	6.8	0.0	-	-0.4	3.1	4.1	-0.5	-3.0	7.4	-0.2	8.8	-1.2	0.1	0.0	-	-	-
2012 Q1	1.6	0.0	-	-0.3	1.3	0.3	-0.2	-0.6	0.9	-0.1	-1.1	2.1	0.2	0.3	-	-	-
Q2	8.9	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Growth rates																
2007	1.6	-1.7	-	7.3	-18.3	6.3	15.0	6.4	5.7	1.1	18.6	-27.6	-	-	-	-	-
2008	1.0	-1.3	-	-2.5	105.5	1.7	67.8	-68.9	10.8	28.0	17.9	-20.6	-	-	-	-	-
2009	-1.2	-0.9	-	-2.6	45.5	-4.4	41.1	-21.3	-7.3	1.0	-12.8	25.3	-	-	-	-	-
2010	2.0	0.0	-	-0.1	46.4	3.7	-43.3	76.2	3.6	-5.2	10.3	-24.5	-	-	-	-	-
2011 Q4	1.6	0.0	-	-3.0	82.2	-1.1	-30.0	-52.4	6.9	-21.6	14.6	-45.3	-	-	-	-	-
2012 Q1	-0.1	0.0	-	-1.2	34.4	-4.9	-15.6	-63.3	3.7	-27.8	9.6	-38.3	-	-	-	-	-
Q2	2.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

8. Gross external debt

	Total	By instrument						By sector (excluding direct investment)			
		Loans, currency and deposits	Money market instruments	Bonds and notes	Trade credits	Other debt liabilities	Direct investment: inter-company lending	General government	Eurosystem	MFIs (excluding Eurosystem)	Other sectors
	1	2	3	4	5	6	7	8	9	10	11
	Outstanding amounts (international investment position)										
2008	10,914.5	5,340.8	398.1	3,377.9	184.1	211.8	1,401.7	1,747.0	482.7	5,006.5	2,276.5
2009	10,391.3	4,622.0	506.9	3,493.1	177.8	185.6	1,405.9	1,975.7	251.7	4,559.1	2,198.9
2010	11,016.4	4,891.7	469.2	3,823.0	200.8	211.5	1,420.2	2,186.8	268.8	4,751.3	2,389.4
2011 Q3	11,464.2	4,896.6	532.0	4,148.9	219.7	246.4	1,420.7	2,431.3	315.2	4,736.6	2,560.4
Q4	11,345.0	4,875.2	459.5	4,142.0	217.3	236.1	1,415.0	2,337.2	408.8	4,569.2	2,614.9
2012 Q1	11,417.2	4,988.1	475.3	4,106.9	221.2	245.6	1,380.1	2,373.8	334.2	4,681.9	2,647.1
	Outstanding amounts as a percentage of GDP										
2008	118.1	57.8	4.3	36.6	2.0	2.3	15.2	18.9	5.2	54.2	24.6
2009	116.5	51.8	5.7	39.2	2.0	2.1	15.8	22.1	2.8	51.1	24.6
2010	120.1	53.3	5.1	41.7	2.2	2.3	15.5	23.8	2.9	51.8	26.0
2011 Q3	122.3	52.2	5.7	44.2	2.3	2.6	15.1	25.9	3.4	50.5	27.3
Q4	120.4	51.7	4.9	44.0	2.3	2.5	15.0	24.8	4.3	48.5	27.8
2012 Q1	120.8	52.8	5.0	43.5	2.3	2.6	14.6	25.1	3.5	49.6	28.0

Source: ECB.

1) Data refer to the changing composition of the euro area, in line with the approach adopted for the reserve assets of the Eurosystem. For further information, see the General Notes.

7.3 Financial account

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

9. Geographical breakdown

	Total	EU Member States outside the euro area						Canada	China	Japan	Switzer-land	United States	Offshore financial centres	Interna-tional organisa-tions	Other countries
		Total	Denmark	Sweden	United Kingdom	Other EU countries	EU institutions								
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
2010	Outstanding amounts (international investment position)														
Direct investment	1,083.3	116.9	3.8	-6.6	-170.8	291.8	-1.3	50.4	57.1	-3.9	178.9	-23.2	42.7	-0.3	664.8
Abroad	4,798.2	1,490.8	36.2	141.7	994.2	318.7	0.0	154.7	61.5	87.2	479.5	899.7	586.7	0.0	1,037.9
Equity/reinvested earnings	3,667.1	1,114.0	32.2	88.8	733.5	259.4	0.0	121.4	49.5	65.8	374.0	637.1	501.8	0.0	803.6
Other capital	1,131.1	376.8	4.0	52.9	260.7	59.2	0.0	33.3	12.0	21.4	105.6	262.7	85.0	0.0	234.3
In the euro area	3,714.8	1,374.0	32.5	148.4	1,165.0	26.9	1.3	104.3	4.4	91.1	300.6	922.9	544.1	0.4	373.1
Equity/reinvested earnings	2,820.2	1,121.1	22.5	133.9	958.4	4.9	1.3	91.7	3.4	73.5	201.8	702.5	387.3	0.1	238.8
Other capital	894.6	252.9	10.0	14.4	206.6	21.9	0.0	12.6	1.0	17.6	98.8	220.4	156.7	0.2	134.3
Portfolio investment assets	4,907.5	1,550.5	84.0	189.3	1,054.9	103.5	118.9	110.8	59.5	203.6	134.6	1,557.4	460.8	30.8	799.6
Equity	1,914.2	379.4	13.7	46.0	300.5	18.1	1.1	44.6	57.2	106.3	117.5	574.9	243.0	1.4	390.1
Debt instruments	2,993.3	1,171.1	70.3	143.3	754.4	85.3	117.8	66.3	2.2	97.3	17.1	982.5	217.8	29.4	409.6
Bonds and notes	2,588.8	1,031.4	63.0	121.3	646.1	83.8	117.2	61.8	1.4	44.3	11.7	836.1	208.6	29.0	364.5
Money market instruments	404.5	139.7	7.3	21.9	108.3	1.6	0.6	4.5	0.8	53.0	5.5	146.4	9.2	0.4	45.1
Other investment	-301.1	-241.1	54.8	1.5	-202.0	85.9	-181.2	-7.3	-8.0	19.9	-34.4	-94.6	-5.0	-25.2	94.7
Assets	5,002.9	2,295.1	112.6	96.9	1,869.7	198.5	17.4	28.5	38.7	103.7	275.2	713.1	588.7	48.8	911.2
General government	166.3	55.0	0.8	6.5	34.6	2.1	11.0	1.9	3.2	2.6	1.2	13.7	3.6	31.8	53.2
MFIs	3,004.9	1,576.0	90.7	52.9	1,268.2	160.9	3.3	15.6	12.1	72.6	136.3	375.8	367.6	16.5	432.4
Other sectors	1,831.8	664.0	21.1	37.5	566.9	35.5	3.1	11.0	23.4	28.5	137.7	323.6	217.4	0.6	425.5
Liabilities	5,304.0	2,536.1	57.9	95.4	2,071.7	112.6	198.6	35.8	46.7	83.8	309.6	807.8	593.6	74.0	816.5
General government	153.9	92.1	0.2	0.5	57.1	0.2	34.1	0.1	0.1	0.1	0.8	27.3	1.7	27.6	4.1
MFIs	3,777.4	1,855.6	45.5	63.8	1,555.6	84.5	106.1	27.6	22.1	50.4	233.4	491.5	475.5	43.4	577.9
Other sectors	1,372.8	588.4	12.2	31.1	458.9	27.9	58.3	8.2	24.6	33.2	75.4	289.0	116.5	3.0	234.5
2011 Q2 to 2012 Q1	Cumulated transactions														
Direct investment	111.2	51.7	-0.7	-9.4	45.8	16.0	0.0	7.1	12.6	0.3	-29.3	-17.0	33.0	0.0	52.9
Abroad	304.6	79.9	1.9	-6.3	63.9	20.4	0.0	14.6	16.9	-0.2	11.2	82.7	27.8	0.0	71.8
Equity/reinvested earnings	257.6	58.0	1.6	-6.1	46.1	16.3	0.0	16.2	10.9	-0.6	19.6	58.5	31.8	0.0	63.2
Other capital	47.0	21.8	0.3	-0.2	17.7	4.0	0.0	-1.6	6.0	0.3	-8.4	24.2	-4.0	0.0	8.6
In the euro area	193.4	28.1	2.6	3.1	18.0	4.4	0.0	7.5	4.3	-0.5	40.6	99.6	-5.2	0.0	19.0
Equity/reinvested earnings	216.1	41.2	0.8	8.4	27.2	4.8	0.0	12.7	1.1	-0.8	10.4	101.4	19.6	0.0	30.5
Other capital	-22.7	-13.1	1.8	-5.3	-9.1	-0.4	0.0	-5.2	3.2	0.3	30.2	-1.8	-24.8	0.0	-11.5
Portfolio investment assets	66.1	55.2	1.7	25.1	-4.5	4.0	29.1	-4.9	5.5	-1.4	0.4	-4.2	-22.8	0.7	37.7
Equity	-43.5	-9.5	0.1	0.4	-9.6	-0.9	0.5	2.3	4.4	-0.1	-4.2	-34.4	-3.3	0.1	1.2
Debt instruments	109.6	64.7	1.6	24.7	5.1	4.8	28.6	-7.2	1.1	-1.3	4.6	30.2	-19.5	0.6	36.5
Bonds and notes	48.1	42.8	3.9	17.5	-9.4	5.6	25.2	-6.2	0.4	-7.6	1.1	2.7	-20.9	-0.3	36.1
Money market instruments	61.6	21.9	-2.3	7.2	14.4	-0.8	3.4	-0.9	0.7	6.3	3.5	27.5	1.4	0.8	0.3
Other investment	-33.2	-109.2	-12.3	-29.6	-14.0	-19.2	-34.1	3.6	-26.7	11.7	-30.2	90.1	118.5	-34.0	-57.0
Assets	144.1	-4.7	-13.2	-6.7	31.1	-18.0	2.1	3.1	12.2	16.4	-7.5	21.9	89.2	-6.2	19.7
General government	-0.3	8.6	-0.5	-1.8	10.4	0.3	0.2	0.0	0.0	-0.6	0.0	-5.1	-0.8	0.2	-2.6
MFIs	15.1	-74.6	-12.7	-6.4	-36.6	-20.5	1.6	1.2	10.6	16.0	-11.8	11.6	75.6	-6.5	-7.2
Other sectors	129.4	61.3	0.0	1.5	57.2	2.3	0.3	1.9	1.6	0.9	4.3	15.4	14.4	0.1	29.5
Liabilities	177.3	104.5	-0.9	22.9	45.0	1.3	36.2	-0.5	39.0	4.7	22.7	-68.2	-29.3	27.8	76.7
General government	53.7	25.9	0.1	-0.1	-2.4	0.0	28.3	0.0	0.0	0.0	0.1	-7.4	-0.2	32.6	2.7
MFIs	17.7	19.3	2.0	23.1	-10.9	2.9	2.2	-2.7	35.7	4.9	22.2	-85.2	-35.9	-5.0	64.4
Other sectors	105.9	59.3	-3.0	-0.1	58.4	-1.7	5.7	2.2	3.3	-0.2	0.4	24.4	6.8	0.2	9.6

Source: ECB.

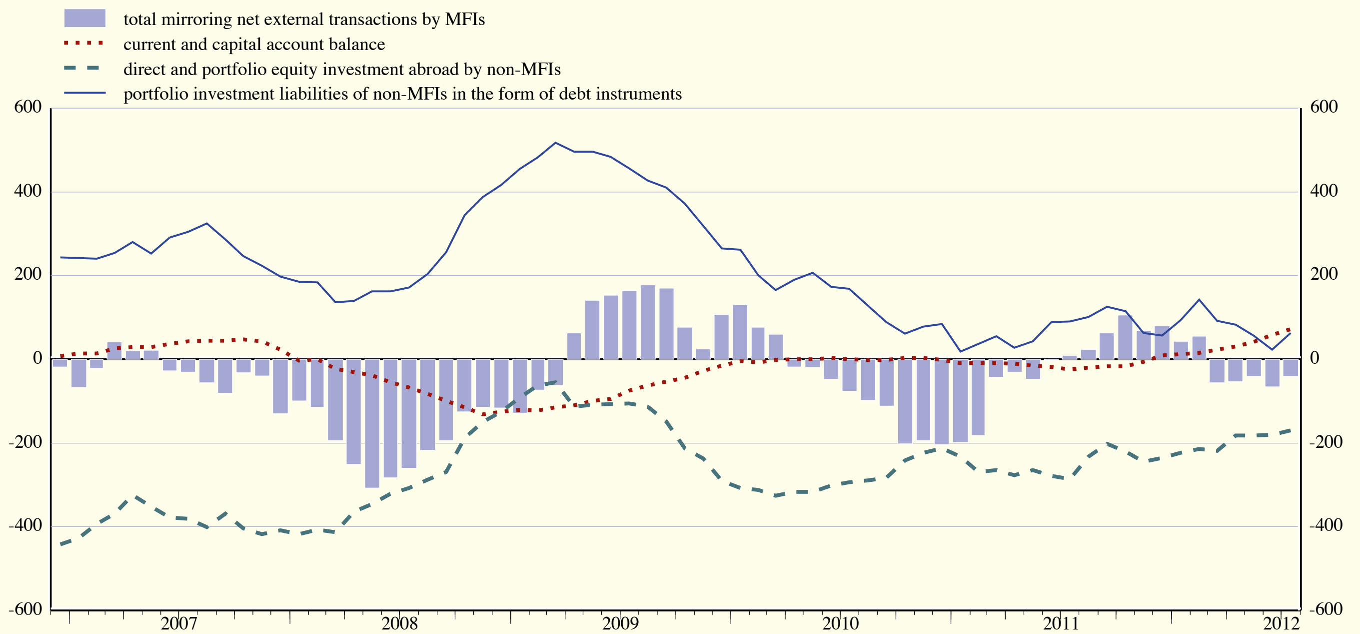
7.4 Monetary presentation of the balance of payments [1]

(EUR billions; transactions)

	B.o.p. items mirroring net transactions by MFIs											
	Total	Current and capital account balance	Transactions by non-MFIs								Financial derivatives	Errors and omissions
			Direct investment		Portfolio investment				Other investment			
			By resident units abroad	By non-resident units in euro area	Assets		Liabilities		Assets	Liabilities		
					Equity	Debt instruments	Equity	Debt instruments				
	1	2	3	4	5	6	7	8	9	10	11	12
2009	107.7	-15.7	-312.7	226.7	-54.4	-129.8	114.0	265.4	113.8	-123.6	20.0	4.1
2010	-203.6	-1.7	-259.9	163.1	-70.9	-247.3	160.5	84.8	-172.6	119.2	18.5	2.7
2011	79.0	8.4	-334.3	198.2	52.4	-48.6	100.8	56.3	-109.9	164.8	-21.5	12.3
2011 Q2	19.6	-17.9	-53.7	28.5	-23.7	-28.8	0.2	132.0	-35.8	18.5	3.6	-3.3
Q3	7.5	4.4	-56.0	37.2	40.8	-2.0	-11.7	-7.2	-48.4	73.1	-14.8	-7.9
Q4	-29.0	40.8	-104.1	49.9	29.8	6.2	13.5	-68.4	-9.4	23.1	-9.9	-0.6
2012 Q1	-52.8	-4.1	-83.3	76.2	-18.1	-97.2	32.8	35.9	-35.5	45.0	-5.4	0.8
Q2	8.7	17.7	-60.1	37.6	3.8	-29.6	8.5	63.1	-44.8	21.9	-5.9	-3.5
2011 July	-18.1	3.2	-31.0	12.2	3.9	-16.5	14.5	-21.4	-7.6	21.3	0.3	3.0
Aug.	10.7	0.6	1.0	7.7	27.2	1.8	-14.4	-17.1	-12.0	23.9	-8.0	-0.1
Sep.	14.9	0.6	-26.1	17.3	9.7	12.7	-11.7	31.3	-28.8	27.8	-7.1	-10.9
Oct.	-37.6	5.5	-18.3	13.4	5.3	8.6	-27.2	2.4	-45.2	26.4	-1.6	-6.9
Nov.	-36.3	11.6	-47.8	2.4	17.8	-1.0	7.6	-22.5	-5.8	-2.9	-3.8	7.9
Dec.	44.9	23.6	-37.9	34.1	6.8	-1.4	33.0	-48.3	41.6	-0.4	-4.5	-1.6
2012 Jan.	-50.7	-12.1	-26.5	32.3	-1.9	-23.3	-8.8	3.1	-15.3	17.5	-5.5	-10.0
Feb.	14.6	-1.6	-23.2	18.3	-7.1	-48.1	4.4	59.2	-9.8	21.0	4.2	-2.7
Mar.	-16.7	9.6	-33.6	25.7	-9.1	-25.8	37.2	-26.4	-10.3	6.6	-4.1	13.6
Apr.	-20.7	1.7	-22.5	11.6	-6.7	-12.5	-6.8	3.9	7.2	1.0	2.2	0.1
May	12.3	-1.8	-7.2	16.4	3.3	-12.8	-6.4	47.9	-37.1	14.3	-6.2	1.9
June	17.1	17.8	-30.4	9.6	7.1	-4.3	21.7	11.3	-15.0	6.7	-1.9	-5.6
July	6.9	16.2	-4.0	-2.3	3.3	-11.2	-2.7	17.3	-13.5	16.4	-2.4	-10.2
	12-month cumulated transactions											
2012 July	-40.6	71.8	-276.5	186.4	55.7	-117.3	26.0	62.1	-143.9	158.2	-38.7	-24.4

C38 Main b.o.p. items mirroring developments in MFI net external transactions [1]

(EUR billions; 12-month cumulated transactions)



Source: ECB.

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

7.5 Trade in goods

1. Values and volumes by product group [1]

(seasonally adjusted, unless otherwise indicated)

	Total (n.s.a.)		Exports (f.o.b.)					Imports (c.i.f.)					
			Total				Memo item:	Total				Memo items:	
	Exports	Imports		Intermediate	Capital	Consumption	Manufacturing		Intermediate	Capital	Consumption	Manufacturing	Oil
	1	2	3	4	5	6	7	8	9	10	11	12	13
	Values (EUR billions; annual percentage changes for columns 1 and 2)												
2010	20.0	22.5	1,533.0	765.3	311.6	421.0	1,268.8	1,550.7	948.5	230.0	349.1	1,019.8	250.2
2011	13.1	12.7	1,743.6	877.9	352.3	474.2	1,426.3	1,751.0	1,122.2	237.3	365.3	1,099.0	320.8
2011 Q3	9.8	9.9	436.0	219.8	87.6	118.5	359.7	441.2	283.8	59.2	91.4	276.5	83.2
Q4	8.7	4.9	446.4	223.1	90.6	121.9	364.6	434.1	278.7	58.7	90.9	268.4	84.4
2012 Q1	8.6	4.0	463.0	232.6	94.2	126.1	376.1	451.7	290.1	60.9	91.2	273.7	87.9
Q2	8.1	1.2	465.7	229.3	95.9	128.8	381.4	444.9	283.7	61.1	90.4	274.6	86.2
2012 Feb.	11.1	7.6	154.0	77.1	31.8	41.8	126.9	152.1	98.1	20.3	30.6	92.3	29.0
Mar.	4.7	0.6	155.6	77.8	31.1	42.4	126.1	151.1	97.5	20.3	30.1	90.5	30.0
Apr.	6.0	0.1	153.6	75.9	31.9	42.8	124.5	148.8	96.0	19.7	29.8	90.4	28.8
May	5.8	0.4	154.2	75.7	31.7	42.7	129.2	147.5	93.5	20.6	30.1	92.5	28.7
June	12.4	3.2	157.9	77.7	32.2	43.4	127.7	148.6	94.2	20.9	30.5	91.7	28.8
July	11.3	2.1	154.7	.	.	.	127.0	146.8	.	.	.	92.0	.
	Volume indices (2000 = 100; annual percentage changes for columns 1 and 2)												
2010	14.9	10.7	137.1	132.9	138.6	144.4	133.9	121.4	113.7	132.3	143.7	128.1	104.8
2011	7.7	2.6	148.5	143.4	152.7	155.7	145.3	124.5	117.7	134.9	143.8	133.2	101.7
2011 Q3	5.7	2.8	148.3	143.2	152.4	155.3	146.7	125.2	118.6	136.6	143.0	134.3	104.9
Q4	3.5	-3.0	150.4	144.4	154.9	158.0	147.1	121.9	115.4	132.5	140.8	129.6	104.4
2012 Q1	4.5	-1.7	152.8	147.6	159.3	158.9	149.5	122.4	115.7	131.6	138.0	129.1	99.3
Q2	3.5	-3.5	152.9	145.1	160.6	161.7	150.8	120.7	113.4	131.7	136.7	129.3	98.6
2012 Jan.	7.0	-1.4	152.9	148.9	159.1	159.5	147.4	121.9	114.9	131.4	137.7	128.3	102.8
Feb.	6.2	0.8	151.5	145.7	161.3	156.7	150.6	123.3	116.9	131.2	139.1	130.4	98.2
Mar.	0.9	-4.2	154.0	148.2	157.4	160.5	150.7	122.1	115.3	132.2	137.1	128.6	96.8
Apr.	2.0	-4.6	151.8	144.3	162.5	161.0	148.5	120.5	113.7	127.7	136.6	128.7	93.7
May	1.1	-4.8	151.5	143.4	158.4	160.5	152.9	120.3	112.2	134.3	137.1	131.5	97.0
June	7.6	-0.9	155.5	147.7	160.9	163.6	151.2	121.3	114.4	133.2	136.2	127.8	105.2

2. Prices [2]

(annual percentage changes, unless otherwise indicated)

	Industrial producer export prices (f.o.b.) [3]							Industrial import prices (c.i.f.)						
	Total (index: 2005 = 100)	Total					Memo item: Manufac-turing	Total (index: 2005 = 100)	Total					Memo item: Manufac-turing
			Intermediate goods	Capital goods	Consumer goods	Energy				Intermediate goods	Capital goods	Consumer goods	Energy	
% of total	100.0	100.0	33.1	44.5	17.9	4.5	99.2	100.0	100.0	28.4	27.9	22.1	21.6	81.1
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
2010	106.2	4.1	4.8	1.4	2.2	26.4	4.1	108.8	9.8	9.7	1.4	2.9	26.1	5.8
2011	110.5	4.0	5.8	1.4	2.2	23.3	4.0	118.7	9.1	4.6	-0.1	3.8	26.1	4.2
2011 Q4	111.1	3.5	3.8	1.8	2.3	20.3	3.4	119.8	7.6	0.4	0.5	3.4	24.0	2.8
2012 Q1	112.9	3.0	1.7	2.0	2.5	17.5	3.0	123.0	4.8	-1.3	1.2	2.2	14.8	1.5
Q2	113.3	2.6	1.0	2.5	2.7	8.4	2.6	122.4	3.1	0.1	1.9	3.3	6.1	1.8
2012 Mar.	113.3	2.9	1.3	2.1	2.4	16.4	2.8	124.2	4.5	-1.1	1.0	2.3	12.9	1.2
Apr.	113.5	2.8	1.1	2.4	2.5	12.1	2.7	123.7	3.2	-1.0	1.0	2.7	8.1	1.1
May	113.4	2.7	1.1	2.5	2.7	8.8	2.6	122.7	3.6	0.5	2.1	3.2	7.3	2.2
June	113.0	2.5	0.8	2.7	2.7	4.1	2.4	120.9	2.6	0.7	2.5	3.9	2.7	2.1
July	113.6	2.5	0.4	2.8	2.8	6.8	2.5	122.4	2.9	0.4	2.7	4.3	4.1	2.5
Aug.	114.3	3.4	0.7	2.6	2.9	16.8	3.4	.	.	.	2.6	.	.	3.1

Source: Eurostat.

1) Product groups as classified in the Broad Economic Categories. Unlike the product groups shown in Table 2, intermediate and consumption product groups include agricultural and energy products.

2) Product groups as classified in the Main Industrial Groupings. Unlike the product groups shown in Table 1, intermediate and consumer goods do not include energy products, and agricultural goods are not covered. Manufacturing has a different composition compared with the data shown in columns 7 and 12 of Table 1. Data shown are price indices which follow the pure price change for a basket of products and are not simple ratios of the value and volume data shown in Table 1, which are affected by changes in the composition and quality of traded goods. These indices differ from the GDP deflators for imports and exports (shown in Table 3 in Section 5.1), mainly because those deflators include all goods and services and cover cross-border trade within the euro area.

3) Industrial producer export prices refer to direct transactions between domestic producers and non-domestic customers. Contrary to the data shown for values and volumes in Table 1, exports from wholesalers and re-exports are not covered.

(EUR billions, unless otherwise indicated; seasonally adjusted)

3. Geographical breakdown

	Total	EU Member States 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			
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
	Exports (f.o.b.)														
2010	1,533.0	30.2	52.6	194.8	208.3	63.0	92.8	47.5	180.6	356.5	94.8	34.6	104.0	73.4	129.3
2011	1,743.6	32.9	60.5	213.5	241.0	79.8	108.9	56.7	200.4	406.3	115.4	39.4	111.9	84.6	147.2
2011 Q1	429.7	8.1	14.9	53.0	59.0	18.6	25.8	15.2	50.2	99.8	28.6	9.3	28.0	20.0	37.2
Q2	431.5	8.2	15.5	52.4	60.6	19.7	26.1	14.3	48.9	98.5	27.5	9.5	27.2	20.7	39.4
Q3	436.0	8.3	15.7	53.8	61.2	20.6	28.8	13.6	49.3	101.8	28.8	10.1	28.1	21.6	33.2
Q4	446.4	8.3	14.4	54.3	60.2	20.8	28.2	13.6	52.0	106.2	30.5	10.5	28.7	22.3	37.5
2012 Q1	463.0	8.4	15.0	56.6	61.2	22.1	29.4	14.6	55.7	109.5	31.3	10.6	30.9	23.7	35.7
Q2	465.7	8.5	14.9	57.1	60.9	22.8	29.1	14.5	55.8	109.0	30.4	11.3	31.2	24.3	37.7
2012 Feb.	154.0	2.8	5.1	19.3	20.8	7.5	9.8	4.8	18.7	37.4	10.8	3.6	10.2	7.8	9.6
Mar.	155.6	2.8	5.0	18.6	20.1	7.5	9.7	5.1	18.7	36.3	10.1	3.5	11.0	8.2	12.9
Apr.	153.6	2.8	4.9	18.9	19.8	7.5	9.6	4.8	17.4	35.1	9.8	3.6	10.5	7.9	14.5
May	154.2	2.8	5.0	19.5	20.9	7.6	10.0	4.9	19.5	36.4	10.1	3.8	10.5	8.4	8.7
June	157.9	2.9	5.0	18.7	20.3	7.8	9.5	4.8	18.8	37.4	10.5	4.0	10.2	8.0	14.5
July	154.7	.	.	.	.	7.7	9.5	4.7	19.1	35.9	9.9	3.9	10.3	7.9	.
	Percentage share of total exports														
2011	100.0	1.9	3.5	12.2	13.8	4.6	6.2	3.3	11.5	23.3	6.6	2.3	6.4	4.8	8.4
	Imports (c.i.f.)														
2010	1,550.7	27.4	47.3	147.8	195.4	112.2	72.8	30.7	129.8	494.9	208.6	51.4	118.8	75.3	98.2
2011	1,751.0	29.8	53.3	166.6	226.4	138.7	80.2	34.8	139.4	549.3	217.2	52.5	128.4	90.7	113.3
2011 Q1	436.7	7.3	13.3	40.8	55.4	35.8	19.1	9.0	35.4	136.1	55.1	13.8	34.9	21.7	27.9
Q2	439.0	7.5	13.4	41.2	56.5	34.3	19.4	8.8	34.2	139.5	55.6	12.7	30.7	22.1	31.3
Q3	441.2	7.4	13.9	42.6	57.2	33.2	22.0	8.5	34.4	139.7	54.7	13.3	31.3	23.4	27.5
Q4	434.1	7.6	12.7	42.1	57.3	35.4	19.8	8.5	35.4	133.9	51.8	12.8	31.5	23.5	26.6
2012 Q1	451.7	7.2	13.0	42.6	57.5	37.7	20.0	8.4	37.6	135.8	53.2	12.5	38.8	23.7	29.4
Q2	444.9	7.3	12.9	41.4	57.1	34.3	19.7	8.3	37.4	136.2	55.9	12.4	37.8	22.7	29.7
2012 Feb.	152.1	2.5	4.4	14.7	19.4	12.8	6.8	2.9	12.5	46.5	18.5	4.3	13.4	8.2	8.0
Mar.	151.1	2.3	4.3	14.1	19.2	13.1	6.4	2.8	12.7	44.5	17.0	4.1	13.2	7.7	10.7
Apr.	148.8	2.4	4.3	13.8	18.8	12.1	6.1	2.8	12.2	44.4	18.2	3.9	12.9	7.6	11.5
May	147.5	2.5	4.5	14.3	19.1	11.8	6.8	2.8	12.6	45.2	19.1	4.4	13.1	7.9	7.0
June	148.6	2.5	4.1	13.3	19.1	10.5	6.8	2.7	12.6	46.7	18.6	4.0	11.9	7.3	11.2
July	146.8	.	.	.	.	10.0	7.1	2.8	12.9	43.7	18.7	4.1	12.4	7.7	.
	Percentage share of total imports														
2011	100.0	1.7	3.0	9.5	12.9	7.9	4.6	2.0	8.0	31.4	12.4	3.0	7.3	5.2	6.5
	Balance														
2010	-17.7	2.7	5.3	46.9	12.9	-49.1	20.0	16.8	50.7	-138.4	-113.8	-16.8	-14.8	-1.8	31.1
2011	-7.4	3.1	7.1	46.9	14.6	-59.0	28.7	21.9	61.0	-143.0	-101.9	-13.1	-16.4	-6.1	33.9
2011 Q1	-7.0	0.7	1.7	12.2	3.7	-17.2	6.7	6.2	14.8	-36.4	-26.5	-4.4	-6.9	-1.8	9.3
Q2	-7.5	0.7	2.0	11.2	4.1	-14.6	6.7	5.5	14.7	-41.1	-28.1	-3.1	-3.5	-1.4	8.2
Q3	-5.2	1.0	1.8	11.2	4.0	-12.6	6.8	5.1	14.9	-37.9	-25.9	-3.2	-3.2	-1.8	5.6
Q4	12.3	0.7	1.7	12.2	2.9	-14.5	8.4	5.1	16.6	-27.7	-21.4	-2.3	-2.8	-1.1	10.9
2012 Q1	11.3	1.2	2.0	14.0	3.7	-15.6	9.4	6.2	18.2	-26.2	-21.9	-1.9	-7.9	0.1	6.3
Q2	20.9	1.2	2.0	15.8	3.8	-11.5	9.4	6.2	18.4	-27.2	-25.5	-1.0	-6.6	1.6	8.0
2012 Feb.	1.9	0.3	0.7	4.6	1.4	-5.2	3.0	2.0	6.2	-9.1	-7.7	-0.7	-3.2	-0.3	1.6
Mar.	4.6	0.5	0.6	4.5	0.9	-5.7	3.3	2.3	5.9	-8.2	-6.9	-0.6	-2.3	0.4	2.3
Apr.	4.9	0.4	0.6	5.2	1.0	-4.6	3.4	2.0	5.2	-9.3	-8.4	-0.3	-2.4	0.3	3.0
May	6.7	0.4	0.4	5.2	1.7	-4.2	3.2	2.1	6.9	-8.7	-9.1	-0.6	-2.6	0.5	1.8
June	9.3	0.4	0.9	5.4	1.1	-2.7	2.7	2.1	6.3	-9.2	-8.1	-0.1	-1.7	0.8	3.2
July	7.9	.	.	.	.	-2.3	2.4	1.9	6.1	-7.8	-8.7	-0.1	-2.1	0.1	.

Source: Eurostat.

EXCHANGE RATES

8.1 Effective exchange rates [1)]

(period averages; index: 1999 Q1=100)

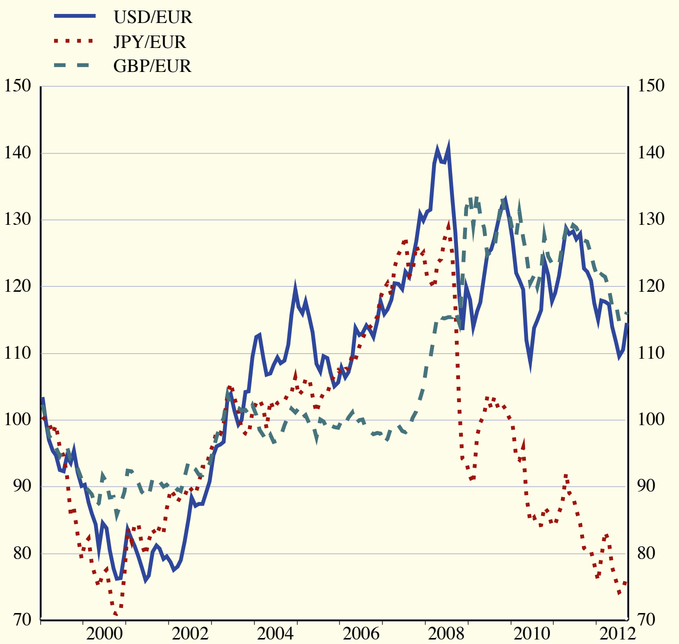
	EER-20						EER-40	
	Nominal	Real CPI	Real PPI	Real GDP deflator	Real ULCM	Real ULCT	Nominal	Real CPI
	1	2	3	4	5	6	7	8
2009	110.6	109.2	104.3	105.0	118.5	105.0	119.7	106.8
2010	103.6	101.6	98.1	96.9	107.4	97.3	111.4	98.1
2011	103.4	100.7	97.6	95.1	106.7	95.9	112.1	97.6
2011 Q3	103.5	100.6	97.6	95.1	107.3	95.8	112.5	97.7
Q4	102.1	99.4	96.4	93.3	106.0	94.7	111.6	97.0
2012 Q1	99.5	96.9	94.4	90.5	103.4	91.7	108.3	94.0
Q2	98.2	95.9	93.4	89.0	102.3	90.5	107.4	93.2
Q3	95.9	93.7	91.7	.	.	.	105.1	91.2
2011 Sep.	102.8	100.0	96.8	-	-	-	112.0	97.5
Oct.	103.0	100.3	97.1	-	-	-	112.6	97.9
Nov.	102.6	99.9	96.8	-	-	-	112.1	97.4
Dec.	100.8	98.1	95.2	-	-	-	110.3	95.8
2012 Jan.	98.9	96.3	93.7	-	-	-	108.0	93.7
Feb.	99.6	97.2	94.7	-	-	-	108.4	94.1
Mar.	99.8	97.3	94.9	-	-	-	108.6	94.3
Apr.	99.5	97.2	94.5	-	-	-	108.4	94.2
May	98.0	95.7	93.2	-	-	-	107.2	93.1
June	97.2	94.9	92.4	-	-	-	106.6	92.4
July	95.3	93.2	91.2	-	-	-	104.4	90.6
Aug.	95.2	93.0	91.0	-	-	-	104.3	90.5
Sep.	97.2	95.0	93.0	-	-	-	106.6	92.4
	Percentage change versus previous month							
2012 Sep.	2.1	2.1	2.2	-	-	-	2.2	2.1
	Percentage change versus previous year							
2012 Sep.	-5.4	-5.0	-3.9	-	-	-	-4.8	-5.2

C39 Effective exchange rates

(monthly averages; index: 1999 Q1=100)

C40 Bilateral exchange rates

(monthly averages; index: 1999 Q1=100)



Source: ECB.

1) For a definition of the trading partner groups and other information, please refer to the General Notes.

8.2 Bilateral exchange rates

(period averages; units of national currency per euro)

	Bulgarian lev	Czech koruna	Danish krone	Latvian lats	Lithuanian litas	Hungarian forint	Polish zloty	New Romanian leu	Swedish krona	Pound sterling	Croatian kuna	New Turkish lira
	1	2	3	4	5	6	7	8	9	10	11	12
2009	1.9558	26.435	7.4462	0.7057	3.4528	280.33	4.3276	4.2399	10.6191	0.89094	7.3400	2.1631
2010	1.9558	25.284	7.4473	0.7087	3.4528	275.48	3.9947	4.2122	9.5373	0.85784	7.2891	1.9965
2011	1.9558	24.590	7.4506	0.7063	3.4528	279.37	4.1206	4.2391	9.0298	0.86788	7.4390	2.3378
2012 Q1	1.9558	25.084	7.4350	0.6985	3.4528	296.85	4.2329	4.3533	8.8529	0.83448	7.5568	2.3556
Q2	1.9558	25.269	7.4349	0.6981	3.4528	293.98	4.2595	4.4293	8.9133	0.80998	7.5280	2.3157
Q3	1.9558	25.082	7.4457	0.6963	3.4528	283.05	4.1366	4.5255	8.4354	0.79153	7.4732	2.2560
2012 Mar.	1.9558	24.676	7.4354	0.6977	3.4528	292.26	4.1370	4.3668	8.8873	0.83448	7.5358	2.3631
Apr.	1.9558	24.809	7.4393	0.6993	3.4528	294.81	4.1782	4.3789	8.8650	0.82188	7.4991	2.3520
May	1.9558	25.313	7.4335	0.6981	3.4528	293.67	4.2937	4.4412	8.9924	0.80371	7.5383	2.3149
June	1.9558	25.640	7.4325	0.6969	3.4528	293.57	4.2973	4.4626	8.8743	0.80579	7.5434	2.2837
July	1.9558	25.447	7.4384	0.6963	3.4528	286.28	4.1837	4.5549	8.5451	0.78827	7.5006	2.2281
Aug.	1.9558	25.021	7.4454	0.6963	3.4528	278.93	4.0934	4.5176	8.2805	0.78884	7.4853	2.2291
Sep.	1.9558	24.752	7.4539	0.6962	3.4528	284.22	4.1345	4.5022	8.4929	0.79821	7.4291	2.3177
	Percentage change versus previous month											
2012 Sep.	0.0	-1.1	0.1	0.0	0.0	1.9	1.0	-0.3	2.6	1.2	-0.8	4.0
	Percentage change versus previous year											
2012 Sep.	0.0	0.8	0.1	-1.8	0.0	-0.3	-4.7	5.1	-7.0	-8.4	-0.9	-6.3

	Australian dollar	Brazilian real	Canadian dollar	Chinese yuan renminbi	Hong Kong dollar	Indian rupee [1]	Indonesian rupiah	Israeli shekel	Japanese yen	Malaysian ringgit
	13	14	15	16	17	18	19	20	21	22
2009	1.7727	2.7674	1.5850	9.5277	10.8114	67.3611	14,443.74	5.4668	130.34	4.9079
2010	1.4423	2.3314	1.3651	8.9712	10.2994	60.5878	12,041.70	4.9457	116.24	4.2668
2011	1.3484	2.3265	1.3761	8.9960	10.8362	64.8859	12,206.51	4.9775	110.96	4.2558
2012 Q1	1.2425	2.3169	1.3128	8.2692	10.1725	65.8991	11,901.67	4.9431	103.99	4.0121
Q2	1.2699	2.5167	1.2949	8.1072	9.9460	69.3757	11,932.86	4.9021	102.59	3.9918
Q3	1.2035	2.5359	1.2447	7.9410	9.6962	68.9706	11,876.24	4.9818	98.30	3.9029
2012 Mar.	1.2538	2.3674	1.3121	8.3326	10.2474	66.5399	12,082.50	4.9679	108.88	4.0229
Apr.	1.2718	2.4405	1.3068	8.2921	10.2163	68.1939	12,068.69	4.9362	107.00	4.0277
May	1.2825	2.5357	1.2916	8.0806	9.9291	69.6407	11,913.51	4.8974	101.97	3.9688
June	1.2550	2.5658	1.2874	7.9676	9.7192	70.1673	11,830.22	4.8763	99.26	3.9836
July	1.1931	2.4914	1.2461	7.8288	9.5308	68.1061	11,605.16	4.9042	97.07	3.8914
Aug.	1.1841	2.5170	1.2315	7.8864	9.6177	68.8632	11,777.55	4.9779	97.58	3.8643
Sep.	1.2372	2.6066	1.2583	8.1273	9.9686	70.0452	12,287.93	5.0717	100.49	3.9599
	Percentage change versus previous month									
2012 Sep.	4.5	3.6	2.2	3.1	3.6	1.7	4.3	1.9	3.0	2.5
	Percentage change versus previous year									
2012 Sep.	-8.1	8.8	-8.8	-7.6	-7.1	6.8	1.4	-0.1	-5.0	-6.7

	Mexican peso	New Zealand dollar	Norwegian krone	Philippine peso	Russian rouble	Singapore dollar	South African rand	South Korean won	Swiss franc	Thai baht	US dollar
	23	24	25	26	27	28	29	30	31	32	33
2009	18.7989	2.2121	8.7278	66.338	44.1376	2.0241	11.6737	1,772.90	1.5100	47.804	1.3948
2010	16.7373	1.8377	8.0043	59.739	40.2629	1.8055	9.6984	1,531.82	1.3803	42.014	1.3257
2011	17.2877	1.7600	7.7934	60.260	40.8846	1.7489	10.0970	1,541.23	1.2326	42.429	1.3920
2012 Q1	17.0195	1.6030	7.5868	56.421	39.5496	1.6573	10.1730	1,482.75	1.2080	40.630	1.3108
Q2	17.3620	1.6241	7.5582	54.813	39.8768	1.6200	10.4214	1,477.96	1.2015	40.101	1.2814
Q3	16.4690	1.5462	7.3910	52.377	39.9755	1.5594	10.3385	1,416.52	1.2035	39.207	1.2502
2012 Mar.	16.8239	1.6104	7.5315	56.634	38.7804	1.6624	10.0475	1,487.83	1.2061	40.557	1.3201
Apr.	17.1900	1.6095	7.5698	56.145	38.8087	1.6459	10.3060	1,495.40	1.2023	40.639	1.3162
May	17.4237	1.6538	7.5655	54.908	39.5585	1.6152	10.4412	1,481.36	1.2012	40.077	1.2789
June	17.4529	1.6062	7.5401	53.510	41.1766	1.6016	10.5050	1,458.61	1.2011	39.640	1.2526
July	16.4263	1.5390	7.4579	51.452	39.9467	1.5494	10.1379	1,404.11	1.2011	38.873	1.2288
Aug.	16.3600	1.5306	7.3239	52.173	39.6334	1.5480	10.2585	1,403.93	1.2011	38.974	1.2400
Sep.	16.6413	1.5721	7.3945	53.629	40.4006	1.5837	10.6512	1,444.65	1.2089	39.842	1.2856
	Percentage change versus previous month										
2012 Sep.	1.7	2.7	1.0	2.8	1.9	2.3	3.8	2.9	0.6	2.2	3.7
	Percentage change versus previous year										
2012 Sep.	-7.2	-7.2	-4.3	-9.6	-4.5	-8.1	2.5	-6.4	0.7	-4.9	-6.6

Source: ECB.

1) For this currency the ECB computes and publishes euro reference exchange rates as from 1 January 2009. Previous data are indicative.

DEVELOPMENTS OUTSIDE THE EURO AREA

9.1 Economic and financial developments in other EU Member States

(annual percentage changes, unless otherwise indicated)

	Bulgaria	Czech Republic	Denmark	Latvia	Lithuania	Hungary	Poland	Romania	Sweden	United Kingdom
	1	2	3	4	5	6	7	8	9	10
	HICP									
2010	3.0	1.2	2.2	-1.2	1.2	4.7	2.7	6.1	1.9	3.3
2011	3.4	2.1	2.7	4.2	4.1	3.9	3.9	5.8	1.4	4.5
2012 Q1	1.9	4.0	2.8	3.3	3.6	5.6	4.2	2.7	0.9	3.5
Q2	1.8	3.8	2.2	2.4	2.8	5.5	4.0	2.1	0.9	2.7
2012 June	1.6	3.8	2.2	2.1	2.6	5.6	4.2	2.2	0.9	2.4
July	2.4	3.3	2.1	1.9	2.9	5.7	4.0	3.1	0.7	2.6
Aug.	3.1	3.4	2.6	1.9	3.4	6.0	3.8	4.0	0.9	2.5
	General government deficit (-)/surplus (+) as a percentage of GDP									
2009	-4.3	-5.8	-2.7	-9.8	-9.4	-4.6	-7.4	-9.0	-0.7	-11.5
2010	-3.1	-4.8	-2.5	-8.2	-7.2	-4.2	-7.8	-6.8	0.3	-10.2
2011	-2.1	-3.1	-1.8	-3.5	-5.5	4.3	-5.1	-5.2	0.3	-8.3
	General government gross debt as a percentage of GDP									
2009	14.6	34.4	40.6	36.7	29.4	79.8	50.9	23.6	42.6	69.6
2010	16.3	38.1	42.9	44.7	38.0	81.4	54.8	30.5	39.4	79.6
2011	16.3	41.2	46.5	42.6	38.5	80.6	56.3	33.3	38.4	85.7
	Long-term government bond yield as a percentage per annum; period average									
2012 Mar.	5.07	3.51	1.89	5.15	5.29	8.73	5.37	6.48	1.95	2.17
Apr.	5.11	3.51	1.71	5.10	5.30	8.77	5.49	6.24	1.82	2.03
May	5.11	3.31	1.37	5.15	5.30	8.33	5.41	6.50	1.51	1.78
June	5.07	3.11	1.26	5.07	4.96	8.30	5.24	6.68	1.45	1.60
July	4.87	2.60	1.10	4.67	4.82	7.56	4.99	6.52	1.33	1.47
Aug.	4.28	2.38	1.15	4.45	4.84	7.36	4.88	6.84	1.44	1.49
	3-month interest rate as a percentage per annum; period average									
2012 Mar.	2.91	1.23	0.99	1.19	1.31	-	4.95	4.25	2.30	1.04
Apr.	2.71	1.24	0.97	1.00	1.28	8.19	4.94	4.12	2.19	1.02
May	2.59	1.24	0.90	0.94	1.24	8.22	5.05	4.69	2.14	1.00
June	2.45	1.21	0.62	0.90	1.20	-	5.12	5.10	2.14	0.95
July	2.14	1.06	0.41	0.75	1.11	8.00	5.13	5.11	2.10	0.82
Aug.	1.69	1.00	0.31	0.61	0.93	7.77	5.11	5.51	2.02	0.71
	Real GDP									
2010	0.4	2.7	1.3	-0.9	1.4	1.3	3.9	-1.7	6.6	1.8
2011	1.7	1.7	0.8	5.5	5.9	1.6	4.3	2.5	3.9	0.8
2011 Q4	0.9	0.6	0.1	5.9	5.2	1.2	4.0	2.2	1.2	0.6
2012 Q1	0.5	-0.5	0.3	5.5	3.9	-1.2	3.5	1.2	1.4	-0.2
Q2	0.5	-1.0	-0.6	4.6	2.8	-1.1	2.5	1.7	1.3	-0.5
	Current and capital account balance as a percentage of GDP									
2010	-0.7	-3.0	5.6	4.9	2.8	2.8	-3.3	-4.2	6.5	-3.1
2011	1.6	-2.5	6.7	-0.2	-1.3	3.2	-2.9	-3.9	6.3	-1.7
2011 Q4	-4.9	-0.6	5.8	-0.4	-3.4	3.0	-1.7	-2.2	4.6	-1.5
2012 Q1	-6.6	2.6	2.9	-3.0	-9.7	1.5	-3.6	-0.2	7.7	-2.9
Q2	-2.6	-0.7	8.3	-1.1	7.4	4.1	0.1	-4.6	5.9	.
	Gross external debt as a percentage of GDP									
2010	102.7	56.5	191.3	164.8	83.4	144.1	66.4	75.8	190.9	413.1
2011	93.1	58.4	183.2	145.0	78.1	146.2	71.9	73.7	193.9	421.3
2011 Q4	93.1	58.4	183.2	145.0	78.1	146.2	71.9	73.7	193.9	421.3
2012 Q1	93.8	59.4	185.2	144.5	80.8	136.0	70.3	74.9	192.3	417.5
Q2	93.8	60.7	.	144.1	77.5	132.1	71.9	75.1	198.1	.
	Unit labour costs									
2010	5.6	-0.7	-1.0	-10.4	-7.3	-3.2	1.3	7.9	-2.4	1.2
2011	1.1	1.0	0.5	3.0	-0.2	3.8	0.5	1.7	-0.8	1.6
2011 Q4	4.8	1.6	1.8	0.7	3.1	2.8	-0.1	0.3	0.3	2.9
2012 Q1	1.9	4.2	1.0	-0.6	5.2	4.7	1.3	4.6	1.7	4.6
Q2	0.7	3.6	1.6	0.3	4.6	4.3	.	4.1	2.8	6.3
	Standardised unemployment rate as a percentage of labour force (s.a.)									
2010	10.3	7.3	7.5	19.8	17.8	11.2	9.6	7.3	8.4	7.8
2011	11.3	6.7	7.6	16.3	15.4	11.0	9.7	7.4	7.5	8.0
2012 Q1	12.0	6.8	7.5	15.4	13.6	11.1	10.0	7.2	7.5	8.2
Q2	12.3	6.8	8.0	15.9	13.3	10.9	10.0	7.2	7.6	7.9
2012 June	12.4	6.8	8.0	15.9	13.2	10.8	10.0	7.3	7.6	8.0
July	12.5	6.8	8.0	.	13.0	10.7	10.0	7.0	7.5	.
Aug.	12.5	6.7	8.0	.	12.9	.	10.1	7.1	7.8	.

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

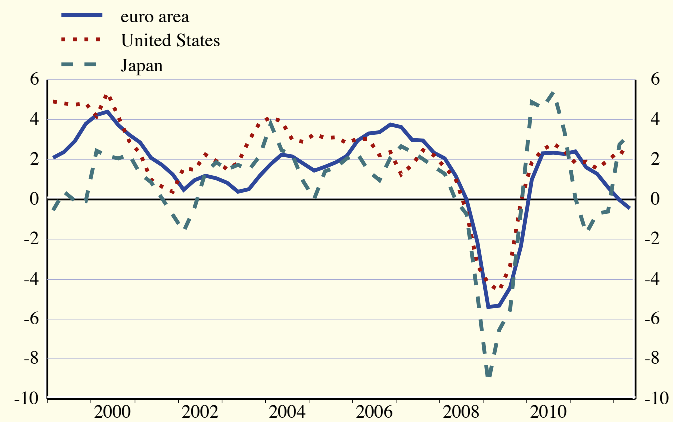
9.2 Economic and financial developments in the United States and Japan

(annual percentage changes, unless otherwise indicated)

	Consumer price index	Unit labour costs [1]	Real GDP	Industrial production index (manufacturing)	Unemployment rate as a % of labour force [2] (s.a.)	Broad money [3]	3-month interbank deposit rate [4]	10-year zero coupon government bond yield; [4] end of period	Exchange rate [5] as national currency per euro	Fiscal deficit (-)/ surplus (+) as a % of GDP	Gross public debt [6] as a % of GDP
	1	2	3	4	5	6	7	8	9	10	11
					United States						
2008	3.8	2.8	-0.3	-4.8	5.8	6.8	2.93	2.70	1.4708	-6.6	61.5
2009	-0.4	-1.4	-3.1	-13.8	9.3	8.0	0.69	4.17	1.3948	-11.6	74.1
2010	1.6	-1.1	2.4	6.3	9.6	2.5	0.34	3.57	1.3257	-11.4	82.5
2011	3.2	1.9	1.8	4.8	9.0	7.3	0.34	2.10	1.3920	-10.2	86.5
2011 Q3	3.8	1.9	1.6	3.9	9.1	9.2	0.30	2.18	1.4127	-10.2	85.0
Q4	3.3	1.4	2.0	4.5	8.7	9.7	0.48	2.10	1.3482	-9.9	86.5
2012 Q1	2.8	0.2	2.4	5.3	8.3	10.2	0.51	2.38	1.3108	-8.7	88.1
Q2	1.9	0.9	2.1	5.5	8.2	9.7	0.47	1.83	1.2814	-8.6	.
Q3	.	.	.	.	.	.	0.43	1.77	1.2502	.	.
2012 May	1.7	-	-	5.1	8.2	9.7	0.47	1.79	1.2789	-	-
June	1.7	-	-	5.5	8.2	9.3	0.47	1.83	1.2526	-	-
July	1.4	-	-	5.0	8.3	8.1	0.45	1.63	1.2288	-	-
Aug.	1.7	-	-	4.0	8.1	6.3	0.43	1.72	1.2400	-	-
Sep.	.	-	-	.	.	.	0.39	1.77	1.2856	-	-
					Japan						
2008	1.4	1.3	-1.1	-3.4	4.0	2.1	0.93	1.21	152.45	-1.9	162.9
2009	-1.3	2.9	-5.5	-21.9	5.1	2.7	0.47	1.42	130.34	-8.8	180.0
2010	-0.7	-2.8	4.6	16.6	5.1	2.8	0.23	1.18	116.24	-8.4	188.4
2011	-0.3	.	-0.7	-2.5	4.6	2.8	0.19	1.00	110.96	.	.
2011 Q3	0.1	0.6	-0.7	-1.0	4.4	2.8	0.19	1.04	109.77	.	.
Q4	-0.3	.	-0.6	-1.7	4.5	3.0	0.20	1.00	104.22	.	.
2012 Q1	0.3	.	2.8	4.7	4.6	3.0	0.20	1.05	103.99	.	.
Q2	0.1	.	3.3	5.3	4.4	2.3	0.20	0.84	102.59	.	.
Q3	.	.	.	.	.	.	0.19	0.78	98.30	.	.
2012 May	0.2	-	-	6.0	4.4	2.1	0.20	0.85	101.97	-	-
June	-0.2	-	-	-1.5	4.3	2.2	0.20	0.84	99.26	-	-
July	-0.4	-	-	-0.8	.	.	0.20	0.78	97.07	-	-
Aug.	-0.4	-	-	-4.3	.	.	0.19	0.81	97.58	-	-
Sep.	.	-	-	.	.	.	0.19	0.78	100.49	-	-

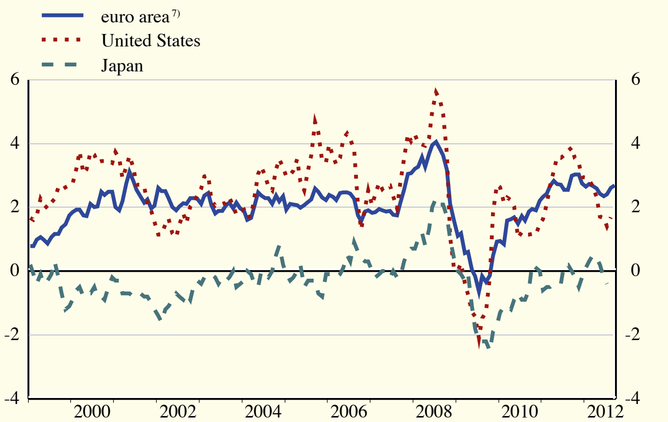
C41 Real gross domestic product

(annual percentage changes; quarterly data)



C42 Consumer price indices

(annual percentage changes; monthly data)



Sources: National data (columns 1, 2 (United States), 3, 4, 5 (United States), 6, 9 and 10); OECD (column 2 (Japan)); Eurostat (column 5 (Japan), euro area chart data); Thomson Reuters (columns 7 and 8); ECB calculations (column 11).

1) Seasonally adjusted. The data for the United States refer to the private non-agricultural business sector.
2) Japanese data from March to August 2011 exclude the three prefectures most affected by the earthquake in that country. These are reinstated as of September 2011.
3) Period averages; M2 for the United States, M2+CDs for Japan.
4) Percentages per annum. For further information on the three-month interbank deposit rate, see Section 4.6.
5) For more information, see Section 8.2.
6) Gross consolidated general government debt (end of period).
7) Data refer to the changing composition of the euro area. For further information, see the General Notes.

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TECHNICAL NOTES

EURO AREA OVERVIEW

CALCULATION OF GROWTH RATES FOR MONETARY DEVELOPMENTS

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

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

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

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

SECTION 1.3

CALCULATION OF INTEREST RATES ON INDEXED LONGER-TERM REFINANCING OPERATIONS

The interest rate on an indexed longer-term refinancing operation (LTRO) is equal to the average of the minimum bid rates on the main refinancing operations (MROs) over the life of that LTRO. According to this definition, if an LTRO is outstanding for D number of days and the minimum bid rates prevailing in MROs are $R_{1,\,MRO}$ (over D_1 days), $R_{2,\,MRO}$ (over D_2 days), etc., until $R_{i,\,MRO}$ (over D_i days), where $D_1+D_2+\ldots+D_i=D$, the applicable annualised rate (R_{LTRO}) is calculated as:

$$\text{c)}\quad R_{LTRO} = \frac{D_1 R_{1,MRO} + D_2 R_{2,MRO} + \ldots + D_i R_{i,MRO}}{D}$$

SECTIONS 2.1 TO 2.6

CALCULATION OF TRANSACTIONS

Monthly transactions are calculated from monthly differences in outstanding amounts adjusted for reclassifications, other revaluations, exchange rate variations and any other changes which do not arise from transactions.

If L_t represents the outstanding amount at the end of month t, C_t^M the reclassification adjustment in month t, E_t^M the exchange rate adjustment and V_t^M the other revaluation adjustments, the transactions F_t^M in month t are defined as:

$$\text{d)}\quad F_t^M = (L_t - L_{t-1}) - C_t^M - E_t^M - V_t^M$$

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

$$\text{e)}\quad F_t^Q = (L_t - L_{t-3}) - C_t^Q - E_t^Q - V_t^Q$$

where L_{t-3} is the amount outstanding at the end of month t-3 (the end of the previous quarter) and, for example, C_t^Q is the reclassification adjustment in the quarter ending in month t.

For those quarterly series for which monthly observations are now available (see below), the quarterly transactions can be derived as the sum of the three monthly transactions in the quarter.

CALCULATION OF GROWTH RATES FOR MONTHLY SERIES

Growth rates can be calculated from transactions or from the index of adjusted outstanding amounts. If F_t^M and L_t are defined as above, the index I_t of adjusted outstanding amounts in month t is defined as:

$$\text{f)}\quad I_t = I_{t-1} \times \left(1 + \frac{F_t^M}{L_{t-1}} \right)$$

The base of the index (for the non-seasonally adjusted series) is currently set as December 2008 = 100. Time series for the index of adjusted outstanding amounts are available on the ECB's website (www.ecb.europa.eu) in the "Monetary and financial statistics" sub-section of the "Statistics" section.

The annual growth rate a_t for month t – i.e. the change in the 12 months ending in month t – can be calculated using either of the following two formulae:

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

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

Unless otherwise indicated, the annual growth rates refer to the end of the indicated period. For example, the annual percentage change for the year 2002 is calculated in h) by dividing the index for December 2002 by the index for December 2001.

Growth rates for intra-annual periods can be derived by adapting formula h). For example, the month-on-month growth rate a^M_t can be calculated as:

$$i)\quad a^M_t = \left(I_t \big/ I_{t-1} - 1\right) \times 100$$

Finally, the three-month moving average (centred) for the annual growth rate of M3 is obtained as $(a_{t+1} + a_t + a_{t-1})/3$, where a_t is defined as in g) or h) above.

CALCULATION OF GROWTH RATES FOR QUARTERLY SERIES

If F^Q_t and L_{t-3} are defined as above, the index I_t of adjusted outstanding amounts for the quarter ending in month t is defined as:

$$j)\quad I_t = I_{t-3} \times \left(1 + \frac{F^Q_t}{L_{t-3}}\right)$$

The annual growth rate in the four quarters ending in month t (i.e. a_t) can be calculated using formula h).

SEASONAL ADJUSTMENT OF THE EURO AREA MONETARY STATISTICS[1]

The approach used is based on multiplicative decomposition using X-12-ARIMA.[2] The seasonal adjustment may include a day-of-the-week adjustment, and for some series it is carried out indirectly by means of a linear combination of components. This is the case for M3, which is derived by aggregating the seasonally adjusted series for M1, M2 less M1, and M3 less M2.

The seasonal adjustment procedures are first applied to the index of adjusted outstanding amounts.[3] The resulting estimates of seasonal factors are then applied to the levels and to the adjustments arising from reclassifications and revaluations, in turn yielding seasonally adjusted transactions. Seasonal (and trading day) factors are revised at annual intervals or as required.

1 For details, see "Seasonal adjustment of monetary aggregates and HICP for the euro area", ECB (August 2000) and the "Monetary and financial statistics" sub-section of the "Statistics" section of the ECB's website (www.ecb.europa.eu).

2 For details, see Findley, D., Monsell, B., Bell, W., Otto, M. and Chen, B. C. (1998), "New Capabilities and Methods of the X-12-ARIMA Seasonal Adjustment Program", Journal of Business and Economic Statistics, 16, 2, pp.127-152, or "X-12-ARIMA Reference Manual", Time Series Staff, Bureau of the Census, Washington, D.C.
For internal purposes, the model-based approach of TRAMO-SEATS is also used. For details of TRAMO-SEATS, see Gomez, V. and Maravall, A. (1996), "Programs TRAMO and SEATS: Instructions for the User", Banco de España, Working Paper No 9628, Madrid.

3 It follows that for the seasonally adjusted series, the level of the index for the base period (i.e. December 2008) generally differs from 100, reflecting the seasonality of that month.

SECTIONS 3.1 TO 3.5

EQUALITY OF USES AND RESOURCES

In Section 3.1 the data conform to a basic accounting identity. For non-financial transactions, total uses equal total resources for each transaction category. This accounting identity is also reflected in the financial account – i.e. for each financial instrument category, total transactions in financial assets equal total transactions in liabilities. In the other changes in assets account and the financial balance sheets, total financial assets equal total liabilities for each financial instrument category, with the exception of monetary gold and special drawing rights, which are by definition not a liability of any sector.

CALCULATION OF BALANCING ITEMS

The balancing items at the end of each account in Sections 3.1, 3.2 and 3.3 are computed as follows.

The trade balance equals euro area imports minus exports vis-à-vis the rest of the world for goods and services.

Net operating surplus and mixed income is defined for resident sectors only and is calculated as gross value added (gross domestic product at market prices for the euro area) minus compensation of employees (uses) minus other taxes less subsidies on production (uses) minus consumption of fixed capital (uses).

Net national income is defined for resident sectors only and is computed as net operating surplus and mixed income plus compensation of employees (resources) plus taxes less subsidies on production (resources) plus net property income (resources minus uses).

Net disposable income is also defined only for resident sectors and equals net national income plus net current taxes on income and wealth (resources minus uses) plus net social contributions (resources minus uses) plus net social benefits other than social transfers in kind (resources minus uses) plus net other current transfers (resources minus uses).

Net saving is defined for resident sectors and is calculated as net disposable income plus the net adjustment for the change in the net equity of households in pension fund reserves (resources minus uses) minus final consumption expenditure (uses). For the rest of the world, the current external account is compiled as the trade balance plus all net income (resources minus uses).

Net lending/net borrowing is computed from the capital account as net saving plus net capital transfers (resources minus uses) minus gross capital formation (uses) minus acquisitions less disposals of non-produced non-financial assets (uses) plus consumption of fixed capital (resources). It can also be calculated in the financial account as total transactions in financial assets minus total transactions in liabilities (also known as changes in net financial worth (wealth) due to transactions). For the household and non-financial corporation sectors, there is a statistical discrepancy between the balancing items computed from the capital account and the financial account.

Changes in net financial worth (wealth) due to transactions are computed as total transactions in financial assets minus total transactions in liabilities, whereas other changes in net financial worth (wealth) are calculated as (total) other changes in financial assets minus (total) other changes in liabilities.

Net financial worth (wealth) is calculated as total financial assets minus total liabilities, whereas changes in net financial worth (wealth) are equal to the sum of changes in net financial worth (wealth) due to transactions (lending/net borrowing from the financial account) and other changes in net financial worth (wealth).

Changes in net worth (wealth) are calculated as changes in net worth (wealth) due to savings and capital transfers plus other changes in net financial worth (wealth) and other changes in non-financial assets.

The net worth (wealth) of households is calculated as the sum of the non-financial assets and net financial worth (wealth) of households.

SECTIONS 4.3 AND 4.4

CALCULATION OF GROWTH RATES FOR DEBT SECURITIES AND QUOTED SHARES

Growth rates are calculated on the basis of financial transactions and therefore exclude reclassifications, revaluations, exchange rate variations and any other changes which do not arise from transactions. They can be calculated from transactions or from the index of notional stocks. If N_t^M represents the transactions (net issues) in month t and L_t the level outstanding at the end of month t, the index I_t of notional stocks in month t is defined as:

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

As a base, the index is set equal to 100 in December 2008. The growth rate a_t for month t, corresponding to the change in the 12 months ending in month t, can be calculated using either of the following two formulae:

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

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

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 instead of an "F". This is to show that the method used to obtain "net issues" for securities issues statistics differs from that used to calculate equivalent "transactions" for the monetary aggregates.

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

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

where I_t is the index of notional stocks as at month t. Likewise, for the year ending in month t, the average growth rate is calculated as:

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

The calculation formula used for Section 4.3 is also used for Section 4.4 and is likewise based on that used for the monetary aggregates. Section 4.4 is based on market values, and the calculations are based on financial transactions, which exclude reclassifications, revaluations and any other changes that do not arise from transactions. Exchange rate variations are not included, as all quoted shares covered are denominated in euro.

SEASONAL ADJUSTMENT OF SECURITIES ISSUES STATISTICS [4]

The approach used is based on multiplicative decomposition using X-12-ARIMA. The seasonal adjustment of total securities issues is carried out indirectly by means of a linear combination of sector and maturity component breakdowns.

The seasonal adjustment procedures are applied to the index of notional stocks. The resulting estimates of seasonal factors are then applied to the outstanding amounts, from which seasonally

4 For details, see "Seasonal adjustment of monetary aggregates and HICP for the euro area", ECB (August 2000) and the "Monetary and financial statistics" sub-section of the "Statistics" section of the ECB's website (www.ecb.europa.eu).

adjusted net issues are derived. Seasonal factors are revised at annual intervals or as required.

As in formulae l) and m), the growth rate a_t for month t, corresponding to the change in the six months ending in month t, can be calculated using either of the following two formulae:

$$\text{p)} \quad a_t = \left[\prod_{i=0}^{5} \left(1 + \frac{N^M_{t-i}}{L_{t-1-i}} \right) - 1 \right] \times 100$$

$$\text{q)} \quad a_t = \left(\frac{I_t}{I_{t-6}} - 1 \right) \times 100$$

TABLE 1 IN SECTION 5.1

SEASONAL ADJUSTMENT OF THE HICP [4]

The approach used is based on multiplicative decomposition using X-12-ARIMA (see footnote 2 on page S80). The seasonal adjustment of the overall HICP for the euro area is carried out indirectly by aggregating the seasonally adjusted euro area series for processed food, unprocessed food, industrial goods excluding energy, and services. Energy is added without adjustment, since there is no statistical evidence of seasonality. Seasonal factors are revised at annual intervals or as required.

TABLE 2 IN SECTION 7.1

SEASONAL ADJUSTMENT OF THE BALANCE OF PAYMENTS CURRENT ACCOUNT

The approach used is based on multiplicative decomposition, using X-12-ARIMA or TRAMO-SEATS depending on the item. The raw data for goods, services, income and current transfers are pre-adjusted in order to take into account significant working day effects. The working day adjustment for goods and services takes account of national public holidays. The seasonal adjustment of these items is carried out using these pre-adjusted series. The seasonal adjustment of the total current account is carried out by aggregating the seasonally adjusted euro area series for goods, services, income and current transfers. Seasonal (and trading day) factors are revised at biannual intervals or as required.

SECTION 7.3

CALCULATION OF GROWTH RATES FOR THE QUARTERLY AND ANNUAL SERIES

The annual growth rate for quarter t is calculated on the basis of quarterly transactions (F_t) and positions (L_t) as follows:

$$\text{r)} \quad a_t = \left(\prod_{i=t-3}^{t} \left(1 + \frac{F_i}{L_{i-1}} \right) - 1 \right) \times 100$$

The growth rate for the annual series is equal to the growth rate in the last quarter of the year.

GENERAL NOTES

The "Euro area statistics" section of the Monthly Bulletin focuses on statistics for the euro area as a whole. More detailed and longer runs of data, with further explanatory notes, are available in the "Statistics" section of the ECB's website (www.ecb.europa.eu). This allows user-friendly access to data via the ECB's Statistical Data Warehouse (http://sdw.ecb.europa.eu), which includes search and download facilities. Further services available in the "Data services" sub-section include subscriptions to different datasets and a repository of compressed Comma Separated Value (CSV) files. For further information, please contact us at: statistics@ecb.europa.eu.

In general, the cut-off date for the statistics included in the Monthly Bulletin is the day preceding the Governing Council of the ECB's first meeting of the month. For this issue, the cut-off date was 2 October 2012.

Unless otherwise indicated, all data series including observations for 2011 relate to the "Euro 17" (i.e. the euro area including Estonia) for the whole time series. For interest rates, monetary statistics, the HICP and reserve assets (and, for consistency reasons, the components and counterparts of M3 and the components of the HICP), euro area statistical series take into account the changing composition of the euro area.

The composition of the euro area has changed a number of times over the years. When the euro was introduced in 1999, the euro area comprised the following 11 countries (the Euro 11): Belgium, Germany, Ireland, Spain, France, Italy, Luxembourg, the Netherlands, Austria, Portugal and Finland. Greece then joined in 2001, forming the Euro 12. Slovenia joined in 2007, forming the Euro 13; Cyprus and Malta joined in 2008, forming the Euro 15; and Slovakia joined in 2009, forming the Euro 16. Finally, Estonia joined in 2011, bringing the number of euro area countries to 17.

EURO AREA SERIES WITH A FIXED COMPOSITION

Aggregated statistical series for fixed compositions of the euro area relate to a given fixed composition for the whole time series, regardless of the composition at the time to which the statistics relate. For example, aggregated series are calculated for the Euro 17 (i.e. aggregating the data of all 17 countries currently in the euro area) for all years, despite the fact that the euro area has only had this composition since 1 January 2011. Unless otherwise indicated, the ECB's Monthly Bulletin provides statistical series for the current composition.

EURO AREA SERIES WITH A CHANGING COMPOSITION

Aggregated statistical series with a changing composition take into account the composition of the euro area at the time to which the statistics relate. For example, euro area statistical series with a changing composition aggregate the data of the Euro 11 for the period up to the end of 2000, the Euro 12 for the period from 2001 to the end of 2006, and so on. With this approach, each individual statistical series covers all of the various compositions of the euro area.

For the HICP, as well as monetary aggregates and their counterparts, annual rates of change are compiled from chain-linked indices, with joining countries' series linked to the euro area series in the December index. Thus, if a country joins the euro area in January of a given year, annual rates of change relate to the previous composition of the euro area up to and including December of the previous year, and the enlarged composition of the euro area thereafter. Percentage changes are calculated on the basis of a chain-linked index, taking account of the changing composition of the euro area. Absolute changes for monetary aggregates and their counterparts (transactions) refer to the composition of the euro area at the time to which the statistics relate.

Given that the composition of the European currency unit (ECU) does not coincide with the former currencies of the countries that have adopted the single currency, pre-1999 amounts originally expressed in the participating currencies and converted into ECU at current ECU exchange rates are affected by movements in the currencies of EU Member States that have not adopted the euro. To avoid this effect on the monetary statistics, pre-1999 data [1] are expressed in units converted from national currencies at the irrevocable euro exchange rates established on 31 December 1998. Unless otherwise indicated, price and cost statistics before 1999 are based on data expressed in national currency terms.

Methods of aggregation and/or consolidation (including cross-country consolidation) have been used where appropriate.

Recent data are often provisional and may be revised. Discrepancies between totals and their components may arise from rounding.

The group "Other EU Member States" comprises Bulgaria, the Czech Republic, Denmark, Latvia, Lithuania, Hungary, Poland, Romania, Sweden and the United Kingdom.

In most cases, the terminology used within the tables follows international standards, such as those contained in the European System of Accounts 1995 and the IMF Balance of Payments Manual. Transactions refer to voluntary exchanges (measured directly or derived), while flows also encompass changes in outstanding amounts owing to price and exchange rate changes, write-offs and other changes.

In the tables, the wording "up to (x) years" means "up to and including (x) years".

OVERVIEW

Developments in key indicators for the euro area are summarised in an overview table.

MONETARY POLICY STATISTICS

Section 1.4 shows statistics on minimum reserve and liquidity factors. Maintenance periods for minimum reserve requirements start every month on the settlement day of the main refinancing operation (MRO) following the Governing Council meeting for which the monthly assessment of the monetary policy stance is scheduled. They end on the day preceding the corresponding settlement day in the following month. Annual/quarterly observations refer to averages for the last reserve maintenance period of the year/quarter.

Table 1 in Section 1.4 shows the components of the reserve base of credit institutions subject to reserve requirements. Liabilities vis-à-vis other credit institutions subject to the ESCB's minimum reserve system, the ECB and participating national central banks are excluded from the reserve base. When a credit institution cannot provide evidence of the amount of its issues of debt securities with a maturity of up to two years which are held by the institutions mentioned above, it may deduct a certain percentage of these liabilities from its reserve base. The percentage used to calculate the reserve base was 10% until November 1999 and has been 30% since that date.

Table 2 in Section 1.4 contains average data for completed maintenance periods. First, the reserve requirement of each individual credit institution is calculated by applying the reserve ratios for the corresponding categories of liability to the eligible liabilities, using the balance sheet data from the end of each calendar month. Subsequently, each credit institution deducts from this figure a lump-sum allowance of €100,000. The resulting required reserves are then aggregated at the euro area level (column 1). Current account holdings (column 2) are the

1 Data on monetary statistics in Sections 2.1 to 2.8 are available for periods prior to January 1999 on the ECB's website (http://www.ecb.europa.eu/stats/services/downloads/html/index.en.html) and in the SDW (http://sdw.ecb.europa.eu/browse.do?node=2018811).

aggregate average daily current account holdings of credit institutions, including those that serve to fulfil reserve requirements. Excess reserves (column 3) are the average current account holdings over the maintenance period in excess of the required reserves. Deficiencies (column 4) are defined as the average shortfalls of current account holdings from required reserves over the maintenance period, computed on the basis of those credit institutions that have not fulfilled their reserve requirements. The interest rate on minimum reserves (column 5) is equal to the average, over the maintenance period, of the ECB's rate (weighted according to the number of calendar days) on the Eurosystem's MROs (see Section 1.3).

Table 3 in Section 1.4 shows the banking system's liquidity position, which is defined as euro area credit institutions' current account holdings with the Eurosystem in euro. All amounts are derived from the consolidated financial statement of the Eurosystem. Other liquidity-absorbing operations (column 7) exclude the issuance of debt certificates initiated by NCBs in Stage Two of EMU. Net other factors (column 10) represent the netted remaining items in the consolidated financial statement of the Eurosystem. Credit institutions' current accounts (column 11) are equal to the difference between the sum of liquidity-providing factors (columns 1 to 5) and the sum of liquidity-absorbing factors (columns 6 to 10). Base money (column 12) is calculated as the sum of the deposit facility (column 6), banknotes in circulation (column 8) and credit institutions' current account holdings (column 11).

MONEY, BANKING AND OTHER FINANCIAL CORPORATIONS

Chapter 2 shows balance sheet statistics for MFIs and other financial corporations. Other financial corporations comprise investment funds (other than money market funds, which are part of the MFI sector), financial vehicle corporations, insurance corporations and pension funds.

Section 2.1 shows the aggregated balance sheet of the MFI sector, i.e. the sum of the harmonised balance sheets of all MFIs resident in the euro area. MFIs comprise central banks, credit institutions as defined under EU law, money market funds and other institutions whose business it is to receive deposits and/or close substitutes for deposits from entities other than MFIs and, for their own account (at least in economic terms), to grant credit and/or make investments in securities. A complete list of MFIs is published on the ECB's website.

Section 2.2 shows the consolidated balance sheet of the MFI sector, which is obtained by netting the aggregated balance sheet positions of MFIs in the euro area. Owing to a small amount of heterogeneity in recording practices, the sum of the inter-MFI positions is not necessarily zero; the balance is shown in column 10 of the liabilities side of Section 2.2. Section 2.3 sets out the euro area monetary aggregates and counterparts. These are derived from the consolidated MFI balance sheet and include positions of non-MFIs resident in the euro area held with MFIs resident in the euro area; they also take account of some monetary assets/ liabilities of central government. Statistics on monetary aggregates and counterparts are adjusted for seasonal and trading day effects. The external liabilities item in Sections 2.1 and 2.2 shows the holdings by non-euro area residents of: (i) shares/units issued by money market funds located in the euro area; and (ii) debt securities issued with a maturity of up to two years by MFIs located in the euro area. In Section 2.3, however, these holdings are excluded from the monetary aggregates and contribute to the item "net external assets".

Section 2.4 provides analysis, broken down by sector, type and original maturity, of loans granted by MFIs other than the Eurosystem (i.e. the banking system) resident in the euro area. Section 2.5 provides analysis, broken down by sector and instrument, of deposits held with the euro area banking system. Section 2.6 shows the securities held by the euro area banking system, broken down by type of issuer. Section 2.7 shows a quarterly currency breakdown for selected MFI balance sheet items.

Sections 2.2 to 2.6 also provide growth rates based on those transactions in the form of annual percentage changes.

Since 1 January 1999 statistical information has been collected and compiled on the basis of various ECB regulations concerning the balance sheet of the monetary financial institution sector. Since July 2010 this has been carried out on the basis of Regulation ECB/2008/32[2]. Detailed sector definitions are set out in the third edition of the "Monetary financial institutions and markets statistics sector manual – Guidance for the statistical classification of customers" (ECB, March 2007).

Section 2.8 shows outstanding amounts and transactions on the balance sheet of euro area investment funds (other than money market funds, which are included in the MFI balance sheet statistics). An investment fund is a collective investment undertaking that invests capital raised from the public in financial and/or non-financial assets. A complete list of euro area investment funds is published on the ECB's website. The balance sheet is aggregated, so investment funds' assets include their holdings of shares/units issued by other investment funds. Shares/units issued by investment funds are also broken down by investment policy (i.e. into bond funds, equity funds, mixed funds, real estate funds, hedge funds and other funds) and by type (i.e. into open-end funds and closed-end funds). Section 2.9 provides further details on the main types of asset held by euro area investment funds. This section contains a geographical breakdown of the issuers of securities held by investment funds, as well as breaking issuers down by economic sector where they are resident in the euro area.

Since December 2008 harmonised statistical information has been collected and compiled on the basis of Regulation ECB/2007/8[3] concerning statistics on the assets and liabilities of investment funds. Further information on these investment fund statistics can be found in the "Manual on investment fund statistics" (ECB, May 2009).

Section 2.10 shows the aggregated balance sheet of financial vehicle corporations (FVCs) resident in the euro area. FVCs are entities which are set up in order to carry out securitisation transactions. Securitisation generally involves the transfer of an asset or pool of assets to an FVC, with such assets reported on the FVC's balance sheet as securitised loans, securities other than shares, or other securitised assets. Alternatively, the credit risk relating to an asset or pool of assets may be transferred to an FVC through credit default swaps, guarantees or other such mechanisms. Collateral held by the FVC against these exposures is typically a deposit held with an MFI or invested in securities other than shares. FVCs typically securitise loans which have been originated by the MFI sector. FVCs must report such loans on their statistical balance sheet, regardless of whether the relevant accounting rules allow the MFI to derecognise the loans. Data on loans which are securitised by FVCs but remain on the balance sheet of the relevant MFI (and thus remain in the MFI statistics) are provided separately. These quarterly data are collected under Regulation ECB/2008/30[4] as of December 2009.

Section 2.11 shows the aggregated balance sheet of insurance corporations and pension funds resident in the euro area. Insurance corporations cover both the insurance and reinsurance sectors, while pension funds include entities which have autonomy in terms of decision-making and keep a complete set of accounts (i.e. autonomous pension funds). This section also contains a geographical and sectoral breakdown of issuing counterparties for securities other than shares held by insurance corporations and pension funds.

2 OJ L 15, 20.01.2009, p. 14.
3 OJ L 211, 11.08.2007, p. 8.
4 OJ L 15, 20.01.2009, p. 1.

EURO AREA ACCOUNTS

Section 3.1 shows quarterly integrated euro area accounts data, which provide comprehensive information on the economic activities of households (including non-profit institutions serving households), non-financial corporations, financial corporations and general government, as well as on the interaction between these sectors and both the euro area and the rest of the world. Non-seasonally adjusted data at current prices are displayed for the last available quarter, following a simplified sequence of accounts in accordance with the methodological framework of the European System of Accounts 1995.

In short, the sequence of accounts (transactions) comprises: (1) the generation of income account, which shows how production activity translates into various categories of income; (2) the allocation of primary income account, which records receipts and expenses relating to various forms of property income (for the economy as a whole; the balancing item of the primary income account is national income); (3) the secondary distribution of income account, which shows how the national income of an institutional sector changes because of current transfers; (4) the use of income account, which shows how disposable income is spent on consumption or saved; (5) the capital account, which shows how savings and net capital transfers are spent in the acquisition of non-financial assets (the balancing item of the capital account is net lending/ net borrowing); and (6) the financial account, which records the net acquisitions of financial assets and the net incurrence of liabilities. As each non-financial transaction is mirrored by a financial transaction, the balancing item of the financial account conceptually also equals net lending/net borrowing as calculated from the capital account.

In addition, opening and closing financial balance sheets are presented, which provide a picture of the financial wealth of each individual sector at a given point in time. Finally, other changes in financial assets and liabilities (e.g. those resulting from the impact of changes in asset prices) are also shown.

The sectoral coverage of the financial account and the financial balance sheets is more detailed for the financial corporation sector, which is broken down into MFIs, other financial intermediaries (including financial auxiliaries), and insurance corporations and pension funds.

Section 3.2 shows four-quarter cumulated flows (transactions) for the "non-financial accounts" of the euro area (i.e. accounts (1) to (5) above), also following the simplified sequence of accounts.

Section 3.3 shows four-quarter cumulated flows (transactions and other changes) for households' income, expenditure and accumulation accounts, as well as outstanding amounts in the financial and non-financial balance sheet accounts, presenting data in a more analytical manner. Sector-specific transactions and balancing items are arranged in a way that more clearly depicts the financing and investment decisions of households, while respecting the accounting identities presented in Sections 3.1 and 3.2.

Section 3.4 displays four-quarter cumulated flows (transactions) for non-financial corporations' income and accumulation accounts, as well as outstanding amounts for the financial balance sheet accounts, presenting data in a more analytical manner.

Section 3.5 shows four-quarter cumulated financial flows (transactions and other changes) and outstanding amounts for the financial balance sheets of insurance corporations and pension funds.

FINANCIAL MARKETS

The series on financial market statistics for the euro area cover those EU Member States that had adopted the euro at the time to which the statistics relate (i.e. a changing composition), with the exception of statistics on securities issues (Sections 4.1 to 4.4), which relate to the Euro 16 for the whole time series (i.e. a fixed composition).

Statistics on securities other than shares and statistics on quoted shares (Sections 4.1 to 4.4) are produced by the ECB using data from the ESCB and the BIS. Section 4.5 presents MFI interest rates on euro-denominated deposits from and loans to euro area residents. Statistics on money market interest rates, long-term government bond yields and stock market indices (Sections 4.6 to 4.8) are produced by the ECB using data from wire services.

Statistics on securities issues cover: (i) securities other than shares, excluding financial derivatives; and (ii) quoted shares. The former are presented in Sections 4.1, 4.2 and 4.3, while the latter are presented in Section 4.4. Debt securities are broken down into short-term and long-term securities. "Short-term" means securities with an original maturity of one year or less (in exceptional cases, two years or less). Securities with (i) a longer maturity, (ii) optional maturity dates, the latest of which is more than one year away, or (iii) indefinite maturity dates are classified as "long-term". Long-term debt securities issued by euro area residents are broken down further into fixed and variable rate issues. Fixed rate issues consist of issues where the coupon rate does not change during the life of the issue. Variable rate issues comprise all issues where the coupon is periodically refixed with reference to an independent interest rate or index. The euro-denominated securities indicated in Sections 4.1, 4.2 and 4.3 also include items expressed in national denominations of the euro.

Section 4.1 shows securities other than shares, broken down by original maturity, residency of the issuer and currency. It presents outstanding amounts, gross issues and net issues of securities other than shares, broken down into: (i) issues denominated in euro and issues in all currencies; (ii) issues by euro area residents and total issues; and (iii) total and long-term maturities. Net issues differ from the changes in outstanding amounts owing to valuation changes, reclassifications and other adjustments. This section also presents seasonally adjusted statistics, including six-month annualised seasonally adjusted growth rates for total and long-term debt securities. Seasonally adjusted data are derived from the index of notional stocks, from which the seasonal effects have been removed. See the Technical Notes for details.

Section 4.2 contains a sectoral breakdown of outstanding amounts, gross issues and net issues for issuers resident in the euro area in line with the ESA 95. The ECB is included in the Eurosystem.

The total outstanding amounts for total and long-term debt securities in column 1 of Table 1 in Section 4.2 correspond to the data on outstanding amounts for total and long-term debt securities issued by euro area residents in column 7 of Section 4.1. The outstanding amounts for total and long-term debt securities issued by MFIs in column 2 of Table 1 in Section 4.2 are broadly comparable with the data on debt securities issued on the liabilities side of the aggregated MFI balance sheet in column 8 of Table 2 in Section 2.1. The total net issues for total debt securities in column 1 of Table 2 in Section 4.2 correspond to the data on total net issues by euro area residents in column 9 of Section 4.1. The residual difference between long-term debt securities and total fixed and variable rate long-term debt securities in Table 1 of Section 4.2 consists of zero coupon bonds and revaluation effects.

Section 4.3 shows seasonally adjusted and non-seasonally adjusted growth rates for debt securities issued by euro area residents (broken down by maturity, type of instrument, sector of the issuer and currency), which are based on financial transactions that occur when an institutional unit incurs or redeems liabilities. The growth rates therefore exclude reclassifications, revaluations, exchange rate variations and any other changes that do not arise from transactions. The seasonally adjusted growth rates have been annualised for presentational purposes. See the Technical Notes for details.

Columns 1, 4, 6 and 8 in Table 1 of Section 4.4 show the outstanding amounts of quoted shares issued by euro area residents broken down by issuing sector. The monthly data for quoted shares issued by non-financial corporations correspond to the quarterly series shown in Section 3.4 (financial balance sheet; quoted shares).

Columns 3, 5, 7 and 9 in Table 1 of Section 4.4 show annual growth rates for quoted shares issued by euro area residents (broken down by the sector of the issuer), which are based on financial transactions that occur when an issuer issues or redeems shares for cash, excluding investments in the issuer's own shares. The calculation of annual growth rates excludes reclassifications, revaluations and any other changes that do not arise from transactions.

Section 4.5 presents statistics on all the interest rates that MFIs resident in the euro area apply to euro-denominated deposits and loans vis-à-vis households and non-financial corporations resident in the euro area. Euro area MFI interest rates are calculated as a weighted average (by corresponding business volume) of the euro area countries' interest rates for each category.

MFI interest rate statistics are broken down by type of business coverage, sector, instrument category and maturity, period of notice or initial period of interest rate fixation. These MFI interest rate statistics replaced the ten transitional statistical series on euro area retail interest rates that had been published in the Monthly Bulletin as of January 1999.

Section 4.6 presents money market interest rates for the euro area, the United States and Japan. For the euro area, a broad spectrum of money market interest rates is covered, ranging from interest rates on overnight deposits to those on twelve-month deposits. Before January 1999, synthetic euro area interest rates were calculated on the basis of national rates weighted by GDP. With the exception of the overnight rate prior to January 1999, monthly, quarterly and yearly values are period averages. Overnight deposits are represented by end-of-period interbank deposit bid rates up to and including December 1998 and period averages for the euro overnight index average (EONIA) thereafter. As of January 1999, euro area interest rates on one, three, six and twelve-month deposits are euro interbank offered rates (EURIBOR); prior to that date, they are London interbank offered rates (LIBOR) where available. For the United States and Japan, interest rates on three-month deposits are represented by LIBOR.

Section 4.7 shows end-of-period rates estimated from nominal spot yield curves based on AAA-rated euro-denominated bonds issued by euro area central governments. The yield curves are estimated using the Svensson model[5]. Spreads between the ten-year rates and the three-month and two-year rates are also released. Additional yield curves (daily releases, including charts and tables) and the corresponding methodological information are available at: http://www.ecb.europa.eu/stats/money/yc/html/index.en.html. Daily data can also be downloaded.

Section 4.8 shows stock market indices for the euro area, the United States and Japan.

PRICES, OUTPUT, DEMAND AND LABOUR MARKETS

Most of the data described in this section are produced by the European Commission (mainly Eurostat) and national statistical authorities. Euro area results are obtained by aggregating data for individual countries. As far as possible, the data are harmonised and comparable. Statistics on labour costs indices, GDP and expenditure components, value added by economic activity, industrial production, retail sales passenger car

5 Svensson, L.E., "Estimating and Interpreting Forward Interest Rates: Sweden 1992-1994", CEPR Discussion Papers, No 1051. Centre for Economic Policy Research, London, 1994.

registrations and employment in terms of hours worked are working day-adjusted.

The Harmonised Index of Consumer Prices (HICP) for the euro area (Table 1 in Section 5.1) is available from 1995 onwards. It is based on national HICPs, which follow the same methodology in all euro area countries. The breakdown into goods and services components is derived from the classification of individual consumption by purpose (Coicop/HICP). The HICP covers monetary expenditure by households on final consumption in the economic territory of the euro area. The table includes seasonally adjusted HICP data and experimental HICP-based estimates of administered prices, which are compiled by the ECB.

Industrial producer prices (Table 2 in Section 5.1), industrial production, industrial turnover and retail sales (Section 5.2) are covered by Council Regulation (EC) No 1165/98 of 19 May 1998 concerning short-term statistics[6]. Since January 2009 the revised classification of economic activities (NACE Revision 2), as covered by Regulation (EC) No 1893/2006 of the European Parliament and of the Council of 20 December 2006 establishing the statistical classification of economic activities NACE Revision 2 and amending Council Regulation (EEC) No 3037/90, as well as certain EC Regulations on specific statistical domains[7], has been applied in the production of short-term statistics. The breakdown by end use of product for industrial producer prices and industrial production is the harmonised sub-division of industry excluding construction (NACE Revision 2, sections B to E) into Main Industrial Groupings (MIGs) as defined by Commission Regulation (EC) No 656/2007 of 14 June 2007[8]. Industrial producer prices reflect the ex-factory gate prices of producers. They include indirect taxes except VAT and other deductible taxes. Industrial production reflects the value added of the industries concerned.

The two non-energy commodity price indices shown in Table 3 in Section 5.1 are compiled with the same commodity coverage, but using two different weighting schemes: one based on the respective commodity imports of the euro area (columns 2-4), and the other (columns 5-7) based on estimated euro area domestic demand, or "use", taking into account information on imports, exports and the domestic production of each commodity (ignoring, for the sake of simplicity, inventories, which are assumed to be relatively stable over the observed period). The import-weighted commodity price index is appropriate for analysing external developments, while the use-weighted index is suitable for the specific purpose of analysing international commodity price pressures on euro area inflation. The use-weighted commodity price indices are experimental data. For more details as regards the compilation of the ECB commodity price indices, see Box 1 in the December 2008 issue of the Monthly Bulletin.

The labour cost indices (Table 5 in Section 5.1) measure the changes in labour costs per hour worked in industry (including construction) and market services. Their methodology is laid down in Regulation (EC) No 450/2003 of the European Parliament and of the Council of 27 February 2003 concerning the labour cost index[9] and in the implementing Commission Regulation (EC) No 1216/2003 of 7 July 2003[10]. A breakdown of the labour cost indices for the euro area is available by labour cost component (wages and salaries, and employers' social contributions plus employment-related taxes paid by the employer less subsidies received by the employer) and by economic activity. The ECB calculates the indicator of negotiated wages (memo item in Table 5 of Section 5.1) on the basis of non-harmonised, national-definition data.

Unit labour cost components (Table 4 in Section 5.1), GDP and its components (Tables 1 and 2 in Section 5.2), GDP deflators (Table 3 in

6 OJ L 162, 5.6.1998, p. 1.
7 OJ L 393, 30.12.2006, p. 1.
8 OJ L 155, 15.6.2007, p. 3.
9 OJ L 69, 13.3.2003, p. 1.
10 OJ L 169, 8.7.2003, p. 37.

Section 5.1) and employment statistics (Table 1 in Section 5.3) are derived from the ESA 95[11] quarterly national accounts. The ESA 95 was amended by Commission Regulation (EU) No 715/2010 of 10 August 2010[12] introducing NACE Revision 2, the updated statistical classification of economic activities. The publication of euro area national accounts data applying this new classification began in December 2011.

Industrial new orders (Table 4 in Section 5.2) measure the orders received during the reference period and cover industries working mainly on the basis of orders – in particular the textile, pulp and paper, chemical, metal, capital goods and durable consumer goods industries. The data are calculated on the basis of current prices.

Indices for turnover in industry and for the retail trade (Table 4 in Section 5.2) measure the turnover, including all duties and taxes (with the exception of VAT), invoiced during the reference period. Retail trade turnover covers all retail trade (excluding sales of motor vehicles and motorcycles), except automotive fuel. New passenger car registrations cover registrations of both private and commercial passenger cars.

Qualitative business and consumer survey data (Table 5 in Section 5.2) draw on the European Commission Business and Consumer Surveys.

Unemployment rates (Table 4 in Section 5.3) conform to International Labour Organization guidelines. They refer to persons actively seeking work as a share of the labour force, using harmonised criteria and definitions. The labour force estimates underlying the unemployment rate are different from the sum of the employment and unemployment levels published in Section 5.3.

GOVERNMENT FINANCE

Sections 6.1 to 6.5 show the general government fiscal position in the euro area. The data are mainly consolidated and are based on the ESA 95 methodology. The annual euro area aggregates in Sections 6.1 to 6.3 are compiled by the ECB on the basis of harmonised data provided by the NCBs, which are regularly updated. The 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[13] amending the ESA 95. Section 6.2 shows details of general government gross consolidated debt at nominal value in line with the Treaty provisions on the excessive deficit procedure. Sections 6.1 and 6.2 include summary data for the individual euro area countries owing to their importance within the framework of the Stability and Growth Pact. The deficits/surpluses presented for the individual euro area countries correspond to excessive deficit procedure B.9, as defined by Council Regulation (EC) No 479/2009 as regards references to the ESA 95. Section 6.3 presents changes in general government debt. The difference between the change in the government debt and the government deficit – the deficit-debt adjustment – is mainly explained by government transactions in financial assets and by foreign exchange valuation effects. Section 6.4 presents non-seasonally adjusted quarterly figures on general government revenue and expenditure on the basis of definitions laid down in Regulation (EC) No 1221/2002 of the European Parliament and of the Council of 10 June 2002 on quarterly non-financial accounts for general government[14]. 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

11 OJ L 310, 30.11.1996, p. 1.
12 OJ L 210, 11.8.2010, p. 1.
13 OJ L 172, 12.7.2000, p. 3.
14 OJ L 179, 9.7.2002, p. 1.

Member States under Regulation (EC) No 501/2004 and Regulation (EC) No 222/2004 and data provided by the NCBs.

EXTERNAL TRANSACTIONS AND POSITIONS

The concepts and definitions used in balance of payments and international investment position (i.i.p.) statistics (Sections 7.1 to 7.4) are generally in line with the IMF Balance of Payments Manual (fifth edition, October 1993), the ECB Guideline of 16 July 2004 on the statistical reporting requirements of the ECB (ECB/2004/15)[15] and the amending ECB Guideline of 31 May 2007 (ECB/2007/3)[16]. Additional information regarding the methodologies and sources used in the euro area b.o.p. and i.i.p. statistics can be found in the ECB publication entitled "European Union balance of payments/international investment position statistical methods" (May 2007) and in the reports of the Task Force on Portfolio Investment Collection Systems (June 2002), the Task Force on Portfolio Investment Income (August 2003) and the Task Force on Foreign Direct Investment (March 2004), all of which can be downloaded from the ECB's website. In addition, a report by the ECB/European Commission (Eurostat) Task Force on Quality looking at balance of payments and international investment position statistics (June 2004) is available on the website of the Committee on Monetary, Financial and Balance of Payments Statistics (www.cmfb.org). The annual quality report on the euro area b.o.p./i.i.p., which is based on the Task Force's recommendations and follows the basic principles of the ECB Statistics Quality Framework published in April 2008, is available on the ECB's website.

On 9 December 2011 the ECB Guideline on the statistical requirements of the European Central Bank in the field of external statistics (ECB/2011/23)[17] was adopted by the Governing Council of the ECB. This legal act lays down new reporting requirements in the field of external statistics, which mainly reflect methodological changes introduced in the sixth edition of the IMF's Balance of Payments and International Investment Position Manual (BPM6). The ECB will begin publishing the euro area's b.o.p., i.i.p. and international reserves statistics in accordance with Guideline ECB/2011/23 and the BPM6 in 2014, with backdata.

The tables in Sections 7.1 and 7.4 follow the sign convention in the IMF Balance of Payments Manual – i.e. surpluses in the current account and the capital account have a plus sign, while in the financial account a plus sign denotes an increase in liabilities or a decrease in assets. In the tables in Section 7.2, both credit and debit transactions are presented with a plus sign. Furthermore, as of the February 2008 issue of the Monthly Bulletin, the tables in Section 7.3 have been restructured in order to allow the data on the balance of payments, the international investment position and related growth rates to be presented together; in the new tables, transactions in assets and liabilities that correspond to increases in positions are shown with a plus sign.

The euro area b.o.p. is compiled by the ECB. Recent monthly figures should be regarded as provisional. Data are revised when figures for the following month and/or the detailed quarterly b.o.p. are published. Earlier data are revised periodically or as a result of methodological changes in the compilation of the source data.

Table 1 in Section 7.2 also contains seasonally adjusted data for the current account. Where appropriate, the adjustment also covers working day, leap year and/or Easter-related effects. Table 3 in Section 7.2 and Table 9 in Section 7.3 present a breakdown of the euro area b.o.p. and i.i.p. vis-à-vis major partner countries, both individually and as a group, distinguishing between EU Member States outside the euro area and countries or areas outside the European Union. The breakdown also shows transactions and positions vis-à-vis EU institutions (which, with the exception

15 OJ L 354, 30.11.2004, p. 34.
16 OJ L 159, 20.6.2007, p. 48.
17 OJ L 65, 3.3.2012, p. 1.

of the ECB, are considered to be outside the euro area for statistical purposes, regardless of their physical location) and, for some purposes, offshore centres and international organisations. The breakdown does not cover transactions or positions in portfolio investment liabilities, financial derivatives or international reserves. In addition, separate data are not provided for investment income payable to Brazil, mainland China, India or Russia. The geographical breakdown is described in the article entitled "Euro area balance of payments and international investment position vis-à-vis main counterparts" in the February 2005 issue of the Monthly Bulletin.

The data on the euro area b.o.p. financial account and i.i.p. in Section 7.3 are based on transactions and positions vis-à-vis non-residents of the euro area, regarding the euro area as a single economic entity (see also Box 9 in the December 2002 issue of the Monthly Bulletin, Box 5 in the January 2007 issue of the Monthly Bulletin and Box 6 in the January 2008 issue of the Monthly Bulletin). The i.i.p. is valued at current market prices, with the exception of direct investment, where book values are used for unquoted shares, and other investments (e.g. loans and deposits). The quarterly i.i.p. is compiled on the basis of the same methodological framework as the annual i.i.p. As some data sources are not available on a quarterly basis (or are available with a delay), the quarterly i.i.p. is partly estimated on the basis of financial transactions, asset prices and foreign exchange developments.

Table 1 in Section 7.3 summarises the i.i.p. and financial transactions in the euro area b.o.p. The breakdown of the change in the annual i.i.p. is obtained by applying a statistical model to i.i.p. changes other than transactions, using information from the geographical breakdown and currency composition of assets and liabilities, as well as price indices for different financial assets. In this table, columns 5 and 6 refer to direct investment by resident units abroad and direct investment by non-resident units in the euro area.

In Table 5 in Section 7.3, the breakdown into "loans" and "currency and deposits" is based on the sector of the non-resident counterpart – i.e. assets vis-à-vis non-resident banks are classified as deposits, whereas assets vis-à-vis other non-resident sectors are classified as loans. This breakdown follows the distinction made in other statistics, such as the MFI consolidated balance sheet, and conforms to the IMF Balance of Payments Manual.

The outstanding amounts for the Eurosystem's international reserves and related assets and liabilities are shown in Table 7 of Section 7.3. These figures are not fully comparable with those in the Eurosystem's weekly financial statement owing to differences in coverage and valuation. The data in Table 7 are in line with the recommendations for the template on international reserves and foreign currency liquidity. By definition, the assets included in the Eurosystem's international reserves take account of the changing composition of the euro area. Before countries join the euro area, the assets of their national central banks are included in portfolio investment (in the case of securities) or other investment (in the case of other assets). Changes in the gold holdings of the Eurosystem (column 3) are due to transactions in gold within the terms of the Central Bank Gold Agreement of 26 September 1999, which was updated on 27 September 2009. More information on the statistical treatment of the Eurosystem's international reserves can be found in a publication entitled "Statistical treatment of the Eurosystem's international reserves" (October 2000), which can be downloaded from the ECB's website. The website also contains more comprehensive data in accordance with the template on international reserves and foreign currency liquidity.

The euro area's gross external debt statistics in Table 8 of Section 7.3 represent outstanding actual (rather than contingent) liabilities vis-à-vis non-euro area residents that require the payment of principal and/or interest by the debtor at one or more points in the future. Table 8 shows a breakdown of gross external debt by instrument and institutional sector.

Section 7.4 contains a monetary presentation of the euro area balance of payments, showing the transactions by non-MFIs that mirror the net external transactions by MFIs. Included in the transactions by non-MFIs are b.o.p. transactions for which a sectoral breakdown is not available. These concern the current and capital accounts (column 2) and financial derivatives (column 11). An up-to-date methodological note on the monetary presentation of the euro area balance of payments is available in the "Statistics" section of the ECB's website. See also Box 1 in the June 2003 issue of the Monthly Bulletin.

Section 7.5 shows data on euro area external trade in goods. The source is Eurostat. Value data and volume indices are seasonally and working day-adjusted. The breakdown by product group in columns 4 to 6 and 9 to 11 of Table 1 in Section 7.5 is in line with the classification contained in the Broad Economic Categories and corresponds to the basic classes of goods in the System of National Accounts. Manufactured goods (columns 7 and 12) and oil (column 13) are in line with the SITC Rev. 4 definition. The geographical breakdown (Table 3 in Section 7.5) shows major trading partners both individually and in regional groups. China excludes Hong Kong. On account of differences in definitions, classification, coverage and time of recording, external trade data, in particular for imports, are not fully comparable with the goods item in the b.o.p. statistics (Sections 7.1 and 7.2). Part of the difference arises from the inclusion of insurance and freight services in the recording of imported goods in external trade data.

Industrial import prices and industrial producer export prices (or industrial output prices for the non-domestic market) shown in Table 2 in Section 7.5 were introduced by Regulation (EC) No 1158/2005 of the European Parliament and of the Council of 6 July 2005 amending Council Regulation (EC) No 1165/98, which is the principal legal basis for short-term statistics. The industrial import price index covers industrial products imported from outside the euro area under sections B to E of the Statistical Classification of Products by Activity in the European Economic Community (CPA) and all institutional import sectors except households, governments and non-profit institutions. It reflects the cost, insurance and freight price excluding import duties and taxes, and refers to actual transactions in euro recorded at the point when ownership of the goods is transferred. The industrial producer export prices cover all industrial products exported directly by euro area producers to the extra-euro area market under sections B to E of NACE Revision 2. Exports from wholesalers and re-exports are not covered. The indices reflect the free on board price expressed in euro and calculated at the euro area frontier, including any indirect taxes except VAT and other deductible taxes. Industrial import prices and industrial producer export prices are available by Main Industrial Grouping as defined by Commission Regulation (EC) No 656/2007 of 14 June 2007. For more details, see Box 11 in the December 2008 issue of the Monthly Bulletin.

EXCHANGE RATES

Section 8.1 shows nominal and real effective exchange rate indices for the euro, which are calculated by the ECB on the basis of weighted averages of the euro's bilateral exchange rates against the currencies of the selected trading partners of the euro area. A positive change denotes an appreciation of the euro. Weights are based on trade in manufactured goods with those trading partners in the periods 1995-1997, 1998-2000, 2001-2003, 2004-2006 and 2007-2009 and are calculated to account for third-market effects. The EER indices are obtained by chain-linking the indicators based on each of these five sets of trade weights at the end of each three-year period. The base period of the resulting EER index is the first quarter of 1999. The EER-20 group of trading partners is composed of the 10 non-euro area EU Member States plus Australia, Canada, China, Hong Kong, Japan, Norway, Singapore, South Korea, Switzerland and the United States. The EER-40 group comprises the EER-20 plus the following countries: Algeria, Argentina, Brazil, Chile, Croatia, Iceland, India, Indonesia, Israel, Malaysia, Mexico, Morocco, New Zealand, the Philippines, Russia, South Africa, Taiwan, Thailand, Turkey and Venezuela. Real EERs are calculated using consumer price indices, producer price indices, gross domestic product deflators and unit labour costs, both for the manufacturing sector and for the total economy.

For more detailed information on the calculation of the EERs, see the relevant methodological note and ECB Occasional Paper No 2 ("The effective exchange rates of the euro" by Luca Buldorini, Stelios Makrydakis and Christian Thimann, February 2002), which can be downloaded from the ECB's website.

The bilateral rates shown in Section 8.2 are monthly averages of those published daily as reference rates for these currencies. The most recent rate for the Icelandic krona is 290.0 per euro and refers to 3 December 2008.

DEVELOPMENTS OUTSIDE THE EURO AREA

Statistics on other EU Member States (Section 9.1) follow the same principles as data relating to the euro area. As a result, data on current and capital accounts and gross external debt include special-purpose vehicles. The data for the United States and Japan contained in Section 9.2 are obtained from national sources.

ANNEXES

CHRONOLOGY OF MONETARY POLICY MEASURES OF THE EUROSYSTEM[1]

14 JANUARY AND 4 FEBRUARY 2010

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 1.00%, 1.75% and 0.25% respectively.

4 MARCH 2010

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 1.00%, 1.75% and 0.25% respectively. It also decides on the details as regards the tender procedures and modalities to be applied in its refinancing operations up to 12 October 2010, including a return to variable rate tender procedures in the regular three-month longer-term refinancing operations, starting with the operation to be allotted on 28 April 2010.

8 APRIL AND 6 MAY 2010

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 1.00%, 1.75% and 0.25% respectively.

10 MAY 2010

The Governing Council of the ECB decides on several measures to address severe tensions in financial markets. In particular, it decides to conduct interventions in the euro area public and private debt securities markets (Securities Markets Programme) and to adopt a fixed rate tender procedure with full allotment in the regular three-month longer-term refinancing operations in May and June 2010.

10 JUNE 2010

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 1.00%, 1.75% and 0.25% respectively. In addition, it decides to adopt a fixed rate tender procedure with full allotment in the regular three-month longer-term refinancing operations to be allotted during the third quarter of 2010.

8 JULY AND 5 AUGUST 2010

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 1.00%, 1.75% and 0.25% respectively.

2 SEPTEMBER 2010

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 1.00%, 1.75% and 0.25% respectively. It also decides on the details as regards the tender procedures and modalities to be applied in its refinancing operations up to 18 January 2011, notably the adoption of a fixed rate tender procedure with full allotment in the three-month longer-term refinancing operations.

7 OCTOBER AND 4 NOVEMBER 2010

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 1.00%, 1.75% and 0.25% respectively.

1 The chronology of monetary policy measures taken by the Eurosystem between 1999 and 2009 can be found in the ECB's Annual Report for the respective years.

2 DECEMBER 2010

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 1.00%, 1.75% and 0.25% respectively. It also decides on the details as regards the tender procedures and modalities to be applied in its refinancing operations up to 12 April 2011, notably to continue its fixed rate tender procedures with full allotment.

13 JANUARY AND 3 FEBRUARY 2011

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 1.00%, 1.75% and 0.25% respectively.

3 MARCH 2011

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 1.00%, 1.75% and 0.25% respectively. It also decides on the details as regards the tender procedures and modalities to be applied in its refinancing operations up to 12 July 2011, notably to continue its fixed rate tender procedures with full allotment.

7 APRIL 2011

The Governing Council of the ECB decides to increase the interest rate on the main refinancing operations by 25 basis points to 1.25%, starting from the operation to be settled on 13 April 2011. In addition, it decides to increase the interest rates on both the marginal lending facility and the deposit facility by 25 basis points, to 2.00% and 0.50% respectively, both with effect from 13 April 2011.

5 MAY 2011

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 1.25%, 2.00% and 0.50% respectively.

9 JUNE 2011

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 1.25%, 2.00% and 0.50% respectively. It also decides on the details as regards the tender procedures and modalities to be applied in its refinancing operations up to 11 October 2011, notably to continue its fixed rate tender procedures with full allotment.

7 JULY 2011

The Governing Council of the ECB decides to increase the interest rate on the main refinancing operations by 25 basis points to 1.50%, starting from the operation to be settled on 13 July 2011. In addition, it decides to increase the interest rates on both the marginal lending facility and the deposit facility by 25 basis points, to 2.25% and 0.75% respectively, both with effect from 13 July 2011.

4 AUGUST 2011

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 1.50%, 2.25% and 0.75% respectively. It also decides on several measures to address renewed tensions in some financial markets. In particular, it decides that the Eurosystem will conduct a liquidity-providing supplementary longer-term refinancing operation with a maturity of approximately six months as a fixed rate tender procedure with full allotment. It also decides on the details as regards the tender procedures and modalities to be applied in its refinancing operations up to 17 January 2012, notably to continue its fixed rate tender procedures with full allotment.

8 SEPTEMBER 2011

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 1.50%, 2.25% and 0.75% respectively.

6 OCTOBER 2011

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 1.50%, 2.25% and 0.75% respectively. It also decides on the details of its refinancing operations from October 2011 to 10 July 2012, notably to conduct two longer-term refinancing operations – one with a maturity of approximately 12 months in October 2011, and another with a maturity of approximately 13 months in December 2011 – and to continue to apply fixed rate tender procedures with full allotment in all of its refinancing operations. In addition, the Governing Council decides to launch a new covered bond purchase programme in November 2011.

3 NOVEMBER 2011

The Governing Council of the ECB decides to decrease the interest rate on the main refinancing operations by 25 basis points to 1.25%, starting from the operation to be settled on 9 November 2011. In addition, it decides to decrease the interest rates on both the marginal lending facility and the deposit facility by 25 basis points, to 2.00% and 0.50% respectively, both with effect from 9 November 2011.

8 DECEMBER 2011

The Governing Council of the ECB decides to decrease the interest rate on the main refinancing operations by 25 basis points to 1.00%, starting from the operation to be settled on 14 December 2011. In addition, it decides to decrease the interest rates on both the marginal lending facility and the deposit facility by 25 basis points, to 1.75% and 0.25% respectively, both with effect from 14 December 2011. It also decides to adopt further non-standard measures, notably: (i) to conduct two longer-term refinancing operations with a maturity of approximately three years; (ii) to increase the availability of collateral; (iii) to reduce the reserve ratio to 1%; and (iv) to discontinue, for the time being, the fine-tuning operations carried out on the last day of each maintenance period.

12 JANUARY 2012

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 1.00%, 1.75% and 0.25% respectively.

9 FEBRUARY 2012

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 1.00%, 1.75% and 0.25% respectively. It also approves specific national eligibility criteria and risk control measures for the temporary acceptance in a number of countries of additional credit claims as collateral in Eurosystem credit operations.

8 MARCH, 4 APRIL AND 3 MAY 2012

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 1.00%, 1.75% and 0.25% respectively.

6 JUNE 2012

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 1.00%, 1.75% and 0.25% respectively. It also decides on the details as regards the tender procedures and modalities to be applied in its refinancing operations up to 15 January 2013, notably to continue its fixed rate tender procedures with full allotment.

5 JULY 2012

The Governing Council of the ECB decides to decrease the interest rate on the main refinancing operations by 25 basis points to 0.75%, starting from the operation to be settled on 11 July 2012. In addition, it decides to decrease the interest rates on both the marginal lending facility and the deposit facility by 25 basis points, to 1.50% and 0.00% respectively, both with effect from 11 July 2012.

2 AUGUST 2012

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 0.75%, 1.50% and 0.00% respectively.

6 SEPTEMBER 2012

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 0.75%, 1.50% and 0.00% respectively. It also decides on the modalities for undertaking Outright Monetary Transactions (OMTs) in secondary markets for sovereign bonds in the euro area.

4 OCTOBER 2012

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 0.75%, 1.50% and 0.00% respectively.

PUBLICATIONS PRODUCED BY THE EUROPEAN CENTRAL BANK

The ECB produces a number of publications which provide information about its core activities: monetary policy, statistics, payment and securities settlement systems, financial stability and supervision, international and European cooperation, and legal matters. These include the following:

STATUTORY PUBLICATIONS

– Annual Report
– Convergence Report
– Monthly Bulletin

RESEARCH PAPERS

– Legal Working Paper Series
– Occasional Paper Series
– Research Bulletin
– Working Paper Series

OTHER/TASK-RELATED PUBLICATIONS

– Enhancing monetary analysis
– Financial integration in Europe
– Financial Stability Review
– Statistics Pocket Book
– The European Central Bank: history, role and functions
– The international role of the euro
– The implementation of monetary policy in the euro area ("General Documentation")
– The monetary policy of the ECB
– The payment system

The ECB also publishes brochures and information materials on a variety of topics, such as the euro banknotes and coins, as well as seminar and conference proceedings.

For a complete list of documents (in PDF format) published by the ECB and the European Monetary Institute, the ECB's forerunner from 1994 to 1998, please visit the ECB's website at http://www.ecb.europa.eu/pub/. Language codes indicate the languages in which each publication is available.

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GLOSSARY

This glossary contains selected items that are frequently used in the Monthly Bulletin. A more comprehensive and detailed glossary can be found on the ECB's website (www.ecb.europa.eu/home/glossary/html/index.en.html).

Autonomous liquidity factors: liquidity factors that do not normally stem from the use of monetary policy instruments. Such factors are, for example, banknotes in circulation, government deposits with the central bank and the net foreign assets of the central bank.

Balance of payments (b.o.p.): a statistical statement that summarises, for a specific period of time, the economic transactions of an economy with the rest of the world.

Bank lending survey (BLS): a quarterly survey on lending policies that has been conducted by the Eurosystem since January 2003. It addresses qualitative questions on developments in credit standards, terms and conditions of loans and loan demand for both enterprises and households to a predefined sample group of banks in the euro area.

Borrowing requirement (general government): net incurrence of debt by the general government.

Break-even inflation rate: the spread between the yield on a nominal bond and that on an inflation-linked bond of the same (or as similar as possible) maturity.

Capital account: a b.o.p. account that covers all capital transfers and acquisitions/disposals of non-produced, non-financial assets between residents and non-residents.

Capital accounts: part of the system of national (or euro area) accounts consisting of the change in net worth that is due to net saving, net capital transfers and net acquisitions of non-financial assets.

Central parity (or central rate): the exchange rate of each ERM II member currency vis-à-vis the euro, around which the ERM II fluctuation margins are defined.

Compensation per employee or per hour worked: the total remuneration, in cash or in kind, that is payable by employers to employees, i.e. gross wages and salaries, as well as bonuses, overtime payments and employers' social security contributions, divided by the total number of employees or by the total number of employees' hours worked.

Consolidated balance sheet of the MFI sector: a balance sheet obtained by netting out inter-MFI positions (e.g. inter-MFI loans and deposits) in the aggregated MFI balance sheet. It provides statistical information on the MFI sector's assets and liabilities vis-à-vis residents of the euro area not belonging to this sector (i.e. the general government and other euro area residents) and vis-à-vis non-euro area residents. It is the main statistical source for the calculation of monetary aggregates, and it provides the basis for the regular analysis of the counterparts of M3.

Collateral: assets pledged or transferred in some form as a guarantee for the repayment of loans, as well as assets sold under repurchase agreements. Collateral used in Eurosystem reverse transactions must fulfil certain eligibility criteria.

Current account: a b.o.p. account that covers all transactions in goods and services, income and current transfers between residents and non-residents.

Current transfers account: a technical b.o.p. account in which the value of real resources or financial items is recorded when these are transferred without receiving anything in exchange. Current transfers cover all transfers that are not capital transfers.

Debt (financial accounts): loans taken out by households, as well as the loans, debt securities and pension fund reserves (resulting from employers' direct pension commitments on behalf of their employees) of non-financial corporations, valued at market prices at the end of the period.

Debt (general government): the gross debt (currency and deposits, loans and debt securities) at nominal value outstanding at the end of the year and consolidated between and within the sectors of general government.

Debt security: a promise on the part of the issuer (i.e. the borrower) to make one or more payment(s) to the holder (the lender) on a specified future date or dates. Such securities usually carry a specific rate of interest (the coupon) and/or are sold at a discount to the amount that will be repaid at maturity. Debt securities issued with an original maturity of more than one year are classified as long-term.

Debt-to-GDP ratio (general government): the ratio of general government debt to GDP at current market prices. It is the subject of one of the fiscal criteria laid down in Article 126(2) of the Treaty on the Functioning of the European Union to define the existence of an excessive deficit.

Deficit (general government): the general government's net borrowing, i.e. the difference between total government revenue and total government expenditure.

Deficit-debt adjustment (general government): the difference between the general government deficit and the change in general government debt.

Deficit ratio (general government): the ratio of the general government deficit to GDP at current market prices. It is the subject of one of the fiscal criteria laid down in Article 126(2) of the Treaty on the Functioning of the European Union to define the existence of an excessive deficit. It is also referred to as the budget deficit ratio or the fiscal deficit ratio.

Deflation: a significant and persistent decline in the prices of a very broad set of consumer goods and services that becomes entrenched in expectations.

Deposit facility: a standing facility of the Eurosystem enabling eligible counterparties to make, on their own initiative, overnight deposits with the NCB in their respective jurisdiction. Deposits are remunerated at a pre-specified rate that normally provides a floor for overnight market interest rates.

Disinflation: a process of decelerating inflation that may lead to negative inflation rates of a temporary nature.

Direct investment: cross-border investment for the purpose of obtaining a lasting interest in an enterprise resident in another economy (assumed, in practice, for ownership of at least 10% of the ordinary shares or voting power). Included are equity capital, reinvested earnings and other capital associated with inter-company operations. The direct investment account records net transactions/positions in assets abroad by euro area residents (as "direct investment abroad") and net transactions/positions in euro area assets by non-residents (as "direct investment in the euro area").

Effective exchange rates (EERs) of the euro (nominal/real): weighted averages of bilateral euro exchange rates against the currencies of the euro area's main trading partners. The EER indices of the euro are calculated against different groups of trading partners: the EER-20 comprises the ten non-euro area EU Member States and ten trading partners outside the EU, and the EER-40 encompasses the EER-20 and 20 additional countries. The weights used reflect the share of each partner country in the euro area's trade in manufactured goods and account for competition in third markets. Real EERs are nominal EERs deflated by a weighted average of foreign, relative to domestic, prices or costs. They are thus measures of price and cost competitiveness.

Enhanced credit support: the non-standard measures taken by the ECB/Eurosystem during the financial crisis with a view to supporting financing conditions and credit flows above and beyond what could be achieved through reductions in key ECB interest rates alone.

EONIA (euro overnight index average): a measure of the effective interest rate prevailing in the euro interbank overnight market. It is calculated as a weighted average of the interest rates on unsecured overnight lending transactions denominated in euro, as reported by a panel of contributing banks.

Equities: securities representing ownership of a stake in a corporation, e.g. shares traded on stock exchanges (quoted shares), unquoted shares and other forms of equity. Equities usually produce income in the form of dividends.

ERM II (exchange rate mechanism II): the exchange rate arrangement that provides the framework for exchange rate policy cooperation between the euro area countries and the EU Member States not participating in Stage Three of EMU.

EURIBOR (euro interbank offered rate): the rate at which what is known as a prime bank is willing to lend funds (denominated in euro) to another prime bank. The EURIBOR is computed daily, based on the rates of a sample of selected banks, for different maturities of up to 12 months.

Euro area: the area formed by those EU Member States in which the euro has been adopted as the single currency in accordance with the Treaty on the Functioning of the European Union.

European Commission surveys: harmonised surveys of business and/or consumer sentiment conducted on behalf of the European Commission in each of the EU Member States. Such questionnaire-based surveys are addressed to managers in the manufacturing, construction, retail and services industries, as well as to consumers. From each monthly survey, composite indicators are calculated that summarise the replies to a number of different questions in a single indicator (confidence indicators).

Eurosystem: the central banking system made up of the ECB and the NCBs of those EU Member States whose currency is the euro.

Eurozone Purchasing Managers' Surveys: surveys of business conditions in manufacturing and in services industries conducted for a number of countries in the euro area and used to compile indices. The Eurozone Manufacturing Purchasing Managers' Index (PMI) is a weighted indicator calculated from indices of output, new orders, employment, suppliers' delivery times and stocks of purchases. The services sector survey asks questions on business activity, expectations of future business activity, the amount of business outstanding, incoming new business, employment, input prices and prices charged. The Eurozone Composite Index is calculated by combining the results from the manufacturing and services sector surveys.

External trade in goods: exports and imports of goods with countries outside the euro area, measured in terms of value and as indices of volume and unit value. External trade statistics are not comparable with the exports and imports recorded in the national accounts, as the latter include both intra-euro area and extra-euro area transactions, and also combine goods and services. Nor are they fully comparable with the goods item in b.o.p. statistics. Besides methodological adjustments, the main difference is that imports in external trade statistics are recorded including insurance and freight services, whereas they are recorded free on board in the goods item in the b.o.p. statistics.

Financial account: a b.o.p. account that covers transactions between residents and non-residents in direct investment, portfolio investment, other investment, financial derivatives and reserve assets.

Financial accounts: part of the system of national (or euro area) accounts showing the financial positions (stocks or balance sheets), financial transactions and other changes of the different institutional sectors of an economy by type of financial asset.

Financial vehicle corporation (FVC): an entity whose principal activity is to carry out securitisation transactions. An FVC typically issues marketable securities that are offered for sale to the general public, or sold in the form of private placements. These securities are backed by a portfolio of assets (typically loans) which are held by the FVC. In some cases, a securitisation transaction may involve a number of FVCs, where one FVC holds the securitised assets and another issues the securities backed by those assets.

Fixed rate tender: a tender procedure in which the interest rate is specified in advance by the central bank and in which participating counterparties bid the amount of money they wish to transact at the fixed interest rate.

Fixed rate full-allotment tender procedure: a tender procedure in which the interest rate is pre-specified by the central bank (fixed rate) and in which counterparties bid the amount of money they want to transact at that rate, knowing in advance that all their bids will be satisfied (full allotment).

General government: a sector defined in the ESA 95 as comprising resident entities that are engaged primarily in the production of non-market goods and services intended for individual and collective consumption and/or in the redistribution of national income and wealth. Included are central, regional and local government authorities as well as social security funds. Excluded are government-owned entities that conduct commercial operations, such as public enterprises.

Gross domestic product (GDP): the value of an economy's total output of goods and services less intermediate consumption, plus net taxes on products and imports. GDP can be broken down by output, expenditure or income components. The main expenditure aggregates that make up GDP are household final consumption, government final consumption, gross fixed capital formation, changes in inventories, and imports and exports of goods and services (including intra-euro area trade).

Gross external debt: the outstanding amount of an economy's actual (i.e. non-contingent) current liabilities that require payment of principal and/or interest to non-residents at some point in the future.

Harmonised Index of Consumer Prices (HICP): a measure of the development of consumer prices that is compiled by Eurostat and harmonised for all EU Member States.

Hourly labour cost index: a measure of labour costs, including gross wages and salaries (in cash and in kind, including bonuses) and other labour costs (employers' social contributions plus employment-related taxes paid by the employer minus subsidies received by the employer), per hour actually worked (including overtime).

Implied volatility: the expected volatility (i.e. standard deviation) in the rates of change of the price of an asset (e.g. a share or a bond). It can be derived from the asset's price, maturity date and exercise price of its options, as well as from a riskless rate of return, using an option pricing model such as the Black-Scholes model.

Income account: a b.o.p. account that covers two types of transactions with non-residents, namely (i) those involving compensation of employees that is paid to non-resident workers (e.g., cross-border, seasonal, and other short-term workers) and (ii) those involving investment income receipts and payments on external financial assets and liabilities, with the latter including receipts and payments on direct investment, portfolio investment and other investment, as well as receipts on reserve assets.

Index of negotiated wages: a measure of the direct outcome of collective bargaining in terms of basic pay (i.e. excluding bonuses) at the euro area level. It refers to the implied average change in monthly wages and salaries.

Industrial producer prices: factory-gate prices (transportation costs are not included) of all products sold by industry, excluding construction, on the domestic markets of the euro area countries, excluding imports.

Industrial production: the gross value added created by industry at constant prices.

Inflation: an increase in the general price level, e.g. in the consumer price index.

Inflation-indexed government bonds: debt securities issued by the general government, the coupon payments and principal of which are linked to a specific consumer price index.

Insurance corporations and pension funds: financial corporations and quasi-corporations that are engaged primarily in financial intermediation as the consequence of the pooling of risks.

International investment position (i.i.p.): the value and composition of an economy's outstanding net financial claims on (or financial liabilities to) the rest of the world.

International reserves: external assets readily available to and controlled by monetary authorities for directly financing or regulating the magnitude of payment imbalances through intervention in exchange markets. The international reserves of the euro area comprise non-euro-denominated claims on non-euro area residents, gold, special drawing rights and the reserve positions in the IMF which are held by the Eurosystem.

Investment funds (except money market funds): financial institutions that pool capital raised from the public and invest it in financial and non-financial assets. See also MFIs.

Job vacancies: a collective term covering newly created jobs, unoccupied jobs or jobs about to become vacant in the near future, for which the employer has recently taken active steps to find a suitable candidate.

Key ECB interest rates: the interest rates, set by the Governing Council, which reflect the monetary policy stance of the ECB. They are the rates at the main refinancing operations, on the marginal lending facility and on the deposit facility.

Labour force: the sum total of persons in employment and the number of unemployed.

Labour productivity: the output that can be produced with a given input of labour. It can be measured in several ways, but is commonly measured as GDP (volume) divided by either total employment or total hours worked.

Liquidity-absorbing operation: an operation through which the Eurosystem absorbs liquidity in order to reduce excess liquidity, or to create a shortage of liquidity. Such operations can be conducted by issuing debt certificates or fixed-term deposits.

Longer-term refinancing operation (LTRO): an open market operation with a maturity of more than one week that is executed by the Eurosystem in the form of a reverse transaction. The regular monthly operations have a maturity of three months. During the financial market turmoil that started in August 2007, supplementary operations with maturities ranging from one maintenance period to 36 months were conducted, the frequency of which varied.

M1: a narrow monetary aggregate that comprises currency in circulation plus overnight deposits held with MFIs and central government (e.g. at the post office or treasury).

M2: an intermediate monetary aggregate that comprises M1 plus deposits redeemable at a period of notice of up to and including three months (i.e. short-term savings deposits) and deposits with an agreed maturity of up to and including two years (i.e. short-term time deposits) held with MFIs and central government.

M3: a broad monetary aggregate that comprises M2 plus marketable instruments, in particular repurchase agreements, money market fund shares and units, and debt securities with a maturity of up to and including two years issued by MFIs.

Main refinancing operation (MRO): a regular open market operation executed by the Eurosystem in the form of reverse transactions. Such operations are carried out through a weekly standard tender and normally have a maturity of one week.

Marginal lending facility: a standing facility of the Eurosystem enabling eligible counterparties, on their own initiative, to receive overnight credit from the NCB in their jurisdiction at a pre-specified rate in the form of a reverse transaction. The rate on loans extended within the scope of the marginal lending facility normally provides an upper bound for overnight market interest rates.

MFI credit to euro area residents: MFI loans granted to non-MFI euro area residents (including general government and the private sector) and MFI holdings of securities (shares, other equity and debt securities) issued by non-MFI euro area residents.

MFI interest rates: the interest rates that are applied by resident credit institutions and other MFIs, excluding central banks and money market funds, to euro-denominated deposits and loans vis-à-vis households and non-financial corporations resident in the euro area.

MFI longer-term financial liabilities: deposits with an agreed maturity of over two years, deposits redeemable at a period of notice of over three months, debt securities issued by euro area MFIs with an original maturity of more than two years and the capital and reserves of the euro area MFI sector.

MFI net external assets: the external assets of the euro area MFI sector (such as gold, foreign currency banknotes and coins, securities issued by non-euro area residents and loans granted to non-euro area residents) minus the external liabilities of the euro area MFI sector (such as non-euro area residents' deposits and repurchase agreements, as well as their holdings of money market fund shares/units and debt securities issued by MFIs with a maturity of up to and including two years).

MFIs (monetary financial institutions): financial institutions which together form the money-issuing sector of the euro area. These include (i) the Eurosystem, (ii) resident credit institutions (as defined in EU law), (iii) other financial institutions whose business is to receive deposits and/or close substitutes for deposits from entities other than MFIs and, for their own account (at least in economic terms), to grant credit and/or invest in securities, as well as electronic money institutions that are principally engaged in financial intermediation in the form of issuing electronic money, and (iv) money market funds, i.e. collective investment undertakings that invest in short-term and low-risk instruments.

Minimum bid rate: the lower limit to the interest rates at which counterparties may submit bids in the variable tenders.

Open market operation: a financial market operation executed on the initiative of the central bank. These operations include reverse transactions, outright transactions as well as the issuance of fixed-term deposits or debt certificates or foreign exchange swaps. The open market operations can be liquidity providing or liquidity absorbing.

Other investment: an item in the b.o.p. and the i.i.p. that covers the financial transactions/positions with non-residents in trade credits, deposits and loans, and other accounts receivable and payable.

Portfolio investment: euro area residents' net transactions and/or positions in securities issued by non-residents of the euro area ("assets") and non-residents' net transactions and/or positions in securities issued by euro area residents ("liabilities"). Included are equity securities and debt securities (bonds and notes, and money market instruments). Transactions are recorded at the effective price paid or received, less commissions and expenses. To be regarded as a portfolio asset, ownership in an enterprise must be equivalent to less than 10% of the ordinary shares or voting power.

Price stability: as defined by the Governing Council, a year-on-year increase in the HICP for the euro area of below 2%. The Governing Council has also made it clear that, in the pursuit of price stability, it aims to maintain inflation rates below, but close to, 2% over the medium term.

Purchasing power parity (PPP): the rate at which one currency is converted into another so as to equalise the purchasing power of the two currencies by eliminating the differences in the price levels prevailing in the countries concerned. In their simplest form, PPPs show the ratio of the prices in national currency of the same good or service in different countries.

Reference value for M3 growth: the annual growth rate of M3 that is deemed to be compatible with price stability over the medium term.

Reserve requirement: the requirement for institutions to hold minimum reserves with the central bank over a maintenance period. Compliance with the requirement is determined on the basis of the average of the daily balances in the reserve accounts over the maintenance period.

Reverse transaction: an operation whereby the NCB buys or sells assets under a repurchase agreement or conducts credit operations against collateral.

Securitisation: a transaction or scheme whereby an asset or a pool of cash flow-producing assets, often consisting of loans (mortgages, consumer loans, etc.), is transferred from an originator (usually a credit institution) to a financial vehicle corporation (FVC). The FVC effectively converts these assets into marketable securities by issuing debt instruments with principal and interest serviced through the cash flows produced by the asset pool.

Survey of Professional Forecasters (SPF): a quarterly survey that has been conducted by the ECB since 1999 to collect macroeconomic forecasts on euro area inflation, real GDP growth and unemployment from a panel of experts affiliated to financial and non-financial organisations based in the EU.

Unit labour costs: a measure of total labour costs per unit of output calculated for the euro area as the ratio of total compensation per employee to labour productivity (defined as GDP (volume) per person employed).

Variable rate tender: a tender procedure where the counterparties bid both the amount of money they wish to transact with the central bank and the interest rate at which they wish to enter into the transaction.

Volatility: the degree of fluctuation in a given variable.

Write-down: a downward adjustment to the value of loans recorded in the balance sheets of MFIs when it is recognised that the loans have become partly unrecoverable.

Write-off: the removal of the value of loans from the balance sheets of MFIs when the loans are considered to be totally unrecoverable.

Yield curve: a graphical representation of the relationship between the interest rate or yield and the residual maturity at a given point in time for sufficiently homogenous debt securities with different maturity dates. The slope of the yield curve can be measured as the difference between the interest rates or yield at two selected maturities.

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