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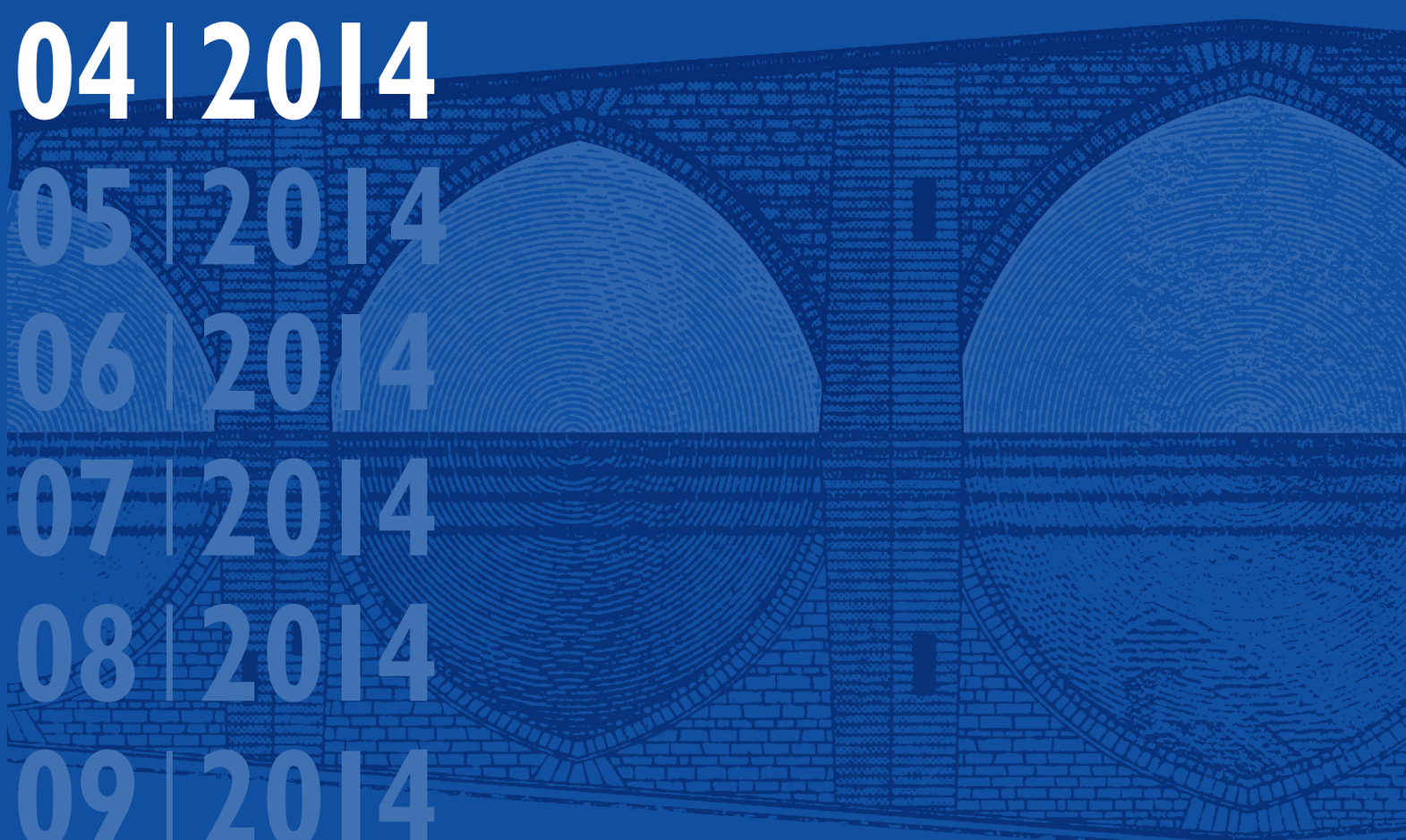

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ABBREVIATIONS

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
HR	Croatia	FI	Finland
IT	Italy	SE	Sweden
CY	Cyprus	UK	United Kingdom
LV	Latvia	JP	Japan
LT	Lithuania	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 3 April to keep the key ECB interest rates unchanged. Incoming information confirms that the moderate recovery of the euro area economy is proceeding in line with the Governing Council's previous assessment. At the same time, recent information remains consistent with the Governing Council's expectation of a prolonged period of low inflation followed by a gradual upward movement in HICP inflation rates. The signals from the monetary analysis confirm the picture of subdued underlying price pressures in the euro area over the medium term. Inflation expectations for the euro area over the medium to long term continue to be firmly anchored in line with the Governing Council's aim of maintaining inflation rates below, but close to, 2%.

Looking ahead, the Governing Council will monitor developments very closely and will consider all instruments available. The Governing Council is resolute in its determination to maintain a high degree of monetary accommodation and to act swiftly if required. Hence, it does not exclude further monetary policy easing and firmly reiterates that it continues to expect the key ECB interest rates to remain at present or lower levels for an extended period of time. This expectation is based on an overall subdued outlook for inflation extending into the medium term, given the broad-based weakness of the economy, the high degree of unutilised capacity and subdued money and credit creation. At the same time, the Governing Council is closely following developments on money markets. It is unanimous in its commitment to using also unconventional instruments within its mandate in order to cope effectively with risks of a too prolonged period of low inflation.

Regarding the economic analysis, real GDP in the euro area rose by 0.2%, quarter on quarter, in the last quarter of 2013, after 0.1% in the third quarter and 0.3% in the second quarter. Survey data that encompass the first quarter of this year are consistent with continued moderate growth, confirming previous expectations that the ongoing recovery is increasingly supported by firmer domestic demand. Looking ahead, some further improvement in domestic demand should materialise, supported by the accommodative monetary policy stance, ongoing improvements in financing conditions working their way through to the real economy, and the progress made in fiscal consolidation and structural reforms. In addition, real incomes are supported by moderate price developments, in particular lower energy prices. Economic activity is also expected to benefit from a gradual strengthening of demand for euro area exports. At the same time, although labour markets have shown the first signs of improvement, unemployment in the euro area remains high and, overall, unutilised capacity is sizeable. Moreover, the necessary balance sheet adjustments in the public and private sectors will continue to weigh on the pace of the economic recovery.

The risks surrounding the economic outlook for the euro area continue to be on the downside. Developments in global financial markets and in emerging market economies, as well as geopolitical risks, may have the potential to affect economic conditions negatively. Other downside risks include weaker than expected domestic demand and insufficient implementation of structural reforms in euro area countries, as well as weaker export growth.

According to Eurostat's flash estimate, euro area annual HICP inflation was 0.5% in March 2014, down from 0.7% in February. The decrease reflects falls in the annual rates of change of the food, goods and services components, partly offset by a more moderate decline in energy prices. On the basis of current exchange rates and prevailing futures prices for energy, annual HICP inflation is expected to pick up somewhat in April, partly related to the volatility of services prices in the months around Easter. Over the following months, annual HICP inflation is expected to remain low, before gradually increasing during 2015 to reach levels closer to 2% towards the end of 2016.

At the same time, medium to long-term inflation expectations remain firmly anchored in line with price stability.

The Governing Council sees both upside and downside risks to the outlook for price developments as limited and broadly balanced over the medium term. In this context, the possible repercussions of both geopolitical risks and exchange rate developments will be monitored closely.

Turning to the monetary analysis, data for February 2014 point to subdued underlying growth in broad money (M3). Annual growth in M3 was broadly stable in February at 1.3%, compared with 1.2% in January. The growth of the narrow monetary aggregate M1 remained robust at 6.2% in February, after 6.1% in January. The main factor supporting annual M3 growth continued to be the increase in the MFI net external asset position, reflecting the keen interest of international investors in euro area assets.

MFI loans to the private sector continued to decline in February. The annual rate of change of loans to non-financial corporations (adjusted for loan sales and securitisation) was -3.1%, compared with -2.8% in January. Weak loan dynamics for non-financial corporations continue to reflect their lagged relationship with the business cycle, credit risk and the ongoing adjustment of financial and non-financial sector balance sheets. The annual growth rate of loans to households (adjusted for loan sales and securitisation) stood at 0.4% in February 2014, still broadly unchanged since the beginning of 2013.

Since the summer of 2012, substantial progress has been made in improving the funding situation of banks. In order to ensure an adequate transmission of monetary policy to the financing conditions in euro area countries, it is essential that the fragmentation of euro area credit markets declines further and that the resilience of banks is strengthened where needed. This is the objective of the ongoing comprehensive assessment by the ECB.

To sum up, the economic analysis confirms the Governing Council's expectation of a prolonged period of low inflation followed by a gradual upward movement in HICP inflation rates towards levels closer to 2%. A cross-check with the signals from the monetary analysis confirms the picture of subdued underlying price pressures in the euro area over the medium term.

As regards fiscal policies, euro area countries have made important progress in correcting fiscal imbalances. They should not unravel past consolidation achievements and should put high government debt ratios on a downward trajectory over the medium term, in line with the Stability and Growth Pact. Fiscal strategies should ensure a growth-friendly composition of consolidation to achieve better quality and more efficient public services, while minimising the distortionary effects of taxation. Further decisive steps are needed to reform product and labour markets with a view to improving competitiveness, raising potential growth, generating employment opportunities and making euro area economies more flexible.

This issue of the Monthly Bulletin contains two articles. The first article reviews the motivations for central banks to provide forward guidance and discusses the rationale for the ECB's forward guidance and its effectiveness. The second article addresses the debate surrounding short-term fiscal multipliers and the medium and longer-term impact of fiscal consolidation on debt sustainability and output.

ECONOMIC AND MONETARY DEVELOPMENTS

I THE EXTERNAL ENVIRONMENT OF THE EURO AREA

Global activity remains on a gradual recovery path, notwithstanding some weakness observed since the beginning of the year, largely owing to temporary factors. The shift in growth dynamics continues across regions, with momentum solidifying in advanced economies, while economic and geopolitical uncertainties are weighing on growth prospects in emerging market economies. Global inflation and inflationary pressures remain subdued.

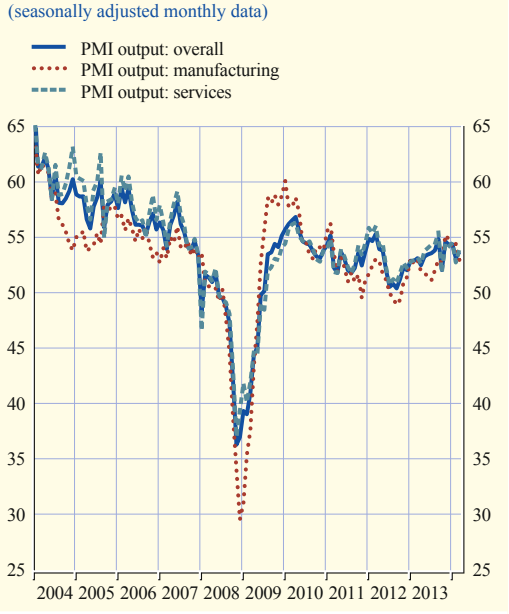
1.1 GLOBAL ECONOMIC ACTIVITY AND TRADE

At the global level, economic activity continues to recover at a gradual pace, despite some temporary weakness since the beginning of the year. This weakness is linked to one-off factors, such as adverse weather conditions in the United States and the effects of the Chinese New Year. Growth rotation continues across regions, with advanced economies maintaining their growth momentum and major emerging market economies losing vigour as economic and geopolitical uncertainties weigh on the short and medium-term growth prospects of these countries. The impact of the conflict between Ukraine and Russia on global financial and commodity markets has been rather muted to date. Global sentiment indicators have softened somewhat in recent months, but remain at robust levels overall, supported by developments in advanced economies. The Purchasing Managers' Index (PMI) for manufacturing output declined slightly to 52.4 in March, from 53.2 in February, confirming the anticipated slowdown in global activity in the first quarter. Excluding the euro area, the global manufacturing output PMI also eased (see Chart 1).

Forward-looking indicators continue to point to a gradual and uneven recovery of the global economy. The new orders component of the manufacturing PMI kept its momentum in March, albeit posting a small decrease compared with February. Meanwhile, in January the OECD's composite leading indicator, designed to anticipate turning points in economic activity relative to trend, signalled strengthening growth momentum in most major OECD countries, notably the United States, Japan and the United Kingdom, but a continuing slowdown in the major emerging market economies (see Chart 2).

Chart 1 Global PMI (excluding the euro area)

(seasonally adjusted monthly data)



Source: Markit.

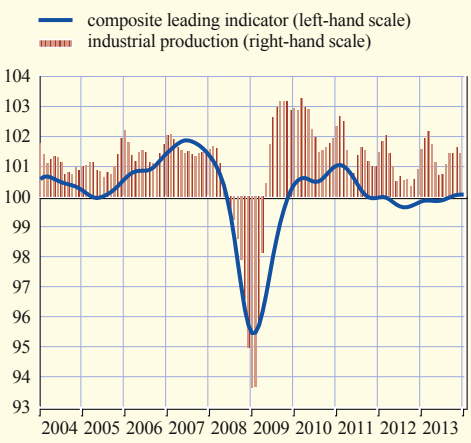
World trade growth remains tepid. Global trade momentum softened slightly in January. According to the CPB Netherlands Bureau for Economic Policy Analysis, the volume of world imports of goods grew by 1.2% in January (1.3% in December), on a three-month-on-three-month basis. This slight deceleration was largely attributable to the United States and emerging Asia – partly related to specific and one-off factors such as adverse weather conditions and the effects of the Chinese New Year – as well as more negative trade news from Latin America. On the other hand, merchandise imports picked up in Japan and central and eastern Europe. In March 2014 the global PMI for new manufacturing export

orders increased marginally, suggesting a continued but moderate recovery in global trade activity.

The balance of risks to the global outlook remains tilted to the downside. Developments in global financial markets and in emerging market economies, as well as geopolitical risks, may have the potential to affect economic conditions negatively.

Chart 2 Composite leading indicator and industrial production

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



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

1.2 GLOBAL PRICE DEVELOPMENTS

Global inflation remains low, particularly in advanced economies. In the OECD area, annual headline consumer price inflation decreased to 1.4% in February 2014 from 1.7% in January, mainly owing to a negative contribution from energy prices. Inflation decelerated in the majority of advanced economies, with the exception of Japan, while the picture in emerging market economies has been relatively mixed and volatile, with inflation falling in China and India and increasing in Russia and Brazil. Excluding food and energy, the OECD annual inflation rate remained stable at 1.6% in February for the fourth consecutive month (see Table 1).

The outlook for global inflation is strongly influenced by commodity price developments and, more importantly, by energy prices. Brent crude oil prices have been relatively stable around USD 106-111 per barrel over the last couple of months (see Chart 3). Brent crude oil prices stood at USD 107 per barrel on 2 April, which is about 3% lower than their level one year ago. Looking at fundamentals, global supply and demand conditions continue to suggest a relatively well-supplied oil market. According to the International Energy Agency, increases in global oil demand in 2014, mainly driven by non-OECD countries, are expected to be accompanied by

Table 1 Price developments in selected economies

(annual percentage changes)

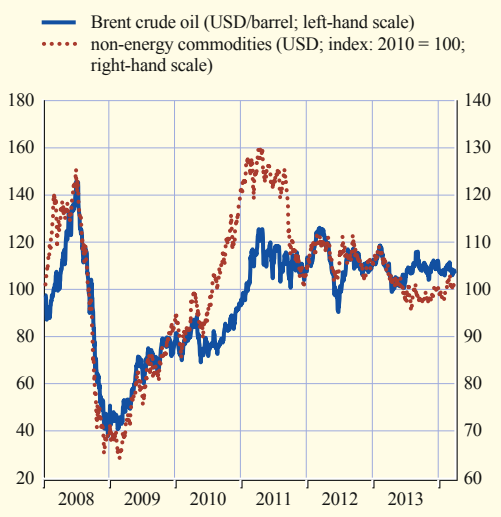
	2012	2013	2013				2014	
			Sep.	Oct.	Nov.	Dec.	Jan.	Feb.
OECD	2.3	1.6	1.5	1.3	1.5	1.6	1.7	1.4
United States	2.1	1.5	1.2	1.0	1.2	1.5	1.6	1.1
Japan	0.0	0.4	1.1	1.1	1.5	1.6	1.4	1.5
United Kingdom	2.8	2.6	2.7	2.2	2.1	2.0	1.9	1.7
China	2.6	2.6	3.1	3.2	3.0	2.5	2.5	2.0
Memo item:								
OECD core inflation [1)]	1.8	1.6	1.6	1.5	1.6	1.6	1.6	1.6

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

rising non-OPEC supply, which is primarily due to continued strong growth in US shale oil supply. At the same time, OPEC crude oil production, which has been subject to severe disruptions over recent months, is showing signs of recovery as Iraqi production levels rose significantly in February. Looking forward, oil market participants expect slightly lower oil prices over the medium term, with December 2015 Brent futures contracts trading at USD 99 per barrel.

Non-energy commodity prices have, on aggregate, been relatively stable in recent months. Metal prices in March declined owing to concerns about slowing demand growth in China, while food prices increased. In aggregate terms, the non-energy commodity price index (denominated in USD) is currently about 2.6% lower than one year ago.

Chart 3 Main developments in commodity prices



Sources: Bloomberg and HWWI.

1.3 DEVELOPMENTS IN SELECTED ECONOMIES

UNITED STATES

In the United States, real GDP growth remained robust in the fourth quarter of 2013 (see Table 2). According to the third estimate by the Bureau of Economic Analysis, real GDP increased at an annualised rate of 2.6% (0.7% quarter on quarter), down from 4.1% (1.0% quarter on quarter) in the previous quarter. Growth was supported by stronger gains in personal consumption expenditure, non-residential investment and exports compared with the previous quarter, while growth in inventory building was neutral following a strong positive contribution in the previous quarter. Residential investment and public spending both declined, the latter on account of a decrease in federal as well as state and local government expenditure.

Following rather weak high-frequency data for January, available indicators for February are more positive on balance, suggesting a possible rebound from the largely weather-induced setback earlier in the year. Both retail sales and industrial production bounced back in February, following

Table 2 Real GDP growth in selected economies

(percentage changes)

	Annual growth rates					Quarterly growth rates		
	2012	2013	2013 Q2	2013 Q3	2013 Q4	2013 Q2	2013 Q3	2013 Q4
United States	2.8	1.9	1.6	2.0	2.6	0.6	1.0	0.7
Japan	1.4	1.5	1.3	2.4	2.5	1.0	0.2	0.2
United Kingdom	0.3	1.7	1.7	1.8	2.7	0.8	0.8	0.7
China	7.7	7.7	7.5	7.8	7.7	1.8	2.2	1.8

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

declines in the previous month. In addition, job creation accelerated somewhat in February, with the number of jobs in the non-farm sector increasing by 175,000, following 129,000 in January. Weaker spots in the economy are the housing sector – where housing starts, home sales and sentiment remain more subdued – and trade, with both real imports and exports exhibiting rather weak growth in December and January. Against this background, considerable economic slack is still present in the United States as suggested by a broader analysis of labour market conditions (see Box 1). Overall, however, growth in economic activity is expected to accelerate this year, supported by a further strengthening of private domestic demand on the basis of continued accommodative financial conditions and improving confidence, and by a diminishing fiscal drag.

Annual CPI inflation declined by 0.5 percentage point to 1.1% in February 2014, mostly reflecting a decline in annual energy price inflation, which was partly due to base effects. Annual CPI inflation excluding food and energy remained at 1.6%, unchanged from January, but slightly below the rate of 1.7% recorded over the previous four months. In recent months annual inflation, as measured by the personal consumption expenditure deflator, has been standing at lower levels, close to 1%, partly owing to a different weighting of components compared with the CPI. Looking ahead, the recovery in economic activity should lead to a reduction in economic slack over time, which is expected to be reflected in a gradual and modest increase in inflation.

In the context of generally improving economic prospects, at its meeting on 19 March 2014 the Federal Open Market Committee (FOMC) announced a reduction in the monthly pace of its asset purchases by a further USD 10 billion to USD 55 billion, starting from April. The reduction is divided equally between purchases of mortgage-backed securities (from USD 30 billion to USD 25 billion) and longer-term Treasury securities (from USD 35 billion to USD 30 billion). The FOMC also revised its forward guidance communication compared with the January statement, stating that in determining how long to keep interest rates unchanged it "will take into account a wide range of information, including measures of labor market conditions, indicators of inflation pressures and inflation expectations, and readings on financial developments". Nevertheless, the FOMC indicated that "the change in the Committee's guidance does not indicate any change in the Committee's policy intentions as set forth in its recent statements".

Box 1

IS THE UNEMPLOYMENT RATE A SOUND GAUGE OF LABOUR MARKET DEVELOPMENTS IN THE UNITED STATES?

The assessment of the US labour market has gained prominence in the context of the unconventional monetary policies of the Federal Reserve System. Until recently, the Federal Open Market Committee had indicated in its forward guidance that it would not raise interest rates while the unemployment rate remained above a threshold of 6.5%. On 19 March 2014, with the unemployment rate approaching 6.5%, this communication was replaced with a qualitative form of guidance that still included an assessment of labour market conditions.[1] Against this background, this box aims to assess the underlying strength of the US labour market and to evaluate the extent of labour market slack.

1 See statement by the Federal Open Market Committee, 19 March 2014, Board of Governors of the Federal Reserve System.

The improvement in the labour market and the decline in the participation rate

In the course of 2013 the recovery in the labour market gained further traction. Job creation – the change in total non-farm payrolls – proceeded at a relatively steady pace, with the US economy creating an average of 194,000 jobs a month in 2013 (see Chart A). At the same time, the unemployment rate declined from 7.9% in December 2012 to 6.7% in February 2014. However, most of the improvement in the unemployment rate resulted from declines in the labour force participation rate, which fell by 0.8 percentage point in 2013.[2] Meanwhile, broader measures of unemployment that include "discouraged workers"[3] and part-time workers who would like to work full time, as well as the long-term unemployed, remain elevated. Developments in the employment-to-population ratio (see Chart B) and labour turnover rates (the hiring and quit rate) also suggest a less healthy picture of the labour market.

The decline in the participation rate over recent years stands out by comparison with past economic cycles. In particular, the recovery since 2009 has not been associated with an improvement in the participation rate, unlike the pattern observed in most of the previous recoveries in the United States. Instead, the participation rate declined by 3.0 percentage points between December 2007 and February 2014. By contrast, the participation rate in the euro area increased by 1.2 percentage points from the end of 2007 to the third quarter of 2013, which had an immediate adverse impact on the unemployment rate. This feature might partially help to

Chart A Employment change and unemployment rate

(left-hand scale: monthly change, in thousands; right-hand scale: as a percentage of labour force)

Source: Bureau of Labor Statistics.
Note: The latest observation is for February 2014.

Chart B Employment-to-population ratio and participation rate

(as a percentage of civilian population)

Source: Bureau of Labor Statistics.
Note: The latest observation is for February 2014.

2 The labour force participation rate is defined as the percentage of the civilian non-institutional population that is part of the labour force (either employed or unemployed but actively looking for a job).

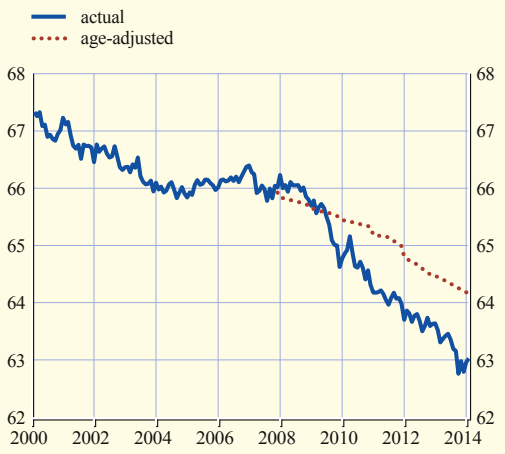
3 "Discouraged workers" refers to those who did not actively look for work in the four weeks prior to the reference week because they thought there was no work available, they could not find work, they lacked schooling or training, a potential employer considered them to be too young or too old, or they have encountered other forms of discrimination.

explain the observed divergence in the trends of unemployment rates between the euro area and the United States.[4]

There may be several reasons for the unprecedented decline in the participation rate in the United States since December 2007. First, the share of people over 55 years of age in the total population has increased steadily, while there has been a decrease in the share of prime-age workers (aged 25-54). As older people have lower participation rates, such demographic changes are estimated to account for around one-third of the decline in the overall labour force participation rate since December 2007 (see Chart C). Second, a fraction of the decline in the participation rate can be explained by a greater number of people on social security disability programmes, which has increased strongly since 2007, far above its pre-crisis trend, possibly acting as a support mechanism for displaced workers. Empirical research suggests that people who become beneficiaries of disability benefits tend to remain permanently out of the labour force, and eventually move into retirement once eligible.[5] Hence, these first two factors can be seen as structural.

Chart C Actual and age-adjusted participation rate

(as a percentage of civilian population)



Sources: Bureau of Labor Statistics and ECB calculations.
Notes: The age-adjusted measure is computed after 2007 and allows the labour force participation rate to vary only as a result of changes in population shares. The latest observation is for February 2014.

A third factor is that the lack of available jobs has induced young people to extend their education in recent years to improve their chances on the job market once the economy gains traction. Accordingly, the fraction of students enrolled in education (secondary school and university) among the 16-24 age group, who are thus not part of the labour force, has risen markedly since 2007. This is likely to be a largely cyclical phenomenon, as the students will return to the labour force once their education is completed and economic prospects have improved. Finally, the deterioration in economic prospects during and after the recent recession led to a significant number of people dropping out of the labour force. As a result, the number of "marginally attached workers"[6] and discouraged workers rose substantially. There is significant uncertainty regarding the extent to which discouraged workers may permanently leave the labour force owing to loss of skills, and it is therefore unclear whether this factor will turn out to be largely structural or will gradually reverse over time.

Available external estimates, such as those produced by the Congressional Budget Office (CBO), show that two-thirds of the 3 percentage-point decline in the participation rate between the end of 2007 and the end of 2013 was the result of structural factors, primarily the ageing of the

4 For an overview of the differences in labour market adjustments in the euro area and the United States since the beginning of the financial crisis, see the box entitled "Labour market developments in the euro area and the United States since the beginning of the global financial crisis", *Monthly Bulletin*, ECB, August 2013.
5 See, for example, Sherk, J., *Not Looking for Work: Why Labor Force Participation Has Fallen During the Recession*, Backgrounder No 2722, The Heritage Foundation, September 2013.
6 "Marginally attached workers" refers to those who looked for work over the previous 12 months and were available to take a job during the reference week.

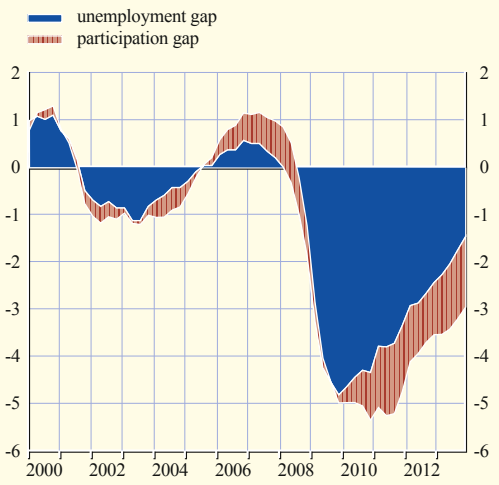
population (1.5 percentage points) and the slow recovery, which led discouraged workers to drop permanently out of the labour force (0.5 percentage point).[7] By contrast, a report by Erceg and Levin in 2013 argued that the bulk of the decline was attributable to cyclical factors.[8]

Measuring labour market slack

As the unemployment rate declined, labour market slack as defined by the unemployment gap – the difference between the non-accelerating inflation rate of unemployment (NAIRU), estimated by the CBO, and the actual unemployment rate – fell rapidly, from -2.4 percentage points in the last quarter of 2012 to -1.5 percentage points in the last quarter of 2013 (see Chart D). However, a more encompassing assessment of prevailing labour market slack would entail adding workers who have temporarily left the labour force to the unemployment gap. This can be measured by the participation rate gap, which is defined as the difference between the potential labour force – estimated by the CBO – and the actual labour force. The participation rate gap reflects the part of the decline in the labour force that results from weak labour demand.

Chart D Participation gap and unemployment gap

(as a percentage of labour force)



Sources: Bureau of Labor Statistics, CBO and ECB calculations.
Note: The latest observation is for the fourth quarter of 2013.

The combined participation rate gap and unemployment gap suggests significantly greater slack in the US labour market than the unemployment gap alone (see Chart D). Accordingly, the US labour market retains a fairly high level of "reserve labour supply", which may be absorbed once economic prospects brighten and labour demand rises. Overall, this suggests that slack in the US labour market increased during the recent recession to peak at 5.4 percentage points below full employment in the last quarter of 2010, with the unemployment gap initially being the main contributor. Since 2010 the participation rate gap has played a bigger role in driving total labour market slack. Total labour market slack has declined substantially, reaching 3.0 percentage points by the last quarter of 2013, largely as a result of the narrowing unemployment gap, while the participation rate gap has continued to widen. It is estimated to have stood at -1.5 percentage points at the end of 2013, the same as the unemployment gap.

Conclusions

The analysis presented in this box highlights the need to monitor labour market developments more broadly, and not to rely solely on the unemployment rate.[9] A broader analysis suggests that labour market conditions remain relatively weak overall and that considerable labour market slack is still present in the United States.

7 See *The Slow Recovery of the Labor Market*, Congressional Budget Office, February 2014.
8 See Erceg, C. and Levin, A., "Labor Force Participation and Monetary Policy in the Wake of the Great Recession", *IMF Working Papers,* No 245, International Monetary Fund, 2013.
9 See Yellen, J., *Semiannual Monetary Policy Report to the Congress*, 11 February 2014.

JAPAN

In Japan, real GDP growth for the fourth quarter of 2013 was revised down to 0.2% quarter on quarter, providing further evidence of the loss of momentum in the second half of 2013. The downward revision was due to a lower contribution from domestic demand, which nonetheless remained robust and contributed 0.7 percentage point to the fourth quarter expansion. By contrast, net exports subtracted 0.5 percentage point from quarterly GDP growth. A pick-up in activity is expected to have taken place in the first quarter, with demand frontloaded in advance of the consumption tax increase scheduled for April. However, the increase in output expected in the first quarter is likely to be followed by a contraction in the second quarter, before modest growth resumes in the second half of 2014.

Consumer price inflation increased to 1.5% year on year in February, from 1.4% in January. In the last four months annual CPI inflation has shown signs of stabilisation. CPI inflation excluding food, beverages and energy also increased by 0.1 percentage point in February, to 0.8% year on year. During the March monetary policy meeting, the Bank of Japan left its target for the monetary base unchanged.

UNITED KINGDOM

The United Kingdom has experienced robust economic growth in recent quarters. Business survey indicators stayed at relatively high levels during the first quarter of 2014, suggesting that growth has remained strong despite adverse weather conditions. Consumer confidence has also improved, and residential house prices as well as household credit growth have recovered well. In the medium term, however, the recovery is likely to face headwinds. The relatively subdued real household income dynamics in the face of weak productivity growth, as well as the ongoing need for private and public sector balance sheet adjustment will continue to constrain domestic demand, while the outlook for export growth remains muted.

Annual CPI inflation has slowed down in recent months, and eased off by 0.2 percentage point to 1.7% in February 2014. The recent decline in inflation has been driven mainly by slower food and energy price inflation. Looking ahead, it is expected that inflationary pressures will remain moderate as inflation continues to be dampened by spare capacity in the economy and the lagged effects of recent currency appreciation. At its meeting on 6 March 2014 the Bank of England's Monetary Policy Committee decided to keep the policy rate at 0.5% and the size of its asset purchase programme at GBP 375 billion.

CHINA

A broad range of indicators, including industrial production, retail sales and the manufacturing PMIs, are pointing to slowing growth in China in the first quarter of 2014. Trade data were more negative than expected, with year-on-year growth in nominal goods exports falling from 10% in January to -18% in February. However, increased volatility in trade growth rates at the start of the year is a recurring phenomenon linked to the Chinese New Year, so the decline in export growth should be interpreted cautiously. One expansionary area was fixed-asset investment, which increased further in the first two months of 2014 compared with December 2013. Available indicators suggest that the slowdown is mostly concentrated in manufacturing. Inflationary pressures remained overall subdued, with annual consumer inflation falling back to 2% in February and producer prices continuing to fall. Credit creation also continued to slow down, although remaining well above nominal GDP growth. A slowdown in growth early in the year will make it more difficult to achieve the official growth target of around 7.5% for 2014. However, the government has already indicated it will speed up investment and construction plans to support domestic demand.

The reform momentum that began in November last year continued, with a doubling of the renminbi's daily trading band on 17 March to 2% around the central rate set daily by the People's Bank of China. According to the People's Bank of China, the range was widened to give a greater role to market forces in determining the renminbi exchange rate. In real effective terms, the trend appreciation of the renminbi seems to be continuing.

Chart 4 Nominal effective exchange rate of the euro

(daily data; index: Q1 1999 = 100)

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

1.4 EXCHANGE RATES

Over the past month, the euro has slightly appreciated against the currencies of most of the euro area's main trading partners. On 2 April 2014 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 beginning of March and 5.3% above the level one year earlier (see Chart 4 and Table 3). Movements in exchange rates during this period were largely related to developments in expectations about future monetary policy, as well as to adjustments in market expectations regarding the economic outlook for the euro area relative to other major economies.

In bilateral terms, from 3 March to 2 April 2014 the euro edged up against the US dollar (by 0.2%), and strengthened against the Japanese yen (by 2.5%) and the pound sterling (by 0.6%). By contrast, it depreciated against the currencies of commodity-exporting countries. While the euro also weakened

Table 3 Euro exchange rate developments

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

	Weight in the effective exchange rate of the euro (EER-20)	Change in the exchange rate of the euro as at 2 April 2014 with respect to	
		3 March 2014	2 April 2013
EER-20		0.4	5.3
Chinese renminbi	18.7	1.2	7.8
US dollar	16.8	0.2	7.4
Pound sterling	14.8	0.6	-2.2
Japanese yen	7.2	2.5	19.4
Swiss franc	6.4	0.5	0.3
Polish zloty	6.2	-0.4	-0.2
Czech koruna	5.0	0.4	6.1
Swedish krona	4.7	0.4	7.1
Korean won	3.9	-1.0	1.6
Hungarian forint	3.2	-1.7	1.8
Danish krone	2.6	0.0	0.1
Romanian leu	2.0	-1.1	1.1
Croatian kuna	0.6	0.0	0.6

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

vis-à-vis the currencies of a number of emerging market economies in Asia over the review period, it strengthened against the Chinese renminbi (by 1.2%). Within its wider trading band, the latter also continued its depreciation against the dollar, which started in mid-February, reaching 6.21 RMB/USD on 2 April, compared with 6.06 at the start of the year.

As far as the currencies of other EU Member States were concerned, the exchange rate of the euro depreciated against the Hungarian forint (by 1.7%), the Romanian leu (by 1.1%) and the Polish zloty (by 0.4%). It remained unchanged vis-à-vis the Croatian kuna while it strengthened against the Czech koruna (by 0.4%) and the Swedish krona (by 0.4%). The Lithuanian litas and the Danish krone, which are participating in ERM II, remained broadly stable against the euro, trading at, or close to, their respective central rates.

2 MONETARY AND FINANCIAL DEVELOPMENTS

2.1 MONEY AND MFI CREDIT

In February 2014, the underlying growth of broad money and credit remained subdued. Annual M3 growth stabilised, supported by further monthly inflows in its most liquid components, in particular overnight deposits. On the counterpart side, annual growth in broad money continued to be supported by strong monthly increases in MFIs' net external asset position, in part reflecting current account surpluses and a keen interest of international investors in euro area assets. The annual rate of decline in MFI lending to the private sector (adjusted for sales and securitisation) stabilised, but continued to be a drag on money creation. The negative levels are consistent with the state of the business cycle, the background of weak demand and supply constraints, which are disappearing only gradually.

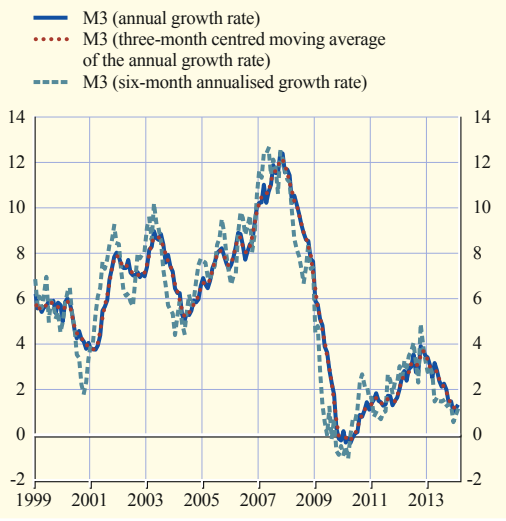
THE BROAD MONETARY AGGREGATE M3

The annual growth rate of the broad monetary aggregate M3 stabilised further and stood at 1.3% in February, after 1.2% in January (see Chart 5). On an annual basis, the behaviour of M3 continued to mirror portfolio reallocations into M1, while outflows from other short-term deposits and marketable instruments were also driven by investors searching for yield and reduced risk aversion. On a monthly basis, the development of M3 in February was driven by significant monthly inflows in overnight deposits. At the same time, strong sales of non-MFI securities by MFIs were observed in February. This indicates a continuation of deleveraging efforts by MFIs and potential profit-taking, in an environment of strong interest in euro area assets by global investors.

On the component side, the narrow monetary aggregate M1 continued to be the only main component contributing positively to annual M3 growth. The negative contribution of other short-term deposits (M2 minus M1) to M3 growth declined further, while that of marketable instruments (M3 minus M2) remained sharply negative. In addition to substitution within M3, net outflows from M3 instruments with a higher remuneration than that in M1 continue to signal a search for yield by the money-holding sector. This search for yield resulted in shifts of funds from higher-yielding instruments within M3 towards less liquid, riskier assets outside M3.

Chart 5 M3 growth

(percentage changes; adjusted for seasonal and calendar effects)



Source: ECB.

On the counterpart side, money creation continued to be supported by a further sharp increase in MFIs' net external asset position in February, reflecting both current account surpluses and a keen interest of international investors in euro area securities. The contraction observed for longer-term financial liabilities, in particular outflows from MFI securities, continues to reflect both their reduced funding needs in the context of deleveraging and the shift to deposit-based funding that is being encouraged under the current regulatory regime.

The volume of euro area MFIs' main assets contracted further in February, declining by

€182 billion in the three months up to February, and thus signalling a return to a slightly higher pace of deleveraging in February than that observed in January. The month-on-month decline was driven by developments in stressed countries in recent months and reflected decreases in all main asset classes, with sales of non-MFI securities the main contributor. Euro area MFIs yet again reduced their reliance on Eurosystem's liquidity provision in main refinancing operations. The amounts outstanding in the longer-term refinancing operations decreased by €28 billion in February.

MAIN COMPONENTS OF M3

As regards the components of M3, the annual growth rate of M1 increased to 6.2% in February, after 6.1% in January (see Table 4). As was the case in January, February data saw a further monthly inflow, which was driven mainly by developments in overnight deposits, the annual growth rate of which stood unchanged at 6.2%, mirroring net sales of non-MFI securities by banks in that month. From a general perspective, the robust annual growth of M1, which is consistent with positive economic growth prospects, confirms the persistently strong preference for liquidity displayed by the money-holding sector over the past few quarters and the return of confidence in euro area assets among international investors.

By contrast, an increased interest of the money-holding sector in obtaining higher yields by investing in riskier assets left its mark on developments observed in other M3 instruments, reinforced by the significant sales of non-MFI securities by euro area MFIs in February. Accordingly, the annual rate of change in short-term deposits other than overnight deposits (M2 minus M1) stood at -2.7% in February, compared with -2.6% in January. This masked a slight increase in the annual rate in change of short-term time deposits (i.e. deposits with an agreed maturity of up to two years),

Table 4 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					
		2013 Q1	2013 Q2	2013 Q3	2013 Q4	2014 Jan.	2014 Feb.
M1	**55.4**	**6.7**	**8.0**	**6.9**	**6.4**	**6.1**	**6.2**
Currency in circulation	9.3	1.7	2.7	2.6	4.1	5.8	6.2
Overnight deposits	46.1	7.8	9.2	7.8	6.9	6.2	6.2
M2-M1 (=other short-term deposits)	38.1	1.2	0.2	0.3	-1.2	-2.6	-2.7
Deposits with an agreed maturity of up to two years	16.8	-3.8	-5.8	-5.0	-6.3	-7.3	-7.0
Deposits redeemable at notice of up to three months	21.3	6.0	5.8	5.0	3.3	1.5	1.0
M2	**93.5**	**4.3**	**4.5**	**4.0**	**3.1**	**2.4**	**2.4**
M3-M2 (=marketable instruments)	6.5	-8.5	-14.9	-17.2	-17.1	-12.9	-11.5
M3	**100.0**	**3.2**	**2.8**	**2.2**	**1.5**	**1.2**	**1.3**
Credit to euro area residents		**0.0**	**-0.2**	**-0.5**	**-1.2**	**-1.8**	**-1.8**
Credit to general government		4.3	3.3	2.0	0.1	-0.2	0.0
Loans to general government		-0.8	-2.6	-6.0	-6.7	-5.0	-2.4
Credit to the private sector		-1.0	-1.0	-1.2	-1.6	-2.3	-2.3
Loans to the private sector		-0.8	-1.1	-1.9	-2.2	-2.3	-2.2
Loans to the private sector adjusted for sales and securitisation[2]		-0.4	-0.6	-1.4	-1.8	-2.0	-2.0
Longer-term financial liabilities (excluding capital and reserves)		**-5.1**	**-4.6**	**-4.2**	**-3.6**	**-3.4**	**-3.4**

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.

to -7.0% in February, from -7.3% in the previous month. At the same time, the annual growth of short-term savings deposits (i.e. deposits redeemable at notice of up to three months) remained in positive territory, although it fell to 1.0%, from 1.5% in January.

The annual rate of change in marketable instruments (M3 minus M2) remained strongly negative and stood at -11.5% in February, after -12.9% in January. This continues to reflect highly negative annual rates of change in holdings of money market fund shares/units and repurchase agreements, as well as of short-term MFI debt securities, notably with an original maturity of up to two years.

The annual growth rate of M3 deposits – which include repurchase agreements and represent the broadest component of M3 for which a timely sectoral breakdown is available – stood at 1.9% in February, compared with 1.8% in January. The moderate increase reflected a rise in the annual growth rate of deposits of non-financial corporations, to 6.0% in February, up from 5.8% in January. At the same time, there was a drop in the annual growth rates of deposits held by households, by non-monetary financial intermediaries and by insurance corporations and pension funds.

MAIN COUNTERPARTS OF M3

The annual rate of change in MFI credit to euro area residents was unchanged from January and stood at -1.8% in February (see Table 4). This reflected the stabilisation of credit to the general government sector and an unchanged annual rate of change in credit to the private sector, which stood at -2.3% in February.

The stabilisation of credit to general government in February mainly reflected net monthly sales of government securities by euro area MFIs. The annual growth of government debt securities held by MFIs thus decreased significantly in February, driven by strong sales of these securities by MFIs during this month. In an environment of easing conditions in the sovereign debt markets, this development is consistent with a renewed interest of international investors in euro area assets.

The annual rate of change in loans to the private sector originated by MFIs (adjusted for sales and securitisation) stood at -2.0% in February, unchanged from the two preceding months. The monthly flow in February 2014 was positive for the first time since February 2012, driven by net increases in loans to households and non-bank financial intermediaries. By contrast, loans to non-financial corporations recorded further net redemptions in February, concentrated on loans with maturities of up to one year and over five years.

The annual rate of change in loans to non-financial corporations (adjusted for sales and securitisation) decreased to -3.1% in February, down from -2.8% in January (see Table 5). The annual growth of loans to households (adjusted for sales and securitisation) increased slightly to 0.4% in February, with a relatively sizeable monthly flow of € 7 billion.

The annual rate of change in longer-term financial liabilities (excluding capital and reserves) stood at -3.4% in February, broadly unchanged from that in the four previous months. The monthly flow was again negative in February, reflecting outflows from mainly MFI debt securities (issued with a maturity of over two years).

The net external asset position of euro area MFIs increased sharply in February, namely by €41 billion, after an increase of €19 billion in January. Similar increases in MFIs' net external assets have been observed since July 2012, and represent the main factors supporting positive M3 growth,

Table 5 MFI loans to the private sector

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

	Outstanding amount as a percentage of the total[1]	Annual growth rates					
		2013 Q1	2013 Q2	2013 Q3	2013 Q4	2014 Jan.	2014 Feb.
Non-financial corporations	**41.2**	**-2.5**	**-3.1**	**-3.7**	**-3.6**	**-2.9**	**-3.0**
Adjusted for sales and securitisation[2]	-	*-1.4*	*-2.0*	*-2.8*	*-2.9*	*-2.8*	*-3.1*
Up to one year	24.1	0.6	-1.0	-3.7	-4.1	-4.4	-5.6
Over one and up to five years	17.1	-5.9	-6.4	-5.7	-5.3	-5.4	-4.7
Over five years	58.8	-2.7	-2.9	-3.1	-2.9	-1.6	-1.3
Households[3]	**49.6**	**0.5**	**0.2**	**0.1**	**0.1**	**-0.2**	**-0.1**
Adjusted for sales and securitisation[2]	-	*0.5*	*0.3*	*0.3*	*0.3*	*0.2*	*0.4*
Consumer credit[4]	10.9	-3.2	-3.4	-2.7	-3.0	-3.0	-2.7
Lending for house purchase[4]	73.9	1.4	1.1	0.8	0.9	0.5	0.6
Other lending	15.2	-1.0	-1.0	-1.2	-1.5	-1.7	-1.7
Insurance corporations and pension funds	**1.0**	**6.1**	**12.4**	**12.8**	**10.9**	**7.6**	**11.2**
Other non-monetary financial intermediaries	**8.2**	**-0.2**	**-0.2**	**-5.7**	**-9.0**	**-11.7**	**-10.6**

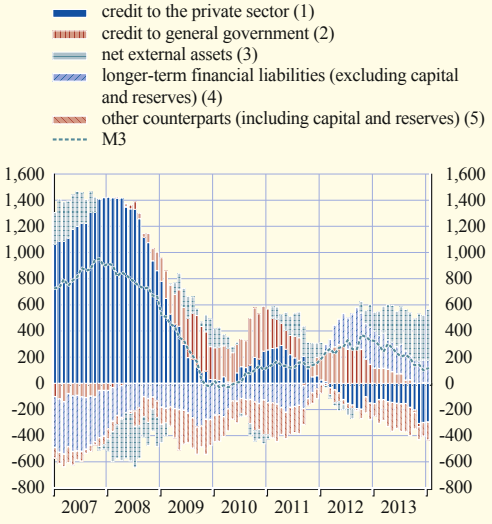
Source: ECB.
Notes: MFI sector including the Eurosystem; sectoral classification based on the ESA 95. For further details, see the relevant technical notes.
1) As at the end of the last month available. Sector loans as a percentage of total MFI loans to the private sector; maturity breakdown and breakdown 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.

counteracting the negative contribution from net redemptions of MFI credit to euro area residents. In the 12 months to February, the net external asset position of euro area MFIs increased by €389 billion (see Chart 6), the highest yearly flow ever observed in the euro area.

Overall, the latest monetary data support the view that the underlying dynamics of money growth remain subdued, while credit is contracting. Broad money growth continues to be supported both by increases in MFIs' net external assets and by shifts away from longer-term financial liabilities. At the same time, the weakness of monetary dynamics also reflects a search for yield by the money-holding sector in an environment marked by a low remuneration of monetary assets and returning confidence. The annual growth of MFI credit to the private sector remained negative in February 2014, with a stronger decline observed for loans to non-financial corporations.

Chart 6 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

In January 2014 the issuance of debt securities by euro area residents continued to contract, but at a slower pace than in December 2013. Year-on-year growth of debt securities issuance by non-financial corporations remained buoyant, but did not fully compensate for the persistently negative growth rate of debt securities issuance by MFIs. MFIs remained the strongest contributors to euro area residents' issuance of quoted shares.

DEBT SECURITIES

The annual growth rate of debt securities issuance by euro area residents remained negative at -0.5% in January, after -1.1% in the previous month (see Table 6). At the sectoral level, the annual growth rate of issuance by non-financial corporations (NFCs) increased to 9.7%. In contrast, the growth rate of debt securities issuance by MFIs remained negative and stood at -8.1%. For the general government, the growth rate of issuance decreased marginally to 3.8%, from 4.0% in December. Finally, the annual growth rate of debt securities issuance by non-monetary financial corporations remained negative at -0.6% in January, but was higher than the -1.9% recorded in December. For more details on recent developments in debt security issuance by NFCs in the euro area, see Box 2.

The maturity breakdown of debt securities issued reveals that in January refinancing activity was concentrated on the long-term segment of the market, notably at fixed rates. The annual growth rate of long-term debt securities issuance remained stable at 0.3%. This reflected a 2.0% increase on a year-on-year basis (2.3% in December) in the issuance of fixed rate long-term debt securities, which more than compensated for a 5.2% decline in the issuance of floating rate long-term debt securities. This decline brings the number of consecutive months of negative growth in issuance of floating rate long-term debt securities to 18. The annual rate of contraction of short-term debt security issuance decreased to 8.8%, after 14.6% in December.

Looking at short-term trends, the increase in debt issuance activity by NFCs was more pronounced than indicated by the annual growth rate (see Chart 7), suggesting that market-based financing conditions for NFCs have continued to improve significantly in recent quarters (see Box 2). The six-month annualised growth rate of debt securities issuance increased to 0.2%, from

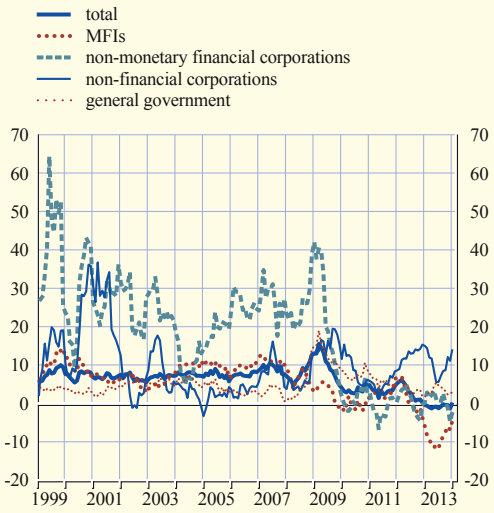
Table 6 Securities issued by euro area residents

Issuing sector	Amount outstanding (EUR billions) January 2014	Annual growth rates [1] 2013 Q1	2013 Q2	2013 Q3	2013 Q4	2013 December	2014 January
Debt securities	**16,483**	**0.7**	**-0.1**	**-0.7**	**-0.8**	**-1.1**	**-0.5**
MFIs	4,925	-3.6	-6.5	-8.7	-8.9	-8.9	-8.1
Non-monetary financial corporations	3,213	0.7	-0.4	1.2	0.7	-1.9	-0.6
Non-financial corporations	1,097	13.8	11.9	10.3	9.9	8.4	9.7
General government	7,248	2.6	3.5	3.3	3.3	4.0	3.8
of which:							
Central government	6,578	2.6	4.0	4.1	4.0	4.6	4.4
Other general government	670	2.4	-0.6	-3.8	-3.1	-1.1	-2.0
Quoted shares	**5,485**	**0.8**	**0.6**	**1.1**	**1.2**	**1.3**	**1.3**
MFIs	598	3.0	2.5	7.8	7.4	7.3	7.8
Non-monetary financial corporations	456	2.5	2.6	1.6	0.8	0.6	0.7
Non-financial corporations	4,431	0.5	0.2	0.3	0.5	0.7	0.6

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

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

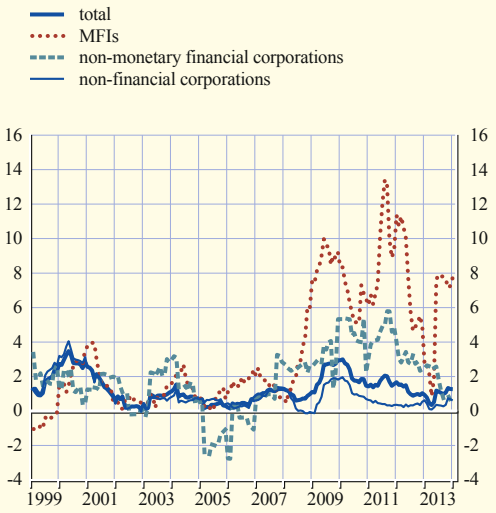
(six-month annualised growth rates; seasonally adjusted)



Source: ECB.

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

(annual growth rates)



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

-1.3% in December. The corresponding rate for NFCs increased to 14.1%, from 11.1% in the previous month, while that for MFIs declined to -4.5%, from -6.9% in December. In the case of non-monetary financial corporations, the corresponding rate increased to -2.4%, after -4.8% in December. In contrast, the growth rate of issuance by the general government increased slightly to 2.9%, after 2.6% in December.

QUOTED SHARES

In January 2014 the annual growth rate of quoted shares issued by euro area residents remained unchanged at 1.3% (see Chart 8). Year-on-year growth of equity issuance decreased slightly, to 0.6%, for NFCs and increased marginally, to 0.7%, for non-monetary financial corporations. Finally, the annual growth rate of equity issuance by MFIs increased further in January by 0.5 percentage point, to stand at a comparatively high level of 7.8%, which reflects the ongoing balance sheet consolidation of MFIs.

Box 2

RECENT DEVELOPMENTS IN DEBT SECURITIES ISSUED BY NON-FINANCIAL CORPORATIONS IN THE EURO AREA

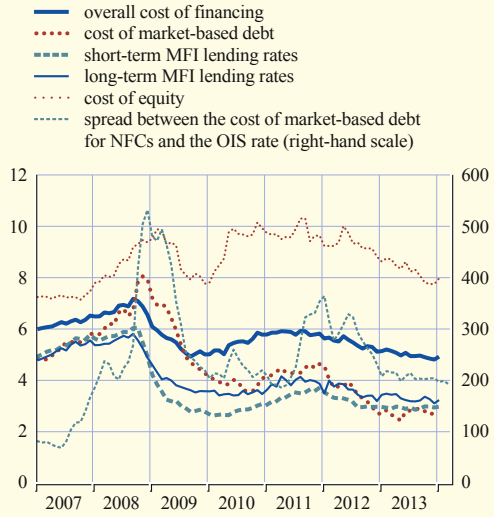
The conditions for market-based financing for non-financial corporations (NFCs) have continued to improve significantly in recent quarters. This positive development has also been visible in a marked increase in corporate bond issuance. Against this background, this box discusses briefly recent developments in debt securities issued by NFCs in the euro area.

The cost of market-based debt has declined to levels below the cost of MFI lending rates for NFCs in the euro area (see Chart A).[1] Moreover, relative to overnight index swap (OIS) rates, which are (almost) free of risk, the cost of market-based debt is at its lowest level since the intensification of the crisis in September 2008.[2] At the same time, net issuance of debt securities by NFCs and non-MFI loans (by other financial intermediaries (OFIs) and insurance corporations and pension funds (ICPFs)) to NFCs have both increased significantly in the euro area since early 2012, and have more than made up for the contraction observed in MFI lending to NFCs in recent quarters (see Chart B).

As regards external financing, taking into account non-MFI lending, the annual net flow of NFCs' external financing was slightly below EUR 100 billion in the fourth quarter of 2013, while it was slightly negative if non-MFI lending is excluded. Lately, non-MFI lending to NFCs has mainly mirrored an increase in loans granted by NFC conduits to their parent companies, with these loans financed in turn through the issuance of debt securities by these subsidiaries. In a way, this therefore represents indirect market financing of NFCs.[3] The fact that the increased recourse to

Chart A The overall nominal cost of external financing for NFCs in the euro area and the spread between the cost of market-based debt for NFCs and the OIS rate

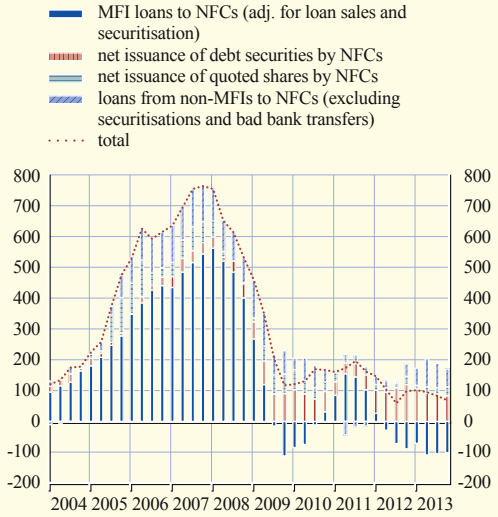
(percentage; basis points)



Sources: ECB, Merrill Lynch, Bloomberg, Thomson Reuters and ECB calculations.
Notes: The overall cost of financing for NFCs is calculated as a weighted average of the cost of bank lending, the cost of market-based debt and the cost of equity, based on their respective amounts outstanding derived from the euro area accounts. The latest observation is for 7 March 2014 for the spread and January 2014 for the other data.

Chart B NFCs' external financing in the euro area

(four-quarter flows in EUR billion)



Sources: Eurostat, ECB and ECB estimations.
Notes: Non-MFI loans include OFI and ICPF loans to NFCs. The latest observation is for the third quarter of 2013. Estimates for the fourth quarter of 2013 are derived from ECB Balance Sheet Items (BSI) and Securities Issues Statistics (SIS) data.

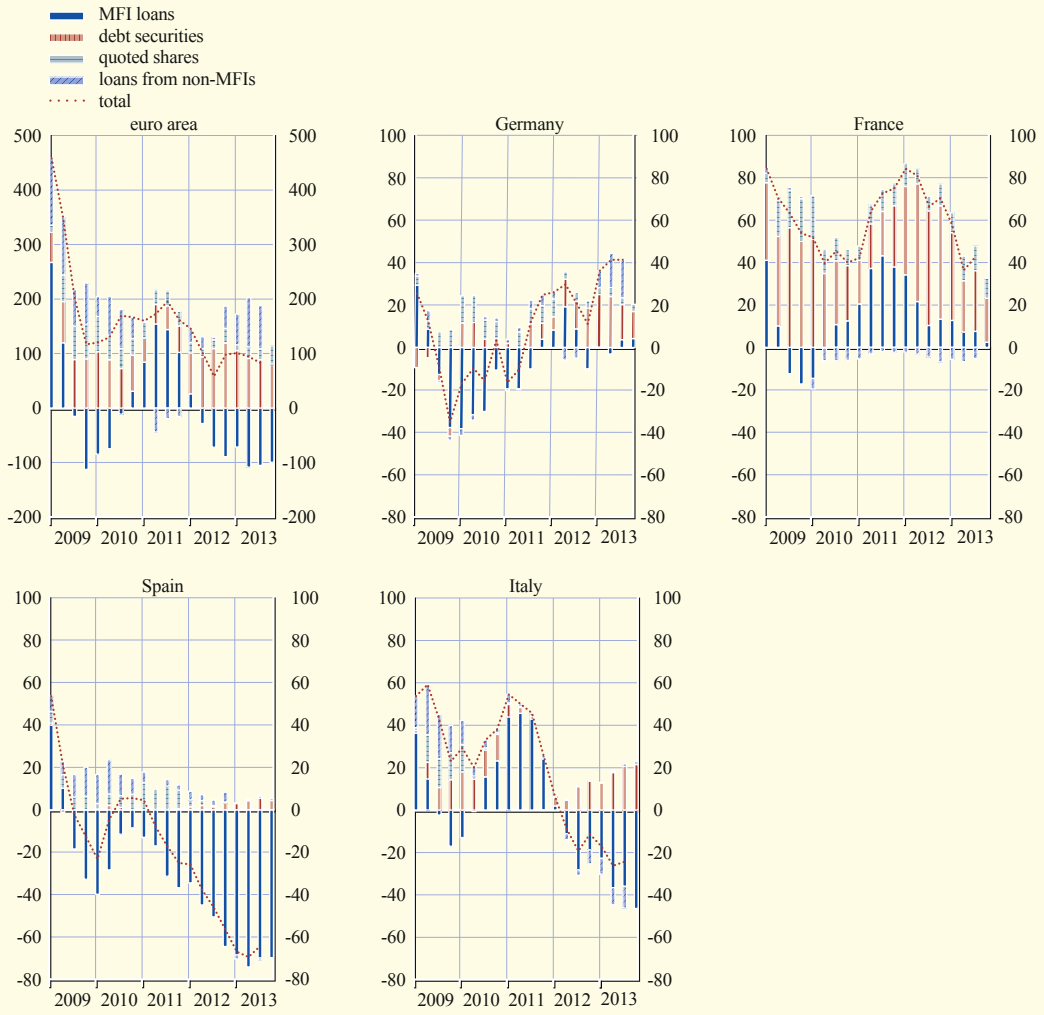
1 The calculation of the cost of market-based debt is based on a Merrill Lynch index of the average yield of euro-denominated corporate bonds with investment grade ratings and a euro-currency high-yield index. The two indices are thereafter weighted by their outstanding amounts.
2 The duration of the debt of euro area NFCs that is market based is around four-and-a-half years. The average of the OIS rate for four and five years has been used to calculate the spread between the cost of market-based debt for NFCs and the OIS rate in Chart A.
3 Conduits (or special purpose entities) are created for the sole purpose of issuing securities on behalf of their parent company. As they are typically created in countries different from the country of residence of the parent company, in order to take advantage of a favourable tax treatment, these conduits are treated as separate institutional units, and their issuance of debt securities is not directly attributed to the parent company.

market-based financing occurs in an environment in which the cost of such funding is exceptionally low may suggest that those NFCs that are able to access the market are doing so because of the attractive market conditions, rather than because they are constrained in accessing bank funding.

In absolute terms, the net issuance of debt securities by NFCs has remained concentrated among just a few countries in recent quarters, namely France, Italy and Germany (see Chart C). In these countries, the issuance of debt securities has been much more dynamic than bank loans. By contrast, NFCs' issuance of debt securities has been weak in Spain and has not made up the marked net redemptions in bank loans. In all countries, access to debt securities markets is, to a large extent, limited to large firms. Meanwhile, small and medium-sized

Chart C NFCs' external financing in the euro area and the four largest euro area countries

(four-quarter flows in EUR billion)



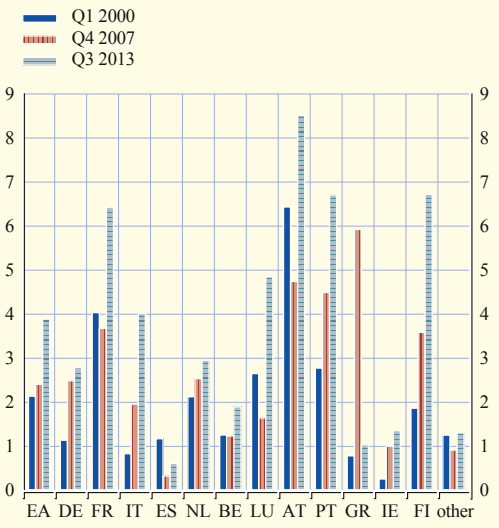
Sources: Eurostat, ECB and ECB estimations.
Notes: MFI loans to NFCs have been adjusted for the impact of loan sales and securitisation. Non-MFI loans include OFI and ICPF loans to NFCs and exclude loan securitisations and transfers to bad banks. The latest observation is for the third quarter of 2013. Estimates for MFI lending to NFCs and the net issuance of debt securities and quoted shares by NFCs in the fourth quarter of 2013 are derived from BSI and SIS data.

enterprises (SMEs) may also benefit indirectly from the issuance of debt securities by larger corporations, because this frees up space in the balance sheet of banks to lend to SMEs. In addition to bank lending, retained earnings, inter-company loans and trade credits are also important sources of financing for euro area NFCs.[4]

Despite the ongoing robust net issuance of debt securities, the overall flow of external financing to NFCs in the euro area remains weak (see Chart B). In addition, the share of financing based on debt securities – direct or indirect (via conduits) – in the total stock of external financing of euro area NFCs is still low, although it has increased from the level observed in early 2000. Indeed, the stock of debt securities issued directly by NFCs was marginally below 4% of their total liabilities in the euro area in the third quarter of 2013 (see Chart D), while it stood at slightly above 2% in the first quarter of 2000. In Austria, Finland, Portugal and France, the share of debt securities issued directly by NFCs in their total liabilities was significantly higher than the euro area average, standing between 6.5% and 8.5% in the third quarter of 2013. In Luxembourg and Italy, the share has also increased in the past six years, rising slightly or marginally above the share observed for the euro area on average. By contrast, in Spain, Greece, Ireland, Belgium, Germany and the Netherlands, the share was below the euro area average in the third quarter of 2013. In Spain and Greece, it stood lower in the third quarter of 2013, as compared with the levels experienced in these countries in early 2000 and at the end of 2007, respectively.

Chart D The share of debt securities issued by NFCs in their total liabilities across euro area countries

(percentages)



Sources: Eurostat and ECB.
Notes: "Other" includes Estonia, Cyprus, Malta, Slovenia and Slovakia. The first observation for other refers to the first quarter of 2004, and, for Luxembourg, to the first quarter of 2005.

To sum up, the overall flow of external financing to NFCs remains weak in the euro area, despite the fact that financing available from the net issuance of debt securities has more than made up for the contraction in MFI lending to NFCs that has been observed in recent quarters. The increase in the issuance of debt securities is consistent with the very low yield on corporate bonds. At the same time, the share of market-based debt finance in the total stock of the external financing of euro area NFCs remains low, although it has increased from the level observed in early 2000. Moreover, debt issuance flows are compositionally skewed towards countries less affected by financial tensions and towards large firms with high ratings.

4 For more details on the substitution effects in the financing of euro area NFCs during the crisis, see the article entitled "Deleveraging patterns in the euro area corporate sector", *Monthly Bulletin*, ECB, February 2014.

2.3 MONEY MARKET INTEREST RATES

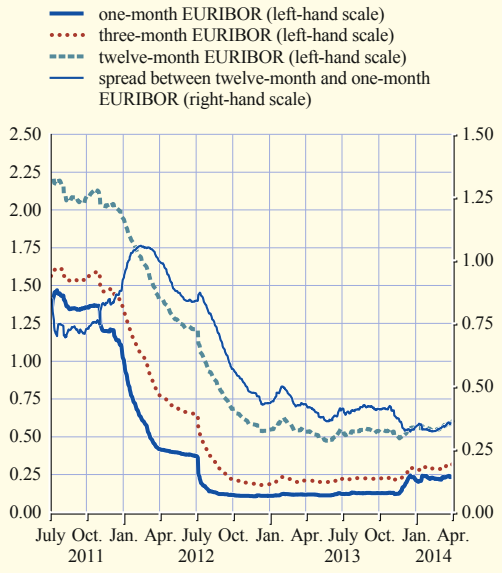
In March and early April 2014, short-term money market interest rates recorded marginal increases with little volatility that possibly reflected swings in excess liquidity, quarter-end effects and developments in the US money market. Longer-term money market rates likewise rose marginally.

In the period from 7 March to 2 April 2014, unsecured money market interest rates recorded marginal increases, overall by 2 and 3 basis points in the case of the one-month and the three-month maturities and by 4 and 5 basis points for longer maturities, i.e. six and twelve months. On 2 April, the one-month, three-month, six-month and twelve-month EURIBOR stood at 0.24%, 0.32%, 0.42% and 0.60% respectively. Consequently, the spread between the twelve-month and the one-month EURIBOR – an indicator of the slope of the money market yield curve – rose also marginally, by 3 basis points, to stand at 36 basis points on 2 April (see Chart 9).

The interest rates implied by the prices of three-month EURIBOR futures maturing in June, September and December 2014, and in March 2015, decreased marginally relative to the levels prevailing on 7 March, standing at 0.30%, 0.29%, 0.31% and 0.34% respectively on 2 April. Market uncertainty, as measured by the implied volatility of short-term options written on three-month EURIBOR futures, recorded a marginal decline from 7 March to 2 April. The three-month EONIA swap rate stood at 0.173% on 2 April, some 4 basis points higher than on 7 March. Thus, the spread between the three-month EURIBOR and the three-month EONIA swap rate remained broadly stable over the review period and stood at 15 basis points on 2 April.

Chart 9 Money market interest rates

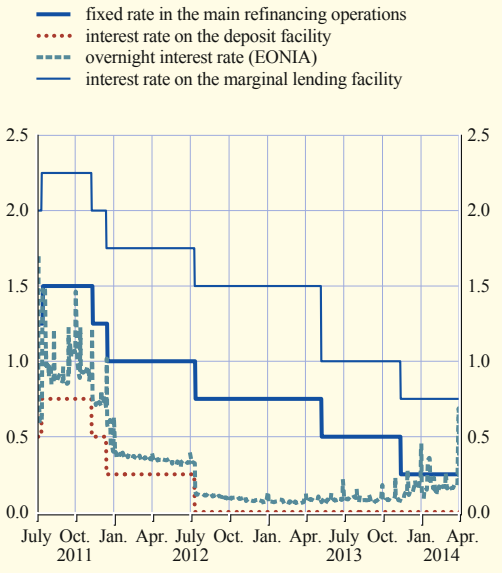
(percentages per annum; spread in percentage points; daily data)



Sources: ECB and Thomson Reuters.

Chart 10 ECB interest rates and the overnight interest rate

(percentages per annum; daily data)



Sources: ECB and Thomson Reuters.

From 7 to 30 March, the EONIA continued showing little volatility around a level of 0.17%, reflecting overall lower levels of excess liquidity and a lesser degree of market fragmentation. This situation persisted until the last day of the month, when the EONIA spiked to just below 0.7%, mainly as a consequence of increased demand for precautionary liquidity buffers, together with some declines in trading volumes, which overall triggered upward pressure at the end of the quarter. The increase was however very short-lived, with the EONIA being, in early April, only 4 basis points above its average between 7 and 30 March (see Chart 10).

Between 7 March and 2 April 2014, the Eurosystem conducted several refinancing operations. In the main refinancing operations of the third maintenance period of 2014, conducted on 11, 18 and 25 March, and 1 April 2014, the Eurosystem allotted €92.6 billion, €96.9 billion, €121.3 billion and €110.6 billion respectively. The Eurosystem also carried out two longer-term refinancing operations (LTROs) in March, both as fixed rate tender procedures with full allotment, namely a special-term refinancing operation with a maturity of one maintenance period on 11 March (in which €7.5 billion was allotted) and a three-month LTRO on 26 March (in which €11.6 billion was allotted).

The Eurosystem also conducted four one-week liquidity-absorbing operations as variable rate tender procedures with a maximum bid rate of 0.25% on 11, 18 and 25 March, and 1 April 2014. With these operations, the ECB absorbed an amount equal to the outstanding value of purchases made under the Securities Markets Programme (which totalled €175.5 on 1 April 2014).

Moreover, counterparties opted to repay, on a weekly basis, funds borrowed in the three-year LTROs allotted on 21 December 2011 and 29 February 2012 before maturity. On 2 April 2014, a total of €504.7 billion had been repaid since 30 January 2013. Out of the total repayments, €283.85 billion was related to the LTRO allotted on 21 December 2011, and the remaining €220.85 billion was related to that allotted on 29 February 2012. Thus, of the €523 billion of net liquidity originally injected through the two three-year LTROs, around 96% has been repaid thus far.

Excess liquidity decreased in the second maintenance period of 2014, averaging €127.5 billion, compared with €154.2 billion, on average, in the previous maintenance period. Lower average outstanding open market operations were only partially compensated by lower average absorption by autonomous factors. The net decrease in outstanding open market operations in turn resulted mainly from lower recourse to the main refinancing operations, but also from the full absorption of the liquidity injected through the Securities Markets Programme – compared to incomplete absorption in two operations in the previous maintenance period – and further early repayments of the three-year LTROs. Average daily recourse to the deposit facility decreased to €29.5 billion in the second maintenance period, from €42.1 billion in the previous maintenance period, while average current account holdings in excess of reserve requirements decreased from €112.4 billion to €98.3 billion and average recourse to the marginal lending facility remained unchanged at €0.3 billion.

Excess liquidity decreased slightly to average levels of around €124.3 billion in the first three weeks of the third maintenance period of 2014, mainly on account of further early repayments of the three-year LTROs towards the end of March.

Box 3

EUROSYSTEM CREDIT ASSESSMENT FRAMEWORK FOR MONETARY POLICY OPERATIONS

The Eurosystem Credit Assessment Framework (ECAF) is an important element in mitigating financial risks for the Eurosystem. The Eurosystem conducts its regular liquidity-providing monetary policy operations as reverse transactions (repurchase agreements and collateralised loans) which must be secured by adequate collateral.[1] The ECAF is key to ensuring that the Eurosystem's requirement of high credit standards for all assets that are eligible for use as collateral in Eurosystem monetary policy operations is met.[2]

The ECAF defines the procedures, rules and techniques which ensure that the Eurosystem accepts only assets with high credit standards as collateral. The main elements of the ECAF are:

(i) the collection of credit quality information from a variety of sources;

(ii) the definition of a harmonised minimum credit quality assessment;

(iii) due diligence on the different credit assessment systems used in the ECAF.

This box explains how the ECAF contributes to risk mitigation in the Eurosystem's collateral framework and how the Eurosystem conducts due diligence within the ECAF. The box concludes with an overview of recent decisions taken by the Governing Council of the ECB aimed at enhancing ECAF due diligence.

Risk mitigation and the ECAF

Since the Eurosystem accepts a very broad range of marketable and non-marketable assets as collateral,[3] it has to rely on various sources of credit assessment information. The Eurosystem therefore takes into account information derived from four types of credit assessment systems[4]:

- credit rating agencies, known as external credit assessment institutions (ECAIs);
- in-house credit assessment systems (ICASs) of NCBs;
- counterparties' internal ratings-based (IRB) systems;
- rating tools (RTs) provided by third parties.

1 See Article 18.1 of the Statute of the European System of Central Banks and of the European Central Bank.

2 The Eurosystem uses several layers of protection against financial risks from its monetary policy operations. First, banks participating in Eurosystem monetary policy operations must be financially sound. Second, the statutory requirement of adequate collateral mitigates financial risks for the Eurosystem in the case of a counterparty default; it is implemented using three main pillars: the eligibility criteria established in accordance with the ECAF, the appropriate valuation of collateral and the application of risk control measures, such as valuation haircuts. For more information about Eurosystem financial risk mitigation, see: (i) the dedicated section of the ECB's website (http://www.ecb.europa.eu/mopo/assets/risk/html/index.en.html); (ii) the article entitled "Risk mitigation methods in Eurosystem credit operations", *Monthly Bulletin*, ECB, May 2004; (iii) the article entitled "The Eurosystem collateral framework throughout the crisis", *Monthly Bulletin*, ECB, July 2013; and (iv) Guideline ECB/2011/14 on monetary policy instruments and procedures of the Eurosystem, often referred to as the "General Documentation", and amendments thereof.

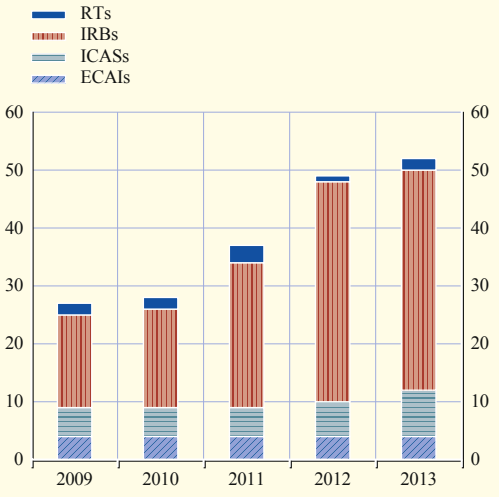
3 In December 2011 the ECB's Governing Council introduced the possibility for NCBs to accept as collateral additional performing credit claims (i.e. bank loans) that satisfy specific eligibility criteria. This temporary solution was introduced to support bank lending and liquidity in the euro area money market. As part of the related harmonised criteria, the requirements for reporting and monitoring under the ECAF are applied to all credit assessment systems used to assess the credit quality of credit claims accepted under the national frameworks for such additional credit claims.

4 Additionally, the Eurosystem can take into account institutional criteria and features that guarantee similar protection for the instrument holder.

ECAIs are mainly used for assessing marketable collateral, whereas ICASs, IRB systems and RTs are mainly used for non-marketable collateral.

At the end of 2011 the Governing Council announced that the Eurosystem would work towards enhancing its internal credit assessment capabilities, and encouraged providers of RTs and counterparties using IRB systems to seek Eurosystem endorsement under the ECAF.[5] As a result, two years later, the number of ICASs had increased by 60%, and the number of counterparties with an ECAF-approved IRB had increased by more than 50%. More NCBs are analysing the business case for introducing ICASs. It is also expected that the number of ECAF-approved IRB systems will continue to grow.

Number of credit assessment systems in the ECAF



Source: ECB.

An important contribution of the ECAF is to bring together the information provided by this significant number of credit assessment systems in a harmonised way. The ECAF makes the credit ratings from all ECAF-accepted credit assessment systems comparable by mapping each of their rating grades to the appropriate credit quality step of the Eurosystem's harmonised rating scale (see the table on the next page for the mapping of ECAI rating grades).

Harmonised credit quality information about collateral assets fosters Eurosystem financial risk mitigation in at least two ways: first, the ECB's Governing Council has set credit quality step 3 of this scale as being the minimum requirement for high credit standards in the ECAF, and thus for the eligibility as collateral.[6] Second, the Eurosystem applies greater valuation haircuts to lower credit quality assets, aiming at risk equivalence across all eligible assets.

Due diligence in the ECAF

The Eurosystem has established a number of regulatory, operational and information requirements for ECAF-acceptance of credit assessment systems. These aim at protecting the Eurosystem from financial risks and creating a level playing field between the different systems that provide credit assessment information to the Eurosystem, while taking particular account of the respective regulatory situation. For example, to be considered for ECAF purposes, ECAIs need to be supervised by the European Securities and Markets Authority (ESMA), and IRB systems have to be authorised for capital requirements purposes by the relevant banking supervisor. The ECB's Governing Council approves ICASs and RTs for the ECAF on the basis of an assessment, prepared by the ECB's risk management function, against acceptance criteria that are similar to those applied by ESMA for ECAIs, and by banking supervisors for IRB systems.

5 See the ECB press release "ECB announces measures to support bank lending and money market activity", 8 December 2011.
6 Credit quality step 3 is considered equivalent to a probability of default of between 0.10% and 0.40% over a one-year horizon.

In addition to the acceptance criteria, the Eurosystem conducts further due diligence on all credit assessment systems accepted in the ECAF. The key tool for regular ECAF due diligence is known as "annual performance monitoring". It consists of:

(i) a statistical component, to check if the mapping of the ratings of each credit assessment system to the Eurosystem's harmonised rating scale remains appropriate;[7]

(ii) a qualitative component, which looks at credit assessment processes and methodologies, as well as taking into account supervisory information.

The ECAF provides the Eurosystem with a set of tools to prevent mechanistic reliance on any system and to address issues that have been identified with a specific system. The first element of this set of tools is a more intensive monitoring in cooperation with the provider of the credit assessment system, including an investigation to determine if and how the performance issues are being addressed. In addition, the ECB's Governing Council can: (i) remap a system's rating grades onto the Eurosystem's harmonised rating scale; (ii) define specific eligibility requirements related to credit assessment systems; (iii) apply discretionary measures; and (iv) even exclude or temporarily suspend a credit assessment system. For example, the Governing Council has stipulated that ECAIs must publish, on a regular basis, surveillance reports for asset-backed securities and has decided on the suspension (subject to specific conditions) of the credit quality threshold for debt instruments issued by certain euro area governments.

Recent Governing Council decisions relating to the ECAF

The ECB's Governing Council considered the results of the ECAF's annual performance monitoring exercise for 2012 and concluded that the performance of ECAF-approved credit assessment systems was, overall, satisfactory. On the basis of this assessment, the Governing Council decided in 2013 to revise the mapping of certain ratings of some credit assessment systems onto the Eurosystem's harmonised rating scale. Where necessary, these decisions were implemented in the relevant legal acts.[8] In particular, some short-term rating grades have been re-mapped,

Eurosystem harmonised rating scale for ECAIs

ECAI credit assessment		Credit quality step (CQS)		
		CQS 1	CQS 2	CQS 3
Short-term	DBRS		R-1H, R-1M	R-1L, R-2H, R-2M, R2-L
	Fitch Ratings		F1+, F1	F2
	Moody's		P-1	P-2
	Standard & Poor's		A-1+, A-1	A-2
Long-term	DBRS	AAA/AAH/AA/AAL	AH/A/AL	BBBH/BBB/BBBL
	Fitch Ratings	AAA/AA+/AA/AA-	A+/A/A-	BBB+/BBB/BBB-
	Moody's	Aaa/Aa1/Aa2/Aa3	A1/A2/A3	Baa1/Baa2/Baa3
	Standard & Poor's	AAA/AA+/AA/AA-	A+/A/A-	BBB+/BBB/BBB-

7 The procedure is based on methodologies described in Coppens, F., González, F. and Winkler, G., "The performance of credit rating systems in the assessment of collateral used in Eurosystem monetary policy operations", *Occasional Paper Series*, No 65, ECB, Frankfurt am Main, July 2007.

8 These legal acts are: (i) Guideline ECB/2014/10 amending Guideline ECB/2011/14 on monetary policy instruments and procedures of the Eurosystem, i.e. the "General Documentation"; and (ii) Guideline ECB/2014/12 amending Guideline ECB/2013/4 on additional temporary measures relating to Eurosystem refinancing operations and eligibility of collateral. For further information, see the document entitled "Decisions taken by the Governing Council of the ECB (in addition to decisions setting interest rates) in March 2014", which is published on the ECB's website.

primarily to ensure consistency with the long-term rating scale of the respective rating agency, and the "BBBL"-rating grade of the rating agency "DBRS" has been included in credit quality step 3. The table presents the current Eurosystem harmonised rating scale for ECAIs.

To further enhance ECAF due diligence, the Governing Council also decided to:

(i) strengthen the monitoring framework for IRBs;

(ii) approve a detailed set of principles for overseeing ICASs;

(iii) improve on the due diligence conducted on ECAIs' ratings, rating processes and methodologies, particularly in the areas of sovereign ratings and structured finance.

This enhancement of due diligence is a step towards further reducing the Eurosystem's reliance on ECAIs, in line with various initiatives by international public authorities aimed at reducing reliance on ECAIs in legal, regulatory and other public frameworks.[9]

9 See, for example, the roadmap for reducing reliance on credit rating agencies' ratings, as published by the G20's Financial Stability Board, together with the provisions of Regulation (EU) No 462/2013 of the European Parliament and of the Council on credit rating agencies (known as the "CRA III Regulation"), which aim to reduce over-reliance on credit rating agencies' ratings, in particular by reducing sole or mechanistic reliance on such ratings.

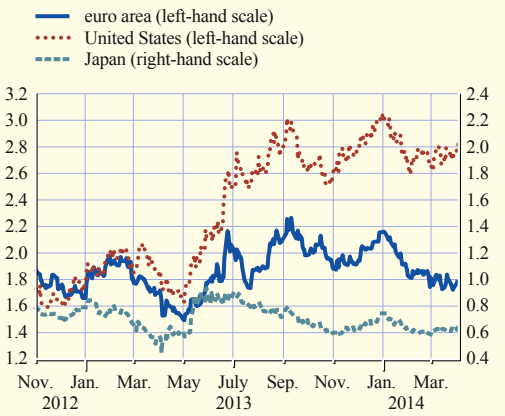
2.4 BOND MARKETS

Euro area government bond yields remained broadly stable in March and early April, while US rates rose over the same period. This reflected the relative impact of economic data, geopolitical turbulence and additional changes to the quantitative easing programme in the United States decided upon by the Federal Open Market Committee (FOMC). Spreads between euro area sovereign long-term bond yields and the overnight indexed swap rate fell, in a context of slightly declining bond market uncertainty. Financial indicators of long-term inflation expectations in the euro area did not record significant changes and remained fully consistent with price stability.

Between the end of February and 2 April 2014, ten-year AAA-rated euro area government bond yields remained broadly stable at slightly below 1.9% (see Chart 11). Over the same period, ten-year government bond yields rose by around 15 basis points in the United States, to slightly above 2.8%, and by around 5 basis points in Japan and the United Kingdom, to 0.6% and 2.8% respectively. The stability of the ten-year AAA-rated yields in the euro area was accompanied by a marginal rise in the two-year

Chart 11 Long-term government bond yields

(percentages per annum; daily data)



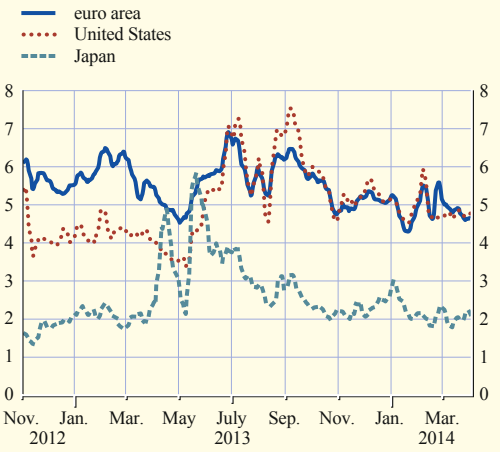
Sources: EuroMTS, ECB, Bloomberg and Thomson Reuters.
Notes: Long-term government bond yields refer to ten-year bonds or to the closest available bond maturity. The euro area bond yield is based on the ECB's data on AAA-rated bonds, which currently include bonds from Austria, Finland, Germany and the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

yields, so that the slope of the euro area term structure decreased by some 5 basis points over the review period.

In the first week of March, AAA-rated long-term euro area government bond yields rose marginally, in line with the more sizeable increases recorded for US yields on account of the release of solid job market data in the United States. After a reversal towards the level prevailing at the end of February, euro area yields rose again following the additional tapering action decided upon by the FOMC as well as Purchasing Managers' Index releases for the United States and the euro area. From around 20 March, euro area yields tended to decline again, amid mixed economic data and rising concerns about geopolitical risks associated with developments in the Ukrainian crisis. Some increases, however, were observed in early April, possibly in part on account of data releases pointing to solid developments in US manufacturing activity.

Chart 12 Implied government bond market volatility

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



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

Investor uncertainty about near-term developments in the bond market, measured by the implied volatility extracted from bond options with a short maturity, declined slightly overall in the euro area while rising marginally in the United States over the reference period (see Chart 12). Implied volatility, however, temporarily spiked at the beginning of March and then around mid-March, as geopolitical tensions were heightening market participants' concerns. As of early April, implied volatility stood at approximately 4.5% in the euro area and 4.8% in the United States.

In line with the slight decline in implied bond volatility, tensions in the euro area bond market remained subdued, despite some temporary increases, mainly reflecting developments in geopolitical factors. All in all, long-term bond yields decreased in most euro area countries. From end-February to 2 April, spreads vis-à-vis the ten-year overnight indexed swap rate declined for most countries, by between 6 and 90 basis points.

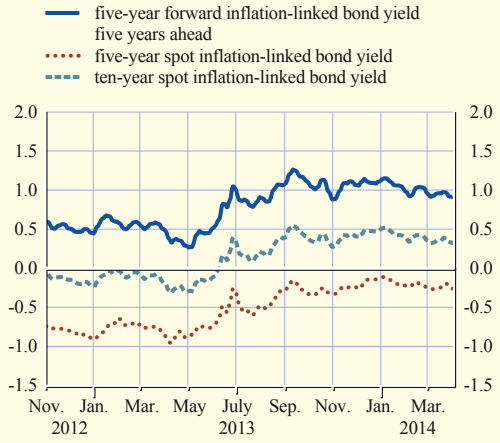
Euro area real bond yields, as measured by the yields on inflation-linked government bonds, remained broadly stable in the period under review, mirroring the developments of nominal long-term rates[1] (see Chart 13). On 2 April, real five- and ten-year bond yields stood at close to -0.2% and 0.4% respectively. Given the stability of the five- and ten-year real bond yields, the long-term forward real interest rate in the euro area also remained stable and stood at close to 1.0% at the end of the review period.

Reflecting the developments of nominal and real yields, financial market indicators of long-term inflation expectations in the euro area recorded a slight decline between end-February and 2 April

1 The real yield on inflation-linked euro area government bonds is calculated as the GDP-weighted average yield on French and German inflation-linked government bonds. For more details, see the box entitled "Estimating real yields and break-even inflation rates following the recent intensification of the sovereign debt crisis", *Monthly Bulletin*, ECB, December 2011.

Chart 13 Euro area zero coupon inflation-linked bond yields

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



Sources: Thomson Reuters and ECB calculations.
Note: Real bond yields have been computed as a GDP-weighted average of separate real rates for France and Germany.

Chart 14 Euro area zero coupon break-even inflation rates and inflation-linked swap rates

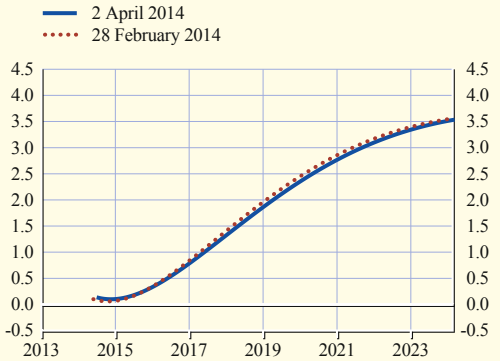
(percentages per annum; five-day moving averages of daily data; seasonally adjusted)

Sources: Thomson Reuters and ECB calculations.
Note: Break-even inflation rates have been computed as a GDP-weighted average of separately estimated break-even rates for France and Germany.

for the ten-year maturity, with the ten-year break-even inflation rate implied by inflation-linked bonds down by 2 basis points, to close to 1.6%. By contrast, the five-year break-even inflation rate implied by inflation-linked bonds rose marginally, by 2 basis points, and stood at around 1.0% on 2 April. Accordingly, the five-year forward break-even inflation rate five years ahead declined by around 5 basis points between end-February and 2 April, to stand at around 2.1% (see Chart 14). Overall, taking into account inflation and liquidity premia embedded in inflation-linked bonds, as well as the volatility of the yields of such bonds, market-based indicators suggest that long-term inflation expectations remain fully consistent with price stability.[2]

Chart 15 Implied forward euro area overnight interest rates

(percentages per annum; daily data)



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

The term structure of implied forward overnight interest rates in the euro area shifted marginally downwards for maturities beyond five years, by around 5 basis points on average, between end-February and 2 April. The largest decrease took place for maturities of between six and seven years. For maturities of lower than one year and a half, forward overnight rates shifted marginally upwards, by around 4 basis points (see Chart 15), reflecting marginally higher expectations relating to near-term overnight rates.

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.

In the period under review the yields of investment-grade bonds issued by corporations in the euro area rose marginally overall, by between 2 and 4 basis points, both for non-financial issuers and for financial issuers. The spreads of these bonds (relative to the Merrill Lynch EMU AAA-rated government bond index) also increased slightly overall, with the exception of those for BBB-rated financial issuers and AAA-rated non-financial issuers, which declined. Overall, corporate bond spreads remained low compared with the relative peaks recorded at the beginning of 2013.

2.5 INTEREST RATES ON LOANS AND DEPOSITS

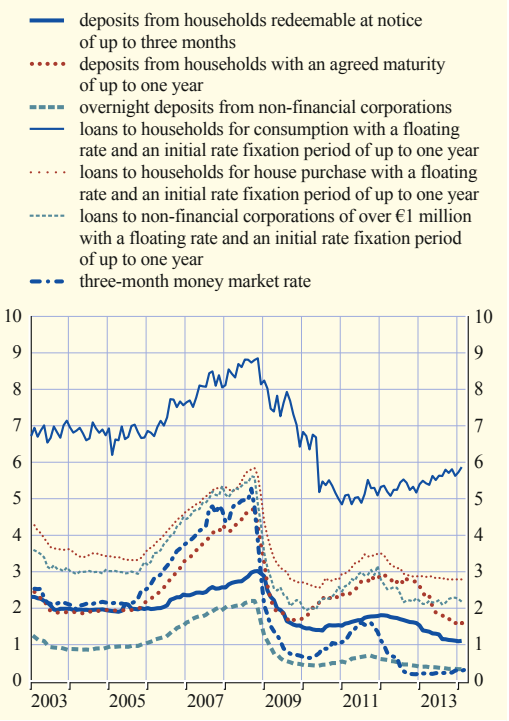
In February 2014, MFI lending rates on loans to non-financial corporations declined slightly in the case of both short and long interest rate fixation periods and both large and small loans. At the same time, MFI lending rates on loans to households for house purchase remained broadly unchanged in the case of both short and long interest rate fixation periods. MFI interest rates on long-term time deposits from both households and non-financial corporations decreased in February, whereas rates on short-term deposits remained broadly unchanged. Lending rate spreads vis-à-vis market rates narrowed for both short and long interest rate fixation periods.

Starting with short maturities and shorter interest rate fixation periods, in February 2014, MFI interest rates on short-term deposits from both non-financial corporations and households remained broadly stable. Lending rates on loans to households for house purchase with a floating rate and an initial rate fixation period of up to one year also remained unchanged, at 2.8%, whereas rates on consumer credit increased by 14 basis points, to 5.9%. With respect to non-financial corporations, interest rates on small loans (defined as loans of up to €1 million) and large loans (defined as loans of more than €1 million) with short interest rate fixation periods decreased slightly, to 3.8% and 2.2% respectively (see Chart 16). Accordingly, the spread between interest rates on small loans to non-financial corporations with short fixation periods and the corresponding interest rates on large loans increased slightly in February, to 163 basis points, and was thus considerably higher than the average since 2007 of about 120 basis points. The magnitude of the spread continues to suggest that financing conditions remain tighter for small and medium-sized enterprises than for large firms.

Overall, given that the three-month EURIBOR remained broadly unchanged in February,

Chart 16 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).

the spread between MFI interest rates on loans to households with short fixation periods and the three-month money market rate remained stable at 250 basis points, while the corresponding spread for interest rates on large loans to non-financial corporations with short fixation periods narrowed by 7 basis points to 189 basis points (see Chart 17).

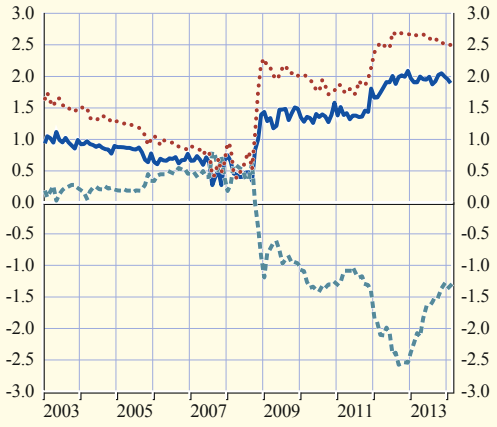
Since the beginning of 2014, MFI interest rates on small loans to non-financial corporations with short fixation periods have declined slightly, while corresponding rates on large loans have remained broadly stable. MFI interest rates on loans to households for house purchase with short fixation periods have remained unchanged.

Looking further back, since the beginning of 2012 MFI short-term interest rates on both large loans to non-financial corporations and loans to households for house purchase have decreased by between 60 and 70 basis points. The reductions in key ECB interest rates, together with the effects of the non-standard monetary policy measures implemented or announced by the ECB, are gradually being passed through to bank lending rates. The fragmentation of euro area credit markets is declining only gradually, while weak economic conditions may still be putting pressure on bank lending rates in some euro area countries.

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

(percentage points; rates on new business)

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

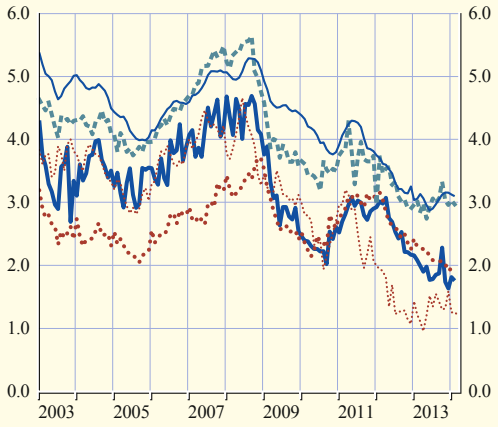


Source: ECB.
Notes: For the loans, the spreads are calculated as the lending rate minus the three-month money market rate. For the deposits, the spread is calculated as the three-month money market rate minus the deposit rate. Data as of June 2010 may not be fully comparable with those prior to that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

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

(percentages per annum; rates on new business)

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



Source: ECB.
Notes: 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). The euro area seven-year government bond yield is based on the ECB's data on AAA-rated bonds, which currently include bonds from Austria, Finland, Germany and the Netherlands.

Turning to longer maturities and longer interest rate fixation periods, MFI interest rates on long-term deposits from both households and non-financial corporations decreased in February. In the case of households, they stood at 1.9%, while they fell by 6 basis points in the case of non-financial corporations, to stand at 1.8%. Interest rates on loans to households for house purchase with long interest rate fixation periods remained broadly unchanged at 3.1% in February. Rates on small loans to non-financial corporations with long interest rate fixation periods remained broadly unchanged at 3.3%, while the corresponding rates on large loans declined by 6 basis points, to stand at 3.0% (see Chart 18). Hence, the spread between rates with long interest rate fixation periods on small loans and those on large loans increased to 31 basis points in February. Since the average yield on AAA-rated seven-year euro area government bonds remained unchanged in February at low levels (1.25%), the spreads between lending rates with long interest rate fixation periods and the yield on such bonds remained broadly unchanged in the case of both housing loans and small loans to non-financial corporations, but narrowed somewhat in that of large loans to non-financial corporations (namely by 7 basis points).

Looking further back, the spread between long-term lending rates and the yield on AAA-rated seven-year government bonds widened somewhat in the course of 2012. This reflected a decline in the yields on AAA-rated government bonds, in the context of flight-to-safety flows, that was stronger than the decline in long-term MFI lending rates. Since the beginning of 2013, the spread between lending rates with long interest rate fixation periods and the average yield on AAA-rated seven-year government bonds, which can be considered as a benchmark for longer maturities, has fluctuated between 140 and 250 basis points in the case of loans to non-financial corporations, and between 140 and 210 basis points in that of loans to households for house purchase.

2.6 EQUITY MARKETS

Between the end of February and early April 2014, stock prices rose in the euro area and in the United States. These developments in the indices reflected signs of a further consolidation of the rebound in economic activity, which were, however, to some extent countered by the implications of heightened geopolitical tensions. In March, the Federal Open Market Committee (FOMC) decision in the United States to further scale down the purchasing of assets may also have weighed on equity markets.

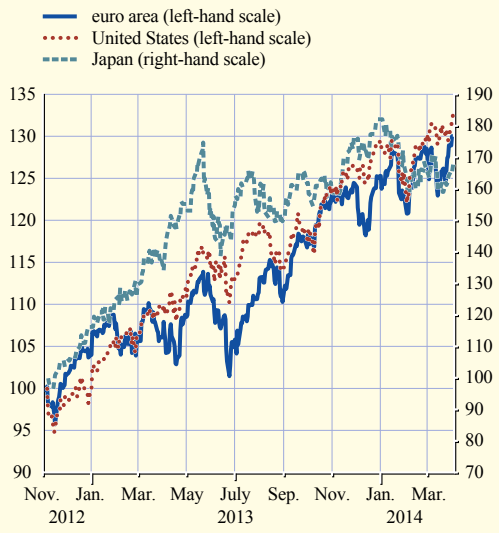
Between the end of February and 2 April, equity indices rose in the three main economic areas. Stock prices in the euro area, as measured by the broad-based Dow Jones EURO STOXX index, and stock prices in the United States, as measured by the Standard & Poor's 500 index, rose by 1.2% and 1.7% respectively. Equity prices in Japan, as measured by the Nikkei 225 index, rose to a lesser extent, by around 0.7%, over the same period (see Chart 19).

Throughout March and in early April, stock prices in the euro area and in the United States did not record significant oscillations, with limited sideways movements mainly reflecting the relative effects of economic data releases and developments in geopolitical tensions arising from the Ukrainian crisis. The FOMC announcement of an additional reduction in asset purchases and revised forward guidance may also have weighed on equity price developments.

At the sectoral level, stock prices rose for most euro area sectors. Large gains were observed for equities in the utilities sector, in the oil and energy sector, and in the telecommunications sector.

Chart 19 Stock price indices

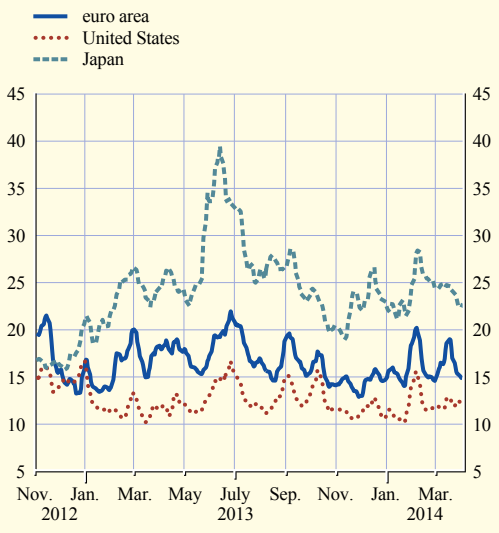
(index: 1 November 2012 = 100; daily data)



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

Chart 20 Implied stock market volatility

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



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

These increases were partly offset by declines in the cyclical basic materials sector, which fell by 2.4%, notwithstanding the overall positive trend in economic data releases. In the United States the sectoral performance was less scattered than in the euro area, with a marginal decline only in the consumer services sector. As in the euro area, equity prices rose more than the overall index in the utilities and the oil and gas sectors.

Stock market uncertainty in the euro area and in the United States, as measured by implied volatility, remained broadly stable between the end of February and 2 April, at around 15% and 11% respectively (see Chart 20). After being stable in the first part of March, implied volatility in Japan rose in connection with rising geopolitical tensions and the FOMC tapering decision. In the remainder of the review period it tended to decline and stood at around 23% in early April.

3 PRICES AND COSTS

According to Eurostat's flash estimate, euro area annual HICP inflation was 0.5% in March 2014, down from 0.7% in February. The decrease reflects falls in the annual rates of change of the food, goods and services components, partly offset by a more moderate decline in energy prices. On the basis of current exchange rates and prevailing futures prices for energy, annual HICP inflation is expected to pick up somewhat in April, partly related to the volatility of services prices in the months around Easter. Over the following months, annual HICP inflation is expected to remain low, before gradually increasing over 2015 to reach levels closer to 2% towards the end of 2016. At the same time, medium to long-term inflation expectations remain firmly anchored in line with price stability. Both upside and downside risks to the outlook for price developments remain limited, and broadly balanced over the medium term. In this context, the possible repercussions of both geopolitical risks and exchange rate developments will be monitored closely.

3.1 CONSUMER PRICES

Looking at the latest data, according to Eurostat's flash estimate, euro area annual HICP inflation was 0.5% in March 2014, after 0.7% in February. This decline reflected lower annual rates of change in all components except energy (see Table 7). The gradual decline in euro area inflation rates since last summer continues to primarily reflect negative contributions from energy prices as well as a substantial fall in unprocessed food price inflation. In addition, disinflationary price pressures also reflect the impact of the past appreciation of the euro exchange rate and, more generally, the high amount of slack in the economy (see Box 5).

Looking at the main components of the HICP in more detail, Eurostat's flash estimate for March points to a slightly less negative annual rate of change in energy prices compared to February owing to a base effect (-2.1% in March compared to -2.3% in February). Since August 2013, energy prices have recorded predominantly negative annual rates of change.

For the total food component, comprising both processed and unprocessed food prices, Eurostat's flash estimate implies a further decline to 1.0%, from 1.5% in February. No official information is yet available with regard to the breakdown of the food component for March, but the relatively mild

Table 7 Price developments

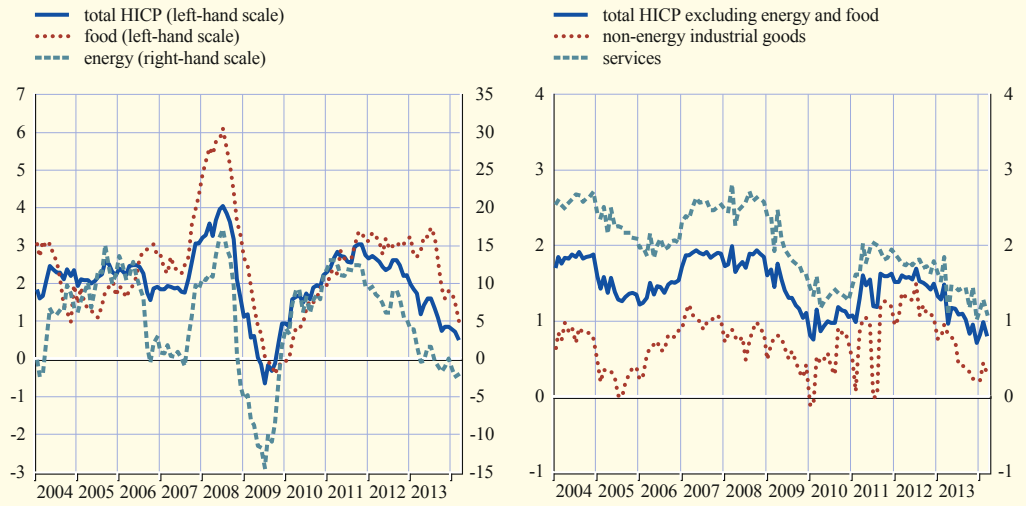
(annual percentage changes, unless otherwise indicated)

	2012	2013	2013 Oct.	2013 Nov.	2013 Dec.	2014 Jan.	2014 Feb.	2014 Mar.
HICP and its components [1]								
Overall index	2.5	1.4	0.7	0.9	0.8	0.8	0.7	*0.5*
Energy	7.6	0.6	-1.7	-1.1	0.0	-1.2	-2.3	*-2.1*
Food	3.1	2.7	1.9	1.6	1.8	1.7	1.5	*1.0*
Unprocessed food	3.0	3.5	1.4	0.9	1.5	1.3	0.9	.
Processed food	3.1	2.2	2.2	2.0	2.0	2.0	1.8	.
Non-energy industrial goods	1.2	0.6	0.3	0.2	0.3	0.2	0.4	*0.3*
Services	1.8	1.4	1.2	1.4	1.0	1.2	1.3	*1.1*
Other price indicators								
Industrial producer prices	2.8	-0.2	-1.3	-1.2	-0.8	-1.4	-1.7	.
Oil prices (EUR per barrel)	86.6	81.7	80.0	80.0	80.8	78.8	79.4	77.8
Non-energy commodity prices	0.5	-8.2	-12.2	-11.7	-11.4	-9.3	-7.8	-8.2

Sources: Eurostat, ECB and ECB calculations based on Thomson Reuters data.
1) HICP inflation and its components (excluding unprocessed food and processed food) in March 2014 refer to Eurostat's flash estimates.

Chart 21 Breakdown of HICP inflation: main components

(annual percentage changes; monthly data)



Source: Eurostat.

winter this year is likely to have had a strong weather-related downward impact on unprocessed food price inflation.

The annual growth rate of HICP inflation, excluding the volatile components food and energy, decreased to 0.8% in March, following 1.0% in February. This change reflected lower annual rates of change in both non-energy industrial goods inflation and in services price inflation. The annual rate of change in non-energy industrial goods inflation declined from 0.4% in February to 0.3% in March, while the annual growth rate of services price inflation stood at 1.1% in March, down from 1.3% in February. The lower annual rate of change in services price inflation can partly be attributed to the different timing of Easter last year compared to this year, which is likely to have brought about a lower annual rate of change in travel-related prices in March 2014.

The low level of HICP inflation, excluding the volatile components food and energy, recorded in early 2014 suggests that underlying inflationary pressure still remains subdued in the context of a high degree of unutilised capacity in the euro area economy.

In light of the low inflation rate in the euro area, Box 4 discusses measurement issues in consumer prices. It concludes that the concept of the HICP and a number of methodological improvements made since its inception limit potential measurement distortions.

Box 4

POTENTIAL MEASUREMENT ISSUES IN CONSUMER PRICE INDICES

A number of possible sources of bias in the measurement of consumer price indices have been identified in the literature. Potential upward bias becomes more important during times of low inflation as it may conceal "actual" inflation being in negative territory. This box looks into the main potential sources of measurement bias and assesses the extent to which these biases may be relevant for the HICP. It finds that such bias is mitigated by a number of technical measures included in the methodology used to compile the HICP.

Bias owing to substitution behaviour

One well-known source of bias in consumer price indices relates to the typical substitution behaviour of consumers. The index formula typically used weights together price changes for specific product groups on the basis of expenditure shares from a past reference year. However, as relative prices change, consumers tend to adjust their consumption, for example favouring those products which have lower price increases. This leads the weighting structure from past years to become outdated – the products with lower price changes are given too little importance in the index and products with higher price changes are given too much importance. This has been termed a "substitution bias" or "representativity bias".[1] To reduce this bias, international recommendations[2] suggest that the weights used in constructing consumer price indices be updated regularly.

Since 2012, all EU countries have been required to update their HICP weights on an annual basis.[3] Bias owing to outdated expenditure shares for weighting together product groups, e.g. fruit and vegetables, is therefore likely to be small. At the individual product level (e.g. different types of apples) statistical offices typically have no information on the expenditure shares, and unweighted averages of the price changes are therefore computed according to different formulae. During the development of the HICP, one formula which was known in many cases to lead to bias (the arithmetic average of price relatives) was banned. It is, however, likely that the currently used formulae still lead to measurement errors owing to a lack of weights for individual products. The direction of the error may depend on the sample chosen, and in particular on the position in the economic cycle. For example, at times of low demand, the expected substitution effects may be counteracted by income effects as consumers switch expenditure to products or to outlet types with lower price levels even when their relative prices are increasing.

1 The term "substitution bias" is applied to cases where a price index is intended to serve as a cost-of-living index, which measures the change in expenditure necessary to maintain the same standard of living. The HICP is not a cost-of-living index but rather an inflation index, which measures the change in expenditure necessary to maintain a certain consumption pattern. Nevertheless, the HICP must remain representative of consumer expenditure patterns, which change owing to substitution behaviour or other causes (e.g. changes in income or preferences). In the case of the HICP it is therefore more appropriate to speak of a representativity bias than a substitution bias. See, for example, Hill, R.J., "Inflation Measurement for Central Bankers", in Kent, C. and Guttmann, S. (eds.), *The Future of Inflation Targeting*, Reserve Bank of Australia, 2004 and Diewert, E., "Harmonized indexes of consumer prices: their conceptual foundations", *Working Paper Series*, No 130, ECB, 2002.

2 See *Consumer Price Index Manual: Theory and Practice*, ILO, IMF, OECD, Eurostat, United Nations, International Bank for Reconstruction and Development and World Bank, August 2004.

3 See the box entitled "New standards for HICP weights", *Monthly Bulletin*, ECB, April 2012.

Bias owing to quality changes and new products

Consumer price indices are constructed from price observations which are collected for identical items each month. When sales of certain products become insignificant, statisticians must find a replacement product, which may not be of the same quality. In such cases, an estimate must be made of the value of the difference in quality so that, over time, the "pure" price change can be measured. Some observers have claimed that statistical offices tend to underestimate quality improvements and that this leads to an upward "quality change bias" in measured inflation.[4]

Since the mid-1990s considerable research has been conducted in Europe and beyond on the appropriate methods to adjust for quality changes, most notably a two-year research project involving seven European statistical offices which resulted in some improvements. However, while product-specific recommendations for quality adjustment methods have been made for the HICP, there are no legally binding regulations to enforce a harmonised treatment across countries. The appropriate method to be used depends on nature of the product and the pricing strategies prevalent in the particular market. Therefore the direction and size of any possible quality change bias in the index may differ across items and countries. This implies that an assessment of bias in the euro area HICP would have to take into account current detailed practices in each specific product group in each country. So far, no such research has been conducted.

A second issue relates to the emergence of new products. Some products typically follow a cycle whereby a new product is introduced at a high price, which is then progressively lowered as production efficiencies and sales increase before levelling off and possibly increasing as the product matures. When statistical offices introduce new products with a delay, they tend to under-weight their (downward) price changes, implying a corresponding over-weighting of the (upward) price changes of mature products. To mitigate this new product bias, the HICP regulations require countries to include new products with an expenditure share in excess of 0.1% of household final monetary consumption expenditure within 12 months of the product reaching this threshold. While this is a rather high threshold for an individual product, it may reduce the impact of new product bias.

Bias owing to new outlets

A further potential source of measurement bias may arise from the trend away from higher-price traditional outlets towards lower-price larger chain stores, discounters and internet retailers. When new outlets are introduced into HICP samples, the price level difference is ignored on the assumption that it reflects consumers' implicit valuation of the quality of the retail service and has no downward impact on the index. However, the rapid growth in the market share of these lower priced outlets suggests that consumers do not consider the lower price levels to be fully offset by the lower quality of the retail service, i.e. that the new store types offer better value for money than traditional outlets. The treatment of new outlets in the HICP is therefore most likely a source of upward bias. However, conducting an objective assessment of quality differences across outlet types represents a considerable challenge.[5]

4 In the influential Boskin Report on the US CPI (*Toward A More Accurate Measure Of The Cost of Living*, Final Report to the Senate Finance Committee from the Advisory Commission to Study the Consumer Price Index, 1996), the combined impact of quality changes and new product bias was estimated to be 0.6 percentage point. This was the largest of the four identified biases.

5 See Box 2 in "Structural features of distributive trades and their impact on prices in the euro area", *Structural Issues Report*, ECB, September 2011.

Conclusions

On the basis of the available evidence, it is not possible to estimate measurement bias in the euro area HICP. Both theory and evidence suggest that such biases would vary over time and depend to some extent on the business cycle. A number of technical measures (such as the annual updating of expenditure weights) to reduce the potential sources of bias were introduced during the development of the HICP following earlier research.

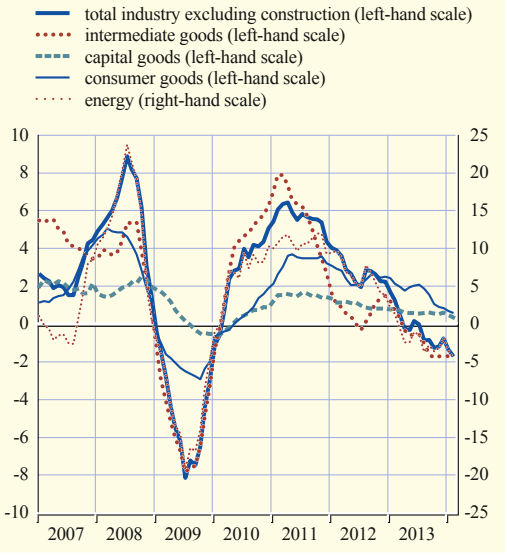
3.2 INDUSTRIAL PRODUCER PRICES

Industrial producer price inflation excluding construction continued to hover in negative territory and stood at -1.7% year on year in February, following -1.4% in January (see Table 7 and Chart 22). Excluding also energy, industrial producer price inflation stood at -0.5%, following -0.4% in January.

Pipeline pressures for HICP non-energy industrial goods price inflation increased somewhat at the later stages of the price chain, remaining, however, at subdued levels. The annual rate of change of the PPI for non-food consumer goods industries increased marginally for the third month in a row to 0.4% in February. The Purchasing Managers' Index (PMI) retail survey index of input prices for non-food stores remained broadly stable in March (on a three-month moving average basis), at a level close to its historical average. The latest data on PPI intermediate goods prices, oil prices and commodity prices for industrial raw materials confirm low inflationary pressures at the earlier stages of the price chain.

Chart 22 Breakdown of industrial producer prices

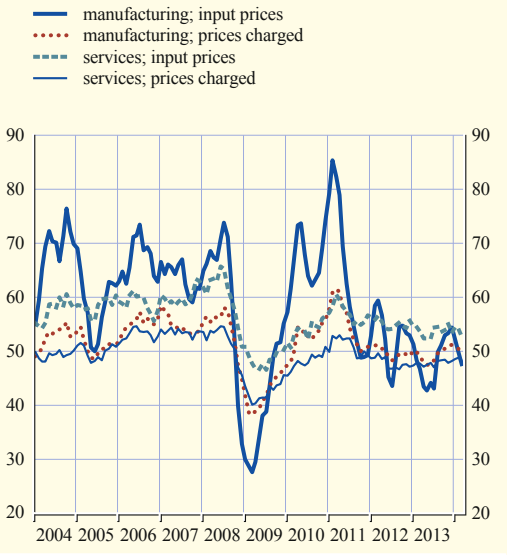
(annual percentage changes; monthly data)



Sources: Eurostat and ECB calculations.

Chart 23 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.

Pipeline pressures for HICP food inflation continued to fall at both stages of the price chain. Annual producer price inflation for consumer food declined from 0.6% in January to 0.4% in February. The PMI index for input prices of food retailers declined in March, while that for retail food margins increased for the second month in a row, but remained below the December value. Earlier in the price chain, the latest data on EU farm gate prices and international food commodity prices in euro terms show continued negative annual rates of change.

From a sectoral perspective, the latest survey-based evidence confirms subdued pipeline price pressures in both the manufacturing and the services sectors. PMI data show moderate decreases in the input and selling price indices for both the manufacturing and the services sectors in March (see Chart 23). All sub-indices remained close to the 50 threshold value and below their long-run averages. According to the European Commission survey, selling price expectations for both the industry (excluding construction) and services sectors decreased marginally in March and both currently hover at levels below their long-term averages since 1999.

3.3 LABOUR COST INDICATORS

The latest data on labour costs confirm moderate domestic price pressures, which are consistent with the weak labour market situation in the euro area (see Table 8 and Chart 24). In the fourth quarter of 2013, annual wage growth slowed at the euro area level, both when measured as compensation per employee and per hour worked. The pattern of wage growth at the euro area level continues to conceal substantial divergences in wage developments across countries.

Compensation per employee increased at an annual rate of 1.5% in the fourth quarter of 2013, following a rate of 1.8% in the third quarter. Across sectors, the slowdown was broad-based with the exception of non-market services (see Chart 25). The rise in the growth rate of compensation per employee in non-market services essentially reflects the base effect associated with the one-off cuts in public sector pay in some countries one year earlier. Looking beyond this effect, growth in compensation per employee has remained relatively stable over recent quarters and is thus broadly in line with that of euro area negotiated wages, which saw unchanged growth of 1.7% in the third and fourth quarters of 2013, and, according to preliminary data, also in the first

Table 8 Labour cost indicators

(annual percentage changes, unless otherwise indicated)

	2012	2013	2012 Q4	2013 Q1	2013 Q2	2013 Q3	2013 Q4
Negotiated wages	2.2	1.8	2.2	1.9	1.7	1.7	1.7
Compensation per employee	1.9	1.6	1.6	1.7	1.7	1.8	1.5
Compensation per hour	2.6	1.9	2.3	3.1	1.6	1.8	1.3
Memo items:							
Labour productivity	0.0	0.4	-0.2	0.0	0.5	0.6	0.9
Unit labour costs	1.9	1.2	1.8	1.8	1.2	1.2	0.6

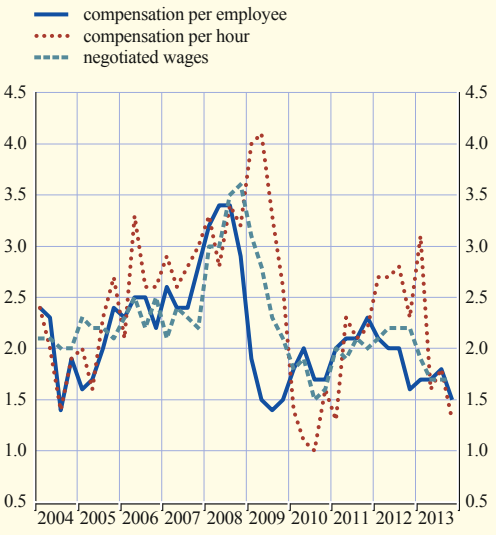
Sources: Eurostat, national data and ECB calculations.
Note: Data refer to the Euro 18.

quarter of 2014. Wage growth as measured by compensation per hour declined to 1.3% in the fourth quarter, compared with 1.8% in the third quarter.

The annual rate of change in unit labour costs gradually declined over 2013, reflecting a pick-up in productivity coupled with continued moderate wage growth. In the fourth quarter of 2013, the annual rate of change in labour productivity stood at 0.9%, following 0.6% in the previous quarter. The higher productivity growth rate, together with the lower growth rate in compensation per employee, pushed the annual growth rate of unit labour costs down to 0.6% in the fourth quarter of 2013. Looking ahead, unit labour cost growth is expected to remain at low levels in 2014, reflecting a cyclical pick-up in productivity growth, given the lagged response of employment in the economic recovery and broadly stable growth rates in compensation per employee.

Chart 24 Selected labour cost indicators

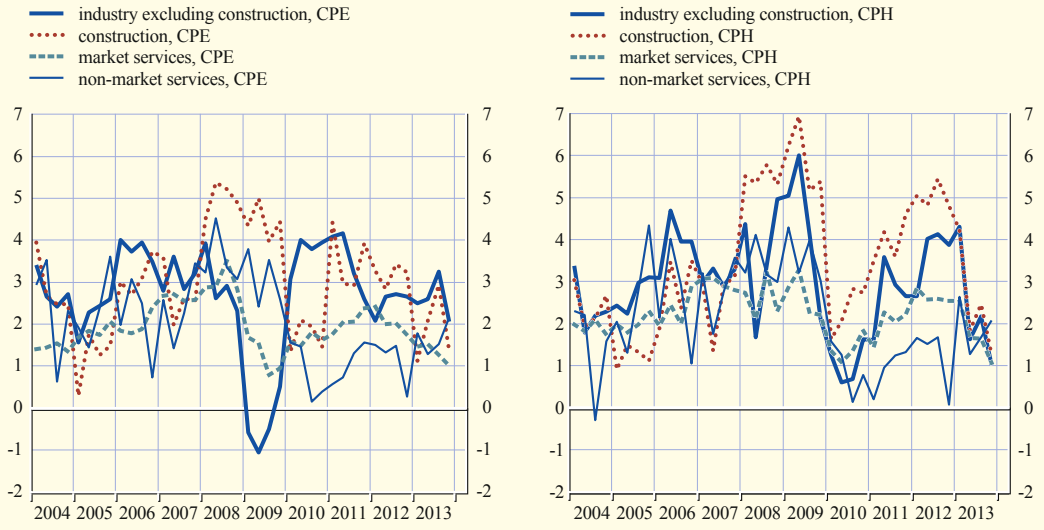
(annual percentage changes; quarterly data)



Sources: Eurostat, national data and ECB calculations.
Note: Data refer to the Euro 18.

Chart 25 Sectoral labour cost developments

(annual percentage changes; quarterly data)



Sources: Eurostat, national data and ECB calculations.
Notes: Data refer to the Euro 18. CPE stands for compensation per employee and CPH stands for compensation per hour. "Non-market services" cover activities by government and private non-profit institutions in fields such as general public services, education or health (approximated by the sum of sectors O to Q in the NACE Revision 2 breakdown). "Market services" are defined as the remaining difference to total services (sectors G to U in the NACE Revision 2 breakdown).

3.4 THE OUTLOOK FOR INFLATION

On the basis of current exchange rates and prevailing futures prices for energy, annual HICP inflation is expected to pick up somewhat in April, partly related to the volatility of services prices in the months around Easter. Over the following months, annual HICP inflation is expected to remain low, before gradually increasing over 2015 to reach levels closer to 2% towards the end of 2016. At the same time, medium to long-term inflation expectations remain firmly anchored in line with price stability. Both upside and downside risks to the outlook for price developments remain limited, and broadly balanced over the medium term. In this context, the possible repercussions of both geopolitical risks and exchange rate developments will be monitored closely.

4 OUTPUT, DEMAND AND THE LABOUR MARKET

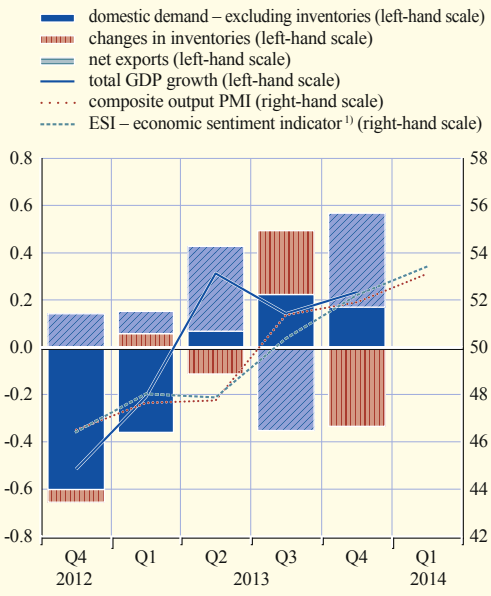
Real GDP in the euro area rose by 0.2%, quarter on quarter, in the last quarter of 2013, after 0.1% and 0.3% in the previous two quarters respectively. Survey data that encompass the first quarter of this year are consistent with continued moderate growth, confirming previous expectations that the ongoing recovery is increasingly supported by firmer domestic demand. Looking ahead, some further improvement in domestic demand should materialise, supported by the accommodative monetary policy stance, ongoing improvements in financing conditions working their way through to the real economy, and the progress made in fiscal consolidation and structural reforms. In addition, real incomes are supported by moderate price developments, in particular lower energy prices. Economic activity is also expected to benefit from a gradual strengthening of demand for euro area exports. At the same time, although labour markets have shown the first signs of improvement, unemployment in the euro area remains high and, overall, unutilised capacity is sizeable. Moreover, the necessary balance sheet adjustments in the public and private sectors will continue to weigh on the pace of the economic 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 grew further by 0.2% in the last quarter of 2013, thereby having increased for three consecutive quarters (see Chart 26). The latest outcome represents a downward revision of 0.1 percentage point compared with previous estimates. Domestic demand continued to contribute positively to growth in the fourth quarter and was thus the main driver behind the ongoing recovery. Following its temporary negative contribution in the third quarter, net trade also contributed positively, reflecting a strengthening of export growth alongside weaker import growth. At the same time, changes in inventories made a negative contribution to growth, totally offsetting the positive impetus that they provided in the previous quarter. In the last quarter of 2013, output still stood almost 3% below its pre-recession peak in the first quarter of 2008 and less than 1% below its post-recession peak in the third quarter of 2011.

Chart 26 Real GDP growth and contributions, composite output PMI and EC economic sentiment

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



Sources: Eurostat, Markit, European Commission Business and Consumer Surveys and ECB calculations.
Note: Data refer to the Euro 18.
1) The ESI is normalised with the mean and standard deviation of the PMI over the period shown in the chart.

As regards the first quarter of this year, survey data are consistent with continued positive growth. Although the composite output Purchasing Managers' Index (PMI) declined slightly in March, it still rose between the fourth quarter of 2013 and the first quarter of this year (see Box 7 in Section 4.2). At the same time, the economic sentiment indicator (ESI), published by the European Commission, rose relatively strongly in March, resulting in a quarterly average for the first quarter which exceeded that for the fourth quarter of last year as well as its

long-term average. Growth is expected to remain moderate during the course of 2014 before edging up somewhat thereafter. This slow recovery, which is not unusual after a financial crisis, implies that the output gap (i.e. the percentage difference between actual and potential output) is expected to close only gradually (see Box 5).

Box 5

SLACK IN THE EURO AREA ECONOMY

The amount of slack in the economy is a key element for gauging the interplay between supply and demand forces and the phase of the economic cycle, and is thus an important element in monetary policy analyses. However, there is considerable uncertainty surrounding estimates of potential output and output gaps (usually expressed as the percentage difference between actual and potential output) which are typically revised significantly over time. This stems from the fact that they are unobservable and very hard to estimate empirically, and there is no consensus on the estimation method or the definition of potential output. This box assesses what implications the different definitions of potential output have for estimates of the output gap. It also assesses how much slack exists in the euro area economy at the current juncture according to a range of alternative estimates and indicators.

Concepts used in estimates of potential output

The output gap is usually defined as the difference between actual output and the potential level of output. The latter is defined as the level of output that an economy could potentially achieve under certain circumstances – typically in a theoretical situation in which the economy is not constrained by nominal rigidities in price and wage setting. In the short run prices may be rigid and may not fully react to various developments in supply and demand; in the long run, however, prices are more likely to be flexible and adjust to shocks.

Given the non-observable nature of the output gap, assessing its size is challenging, especially in real time. Several estimation methods can be used, depending on whether short-term or long-term developments in potential output are being assessed.[1] The simplest methods, such as the Hodrick-Prescott filter, are purely statistical methods which investigate patterns in the output data series, disregarding any economic relationships with other variables. Depending on the assumptions made, these methods can produce more volatile or more stable estimates of potential output (respectively with smaller or larger output gaps). Methods based on the theoretical Phillips-curve equate potential output with the level of output corresponding to non-accelerating inflation. However, if the true relationship between the amount of slack and inflation deviates from the assumed one, estimates of the output gap may be biased.[2] This is the case for instance when prices and wages are rigid, or are subject to cost shocks (e.g. shocks to energy or other commodity prices). Estimates based on the production function approach break down potential

1 For a detailed discussion on the methods used for estimating potential output, see the article entitled "Potential output growth and output gaps: concept, uses and estimates", *Monthly Bulletin*, ECB, Frankfurt am Main, October 2000.
2 See Borio, C., P. Disyatat and M. Juselius, "A parsimonious approach to incorporating economic information in measures of potential output", *BIS Working Papers*, No 442, Bank for International Settlements, February 2014.

output into the contributions of its components (i.e. capital, labour and total factor productivity).[3] Although the separate estimates of each component of the production function are also subject to uncertainty, the advantage of this approach is that it provides an explanation of the economic factors behind estimated changes in potential output.

Recent research on output gaps (see, for example, Borio et al.)[4] argues that the information content of (labour) cost indicators is insufficient to assess overall price pressures, as some imbalances may derive from the financial side of the economy, via house prices or credit growth. In fact, the period before the financial crisis was characterised by stable and low inflation in the euro area – pointing to small positive output gaps – while financial and/or housing bubbles were emerging in some countries. A new approach is suggested, which seeks to take account of information on the financial cycle for estimating the output gap. This new approach is likely to produce somewhat larger estimates of the output gap, both in upswings and downturns, for countries experiencing such bubbles.

Finally, the definition of long-term potential output is the level of output that is achievable over the long term, when the potential output components have converged to steady-state paths. For instance, long-term unemployment rates are thought to be only influenced by labour market institutional factors (see Orlandi)[5]. Such estimates may be more useful in assessing sustainable structural fiscal or external balances, rather than short-term inflationary pressures. They suggest that there is less pro-cyclicality in potential output and larger output gaps in both upturns and downturns. Overall, output gap estimates used to assess inflationary pressures have a shorter-run perspective.

Measures of slack and recent estimates of slack in the euro area

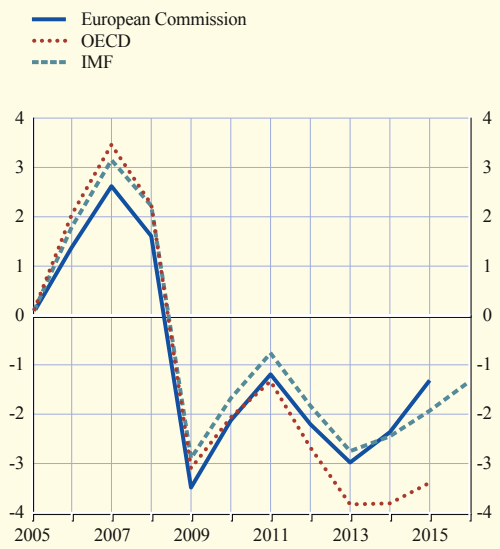
In order to assess the degree of slack and possible inflationary pressures in the euro area economy, indicators that focus on the short to medium term are considered in this box. They broadly fall into two groups: the first group are output gap estimates by international institutions, which are derived from the respective potential output estimates. For this purpose, the international institutions use mostly the production function approach, while for assessing developments in structural unemployment rates, which play a large role in potential output growth, Phillips curve-based filters are often used.

According to recent output gap estimates by international institutions, there is a considerable amount of slack in the euro area: the European Commission's estimate of the output gap for 2014 is -2.4% and the OECD's estimate is -3.8%. The range of these estimates widens further over the projection horizon to 2016 (see Chart A). It should be borne in mind that the international institutions use somewhat different methods. However, a common feature of all forecasts is that the gap is expected to close only gradually and to remain negative over the period 2014-16.

3 See D'Auria, F. et al., "The production function methodology for calculating potential growth rates and output gaps", *European Economy*, Economic Papers 420, European Commission, July 2010.
4 See Borio, C. et al., "Rethinking potential output: Embedding information about the financial cycle", *BIS Working Papers*, No 404, Bank for International Settlements, February 2013.
5 These are the active labour market policies, the unemployment benefit replacement rate, the labour tax wedge and union density. See Orlandi, F., "Structural unemployment and its determinants in the EU countries", *European Economy*, Economic Papers 455, European Commission, May 2012.

Chart A Output gap projections for the euro area from different institutions

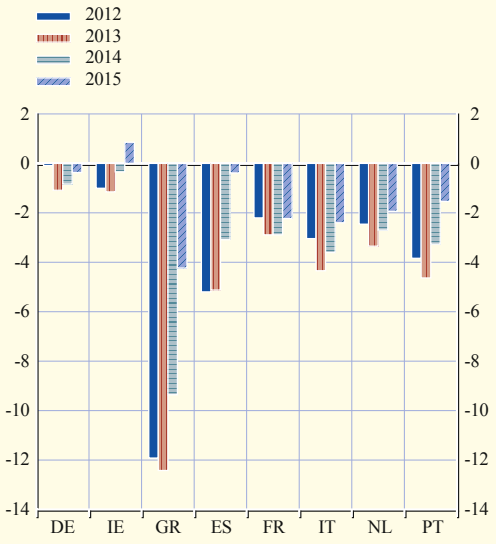
(percentages of potential output)



Sources: European Commission Winter Forecast, February 2014; IMF World Economic Outlook, October 2013; and OECD Economic Outlook, November 2013.

Chart B Cross-country differences in the output gap

(percentages of potential output)



Source: European Commission.

Chart B reveals that there are considerable cross-country disparities in the estimates by the European Commission of the amount of economic slack.[6] According to these estimates, Germany has a small amount of slack, with an output gap of below -1% at present which is expected to close almost entirely by 2015. However, in countries heavily affected by the crisis, particularly Greece, the estimated output gaps are much larger. The output gap of these countries is expected to close only gradually and to remain around -2% in 2015.

To check the robustness of the output gap estimates, a number of alternative measures of slack can be used, such as capacity utilisation and survey-based indicators, which report the extent to which factors such as the availability of labour and the level of demand limit production. These data are taken from the industry survey by the European Commission's Directorate General for Economic and Financial Affairs. The drawback of the output gap estimates is that they are subject to considerable revisions, as the reassessment of the output gap estimates for the period prior to 2008 has shown. Survey-based measures are more up to date and generally not revised, but they have their drawbacks as well. The capacity utilisation rate covers only one sector of the economy and, when reporting their individual degree of utilisation of resources, respondents do not have in mind the general amount of slack in the economy. Regarding the factors constraining production, these survey data are by nature subjective, and responses may be highly influenced by recent developments rather than referring to a reliable long-term average value.

The output gap estimates and survey-based measures do not always agree on the assessment of the amount of slack, but their empirical link is considered to be generally strong.[7] Indeed,

6 Estimates by the European Commission published in "European Economic Forecast", *European Economy*, 2, February 2014.
7 See the box entitled "A cross-check of output gap estimates for the euro area with other cyclical indicators", *Monthly Bulletin*, ECB, Frankfurt am Main, June 2011.

the correlation between the output gap estimated by the European Commission and the two survey-based measures (capacity utilisation and the extent to which insufficient demand constrains production) is reasonably high for the period 1997-2013, which can also be illustrated by the close similarities in the cyclical patterns of these measures (see Chart C). Moreover, the survey-based measures seem to provide a useful real-time indication of the size of the output gap: for the period to 2008, they are relatively highly correlated with the output gap estimates for the period that have been produced since end-2013 (which can be regarded as "ex-post" estimates), but have a much lower correlation with the estimates produced in 2007, which largely underestimated the positive output gap.

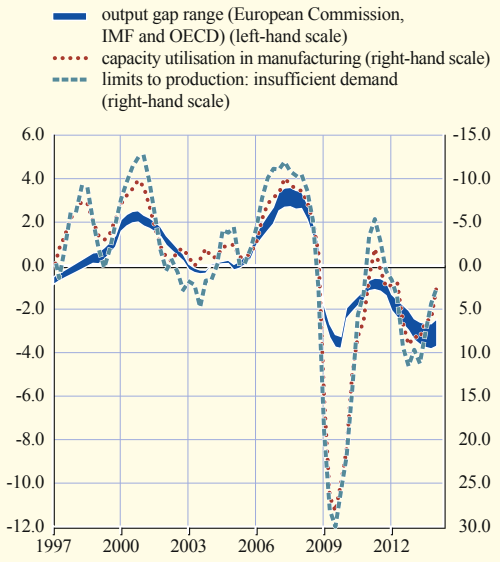
Turning to the most recent assessment of economic slack, the estimates by international institutions and the two survey-based measures indicate excess supply and slack in the euro area economy for the entire period since 2009, but also a gradual narrowing of the output gap which started in 2013 (see Chart C). While the available survey-based indicators for the first quarter of 2014 point to a further reduction in slack, it is still estimated to be significant.

Slack in the labour market

Slack in the labour market is assessed through the unemployment gap, or the difference between the unemployment rate and the non-accelerating inflation rate of unemployment (NAIRU; see Chart D). Recent estimates of the unemployment gap by international institutions suggest on average that labour market slack is at its highest level since 1997. At the same time, the uncertainty surrounding the unemployment gap, as measured by the range of estimates by international institutions, has increased substantially since 2012.

Chart C Output gap, capacity utilisation and limits to production from insufficient demand in the euro area

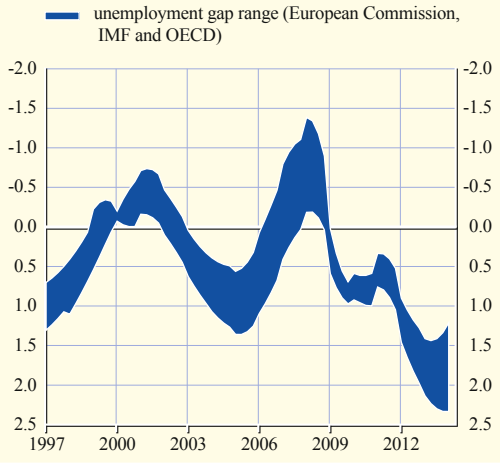
(percentages of potential output; deviations from the mean)



Sources: European Commission Winter Forecast, February 2014; IMF World Economic Outlook, October 2013; and OECD Economic Outlook, November 2013.
Notes: Quarterly output gaps are interpolated from annual estimates by the international institutions. The latest observation for capacity utilisation and limits to production refers to January 2014.

Chart D Unemployment gap in the euro area

(percentages of the labour force; deviations from the mean)



Sources: European Commission Winter Forecast, February 2014; IMF World Economic Outlook, October 2013; and OECD Economic Outlook, November 2013.

Factors behind developments in potential output

Given the substantial decline in real GDP in the euro area and in several individual countries, the estimated negative output gaps would have been even larger if potential output growth had not also decelerated substantially. Multiple factors account for the slowdown in potential output growth.[8] Investment in the euro area has shrunk by more than 15% since the peak in activity in 2008, as a result of factors such as the sizeable stock of obsolete capital stock and permanent downsizing in some sectors; high uncertainty; the deterioration in financing conditions; and company indebtedness. In addition, the average scrapping rate of capital assets is likely to have increased in parallel with the crisis-related rise in company liquidations. In some countries, net company formation in the construction sector has turned from a positive figure prior to the crisis to a strongly negative figure since 2009, associated with a loss of capital resulting from obsolete capital stock and company liquidations. The capital and technology-intensive manufacturing sector in some countries has also suffered from downsizing and the closure of companies since 2009.

Structural unemployment rates have increased since the outbreak of the financial crisis, reducing the labour contribution to potential output growth. The rise in structural unemployment is related to the rise in long-term unemployment in many countries. The longer the unemployed are out of work, the more their skills and human capital are eroded and the less favourably they are viewed by potential employers. They may also become discouraged and cease looking for work. Skill mismatches have also increased, indicating a sharp fall in demand for low-skilled workers. According to econometric analyses, the Beveridge curve, which plots unemployment rates and vacancy rates, has shifted outwards in many countries (see Chart E), meaning that when a higher number of vacancies is posted, this is not followed by a decline in unemployment, thus pointing to a structural deterioration in the labour market.[9]

The contribution of total factor productivity (TFP) to potential output also declined somewhat during the crisis and has remained subdued since, which is consistent with experience in previous financial crises. Persistent low levels of capacity utilisation resulting from weak economic activity have reduced the efficiency of capital and labour usage. Firm and sector-specific human capital in permanently downsized sectors and enterprises may have been considerably damaged. However, the shifting of factors of production from shrinking sectors with lower

Chart E Shifts in the euro area Beveridge curve

(percentages of the labour force)

Sources: Eurostat and European Commission.

8 For a more detailed discussion, see the article entitled "Potential output, economic slack and the link to nominal developments since the start of the crisis", *Monthly Bulletin*, ECB, Frankfurt am Main, November 2013.

9 For additional information, see Bonthuis, B., V. Jarvis and J. Vanhala, "What's going on behind the euro area Beveridge curve(s)?", *Working Paper Series*, No 1586, ECB, Frankfurt am Main, September 2013.

productivity to expanding sectors with higher productivity is likely to have offset some of these negative effects on aggregate TFP growth in the euro area.

Conclusions

Overall, multiple factors have contributed to a decline in potential output growth in the euro area as a whole in recent years. These factors comprise sectoral restructuring, skill erosion, and loss of physical and human capital, among other factors, together with the overestimation in real time of potential output growth in the years before the crisis in a context of strong leveraging and imbalances in several euro area countries. This has resulted in a smaller degree of economic slack than the level that would exist with a more stable trend in potential output. That said, slack in the euro area economy, as measured by different types of indicator, is still considerable and is likely to dampen upward pressure on inflation. In this respect, it is important to note that in recent years not only has uncertainty surrounding the estimates of economic slack been higher than usual, but so too has uncertainty related to the way in which economic slack has affected inflation and the magnitude of this impact. For instance, there is evidence that, for the euro area as a whole, the impact of slack on prices has weakened since the onset of the crisis. This may reflect, for example, a better anchoring of inflation expectations.[10] At the same time, the structural reforms in labour and product markets undertaken in many euro area countries in recent years may have reduced nominal rigidities and this would not only have implications for estimates of the degree of slack itself but might also imply a higher responsiveness of inflation to slack in the future. All of this creates high uncertainty which cautions against relying on point estimates of slack as a gauge for predicting inflation.

10 See the box entitled "The anchoring of long-term inflation expectations in the euro area", *Monthly Bulletin*, ECB, Frankfurt am Main, October 2013.

Private consumption in the euro area rose by 0.1%, quarter on quarter, in the last quarter of 2013, following similar growth rates in the previous two quarters. The latest outcome most likely reflects a rise in the consumption of services and car purchases, which were partly offset by lower spending on retail goods.

With regard to the first quarter of this year, the information available tends, on balance, to suggest a further, albeit moderate, rise in private consumption. In January the volume of retail sales rose by 1.6%, month on month, to stand 1% above the average reading for the fourth quarter of 2013, when it declined by 0.5% quarter on quarter. In addition, new car registrations in January and February in the euro area stood, on average, almost 3% below their average level in the fourth quarter, when they rose, quarter on quarter, by 5.2%. The weak car registrations at the start of the year and the previous strong growth in car sales in the fouth quarter of 2013 were both partly the result of the implementation of tax increases at the beginning of the year in some countries.

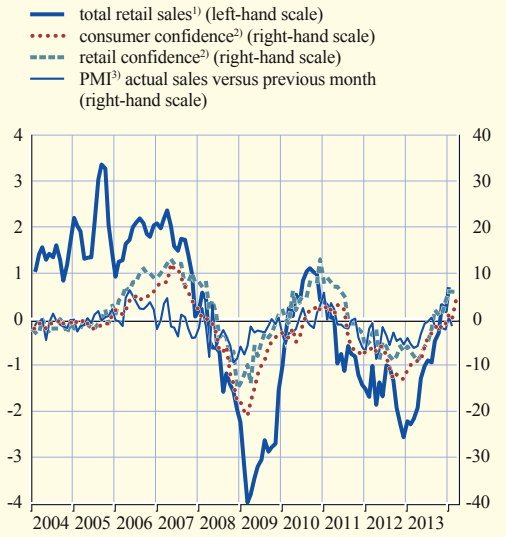
Survey data on the retail sector for the first quarter of 2014 suggest that the consumption of retail goods displayed modest growth (see Chart 27). The European Commission's indicator on confidence in the retail sector improved further in the first quarter. In addition, consumer confidence improved markedly in March, leading to a continuation of the upward trend which was temporarily interrupted in February. Confidence is now above its long-term average and is thus consistent with ongoing moderate improvements in consumer spending. The PMI for the retail sector rose from an average of 47.8 in the fourth quarter to 49.5 in January and February. By remaining below, but close to 50, it points to muted sales in the first quarter of 2014. Finally, the indicator on expected

major purchases remained at depressed levels, suggesting that consumers continue to be cautious about deciding whether or not to purchase durable goods.

Gross fixed capital formation rose strongly by 1.1% quarter on quarter in the last quarter of 2013. The latest rise follows two quarters of positive growth, indicating that the ongoing recovery has become more firmly entrenched. With regard to the components of investment in the fourth quarter, both non-construction investment and, to a lesser extent, construction investment – each accounting for around half of total investment – displayed positive growth rates on a quarterly basis. Business investment is expected to continue to increase moderately as demand gradually picks up, confidence and financing conditions improve and uncertainty diminishes (see Box 6).

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

(monthly data)



Sources: Eurostat, European Commission Business and Consumer Surveys, Markit and ECB calculations.
1) Annual percentage changes; three-month moving averages; working day-adjusted; including fuel.
2) Percentage balances; seasonally and mean-adjusted.
3) Purchasing Managers' Index; deviations from an index value of 50.

Incoming data on fixed investment are consistent with continued growth in the first quarter of this year, although in all likelihood at a lower rate than in the final quarter of last year. Industrial production of capital goods – an indicator of future non-construction investment – rose in January 2014 by 0.9% month on month. In the same month, capital goods production stood more than 1% above its average level in the fourth quarter of 2013, when it increased by 0.7% on a quarterly basis. While this represents a positive start to the first quarter, high monthly volatility of production data calls for a cautious assessment. More timely survey results paint a similar picture. For instance, the manufacturing PMI, which has been trending upwards since mid-2012, improved further in the first quarter of this year. Similarly, the European Commission's industrial confidence indicator rose further between the fourth and the first quarters to stand above its long-term average.

In January 2014, construction production rose by 1.5%, month on month, following a somewhat smaller increase in the previous month. As a result, construction production improved significantly to stand at 2.3% above its average level for the fourth quarter, when it contracted by 0.8% on a quarterly basis. However, the latest developments probably reflect, at least in part, positive effects related to unusually mild weather conditions in parts of the euro area at the beginning of this year. In addition, survey data suggest a less positive picture as regards developments in the first quarter. For instance, the construction confidence indicator, published by the European Commission, was still well below its historical average in the first quarter, while the PMI for construction in the euro area stood below 50 in January and February, pointing to muted developments in the construction sector.

Box 6

FACTORS BEHIND THE FALL AND RECOVERY IN BUSINESS INVESTMENT

The level of business investment has shrunk considerably since the peak in activity in 2008, contributing strongly to the decline in euro area GDP.[1] Business investment began to recover in the second quarter of 2013 and, according to the March 2014 ECB staff macroeconomic projections for the euro area, is projected to continue firming – albeit well below its pre-crisis peak – until 2016.[2] This box provides stylised facts about the decline in business investment, reviews factors behind this decline and draws conclusions concerning the projected recovery.

Since 2008, business investment in the euro area has displayed some of the typical patterns of financial crises, with a more pronounced downturn followed by a slower recovery than is usually observed in recessions that are not associated with financial crises ("normal" recessions) (Chart A). In 2011, the euro area experienced another recession in the context of a sovereign bond crisis in several euro area countries, accompanied by a pronounced decline in business investment.

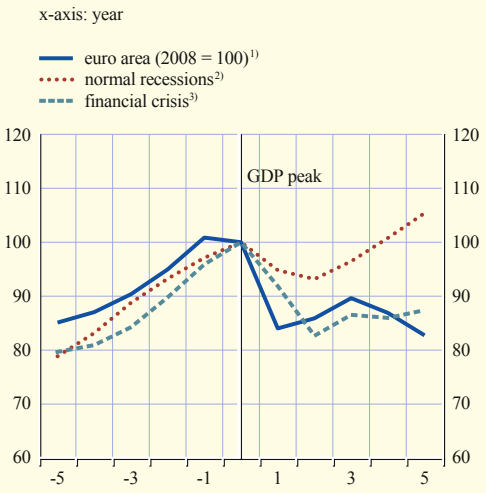
From an international perspective, a comparison of business investment in the euro area with that in some other advanced economies shows that, while investment in the euro area developed broadly in line with investment in other advanced economies over the period 2008-10, it has been relatively weaker since 2011, especially in comparison with the United States (Chart B).

A comparison of investment developments in the euro area by sector shows that the contractions recorded in 2009 and 2012 were driven mainly by the decline in the services sector (Chart C). While investment in the construction sector has displayed the greatest fall (45%), its contribution to the decline has been rather modest, owing to its relatively small share of total investment. Overall, in comparison with previous cycles, the declines in the services and construction sectors have been exceptional, while the decline in the industrial sector (excluding construction) since 2009 has been similar to earlier downturns.

There are several factors which play a role in firms' investment decisions. Some are standard factors, such as profitability and demand. Indeed, the weakness in business investment since 2008 has corresponded to weak demand,

Chart A Business investment during normal recessions and financial crises

(index, GDP peak = 100)

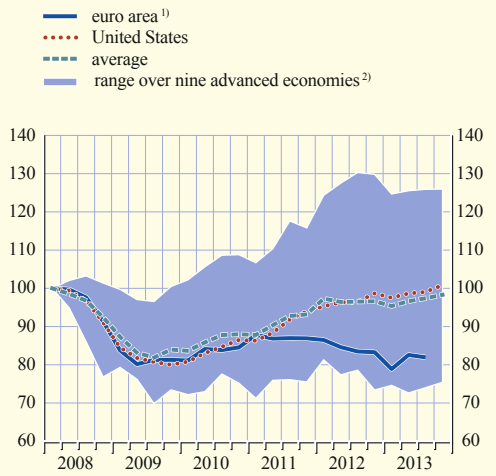


Sources: OECD and Eurostat.
1) Euro area business investment is measured using gross fixed capital formation of non-financial corporations. The price-adjusted series is derived using the gross fixed capital formation deflator.
2) Normal recessions are defined as recessions not associated with financial crises. Median development is based on a dataset for 16 advanced economies from 1970 to 2012.
3) According to Laeven and Valencia (2013), 17 financial crises have been identified.

1 For more details on the decline in business investment, see the box entitled "Business investment – signs of a modest recovery ahead", *Monthly Bulletin*, ECB, January 2014.
2 See the article entitled "March 2014 ECB staff macroeconomic projections for the euro area", *Monthly Bulletin*, ECB, March 2014.

Chart B International comparison of business investment since 2008

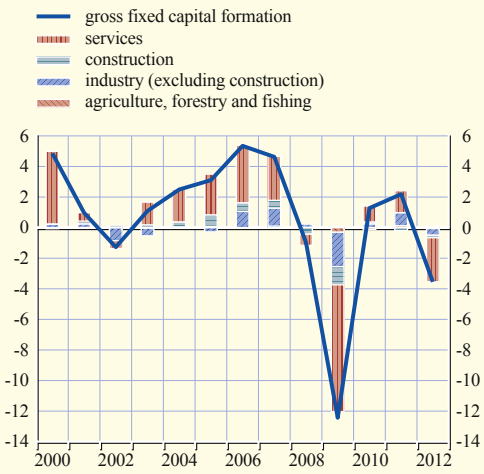
(index; Q1 2008=100)



Sources: OECD, computations on national accounts.
1) Euro area business investment is measured using gross fixed capital formation of non-financial corporations. The price-adjusted series is derived using the gross fixed capital formation deflator.
2) The nine advanced economies are Australia, Canada, Denmark, Japan, Norway, South Korea, Sweden, the United Kingdom and the United States.

Chart C Gross fixed capital formation and sectoral contributions; euro area

(annual percentage change and contributions)



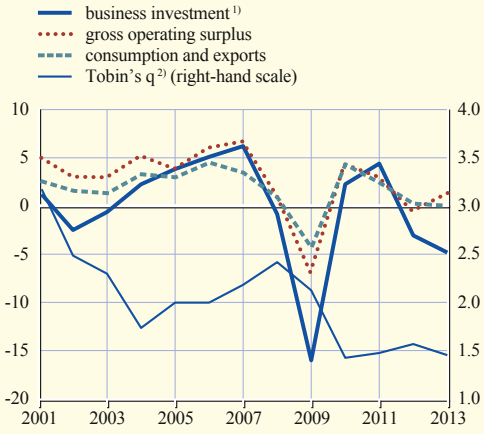
Sources: Eurostat and ECB staff calculations.

low profitability growth and weak investment incentives, as shown by the ratio between the market value of an asset and its replacement value, or Tobin's q (Chart D). There are also some other more crisis-specific factors, such as uncertainty, financial conditions and structural factors, which have been particularly prominent since 2008.

First of all, there is evidence that business investment reacts to changes in uncertainty owing to the irreversibility of investment decisions and adjustments costs. According to the indicators available, the sharp increases in 2008 and 2011 in financial market uncertainty, economic uncertainty and policy uncertainty are correlated with the decline in business investment (Chart E).[3] Thereafter, financial market uncertainty decreased considerably. Policy uncertainty has come closer to normal levels in recent quarters, while economic uncertainty remains elevated.

Chart D Business investment and some of its determinants

(year-on-year percentage change)



Sources: Datastream, Eurostat and March 2014 ECB staff macroeconomic projections for the euro area.
1) Euro area business investment is measured using gross fixed capital formation of non-financial corporations. The price-adjusted series is derived using the gross fixed capital formation deflator.
2) Tobin's q is defined as the ratio of the market value of an asset to its replacement value.

3 For a detailed description of the three measures of uncertainty, see the box entitled "How has macroeconomic uncertainty in the euro area evolved recently?", *Monthly Bulletin*, ECB, October 2013.

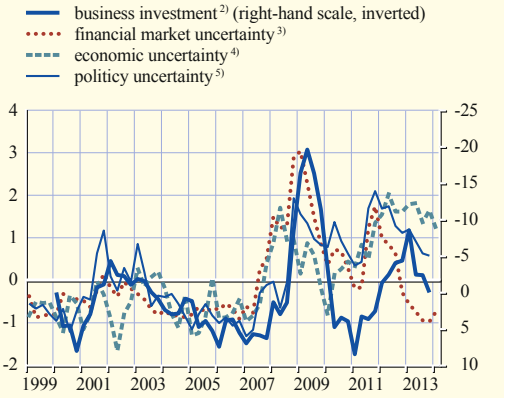
According to these indicators, uncertainty has become less of a drag on business investment.

Second, unfavourable financial conditions are likely to have compounded the weakness in business investment. Credit-supply constraints have had an impact on investment in some countries, given the relatively high dependence of non-financial corporations on bank loans to finance investment in the euro area and the strong increase in corporate debt before the financial crisis. Recently, financial conditions have improved and the real cost of financing currently stands at a historically low level in the euro area as a whole. Moreover, the cash holdings of non-financial corporations are high. This suggests that financial conditions are currently constraining business investment considerably less than during the financial crisis.

Third, lower growth potential may have contributed to the weakness in business investment. The level and growth rate of potential output are currently estimated to be considerably lower than anticipated before 2008. Consequently, the need for business investment to expand capacity also appears to be lower compared with previous cycles, in which potential output was less adversely affected. Moreover, several indicators show that there is still a large amount of slack in the economy, which also points to a relatively low need for extension investment.[4] Survey data from the European Commission suggest that firms' replacement investment will be greater than usual in 2014. Furthermore, some sectors of the economy are apparently suffering from particularly high overcapacity, pointing to the need for a further restructuring process that might weigh on business investment for some time. While a sectoral analysis indicates that the construction sector in particular is experiencing overcapacity, the unusually strong decline in investment in the services sector indicates that overcapacity also exists in this sector.

Chart E Business investment growth and uncertainty in the euro area

(left-hand scale: standard deviations from the mean[1], right-hand scale: annual percentage change, inverted; quarterly)



Sources: ECB financial market database, European Commission and Baker, Bloom and Davis (2013).
Note: Latest observations refer to Q3 2013 for investment and to Q1 2014 for uncertainty.
1) Mean over the period Q1 1999 to Q4 2013.
2) Euro area business investment is measured using gross fixed capital formation of non-financial corporations. The price-adjusted series is derived using the gross fixed capital formation deflator.
3) Based on the composite systemic stress indicator.
4) Uncertainty among private households and firms based on European Commission Consumer and Business Surveys.
5) Indicator based on newspaper coverage of policy-related economic uncertainty and disagreement among forecasters on inflation and budget balances.

Overall, since its strong decline in 2008, business investment in the euro area has remained subdued, reflecting the typical features of severe financial crises. A sectoral analysis shows that this weakness is attributable mainly to unusually weak investment in the services and construction sectors. In addition to standard factors such as weak demand, low profitability growth and weak incentives to invest, high uncertainty, unfavourable financial conditions and lower growth potential also appear to have been important factors behind subdued investment in the euro area. Looking ahead, the gradual strengthening in demand and profitability, unwinding uncertainty and more favourable financial conditions should support the expected recovery in business investment. At the same time, owing to the lower estimated growth potential, the high degree of remaining slack in the economy and the lagged effects of the ongoing restructuring process in some sectors and countries, the recovery in investment is expected to gain momentum only gradually.

4 See the box entitled "Slack in the euro area economy" in this issue of the Monthly Bulletin.

The contribution of euro area trade to GDP growth turned positive again in the last quarter of 2013, following a negative contribution in the previous quarter. While quarterly export growth rebounded, to 1.3%, import growth moderated further, to reach 0.5% in the fourth quarter. Survey data on euro area trade for January suggest that trade growth picked up as expected. The value of both exports and imports increased on a monthly basis, and both variables stood at higher levels than their respective fourth-quarter averages. According to short-term indicators, trade prices remained subdued, suggesting that in volume terms trade was stronger, with import growth being slightly stronger than export growth. Survey data for the first quarter point to further improvements. The PMI new export orders index was consistently above the expansion threshold of 50 and stood higher than in the fourth quarter. In addition, the European Commission's survey indicator for export order books also improved compared with the fourth quarter.

4.2 SECTORAL OUTPUT

In the last quarter of 2013, real value added rose further, by 0.3% quarter on quarter, an increase that was broadly based across sectors. Although value added has displayed an accumulated rise of 0.8% since the first quarter of last year, it still stands 0.5% below its post-recession peak in the third quarter of 2011. Looking ahead, survey data point towards continued growth in value added in the first quarter of this year. As regards sectoral developments, the latest PMI output indices indicate the strongest growth for the manufacturing sector, followed by services, whereas the construction sector is expected to display more sluggish developments (see Box 7).

Box 7

EURO AREA SECTORAL VALUE ADDED GROWTH AND THE PURCHASING MANAGERS' INDEX

Timely and accurate information on sectoral real value added growth is important in assessing the sectoral driving forces of economic growth in real time. However, national accounts data on real value added are only available with a lag. The reporting lag is about two months after the end of the reference period, and so the data are usually released about two weeks later than the first estimate for real GDP. This box focuses on gross value added, i.e. GDP minus taxes on products plus subsidies on products. Unlike GDP, gross value added can be broken down by economic sector. The box considers the use of surveys and, more specifically, the information on business conditions provided by the Purchasing Managers' Index (PMI) survey in determining current real gross value added growth at the sectoral level. PMI survey data are released immediately after the reference period.

Opinion surveys: PMI

Survey indicators are closely monitored as they can provide up-to-date and often unique monthly signals of current economic developments. One feature of the PMI, not shared by survey data released by the European Commission, is that it is straightforward to interpret given its theoretical

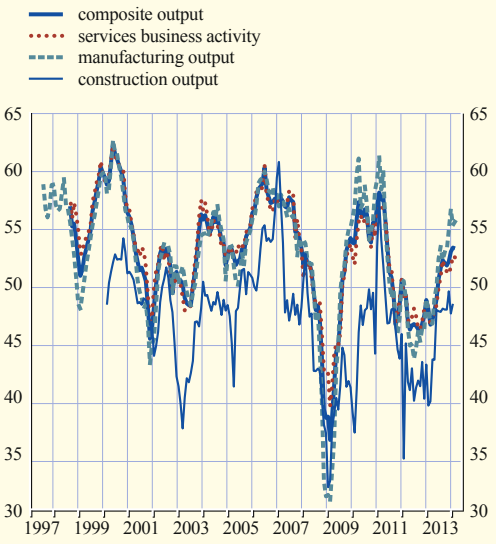
"no-change" threshold of 50.[1] Moreover, it has extensive worldwide coverage.

For current value added growth at the sectoral level, i.e. for services, manufacturing and construction, purchasing managers' responses to PMI survey questions on business conditions relative to the previous month are particularly relevant. Private sector services firms respond on business activity and manufacturing and construction firms on output, stating whether there has been an improvement, no change or deterioration. The PMI output indices measure how widespread output changes are across firms but not whether they are large or small, given the qualitative nature of PMI surveys.

Markit, the financial information services company compiling the PMI surveys for euro area countries, also releases a composite output index, based on the services business activity index (covering about 40% of euro area gross value added in 2013) and on the manufacturing output index (covering about 15% of euro area gross value added in 2013). The PMI composite output index excludes developments in non-manufacturing industries, construction, trade (retail and wholesale) and public sector services. Besides the four PMI indices mentioned above, Markit also releases a retail PMI for the euro area retail sector.

Chart A Euro area PMI

(diffusion index; seasonally adjusted)



Source: Markit.
Note: a value of 50 indicates "no change" relative to the previous month.

Chart A plots the PMI output/business activity series for the euro area. The chart shows that the euro area services business activity index and the manufacturing output index generally move in parallel and follow a pattern which is similar to that of the composite output index. The main exceptions are during severe downturns when the manufacturing PMI output declines more than the services PMI business activity. The PMI construction output index exhibits more differentiated dynamics.

Real value added growth

In order to link quarter-on-quarter growth in sectoral real value added to the respective PMI index it is useful to look at a quarterly average of the monthly PMI. A simple quarterly average turns out to perform empirically as well as a theoretically more correct quarterly average which

1 For euro area empirical evidence on the usefulness of the PMI in predicting current output growth, see, among others, Lombardi, M. J. and Maier, P., "Forecasting economic growth in the euro area during the Great Moderation and the Great Recession", *Working Paper Series*, No 1379, ECB, September 2011 and, for the usefulness of European Commission surveys, see Raffinot, T., "A monthly indicator of GDP for Euro-Area based on business surveys", *Applied Economics Letters*, Vol. 14, issue 4, May 2007, pp. 267-270. For a comparison of the PMI composite output index as well as the European Commission's Economic Sentiment Indicator and current euro area real GDP quarter-on-quarter growth, see Chart 26 in Section 4.

takes into account that the PMI output indices measure output changes relative to the previous month and, thus, measure month-on-month changes rather than quarter-on-quarter changes.[2]

Charts B to E plot real gross value added growth together with the PMI composite output index and the respective PMI for the services, manufacturing and construction sectors. The y-axes of the four charts differ, illustrating the different cyclicality of the sectors. Services value added growth is comparatively acyclic and, owing to its importance, determines to a large extent the growth pattern for total value added growth. Manufacturing is highly cyclical and construction lies between the two in terms of cyclicality.

Chart B shows that the quarterly PMI composite output index is a generally reliable tracker of current real value added quarter-on-quarter growth, with the main exception being the sharp drop in the first quarter of 2009.[3] For comparison purposes, real GDP growth is also plotted, as there can be some differences between the two growth rates.[4] It is important to bear in mind that value added and real GDP are revised over time, whereas this is generally not the case for survey data. These revisions are typically not negligible. For example, the average absolute revision (latest data compared with the first estimate) in quarter-on-quarter growth of real GDP in the euro area between the first quarter of 2003 and the last quarter of 2010 is 0.2 percentage point.[5] For the

Chart B Real gross value added, real GDP and composite PMI output

(quarter-on-quarter percentage changes; quarterly average of monthly diffusion index)

Sources: Eurostat and Markit.
Note: Q1 2014 observation is based on Eurostat's flash estimate for March.

Chart C Real services value added and services PMI business activity

(quarter-on-quarter percentage changes; quarterly average of monthly diffusion index)

Sources: Eurostat and Markit.
Note: Q1 2014 observation is based on Eurostat's flash estimate for March.

2 A simple average takes 1/3 for each month of the quarter. The weighting scheme for a theoretical correct average is 1/9, 2/9, 3/9, 2/9, 1/9 for the second and third months of the previous quarter and for the first, second and third months of the current quarter, respectively.
3 For a detailed description of the reliability of surveys up to September 2008 including a comparison with previous periods of financial turmoil, see the box entitled "The reliability of survey data during periods of financial turmoil", *Monthly Bulletin*, ECB, November 2008.
4 For more details, see the box entitled "What is behind discrepancies between growth in GDP and gross value added?", *Monthly Bulletin*, ECB, December 2003.
5 See "Revision fact sheets on the reliability of first estimates for GDP and expenditure components in the euro area", ECB, February 2012 (available on request).

first quarter of 2014, the PMI composite output index indicates a pace of growth broadly similar to that observed in the previous quarter, marking the fourth consecutive quarter of positive real total value added growth. Both services (Chart C) and manufacturing (Chart D) contribute to these positive developments. The services PMI business activity index shows growth in services value added for the first quarter of this year to be similar to that in the previous quarter. Further growth in real value added in the first quarter is also indicated by the PMI manufacturing output index. The PMI construction output index suggests slightly negative real construction value added growth for the first quarter of this year (Chart E). However, construction value added growth is comparatively erratic, in part because of its sensitivity to weather conditions.

Looking at the PMI indices as a tracker for current sectoral value added growth, the performance of construction PMI output is, albeit significantly informative, comparatively poor compared with manufacturing PMI output and services PMI business activity. This can be explained by volatile value added growth in the construction sector and the PMI coverage at the euro area level. The PMI for euro area construction covers Germany, France and Italy; the PMI for euro area services additionally covers Spain and Ireland; and the PMI for euro area manufacturing additionally covers Austria, Greece and the Netherlands.

In sum, the PMI output and business activity indices appear to be useful for tracking real value added growth and provide valuable input in assessing the sectoral driving forces of economic growth. For the first quarter of this year, the PMI composite output index suggests a pace of growth broadly similar to that observed in the last quarter of 2013, marking the fourth consecutive quarter of positive real total value added growth and pointing to a continuation of the recovery. At the sectoral level, the latest PMI indices indicate that euro area real value added growth is strongest in the manufacturing sector, followed by services, whereas the construction sector is lagging.

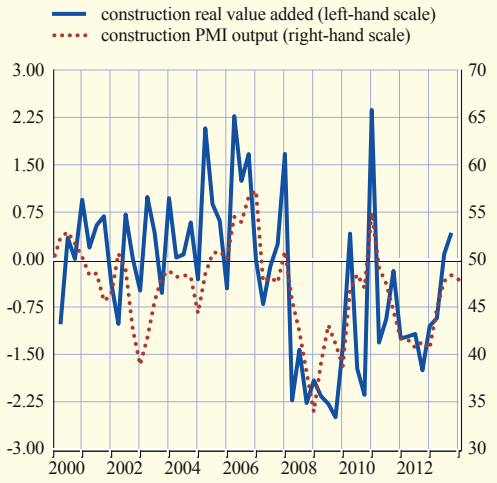
Chart D Real manufacturing value added and manufacturing PMI output

(quarter-on-quarter percentage changes; quarterly average of monthly diffusion index)

Sources: Eurostat and Markit.

Chart E Real construction value added and construction PMI output

(quarter-on-quarter percentage changes; quarterly average of monthly diffusion index)



Sources: Eurostat and Markit.
Note: Q1 2014 observation is based on January and February.

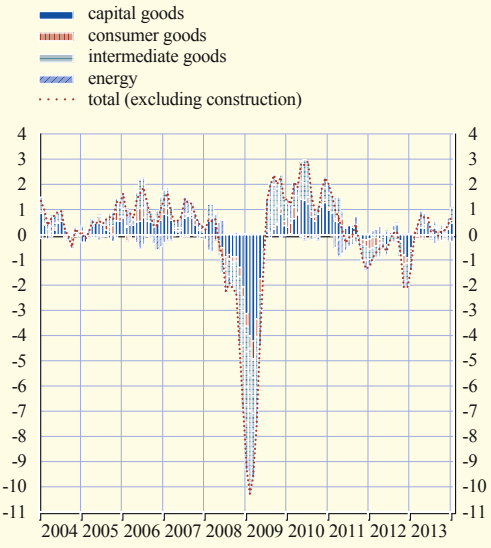
With regard to developments in the first quarter of 2014, production in the industrial sector (excluding construction) declined by 0.2%, month on month, in January. Nonetheless, it stood 0.1% above its average level in the fourth quarter of 2013. This is a relatively weak start to the first quarter of this year when compared with the quarterly increase of 0.4% in the fourth quarter of last year (see Chart 28). Meanwhile, the ECB indicator on euro area industrial new orders (excluding heavy transport equipment) rose by 0.9%, month on month, in January, following flat growth in the previous month. The level of orders therefore stood 1.5% above the level in the fourth quarter of last year, when it rose by 0.2% on a quarterly basis. Survey data, which are available up to March 2014, point towards a further expansion of industrial sector output in the first quarter (see Chart 29). For example, the PMI manufacturing output index rose further between the last quarter of 2013 and the first quarter of this year.

Construction production increased further in January, providing a good start to the first quarter of this year. However, more timely survey results remain weak, pointing to ongoing weakness in the construction sector and subdued underlying growth momentum.

Although the PMI index of activity in business services declined slightly in March, it still rose between the fourth quarter of 2013 and the first quarter of 2014. The index, which averaged 52.2 in the first quarter of this year, is therefore consistent with another small increase in output in the services sector in that quarter. Other business surveys, such as those of the European Commission, paint a similar picture.

Chart 28 Industrial production growth and contributions

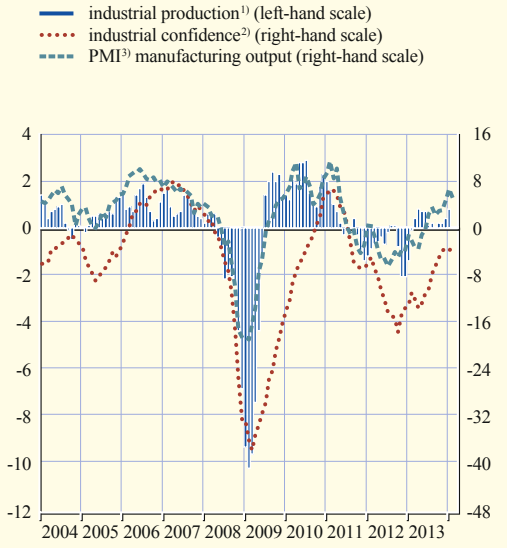
(growth rate and percentage point contributions; monthly data; seasonally adjusted)



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

Chart 29 Industrial production, industrial confidence and PMI manufacturing output

(monthly data; seasonally adjusted)



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

4.3 LABOUR MARKET

Labour markets, which entered a period of stability in the spring of 2013, have now started to show the first signs of improvement. This is in line with their typically delayed response to improvements in economic activity. Employment, which was stable in the second and third quarters of 2013, increased slightly, quarter on quarter, in the last quarter of the year. At the same time, more recent data suggest that the unemployment rate has stabilised at a high level. Survey data have improved further, but nonetheless point to only a gradual strengthening of labour markets in the period ahead.

Employment in the euro area rose by 0.1%, quarter on quarter, in the final quarter of 2013, following two quarters of zero growth (see Table 9). This latest development clearly marks the end of a prolonged period of job losses. Meanwhile, hours worked showed no growth in the last two quarters of 2013. At the sectoral level, the latest outcomes for both headcount employment and hours worked reflect employment growth in the services sector, which was partly offset by continued job losses in the industrial and agricultural sectors. The improvement in survey results confirms the picture of a modest strengthening of labour markets in the first quarter of 2014 (see Chart 30).

Productivity per person employed rose further by 0.9%, year on year, in the fourth quarter of 2013, having thus recorded positive growth rates for three consecutive quarters (see Chart 31). The latest increase was broadly based across sectors, with the industrial sector showing the strongest rise in productivity. At the same time, the annual growth rate of hourly labour productivity rose by 0.1 percentage point to 0.8% between the third and fourth quarters. The PMI productivity index suggests continued positive productivity growth in the first quarter of this year.

The unemployment rate, which declined in the last quarter of 2013 for the first time since the first quarter of 2011, remained stable at 11.9% between October 2013 and February 2014.

Table 9 Employment growth

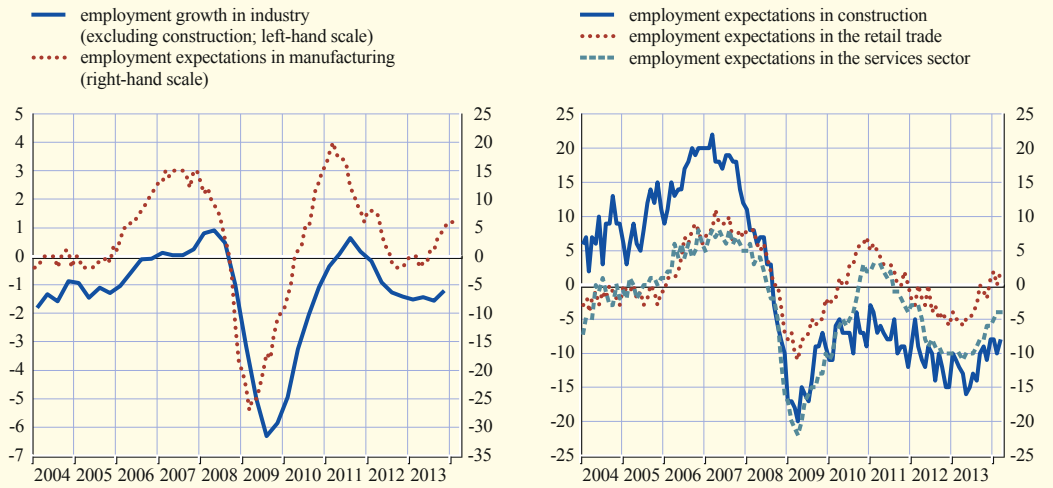
(percentage changes compared with the previous period; seasonally adjusted)

	Persons					Hours				
	Annual rates		Quarterly rates			Annual rates		Quarterly rates		
	2012	2013	2013 Q2	2013 Q3	2013 Q4	2012	2013	2013 Q2	2013 Q3	2013 Q4
Whole economy	-0.6	-0.8	0.0	0.0	0.1	-1.4	-1.1	0.6	0.0	0.0
of which:										
Agriculture and fishing	-1.9	-1.6	1.6	-0.5	-0.5	-2.9	-1.0	0.8	-0.4	-0.6
Industry	-2.1	-2.3	-0.6	-0.4	-0.2	-3.3	-2.4	1.0	-0.3	-0.4
Excluding construction	-0.9	-1.4	-0.4	-0.4	-0.1	-2.0	-1.2	1.2	-0.1	-0.3
Construction	-4.7	-4.5	-1.0	-0.4	-0.4	-6.1	-4.9	0.5	-0.6	-0.7
Services	-0.1	-0.4	0.0	0.1	0.2	-0.7	-0.7	0.5	0.1	0.1
Trade and transport	-0.8	-0.8	0.1	-0.1	0.2	-1.6	-1.3	0.6	0.1	0.0
Information and communication	1.2	0.3	0.1	0.0	0.5	0.6	0.0	0.5	-0.4	0.6
Finance and insurance	-0.4	-0.8	-0.2	0.0	0.0	-0.9	-0.9	0.3	0.0	-0.1
Real estate activities	-0.4	-1.7	0.1	0.7	-0.9	-1.2	-2.3	0.4	-0.4	-0.7
Professional services	0.7	0.3	0.3	0.7	0.2	0.5	0.0	0.7	0.6	0.0
Public administration	-0.3	-0.3	-0.1	0.1	0.3	-0.5	-0.5	0.4	0.1	0.6
Other services[1)]	0.6	-0.2	0.1	-0.1	-0.4	-0.1	-0.6	0.5	0.0	-0.4

Sources: Eurostat and ECB calculations.
Note: Data refer to the Euro 18.
1) Also includes household services, the arts and activities of extraterritorial organisations.

Chart 30 Employment growth and employment expectations

(annual percentage changes; percentage balances; seasonally adjusted)

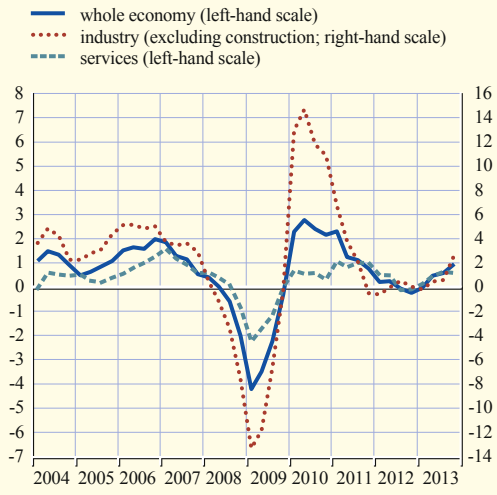


Sources: Eurostat and European Commission Business and Consumer Surveys.
Notes: Data refer to the Euro 18. Percentage balances are mean-adjusted.

However, this latest period of stability masks a decline in the number of unemployed, suggesting that the unemployment rate has passed its peak. The gradual normalisation of labour markets is even more visible when one considers the annual change in the unemployment rate, which has been declining since the summer of 2012. Nevertheless, the latest reading is 4.7 percentage points higher than in March 2008, when unemployment was at a cyclical low before the onset of the financial crisis (see Chart 32).

Chart 31 Labour productivity per person employed

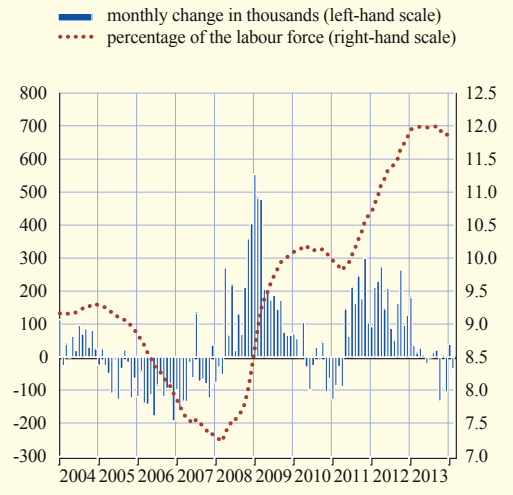
(annual percentage changes)



Sources: Eurostat and ECB calculations.
Note: Data refer to the Euro 18.

Chart 32 Unemployment

(monthly data; seasonally adjusted)



Source: Eurostat.

4.4 THE OUTLOOK FOR ECONOMIC ACTIVITY

Survey data that encompass the first quarter of this year are consistent with continued moderate growth, confirming previous expectations that the ongoing recovery is increasingly supported by firmer domestic demand. Looking ahead, some further improvement in domestic demand should materialise, supported by the accommodative monetary policy stance, ongoing improvements in financing conditions working their way through to the real economy, and the progress made in fiscal consolidation and structural reforms. In addition, real incomes are supported by moderate price developments, in particular lower energy prices. Economic activity is also expected to benefit from a gradual strengthening of demand for euro area exports. At the same time, although labour markets have shown the first signs of improvement, unemployment in the euro area remains high and, overall, unutilised capacity is sizeable. Moreover, the necessary balance sheet adjustments in the public and private sectors will continue to weigh on the pace of the economic recovery.

The risks surrounding the economic outlook for the euro area continue to be on the downside. Developments in global financial markets and in emerging market economies, as well as geopolitical risks, may have the potential to affect economic conditions negatively. Other downside risks include weaker than expected domestic demand and insufficient implementation of structural reforms in euro area countries, as well as weaker export growth.

ARTICLES

THE ECB'S FORWARD GUIDANCE

Since July 2013 the Governing Council of the European Central Bank (ECB) has been providing forward guidance on the future path of the ECB's policy interest rates conditional on the outlook for price stability. This article reviews the main rationale for forward guidance and the different types of forward policy communication adopted by central banks, before explaining the forward guidance provided by the ECB and assessing its impact. Overall, the ECB's forward guidance is aimed at clarifying the Governing Council's assessment of the inflation outlook in the euro area and its monetary policy strategy based on that assessment. The evidence suggests that forward guidance has so far served the ECB's intentions well by providing greater clarity on the Governing Council's conditional monetary policy orientation.

1 INTRODUCTION

Following its meeting on 4 July 2013 the Governing Council of the ECB communicated that it "expects the key ECB interest rates to remain at present or lower levels for an extended period of time. This expectation is based on the overall subdued outlook for inflation extending into the medium term, given the broad-based weakness of the economy and subdued monetary dynamics." Such conditional statements about the future path of the policy interest rates are frequently referred to as forward guidance. The ECB has maintained its forward guidance since then, and the Governing Council "firmly reiterated" its forward guidance in January and February 2014. On 6 March 2014 the Governing Council reinforced the guidance formulation by spelling out more precisely the conditions for a low interest rate policy.

Providing forward guidance has been a material shift in the ECB's communication on monetary policy. It has implied communicating not only how the ECB's Governing Council assesses current economic conditions and the risks to price stability over the medium term, but also what this assessment implies for its future monetary policy orientation.

In dealing with the macroeconomic consequences of the global financial crisis, like the ECB, a number of central banks have provided explicit statements on the future path of policy. The use of forward guidance by a growing number of central banks since the onset of the crisis gives rise to several questions. What was the rationale for the implementation of forward guidance? How has it been provided in practice? What motivated the ECB to introduce forward guidance and what form did it take? Finally, has the ECB's forward guidance served its intentions well?

In order to answer these questions, this article first reviews the motivations for providing forward guidance and the various approaches adopted by different central banks (Section 2), before discussing more specifically the rationale for the ECB's forward guidance and its effectiveness (Section 3). Section 4 concludes.

2 FORWARD GUIDANCE – GENERAL CONSIDERATIONS

The effects of monetary policy on the economy do not only depend on the very short-term interest rates that monetary policy can control with some precision, but also on the expectations formed by the public of how those rates will evolve in the future. Expectations of future interest rates matter because they affect important economic decisions such as investment and durable consumption and

thus, indirectly, employment, production and price-setting.[1] Therefore, by influencing expectations of future short-term interest rates and – through that channel – the maturity spectrum of interest rates over intermediate to medium-term horizons, a central bank can ensure that its policy stance is transmitted to the broader economy.[2]

2.1 THE ROLE OF CENTRAL BANK COMMUNICATION

There are two important ingredients for the effective steering by a central bank of expectations about future monetary policy: clarity regarding the central bank's objective, and clarity about the monetary policy strategy it adopts to achieve that objective. The reasons for this are twofold. First, ensuring clarity with regard to the central bank's objective and strategy serves the purpose of making its reaction function more transparent and explicit. This promotes a wider and deeper understanding of how the central bank can be expected to respond to future economic conditions and risks to price stability as these evolve. In conjunction with the issuing of statements and regular publication of the economic projections by the central bank, a better understanding of the reaction function enhances the overall predictability of monetary policy and makes the central bank more effective in fulfilling its mandate.[3] Second, the inflation objective acts as an anchor for the public's longer-term inflation expectations. These expectations are an important component of agents' real interest rate expectations, which, in turn, are key parameters in economic decision-making.

In normal times, by explaining the various factors underlying a given decision, central banks generally provide sufficient information for the public to be in a position to anticipate near-term monetary policy decisions accurately, taking into account the evolving economic environment and its likely impact on the policy decision. In normal conditions, the public is able to infer the central bank's policy orientation by drawing upon historical regularities, so that a systematic pattern can be identified in the way the central bank responds to economic developments in order to achieve its objective.[4] Nevertheless, the option of providing more direct signals about the short-term future evolution of the policy rate has long been in the monetary policy toolkit, and was used occasionally prior to the financial crisis. However, its use was limited in scope and it was mainly confined to situations in which the central bank wanted to minimise the impact of an imminent monetary policy decision on financial markets. One exception to this was the practice inaugurated by several central banks long before the crisis of regularly publishing their projection of the future path of the policy rate. In particular, the Reserve Bank of New Zealand adopted this practice in 1997, followed later by Norges Bank and Sveriges Riksbank. While it has much in common with the type of forward

1 On the role of expectations for monetary policy, see Woodford, M., *Interest and Prices: Foundations of a Theory of Monetary Policy*, Princeton University Press, 2003. For evidence on the role of the future path of policy, see Gürkaynak, R.S., Sack, B. and Swanson, E., "Do Actions Speak Louder Than Words? The Response of Asset Prices to Monetary Policy Actions and Statements", *International Journal of Central Banking*, Vol. 1(1), May 2005, pp. 52-93.

2 The monetary policy control over term interest rates is limited in that, at longer horizons, real interest rates are primarily driven by real factors, in particular the rate of potential economic growth. See Bernanke, B., "Long-Term Interest Rates", speech given at the Annual Monetary/Macroeconomics Conference at the Federal Reserve Bank of San Francisco on 1 March 2013.

3 In this context, predictability refers to the longer term and not to the upcoming policy decisions; see the article entitled "The predictability of the ECB's monetary policy", *Monthly Bulletin*, ECB, Frankfurt am Main, January 2006.

4 The so-called Taylor rule is an example of where the policy rate expectation is based on the systematic reaction to inflation and the output gap; see Taylor, J.B., "Discretion versus policy rules in practice", *Carnegie-Rochester Conference Series on Public Policy*, Vol. 39, 1993, pp. 195-214.

guidance adopted by central banks during the crisis, it was in fact an exercise in increased openness and transparency regarding the central bank's internal analysis and policy assessment.[5]

The financial crisis, with its profound financial and economic dislocations, turned central bank conditional communication on the path of the policy rate into an additional instrument for crisis management. At times of heightened uncertainty about the economic outlook, such communication can help investors orientate their portfolio decisions and thus ensure a smoother transmission of the monetary policy stimulus through financial prices.[6] There is increased scope for communication about the policy rate amidst severe financial crisis, since such situations are rare and the space for actual policy action is limited – as the level of the policy rate is already very low – and because economic actors may find it harder to infer the likely future path of policy rates from past regularities. Unless addressed by more specific communication, such uncertainty could lead to a broad re-pricing of assets, revisions of economic decisions and a negative impact on economic prospects.

2.2 MAIN MOTIVATIONS FOR AND CONSIDERATIONS UNDERLYING FORWARD GUIDANCE

More specific and systematic verbal communication about the policy inclinations of the central bank going forward – or forward guidance – has been used increasingly during the crisis. This is because a number of central banks have steered their policy rate to very low levels and have needed to provide additional monetary stimulus or intended to preserve the existing degree of accommodation in the face of heightened financial volatility.[7]

Forward guidance can serve two purposes. First, the aim of forward guidance may be to introduce greater monetary policy accommodation when the policy rate reaches the interest rate lower bound and cannot be reduced further, by providing assurance that the central bank intends to keep the policy rate low for some time, and for a longer period than the public initially expected.[8] The information provided by the central bank that the policy rate is very unlikely to be raised for some time influences investors' expectations regarding future short-term rates and, through that channel, puts downward pressure on longer-term interest rates. In fact, it contributes to extracting duration risk from the market by reassuring investors that the interest rate risk implicit in holding long-dated fixed-income securities is reduced. This awareness encourages portfolio shifts into longer maturity assets and a compression of long-term yields.

Second, the provision of forward guidance, i.e. of more explicit information on the future path of policy interest rates conditional on the state of the economy, may be aimed at preventing market volatility – in particular interest rate volatility – from influencing the monetary policy stance in

5 For example, Sveriges Riksbank explained that the aim of publishing a policy path was to enhance openness and transparency, and to promote effectiveness, credibility and accountability. See the website of Sveriges Riksbank for more details on the rationale for its communication (http://www.riksbank.se/en/Monetary-policy/Forecasts-and-interest-rate-decisions/Communication/). See also http://www.norges-bank.no/en/price-stability/monetary-policy-in-norway/communication-of-the-interest-rate-decision/ and http://www.rbnz.govt.nz/monetary_policy/monetary_policy_statement/

6 On the importance of communication for monetary policy, see Woodford, M., "Central-Bank Communication and Policy Effectiveness", paper presented at the FRB Kansas City Symposium on "The Greenspan Era: Lessons for the Future", August 2005. See also Issing, O., "Communication, transparency, accountability: monetary policy in the twenty-first century", *Federal Reserve Bank of St. Louis Review,* Vol. 87(2, part 1), 2005, pp. 65-83.

7 The interest rate lower bound, also referred to as the effective lower bound, is typically defined as the zero policy rate, although it is well recognised that the technical lower bound may be a somewhat negative rate.

8 See Eggertsson, G.B. and Woodford, M., "The Zero Bound on Interest Rates and Optimal Monetary Policy," *Brookings Papers on Economic Activity*, Vol. 34(1), 2003. See also Bernanke, B., Reinhart, V.R. and Sack, B.P., "Monetary Policy Alternatives at the Zero Lower Bound: An Empirical Assessment", *Brookings Papers on Economic Activity*, Vol. 35(2), 2004.

undesired directions and hampering the transmission of the existing amount of accommodation. In turn, reduced interest rate uncertainty will improve the planning of private economic agents with respect to their current and future economic decisions.

2.3 FORMS OF FORWARD GUIDANCE

In practice, different central banks have adopted different forms of forward guidance.[9] Conditionality is an important feature of forward guidance, since it enhances the credibility of the central bank's orientation. In theory, in the modelling of forward guidance envisaged in the academic literature, the central bank makes a commitment to keep interest rates low for some time.[10] In practice, rather than unconditionally committing to a specific path of policy interest rates, central banks typically emphasise how the interest rate path will evolve depending on the state of the economy. Conditionality also reflects the uncertainty faced by the central bank with respect to the economic outlook. In constructing its forward guidance statement, the central bank has to strike a balance between the need to give a clear and simple message and the need to adequately convey the complexity of its underlying monetary policy assessment.

The following four categories of forward guidance can be distinguished.

(1) **Pure qualitative forward guidance** has no explicit end-date or numerical thresholds that provide information about the likely evolution of policy interest rates in the future and no explicit reference to a configuration of underlying conditions, including regarding the objectives of policy, which would justify this evolution. Examples include the forward guidance provided by the Federal Reserve System in 2003, when it stated that "policy accommodation can be maintained for a considerable period"; the Federal Reserve used similar statements at the start of the crisis in 2008-2009.

(2) **Qualitative forward guidance conditional on a narrative** provides qualitative statements about the likely evolution of policy interest rates complemented by a description of a combination of macroeconomic conditions under which the monetary policy orientation is expected to prevail. An example of this is the ECB's formulation adopted on 4 July 2013, which has been reiterated consistently since then. This type of forward guidance was also used before the crisis, in particular by the Bank of Japan in April 1999, when it declared that it was committed to a near-zero interest rate policy "until deflationary concerns would be dispelled".[11]

(3) **Calendar-based forward guidance** entails making a conditional commitment based on the explicit date after which the stance of monetary policy is expected to change. For example, the Bank of Canada introduced calendar-based guidance in April 2009 with its statement that "conditional on the outlook for inflation, the target overnight rate can be expected to remain at its current level until the end of the second quarter of 2010". The Federal Reserve also applied calendar-based guidance in 2011.

9 For an overview of forward guidance elements, see Contessi, S. and Li, L., "Forward Guidance 101B: A Roadmap of the International Experience", *Economic Synopses*, Federal Reserve Bank of St. Louis, Vol. 28, 2013. See also Contessi, S. and Li, L., "Forward Guidance 101A: A Roadmap of the US Experience", *Economic Synopses*, Federal Reserve Bank of St. Louis, Vol. 25, 2013.

10 See Eggertsson, G.B. and Woodford, M., "The Zero Bound on Interest Rates and Optimal Monetary Policy," *Brookings Papers on Economic Activity*, Vol. 34(1), 2003, pp. 139-235. See also Woodford, M. "Methods of Policy Accommodation at the Interest-Rate Lower Bound", presented at the Jackson Hole symposium, August 2012.

11 See Bernanke, B., Reinhart, V.R. and Sack, B.P., "Monetary Policy Alternatives at the Zero Lower Bound: An Empirical Assessment", *Brookings Papers on Economic Activity*, Vol. 35(2), 2004.

(4) **Outcome-based forward guidance** with explicit numerical conditions or thresholds that link central bank actions to a selected set of observed or projected economic variables. The Federal Reserve, after applying pure qualitative and calendar-based guidance, has moved to a form of outcome-based guidance with numerical thresholds on unemployment and inflation since the end of 2012. The Bank of England also introduced outcome-based guidance in August 2013 based on an explicit numerical threshold on unemployment. Overall, the decision to move to this form of forward guidance appears to reflect the desire to clarify how future policy will be affected by changes in the economic outlook, and the view that this could be achieved by linking forward guidance more directly to the central bank's economic objectives.[12]

3 THE ECB'S FORWARD GUIDANCE

3.1 THE DECISION TO ADOPT FORWARD GUIDANCE – MAIN OBJECTIVES

On 4 July 2013 the Governing Council of the ECB introduced forward guidance by announcing that it expected "the key ECB interest rates to remain at present or lower levels for an extended period of time".[13] Forward guidance has been maintained since then. In November 2013 the Governing Council reduced the key ECB interest rates further, which was fully in line with previous guidance. In January and February 2014 the Governing Council "firmly reiterated" its forward guidance. On 6 March 2014 the Governing Council explained that "this expectation is based on an overall subdued outlook for inflation extending into the medium term, given the broad-based weakness of the economy, the high degree of unutilised capacity, and subdued money and credit creation."

The Governing Council's decision to introduce forward guidance came at a time when euro area money market interest rates had been rising and had become more volatile. Money market rates play a crucial role in determining the effective monetary policy stance as the money market is the very first stage of transmission of monetary policy decisions to the broad economy. The increased volatility of money market rates reflected how expectations of future key ECB interest rates had become overly sensitive to shocks disconnected from euro area economic conditions, most notably stemming from developments in financial market conditions and related uncertainties. Overall, rising money market rates and their increased volatility had caused an effective tightening of the monetary policy stance – compared with the stance warranted by the assessment of the outlook for price stability – and a withdrawal of the monetary accommodation introduced through previous policy actions, in particular the decision in May 2013 to reduce the policy rates.

Against this backdrop, in providing forward guidance, the ECB aims to provide greater clarity about the Governing Council's monetary policy orientation based on its assessment of the outlook for price stability, thereby enhancing the effectiveness of the ECB's monetary policy in the current circumstances. In particular, the Governing Council's decision to provide forward guidance was driven by the need to anchor market expectations of the future evolution of key ECB interest rates more firmly around a path warranted by the Governing Council's policy assessment of the outlook for price stability over the medium term. Achieving a firmer anchoring of market expectations was

12 See Bernanke, B., "Communication and Monetary Policy", Speech given at the National Economists Club Annual Dinner, Herbert Stein Memorial Lecture, Washington D.C., 19 November 2013.
13 See also Praet, P., "Forward Guidance and the ECB," available at VoxEU.org, 6 August 2013.

especially important at a time when markets were tending to react with excessive sensitivity to economic news unrelated to euro area fundamentals or to news that only confirmed the Governing Council's assessment of risks to price stability.

3.2 THE ECB'S FORWARD GUIDANCE – MAIN DESIGN FEATURES

The ECB's forward guidance has been designed around the following elements, taking into account the objective and the strategic framework of its monetary policy.

First, the Governing Council's expectation about key interest rates is based on the subdued outlook for inflation extending into the medium term, which is fully consistent with the ECB's primary objective of maintaining price stability in the euro area and with the Governing Council's aim to keep inflation below, but close to, 2% over the medium term. In addition, the quantitative definition of price stability provides a clear metric against which expectations regarding key ECB interest rates can be formed.

Second, the ECB's reference to an "extended period of time" in its forward guidance formulation constitutes a flexible horizon, which neither has a pre-determined end-date, nor relates to explicit quantitative thresholds. Instead, the length of the extended period of time is determined by the Governing Council's assessment of the outlook for price stability over the relevant horizon, namely the medium term.

Third, the ECB's forward guidance is complemented by the description of the underlying conditions upon which the Governing Council's expectation about key ECB interest rates is based. These conditions reflect the ECB's strategic approach to assessing risks to price stability. The ECB's monetary policy strategy does not single out specific indicators, but rests on a diversified, comprehensive and robust analytical framework, with the Governing Council's assessment of the outlook for price stability taking into account a host of economic and monetary variables. On 6 March 2014 the Governing Council explained in its statement that its expectation was based on the "high degree of unutilised capacity", with the aim of further clarifying that, despite the improvement in the economic outlook, key ECB interest rates would remain at current or lower levels in the face of the large amount of slack in the economy.

Compared with the forms of forward guidance described in Section 2.3, the ECB's approach can be classified as a form of qualitative guidance conditional on a narrative, since it communicates the likely policy orientation through a qualitative statement without explicit relation to an end-date or numerical thresholds. In addition, the ECB's guidance is complemented by a statement describing the macroeconomic conditions under which the monetary policy orientation is expected to prevail. This statement is an important element of the ECB's guidance, as – compared with pure qualitative guidance – it provides additional clarification regarding the monetary policy reaction function going forward.

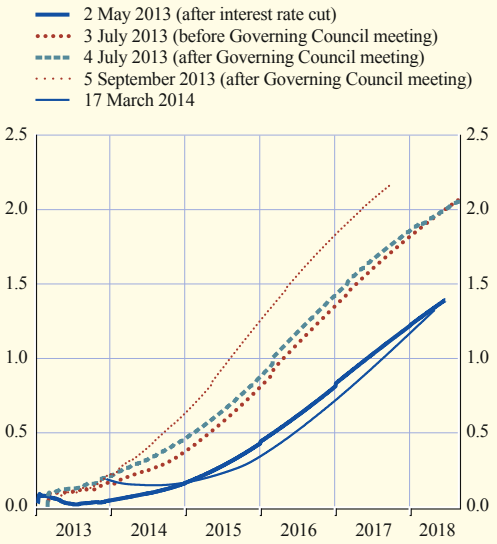
It is also worth noting the following two additional distinctive features of the ECB's forward guidance. First, the ECB's forward guidance is provided in relation to a multiple set of interest rates rather than a single interest rate. This feature derives from the specificities of the operational framework of the ECB, which offers two standing facilities to its counterparties: the marginal lending facility and the deposit facility. Within this operational framework, guidance on the full set of policy rates is needed to better align market expectations of the future stance of monetary

policy with the desired orientation. In addition, forward guidance by the ECB is not provided directly in relation to market interest rates. Money market rates reflect the influence of various determinants, of which policy rates are an important element.[14]

Second, the ECB started to provide forward guidance prior to exhausting the room for further rate cuts. This contrasts with the practice of using forward guidance at the effective lower bound, since there are greater merits to using forward guidance than at the lower bound. The ECB's forward guidance acknowledges the possibility that key ECB interest rates may be reduced further depending on the outlook for price stability. This "easing bias" in the forward guidance formulation is an important element, since it reinforces the coherence of forward guidance with the monetary policy strategy. In this regard, the Governing Council's decision of 7 November 2013 to lower key ECB interest rates was fully consistent with the established forward guidance framework.

Chart 1 EONIA forward curves on selected dates

(percentages)



Sources: Thomson Reuters and ECB calculations.
Note: The bootstrapping method adopted is described in Annex 2.1.2 of Brousseau, V. and Durré, A., "Interest rate volatility: a consol rate-based measure", *Working Paper Series*, ECB, No 1505, January 2013.

3.3 IMPACT OF THE ECB'S FORWARD GUIDANCE

A natural starting point for assessing the effectiveness of forward guidance is to verify if the announcement led to an immediate market reaction that would reflect a change in financial market expectations. If the forward guidance contains information that is new and relevant to markets, a reaction can be expected (assuming that the announcement was not anticipated).

Beyond the initial market reaction, the impact of forward guidance can also be assessed over time based on the degree to which market interest rate expectations are in line with the central bank's policy intentions. This can be measured, in particular, in terms of the effect that forward guidance may exert on the uncertainty surrounding future policy rates and the volatility of current forward money market rates. Ultimately, forward guidance would need to be assessed against the macroeconomic impact resulting from the adjustments in expectations and market prices that it may have triggered. However, the lack of a counterfactual makes such assessments difficult in practice, which explains why empirical studies tend to concentrate on market reactions.[15]

Turning to the impact of the ECB's forward guidance, the announcement of 4 July 2013 triggered an immediate flattening of the money market curve (see Chart 1), with forward rates declining by

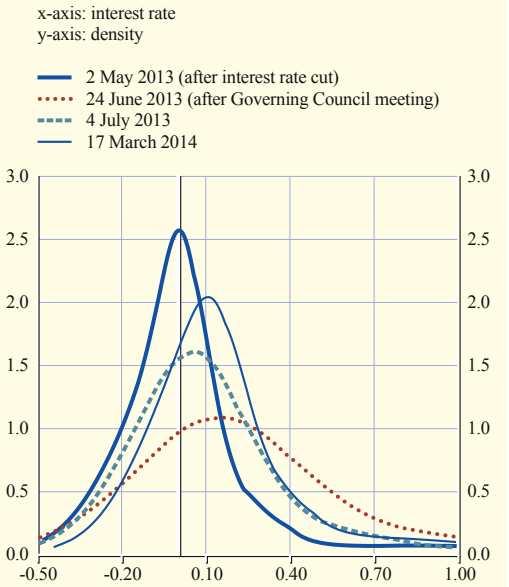
14 For example, in current conditions, market rates are influenced by the extent of excess liquidity prevailing in the market. See the article entitled "Recent developments in excess liquidity and money market rates", *Monthly Bulletin*, ECB, Frankfurt am Main, January 2014.
15 See for example Gilchrist S., Lopez-Salido, D. and Zakrajsek, E., "Monetary policy and real borrowing costs at the zero lower bound", *Finance and Economics Discussion Series,* Vol. 3, Federal Reserve Board, 2014. See also Femia, K., Friedman, S. and Sack, B., "The Effects of Policy Guidance on Perceptions of the Fed's Reaction Function", *Federal Reserve Bank of New York Staff Report*, No. 652, 2013.

around five basis points at maturities over six months. In the months following the introduction of forward guidance, the forward curve started to steepen, reflecting positive economic releases from within and outside the euro area. The slope of the forward curve reached a new high in September 2013, before flattening in a sustained manner, in particular as a consequence of the November 2013 monetary policy decisions. More recently, despite some volatility, the forward curve has overall remained close to the level reached after the May 2013 decision for maturities of up to two years. This may signal that forward guidance has remained effective in steering market expectations at the maturities most relevant for monetary policy.

Besides the immediate market reaction, the ECB's forward guidance also led to a lasting decline in market uncertainty about the path of future short-term interest rates. Implied densities extracted from EURIBOR options and used to gauge expectations of the forward OIS rate show that the dispersion of short-term rate expectations has declined from the elevated levels observed in June 2013 to a level closer to that observed in early May 2013 (see Chart 2). On 2 May 2013, after the Governing Council had reduced the key ECB interest rates, market expectations of future interest rates one year ahead were concentrated around low levels. Thereafter, uncertainty about future money market rates – measured by the width of the distribution – increased, reaching a peak on 24 June 2013. Forward guidance resulted in the narrowing of the dispersion with market expectations re-focused towards lower interest rate levels, accompanied by a downward shift in the mean expectation.

Chart 2 Uncertainty about future short-term money market rates

(Option-implied density of 3-months OIS rate in 12 months' time on selected dates)



Sources: NYSE Liffe and ECB calculations.
Note: The option-implied density of 3-months EURIBOR in 12 months' time is applied to the 3-months OIS rate in 12 months' time by shifting the option-implied density of 3-months EURIBOR in 12 months' time along the x-axis by the amount of the spread between the density mean and the forward 3-months OIS rate in 12 months' time. Densities are derived as in Puigvert-Gutiérrez, J.M. and de Vincent-Humphreys, R., "A Quantitative Mirror on the Euribor Market Using Implied Probability Density Functions", *Eurasian Economic Review*, Vol. 2(1), 2012, pp.1-31.

Finally, another way to assess the influence of forward guidance on money market rates is to measure changes in the responsiveness of money market rates to "news" that has a bearing on the outlook for price stability, for example to macroeconomic data releases. The sensitivity to news is especially relevant for forms of forward guidance – such as the one adopted by the ECB – that are motivated by the need to clarify the central bank's reaction function, rather than change it. If such guidance is effective, market forward interest rates would not be expected to react with excessive sensitivity to the type of news that has no bearing on the central bank's objective or to news that only confirms the central bank's assessment. In particular, in the presence of a subdued outlook for inflation, positive news should not lead to the anticipation of future rate hikes being brought forward, or at least not to an excessive degree compared to normal behaviour.

As previously noted, in the period prior to the ECB's announcement of forward guidance, markets had shown a tendency to react with excessive sensitivity to economic news unrelated to euro area

fundamentals or to data releases that were merely confirming the outlook already embedded in the Governing Council's assessment of the outlook. On the contrary, since the announcement of forward guidance, the sensitivity of money market forward rates to macroeconomic data releases has declined and has become more consistent with historical averages.

Overall, this evidence suggests that forward guidance has helped to provide greater clarity and transparency on the Governing Council's monetary policy orientation with respect to the future path of key ECB interest rates, conditional on the outlook for price stability. Forward guidance also appears to have contributed to more stable money market conditions and to have anchored expectations more firmly. Therefore, forward guidance has successfully supported the ECB in the pursuit of its mandate to maintain price stability in the euro area over the medium term.

4 CONCLUSION

This article examines forward guidance – a policy consisting of providing explicit statements on the conditional orientation of monetary policy with respect to the future path of policy interest rates – with a view to better aligning the expectations of economic actors with the central bank's intended policy rate path.

While some forms of forward guidance had been applied prior to the recent global financial crisis, it has been used more widely and intensively during this crisis as central banks have reached or have been close to the lower bound on their policy interest rate. In such a context, forward guidance is an effective tool to manage market expectations of future short-term interest rates more tightly around the desired monetary policy stance of the central bank, particularly in the face of heightened financial volatility. Central banks around the world have resorted to various forms of forward guidance, attaching different types of conditionality to their forward guidance, depending on the respective prevailing economic conditions and central bank mandates.

Against the background of the risk that more pronounced volatility in financial conditions would blur the desired monetary policy stance, the ECB adopted forward guidance in the form of explicit communication on the Governing Council's conditional orientation of monetary policy with respect to the future path of the key ECB interest rates. The ECB's forward guidance has aimed to clarify the Governing Council's assessment of the inflation outlook in the euro area and its monetary policy reaction to that assessment.

The evidence suggests that forward guidance has served the ECB's intentions well by providing greater clarity and transparency on the Governing Council's monetary policy orientation with respect to the future path of key ECB interest rates, conditional on the outlook for price stability. Forward guidance has measurably improved control over money market rates, contributing to more stable money market conditions and anchoring policy rates expectations more firmly. Therefore, forward guidance has successfully supported the ECB in the pursuit of its mandate to maintain price stability in the euro area over the medium term.

FISCAL MULTIPLIERS AND THE TIMING OF CONSOLIDATION

This article seeks to link the debate surrounding short-term fiscal multipliers (defined as the change in real GDP that follows a unitary fiscal shock) with the medium and longer-term impact that fiscal consolidation has on debt sustainability and output. It recalls that there is considerable uncertainty surrounding the size of short-term fiscal multipliers. Notably, multipliers may be larger in deep recessions or financial crises, but the negative impact of fiscal consolidation is mitigated when public finances are weak. Nevertheless, there is a strong case for frontloading fiscal consolidation also in difficult times – particularly for countries that are under market pressure – and frontloading is advisable in view of political economy considerations. Simulations using plausible values for multipliers suggest that any increase in the debt ratio following episodes of fiscal consolidation is likely to be short-lived at most and reversed over the medium term. Furthermore, backloading fiscal consolidation would generally require a larger overall fiscal effort to reduce debt ratios. Finally, there is evidence that multipliers are positive (i.e. that fiscal consolidation is conducive to higher output) in the long term. Overall, when determining the fiscal adjustment path and the composition of fiscal consolidation, both the short-term costs and the longer-term benefits need to be taken into account.

1 INTRODUCTION

Since the start of the sovereign debt crisis, many EU countries have embarked on fiscal consolidation in order to restore the sustainability of public debt and safeguard or regain access to market financing. Looking at the euro area as a whole, fiscal consolidation is projected to continue in 2014 – albeit more slowly, after considerable efforts thus far. According to the European Commission's projections, average public debt in the euro area is expected to peak in 2014 as a share of GDP, and output is expected to recover, albeit slowly.[1]

There is a broad consensus that the medium to longer-term benefits derived from well-designed fiscal consolidation are typically accompanied by short-term costs in the form of output losses. The recent debate among academics and policy-makers has tended to focus on these short-term output costs and their implications for the desired pace of fiscal consolidation. Some have even argued (see Section 3) that if the negative impact on short-term economic growth is sufficiently large, frontloading fiscal consolidation may prove to be self-defeating and result in higher public debt-to-GDP ratios. Against that backdrop, this article seeks to move beyond the debate about the short-term impact that fiscal consolidation has on output and discuss its medium to longer-term effects on output and debt sustainability. It also assesses recent literature on state-dependent fiscal multipliers. Finally, the article concludes by providing recommendations regarding the design of fiscal consolidation.

2 REVIEW OF LITERATURE ON STATE-DEPENDENT SHORT-TERM FISCAL MULTIPLIERS

Fiscal multipliers capture the effect that fiscal shocks (whether positive or negative) have on output and can be defined as the percentage change in real GDP that follows a fiscal shock totalling 1% of GDP.[2] Before the onset of the global financial crisis, most literature tended to estimate fiscal multipliers that were time-invariant and independent of the state of the economy. That literature employed a variety of empirical models (mostly vector auto-regressions (VARs)) and structural, micro-founded models (mostly dynamic stochastic general equilibrium (DSGE) models) that focused on linear dynamics. The fiscal multipliers estimated in those studies can be regarded as weighted averages of the various

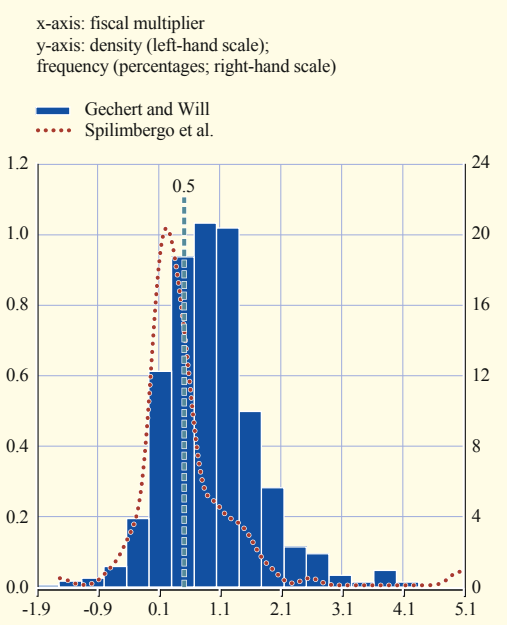
1 See European Commission, "European Economic Forecast – Autumn 2013", *European Economy*, No 7/2013, November 2013.
2 The definition of fiscal multipliers varies across studies. Some studies look at the impact that fiscal shocks have on the level of output, while others look at the impact on output growth. Both types of study are reviewed in this article.

multipliers seen during periods of economic expansion and downturns.[3] More recent literature extends that analysis to allow for state-dependent multipliers.

Estimates of fiscal multipliers generally vary depending on the countries and time period considered and the methodology used in the study. The range of estimates is large, as shown in the chart, which presents the distributions published in two specific papers reviewing literature.[4] In the paper by Spilimbergo et al., the average multiplier (in terms of absolute value) is 0.5 (see the vertical dashed line in the adjacent chart), and the most frequently observed values are positive, but below the average. In the study by Gechert and Will (which is more recent), the average multiplier is between 0.5 and 1.0, depending on the revenue or expenditure instrument which is used to achieve consolidation and the estimation method.

The remainder of this section reviews recent literature on state-dependent fiscal multipliers, focusing on the economic conditions that characterised or preceded the euro area's sovereign debt crisis.[5] It also presents relevant simulations using the ECB's macroeconomic models.

Distribution of fiscal multipliers



Source: Andrés, J. and Doménech, R., "Fiscal Adjustment and Economic Growth in Europe", *Economic Watch*, BBVA Research, 2013. (For details of the two sets of data, see the papers referred to in footnote 4 of the main text.)
Notes: The conventional negative short-term multiplier is presented in terms of absolute value. Negative multipliers denote a positive effect on GDP following an improvement in the budget balance (e.g. through cuts in government spending).

FISCAL MULTIPLIERS DURING RECESSIONS

It has been claimed that the negative impact that fiscal consolidation has on output may be stronger during recessions than it is during boom periods. For instance, the effect of nominal price and wage rigidities may be greater during recessions than it is during boom periods, as prices and wages tend to adjust downwards more slowly on account (among other things) of institutional factors. Greater nominal rigidities generally lead to larger fiscal multipliers, as adjustment to weaker demand occurs through output and employment instead. Several empirical studies based on VARs distinguish between fiscal multipliers in recessions and those seen during periods of growth, using a variety of econometric techniques.[6] Most of those studies find that short-term spending multipliers are larger

3 See Parker, J., "On Measuring the Effects of Fiscal Policy in Recessions", *Journal of Economic Literature*, No 49, 2011, pp. 703-718.
4 See: Spilimbergo, A., Symansky, S. and Schindler, M., "Fiscal Multipliers", *IMF Staff Position Notes*, No 09/11, IMF, 2009; and Gechert, S. and Will, H., "Fiscal Multipliers: A Meta Regression Analysis", *IMK Working Papers*, No 97, IMK, 2012.
5 It also focuses on the spending multiplier, on which empirical literature is less divided when it comes to the question of size. A broader range of estimates is found for the tax multiplier, with estimates varying depending on the technique used to identify fiscal shocks. For a discussion, see Caldara, D. and Kamps, C., "What are the effects of fiscal shocks? A VAR-based comparative analysis", *Working Paper Series*, No 877, ECB, 2008.
6 These include: time-varying parameter VAR models with stochastic volatility (e.g. Kirchner, M., Cimadomo, J. and Hauptmeier, S., "Transmission of government spending shocks in the euro area: time variation and driving forces", *Working Paper Series*, No 1219, ECB, 2010); threshold VAR models (e.g. Baum, A. and Koester, G., "The impact of fiscal policy on economic activity over the business cycle – evidence from a threshold VAR analysis", *Discussion Papers*, No 03/2011, Deutsche Bundesbank, 2011; and Batini, N., Callegari, G. and Melina, G., "Successful Austerity in the United States, Europe and Japan", *IMF Working Papers*, No 12/190, IMF, 2012); Markov switching (smooth transition) VAR models (e.g. Auerbach, A. and Gorodnichenko, Y., "Measuring the Output Responses to Fiscal Policy", *American Economic Journal: Economic Policy*, No 4(2), 2012, pp. 1-27); and panel regression and VAR techniques applied to sub-groups of countries in accordance with predetermined thresholds (e.g. Ilzetzki, E., Mendoza, E. and Vegh, C., "How big (small?) are fiscal multipliers?", *Journal of Monetary Economics*, No 60(2), 2012, pp. 239-254).

in recessions than they are in periods of growth. However, the size of the difference between the two varies widely. There are also several drawbacks associated with such empirical studies. First, most suffer from a lack of data on deep recessions.[7] Second, the models used for such analysis tend to be simple and prone to omitting other important determining factors.[8] Finally, threshold VAR studies typically use potential output as the threshold variable when identifying periods of recession, and the uncertainties surrounding estimates of potential output are well known.

DSGE models, in turn, can be calibrated to mimic recessionary conditions (for instance, by increasing the percentage of liquidity-constrained households), albeit most are unable to capture non-linear behaviour.[9] The associated increase in the multiplier is generally smaller for DSGE models than it is for empirical models.

FISCAL MULTIPLIERS IN TIMES OF FINANCIAL CRISIS

Given that binding liquidity constraints are thought to strengthen the impact of a fiscal shock, the health of the financial system is another potential determinant of the size of fiscal multipliers. Financial frictions – which increase in size during recessions and are exacerbated in times of financial crisis – can lead to larger fiscal multipliers, as they limit private agents' ability to use credit to smooth consumption over time in response to a contractionary fiscal shock. The restrictive effects of consolidation may be stronger during or in the aftermath of financial crises, given the increase in the number of liquidity-constrained households. Though results vary across empirical literature, there is evidence that, overall, short-term fiscal multipliers are larger in economies that are suffering a financial crisis.[10]

FISCAL MULTIPLIERS UNDER CONSTRAINED MONETARY POLICY

A monetary policy that has little room for manoeuvre – something that is often seen during recessions and financial crises – may lead to larger fiscal multipliers, as interest rates do not react (or react only weakly) to declines in aggregate demand. In DSGE model-based analyses, the zero lower bound for monetary policy is generally found to be one of the most important factors in a larger than normal short-term multiplier.[11] Models calibrated using US data have found that the size of the government spending multiplier substantially exceeds 1 when the nominal monetary policy interest rate is fixed at zero.[12] However, none of these models capture the effect of non-standard monetary policy measures, which can provide additional accommodation even when central bank interest rates have effectively reached the lower bound (to the extent that a lower bound can be properly identified).

7 As pointed out by Parker (op. cit., footnote 3).

8 The reduced-form VARs that are generally used to estimate fiscal multipliers are prone to omitted variable bias and other estimation challenges, such as the "fiscal foresight problem" (see Leeper, E.M. et al., "Fiscal foresight: analytics and econometrics", *NBER Working Papers*, No 14028, 2008). Omitting debt feedback from VARs can also result in incorrect estimates of the dynamic effects of fiscal shocks (as shown in Favero, C. and Giavazzi, F., "Debt and the effects of fiscal policy", *NBER Working Papers*, No 12822, 2007).

9 For a review of factors affecting the size of fiscal multipliers in DSGE models, see Coenen, G. et al., "Effects of fiscal stimulus in structural models", *American Economic Journal: Macroeconomics*, No 4(1), 2012, pp. 22-68.

10 In this respect, a recent study has found short-term fiscal multipliers of around 2 in OECD countries suffering a financial crisis (see Corsetti, G., Meier, A. and Müller, G., "What Determines Government Spending Multipliers?", *Economic Policy*, No 27, 2012, pp. 521-565). Using a threshold VAR, another study has provided evidence for Germany, Italy, the United States and the United Kingdom that is consistent with larger multipliers during periods of financial stress, albeit those multipliers remained well below 1 even in the presence of financial stress – e.g. 0.4 (versus 0.2) in Germany and 0.7 (versus 0.3) in Italy (see Afonso, A., Baxa, J. and Slavík, M., "Fiscal developments and financial stress: a threshold VAR analysis", *Working Paper Series*, No 1319, ECB, 2011). Finally, a third study has concluded that the spending multiplier is slightly larger in Spain during banking crises (see Hernández de Cos, P. and Moral-Benito, E., "Fiscal multipliers in turbulent times: the case of Spain", *Working Paper Series*, No 1309, Banco de España, 2013).

11 As was pointed out in a recent review of DSGE studies looking at fiscal multipliers (see Leeper, E.M., Traum, N. and Walker, T.B., "Clearing up the fiscal multiplier morass", *NBER Working Papers*, No 17444, 2011), the monetary policy regime and (albeit to a slightly lesser extent) the percentage of liquidity-constrained households are the most important factors influencing the size of short-term multipliers.

12 See, for example, Christiano, L., Eichenbaum, M. and Rebelo, S., "When is the Government Spending Multiplier Large?", *Journal of Political Economy*, Vol. 119, No 1, 2011, pp. 78-121.

FISCAL MULTIPLIERS IN THE PRESENCE OF WEAK PUBLIC FINANCES

There is a general consensus that the short-term output costs of fiscal consolidation are lower when consolidation is implemented during a rapid deterioration in public finances.[13] This is, among other things, the result of confidence effects, which materialise via reduced sovereign spreads. Determined action by governments can restore fiscal sustainability and thus contribute to macroeconomic stability and a recovery in output. The credibility of government announcements can also influence the size of fiscal multipliers through direct supply-side effects. For instance, fiscal consolidation is generally associated with smaller short-term multipliers if markets are convinced that the measures announced will be implemented in full and remain in place. In the presence of full credibility, markets' anticipation of tax cuts in the longer term following consolidation measures today may result in favourable supply-side effects, including an increase in labour supply even in the short term. Several recent studies have found evidence that positive short-term multipliers may decline or even turn negative in the presence of high debt ratios.[14] On the other hand, when several countries facing fiscal problems consolidate simultaneously, the overall negative impact on the domestic economy may be compounded. For analysis of the significance of fiscal spillover effects in the euro area, see Box 1 below.

Overall, in cases of large systemic risks when governments' ability to honour their debt obligations is called into question and the financial stability of monetary union is threatened, the benefits of fiscal consolidation are likely to be larger than those captured by standard model simulations.

13 The expectation channel may even prompt short-term increases in private consumption – and thus output – when fiscal consolidation is implemented to address high levels of government indebtedness, as explained in Blanchard, O., "Comment", *NBER Macroeconomics Annual*, 1990, pp. 111-116 ("... by taking measures today, the government eliminates the need for larger, maybe much more disruptive adjustments in the future and this may in turn increase consumption." (p. 111); "... the longer the government waits to consolidate, the higher the required tax increase when it does." (p. 112)). See also Sutherland, A., "Fiscal Crises and Aggregate Demand: Can High Public Debt Reverse the Effects of Fiscal Policy?", *Journal of Public Economics*, No 65(2), 1997, pp. 147-162.

14 See, inter alia: Ilzetzki, Mendoza and Vegh, op. cit., footnote 6; Corsetti, Meier and Müller, op. cit., footnote 10; Nickel, C. and Tudyka, A., "Fiscal stimulus in times of high debt: reconsidering multipliers and twin deficits", *Working Paper Series*, No 1513, ECB, 2013; and Hernández de Cos and Moral-Benito, op. cit., footnote 10.

Box 1

FISCAL SPILLOVER EFFECTS IN THE EURO AREA

Negative effects on growth resulting from domestic fiscal consolidation can be exacerbated when several countries consolidate simultaneously. This box discusses the main international transmission channels for fiscal shocks and, using illustrative model-based simulations, assesses the potential size of fiscal spillovers in the event of several euro area countries tightening their fiscal policies simultaneously.

Transmission channels for fiscal shocks in a monetary union

In a monetary union, where member countries have a common interest rate and the same nominal exchange rate, trade links between countries are the main transmission channel for fiscal shocks. Fiscal consolidation in one member country affects other member countries via reduced domestic activity and demand, some of which translates into reduced demand for foreign goods.[1] The demand effect of fiscal consolidation can translate into lower domestic inflationary

1 See, for example, Hebous, S. and Zimmermann, T., "Estimating the effects of coordinated fiscal actions in the euro area", *European Economic Review*, Vol. 58(C), 2013, pp. 110-121.

pressures, which can lead to the depreciation of the real effective exchange rate, improving the competitiveness of the home country and possibly triggering further negative spillover effects for the other members of the monetary union.

Fiscal spillovers in the euro area: illustrative model-based evidence

This section presents an illustrative simulation, using the ECB's New Multi-Country Model (NMCM)[2] to assess the size of fiscal spillovers across the five largest euro area countries (Germany, France, Italy, Spain and the Netherlands) and a group of "small countries" comprising the remaining members of the euro area.

In this simulation, countries are assumed to implement permanent fiscal consolidation totalling 1% of GDP, with that consolidation being equally balanced between revenue and expenditure. The model accounts for the downward impact that fiscal consolidation has on domestic sovereign risk premia, which are assumed in the simulation to be fully transmitted to the financing conditions of the domestic private sector (via the "sovereign risk channel").[3] In this situation, fiscal spillovers operate mainly via the trade channel, the interest rate is exogenous and there are no confidence-related spillover effects affecting sovereign risk premia.[4]

The table overleaf shows the spillover effects obtained from NMCM simulations. The main diagonal values indicate the cumulative domestic fiscal multipliers after three years which result from permanent fiscal consolidation totalling 1% of GDP that is implemented in the first year. The size and sign of the country-specific fiscal multipliers are in line with the average findings of the literature on fiscal multipliers (see chart in main text). Off-diagonal values indicate the cumulative effect over a three-year period that fiscal consolidation in the originating country (rows) will have on the GDP of the recipient country (columns). Germany causes the largest spillover effects for other countries (as well as the euro area as a whole). For example, fiscal consolidation in Germany (first row) totalling 1% of GDP is found to reduce domestic GDP by 0.45%. The negative spillover effect on the GDP of other countries ranges from 0.03% for France to 0.06% for the group of small countries. The negative impact on the euro area excluding Germany totals 0.05% of GDP.

The evidence presented in the table shows that when all countries consolidate simultaneously, the drag on domestic growth is stronger than if a country consolidates alone (see last two rows). The size of the additional drag on domestic GDP stemming from simultaneous fiscal consolidation is fairly similar across Italy, Spain, the Netherlands and the small countries (averaging around 0.14%). Overall, the largest drag on growth comes from domestic consolidation.

2 For a full description of this model, see Dieppe, A., González Pandiella, A., Hall, S. and Willman, A., "The ECB's New Multi-Country Model for the euro area: NMCM – with boundedly rational learning expectations", *Working Paper Series*, No 1316, ECB, 2011.
3 See Corsetti, G., Kuester, K., Meier, A. and Müller, G., "Sovereign risk, fiscal policy and macroeconomic stability", *The Economic Journal*, Vol. 123, Issue 566, 2013, pp. F99-F132.
4 In addition to the spread effect, NMCM simulations may account for positive spillovers of confidence resulting from consolidation in other countries (i.e. the declines in sovereign risk premia in the consolidating country – the spread effect – are reflected in lower risk premia in the other countries in the model). Empirical evidence on spillovers of confidence is provided in Amisano, G. and Tristani, O., "The euro area sovereign crisis: monitoring spillovers and contagion", *Research Bulletin*, No 14, ECB, 2011.

Spillover effects on GDP of fiscal consolidation totalling 1% of GDP implemented in the first year

(cumulative values after three years; deviation from baseline domestic GDP; percentages)

	Recipient country						Euro area aggregate	
Country originating fiscal shock	DE	FR	IT	ES	NL	Small countries	Excluding country of origin	Including country of origin
DE	**-0.45**	-0.03	-0.05	-0.05	-0.06	-0.06	-0.05	-0.15
FR	-0.03	**-0.43**	-0.04	-0.05	-0.03	-0.04	-0.03	-0.12
IT	-0.01	-0.01	**-0.22**	-0.01	-0.01	-0.01	-0.01	-0.05
ES	-0.01	-0.02	-0.02	**-0.54**	-0.02	-0.02	-0.02	-0.08
NL	-0.01	-0.01	-0.01	-0.01	**-0.42**	-0.02	-0.01	-0.04
Small countries	-0.02	-0.01	-0.02	-0.02	-0.03	**-0.43**	-0.02	-0.09
Country acts alone	-0.45	-0.43	-0.22	-0.54	-0.42	-0.43		
Simultaneous consolidation	-0.52	-0.51	-0.35	-0.68	-0.55	-0.58		

Source: ECB calculations based on NMCM simulations.
Notes: The main diagonal values are cumulative domestic fiscal multipliers, while off-diagonal values represent the effect of fiscal consolidation in the originating country (rows) on the GDP of the recipient country (columns). All are expressed as the deviation from baseline domestic GDP in percentage terms.

These NMCM simulations are broadly in line with most other model-based predictions regarding fiscal spillovers.[5] However, some recent studies[6] have found larger spillover effects. Differences across models stem from the large number of assumptions employed, such as those regarding the percentage of liquidity-constrained households, the mechanism underlying the formation of expectations and the composition of the shock. More generally, the size of fiscal spillovers depends on a number of factors, including the analytical method employed, trade elasticities and any confidence effects in financial markets that reduce sovereign risk premia.

5 See Wieland, V., "Monetary policy targets and the stabilisation objective: a source of tension in EMS", *Journal of International Money and Finance*, No 15(1), 1996, pp. 95-116.

6 A recent study has found that a temporary increase in government investment in Germany totalling 1% of GDP and lasting two years increases real GDP in other countries by between 0.2% and 0.3% (see in't Veld, J., "Fiscal consolidations and spillovers in the euro area periphery and core", *Economic Papers*, No 506, European Commission, 2013). Meanwhile, the IMF, using three different structural models, has found that a two-year increase in expenditure in Germany totalling 1% of GDP will boost real GDP in the rest of the euro area by a maximum of 0.2% (see IMF, *Germany: 2013 Article IV Consultation*, Country Report No 13/255, 2013). The effect varies depending on the model used and is smaller for revenue-based fiscal stimulus and in the absence of monetary policy accommodation.

SIMULATIONS CONDUCTED USING THE ECB'S NEW AREA-WIDE MODEL

Looking at the euro area aggregate, DSGE simulations conducted using the ECB's New Area-Wide Model (NAWM; see Box 6 of the December 2012 issue of the Monthly Bulletin) provide illustrations of how some of the factors discussed above could affect the size of fiscal multipliers. They also indicate that the composition of fiscal consolidation matters. Overall, these simulations largely suggest that short-term fiscal multipliers are (in terms of absolute value) considerably smaller than 1 (see table opposite).[15] The short-term multiplier rises above 1 when consolidation is based purely on the reduction of government investment and/or government consumption, and at the same time (i) consolidation plans are imperfectly credible and implemented in the presence of constrained monetary policy (see column 1), and (ii) the percentage of liquidity-constrained (non-Ricardian) households increases (see column 5).

The NAWM simulations, which are independent of the state of the economy (like most empirical models), indicate that government spending is usually associated with larger short-term multipliers than taxes.

15 Overall, fiscal multipliers derived from structural models tend to be smaller than those suggested by empirical models. However, such results are not fully comparable, as the treatment of fiscal shocks (e.g. transitory versus permanent shocks) may differ across studies. For a review, see also European Commission, "Report on Public Finances in EMU – 2012", *European Economy*, No 4/2012, July 2012.

Short-term multipliers in the ECB's New Area-Wide Model

(percentages)

Fiscal instrument	Imperfect credibility and fixed monetary policy rate (1)	Imperfect credibility (2)	Full credibility (3)	Full credibility and lower risk premia (4)	More non-Ricardian households (5)
Government consumption	-1.13	-0.95	-0.59	-0.45	-1.18
Government investment	-1.40	-1.28	-0.71	-0.56	-1.45
General transfers	-0.14	-0.06	0.02	0.16	-0.31
Labour tax	-0.10	-0.18	-0.52	-0.37	-0.21
Consumption tax	-0.70	-0.55	-0.31	-0.17	-0.75
Expenditure package	**-0.94**	**-0.78**	**-0.36**	**-0.22**	**-1.01**
Revenue package	**-0.40**	**-0.37**	**-0.42**	**-0.27**	**-0.48**
Expenditure and revenue package	**-0.67**	**-0.57**	**-0.39**	**-0.24**	**-0.75**

Source: ECB calculations.
Notes: These short-term multipliers show the average effect on real GDP over the first two years of a permanent fiscal consolidation shock totalling 1% of initial GDP. The baseline scenario for the last column in the table is column 1.
The expenditure (revenue) package is based solely on reductions in expenditure (tax increases), distributed evenly across government consumption, investment and transfers (labour tax and consumption tax). The revenue and expenditure package consists of one-half each of reductions in expenditure and increases in revenue.
The imperfect and full credibility scenarios assume that monetary policy is not constrained by the zero lower bound and is thus able to partially offset the drag on short-term growth that stems from the consolidation measures. In these scenarios, the short-term nominal interest rate is allowed to respond to economic conditions in accordance with the monetary policy rule embedded in the NAWM (whereby the monetary authority temporarily lowers the policy rate, by contrast with the fixed policy rate under the scenario in column 1), thereby reducing the size of the negative effects on real GDP in the short term relative to a situation where the policy rate remains fixed. In the full credibility scenario, that consolidation creates budgetary room after ten years, and the simulations assume that this is used to reduce the labour tax rate. Agents' anticipation of such tax cuts results in favourable supply-side effects, including an increase in labour supply even in the short term. This, in turn, mitigates the negative short-term impact that the consolidation efforts have on GDP. The scenario with full credibility and lower risk premia also assumes that the medium-term reduction in the government debt-to-GDP ratio following consolidation is associated with a decline in the sovereign risk premium. As regards the scenario with more non-Ricardian households, it should be borne in mind that in this model, those households' liquidity constraints do not rule out the intertemporal smoothing of consumption through the adjustment of their money holdings. This might explain the relatively modest effect on the multiplier.

Changes in government consumption and investment are likely to have a more direct impact on aggregate demand than increases in taxes (and transfers to households), which feed through to output via changes in consumption and saving behaviour. This is the case, in particular, for cuts in productive government investment, which also affect the marginal product of private capital and thus the supply side of the economy.

As pointed out above, the credibility of government announcements is also important for the size of multipliers in the NAWM simulations. In the presence of imperfect credibility – when markets do not initially believe that the government is committed to fully implementing the announced consolidation measures – multipliers are larger. Conversely, multipliers are smaller if markets are convinced that government plans will be carried out in full. The short-term fiscal multiplier may be even smaller if credible consolidation plans are associated with a reduction in the sovereign risk premium (see column 4 of table). This lowers the government's debt servicing costs and reduces the private sector's financing costs, thereby stimulating private investment.

In conclusion, there is considerable uncertainty surrounding the size of short-term fiscal multipliers. In the case of the euro area, several recent institutional developments aimed at strengthening fiscal and macroeconomic governance may help to enhance the credibility of fiscal consolidation, thereby reducing its short-term costs. In addition, in situations where fiscal consolidation is necessary to avoid a large systemic sovereign debt crisis, one should be cautious when drawing conclusions regarding the costs of fiscal consolidation on the basis of estimated short-term fiscal multipliers. In such situations, the costs of not undertaking fiscal consolidation are likely to be significantly higher than those of returning fiscal policy to a sustainable path.

3 RELEVANCE OF FISCAL MULTIPLIERS FOR DEBT DYNAMICS AND THE PACE OF CONSOLIDATION

As indicated above, several academic papers have recently suggested that fiscal multipliers may be larger in crisis situations than they are in normal times. Some commentators have used this evidence to argue that frontloaded consolidation should be avoided in countries that do not face an imminent risk of losing access to market financing.[16] Of course, evidence that fiscal multipliers are large in the current environment is not sufficient to argue that fiscal consolidation should be postponed. If multipliers remain similarly large in the future, postponing fiscal consolidation will only delay the negative short-term effects on growth. However, if those fiscal multipliers are expected to be smaller in the future, backloading consolidation may reduce the negative impact on short-term growth. This may be the case in countries that are currently experiencing a large degree of economic slack, countries where monetary policy's ability to cushion demand is constrained and countries where poorly functioning banking systems restrict households' ability to smooth consumption in the face of fiscal policy shocks.

A related (but separate) argument suggests that frontloaded consolidation could exacerbate hysteresis effects in the economy.[17] This concerns situations where cyclical downturns in economic activity have the capacity to permanently damage the long-term productive potential of the economy. These hysteresis effects may be more pronounced during deep recessions, when high unemployment rates and the long duration of unemployment increase the risk of a permanent loss of skills for some workers, and when low levels of investment threaten a permanent decline in the stock of productive capital. Even if the fiscal multiplier is not expected to be smaller in the future, concerns about hysteresis effects could still favour backloaded fiscal adjustment.

Some commentators have even argued that, in certain circumstances, frontloaded fiscal consolidation can be self-defeating. That is to say, in the presence of sufficiently large short-term fiscal multipliers and hysteresis effects, the short-term drag on growth resulting from fiscal consolidation can more than offset the reduction in debt stemming from lower government borrowing, causing the public debt-to-GDP ratio to increase. Countries with a high initial debt-to-GDP ratio are at the greatest risk of self-defeating consolidation.[18] While the sustainability of public finances is a long-term concept, there may be situations, according to this view, where financial markets focus excessively on the short-term dynamics of public debt. In such cases, a temporary increase in the debt-to-GDP ratio could weaken market confidence and trigger negative second-round effects through rising interest rates.[19]

However, there are strong arguments in support of frontloaded fiscal consolidation.[20] Countries that are under market pressure will face higher sovereign borrowing costs, which will lead to larger fiscal deficits, owing to the increased debt servicing costs. Rising sovereign spreads can also be passed on to private sector borrowing costs, with negative implications for economic growth and the dynamics of public debt. Countries that find themselves in these positions often have little choice but to frontload fiscal adjustment. In situations of financial market stress,

16 This argument is summarised in Blanchard, O. and Leigh, D., *Fiscal consolidation: At what speed?*, VoxEU, 3 May 2013. For supporting literature, see, inter alia: Corsetti, Meier and Müller, op. cit., footnote 10; De Grauwe, P. and Ji, J., *Panic-driven austerity in the Eurozone and its implications*, VoxEU, 21 February 2013; and Blanchard, O. and Leigh, D., "Growth Forecast Errors and Fiscal Multipliers", *IMF Working Papers*, No 13/00, IMF, 2013.

17 See DeLong, J.B. and Summers, L.H., "Fiscal policy in a depressed economy", *Brookings Papers on Economic Activity*, spring 2012.

18 See Eyraud, L. and Weber, A., "The Challenge of Debt Reduction during Fiscal Consolidation", *IMF Working Papers*, No 13/67, IMF, 2013.

19 See Cottarelli, C. and Jaramillo, L., "Walking Hand in Hand: Fiscal Policy and Growth in Advanced Economies", *IMF Working Papers*, No 12/137, IMF, 2012.

20 See, for example: Buti, M. and Pench, L., *Fiscal austerity and policy credibility*, VoxEU, 20 April 2012; Gros, D., *Can austerity be self-defeating?*, VoxEU, 29 November 2011; and Padoan, P., Sila, U. and van den Noord, P., "Avoiding debt traps: financial backstops and structural reforms", *Economics Department Working Papers*, No 976, OECD, 2012.

multiple equilibria are more likely to emerge. In the presence of high levels of uncertainty, it is crucial that governments establish credibility, in order to prevent "bad equilibria". This may require a sizeable frontloaded adjustment.

Even in the absence of market pressures, there may be merits to frontloaded adjustment. Taking early action to correct fiscal imbalances allows a country to achieve a primary surplus more quickly, so it delivers a larger reduction in public debt over a given period of time. Gradual consolidation also carries political risks related to the timing of electoral cycles and the potential for "adjustment fatigue" to derail consolidation if it is spread over a long period of time. Governments may find it more difficult to implement reforms with sometimes painful short-term costs towards the end of their mandates when seeking re-election. Moreover, gradual consolidation postpones the day when the public is able to observe the benefits of adjustment in terms of lower public debt, lower private sector borrowing costs and sustained economic growth. The risk is that, in the interim, the perception takes hold that reforms are not delivering the expected results and should therefore be abandoned. Moreover, when fiscal institutions are weak and medium-term budgetary frameworks are not binding, it may be more difficult for governments to convince the markets or the public that the fiscal consolidation which is approved today will actually be implemented in the future. The tendency of financial markets to focus on short-term growth in countries undergoing fiscal adjustment may reflect a belief that a country facing a sizeable decline in GDP is unlikely to sustain its fiscal adjustment effort over time.[21]

Finally, turning to the risk of self-defeating consolidation, how large do fiscal multipliers need to be in order to lead to such an outcome? In general, consolidation is considered to be self-defeating where the resulting debt-to-GDP ratio is higher than it is in the baseline scenario (where there is no consolidation). The results for the euro area (see Table A in Box 2) show that the fiscal multiplier must (in terms of absolute value) be significantly higher than 1 to lead to a self-defeating scenario after five years, and it must be very large (i.e. more than 3) to lead to a self-defeating scenario after ten years. Overall, as pointed out in similar studies,[22] multipliers have to be unrealistically large for consolidation to be self-defeating, especially over longer periods of time.

The simulations in Box 2 address the wider issue of the relative merits of front- and backloaded consolidation. As Table B shows, even with reasonably large multipliers in crisis situations and normal times, frontloaded consolidation reduces the cumulative consolidation effort that is required to achieve a particular debt-to-GDP ratio. That is because frontloading reduces the compounding effect that (growth-adjusted) interest payments have on the debt-to-GDP ratio (the "snowball effect") relative to backloading, so a lower long-term primary balance is required to achieve a given debt-to-GDP ratio. Frontloading also achieves faster stabilisation of the debt-to-GDP ratio for all variants of the multiplier (by one to two years) and delivers lower debt-to-GDP ratios in the medium term. As explained above, the negative impact that consolidation has on GDP is likely to fade over time, while the structural improvements in the budget balance that result from well-designed consolidation are permanent. Stabilising debt more rapidly can also help to reduce sovereign borrowing costs and ensure market access in situations where financial markets are focusing on the short-term dynamics of debt when assessing a sovereign's solvency.

21 See Cottarelli and Jaramillo, op. cit., footnote 19.
22 See, for example, European Commission, op. cit., footnote 15.

Box 2

FISCAL MULTIPLIERS AND THE DYNAMICS OF DEBT

This box proposes a stylised framework to assess the relevance of fiscal multipliers for the dynamics of debt and the pace of consolidation.

Stylised modelling framework

The dynamics of public debt are modelled using the standard debt accumulation equation

$$\Delta d_t = \underbrace{\frac{i_t - g_t}{1 + g_t}}_{\textit{snowball effect}} d_{t-1} - pb_t + dda_t$$

where d is the debt-to-GDP ratio, i is the effective interest rate, g is the (nominal) GDP growth rate, pb is the primary balance-to-GDP ratio and dda is the deficit-debt adjustment. As can be seen, the accumulation of debt depends on the relative size of the interest rate-growth differential $i - g$ and the primary balance pb. Assuming that dda is zero, a decrease in the growth rate requires an increase in the primary balance to stabilise the path of the debt-to-GDP ratio.

The future path of the debt-to-GDP ratio is modelled here using a simple endogenous framework. GDP growth depends on its own lag, the potential GDP growth rate and the speed with which the output gap closes. The growth framework also includes hysteresis effects[1] and the impact of interest rate changes. Interest rates include a risk premium that rises when the fiscal deficit and public debt exceed 3% and 60% of GDP respectively.[2] The impact that fiscal consolidation has on GDP (i.e. the fiscal multiplier) is introduced as an exogenous parameter in the growth equation. This framework also includes feedback from GDP growth to the budget balance via automatic stabilisers.[3]

Threshold multipliers that would lead to self-defeating consolidation

This stylised framework can be used to simulate the impact that a permanent consolidation effort totalling 3% of GDP in the first year has on the dynamics of public debt. Consolidation is described as "self-defeating" if the resulting debt-to-GDP ratio is higher than it is in the baseline scenario (where there is no consolidation). The results of these simulations show that, given the actual level of debt in the euro area at end-2012, the fiscal multiplier must (in terms of absolute value) be significantly higher than 1 to lead to a self-defeating scenario after five years, and it must be very large (i.e. more than 3) to lead to a self-defeating scenario after ten years (see Table A).

1 The hysteresis parameter is based on the estimate of 0.241 produced by DeLong and Summers (op. cit., footnote 17).
2 The sensitivity of interest rates to fiscal deficits and public debt is based on Laubach, T., "New Evidence on the Interest Rate Effects of Budget Deficits and Debt", *Journal of the European Economic Association*, Vol. 7(4), 2009, pp. 858-885.
3 The parameter for cyclical budgetary effects is set at 0.5 (i.e. for every 1% gap between output and its estimated potential, the corresponding cyclical component of the budget balance is 0.5). This is in line with the overall budgetary semi-elasticities used by the European Commission for fiscal surveillance. (Budgetary semi-elasticities average 0.54 for the euro area as a whole, ranging from 0.48 in Spain to 0.56 in Germany and 0.57 in the Netherlands.) For details, see Mourre, G. et al., "The cyclically-adjusted budget balance used in the EU fiscal framework: an update", *Economic Papers*, No 478, European Commission, March 2013.

Table A Threshold multipliers at which fiscal consolidation has an adverse impact on the debt-to-GDP ratio in period *t*

(percentages)

Initial debt-to-GDP ratio in euro area		*t*=1	*t*=3	*t*=5	*t*=10
Actual (2012)	93	-0.8	-1.1	-1.6	-3.2
Hypothetical higher debt level	120	-0.6	-0.9	-1.4	-3.0
Hypothetical lower debt level	60	-0.9	-1.2	-1.7	-3.4

Sources: European Commission forecasts (autumn 2013) and ECB calculations.
Notes: Figures assume permanent consolidation totalling 3% of GDP in the first year. The hypothetical debt ratios do not imply changes to the stylised model's parameters. The period *t* is measured in years.

The initial level of debt plays an important role in the simulations.[4] For a given interest rate-growth differential, the higher the level of debt is, the more difficult it is to stabilise that debt and place it on a downward trajectory. Consequently, with higher levels of debt, smaller multipliers will make consolidation self-defeating.[5] Hypothetical scenarios with larger and smaller initial debt ratios for the euro area (which imply smaller and larger threshold multipliers respectively) are also presented in Table A.

Overall, the results suggest that if the fiscal multiplier falls within the range normally regarded as plausible for a consolidation package with a balanced composition, fiscal consolidation initially has an adverse effect on the debt ratio, which is reversed within a few years.[6] Thus, in all cases, fiscal consolidation results in a more favourable trajectory for the debt ratio.

Comparison of front- and backloaded consolidation

The analysis presented in Table A assumes that fiscal consolidation is implemented in full in the first year. In this second exercise, the differences between the effects of front- and backloaded consolidation are assessed. Here, frontloading means that fiscal consolidation takes place in the first three years, while backloading means that consolidation is delayed by two years, before also being implemented over a three-year period. In the interests of comparability, it is important that both paths eventually achieve the same consolidation effect. To this end, the debt-to-GDP ratio is assumed to reach a target of 60% after 20 years.

Table B also shows that frontloading stabilises the debt-to-GDP ratio faster (by one to two years) for all variants of the multiplier and delivers lower debt ratios over the medium term.

4 Other factors account for some of the differences between the scenarios with and without consolidation, since the framework is not fully linear. Hysteresis effects, the role of the closing of the output gap and lagged growth (all of which are determinants of current nominal GDP growth) and the fact that interest rate risk premia are dependent on deficit/debt thresholds introduce non-linear effects of consolidation into the stylised framework. Thus, the initial debt-to-GDP ratio is not the only determinant of the threshold multiplier in this framework.

5 The higher the debt ratio, the larger the primary surplus that is needed to stabilise it for a given interest rate-growth differential. Thus, the higher the debt ratio, the larger the consolidation effort – and, accordingly, the larger the negative impact on output. In terms of the effect on the debt ratio, that larger consolidation effort entails both a numerator effect (through the smaller ex post improvement in the budget balance) and a denominator effect (through the lower GDP). Hence, in the simulations, there is a smaller difference between the debt ratios in the consolidation and non-consolidation scenarios, especially at shorter horizons.

6 A sensitivity analysis looking at the parameter values used in the stylised modelling framework shows that the overall conclusions of the basic analysis remain valid. The parameters that most affect the size of the multiplier – particularly by lowering the threshold for the self-defeating consolidation scenario – are the speed with which the output gap closes and budgetary elasticity in respect of the output gap. Slower closing of the output gap (i.e. closing the gap in approximately seven years, as opposed to five) – which depends, in turn, on the initial size of the output gap and the hysteresis effects of the additional consolidation – would lead to slower growth dynamics and, in combination with other factors, increase the negative effects that consolidation had on the debt ratio. Similarly, greater budgetary elasticity in respect of the output gap weakens the improvements in debt ratios that stem from the additional consolidation and thus reduces the size of the threshold multiplier somewhat.

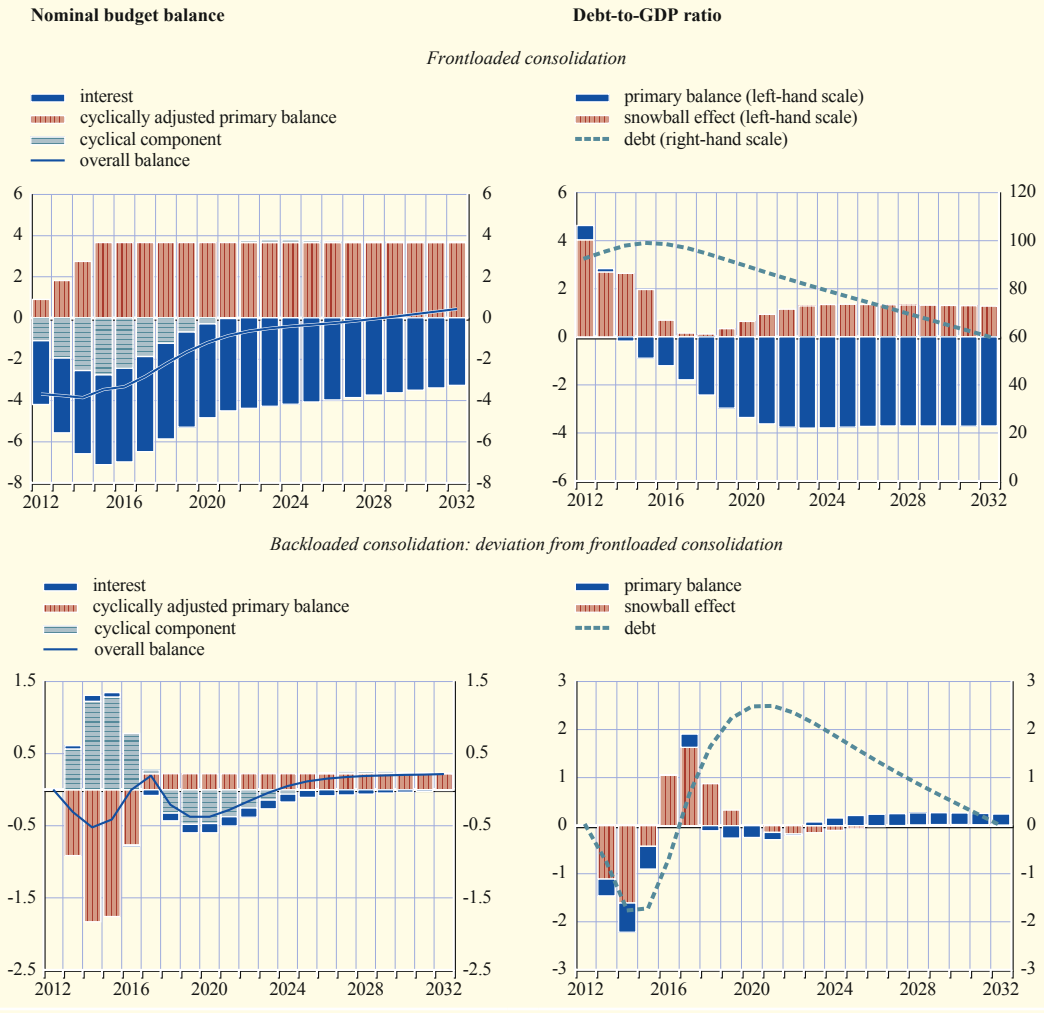
Table B Comparison of the effects of front- and backloaded consolidation in the euro area

Euro area indicators	(a) Constant multipliers		(b) Multipliers fall in third year		(c) Multipliers fall in fifth year	
	Frontloading	Backloading	Frontloading	Backloading	Frontloading	Backloading
Cumulative consolidation effort (% of GDP)	2.6	3.0	2.7	3.0	2.8	3.2
Number of years to stabilise the debt ratio	3.0	4.0	3.0	4.0	3.0	5.0
Debt-to-GDP ratio after five years (end of consolidation; %)	94.0	97.6	97.0	97.6	98.4	100.6

Sources: European Commission forecasts (autumn 2013) and ECB calculations.
Notes: Figures assume that a debt-to-GDP ratio of 60% is achieved after 20 years. In column (a), the multiplier is 0.8 in all five years. In column (b), the multiplier is 1.3 in the first two years and 0.8 as of the third year. In column (c), the multiplier is 1.3 in the first four years and 0.8 in the fifth. In the frontloading scenario, consolidation with equal yearly amounts takes place in the first three years. In the backloading scenario, consolidation with equal yearly amounts takes place in the third, fourth and fifth years.

Breakdown of simulated debt dynamics in the euro area

(percentages of GDP for frontloading; percentage points of GDP for backloading)



Sources: European Commission forecasts (autumn 2013) and ECB calculations.

The first line of Table B shows that frontloading reduces the cumulative consolidation effort that is required to meet the 60% debt-to-GDP target after 20 years in the euro area. Frontloading reduces the compounding effect that growth-adjusted interest payments have on the debt-to-GDP ratio (the "snowball effect") relative to backloading, so a lower long-term primary balance is required to achieve a given debt-to-GDP ratio. This applies to all three variants in terms of the size and time profile of the fiscal multiplier. Compared with the baseline scenario (which has time-invariant multipliers), the difference between the overall consolidation efforts for front- and backloading is only slightly smaller (around 0.1 smaller) where the multipliers fall in later years.

A closer examination of these simulations shows how debt dynamics differ between the front- and backloaded consolidation paths where the multiplier declines from 1.3 to 0.8 in the third year (see charts). With frontloaded consolidation starting in 2013, the cyclically adjusted primary balance reaches its steady-state level of 3.6% of GDP in 2015, while the impact of the economic cycle on the primary balance disappears by 2020. By 2016, the primary surplus is larger than the "snowball effect" stemming from the interest rate-growth differential, so the debt-to-GDP ratio starts to decline, reaching 60% by 2032. With backloading, the cyclically adjusted primary balance does not reach its (higher) steady-state level of 3.9% of GDP until 2017. The primary balance does not exceed the "snowball effect" and place the debt-to-GDP ratio on a downward trajectory until 2017.

4 LONGER-TERM IMPACT OF FISCAL CONSOLIDATION ON OUTPUT

The stylised simulations above do not take account of the positive medium to longer-term effect that consolidation has on the supply side of the economy. In the longer term, well-designed fiscal consolidation programmes have sizeable benefits, not only in terms of fiscal sustainability, but also in terms of GDP. In general, the literature[23] finds that the longer-term benefits of fiscal consolidation in terms of output are likely to be larger when (i) fiscal consolidation is mostly implemented on the expenditure side, but avoids cuts in productive government spending, (ii) the government sector is already large and (iii) the debt-to-GDP ratio is high and the sustainability of public finances is at risk.

As regards the implementation of spending cuts, empirical literature contains evidence that multipliers of spending shocks tend to decline and change sign over the medium term. That is to say, cuts in unproductive government expenditure in particular are associated with positive output effects over the medium to longer term. There are signs that governments are now increasingly aware of the need to implement spending cuts in an efficient manner. For example, "expenditure reviews" aim to free up resources by cutting unproductive expenditure, while protecting the types of public expenditure that are best able to promote longer-term growth. That is the case, for example, with expenditure that (i) supports the creation of physical or human capital (e.g. investment in infrastructure, research and development, health and education),[24] (ii) makes efficient use of public

23 Theoretical literature is divided on whether fiscal policy has an impact on the level or growth rate of GDP per capita. Exogenous (neo-classical) growth models allow only for an impact on levels, not for long-term effects on growth stemming from changes in fiscal policy variables, while endogenous growth models (see next footnote) predict effects on the growth rate, at least along the transition path to the steady state.

24 For example, Lucas maintains that public investment in education increases the level of human capital and that this can be regarded as the main source of long-term economic growth (see Lucas, R., "On the mechanism of economic development", *Journal of Monetary Economics*, No 22, 1988, pp. 3-42). Barro argues that productive government expenditure (e.g. investment in infrastructure) can, up to a point, promote economic growth (see Barro, R., "Government Spending in a Simple Model of Endogenous Growth", *Journal of Political Economy*, No 98(5), 1990, pp. 103-125). Romer makes the case for the relevance of spending on research and development (see: Romer, P., "Increasing Returns and Long-Run Growth", *Journal of Political Economy*, No 94, 1986, pp. 1002-1037; and Romer, P., "Human Capital and Growth: Theory and Evidence", *Carnegie-Rochester Series on Public Policy*, No 32, 1990, pp. 251-286).

resources in undertaking such activities and (iii) underpins macroeconomic stability by being medium term-oriented, predictable and sustainable. Indicators of the quality of public finances and commonly used assessment methodologies and international comparators can be illustrative and helpful when assessing the quality of public expenditure.[25]

The positive impact of cuts in government spending is likely to be greater in the longer term when the government sector is large and/or fiscal sustainability is at risk. In general, large government sectors may weaken long-term growth. To be sustainable, they require high taxes, which may create disincentives to work and invest.[26] Conversely, financing high levels of expenditure through borrowing will lead to higher (and potentially unsustainable) debt levels, with a negative impact on macroeconomic stability, borrowing costs and, ultimately, growth.

As illustrated by the simulations using the ECB's NAWM in Box 6 of the December 2012 Monthly Bulletin, fiscal consolidation is associated with positive effects on long-term GDP growth for all revenue and spending instruments apart from government investment. Consolidation reduces the debt level in the medium term, and the simulations assume that the resulting budgetary room is used to reduce the distortionary tax burden on labour. Consequently, initial increases in taxes (both direct and indirect) may be associated with positive effects on output – albeit effects that are more limited than those resulting from cuts to unproductive spending. Consolidation also lowers sovereign risk premia, leading to lower government financing costs and creating room for further reductions in taxes on labour. At the same time, the reduced financing costs of the private sector result in an increase in the capital stock across the economy and higher levels of output.

Overall, fiscal consolidation should avoid any bias against spending cuts: although cuts to unproductive spending may have a larger negative impact than revenue measures (with the exception of general transfers) in the short term, they tend to be the most beneficial in terms of medium to long-term growth prospects. Moreover, expenditure-based consolidation measures are most favourable to longer-term growth when they are accompanied by supply-side reforms (including the deregulation of goods and labour markets) and wage moderation.[27]

5 CONCLUSIONS

The review of relevant literature presented in this article indicates that there is no one short-term multiplier associated with fiscal consolidation. Multipliers are country, time and episode-specific. Generally, fiscal consolidation can be expected to have a negative impact on output in the short term. This impact is larger not only during recessions and/or periods of financial stress, but also when monetary policy is constrained and when consolidation takes place in many countries simultaneously. The fiscal multiplier is found to be smaller in the presence of weak public finances, particularly when the sustainability of government debt is at risk. The multiplier also differs depending on the fiscal instrument used.

25 See, in this respect, work by the OECD and the European Commission on the quality of public finances.

26 Even in the case of productive government spending, the literature points to the existence of non-linear responses in terms of long-term growth: increasing the stock of public capital above a certain optimal level will eventually hurt output and growth (see Barro, op. cit., footnote 24).

27 See: Alesina, A., Favero, C. and Giavazzi, F., "The Output Effect of Fiscal Consolidations", *NBER Working Papers*, No 18336, 2012; and Tsibouris, G.C., Horton, M.A., Flanagan, M.J. and Maliszewski, W., "Experience with Large Fiscal Adjustments", *IMF Occasional Papers*, No 246, IMF, 2006.

It is, however, important to move beyond this narrow short-term focus. There is a broad consensus that well-designed fiscal consolidations have positive medium to longer-term effects. Consolidation implies a permanent improvement in the structural balance, while the deterioration in growth is only temporary. Even in the event of a large fiscal multiplier, fiscal consolidation could initially lead to a higher debt ratio, but this effect will typically be reversed within a few years. For countries with high debt levels, while the adverse short-term effect on the debt ratio may be more prolonged, fiscal consolidation eventually returns debt to a more sustainable path.

Simulations using plausible assumptions suggest that frontloading consolidation reduces the total consolidation effort and stabilises the debt ratio more quickly (although it does imply larger short-term reductions in output). However, in many cases, avoiding such short-term costs is not a viable option. Countries that are under fiscal stress are forced to frontload fiscal consolidation in order to meet financing needs and rapidly restore fiscal soundness to avoid abruptly negative market reactions. Supporters of the backloading of fiscal consolidation often point to the lower multipliers expected in the future, once a recovery has taken place. This may, however, be a dangerous strategy, especially given that a recovery is unlikely to materialise where the postponement of fiscal consolidation implies the further deterioration of fiscal positions. In such a situation, backloading will require greater cumulative consolidation efforts. Overall, when designing a fiscal adjustment path, the arguments above in favour of frontloaded adjustment often outweigh those which stress the costs of short-term output losses, not least when it comes to political economy.

In all cases, the credibility of the fiscal consolidation process, which appears to be crucial to reducing the short-term costs of consolidation, should be supported by establishing well-designed medium-term plans that are based on detailed and permanent measures. It is also essential that fiscal consolidation is based on cuts to unproductive government expenditure, as this strategy will be the most beneficial for medium-term growth and will have a lasting impact on the deficit. Confidence in governments' consolidation programmes is further enhanced when these are accompanied by structural reforms that have positive supply-side effects over the longer term.

EURO AREA STATISTICS

CONTENTS[1]

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.

ENLARGEMENT OF THE EURO AREA ON 1 JANUARY 2014 TO INCLUDE LATVIA

In January 2014 Latvia joined the euro area, bringing the number of euro area countries to 18.

Unless otherwise indicated, all data series including observations for 2014 relate to the "Euro 18" (i.e. the euro area including Latvia) 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.

Detailed information on the current and past compositions of the euro area can be found in the General Notes.

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
2012	4.0	3.1	2.9	-	-0.2	1.2	0.58	1.72
2013	7.0	4.0	2.4	-	-1.5	1.4	0.22	2.24
2013 Q2	8.0	4.5	2.8	-	-1.1	0.1	0.21	2.14
Q3	6.9	4.0	2.2	-	-1.9	1.9	0.22	2.05
Q4	6.4	3.1	1.5	-	-2.2	1.9	0.24	2.24
2014 Q1	.	.	.	-	.	.	0.30	1.82
2013 Oct.	6.5	3.2	1.4	1.6	-2.1	2.4	0.23	1.95
Nov.	6.5	3.0	1.5	1.3	-2.3	2.5	0.22	1.99
Dec.	5.7	2.5	1.0	1.2	-2.3	-0.8	0.27	2.24
2014 Jan.	6.1	2.4	1.2	1.2	-2.3	-0.1	0.29	1.89
Feb.	6.2	2.4	1.3	.	-2.2	.	0.29	1.88
Mar.	.	.	.	.	.	.	0.31	1.82

2. Prices, output, demand and labour markets

	HICP [1]	Industrial producer prices	Hourly labour costs [5]	Real GDP (s.a.) [5]	Industrial production excluding construction	Capacity utilisation in manufacturing (%)	Employment (s.a.) [5]	Unemployment (% of labour force; s.a.)
	1	2	3	4	5	6	7	8
2012	2.5	2.8	1.8	-0.7	-2.5	78.6	-0.6	11.3
2013	1.4	-0.2	1.4	-0.4	-0.7	78.3	-0.8	12.0
2013 Q3	1.3	-0.6	1.1	-0.3	-1.1	78.4	-0.9	12.0
Q4	0.8	-1.1	1.4	0.5	1.5	79.2	-0.5	11.9
2014 Q1	0.7	.	.	.	.	.	.	.
2013 Oct.	0.7	-1.3	-	-	0.4	78.4	-	11.9
Nov.	0.9	-1.2	-	-	2.8	-	-	11.9
Dec.	0.8	-0.8	-	-	1.2	-	-	11.9
2014 Jan.	0.8	-1.4	-	-	2.1	80.0	-	11.9
Feb.	0.7	-1.7	-	-	.	-	-	11.9
Mar.	0.5	.	-	-	.	-	-	.

3. External statistics

(EUR billions, unless otherwise indicated)

	Balance of payments (net transactions)			Reserve assets (end-of-period positions)	Net international investment position (as a % of GDP)	Gross external debt (as a % of GDP)	Effective exchange rate of the euro: EER-20 [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
2012	130.9	92.6	72.0	689.4	-13.4	127.4	97.9	95.6	1.2848
2013	228.9	170.2	41.8	542.1	.	.	101.7	98.9	1.3281
2013 Q2	61.3	50.5	11.5	564.3	-13.8	128.1	100.8	98.3	1.3062
Q3	53.0	38.7	-14.7	586.8	-13.5	125.2	101.9	99.2	1.3242
Q4	88.3	50.9	52.4	542.1	.	.	103.1	100.0	1.3610
2014 Q1	.	.	.	.	.	.	103.9	100.8	1.3696
2013 Oct.	28.9	19.0	1.4	579.6	-	-	102.8	99.7	1.3635
Nov.	28.8	18.7	40.6	561.5	-	-	102.6	99.5	1.3493
Dec.	30.6	13.2	10.4	542.1	-	-	103.9	100.7	1.3704
2014 Jan.	6.8	1.0	12.2	570.8	-	-	103.4	100.3	1.3610
Feb.	.	.	.	578.5	-	-	103.6	100.5	1.3659
Mar.	.	.	.	.	-	-	104.6	101.5	1.3823

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 18.
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

	28 February 2014	7 March 2014	14 March 2014	21 March 2014	28 March 2014
Gold and gold receivables	303,158	303,158	303,134	303,134	303,134
Claims on non-euro area residents in foreign currency	243,828	244,312	244,460	244,650	244,548
Claims on euro area residents in foreign currency	24,130	23,867	23,790	23,893	23,137
Claims on non-euro area residents in euro	19,005	18,806	18,321	19,200	17,742
Lending to euro area credit institutions in euro	664,508	654,015	648,892	644,074	640,766
Main refinancing operations	94,036	87,047	92,565	96,906	121,305
Longer-term refinancing operations	569,694	566,682	556,324	546,249	518,043
Fine-tuning reverse operations	0	0	0	0	0
Structural reverse operations	0	0	0	0	0
Marginal lending facility	776	284	2	917	1,417
Credits related to margin calls	2	2	2	2	0
Other claims on euro area credit institutions in euro	74,105	72,875	76,038	77,848	65,988
Securities of euro area residents in euro	586,379	588,035	587,877	588,465	590,351
Securities held for monetary policy purposes	229,302	229,302	228,835	228,585	228,373
Other securities	357,077	358,733	359,042	359,880	361,978
General government debt in euro	28,237	28,237	28,237	28,237	28,237
Other assets	237,729	239,020	237,022	236,578	238,201
Total assets	2,181,079	2,172,324	2,167,771	2,166,080	2,152,103

2. Liabilities

	28 February 2014	7 March 2014	14 March 2014	21 March 2014	28 March 2014
Banknotes in circulation	933,847	937,004	938,126	936,939	938,728
Liabilities to euro area credit institutions in euro	392,487	393,554	425,795	405,240	382,918
Current accounts (covering the minimum reserve system)	187,393	187,112	226,755	195,201	179,162
Deposit facility	29,371	30,939	23,495	34,536	28,256
Fixed-term deposits	175,500	175,500	175,500	175,500	175,500
Fine-tuning reverse operations	0	0	0	0	0
Deposits related to margin calls	223	3	45	4	0
Other liabilities to euro area credit institutions in euro	5,179	5,188	5,014	5,095	9,499
Debt certificates issued	0	0	0	0	0
Liabilities to other euro area residents in euro	126,112	113,875	83,432	103,443	117,133
Liabilities to non-euro area residents in euro	93,494	90,597	88,133	88,241	81,607
Liabilities to euro area residents in foreign currency	2,782	1,858	1,209	977	1,408
Liabilities to non-euro area residents in foreign currency	4,939	5,765	6,487	6,892	5,716
Counterpart of special drawing rights allocated by the IMF	52,717	52,717	52,717	52,717	52,717
Other liabilities	214,249	216,495	211,527	211,206	206,808
Revaluation accounts	262,876	262,876	262,876	262,876	262,876
Capital and reserves	92,395	92,395	92,453	92,454	92,692
Total liabilities	2,181,079	2,172,324	2,167,771	2,166,080	2,152,103

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
2013 8 May	0.00	...	0.50	-	-0.25	1.00	-0.50
13 Nov.	0.00	...	0.25	-	-0.25	0.75	-0.25

Source: ECB.

1) From 1 January 1999 to 9 March 2004, the date refers to the deposit and marginal lending facilities. For main refinancing operations, changes in the rate are effective from the first operation following the date indicated. The change on 18 September 2001 was effective on that same day. From 10 March 2004 onwards, the date refers 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							
2013 23 Dec.	133,585	117	133,585	0.25	-	-	-	7
30	168,662	181	168,662	0.25	-	-	-	9
2014 8 Jan.	112,458	92	112,458	0.25	-	-	-	7
15	94,737	87	94,737	0.25	-	-	-	7
22	116,281	212	116,281	0.25	-	-	-	7
29	115,635	168	115,635	0.25	-	-	-	7
5 Feb.	95,146	116	95,146	0.25	-	-	-	7
12	93,282	111	93,282	0.25	-	-	-	7
19	92,868	107	92,868	0.25	-	-	-	7
26	94,036	112	94,036	0.25	-	-	-	7
5 Mar.	87,047	96	87,047	0.25	-	-	-	7
12	92,565	99	92,565	0.25	-	-	-	7
19	96,906	103	96,906	0.25	-	-	-	7
26	121,305	121	121,305	0.25	-	-	-	7
2 Apr.	110,643	113	110,643	0.25	-	-	-	7
	Longer-term refinancing operations [5)]							
2013 9 Oct.	3,447	21	3,447	0.50	-	-	-	35
31	1,930	43	1,930	0.29	-	-	-	91
13 Nov.	3,194	21	3,194	0.25	-	-	-	28
28	5,926	47	5,926	0.25	-	-	-	91
11 Dec.	10,143	31	10,143	0.25	-	-	-	35
19	20,914	76	20,914	0.25	-	-	-	98
2014 15 Jan.	7,092	28	7,092	0.25	-	-	-	28
30 [6)]	4,955	69	4,955	.	-	-	-	92
12 Feb.	6,480	30	6,480	0.25	-	-	-	28
27 [6)]	6,297	63	6,297	.	-	-	-	91
12 Mar.	7,522	30	7,522	0.25	-	-	-	28
27 [6)]	11,617	83	11,617	.	-	-	-	91

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
2013 23 Dec.	Collection of fixed-term deposits	139,920	103	139,920	-	-	0.25	0.25	0.24	7
30	Collection of fixed-term deposits	104,842	89	104,842	-	-	0.25	0.25	0.24	9
2014 8 Jan.	Collection of fixed-term deposits	185,795	132	179,000	-	-	0.25	0.25	0.17	7
15	Collection of fixed-term deposits	180,027	137	179,000	-	-	0.25	0.25	0.21	7
22	Collection of fixed-term deposits	152,067	126	152,067	-	-	0.25	0.25	0.23	7
29	Collection of fixed-term deposits	151,206	130	151,206	-	-	0.25	0.25	0.24	7
5 Feb.	Collection of fixed-term deposits	211,022	158	175,500	-	-	0.25	0.25	0.23	7
12	Collection of fixed-term deposits	195,924	157	175,500	-	-	0.25	0.25	0.23	7
19	Collection of fixed-term deposits	216,070	164	175,500	-	-	0.25	0.24	0.23	7
26	Collection of fixed-term deposits	195,520	159	175,500	-	-	0.25	0.24	0.23	7
5 Mar.	Collection of fixed-term deposits	219,131	165	175,500	-	-	0.25	0.23	0.22	7
12	Collection of fixed-term deposits	219,077	159	175,500	-	-	0.25	0.23	0.21	7
19	Collection of fixed-term deposits	223,227	160	175,500	-	-	0.25	0.22	0.21	7
26	Collection of fixed-term deposits	180,901	138	175,500	-	-	0.25	0.25	0.22	7
2 Apr.	Collection of fixed-term deposits	199,721	152	175,500	-	-	0.25	0.23	0.21	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
2010	18,948.1	9,962.6	644.3	2,683.3	1,335.4	4,322.5
2011	18,970.0	9,790.9	687.7	2,781.2	1,303.5	4,406.8
2012	18,564.7	9,971.7	637.5	2,583.9	1,163.1	4,208.4
2013	17,847.1	9,811.6	518.8	2,447.1	1,152.6	3,917.1
2013 Sep.	18,133.7	9,806.2	572.8	2,483.8	1,301.4	3,969.5
Oct. [2]	18,148.7	9,823.0	562.9	2,481.1	1,323.0	3,958.8
Nov. [2]	18,160.4	9,856.1	552.0	2,479.2	1,305.5	3,967.6
Dec. [2]	17,847.1	9,811.6	518.8	2,447.1	1,152.6	3,917.1
2014 Jan.	18,011.8	9,835.4	569.0	2,436.5	1,233.4	3,937.5

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
2010	211.8	212.5	0.7	0.5	1.00
2011	207.7	212.2	4.5	0.0	1.25
2012	106.4	509.9	403.5	0.0	0.75
2013	103.3	220.2	116.9	0.0	0.25
2013 12 Nov.	103.8	244.9	141.1	0.0	0.50
10 Dec.	103.3	220.2	116.9	0.0	0.25
2014 14 Jan. [3]	103.4	248.1	144.8	0.0	0.25
11 Feb.	103.6	216.0	112.4	0.0	0.25
11 Mar.	102.8	201.1	98.3	0.0	0.25
8 Apr.	103.6	.	.	.	.

3. Liquidity

Maintenance period ending on:	Liquidity-providing factors					Liquidity-absorbing factors					Credit institutions' current accounts	Base money
		Monetary policy operations of the Eurosystem										
	Eurosystem's net assets in gold and foreign currency	Main refinancing operations	Longer-term refinancing operations	Marginal lending facility	Other liquidity-providing operations [4]	Deposit facility	Other liquidity-absorbing operations [5]	Banknotes in circulation	Central government deposits with the Eurosystem	Other factors (net)		
	1	2	3	4	5	6	7	8	9	10	11	12
2010	511.1	179.5	336.3	1.9	130.4	44.7	70.8	815.9	94.4	-79.1	212.5	1,073.1
2011	622.1	238.0	389.0	4.4	260.3	253.7	200.5	869.4	63.8	-85.9	212.2	1,335.3
2012	708.0	74.0	1,044.1	1.6	277.3	231.8	208.5	889.3	121.1	144.5	509.9	1,631.0
2013	550.8	91.6	625.3	0.1	241.5	48.3	177.4	925.9	80.2	57.2	220.2	1,194.4
2013 8 Oct.	538.2	96.2	674.6	0.2	248.2	58.9	189.8	918.3	80.1	41.9	268.4	1,245.6
12 Nov.	550.9	90.8	652.4	0.1	244.6	52.1	187.2	920.4	70.9	63.4	244.9	1,217.4
10 Dec.	550.8	91.6	625.3	0.1	241.5	48.3	177.4	925.9	80.2	57.2	220.2	1,194.4
2014 14 Jan.	532.7	129.3	592.1	0.3	236.8	60.1	149.3	947.9	61.2	24.7	248.1	1,256.0
11 Feb.	510.3	105.4	576.4	0.3	232.5	42.1	164.4	931.8	83.4	-12.9	216.0	1,190.0
11 Mar.	510.4	91.8	570.4	0.3	229.5	29.5	175.5	932.1	81.8	-17.6	201.1	1,162.8

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 the reserve bases of credit institutions in Latvia. On a transitional basis, credit institutions located in the euro area may decide to deduct from their own reserve bases any liabilities vis-à-vis credit institutions located in Latvia. Starting from the reserve base as at end-January 2014, the standard treatment applies (see Decision ECB/2013/41 of the ECB of 22 October 2013 on transitional provisions for the application of minimum reserves by the ECB following the introduction of the euro in Latvia).
3) Owing to the adoption of the euro by Latvia on 1 January 2014, the reserve requirement is an average - weighted by the number of calendar days - of the reserve requirements for the then 17 countries of the euro area for the period 11-31 December 2013 and the reserve requirements for the 18 countries now in the euro area for the period 1-14 January 2014.
4) Includes liquidity provided under the Eurosystem's covered bond purchase programmes and the Eurosystem's Securities Markets Programme.
5) 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
		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													
2012	5,288.1	3,351.2	16.9	1.0	3,333.3	723.1	568.4	10.5	144.2	-	23.4	799.9	8.3	382.3
2013	4,073.0	2,283.2	15.0	1.2	2,267.1	715.3	567.6	24.9	122.8	-	25.0	632.4	8.3	408.6
2013 Q3	4,303.2	2,455.0	15.1	1.2	2,438.7	727.9	576.7	26.5	124.7	-	24.6	690.7	8.3	396.8
Q4	4,073.0	2,283.2	15.0	1.2	2,267.1	715.3	567.6	24.9	122.8	-	25.0	632.4	8.3	408.6
2013 Nov.	4,147.9	2,338.7	15.1	1.2	2,322.4	723.2	573.8	25.8	123.5	-	25.0	649.9	8.4	402.7
Dec.	4,073.0	2,283.2	15.0	1.2	2,267.1	715.3	567.6	24.9	122.8	-	25.0	632.4	8.3	408.6
2014 Jan.	4,022.3	2,197.1	15.0	1.2	2,181.0	718.1	568.6	26.6	122.9	-	25.6	663.1	8.3	410.1
Feb. (p)	3,986.3	2,156.6	15.0	1.2	2,140.5	712.4	567.5	25.2	119.7	-	26.5	671.5	8.3	410.9
	MFIs excluding the Eurosystem													
2012	32,694.6	17,988.2	1,153.4	11,039.5	5,795.4	4,901.6	1,627.0	1,423.3	1,851.3	66.8	1,227.8	4,045.7	214.7	4,249.9
2013	30,443.8	16,982.7	1,082.3	10,650.0	5,250.5	4,672.2	1,694.3	1,335.2	1,642.7	58.1	1,232.8	3,856.1	210.8	3,431.1
2013 Q3	31,385.4	17,299.4	1,090.4	10,778.3	5,430.6	4,842.5	1,744.7	1,394.0	1,703.8	58.9	1,232.8	3,896.9	210.4	3,844.5
Q4	30,443.8	16,982.7	1,082.3	10,650.0	5,250.5	4,672.2	1,694.3	1,335.2	1,642.7	58.1	1,232.8	3,856.1	210.8	3,431.1
2013 Nov.	31,335.8	17,173.1	1,084.4	10,722.9	5,365.8	4,815.4	1,762.0	1,371.7	1,681.7	56.8	1,239.1	3,966.7	209.7	3,875.0
Dec.	30,443.8	16,982.7	1,082.3	10,650.0	5,250.5	4,672.2	1,694.3	1,335.2	1,642.7	58.1	1,232.8	3,856.1	210.8	3,431.1
2014 Jan.	30,889.9	17,060.6	1,103.6	10,645.2	5,311.9	4,759.6	1,751.5	1,341.4	1,666.8	60.4	1,240.4	4,017.1	209.4	3,542.4
Feb. (p)	30,749.0	16,975.5	1,095.0	10,639.7	5,240.8	4,753.6	1,768.3	1,319.2	1,666.1	53.2	1,237.6	4,004.1	208.6	3,516.4

2. Liabilities

	Total	Currency in circulation	Deposits of euro area residents				Money market fund shares/ units [3]	Debt securities issued [4]	Capital and reserves	External liabilities	Remaining liabilities
			Total	Central government	Other general government/ other euro area residents	MFIs					
	1	2	3	4	5	6	7	8	9	10	11
	Eurosystem										
2012	5,288.1	938.2	3,062.2	81.4	64.5	2,916.4	-	0.0	536.6	298.7	452.5
2013	4,073.0	982.4	2,004.3	62.3	40.1	1,901.9	-	0.0	406.2	202.2	477.8
2013 Q3	4,303.2	944.6	2,225.0	82.0	49.2	2,093.8	-	0.0	444.8	225.4	463.5
Q4	4,073.0	982.4	2,004.3	62.3	40.1	1,901.9	-	0.0	406.2	202.2	477.8
2013 Nov.	4,147.9	953.5	2,093.0	88.2	58.9	1,945.9	-	0.0	426.9	203.6	470.9
Dec.	4,073.0	982.4	2,004.3	62.3	40.1	1,901.9	-	0.0	406.2	202.2	477.8
2014 Jan.	4,022.3	958.6	1,953.4	87.5	41.2	1,824.7	-	0.0	432.3	194.0	484.1
Feb. (p)	3,986.3	960.0	1,921.4	94.9	42.7	1,783.7	-	0.0	443.1	177.5	484.3
	MFIs excluding the Eurosystem										
2012	32,694.6	-	17,195.3	169.6	10,866.2	6,159.5	534.7	4,848.9	2,343.9	3,494.5	4,277.2
2013	30,443.8	-	16,647.5	152.2	10,934.2	5,561.1	462.9	4,352.7	2,398.3	3,106.2	3,476.2
2013 Q3	31,385.4	-	16,851.0	190.9	10,928.7	5,731.4	476.8	4,471.5	2,392.7	3,275.1	3,918.4
Q4	30,443.8	-	16,647.5	152.2	10,934.2	5,561.1	462.9	4,352.7	2,398.3	3,106.2	3,476.2
2013 Nov.	31,335.8	-	16,803.0	175.4	10,940.0	5,687.6	474.8	4,436.6	2,399.1	3,270.4	3,951.9
Dec.	30,443.8	-	16,647.5	152.2	10,934.2	5,561.1	462.9	4,352.7	2,398.3	3,106.2	3,476.2
2014 Jan.	30,889.9	-	16,704.7	149.0	10,922.7	5,633.0	489.3	4,373.6	2,423.8	3,273.4	3,625.1
Feb. (p)	30,749.0	-	16,689.6	178.5	10,934.5	5,576.6	480.9	4,346.3	2,431.9	3,243.7	3,556.6

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) 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.

2.2 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										
2012	26,246.1	12,210.7	1,170.3	11,040.4	3,629.2	2,195.4	1,433.8	767.0	4,845.6	222.9	4,570.8
2013	24,648.9	11,748.4	1,097.3	10,651.1	3,622.0	2,261.9	1,360.1	792.4	4,488.5	219.1	3,778.5
2013 Q3	25,416.7	11,885.0	1,105.5	10,779.5	3,741.9	2,321.4	1,420.5	792.7	4,587.6	218.7	4,190.7
Q4	24,648.9	11,748.4	1,097.3	10,651.1	3,622.0	2,261.9	1,360.1	792.4	4,488.5	219.1	3,778.5
2013 Nov.	25,414.4	11,823.5	1,099.5	10,724.1	3,733.4	2,335.8	1,397.6	795.2	4,616.6	218.1	4,227.6
Dec.	24,648.9	11,748.4	1,097.3	10,651.1	3,622.0	2,261.9	1,360.1	792.4	4,488.5	219.1	3,778.5
2014 Jan.	25,048.4	11,764.9	1,118.5	10,646.4	3,688.0	2,320.0	1,368.0	795.4	4,680.2	217.7	3,902.1
Feb. [p]	24,993.8	11,750.9	1,110.0	10,640.9	3,680.2	2,335.8	1,344.3	792.8	4,675.6	216.9	3,877.5
	Transactions										
2012	87.5	-38.0	-4.7	-33.4	113.1	183.6	-70.5	38.5	-151.1	-14.0	139.0
2013	-1,615.3	-274.0	-73.8	-200.3	-27.2	46.2	-73.4	14.1	-79.5	-2.0	-1,246.7
2013 Q3	-428.2	-95.5	-12.5	-83.0	-70.1	-58.6	-11.6	-8.5	-75.3	1.1	-179.9
Q4	-670.5	-98.0	-8.1	-89.8	-137.0	-75.1	-61.8	-5.1	-14.1	0.7	-417.0
2013 Nov.	-30.4	-18.2	-18.6	0.4	-10.9	-7.8	-3.0	1.3	5.6	0.7	-8.8
Dec.	-704.2	-57.4	-1.9	-55.5	-110.9	-73.1	-37.9	-0.8	-85.0	1.2	-451.3
2014 Jan.	289.4	-4.4	19.8	-24.1	44.2	43.2	1.0	6.9	127.3	-1.5	116.9
Feb. [p]	-19.8	-2.9	-8.6	5.7	0.2	10.6	-10.3	-5.3	20.1	-0.8	-31.1

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									
2012	26,246.1	876.8	251.0	10,930.7	467.9	2,853.4	2,396.4	3,793.2	4,729.7	-52.9
2013	24,648.9	921.2	214.5	10,974.4	404.8	2,587.1	2,339.1	3,308.4	3,954.0	-54.6
2013 Q3	25,416.7	894.0	272.9	10,977.9	417.9	2,643.0	2,372.8	3,500.5	4,381.9	-44.2
Q4	24,648.9	921.2	214.5	10,974.4	404.8	2,587.1	2,339.1	3,308.4	3,954.0	-54.6
2013 Nov.	25,414.4	903.4	263.6	10,999.0	417.9	2,631.4	2,357.1	3,474.0	4,422.9	-54.7
Dec.	24,648.9	921.2	214.5	10,974.4	404.8	2,587.1	2,339.1	3,308.4	3,954.0	-54.6
2014 Jan.	25,048.4	908.3	236.5	10,963.9	428.9	2,583.8	2,385.6	3,467.4	4,109.2	-35.1
Feb. [p]	24,993.8	910.2	273.4	10,977.2	427.7	2,560.5	2,403.7	3,421.1	4,040.9	-21.0
	Transactions									
2012	87.5	19.5	-5.1	184.1	-18.2	-124.8	155.9	-251.7	151.1	-23.3
2013	-1,615.3	44.4	-37.3	161.0	-46.6	-198.8	77.0	-441.9	-1,187.5	14.2
2013 Q3	-428.2	8.1	-70.6	-60.1	-18.1	-40.8	7.2	-131.6	-151.2	28.7
Q4	-670.5	27.2	-59.2	22.3	-12.7	-25.6	-3.7	-179.4	-426.3	-13.2
2013 Nov.	-30.4	5.4	18.4	28.1	-1.1	-6.3	-1.9	-46.0	-11.3	-15.7
Dec.	-704.2	17.8	-49.6	-19.6	-12.8	-22.1	6.6	-164.6	-464.1	4.1
2014 Jan.	289.4	-13.5	20.7	-31.2	24.1	-13.6	17.1	117.3	148.2	20.3
Feb. [p]	-19.8	1.9	36.9	29.6	-1.2	-14.5	5.3	-17.0	-77.3	16.3

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]

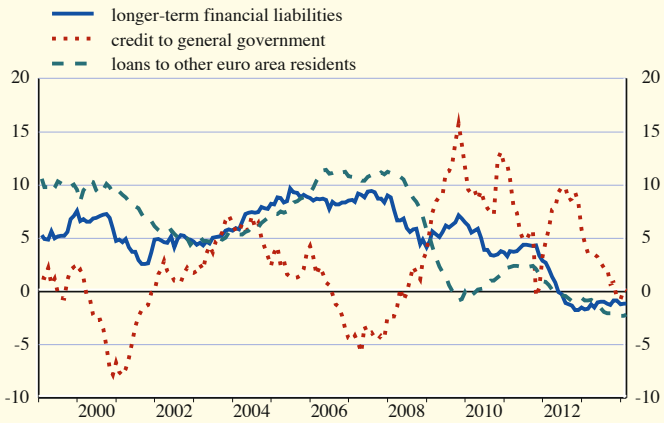
(EUR billions and annual growth rates; seasonally adjusted; outstanding amounts and growth rates at end of period; transactions during period)

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											
2012	5,107.1	3,882.3	8,989.4	790.1	9,779.5	-	7,568.9	3,406.0	13,056.3	10,855.1	-	1,035.6
2013	5,390.1	3,812.4	9,202.5	625.2	9,827.7	-	7,302.3	3,402.1	12,694.9	10,541.3	-	1,162.6
2013 Q3	5,344.7	3,852.4	9,197.1	664.6	9,861.6	-	7,367.4	3,437.4	12,864.3	10,628.0	-	1,079.7
Q4	5,390.1	3,812.4	9,202.5	625.2	9,827.7	-	7,302.3	3,402.1	12,694.9	10,541.3	-	1,162.6
2013 Nov.	5,424.4	3,816.3	9,240.7	658.1	9,898.8	-	7,359.8	3,429.2	12,765.1	10,575.2	-	1,140.4
Dec.	5,390.1	3,812.4	9,202.5	625.2	9,827.7	-	7,302.3	3,402.1	12,694.9	10,541.3	-	1,162.6
2014 Jan.	5,447.0	3,793.5	9,240.5	649.5	9,890.0	-	7,346.0	3,450.0	12,711.0	10,550.2	-	1,204.7
Feb. (p)	5,493.2	3,780.1	9,273.3	644.5	9,917.8	-	7,332.3	3,450.5	12,679.5	10,544.8	-	1,250.3
	Transactions											
2012	307.4	78.1	385.5	-55.4	330.0	-	-116.4	184.9	-102.6	-70.8	-16.8	99.3
2013	291.2	-66.8	224.4	-123.8	100.6	-	-91.4	-25.2	-306.4	-247.8	-219.8	361.6
2013 Q3	87.8	-20.5	67.4	-28.5	38.9	-	-35.0	-21.1	-69.3	-69.1	-62.1	62.4
Q4	48.8	-39.3	9.5	-20.1	-10.6	-	-19.6	-50.7	-153.2	-64.2	-58.4	155.1
2013 Nov.	26.3	-5.4	20.8	-3.4	17.5	-	-16.5	-38.3	-60.6	-28.7	-25.9	47.6
Dec.	-32.2	-3.1	-35.3	-15.1	-50.4	-	-25.9	-25.9	-56.3	-21.8	-18.6	64.4
2014 Jan.	45.2	-23.1	22.1	24.1	46.2	-	-1.4	31.3	-6.4	-10.4	-10.3	19.4
Feb. (p)	49.1	-11.8	37.3	-4.2	33.1	-	-6.6	-4.7	-9.7	5.8	7.5	41.1
	Growth rates											
2012	6.4	2.1	4.5	-6.5	3.5	3.5	-1.5	5.9	-0.8	-0.6	-0.2	99.3
2013	5.7	-1.7	2.5	-16.2	1.0	1.2	-1.2	-0.7	-2.4	-2.3	-2.0	361.6
2013 Q3	6.6	0.1	3.8	-17.6	2.0	1.9	-1.3	0.7	-1.2	-2.0	-1.5	315.0
Q4	5.7	-1.7	2.5	-16.2	1.0	1.2	-1.2	-0.7	-2.4	-2.3	-2.0	361.6
2013 Nov.	6.5	-1.5	3.0	-16.3	1.5	1.3	-0.9	-0.6	-1.6	-2.3	-1.8	315.9
Dec.	5.7	-1.7	2.5	-16.2	1.0	1.2	-1.2	-0.7	-2.4	-2.3	-2.0	361.6
2014 Jan.	6.1	-2.6	2.4	-12.9	1.2	1.2	-1.1	0.2	-2.3	-2.3	-2.0	340.0
Feb. (p)	6.2	-2.7	2.4	-11.5	1.3	.	-1.2	0.0	-2.3	-2.2	-2.0	388.5

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.
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]

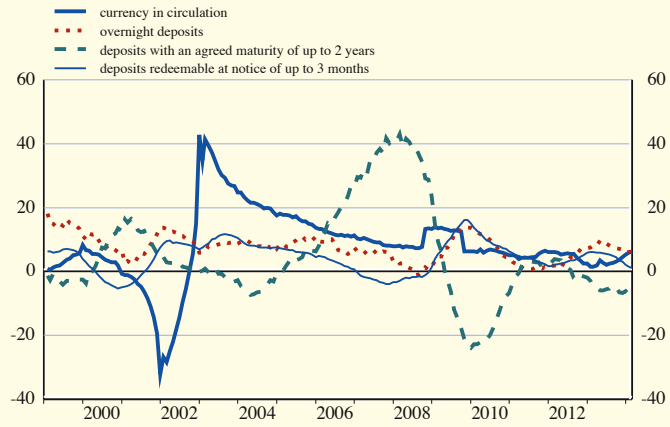
(EUR billions and annual growth rates; seasonally adjusted; outstanding amounts and growth rates at end of period; transactions during period)

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										
2012	863.9	4,243.1	1,801.8	2,080.6	123.7	483.3	183.2	2,685.0	106.1	2,395.2	2,382.6
2013	909.5	4,480.5	1,690.8	2,121.6	118.8	417.9	88.5	2,510.8	91.7	2,372.8	2,327.1
2013 Q3	893.7	4,451.0	1,719.5	2,132.9	110.1	421.7	132.7	2,506.4	93.6	2,393.5	2,373.9
Q4	909.5	4,480.5	1,690.8	2,121.6	118.8	417.9	88.5	2,510.8	91.7	2,372.8	2,327.1
2013 Nov.	902.9	4,521.5	1,683.7	2,132.6	118.8	417.5	121.8	2,515.6	92.1	2,395.0	2,357.1
Dec.	909.5	4,480.5	1,690.8	2,121.6	118.8	417.9	88.5	2,510.8	91.7	2,372.8	2,327.1
2014 Jan.	913.7	4,533.2	1,674.1	2,119.4	124.7	433.8	91.0	2,499.9	90.9	2,374.9	2,380.3
Feb. [p]	919.1	4,574.1	1,663.3	2,116.8	130.2	427.0	87.3	2,473.2	91.3	2,363.3	2,404.5
	Transactions										
2012	20.2	287.2	-36.5	114.6	-17.0	-20.0	-18.4	-105.8	-10.2	-156.1	155.6
2013	45.6	245.6	-110.0	43.2	-11.9	-48.6	-63.3	-137.1	-14.3	-18.4	78.5
2013 Q3	12.9	74.9	-32.1	11.6	-15.1	-16.8	3.4	-44.9	-3.0	-6.3	19.3
Q4	15.8	32.9	-28.7	-10.6	9.6	-3.4	-26.3	17.3	-1.8	-18.2	-16.9
2013 Nov.	4.9	21.4	-9.8	4.4	1.9	-5.7	0.4	-2.0	-0.6	-6.0	-7.8
Dec.	6.6	-38.8	7.8	-11.0	0.1	0.8	-16.0	0.7	-0.4	-20.8	-5.5
2014 Jan.	3.6	41.6	-20.4	-2.7	5.6	15.9	2.5	-21.3	-0.8	-3.2	23.9
Feb. [p]	5.4	43.8	-9.3	-2.5	5.7	-6.7	-3.1	-18.5	0.5	0.0	11.4
	Growth rates										
2012	2.4	7.2	-2.0	5.8	-11.8	-3.9	-9.6	-3.8	-8.8	-6.1	6.9
2013	5.3	5.8	-6.1	2.1	-9.5	-10.4	-37.4	-5.1	-13.5	-0.8	3.3
2013 Q3	3.1	7.3	-4.9	4.5	-18.1	-11.9	-30.9	-6.4	-14.9	-1.5	5.5
Q4	5.3	5.8	-6.1	2.1	-9.5	-10.4	-37.4	-5.1	-13.5	-0.8	3.3
2013 Nov.	4.5	6.9	-6.8	3.1	-9.4	-12.6	-30.8	-5.5	-14.4	-0.6	4.8
Dec.	5.3	5.8	-6.1	2.1	-9.5	-10.4	-37.4	-5.1	-13.5	-0.8	3.3
2014 Jan.	5.8	6.2	-7.3	1.5	-9.1	-6.4	-34.5	-5.3	-12.5	-0.8	3.8
Feb. [p]	6.2	6.2	-7.0	1.0	-2.4	-8.0	-31.1	-5.7	-10.7	-0.5	3.7

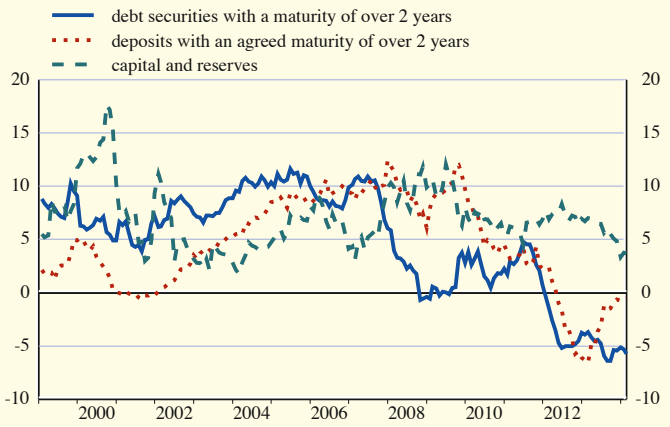
C3 Components of monetary aggregates [1]

(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.

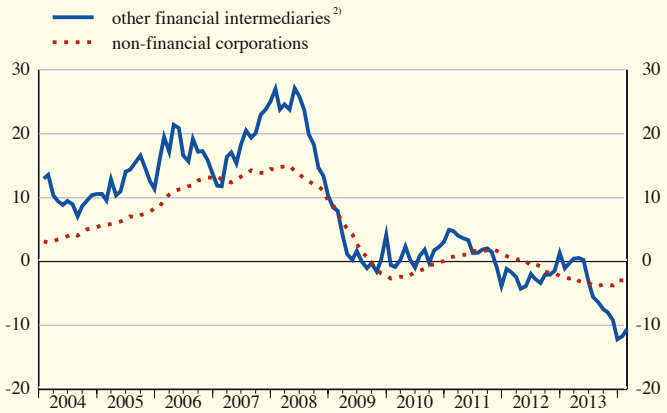
2.3 Monetary statistics [1]

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

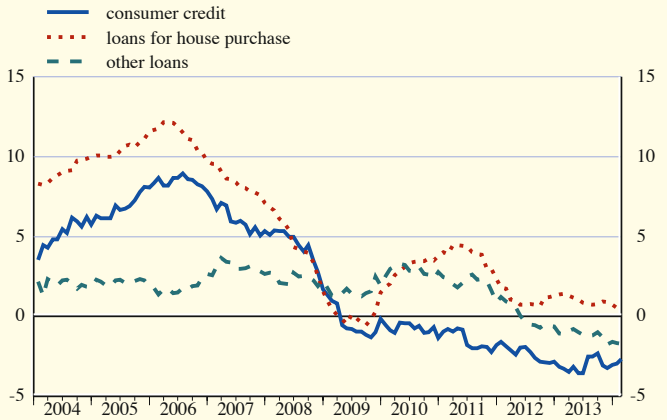
3. Loans as counterpart to M3

	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											
2012	89.0	977.0	4,546.5	-	1,129.8	795.7	2,621.1	5,242.5	-	601.8	3,824.6	816.1
2013	98.3	866.1	4,356.2	-	1,068.0	740.5	2,547.7	5,220.6	-	573.2	3,851.6	795.9
2013 Q3	95.4	902.7	4,394.0	-	1,081.7	762.5	2,549.8	5,235.9	-	582.2	3,845.5	808.2
Q4	98.3	866.1	4,356.2	-	1,068.0	740.5	2,547.7	5,220.6	-	573.2	3,851.6	795.9
2013 Nov.	100.1	882.9	4,363.7	-	1,062.5	758.8	2,542.3	5,228.5	-	572.6	3,855.6	800.3
Dec.	98.3	866.1	4,356.2	-	1,068.0	740.5	2,547.7	5,220.6	-	573.2	3,851.6	795.9
2014 Jan.	99.9	849.9	4,373.9	-	1,061.4	743.1	2,569.4	5,226.5	-	572.4	3,858.3	795.9
Feb. [p]	102.7	862.2	4,348.8	-	1,048.4	741.8	2,558.6	5,231.3	-	571.7	3,865.5	794.1
	Transactions											
2012	-2.0	12.9	-107.3	-61.8	6.5	-51.4	-62.4	25.6	34.3	-17.7	48.5	-5.1
2013	9.6	-120.0	-133.5	-128.2	-44.5	-45.0	-44.0	-4.0	15.6	-18.2	27.2	-13.0
2013 Q3	1.4	-40.3	-32.9	-35.2	-14.5	-8.3	-10.1	2.8	11.0	-0.6	3.5	-0.1
Q4	3.0	-33.9	-25.9	-27.6	-8.9	-17.8	0.7	-7.4	-0.4	-6.4	7.0	-8.1
2013 Nov.	2.9	-15.0	-13.2	-14.1	-8.4	-1.3	-3.5	-3.4	0.0	-2.0	2.5	-3.9
Dec.	-1.7	-15.0	-0.2	0.9	7.4	-16.3	8.7	-4.9	-3.0	1.5	-3.4	-3.0
2014 Jan.	1.5	-1.8	-9.3	-9.2	-9.0	-0.7	0.4	-0.8	-0.9	-0.5	1.3	-1.5
Feb. [p]	2.8	10.0	-12.6	-12.7	-8.2	1.4	-5.9	5.6	7.4	-0.7	7.2	-0.8
	Growth rates											
2012	-2.2	1.3	-2.3	-1.3	0.6	-6.0	-2.3	0.5	0.7	-2.9	1.3	-0.6
2013	10.8	-12.2	-3.0	-2.8	-4.0	-5.7	-1.7	-0.1	0.3	-3.0	0.7	-1.6
2013 Q3	9.9	-7.5	-3.6	-2.8	-3.1	-5.6	-3.2	0.1	0.4	-2.3	0.8	-1.0
Q4	10.8	-12.2	-3.0	-2.8	-4.0	-5.7	-1.7	-0.1	0.3	-3.0	0.7	-1.6
2013 Nov.	14.0	-9.2	-3.8	-3.1	-4.6	-5.0	-3.1	0.0	0.3	-3.2	0.9	-1.7
Dec.	10.8	-12.2	-3.0	-2.8	-4.0	-5.7	-1.7	-0.1	0.3	-3.0	0.7	-1.6
2014 Jan.	7.6	-11.7	-2.9	-2.8	-4.4	-5.4	-1.6	-0.2	0.2	-3.0	0.5	-1.7
Feb. [p]	11.2	-10.6	-3.0	-3.1	-5.6	-4.7	-1.3	-0.1	0.4	-2.7	0.6	-1.7

C5 Loans to other financial intermediaries and non-financial corporations [1] (annual growth rates; seasonally adjusted)



C6 Loans to households [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 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	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												
2013	90.0	72.6	4.1	13.3	984.9	122.4	438.8	223.7	322.4	4,345.0	1,059.8	739.3	2,545.9
2013 Q3	98.5	82.1	3.5	12.9	1,048.6	137.7	504.3	215.2	329.1	4,393.5	1,079.0	764.0	2,550.6
Q4	90.0	72.6	4.1	13.3	984.9	122.4	438.8	223.7	322.4	4,345.0	1,059.8	739.3	2,545.9
2013 Dec.	90.0	72.6	4.1	13.3	984.9	122.4	438.8	223.7	322.4	4,345.0	1,059.8	739.3	2,545.9
2014 Jan.	97.2	79.6	4.0	13.5	952.3	106.2	415.3	222.6	314.4	4,371.1	1,063.5	739.6	2,568.0
Feb. (p)	100.5	83.2	3.9	13.4	970.0	113.8	430.1	220.8	319.0	4,347.9	1,050.6	739.6	2,557.7
	Transactions												
2013	8.8	8.8	-0.3	0.3	-70.7	49.2	-50.4	3.9	-24.2	-134.0	-44.3	-45.0	-44.7
2013 Q3	3.7	3.2	-0.3	0.7	-43.7	-8.0	-32.0	2.4	-14.0	-41.8	-27.5	-7.5	-6.8
Q4	-8.4	-9.4	0.6	0.4	-45.0	0.7	-48.7	9.3	-5.5	-36.6	-14.4	-20.4	-1.8
2013 Dec.	-10.9	-10.8	0.3	-0.4	-23.6	-5.3	-26.3	7.2	-4.5	-18.7	-0.7	-17.9	-0.2
2014 Jan.	7.2	7.0	-0.1	0.2	-18.2	-16.2	-21.6	-1.7	5.2	-1.0	1.3	-3.1	0.8
Feb. (p)	3.3	3.5	-0.1	-0.1	15.5	7.6	16.5	-2.5	1.4	-10.7	-8.1	2.8	-5.4
	Growth rates												
2013	10.7	13.7	-7.0	2.2	-6.3	28.0	-9.6	1.9	-6.9	-3.0	-4.0	-5.7	-1.7
2013 Q3	10.0	14.5	-37.6	5.5	-4.1	12.4	-4.1	-0.8	-5.9	-3.6	-3.1	-5.6	-3.2
Q4	10.7	13.7	-7.0	2.2	-6.3	28.0	-9.6	1.9	-6.9	-3.0	-4.0	-5.7	-1.7
2013 Dec.	10.7	13.7	-7.0	2.2	-6.3	28.0	-9.6	1.9	-6.9	-3.0	-4.0	-5.7	-1.7
2014 Jan.	7.6	9.1	-5.9	3.9	-9.5	-2.7	-16.8	3.7	-6.8	-3.0	-4.4	-5.4	-1.6
Feb. (p)	11.2	13.4	-4.7	3.6	-8.8	-1.2	-14.0	1.8	-7.6	-3.0	-5.6	-4.7	-1.3

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	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													
2013	5,230.0	575.6	128.6	169.3	277.7	3,857.8	12.7	55.4	3,789.7	796.6	408.7	136.5	76.5	583.6
2013 Q3	5,237.7	583.0	130.4	170.4	282.2	3,847.1	12.6	55.8	3,778.7	807.6	413.5	138.4	77.6	591.6
Q4	5,230.0	575.6	128.6	169.3	277.7	3,857.8	12.7	55.4	3,789.7	796.6	408.7	136.5	76.5	583.6
2013 Dec.	5,230.0	575.6	128.6	169.3	277.7	3,857.8	12.7	55.4	3,789.7	796.6	408.7	136.5	76.5	583.6
2014 Jan.	5,224.6	571.2	126.6	167.4	277.3	3,858.2	12.9	55.3	3,790.0	795.2	408.3	135.4	75.8	583.9
Feb. (p)	5,221.3	567.8	124.7	166.5	276.6	3,860.6	12.8	55.1	3,792.8	792.9	407.8	133.8	76.3	582.8
	Transactions													
2013	-4.4	-18.2	-4.0	-6.9	-7.3	26.9	-1.4	-1.5	29.8	-13.1	-10.6	-3.5	-3.5	-6.1
2013 Q3	-1.2	-2.1	0.0	-1.0	-1.1	6.7	-1.1	0.1	7.7	-5.8	-1.5	-6.0	-0.7	0.9
Q4	0.1	-4.8	-0.5	-1.5	-2.9	11.6	0.1	-0.4	11.9	-6.7	-3.0	-0.4	-0.9	-5.3
2013 Dec.	-2.3	3.5	3.4	1.0	-0.9	1.5	0.0	-0.5	2.0	-7.3	-0.4	-3.7	-0.5	-3.1
2014 Jan.	-12.1	-4.1	-2.2	-0.9	-1.1	-5.1	0.0	-0.3	-4.8	-2.9	-1.7	-1.1	-0.8	-1.0
Feb. (p)	-2.5	-3.5	-1.9	-0.9	-0.8	2.4	-0.1	-0.4	2.9	-1.3	0.0	-1.6	0.6	-0.3
	Growth rates													
2013	-0.1	-3.0	-2.9	-4.0	-2.5	0.7	-9.9	-2.6	0.8	-1.6	-2.5	-2.5	-4.4	-1.0
2013 Q3	0.1	-2.3	-0.8	-3.9	-2.1	0.8	-10.1	-2.4	0.9	-1.0	-1.2	-1.1	-5.6	-0.4
Q4	-0.1	-3.0	-2.9	-4.0	-2.5	0.7	-9.9	-2.6	0.8	-1.6	-2.5	-2.5	-4.4	-1.0
2013 Dec.	-0.1	-3.0	-2.9	-4.0	-2.5	0.7	-9.9	-2.6	0.8	-1.6	-2.5	-2.5	-4.4	-1.0
2014 Jan.	-0.2	-2.9	-3.4	-3.6	-2.3	0.5	-9.6	-2.9	0.6	-1.7	-2.5	-2.8	-4.2	-1.1
Feb. (p)	-0.1	-2.7	-3.7	-2.9	-2.1	0.6	-9.6	-3.0	0.7	-1.7	-2.3	-3.2	-2.8	-1.2

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)]

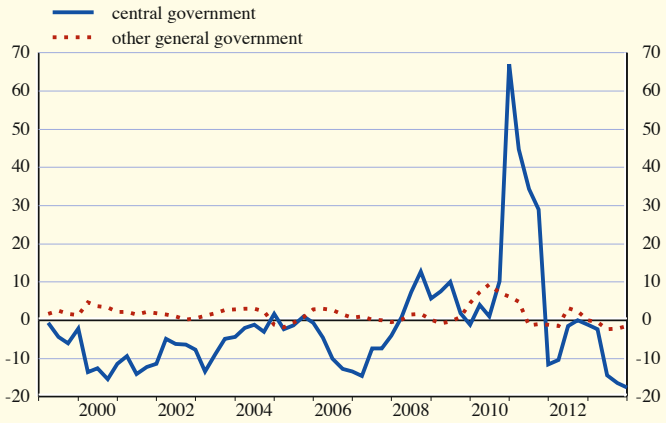
(EUR billions and annual growth rates; not seasonally adjusted; outstanding amounts and growth rates at end of period; transactions during period)

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									
2011	1,159.6	348.9	221.7	567.4	21.7	3,021.6	2,022.7	998.9	62.4	936.4
2012	1,153.4	341.8	221.6	565.9	24.1	2,868.2	1,906.7	961.5	60.7	900.7
2013 Q1	1,124.3	312.4	217.0	568.8	26.0	2,891.1	1,889.5	1,001.6	60.0	941.6
Q2	1,101.8	290.3	218.1	565.3	28.0	2,877.8	1,893.7	984.1	58.0	926.1
Q3	1,090.4	285.1	213.8	560.0	31.6	2,767.3	1,807.6	959.7	59.3	900.5
Q4 [(p)]	1,082.3	281.2	213.7	557.8	29.4	2,726.5	1,787.8	937.5	56.5	881.1
	Transactions									
2011	-54.9	-45.9	-0.3	14.6	-23.3	15.6	-26.2	41.6	12.9	28.7
2012	-3.6	-4.1	-4.9	2.9	2.4	-128.3	-100.8	-27.5	-1.0	-26.5
2013 Q1	-29.5	-29.5	-4.5	2.5	1.9	10.9	-26.8	37.7	-1.0	38.7
Q2	-22.1	-21.8	1.1	-3.5	2.0	18.6	25.2	-6.6	-1.3	-5.2
Q3	-12.4	-5.1	-4.5	-6.4	3.5	-91.4	-77.3	-14.0	2.4	-16.4
Q4 [(p)]	-8.1	-3.8	0.0	-2.3	-2.1	-10.6	2.3	-14.1	-2.2	-11.9
	Growth rates									
2011	-4.5	-11.6	-0.2	2.7	-51.6	0.6	-1.1	4.4	26.7	3.2
2012	-0.3	-1.2	-2.2	0.5	11.2	-4.2	-4.9	-2.8	-1.8	-2.8
2013 Q1	-1.1	-2.4	-3.5	0.2	8.3	-5.2	-7.1	-1.3	0.1	-1.4
Q2	-5.9	-14.4	-9.5	-0.1	11.6	-4.1	-5.7	-0.9	3.2	-1.1
Q3	-6.3	-16.3	-7.7	-1.0	20.1	-5.5	-6.9	-2.8	3.3	-3.2
Q4 [(p)]	-6.3	-17.6	-3.6	-1.7	21.9	-2.6	-4.1	0.3	-3.6	0.5

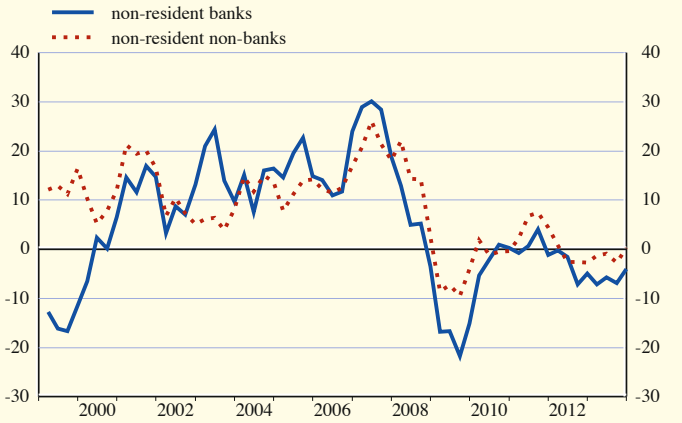
C7 Loans to government [2)]

(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.

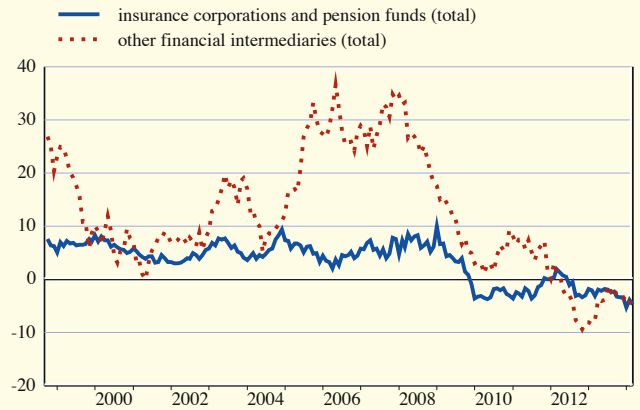
2.5 Deposits held with MFIs: breakdown [1), 2)]

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

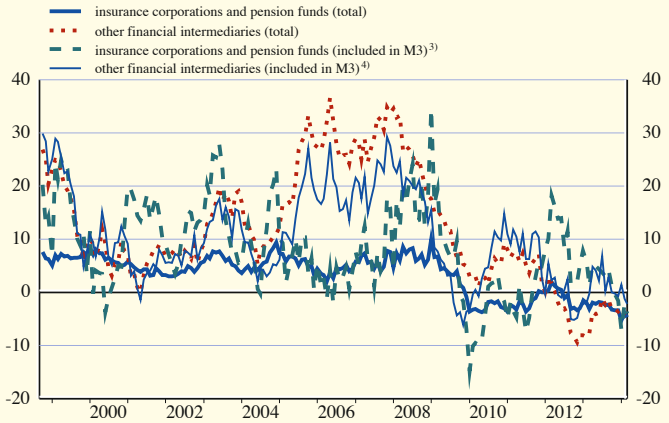
1. Deposits by financial intermediaries

	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														
2012	691.4	106.5	81.4	484.4	6.4	0.2	12.5	2,015.9	410.1	236.6	1,021.0	13.6	0.3	334.4	256.7
2013	653.5	96.1	76.5	462.8	7.0	0.1	11.0	1,855.4	424.0	221.5	943.0	16.4	0.5	249.9	178.0
2013 Q3	669.6	106.5	74.6	470.7	8.2	0.1	9.5	1,960.7	443.2	235.2	970.2	17.2	0.3	294.7	212.5
Q4	653.5	96.1	76.5	462.8	7.0	0.1	11.0	1,855.4	424.0	221.5	943.0	16.4	0.5	249.9	178.0
2013 Nov.	660.7	104.2	72.4	466.2	7.1	0.1	10.7	1,900.9	433.3	216.5	961.8	23.3	0.5	265.5	183.3
Dec.	653.5	96.1	76.5	462.8	7.0	0.1	11.0	1,855.4	424.0	221.5	943.0	16.4	0.5	249.9	178.0
2014 Jan.	677.3	118.8	77.3	461.4	8.1	0.1	11.5	1,858.0	437.1	219.0	940.4	19.8	0.5	241.2	160.5
Feb. (p)	666.3	111.2	76.9	458.9	8.1	0.1	11.0	1,853.1	438.4	216.8	923.1	17.6	0.5	256.6	172.6
	Transactions														
2012	-12.5	15.2	2.6	-27.6	2.0	0.0	-4.7	-177.2	23.4	-49.5	-166.0	-2.0	-0.3	17.2	13.3
2013	-36.0	-9.2	-5.3	-21.9	1.3	-0.1	-0.8	-56.3	14.8	-14.7	-76.2	3.0	0.3	16.6	30.6
2013 Q3	-9.1	2.4	-3.7	-9.2	0.9	-0.2	0.6	-80.1	-11.4	4.6	-24.5	0.2	0.1	-49.1	-40.5
Q4	-15.8	-10.3	1.9	-7.7	-1.1	0.0	1.5	-82.2	-17.5	-13.4	-25.4	-0.5	0.2	-25.7	-16.1
2013 Nov.	-8.1	-1.4	-4.8	-1.7	-0.8	0.0	0.7	-9.1	-3.3	-9.4	-3.2	6.2	0.1	0.4	1.6
Dec.	-7.1	-8.1	4.1	-3.4	-0.1	0.0	0.4	-42.4	-8.5	5.2	-17.4	-6.8	0.0	-15.0	-4.8
2014 Jan.	23.1	22.4	0.6	-1.4	1.1	0.0	0.4	-4.6	11.8	-3.4	-7.5	3.3	0.0	-8.8	-17.5
Feb. (p)	-10.8	-7.5	-0.4	-2.6	0.0	0.0	-0.4	8.5	2.3	-1.5	-5.6	-2.2	0.0	15.5	12.1
	Growth rates														
2012	-1.8	16.5	3.4	-5.4	50.8	-	-32.1	-8.1	6.0	-17.4	-14.0	-14.0	-	4.3	4.2
2013	-5.2	-8.8	-6.5	-4.5	18.7	-	-7.3	-3.0	3.6	-6.2	-7.5	21.8	-	2.1	9.9
2013 Q3	-3.2	5.6	-5.2	-5.0	31.7	-	-13.3	-3.1	2.5	-1.1	-6.3	27.1	-	-3.3	2.8
Q4	-5.2	-8.8	-6.5	-4.5	18.7	-	-7.3	-3.0	3.6	-6.2	-7.5	21.8	-	2.1	9.9
2013 Nov.	-3.4	1.9	-5.4	-4.2	17.2	-	-15.4	-3.6	3.0	-8.1	-6.7	74.2	-	-3.4	-1.1
Dec.	-5.2	-8.8	-6.5	-4.5	18.7	-	-7.3	-3.0	3.6	-6.2	-7.5	21.8	-	2.1	9.9
2014 Jan.	-3.9	-0.2	-7.2	-4.6	27.4	-	-4.4	-4.3	2.1	-8.6	-7.6	39.5	-	-4.0	-1.6
Feb. (p)	-4.6	-2.4	-7.1	-4.9	22.5	-	-12.8	-4.6	2.2	-7.9	-7.1	20.7	-	-5.5	-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)]

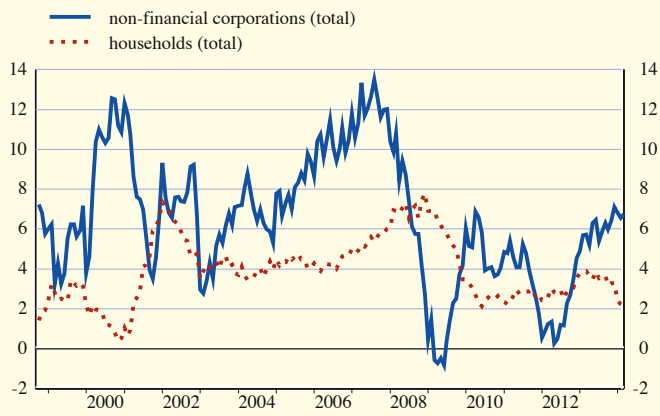
(EUR billions and annual growth rates; outstanding amounts and growth rates at end of period; transactions during period)

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													
2012	1,761.8	1,148.8	408.3	106.5	85.4	2.0	10.9	6,118.9	2,346.2	979.1	747.8	1,937.3	98.0	10.4
2013	1,873.4	1,236.4	404.3	122.9	91.7	1.8	16.5	6,263.4	2,521.6	877.4	806.7	1,969.3	83.9	4.5
2013 Q3	1,791.0	1,173.5	392.2	118.8	95.0	1.8	9.7	6,202.7	2,460.2	902.5	783.6	1,965.2	84.9	6.3
Q4	1,873.4	1,236.4	404.3	122.9	91.7	1.8	16.5	6,263.4	2,521.6	877.4	806.7	1,969.3	83.9	4.5
2013 Nov.	1,840.3	1,210.3	400.9	120.9	95.0	1.9	11.4	6,229.6	2,502.4	886.0	796.5	1,954.8	84.2	5.6
Dec.	1,873.4	1,236.4	404.3	122.9	91.7	1.8	16.5	6,263.4	2,521.6	877.4	806.7	1,969.3	83.9	4.5
2014 Jan.	1,830.1	1,192.5	401.9	123.8	94.1	1.8	16.0	6,270.2	2,521.5	873.8	811.7	1,974.4	83.7	5.0
Feb. (p)	1,832.0	1,189.3	404.1	126.1	94.4	1.8	16.3	6,282.1	2,532.0	873.0	814.2	1,973.3	83.8	5.8
	Transactions													
2012	82.2	99.6	-35.5	12.9	9.5	0.0	-4.3	224.6	90.1	33.7	21.8	100.7	-9.6	-12.3
2013	119.4	92.3	-3.8	17.8	7.5	-0.1	5.7	148.4	176.9	-100.1	59.5	32.2	-14.1	-5.9
2013 Q3	36.9	27.8	2.7	4.0	3.2	0.1	-0.8	-6.1	14.0	-26.5	14.0	-4.7	-3.3	0.2
Q4	83.8	63.8	12.1	4.0	-3.0	0.1	6.8	61.6	62.1	-25.5	23.7	4.2	-1.0	-1.8
2013 Nov.	25.3	27.7	-2.1	0.2	0.6	0.0	-1.2	19.8	23.6	-5.5	6.0	-4.0	-0.3	-0.1
Dec.	34.2	26.7	3.7	2.0	-3.4	0.0	5.1	34.5	19.7	-8.5	10.2	14.5	-0.2	-1.2
2014 Jan.	-50.5	-49.5	-3.5	0.8	2.3	0.0	-0.6	1.3	-3.6	-4.9	4.8	4.7	-0.3	0.6
Feb. (p)	3.8	-1.9	2.7	2.2	0.4	0.1	0.4	12.7	11.0	-0.6	2.5	-1.1	0.1	0.8
	Growth rates													
2012	4.9	9.5	-8.0	13.4	13.0	-1.4	-26.5	3.8	4.0	3.6	3.0	5.5	-8.9	-54.2
2013	6.8	8.1	-0.9	16.8	8.7	-3.7	52.4	2.4	7.5	-10.2	8.0	1.7	-14.4	-57.0
2013 Q3	6.0	7.8	-2.0	15.2	11.0	2.0	-12.1	3.2	7.2	-6.4	4.9	3.9	-15.8	-50.3
Q4	6.8	8.1	-0.9	16.8	8.7	-3.7	52.4	2.4	7.5	-10.2	8.0	1.7	-14.4	-57.0
2013 Nov.	7.1	9.2	-1.2	15.2	10.5	-6.6	1.8	3.3	8.9	-8.8	7.5	2.4	-15.3	-51.9
Dec.	6.8	8.1	-0.9	16.8	8.7	-3.7	52.4	2.4	7.5	-10.2	8.0	1.7	-14.4	-57.0
2014 Jan.	6.5	7.5	0.6	16.4	7.8	1.1	15.1	2.2	7.8	-11.1	8.3	1.0	-13.0	-52.5
Feb. (p)	6.8	8.3	-0.1	16.2	5.6	6.5	18.1	2.1	7.3	-10.7	8.3	0.7	-11.1	-33.1

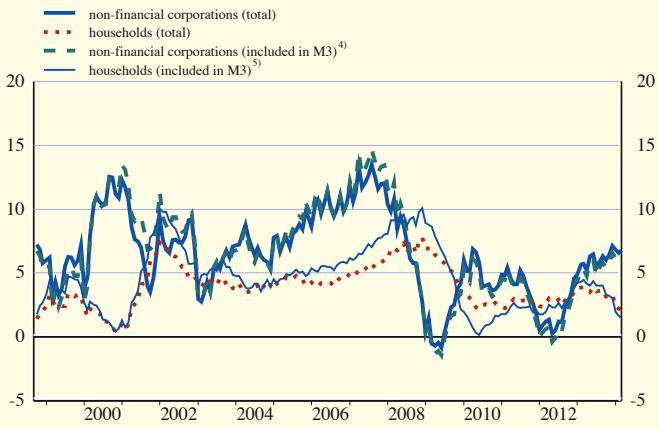
C11 Total deposits by sector [2)]

(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)]

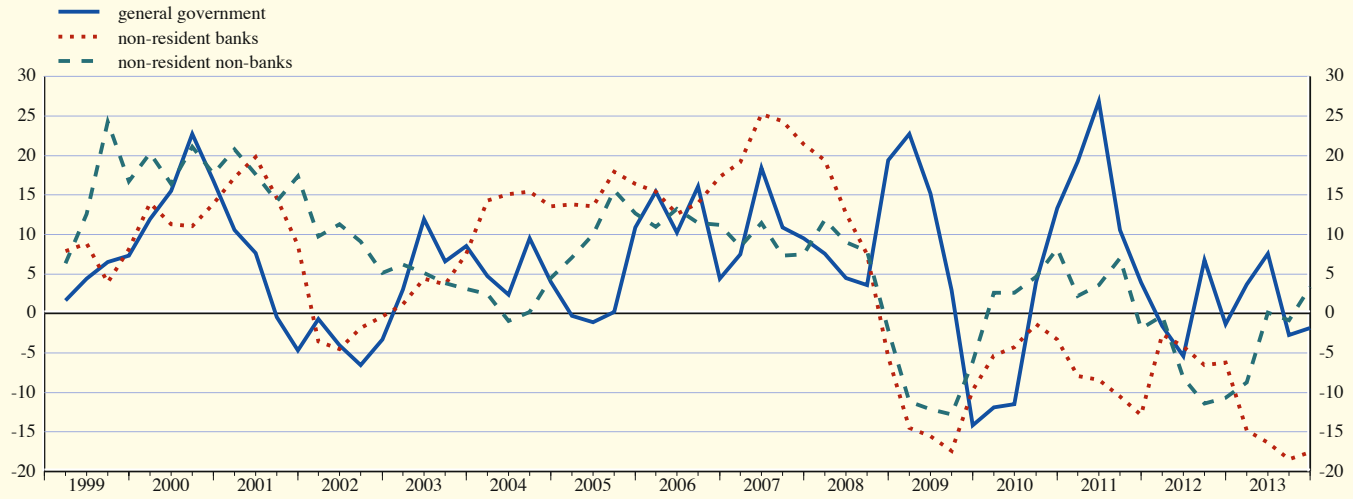
(EUR billions and annual growth rates; outstanding amounts and growth rates at end of period; transactions during period)

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									
2011	442.0	195.5	48.6	112.6	85.4	3,153.6	2,175.0	978.6	44.3	934.3
2012	447.9	169.6	62.8	111.7	103.8	2,895.4	2,016.8	878.6	39.8	838.7
2013 Q1	499.3	207.8	67.2	111.8	112.5	2,904.9	1,989.7	915.2	37.6	877.6
Q2	546.0	235.6	70.9	115.4	124.2	2,806.4	1,873.5	933.0	35.4	897.6
Q3	495.5	190.9	70.7	113.6	120.2	2,666.1	1,737.5	928.6	43.0	885.6
Q4 [(p)]	440.7	152.2	64.1	109.2	115.2	2,519.6	1,627.1	892.9	29.8	863.1
	Transactions									
2011	17.1	3.3	0.6	2.3	10.8	-334.9	-314.6	-20.3	-2.1	-18.2
2012	-7.9	-22.6	-0.3	-0.4	15.5	-240.2	-135.6	-104.6	-5.1	-99.5
2013 Q1	50.3	38.3	4.1	0.1	7.9	-2.4	-33.1	30.7	-2.0	32.8
Q2	46.7	27.7	3.8	3.6	11.7	-68.9	-98.7	29.8	-1.8	31.6
Q3	-49.8	-44.7	-0.1	-1.7	-3.3	-128.8	-127.6	-1.2	7.9	-9.1
Q4 [(p)]	-55.6	-39.5	-6.6	-4.4	-5.0	-124.9	-94.4	-29.3	-12.9	-16.4
	Growth rates									
2011	3.9	1.3	1.3	2.1	14.6	-9.8	-12.8	-1.9	-4.4	-1.8
2012	-1.4	-11.7	10.3	-0.4	18.2	-7.5	-6.2	-10.7	-11.9	-10.6
2013 Q1	3.6	9.8	-12.3	-1.5	12.8	-13.0	-14.9	-8.7	-33.0	-7.3
Q2	7.6	23.9	-28.2	2.9	16.5	-11.6	-16.3	0.1	-14.4	0.8
Q3	-2.8	-5.4	-24.1	2.1	16.3	-13.1	-18.4	-0.9	2.0	-1.0
Q4 [(p)]	-1.8	-10.7	1.8	-2.2	10.8	-11.4	-17.6	3.4	-22.6	4.6

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.

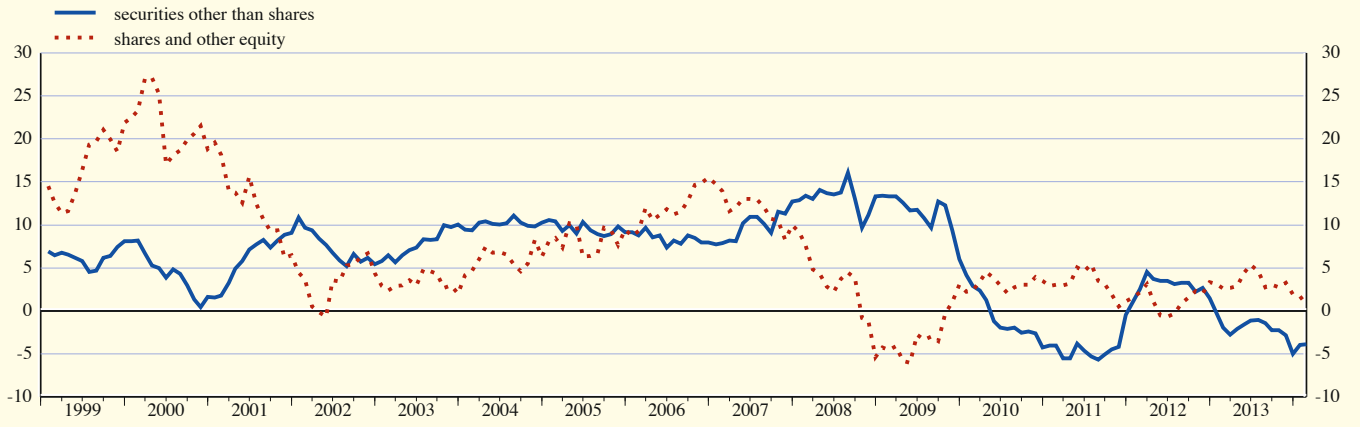
2.6 MFI holdings of securities: breakdown [1), 2)]

(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											
2012	5,774.4	1,748.4	102.9	1,594.2	32.8	1,399.6	23.6	872.8	1,528.5	475.7	752.1	300.7
2013	5,470.6	1,540.0	102.7	1,674.0	20.3	1,306.4	28.7	798.4	1,561.7	457.0	775.9	328.9
2013 Q3	5,649.7	1,601.6	102.2	1,714.9	29.8	1,365.2	28.8	807.2	1,552.7	456.2	776.6	320.0
Q4	5,470.6	1,540.0	102.7	1,674.0	20.3	1,306.4	28.7	798.4	1,561.7	457.0	775.9	328.9
2013 Nov.	5,617.1	1,578.7	103.0	1,736.0	26.0	1,344.4	27.4	801.7	1,567.2	460.3	778.7	328.1
Dec.	5,470.6	1,540.0	102.7	1,674.0	20.3	1,306.4	28.7	798.4	1,561.7	457.0	775.9	328.9
2014 Jan.	5,570.9	1,558.0	108.8	1,731.5	20.0	1,311.4	30.0	811.3	1,566.7	461.9	778.4	326.3
Feb. (p)	5,564.8	1,552.9	113.2	1,749.3	19.1	1,290.2	29.0	811.2	1,546.4	462.4	775.2	308.7
	Transactions											
2012	82.5	-17.8	15.9	191.7	10.5	-67.5	-3.9	-46.3	49.8	6.6	37.9	5.3
2013	-289.6	-220.6	-0.4	65.4	-11.2	-93.6	5.9	-35.1	29.7	-12.2	13.4	28.6
2013 Q3	-123.2	-50.2	-14.5	-45.9	0.8	-14.9	2.3	-0.7	-13.6	-14.4	-8.8	9.6
Q4	-183.6	-62.8	1.6	-51.0	-9.0	-60.4	0.1	-2.2	1.9	2.2	-5.2	4.8
2013 Nov.	-16.4	-8.1	1.3	-1.9	-3.1	-2.0	-1.2	-1.4	8.8	2.4	1.5	4.9
Dec.	-138.5	-37.8	0.6	-60.1	-5.4	-38.6	1.6	1.2	-3.0	-2.2	-0.9	0.1
2014 Jan.	72.7	18.0	4.3	47.4	-0.9	-0.3	0.7	3.5	10.4	4.1	6.2	0.2
Feb. (p)	5.4	-6.7	5.5	10.3	-0.6	-8.2	-0.6	5.7	-26.3	-3.0	-5.5	-17.7
	Growth rates											
2012	1.5	-1.0	18.1	14.1	47.7	-4.6	-14.2	-4.9	3.3	1.3	5.2	1.8
2013	-5.0	-12.5	-0.4	4.1	-35.1	-6.7	25.2	-4.1	1.9	-2.6	1.8	9.6
2013 Q3	-2.3	-11.0	-2.2	6.5	-2.2	1.0	15.2	-5.7	3.0	-4.8	4.5	12.3
Q4	-5.0	-12.5	-0.4	4.1	-35.1	-6.7	25.2	-4.1	1.9	-2.6	1.8	9.6
2013 Nov.	-2.8	-11.2	-5.3	4.6	-18.1	0.5	17.5	-4.4	3.3	-2.2	2.6	14.3
Dec.	-5.0	-12.5	-0.4	4.1	-35.1	-6.7	25.2	-4.1	1.9	-2.6	1.8	9.6
2014 Jan.	-4.0	-11.2	-12.9	5.2	-37.8	-5.5	27.7	-2.4	1.7	-1.6	0.7	9.6
Feb. (p)	-3.9	-10.5	-7.1	4.5	-38.6	-6.2	20.4	-1.6	0.8	-0.8	0.8	3.1

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	USD	JPY	CHF	GBP			Total	USD	JPY	CHF	GBP
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
Loans														
	To euro area residents													
2011	6,153.8	-	-	-	-	-	-	12,322.7	96.2	3.8	1.9	0.3	1.1	0.4
2012	5,795.4	-	-	-	-	-	-	12,192.8	96.4	3.6	1.7	0.2	0.9	0.5
2013 Q3	5,430.6	-	-	-	-	-	-	11,868.7	96.6	3.4	1.7	0.1	0.9	0.4
Q4 (p)	5,250.5	-	-	-	-	-	-	11,732.3	96.8	3.2	1.7	0.1	0.9	0.4
	To non-euro area residents													
2011	2,022.7	44.5	55.5	35.6	2.5	2.7	9.3	998.9	38.2	61.8	41.2	2.6	3.3	7.8
2012	1,906.7	47.3	52.7	31.9	1.9	3.5	10.1	961.5	40.1	59.9	38.2	2.0	2.9	9.9
2013 Q3	1,807.6	41.7	58.3	36.6	2.4	3.6	9.9	959.7	40.3	59.7	38.6	2.6	2.6	9.1
Q4 (p)	1,787.8	42.7	57.3	36.7	2.2	3.3	9.5	937.5	40.2	59.8	38.4	2.5	2.6	9.5
Holdings of securities other than shares														
	Issued by euro area residents													
2011	1,852.0	95.3	4.7	2.5	0.1	0.3	1.5	2,913.1	98.2	1.8	1.0	0.2	0.1	0.4
2012	1,851.3	94.4	5.6	2.7	0.1	0.4	2.0	3,050.3	98.1	1.9	1.2	0.1	0.1	0.4
2013 Q3	1,703.8	94.0	6.0	2.8	0.1	0.3	2.4	3,138.7	98.1	1.9	1.0	0.1	0.1	0.6
Q4 (p)	1,642.7	93.7	6.3	2.6	0.1	0.3	2.8	3,029.5	98.4	1.6	0.9	0.1	0.1	0.5
	Issued by non-euro area residents													
2011	457.0	56.4	43.6	21.1	0.3	0.3	16.0	475.5	32.2	67.8	39.4	5.8	0.7	13.7
2012	434.0	54.9	45.1	19.8	0.3	0.3	19.1	438.8	34.1	65.9	39.1	5.4	0.9	11.8
2013 Q3	419.8	52.6	47.4	21.3	0.2	0.2	19.2	387.4	36.6	63.4	37.6	4.3	0.9	11.0
Q4 (p)	422.2	52.5	47.5	20.4	0.2	0.6	19.8	376.2	38.1	61.9	38.1	3.8	0.9	10.7
Deposits														
	By euro area residents													
2011	6,364.4	92.1	7.9	5.1	0.2	1.2	0.7	10,947.6	97.0	3.0	2.0	0.1	0.1	0.4
2012	6,159.5	93.8	6.2	3.9	0.2	1.1	0.6	11,035.9	97.0	3.0	2.0	0.1	0.1	0.4
2013 Q3	5,731.4	93.1	6.9	4.4	0.2	1.1	0.7	11,119.6	96.9	3.1	2.1	0.1	0.1	0.4
Q4 (p)	5,561.1	93.4	6.6	4.2	0.2	1.1	0.7	11,086.4	96.8	3.2	2.2	0.1	0.1	0.4
	By non-euro area residents													
2011	2,175.0	59.2	40.8	25.6	2.1	1.8	7.2	978.6	56.1	43.9	30.0	2.0	1.5	5.1
2012	2,016.8	58.3	41.7	27.7	1.6	1.0	7.3	878.6	52.4	47.6	31.3	1.9	1.1	6.3
2013 Q3	1,737.5	54.0	46.0	31.1	1.6	1.3	7.7	928.6	51.0	49.0	32.2	2.2	1.3	6.3
Q4 (p)	1,627.1	51.9	48.1	32.3	1.8	1.5	7.8	892.9	52.6	47.4	31.4	1.8	1.2	6.4

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
2011	5,236.8	82.0	18.0	9.4	1.7	2.0	2.6
2012	5,068.0	81.8	18.2	9.6	1.6	1.9	2.5
2013 Q3	4,711.0	80.7	19.3	11.0	1.2	1.8	2.7
Q4 (p)	4,582.8	81.0	19.0	10.8	1.2	1.8	2.6

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						
2013 July	7,713.9	531.2	3,062.9	2,169.6	1,048.0	251.3	650.8
Aug.	7,661.6	529.6	3,054.0	2,140.3	1,045.0	251.7	641.1
Sep.	7,777.2	515.4	3,095.4	2,228.6	1,064.4	251.4	621.9
Oct.	7,935.4	530.1	3,116.4	2,303.4	1,099.2	251.3	635.0
Nov.	7,979.5	520.2	3,130.3	2,335.6	1,107.0	252.7	633.6
Dec.	7,933.3	512.4	3,107.7	2,370.5	1,116.9	255.0	570.7
2014 Jan. [p]	8,000.5	527.1	3,168.3	2,333.6	1,117.2	256.0	598.2
	Transactions						
2013 Q2	150.2	31.7	55.3	17.6	1.9	1.2	42.5
Q3	60.0	-8.6	58.8	28.2	28.9	2.4	-49.6
Q4	55.0	6.1	2.3	47.3	46.5	11.1	-58.3

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						
2013 July	7,713.9	166.8	6,950.1	5,099.7	823.2	1,850.4	596.9
Aug.	7,661.6	173.8	6,893.7	5,072.2	819.2	1,821.5	594.1
Sep.	7,777.2	171.2	7,042.2	5,172.9	837.6	1,869.2	563.9
Oct.	7,935.4	172.3	7,194.6	5,290.8	871.2	1,903.8	568.5
Nov.	7,979.5	174.4	7,241.7	5,330.3	881.2	1,911.4	563.5
Dec.	7,933.3	167.1	7,257.0	5,344.3	886.0	1,912.7	509.2
2014 Jan. [p]	8,000.5	179.7	7,281.2	5,361.4	887.3	1,919.8	539.6
	Transactions						
2013 Q2	150.2	9.3	94.9	95.8	-7.9	-0.9	46.0
Q3	60.0	4.0	102.6	90.4	28.5	12.1	-46.6
Q4	55.0	0.8	107.3	85.8	39.2	21.5	-53.1

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									
2013 June	6,817.3	2,414.9	1,783.0	1,683.8	331.2	153.6	450.9	6,729.8	87.6	856.2
July	6,950.1	2,429.5	1,848.0	1,727.0	333.4	152.0	460.4	6,862.3	87.8	851.1
Aug.	6,893.7	2,405.2	1,820.5	1,720.1	332.5	154.2	461.3	6,805.9	87.8	869.6
Sep.	7,042.2	2,423.2	1,908.5	1,747.9	334.8	157.2	470.5	6,951.8	90.4	846.2
Oct.	7,194.6	2,443.9	1,978.4	1,795.4	336.0	159.9	481.1	7,104.1	90.5	835.9
Nov.	7,241.7	2,449.0	2,006.4	1,805.3	337.0	158.6	485.3	7,149.3	92.4	836.7
Dec.	7,257.0	2,468.7	2,042.8	1,804.5	342.2	155.1	443.7	7,162.3	94.7	819.3
2014 Jan. [p]	7,281.2	2,497.7	2,013.3	1,821.0	343.5	158.5	447.1	7,185.2	96.0	855.0
	Transactions									
2013 July	57.6	18.4	16.5	17.7	2.6	0.0	2.4	57.3	0.3	0.7
Aug.	2.6	-5.2	-0.6	6.0	0.5	1.4	0.5	2.6	0.0	14.2
Sep.	42.4	-2.1	21.3	14.7	0.8	3.7	3.9	40.4	2.0	-22.9
Oct.	50.1	8.6	21.6	14.2	0.8	2.1	2.8	50.3	-0.2	-5.7
Nov.	22.1	12.0	7.7	2.0	1.9	-3.5	2.0	20.6	1.5	-2.8
Dec.	35.0	-6.0	13.5	13.4	3.4	7.7	3.1	32.2	2.9	-14.7
2014 Jan. [p]	39.8	4.7	11.4	19.2	1.0	1.4	2.0	38.9	0.9	29.6

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										
2013 Q1	3,068.5	1,633.3	407.3	753.2	245.2	8.2	219.3	1,435.2	332.6	563.2	16.0
Q2	3,043.8	1,649.4	404.3	770.9	247.9	8.4	218.0	1,394.3	324.9	551.1	15.2
Q3	3,095.4	1,686.9	394.5	798.5	257.5	9.0	227.5	1,408.4	343.5	548.7	14.9
Q4 (p)	3,107.7	1,708.3	390.4	807.5	264.5	10.4	235.5	1,399.4	344.6	547.3	13.7
	Transactions										
2013 Q2	55.3	28.5	-0.2	23.9	4.0	0.1	0.7	26.8	2.4	12.6	0.2
Q3	58.8	30.0	-11.6	24.1	8.5	0.5	8.5	28.8	20.3	2.7	-0.3
Q4 (p)	2.3	8.8	-6.1	2.4	5.4	1.0	6.1	-6.6	4.1	-6.5	-0.6

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										
2013 Q1	2,143.6	739.1	56.4	-	49.9	27.0	605.8	1,404.5	187.7	479.4	95.0
Q2	2,095.3	738.7	58.9	-	52.5	28.1	599.1	1,356.6	181.7	482.2	109.5
Q3	2,228.6	817.5	72.6	-	56.3	30.4	658.1	1,411.1	197.8	502.5	112.8
Q4 (p)	2,370.5	886.3	85.3	-	64.8	35.5	700.6	1,484.2	215.6	536.0	123.3
	Transactions										
2013 Q2	17.6	1.6	1.3	-	-0.2	0.2	0.3	16.1	0.7	5.9	13.8
Q3	28.2	12.8	1.3	-	0.2	0.6	10.7	15.4	3.3	12.2	0.9
Q4 (p)	47.3	21.7	3.8	-	5.7	1.6	10.7	25.6	8.7	1.3	10.0

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										
2013 Q1	1,026.5	888.9	74.5	-	814.4	-	-	137.6	32.5	43.7	0.6
Q2	1,018.4	880.2	86.8	-	793.4	-	-	138.3	31.4	46.0	0.6
Q3	1,064.4	923.8	86.3	-	837.6	-	-	140.6	33.8	47.6	0.5
Q4 (p)	1,116.9	971.0	85.0	-	886.0	-	-	145.9	36.6	49.3	0.5
	Transactions										
2013 Q2	1.9	3.9	11.8	-	-7.9	-	-	-2.0	-0.8	-0.2	0.0
Q3	28.9	27.2	-1.3	-	28.5	-	-	1.7	1.5	1.3	0.0
Q4 (p)	46.5	39.0	-0.2	-	39.2	-	-	7.5	3.6	1.7	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												
2012 Q4	2,058.9	285.5	1,391.5	1,072.1	469.8	165.5	24.8	4.0	125.1	194.9	87.8	36.2	63.0
2013 Q1	2,027.8	291.3	1,360.3	1,042.9	462.7	164.9	24.9	4.0	123.7	192.3	86.2	36.3	61.4
Q2	1,994.4	275.7	1,342.6	1,034.7	456.5	163.3	23.2	3.6	117.9	192.9	88.3	34.5	60.3
Q3	1,956.2	268.6	1,321.0	1,025.1	449.9	157.9	18.9	3.5	115.6	180.5	87.3	35.0	63.8
Q4	1,910.7	254.7	1,288.1	1,002.8	442.9	148.8	20.0	3.1	113.4	179.6	89.7	34.5	65.0
	Transactions												
2012 Q4	-37.9	-17.3	-16.9	-20.1	-	4.8	1.0	-0.4	-2.3	1.0	2.3	0.5	-7.6
2013 Q1	-29.8	6.0	-30.6	-28.5	-	-0.7	0.3	0.0	-1.7	-0.3	-1.4	0.0	-3.5
Q2	-33.2	-15.4	-16.9	-7.9	-	-1.6	-1.5	-0.4	-5.5	1.1	2.6	-1.7	-3.0
Q3	-39.7	-6.5	-21.2	-10.6	-	-4.0	-4.2	0.0	-2.3	-12.8	-0.8	0.6	1.1
Q4	-47.6	-13.6	-33.5	-22.5	-	-9.2	0.8	-0.4	-2.1	-0.4	2.5	-0.2	-1.5

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						
2012 Q4	2,058.9	141.1	1,665.0	52.2	1,612.8	30.7	222.1
2013 Q1	2,027.8	142.1	1,627.6	54.3	1,573.2	30.8	227.4
Q2	1,994.4	129.7	1,611.1	53.7	1,557.4	29.0	224.6
Q3	1,956.2	124.8	1,576.8	53.8	1,523.0	28.5	226.1
Q4	1,910.7	117.0	1,536.4	58.9	1,477.5	28.6	228.7
	Transactions						
2012 Q4	-37.9	-5.2	-24.4	-0.3	-24.1	-0.6	-7.6
2013 Q1	-29.8	1.9	-34.9	2.1	-36.9	-0.4	3.5
Q2	-33.2	-12.2	-15.7	-0.7	-15.0	-1.6	-3.7
Q3	-39.7	-4.0	-35.3	0.1	-35.3	-0.7	0.3
Q4	-47.6	-7.4	-40.5	5.1	-45.6	0.5	-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												
2012 Q4	1,072.1	772.1	234.8	17.3	0.2	5.4	31.3	194.9	113.8	33.8	80.0	30.8	81.1
2013 Q1	1,042.9	751.8	231.6	15.0	0.2	5.4	28.8	192.3	111.5	32.6	78.9	31.4	80.8
Q2	1,034.7	759.7	226.2	15.0	0.2	5.1	28.6	192.9	114.3	34.6	79.6	31.4	78.6
Q3	1,025.1	758.5	215.8	15.1	0.2	5.5	30.1	180.5	109.7	30.8	78.9	30.0	70.9
Q4	1,002.8	745.1	204.8	15.4	0.2	5.4	31.9	179.6	108.6	31.1	77.5	32.3	71.1
	Transactions												
2012 Q4	-20.1	-16.6	-2.5	0.5	0.0	-0.1	0.3	1.0	4.1	-0.3	4.4	1.8	-3.1
2013 Q1	-28.5	-20.1	-3.2	-2.3	0.0	0.0	-1.9	-0.3	-1.3	-1.1	-0.3	-0.4	1.1
Q2	-7.9	7.7	-5.3	0.2	0.0	-0.3	-0.1	1.1	3.0	2.2	0.8	-0.1	-1.9
Q3	-10.6	-1.5	-9.5	0.1	0.0	0.5	-0.2	-12.8	-4.9	-4.0	-0.9	-1.4	-7.9
Q4	-22.5	-13.4	-10.8	0.3	0.0	-0.1	1.5	-0.4	-1.1	0.4	-1.5	1.5	0.7

Source: ECB.

1) Loans (to non-MFIs) 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
2010 Q4	7,036.2	768.3	453.4	2,674.6	826.0	1,611.9	76.9	253.7	222.2	149.1
2011 Q1	7,139.7	769.6	456.4	2,735.7	844.0	1,621.5	76.6	261.8	223.6	150.5
Q2	7,155.2	772.7	464.0	2,747.0	842.6	1,623.7	79.8	254.2	222.3	148.9
Q3	7,154.3	789.6	463.0	2,772.4	788.3	1,580.8	87.6	255.6	268.7	148.4
Q4	7,164.4	782.4	472.6	2,731.2	793.9	1,615.7	91.3	253.6	273.6	150.0
2012 Q1	7,452.0	794.4	469.9	2,876.7	807.2	1,710.1	102.3	258.2	283.2	150.0
Q2	7,481.2	783.6	469.6	2,890.2	802.3	1,712.6	106.4	261.4	304.4	150.8
Q3	7,695.7	783.5	478.8	3,006.9	822.4	1,786.7	108.5	263.1	295.0	151.0
Q4	7,780.5	786.6	477.9	3,053.0	819.5	1,825.2	109.7	261.8	293.7	153.1
2013 Q1	7,905.9	794.0	476.1	3,081.9	836.3	1,900.6	114.3	265.2	284.0	153.5
Q2	7,844.0	773.3	474.6	3,071.5	833.5	1,894.0	98.9	264.4	278.2	155.6
Q3 (p)	7,942.9	763.4	477.4	3,110.1	851.4	1,954.6	96.7	264.6	268.2	156.5

2. Holdings of securities other than shares

	Total	Issued by euro area residents						Issued by non-euro area residents
		Total	MFIs	General government	Other financial intermediaries	Insurance corporations and pension funds	Non-financial corporations	
	1	2	3	4	5	6	7	8
2010 Q4	2,674.6	2,250.8	599.4	1,243.5	234.3	17.6	156.1	423.8
2011 Q1	2,735.7	2,318.6	625.2	1,286.3	236.2	17.2	153.7	417.1
Q2	2,747.0	2,329.9	630.6	1,289.6	235.4	16.8	157.5	417.2
Q3	2,772.4	2,352.8	637.0	1,312.3	227.7	16.9	159.0	419.5
Q4	2,731.2	2,307.5	635.4	1,267.3	223.9	16.5	164.3	423.7
2012 Q1	2,876.7	2,427.1	670.3	1,325.0	235.9	17.1	178.7	449.6
Q2	2,890.2	2,423.3	675.6	1,309.3	238.4	17.0	183.0	466.9
Q3	3,006.9	2,514.7	707.7	1,348.6	246.0	17.4	195.0	492.3
Q4	3,053.0	2,549.2	693.1	1,386.8	251.7	18.1	199.5	503.8
2013 Q1	3,081.9	2,587.2	716.9	1,389.9	255.3	17.5	207.5	494.7
Q2	3,071.5	2,566.9	684.1	1,403.5	255.4	17.5	206.4	504.6
Q3 (p)	3,110.1	2,601.2	684.0	1,436.0	256.6	17.9	206.8	508.9

3. Liabilities and net worth

	Liabilities									Net worth
	Total	Loans received	Securities other than shares	Shares and other equity	Insurance technical reserves				Other accounts receivable/ payable and financial derivatives	
					Total	Net equity of households in life insurance reserves	Net equity of households in pension fund reserves	Prepayments of insurance premiums and reserves for outstanding claims		
	1	2	3	4	5	6	7	8	9	10
2010 Q4	6,871.5	250.3	40.3	451.5	5,960.7	3,260.4	1,889.6	810.7	168.7	164.6
2011 Q1	6,920.9	263.0	39.9	465.9	5,976.5	3,287.3	1,859.9	829.4	175.5	218.8
Q2	6,944.4	262.8	42.4	454.7	6,008.1	3,309.4	1,872.0	826.7	176.4	210.9
Q3	7,052.2	270.0	41.6	410.1	6,140.8	3,292.5	2,023.9	824.5	189.7	102.1
Q4	7,071.7	263.8	41.3	408.8	6,169.8	3,305.1	2,047.1	817.6	188.0	92.7
2012 Q1	7,229.4	272.1	44.4	439.1	6,282.8	3,342.5	2,103.0	837.2	191.0	222.6
Q2	7,300.4	281.3	43.3	421.2	6,349.5	3,344.6	2,169.4	835.5	205.1	180.9
Q3	7,373.6	292.7	44.9	452.7	6,387.7	3,390.6	2,163.4	833.6	195.6	322.1
Q4	7,472.6	267.0	48.8	482.6	6,454.0	3,425.8	2,201.8	826.4	220.2	307.9
2013 Q1	7,566.8	279.9	48.0	497.8	6,526.5	3,462.7	2,216.1	847.6	214.5	339.2
Q2	7,607.2	280.1	45.4	506.7	6,551.9	3,467.1	2,240.2	844.6	223.1	236.8
Q3 (p)	7,635.0	278.9	45.2	524.0	6,569.6	3,509.6	2,217.5	842.5	217.3	307.9

Source: ECB.

EURO AREA ACCOUNTS

3.1 Integrated economic and financial accounts by institutional sector

(EUR billions)

Uses 2013 Q3	Euro area	Households	Non-financial corporations	Financial corporations	General government	Rest of the world
External account						
Exports of goods and services						644
Trade balance [1]						-64
Generation of income account						
Gross value added (basic prices)						
Taxes less subsidies on products						
Gross domestic product (market prices)						
Compensation of employees	1,136	116	726	56	238	
Other taxes less subsidies on production	30	9	14	3	4	
Consumption of fixed capital	383	102	218	11	52	
Net operating surplus and mixed income [1]	592	287	271	33	0	
Allocation of primary income account						
Net operating surplus and mixed income						
Compensation of employees						7
Taxes less subsidies on production						
Property income	601	31	240	262	68	104
Interest	318	29	53	168	68	44
Other property income	283	3	187	94	0	60
Net national income [1]	2,013	1,621	121	45	225	
Secondary distribution of income account						
Net national income						
Current taxes on income, wealth, etc.	292	233	49	10	0	2
Social contributions	441	441				1
Social benefits other than social transfers in kind	480	1	18	35	427	1
Other current transfers	195	70	25	48	53	11
Net non-life insurance premiums	45	34	9	1	1	2
Non-life insurance claims	46			46		1
Other	104	35	15	1	52	8
Net disposable income [1]	1,983	1,441	61	49	431	
Use of income account						
Net disposable income						
Final consumption expenditure	1,884	1,386			498	
Individual consumption expenditure	1,697	1,386			311	
Collective consumption expenditure	186				186	
Adjustment for the change in the net equity of households in pension fund reserves	15	0	1	14	0	0
Net saving/current external account [1]	99	70	60	36	-67	-42
Capital account						
Net saving/current external account						
Gross capital formation	440	140	239	9	52	
Gross fixed capital formation	426	138	227	10	52	
Changes in inventories and acquisitions less disposals of valuables	14	2	12	0	0	
Consumption of fixed capital						
Acquisitions less disposals of non-produced non-financial assets	0	-1	0	0	1	0
Capital transfers	39	11	1	1	26	6
Capital taxes	9	8	0	0		0
Other capital transfers	30	3	1	1	26	6
Net lending (+)/net borrowing (-) (from capital account) [1]	46	30	53	45	-81	-46
Statistical discrepancy	0	-8	8	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 2013 Q3	Euro area	Households	Non-financial corporations	Financial corporations	General government	Rest of the world
External account						
Imports of goods and services						580
Trade balance						
Generation of income account						
Gross value added (basic prices)	2,141	514	1,230	104	293	
Taxes less subsidies on products	247					
Gross domestic product (market prices)[2]	2,388					
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	592	287	271	33	0	
Compensation of employees	1,140	1,140				4
Taxes less subsidies on production	276				276	1
Property income	607	225	90	274	17	98
Interest	308	50	32	217	9	54
Other property income	299	176	58	57	8	45
Net national income						
Secondary distribution of income account						
Net national income	2,013	1,621	121	45	225	
Current taxes on income, wealth, etc.	293				293	1
Social contributions	440	1	18	49	371	2
Social benefits other than social transfers in kind	478	478				3
Other current transfers	166	85	13	47	22	40
Net non-life insurance premiums	46			46		1
Non-life insurance claims	44	36	7	1	0	2
Other	77	50	6	0	21	36
Net disposable income						
Use of income account						
Net disposable income	1,983	1,441	61	49	431	
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	99	70	60	36	-67	-42
Gross capital formation						
Gross fixed capital formation						
Changes in inventories and acquisitions less disposals of valuables						
Consumption of fixed capital	383	102	218	11	52	
Acquisitions less disposals of non-produced non-financial assets						
Capital transfers	43	8	15	8	13	2
Capital taxes	9				9	0
Other capital transfers	34	8	15	8	4	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 2013 Q3	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		19,963	17,404	33,119	18,097	7,529	4,508	18,788
Monetary gold and special drawing rights (SDRs)				367				
Currency and deposits		7,141	2,023	10,065	2,433	796	858	3,198
Short-term debt securities		40	65	506	431	57	32	651
Long-term debt securities		1,288	258	6,375	3,139	3,023	439	4,363
Loans		86	3,120	13,118	4,523	485	873	2,797
of which: Long-term		65	1,986	10,193	3,368	363	766	.
Shares and other equity		4,572	8,098	1,843	7,137	2,761	1,514	6,956
Quoted shares		759	1,098	371	2,199	409	228	.
Unquoted shares and other equity		2,411	6,649	1,199	3,807	432	1,106	.
Mutual fund shares		1,402	350	273	1,130	1,920	179	.
Insurance technical reserves		6,338	185	3	0	244	4	259
Other accounts receivable and financial derivatives		497	3,656	842	434	163	789	565
Net financial worth								
Financial account, transactions in financial assets								
Total transactions in financial assets		24	124	-571	-104	48	-126	-70
Monetary gold and SDRs				0				0
Currency and deposits		1	52	-299	-121	-6	-79	-140
Short-term debt securities		-1	-2	-25	-18	-2	-4	35
Long-term debt securities		-17	3	-113	46	21	-3	-13
Loans		1	28	-112	-68	1	-4	-38
of which: Long-term		1	47	-26	-59	5	16	.
Shares and other equity		-3	43	16	61	39	-8	49
Quoted shares		-23	-2	33	33	4	3	.
Unquoted shares and other equity		18	49	-24	-9	2	-11	.
Mutual fund shares		1	-3	7	37	34	1	.
Insurance technical reserves		39	-1	0	0	0	0	7
Other accounts receivable and financial derivatives		5	-1	-38	-5	-6	-30	30
Changes in net financial worth due to transactions								
Other changes account, financial assets								
Total other changes in financial assets		167	353	57	-15	54	47	-20
Monetary gold and SDRs				24				
Currency and deposits		-2	-8	84	-81	0	-1	-15
Short-term debt securities		0	0	0	3	0	0	-11
Long-term debt securities		-14	1	-13	-16	-4	-1	-48
Loans		0	-10	-123	-30	0	1	-28
of which: Long-term		0	-7	-27	-2	0	1	.
Shares and other equity		173	402	62	109	59	45	95
Quoted shares		95	122	22	116	12	29	.
Unquoted shares and other equity		43	275	37	-28	3	12	.
Mutual fund shares		35	5	3	22	45	4	.
Insurance technical reserves		23	0	0	0	0	0	-2
Other accounts receivable and financial derivatives		-12	-33	22	1	-1	2	-11
Other changes in net financial worth								
Closing balance sheet, financial assets								
Total financial assets		20,154	17,881	32,605	17,979	7,631	4,428	18,697
Monetary gold and SDRs				391				
Currency and deposits		7,140	2,068	9,851	2,231	791	778	3,043
Short-term debt securities		39	63	481	416	55	28	675
Long-term debt securities		1,257	262	6,249	3,169	3,040	436	4,301
Loans		87	3,139	12,883	4,425	487	869	2,731
of which: Long-term		66	2,027	10,140	3,307	367	783	.
Shares and other equity		4,741	8,543	1,921	7,307	2,859	1,551	7,100
Quoted shares		831	1,218	425	2,348	424	261	.
Unquoted shares and other equity		2,472	6,973	1,212	3,770	437	1,106	.
Mutual fund shares		1,438	352	283	1,189	1,998	184	.
Insurance technical reserves		6,400	184	3	0	243	4	263
Other accounts receivable and financial derivatives		490	3,622	826	430	157	761	584
Net financial worth								

Source: ECB.

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

(EUR billions)

Liabilities 2013 Q3	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		6,864	27,286	32,190	17,776	7,593	10,884	16,448
Monetary gold and special drawing rights (SDRs)								
Currency and deposits			33	23,531	35	0	276	2,640
Short-term debt securities			90	602	125	2	676	285
Long-term debt securities			971	4,403	3,310	49	6,971	3,180
Loans		6,159	8,536		4,350	305	2,281	3,372
of which: Long-term		5,809	6,242		2,540	111	2,001	.
Shares and other equity		8	13,832	2,495	9,713	498	4	6,330
Quoted shares			3,853	407	259	140	0	.
Unquoted shares and other equity		8	9,979	1,231	2,786	357	4	.
Mutual fund shares				856	6,668			.
Insurance technical reserves		36	351	65	1	6,578	1	
Other accounts payable and financial derivatives		661	3,472	1,094	242	161	674	642
Net financial worth [1]	-1,972	13,099	-9,881	929	322	-64	-6,376	
Financial account, transactions in liabilities								
Total transactions in liabilities		2	63	-604	-107	39	-45	-24
Monetary gold and SDRs								
Currency and deposits			0	-496	-1	0	5	-100
Short-term debt securities			0	-16	-5	0	2	4
Long-term debt securities			32	-84	-9	0	-33	18
Loans		3	-16		-131	-6	-3	-39
of which: Long-term		10	31		-61	-2	20	.
Shares and other equity		0	39	-13	81	0	0	92
Quoted shares			4	2	1	0	0	.
Unquoted shares and other equity		0	35	-8	-16	0	0	.
Mutual fund shares				-7	96			.
Insurance technical reserves		0	1	0	0	43	0	
Other accounts payable and financial derivatives		-1	7	7	-42	2	-17	1
Changes in net financial worth due to transactions [1]	46	22	61	33	3	9	-81	-46
Other changes account, liabilities								
Total other changes in liabilities		-2	700	72	32	36	-111	-107
Monetary gold and SDRs								
Currency and deposits			0	-11	0	0	0	-12
Short-term debt securities			0	-3	-1	0	0	-4
Long-term debt securities			1	-27	-12	0	-34	-23
Loans		-4	-18		-133	0	-1	-33
of which: Long-term		-4	-10		-7	0	-1	.
Shares and other equity		0	708	124	138	14	0	-41
Quoted shares			342	83	26	8	0	.
Unquoted shares and other equity		0	366	44	-12	7	0	.
Mutual fund shares				-3	124			.
Insurance technical reserves		0	0	0	0	20	0	
Other accounts payable and financial derivatives		1	9	-11	39	1	-76	6
Other changes in net financial worth [1]	-63	170	-347	-15	-47	18	158	87
Closing balance sheet, liabilities								
Total liabilities		6,864	28,049	31,659	17,701	7,669	10,727	16,317
Monetary gold and SDRs								
Currency and deposits			33	23,024	35	0	282	2,529
Short-term debt securities			90	583	119	2	678	285
Long-term debt securities			1,004	4,292	3,290	50	6,904	3,175
Loans		6,158	8,501		4,086	299	2,278	3,299
of which: Long-term		5,815	6,263		2,472	108	2,019	.
Shares and other equity		8	14,579	2,605	9,932	512	4	6,381
Quoted shares			4,199	493	285	148	0	.
Unquoted shares and other equity		8	10,380	1,266	2,758	363	4	.
Mutual fund shares				846	6,889			.
Insurance technical reserves		37	352	65	1	6,642	1	
Other accounts payable and financial derivatives		661	3,488	1,090	239	164	581	648
Net financial worth [1]	-1,990	13,290	-10,167	946	278	-37	-6,299	

Source: ECB.

3.2 Euro area non-financial accounts

(EUR billions; four-quarter cumulated flows)

Uses	2009	2010	2011	2011 Q4-2012 Q3	2012 Q1-2012 Q4	2012 Q2-2013 Q1	2012 Q3-2013 Q2	2012 Q4-2013 Q3
Generation of income account								
Gross value added (basic prices)								
Taxes less subsidies on products								
Gross domestic product (market prices)								
Compensation of employees	4,449	4,510	4,622	4,666	4,671	4,677	4,683	4,690
Other taxes less subsidies on production	85	82	95	116	124	124	125	124
Consumption of fixed capital	1,388	1,419	1,462	1,488	1,497	1,504	1,511	1,519
Net operating surplus and mixed income [1]	2,097	2,198	2,256	2,208	2,186	2,174	2,176	2,191
Allocation of primary income account								
Net operating surplus and mixed income								
Compensation of employees								
Taxes less subsidies on production								
Property income	2,959	2,798	3,007	2,944	2,870	2,816	2,766	2,734
Interest	1,593	1,381	1,546	1,513	1,461	1,409	1,363	1,326
Other property income	1,366	1,417	1,461	1,431	1,409	1,407	1,403	1,408
Net national income [1]	7,550	7,765	7,978	8,013	8,027	8,026	8,038	8,060
Secondary distribution of income account								
Net national income								
Current taxes on income, wealth, etc.	1,029	1,057	1,115	1,154	1,172	1,180	1,198	1,210
Social contributions	1,677	1,703	1,751	1,777	1,787	1,794	1,800	1,807
Social benefits other than social transfers in kind	1,769	1,814	1,841	1,874	1,884	1,895	1,907	1,919
Other current transfers	772	774	779	789	788	791	796	804
Net non-life insurance premiums	181	181	182	184	184	183	184	184
Non-life insurance claims	182	182	183	186	186	186	186	186
Other	409	411	414	418	418	422	427	434
Net disposable income [1]	7,442	7,655	7,871	7,902	7,918	7,913	7,922	7,938
Use of income account								
Net disposable income								
Final consumption expenditure	7,152	7,315	7,477	7,517	7,520	7,522	7,535	7,555
Individual consumption expenditure	6,383	6,543	6,703	6,741	6,746	6,747	6,759	6,778
Collective consumption expenditure	769	772	774	776	774	775	775	776
Adjustment for the change in the net equity of households in pension fund reserves	62	57	58	58	58	58	59	60
Net saving [1]	290	340	394	385	398	392	387	384
Capital account								
Net saving								
Gross capital formation	1,703	1,779	1,873	1,793	1,774	1,742	1,725	1,724
Gross fixed capital formation	1,753	1,760	1,817	1,783	1,765	1,736	1,723	1,716
Changes in inventories and acquisitions less disposals of valuables	-50	19	56	11	9	6	2	8
Consumption of fixed capital								
Acquisitions less disposals of non-produced non-financial assets	1	1	0	10	9	3	1	2
Capital transfers	183	221	174	182	193	200	210	205
Capital taxes	34	25	31	29	26	27	29	31
Other capital transfers	149	196	142	153	168	174	180	175
Net lending (+)/net borrowing (-) (from capital account) [1]	-18	-12	-10	80	123	162	186	192

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	2009	2010	2011	2011 Q4-2012 Q3	2012 Q1-2012 Q4	2012 Q2-2013 Q1	2012 Q3-2013 Q2	2012 Q4-2013 Q3
Generation of income account								
Gross value added (basic prices)	8,019	8,208	8,434	8,478	8,478	8,478	8,496	8,525
Taxes less subsidies on products	894	942	973	974	978	976	981	987
Gross domestic product (market prices)[2]	8,913	9,150	9,408	9,452	9,456	9,454	9,477	9,512
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	2,097	2,198	2,256	2,208	2,186	2,174	2,176	2,191
Compensation of employees	4,459	4,521	4,634	4,679	4,684	4,691	4,697	4,706
Taxes less subsidies on production	996	1,037	1,079	1,100	1,112	1,111	1,118	1,122
Property income	2,955	2,807	3,018	2,971	2,914	2,867	2,813	2,776
Interest	1,554	1,333	1,490	1,469	1,425	1,375	1,329	1,290
Other property income	1,401	1,474	1,527	1,501	1,488	1,491	1,484	1,486
Net national income								
Secondary distribution of income account								
Net national income	7,550	7,765	7,978	8,013	8,027	8,026	8,038	8,060
Current taxes on income, wealth, etc.	1,034	1,060	1,121	1,160	1,178	1,185	1,204	1,216
Social contributions	1,675	1,703	1,752	1,775	1,784	1,791	1,797	1,804
Social benefits other than social transfers in kind	1,762	1,807	1,835	1,868	1,878	1,889	1,901	1,913
Other current transfers	668	667	672	680	682	682	683	685
Net non-life insurance premiums	182	182	183	186	186	186	186	186
Non-life insurance claims	178	176	177	179	179	178	179	179
Other	307	309	312	314	317	318	319	320
Net disposable income								
Use of income account								
Net disposable income	7,442	7,655	7,871	7,902	7,918	7,913	7,922	7,938
Final consumption expenditure								
Individual consumption expenditure								
Collective consumption expenditure								
Adjustment for the change in the net equity of households in pension fund reserves	62	57	58	58	58	58	59	60
Net saving								
Capital account								
Net saving	290	340	394	385	398	392	387	384
Gross capital formation								
Gross fixed capital formation								
Changes in inventories and acquisitions less disposals of valuables								
Consumption of fixed capital	1,388	1,419	1,462	1,488	1,497	1,504	1,511	1,519
Acquisitions less disposals of non-produced non-financial assets								
Capital transfers	192	230	180	191	205	212	223	220
Capital taxes	34	25	31	29	26	27	29	31
Other capital transfers	158	205	149	162	179	185	194	189
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)

	2009	2010	2011	2011 Q4-2012 Q3	2012 Q1-2012 Q4	2012 Q2-2013 Q1	2012 Q3-2013 Q2	2012 Q4-2013 Q3
Income, saving and changes in net worth								
Compensation of employees (+)	4,459	4,521	4,634	4,679	4,684	4,691	4,697	4,706
Gross operating surplus and mixed income (+)	1,440	1,449	1,491	1,495	1,495	1,498	1,503	1,511
Interest receivable (+)	233	201	227	228	222	216	211	206
Interest payable (-)	148	124	147	139	131	125	120	117
Other property income receivable (+)	728	721	750	749	744	738	732	737
Other property income payable (-)	10	10	10	10	10	10	10	10
Current taxes on income and wealth (-)	843	850	884	920	934	941	952	959
Net social contributions (-)	1,672	1,698	1,746	1,772	1,782	1,789	1,795	1,802
Net social benefits (+)	1,757	1,802	1,829	1,862	1,872	1,884	1,895	1,907
Net current transfers receivable (+)	71	71	70	68	71	74	75	74
= Gross disposable income	6,017	6,082	6,214	6,240	6,233	6,235	6,236	6,253
Final consumption expenditure (-)	5,157	5,291	5,441	5,469	5,474	5,470	5,478	5,491
Changes in net worth in pension funds (+)	62	56	58	58	58	58	58	60
= Gross saving	922	847	831	829	816	823	817	822
Consumption of fixed capital (-)	379	386	395	400	402	403	404	405
Net capital transfers receivable (+)	9	12	2	0	1	0	0	-1
Other changes in net worth (+)	-334	550	-218	-336	-189	-568	-400	-162
= Changes in net worth	218	1,023	220	93	227	-147	13	253
Investment, financing and changes in net worth								
Net acquisition of non-financial assets (+)	555	558	573	561	555	549	543	542
Consumption of fixed capital (-)	379	386	395	400	402	403	404	405
Main items of financial investment (+)								
Short-term assets	2	40	124	173	192	172	167	135
Currency and deposits	121	118	118	176	225	226	215	186
Money market fund shares	-45	-59	-23	-27	-31	-39	-30	-26
Debt securities [1]	-74	-19	29	25	-2	-15	-18	-25
Long-term assets	482	420	237	192	143	173	166	199
Deposits	82	58	55	29	12	7	7	23
Debt securities	2	3	69	-4	-89	-124	-120	-121
Shares and other equity	169	111	-2	59	90	142	123	131
Quoted and unquoted shares and other equity	120	103	46	66	55	66	38	41
Mutual fund shares	49	8	-48	-7	35	76	85	90
Life insurance and pension fund reserves	230	248	115	108	129	147	156	166
Main items of financing (-)								
Loans	107	114	88	19	14	0	-11	-1
of which: From euro area MFIs	65	147	81	1	25	21	1	7
Other changes in assets (+)								
Non-financial assets	-624	462	155	-897	-817	-1,050	-952	-609
Financial assets	285	141	-386	504	577	405	484	412
Shares and other equity	82	49	-318	317	337	264	341	349
Life insurance and pension fund reserves	191	120	15	181	179	160	119	76
Remaining net flows (+)	4	-99	0	-21	-8	6	-2	-21
= Changes in net worth	218	1,023	220	93	227	-147	13	253
Balance sheet								
Non-financial assets (+)	29,652	30,286	30,618	30,186	29,955	29,505	29,551	29,713
Financial assets (+)								
Short-term assets	5,771	5,814	5,952	6,036	6,125	6,137	6,178	6,156
Currency and deposits	5,474	5,597	5,728	5,836	5,950	5,979	6,029	6,016
Money market fund shares	242	184	166	136	121	112	109	101
Debt securities [1]	54	33	58	63	54	46	40	39
Long-term assets	11,584	12,121	11,966	12,469	12,705	12,899	12,883	13,103
Deposits	970	1,027	1,082	1,098	1,096	1,103	1,113	1,124
Debt securities	1,453	1,406	1,391	1,380	1,365	1,303	1,288	1,257
Shares and other equity	4,040	4,199	3,875	4,151	4,316	4,472	4,463	4,640
Quoted and unquoted shares and other equity	2,931	3,012	2,798	2,966	3,094	3,189	3,170	3,303
Mutual fund shares	1,110	1,187	1,077	1,184	1,222	1,284	1,293	1,337
Life insurance and pension fund reserves	5,121	5,489	5,619	5,840	5,928	6,021	6,020	6,082
Remaining net assets (+)	261	244	237	242	206	192	197	189
Liabilities (-)								
Loans	5,932	6,107	6,196	6,184	6,185	6,159	6,159	6,158
of which: From euro area MFIs	4,968	5,213	5,281	5,283	5,290	5,279	5,282	5,276
= Net worth	41,335	42,358	42,578	42,750	42,805	42,574	42,650	43,003

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)

	2009	2010	2011	2011 Q4-2012 Q3	2012 Q1-2012 Q4	2012 Q2-2013 Q1	2012 Q3-2013 Q2	2012 Q4-2013 Q3
Income and saving								
Gross value added (basic prices) (+)	4,520	4,662	4,824	4,848	4,846	4,840	4,849	4,866
Compensation of employees (-)	2,790	2,834	2,932	2,969	2,977	2,979	2,984	2,990
Other taxes less subsidies on production (-)	40	33	42	48	50	50	51	51
= Gross operating surplus (+)	1,689	1,795	1,851	1,830	1,819	1,811	1,814	1,825
Consumption of fixed capital (-)	782	800	827	844	849	854	858	863
= Net operating surplus (+)	907	995	1,024	987	970	957	955	962
Property income receivable (+)	534	550	556	561	550	549	537	529
Interest receivable	171	158	164	156	149	143	138	134
Other property income receivable	363	391	392	404	401	406	399	395
Interest and rents payable (-)	296	257	287	280	270	259	249	240
= Net entrepreneurial income (+)	1,145	1,288	1,294	1,268	1,250	1,247	1,243	1,250
Distributed income (-)	926	920	969	967	951	944	937	941
Taxes on income and wealth payable (-)	151	169	192	196	201	200	206	208
Social contributions receivable (+)	71	69	74	74	74	74	74	74
Social benefits payable (-)	68	69	70	70	70	70	70	70
Other net transfers (-)	47	44	48	49	49	49	50	51
= Net saving	24	155	89	59	53	58	53	53
Investment, financing and saving								
Net acquisition of non-financial assets (+)	65	146	210	152	130	98	84	80
Gross fixed capital formation (+)	899	927	982	972	963	943	938	933
Consumption of fixed capital (-)	782	800	827	844	849	854	858	863
Net acquisition of other non-financial assets (+)	-52	19	54	24	17	9	5	11
Main items of financial investment (+)								
Short-term assets	95	34	-27	27	60	46	40	54
Currency and deposits	88	67	6	38	74	81	84	94
Money market fund shares	39	-32	-46	-18	-10	-8	-18	-15
Debt securities [1]	-31	-1	12	6	-5	-28	-27	-25
Long-term assets	148	425	487	311	197	174	72	107
Deposits	-1	20	68	13	12	-18	-9	8
Debt securities	24	8	-20	-11	0	1	-3	-8
Shares and other equity	101	250	289	187	115	149	96	118
Other (mainly intercompany loans)	24	147	150	123	70	43	-11	-12
Remaining net assets (+)	78	24	-27	12	44	68	98	51
Main items of financing (-)								
Debt	25	178	253	185	126	110	39	9
of which: Loans from euro area MFIs	-108	-16	96	-87	-135	-123	-154	-145
of which: Debt securities	90	66	49	109	119	105	91	89
Shares and other equity	253	230	235	189	183	145	129	159
Quoted shares	64	31	27	16	27	11	21	20
Unquoted shares and other equity	189	199	209	174	156	135	108	139
Net capital transfers receivable (-)	81	64	66	65	65	68	68	65
= Net saving	24	155	89	59	53	58	53	53
Financial balance sheet								
Financial assets								
Short-term assets	1,936	1,961	1,934	1,933	1,990	1,955	1,943	1,972
Currency and deposits	1,632	1,695	1,705	1,715	1,776	1,759	1,768	1,800
Money market fund shares	213	182	134	128	128	125	111	109
Debt securities [1]	90	84	95	89	86	71	65	63
Long-term assets	10,235	10,721	10,742	11,383	11,502	11,784	11,621	12,103
Deposits	159	169	224	271	276	264	255	268
Debt securities	238	254	244	263	264	263	258	262
Shares and other equity	7,092	7,405	7,202	7,693	7,846	8,135	7,987	8,434
Other (mainly intercompany loans)	2,746	2,893	3,071	3,156	3,117	3,122	3,120	3,139
Remaining net assets	411	303	368	334	315	396	401	351
Liabilities								
Debt	9,465	9,728	9,902	10,063	9,999	9,990	9,948	9,948
of which: Loans from euro area MFIs	4,700	4,675	4,717	4,631	4,502	4,476	4,435	4,388
of which: Debt securities	814	881	885	1,021	1,044	1,065	1,061	1,094
Shares and other equity	12,625	13,169	12,482	13,130	13,561	13,964	13,832	14,579
Quoted shares	3,506	3,802	3,284	3,553	3,747	3,891	3,853	4,199
Unquoted shares and other equity	9,120	9,368	9,198	9,578	9,814	10,073	9,979	10,380

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)

	2009	2010	2011	2011 Q4-2012 Q3	2012 Q1-2012 Q4	2012 Q2-2013 Q1	2012 Q3-2013 Q2	2012 Q4-2013 Q3
Financial account, financial transactions								
Main items of financial investment (+)								
Short-term assets	-42	-6	54	51	43	19	-18	-39
Currency and deposits	-33	-9	14	3	15	11	8	3
Money market fund shares	5	-8	16	36	32	9	-12	-20
Debt securities [1]	-14	11	24	12	-5	-2	-14	-22
Long-term assets	294	288	134	111	185	176	216	246
Deposits	15	-4	9	-16	-17	-19	-16	-18
Debt securities	105	183	45	79	137	96	115	113
Loans	8	32	12	15	8	12	11	2
Quoted shares	-50	-2	-12	-17	-5	2	0	10
Unquoted shares and other equity	-15	11	13	1	-2	-1	0	4
Mutual fund shares	230	68	67	49	63	86	106	134
Remaining net assets (+)	17	9	-35	-3	-39	-20	-23	-26
Main items of financing (-)								
Debt securities	5	1	3	2	7	5	3	3
Loans	-4	7	11	9	-15	0	-7	-23
Shares and other equity	5	6	4	2	0	2	2	1
Insurance technical reserves	246	280	115	127	151	167	175	186
Net equity of households in life insurance and pension fund reserves	240	261	110	118	139	154	164	172
Prepayments of insurance premiums and reserves for outstanding claims	6	19	5	8	13	13	11	14
= Changes in net financial worth due to transactions	16	-3	20	18	45	0	2	14
Other changes account								
Other changes in financial assets (+)								
Shares and other equity	199	117	-105	218	197	148	133	97
Other net assets	34	-1	23	161	229	115	68	-31
Other changes in liabilities (-)								
Shares and other equity	13	-1	-47	40	71	55	83	68
Insurance technical reserves	169	136	16	190	187	164	119	73
Net equity of households in life insurance and pension fund reserves	197	125	19	187	185	161	118	72
Prepayments of insurance premiums and reserves for outstanding claims	-28	11	-3	2	2	2	1	1
= Other changes in net financial worth	52	-19	-51	149	167	44	-1	-75
Financial balance sheet								
Financial assets (+)								
Short-term assets	331	329	371	400	406	411	364	355
Currency and deposits	195	190	193	200	209	218	201	201
Money market fund shares	95	88	102	123	125	125	107	99
Debt securities [1]	41	51	76	77	72	67	57	55
Long-term assets	5,649	6,039	6,044	6,542	6,636	6,761	6,757	6,877
Deposits	612	605	611	604	594	594	595	590
Debt securities	2,468	2,638	2,661	2,941	2,999	3,021	3,023	3,040
Loans	434	467	479	487	488	488	485	487
Quoted shares	397	421	375	388	403	412	409	424
Unquoted shares and other equity	412	415	420	438	429	432	432	437
Mutual fund shares	1,327	1,492	1,498	1,684	1,723	1,815	1,813	1,899
Remaining net assets (+)	225	249	271	276	260	257	246	236
Liabilities (-)								
Debt securities	42	43	46	49	55	55	52	52
Loans	285	297	305	319	289	306	305	299
Shares and other equity	439	444	401	444	472	490	498	512
Insurance technical reserves	5,582	5,999	6,130	6,383	6,469	6,581	6,578	6,642
Net equity of households in life insurance and pension fund reserves	4,798	5,185	5,315	5,549	5,638	5,733	5,730	5,793
Prepayments of insurance premiums and reserves for outstanding claims	784	814	816	834	830	848	848	849
= Net financial wealth	-143	-165	-196	23	17	-3	-64	-37

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

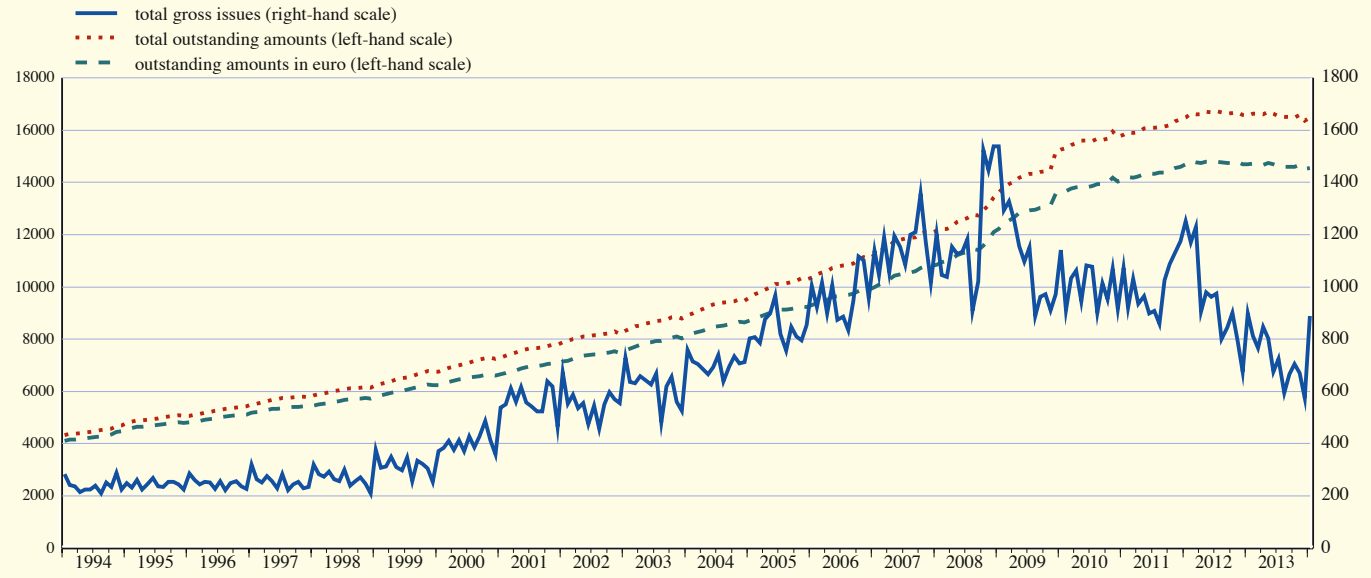
4.1 Securities other than shares by original maturity, residency of the issuer and currency

(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					
	Outstanding amounts	Gross issues	Net issues	Outstanding amounts	Gross issues	Net issues	Outstanding amounts	Gross issues	Net issues	Annual growth rates	Seasonally adjusted [2]	
											Net issues	6-month growth rates
	1	2	3	4	5	6	7	8	9	10	11	12
	Total											
2013 Jan.	16,982.6	812.7	-9.2	14,696.8	768.5	0.2	16,554.3	898.4	9.5	1.1	-13.4	-0.4
Feb.	16,992.0	706.8	-5.3	14,715.7	666.4	4.0	16,626.1	812.5	38.7	0.4	-20.8	-0.6
Mar.	16,922.6	685.5	-67.0	14,691.1	635.0	-22.1	16,623.3	767.2	-17.8	-0.2	-14.3	-1.0
Apr.	16,915.9	757.6	-6.3	14,678.5	708.9	-12.2	16,602.1	847.0	-5.4	-0.2	-11.2	-1.3
May	16,985.7	709.9	70.9	14,753.7	664.0	76.4	16,693.0	803.0	95.1	0.0	15.8	-0.9
June	16,922.4	600.2	-62.8	14,701.6	557.6	-51.7	16,625.5	674.7	-61.7	-0.2	-23.3	-0.8
July	16,856.0	639.5	-66.2	14,629.7	590.8	-71.3	16,536.6	725.4	-77.5	-0.9	-54.8	-1.3
Aug.	16,831.2	515.4	-25.0	14,603.2	481.9	-26.7	16,520.4	593.9	-19.1	-0.7	16.3	-0.9
Sep.	16,842.5	605.0	11.8	14,597.7	554.4	-5.1	16,509.3	665.3	-4.1	-0.6	42.2	-0.2
Oct.	16,848.9	641.4	7.5	14,591.2	571.3	-5.4	16,480.3	704.2	-18.4	-0.9	-34.0	-0.5
Nov.	16,962.9	597.6	114.2	14,676.5	538.8	85.6	16,569.7	670.0	88.4	-0.7	22.3	-0.4
Dec.	16,796.8	514.9	-175.9	14,512.9	476.8	-173.4	16,368.1	574.1	-203.5	-1.1	-102.3	-1.3
2014 Jan.	.	.	.	14,553.8	739.7	39.7	16,482.6	889.9	96.5	-0.5	75.7	0.2
	Long-term											
2013 Jan.	15,649.4	253.3	-4.6	13,439.7	227.0	0.5	15,056.5	259.9	-3.1	2.2	5.9	1.3
Feb.	15,651.6	230.3	-7.4	13,447.8	204.9	-1.8	15,106.3	244.9	23.6	1.4	-32.7	0.7
Mar.	15,593.7	246.8	-55.2	13,444.9	216.5	-0.1	15,121.5	250.0	2.9	0.9	8.4	-0.1
Apr.	15,590.3	247.7	-3.1	13,430.5	217.2	-14.0	15,105.6	248.9	-1.7	0.9	-8.5	-0.6
May	15,659.9	254.4	70.9	13,506.4	223.2	77.2	15,192.1	260.8	90.8	1.0	22.9	-0.3
June	15,638.9	208.2	-20.5	13,499.6	181.6	-6.2	15,170.3	201.3	-16.8	0.7	-9.7	-0.2
July	15,567.1	204.7	-71.8	13,415.3	173.2	-84.0	15,069.3	195.3	-91.9	0.2	-52.4	-0.9
Aug.	15,559.9	117.1	-7.4	13,404.6	97.5	-10.8	15,065.6	112.5	-7.6	0.3	35.1	-0.1
Sep.	15,577.8	223.1	18.4	13,411.8	190.1	7.6	15,073.5	216.2	16.6	0.2	57.3	0.6
Oct.	15,609.9	248.9	32.1	13,424.8	198.9	13.1	15,072.0	227.9	6.9	0.0	-4.7	0.6
Nov.	15,729.9	251.8	119.0	13,519.7	209.9	94.0	15,181.5	240.0	108.3	0.3	48.4	1.0
Dec.	15,640.3	153.3	-90.3	13,438.4	132.4	-81.9	15,087.1	148.1	-86.6	0.3	-27.5	0.7
2014 Jan.	.	.	.	13,410.7	237.6	-27.7	15,098.8	289.9	-2.2	0.3	4.1	1.5

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											
2012	16,575	5,399	3,225	995	6,270	684	958	589	81	69	187	32
2013	16,368	4,887	3,182	1,073	6,553	674	728	385	63	65	187	29
2013 Q1	16,623	5,261	3,223	1,024	6,426	690	826	439	81	62	212	32
Q2	16,625	5,122	3,235	1,031	6,558	678	775	408	65	67	201	34
Q3	16,509	5,004	3,220	1,063	6,552	671	662	350	51	64	171	25
Q4	16,368	4,887	3,182	1,073	6,553	674	649	341	56	66	162	25
2013 Oct.	16,480	4,977	3,208	1,073	6,553	670	704	350	64	74	192	25
Nov.	16,570	4,971	3,223	1,085	6,617	675	670	319	56	70	194	31
Dec.	16,368	4,887	3,182	1,073	6,553	674	574	355	47	53	100	19
2014 Jan.	16,483	4,925	3,213	1,097	6,578	670	890	467	71	84	228	40
	Short-term											
2012	1,488	601	136	82	606	64	703	490	37	53	103	21
2013	1,281	473	110	75	570	52	511	315	26	48	102	21
2013 Q1	1,502	582	139	91	621	68	574	361	31	48	112	23
Q2	1,455	558	134	90	620	54	538	337	25	52	100	23
Q3	1,436	539	132	90	627	47	487	294	25	46	104	18
Q4	1,281	473	110	75	570	52	444	269	22	45	90	18
2013 Oct.	1,408	524	123	90	624	47	476	272	25	50	111	18
Nov.	1,388	513	124	87	612	51	430	250	21	44	93	21
Dec.	1,281	473	110	75	570	52	426	284	20	41	66	15
2014 Jan.	1,384	533	123	88	587	53	600	372	26	57	115	29
	Long-term [2]											
2012	15,086	4,798	3,090	913	5,665	621	255	99	45	16	83	12
2013	15,087	4,413	3,072	997	5,982	622	217	69	38	17	85	8
2013 Q1	15,122	4,678	3,084	933	5,805	621	252	78	50	14	100	9
Q2	15,170	4,564	3,101	942	5,938	624	237	71	40	16	101	10
Q3	15,073	4,465	3,089	972	5,924	624	175	56	26	18	67	8
Q4	15,087	4,413	3,072	997	5,982	622	205	73	34	20	72	7
2013 Oct.	15,072	4,452	3,085	982	5,929	623	228	78	39	23	81	7
Nov.	15,181	4,457	3,099	997	6,004	624	240	69	35	26	100	10
Dec.	15,087	4,413	3,072	997	5,982	622	148	71	27	12	34	4
2014 Jan.	15,099	4,391	3,090	1,010	5,991	616	290	95	45	26	113	11
	of which: Long-term fixed rate											
2012	10,527	2,811	1,295	823	5,153	444	165	54	18	15	71	7
2013	10,799	2,648	1,422	896	5,381	452	146	36	20	15	69	6
2013 Q1	10,663	2,766	1,347	841	5,259	450	165	41	25	12	80	7
Q2	10,775	2,719	1,391	848	5,363	455	156	34	21	13	79	8
Q3	10,762	2,671	1,414	872	5,352	454	124	32	14	14	58	5
Q4	10,799	2,648	1,422	896	5,381	452	138	37	19	18	59	5
2013 Oct.	10,773	2,663	1,420	882	5,353	454	166	48	20	20	73	6
Nov.	10,849	2,667	1,432	896	5,401	453	158	37	20	24	71	6
Dec.	10,799	2,648	1,422	896	5,381	452	91	27	16	12	34	2
2014 Jan.	10,810	2,634	1,428	905	5,395	448	213	59	26	23	97	8
	of which: Long-term variable rate											
2012	4,133	1,733	1,699	87	439	175	77	38	24	1	8	5
2013	3,876	1,561	1,546	98	501	169	59	28	16	2	11	2
2013 Q1	4,012	1,660	1,638	89	455	170	69	30	22	1	13	3
Q2	3,960	1,606	1,610	91	485	168	68	31	16	2	17	2
Q3	3,896	1,580	1,573	97	477	169	41	20	11	3	4	2
Q4	3,876	1,561	1,546	98	501	169	59	31	14	2	10	2
2013 Oct.	3,881	1,577	1,561	96	480	168	51	25	18	3	4	1
Nov.	3,912	1,581	1,561	97	503	170	72	28	13	2	25	4
Dec.	3,876	1,561	1,546	98	501	169	53	40	11	1	0	1
2014 Jan.	3,880	1,558	1,551	101	504	167	65	31	16	4	11	3

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

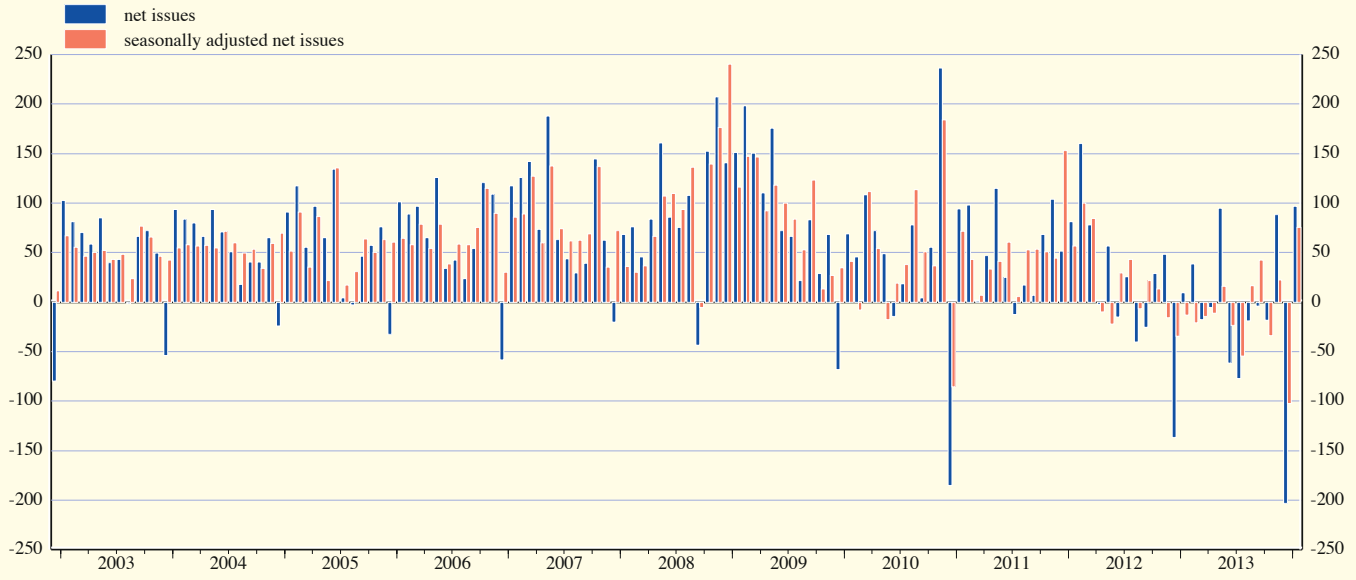
(EUR billions unless otherwise indicated; transactions during the period; nominal values)

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											
2012	21.6	-8.1	3.0	10.6	13.0	3.1	-	-	-	-	-	-
2013	-14.6	-39.8	-5.1	7.0	23.9	-0.6	-	-	-	-	-	-
2013 Q1	10.1	-46.2	-6.1	9.2	51.8	1.5	-16.2	-60.9	1.5	6.8	35.8	0.7
Q2	9.3	-40.8	5.2	3.5	44.7	-3.3	-6.2	-39.6	4.5	2.3	29.7	-3.0
Q3	-33.6	-36.7	-4.3	11.2	-1.7	-2.1	1.2	-35.5	9.8	11.7	15.9	-0.6
Q4	-44.5	-35.5	-15.3	3.9	0.9	1.4	-38.0	-24.4	-35.7	6.8	14.5	0.9
2013 Oct.	-18.4	-21.0	-10.9	11.7	2.2	-0.3	-34.0	-10.6	-31.2	9.5	1.1	-2.8
Nov.	88.4	-5.9	14.6	10.8	63.9	4.9	22.3	-10.3	-8.1	12.3	24.1	4.3
Dec.	-203.5	-79.6	-49.5	-10.7	-63.3	-0.4	-102.3	-52.3	-67.9	-1.5	18.3	1.2
2014 Jan.	96.5	27.5	28.2	21.9	24.1	-5.3	75.7	9.5	41.2	20.5	5.7	-1.2
	Long-term											
2012	31.6	0.5	1.1	10.4	15.4	4.2	-	-	-	-	-	-
2013	3.4	-29.4	-1.8	7.5	26.8	0.3	-	-	-	-	-	-
2013 Q1	7.8	-39.2	-5.8	6.2	46.6	0.0	-6.1	-46.8	1.4	6.0	34.9	-1.5
Q2	24.1	-33.1	6.8	4.0	45.1	1.4	1.6	-39.1	6.9	2.9	31.0	-0.2
Q3	-27.7	-30.8	-3.6	10.9	-4.4	0.1	13.3	-27.6	7.2	11.5	19.7	2.5
Q4	9.5	-14.6	-4.5	9.0	19.8	-0.2	5.4	-4.9	-22.2	9.7	22.2	0.6
2013 Oct.	6.9	-8.0	-2.3	11.7	5.5	0.0	-4.7	-0.4	-20.5	9.9	5.6	0.7
Nov.	108.3	4.7	13.7	14.0	75.4	0.7	48.4	7.5	-9.0	14.1	36.0	-0.2
Dec.	-86.6	-40.3	-24.9	1.4	-21.4	-1.4	-27.5	-21.9	-37.0	5.0	25.2	1.2
2014 Jan.	-2.2	-28.4	15.2	9.5	7.9	-6.4	4.1	-32.4	27.3	11.8	3.2	-5.9

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.

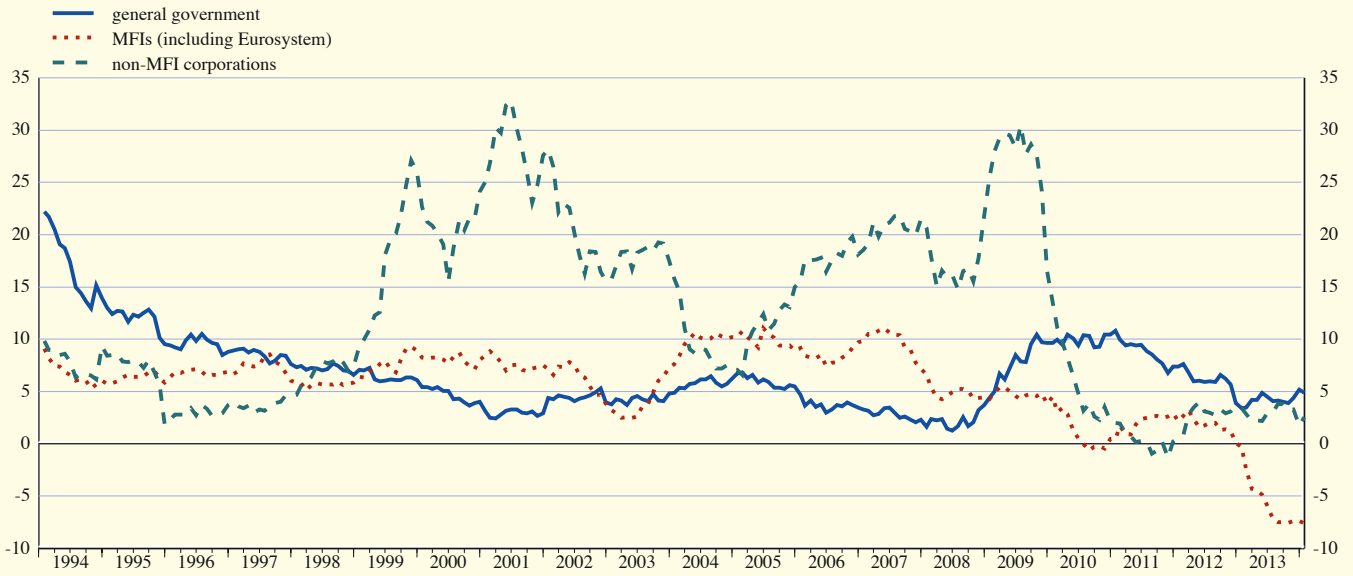
4.3 Growth rates of securities other than shares issued by euro area residents [1)]

(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											
2013 Jan.	1.1	-2.3	0.9	13.9	2.1	4.6	-0.4	-5.8	0.2	15.0	2.3	-4.0
Feb.	0.4	-4.4	0.9	13.7	2.6	0.4	-0.6	-8.4	2.8	14.4	3.2	-6.1
Mar.	-0.2	-6.1	-0.6	13.1	3.6	-0.8	-1.0	-9.5	1.5	12.0	3.9	-4.7
Apr.	-0.2	-6.2	-0.7	12.8	3.5	0.4	-1.3	-10.6	2.2	11.7	3.4	-2.7
May	0.0	-6.5	-0.5	11.2	4.4	-0.4	-0.9	-11.5	3.4	8.5	5.2	-2.8
June	-0.2	-7.3	0.4	10.2	4.3	-2.6	-0.8	-10.8	1.1	5.5	6.3	-2.1
July	-0.9	-8.7	0.8	10.1	4.1	-4.7	-1.3	-11.6	1.4	5.6	5.9	-5.6
Aug.	-0.7	-9.2	1.7	10.6	4.1	-3.6	-0.9	-9.9	0.5	7.2	5.1	-1.4
Sep.	-0.6	-8.9	2.1	10.2	4.0	-3.8	-0.2	-8.4	2.7	8.4	4.3	-3.2
Oct.	-0.9	-9.0	1.1	10.2	3.8	-4.1	-0.5	-7.4	0.0	8.6	4.2	-5.0
Nov.	-0.7	-8.8	1.1	10.3	4.0	-2.6	-0.4	-5.9	-1.1	12.1	2.8	-2.2
Dec.	-1.1	-8.9	-1.9	8.4	4.6	-1.1	-1.3	-6.9	-4.8	11.1	2.8	0.2
2014 Jan.	-0.5	-8.1	-0.6	9.7	4.4	-2.0	0.2	-4.5	-2.4	14.1	3.0	2.0
	Long-term											
2013 Jan.	2.2	-0.3	0.3	15.4	2.9	8.6	1.3	-2.2	-0.4	19.0	2.5	3.8
Feb.	1.4	-2.4	-0.3	14.6	3.3	4.5	0.7	-4.9	0.5	16.8	3.2	1.0
Mar.	0.9	-4.3	-0.9	13.6	4.3	2.9	-0.1	-6.7	0.5	12.8	3.6	-1.6
Apr.	0.9	-4.5	-1.0	14.5	4.3	3.2	-0.6	-8.3	1.1	11.8	3.3	-0.1
May	1.0	-4.9	-0.8	13.2	5.1	2.9	-0.3	-10.0	2.5	7.8	5.5	-1.0
June	0.7	-5.9	0.3	12.5	4.8	1.6	-0.2	-10.4	1.6	5.9	7.1	-1.7
July	0.2	-7.2	0.6	12.0	4.5	0.3	-0.9	-11.9	1.5	5.6	6.5	-3.1
Aug.	0.3	-7.5	1.4	12.4	4.5	0.7	-0.1	-10.0	2.4	8.3	5.8	0.3
Sep.	0.2	-7.5	1.6	11.1	4.4	0.3	0.6	-8.4	2.8	9.5	5.3	2.2
Oct.	0.0	-7.5	0.9	10.9	4.2	0.8	0.6	-6.8	0.7	10.0	5.1	1.7
Nov.	0.3	-7.4	1.0	11.0	4.8	0.4	1.0	-4.7	-0.5	14.3	4.1	1.7
Dec.	0.3	-7.4	-0.7	9.9	5.7	0.6	0.7	-4.2	-2.9	14.0	4.3	3.0
2014 Jan.	0.3	-7.6	0.2	10.3	5.5	-1.1	1.5	-3.2	-1.0	15.2	4.4	1.2

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.

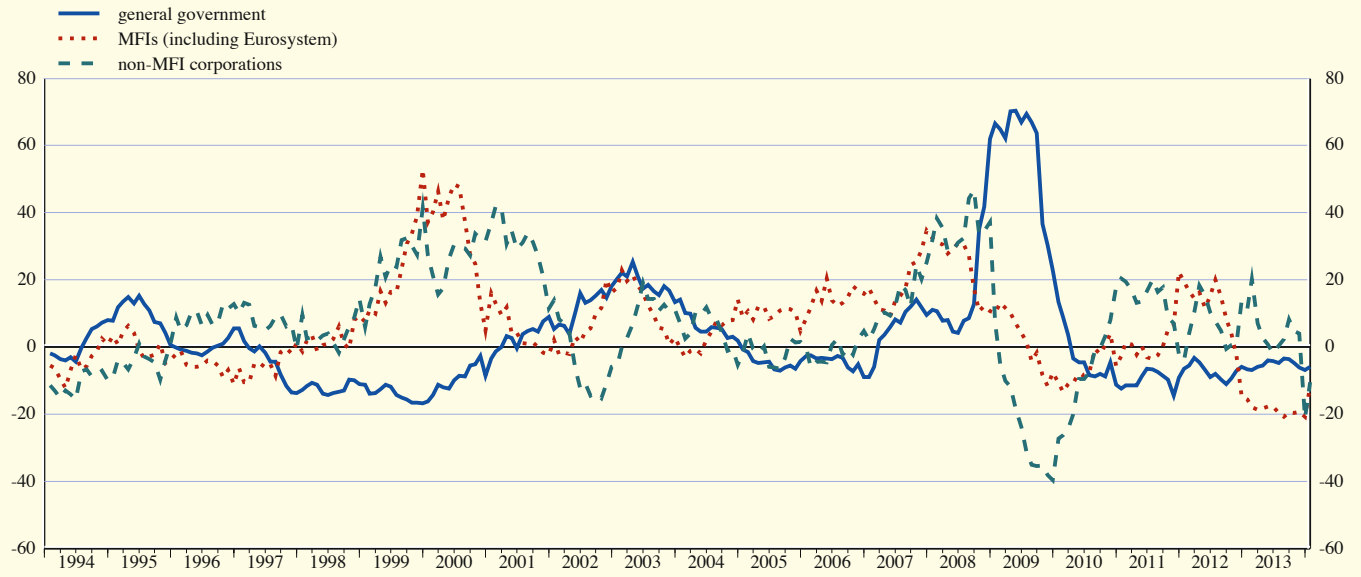
4.3 Growth rates of securities other than shares issued by euro area residents [1] (cont'd)

(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											
2012	5.4	4.1	2.4	10.4	5.9	7.3	-0.8	-0.3	-5.0	-0.4	6.6	23.3
2013	3.4	-3.2	7.2	13.6	4.6	4.1	-7.4	-7.5	-10.2	5.1	-1.3	-0.8
2013 Q1	4.4	0.3	6.5	16.2	4.4	6.0	-6.8	-4.1	-10.7	-0.6	-7.6	7.9
Q2	3.8	-3.3	7.8	14.9	5.1	4.5	-7.7	-6.7	-11.4	2.1	-1.8	-0.8
Q3	3.1	-4.8	8.4	12.9	4.8	3.4	-8.3	-9.6	-9.8	6.9	-1.9	-5.4
Q4	2.5	-5.0	6.3	10.7	4.2	2.6	-6.9	-9.8	-8.7	12.2	6.5	-4.1
2013 Aug.	3.0	-5.1	8.7	13.1	4.6	3.3	-8.3	-9.9	-9.4	7.5	-2.2	-5.0
Sep.	2.7	-5.0	7.8	11.3	4.3	2.9	-7.5	-9.9	-8.7	11.1	2.0	-5.2
Oct.	2.6	-5.1	6.5	10.9	4.4	3.3	-7.7	-9.9	-8.6	11.7	-0.9	-4.9
Nov.	2.3	-4.8	5.9	10.7	3.9	2.0	-5.9	-9.8	-8.1	13.3	13.2	-3.2
Dec.	2.3	-5.1	5.1	9.7	4.5	2.2	-6.3	-9.3	-9.9	12.1	14.2	-2.9
2014 Jan.	2.0	-5.8	4.2	10.0	4.6	0.0	-5.2	-8.8	-8.1	14.3	15.8	-3.0
	In euro											
2012	5.6	4.6	2.1	10.6	6.0	7.2	-0.5	2.0	-6.6	-1.4	6.3	22.9
2013	3.2	-4.0	5.0	14.8	4.6	4.1	-7.7	-7.2	-11.3	6.3	-1.8	-1.2
2013 Q1	4.2	0.1	4.8	17.6	4.4	5.3	-7.0	-2.8	-12.3	-0.3	-8.3	7.9
Q2	3.5	-4.0	5.4	16.3	5.0	4.4	-7.9	-5.9	-12.7	4.0	-2.4	-1.4
Q3	2.8	-5.9	5.8	14.0	4.8	3.8	-8.7	-9.7	-10.6	8.4	-2.3	-5.8
Q4	2.2	-6.0	4.2	11.6	4.3	2.8	-7.2	-10.3	-9.3	13.0	6.4	-4.5
2013 Aug.	2.7	-6.1	6.3	14.0	4.7	3.9	-8.7	-10.2	-10.2	9.2	-2.7	-5.4
Sep.	2.3	-6.3	5.3	12.1	4.4	2.8	-7.9	-10.2	-9.5	11.7	1.7	-5.6
Oct.	2.3	-6.0	4.1	11.6	4.4	3.6	-8.1	-10.4	-9.1	13.9	-1.4	-5.4
Nov.	2.0	-5.8	4.0	11.9	3.9	2.2	-6.2	-10.3	-8.6	13.2	13.4	-3.5
Dec.	2.2	-6.2	3.4	10.6	4.5	2.4	-6.9	-10.2	-10.7	11.9	14.1	-3.4
2014 Jan.	1.6	-6.9	1.1	9.9	4.6	0.0	-5.9	-9.6	-9.5	12.8	16.0	-3.1

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)

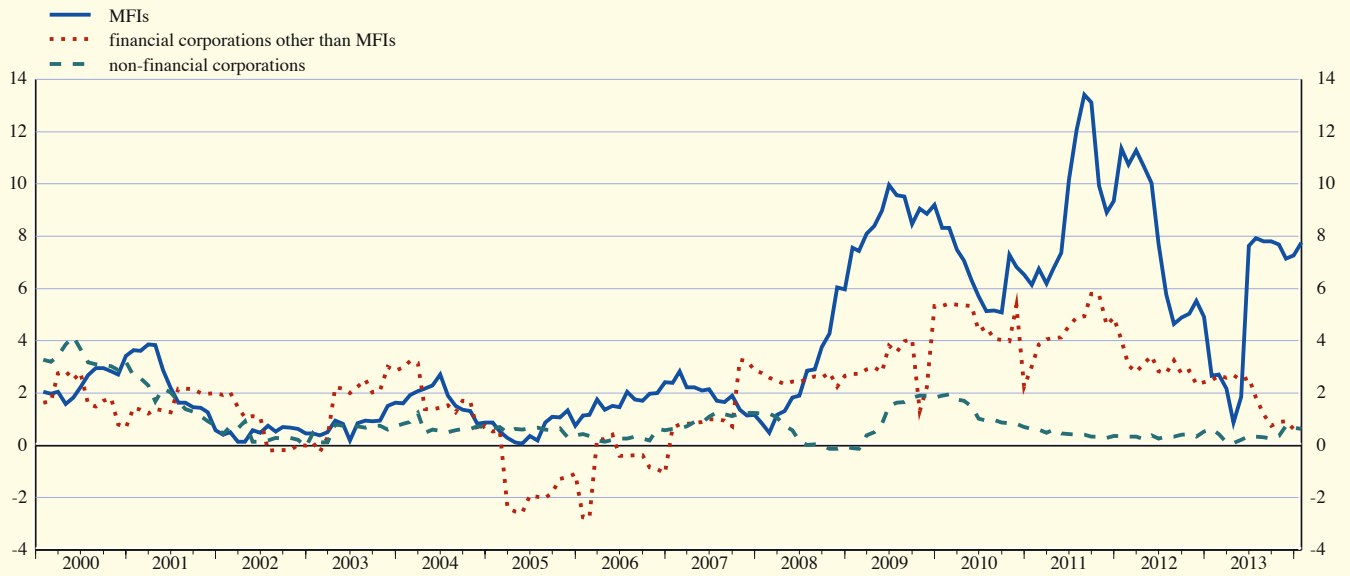
1. Outstanding amounts and annual growth rates

(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
2012 Jan.	4,095.4	106.3	1.7	375.4	11.4	298.4	4.0	3,421.6	0.4
Feb.	4,261.6	106.3	1.5	394.6	10.7	311.6	3.1	3,555.3	0.3
Mar.	4,245.4	106.4	1.5	373.0	11.3	311.4	2.8	3,561.0	0.3
Apr.	4,071.1	106.5	1.4	327.2	10.7	292.3	3.1	3,451.6	0.2
May	3,765.4	106.6	1.5	280.8	10.0	265.5	3.4	3,219.1	0.4
June	3,928.0	106.7	1.1	317.6	7.7	285.0	2.8	3,325.4	0.3
July	4,054.1	106.8	1.0	309.9	5.8	292.1	2.7	3,452.1	0.3
Aug.	4,178.8	106.8	0.9	349.6	4.6	309.4	3.2	3,519.7	0.3
Sep.	4,235.1	106.9	0.9	364.9	4.9	323.9	2.7	3,546.3	0.4
Oct.	4,311.8	107.0	1.0	383.5	5.0	333.8	2.8	3,594.4	0.4
Nov.	4,399.7	106.9	0.9	395.7	5.5	342.3	2.3	3,661.8	0.3
Dec.	4,503.7	107.2	1.0	402.4	4.9	357.3	2.4	3,743.9	0.5
2013 Jan.	4,658.5	107.3	0.9	441.5	2.7	370.7	2.5	3,846.3	0.6
Feb.	4,643.2	107.1	0.8	416.1	2.7	364.5	2.7	3,862.6	0.4
Mar.	4,645.2	106.9	0.5	380.3	2.2	369.0	2.6	3,895.9	0.1
Apr.	4,747.4	106.8	0.3	410.4	0.9	394.9	2.7	3,942.1	0.1
May	4,864.1	107.1	0.5	440.2	1.9	408.0	2.5	4,016.0	0.2
June	4,663.9	107.9	1.2	413.5	7.6	394.5	2.6	3,855.9	0.4
July	4,903.7	108.0	1.1	446.6	7.9	418.7	1.8	4,038.5	0.3
Aug.	4,892.0	108.0	1.1	461.5	7.8	416.1	1.2	4,014.5	0.3
Sep.	5,136.7	107.9	1.0	491.7	7.8	427.6	0.7	4,217.3	0.3
Oct.	5,411.0	108.1	1.1	557.2	7.7	445.1	0.9	4,408.7	0.4
Nov.	5,502.3	108.4	1.3	562.8	7.1	454.6	0.9	4,484.9	0.7
Dec.	5,567.2	108.6	1.3	568.8	7.3	465.8	0.6	4,532.7	0.7
2014 Jan.	5,484.9	108.7	1.3	597.8	7.8	456.1	0.7	4,431.0	0.6

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

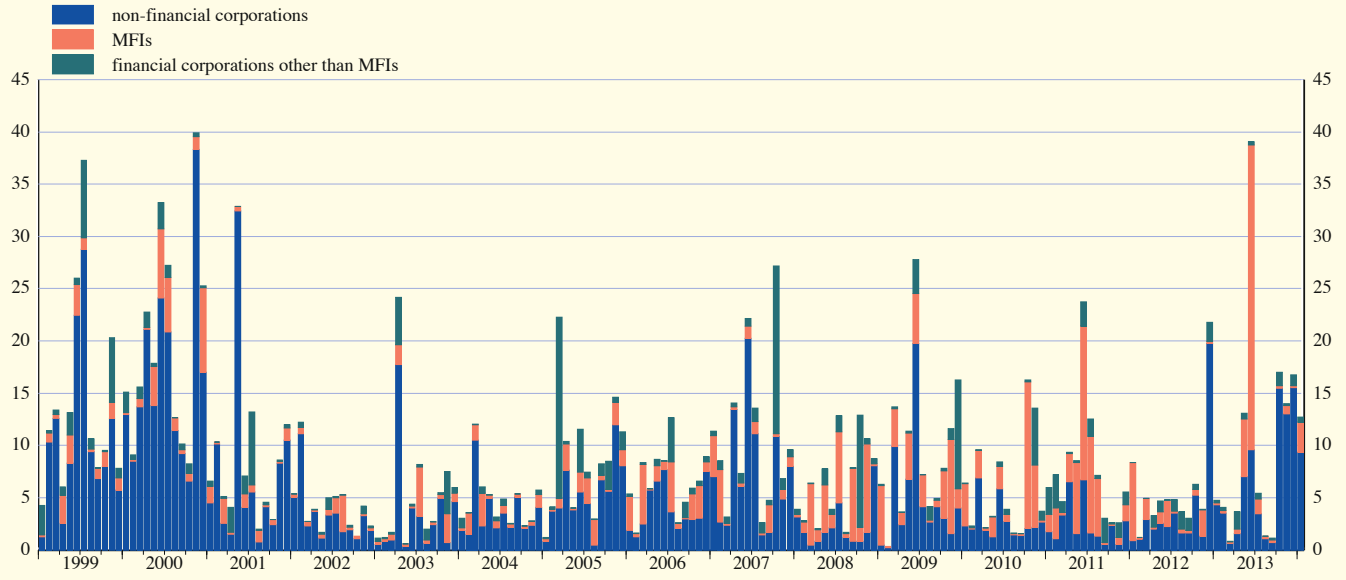
(EUR billions; market values)

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
2012 Jan.	8.4	0.4	7.9	7.5	0.0	7.5	0.0	0.1	-0.1	0.9	0.3	0.6
Feb.	1.1	1.4	-0.3	0.0	0.0	0.0	0.0	0.2	-0.2	1.0	1.2	-0.1
Mar.	4.9	0.7	4.3	2.0	0.0	2.0	0.0	0.1	-0.1	2.9	0.6	2.3
Apr.	3.1	0.3	2.8	0.0	0.0	0.0	1.1	0.0	1.1	2.0	0.3	1.7
May	4.7	1.8	2.9	1.1	0.0	1.1	1.0	0.1	1.0	2.5	1.7	0.8
June	4.8	1.2	3.6	2.6	0.0	2.6	0.0	0.1	-0.1	2.2	1.1	1.1
July	4.8	0.3	4.5	0.2	0.0	0.2	1.1	0.0	1.1	3.6	0.3	3.2
Aug.	3.7	1.8	1.8	0.4	0.0	0.4	1.6	0.1	1.5	1.6	1.7	-0.1
Sep.	2.9	0.5	2.3	0.1	0.0	0.1	1.2	0.1	1.0	1.7	0.4	1.3
Oct.	6.3	1.8	4.5	0.5	0.0	0.5	0.5	0.1	0.4	5.3	1.7	3.6
Nov.	3.9	5.9	-2.0	2.5	0.0	2.5	0.1	0.1	0.0	1.3	5.8	-4.5
Dec.	21.6	11.4	10.2	0.0	0.5	-0.5	1.8	0.0	1.8	19.8	10.8	8.9
2013 Jan.	4.6	0.3	4.3	0.0	0.0	0.0	0.2	0.1	0.1	4.3	0.2	4.1
Feb.	4.1	11.4	-7.3	0.3	0.0	0.3	0.3	0.0	0.3	3.5	11.4	-7.8
Mar.	0.7	10.6	-9.9	0.0	0.1	-0.1	0.0	0.3	-0.3	0.6	10.1	-9.4
Apr.	3.6	5.9	-2.3	0.4	5.2	-4.8	1.7	0.0	1.6	1.6	0.7	0.9
May	13.1	1.8	11.3	5.5	0.0	5.5	0.6	0.0	0.5	7.0	1.8	5.2
June	39.1	1.7	37.3	29.2	0.0	29.1	0.3	0.1	0.3	9.6	1.7	7.9
July	5.4	3.0	2.4	1.4	0.0	1.4	0.6	1.9	-1.4	3.5	1.1	2.4
Aug.	1.1	2.3	-1.2	0.0	0.0	0.0	0.0	0.5	-0.5	1.1	1.8	-0.7
Sep.	1.0	1.7	-0.7	0.1	0.0	0.1	0.1	0.6	-0.4	0.7	1.1	-0.4
Oct.	16.9	7.5	9.4	0.1	0.0	0.1	1.3	0.1	1.2	15.5	7.4	8.1
Nov.	14.0	2.1	11.9	0.8	0.0	0.8	0.2	0.1	0.1	13.0	2.0	11.0
Dec.	16.6	7.0	9.6	0.0	0.0	0.0	1.1	0.0	1.1	15.6	7.0	8.6
2014 Jan.	12.7	7.8	4.9	2.9	0.3	2.6	0.5	0.1	0.3	9.4	7.4	1.9

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
2013 Mar.	0.36	2.29	2.17	2.28	1.37	1.43	0.40	0.93	1.85	1.99	1.00
Apr.	0.34	2.33	2.10	2.25	1.36	1.37	0.38	0.96	1.70	1.90	0.68
May	0.33	2.04	2.06	2.25	1.31	1.31	0.38	0.83	1.86	1.98	0.48
June	0.32	1.88	1.88	2.12	1.30	1.28	0.38	0.83	1.65	1.77	0.72
July	0.31	1.88	1.90	2.08	1.28	1.23	0.37	0.82	1.63	1.78	0.85
Aug.	0.30	1.81	1.87	2.05	1.15	1.21	0.37	0.70	1.57	1.85	0.51
Sep.	0.30	1.71	1.86	2.06	1.15	1.17	0.35	0.81	1.68	1.87	0.56
Oct.	0.29	1.72	1.83	2.07	1.13	1.15	0.34	0.78	1.65	2.28	0.29
Nov.	0.29	1.60	1.76	2.02	1.12	1.11	0.34	0.75	1.57	1.73	0.47
Dec.	0.29	1.58	1.66	1.91	1.11	1.07	0.34	0.79	1.52	1.63	0.71
2014 Jan.	0.28	1.66	1.64	1.95	1.09	1.05	0.33	0.71	1.42	1.81	0.58
Feb.	0.28	1.60	1.62	1.93	1.10	1.03	0.33	0.64	1.42	1.75	0.83

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
2013 Mar.	7.95	17.06	5.43	6.01	7.86	7.15	2.86	3.19	3.13	3.34	3.38	3.16	4.16	3.17
Apr.	7.93	17.08	5.38	5.95	7.83	7.06	2.87	3.13	3.06	3.34	3.38	3.26	3.97	3.11
May	7.91	17.08	5.62	6.12	7.81	7.20	2.87	3.09	2.95	3.22	3.32	3.32	4.11	3.14
June	7.84	17.03	5.51	6.06	7.65	7.07	2.82	3.00	2.87	3.15	3.25	3.10	4.07	3.01
July	7.75	16.96	5.63	6.12	7.63	7.13	2.84	2.97	2.90	3.17	3.28	3.19	3.75	3.18
Aug.	7.74	17.01	5.62	6.15	7.64	7.15	2.80	3.01	2.97	3.18	3.31	3.00	4.06	3.15
Sep.	7.77	17.02	5.80	6.07	7.62	7.20	2.83	3.05	3.05	3.25	3.35	3.04	3.99	3.16
Oct.	7.67	17.02	5.71	6.04	7.63	7.13	2.77	3.04	3.12	3.27	3.35	3.10	3.95	3.26
Nov.	7.64	16.96	5.81	6.05	7.74	7.20	2.79	3.06	3.15	3.31	3.37	3.30	4.08	3.19
Dec.	7.63	16.94	5.63	6.20	7.42	7.05	2.78	3.00	3.15	3.32	3.37	3.07	3.86	3.05
2014 Jan.	7.69	17.08	5.73	6.08	7.71	7.34	2.79	3.01	3.12	3.31	3.36	3.24	3.81	3.01
Feb.	7.66	17.07	5.87	6.01	7.68	7.38	2.79	2.95	3.10	3.27	3.35	3.29	3.98	3.07

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
2013 Mar.	4.17	4.56	4.71	4.11	4.25	3.75	3.61	2.01	2.91	3.07	4.06	2.85	2.85
Apr.	4.17	4.78	4.71	4.16	4.07	3.62	3.58	2.14	2.71	3.21	4.16	3.00	2.94
May	4.14	4.76	4.76	4.12	4.12	3.61	3.48	2.09	2.70	3.21	3.52	2.68	2.79
June	4.14	4.54	4.60	4.40	4.34	3.56	3.41	2.05	2.60	3.01	2.96	2.71	3.12
July	4.12	4.65	4.80	4.34	4.09	3.48	3.45	2.13	2.71	2.72	2.82	2.98	3.17
Aug.	4.10	4.50	4.81	4.41	4.06	3.41	3.39	2.03	2.56	2.82	3.00	2.88	3.10
Sep.	4.13	4.53	4.67	4.39	4.16	3.41	3.42	2.08	2.54	2.86	2.75	2.89	3.28
Oct.	4.14	4.60	4.83	4.39	4.14	3.51	3.50	2.19	2.64	3.14	2.86	3.28	3.38
Nov.	4.08	4.56	4.71	4.34	4.29	3.56	3.50	2.23	2.62	2.96	2.90	2.98	3.10
Dec.	4.12	4.53	4.49	4.20	4.19	3.43	3.41	2.17	2.73	2.67	2.81	2.82	3.13
2014 Jan.	4.15	4.61	4.68	4.25	3.99	3.40	3.48	2.15	2.75	2.76	2.94	2.97	3.13
Feb.	4.12	4.53	4.59	4.26	4.07	3.48	3.45	2.09	2.76	2.91	2.78	2.79	3.15

Source: ECB.

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

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

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

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

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

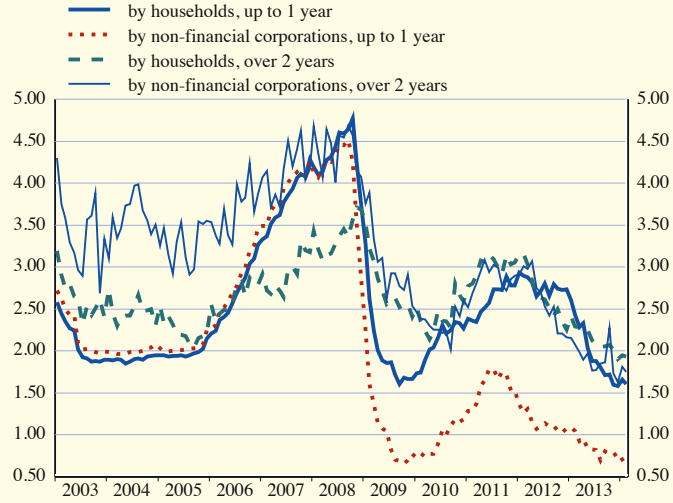
	Deposits from households					Deposits from non-financial corporations			Repos
	Overnight	With an agreed maturity of:		Redeemable at notice of: [2]		Overnight	With an agreed maturity of:		
		Up to 2 years	Over 2 years	Up to 3 months	Over 3 months		Up to 2 years	Over 2 years	
	1	2	3	4	5	6	7	8	9
2013 Mar.	0.36	2.53	2.70	1.37	1.43	0.40	1.65	2.89	2.19
Apr.	0.34	2.47	2.70	1.36	1.37	0.38	1.60	2.83	1.99
May	0.33	2.41	2.67	1.31	1.31	0.38	1.57	2.79	1.62
June	0.32	2.36	2.67	1.30	1.28	0.38	1.52	2.80	1.73
July	0.31	2.28	2.64	1.28	1.23	0.37	1.46	2.77	1.67
Aug.	0.30	2.22	2.63	1.15	1.21	0.37	1.44	2.82	1.50
Sep.	0.30	2.16	2.63	1.15	1.17	0.35	1.41	2.84	1.66
Oct.	0.29	2.09	2.60	1.13	1.15	0.34	1.34	2.83	1.35
Nov.	0.29	2.02	2.60	1.12	1.11	0.34	1.32	2.84	1.34
Dec.	0.29	1.94	2.57	1.11	1.07	0.34	1.29	2.79	1.05
2014 Jan.	0.28	1.88	2.55	1.09	1.05	0.33	1.24	2.77	1.01
Feb.	0.28	1.84	2.59	1.10	1.03	0.33	1.23	2.78	1.08

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
2013 Mar.	3.50	3.36	3.49	7.79	6.21	4.89	3.69	3.25	3.16
Apr.	3.49	3.33	3.49	7.74	6.19	4.88	3.67	3.25	3.15
May	3.47	3.30	3.46	7.65	6.14	4.86	3.66	3.24	3.13
June	3.50	3.29	3.43	7.62	6.18	4.87	3.63	3.24	3.14
July	3.51	3.24	3.40	7.59	6.18	4.84	3.64	3.26	3.14
Aug.	3.52	3.22	3.37	7.58	6.16	4.82	3.63	3.26	3.12
Sep.	3.55	3.22	3.37	7.64	6.16	4.83	3.65	3.24	3.13
Oct.	3.50	3.20	3.35	7.61	6.10	4.80	3.62	3.27	3.12
Nov.	3.51	3.22	3.34	7.52	6.11	4.79	3.59	3.28	3.12
Dec.	3.59	3.24	3.33	7.49	6.08	4.77	3.61	3.29	3.14
2014 Jan.	3.60	3.17	3.31	7.58	6.11	4.76	3.67	3.30	3.13
Feb.	3.59	3.22	3.37	7.64	6.28	4.83	3.66	3.33	3.17

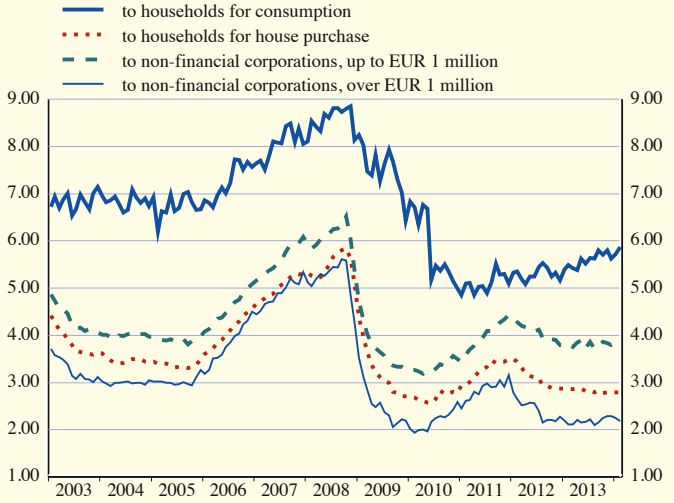
C21 New deposits with an agreed maturity

(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.

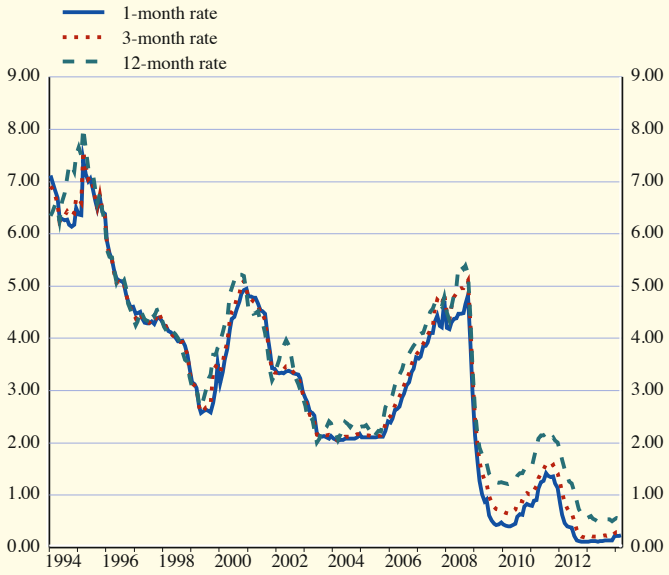
4.6 Money market interest rates

(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
2011	0.87	1.18	1.39	1.64	2.01	0.34	0.19
2012	0.23	0.33	0.58	0.83	1.11	0.43	0.19
2013	0.09	0.13	0.22	0.34	0.54	0.27	0.15
2013 Q1	0.07	0.12	0.21	0.34	0.57	0.29	0.16
Q2	0.08	0.12	0.21	0.31	0.51	0.28	0.16
Q3	0.09	0.13	0.22	0.34	0.54	0.26	0.15
Q4	0.12	0.16	0.24	0.35	0.53	0.24	0.14
2014 Q1	0.18	0.23	0.30	0.40	0.56	0.24	0.14
2013 Mar.	0.07	0.12	0.21	0.33	0.54	0.28	0.16
Apr.	0.08	0.12	0.21	0.32	0.53	0.28	0.16
May	0.08	0.11	0.20	0.30	0.48	0.27	0.16
June	0.09	0.12	0.21	0.32	0.51	0.27	0.15
July	0.09	0.13	0.22	0.34	0.53	0.27	0.16
Aug.	0.08	0.13	0.23	0.34	0.54	0.26	0.15
Sep.	0.08	0.13	0.22	0.34	0.54	0.25	0.15
Oct.	0.09	0.13	0.23	0.34	0.54	0.24	0.15
Nov.	0.10	0.13	0.22	0.33	0.51	0.24	0.14
Dec.	0.17	0.21	0.27	0.37	0.54	0.24	0.15
2014 Jan.	0.20	0.22	0.29	0.40	0.56	0.24	0.14
Feb.	0.16	0.22	0.29	0.39	0.55	0.24	0.14
Mar.	0.19	0.23	0.31	0.41	0.58	0.23	0.14

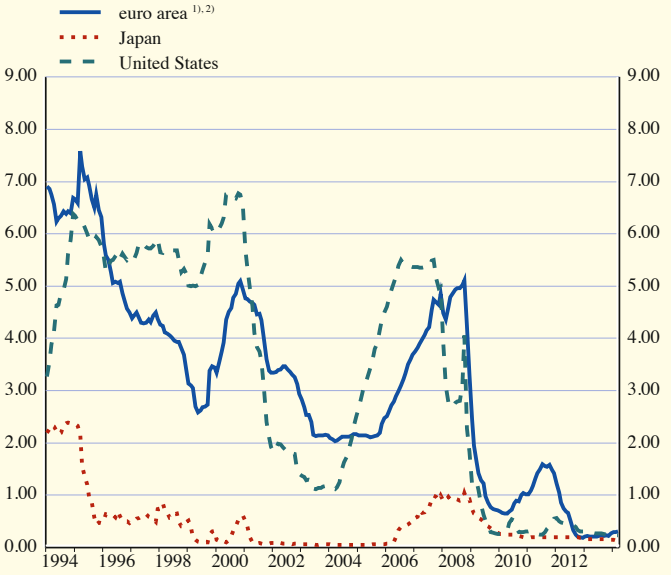
C23 Euro area money market rates [1), 2)]

(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.

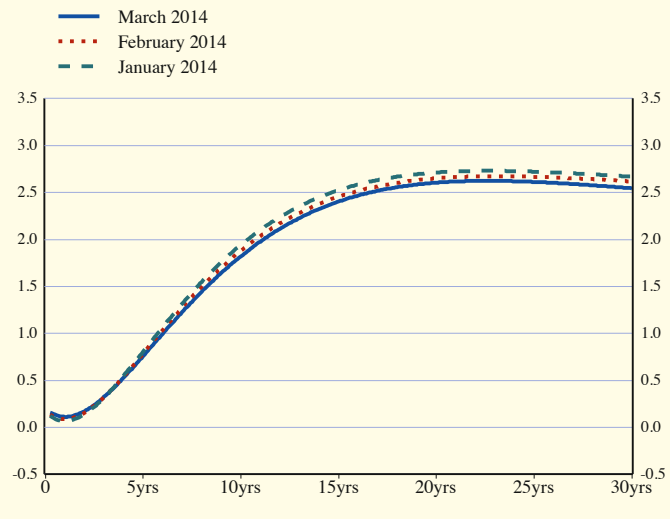
4.7 Euro area yield curves [1)]

(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
2011	0.00	0.09	0.41	1.56	2.13	2.65	2.65	2.24	0.32	1.15	3.24	3.84
2012	0.06	-0.04	-0.01	0.58	1.09	1.72	1.66	1.74	-0.09	0.17	1.84	3.50
2013	0.08	0.09	0.25	1.07	1.62	2.24	2.16	1.99	0.18	0.67	2.53	3.88
2013 Q1	0.04	0.00	0.07	0.65	1.12	1.76	1.72	1.69	0.01	0.29	1.83	3.60
Q2	0.03	0.11	0.30	1.05	1.54	2.14	2.11	1.84	0.27	0.73	2.35	3.78
Q3	0.02	0.07	0.22	0.94	1.45	2.05	2.03	1.84	0.17	0.60	2.25	3.74
Q4	0.08	0.09	0.25	1.07	1.62	2.24	2.16	1.99	0.18	0.67	2.53	3.88
2014 Q1	0.16	0.11	0.17	0.76	1.23	1.82	1.66	1.65	0.11	0.40	1.94	3.50
2013 Mar.	0.04	0.00	0.07	0.65	1.12	1.76	1.72	1.69	0.01	0.29	1.83	3.60
Apr.	0.03	-0.01	0.04	0.54	0.96	1.55	1.52	1.51	-0.01	0.23	1.58	3.28
May	0.02	0.03	0.13	0.75	1.22	1.84	1.82	1.71	0.08	0.41	1.95	3.62
June	0.03	0.11	0.30	1.05	1.54	2.14	2.11	1.84	0.27	0.73	2.35	3.78
July	0.01	0.04	0.18	0.88	1.36	1.95	1.95	1.77	0.14	0.54	2.14	3.59
Aug.	0.02	0.09	0.27	1.06	1.58	2.17	2.16	1.90	0.23	0.71	2.43	3.78
Sep.	0.02	0.07	0.22	0.94	1.45	2.05	2.03	1.84	0.17	0.60	2.25	3.74
Oct.	0.05	0.05	0.15	0.82	1.32	1.95	1.90	1.80	0.09	0.45	2.10	3.74
Nov.	0.08	0.05	0.14	0.82	1.34	1.99	1.91	1.84	0.08	0.43	2.14	3.79
Dec.	0.08	0.09	0.25	1.07	1.62	2.24	2.16	1.99	0.18	0.67	2.53	3.88
2014 Jan.	0.09	0.04	0.11	0.77	1.27	1.89	1.80	1.79	0.04	0.37	2.06	3.61
Feb.	0.14	0.09	0.16	0.79	1.27	1.88	1.74	1.72	0.09	0.41	2.03	3.56
Mar.	0.16	0.11	0.17	0.76	1.23	1.82	1.66	1.65	0.11	0.40	1.94	3.50

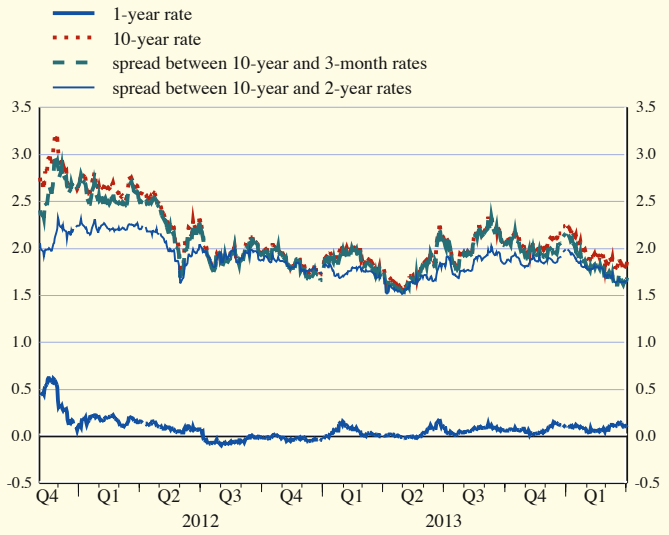
C25 Euro area spot yield curves [2)]

(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.

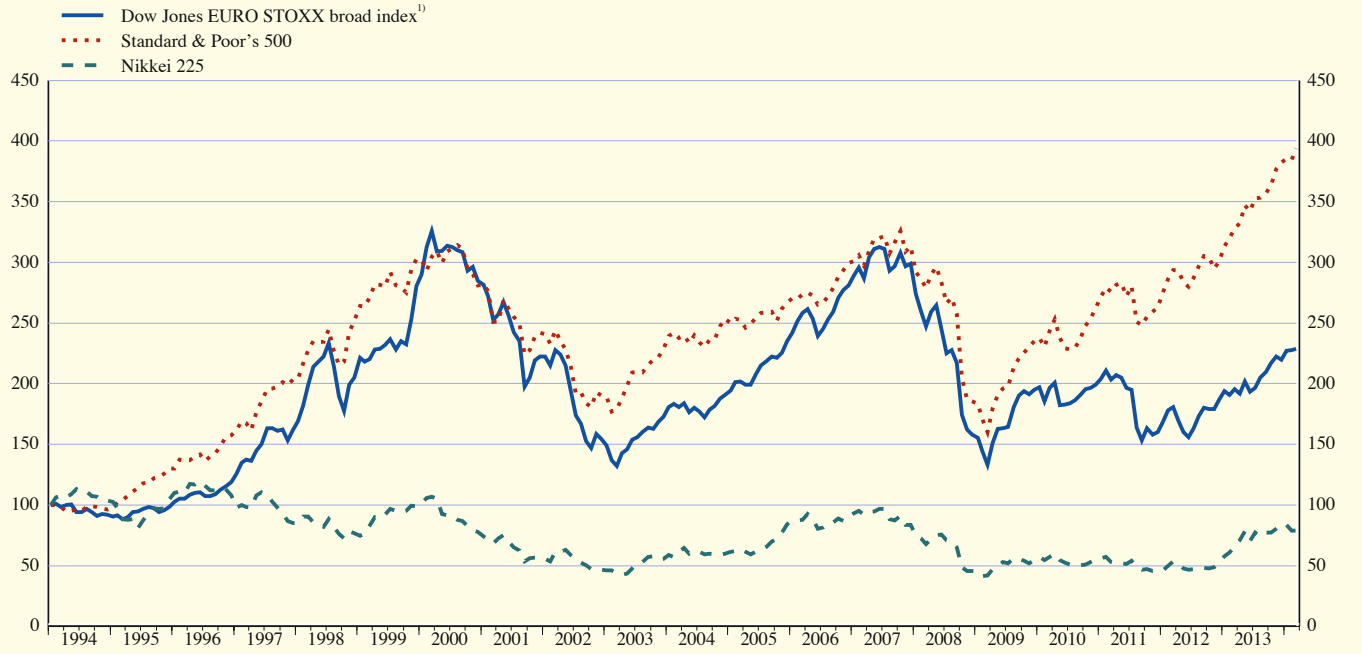
4.8 Stock market indices

(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
2011	256.0	2,611.0	493.4	158.1	351.2	311.6	152.6	349.4	222.5	301.7	358.4	432.7	1,267.6	9,425.4
2012	239.7	2,411.9	503.7	151.9	385.7	307.2	122.1	330.2	219.2	235.9	268.5	523.3	1,379.4	9,102.6
2013	281.9	2,794.0	586.3	195.0	468.2	312.8	151.5	402.7	274.1	230.6	253.4	629.4	1,643.8	13,577.9
2013 Q1	268.2	2,676.6	568.7	181.2	443.1	309.8	144.1	378.1	257.2	222.9	241.3	600.1	1,514.0	11,457.6
Q2	271.8	2,696.1	574.6	188.6	458.8	303.7	141.5	383.0	259.3	226.1	239.3	653.6	1,609.5	13,629.3
Q3	282.1	2,782.3	581.1	197.7	477.6	312.1	150.4	406.2	277.3	224.0	245.3	631.3	1,674.9	14,127.7
Q4	304.9	3,017.6	620.6	211.9	492.2	325.7	169.9	442.8	301.9	249.5	287.4	631.8	1,768.7	14,951.3
2014 Q1	315.9	3,090.8	639.0	218.7	500.1	323.4	182.2	461.0	306.3	262.3	293.9	640.7	1,834.9	14,958.9
2013 Mar.	270.8	2,680.2	576.6	187.2	457.1	307.4	140.1	388.2	260.6	221.0	240.2	626.1	1,550.8	12,244.0
Apr.	265.9	2,636.3	560.9	187.0	449.8	299.6	136.0	374.1	250.5	225.2	238.6	650.8	1,570.7	13,224.1
May	280.2	2,785.8	590.1	192.5	472.0	315.0	147.5	392.7	267.1	232.0	248.7	668.7	1,639.8	14,532.4
June	268.3	2,655.8	571.1	185.9	453.0	294.9	140.4	381.3	259.5	220.4	229.2	639.2	1,618.8	13,106.6
July	272.4	2,686.5	569.6	193.1	465.9	298.7	142.0	389.5	268.1	215.1	231.5	642.5	1,668.7	14,317.5
Aug.	284.2	2,803.8	581.8	198.2	482.8	314.9	153.2	407.0	276.1	223.8	245.6	636.8	1,670.1	13,726.7
Sep.	290.6	2,864.6	592.8	202.3	485.0	323.9	156.8	423.6	288.6	234.1	260.0	613.1	1,687.2	14,372.1
Oct.	301.4	2,988.9	602.2	210.0	487.3	329.2	168.4	436.3	293.4	249.6	290.6	616.5	1,720.0	14,329.0
Nov.	308.7	3,056.0	630.5	214.1	498.7	330.9	171.1	448.8	306.1	253.7	289.1	646.6	1,783.5	14,931.7
Dec.	304.7	3,010.2	631.3	211.7	490.9	316.3	170.3	443.9	307.2	245.0	282.0	633.9	1,807.8	15,655.2
2014 Jan.	314.7	3,092.4	640.7	217.4	497.9	318.8	181.3	462.3	308.2	251.3	297.4	647.6	1,822.4	15,578.3
Feb.	315.9	3,085.9	643.7	219.2	502.0	318.9	183.0	460.0	304.3	261.1	291.9	638.3	1,817.0	14,617.6
Mar.	317.0	3,094.0	632.7	219.5	500.7	332.4	182.5	460.6	306.2	275.0	292.2	635.8	1,863.5	14,694.8

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 2014	100.0	100.0	81.7	57.2	42.8	100.0	12.3	7.5	26.7	10.8	42.8	87.3	12.7
	1	2	3	4	5	6	7	8	9	10	11	12	13
2010	109.8	1.6	1.0	1.8	1.4	-	-	-	-	-	-	1.6	1.7
2011	112.8	2.7	1.7	3.3	1.8	-	-	-	-	-	-	2.6	3.5
2012	115.6	2.5	1.8	3.0	1.8	-	-	-	-	-	-	2.3	3.8
2013	117.2	1.4	1.3	1.3	1.4	-	-	-	-	-	-	1.2	2.1
2013 Q1	116.4	1.9	1.5	2.0	1.7	0.4	0.6	0.5	0.1	1.0	0.4	1.7	3.2
Q2	117.5	1.4	1.3	1.5	1.3	0.1	0.5	1.4	0.1	-1.8	0.2	1.3	2.3
Q3	117.3	1.3	1.3	1.3	1.4	0.5	0.7	0.4	0.0	1.0	0.5	1.3	1.8
Q4	117.6	0.8	1.0	0.5	1.2	-0.1	0.3	-1.1	0.1	-1.1	0.1	0.7	1.4
2014 Q1	117.2	0.7	.	.	1.2	.	.	.	.	0.0	.	.	.
2013 Oct.	117.6	0.7	1.0	0.4	1.2	-0.2	0.1	-0.7	0.0	-1.2	-0.1	0.6	1.3
Nov.	117.5	0.9	1.1	0.4	1.4	0.0	0.1	-0.2	0.0	-0.8	0.2	0.8	1.3
Dec.	117.9	0.8	0.9	0.7	1.0	0.1	0.1	0.9	0.1	0.6	-0.1	0.8	1.4
2014 Jan.	116.6	0.8	1.0	0.5	1.2	0.1	0.2	0.0	0.0	0.0	0.2	0.6	2.0
Feb.	116.9	0.7	1.1	0.3	1.3	0.1	0.0	-0.4	0.1	0.1	0.2	0.5	2.0
Mar. [3]	118.1	0.5	.	.	1.1	.	.	.	.	-0.3	.	.	.

	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 2014	19.8	12.3	7.5	37.5	26.7	10.8	10.5	6.2	7.3	3.1	14.7	7.2
	14	15	16	17	18	19	20	21	22	23	24	25
2010	1.1	0.9	1.3	2.2	0.5	7.4	1.8	1.5	2.3	-0.8	1.0	1.5
2011	2.7	3.3	1.8	3.7	0.8	11.9	1.8	1.4	2.9	-1.3	2.0	2.1
2012	3.1	3.1	3.0	3.0	1.2	7.6	1.8	1.5	2.9	-3.2	2.2	2.0
2013	2.7	2.2	3.5	0.6	0.6	0.6	1.7	1.5	2.4	-4.2	2.2	0.7
2013 Q1	2.9	2.3	3.9	1.5	0.8	3.2	1.8	1.5	3.1	-4.6	2.8	0.7
Q2	3.1	2.1	4.8	0.6	0.8	0.3	1.6	1.3	2.5	-4.5	2.0	0.9
Q3	3.1	2.5	4.2	0.3	0.4	0.1	1.8	1.7	2.3	-4.0	2.2	0.8
Q4	1.8	2.1	1.3	-0.1	0.3	-0.9	1.7	1.4	1.8	-3.5	2.0	0.4
2014 Q1	1.4	.	.	.	0.3	-1.9	.	.	.	.	.	.
2013 Oct.	1.9	2.2	1.4	-0.3	0.3	-1.7	1.7	1.4	2.0	-4.0	1.9	0.4
Nov.	1.6	2.0	0.9	-0.1	0.2	-1.1	1.7	1.4	1.9	-3.3	2.5	0.5
Dec.	1.8	2.0	1.5	0.2	0.3	0.0	1.7	1.4	1.4	-3.4	1.5	0.5
2014 Jan.	1.7	2.0	1.3	-0.2	0.2	-1.2	1.7	1.4	1.6	-3.2	1.4	1.3
Feb.	1.5	1.8	0.9	-0.4	0.4	-2.3	1.8	1.4	1.8	-2.4	1.5	1.2
Mar. [3]	1.0	.	.	.	0.3	-2.1	.	.	.	.	.	.

Sources: Eurostat and ECB calculations.

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

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

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

5.1 HICP, other prices and costs

(annual percentage changes, unless otherwise indicated)

2. Industry, construction and property prices

	Industrial producer prices excluding construction										Construction [1),2)]	Residential property prices [1),3)]	Experimental indicator of commercial property prices [1),3)]
	Total (index: 2010 = 100)	Total		Industry excluding construction and energy						Energy			
			Manufacturing	Total	Intermediate goods	Capital goods	Consumer goods						
							Total	Durable	Non-durable				
% of total in 2010	100.0	100.0	78.1	72.1	29.4	20.1	22.6	2.3	20.3	27.9			
	1	2	3	4	5	6	7	8	9	10	11	12	13
2010	100.0	2.7	3.3	1.7	3.6	0.2	0.4	0.7	0.4	6.1	1.9	0.9	-0.2
2011	105.7	5.7	5.3	3.8	5.8	1.5	3.3	1.9	3.5	10.9	3.3	1.1	2.7
2012	108.6	2.8	2.0	1.4	0.7	1.0	2.5	1.6	2.6	6.6	1.6	-1.7	-0.2
2013	108.5	-0.2	-0.1	0.4	-0.6	0.6	1.7	0.7	1.8	-1.7	0.6	.	.
2012 Q4	109.2	2.4	1.9	1.6	1.3	0.8	2.5	1.2	2.7	4.5	1.3	-2.3	-1.2
2013 Q1	109.3	1.2	0.8	1.2	0.8	0.8	2.2	0.8	2.4	0.9	0.9	-2.8	-1.4
Q2	108.3	-0.1	-0.1	0.5	-0.5	0.6	1.9	0.8	2.1	-2.0	0.4	-2.4	-1.0
Q3	108.4	-0.6	-0.3	0.3	-1.1	0.6	1.8	0.6	2.0	-2.7	0.4	-1.4	-0.3
Q4	108.0	-1.1	-0.8	-0.3	-1.7	0.6	0.9	0.6	1.0	-2.9	0.6	.	.
2013 Sep.	108.5	-0.9	-0.7	-0.1	-1.6	0.6	1.6	0.7	1.6	-2.9	-	-	-
Oct.	108.0	-1.3	-1.1	-0.3	-1.8	0.6	1.1	0.6	1.1	-3.6	-	-	-
Nov.	107.9	-1.2	-0.9	-0.4	-1.7	0.5	0.9	0.6	0.9	-3.2	-	-	-
Dec.	108.1	-0.8	-0.6	-0.3	-1.7	0.6	0.8	0.7	0.9	-1.9	-	-	-
2014 Jan.	107.8	-1.4	-0.9	-0.4	-1.7	0.5	0.7	0.9	0.6	-3.6	-	-	-
Feb.	107.6	-1.7	-1.3	-0.5	-1.8	0.4	0.6	0.9	0.6	-4.4	-	-	-

3. Commodity prices and gross domestic product deflators

	Oil prices [4)] (EUR per barrel)	Non-energy commodity prices						GDP deflators [1)]							
		Import-weighted [5)]			Use-weighted [6)]			Total (s.a.; index: 2005 = 100)	Total	Domestic demand				Exports [7)]	Imports [7)]
		Total	Food	Non-food	Total	Food	Non-food			Total	Private consumption	Government consumption	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
2010	60.7	44.6	21.4	57.9	42.1	27.1	54.5	108.1	0.8	1.5	1.6	0.8	0.8	3.0	5.0
2011	79.7	12.2	22.4	7.7	12.8	20.7	7.5	109.4	1.2	2.0	2.4	0.8	1.5	3.6	5.8
2012	86.6	0.5	1.1	0.3	2.6	6.4	-0.3	110.9	1.3	1.6	2.0	1.0	1.1	1.6	2.4
2013	81.7	-8.2	-10.5	-7.0	-7.3	-7.3	-7.3	112.5	1.4	1.1	1.3	1.1	0.3	-0.3	-1.2
2013 Q1	85.0	-3.0	-2.4	-3.3	-1.6	0.0	-2.8	112.1	1.6	1.4	1.4	1.6	0.5	0.3	-0.2
Q2	79.0	-5.2	-4.1	-5.8	-4.3	-2.1	-6.2	112.5	1.6	1.2	1.3	0.9	0.2	0.0	-1.1
Q3	82.5	-12.7	-18.7	-9.4	-12.0	-14.4	-10.0	112.6	1.4	1.1	1.4	0.9	0.2	-0.7	-1.6
Q4	80.3	-11.8	-15.8	-9.7	-11.1	-11.8	-10.5	112.7	1.1	0.7	1.0	0.9	0.3	-0.9	-1.9
2014 Q1	78.6	-8.4	-7.0	-9.1	-7.5	-3.9	-10.3	.	.	.	.	.	.	.	.
2013 Oct.	80.0	-12.2	-17.3	-9.6	-10.9	-12.0	-9.9	-	-	-	-	-	-	-	-
Nov.	80.0	-11.7	-16.5	-9.2	-11.3	-12.9	-9.9	-	-	-	-	-	-	-	-
Dec.	80.8	-11.4	-13.5	-10.4	-11.2	-10.6	-11.7	-	-	-	-	-	-	-	-
2014 Jan.	78.8	-9.3	-11.4	-8.3	-8.9	-8.2	-9.5	-	-	-	-	-	-	-	-
Feb.	79.4	-7.8	-6.1	-8.6	-7.2	-3.6	-10.0	-	-	-	-	-	-	-	-
Mar.	77.8	-8.2	-3.5	-10.5	-6.3	0.3	-11.6	-	-	-	-	-	-	-	-

Sources: Eurostat, ECB calculations based on Eurostat data (columns 8-15 in Table 3 in Section 5.1), ECB calculations based on Thomson Reuters data (column 1 in Table 3 in Section 5.1), ECB calculations based on IPD data and national sources (column 13 in Table 2 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) Data refer to the Euro 18.
2) Input prices for residential buildings.
3) Experimental data based on non-harmonised sources (see http://www.ecb.europa.eu/stats/intro/html/experiment.en.html for further details).
4) Brent Blend (for one-month forward delivery).
5) Refers to prices expressed in euro. Weighted according to the structure of euro area imports in the period 2004-06.
6) 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).
7) 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 [1]

(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, 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
	Unit labour costs [2]											
2012	112.7	1.9	4.1	2.6	2.6	1.9	3.4	1.2	0.7	2.6	0.6	2.2
2013	114.0	1.2	0.9	1.8	1.0	0.7	2.1	1.4	-1.2	1.0	1.1	1.4
2013 Q1	114.0	1.8	2.8	2.7	0.7	1.9	2.5	0.1	-1.6	2.3	1.2	1.9
Q2	113.9	1.2	1.5	2.1	1.1	1.2	1.7	1.2	-1.3	1.2	0.8	1.5
Q3	114.2	1.2	1.3	2.7	2.2	0.2	2.7	1.4	-0.9	0.5	1.0	1.0
Q4	114.0	0.6	-1.7	-0.6	-0.2	-0.6	1.3	3.0	-1.0	0.2	1.8	1.0
	Compensation per employee											
2012	116.6	1.9	1.1	2.5	3.1	1.9	2.5	1.1	1.7	2.5	1.1	1.6
2013	118.5	1.6	2.2	2.5	1.6	1.0	1.1	1.4	1.2	1.7	1.6	1.0
2013 Q1	118.1	1.7	3.1	2.5	1.1	1.2	1.4	1.7	1.2	2.1	1.8	0.8
Q2	118.5	1.7	2.1	2.6	2.1	1.3	1.2	1.1	2.4	2.2	1.3	1.1
Q3	119.0	1.8	3.0	3.2	2.9	1.1	1.2	1.1	0.8	1.6	1.5	1.1
Q4	119.0	1.5	1.0	2.1	1.4	0.6	0.6	1.9	0.7	1.2	2.2	1.3
	Labour productivity per person employed [3]											
2012	103.5	0.0	-2.9	-0.2	0.5	0.0	-0.9	-0.1	1.0	-0.1	0.5	-0.5
2013	103.9	0.4	1.3	0.7	0.6	0.3	-1.0	0.0	2.4	0.7	0.5	-0.4
2013 Q1	103.7	0.0	0.3	-0.2	0.4	-0.7	-1.1	1.6	2.8	-0.2	0.6	-1.1
Q2	104.0	0.5	0.6	0.5	1.0	0.1	-0.4	-0.1	3.8	1.0	0.5	-0.4
Q3	104.2	0.6	1.6	0.6	0.7	0.8	-1.5	-0.4	1.7	1.1	0.5	0.0
Q4	104.3	0.9	2.7	2.6	1.6	1.2	-0.7	-1.1	1.6	1.0	0.3	0.3
	Compensation per hour worked											
2012	119.3	2.6	2.9	3.6	4.9	2.6	3.1	1.6	1.9	2.6	1.2	2.6
2013	121.6	1.9	2.0	2.2	2.3	1.5	1.3	1.5	1.8	2.1	1.9	1.3
2013 Q1	121.9	3.1	4.5	4.3	4.2	2.3	2.1	2.7	1.6	2.7	2.6	2.6
Q2	121.5	1.6	1.9	1.6	1.8	1.6	0.9	1.2	2.4	2.3	1.3	1.2
Q3	122.0	1.8	2.1	2.2	2.5	1.4	1.8	1.2	2.2	2.1	1.7	1.3
Q4	122.0	1.3	0.0	1.0	1.3	0.7	0.7	1.6	1.0	1.5	2.1	0.8
	Hourly labour productivity [3]											
2012	106.5	0.8	-1.9	0.9	2.0	0.8	-0.2	0.3	1.8	0.2	0.7	0.3
2013	107.2	0.7	0.7	0.5	1.1	0.7	-0.7	0.1	3.0	1.0	0.7	0.0
2013 Q1	107.5	1.2	-0.1	1.6	3.0	0.3	-0.4	2.7	3.7	0.7	1.4	0.8
Q2	107.2	0.3	-0.4	-0.4	0.3	0.4	-0.7	-0.2	3.9	0.9	0.4	-0.3
Q3	107.3	0.7	0.9	-0.3	0.3	1.3	-0.8	-0.2	2.6	1.4	0.7	0.2
Q4	107.6	0.8	2.3	1.6	1.4	1.1	-0.9	-1.4	1.9	1.3	0.3	0.0

5. Labour cost indices [4]

	Total (index: 2008 = 100)	Total	By component		For selected economic activities			Memo item: Indicator of negotiated wages [5]
			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
2012	108.6	1.8	1.9	1.7	2.4	2.3	2.1	2.2
2013	110.2	1.4	1.7	0.6	2.1	0.6	1.1	1.8
2013 Q1	102.7	2.0	2.2	1.7	3.3	1.6	1.6	1.9
Q2	114.1	1.2	1.5	0.3	1.8	0.7	1.0	1.7
Q3	107.2	1.1	1.3	0.5	1.6	-0.1	1.0	1.7
Q4	116.6	1.4	1.9	0.0	1.7	0.3	0.9	1.7

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) Data refer to the Euro 18.
2) Compensation (at current prices) per employee divided by labour productivity per person employed.
3) Total GDP and value added by economic activity (volumes) per labour input (persons employed and hours worked).
4) 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.
5) Experimental data (see http://www.ecb.europa.eu/stats/intro/html/experiment.en.html for further details).

5.2 Output and demand

(quarterly data seasonally adjusted; annual data unadjusted)

1. GDP and expenditure components [1)]

	GDP								
	Total	Domestic demand					External balance [2)]		
		Total	Private consumption	Government consumption	Gross fixed capital formation	Changes in inventories [3)]	Total	Exports [2)]	Imports [2)]
	1	2	3	4	5	6	7	8	9
	Current prices (EUR billions)								
2010	9,185.7	9,064.9	5,282.7	2,019.8	1,741.3	21.1	120.8	3,793.9	3,673.1
2011	9,444.0	9,315.1	5,427.3	2,032.7	1,796.7	58.4	128.8	4,186.7	4,057.9
2012	9,505.2	9,259.2	5,464.1	2,041.7	1,744.9	8.4	246.0	4,362.7	4,116.7
2013	9,600.5	9,259.3	5,494.3	2,065.1	1,695.9	4.1	341.1	4,405.9	4,064.8
2012 Q4	2,376.6	2,303.5	1,365.4	509.8	430.1	-1.8	73.1	1,096.6	1,023.4
2013 Q1	2,385.2	2,308.9	1,367.7	515.5	421.9	3.9	76.3	1,083.5	1,007.2
Q2	2,400.6	2,310.6	1,371.0	515.6	421.9	2.2	89.9	1,106.5	1,016.5
Q3	2,405.8	2,324.0	1,376.9	518.4	425.1	3.7	81.8	1,104.4	1,022.7
Q4	2,414.4	2,319.9	1,379.9	515.8	430.9	-6.7	94.5	1,117.5	1,023.1
	percentage of GDP								
2013	100.0	96.4	57.2	21.5	17.7	0.0	3.6	-	-
	Chain-linked volumes (prices for the previous year)								
	quarter-on-quarter percentage changes								
2012 Q4	-0.5	-0.7	-0.6	0.0	-1.4	-	-	-0.6	-0.9
2013 Q1	-0.2	-0.3	-0.2	0.2	-1.7	-	-	-0.9	-1.2
Q2	0.3	0.0	0.1	-0.1	0.1	-	-	2.4	1.7
Q3	0.1	0.5	0.1	0.4	0.5	-	-	0.1	0.9
Q4	0.2	-0.2	0.1	-0.3	1.0	-	-	1.3	0.5
	annual percentage changes								
2010	1.9	1.2	1.0	0.6	-0.4	-	-	11.6	10.0
2011	1.6	0.7	0.3	-0.1	1.6	-	-	6.5	4.5
2012	-0.7	-2.2	-1.3	-0.6	-4.0	-	-	2.5	-0.9
2013	-0.4	-1.1	-0.7	0.1	-3.1	-	-	1.3	-0.1
2012 Q4	-1.0	-2.3	-1.5	-0.8	-4.8	-	-	1.9	-0.8
2013 Q1	-1.1	-2.1	-1.4	-0.3	-5.5	-	-	0.1	-2.1
Q2	-0.6	-1.4	-0.8	-0.1	-3.6	-	-	1.6	-0.2
Q3	-0.3	-0.5	-0.6	0.5	-2.5	-	-	0.9	0.4
Q4	0.5	0.0	0.1	0.3	-0.1	-	-	2.8	1.9
	contributions to quarter-on-quarter percentage changes in GDP; percentage points								
2012 Q4	-0.5	-0.7	-0.3	0.0	-0.3	-0.1	0.1	-	-
2013 Q1	-0.2	-0.3	-0.1	0.1	-0.3	0.1	0.1	-	-
Q2	0.3	0.0	0.1	0.0	0.0	-0.1	0.4	-	-
Q3	0.1	0.5	0.1	0.1	0.1	0.3	-0.4	-	-
Q4	0.2	-0.2	0.0	-0.1	0.2	-0.3	0.4	-	-
	contributions to annual percentage changes in GDP; percentage points								
2010	1.9	1.2	0.6	0.1	-0.1	0.6	0.7	-	-
2011	1.6	0.7	0.2	0.0	0.3	0.3	0.9	-	-
2012	-0.7	-2.2	-0.8	-0.1	-0.8	-0.5	1.5	-	-
2013	-0.4	-1.1	-0.4	0.0	-0.6	-0.1	0.6	-	-
2012 Q4	-1.0	-2.2	-0.9	-0.2	-0.9	-0.3	1.2	-	-
2013 Q1	-1.1	-2.1	-0.8	-0.1	-1.0	-0.2	1.0	-	-
Q2	-0.6	-1.4	-0.5	0.0	-0.7	-0.2	0.8	-	-
Q3	-0.3	-0.5	-0.3	0.1	-0.5	0.2	0.2	-	-
Q4	0.5	0.0	0.1	0.1	0.0	-0.1	0.5	-	-

Sources: Eurostat and ECB calculations.

1) Data refer to the Euro 18.

2) 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.

3) Including acquisitions less disposals of valuables.

5.2 Output and demand

(quarterly data seasonally adjusted; annual data unadjusted)

2. Value added by economic activity [1)]

	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)											
2010	8,242.3	137.1	1,581.8	499.2	1,552.3	370.8	438.7	919.2	827.5	1,615.0	300.6	943.4
2011	8,468.1	142.0	1,643.3	502.0	1,593.2	374.5	440.1	965.5	859.6	1,639.7	308.1	975.9
2012	8,525.3	144.6	1,643.8	492.1	1,606.2	370.0	433.8	982.2	877.3	1,661.6	313.6	979.9
2013	8,611.8	144.7	1,661.5	478.8	1,623.0	358.2	438.5	1,004.1	895.3	1,687.8	319.9	988.7
2012 Q4	2,132.4	36.6	410.5	121.2	403.0	91.5	107.9	248.1	220.3	414.5	78.9	244.2
2013 Q1	2,140.0	36.2	412.1	120.3	402.2	90.4	109.1	248.7	220.9	421.0	79.1	245.2
Q2	2,150.5	36.5	415.7	119.0	405.0	90.1	110.0	250.1	223.4	421.2	79.7	250.1
Q3	2,158.1	35.8	416.8	119.4	407.7	89.0	109.3	251.9	225.2	422.4	80.5	247.7
Q4	2,168.6	36.3	419.9	120.7	409.0	88.9	110.2	253.4	226.1	423.3	80.9	245.8
	percentage of value added											
2013	100.0	1.7	19.3	5.6	18.8	4.2	5.1	11.7	10.4	19.6	3.7	-
	Chain-linked volumes (prices for the previous year)											
	quarter-on-quarter percentage changes											
2012 Q4	-0.5	-0.3	-1.8	-1.8	-0.8	-0.6	0.9	0.5	-0.3	0.3	0.0	-0.7
2013 Q1	-0.2	0.8	0.0	-1.1	-0.2	-0.2	-1.1	-0.2	0.4	-0.3	-0.3	-0.2
Q2	0.3	0.1	0.6	-0.9	0.7	0.2	-1.1	0.3	0.8	0.1	0.0	0.6
Q3	0.2	0.0	0.2	0.1	0.2	-0.5	0.5	0.3	0.3	0.2	-0.2	-0.2
Q4	0.3	1.1	0.6	0.4	0.2	0.0	0.2	0.2	0.2	0.3	0.0	-0.6
	annual percentage changes											
2010	2.0	-3.0	9.5	-5.8	0.7	1.8	0.2	-0.1	2.3	1.3	0.3	1.4
2011	1.8	0.3	3.0	-1.6	1.7	3.9	1.5	2.1	2.4	1.1	0.3	0.1
2012	-0.5	-4.7	-1.1	-4.2	-0.8	0.3	-0.5	0.6	0.6	0.2	0.1	-1.7
2013	-0.3	-0.3	-0.7	-3.9	-0.6	-0.7	-0.8	0.7	1.0	0.2	-0.6	-1.1
2012 Q4	-0.9	-6.5	-1.4	-5.3	-1.6	-1.0	0.8	0.6	0.0	0.2	-0.5	-1.9
2013 Q1	-1.0	-2.6	-1.7	-5.1	-1.9	-0.8	0.4	0.6	0.0	0.1	-1.0	-2.5
Q2	-0.5	-0.9	-1.0	-4.8	-0.9	-0.4	-1.3	0.7	1.2	0.1	-0.4	-0.9
Q3	-0.2	0.5	-1.0	-3.6	-0.1	-1.0	-0.8	0.8	1.2	0.3	-0.4	-0.6
Q4	0.6	1.9	1.4	-1.5	1.0	-0.4	-1.4	0.5	1.7	0.4	-0.5	-0.5
	contributions to quarter-on-quarter percentage changes in value added; percentage points											
2012 Q4	-0.5	0.0	-0.3	-0.1	-0.1	0.0	0.0	0.1	0.0	0.1	0.0	-
2013 Q1	-0.2	0.0	0.0	-0.1	0.0	0.0	-0.1	0.0	0.0	-0.1	0.0	-
Q2	0.3	0.0	0.1	-0.1	0.1	0.0	-0.1	0.0	0.1	0.0	0.0	-
Q3	0.2	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	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0	-
	contributions to annual percentage changes in value added; percentage points											
2010	2.0	0.0	1.7	-0.4	0.1	0.1	0.0	0.0	0.2	0.3	0.0	-
2011	1.8	0.0	0.6	-0.1	0.3	0.2	0.1	0.2	0.2	0.2	0.0	-
2012	-0.5	-0.1	-0.2	-0.2	-0.2	0.0	0.0	0.1	0.1	0.0	0.0	-
2013	-0.3	0.0	-0.1	-0.2	-0.1	0.0	0.0	0.1	0.1	0.0	0.0	-
2012 Q4	-0.9	-0.1	-0.3	-0.3	-0.3	0.0	0.0	0.1	0.0	0.0	0.0	-
2013 Q1	-1.0	0.0	-0.3	-0.3	-0.4	0.0	0.0	0.1	0.0	0.0	0.0	-
Q2	-0.5	0.0	-0.2	-0.3	-0.2	0.0	-0.1	0.1	0.1	0.0	0.0	-
Q3	-0.2	0.0	-0.2	-0.2	0.0	0.0	0.0	0.1	0.1	0.1	0.0	-
Q4	0.6	0.0	0.3	-0.1	0.2	0.0	-0.1	0.1	0.2	0.1	0.0	-

Sources: Eurostat and ECB calculations.

1) Data refer to the Euro 18.

5.2 Output and demand

(annual percentage changes, unless otherwise indicated)

3. Industrial production

	Total	Industry excluding construction										Construction
		Total (s.a.; index: 2010 = 100)	Total		Industry excluding construction and energy						Energy	
				Manufacturing	Total	Intermediate goods	Capital goods	Consumer goods				
								Total	Durable	Non-durable		
% of total in 2010	100.0	79.4	79.4	68.3	67.7	26.7	23.2	17.8	2.3	15.5	11.7	20.6
	1	2	3	4	5	6	7	8	9	10	11	12
2011	2.2	103.5	3.4	4.7	4.8	4.1	8.5	1.0	0.7	1.0	-4.5	-2.4
2012	-3.1	100.9	-2.5	-2.7	-2.8	-4.5	-1.1	-2.4	-4.9	-2.1	-0.4	-5.4
2013	-1.1	100.2	-0.7	-0.7	-0.7	-1.0	-0.5	-0.5	-3.5	-0.1	-1.1	-2.9
2013 Q1	-2.8	99.6	-2.2	-2.6	-2.8	-3.6	-3.4	-0.8	-4.5	-0.4	0.0	-5.9
Q2	-1.5	100.3	-1.0	-0.9	-1.0	-2.0	-0.1	-0.7	-3.9	-0.2	-1.2	-3.7
Q3	-1.1	100.2	-1.1	-1.1	-0.9	-0.7	-1.3	-0.9	-3.5	-0.6	-2.0	-1.1
Q4	0.9	100.7	1.5	1.9	2.0	2.6	2.5	0.3	-2.2	0.7	-1.6	-1.3
2013 Sep.	-0.1	100.4	0.2	0.2	0.3	0.1	0.2	0.6	-2.5	1.1	-0.7	-0.7
Oct.	0.0	99.7	0.4	0.9	1.0	1.5	1.5	-0.5	-4.8	0.2	-3.1	-2.3
Nov.	2.0	101.3	2.8	3.1	3.2	3.2	4.3	1.4	-0.4	1.9	0.1	-1.6
Dec.	1.1	101.0	1.2	1.7	1.9	3.4	1.7	-0.2	-1.2	0.1	-1.8	-0.1
2014 Jan.	3.5	100.8	2.1	3.5	3.6	3.7	5.8	1.5	1.2	1.4	-4.6	8.8
	month-on-month percentage changes (s.a.)											
2013 Sep.	-0.5	-	-0.2	-0.3	-0.6	-0.3	-0.8	0.1	-1.5	0.1	1.5	-0.3
Oct.	-0.6	-	-0.7	-0.4	-0.3	0.4	-1.0	-0.4	-1.8	0.2	-3.2	-1.0
Nov.	1.4	-	1.6	1.5	1.5	0.8	2.8	0.6	1.9	0.4	2.4	-0.1
Dec.	0.0	-	-0.4	0.0	-0.1	0.4	-0.8	0.1	0.8	0.0	-2.5	1.3
2014 Jan.	0.3	-	-0.2	0.3	0.2	-0.1	0.9	0.2	-0.6	0.4	-2.5	1.5

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

	Indicator on industrial new orders [1]		Industrial turnover		Retail sales (including automotive fuel)								New passenger car registrations	
	Manufacturing		Manufacturing (current prices)		Current prices	Constant prices								
	Total (s.a.; index: 2010 = 100)	Total	Total (s.a.; index: 2010 = 100)	Total	Total	Total (s.a.; index: 2010 = 100)	Total	Food, beverages, tobacco	Non-food			Fuel	Total (s.a.; thousands) [2]	Total
										Textiles, clothing, footwear [3]	Household equipment [3]			
% of total in 2010	100.0	100.0	100.0	100.0	100.0	100.0	100.0	39.3	51.5	9.2	12.0	9.1		
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
2011	108.6	8.6	109.3	9.2	1.7	99.3	-0.8	-1.1	-0.3	-1.4	-0.3	-3.3	840	-0.9
2012	104.4	-3.8	108.8	-0.4	0.5	97.6	-1.7	-1.3	-1.6	-2.5	-2.8	-5.0	745	-11.1
2013	104.1	-0.3	107.2	-1.5	-0.4	96.8	-0.8	-1.0	-0.5	-1.3	-2.6	-1.1	713	-4.4
2013 Q1	102.4	-2.7	106.9	-2.6	-1.3	96.5	-2.2	-1.5	-2.4	-5.7	-4.3	-3.6	690	-11.2
Q2	103.3	-1.7	106.8	-2.0	-0.3	96.8	-1.0	-1.7	-0.4	0.0	-2.8	-0.7	709	-7.2
Q3	105.1	1.1	107.4	-1.5	-0.1	97.2	-0.5	-0.6	-0.3	-0.4	-2.5	-0.2	708	-2.2
Q4	105.5	2.2	107.6	0.2	0.1	96.6	0.2	-0.3	0.8	0.6	-1.0	-0.1	745	5.3
2013 Oct.	104.1	0.2	106.6	-1.2	-0.5	96.4	-0.4	-0.2	-0.5	-1.7	-1.5	0.2	725	4.2
Nov.	105.7	2.9	108.2	1.4	1.3	97.4	1.5	1.0	2.6	4.8	0.1	-0.1	736	4.8
Dec.	106.7	3.6	108.0	0.3	-0.5	96.1	-0.4	-1.5	0.5	-0.5	-1.6	-0.5	774	6.9
2014 Jan.	107.2	5.4	109.5	3.4	1.1	97.6	1.3	-0.4	2.5	.	.	2.9	711	5.5
Feb.	.	.	.	.	.	.	.	.	.	.	.	.	736	6.0
	month-on-month percentage changes (s.a.)													
2013 Oct.	-	-2.1	-	-0.7	-0.4	-	-0.4	0.2	-0.8	-1.7	-0.8	-0.5	-	2.3
Nov.	-	1.6	-	1.5	1.1	-	1.1	0.6	1.4	3.5	0.7	1.1	-	1.4
Dec.	-	0.9	-	-0.2	-1.4	-	-1.3	-1.6	-1.1	-2.6	-1.5	-0.4	-	5.2
2014 Jan.	-	0.6	-	1.3	1.5	-	1.6	1.1	1.9	.	.	1.5	-	-8.1
Feb.	-	.	-	.	.	-	.	.	.	.	.	.	-	3.5

Sources: Eurostat, except columns 1 and 2 in Table 4 (which show ECB experimental statistics based on national data) and columns 13 and 14 in Table 4 (which show ECB calculations based on data from the European Automobile Manufacturers' Association).

1) For further details, see de Bondt, G.J., Dieden, H.C., Muzikarova, S. and Vincze, I., "Introducing the ECB indicator on euro area industrial new orders", *Occasional Paper Series*, No 149, ECB, Frankfurt am Main, June 2013.

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

3) Data refer to the Euro 18.

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
2010	101.4	-4.5	-24.2	1.0	11.6	77.0	-14.1	-5.2	-12.3	31.1	-8.0
2011	102.2	0.2	-6.4	2.3	9.4	80.6	-14.3	-7.3	-18.0	23.0	-9.0
2012	90.8	-11.7	-24.4	6.8	-3.9	78.6	-22.1	-11.1	-27.4	38.1	-11.7
2013	93.8	-9.3	-26.0	4.7	2.8	78.3	-18.6	-8.9	-20.1	34.4	-11.2
2013 Q1	90.5	-12.2	-29.6	5.4	-1.6	77.5	-23.5	-11.3	-27.2	42.3	-13.1
Q2	90.2	-12.7	-30.9	6.2	-0.9	77.9	-20.8	-10.1	-24.8	35.7	-12.6
Q3	95.3	-8.3	-24.9	4.6	4.4	78.4	-15.9	-7.9	-16.7	29.6	-9.2
Q4	99.1	-4.1	-18.6	2.8	9.1	79.2	-14.4	-6.3	-11.6	29.8	-9.8
2014 Q1	101.5	-3.5	-16.6	2.8	8.7	.	-11.2	-4.6	-7.0	23.8	-9.6
2013 Oct.	98.1	-5.0	-21.2	3.3	9.4	78.4	-14.4	-7.1	-11.7	29.2	-9.5
Nov.	98.8	-3.9	-17.9	3.5	9.7	-	-15.3	-6.0	-13.4	31.3	-10.4
Dec.	100.4	-3.4	-16.7	1.7	8.3	-	-13.5	-5.7	-9.8	29.0	-9.5
2014 Jan.	101.0	-3.8	-16.7	3.0	8.2	80.0	-11.7	-4.9	-7.6	24.6	-9.5
Feb.	101.2	-3.5	-16.3	2.4	8.3	-	-12.7	-4.8	-8.7	26.3	-11.0
Mar.	102.4	-3.3	-16.7	2.9	9.7	-	-9.3	-4.0	-4.6	20.4	-8.2

	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
2010	-28.5	-39.3	-17.6	-4.0	-6.5	7.2	1.6	3.9	1.4	3.0	7.3
2011	-25.2	-33.1	-17.2	-5.3	-5.4	11.2	0.6	5.3	2.2	5.4	8.3
2012	-27.6	-34.3	-21.0	-15.1	-18.5	14.4	-12.4	-6.8	-11.8	-7.6	-1.0
2013	-30.0	-38.2	-21.7	-12.5	-18.9	9.3	-9.2	-6.1	-9.9	-8.6	0.2
2013 Q1	-28.7	-36.8	-20.7	-16.1	-24.0	10.8	-13.5	-7.7	-12.6	-8.9	-1.8
Q2	-31.5	-38.5	-24.3	-16.5	-24.5	11.2	-13.9	-9.9	-14.5	-13.3	-1.9
Q3	-31.0	-39.7	-22.3	-10.4	-16.4	8.7	-6.1	-5.3	-8.2	-8.6	0.8
Q4	-28.6	-37.7	-19.5	-6.8	-10.5	6.6	-3.5	-1.3	-4.2	-3.4	3.6
2014 Q1	-29.0	-39.6	-18.5	-3.0	-5.6	5.6	2.1	3.3	1.0	2.1	6.7
2013 Oct.	-29.1	-38.9	-19.2	-7.7	-11.2	5.6	-6.5	-3.6	-6.6	-6.9	2.7
Nov.	-30.4	-39.5	-21.3	-7.7	-11.2	7.8	-4.2	-0.8	-4.0	-2.8	4.4
Dec.	-26.4	-34.8	-18.0	-5.0	-9.1	6.4	0.3	0.4	-2.1	-0.4	3.6
2014 Jan.	-29.8	-41.3	-18.4	-3.4	-8.1	5.9	3.7	2.4	-0.6	-0.2	8.0
Feb.	-28.5	-37.5	-19.5	-3.0	-4.3	6.0	1.3	3.3	0.5	2.4	7.0
Mar.	-28.8	-40.0	-17.5	-2.6	-4.5	4.9	1.4	4.2	3.2	4.2	5.2

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), 2)]

(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)												
2013	145,835	124,672	21,163	4,965	22,786	9,116	35,874	4,079	4,044	1,280	18,389	34,475	10,827
	percentage of total persons employed												
2013	100.0	85.5	14.5	3.4	15.6	6.3	24.6	2.8	2.8	0.9	12.6	23.6	7.4
	annual percentage changes												
2011	0.3	0.4	-0.2	-2.0	0.1	-3.7	0.7	1.3	-0.4	0.6	2.5	0.3	0.1
2012	-0.6	-0.7	-0.1	-1.9	-0.9	-4.7	-0.8	1.2	-0.4	-0.4	0.7	-0.3	0.6
2013	-0.8	-0.8	-0.8	-1.6	-1.4	-4.5	-0.8	0.3	-0.8	-1.7	0.3	-0.3	-0.2
2013 Q1	-1.1	-1.1	-1.3	-2.9	-1.5	-5.5	-1.3	0.3	-1.1	-2.1	0.3	-0.5	0.1
Q2	-1.0	-1.1	-0.8	-1.5	-1.4	-5.7	-1.0	0.0	-1.2	-3.0	0.2	-0.4	0.1
Q3	-0.9	-0.9	-0.7	-1.1	-1.6	-4.3	-0.9	0.4	-0.4	-0.9	0.1	-0.2	-0.4
Q4	-0.5	-0.4	-0.7	-0.8	-1.2	-3.0	-0.3	0.3	-0.3	-1.1	0.7	0.0	-0.8
	quarter-on-quarter percentage changes												
2013 Q1	-0.5	-0.5	-0.6	-1.3	-0.4	-1.4	-0.5	-0.4	-0.1	-1.0	-0.6	-0.3	-0.4
Q2	0.0	-0.1	0.1	1.6	-0.4	-1.0	0.1	0.1	-0.2	0.1	0.3	-0.1	0.1
Q3	0.0	0.0	-0.1	-0.5	-0.4	-0.4	-0.1	0.0	0.0	0.7	0.7	0.1	-0.1
Q4	0.1	0.1	0.0	-0.5	-0.1	-0.4	0.2	0.5	0.0	-0.9	0.2	0.3	-0.4
Hours worked													
	levels (millions)												
2013	228,788	184,181	44,606	9,972	35,887	15,806	59,436	6,528	6,370	1,962	28,574	49,089	15,164
	percentage of total hours worked												
2013	100.0	80.5	19.5	4.4	15.7	6.9	26.0	2.9	2.8	0.9	12.5	21.5	6.6
	annual percentage changes												
2011	0.3	0.5	-0.7	-3.0	0.8	-3.8	0.4	1.4	-0.2	1.3	2.7	0.5	0.1
2012	-1.4	-1.4	-1.3	-2.9	-2.0	-6.1	-1.6	0.6	-0.9	-1.2	0.5	-0.5	-0.1
2013	-1.1	-1.1	-1.1	-1.0	-1.2	-4.9	-1.3	0.0	-0.9	-2.3	0.0	-0.5	-0.6
2013 Q1	-2.3	-2.4	-2.2	-2.5	-3.3	-7.8	-2.2	-0.4	-2.2	-3.0	-0.6	-1.3	-1.7
Q2	-0.9	-1.0	-0.6	-0.5	-0.6	-5.2	-1.3	0.3	-1.1	-3.0	0.3	-0.3	-0.1
Q3	-1.0	-0.9	-1.2	-0.4	-0.7	-3.9	-1.4	-0.3	-0.6	-1.8	-0.3	-0.4	-0.6
Q4	-0.3	-0.2	-0.4	-0.4	-0.2	-2.8	-0.2	0.4	0.0	-1.3	0.4	0.1	-0.5
	quarter-on-quarter percentage changes												
2013 Q1	-0.9	-0.9	-0.9	-0.2	-1.0	-2.1	-0.8	-0.2	-0.2	-0.6	-0.9	-1.0	-0.6
Q2	0.6	0.6	0.8	0.8	1.2	0.5	0.6	0.5	0.3	0.4	0.7	0.4	0.5
Q3	0.0	0.0	0.1	-0.4	-0.1	-0.6	0.1	-0.4	0.0	-0.4	0.6	0.1	0.0
Q4	0.0	0.1	-0.4	-0.6	-0.3	-0.7	0.0	0.6	-0.1	-0.7	0.0	0.6	-0.4
Hours worked per person employed													
	levels (thousands)												
2013	1,569	1,477	2,108	2,008	1,575	1,734	1,657	1,600	1,575	1,533	1,554	1,424	1,401
	annual percentage changes												
2011	0.0	0.2	-0.5	-1.0	0.6	-0.1	-0.3	0.2	0.2	0.8	0.2	0.2	0.0
2012	-0.8	-0.7	-1.2	-1.0	-1.1	-1.5	-0.8	-0.7	-0.4	-0.8	-0.3	-0.2	-0.8
2013	-0.3	-0.3	-0.3	0.6	0.2	-0.5	-0.4	-0.3	-0.1	-0.6	-0.3	-0.2	-0.4
2013 Q1	-1.2	-1.3	-0.9	0.4	-1.8	-2.5	-0.9	-0.7	-1.1	-0.9	-0.9	-0.8	-1.8
Q2	0.1	0.1	0.2	1.0	0.8	0.6	-0.3	0.3	0.1	0.0	0.1	0.1	-0.2
Q3	-0.1	0.0	-0.5	0.7	0.9	0.4	-0.5	-0.7	-0.2	-0.9	-0.4	-0.2	-0.1
Q4	0.2	0.2	0.3	0.4	1.0	0.2	0.1	0.2	0.3	-0.3	-0.3	0.1	0.3
	quarter-on-quarter percentage changes												
2013 Q1	-0.4	-0.5	-0.2	1.1	-0.7	-0.7	-0.3	0.2	-0.2	0.4	-0.3	-0.7	-0.2
Q2	0.7	0.7	0.7	-0.8	1.6	1.5	0.5	0.4	0.6	0.3	0.4	0.5	0.4
Q3	0.0	0.0	0.2	0.2	0.2	-0.2	0.2	-0.4	0.0	-1.2	-0.1	-0.1	0.1
Q4	-0.1	0.0	-0.4	-0.1	-0.2	-0.4	-0.3	0.0	0.0	0.2	-0.2	0.3	0.0

Source: ECB calculations based on Eurostat data.

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

2) Data refer to the Euro 18.

5.3 Labour markets

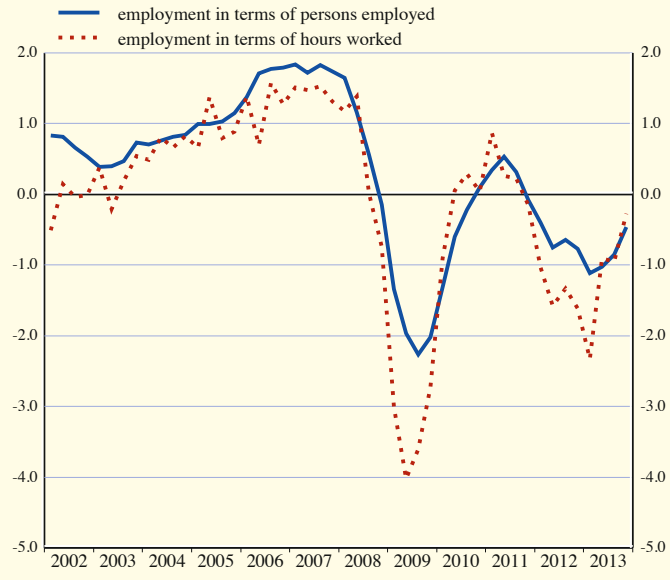
(seasonally adjusted, unless otherwise indicated)

2. Unemployment and job vacancies [1]

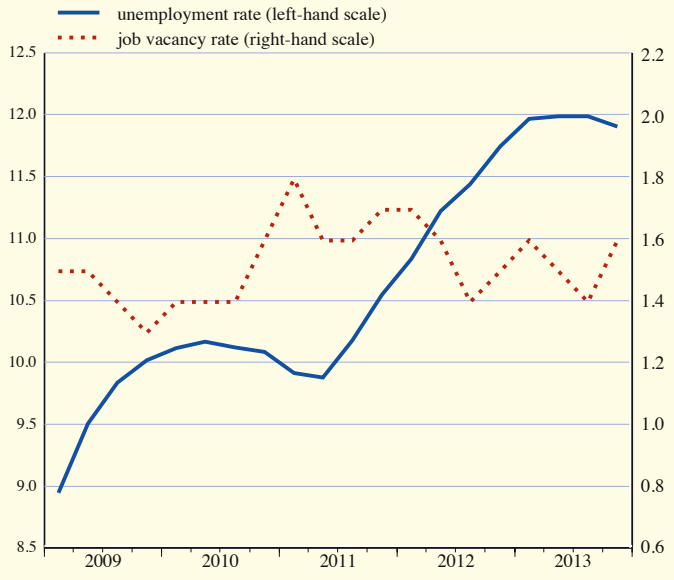
	Unemployment										Job vacancy rate [2,3]
	Total		By age [4]				By gender [5]				
	Millions	% of labour force	Adult		Youth		Male		Female		
			Millions	% of labour force	Millions	% of labour force	Millions	% of labour force	Millions	% of labour force	% of total posts
% of total in 2010	100.0		79.4		20.6		54.2		45.8		
	1	2	3	4	5	6	7	8	9	10	11
2010	16.006	10.1	12.705	8.9	3.301	20.9	8.678	10.0	7.328	10.3	1.5
2011	16.067	10.1	12.841	9.0	3.226	20.9	8.595	9.9	7.471	10.4	1.7
2012	18.070	11.3	14.573	10.1	3.497	23.1	9.731	11.2	8.340	11.5	1.6
2013	19.123	12.0	15.590	10.7	3.533	23.8	10.297	11.9	8.826	12.1	1.5
2012 Q4	18.793	11.7	15.203	10.5	3.590	23.8	10.127	11.6	8.666	11.9	1.5
2013 Q1	19.123	12.0	15.526	10.7	3.598	24.0	10.316	11.9	8.807	12.1	1.6
Q2	19.169	12.0	15.626	10.8	3.544	23.8	10.323	11.9	8.847	12.1	1.5
Q3	19.173	12.0	15.648	10.8	3.524	23.9	10.360	11.9	8.812	12.0	1.4
Q4	19.028	11.9	15.562	10.7	3.467	23.7	10.189	11.8	8.839	12.1	1.6
2013 Sep.	19.192	12.0	15.666	10.8	3.526	24.0	10.344	11.9	8.848	12.1	-
Oct.	19.059	11.9	15.573	10.7	3.486	23.7	10.216	11.8	8.843	12.1	-
Nov.	19.065	11.9	15.596	10.7	3.469	23.7	10.209	11.8	8.856	12.1	-
Dec.	18.961	11.9	15.516	10.7	3.445	23.5	10.142	11.7	8.819	12.0	-
2014 Jan.	19.000	11.9	15.547	10.7	3.453	23.6	10.165	11.7	8.835	12.1	-
Feb.	18.965	11.9	15.550	10.7	3.415	23.5	10.178	11.8	8.787	12.0	-

C28 Employment - persons employed and hours worked [2]

(annual percentage changes)



C29 Unemployment and job vacancy [3] rates [2]



Source: Eurostat.

1) Data for unemployment refer to persons and follow ILO recommendations.
2) Data refer to the Euro 18.
3) Industry, construction and services (excluding households as employers and extra-territorial organisations and bodies); non-seasonally adjusted.
4) 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.
5) 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			Indirect taxes		Social contributions			Sales		Capital taxes	
				Households	Corporations		Received by EU institutions		Employers	Employees				
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
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	40.8
2006	45.3	45.0	12.3	8.7	3.4	13.4	0.3	15.3	8.0	4.5	2.3	0.3	0.3	41.3
2007	45.3	45.1	12.7	8.9	3.6	13.3	0.3	15.1	8.0	4.4	2.3	0.3	0.3	41.3
2008	45.1	44.9	12.5	9.1	3.2	12.9	0.3	15.3	8.1	4.5	2.3	0.2	0.3	40.9
2009	44.9	44.6	11.6	9.2	2.3	12.8	0.3	15.8	8.3	4.5	2.5	0.3	0.4	40.6
2010	44.8	44.6	11.6	8.9	2.5	13.0	0.3	15.7	8.2	4.5	2.6	0.3	0.3	40.5
2011	45.4	45.0	11.9	9.1	2.7	13.0	0.3	15.7	8.2	4.5	2.6	0.3	0.3	40.9
2012	46.2	46.0	12.4	9.6	2.7	13.3	0.3	15.9	8.3	4.7	2.6	0.2	0.3	41.8

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
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	1.7	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	43.0
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	11.1	5.7	2.9	27.4	24.3	1.8	0.4	4.3	2.8	1.4	0.0	48.4
2010	51.0	46.6	10.9	5.7	2.8	27.3	24.2	1.8	0.4	4.4	2.6	1.9	0.0	48.2
2011	49.5	46.0	10.6	5.5	3.0	26.8	23.9	1.7	0.4	3.5	2.3	1.2	0.0	46.5
2012	49.9	46.2	10.5	5.5	3.1	27.1	24.3	1.6	0.4	3.7	2.1	1.6	0.1	46.8

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

	Deficit (-)/surplus (+)					Primary deficit (-)/ surplus (+)	Government consumption [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
2004	-2.9	-2.5	-0.4	-0.3	0.2	0.2	20.4	10.5	5.0	5.1	1.9	2.2	8.1	12.3
2005	-2.5	-2.3	-0.3	-0.2	0.2	0.5	20.5	10.5	5.0	5.2	1.9	2.3	8.0	12.5
2006	-1.4	-1.5	-0.1	-0.2	0.4	1.5	20.3	10.3	5.0	5.3	1.9	2.3	7.9	12.5
2007	-0.7	-1.2	0.0	0.0	0.6	2.3	20.1	10.1	5.0	5.2	1.9	2.3	7.7	12.3
2008	-2.1	-2.3	-0.2	-0.2	0.5	0.9	20.6	10.3	5.2	5.4	1.9	2.3	8.0	12.7
2009	-6.4	-5.2	-0.5	-0.3	-0.4	-3.5	22.4	11.1	5.7	5.9	2.1	2.5	8.6	13.8
2010	-6.2	-5.1	-0.7	-0.3	-0.1	-3.4	22.1	10.9	5.7	5.9	2.1	2.6	8.4	13.6
2011	-4.1	-3.3	-0.7	-0.2	0.0	-1.1	21.6	10.6	5.5	5.8	2.1	2.6	8.2	13.4
2012	-3.7	-3.4	-0.3	0.0	0.0	-0.6	21.6	10.5	5.5	5.9	2.1	2.6	8.2	13.4

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

	BE	DE	EE	IE	GR	ES	FR	IT	CY	LV	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	18
2009	-5.6	-3.1	-2.0	-13.7	-15.7	-11.1	-7.5	-5.5	-6.1	-9.8	-0.7	-3.7	-5.6	-4.1	-10.2	-6.3	-8.0	-2.5
2010	-3.7	-4.2	0.2	-30.6	-10.7	-9.6	-7.1	-4.5	-5.3	-8.1	-0.8	-3.5	-5.1	-4.5	-9.8	-5.9	-7.7	-2.5
2011	-3.7	-0.8	1.1	-13.1	-9.5	-9.6	-5.3	-3.8	-6.3	-3.6	0.1	-2.8	-4.3	-2.5	-4.3	-6.3	-5.1	-0.7
2012	-4.0	0.1	-0.2	-8.2	-9.0	-10.6	-4.8	-3.0	-6.4	-1.3	-0.6	-3.3	-4.1	-2.5	-6.4	-3.8	-4.5	-1.8

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

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

6.2 Debt [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
2003	69.2	2.1	12.5	5.1	49.6	40.2	20.5	11.3	8.4	29.1
2004	69.7	2.2	12.2	4.8	50.5	38.7	19.7	11.2	7.9	30.9
2005	70.5	2.4	12.3	4.5	51.3	37.0	19.0	11.3	6.8	33.5
2006	68.7	2.5	11.9	4.0	50.3	34.9	19.1	9.3	6.5	33.7
2007	66.4	2.2	11.3	3.9	48.9	32.7	17.8	8.6	6.3	33.6
2008	70.2	2.3	11.6	6.5	49.8	33.2	18.4	7.9	6.9	37.0
2009	80.0	2.5	12.7	8.3	56.5	37.4	21.4	9.2	6.8	42.6
2010	85.4	2.4	15.4	7.3	60.3	40.5	24.4	10.6	5.6	44.9
2011	87.3	2.4	15.4	7.4	62.1	42.7	24.5	11.4	6.8	44.6
2012	90.6	2.6	17.3	6.8	64.0	45.6	26.5	12.6	6.5	45.1

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

	Total	Issued by: [4]				Original maturity			Residual maturity			Currencies	
		Central gov.	State gov.	Local gov.	Social security funds	Up to 1 year	Over 1 year	Variable interest rate	Up to 1 year	Over 1 and up to 5 years	Over 5 years	Euro or participating currencies	Other currencies
	1	2	3	4	5	6	7	8	9	10	11	12	13
2003	69.2	56.7	6.5	5.1	1.0	7.9	61.4	5.0	14.9	26.1	28.3	68.4	0.9
2004	69.7	56.7	6.6	5.1	1.3	7.7	62.0	4.7	14.7	26.3	28.6	68.7	1.0
2005	70.5	57.2	6.7	5.2	1.4	7.8	62.8	4.6	14.8	25.8	29.9	69.4	1.1
2006	68.7	55.4	6.5	5.3	1.4	7.3	61.4	4.3	14.3	24.2	30.1	68.0	0.7
2007	66.4	53.5	6.3	5.3	1.4	7.1	59.2	4.2	14.5	23.6	28.2	65.8	0.5
2008	70.2	56.9	6.7	5.3	1.3	10.0	60.2	4.9	17.7	23.5	29.1	69.2	1.0
2009	80.0	64.8	7.7	5.8	1.7	12.0	68.0	5.0	19.5	27.3	33.2	78.8	1.2
2010	85.4	69.3	8.4	5.9	1.9	13.0	72.4	5.1	21.2	29.3	34.9	84.2	1.2
2011	87.3	70.7	8.5	5.9	2.2	12.6	74.7	6.1	20.8	30.4	36.1	85.6	1.7
2012	90.6	73.6	8.8	6.0	2.3	11.7	78.9	7.3	20.0	32.2	38.4	88.7	2.0

3. Euro area countries

	BE	DE	EE	IE	GR	ES	FR	IT	CY	LV	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	18
2009	95.7	74.5	7.1	64.4	129.7	54.0	79.2	116.4	58.5	36.9	15.5	66.5	60.8	69.2	83.7	35.2	35.6	43.5
2010	95.7	82.5	6.7	91.2	148.3	61.7	82.4	119.3	61.3	44.4	19.5	66.8	63.4	72.3	94.0	38.7	41.0	48.7
2011	98.0	80.0	6.1	104.1	170.3	70.5	85.8	120.7	71.5	41.9	18.7	69.5	65.7	72.8	108.2	47.1	43.4	49.2
2012	99.8	81.0	9.8	117.4	156.9	86.0	90.2	127.0	86.6	40.6	21.7	71.3	71.3	74.0	124.1	54.4	52.4	53.6

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
2004	3.2	3.3	-0.1	0.0	0.2	0.1	-0.1	2.9	0.2	0.0	0.3	3.0
2005	3.3	3.1	0.2	0.0	0.3	0.5	-0.1	2.6	-0.4	0.0	0.5	3.7
2006	1.6	1.5	0.1	0.0	0.2	0.2	-0.3	1.5	-0.3	1.1	-1.4	1.9
2007	1.2	1.2	0.0	0.0	-0.1	0.0	0.1	1.2	-0.4	-0.4	-0.3	1.6
2008	5.3	5.2	0.1	0.0	0.1	0.5	2.7	2.0	1.3	1.0	-0.5	4.1
2009	7.3	7.5	-0.2	0.0	0.1	0.7	1.6	4.9	3.0	2.3	1.0	4.3
2010	7.6	7.7	-0.1	0.0	0.0	3.0	-0.7	5.2	4.1	3.6	1.6	3.4
2011	4.2	4.0	0.1	0.0	0.0	0.4	0.2	3.5	3.3	0.8	1.1	0.9
2012	3.9	5.3	-1.4	0.0	0.2	2.0	-0.5	2.2	3.1	2.1	1.2	0.7

2. Euro area – deficit-debt adjustment

	Change in debt	Deficit (-) / surplus (+)	Deficit-debt adjustment [7]											
			Total	Transactions in main financial assets held by general government							Valuation effects	Exchange rate effects	Other changes in volume	Other [8]
				Total	Currency and deposits	Loans	Securities [9]	Shares and other equity	Privatisations	Equity injections				
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
2004	3.2	-2.9	0.3	0.2	0.2	0.0	0.1	0.0	-0.5	0.2	-0.1	0.0	0.0	0.1
2005	3.3	-2.5	0.8	0.6	0.3	0.0	0.1	0.1	-0.3	0.2	0.2	0.0	0.0	0.0
2006	1.6	-1.4	0.2	0.2	0.3	-0.1	0.2	-0.2	-0.4	0.1	0.1	0.0	0.0	-0.1
2007	1.2	-0.7	0.5	0.6	0.2	0.0	0.2	0.1	-0.3	0.2	0.0	0.0	0.0	-0.1
2008	5.3	-2.1	3.2	3.1	0.8	0.7	0.7	0.9	-0.1	0.7	0.1	0.0	0.0	0.0
2009	7.3	-6.4	0.9	1.0	0.3	0.0	0.3	0.4	-0.3	0.5	-0.2	0.0	0.0	0.1
2010	7.6	-6.2	1.4	1.8	0.0	0.5	1.0	0.2	0.0	0.2	-0.1	0.0	0.0	-0.3
2011	4.2	-4.1	0.0	-0.3	0.2	-0.2	-0.2	-0.1	-0.1	0.2	0.1	0.0	0.0	0.2
2012	3.9	-3.7	0.2	1.3	0.2	0.5	0.0	0.6	-0.2	0.3	-1.4	0.0	0.0	0.3

Source: ECB.

1) Data are partially estimated. Annual change in gross nominal consolidated debt is expressed as a percentage of GDP, i.e. [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) The difference between the annual change in gross nominal consolidated debt and the deficit as a percentage of GDP.
8) Mainly composed of transactions in other assets and liabilities (trade credits, other receivables/payables and financial derivatives).
9) Excluding financial derivatives.

6.4 Quarterly revenue, expenditure and deficit/surplus [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
2007 Q3	43.7	43.2	12.3	12.4	14.8	2.2	0.7	0.5	0.3	39.7
Q4	49.1	48.6	14.7	13.8	15.7	2.5	1.0	0.6	0.3	44.5
2008 Q1	42.5	42.2	10.9	12.4	14.8	2.2	1.1	0.3	0.2	38.3
Q2	45.3	44.9	12.9	12.3	15.1	2.3	1.5	0.4	0.3	40.6
Q3	43.4	43.0	12.1	12.1	15.0	2.3	0.8	0.4	0.3	39.5
Q4	48.7	48.2	13.9	13.3	16.4	2.6	1.1	0.5	0.3	43.8
2009 Q1	42.6	42.5	10.5	12.0	15.6	2.4	1.1	0.1	0.2	38.4
Q2	45.3	44.8	11.9	12.5	15.7	2.5	1.4	0.6	0.5	40.5
Q3	42.9	42.5	10.9	12.0	15.5	2.5	0.7	0.3	0.3	38.8
Q4	48.5	47.7	12.9	13.6	16.4	2.7	1.0	0.8	0.5	43.4
2010 Q1	42.5	42.3	10.2	12.4	15.5	2.4	0.9	0.2	0.3	38.3
Q2	45.2	44.7	11.9	12.7	15.4	2.6	1.3	0.5	0.3	40.3
Q3	43.1	42.7	10.9	12.5	15.3	2.5	0.7	0.3	0.3	39.0
Q4	48.3	47.6	13.1	13.2	16.4	2.9	1.0	0.7	0.3	43.0
2011 Q1	43.2	42.9	10.7	12.6	15.3	2.5	1.0	0.3	0.3	38.9
Q2	45.3	45.0	12.1	12.7	15.4	2.5	1.5	0.3	0.3	40.4
Q3	43.7	43.4	11.4	12.5	15.3	2.5	0.8	0.3	0.3	39.5
Q4	49.0	47.9	13.4	13.1	16.7	2.8	1.0	1.1	0.4	43.6
2012 Q1	43.7	43.5	11.0	12.8	15.4	2.5	1.0	0.3	0.2	39.4
Q2	46.2	45.9	12.6	12.8	15.6	2.6	1.4	0.3	0.3	41.4
Q3	44.7	44.3	11.9	12.7	15.5	2.6	0.8	0.4	0.3	40.4
Q4	50.2	49.5	14.1	13.6	17.0	2.9	1.0	0.7	0.3	44.9
2013 Q1	44.3	44.1	11.3	12.8	15.7	2.5	1.0	0.3	0.3	40.0
Q2	47.5	47.0	13.3	13.0	15.7	2.6	1.4	0.5	0.4	42.4
Q3	45.2	44.7	12.2	12.7	15.5	2.5	0.7	0.5	0.4	40.8

2. Euro area – quarterly expenditure and deficit/surplus

	Total	Current expenditure							Capital expenditure			Deficit (-)/ surplus (+)	Primary deficit (-)/ surplus (+)
		Total	Compensation of employees	Intermediate consumption	Interest	Current transfers	Social benefits	Subsidies		Investment	Capital transfers		
	1	2	3	4	5	6	7	8	9	10	11	12	13
2007 Q3	44.6	41.0	9.6	4.8	2.9	23.8	20.6	1.2	3.6	2.6	0.9	-1.0	1.9
Q4	49.3	44.8	10.8	5.9	2.9	25.1	21.2	1.5	4.5	2.8	1.7	-0.1	2.8
2008 Q1	45.4	41.8	9.8	4.5	3.0	24.4	20.8	1.2	3.6	2.3	1.2	-2.9	0.1
Q2	46.0	42.4	10.3	5.0	3.3	23.9	20.8	1.1	3.6	2.6	1.0	-0.7	2.6
Q3	45.8	42.1	9.8	5.0	3.0	24.4	21.2	1.2	3.7	2.7	1.0	-2.4	0.6
Q4	51.3	46.8	11.3	6.3	2.9	26.3	22.3	1.4	4.6	2.9	1.6	-2.6	0.3
2009 Q1	49.3	45.5	10.7	5.1	2.8	27.0	23.0	1.3	3.9	2.6	1.2	-6.7	-3.9
Q2	50.7	46.5	11.1	5.5	3.0	26.9	23.3	1.3	4.2	2.8	1.3	-5.4	-2.3
Q3	50.1	46.0	10.6	5.5	2.8	27.1	23.5	1.3	4.1	2.9	1.1	-7.2	-4.4
Q4	54.7	49.8	11.8	6.7	2.8	28.4	24.0	1.5	4.9	3.0	1.8	-6.1	-3.3
2010 Q1	50.4	46.5	10.7	5.1	2.7	28.0	23.7	1.4	3.9	2.4	1.5	-7.9	-5.2
Q2	49.7	46.1	11.0	5.5	3.0	26.7	23.2	1.3	3.5	2.5	1.1	-4.4	-1.5
Q3	50.5	45.2	10.3	5.4	2.7	26.9	23.2	1.3	5.3	2.6	2.7	-7.4	-4.7
Q4	53.5	48.8	11.5	6.7	2.9	27.7	23.7	1.5	4.7	2.7	2.0	-5.2	-2.3
2011 Q1	48.5	45.3	10.3	5.0	2.9	27.2	23.1	1.3	3.1	2.2	1.0	-5.3	-2.4
Q2	48.6	45.3	10.7	5.3	3.2	26.2	22.8	1.2	3.3	2.3	0.9	-3.3	0.0
Q3	48.0	44.5	10.1	5.2	2.9	26.4	22.9	1.2	3.5	2.3	1.1	-4.3	-1.5
Q4	52.8	48.7	11.3	6.6	3.2	27.7	23.7	1.5	4.0	2.5	1.8	-3.8	-0.6
2012 Q1	48.1	45.4	10.2	4.9	3.0	27.3	23.3	1.2	2.7	2.0	0.8	-4.3	-1.4
Q2	49.2	45.9	10.6	5.3	3.3	26.7	23.2	1.2	3.3	2.1	1.2	-2.9	0.4
Q3	48.4	44.9	10.1	5.3	2.9	26.7	23.3	1.2	3.6	2.2	1.3	-3.7	-0.9
Q4	53.9	48.9	11.1	6.5	3.2	28.1	24.1	1.4	5.1	2.3	2.8	-3.8	-0.6
2013 Q1	48.9	46.2	10.3	5.0	2.8	28.1	23.8	1.2	2.7	1.8	1.1	-4.6	-1.7
Q2	49.6	46.2	10.5	5.3	3.1	27.2	23.6	1.2	3.5	2.0	1.4	-2.1	1.0
Q3	48.6	45.3	10.0	5.3	2.8	27.2	23.6	1.2	3.3	2.2	1.1	-3.4	-0.5

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

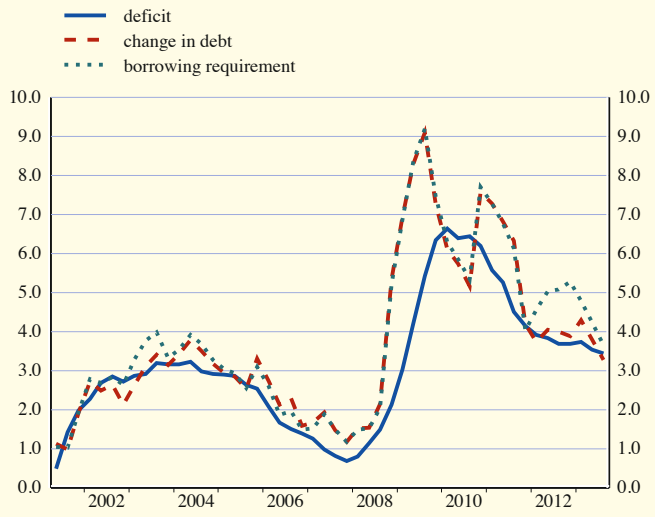
	Total	Financial instruments			
		Currency and deposits	Loans	Short-term securities	Long-term securities
	1	2	3	4	5
2010 Q4	85.4	2.4	15.4	7.3	60.3
2011 Q1	86.3	2.4	15.2	7.4	61.2
Q2	87.2	2.4	14.9	7.5	62.3
Q3	86.8	2.4	15.1	7.8	61.4
Q4	87.3	2.4	15.4	7.4	62.1
2012 Q1	88.2	2.5	15.8	7.6	62.3
Q2	89.9	2.5	16.7	7.3	63.4
Q3	90.0	2.5	16.5	7.2	63.7
Q4	90.6	2.6	17.3	6.8	64.0
2013 Q1	92.3	2.6	16.9	7.1	65.8
Q2	93.4	2.5	16.9	6.9	67.1
Q3	92.7	2.5	16.6	6.9	66.6

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
2010 Q4	11.6	-5.2	6.4	5.7	-0.4	1.7	4.4	0.0	0.0	0.8	11.6
2011 Q1	6.9	-5.3	1.6	0.7	2.1	-0.8	-0.6	-0.1	0.2	0.8	6.7
Q2	5.9	-3.3	2.6	2.5	2.8	0.5	-0.3	-0.5	0.1	0.0	5.8
Q3	0.9	-4.3	-3.4	-3.7	-3.6	-0.5	0.2	0.2	0.5	-0.2	0.4
Q4	3.2	-3.8	-0.6	-0.6	-0.3	-0.2	-0.1	0.1	-0.2	0.2	3.4
2012 Q1	5.0	-4.3	0.6	3.5	4.2	-0.2	-0.6	0.0	-3.8	0.9	8.7
Q2	7.1	-2.9	4.2	3.9	1.6	0.9	0.6	0.7	-0.5	0.9	7.7
Q3	0.7	-3.7	-3.0	-2.1	-2.1	0.5	-0.6	0.1	0.1	-1.0	0.6
Q4	2.8	-3.8	-1.0	-0.4	-2.7	0.4	0.4	1.5	-1.4	0.7	4.1
2013 Q1	6.6	-4.6	2.1	1.8	1.6	0.0	-0.2	0.5	-0.1	0.3	6.7
Q2	5.2	-2.1	3.1	3.4	3.3	0.3	0.0	-0.2	-0.3	0.1	5.5
Q3	-1.4	-3.4	-4.8	-4.5	-3.4	-0.8	0.0	-0.3	0.3	-0.6	-1.7

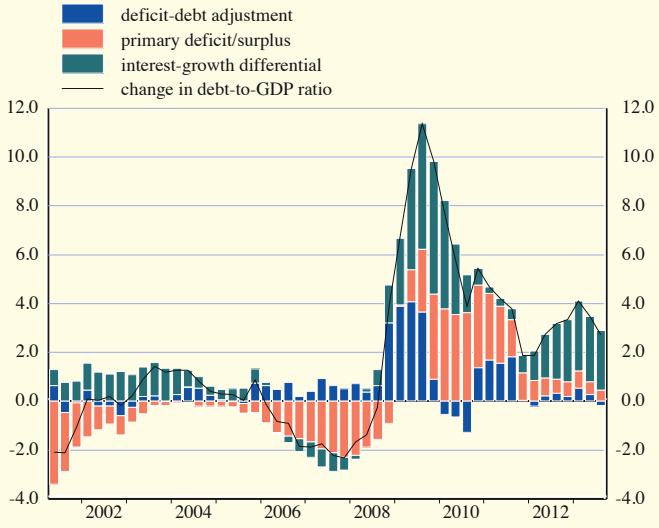
C30 Deficit, borrowing requirement and change in debt

(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

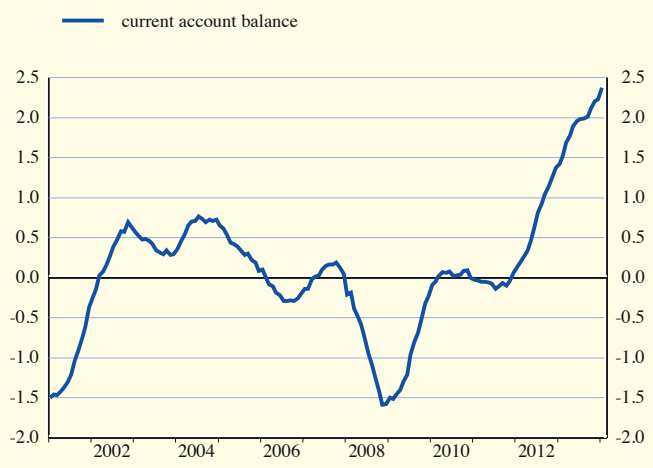
7.1 Summary balance of payments [1]

(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
2011	7.9	0.6	73.8	39.3	-105.7	11.5	19.4	-44.6	-84.8	231.4	-5.2	-175.6	-10.3	25.2
2012	125.3	92.6	89.9	48.9	-106.1	5.6	130.9	-140.2	-3.1	75.1	3.5	-201.7	-13.9	9.3
2013	210.2	170.2	107.3	59.6	-126.8	18.7	228.9	-229.1	-105.8	147.5	14.8	-281.3	-4.3	0.1
2012 Q4	61.7	34.5	22.4	18.7	-13.8	6.4	68.2	-100.1	-27.4	75.6	25.5	-171.0	-2.8	31.9
2013 Q1	24.4	30.1	17.9	18.5	-42.0	1.9	26.4	-22.2	-23.9	16.4	8.4	-23.0	0.0	-4.2
Q2	55.7	50.5	29.1	6.7	-30.5	5.6	61.3	-59.1	-55.5	67.1	-0.5	-68.9	-1.2	-2.2
Q3	48.3	38.7	31.7	12.6	-34.6	4.7	53.0	-52.8	-27.6	12.9	5.6	-40.9	-2.9	-0.2
Q4	81.8	50.9	28.6	21.9	-19.7	6.5	88.3	-95.0	1.3	51.2	1.4	-148.5	-0.3	6.7
2013 Jan.	-6.9	-2.9	4.6	4.7	-13.3	0.1	-6.8	6.2	-10.8	25.6	4.6	-8.4	-4.8	0.6
Feb.	9.0	11.0	6.1	7.7	-15.8	1.1	10.1	-10.1	2.2	-14.0	2.7	-3.6	2.6	0.0
Mar.	22.4	21.9	7.2	6.1	-12.9	0.7	23.0	-18.3	-15.3	4.8	1.0	-11.0	2.3	-4.8
Apr.	14.6	16.1	8.1	1.1	-10.7	1.8	16.4	-20.4	-18.0	-0.2	-5.8	3.6	0.0	4.0
May	11.2	16.7	9.0	-4.8	-9.7	2.7	13.9	-13.1	-17.0	37.9	-8.2	-25.2	-0.6	-0.8
June	29.9	17.7	12.0	10.4	-10.2	1.1	31.0	-25.6	-20.5	29.4	13.5	-47.3	-0.6	-5.4
July	23.7	18.5	12.4	4.5	-11.7	2.6	26.3	-24.4	8.0	-29.2	-2.7	-0.7	0.2	-1.9
Aug.	10.1	6.9	8.0	6.9	-11.7	1.6	11.7	-8.6	-0.9	19.9	6.5	-32.2	-2.0	-3.0
Sep.	14.5	13.3	11.3	1.3	-11.2	0.5	15.1	-19.8	-34.6	22.2	1.7	-7.9	-1.1	4.7
Oct.	26.5	19.0	10.1	6.1	-8.7	2.4	28.9	-27.2	-1.6	3.1	2.8	-32.3	0.9	-1.7
Nov.	27.1	18.7	7.7	6.3	-5.6	1.8	28.8	-29.1	-11.7	52.3	-4.9	-65.0	0.2	0.2
Dec.	28.2	13.2	10.9	9.5	-5.4	2.4	30.6	-38.7	14.6	-4.2	3.4	-51.2	-1.3	8.1
2014 Jan.	6.4	1.0	8.7	6.7	-10.0	0.4	6.8	-3.6	-4.7	16.9	-1.4	-11.7	-2.7	-3.2
	12-month cumulated transactions													
2014 Jan.	223.5	174.0	111.4	61.6	-123.5	19.0	242.5	-238.8	-99.6	138.8	8.8	-284.6	-2.3	-3.7
	12-month cumulated transactions as a percentage of GDP													
2014 Jan.	2.3	1.8	1.2	0.6	-1.3	0.2	2.5	-2.5	-1.0	1.4	0.1	-3.0	0.0	0.0

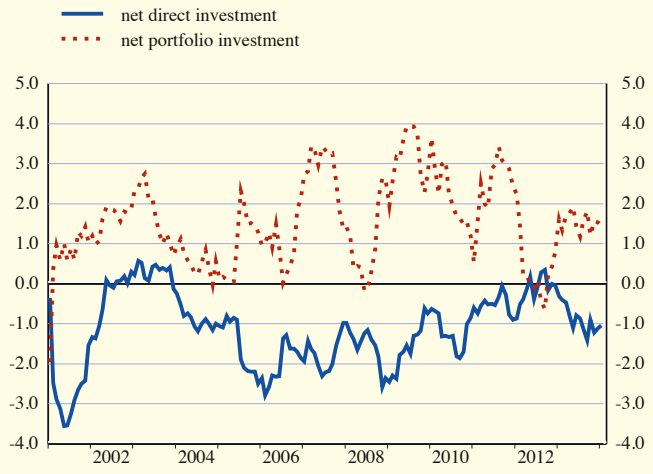
C32 Euro area b.o.p.: current account

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



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

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



Source: ECB.

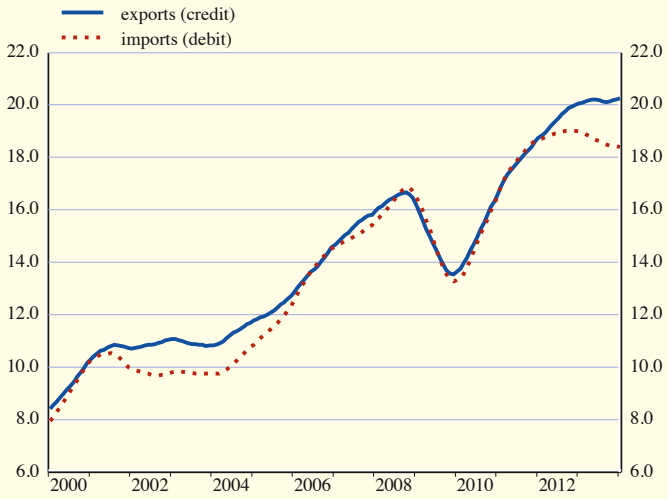
1) The sign convention is explained in the General Notes.

7.2 Current and capital accounts
(EUR billions; transactions)

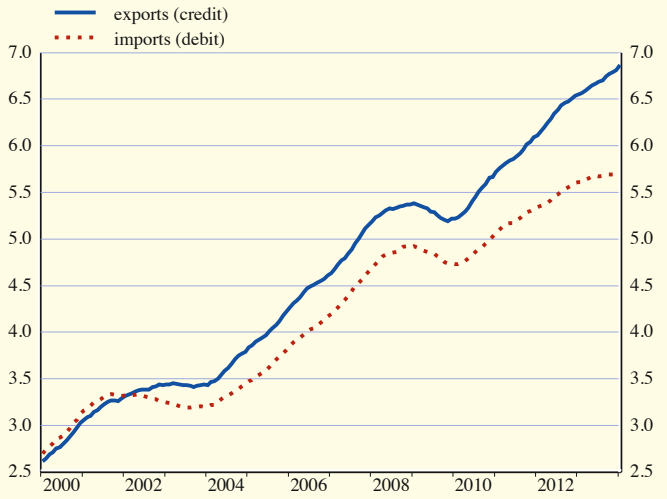
1. Summary current and capital accounts

	Current account													Capital account	
	Total			Goods		Services		Income		Current transfers					
	Credit	Debit	Net	Credit	Debit	Credit	Debit	Credit	Debit	Credit		Debit		Credit	Debit
											Workers' remittances		Workers' remittances		
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
2011	3,022.3	3,014.4	7.9	1,790.3	1,789.8	585.7	511.9	550.4	511.1	95.9	6.5	201.6	27.1	25.6	14.2
2012	3,183.7	3,058.4	125.3	1,921.1	1,828.5	628.2	538.3	535.9	487.0	98.4	6.8	204.6	26.0	29.4	23.8
2013	3,198.8	2,988.6	210.2	1,936.9	1,766.8	654.1	546.8	511.1	451.5	96.6	.	223.5	.	30.0	11.3
2012 Q4	817.9	756.1	61.7	490.0	455.6	162.3	139.8	132.0	113.3	33.6	1.7	47.5	6.7	10.9	4.5
2013 Q1	766.3	741.8	24.4	470.9	440.8	145.3	127.4	122.1	103.6	28.1	1.6	70.0	5.9	6.1	4.2
Q2	814.5	758.8	55.7	490.0	439.5	164.8	135.8	139.3	132.6	20.4	1.9	50.9	6.1	7.9	2.3
Q3	799.5	751.2	48.3	479.5	440.8	175.3	143.6	127.0	114.4	17.7	1.8	52.4	6.4	6.7	2.0
Q4	818.6	736.8	81.8	496.6	445.7	168.7	140.0	122.8	100.9	30.5	.	50.2	.	9.4	2.9
2013 Nov.	265.8	238.8	27.1	166.4	147.7	52.1	44.4	38.9	32.6	8.5	-	14.1	-	2.3	0.5
Dec.	275.2	247.0	28.2	154.0	140.7	59.8	48.9	45.8	36.3	15.7	-	21.1	-	4.1	1.8
2014 Jan.	253.9	247.6	6.4	152.3	151.3	52.5	43.8	38.6	31.9	10.5	-	20.5	-	1.1	0.7
	Seasonally adjusted														
2013 Q2	805.4	748.6	56.8	486.4	439.7	164.0	138.1	130.8	114.6	24.2	-	56.2	-	-	-
Q3	798.6	752.3	46.2	479.9	441.1	165.0	137.5	129.0	117.5	24.7	-	56.1	-	-	-
Q4	805.8	742.4	63.4	492.5	444.9	166.1	137.2	123.4	106.4	23.8	-	53.9	-	-	-
2013 Nov.	269.8	247.1	22.7	165.1	147.8	55.2	45.7	41.7	36.2	7.9	-	17.4	-	-	-
Dec.	269.0	249.0	20.0	164.3	149.8	55.9	46.3	40.7	33.6	8.0	-	19.2	-	-	-
2014 Jan.	271.2	245.9	25.3	164.0	148.0	57.1	45.3	41.7	34.9	8.4	-	17.7	-	-	-
	12-month cumulated transactions														
2014 Jan.	3,212.2	2,984.4	227.9	1,945.1	1,767.7	659.3	548.1	509.9	448.8	97.8	-	219.8	-	-	-
	12-month cumulated transactions as a percentage of GDP														
2014 Jan.	33.4	31.1	2.4	20.2	18.4	6.9	5.7	5.3	4.7	1.0	-	2.3	-	-	-

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
2010	25.4	12.4	472.7	447.9	247.0	47.1	153.7	45.9	23.3	24.3	28.8	83.8	95.7	120.9	77.8	65.1
2011	27.5	12.8	522.9	498.3	271.7	38.1	171.8	58.4	40.2	35.1	36.2	98.6	97.4	124.2	77.3	68.7
2012	29.2	13.3	506.8	473.8	251.4	49.7	155.8	16.4	44.4	38.2	43.0	104.1	99.3	117.0	68.8	58.6
2012 Q3	7.2	4.0	124.3	110.3	61.0	17.4	37.8	12.5	11.3	9.0	10.0	20.4	25.2	29.2	16.8	13.9
Q4	7.6	3.3	124.4	110.0	63.9	6.2	37.6	-15.0	11.5	10.5	8.0	20.3	24.8	27.9	16.1	13.8
2013 Q1	7.2	2.5	114.9	101.1	57.4	24.0	34.4	15.4	9.9	7.9	7.5	17.5	24.6	28.6	15.4	12.7
Q2	7.5	3.5	131.9	129.1	64.5	2.9	33.7	0.7	10.1	7.7	14.5	45.2	25.1	28.3	17.5	14.2
Q3	7.3	4.0	119.6	110.3	58.1	17.4	37.2	14.6	10.1	9.4	12.2	24.3	24.8	27.7	14.4	11.7

3. Geographical breakdown
(cumulated transactions)

	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									
2012 Q4 to 2013 Q3	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
	Credits															
Current account	3,198.1	1,012.3	55.6	97.7	483.5	312.5	63.0	64.9	46.7	155.2	39.3	68.6	126.0	251.5	426.8	1,006.9
Goods	1,930.3	601.6	36.2	58.3	260.7	246.2	0.2	34.1	24.2	118.5	28.6	43.8	89.0	131.0	223.3	636.2
Services	647.7	199.0	12.8	20.0	123.4	36.1	6.8	10.8	11.0	23.3	8.0	14.6	21.9	62.3	97.6	199.1
Income	520.3	147.8	5.6	17.2	87.6	27.1	10.2	19.5	10.8	12.7	2.5	9.4	14.2	48.4	99.8	155.3
Investment income	490.7	139.8	4.8	17.1	85.8	26.3	5.8	19.5	10.7	12.6	2.4	9.4	14.1	33.1	98.4	150.7
Current transfers	99.8	63.9	1.0	2.2	11.7	3.2	45.9	0.5	0.8	0.7	0.2	0.7	0.8	9.8	6.0	16.2
Capital account	31.6	27.5	0.0	0.0	1.3	0.4	25.7	0.0	0.0	0.0	0.0	0.1	0.1	1.0	0.4	2.4
	Debits															
Current account	3,007.9	960.1	54.0	93.7	407.8	287.0	117.7	39.3	29.2	-	35.8	91.4	157.6	209.8	395.5	-
Goods	1,776.6	508.6	30.7	51.7	197.3	228.9	0.0	26.7	14.0	195.8	26.7	43.7	141.2	104.9	148.0	567.0
Services	546.6	160.0	8.9	15.4	92.4	42.9	0.3	5.4	7.2	16.1	7.3	9.2	11.1	50.2	109.5	170.5
Income	463.9	158.2	13.1	24.8	106.0	9.6	4.6	5.9	5.9	-	0.9	37.8	4.2	44.9	131.7	-
Investment income	450.5	151.2	13.0	24.7	104.5	4.3	4.6	5.8	5.7	-	0.7	37.7	4.1	44.5	130.7	-
Current transfers	220.8	133.3	1.2	1.8	12.0	5.7	112.7	1.3	2.1	3.2	0.9	0.7	1.0	9.7	6.2	62.2
Capital account	13.0	3.9	0.1	0.1	3.1	0.5	0.2	0.2	0.1	0.4	0.1	0.1	0.1	0.7	1.1	6.3
	Net															
Current account	190.2	52.2	1.6	4.0	75.7	25.5	-54.7	25.6	17.5	-	3.5	-22.9	-31.6	41.7	31.3	-
Goods	153.7	93.0	5.5	6.6	63.4	17.3	0.2	7.4	10.2	-77.3	2.0	0.2	-52.2	26.1	75.3	69.2
Services	101.1	39.0	3.8	4.5	31.0	-6.8	6.4	5.4	3.8	7.2	0.7	5.4	10.8	12.0	-11.9	28.7
Income	56.4	-10.4	-7.5	-7.6	-18.4	17.5	5.6	13.7	4.8	-	1.6	-28.4	10.0	3.5	-31.9	-
Investment income	40.2	-11.4	-8.2	-7.6	-18.7	21.9	1.2	13.7	4.9	-	1.7	-28.3	10.1	-11.4	-32.3	-
Current transfers	-121.0	-69.4	-0.2	0.4	-0.3	-2.5	-66.8	-0.8	-1.2	-2.5	-0.7	0.0	-0.2	0.1	-0.2	-46.0
Capital account	18.6	23.5	0.0	0.0	-1.8	0.0	25.4	-0.2	0.0	-0.3	-0.1	0.0	0.0	0.2	-0.6	-3.9

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)													
2010	15,198.0	16,495.2	-1,297.3	165.5	179.6	-14.1	4,928.8	3,895.5	4,901.4	7,471.6	-31.3	4,807.9	5,128.2	591.2
2011	15,905.0	17,369.7	-1,464.7	168.4	183.9	-15.5	5,631.5	4,344.6	4,751.0	7,721.7	-29.9	4,885.4	5,303.3	667.1
2012	16,649.4	17,922.0	-1,272.6	175.2	188.5	-13.4	5,879.6	4,450.2	5,264.9	8,378.2	-17.7	4,833.3	5,093.6	689.4
2013 Q1	17,097.6	18,287.0	-1,189.4	179.9	192.5	-12.5	5,956.0	4,507.5	5,534.9	8,626.9	-28.3	4,947.1	5,152.5	687.8
Q2	16,899.2	18,218.0	-1,318.8	177.4	191.2	-13.8	6,144.2	4,639.2	5,368.5	8,554.3	-47.8	4,869.9	5,024.4	564.3
Q3	16,834.9	18,125.7	-1,290.8	176.0	189.5	-13.5	6,067.6	4,603.0	5,463.6	8,687.9	-40.8	4,757.7	4,834.8	586.8
	Changes to outstanding amounts													
2009	497.5	389.8	107.7	5.6	4.4	1.2	496.3	272.4	513.3	899.9	-1.1	-599.5	-782.5	88.4
2010	1,452.7	1,308.3	144.4	15.8	14.2	1.6	518.3	401.7	557.8	625.4	-29.9	277.6	281.2	128.8
2011	707.0	874.4	-167.4	7.5	9.3	-1.8	702.7	449.1	-150.4	250.1	1.4	77.5	175.2	75.9
2012	744.4	552.3	192.1	7.8	5.8	2.0	248.2	105.6	513.9	656.5	12.2	-52.2	-209.8	22.3
2013 Q2	-198.4	-69.0	-129.4	-8.3	-2.9	-5.4	188.2	131.7	-166.4	-72.6	-19.5	-77.2	-128.1	-123.5
Q3	-64.3	-92.2	28.0	-2.7	-3.8	1.2	-76.6	-36.2	95.0	133.5	7.0	-112.2	-189.6	22.4
	Transactions													
2010	649.4	654.9	-5.5	7.1	7.1	-0.1	352.5	273.7	131.9	241.8	-10.1	164.7	139.5	10.5
2011	671.8	627.2	44.6	7.1	6.6	0.5	524.7	439.8	-53.1	178.3	5.2	184.7	9.1	10.3
2012	522.5	382.3	140.2	5.5	4.0	1.5	329.9	326.8	186.2	261.3	-3.5	-4.1	-205.8	13.9
2013	290.0	60.9	229.1	3.0	0.6	2.4	191.4	85.6	222.2	369.8	-14.8	-113.2	-394.5	4.3
2013 Q2	27.5	-31.5	59.1	1.1	-1.3	2.5	61.9	6.4	21.8	88.9	0.5	-57.9	-126.8	1.2
Q3	-12.1	-64.9	52.8	-0.5	-2.7	2.2	31.8	4.2	63.6	76.5	-5.6	-104.8	-145.6	2.9
Q4	72.7	-22.3	95.0	2.9	-0.9	3.9	40.9	42.2	32.4	83.6	-1.4	0.5	-148.0	0.3
2013 Sep.	-18.9	-38.7	19.8	-	-	-	4.8	-29.9	39.6	61.8	-1.7	-62.7	-70.6	1.1
Oct.	88.8	61.6	27.2	-	-	-	21.8	20.1	6.5	9.6	-2.8	64.1	31.8	-0.9
Nov.	67.1	38.0	29.1	-	-	-	19.8	8.0	13.2	65.5	4.9	29.4	-35.5	-0.2
Dec.	-83.1	-121.9	38.7	-	-	-	-0.6	14.0	12.7	8.4	-3.4	-93.1	-144.3	1.3
2014 Jan.	168.4	164.8	3.6	-	-	-	18.9	14.2	17.3	34.1	1.4	128.2	116.5	2.7
	Other changes													
2009	585.8	464.8	121.0	6.6	5.2	1.4	144.0	-13.7	417.2	557.1	18.3	-86.7	-78.7	93.0
2010	803.3	653.4	149.9	8.7	7.1	1.6	165.8	128.0	425.9	383.6	-19.8	113.0	141.8	118.3
2011	35.2	247.2	-212.0	0.4	2.6	-2.2	178.0	9.3	-97.3	71.9	-3.9	-107.2	166.0	65.6
2012	221.9	170.0	51.9	2.3	1.8	0.5	-81.7	-221.2	327.7	395.2	15.7	-48.1	-4.0	8.4
	Other changes due to exchange rate changes													
2009	-49.2	-55.9	6.7	-0.6	-0.6	0.1	-5.3	5.6	-29.8	-34.4	.	-11.5	-27.2	-2.7
2010	477.6	324.2	153.5	5.2	3.5	1.7	143.4	34.4	160.0	128.2	.	161.0	161.5	13.3
2011	214.2	176.7	37.5	2.3	1.9	0.4	70.7	18.4	72.8	67.1	.	63.2	91.3	7.5
2012	-86.6	-91.5	4.9	-0.9	-1.0	0.1	-22.0	-5.6	-41.3	-37.5	.	-16.7	-48.3	-6.6
	Other changes due to price changes													
2009	635.0	491.2	143.9	7.1	5.5	1.6	147.5	29.4	423.6	461.8	18.2	.	.	45.8
2010	300.9	148.1	152.8	3.3	1.6	1.7	33.2	-0.8	185.5	149.0	-19.4	.	.	101.7
2011	-116.5	-249.2	132.7	-1.2	-2.6	1.4	-38.1	7.1	-133.7	-256.3	-3.9	.	.	59.3
2012	266.1	588.6	-322.5	2.8	6.2	-3.4	38.8	-6.4	194.7	594.9	15.7	.	.	16.9
	Other changes due to other adjustments													
2009	-1.5	30.2	-31.7	0.0	0.3	-0.4	0.9	-48.4	23.5	130.0	.	-75.6	-51.4	49.7
2010	24.8	181.4	-156.5	0.3	2.0	-1.7	-11.0	94.6	80.4	106.7	.	-47.9	-19.9	3.4
2011	-59.4	320.1	-379.5	-0.6	3.4	-4.0	146.0	-16.0	-33.8	261.7	.	-170.4	74.5	-1.2
2012	42.5	-326.8	369.3	0.4	-3.4	3.9	-98.6	-209.2	174.3	-162.1	.	-31.3	44.6	-1.9
	Growth rates of outstanding amounts													
2009	-0.7	-0.5	-	.	.	.	8.9	8.9	2.4	5.6	.	-10.0	-12.5	-1.3
2010	4.6	4.2	-	.	.	.	7.7	7.5	2.9	3.4	.	3.6	2.8	2.0
2011	4.5	3.8	-	.	.	.	10.7	11.3	-1.2	2.4	.	4.0	0.2	1.6
2012	3.3	2.2	-	.	.	.	5.9	7.6	3.8	3.3	.	0.0	-3.9	2.0
2013 Q2	2.1	0.7	-	.	.	.	4.9	4.7	4.8	4.7	.	-3.2	-8.6	0.6
Q3	1.6	0.2	-	.	.	.	4.5	2.9	5.2	5.4	.	-4.8	-10.0	1.1
Q4	1.7	0.3	.	.	.	.	3.2	1.9	4.2	4.4	.	-2.3	-7.7	0.7

Source: ECB.

1) Net financial derivatives are included in assets.

7.3 Financial account

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

2. Direct investment

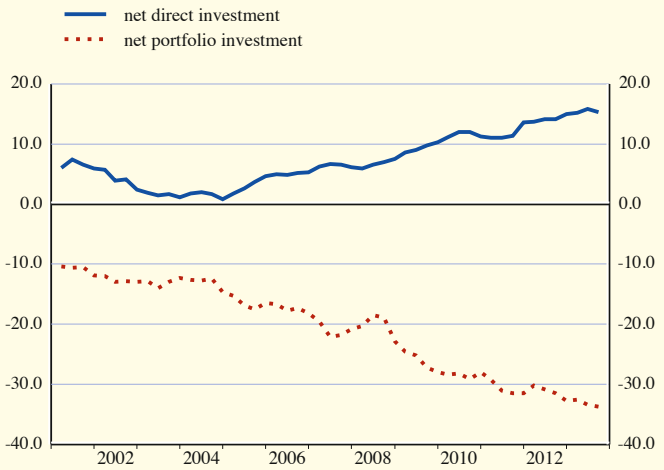
	By resident units abroad							By non-resident units in the euro area						
	Total	Equity capital and reinvested earnings			Other capital (mostly inter-company loans)			Total	Equity capital and reinvested earnings			Other capital (mostly inter-company loans)		
		Total	MFIs	Non-MFIs	Total	MFIs	Non-MFIs		Total	Into MFIs	Into non-MFIs	Total	To MFIs	To non-MFIs
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
	Oustanding amounts (international investment position)													
2011	5,631.5	4,228.1	283.1	3,945.0	1,403.3	13.3	1,390.1	4,344.6	3,093.0	101.6	2,991.4	1,251.6	11.3	1,240.3
2012	5,879.6	4,373.0	290.1	4,082.9	1,506.7	12.0	1,494.6	4,450.2	3,129.0	108.4	3,020.6	1,321.2	11.3	1,309.9
2013 Q2	6,144.2	4,531.3	277.3	4,254.1	1,612.8	12.3	1,600.6	4,639.2	3,219.7	110.0	3,109.7	1,419.6	12.3	1,407.3
Q3	6,067.6	4,485.0	276.4	4,208.7	1,582.6	12.2	1,570.4	4,603.0	3,203.1	110.5	3,092.7	1,399.9	12.0	1,387.9
	Transactions													
2010	352.5	232.9	23.4	209.5	119.6	1.1	118.5	273.7	293.5	10.9	282.6	-19.8	-5.8	-14.0
2011	524.7	444.8	26.6	418.2	79.9	-3.2	83.1	439.8	401.7	11.1	390.6	38.1	0.6	37.4
2012	329.9	190.0	-1.7	191.7	140.0	-0.3	140.3	326.8	246.5	8.4	238.1	80.3	0.1	80.3
2013 Q2	61.9	4.1	2.6	1.5	57.8	-0.8	58.6	6.4	-38.4	1.0	-39.4	44.8	0.2	44.5
Q3	31.8	44.2	2.5	41.7	-12.5	0.0	-12.5	4.2	10.5	1.9	8.6	-6.3	-0.1	-6.2
Q4	40.9	34.9	3.6	31.3	6.1	0.2	5.9	42.2	33.7	2.7	30.9	8.5	0.4	8.1
2013 Sep.	4.8	27.0	1.3	25.7	-22.2	0.1	-22.3	-29.9	-20.4	0.5	-20.9	-9.5	-0.1	-9.4
Oct.	21.8	21.5	-0.2	21.6	0.3	0.0	0.3	20.1	19.1	0.4	18.7	1.1	-0.1	1.1
Nov.	19.8	9.0	0.9	8.1	10.7	-0.1	10.8	8.0	6.8	1.6	5.2	1.2	-0.2	1.4
Dec.	-0.6	4.4	2.8	1.6	-5.0	0.3	-5.2	14.0	7.8	0.7	7.1	6.2	0.6	5.6
2014 Jan.	18.9	13.0	-0.7	13.7	5.9	0.4	5.5	14.2	13.3	1.2	12.2	0.9	-3.1	4.0
	Growth rates													
2011	10.7	11.6	9.9	11.8	7.4	-20.1	7.8	11.3	13.7	11.6	13.8	3.9	0.9	3.9
2012	5.9	4.5	-0.6	4.9	10.0	-2.5	10.2	7.6	8.1	8.3	8.1	6.4	0.4	6.5
2013 Q2	4.9	3.0	0.9	3.1	10.7	5.2	10.7	4.7	5.8	7.7	5.7	2.1	19.7	1.9
Q3	4.5	3.2	1.4	3.3	8.5	3.9	8.6	2.9	4.4	7.1	4.3	-0.7	1.9	-0.8
Q4	3.2	2.9	2.8	2.9	4.2	4.5	4.2	1.9	2.0	8.5	1.8	1.7	10.3	1.6

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)															
2011	4,751.0	1,693.8	59.3	2.6	1,634.5	39.4	2,587.4	721.4	16.1	1,865.9	96.0	469.8	302.5	58.8	167.4	0.5
2012	5,264.9	1,947.3	70.2	2.8	1,877.1	42.5	2,851.8	674.2	15.6	2,177.7	97.3	465.7	288.0	53.8	177.8	1.4
2013 Q2	5,368.5	2,073.8	93.7	3.1	1,980.1	47.6	2,824.3	632.7	15.8	2,191.6	92.7	470.4	281.9	61.9	188.4	0.2
Q3	5,463.6	2,171.5	114.2	3.1	2,057.3	48.5	2,825.9	618.4	16.4	2,207.4	91.3	466.2	289.7	58.4	176.5	0.1
	Transactions															
2010	131.9	75.3	-2.4	-0.7	77.7	1.9	101.1	-125.2	0.1	226.3	51.4	-44.6	-63.9	-10.6	19.3	-1.9
2011	-53.1	-66.0	-10.7	-0.2	-55.3	-7.3	-21.2	-60.5	0.1	39.3	-2.8	34.1	25.8	10.4	8.3	0.2
2012	186.2	57.6	3.0	0.1	54.6	0.2	126.3	-38.5	-1.0	164.7	-8.5	2.4	-18.0	2.3	20.3	0.1
2013 Q2	21.8	13.9	3.8	0.0	10.1	0.8	8.8	-6.9	-0.6	15.7	-1.9	-0.9	-5.8	14.7	4.9	-0.3
Q3	63.6	42.9	16.4	0.0	26.5	0.1	18.3	-13.0	0.7	31.4	-1.7	2.4	8.4	-2.4	-6.0	0.0
Q4	32.4	16.9	7.4	0.3	9.5	.	6.2	-10.8	1.0	17.0	.	9.3	12.3	1.7	-2.9	.
2013 Sep.	39.6	28.1	10.3	0.0	17.8	-	7.6	-3.4	-0.1	10.9	-	3.9	3.6	0.2	0.3	-
Oct.	6.5	9.5	2.2	0.0	7.3	-	0.6	-2.7	-0.1	3.3	-	-3.6	-5.8	-5.4	2.3	-
Nov.	13.2	0.4	5.6	0.3	-5.2	-	9.2	-3.6	0.7	12.8	-	3.6	4.2	4.9	-0.6	-
Dec.	12.7	7.0	-0.4	0.0	7.4	-	-3.6	-4.5	0.4	0.9	-	9.3	13.9	2.3	-4.6	-
2014 Jan.	17.3	6.8	-1.3	0.0	8.0	-	2.7	3.2	0.1	-0.5	-	7.8	3.0	2.1	4.8	-
	Growth rates															
2011	-1.2	-3.9	-15.2	-7.2	-3.4	-15.9	-0.8	-7.7	-0.2	2.2	-2.9	8.3	8.4	25.5	8.0	120.3
2012	3.8	3.1	5.0	3.0	3.1	0.1	4.8	-5.4	-6.3	8.6	-8.3	0.5	-5.5	3.7	12.3	29.8
2013 Q2	4.8	7.6	47.4	5.2	6.3	15.5	4.2	-4.0	2.7	6.9	-4.7	-2.3	-7.8	50.9	7.8	-67.0
Q3	5.2	9.5	73.3	5.8	7.4	13.0	3.6	-4.5	10.9	6.1	-6.4	-2.0	-4.1	37.6	2.0	-56.3
Q4	4.2	6.9	56.1	16.1	5.0	.	2.4	-7.2	14.2	5.3	.	4.0	7.0	28.7	-0.9	.

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)											
2011	7,721.7	3,051.2	558.3	2,492.9	4,226.1	1,253.0	2,973.0	1,748.4	444.4	86.8	357.6	313.1
2012	8,378.2	3,479.5	537.3	2,942.2	4,437.5	1,190.7	3,246.8	1,963.4	461.2	88.0	373.2	298.1
2013 Q2	8,554.3	3,607.9	500.4	3,107.5	4,454.5	1,150.0	3,304.4	2,003.9	492.0	111.8	380.2	306.6
Q3	8,687.9	3,769.3	534.6	3,234.6	4,397.6	1,107.5	3,290.1	1,991.8	521.0	127.7	393.3	321.8
	Transactions											
2010	241.8	127.1	-16.9	144.1	160.4	49.8	110.6	187.3	-45.7	12.7	-58.4	-38.2
2011	178.3	74.2	18.4	55.7	151.6	75.6	76.0	80.7	-47.5	2.1	-49.5	-37.7
2012	261.3	145.9	-18.1	163.9	120.1	-55.6	175.6	161.8	-4.6	5.4	-10.0	-30.3
2013 Q2	88.9	83.7	-18.2	101.9	5.4	-23.6	29.0	18.6	-0.2	0.4	-0.6	-1.9
Q3	76.5	54.3	11.5	42.8	-16.7	-22.0	5.3	2.9	38.9	23.7	15.2	16.5
Q4	83.6	74.3	-1.5	75.8	73.5	14.4	59.0	.	-64.2	-25.4	-38.8	.
2013 Sep.	61.8	19.8	-1.8	21.6	22.3	3.8	18.5	-	19.6	13.8	5.8	-
Oct.	9.6	15.3	-7.9	23.1	13.5	11.3	2.2	-	-19.1	-6.6	-12.5	-
Nov.	65.5	17.3	3.0	14.2	50.8	5.6	45.2	-	-2.6	-3.8	1.2	-
Dec.	8.4	41.8	3.3	38.4	9.2	-2.4	11.6	-	-42.5	-15.0	-27.5	-
2014 Jan.	34.1	11.2	9.6	1.6	-3.9	-7.2	3.3	-	26.9	23.4	3.5	-
	Growth rates											
2011	2.4	2.3	2.9	2.0	4.1	6.7	3.0	5.1	-9.2	8.3	-12.2	-11.1
2012	3.3	4.5	-3.3	6.1	2.8	-4.5	5.9	9.2	-0.9	6.1	-2.6	-9.2
2013 Q2	4.7	7.7	-7.5	10.6	2.6	-2.9	4.7	7.3	3.3	12.7	1.0	-0.4
Q3	5.4	8.1	-4.7	10.6	1.5	-4.3	3.7	5.1	22.4	61.7	13.4	10.6
Q4	4.4	7.6	-3.1	9.5	2.0	-3.0	3.8	.	2.0	18.0	-1.9	.

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)														
2011	4,885.4	36.2	35.5	0.7	3,069.9	3,008.1	61.8	162.5	6.8	116.1	30.2	1,616.8	248.5	1,173.6	495.9
2012	4,833.3	40.9	40.2	0.7	2,924.6	2,854.3	70.3	167.9	5.3	121.4	29.2	1,699.8	254.5	1,249.4	529.0
2013 Q2	4,869.9	18.5	17.9	0.7	2,940.7	2,873.5	67.2	151.2	5.1	103.8	24.0	1,759.5	247.9	1,261.5	571.8
Q3	4,757.7	25.2	24.5	0.7	2,848.3	2,764.2	84.2	148.7	5.0	101.9	22.7	1,735.5	245.9	1,237.6	560.5
	Transactions														
2010	164.7	-2.7	-2.6	0.0	11.6	2.8	8.9	41.2	-0.2	40.8	4.9	114.5	8.8	81.9	50.8
2011	184.7	-3.0	-3.1	0.1	51.6	21.7	29.9	4.3	-0.3	4.1	10.3	131.8	8.6	99.0	38.5
2012	-4.1	5.2	5.2	0.0	-121.9	-130.1	8.1	4.7	-1.5	6.4	-1.0	107.9	8.3	74.7	37.3
2013 Q2	-57.9	-10.9	-10.9	0.0	12.1	14.4	-2.3	-4.6	0.0	-4.4	-0.2	-54.6	0.0	-58.2	-19.4
Q3	-104.8	6.2	6.2	0.0	-71.5	-88.6	17.0	-1.8	-0.1	-1.8	-1.2	-37.7	-1.6	-36.7	-28.5
Q4	0.5	-8.8	.	.	-14.2	.	.	6.3	.	.	4.6	17.2	.	.	22.2
2013 Sep.	-62.7	5.0	-	-	-47.7	-	-	0.4	-	-	0.4	-20.4	-	-	-16.2
Oct.	64.1	-4.6	-	-	76.8	-	-	1.8	-	-	2.1	-10.0	-	-	-9.9
Nov.	29.4	-5.2	-	-	5.7	-	-	5.2	-	-	4.1	23.8	-	-	22.3
Dec.	-93.1	1.0	-	-	-96.7	-	-	-0.7	-	-	-1.5	3.3	-	-	9.8
2014 Jan.	128.2	-3.3	-	-	134.0	-	-	-2.3	-	-	-0.2	-0.3	-	-	6.8
	Growth rates														
2011	4.0	-6.1	-6.2	8.8	1.9	0.9	76.7	3.0	-3.3	4.1	51.5	8.3	4.0	8.0	9.0
2012	0.0	13.0	13.2	1.0	-3.9	-4.3	13.8	3.1	-22.2	5.8	-3.3	6.7	3.3	6.5	7.6
2013 Q2	-3.2	-22.3	-23.0	3.4	-4.2	-4.2	-5.9	-3.7	-24.8	-4.8	-20.3	-1.0	-2.4	-3.2	3.7
Q3	-4.8	-13.1	-13.4	3.3	-5.3	-5.7	8.8	1.1	-5.5	0.6	-9.5	-4.0	-0.7	-5.9	-2.4
Q4	-2.3	-50.9	.	.	-2.1	.	.	-6.4	.	.	-6.6	-1.1	.	.	5.4

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)														
2011	5,303.3	411.7	408.9	2.8	3,220.8	3,153.9	66.9	229.3	0.1	222.3	6.9	1,441.6	227.2	1,029.9	184.5
2012	5,093.6	427.3	426.4	0.9	2,972.0	2,889.3	82.8	231.5	0.1	223.8	7.5	1,462.8	229.6	996.8	236.4
2013 Q2	5,024.4	374.2	372.8	1.4	2,862.3	2,799.0	63.3	227.1	0.1	220.3	6.6	1,560.8	229.2	1,058.6	273.0
Q3	4,834.8	360.7	359.2	1.6	2,739.0	2,658.2	80.9	229.9	0.2	223.0	6.7	1,505.1	229.3	1,009.5	266.3
	Transactions														
2010	139.5	9.3	6.7	2.6	-9.2	-15.1	5.9	66.1	0.0	65.5	0.6	73.2	16.3	30.8	26.1
2011	9.1	134.8	135.0	-0.2	-290.0	-328.7	38.6	74.2	0.0	74.2	0.0	90.2	10.6	63.6	16.0
2012	-205.8	18.4	20.2	-1.8	-234.6	-251.7	17.2	2.6	0.0	1.5	1.0	7.8	7.4	-14.3	14.7
2013 Q2	-126.8	-21.6	-22.1	0.5	-93.8	-76.0	-17.8	-0.3	0.0	-1.1	0.8	-11.1	-1.2	5.1	-15.0
Q3	-145.6	-10.2	-10.3	0.2	-107.2	-124.7	17.4	4.5	0.0	4.2	0.3	-32.7	0.8	-36.3	2.8
Q4	-148.0	-17.6	.	.	-125.8	.	.	-8.9	.	.	.	4.3	.	.	.
2013 Sep.	-70.6	-3.8	-	-	-57.7	-	-	2.9	-	-	-	-12.0	-	-	-
Oct.	31.8	-9.7	-	-	52.4	-	-	-3.7	-	-	-	-7.3	-	-	-
Nov.	-35.5	-9.4	-	-	-27.6	-	-	-0.6	-	-	-	2.0	-	-	-
Dec.	-144.3	1.4	-	-	-150.7	-	-	-4.6	-	-	-	9.5	-	-	-
2014 Jan.	116.5	-6.5	-	-	112.4	-	-	0.7	-	-	-	9.9	-	-	-
	Growth rates														
2011	0.2	50.4	51.0	.	-8.3	-9.6	90.6	48.8	.	50.9	-0.6	7.6	5.2	7.4	11.0
2012	-3.9	4.7	5.2	.	-7.3	-8.0	25.8	1.1	.	0.7	15.6	0.5	3.2	-1.5	8.5
2013 Q2	-8.6	-8.3	-8.3	.	-12.1	-12.0	-15.8	-5.3	.	-5.5	2.2	-1.7	0.1	-2.0	-1.7
Q3	-10.0	-15.0	-15.1	.	-13.0	-13.4	2.8	-1.3	.	-1.4	3.3	-3.8	1.4	-4.3	-6.8
Q4	-7.7	-18.5	.	.	-11.1	.	.	-2.4	.	.	.	1.3	.	.	.

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)																
2010	591.2	366.2	346.962	54.2	15.8	155.0	7.7	16.0	131.3	0.5	111.2	19.5	0.0	0.0	26.3	-24.4	54.5
2011	667.0	422.1	346.846	54.0	30.2	160.8	5.3	7.8	148.1	0.8	134.1	13.3	-0.4	0.0	97.4	-86.0	55.9
2012	689.4	437.2	346.693	52.8	31.9	166.8	6.1	8.8	151.3	0.2	130.9	20.2	0.6	0.6	32.8	-35.0	55.0
2013 Q1	687.8	432.7	346.696	52.5	32.4	169.6	5.3	10.0	154.4	0.2	132.6	21.6	-0.1	0.6	31.2	-35.8	55.1
Q2	564.3	315.9	346.672	51.3	31.5	164.7	5.3	7.8	151.6	0.2	133.8	17.6	0.0	0.8	27.3	-31.0	54.2
Q3	586.8	340.5	346.674	50.5	30.5	164.3	5.1	9.3	149.7	0.2	134.0	15.5	0.2	0.9	21.5	-29.4	53.6
2014 Jan.	570.8	321.0	346.816	50.9	29.1	168.8	6.2	6.9	155.7	0.2	142.1	13.5	0.0	1.0	23.8	-34.0	53.5
Feb.	578.5	333.1	346.816	50.1	28.3	166.1	5.8	6.6	153.5	0.2	140.4	13.0	0.2	1.0	23.9	-32.6	52.8
	Transactions																
2010	10.5	0.0	-	-0.1	4.9	5.6	-5.4	6.6	4.3	0.0	10.6	-6.3	0.0	0.0	-	-	-
2011	10.3	0.0	-	-1.6	13.0	-1.2	-2.3	-8.3	9.3	0.1	15.9	-6.8	0.1	0.0	-	-	-
2012	13.9	0.0	-	-0.3	3.4	10.2	0.6	1.2	8.0	-0.4	-0.7	9.1	0.4	0.7	-	-	-
2013 Q2	1.2	0.0	-	-0.3	-0.3	1.5	0.1	-1.8	3.5	0.0	6.4	-2.8	-0.2	0.2	-	-	-
Q3	2.9	0.0	-	-0.2	-0.6	3.6	-0.2	1.7	2.2	0.0	4.0	-1.7	-0.1	0.0	-	-	-
Q4	0.3	.	-	.	.	.	.	.	.	.	.	.	.	.	-	-	-
	Growth rates																
2010	2.0	0.0	-	-0.1	46.7	3.7	-43.3	75.9	3.5	-5.2	10.2	-24.6	-	-	-	-	-
2011	1.6	0.0	-	-3.0	83.3	-1.3	-30.0	-52.7	6.8	27.4	14.2	-45.3	-	-	-	-	-
2012	2.0	0.0	-	-0.5	11.0	6.5	12.2	15.2	5.6	-53.5	-0.6	82.5	-	-	-	-	-
2013 Q2	0.6	0.0	-	-0.9	2.4	2.0	-19.1	-1.6	3.4	-41.8	4.7	-4.5	-	-	-	-	-
Q3	1.1	0.0	-	-1.3	-6.2	5.7	-13.6	22.4	6.0	0.0	6.9	-0.6	-	-	-	-	-
Q4	0.7	.	-	.	.	.	.	.	.	.	.	.	-	-	-	-	-

8. Gross external debt

	Total	By instrument						By sector (excluding direct investment)			
		Loans, currency and deposits	Money market instruments	Bonds and notes	Trade credits	Other debt liabilities	Direct investment: inter-company lending	General government	Eurosystem	MFIs (excluding Eurosystem)	Other sectors
	1	2	3	4	5	6	7	8	9	10	11
	Outstanding amounts (international investment position)										
2010	10,926.4	4,724.7	453.2	3,822.0	203.3	200.2	1,523.0	2,145.6	270.3	4,751.7	2,235.7
2011	11,945.2	4,815.0	444.4	4,226.1	227.3	261.0	1,971.4	2,290.8	411.7	4,560.6	2,710.7
2012	12,105.7	4,536.2	461.2	4,437.5	229.8	327.6	2,113.4	2,493.0	427.3	4,250.6	2,821.3
2013 Q1	12,274.6	4,561.2	501.2	4,499.1	232.6	358.7	2,121.7	2,560.3	400.4	4,280.2	2,912.0
Q2	12,223.5	4,450.7	492.0	4,454.5	229.3	344.4	2,252.7	2,537.5	374.2	4,124.1	2,935.0
Q3	11,979.8	4,249.9	521.0	4,397.6	229.5	355.4	2,226.4	2,543.4	360.7	3,974.3	2,875.0
	Outstanding amounts as a percentage of GDP										
2010	119.1	51.5	4.9	41.6	2.2	2.2	16.6	23.4	2.9	51.8	24.4
2011	126.5	51.0	4.7	44.8	2.4	2.8	20.9	24.3	4.4	48.3	28.7
2012	127.4	47.7	4.9	46.7	2.4	3.4	22.2	26.2	4.5	44.7	29.7
2013 Q1	129.0	47.9	5.3	47.3	2.4	3.8	22.3	26.9	4.2	45.0	30.6
Q2	128.1	46.6	5.2	46.7	2.4	3.6	23.6	26.6	3.9	43.2	30.8
Q3	125.2	44.4	5.4	46.0	2.4	3.7	23.3	26.6	3.8	41.5	30.0

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	Switzerland	United States	Offshore financial centres	International organisations	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
2012	Outstanding amounts (international investment position)														
Direct investment	1,429.4	416.4	-16.6	17.2	134.7	282.4	-1.2	103.4	79.0	-22.3	161.1	175.9	-223.5	-0.2	739.6
Abroad	5,879.6	1,687.5	29.4	171.7	1,156.7	329.6	0.1	211.4	99.6	79.2	597.3	1,322.6	585.4	0.1	1,296.6
Equity/reinvested earnings	4,373.0	1,249.1	22.8	103.9	867.4	254.9	0.0	165.3	81.3	57.1	451.3	929.8	486.6	0.1	952.3
Other capital	1,506.7	438.5	6.5	67.8	289.4	74.7	0.1	46.1	18.3	22.1	146.0	392.7	98.8	0.0	344.2
In the euro area	4,450.2	1,271.1	46.0	154.6	1,022.0	47.2	1.3	108.0	20.6	101.5	436.3	1,146.7	808.9	0.3	556.9
Equity/reinvested earnings	3,129.0	1,019.2	37.2	138.4	810.1	32.3	1.3	86.9	7.8	88.1	262.8	856.6	425.7	0.1	381.7
Other capital	1,321.2	251.9	8.8	16.2	211.9	14.9	0.0	21.1	12.7	13.4	173.4	290.1	383.1	0.2	175.2
Portfolio investment assets	5,264.9	1,677.1	99.7	228.1	1,044.5	118.5	186.3	102.3	61.2	215.1	131.4	1,639.7	433.3	33.2	971.6
Equity	1,947.3	391.0	17.2	49.0	310.4	14.2	0.1	39.6	57.2	105.7	117.1	621.1	237.0	0.9	377.7
Debt instruments	3,317.6	1,286.1	82.5	179.1	734.1	104.3	186.2	62.6	4.0	109.5	14.3	1,018.6	196.3	32.3	594.0
Bonds and notes	2,851.8	1,134.8	75.8	148.7	621.9	103.4	185.0	58.3	2.6	36.8	11.3	857.4	184.4	31.7	534.5
Money market instruments	465.7	151.3	6.6	30.4	112.1	0.9	1.2	4.3	1.3	72.7	3.0	161.2	11.8	0.6	59.5
Other investment	-260.3	-248.0	10.6	-27.4	-48.8	44.4	-226.8	1.7	-15.7	5.1	-32.6	55.4	50.6	-78.0	1.1
Assets	4,833.3	2,186.1	77.5	86.7	1,841.1	161.4	19.4	28.0	49.0	81.9	268.4	677.7	540.9	36.7	964.6
General government	167.9	65.5	1.0	4.6	43.4	1.6	14.9	1.8	3.1	0.9	1.5	11.0	3.3	30.7	50.3
MFIs	2,965.5	1,528.9	58.4	50.8	1,292.6	124.8	2.2	16.4	24.3	65.9	147.1	395.8	392.9	5.2	389.0
Other sectors	1,699.8	591.7	18.1	31.3	505.1	35.0	2.2	9.7	21.6	15.1	119.8	271.0	144.7	0.8	525.3
Liabilities	5,093.6	2,434.0	66.8	114.1	1,889.9	117.0	246.2	26.3	64.7	76.8	301.0	622.3	490.3	114.7	963.5
General government	231.5	110.5	0.3	0.9	26.3	0.2	82.8	0.1	0.0	0.1	1.1	29.6	1.2	83.7	5.1
MFIs	3,399.3	1,644.8	56.3	88.7	1,307.5	89.4	102.9	17.1	38.2	50.7	239.3	338.6	392.1	28.2	650.4
Other sectors	1,462.8	678.8	10.2	24.6	556.1	27.4	60.6	9.1	26.4	26.0	60.6	254.1	97.0	2.8	307.9
2012 Q4 to 2013 Q3	Cumulated transactions														
Direct investment	134.5	44.6	-8.3	-36.3	84.5	4.6	0.0	-1.9	3.6	0.1	37.3	38.6	-44.2	0.0	56.3
Abroad	263.2	52.5	0.9	-1.3	44.4	8.5	0.0	-0.1	8.3	1.4	36.0	55.5	-3.2	0.0	112.8
Equity/reinvested earnings	139.0	56.6	0.9	8.3	42.0	5.3	0.0	4.0	7.5	1.0	6.4	31.5	-11.9	0.0	43.9
Other capital	124.3	-4.1	0.0	-9.6	2.3	3.2	0.0	-4.1	0.8	0.5	29.6	24.0	8.7	0.0	68.8
In the euro area	128.8	7.9	9.2	35.0	-40.2	3.9	0.0	1.8	4.7	1.3	-1.3	17.0	41.0	0.0	56.4
Equity/reinvested earnings	138.3	12.4	7.9	23.7	-20.1	0.9	0.0	1.9	4.5	5.3	2.7	4.9	75.9	0.0	30.6
Other capital	-9.5	-4.5	1.3	11.3	-20.1	3.0	0.0	-0.1	0.2	-3.9	-4.0	12.0	-35.0	0.0	25.8
Portfolio investment assets	270.9	17.1	4.9	-0.6	-11.5	8.1	16.1	8.2	6.6	35.2	7.9	74.9	5.0	-0.4	116.4
Equity	180.0	39.1	2.3	3.3	33.4	0.1	0.0	2.0	5.5	28.7	6.0	68.8	4.3	0.0	25.6
Debt instruments	90.9	-22.0	2.6	-3.9	-44.9	8.0	16.1	6.2	1.1	6.5	1.9	6.1	0.7	-0.4	90.9
Bonds and notes	100.8	4.9	2.0	-0.2	-21.9	6.9	18.0	4.2	0.4	-7.4	-0.1	10.3	-6.1	-0.9	95.5
Money market instruments	-9.9	-26.9	0.6	-3.7	-23.0	1.1	-1.9	2.0	0.7	13.9	2.0	-4.2	6.8	0.5	-4.7
Other investment	303.8	153.0	2.4	24.5	127.9	-9.0	7.1	-5.0	23.2	44.0	28.4	-1.2	19.2	-23.1	65.2
Assets	-240.0	-229.5	-5.9	3.6	-213.4	-12.8	-1.0	-1.4	4.0	28.1	-10.2	-26.5	-5.8	1.1	0.0
General government	1.5	-2.4	0.2	-0.8	-2.5	0.0	0.9	0.1	-0.1	-0.4	0.4	0.7	0.7	0.2	2.1
MFIs	-168.2	-217.1	-9.5	-1.5	-190.7	-13.4	-2.0	0.6	4.9	27.2	-5.6	1.9	24.4	0.3	-4.7
Other sectors	-73.2	-10.0	3.4	6.0	-20.2	0.6	0.2	-2.2	-0.7	1.3	-4.9	-29.0	-30.9	0.6	2.6
Liabilities	-543.7	-382.5	-8.4	-20.9	-341.3	-3.8	-8.1	3.6	-19.1	-15.8	-38.5	-25.3	-25.0	24.2	-65.2
General government	-3.1	-5.5	0.1	0.3	-10.7	0.0	4.8	0.2	0.0	0.0	0.5	-8.7	-0.1	9.5	1.2
MFIs	-481.7	-337.3	-9.5	-18.0	-288.6	-6.0	-15.2	0.8	-19.2	-15.0	-37.9	-2.9	-30.1	14.2	-54.2
Other sectors	-58.9	-39.7	1.0	-3.1	-42.0	2.2	2.3	2.6	0.1	-0.8	-1.2	-13.6	5.2	0.5	-12.1

Source: ECB.

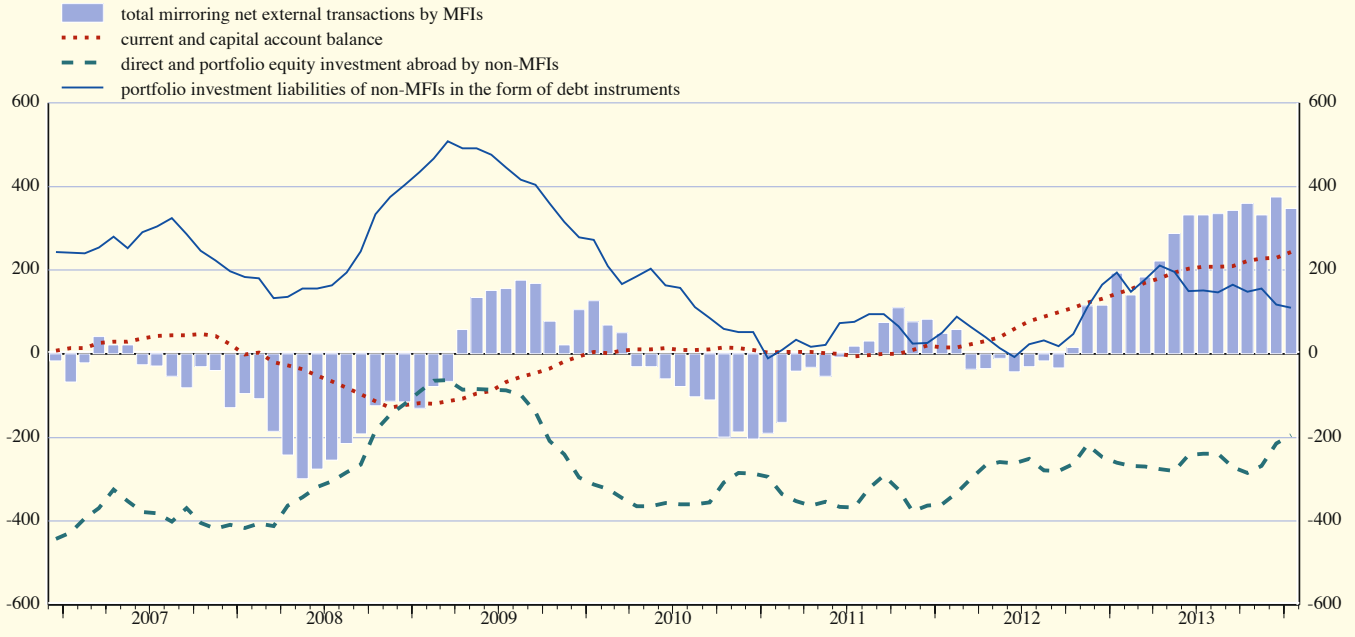
7.4 Monetary presentation of the balance of payments [1)]

(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
2011	82.6	19.3	-501.4	427.5	55.4	-47.6	55.9	26.4	-136.2	164.1	-5.3	24.6
2012	116.3	131.2	-331.9	318.1	-54.6	-185.6	164.0	164.7	-113.0	11.5	3.4	8.5
2013	374.3	231.6	-183.1	75.2	-95.0	-113.9	374.3	118.5	30.7	11.7	14.7	-90.4
2012 Q4	111.6	68.2	-112.9	84.6	-50.5	-34.8	93.3	66.9	17.1	-77.4	25.4	31.8
2013 Q1	26.5	26.4	-56.6	28.7	-48.9	-54.1	65.6	49.3	-44.5	56.2	8.4	-4.2
Q2	150.7	61.6	-60.1	5.1	-10.1	-20.6	101.9	28.4	59.3	-11.5	-0.6	-2.7
Q3	54.4	53.4	-29.2	2.3	-26.5	-25.3	42.9	20.3	39.3	-28.2	5.6	-0.2
Q4	142.8	90.2	-37.2	39.0	-9.5	-13.9	163.9	20.5	-23.4	-4.7	1.3	-83.3
2013 Jan.	35.5	-6.7	-23.7	11.3	-16.9	-19.4	36.8	14.6	-2.2	36.5	4.6	0.8
Feb.	-33.3	10.2	-14.4	15.5	-17.3	-28.2	10.4	4.2	-27.5	11.1	2.7	-0.1
Mar.	24.3	23.0	-18.5	2.0	-14.8	-6.5	18.4	30.6	-14.8	8.6	1.1	-4.8
Apr.	10.9	16.6	-22.8	3.9	-19.5	-25.2	21.1	30.3	-13.1	21.3	-5.8	4.1
May	84.0	13.9	-9.9	-7.5	-5.6	-9.3	49.5	23.1	41.5	-2.1	-8.3	-1.2
June	55.8	31.1	-27.3	8.7	15.1	13.9	31.4	-25.0	30.9	-30.7	13.5	-5.6
July	13.6	26.5	0.4	7.3	-12.8	-12.8	5.5	5.4	10.7	-11.8	-2.6	-2.2
Aug.	25.0	11.7	-26.2	25.3	4.1	-1.3	15.8	-9.4	8.7	-7.3	6.5	-2.9
Sep.	15.7	15.2	-3.4	-30.3	-17.7	-11.3	21.6	24.3	19.9	-9.1	1.7	4.9
Oct.	24.5	28.9	-22.0	19.8	-7.3	-5.6	23.1	-10.3	8.1	-11.0	2.8	-2.0
Nov.	38.1	28.9	-18.9	6.6	5.2	-12.1	14.2	46.4	-29.0	1.3	-4.9	0.3
Dec.	80.2	30.6	3.7	12.6	-7.4	3.7	38.4	-15.6	-2.5	4.9	3.4	8.3
2014 Jan.	8.5	6.8	-19.2	16.2	-8.0	-4.3	1.6	6.8	2.6	10.6	-1.4	-3.2
	12-month cumulated transactions											
2014 Jan.	347.3	243.3	-178.5	80.1	-86.1	-98.8	251.0	110.8	35.4	-14.2	8.7	-4.4

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)												
2012	7.6	2.0	1,879.4	933.8	385.7	516.6	1,522.8	1,796.4	1,151.7	247.9	371.1	1,092.7	360.5
2013	0.8	-3.3	1,891.5	928.3	383.7	531.5	1,536.0	1,736.9	1,096.2	237.5	371.9	1,076.0	336.9
2013 Q1	0.7	-5.3	474.5	235.6	96.1	132.8	382.9	437.8	278.7	60.3	91.3	268.2	87.0
Q2	1.6	-3.1	473.7	231.4	97.1	132.1	384.4	434.3	275.3	59.8	91.5	268.3	84.5
Q3	0.1	-2.1	470.9	230.6	94.8	133.3	382.9	435.8	274.8	60.0	93.9	269.7	84.4
Q4	0.8	-2.6	472.4	230.6	95.7	133.3	385.9	429.1	267.4	57.4	95.2	269.7	81.0
2013 Aug.	-5.8	-7.4	157.0	77.0	31.6	44.6	128.1	144.9	91.4	20.6	30.8	88.8	28.0
Sep.	2.9	1.0	158.4	77.1	31.5	44.7	128.6	145.5	90.7	19.7	32.1	90.4	27.5
Oct.	1.3	-3.1	158.3	77.8	32.3	44.9	129.2	144.9	91.4	19.3	31.5	90.7	28.1
Nov.	-2.1	-5.2	158.2	77.0	32.0	44.5	128.7	142.4	87.8	19.5	32.1	89.8	26.3
Dec.	3.7	0.9	155.9	75.8	31.4	43.9	127.9	141.8	88.2	18.6	31.6	89.2	26.6
2014 Jan.	0.9	-3.2	158.4	.	.	.	.	144.2	.	.	.	.	.
	Volume indices (2000 = 100; annual percentage changes for columns 1 and 2)												
2012	3.6	-3.1	112.0	110.3	117.1	111.8	112.1	99.7	100.8	99.6	96.3	99.2	99.5
2013	1.2	-0.7	113.2	111.1	115.7	114.9	113.3	99.0	100.0	95.6	96.7	98.5	98.3
2013 Q1	0.0	-4.3	113.4	111.7	116.6	115.6	113.3	98.3	99.3	96.5	95.3	97.9	98.0
Q2	1.5	-1.2	113.2	110.4	116.6	114.2	113.2	99.0	100.9	94.7	95.0	97.7	101.2
Q3	1.7	1.7	113.2	111.0	114.3	115.5	113.3	99.4	100.2	97.0	97.6	99.0	98.2
Q4	1.6	1.2	113.2	111.1	115.3	114.2	113.5	99.3	99.7	94.3	98.8	99.4	95.8
2013 July	4.2	2.9	112.3	110.8	114.2	114.6	112.1	100.0	102.5	94.7	97.0	99.2	104.0
Aug.	-3.9	-3.0	113.2	111.1	114.1	116.0	113.6	99.0	99.7	100.5	95.9	98.0	96.7
Sep.	4.5	5.1	114.1	111.2	114.5	115.9	114.1	99.0	98.3	95.7	100.0	99.7	93.9
Oct.	2.3	0.7	114.0	112.6	117.5	115.4	114.3	100.1	101.5	93.9	98.6	100.0	98.4
Nov.	-1.6	-1.2	113.8	111.3	115.8	114.5	113.5	99.4	98.8	97.6	99.8	99.6	95.0
Dec.	4.5	4.7	111.8	109.4	112.6	112.8	112.6	98.5	98.9	91.3	98.1	98.6	94.1

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: 2010 = 100)	Total					Memo item: Manufacturing	Total (index: 2010 = 100)	Total					Memo item: Manufacturing
			Intermediate goods	Capital goods	Consumer goods	Energy				Intermediate goods	Capital goods	Consumer goods	Energy	
% of total	100.0	100.0	30.1	42.0	18.5	9.4	96.4	100.0	100.0	29.0	25.4	23.3	22.4	80.4
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
2012	106.1	2.2	0.9	1.8	2.3	9.4	2.2	111.2	3.4	0.2	1.6	3.2	7.2	2.1
2013	105.0	-1.0	-1.5	-0.2	0.8	-7.9	-0.9	108.2	-2.7	-2.2	-1.9	0.0	-5.2	-1.7
2013 Q2	105.1	-0.9	-1.5	0.1	1.0	-8.7	-0.8	107.9	-2.8	-2.1	-1.6	0.6	-6.0	-1.4
Q3	105.0	-1.5	-1.8	-0.6	0.5	-9.3	-1.3	108.1	-3.3	-3.2	-2.7	-0.9	-5.6	-2.6
Q4	104.3	-1.4	-2.1	-0.4	0.4	-8.2	-1.3	107.0	-3.1	-2.6	-2.2	-0.6	-5.4	-2.1
2013 Aug.	105.0	-1.7	-1.8	-0.7	0.4	-11.0	-1.6	108.1	-4.0	-3.4	-2.8	-1.2	-7.4	-2.8
Sep.	104.9	-1.6	-2.0	-0.3	0.6	-11.3	-1.4	108.2	-3.1	-3.1	-2.1	-0.7	-5.4	-2.5
Oct.	104.4	-1.6	-2.1	-0.5	0.5	-11.4	-1.4	107.0	-3.5	-2.7	-2.6	-0.7	-6.3	-2.6
Nov.	104.3	-1.4	-2.1	-0.4	0.3	-8.3	-1.3	107.1	-3.1	-2.8	-1.9	-0.6	-5.6	-2.1
Dec.	104.2	-1.1	-1.9	-0.4	0.4	-4.6	-1.0	106.8	-2.6	-2.4	-1.9	-0.6	-4.2	-1.8
2014 Jan.	104.2	-1.4	-1.5	-0.2	0.1	-8.0	-1.1	106.6	-2.8	-1.7	-2.2	0.0	-5.6	-1.7

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.

7.5 Trade in goods

(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.)														
2012	1,879.4	34.2	59.5	230.0	249.3	92.1	116.3	59.5	223.3	440.1	120.4	44.6	126.4	97.3	151.4
2013	1,891.5	35.1	59.5	239.2	254.5	88.7	110.7	60.3	221.2	443.5	121.9	43.9	130.3	97.7	150.7
2012 Q3	475.3	8.5	14.9	58.3	62.7	23.4	29.0	15.1	58.6	111.0	29.7	11.5	31.5	24.5	37.9
Q4	468.8	8.6	14.5	58.0	61.5	23.2	28.5	15.2	53.5	110.7	28.9	11.2	32.4	24.7	38.1
2013 Q1	474.5	8.8	14.6	58.3	63.1	23.5	28.0	15.5	55.4	110.7	29.5	11.0	34.6	24.8	37.1
Q2	473.7	8.8	14.7	59.2	62.7	22.8	27.4	15.5	55.1	110.3	29.9	10.7	33.1	24.8	39.3
Q3	470.9	8.8	15.0	59.9	64.0	21.6	27.8	14.7	55.4	110.1	31.1	11.1	31.7	24.6	37.3
Q4	472.4	8.7	15.2	61.8	64.8	20.7	27.5	14.6	55.4	112.3	31.3	11.0	30.9	23.5	37.0
2013 Aug.	157.0	3.0	5.0	19.7	21.5	7.1	9.1	4.8	18.7	37.0	10.7	3.7	10.7	8.2	12.2
Sep.	158.4	3.0	5.0	20.4	21.5	7.1	8.9	5.0	19.0	36.8	10.4	3.8	10.2	8.1	13.3
Oct.	158.3	2.9	5.2	20.6	21.9	7.2	9.4	4.8	18.6	37.3	10.4	3.6	10.2	8.2	12.2
Nov.	158.2	3.0	5.1	20.9	21.6	6.9	9.2	5.1	18.6	37.7	10.6	3.7	10.2	7.7	12.2
Dec.	155.9	2.9	4.9	20.3	21.3	6.7	8.8	4.7	18.1	37.4	10.3	3.7	10.4	7.7	12.6
2014 Jan.	158.4	.	.	.	.	7.0	9.4	5.0	18.7	37.2	10.8	3.9	10.6	7.8	.
	Percentage share of total exports														
2013	100.0	1.9	3.1	12.6	13.5	4.7	5.9	3.2	11.7	23.4	6.4	2.3	6.9	5.2	8.0
	Imports (c.i.f.)														
2012	1,796.4	29.0	53.1	167.5	232.7	144.8	82.2	34.1	151.2	540.8	213.9	49.1	157.6	92.6	110.9
2013	1,736.9	29.9	53.6	163.5	238.6	144.9	81.7	35.7	149.0	509.7	204.2	43.5	141.1	81.3	108.0
2012 Q3	449.7	7.3	13.6	42.2	58.3	35.4	21.4	8.5	39.3	133.3	53.5	12.3	40.0	23.2	27.5
Q4	441.2	7.2	12.9	41.7	58.0	36.6	20.2	8.7	35.9	130.8	51.2	11.4	40.4	22.4	26.5
2013 Q1	437.8	7.6	13.3	41.6	58.7	37.4	20.1	8.8	35.5	127.4	52.2	11.0	37.7	21.0	28.7
Q2	434.3	7.4	13.5	41.0	58.7	35.7	20.6	8.8	37.3	127.4	50.4	10.9	36.3	20.4	27.3
Q3	435.8	7.7	13.7	40.7	60.4	36.5	20.7	8.9	38.0	127.7	50.7	10.7	34.6	20.1	26.8
Q4	429.1	7.2	13.2	40.2	60.8	35.4	20.4	9.2	38.2	127.1	50.9	10.9	32.5	19.7	25.3
2013 Aug.	144.9	2.7	4.5	13.8	20.0	12.1	7.0	2.9	12.4	42.6	16.9	3.6	11.6	6.6	8.7
Sep.	145.5	2.5	4.5	13.4	20.4	12.1	6.9	3.0	13.0	42.8	17.0	3.7	11.4	6.9	8.7
Oct.	144.9	2.5	4.5	13.3	20.3	11.9	6.9	3.0	13.1	42.9	16.6	3.6	11.4	6.7	8.6
Nov.	142.4	2.3	4.5	13.3	20.4	11.4	6.8	3.1	12.9	41.9	16.9	3.6	10.5	6.4	8.9
Dec.	141.8	2.3	4.2	13.6	20.1	12.1	6.7	3.1	12.2	42.3	17.4	3.7	10.6	6.7	7.8
2014 Jan.	144.2	.	.	.	.	11.7	6.7	3.1	12.3	43.0	17.3	3.6	11.0	6.5	.
	Percentage share of total imports														
2013	100.0	1.7	3.1	9.4	13.7	8.3	4.7	2.1	8.6	29.3	11.8	2.5	8.1	4.7	6.2
	Balance														
2012	83.0	5.2	6.4	62.5	16.6	-52.6	34.0	25.4	72.1	-100.7	-93.4	-4.6	-31.2	4.7	40.5
2013	154.5	5.2	5.9	75.8	15.9	-56.3	29.0	24.7	72.2	-66.2	-82.2	0.4	-10.8	16.4	42.7
2012 Q3	25.5	1.2	1.3	16.1	4.4	-11.9	7.6	6.6	19.3	-22.2	-23.8	-0.7	-8.5	1.2	10.4
Q4	27.6	1.4	1.7	16.3	3.5	-13.4	8.3	6.5	17.6	-20.1	-22.3	-0.2	-8.0	2.3	11.5
2013 Q1	36.7	1.2	1.3	16.7	4.4	-13.9	7.9	6.7	19.9	-16.7	-22.7	0.0	-3.0	3.8	8.4
Q2	39.4	1.4	1.2	18.2	4.0	-12.8	6.8	6.8	17.8	-17.1	-20.4	-0.2	-3.2	4.3	12.1
Q3	35.1	1.1	1.3	19.3	3.6	-14.9	7.1	5.7	17.4	-17.6	-19.5	0.5	-2.9	4.4	10.5
Q4	43.3	1.6	2.0	21.6	4.0	-14.7	7.2	5.5	17.1	-14.8	-19.6	0.1	-1.6	3.8	11.7
2013 Aug.	12.1	0.3	0.5	5.9	1.5	-5.0	2.1	1.9	6.3	-5.6	-6.2	0.1	-0.9	1.6	3.5
Sep.	12.8	0.4	0.5	7.0	1.1	-4.9	2.0	2.0	6.0	-6.0	-6.6	0.1	-1.1	1.2	4.6
Oct.	13.4	0.4	0.7	7.3	1.6	-4.7	2.6	1.8	5.5	-5.6	-6.2	0.0	-1.2	1.5	3.6
Nov.	15.8	0.6	0.6	7.6	1.1	-4.5	2.4	2.0	5.8	-4.2	-6.3	0.1	-0.3	1.3	3.3
Dec.	14.1	0.5	0.7	6.7	1.2	-5.4	2.1	1.6	5.9	-4.9	-7.1	0.0	-0.2	1.0	4.8
2014 Jan.	14.2	.	.	.	.	-4.7	2.7	1.9	6.4	-5.8	-6.6	0.3	-0.4	1.3	.

Source: Eurostat.

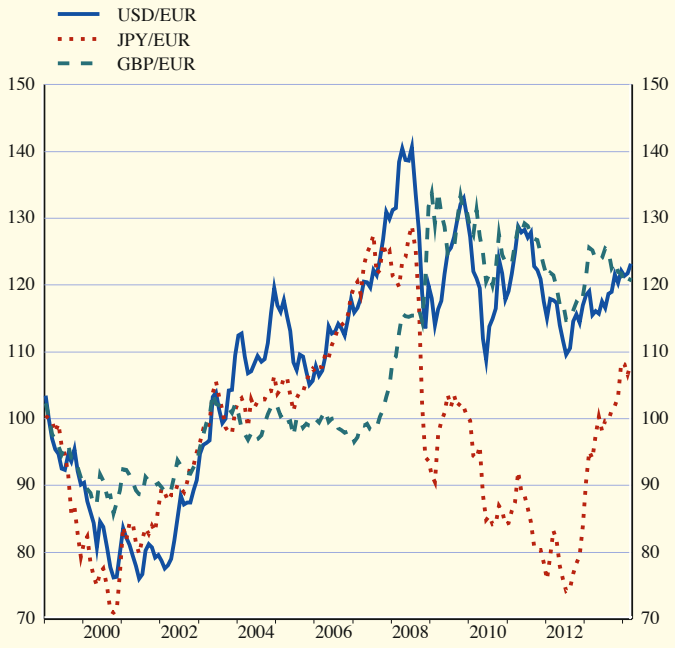
8 EXCHANGE RATES

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

	EER-20						EER-39	
	Nominal	Real CPI	Real PPI	Real GDP deflator	Real ULCM [2]	Real ULCT	Nominal	Real CPI
	1	2	3	4	5	6	7	8
2011	103.4	100.7	97.4	95.1	106.0	96.7	112.2	97.7
2012	97.9	95.6	93.1	89.8	100.6	91.4	107.1	92.9
2013	101.7	98.9	96.5	93.2	102.5	94.6	112.0	96.2
2013 Q1	100.7	98.3	95.9	92.5	102.8	94.3	110.2	95.0
Q2	100.8	98.3	95.8	92.9	102.2	94.2	110.6	95.0
Q3	101.9	99.2	96.7	93.3	102.8	94.7	112.9	96.8
Q4	103.1	100.0	97.7	94.1	102.4	95.4	114.7	97.8
2014 Q1	103.9	100.8	98.0	.	.	.	116.6	99.1
2013 Mar.	100.2	97.9	95.3	-	-	-	109.5	94.4
Apr.	100.5	97.9	95.5	-	-	-	109.8	94.4
May	100.5	98.0	95.6	-	-	-	110.0	94.6
June	101.6	98.9	96.4	-	-	-	112.0	96.2
July	101.5	98.9	96.4	-	-	-	112.0	96.2
Aug.	102.2	99.5	96.9	-	-	-	113.4	97.3
Sep.	102.0	99.1	96.8	-	-	-	113.3	97.0
Oct.	102.8	99.7	97.5	-	-	-	114.2	97.4
Nov.	102.6	99.5	97.2	-	-	-	114.2	97.3
Dec.	103.9	100.7	98.3	-	-	-	115.8	98.6
2014 Jan.	103.4	100.3	97.7	-	-	-	115.9	98.6
Feb.	103.6	100.5	97.7	-	-	-	116.3	98.9
Mar.	104.6	101.5	98.7	-	-	-	117.5	99.8
	Percentage change versus previous month							
2014 Mar.	1.1	1.0	1.0	-	-	-	1.0	0.9
	Percentage change versus previous year							
2014 Mar.	4.4	3.7	3.6	-	-	-	7.3	5.6

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.
2) ULCM-deflated series are available only for the EER-19 trading partner group.

8.2 Bilateral exchange rates

(period averages; units of national currency per euro)

	Bulgarian lev	Czech koruna	Danish krone	Croatian kuna	Lithuanian litas	Hungarian forint	Polish zloty	New Romanian leu	Swedish krona	Pound sterling	New Turkish lira
	1	2	3	4	5	6	7	8	9	10	11
2011	1.9558	24.590	7.4506	7.4390	3.4528	279.37	4.1206	4.2391	9.0298	0.86788	2.3378
2012	1.9558	25.149	7.4437	7.5217	3.4528	289.25	4.1847	4.4593	8.7041	0.81087	2.3135
2013	1.9558	25.980	7.4579	7.5786	3.4528	296.87	4.1975	4.4190	8.6515	0.84926	2.5335
2013 Q3	1.9558	25.853	7.4580	7.5459	3.4528	297.96	4.2477	4.4410	8.6798	0.85453	2.6092
Q4	1.9558	26.658	7.4593	7.6290	3.4528	297.43	4.1853	4.4506	8.8575	0.84074	2.7537
2014 Q1	1.9558	27.442	7.4625	7.6498	3.4528	307.93	4.1843	4.5023	8.8569	0.82787	3.0372
2013 Sep.	1.9558	25.789	7.4579	7.5985	3.4528	299.75	4.2371	4.4633	8.6758	0.84171	2.6952
Oct.	1.9558	25.662	7.4592	7.6193	3.4528	294.76	4.1902	4.4444	8.7479	0.84720	2.7095
Nov.	1.9558	26.927	7.4587	7.6326	3.4528	297.68	4.1887	4.4452	8.8802	0.83780	2.7316
Dec.	1.9558	27.521	7.4602	7.6365	3.4528	300.24	4.1760	4.4635	8.9597	0.83639	2.8276
2014 Jan.	1.9558	27.485	7.4614	7.6353	3.4528	302.48	4.1799	4.5205	8.8339	0.82674	3.0297
Feb.	1.9558	27.444	7.4622	7.6574	3.4528	310.20	4.1741	4.4918	8.8721	0.82510	3.0184
Mar.	1.9558	27.395	7.4638	7.6576	3.4528	311.49	4.1987	4.4933	8.8666	0.83170	3.0629
	Percentage change versus previous month										
2014 Mar.	0.0	-0.2	0.0	0.0	0.0	0.4	0.6	0.0	-0.1	0.8	1.5
	Percentage change versus previous year										
2014 Mar.	0.0	6.8	0.1	0.9	0.0	2.8	1.0	2.3	6.2	-3.3	30.6

	Australian dollar	Brazilian real	Canadian dollar	Chinese yuan renminbi	Hong Kong dollar	Indian rupee	Indonesian rupiah	Israeli shekel	Japanese yen	Malaysian ringgit
	12	13	14	15	16	17	18	19	20	21
2011	1.3484	2.3265	1.3761	8.9960	10.8362	64.8859	12,206.51	4.9775	110.96	4.2558
2012	1.2407	2.5084	1.2842	8.1052	9.9663	68.5973	12,045.73	4.9536	102.49	3.9672
2013	1.3777	2.8687	1.3684	8.1646	10.3016	77.9300	13,857.50	4.7948	129.66	4.1855
2013 Q3	1.4465	3.0304	1.3760	8.1111	10.2696	82.3565	14,115.14	4.7459	131.02	4.2904
Q4	1.4662	3.0931	1.4275	8.2903	10.5522	84.4048	15,682.97	4.7994	136.48	4.3633
2014 Q1	1.5275	3.2400	1.5107	8.3576	10.6287	84.5794	16,179.21	4.7892	140.80	4.5184
2013 Sep.	1.4379	3.0345	1.3817	8.1690	10.3504	85.2678	15,073.16	4.7636	132.41	4.3410
Oct.	1.4328	2.9860	1.4128	8.3226	10.5724	84.0071	15,109.54	4.8232	133.32	4.3283
Nov.	1.4473	3.0959	1.4145	8.2221	10.4604	84.4990	15,575.06	4.7711	134.97	4.3176
Dec.	1.5243	3.2133	1.4580	8.3248	10.6254	84.7631	16,455.73	4.8019	141.68	4.4517
2014 Jan.	1.5377	3.2437	1.4884	8.2368	10.5586	84.5099	16,471.94	4.7569	141.47	4.5005
Feb.	1.5222	3.2581	1.5094	8.3062	10.6012	84.9503	16,270.18	4.8043	139.35	4.5194
Mar.	1.5217	3.2187	1.5352	8.5332	10.7283	84.2990	15,785.89	4.8087	141.48	4.5361
	Percentage change versus previous month									
2014 Mar.	0.0	-1.2	1.7	2.7	1.2	-0.8	-3.0	0.1	1.5	0.4
	Percentage change versus previous year									
2014 Mar.	21.4	25.3	15.6	5.9	6.7	19.5	25.4	0.7	15.0	12.5

	Mexican peso	New Zealand dollar	Norwegian krone	Philippine peso	Russian rouble	Singapore dollar	South African rand	South Korean won	Swiss franc	Thai baht	US dollar
	22	23	24	25	26	27	28	29	30	31	32
2011	17.2877	1.7600	7.7934	60.260	40.8846	1.7489	10.0970	1,541.23	1.2326	42.429	1.3920
2012	16.9029	1.5867	7.4751	54.246	39.9262	1.6055	10.5511	1,447.69	1.2053	39.928	1.2848
2013	16.9641	1.6206	7.8067	56.428	42.3370	1.6619	12.8330	1,453.91	1.2311	40.830	1.3281
2013 Q3	17.1005	1.6612	7.9303	57.813	43.4394	1.6795	13.2329	1,469.03	1.2348	41.675	1.3242
Q4	17.7331	1.6439	8.2375	59.354	44.2920	1.7006	13.8224	1,445.53	1.2294	43.151	1.3610
2014 Q1	18.1299	1.6371	8.3471	61.468	48.0425	1.7379	14.8866	1,465.34	1.2237	44.722	1.3696
2013 Sep.	17.4471	1.6406	7.9725	58.346	43.5144	1.6860	13.3287	1,446.60	1.2338	42.312	1.3348
Oct.	17.7413	1.6351	8.1208	58.809	43.7440	1.6956	13.5283	1,454.73	1.2316	42.549	1.3635
Nov.	17.6340	1.6327	8.2055	58.811	44.1581	1.6833	13.7626	1,434.06	1.2316	42.695	1.3493
Dec.	17.8278	1.6659	8.4053	60.552	45.0628	1.7244	14.2234	1,446.99	1.2245	44.323	1.3704
2014 Jan.	17.9964	1.6450	8.3927	61.263	46.0304	1.7327	14.8242	1,453.94	1.2317	44.822	1.3610
Feb.	18.1561	1.6466	8.3562	61.238	48.2554	1.7295	14.9820	1,462.51	1.2212	44.568	1.3659
Mar.	18.2447	1.6199	8.2906	61.901	49.9477	1.7513	14.8613	1,479.99	1.2177	44.765	1.3823
	Percentage change versus previous month										
2014 Mar.	0.5	-1.6	-0.8	1.1	3.5	1.3	-0.8	1.2	-0.3	0.4	1.2
	Percentage change versus previous year										
2014 Mar.	12.4	3.5	10.7	17.2	25.1	8.3	24.7	3.5	-0.7	17.0	6.6

Source: ECB.

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	Croatia	Lithuania	Hungary	Poland	Romania	Sweden	United Kingdom
	1	2	3	4	5	6	7	8	9	10
	HICP									
2012	2.4	3.5	2.4	3.4	3.2	5.7	3.7	3.4	0.9	2.8
2013	0.4	1.4	0.5	2.3	1.2	1.7	0.8	3.2	0.4	2.6
2013 Q3	-0.7	1.2	0.2	2.2	0.5	1.6	0.9	2.4	0.7	2.7
Q4	-1.0	1.1	0.4	0.6	0.5	0.7	0.6	1.3	0.3	2.1
2013 Dec.	-0.9	1.5	0.4	0.5	0.4	0.6	0.6	1.3	0.4	2.0
2014 Jan.	-1.4	0.3	0.8	0.4	0.2	0.8	0.6	1.2	0.2	1.9
Feb.	-2.1	0.3	0.3	-0.2	0.3	0.3	0.7	1.3	0.1	1.7
	General government deficit (-)/surplus (+) as a percentage of GDP									
2010	-3.1	-4.7	-2.5	-6.4	-7.2	-4.3	-7.9	-6.8	0.3	-10.1
2011	-2.0	-3.2	-1.8	-7.8	-5.5	4.3	-5.0	-5.6	0.2	-7.7
2012	-0.8	-4.4	-4.1	-5.0	-3.2	-2.0	-3.9	-3.0	-0.2	-6.1
	General government gross debt as a percentage of GDP									
2010	16.2	38.4	42.7	44.9	37.8	82.2	54.9	30.5	39.4	78.4
2011	16.3	41.4	46.4	51.6	38.3	82.1	56.2	34.7	38.6	84.3
2012	18.5	46.2	45.4	55.5	40.5	79.8	55.6	37.9	38.2	88.7
	Long-term government bond yield as a percentage per annum; period average									
2013 Sep.	3.64	2.42	2.10	4.92	3.89	6.16	4.49	5.27	2.60	2.44
Oct.	3.71	2.33	1.93	4.99	4.01	5.58	4.28	5.22	2.44	2.26
Nov.	3.64	2.18	1.80	4.97	3.99	5.82	4.38	5.29	2.30	2.31
Dec.	3.43	2.20	1.89	5.10	3.69	5.78	4.42	5.29	2.39	2.50
2014 Jan.	3.56	2.43	1.86	5.11	3.42	5.60	4.42	5.22	2.37	2.48
Feb.	3.58	2.28	1.67	4.78	3.33	6.03	4.47	5.35	2.23	2.37
	3-month interest rate as a percentage per annum; period average									
2013 Sep.	1.05	0.45	0.27	1.90	0.40	-	2.69	3.40	1.21	0.52
Oct.	1.03	0.45	0.27	1.72	0.40	3.60	2.67	2.86	1.21	0.52
Nov.	0.97	0.40	0.25	1.35	0.40	3.33	2.65	2.44	1.16	0.52
Dec.	0.97	0.38	0.26	1.01	0.40	3.00	2.67	2.33	1.01	0.52
2014 Jan.	0.96	0.37	0.28	0.95	0.41	2.99	2.70	1.88	0.95	0.52
Feb.	0.89	0.37	0.27	0.88	0.41	2.99	2.71	3.29	0.94	0.52
	Real GDP									
2012	0.6	-1.0	-0.4	-1.9	3.7	-1.7	1.9	0.5	0.9	0.3
2013	0.9	-0.9	0.4	-1.0	3.3	1.1	1.6	3.5	1.5	1.7
2013 Q2	0.5	-1.6	0.9	-0.7	4.0	0.6	1.3	1.5	0.7	1.7
Q3	1.0	-1.0	0.9	-0.7	2.3	1.7	1.8	4.3	0.7	1.8
Q4	1.2	1.2	0.5	-0.9	3.3	2.7	2.2	5.2	3.1	2.7
	Current and capital account balance as a percentage of GDP									
2011	1.4	-2.3	6.3	-0.8	-1.2	2.7	-3.0	-3.9	5.9	-1.1
2012	0.5	0.0	6.0	0.2	2.0	3.5	-1.5	-3.0	5.8	-3.6
2013 Q2	6.8	-1.5	8.2	-2.2	8.9	5.6	4.0	2.3	6.0	-1.6
Q3	11.5	1.2	8.8	24.0	3.0	7.2	0.2	1.2	6.5	-6.1
Q4	-2.7	1.1	8.5	.	3.8	7.7	1.5	0.5	4.9	-4.8
	Gross external debt as a percentage of GDP									
2011	94.3	59.6	183.3	103.4	77.4	150.0	72.3	77.1	200.0	419.6
2012	94.3	62.0	181.8	102.2	75.4	129.6	71.1	75.3	191.2	390.6
2013 Q2	92.8	65.6	175.1	106.4	70.5	128.5	73.7	73.5	197.9	395.1
Q3	94.4	64.6	174.3	102.6	69.5	121.5	72.9	71.9	197.2	363.5
Q4	94.6	71.0	176.7	104.9	67.2	118.7	70.0	68.6	196.8	354.2
	Unit labour costs									
2012	4.4	3.3	1.5	1.1	1.9	2.7	1.5	5.2	2.9	2.6
2013	5.2	-0.2	1.2	.	3.9	.	.	.	0.7	1.5
2013 Q2	7.8	0.8	0.9	1.1	3.4	4.4	1.4	3.1	0.5	1.7
Q3	3.8	1.5	0.8	0.5	5.5	3.3	1.7	0.6	1.3	2.0
Q4	1.9	.	1.1	.	4.0	.	.	-0.5	-1.1	.
	Standardised unemployment rate as a percentage of labour force (s.a.)									
2012	12.3	7.0	7.5	15.9	13.4	10.9	10.1	7.1	8.0	7.9
2013	12.9	7.0	7.0	17.2	11.8	10.2	10.3	7.3	8.0	.
2013 Q3	12.8	6.9	7.2	17.6	11.5	10.1	10.2	7.3	7.9	7.5
Q4	13.1	6.8	6.8	17.5	11.0	9.2	10.0	7.3	8.0	.
2013 Dec.	13.2	6.7	7.1	17.3	10.9	8.8	9.9	7.3	8.0	7.1
2014 Jan.	13.2	6.7	7.0	17.6	11.3	8.3	9.8	7.3	8.2	.
Feb.	13.1	6.7	7.0	17.6	11.5	.	9.7	7.2	8.1	.

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

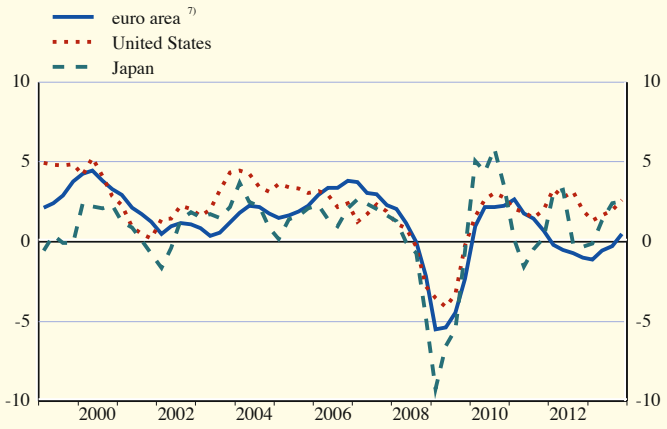
9.2 Economic and financial developments in the United States and Japan

(annual percentage changes, unless otherwise indicated)

	Consumer price index	Unit labour costs [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	Government deficit (-)/ surplus (+) as a % of GDP	Government debt [6] as a % of GDP
	1	2	3	4	5	6	7	8	9	10	11
	United States										
2010	1.6	-1.2	2.5	6.6	9.6	2.5	0.34	3.57	1.3257	-12.2	79.2
2011	3.2	2.0	1.8	3.6	8.9	7.3	0.34	2.10	1.3920	-10.7	83.1
2012	2.1	1.1	2.8	4.4	8.1	8.6	0.43	1.88	1.2848	-9.3	86.5
2013	1.5	1.1	1.9	2.9	7.4	6.7	0.27	3.27	1.3281	.	.
2013 Q1	1.7	1.7	1.3	3.2	7.7	7.3	0.29	2.09	1.3206	-7.2	88.0
Q2	1.4	2.0	1.6	2.7	7.5	7.0	0.28	2.82	1.3062	-5.7	87.2
Q3	1.6	1.9	2.0	2.7	7.2	6.6	0.26	2.91	1.3242	-7.0	86.9
Q4	1.2	-1.0	2.6	3.2	7.0	6.0	0.24	3.27	1.3610	.	.
2014 Q1	.	.	.	.	.	.	0.24	2.97	1.3696	.	.
2013 Nov.	1.2	-	-	3.1	7.0	6.1	0.24	2.99	1.3493	-	-
Dec.	1.5	-	-	2.4	6.7	5.3	0.24	3.27	1.3704	-	-
2014 Jan.	1.6	-	-	1.9	6.6	5.4	0.24	2.93	1.3610	-	-
Feb.	1.1	-	-	2.0	6.7	6.3	0.24	2.90	1.3659	-	-
Mar.	.	-	-	.	.	.	0.23	2.97	1.3823	-	-
	Japan										
2010	-0.7	-4.8	4.7	15.6	5.1	2.8	0.23	1.18	116.24	-8.3	186.7
2011	-0.3	0.8	-0.4	-2.8	4.6	2.7	0.19	1.00	110.96	-8.8	202.9
2012	0.0	-1.4	1.4	0.6	4.4	2.5	0.19	0.84	102.49	-8.7	211.0
2013	0.4	-0.8	1.5	-0.8	4.0	3.6	0.15	0.95	129.66	.	.
2013 Q1	-0.6	0.0	-0.1	-7.8	4.2	2.9	0.16	0.70	121.80	.	.
Q2	-0.3	-0.6	1.3	-3.1	4.0	3.5	0.16	1.02	129.07	.	.
Q3	0.9	-1.9	2.4	2.2	4.0	3.8	0.15	0.88	131.02	.	.
Q4	1.4	-1.0	2.5	5.8	3.9	4.3	0.14	0.95	136.48	.	.
2014 Q1	.	.	.	.	.	.	0.14	0.84	140.80	.	.
2013 Nov.	1.5	-	-	4.8	4.0	4.4	0.14	0.79	134.97	-	-
Dec.	1.6	-	-	7.2	3.7	4.2	0.15	0.95	141.68	-	-
2014 Jan.	1.4	-	-	10.2	.	4.3	0.14	0.82	141.47	-	-
Feb.	1.5	-	-	6.9	.	3.9	0.14	0.81	139.35	-	-
Mar.	.	-	-	.	.	.	0.14	0.84	141.48	-	-

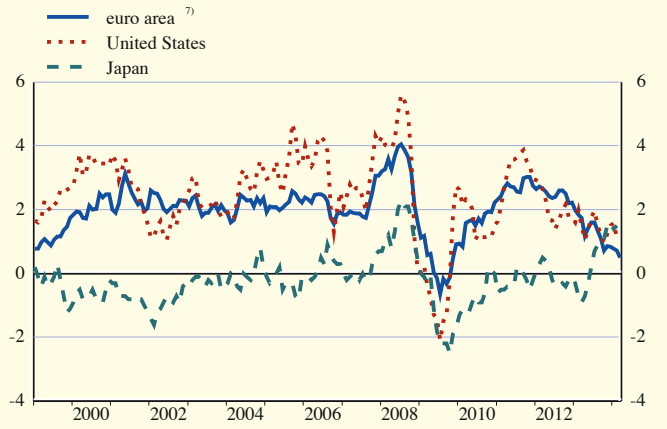
C41 Real gross domestic product

(annual percentage changes; quarterly data)



C42 Consumer price indices

(annual percentage changes; monthly data)



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

1) Seasonally adjusted. The data for the United States refer to the private non-agricultural business sector.
2) Japanese data from March to August 2011 include estimates for the three prefectures most affected by the earthquake in that country. Data collection was reinstated as of September 2011.
3) Period averages; M2 for the United States, M2+CDs for Japan.
4) Percentages per annum. For further information on the three-month interbank deposit rate, see Section 4.6.
5) For more information, see Section 8.2.
6) General government debt consists of deposits, securities other than shares and loans outstanding at nominal value and is consolidated within the general government sector (end of period).
7) Real GDP data refer to the Euro 18. HICP data refer to the changing composition of the euro area. For further information, see the General Notes.

LIST OF CHARTS

TECHNICAL NOTES

EURO AREA OVERVIEW

CALCULATION OF GROWTH RATES FOR MONETARY DEVELOPMENTS

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

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

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

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

SECTION 1.3

CALCULATION OF INTEREST RATES ON INDEXED LONGER-TERM REFINANCING OPERATIONS

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

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

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:

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

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

e) $$F^Q_t = (L_t - L_{t-3}) - C^Q_t - E^Q_t - V^Q_t$$

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^Q_t 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^M_t and L_t are defined as above, the index I_t of adjusted outstanding amounts in month t is defined as:

f) $$I_t = I_{t-1} \times \left(1 + \frac{F^M_t}{L_{t-1}}\right)$$

The base of the index (for the non-seasonally adjusted series) is currently set as December 2010 = 100. Time series for the index of adjusted outstanding amounts are available on the ECB's website (www.ecb.europa.eu) 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) $$a_t = \left[\prod_{i=0}^{11}\left(1 + F^M_{t-i} \Big/ L_{t-1-i}\right) - 1\right] \times 100$$

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

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

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

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

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

SEASONAL ADJUSTMENT OF THE EURO AREA MONETARY STATISTICS[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.

SECTIONS 3.1 TO 3.5

EQUALITY OF USES AND RESOURCES

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

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

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

3 It follows that for the seasonally adjusted series, the level of the index for the base period (i.e. December 2010) generally differs from 100, reflecting the seasonality of that month.

CALCULATION OF BALANCING ITEMS

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

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

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

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

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

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

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

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

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

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

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

SECTIONS 4.3 AND 4.4

CALCULATION OF GROWTH RATES FOR DEBT SECURITIES AND QUOTED SHARES

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

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

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

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

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

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:

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

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

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

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

SEASONAL ADJUSTMENT OF SECURITIES ISSUES STATISTICS [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 adjusted net issues are derived. Seasonal factors are revised at annual intervals or as required.

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

p) $$a_t = \left[\prod_{i=0}^{5}\left(1 + {N_{t-i}^{M}}/{L_{t-1-i}}\right) - 1\right] \times 100$$

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

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 S81). 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

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).

pre-adjusted in order to take into account significant working day effects. The working day adjustment for goods and services takes account of national public holidays. The seasonal adjustment of these items is carried out using these pre-adjusted series. The seasonal adjustment of the total current account is carried out by aggregating the seasonally adjusted euro area series for goods, services, income and current transfers. Seasonal (and trading day) factors are revised at biannual intervals or as required.

SECTION 7.3

CALCULATION OF GROWTH RATES FOR THE QUARTERLY AND ANNUAL SERIES

The annual growth rate for quarter t is calculated on the basis of quarterly transactions (F_t) and positions (L_t) as follows:

r) $$a_t = \left(\prod_{i=t-3}^{t} \left(1 + \frac{F_i}{L_{i-1}} \right) - 1 \right) \times 100$$

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 April 2014.

Unless otherwise indicated, all data series relate to the group of 18 countries that are members of the euro area (the Euro 18) 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; Slovakia joined in 2009, forming the Euro 16; and Estonia joined in 2011, forming the Euro 17. Latvia joined in 2014, bringing the number of euro area countries to 18. From October 2012, the euro area statistics also include the European Stability Mechanism, an international organisation resident in the euro area for statistical purposes.

EURO AREA SERIES WITH A FIXED COMPOSITION

Aggregated statistical series for fixed compositions of the euro area relate to a given fixed composition for the whole time series, regardless of the composition at the time to which the statistics relate. For example, aggregated series are calculated for the Euro 18 for all years, despite the fact that the euro area has only had this composition since 1 January 2014. 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 statistics based on the balance sheet of the MFI sector ("monetary statistics"), rates of change are compiled from chain-linked indices, with the new composition introduced by the linking factor at the point of enlargement. Thus, if a country joins the euro

area in January of a given year, the factors contributing to the chain-linked indices 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. For further details on monetary statistics, refer to the "Manual on MFI balance sheet statistics", available in the "Statistics" section of the ECB's website.

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, Croatia, 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.

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).

Table 1 in Section 1.4 shows the components of the reserve base of credit institutions subject to reserve requirements. Liabilities vis-à-vis other credit institutions subject to the ESCB's minimum reserve system, the ECB and participating national central banks are excluded from the reserve base. When a credit institution cannot provide evidence of the amount of its issues of debt securities with a maturity of up to two years which are held by the institutions mentioned above, it may deduct a certain percentage of these liabilities from its reserve base. The percentage used to calculate the reserve base was 10% until November 1999 and has been 30% since that date.

Table 2 in Section 1.4 contains average data for completed maintenance periods. First, the reserve requirement of each individual credit institution is calculated by applying the reserve ratios for the corresponding categories of liability to the eligible liabilities, using the balance sheet data from the end of each calendar month. Subsequently, each credit institution deducts from this figure a lump-sum allowance of €100,000. The resulting required reserves are then aggregated at the euro area level (column 1). Current account holdings (column 2) are the aggregate average daily current account holdings of credit institutions, including those that serve to fulfil reserve requirements. Excess reserves (column 3) are the average current account holdings over the maintenance period in excess of the required reserves. Deficiencies (column 4) are defined as the average shortfalls of current account holdings from required reserves over the maintenance period, computed on the basis of those credit institutions that have not fulfilled their reserve requirements. The interest rate on minimum reserves (column 5) is equal to the average, over the maintenance period, of the ECB's rate (weighted according to the number of calendar days) on the Eurosystem's MROs (see Section 1.3).

Table 3 in Section 1.4 shows the banking system's liquidity position, which is defined as euro area credit institutions' current account holdings with the Eurosystem in euro. All amounts are derived from the consolidated financial statement of the Eurosystem. Other liquidity-absorbing operations (column 7) exclude the issuance of debt certificates initiated by NCBs in Stage Two of EMU. Net other factors (column 10) represent the netted remaining items in the consolidated financial statement of the Eurosystem. Credit institutions' current accounts (column 11) are equal to the difference between the sum of liquidity-providing factors (columns 1 to 5) and the sum of liquidity-absorbing factors (columns 6 to 10). Base money (column 12) is calculated as the sum of the deposit facility (column 6), banknotes in circulation (column 8) and credit institutions' current account holdings (column 11).

MONEY, BANKING AND OTHER FINANCIAL CORPORATIONS

Chapter 2 shows balance sheet statistics for MFIs and other financial corporations. Other financial corporations comprise investment funds (other than money market funds, which are part of the MFI sector), financial vehicle corporations, insurance corporations and pension funds.

Section 2.1 shows the aggregated balance sheet of the MFI sector, i.e. the sum of the harmonised balance sheets of all MFIs resident in the euro area. MFIs comprise central banks, credit institutions as defined under EU law, money market funds and other institutions whose business it is to receive deposits and/or close substitutes for deposits from entities other than MFIs and, for their own account (at least in economic terms), to grant credit and/or make investments in securities. A complete list of MFIs is published on the ECB's website.

Section 2.2 shows the consolidated balance sheet of the MFI sector, which is obtained by netting the aggregated balance sheet positions of MFIs in the euro area. Owing to a small amount of heterogeneity in recording practices, the sum of the inter-MFI positions is not necessarily zero; the balance is shown in column 10 of the liabilities side of Section 2.2. Section 2.3 sets out the euro area monetary aggregates and counterparts. These are derived from the consolidated MFI balance sheet and include positions of non-MFIs resident in the euro area held with MFIs resident in the euro area; they also take account of some monetary assets/liabilities of central government. Statistics on monetary aggregates and counterparts are adjusted for seasonal and trading day effects. The external liabilities item in Sections 2.1 and 2.2 shows the holdings by non-euro area residents of: (i) shares/units issued by money market funds located in the euro area; and (ii) debt securities issued with a maturity of up to two years by MFIs located in the euro area. In Section 2.3, however, these holdings are excluded from the monetary aggregates and contribute to the item "net external assets".

Section 2.4 provides analysis, broken down by sector, type and original maturity, of loans granted by MFIs other than the Eurosystem (i.e. the banking system) resident in the euro area. Section 2.5 provides analysis, broken down by sector and instrument, of deposits held with the euro area banking system. Section 2.6 shows the securities held by the euro area banking system, broken down by type of issuer. Section 2.7 shows a quarterly currency breakdown for selected MFI balance sheet items.

Sections 2.2 to 2.6 also provide growth rates based on those transactions in the form of annual percentage changes.

Since 1 January 1999 statistical information has been collected and compiled on the basis of various ECB regulations concerning the balance sheet of the monetary financial institution sector. Since July 2010 this has been carried out on the basis of Regulation ECB/2008/32 [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).

2 OJ L 15, 20.01.2009, p. 14.
3 OJ L 211, 11.08.2007, p. 8.

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.

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.

4 OJ L 15, 20.01.2009, p. 1.

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 17 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 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, which are compiled by the ECB, and experimental HICP-based indices of administered prices.

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

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.

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 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.

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.

6 OJ L 162, 5.6.1998, p. 1.
7 OJ L 393, 30.12.2006, p. 1.
8 OJ L 155, 15.6.2007, p. 3.
9 OJ L 69, 13.3.2003, p. 1.
10 OJ L 169, 8.7.2003, p. 37.
11 OJ L 310, 30.11.1996, p. 1.
12 OJ L 210, 11.8.2010, p. 1.

Retail trade turnover covers all retail trade (excluding sales of motor vehicles and motorcycles), including automotive fuel. New passenger car registrations cover registrations of both private and commercial passenger cars.

Qualitative business and consumer survey data (Table 5 in Section 5.2) draw on the European Commission Business and Consumer Surveys.

Unemployment rates (Table 4 in Section 5.3) conform to International Labour Organization guidelines. They refer to persons actively seeking work as a share of the labour force, using harmonised criteria and definitions. The labour force estimates underlying the unemployment rate are different from the sum of the employment and unemployment levels published in Section 5.3.

GOVERNMENT FINANCE

Sections 6.1 to 6.5 show the general government fiscal position in the euro area. The data are mainly consolidated and are based on the ESA 95 methodology. The annual euro area aggregates in Sections 6.1 to 6.3 are compiled by the ECB on the basis of statistical reporting requirements laid down in the ECB Guideline of 31 July 2009 on government finance statistics (ECB/2009/20)[13]. Harmonised data provided by the NCBs are regularly updated. The annual deficit and debt data for the euro area aggregates may therefore differ from those published by the European Commission. The quarterly euro area aggregates in Sections 6.4 and 6.5 are compiled by the ECB on the basis of Eurostat and national data.

Section 6.1 presents annual figures on general government revenue and expenditure on the basis of definitions laid down in Commission Regulation (EC) No 1500/2000 of 10 July 2000[14] 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 government deficit/surplus and debt data for the individual euro area countries as reported to the Commission under Council Regulation (EU) No 679/2010, owing to their importance within the framework of the Stability and Growth Pact. 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[15]. Section 6.5 presents quarterly figures on gross consolidated government debt, the deficit-debt adjustment and the government borrowing requirement. These figures are compiled using data provided by the Member States under Regulation (EC) No 501/2004 and Regulation (EC) No 222/2004 and data provided by the NCBs.

EXTERNAL TRANSACTIONS AND POSITIONS

The concepts and definitions used in balance of payments and international investment position (i.i.p.) statistics (Sections 7.1 to 7.4) are generally in line with the IMF Balance of Payments

13 OJ L 228. 1.9.2009, p. 25.
14 OJ L 172, 12.7.2000, p. 3.
15 OJ L 179, 9.7.2002, p. 1.

Manual (fifth edition, October 1993), the ECB Guideline of 16 July 2004 on the statistical reporting requirements of the ECB (ECB/2004/15)[16] and the amending ECB Guideline of 31 May 2007 (ECB/2007/3)[17]. 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)[18] 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 and international organisations (which, with the exception of the ECB and the European Stability Mechanism, are considered to be outside the euro area for statistical purposes, regardless of their physical location) as well as offshore centres. The breakdown does not cover transactions or positions in portfolio investment liabilities, financial derivatives or international reserves. In addition, separate data

16 OJ L 354, 30.11.2004, p. 34.
17 OJ L 159, 20.6.2007, p. 48.
18 OJ L 65, 3.3.2012, p. 1.

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 investment (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-19 group excludes Croatia. The EER-39 group comprises the EER-20 plus the following countries: Algeria, Argentina, Brazil, Chile, 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 (CPIs), producer price indices (PPIs), gross domestic product deflators and unit labour costs, both for the manufacturing sector (ULCM) and for the total economy (ULCT). ULCM-deflated EERs are available only for the EER-19.

For more detailed information on the calculation of the EERs, see the relevant methodological note and ECB Occasional Paper No 134 ("Revisiting the effective exchange rates of the euro" by Martin Schmitz, Maarten De Clercq, Michael Fidora, Bernadette Lauro and Cristina Pinheiro, June 2012), which can be downloaded from the ECB's website.

The bilateral rates shown in Section 8.2 are monthly averages of those published daily as reference rates for these currencies. The most recent rate for the Icelandic krona is 290.0 per euro and refers to 3 December 2008.

DEVELOPMENTS OUTSIDE THE EURO AREA

Statistics on other EU Member States (Section 9.1) follow the same principles as data relating to the euro area. However, data shown in this table on current and capital accounts and gross external debt follow the respective national concept and do not 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]

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.

1 The chronology of monetary policy measures taken by the Eurosystem between 1999 and 2011 can be found in the ECB's Annual Report for the respective years.

6 SEPTEMBER 2012

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 0.75%, 1.50% and 0.00% respectively. It also decides on the modalities for undertaking Outright Monetary Transactions (OMTs) in secondary markets for sovereign bonds in the euro area.

4 OCTOBER AND 8 NOVEMBER 2012

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 0.75%, 1.50% and 0.00% respectively.

6 DECEMBER 2012

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 0.75%, 1.50% and 0.00% respectively. It also decides on the details as regards the tender procedures and modalities to be applied in its refinancing operations up to 9 July 2013, notably to continue its fixed rate tender procedures with full allotment.

10 JANUARY, 7 FEBRUARY, 7 MARCH AND 4 APRIL 2013

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 0.75%, 1.50% and 0.00% respectively.

2 MAY 2013

The Governing Council of the ECB decides to decrease the interest rate on the main refinancing operations by 25 basis points to 0.50%, starting from the operation to be settled on 8 May 2013. In addition, it decides to decrease the interest rate on the marginal lending facility by 50 basis points to 1.00%, with effect from 8 May 2013, and to keep the interest rate on the deposit facility unchanged at 0.00%. It also decides on the details as regards the tender procedures and modalities to be applied in its refinancing operations up to 8 July 2014, notably to continue its fixed rate tender procedures with full allotment.

6 JUNE, 4 JULY, 1 AUGUST, 5 SEPTEMBER AND 2 OCTOBER 2013

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 0.50%, 1.00% and 0.00% respectively.

7 NOVEMBER 2013

The Governing Council of the ECB decides to decrease the interest rate on the main refinancing operations by 25 basis points to 0.25%, starting from the operation to be settled on 13 November 2013. In addition, it decides to decrease the interest rate on the marginal lending facility by 25 basis points to 0.75%, with effect from 13 November 2013, and to keep the interest rate on the deposit facility unchanged at 0.00%. It also decides on the details as regards the tender procedures and modalities to be applied in its refinancing operations up to 7 July 2015, notably to continue its fixed rate tender procedures with full allotment.

5 DECEMBER 2013, AND 9 JANUARY, 6 FEBRUARY, 6 MARCH AND 3 APRIL 2014

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 0.25%, 0.75% and 0.00% respectively.

PUBLICATIONS PRODUCED BY THE EUROPEAN CENTRAL BANK

The ECB produces a number of publications which provide information about its core activities: monetary policy, statistics, payment and securities settlement systems, financial stability and supervision, international and European cooperation, and legal matters. These include the following:

STATUTORY PUBLICATIONS

- Annual Report
- Convergence Report
- Monthly Bulletin

RESEARCH PAPERS

- Legal Working Paper Series
- Occasional Paper Series
- Research Bulletin
- Working Paper Series

OTHER/TASK-RELATED PUBLICATIONS

- Enhancing monetary analysis
- Financial integration in Europe
- Financial Stability Review
- Statistics Pocket Book
- The European Central Bank: history, role and functions
- The international role of the euro
- The implementation of monetary policy in the euro area ("General Documentation")
- The monetary policy of the ECB
- The payment system

The ECB also publishes brochures and information materials on a variety of topics, such as the euro banknotes and coins, as well as seminar and conference proceedings.

For a complete list of documents (in PDF format) published by the ECB and the European Monetary Institute, the ECB's forerunner from 1994 to 1998, please visit the ECB's website at http://www.ecb.europa.eu/pub/. Language codes indicate the languages in which each publication is available.

Unless otherwise indicated, hard copies can be obtained or subscribed to free of charge, stock permitting, by contacting info@ecb.europa.eu

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.

Excess liquidity: the amount of central bank reserves held by banks in excess of the aggregate needs of the banking system, which are determined by reserve requirements and autonomous factors.

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).

Forward guidance: communication by a central bank on the orientation of monetary policy with respect to the future path of policy interest rates.

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.

Maximum bid rate: the upper limit to the interest rates at which counterparties may submit bids in variable rate liquidity-absorbing tender operations.

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 variable rate liquidity-providing tender operations.

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.

Structural fiscal balance (general government): the actual budget balance corrected for cyclical factors (i.e. the cyclically adjusted balance) and one-off fiscal measures.

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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