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EUROPEAN CENTRAL BANK

EUROSYSTEM

MONTHLY BULLETIN
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In 2011 all ECB publications feature a motif taken from the €100 banknote.

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Address
Kaiserstrasse 29
60311 Frankfurt am Main
Germany

Postal address
Postfach 16 03 19
60066 Frankfurt am Main
Germany

Telephone
+49 69 1344 0

Website
http://www.ecb.europa.eu

Fax
+49 69 1344 6000

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ABBREVIATIONS

COUNTRIES

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

OTHERS

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

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

EDITORIAL

Based on its regular economic and monetary analyses, the Governing Council decided at its meeting on 3 November 2011 to reduce the key ECB interest rates by 25 basis points. While inflation has remained elevated and is likely to stay above 2% for some months to come, inflation rates are expected to decline in the course of 2012 to below 2%. At the same time, the underlying pace of monetary expansion continues to be moderate. After this month's decision, inflation should remain in line with price stability over the policy-relevant horizon. Owing to their unfavourable effects on financing conditions and confidence, the ongoing tensions in financial markets are likely to dampen the pace of economic growth in the euro area in the second half of this year and beyond. The economic outlook continues to be subject to particularly high uncertainty and intensified downside risks. Some of these risks have been materialising, which makes a significant downward revision to forecasts and projections for average real GDP growth in 2012 very likely. In such an environment, price, cost and wage pressures in the euro area should also moderate; the Governing Council's decision of 3 November to reduce the key ECB interest rates takes this into account. Overall, it remains essential for monetary policy to maintain price stability over the medium term, thereby ensuring a firm anchoring of inflation expectations in the euro area in line with the Governing Council's aim of maintaining inflation rates below, but close to, 2% over the medium term. Such anchoring is a prerequisite for monetary policy to make its contribution towards supporting economic growth and job creation in the euro area.

The provision of liquidity and the allotment modes for refinancing operations will continue to ensure that euro area banks are not constrained on the liquidity side. All the non-standard monetary policy measures taken during the period of acute financial market tensions are, by construction, temporary in nature.

As regards the economic analysis, real GDP growth in the euro area, which slowed in the second quarter of 2011 to 0.2% quarter on quarter, is expected to be very moderate in the second half of this year. There are signs that previously identified downside risks have been materialising, as reflected in unfavourable evidence from survey data. Looking forward, a number of factors seem to be dampening the underlying growth momentum in the euro area, including a moderation in the pace of global demand and unfavourable effects on overall financing conditions and on confidence resulting from ongoing tensions in a number of euro area sovereign debt markets. At the same time, the Governing Council continues to expect euro area economic activity to benefit from continued positive economic growth in the emerging market economies, as well as from the low short-term interest rates and the various measures taken to support the functioning of the financial sector.

In the Governing Council's assessment, the downside risks to the economic outlook for the euro area are confirmed in an environment of particularly high uncertainty. Downside risks notably relate to a further intensification of the tensions in some segments of the financial markets in the euro area and at the global level, as well as to the potential for these pressures to further spill over into the euro area real economy. They also relate to the impact of the still high energy prices, protectionist pressures and the possibility of a disorderly correction of global imbalances.

With regard to price developments, euro area annual HICP inflation was 3.0% in October according to Eurostat's flash estimate, unchanged from September. Inflation rates have been at elevated levels since the end of last year, mainly driven by higher energy and other commodity prices. Looking ahead, they are likely to stay above 2% for some months to come, before falling below 2% in the course of 2012. Inflation rates are expected to remain in line with price stability over the policy-relevant horizon. This pattern reflects the expectation that, in an environment of weaker euro area and global growth, price, cost and wage pressures in the euro area should also moderate.

The Governing Council continues to view the risks to the medium-term outlook for price developments as broadly balanced, taking also into account its decision of 3 November 2011 to reduce the key ECB interest rates by 25 basis points. On the upside, the main risks relate to the possibility of increases in indirect taxes and administered prices, owing to the need for fiscal consolidation in the coming years. In the current environment, however, inflationary pressure should abate. The main downside risks relate to the impact of weaker than expected growth in the euro area and globally. In fact, if sustained, sluggish economic growth has the potential to reduce medium-term inflationary pressure in the euro area.

Turning to the monetary analysis, the annual growth rate of M3 increased to 3.1% in September 2011, up from 2.7% in August. The annual growth rate of loans to the private sector, adjusted for loan sales and securitisation, was 2.7% in September, unchanged from August. As in August, inflows into M3 also reflect the heightened tensions in some financial markets. In particular, inflows into money market fund shares/units, as well as into repurchase agreements conducted through central counterparties, appear to have significantly affected monetary developments in September. The annual growth rate of M1 increased to 2.0% in September, from 1.7% in August.

On the counterpart side, the annual growth rate of loans to non-financial corporations and to households in September, adjusted for loan sales and securitisation, remained broadly unchanged compared with August, at 2.2% and 2.6% respectively. These figures do not signal that the heightened financial market tensions have affected the supply of credit up to September. However, as such effects can manifest themselves with lags, close scrutiny of credit developments is warranted in the period ahead. Taking the appropriate medium-term perspective and looking through short-term volatility, underlying broad money and loan growth have stabilised over recent months. Overall, the underlying pace of monetary expansion thus remains moderate.

The overall size of monetary financial institutions' balance sheets remained broadly unchanged over the past few months. The soundness of bank balance sheets will be a key factor in reducing potential negative feedback loop effects related to tensions in financial markets, thereby facilitating an appropriate provision of credit to the economy over time. The Governing Council therefore welcomes the agreement of the European Council of 26 October to proceed with the increase in the capital position of banks to 9% of core Tier 1 by the end of June 2012. It also fully supports the call to national supervisors to ensure that banks' recapitalisation plans do not lead to excessive deleveraging.

To sum up, based on its regular economic and monetary analyses, the Governing Council decided at its meeting on 3 November 2011 to reduce the key ECB interest rates by 25 basis points. While inflation has remained elevated and is likely to stay above 2% for some months to come, inflation rates are expected to decline in the course of 2012 to below 2%. A cross-check with the information from the monetary analysis confirms that the underlying pace of monetary expansion continues to be moderate. After this month's decision, inflation should remain in line with price stability over the policy-relevant horizon. Owing to their unfavourable effects on financing conditions and confidence, the ongoing tensions in financial markets are likely to dampen the pace of economic growth in the euro area in the second half of this year and beyond. The economic outlook continues to be subject to particularly high uncertainty and intensified downside risks. Some of these risks have been materialising, which makes a significant downward revision to forecasts and projections for average real GDP growth in 2012 very likely. In such an environment, price, cost and wage pressures in the euro area should also moderate; the Governing Council's decision of 3 November to reduce the key ECB interest rates by 25 basis points takes this into account. Overall, it remains essential for monetary policy to maintain price stability over the medium term, thereby ensuring a firm anchoring of inflation expectations in the euro area in line with the Governing Council's aim of maintaining inflation rates below, but close to, 2% over the medium term. Such anchoring is a prerequisite for monetary policy to make its contribution towards supporting economic growth and job creation in the euro area.

Turning to fiscal policies, all euro area governments need to show their inflexible determination to fully honour their own individual sovereign signature as a key element in ensuring financial stability in the euro area as a whole. The Governing Council takes note of the fiscal commitments expressed in the Euro Summit statement of 26 October 2011 and urges all governments to implement fully and as quickly as possible the measures necessary to achieve fiscal consolidation and sustainable pension systems, as well as to improve governance. The governments of countries under joint EU-IMF adjustment programmes and those of countries that are particularly vulnerable should stand ready to take any additional measures that become necessary.

It is crucial that fiscal consolidation and structural reforms go hand in hand to strengthen confidence, growth prospects and job creation. The Governing Council therefore calls upon all euro area governments to accelerate, urgently, the implementation of substantial and comprehensive structural reforms. This will help the euro area countries to strengthen competitiveness, increase the flexibility of their economies and enhance their longer-term growth potential. In this respect, labour market reforms are essential and should focus on measures to remove rigidities and to enhance wage flexibility, so that wages and working conditions can be tailored to the specific needs of firms. More generally, in these demanding times, moderation is of the essence in terms of both profit margins and wages. These measures should be accompanied by structural reforms that increase competition in product markets, particularly in services – including the liberalisation of closed professions – and, where appropriate, the privatisation of services currently provided by the public sector. At the same time, the Governing Council stresses that it is absolutely imperative that euro area national authorities rapidly adopt and implement the measures announced and recommended in the Euro Summit statement of 26 October 2011.

This issue of the Monthly Bulletin contains two articles. The first article reviews recent house price developments in the euro area and the United States. The second article reviews recent developments in euro area markets for banks' long-term debt financing instruments and discusses the state of integration and implications for monetary policy transmission.

ECONOMIC AND MONETARY DEVELOPMENTS

1 THE EXTERNAL ENVIRONMENT OF THE EURO AREA

Growth in the global economy has slowed in recent months, partly on account of temporary factors. While the unwinding of these factors should provide a boost to growth in the latter half of this year, renewed stresses in financial markets as well as ongoing structural headwinds, particularly in advanced economies, continue to restrain the medium-term global growth outlook. Growth in emerging economies has been moderating modestly, which should assist in alleviating overheating pressures in certain economies. Annual inflation rates have stabilised in advanced economies, while inflationary pressures continued to be more pronounced in emerging economies.

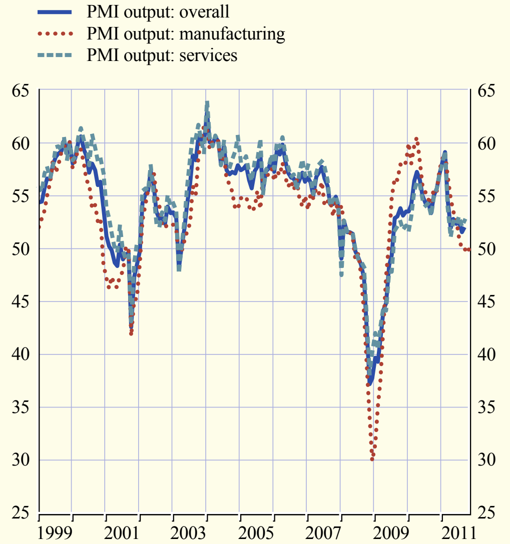
1.1 DEVELOPMENTS IN THE WORLD ECONOMY

Growth in the global economy has slowed in recent months, partly on account of temporary factors. While the unwinding of these factors should provide a boost to growth in the latter half of this year, the need for further repair of public and private sector balance sheets as well as the continued weaknesses in housing and labour markets continue to restrain the strength of the recovery, particularly in advanced economies. Moreover, the renewed tensions in global financial markets and declining business and consumer confidence are further holding back the pace of the recovery. In emerging economies, growth has been moderating modestly, which should assist in alleviating overheating pressures in certain economies.

The Purchasing Managers' Index (PMI) for global manufacturing output remained unchanged in October at 49.9. This weak reading is below the theoretical expansion/contraction threshold of 50 and below the long-term average level. The PMI component for new orders increased in October, albeit remaining weak and below the expansion/contraction threshold of 50. The PMI component for employment continued to remain above 50 in October.

Chart 1 Global PMI output

(diffusion index; seasonally adjusted; monthly data)



Source: Markit.

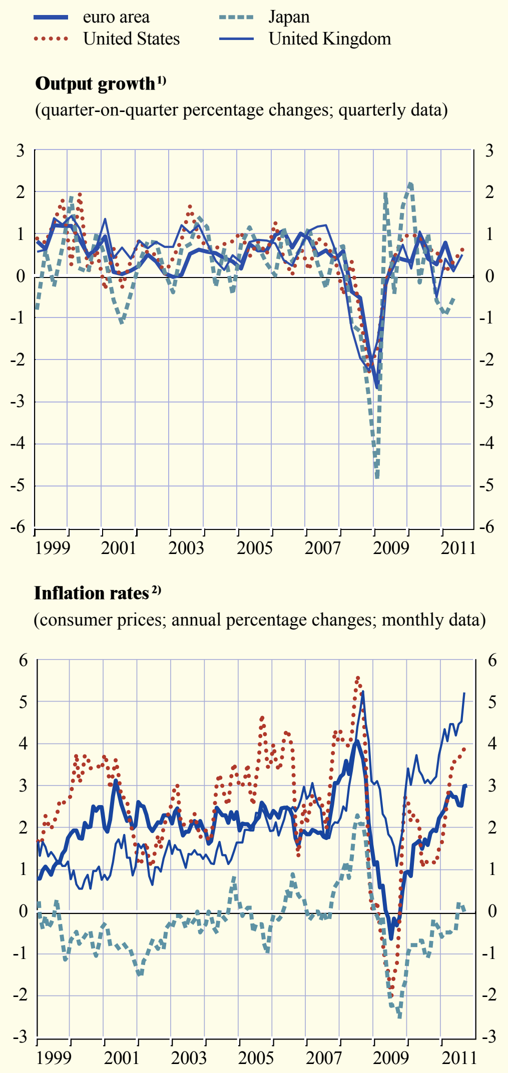
Chart 2 International price developments

(monthly data; annual percentage changes)

Source: OECD.

Price pressures in the global economy seem to have continued to ease somewhat. In October the PMI for manufacturing input prices declined to 49.9, from 56.6 in September. Overall, annual headline inflation has stabilised in advanced economies, while inflationary pressures continue to be more pronounced in emerging economies. In the OECD area, annual headline consumer price inflation stood at 3.3% in September 2011, compared with 3.2% in August. Excluding food and energy, the annual inflation rate stood at 1.9% in September, compared with 1.8% in August. In emerging markets, inflation rates remain elevated on account of capacity constraints as well as the higher weight of commodities in these countries' consumption baskets.

Chart 3 Main developments in major industrialised economies



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

UNITED STATES

In the United States, the economic recovery gained momentum in the third quarter of 2011. According to the advance estimate by the Bureau of Economic Analysis, US real GDP increased at an annual rate of 2.5% in the third quarter of 2011 (0.6% on a quarter-on-quarter basis), up from 1.3% in the previous quarter. The expansion in the third quarter was supported by growth in consumer spending and business investment. The former increased at an annual rate of 2.4%, as durable goods purchases rebounded from a contraction in the previous quarter, which was partly related to the effects of the Japanese disaster. However, a coincident weakness in personal disposable income, which fell by 1.7% in real terms, and a drop in the personal savings rate to its lowest level since the last quarter of 2007 called into question the sustainability of the acceleration going forward. At the same time, business investment expanded at an annual pace of 16.3% and residential investment continued to recover modestly from very weak levels. Net exports contributed positively to GDP growth as export growth outpaced import growth, while inventories posted a strong negative contribution.

As regards price developments, annual CPI inflation increased to 3.9% in September 2011, its highest level in three years, from 3.8% in the previous month. The increase in headline inflation in the course of 2011 continues to reflect a marked annual rise in energy and food prices, which increased at a rate of 19.3% and 4.7% respectively in the year up to September 2011. Excluding food and energy, annual inflation remained unchanged from the previous month and stood at 2.0%

in September, after having followed an upward trend for around a year. In part, the stabilisation in annual core inflation reflected some moderation in the cost of motor vehicles and apparel, reversing the substantial increases recorded over previous months.

On 21 September 2011 the US Federal Open Market Committee (FOMC) decided to maintain its target range for the federal funds rate at 0.00% to 0.25% and continued to anticipate that economic conditions are likely to warrant exceptionally low levels for the federal funds rate at least until mid-2013. At the same time, the FOMC announced new measures to stimulate the slow economic recovery and to help support conditions in mortgage markets, including an extension of the average maturity of its securities holdings.

JAPAN

In Japan, economic activity has recovered significantly from the plunge triggered by the Great East Japan Earthquake, as supply-side constraints appear to have since eased considerably. As a result, economic growth in the third quarter of 2011 is largely expected to be fairly positive, after three quarters of negative growth. The pace of recovery, however, appears to have moderated somewhat from the rapid rebound immediately following the earthquake. After modest increases in July and August, industrial production declined by about 4% (month on month, seasonally-adjusted) in September. This notwithstanding, real exports of goods increased by 3.4% in monthly terms (seasonally-adjusted) in September, following moderate increases in the two previous months, while real imports fell for the first time since March by 1.8% month on month. In nominal terms, the trade balance remained in negative territory, as has been the case since the earthquake, but the deficit narrowed significantly to JPY 21.8 billion in seasonally-adjusted terms (compared with a deficit of JPY 265.2 billion in August). The government has recently submitted to the Diet a third supplementary budget proposal totalling about JPY 12 trillion, mostly assigned to reconstruction activities.

With regard to consumer price developments, annual CPI inflation declined in September to 0.0%, from 0.2% in the previous month. Annual CPI inflation excluding fresh food stood at 0.2% in September, the same level as in August, while annual CPI inflation excluding food and energy increased from -0.5% to -0.4%. In its latest monetary policy meeting on 27 October, the Bank of Japan decided to maintain its target for the uncollateralised overnight call rate at around 0.0% to 0.1% and to increase its Asset Purchase Program by around JPY 5 trillion to approximately JPY 55 trillion.

UNITED KINGDOM

In the United Kingdom, economic activity has remained relatively subdued recently. In the third quarter of 2011 real GDP increased by 0.5% quarter on quarter, largely reflecting the waning of some temporary factors in the second quarter of the year. Most business and consumer survey indicators remained weak in October. Hence, overall, the underlying growth momentum is likely to remain sluggish in the short term, even though monetary stimuli should support economic activity going forward. Growth in domestic demand is still expected to remain constrained by tight credit conditions, household balance sheet adjustment and substantial fiscal tightening, while the weakening of the outlook for external demand is likely to hinder export growth.

Annual CPI inflation has remained elevated in recent months. Inflation increased to 5.2% in September from 4.5% in August. The inflation of both energy and non-energy goods continued to accelerate, and the jump in inflation was driven mainly by substantial increases in utilities prices. In the short term, inflation is likely to remain high, but going forward, the gradual diminishing of certain temporary factors (higher past commodity prices, the lagged effects of the depreciation of the pound sterling, and the increase in the rate of VAT in January 2011), as well as the existence of spare capacity, are expected to dampen inflationary pressures. The Bank of England's Monetary Policy Committee has maintained the official Bank Rate paid on commercial bank reserves at 0.5%, but in October decided on a further GBP 75 billion of asset purchases financed by the issuance of central bank reserves, in addition to the stock of GBP 200 billion remaining from previous purchases.

CHINA

In China, the economy has, thus far, been resilient to the worsening of the global outlook, with available evidence pointing to a soft landing in the coming quarters. In the third quarter of 2011 real GDP increased by 9.1% year on year (down from 9.5% in the second quarter), with the contribution of domestic demand to growth diminishing and the contribution of net exports being negative. The process of appreciation of the renminbi against the US dollar has lost pace significantly since early September, and a slight decrease in the stock of international reserves occurred in September owing to foreign exchange valuation effects. The People's Bank of China kept its policy rates and reserve requirements unchanged amid ongoing inflationary pressures coupled with abundant domestic liquidity. Annual CPI inflation declined to 6.1% in September, only 0.1 percentage point down from August. The decrease in CPI inflation was mainly driven by food prices, while non-food CPI inflation also moderated slightly. In the property market, prices decelerated only marginally, despite the authorities' concerted efforts. In October China's sovereign wealth fund decided to purchase a small amount of shares of the four major state-owned commercial banks in order to boost market sentiment in an environment characterised by rising domestic financial vulnerabilities.

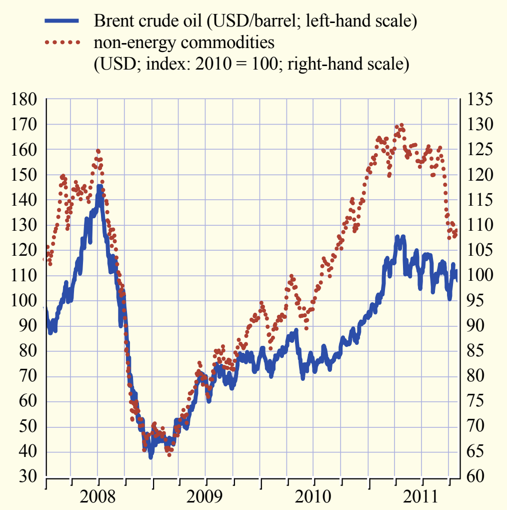
1.2 COMMODITY MARKETS

Oil prices increased in October. Brent crude oil prices stood at USD 108.0 per barrel on 2 November, which is 15.8% higher than at the beginning of the year and 4.5% higher than at the beginning of October (see Chart 4). Looking ahead, however, market participants expect lower oil prices in the medium term, with futures contracts for December 2012 trading at around USD 103.1 per barrel.

The increase in prices was associated with relatively tight physical market fundamentals, including supply disruptions – mainly in non-OPEC countries – further contributing to already declining inventory levels. Yet, the upward pressure on prices was somewhat dampened by renewed tensions in a number of euro area sovereign debt markets and their expected downward impact on demand. In this regard, the International Energy Agency further cut back its demand projections for 2011 and 2012.

The prices of non-energy commodities decreased further, on aggregate, in the course of October, mainly reflecting a sharp decline in the iron ore component. By contrast, both food and metal

Chart 4 Main developments in commodity prices



Sources: Bloomberg and HWWI.

prices increased in October, driven mainly by maize and copper respectively, on account of robust imports from emerging economies, in addition to tight supply conditions for copper. In aggregate terms, the price index for non-energy commodities (denominated in US dollars) was 11.7% lower at the end of October than at the beginning of the year.

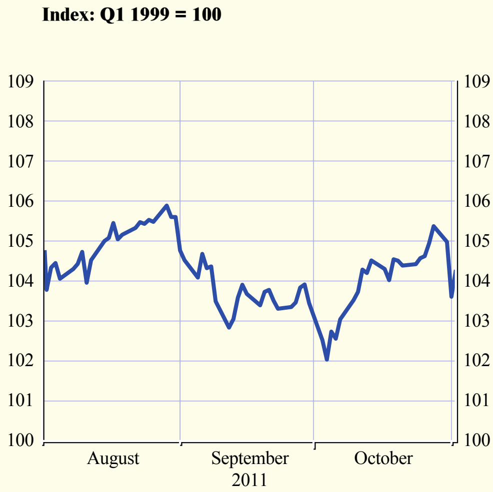
1.3 EXCHANGE RATES

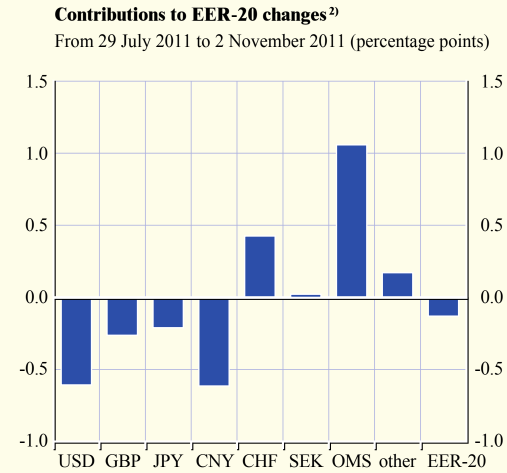
From the end of July to early November the nominal effective exchange rate of the euro, as measured against the currencies of 20 of the euro area's most important trading partners, remained broadly unchanged amid rather high volatility. On 2 November the nominal effective exchange rate of the euro was 0.1% below its level at the end of July 2011 and 0.3% below its average level for 2010 (see Chart 5).

In bilateral terms, over the past three months the euro has depreciated against most major currencies. Between 31 July and 2 November the euro declined against the US dollar by 3.2%, the pound sterling by 1.5%, the Japanese yen by 2.5% and the Chinese renminbi by 4.4%. Over the same horizon the euro appreciated against the Swiss franc by 6.6% (with the Swiss franc currently trading above the minimum exchange rate set by the Swiss National Bank), the Korean won by 3.0% and the Singapore dollar by 2.3%. The single currency also appreciated strongly vis-à-vis some other European currencies, most notably the Hungarian forint and the Polish zloty, by 13.1% and 9.1% respectively, as well as the Czech koruna by 4.0%. (see Table 1). Market volatility, as measured on the basis of foreign exchange option prices, increased significantly in the course of the period under

Chart 5 Euro effective exchange rate (EER-20) and its decomposition [1]

(daily data)





Source: ECB.
1) An upward movement of the index represents an appreciation of the euro against the currencies of 20 of the most important trading partners of the euro area (including all non-euro area EU Member States).
2) Contributions to EER-20 changes are displayed individually for the currencies of the six main trading partners of the euro area. The category "other Member States" (OMS) refers to the aggregate contribution of the currencies of the non-euro area Member States (except the pound sterling and the Swedish krona). The category "other" refers to the aggregate contribution of the currencies of the remaining six trading partners of the euro area in the EER-20 index. Changes are calculated using the corresponding overall trade weights in the EER-20 index.

Table 1 Euro exchange rate developments [1)]

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

	Weight in EER-20	Level on 2 November 2011	Appreciation (+)/depreciation(-) of the euro as at 2 November 2011 *since:* 29 July 2011	*since:* 1 January 2010	*compared with:* average for 2010
US dollar	19.4	1.381	-3.2	-4.0	4.2
Pound sterling	17.8	0.862	-1.5	-3.3	0.5
Chinese renminbi	13.6	8.779	-4.4	-10.6	-2.1
Japanese yen	8.3	107.8	-2.5	-19.3	-7.3
Swiss franc	6.4	1.217	6.6	-18.2	-11.9
Polish zloty	4.9	4.373	9.1	6.6	9.5
Swedish krona	4.9	9.073	0.0	-11.0	-4.9
Czech koruna	4.1	25.15	4.0	-4.3	-0.5
Korean won	3.9	1,548	3.0	-6.9	1.1
Hungarian forint	3.1	305.4	13.1	13.2	10.8
NEER [2)]		104.3	-0.1	-6.8	-0.3

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

review in all currency pairs, with the exception of the EUR/CHF pair, and currently stands well above long-term average levels.

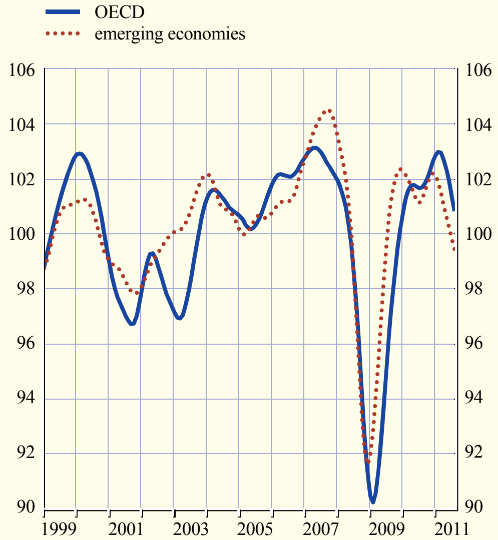
Between 31 July and 2 November 2011 the currencies participating in ERM II remained broadly stable against the euro, trading at, or close to, their respective central rates. The Latvian lats moved closer to its central rate within the unilaterally set fluctuation band of +/-1%.

1.4 OUTLOOK FOR THE EXTERNAL ENVIRONMENT

Looking ahead, while the waning of some of the adverse transitory factors should support global economic activity in the second half of the year, structural headwinds, particularly in advanced economies, as well as the renewed tensions in global financial markets are expected to dampen medium-term growth dynamics. This is in line with the OECD's composite leading indicator – designed to anticipate turning points in economic activity relative to trend – for August, which continues to point to a slowdown in activity in most OECD countries and major non-member economies. Furthermore, the latest data for global trade also suggests slow growth in the upcoming months. In an environment of particularly high uncertainty, risks to activity remain on the downside. These risks mainly relate to the ongoing tensions in some segments of the financial markets, as well as to continued high energy prices, protectionist pressures and the possibility of a disorderly correction of global imbalances.

Chart 6 OECD composite leading indicators

(monthly data; amplitude-adjusted)



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

2 MONETARY AND FINANCIAL DEVELOPMENTS

2.1 MONEY AND MFI CREDIT

The annual growth rate of M3 increased further in September 2011, while that of loans to the private sector was unchanged. The strengthening observed in M3 growth in August and September largely reflects the heightened tensions in some financial markets. Thus far, there are no clear indications that these heightened financial market tensions have affected the supply of loans. However, as effects on supply could manifest themselves with lags, credit developments need to be monitored closely in the period ahead. Looking beyond short-term portfolio flows triggered by the uncertain environment, the underlying pace of monetary and credit expansion remains moderate overall.

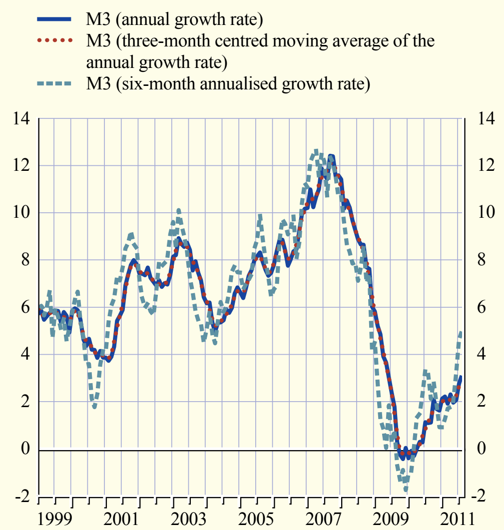
THE BROAD MONETARY AGGREGATE M3

The annual growth rate of M3 increased to 3.1% in September, up from 2.7% in August (see Chart 7). The month-on-month growth rate was robust at 0.4%, albeit substantially weaker than the exceptionally high growth rate of 1.2% observed in the previous month. The particularly high levels of uncertainty seen in financial markets since August have contributed to this continued inflow. Notably, households have increased their holdings of liquid monetary assets at the expense of riskier assets owing to significant uncertainty regarding the economic outlook, the intensification of the sovereign debt crisis and considerable declines in stock markets. Similarly, the fact that relatively large numbers of repurchase transactions continue to be conducted via central counterparties (CCPs) highlights distrust among banks and points to a preference for collateralised interbank lending via electronic platforms, rather than direct unsecured interbank lending.

On the component side, the annual growth rate of M1 increased further in September, despite a sizeable monthly reduction in the overnight deposits held by non-financial corporations. The annual growth rate of other short-term deposits (i.e. M2 minus M1) was broadly unchanged, while that of marketable instruments (i.e. M3 minus M2) increased further. This reflected broadly similar increases in repurchase transactions conducted via CCPs and the money-holding sector's purchases of short-term MFI debt securities and money market fund shares/units.

Chart 7 M3 growth

(percentage changes; adjusted for seasonal and calendar effects)



Source: ECB.

On the counterpart side, the annual growth rate of MFI loans to the private sector (adjusted for the impact of loan sales and securitisation activity) was unchanged at 2.7% in September. This mirrored the broadly unchanged annual growth rates of MFI loans to households and non-financial corporations.

The main assets held by euro area MFIs (excluding the Eurosystem) recorded a third consecutive monthly increase in September. This was driven mainly by a further strong increase in inter-MFI lending, possibly mirroring the increase seen in recourse to Eurosystem funding.

Increases in MFIs' external asset holdings and loans to the private sector also contributed modestly to the expansion seen in MFIs' main assets in September.

MAIN COMPONENTS OF M3

The annual growth rates of the narrow monetary aggregate M1 and marketable instruments drove the strengthening seen in M3 growth in September, while the annual growth rate of other short-term deposits was broadly unchanged.

The annual growth rate of M1 increased to 2.0% in September, up from 1.7% in August. This further increase in the annual growth rate of M1 probably reflects the high degree of economic uncertainty, as evidenced by the sharp decline seen in consumer confidence surveys. Following the strong inflow for overnight deposits in August, some rebalancing was observed in September, with a negative monthly flow being recorded on account of a sizeable reduction in the holdings of non-financial corporations. By contrast, both households and non-monetary financial intermediaries other than insurance corporations and pension funds (OFIs) increased their holdings of overnight deposits. Stock prices declined further in September, albeit more slowly than in August, possibly prompting the private sector to sell off more securities in favour of liquid instruments contained in M3.

The annual growth rate of short-term deposits other than overnight deposits was broadly unchanged at 3.1% in September. This masks differing developments in the annual growth rates of its two sub-components. The annual growth rate of short-term time deposits (i.e. deposits with an agreed maturity of up to two years) was almost unchanged, while that of short-term savings deposits (i.e. deposits redeemable at notice of up to three months) declined significantly. Nevertheless, the monthly flows for both sub-components were positive in September. The fact that, since the beginning of the year, the inflows observed for short-term time deposits have been stronger than those recorded for overnight deposits and short-term savings deposits reflects the increase seen in the spread between the remuneration of short-term time deposits and that of the other two types of deposit over this period.

The annual growth rate of marketable instruments increased further to stand at 7.3% in September, up from 5.3% in August. While the monthly inflow was smaller than in August, interbank repurchase transactions conducted via CCPs continued to make a significant contribution. It is likely that these transactions, in part, reflect a preference for secured interbank lending conducted via CCPs in an environment characterised by heightened uncertainty regarding the perceived financial soundness of counterparties. In addition, money market fund shares/units recorded inflows, as also observed in August. These inflows are likely to reflect temporary portfolio adjustments, particularly via sales of investment fund shares/units. Such transitory use of these instruments was also observed during the period of exceptional portfolio shifts between 2001 and mid-2003. The money-holding sector's holdings of short-term debt securities (i.e. debt securities with a maturity of up to two years) also increased.

The annual growth rate of M3 deposits – which comprise short-term deposits and repurchase agreements and represent the broadest monetary aggregate for which a timely sectoral breakdown is available – remained unchanged at 3.6% in September. Monthly flows were positive for households and OFIs. By contrast, monthly flows turned negative for non-financial corporations, insurance corporations and pension funds, and general government other than central government.

MAIN COUNTERPARTS OF M3

As regards the counterparts of M3, the annual growth rate of MFI credit to euro area residents stood at 2.4% in September, broadly unchanged from the previous month (see Table 2). This masks a strengthening in the growth of credit to general government and a moderation in the growth of credit to the private sector.

The strengthening in the growth of credit to general government was driven by purchases of government debt securities, which were partly offset by a decline in the annual growth rate of loans to general government. The high annual growth rate of credit to general government largely reflects the impact of the financing of earlier asset transfers to "bad bank" schemes classified as part of the government sector.

The annual growth rate of credit to the private sector declined to 1.6% in August, down from 1.8% in the previous month. This reflects MFIs' shedding of significant holdings of both equity and debt securities and masks a modest increase in MFI loans. The positive monthly flow of MFI loans to the private sector (adjusted for sales and securitisation) almost equalled that of loans held on MFIs' balance sheets, suggesting that loan sales and securitisation activity were subdued in September. The positive monthly flow for loans to the private sector was mainly driven by loans to non-financial corporations and, to a lesser extent, households, whereas loans to the OFI sector declined.

The annual growth rate of loans to non-financial corporations (adjusted for sales and securitisation) was broadly unchanged at 2.2% in September, with a robust positive flow observed for that month. A breakdown of loans by maturity indicates that positive flows were observed for all maturities, with larger flows for loans with maturities of more than five years. These larger flows for loans with longer

Table 2 Summary table of monetary variables

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

	Outstanding amounts as a percentage of M3[1]	Annual growth rates					
		2010 Q4	2011 Q1	2011 Q2	2011 Q3	2011 Aug.	2011 Sep.
M1	**48.5**	**4.9**	**3.2**	**1.7**	**1.4**	**1.7**	**2.0**
Currency in circulation	8.5	5.6	4.9	4.2	4.5	4.5	5.3
Overnight deposits	40.1	4.8	2.9	1.2	0.8	1.1	1.4
M2-M1 (=other short-term deposits)	38.8	-1.1	1.3	3.4	3.4	3.2	3.1
Deposits with an agreed maturity of up to two years	18.9	-8.7	-2.7	2.3	3.2	3.0	3.1
Deposits redeemable at notice of up to three months	19.9	7.2	5.4	4.5	3.7	3.5	3.0
M2	**87.4**	**2.2**	**2.4**	**2.4**	**2.3**	**2.4**	**2.5**
M3-M2 (=marketable instruments)	12.6	-3.0	-1.7	-0.4	3.3	5.3	7.3
M3	**100.0**	**1.5**	**1.9**	**2.1**	**2.4**	**2.7**	**3.1**
Credit to euro area residents		**3.4**	**3.7**	**3.1**	**2.5**	**2.5**	**2.4**
Credit to general government		11.8	10.9	6.5	5.2	5.4	5.6
Loans to general government		15.5	17.7	10.7	7.0	6.3	6.1
Credit to the private sector		1.5	2.1	2.4	1.9	1.8	1.6
Loans to the private sector		1.7	2.4	2.6	2.5	2.5	2.5
Loans to the private sector adjusted for sales and securitisation[2]		2.2	2.8	2.9	2.7	2.7	2.7
Longer-term financial liabilities (excluding capital and reserves)		**2.7**	**2.8**	**3.4**	**3.6**	**3.5**	**3.1**

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

Table 3 MFI loans to the private sector

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

	Outstanding amount as a percentage of the total[1]	Annual growth rates					
		2010 Q4	2011 Q1	2011 Q2	2011 Q3	2011 Aug.	2011 Sep.
Non-financial corporations	**42.2**	**-0.3**	**0.6**	**1.1**	**1.5**	**1.5**	**1.6**
Adjusted for sales and securitisation[2]	-	*0.6*	*1.5*	*1.9*	*2.2*	*2.1*	*2.2*
Up to one year	24.7	-4.6	-1.2	1.6	4.0	4.0	3.6
Over one and up to five years	18.3	-2.6	-2.4	-2.9	-3.6	-3.5	-3.8
Over five years	57.1	2.6	2.4	2.2	2.2	2.1	2.5
Households[3]	**46.7**	**2.8**	**3.1**	**3.4**	**3.0**	**2.9**	**2.9**
Adjusted for sales and securitisation[2]	-	*3.0*	*3.1*	*3.0*	*2.7*	*2.7*	*2.6*
Consumer credit[4]	11.9	-0.9	-0.9	-0.9	-1.9	-2.0	-1.9
Lending for house purchase[4]	72.2	3.6	4.0	4.4	4.0	3.9	3.9
Other lending	15.9	2.6	2.4	2.1	2.5	2.3	2.4
Insurance corporations and pension funds	**0.8**	**7.7**	**7.6**	**3.2**	**6.8**	**9.8**	**7.4**
Other non-monetary financial intermediaries	**10.2**	**4.7**	**7.0**	**6.0**	**4.1**	**4.6**	**4.6**

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.

maturities relative to those for loans with shorter maturities suggest that, overall, the extension of loans was not, to any significant extent, a result of the drawing-down of pre-committed credit lines, which are typically associated with short-term loans. At the same time, cross-country heterogeneity in loan developments remained significant, in line with the uneven recovery in economic activity, differences in the external financing needs of the various industrial sectors, differences in banks' funding stress and differences in the level of indebtedness of non-financial corporations. For a more detailed account of developments in MFI loans to non-financial corporations by economic activity, see Box 1.

Box 1

RECENT DEVELOPMENTS IN MFI LOANS TO NON-FINANCIAL CORPORATIONS BROKEN DOWN BY ECONOMIC SECTOR

Developments in MFI loans to the private sector – particularly loans to non-financial corporations (NFCs) – are assessed on a regular basis as part of the ECB's economic and monetary analyses. The recent economic and financial crisis and the subsequent recovery in economic activity have coincided with strong fluctuations in the growth rate of loans to NFCs, in part reflecting shifts between bank and market funding. Driven mainly by a strong contraction in loan demand, the annual growth rate of MFI loans to NFCs fell from more than 15% in early 2008 to around -3% at the beginning of 2010. Since the first quarter of 2011 the annual growth rate of lending to NFCs has been back in positive territory. Following the recent data release (based on the NACE classification) on MFI loans to NFCs broken down by economic sector up to the second quarter of 2011, this box looks in more detail at the sectoral breakdown of total loans to NFCs as loan growth recovers.[1]

Confirmation of a recovery in loan growth in the second quarter of 2011

While breaks in data series can be found for some specific sub-sectors, at a higher level of aggregation the distribution of loans across sectors has been relatively stable since the collection of data began in 2003 (with services accounting for almost 70% of all loans, industry almost 20% and construction almost 10%). That being said, data on the sectoral breakdown of MFI loans to NFCs should be interpreted with caution.[2]

In the first half of 2011 the annual growth rate of loans to NFCs recovered and returned to positive levels, reflecting favourable economic developments in the NFC sector. More specifically, data for large and medium-sized listed companies indicated slight improvements in profitability. Driven by robust external trade, the annual growth rate of firms' net sales also continued to rise in the first two quarters of the year, although less strongly than in previous quarters. Moreover, the first half of 2011 saw dynamic developments in fixed investment growth and inventory changes, pointing to an increased need for external financing. At the same time, the recovery in loan growth remained modest, as companies remained highly indebted by historical standards, which is likely to encourage firms to limit their demand for new loans.

Developments across sectors and countries

The recovery in the annual growth rate of total loans to NFCs in the first half of 2011 was broadly based across the main sectors, with the exception of the substantial decline observed in the annual growth rate of loans for construction activities in the second quarter of 2011 (see Chart A). That being said, the positive developments seen for services concealed a great deal of heterogeneity across sub-sectors. For example, the annual growth rate of loans for transport, storage and communication activities declined in the first half of 2011, becoming negative in the second quarter of the year. By contrast, growth in loans for real estate, rental and business activities recovered strongly, becoming the main driver of total growth in loans to NFCs by the second quarter of 2011. Meanwhile, the annual growth of loans to industry (which includes manufacturing, electricity, the supply of gas and water, mining and quarrying) also recovered significantly during the first half of 2011.

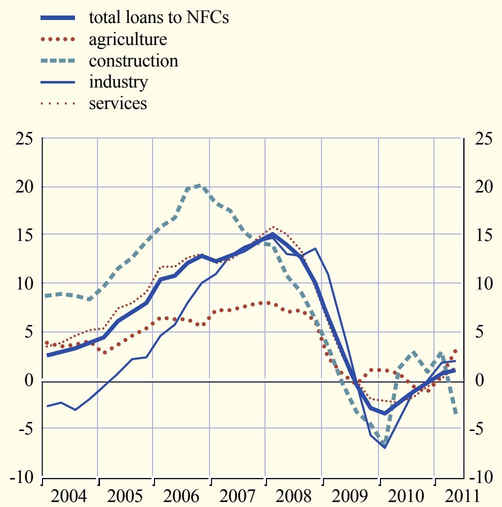
Given the impact of reclassifications, which have affected the sectoral breakdown of loans in certain countries, the assessment of developments in loan growth might be enhanced by aggregating some specific sectors. For example, it could be argued that, given the link between construction and real estate services and the fact that these two sectors have been the subject of reclassification in certain countries, it might be more appropriate to combine these two sectors

1 For details of the latest data release, see the press release of 17 October 2011 (www.ecb.europa.eu/stats/html/index.en.html). For previous analysis, see the box entitled "The roles of various industries in recent developments in MFI loans to non-financial corporations", *Monthly Bulletin*, ECB, November 2010.

2 The sectoral breakdown available for MFI loans to NFCs is, unlike aggregated ECB statistics on MFI loans, based on data at the national level (e.g. from credit registers or surveys) that are not fully harmonised and are partly estimated. Furthermore, the introduction of the revised NACE classification (NACE Rev. 2) has led to a number of changes in the sectoral breakdown of total loans to NFCs, which has also had an impact on the growth rates of loans to individual sectors in 2010 and 2011.

Chart A Loans to NFCs broken down by economic sector

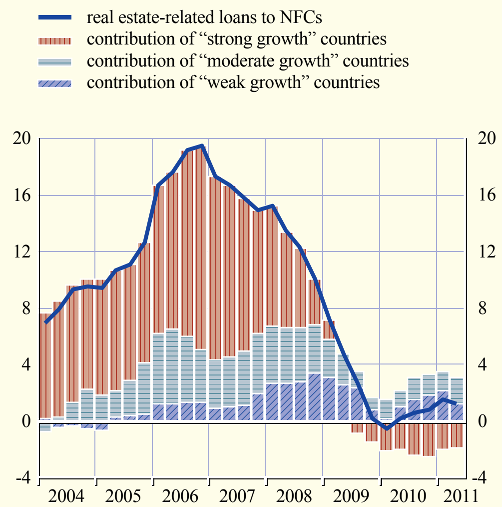
(annual percentage changes)



Source: ECB.

Chart B Real estate-related loans to NFCs and cross-country heterogeneity

(annual percentage changes; percentage points)



Source: ECB.
Notes: "Real estate-related loans" comprise loans to NFCs engaged in construction and real estate activities (based on data for those countries which report the relevant series from 2003 onwards). Countries are considered to exhibit "strong" (Italy, Spain, Ireland and Greece), "moderate" (France, Belgium, Finland and Luxembourg) or "weak" (Germany, the Netherlands, Austria and Portugal) growth on the basis of growth rates recorded in 2006 at the national level.

for the purposes of analysing loan developments.[3] The resulting aggregate suggests that growth in such loans weakened only slightly in the second quarter of 2011, following a modest recovery between mid-2010 and the first quarter of 2011 (see Chart B).

Signs of cross-country heterogeneity can be found in loan developments for most sectors. However, they tend to be more marked for the real estate sector, given the differences in the evolution of euro area countries' housing markets. This heterogeneity can be illustrated by grouping euro area countries together in three categories on the basis of the average growth rate of real estate-related loans in the peak year of 2006. The "strong growth" countries, which drove most of the credit boom prior to 2007, as well as the subsequent decline, are still contributing negatively to real estate-related loan growth. By contrast, the modest recovery currently under way has been driven by the "weak growth" countries, while the contribution of "moderate growth" countries has remained resilient.

Overall, the first half of 2011 saw a modest recovery in the growth of loans to NFCs, which was broadly based across the main sectors (albeit with some specific exceptions). At the same time, there are persistent signs of cross-country heterogeneity, particularly as regards real estate-related loans.

3 Since data for real estate services are, in most cases, reported only in combination with other activities (such as rental and business activities), an estimate of real estate loans is calculated using data for those euro area countries that provide separate country-level estimates for real estate activities. This is then used to estimate loans for real estate activities at the euro area level. Moreover, the euro area aggregate is based solely on data for those countries which report the relevant series from 2003 onwards.

The annual growth rates of (i) MFI loans to households adjusted for sales and securitisation and (ii) loans to that sector as reported on MFIs' balance sheets remained broadly unchanged from the previous month at 2.6% and 2.9% respectively. Turning to the main components of household borrowing, the annual growth rate of loans for house purchase remained unchanged, while the annual growth rate of consumer credit stayed in negative territory (albeit increasing somewhat). To some extent, the weakness of consumer credit might reflect the weaker outlook for economic activity and high levels of household indebtedness. Overall, the data for September confirm the assessment that the recovery in loans to households has levelled off. A broader analysis of savings, investment and financing broken down by institutional sector is presented in the box entitled "Integrated euro area accounts for the second quarter of 2011" in Section 2.6.

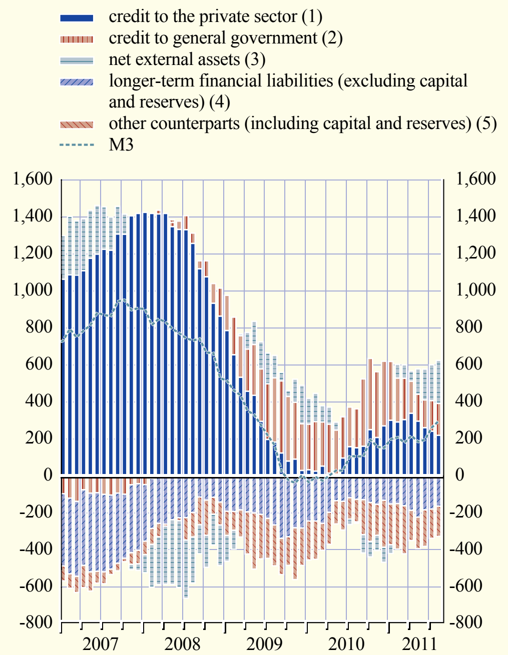
Turning to the other counterparts of M3, the annual growth rate of MFIs' longer-term financial liabilities (excluding capital and reserves) declined, standing at 3.1% in September, down from 3.5% in August. This was driven by a strong moderation in the annual growth of long-term MFI debt securities, primarily reflecting base effects and, to a lesser extent, modest negative flows for this type of instrument. The annual growth of long-term time deposits strengthened somewhat, almost entirely reflecting the OFI sector's increased holdings of this instrument on account of securitisation not followed by derecognition from the balance sheet. A modest monthly negative flow was observed for capital and reserves in September, potentially reflecting the writing-down of losses on government bond holdings by banks in several countries.

The annual inflow for MFIs' net external asset position increased to €233 billion in September, up from €194 billion in August (see Chart 8). This was the result of a monthly inflow of €43 billion, which would be consistent with non-residents acquiring securities issued by the euro area money-holding sector. In addition, euro area residents may have sold non-euro area assets, thereby contributing to the strong inflow for M3.

Overall, the strengthening seen in M3 growth in August and September largely reflects the uncertain financial market environment and points to some funding stress on the part of banks in specific countries. Thus far, there are no clear indications that the heightened financial market tensions have affected the supply of loans in the euro area as a whole. However, as effects on supply could manifest themselves with lags, credit developments need to be monitored closely in the period ahead. Adopting the appropriate medium-term perspective and looking beyond the flows resulting from portfolio reallocation triggered by heightened financial market uncertainty, the underlying pace of monetary and credit expansion remains moderate.

Chart 8 Counterparts of M3

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



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

2.2 SECURITIES ISSUANCE

The annual growth of debt securities issuance by euro area residents decreased to 3.3% in August 2011. Lower issuance by governments and financial intermediaries may partly have reflected the resurgence of market tensions during the summer, while recourse of non-financial corporations to market-based debt funding remained unabated. At the same time, the annual growth rate of quoted share issuance increased slightly, to 1.9%. This increase was driven by issuance on the part of MFIs, whereas equity issuance by non-financial corporations and financial corporations other than MFIs remained broadly unchanged.

DEBT SECURITIES

In August 2011 the annualised rate of growth in debt securities issued by euro area residents decreased to 3.3%, from 3.7% in the previous month (see Table 4). This overall development was driven mainly by issuance of long-term fixed rate debt securities, while issuance of short-term securities continued to decline, as did issuance of long-term floating rate securities. Looking at short-term trends, the seasonally adjusted annualised six-month growth rate of debt securities issuance remained broadly unchanged in August 2011, at about 2.5% (see Chart 9). A stable short-term rate of growth of debt securities issuance reflects a pick-up in the rate of growth in debt issuance by non-financial corporations that was compensated by a stronger decrease in debt issuance by financial institutions other than MFIs.

While issuance of short-term securities has been contracting since the beginning of 2010, it has been more than offset by growth in the issuance of debt securities with fixed long-term rates. This pattern continued in August 2011. The long-term floating rate segment of the market showed signs of a moderate recovery at the end of 2010, and at the beginning of 2011. However, this development was not sustained in the second quarter of 2011, nor in the first two months of the third quarter. Indeed, the decline in issuance of long-term debt securities with floating rates accelerated in August 2011, thus continuing a trend of very weak readings that started in March this year.

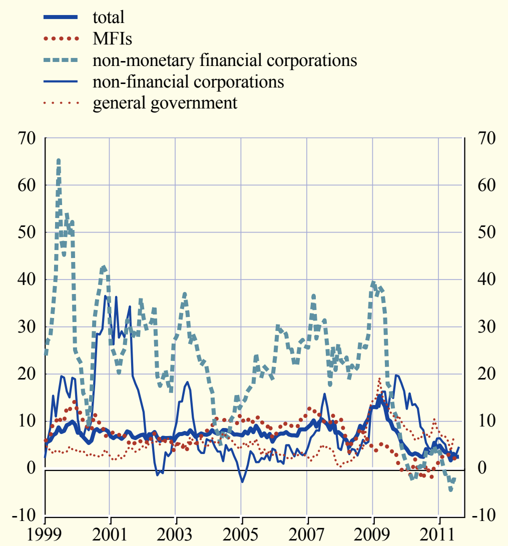
Table 4 Securities issued by euro area residents

Issuing sector	Amount outstanding (EUR billions) 2011 August	Annual growth rates [1] 2010 Q3	2010 Q4	2011 Q1	2011 Q2	2011 July	2011 Aug.
Debt securities	**16,240**	**3.4**	**3.6**	**3.7**	**3.4**	**3.7**	**3.3**
MFIs	5,392	-0.6	-0.1	0.6	1.1	1.8	1.9
Non-monetary financial corporations	3,237	0.9	1.3	1.8	0.6	0.5	-1.0
Non-financial corporations	849	10.5	8.5	6.4	4.0	4.8	5.1
General government	6,762	7.6	7.5	7.3	6.9	6.8	6.4
of which:							
Central government	6,165	7.3	7.1	6.7	6.1	6.2	5.6
Other general government	597	11.0	12.4	13.0	15.8	13.3	15.3
Quoted shares	**3,993**	**1.8**	**1.7**	**1.3**	**1.4**	**1.8**	**1.9**
MFIs	383	5.2	6.6	6.4	7.5	12.1	13.4
Non-monetary financial corporations	282	4.3	3.3	1.8	2.6	3.3	3.3
Non-financial corporations	3,328	0.9	0.8	0.6	0.5	0.4	0.4

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

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

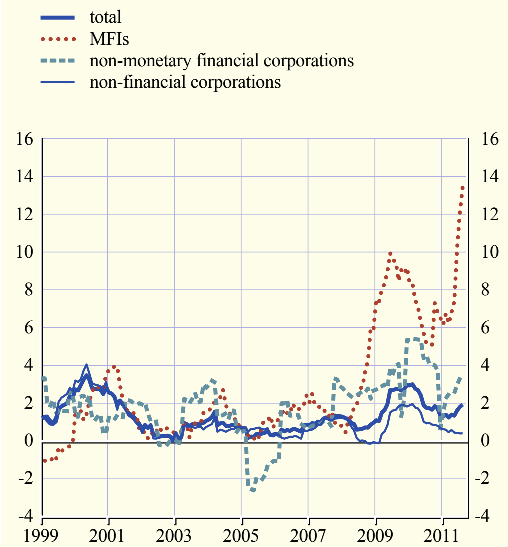
(six-month annualised growth rates; seasonally adjusted)



Source: ECB.

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

(annual growth rates)



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

The overall growth rate of debt securities issuance in August conceals diverging developments across sectors. The annual growth rate of debt securities issued by the general government sector declined further in August, to stand at 6.4%, compared with 6.8% in July. By contrast, the annual growth rate of debt securities issued by non-financial corporations rose to 5.1% in August, from 4.7% in July. The increase in the growth of debt securities issuance by the corporate sector may partly be explained by tighter bank lending standards in the third quarter of this year, which have compelled firms to seek financing in debt markets. However, issuance activity by the corporate sector still remained far below the peaks reached in 2009 and 2010. In the financial sector, issuance of debt securities remained subdued in connection with the intensification of financial market stress. The annual growth rate of debt securities issued by MFIs remained very low by historical standards and stood at 1.9% in August. The annual growth rate in securities issuance by financial corporations other than MFIs turned negative in August, standing at -1.0%.

QUOTED SHARES

The annual growth rate of quoted share issuance by euro area residents increased slightly, to 1.9% in August 2011, driven mainly by increased issuance on the part of MFIs. The annual rate of growth in equity issuance by MFIs rose to 13.4% in August 2011, from 12.1% in July (see Chart 10). Such equity issuance by euro area MFIs supported the ongoing efforts to strengthen balance sheets and replenish capital bases. At the same time, the annual growth rate of quoted shares issued by financial corporations other than MFIs and by non-financial corporations remained unchanged at 3.3% and 0.4% respectively.

2.3 MONEY MARKET INTEREST RATES

Money market interest rates remained broadly unchanged between early October 2011 and the end of the month. In the tenth maintenance period of 2011, which began on 12 October, the EONIA stood at a relatively low level for the first two days, before increasing to stand during the month of October closer to the main refinancing rate than it had during the previous maintenance period.

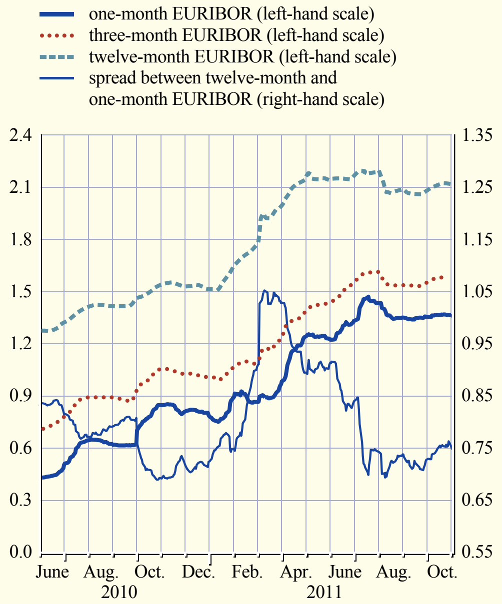
Unsecured money market interest rates remained broadly unchanged between early October 2011 and the end of the month. On 2 November the one-month, three-month, six-month and twelve-month EURIBOR stood at 1.36%, 1.58%, 1.78% and 2.11% respectively – i.e. 1, 2, 2 and 2 basis points higher than the levels observed on 5 October. Consequently, the spread between the twelve-month and one-month EURIBOR – an indicator of the slope of the money market yield curve – rose 1 basis point to stand at 75 basis points on 2 November (see Chart 11).

The three-month EONIA swap rate stood at 0.71% on 2 November, 3 basis points lower than on 5 October. The corresponding unsecured rate increased by 2 basis points to stand at 1.58% on 2 November, resulting in the spread between the unsecured three-month EURIBOR and the three-month EONIA swap rate increasing by 5 basis points to stand at 87 basis points.

The interest rates implied by the prices of three-month EURIBOR futures maturing in December 2011 and March, June and September 2012 stood at 1.31%, 1.06%, 1.05% and 1.10% respectively on 2 November, representing increases of 7 and 1 basis points and decreases of 1 and 1 basis point respectively by comparison with the levels observed on 5 October.

Chart 11 Money market interest rates

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



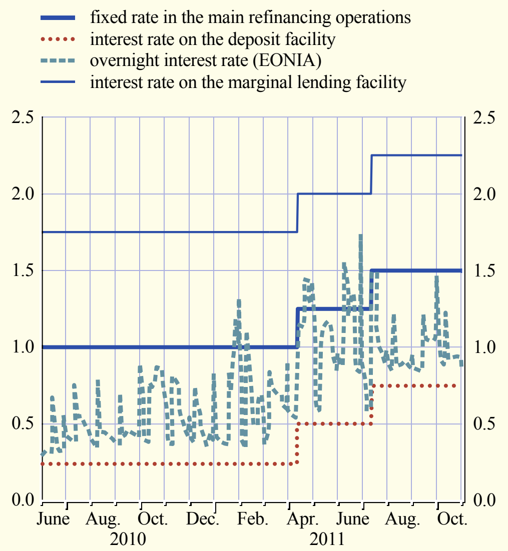
Sources: ECB and Thomson Reuters.

Between 5 October and the end of the ninth maintenance period on 11 October, the EONIA remained stable at around 0.95% amid conditions of continued excess liquidity, before spiking to 1.22% on the last day of the maintenance period. During the remainder of October the EONIA stood marginally closer to the main refinancing rate than it had in the previous maintenance period, before decreasing at the beginning of November. On 2 November the EONIA stood at 0.90% (see Chart 12). Overall, these EONIA developments reflected a combination of banks' preference for fulfilling their reserve requirements early in the maintenance period and the overall amount of excess liquidity.

Between 5 October and 2 November the Eurosystem conducted a number of refinancing operations. On 11 October it conducted a fine-tuning operation in which €163.0 billion was absorbed in order to counter a liquidity surplus that emerged at the end of the ninth maintenance period of 2011. In the main refinancing operations of the tenth maintenance

Chart 12 ECB interest rates and the overnight interest rate

(percentages per annum; daily data)



Sources: ECB and Thomson Reuters.

period, which were conducted on 11, 18, 25 and 31 October, the Eurosystem allotted €204.9 billion, €201.2 billion, €197.4 billion and €182.8 billion respectively. The Eurosystem also conducted three longer-term refinancing operations in October, all as fixed rate tender procedures with full allotment: a special-term refinancing operation on 11 October with a maturity of one maintenance period (in which €59.0 billion was allotted); a twelve-month longer-term refinancing operation on 26 October (in which €56.9 billion was allotted); and a three-month longer-term refinancing operation on 26 October (in which €44.6 billion was allotted). The Eurosystem also conducted four one-week liquidity-absorbing operations on 11, 18, 25 and 31 October as variable rate tender procedures with a maximum bid rate of 1.50%. With these operations, the Eurosystem also absorbed in full the liquidity provided by means of purchases carried out under the Securities Markets Programme.

The tenth maintenance period of the year, which began on 12 October, was characterised by high levels of excess liquidity, with average daily recourse to the deposit facility standing at €192 billion on 2 November.

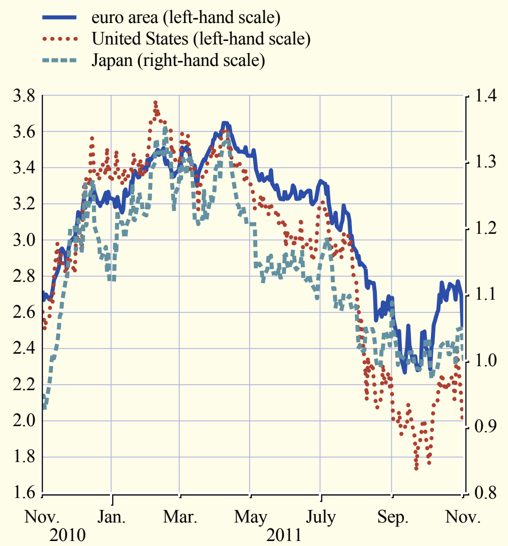
2.4 BOND MARKETS

In the course of October and early November 2011, yields on AAA-rated long-term euro area government bonds increased, as did comparable yields on US government bonds. Developments in government bond yields were largely driven by expectations ahead of the meeting of the euro area Heads of State or Government scheduled for 26 October. Following the announcement of the decisions taken by the euro area Heads of State or Government, long-term yields increased further as market sentiment continued to improve. However, parts of the increases in long-term yields were reversed as market sentiment deteriorated sharply after the surprise announcement by the Greek Prime Minister of a vote of confidence on the Greek government and a Greek referendum. Apart from developments related to the euro area sovereign debt crisis, some better than expected economic data for the United States eased investors' fears of a global economic slowdown and contributed to upward pressure on long-term government bond yields. As the tensions related to the euro area sovereign debt crisis continued to be severe, uncertainty about future bond market developments, as measured by implied bond market volatility, increased and intra-euro area sovereign bond yield spreads widened further for most countries. At the same time, market-based indicators of inflation expectations suggest that market participants' inflation expectations remain fully consistent with price stability.

Between the end of September and 2 November, AAA-rated long-term euro area government bond yields rose by 18 basis points to stand at 2.6% at the end of the period under review. In the United States, long-term bond yields increased less, namely by 7 basis points, and stood at 2.0% on 2 November (see Chart 13). Consequently, the nominal interest rate differential between ten-year government bond yields in the United States and those in the euro area increased over the period under review. In Japan, ten-year bond yields remained broadly unchanged over the period under review, standing at 1.0% on 2 November.

Chart 13 Long-term government bond yields

(percentages per annum; daily data)



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

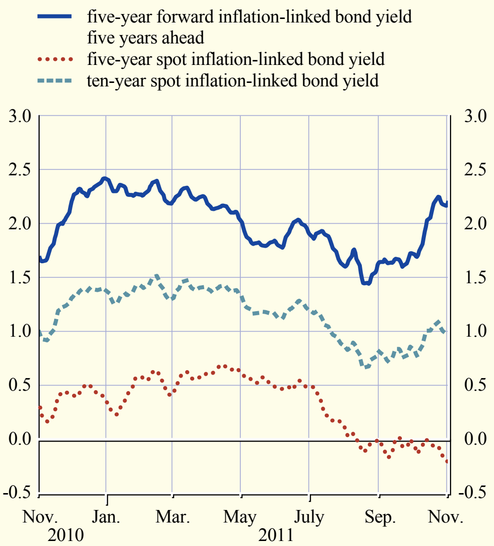
Overall, investors' uncertainty about near-term bond market developments in the euro area and in the United States, as measured by option-implied volatility, increased in the period under review. Both in the euro area and in the United States, implied bond market volatility rose markedly up to the meeting of the euro area Heads of State or Government on 26 October, reflecting investors' uncertainty about the outcome of that meeting. Following the surprise announcement by the Greek Prime Minister of a vote of confidence on the Greek government and a Greek referendum, implied bond market volatility increased even more. On 2 November, euro area implied bond market volatility stood at levels comparable to the peak observed in mid-August 2011. The level of implied bond market volatility in the United States is currently significantly lower than in the euro area.

In the first part of the reference period, developments in AAA-rated long-term euro area and US government bond yields were largely driven by the expectation that the outcome of the meeting of the euro area Heads of State or Government on 26 October would lead to improved market conditions, as important steps to deal with the euro area sovereign debt crisis were anticipated. Following the announcement of the decisions taken on 26 October, long-term yields increased further amid improved market sentiment. However, parts of the increases in long-term yields were reversed as market sentiment deteriorated sharply after the surprise announcement by the Greek Prime Minister of a vote of confidence on the Greek government and a Greek referendum. Apart from the developments related to the euro area sovereign debt crisis, some better than expected economic data for the United States eased investors' fears of a global economic slowdown and contributed to upward pressure on long-term government bond yields. As the tensions related to the euro area sovereign debt crisis continued to be severe, demand for highly rated and liquid government bonds remained at a high level.

During the period under review, euro area sovereign yield spreads vis-à-vis those of German sovereign bonds widened further for most countries. At the same time, demand for highly rated and liquid government bonds continued to depress German sovereign bond yields. Spain was downgraded by all three major rating agencies, whereas both Belgium and Italy were downgraded by one rating agency. In addition, Moody's warning that France's rating outlook might be changed

Chart 14 Euro area zero coupon inflation-linked bond yields

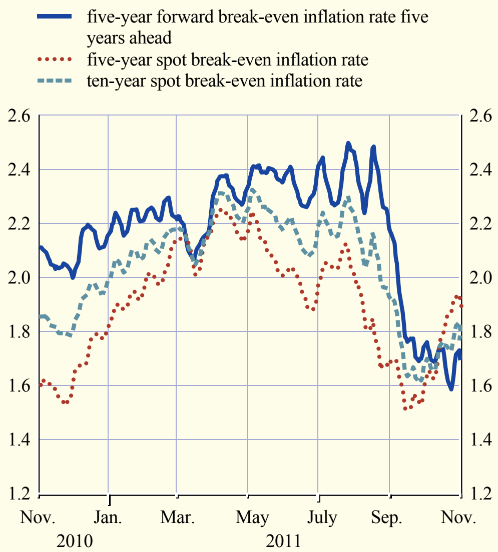
(percentages per annum; five-day moving averages of daily data; seasonally adjusted)



Sources: Thomson Reuters and ECB calculations.

Chart 15 Euro area zero coupon break-even inflation rates

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



Sources: Thomson Reuters and ECB calculations.

to negative in the next three months weighed on market sentiment, on some days during the period under review pushing the France sovereign yield spread vis-à-vis German sovereign bonds to levels not seen in the last 19 years. Following the meeting of the euro area Heads of State or Government on 26 October, euro area sovereign yield spreads vis-à-vis those of German sovereign bonds temporarily narrowed significantly. However, this was reversed as spreads widened sharply following the surprise announcement by the Greek Prime Minister.

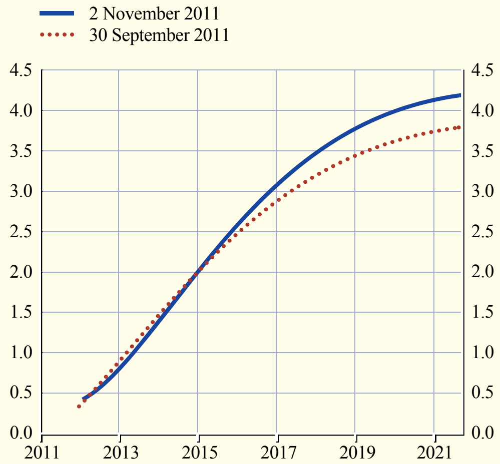
Yields on five-year inflation-linked euro area government bonds declined slightly over the period under review, while ten-year inflation-linked euro area government bonds increased by around 30 basis points (see Chart 14). On 2 November, five and ten-year spot real yields stood at -0.2% and 1.0% respectively. Over the same period, implied forward break-even inflation rates (five-year forward five years ahead) in the euro area declined by 32 basis points, standing at 1.4% on 2 November (see Chart 15). The corresponding inflation swap rates increased by 13 basis points to stand at 2.1% on the same date. Break-even inflation rates were volatile over the past months, reflecting the high volatility of nominal and real bond yields against the background of market tensions and safe-haven flows. Inflation expectations inferred from bond markets have thus been more volatile than those based on signals received from the inflation swap markets. The low levels of forward break-even inflation rates in comparison with those of inflation swap rates can be attributed to safe-haven demand depressing the yields on nominal bonds relative to inflation-linked bond yields. Overall, market-based indicators suggest that market participants' inflation expectations remain fully consistent with price stability.

The general pattern of AAA-rated long-term euro area bond yields can be decomposed into changes in interest rate expectations (and related risk premia) at different horizons (see Chart 16). Compared with the end of September, the term structure of short-term forward rates shifted upwards for long-term maturity horizons. Beyond maturity horizons of around six years, short-term forward rates shifted upwards by around 30 to 40 basis points. These developments reflected adjustments to yield expectations and risk premia amid some improvement in the outlook for global economic activity.

The spreads on investment-grade corporate bonds issued by non-financial corporations decreased in the period under review, except for those in the highest rating class, which remained broadly unchanged. Spreads on investment-grade corporate bonds issued by financial corporations decreased for all classes, but most markedly in the case of the lower rating classes. These developments may reflect some improvements in investors' sentiment regarding riskier assets. Furthermore, the agreement reached by members of the European Council on bank recapitalisation and the need to ensure a medium-term funding of banks may have been perceived as positive news by investors in bonds issued by financial corporations.

Chart 16 Implied forward euro area overnight interest rates

(percentages per annum; daily data)



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

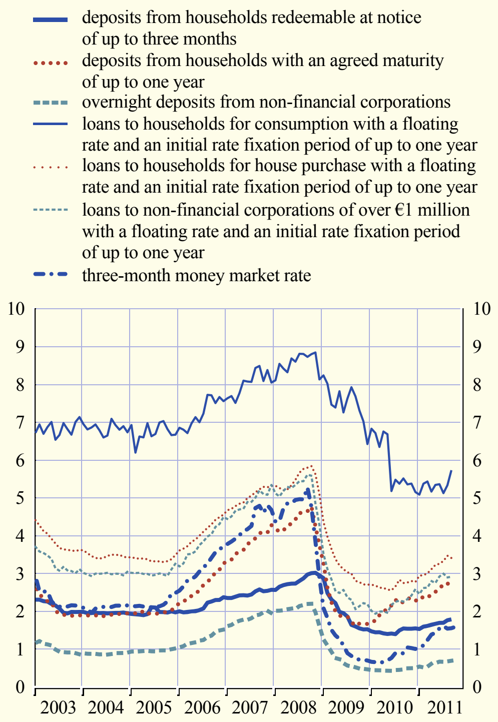
2.5 INTEREST RATES ON LOANS AND DEPOSITS

In September 2011 MFI interest rates developed along somewhat mixed lines across maturities. Short-term interest rates tended to increase, albeit only slightly, in the case of most lending categories, whereas long-term rates declined, after the significant volatility recorded in recent months.

In September 2011 short-term MFI interest rates remained broadly unchanged in the case of deposits, while they tended to increase across most lending categories. Short-term interest rates on deposits from households and non-financial corporations were indeed stable in September (see Chart 17). By contrast, MFI interest rates on short-term loans to households declined slightly, by 6 basis points, in the case of loans for house purchase, while they increased markedly, by about 40 basis points, in the case of consumer credit. Interest rates on overdrafts rose by 7 basis points for non-financial corporations and by 6 basis points for households. MFI lending rates for small corporate loans (i.e. loans of up to €1 million) increased slightly, by 8 basis points, in September 2011, while bank lending rates on large loans (i.e. loans of more than €1 million) with a rate fixation period of up to one year remained broadly unchanged. With the EURIBOR increasing marginally, by about 4 basis points, in September, both the spread vis-à-vis short-term MFI lending rates on loans to households and that vis-à-vis large-sized loans to non-financial corporations decreased somewhat (see Chart 18).

Chart 17 Short-term MFI interest rates and a short-term market rate

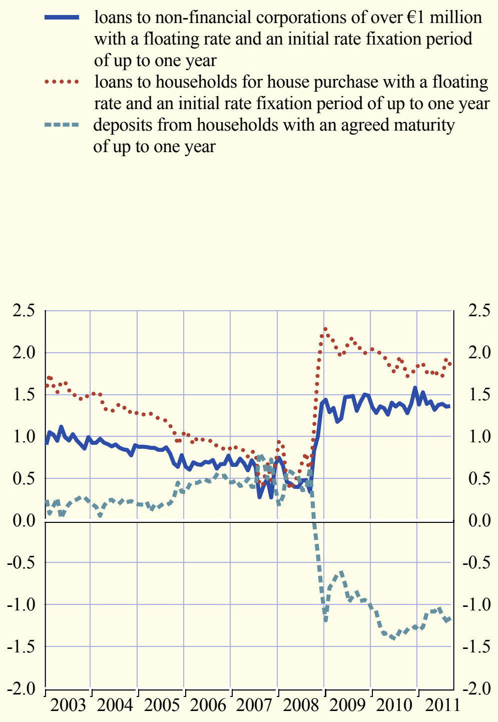
(percentages per annum; rates on new business)



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).

Chart 18 Spreads of short-term MFI interest rates vis-à-vis the three-month money market rate

(percentage points; rates on new business)



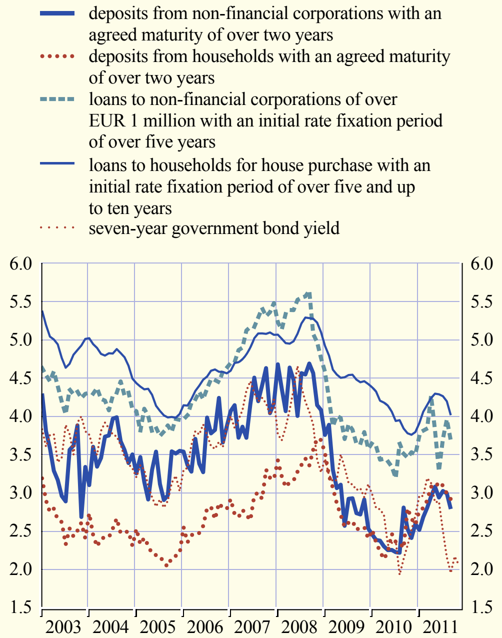
Source: ECB.
Notes: For the loans, the spreads are calculated as the lending rate minus the three-month money market rate. For the deposits, the spread is calculated as the three-month money market rate minus the deposit rate. Data as of June 2010 may not be fully comparable with those prior to that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

Taking a longer-term perspective, a significant pass-through of changes in market rates to bank lending rates took place during the latest cycle of monetary policy easing (between October 2008 and March 2010). The subsequent increase in the three-month EURIBOR in the period from April 2010 to July 2011 was partly reflected in short-term bank lending rates on both loans to non-financial corporations and loans to households for house purchase, while the rate on loans to households for consumption remained broadly stable (once the statistical reclassification of June 2010 is disregarded).

In the case of longer-term maturities, MFI lending rates tended to decline for both households and non-financial corporations (see Chart 19). More specifically, the rates on loans to households for house purchase with an initial rate fixation period of over five and up to ten years decreased by 20 basis points in September, while those on loans for consumption with an initial rates fixation period of over five years remained broadly unchanged. Corporate lending rates on small-sized loans with an initial rate fixation period of over five years fell by about 10 basis points, to 4.2%, while those on large loans with similar maturity decreased by about 30 basis points, to 3.7%.

Chart 19 Long-term MFI interest rates and a long-term market rate

(percentages per annum; rates on new business)



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

In September 2011 spreads vis-à-vis AAA-rated seven-year government bond yields varied only very slightly. In particular, the spread between long-term rates on loans to households for house purchase and the yield on AAA-rated seven-year government bonds remained broadly unchanged, at about 200 basis points. For non-financial corporations, the spread of such yields vis-à-vis large-sized loans contracted slightly, while the spread vis-à-vis small-sized loans rose by 8 basis points.

Viewed from a longer-term perspective, lending rates to households and rates on small-sized long-term corporate loans have generally shown a somewhat incomplete and sluggish pass-through, whereas lending rates on large long-term corporate loans have evolved more in line with the yields on AAA-rated long-term government bonds. The historical regularities between long-term lending rates and the yields on corresponding AAA-rated government bonds may have been distorted significantly by the balance sheet vulnerabilities of euro area banks and the tensions on their funding costs, as well as by the liquidity premium priced into AAA-rated sovereign bond yields.

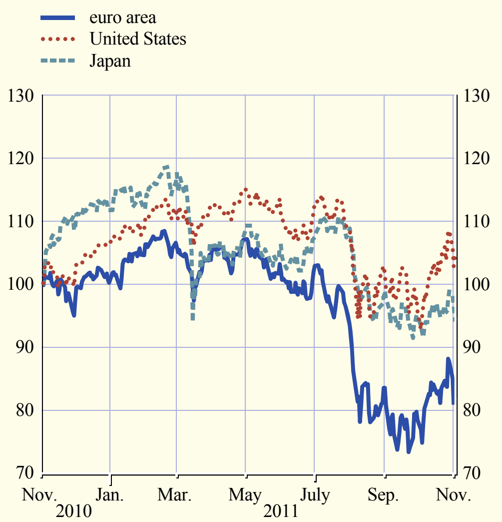
2.6 EQUITY MARKETS

In the course of October and early November, stock prices rose in both the euro area and the United States. The increase in stock prices mainly reflected expectations ahead of the meeting of the euro area Heads of State or Government on 26 October. Following the announcement of the decisions taken at the meeting, stock prices rose sharply as market sentiment continued to improve. However, large parts of the stock price gains were reversed as market sentiment deteriorated sharply after the surprise announcement by the Greek Prime Minister of a vote of confidence on the Greek government and a Greek referendum. Apart from developments related to the euro area sovereign debt crisis, the increase in stock prices also reflected some better than expected economic data for the United States, which eased investors' fear of a global economic slowdown. Stock market uncertainty, as measured by implied volatility, decreased on both sides of the Atlantic but remained at levels comparable to those observed in May 2010.

Euro area and US stock prices rose in the period under review. Overall, euro area stock prices, as measured by the broad-based Dow Jones EURO STOXX index, increased by 4.5% between the end of September and 2 November. The Standard and Poor's 500 index in the United States increased by 9.4% (see Chart 20). Over the same period, stock prices in Japan, as measured by the Nikkei 225 index, were down, by 1%.

Chart 20 Stock price indices

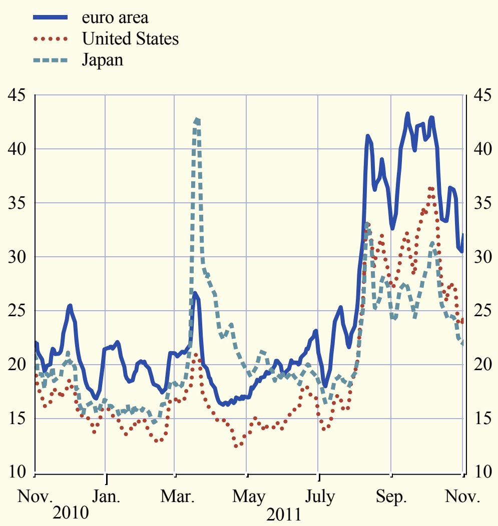
(index: 1 November 2010 = 100; daily data)



Source: Thomson Reuters.
Notes: 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 21 Implied stock market volatility

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



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

The increase in stock prices mainly reflected expectations ahead of the meeting of the euro area Heads of State or Government on 26 October. Following the announcement of the decisions taken at the meeting, stock prices rose sharply as market sentiment continued to improve. However, large parts of the stock price gains were reversed as market sentiment deteriorated sharply after the surprise announcement by the Greek Prime Minister of a vote of confidence on the Greek government and a Greek referendum. Apart from developments related to the euro area sovereign debt crisis, the increase in stock prices also reflected some better than expected economic data for the United States, which eased investors' fear of a global economic slowdown. For euro area corporations that are included in the Dow Jones EURO STOXX index, data on corporate earnings showed that the growth of the actual annual earnings per share dropped to 8% in October, after 11% in September. At the same time the earnings-per-share growth 12 months ahead expected by market participants also decreased to 8% in October, after 10% in September.

In both the euro area and the United States, stock market uncertainty, as measured by implied volatility, decreased in the period under review (see Chart 21). This development was mainly driven by more optimism as regards the global economy. However, the levels of implied stock market volatility are still comparable to those observed in May 2010.

Overall, stock price indices in the euro area increased across most sectors in the course of October and early November. In the first part of the period under review, euro area financial stock prices rose far less than those in most other sectors, reflecting uncertainty about the size of the haircuts on Greek government debt, recapitalisation requirements and negative rating developments affecting many banks. However, following the agreement reached by members of the European

Council on 26 October, including the need to ensure the medium-term funding of banks, financial stock prices increased sharply. These gains were, however, more than reversed after the surprise announcement by the Greek Prime Minister, and financial stock prices in the euro area declined by around 1% between the end of September and 2 November. In the period under review, stocks in the euro area consumer services, healthcare, telecommunication and utility sectors also performed less well than the other sectors. In the United States, financial stocks were among those of the better-performing sectors, while stocks in consumer services and goods, healthcare, telecommunication and utilities were among the underperforming sectoral stocks.

Box 2

INTEGRATED EURO AREA ACCOUNTS FOR THE SECOND QUARTER OF 2011[1]

The integrated euro area accounts up to the second quarter of 2011 that were released on 28 October 2011 offer comprehensive information on the income, spending, financing and portfolio decisions of institutional sectors in the euro area. The latest data can be interpreted as signalling a pause in the sectoral rebalancing of financial deficits/surpluses initiated in previous quarters: the household savings rate increased somewhat, although it remained at low levels; the net borrowing of non-financial corporations (NFCs) stopped increasing; and the improvements recorded in the two previous quarters in governments' deficits were partially reversed in the second quarter. At the same time, the latest data confirm the re-intermediation movement already noted in the data for the first quarter of 2011, consistent with a smoother flow of bank credit.

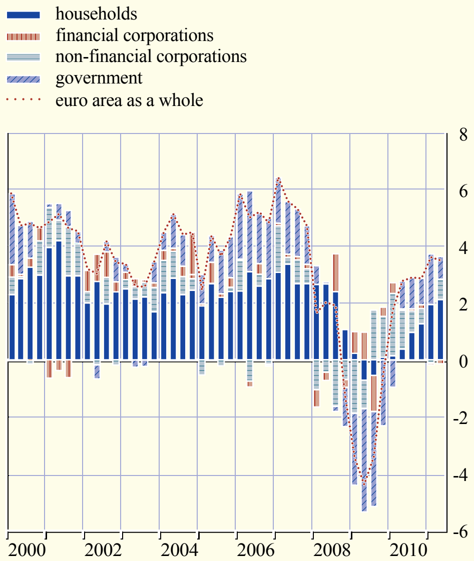
Euro area income and net lending/net borrowing

Nominal gross disposable income growth of the euro area stabilised at an annual rate of 3.5% in the second quarter of 2011, reflecting the slowdown in activity in the second quarter (see Chart A).

The fact that euro area income rose at a faster pace than consumption (including low government consumption growth of less than 1%) translated into a solid yearly increase in gross saving of the euro area. This growth in saving concerned all three non-financial sectors: governments again reduced their level of dissaving (though it still remained high), while households' saving increased in the second quarter, after a few quarters of contraction, and retained earnings of NFCs returned to positive growth in the second quarter. The growth of gross capital formation

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

(annual percentage changes; percentage point contributions)

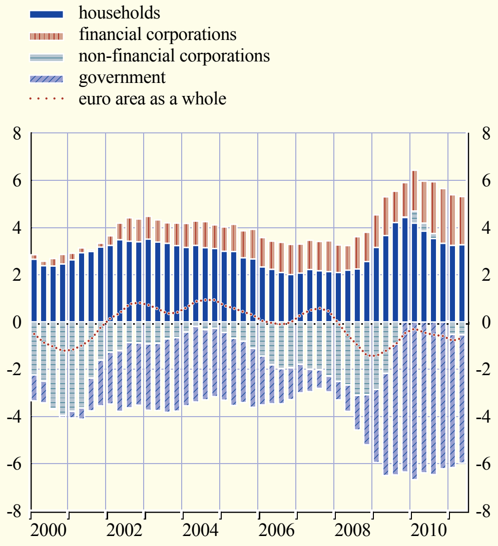


Sources: Eurostat and ECB.

1 Detailed data can be found on the ECB's website at http://sdw.ecb.europa.eu/browse.do?node=2019181.

Chart B Net lending/net borrowing of the euro area

(percentages of GDP; four-quarter moving sums)



Sources: Eurostat and ECB.

declined to 4.8%, year on year, in the second quarter of 2011, owing to less dynamic gross fixed capital formation (in part reflecting the reversal of sizeable favourable weather effects in the first quarter) and despite robust restocking.

With an increase in saving somewhat stronger than that of total investment, the net lending/net borrowing of the euro area improved (to a net borrowing of 0.7% of GDP in the second quarter of 2011, on a four-quarter sum basis). From a sectoral point of view, this reflects, on a seasonally adjusted basis, an increase in households' net lending and a reduction in NFCs' net borrowing, which compensates for a deterioration in the government balance, after two quarters marked by a swift reduction of deficits (on a four-quarter moving sum basis, however, the government deficit declined again).[2]

The mirror image of these economic developments can be seen in the external accounts, with a reduction of the external deficit that reflected improved net property income (reinvested earnings on foreign direct investment). Regarding the funding of the net financing requirement of the euro area, there were increased net inflows in debt securities, while net equity inflows moderated and net outflows in deposits remained elevated. Looking at gross exposures, cross-border transactions continued to expand by substantial amounts, in the order of €150-€200 billion per quarter (after €500-€600 billion per quarter at the peak of the boom), with strong inward inflows in debt securities, with preference being given to higher rated issuers.

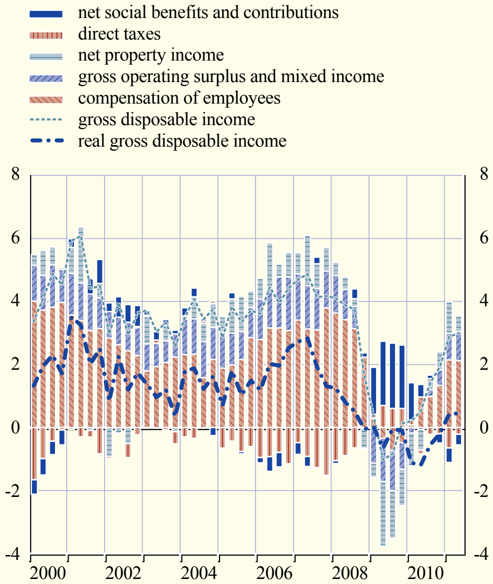
Behaviour of institutional sectors

Households' nominal income growth stabilised (+3.0%, year on year) in the second quarter of 2011, as growth in salaries and in mixed income levelled off. The significant negative contribution that income flows to and from the government (net social transfers and tax payments) make to households' income decreased in the first quarter. This merely compensated for a parallel reduction of the positive contribution of net property income earned (e.g. dividends) to households' income growth (see Chart C). Households' real income increased slightly, year on year, for the second consecutive quarter, following a period of contraction on account of, in particular, high commodity price-driven inflation (end-2010). As yearly income growth has gradually caught up with nominal private consumption growth, the further erosion of household precautionary savings came to a halt. Indeed, the household saving ratio even started to increase somewhat, to 13.9% on a seasonally adjusted basis (see Chart D), although it remained low, close to pre-crisis levels. Given that households' saving flows increased again, year on year, and that investment remained

2 The net lending/net borrowing of a sector is the balance of its capital account, which measures the excess of saving and net capital transfers received over capital investments (net lending), or vice versa (net borrowing). It is also the balance of the financial accounts, which measures the difference between transactions in financial assets and transactions in liabilities.

Chart C Households' nominal gross disposable income

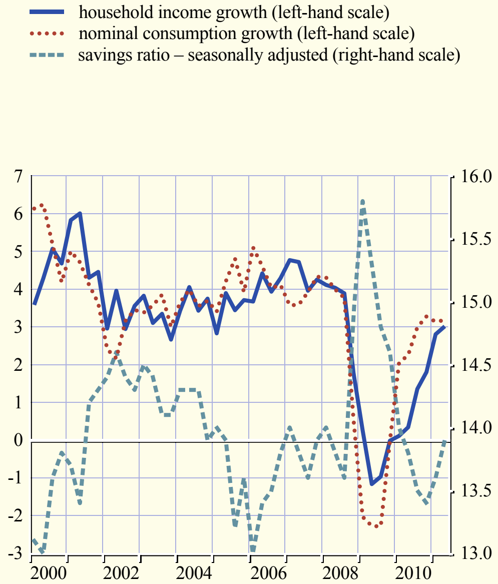
(annual percentage changes; percentage point contributions)



Sources: Eurostat and ECB.

Chart D The growth of households' income and consumption, and their savings ratio

(annual percentage changes; percentage of gross disposable income, four-quarter moving sum)



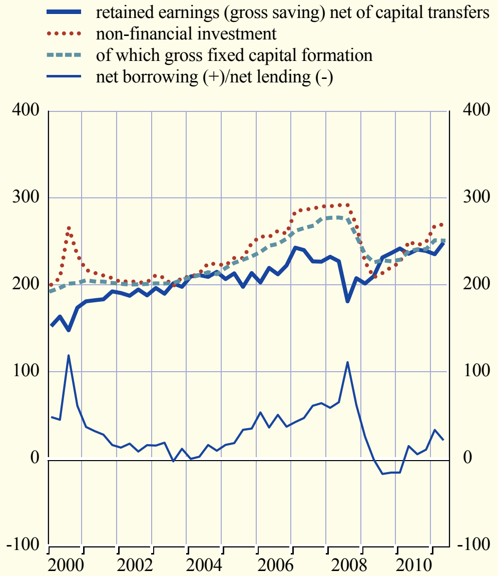
Sources: Eurostat and ECB.

subdued, their net lending position started to increase. As growth in financing decreased, financial asset accumulation by households nonetheless remained subdued, with a portfolio shift towards bank-intermediated funds being recorded.

The growth in the gross operating surplus of *NFCs* again declined markedly in the second quarter, as value added growth decelerated, while the growth of the compensation of employees remained stable. However, the increase in net property income earned and a far slower growth of corporate tax paid caused NFCs' savings to pick up again, from an already rather high level (see Chart E). With slowly increasing fixed capital investment (at still fairly depressed levels), but strong restocking, NFCs' net borrowing stabilised at moderate levels. This cautiously expansionary disposition on the part of NFCs can also be observed in the somewhat faster growth of financing on a consolidated basis. Signs of a

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

(EUR billions, seasonally adjusted)



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

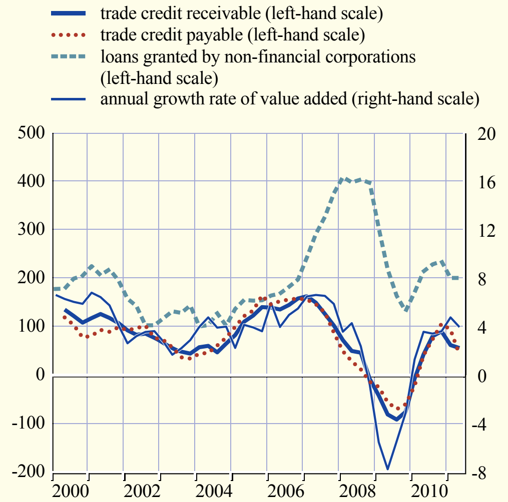
re-intermediation of NFCs' external financing were confirmed: MFI lending increased (€38 billion per quarter in the first half of 2011, the strongest net quarterly flow since the fourth quarter of 2008), with short-term loans rising particularly strongly on the back of restocking. The robust market funding and buoyant intra-sector lending (trade credit and intra-group credit) observed in 2009-10 moderated further in the first half of 2011. NFCs stepped up purchases of quoted shares, but also further augmented liquidity buffers (deposits and mutual funds).

The second quarter of 2011 saw an interruption (on a seasonally adjusted basis) of the rapid reduction of *government* deficits over the two previous quarters, as a result of a weaker growth of revenues and notably lower growth in VAT receipts. On the spending side, year-on-year growth in total expenditure remained close to zero in the second quarter, reflecting the impact of sizeable consolidation measures (including zero annual growth in compensation of employees), despite significant increases in interest payments. On a four-quarter moving-sum basis, the deficit fell to 5.5% of GDP, from a peak of 6.7% in the first quarter of 2010. Debt issuance remained elevated.

The disposable income of *financial corporations* fell, year on year, as a result of dividends paid increasing more than dividends earned, while value added plus net interest earned continued to rise. Sizeable net retained earnings (€40 billion per quarter) continued to compensate for valuation losses in recent quarters. In addition, losses on debt securities issued by some governments were in part compensated for by gains on debt securities issued by other governments. Financial corporations' net assets, measured at market value, remained high, significantly stronger than

Chart F Loans granted by non-financial corporations and their trade credit receivable and payable

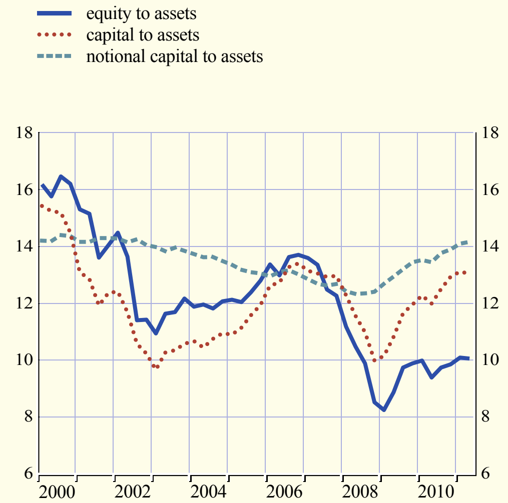
(four-quarter moving sums in EUR billions; annual percentage changes)



Sources: Eurostat and ECB.
Note: Trade credit receivable and payable are estimated by the ECB, on the basis of partial information.

Chart G Capital ratios of financial institutions excluding mutual funds

(percentage of total financial assets)



Sources: ECB.
Note: "Equity" comprises shares and other equity other than mutual fund shares. "Capital" is defined as the difference between financial assets and liabilities other than equity. All assets and liabilities are valued at market value. The "notional capital to assets" ratio is calculated on the basis of transactions in capital and assets, i.e. excluding changes in prices of assets and liabilities.

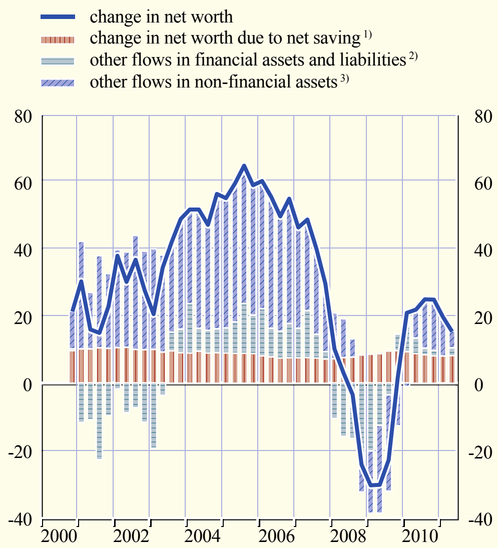
implied by their equity at market value (see Chart G). The gap between the two ratios has increased steadily since mid-2009 and suggests that the markets mistrust the sustainability of the business model of many financial institutions. In a context of deleveraging trends, additions to financial corporations' balance sheets remained modest, amounting to around €200 billion per quarter (excluding interbank transactions), compared with up to €1 trillion during the leverage boom. Finally, the pattern of pronounced financial disintermediation that emerged after the collapse of Lehman Brothers seems to be receding: households favour more intermediated funds and NFCs draw more on MFI funding to cover their external financing requirements.

Balance sheet dynamics

In the second quarter of 2011, the annual growth in households' net worth slowed down further to 15.2% of income (from 19.5% in the first quarter). Aside from the positive influence of net saving (8.1% of income), households benefited from significant holding gains (7.1% of income), most of which arose from increasing house prices, albeit at a slower pace. Overall, holding gains on financial assets remained subdued (year on year), after having been virtually non-existent in the previous quarter (see Chart H).

Chart H Change in the net worth of households

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



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

3 PRICES AND COSTS

Euro area annual HICP inflation was 3.0% in October according to Eurostat's flash estimate, unchanged from September. Inflation rates have been at elevated levels since the end of last year, mainly driven by higher energy and other commodity prices. Looking ahead, they are likely to stay above 2% for some months to come, before falling below 2% in the course of 2012. Inflation rates are expected to remain in line with price stability over the policy-relevant horizon. This pattern reflects the expectation that, in an environment of weaker euro area and global growth, price, cost and wage pressures in the euro area should also moderate. The risks to the medium-term outlook for price developments are broadly balanced.

3.1 CONSUMER PRICES

According to Eurostat's flash estimate, euro area annual HICP inflation was 3.0% in October 2011, unchanged from September (see Table 5). The annual rate of change was higher than expected. A detailed breakdown of HICP inflation into its main components is not yet available. However, data from the European Commission's weekly Oil Bulletin, which gives an indication of developments in approximately half of the energy component of the HICP, show that consumer prices for transport fuels and heating oil increased somewhat in October compared with the previous month.

In September, the last month for which an official breakdown is available, the annual rate of overall HICP inflation surged by 0.5 percentage point compared with August (see Chart 22). The rise in headline inflation reflected higher annual rates of change in all components – in particular non-energy industrial goods – with the exception of the services component, which remained unchanged.

Looking at the main HICP aggregates in more detail, energy inflation rose to 12.4%, from 11.8% in August. The increase mostly reflected higher annual rates of change in oil-related items (such as liquid fuels, and fuels and lubricants for personal transport equipment), which were driven by the increase in oil commodity prices in euro in September. By contrast, the annual rate of change in the price of electricity declined marginally.

The annual rate of change in unprocessed food prices increased to 1.4%, after diminishing in the previous three months, driven by rises in meat and fruit prices. The annual inflation rate of processed

Table 5 Price developments

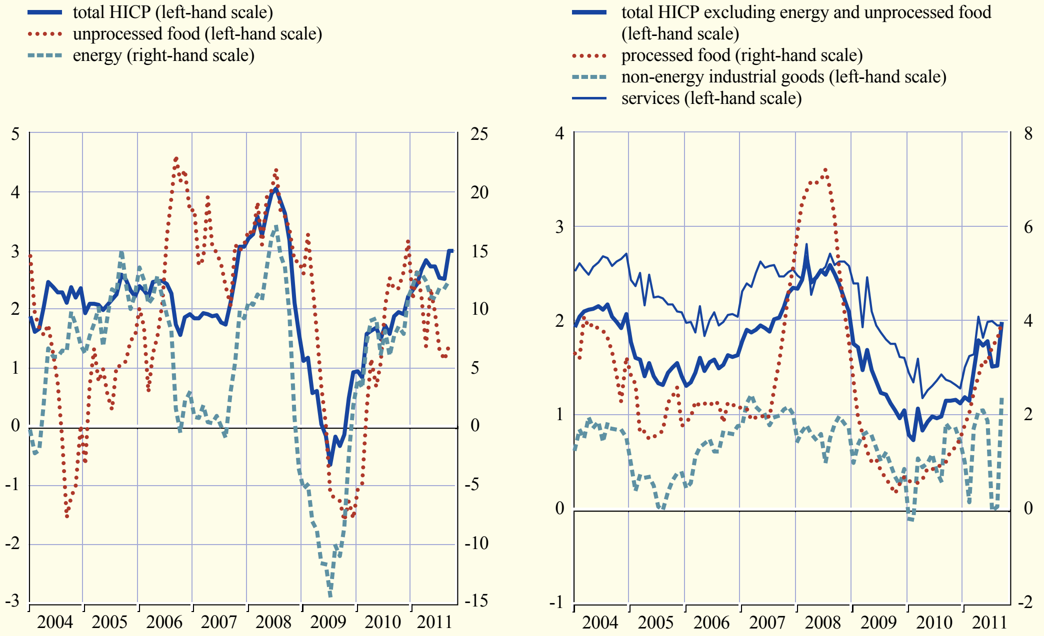
(annual percentage changes, unless otherwise indicated)

	2009	2010	2011 May	2011 June	2011 July	2011 Aug.	2011 Sep.	2011 Oct.
HICP and its components								
Overall index [1)]	0.3	1.6	2.7	2.7	2.5	2.5	3.0	*3.0*
Energy	-8.1	7.4	11.1	10.9	11.8	11.8	12.4	.
Unprocessed food	0.2	1.3	2.4	2.0	1.3	1.1	1.4	.
Processed food	1.1	0.9	3.2	3.1	3.4	3.6	4.0	.
Non-energy industrial goods	0.6	0.5	1.0	0.9	0.0	0.0	1.2	.
Services	2.0	1.4	1.8	2.0	2.0	1.9	1.9	.
Other price indicators								
Industrial producer prices	-5.1	2.9	6.2	5.9	6.1	5.8	.	.
Oil prices (EUR per barrel)	44.6	60.7	79.8	79.1	81.7	76.7	79.8	78.9
Non-energy commodity prices	-18.5	44.7	11.1	8.7	7.6	2.5	1.5	1.9

Sources: Eurostat, ECB and ECB calculations based on Thomson Reuters data.
1) HICP inflation in October 2011 refers to Eurostat's flash estimate.

Chart 22 Breakdown of HICP inflation: main components

(annual percentage changes; monthly data)



Source: Eurostat.

food prices increased further to 4.0% – the highest rate since November 2008 – reflecting higher annual rates of change in the prices of several sub-components, such as bread and cereals, as well as dairy products. The annual rate of change in tobacco prices increased for the third month in a row after having been on a declining path in the first half of the year.

Excluding all food and energy items, which represent around 30% of the HICP basket, annual HICP inflation increased to 1.6% in September 2011, up from 1.2% in July and August. HICP inflation excluding total food and energy is determined predominantly by domestic factors, such as wages, profit mark-ups and indirect taxes, and consists of two main components, namely non-energy industrial goods and services.

The annual rate of change in non-energy industrial goods rebounded to 1.2% in September, after dropping from 0.9% in June to nil in July and August. The drop recorded between June and July was almost entirely determined by the effects of the recent regulation on the treatment of seasonal products. As the effects of this regulation were negligible in September, around two-thirds of the increase in the annual rate of change in that month can be attributed to the unwinding of the statistical effect which had caused a downward distortion of inflation in the summer months, while the other one-third represents a genuine increase in the prices of several items, mainly garments and footwear.

Services price inflation remained unchanged at 1.9% in September, reflecting, on the one hand, lower annual rates of change in the sub-components transport and communication services and, on the other hand, higher rates for housing, as well as recreation and personal services.

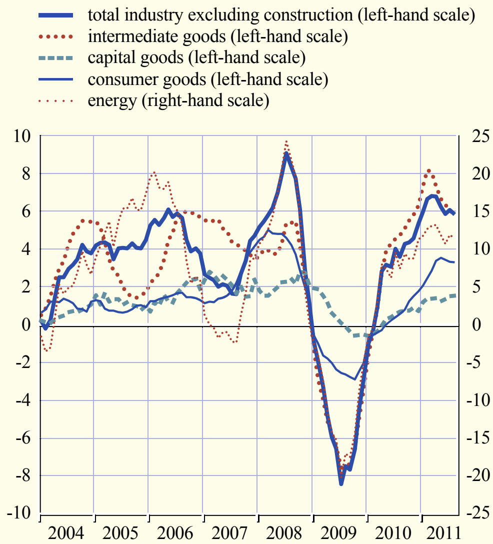
3.2 INDUSTRIAL PRODUCER PRICES

No new data have become available on industrial producer prices at the euro area level since the publication of the October issue of the Monthly Bulletin. Available country data suggest that the annual rate of change in euro area producer prices (excluding construction) is likely to remain unchanged in September 2011, following a moderate decline in August. In that month, industrial producer price inflation (excluding construction) declined to 5.8%, from 6.1% in July. This fall was due mainly to declines in the annual rates of change of the intermediate goods and energy components, reflecting the moderation in commodity prices. Excluding construction and energy, annual industrial producer price inflation fell from 4.1% to 3.9%. At later stages of the production chain, the rate of inflation in producer prices for consumer goods was unchanged at 3.3% in August, while consumer food prices continued on a gradual downward trend. This reflects an easing in the inflationary pressures stemming from EU food commodity prices and suggests further declines in the next months. By contrast, the annual rate of change in the non-food consumer goods component continued to increase, signalling continuing pipeline pressures for underlying consumer price inflation.

Survey information on producer prices in October pointed to a further easing in input price pressures (see Chart 24). Compared with September, almost all indicators decreased further, reportedly owing to the recent decreases in raw material prices. In the manufacturing sector, the input price index fell below the 50 mark for the first time since September 2009, signalling falling prices. The selling price index in the manufacturing sector also declined, to 50.0 in October from 51.3 in the previous month. In the services sector, the input price index registered a slight decrease after an increase in September, while the selling price index remained broadly unchanged, at 48.8.

Chart 23 Breakdown of industrial producer prices

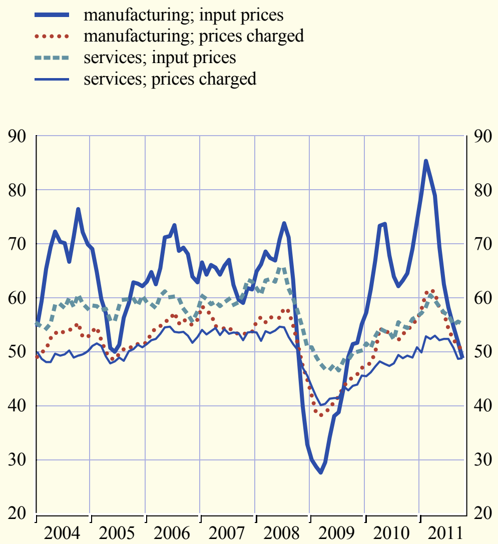
(annual percentage changes; monthly data)



Sources: Eurostat and ECB calculations.

Chart 24 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.

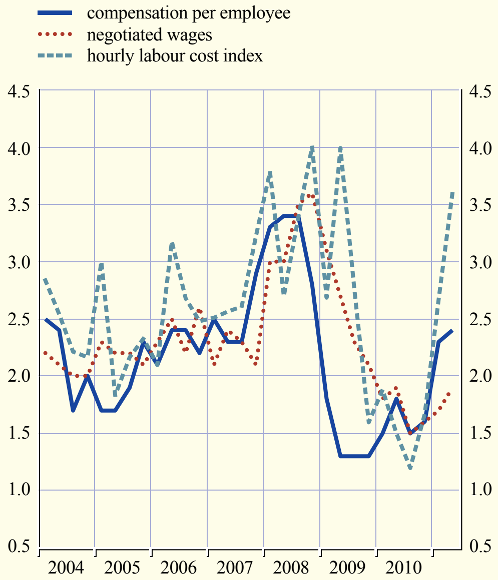
In sum, the declining trend in the overall annual rate of change in producer prices over recent months follows a general moderation in commodity price developments. The elevated levels of producer price inflation remain in line with expectations of ongoing pipeline pressures.

3.3 LABOUR COST INDICATORS

Domestic cost pressures in the euro area are increasing gradually on the labour cost side. Labour cost indicators in the second quarter of 2011 were higher than expected. Wage growth developments had remained relatively moderate in the recent past, reflecting inter alia some slack in euro area labour markets. However, preliminary information on negotiated wages for August confirmed that the acceleration in annual growth rates witnessed in the first half of the year was not just temporary and that wages will most likely continue to grow at a higher pace in the near future.

Chart 25 Selected labour cost indicators

(annual percentage changes; quarterly data)



Sources: Eurostat, national data and ECB calculations.

Euro area negotiated wages grew at 1.9% year on year in the second quarter of 2011, after 1.7% in the previous quarter (see Table 6 and Chart 25). The annual rate of growth in hourly labour costs surged to 3.6% in the second quarter. This acceleration was broad based across sectors (see Chart 26), but was particularly strong in the industrial sector. At the country level, Germany appears to be the main driver behind the acceleration in hourly labour costs, owing to both increasing bonus payments and the further phasing-out of short-time work schemes. Overall, non-wage costs continued to grow at a faster rate than the wages and salaries component of euro area hourly labour costs.

Against the background of a slowdown in real GDP in the second quarter of 2011, annual labour productivity growth declined sharply to 1.1%, from 2.1% in the first quarter, while the rate of change in compensation per employee increased marginally to 2.4%, following a strong upward revision of the data in the first quarter. Consequently, unit labour cost growth increased to 1.3%

Table 6 Labour cost indicators

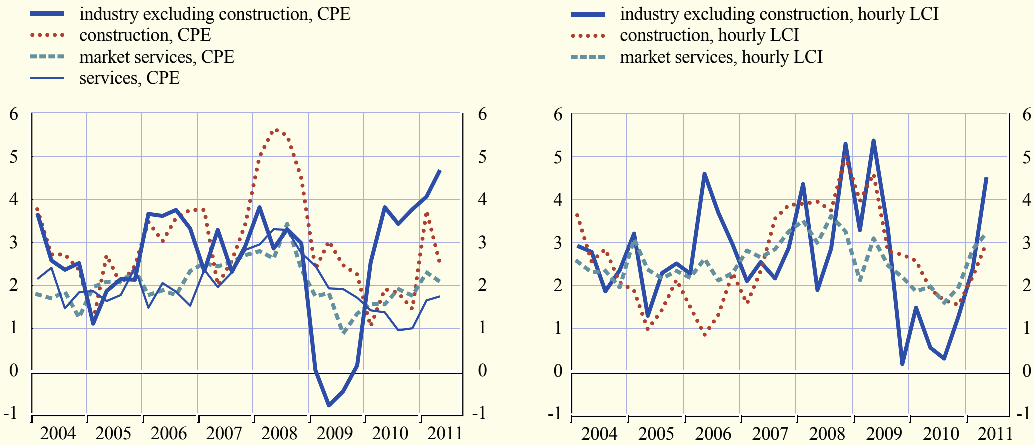
(annual percentage changes, unless otherwise indicated)

	2009	2010	2010 Q2	2010 Q3	2010 Q4	2011 Q1	2011 Q2
Negotiated wages	2.6	1.7	1.9	1.5	1.6	1.7	1.9
Hourly labour cost index	2.8	1.6	1.5	1.2	1.7	2.7	3.6
Compensation per employee	1.4	1.6	1.8	1.5	1.6	2.3	2.4
Memo items:							
Labour productivity	-2.4	2.3	2.7	2.2	1.7	2.1	1.1
Unit labour costs	3.9	-0.7	-0.8	-0.7	-0.1	0.2	1.3

Sources: Eurostat, national data and ECB calculations.

Chart 26 Sectoral labour cost developments

(annual percentage changes; quarterly data)



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

year on year in the second quarter of 2011, from 0.2% in the previous quarter, after remaining in negative territory in 2010. Looking ahead, the latest surveys point to a further moderation in productivity growth in the coming quarters, suggesting higher unit labour cost growth, which would also fuel domestic price pressures in the euro area.

3.4 EURO AREA RESIDENTIAL PROPERTY PRICES

Euro area residential property prices increased by 1.1% year on year in the second quarter of 2011, decelerating from 2.3% in the first quarter of 2011 and 2.8% in the fourth quarter of 2010. For more details, see Box 3.

Box 3

RECENT HOUSE PRICE DEVELOPMENTS IN THE EURO AREA

Euro area residential property prices[1] increased by 1.1% year on year in the second quarter of 2011, decelerating from 2.3% in the first quarter of 2011 and 2.8% in the fourth quarter of 2010. This deceleration implies a halt to the recovery in euro area house price dynamics that started at the end of 2009 and brought the house price index close to the levels observed before the start of the financial crisis (see the chart). This halt in the recovery occurred at rates that were well below the average nominal annual growth rate of over 5% observed in the period since 1999.

1 Since early 2010 the ECB has compiled its residential property price indicator for the euro area at a quarterly frequency. For Germany, quarterly figures are derived from annual price data (using, inter alia, early information available from big cities), while for Italy, quarterly figures are derived from biannual observations (by using, inter alia, quarterly indicators). The publication in early 2011 of the annual German and biannual Italian data for 2010 did not entail significant revisions to the earlier estimated quarterly data, thereby providing evidence that the assumptions underlying the quarterly estimations for Germany and Italy were reasonable. For further details, see the box entitled "Recent housing market developments in the euro area", *Monthly Bulletin*, ECB, December 2010.

The bumpy and muted recovery in euro area house prices is likely to reflect the substantial misalignment of house prices with fundamentals that built up in a number of countries in the pre-crisis period. While the overvaluation of house prices has declined over the past three years, it still exists and further unwinding is expected.[2] The uneven recovery in house price growth also reflects the confluence of different factors with an impact on housing markets more generally. Bank lending rates are at low levels, but banks' credit standards have tightened again somewhat in recent quarters. In addition, the uncertainty surrounding households' income prospects – and thus the risk of a deterioration in the affordability of housing – has further increased.

Residential property prices (nominal)

(index: 2005 =100; year-on-year percentage changes)

Sources: ECB, national data and ECB calculations.
Note: See footnote 1 in the text for details regarding the compilation of the nominal index.

The latest developments in euro area house prices continue to mask very different patterns across countries. The deceleration recorded during the first half of 2011 was relatively broad based, but took place in the context of rather different magnitudes of growth (see the table). For instance, Belgium, France, Austria and Portugal

2 For a more detailed discussion of house price cycles in the euro area and the United States, see the article entitled "House price developments in the euro area and the United States" in this issue of the Monthly Bulletin.

Residential property prices (nominal) in the euro area

(annual percentage changes)

	Weight	2009	2010	2010		2011	2009				2010				2011	
				H1	H2	H1	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Belgium 1)	3.8	-0.4	5.4	4.9	5.9	3.1	0.9	-2.1	-1.4	1.2	3.8	5.9	5.8	5.9	3.2	3.0
Germany 2)	26.7	0.6	2.3	-	-	-	-	-	-	-	-	-	-	-	-	-
Estonia 3)	0.2	-35.9	0.1	-4.5	5.1	6.4	-34.9	-40.3	-37.4	-30.5	-8.1	-0.6	6.2	4.0	2.2	10.7
Ireland 2)	1.8	-13.7	-15.5	-14.9	-11.2	-11.8	-15.0	-18.8	-20.6	-19.1	-16.6	-13.0	-11.3	-11.0	-11.1	-12.4
Greece 3)	2.6	-3.7	-4.7	-3.2	-6.1	-4.9	-3.3	-2.5	-5.1	-4.0	-1.8	-4.7	-5.2	-7.0	-5.2	-4.5
Spain 2)	11.7	-6.7	-2.0	-1.9	-2.0	-5.5	-7.6	-7.7	-7.0	-4.4	-2.9	-0.9	-2.2	-1.9	-4.1	-6.8
France 1)	21.3	-7.1	6.4	3.7	9.0	8.3	-6.9	-9.3	-7.9	-4.4	1.4	6.1	8.4	9.6	8.9	7.7
Italy 2)	17.0	-0.4	0.1	-0.2	0.4	0.9	-	-	-	-	-	-	-	-	-	-
Cyprus 2)	0.2	-4.1	-2.5	-0.6	-4.3	-	-3.4	-5.8	-5.6	-1.5	0.0	-1.1	-2.4	-6.2	-	-
Luxembourg 3)	0.4	-2.1	4.5	3.5	5.4	4.0	0.6	-4.0	-2.6	-2.3	2.6	4.4	5.7	5.1	2.4	5.7
Malta 2)	0.1	-5.0	1.1	2.4	-0.2	-1.3	-9.9	-6.0	-2.5	-1.4	4.5	0.5	1.5	-2.0	-2.6	0.0
Netherlands 1)	6.4	-3.3	-2.0	-3.2	-0.8	-1.6	-0.3	-2.8	-5.1	-5.0	-4.3	-2.0	-0.6	-1.0	-1.2	-1.9
Austria 2)	3.1	3.6	5.7	5.5	5.9	-	4.3	4.9	3.4	1.9	5.7	5.3	5.0	6.8	3.9	-
Portugal 2)	1.9	0.4	1.8	1.4	2.2	0.4	2.7	0.3	-0.8	-0.6	1.3	1.6	2.9	1.6	0.6	0.2
Slovenia 1)	0.4	-8.2	2.8	2.6	3.1	-	-7.1	-9.8	-10.9	-5.0	1.1	4.1	4.6	1.5	1.1	-
Slovakia 1)	0.7	-11.1	-3.9	-6.0	-1.7	-2.7	-4.3	-13.4	-14.3	-12.3	-8.3	-3.7	-1.3	-2.1	-2.5	-2.8
Finland 1)	1.9	-0.3	8.7	10.9	6.6	3.7	-5.5	-3.6	0.4	7.9	11.4	10.3	8.0	5.2	4.2	3.2
Euro area 4)	100.0	-2.9	1.9	0.9	2.8	1.7	-2.4	-3.6	-3.9	-1.6	0.2	1.7	2.7	2.8	2.3	1.1

Sources: National data and ECB calculations.
Note: Weights are based on 2009 nominal GDP.
1) Existing dwellings (houses and flats), whole country.
2) All dwellings (new and existing houses and flats), whole country.
3) All flats, whole country.
4) The estimate of the euro area aggregate includes quarterly contributions for Germany and Italy based on interpolation and temporal disaggregation of data (annual data for Germany and semi-annual data for Italy) and, for Germany from 2008, quarterly data from seven big cities, compiled and adjusted by the Deutsche Bundesbank.

had positive annual growth rates, while in Ireland, Spain, and the Netherlands rates were still negative. In contrast, in some countries the recovery in house price growth continued in the first half of the year, but only at modest rates of positive annual growth, as in Italy, or still at negative rates, as in Greece, which had already seen renewed weakening in house price growth in 2010. The cross-country differences in the magnitude of annual house price growth remained substantial in the second quarter of 2011. The highest year-on-year increases were recorded in Estonia and France, while Ireland, Greece and Spain showed the sharpest decreases.

All in all, developments in euro area house prices are likely to remain subdued compared with the buoyant growth recorded during the past decade. This reflects, in particular, the adjustment needed as a result of previous overvaluation in some countries.

3.5 THE OUTLOOK FOR INFLATION

Looking ahead, inflation rates are likely to stay above 2% for some months to come, before falling below 2% in the course of 2012. They are expected to remain in line with price stability over the policy-relevant horizon. This pattern reflects the expectation that, in an environment of weaker euro area and global growth, price, cost and wage pressures in the euro area should also moderate.

The latest ECB Survey of Professional Forecasters (see Box 4) shows that, compared with the previous round, forecasters have kept their inflation expectations for 2011 unchanged at 2.6%, while the inflation outlook for 2012 and 2013 was revised slightly downwards, to 1.8% in both years. The SPF inflation expectations for 2011 to 2013 are broadly in line with the ranges reported in the September 2011 ECB staff macroeconomic projections for the euro area. Longer-term inflation expectations (for 2016) remained unchanged at 2.0%.

The risks to the medium-term outlook for price developments are broadly balanced. On the upside, the main risks relate to the possibility of increases in indirect taxes and administered prices, owing to the need for fiscal consolidation in the coming years. In the current environment, however, inflationary pressure should abate. The main downside risks relate to the impact of weaker than expected growth in the euro area and globally. In fact, if sustained, sluggish economic growth has the potential to reduce medium-term inflationary pressure in the euro area.

Box 4

RESULTS OF THE ECB SURVEY OF PROFESSIONAL FORECASTERS FOR THE FOURTH QUARTER OF 2011

This box reports the results of the ECB Survey of Professional Forecasters (SPF) for the fourth quarter of 2011. The survey was conducted between 14 and 18 October 2011 and received 64 responses.[1]

The results imply a stable outlook for inflation in 2011 and a downward revision of inflation expectations for 2012 and 2013, mainly due to the easing of commodity price pressures and the

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

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

(annual percentage changes, unless otherwise indicated)

	Survey horizon			
HICP inflation	**2011**	**2012**	**2013**	**Longer-term[2)]**
SPF Q4 2011	2.6	1.8	1.8	2.0
Previous SPF (Q3 2011)	*2.6*	*2.0*	*1.9*	*2.0*
ECB staff macroeconomic projections (September 2011)	2.5-2.7	1.2-2.2	-	-
Consensus Economics (October 2011)	2.6	1.8	1.8	2.0
Euro Zone Barometer (October 2011)	2.6	1.7	1.7	1.9
Real GDP growth	**2011**	**2012**	**2013**	**Longer-term[2)]**
SPF Q4 2011	1.6	0.8	1.6	1.8
Previous SPF (Q3 2011)	*1.9*	*1.6*	*1.8*	*1.9*
ECB staff macroeconomic projections (September 2011)	1.4-1.8	0.4-2.2	-	-
Consensus Economics (October 2011)	1.6	0.6	1.5	1.7
Euro Zone Barometer (October 2011)	1.6	0.6	1.6	1.9
Unemployment rate[1)]	**2011**	**2012**	**2013**	**Longer-term[2)]**
SPF Q4 2011	10.0	10.0	9.7	8.5
Previous SPF (Q3 2011)	*9.8*	*9.5*	*9.2*	*8.2*
Consensus Economics (October 2011)	10.0	10.1	-	-
Euro Zone Barometer (October 2011)	10.0	10.0	9.3	8.2

1) As a percentage of the labour force.
2) Longer-term expectations refer to 2015 in the Euro Zone Barometer and to 2016 in the SPF and Consensus Economics.

weakening of the outlook for economic growth. GDP growth expectations have been revised downwards for all horizons, mainly owing to the evolution of the sovereign debt crisis and the worse than expected external environment. As regards longer-term inflation expectations (for 2016), the average point forecast remained unchanged at 2.0%, and the median of the point forecasts was also stable at 2.0%.

Shorter-term inflation expectations unchanged for 2011 and revised downwards for 2012 and 2013

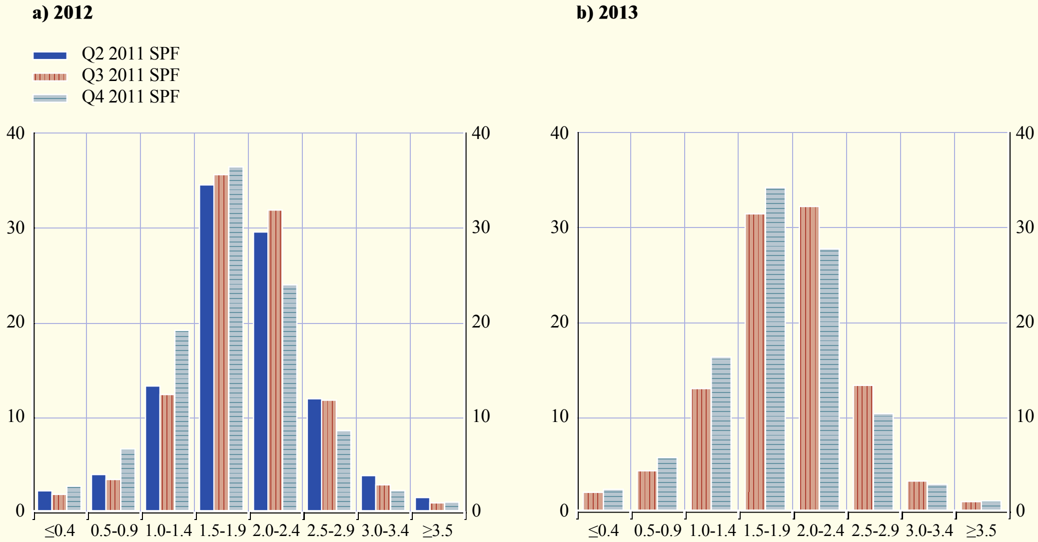
The SPF inflation expectations stand at 2.6% for 2011 and at 1.8% for both 2012 and 2013. Compared with the last SPF round, expectations for 2011 are unchanged, whereas expectations for 2012 and 2013 have been revised downwards by 0.2 percentage point and 0.1 percentage point respectively (see the table). The SPF inflation expectations for 2011 to 2013 are broadly in line with the corresponding forecasts published in the October 2011 issues of Consensus Economics and the Euro Zone Barometer, and are within the ranges reported in the September 2011 ECB staff macroeconomic projections.

With respect to aggregate probability distributions, compared with the previous SPF round the distributions for inflation outcomes in 2012 and 2013 have both shifted towards lower outcomes, with the highest probability now being more clearly attached to the interval between 1.5% and 1.9% for both years (see Chart A).

The downward revision to the forecasts for 2012 and 2013 is accounted for by the easing of commodity price pressures as well as the weakening of the outlook for economic growth, which is closely intertwined with the sovereign debt crisis in the euro area. Increases in oil and raw material prices are mentioned as upside risks, whereas the main downside risks to the baseline inflation outlook derive from weaker than expected growth. Based on the individual probability

Chart A Aggregated probability distribution of average annual inflation expectations for 2012 and 2013 in the latest SPF rounds

(probability in percentages)



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

distributions, the balance of risks to the shorter-term point forecasts is assessed to be on the upside for 2011 and on the downside for 2012 and 2013.[2]

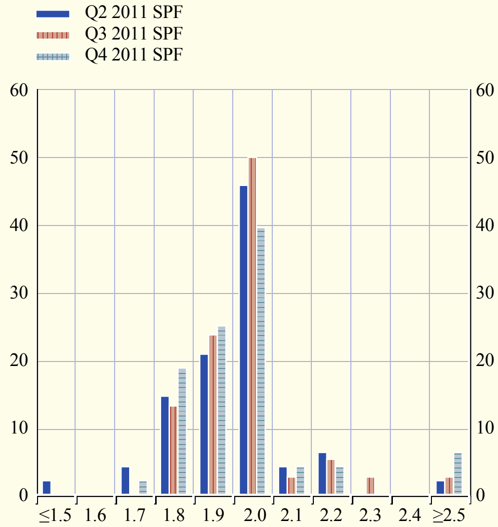
Longer-term inflation expectations unchanged at 2.0%

The average point forecast for longer-term inflation remained at 2.0% for 2016. At two decimal places, expectations stand on average at 2.01%, which is the second highest level after the third quarter of 2008, but unchanged from the previous round. The median and the mode of the point forecasts are stable at 2.0% (see Chart B). The longer-term inflation expectations of the SPF are broadly in line with the longer-term forecasts published in the October 2011 issues of Consensus Economics (for 2016) and the Euro Zone Barometer (for 2015).

The aggregate probability distribution has shifted to lower outcomes, compared with the previous SPF round. Indeed, the probability of inflation being at or above 2.0% decreased

Chart B Cross-sectional distribution of longer-term (five years ahead) inflation point forecasts

(percentage of respondents)



Source: ECB.

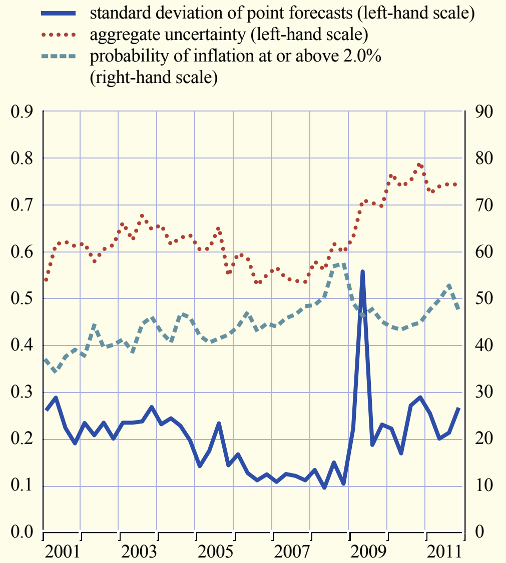
2 The balance of risks is defined as being on the upside (downside) when fewer respondents report a point forecast above (below) the mean of their probability distribution than respondents reporting a point forecast below (above) the mean.

to 48%. At the same time, the probability attached to tail outcomes has remained stable at a relative low level. As there are many more respondents with a point forecast above the mean of their probability distribution, the balance of risks surrounding the average point forecast is assessed to be largely on the downside.

Disagreement on longer-term inflation expectations as measured by the standard deviation of the point forecasts increased to 0.3 percentage point (+0.1 percentage point). Aggregate uncertainty surrounding longer-term inflation expectations, as measured by the standard deviation of the aggregate probability distribution, is stable at a relatively high level (see Chart C).[3]

Chart C Disagreement and uncertainty surrounding longer-term inflation expectations

(percentages)



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

Real GDP growth expectations revised downwards, with a particularly large revision for 2012

On average, real GDP growth expectations for the shorter term have been revised downwards for all the horizons, with the most significant revision for 2012. They currently stand at 1.6% for 2011, 0.8% for 2012 and 1.6% for 2013. Compared with the latest corresponding forecasts of Consensus Economics and the Euro Zone Barometer, the SPF real GDP growth expectations are broadly in line for 2011 and 2013 and on the upper side for 2012. They are within the ranges reported in the September 2011 ECB staff macroeconomic projections. The aggregate probability distributions for 2011, 2012 and 2013 have shifted noticeably towards lower outcomes. For 2012, in particular, the respondents now assign the highest probability (28%) to the range between 0.5% and 0.9%, whereas in the previous round the highest probability was assigned to the range between 1.5% and 1.9% (see Chart D).

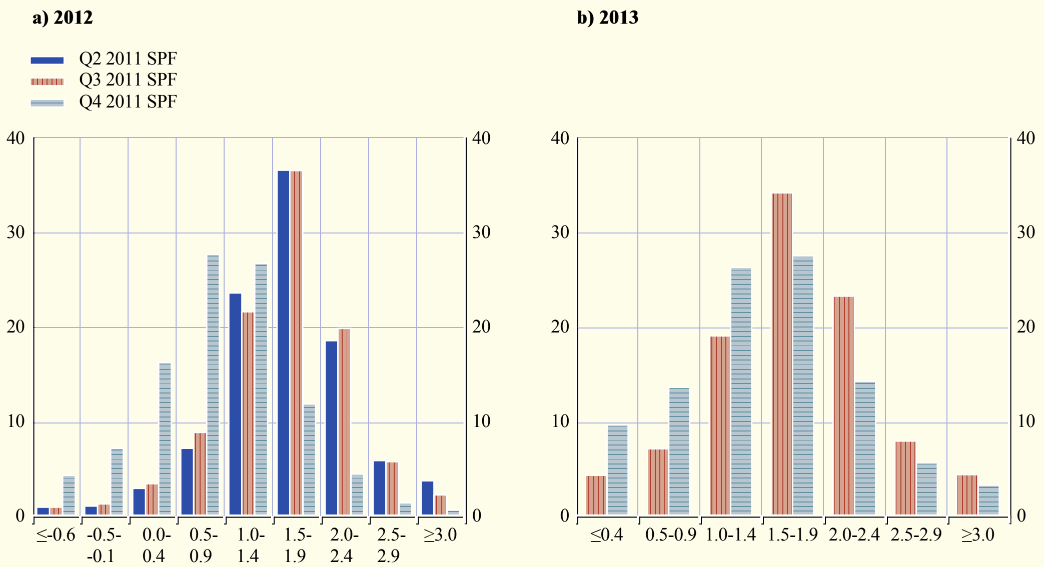
According to the respondents, the more negative baseline outlook is the result of additional fiscal consolidation measures, tightening of financial conditions, higher uncertainty and lower foreign demand. The balance of risks to the growth outlook is assessed to be on the downside. A swift solution to the sovereign debt crisis or a failure to reach such a solution are the most quoted upside and downside risks to this outlook. Apart from that, the key downside risks to the growth outlook mentioned by the forecasters are further decreases in consumer and business confidence and increased uncertainty.

Longer-term growth expectations (for 2016) stand at 1.8%, which is 0.1 percentage point lower than in the previous SPF round. The balance of risks to this longer-term growth outlook

3 For a discussion regarding uncertainty measures, see the box entitled "Measuring perceptions of macroeconomic uncertainty", *Monthly Bulletin*, ECB, January 2010.

Chart D Aggregated probability distribution of real GDP growth expectations for 2012 and 2013 in the latest SPF rounds

(probability in percentages)



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

is assessed to be on the downside. The aggregate probability distribution has shifted only marginally towards lower outcomes compared with the previous SPF round, and the forecasters still consider the probability of longer-term real GDP growth being within the interval from 1.5% to 1.9% to be around 30%.

Expectations for the euro area unemployment rate increased for both 2011 and 2012

Unemployment rate expectations increased to 10.0% for both 2011 and 2012, and to 9.7% for 2013. Forecasters still expect, therefore, a decline in the unemployment rate over the forecast horizon, but now expect it to start later. The upward revision in unemployment expectations is mainly due to the current slowdown in economic activity and the cost-cutting that is currently taking place. The main upside risk to this outlook is a sudden worsening of the ongoing crisis that would lead to a further deterioration of economic activity. Downside risks are mostly associated with the success of ongoing labour market reforms, which would lead to higher labour market flexibility. Comparing the point forecasts with the means of the probability distributions, the balance of risks is assessed to be on the upside.

Longer-term unemployment rate expectations (for 2016) have increased to 8.5%, with the balance of risks assessed to be on the upside. The aggregate probability distribution has slightly shifted towards higher outcomes, but the highest probability (20%) is still assigned to the interval from 8.5% to 8.9%.

Other variables and conditioning assumptions

According to other information provided by the respondents, the following assumptions underlying the forecasts have been used. Oil prices are now expected to stand at around USD 107 per barrel during 2011 and 2012 and then to slightly increase. The EUR/USD exchange rate is expected to stand on average at 1.36 throughout 2011 and 2012, and then to appreciate slightly. The ECB's main refinancing rate is expected to average at 1.3% in 2012 and increase to 1.6% on average in 2013. Finally, average annual growth in compensation per employee is expected to stabilise at around 2.1% on average in 2012 and 2013.

4 OUTPUT, DEMAND AND THE LABOUR MARKET

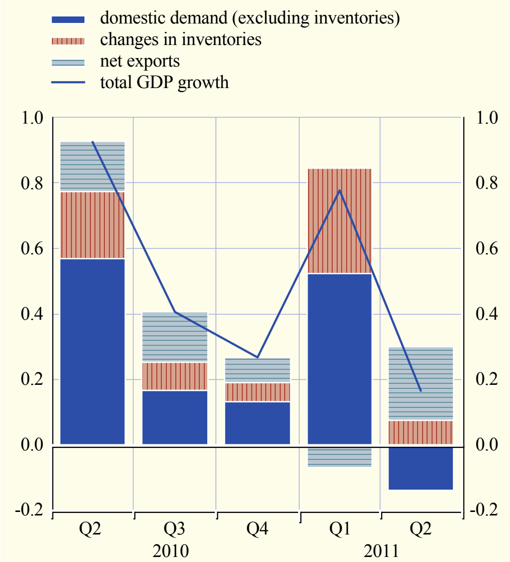
Real GDP growth in the euro area, which slowed in the second quarter of 2011 to 0.2% quarter on quarter, is expected to be very moderate in the second half of this year. There are signs that previously identified downside risks have been materialising, as reflected in unfavourable evidence from survey data. Looking forward, a number of factors seem to be dampening the underlying growth momentum in the euro area, including a moderation in the pace of global demand and unfavourable effects on overall financing conditions and on confidence resulting from ongoing tensions in a number of euro area sovereign debt markets. At the same time euro area economic activity should benefit from continued positive economic growth in the emerging market economies, as well as from the low short-term interest rates and the various measures taken to support the functioning of the financial sector.

4.1 REAL GDP AND DEMAND COMPONENTS

Real GDP growth in the euro area decelerated to 0.2%, quarter on quarter, in the second quarter of 2011, following growth of 0.8% in the previous quarter (see Chart 27). Weaker developments in domestic demand, in part reflecting special factors, were the main contributor to this slowdown. Although GDP has grown for eight consecutive quarters since the recovery began, the level of output in the second quarter was still almost 2% below the peak recorded in the first quarter of 2008.

Chart 27 Real GDP growth and contributions

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



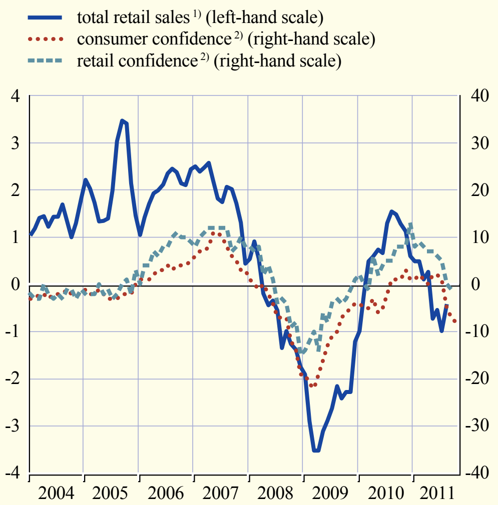
Sources: Eurostat and ECB calculations.

Following six quarters of positive but weak growth, private consumption declined by 0.2%, quarter on quarter, in the second quarter of 2011. Developments in both retail trade and car purchases contributed to this negative outcome.

As regards the third quarter of 2011, information on private consumption points to continued sluggish developments in consumer spending. The volume of retail sales increased by 0.1% in August and stood on average during the first two months of the third quarter 0.2% above its level in the second quarter when retail sales declined by 0.3%. At the same time new passenger car registrations rose month on month by 0.7% in September 2011, but declined nonetheless quarter on quarter by 0.6% in the third quarter, following a much sharper contraction of 4.0% in the previous quarter. Retail sector survey data point to continued weakness in consumption of retail goods (see Chart 28). The Purchasing Managers' Index (PMI) for retail trade was recorded at levels below 50 throughout the third quarter, pointing to declining sales. In October, however, the index rose to a level slightly above 50. Moreover, according to the European Commission's consumer survey, while consumer confidence declined again in October, it declined by less than in the previous three months. Meanwhile, the indicator on expected major purchases remains at historically very low levels, suggesting that consumers are still cautious when deciding whether to purchase durable goods.

Chart 28 Retail sales and confidence in the retail trade and household sectors

(monthly data)



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

Gross fixed capital formation increased quarter on quarter by 0.1% in the second quarter of 2011, following growth of 1.8% in the previous quarter. The recovery in investment has been slower and more erratic than the recovery in overall activity. With regard to the breakdown of investment in the second quarter, construction investment, which is the more volatile component, contracted quarter on quarter by 0.5%, while non-construction investment rose by 0.9%.

Looking ahead, industrial production of capital goods (an indicator of future non-construction investment) rose by 2.2% in August, following an increase of 3.3% in July. Over both months the average level of capital goods production stood 3.9% above the average level in the second quarter. This compares with a quarter-on-quarter rise of 1.6% in the second quarter and provides a strong start to the third quarter. However, survey results for the non-construction industrial sector from both the PMI and the European Commission's industrial confidence indicator point to a slowdown in investment activity in the course of the third quarter and at the beginning of the fourth quarter of 2011. The industrial confidence indicator was close to its historical average during the third quarter, and also in October, while the PMI stood below its theoretical no-growth threshold of 50 during the same periods. Furthermore, the Commission surveys indicate that capacity utilisation continued to decline in October. One advantage of this survey-based measure of the degree of slack in manufacturing is that it is rarely revised, unlike many measures of the degree of utilisation of production factors, which are based on more sophisticated estimation techniques (see Box 5).

Euro area construction production declined month on month by 0.2% in August 2011, following a rise of 1.8% in the previous month. There are some tentative signs that euro area construction production has stabilised in recent months. However, given the high volatility and frequent revisions of these data, some caution should be used when interpreting recent developments. Furthermore, surveys provide a more negative picture. For instance, the indicator on construction confidence published by the European Commission remains at levels below its historical average (data are available to October 2011). At the same time the PMI for construction in the euro area was, on average, well below 50 during the third quarter, pointing to further negative developments in that quarter, following the weak second quarter.

Box 5

RECENT EVIDENCE ON THE UNCERTAINTY SURROUNDING REAL-TIME ESTIMATES OF THE EURO AREA OUTPUT GAP

Measures of potential output growth reflect the rate of growth that can be achieved on the basis of available production factors without creating inflationary pressures. The output gap, defined as the percentage deviation of the actual level of output from the potential level, measures the degree of utilisation of production factors in the economy and can be regarded as an indicator of both the state of the business cycle and inflationary pressures.

Since potential output is an unobservable variable, its measurement, as well as measures of the output gap, can only be estimated with uncertainty. For current revised estimates of potential output relating to past years, the uncertainty can be reduced by taking into account both past and actual outcomes for future economic development that were not known at the time. By contrast, the information regarding future economic development that is available for real-time estimates of potential output can only include forecasts, rather than actual outcomes. Therefore, real-time measures of potential output are particularly uncertain and may be revised substantially ex post.

This box reviews revisions to real-time estimates of measures of potential output and the output gap, with a particular focus on how the financial and economic crisis may have reshaped assessments of potential output and inflationary pressures of the euro area economy for the years before the crisis.

Revisions to real-time estimates of potential output growth in the euro area

Major events such as the recent financial and economic crisis can give rise to sizeable reassessments of estimates of potential output, even for years in the distant past. In some euro area countries, the recent financial and economic crisis brought a period of exceptionally high GDP growth to an end and gave rise to a particularly sizeable and persistent slump in economic activity. While the impact of the crisis on the level and rate of growth of potential output in the years since the crisis is still uncertain,[1] measures of potential output growth in the years prior to the crisis can now be seen to embody a higher degree of uncertainty. A comparison with updated measures of potential output growth estimated immediately before the crisis may therefore provide insights into the possible sources of error in the pre-crisis measures of potential growth.

Chart A compares revisions to estimates of potential growth in the euro area countries in the period from 2000 to 2007 that are based on estimates carried out in the spring of 2011 with measures estimated for the same period in autumn 2007. Notably, the revisions reveal that the rate of potential growth for the whole period was overestimated for almost all euro area countries. The revisions to potential growth estimates for the period from 2009 to 2011 are particularly marked. This was to be expected as the autumn 2007 estimates for this period had to rely on forecasts that had not anticipated the crisis and its significant impact on potential output growth. For years in the more distant past, revisions are generally small, but significant revisions can be observed for the immediate pre-crisis period in the case of

1 For the impact of the financial and economic crisis on potential output, see "Trends in potential output", *Monthly Bulletin*, ECB, January 2011, and "Potential output in the euro area", *Monthly Bulletin*, ECB, July 2009.

some countries (Greece, Estonia, Ireland, Slovakia and Slovenia), perhaps reflecting significant overheating in some sectors of the economy such as financial services and/or construction, but possibly also an unsustainable growth of the government sector.

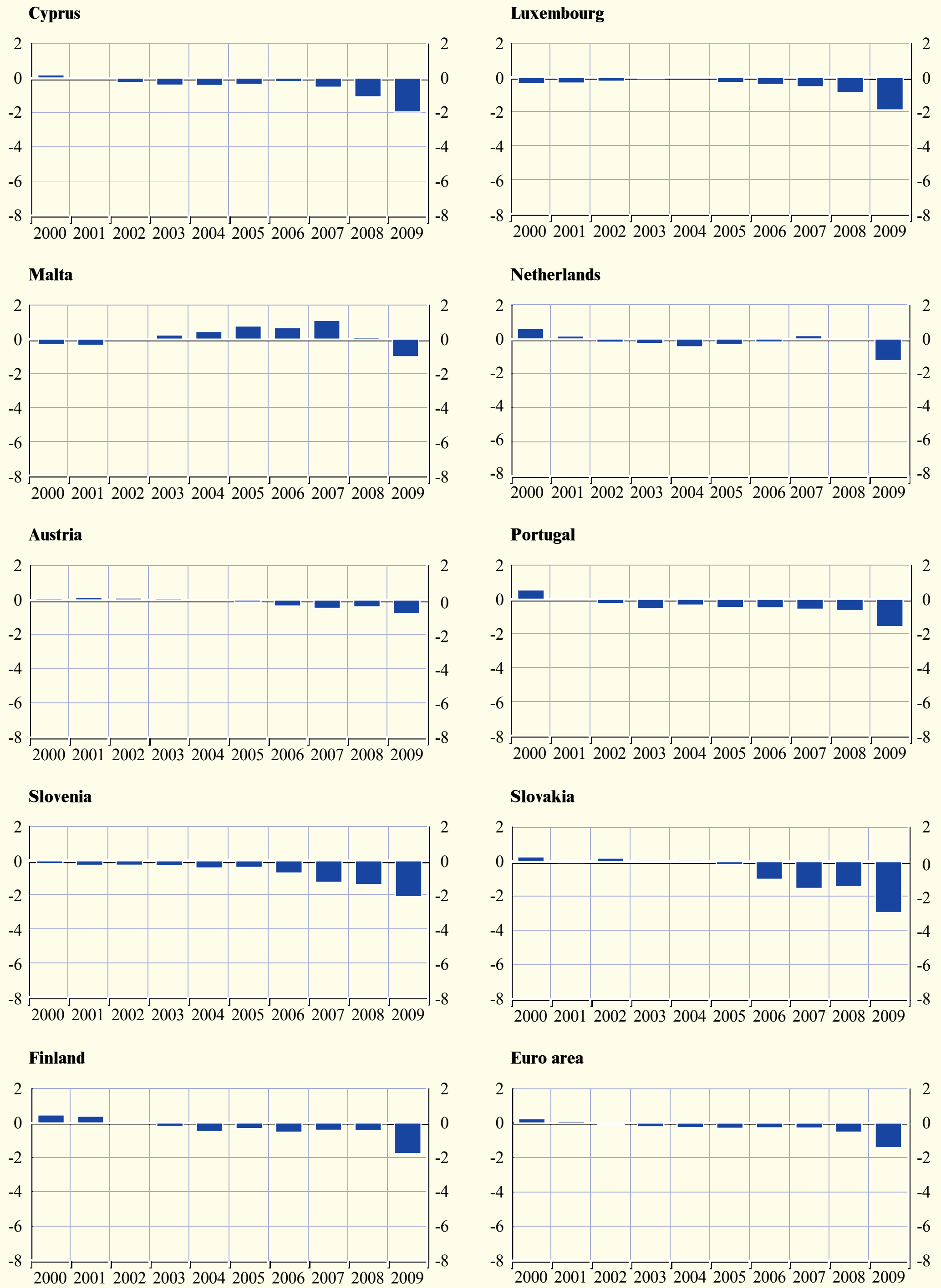
Chart A Average revisions to international organisations' estimates of potential output growth in the euro area and euro area countries

(percentage points)

Sources: IMF, OECD and European Commission.
Notes: Revisions to potential output growth are computed as the differences between growth estimates of spring 2011 and those of autumn 2007, using the average of estimates provided by the OECD, the IMF and the European Commission.

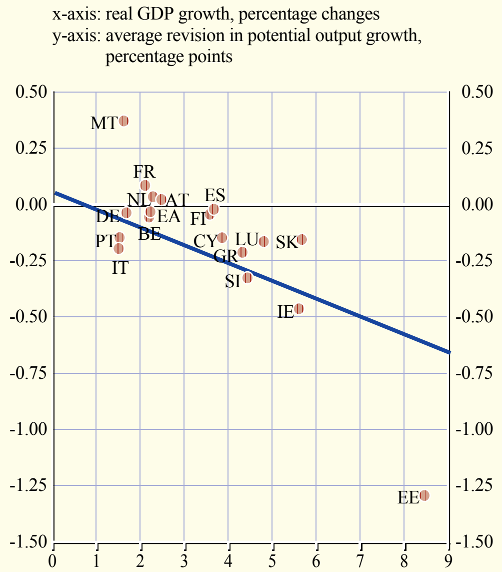
Chart A Average revisions to international organisations' estimates of potential output growth in the euro area and euro area countries (cont'd)

(percentage points)



Sources: IMF, OECD and European Commission.
Notes: Revisions to potential output growth are computed as the differences between growth estimates of spring 2011 and those of autumn 2007, using the average of estimates provided by the OECD, the IMF and the European Commission.

Chart B Average real GDP growth rates and average revisions to potential output growth in the period from 2000 to 2007



Sources: IMF, OECD and European Commission.
Notes: Revisions to potential output growth are defined in Chart A. The regression line has been computed by excluding the outlier for Estonia, and by excluding the figures for the euro area.

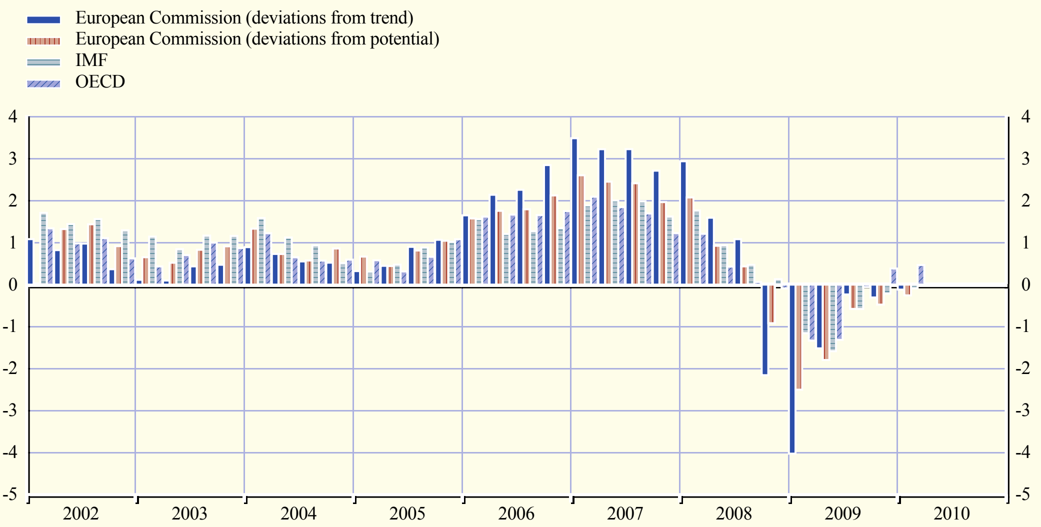
Chart B relates these revisions, averaged over the pre-crisis period from 2000 to 2007, to average growth rates of real GDP over the same period. It is noticeable that there is a tendency for ex post revisions to potential growth to be higher in those countries in which real GDP grew relatively faster than those for countries that experienced average (or below-average) real GDP growth over this period. Within the former group are some countries that have subsequently become subject to economic adjustment programmes, such as Ireland and Greece. In general, the results suggest that the relatively high growth performance experienced by some countries over the period from 2000 to 2007 was not sustainable.

Revisions of real-time euro area output gap estimates

The uncertainty of euro area real-time potential output and output gap estimates arises from various sources, including model uncertainty,

Chart C Revisions to real-time estimates of the euro area output gap by international organisations

(percentage points)



Sources: European Commission, IMF, OECD and ECB calculations.
Notes: The bars represent the difference between estimates available at end-2010 and real-time estimates (see Marcellino, M. and Musso, A., "The reliability of real-time estimates of the euro area output gap", *Economic Modelling*, Vol. 28, 2011, pp. 1842-56).

parameter instability and data revisions.[2] This uncertainty is reflected in the extensive revisions associated with real-time estimates of potential output. As an example of these revisions, Chart C shows the revisions to real-time euro area output gap estimates by international organisations (European Commission, IMF and OECD) at the end of 2010. It is notable that these revisions are often in the same order of magnitude as, or even higher than, the estimated gap itself, as had already been ascertained for the United States by Orphanides and van Norden.[3] Marcellino and Musso show that this also holds true for several other estimates derived on the basis of various methods, ranging from simple filters to more complex econometric models.

Importantly, revisions to the output gap appear to be systematically more extensive (and positive) in the case of the 2007 real-time estimates, particularly in comparison with the more distant years, suggesting that most measures underestimated in real-time the level of the output gap just before the crisis started. This corresponds to the aforementioned finding that potential output in the period immediately before the crisis has previously been overestimated significantly.

Real-time estimates of the euro area output gap and inflation forecasting

Recent evidence suggests that real-time estimates of the euro area output gap may embody only limited information in terms of forecasting inflation, as had already been found to hold true for the United States.[4] Indeed, Marcellino and Musso provide some evidence for the euro area pointing to an only marginal usefulness of real-time output gap estimates for inflation forecasting both in the short term (one quarter and one year ahead) and the medium term (two and three years ahead). This is in line with the evidence of instability and non-linearity characterising the relationship between the output gap and inflation in the euro area, as well as of the declining importance of the output gap in explaining price developments in recent years.[5]

2 Marcellino, M. and Musso, A., "The reliability of real-time estimates of the euro area output gap", *Economic Modelling*, Vol. 28, 2011, pp. 1842-56. See also the box entitled "A cross-check of output gap estimates for the euro area with other cyclical indicators", *Monthly Bulletin*, ECB, June 2011; and the box entitled "The (un)reliability of output gap estimates in real time", *Monthly Bulletin*, ECB, February 2005.

3 See Orphanides, A. and van Norden, S., "The unreliability of output-gap estimates in real time", *The Review of Economics and Statistics*, Vol. 84, 2002, pp. 569-83.

4 See Marcellino, M. and Musso, A., "The forecasting performance of real time estimates of the euro area output gap", *CEPR Discussion Paper*, No 7763, Centre for Economic Policy Research, March 2010. For the United States, see Orphanides, A. and van Norden, S., "The Reliability of Inflation Forecasts Based on Output Gap Estimates in Real Time", *Journal of Money, Credit and Banking*, Vol. 37, 2005, pp. 583-601.

5 See for example Musso, A., Stracca, L. and van Dijk, D., "Instability and nonlinearity in the euro area Phillips curve", *International Journal of Central Banking*, Vol. 5, 2009, pp. 181-212; Anderton, R., Galesi, A., Lombardi, M. and di Mauro, F., "Key elements of global inflation", in *Challenges to inflation in an era of relative price shocks*, Reserve Bank of Australia, 2010; and the article entitled "Trends in potential output", *Monthly Bulletin*, ECB, January 2011.

Turning to trade flows, both import and export growth decelerated in the second quarter of 2011, in line with the overall slowdown in global trade. In August extra-euro area import and export values of goods declined, while trade in services was broadly stable (in three-month-on-three-month terms). Global trade has recently shown signs of stabilisation, in particular in the emerging markets, providing support for extra-euro area trade growth. Recent developments in extra-euro area export shares and their impact on euro area foreign demand are also reviewed in Box 6. Taken together, the latest data indicate that euro area trade grew moderately in the third quarter of 2011. Looking ahead, the PMI for new export orders in the euro area manufacturing sector, available to October 2011, points to weaker export growth in the near term.

Box 6

UPDATING MEASURES OF EURO AREA FOREIGN DEMAND TO ACCOUNT FOR CHANGES IN THE GEOGRAPHICAL STRUCTURE OF EURO AREA EXPORTS

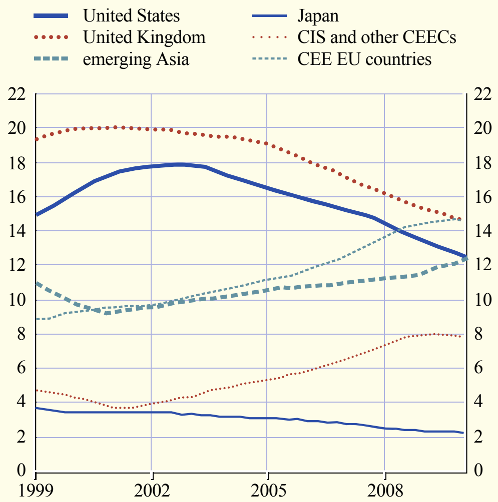
Together with changes in price and cost competitiveness, developments in foreign demand (i.e. global demand for euro area exports) are a primary determinant of euro area export growth. Accordingly, how measures of foreign demand are compiled is critically important for monitoring and forecasting extra-euro area exports as well as for evaluating the performance of euro area exporters in global export markets.[1] One integral element of these measurements is the geographical structure of euro area exports. Changes to this structure over time have implications for the measurement of euro area foreign demand and the assessment of the euro area's export performance. This box reviews recent developments in extra-euro area export shares and their impact on euro area foreign demand measures.

Euro area foreign demand is defined as a weighted average of imports of extra-euro area trade partners, using their share in extra-euro area exports of goods. Over the past few years the rapid expansion of global trade has been reflected in relatively high growth in extra-euro area exports: extra-euro area exports of goods increased in value terms by about 26% between 2005 and 2010,[2] compared with growth of about 35% in world trade. Moreover, the geographical structure of extra-euro area exports also changed significantly over the same period, in line with the changing pattern in world trade. In particular, the increasing integration of emerging economies into the world economy has been reflected in stronger euro area export flows to these countries, signalling that the euro area is increasingly benefiting from robust demand from these countries.

The changes in the trade structure of the euro area are also reflected in the evolution of euro area foreign demand weights, measured as a three-year moving average of extra-euro area export shares using data up to the first quarter of 2010 (see Chart A). One of the most striking features relates to the increase in the share of the central and eastern European (CEE) EU countries, reflecting the fast pace of growth in export flows to these countries following their accession to the European

Chart A Evolution of selected extra-euro area export shares

(percentages, based on three-year moving averages)



Sources: IMF Direction of Trade Statistics and ECB.
Notes: Last observation refers to the first quarter of 2010. The category CIS and other CEECs corresponds to the Commonwealth of Independent States and other central and eastern European countries; CEE EU countries comprise non-euro area countries that have joined the EU since 2004.

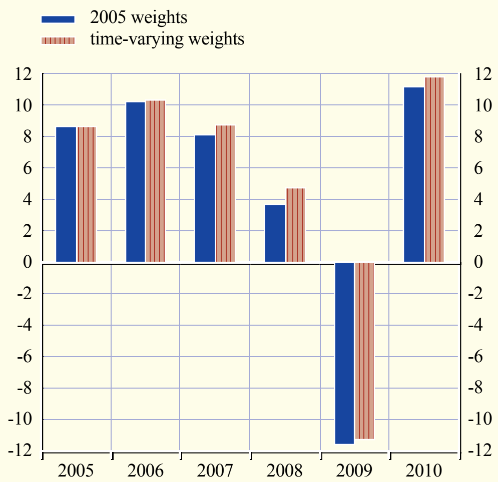
1 For more information on measuring foreign demand, see Hubrich, K. and Karlsson, T., "Trade consistency in the context of the Eurosystem projection exercises", *Occasional Paper Series*, No 108, ECB, March 2010.

2 Previous historical developments are covered in the boxes entitled "The geographical composition of euro area foreign demand", *Monthly Bulletin*, ECB, October 2004, and "Recent changes in the geographical composition of euro area foreign demand", *Monthly Bulletin*, ECB, October 2008.

Union. As a result, their weight in euro area foreign demand increased from 11.5% in 2005 to about 14.6% in 2010. Moreover, the increasing integration of economies such as China and the countries of the Commonwealth of Independent States (CIS) has also been reflected in a significant rise in export flows to these countries, and consequently in a higher share of these countries in extra-euro area exports. As a result, the weight of CIS countries (including Russia) and other CEE countries rose by 2.1 percentage points to about 8%, while the weight of emerging Asia increased by approximately 1.7 percentage points to 12.5%, mainly on account of China. By contrast, recent developments have confirmed the continuous decline in extra-euro area export shares of most advanced economies. In particular, the weight of the United Kingdom and the United States declined significantly during the period under review. In the case of the United Kingdom, traditionally the euro area's main individual trading partner, its share fell by almost 4 percentage points to about 15% in 2010. Emerging Asia now accounts for roughly the same share of extra-euro area exports as the United States.

Chart B Two measures of euro area foreign demand

(annual percentage changes)



Sources: IMF Direction of Trade Statistics and ECB.

In order to demonstrate the impact of an evolving geographical structure of extra-euro area exports in the computation of foreign demand, two different measures of foreign demand are shown in Chart B; one based on updated time-varying weights (using a three-year moving average of the shares) up to 2010 and an alternative series based on weights fixed at their 2005 average. Overall, the 2005 set of weights appears to underestimate annual growth in euro area foreign demand over the period 2006-10 by an average of around 0.5 percentage point. This highlights the importance of regularly updating the weights used to compute foreign demand so as to fully capture the effects of a changing geographical trade structure.

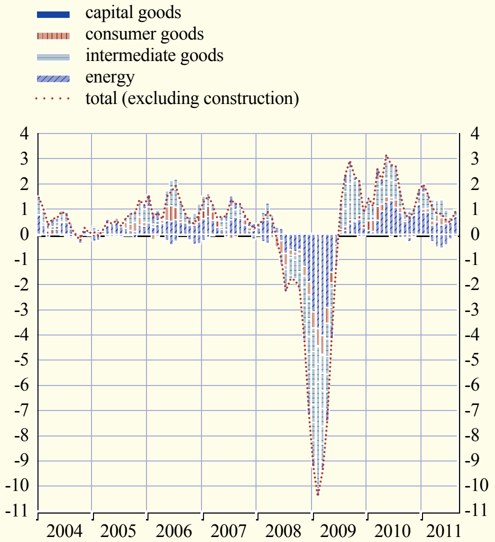
4.2 OUTPUT, SUPPLY AND LABOUR MARKET DEVELOPMENTS

Real value added increased by 0.2%, quarter on quarter, in the second quarter of 2011. Activity in industry (excluding construction) grew by 0.4%, while services activity increased by 0.2%. At the same time value added in construction rose quarter on quarter by 0.1%.

With regard to developments in the third quarter of 2011, industrial production (excluding construction) increased month on month by 1.5% in August, following a rise of 1.2% in the previous month. The three-month-on-three-month growth rate rose from 0.5% in July to 0.9% in August (see Chart 29). Meanwhile, euro area industrial new orders (excluding heavy transport equipment) increased month on month by 0.6% in August, following a rise of 1.4% in July. Despite these increases, the three-month-on-three-month rate of change of industrial new orders, which was 0.6% in July, turned negative at -0.4% in August. On balance, more timely survey data paint a weaker picture than "hard" data regarding developments in the third quarter and at the beginning

Chart 29 Industrial production growth and contributions

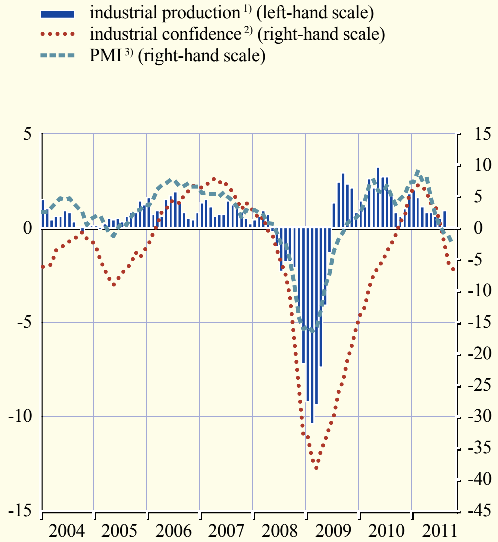
(growth rate and percentage point contributions; monthly data; seasonally adjusted)



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

Chart 30 Industrial production, industrial confidence and the PMI

(monthly data; seasonally adjusted)



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

of the fourth quarter (see Chart 30). For example, the PMI manufacturing output index remained below 50 throughout the third quarter and stood at 46.6 in October, indicating a further contraction. At the same time European Commission survey data indicate that limits to production decreased in the three months to October 2011. This decline was mainly related to weaker demand. The services business activity indices have also decreased, declining from 55.5 in the second quarter to 50.6 in the third quarter and falling further to 47.2 in October 2011. Other business surveys, such as those of the European Commission, are broadly in line with developments in the PMI.

LABOUR MARKET

The improvements in labour market conditions that took place in the first half of the year appear to have come to a halt. Employment increased quarter on quarter by 0.3% in the second quarter of 2011, following a rise of 0.1% in the two previous quarters (see Table 7). In contrast to developments earlier in the recovery, when hours worked grew more quickly than headcount employment, hours worked declined by 0.2% in the second quarter. At the sectoral level, on a quarter-on-quarter basis, the latest employment figures indicate that industry (excluding construction) and construction both grew by 0.1%, and employment in the services sector grew by 0.4% in the second quarter.

As employment growth exceeded GDP growth in the second quarter, productivity decelerated. The annual growth rate of labour productivity per person employed decreased by 1 percentage point in the second quarter, while the annual growth rate of hourly labour productivity declined by 0.1 percentage point, to stand at 1.1% and 1.5% respectively (see Chart 32). Looking ahead,

Table 7 Employment growth

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

	Persons					Hours				
	Annual rates		Quarterly rates			Annual rates		Quarterly rates		
	2009	2010	2010 Q4	2011 Q1	2011 Q2	2009	2010	2010 Q4	2011 Q1	2011 Q2
Whole economy	-1.9	-0.5	0.1	0.1	0.3	-3.5	0.4	0.0	0.3	-0.2
of which:										
Agriculture and fishing	-2.4	-0.6	0.1	-1.3	-0.7	-2.3	-1.2	-0.2	-0.3	-1.7
Industry	-5.7	-3.3	-0.3	-0.1	0.1	-9.0	-1.3	-0.5	0.6	-0.4
Excluding construction	-5.2	-3.1	0.1	0.3	0.1	-9.2	-0.3	0.1	0.6	-0.3
Construction	-6.7	-3.7	-1.0	-0.9	0.1	-8.6	-3.4	-1.8	0.5	-0.4
Services	-0.5	0.5	0.2	0.2	0.4	-1.6	1.0	0.2	0.3	0.0
Trade and transport	-1.8	-0.6	0.2	0.1	0.5	-3.0	0.3	0.0	0.0	0.0
Finance and business	-2.2	1.1	0.3	1.1	1.0	-3.5	1.7	0.6	1.2	-0.5
Public administration [1]	1.5	1.1	0.2	-0.2	0.1	0.9	1.4	0.1	0.1	0.2

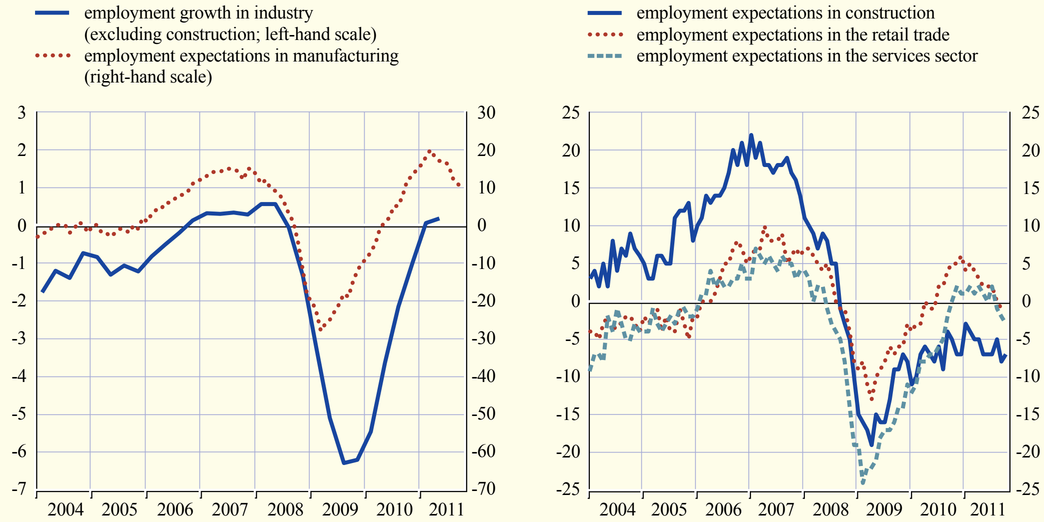
Sources: Eurostat and ECB calculations.
1) Also includes education, health and other services.

the latest developments in the PMI productivity index suggest a further decline in productivity growth in the third quarter.

The unemployment rate edged up by 0.1 percentage point to stand at 10.2% in September 2011 (see Chart 33). Developments across countries have displayed substantial heterogeneity in the course of the year. Survey indicators, however, point to ongoing, albeit decelerating, employment growth in both industry and services in the third quarter and at the beginning of the fourth quarter of 2011 (see Chart 31). Overall, recent developments are in line with upward revisions to the unemployment rate expected for 2011 and 2012 in the latest Survey of Professional Forecasters (see Box 4 in Section 3).

Chart 31 Employment growth and employment expectations

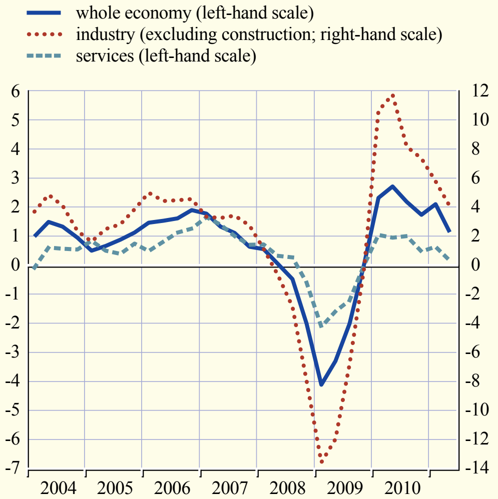
(annual percentage changes; percentage balances; seasonally adjusted)



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

Chart 32 Labour productivity

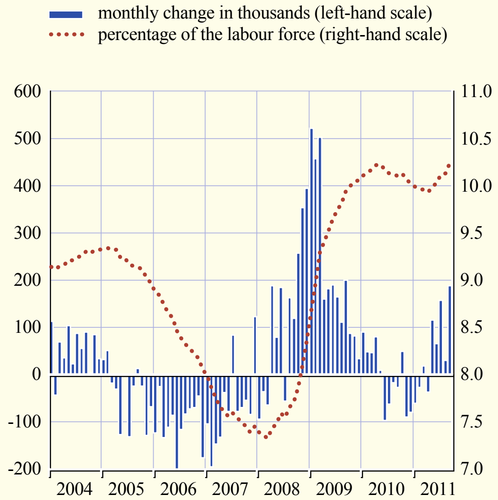
(annual percentage changes)



Sources: Eurostat and ECB calculations.

Chart 33 Unemployment

(monthly data; seasonally adjusted)



Source: Eurostat.

4.3 THE OUTLOOK FOR ECONOMIC ACTIVITY

Real GDP growth in the euro area, which slowed in the second quarter of 2011 to 0.2% quarter on quarter, is expected to be very moderate in the second half of this year. There are signs that previously identified downside risks have been materialising, as reflected in unfavourable evidence from survey data. Looking forward, a number of factors seem to be dampening the underlying growth momentum in the euro area, including a moderation in the pace of global demand and unfavourable effects on overall financing conditions and on confidence resulting from ongoing tensions in a number of euro area sovereign debt markets. At the same time euro area economic activity should benefit from continued positive economic growth in the emerging market economies, as well as from the low short-term interest rates and the various measures taken to support the functioning of the financial sector.

The downside risks to the economic outlook for the euro area are confirmed in an environment of particularly high uncertainty. Downside risks notably relate to a further intensification of the tensions in some segments of the financial markets in the euro area and at the global level, as well as to the potential for these pressures to further spill over into the euro area real economy. They also relate to the impact of the still high energy prices, protectionist pressures and the possibility of a disorderly correction of global imbalances.

HOUSE PRICE DEVELOPMENTS IN THE EURO AREA AND THE UNITED STATES

Understanding the pattern and nature of house price dynamics is an important element in assessing the macroeconomic situation and outlook, especially at the current juncture, as the bursting of the housing bubbles in a number of euro area countries and the United States has been a key contributing factor to the current global financial crisis. When and the extent to which house prices will recover, in some cases from still negative real rates of growth, will depend on both developments in the housing sector itself and a number of factors that drive the business cycle. This article analyses the house price cycle in the euro area, its interlinkages with the business cycle and its alignment with developments in income, rents and credit. It also compares developments in house prices and their underlying factors with those in the US economy, and investigates the heterogeneity across countries in the euro area and regions in the United States. The main conclusions are that the starting point of the recovery in house prices in the euro area was not as weak as it will be in the United States, and that developments in house prices are currently more heterogeneous across the countries of the euro area than they are across the regional areas of the United States.

1 INTRODUCTION

Monitoring and assessing house price developments is important for monetary policy and financial stability because of the strong impact that they can have on aggregate expenditure on the one hand and on private sector balance sheets on the other. This applies during times of normal cyclical developments, and becomes particularly relevant when the emergence and subsequent bursting of house price bubbles inflicts high economic costs (see Box 1 for a synopsis of the key macroeconomic consequences of house price developments). The past few years have highlighted the importance of assessing house price dynamics, as they have played a key role in the current financial crisis and the associated economic downturn. This applies both to some euro area countries and the United States.

The dynamics of the most recent house price cycle have been pronounced on both sides of the Atlantic. Taking the euro area as a whole, nominal house prices registered an annual growth rate of almost -4% in mid-2009. Data for recent quarters, however, suggest that the declines have bottomed out, with a positive annual growth rate of more than 2% in early 2011. In the United States, house prices are still falling, down by more than 4% in the year to the second quarter of 2011. The pace of the decline had temporarily become less pronounced, but accelerated again after the expiration of the first-time homebuyer tax credit in 2010.

The picture for the euro area conceals substantial differences across its member countries. For instance, in Ireland, Spain and the Netherlands, nominal house price growth rates are still in negative territory, while in Belgium, Finland and France, they have clearly found their way back into positive territory. In other countries, such as Germany and Italy, the cyclical evolution has been more muted, with house price growth in Germany having never really turned negative. By contrast, in the United States, the pattern of house price growth over the past few years has been more similar across its regions, with all regions witnessing a strong downward adjustment and still posting negative growth rates in the first half of 2011.

Against this background, Section 2 of this article reviews some stylised facts on the euro area and US house price cycles, which help to put the latest developments into perspective. This type of analysis can usefully complement assessments of the housing market situation based on a detailed analysis of different supply and demand factors.[1] Section 3 assesses the value of house

1 See the article entitled "Assessing house price developments in the euro area", *Monthly Bulletin*, ECB, February 2006; and the box entitled "Recent housing market developments in the euro area", *Monthly Bulletin*, ECB, December 2010.

prices against benchmark developments in income, rents and fundamental demand-side variables. Finally, Section 4 analyses the heterogeneity in house price developments across the euro area countries and the regions in the United States.

Box 1

THE MACROECONOMIC IMPACT OF HOUSE PRICE DEVELOPMENTS

There is abundant empirical evidence that house price growth leads developments in real economic activity and that it may also play a causal role.[1] There is also evidence that GDP cycles associated with the bursting of house price bubbles are characterised by deeper economic downturns.[2] The potentially very destabilising effects of sharp fluctuations in the housing sector can operate through a consumption channel and a financial stability channel.

The housing market can affect consumption in different ways. A direct channel relates, for instance, to the labour-intensive nature of the construction industry, with labour demand and household income influencing consumption. A more indirect channel relates to the impact that movements in house prices have on wealth. Residential property is the main source of collateral for many households and it can be used to obtain credit to boost consumption. A rise in residential property prices facilitates such borrowing and can potentially cause spillover effects in terms of higher consumption. Several studies[3] suggest that housing wealth has a significant positive effect on consumption, particularly in the United Kingdom, the United States, Australia and Canada. However, there is far less evidence in the literature that it has such an effect in the euro area.

The housing market also affects real economic activity through a financial stability channel. For instance, if a decline in house prices coincides with a deterioration in credit conditions and households' ability to service their mortgages, credit institutions will incur greater losses. If such losses then cause solvency problems for these institutions, financial stability could be at risk. However, credit institutions do not actually need to be experiencing solvency problems for financial stability to be at risk. If their investors perceive there to be greater uncertainty over their investments, they may withdraw their funding, which would cause funding problems for the credit institutions and in turn result in a constrained liquidity situation.

The build-up of house price imbalances themselves can be related to very different factors, the main one being ample liquidity as a result of easy access to low-cost credit. At the start of a house price cycle, greater affordability and a more pronounced appetite for risk may bolster demand for housing, boost demand for credit and ultimately push up house prices. Credit institutions may use the higher collateral values to provide better credit conditions and may also adjust their balance sheets, marking to market the collateralised assets, which would enable them to lend more. This fosters house price dynamics and potentially causes house prices to deviate, in some cases substantially and for a protracted period of time, from their fundamental dynamics.

1 For more details on the links between credit, house prices and recessions, see, for instance, Agnello, L. and Schuknecht, L., "Booms and busts in housing markets: determinants and implications", *Working Paper Series*, No 1071, ECB, July 2009.

2 See Reinhart, C.M. and Rogoff, K.S., "This Time is Different: A Panoramic View of Eight Centuries of Financial Crises", *NBER Working Paper*, No 13882, April 2008.

3 See Altissimo, F., Georgiou, E., Sastre, T., Sterne, G., Stocker, M., Valderrama, M.T., Weth, M., Whelan, K. and Willman, A., "Wealth and asset price effects on economic activity", *Occasional Paper Series*, No 29, ECB, June 2005.

Economic policies such as taxation and financial market regulation may also play a role in the building-up of imbalances. Housing, especially if owner-occupied or held through arrangements such as real estate investment trusts (REITs), is frequently tax-favoured in comparison with other investments. The specifics vary across countries, but typically homeowners' capital gains and imputed rents are not taxed at the full rate and mortgage interest payments are sometimes tax deductible. Favourable tax treatment is likely to amplify the residential property cycle, as there appears to be some country-specific evidence of a correlation between the size of the housing boom and the generosity of the tax treatment of housing.[4]

4 See Dam, N.A., Hvolbøl, T.S., Pedersen, E.H., Sørensen, P.B. and Thamsborg, S.H., "Developments in the Market for Owner Occupied Housing in Recent Years – Can House Prices be Explained?", *Monetary Review*, Danmarks Nationalbank, first quarter 2011; and van den Noord, P.J., "Tax Incentives and House Price Volatility in the Euro Area: Theory and Evidence", *OECD Economics Department Working Paper*, No 356, 2003.

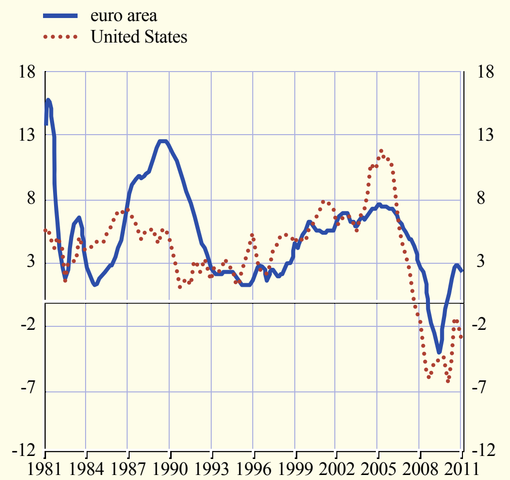
2 PAST HOUSE PRICE DYNAMICS IN THE EURO AREA AND THE UNITED STATES

Looking back over the past three decades, annual house price growth in both the euro area and the United States has troughed three times: at the beginning of the 1980s, at the beginning of the 1990s and more recently at the end of the 2000s (see Charts 1 and 2, and Box 2 for a detailed discussion of the statistical features of the house price indices in the euro area and the United States). The troughs mark two broad cycles that to a large extent coincided across the two economic areas.

The trough in house price growth at the end of the 2000s was different from the previous two in that it was characterised by declines in nominal prices, with prices only falling in real terms in the earlier troughs. When assessing

Chart 1 Nominal house prices in the euro area and the United States

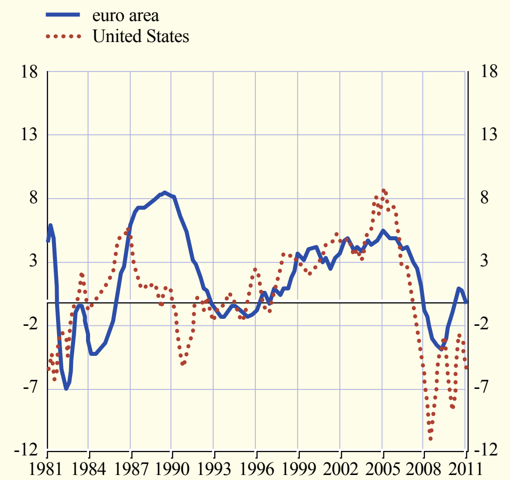
(year-on-year changes)



Sources: Federal Housing Finance Agency, bank lending survey for the euro area, ECB, Eurostat, national statistical offices and ECB calculations.

Chart 2 Real house prices in the euro area and the United States

(year-on-year changes)



Sources: Federal Housing Finance Agency, bank lending survey for the euro area, ECB, Eurostat, national statistical offices and ECB calculations.
Note: Real house price indices are computed by dividing nominal house price indices by the respective consumer price indices.

Statistics on the 1990s and 2000s real house price cycles in the euro area and the United States

	Euro area		United States	
	1990s	2000s	1990s	2000s
Full cycle period: *(trough to trough)*	Q4 1985-Q1 1996	Q1 1996-Q1 2010	Q2 1984-Q2 1995	Q2 1995--[1)]
Duration: *number of quarters*				
Trough-peak	28	47	24	47
Peak-trough	13	11	23	-[1)]
Cumulated change: *percentages*				
Increase: trough-peak	42.4	46.8	12.2	52.7
Decrease: peak-trough	-2.9	-6.0	-6.1	-22.1[2)]
Average annual growth rate: *percentages*				
Trough-peak	5.6	3.3	2.0	3.7
Peak-trough	-0.8	-1.5	-1.1	-5.1[2)]
Trough-peak-trough	3.5	2.3	0.5	1.5[2)]
Maximum year-on-year growth rate: *percentages*	8.7	5.5	5.9	8.9[2)]
Violence (speed): *average percentage per quarter*				
Increase phase	1.5	1.0	0.5	1.1
Decrease phase	-0.2	-0.5	-0.3	-1.3[2)]

Sources: Federal Housing Finance Agency, ECB, OECD, national statistical offices and ECB calculations.
Notes: Price indices have been deflated with the respective consumer price indices. A trough (peak) is dated as the quarter that marks the end of a prolonged period of declining (increasing) real house prices.
1) No trough had been registered in the United States by the first quarter of 2011.
2) Based on data up to the first quarter of 2011.

the depth of the trough at the end of the 2000s, the height of the peak in growth and the cumulative increase in real house prices in the run-up to the peak need to be taken into account. In both economic areas, the 2000s cycle was clearly more pronounced than the 1990s cycle in terms of the duration of the expansion – almost 12 years from trough to peak compared with six to seven years in the 1990s cycle (see the table). In the United States, the 2000s cycle was also more pronounced than the 1990s cycle in terms of the much stronger cumulative increase (and subsequent decrease) in real house prices. This contrasts with the euro area, where the cumulative changes were more comparable across the two cycles. The ratio between the cumulative increase in house prices and the duration of the expansion is sometimes called the "violence" or the speed of a cycle. This measure suggests that, in the United States, the most recent cycle has been more pronounced than the previous one, whereas in the euro area there have been more similarities between the two.

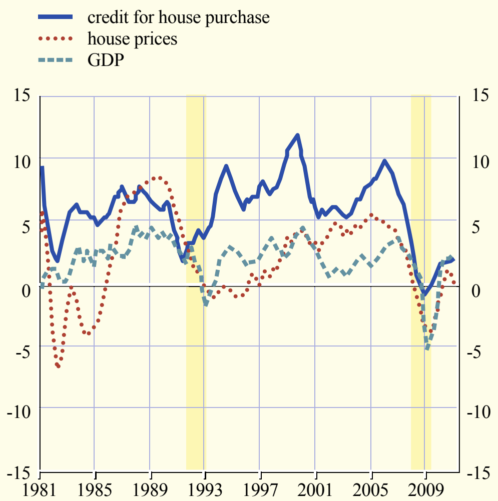
Over the past three decades, the year-on-year increase in real house prices has been, on average, 2% in the euro area and 0.7% in the United States. Structural features related to the supply of housing and the availability of land may have contributed to the differential between these average growth rates, as the euro area is generally more densely populated than the United States.[2] Moreover, the transition to the single currency in the euro area and the associated downward adjustment of interest rates in many of its member countries may also have played a role.

Comparing the pattern of growth in house prices with that of growth in real GDP and in credit for house purchase confirms that the house price cycle is aligned with the broad business cycle. For example, the recession in the early 1990s and at the end of the 2000s broadly coincided with periods of negative growth in real house prices, both in the euro area and the United States (see Charts 3 and 4). By contrast, there is less alignment over shorter growth cycles that are ultimately not associated with outright recessions. For instance, the sharp economic slowdown observed in the early 2000s after the bursting of the high-tech bubble saw no

2 Overall, there was much less land per capita available in the euro area (roughly 0.008 km^2 per capita) than in the United States (roughly 0.032 km^2 per capita) in 2010.

Chart 3 House prices, credit for house purchase and economic activity in the euro area (in real terms)

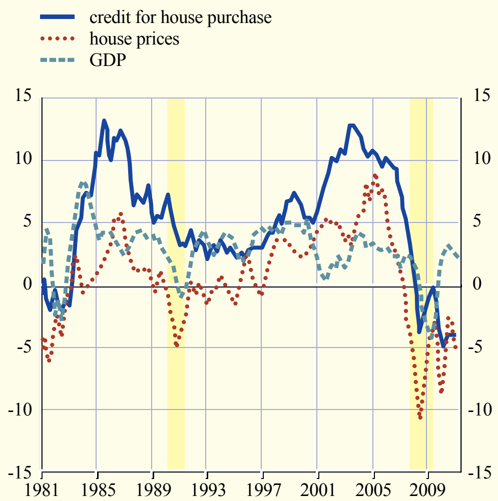
(year-on-year changes)



Sources: ECB, Eurostat and ECB calculations.
Note: The areas shaded in yellow denote recession periods, as defined by the CEPR Dating Committee.

Chart 4 House prices, credit for house purchase and economic activity in the United States (in real terms)

(year-on-year changes)



Sources: Federal Reserve Economic Data, Federal Housing Finance Agency, Haver, Federal Reserve Board and ECB calculations.
Note: The areas shaded in yellow refer to recession periods, as defined by the National Bureau of Economic Research.

matching downward adjustment in house prices. At that time, house prices were supported by a sustained period of low interest rates and financial innovations,[3] which improved the borrowing opportunities of many households.

Overall, these interlinkages provide for a coincidence of broader credit cycles, house price cycles and business cycles, not only within economies, but also across economies. The latter has become evident in the latest house price cycle, with the combination of low-cost financing and financial globalisation providing for a high degree of synchronisation in credit cycles and asset price cycles across economies. When gauging the prospects for a recovery in house price growth in the euro area at the current juncture, it is particularly important to take into account not only developments in the real economy and housing markets themselves, but also conditions in financial markets and credit markets, as well as the need for balance sheet repairs.

3 For a discussion on financial innovations in the euro area and the United States, see, for example, the box entitled "A comparison of MFI loans as a source of household financing in the euro area, the United Kingdom and the United States", *Monthly Bulletin*, ECB, July 2008.

Box 2

STATISTICAL FEATURES OF HOUSE PRICE INDICES IN THE EURO AREA AND THE UNITED STATES

This box describes the statistical features of residential property price indicators and house price indices for the euro area and the United States respectively. Owing to statistical differences in the euro area residential property price indicators, caution is required when comparing changes in residential property prices, both within the euro area and between the euro area and the United States.

US house price indices

The main text of this article analyses changes in the prices of residential properties in the United States by referring to the house price index compiled by the Federal Housing and Finance Agency (FHFA). Another widely used index is the Standard & Poor's (S&P)/Case Shiller house price index. Both indices are compiled for the United States as a whole, as well as for geographical breakdowns. They reflect changes over time in the prices of single-family houses by applying a "repeat-sales" method. Repeat-sales indices derive changes in prices over time by comparing the resale price (or, alternatively, revaluation) of an existing house with its first sale price. While the S&P/Case Shiller index covers 20 major metropolitan areas, the FHFA index takes into account the entire country. The transaction prices and appraisals used for the FHFA index are those that are related to mortgages provided by Fannie Mae (Federal National Mortgage Association) and Freddie Mac (Federal Home Loan Mortgage Corporation).

Residential property price indicators for the euro area

With regard to the euro area, the ECB's analyses have so far been based on a set of residential property price indicators that are compiled by the Eurosystem. Each euro area NCB identified from the existing residential property price indicators those that it considered to best reflect changes over time in the transaction prices of houses and flats in the whole country. However, the available indicators are not always based on transaction prices, as, in some cases, they make use of appraisals. Moreover, some indicators cover mainly or exclusively metropolitan areas, while several refer only to existing houses and flats. The treatment of changes over time in housing characteristics differs across countries. For example, in some cases, houses and flats are stratified according to type, in order to limit the impact that the heterogeneity in samples of dwellings over time may have on observed price changes. Another approach extracts quality differences in dwellings by estimating the impact of their age, number of bedrooms, etc. on the total price. Most residential property price indicators in the euro area countries are reported at a quarterly frequency. For the euro area as a whole, the ECB compiles a quarterly time series dating back to 1980. Back calculations of country data refer primarily to the period before mid-1990 and make use of other sources that are less representative than those used for the compilation of recent price changes.

In December 2010 Eurostat started to publish a new set of experimental house price indices for euro area countries. It has also announced that the regular compilation and publication of residential property price indices for all EU countries will begin in 2012. Before then, however, some improvements are required in terms of the regions and dwelling type that they cover, as well as in terms of their timeliness.

Overall, the lack of harmonisation in the statistical approaches used for compiling residential property price indicators for the euro area also has to be considered carefully when making comparisons across euro area countries. By contrast, FHFA house price indices at the level of US states are fully comparable in statistical terms.

3 ASSESSING THE VALUE OF HOUSE PRICES IN THE CURRENT CYCLE

In the same way as with other asset prices, it is difficult to determine the equilibrium value of house prices. A straightforward approach is to draw on ratios that directly relate house prices to key reference series.[4] Two ratios are commonly used in this respect. The first is the house price-to-income ratio, which captures the idea that house prices in the longer term are constrained by the affordability of housing for households, including the ability to service the debt incurred for the house purchase from the stream of income. The second is the house price-to-rent ratio, which captures the relation in the longer term between the cost of owning a house and the return on renting it out.[5]

Charts 5 and 6 show, for the euro area and the United States respectively, the percentage deviations of these ratios from their long-run averages over the past three decades. The long-run average reflects the notion that the growth relation between numerator and denominator of the ratios should develop in a certain way in the longer term. However, it is well understood, and also visible in the charts, that this can imply protracted periods of a positive or negative deviation of the actual ratios from the average.

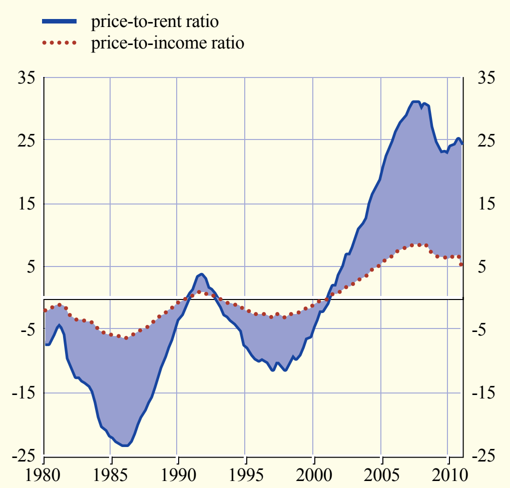
Bearing this in mind, Charts 5 and 6 convey a number of messages. First, in both the euro area and the United States, relative to the previous cycle, there was substantial growth in house prices in the run-up to the latest peak. Second, compared with income and rents, house prices were relatively contained up until 2002-03, both in the United States and the euro area.

4 Another approach is to apply structural models that account for supply and demand factors, and use the deviations from the equilibrium levels owing to these factors as an indication of a misalignment. Such models typically include a standard set of fundamental factors, such as household income, financing costs and demographic factors. In general, estimation exercises have demonstrated that the role of these factors depends on the geographical market under analysis. Moreover, the fundamental factors may themselves be subject to misalignments and may evolve during certain periods in a non-sustainable manner.

5 Actual rent can be used as a proxy for the flow of fundamental returns in a dividend-discount framework. See Poterba, J.M., "Tax Subsidies to Owner-Occupied Housing: An Asset-Market Approach", *Quarterly Journal of Economics*, Vol. 99, No 4, pp. 729-752, November 1984; and Campbell, J.Y. and Shiller, R.J., "The Dividend-Price Ratio and Expectations of Future Dividends and Discount Factors", *Review of Financial Studies*, Vol. 1, No 3, pp. 195-228, 1988.

Chart 5 Euro area deviation ranges for house price valuations

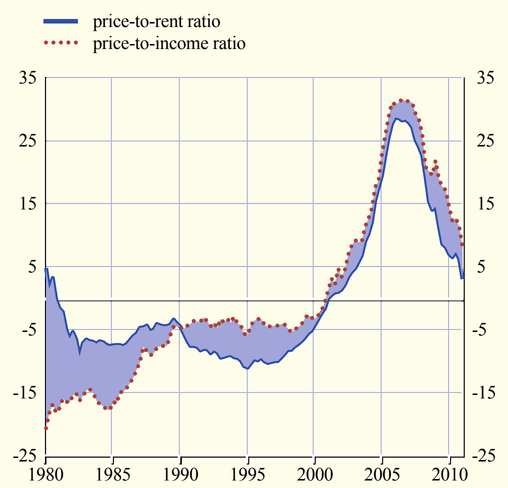
(percentage deviation from long-run average)



Sources: ECB, Eurostat and ECB calculations.

Chart 6 US deviation ranges for house price valuations

(percentage deviation from long-run average)



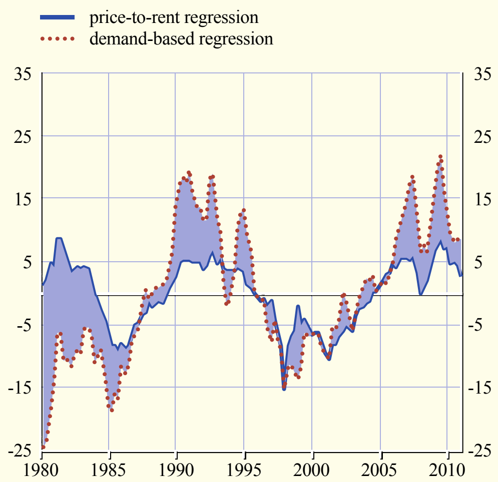
Sources: Federal Reserve Economic Data, Federal Housing and Finance Agency, Haver and ECB calculations.

Third, the downward adjustment in the current cycle has been steeper and stronger in the United States than in the euro area. Fourth, at the current juncture the two measures still point to a positive misalignment of house prices from their fundamentals, both in the euro area and the United States. Fifth, over the full sample, the band width denoted by the two ratios is much wider for the euro area than for the United States. One reason why the house price-to-rent ratio differs so much between the two economic areas could be that rental prices in some euro area countries are less flexible and less responsive to market forces, and therefore the impact of house price developments on the ratio is much more pronounced. The degrees of misalignment highlighted by a comparison of the two ratios with their longer-term averages to some extent depend on the time period over which this average is computed. Looking beyond this caveat, the degrees of misalignment seen at the end of the period suggest that the necessary adjustment may be a drag on the recovery in house price growth.

Comparing the ratios of house prices to income or rents with their constant longer-term averages has its limitations if the equilibrium ratio reflecting sustainable trends in house prices and their reference series varies over time. For instance, there may have been an increase in the equilibrium ratio in the euro area countries in the run-up to monetary union, which entailed, among other things, a substantial decline in (real and nominal) interest rates in many countries. Consequently, the inclusion of an interest rate variable may help to take account of such a structural shift. For the purposes of comparison, Chart 7 reports similar information to that in Chart 5, but this time the ratios are calculated using model-based methodologies that reflect fundamental demand-side variables.[6] There are several interesting outcomes of the comparison that are worth noting. First, the valuation ranges revolve around a zero line and suggest two clear periods of positive misalignment, namely in the early 1990s and the current house price cycles. Second, the valuation ranges are smaller compared with those in Chart 5, in particular

Chart 7 Euro area model-based deviation ranges for house price valuations

(percentage deviation)



Sources: ECB, Eurostat and ECB calculations.
Note: The ranges include two types of residual: i) a residual derived from a price-to-rent ratio regressed on a constant and a real long-term interest rate; and ii) a residual derived from regressing house prices on real GDP per capita, population and a real long-term interest rate.

during the current cycle. Third, the regression-based misalignment measures point to less overvaluation in recent years than those reported in Chart 5, but there is still some degree of misalignment in residential property prices. Overall, the messages conveyed by these methodologies are broadly similar to those derived from the mechanical indicators in Chart 5, but the valuation ranges are smaller in size and, with regard to the euro area, show that the degree of overvaluation was as high in the early 1990s as it has been in recent years.

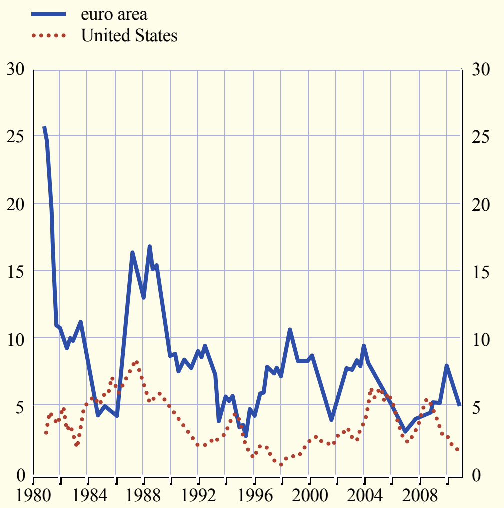
4 CROSS-COUNTRY AND CROSS-REGIONAL HETEROGENEITY

Aggregate measures of house prices may mask important differences across countries in

6 Two types of model have been employed: i) a price-to-rent ratio regressed on a real long-term interest rate; and ii) house prices regressed on real GDP per capita, population and a real long-term interest rate. These models are explained in more detail in the box entitled "Tools for detecting a possible misalignment of residential property prices from fundamentals", *Financial Stability Review*, ECB, June 2011.

Chart 8 Dispersion index for the euro area and the United States

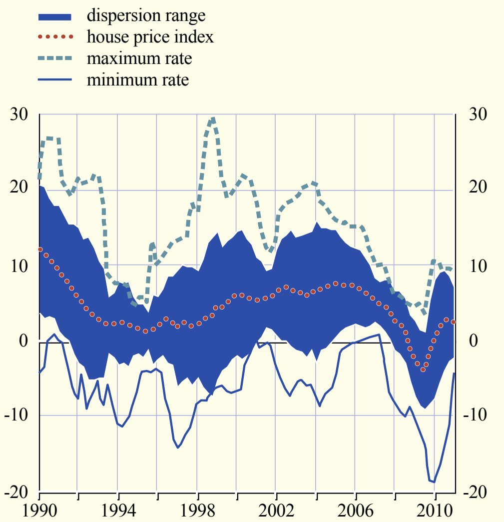
(calculated as the standard deviation of year-on-year nominal house price growth across countries/regions)



Sources: Federal Housing Finance Agency, ECB, OECD, national statistical offices and ECB calculations.

Chart 9 Euro area house price index, dispersion range, and maximum and minimum year-on-year house price growth rates across countries

(year-on-year changes)



Sources: ECB, national statistical offices and ECB calculations.
Notes: The shaded area shows the degree of dispersion (+/- 1 standard deviation) in the year-on-year growth rates around the aggregate house price series. It is worth noting that the aggregate house price series is constructed using the GDP weights of each country, while the standard deviation is unweighted.

the euro area or regions in the United States. Understanding such differences is of interest from a more structural point of view in order to assess the degree of integration of housing markets, as well as the underlying factors that affect developments therein. It is also of high relevance for analysing monetary policy and financial stability, as a high level of dispersion may be indicative of imbalances, even in a situation where, at the aggregate level, data seem to signal a healthy macroeconomic environment.

Making use of available data on house prices in ten countries in the euro area and across nine regions in the United States,[7] a dispersion index has been constructed for the euro area and the United States (see Chart 8).[8] The heterogeneity is also shown in Charts 9 and 10: for each quarter, the maximum and minimum year-on-year growth rates of house prices in the countries or regions are shown together with the one standard deviation band around the economy-wide growth rate of house prices.

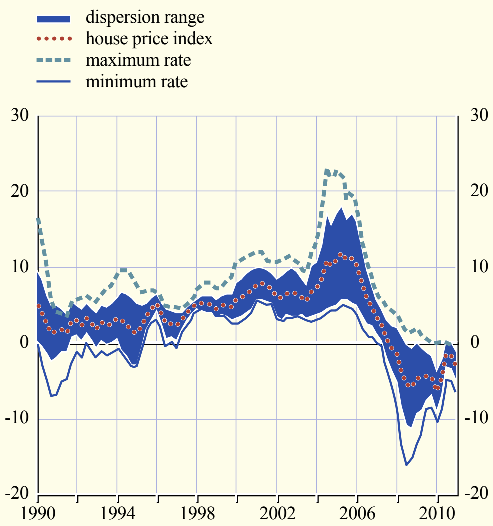
With regard to the euro area, the level of dispersion across countries has been trending downwards and has actually become less volatile over the last decade. In fact, it has almost halved between the 1990s cycle and the 2000s cycle as a result of the synchronisation of business cycles. Furthermore, the level of dispersion in the euro area tends to be lower around the trough of the house price cycles, owing mainly to rapid

7 For the euro area, only those countries for which a longer time series was available were considered, namely Austria, Belgium, Finland, France, Germany, Ireland, Italy, the Netherlands, Portugal and Spain. For the United States, the house price database of the Federal Housing Finance Agency usefully groups 50 states into nine census divisions or regions. These are New England, Middle Atlantic, East North Central, West North Central, South Atlantic, East South Central, West South Central, Mountain and Pacific.

8 The dispersion index is calculated as the standard deviation of the year-on-year growth rates across countries/regions for each quarter, with a higher value indicating that the growth rates across countries/regions exhibit wider differences. For data reasons (in particular the lack of sufficiently long time series for inflation data for all the US regions), the analysis on dispersion in this section is based on nominal house price data. However, ECB calculations show that using real data does not change the overall picture.

Chart 10 US house price index, dispersion range, and maximum and minimum year-on-year house price growth rates across regions

(year-on-year changes)



Sources: Federal Housing Finance Agency and ECB calculations.
Notes: The shaded area shows the degree of dispersion (+/- 1 standard deviation) in the year-on-year growth rates around the aggregate house price series. It is worth noting that the aggregate house price series is constructed using the housing stock shares as weights for each census division or region, while the standard deviation is unweighted.

declines in the rates of growth in house prices in a number of countries.

By comparison, despite the growing convergence in the euro area over the last few decades, the level of dispersion in the United States appears historically to have been lower and less volatile, as well as less idiosyncratic across the regions.[9] Having belonged to a political and monetary union for a long time, the US states have naturally fostered similar institutional arrangements and economic integration over time. Moreover, financial integration deepened after the savings and loan crisis of the 1980s, with a shift towards nationwide funding of housing activity that was supported by fewer restrictions on interstate lending and by Government Sponsored Enterprises (GSEs), which pooled and securitised mortgages. Consequently, mortgage lending, and thus to some extent local house prices, became less dependent on local banks and financial conditions, which may have contributed considerably to reducing house price disparities across states.[10] By contrast, in the euro area, structural indicators for its retail banking environment, such as measures of the cross-border activity of banks, suggest that its mortgage markets and housing markets are still somewhat fragmented across countries. This is due to several legal, regulatory, infrastructure and information-related barriers.[11]

A number of other factors also seem to contribute to the differences in the levels of dispersion between the two economic areas. Within the euro area, the transition to the single currency was for many countries associated with profound downward adjustments in interest rates and thus a higher affordability of mortgage credit, which subsequently seems to have given rise to different assessments and expectations regarding the sustainability of house price developments. The effect on the level of dispersion may also have been amplified by differences in tax regimes for house-buying and financing, as countries that grant high tax subsidies for owner-occupied housing tend to see greater variability in house prices.[12] Within the United States, geographical specificities, such as the density of the cities and the proximity of a number of regions to the coast, may be a key explanation for the increase in the level of dispersion, especially during periods of rising house prices.

9 The difference in the level of dispersion could also be due in part to statistical differences in the measurement of house prices, or even dependent on the local features and weight of the big cities where most data are collected. A higher level of dispersion across countries may conceal the extent of the dispersion in house prices at the city level, where a large part of the population lives. Evidence seems to suggest that there is less dispersion in house prices in the cities of the four largest euro area countries than in those in the United States. See Hiebert, P. and Roma, M., “Relative house price dynamics across euro area and US cities: convergence or divergence”, *Working Paper Series*, No 1206, ECB, June 2010.

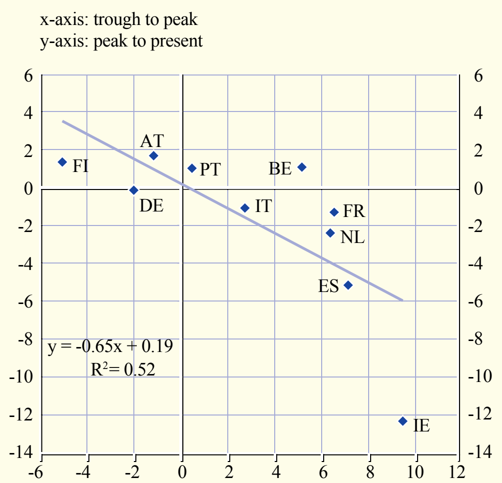
10 For further information on the impact that closer financial integration in the United States has had on improving house price convergence across states, see Schnure, C., “Boom-bust cycles in housing: the changing role of financial structure”, *IMF Working Paper*, No 05/200, October 2005.

11 For more details on this topic, see *Financial integration in Europe*, ECB, May 2011.

12 See van den Noord, P.J., “Tax Incentives and House Price Volatility in the Euro Area: Theory and Evidence”, *OECD Economics Department Working Paper*, No 356, 2003.

Chart 11 Average real house price growth in the 2000s cycle in selected euro area countries

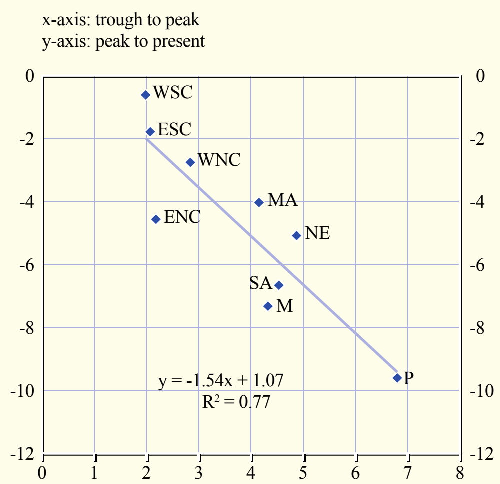
(average year-on-year growth rates)



Sources: ECB, national statistical offices and ECB calculations.
Note: The chart compares, for the current house price cycle in the euro area, the increase in house prices from trough to peak with the adjustment thereafter.

Chart 12 Average real house price growth in the 2000s cycle in selected regions of the United States

(average year-on-year growth rates)



Sources: Federal Housing Finance Agency and ECB calculations.
Notes: The chart compares, for the current house price cycle in the United States, the increase in house prices from trough to peak with the adjustment thereafter. ENC: East North Central, ESC: East South Central, M: Mountain, MA: Middle Atlantic, NE: New England, P: Pacific, SA: South Atlantic, WNC: West North Central and WSC: West South Central.

Turning to the latest developments in the current house price cycle, the level of dispersion generally increased in the run-up to and around its peak, but has recently been trending downwards, in both the euro area and the United States. The rise in house prices across the US regions was more broadly based than in previous cycles and was fuelled by easy access to credit and the securitisation of loans, which led to house prices in many regions being significantly overvalued. In fact, those regions that exhibited high house price growth registered substantial declines in house prices in the aftermath of the recession, which contributed to the drying-up of liquidity in financial markets and hampered the trading of mortgage-backed securities. The correlation between average house price increases from trough to peak and the subsequent declines in the current house price cycle is stronger across the US regions than in the euro area (see Charts 11 and 12).[13] Moreover, in the United States, all regions are still registering negative house price growth, but in the euro area, a number of countries are recording moderately positive growth rates, despite the high growth rates observed in some regions before the peak.

5 CONCLUSIONS

This article reviews the current developments in house prices in the euro area and the United States, against the background of historical experience and in comparison with key reference series, such as income and rents. In both economic areas, the latest house price cycle has been very pronounced in terms of its

13 According to Abel, J.R. and Deitz, R., "Bypassing the bust: the stability of upstate New York's housing markets during the recession", *Current Issues in Economics and Finance*, Federal Reserve Bank of New York, March 2010, the proliferation of sub-prime mortgages is characteristic of the current housing cycle in the United States. Not only have sub-prime lending and house price appreciation gone hand in hand, but also more significant declines in house prices have been associated with those areas that have had a higher proliferation of such sub-prime loans. The resultant build-up of vacant houses may continue to depress house prices in most regions in the United States in the short term.

long duration, its cumulative excessive growth and the degree of subsequent correction, both in nominal and real terms.

At the same time, the data suggest that the latest house price cycle has been more unique in the United States than in the euro area in comparison with the cycle that ended in the mid-1990s. This holds true for the cumulative increase in real house prices, both at the peak and trough of the cycle. Furthermore, there has been a greater degree of similarity in pattern of house price growth across the US regions than there has been across the different countries of the euro area.

The current position of the house price cycle continues to be surrounded by considerable uncertainty. In early 2011 house prices in the United States were still declining in annual terms, whereas in the euro area, house prices now appear to have bottomed out in the majority of countries. A number of indicators suggest that there is still some degree of misalignment in both economic areas at the current juncture. This implies that some downward adjustment in real house prices is still to be expected in both areas in the coming years. In the United States, this is likely to be an economy-wide development, while in the euro area, this may be confined to some countries.

Overall, the article highlights the important cyclical linkages between the housing market and the rest of the economy, as well as the protracted adjustment processes that are needed after house price bubbles have burst.

EURO AREA MARKETS FOR BANKS' LONG-TERM DEBT FINANCING INSTRUMENTS: RECENT DEVELOPMENTS, STATE OF INTEGRATION AND IMPLICATIONS FOR MONETARY POLICY TRANSMISSION

Long-term debt financing instruments are an important source of stable funding for euro area banks. During the last decade euro area markets for banks' long-term debt financing grew and at the same time new market segments gained importance. However, since September 2008 these markets have suffered substantially as a result of the financial crisis, as well as subsequent sovereign debt market turbulence. Currently, the functioning of markets for banks' long-term debt differs across segments and banks' access to this source of funding also varies considerably across issuers. Many of the challenges faced by euro area banks in relation to obtaining long-term debt financing are to some extent faced also by banks in other advanced economies.

From the perspective of financial market integration, this article shows that while pricing differentiation is clearly visible – after a period of significant underpricing of risk in financial markets – evidence on international issuance does not point to a permanent segmentation in terms of primary market participation in the euro area. From the perspective of monetary policy transmission, unhampered and fairly priced access to long-term funding markets by banks plays a role in affecting the supply of credit. Currently there are signs of growing divergence in the lending rates charged by the MFIs situated in various euro area countries with different conditions in long-term funding markets. Against this backdrop, it is important from a monetary policy perspective to further monitor trends and conditions in these markets.

1 INTRODUCTION

Banks finance themselves through a variety of different sources with different maturities and credit risk characteristics, for example through deposits, equity, short-term wholesale funding, long-term unsecured bonds, covered bonds, and asset-backed securities (ABSs). Heavy reliance on some of these funding sources in the years leading up to the financial crisis turned out to be an important source of the subsequent problems. On the one hand, a substantial amount of short-term funding resulted in high exposure to liquidity risks. On the other hand, opaque and complex structures of ABSs, combined with misalignments of incentives, led to high uncertainty about and mispricing of the credit risk of these securities. As a result of the developments observed during the last four years, enhancing the design and functioning of markets for long-term debt financing instruments as a stable source of funding available to banks is important from the perspectives of a proper functioning of the banking sector, financial integration, and a smooth transmission of monetary policy.

In recent years the markets for banks' long-term debt financing instruments have changed significantly. The financial crisis has led to a repricing of risks, which may be a factor permanently affecting the demand for these securities. At the same time, the supply in these markets can be influenced by regulatory developments, for example related to capital and liquidity requirements focusing on improving banks' resilience to market tensions and increasing their reliance on stable funding sources. Apart from longer-lasting changes in the structure of these markets, the issuance and pricing behaviour has also been affected by the tensions in other markets and changes in investor sentiment.

Against this background, this article reviews recent developments in the euro area markets for banks' long-term debt instruments and discusses the implications for financial integration as well as monetary policy transmission.

The article is structured as follows. Section 2 presents a broad overview of the markets for banks' long-term debt instruments, focusing on banks' issuance activity and the impact of the sovereign debt market tensions on the perceived credit risk of banks. Section 3 discusses in more detail primary and secondary market developments in each of the market segments:

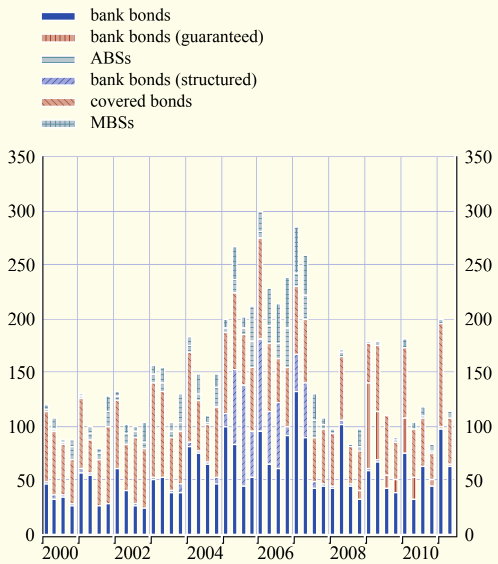
unsecured bank bonds, covered bonds and ABSs. Section 4 focuses on the implications for market integration, as well as monetary policy transmission and regulatory policies. Section 5 concludes.

2 EURO AREA MARKETS FOR BANKS' LONG-TERM DEBT FINANCING INSTRUMENTS: A BROAD OVERVIEW

Euro area banks' issuance of long-term debt instruments has undergone several dynamic changes during the last ten years. First, strong growth in issuance of unsecured bank bonds and securitised products was observed in the years leading up to the financial crisis (see Chart 1). For example, in the period from the first quarter of 2005 until the second quarter of 2007, banks' use of these funding sources more than doubled, compared with the levels observed during the period 2000-03. Furthermore, during the period preceding the crisis, some large banks issued substantial amounts of bonds with payment structures linked to the price developments of other asset classes, especially equity or equity indices. In the third quarter of 2007 overall issuance dropped sharply by 50%, marking the beginning of a period when the levels of long-term market-based debt issued by banks became much more comparable to the issuance levels observed before the securitisation boom.

Chart 1 Banks' long-term debt financing instruments – issuance activity

(EUR billions)



Sources: Dealogic DCM Analytics and ECB calculations.
Notes: Retained deals are not included. Bank bonds include non-subordinated unsecured bonds issued by financial corporations and classified as high-yield or investment-grade bonds or medium-term notes. Structured bank bonds are defined as bonds with cash flows linked to commodities, equities, derivatives, credit events, etc.

As market uncertainty related to funding and counterparty risks increased substantially following the bankruptcy of Lehman Brothers, various support schemes were put in place, under which banks were allowed to issue government-guaranteed debt securities. Consequently, in the first half of 2009 around 55% of all newly issued bank bonds were covered by government guarantees. Apart from the support measures introduced by individual governments, the ECB introduced the covered bond purchase programme (CBPP), announced on 7 May 2009 and active in the period from 2 July 2009 to 30 June 2010, which triggered a reactivation of the issuance of covered bonds in the euro area.[1]

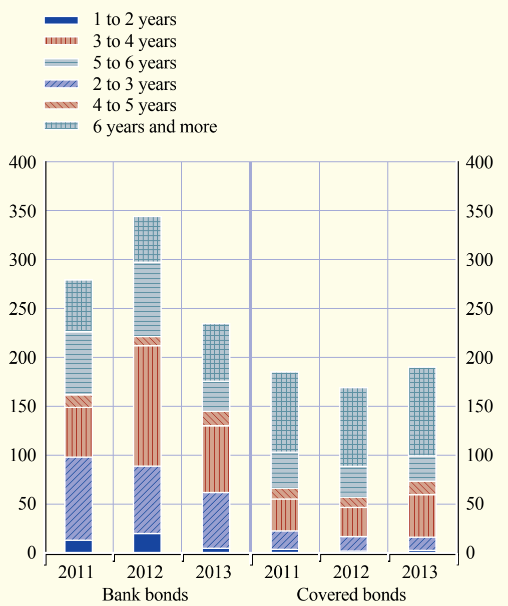
In more recent quarters turbulence in some euro area government bond markets has also been reflected in the markets for banks' long-term funding instruments. In some segments, banks may have increasingly sought to make use of periods of relatively tranquil market conditions to frontload future funding needs. Overall, the developments during the past four crisis years have been reflected in a highly volatile level of issuance.

Looking ahead, the overall issuance of long-term debt securities by euro area banks and their distribution across market segments will depend on the relative attractiveness of

1 For an analysis of the impact of the CBPP on the covered bond markets, see "Covered bond market developments and the covered bond purchase programme", *Monthly Bulletin*, ECB, August 2010, and Beirne, J., et al., "The impact of the Eurosystem's covered bond purchase programme on the primary and secondary markets", *Occasional Paper Series*, No 122, ECB, January 2011.

Chart 2 Amounts of maturing bonds broken down by initial time to maturity

(EUR billions)



Sources: Dealogic DCM Analytics and ECB calculations.
Notes: Retained deals are not included. Bank bonds are defined as in Chart 1 (including guaranteed and structured bonds).

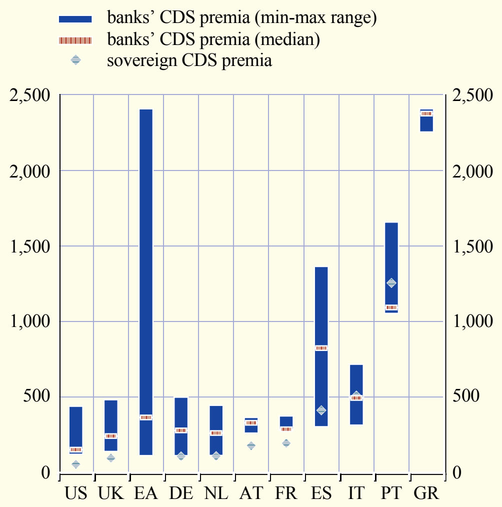
these markets, as compared with alternative funding sources. Furthermore, changes in the overall size of banks' balance sheets may affect long-term debt issuance activity. Regulatory developments will also likely play an important role (see the box in Section 4). Beyond these factors, banks' future issuance will be influenced by the maturity structure of current outstanding instruments. As apparent in Chart 2, in 2012 the amount of bank bonds maturing will reach almost €350 billion, more than 20% higher than for 2011. This increase is mainly driven by the expiration of a relatively large amount of bonds with an initial time to maturity of three to four years, of which more than 60% are government-guaranteed. For covered bonds, the maturity profile is more stable and the amount of bonds maturing will decrease by around 9% in 2012 compared with 2011. Hence, in recent years, bank bonds were issued with a shorter time to maturity than covered bonds. Consequently, euro area banks will need to access the market for unsecured debt for higher amounts, if they want to maintain a stable level of financing from this source.

Turning to the overall costs of accessing the markets for long-term debt instruments for euro area banks, a key challenge currently faced by some of them are the spillovers between sovereign bond markets and bank funding markets. There are several channels through which sovereign and bank debt markets may be closely correlated. For example, large holdings of sovereign debt by domestic banks may imply a higher credit risk of bank debt securities, when sovereign debt securities held by the banks become more risky. Another channel could be related to the bank exposure to the credit risk of domestic households and corporations. When sovereign risk increases and a significant tightening of government expenditures is needed, the income of some households and corporations may be negatively influenced in the short term, either directly or through an adverse short-term impact on economic growth. Furthermore, banks' access to long-term debt funding markets may be impaired in case of sovereign debt problems due to an adverse reaction and weak sentiment of portfolio investors, who might withdraw their funds from the whole region.[2] Keeping these channels in mind, a comparison of CDS premia of euro area banks shows a large dispersion across issuers, across countries and within some of them, also as compared with banks in the United States and United Kingdom (see Chart 3). Overall, this differentiated market assessment of the credit risk of euro area banks has spread to all segments for long-term debt financing, leading to large discrepancies in euro area banks' funding costs and, in some cases, in their ability to access certain market segments.

2 For a further analysis of the possible channels, see, for example, Committee on the Global Financial System, "The impact of sovereign credit risk on bank funding conditions", *CGFS Papers,* No 43, July 2011.

Chart 3 Sovereign and bank CDS premia

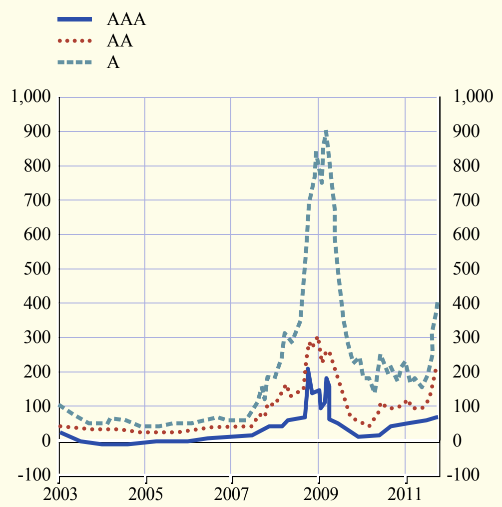
(basis points; 23 September 2011)



Source: Thomson Reuters.
Notes: CDS premia are on five-year senior unsecured debt. Only euro area countries for which CDS premia of at least three banks are available are shown separately. Greek sovereign CDS premia stood at 5,849 basis points on 23 September 2011 (not included in the chart).

Chart 4 Corporate bond spreads of financial institutions in the euro area

(basis points)



Source: Thomson Reuters.
Notes: Secured and unsecured bonds of maturities of over one year are included in the indices. The benchmark is the EMU AAA government bond index. All indices are calculated by Merrill Lynch.

3 RECENT DEVELOPMENTS IN DIFFERENT MARKET SEGMENTS

The segments of euro area markets for banks' long-term debt financing instruments, although all significantly affected by the crisis, differ substantially with respect to the current market functioning. This section reviews primary and secondary market developments in the major segments of euro area markets for banks' long-term debt: unsecured bonds, covered bonds and ABSs.

3.1 UNSECURED BONDS

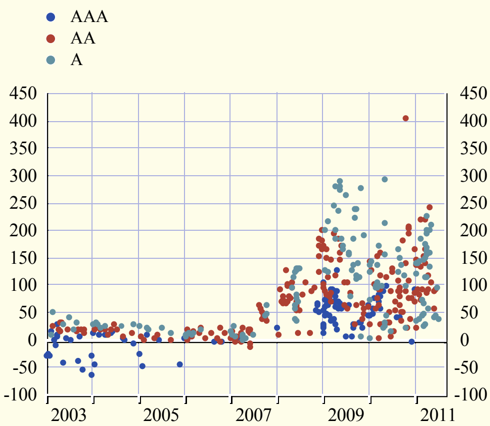
Funding conditions of euro area banks, as reflected in corporate bond spreads of financial institutions vis-à-vis AAA-rated government bonds, have changed dramatically during the crisis years (see Chart 4). Not only has the overall level of spreads become much more volatile and fluctuated widely, but also the differentiation between issuers from different rating classes has increased markedly. During late 2008 and early 2009, the access to long-term debt financing, especially for lower-rated banks, became increasingly difficult and in some cases even impossible. Since then, the spreads have declined markedly, although recently spreads have increased somewhat again, especially for lower-rated classes.

Turning to the primary market for issuance of unsecured debt instruments, Charts 5 and 6 show the spreads against swaps at issuance of selected[3] unsecured bonds in the period 2003-11 according to ratings and the issuing banks' nationality of operations. Chart 6 also distinguishes the bonds covered by government guarantees. Before the crisis, issuers from all rating classes and euro area countries were able to get funding at levels very close to the swap rate (even below for some AAA-rated issuers). Also, before the crisis the differentiation between rating classes was relatively small, similar to the secondary market spreads. During

3 See the notes to Charts 5 and 6 for the selection criteria.

Chart 5 Bank bond spreads at issuance by rating class

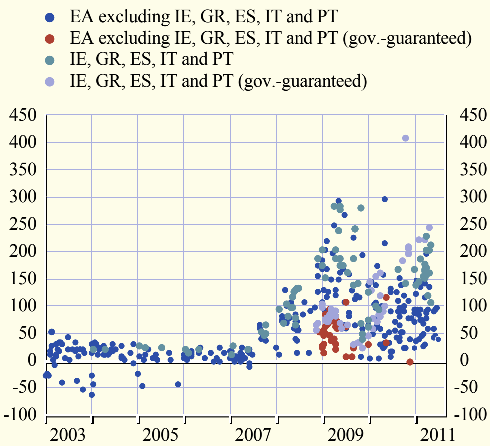
(basis points)



Sources: Bloomberg, Dealogic DCM Analytics and ECB calculations.
Notes: Spreads are calculated as z-spreads vis-à-vis the swap curve. Data are based on the nationality of operations of the issuer and are therefore on an unconsolidated basis. The chart includes senior unsecured fixed rate investment-grade bullet bonds and medium-term notes with a time to maturity at issuance between one and ten years. Only euro-denominated issuances with a face value of at least €100 million are included.

Chart 6 Bank bond spreads at issuance by country group and government guarantee

(basis points)



Sources: Bloomberg, Dealogic DCM Analytics and ECB calculations.
Notes: Spreads are calculated as z-spreads vis-à-vis the swap curve. Data are based on the nationality of operations of the issuer and are therefore on an unconsolidated basis. The chart includes senior unsecured fixed rate investment-grade bullet bonds and medium-term notes with a time to maturity at issuance between one and ten years. Only euro-denominated issuances with a face value of at least €100 million are included.

the crisis, in parallel to the developments in the secondary market, spreads at issuance increased. However, these increases were much more contained than for the secondary markets, probably reflecting that some issuers simply refrained from accessing the market during this period. It is also clearly visible how the issuance of government-guaranteed bonds allowed banks to obtain funding at relatively low spreads, although the differentiation based on the guarantor's nationality was already visible at this point in time.[4] During 2010 and 2011 the range of spreads at which euro area banks issued long-term bonds was actually almost as high as during 2009. However, the large discrimination between different issuers in the latest episode of the crisis has mainly been driven by the issuer's nationality rather than by the instrument's credit quality, as measured by ratings.

3.2 COVERED BONDS

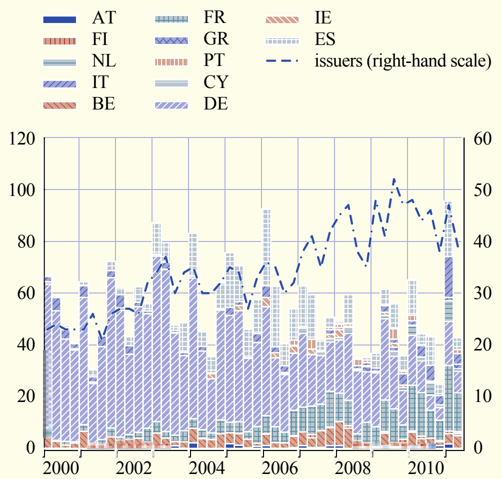
During the last ten years, covered bonds have developed from being a funding source for mortgages and public infrastructure projects in certain euro area countries to become an important source of long-term funding for banks in many euro area countries. Regional and issuer participation increased and currently between 40 and 50 issuers from euro area countries are active in this market each quarter (see Chart 7). In the months following the bankruptcy of Lehman Brothers, when very low issuance activity was observed in this market, the ECB decided to implement the covered bond purchase programme (CBPP), which resulted in enhancing banks' access to this source of funding.[5] Participation in the market by both

4 For an analysis of the pricing determinants of government-guaranteed bank bonds in the recent financial crisis, see Levy, A. and Zaghini, A., "The pricing of government-guaranteed bank bonds", *Temi di Discussione*, No 753, Banca d'Italia, March 2010.

5 See Beirne, J., et al., "The impact of the Eurosystem's covered bond purchase programme on the primary and secondary markets", *Occasional Paper Series*, No 122, ECB, January 2011.

Chart 7 Covered bond issuance by issuer nationality and quarterly number of issuers

(EUR billions; number of different issuers)



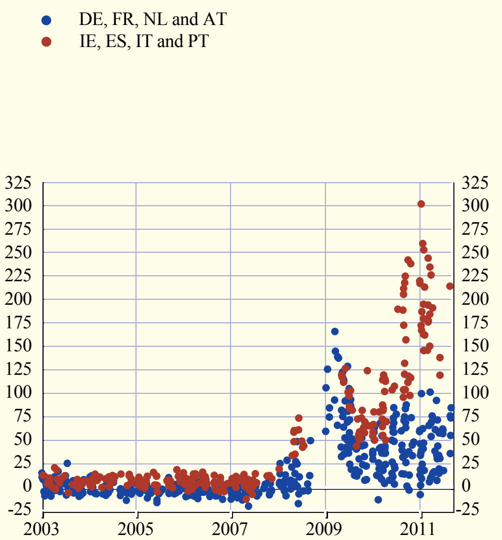
Sources: Dealogic DCM Analytics and ECB calculations.
Notes: Issuer nationality is determined by the nationality of the parent company. Retained deals are not included. The quarterly numbers of different issuers are for parent companies and are therefore on a consolidated level.

issuers and investors has also benefited from new liquidity requirements in Basel III encouraging banks to obtain more stable long-term funding. Moreover, the relative attractiveness of secured instruments like covered bonds was enhanced by considerations about potential loss absorbency of unsecured bank bonds, as can be seen, for example, in the working document of the European Commission's DG Internal Market and Services on the technical details of a possible EU framework for bank recovery and resolution of 6 January 2011 (see also the box in Section 4).

More recently, in the first quarter of 2011, as overall market conditions were better, although investor uncertainty about future developments still prevailed, issuance of covered bonds reached record highs with quarterly activity exceeding €95 billion. The issuance was broadly distributed across countries, for example with significant amounts from Italy

Chart 8 Covered bond spreads at issuance by issuer nationality

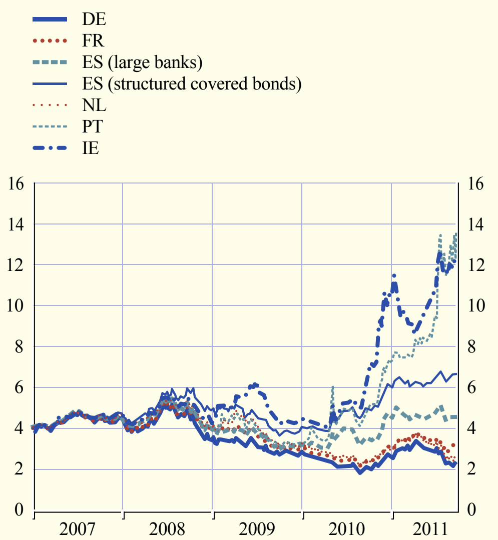
(basis points)



Sources: Dealogic DCM Analytics and ECB calculations.
Notes: Spreads are calculated as z-spreads vis-à-vis the swap curve. Retained deals are not included. Data are based on the nationality of operations of the issuer. Only fixed rate euro-denominated bonds with a time to maturity at issuance between 1.5 and 20 years and a face value of at least €500 million are included.

Chart 9 Five-year covered bond yields

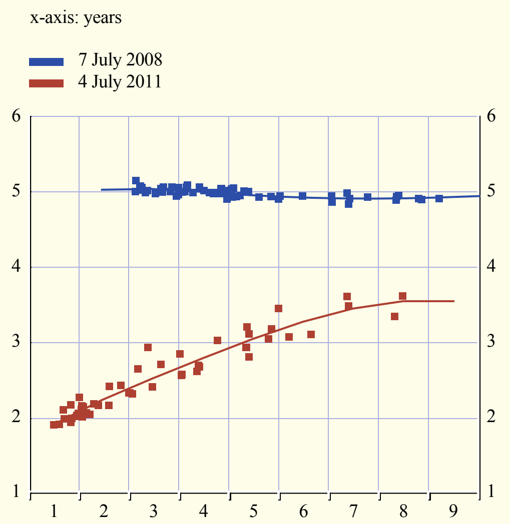
(basis points)



Sources: Bloomberg and ECB calculations.
Note: Five-year par yields calculated from estimated covered bond curves.

Chart 10 German covered bond yield curves in 2008 and 2011

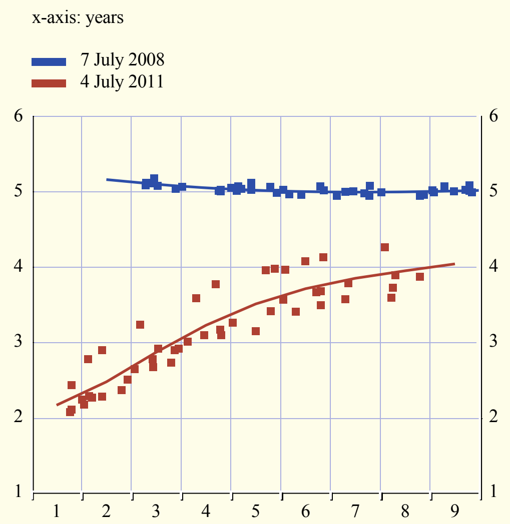
(percentages per annum)



Sources: Bloomberg and ECB calculations.
Notes: For both years, the first Monday of the second half of the year (in July) is chosen. Estimated par yield curves (solid lines) and observed yields to maturity (points) are presented.

Chart 11 French covered bond yield curves in 2008 and 2011

(percentages per annum)



Sources: Bloomberg and ECB calculations.
Notes: For both years, the first Monday of the second half of the year (in July) is chosen. Estimated par yield curves (solid lines) and observed yields to maturity (points) are presented.

and Spain, and included larger deal sizes and to some extent longer maturities. However, some of this high primary market activity may partly reflect frontloading of future funding needs as uncertainty remained elevated. In the second quarter of 2011 issuance was more than halved compared with the first quarter. Apart from the renewed tensions in sovereign debt markets, primary market activity in the second quarter usually tends to be weaker. Still, primary market activity is influenced by high volatility in secondary market prices, and market participants currently tend to wait for less volatile periods and frontload their issuance needs.

With respect to the market pricing, the cost structure at which banks were able to access the covered bond market to obtain long-term funding was substantially reshaped by the crisis. During 2008 primary and secondary market spreads increased and large issuances came to a halt after the bankruptcy of Lehman Brothers. After the reactivation of the market by the ECB's CBPP in 2009, covered bond market prices were increasingly influenced by the sovereign debt crisis during 2010 and 2011 (see Charts 8 and 9). For some countries, secondary market yields strongly increased, indicating that primary market access was possible only at very high costs. Moreover, price differentiation on primary and secondary markets was observed not only across the groups of issuers from different countries, but also across individual issuers within each country, even in the case of countries less affected by the sovereign debt crisis like France and Germany (see Charts 10 and 11). In a historical comparison, such increased price differentiation in this market is a new phenomenon and might reflect higher investor awareness of credit risk and more rigorous pricing, as compared with the period of underpricing of risk observed before the financial crisis, when risk premia were exceptionally low.

3.3 ASSET-BACKED SECURITIES AND MORTGAGE-BACKED SECURITIES

After several years of increasing issuance levels, activity in the euro area ABS market came to a halt at the start of the turmoil in August 2007.

It did not take long, however, before originators began to retain their newly issued privately and publicly placed deals in order to create liquidity buffers and to use these assets as collateral with central banks (mainly Eurosystem central banks). As a result, securitisation activity increased substantially, in particular for publicly placed retained deals. In fact, issuance reached record levels in the last quarter of 2008 when banks cleaned up their balance sheets before the year-end. However, very few newly issued deals were bought by end-investors (see Charts 12 and 13).

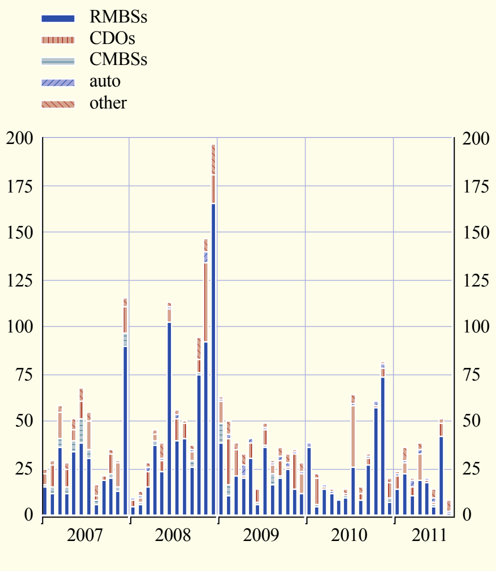
According to market information, euro area issuance totalled €350 billion in 2009. It decreased to €269 billion in 2010 (with €137 billion from the Netherlands, €57 billion from Spain and €21 billion from Belgium), of which €37 billion was placed with end-investors. The lower amount in 2010 may reflect that: (i) the ability to securitise banks' balance sheets had been exhausted; (ii) regulatory uncertainty was continuing; and (iii) tighter Eurosystem collateral rules for ABSs made issuance of covered bonds more attractive from a collateral efficiency point of view.

The lower activity continued during the first half of 2011. Up until August, about €138 billion had been issued in the euro area during 2011, €18 billion of which had been placed with end-investors. This corresponds to a share of about 13%, which is in line with that for 2010. Seven countries were active in this period (2010 and 2011 year to date), and issuers with underlying assets domiciled in the Netherlands and Germany accounted for about 75% of the distributed deals. Although the amount of non-retained deals is far from satisfactory, the trajectory is positive with signs of moderate recovery, in particular for the prime residential mortgage-backed securitisation (RMBS) markets in the Netherlands and Belgium and the auto ABS market in Germany.

At the same time, ABSs started to be used frequently as a collateral asset type in Eurosystem credit operations (see Chart 14). Indeed, when the wholesale ABS market closed

Chart 12 European ABS issuance since January 2007

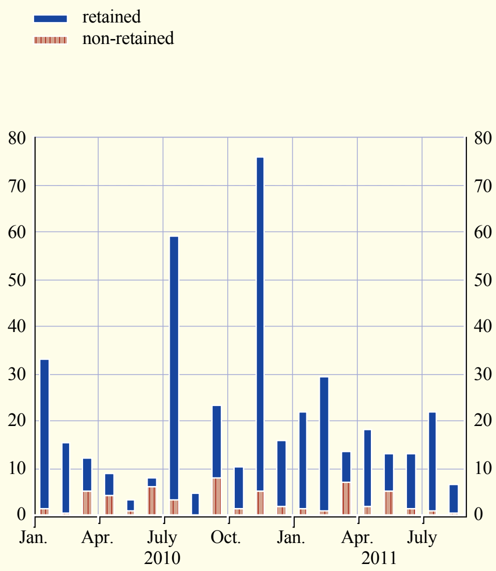
(EUR billions)



Sources: JP Morgan and ECB calculations.

Chart 13 Retained versus non-retained ABS issuance in the euro area

(EUR billions)



Sources: JP Morgan and ECB calculations.

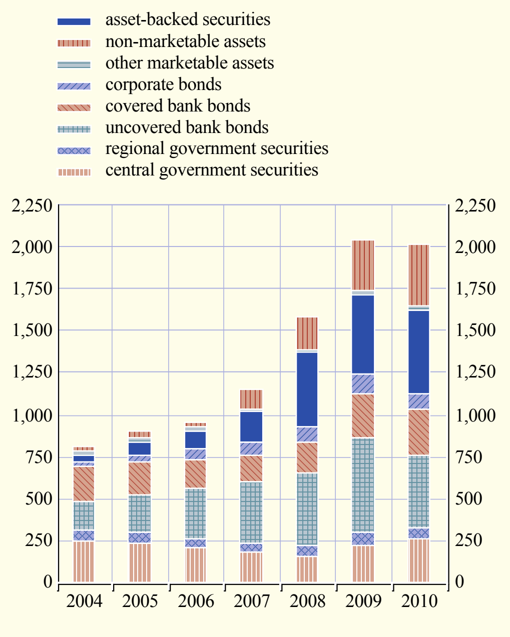
in 2007 and 2008, the amount of ABSs used as collateral with the Eurosystem increased substantially and went from around €100 billion in 2006 to nearly €500 billion at the beginning of 2010. The amount in 2010 corresponds to a share of around 25% of total collateral put forward. Thus, over time, the former originate-to-distribute securitisation model has changed into originate-to-retain and originate-to-repo models, and securitisation has been used by banks as a backstop facility (via central banks) rather than a funding instrument (in the market).

Several factors explain this behaviour in the ABS market. First, rating downgrades, backed by revised rating agency criteria, and negative credit trends contributed to the negative sentiment towards this market. Second, special investment vehicles (SIVs) and conduits were a large investor group. These quasi-investors were significantly less active during the crisis. Third, as the turmoil continued, investors concentrated more on their current asset portfolio rather than purchasing newly issued assets from the primary market. Finally, ongoing credit risk concerns, price volatility and headline risks fuelled concerns regarding ABS products. This increased risk aversion has been reflected in higher spreads in the secondary market (see Chart 15). Some of the secondary spreads on specific asset classes reached elevated levels during 2009 before gradually tightening. Amid the sovereign debt crisis and higher risk aversion, spreads started to widen again in mid-2011.

Reflecting continued risk aversion, demand focused on prime collateral that exhibited low risks and good performance and came mainly from countries with low sovereign credit risk. Only plain-vanilla structures with significant credit enhancement from originators with repeated issuances and a good reputation could be placed in the market.

Chart 14 Assets posted as collateral with the Eurosystem

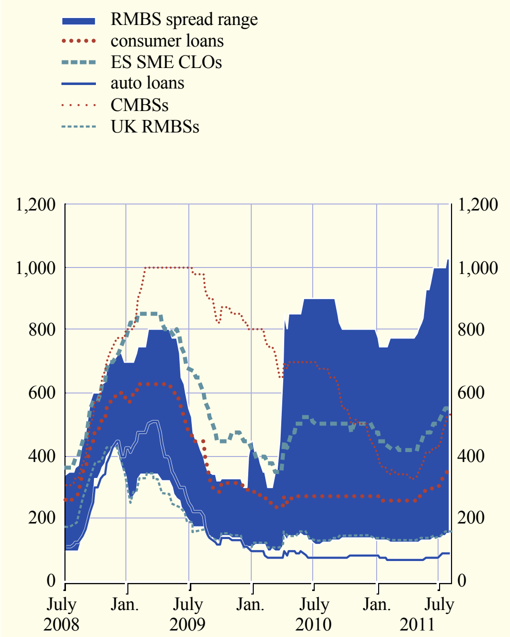
(EUR billions)



Source: ECB.

Chart 15 Secondary market spreads vis-à-vis EURIBOR

(basis points)



Sources: JP Morgan and ECB calculations.
Note: ES SME CLOs stands for collateralised loan obligations to Spanish small and medium-sized enterprises.

Overall, the relatively slow re-start of the ABS markets could be related to many problems in certain jurisdictions (e.g. weak fundamentals like negative GDP growth, weak fiscal conditions, an uncertain macroeconomic situation, rising unemployment, austerity measures), as well as to the generally prevailing uncertainty and risk aversion. With respect to the future potential of the ABS markets, anecdotal evidence from market participants' commentaries suggests that there is a certain degree of uncertainty as regards the final outcome of EU regulations, including CRD IV and Solvency II. This regulatory uncertainty makes both issuers and investors unsure about the future market environment. Some commentators even say that without a holistic view, the recent regulatory incentives may in fact create an obstacle to the market's recovery.

Securitised deals are almost by nature unique assets, based on domestic securitisation laws. Some common features between assets are present but the asset class and the market segment need more standardisation and harmonisation before such assets can contribute to an enhanced financial integration in the euro area. The shrinking investor base since the start of the turmoil has not improved the situation from an integration perspective. The increasing amount of retained issuance since the outbreak of the turmoil also points to the fact that newly issued deals in the primary market are not sold across domestic borders. Whilst public information on sellers and buyers of ABSs as well as data on ABS holdings are scarce and incomplete, anecdotal evidence from market participants points to a geographically biased market.[6]

In this respect, and to increase transparency and standardisation in the area of ABSs, the Governing Council of the ECB decided in December 2010 to introduce progressively a requirement in its collateral framework for ABS originators to provide loan-level data on the assets underlying such instruments, based on an agreed set of templates, should these assets be used as collateral in credit operations with the Eurosystem. This initiative is an attempt to standardise the ABS market in Europe, which will also make a lot more information available to market participants and may thus contribute to the completeness of the European financial system, enhance funding possibilities beyond national borders and foster integration through the improved comparability of instruments across countries.

4 IMPLICATIONS FOR MARKET INTEGRATION, MONETARY POLICY TRANSMISSION AND REGULATORY POLICIES

4.1 STATE OF MARKET INTEGRATION

Sound market functioning and financial integration foster a smooth and balanced transmission of monetary policy in the euro area. In particular, given the role of banks in the transmission mechanism, the state of integration of bank funding markets is of high importance. The integration of these markets in the euro area does not necessarily imply a unification of primary and secondary market prices across issuers. Since various banks have different credit quality, the pricing of the respective risk premia is warranted. Financial integration is only hampered when, beyond the banks' individual credit risk as perceived by investors, issuers experience problems or additional costs in accessing the market for long-term debt financing due to their country of origin. Although such hampered market access or additional costs may be difficult to exactly identify, some price-based and volume-based indicators can be quite informative.

The overview of primary and secondary market prices presented in the previous sections shows that during the financial crisis prices diverged in various segments of banks' long-term funding markets. As a result, access to these markets became more expensive for some issuers. First of all, some of this divergence clearly reflects a better risk assessment and pricing, not related to the issuers' country of origin – as presented by the price differentiation even across individual

6 See "European Securities Products Weekly", Barclays Capital, 23 May 2011.

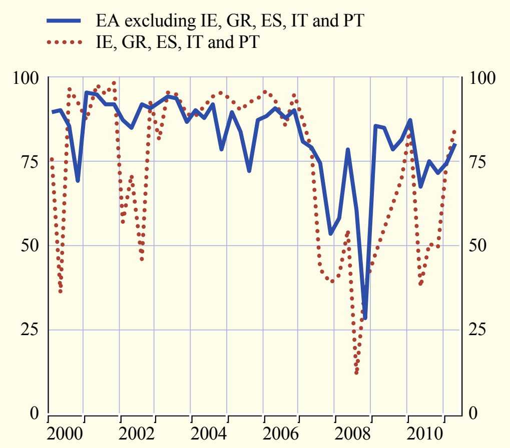
issuers from the same AAA-rated countries (see the price dispersion in Charts 10 and 11). However, currently there are also signs of country-dependent price differentiation on the banks' long-term debt primary market, which started with the sovereign debt crisis. As presented in Charts 5 and 6, during 2009, banks' costs of accessing the primary bond market for long-term debt depended on the rating class. Also, bonds with government guarantees were cheaper to issue, with small differences due to the origin of the guaranteed bond. In 2011 the costs of issuing in the primary market have depended clearly on the country of origin, rather than on the rating. In addition, the differences in the costs of guaranteed bonds have increased across countries. This evidence, although clearly suggesting a somewhat more hampered access to long-term debt financing for banks originating from the countries strongly affected by the sovereign debt crisis, may be to some extent a result of investors' perception that the credit quality of banks is dependent on the strength of the sovereign, instead of a pure signal of less integration in this market (see also Section 2). Furthermore, the fact that the issuer's nationality is currently more important for the pricing than ratings may also partially reflect that investors' views are not fully aligned with the assessment of credit rating agencies.

From the perspective of financial integration, the access to the whole euro area market for all issuers is important. Beyond the risk pricing dimension, indicators of quantities issued on the international market are thus very informative. Along these lines, Charts 16 and 17 show the percentage of bonds issued internationally, i.e. bonds sold to investors in at least one other country besides the issuer's home country.[7] Until mid-2007 this indicator had generally pointed towards a high international issuance of both unsecured and covered bank bonds. In fact, almost all bonds issued by countries which are today strongly affected by the sovereign crisis were issued internationally. Comparing issuance volumes in 2006 and 2008 (i.e. the last full year before the crisis and the first full crisis year), the overall issuance in euro area countries of

7 A caveat of this measure is that it only indicates whether any part of a bond issue was sold to at least one non-domestic investor.

Chart 16 Share of bank bonds issued internationally

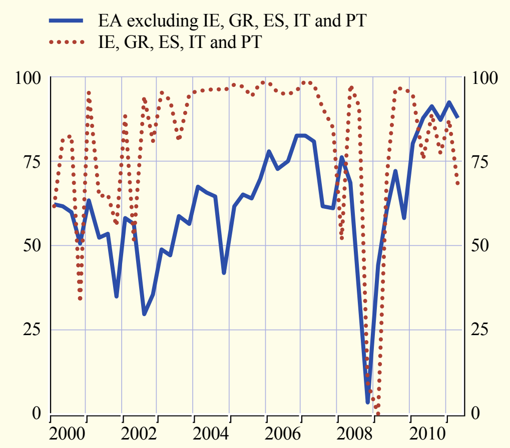
(share of total issuance; percentages)



Sources: Dealogic DCM Analytics and ECB calculations.
Notes: Issuer nationality is determined by the nationality of the parent company or, if the bond is guaranteed, by the nationality of the guarantor. Retained deals and structured bonds are not included (see also the notes to Charts 1 and 2).

Chart 17 Share of covered bonds issued internationally

(share of total issuance; percentages)



Sources: Dealogic DCM Analytics and ECB calculations.
Notes: Issuer nationality is determined by the nationality of the parent company. Retained deals are not included.

international bank bonds declined by €156 billion (by €42 billion for covered bonds) and the issuance of domestic bonds increased by €72 billion (by €113 billion for covered bonds). This evidence suggests that banks actively sought to compensate for the deterioration in international funding markets by turning to domestic investors.

Since mid-2007, looking beyond a drop in the international (and overall) issuance after the bankruptcy of Lehman Brothers,[8] the share of internationally placed bonds has tended to be somewhat lower for unsecured bonds, but not for covered bonds. For the euro area countries less affected by the sovereign debt crisis, the share of international bank bond issuance normalised to a large degree as of the first quarter of 2009. This normalisation was at first driven by strong issuance of government-guaranteed bonds, which for these countries were mostly internationally placed.[9] For the countries more affected by the sovereign debt crisis, the return to the international market was more gradual, as the effect of international government-guaranteed issuances was overshadowed by a very strong increase in domestically placed non-guaranteed bonds. In the last three quarters of 2010 this group of countries saw a new fall in the share of international issuances as the sovereign debt crisis intensified. In this period, as much as half of the amount of government-guaranteed bonds from these countries were domestic issuances, compared with less than 10% in the earlier part of the crisis.

With respect to the covered bond market, the share of international issuances improved as of the second quarter of 2009, sparked by the strongly increased primary market activity following the announcement and implementation of the ECB's CBPP. Overall, the international issuance in the covered bond markets of the countries least affected by the sovereign debt crisis actually seems to be higher than before the crisis, probably reflecting the increased investor awareness of and interest in this product today compared with before the crisis. In contrast, there seems to be some tendency for banks located in countries currently experiencing tense conditions in sovereign debt markets to rely more on domestic investors than was the case before the crisis.

Overall, large fluctuations in the rate of cross-border investor participation may amplify fluctuations in individual markets through their effects on demand. Furthermore, prolonged periods of low cross-border activity may lead to permanent non-credit-related price differentials as they may adversely affect liquidity conditions in market segments effectively cut off from the rest of the euro area. Based on the share of international issuances, it cannot be excluded that low levels of cross-border investor participation, especially in periods of acute tensions stemming either from the banking sector or from sovereign debt markets, may have added to the differences in long-term funding costs between euro area countries. However, there is no strong evidence that the crisis has led to a permanent segmentation in terms of primary market participation within the euro area.

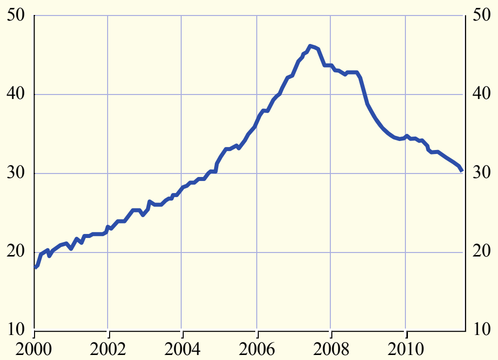
In addition to the costs and availability of banks' access to the euro area long-term debt funding markets, cross-border holdings of banks' long-term debt are an important indicator of market integration. To review this aspect, Chart 18 shows the share of cross-border holdings in euro area MFIs' holdings of debt securities issued by euro area MFIs. The chart shows an increasing trend in euro area cross-border holdings between 2000 and 2007. During the crisis, the share of euro area cross-border holdings has declined somewhat, but has remained high compared with the beginning of the last decade.

Overall, summarising the evidence from indicators on pricing, issuance and holdings of banks' long-term debt securities, there

8 Some of these drops reflect the fact that the subdued issuance activity in this period led to an almost complete stop in large international deals. For example, for Jumbo covered bonds, which are almost entirely international placements, there was practically no primary market activity in the last quarter of 2008 and only very limited activity in the first quarter of 2009.
9 For countries less affected by the sovereign debt crisis, some cross-border participation may also be related to flight-to-quality effects.

Chart 18 Share of cross-border holdings in euro area MFI holdings of euro area MFI debt securities

(share of holdings; excluding the Eurosystem; percentages)



Source: ECB.
Notes: Shares of euro area cross-border holdings are calculated as all euro area MFIs' (excluding the Eurosystem) holdings of debt securities issued by MFIs from all euro area countries excluding issuances from the home country, divided by the same holdings but including also issuances from the home country. Only securities with over two years to maturity are included.

is evidence of some problems in accessing the market for issuers from some countries, especially in terms of pricing. However, financial integration does not imply an absence of spreads and overall there are no strong indications that the euro area market for banks' long-term debt is currently less integrated than during the years prior to the securities issuance boom.

4.2 IMPLICATIONS FOR MONETARY POLICY TRANSMISSION

In contrast to the view that banks do not play an active role but serve as passive intermediaries through which central banks influence the broader economy, the ongoing crisis has highlighted the importance of soundly functioning financial intermediaries in supporting a smooth transmission of monetary policy. Thus, the so-called "credit view"[10] assigning a special role to banks in monetary policy transmission processes may be the most promising avenue for explaining and understanding the experiences of the recent years.

A key component of the credit view is the existence of frictions in credit markets, e.g. stemming from imperfect information, driving a wedge between the costs of raising funds internally and externally. By affecting broad economic conditions and expectations of future growth and profitability, monetary policy may influence the costs of raising funds externally by more than the change in the expected path of future short-term interest rates. This channel may work through the premium paid by non-financial borrowers when raising either market- or bank-based funding. For example, the fact that the banks have private information from screening and monitoring borrowers influences the premium paid by the borrowers to the bank, compared with the costs of accessing market-based funding. Moreover, the transmission channel may also work through the premium which banks have to pay for market-based funding.

By assigning an important role to banks in the transmission mechanism of monetary policy, it becomes important from a central bank perspective to monitor trends and conditions in bank funding markets, as these may in certain periods weaken or amplify the effect of monetary policy actions on the real economy. In order to get a more complete picture of both the current conditions and expected future conditions in banks' funding markets and the influences that these conditions may have on banks' supply of credit, central banks may also conduct surveys asking banks to quantify these effects. For example, the euro area bank lending survey (BLS) relates banks' ability to access market financing to the banks' credit standards.[11] Furthermore, during the crisis a number of ad hoc questions dealing specifically with the implications of the situation in financial markets have been included in the BLS.

10 See Bernanke, B. S. and Gertler, M., "Inside the black box: the credit channel of monetary policy transmission", *Journal of Economic Perspectives*, Vol. 9, No 4, Fall 1995, pp. 27-48.

11 For an empirical study making use of the information in the euro area BLS (and the US Senior Loan Officer Survey) to identify changes in loan demand and loan supply, see Ciccarelli, M., Maddaloni, A. and Peydró, J.-L., "Trusting the bankers – A new look at the credit channel of monetary policy", *Working Paper Series*, No 1228, ECB, July 2010.

As banks' funding markets may be hit by shocks other than monetary policy actions, such shocks may lead to changes in the flow of credit different than those resulting from the monetary policy stance. For example, during the recent crisis, although demand for loans was certainly weaker than usual, concerns about the supply of credit resulting from banks' high risk aversion, the malfunctioning of funding markets and the need to deleverage were widespread in many economies. While it is not warranted for a central bank to seek to counter every shock or inefficiency in any specific market, in extreme situations, the importance of market-based funding may mean that it is warranted for a central bank to resort to non-standard measures targeting specific market segments in order to ensure that the flow of credit is not hampered by the malfunctioning of these markets. For example, one of the objectives of the ECB's CBPP was to "encourage credit institutions to maintain and expand their lending to clients".[12]

Turning to the empirical evidence, the analysis in the previous sections shows that currently euro area markets for banks' long-term funding instruments are characterised by considerable heterogeneity among issuers and countries. As shown in the table below, the premium that investors charge banks from various countries is larger than two years ago, during the recovery phase after the Lehman crisis.[13] The differentiation across countries has also increased markedly. Correspondingly, there are signs of growing divergence in the lending rates charged by the MFIs situated in various euro area countries. Against this background, from a monetary policy perspective, it is highly important to monitor the trends and conditions in banks' long-term funding markets.

4.3 IMPLICATIONS FOR STABILITY AND BANK REGULATION

One key lesson from the crisis is the need to regulate banks so as to avoid excessive liquidity risks through a disproportionately high reliance on short-term funding. Still, long-term funding by banks may involve other risks to the economy. By locking in high funding costs for an extended period of time, there is a risk that banks will pass these costs on to borrowers for a significant period into the future.[14] Nevertheless, banks' recourse to long-term debt financing should reduce their exposure to short-term volatile market movements, especially in periods of

12 Decision of the European Central Bank of 2 July 2009 on the implementation of the covered bond purchase programme (ECB/2009/16).
13 For better comparability, the table presents the CDS premia, which are in most cases similar to the secondary market spreads of the corresponding bank bonds vis-à-vis swap rates.
14 For empirical evidence that banks relying on bond market financing pass shocks in the bond markets on to borrowers, see for example Hale, G. and Santos, J. A. C., "Do Banks Propagate Debt Market Shocks?", *Working Paper Series*, No 2010-08, Federal Reserve Bank of San Francisco, 2010.

CDS premia on banks and short-term MFI interest rates on loans to non-financial corporations in selected euro area countries

(interest rates in percentages per annum; new business; CDS premia in basis points)

	CDS premia September 2009	CDS premia September 2011	Interest rates September 2009	Interest rates July 2011
Germany	91	271	2.43	3.13
France	81	284	1.84	2.94
Italy	58	472	2.28	3.32
Spain	152	823	2.66	3.68
Portugal	87	1,066	4.36	6.14
Ireland	631	514	2.82	3.81
Greece	144	2,246	3.62	5.91
Difference (max-min)	*573*	*1,975*	*2.51*	*3.19*

Sources: Datastream, ECB and ECB calculations.
Notes: Short-term rates refer to the 'up to 1 year' maturity. For interest rates the latest available data are for July 2011, CDS premia of banks refer to the median premium of 5-day moving averages at the end of the fourth week of September. For Ireland data are only available for one bank.

frequently changing investor sentiment and risk appetite. Therefore, active use of the long-term debt funding markets by banks in euro area countries should be endorsed and the smooth functioning of these markets should be an important objective for regulators and supervisors (see Box 1 for an overview of recent regulatory developments and their implications for markets for banks' long-term debt financing instruments).

With respect to the current situation in these markets, especially comparing the costs across different euro area countries, the substantial level of dispersion in funding costs is to a large extent related to the sovereign debt crisis. This highlights the importance of sovereigns bringing their fiscal situations onto a sustainable path, also from the perspective of reducing the divergence in banks' funding costs. Also, proper risk management practices in banks should weaken the link between sovereign and banking sector risk. As cost dispersion is also clearly visible within countries, suggesting that market participants are more aware of assessing and pricing the credit risk, banks should, where needed, raise their capital base, so as to decrease the financing premium required by investors in long-term bank debt.

Box 1

IMPLICATIONS OF REGULATORY DEVELOPMENTS FOR MARKETS FOR BANKS' LONG-TERM DEBT FINANCING INSTRUMENTS

A significant amount of work has been done in the recent years, under the leadership of the G20, by the Financial Stability Board (FSB) and the Basel Committee on Banking Supervision (BCBS) regarding financial sector regulatory reform. Notably, Basel III constitutes the cornerstone of regulatory reform for the banking sector, strengthening the armoury of previous prudential requirements by tightening existing measures and introducing entirely new standards, such as liquidity requirements and a non-risk-based leverage ratio.

The introduction of these new standards is expected to lead to significant improvements in the resilience of the banking system. At the same time, the possible implications that the rules may have for both the supply and demand sides of various financial market segments need to be carefully studied and monitored.

This box analyses, in particular, the implications of the new liquidity standards for banks' long-term debt financing instruments. In contrast with bank solvency standards (which are laid down in the Basel II framework and transposed into European law), liquidity requirements have so far escaped international harmonisation, with national prudential rules on liquidity (where they exist) differing substantially from country to country. The new liquidity standards therefore constitute the first instance of international consensus on liquidity requirements.

In reaction to the inadequacy of banks' liquidity risk management practices exposed by the financial crisis, the BCBS proposed in December 2010 two new standards establishing minimum levels of liquidity: (a) in the short term, the liquidity coverage ratio (LCR) aims to ensure that banks hold sufficient high-quality liquid assets to withstand an acute stress scenario lasting one month; (b) in the longer term, the net stable funding ratio (NSFR) increases incentives for banks to fund themselves using more stable sources on a structural basis.

The starting point for the analysis of the impact of the new liquidity risk regulation on capital markets is the "segmentation points" with respect to (i) the liquid asset definition and (ii) the definition of "long-term maturity" (30 days for the LCR and 1 year for the NSFR). These segmentation points (or thresholds) define which type of assets banks will have incentives/disincentives to invest in and which type of funding sources banks will have incentives/disincentives to employ. Overall, the liquidity requirements are likely to affect both sides of the banking system's balance sheets, as banks will be required both to hold more liquid assets, as well as to term out their debt structure by issuing longer-term debt. Although the exact way the banking system's balance sheets will adjust is not fully known at the current juncture, the following may be expected:

– *First, higher required holdings of liquid assets under the LCR will need to be funded*: on the *assets side* of the balance sheet, banks would likely attempt to acquire more eligible liquid assets, such as highly rated (AA- or above) and liquid government bonds and also highly rated covered and non-financial corporate bonds. Assuming a constant size of the bank balance sheet, such acquisitions would have to be matched with a reduction in other, "non-liquid" assets, such as lower-rated sovereign and corporate bonds as well as non-marketable assets (e.g. loans). At a more structural level, it cannot be excluded that the overall activity of certain capital market segments will decline if banks have strong disincentives to acquire specific capital market instruments, such as lower-rated sovereign bonds, covered bonds and corporate bonds, bonds issued by financial institutions as well as shares and other equity.

  Alternatively, on the *liabilities side*, banks could try to reduce the "net cash outflows" of the stressed 30-day period (the denominator of the LCR). This could be done in several ways, such as by lowering their reliance on short-term wholesale funding, cutting down liquidity commitments to off-balance-sheet vehicles, and relying more on "stable" deposit funding and longer-term issuance.

– *Second, increased demand for longer-term liquidity funding instruments under the NSFR*: in addition to the positive spillover effect on the NSFR from LCR fulfilment, banks would need to undertake a number of steps to reach a satisfactory structural funding ratio. A plausible series of actions could be: first, to hold more equity relative to debt by increasing Tier 1 capital and reducing short-term wholesale funding. The plausibility of this scenario increases further in connection with the revised capital framework that requires banks to hold more Tier 1 capital (see below). Second, banks could lengthen the maturity of wholesale funding beyond one year by for example issuing more long-term bonds. Both the first and the second steps would increase the "available amount of stable funding" – the numerator of the NSFR ratio. Third, complementary to the LCR fulfilment, banks could replace lower-rated bonds with more highly rated, qualifying bonds in their investment portfolios. But also other types of assets, long-term private sector loans included, could be replaced/reduced in this process. The third step would reduce the amount of "required stable funding" – the denominator of the NSFR ratio.

All in all, markets involving short-term unsecured wholesale funding or "non-liquid" assets, such as other bank bonds and low-quality non-financial corporate bonds, are likely to be curtailed, while demand for longer-term funding markets and more liquid assets such as sovereign debt and high-quality covered bonds is likely to increase. At the same time, regulation-induced financial innovations may emerge, tailored to the time horizons stipulated in the liquidity regulation.

In addition to the new liquidity standards, other aspects of the regulatory reform may affect the banks' demand for and supply of certain types of debt instruments. On the one hand, higher capital requirements will provide a greater cushion against debt default and therefore (all other things equal) reduce the riskiness of bondholders' investments. On the other hand, to reduce the likelihood of disruptive and highly costly bank failures, regulators are evaluating whether bail-in[1] forms of capital might be used to help recapitalise banks at times of stress. Such an approach could increase funding pressures for banks as investors are likely to demand an additional risk premium to invest in banks' debt financing instruments.

Some reforms are also under way affecting non-bank financial institutions, which are likely to impact the demand for banks' debt instruments. European insurance companies, for example, will find it more costly to hold both bonds and equity issued by banks under the new Solvency II[2] proposals, scheduled for introduction at the beginning of 2013. In broad terms, Solvency II may result in a preference for sovereign debt and short-dated and higher-rated bank debt (especially covered bonds), relative to other corporates, and could reduce the ability of banks to issue unsecured debt.

The new liquidity requirements are also subject to a long observation period during which a careful assessment of unintended effects is to be carried out, and that may allow for further fine-tuning. In Europe, the European Commission has proposed (on 20 July 2011) a revision of the Capital Requirements Directive to implement Basel III into EU law. On the liquidity requirements, the Commission proposes the introduction of a liquidity coverage ratio – after an observation and review period – in 2015, in line with the Basel III requirements. As regards the net stable funding ratio, the Commission will use the longer Basel observation period (until 2018) to prepare a legislative proposal.

1 "Bail-in" is the concept that bank debt holders would risk having certain tranches restructured (i.e. subject to write-down or conversion to equity) if a set of trigger conditions were met. Regulators are still debating how effective bail-in debt would be and how it would be structured.
2 Solvency II originated from the European Commission and not from the International Association of Insurance Supervisors, the insurance equivalent of the BCBS. The influence of Solvency II outside the European Union, relative to Basel III, is therefore less certain.

5 CONCLUSIONS

This article reviews the current state of euro area markets for banks' long-term debt financing instruments and discusses implications for financial integration, monetary policy and regulation.

In the first part, the article shows that most of the segments of the long-term debt funding markets have recovered from the tensions experienced during the crisis. However, this recovery is still only partial with respect to some aspects. At the same time, the markets were again influenced by the sovereign debt crisis as well as by the overall increased awareness of investors with respect to the assessment and pricing of credit risk.

In the second part, the article concludes that, from the perspective of financial integration, although the market pricing is currently related to the banks' country of origin, there is no evidence that the crisis has led to a permanent segmentation in terms of primary market participation within the euro area. From the monetary policy perspective, the divergence in the access to and costs of long-term funding by banks can have a negative impact on banks' lending activity, and thus impair the transmission of monetary policy in the euro area.

Overall, it should be expected that the removal of negative factors currently affecting euro area markets for banks' long-term debt financing would bring these markets into a state where divergence across issuers reflects only fundamental differences in risk factors. The differences across issuers may, of course, still persist within a healthy financial system consisting of banks pursuing different business models. However, the objective for the regulators and euro area banks themselves should be to reduce these discrepancies to sustainable levels by focusing on reducing the overall level of credit risk by increasing the capital base and enhancing risk management frameworks.

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.

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
2009	9.5	4.8	3.3	-	1.6	23.7	1.22	3.76
2010	8.5	1.8	0.5	-	0.6	3.9	0.81	3.36
2010 Q4	4.9	2.2	1.5	-	1.7	2.1	1.02	3.36
2011 Q1	3.2	2.4	1.9	-	2.4	2.2	1.10	3.66
Q2	1.7	2.4	2.1	-	2.6	1.4	1.42	3.41
Q3	1.4	2.3	2.4	-	2.5	.	1.56	2.48
2011 May	1.2	2.4	2.3	2.1	2.7	1.2	1.43	3.37
June	1.3	2.3	1.9	2.1	2.5	1.6	1.49	3.41
July	1.0	2.2	2.1	2.3	2.4	1.2	1.60	3.06
Aug.	1.7	2.4	2.7	2.6	2.5	0.4	1.55	2.76
Sep.	2.0	2.5	3.1	.	2.5	.	1.54	2.48
Oct.	.	.	.	.	.	.	1.58	2.79

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

	HICP [1)]	Industrial producer prices	Hourly labour costs	Real GDP (s.a.)	Industrial production excluding construction	Capacity utilisation in manufacturing (%)	Employment (s.a.)	Unemployment (% of labour force; s.a.)
	1	2	3	4	5	6	7	8
2009	0.3	-5.1	2.7	-4.2	-14.8	70.9	-1.9	9.6
2010	1.6	2.9	1.6	1.8	7.5	76.9	-0.5	10.1
2011 Q2	2.8	6.3	3.6	1.6	4.2	81.2	0.5	10.0
Q3	2.7	.	.	.	.	80.3	.	10.2
Q4	.	.	.	.	.	.	.	.
2011 May	2.7	6.2	-	-	4.3	-	-	10.0
June	2.7	5.9	-	-	2.8	-	-	10.0
July	2.5	6.1	-	-	4.4	80.8	-	10.1
Aug.	2.5	5.8	-	-	5.6	-	-	10.1
Sep.	3.0	.	-	-	.	-	-	10.2
Oct.	3.0	.	-	-	.	79.7	-	.

3. External statistics

(EUR billions, unless otherwise indicated)

	Balance of payments (net transactions)			Reserve assets (end-of-period positions)	Net international investment position (as a % of GDP)	Gross external debt (as a % of GDP)	Effective exchange rate of the euro: EER-20 [6)] (index: 1999 Q1 = 100)		USD/EUR exchange rate
	Current and capital accounts	Goods	Combined direct and portfolio investment				Nominal	Real (CPI)	
	1	2	3	4	5	6	7	8	9
2009	-18.6	36.0	158.6	462.4	-15.7	116.3	111.7	110.6	1.3948
2010	-36.7	12.9	98.1	591.2	-13.4	120.2	104.6	103.0	1.3257
2010 Q4	4.7	5.5	99.0	591.2	-13.4	120.2	104.4	102.4	1.3583
2011 Q1	-27.8	-13.0	118.7	576.6	-13.4	117.3	103.7	101.5	1.3680
Q2	-20.1	-2.7	127.1	580.9	-14.5	119.4	106.4	104.2	1.4391
Q3	.	.	.	646.7	.	.	104.6	102.1	1.4127
2011 May	-15.7	0.6	37.3	592.7	.	.	106.0	103.8	1.4349
June	0.6	0.5	101.5	580.9	.	.	106.1	104.0	1.4388
July	-1.6	3.3	-20.5	621.6	.	.	105.2	102.6	1.4264
Aug.	-4.2	-3.1	35.7	656.4	.	.	104.9	102.3	1.4343
Sep.	.	.	.	646.7	.	.	103.8	101.4	1.3770
Oct.	.	.	.	.	.	.	104.0	101.7	1.3706

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

MONETARY POLICY STATISTICS

1.1 Consolidated financial statement of the Eurosystem
(EUR millions)

1. Assets

	7 October 2011	14 October 2011	21 October 2011	28 October 2011
Gold and gold receivables	419,824	419,823	419,824	419,825
Claims on non-euro area residents in foreign currency	226,804	227,103	226,877	228,491
Claims on euro area residents in foreign currency	34,593	32,231	32,496	32,685
Claims on non-euro area residents in euro	20,437	19,803	21,563	26,714
Lending to euro area credit institutions in euro	580,690	586,619	585,241	596,442
Main refinancing operations	198,881	204,939	201,182	197,438
Longer-term refinancing operations	378,935	379,474	379,474	395,996
Fine-tuning reverse operations	0	0	0	0
Structural reverse operations	0	0	0	0
Marginal lending facility	2,837	2,166	4,562	2,852
Credits related to margin calls	38	40	22	156
Other claims on euro area credit institutions in euro	68,334	78,180	79,747	84,998
Securities of euro area residents in euro	560,742	562,443	567,214	571,339
Securities held for monetary policy purposes	222,253	224,496	228,691	232,706
Other securities	338,489	337,946	338,523	338,634
General government debt in euro	33,965	33,966	33,966	33,966
Other assets	350,340	350,689	346,248	338,912
Total assets	2,295,727	2,310,857	2,313,175	2,333,373

2. Liabilities

	7 October 2011	14 October 2011	21 October 2011	28 October 2011
Banknotes in circulation	859,614	859,517	858,311	863,122
Liabilities to euro area credit institutions in euro	571,514	597,991	580,330	596,587
Current accounts (covering the minimum reserve system)	154,144	298,573	213,075	178,704
Deposit facility	255,569	136,194	202,098	248,057
Fixed-term deposits	160,500	163,000	165,000	169,500
Fine-tuning reverse operations	0	0	0	0
Deposits related to margin calls	1,301	223	157	327
Other liabilities to euro area credit institutions in euro	1,957	3,494	3,743	3,463
Debt certificates issued	0	0	0	0
Liabilities to other euro area residents in euro	62,406	53,281	77,221	75,072
Liabilities to non-euro area residents in euro	48,289	48,319	48,241	49,561
Liabilities to euro area residents in foreign currency	3,676	2,545	1,891	2,799
Liabilities to non-euro area residents in foreign currency	12,250	10,449	11,040	11,386
Counterpart of special drawing rights allocated by the IMF	54,486	54,486	54,486	54,486
Other liabilities	216,779	216,017	213,154	212,140
Revaluation accounts	383,276	383,276	383,276	383,276
Capital and reserves	81,481	81,481	81,481	81,481
Total liabilities	2,295,727	2,310,857	2,313,175	2,333,373

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

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				
2011 20 July	197,070	291	197,070	1.50	-	-	-	7
27	164,200	193	164,200	1.50	-	-	-	7
3 Aug.	172,021	168	172,021	1.50	-	-	-	7
10	157,073	153	157,073	1.50	-	-	-	7
17	147,689	139	147,689	1.50	-	-	-	7
24	133,674	133	133,674	1.50	-	-	-	7
31	121,669	135	121,669	1.50	-	-	-	7
7 Sep.	115,408	126	115,408	1.50	-	-	-	7
14	163,768	142	163,768	1.50	-	-	-	7
21	201,149	153	201,149	1.50	-	-	-	7
28	208,349	159	208,349	1.50	-	-	-	7
5 Oct.	198,881	166	198,881	1.50	-	-	-	7
12	204,939	166	204,939	1.50	-	-	-	7
19	201,182	164	201,182	1.50	-	-	-	7
26	197,438	152	197,438	1.50	-	-	-	6
1 Nov.	182,773	143	182,773	1.50	-	-	-	8
				Longer-term refinancing operations				
2011 15 June	69,403	60	69,403	1.25	-	-	-	28
30 [5)]	132,219	265	132,219	1.46	-	-	-	91
13 July	67,748	57	67,748	1.50	-	-	-	28
28 [5)]	84,977	165	84,977	1.50	-	-	-	91
10 Aug.	75,751	39	75,751	1.50	-	-	-	35
11 [5)]	49,752	114	49,752	.	-	-	-	203
1 Sep. [5)]	49,356	128	49,356	.	-	-	-	91
14	54,222	37	54,222	1.50	-	-	-	28
29 [5)]	140,628	214	140,628	.	-	-	-	84
12 Oct.	59,062	39	59,062	1.50	-	-	-	28
27 [5)]	56,934	181	56,934	.	-	-	-	371
27 [5)]	44,564	91	44,564	.	-	-	-	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
2011 10 Aug.	Collection of fixed-term deposits	95,431	65	74,000	-	-	1.50	1.14	1.01	7
17	Collection of fixed-term deposits	123,165	78	96,000	-	-	1.50	1.20	0.96	7
24	Collection of fixed-term deposits	132,874	91	110,500	-	-	1.50	1.15	1.03	7
31	Collection of fixed-term deposits	152,913	98	115,500	-	-	1.50	1.14	1.02	7
7 Sep.	Collection of fixed-term deposits	173,575	100	129,000	-	-	1.50	1.05	1.00	7
13	Collection of fixed-term deposits	167,763	130	166,963	-	-	1.50	1.30	1.27	1
14	Collection of fixed-term deposits	187,685	104	143,000	-	-	1.50	1.06	1.01	7
21	Collection of fixed-term deposits	203,366	109	152,500	-	-	1.50	1.05	0.99	7
28	Collection of fixed-term deposits	202,875	103	156,500	-	-	1.50	1.15	1.05	7
5 Oct.	Collection of fixed-term deposits	240,553	100	160,500	-	-	1.50	1.02	0.96	7
11	Collection of fixed-term deposits	273,916	153	273,816	-	-	1.50	1.30	1.27	1
12	Collection of fixed-term deposits	241,578	108	163,000	-	-	1.50	0.98	0.95	7
19	Collection of fixed-term deposits	263,579	108	165,000	-	-	1.50	0.91	0.89	7
26	Collection of fixed-term deposits	231,364	87	169,500	-	-	1.50	0.87	0.85	6
1 Nov.	Collection of fixed-term deposits	197,917	71	173,500	-	-	1.50	0.87	0.83	8

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. For split tender operations conducted before this month, see Table 2 in Section 1.3.
3) On 8 June 2000 the ECB announced that, starting from the operation to be settled on 28 June 2000, the main refinancing operations of the Eurosystem would be conducted as variable rate 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) 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: [1]	Total	Liabilities to which a 2% reserve coefficient is applied		Liabilities to which a 0% reserve coefficient is applied		
		Overnight deposits and deposits with an agreed maturity or notice period of up to 2 years	Debt securities issued with a maturity of up to 2 years	Deposits with an agreed maturity or notice period of over 2 years	Repos	Debt securities issued with a maturity of over 2 years
	1	2	3	4	5	6
2008	18,169.6	10,056.8	848.7	2,376.9	1,243.5	3,643.7
2009	18,318.2	9,808.5	760.4	2,475.7	1,170.1	4,103.5
2010	18,948.1	9,962.6	644.3	2,683.3	1,335.4	4,322.5
2011 Apr.	18,988.1	9,749.5	662.8	2,744.0	1,475.2	4,356.6
May	19,175.7	9,787.9	677.0	2,764.2	1,538.4	4,408.3
June	19,039.4	9,730.8	643.5	2,777.9	1,491.7	4,395.4
July	19,046.3	9,695.1	635.0	2,777.7	1,502.7	4,435.8
Aug.	19,095.3	9,688.3	645.8	2,782.6	1,557.4	4,421.3

2. Reserve maintenance

Maintenance period ending on:	Required reserves	Credit institutions' current accounts	Excess reserves	Deficiencies	Interest rate on minimum reserves
	1	2	3	4	5
2009	210.2	211.4	1.2	0.0	1.00
2010	211.8	212.5	0.7	0.5	1.00
2011 14 June	206.9	209.0	2.0	0.0	1.25
12 July	207.7	210.9	3.1	0.0	1.25
9 Aug.	208.8	211.5	2.7	0.0	1.50
13 Sep.	207.0	209.5	2.5	0.0	1.50
11 Oct.	206.1	208.7	2.6	0.0	1.50
8 Nov.	206.2	.	.	.	.

3. Liquidity

Maintenance period ending on:	Liquidity-providing factors					Liquidity-absorbing factors					Credit institutions' current accounts	Base money
		Monetary policy operations of the Eurosystem										
	Eurosystem's net assets in gold and foreign currency	Main refinancing operations	Longer-term refinancing operations	Marginal lending facility	Other liquidity-providing operations [2]	Deposit facility	Other liquidity-absorbing operations [3]	Banknotes in circulation	Central government deposits with the Eurosystem	Other factors (net)		
	1	2	3	4	5	6	7	8	9	10	11	12
2009	407.6	55.8	593.4	0.7	24.6	65.7	9.9	775.2	150.1	-130.2	211.4	1,052.3
2010	511.1	179.5	336.3	1.9	130.4	44.7	70.8	815.9	94.4	-79.1	212.5	1,073.1
2011 10 May	525.9	109.2	320.5	0.4	136.6	22.8	76.8	833.9	61.3	-111.6	209.5	1,066.1
14 June	526.8	114.7	317.9	0.0	135.5	18.4	76.2	836.6	62.6	-107.9	209.0	1,064.0
12 July	533.6	146.0	311.6	0.2	134.2	29.5	76.9	846.2	73.4	-111.2	210.9	1,086.6
9 Aug.	541.3	171.7	321.5	0.1	133.9	56.7	79.2	854.2	71.4	-104.5	211.5	1,122.4
13 Sep.	540.3	135.1	389.8	0.3	178.0	121.8	109.8	853.2	52.3	-103.0	209.5	1,184.5
11 Oct.	571.0	193.0	373.6	1.5	217.4	168.7	162.9	854.9	50.0	-88.5	208.7	1,232.2

Source: ECB.
1) End of period.
2) Includes liquidity provided under the Eurosystem's covered bond purchase programme and the Eurosystem's securities markets programme.
3) Includes liquidity absorbed as a result of the Eurosystem's foreign exchange swap operations.
For more information, please see: http://www.ecb.europa.eu/mopo/liq/html/index.en.html

MONEY, BANKING AND OTHER FINANCIAL CORPORATIONS

2.1 Aggregated balance sheet of euro area MFIs [1]

(EUR billions; outstanding amounts at end of period)

1. Assets

	Total	Loans to euro area residents				Holdings of securities other than shares issued by euro area residents				Money market fund shares/units [2]	Holdings of shares/other equity issued by euro area residents	External assets	Fixed assets	Remaining assets [3]
		Total	General government	Other euro area residents	MFIs	Total	General government	Other euro area residents	MFIs					
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
	Eurosystem													
2009	2,829.9	1,490.0	19.5	0.7	1,469.8	451.7	368.3	7.5	75.9	-	16.5	556.8	8.5	306.5
2010	3,212.4	1,551.4	18.6	0.9	1,531.8	574.4	463.8	9.6	101.1	-	18.1	684.1	8.5	376.0
2011 Q2	3,132.7	1,434.4	17.8	1.0	1,415.6	594.9	468.9	9.9	116.2	-	19.4	688.4	8.6	386.9
Q3 (p)	3,928.6	2,043.9	18.0	1.0	2,025.0	659.9	544.3	10.9	104.7	-	17.9	767.4	8.7	430.7
2011 June	3,132.7	1,434.4	17.8	1.0	1,415.6	594.9	468.9	9.9	116.2	-	19.4	688.4	8.6	386.9
July	3,245.0	1,519.1	17.8	1.0	1,500.4	578.0	464.8	10.2	103.0	-	19.0	727.8	8.7	392.4
Aug.	3,551.1	1,714.1	17.8	1.0	1,695.4	628.8	514.8	10.4	103.5	-	18.2	776.9	8.7	404.4
Sep. (p)	3,928.6	2,043.9	18.0	1.0	2,025.0	659.9	544.3	10.9	104.7	-	17.9	767.4	8.7	430.7
	MFIs excluding the Eurosystem													
2009	31,144.3	17,701.6	1,001.7	10,783.9	5,916.1	5,060.0	1,482.1	1,498.0	2,079.9	85.1	1,236.1	4,252.4	220.7	2,588.3
2010	32,199.8	17,763.0	1,221.8	11,026.1	5,515.2	4,938.6	1,524.1	1,528.7	1,885.8	59.9	1,233.1	4,323.4	223.5	3,658.3
2011 Q2	31,742.3	17,889.4	1,152.7	11,225.4	5,511.3	4,695.1	1,457.7	1,473.1	1,764.3	61.6	1,251.6	4,282.9	228.9	3,333.0
Q3 (p)	33,640.3	18,429.9	1,147.4	11,292.1	5,990.4	4,657.4	1,416.9	1,457.5	1,783.0	58.4	1,225.2	4,430.6	230.4	4,608.5
2011 June	31,742.3	17,889.4	1,152.7	11,225.4	5,511.3	4,695.1	1,457.7	1,473.1	1,764.3	61.6	1,251.6	4,282.9	228.9	3,333.0
July	32,154.3	18,001.3	1,157.2	11,240.2	5,603.9	4,665.1	1,437.6	1,477.7	1,749.9	61.0	1,248.4	4,297.4	229.5	3,651.5
Aug.	32,808.2	18,147.0	1,144.9	11,240.8	5,761.3	4,674.9	1,429.7	1,468.5	1,776.7	62.2	1,231.3	4,332.9	229.5	4,130.4
Sep. (p)	33,640.3	18,429.9	1,147.4	11,292.1	5,990.4	4,657.4	1,416.9	1,457.5	1,783.0	58.4	1,225.2	4,430.6	230.4	4,608.5

2. Liabilities

	Total	Currency in circulation	Deposits of euro area residents				Money market fund shares/units [4]	Debt securities issued [5]	Capital and reserves	External liabilities	Remaining liabilities [3]
			Total	Central government	Other general government/other euro area residents	MFIs					
	1	2	3	4	5	6	7	8	9	10	11
	Eurosystem										
2009	2,829.9	829.3	1,196.1	103.6	22.1	1,070.5	-	0.1	319.8	140.2	344.4
2010	3,212.4	863.7	1,394.8	68.0	8.7	1,318.1	-	0.0	428.5	153.8	371.7
2011 Q2	3,132.7	871.6	1,320.1	72.5	11.2	1,236.3	-	0.0	412.2	157.5	371.4
Q3 (p)	3,928.6	882.1	1,984.0	50.1	6.6	1,927.3	-	0.0	475.8	189.4	397.3
2011 June	3,132.7	871.6	1,320.1	72.5	11.2	1,236.3	-	0.0	412.2	157.5	371.4
July	3,245.0	880.4	1,364.1	86.0	8.2	1,269.9	-	0.0	445.0	174.0	381.4
Aug.	3,551.1	874.5	1,616.6	69.5	8.7	1,538.4	-	0.0	493.7	176.4	389.9
Sep. (p)	3,928.6	882.1	1,984.0	50.1	6.6	1,927.3	-	0.0	475.8	189.4	397.3
	MFIs excluding the Eurosystem										
2009	31,144.3	-	16,469.0	146.0	10,041.4	6,281.6	732.6	4,908.5	1,921.2	4,098.5	3,014.5
2010	32,199.8	-	16,497.6	196.2	10,526.4	5,774.9	612.3	4,845.2	2,045.0	4,220.3	3,979.4
2011 Q2	31,742.3	-	16,614.0	266.4	10,654.7	5,692.8	609.7	4,903.0	2,155.1	3,973.5	3,487.1
Q3 (p)	33,640.3	-	17,079.4	210.7	10,783.6	6,085.0	607.5	4,942.8	2,198.5	4,022.4	4,789.8
2011 June	31,742.3	-	16,614.0	266.4	10,654.7	5,692.8	609.7	4,903.0	2,155.1	3,973.5	3,487.1
July	32,154.3	-	16,707.3	230.2	10,648.1	5,829.0	599.8	4,893.6	2,190.9	3,970.4	3,792.2
Aug.	32,808.2	-	16,819.1	187.1	10,711.7	5,920.3	619.3	4,908.7	2,195.2	3,980.8	4,285.1
Sep. (p)	33,640.3	-	17,079.4	210.7	10,783.6	6,085.0	607.5	4,942.8	2,198.5	4,022.4	4,789.8

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

2.2 Consolidated balance sheet of euro area MFIs [1]

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

1. Assets

	Total	Loans to euro area residents			Holdings of securities other than shares issued by euro area residents			Holdings of shares/ other equity issued by other euro area residents	External assets	Fixed assets	Remaining assets [2]
		Total	General government	Other euro area residents	Total	General government	Other euro area residents				
	1	2	3	4	5	6	7	8	9	10	11
	Outstanding amounts										
2009	23,848.0	11,805.7	1,021.1	10,784.5	3,355.9	1,850.4	1,505.5	812.7	4,809.2	229.1	2,835.5
2010	25,812.1	12,267.4	1,240.4	11,027.0	3,526.2	1,987.9	1,538.3	799.9	5,007.5	232.0	3,979.2
2011 Q2	25,472.0	12,396.9	1,170.5	11,226.4	3,409.5	1,926.6	1,483.0	788.8	4,971.3	237.6	3,667.9
Q3 (p)	27,065.9	12,458.4	1,165.4	11,293.0	3,429.6	1,961.2	1,468.4	752.5	5,198.0	239.1	4,988.3
2011 June	25,472.0	12,396.9	1,170.5	11,226.4	3,409.5	1,926.6	1,483.0	788.8	4,971.3	237.6	3,667.9
July	25,843.5	12,416.1	1,175.0	11,241.1	3,390.3	1,902.4	1,487.9	782.0	5,025.2	238.2	3,991.7
Aug.	26,424.8	12,404.4	1,162.7	11,241.7	3,423.4	1,944.5	1,478.9	765.3	5,109.8	238.2	4,483.7
Sep. (p)	27,065.9	12,458.4	1,165.4	11,293.0	3,429.6	1,961.2	1,468.4	752.5	5,198.0	239.1	4,988.3
	Transactions										
2009	-634.7	15.8	29.4	-13.6	364.5	269.5	95.0	12.4	-464.8	7.8	-571.2
2010	599.4	413.0	206.4	206.6	142.6	144.6	-2.0	5.7	-110.2	2.4	145.7
2011 Q2	191.7	68.0	-37.2	105.2	28.6	49.6	-21.0	14.7	35.6	1.9	42.8
Q3 (p)	1,411.4	43.4	-7.3	50.7	30.0	38.7	-8.7	-21.7	45.7	1.6	1,312.4
2011 June	-277.6	24.8	-3.4	28.2	5.4	28.3	-22.9	-7.7	-130.3	0.0	-169.7
July	279.2	8.1	4.1	4.0	-8.2	-14.1	5.9	-1.8	-28.5	0.7	308.9
Aug.	562.5	-11.5	-14.0	2.6	26.0	31.4	-5.4	-8.7	67.1	0.0	489.6
Sep. (p)	569.7	46.8	2.6	44.2	12.2	21.3	-9.2	-11.2	7.1	0.9	513.9

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									
2009	23,848.0	769.9	249.6	10,063.5	647.5	2,752.9	1,801.0	4,238.8	3,358.9	-33.9
2010	25,812.1	808.6	264.2	10,535.1	552.4	2,858.3	2,022.2	4,374.1	4,351.1	46.0
2011 Q2	25,472.0	819.7	339.0	10,666.0	548.1	3,022.6	2,085.1	4,131.0	3,858.5	2.2
Q3 (p)	27,065.9	831.2	260.8	10,790.2	549.1	3,055.0	2,183.7	4,211.8	5,187.1	-3.0
2011 June	25,472.0	819.7	339.0	10,666.0	548.1	3,022.6	2,085.1	4,131.0	3,858.5	2.2
July	25,843.5	828.2	316.2	10,656.4	538.9	3,040.8	2,150.4	4,144.4	4,173.7	-5.4
Aug.	26,424.8	823.4	256.6	10,720.4	557.1	3,028.4	2,204.7	4,157.3	4,675.0	2.0
Sep. (p)	27,065.9	831.2	260.8	10,790.2	549.1	3,055.0	2,183.7	4,211.8	5,187.1	-3.0
	Transactions									
2009	-634.7	45.8	-4.2	286.0	-12.5	-56.4	131.2	-590.3	-490.2	55.8
2010	599.4	38.6	11.8	331.5	-98.2	42.5	96.3	-27.4	151.7	52.6
2011 Q2	191.7	21.3	42.6	121.3	-19.7	34.4	45.2	-20.3	-1.5	-31.7
Q3 (p)	1,411.4	11.5	-78.2	105.7	4.0	-5.5	51.2	-25.5	1,353.0	-4.7
2011 June	-277.6	9.2	51.6	13.3	-18.4	17.8	32.5	-200.7	-191.5	8.5
July	279.2	8.5	-22.7	-14.0	-6.8	-0.4	41.5	-22.1	306.2	-11.1
Aug.	562.5	-4.8	-59.7	61.9	18.3	-4.1	9.5	38.0	495.4	7.8
Sep. (p)	569.7	7.7	4.2	57.8	-7.6	-1.1	0.2	-41.5	551.3	-1.4

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

2.3 Monetary statistics [1]

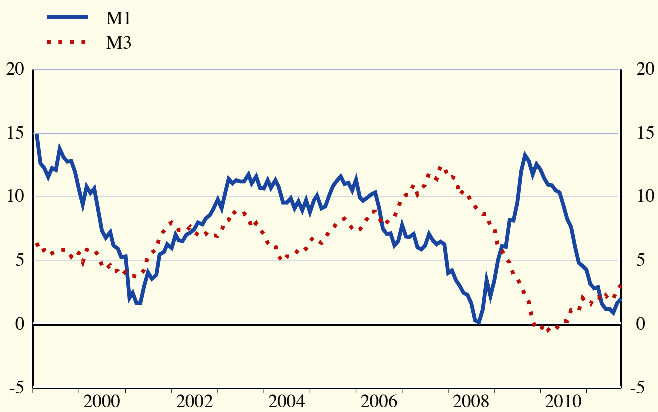
(EUR billions and annual growth rates; seasonally adjusted; outstanding amounts and growth rates at end of period; transactions during period)

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			Net external assets [3]
	M2			M3-M2						Loans	Loans adjusted for sales and securitisation [4]	
	M1	M2-M1										
	1	2	3	4	5	6	7	8	9	10	11	12
	Outstanding amounts											
2009	4,495.7	3,701.6	8,197.3	1,134.1	9,331.4	-	6,762.9	2,909.6	13,105.9	10,792.9	-	552.2
2010	4,694.8	3,700.0	8,394.8	1,125.2	9,520.0	-	7,313.3	3,270.3	13,365.1	11,033.5	-	615.2
2011 Q2	4,715.7	3,782.4	8,498.1	1,163.4	9,661.5	-	7,543.7	3,061.4	13,466.1	11,195.1	-	840.9
Q3 (p)	4,780.6	3,824.4	8,605.1	1,244.0	9,849.1	-	7,701.9	3,123.3	13,511.7	11,275.3	-	980.1
2011 June	4,715.7	3,782.4	8,498.1	1,163.4	9,661.5	-	7,543.7	3,061.4	13,466.1	11,195.1	-	840.9
July	4,730.1	3,793.7	8,523.7	1,165.0	9,688.7	-	7,619.2	3,064.1	13,494.4	11,216.3	-	889.2
Aug.	4,779.5	3,803.3	8,582.8	1,218.3	9,801.1	-	7,685.8	3,112.3	13,521.1	11,262.5	-	952.2
Sep. (p)	4,780.6	3,824.4	8,605.1	1,244.0	9,849.1	-	7,701.9	3,123.3	13,511.7	11,275.3	-	980.1
	Transactions											
2009	488.7	-368.0	120.7	-160.4	-39.6	-	410.8	306.9	90.1	-14.7	31.2	125.1
2010	194.1	-12.2	181.9	-24.1	157.9	-	248.8	355.1	207.0	204.9	261.8	-82.8
2011 Q2	9.1	31.9	41.1	13.8	54.9	-	90.8	-26.7	43.2	61.8	69.1	46.1
Q3 (p)	57.4	36.7	94.1	87.4	181.5	-	63.2	63.8	50.3	64.2	75.8	64.5
2011 June	14.4	-3.6	10.8	-8.3	2.5	-	18.7	-2.2	-12.9	1.9	2.7	40.3
July	11.9	9.7	21.7	5.6	27.3	-	31.1	12.4	23.5	10.4	21.5	1.4
Aug.	50.9	9.9	60.8	53.3	114.1	-	26.5	35.8	40.3	48.1	50.1	20.3
Sep. (p)	-5.4	17.1	11.7	28.5	40.1	-	5.7	15.5	-13.6	5.7	4.2	42.9
	Growth rates											
2009	12.2	-9.0	1.5	-11.9	-0.4	-0.2	6.5	11.8	0.7	-0.1	0.3	125.1
2010	4.3	-0.3	2.2	-2.1	1.7	1.8	3.6	12.1	1.6	1.9	2.4	-82.8
2011 Q2	1.3	3.7	2.3	-0.9	1.9	2.1	4.7	4.7	2.2	2.5	2.8	137.2
Q3 (p)	2.0	3.1	2.5	7.3	3.1	2.6	4.4	5.6	1.6	2.5	2.7	232.8
2011 June	1.3	3.7	2.3	-0.9	1.9	2.1	4.7	4.7	2.2	2.5	2.8	137.2
July	1.0	3.7	2.2	1.2	2.1	2.3	4.7	4.9	2.0	2.4	2.6	166.1
Aug.	1.7	3.2	2.4	5.3	2.7	2.6	4.6	5.4	1.8	2.5	2.7	193.5
Sep. (p)	2.0	3.1	2.5	7.3	3.1	.	4.4	5.6	1.6	2.5	2.7	232.8

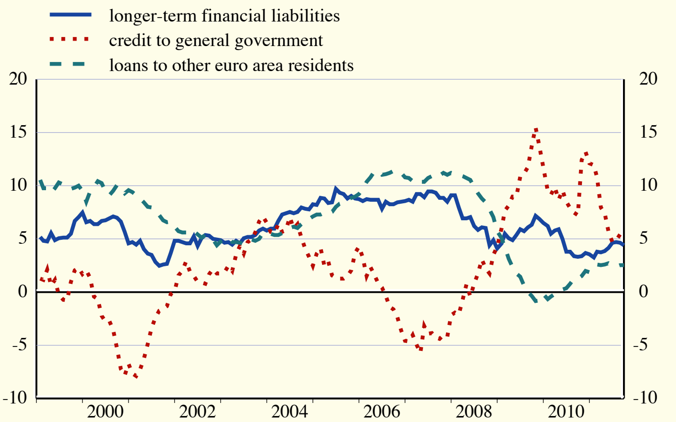
C1 Monetary aggregates [1]

(annual growth rates; seasonally adjusted)



C2 Counterparts [1]

(annual growth rates; seasonally adjusted)



Source: ECB.

1) Data refer to the changing composition of the euro area. For further information, see the General Notes.
Monthly and other shorter-term growth rates for selected items are available at: http://www.ecb.europa.eu/stats/money/aggregates/aggr/html/index.en.html

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

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

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

2.3 Monetary statistics [1]

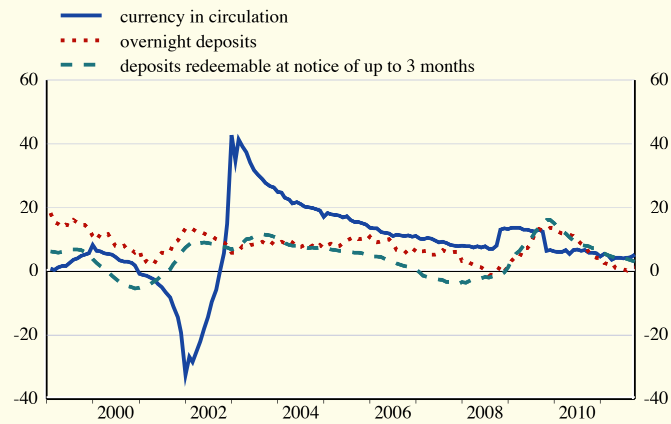
(EUR billions and annual growth rates; seasonally adjusted; outstanding amounts and growth rates at end of period; transactions during period)

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	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					
2009	757.5	3,738.1	1,896.8	1,804.8	334.3	668.1	131.8	2,635.4	132.5	2,207.9	1,787.2
2010	793.6	3,901.2	1,785.1	1,914.9	433.8	570.2	121.2	2,753.6	118.4	2,436.0	2,005.3
2011 Q2	815.4	3,900.3	1,844.6	1,937.8	441.2	550.6	171.6	2,845.2	119.7	2,494.2	2,084.6
Q3 (p)	832.3	3,948.3	1,865.2	1,959.2	508.7	552.7	182.7	2,871.7	119.4	2,529.3	2,181.4
2011 June	815.4	3,900.3	1,844.6	1,937.8	441.2	550.6	171.6	2,845.2	119.7	2,494.2	2,084.6
July	816.3	3,913.8	1,849.6	1,944.1	455.7	535.1	174.2	2,855.2	120.0	2,496.3	2,147.7
Aug.	825.4	3,954.1	1,849.9	1,953.4	499.8	546.4	172.2	2,849.3	119.9	2,510.0	2,206.6
Sep. (p)	832.3	3,948.3	1,865.2	1,959.2	508.7	552.7	182.7	2,871.7	119.4	2,529.3	2,181.4
						Transactions					
2009	44.3	444.4	-605.2	237.2	-12.6	-13.1	-134.7	78.6	9.0	194.0	129.2
2010	36.0	158.1	-125.1	113.0	95.2	-101.2	-18.1	61.9	-14.1	108.2	92.8
2011 Q2	12.7	-3.6	18.2	13.8	31.4	-17.5	-0.1	31.8	0.0	17.1	41.9
Q3 (p)	16.9	40.5	15.3	21.3	74.5	5.0	8.0	-8.4	-0.3	22.5	49.5
2011 June	2.9	11.6	-7.4	3.8	-16.1	-5.3	13.0	5.9	0.2	1.6	11.0
July	0.9	11.0	3.5	6.3	19.1	-13.1	-0.4	-5.6	0.3	-2.9	39.3
Aug.	9.1	41.7	0.5	9.4	44.3	11.5	-2.5	2.8	-0.1	9.7	14.2
Sep. (p)	6.9	-12.3	11.4	5.7	11.0	6.6	10.9	-5.6	-0.5	15.7	-4.0
						Growth rates					
2009	6.2	13.5	-24.2	15.1	-3.5	-1.9	-50.4	3.0	7.3	9.7	7.9
2010	4.8	4.2	-6.6	6.3	28.3	-15.1	-13.4	2.3	-10.7	4.7	5.0
2011 Q2	4.1	0.7	3.1	4.2	14.0	-12.4	8.4	4.7	-6.3	4.5	5.5
Q3 (p)	5.3	1.4	3.1	3.0	31.3	-9.5	13.5	3.4	-2.4	3.1	7.8
2011 June	4.1	0.7	3.1	4.2	14.0	-12.4	8.4	4.7	-6.3	4.5	5.5
July	4.3	0.3	3.5	3.9	20.1	-12.2	7.1	4.4	-4.6	3.1	7.7
Aug.	4.5	1.1	3.0	3.5	31.5	-11.1	6.1	4.4	-3.9	2.8	7.8
Sep. (p)	5.3	1.4	3.1	3.0	31.3	-9.5	13.5	3.4	-2.4	3.1	7.8

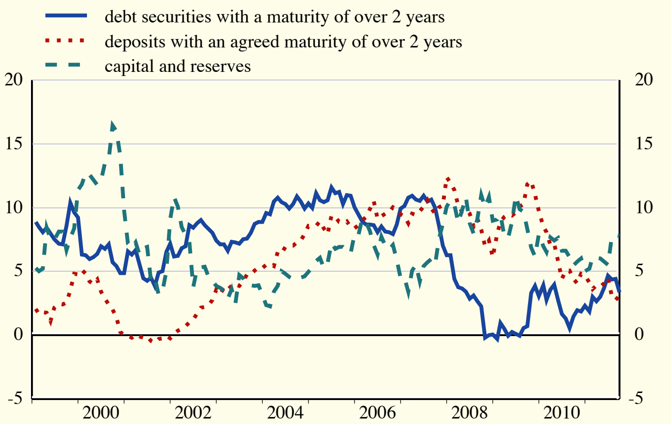
C3 Components of monetary aggregates [1]

(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.

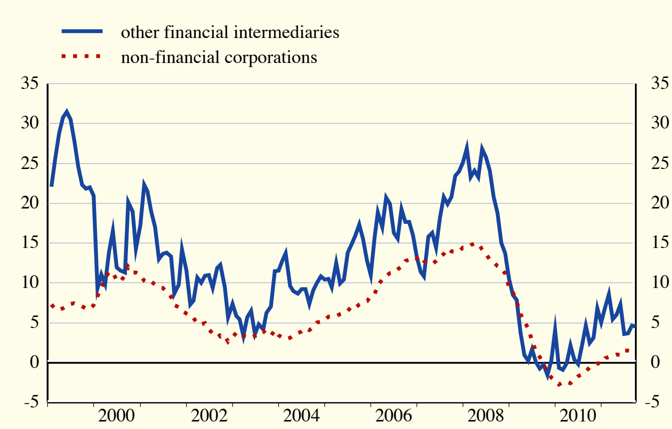
2.4 MFI loans: breakdown [1], [2]

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

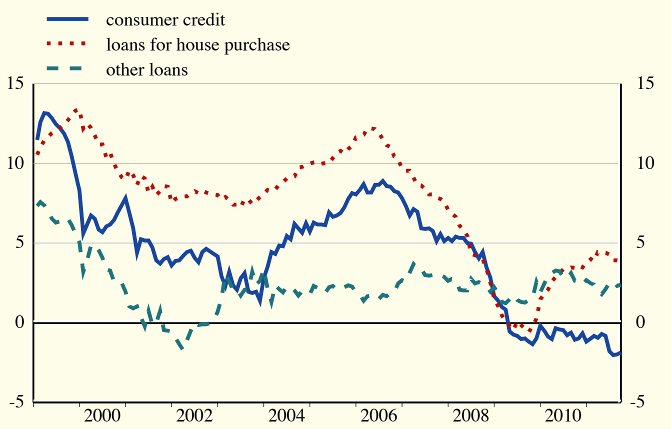
1. Loans to financial intermediaries, non-financial corporations and households

	Insurance corporations and pension funds	Other financial inter-mediaries	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											
2009	89.0	1,060.7	4,690.9	-	1,187.8	937.6	2,565.5	4,952.2	-	631.3	3,546.6	774.3
2010	95.0	1,112.0	4,667.2	-	1,127.3	899.0	2,640.9	5,159.3	-	639.3	3,701.3	818.7
2011 Q2	88.8	1,118.4	4,732.5	-	1,175.8	867.3	2,689.4	5,255.4	-	629.4	3,792.8	833.2
Q3 (p)	95.0	1,154.0	4,756.1	-	1,173.2	868.9	2,714.0	5,270.2	-	627.9	3,805.9	836.5
2011 June	88.8	1,118.4	4,732.5	-	1,175.8	867.3	2,689.4	5,255.4	-	629.4	3,792.8	833.2
July	91.0	1,140.9	4,732.7	-	1,168.3	865.9	2,698.5	5,251.7	-	626.4	3,790.7	834.5
Aug.	99.1	1,163.4	4,735.3	-	1,168.2	867.8	2,699.3	5,264.6	-	630.1	3,798.5	836.0
Sep. (p)	95.0	1,154.0	4,756.1	-	1,173.2	868.9	2,714.0	5,270.2	-	627.9	3,805.9	836.5
	Transactions											
2009	-13.6	40.8	-107.0	-108.0	-181.2	-18.9	93.2	65.1	99.5	-1.0	51.4	14.7
2010	7.0	52.9	-2.2	45.6	-37.0	-26.2	61.0	147.1	155.8	-7.6	133.7	21.0
2011 Q2	1.0	3.5	30.3	32.8	30.9	-17.2	16.5	27.0	31.0	-7.1	25.5	8.6
Q3 (p)	6.1	28.1	19.4	20.1	-5.1	0.4	24.1	10.8	22.2	-3.1	11.5	2.4
2011 June	1.3	-24.8	22.7	23.4	23.9	-11.3	10.1	2.7	2.8	-6.1	6.0	2.8
July	2.1	19.4	-4.1	-3.5	-9.1	-2.0	7.0	-7.1	3.5	-3.2	-4.7	0.8
Aug.	8.1	21.8	7.1	7.3	1.4	1.3	4.4	11.1	12.9	1.0	9.0	1.1
Sep. (p)	-4.2	-13.2	16.4	16.3	2.6	1.1	12.7	6.7	5.7	-0.9	7.1	0.5
	Growth rates											
2009	-13.2	4.2	-2.2	-	-13.1	-2.0	3.7	1.3	-	-0.2	1.5	1.9
2010	8.0	4.9	0.0	1.0	-3.1	-2.8	2.4	2.9	3.1	-1.2	3.8	2.7
2011 Q2	5.7	3.5	1.5	2.4	4.3	-3.7	2.1	3.2	2.9	-1.8	4.3	2.5
Q3 (p)	7.4	4.6	1.6	2.2	3.6	-3.8	2.5	2.9	2.6	-1.9	3.9	2.4
2011 June	5.7	3.5	1.5	2.4	4.3	-3.7	2.1	3.2	2.9	-1.8	4.3	2.5
July	3.8	3.6	1.6	2.2	4.1	-3.5	2.2	3.0	2.7	-2.0	3.9	2.6
Aug.	9.8	4.6	1.5	2.1	4.0	-3.5	2.1	2.9	2.7	-2.0	3.9	2.3
Sep. (p)	7.4	4.6	1.6	2.2	3.6	-3.8	2.5	2.9	2.6	-1.9	3.9	2.4

C5 Loans to other financial intermediaries and non-financial corporations [2] (annual growth rates; not seasonally adjusted)



C6 Loans to households [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) Including non-profit institutions serving households.
4) Adjustment 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)

2. 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							
2010	86.2	66.6	5.2	14.4	1,104.7	142.9	587.7	206.4	310.6	4,667.2	1,120.6	898.6	2,648.0
2011 Q2	91.1	71.2	5.6	14.2	1,131.2	153.1	601.4	203.6	326.2	4,740.6	1,185.0	868.6	2,687.0
Q3 (p)	96.2	76.8	5.2	14.3	1,169.7	178.2	633.3	207.3	329.1	4,750.0	1,171.7	869.2	2,709.1
2011 July	93.7	73.7	5.8	14.2	1,143.1	159.2	609.6	204.6	328.9	4,743.6	1,174.3	867.6	2,701.7
Aug.	99.7	80.1	5.3	14.2	1,154.6	174.9	618.6	206.5	329.5	4,721.6	1,156.1	866.9	2,698.6
Sep. (p)	96.2	76.8	5.2	14.3	1,169.7	178.2	633.3	207.3	329.1	4,750.0	1,171.7	869.2	2,709.1
						Transactions							
2010	6.8	10.1	-1.8	-1.5	54.4	-	17.8	7.1	29.5	-2.5	-37.2	-26.2	60.9
2011 Q2	4.2	4.6	-0.1	-0.3	17.5	15.6	14.9	-5.0	7.6	39.3	39.2	-16.0	16.1
Q3 (p)	5.1	5.4	-0.4	0.1	30.9	25.1	28.5	1.4	1.1	5.2	-15.9	-0.6	21.7
2011 July	2.5	2.4	0.1	0.0	8.9	6.1	6.5	0.4	1.9	-1.4	-12.4	-1.6	12.6
Aug.	6.1	6.5	-0.4	0.0	10.7	15.7	9.4	0.7	0.7	-17.5	-16.7	-1.3	0.4
Sep. (p)	-3.5	-3.4	-0.1	0.0	11.3	3.3	12.6	0.3	-1.6	24.1	13.2	2.3	8.6
						Growth rates							
2010	8.4	17.5	-25.4	-9.1	5.0	-	2.9	3.2	10.4	-0.1	-3.2	-2.8	2.4
2011 Q2	5.7	11.1	3.3	-15.9	3.6	21.2	2.6	-3.2	10.5	1.5	4.2	-3.7	2.1
Q3 (p)	7.5	12.1	-6.9	-7.9	4.5	20.1	6.7	-4.5	6.8	1.6	3.7	-3.8	2.5
2011 July	3.8	7.6	10.5	-15.2	3.7	18.8	4.1	-3.3	7.7	1.5	4.1	-3.6	2.2
Aug.	9.9	16.1	9.6	-16.5	4.7	20.4	6.2	-2.5	6.5	1.5	4.0	-3.5	2.1
Sep. (p)	7.5	12.1	-6.9	-7.9	4.5	20.1	6.7	-4.5	6.8	1.6	3.7	-3.8	2.5

3. 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							
2010	5,168.0	641.7	147.0	186.5	308.2	3,706.9	14.7	54.9	3,637.2	819.4	402.4	146.7	85.7	587.0
2011 Q2	5,262.5	633.0	141.9	185.3	305.7	3,791.0	14.6	55.2	3,721.2	838.6	404.2	152.1	87.0	599.4
Q3 (p)	5,276.1	629.9	140.2	184.9	304.9	3,809.9	14.6	56.6	3,738.7	836.3	405.5	147.9	87.9	600.5
2011 July	5,259.8	629.8	140.4	184.3	305.1	3,796.0	14.8	55.6	3,725.6	834.1	403.7	145.3	87.0	601.8
Aug.	5,264.9	631.0	141.4	185.4	304.2	3,799.7	14.7	56.0	3,729.0	834.2	405.9	145.6	88.0	600.6
Sep. (p)	5,276.1	629.9	140.2	184.9	304.9	3,809.9	14.6	56.6	3,738.7	836.3	405.5	147.9	87.9	600.5
							Transactions							
2010	147.5	-7.6	-4.8	-8.8	5.9	134.2	-0.6	-3.7	138.6	20.9	-	-6.9	-4.5	32.3
2011 Q2	44.1	-0.3	2.5	-2.0	-0.8	29.3	0.5	1.1	27.7	15.1	1.7	5.1	0.2	9.8
Q3 (p)	9.5	-4.5	-0.8	-2.3	-1.4	17.3	-0.1	1.2	16.1	-3.2	-1.3	-5.5	-0.8	3.0
2011 July	-6.0	-3.3	-1.5	-1.0	-0.8	2.3	0.1	0.5	1.8	-5.0	-1.1	-7.1	-0.1	2.2
Aug.	3.3	-1.5	1.1	-0.9	-1.6	5.0	0.0	0.4	4.6	-0.3	0.0	0.0	-0.6	0.3
Sep. (p)	12.3	0.3	-0.4	-0.3	1.1	9.9	-0.1	0.3	9.7	2.1	-0.3	1.6	-0.1	0.5
							Growth rates							
2010	3.0	-1.2	-3.5	-4.5	2.0	3.8	-4.2	-6.2	4.0	2.7	-	-4.6	-5.1	5.9
2011 Q2	3.2	-1.8	-2.6	-5.0	0.6	4.3	0.0	2.6	4.3	2.5	0.4	0.6	-3.3	3.9
Q3 (p)	2.9	-1.9	-1.0	-4.3	-0.8	3.9	-2.0	0.5	4.0	2.4	0.0	0.2	-3.7	3.9
2011 July	3.0	-2.0	-2.1	-5.6	0.3	3.9	-0.1	2.1	4.0	2.6	0.5	-0.1	-3.5	4.2
Aug.	2.9	-2.0	-1.6	-5.3	-0.1	3.9	-1.6	2.6	4.0	2.3	-0.5	0.3	-3.9	3.7
Sep. (p)	2.9	-1.9	-1.0	-4.3	-0.8	3.9	-2.0	0.5	4.0	2.4	0.0	0.2	-3.7	3.9

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)]

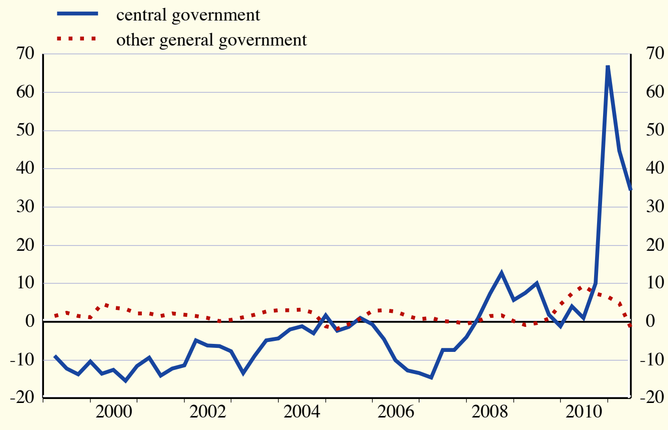
(EUR billions and annual growth rates; not seasonally adjusted; outstanding amounts and growth rates at end of period; transactions during period)

4. Loans to government and non-euro area residents

	General government					Non-euro area residents				
	Total	Central government	Other general government			Total	Banks [3)]	Non-banks		
			State government	Local government	Social security funds			Total	General government	Other
	1	2	3	4	5	6	7	8	9	10
	Outstanding amounts									
2010	1,221.8	397.5	225.2	553.0	46.1	2,963.0	2,010.9	952.1	49.5	902.6
2011 (p)	1,147.4	346.4	223.4	555.6	27.0	3,152.4	2,003.8	994.5	60.1	934.4
2010 Q3	1,075.6	263.8	223.2	544.1	44.5	2,951.5	1,995.5	955.9	51.9	904.1
Q4	1,221.8	397.5	225.2	553.0	46.1	2,963.0	2,010.9	952.1	49.5	902.6
2011 Q1	1,188.8	359.4	229.6	557.8	41.9	2,934.4	1,957.5	976.9	54.5	922.4
Q2 (p)	1,152.7	346.4	223.4	555.6	27.0	2,998.3	2,003.8	994.5	60.1	934.4
	Transactions									
2010	207.2	156.3	14.9	24.1	11.9	5.2	9.9	-5.0	0.5	-5.5
2011 (p)	-72.1	-47.3	-2.2	2.5	-18.1	174.7	20.0	80.0	13.0	66.9
2010 Q3	1.6	7.9	-1.9	-3.8	-0.5	-11.6	-14.2	2.5	3.8	-1.2
Q4	138.7	126.7	1.6	8.8	1.5	-17.0	-1.9	-15.1	-2.0	-13.1
2011 Q1	-28.2	-34.3	4.4	4.9	-3.2	55.7	-1.5	57.0	7.0	50.1
Q2 (p)	-36.5	-13.0	-6.5	-2.4	-14.9	44.5	21.6	22.9	6.1	16.8
	Growth rates									
2010	20.6	67.1	7.1	4.6	35.1	0.5	0.6	-0.4	0.4	-0.5
2011 (p)	6.2	34.4	-1.1	1.4	-38.7	5.5	0.2	7.0	30.9	5.8
2010 Q3	8.0	10.0	6.5	5.4	43.9	0.9	1.3	-0.5	1.6	-0.6
Q4	20.6	67.1	7.1	4.6	35.1	0.5	0.6	-0.4	0.4	-0.5
2011 Q1	14.3	44.7	9.6	3.4	0.6	0.5	-0.8	2.2	16.0	1.5
Q2 (p)	7.1	34.4	-1.1	1.4	-38.7	2.6	0.2	7.0	30.9	5.8

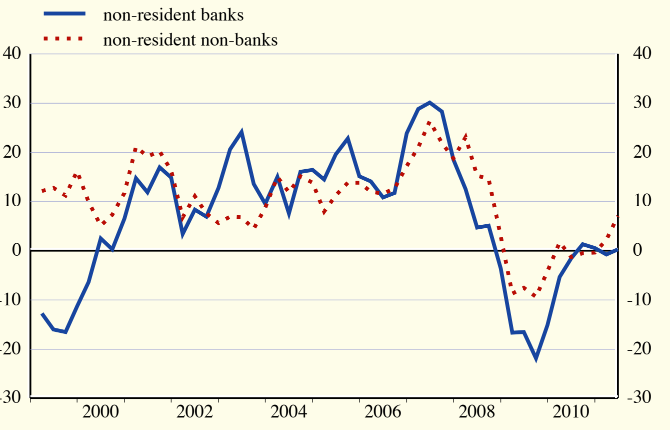
C7 Loans to government [2)]

(annual growth rates; not seasonally adjusted)



C8 Loans to non-euro area residents [2)]

(annual growth rates; not seasonally adjusted)



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

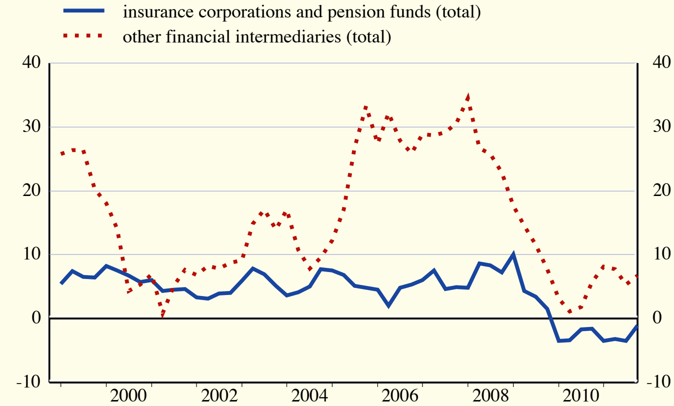
2.5 Deposits held with MFIs: breakdown 1), 2)

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

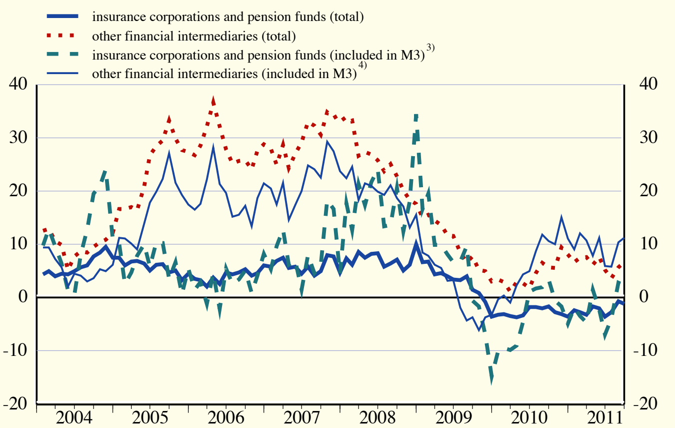
1. Deposits by financial intermediaries

	Insurance corporations and pension funds							Other financial intermediaries							
	Total	Overnight	With an agreed maturity of:		Redeemable at notice of:		Repos	Total	Overnight	With an agreed maturity of:		Redeemable at notice of:		Repos	
			Up to 2 years	Over 2 years	Up to 3 months	Over 3 months				Up to 2 years	Over 2 years	Up to 3 months	Over 3 months		With central counter-parties
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
	Outstanding amounts														
2009	738.5	84.1	86.9	543.7	2.2	1.4	20.2	1,871.2	311.7	335.1	957.5	15.9	0.0	250.9	-
2010	716.9	84.5	79.4	528.3	2.6	0.3	21.9	2,167.4	358.3	305.1	1,132.6	10.7	0.5	360.3	255.0
2011 Q2	708.6	84.6	77.2	524.0	3.2	0.2	19.3	2,210.2	369.7	291.0	1,152.0	12.5	0.3	384.7	290.4
Q3 (p)	721.8	88.5	88.7	520.1	3.6	0.2	20.5	2,306.2	382.3	301.8	1,168.1	11.4	0.5	442.2	339.3
2011 June	708.6	84.6	77.2	524.0	3.2	0.2	19.3	2,210.2	369.7	291.0	1,152.0	12.5	0.3	384.7	290.4
July	713.8	82.8	81.6	523.4	3.7	0.2	22.1	2,186.3	359.8	294.6	1,148.4	11.6	0.3	371.7	282.3
Aug.	727.0	89.0	89.7	523.3	3.7	0.2	21.1	2,247.2	368.2	297.6	1,152.1	11.7	0.5	417.0	315.0
Sep. (p)	721.8	88.5	88.7	520.1	3.6	0.2	20.5	2,306.2	382.3	301.8	1,168.1	11.4	0.5	442.2	339.3
	Transactions														
2009	-26.8	-1.0	-30.4	6.3	1.1	-0.1	-2.7	55.4	5.5	-93.6	85.8	3.7	0.0	54.0	-
2010	-26.5	-3.4	-8.2	-16.6	0.2	0.0	1.6	155.9	45.2	-38.6	52.8	-8.0	0.4	104.2	-
2011 Q2	-1.6	1.7	-2.2	-2.7	0.3	0.0	1.3	37.8	-1.8	-8.0	2.6	0.7	-0.3	44.5	49.8
Q3 (p)	12.3	3.3	11.2	-3.9	0.4	0.0	1.2	89.8	10.1	9.3	8.5	-1.1	0.2	62.8	49.6
2011 June	-5.7	-0.7	-2.3	-1.5	-0.6	0.0	-0.6	-24.4	-0.1	-18.3	-1.2	0.5	0.0	-5.4	2.1
July	5.0	-1.9	4.2	-0.6	0.5	0.0	2.8	-25.6	-10.9	3.0	-8.6	-0.9	0.0	-8.3	-8.2
Aug.	13.2	6.3	8.0	0.0	0.0	0.0	-1.0	62.8	9.1	3.4	4.5	0.2	0.2	45.4	32.8
Sep. (p)	-5.9	-1.0	-1.0	-3.3	0.0	0.0	-0.6	52.7	11.9	2.8	12.6	-0.4	0.0	25.7	25.0
	Growth rates														
2009	-3.5	-1.1	-26.4	1.2	96.8	-	-11.8	3.1	1.5	-22.0	10.0	30.0	-	27.4	-
2010	-3.6	-3.6	-9.4	-3.0	9.7	-	7.8	8.1	14.5	-11.4	4.9	-48.5	-	41.1	-
2011 Q2	-3.5	-5.7	-9.2	-2.2	26.4	-	-6.6	5.3	1.0	0.6	4.7	5.4	-	15.8	32.9
Q3 (p)	-1.1	4.3	-1.8	-2.3	28.6	-	7.7	6.7	1.2	-0.7	2.7	2.8	-	33.3	47.7
2011 June	-3.5	-5.7	-9.2	-2.2	26.4	-	-6.6	5.3	1.0	0.6	4.7	5.4	-	15.8	32.9
July	-2.7	-7.4	-7.8	-2.2	41.0	-	25.5	3.7	-0.2	-1.7	1.7	-0.8	-	19.9	34.7
Aug.	-0.7	4.6	-3.2	-1.9	38.3	-	17.4	5.7	0.9	-2.7	1.7	5.0	-	33.9	43.5
Sep. (p)	-1.1	4.3	-1.8	-2.3	28.6	-	7.7	6.7	1.2	-0.7	2.7	2.8	-	33.3	47.7

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



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



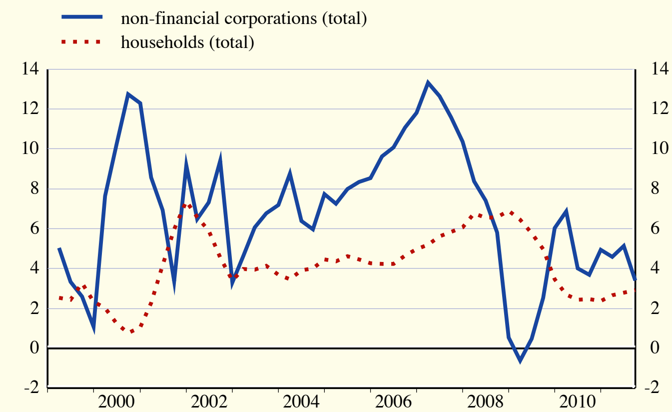
Source: ECB.
1) MFI sector excluding the Eurosystem; sectoral classification is based on the ESA 95.
2) Data refer to the changing composition of the euro area. For further information, see the General Notes.
3) Covers deposits in columns 2, 3, 5 and 7.
4) Covers deposits in columns 9, 10, 12 and 14.

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)

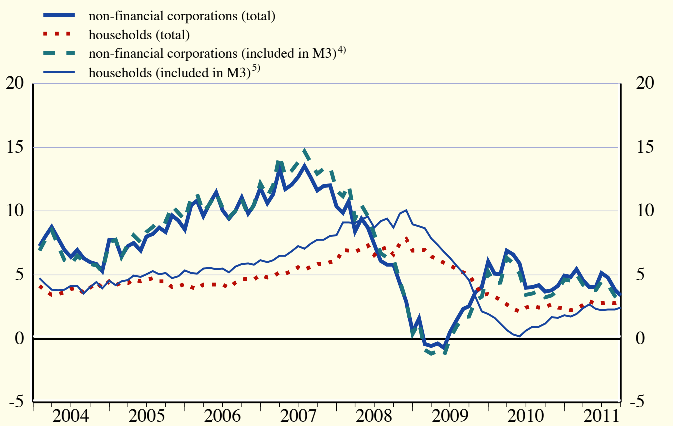
2. Deposits by non-financial corporations and households

	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													
2009	1,601.2	999.2	434.5	80.7	68.7	1.7	16.3	5,601.7	2,156.9	996.5	607.1	1,680.2	123.7	37.3
2010	1,671.6	1,034.1	458.7	87.2	75.8	1.5	14.2	5,739.1	2,243.9	901.6	665.0	1,788.5	110.3	29.8
2011 Q2	1,658.5	1,011.4	457.0	94.8	77.3	2.0	15.9	5,822.4	2,257.9	904.1	702.0	1,815.6	109.4	33.5
Q3 (p)	1,666.8	997.7	475.8	96.7	76.4	1.7	18.5	5,835.7	2,240.5	922.4	708.9	1,820.8	109.0	34.1
2011 June	1,658.5	1,011.4	457.0	94.8	77.3	2.0	15.9	5,822.4	2,257.9	904.1	702.0	1,815.6	109.4	33.5
July	1,656.2	1,002.1	461.4	95.5	76.5	2.0	18.7	5,844.9	2,261.7	914.0	705.1	1,819.3	109.5	35.4
Aug.	1,654.9	994.1	467.1	95.1	77.4	1.8	19.4	5,830.6	2,236.1	919.1	707.0	1,823.7	109.4	35.2
Sep. (p)	1,666.8	997.7	475.8	96.7	76.4	1.7	18.5	5,835.7	2,240.5	922.4	708.9	1,820.8	109.0	34.1
	Transactions													
2009	91.1	112.3	-70.1	15.1	40.8	0.4	-7.4	187.7	320.5	-371.5	85.9	190.5	8.6	-46.3
2010	78.9	40.3	24.1	9.0	7.8	-0.2	-2.1	133.0	81.7	-98.8	58.7	113.6	-14.6	-7.5
2011 Q2	11.9	12.4	-5.2	4.0	-0.9	0.0	1.6	55.7	35.2	-2.8	19.5	2.6	-0.9	2.1
Q3 (p)	5.0	-17.0	17.2	1.8	-0.9	-0.4	4.2	5.3	-18.5	16.5	2.1	5.1	-0.4	0.5
2011 June	4.5	12.7	-3.9	0.6	-0.5	0.1	-4.5	29.2	26.0	-0.9	6.4	-1.3	-0.1	-0.8
July	-3.9	-10.4	4.0	0.6	-0.8	0.0	2.7	21.8	3.4	9.6	3.1	3.7	0.1	1.8
Aug.	-0.3	-7.3	5.9	-0.4	0.9	-0.2	0.9	-19.4	-25.4	4.7	-2.9	4.4	-0.1	-0.1
Sep. (p)	9.2	0.7	7.4	1.5	-1.0	-0.1	0.7	2.9	3.5	2.2	1.8	-3.1	-0.4	-1.1
	Growth rates													
2009	6.0	12.7	-13.9	23.1	146.6	28.3	-31.2	3.5	17.5	-27.1	16.5	12.8	7.5	-55.4
2010	4.9	4.1	5.5	11.2	11.4	-10.0	-12.8	2.4	3.8	-9.9	9.7	6.8	-11.8	-20.2
2011 Q2	5.1	1.6	11.8	16.7	2.3	-1.4	6.4	2.8	1.3	-0.2	8.5	4.6	-6.4	10.2
Q3 (p)	3.4	0.4	8.5	12.0	-2.6	-18.6	43.1	2.9	1.6	2.4	7.4	3.5	-1.7	8.5
2011 June	5.1	1.6	11.8	16.7	2.3	-1.4	6.4	2.8	1.3	-0.2	8.5	4.6	-6.4	10.2
July	4.8	1.7	10.1	14.8	-0.2	-4.6	34.8	2.9	1.0	1.4	8.4	4.2	-4.6	12.2
Aug.	3.8	0.9	8.6	13.8	-1.7	-15.2	37.4	2.8	1.2	1.9	7.4	3.8	-3.2	10.4
Sep. (p)	3.4	0.4	8.5	12.0	-2.6	-18.6	43.1	2.9	1.6	2.4	7.4	3.5	-1.7	8.5

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



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



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

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

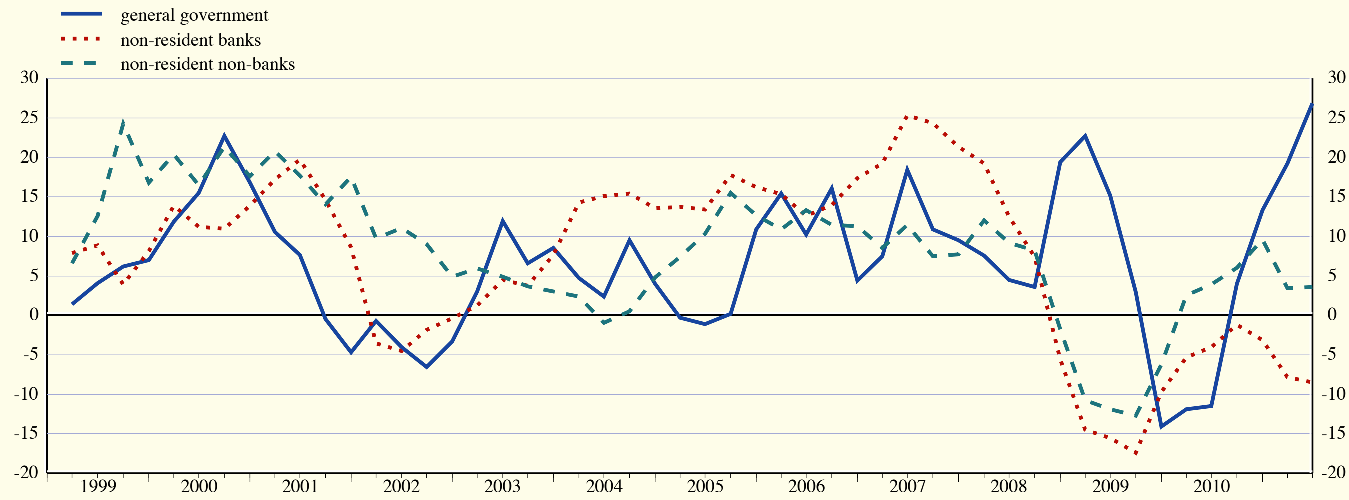
(EUR billions and annual growth rates; outstanding amounts and growth rates at end of period; transactions during period)

3. Deposits by government and non-euro area residents

	General government					Non-euro area residents				
	Total	Central government	Other general government			Total	Banks [3)]	Non-banks		
			State government	Local government	Social security funds			Total	General government	Other
	1	2	3	4	5	6	7	8	9	10
	Outstanding amounts									
2010	427.6	196.2	47.7	109.6	74.1	3,488.8	2,491.9	996.9	45.9	950.9
2011 (p)	463.9	210.7	55.0	112.6	87.5	3,335.2	2,295.9	984.5	47.7	936.8
2010 Q3	421.4	176.2	58.7	111.9	74.5	3,580.9	2,597.2	983.7	48.0	935.7
Q4	427.6	196.2	47.7	109.6	74.1	3,488.8	2,491.9	996.9	45.9	950.9
2011 Q1	475.6	235.8	52.3	108.7	78.8	3,314.1	2,346.7	967.4	41.4	925.9
Q2 (p)	521.5	266.4	55.0	112.6	87.5	3,280.6	2,295.9	984.5	47.7	936.8
	Transactions									
2010	50.0	47.4	4.3	-4.9	2.9	0.1	-82.5	82.6	7.5	75.1
2011 (p)	38.3	18.5	7.4	1.5	12.9	-110.6	-115.3	18.0	2.8	15.2
2010 Q3	9.3	8.8	4.3	-2.0	-1.8	16.1	4.1	12.0	2.2	9.9
Q4	5.4	19.3	-11.0	-2.3	-0.5	-102.5	-107.7	5.1	-2.7	7.8
2011 Q1	50.4	43.4	4.7	-2.4	4.7	-77.5	-73.5	-4.1	-3.6	-0.5
Q2 (p)	45.7	30.9	2.7	3.9	8.2	-19.5	-41.8	22.1	6.4	15.7
	Growth rates									
2010	13.3	32.2	9.9	-4.3	4.1	0.3	-3.2	9.6	12.7	9.3
2011 (p)	10.3	21.2	1.2	-2.5	14.0	-5.9	-8.5	3.6	5.0	3.5
2010 Q3	4.0	10.9	15.0	-9.3	4.2	0.7	-1.2	6.0	14.4	5.5
Q4	13.3	32.2	9.9	-4.3	4.1	0.3	-3.2	9.6	12.7	9.3
2011 Q1	19.2	41.4	4.0	-1.3	9.2	-4.7	-7.8	3.4	-10.5	4.2
Q2 (p)	26.8	61.3	1.2	-2.5	14.0	-5.1	-8.5	3.6	5.0	3.5

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.

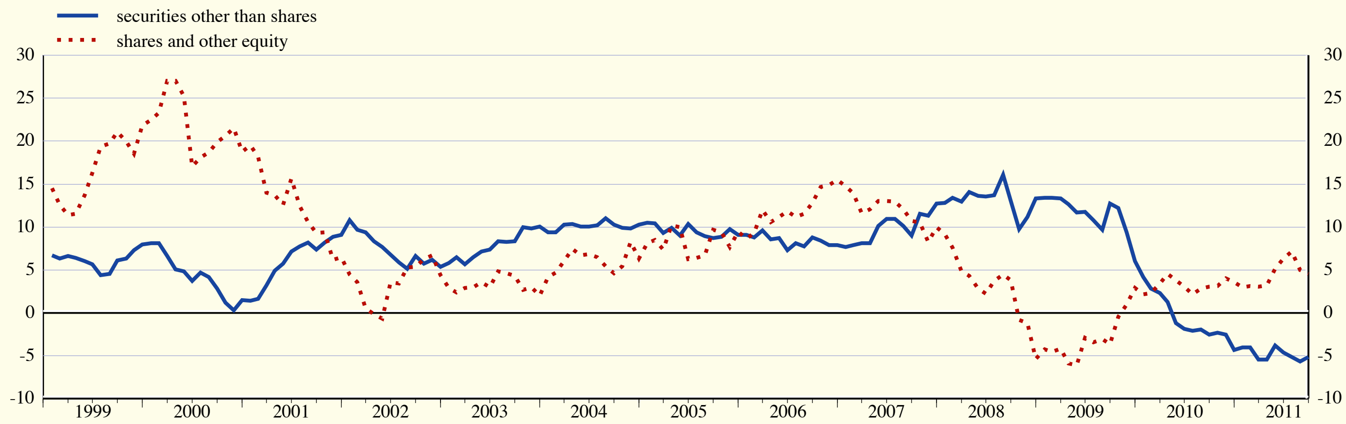
2.6 MFI holdings of securities: breakdown [1), 2)]

(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											
2009	6,207.8	1,970.8	109.1	1,466.1	16.0	1,458.6	39.4	1,147.8	1,516.3	435.0	801.1	280.2
2010	5,993.1	1,778.4	107.4	1,507.7	16.4	1,500.9	27.8	1,054.5	1,535.9	445.3	787.8	302.8
2011 Q2	5,663.4	1,674.2	90.0	1,437.0	20.7	1,448.4	24.7	968.4	1,563.7	476.0	775.5	312.1
Q3 (p)	5,630.7	1,702.1	81.0	1,393.8	23.0	1,432.6	24.9	973.3	1,525.9	484.5	740.7	300.8
2011 June	5,663.4	1,674.2	90.0	1,437.0	20.7	1,448.4	24.7	968.4	1,563.7	476.0	775.5	312.1
July	5,628.7	1,660.3	89.6	1,417.0	20.6	1,452.6	25.1	963.6	1,560.8	479.4	769.1	312.3
Aug.	5,608.1	1,693.1	83.6	1,405.9	23.8	1,441.2	27.3	933.2	1,532.3	478.1	753.2	300.9
Sep. (p)	5,630.7	1,702.1	81.0	1,393.8	23.0	1,432.6	24.9	973.3	1,525.9	484.5	740.7	300.8
	Transactions											
2009	354.9	83.5	16.6	231.0	-3.2	103.0	-12.0	-64.0	43.0	29.1	11.6	2.3
2010	-269.3	-167.1	-7.2	42.7	-2.1	10.3	-14.6	-131.3	54.0	27.8	5.2	20.9
2011 Q2	-30.7	-33.7	5.9	44.6	1.0	-17.5	-3.7	-27.3	62.8	36.8	14.6	11.4
Q3 (p)	-51.5	28.7	-11.2	-42.7	1.0	-8.4	-1.2	-17.7	-17.5	12.2	-21.8	-7.9
2011 June	-51.9	-21.8	-8.2	28.7	1.5	-22.6	-0.5	-29.1	-4.4	4.5	-7.8	-1.1
July	-32.0	-13.0	0.2	-12.4	-0.7	6.0	-0.5	-11.6	3.5	4.7	-1.9	0.6
Aug.	-16.3	32.1	-4.5	-19.0	3.5	-8.3	2.7	-22.7	-17.8	0.6	-8.7	-9.7
Sep. (p)	-3.3	9.7	-6.9	-11.2	-1.8	-6.1	-3.5	16.6	-3.2	6.8	-11.2	1.2
	Growth rates											
2009	6.0	4.4	17.6	18.7	-16.0	7.6	-23.2	-5.3	2.9	7.0	1.5	0.8
2010	-4.3	-8.5	-5.7	2.9	-11.5	0.7	-35.0	-11.1	3.6	6.4	0.6	7.5
2011 Q2	-4.6	-9.3	7.1	1.1	22.8	-1.9	1.9	-9.5	6.3	9.9	5.6	2.9
Q3 (p)	-5.1	-5.4	-6.3	-1.1	28.8	-4.4	-19.1	-11.5	4.6	12.2	1.5	1.0
2011 June	-4.6	-9.3	7.1	1.1	22.8	-1.9	1.9	-9.5	6.3	9.9	5.6	2.9
July	-5.2	-8.9	13.5	0.4	24.4	-3.5	-1.2	-10.9	7.1	11.5	5.7	4.4
Aug.	-5.7	-7.2	-1.7	-0.2	48.5	-4.2	11.1	-14.1	5.0	10.7	3.0	1.5
Sep. (p)	-5.1	-5.4	-6.3	-1.1	28.8	-4.4	-19.1	-11.5	4.6	12.2	1.5	1.0

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														
2009	5,916.1	-	-	-	-	-	-	11,785.5	96.2	3.8	1.9	0.2	1.0	0.4
2010	5,515.2	-	-	-	-	-	-	12,247.8	96.0	4.0	2.1	0.2	1.1	0.4
2011 Q1	5,488.8	-	-	-	-	-	-	12,304.8	96.3	3.7	1.8	0.2	1.1	0.4
Q2	5,511.3	-	-	-	-	-	-	12,378.1	96.2	3.8	1.8	0.2	1.1	0.4
To non-euro area residents														
2009	1,914.9	45.8	54.2	29.4	2.7	2.9	12.6	906.8	40.0	60.0	42.1	1.2	3.7	8.0
2010	2,010.9	44.9	55.1	30.7	2.9	3.2	11.6	952.1	39.9	60.1	42.8	1.4	3.7	6.7
2011 Q1	1,957.5	46.9	53.1	29.9	3.0	3.2	9.7	976.9	40.2	59.8	41.5	1.2	3.4	7.1
Q2	2,003.8	45.2	54.8	31.9	2.7	3.2	10.0	994.5	41.4	58.6	39.8	1.4	3.6	6.8
Holdings of securities other than shares														
Issued by euro area residents														
2009	2,079.9	94.8	5.2	3.1	0.2	0.3	1.4	2,980.2	98.1	1.9	1.2	0.2	0.1	0.3
2010	1,885.8	94.3	5.7	3.3	0.1	0.3	1.7	3,052.8	98.6	1.4	0.8	0.1	0.1	0.4
2011 Q1	1,798.3	94.3	5.7	3.2	0.2	0.3	1.7	2,905.9	98.3	1.7	0.9	0.2	0.1	0.4
Q2	1,764.3	94.9	5.1	2.9	0.1	0.3	1.4	2,930.8	98.4	1.6	0.8	0.1	0.1	0.4
Issued by non-euro area residents														
2009	546.6	55.8	44.2	26.3	0.4	0.5	14.8	601.2	35.0	65.0	38.5	4.2	0.9	15.2
2010	535.1	50.9	49.1	26.1	0.3	0.5	17.2	519.4	32.9	67.1	41.6	3.8	0.8	13.2
2011 Q1	526.4	50.5	49.5	26.6	0.3	1.1	17.0	511.1	33.7	66.3	39.5	4.8	0.7	13.0
Q2	476.9	54.2	45.8	23.0	0.4	0.6	16.2	491.8	32.8	67.2	40.3	5.2	0.7	12.1
Deposits														
By euro area residents														
2009	6,281.6	92.9	7.1	4.4	0.3	1.2	0.7	10,187.4	97.0	3.0	1.9	0.2	0.1	0.4
2010	5,774.9	92.9	7.1	4.1	0.3	1.3	0.8	10,722.6	97.1	2.9	1.9	0.2	0.1	0.4
2011 Q1	5,693.4	92.5	7.5	4.3	0.3	1.4	0.8	10,764.0	97.1	2.9	1.9	0.1	0.1	0.4
Q2	5,692.8	92.5	7.5	4.3	0.2	1.5	0.8	10,921.2	97.1	2.9	1.9	0.1	0.1	0.4
By non-euro area residents														
2009	2,532.8	49.2	50.8	34.2	1.8	2.2	9.6	836.7	53.5	46.5	31.4	1.1	1.7	7.5
2010	2,491.9	52.1	47.9	31.8	2.2	1.8	8.6	996.9	58.8	41.2	29.3	1.2	1.4	5.1
2011 Q1	2,346.7	53.5	46.5	30.0	2.1	1.9	8.1	967.4	58.3	41.7	29.5	1.4	1.5	4.4
Q2	2,295.9	53.4	46.6	29.8	2.2	1.9	8.0	984.5	58.7	41.3	29.3	1.3	1.4	4.5

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
2009	5,168.3	83.3	16.7	8.8	1.6	1.9	2.5
2010	5,082.6	81.6	18.4	9.7	1.8	2.1	2.5
2011 Q1	5,133.2	82.0	18.0	9.6	1.6	2.0	2.4
Q2	5,155.8	81.9	18.1	9.6	1.6	2.2	2.4

Source: ECB.
1) MFI sector excluding the Eurosystem; sectoral classification is based on the ESA 95.
2) Data refer to the changing composition of the euro area. For further information, see the General Notes.
3) 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						
2011 Feb.	6,382.2	390.4	2,372.1	2,012.7	878.4	223.5	505.3
Mar.	6,338.4	387.3	2,354.8	1,973.7	882.7	221.4	518.5
Apr.	6,382.9	391.1	2,357.8	1,991.8	891.7	221.7	528.9
May	6,432.5	391.9	2,404.6	1,992.2	898.9	222.3	522.6
June	6,353.2	390.4	2,392.1	1,958.5	887.6	222.3	502.3
July	6,402.3	389.4	2,423.8	1,940.0	890.5	222.9	535.7
Aug. (p)	6,144.0	405.4	2,383.8	1,734.1	837.8	223.6	559.3
	Transactions						
2010 Q4	35.9	-11.0	48.2	49.9	16.6	-3.0	-64.8
2011 Q1	110.2	19.4	25.2	14.8	8.5	2.4	40.0
Q2	70.4	5.6	43.4	25.8	13.5	3.2	-21.1

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						
2011 Feb.	6,382.2	124.0	5,823.8	4,519.8	668.1	1,304.0	434.4
Mar.	6,338.4	127.1	5,769.9	4,475.9	668.1	1,294.0	441.4
Apr.	6,382.9	125.4	5,813.5	4,507.0	677.8	1,306.5	444.1
May	6,432.5	125.2	5,859.8	4,530.5	684.0	1,329.4	447.5
June	6,353.2	119.4	5,787.6	4,462.9	673.9	1,324.7	446.3
July	6,402.3	119.0	5,811.8	4,456.4	673.9	1,355.4	471.5
Aug. (p)	6,144.0	124.8	5,532.9	4,257.8	620.9	1,275.1	486.3
	Transactions						
2010 Q4	35.9	-11.8	81.1	32.6	15.3	48.6	-33.4
2011 Q1	110.2	12.0	55.5	25.6	4.1	29.9	42.7
Q2	70.4	-4.5	77.2	22.6	11.1	54.7	-2.3

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

	Total	Funds by investment policy						Funds by type		Memo item: Money market funds
		Bond funds	Equity funds	Mixed funds	Real estate funds	Hedge funds	Other funds	Open-end funds	Closed-end funds	
	1	2	3	4	5	6	7	8	9	10
	Outstanding amounts									
2011 Jan.	5,766.2	1,801.4	1,720.5	1,403.5	264.9	111.3	464.7	5,681.6	84.6	1,090.4
Feb.	5,823.8	1,814.2	1,742.1	1,419.1	266.6	112.4	469.4	5,739.1	84.7	1,097.9
Mar.	5,769.9	1,799.7	1,707.8	1,410.4	267.3	112.7	471.9	5,685.4	84.4	1,077.4
Apr.	5,813.5	1,797.9	1,724.4	1,429.2	268.4	113.3	480.3	5,729.2	84.3	1,070.8
May	5,859.8	1,825.5	1,729.1	1,438.5	270.0	114.5	482.3	5,775.4	84.4	1,090.1
June	5,787.6	1,812.6	1,689.1	1,423.9	271.2	112.3	478.4	5,702.1	85.5	1,049.8
July	5,811.8	1,837.0	1,671.5	1,427.2	282.7	116.1	477.2	5,725.7	86.0	1,032.6
Aug. (p)	5,532.9	1,808.0	1,495.5	1,374.5	281.0	114.0	459.8	5,447.9	85.0	1,055.6
	Transactions									
2011 Feb.	21.5	10.0	4.1	5.7	0.4	0.7	0.6	21.6	-0.1	8.8
Mar.	8.7	4.3	-6.3	2.5	0.6	0.8	6.8	8.7	0.1	-8.7
Apr.	41.9	9.9	13.6	13.3	0.8	1.0	3.3	41.7	0.2	6.0
May	27.6	9.7	9.5	5.9	-0.2	-1.0	3.6	27.9	-0.3	7.9
June	7.7	2.0	2.1	0.8	2.8	-0.5	0.5	5.8	2.0	-34.7
July	25.2	8.9	1.9	0.9	11.3	2.3	-0.1	24.7	0.6	-22.3
Aug. (p)	-52.2	-15.2	-23.9	-10.9	0.3	-0.3	-2.3	-52.1	0.0	28.0

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										
2010 Q3	2,345.7	1,471.5	385.4	721.8	193.5	6.4	164.3	874.2	242.6	330.9	16.3
Q4	2,369.3	1,432.6	375.5	692.0	193.9	6.1	165.1	936.7	247.0	365.8	16.1
2011 Q1	2,354.8	1,430.3	383.4	675.7	200.1	5.5	165.7	924.5	246.4	354.5	14.1
Q2 (p)	2,392.1	1,429.6	386.3	671.4	196.2	5.9	169.9	962.5	252.1	364.3	17.8
	Transactions										
2010 Q4	48.2	-7.1	-3.3	-8.2	0.7	-0.2	3.8	55.3	6.4	30.0	-1.9
2011 Q1	25.2	10.7	9.4	-8.3	7.8	0.0	1.9	14.5	1.9	2.4	-1.0
Q2 (p)	43.4	-1.0	1.4	-3.5	-1.7	0.5	2.3	42.7	8.1	13.6	3.6

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										
2010 Q3	1,792.3	711.8	80.2	-	36.4	24.2	571.0	1,080.4	153.2	314.7	67.3
Q4	1,987.7	751.2	77.8	-	39.5	25.2	608.7	1,236.5	171.4	355.8	83.8
2011 Q1	1,973.7	782.7	89.2	-	41.7	26.1	625.6	1,191.0	167.2	365.2	71.1
Q2 (p)	1,958.5	773.8	84.1	-	41.2	26.1	622.3	1,184.7	166.4	362.3	77.4
	Transactions										
2010 Q4	49.9	4.9	4.5	-	1.7	-0.6	-0.7	45.0	5.1	3.4	6.6
2011 Q1	14.8	11.5	5.5	-	2.3	-0.9	4.6	3.3	-0.5	16.0	-3.9
Q2 (p)	25.8	-0.8	-1.1	-	1.3	0.4	-1.4	26.6	2.8	8.0	7.3

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										
2010 Q3	831.1	707.1	77.1	-	630.0	-	-	124.0	21.4	34.8	0.4
Q4	875.3	740.2	76.0	-	664.1	-	-	135.1	23.8	38.6	0.6
2011 Q1	882.7	746.1	78.0	-	668.1	-	-	136.6	22.6	41.7	0.5
Q2 (p)	887.6	753.1	79.2	-	673.9	-	-	134.5	22.1	42.5	0.5
	Transactions										
2010 Q4	16.6	13.4	-1.9	-	15.3	-	-	3.2	0.5	1.4	0.1
2011 Q1	8.5	6.1	2.1	-	4.1	-	-	2.3	-0.9	3.3	-0.1
Q2 (p)	13.5	12.2	1.0	-	11.1	-	-	1.3	0.3	1.1	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												
2010 Q1	2,290.8	358.3	1,440.7	1,135.4	559.3	137.6	25.0	7.3	135.4	280.4	99.3	43.5	68.6
Q2	2,285.6	363.1	1,437.2	1,131.6	570.6	140.5	24.7	6.4	133.8	278.7	101.3	41.1	64.2
Q3	2,284.8	350.1	1,467.2	1,173.9	582.4	133.8	24.6	6.4	128.6	260.2	100.3	41.4	65.7
Q4	2,350.0	373.4	1,522.1	1,238.2	606.4	125.0	22.7	6.0	130.2	251.6	92.5	41.9	68.6
2011 Q1	2,254.7	352.8	1,482.7	1,194.3	595.3	131.8	23.0	5.9	127.6	240.3	89.0	36.8	53.1
Q2	2,206.0	337.4	1,458.8	1,173.5	585.3	136.0	21.9	5.2	122.1	232.0	89.3	36.4	52.1
	Transactions												
2010 Q2	-21.7	1.4	-13.0	-12.5	-	2.4	-0.9	-0.4	-1.6	-2.0	1.0	-3.2	-5.9
Q3	-3.9	-12.2	24.2	33.0	-	-2.1	-0.6	-0.1	-6.1	-16.5	-0.5	0.4	0.7
Q4	44.8	24.5	24.4	30.1	-	-4.7	-2.1	-0.4	1.4	-5.5	-0.9	-0.6	3.0
2011 Q1	-92.2	-23.2	-36.2	-44.2	-	9.1	0.6	0.0	-1.8	-10.1	-2.4	-4.9	-15.3
Q2	-56.7	-12.3	-26.8	-23.1	-	2.5	-0.9	-0.3	-5.0	-9.4	0.0	0.0	-8.2

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						
2010 Q1	2,290.8	99.1	1,982.6	96.0	1,886.6	48.4	160.7
Q2	2,285.6	107.6	1,960.8	91.1	1,869.7	45.0	172.2
Q3	2,284.8	119.9	1,946.7	86.5	1,860.2	43.2	175.0
Q4	2,350.0	134.3	1,969.9	93.5	1,876.4	42.6	203.2
2011 Q1	2,254.7	133.1	1,886.5	83.9	1,802.6	37.7	197.4
Q2	2,206.0	132.7	1,845.0	83.2	1,761.8	35.5	192.8
	Transactions						
2010 Q2	-21.7	6.0	-23.0	-5.1	-17.9	-2.8	-1.9
Q3	-3.9	11.6	-10.3	-4.2	-6.1	-0.1	-5.1
Q4	44.8	15.9	23.9	5.7	18.3	-2.1	7.1
2011 Q1	-92.2	-0.9	-79.0	-9.9	-69.1	-4.5	-7.8
Q2	-56.7	-0.1	-48.6	-5.2	-43.4	-0.8	-7.2

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					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												
2010 Q1	1,135.4	820.3	215.0	20.3	14.8	7.6	57.3	280.4	151.3	47.9	103.5	41.1	129.0
Q2	1,131.6	812.7	216.1	19.6	14.7	7.6	61.0	278.7	149.1	50.5	98.7	44.8	129.6
Q3	1,173.9	828.9	221.4	18.4	15.0	7.0	83.2	260.2	140.6	47.4	93.2	37.4	119.6
Q4	1,238.2	853.2	251.4	17.4	15.2	7.1	94.0	251.6	131.7	45.6	86.1	35.6	119.9
2011 Q1	1,194.3	804.3	250.9	17.1	15.4	7.2	99.4	240.3	125.6	42.4	83.2	36.1	114.7
Q2	1,173.5	784.9	251.6	18.2	15.4	9.8	93.7	232.0	124.7	43.0	81.8	35.2	107.2
	Transactions												
2010 Q2	-12.5	-11.9	-3.5	0.0	-0.1	0.0	3.0	-2.0	2.9	-0.2	3.1	3.0	-4.8
Q3	33.0	10.1	1.2	-0.8	0.2	-0.6	22.9	-16.5	-10.0	-2.5	-7.5	-6.9	-6.5
Q4	30.1	16.5	14.0	-1.6	-0.2	0.1	1.4	-5.5	-5.3	-1.1	-4.2	-2.2	-0.2
2011 Q1	-44.2	-52.5	3.4	-0.5	0.0	0.0	5.3	-10.1	-6.0	-3.2	-2.8	-0.3	-4.1
Q2	-23.1	-22.1	0.5	0.6	-0.2	2.6	-4.4	-9.4	-0.5	-0.4	-0.1	-1.1	-8.9

Source: ECB.

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

2.11 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
2008 Q3	6,266.6	762.9	458.8	2,281.6	932.8	1,187.7	87.5	251.1	149.3	154.8
Q4	6,158.6	800.7	478.6	2,292.9	819.2	1,088.2	93.9	245.7	184.8	154.5
2009 Q1	6,188.2	797.2	493.7	2,361.0	785.7	1,071.9	101.6	244.1	176.2	156.7
Q2	6,330.2	782.8	487.7	2,384.4	819.0	1,200.4	89.7	248.6	162.1	155.4
Q3	6,517.6	784.2	483.4	2,424.9	792.6	1,377.5	86.1	252.0	163.2	153.9
Q4	6,642.6	786.9	477.9	2,462.8	804.4	1,456.8	86.5	256.2	158.1	152.9
2010 Q1	6,864.5	784.5	486.3	2,575.8	815.4	1,534.2	83.5	266.9	169.4	148.5
Q2	6,891.0	785.5	488.9	2,613.5	792.8	1,518.5	79.9	271.6	190.2	150.2
Q3	7,060.0	783.2	498.0	2,698.8	807.5	1,559.8	75.4	272.2	215.1	150.0
Q4	6,977.5	774.1	500.9	2,642.2	823.1	1,579.3	65.4	269.0	171.9	151.5
2011 Q1	7,048.4	775.1	499.7	2,676.4	826.8	1,602.1	63.5	277.8	172.8	154.2
Q2	7,085.5	778.2	505.1	2,688.3	834.2	1,607.6	66.7	275.4	175.8	154.3

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
2008 Q3	2,281.6	1,851.3	517.9	975.2	215.2	9.1	134.0	430.3
Q4	2,292.9	1,874.6	505.9	1,013.9	207.0	11.4	136.4	418.3
2009 Q1	2,361.0	1,939.4	531.1	1,040.5	218.3	13.5	136.1	421.6
Q2	2,384.4	1,987.6	541.7	1,060.7	231.2	15.0	139.0	396.8
Q3	2,424.9	2,021.6	552.6	1,086.6	229.4	15.1	137.8	403.2
Q4	2,462.8	2,053.6	543.7	1,114.3	239.4	16.7	139.5	409.2
2010 Q1	2,575.8	2,157.9	578.5	1,184.6	231.8	16.2	146.9	417.9
Q2	2,613.5	2,190.3	581.7	1,196.7	244.4	16.6	150.9	423.1
Q3	2,698.8	2,271.6	593.4	1,242.2	264.1	19.5	152.4	427.2
Q4	2,642.2	2,218.7	594.3	1,215.0	236.2	17.7	155.5	423.5
2011 Q1	2,676.4	2,260.3	617.2	1,208.7	262.0	19.0	153.5	416.1
Q2	2,688.3	2,263.6	636.9	1,227.6	223.5	16.0	159.6	424.7

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
2008 Q3	6,177.2	331.4	29.7	475.0	5,190.2	2,938.1	1,410.5	841.6	151.0	89.4
Q4	6,123.7	348.8	31.7	422.1	5,178.6	2,909.2	1,445.8	823.6	142.6	34.9
2009 Q1	6,129.8	347.8	31.8	378.6	5,228.6	2,927.5	1,460.2	841.0	142.9	58.4
Q2	6,215.9	321.6	33.1	395.1	5,325.5	3,005.5	1,477.4	842.6	140.6	114.3
Q3	6,363.7	303.8	36.1	440.0	5,438.6	3,094.8	1,501.7	842.2	145.1	153.9
Q4	6,441.3	284.6	39.5	436.2	5,527.8	3,168.6	1,519.8	839.3	153.3	201.3
2010 Q1	6,620.1	293.6	39.5	454.0	5,675.5	3,255.5	1,560.2	859.8	157.5	244.4
Q2	6,655.6	298.9	40.9	425.1	5,730.6	3,280.6	1,589.1	860.9	160.0	235.4
Q3	6,765.4	315.0	39.8	431.6	5,823.8	3,337.6	1,629.5	856.6	155.2	294.6
Q4	6,802.9	283.9	42.3	439.0	5,887.7	3,380.3	1,651.3	856.0	150.1	174.6
2011 Q1	6,907.4	304.2	40.1	455.6	5,957.3	3,412.8	1,664.5	880.0	150.2	140.9
Q2	6,934.8	304.4	42.7	449.3	5,987.6	3,438.6	1,670.7	878.3	150.8	150.7

Source: ECB.

3 EURO AREA ACCOUNTS

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

Uses 2011 Q2	Euro area	Households	Non-financial corporations	Financial corporations	General government	Rest of the world
External account						
Exports of goods and services						569
Trade balance [1]						-10
Generation of income account						
Gross value added (basic prices)						
Taxes less subsidies on products						
Gross domestic product (market prices)						
Compensation of employees	1,168	119	741	57	250	
Other taxes less subsidies on production	31	4	19	3	4	
Consumption of fixed capital	363	95	208	11	49	
Net operating surplus and mixed income [1]	550	283	231	36	0	
Allocation of primary income account						
Net operating surplus and mixed income						
Compensation of employees						6
Taxes less subsidies on production						
Property income	982	39	489	382	73	123
Interest	396	36	71	215	73	53
Other property income	587	2	417	167	0	70
Net national income [1]	1,977	1,711	-11	51	226	
Secondary distribution of income account						
Net national income						
Current taxes on income, wealth, etc.	276	215	47	13	0	5
Social contributions	429	429				1
Social benefits other than social transfers in kind	454	1	18	34	402	1
Other current transfers	188	70	25	47	46	9
Net non-life insurance premiums	44	33	10	1	1	1
Non-life insurance claims	45			45		1
Other	99	37	15	1	45	7
Net disposable income [1]	1,957	1,535	-69	53	439	
Use of income account						
Net disposable income						
Final consumption expenditure	1,867	1,360			507	
Individual consumption expenditure	1,673	1,360			313	
Collective consumption expenditure	194				194	
Adjustment for the change in the net equity of households in pension fund reserves	14	0	0	14	0	0
Net saving/current external account [1]	91	189	-70	39	-68	18
Capital account						
Net saving/current external account						
Gross capital formation	472	143	261	12	56	
Gross fixed capital formation	472	143	261	12	56	
Changes in inventories and acquisitions less disposals of valuables	0	1	-1	0	0	
Consumption of fixed capital						
Acquisitions less disposals of non-produced non-financial assets	0	-2	1	0	0	0
Capital transfers	32	9	1	2	20	4
Capital taxes	6	6	1	0		0
Other capital transfers	26	3	0	2	20	4
Net lending (+)/net borrowing (-) (from capital account) [1]	-17	143	-109	36	-87	17
Statistical discrepancy	0	-21	21	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 2011 Q2	Euro area	Households	Non-financial corporations	Financial corporations	General government	Rest of the world
External account						
Imports of goods and services						559
Trade balance						
Generation of income account						
Gross value added (basic prices)	2,113	502	1,200	108	303	
Taxes less subsidies on products	236					
Gross domestic product (market prices)[2]	2,349					
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	550	283	231	36	0	
Compensation of employees	1,170	1,170				3
Taxes less subsidies on production	267				267	0
Property income	971	296	247	396	32	134
Interest	385	60	45	272	8	63
Other property income	586	236	202	124	24	71
Net national income						
Secondary distribution of income account						
Net national income	1,977	1,711	-11	51	226	
Current taxes on income, wealth, etc.	280				280	1
Social contributions	429	1	18	49	361	1
Social benefits other than social transfers in kind	452	452				3
Other current transfers	166	87	13	46	19	30
Net non-life insurance premiums	45			45		1
Non-life insurance claims	44	34	8	1	0	2
Other	77	53	5	0	19	28
Net disposable income						
Use of income account						
Net disposable income	1,957	1,535	-69	53	439	
Final consumption expenditure						
Individual consumption expenditure						
Collective consumption expenditure						
Adjustment for the change in the net equity of households in pension fund reserves	14	14				0
Net saving/current external account						
Capital account						
Net saving/current external account	91	189	-70	39	-68	18
Gross capital formation						
Gross fixed capital formation						
Changes in inventories and acquisitions less disposals of valuables						
Consumption of fixed capital	363	95	208	11	49	
Acquisitions less disposals of non-produced non-financial assets						
Capital transfers	33	9	16	1	7	3
Capital taxes	6				6	0
Other capital transfers	27	9	16	1	1	3
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 2011 Q2	Euro area	Households	Non-financial corporations	MFIs	Other financial inter-mediaries	Insurance corporations and pension funds	General govern-ment	Rest of the world
Opening balance sheet, financial assets								
Total financial assets		18,863	16,850	31,958	15,222	6,795	3,709	16,575
Monetary gold and special drawing rights (SDRs)				403				
Currency and deposits		6,636	1,887	8,974	2,318	810	715	3,600
Short-term debt securities		59	80	515	326	43	34	680
Long-term debt securities		1,358	235	6,023	2,397	2,652	448	3,624
Loans		79	3,069	13,342	3,556	469	521	1,853
of which: Long-term		59	1,762	10,255	2,539	348	461	.
Shares and other equity		4,487	7,876	1,863	6,324	2,427	1,326	6,080
Quoted shares		831	1,418	343	2,153	563	267	.
Unquoted shares and other equity		2,289	6,048	1,215	3,208	292	890	.
Mutual fund shares		1,366	410	305	964	1,572	169	.
Insurance technical reserves		5,783	180	3	0	242	4	230
Other accounts receivable and financial derivatives		461	3,524	837	300	151	661	508
Net financial worth								
Financial account, transactions in financial assets								
Total transactions in financial assets		152	133	281	138	2	120	217
Monetary gold and SDRs				0				0
Currency and deposits		72	3	95	52	1	76	-11
Short-term debt securities		-5	-5	-27	-2	0	-2	14
Long-term debt securities		22	-2	21	-1	8	-2	182
Loans		1	55	90	56	3	19	18
of which: Long-term		0	31	60	38	4	-3	.
Shares and other equity		-1	105	41	46	-5	-1	14
Quoted shares		0	23	29	9	-2	1	.
Unquoted shares and other equity		8	66	12	5	1	-2	.
Mutual fund shares		-9	15	1	31	-4	0	.
Insurance technical reserves		39	-1	0	0	-6	0	-1
Other accounts receivable and financial derivatives		25	-21	61	-14	1	30	2
Changes in net financial worth due to transactions								
Other changes account, financial assets								
Total other changes in financial assets		-70	-61	-28	-26	26	-18	7
Monetary gold and SDRs				10				
Currency and deposits		0	-6	46	0	-1	0	-16
Short-term debt securities		-3	-1	-18	-8	0	0	11
Long-term debt securities		0	1	-61	-2	7	-5	59
Loans		0	1	-1	-17	0	0	4
of which: Long-term		0	-1	1	-6	0	0	.
Shares and other equity		-75	-75	-5	8	20	-13	-45
Quoted shares		-15	-22	-5	-15	-4	-6	.
Unquoted shares and other equity		-57	-28	6	27	-3	-6	.
Mutual fund shares		-3	-26	-6	-4	27	0	.
Insurance technical reserves		-2	0	0	0	-3	0	5
Other accounts receivable and financial derivatives		10	20	1	-6	3	0	-11
Other changes in net financial worth								
Closing balance sheet, financial assets								
Total financial assets		18,944	16,923	32,212	15,333	6,823	3,811	16,799
Monetary gold and SDRs				412				
Currency and deposits		6,708	1,885	9,115	2,370	811	792	3,573
Short-term debt securities		51	74	470	316	43	32	704
Long-term debt securities		1,379	233	5,982	2,394	2,667	441	3,866
Loans		80	3,124	13,431	3,595	471	540	1,874
of which: Long-term		59	1,791	10,316	2,570	352	458	.
Shares and other equity		4,411	7,905	1,899	6,378	2,443	1,312	6,049
Quoted shares		817	1,420	367	2,146	557	262	.
Unquoted shares and other equity		2,240	6,086	1,233	3,240	291	882	.
Mutual fund shares		1,354	400	299	992	1,595	168	.
Insurance technical reserves		5,820	179	3	0	233	4	234
Other accounts receivable and financial derivatives		495	3,523	899	280	155	691	499
Net financial worth								

Source: ECB.

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

(EUR billions)

Liabilities 2011 Q2	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		6,689	26,635	31,064	14,601	6,877	9,027	14,676
Monetary gold and special drawing rights (SDRs)								
Currency and deposits			31	22,055	24	0	255	2,575
Short-term debt securities			81	653	71	0	677	255
Long-term debt securities			784	4,481	2,739	30	5,876	2,826
Loans		6,094	8,472		3,310	270	1,706	3,035
of which: Long-term		5,740	6,010		1,836	119	1,378	.
Shares and other equity		7	13,369	2,635	8,356	436	6	5,574
Quoted shares			3,923	490	253	130	0	.
Unquoted shares and other equity		7	9,446	1,068	2,528	305	6	.
Mutual fund shares				1,077	5,576			.
Insurance technical reserves		35	336	68	1	6,002	1	
Other accounts payable and financial derivatives		553	3,562	1,171	100	139	507	410
Net financial worth [1]	-1,496	12,174	-9,785	895	620	-82	-5,318	
Financial account, transactions in liabilities								
Total transactions in liabilities		30	221	253	116	16	207	200
Monetary gold and SDRs								
Currency and deposits			0	242	-3	0	3	47
Short-term debt securities			1	-30	7	0	-5	-3
Long-term debt securities			9	43	-3	2	152	25
Loans		45	95		48	3	-4	54
of which: Long-term		38	54		29	1	26	.
Shares and other equity		0	62	3	68	-2	0	68
Quoted shares			10	18	6	0	0	.
Unquoted shares and other equity		0	52	5	7	-2	0	.
Mutual fund shares				-21	54			.
Insurance technical reserves		0	0	0	0	30	0	
Other accounts payable and financial derivatives		-15	53	-6	-1	-18	61	9
Changes in net financial worth due to transactions [1]	-17	122	-88	29	22	-14	-87	17
Other changes account, liabilities								
Total other changes in liabilities		-1	-59	12	0	7	-49	-91
Monetary gold and SDRs								
Currency and deposits			0	13	0	0	0	12
Short-term debt securities			0	0	0	0	-1	-18
Long-term debt securities			5	15	12	0	-32	-4
Loans		1	2		-4	0	0	-13
of which: Long-term		4	3		-1	0	0	.
Shares and other equity		0	-76	-15	-31	-13	0	-50
Quoted shares			-19	-19	-9	-8	0	.
Unquoted shares and other equity		0	-57	11	19	-5	0	.
Mutual fund shares				-7	-42			.
Insurance technical reserves		0	0	0	0	0	0	
Other accounts payable and financial derivatives		-1	10	-1	23	20	-16	-18
Other changes in net financial worth [1]	-88	-70	-2	-40	-26	19	31	97
Closing balance sheet, liabilities								
Total liabilities		6,719	26,798	31,328	14,717	6,900	9,186	14,786
Monetary gold and SDRs								
Currency and deposits			30	22,309	21	0	258	2,634
Short-term debt securities			83	623	79	0	671	234
Long-term debt securities			799	4,539	2,748	33	5,996	2,847
Loans		6,141	8,569		3,354	273	1,702	3,077
of which: Long-term		5,782	6,067		1,864	120	1,404	.
Shares and other equity		7	13,356	2,623	8,392	421	6	5,592
Quoted shares			3,914	489	250	122	0	.
Unquoted shares and other equity		7	9,442	1,084	2,554	298	6	.
Mutual fund shares				1,050	5,588			.
Insurance technical reserves		35	336	69	1	6,032	1	
Other accounts payable and financial derivatives		536	3,625	1,164	123	141	552	401
Net financial worth [1]	-1,601	12,226	-9,874	884	616	-77	-5,375	

Source: ECB.

3.2 Euro area non-financial accounts

(EUR billions; four-quarter cumulated flows)

Uses	2007	2008	2009	2009 Q3-2010 Q2	2009 Q4-2010 Q3	2010 Q1-2010 Q4	2010 Q2-2011 Q1	2010 Q3-2011 Q2
Generation of income account								
Gross value added (basic prices)								
Taxes less subsidies on products								
Gross domestic product (market prices)								
Compensation of employees	4,280	4,462	4,442	4,458	4,472	4,492	4,523	4,557
Other taxes less subsidies on production	99	94	85	84	88	83	84	89
Consumption of fixed capital	1,294	1,360	1,385	1,398	1,407	1,417	1,427	1,437
Net operating surplus and mixed income [1]	2,393	2,358	2,111	2,159	2,179	2,207	2,234	2,249
Allocation of primary income account								
Net operating surplus and mixed income								
Compensation of employees								
Taxes less subsidies on production								
Property income	3,678	3,925	2,957	2,762	2,763	2,808	2,847	2,917
Interest	2,129	2,378	1,603	1,424	1,404	1,415	1,440	1,483
Other property income	1,549	1,547	1,354	1,338	1,359	1,393	1,407	1,434
Net national income [1]	7,771	7,806	7,525	7,614	7,672	7,725	7,794	7,860
Secondary distribution of income account								
Net national income								
Current taxes on income, wealth, etc.	1,136	1,145	1,028	1,036	1,042	1,053	1,070	1,077
Social contributions	1,597	1,670	1,675	1,682	1,688	1,699	1,708	1,718
Social benefits other than social transfers in kind	1,585	1,656	1,772	1,803	1,811	1,819	1,823	1,828
Other current transfers	741	774	779	780	781	774	774	776
Net non-life insurance premiums	183	188	182	181	180	180	178	178
Non-life insurance claims	184	189	183	182	181	181	179	179
Other	374	397	414	417	420	414	416	419
Net disposable income [1]	7,678	7,704	7,416	7,500	7,554	7,610	7,679	7,747
Use of income account								
Net disposable income								
Final consumption expenditure	6,892	7,145	7,145	7,219	7,264	7,308	7,355	7,401
Individual consumption expenditure	6,192	6,407	6,374	6,446	6,490	6,534	6,580	6,625
Collective consumption expenditure	700	738	771	774	774	773	775	776
Adjustment for the change in the net equity of households in pension fund reserves	61	69	61	57	56	55	54	55
Net saving [1]	786	559	270	280	291	303	324	346
Capital account								
Net saving								
Gross capital formation	2,055	2,059	1,707	1,730	1,759	1,785	1,836	1,858
Gross fixed capital formation	1,978	1,998	1,752	1,738	1,749	1,762	1,788	1,802
Changes in inventories and acquisitions less disposals of valuables	76	62	-44	-9	10	23	48	56
Consumption of fixed capital								
Acquisitions less disposals of non-produced non-financial assets	-1	1	1	2	2	1	1	1
Capital transfers	153	152	185	186	220	227	215	207
Capital taxes	24	24	34	30	30	25	26	25
Other capital transfers	129	128	151	156	190	202	190	182
Net lending (+)/net borrowing (-) (from capital account) [1]	40	-132	-43	-41	-50	-55	-74	-65

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	2007	2008	2009	2009 Q3-2010 Q2	2009 Q4-2010 Q3	2010 Q1-2010 Q4	2010 Q2-2011 Q1	2010 Q3-2011 Q2
Generation of income account								
Gross value added (basic prices)	8,066	8,274	8,024	8,099	8,147	8,199	8,268	8,331
Taxes less subsidies on products	961	947	895	915	933	941	957	959
Gross domestic product (market prices)[2)]	9,027	9,221	8,919	9,014	9,080	9,140	9,225	9,290
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	2,393	2,358	2,111	2,159	2,179	2,207	2,234	2,249
Compensation of employees	4,287	4,469	4,449	4,466	4,480	4,500	4,532	4,565
Taxes less subsidies on production	1,068	1,048	997	1,015	1,035	1,038	1,055	1,060
Property income	3,701	3,858	2,924	2,736	2,740	2,788	2,821	2,902
Interest	2,098	2,326	1,554	1,380	1,360	1,372	1,401	1,447
Other property income	1,603	1,532	1,370	1,356	1,380	1,415	1,420	1,455
Net national income								
Secondary distribution of income account								
Net national income	7,771	7,806	7,525	7,614	7,672	7,725	7,794	7,860
Current taxes on income, wealth, etc.	1,144	1,153	1,034	1,040	1,047	1,058	1,075	1,084
Social contributions	1,596	1,668	1,673	1,681	1,688	1,698	1,708	1,717
Social benefits other than social transfers in kind	1,577	1,648	1,766	1,798	1,805	1,812	1,816	1,821
Other current transfers	648	673	672	668	665	662	661	664
Net non-life insurance premiums	184	189	183	182	181	181	179	179
Non-life insurance claims	181	185	179	178	177	176	175	175
Other	282	299	309	308	307	305	306	310
Net disposable income								
Use of income account								
Net disposable income	7,678	7,704	7,416	7,500	7,554	7,610	7,679	7,747
Final consumption expenditure								
Individual consumption expenditure								
Collective consumption expenditure								
Adjustment for the change in the net equity of households in pension fund reserves	61	69	61	57	56	55	54	55
Net saving								
Capital account								
Net saving	786	559	270	280	291	303	324	346
Gross capital formation								
Gross fixed capital formation								
Changes in inventories and acquisitions less disposals of valuables								
Consumption of fixed capital	1,294	1,360	1,385	1,398	1,407	1,417	1,427	1,437
Acquisitions less disposals of non-produced non-financial assets								
Capital transfers	168	161	195	197	232	239	228	218
Capital taxes	24	24	34	30	30	25	26	25
Other capital transfers	144	137	161	167	202	214	202	193
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)

	2007	2008	2009	2009 Q3-2010 Q2	2009 Q4-2010 Q3	2010 Q1-2010 Q4	2010 Q2-2011 Q1	2010 Q3-2011 Q2
Income, saving and changes in net worth								
Compensation of employees (+)	4,287	4,469	4,449	4,466	4,480	4,500	4,532	4,565
Gross operating surplus and mixed income (+)	1,485	1,526	1,456	1,453	1,456	1,463	1,476	1,490
Interest receivable (+)	318	351	236	210	207	210	215	223
Interest payable (-)	221	250	148	129	127	128	131	136
Other property income receivable (+)	777	779	713	695	700	707	720	725
Other property income payable (-)	10	10	10	10	10	10	10	10
Current taxes on income and wealth (-)	836	874	843	843	846	849	859	862
Net social contributions (-)	1,592	1,665	1,670	1,677	1,683	1,694	1,703	1,713
Net social benefits (+)	1,572	1,643	1,760	1,792	1,800	1,807	1,811	1,815
Net current transfers receivable (+)	62	69	72	70	71	70	69	69
= Gross disposable income	5,842	6,037	6,015	6,027	6,048	6,077	6,119	6,166
Final consumption expenditure (-)	5,085	5,244	5,157	5,212	5,251	5,293	5,334	5,376
Changes in net worth in pension funds (+)	61	69	61	57	56	55	54	55
= Gross saving	818	862	919	872	853	838	839	845
Consumption of fixed capital (-)	356	371	373	375	377	379	380	380
Net capital transfers receivable (+)	12	0	11	7	7	12	12	12
Other changes in net worth (+)	1,239	-1,978	-457	811	1,019	1,035	720	490
= Changes in net worth	1,713	-1,486	101	1,314	1,501	1,506	1,191	967
Investment, financing and changes in net worth								
Net acquisition of non-financial assets (+)	638	625	535	532	538	544	550	552
Consumption of fixed capital (-)	356	371	373	375	377	379	380	380
Main items of financial investment (+)								
Short-term assets	420	458	-14	-75	-23	57	118	118
Currency and deposits	351	438	121	63	89	120	141	138
Money market fund shares	37	-6	-43	-73	-84	-51	-37	-32
Debt securities [1]	32	25	-92	-65	-29	-13	14	12
Long-term assets	140	21	521	592	488	411	331	314
Deposits	-31	-27	85	104	80	56	40	51
Debt securities	83	24	33	35	-4	2	44	53
Shares and other equity	-121	-107	178	205	164	122	44	18
Quoted and unquoted shares and other equity	30	68	131	139	103	99	57	32
Mutual fund shares	-151	-176	47	66	61	23	-13	-14
Life insurance and pension fund reserves	209	131	225	248	248	231	203	192
Main items of financing (-)								
Loans	384	257	111	135	135	147	148	139
of which: From euro area MFIs	283	83	65	136	135	148	170	164
Other changes in assets (+)								
Non-financial assets	1,176	-566	-770	511	873	916	727	297
Financial assets	114	-1,444	300	299	140	132	-3	170
Shares and other equity	96	-1,183	106	97	-2	82	36	159
Life insurance and pension fund reserves	8	-240	174	183	142	87	28	43
Remaining net flows (+)	-34	47	13	-35	-2	-28	-5	36
= Changes in net worth	1,713	-1,486	101	1,314	1,501	1,506	1,191	967
Balance sheet								
Non-financial assets (+)	27,755	27,443	26,835	27,371	27,759	27,916	27,799	27,840
Financial assets (+)								
Short-term assets	5,263	5,805	5,781	5,784	5,771	5,844	5,883	5,913
Currency and deposits	4,851	5,322	5,475	5,508	5,500	5,600	5,599	5,650
Money market fund shares	280	316	240	216	204	191	209	196
Debt securities [1]	132	167	66	59	67	54	75	66
Long-term assets	12,140	10,675	11,529	11,667	11,927	12,058	12,107	12,125
Deposits	965	915	971	1,011	1,015	1,028	1,037	1,058
Debt securities	1,272	1,296	1,379	1,354	1,349	1,331	1,342	1,364
Shares and other equity	5,116	3,785	4,101	4,050	4,195	4,304	4,279	4,215
Quoted and unquoted shares and other equity	3,741	2,864	2,996	2,924	3,036	3,113	3,121	3,057
Mutual fund shares	1,375	920	1,105	1,126	1,159	1,191	1,158	1,158
Life insurance and pension fund reserves	4,787	4,678	5,077	5,253	5,368	5,395	5,450	5,488
Remaining net assets (+)	315	315	299	279	306	294	279	329
Liabilities (-)								
Loans	5,569	5,820	5,925	6,002	6,030	6,087	6,094	6,141
of which: From euro area MFIs	4,831	4,914	4,968	5,140	5,159	5,213	5,256	5,301
= Net worth	39,905	38,418	38,519	39,099	39,732	40,025	39,973	40,065

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)

	2007	2008	2009	2009 Q3-2010 Q2	2009 Q4-2010 Q3	2010 Q1-2010 Q4	2010 Q2-2011 Q1	2010 Q3-2011 Q2
Income and saving								
Gross value added (basic prices) (+)	4,638	4,745	4,485	4,539	4,577	4,619	4,671	4,717
Compensation of employees (-)	2,712	2,833	2,773	2,776	2,786	2,805	2,832	2,861
Other taxes less subsidies on production (-)	48	45	39	35	39	33	34	38
= Gross operating surplus (+)	1,877	1,868	1,673	1,727	1,752	1,781	1,805	1,818
Consumption of fixed capital (-)	724	765	783	792	797	803	810	817
= Net operating surplus (+)	1,153	1,102	890	936	955	978	996	1,000
Property income receivable (+)	636	638	539	518	517	531	532	553
Interest receivable	222	242	173	158	154	156	158	165
Other property income receivable	414	396	366	360	362	375	374	387
Interest and rents payable (-)	365	422	300	268	264	266	272	281
= Net entrepreneurial income (+)	1,423	1,318	1,130	1,186	1,208	1,242	1,256	1,272
Distributed income (-)	990	1,021	927	905	913	934	952	958
Taxes on income and wealth payable (-)	246	233	150	156	159	165	171	173
Social contributions receivable (+)	63	67	69	68	68	68	69	69
Social benefits payable (-)	62	65	67	68	68	69	69	69
Other net transfers (-)	43	48	47	48	48	47	47	47
= Net saving	145	18	8	77	89	96	86	95
Investment, financing and saving								
Net acquisition of non-financial assets (+)	421	376	87	124	148	169	207	215
Gross fixed capital formation (+)	1,068	1,085	917	924	935	950	970	982
Consumption of fixed capital (-)	724	765	783	792	797	803	810	817
Net acquisition of other non-financial assets (+)	77	57	-47	-9	9	23	47	51
Main items of financial investment (+)								
Short-term assets	168	70	96	24	22	16	18	38
Currency and deposits	153	15	88	58	51	68	62	66
Money market fund shares	-20	33	40	-23	-29	-41	-27	-19
Debt securities [1]	35	22	-32	-11	-1	-11	-17	-9
Long-term assets	762	710	211	254	403	471	441	501
Deposits	-13	40	4	-10	-7	2	11	6
Debt securities	48	-35	11	-9	-12	-9	0	13
Shares and other equity	425	357	76	72	157	211	199	269
Other (mainly intercompany loans)	302	348	119	202	265	267	231	212
Remaining net assets (+)	181	-89	72	99	54	-35	-6	-23
Main items of financing (-)								
Debt	917	667	84	104	232	225	262	305
of which: Loans from euro area MFIs	536	394	-114	-92	-35	-8	30	77
of which: Debt securities	33	48	90	89	73	68	44	44
Shares and other equity	402	306	289	238	226	226	238	259
Quoted shares	58	6	67	47	37	30	30	28
Unquoted shares and other equity	344	300	223	191	189	196	208	231
Net capital transfers receivable (-)	68	73	81	79	78	74	72	71
= Net saving	145	18	8	77	89	96	86	95
Financial balance sheet								
Financial assets								
Short-term assets	1,788	1,876	1,960	1,903	1,926	1,972	1,950	1,939
Currency and deposits	1,507	1,538	1,632	1,608	1,625	1,693	1,667	1,673
Money market fund shares	163	192	214	184	182	174	179	169
Debt securities [1]	119	147	114	111	118	105	104	97
Long-term assets	10,739	9,300	10,255	10,371	10,735	11,026	11,197	11,282
Deposits	206	246	227	231	240	220	220	211
Debt securities	228	183	191	195	200	196	211	210
Shares and other equity	7,968	6,221	7,054	6,987	7,283	7,545	7,697	7,737
Other (mainly intercompany loans)	2,337	2,650	2,784	2,957	3,011	3,065	3,069	3,124
Remaining net assets	263	238	219	200	215	66	173	107
Liabilities								
Debt	8,649	9,337	9,461	9,600	9,642	9,648	9,674	9,787
of which: Loans from euro area MFIs	4,466	4,866	4,711	4,731	4,709	4,699	4,730	4,760
of which: Debt securities	648	704	827	887	901	889	866	882
Shares and other equity	14,250	11,063	12,381	12,026	12,622	13,091	13,369	13,356
Quoted shares	5,005	2,935	3,516	3,316	3,542	3,814	3,923	3,914
Unquoted shares and other equity	9,245	8,129	8,865	8,711	9,080	9,277	9,446	9,442

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)

	2007	2008	2009	2009 Q3-2010 Q2	2009 Q4-2010 Q3	2010 Q1-2010 Q4	2010 Q2-2011 Q1	2010 Q3-2011 Q2
Financial account, financial transactions								
Main items of financial investment (+)								
Short-term assets	22	78	-51	-22	-3	-12	-30	-38
Currency and deposits	7	57	-33	2	6	-9	-9	-14
Money market fund shares	4	14	0	1	-2	-6	-24	-25
Debt securities [1]	11	7	-17	-25	-7	3	3	1
Long-term assets	280	92	318	281	250	219	213	204
Deposits	47	-9	21	-8	-11	-8	7	10
Debt securities	108	59	111	150	167	151	129	122
Loans	-15	25	7	6	12	28	25	26
Quoted shares	20	2	-65	-68	14	17	15	9
Unquoted shares and other equity	22	15	-8	1	2	10	12	14
Mutual fund shares	98	1	253	199	66	22	25	22
Remaining net assets (+)	-38	39	2	43	60	53	20	5
Main items of financing (-)								
Debt securities	3	4	5	5	2	0	0	2
Loans	-2	24	-16	-10	7	6	11	8
Shares and other equity	3	6	1	5	5	5	4	1
Insurance technical reserves	245	125	231	282	278	259	208	184
Net equity of households in life insurance and pension fund reserves	212	121	227	273	270	248	201	184
Prepayments of insurance premiums and reserves for outstanding claims	34	4	4	9	8	11	7	0
= Changes in net financial worth due to transactions	14	50	48	20	15	-10	-21	-24
Other changes account								
Other changes in financial assets (+)								
Shares and other equity	-48	-502	188	160	122	120	41	105
Other net assets	11	34	52	78	57	-36	-44	-68
Other changes in liabilities (-)								
Shares and other equity	-22	-172	8	20	-19	-8	-9	12
Insurance technical reserves	30	-260	186	189	146	96	39	51
Net equity of households in life insurance and pension fund reserves	18	-248	182	187	147	99	41	56
Prepayments of insurance premiums and reserves for outstanding claims	12	-11	4	2	-1	-2	-2	-5
= Other changes in net financial worth	-45	-36	45	30	51	-5	-33	-26
Financial balance sheet								
Financial assets (+)								
Short-term assets	318	398	342	367	362	335	323	325
Currency and deposits	163	224	195	206	203	190	186	186
Money market fund shares	91	103	94	103	101	89	79	81
Debt securities [1]	63	71	52	58	57	55	58	58
Long-term assets	5,473	5,077	5,658	5,841	5,979	5,983	6,079	6,110
Deposits	594	599	617	610	610	610	624	624
Debt securities	2,203	2,261	2,444	2,571	2,642	2,580	2,638	2,652
Loans	411	433	439	446	453	466	469	471
Quoted shares	750	491	523	518	539	553	563	557
Unquoted shares and other equity	347	321	301	290	284	295	292	291
Mutual fund shares	1,167	971	1,335	1,406	1,451	1,479	1,493	1,514
Remaining net assets (+)	176	238	223	266	292	253	254	247
Liabilities (-)								
Debt securities	19	23	30	32	30	33	30	33
Loans	244	273	256	264	277	265	270	273
Shares and other equity	578	412	422	409	413	419	436	421
Insurance technical reserves	5,295	5,160	5,577	5,797	5,911	5,932	6,002	6,032
Net equity of households in life insurance and pension fund reserves	4,472	4,345	4,754	4,956	5,074	5,101	5,158	5,196
Prepayments of insurance premiums and reserves for outstanding claims	822	814	823	841	837	831	844	836
= Net financial wealth	-170	-156	-63	-27	2	-78	-82	-77

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

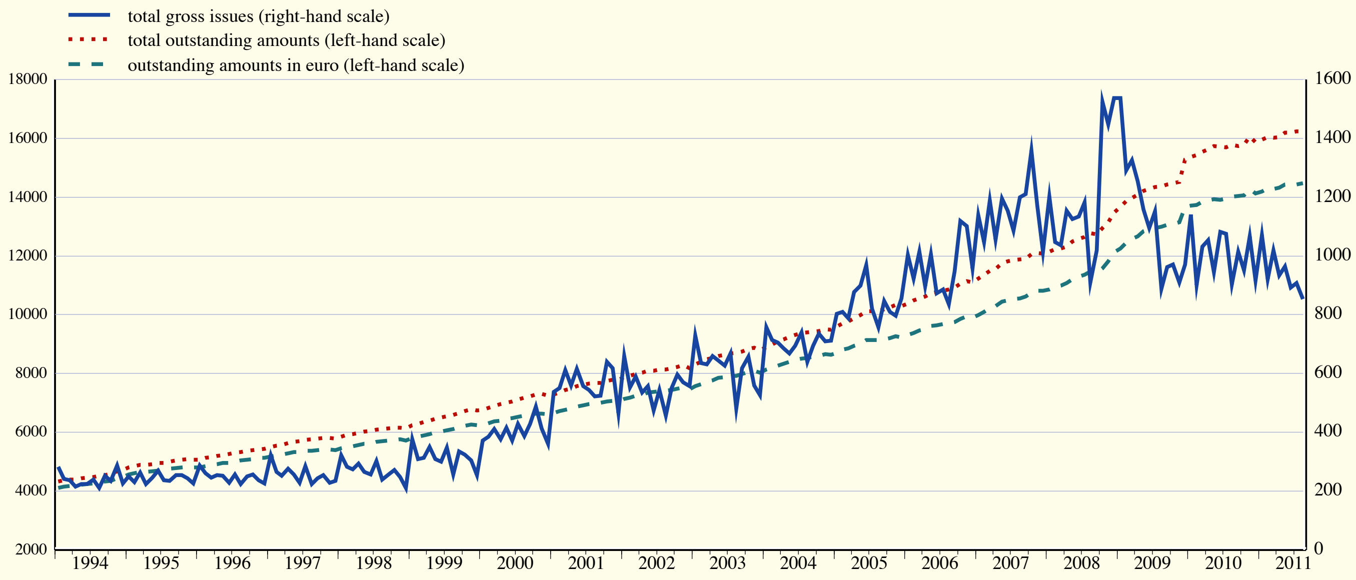
4.1 Securities other than shares by original maturity, residency of the issuer and currency

(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						
2010 Aug.	16,254.7	841.1	65.1	14,015.3	800.7	62.3	15,789.9	903.1	82.1	3.6	112.1	4.1
Sep.	16,273.3	985.1	18.9	14,033.2	908.6	18.2	15,744.3	1,013.6	4.7	3.1	56.6	3.4
Oct.	16,280.8	888.0	10.2	14,070.8	843.2	40.2	15,782.5	950.3	52.7	3.2	39.5	3.1
Nov.	16,460.6	993.0	180.9	14,269.5	954.0	199.9	16,066.4	1,067.0	239.1	4.3	160.5	5.5
Dec.	16,296.5	876.7	-162.6	14,122.7	844.0	-145.3	15,875.1	916.6	-184.3	3.5	-64.4	4.4
2011 Jan.	16,375.9	1,005.0	78.6	14,197.3	954.5	73.8	15,948.6	1,070.7	92.0	3.7	78.2	4.9
Feb.	16,476.1	866.7	101.1	14,289.3	813.9	93.0	16,040.8	920.1	98.1	4.1	47.8	4.0
Mar.	16,476.5	978.3	0.6	14,282.3	911.3	-6.7	16,018.3	1,019.4	1.9	3.4	11.4	3.4
Apr.	16,497.4	888.9	21.4	14,330.0	850.2	48.3	16,044.9	934.7	51.5	3.2	25.7	3.3
May	16,598.2	921.2	99.1	14,421.4	865.9	89.7	16,190.8	963.6	115.6	3.6	39.2	1.7
June	16,630.0	847.9	31.8	14,444.2	796.1	22.7	16,204.8	893.0	19.6	3.8	45.4	3.1
July	.	.	.	14,439.1	826.3	-4.8	16,228.2	908.2	1.2	3.7	26.9	2.5
Aug.	.	.	.	14,471.9	767.4	33.7	16,239.9	853.3	23.5	3.3	52.1	2.5
						Long-term						
2010 Aug.	14,717.7	140.8	32.1	12,580.0	127.4	32.0	14,147.9	152.8	43.5	4.7	83.8	4.5
Sep.	14,721.4	268.6	4.1	12,594.1	228.4	14.4	14,105.3	258.8	4.4	4.1	50.3	3.5
Oct.	14,758.8	222.2	37.5	12,643.4	195.4	49.4	14,161.1	233.3	65.7	4.0	66.5	3.7
Nov.	14,903.1	338.6	145.4	12,802.7	322.0	160.3	14,393.0	360.5	191.4	4.8	115.9	5.5
Dec.	14,860.6	186.9	-39.9	12,778.1	179.8	-22.0	14,336.8	193.9	-50.0	4.7	10.6	5.5
2011 Jan.	14,927.7	308.9	68.6	12,828.8	277.9	52.2	14,384.4	320.0	67.8	4.8	97.5	6.1
Feb.	15,033.8	284.1	106.4	12,924.6	253.1	96.2	14,472.3	285.1	92.4	5.0	43.0	5.5
Mar.	15,046.1	304.9	12.8	12,943.5	268.8	19.4	14,466.8	303.0	16.3	4.3	21.8	5.1
Apr.	15,100.0	302.6	54.1	13,008.9	278.4	65.6	14,513.9	308.9	68.7	4.3	49.3	4.8
May	15,175.7	276.9	74.7	13,077.5	245.8	67.5	14,619.2	268.7	79.8	4.4	14.4	3.3
June	15,227.9	255.1	51.7	13,127.4	224.0	49.3	14,669.0	252.8	53.2	4.6	43.4	3.8
July	.	.	.	13,119.2	191.8	-9.5	14,683.8	213.4	-7.0	4.5	31.7	2.8
Aug.	.	.	.	13,120.7	112.0	2.2	14,668.5	122.0	-4.1	4.1	33.9	2.7

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						
2009	15,286	5,371	3,226	802	5,418	469	1,126	734	68	80	215	29
2010	15,875	5,246	3,291	852	5,932	554	1,007	625	79	69	205	29
2010 Q3	15,744	5,419	3,215	845	5,735	529	998	631	77	65	196	29
Q4	15,875	5,246	3,291	852	5,932	554	978	566	110	64	206	32
2011 Q1	16,018	5,347	3,257	826	6,024	564	1,003	592	89	59	220	43
Q2	16,205	5,363	3,244	835	6,166	597	930	551	85	60	192	43
2011 May	16,191	5,394	3,250	843	6,119	585	964	592	86	67	177	42
June	16,205	5,363	3,244	835	6,166	597	893	541	69	59	182	42
July	16,228	5,371	3,259	849	6,161	588	908	533	85	62	194	34
Aug.	16,240	5,392	3,237	849	6,165	597	853	572	53	52	145	32
						Short-term						
2009	1,638	733	89	71	714	31	876	635	25	63	133	20
2010	1,538	572	122	67	724	53	758	534	34	57	115	19
2010 Q3	1,639	743	95	72	689	41	771	545	31	55	118	21
Q4	1,538	572	122	67	724	53	715	484	38	52	117	24
2011 Q1	1,552	618	112	71	700	51	701	462	41	49	118	30
Q2	1,536	582	118	72	702	62	654	440	31	51	102	31
2011 May	1,572	620	120	77	698	56	695	479	33	55	98	31
June	1,536	582	118	72	702	62	640	426	31	52	102	29
July	1,544	578	120	79	711	55	695	466	33	52	119	25
Aug.	1,571	604	118	82	707	61	731	516	37	51	104	24
						Long-term[2]						
2009	13,648	4,638	3,137	731	4,704	438	251	99	44	17	82	9
2010	14,337	4,674	3,169	786	5,207	500	248	91	46	12	90	10
2010 Q3	14,105	4,676	3,121	774	5,046	488	227	86	46	9	78	8
Q4	14,337	4,674	3,169	786	5,207	500	263	83	72	11	89	8
2011 Q1	14,467	4,729	3,145	755	5,324	513	303	130	48	10	102	13
Q2	14,669	4,781	3,126	763	5,465	535	277	111	54	9	90	12
2011 May	14,619	4,773	3,130	766	5,421	529	269	113	53	12	79	11
June	14,669	4,781	3,126	763	5,465	535	253	115	38	7	80	12
July	14,684	4,793	3,139	769	5,450	533	213	67	52	10	75	9
Aug.	14,669	4,788	3,119	767	5,458	536	122	56	17	1	41	8
						of which: Long-term fixed rate						
2009	8,800	2,564	1,026	598	4,261	351	172	60	18	16	72	6
2010	9,470	2,634	1,091	670	4,697	378	156	50	13	10	77	6
2010 Q3	9,305	2,627	1,063	657	4,590	369	141	48	12	8	68	5
Q4	9,470	2,634	1,091	670	4,697	378	143	43	19	11	65	6
2011 Q1	9,629	2,700	1,098	655	4,787	388	195	78	12	8	87	9
Q2	9,855	2,743	1,130	665	4,912	404	174	62	20	8	74	9
2011 May	9,783	2,731	1,122	667	4,862	402	181	58	31	11	71	10
June	9,855	2,743	1,130	665	4,912	404	157	60	13	5	72	7
July	9,854	2,745	1,145	673	4,891	401	124	30	11	10	68	5
Aug.	9,850	2,748	1,139	671	4,889	403	67	27	4	0	31	5
						of which: Long-term variable rate						
2009	4,409	1,786	2,044	123	371	85	62	28	25	1	6	2
2010	4,394	1,760	1,974	108	431	121	78	34	29	1	10	4
2010 Q3	4,357	1,768	1,980	109	382	117	73	30	33	1	6	3
Q4	4,394	1,760	1,974	108	431	121	102	33	44	1	22	2
2011 Q1	4,343	1,740	1,928	94	458	123	87	42	29	1	11	4
Q2	4,311	1,764	1,850	91	477	129	82	42	22	1	13	4
2011 May	4,316	1,757	1,867	93	474	125	66	49	8	1	6	2
June	4,311	1,764	1,850	91	477	129	79	48	18	2	6	5
July	4,316	1,773	1,840	90	482	131	70	30	30	1	6	3
Aug.	4,300	1,764	1,825	89	490	132	41	22	8	0	8	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.

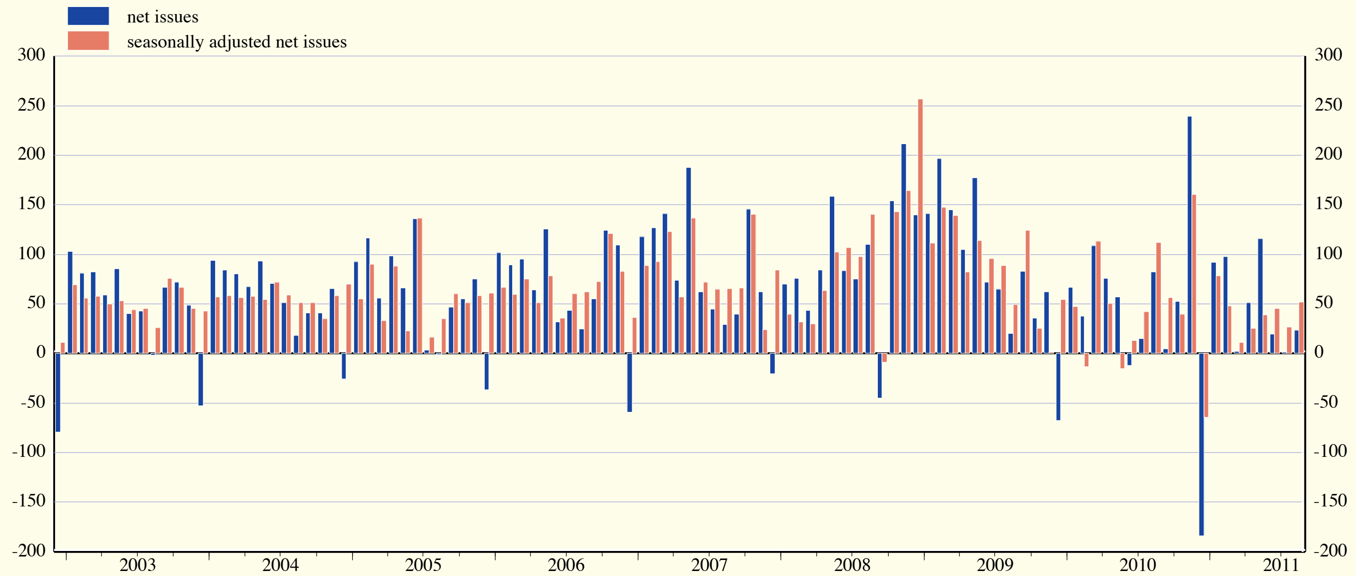
2) The residual difference between total long-term debt securities and fixed and variable rate long-term debt securities consists of zero coupon bonds and revaluation effects.

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											
2009	86.3	10.2	18.4	8.7	44.9	4.2	86.1	10.1	18.3	8.4	45.2	4.2
2010	45.2	-1.2	4.4	5.1	31.6	5.3	45.1	-1.4	4.5	5.1	31.8	5.1
2010 Q3	34.0	2.7	1.7	2.6	22.4	4.6	70.4	10.1	18.2	4.5	31.1	6.5
Q4	35.8	-19.9	23.8	1.3	22.9	7.7	45.2	-4.5	-3.1	4.2	44.0	4.6
2011 Q1	64.0	42.9	-19.9	4.3	32.5	4.3	45.8	23.9	-3.5	2.8	16.7	5.9
Q2	62.3	4.8	-4.0	2.9	47.5	11.0	36.8	0.4	-9.1	-0.1	34.2	11.4
2011 May	115.6	39.2	-9.6	14.2	56.8	15.1	39.2	10.2	-25.8	7.7	32.4	14.6
June	19.6	-27.7	-5.5	-7.6	47.9	12.4	45.4	-3.5	-2.3	-5.4	41.5	15.1
July	1.2	-3.2	12.8	8.5	-7.1	-9.8	26.9	-4.9	10.5	5.4	26.8	-10.9
Aug.	23.5	27.3	-19.9	1.8	4.8	9.6	52.1	33.4	-13.6	8.8	10.1	13.5
	Long-term											
2009	87.0	14.9	21.5	12.7	33.0	4.8	87.1	15.1	21.4	12.8	33.0	4.8
2010	53.9	1.8	1.7	5.5	41.3	3.6	54.2	1.9	1.9	5.5	41.4	3.6
2010 Q3	20.8	-1.4	1.9	3.1	16.7	0.6	61.8	6.4	17.2	4.6	31.2	2.4
Q4	69.0	-5.3	14.7	3.0	53.1	3.6	64.3	8.2	-10.3	4.4	58.8	3.3
2011 Q1	58.8	27.3	-16.1	2.3	40.5	4.9	54.1	16.9	-1.1	2.5	31.2	4.6
Q2	67.2	16.6	-5.8	2.5	46.7	7.3	35.7	5.4	-10.1	-0.5	35.1	5.8
2011 May	79.8	26.3	-13.3	4.4	53.0	9.5	14.4	3.9	-26.4	-0.6	28.3	9.1
June	53.2	8.5	-3.0	-2.5	44.0	6.2	43.4	7.6	-2.8	-3.7	38.1	4.3
July	-7.0	0.7	10.2	1.4	-16.4	-2.9	31.7	0.1	6.3	1.4	23.4	0.5
Aug.	-4.1	0.8	-17.3	-0.7	9.0	4.0	33.9	10.2	-8.4	5.3	20.9	5.8

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

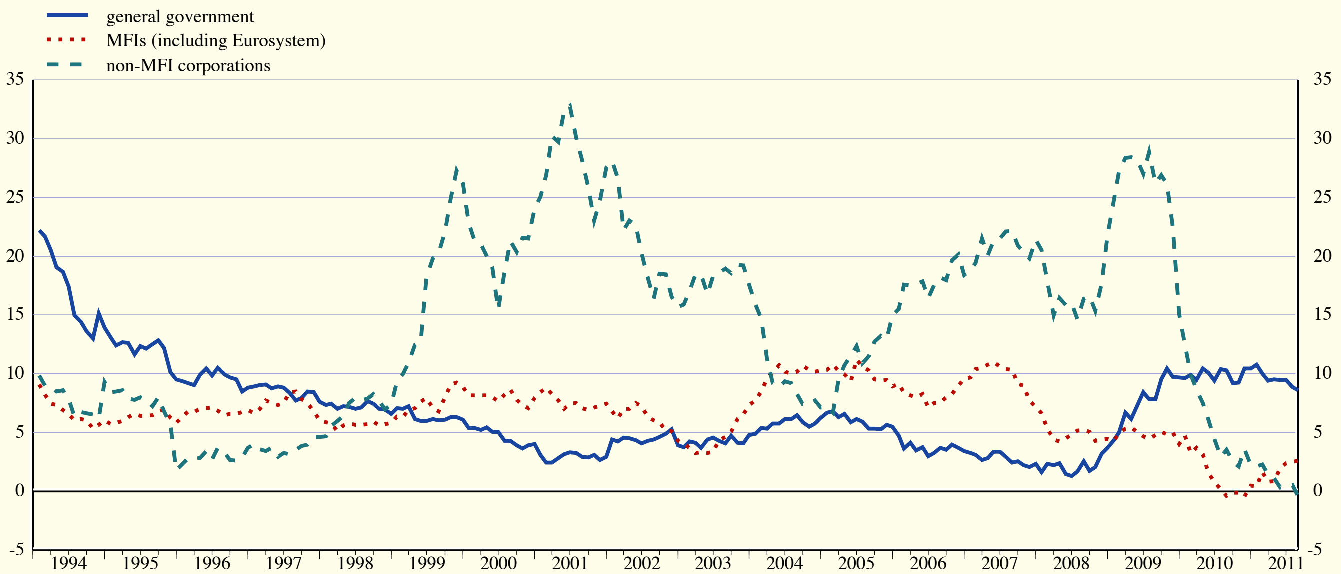


Source: ECB.
1) Monthly data on net issues refer to transactions during the month. For the purposes of comparison, quarterly and annual data refer to the respective monthly averages.

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											
2010 Aug.	3.6	-0.4	1.4	10.5	7.5	10.9	4.1	0.7	3.4	5.4	6.8	14.5
Sep.	3.1	-0.4	0.7	8.8	6.5	12.1	3.4	-0.6	3.9	4.3	5.6	16.9
Oct.	3.2	0.0	0.4	8.7	6.4	11.8	3.1	-1.9	3.2	4.1	6.8	17.0
Nov.	4.3	0.1	2.5	8.6	8.1	12.8	5.5	0.5	4.8	4.6	9.7	19.2
Dec.	3.5	-0.3	1.6	7.7	7.0	13.2	4.4	0.6	2.8	6.4	8.0	13.3
2011 Jan.	3.7	0.0	1.7	7.3	7.1	13.4	4.9	2.3	3.6	6.4	7.3	10.9
Feb.	4.1	1.6	2.2	5.6	6.7	11.9	4.0	2.5	1.1	5.7	6.4	9.4
Mar.	3.4	0.7	1.3	4.8	5.9	14.5	3.4	2.2	-1.2	5.1	6.3	12.1
Apr.	3.2	0.4	1.1	3.4	6.0	14.6	3.3	2.9	-0.9	2.7	5.3	12.3
May	3.6	1.7	0.0	4.2	6.1	17.4	1.7	3.0	-4.5	3.8	2.7	15.8
June	3.8	1.7	0.2	4.1	6.5	16.1	3.1	2.8	-2.3	2.0	5.2	19.9
July	3.7	1.8	0.5	4.8	6.2	13.3	2.5	1.1	-2.4	3.1	5.1	15.9
Aug.	3.3	1.9	-1.0	5.1	5.6	15.3	2.5	1.2	-3.1	4.6	4.9	21.9
	Long-term											
2010 Aug.	4.7	-0.4	1.2	13.0	10.2	11.2	4.5	-0.7	2.6	7.1	10.1	8.9
Sep.	4.1	-0.1	0.4	11.3	8.9	12.0	3.5	-1.5	2.9	5.9	7.9	8.7
Oct.	4.0	-0.1	0.1	10.7	9.0	11.4	3.7	-1.6	2.2	5.9	9.0	10.2
Nov.	4.8	-0.5	2.2	9.8	10.4	11.2	5.5	0.4	4.0	7.2	10.4	13.4
Dec.	4.7	0.5	0.6	9.0	10.5	9.4	5.5	1.9	1.3	7.2	11.2	7.2
2011 Jan.	4.8	0.4	0.7	8.2	11.0	8.6	6.1	3.7	1.7	7.3	10.9	7.9
Feb.	5.0	1.6	1.2	6.6	10.1	8.8	5.5	4.1	-0.1	6.1	10.0	8.9
Mar.	4.3	0.8	0.3	5.8	9.4	9.3	5.1	3.2	-2.1	5.6	11.0	9.8
Apr.	4.3	0.9	0.2	5.1	9.5	9.7	4.8	3.4	-1.7	4.1	10.0	9.1
May	4.4	2.0	-0.8	5.1	9.1	12.8	3.3	3.6	-5.3	3.0	7.9	12.0
June	4.6	2.4	-0.5	4.3	9.4	10.1	3.8	2.9	-2.1	1.6	7.8	12.9
July	4.5	2.5	-0.4	4.7	8.7	10.5	2.8	1.3	-2.5	2.2	6.6	13.2
Aug.	4.1	2.6	-1.6	4.5	8.4	11.0	2.7	1.1	-3.2	3.1	6.8	13.2

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.

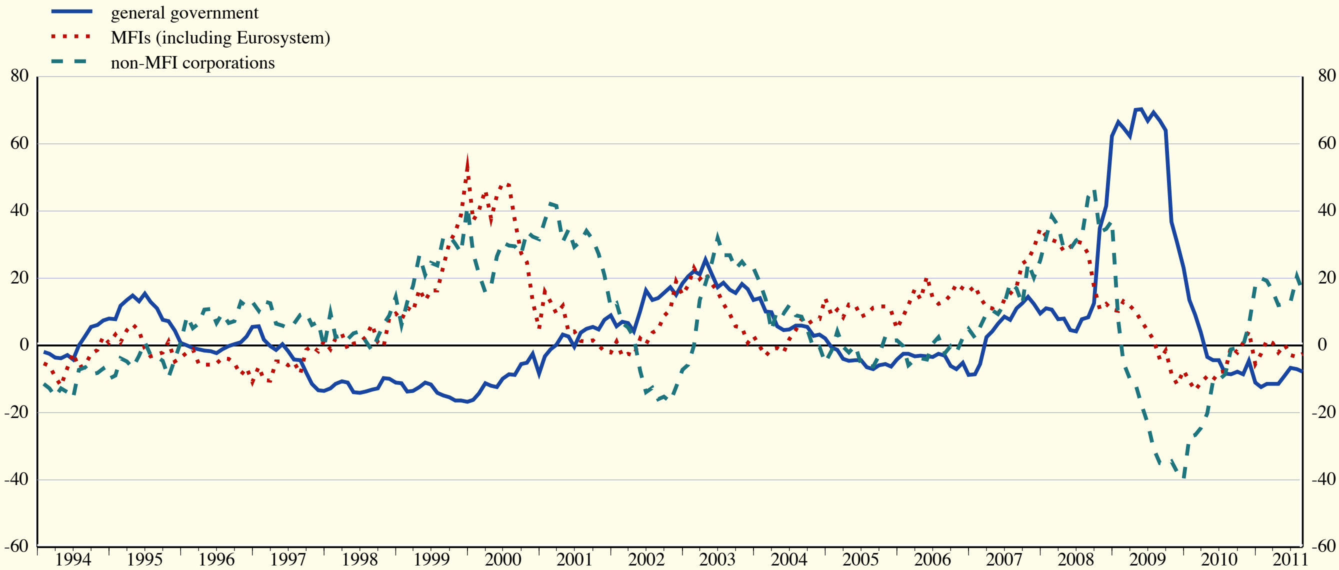
4.3 Growth rates of securities other than shares issued by euro area residents [1] (cont'd)

(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											
2009	9.5	7.2	17.2	25.3	8.0	5.4	12.2	1.6	36.7	-1.9	-0.3	22.2
2010	8.8	5.8	6.4	19.7	9.9	8.9	-0.6	-3.9	0.7	-1.5	6.4	27.5
2010 Q3	7.6	3.2	3.3	16.2	10.2	7.5	-1.5	-3.9	-1.5	-2.2	4.5	29.1
Q4	7.0	2.8	3.2	12.5	9.8	7.4	-0.2	-3.3	-0.8	-1.0	12.2	25.7
2011 Q1	6.9	3.3	3.2	9.2	9.7	5.9	0.5	-1.8	-1.8	-1.2	19.0	19.9
Q2	6.5	4.6	3.8	6.4	8.2	8.5	-0.4	-2.1	-4.5	-1.2	23.6	18.4
2011 Mar.	6.5	3.9	3.1	7.3	8.8	6.6	-0.4	-3.2	-2.8	-1.0	20.7	18.9
Apr.	6.1	3.8	2.8	6.2	8.1	7.1	0.1	-2.6	-3.2	-1.4	25.2	19.0
May	6.8	5.0	4.7	6.6	8.0	10.5	-0.8	-1.4	-5.8	-1.0	22.2	20.9
June	7.0	5.9	4.4	5.3	8.3	9.5	-0.7	-1.2	-6.1	-1.6	25.7	12.3
July	6.8	6.1	4.4	5.5	7.7	10.0	-1.3	-1.3	-7.2	-1.6	24.4	12.7
Aug.	6.6	6.3	3.9	5.2	7.2	10.4	-1.9	-1.6	-8.5	-2.0	25.6	13.4
	In euro											
2009	10.1	9.1	20.5	23.6	8.2	4.4	14.6	3.7	39.2	-2.4	-0.4	21.4
2010	9.1	5.6	7.5	20.1	10.0	8.4	-0.3	-3.3	0.5	-1.9	5.9	26.1
2010 Q3	8.0	2.8	4.4	16.5	10.3	7.4	-1.3	-3.2	-1.8	-2.9	4.1	28.4
Q4	7.2	1.6	4.3	12.8	10.0	6.8	0.1	-2.4	-1.2	-1.5	12.3	26.5
2011 Q1	7.0	2.2	3.5	9.5	9.9	4.8	1.0	-0.1	-2.6	-1.7	19.1	21.0
Q2	6.7	3.7	4.1	6.4	8.5	7.9	0.3	-0.6	-4.6	-2.3	23.5	18.1
2011 Mar.	6.6	3.1	2.9	7.5	9.0	5.2	0.2	-1.5	-3.5	-2.3	20.7	19.2
Apr.	6.2	3.0	3.0	6.0	8.4	6.3	0.9	-1.2	-3.3	-2.7	25.3	18.9
May	6.9	4.2	5.3	6.6	8.3	10.3	0.1	0.1	-5.8	-2.2	22.2	21.0
June	7.1	5.0	4.8	6.0	8.5	9.1	0.0	0.0	-5.9	-2.1	25.5	10.6
July	6.9	5.3	4.7	6.3	7.9	9.5	-1.2	-0.2	-8.1	-3.0	24.3	10.7
Aug.	6.6	5.5	4.1	6.0	7.4	10.1	-1.6	-0.5	-9.1	-3.4	25.6	11.5

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

(annual percentage changes)



Source: ECB.

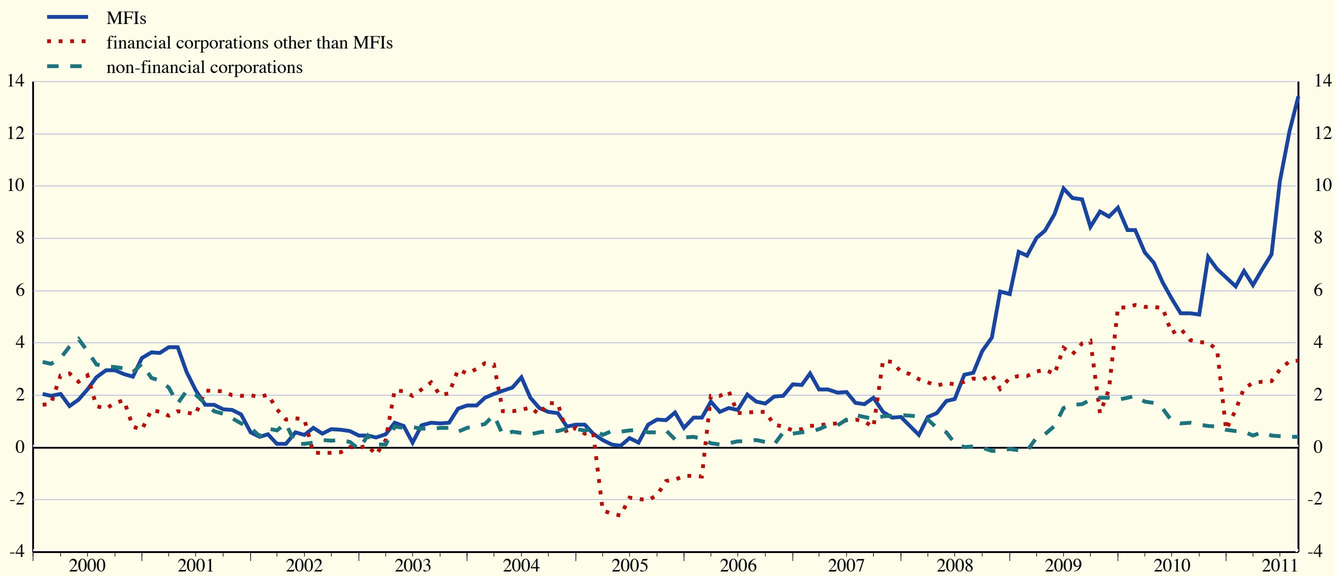
1) Annual percentage changes for monthly data refer to the end of the month, whereas those for quarterly and yearly data refer to the annual change in the period average. See the Technical Notes for details.

4.4 Quoted shares issued by euro area residents [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
2009 Aug.	4,041.3	102.0	2.7	568.4	9.5	323.1	4.0	3,149.8	1.6
Sep.	4,210.4	102.1	2.8	588.4	8.4	353.6	4.1	3,268.3	1.8
Oct.	4,065.1	102.3	2.7	563.3	9.0	328.3	1.3	3,173.5	1.9
Nov.	4,079.4	102.6	2.7	563.8	8.8	319.9	2.2	3,195.7	1.9
Dec.	4,411.1	103.0	3.0	566.0	9.2	350.9	5.4	3,494.2	1.8
2010 Jan.	4,243.3	103.1	2.9	516.7	8.3	340.7	5.4	3,385.9	1.9
Feb.	4,162.0	103.2	3.0	499.3	8.3	339.2	5.4	3,323.5	2.0
Mar.	4,474.9	103.4	2.8	543.6	7.5	365.2	5.4	3,566.0	1.8
Apr.	4,409.6	103.4	2.7	508.4	7.1	345.7	5.4	3,555.5	1.7
May	4,093.9	103.5	2.4	445.9	6.3	322.7	5.3	3,325.4	1.5
June	4,055.1	103.7	1.9	446.4	5.7	315.5	4.4	3,293.2	1.0
July	4,256.6	103.7	1.7	519.8	5.1	338.0	4.5	3,398.8	0.9
Aug.	4,121.7	103.7	1.7	479.3	5.1	314.4	4.1	3,328.0	0.9
Sep.	4,345.8	103.8	1.6	487.0	5.1	326.6	4.0	3,532.1	0.9
Oct.	4,531.5	104.2	1.8	514.4	7.3	333.5	4.0	3,683.6	0.8
Nov.	4,409.7	104.3	1.7	437.8	6.8	312.5	3.7	3,659.4	0.8
Dec.	4,593.9	104.3	1.3	458.4	6.5	331.2	0.7	3,804.3	0.7
2011 Jan.	4,757.8	104.4	1.3	514.3	6.2	363.3	1.4	3,880.2	0.6
Feb.	4,846.3	104.6	1.4	535.0	6.8	378.9	2.3	3,932.4	0.6
Mar.	4,767.8	104.7	1.2	491.7	6.2	363.2	2.5	3,913.0	0.5
Apr.	4,910.5	104.9	1.4	497.5	6.8	371.5	2.5	4,041.5	0.6
May	4,796.3	104.9	1.3	475.9	7.4	356.2	2.5	3,964.2	0.4
June	4,741.1	105.3	1.6	491.6	10.2	350.5	3.0	3,899.0	0.4
July	4,523.1	105.6	1.8	458.8	12.1	325.5	3.3	3,738.8	0.4
Aug.	3,993.1	105.7	1.9	383.0	13.4	281.6	3.3	3,328.5	0.4

C19 Annual growth rates for quoted shares issued by euro area residents
(annual percentage changes)



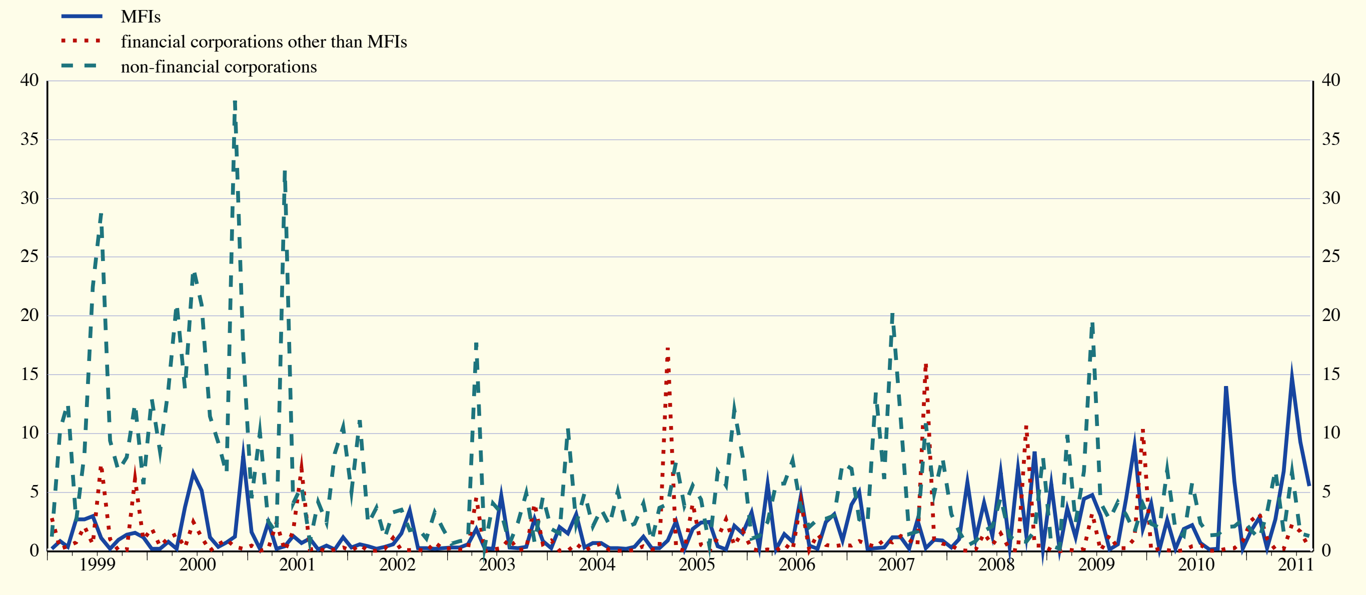
Source: ECB.
1) For details of the calculation of the index and the growth rates, see the Technical Notes.

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

2. Transactions during the month

	Total			MFIs			Financial corporations other than MFIs			Non-financial corporations		
	Gross issues	Redemptions	Net issues	Gross issues	Redemptions	Net issues	Gross issues	Redemptions	Net issues	Gross issues	Redemptions	Net issues
	1	2	3	4	5	6	7	8	9	10	11	12
2009 Aug.	4.0	3.3	0.7	0.0	0.0	0.0	1.3	0.0	1.3	2.7	3.3	-0.6
Sep.	5.0	0.3	4.7	0.6	0.0	0.6	0.2	0.0	0.2	4.2	0.2	3.9
Oct.	7.8	0.3	7.5	4.5	0.0	4.5	0.2	0.0	0.2	3.1	0.2	2.8
Nov.	11.6	0.2	11.4	9.0	0.0	9.0	1.0	0.0	1.0	1.6	0.2	1.4
Dec.	16.2	0.2	16.1	1.9	0.0	1.9	10.4	0.1	10.3	4.0	0.1	3.9
2010 Jan.	6.4	0.0	6.4	4.1	0.0	4.1	0.1	0.0	0.1	2.3	0.0	2.3
Feb.	2.2	0.3	1.9	0.0	0.0	0.0	0.2	0.0	0.2	2.0	0.3	1.7
Mar.	9.6	0.6	9.0	2.6	0.0	2.6	0.1	0.0	0.1	6.9	0.6	6.3
Apr.	1.8	0.4	1.5	0.1	0.0	0.0	0.0	0.0	0.0	1.8	0.3	1.5
May	3.2	0.8	2.4	1.9	0.0	1.9	0.1	0.0	0.1	1.3	0.8	0.4
June	8.4	0.4	8.0	2.2	0.0	2.2	0.4	0.0	0.4	5.8	0.4	5.4
July	3.6	0.8	2.7	0.7	0.0	0.7	0.5	0.0	0.5	2.4	0.8	1.6
Aug.	1.4	1.2	0.2	0.0	0.0	0.0	0.0	0.0	0.0	1.4	1.2	0.2
Sep.	1.6	0.2	1.4	0.2	0.0	0.2	0.0	0.0	0.0	1.4	0.2	1.2
Oct.	16.3	0.2	16.0	14.0	0.0	14.0	0.2	0.1	0.1	2.0	0.2	1.9
Nov.	8.3	1.5	6.8	5.9	0.0	5.9	0.2	0.1	0.2	2.1	1.4	0.7
Dec.	3.7	3.5	0.2	0.2	0.0	0.2	0.9	0.3	0.5	2.7	3.2	-0.5
2011 Jan.	6.1	1.3	4.8	1.7	0.0	1.7	2.6	0.0	2.6	1.8	1.3	0.5
Feb.	7.1	0.2	6.9	2.9	0.0	2.9	3.2	0.0	3.2	1.1	0.2	0.8
Mar.	4.4	1.0	3.5	0.1	0.0	0.1	1.0	0.2	0.8	3.3	0.7	2.6
Apr.	9.7	0.5	9.2	2.7	0.0	2.7	0.1	0.0	0.1	6.9	0.5	6.4
May	8.6	8.8	-0.2	6.8	2.1	4.6	0.2	0.0	0.2	1.6	6.6	-5.0
June	23.7	1.3	22.5	14.7	0.0	14.7	2.3	0.3	2.0	6.7	1.0	5.7
July	12.4	0.7	11.7	9.3	0.0	9.3	1.6	0.0	1.6	1.5	0.7	0.8
Aug.	7.1	1.1	6.0	5.5	0.0	5.5	0.3	0.2	0.1	1.3	0.9	0.4

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
2010 Oct.	0.43	2.35	2.75	2.80	1.54	1.82	0.49	1.18	2.36	2.53	0.94
Nov.	0.44	2.33	2.65	2.67	1.54	1.83	0.50	1.16	2.45	2.41	0.90
Dec.	0.43	2.27	2.77	2.59	1.55	1.84	0.50	1.19	2.56	2.60	1.07
2011 Jan.	0.43	2.38	2.61	2.77	1.53	1.85	0.54	1.29	2.42	2.52	1.02
Feb.	0.44	2.36	2.74	2.80	1.60	1.86	0.52	1.32	2.37	2.69	1.04
Mar.	0.45	2.34	2.78	2.90	1.61	1.88	0.54	1.37	2.53	2.81	1.14
Apr.	0.46	2.47	2.85	3.08	1.65	1.90	0.61	1.58	2.62	2.95	1.30
May	0.49	2.52	2.96	3.07	1.67	1.91	0.63	1.65	2.78	3.08	1.30
June	0.49	2.58	3.25	3.15	1.70	1.92	0.67	1.78	2.82	2.94	1.47
July	0.52	2.74	3.16	3.10	1.70	1.93	0.66	1.77	2.66	3.03	1.41
Aug.	0.54	2.73	3.16	2.99	1.77	1.93	0.68	1.64	2.74	2.99	1.42
Sep.	0.55	2.73	3.15	2.92	1.79	1.94	0.69	1.72	2.72	2.79	1.47

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
2010 Oct.	8.03	16.53	5.36	6.03	7.71	7.17	2.76	3.55	3.78	3.69	3.61	3.21	4.34	4.04
Nov.	8.02	16.59	5.38	6.08	7.64	7.17	2.80	3.53	3.76	3.70	3.65	3.28	4.40	3.97
Dec.	8.02	16.59	5.16	5.95	7.24	6.89	2.78	3.52	3.80	3.71	3.68	3.36	4.32	3.96
2011 Jan.	8.06	16.73	5.09	6.13	7.83	7.20	2.94	3.69	3.91	3.84	3.83	3.21	4.24	4.08
Feb.	8.09	16.81	5.38	6.13	7.83	7.31	2.96	3.83	4.06	3.92	3.90	3.36	4.63	4.30
Mar.	8.04	16.88	5.44	6.22	7.82	7.32	3.01	3.82	4.15	4.01	3.93	3.43	4.69	4.43
Apr.	8.12	16.92	5.17	6.23	7.80	7.25	3.12	3.95	4.24	4.15	4.03	3.54	4.68	4.53
May	8.19	16.91	5.35	6.37	7.99	7.49	3.23	4.01	4.30	4.18	4.09	3.75	4.81	4.60
June	8.24	16.95	5.37	6.47	7.87	7.42	3.26	4.04	4.29	4.18	4.09	3.82	4.78	4.62
July	8.28	16.94	5.13	6.53	7.98	7.43	3.33	4.02	4.26	4.19	4.10	3.83	4.82	4.60
Aug.	8.31	17.10	5.34	6.54	7.97	7.57	3.47	3.96	4.20	4.15	4.16	3.95	4.96	4.39
Sep.	8.38	17.18	5.74	6.57	7.94	7.63	3.41	3.86	4.02	4.02	4.02	3.97	4.86	4.20

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
2010 Oct.	3.94	3.73	4.14	4.37	4.60	4.06	3.77	2.25	2.65	2.86	3.08	3.52	3.40
Nov.	3.96	3.82	4.32	4.43	4.67	4.09	3.72	2.36	2.71	2.80	3.44	3.62	3.44
Dec.	3.99	3.81	3.99	4.42	4.64	4.09	3.73	2.52	2.83	2.69	3.02	3.54	3.48
2011 Jan.	4.11	3.82	4.07	4.35	4.63	4.03	3.88	2.37	2.90	2.64	3.55	3.67	3.85
Feb.	4.12	3.98	4.21	4.48	4.89	4.39	3.94	2.55	3.06	2.96	3.86	3.88	3.75
Mar.	4.12	4.02	4.39	4.63	5.00	4.49	4.02	2.53	3.26	3.00	3.61	3.84	3.84
Apr.	4.25	4.07	4.47	4.73	5.05	4.57	4.15	2.72	3.31	3.38	3.78	4.36	4.15
May	4.30	4.18	4.65	4.79	5.14	4.67	4.19	2.65	3.37	3.17	3.63	3.65	4.11
June	4.41	4.23	4.68	4.74	5.16	4.67	4.44	2.78	3.49	3.50	3.61	2.77	4.00
July	4.43	4.38	4.79	4.79	5.10	4.68	4.44	2.88	3.45	3.46	3.98	4.09	3.24
Aug.	4.49	4.44	4.94	4.85	5.03	4.58	4.35	2.80	3.56	3.70	3.99	3.87	4.06
Sep.	4.56	4.59	4.94	4.79	4.94	4.43	4.31	2.84	3.44	3.73	3.63	3.64	3.74

Source: ECB.

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

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

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

4. Interest rates on deposits (outstanding amounts)

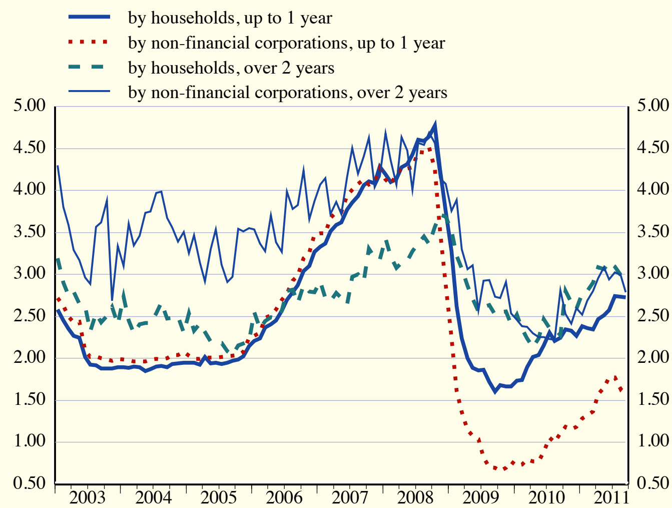
	Deposits from households					Deposits from non-financial corporations			Repos
	Overnight [2)]	With an agreed maturity of:		Redeemable at notice of: [2),3)]		Overnight [2)]	With an agreed maturity of:		
		Up to 2 years	Over 2 years	Up to 3 months	Over 3 months		Up to 2 years	Over 2 years	
	1	2	3	4	5	6	7	8	9
2010 Oct.	0.43	2.22	2.70	1.54	1.82	0.49	1.68	3.07	1.29
Nov.	0.44	2.25	2.72	1.54	1.83	0.50	1.70	3.11	1.33
Dec.	0.43	2.28	2.71	1.55	1.84	0.50	1.76	3.09	1.50
2011 Jan.	0.43	2.31	2.72	1.53	1.85	0.54	1.78	3.07	1.55
Feb.	0.44	2.34	2.73	1.60	1.86	0.52	1.79	3.09	1.59
Mar.	0.45	2.38	2.71	1.61	1.88	0.54	1.84	3.13	1.65
Apr.	0.46	2.40	2.73	1.65	1.90	0.61	1.93	3.12	1.72
May	0.49	2.45	2.73	1.67	1.91	0.63	1.99	3.12	1.76
June	0.49	2.48	2.76	1.70	1.92	0.67	2.07	3.11	1.93
July	0.52	2.53	2.77	1.70	1.93	0.66	2.13	3.13	1.94
Aug.	0.54	2.58	2.77	1.77	1.93	0.68	2.11	3.14	1.97
Sep.	0.55	2.62	2.79	1.79	1.94	0.69	2.14	3.15	2.07

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
2010 Oct.	3.80	3.86	3.82	7.87	6.45	5.19	3.48	3.34	3.38
Nov.	3.77	3.86	3.84	7.74	6.47	5.20	3.50	3.39	3.41
Dec.	3.73	3.83	3.81	7.72	6.41	5.18	3.49	3.41	3.42
2011 Jan.	3.71	3.80	3.80	7.83	6.40	5.17	3.58	3.44	3.42
Feb.	3.68	3.81	3.82	7.86	6.43	5.20	3.63	3.47	3.47
Mar.	3.72	3.80	3.84	7.90	6.40	5.19	3.67	3.49	3.48
Apr.	3.81	3.78	3.84	7.92	6.43	5.23	3.76	3.59	3.54
May	3.81	3.78	3.85	7.94	6.38	5.23	3.83	3.64	3.56
June	3.87	3.78	3.86	7.93	6.45	5.28	3.92	3.73	3.63
July	4.02	3.79	3.90	8.01	6.42	5.29	3.99	3.80	3.69
Aug.	4.06	3.78	3.89	8.05	6.42	5.30	4.05	3.84	3.72
Sep.	4.13	3.79	3.92	8.12	6.48	5.31	4.10	3.85	3.74

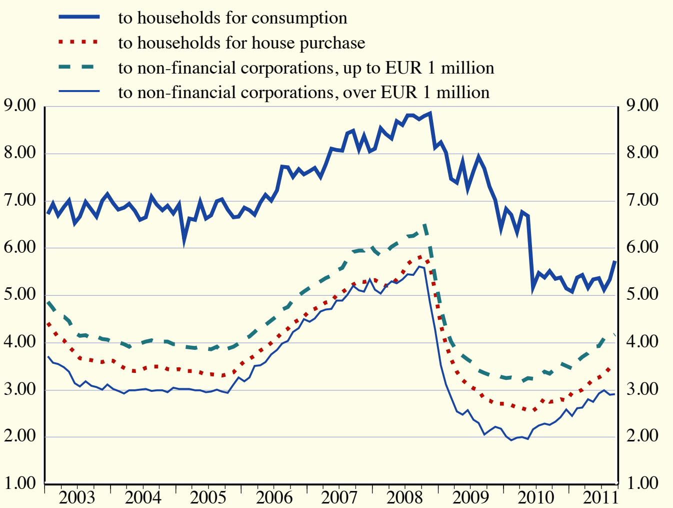
C21 New deposits with an agreed maturity

(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)



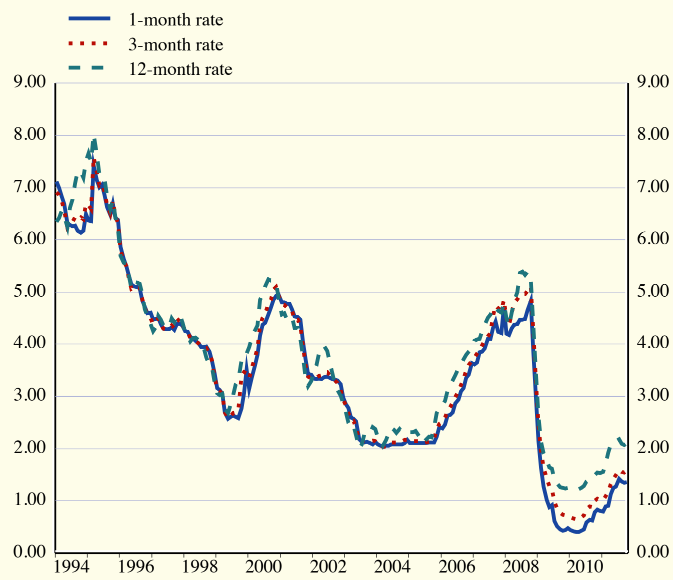
Source: ECB.

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

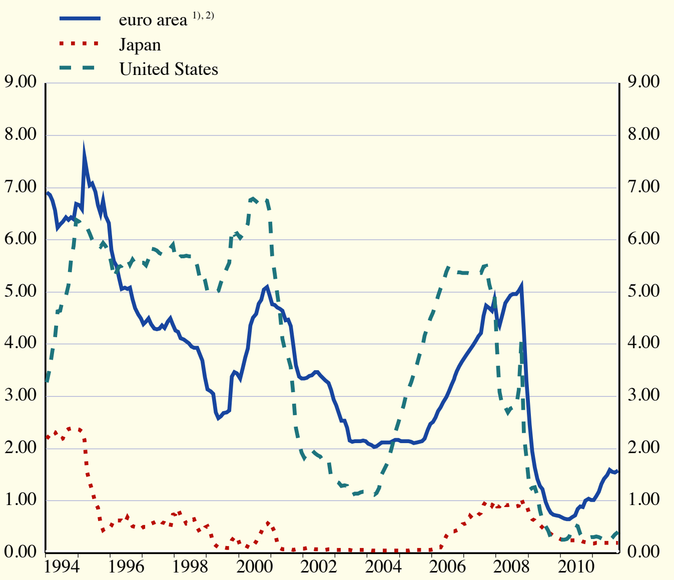
4.6 Money market interest rates
(percentages per annum; period averages)

	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
2008	3.87	4.28	4.64	4.73	4.83	2.93	0.93
2009	0.71	0.89	1.22	1.43	1.61	0.69	0.47
2010	0.44	0.57	0.81	1.08	1.35	0.34	0.23
2010 Q3	0.45	0.61	0.87	1.13	1.40	0.39	0.24
Q4	0.59	0.81	1.02	1.25	1.52	0.29	0.19
2011 Q1	0.67	0.86	1.10	1.37	1.74	0.31	0.19
Q2	1.04	1.22	1.42	1.70	2.13	0.26	0.20
Q3	0.97	1.38	1.56	1.77	2.11	0.30	0.19
2010 Oct.	0.70	0.78	1.00	1.22	1.50	0.29	0.20
Nov.	0.59	0.83	1.04	1.27	1.54	0.29	0.19
Dec.	0.50	0.81	1.02	1.25	1.53	0.30	0.18
2011 Jan.	0.66	0.79	1.02	1.25	1.55	0.30	0.19
Feb.	0.71	0.89	1.09	1.35	1.71	0.31	0.19
Mar.	0.66	0.90	1.18	1.48	1.92	0.31	0.20
Apr.	0.97	1.13	1.32	1.62	2.09	0.28	0.20
May	1.03	1.24	1.43	1.71	2.15	0.26	0.20
June	1.12	1.28	1.49	1.75	2.14	0.25	0.20
July	1.01	1.42	1.60	1.82	2.18	0.25	0.20
Aug.	0.91	1.37	1.55	1.75	2.10	0.29	0.19
Sep.	1.01	1.35	1.54	1.74	2.07	0.35	0.19
Oct.	0.96	1.36	1.58	1.78	2.11	0.41	0.19

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.

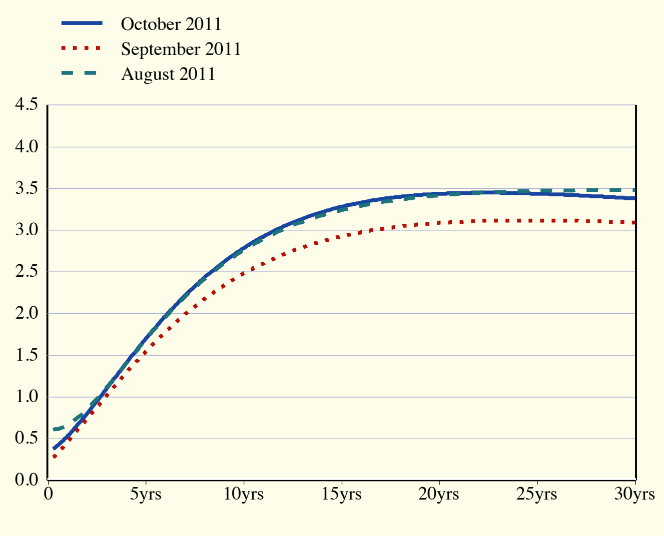
4.7 Euro area yield curves [1]

(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
2008	1.75	1.85	2.14	2.95	3.32	3.69	1.94	1.55	2.09	2.76	4.04	4.60
2009	0.38	0.81	1.38	2.64	3.20	3.76	3.38	2.38	1.41	2.44	4.27	5.20
2010	0.49	0.60	0.93	2.15	2.78	3.36	2.87	2.43	0.85	1.70	3.99	4.69
2010 Q3	0.57	0.68	0.90	1.71	2.18	2.67	2.10	1.77	0.86	1.41	3.01	3.91
Q4	0.49	0.60	0.93	2.15	2.78	3.36	2.87	2.43	0.85	1.70	3.99	4.69
2011 Q1	0.87	1.30	1.79	2.83	3.26	3.66	2.79	1.87	1.84	2.69	4.12	4.63
Q2	1.24	1.39	1.65	2.50	2.94	3.41	2.17	1.75	1.63	2.22	3.76	4.60
Q3	0.27	0.47	0.75	1.55	1.99	2.48	2.21	1.74	0.74	1.31	2.77	3.79
2010 Oct.	0.75	0.84	1.06	1.89	2.36	2.86	2.11	1.80	1.02	1.57	3.21	4.09
Nov.	0.63	0.72	0.99	2.02	2.58	3.11	2.48	2.12	0.92	1.62	3.62	4.35
Dec.	0.49	0.60	0.93	2.15	2.78	3.36	2.87	2.43	0.85	1.70	3.99	4.69
2011 Jan.	0.65	1.03	1.48	2.55	3.03	3.49	2.84	2.01	1.51	2.34	3.96	4.62
Feb.	0.69	1.08	1.53	2.55	3.02	3.49	2.80	1.96	1.56	2.37	3.91	4.67
Mar.	0.87	1.30	1.79	2.83	3.26	3.66	2.79	1.87	1.84	2.69	4.12	4.63
Apr.	1.02	1.41	1.86	2.80	3.19	3.55	2.53	1.70	1.90	2.67	3.96	4.46
May	1.03	1.32	1.67	2.52	2.93	3.37	2.34	1.69	1.69	2.34	3.69	4.51
June	1.24	1.39	1.65	2.50	2.94	3.41	2.17	1.75	1.63	2.22	3.76	4.60
July	1.01	1.11	1.32	2.09	2.55	3.06	2.05	1.74	1.28	1.79	3.34	4.39
Aug.	0.61	0.67	0.86	1.69	2.21	2.76	2.15	1.90	0.80	1.33	3.09	4.22
Sep.	0.27	0.47	0.75	1.55	1.99	2.48	2.21	1.74	0.74	1.31	2.77	3.79
Oct.	0.38	0.54	0.81	1.71	2.22	2.79	2.41	1.98	0.78	1.39	3.12	4.29

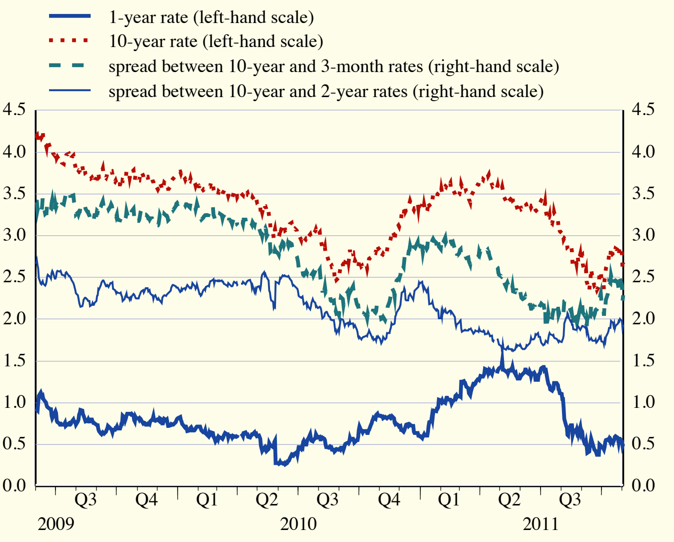
C25 Euro area spot yield curves [2]

(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)

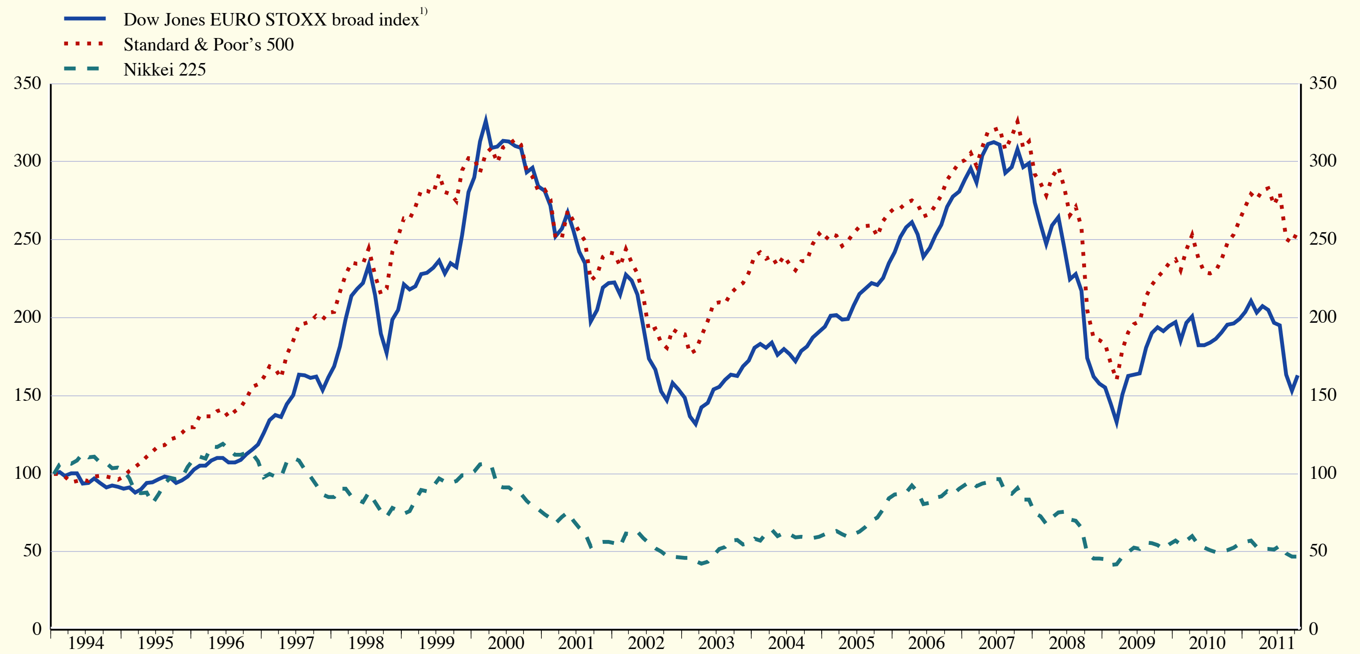


Sources: ECB calculations based on underlying data provided by EuroMTS and ratings provided by Fitch Ratings.
1) Data refer to the changing composition of the euro area. For further information, see the General Notes.
2) Data cover AAA-rated euro area central government bonds.

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
2008	313.7	3,319.5	480.4	169.3	290.7	380.9	265.0	350.9	282.5	502.0	431.5	411.5	1,220.7	12,151.6
2009	234.2	2,521.0	353.2	140.5	244.5	293.5	172.1	269.7	200.7	353.7	380.4	363.5	946.2	9,321.6
2010	265.5	2,779.3	463.1	166.2	323.4	307.2	182.8	337.6	224.1	344.9	389.6	408.4	1,140.0	10,006.5
2010 Q3	259.5	2,715.9	445.8	165.2	323.0	294.5	181.6	327.0	210.7	325.9	387.6	391.4	1,096.2	9,356.0
Q4	273.4	2,817.8	513.8	176.1	361.3	309.9	175.7	361.9	227.0	333.0	399.2	405.0	1,204.6	9,842.4
2011 Q1	285.5	2,932.9	532.7	175.5	366.3	341.1	185.0	388.0	249.6	347.7	396.7	415.0	1,302.5	10,285.3
Q2	281.2	2,862.7	552.0	169.6	370.7	328.8	175.2	391.5	239.7	333.7	385.0	448.4	1,318.3	9,609.4
Q3	236.0	2,381.6	463.7	146.0	341.5	282.0	133.8	323.0	199.8	270.2	333.0	435.0	1,225.3	9,246.3
2010 Oct.	271.3	2,817.7	489.1	175.1	346.1	304.9	183.2	346.0	223.7	331.4	410.5	405.4	1,171.6	9,455.1
Nov.	272.2	2,809.6	509.9	176.3	359.9	307.4	174.4	358.5	222.9	335.0	403.0	405.0	1,198.9	9,797.2
Dec.	276.5	2,825.6	540.1	176.8	376.5	316.7	170.0	379.7	234.1	332.6	385.3	404.6	1,241.5	10,254.5
2011 Jan.	282.8	2,900.7	531.1	178.1	375.3	335.1	178.0	385.8	246.1	346.2	390.7	411.8	1,282.6	10,449.5
Feb.	292.3	3,015.7	540.5	179.0	369.7	348.0	193.5	393.1	257.6	359.0	402.9	418.7	1,321.1	10,622.3
Mar.	281.9	2,890.4	527.4	170.1	355.0	340.5	184.1	385.7	245.9	339.1	396.8	414.6	1,304.5	9,852.4
Apr.	287.5	2,947.2	557.3	172.5	366.6	343.8	182.4	397.9	250.0	346.9	402.8	435.4	1,331.5	9,644.6
May	284.0	2,885.8	557.0	171.7	374.9	330.4	176.3	395.5	246.5	337.8	386.4	457.8	1,338.3	9,650.8
June	272.9	2,766.6	542.5	164.9	370.0	314.3	168.0	382.0	224.1	318.3	368.2	450.3	1,287.3	9,541.5
July	270.5	2,743.5	550.7	160.8	384.4	317.4	160.6	375.7	221.0	307.8	360.0	467.4	1,325.2	9,996.7
Aug.	226.9	2,297.2	443.7	141.1	329.7	268.6	129.0	307.3	189.7	258.4	329.3	420.7	1,185.3	9,072.9
Sep.	212.6	2,124.3	401.4	137.0	312.8	262.4	113.3	289.2	190.1	246.7	311.1	419.0	1,173.9	8,695.4
Oct.	226.1	2,312.3	424.8	142.4	325.6	290.2	123.1	302.3	203.0	269.9	334.1	426.1	1,207.2	8,733.6

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	Total excl. unprocessed food and energy	Goods	Services	Total	Processed food	Unprocessed food	Non-energy industrial goods	Energy (n.s.a.)	Services	Total HICP excluding administered prices	Administered prices
% of total in 2011	100.0	100.0	82.3	58.6	41.4	100.0	11.9	7.4	28.9	10.4	41.4	88.7	11.3
	1	2	3	4	5	6	7	8	9	10	11	12	13
2007	104.4	2.1	2.0	1.9	2.5	-	-	-	-	-	-	2.1	2.2
2008	107.8	3.3	2.4	3.8	2.6	-	-	-	-	-	-	3.4	2.7
2009	108.1	0.3	1.3	-0.9	2.0	-	-	-	-	-	-	0.1	1.8
2010	109.8	1.6	1.0	1.8	1.4	-	-	-	-	-	-	1.6	1.5
2010 Q3	109.9	1.7	1.0	2.0	1.4	0.3	0.4	0.6	0.1	0.0	0.5	1.7	2.0
Q4	110.8	2.0	1.1	2.5	1.3	0.5	0.6	0.5	0.3	2.0	0.3	2.0	2.3
2011 Q1	111.3	2.5	1.3	3.1	1.6	1.0	0.8	0.4	0.0	6.3	0.5	2.4	3.4
Q2	113.1	2.8	1.8	3.3	1.9	0.9	1.2	0.3	0.6	2.8	0.6	2.7	3.6
Q3	112.8	2.7	1.7	3.2	2.0	0.3	1.0	0.0	-0.4	0.4	0.5	2.6	3.5
2011 May	113.1	2.7	1.7	3.4	1.8	0.0	0.5	0.2	0.1	-0.6	0.0	2.6	3.6
June	113.1	2.7	1.8	3.2	2.0	0.1	0.2	-0.1	0.0	-0.5	0.3	2.6	3.6
July	112.4	2.5	1.5	2.9	2.0	-0.1	0.4	-0.1	-0.9	0.8	0.2	2.4	3.5
Aug.	112.6	2.5	1.5	3.0	1.9	0.1	0.3	0.1	0.1	-0.2	0.2	2.4	3.4
Sep.	113.5	3.0	2.0	3.7	1.9	0.5	0.4	0.2	1.2	0.9	0.1	2.9	3.5
Oct. [3]	.	3.0	.	.	.	.	.	.	.	.	.	.	.

	Goods						Services					
	Food (incl. alcoholic beverages and tobacco)			Industrial goods			Housing		Transport	Communication	Recreation and personal	Miscellaneous
	Total	Processed food	Unprocessed food	Total	Non-energy industrial goods	Energy		Rents				
% of total in 2011	19.3	11.9	7.4	39.3	28.9	10.4	10.1	6.0	6.5	3.2	14.6	7.0
	14	15	16	17	18	19	20	21	22	23	24	25
2007	2.8	2.8	3.0	1.4	1.0	2.6	2.7	2.0	2.6	-1.9	2.9	3.2
2008	5.1	6.1	3.5	3.1	0.8	10.3	2.3	1.9	3.9	-2.2	3.2	2.5
2009	0.7	1.1	0.2	-1.7	0.6	-8.1	2.0	1.8	2.9	-1.0	2.1	2.1
2010	1.1	0.9	1.3	2.2	0.5	7.4	1.8	1.5	2.3	-0.8	1.0	1.5
2010 Q3	1.5	0.9	2.3	2.2	0.5	7.3	1.8	1.6	2.5	-0.8	1.0	1.5
Q4	1.9	1.3	2.7	2.9	0.8	9.2	1.6	1.3	1.9	-0.8	1.2	1.5
2011 Q1	2.2	2.1	2.3	3.6	0.5	12.7	1.8	1.3	2.0	-0.4	1.5	1.9
Q2	2.6	3.0	1.9	3.7	1.0	11.5	1.9	1.4	3.2	-1.0	2.0	2.1
Q3	2.8	3.7	1.3	3.4	0.4	12.0	1.8	1.5	3.2	-1.8	2.2	2.1
2011 Apr.	2.2	2.8	1.4	4.0	1.0	12.5	1.8	1.4	3.2	-0.9	2.2	2.2
May	2.8	3.2	2.4	3.6	1.0	11.1	1.9	1.4	3.1	-1.0	1.7	2.1
June	2.7	3.1	2.0	3.5	0.9	10.9	1.9	1.5	3.4	-1.2	2.2	2.0
July	2.6	3.4	1.3	3.1	0.0	11.8	1.9	1.5	3.4	-1.6	2.2	2.0
Aug.	2.7	3.6	1.1	3.1	0.0	11.8	1.8	1.5	3.3	-1.8	2.2	2.1
Sep.	3.0	4.0	1.4	4.1	1.2	12.4	1.8	1.4	3.1	-1.9	2.3	2.2

Sources: Eurostat and ECB calculations.

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

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

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

2. Industry, construction and residential property prices

	Industrial producer prices excluding construction										Construct-ion [1]	Residential property prices [2]
	Total (index: 2005 = 100)	Total	Industry excluding construction and energy							Energy		
			Manu-facturing	Total	Intermediate goods	Capital goods	Consumer goods					
							Total	Durable	Non-durable			
% of total in 2005	100.0	100.0	82.8	75.6	30.0	22.0	23.7	2.7	21.0	24.4		
	1	2	3	4	5	6	7	8	9	10	11	12
2007	107.9	2.7	3.0	3.2	4.6	2.2	2.2	2.4	2.2	1.2	4.2	4.8
2008	114.4	6.1	4.8	3.4	3.9	2.1	3.9	2.8	4.1	14.2	3.8	1.3
2009	108.6	-5.1	-5.4	-2.9	-5.3	0.4	-2.1	1.2	-2.5	-11.8	0.1	-2.9
2010	111.7	2.9	3.4	1.6	3.5	0.3	0.4	0.9	0.3	6.4	1.9	1.9
2010 Q2	111.5	3.0	3.8	1.6	3.6	0.2	0.0	0.6	-0.1	7.2	2.3	1.7
Q3	112.3	4.0	3.7	2.3	4.8	0.7	0.6	1.1	0.5	8.7	2.5	2.7
Q4	113.5	4.8	4.6	3.1	5.9	0.8	1.5	1.4	1.5	9.6	2.8	2.8
2011 Q1	116.7	6.5	6.3	4.4	7.9	1.3	2.5	1.8	2.6	12.5	4.2	2.3
Q2	118.5	6.3	5.8	4.3	6.8	1.3	3.4	1.9	3.7	11.9	3.0	1.1
2011 Mar.	117.6	6.8	6.7	4.6	8.1	1.4	2.8	1.8	3.0	13.0	-	-
Apr.	118.6	6.8	6.3	4.5	7.3	1.4	3.4	2.0	3.5	13.2	-	-
May	118.4	6.2	5.6	4.2	6.6	1.2	3.5	1.9	3.8	11.8	-	-
June	118.4	5.9	5.4	4.1	6.3	1.3	3.4	1.8	3.7	10.7	-	-
July	118.9	6.1	5.8	4.0	6.1	1.5	3.3	1.9	3.5	11.9	-	-
Aug.	118.7	5.8	5.5	3.9	5.7	1.5	3.3	2.1	3.5	11.4	-	-

3. Commodity prices and gross domestic product deflators

	Oil prices [3] (EUR per barrel)	Non-energy commodity prices						GDP deflators							
		Import-weighted [4]			Use-weighted [5]			Total (s.a.; index: 2005 = 100)	Total	Domestic demand				Exports [6]	Imports [6]
		Total	Food	Non-food	Total	Food	Non-food			Total	Private consump-tion	Government consump-tion	Gross fixed capital formation		
% of total		100.0	35.0	65.0	100.0	45.0	55.0								
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
2007	52.8	7.8	14.3	5.5	5.3	9.3	2.9	104.2	2.3	2.2	2.2	1.8	2.5	1.6	1.2
2008	65.9	2.0	18.4	-4.4	-1.7	9.7	-8.6	106.2	1.9	2.5	2.7	2.7	2.3	2.4	3.9
2009	44.6	-18.5	-8.9	-23.0	-18.0	-11.4	-22.8	107.1	0.9	-0.1	-0.2	1.9	-0.5	-3.4	-5.9
2010	60.7	44.7	21.4	57.9	42.1	27.1	54.5	108.0	0.8	1.1	1.8	0.9	1.0	4.1	5.1
2010 Q2	62.6	48.2	12.5	70.2	41.7	14.0	67.3	107.8	0.7	1.2	1.8	1.1	1.1	4.3	5.8
Q3	59.6	51.5	29.7	63.1	49.4	41.0	55.8	108.3	1.1	1.4	2.0	0.5	1.6	5.3	6.5
Q4	64.4	48.6	36.6	54.7	48.7	48.4	48.9	108.3	1.0	1.5	2.1	0.7	1.6	5.2	6.6
2011 Q1	77.3	42.9	46.1	41.4	41.0	47.2	36.6	108.8	1.3	2.0	2.5	0.5	2.1	6.3	8.3
Q2	81.3	11.6	28.8	4.6	13.3	26.2	5.1	109.3	1.3	1.9	2.5	0.8	1.6	4.5	5.9
2011 May	79.8	11.1	28.6	3.9	12.1	25.0	4.0	-	-	-	-	-	-	-	-
June	79.1	8.7	21.2	3.3	10.3	18.7	4.6	-	-	-	-	-	-	-	-
July	81.7	7.6	18.7	2.9	9.5	15.1	5.6	-	-	-	-	-	-	-	-
Aug.	76.7	2.5	17.2	-3.6	4.1	12.7	-1.8	-	-	-	-	-	-	-	-
Sep.	79.8	1.5	14.3	-3.9	1.5	7.5	-2.6	-	-	-	-	-	-	-	-
Oct.	78.9	1.9	11.5	-2.4	2.6	10.9	-3.2	-	-	-	-	-	-	-	-

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

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

5.1 HICP, other prices and costs

(annual percentage changes, unless otherwise indicated)

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

(seasonally adjusted)

	Total (index: 2005 = 100)	Total	By economic activity					
			Agriculture, hunting, forestry and fishing	Mining, manufacturing and energy	Construction	Trade, repairs, hotels and restaurants, transport and communication	Financial, real estate, renting and business services	Public administration, education, health and other services
	1	2	3	4	5	6	7	8
	Unit labour costs [1]							
2009	109.9	3.9	-3.0	8.8	2.0	5.7	0.6	2.7
2010	109.1	-0.7	0.3	-5.7	2.0	-1.4	1.6	0.8
2010 Q3	108.8	-0.7	1.7	-4.4	2.0	-1.7	2.1	0.1
Q4	109.4	-0.1	0.8	-3.3	1.0	-0.3	1.8	0.7
2011 Q1	109.6	0.2	1.9	-1.6	-0.7	0.4	2.9	0.7
Q2	110.5	1.3	1.4	0.6	-0.5	1.4	3.3	1.0
	Compensation per employee							
2009	109.8	1.4	2.1	-0.3	2.5	1.8	1.2	2.5
2010	111.6	1.6	1.0	3.4	1.6	1.6	1.5	0.7
2010 Q3	111.6	1.5	1.1	3.4	1.8	1.8	1.6	0.0
Q4	112.4	1.6	1.5	3.8	1.4	1.8	1.4	0.3
2011 Q1	113.4	2.3	3.7	4.1	3.7	2.3	2.0	1.1
Q2	114.1	2.4	3.4	4.7	2.5	1.9	2.0	1.5
	Labour productivity per person employed [2]							
2009	99.9	-2.4	5.3	-8.3	0.5	-3.6	0.6	-0.2
2010	102.2	2.3	0.7	9.7	-0.4	3.1	-0.1	-0.1
2010 Q3	102.6	2.2	-0.6	8.2	-0.2	3.6	-0.4	-0.1
Q4	102.7	1.7	0.7	7.3	0.5	2.1	-0.4	-0.5
2011 Q1	103.4	2.1	1.8	5.8	4.5	1.9	-0.9	0.3
Q2	103.3	1.1	2.0	4.1	3.0	0.6	-1.3	0.5
	Compensation per hour worked							
2009	112.1	3.3	2.6	4.4	5.2	3.2	2.7	3.0
2010	113.0	0.8	0.5	0.5	1.7	0.8	0.8	0.5
2010 Q3	112.9	0.6	0.4	0.2	1.9	0.9	0.7	-0.1
Q4	113.9	1.3	3.0	1.3	2.5	1.9	1.1	0.3
2011 Q1	114.6	1.9	1.5	1.8	3.3	2.8	1.5	1.0
Q2	115.9	2.8	6.2	3.6	3.1	3.5	2.8	1.3
	Hourly labour productivity [2]							
2009	102.2	-0.7	5.2	-4.3	2.7	-2.5	2.0	0.3
2010	103.7	1.5	1.4	6.6	-0.7	2.2	-0.7	-0.4
2010 Q3	103.9	1.2	0.0	4.7	-0.5	2.5	-1.2	-0.3
Q4	104.2	1.4	1.8	4.9	1.1	2.0	-0.5	-0.6
2011 Q1	104.6	1.6	0.3	3.5	3.5	2.0	-1.2	0.2
Q2	105.0	1.5	3.1	3.1	3.2	1.7	-0.2	0.2

5. Labour cost indices [3]

	Total (s.a.; index: 2008 = 100)	Total	By component		For selected economic activities			Memo item: Indicator of negotiated wages [4]
			Wages and salaries	Employers' social contributions	Mining, manufacturing and energy	Construction	Services	
% of total in 2008	100.0	100.0	75.2	24.8	32.4	9.0	58.6	
	1	2	3	4	5	6	7	8
2009	102.7	2.8	2.5	2.9	3.0	3.5	2.5	2.6
2010	104.3	1.6	1.4	1.9	0.9	1.9	1.9	1.7
2010 Q3	104.4	1.2	1.0	1.5	0.3	1.7	1.6	1.5
Q4	105.2	1.7	1.6	2.0	1.3	1.5	2.0	1.6
2011 Q1	106.4	2.7	2.3	3.4	2.4	2.2	2.8	1.7
Q2	107.7	3.6	3.5	4.3	4.5	3.0	3.2	1.9

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

1) Compensation (at current prices) per employee divided by labour productivity per person employed.
2) Total GDP and value added by economic activity (volumes) per labour input (persons employed and hours worked).
3) Hourly labour cost indices for the whole economy, excluding agriculture, public administration, education, health and services not classified elsewhere. Owing to differences in coverage, the estimates for the components may not be consistent with the total.
4) Experimental data (see http://www.ecb.europa.eu/stats/intro/html/experiment.en.html for further details).

1. GDP and expenditure components

	GDP								
	Total	Domestic demand					External balance [1]		
		Total	Private consumption	Government consumption	Gross fixed capital formation	Changes in inventories [2]	Total	Exports [1]	Imports [1]
	1	2	3	4	5	6	7	8	9
	Current prices (EUR billions)								
2007	9,035.0	8,899.4	5,056.5	1,808.0	1,959.4	75.4	135.6	3,748.3	3,612.7
2008	9,248.8	9,159.6	5,211.9	1,901.3	1,983.3	63.1	89.2	3,880.8	3,791.6
2009	8,940.5	8,824.3	5,141.4	1,988.2	1,737.8	-43.1	116.3	3,269.3	3,153.0
2010	9,175.8	9,053.1	5,280.5	2,014.6	1,742.8	15.2	122.7	3,748.8	3,626.0
2010 Q2	2,287.5	2,260.2	1,314.8	503.6	437.2	4.6	27.3	930.1	902.9
Q3	2,307.4	2,273.1	1,324.5	505.1	438.3	5.2	34.3	958.2	923.9
Q4	2,313.7	2,283.0	1,336.6	503.0	438.4	5.0	30.7	976.4	945.7
2011 Q1	2,342.8	2,322.0	1,349.3	508.9	450.5	13.2	20.8	1,013.8	993.0
Q2	2,355.6	2,331.0	1,354.8	509.2	451.8	15.1	24.6	1,023.1	998.5
	percentage of GDP								
2010	100.0	98.7	57.5	22.0	19.0	0.2	1.3	-	-
	Chain-linked volumes (prices for the previous year)								
	quarter-on-quarter percentage changes								
2010 Q2	0.9	0.8	0.2	0.2	2.2	-	-	4.2	3.9
Q3	0.4	0.3	0.3	0.0	0.0	-	-	1.8	1.5
Q4	0.3	0.2	0.3	0.0	-0.2	-	-	1.2	1.1
2011 Q1	0.8	0.9	0.2	0.4	1.8	-	-	1.4	1.6
Q2	0.2	-0.1	-0.2	-0.1	0.1	-	-	0.7	0.2
	annual percentage changes								
2007	3.0	2.8	1.7	2.2	4.7	-	-	6.6	6.1
2008	0.4	0.4	0.4	2.4	-1.1	-	-	1.0	0.9
2009	-4.2	-3.6	-1.2	2.6	-12.0	-	-	-12.8	-11.7
2010	1.8	1.4	0.9	0.4	-0.8	-	-	10.1	9.3
2010 Q2	2.1	1.7	0.7	0.6	-0.4	-	-	12.1	11.2
Q3	2.1	1.8	1.1	0.2	0.7	-	-	11.1	10.7
Q4	1.9	1.8	1.2	-0.2	1.2	-	-	10.6	10.7
2011 Q1	2.4	2.1	0.9	0.7	3.8	-	-	8.8	8.3
Q2	1.6	1.3	0.5	0.3	1.7	-	-	5.3	4.5
	contributions to quarter-on-quarter percentage changes in GDP; percentage points								
2010 Q2	0.9	0.8	0.1	0.1	0.4	0.2	0.2	-	-
Q3	0.4	0.3	0.2	0.0	0.0	0.1	0.2	-	-
Q4	0.3	0.2	0.2	0.0	0.0	0.1	0.1	-	-
2011 Q1	0.8	0.8	0.1	0.1	0.3	0.3	-0.1	-	-
Q2	0.2	-0.1	-0.1	0.0	0.0	0.1	0.2	-	-
	contributions to annual percentage changes in GDP; percentage points								
2007	3.0	2.8	0.9	0.4	1.0	0.4	0.3	-	-
2008	0.4	0.4	0.2	0.5	-0.2	-0.1	0.1	-	-
2009	-4.2	-3.6	-0.7	0.5	-2.6	-0.9	-0.6	-	-
2010	1.8	1.4	0.5	0.1	-0.2	0.9	0.4	-	-
2010 Q2	2.1	1.7	0.4	0.1	-0.1	1.2	0.4	-	-
Q3	2.1	1.7	0.6	0.0	0.1	1.0	0.3	-	-
Q4	1.9	1.8	0.7	0.0	0.2	0.9	0.2	-	-
2011 Q1	2.4	2.1	0.5	0.2	0.7	0.7	0.3	-	-
Q2	1.6	1.2	0.3	0.1	0.3	0.5	0.4	-	-

Sources: Eurostat and ECB calculations.

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

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

2. Value added by economic activity

	Gross value added (basic prices)							Taxes less subsidies on products
	Total	Agriculture, hunting, forestry and fishing activities	Mining, manufacturing and energy	Construction	Trade, repairs, hotels and restaurants, transport and communication	Financial, real estate, renting and business activities	Public administration, education, health and other services	
	1	2	3	4	5	6	7	8
	Current prices (EUR billions)							
2007	8,075.1	147.7	1,654.0	511.7	1,666.4	2,304.4	1,790.9	959.9
2008	8,302.9	143.1	1,653.9	527.3	1,725.6	2,381.1	1,871.8	945.9
2009	8,048.8	129.2	1,445.5	505.9	1,648.4	2,374.3	1,945.6	891.7
2010	8,236.6	138.6	1,530.6	486.8	1,690.5	2,409.7	1,980.5	939.2
2010 Q2	2,053.0	34.4	380.0	122.8	420.7	598.9	496.2	234.5
Q3	2,066.2	35.1	383.1	122.2	425.6	605.2	495.0	241.2
Q4	2,075.2	35.8	390.0	120.6	427.0	606.7	495.1	238.5
2011 Q1	2,100.8	36.7	397.2	125.2	431.6	611.8	498.3	242.0
Q2	2,112.6	36.6	400.2	125.6	434.4	614.2	501.6	243.0
	percentage of value added							
2010	100.0	1.7	18.6	5.9	20.5	29.3	24.0	-
	Chain-linked volumes (prices for the previous year)							
	quarter-on-quarter percentage changes							
2010 Q2	0.8	-0.6	1.9	1.0	1.0	0.4	0.1	2.5
Q3	0.4	-0.9	0.8	-1.1	0.7	0.6	0.1	0.5
Q4	0.3	0.6	1.3	-1.3	0.0	0.3	0.1	0.0
2011 Q1	0.7	0.6	1.8	2.5	0.6	0.2	0.2	1.2
Q2	0.2	-0.2	0.4	0.1	0.2	0.2	0.2	-0.2
	annual percentage changes							
2007	3.3	1.6	3.5	2.6	3.9	4.2	1.8	0.7
2008	0.6	1.3	-2.4	-1.6	1.4	1.6	2.0	-1.4
2009	-4.2	2.8	-13.1	-6.2	-5.3	-1.6	1.3	-3.9
2010	1.9	0.1	6.3	-4.1	2.4	1.0	0.9	1.3
2010 Q2	2.1	0.4	7.7	-3.8	2.7	0.7	1.0	1.9
Q3	2.0	-0.8	5.8	-3.1	3.1	1.2	0.8	2.2
Q4	2.0	0.0	6.3	-3.0	2.3	1.4	0.4	1.8
2011 Q1	2.2	-0.3	5.8	1.1	2.3	1.5	0.6	4.3
Q2	1.6	0.1	4.3	0.2	1.5	1.3	0.6	1.5
	contributions to quarter-on-quarter percentage changes in value added; percentage points							
2010 Q2	0.8	0.0	0.4	0.1	0.2	0.1	0.0	-
Q3	0.4	0.0	0.1	-0.1	0.1	0.2	0.0	-
Q4	0.3	0.0	0.2	-0.1	0.0	0.1	0.0	-
2011 Q1	0.7	0.0	0.3	0.1	0.1	0.1	0.1	-
Q2	0.2	0.0	0.1	0.0	0.0	0.0	0.0	-
	contributions to annual percentage changes in value added; percentage points							
2007	3.3	0.0	0.7	0.2	0.8	1.2	0.4	-
2008	0.6	0.0	-0.5	-0.1	0.3	0.5	0.4	-
2009	-4.2	0.0	-2.6	-0.4	-1.1	-0.5	0.3	-
2010	1.9	0.0	1.1	-0.3	0.5	0.3	0.2	-
2010 Q2	2.1	0.0	1.4	-0.2	0.6	0.2	0.2	-
Q3	2.0	0.0	1.1	-0.2	0.6	0.4	0.2	-
Q4	2.0	0.0	1.1	-0.2	0.5	0.4	0.1	-
2011 Q1	2.2	0.0	1.1	0.1	0.5	0.4	0.1	-
Q2	1.6	0.0	0.8	0.0	0.3	0.4	0.1	-

Sources: Eurostat and ECB calculations.

3. Industrial production

	Total	Industry excluding construction										Construction
		Total (s.a.; index: 2005 = 100)	Total		Industry excluding construction and energy						Energy	
				Manu-facturing	Total	Intermediate goods	Capital goods	Consumer goods				
								Total	Durable	Non-durable		
% of total in 2005	100.0	77.8	77.8	69.2	68.7	28.1	22.3	18.3	2.6	15.7	9.1	22.2
	1	2	3	4	5	6	7	8	9	10	11	12
2008	-2.4	106.6	-1.6	-1.7	-1.8	-3.4	0.1	-1.9	-5.2	-1.3	0.2	-5.5
2009	-13.6	90.9	-14.8	-15.8	-16.0	-19.0	-20.8	-4.9	-17.3	-2.9	-5.3	-8.0
2010	4.3	97.6	7.5	7.9	7.9	10.1	9.4	3.3	2.6	3.4	3.8	-7.7
2010 Q3	3.8	98.3	7.1	7.8	7.8	9.4	10.2	3.1	3.8	3.0	1.6	-8.1
Q4	4.6	100.0	8.1	8.6	8.6	7.9	14.3	2.9	2.0	3.0	4.8	-9.2
2011 Q1	4.6	101.1	6.5	8.1	8.2	8.9	13.1	1.4	2.7	1.2	-2.3	-2.4
Q2	2.2	101.6	4.2	5.4	5.6	4.3	9.3	2.3	1.2	2.4	-5.4	-5.2
2011 Mar.	3.5	101.3	5.7	6.9	7.1	7.5	11.5	0.9	2.5	0.7	-2.1	-5.3
Apr.	3.8	101.7	5.4	6.8	7.0	5.4	10.7	4.0	4.9	3.7	-5.3	-2.4
May	3.3	102.0	4.3	6.0	6.1	4.5	10.7	2.6	1.3	2.7	-7.2	-0.9
June	-0.3	101.3	2.8	3.6	3.7	3.1	6.8	0.5	-2.4	1.0	-3.6	-11.4
July	4.3	102.4	4.4	5.2	5.5	4.2	12.0	-0.1	4.6	-0.7	-4.0	2.1
Aug.	5.0	103.9	5.6	6.8	7.0	5.0	12.4	2.7	3.0	2.7	-2.9	1.7
	month-on-month percentage changes (s.a.)											
2011 Mar.	-0.3	-	0.0	-0.3	0.1	0.0	-0.6	0.2	0.0	0.4	-0.3	-0.2
Apr.	0.5	-	0.4	0.5	0.5	0.1	0.9	0.8	1.1	0.5	-3.7	0.9
May	0.3	-	0.3	0.3	0.1	0.1	1.2	-0.2	-0.5	-0.1	0.3	0.1
June	-1.2	-	-0.7	-1.0	-0.5	-0.6	-1.4	-0.6	-2.4	-0.6	1.1	-1.1
July	2.2	-	1.2	1.0	1.1	0.7	3.3	-0.2	3.9	-0.7	0.2	1.8
Aug.	1.0	-	1.5	1.7	1.4	1.5	2.2	0.9	0.0	1.5	0.4	-0.2

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

	Industrial new orders		Industrial turnover		Retail sales (excluding automotive fuel)							New passenger car registrations	
	Manufacturing [1] (current prices)		Manufacturing (current prices)		Current prices	Constant prices							
	Total (s.a.; index: 2005 = 100)	Total	Total (s.a.; index: 2005 = 100)	Total	Total	Total (s.a.; index: 2005 = 100)	Total	Food, beverages, tobacco	Non-food			Total (s.a.; thousands) [2]	Total
										Textiles, clothing, footwear	Household equipment		
% of total in 2005	100.0	100.0	100.0	100.0	100.0	100.0	100.0	43.0	57.0	10.1	14.3		
	1	2	3	4	5	6	7	8	9	10	11	12	13
2008	112.5	-5.9	116.8	1.8	1.7	103.4	-0.8	-1.8	-0.1	-1.8	-1.6	891	-7.8
2009	87.0	-22.7	95.4	-18.6	-2.9	101.4	-2.0	-1.7	-2.2	-1.8	-3.9	925	3.3
2010	102.2	17.4	105.1	10.2	1.4	102.5	1.1	0.5	1.7	2.6	0.8	843	-8.5
2010 Q4	107.5	18.1	109.4	12.1	1.4	102.6	0.9	0.2	1.5	1.5	0.0	850	-11.1
2011 Q1	111.1	18.3	114.4	14.3	1.0	102.6	0.3	-1.0	1.2	-0.2	1.7	861	-3.1
Q2	114.0	12.1	115.1	9.8	1.1	102.4	-0.2	-0.6	-0.1	1.7	-1.3	827	-1.8
Q3	.	.	.	.	.	.	.	.	.	.	.	822	2.9
2011 Apr.	111.7	11.8	115.9	9.7	2.8	102.8	1.5	1.4	1.4	4.5	1.7	828	-0.2
May	115.5	13.7	116.0	18.0	-0.3	101.9	-1.7	-2.9	-1.0	-0.7	-2.7	825	-1.1
June	114.8	10.7	113.4	2.6	0.8	102.5	-0.4	-0.2	-0.6	1.3	-2.6	827	-3.8
July	112.9	8.9	115.9	7.5	1.1	102.6	0.1	-2.3	1.7	2.3	1.5	817	2.2
Aug.	115.0	6.0	117.2	.	1.1	102.6	0.2	-0.1	0.5	-0.7	-1.9	821	6.1
Sep.	.	.	.	.	.	.	.	.	.	.	.	828	1.3
	month-on-month percentage changes (s.a.)												
2011 May	-	3.5	-	0.1	-0.8	-	-0.9	-1.1	-0.7	-2.5	-1.6	-	-0.3
June	-	-0.7	-	-2.3	0.7	-	0.6	0.8	0.5	1.5	0.3	-	0.3
July	-	-1.6	-	2.2	0.1	-	0.2	-0.7	0.5	1.6	1.3	-	-1.2
Aug.	-	1.9	-	1.1	0.0	-	0.0	0.2	-0.1	-1.1	-0.9	-	0.5
Sep.	-	.	-	.	.	-	.	.	.	.	.	-	0.7

Sources: Eurostat, except columns 12 and 13 in Table 4 in Section 5.2 (which comprise ECB calculations based on data from the European Automobile Manufacturers' Association).
1) Includes manufacturing industries working mainly on the basis of orders, which represented 61.2% of total manufacturing in 2005.
2) Annual and quarterly figures are averages of monthly figures in the period concerned.

5.2 Output and demand

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

5. Business and Consumer Surveys

	Economic sentiment indicator[2] (long-term average = 100)	Manufacturing industry: Industrial confidence indicator: Total[4]	Order books	Stocks of finished products	Production expectations	Capacity utilisation[3] (%)	Consumer confidence indicator: 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
	1	2	3	4	5	6	7	8	9	10	11
2007	109.4	5.8	7.2	4.4	14.6	84.8	-4.9	-2.3	-4.3	5.0	-8.0
2008	93.7	-8.4	-13.3	10.8	-1.0	82.1	-18.1	-9.9	-25.3	23.5	-13.6
2009	80.7	-28.7	-56.8	14.6	-14.8	70.9	-24.8	-7.0	-26.3	55.5	-10.3
2010	100.9	-4.5	-24.6	0.6	11.6	76.9	-14.0	-5.2	-12.2	31.0	-7.6
2010 Q3	102.3	-2.5	-18.4	0.3	11.3	77.6	-12.1	-5.5	-11.3	23.4	-8.2
Q4	105.7	2.7	-9.5	-0.8	16.8	79.1	-10.4	-5.4	-8.7	20.9	-6.6
2011 Q1	107.4	6.5	-1.6	-2.0	19.0	80.9	-10.6	-6.0	-9.6	19.7	-7.0
Q2	105.7	4.3	-1.3	-0.9	13.4	81.2	-10.4	-6.6	-12.4	14.7	-7.9
Q3	98.8	-2.6	-8.5	4.5	5.3	80.3	-15.6	-7.3	-21.6	23.8	-9.6
2011 May	105.5	3.8	-2.7	-1.4	12.9	-	-9.9	-6.7	-11.6	13.9	-7.4
June	105.4	3.5	-1.4	0.1	12.0	-	-9.7	-5.8	-11.1	13.7	-8.2
July	103.0	0.9	-4.7	2.5	9.8	80.8	-11.2	-6.0	-14.2	16.1	-8.3
Aug.	98.4	-2.7	-9.0	5.0	5.9	-	-16.5	-7.2	-23.4	25.5	-10.0
Sep.	95.0	-5.9	-11.9	6.1	0.3	-	-19.1	-8.8	-27.2	29.8	-10.6
Oct.	94.8	-6.6	-13.0	6.6	-0.1	79.7	-19.9	-8.9	-28.6	32.5	-9.4

	Construction confidence indicator: Total[4]	Order books	Employment expectations	Retail trade confidence indicator: Total[4]	Present business situation	Volume of stocks	Expected business situation	Services confidence indicator: Total[4]	Business climate	Demand in recent months	Demand in the months ahead
	12	13	14	15	16	17	18	19	20	21	22
2007	0.1	-7.6	7.8	1.1	5.1	13.2	11.4	16.1	13.3	14.6	20.4
2008	-13.4	-20.7	-6.1	-10.0	-10.6	16.0	-3.5	0.6	-3.7	0.7	4.7
2009	-32.7	-42.2	-23.2	-15.5	-21.0	9.9	-15.7	-15.5	-20.4	-17.9	-8.3
2010	-28.4	-39.6	-17.2	-4.0	-6.1	7.4	1.5	5.0	2.5	4.2	8.3
2010 Q3	-28.1	-39.8	-16.4	-2.8	-4.7	7.0	3.4	6.9	4.8	8.3	7.6
Q4	-26.2	-36.0	-16.3	0.8	1.3	7.4	8.5	9.0	6.8	8.4	11.9
2011 Q1	-25.2	-36.1	-14.3	-0.7	0.1	8.2	6.0	10.6	8.3	10.5	13.2
Q2	-24.2	-32.2	-16.1	-2.3	-0.9	9.9	4.0	9.9	7.6	10.3	11.8
Q3	-24.8	-32.8	-16.6	-7.4	-6.8	12.9	-2.3	3.9	0.7	4.2	6.6
2011 May	-24.7	-32.6	-16.8	-2.4	-1.3	10.6	4.7	9.3	6.9	10.0	11.0
June	-23.5	-30.4	-16.5	-2.6	0.5	10.0	1.9	10.1	8.5	10.8	11.1
July	-24.3	-31.3	-17.2	-3.6	-2.4	10.5	2.2	7.9	5.3	7.9	10.5
Aug.	-23.4	-32.1	-14.6	-8.7	-7.3	13.7	-5.1	3.7	0.1	4.0	6.9
Sep.	-26.6	-35.1	-18.0	-9.8	-10.6	14.6	-4.1	0.0	-3.3	0.8	2.5
Oct.	-25.3	-33.3	-17.4	-9.8	-11.5	13.4	-4.4	0.2	-3.3	-0.3	4.2

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 1990 to 2010.

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)]

(annual percentage changes, unless otherwise indicated; seasonally adjusted)

1. Employment in terms of persons employed

	Whole economy	By employment status			By economic activity					
	Total (millions)	Total	Employees	Self-employed	Agriculture, hunting, forestry and fishing	Mining, manufacturing and energy	Construction	Trade, repairs, hotels and restaurants, transport and communication	Financial, real estate, renting and business services	Public administration, education, health and other services
% of total in 2010	100.0	100.0	85.5	14.5	3.7	16.0	6.9	25.4	16.6	31.4
	1	2	3	4	5	6	7	8	9	10
2008	149.721	0.8	1.0	-0.3	-1.7	-0.1	-2.0	1.1	2.2	1.2
2009	146.947	-1.9	-1.8	-2.3	-2.4	-5.2	-6.7	-1.8	-2.2	1.5
2010	146.273	-0.5	-0.4	-0.7	-0.6	-3.1	-3.7	-0.6	1.1	1.1
2010 Q3	146.257	-0.1	0.0	-0.7	-0.1	-2.2	-2.9	-0.4	1.7	0.9
Q4	146.427	0.2	0.3	-0.4	-0.7	-1.0	-3.5	0.2	1.8	0.9
2011 Q1	146.548	0.3	0.4	-0.4	-2.0	0.1	-3.3	0.4	2.5	0.2
Q2	146.996	0.5	0.6	-0.4	-1.8	0.2	-2.7	0.9	2.6	0.1
	quarter-on-quarter percentage changes									
2010 Q3	-0.026	0.0	0.0	-0.3	0.1	-0.2	-1.0	0.1	0.2	0.1
Q4	0.170	0.1	0.1	0.1	0.1	0.1	-1.0	0.2	0.3	0.2
2011 Q1	0.121	0.1	0.1	0.2	-1.3	0.3	-0.9	0.1	1.1	-0.2
Q2	0.448	0.3	0.4	-0.3	-0.7	0.1	0.1	0.5	1.0	0.1

2. Employment in terms of hours worked

	Whole economy	By employment status			By economic activity					
	Total (millions)	Total	Employees	Self-employed	Agriculture, hunting, forestry and fishing	Mining, manufacturing and energy	Construction	Trade, repairs, hotels and restaurants, transport and communication	Financial, real estate, renting and business services	Public administration, education, health and other services
% of total in 2010	100.0	100.0	80.5	19.5	4.8	16.0	7.7	27.0	16.1	28.6
	1	2	3	4	5	6	7	8	9	10
2008	239,003.1	0.7	1.1	-0.9	-2.0	-0.6	-1.8	0.9	2.4	1.8
2009	230,626.4	-3.5	-3.6	-3.1	-2.3	-9.2	-8.6	-3.0	-3.5	0.9
2010	231,449.8	0.4	0.4	0.2	-1.2	-0.3	-3.4	0.3	1.7	1.4
2010 Q3	57,927.6	0.8	0.9	0.4	-0.8	1.1	-2.6	0.6	2.5	1.2
Q4	57,922.6	0.5	0.6	0.2	-1.7	1.3	-4.1	0.4	1.9	1.1
2011 Q1	58,120.3	0.8	0.8	0.6	-0.5	2.2	-2.3	0.3	2.7	0.4
Q2	58,009.1	0.1	0.2	-0.3	-2.9	1.1	-2.9	-0.2	1.5	0.5
	quarter-on-quarter percentage changes									
2010 Q3	-1.7	0.0	0.1	-0.3	-0.8	0.7	-1.2	-0.1	0.2	0.0
Q4	-4.9	0.0	-0.1	0.4	-0.2	0.1	-1.8	0.0	0.6	0.1
2011 Q1	197.7	0.3	0.4	0.2	-0.3	0.6	0.5	0.0	1.2	0.1
Q2	-111.2	-0.2	-0.1	-0.6	-1.7	-0.3	-0.4	0.0	-0.5	0.2

3. Hours worked per person employed

	Whole economy	By employment status			By economic activity					
	Total (thousands)	Total	Employees	Self-employed	Agriculture, hunting, forestry and fishing	Mining, manufacturing and energy	Construction	Trade, repairs, hotels and restaurants, transport and communication	Financial, real estate, renting and business services	Public administration, education, health and other services
	1	2	3	4	5	6	7	8	9	10
2008	1.596	0.0	0.2	-0.6	-0.3	-0.5	0.3	-0.3	0.2	0.6
2009	1.569	-1.7	-1.9	-0.7	0.1	-4.2	-2.1	-1.2	-1.3	-0.5
2010	1.582	0.8	0.8	0.9	-0.6	2.9	0.4	0.9	0.7	0.3
2010 Q3	0.396	0.9	0.9	1.1	-0.6	3.3	0.3	1.0	0.8	0.2
Q4	0.396	0.3	0.3	0.6	-1.0	2.3	-0.6	0.1	0.1	0.2
2011 Q1	0.397	0.5	0.4	1.0	1.5	2.2	1.0	-0.1	0.3	0.2
Q2	0.395	-0.3	-0.4	0.0	-1.1	0.9	-0.2	-1.1	-1.1	0.3

Source: ECB calculations based on Eurostat data.

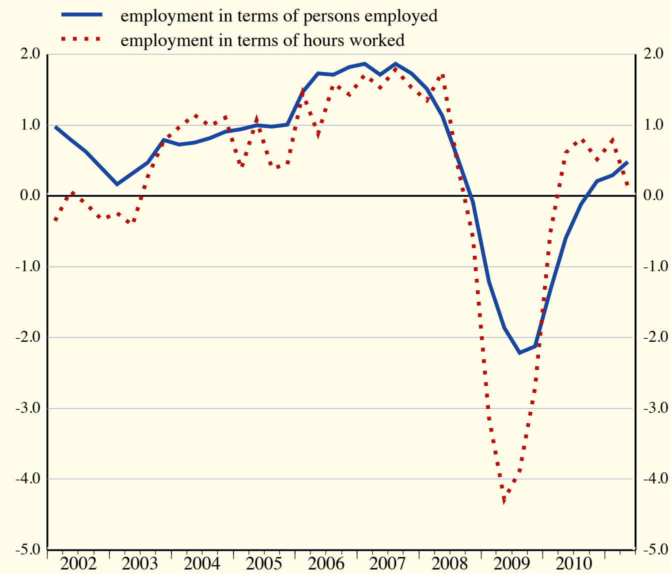
1) Data for employment are based on the ESA 95.

5.3 Labour markets
(seasonally adjusted, unless otherwise indicated)

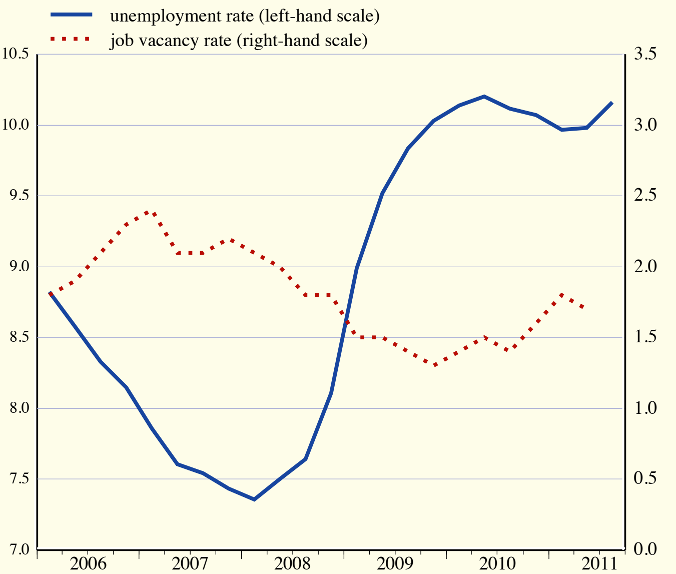
4. Unemployment and job vacancies [1]

	Unemployment										Job vacancy rate [2]
	Total		By age [3]				By gender [4]				
	Millions	% of labour force	Adult		Youth		Male		Female		
			Millions	% of labour force	Millions	% of labour force	Millions	% of labour force	Millions	% of labour force	% of total posts
% of total in 2010	100.0		79.5		20.5		53.9		46.1		
	1	2	3	4	5	6	7	8	9	10	11
2007	11.786	7.6	9.188	6.7	2.598	15.5	5.810	6.7	5.976	8.7	2.2
2008	11.976	7.7	9.298	6.7	2.678	16.0	6.051	7.0	5.925	8.5	1.9
2009	15.051	9.6	11.769	8.4	3.283	20.2	8.146	9.4	6.906	9.8	1.4
2010	15.924	10.1	12.654	8.9	3.270	20.9	8.593	10.0	7.331	10.3	1.5
2010 Q3	15.893	10.1	12.664	8.9	3.228	20.8	8.551	9.9	7.342	10.3	1.4
Q4	15.831	10.1	12.639	8.9	3.192	20.6	8.461	9.8	7.370	10.4	1.6
2011 Q1	15.675	10.0	12.491	8.8	3.184	20.7	8.343	9.7	7.332	10.3	1.8
Q2	15.740	10.0	12.556	8.8	3.184	20.6	8.369	9.7	7.371	10.3	1.7
Q3	16.063	10.2	12.819	9.0	3.243	21.0	8.511	9.9	7.552	10.5	.
2011 Apr.	15.641	9.9	12.472	8.8	3.169	20.5	8.318	9.7	7.323	10.3	-
May	15.757	10.0	12.563	8.8	3.194	20.7	8.389	9.7	7.368	10.3	-
June	15.823	10.0	12.634	8.9	3.189	20.7	8.401	9.7	7.422	10.4	-
July	15.980	10.1	12.762	9.0	3.218	20.8	8.476	9.8	7.504	10.5	-
Aug.	16.010	10.1	12.788	9.0	3.222	20.9	8.478	9.8	7.532	10.5	-
Sep.	16.198	10.2	12.908	9.0	3.290	21.2	8.579	9.9	7.619	10.6	-

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



C29 Unemployment and job vacancy [2] rates



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

6 GOVERNMENT FINANCE

6.1 Revenue, expenditure and deficit/surplus [1)]

(as a percentage of GDP)

1. Euro area – revenue

	Total	Current revenue										Capital revenue		Memo item: Fiscal burden [2)]
			Direct taxes	Households	Corporations	Indirect taxes	Received by EU institutions	Social contributions	Employers	Employees	Sales		Capital taxes	
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
2002	44.9	44.6	11.9	9.0	2.8	13.2	0.4	15.6	8.1	4.6	2.2	0.3	0.3	40.9
2003	44.9	44.3	11.5	8.8	2.7	13.2	0.4	15.7	8.2	4.6	2.2	0.6	0.5	40.9
2004	44.5	44.0	11.5	8.5	2.9	13.2	0.3	15.5	8.1	4.5	2.2	0.5	0.4	40.5
2005	44.8	44.3	11.7	8.6	3.0	13.3	0.3	15.4	8.1	4.5	2.3	0.5	0.3	40.7
2006	45.3	44.9	12.3	8.7	3.4	13.4	0.3	15.3	8.0	4.5	2.3	0.3	0.3	41.2
2007	45.3	45.1	12.7	8.9	3.6	13.4	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	44.8	44.5	11.6	9.2	2.3	12.8	0.3	15.8	8.3	4.5	2.5	0.3	0.4	40.5
2010	44.7	44.4	11.6	9.0	2.5	12.9	0.3	15.6	8.2	4.5	2.5	0.3	0.3	40.4

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
2002	47.6	43.8	10.5	4.9	3.5	24.9	22.0	1.9	0.5	3.8	2.4	1.4	0.1	44.1
2003	48.0	44.1	10.6	4.9	3.3	25.2	22.3	1.8	0.5	4.0	2.5	1.4	0.1	44.7
2004	47.4	43.5	10.5	5.0	3.1	24.9	22.1	1.7	0.5	3.9	2.5	1.4	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	46.6	42.8	10.3	5.0	2.9	24.6	21.8	1.6	0.5	3.8	2.5	1.4	0.0	43.7
2007	46.0	42.2	10.1	5.0	3.0	24.2	21.4	1.6	0.4	3.8	2.6	1.2	0.0	43.1
2008	47.2	43.3	10.3	5.2	3.0	24.8	21.9	1.6	0.4	4.0	2.6	1.3	0.0	44.2
2009	51.2	46.9	11.0	5.7	2.9	27.3	24.2	1.8	0.4	4.3	2.8	1.4	0.0	48.3
2010	50.9	46.5	10.8	5.6	2.8	27.3	24.2	1.8	0.4	4.4	2.5	1.9	0.0	48.1

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
2002	-2.7	-2.3	-0.5	-0.3	0.3	0.8	20.2	10.5	4.9	5.1	1.9	2.2	8.1	12.1
2003	-3.2	-2.5	-0.5	-0.2	0.1	0.2	20.5	10.6	4.9	5.2	1.9	2.2	8.1	12.4
2004	-2.9	-2.5	-0.4	-0.3	0.2	0.2	20.4	10.5	5.0	5.1	1.9	2.2	8.1	12.3
2005	-2.5	-2.2	-0.3	-0.2	0.2	0.5	20.4	10.5	5.0	5.1	1.9	2.3	8.0	12.4
2006	-1.4	-1.5	-0.1	-0.2	0.4	1.5	20.3	10.3	5.0	5.2	1.9	2.3	7.9	12.4
2007	-0.7	-1.2	0.0	-0.1	0.6	2.3	20.0	10.1	5.0	5.1	1.9	2.3	7.7	12.3
2008	-2.1	-2.3	-0.2	-0.2	0.5	0.9	20.5	10.3	5.2	5.3	2.0	2.3	8.0	12.6
2009	-6.4	-5.2	-0.5	-0.3	-0.4	-3.5	22.2	11.0	5.7	5.8	2.1	2.5	8.6	13.6
2010	-6.2	-5.1	-0.7	-0.3	-0.1	-3.4	22.0	10.8	5.6	5.8	2.1	2.5	8.4	13.5

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

	BE	DE	EE	IE	GR	ES	FR	IT	CY	LU	MT	NL	AT	PT	SI	SK	FI
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
2007	-0.3	0.2	2.4	0.1	-6.5	1.9	-2.7	-1.6	3.5	3.7	-2.4	0.2	-0.9	-3.1	0.0	-1.8	5.3
2008	-1.3	-0.1	-2.9	-7.3	-9.8	-4.5	-3.3	-2.7	0.9	3.0	-4.6	0.5	-0.9	-3.6	-1.9	-2.1	4.3
2009	-5.8	-3.2	-2.0	-14.2	-15.8	-11.2	-7.5	-5.4	-6.1	-0.9	-3.7	-5.6	-4.1	-10.1	-6.1	-8.0	-2.5
2010	-4.1	-4.3	0.2	-31.3	-10.6	-9.3	-7.1	-4.6	-5.3	-1.1	-3.6	-5.1	-4.4	-9.8	-5.8	-7.7	-2.5

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

1) Data refer to the Euro 17. The concepts "revenue", "expenditure" and "deficit/surplus" are based on the ESA 95. Transactions involving the EU budget are included and consolidated. Transactions among Member States' governments are not consolidated.
2) The fiscal burden comprises taxes and social contributions.
3) Comprises total expenditure minus interest expenditure.
4) Corresponds to final consumption expenditure (P.3) of general government in the ESA 95.
5) Includes proceeds from the sale of UMTS licences and settlements under swaps and forward rate agreements.

6.2 Debt [1]
(as a percentage of GDP)

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

	Total	Financial instruments				Holders				
		Currency and deposits	Loans	Short-term securities	Long-term securities	Domestic creditors [2]				Other creditors [3]
						Total	MFIs	Other financial corporations	Other sectors	
	1	2	3	4	5	6	7	8	9	10
2001	68.2	2.8	12.4	4.0	48.9	42.7	20.8	11.2	10.7	25.4
2002	68.0	2.7	11.8	4.6	48.9	41.0	19.6	10.8	10.5	27.0
2003	69.2	2.1	12.4	5.1	49.6	40.3	19.8	11.3	9.2	28.9
2004	69.6	2.2	12.1	5.0	50.3	38.8	18.9	11.1	8.8	30.7
2005	70.4	2.4	12.2	4.7	51.2	37.1	18.2	11.2	7.7	33.3
2006	68.6	2.5	11.9	4.1	50.2	35.0	18.3	9.3	7.4	33.6
2007	66.3	2.2	11.2	4.2	48.7	32.7	17.1	8.5	7.1	33.6
2008	70.1	2.3	11.5	6.7	49.6	33.1	17.8	7.8	7.6	36.9
2009	79.8	2.5	12.6	8.6	56.2	37.3	20.6	8.9	7.8	42.5
2010	85.4	2.4	15.3	7.7	60.0	40.6	23.5	9.6	7.5	44.8

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

	Total	Issued by: [4]				Original maturity			Residual maturity			Currencies	
		Central gov.	State gov.	Local gov.	Social security funds	Up to 1 year	Over 1 year	Variable interest rate	Up to 1 year	Over 1 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
2001	68.2	56.6	6.0	4.7	0.8	7.0	61.2	5.3	13.7	26.6	27.9	66.8	1.3
2002	68.0	56.3	6.2	4.7	0.8	7.6	60.4	5.2	15.5	25.3	27.2	66.8	1.1
2003	69.2	56.6	6.5	5.0	1.0	7.8	61.4	5.0	14.9	26.0	28.2	68.3	0.9
2004	69.6	56.5	6.6	5.1	1.3	7.8	61.7	4.6	14.8	26.2	28.5	68.4	1.1
2005	70.4	57.1	6.7	5.2	1.4	7.8	62.6	4.6	14.9	25.7	29.8	69.2	1.2
2006	68.6	55.4	6.5	5.4	1.4	7.4	61.2	4.3	14.4	24.2	30.0	67.8	0.8
2007	66.3	53.5	6.2	5.3	1.4	7.4	58.9	4.3	15.0	23.4	27.8	65.9	0.4
2008	70.1	56.9	6.6	5.3	1.3	10.2	59.9	4.9	18.7	23.1	28.3	69.4	0.7
2009	79.8	64.7	7.6	5.8	1.7	12.3	67.5	5.0	21.1	26.7	32.0	79.1	0.7
2010	85.4	69.3	8.3	5.9	1.9	13.2	72.2	5.2	24.0	28.1	33.3	84.6	0.8

3. Euro area countries

	BE	DE	EE	IE	GR	ES	FR	IT	CY	LU	MT	NL	AT	PT	SI	SK	FI
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
2007	84.1	65.2	3.7	24.9	107.4	36.2	64.2	103.1	58.8	6.7	62.1	45.3	60.2	68.3	23.1	29.6	35.2
2008	89.3	66.7	4.5	44.3	113.0	40.1	68.2	105.8	48.9	13.7	62.2	58.5	63.8	71.6	21.9	27.8	33.9
2009	95.9	74.4	7.2	65.2	129.3	53.8	79.0	115.5	58.5	14.8	67.8	60.8	69.5	83.0	35.3	35.5	43.3
2010	96.2	83.2	6.7	94.9	144.9	61.0	82.3	118.4	61.5	19.1	69.0	62.9	71.8	93.3	38.8	41.0	48.3

Sources: ECB for euro area aggregated data; European Commission for data relating to countries' debt.
1) Data refer to the Euro 17. 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
2002	2.1	2.7	-0.5	-0.1	0.0	-0.2	0.7	1.6	-0.3	-0.5	0.0	2.4
2003	3.1	3.3	-0.2	0.0	-0.6	0.9	0.6	2.1	0.5	0.8	0.8	2.6
2004	3.2	3.3	-0.1	0.0	0.2	0.1	0.1	2.7	0.1	-0.2	0.3	3.0
2005	3.3	3.1	0.2	0.0	0.3	0.5	-0.1	2.6	-0.4	-0.1	0.5	3.6
2006	1.7	1.4	0.1	0.1	0.2	0.3	-0.3	1.5	-0.3	1.1	-1.4	2.0
2007	1.2	1.2	0.0	0.0	-0.1	0.0	0.3	1.0	-0.5	-0.3	-0.3	1.6
2008	5.3	5.2	0.1	0.0	0.1	0.5	2.6	2.0	1.1	1.0	-0.6	4.2
2009	7.2	7.5	-0.2	0.0	0.1	0.7	1.6	4.8	3.0	2.3	0.8	4.3
2010	7.6	7.7	-0.1	0.0	0.0	3.0	-0.7	5.2	4.3	3.3	1.0	3.3

2. Euro area – deficit-debt adjustment

	Change in debt	Deficit (-) / surplus (+) [7]	Deficit-debt adjustment [8]											
			Total	Transactions in main financial assets held by general government							Valuation effects		Other changes in volume	Other [9]
				Total	Currency and deposits	Loans	Securities [10]	Shares and other equity	Privatisations	Equity injections		Exchange rate effects		
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
2002	2.1	-2.7	-0.6	0.1	0.1	0.0	0.0	-0.1	-0.4	0.1	-0.5	-0.1	-0.1	-0.1
2003	3.1	-3.2	0.0	0.1	0.1	0.0	0.0	0.1	-0.2	0.1	-0.2	-0.1	0.0	0.1
2004	3.2	-2.9	0.2	0.2	0.2	0.0	0.1	0.0	-0.5	0.2	-0.1	0.0	0.0	0.1
2005	3.3	-2.5	0.7	0.6	0.3	0.0	0.1	0.1	-0.3	0.2	0.2	0.0	0.0	-0.1
2006	1.7	-1.4	0.3	0.2	0.3	-0.1	0.2	-0.2	-0.4	0.1	0.1	0.0	0.1	-0.1
2007	1.2	-0.7	0.5	0.6	0.2	0.0	0.2	0.1	-0.3	0.2	0.0	0.0	0.0	-0.1
2008	5.3	-2.1	3.2	3.0	0.8	0.7	0.7	0.9	-0.1	0.7	0.1	0.0	0.0	0.0
2009	7.2	-6.4	0.8	1.0	0.3	0.0	0.3	0.5	-0.3	0.5	-0.2	0.0	0.0	0.1
2010	7.6	-6.2	1.4	1.8	0.1	0.5	1.1	0.1	0.0	0.2	-0.1	0.0	0.0	-0.3

Source: ECB.
1) Data refer to the Euro 17 and are partially estimated. Annual change in gross nominal consolidated debt is expressed as a percentage of GDP, i.e. [debt(t) - debt(t-1)] ÷ GDP(t). Intergovernmental lending in the context of the financial crisis is consolidated.
2) The borrowing requirement is by definition equal to transactions in debt.
3) Includes, in addition to the impact of foreign exchange movements, effects arising from measurement at nominal value (e.g. premia or discounts on securities issued).
4) Includes, in particular, the impact of the reclassification of units and certain types of debt assumption.
5) Holders resident in the country whose government has issued the debt.
6) Includes residents of euro area countries other than the country whose government has issued the debt.
7) Including proceeds from sales of UMTS licences.
8) The difference between the annual change in gross nominal consolidated debt and the deficit as a percentage of GDP.
9) Mainly composed of transactions in other assets and liabilities (trade credits, other receivables/payables and financial derivatives).
10) Excluding financial derivatives.

6.4 Quarterly revenue, expenditure and deficit/surplus [1)]
(as a percentage of GDP)

1. Euro area – quarterly revenue

	Total	Current revenue						Capital revenue		Memo item: Fiscal burden [2)]
			Direct taxes	Indirect taxes	Social contributions	Sales	Property income		Capital taxes	
	1	2	3	4	5	6	7	8	9	10
2005 Q2	44.7	44.0	11.8	12.9	15.2	2.3	1.1	0.6	0.3	40.2
Q3	43.4	42.7	11.2	12.5	15.1	2.2	0.7	0.7	0.3	39.2
Q4	48.7	47.9	13.7	14.0	16.1	2.4	0.8	0.8	0.3	44.1
2006 Q1	42.6	42.2	10.4	12.8	15.1	2.2	0.8	0.4	0.3	38.6
Q2	45.7	45.2	12.5	13.1	15.1	2.3	1.4	0.5	0.3	41.0
Q3	43.6	43.0	11.8	12.4	15.1	2.2	0.8	0.5	0.3	39.5
Q4	49.1	48.4	14.4	14.1	15.8	2.4	0.9	0.6	0.3	44.6
2007 Q1	42.2	41.8	10.4	12.8	14.8	2.2	0.9	0.4	0.3	38.2
Q2	45.8	45.4	13.0	13.0	15.0	2.3	1.4	0.4	0.3	41.2
Q3	43.6	43.1	12.3	12.3	14.8	2.2	0.8	0.5	0.3	39.6
Q4	49.3	48.7	14.8	13.9	15.8	2.4	1.0	0.6	0.3	44.7
2008 Q1	42.5	42.1	10.8	12.3	14.8	2.3	1.1	0.3	0.2	38.2
Q2	45.3	44.9	12.9	12.3	15.1	2.3	1.5	0.4	0.3	40.5
Q3	43.3	43.0	12.2	12.0	15.0	2.2	0.8	0.4	0.3	39.5
Q4	48.8	48.2	13.9	13.4	16.4	2.5	1.1	0.5	0.3	44.0
2009 Q1	42.5	42.3	10.4	12.0	15.5	2.5	1.1	0.1	0.2	38.2
Q2	45.2	44.6	11.8	12.4	15.7	2.5	1.4	0.6	0.5	40.4
Q3	42.7	42.3	11.0	11.9	15.5	2.4	0.7	0.4	0.3	38.7
Q4	48.6	47.7	13.0	13.7	16.4	2.6	0.9	0.8	0.5	43.6
2010 Q1	42.1	41.9	10.1	12.0	15.5	2.5	0.9	0.2	0.3	37.9
Q2	45.2	44.7	11.8	12.7	15.4	2.6	1.3	0.5	0.3	40.3
Q3	42.9	42.6	11.0	12.4	15.2	2.4	0.7	0.3	0.3	38.9
Q4	48.4	47.6	13.1	13.5	16.4	2.7	1.0	0.7	0.3	43.3
2011 Q1	42.6	42.3	10.5	12.3	15.3	2.5	0.9	0.3	0.3	38.3
Q2	44.8	44.5	11.9	12.5	15.3	2.6	1.4	0.3	0.3	40.0

2. Euro area – quarterly expenditure and deficit/surplus

	Total	Current expenditure							Capital expenditure			Deficit (-)/ surplus (+)	Primary deficit (-)/ surplus (+)
		Total	Compensation of employees	Intermediate consumption	Interest	Current transfers				Investment	Capital transfers		
							Social benefits	Subsidies					
	1	2	3	4	5	6	7	8	9	10	11	12	13
2005 Q2	46.5	43.0	10.3	5.0	3.2	24.5	21.3	1.1	3.5	2.4	1.1	-1.8	1.4
Q3	45.7	42.2	9.9	4.8	3.0	24.5	21.2	1.2	3.5	2.6	1.0	-2.4	0.6
Q4	49.6	45.1	11.3	5.8	2.8	25.2	21.7	1.3	4.6	2.8	1.7	-0.9	1.8
2006 Q1	45.9	42.6	10.1	4.6	3.0	24.9	21.4	1.1	3.3	2.1	1.3	-3.3	-0.3
Q2	45.8	42.5	10.3	4.9	3.1	24.1	21.1	1.1	3.4	2.4	1.0	-0.2	2.9
Q3	45.3	41.7	9.8	4.7	2.9	24.3	20.9	1.2	3.5	2.6	1.0	-1.7	1.2
Q4	49.5	44.4	10.8	5.8	2.7	25.1	21.4	1.3	5.1	2.9	2.2	-0.4	2.3
2007 Q1	44.8	41.4	9.9	4.5	2.9	24.1	20.7	1.1	3.4	2.2	1.2	-2.6	0.3
Q2	45.0	41.7	10.0	4.9	3.2	23.6	20.6	1.0	3.3	2.5	0.9	0.8	4.0
Q3	44.6	41.1	9.6	4.8	3.0	23.8	20.5	1.1	3.6	2.6	0.9	-1.0	1.9
Q4	49.3	44.5	10.8	5.8	2.8	25.1	21.3	1.4	4.7	3.0	1.7	0.0	2.8
2008 Q1	45.4	42.0	9.9	4.7	3.0	24.4	20.7	1.2	3.5	2.2	1.2	-3.0	0.0
Q2	45.9	42.4	10.2	5.0	3.3	23.9	20.8	1.1	3.5	2.5	1.0	-0.6	2.6
Q3	45.7	42.1	9.7	4.9	3.1	24.4	21.2	1.1	3.6	2.6	1.0	-2.4	0.7
Q4	51.3	46.5	11.2	6.2	2.8	26.3	22.3	1.4	4.8	3.2	1.7	-2.6	0.2
2009 Q1	49.6	45.9	10.7	5.4	2.9	26.9	22.9	1.3	3.7	2.5	1.2	-7.1	-4.2
Q2	50.7	46.6	11.1	5.6	3.0	26.9	23.3	1.3	4.1	2.8	1.3	-5.6	-2.5
Q3	49.9	45.8	10.5	5.3	2.9	27.1	23.5	1.3	4.1	2.8	1.2	-7.2	-4.3
Q4	54.3	49.2	11.8	6.5	2.6	28.3	24.0	1.5	5.1	3.1	1.9	-5.7	-3.1
2010 Q1	50.5	46.7	10.8	5.3	2.8	27.9	23.6	1.4	3.8	2.2	1.5	-8.4	-5.6
Q2	49.6	46.1	10.9	5.6	2.9	26.7	23.2	1.3	3.5	2.5	1.2	-4.5	-1.5
Q3	50.4	45.1	10.2	5.3	2.8	26.9	23.2	1.3	5.2	2.5	2.7	-7.5	-4.7
Q4	53.2	48.2	11.4	6.4	2.7	27.7	23.7	1.5	4.9	2.8	2.1	-4.8	-2.1
2011 Q1	48.6	45.6	10.4	5.2	2.8	27.1	23.1	1.2	3.0	2.1	0.9	-6.0	-3.2
Q2	48.5	45.3	10.6	5.4	3.1	26.2	22.8	1.2	3.2	2.4	0.8	-3.7	-0.6

Sources: ECB calculations based on Eurostat and national data.

1) Data refer to the Euro 17. 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. The data are not seasonally adjusted.

2) The fiscal burden comprises taxes and social contributions.

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

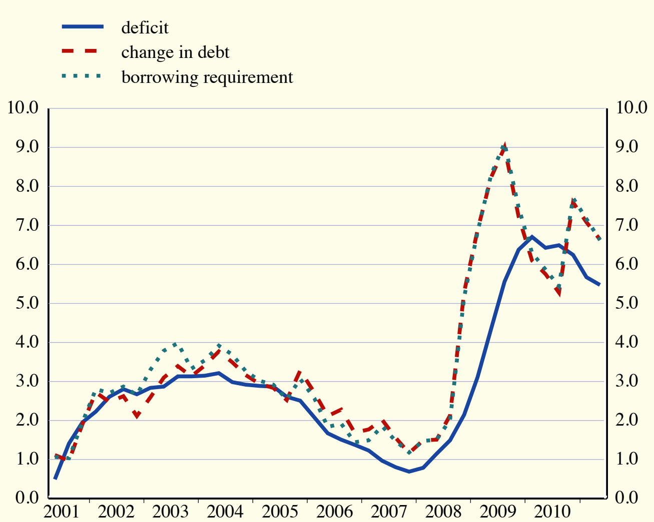
1. Euro area – Maastricht debt by financial instrument [2]

	Total	Financial instruments			
		Currency and deposits	Loans	Short-term securities	Long-term securities
	1	2	3	4	5
2008 Q3	67.7	2.1	11.4	5.5	48.7
Q4	70.1	2.3	11.5	6.7	49.6
2009 Q1	73.8	2.3	11.8	7.9	51.8
Q2	77.0	2.4	12.2	8.5	54.0
Q3	78.9	2.4	12.4	9.2	54.9
Q4	79.8	2.5	12.6	8.6	56.2
2010 Q1	81.5	2.4	12.8	8.4	57.9
Q2	82.9	2.4	13.4	8.1	59.0
Q3	83.0	2.4	13.3	8.2	59.1
Q4	85.4	2.4	15.3	7.7	60.0
2011 Q1	86.1	2.4	15.1	7.6	60.9
Q2	87.0	2.4	14.9	7.7	62.0

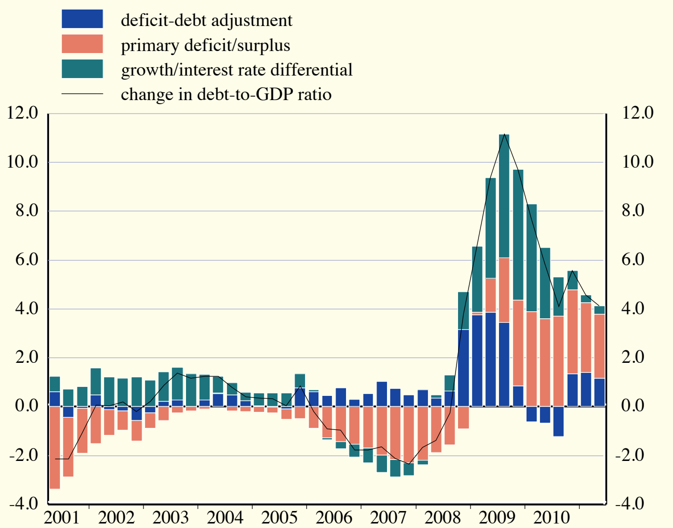
2. Euro area – deficit-debt adjustment

	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
2008 Q3	2.0	-2.4	-0.4	-0.6	-1.4	0.0	0.3	0.6	0.4	-0.2	1.6
Q4	9.2	-2.6	6.7	5.5	0.6	2.5	0.4	2.1	0.2	1.0	9.0
2009 Q1	12.8	-7.1	5.7	6.7	5.2	-0.1	0.9	0.7	-0.5	-0.5	13.3
Q2	9.1	-5.6	3.5	3.2	2.3	-0.6	0.2	1.2	-0.4	0.7	9.5
Q3	4.9	-7.2	-2.3	-2.8	-3.2	0.6	-0.1	-0.3	0.2	0.3	4.7
Q4	2.4	-5.7	-3.3	-2.8	-2.9	-0.1	0.1	0.1	-0.2	-0.3	2.6
2010 Q1	8.2	-8.4	-0.3	0.7	0.8	0.0	-0.4	0.3	-0.3	-0.6	8.5
Q2	7.7	-4.5	3.2	3.3	2.0	1.1	-0.2	0.4	-0.1	0.0	7.8
Q3	3.0	-7.5	-4.4	-3.0	-2.3	-0.6	-0.1	0.1	0.0	-1.5	3.1
Q4	11.4	-4.8	6.6	5.9	-0.3	1.7	4.7	-0.2	0.0	0.7	11.4
2011 Q1	6.1	-6.0	0.0	0.7	1.8	-0.4	-0.4	-0.3	-0.2	-0.5	6.3
Q2	5.9	-3.7	2.2	3.3	3.1	0.6	-0.4	-0.1	0.3	-1.3	5.7

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) Data refer to the Euro 17. Intergovernmental lending in the context of the financial crisis is consolidated.
2) The stock data in quarter t are expressed as a percentage of the sum of GDP in t and the previous three quarters.

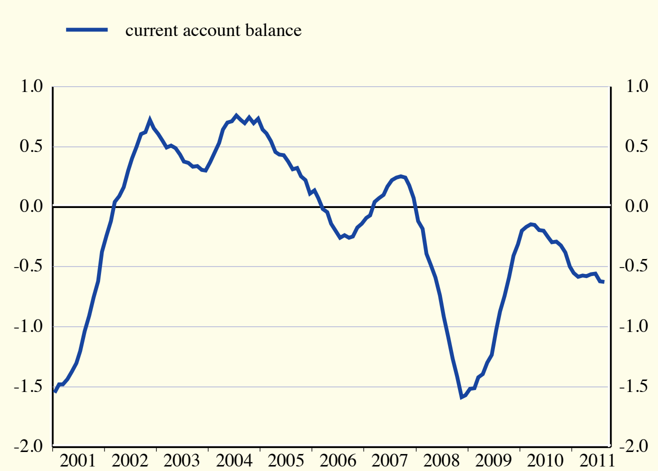
EXTERNAL TRANSACTIONS AND POSITIONS

7

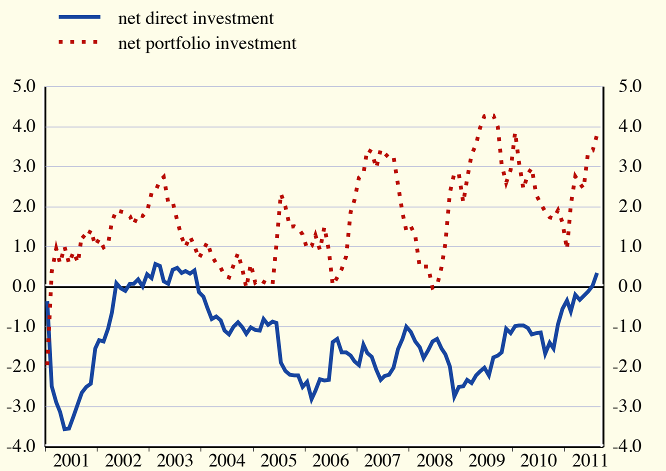
7.1 Summary balance of payments [1)]
(EUR billions; net transactions)

	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
2008	-143.5	-21.8	42.1	-66.8	-97.0	10.0	-133.5	121.3	-231.1	261.4	-84.5	178.9	-3.4	12.2
2009	-25.9	36.0	35.1	-5.8	-91.2	7.3	-18.6	14.0	-102.8	261.4	21.1	-170.2	4.6	4.6
2010	-42.2	12.9	45.9	2.3	-103.3	5.5	-36.7	44.1	-49.9	148.0	17.4	-61.2	-10.3	-7.4
2010 Q2	-18.0	2.0	13.4	-13.9	-19.5	1.0	-16.9	15.4	-35.9	96.6	0.3	-46.7	1.0	1.6
Q3	-7.1	5.5	16.1	2.5	-31.2	0.8	-6.3	6.8	-52.2	11.0	6.3	46.8	-5.1	-0.5
Q4	3.4	5.5	10.5	4.3	-16.8	1.3	4.7	9.5	79.5	19.5	8.9	-96.8	-1.6	-14.2
2011 Q1	-30.2	-13.0	7.0	10.2	-34.5	2.4	-27.8	15.7	-9.9	128.5	-2.2	-89.1	-11.6	12.1
Q2	-20.8	-2.7	17.5	-14.4	-21.2	0.7	-20.1	20.6	-28.5	155.6	3.4	-114.3	4.3	-0.4
2010 Aug.	-7.5	-4.6	4.6	2.6	-10.1	0.2	-7.3	0.7	-30.7	-1.2	5.9	28.3	-1.6	6.6
Sep.	-4.9	3.8	5.5	-2.7	-11.4	-0.6	-5.5	6.3	-8.6	35.4	0.4	-20.5	-0.3	-0.8
Oct.	3.9	5.7	3.2	3.9	-8.9	-1.3	2.6	2.0	-8.7	5.2	-0.3	5.9	-0.2	-4.6
Nov.	-3.4	-0.8	3.4	0.3	-6.2	0.5	-2.9	13.4	45.4	18.4	3.1	-53.5	0.0	-10.5
Dec.	3.0	0.6	3.9	0.1	-1.7	2.0	4.9	-5.8	42.7	-4.2	6.1	-49.2	-1.3	0.9
2011 Jan.	-19.9	-14.7	2.6	1.1	-8.9	0.4	-19.6	13.5	11.7	-28.9	-1.0	37.7	-6.0	6.0
Feb.	-9.3	-0.8	2.6	4.2	-15.2	2.1	-7.1	2.2	-27.9	93.6	0.8	-65.3	1.0	5.0
Mar.	-1.0	2.5	1.8	5.0	-10.3	-0.1	-1.1	0.0	6.3	63.9	-2.1	-61.5	-6.6	1.1
Apr.	-4.9	-3.7	4.0	1.4	-6.6	-0.1	-5.0	-1.8	-30.4	18.7	2.9	1.0	5.9	6.8
May	-16.1	0.6	5.4	-15.6	-6.4	0.4	-15.7	13.1	-5.9	43.2	-1.5	-19.6	-3.1	2.5
June	0.2	0.5	8.1	-0.2	-8.2	0.3	0.6	9.2	7.8	93.7	1.9	-95.7	1.5	-9.8
July	-2.0	3.3	5.5	-0.7	-10.2	0.5	-1.6	2.5	0.6	-21.1	-4.6	28.5	-0.9	-0.9
Aug.	-6.3	-3.1	3.6	1.1	-8.0	2.1	-4.2	9.8	-0.3	36.0	-1.1	-28.0	3.2	-5.6
	12-month cumulated transactions													
2011 Aug.	-60.8	-6.2	49.6	-2.1	-102.1	6.3	-54.5	64.5	32.8	353.9	4.7	-320.2	-6.7	-10.0
	12-month cumulated transactions as a percentage of GDP													
2011 Aug.	-0.7	-0.1	0.5	0.0	-1.1	0.1	-0.6	0.7	0.4	3.8	0.1	-3.4	-0.1	-0.1

C32 Euro area b.o.p.: current account
(seasonally adjusted; 12-month cumulated transactions as a percentage of GDP)



C33 Euro area b.o.p.: direct and portfolio investment
(12-month cumulated transactions as a percentage of GDP)



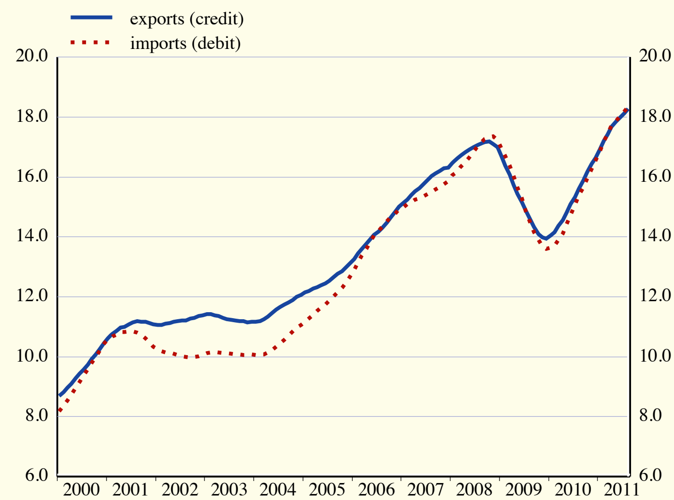
Source: ECB.
1) The sign convention is explained in the General Notes.

7.2 Current and capital accounts
(EUR billions; transactions)

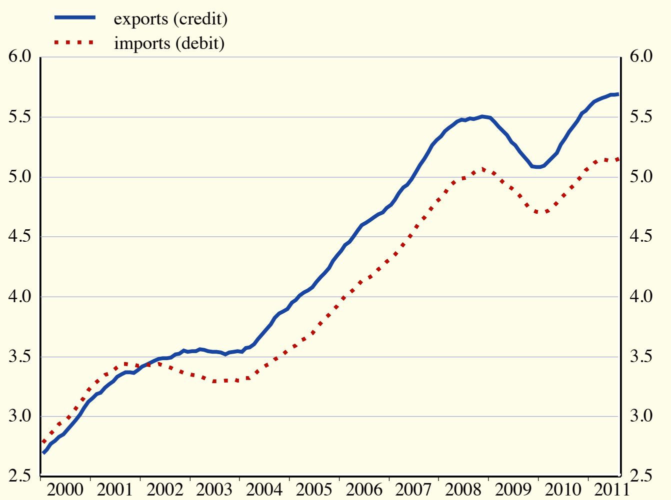
1. Summary current and capital accounts

	Current account													Capital account	
	Total			Goods		Services		Income		Current transfers					
	Credit	Debit	Net	Credit	Debit	Credit	Debit	Credit	Debit	Credit		Debit		Credit	Debit
											Workers' remit-tances		Workers' remit-tances		
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
2008	2,717.2	2,860.8	-143.5	1,588.5	1,610.4	513.3	471.2	523.6	590.4	91.8	6.9	188.8	21.6	24.7	14.7
2009	2,292.4	2,318.3	-25.9	1,302.5	1,266.5	473.9	438.8	421.5	427.3	94.5	6.4	185.7	22.5	20.6	13.4
2010	2,617.1	2,659.3	-42.2	1,560.0	1,547.1	518.8	472.9	450.7	448.4	87.6	6.3	190.9	22.3	21.2	15.7
2010 Q2	652.0	670.0	-18.0	387.4	385.3	129.6	116.2	115.9	129.7	19.2	1.7	38.7	5.3	4.1	3.1
Q3	666.8	674.0	-7.1	402.3	396.8	139.3	123.2	109.7	107.2	15.6	1.7	46.8	5.8	4.6	3.7
Q4	705.7	702.2	3.4	421.7	416.2	135.7	125.2	117.3	113.0	31.0	1.6	47.8	6.0	7.1	5.9
2011 Q1	684.5	714.7	-30.2	423.3	436.4	123.0	116.0	113.5	103.3	24.7	1.5	59.1	5.4	5.0	2.6
Q2	718.0	738.8	-20.8	438.0	440.6	133.3	115.8	127.1	141.5	19.6	1.6	40.8	5.6	3.8	3.1
2011 June	243.9	243.6	0.2	145.4	145.0	47.3	39.2	45.2	45.5	5.8	.	14.0	.	1.4	1.0
July	236.6	238.7	-2.0	148.1	144.8	47.1	41.6	36.1	36.8	5.3	.	15.6	.	1.4	1.0
Aug.	227.3	233.7	-6.3	139.4	142.5	46.3	42.6	35.8	34.6	5.9	.	13.9	.	3.1	1.0
	Seasonally adjusted														
2010 Q4	676.3	697.3	-21.0	406.7	410.4	132.5	121.2	114.1	117.9	23.0	.	47.8	.	.	.
2011 Q1	707.4	717.6	-10.2	434.4	435.7	133.6	120.7	116.7	112.6	22.7	.	48.6	.	.	.
Q2	712.1	725.2	-13.1	436.2	440.8	132.7	118.4	120.5	118.0	22.6	.	48.0	.	.	.
2011 June	237.1	240.2	-3.2	144.3	144.9	44.9	39.1	40.5	40.1	7.4	.	16.1	.	.	.
July	235.7	242.5	-6.8	145.9	147.1	43.7	40.1	38.4	39.3	7.6	.	16.0	.	.	.
Aug.	238.0	243.0	-5.0	147.4	147.0	43.9	40.5	38.6	39.8	8.1	.	15.7	.	.	.
	12-month cumulated transactions														
2011 Aug.	2,790.8	2,849.2	-58.3	1,703.6	1,710.1	530.3	480.3	465.2	466.3	91.7	.	192.5	.	.	.
	12-month cumulated transactions as a percentage of GDP														
2011 Aug.	29.9	30.6	-0.6	18.3	18.3	5.7	5.2	5.0	5.0	1.0	.	2.1	.	.	.

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



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



Source: ECB.

7.2 Current and capital accounts

(EUR billions)

2. Income account

(transactions)

	Compensation of employees		Investment income													
	Credit	Debit	Total		Direct investment						Portfolio investment				Other investment	
			Credit	Debit	Equity				Debt		Equity		Debt		Credit	Debit
					Credit		Debit		Credit	Debit	Credit	Debit	Credit	Debit		
						Reinv. earnings		Reinv. earnings								
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
2008	21.1	13.1	502.5	577.3	140.5	-7.8	117.4	20.5	31.3	26.7	39.3	111.2	119.1	128.7	172.3	193.3
2009	21.7	13.8	399.9	413.5	148.8	16.1	100.4	14.9	24.7	23.5	24.5	77.3	101.0	122.1	100.8	90.2
2010	23.3	14.2	427.3	434.2	195.6	20.1	139.6	38.4	24.0	19.9	29.1	86.3	99.3	122.7	79.3	65.6
2010 Q2	5.7	3.4	110.2	126.4	50.5	-8.5	35.7	3.6	6.0	4.9	9.3	38.5	24.8	31.0	19.6	16.2
Q3	5.6	4.1	104.1	103.1	46.5	14.6	35.0	12.5	5.7	4.6	7.4	16.8	25.4	31.1	19.1	15.6
Q4	6.4	4.1	111.0	108.9	51.2	-2.0	36.0	6.4	6.7	6.2	6.4	18.5	25.5	30.0	21.2	18.2
2011 Q1	5.7	2.7	107.8	100.6	47.7	11.1	33.8	21.5	6.5	4.3	7.4	14.2	25.4	30.8	20.9	17.5
Q2	5.8	3.2	121.3	138.4	56.5	8.8	38.1	10.6	6.4	4.8	12.3	46.3	25.2	31.3	20.9	17.8

3. Geographical breakdown

(cumulated transactions)

2010 Q3 to 2011 Q2	Total	EU Member States outside the euro area						Brazil	Canada	China	India	Japan	Russia	Switzer-land	United States	Other
		Total	Den-mark	Sweden	United Kingdom	Other EU countries	EU insti-tutions									
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
	Credits															
Current account	2,775.0	916.7	51.1	87.3	424.1	295.6	58.7	53.1	38.3	131.5	39.9	60.3	103.8	208.5	352.9	869.9
Goods	1,685.3	539.3	32.6	57.8	219.4	229.4	0.2	28.3	19.5	106.3	29.9	36.9	76.3	110.8	193.0	544.8
Services	531.3	166.9	10.9	14.7	103.9	30.7	6.6	8.4	8.2	17.1	7.4	13.1	17.3	53.6	77.6	161.6
Income	467.6	150.1	6.5	13.1	90.6	31.7	8.3	15.9	9.8	7.5	2.4	9.3	9.6	35.8	75.8	151.4
Investment income	444.1	143.4	6.4	12.9	89.0	31.1	4.0	15.9	9.7	7.5	2.4	9.3	9.5	24.7	74.0	147.7
Current transfers	90.8	60.4	1.2	1.6	10.2	3.7	43.7	0.4	0.8	0.5	0.3	0.9	0.6	8.3	6.5	12.1
Capital account	20.5	17.2	0.0	0.0	1.2	0.4	15.6	0.1	0.0	0.0	0.0	0.2	0.1	0.4	0.4	1.9
	Debits															
Current account	2,829.7	861.0	43.9	84.2	366.3	262.6	104.0	-	31.9	-	-	93.5	-	180.6	364.8	-
Goods	1,690.0	465.8	29.0	50.6	173.8	212.4	0.0	29.5	14.2	215.1	26.8	52.7	121.6	91.0	140.3	533.1
Services	480.2	136.9	7.7	12.8	81.9	34.2	0.2	5.1	6.5	13.1	5.7	9.8	10.7	42.4	98.7	151.4
Income	465.0	141.5	6.6	19.2	98.9	11.4	5.4	-	9.3	-	-	30.5	-	39.5	118.8	-
Investment income	450.9	133.4	6.5	19.1	97.4	5.0	5.4	-	9.2	-	-	30.3	-	39.1	117.7	-
Current transfers	194.5	116.7	0.6	1.5	11.7	4.5	98.4	1.5	1.9	3.8	0.7	0.5	0.7	7.8	7.0	53.8
Capital account	15.3	1.6	0.0	0.1	0.9	0.3	0.2	0.2	0.3	0.3	0.2	0.1	0.1	0.6	1.3	10.6
	Net															
Current account	-54.7	55.7	7.2	3.0	57.8	33.0	-45.3	-	6.4	-	-	-33.2	-	27.9	-12.0	-
Goods	-4.7	73.5	3.6	7.2	45.5	17.0	0.2	-1.1	5.3	-108.7	3.1	-15.7	-45.3	19.8	52.8	11.7
Services	51.1	30.0	3.2	1.9	22.1	-3.5	6.3	3.3	1.7	4.0	1.7	3.3	6.7	11.2	-21.2	10.2
Income	2.6	8.6	-0.1	-6.2	-8.3	20.2	2.9	-	0.5	-	-	-21.2	-	-3.6	-43.1	-
Investment income	-6.8	10.0	-0.1	-6.2	-8.4	26.0	-1.3	-	0.5	-	-	-21.1	-	-14.4	-43.7	-
Current transfers	-103.7	-56.4	0.6	0.1	-1.5	-0.8	-54.7	-1.2	-1.1	-3.2	-0.5	0.3	-0.1	0.5	-0.5	-41.7
Capital account	5.2	15.6	0.0	-0.1	0.2	0.0	15.4	-0.1	-0.2	-0.2	-0.2	0.1	0.0	-0.2	-0.9	-8.7

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)													
2007	13,992.8	15,266.8	-1,274.0	154.9	169.0	-14.1	3,726.7	3,221.9	4,631.1	6,538.1	-28.9	5,316.7	5,506.8	347.2
2008	13,377.1	14,961.4	-1,584.3	144.6	161.8	-17.1	3,878.4	3,247.8	3,834.9	5,976.8	-0.5	5,290.0	5,736.7	374.2
2009	13,764.1	15,170.3	-1,406.2	154.0	169.7	-15.7	4,287.2	3,403.0	4,341.3	6,781.9	0.2	4,675.9	4,985.4	459.6
2010 Q4	15,234.8	16,461.7	-1,226.9	166.0	179.4	-13.4	4,798.2	3,714.8	4,907.5	7,442.9	-61.6	5,002.9	5,304.0	587.8
2011 Q1	15,135.4	16,377.3	-1,241.9	163.4	176.8	-13.4	4,801.9	3,739.5	4,811.3	7,469.7	-31.6	4,977.1	5,168.1	576.6
Q2	15,241.6	16,591.9	-1,350.3	163.4	177.9	-14.5	4,861.2	3,765.7	4,768.0	7,681.2	-49.1	5,080.6	5,144.9	581.0
	Changes to outstanding amounts													
2007	1,608.0	1,858.8	-250.9	17.8	20.6	-2.8	572.8	486.8	258.7	591.3	-8.1	763.3	780.7	21.4
2008	-615.7	-305.5	-310.3	-6.7	-3.3	-3.4	151.7	25.9	-796.2	-561.3	28.4	-26.7	229.9	27.0
2009	387.1	208.9	178.1	4.3	2.3	2.0	408.8	155.2	506.4	805.1	0.7	-614.1	-751.4	85.4
2010	1,470.7	1,291.5	179.3	16.0	14.1	2.0	511.0	311.8	566.2	661.0	-61.7	327.1	318.7	128.2
2011 Q1	-99.5	-84.5	-15.0	-4.3	-3.7	-0.7	3.8	24.6	-96.2	26.8	29.9	-25.8	-135.9	-11.2
Q2	106.2	214.6	-108.4	4.5	9.1	-4.6	59.3	26.2	-43.4	211.5	-17.5	103.4	-23.2	4.4
	Transactions													
2007	1,940.3	1,943.2	-3.0	21.5	21.5	0.0	512.9	422.5	439.5	566.3	66.9	915.8	954.4	5.1
2008	429.9	551.3	-121.3	4.6	6.0	-1.3	336.6	105.5	5.0	266.4	84.5	0.5	179.4	3.4
2009	-128.9	-114.9	-14.0	-1.4	-1.3	-0.2	334.7	231.9	94.0	355.3	-21.1	-531.9	-702.1	-4.6
2010	490.0	534.1	-44.1	5.3	5.8	-0.5	174.9	125.0	145.6	293.6	-17.4	176.7	115.5	10.3
2010 Q4	44.1	53.6	-9.5	1.9	2.3	-0.4	-19.6	59.9	46.1	65.6	-8.9	25.0	-71.8	1.6
2011 Q1	217.2	233.0	-15.7	9.5	10.2	-0.7	89.3	79.5	27.1	155.6	2.2	86.9	-2.2	11.6
Q2	203.9	224.4	-20.6	8.6	9.5	-0.9	59.5	31.0	33.5	189.1	-3.4	118.7	4.4	-4.3
2011 Apr.	159.4	157.6	1.8	.	.	.	52.7	22.3	17.8	36.5	-2.9	97.8	98.8	-5.9
May	143.8	156.9	-13.1	.	.	.	7.0	1.1	35.0	78.1	1.5	97.3	77.7	3.1
June	-99.3	-90.1	-9.2	.	.	.	-0.2	7.6	-19.3	74.4	-1.9	-76.4	-172.1	-1.5
July	-6.6	-4.1	-2.5	.	.	.	12.2	12.9	-5.6	-26.7	4.6	-18.7	9.7	0.9
Aug.	39.5	49.3	-9.8	.	.	.	-6.5	-6.8	-67.1	-31.1	1.1	115.3	87.3	-3.2
	Other changes													
2007	-332.3	-84.4	-247.9	-3.7	-0.9	-2.7	59.9	64.3	-180.8	25.1	-75.1	-152.6	-173.8	16.3
2008	-1,045.7	-856.7	-188.9	-11.3	-9.3	-2.0	-184.9	-79.5	-801.2	-827.7	-56.0	-27.2	50.5	23.7
2009	515.9	323.8	192.2	5.8	3.6	2.1	74.1	-76.7	412.4	449.7	21.7	-82.2	-49.3	89.9
2010	980.7	757.4	223.3	10.7	8.3	2.4	336.1	186.8	420.6	367.4	-44.3	150.4	203.1	117.9
	Other changes due to exchange rate changes													
2007	-522.0	-339.7	-182.3	-5.8	-3.8	-2.0	-104.2	-17.1	-217.4	-146.8	.	-186.6	-175.8	-13.7
2008	-49.8	27.9	-77.7	-0.5	0.3	-0.8	-25.0	-34.0	6.6	41.9	.	-40.7	20.1	9.3
2009	-49.6	-55.2	5.5	-0.6	-0.6	0.1	-4.6	5.7	-30.5	-32.9	.	-11.9	-28.0	-2.7
2010	535.0	323.6	211.3	5.8	3.5	2.3	160.3	57.4	179.4	101.6	.	182.2	164.6	13.0
	Other changes due to price changes													
2007	78.7	113.4	-34.6	0.9	1.3	-0.4	45.2	5.8	77.3	107.6	-75.1	.	.	31.3
2008	-1,002.7	-975.7	-27.1	-10.8	-10.5	-0.3	-159.2	-60.7	-809.5	-915.0	-56.0	.	.	22.0
2009	635.3	483.4	151.9	7.1	5.4	1.7	142.5	28.4	425.3	455.0	21.7	.	.	45.8
2010	295.0	153.7	141.3	3.2	1.7	1.5	50.1	2.2	187.3	151.5	-44.3	.	.	102.0
	Other changes due to other adjustments													
2007	110.9	142.0	-31.0	1.2	1.6	-0.3	118.8	75.6	-40.7	64.3	.	34.1	2.0	-1.3
2008	6.8	91.0	-84.1	0.1	1.0	-0.9	-0.7	15.2	1.8	45.4	.	13.4	30.4	-7.7
2009	-69.7	-104.4	34.7	-0.8	-1.2	0.4	-63.9	-110.8	17.6	27.7	.	-70.3	-21.3	46.8
2010	150.8	280.1	-129.3	1.6	3.1	-1.4	125.7	127.2	53.9	114.4	.	-31.8	38.5	2.9
	Growth rates of outstanding amounts													
2006	16.1	14.8	-	.	.	.	15.1	10.6	13.6	13.7	.	20.5	18.8	0.3
2007	15.6	14.3	-	.	.	.	15.8	15.1	10.0	9.4	.	20.2	20.2	1.6
2008	3.0	3.6	-	.	.	.	9.2	3.3	-0.2	4.2	.	0.0	3.3	1.0
2009	-1.0	-0.8	-	.	.	.	8.6	7.3	2.4	5.9	.	-10.1	-12.2	-1.2
2010 Q4	3.5	3.4	-	.	.	.	3.9	3.5	3.2	4.2	.	3.7	2.3	2.0
2011 Q1	3.4	3.4	-	.	.	.	4.5	5.3	2.6	5.3	.	3.4	-0.4	2.9
Q2	3.8	3.8	-	.	.	.	3.8	4.6	3.1	6.4	.	4.9	-0.3	2.4

Source: ECB.
1) Net financial derivatives are included in assets.

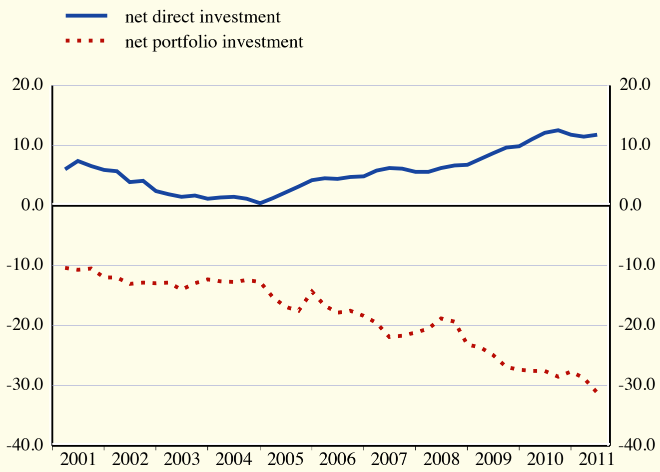
7.3 Financial account
(EUR billions and annual growth rates; outstanding amounts and growth rates at end of period, transactions during period)

2. Direct investment

	By resident units abroad							By non-resident units in the euro area						
	Total	Equity capital and reinvested earnings			Other capital (mostly inter-company loans)			Total	Equity capital and reinvested earnings			Other capital (mostly inter-company loans)		
		Total	MFIs	Non-MFIs	Total	MFIs	Non-MFIs		Total	Into MFIs	Into non-MFIs	Total	To MFIs	To non-MFIs
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
	Oustanding amounts (international investment position)													
2009	4,287.2	3,305.5	236.2	3,069.3	981.7	14.8	966.9	3,403.0	2,501.9	74.2	2,427.7	901.1	18.1	883.0
2010	4,798.2	3,667.1	277.9	3,389.2	1,131.1	17.8	1,113.3	3,714.8	2,820.2	83.2	2,737.0	894.6	12.7	881.9
2011 Q1	4,801.9	3,680.2	273.8	3,406.4	1,121.7	17.1	1,104.6	3,739.5	2,853.3	84.4	2,768.9	886.2	11.1	875.1
Q2	4,861.2	3,732.0	281.1	3,450.9	1,129.2	14.5	1,114.7	3,765.7	2,875.9	85.1	2,790.8	889.8	9.5	880.3
	Transactions													
2008	336.6	193.8	9.3	184.5	142.8	-0.3	143.1	105.5	64.3	-8.2	72.5	41.1	1.6	39.6
2009	334.7	257.5	20.1	237.3	77.2	2.6	74.6	231.9	236.7	7.5	229.2	-4.8	-0.6	-4.2
2010	174.9	51.1	12.6	38.5	123.8	1.2	122.6	125.0	176.7	7.2	169.5	-51.7	-7.5	-44.2
2010 Q4	-19.6	-49.7	0.5	-50.2	30.1	0.2	29.9	59.9	9.9	1.7	8.2	50.0	-4.9	54.9
2011 Q1	89.3	77.8	3.8	74.0	11.6	0.1	11.5	79.5	69.6	0.8	68.8	9.9	-1.5	11.4
Q2	59.5	55.4	8.9	46.4	4.1	-2.6	6.7	31.0	26.8	1.6	25.2	4.2	-1.5	5.7
2011 Apr.	52.7	47.1	4.8	42.3	5.6	0.7	4.9	22.3	16.9	0.5	16.4	5.4	-0.5	5.9
May	7.0	0.1	0.4	-0.3	6.9	0.4	6.5	1.1	3.2	0.7	2.5	-2.1	0.0	-2.0
June	-0.2	8.2	3.7	4.5	-8.3	-3.7	-4.6	7.6	6.8	0.5	6.3	0.8	-1.0	1.8
July	12.2	10.3	0.0	10.3	1.9	-1.6	3.5	12.9	16.4	0.8	15.6	-3.6	-0.2	-3.4
Aug.	-6.5	-7.4	1.2	-8.6	0.9	0.1	0.8	-6.8	7.8	0.2	7.5	-14.6	0.1	-14.7
	Growth rates													
2008	9.2	6.6	4.0	6.9	19.1	-1.4	19.4	3.3	2.7	-10.8	3.2	5.0	8.4	4.9
2009	8.6	8.6	9.2	8.5	8.8	20.5	8.6	7.3	10.4	11.6	10.4	-0.5	-3.2	-0.5
2010 Q4	3.9	1.5	5.3	1.2	12.5	7.8	12.6	3.5	6.8	9.4	6.8	-5.7	-41.3	-5.0
2011 Q1	4.5	2.9	2.1	3.0	9.9	6.4	10.0	5.3	6.3	8.7	6.2	2.0	-48.1	3.1
Q2	3.8	3.5	5.4	3.3	4.8	-12.7	5.1	4.6	5.1	8.0	5.0	3.1	-47.9	4.1

C36 Euro area international investment position
(outstanding amounts at end of period; as a percentage of GDP)

C37 Euro area direct and portfolio investment position
(outstanding amounts at end of period; as a percentage of GDP)



Source: ECB.

7.3 Financial account

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

3. Portfolio investment assets

	Total	Equity					Debt instruments									
							Bonds and notes					Money market instruments				
		Total	MFIs		Non-MFIs		Total	MFIs		Non-MFIs		Total	MFIs		Non-MFIs	
				Euro-system		General government			Euro-system		General government			Euro-system		General government
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
	Outstanding amounts (international investment position)															
2009	4,341.3	1,514.5	80.8	3.4	1,433.6	36.6	2,426.6	924.6	17.1	1,502.0	36.6	400.2	330.2	44.9	69.9	2.0
2010	4,907.5	1,914.2	93.8	3.6	1,820.5	47.6	2,588.8	810.7	15.6	1,778.1	75.7	404.5	314.9	41.7	89.6	0.2
2011 Q1	4,811.3	1,858.4	89.8	3.1	1,768.6	44.8	2,537.2	772.0	17.1	1,765.2	95.9	415.8	323.9	40.0	91.8	0.9
Q2	4,768.0	1,835.0	94.8	3.5	1,740.2	41.6	2,561.6	762.2	17.7	1,799.4	93.4	371.3	278.1	45.7	93.2	0.4
	Transactions															
2008	5.0	-93.7	-34.3	0.7	-59.4	-0.1	72.1	37.7	3.2	34.4	2.7	26.5	49.6	13.1	-23.0	0.4
2009	94.0	53.4	-1.3	0.0	54.8	2.5	45.7	-93.2	-3.8	138.9	17.5	-5.2	1.0	-12.9	-6.2	0.9
2010	145.6	76.5	5.6	-0.2	70.9	1.7	109.3	-124.5	-0.8	233.8	52.8	-40.3	-55.5	-11.7	15.3	-1.9
2010 Q4	46.1	40.7	3.2	0.0	37.6	-1.4	0.9	-96.6	-0.5	97.5	54.1	4.4	-11.2	-9.5	15.7	-0.3
2011 Q1	27.1	-1.0	0.0	-0.4	-1.0	-1.8	5.3	-12.7	1.7	18.0	0.4	22.8	16.8	1.5	6.1	0.7
Q2	33.5	17.0	3.2	0.1	13.9	-2.3	29.4	-4.4	0.4	33.9	-0.8	-13.0	-12.4	4.8	-0.6	-0.5
2011 Apr.	17.8	11.0	4.1	0.0	6.9	.	5.0	-2.3	0.2	7.3	.	1.7	-6.7	-2.7	8.4	.
May	35.0	4.6	3.4	0.0	1.2	.	20.0	7.3	-0.2	12.7	.	10.3	3.9	4.5	6.4	.
June	-19.3	1.4	-4.3	0.0	5.7	.	4.4	-9.5	0.4	13.8	.	-25.0	-9.6	3.0	-15.5	.
July	-5.6	1.6	1.3	0.0	0.3	.	-4.8	-9.2	0.2	4.5	.	-2.5	-6.7	-3.9	4.2	.
Aug.	-67.1	-38.8	-10.3	0.0	-28.5	.	-25.7	-17.5	-1.5	-8.2	.	-2.6	-2.9	8.3	0.2	.
	Growth rates															
2008	-0.2	-5.6	-26.5	25.0	-4.0	-0.3	3.2	3.9	20.4	2.6	15.6	6.9	16.8	36.3	-25.8	65.9
2009	2.4	3.9	-2.4	-0.6	4.3	8.5	1.9	-9.5	-19.0	10.7	93.4	-2.0	-0.8	-22.3	-7.9	67.2
2010 Q4	3.2	4.8	7.0	-5.2	4.7	4.8	4.4	-13.5	-4.9	14.9	127.8	-9.5	-16.0	-25.4	21.1	-91.9
2011 Q1	2.6	2.6	1.7	-16.4	2.6	-3.2	2.9	-14.0	2.5	12.4	131.9	0.8	-6.5	-10.2	34.8	65.6
Q2	3.1	3.4	4.8	-9.8	3.3	-14.1	3.7	-12.4	9.7	12.3	126.5	-0.8	-4.4	9.2	13.7	93.4

4. Portfolio investment liabilities

	Total	Equity			Debt instruments							
					Bonds and notes				Money market instruments			
		Total	MFIs	Non-MFIs	Total	MFIs	Non-MFIs		Total	MFIs	Non-MFIs	
								General government				General government
	1	2	3	4	5	6	7	8	9	10	11	12
	Outstanding amounts (international investment position)											
2009	6,781.9	2,781.9	686.2	2,095.7	3,493.1	1,093.2	2,399.9	1,481.2	506.9	66.2	440.7	409.3
2010	7,442.9	3,150.7	658.0	2,492.7	3,823.0	1,165.4	2,657.5	1,680.3	469.2	77.2	392.0	352.6
2011 Q1	7,469.7	3,206.3	651.6	2,554.8	3,760.6	1,113.4	2,647.2	1,698.3	502.8	109.0	393.7	360.0
Q2	7,681.2	3,127.4	636.2	2,491.3	4,010.3	1,169.6	2,840.7	1,827.9	543.4	140.1	403.3	354.9
	Transactions											
2008	266.4	-108.6	78.1	-186.7	175.5	-15.6	191.0	159.4	199.5	-25.0	224.6	191.0
2009	355.3	121.6	10.7	110.9	143.2	-15.6	158.8	103.7	90.5	-18.3	108.9	144.3
2010	293.6	128.9	-14.2	143.1	174.2	57.3	116.9	189.2	-9.5	28.9	-38.4	-34.8
2010 Q4	65.6	47.4	-7.2	54.6	43.1	25.8	17.3	29.5	-24.9	-0.7	-24.2	-17.4
2011 Q1	155.6	88.2	6.9	81.4	22.1	28.8	-6.8	31.7	45.4	35.4	10.0	20.8
Q2	189.1	-12.3	-5.3	-7.0	174.8	46.0	128.9	98.3	26.5	21.9	4.6	-1.3
2011 Apr.	36.5	0.2	3.8	-3.6	43.7	6.6	37.1	.	-7.4	8.0	-15.4	.
May	78.1	-14.3	-3.3	-11.0	63.4	14.6	48.8	.	29.1	13.0	16.0	.
June	74.4	1.8	-5.8	7.6	67.8	24.8	43.0	.	4.9	0.9	3.9	.
July	-26.7	8.6	-15.8	24.4	-30.7	2.3	-33.0	.	-4.6	-4.0	-0.6	.
Aug.	-31.1	-15.1	19.5	-34.6	-5.9	5.6	-11.5	.	-10.1	-1.0	-9.2	.
	Growth rates											
2008	4.2	-4.5	13.7	-8.8	5.9	-1.3	10.4	14.1	84.4	-19.3	222.1	257.0
2009	5.9	5.2	1.6	6.6	4.2	-1.3	7.2	7.4	23.0	-28.7	33.0	53.5
2010 Q4	4.2	4.5	-2.1	6.7	4.9	5.0	4.8	12.6	-1.9	42.9	-8.9	-8.7
2011 Q1	5.3	7.1	1.1	8.9	3.4	5.9	2.3	8.6	9.0	68.9	-1.5	0.9
Q2	6.4	6.1	1.5	7.5	5.5	10.1	3.5	7.5	16.7	151.2	-1.8	2.9

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)														
2009	4,675.9	30.2	29.8	0.4	2,834.7	2,804.2	30.5	122.1	8.4	74.9	15.9	1,688.9	201.4	1,344.7	402.6
2010	5,002.9	32.6	32.0	0.7	2,972.3	2,939.9	32.4	166.3	7.6	117.6	21.0	1,831.8	214.4	1,468.5	428.6
2011 Q1	4,977.1	35.3	35.1	0.2	2,963.5	2,923.3	40.2	153.1	7.5	104.7	16.8	1,825.3	223.8	1,449.8	434.7
Q2	5,080.6	40.4	40.2	0.2	3,043.7	2,994.0	49.7	147.4	7.5	99.5	19.2	1,849.1	224.4	1,480.1	443.6
	Transactions														
2008	0.5	-9.5	-9.5	0.0	-42.6	-59.2	16.6	-5.7	-1.1	-5.9	-4.7	58.3	-1.1	48.0	-22.0
2009	-531.9	0.1	0.0	0.1	-420.5	-399.9	-20.5	10.7	-0.4	9.3	1.2	-122.2	7.5	-128.0	-34.6
2010	176.7	-2.9	-2.9	0.0	8.5	-0.4	8.9	40.0	-0.3	39.4	4.9	131.2	7.0	100.9	46.3
2010 Q4	25.0	6.1	6.0	0.1	-28.6	-28.0	-0.6	34.9	0.0	35.0	4.8	12.6	1.4	24.9	19.5
2011 Q1	86.9	3.6	3.6	0.0	63.3	55.2	8.1	-7.8	-0.1	-8.2	-4.2	27.8	11.2	-0.7	2.6
Q2	118.7	4.6	4.6	0.0	61.3	54.7	6.6	1.0	0.0	0.6	2.4	51.8	0.6	49.5	22.6
2011 Apr.	97.8	5.6	.	.	83.3	.	.	1.5	.	.	-0.1	7.5	.	.	7.2
May	97.3	-1.5	.	.	65.5	.	.	-1.9	.	.	-0.2	35.2	.	.	10.5
June	-76.4	0.6	.	.	-87.4	.	.	1.4	.	.	2.7	9.1	.	.	4.9
July	-18.7	-0.1	.	.	-19.5	.	.	-5.4	.	.	-1.7	6.2	.	.	4.3
Aug.	115.3	0.5	.	.	103.8	.	.	-3.6	.	.	-3.0	14.7	.	.	1.5
	Growth rates														
2008	0.0	-26.4	-27.0	0.9	-1.3	-1.8	23.6	-5.9	-8.8	-11.8	-27.8	3.2	-0.6	3.2	-4.7
2009	-10.1	-0.4	-1.4	23.4	-12.8	-12.4	-36.9	9.8	-3.5	15.3	7.9	-6.7	3.8	-8.6	-8.1
2010 Q4	3.7	-13.1	-13.0	-9.9	0.4	0.1	27.8	31.9	-3.1	50.8	30.6	7.6	3.4	7.3	11.1
2011 Q1	3.4	26.3	27.3	-10.9	0.5	0.1	44.7	32.3	-3.3	53.5	36.0	5.9	10.7	4.8	10.0
Q2	4.9	65.6	67.1	-1.3	2.8	2.4	37.8	18.2	-3.2	27.6	3.6	6.6	6.7	6.3	14.9

6. Other investment liabilities

	Total	Eurosystem			MFIs (excluding Eurosystem)			General government				Other sectors			
		Total	Loans/ currency and deposits	Other liabilities	Total	Loans/ currency and deposits	Other liabilities	Total	Trade credits	Loans	Other liabilities	Total	Trade credits	Loans	Other liabilities
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
	Outstanding amounts (international investment position)														
2009	4,985.4	251.7	251.3	0.4	3,399.7	3,360.7	39.0	85.2	0.0	80.8	4.4	1,248.8	177.8	929.3	141.7
2010	5,304.0	268.8	265.7	3.1	3,508.6	3,462.6	46.0	153.9	0.0	147.2	6.6	1,372.8	200.8	1,016.2	155.8
2011 Q1	5,168.1	272.3	271.8	0.5	3,365.9	3,310.5	55.4	174.1	0.0	168.6	5.4	1,355.8	207.5	984.5	163.8
Q2	5,144.9	277.7	274.9	2.8	3,326.5	3,270.6	55.9	186.2	0.0	180.9	5.3	1,354.5	207.2	990.5	156.8
	Transactions														
2008	179.4	280.9	280.9	0.0	-174.7	-186.0	11.3	9.5	0.0	10.9	-1.3	63.6	9.4	44.4	9.8
2009	-702.1	-233.2	-233.4	0.2	-352.7	-341.5	-11.2	17.8	0.0	17.8	0.0	-134.0	0.8	-126.1	-8.7
2010	115.5	8.9	6.3	2.6	-10.8	-16.8	6.0	64.6	0.0	63.8	0.8	52.8	15.5	13.5	23.8
2010 Q4	-71.8	17.3	16.0	1.3	-100.2	-103.0	2.8	45.6	0.0	45.4	0.2	-34.5	9.6	-31.6	-12.5
2011 Q1	-2.2	9.6	12.1	-2.6	-62.9	-73.7	10.8	27.1	0.0	28.3	-1.2	24.0	6.3	-0.4	18.0
Q2	4.4	7.2	4.9	2.4	-17.9	-19.2	1.3	12.2	0.0	12.3	-0.1	2.8	-0.2	0.1	2.9
2011 Apr.	98.8	0.6	.	.	95.8	.	.	-2.0	.	.	.	4.4	.	.	.
May	77.7	5.4	.	.	54.7	.	.	11.1	.	.	.	6.6	.	.	.
June	-172.1	1.3	.	.	-168.4	.	.	3.2	.	.	.	-8.2	.	.	.
July	9.7	14.2	.	.	-24.3	.	.	6.9	.	.	.	13.0	.	.	.
Aug.	87.3	7.1	.	.	52.9	.	.	-2.5	.	.	.	29.7	.	.	.
	Growth rates														
2008	3.3	141.2	141.3	.	-4.4	-4.7	18.1	15.9	.	20.6	-23.9	4.8	5.4	4.3	7.5
2009	-12.2	-48.1	-48.2	.	-9.3	-9.2	-19.8	25.7	.	27.4	-0.9	-9.4	0.3	-11.5	-5.8
2010 Q4	2.3	3.4	2.4	.	-0.2	-0.4	15.8	74.2	.	78.3	11.7	4.0	8.6	1.2	15.8
2011 Q1	-0.4	9.4	9.6	.	-4.9	-5.3	26.8	99.8	.	106.7	-2.7	3.5	14.2	-0.2	14.6
Q2	-0.3	12.6	11.8	.	-5.2	-5.6	23.3	93.6	.	101.8	-18.8	4.0	8.6	0.8	19.5

Source: ECB.

(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)																
2007	347.2	201.0	353.688	4.6	3.6	138.0	7.2	22.0	108.5	0.4	87.8	20.3	0.3	0.0	44.3	-38.5	5.3
2008	374.2	217.0	349.207	4.7	7.3	145.1	7.6	8.1	129.5	0.6	111.3	17.6	0.0	0.0	262.8	-245.7	5.5
2009	462.4	266.1	347.180	50.8	10.5	134.9	11.7	8.1	115.2	0.5	92.0	22.7	-0.1	0.0	32.1	-24.2	51.2
2010 Q4	591.2	366.2	346.962	54.2	15.8	155.0	7.7	16.1	131.3	0.5	111.2	19.5	0.0	0.0	26.3	-24.4	54.5
2011 Q1	576.6	351.5	346.988	51.1	21.6	152.4	5.6	18.2	128.2	0.5	108.6	19.0	0.4	0.0	21.3	-24.5	52.6
Q2	580.8	361.4	346.989	50.4	22.4	146.5	5.1	13.0	128.2	0.5	108.3	19.3	0.2	0.0	20.4	-18.1	52.2
2011 Aug.	656.4	435.5	346.989	51.0	24.0	146.0	5.1	11.0	129.7	-	-	-	0.1	0.0	25.9	-21.1	52.5
Sep.	646.7	416.3	346.990	52.9	26.0	151.4	5.5	11.2	135.2	-	-	-	-0.4	0.0	31.4	-24.5	54.5
	Transactions																
2007	5.1	-3.2	-	0.3	-0.9	8.8	1.0	1.6	6.2	0.0	14.5	-8.3	0.0	0.0	-	-	-
2008	3.4	-2.7	-	-0.1	3.8	2.4	5.0	-15.7	11.8	0.1	15.8	-4.1	1.3	0.0	-	-	-
2009	-4.6	-2.0	-	0.5	3.4	-6.4	3.1	-1.2	-9.5	0.0	-14.1	4.6	1.2	0.0	-	-	-
2010 Q4	1.6	0.0	-	0.1	0.1	1.3	-0.4	-0.5	2.1	0.0	3.2	-1.1	0.1	0.0	-	-	-
2011 Q1	11.6	0.0	-	-1.2	6.7	6.1	-1.8	3.1	4.8	0.0	4.0	0.7	0.0	0.0	-	-	-
Q2	-4.3	0.0	-	-0.2	0.9	-5.1	-0.5	-5.4	0.9	0.0	0.4	0.5	-0.1	0.0	-	-	-
	Growth rates																
2007	1.6	-1.7	-	7.3	-18.3	6.3	15.0	6.4	5.7	1.1	18.6	-27.6	-	-	-	-	-
2008	1.0	-1.3	-	-2.5	105.5	1.7	67.8	-68.9	10.8	28.0	17.9	-20.6	-	-	-	-	-
2009	-1.2	-0.9	-	-2.6	45.5	-4.4	41.1	-21.3	-7.3	1.0	-12.8	25.3	-	-	-	-	-
2010 Q4	2.0	0.0	-	-0.1	46.4	3.6	-43.3	76.2	3.4	-5.2	10.3	-25.5	-	-	-	-	-
2011 Q1	2.9	0.0	-	-1.9	77.7	5.3	-44.7	68.6	4.0	-4.3	12.0	-27.9	-	-	-	-	-
Q2	2.4	0.0	-	-2.4	49.8	4.6	-36.6	5.3	7.4	1.9	12.4	-15.3	-	-	-	-	-

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)										
2007	9,991.0	5,144.6	240.5	2,996.3	172.6	189.6	1,247.3	1,235.4	202.1	5,228.6	2,077.6
2008	10,914.5	5,340.8	398.1	3,377.9	184.1	211.8	1,401.7	1,747.0	482.7	5,006.5	2,276.5
2009	10,391.3	4,622.0	506.9	3,493.1	177.8	185.6	1,405.9	1,975.7	251.7	4,559.1	2,198.9
2010 Q4	11,016.4	4,891.7	469.2	3,823.0	200.8	211.5	1,420.2	2,186.8	268.8	4,751.3	2,389.4
2011 Q1	10,855.2	4,735.4	502.8	3,760.6	207.6	225.1	1,423.7	2,232.3	272.3	4,588.4	2,338.5
Q2	11,126.4	4,716.9	543.4	4,010.3	207.3	220.8	1,427.7	2,369.0	277.7	4,636.2	2,415.7
	Outstanding amounts as a percentage of GDP										
2007	110.5	56.9	2.7	33.1	1.9	2.1	13.8	13.7	2.2	57.8	23.0
2008	118.1	57.8	4.3	36.5	2.0	2.3	15.2	18.9	5.2	54.2	24.6
2009	116.3	51.7	5.7	39.1	2.0	2.1	15.7	22.1	2.8	51.0	24.6
2010 Q4	120.2	53.4	5.1	41.7	2.2	2.3	15.5	23.9	2.9	51.8	26.1
2011 Q1	117.3	51.2	5.4	40.6	2.2	2.4	15.4	24.1	2.9	49.6	25.3
Q2	119.4	50.6	5.8	43.0	2.2	2.4	15.3	25.4	3.0	49.7	25.9

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

7.3 Financial account

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

9. Geographical breakdown

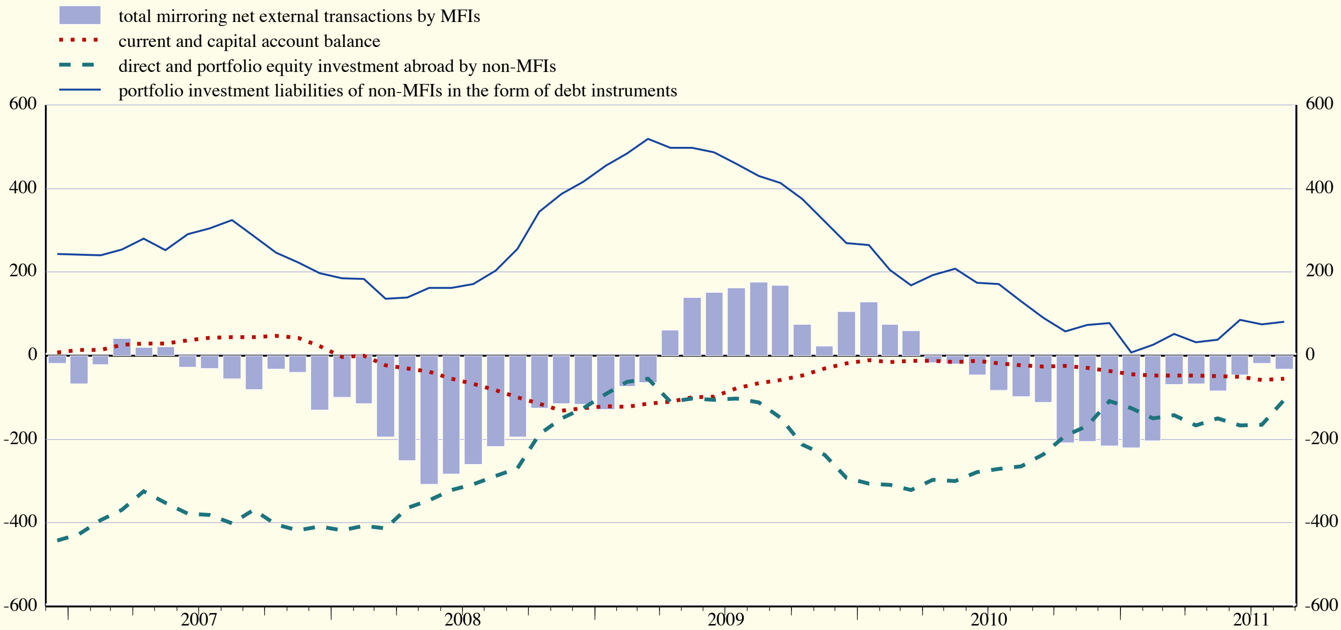
	Total	EU Member States outside the euro area						Canada	China	Japan	Switzer-land	United States	Offshore financial centres	Interna-tional organisa-tions	Other countries
		Total	Denmark	Sweden	United Kingdom	Other EU countries	EU institutions								
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
2010	Outstanding amounts (international investment position)														
Direct investment	1,083.3	116.9	3.8	-6.6	-170.8	291.8	-1.3	50.4	57.1	-3.9	178.9	-23.2	42.7	-0.3	664.8
Abroad	4,798.2	1,490.8	36.2	141.7	994.2	318.7	0.0	154.7	61.5	87.2	479.5	899.7	586.7	0.0	1,037.9
Equity/reinvested earnings	3,667.1	1,114.0	32.2	88.8	733.5	259.4	0.0	121.4	49.5	65.8	374.0	637.1	501.8	0.0	803.6
Other capital	1,131.1	376.8	4.0	52.9	260.7	59.2	0.0	33.3	12.0	21.4	105.6	262.7	85.0	0.0	234.3
In the euro area	3,714.8	1,374.0	32.5	148.4	1,165.0	26.9	1.3	104.3	4.4	91.1	300.6	922.9	544.1	0.4	373.1
Equity/reinvested earnings	2,820.2	1,121.1	22.5	133.9	958.4	4.9	1.3	91.7	3.4	73.5	201.8	702.5	387.3	0.1	238.8
Other capital	894.6	252.9	10.0	14.4	206.6	21.9	0.0	12.6	1.0	17.6	98.8	220.4	156.7	0.2	134.3
Portfolio investment assets	4,907.5	1,550.5	84.0	189.3	1,054.9	103.5	118.9	110.8	59.5	203.6	134.6	1,557.4	460.8	30.8	799.6
Equity	1,914.2	379.4	13.7	46.0	300.5	18.1	1.1	44.6	57.2	106.3	117.5	574.9	243.0	1.4	390.1
Debt instruments	2,993.3	1,171.1	70.3	143.3	754.4	85.3	117.8	66.3	2.2	97.3	17.1	982.5	217.8	29.4	409.6
Bonds and notes	2,588.8	1,031.4	63.0	121.3	646.1	83.8	117.2	61.8	1.4	44.3	11.7	836.1	208.6	29.0	364.5
Money market instruments	404.5	139.7	7.3	21.9	108.3	1.6	0.6	4.5	0.8	53.0	5.5	146.4	9.2	0.4	45.1
Other investment	-301.1	-241.1	54.8	1.5	-202.0	85.9	-181.2	-7.3	-8.0	19.9	-34.4	-94.6	-5.0	-25.2	94.7
Assets	5,002.9	2,295.1	112.6	96.9	1,869.7	198.5	17.4	28.5	38.7	103.7	275.2	713.1	588.7	48.8	911.2
General government	166.3	55.0	0.8	6.5	34.6	2.1	11.0	1.9	3.2	2.6	1.2	13.7	3.6	31.8	53.2
MFIs	3,004.9	1,576.0	90.7	52.9	1,268.2	160.9	3.3	15.6	12.1	72.6	136.3	375.8	367.6	16.5	432.4
Other sectors	1,831.8	664.0	21.1	37.5	566.9	35.5	3.1	11.0	23.4	28.5	137.7	323.6	217.4	0.6	425.5
Liabilities	5,304.0	2,536.1	57.9	95.4	2,071.7	112.6	198.6	35.8	46.7	83.8	309.6	807.8	593.6	74.0	816.5
General government	153.9	92.1	0.2	0.5	57.1	0.2	34.1	0.1	0.1	0.1	0.8	27.3	1.7	27.6	4.1
MFIs	3,777.4	1,855.6	45.5	63.8	1,555.6	84.5	106.1	27.6	22.1	50.4	233.4	491.5	475.5	43.4	577.9
Other sectors	1,372.8	588.4	12.2	31.1	458.9	27.9	58.3	8.2	24.6	33.2	75.4	289.0	116.5	3.0	234.5
2010 Q3 to 2011 Q2	Cumulated transactions														
Direct investment	11.1	22.6	0.6	-8.6	15.7	14.9	0.0	-29.0	6.7	1.6	-24.9	-15.3	8.0	-0.1	41.5
Abroad	179.9	47.7	1.6	2.1	25.2	18.7	0.0	1.8	6.6	1.4	-3.2	21.3	26.8	0.0	77.4
Equity/reinvested earnings	127.3	38.3	1.7	3.5	14.6	18.5	0.0	1.9	3.7	2.1	-4.8	20.1	7.0	0.0	59.0
Other capital	52.6	9.4	0.0	-1.4	10.6	0.2	0.0	0.0	2.9	-0.6	1.6	1.3	19.7	0.0	18.4
In the euro area	168.9	25.1	1.0	10.7	9.5	3.8	0.0	30.9	-0.1	-0.1	21.7	36.6	18.8	0.1	36.0
Equity/reinvested earnings	142.2	34.2	-0.2	8.1	26.1	0.2	0.0	31.7	0.4	0.4	1.3	29.1	17.5	0.0	27.6
Other capital	26.6	-9.2	1.2	2.6	-16.5	3.6	0.0	-0.8	-0.5	-0.6	20.4	7.5	1.3	0.1	8.4
Portfolio investment assets	148.8	31.3	-2.8	16.8	-0.7	6.0	11.9	-2.5	12.1	3.3	1.3	48.9	-24.8	0.6	78.6
Equity	58.4	12.7	0.7	4.7	6.5	0.8	0.1	5.4	11.3	1.2	-3.3	20.2	-7.2	-0.4	18.5
Debt instruments	90.3	18.5	-3.5	12.1	-7.2	5.3	11.9	-8.0	0.8	2.1	4.7	28.7	-17.6	1.0	60.1
Bonds and notes	94.1	42.1	-1.9	12.4	14.7	4.9	12.0	-9.0	0.7	0.8	3.3	20.2	-19.8	1.2	54.5
Money market instruments	-3.7	-23.5	-1.6	-0.3	-21.9	0.4	-0.1	1.0	0.0	1.2	1.4	8.6	2.2	-0.2	5.6
Other investment	253.4	148.4	1.3	8.7	168.8	2.4	-32.7	-1.0	1.8	4.2	44.0	-4.7	126.0	-43.7	-21.6
Assets	242.2	119.0	1.6	20.4	89.8	6.3	0.9	-0.2	9.3	15.0	13.9	20.6	49.4	-11.1	26.4
General government	24.1	9.7	0.8	0.9	6.8	1.4	-0.3	1.0	0.0	2.3	0.7	7.4	0.4	0.8	1.9
MFIs	98.6	30.9	-1.8	13.7	15.0	4.0	-0.1	-1.8	7.9	11.4	0.1	9.4	38.7	-11.9	14.1
Other sectors	119.5	78.5	2.6	5.8	68.0	0.9	1.3	0.6	1.4	1.3	13.1	3.8	10.3	0.1	10.5
Liabilities	-11.2	-29.3	0.3	11.8	-79.0	3.9	33.7	0.8	7.4	10.8	-30.1	25.3	-76.6	32.6	48.0
General government	90.1	51.9	0.0	0.0	32.6	0.0	19.3	0.0	0.0	-0.2	-0.9	16.2	1.2	22.7	-0.7
MFIs	-157.0	-110.9	0.4	5.2	-125.5	1.8	7.3	-2.0	4.6	12.0	-35.7	20.8	-79.4	9.9	23.6
Other sectors	55.7	29.7	0.0	6.5	13.9	2.1	7.1	2.7	2.9	-1.0	6.5	-11.8	1.6	0.0	25.1

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
2008	-116.9	-125.2	-327.9	112.0	59.2	-11.0	-186.9	416.4	-53.1	73.5	-84.4	10.6
2009	105.7	-19.1	-311.9	224.8	-54.8	-132.8	111.0	268.8	111.5	-115.9	21.1	3.0
2010	-216.3	-37.3	-161.3	125.2	-70.7	-249.1	143.2	77.8	-170.3	117.2	17.4	-8.4
2010 Q2	-21.5	-17.0	-86.3	51.1	-1.7	-44.2	23.1	99.6	-52.5	4.9	0.3	1.2
Q3	-59.5	-6.4	-49.0	-3.8	-3.8	-44.6	41.0	-43.9	-23.2	68.6	6.3	-0.6
Q4	-57.3	4.2	20.2	63.1	-37.6	-113.2	54.6	-7.4	-46.9	11.1	8.9	-14.4
2011 Q1	69.3	-27.8	-85.5	80.2	1.0	-24.0	81.4	3.2	-20.0	51.1	-2.2	12.1
Q2	2.1	-20.1	-53.2	30.8	-13.9	-33.2	-7.0	133.4	-52.8	15.0	3.4	-0.4
2010 Aug.	1.5	-7.3	-12.9	-18.2	-3.6	0.3	25.9	-26.9	8.5	23.4	5.9	6.5
Sep.	-26.0	-5.5	-12.3	3.7	-4.1	-15.6	15.1	6.6	-27.7	14.2	0.3	-0.8
Oct.	-84.2	2.5	5.2	-16.2	-17.2	-87.7	44.7	7.3	-26.8	9.2	-0.2	-4.9
Nov.	-7.0	-3.0	7.8	39.5	-9.4	-23.4	-15.1	30.4	-23.3	-2.9	3.1	-10.6
Dec.	33.8	4.7	7.1	39.9	-11.0	-2.0	25.1	-45.1	3.1	4.8	6.1	1.0
2011 Jan.	-23.6	-19.6	-29.4	37.4	0.2	-12.3	10.3	-37.0	-21.4	43.2	-1.0	6.0
Feb.	3.2	-7.1	-25.6	0.5	-1.1	-12.2	43.8	10.6	0.8	-12.3	0.8	5.0
Mar.	89.7	-1.1	-30.4	42.2	1.9	0.5	27.2	29.6	0.6	20.2	-2.1	1.1
Apr.	-31.3	-5.0	-47.1	22.3	-6.9	-15.7	-3.6	21.7	-9.0	2.4	2.9	6.8
May	-2.4	-15.7	-6.2	0.5	-1.2	-19.1	-11.0	64.8	-33.3	17.7	-1.5	2.5
June	35.8	0.6	0.1	8.1	-5.7	1.6	7.6	46.9	-10.5	-5.0	1.9	-9.8
July	-7.9	-1.6	-13.8	12.2	-0.3	-8.6	24.4	-33.7	-0.9	19.9	-4.6	-0.9
Aug.	-12.7	-4.2	7.8	-7.1	28.5	8.0	-34.6	-20.6	-11.0	27.3	-1.1	-5.6
	12-month cumulated transactions											
2011 Aug.	-32.6	-55.0	-136.7	183.0	-26.3	-186.7	133.9	81.5	-159.3	138.6	4.7	-10.1

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)												
2009	-18.0	-21.8	1,279.8	628.0	264.3	355.5	1,063.2	1,266.4	734.3	193.8	316.8	840.8	182.1
2010	19.9	22.7	1,531.3	765.0	310.8	419.8	1,267.4	1,548.0	946.9	228.4	348.1	1,015.7	247.3
2010 Q3	22.5	27.2	396.9	197.7	80.8	108.2	329.3	401.6	245.9	59.9	89.6	266.5	63.0
Q4	22.2	25.9	404.2	201.9	84.1	109.5	332.6	407.2	253.8	58.9	89.5	264.7	66.4
2011 Q1	21.8	24.1	427.3	214.5	86.1	116.0	350.1	435.2	275.5	59.6	91.8	277.0	74.3
Q2	13.1	12.5	429.1	215.6	86.6	116.3	350.7	436.1	279.9	58.3	89.9	275.3	77.1
2011 Mar.	16.5	17.1	144.2	72.8	29.6	39.2	118.6	145.8	93.2	19.4	30.9	93.6	26.2
Apr.	14.6	17.5	144.4	72.3	28.3	39.4	116.1	147.0	94.1	20.2	29.8	91.8	26.9
May	22.4	17.3	146.0	73.2	30.3	40.0	121.3	147.5	94.5	19.5	30.6	94.0	25.3
June	3.5	3.6	138.7	70.1	28.0	36.9	113.3	141.6	91.3	18.6	29.6	89.5	24.8
July	5.5	6.9	141.7	71.4	28.1	38.1	115.9	145.3	92.5	19.3	29.9	91.1	27.2
Aug.	14.3	11.3	148.3	.	.	.	122.5	149.3	.	.	.	94.9	.
	Volume indices (2000 = 100; annual percentage changes for columns 1 and 2)												
2009	-16.5	-13.7	119.5	114.8	118.9	127.9	116.0	109.6	101.0	115.7	136.3	110.9	101.7
2010	14.8	10.7	136.6	132.4	138.2	143.4	133.7	120.9	113.1	130.4	143.0	127.5	100.7
2010 Q3	16.0	12.6	139.8	134.9	143.4	145.3	137.2	122.3	114.5	133.2	143.7	130.5	101.1
Q4	15.2	10.3	142.5	137.4	149.2	148.0	139.2	123.7	116.6	133.8	144.9	131.2	102.8
2011 Q1	13.6	7.8	146.1	141.2	149.5	152.3	143.1	125.1	117.7	132.5	144.8	133.4	96.9
Q2	8.3	2.7	146.6	140.5	151.4	154.0	143.9	123.8	116.5	132.9	143.4	134.2	92.4
2011 Feb.	14.5	10.2	146.1	140.9	150.9	152.3	143.8	125.9	118.0	131.6	145.2	134.3	91.7
Mar.	8.9	1.4	147.5	142.8	153.4	154.5	145.3	124.0	117.0	129.2	146.7	135.1	95.6
Apr.	8.2	4.6	147.8	141.0	149.3	156.0	142.9	124.5	116.6	138.6	142.5	134.2	95.1
May	17.4	8.2	149.8	143.3	158.9	159.1	149.3	126.9	119.2	134.9	147.2	138.5	90.7
June	0.1	-4.2	142.2	137.4	146.2	147.0	139.5	120.1	113.8	125.2	140.4	130.0	91.2
July	1.8	1.1	144.4	139.0	146.6	149.3	141.7	124.3	116.5	133.5	140.9	133.0	100.1

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: 2005 = 100)	Total					Memo item: Manufacturing	Total (index: 2005 = 100)	Total					Memo item: Manufacturing
			Intermediate goods	Capital goods	Consumer goods	Energy				Intermediate goods	Capital goods	Consumer goods	Energy	
% of total	100.0	100.0	33.1	44.5	17.9	4.5	99.2	100.0	100.0	28.4	27.9	22.1	21.6	81.1
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
2009	101.5	-2.7	-4.0	0.5	0.5	-23.7	-2.6	100.1	-8.7	-4.8	1.8	1.0	-28.3	-2.6
2010	105.4	3.9	4.8	1.1	2.2	26.3	3.8	109.8	9.8	9.7	1.4	2.9	27.5	5.8
2011 Q1	109.1	5.9	8.5	2.0	2.9	25.8	5.8	118.3	12.2	11.3	0.7	6.0	31.8	7.0
Q2	110.2	4.1	6.0	0.8	1.8	22.0	4.0	118.8	7.5	3.9	-3.0	3.2	27.8	2.0
Q3	.	.	.	.	.	.	.	.	.	.	-2.8	.	.	2.3
2011 Apr.	110.3	5.0	7.1	1.1	2.6	25.1	4.9	120.0	9.7	6.9	-1.9	4.7	30.4	4.1
May	110.2	4.0	5.9	0.8	1.6	22.0	3.9	118.5	7.1	2.4	-3.0	3.0	28.3	1.2
June	110.1	3.4	5.1	0.6	1.2	18.9	3.3	117.8	5.9	2.6	-4.2	2.0	24.8	0.7
July	110.5	4.0	5.3	0.8	1.7	25.9	4.0	119.0	7.5	3.5	-4.0	2.7	29.5	1.5
Aug.	110.3	3.8	4.8	0.8	1.8	23.5	3.7	120.3	8.2	4.2	-2.5	2.9	25.5	2.6
Sep.	.	.	.	.	.	.	.	.	.	.	-2.0	.	.	2.7

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.)														
2009	1,279.8	27.3	41.5	175.3	174.6	50.1	78.9	34.8	152.4	284.3	68.9	28.6	92.0	54.3	29.4
2010	1,531.3	30.1	52.5	194.6	208.0	63.4	93.0	47.4	180.4	355.7	94.8	34.6	104.8	73.3	17.2
2010 Q1	351.8	7.0	11.9	46.1	47.5	13.5	21.3	10.5	41.3	81.7	21.7	8.0	24.9	16.7	5.2
Q2	378.4	7.3	13.2	47.8	50.9	15.3	22.9	11.5	45.2	88.7	23.6	8.7	25.6	18.6	4.6
Q3	396.9	7.6	13.4	50.3	53.9	17.2	24.1	12.2	47.6	92.0	23.9	8.9	26.8	18.9	3.6
Q4	404.2	8.1	14.0	50.3	55.8	17.3	24.8	13.2	46.2	93.3	25.6	9.0	27.5	19.1	3.9
2011 Q1	427.3	8.0	15.0	53.3	59.0	18.7	25.8	15.3	49.9	99.6	28.9	9.3	28.1	20.2	0.6
Q2	429.1	8.2	15.4	51.9	60.2	20.0	26.5	14.3	48.1	98.4	27.3	9.5	27.1	21.0	3.6
2011 Mar.	144.2	2.7	5.2	18.1	20.1	6.4	9.0	5.4	16.7	33.7	9.8	3.1	9.4	6.9	-1.2
Apr.	144.4	2.7	5.0	16.9	19.7	6.4	8.9	4.9	16.2	32.4	8.9	3.2	9.2	7.0	3.6
May	146.0	2.8	5.3	18.0	20.5	7.1	9.3	4.8	16.4	33.9	9.5	3.2	9.1	7.4	-0.6
June	138.7	2.7	5.0	17.1	20.0	6.5	8.3	4.5	15.5	32.1	8.9	3.1	8.8	6.6	0.6
July	141.7	2.7	5.2	17.1	19.9	6.6	8.6	4.5	15.6	33.0	9.2	3.2	8.9	6.9	1.5
Aug.	148.3	.	.	.	.	7.0	10.1	4.6	17.0	34.4	9.8	3.5	9.1	7.3	.
	Percentage share of total exports														
2010	100.0	2.0	3.4	12.7	13.6	4.1	6.1	3.1	11.8	23.2	6.2	2.3	6.9	4.8	1.1
	Imports (c.i.f.)														
2009	1,266.4	27.1	38.2	127.1	161.9	84.3	65.2	26.5	116.2	380.1	157.7	43.9	94.8	59.5	-25.3
2010	1,548.0	27.3	47.3	148.9	194.6	111.1	74.5	30.9	129.5	494.5	208.6	51.3	118.7	75.0	-46.3
2010 Q1	352.7	6.6	10.3	35.0	44.4	25.7	17.1	7.3	29.3	110.7	45.8	11.9	26.9	16.6	-10.2
Q2	386.5	6.8	11.9	36.7	48.1	28.3	19.6	7.7	31.9	125.5	53.2	13.1	29.9	18.2	-14.0
Q3	401.6	6.9	12.5	38.1	49.9	27.6	19.2	7.7	34.3	130.6	55.7	13.2	29.5	19.3	-9.4
Q4	407.2	7.0	12.6	39.1	52.1	29.6	18.6	8.2	34.0	127.7	53.8	13.0	32.3	20.8	-12.7
2011 Q1	435.2	7.3	13.2	41.8	55.5	34.5	19.4	9.0	35.4	135.6	54.8	13.7	35.7	21.4	-17.1
Q2	436.1	7.4	13.3	41.5	56.2	34.4	20.0	8.9	34.1	139.1	56.2	12.7	30.9	21.9	-14.9
2011 Mar.	145.8	2.5	4.6	14.0	18.9	13.0	6.5	3.0	11.7	46.4	18.8	4.7	11.2	7.2	-9.3
Apr.	147.0	2.4	4.3	13.9	18.5	12.1	6.5	3.0	11.6	46.8	18.7	4.4	10.3	7.3	-4.9
May	147.5	2.7	4.7	13.9	19.0	12.6	6.8	3.0	11.4	46.5	18.9	4.2	9.8	7.5	-5.9
June	141.6	2.4	4.3	13.6	18.6	9.8	6.7	2.9	11.1	45.8	18.6	4.1	10.8	7.1	-4.1
July	145.3	2.4	4.5	14.1	18.7	11.8	6.7	2.9	11.0	46.8	18.3	4.5	9.7	7.7	-5.5
Aug.	149.3	.	.	.	.	9.7	8.1	3.0	11.4	46.9	19.2	4.6	10.7	8.1	.
	Percentage share of total imports														
2010	100.0	1.8	3.0	9.6	12.6	7.2	4.8	2.0	8.4	31.9	13.5	3.3	7.7	4.8	-3.0
	Balance														
2009	13.4	0.2	3.3	48.2	12.7	-34.2	13.7	8.3	36.2	-95.7	-88.7	-15.2	-2.8	-5.2	54.7
2010	-16.7	2.8	5.2	45.7	13.5	-47.7	18.6	16.5	50.9	-138.8	-113.8	-16.8	-13.9	-1.7	63.5
2010 Q1	-0.9	0.4	1.6	11.2	3.1	-12.1	4.2	3.3	12.0	-29.0	-24.1	-4.0	-2.1	0.1	15.4
Q2	-8.0	0.5	1.3	11.1	2.7	-13.0	3.3	3.8	13.3	-36.7	-29.6	-4.4	-4.3	0.4	18.6
Q3	-4.7	0.7	0.9	12.2	4.0	-10.4	4.9	4.4	13.3	-38.6	-31.8	-4.4	-2.7	-0.4	12.9
Q4	-3.0	1.2	1.4	11.2	3.7	-12.2	6.2	5.0	12.2	-34.4	-28.3	-4.0	-4.8	-1.7	16.6
2011 Q1	-7.9	0.8	1.8	11.4	3.4	-15.8	6.4	6.3	14.5	-36.0	-25.9	-4.4	-7.6	-1.3	17.7
Q2	-6.9	0.7	2.1	10.4	4.0	-14.4	6.6	5.4	14.1	-40.6	-28.9	-3.2	-3.8	-0.9	18.5
2011 Mar.	-1.6	0.3	0.6	4.1	1.2	-6.6	2.5	2.4	5.0	-12.7	-9.0	-1.6	-1.8	-0.3	8.0
Apr.	-2.6	0.4	0.7	3.0	1.2	-5.6	2.4	1.9	4.6	-14.3	-9.9	-1.2	-1.1	-0.3	8.5
May	-1.5	0.1	0.6	4.0	1.5	-5.5	2.6	1.9	5.0	-12.6	-9.3	-1.0	-0.7	-0.1	5.4
June	-2.9	0.3	0.7	3.4	1.3	-3.3	1.6	1.6	4.5	-13.7	-9.7	-1.0	-2.0	-0.5	4.7
July	-3.7	0.3	0.7	3.0	1.2	-5.2	1.9	1.6	4.6	-13.8	-9.2	-1.3	-0.8	-0.7	7.0
Aug.	-1.0	.	.	.	.	-2.7	1.9	1.6	5.6	-12.5	-9.3	-1.1	-1.6	-0.9	.

Source: Eurostat.

EXCHANGE RATES

8.1 Effective exchange rates [1)]

(period averages; index: 1999 Q1=100)

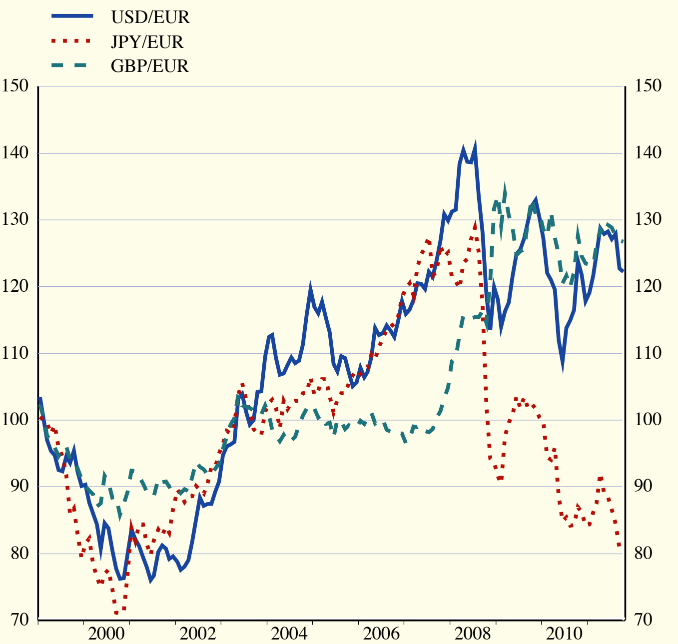
	EER-20						EER-40	
	Nominal	Real CPI	Real PPI	Real GDP deflator	Real ULCM	Real ULCT	Nominal	Real CPI
	1	2	3	4	5	6	7	8
2008	110.4	109.9	108.2	105.1	115.4	104.1	117.9	107.1
2009	111.7	110.6	105.5	106.1	120.4	106.0	120.6	108.0
2010	104.6	103.0	99.3	98.4	109.6	98.0	112.3	99.3
2010 Q3	102.3	100.8	97.4	96.5	106.9	95.4	109.8	97.2
Q4	104.4	102.4	99.2	97.7	108.7	97.7	112.1	98.7
2011 Q1	103.7	101.5	98.3	96.9	107.0	96.4	111.6	97.9
Q2	106.4	104.2	100.3	99.5	109.4	99.2	114.5	100.5
Q3	104.6	102.1	98.4	.	.	.	113.3	99.1
2010 Oct.	106.0	104.1	101.0	-	-	-	113.8	100.3
Nov.	104.7	102.7	99.5	-	-	-	112.5	99.0
Dec.	102.6	100.6	97.3	-	-	-	110.1	96.8
2011 Jan.	102.4	100.3	97.2	-	-	-	110.1	96.7
Feb.	103.4	101.1	98.2	-	-	-	111.4	97.6
Mar.	105.2	103.1	99.6	-	-	-	113.2	99.4
Apr.	107.0	104.9	101.1	-	-	-	115.0	101.1
May	106.0	103.8	99.8	-	-	-	114.1	100.1
June	106.1	104.0	100.0	-	-	-	114.4	100.3
July	105.2	102.6	99.0	-	-	-	113.4	99.1
Aug.	104.9	102.3	98.7	-	-	-	113.8	99.4
Sep.	103.8	101.4	97.3	-	-	-	112.8	98.7
Oct.	104.0	101.7	97.3	-	-	-	113.3	99.2
	Percentage change versus previous month							
2011 Oct.	0.2	0.3	0.0	-	-	-	0.4	0.5
	Percentage change versus previous year							
2011 Oct.	-1.9	-2.3	-3.6	-	-	-	-0.4	-1.2

C39 Effective exchange rates

(monthly averages; index: 1999 Q1=100)

C40 Bilateral exchange rates

(monthly averages; index: 1999 Q1=100)



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

8.2 Bilateral exchange rates
(period averages; units of national currency per euro)

	Bulgarian lev	Czech koruna	Danish krone	Latvian lats	Lithuanian litas	Hungarian forint	Polish zloty	New Romanian leu	Swedish krona	Pound sterling	Croatian kuna	New Turkish lira
	1	2	3	4	5	6	7	8	9	10	11	12
2008	1.9558	24.946	7.4560	0.7027	3.4528	251.51	3.5121	3.6826	9.6152	0.79628	7.2239	1.9064
2009	1.9558	26.435	7.4462	0.7057	3.4528	280.33	4.3276	4.2399	10.6191	0.89094	7.3400	2.1631
2010	1.9558	25.284	7.4473	0.7087	3.4528	275.48	3.9947	4.2122	9.5373	0.85784	7.2891	1.9965
2011 Q1	1.9558	24.375	7.4550	0.7049	3.4528	272.43	3.9460	4.2212	8.8642	0.85386	7.4018	2.1591
Q2	1.9558	24.324	7.4573	0.7092	3.4528	266.42	3.9596	4.1378	9.0153	0.88274	7.3932	2.2579
Q3	1.9558	24.387	7.4506	0.7093	3.4528	275.10	4.1527	4.2587	9.1451	0.87760	7.4629	2.4535
2011 Apr.	1.9558	24.301	7.4574	0.7092	3.4528	265.29	3.9694	4.1004	8.9702	0.88291	7.3639	2.1975
May	1.9558	24.381	7.4566	0.7093	3.4528	266.96	3.9404	4.1142	8.9571	0.87788	7.4052	2.2603
June	1.9558	24.286	7.4579	0.7091	3.4528	266.87	3.9702	4.1937	9.1125	0.88745	7.4065	2.3077
July	1.9558	24.335	7.4560	0.7092	3.4528	267.68	3.9951	4.2413	9.1340	0.88476	7.4316	2.3654
Aug.	1.9558	24.273	7.4498	0.7093	3.4528	272.37	4.1195	4.2505	9.1655	0.87668	7.4620	2.5147
Sep.	1.9558	24.556	7.4462	0.7093	3.4528	285.05	4.3379	4.2838	9.1343	0.87172	7.4936	2.4736
Oct.	1.9558	24.841	7.4442	0.7061	3.4528	296.79	4.3516	4.3244	9.1138	0.87036	7.4849	2.5089
	Percentage change versus previous month											
2011 Oct.	0.0	1.2	0.0	-0.5	0.0	4.1	0.3	0.9	-0.2	-0.2	-0.1	1.4
	Percentage change versus previous year											
2011 Oct.	0.0	1.3	-0.2	-0.5	0.0	8.3	10.2	1.1	-1.8	-0.7	2.1	26.7

	Australian dollar	Brazilian real	Canadian dollar	Chinese yuan renminbi	Hong Kong dollar	Icelandic krona [1]	Indian rupee [2]	Indonesian rupiah	Israeli shekel	Japanese yen	Malaysian ringgit
	13	14	15	16	17	18	19	20	21	22	23
2008	1.7416	2.6737	1.5594	10.2236	11.4541	143.83	63.6143	14,165.16	5.2561	152.45	4.8893
2009	1.7727	2.7674	1.5850	9.5277	10.8114	-	67.3611	14,443.74	5.4668	130.34	4.9079
2010	1.4423	2.3314	1.3651	8.9712	10.2994	-	60.5878	12,041.70	4.9457	116.24	4.2668
2011 Q1	1.3614	2.2799	1.3484	9.0028	10.6535	-	61.9255	12,171.85	4.9247	112.57	4.1668
Q2	1.3550	2.2960	1.3932	9.3509	11.1932	-	64.3809	12,364.41	4.9490	117.41	4.3451
Q3	1.3459	2.3063	1.3841	9.0653	11.0105	-	64.7000	12,181.09	5.0174	109.77	4.2666
2011 Apr.	1.3662	2.2889	1.3834	9.4274	11.2269	-	64.1128	12,493.48	4.9573	120.42	4.3502
May	1.3437	2.3131	1.3885	9.3198	11.1551	-	64.4735	12,290.33	4.9740	116.47	4.3272
June	1.3567	2.2850	1.4063	9.3161	11.2021	-	64.5200	12,327.02	4.9169	115.75	4.3585
July	1.3249	2.2329	1.3638	9.2121	11.1104	-	63.3537	12,171.27	4.8801	113.26	4.2716
Aug.	1.3651	2.2888	1.4071	9.1857	11.1846	-	65.0717	12,249.95	5.0841	110.43	4.2822
Sep.	1.3458	2.3946	1.3794	8.7994	10.7333	-	65.5964	12,118.49	5.0788	105.75	4.2456
Oct.	1.3525	2.4336	1.3981	8.7308	10.6616	-	67.5519	12,150.54	5.0253	105.06	4.2963
	Percentage change versus previous month										
2011 Oct.	0.5	1.6	1.4	-0.8	-0.7	-	3.0	0.3	-1.1	-0.7	1.2
	Percentage change versus previous year										
2011 Oct.	-4.5	4.1	-1.2	-5.8	-1.1	-	9.4	-2.1	0.1	-7.6	-0.3

	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
	24	25	26	27	28	29	30	31	32	33	34
2008	16.2911	2.0770	8.2237	65.172	36.4207	2.0762	12.0590	1,606.09	1.5874	48.475	1.4708
2009	18.7989	2.2121	8.7278	66.338	44.1376	2.0241	11.6737	1,772.90	1.5100	47.804	1.3948
2010	16.7373	1.8377	8.0043	59.739	40.2629	1.8055	9.6984	1,531.82	1.3803	42.014	1.3257
2011 Q1	16.5007	1.8107	7.8236	59.876	39.9976	1.7467	9.5875	1,530.79	1.2871	41.771	1.3680
Q2	16.8752	1.7992	7.8259	62.256	40.2750	1.7842	9.7852	1,559.23	1.2514	43.592	1.4391
Q3	17.3908	1.6976	7.7652	60.371	41.1734	1.7309	10.0898	1,532.60	1.1649	42.574	1.4127
2011 Apr.	16.9211	1.8331	7.8065	62.361	40.5363	1.8024	9.7200	1,567.52	1.2977	43.434	1.4442
May	16.7177	1.8024	7.8384	61.953	40.0573	1.7763	9.8461	1,555.99	1.2537	43.398	1.4349
June	16.9931	1.7666	7.8302	62.468	40.2670	1.7763	9.7807	1,555.32	1.2092	43.923	1.4388
July	16.6491	1.6877	7.7829	60.961	39.8343	1.7359	9.7000	1,510.29	1.1766	42.949	1.4264
Aug.	17.5456	1.7108	7.7882	60.836	41.2954	1.7340	10.1532	1,542.01	1.1203	42.875	1.4343
Sep.	17.9370	1.6932	7.7243	59.322	42.3239	1.7229	10.3956	1,544.04	1.2005	41.902	1.3770
Oct.	18.4315	1.7361	7.7474	59.412	42.8569	1.7493	10.9188	1,578.17	1.2295	42.297	1.3706
	Percentage change versus previous month										
2011 Oct.	2.8	2.5	0.3	0.2	1.3	1.5	5.0	2.2	2.4	0.9	-0.5
	Percentage change versus previous year										
2011 Oct.	6.6	-6.1	-4.5	-1.4	1.7	-3.4	13.5	1.1	-8.6	1.6	-1.4

Source: ECB.
1) The most recent rate for the Icelandic krona refers to 3 December 2008.
2) For this currency the ECB computes and publishes euro reference exchange rates as from 1 January 2009. Previous data are indicative.

DEVELOPMENTS OUTSIDE THE EURO AREA

9.1 Economic and financial developments in other EU Member States

(annual percentage changes, unless otherwise indicated)

	Bulgaria	Czech Republic	Denmark	Latvia	Lithuania	Hungary	Poland	Romania	Sweden	United Kingdom
	1	2	3	4	5	6	7	8	9	10
	HICP									
2009	2.5	0.6	1.1	3.3	4.2	4.0	4.0	5.6	1.9	2.2
2010	3.0	1.2	2.2	-1.2	1.2	4.7	2.7	6.1	1.9	3.3
2011 Q2	3.4	1.8	2.9	4.6	4.7	3.9	4.0	8.3	1.7	4.4
Q3	3.1	2.0	2.6	4.4	4.6	3.4	3.7	4.2	1.6	4.7
2011 July	3.4	1.9	3.0	4.2	4.6	3.1	3.6	4.9	1.6	4.4
Aug.	3.1	2.1	2.4	4.6	4.4	3.5	4.0	4.3	1.6	4.5
Sep.	2.9	2.1	2.4	4.5	4.7	3.7	3.5	3.5	1.5	5.2
	General government deficit (-)/surplus (+) as a percentage of GDP									
2008	1.7	-2.2	3.2	-4.2	-3.3	-3.7	-3.7	-5.7	2.2	-5.0
2009	-4.3	-5.8	-2.7	-9.7	-9.5	-4.6	-7.3	-9.0	-0.7	-11.5
2010	-3.1	-4.8	-2.6	-8.3	-7.0	-4.2	-7.8	-6.9	0.2	-10.3
	General government gross debt as a percentage of GDP									
2008	13.7	28.7	34.5	19.8	15.5	72.9	47.1	13.4	38.8	54.8
2009	14.6	34.4	41.8	36.7	29.4	79.7	50.9	23.6	42.7	69.6
2010	16.3	37.6	43.7	44.7	38.0	81.3	54.9	31.0	39.7	79.9
	Long-term government bond yield as a percentage per annum; period average									
2011 Apr.	5.33	4.05	3.42	6.47	5.12	7.05	6.14	7.30	3.30	3.78
May	5.39	3.89	3.13	6.36	5.05	7.11	6.06	7.26	3.01	3.49
June	5.39	3.77	2.96	5.87	5.05	7.22	5.88	7.09	2.89	3.09
July	5.36	3.79	3.02	5.67	5.05	7.35	5.81	7.30	2.75	2.88
Aug.	5.32	3.40	2.49	5.60	5.05	7.49	5.70	7.38	2.17	2.37
Sep.	5.30	3.00	2.07	5.60	5.05	7.64	5.74	7.43	1.83	2.41
	3-month interest rate as a percentage per annum; period average									
2011 Apr.	3.79	1.21	1.41	0.79	1.52	6.08	4.27	5.47	2.41	0.82
May	3.77	1.22	1.46	0.78	1.65	6.88	4.40	5.26	2.46	0.82
June	3.74	1.20	1.51	0.74	1.69	6.27	4.61	5.25	2.46	0.83
July	3.75	1.19	1.66	0.82	1.81	6.74	4.70	5.11	2.56	0.83
Aug.	3.74	1.19	1.60	0.83	1.86	7.12	4.72	5.60	2.58	0.86
Sep.	3.67	1.17	1.44	0.87	1.85	6.19	4.75	5.77	2.53	0.92
	Real GDP									
2009	-5.5	-4.1	-5.2	-17.7	-14.8	-6.7	1.6	-7.1	-5.2	-4.4
2010	0.2	2.3	1.7	-0.3	1.4	1.2	3.8	-1.3	5.6	1.8
2011 Q1	3.3	2.8	1.5	2.9	5.4	1.7	4.4	0.8	6.1	1.6
Q2	2.0	2.2	1.7	5.0	6.5	1.2	4.5	0.8	4.9	0.6
Q3	.	.	.	.	7.2	.	.	.	.	.
	Current and capital account balance as a percentage of GDP									
2009	-7.6	-1.0	3.3	11.1	7.8	1.0	-2.2	-3.6	6.9	-1.5
2010	-0.5	-2.3	5.6	4.9	4.2	2.9	-2.8	-3.8	6.5	-3.0
2010 Q4	-7.2	-1.0	6.1	0.3	6.7	1.4	-3.4	-1.5	5.9	-2.8
2011 Q1	2.0	2.5	5.4	1.2	2.1	3.7	-1.7	-2.6	7.9	-2.9
Q2	1.5	-5.2	7.2	1.3	-2.2	4.1	-2.2	-6.3	6.7	.
	Gross external debt as a percentage of GDP									
2008	105.1	50.6	177.6	130.0	70.9	122.2	56.8	56.0	205.7	445.0
2009	108.3	53.2	189.9	156.5	87.0	142.3	59.4	69.0	210.8	416.9
2010 Q4	102.8	57.4	192.0	165.4	87.4	141.4	66.0	77.2	190.2	418.6
2011 Q1	98.5	56.9	187.0	158.1	85.6	135.1	68.3	74.6	188.3	417.6
Q2	96.0	56.9	182.9	154.7	86.0	134.7	68.6	78.1	189.1	416.6
	Unit labour costs									
2009	12.7	3.5	4.7	-7.9	-1.4	1.9	2.2	-1.3	4.6	5.7
2010	0.8	0.6	-1.1	-10.2	-7.3	-1.1	4.9	0.8	-1.7	1.7
2010 Q4	-1.9	1.3	-0.9	1.8	-3.4	-2.0	5.7	-3.9	-1.7	0.1
2011 Q1	1.7	0.1	0.1	2.6	-3.0	0.9	2.7	-1.3	-2.9	-0.9
Q2	5.3	0.2	-1.1	2.3	-0.7	.	0.9	9.4	-0.7	0.3
	Standardised unemployment rate as a percentage of labour force (s.a.)									
2009	6.8	6.7	6.0	17.1	13.7	10.0	8.2	6.9	8.3	7.6
2010	10.2	7.3	7.4	18.6	17.8	11.1	9.6	7.3	8.4	7.8
2011 Q2	11.3	6.9	7.3	16.1	15.5	10.9	9.5	7.4	7.5	7.9
Q3	11.7	6.7	7.1	.	.	10.3	9.4	7.4	7.3	.
2011 July	11.5	6.8	7.1	.	.	10.6	9.4	7.3	7.3	8.1
Aug.	11.7	6.7	7.1	.	.	10.3	9.4	7.3	7.4	.
Sep.	11.9	6.6	7.1	.	.	9.9	9.4	7.5	7.2	.

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

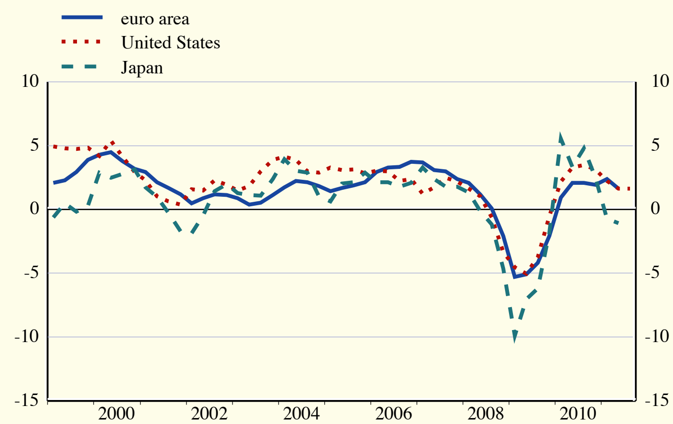
9.2 Economic and financial developments in the United States and Japan

(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 (s.a.)	Broad money [2]	3-month interbank deposit rate [3]	10-year zero coupon government bond yield; [3] end of period	Exchange rate [4] as national currency per euro	Fiscal deficit (-)/ surplus (+) as a % of GDP	Gross public debt [5] as a % of GDP
	1	2	3	4	5	6	7	8	9	10	11
					United States						
2007	2.9	2.5	1.9	3.1	4.6	6.3	5.30	4.81	1.3705	-2.9	48.5
2008	3.8	2.8	-0.3	-4.7	5.8	7.1	2.93	2.70	1.4708	-6.6	57.0
2009	-0.4	-0.6	-3.5	-13.5	9.3	7.9	0.69	4.17	1.3948	-11.6	69.4
2010	1.6	-2.0	3.0	5.9	9.6	2.3	0.34	3.57	1.3257	-10.7	78.2
2010 Q3	1.2	-1.5	3.5	7.2	9.6	2.5	0.39	2.69	1.2910	-10.3	76.2
Q4	1.3	-0.9	3.1	6.6	9.6	3.2	0.29	3.57	1.3583	-10.5	78.2
2011 Q1	2.1	1.3	2.2	6.6	8.9	4.5	0.31	3.76	1.3680	-9.9	79.1
Q2	3.4	1.9	1.6	4.4	9.1	5.4	0.26	3.46	1.4391	-10.2	79.0
Q3	3.8	.	1.6	4.1	9.1	9.4	0.30	2.18	1.4127	.	.
2011 June	3.6	-	-	4.1	9.2	5.9	0.25	3.46	1.4388	-	-
July	3.6	-	-	3.9	9.1	8.0	0.25	3.08	1.4264	-	-
Aug.	3.8	-	-	4.1	9.1	10.2	0.29	2.51	1.4343	-	-
Sep.	3.9	-	-	4.3	9.1	10.1	0.35	2.18	1.3770	-	-
Oct.	.	-	-	.	.	.	0.41	2.37	1.3706	-	-
					Japan						
2007	0.1	-2.3	2.3	2.8	3.8	1.6	0.79	1.70	161.25	-2.4	156.2
2008	1.4	1.4	-1.2	-3.4	4.0	2.1	0.93	1.21	152.45	-2.2	162.0
2009	-1.3	2.7	-6.3	-21.9	5.1	2.7	0.47	1.42	130.34	-8.7	180.4
2010	-0.7	-2.7	4.0	16.6	5.1	2.8	0.23	1.18	116.24	.	.
2010 Q3	-1.0	-3.4	4.8	14.0	5.0	2.7	0.24	1.03	110.68	.	.
Q4	-0.3	-1.3	2.5	6.0	5.0	2.5	0.19	1.18	112.10	.	.
2011 Q1	-0.5	1.1	-0.7	-2.6	4.7	2.5	0.19	1.33	112.57	.	.
Q2	-0.4	.	-1.1	-6.9	4.6	2.8	0.20	1.18	117.41	.	.
Q3	0.1	.	.	-2.3	.	2.8	0.19	1.04	109.77	.	.
2011 June	-0.4	-	-	-1.8	4.6	2.8	0.20	1.18	115.75	-	-
July	0.2	-	-	-3.0	4.7	3.0	0.20	1.09	113.26	-	-
Aug.	0.2	-	-	0.4	4.3	2.7	0.19	1.05	110.43	-	-
Sep.	0.0	-	-	-4.0	.	2.7	0.19	1.04	105.75	-	-
Oct.	.	-	-	.	.	.	0.19	1.04	105.06	-	-

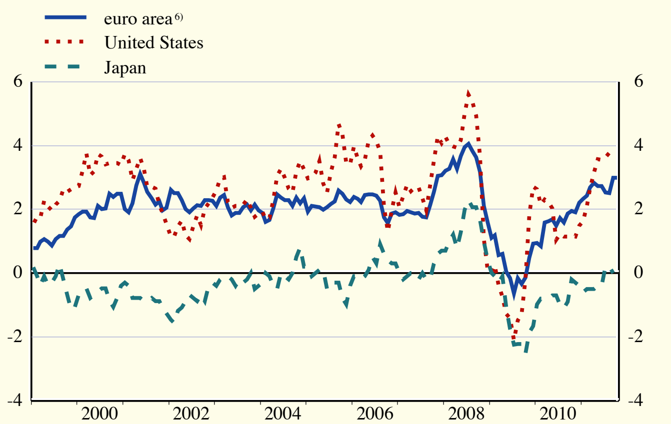
C41 Real gross domestic product

(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) Period averages; M2 for the United States, M2+CDs for Japan.
3) Percentages per annum. For further information on the three-month interbank deposit rate, see Section 4.6.
4) For more information, see Section 8.2.
5) Gross consolidated general government debt (end of period).
6) 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:

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

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

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

SECTION 1.3

CALCULATION OF INTEREST RATES ON INDEXED LONGER-TERM REFINANCING OPERATIONS

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

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

SECTIONS 2.1 TO 2.6

CALCULATION OF TRANSACTIONS

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

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

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

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

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

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

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

CALCULATION OF GROWTH RATES FOR MONTHLY SERIES

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

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

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

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

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

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

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

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

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

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

CALCULATION OF GROWTH RATES FOR QUARTERLY SERIES

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

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

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

SEASONAL ADJUSTMENT OF THE EURO AREA MONETARY STATISTICS[1]

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

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

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

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

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

SECTIONS 3.1 TO 3.5

EQUALITY OF USES AND RESOURCES

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

CALCULATION OF BALANCING ITEMS

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

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

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

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

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

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

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

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

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

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

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

SECTIONS 4.3 AND 4.4

CALCULATION OF GROWTH RATES FOR DEBT SECURITIES AND QUOTED SHARES

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

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

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

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

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

The method used to calculate the growth rates for securities other than shares is the same as that used for the monetary aggregates, the only difference being that an "N" is used instead of an "F". This is to show that the method used to obtain "net issues" for securities issues statistics differs from that used to calculate equivalent "transactions" for the monetary aggregates.

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

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

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

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

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

SEASONAL ADJUSTMENT OF SECURITIES ISSUES STATISTICS [4]

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

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

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

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

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

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

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

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 S78). The seasonal adjustment of the overall HICP for the euro area is carried out indirectly by aggregating the seasonally adjusted euro area series for processed food, unprocessed food, industrial goods excluding energy, and services. Energy is added without adjustment, since there is no statistical evidence of seasonality. Seasonal factors are revised at annual intervals or as required.

TABLE 2 IN SECTION 7.1

SEASONAL ADJUSTMENT OF THE BALANCE OF PAYMENTS CURRENT ACCOUNT

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

SECTION 7.3

CALCULATION OF GROWTH RATES FOR THE QUARTERLY AND ANNUAL SERIES

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

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

The growth rate for the annual series is equal to the growth rate in the last quarter of the year.

GENERAL NOTES

The "Euro area statistics" section of the Monthly Bulletin focuses on statistics for the euro area as a whole. More detailed and longer runs of data, with further explanatory notes, are available in the "Statistics" section of the ECB's website (www.ecb.europa.eu). This allows user-friendly access to data via the ECB's Statistical Data Warehouse (http://sdw.ecb.europa.eu), which includes search and download facilities. Further services available in the "Data services" sub-section include subscriptions to different datasets and a repository of compressed Comma Separated Value (CSV) files. For further information, please contact us at: statistics@ecb.europa.eu.

In general, the cut-off date for the statistics included in the Monthly Bulletin is the day preceding the Governing Council of the ECB's first meeting of the month. For this issue, the cut-off date was 2 November 2011.

Unless otherwise indicated, all data series including observations for 2011 relate to the "Euro 17" (i.e. the euro area including Estonia) for the whole time series. For interest rates, monetary statistics, the HICP and reserve assets (and, for consistency reasons, the components and counterparts of M3 and the components of the HICP), euro area statistical series take into account the changing composition of the euro area.

The composition of the euro area has changed a number of times over the years. When the euro was introduced in 1999, the euro area comprised the following 11 countries (the Euro 11): Belgium, Germany, Ireland, Spain, France, Italy, Luxembourg, the Netherlands, Austria, Portugal and Finland. Greece then joined in 2001, forming the Euro 12. Slovenia joined in 2007, forming the Euro 13; Cyprus and Malta joined in 2008, forming the Euro 15; and Slovakia joined in 2009, forming the Euro 16. Finally, Estonia joined in 2011, bringing the number of euro area countries to 17.

EURO AREA SERIES WITH A FIXED COMPOSITION

Aggregated statistical series for fixed compositions of the euro area relate to a given fixed composition for the whole time series, regardless of the composition at the time to which the statistics relate. For example, aggregated series are calculated for the Euro 17 (i.e. aggregating the data of all 17 countries currently in the euro area) for all years, despite the fact that the euro area has only had this composition since 1 January 2011. Unless otherwise indicated, the ECB's Monthly Bulletin provides statistical series for the current composition.

EURO AREA SERIES WITH A CHANGING COMPOSITION

Aggregated statistical series with a changing composition take into account the composition of the euro area at the time to which the statistics relate. For example, euro area statistical series with a changing composition aggregate the data of the Euro 11 for the period up to the end of 2000, the Euro 12 for the period from 2001 to the end of 2006, and so on. With this approach, each individual statistical series covers all of the various compositions of the euro area.

For the HICP, as well as monetary aggregates and their counterparts, annual rates of change are compiled from chain-linked indices, with joining countries' series linked to the euro area series in the December index. Thus, if a country joins the euro area in January of a given year, annual rates of change relate to the previous composition of the euro area up to and including December of the previous year, and the enlarged composition of the euro area thereafter. Percentage changes are calculated on the basis of a chain-linked index, taking account of the changing composition of the euro area. Absolute changes for monetary aggregates and their counterparts (transactions) refer to the composition of the euro area at the time to which the statistics relate.

Given that the composition of the European currency unit (ECU) does not coincide with the former currencies of the countries that have adopted the single currency, pre-1999 amounts originally expressed in the participating currencies and converted into ECU at current ECU exchange rates are affected by movements in the currencies of EU Member States that have not adopted the euro. To avoid this effect on the monetary statistics, pre-1999 data [1] are expressed in units converted from national currencies at the irrevocable euro exchange rates established on 31 December 1998. Unless otherwise indicated, price and cost statistics before 1999 are based on data expressed in national currency terms.

Methods of aggregation and/or consolidation (including cross-country consolidation) have been used where appropriate.

Recent data are often provisional and may be revised. Discrepancies between totals and their components may arise from rounding.

The group "Other EU Member States" comprises Bulgaria, the Czech Republic, Denmark, Latvia, Lithuania, Hungary, Poland, Romania, Sweden and the United Kingdom.

In most cases, the terminology used within the tables follows international standards, such as those contained in the European System of Accounts 1995 and the IMF Balance of Payments Manual. Transactions refer to voluntary exchanges (measured directly or derived), while flows also encompass changes in outstanding amounts owing to price and exchange rate changes, write-offs and other changes.

In the tables, the wording "up to (x) years" means "up to and including (x) years".

OVERVIEW

Developments in key indicators for the euro area are summarised in an overview table.

MONETARY POLICY STATISTICS

Section 1.4 shows statistics on minimum reserve and liquidity factors. Maintenance periods for minimum reserve requirements start every month on the settlement day of the main refinancing operation (MRO) following the Governing Council meeting for which the monthly assessment of the monetary policy stance is scheduled. They end on the day preceding the corresponding settlement day in the following month. Annual/quarterly observations refer to averages for the last reserve maintenance period of the year/quarter.

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

Table 2 in Section 1.4 contains average data for completed maintenance periods. First, the reserve requirement of each individual credit institution is calculated by applying the

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).

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).

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.

2 OJ L 15, 20.01.2009, p. 14.
3 OJ L 211, 11.08.2007, p. 8.
4 OJ L 15, 20.01.2009, p. 1.

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.

In addition, opening and closing financial balance sheets are presented, which provide a picture of the financial wealth of each individual sector at a given point in time. Finally, other changes in financial assets and liabilities (e.g. those resulting from the impact of changes in asset prices) are also shown.

The sectoral coverage of the financial account and the financial balance sheets is more detailed for the financial corporation sector, which is broken down into MFIs, other financial intermediaries (including financial auxiliaries), and insurance corporations and pension funds.

Section 3.2 shows four-quarter cumulated flows (transactions) for the "non-financial accounts" of the euro area (i.e. accounts (1) to (5) above), also following the simplified sequence of accounts.

Section 3.3 shows four-quarter cumulated flows (transactions and other changes) for households' income, expenditure and accumulation accounts, as well as outstanding amounts in the financial and non-financial balance sheet accounts, presenting data in a more analytical manner. Sector-specific transactions and balancing items are arranged in a way that more clearly depicts the financing and investment decisions of households, while respecting the accounting identities presented in Sections 3.1 and 3.2.

Section 3.4 displays four-quarter cumulated flows (transactions) for non-financial corporations' income and accumulation accounts, as well as outstanding amounts for the financial balance sheet accounts, presenting data in a more analytical manner.

Section 3.5 shows four-quarter cumulated financial flows (transactions and other changes) and outstanding amounts for the financial balance sheets of insurance corporations and pension funds.

FINANCIAL MARKETS

The series on financial market statistics for the euro area cover those EU Member States that had adopted the euro at the time to which the statistics relate (i.e. a changing composition), with the exception of statistics on securities issues (Sections 4.1 to 4.4), which relate to the Euro 16 for the whole time series (i.e. a fixed composition).

Statistics on securities other than shares and statistics on quoted shares (Sections 4.1 to 4.4) are produced by the ECB using data from the ESCB and the BIS. Section 4.5 presents MFI interest rates on euro-denominated deposits from and loans to euro area residents. Statistics on money market interest rates, long-term government bond yields and stock market indices (Sections 4.6 to 4.8) are produced by the ECB using data from wire services.

Statistics on securities issues cover: (i) securities other than shares, excluding financial derivatives; and (ii) quoted shares. The former are presented in Sections 4.1, 4.2 and 4.3, while the latter are presented in Section 4.4. Debt securities are broken down into short-term and long-term securities. "Short-term" means securities with an original maturity of one year or less (in exceptional cases, two years or less). Securities with (i) a longer maturity, (ii) optional maturity dates, the latest of which is more than one year away, or (iii) indefinite maturity dates are classified as "long-term". Long-term debt securities issued by euro area residents are broken down further into fixed and variable rate issues. Fixed rate issues consist of issues where the coupon rate does not change during the life of the issue. Variable rate issues comprise all issues where the coupon is periodically refixed with reference to an independent interest rate or index. The euro-denominated securities indicated in Sections 4.1, 4.2 and 4.3 also include items expressed in national denominations of the euro.

Section 4.1 shows securities other than shares, broken down by original maturity, residency of the issuer and currency. It presents outstanding amounts, gross issues and net issues of securities other than shares, broken down into: (i) issues denominated in euro and issues in all currencies; (ii) issues by euro area residents and total issues; and (iii) total and long-term maturities. Net issues differ from the changes in outstanding amounts owing to valuation changes, reclassifications and other adjustments. This section also presents seasonally adjusted statistics, including six-month annualised seasonally adjusted growth rates for total and long-term debt securities. Seasonally adjusted data are derived from the index of notional stocks, from which the seasonal effects have been removed. See the Technical Notes for details.

Section 4.2 contains a sectoral breakdown of outstanding amounts, gross issues and net issues for issuers resident in the euro area in line with the ESA 95. The ECB is included in the Eurosystem.

The total outstanding amounts for total and long-term debt securities in column 1 of Table 1 in Section 4.2 correspond to the data on outstanding amounts for total and long-term debt securities issued by euro area residents in column 7 of Section 4.1. The outstanding amounts for total and long-term debt securities issued by MFIs in column 2 of Table 1 in Section 4.2 are broadly comparable with the data on debt securities issued on the liabilities side of the aggregated MFI balance sheet in column 8 of Table 2 in Section 2.1. The total net issues for total debt securities in column 1 of Table 2 in Section 4.2 correspond to the data on total net issues by euro area residents in column 9 of Section 4.1. The residual difference between long-term debt securities and total fixed and variable rate long-term debt securities in Table 1 of Section 4.2 consists of zero coupon bonds and revaluation effects.

Section 4.3 shows seasonally adjusted and non-seasonally adjusted growth rates for debt securities issued by euro area residents (broken down by maturity, type of instrument, sector of the issuer and currency), which are based on financial transactions that occur when an institutional unit incurs or redeems liabilities. The growth rates therefore exclude reclassifications, revaluations, exchange rate variations and any other changes that do not arise from transactions. The seasonally adjusted growth rates have been annualised for presentational purposes. See the Technical Notes for details.

Columns 1, 4, 6 and 8 in Table 1 of Section 4.4 show the outstanding amounts of quoted shares issued by euro area residents broken down by issuing sector. The monthly data for quoted shares issued by non-financial corporations correspond to the quarterly series shown in Section 3.4 (financial balance sheet; quoted shares).

Columns 3, 5, 7 and 9 in Table 1 of Section 4.4 show annual growth rates for quoted shares issued by euro area residents (broken down by the sector of the issuer), which are based on financial transactions that occur when an issuer issues or redeems shares for cash, excluding investments in the issuer's own shares. The calculation of annual growth rates excludes reclassifications, revaluations and any other changes that do not arise from transactions.

Section 4.5 presents statistics on all the interest rates that MFIs resident in the euro area apply to euro-denominated deposits and loans vis-à-vis households and non-financial corporations resident in the euro area. Euro area MFI interest rates are calculated as a weighted average (by corresponding business volume) of the euro area countries' interest rates for each category.

MFI interest rate statistics are broken down by type of business coverage, sector, instrument category and maturity, period of notice or initial period of interest rate fixation. These MFI interest rate statistics replaced the ten transitional statistical series on euro area retail interest rates that had been published in the Monthly Bulletin as of January 1999.

Section 4.6 presents money market interest rates for the euro area, the United States and Japan. For the euro area, a broad spectrum of money market interest rates is covered, ranging from interest rates on overnight deposits to those on twelve-month deposits. Before January 1999, synthetic euro area interest rates were calculated on the basis of national rates weighted by GDP. With the exception of the overnight rate prior to January 1999, monthly, quarterly and yearly values are period averages. Overnight deposits are represented by end-of-period interbank deposit bid rates up to and including December 1998 and period averages for the euro overnight index average (EONIA) thereafter. As of January 1999, euro area interest rates on one, three, six and twelve-month deposits are euro interbank offered rates (EURIBOR); prior to that date, they are London interbank offered rates (LIBOR) where available. For the United States and Japan, interest rates on three-month deposits are represented by LIBOR.

Section 4.7 shows end-of-period rates estimated from nominal spot yield curves based on AAA-rated euro-denominated bonds issued by euro area central governments. The yield curves are estimated using the Svensson model[5]. Spreads between the ten-year rates and the three-month and two-year rates are also released. Additional yield curves (daily releases, including charts and tables) and the corresponding methodological information are available at: http://www.ecb.europa.eu/stats/money/yc/html/index.en.html. Daily data can also be downloaded.

Section 4.8 shows stock market indices for the euro area, the United States and Japan.

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.

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

Industrial producer prices (Table 2 in Section 5.1), industrial production, industrial new orders, industrial turnover and retail sales (Section 5.2) are covered by Council Regulation (EC) No 1165/98 of 19 May 1998 concerning short-term statistics[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

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.

contributions plus employment-related taxes paid by the employer less subsidies received by the employer) and by economic activity. The ECB calculates the indicator of negotiated wages (memo item in Table 3 of Section 5.1) on the basis of non-harmonised, national-definition data.

Unit labour cost components (Table 4 in Section 5.1), GDP and its components (Tables 1 and 2 in Section 5.2), GDP deflators (Table 3 in Section 5.1) and employment statistics (Tables 1, 2 and 3 in Section 5.3) are derived from the ESA 95 quarterly national accounts.

Industrial new orders (Table 4 in Section 5.2) measure the orders received during the reference period and cover industries working mainly on the basis of orders – in particular the textile, pulp and paper, chemical, metal, capital goods and durable consumer goods industries. The data are calculated on the basis of current prices.

Indices for turnover in industry and for the retail trade (Table 4 in Section 5.2) measure the turnover, including all duties and taxes (with the exception of VAT), invoiced during the reference period. Retail trade turnover covers all retail trade (excluding sales of motor vehicles and motorcycles), except automotive fuel. New passenger car registrations cover registrations of both private and commercial passenger cars.

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

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

GOVERNMENT FINANCE

Sections 6.1 to 6.5 show the general government fiscal position in the euro area. The data are mainly consolidated and are based on the ESA 95 methodology. The annual euro area aggregates in Sections 6.1 to 6.3 are compiled by the ECB on the basis of harmonised data provided by the NCBs, which are regularly updated. The deficit and debt data for the euro area countries may therefore differ from those used by the European Commission within the excessive deficit procedure. The quarterly euro area aggregates in Sections 6.4 and 6.5 are compiled by the ECB on the basis of Eurostat and national data.

Section 6.1 presents annual figures on general government revenue and expenditure on the basis of definitions laid down in Commission Regulation (EC) No 1500/2000 of 10 July 2000[11] amending the ESA 95. Section 6.2 shows details of general government gross consolidated debt at nominal value in line with the Treaty provisions on the excessive deficit procedure. Sections 6.1 and 6.2 include summary data for the individual euro area countries owing to their importance within the framework of the Stability and Growth Pact. The deficits/surpluses presented for the individual euro area countries correspond to excessive deficit procedure B.9, as defined by Council Regulation (EC) No 479/2009 as regards references to the ESA 95. Section 6.3 presents changes in general government debt. The difference between the change in the government debt and the government deficit – the deficit-debt adjustment – is mainly explained by government transactions in financial assets and by foreign exchange valuation effects. Section 6.4 presents 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

11 OJ L 172, 12.7.2000, p. 3.

10 June 2002 on quarterly non-financial accounts for general government[12]. Section 6.5 presents quarterly figures on gross consolidated government debt, the deficit-debt adjustment and the government borrowing requirement. These figures are compiled using data provided by the Member States under Regulation (EC) No 501/2004 and Regulation (EC) No 222/2004 and data provided by the NCBs.

EXTERNAL TRANSACTIONS AND POSITIONS

The concepts and definitions used in balance of payments and international investment position (i.i.p.) statistics (Sections 7.1 to 7.4) are generally in line with the IMF Balance of Payments Manual (fifth edition, October 1993), the ECB Guideline of 16 July 2004 on the statistical reporting requirements of the ECB (ECB/2004/15)[13] and the amending ECB Guideline of 31 May 2007 (ECB/2007/3)[14]. 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.

The tables in Sections 7.1 and 7.4 follow the sign convention in the IMF Balance of Payments Manual – i.e. surpluses in the current account and the capital account have a plus sign, while in the financial account a plus sign denotes an increase in liabilities or a decrease in assets. In the tables in Section 7.2, both credit and debit transactions are presented with a plus sign. Furthermore, as of the February 2008 issue of the Monthly Bulletin, the tables in Section 7.3 have been restructured in order to allow the data on the balance of payments, the international investment position and related growth rates to be presented together; in the new tables, transactions in assets and liabilities that correspond to increases in positions are shown with a plus sign.

The euro area b.o.p. is compiled by the ECB. Recent monthly figures should be regarded as provisional. Data are revised when figures for the following month and/or the detailed quarterly b.o.p. are published. Earlier data are revised periodically or as a result of methodological changes in the compilation of the source data.

Table 1 in Section 7.2 also contains seasonally adjusted data for the current account. Where appropriate, the adjustment also covers working day, leap year and/or Easter-related effects. Table 3 in Section 7.2 and Table 9 in Section 7.3 present a breakdown of the euro area b.o.p. and i.i.p. vis-à-vis major partner countries, both individually and as a group, distinguishing between EU Member States outside the euro area and countries or areas outside the European Union. The breakdown also shows transactions and positions vis-à-vis EU institutions (which, with the exception of the ECB, are considered to be outside the euro area for statistical purposes, regardless of their physical location) and, for some purposes, offshore centres and international organisations. The breakdown does not cover transactions or positions in portfolio investment liabilities, financial derivatives or international reserves. In addition, separate data are not provided for investment income payable to Brazil, mainland China, India or Russia.

12 OJ L 179, 9.7.2002, p. 1.
13 OJ L 354, 30.11.2004, p. 34.
14 OJ L 159, 20.6.2007, p. 48.

The geographical breakdown is described in the article entitled "Euro area balance of payments and international investment position vis-à-vis main counterparts" in the February 2005 issue of the Monthly Bulletin.

The data on the euro area b.o.p. financial account and i.i.p. in Section 7.3 are based on transactions and positions vis-à-vis non-residents of the euro area, regarding the euro area as a single economic entity (see also Box 9 in the December 2002 issue of the Monthly Bulletin, Box 5 in the January 2007 issue of the Monthly Bulletin and Box 6 in the January 2008 issue of the Monthly Bulletin). The i.i.p. is valued at current market prices, with the exception of direct investment, where book values are used for unquoted shares, and other investments (e.g. loans and deposits). The quarterly i.i.p. is compiled on the basis of the same methodological framework as the annual i.i.p. As some data sources are not available on a quarterly basis (or are available with a delay), the quarterly i.i.p. is partly estimated on the basis of financial transactions, asset prices and foreign exchange developments.

Table 1 in Section 7.3 summarises the i.i.p. and financial transactions in the euro area b.o.p. The breakdown of the change in the annual i.i.p. is obtained by applying a statistical model to i.i.p. changes other than transactions, using information from the geographical breakdown and currency composition of assets and liabilities, as well as price indices for different financial assets. In this table, columns 5 and 6 refer to direct investment by resident units abroad and direct investment by non-resident units in the euro area.

In Table 5 in Section 7.3, the breakdown into "loans" and "currency and deposits" is based on the sector of the non-resident counterpart – i.e. assets vis-à-vis non-resident banks are classified as deposits, whereas assets vis-à-vis other non-resident sectors are classified as loans. This breakdown follows the distinction made in other statistics, such as the MFI consolidated balance sheet, and conforms to the IMF Balance of Payments Manual.

The outstanding amounts for the Eurosystem's international reserves and related assets and liabilities are shown in Table 7 of Section 7.3. These figures are not fully comparable with those in the Eurosystem's weekly financial statement owing to differences in coverage and valuation. The data in Table 7 are in line with the recommendations for the template on international reserves and foreign currency liquidity. By definition, the assets included in the Eurosystem's international reserves take account of the changing composition of the euro area. Before countries join the euro area, the assets of their national central banks are included in portfolio investment (in the case of securities) or other investment (in the case of other assets). Changes in the gold holdings of the Eurosystem (column 3) are due to transactions in gold within the terms of the Central Bank Gold Agreement of 26 September 1999, which was updated on 27 September 2009. More information on the statistical treatment of the Eurosystem's international reserves can be found in a publication entitled "Statistical treatment of the Eurosystem's international reserves" (October 2000), which can be downloaded from the ECB's website. The website also contains more comprehensive data in accordance with the template on international reserves and foreign currency liquidity.

The euro area's gross external debt statistics in Table 8 of Section 7.3 represent outstanding actual (rather than contingent) liabilities vis-à-vis non-euro area residents that require the payment of principal and/or interest by the debtor at one or more points in the future. Table 8 shows a breakdown of gross external debt by instrument and institutional sector.

Section 7.4 contains a monetary presentation of the euro area balance of payments, showing the transactions by non-MFIs that mirror the net external transactions by MFIs. Included in the transactions by non-MFIs are b.o.p. transactions for which a sectoral breakdown is not available. These concern the current and capital accounts (column 2) and financial derivatives (column 11). An up-to-date methodological note on the monetary presentation of the euro area balance of payments is available in the "Statistics" section of the ECB's website. See also Box 1 in the June 2003 issue of the Monthly Bulletin.

Section 7.5 shows data on euro area external trade in goods. The source is Eurostat. Value data and volume indices are seasonally and working day-adjusted. The breakdown by product group in columns 4 to 6 and 9 to 11 of Table 1 in Section 7.5 is in line with the classification contained in the Broad Economic Categories and corresponds to the basic classes of goods in the System of National Accounts. Manufactured goods (columns 7 and 12) and oil (column 13) are in line with the SITC Rev. 4 definition. The geographical breakdown (Table 3 in Section 7.5) shows major trading partners both individually and in regional groups. China excludes Hong Kong. On account of differences in definitions, classification, coverage and time of recording, external trade data, in particular for imports, are not fully comparable with the goods item in the b.o.p. statistics (Sections 7.1 and 7.2). Part of the difference arises from the inclusion of insurance and freight services in the recording of imported goods in external trade data.

Industrial import prices and industrial producer export prices (or industrial output prices for the non-domestic market) shown in Table 2 in Section 7.5 were introduced by Regulation (EC) No 1158/2005 of the European Parliament and of the Council of 6 July 2005 amending Council Regulation (EC) No 1165/98, which is the principal legal basis for short-term statistics. The industrial import price index covers industrial products imported from outside the euro area under sections B to E of the Statistical Classification of Products by Activity in the European Economic Community (CPA) and all institutional import sectors except households, governments and non-profit institutions. It reflects the cost, insurance and freight price excluding import duties and taxes, and refers to actual transactions in euro recorded at the point when ownership of the goods is transferred. The industrial producer export prices cover all industrial products exported directly by euro area producers to the extra-euro area market under sections B to E of NACE Revision 2. Exports from wholesalers and re-exports are not covered. The indices reflect the free on board price expressed in euro and calculated at the euro area frontier, including any indirect taxes except VAT and other deductible taxes. Industrial import prices and industrial producer export prices are available by Main Industrial Grouping as defined by Commission Regulation (EC) No 656/2007 of 14 June 2007. For more details, see Box 11 in the December 2008 issue of the Monthly Bulletin.

EXCHANGE RATES

Section 8.1 shows nominal and real effective exchange rate indices for the euro, which are calculated by the ECB on the basis of weighted averages of the euro's bilateral exchange rates against the currencies of the selected trading partners of the euro area. A positive change denotes an appreciation of the euro. Weights are based on trade in manufactured goods with those trading partners in the periods 1995-1997, 1998-2000, 2001-2003 and 2004-2006, and are calculated to account for third-market effects. The EER indices are obtained by chain-linking the indicators based on each of these four sets of trade weights at the end of each three-year period. The base period of the resulting EER index is the first quarter of 1999. The EER-20 group of trading partners is composed of the 10 non-euro area EU Member States plus Australia, Canada, China, Hong Kong, Japan, Norway, Singapore, South Korea, Switzerland and the United States. The EER-40 group comprises the EER-20 plus the following countries: Algeria, Argentina, Brazil, Chile, Croatia, Iceland, India, Indonesia, Israel, Malaysia, Mexico, Morocco, New Zealand, the Philippines, Russia, South Africa, Taiwan, Thailand, Turkey and

Venezuela. Real EERs are calculated using consumer price indices, producer price indices, gross domestic product deflators and unit labour costs, both for the manufacturing sector and for the total economy.

For more detailed information on the calculation of the EERs, see the relevant methodological note and ECB Occasional Paper No 2 ("The effective exchange rates of the euro" by Luca Buldorini, Stelios Makrydakis and Christian Thimann, February 2002), which can be downloaded from the ECB's website.

The bilateral rates shown in Section 8.2 are monthly averages of those published daily as reference rates for these currencies.

DEVELOPMENTS OUTSIDE THE EURO AREA

Statistics on other EU Member States (Section 9.1) follow the same principles as data relating to the euro area. As a result, data on current and capital accounts and gross external debt include special-purpose vehicles. The data for the United States and Japan contained in Section 9.2 are obtained from national sources.

ANNEXES

CHRONOLOGY OF MONETARY POLICY MEASURES OF THE EUROSYSTEM[1]

15 JANUARY 2009

The Governing Council of the ECB decides to decrease the interest rate on the main refinancing operations by 50 basis points to 2.00%, starting from the operations to be settled on 21 January 2009. In addition, it decides that the interest rates on the marginal lending and the deposit facility will be 3.00% and 1.00% respectively, with effect from 21 January 2009, in line with the decision of 18 December 2008.

5 FEBRUARY 2009

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 2.00%, 3.00% and 1.00% respectively.

5 MARCH 2009

The Governing Council of the ECB decides to decrease the interest rate on the main refinancing operations by 50 basis points to 1.50%, starting from the operations to be settled on 11 March 2009. In addition, it decides that the interest rates on the marginal lending and the deposit facility will be 2.50% and 0.50% respectively, with effect from 11 March 2009.

Moreover, the Governing Council decides to continue the fixed rate tender procedure with full allotment for all main refinancing operations, special-term refinancing operations and supplementary and regular longer-term refinancing operations for as long as needed, and in any case beyond the end of 2009. In addition, the Governing Council decides to continue with the current frequency and maturity profile of supplementary longer-term refinancing operations and special-term refinancing operations for as long as needed, and in any case beyond the end of 2009.

2 APRIL 2009

The Governing Council of the ECB decides to decrease the interest rate on the main refinancing operations by 25 basis points to 1.25%, starting from the operations to be settled on 8 April 2009. In addition, it decides that the interest rates on the marginal lending and the deposit facility will be 2.25% and 0.25% respectively, with effect from 8 April 2009.

7 MAY 2009

The Governing Council of the ECB decides to decrease the interest rate on the main refinancing operations by 25 basis points to 1.00%, starting from the operation to be settled on 13 May 2009. In addition, it decides to decrease the interest rate on the marginal lending facility by 50 basis points to 1.75% with effect from 13 May 2009, and to leave the interest rate on the deposit facility unchanged at 0.25%. In addition, the Governing Council of the ECB decides to proceed with its enhanced credit support approach. In particular, it decides that the Eurosystem will conduct liquidity-providing longer-term refinancing operations with a maturity of one year as fixed rate tender procedures with full allotment. In addition, it decides in principle that the Eurosystem will purchase euro-denominated covered bonds issued in the euro area.

4 JUNE 2009

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 1.00%, 1.75% and 0.25% respectively. In addition, the Governing Council of the ECB decides upon the technical modalities related to the purchase of euro-denominated covered bonds issued in the euro area decided on 7 May 2009.

1 The chronology of monetary policy measures taken by the Eurosystem between 1999 and 2008 can be found in the ECB's Annual Report for the respective years.

2 JULY, 6 AUGUST, 3 SEPTEMBER, 8 OCTOBER AND 5 NOVEMBER 2009

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 1.00%, 1.75% and 0.25% respectively.

3 DECEMBER 2009

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 13 April 2010.

14 JANUARY AND 4 FEBRUARY 2010

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 1.00%, 1.75% and 0.25% respectively.

4 MARCH 2010

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 1.00%, 1.75% and 0.25% respectively. It also decides on the details as regards the tender procedures and modalities to be applied in its refinancing operations up to 12 October 2010, including a return to variable rate tender procedures in the regular three-month longer-term refinancing operations, starting with the operation to be allotted on 28 April 2010.

8 APRIL AND 6 MAY 2010

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 1.00%, 1.75% and 0.25% respectively.

10 MAY 2010

The Governing Council of the ECB decides on several measures to address severe tensions in financial markets. In particular, it decides to conduct interventions in the euro area public and private debt securities markets (Securities Markets Programme) and to adopt a fixed rate tender procedure with full allotment in the regular three-month longer-term refinancing operations in May and June 2010.

10 JUNE 2010

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 1.00%, 1.75% and 0.25% respectively. In addition, it decides to adopt a fixed rate tender procedure with full allotment in the regular three-month longer-term refinancing operations to be allotted during the third quarter of 2010.

8 JULY AND 5 AUGUST 2010

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 1.00%, 1.75% and 0.25% respectively.

2 SEPTEMBER 2010

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 1.00%, 1.75% and 0.25% respectively. It also decides on the details as regards the tender procedures and modalities to be applied in its refinancing operations up to 11 January 2011, notably the adoption of a fixed rate tender procedure with full allotment in the three-month longer-term refinancing operations.

7 OCTOBER AND 4 NOVEMBER 2010

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 1.00%, 1.75% and 0.25% respectively.

2 DECEMBER 2010

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 1.00%, 1.75% and 0.25% respectively. It also decides on the details as regards the tender procedures and modalities to be applied in its refinancing operations up to 12 April 2011, notably to continue its fixed rate tender procedures with full allotment.

13 JANUARY AND 3 FEBRUARY 2011

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 1.00%, 1.75% and 0.25% respectively.

3 MARCH 2011

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 1.00%, 1.75% and 0.25% respectively. It also decides on the details as regards the tender procedures and modalities to be applied in its refinancing operations up to 12 July 2011, notably to continue its fixed rate tender procedures with full allotment.

7 APRIL 2011

The Governing Council of the ECB decides to increase the interest rate on the main refinancing operations by 25 basis points to 1.25%, starting from the operation to be settled on 13 April 2011. In addition, it decides to increase the interest rates on both the marginal lending facility and the deposit facility by 25 basis points, to 2.00% and 0.50% respectively, both with effect from 13 April 2011.

5 MAY 2011

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 1.25%, 2.00% and 0.50% respectively.

9 JUNE 2011

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 1.25%, 2.00% and 0.50% respectively. It also decides on the details as regards the tender procedures and modalities to be applied in its refinancing operations up to 11 October 2011, notably to continue its fixed rate tender procedures with full allotment.

7 JULY 2011

The Governing Council of the ECB decides to increase the interest rate on the main refinancing operations by 25 basis points to 1.50%, starting from the operation to be settled on 13 July 2011. In addition, it decides to increase the interest rates on both the marginal lending facility and the deposit facility by 25 basis points, to 2.25% and 0.75% respectively, both with effect from 13 July 2011.

4 AUGUST 2011

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 1.50%, 2.25% and 0.75% respectively. It also decides on several measures to address renewed tensions in some financial markets. In particular, it decides that the Eurosystem will conduct a liquidity-providing supplementary longer-term refinancing operation with a maturity of approximately six months as a fixed rate tender procedure with full allotment. It also decides on the details as regards the tender procedures and modalities to be applied in its refinancing operations up to 17 January 2012, notably to continue its fixed rate tender procedures with full allotment.

8 SEPTEMBER 2011

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 1.50%, 2.25% and 0.75% respectively.

6 OCTOBER 2011

The Governing Council of the ECB decides that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 1.50%, 2.25% and 0.75% respectively. It also decides on the details of its refinancing operations from October 2011 to 10 July 2012, notably to conduct two longer-term refinancing operations – one with a maturity of approximately 12 months in October 2011, and another with a maturity of approximately 13 months in December 2011 – and to continue to apply fixed rate tender procedures with full allotment in all of its refinancing operations. In addition, the Governing Council decides to launch a new covered bond purchase programme in November 2011.

3 NOVEMBER 2011

The Governing Council of the ECB decides to decrease the interest rate on the main refinancing operations by 25 basis points to 1.25%, starting from the operation to be settled on 9 November 2011. In addition, it decides to decrease the interest rates on both the marginal lending facility and the deposit facility by 25 basis points, to 2.00% and 0.50% respectively, both with effect from 9 November 2011.

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:

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- Legal Working Paper Series
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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.

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 generalised, persistent and self-reinforcing decline in a broad set of prices that results from a drop in aggregate demand and 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 10 non-euro area EU Member States and 10 trading partners outside the EU, and the EER-40 encompasses the EER-20 and 20 additional countries. The weights used reflect the share of each partner country in the euro area's trade in manufactured goods and account for competition in third markets. Real EERs are nominal EERs deflated by a weighted average of foreign, relative to domestic, prices or costs. They are thus measures of price and cost competitiveness.

Enhanced credit support: the non-standard measures taken by the ECB/Eurosystem during the financial crisis with a view to supporting financing conditions and credit flows above and beyond what could be achieved through reductions in key ECB interest rates alone.

EONIA (euro overnight index average): a measure of the effective interest rate prevailing in the euro interbank overnight market. It is calculated as a weighted average of the interest rates on unsecured overnight lending transactions denominated in euro, as reported by a panel of contributing banks.

Equities: securities representing ownership of a stake in a corporation, e.g. shares traded on stock exchanges (quoted shares), unquoted shares and other forms of equity. Equities usually produce income in the form of dividends.

ERM II (exchange rate mechanism II): the exchange rate arrangement that provides the framework for exchange rate policy cooperation between the euro area countries and the EU Member States not participating in Stage Three of EMU.

EURIBOR (euro interbank offered rate): the rate at which what is known as a prime bank is willing to lend funds (denominated in euro) to another prime bank. The EURIBOR is computed daily, based on the rates of a sample of selected banks, for different maturities of up to 12 months.

Euro area: the area formed by those EU Member States in which the euro has been adopted as the single currency in accordance with the Treaty on the Functioning of the European Union.

European Commission surveys: harmonised surveys of business and/or consumer sentiment conducted on behalf of the European Commission in each of the EU Member States. Such questionnaire-based surveys are addressed to managers in the manufacturing, construction, retail and services industries, as well as to consumers. From each monthly survey, composite indicators are calculated that summarise the replies to a number of different questions in a single indicator (confidence indicators).

Eurosystem: the central banking system made up of the ECB and the NCBs of those EU Member States whose currency is the euro.

Eurozone Purchasing Managers' Surveys: surveys of business conditions in manufacturing and in services industries conducted for a number of countries in the euro area and used to compile indices. The Eurozone Manufacturing Purchasing Managers' Index (PMI) is a weighted indicator calculated from indices of output, new orders, employment, suppliers' delivery times and stocks of purchases. The services sector survey asks questions on business activity, expectations of future business activity, the amount of business outstanding, incoming new business, employment, input prices and prices charged. The Eurozone Composite Index is calculated by combining the results from the manufacturing and services sector surveys.

External trade in goods: exports and imports of goods with countries outside the euro area, measured in terms of value and as indices of volume and unit value. External trade statistics are not comparable with the exports and imports recorded in the national accounts, as the latter include both intra-euro area and extra-euro area transactions, and also combine goods and services. Nor are they fully comparable with the goods item in b.o.p. statistics. Besides methodological adjustments, the main difference is that imports in external trade statistics are recorded including insurance and freight services, whereas they are recorded free on board in the goods item in the b.o.p. statistics.

Financial account: a b.o.p. account that covers transactions between residents and non-residents in direct investment, portfolio investment, other investment, financial derivatives and reserve assets.

Financial accounts: part of the system of national (or euro area) accounts showing the financial positions (stocks or balance sheets), financial transactions and other changes of the different institutional sectors of an economy by type of financial asset.

Financial vehicle corporation (FVC): an entity whose principal activity is to carry out securitisation transactions. An FVC typically issues marketable securities that are offered for sale to the general public, or sold in the form of private placements. In some cases, an FVC simply holds the securitised assets and issues the securities through another entity, often an FVC itself.

Fixed rate tender: a tender procedure in which the interest rate is specified in advance by the central bank and in which participating counterparties bid the amount of money they wish to transact at the fixed interest rate.

Fixed rate full-allotment tender procedure: a tender procedure in which the interest rate is pre-specified by the central bank (fixed rate) and in which counterparties bid the amount of money they want to transact at that rate, knowing in advance that all their bids will be satisfied (full allotment).

General government: a sector defined in the ESA 95 as comprising resident entities that are engaged primarily in the production of non-market goods and services intended for individual and collective consumption and/or in the redistribution of national income and wealth. Included are central, regional and local government authorities as well as social security funds. Excluded are government-owned entities that conduct commercial operations, such as public enterprises.

Gross domestic product (GDP): the value of an economy's total output of goods and services less intermediate consumption, plus net taxes on products and imports. GDP can be broken down by output, expenditure or income components. The main expenditure aggregates that make up GDP are household final consumption, government final consumption, gross fixed capital formation, changes in inventories, and imports and exports of goods and services (including intra-euro area trade).

Gross external debt: the outstanding amount of an economy's actual (i.e. non-contingent) current liabilities that require payment of principal and/or interest to non-residents at some point in the future.

Harmonised Index of Consumer Prices (HICP): a measure of the development of consumer prices that is compiled by Eurostat and harmonised for all EU Member States.

Hourly labour cost index: a measure of labour costs, including gross wages and salaries (in cash and in kind, including bonuses) and other labour costs (employers' social contributions plus employment-related taxes paid by the employer minus subsidies received by the employer), per hour actually worked (including overtime).

Implied volatility: the expected volatility (i.e. standard deviation) in the rates of change of the price of an asset (e.g. a share or a bond). It can be derived from the asset's price, maturity date and exercise price of its options, as well as from a riskless rate of return, using an option pricing model such as the Black-Scholes model.

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: a sector defined in the ESA 95 as comprising all 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 one year were conducted, the frequency of which varied.

M1: a narrow monetary aggregate that comprises currency in circulation plus overnight deposits held with MFIs and central government (e.g. at the post office or treasury).

M2: an intermediate monetary aggregate that comprises M1 plus deposits redeemable at a period of notice of up to and including three months (i.e. short-term savings deposits) and deposits with an agreed maturity of up to and including two years (i.e. short-term time deposits) held with MFIs and central government.

M3: a broad monetary aggregate that comprises M2 plus marketable instruments, in particular repurchase agreements, money market fund shares and units, and debt securities with a maturity of up to and including two years issued by MFIs.

Main refinancing operation (MRO): a regular open market operation executed by the Eurosystem in the form of reverse transactions. Such operations are carried out through a weekly standard tender and normally have a maturity of one week.

Marginal lending facility: a standing facility of the Eurosystem enabling eligible counterparties, on their own initiative, to receive overnight credit from the NCB in their jurisdiction at a pre-specified rate in the form of a reverse transaction. The rate on loans extended within the scope of the marginal lending facility normally provides an upper bound for overnight market interest rates.

MFI credit to euro area residents: MFI loans granted to non-MFI euro area residents (including general government and the private sector) and MFI holdings of securities (shares, other equity and debt securities) issued by non-MFI euro area residents.

MFI interest rates: the interest rates that are applied by resident credit institutions and other MFIs, excluding central banks and money market funds, to euro-denominated deposits and loans vis-à-vis households and non-financial corporations resident in the euro area.

MFI longer-term financial liabilities: deposits with an agreed maturity of over two years, deposits redeemable at a period of notice of over three months, debt securities issued by euro area MFIs with an original maturity of more than two years and the capital and reserves of the euro area MFI sector.

MFI net external assets: the external assets of the euro area MFI sector (such as gold, foreign currency banknotes and coins, securities issued by non-euro area residents and loans granted to non-euro area residents) minus the external liabilities of the euro area MFI sector (such as non-euro area residents' deposits and repurchase agreements, as well as their holdings of money market fund shares/units and debt securities issued by MFIs with a maturity of up to and including two years).

MFIs (monetary financial institutions): financial institutions which together form the money-issuing sector of the euro area. These include the Eurosystem, resident credit institutions (as defined in Community law) and all other resident financial institutions whose business is to receive deposits and/or close substitutes for deposits from entities other than MFIs and, for their own account (at least in economic terms), to grant credit and/or invest in securities. The latter group consists predominantly of money market funds, i.e. funds that invest in short-term and low-risk instruments usually with a maturity of one year or less.

Minimum bid rate: the lower limit to the interest rates at which counterparties may submit bids in the variable tenders.

Open market operation: a financial market operation executed on the initiative of the central bank. These operations include reverse transactions, outright transactions as well as the issuance of fixed-term deposits or debt certificates or foreign exchange swaps. The open market operations can be liquidity providing or liquidity absorbing.

Other investment: an item in the b.o.p. and the i.i.p. that covers the financial transactions/positions with non-residents in trade credits, deposits and loans, and other accounts receivable and payable.

Portfolio investment: euro area residents' net transactions and/or positions in securities issued by non-residents of the euro area ("assets") and non-residents' net transactions and/or positions in securities issued by euro area residents ("liabilities"). Included are equity securities and debt securities (bonds and notes, and money market instruments). Transactions are recorded at the effective price paid or received, less commissions and expenses. To be regarded as a portfolio asset, ownership in an enterprise must be equivalent to less than 10% of the ordinary shares or voting power.

Price stability: as defined by the Governing Council, a year-on-year increase in the HICP for the euro area of below 2%. The Governing Council has also made it clear that, in the pursuit of price stability, it aims to maintain inflation rates below, but close to, 2% over the medium term.

Purchasing power parity (PPP): the rate at which one currency is converted into another so as to equalise the purchasing power of the two currencies by eliminating the differences in the price levels prevailing in the countries concerned. In their simplest form, PPPs show the ratio of the prices in national currency of the same good or service in different countries.

Reference value for M3 growth: the annual growth rate of M3 that is deemed to be compatible with price stability over the medium term.

Reserve requirement: the requirement for institutions to hold minimum reserves with the central bank over a maintenance period. Compliance with the requirement is determined on the basis of the average of the daily balances in the reserve accounts over the maintenance period.

Reverse transaction: an operation whereby the NCB buys or sells assets under a repurchase agreement or conducts credit operations against collateral.

Securitisation: a transaction or scheme whereby an asset or a pool of cash flow-producing assets, often consisting of loans (mortgages, consumer loans, etc.), is transferred from an originator (usually a credit institution) to a financial vehicle corporation (FVC). The FVC effectively converts these assets into marketable securities by issuing debt instruments with principal and interest serviced through the cash flows produced by the asset pool.

Survey of Professional Forecasters (SPF): a quarterly survey that has been conducted by the ECB since 1999 to collect macroeconomic forecasts on euro area inflation, real GDP growth and unemployment from a panel of experts affiliated to financial and non-financial organisations based in the EU.

Unit labour costs: a measure of total labour costs per unit of output calculated for the euro area as the ratio of total compensation per employee to labour productivity (defined as GDP (volume) per person employed).

Variable rate tender: a tender procedure where the counterparties bid both the amount of money they wish to transact with the central bank and the interest rate at which they wish to enter into the transaction.

Volatility: the degree of fluctuation in a given variable.

Write-down: a downward adjustment to the value of loans recorded in the balance sheets of MFIs when it is recognised that the loans have become partly unrecoverable.

Write-off: the removal of the value of loans from the balance sheets of MFIs when the loans are considered to be totally unrecoverable.

Yield curve: a graphical representation of the relationship between the interest rate or yield and the residual maturity at a given point in time for sufficiently homogenous debt securities with different maturity dates. The slope of the yield curve can be measured as the difference between the interest rates or yield at two selected maturities.

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